

SUANFARMA



**SUSTAINABILITY
REPORT
2022**

LETTER FROM THE CEO

At SUANFARMA we are committed to innovation in processes and products, an essential aspect to keep us updated in a market that is constantly changing.

It is a pleasure to share with everyone a new year of significant achievements and advances at SUANFARMA. It has been a period of challenges and opportunities in which we have demonstrated our commitment to business excellence and social responsibility.

In this annual report, our operations, financial results and strategic projects are detailed. However, beyond the numbers, I want to highlight the values that guide us and the vision that drives us.

At SUANFARMA, we believe that ethics and transparency are the fundamental pillars of our corporate culture. We strive to set high standards of conduct and promote responsible business practices in all of our activities. Our Code of Ethics and Conduct, and our internal protocols are testament to our commitment to integrity and legality.

Additionally, we strive to ensure quality and safety throughout

our supply chain. We work closely with suppliers who share our values and meet our quality and environmental responsibility criteria. Regular monitoring and audits are part of our approach to ensure compliance with the highest standards.

At SUANFARMA, we are committed to innovation in processes and products; an essential aspect to keep us updated in a market that is constantly changing. This involves finding new ideas, technologies and methods to improve the way internal activities are carried out and to create or improve the products or services that are offered.

As a company, we also value the human talent that drives our success. We care about the wellbeing and professional growth of our team. We provide training, development opportunities and a safe and healthy work environment. Our staff is committed and motivated to achieve the company's



CEO OF SUANFARMA

We are committed to sustainable development and the protection of human rights.

Francisco Fernández
CEO

objectives. It is also important for us to promote a sound work-life balance, which means adopting policies and practices that allow the team to balance both their work and family responsibilities.

We care not only about our financial performance, but also about our impact on society and the environment. We are committed to sustainable development and the protection of human rights. Our collaboration with organizations such as the Arraigo Foundation, the Alliance for Child Vaccination and Red Cross reflects our commitment to contribute to society.

As CEO of SUANFARMA, I want to express my gratitude to all those who have contributed to our progress and success. To our shareholders for their continued trust, to our collaborators for their dedication and commitment, and to our clients and partners for their constant support.

Looking to the future, we are ready to face new challenges and seize the opportunities that come our way. We will continue to move forward with integrity, transparency and responsibility, upholding our high standards in all operations.

Thank you for being part of this journey with SUANFARMA. Together, we will continue to build a solid and sustainable future that drives the improvement of people's health.

**Sincerely,
Francisco Fernández**

www.suanfarma.com

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SUANFARMA

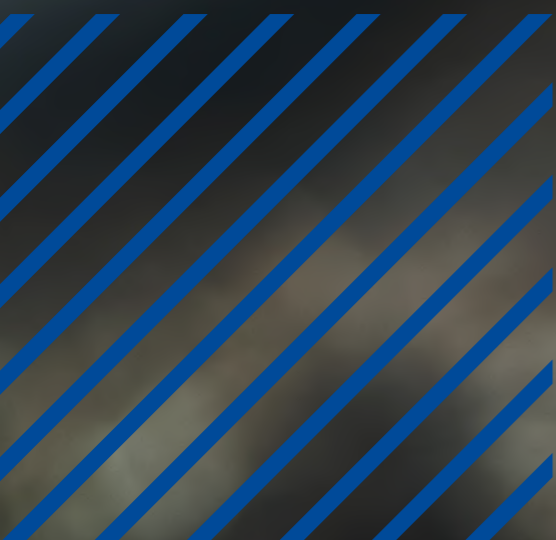
Leader in the manufacture and distribution of ingredients for the pharmaceutical, veterinary and nutraceutical sectors.



01

WE ARE SUANFARMA

Dedicated to health and innovation,
we develop new technologies and processes
to offer innovative products.



01. WE ARE SUANFARMA

In recent years, SUANFARMA has experienced substantial growth, both organic and inorganic, acquiring companies mostly in Spain and Europe, thus significantly increasing its industrial and development capacity.

1.1. CORPORATE ESSENCE

We are a B2B life sciences company, specializing in the development, production and commercialization of ingredients for the pharmaceutical, veterinary and nutraceutical industries.

With the support of a consolidated and strong commercial network of 12 local offices strategically located throughout the world, we provide our services to more than 3,000 active clients in more than 70 countries.



OUR HISTORY



MISSION, VISION AND VALUES

Mission



Create value for customers

by developing and supplying products in the best conditions of quality, service and price.



Promote a corporate culture

based on the recruitment, training and retention of talent, the development of innovative products and encouraging entrepreneurship.



Maintain the commitment to environmental sustainability

and the principles of Corporate Social Responsibility.



Contribute to improving quality of life

by providing our expertise and services in the development of affordable drugs that meet society's needs.

Vision



Consolidate and expand the international presence

by becoming the world reference company in the raw materials sector for the pharmaceutical, veterinary and nutritional industry.



Increase the industrial capacity

from our solid position in Spain, Latin America and the US.



To be the leading group

in development, manufacturing and distribution of active and nutraceutical ingredients in the pharmaceutical, veterinary and nutritional sectors.

Values



Closeness

We focus on the customer and strive to meet their needs. The combination of professionalism and excellent personal attention is for us an unbeatable formula in work performance.



Development

We develop a company culture from respect, diligence and conviction. We seek continuous improvement for the professional and personal development of all the members of this project.



Commitment

We are a company committed from an ethical point of view, with all the principles that constitute the concept of Social Corporate Responsibility (CSR).

- Commitment to the well-being of those who integrate it.
- Unwavering vocation of sustainability.
- Commitment to the identification, training and retention of talent.



Entrepreneurship

We promote entrepreneurship as an attitude and way of life. We are characterized by our innate ability to see opportunities and take advantage of them.

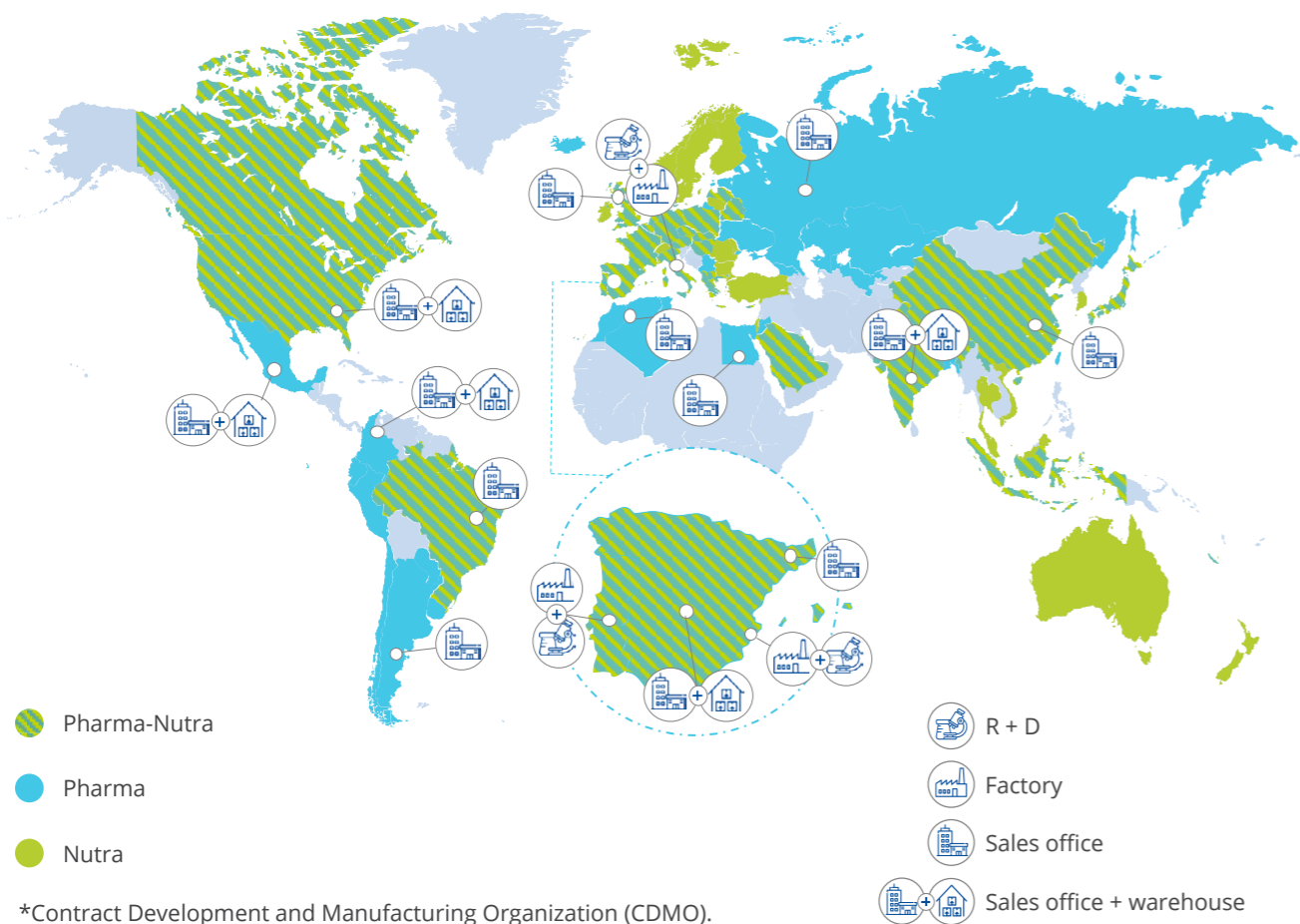
For 30 years we have been dedicated to the research and development of scientifically proven ingredients for the pharmaceutical, veterinary and nutraceutical industries, offering our clients a comprehensive service under the highest quality standards and certifications from the main regulatory agencies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

1.2. SUANFARMA'S BUSINESS MODEL

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

We offer our CDMO* capacity for fermentation and chemical synthesis projects, offering a "One Stop Shop" service with a solid track record, which encourages success in the development, scaling, manufacturing and commercialization of an API, whether innovative (New chemical entity, NCS) or generic.

All facilities are in compliance with the utmost existing regulations in the pharmaceutical industry. With the support of a consolidated and strong commercial network with 12 local offices placed strategically around the world, we provide our services to more than 3,000 active customers in over 70 countries.



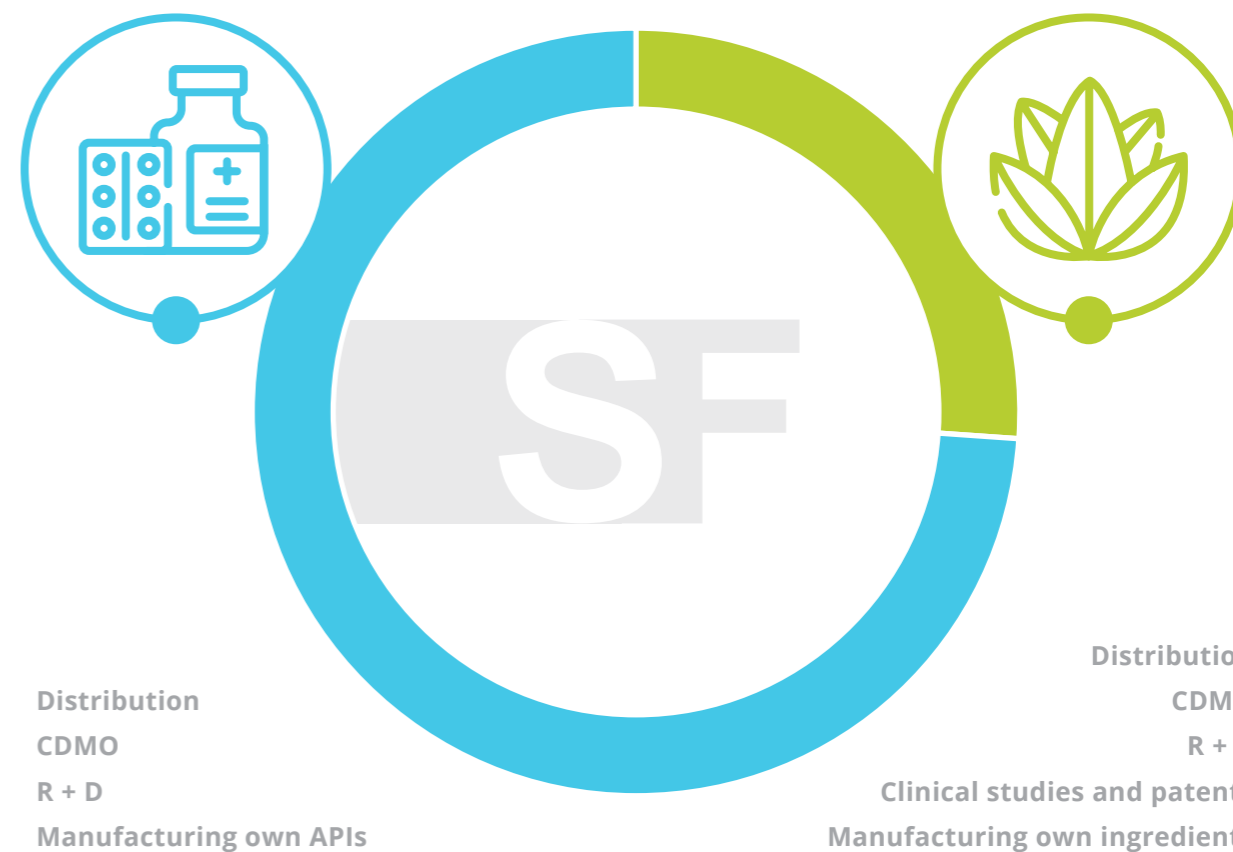
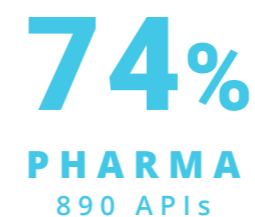
*Contract Development and Manufacturing Organization (CDMO).

In the SUANFARMA Group we have two clear lines of business: Pharma and Nutra. Pharma represents 74% of business volume, and is focused on the development, production and marketing of active pharmaceutical ingredients and intermediate

products. Nutra represents 26% of business volume, and focuses on nutraceutical ingredients, supporting customers by satisfying their supply needs and accompanying them in their commercial success.



OUR BUSINESS LINES



An API (Active Pharmaceutical Ingredient) is an active substance used in the manufacture of pharmaceutical products. It is the main component responsible for the therapeutic effects of a drug.



Our products and services

Our dedication to health and innovation is fundamental. We constantly work on the development of processes and innovative technologies, keeping abreast of the latest market trends and the needs of our customers. From blockbuster molecules, with the highest sales volume, to more specialized niche therapies, we are committed to offering innovative and effective solutions to improve the quality of life of humankind.

We always strive to comply with the highest regulatory requirements of the EMA and the FDA, and we work hand in hand with our clients in the development of their final formulations, providing personalized solutions and added value in all phases of drug development. We keep our clients informed of the latest trends in the sector so that they can anticipate market needs and offer products of the highest quality.

At SUANFARMA, we are committed to the health and well-being of people and we strive to improve the quality of life through our contribution in the field of health.

We take pride in ensuring our factories meet or exceed the highest quality and safety standards in the production of starting materials for the pharmaceutical industry. We strictly comply with 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 short, our priority is excellence in all aspects of the production process, from the selection of raw materials to the final delivery of the product to our customers.



Products



Intermediate products

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



Human APIS

Development, production and marketing of active pharmaceutical ingredients, used as therapeutic constituents for drugs.



Veterinary APIS

Development, production and marketing of active ingredients for the global veterinary pharmaceutical industry.



Nutraceutical ingredients

Research and development of nutraceutical ingredients to support the customer and satisfy their supply needs.

Services



CDMO

We have a holistic approach to developing, scaling, and manufacturing APIs, which allows us to provide customized solutions and support our customers at every stage of the process.

Research and development

Within the organization we have a Research and Development Division (R&D), with one of its main objectives to guarantee the sustainability of the future industrial process from the beginning of each development. Throughout the manufacturing process, we strive to optimize the use of reagents and solvents in order to reduce both economic and environmental impact. We are committed to green chemistry as a determining factor to achieve competitive developments that contribute to the environment's well-being.

The development and manufacturing of new products are driven by an approach focused on sustainability and reducing environmental impact throughout the manufacturing process. These values are carefully considered when selecting external factories to add to our company portfolio.

We promote innovation and the implementation of sustainable practices in all our R&D activities.



MAIN R&D MEASURES



Selection of solvents

We avoid the use of solvents designated as class 1 and limit the use of solvents designated as class 2. We prioritize non-halogenated solvents over halogenated ones, since the latter require more complex recycling processes and are more expensive.



Emissions savings

We chose to generate hydrogen on-site instead of buying hydrogen bullets, which has helped reduce emissions related to transportation and storage.



Recovery

We value the possibility of recovering excess solvents and reagents or catalysts for all processes, to reintroduce and reuse them.



Waste management

We work closely with companies knowledgeable and adept in waste treatment, to ensure that those generated during our processes are properly treated and not disposed of illegally and immorally.



Reduction of water consumption in the laboratory

Closed refrigeration circuits have been implemented instead of using water currents.

1.3. APPROACH TO SUSTAINABILITY

At SUANFARMA we are aligned with sustainability and an ethical commitment to society, focusing on the development and manufacture of ingredients that guarantee a balance between economic growth, the promotion of environmental conservation, and social well-being.

As a group, we develop, implement, and pursue compliance with different policies that are responsible for the environment, society, and corporate governance.

ISO 14001
Our facilities in Spain, Portugal and Italy are certified under the ISO 14001 standard.

Objectives of Suanfarma's Sustainability Policy

Promote low-impact transportation measures for the daily use of all employees.	Use products and materials in the facilities that limit environmental impact and are of sustainable origin.
Minimize and be more efficient in the consumption of non-renewable resources.	Efficiently manage and recycle waste in accordance with the circular economy approach.
Reduce the carbon footprint.	Improve water resources efficiency, reducing consumption and reducing the environmental impacts of wastewater discharges.
Reduce energy consumption in operations by adopting energy saving measures and implementing low consumption equipment.	Guarantee compliance with all applicable environmental legislation in each country.



We understand that our business strategy also requires a focus on other Sustainable Development Goals (SDGs) to achieve comprehensive impact. In addition to SDG 3 (Good health and well-being) as the principal objective, we are also working to further contribute to SDG 8 (Decent work and economic

growth), SDG 9 (Industry, innovation and infrastructure) and SDG 12 (Responsible consumption and production).

We seek to promote a fair and equitable work environment, providing decent work opportunities and professional growth for our employees. Additionally, we encourage innovation and continuous improvement in our operations, seeking to develop solutions and technologies that drive progress in our industry.

Furthermore, we strive to promote responsible production and consumption practices.

We implement measures to reduce the environmental impact of our operations, minimizing waste and promoting energy efficiency and the responsible use of resources.

With our business strategy aligned with multiple SDGs, we are committed to being a responsible actor in achieving the 2030 Agenda. We are dedicated to taking concrete actions that contribute to addressing global challenges and building a more sustainable and equitable future for all.



1.4. OUR IMPACT 2022





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TEAM SUANFARMA

We seek professional and personal development of every member of our group in order to grow together.



02. TEAM SUANFARMA

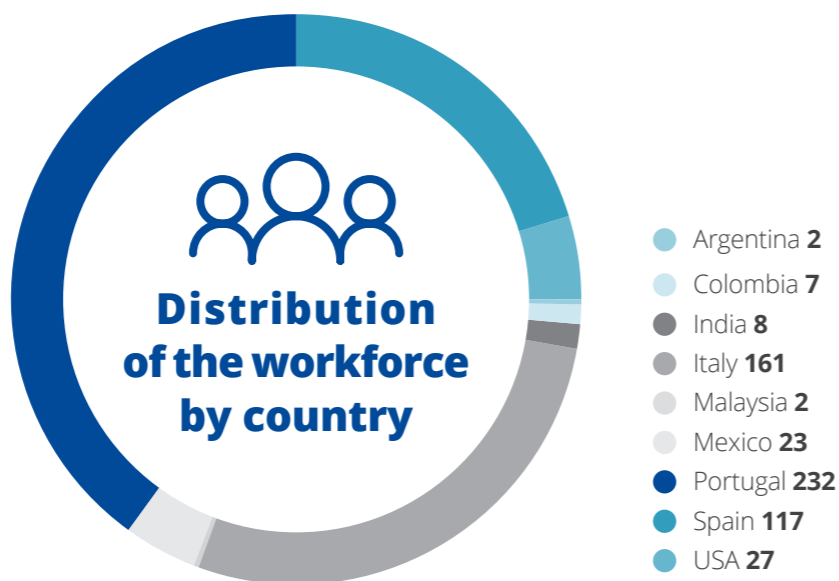
We believe in the effort, contribution and talent of people as a strategic value for obtaining top results and the growth of the group.

2.1. HUMAN CAPITAL

In 2022 SUANFARMA had a team of 579 people, distributed throughout nine countries, which has allowed us to provide our services to more than seventy nations.

Our staff is made up of highly qualified professionals who contribute the best of themselves everyday to advance all our projects.

We firmly believe in the strategic value of our people to achieve results and, from here, we want to thank you for your contribution, effort and talent.



Caring for people is a fundamental value of the business philosophy of SUANFARMA.



Total employees: 579

Age		
	<30 years	100
	30-50 years	348
	>50 years	131
Position		
	Administrative	100
	Commercial	36
	Area Director	36
	Management	4
	Scientist	198
	Area Manager	77
	Operator	127
Gender		
	Women	184
	Men	395

Our values are based on respect, equal opportunities and non-discrimination, principles that are established in our Code of Ethics approved by the Board of Directors and that apply to all employees of the group.

In addition, the SUANFARMA Group has an Equality and Diversity policy that covers all members, reinforcing the unwritten rules that we have practiced since our foundation and that are reflected in our Code of Ethics. We are fully aligned with Goal 5 of the United Nations 2030 Agenda, which seeks to achieve gender equality. We understand that gender equality is not only a fundamental human right, but also the necessary foundation for a peaceful, prosperous and sustainable society.

These results reflect the commitment of our employees and their satisfaction with the work environment.

On July 8, we conducted a group level satisfaction survey to gather feedback from our staff. Over two weeks, we gave 530 people the chance to participate, and we're pleased to report we achieved an outstanding participation rate of 75.52%.

The survey evaluated various aspects related to daily work, cooperation, managers, professional development, the management of the SUANFARMA Group, compensation, communication, company projects and general commitment.

Overall, we obtained positive results. General satisfaction

averaged a score of 7.46 out of 10. Other aspects such as cooperation, immediate manager, development, and commitment were also highly valued, with averages ranging between 7.83 and 7.92 out of 10. These results reflect the loyalty of our employees and their satisfaction with the work environment.

Likewise, we carry out an Employee Net Promoter Score (eNPS) which, through a question, evaluates the degree of loyalty of the personnel with the company. The total result of the SUANFARMA Group in the eNPS was 16.58, which indicates a good level of allegiance from our team.

eNPS results

Question:

"On a scale of 1 to 10, would you recommend a friend/relative to work at SUANFARMA?"

Results data



eNPS scores between 10 and 30 are considered 'Good'.



2.2. HEALTH, SAFETY AND WELL-BEING

At SUANFARMA, labor well-being occupies a central place in our actions and commitments. At the group level, we strive to guarantee health and prevent occupational risks, providing the necessary means for our employees to carry out their work in the best possible conditions.

Given the type of industrial activity that we carry out in our factories, the protection of health and safety at work is a top priority, for which we allocate significant resources. We have a Safety, Health and Environmental Sustainability Policy that establishes principles and practices to minimize risks and negative impacts.

Our adherence to health and occupational risk prevention goes beyond legal obligations. Preserving the health and safety of our workforce is essential, as reflected in our Code of Ethics, which applies to the entire organization.

We provide the necessary means for our team to carry out their work in the best possible conditions.

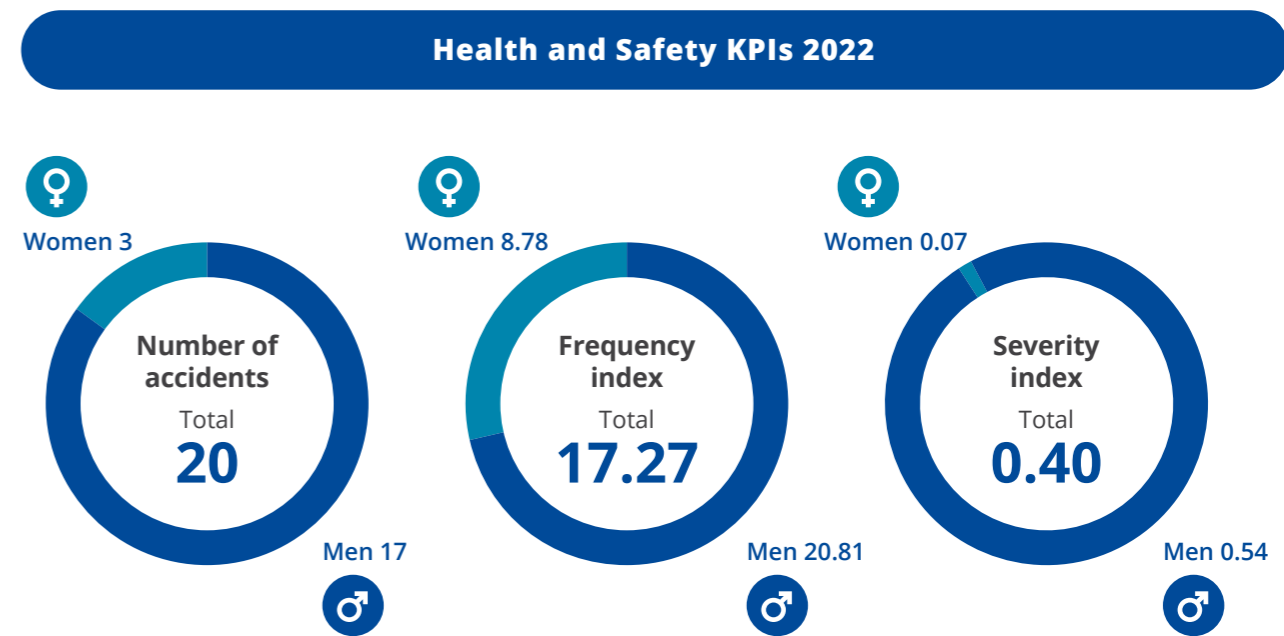


Point 3.4.3, labeled "Safety and health", is established that we provide the entire team with the necessary resources to carry out their work in the best possible conditions, strictly complying with the occupational risk prevention regulations.

Our dedication in this area is reflected in the low number of accidents at the group level and the absence of occupational illnesses. In addition, as we operate in different countries, we adapt to the specific legislation of each. Specifically, in Spain and Portugal, we have prevention plans, while in Italy and Colombia we have specific occupational health and safety policies and regulations. In the United States, as specified in our employee handbook, general conditions, such as safety and cleanliness, are periodically evaluated to implement industry best practices. Management meets regularly with team leaders to discuss possible improvements in working conditions, and safety regulations are also referenced in internal documents.

In summary, at SUANFARMA we are firmly committed to occupational health and safety, applying effective policies and practices to guarantee a safe and healthy work environment in all our locations.

The severity index in 2022 decreased by 97.75% from the index obtained in 2021, which was 17.78.



The formulas for calculating accident rates are as follows:
 Frequency rate = number of accidents with sick leave / total number of hours worked x 1,000,000.
 Severity index = number of days off / total number of hours worked x 1,000.

We firmly believe in the importance of conciliation for the well-being of all the people who are part of SUANFARMA.



At SUANFARMA Group, we are proud to maintain an organizational culture committed to a balance between the personal and work lives of our staff. We foster a favorable environment so that our professionals can work and develop their talent in a way that is fully compatible with their personal growth.

Since our activities are diverse, it is not possible to have a homogeneous policy applicable in all our work centers around the world, due to the particularities of each productive activity. However, in all our locations, we strictly comply

with the legislation in force in each country, ensuring compliance with local labor laws.

In several instances, we offer additional flexibility measures to those established by law in each country, with the aim of promoting work, personal and family stability. These measures include flexible hours and remote work options. We firmly believe in the importance of work-life balance for the well-being of all employees of SUANFARMA.

In line with our pledge to diversity and equality, the SUANFARMA Group abides by and supports the

different measures of parental responsibility established by the laws of each country. These measures include parental leave, shared paternity and maternity leave, and reductions in childcare hours for both parents, among others.

Finally, since there is the possibility of remote work, at SUANFARMA we guarantee the right to digital disconnection outside of legal working hours, thus respecting rest time, permits and vacations, as well as the personal and family privacy of all our staff.

2.3. DIVERSITY AND EQUALITY

We are firmly committed to diversity and equality, and we have established a corporate policy that reflects the general principles and dedication of the group in this matter.

Our objective is to promote labor relations based on respect, dignity and equality at all professional levels, creating a favorable work environment that promotes an adequate work climate. We make sure that there are no instances of discrimination based on gender, sexual orientation, race, religion, origin, marital status or social condition in all areas of our organization.



Distribution of the workforce by gender based on their professional classification

Administrative		
♀ Women	72	
♂ Men	28	

Management		
♀ Women	0	
♂ Men	4	

Commercial		
♀ Women	15	
♂ Men	21	

Scientist		
♀ Women	51	
♂ Men	147	

Area Director		
♀ Women	12	
♂ Men	24	

Area Manager		
♀ Women	21	
♂ Men	56	

Operator		
♀ Women	13	
♂ Men	114	

As part of our effort to promote workforce inclusivity, we have integrated four team members with disabilities.

The fundamental principle of equal opportunities is reflected in all areas of our organization, including selection, promotion, compensation policies, training, working and employment conditions, occupational health, organization of working time, conciliation, organizational culture, communication and language. We believe that gender equality not only enriches our company, but also places us in a position of fairness and integrity.



To ensure the enforcement of these principles, the people involved in hiring, selection, promotion, compensation and human resources processes in the SUANFARMA Group act objectively in their decisions and actions, as indicated in point 3.4.1 of our Code of Conduct.

In addition to complying with equality plans in those countries where the law requires it, the Suanfarma Group has a commitment to equality regardless of legal requirements of each country, which is reflected in the group's Code of Conduct. During 2022, we carried out an equality diagnosis in Suan Farma S.A. and Suan Farma Holding, S.L., and established an equality committee for both companies.

At the SUANFARMA Group we do not tolerate any type of discrimination and we work towards equal opportunities for all staff and potential employment candidates. All members of the group have

the responsibility to ensure that situations of discrimination do not occur and are obliged to immediately inform the Human Resources department if they become aware of any such behaviors.

As an international and multicultural company, by integrating a wide range of knowledge, experiences and gender perspectives, we enrich our skill set and empower decision-making by having a pluralistic range of opinions and approaches. This diversity drives us to continue to grow and maintain an inclusive culture that encourages collaboration and innovation at all levels of our organization.



2.4. PROFESSIONAL DEVELOPMENT AND GROWTH

A key indicator of the stability and loyalty to our workforce is the low number of layoffs, with a total of nine for the entire year, compared to the number of hires, which amounted to 71 people.

In addition, we have a variable remuneration policy based on objectives, which seeks the commitment of employees to meet their self set goals, aligned with the objectives of the company. We recognize that assuming greater responsibilities and significant changes in the role of each worker implies a review of conditions and an increase in salary that is proportional to the responsibility assumed.

1.55%

OUR LAYOFFS RATE

Only 1.55% of the workforce was dismissed, which represents a commitment by SUANFARMA to its employees.

Distribution of employment contract modalities	2022
Permanent	530
Temporary	49
Part time	13
Full time	566
TOTAL	579

During the year, we have made significant efforts to support the professional development of young talents. We are proud to share that we have provided opportunities to 23 interns at our facilities located in Spain, Portugal, Italy, and Mexico.

Our internship program has allowed these young professionals to gain practical experience in various areas of our organization. Through challenging projects and dedicated mentors, we have fostered their growth and learning in a real work environment.

We recognize the potential and value of young professionals' contributions, which is why many interns have become part of the group's staff.

Most of our contracts are permanent (91.5%) and full-time (97.8%).

We are committed to training and growing the next generation of talent. By providing these opportunities, we not only support the individual development of fellows, but also strengthen our own teams with new perspectives and skills.








We greatly value the contribution of these fellows and look forward to providing similar opportunities in the future. We are pleased to be a part of their career path and witness their growth within the industry. We will continue to invest in the development of

young professionals, as we believe they are a critical part of our commitment to the sustainability and long-term growth of our organization.

At SUANFARMA, we defined the development and professional growth of our employees as a key element in our strategy, and we have established a human resources policy focused on establishing long-term relationships. We strive to offer quality and stable jobs that allow professional development through general and specific training plans.

We foster our talent by creating an environment in which our employees feel valued and motivated to reach their full potential.



Hours of training by area in 2022		N° hours	%
 Administrative		645.6	22.13%
 Commercial		93.5	3.20%
 Area Director		29	1%
 Management		17.5	0.6%
 Researcher		1,184.5	40.60%
 Area Manager		565.7	19.38%
 Operator		382	13.09%

This last year we have prioritized providing more specific training adapted to specific employees. As a result of this strategy, increased attention has been devoted to the delivery of training programs designed to meet the individual needs of the participants, particularly in the areas of research and management.

The total amount of the investment in training programs was notably higher compared to the year 2021, accounting for 0.48% of total payroll in 2021 and 0.52% in 2022.

At our company, we value and encourage internal talent. During 2022, there have been nine internal promotions, giving our employees the opportunity to develop and grow within the group.

These promotions reflect our assurance to the development and progression of our own people. We value their dedication, skills and knowledge, and we want to give them the opportunity to assume more responsible and challenging roles.



04
03
04

OUR ENVIRONMENTAL PERFORMANCE

We work to achieve maximum optimization in the management of natural resources.



03. OUR ENVIRONMENTAL PERFORMANCE

Our unwavering dedication to sustainability and social responsibility make us prioritize the development and manufacturing of products with an environmentally conscious approach, ensuring the protection of our planet.



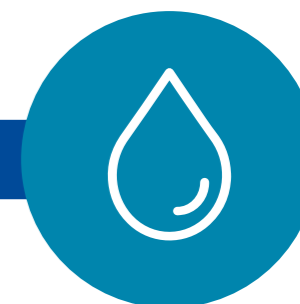
3.1. SUSTAINABLE USE OF RESOURCES

We are strongly committed to the viable use of resources, optimizing their potential and optimizing efficiency.

In general, during this year we have experienced an increase in consumption as a result of greater productive activity compared to the previous year. However, it is important to highlight that the increase in our production has been significantly higher than the increase in consumption.



WATER CONSUMPTION



The sustainability of water consumption is a fundamental priority for SUANFARMA. Our industrial operations are based on a guaranteed supply from municipal networks and the collection of groundwater through wells, water sources that play a crucial role in processes such as manufacturing, irrigation and refrigeration systems.

Recognizing the importance of water as a vital resource, we strive year after year to minimize our consumption and adapt to

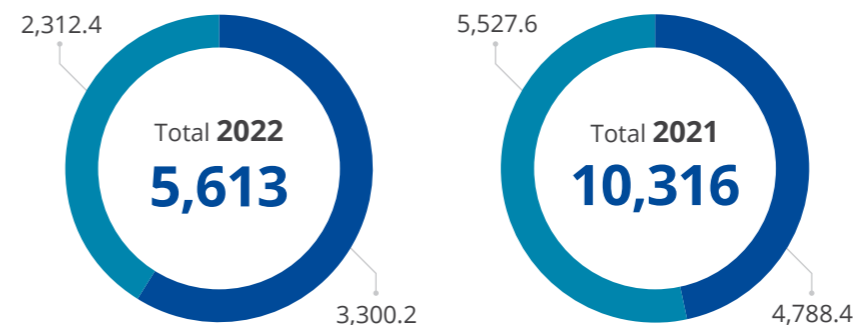
possible scenarios of water scarcity. We are committed to limiting negative impacts on biodiversity and preventing pollution associated with the use of water.

Aware of our responsibility, we implemented innovative practices and technologies that allow us to optimize the use of water in our facilities. We also work closely with local communities and regulatory authorities to promote sustainable management of water resources in our operations.

At SUANFARMA, we are conscious of the environmental impacts we generate. We advocate for the reduction of these impacts across all of our work centres in our organization.

Global water consumption (in megaliters)

1 megaliter = 1,000 m³



- Municipal water supply.
- Alternative sources of water supply - Groundwater.

RAW MATERIAL CONSUMPTION



Our company has specialized personnel who work tirelessly to continuously improve our industrial processes and reduce the consumption of specific raw materials. This highly trained team is committed to constantly seeking innovative solutions that allow us to optimize the efficiency of our operations and minimize our environmental impact.

With a solid scientific and technological base, we collaborate closely with our production teams to implement significant improvements that promote sustainability in all our industrial activities.

In this regard, during the 2021-2022 financial year, the following studies began:

SUSTAINABILITY IMPROVEMENTS



Optimization of the processes

of intermediate reprocessing processes to reduce the number of batches rejected for destruction.



Development of processes

for the reuse of catalysts.



Optimization of the experimental conditions

to avoid losses and degradation during the process, obtaining more product from the same raw materials.



Study of change of processes

to avoid the use of high amounts of solvents in extractions and industrial chromatography, in addition to increasing yield.

ENERGY CONSUMPTION







At SUANFARMA, we are aware of the paramount importance of sustainability and energy efficiency in our operations. Our plants use mainly electricity, natural gas and steam from the district heating network, most of it from renewable sources. These energy inputs are carefully selected to minimize our environmental impact and encourage the use of cleaner and more sustainable energy sources.

The dedication to energy efficiency is rooted in our corporate policy, which is why we constantly strive to improve the efficiency of our processes and optimize energy consumption in all our facilities. Through the implementation of innovative technologies and best practices, we seek to reduce our energy footprint and maximize the performance of our operations.



In 2022, our energy consumption from renewable energy sources has increased by 5% compared to 2021.

Global energy consumption		2022	2021
 Electrical consumption (MWh)	 From renewable sources	32,049	16,648
	 From non-renewable sources	5,279	3,894
 Gas consumption (MWh)		287,599	269,717

*Only the data from the plants are reported, since the environmental impact of the distributors is not considered material, at 1% of the total impact. The increase in production is the cause of the increase in our electricity consumption, so the production-consumption ratio is proportionally lower than the previous year.

3.2. CIRCULAR ECONOMY

In line with our commitment to sustainability, we responsibly address the management of waste generated in our operations:

- 1 Sludge from the wastewater treatment plant.
- 2 Liquid waste derived from our production process, such as spent solvents or water contaminated with said solvents.

To maximize the recovery of resources and promote the circular economy, we implement a water distillation process before it is discharged, with the aim of recovering and rectifying the solvents present in this waste. This practice contributes both to reducing waste and optimizing the resources used.

Regarding the final management of waste that cannot be recovered due to its nature, we opt for incineration. For this, we use specific and duly identified containers, thus guaranteeing all, whether they are intermediate and distributed at different points in our facilities or are final, comply with a clear and unambiguous identification.

As part of our efforts to reduce the volume of waste generated, we have implemented projects focused on reducing the use of raw materials. In addition, we have adapted to the new regulations on the use of recycled and reused packaging. As an example of circular practice, in our factories we have implemented procedures for cleaning and reusing packaging, which allows us to avoid the unnecessary purchase of packaging material and contribute to closing the product life cycle.

These initiatives reflect our ongoing responsibility to accountable waste management, the reduction of environmental impacts, and the promotion of sustainable practices in all our operations.

Waste generated* (in tons)	2022	2021
✘ Hazardous waste	6,254	6,640
✔ Non-hazardous waste	3,859	4,577

*Only the data from the plants are reported, since the environmental impact of the distributors is not considered material, since it is 1% of the total impact.

As part of our efforts to reduce the volume of waste generated, we have implemented projects focused on reducing the use of raw materials. In addition, we have adapted to the new regulations on the use of recycled and reused packaging.

-10%
OF WASTE

We have reduced our waste generation by 10%.

3.3. EMISSIONS AND CLIMATE CHANGE

Our emissions are mainly due to the combustion of natural gas and volatile organic compounds (VOCs) due to the solvents we use in our production processes.

To reduce its impact over the past two years, we have implemented various measures that meet certain sustainability criteria and are working on a long-term strategy to reduce our greenhouse gas emissions.



2022 emissions from plants*



DIRECT EMISSIONS

Scope 1

48,735 tCO₂eq



INDIRECT EMISSIONS

Scope 2

2,057 tCO₂eq

RENEWABLE SOURCES















At SUANFARMA Italy, a significant percentage of energy consumption comes from renewable sources with an origin guarantee.

*Only data from the plants are provided, since the impact of the distributors is not considered material as they represent only 1% of the total impact.



Direct measures in terms of sustainability in SUANFARMA

Area	Measures	Location
 <p>Emissions and climate change</p>	 <p>Development of a long-term strategy to reduce GHG emissions.</p>	 <p>SUANFARMA S.A. (Spain)</p>
	 <p>Implementation of gaseous emissions treatment systems based on the requirements of the environmental license (inertization of tanks to reduce diffuse emissions, new equipment to operate in a closed circuit, improvements in gas washing columns and installation of condensers).</p>	 <p>CIPAN (Portugal)</p>
	 <p>Installation of condensers for solvent VOCs.</p>  <p>Use of refrigerant gases in HVAC systems that comply with legislation to reduce greenhouse gas emissions.</p>	
	 <p>Odor emissions monitoring plan.</p>  <p>Development of a long-term strategy to reduce GHG emissions.</p>  <p>CStoA (Clavulanic Toa) drum cleaning reducing the impact of transport emissions.</p>	 <p>Suan Farma Italia, S.p.A. (Italy)</p>

Area	Measures	Location
 <p>Circular economy and waste</p>	 <p>Assignment of a full-time environmental technician, 6 people in the wastewater treatment station and one in waste management.</p>	 <p>CIPAN (Portugal)</p>
	 <p>Waste treatment to promote financial added value (distillery).</p>	
	 <p>Improvements in production processes to reduce waste (R&D).</p>	
	 <p>Implementation of procedures based on the waste hierarchies.</p>  <p>Objective "Zero processed hazardous waste to the landfill".</p>	 <p>Suan Farma Italia, S.p.A. (Italy)</p>
 <p>Water consumption</p>	 <p>Establishment of more efficient equipment lacquering processes.</p>	 <p>CIPAN (Portugal)</p>
	 <p>Project of installation of an osmosis system in the water of the cooling towers to reduce the purge water.</p>	
	 <p>Approval of the installation of a new trigeneration plant to reduce water consumption.</p>	 <p>Suan Farma Italia, S.p.A. (Italy)</p>

Direct measures in terms of sustainability in SUANFARMA

Area	Measures	Location
 <p>Raw material consumption</p>	 <p>Methanol reuse project in the Lyme cycline process.</p>	 <p>CIPAN (Portugal)</p>
	 <p>Installation of an ethanol distillation and recovery plant to reduce consumption of raw materials.</p>	 <p>Suan Farma Italia, S.p.A. (Italy)</p>
 <p>Energy efficiency</p>	 <p>Annual performance of energy audit.</p>	 <p>CIPAN (Portugal)</p>
	 <p>Preparation of the Energy Rationalization Plan (PREN).</p>	
	 <p>Ongoing project to install solar panels.</p>	
	 <p>Replacement of the coverage of the public services center, with the use of natural light, due to the translucent tile.</p>	
	 <p>Energy reduction by installing a smaller capacity boiler (to reduce energy and steam waste).</p>	
	 <p>Ongoing project to recover condensate and to prevent steam leaks.</p>	

Area	Measures	Location
 <p>Energy efficiency</p>	 <p>Low Air Plant Heat Exchanger Replacement.</p>	 <p>CIPAN (Portugal)</p>
	 <p>Replacement of 40 air filters aspirated from outside to low central air.</p>	
	 <p>Replacement of half of the lighting in the distillery sector by LED lamps.</p>	
	 <p>Installation of presence sensors to turn on the lights in the electrical workshop.</p>	
 <p>Energy efficiency</p>	 <p>ISO 50001 Certificate (Energy Management System).</p>	 <p>Suan Farma Italia, S.p.A. (Italy)</p>
	 <p>Refrigeration and steam optimization project for butanol recovery columns.</p>	
	 <p>Regulation of cross-flow filtration motors.</p>	





SUANFARMA Italy

A success story in the regenerative economy

One of the major concerns in the sector is the impact of pharmaceutical products on the environment. This idea has led us to embark on an innovative project, in collaboration with the Spanish company e-Watts, completely renovating our current wastewater treatment plant in Italy. A project that has been developed between 2020 and 2022 with the vision of being inaugurated in July 2023.

By implementing a solution based on electro-oxidation, without the use of hazardous chemicals, we are ensuring the continuity of our pledge to a healthier environment and significantly reducing our environmental footprint.

Thanks to this technology, the water that we will release into the environment will be of a higher quality than the water extracted from



At SUANFARMA we pride ourselves on leading the pharmaceutical industry towards a sustainable future.

the wells, which will allow us to produce our essential medicines aiming at zero impact on water resources, actively promoting the regenerative economy, returning a resource to the environment in a better state than it was extracted.

By eliminating the use of hazardous chemicals and achieving high efficiency in the removal of contaminants, we demonstrate that it is possible to produce essential medicines in a more responsible and sustainable way. In addition, as a by-product, we generate green hydrogen, promoting the circular

economy and energy efficiency in our manufacturing operations.

Currently, most of the solutions available on the market are designed to resolve individual contaminants (mainly organic contaminants). The solution we use is one of the few that resolves all contaminants at the same time (organic and inorganic) with 3-5 times lower energy consumption than standard technologies.

At SUANFARMA we are proud to lead the pharmaceutical industry towards a sustainable future

and we hope that our wastewater treatment plant, the first on a large scale that uses this technology, will become a new standard in the Best Available Technologies guidelines, becoming a reference for many other pharmaceutical companies and setting new compliance goals.





US
04
05

COMMITMENT TO SOCIETY

We develop and implement initiatives with the objective to improve society.



04. COMMITMENT TO SOCIETY

When selecting our suppliers, we consider environmental factors and alignment with quality standards such as GMP and ISO.



4.1. RESPONSIBLE SUPPLY CHAIN


At the SUANFARMA Group we maintain a responsible supply chain through the regulation of purchasing procedures and periodic audits on both the products received and our suppliers, which allows us to guarantee the quality of our products.

At times, we work with specialized and unique manufacturers due to the unique nature of the materials and equipment used in pharmaceutical processes, and we prefer local suppliers for packaging and other general services in order to support the local economy while reducing negative environmental impacts of long-distance transportation.



Code of Conduct for Suppliers

Since 2021 we have a **code of conduct** applicable to our supplier companies that covers the following aspects:

-  Comply with all applicable **national laws and regulations**.
-  Adopt a **responsible and ethical approach** to business.
-  **Respect and protect human and labor rights** in their businesses and supply chains.
-  Manage and **reduce the environmental impact** of their businesses and supply chains.
-  **Identify and manage risks** in their supply chains.

In addition, we have established additional safeguards for suppliers located in at-risk countries, which allows us to guarantee enforcement of the fundamental rights of workers and protection against child labor exploitation.

During the last fiscal year, we have conducted four audits in the industrial division and three in the nutraceutical division. In addition, we have carried out three technical visits to verify the adequate performance of the suppliers in the nutraceutical division.

During the last fiscal year, we have conducted four audits in the industrial division and three in the nutraceutical division.

4.2. OUR CONTRIBUTION TO SOCIETY

We demonstrate our commitment to corporate social responsibility and the environment through collaboration and association actions. One of them is our active participation as a patron and regular collaborator of the Arraigo Foundation since 2016.

This foundation aims to help the proper integration of migrants established in Spain, providing them with professional support in areas such as marketing and information technology, among others.



People trained and advised at Fundación Arraigo in 2022



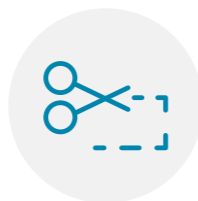
63
PEOPLE AT
IT



54
PEOPLE IN
MANICURE



121
PEOPLE IN
SPANISH
LANGUAGE



101
PEOPLE IN
SEWING AND
PATTERN MAKING



28
PEOPLE
HAVE RECEIVED
LEGAL ADVICE

FUNDACIÓNARRAIGO



In addition, we have collaborated with the Children's Vaccination Alliance through a donation for the purchase and distribution of pneumonia vaccines in Mozambique and Ethiopia, where this disease is the leading cause of infant mortality. This collaboration reinforces the company's objective to contribute to the health and well-being of children, through the promotion and support of vaccination programs.

In 2022 we also joined the Red Cross in a blood donation campaign carried out in Alcobendas. This initiative demonstrates the company's willpower to support humanitarian causes and the community.

With these actions, we maintain our social resolve and willingness to collaborate with organizations and projects that seek to have a positive impact on society, contributing our experience and resources to help those who need it most.

€ 9,085

DONATIONS 2022

In 2022 we have donated a total of €9,085 to foundations and nonprofit entities.





04
05
06

ETHICAL AND RESPONSIBLE GOVERNANCE

Transparency and integrity in business management are key elements to create a positive impact on people and the planet.



05. ETHICAL AND RESPONSIBLE GOVERNANCE

To ensure responsible business behavior, we have established a robust framework of policies and protocols.






5.1. TRANSPARENCY AND ETHICS

At SUANFARMA, transparency and ethics are fundamental values that guide our actions and decisions. To guarantee responsible business behavior, we have established a robust framework of policies and protocols in each of the countries in which we work and a comprehensive Code of Ethics and Conduct, which establishes the ethical principles and standards that all our employees must follow. This code covers aspects such as integrity, respect, non-discrimination and the promotion of a safe and healthy work environment.

In 2018, we approved an anti-corruption policy that reinforces our undertaking to fight with integrity against any form of corruption within the framework of the Criminal Risk Management System. Said policy establishes the bases of action to prevent the commission of crimes related to corrupt conduct in the relations of our personnel with third parties. Likewise, we have implemented a protocol for the acceptance and offering of gifts and hospitality, to ensure that our business relationships are based on transparency and legality.

The field of human rights is another area of priority for us, which is why we have established a solid policy that includes our obligation to respect human rights throughout our value chain, highlighting the following principles.

Our commitments in the field of human rights

-  Comply with applicable **laws and legislation** wherever we operate.
-  **Protect and enforce labor rights.**
-  Practice **zero tolerance** for **forced labor** and **“modern slavery”**.
-  Respect and promote **diversity and inclusion.**
-  **Identify and manage risks** in the supply chain.

We are proud to highlight that, like last year, we have not received any complaints for cases of violation of human rights in our company.

To promote transparency and accountability, we have set up a whistleblowing channel that the entire workforce can access. This information on this channel is located in section 5 of our Code of Ethics and Conduct, and is designed to guarantee the confidentiality and protection of those who use it.

Currently, we are awaiting the imminent approval of the Draft Law regulating the protection of people who report regulatory violations and the fight against corruption. In response to this new regulation, we are committed to adapt our internal information system within a period of three months from entry to enforcement of the regulation.





*Approved by the board of directors of Suan Farma, S.A.U. and Cresbard Invest, S.L.

**Approved by the council of Suan Farma, S.A.U.

We feel it is essential that all our team is familiar with our Code of Ethics and Conduct, and we have provided training on its content to all staff, as well as provided a copy of the Code as part of the “welcome pack” to each new person incorporated into the group.

During the month of December 2022, we carried out a training session on the Code of Ethics and Conduct for the employees of Suan Farma, S.A.U. and Suan Farma Holding, S.L. Our objective is to gradually extend this training to all employees of the different group companies.

AT SUANFARMA

We are committed to promoting ethical, transparent and responsible business practices in all our activities. Our focus on transparency and ethics drives us to maintain the highest standards of conduct for the benefit of our staff, clients, partners and society in general.

5.2. GOVERNANCE STRUCTURE

Our governance structure is essential to guarantee efficient and responsible management in all our operations. We base our approach on a solid and transparent organizational system that promotes effective decision-making and compliance with the highest ethical standards.

Below, we present our organization chart, which reflects the distribution of roles and responsibilities within the company.





06

OTHER INFORMATION



06. OTHER INFORMATION



6.1. ABOUT THIS REPORT

This report presents the data collected by SUANFARMA during the annual exercise finalized on December 31, 2022.

For the collection of data, the information included in the Non-Financial Information Statement (NFIS) of Suanfarma Holding S.L. has been taken into account, complemented with the specific data at the social, economic and environmental level of CIPAN and Suanfarma Italia.

The data on the environment included in this report does not include data from 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 their environmental impact is not considered material, being 1.12% of the total impact.



6.2. GLOSSARY



PHARMACEUTICAL SPECIALTIES

Original medicines / efg / efp / otc - nutritional products.
There are basically three types of drugs, with notable differentiating characteristics:

1

Innovative medicines

- Have a trademark.
- They are protected by patent during the first 20 years of commercialization and therefore they are exploited in a monopoly regime.
- Require a prescription.
- The price is controlled and limited by the health authorities.
- They cannot be advertised.
- In Europe and some other countries, most are covered by the National Health Systems.

PHARMACEUTICAL SPECIALTIES

2

Generic medicines

In Spain EFG: Generic Pharmaceutical Specialties

- Normally they do not have a commercial brand, they are marketed by the name of the API together with the name of the marketing laboratory.
- They cannot be commercialized until the expiration of the patent of the original product (and other related ones that may prevent its manufacture or use), without the permission of the innovator.
- Require a prescription.
- The price is controlled and limited by the health authorities.
- They are covered by the National Health Systems.

3

EFP drugs

Advertising Pharmaceutical Specialties or in the world
OTC = Over the Counter

- They are drugs intended for the relief, treatment or prevention of minor conditions, with which there is extensive experience in use and have been expressly authorized as such.
- Do not require a prescription.
 - The sale price is free.
 - Can be freely advertised to the general public.
 - They are not usually covered by the National Health Systems.

NUTRITIONAL PRODUCTS



Although they are not considered medicines, they are used to treat certain health deficiencies from a non-curative but nutritional position. The raw materials are called nutritional ingredients.



It is a clear growth market in the pharmaceutical world because they escape the price control of the administrations and allow them to be advertised. In general and in the more regulated world, they cannot freely claim therapeutic action, but must refer to very rigid guidelines for specific components and dosages.



The main world market is the US, which stands as a world reference in this segment (NUTRITIONALS or NUTRACÉUTICS).



The current applicable legislation is that of nutritional supplements.





Other most commonly used abbreviations and expressions

APIS

Active Pharmaceutical Ingredient. According to the World Health Organization, it is defined as any substance used in a finished pharmaceutical product whose final objective is to develop a pharmacological activity or generate some direct effect in the diagnosis, treatment or prevention of a disease in the patient. In a complementary way, it can be considered that an API can also improve, correct or modify some physiological function, without having a direct relationship with any disease.

B2B

Business to business. It comes from the English "Business-to-Business", referring to commercial transactions between companies.

CDMO

Contract Development and Manufacturing Organization.

EMA

European Medicines Agency. The EMA protects and promotes human and animal health through the evaluation and monitoring of medicines in the European Union and the European Economic Area. <https://www.ema.europa.eu/en>.

FDA

Food and Drug Administration. Entity equivalent to the European Medicines Agency in the United States. <https://www.fda.gov/>.

GMP

Good Manufacturing Practice, are manufacturing standards applicable within the pharmaceutical and veterinary sector created with the aim of guaranteeing that medicines meet essential quality standards and can be used safely. https://www.aemps.gob.es/industria-farmaceutica/fabricacion-de-medicamentos/#guia_NCF (link to the correct manufacturing standards of the Spanish Agency for Medicines and Health Products).

PNT-SOP

Standard Operating Procedures, are written documents that establish the guidelines to follow to implement the quality policies of the companies. They are required by legislation and GMP (Good Manufacturing Practices).

Pharmaceutical Intermediates – These are drugs that are used as a raw material for the production of bulk drugs, or can refer to a material produced during the synthesis of an API that must undergo further molecular changes or processing before becoming an API.

SUANFARMA

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