

SUSTAINABILITY REPORT 2020

THE POSITIVE INDICATIONS OF WORKING WITH RECIPHARM:

- Pharmaceutical expertise
- Managing complexity
- Full service offering
- Risk control
- Good value for money



PROACTIVE SUSTAINABILITY WORK

At Recipharm, sustainability is an integral part of our daily business and we work proactively to mitigate our negative impacts and maximise our positive contribution.

As pharmaceutical products aim to improve human health and quality of life, the industry as a whole contributes positively to society. At Recipharm, we take a responsible approach to all aspects of our operations and we believe that high ethical standards, accountability and good stakeholder relations create long-term benefits. This approach is a guiding principle for all our decisions, policies and activities.

Our business responsibility

Recipharm's operations must not only be state of the art in terms of technology, but also for environmental responsibility, ethics and a holistic approach to responsibility for all aspects of our business. Sustainability is embedded into all our business processes and ensures we operate responsibly.

At Recipharm, we have always had high sustainability ambitions, which we believe is an advantage that differentiates us from our competitors. As a leading CDMO, our stakeholders expect that sustainability topics are managed in a structured and comprehensive manner. Customers seek partnerships with long-term partners and employees want to work for companies that contribute towards sustainable development. Recipharm provides formal reporting and transparency regarding sustainability. We also engage with relevant associations and networks, which helps to communicate our position as a CDMO with a strong sustainability profile.

Enabling sustainability research and development

Recipharm enables research and development by supporting our customers with pharmaceutical development services – including method and process development services as well as manufacturing materials for clinical studies. Within both preclinical development and clinical studies, many of the issues that arise are related to ethics. As our clients are responsible for

these issues, such as animal testing and ensuring good clinical practice, it is essential we have close collaboration and dialogue with our customers to ensure that we can positively influence them by offering solutions that are both efficient and ethical.

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



We have high sustainability ambitions, which differentiates us from our competitors.



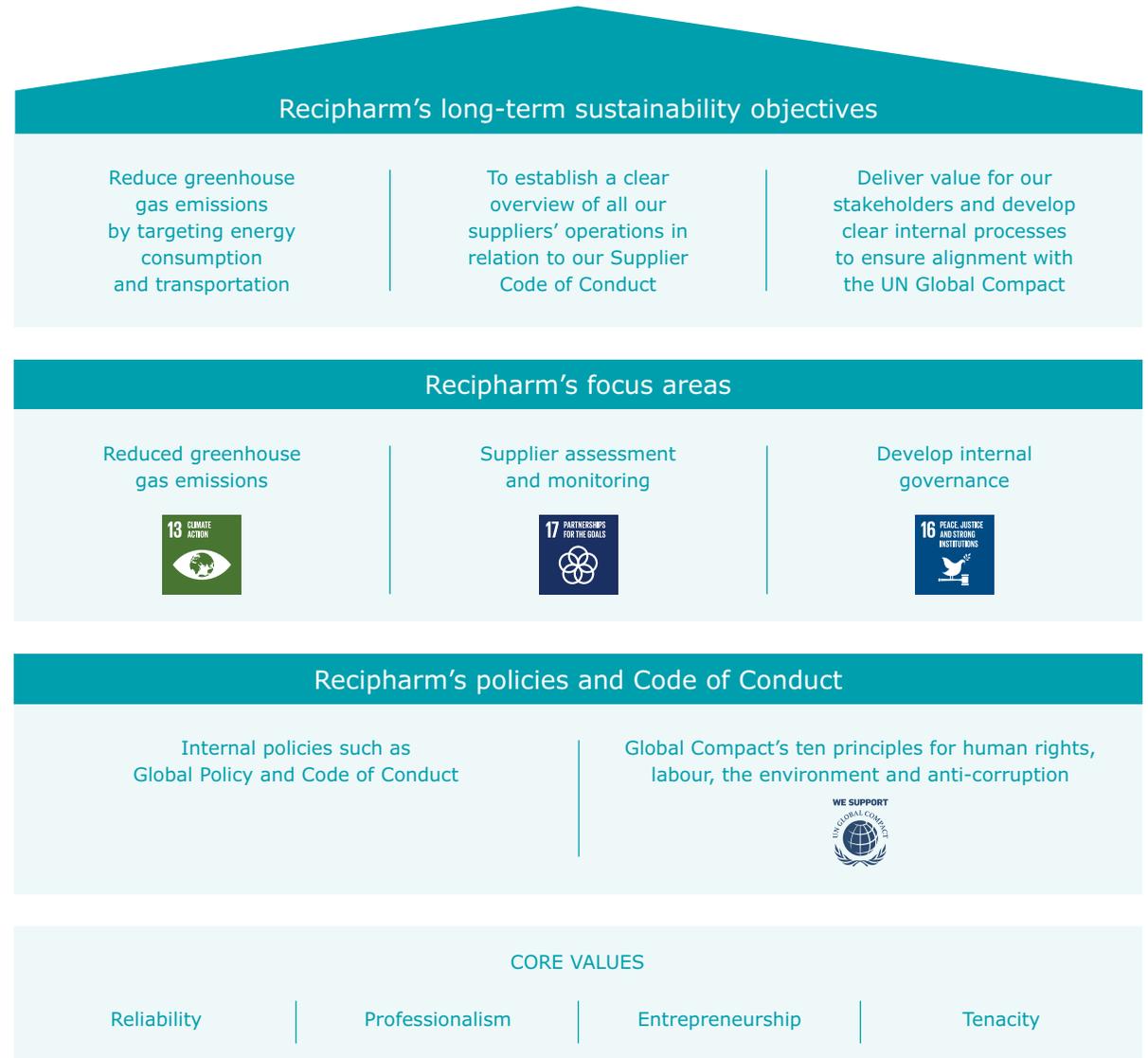
Our sustainability framework

Our sustainability work helps us achieve our overall objectives and is guided by our sustainability framework. The framework ensures that we make continuous improvements through clear objectives and are transparent on sustainability topics. It also helps to mitigate risk, including reputational risks, that may impact our company negatively.

Our sustainability framework rests on Recipharm’s core values and the UN Global Compact’s ten principles for human rights, labour, the environment and anti-corruption. Building on these, our internal policies and Code of Conduct covers sustainability issues as well as aspects of business ethics and relations with employees, customers, suppliers, authorities, competitors and other stakeholders.

Based on our materiality analysis, we have identified three focus areas: reduced greenhouse gas emissions, supplier assessment and monitoring, and develop internal governance. Each focus area has one or more relevant associated objectives. Read more about the outcomes of our objectives on page 26 and the rationale behind our priorities on page 99.

Recipharm is a signatory of the UN Global Compact and reports its greenhouse gas (GHG) emissions to the Carbon Disclosure Project (CDP). All our operating companies are requested to have an ISO 14001 Environmental Management certification and an ISO 45001 Occupational Health and Safety certification (or equivalent). Ethical standards are clearly defined in our Code of Conduct and suppliers are managed through our Supplier Code of Conduct.



Sustainability targets

To develop and follow up progress of our sustainability work, there are clear targets linked to every focus area. The targets are monitored regularly, and Recipharm's operating companies are responsible for their implementation and management.

Reduced greenhouse gas emissions

We work to reduce greenhouse gas emissions by targeting energy consumption and transportation. The overall targets are to reduce the amount of greenhouse gas emissions per employee by at least 3% per year and to maintain ISO 14001 certification in all Recipharm's manufacturing operations. The reduction of greenhouse gas emissions per employee in 2020 was 4.5%. ISO 14001 certifications were achieved in Paderno Dugnano, Masate and Bengaluru.

Supplier assessment and monitoring

Our long-term goal for managing supplier sustainability performance is to establish a clear overview of all their operations in relation to our Supplier Code of Conduct. The target for 2020 was to have conducted 40 additional on-site reviews at suppliers in accordance with our Supplier Code of Conduct. In 2020, 24 reviews were conducted. Due to COVID-19 it was not possible to conduct site visits as planned.

Develop internal governance

Our aim is to deliver value for our stakeholders and develop clear internal processes to ensure alignment with our policies and Code of Conduct. For 2020, the target was to further develop guidelines around our processes for review, communication and training to prevent corruption. This has primarily been done through a developed approach to internal control procedures.

Our objectives for 2021

Environment:

Reduction of greenhouse gas emissions per employee by 3%. Complete the overview of Recipharm's manufacturing of anti-biotics as part of the commitment to antimicrobial resistance (AMR).

Sustainable supply chain:

Re-establish audits post COVID-19 and complete a minimum of 20 new supplier assessments in 2021.

Governance:

Complete ISO 14001 certification and ensure relevant planning for ISO 45001 certification across the Group.

Target	2020	2019
Reduction of greenhouse gas emissions per employee by 3%	4.5	11.0 ¹
Increase share of ISO 14001 certified manufacturing operations	88% certified	85% certified
40 additional on-site reviews at suppliers in accordance with our Supplier Code of Conduct, number	24 ²	93
To further develop guidelines around our processes for review, communication and training to prevent corruption	Establishing organisation and processes for internal control	A cross-functional risk assessment of corruption risks has been conducted during the year, as well as establishing a mitigation plan. Actions in this plan will be implemented in 2020.

¹ Data for 2019 have been corrected.

² The number of supplier on-site reviews were fewer than planned in 2020 due to COVID-19 travel restrictions.

FOCUSED EFFORTS LEAD TO LOWER CARBON FOOTPRINT

Mitigating our environmental impacts from energy consumption, emissions and waste at our manufacturing and laboratory facilities involves some of our most important sustainability work.

Our proactive environmental work has always differentiated Recipharm from competitors and helps us to be the customer's first choice. By continuously improving our environmental work, we also reduce the environmental impact of our operations. This ultimately reduces the environmental footprint of the products and services we deliver to customers. It also helps us to reduce costs through more efficient operations.

The importance of our environmental work

In order to succeed in the long-term, Recipharm needs to use natural resources in a sustainable manner and to continuously find ways of minimising our environmental impact. As a world-leading provider of CDMO services, it is therefore essential that we reduce greenhouse gas emissions from our production and transport in the face of climate change and the potential future impacts on our business and society. Operating in accordance with legislation and relevant permits and licenses also involves mitigating the risk of discharges and effluents, and properly taking care of them if they occur. This is particularly important in antibiotics production.

Environmental management systems

Recipharm's facilities all have the relevant environmental permits required by law in each country. All facilities are actively monitored. However, in 2020 one incident occurred, in the facility in Monts, France. An anaesthetic product was accidentally released into the facility's water treatment system and into a nearby river. Recipharm took immediate actions to investigate what happened and to mitigate the impacts and ensure processes to prevent such incidents from happening again.

We are committed to ensuring that all our operating companies are certified to the ISO 14001 environmental management system. The goal is that newly acquired facilities are certified

within two years of them being incorporated into the Group. At the end of the year, 22 (22) out of 25 manufacturing operations, representing 88 (85) per cent of Recipharm, have an ISO 14001 certificate. Certification ensures a robust process is in place with the aim to constantly improve. It also shows customers and other stakeholders a clear commitment to environmental management with a global standard. In 2020, certification was achieved for Masate and Paderno Dugnano (Italy) and Bengaluru (India).

Acquisitions

Environmental due diligence is one of the most important activities when Recipharm is considering potential acquisitions. Due diligence reviews are primarily conducted through reviews of material provided by the seller, but more information is collected through on-site investigations when required such as the sampling of soil and water. Recipharm uses external expertise for these investigations.

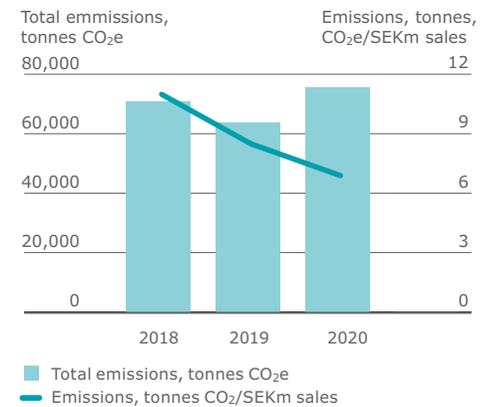
Energy and greenhouse gas emissions

Reducing energy consumption and greenhouse gas (GHG) emissions are Recipharm's most important environmental objectives. In 2020, Recipharm's direct and indirect carbon emissions amounted to 76,506 (63,563) tonnes. This is equivalent to 8.8 (9.3) tonnes per employee, or an increase of 20 per cent compared with the previous year. This corresponds to 6.9 (8.5) tonnes CO₂ per SEKm sales. Direct emissions are primarily a result of heating our facilities, generating manufacturing process media and from company-owned vehicles. Our indirect emissions are a result of electricity use in our manufacturing and development facilities. Indirect GHG emissions also include transport emissions related to our suppliers and inter-company transportation.

GREENHOUSE GAS EMISSIONS 2018–2020

Greenhouse gas emissions	2020	2019	2018
Scope 1 (use of natural gas and oil in premises, and fuel in company vehicles), tonnes	32,243	22,293	20,914
Scope 2 (electricity, district heating, cooling and steam), tonnes	43,958	40,052	49,209
Scope 3 (business travel by train and airplane), tonnes	305	1,218	643
Total	76,506	63,563	70,766

The table shows the total direct and indirect greenhouse gas emissions from reported sources. 2019 data for scope 2 have been corrected.



The graph shows Recipharm's total amount of greenhouse gas emissions and emissions per SEKm of sales.

The total GHG emissions in 2020 increased, due to the addition of new operations following the Consort acquisition. The relative reduction of GHG emissions was primarily a result of more efficient energy use in manufacturing plants, as well as switching to low-carbon energy sources. The work to promote energy efficiency is managed locally at facility level and follows normal business practices for capital investments. Our experience has demonstrated that energy efficiency measures are sound investments that save more money over time than the cost of the original investment. One key initiative has been the use of solar panels for electricity generation at our manufacturing plant in Bengaluru, India. Projects to reduce energy use have also been introduced in several of our operating companies.

We report our GHG emissions and how we manage our climate impact in the annual CDP Climate Change questionnaire. Responding to CDP promotes further improvements in our environmental and climate work and provides us with feedback on our climate reporting and actions. Recipharm’s CDP reporting in 2020 was graded at level B-, the same rating as in 2019. Our CDP data for 2020 will be submitted in July 2021.

Antimicrobial resistance (AMR)

AMR is currently one of the most serious threats to public health worldwide. As Recipharm manufactures antibiotics in several locations, it is important that we are involved in developing solutions to combat AMR. We are a member of the AMR Industry Alliance, which helps us improve our work on AMR and allows us to engage with other stakeholders. In 2020, we started a pilot project with the aim to review our manufacturing processes in accordance with AMR Industry Alliance’s framework for managing antibiotic discharge. Due to COVID-19, progress has been slower than expected and the work will continue in 2021. The ambition is to ensure compliance with the AMR Industry Alliance Guidelines for all manufacturing of antibiotics within Recipharm.

Recipharm is also involved in a number of other initiatives focused on AMR. For example, the multisector collaboration platform, PLATINEA, led by Uppsala University, designed to find ways to preserve and enhance the value of existing antibiotics.

Water and waste

A major problem with AMR is that residues from the pharmaceutical industry can end up in the environment and, for example, pollute watercourses with antibiotics. We do our utmost to prevent this and to prevent pollution to air or water caused by any other harmful substances from our operations.

We compile water and waste data for all our manufacturing and development facilities. Our process wastewater is predominantly produced from the cleaning of equipment. The quantity of drug residues in our wastewater is small and all Recipharm facilities are authorised to release wastewater into normal sewage systems for processing in treatment plants. The exception is in India, where we operate our own local water treatment plants and recirculate purified wastewater by using it for irrigation.

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

Where organic solvents are used, emissions undergo pre-treatment to minimise quantities of organic solvents. All our units comply with their respective environmental permits by a wide margin. Solvent emissions to air in 2020 amounted to 51,966 (145,311) tonnes, with Bepak and plants in Holmes Chapel and Uppsala accounting for the majority of our emissions.

WATER AND WASTE 2018–2020

	2020	2019	2018
Water, m ³	2,342,961	1,972,639	1,751,790
Of which own sources, m ³	1,372,683	1,347,375	1,142,648

The water used is municipal water and groundwater from our own sources. Most of the consumption is used in production processes at one specific facility in Italy.

	2020	2019	2018
Waste, tonnes	20,344	9,852	10,293
Of which hazardous waste, tonnes	11,081	5,539	5,463

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

The Recipharm 2020 International Environmental Award winner

The Recipharm 2020 International Environmental Award was presented to Dr. Amy Pruden, Professor of Civil and Environmental Engineering at Virginia Tech in Blacksburg, Virginia, USA.

Dr. Pruden is widely recognised for her work documenting antibiotic resistance genes as environmental contaminant. Her most recent research focuses on advancing practical means of antibiotic resistance monitoring, mitigation and risk assessment in wastewater, recycled water and other water systems.

Dr. Pruden also serves as an Associate Editor for the Journal of Environmental Science & Technology and has published more than 175 peer-reviewed manuscripts and book chapters on bioremediation, pathogens and antibiotic resistance. She is also well known for her work in advancing the study of environmental microbiomes and designing water systems to prevent the colonization of pathogens, such as Legionella.

About Recipharm's International Environmental Award

Since Recipharm was founded in 1995, our environmental agenda has been a central part of the way we do business. It is our belief that transparency, cooperation and encouragement are necessary if we are to achieve sustainable development. In order to promote this belief, we introduced the International Environmental Award in 2008 to showcase the best environmental practice or innovation within the pharmacy and health care industries or academia.



We are delighted to present the 2020 award to Dr. Amy Pruden. Her work concerning antibiotic resistance is particularly interesting since this is a known challenge for the pharmaceutical industry, healthcare and agriculture sectors.

– Lars Backsell, Chairman of the Board of Recipharm

PROCESSES ENSURE RESPONSIBLE PRODUCTION

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

As a global company, Recipharm needs to take responsibility both locally and globally. Recipharm has been a signatory of the United Nations Global Compact (UNGC) since 2016. This means that Recipharm is committed to abiding by the UNGC's ten principles on human rights, labour, environment and anti-corruption. Read more on page 2.

Recipharm's Supplier Code of Conduct

Our Supplier Code of Conduct covers business ethics, labour practices, anti-corruption, human rights and environmental management. We strive to ensure that suppliers actively endorse the requirements of the Supplier Code of Conduct, and we communicate and follow-up the Code.

Supplier requirements

Our suppliers provide active ingredients, raw materials and packaging materials, as well as machine and laboratory equipment. We also have agreements with service providers. To enable us to maintain our commitments to customers and other stakeholders, we place particular emphasis on safety, quality, price, performance and the ability to deliver.

For direct materials, Recipharm has more than 750 different suppliers. Most of these suppliers are located in Europe, but our supplier base is global. Suppliers to the pharmaceutical industry work under well-defined quality criteria and many are covered by the pharmaceutical industry's quality system, Good Manufacturing Practice (GMP). Our operations are normally automated with low labour intensity. During 2020, there has been no significant change in our supply chain except for an increase of the number of suppliers following the acquisition of Consort Medical.

There are legal requirements for us to make regular quality audits of our suppliers to verify their compliance with cGMP

requirements. In connection with these audits, the compliance with our Supplier Code of Conduct is reviewed. If necessary, specific audits focusing on sustainability matters will be conducted. The Code has been communicated to 2,917 (1,876) suppliers, and 1,807 (1,413) of these suppliers have accepted the code, which corresponds to 25 per cent of our supplier base. There have not been any specific sustainability audits in 2020, but 24 (93) of our suppliers were reviewed in connection to quality audits.

Through our Supplier Code of Conduct, Recipharm requires that suppliers provide a safe working environment, including any company-provided living quarters, and protect employees from overexposure to chemical, biological and physical hazards. The Code of Conduct also requires suppliers to have programmes in place to prevent or mitigate excessive releases of chemicals and other identified major risks. Recipharm requires that suppliers identify and assess emergency situations and minimise their impacts by implementing emergency plans and response procedures. Safety information regarding hazardous materials should be available to educate, train and protect workers from hazards. During 2021, we will focus on taking further steps towards ensuring fair and reliable supplier assessments.

Supplier assessment

During 2020, 24 (93) suppliers were assessed for environmental and social impacts. The number is significantly lower than previous years due to the COVID-19 pandemic making on-site visits principally impossible. On-site visits have partly been replaced by virtual audits, but the work has not been possible to carry out as planned. No suppliers with potential negative environmental and/or social impact were identified in 2020.



Community engagement

Recipharm engages in social initiatives relevant to its operations and in response to local priorities within the surrounding communities of its facilities. Our Code of Conduct governs which activities local companies can engage in. We take advantage of funding opportunities from local authorities in the countries in which we operate. In collaboration with Business France, we run an internship programme with year-long internships. Due to COVID-19 the programme has been paused during 2020.

Recipharm also donates to a variety of non-profit organisations, including the Helpline Charitable Trust in Karnal and Paonta Sahib, India. The trust works with a variety of initiatives that support education, health and career opportunities for under privileged and destitute children – primarily girls. We also support a variety of non-profit organisations that provide better access to healthcare, and educational and vocational training to disadvantaged people. Many of the initiatives have a clear focus on underprivileged children, the elderly, mentally disabled people and disadvantaged women. In Bengaluru, India, Recipharm donates to a local NGO that works closely with government schools on various projects.

EMPLOYING EXCELLENT PEOPLE

As a decentralised company with relatively small Group level functions, Recipharm's ambition is to promote an entrepreneurial spirit, local accountability and a common management model.

Recipharm has developed a number of internal governance documents, such as its policies, Code of Conduct and Internal Control Standards. Read more on page 13.

The company's targets are monitored regularly, and Recipharm's operating companies are responsible for their implementation and management. Overall control is carried out at Group level with direct feedback to the CEO and the Board.

Management model

Our Global Policy sets out a clear management model and guidelines for operating companies, whilst appreciating that one size does not fit all. This allows our operating companies to work in the way that best suits their needs and market conditions. The Global Policy includes Recipharm's vision, mission and long-term objectives, as well as the governing principles for operating companies, including the delegation of responsibility. Read more on page 99.

Recipharm's Code of Conduct

Our business ethics are managed by our ethical guidelines – the Recipharm Code of Conduct. The guidelines cover all aspects of business ethics and relations with employees, customers, suppliers, authorities, competitors and other stakeholders. Our Code of Conduct explicitly prohibits any interference that aims to create undue advantage for Recipharm, or for individual employees.

During 2020, we continued to develop our model for monitoring the Code of Conduct. Methodology for the implementation, monitoring and employee training of the Code of Conduct is based on a previous risk analysis. We also follow ongoing developments concerning anti-corruption legislation and will continue to strengthen the organisation and our competence to ensure the necessary adaptation. During the year, organisation and processes for internal control have been put in place. In 2020, there were no reported deviations from our Code of Conduct.

We have a process and model for whistleblowing in place where both internal and external parties can anonymously report grievances. During 2020, three cases were reported through the system, of which one led to additional investigation. However, no misconduct was identified.

Guidelines covering anti-competitive behaviour

We take responsibility and operate within the framework of competition law in all our activities. The Recipharm Code of Conduct complements this legislation and prohibits partnerships or agreements with competitors regarding price, terms or other areas. We operate in a strictly regulated market, where all our products and services are subject to regulation and requirements regarding ingredients, preparation and quality control.



Our employees

The importance of our company culture

Operating in a competitive environment and supplying highly demanding customers requires talented people. It is vital that we attract, develop and retain excellent individuals. Our company culture ensures Recipharm has a strong employer value proposition that extends through the employee life cycle – Attract, Recruit, Develop and Retain. Our culture is therefore essential to secure two of our strategic pathways – employing excellent people and supplying innovative expertise.

Recipharm has always worked to develop, promote and retain talent, creating a win-win situation for Recipharm and its employees. We have also established collaborations to recruit young talent interested in an international career.

Recipharm can offer its employees a broad long-term incentive programme. This acts as both a cost-efficient benefit that attracts potential candidates, increases employee interest in the Recipharm share and serves as a financial incentive for employees to stay with the company long term.

Strengthening our culture through synergies

We are increasingly drawing on synergies between our growing number of operating companies around the world. This helps us to implement common ways of working that add value throughout the company and contribute towards a shared company culture.

Employee competence and commitment is crucial to Recipharm's future success. We value the knowledge and collective industry experience of our employees, and we encourage personal development and initiatives for information sharing. At Recipharm, the exchange of professional skills and knowledge is similar to that of a small company, but within an international network and brand.

Strategic competencies, positions and special areas critical for Recipharm's success are regularly identified. Employee development is therefore in line with the needs of the company. Individual performance and development reviews are generally carried out on an annual basis and the adequate training and development of people is ensured at a local level.

Acquisitions – transferring our culture

Newly acquired companies are quickly integrated into our business by working on three key areas – reporting, policy and management. In addition, helping new employees to understand and embrace the Recipharm culture is a natural part of integrating new companies. Another way of integrating new companies in the culture is by immediately inviting and engaging representatives from the newly acquired companies in Recipharm's internal network groups – such as for sustainability, quality management, lean and procurement.

Maintaining our culture

As we grow and become increasingly global, maintaining our culture of entrepreneurship, local accountability and our decentralised management model continues to be an ongoing key challenge. In a competitive industry, increasingly focused on cost, our culture is what differentiates us, helps us to attract and retain employees, and ultimately promotes the success of our local operating companies and the Group as a whole.



It's vital that we attract, develop and retain excellent individuals.

Our core values

Reliability

- We create trust by always delivering on promises
- We deliver with quality and in time
- We are honest and always follow our Code of Conduct

Professionalism

- We maintain a high level of competence to deliver a return on investment to our stakeholders
- We are flexible, service minded and always looking for the best solutions
- We learn from our mistakes
- We show respect – to customers, peers, partners, managers and to the environment

Entrepreneurship

- We are innovative and creative in finding ways to develop and improve our business
- We are open to change but respect that it can take time to achieve
- We have a 'can do' attitude and always take on challenges with a mindset that nothing is too difficult

Tenacity

- We show commitment in everything we do
- We are committed to reaching our goals
- We are persistent and we will not give up easily
- If we encounter an obstacle, we try harder to find a solution

Employee health and safety

Recipharm aims to provide safe and engaging workplaces. All our companies have detailed employee health and safety manuals to ensure compliance with all relevant requirements. These are locally adapted to ensure they meet the relevant local legislation. Health and safety initiatives are part of the daily continuous improvement work throughout our operating companies. In parallel, certain upgrades and organisational developments can lead to gradual changes in the approach. The majority of operating companies provide access to occupational healthcare. Recipharm also provides additional health initiatives, such as wellness grants for physical exercise.

Around 60 (50) per cent of the total workforce is represented by worker health and safety committees that help monitor and advise on occupational health and safety. These committees are chaired by senior managers of the respective operating companies, with regular meetings.

When introducing new equipment, manufacturing processes and new chemical compounds, a risk assessment is mandatory. Based on this assessment, relevant procedures, training, instructions and protective measures are put in place. All operating companies have reporting systems for employees to actively monitor work-related incidents and accidents and take corrective actions in the event of incidents or accidents. This is communicated to all employees concerned. Recipharm’s management approach to health and safety also applies to workers that are not employees but whose work or workplace is managed by the organisation, such as contractors, self-employed personnel and agency workers.

At year end, 12 (16) manufacturing operations out of 25 (26), representing 48 (61.5) per cent of Recipharm have an ISO 45001 health and safety system in place. Occupational health and safety systems include procedures for risk management, the reporting of hazards, incidents and accidents, and the management of health and safety matters.

During the year, a total of 235 (169) work-related accidents were reported. Most involved minor injuries among manufacturing facility employees. The accident rate (number of accidents

per number of scheduled working hours per 500 employees) in 2020 was 1.92 (1.65), which is relatively low in our industry.

All employees have the right to join trade unions, and we work actively with unions on health and safety issues where they are active. Around 52 (57) per cent of Recipharm’s employees are covered by collective bargaining agreements.

Equality and diversity

To treat all employees, job applicants, customers and others equally is a prerequisite for our business behaviour. Recipharm’s Code of Conduct states that discrimination based on gender, gender identity or expression, ethnicity, religion or belief, disability, sexual orientation, or age must not occur. In recruitment and succession planning, we look for a mixture of the best qualifications, experience and perspective.

At the same time, we also consider diversity to ensure a good mix of backgrounds.

Of Recipharm’s 8,666 (6,873) employees, 39 (41) per cent are women and 61 (59) per cent men.

WORK-RELATED INJURIES 2018–2020

	2020	2019	2018
Recordable work-related injuries	235	169	150
Rate of recordable work-related injuries	17.34	15.50	15.20
High-consequence work-related injuries	26	18	10
Rate of high-consequence work-related injuries	1.92	1.65	1.01
Fatalities as a result of work-related injury	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0

The table shows the rate of recordable work-related injuries, and high-consequence work related injuries for our own employees. High-consequence work-related injuries are defined according to local legislation. There were no work-related fatalities in the reporting period. Information is not available on independent contractors. The rate has been calculated based on 1,000,000 hours worked. Total working hours for Recipharm were 13,550,791.



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED



Net sales in 2020 totalled SEK 11,069 million (7,457). The diagram shows how much was reinvested and distributed to Recipharm's stakeholders.

NUMBER OF EMPLOYEES 2018–2020

	2020	Share of women	2019	Share of women	2018	Share of women
Total number of employees	8,666	39%	6,873	41%	6,806	42%
FTE equivalents	7,857	43%	n.d	n.d	n.d	n.d
Leading position	37	24%	28	25%	n.d	n.d
Permanent contract	6,984	39%	5,221	40%	5,633	49%
Full time	6,519	36%	4,940	38%	4,813	46%
Part time	465	79%	281	88%	820	91%
Temporary contract	1,682	41%	1,652	44%	1,173	52%

The table shows the number of employees by employment contract and gender, based on total number of employees.



Recipharm operates in a competitive environment, and we need talented people. Diversity and equality are essential to our long-term business success.



ABOUT THE SUSTAINABILITY REPORT

Recipharm's 2020 Sustainability Report has been prepared in accordance with the Swedish legal requirements, including the Annual Accounts Act. The Statutory Sustainability Report and Recipharm's Sustainability Report can be found on pages 24–35 and 99–101. Recipharm's Sustainability Report has been prepared in accordance with the GRI Standards: Core option. Additionally, this report serves as Recipharm's Communication on Progress Report to the UN Global Compact.

Our Sustainability Report is presented yearly as part of our Annual Report. The Sustainability Report follows Recipharm's financial year, and as such covers the period 1 January 2020 to 31 December 2020. The previous report was published in April 2020. No third party has audited the Sustainability Report and we will evaluate the need for external review.

Contact

With queries regarding our Sustainability Report, please contact Erik Haeffler, Head of Sustainability, erik.haeffler@recipharm.com.

Governance

Recipharm has developed a number of governing documents, such as its Code of Conduct and Internal Control Standards. Auditing and monitoring are achieved with the help of external resources and through self-evaluation. Self-evaluation includes the monitoring of local companies' compliance with Recipharm's Code of Conduct, Internal Control Standards and other rules and guidelines through a Letter of Assurance process.

Targets are monitored regularly and Recipharm's Operating Companies are responsible for their implementation and management. Overall control is carried out at Group level with direct feedback to the CEO and the Board. Sustainability issues are regularly included in the agenda of the Board of Director's meetings and once a year in the Nomination Committee.

Recipharm's CEO has ultimate responsibility for sustainability topics within the company. However, the management of the day-to-day sustainability work has been delegated to the Head of Sustainability. To support this work, during 2020, a company-wide Sustainability network was set up with the aim of sharing knowledge and best practice and to promote cooperation throughout the Group. There are already established networks in areas such as procurement and lean manufacturing.

Internal and external rules and guidelines

Our Global Policy sets out a clear management model and guidelines for Operating Companies. The Global Policy includes Recipharm's vision, mission and long-term objectives, as well as the governing principles for Operating Companies, including the delegation of responsibility and authority. It also comprises a framework for other

Group policies, such as financial reporting, financial audits, purchasing and our Code of Conduct. This allows General Managers within our Operating Companies to work with a high degree of managerial freedom within a clearly defined framework. Internal compliance to the Global Policy and the Code of Conduct is reviewed on an annual basis.

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

Recipharm applies an ISO 14001 certified environmental management system and a management system for health and safety, certified according to ISO 45001 or equivalent, across the majority of its Operating Companies. Our Global Policy internal governance document was introduced in 2005, which was complemented in 2008

with our Code of Conduct. Recipharm is taking the precautionary approach into account in the company's risk management processes. Work methods and processes are constantly adapted to external expectations, requirements and legislation relevant to Recipharm. Recipharm is a member of the Swedish Life Science Industry Organization, SwedenBIO.

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

Stakeholder dialogue

Recipharm has identified employees, customers, owners, investors, analysts, suppliers and government agencies as key stakeholders. The company has ongoing dialogue with all relevant stakeholders regarding important business topics, including sustainability. As part of preparing its priorities and reporting, Recipharm has had specific meetings with the four largest institutional owners, carried out a survey with employees and conducted two workshops within the Group Management Team.

Recipharm's key stakeholders	Forum for dialogue	Key topics and Recipharm's response
Owners, investors and analysts	<ul style="list-style-type: none"> Regular meetings Ongoing contact Capital market day Annual general meeting Annual Report 	<ul style="list-style-type: none"> Scope and objectives Prioritised areas Current performance Planned activities
Employees	<ul style="list-style-type: none"> Regular dialogue Performance reviews Conferences Wider input survey open for all employees 	<ul style="list-style-type: none"> Performance reviews Personal and team contribution to sustainability
Customers	<ul style="list-style-type: none"> Ongoing contact Responding to several customers' sustainability surveys 	<ul style="list-style-type: none"> Customer meetings addressing sustainability Customers' sustainability requirements Recipharm's performance regarding sustainability
Suppliers	<ul style="list-style-type: none"> Procurement requirements Ongoing contact Supplier audits 	<ul style="list-style-type: none"> Start of implementation of Recipharm's Supplier Code of Conduct Sustainability assessments included in supplier quality audits
Government agencies	<ul style="list-style-type: none"> Ongoing contact 	<ul style="list-style-type: none"> No specific topics raised in 2019

The table shows Recipharm's key stakeholders, the forum for dialogue and their key topics and Recipharm's response. Recipharm also responds to the key topics and concerns in the Annual Report and this GRI Appendix.

Material aspects

Recipharm conducted a materiality analysis in 2016. The analysis was based on Recipharm’s strategy, sustainability context and stakeholder expectations. Recipharm’s management team made the prioritisation of the most material sustainability topics. The table below lists the sustainability topics that have been defined as the most material to Recipharm.

Material GRI Standard aspects

- Economic performance
- Emissions
- Supplier social assessment
- Occupational health and safety

The table shows Recipharm’s material sustainability aspects.

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

Boundaries

Recipharm’s Sustainability Report covers the entire Group, unless otherwise stated. The material sustainability aspects have impacts on our own business and our employees. Some of the aspects have impacts beyond Recipharm’s organisational boundaries, such as the assessment and monitoring of suppliers. In the Sustainability Report, we continuously describe the impact of each sustainability aspect, both within and outside the company.

Data for communicating the Code of Conduct to suppliers is cumulative.

Background data for GHG calculations

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

Scope 2 data for 2019 have been corrected in 2020. 2019 data used for units Research Triangle Park and Ness Ziona since data was missing for 2020. 20 per cent of 2019 data used for unit Ashton since it was closed during 2020. 2020 business travel data is excluding Bepak since data was missing.

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

GRI INDEX

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

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AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

**To the general meeting of the shareholders of Recipharm AB,
corporate identity number 556498-8425**

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020 on pages 24–35 and 99–101 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm 9 March 2021
Ernst & Young AB

Jennifer Rock Baley
Authorized Public Accountant

Recipharm