

# Sustainability Report

2021

–  
Non-Financial Information

# FACING THE CHALLENGES OF THE FUTURE



**Elisabeth Stampa, CEO**

The last two years have been complicated, challenging, and at some points very difficult. However, at the same time, our whole team has demonstrated their commitment to our mission, and we have become more resilient, more attentive to our families, friends, and loved ones, and also more committed to our environment. Additionally, in some cases, there is a better understanding and a closer relationship with our client. The pandemic has also highlighted the purpose of our company and has made our teams feel proud of being able to contribute to health through our partners and clients so that they can offer the widest range of accessible and affordable medications to all patients.

At Medichem, 2021 has been the first year that we have had to report on our non-financial activities, and we are proud of the long list of activities that we have been carrying out for years to try to reduce our environmental impact, and also to promote the wellbeing and improve the development of our teams and enhance our governance processes. It goes without saying that compliance with and respect for legal procedures are deeply rooted in the DNA of our company.

From the start of the pandemic, our highest priority has been safeguarding the health and safety of our collaborators, improving safety measures, changing working hours, making shifts flexible, adapting work environments, and largely avoiding outbreaks in work areas.

We have continued to invest in improving skills, promoting internal candidates to cover vacancies, and making an enormous effort to keep all collaborators up to date with periodic communications through different challenges, prioritising and establishing achievable objectives. The launch of the Medichem intranet, “Connect”, made these announcements and communications quick and accessible. There is no doubt that our teams have shown excellent performance, fully committing to the challenges facing Medichem and giving their best. For the first time and with great success, we have also reported on gender equality.

## FACING THE CHALLENGES OF THE FUTURE

*In short, we must place sustainability at the centre of our decisions and operations. We must continue raising the bar. It is a difficult task, as we have to increase momentum and commitment, but at Medichem we love challenges and strive to be the best and to have an even more positive impact on our planet, our teams, our suppliers, our clients, our communities, and ultimately and most importantly, on patients.*

Efficiency in the use of materials has continued to improve, despite the significant increase in production, as has monitoring of our atmospheric emissions and waste generation. Likewise, we have improved our energy, water, and nitrogen consumption and have reduced our non-hazardous waste with a stable environmental performance. The number of actions aimed at protecting the environment (small and large) has increased at the three centres of the company.

At a very tangible level, at the offices, we have eliminated the use and consumption of plastic bottles and have replaced standard paper materials with recycled paper.

Training on our Code of Ethics was completed in 2021, as the pandemic situation did not allow us to complete the programme the previous year. We have continued to hold periodic meetings of the Advisory Board, which have contributed to continuing to strengthen the governance structures of the company. At the same time, interaction on a monthly basis between the management team and level n-2 has allowed alignment to be emphasised, focusing on the priorities of the business. We have continued to invest in R&D (with an average annual investment of 10% of sales) and have also completed the “Thinking- Out-Of-The-Box 2021” initiative, from which 3 projects will be taken, to be implemented internally to increase efficiency and flexibility (some of these, such as the introduction of intelligent glasses and the electronic laboratory notebook, will also contribute to reducing environmental impact).

We have increased our transparency with suppliers and continue requiring greater transparency from them. This is just the beginning of this journey toward closer collaboration. We also presented information again to raise the level of the EcoVadis certification at Medichem Spain and obtained the Gold Certification for Combino Pharm Malta, which demonstrates the effort made to be a better provider for our partners and clients.

Although we are satisfied with what we have achieved so far, there is still a long way to go: we have to give our activities a better purpose, we have to share this purpose within our community, and we have to continue working with a greater focus to reduce our environmental impact.

**Elisabeth Stampa, CEO**

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# 01

## About the Report

The Medichem 2021 Sustainability report encompasses the period from the 1<sup>st</sup> of January to the 31<sup>st</sup> of December 2021 and corresponds to the 2021 Statement of Non Financial Information of Corporación Medichem, S.L., and subsidiary companies. It forms part of the company Management Report and is aligned with the requirements established in Law 11/2018, modifying the Commercial Code, the consolidated text of the Corporation Law approved by Royal Legislative Decree 1/2010 of the 2<sup>nd</sup> of July, and Law 22/2015 of the 20<sup>th</sup> of July on Account Auditing, regarding non-financial information and diversity.

## ABOUT THE REPORT

For us, it is an important milestone, because for the first time we are able to show our commitment to transparency with all our stakeholders, as we are offered the opportunity to highlight the integrity and sustainability of the management of our company in the following areas:



Environmental



Social and related with  
our employees



Respect for human  
rights



Combatting corruption  
and bribery



Commitment of the company  
to sustainable development



For developing the content of this report, the pertinent aspects identified by Medichem have been taken into account (for more detail, see the “*Materiality Analysis*” section further on), for each issue proposed by Law 11/2018 indicating the relevance for the company, the associated policies, the related risks and the reference indicators used for their monitoring and evaluation.

Finally, this report is the **result of dedication and teamwork**. We have had the direct participation of employees from various strategic departments of Medichem, who have provided information on the different aspects included, and have made use of their knowledge and experience.



## MATERIALITY ANALYSIS

A report must necessarily reflect objective data. Therefore, this report has been created under the general principles of the Global Reporting Initiative (GRI), which determine the content and quality, and guarantee a balanced and reasonable presentation of the performance of the organisation.

The material issues detected at a corporate level are those most pertinent from the perspective of corporate responsibility. Medichem has identified the most pertinent and priority environmental, social, and governance issues through internal meetings.

As a result of this process, the material points presented in this report are:



## 01

### Social Responsibility

- ✓ Guaranteeing the health and safety of our employees and clients.
- ✓ Promoting the wellbeing of our employees.
- ✓ Encouraging equality and diversity.
- ✓ Attracting and retaining talent.
- ✓ Professional development through training.
- ✓ Ensuring the quality and safety of our products and processes.
- ✓ Establishing a responsible investment programme adapted to the needs of employees, the requirements of authorities and clients and related to Safety, Hygiene, and the Environment.
- ✓ Guaranteeing regular and truthful communication to all employees.

## 02

## Environment

- ✓ Contributing to the mitigation of climate change.
- ✓ Reducing atmospheric pollution and water consumption.
- ✓ Optimising waste management.
- ✓ Guaranteeing the quality of wastewater.
- ✓ Dedicating part of annual investments to reducing environmental impact.



## 03

## Governance

- ✓ Designing a good corporate governance model.
- ✓ Guaranteeing the effective application of legislation applicable to the activity of the business.
- ✓ Promoting R&D in the group.
- ✓ Generating an economic profit for our stakeholders and the local communities where we are established.
- ✓ Complying with the highest ethical standards.
- ✓ Generating an impact through social contribution.







## SCOPE

The scope of the information of this report corresponds to the activity of the companies of Spain and Malta, with the latter accounting for 24% of the total turnover and 25% of the total number of employees of Corporación Medichem, S.L. and subsidiaries.

### **Medichem S.A**

This business unit is made up of:

- ✓ The headquarters in Sant Joan Despí (including General Management, Administration and Finance, IT, Regulatory Affairs of Finished Product, Legal, Supply Chain, Market Research, Commercial, Human Resources, and Intellectual Property).
- ✓ The R&D laboratory of finished products in Font Santa in Sant Joan Despí
- ✓ The Active Pharmaceutical Ingredients (APIs) production plant in Celrà in Girona (including Production, Warehouse, Quality Control, R&D of APIs, Regulatory Affairs of APIs, Engineering and Maintenance (includes Environment department), and Quality Assurance).

**Medichem Manufacturing Malta, Ltd.**

This business unit is made up of:

- ✔ A second Active Pharmaceutical Ingredients (APIs) production plant in Malta which is shared with Combino Pharm Malta Ltd.: Management Teams, Production, R&D, Engineering and Maintenance (includes Environmental department), Human Resources, Administration, Quality Control, and Quality Assurance.

**Corporación Medichem, S.L.**

This business unit is made up of:

- ✔ A company, head of the holding company, without production activity, holding shares of the rest of the companies of the group.

The companies which have not been included in the scope of the report (Medichem United States LLC., Medichem Tradex, S.A. and Nanjing Medichem Bio-Pharmaceutical Development CO., Ltd.) represent a total of less than 10% in both invoicing and employees.

**Combino Pharm Malta, Ltd.**

This business unit is made up of:

- ✔ A Finished Product production plant (solid oral pharmaceuticals) in Malta.





# 02

## Our purpose

We are a vertically integrated pharmaceutical company that generates value in the global generics industry. We demonstrate our commitment by developing, manufacturing, and commercializing Finished Dosage Forms (FDFs) and Active Pharmaceutical Ingredients (APIs).



## ABOUT MEDICHEM



45  
APIs

We have a portfolio which includes **45 APIs and 20 FDFs**, covering a wide variety of therapeutic areas. We are also world leaders in the manufacture of Chlorhexidine (bactericidal disinfectant).



20  
FDFs

Since we began, now over half a century ago, we have worked to guarantee the **highest standards of quality and safety, operational excellence, and respect for the environment.**

We seek to make a positive impact on our environment, contributing to improving the accessibility of medications for patients, **therefore envisioning ourselves as a partner of choice**, ensuring APIs and FDFs for our clients so that they can have the broadest portfolio of generic medications.

Our capacity for sustained and sustainable growth has been key to our success. We have the objective of continuing to grow profitably, expanding the current business, and entering new, business areas, thereby contributing to our environment.

The business focus is currently on a B2B relationship with generics pharmaceutical companies located in regulated markets, which purchase APIs and/or FDFs.

Medichem has headquarters in Spain, **with a team of almost 400 highly talented people** (383 individuals) between Spain, Malta, the USA, and China.

The business units are:

- ✓ Generic APIs, High Potency Active Pharmaceutical Ingredients (HPAPIs).
- ✓ Generic FDFs.
- ✓ Chlorhexidine.





**The work centres are:**



**Headquarters**

Sant Joan Despí (Barcelona)



**Pharmaceutical Development**

**Laboratory in Fontsa**

Sant Joan Despí (Barcelona)



**API Production Plant and  
R&D and Quality Control  
laboratories**

Celrà (Girona)



**API and FDF Production  
Plants and Quality Control**

**Laboratory**

Hal Far (Malta)



**Commercial office**

New Jersey (EE.UU.)



**Commercial office**

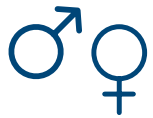
Nanjing (China)



## THE TEAM

**400**  
Professionals

Almost 400 highly committed professionals (383 professionals).



An even  
distribution  
between men  
and women



**17%**  
R&D



**50%**  
University  
degree

**16%**  
PhD

Over 50% of staff with university degree and 16% with PhD.

## OUR DNA

- ✓ All our activity is oriented toward people. We seek to help our clients broaden their range of products, providing them unique solutions (either APIs or FDFs, which they then commercialise under their own brand) contributing to improving the accessibility of medications for patients.
- ✓ To do so, we independently develop and manufacture both APIs and FDFs.
- ✓ We work in line with good practices. We have extensive experience with the FDA (Food and Drug Administration) in the USA and with the main international regulatory agencies in Europe and Australia, certain countries in South America, Central America, the Middle East, and Asia.
- ✓ We have a high level of commitment thanks to the technical and regulatory support that we offer our clients so that they obtain regulatory authorisation and timely delivery of documentation and the product, in compliance with regulatory specifications and those of each client.

## INTERNATIONAL PRESENCE

The success of our progress at an international level is based on **constant innovation and investment in development**, which guarantees a product suitable for the idiosyncrasy of each country.

Medichem is present in Spain and Malta with production and commercialisation units, and in the USA and China with commercial offices.

Medichem Spain, Medichem Manufacturing Malta and Combino Pharm Malta develop and launch the products on the market, from the first day after the expiry date of the patent of the innovative product. Being the first to launch after this date is key to achieving optimal market penetration.

We have a solid base of international clients and supply products to over 60 countries, including the United States, India, China and within Europe, while consolidating alliances with strategic partners.



60  
Countries

We serve over 600 clients in over 60 countries around the world, with a special focus on the USA, Europe, India (which in turn manufactures products for the American market), and China.



## WHAT MAKES US DIFFERENT

We want to do things in the best way possible and have a positive impact on our environment. For this reason, we focus on the area in which we truly stand out: **developing products with little competition and offering the customer the technical and regulatory support** that allows them to develop the final product (if they purchase API), obtaining the authorisation for commercialisation in countries where they plan to launch the product commercially, as well as the commercialisation of the final product (when they purchase FDF) in the desired territories.

At Medichem, we firmly believe that **ethical and compliance culture** are key elements in undertaking our activity; we, therefore, have a highly qualified team of multidisciplinary professionals who develop quality active ingredients and pharmaceutical products which do not infringe the intellectual property rights of third parties. We have extensive know-how in APIs, and solid and injectable pharmaceutical forms, and work with the intention of always anticipating the regulatory and compliance requirements of both clients and different

We firmly believe that ethical and compliance culture are key elements in undertaking our activity.

global health authorities. We design each development programme to comply with all regulatory requirements, with the highest level of quality, with time objectives and predetermined costs, and in accordance with the requirements of the end client.



*Develop added-value products, offering the customer the best technical and regulatory support.*

## ORGANISATION AND STRUCTURE OF THE COMPANY

**The Administrative body of Medichem is made up of the members of the shareholder family**, who meet regularly to share the results of the company and agree on the main lines of action.

At Medichem, **an Advisory Board** has existed since 1994, **made up of three independent advisors** (with extensive experience in the European and American pharmaceutical sector) **and three shareholders of the company**. The functions of the Advisory Board are to establish the short and medium-term strategy, to establish annual objectives (economic, R&D, and personnel), to check their achievement and to ensure compliance with legal obligations. In recent financial years, the review of environmental policies has also been incorporated. The Advisory Board meets regularly, at least once per quarter, to analyse the evolution of the company, as well as at the end of the year to approve the objectives, budget, and investments for the following financial year. Exceptionally, it meets when appropriate to evaluate potential strategic opportunities.

The Medichem Executive Committee ensures the definition and execution of the strategy agreed with the Advisory Board, through annual and medium-term objectives.

It is made up of eight managers and the managing director, who meet regularly to review all business areas. The managing director also holds monthly meetings with each member of the team to review specific issues of each department and if applicable, to establish priorities.



## THE RELATIONSHIP WITH OUR CLIENTS



### APIs

**In the case of APIs**, it tends to be sale of the product with a price per kilo, with its corresponding documentation for its development, support during evaluation by the health authorities and supply of the quantities of product for the commercial launch, following checking of compliance with quality requirements. On some occasions we work with a model based on a percentage share of profits. Occasionally, the relationship is regulated by a supply contract with a variable duration depending on the location of the client and the type of agreement.



### FDFs

**In the case of FDFs**, there is always a contract (with a variable duration depending on the location of the client, by which Medichem presents the documentation corresponding to the FDF to the register in the countries established by the client, taking responsibility for responding to deficiency letters from the regulatory authorities, and once authorisation for commercialisation has been obtained, manufacturing the FDF or having a third party do so (in the case of injectable products, for which Medichem does not have its own facilities), undertaking quality checks and delivering to the client.





# 03

## Responsible business

Our global vision is aligned with our corporate strategy. It encompasses our mission, our vision and our way of working. It is the cornerstone of our business, a responsible business.

## OUR MISSION, VISION AND VALUES

# Mission

To become a trusted partner for the development, manufacture, and licencing of unique APIs and FDFs, generating value for our employees and clients, based on efficiency, transparency, and innovation.

# Vision

To be the partner of choice in the generic pharmaceutical product market at a global level.

# Values

Our corporate culture, our way of making our vision a reality, our conduct model, our character, and way of operating as professionals, are defined by the following values:



## Teamwork

We work together in a cohesive way towards a common objective.



## Respect

At Medichem we encourage productive relationships based on respect.



## Communication and transparency

We always encourage the honest participation of our colleagues.



## Trust and responsibility

We give our best in each task, obtaining the trust of others.



## Continuous change

We create opportunities to do things in the most efficient way.

## OUR OBJECTIVES

At the centre of our strategy and as responsible business, we have established three objectives:

- ✔ Commitment to our clients, helping them to broaden their product ranges to be able to supply their respective markets with quality generic medications which are accessible to society.
- ✔ Holding ourselves to a level of sustainable development demonstrated by compliance with the international GMP (Good Manufacturing Practices) standards, guaranteeing the highest quality standards of the pharmaceutical industry.
- ✔ Ensuring the professional development of members of the Medichem team, always ensuring that they work in conditions of maximum safety for our employees.



*Commitment to our clients, helping them to broaden their product ranges.*

## THE MEDICHEM STRATEGY

Our strategy is built around three main levers which strengthen our value proposal and generate a positive impact on our environment.



### Sustainability

Social aspects, with a culture which integrates personal development.

Maximum respect for environmental surroundings, with a detailed programme for:

- ✓ Reduction of discharges .
- ✓ Strict control in the generation and recycling of waste.
- ✓ Efficient management of water use and treatment.
- ✓ Policy encouraging the use of recycled materials.



### Efficiency

For four years we have implemented annual programmes for increasing efficiency at both a global and departmental level, with precise metrics and objectives which are measured annually.



### Client service and support

We work under the premise that the success of the client is the success of Medichem, placing the focus on customer experience. Work is carried out from the perspective of R&D with products in development, and mainly from the Commercial, Operations, Supply Chain, and Regulatory Affairs departments for commercial products.

## THE MEDICHEM STRATEGY

The objectives of the strategy include a set of associated commitments:

- ✔ Offering profitable and sustainable growth, developing and manufacturing value-added APIs and FDFs, investing in new technological platforms which enable differentiation, and which are innovative.
- ✔ Focusing our efforts on R&D, allocating at least 10% of invoicing to advancing innovation, generating knowledge, and fulfilling the objective of broadening the portfolio of accessible medications for patients of different countries.
- ✔ Promoting the professional development of the individuals who form part of the Medichem team and the economic development of the communities where production plants exist.
- ✔ Contributing to environmental conservation by minimising the impact of operations on it and contributing to the circular economy.
- ✔ Working in line with good practices and management systems to ensure the best product quality and to avoid any risk to people's physical integrity.

**With the aim of reducing as far as possible dependencies in the supply of intermediates from third countries and reducing the carbon footprint related to their transport, as well as contributing to the maintenance of the European industrial fabric, at Medichem we are initiating the supply of intermediates from European manufacturers and are manufacturing our own intermediates.**

The General Management is working with different departments on a 2022-2026 Sustainability Plan, which will be completed in the first quarter of 2022 to provide overall objectives which accelerate and promote efforts for a greater impact on sustainability, in addition to full compliance with the requirements of the Chemical Sustainability Strategy, focused on achieving the objectives of the Green Deal in 2030 and 2050.



# R&D

# 10%

Of invoicing



## OUR STAKEHOLDERS

At Medichem we have a conscientious and responsible way of doing things. Our commitment is to make a positive impact on our environment, guaranteeing the accessibility and affordability of medications. For this reason, the essence of our business model must be to respond to the needs of our stakeholders, with whom we create positive synergies, generating shared value for the company and for them.

### 01

#### Stakeholders

With a direct relationship with the activities of the company.

### 02

#### Employees

Who are the group of workers linked to Medichem by means of an employment contract, regardless of the type of contract and the work centre to which they are part, carrying out functions that are directly related to the company's activities.

### 03

#### Local communities

Which are the locations where the production plants are located, in Celrà (Girona, Spain) and in Ħal Far (Birżebbuġa, Malta). With an indirect relationship with the activities of the company.

### 04

#### Clients

Which are the pharmaceutical laboratories located in different countries and which purchase the products developed and produced by Medichem. With an indirect relationship with the activities of the company.



## ECOVADIS CERTIFICATION

In 2020, with the objective of obtaining the sustainability rating of the company, we carried out the evaluation through the EcoVadis platform.

EcoVadis is a renowned provider of sustainability ratings and evaluates the sustainability practices of over 90 thousand companies in over 160 countries. It provides a complete set of tools for improving performance, indicators and certifications, and awards the EcoVadis medals.



60/100  
84<sup>TH</sup> PERCENTILE

At Medichem Spain we obtained the recognition of the Silver Medal for our good practices in sustainability, actions, processes and Corporate Social Responsibility systems; a rating obtained by only 16% of companies evaluated at a global level.



69/100  
95<sup>TH</sup> PERCENTILE

At the end of 2021, Combino Pharm Malta also carried out the rating process with EcoVadis, obtaining the Gold Medal.







# 04

## Ethics and compliance

With the objective of achieving sustainable success, Medichem is a responsible, ethical company with a firm commitment to regulatory compliance. For years we have implemented policies which reflect our commitment to the maximum respect for the ethical and legal framework which guarantees regulatory compliance.



## CRIME PREVENTION MODEL

To this end, in 2012 we published the first Code of Conduct, and an Ethics and Compliance Committee has existed since the same year.

Currently, in Spain we have a Crime Prevention Model (CPM) approved in 2018, with the objective of guaranteeing that the duties of monitoring, surveillance, and control are carried out by the staff and members of Management, as well as preventing potential conduct which is not compliant with applicable regulations or ethics and the good governance which must apply to all business actions.

The CPM is based on the following documents:

- ✓ Code of Conduct.
- ✓ Report on criminal risks.
- ✓ Whistleblower channel.
- ✓ Specific protocols intended for each area of Medichem.
- ✓ Other internal regulations on compliance.



## CODE OF CONDUCT

The Medichem Code of Conduct, which has been reviewed and updated, is the main tool of the CPM. It contains the general operating principles of the company, the corporate values, commitments, and ethical responsibilities that all employees of Medichem must take on and fulfill, as well as a commitment by the General Management with regard to compliance with ethical and regulatory standards. The Code of Conduct applies to all employees of the company in Spain and Malta.

Among other commitments, the Code of Conduct establishes compliance with specific conduct aimed at avoiding practices of corruption and bribery, as well as the commercial relationships that must be based on the principles of transparency, loyalty, legality, and impartiality in the selection of suppliers.

Medichem offers the Code of Conduct to all its employees, as well as new hires, ensuring it is correctly communicated, understood, and applied.

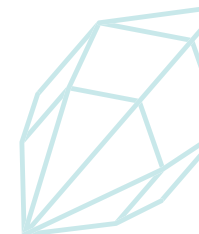
## ETHICS AND COMPLIANCE COMMITTEE

The Ethics and Compliance Committee is the internal control body that develops and monitors the correct application of the CPM, with autonomy regarding the adoption of measures related with the supervision of this model, reporting directly to the board of directors. It is an independent collegiate body which meets periodically, and which is made up of professionals from the Administration and Finance, Human Resources, and Legal departments.

Its main functions are:

- ✔ Promoting, monitoring, and ensuring effective compliance with the values, principles, and rules for conduct established in the Code of Conduct and other internal regulations of Medichem.
- ✔ Approving, developing, uniting, and disseminating protocols, codes, procedures, and/or internal controls, as well as promoting all necessary training actions.
- ✔ Enabling and managing the Medichem whistleblower channel, as well as the processes for managing the information received through this whistleblower channel.
- ✔ Periodically evaluating the efficacy of the CPM and prompting potential modifications which are necessary.

Both the composition and specific functions of the Ethics and Compliance Committee are regulated by the Protocol on the organisation and operation of the compliance body.



## WHISTLEBLOWER CHANNEL

At Medichem we have established a whistleblower channel which allows any employee of the company, whatever their job, function, or work centre, to report any legal violation or any behaviour inconsistent with the Code of Conduct to the Ethics and Compliance Committee. The allegations will be managed in accordance with the Protocol on whistleblower channel management, internal investigations, and corporate responses. In this context, Medichem may penalise, in accordance with applicable legislation and jurisprudence, the potential infractions and irregular behaviours.

This channel consists of the following email address: [comite.etico@medichem.es](mailto:comite.etico@medichem.es). All Medichem employees have been duly informed of the existence of the whistleblower channel at the time of signing their contracts, as well as through the Code of Conduct and in the training activities that the company has carried out.

The allegations received through the whistleblower channel are accessed exclusively by the members of the Ethics and Compliance Committee, always maintaining confidentiality.

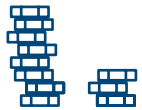


*It must be highlighted that in 2021, no allegations were made to the Ethics and Compliance Committee related with issues of corruption or bribery.*

## PREVENTING CORRUPTION AND BRIBERY

As a starting point for assuming effective policies for the prevention of inappropriate behaviours, at Medichem we carried out an evaluation of potential criminal risks inherent to our business activities, related to compliance with applicable criminal legislation in Spain in 2018. This risk evaluation was updated in 2019, with the objective of adapting it to new legislative modifications on the issue.

This analysis led to a risk assessment map, which among other aspects included the crimes of corruption in businesses, bribery, influence peddling, and money laundering. This has led to the adoption of specific internal regulations and action plans to avoid these risks, reflected in the implementation of the following protocols, among others:



### Protocol on prevention of money laundering

Which has the objective of avoiding any conduct which constitutes the crime of money laundering, among other measures, through requesting specific information from clients and suppliers prior to being accepted, in order to be able to detect potential risks related with money laundering; the adoption of a client and supplier acceptance policy; control over purchases of goods and services, as well as control over payments made.

Although Medichem is not an entity obligated by Law 10/2020 on Prevention of Money Laundering and Financing of Terrorism, we are aware of the importance of applying preventive policies aimed at detecting and identifying conduct which indicates money laundering.



### Protocol on gifts and hospitality

Regulates the operating guidelines of Medichem related to offering and receiving gifts and hospitality. This protocol establishes the non-acceptance of gifts beyond a certain economic limit; it regulates cases of acceptance of gifts or invitations by clients or suppliers; attending events; adoption of necessary measures for ensuring that donations and sponsorships carried out by Medichem are transparent and not used for corruption or bribery of third parties.



### Protocol on prevention of corruption

Finally, both the Protocol on prevention of corruption in the framework of relationships with the public sector and the Protocol on prevention of corruption in businesses set out the express commitment of Medichem to reject and prohibit any type of bribery, for example, consisting of incentives of any type and advantages for obtaining benefits in commercial relationships, or for favouring third parties, as well as the commitment to undertake transparent accounting and financial management.



## TRAINING ON ETHICS AND COMPLIANCE

Likewise, constant communication and training for employees are key levers for reinforcing the importance of maintaining ethical behaviour in our daily work.

In 2021 we have carried out training on Ethics and Compliance in a presential and online format at different Medichem work centres in Spain.

*In the coming years, it is planned to broaden the scope of training on ethics and compliance for employees of the work centres located outside of Spain to reinforce the effective adoption of the CPM.*



# 05

## Committed to our employees

The mission of Medichem is to be the leader in generating added value for society through the development, production and commercialisation of generic pharmaceuticals which facilitate access for a larger number of patients. This mission can only be achieved through the talent and dedication of the individuals who form part of the company.





## COMMITMENT

The Human Resources Department directly contributes to the development of the business strategy. An essential aspect for achieving this contribution is ensuring that individuals develop their professional role, balancing it with personal wellbeing.

The objective is for the team that forms Medichem to be made up of the best professionals, and to allow this, the Human Resources department establishes practices which guarantee adequate remuneration for employees, also providing options for development within the company, through internal promotion, training, and multiple development programmes.

At Medichem we have a set of internal policies and procedures to guarantee that best practices are followed in the group in the fields of **attraction, hiring, career management, and development of talent**. The main policies are the following:

### Human Resources Policies

- ✓ Welcome Handbook (Spain and Malta).
- ✓ Regulation on teleworking (Spain and Malta).
- ✓ Training Plan (Spain and Malta).
- ✓ Equality Plan (Spain).
- ✓ Travel policy (Spain and Malta).
- ✓ Performance Evaluation Procedure (Spain and Malta).
- ✓ Talent Management Procedure (Spain and Malta).
- ✓ Succession plans (Spain and Malta).





## ATTRACTION AND RETENTION OF TALENT

Medichem dedicates its efforts to attracting the best talent, staffing the company with the best professionals. Efforts are focused on the brand image of the company in the following ways:

- ✓ Promotion of a positive working atmosphere at work centres.
- ✓ Promotion of the company on social networks in both Spain and Malta.
- ✓ Exit interviews with employees who voluntarily leave the company.
- ✓ Announcement of employees' termination.

Within talent retention, the following tools are used:

- ✓ Annual evaluation with two interviews per year with the immediate superior to encourage feedback.
- ✓ Dialogue on annual objectives to be achieved, which must be measurable, achievable, and objectivised.
- ✓ Regular department meetings to communicate the progress of each department, priorities, and the most pertinent issues.
- ✓ When there are vacancies, the possibility of internal replacement or promotion is evaluated.





## DEVELOPMENT AND TRAINING

At Medichem, the development and training of employees are key, and are pillars of the company's strategy. In line with our commitment to the area of employee management, we have a **Performance Evaluation System and an Annual Training Plan**.

The **Performance Evaluation System** is the system that the company uses to increase collective efficiency and orient individual performance toward the individual and communal objectives of the company.

The objectives pursued by the Performance Evaluation System are as follows:

- ✓ Guiding the professional development of employees.
- ✓ Managing commitment, undertaking monitoring of company values and skills in individual behaviours.
- ✓ Promoting the culture of feedback, holding periodic performance monitoring meetings.
- ✓ Improving the results of the company, based on individual contributions of the members of the team.

**Additionally, each year a Training Plan is created, setting out the training needs of all departments, whether technical, to better develop the job post, or for soft skills, with a series of social skills, personal attributes, qualities, and attitudes which allow individuals to perform adequately in their environment.**

In both Spain and Malta, each year at Medichem we determine the different training needs at the department level required for the following year, which are included in the annual budget and adequately planned. Each department has an annual training plan. The efficacy and usefulness of each one of the training activities carried out is evaluated, and we also encourage the content of some of these training courses to be shared within the departments.

The reported hours in both Spain and Malta do not include hours of Pharmacovigilance, Compliance, or training hours of the Welcome Plan.

# 8.369 h.

Training hours in Medichem in 2021







## COMMUNICATION

Medichem has a firm commitment to maintaining transparent communication with employees, and therefore has a communication platform, **Medichem Connect**, in both Malta and Spain.



This platform is the official platform for internal communications of the company, on which news is published of recent activities, new hires, relevant information, regular updates on the evolution of the business, activities outside of the work environment, etc. Additionally, on the portal there is important information for all our employees, as well as direct access to all applications of the company.

This platform  
is the official  
platform  
for internal  
communications  
of the company.







## ORGANISATION OF WORKING HOURS AND MEASURES FOR DISCONNECTION FROM WORK

At Medichem we base our employee management model on trust and responsibility, which means that we offer all our employees different options for work and tools so that each one can find their way of working and organise themselves based on their priorities and objectives.

Medichem offers **different work-life balance options** in addition to those defined by current regulations.

In Spain, the annual workday is set out each year in the *General Agreement of the Chemical Industry*, and in Malta, there is also a Collective Agreement for Medichem Malta and Combino Pharm Malta.

In the case of having to extend a workday, this must be expressly authorised by the manager of the employee.

The company does not recognise as a workday the time that the employee unilaterally decides to remain at the company, without registering at the end of the workday, once their working hours are over, in addition to the potential disciplinary repercussions.

When the extension of a workday is authorised, Medichem compensates this through equivalent time off, within each quarter.

At Medichem, we have established a system of flexible working hours, “**Block Time**”, encompassing the majority of the staff, thereby combining flexibility and work-life balance without needing to resort to the use of overtime hours or shifts.

In Spain, individuals who work in split shifts have flexible working hours, and individuals who work in shifts do so in rotating shifts of morning, afternoon, and night.

In Malta, the shifts vary based on the position.

Due to the special situation posed by the pandemic, we created a **Teleworking Regulation** for Malta and Spain, which during 2021 has been established indefinitely and reversibly, and which guarantees the organisation of work and the right to disconnection from work.

Currently, one telework day per week can be carried out during the working hours of the workplace to which the teleworker is assigned.



## Work-life balance

At Medichem there is a commitment to the wellbeing of employees. For this reason, **policies oriented toward promoting work-life balance** have been implemented, such as:



### Flexible working hours

Facilitating working hours which allow work-life balance



### Agreement allowances



### Teleworking



### Reduction of the workday



### Adaptation of workday



### Compensation for travel



100% bonus during leave due to birth of child and childcare



Additional week off due to birth of child



Accrued hours for breastfeeding

## Absence hours

The calculation of the absenteeism rate is carried out in the terms set out in the Collective Agreement, the calculation excluding, among other aspects, marriage leave, birth of children, moving house, etc. For more information, see the [Collective Agreement](#).

The combination of work pressures, family dynamics and personal feelings affect the sensation of wellbeing and can affect our employees in many ways. Due to this, it is essential to guarantee the most suitable working conditions to be a healthy organisation.

In 2021 we carried out a psychosocial study, which among other aspects, allowed gaps to be identified for improving working conditions, and to thereby reduce absenteeism. The actions arising from this study will start to be implemented during 2022.

In Malta, the absenteeism rate is calculated following the same criteria as in Spain.

**Understanding the factors which lead to absenteeism and monitoring employees is critical at Medichem. For this reason, all absence hours are justified and recorded.**

In 2021 have been recorded

**2,2%**

absence hours in the overall calculation for Spain and Malta.



## SOCIAL DIALOGUE

At Medichem, **working relationships are based on open and transparent dialogue** through union representation, always in compliance with applicable regulations. For Medichem, internal communication is essential for keeping employees informed of what is happening in the company.

100% of Medichem employees in Spain are covered by the Collective Agreement, both at the Celrà and the Fontana work centre, represented through the Works Council or Personnel Delegate.

In Malta, 51% of employees are covered by the Collective Agreement and represented by the Union. There is also an employee who is responsible for representing the employees of the collective agreement during negotiations. The Human Resources representative and the employees' representative work in close collaboration to mitigate and improve working situations.

For employees who are not covered by the collective agreement, the Human Resources representative is responsible for social dialogue.

**Meetings are held periodically with the Works Council and with the Personnel Delegate to address the issues of the greatest importance for our staff and to make important decisions in the organisation.**



## EQUALITY AND DIVERSITY

For Medichem, it is an essential commitment to its employees to promote a respectful, diverse, and inclusive work environment. We therefore guarantee and promote the equality and diversity of the team with a management model which achieves a positive environment which facilitates equal opportunities, non-discrimination, diversity, and inclusion of professionals in each and every area. All of this is carried out in selection, promotion, training, hiring, communication, work-life balance and prevention, the principle of equal opportunities between women and men, as well as all other individuals regardless of their race, gender, civil status, religion, etc.

**In Spain, we have developed an Equality Plan which reflects the commitment to the establishment and development of policies which make up equal treatment and opportunities between women and men, without direct or indirect discrimination due to gender, or for other reasons such as civil status, religion, race, etc.**

This Equality Plan has a duration of four years counted from approval (December 2020 to December 2024). It will be renewed once its period of effect has ended.

In order to ensure fulfilment of objectives, Medichem has an **Equality Committee** whose main objective is to ensure the proper operation and monitoring of all actions and phases of the quality plan, as well as actions for improvement derived from it.

The Equality Committee is represented by business participation and the legal representation of the employees. Any individual at Medichem may contact its members in person, by telephone, or by email. The information provided to the Equality Committee will be treated with full confidentiality.





For 2021 the following actions have been developed:

- ✓ Training the negotiation committee on equality.
- ✓ Undertaking an objective evaluation of job posts with a gender perspective.
- ✓ Mentioning the commitment to equality in the Welcome Manual.
- ✓ Training the individuals in charge of the selection processes.
- ✓ Undertaking a training workday with the Human Resources team on salary registration and auditing.
- ✓ Creating an equality email address or direct suggestions box for the equality committee.
- ✓ Undertaking training of the management team to educate on, raise awareness of, identify and prevent behaviour of harassment or discrimination.
- ✓ Raising awareness of the whole staff on equal opportunities, promoting an attitude and method of management which facilitates the transition to a stable and reliable culture of equality in the context of working relationships.

At Medichem Spain we have a **protocol on sexual or sex-based harassment** which sets out the bases of the processes to follow to avoid situations which involve any type of harassment in the work environment, related to the effective equality of employment between women and men, hiring, training, non-discrimination due to reasons of race, religion, ethnicity, disability, etc. All cases of harassment or discrimination are investigated by the company and appropriate actions are taken in accordance with the circumstances, which may lead to the termination of employment. If any person feels that they have been the victim of discrimination or harassment, they must contact the Human Resources manager. To date, no allegations have been made.

We also promote social and labour inclusion, ensuring that we incorporate individuals with disabilities on the staff. In Spain, we have six employees with disabilities. None in Malta.

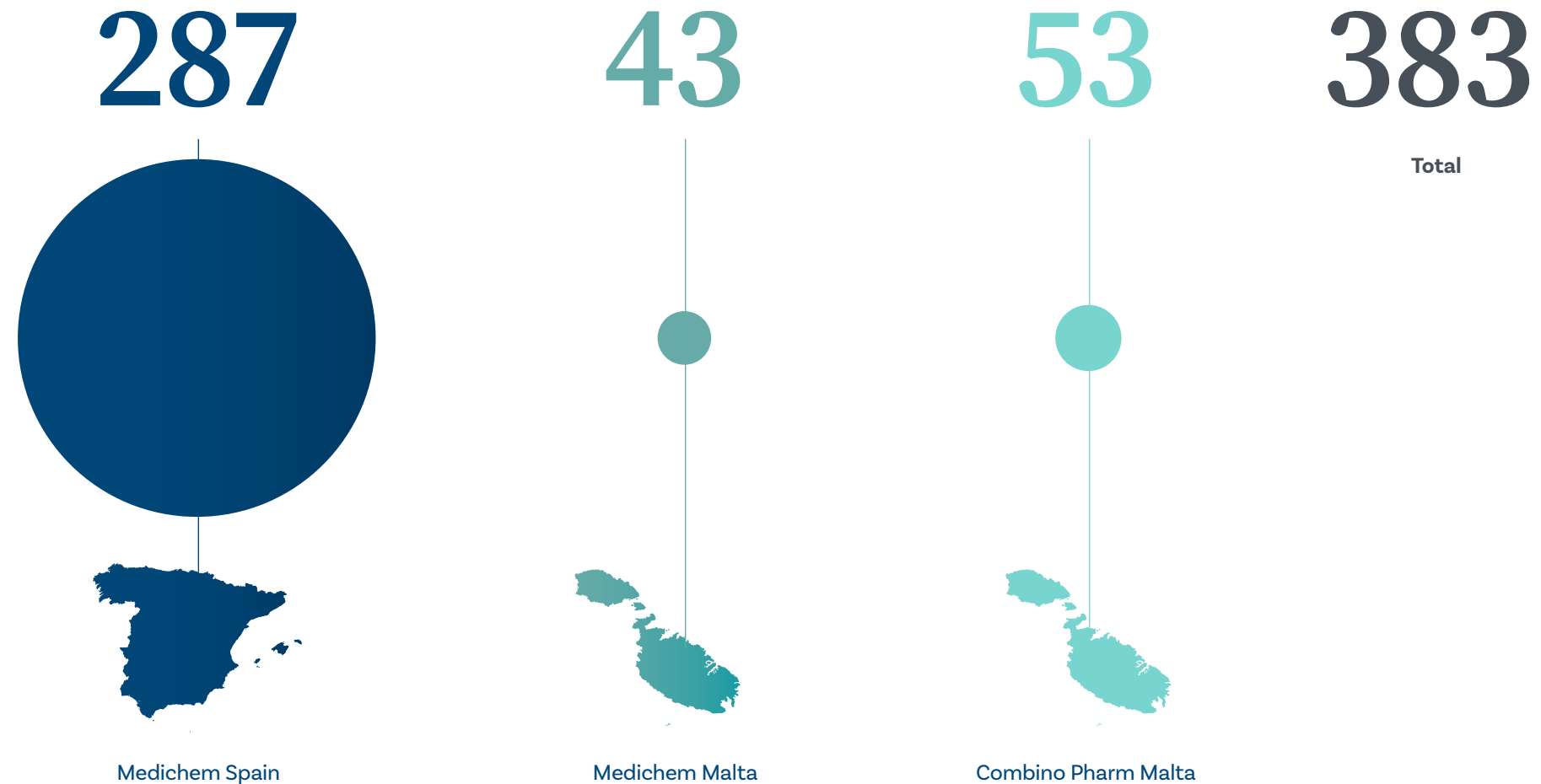
To facilitate their access to the installations, there is a lift at the Medichem Sant Joan Despí (Conata and Font Santa) and Combino Pharm Malta centres. We also have ramps to facilitate access and reserved parking spaces.



## Staff

Below we present a series of tables with the indicators referring to employee management at Medichem on the 31st of December 2021 with regard to the distribution of the staff by site, gender, professional category, and age.

### Total employees per site



## Staff

### Total employees by gender and age



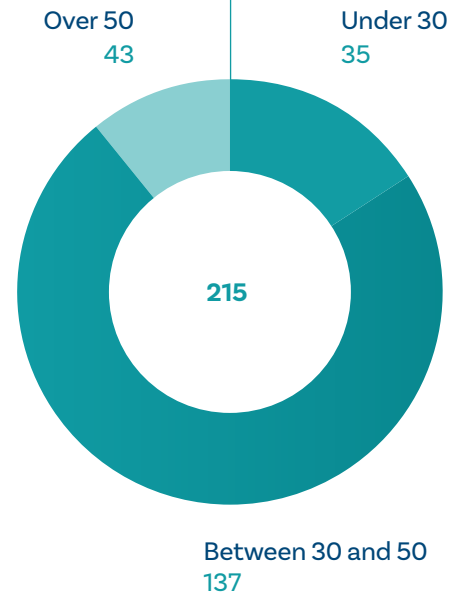
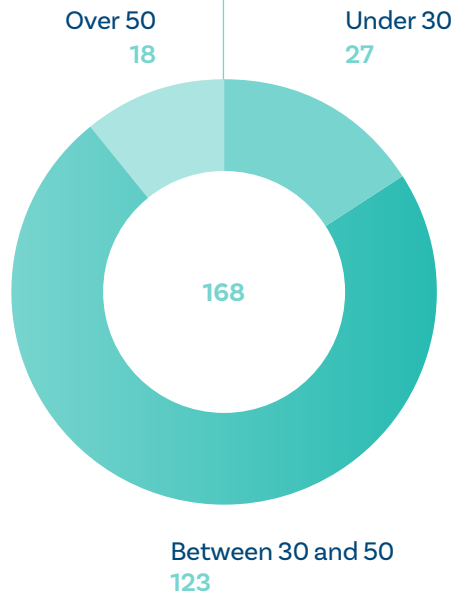
**Woman**

44%



**Man**

56%

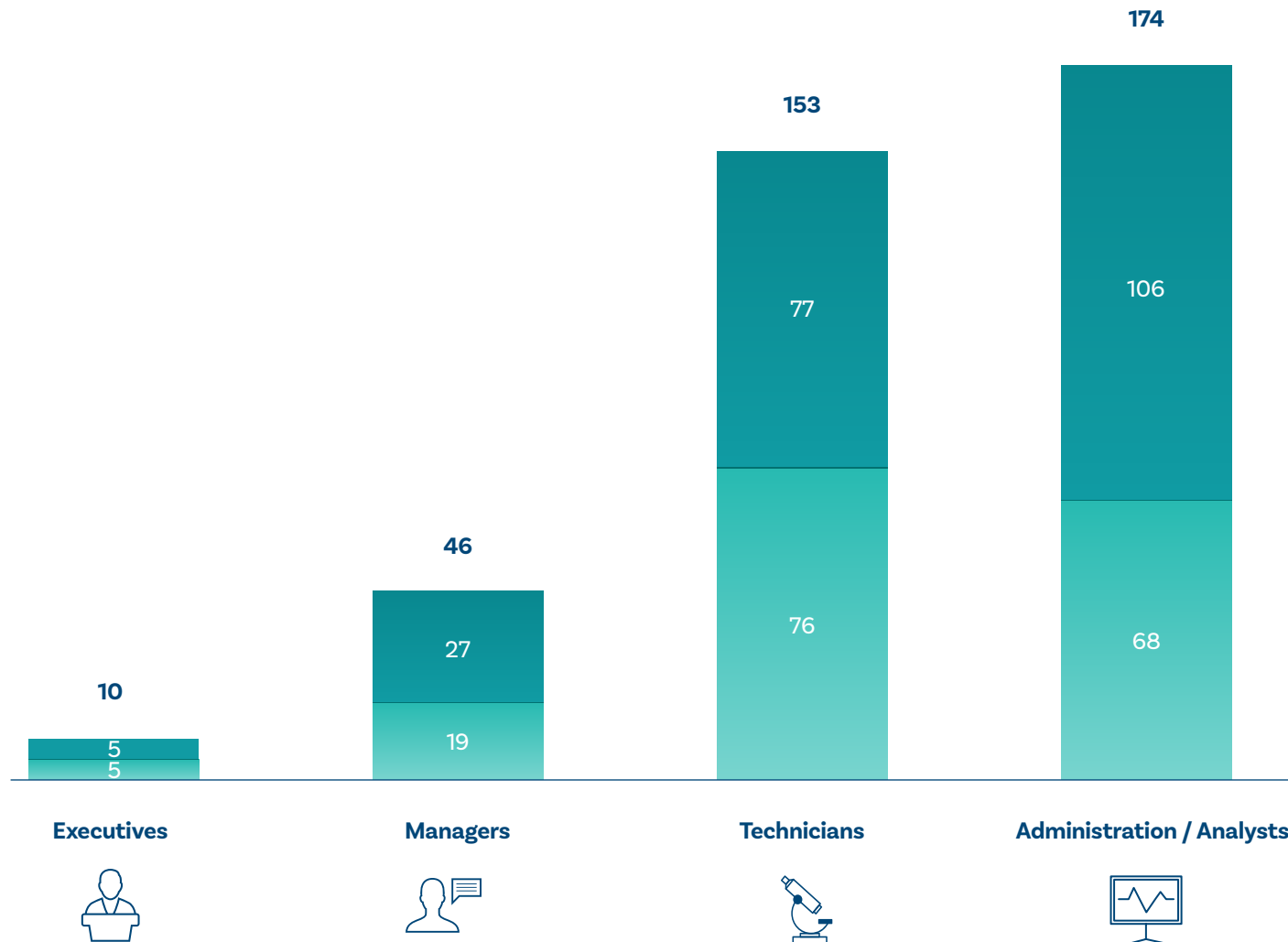


Medichem is made up of 383 people, divided between women making up 43.86% and men making up 56.14%.

The age group of 30 to 50 years is that with the greatest concentration and distribution of both genders.

## Staff

### Total employees by professional category



**383**  
Total employees

Man  
**168**

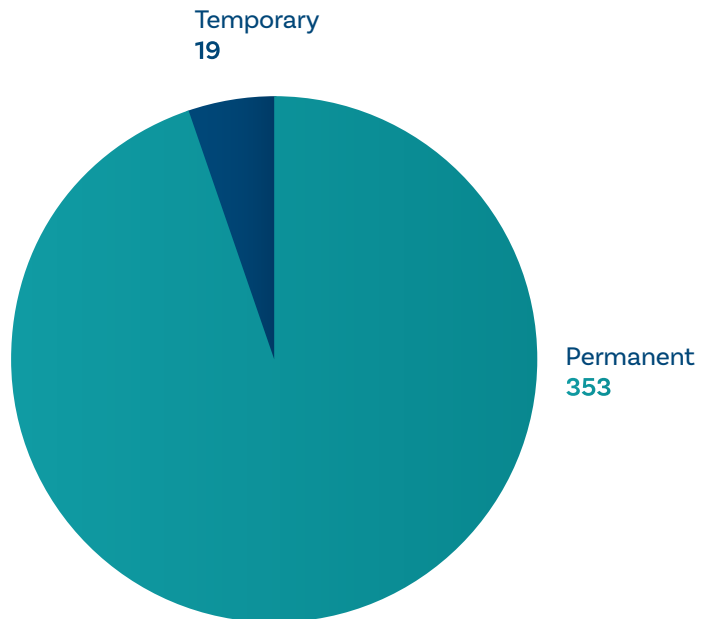
Woman  
**215**

## Staff

Below we present a series of tables with the indicators referring to employee management at Medichem on the 31st of December 2021 with regard to the distribution of the staff based on different forms of contract.

### Distribution of the staff according to the different types of contract

#### Full-time



#### Part-time



At Medichem **we are committed to job stability** in order to be able to retain talent, full-time permanent contracts being the form used for 92.17% of the employees on staff.

# 92%

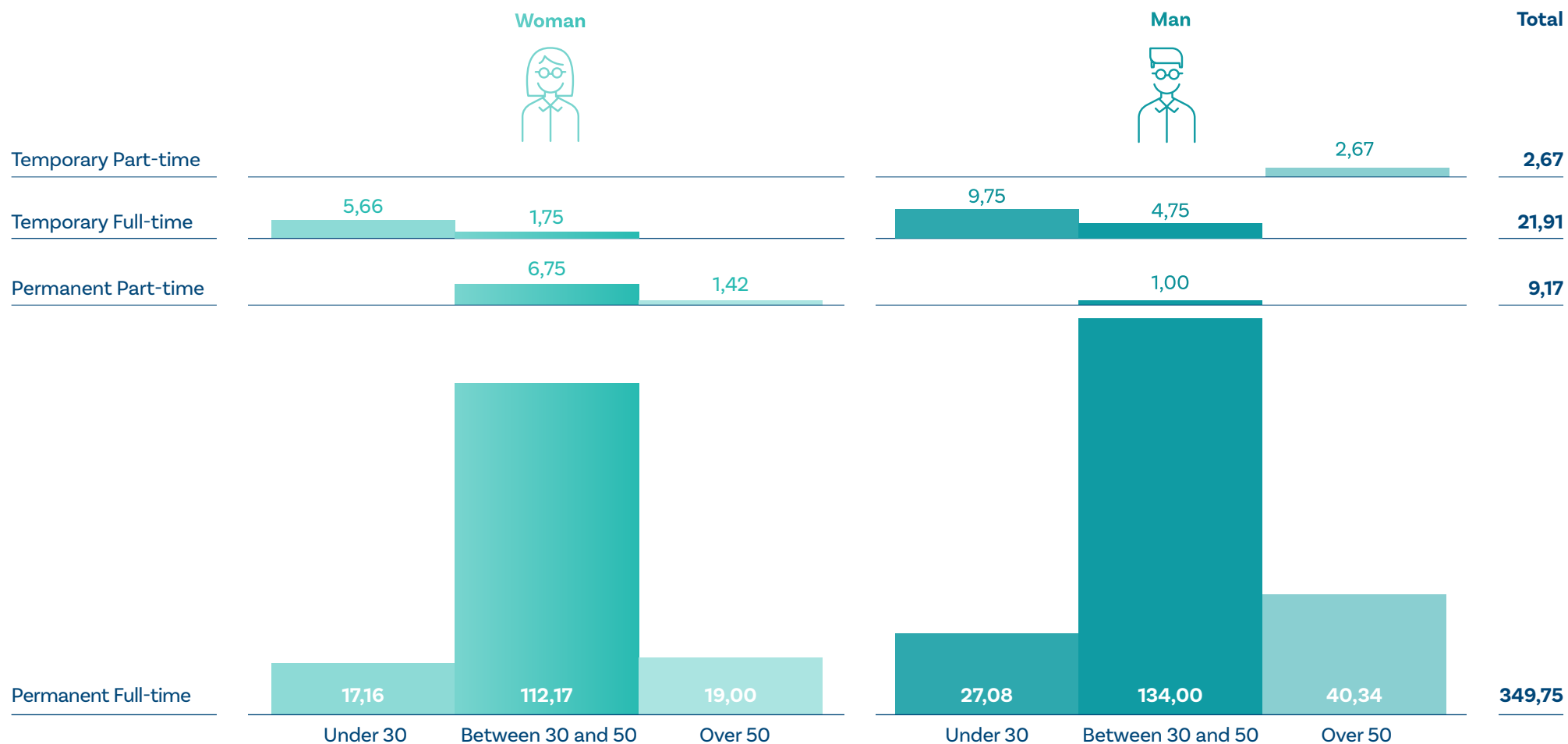
## Permanent Contract



## Staff

### Average contracts by gender and age\*

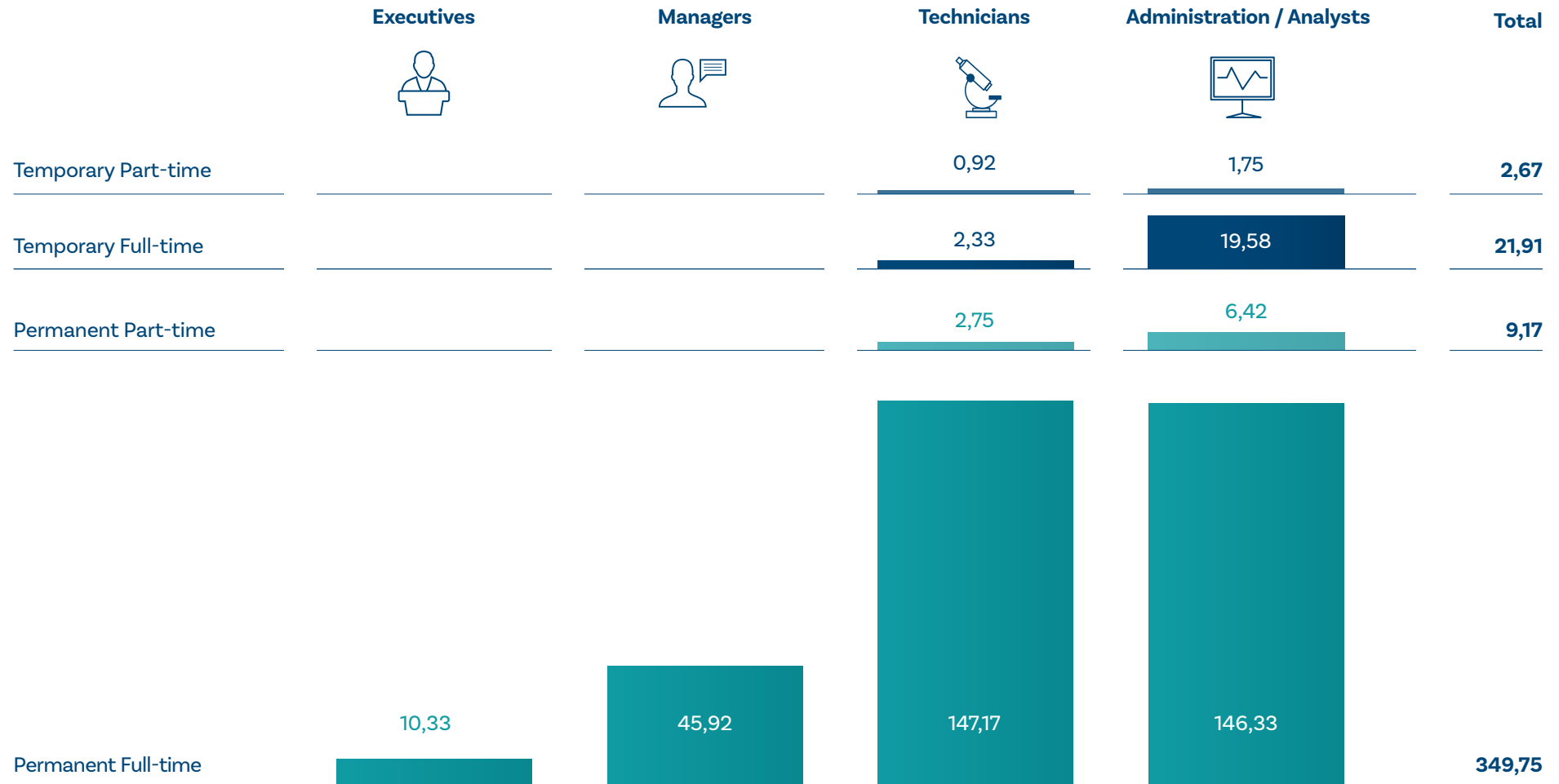
The annual average, for both women and men, has a clearly defined trend toward permanent full-time contracts, making up 90.49% of women's contracts and 91.73% of men's contracts, there not being a gap between the genders. These percentages place permanent hiring as the main system of sustainability at the company.



## Staff

### Average contracts by professional category\*

At the highest levels, Executives and Managers, there have been no temporary or part-time contracts, a higher percentage of temporary contracts being established at the lowest level (Administration and Analysts), as well as part-time contracts.



## Remuneration

At Medichem the **Salary strategy** is defined by internal equality and external competitiveness elements (reference market). In Spain, these elements also establish the annual increases as specified in the *General Agreement of the Chemical Industry* and by the Management criteria based on the performance of each employee.

In Malta there is a collective agreement for non-management levels which specifies variable pay scales. These pay scales are defined based on years of experience and qualifications. An employee rises on the scale after 2 years of employment or when obtaining a specific and related qualification. Likewise, each year there is an increase on all scales.

With regard to employees who do not form part of the collective agreement, Medichem determines salaries through current salary surveys on the market and calculates the increases each year.

The variable remuneration in both Spain and Malta corresponds to a percentage of the annual gross salary. The variable remuneration amount to be received depends on the degree to which objectives have been achieved based on the system established by the Company. The established system currently incorporates the evaluation of objectives, values, and skills.



## Remuneration

Likewise, Medichem also grants **non-wage benefits**:

- ✓ **Restaurant vouchers:** Restaurant vouchers by split shift day worked from Monday to Thursday at the usual work centre.
- ✓ **Snack benefit:** Given to people who do not have a split shift by day worked.
- ✓ **Benefit for marriage or common-law union.**
- ✓ **Benefit for birth of child.**
- ✓ **Childcare benefit up to 3 years of age.**
- ✓ **Employee death grant.**
- ✓ **Additional week off for both mother and father in case of birth or adoption of child.**
- ✓ **Accident policy.**
- ✓ **Flexible remuneration plan.**
- ✓ **Electric car charging.**
- ✓ **Parking area.**
- ✓ **Flexible working hours and intensive workday on Fridays.**
- ✓ **Time in lieu for travel.**
- ✓ **Health insurance for company travel.**
- ✓ **Teleworking.**
- ✓ **Wellness Plan.**
- ✓ **Fun & Health Activities.**
- ✓ **Corporate communication platform.**
- ✓ **Wage advances.**
- ✓ **Loans:** At a more advantageous interest rate than normally required by financial entities.

In Malta, the non-wage benefits are:







- ✓ **Benefit for birth.**
- ✓ **Health insurance.**
- ✓ **Wellness Plan.**
- ✓ **Corporate communication platform.**
- ✓ **Teleworking.**
- ✓ **Recreational activities.**
- ✓ **Flexible working hours.**



# Remuneration

Below we present the average remuneration during 2021 at Medichem.

Average remuneration by gender

	Medichem Spain		Medichem Malta		Combino Pharm Malta	
						
Total	44.794	42.736	31.156	30.620	29.211	29.385



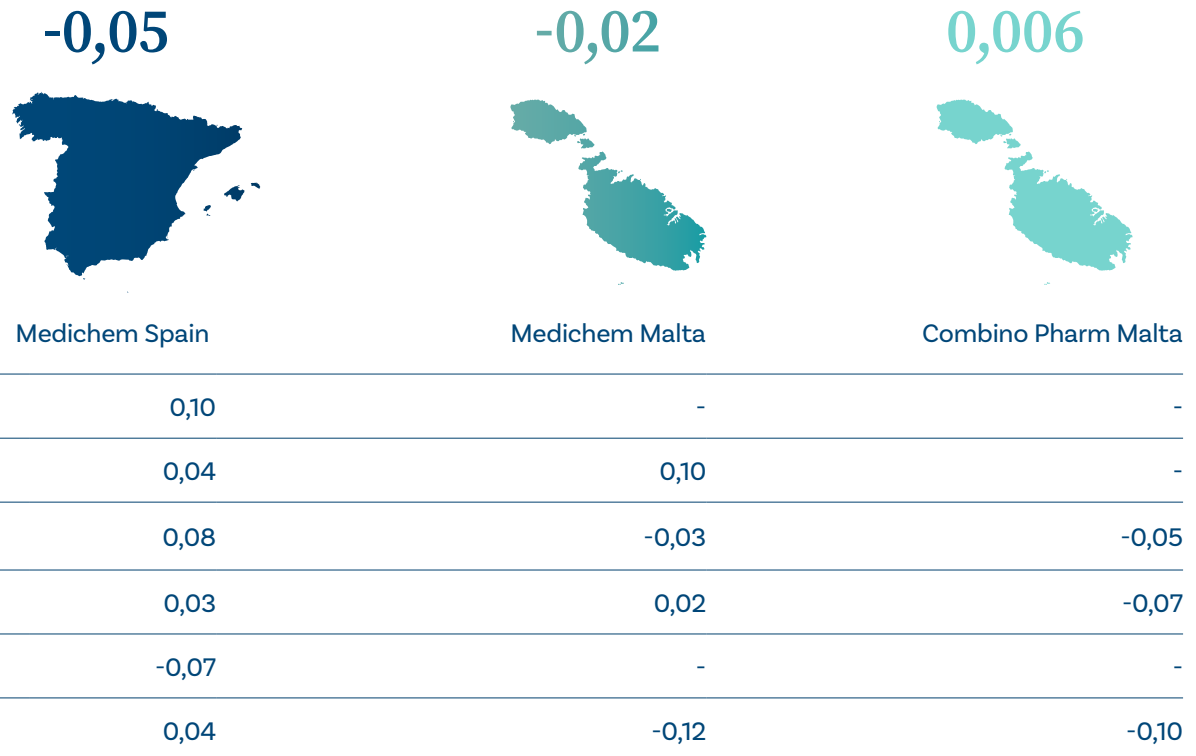


## Remuneration

The wage gap of the company measures the difference in the salary of men and women; if the result is greater than zero, it indicates that women receive lower remuneration than men.

Through the application of the collective agreement, the company guarantees equal treatment in remuneration without any type of direct or indirect discrimination, and its wage gap does not exceed 5% at any work centre, the highest level being in Spain with -4.82%, the average remuneration of women being higher than that of men.

### Wage gap by site and professional category





# 06

## Health, safety, and wellbeing

One of the essential principles of Medichem is **prioritising the safety of our employees, installations, and environment**. With this objective, at Medichem we design activities and processes that we check periodically to ensure that they fulfil this objective.



## HEALTH, SAFETY, AND WELLBEING

We have Safety departments in Malta and Spain which operate with their own management systems, in line with the framework of the health and safety policy established at Medichem. In turn, this policy is compliant with the legislative framework existing on occupational risk prevention to avoid accidents and/or occupational illnesses.

Biannually, the Safety Department carries out audits in order to verify legal compliance and continuously improve the management system. The last audit was carried out by **AENOR** in December 2020.

The Safety Department is integrated into the design phase of installations, changes of processes, and the acquisition of new equipment, in order to evaluate potential impacts on safety and adopt the appropriate preventive or corrective measures.



## WORKPLACE RISK EVALUATION

At Medichem specific risk evaluations are carried out by the workplace in order to avoid the possibility of workplace accidents and/or occupational illnesses occurring in different job posts. These evaluations allow the preventive activity of Medichem to be planned, prioritising necessary actions which are detected in the periodic controls.

**Occupational risk evaluations** are complemented by medical checkups for staff. In case of lack of aptitude or aptitude with restrictions, the company, along with the workers' representatives, adopt the appropriate preventive measures.

In the case of external personnel, all work to be carried out is evaluated prior to being undertaken. These evaluations are carried out by the staff in charge of contracting the service, in this way integrating the preventive activity transversally in different departments and at different levels of the company.

There is a specific emergency plan in each work centre, implemented through periodic training for all employees, and in particular for intervention teams, and drills carried out annually at production centres. It is reviewed and updated annually.

We also have **a defibrillator at the Celrà and Malta centres**, thereby expanding the resources of the first aid team.

### Main risks associated with the production centres and laboratories of Medichem

- ✓ Contact with chemical products.
- ✓ Exposure to chemical substances.
- ✓ Excess effort.

### Preventive measures



Specific risk evaluations



Medical checkups



Prevention campaigns



Health and safety training

## MANAGEMENT OF HEALTH AND SAFETY

At Medichem we work with the objective of continuously increasing the preventive culture of the company. For this reason, we use different tools to promote the communication and participation of employees, available on the different document managers of the company and on the corporate intranet, Medichem Connect. All communications received by the employees are planned and managed jointly by the **Safety Department and the individual responsible for internal communication**.

We take care of our relationship with our environment and build collaborative relationships with various organisations to respond to the needs of the communities in which we operate, generating shared value. In 2021, the Celrà centre launched a charity campaign promoting **Avoiding Accidents**, helping local entities dedicated to social purposes by donating an economic sum every 100 days without workplace accidents. The organisation which receives the donation is proposed by voting by the staff of Medichem Celrà.

The beneficiary associations have been:



### ✔ SAGI (Girona Asperger Syndrome Association).

A non-profit entity, created for families with affected members, to address common problems and needs.



### ✔ Associació Duchenne Somriures Valents.

A non-profit association formed by families and friends of children affected by Duchenne and Becker muscular dystrophy. The association raises funds to research the conditions.



### ✔ Fundació Els Juncs.

A non-profit entity which assists people with intellectual disabilities so that they may achieve maximum autonomy.

All Medichem employees have been informed of the different actions carried out by each association through Medichem Connect and the different noticeboards existing at the company.

Likewise, since the start of 2021, we have promoted healthy lifestyle habits through programmes aimed at caring for the physical and emotional health of our employees. Work is carried out with WellWo, an online platform, which sends videos of physical and emotional activity sessions each day.



## HEALTH AND SAFETY COMMITTEE

**The Health and Safety Committee** is the internal participation body of the company for regular and periodic consultation (quarterly meetings) of company actions on risk prevention. Its function is to facilitate the exchange of viewpoints between parties, creating a stable forum and orderly dialogue.

In Spain, at the Celrà and Fontana centres, employees have health and safety representatives chosen by and from the employees' representatives. These representatives (prevention delegates), along with company representatives, make up the Health and Safety Committee.

In Malta, employees have workers' representatives for health and safety in each department. These employees, following the same action guidelines as in Spain, exchange opinions regarding issues related to occupational risk prevention, actively participating in investigating accidents and in occupational risk evaluations. The meetings are held every six months.

## TRAINING ON HEALTH AND SAFETY

Our priority is to protect the health of our employees.

For this reason, all information related to safety received by Medichem staff is included in the Human Resources Training Plan and based on detected needs.

Likewise, **training on health and safety is obligatory for both new hires and for employees changing positions.**

All special work (confined spaces, heights, electrical, driving forklifts, lifting platforms, etc.) requires specific







training. All employees who need to undertake special work must have received specific training and have written authorisation from Medichem.

In the case of external companies, the safety department checks that the external personnel who will carry out the work for which they have been contracted has sufficient and adequate training prior to undertaking it.



## HEALTH AND SAFETY INDICATORS

In 2021, in order to reduce the number of accidents originating from behaviour and increase the level of preventive culture of the company, at Medichem Spain we have established a **Safety Observations Programme**. Through these observations, it is intended to connect management staff with employees, motivating them in their job posts and identifying opportunities for improvement in attitudes.

	Medichem Spain			Medichem Malta			Combino Pharm Malta		
			Total			Total			Total
Nº of accidents causing absence (not including in itinere)	3	2	5	-	2	2	-	-	-
Nº of accidents in itinere	1	1	2	-	-	-	-	-	-
Workdays lost	14	22	36	-	3	3	-	-	-
Accident frequency rate	13,04	7,16	9,82	-	28,24	22,63	-	-	-
Accident severity rate	0,06	0,08	0,07	-	0,04	0,03	-	-	-
Nº of occupational illnesses	-	-	-	-	-	-	-	-	-

\*The hours worked are calculated through a computer program managed by the Human Resources department. For the calculation of real hours worked, the theoretical hours which the employee must work are used as a reference, subtracting holiday hours.

$$^{(2)} \text{ Frequency Rate} = \frac{\text{nº of accidents} \times 10^6}{\text{Hours worked}}$$

$$^{(3)} \text{ Severity rate} = \left( \frac{\text{nº of work days lost}}{\text{Hours worked}} \right) \times 10^3$$

# 07

## Protection of environment

Medichem is firmly committed to the 2030 Agenda and we, therefore, try to contribute each day to achieving the Sustainable Development Goals of the United Nations, in particular those related to the main activities of the organization integrating them into our everyday operations.



## MANAGEMENT APPROACH

Both the production centres of Medichem Malta and Medichem Spain, within the Environmental Management System, **take into account the aspects and potential environmental impacts that the activities of each centre may generate on the environment and in the company itself**, including environmental aspects in emergency situations which may arise during manufacturing, and even environmental aspects related with the product life cycle, beginning the impact evaluation from obtaining the raw materials and packaging, and their corresponding transport, production, generation of waste and by-products, transport of the manufactured product to the client and even the final destruction of the product and/or packaging products.

Our production centre in Celrà (Girona) is controlled by the Spanish Environmental Administration and has been granted Environmental Authorisation number G1RP140107 in accordance with Directive 2010/75/EU of the European Parliament and Council of the 24th of November 2010 on Industrial Emissions (integrated prevention and control of pollution) since 2007. The certification guarantees the alignment of Medichem to environmental regulations. The last inspection was carried out by Dekra in July 2020.

Medichem Malta and Combino Pharm Malta are regulated by the Environmental Resources Authority of Malta and operate under IP permit IP0002/05/E.

At Medichem, for compliance with all legal requirements, we identify the applicable legal requirements on the environment or other requirements that the company subscribes to voluntarily and evaluate their compliance (in the case of Spain) through the online platform [ecomundis.com](https://ecomundis.com). At Medichem Malta and Combino Pharm Malta, legal compliance is supervised through the website of the competent local authority.

Both systems - the identification system and the evaluation system - ensure the proper identification of new environmental legal provisions which apply to the company and their correct evaluation.



## ENVIRONMENTAL MANAGEMENT

At Medichem we are fully committed to respecting and preserving the environment. As a result of this commitment, for years we have been incorporating a series of actions aimed at improving our environment. We implement an **Environmental Management** system which has been certified by regulation UNE-EN ISO 14001, a certification obtained in 2001 for Medichem Spain and in 2009 for Medichem Malta.

**We base our operations on five pillars** as part of our commitment to mitigating the impacts derived from our activity:



## ENVIRONMENTAL MANAGEMENT MANUAL

The **Environmental Management Manual** is the reference tool for identifying the key documents of the Environmental Management System in accordance with international regulation UNE EN ISO 14001.



## ENVIRONMENTAL POLICY

The Environmental Policy defines the bases, commitments, and guidelines for improving environmental management and thereby reducing impact. The Environmental Policy is defined by ten points:

### 01

Protecting the environment, minimising the impact of our activity on it, and preventing pollution.

### 02

Compliance with laws, rules, regulations, and other environmental requirements which are applicable.

### 03

Training, raising awareness and making our team participate in the application of this commitment, motivating them to achieve these objectives.

### 04

Reducing, if it is technologically and economically viable, consumption of water, energy, solvents, effluents, and discharges generated in processes and emissions, without compromising the quality of the product.

### 05

Reducing, reusing, or recycling waste through the recovery of solvents or raw materials, use of waste as a by-product, and management of packaging, among other actions, if it is technologically and economically viable, without compromising the quality of the product.



06

Periodically establishing quantifiable environmental objectives, creating plans with the necessary environmental targets to achieve them, and applying control and monitoring methods.

07

Advising our clients on correct handling from an environmental perspective throughout the life cycle of the product supplied.

08

Informing suppliers and subcontractors of our environmental practices, so that they are applied in work carried out in our installations.

09

Continuously improving environmental management to ensure the improvement of environmental performance.

10

Promoting and raising awareness of individual and/or collective practices for environmental improvement among all employees, such as sustainable and responsible purchasing and consumption, recycling, and reduction of energy consumption.

## ENVIRONMENTAL ASPECTS AND IMPACTS

At Medichem we identify environmental aspects, evaluate them, and quantify their environmental risks through the **Procedure for Identification, Evaluation, and Control of Environmental Aspects**, in which risk scenarios which may lead to environmental aspects in emergency conditions are also identified.

Additionally, we periodically receive audits from the Environmental Management System (EMS). The last audit at Medichem Spain was in May 2021, and at Medichem Malta in June 2021.

During the research stage, we evaluate each one of the processes studied in terms of safety and sustainability to avoid and reduce the environmental impact of future manufacturing processes. It is at this time, during the development of processes, that nine of the twelve principles of **Green Chemistry** are taken into account and applied.

### Principles of Green Chemistry applied:



**01. Avoiding waste: it will always be better than trying to process or eliminate it later.**

**02. Minimising toxicity in the design of synthetic methods must be a priority; ideally, there must be none, and in practice, it must always be minimised to the extent possible.**

**03. Preserving efficacy must be compatible with reducing or eliminating toxicity.**

**04. Minimising the use of auxiliary substances (solvents, adsorbents, etc.), always opting for the most innocuous.**

**05. Applying processes preferably at ambient pressure and temperature to achieve greater energy efficiency.**

**06. Prioritising renewable materials.**

**07. Substituting stoichiometric reactants with catalytic reagents where possible.**

**08. Monitoring the process to avoid dangerous substances being formed.**

**09. Reducing the risk of accident also through the selection of processes and substances.**



The **main environmental aspects** identified at Medichem are the following:

- ✓ Aqueous waste.
- ✓ Generation of non-halogenated solvents in manufacturing processes.
- ✓ Discharge of waste water from the WWTP (Waste Water Treatment Plant).

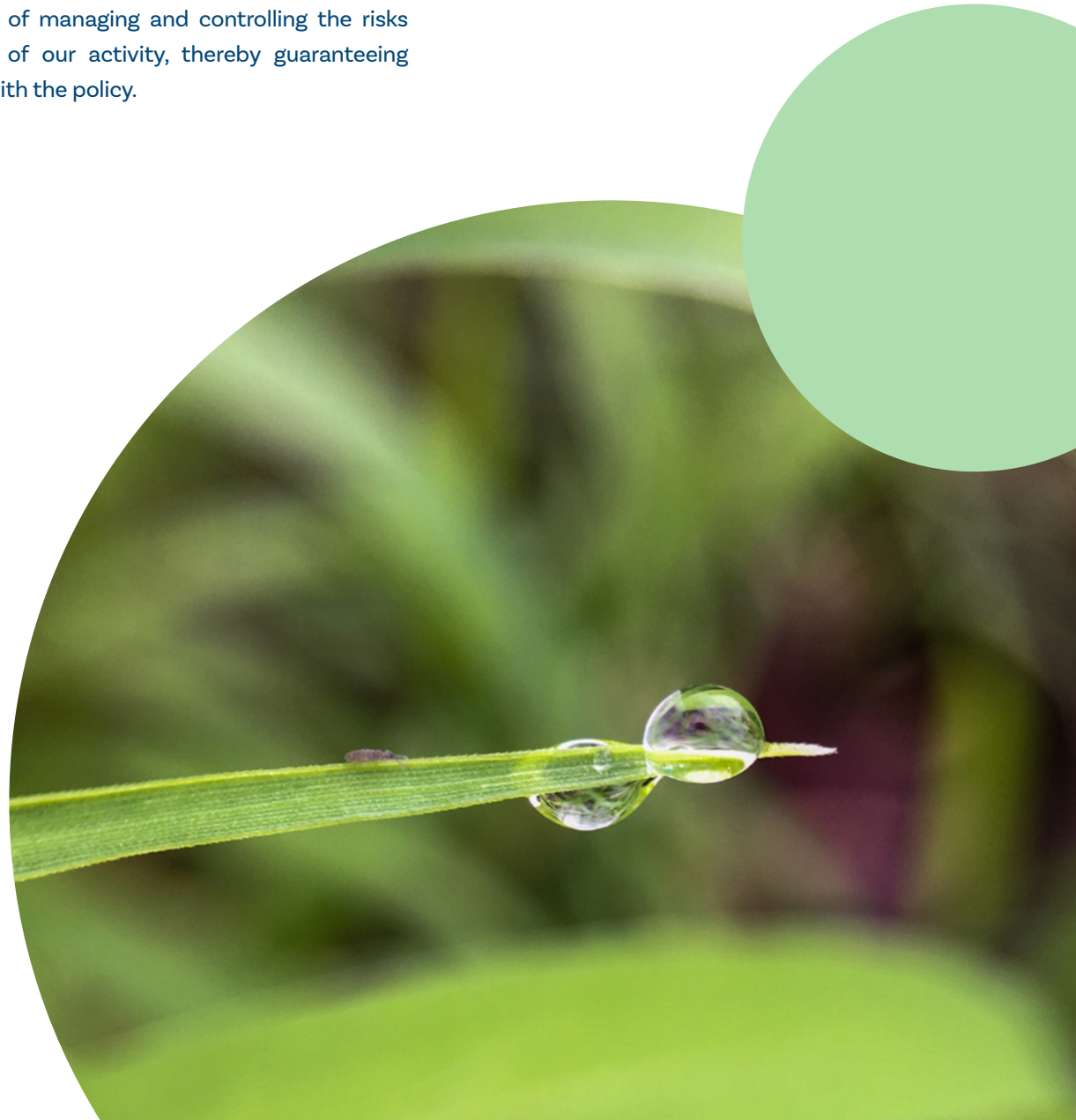
Apart from these three environmental aspects, at **Medichem Spain**, the following must also be taken into account:

- ✓ Solvents from the liquid ring pumps.
- ✓ Effluent of waste water from processes.

At **Medichem Malta** the following must be taken into account:

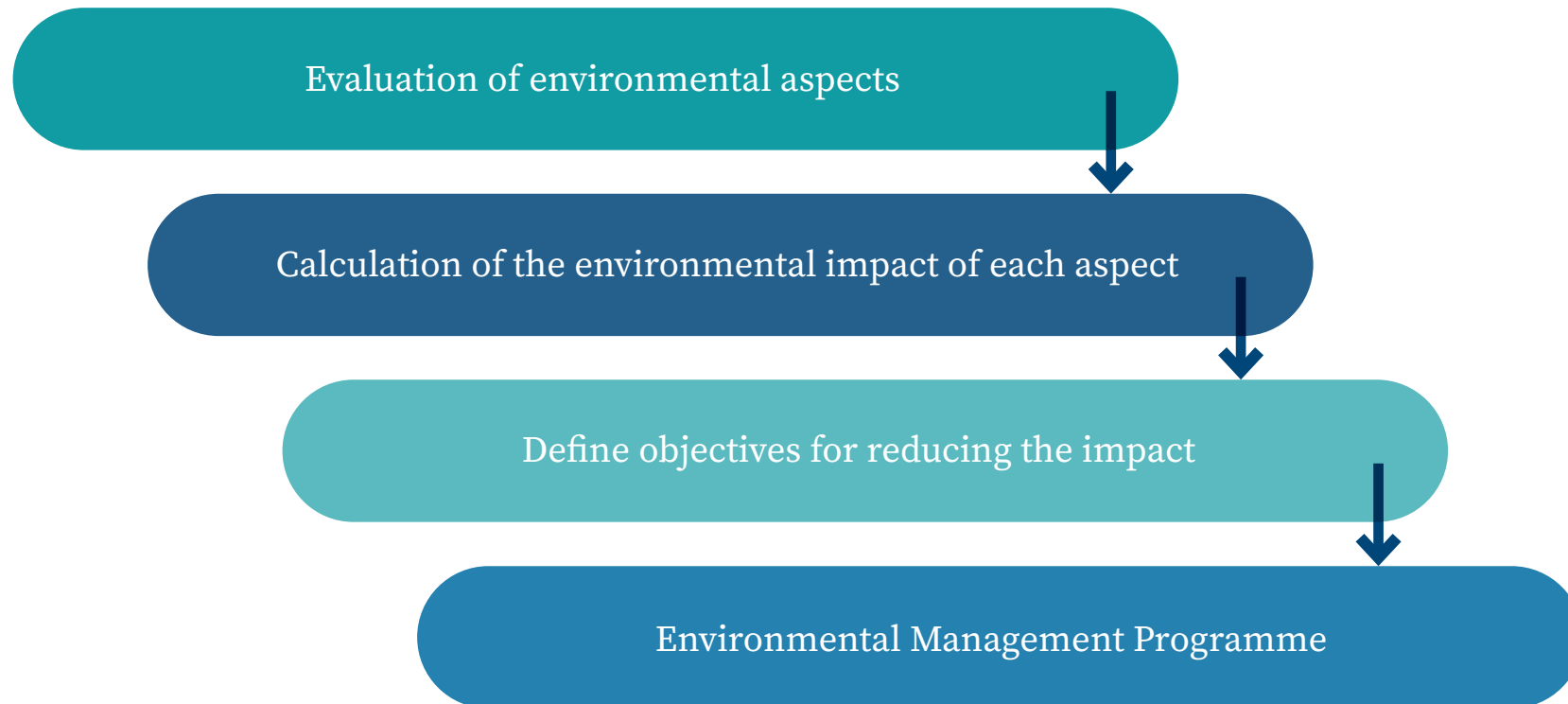
- ✓ Emission of nitrogen oxides (NOx) from the gas combustion of the boiler.
- ✓ Cytotoxic and cytostatic waste, liquid generated in manufacturing processes, in the HPAPI (High Potency API) unit and in the R&D laboratory.

The **significant environmental impacts** associated with the processes carried out by the organisation are identified and reviewed every three years. The Environment Department in Spain and in Malta are in charge of managing and controlling the risks and impacts of our activity, thereby guaranteeing compliance with the policy.



## ENVIRONMENTAL MANAGEMENT PROGRAMME

With the environmental aspects defined and having identified the importance of the impact caused by each one of the environmental aspects in both Malta and in Spain, we have implemented an **Environmental Management Programme** which consists of a series of interdepartmental meetings to define the annual environmental objectives and work to achieve them. The programme includes the optimisation of processes (continuous review of processes to reduce or avoid waste), promotion of renewable energy consumption, reduction of contamination of waste water, and improvement of pollution by atmospheric emissions.



Within the Environmental Management Programme the annual environmental objectives, how to work to achieve them and the necessary economic resources are agreed.



## ENVIRONMENTAL OBJECTIVES

Medichem is committed to responsibly contributing to the environment, constantly working to prevent potential negative environmental impacts, and maximising our positive contributions in this area. We undertake our activity through **adequate management of the environmental impact, promoting policies which guarantee that any type of pollution is avoided, minimising the generation of waste, and rationalising the use of natural and energy resources.**



### Environmental objectives in Spain for 2021



#### Minimum 10% reduction of consumption of non-halogenated solvents

- ✓ At a laboratory level, we have managed to reduce non-halogenated solvents by 50% in the OTD manufacturing process.
- ✓ At the level of validation of the process, we have managed to reduce non-halogenated solvents by 40-50% in the CNC manufacturing process.



#### Minimum 2% increase in efficiency in the use of raw materials in manufacturing processes to improve performance and avoid over-processing

- ✓ We have applied actions to improve efficiency in 6 production processes.



#### Study and/or implementation of a minimum of two actions to promote sustainable energy consumption

- ✓ We have installed two electric car charging points in Celrà.
- ✓ We have carried out a study and lighting has been improved with the implementation of outdoor LED lights in the Physical Treatments area.
- ✓ We have installed a frequency converter in the Cooling Tower.
- ✓ We have carried out the programming of the air conditioning equipment in offices to reduce their energy consumption.



#### Study and/or implementation of actions to reduce the consumption of nitric acid by 5% in the manufacturing process of the intermediate product of VRN5

- ✓ At the laboratory level, we have achieved a 36% reduction in nitric acid and have managed to replace Dichloromethane with Isopropyl Acetate.



## Environmental objectives in Spain for 2021



### Pilot study and plan for reducing packaging waste by 10% in the laboratory using reusable packaging

- ✓ Not yet carried out. It will be seen in the next financial year.



### Improvement of the current EcoVadis qualification

- ✓ We have implemented different actions related to sustainable purchasing, the environment and social responsibility in different areas of the company.
- ✓ The rating of the company has improved from 59 to 60 and we continue to be awarded the Silver Medal.



### Investment study and plan for adaptation to future applicable regulations on atmospheric emissions

- ✓ The company ARCADIS has been contracted to distinguish the emission points, evaluate whether additional treatment is necessary, and define the most suitable technology for adaptation to new regulations on waste gases.



### Implementation of a minimum of three actions for improvement in sustainable purchasing

- ✓ We have improved supplier questionnaires to obtain more information related to ESG (Environment, Social & Governance), as well as the sustainable purchasing policy communicated to suppliers when making purchases. Environmental requirements are added which must be considered in the purchase order processing procedure.



## Environmental objectives in Medichem Malta for 2021



### Reduction of consumption of non-halogenated solvents

- ✓ During 2021 we have identified a new process making it possible to recover solvents. We have recovered a total of 12.777kg of acetone from this process for internal reuse, which has led to a reduction of use of fresh solvent for that process and a reduction of 3.3% of solvent waste generated.



### Reduction of COD (Chemical Oxygen Demand) and BOD (Biological Oxygen Demand) of discharged water

- ✓ We have identified the aerators of waste water as potential investments which may contribute to the reduction of levels of COD and BOD and they have been approved as investments for 2022. We have also carried out studies for analysing levels of COD in various waste waters from washing activities and have trained all personnel on the operation of the Waste Water Treatment Plant (WWTP) and its role in guaranteeing that levels of COD are kept within the limits.



### Reduction of waste generated from aqueous phases

- ✓ We have carried out a study to identify ways of optimising a process to reduce aqueous waste through the introduction of the lyophilisation technique. Implementation has not yet been possible as the process requires greater optimisation, but new studies will be carried out in 2022.



### Raising the environmental awareness of employees

- ✓ In 2021 we have carried out a cleaning activity along with the *Local Council of Birżebbuġa* in a nearby public space. We involve our employees and their families so that they can understand the consequences of refuse in our field and the importance of adequate waste management. Additionally, during the “European Week for Waste Reduction”, several communications were carried out through our social channels and our internal communication network, Medichem Connect, to raise awareness among our employees with regard to non-hazardous waste generated and the role of the employee in reducing this waste.

## REVIEW COMMITTEE

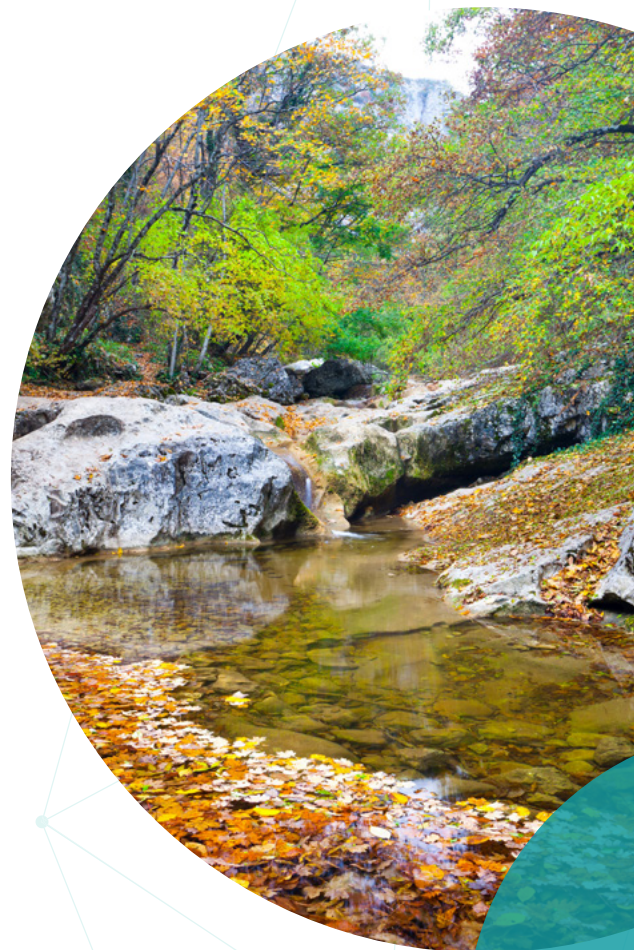
The **Review Committee** is formed by the Management Committee and carries out the monitoring and review of legal requirements, objectives, environmental indicators, audits and application of correction and/or prevention measures. It is also responsible for the identification of risks and opportunities.

## ENVIRONMENTAL RISKS

At Medichem we evaluate environmental risks through the **Procedure for Identification, Evaluation, and Control of Environmental Aspects**. This procedure helps us to effectively identify risk scenarios which may lead to environmental aspects in emergency conditions. This evaluation allows us to quantify the environmental impact and establish objectives to reduce the impact, prioritising high-impact aspects.

In 2019 we carried out an environmental risk analysis at Medichem Spain. The environmental risk analysis calculated the financial guarantee necessary to repair environmental damage caused by an infiltration of substances as a consequence of the breakage of a catch basin.

Based on this analysis, a financial guarantee of 10 million euros was contracted to cover any scenario of environmental damage that may occur at Medichem Spain, Medichem Malta or Combino Pharm Malta.



## ENVIRONMENTAL TRAINING AND COMMUNICATION

Part of our environmental commitment is to **effectively and periodically communicate and train on environmental aspects of the company at both an internal and external level**. The communication carried out by Medichem is reflected in the following actions carried out:



- ☑ Environmental communication procedure (internal and external).
- ☑ Periodic training for all employees on pertinent environmental issues such as waste water treatment, waste management, indicators (KPIs), atmospheric emissions, control of soils and groundwater, accidental discharges, recovery of solvents, environmental objectives, actions for reducing contamination in waste water, etc.
- ☑ Environmental training for new hires.
- ☑ Environmental advice through the WellWo platform.
- ☑ Environmental information on our website and social channels.
- ☑ Information and training for subcontracted personnel.
- ☑ Internal communication of environmental indicators.
- ☑ Internal communication of annual environmental objectives and their achievement.
- ☑ Awareness poster in the context of “World Environment Day”.
- ☑ Communication on recycling on “Global Recycling Day”.
- ☑ Internal and external outreach campaign within the “European Week for Waste Reduction”, with the objective of reducing waste in general.

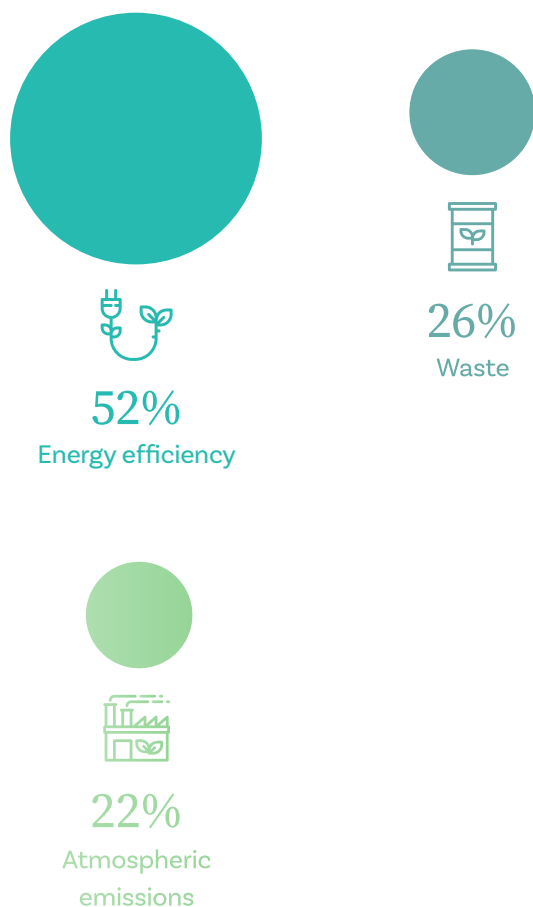




## ECONOMIC RESOURCES ALLOCATED TO THE ENVIRONMENT

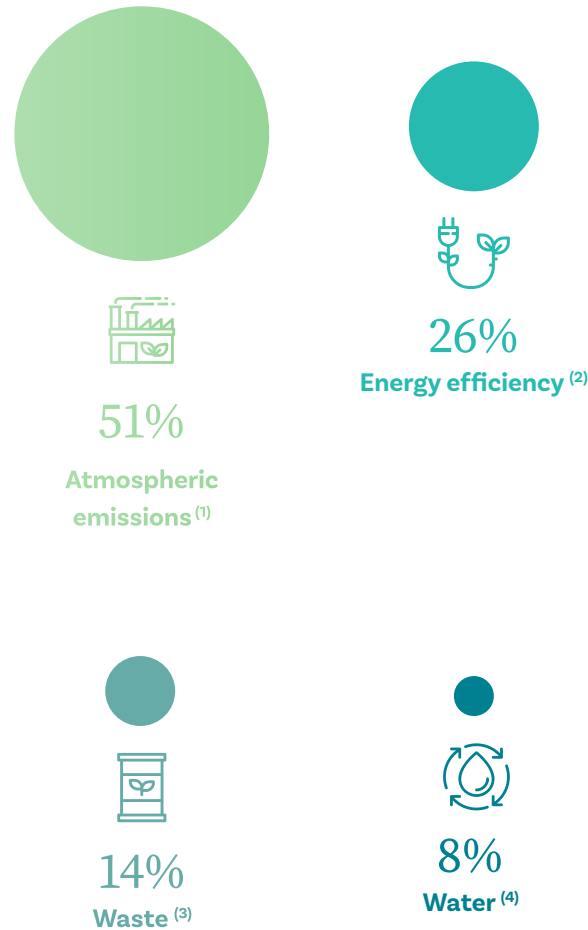
At Medichem we allocate part of our budget to guaranteeing compliance with all legal requirements, the correct management of all environmental aspects, the achievement of these environmental objectives and continuous improvement through the implementation of new investments. In 2021 we have allocated 446 thousand euros to environmental management, of which 48% was invested in the Medichem Spain plant and 52% in the Medichem Malta plant.

### Investments to reduce environmental impact in 2021



Medichem Spain		Waste	Separating lines of tanks V-014 and V-024
		Waste	Expansion of flammable liquid capacity through stainless steel tank
		Atmospheric emissions	Glass heat exchanger RP-31B
		Atmospheric emissions	Charging station for electric cars
Medichem Malta		Energy efficiency	Installation of new, more energy efficient cooling equipment

## Plan to invest in mitigating the impact of environmental aspects in 2022



At Medichem, we strive to make the impact of our activities the minimum possible and give the maximum priority to preserving the environment.

Medichem Spain		Atmospheric emissions	Installation of solar panels
		Energy efficiency	Installation of LED lighting outside
		Waste	Expansion of flammable liquid capacity
		Waste	Installation for being able to send decanted solutions to the mother liquor tank in Manufacturing Building 1
		Water	Replacement of lamellar decanter
		Water	Basic study for the installation of a biological treatment at the waste water treatment plant
Medichem Malta		Water	Acquisition of water aerators for the final pool of treated waste water
Combino Pharm Malta		Energy efficiency	Change of cooling equipment

## HUMAN CAPITAL ALLOCATED TO THE ENVIRONMENT

At Medichem we have an Environment department in Spain and another in Malta in charge of managing and controlling the risks and impacts of our activity, thereby guaranteeing compliance with the policies.

The Environment department of Spain supervises the activities carried out at the offices and in the laboratory of Sant Joan Despí, so that there is consistency in priorities and actions.

All employees dedicated to the environment have received adequate training to undertake their responsibilities and receive continuous training through the Annual Training Plan.



## SUSTAINABLE USE OF RESOURCES



01

### Energy consumption

The need for continuous improvement in the sustainable use of resources is becoming more imperative each day; therefore, at Medichem we believe that **it is a priority to improve the energy efficiency of our installations through undertaking small actions, thereby striving for net zero emissions.**

The energy consumption of Medichem Spain is from electricity, natural gas, and diesel, and at Medichem Malta and Combino Pharm Malta from electricity and LPG (Liquid Petroleum Gas).

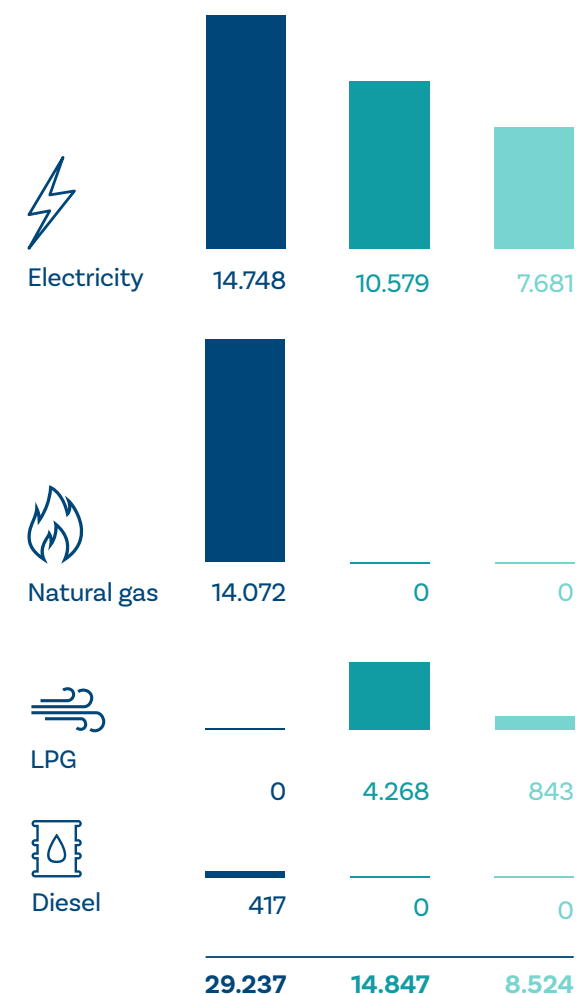
At Medichem Spain, energy consumption is taken from real measurements obtained in kWh (Kilowatt-hours) converted into GJ (Gigajoules) through the use of conversion factors from the Guide for reporting of emissions of the chemical sector for the Inventory of emissions and sources.

At Medichem Spain, natural gas consumption is taken from real measurements obtained in m<sup>3</sup>N (normal cubic metres) converted into GJ through the use of conversion factors from the Guide for reporting of emissions of the chemical sector for the Inventory of emissions and sources.

At Medichem Malta and Combino Pharm Malta, electricity consumption is taken from real measurements taken online by the governmental entity, obtained in kVAh (kilovolt-ampere-hour).

At Medichem Malta and at Combino Pharm Malta, the consumption of LPG (Liquid Petroleum Gas) is taken from real measurements obtained in m<sup>3</sup> for Medichem Malta and in litres for Combino Pharm Malta and converted into GJ by the gas supplier.

#### Energy consumption in gigajoules (GJ) in 2021



We have calculated the production of Medichem Spain as the quantity of finished product plus intermediate product without taking into account the quantity of Chlorhexidine Digluconate finished product, which is a liquid product which is 80% water. In the case of Medichem Malta, we have calculated production as the quantity of finished product plus intermediate product manufactured. The production of Combino Pharm Malta has been calculated as the quantity of capsules and tablets manufactured.

At Medichem we have spent years driving and working on the environmental commitment to sustainability. In 2016 Medichem Spain, and in 2020 Medichem Malta and Combino Pharm Malta carried out audits on energy efficiency. As a result of these audits, action plans were created with the objective of improving the energy efficiency of our installations and mitigating environmental impact.

### Energy efficiency in 2021

Total energy consumption with regard to annual production (GJ/t) <sup>(1)</sup>



**117** GJ/t  
Medichem Spain



**1.336** GJ/t  
Medichem Malta



**487** GJ/t  
Combino Pharm Malta



## MAIN ACTIONS CARRIED OUT IN 2021



### Medichem Spain

- ✓ Installation of frequency converters in the ventilators of the cooling tower.
- ✓ Replacement of indoor fluorescent lights with LED lights.
- ✓ Replacement of outdoor lights with LED lights.
- ✓ Review of leaks of compressed air and nitrogen.

### Medichem Malta

- ✓ Replacement of one cooling device with two more efficient new devices.

### Combino Pharm Malta

- ✓ Replacement of lights inside some buildings with LED lights.

Nevertheless, we have spent years committed to energy efficiency and sustainability. Proof of this are the actions that we have already implemented.

### Medichem Spain

- ✓ Automatic turning off and on of lights in bathrooms and changing rooms.
- ✓ Installation of a more efficient burner with a frequency converter for the boiler.
- ✓ Replacement of the heat pump of the R&D laboratory.

### Medichem Malta

- ✓ Replacement of lights with LED type lights with an estimated 50% improvement of consumption.
- ✓ Improvement of power factor of condensers.
- ✓ Implementation of actions for improving habits and thereby reducing energy consumption in regular operations.

### Combino Pharm Malta

- ✓ Replacement of the old HVAC (heating, ventilation and air conditioning) system located on the rooftop with another more efficient system.
- ✓ Replacement of lights with LED type lights with an estimated 50% improvement of consumption.
- ✓ Installation of a power factor corrector to improve reactive power consumption, thereby improving the efficiency of the electrical network.

All Medichem centres also work to improve the awareness of all our employees. We promote behaviours of efficient and rational use of energy in our daily activities through the dissemination of internal communication campaigns, such as that carried out for “World Environment Day”.



## 02

### Consumption of raw materials






The consumption of raw materials in manufacturing of APIs has a major environmental impact as the quantity of raw materials consumed is far greater than the quantity of product obtained. Due to this general characteristic of our sector, it is essential to study and optimise chemical processes to reduce the quantities of raw materials used, minimising the environmental impact associated with the consumption of raw materials and the **generation of the corresponding waste**.

It is not only important to optimise processes to achieve optimal efficiency in manufacturing processes; it is also essential to **use renewable raw**

**materials**. Within the array of raw materials used to manufacture an API are solvents, the majority non-halogenated solvents, which are used in large quantities to be able to undertake the corresponding chemical reactions. These solvents end up being waste, therefore at Medichem we study all solvent waste generated with special care **to ensure that it can be reused in the manufacturing process or recovered externally so that it may be reintroduced into our manufacturing processes**. With this premise, for many years between 100 and 300 tonnes of solvents have been reused annually, and approximately 1.000 tonnes of solvents have been recovered externally and reused in our own processes annually.

**It is essential to study and optimise chemical processes to reduce the quantities of raw materials used, minimising the environmental impact associated with the consumption of raw materials and the generation of the corresponding waste.**

## Consumption of raw materials at Medichem in 2021 in tonnes (t)

		Medichem Spain	Medichem Malta	Combino Pharm Malta
<b>Raw material</b>				
Inorganic compounds	Non-renewable	588,43	20,74	-
Organic compounds	Non-renewable	527,61	13,56	-
	 Renewable	6,48	-	-
Halogenated Solvents	Non-renewable	13,08	0,18	-
	 Renewable	-	-	-
Non-Halogenated Solvents	Non-renewable	1.925,70	367,12	-
	 Renewable	908	16,58	-
Treatment reagents	Non-renewable	439	-	-
Nitrogen	Non-renewable	495,38	394,87	-
Packaging	Non-renewable	210,54	6,79	40,84
	 Renewable	10,68	12,96	-
Brine	Non-renewable	69,96	-	-
	 Renewable	67	-	-
Other	Non-renewable	108,41	1,3	-
Active Pharmaceutical Ingredients	Non-renewable	-	-	7,66
Colouring	Non-renewable	-	-	0,46
Excipients	Non-renewable	-	-	12,1
<b>Total consumption of raw materials</b>		<b>5.370,27</b>	<b>834,1</b>	<b>61,06</b>



### Efficiency in consumption of materials in 2021

Intensity of non-renewable Raw Materials  
(t RM / t product)

**17,44** t RM / t product  
Medichem Spain

**72,29** t RM / t product  
Medichem Malta

**3,49** t RM / t product  
Combino Pharm Malta

Intensity of renewable Raw Materials  
(t RM / t product)

**3,95** t RM / t product  
Medichem Spain

**2,66** t RM / t product  
Medichem Malta

**–**  
Combino Pharm Malta

Intensity of raw materials  
(t RM / t product)

**21,40** t RM / t product  
Medichem Spain

**74,95** t RM / t product  
Medichem Malta

**3,49** t RM / t product  
Combino Pharm Malta

In addition to raw materials for manufacturing our products, at Medichem environmental awareness and activities go much further. All office and cafeteria materials, although with a much smaller proportion than that of production, have an associated environmental impact.

**In the area of office consumables, at Medichem Spain in two years we have reduced paper consumption by 10%** thanks to the implementation of computer tools such as the use of a Document Manager or the need to enter a personal code to print, scan or make photocopies. These tools have been implemented at all sites.

In the **area of cafeterias**, the following actions have been taken at all sites:

- ✓ Replacement of plastic cups with cardboard cups, achieving a reduction of plastic cups.
- ✓ Replacement of plastic and aluminium containers of catering companies at all cafeterias with biodegradable cardboard containers.
- ✓ Replacement of plastic cups, bottles and cutlery with reusable wood or metal elements.

#### **In the area of production (Medichem Spain):**

- ✓ 908 tonnes of solvents were recovered, representing 32% of solvents purchased.
- ✓ 145 tonnes of solvents were reused internally.
- ✓ A raw material (VCZER) was recovered internally.
- ✓ Two different raw materials of solvents (Xylenol and N-Methylpiperazine) were recovered externally.
- ✓ A reduction of 68 containers of 1m3 (IBC) was achieved by the implementation of a system of cleaning and return of these containers.

#### **In the area of production (Medichem Malta):**

- ✓ Almost 17 tonnes of solvents were reused internally.

In other areas, in the case of Medichem Spain, **there has been a reduction of 15.000 plastic bags per year** used for managing clothing in the laundry. These plastic bags have been replaced by compostable bags and reusable boxes.

In the area of production 162 tonnes of solvents were reused internally.







## 03

### Water consumption

At Medichem we are aware that water is a scarce and limited natural resource. **We are therefore committed to continuous improvement in optimal water management.** All water consumed at Medichem comes from the network, except in Medichem Spain which has a groundwater well, although it is only used to control groundwater.

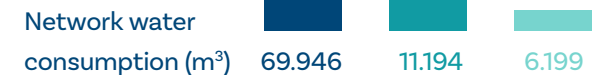
We have implemented a series of measures for use of water in a closed circuit:

- ✓ Reduction of water consumption in cleaning reactors and equipment through the installation of CIP (Clean-In-Place) cleaning systems.
- ✓ Reduction of water consumption in water treatment systems such as reverse osmosis.

**At Medichem Spain we have achieved a 12% reduction of water consumption per production unit in the last three years.**

In addition, previously, during 2020 at Medichem Malta, an investment was made allocated to using water rejected from the water treatment system by reverse osmosis for sanitary use.

#### Water consumption in 2021



#### Efficiency in the total water consumption



## CIRCULAR ECONOMY AND WASTE PREVENTION

At Medichem we are committed to a responsible production and consumption model. The Circular Economy model has therefore formed part of our Environmental Management System for a long time. In all stages of the process, in all departments, and in all plants there is knowledge and awareness of the hierarchy of waste, and we therefore always prioritise the prevention of waste generation, and when this is not possible, we study its reuse and/or recycling. These are the procedures and actions we follow to implement the circular economy model, based on seven areas of action:



### Design

- ✓ In the design of production processes at the level of R&D we take environmental criteria based on green chemistry into account.
- ✓ In the purchase of new equipment we take environmental criteria into account.



### Production and reprocessing

- ✓ Use of water recirculation systems to optimise consumption.
- ✓ Reassessment of processes to reduce the consumption of resources and raw materials.
- ✓ Reuse of raw materials.
- ✓ Replacement of 120 litre barrels with big bags.
- ✓ Implementation of efficiency meetings to improve productivity and thereby reduce environmental impact.
- ✓ Digitisation: implementation of an advanced warehouse management system (WMS) and start of implementation of a new ERP and a digitisation project for manufacturing sheets.



### Transport and distribution

- ✓ Optimisation of packaging, prioritising large sized containers.
- ✓ Use of recycled materials.
- ✓ Optimisation of transport of waste.



## Consumption, use, reuse and repair

- ✓ Internal reuse of solvents.
- ✓ Reuse of raw materials.
- ✓ Corrective and preventive maintenance.
- ✓ Promotion of reuse and recycling avoiding waste.
- ✓ Internal treatment of waste water (Medichem Spain).
- ✓ Reuse of waste from acidic and basic aqueous phases to neutralise waste water of the treatment plant (Medichem Spain).
- ✓ Purchase of recycled 1m<sup>3</sup> containers (IBC).
- ✓ Reuse of raw material containers for waste.
- ✓ Digitisation of documentation through the implementation of a document manager.



## Collection

- ✓ Prioritisation of nearby managers.
- ✓ Selective collection to encourage recycling.



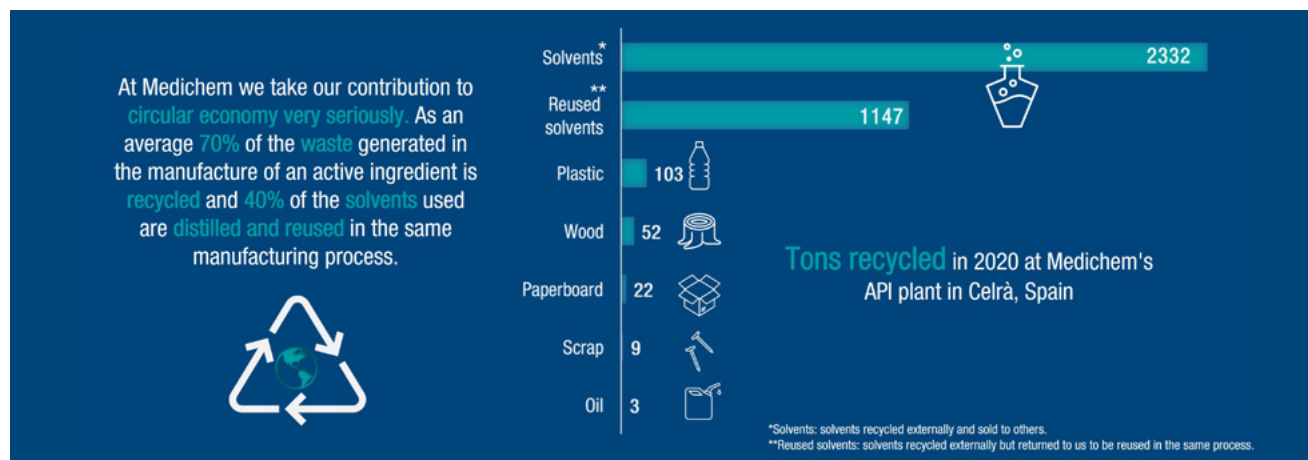
## Recycling/end of life processing

- ✓ Material recovery from waste.
- ✓ Energy recovery from waste.
- ✓ Recycling and reuse of solvents.
- ✓ Recycling and reuse of raw materials.
- ✓ Implementation of a system for washing and return of IBC containers for their reuse.



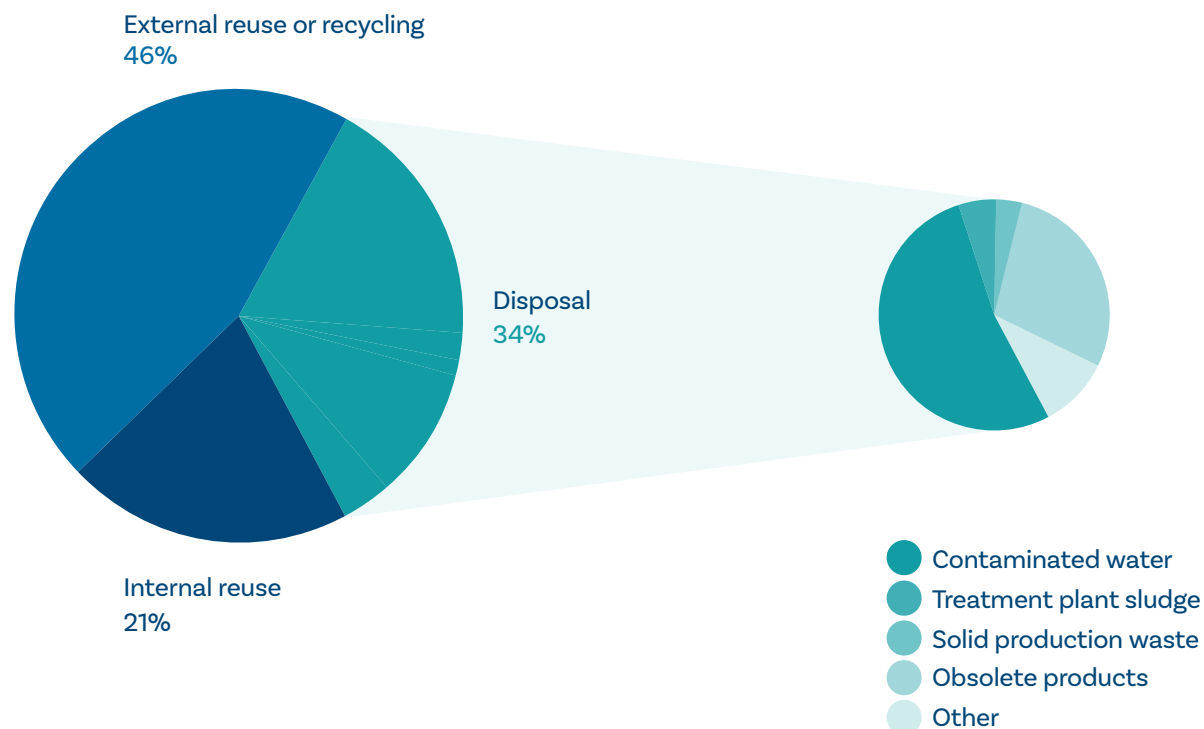
## Purchase of raw materials

- ✓ Approval of raw materials suppliers.
- ✓ Approval of transporters.



On Global Recycling Day in 2020, we carried out an external communication campaign on our networks, bringing visibility to the percentage of waste that we recycle at Medichem Spain.

### Waste generated in 2021



Additionally, at Medichem we individually and meticulously study the generation of waste in each manufacturing process. From the start of the project, at the level of R&D, the focus is placed on how **to minimise the waste generated, optimise the consumption of raw materials and reuse and/or recover solvents or raw materials used**. For any waste generated, we study its reuse. If this is not possible, we study its recovery so that it may be used again in the same process, and if this is not possible, we seek the way to recover it, only sending it for processing or destruction as a last resort.

During 2021, at Medichem Spain, 21% of waste was reused, 46% was recycled, and 34% of waste generated was processed or discarded.

## PACKAGING

Each year at Medichem Spain **we calculate the quantity of packaging material for products** placed on the market through the *Declaration of Packaging* of the Department of Territory and Sustainability of the Regional Government of Catalonia. At Combino Pharm Malta we are evaluating the packaging materials used currently and are contacting suppliers to obtain more sustainable packaging.

### Ratio of packaging placed on the market to the quantity of product sold (kr/kp)

2020	2019	2018	2017	2016
<b>0,090</b> kr/kp	<b>0,085</b> kr/kp	<b>0,078</b> kr/kp	<b>0,082</b> kr/kp	<b>0,085</b> kr/kp

### Tonnes of waste generated in 2021 classified as non-hazardous, hazardous, and by-products, along with their recovery percentage

	Medichem Spain		Medichem Malta		Combino Pharm Malta	
Type of waste	Waste generated	% of waste destined for recovery	Waste generated	% of waste destined for recovery	Waste generated	% of waste destined for recovery
Non-hazardous waste	301	29%	18	60%	15	65%
Hazardous waste	4.753	67%	609	89%	20	26%
By-products	3	100%	-	-	-	-
<b>Total (tonnes)</b>	<b>5.057</b>	<b>-</b>	<b>627</b>	<b>-</b>	<b>35</b>	<b>-</b>



## FOOD WASTE

Given the nature of the activity of the company, food waste is not considered a material aspect for Medichem.

## EMISSIONS

Global warming is the greatest challenge of our time. The UN warns that the increase of temperatures by more than 2°C will cause major scarcity of water, increased fires, and instability of the food system, among other consequences. Therefore, at Medichem we have implemented a set of measures to contribute to slowing the progress of climate change.



# 01

### Greenhouse gas emissions

We are aware of the effect that greenhouse gas emissions generate on climate change, and are therefore firmly **committed to contributing to mitigating these effects and steering the economy toward zero carbon emissions.**

#### Scope 1

##### Direct emissions

Emissions generated due to the consumption of natural gas, diesel and the leak of refrigerant gases.

#### Scope 2

##### Indirect emissions

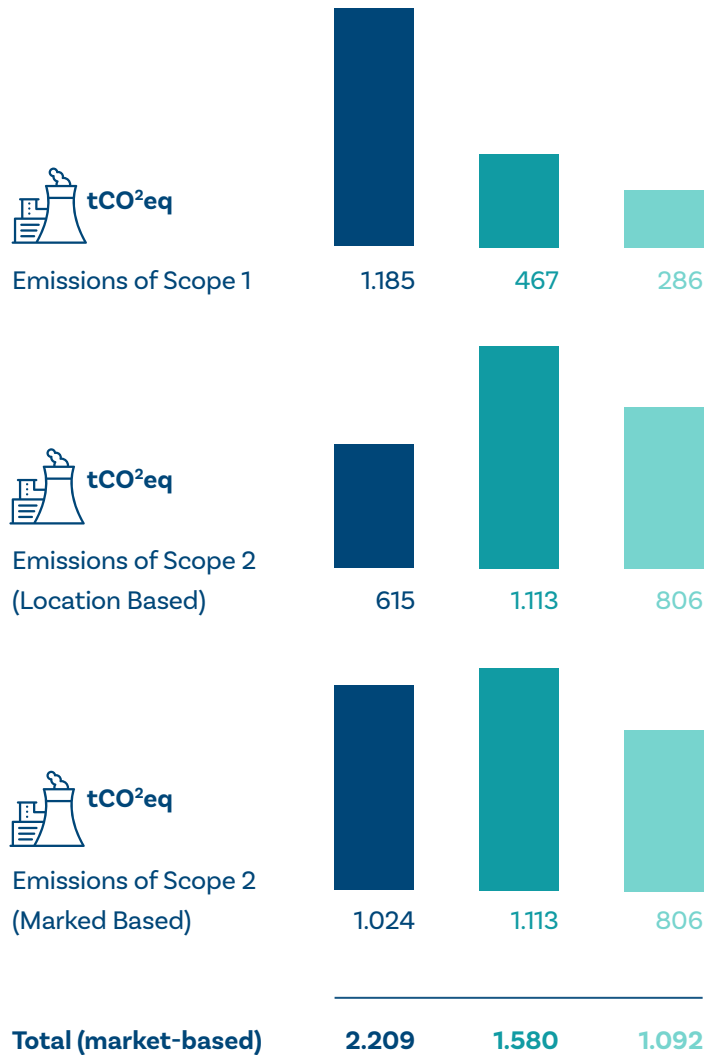
Emissions generated by electricity consumption.

#### Scope 3

##### Indirect emissions

These emissions are not delivered in this report.

## Greenhouse gas emissions of Medichem and Combino Pharm Malta in 2021



Medichem Spain
 Medichem Malta
 Combino Pharm Malta

At Medichem we have strived to evaluate the environmental impact of greenhouse gas emissions of our activities (**calculation of carbon footprint**). To do so, the calculation of Scope 1 and Scope 2 of these emissions was carried out with the “GHG emissions calculator” provided by the *Catalan Climate Change Office of the Regional Government of Catalonia*. Indirect CO<sub>2</sub> emissions based on *Location Based* electricity consumption have been calculated using the production mix coefficient of the 2020 report of the *National Commission of Markets and Competition* (0.15 kg CO<sub>2</sub> per kWh). We have calculated indirect CO<sub>2</sub> emissions based on *Marked Based* electricity consumption using the generic marketer mix coefficient of the 2020 report of the *National Commission of Markets and Competition* (0.25kg CO<sub>2</sub> per kWh).

We have obtained the CO<sub>2</sub> emissions from electricity consumption for Malta from: *Fuel Mix for Energy distributed by Enemalta plc. in 2019 - Enemalta*. The conversion from m<sup>3</sup> to GJ is by the company *Liquigas Malta*, gas supplier in Malta. We have calculated CO<sub>2</sub> emissions from gas consumption in Malta through the 2020-2019 Carbon Footprint calculator for scope 1+2 for organisations of the *Ministry for Ecological Transition and Demographic Challenge*.

To achieve a significant reduction of greenhouse gas emissions we have made an effort to create and maintain a series of corrective measures such as those described below:

- ☑ In 2021 we installed two charging points for electric cars in Celrà, and in 2022 another two will be installed at the Malta factory and in the car park of the building of the central offices.
- ☑ Previously, in 2020, tools were implemented to encourage telematic meetings, and in 2021 teleworking was implemented (one day per week, extended to an additional day per month).
- ☑ We are renewing the fleet of leased vehicles with zero emissions vehicles.



## 02

### Pollutant gas emissions

Additionally, as a consequence of our activity, other pollutant gases are emitted into the atmosphere, different from greenhouse gases, which we are committed to controlling and managing to mitigate their impacts.

At Medichem Spain and Medichem Malta we address atmospheric emissions from processes through the **installation of gas absorption scrubbers** at each of the manufacturing plants of the two sites. Additionally, each year we report to the administration through the *European Pollutant Emission Register (EPER)*, which collects data on air and water emissions and transfer of waste from activities with a potential effect on the environment, emissions from compounds emitted in manufacturing and processes combustion.

#### Gas emissions of each plant in 2021

Pollutant quantity (t)	Medichem Spain	Medichem Malta	Combino Pharm Malta
<b>TVOC</b> (Total Volatile Organic Compounds)	11,8	1,08	-
<b>CO</b> (carbon monoxide)	0,14	0,05	0,01
<b>NOx</b> (nitrogen oxides)	0,87	0,27	0,08

At Medichem Spain we have calculated the quantity of TVOC with a real value measured in 2020 -real measurements were not taken in 2021-. At Medichem Malta, the quantity of TVOC has been calculated with a real value measured in 2021.

We have calculated the quantities of carbon monoxide (CO) and nitrogen oxides (NOx) emitted through emission factors of the *EPER CAT Guide for Reporting Emissions of the Chemical Sector* based on consumption of natural gas and LPG (Liquid Petroleum Gas).

During 2021, at Medichem Spain we have carried out a study to determine the technologies which must be invested in to continue fulfilling our commitment to keep reducing the emissions of manufacturing plants. From this study, we have drawn a set of actions to be carried out in the coming years, and in 2022 we will create the technical project of the investment to be made.



## 03

### Discharge of waste water

Another pertinent factor for Medichem is the **quality of discharged waste water**, being a significant aspect in our activity due to the quantity and presence of significant pollutants in the waste water. To carry out responsible management of waste water treatment, it is essential to work on two lines of action:

- ✓ Improving the quality of this water.
- ✓ Reducing the volume discharged.

Medichem fulfils the requirements established in its waste water discharge authorisations at all its installations. The waste water is managed internally at the internal waste water treatment plants, to be discharged to another municipal treatment plant before being discharged, into the river at Medichem Spain, or the sea at Medichem Malta.

At Medichem Spain the waste water generated is treated through homogenisation, neutralisation and a physico-chemical treatment before a chemical oxidation with hydrogen peroxide. The slurry generated is dried with a filter press. **The chemical oxidation treatment with hydrogen peroxide is considered a Best Available Technique (BAT), in which Medichem contributed to the development of the BREF\* for the waste water treatment system in the chemical sector.**

At Medichem Malta, waste water is treated through a physico-chemical treatment. The system also includes homogenisation and neutralisation before the physical treatment. Finally, the slurry generated in the physico-chemical treatment is filtered to eliminate the water it contains.

The most significant discharge parameter of our sector is Chemical Oxygen Demand (COD), which is the quantity of oxygen necessary for oxidising the organic material by chemical means and converting it into CO<sub>2</sub> and H<sub>2</sub>O. However, chloride, phosphorus, nitrogen and suspended matter pollutants are also significant for both Medichem Spain and Medichem Malta.

\* These BREF documents (BAT Reference Documents) or European Reference Documents on Best Available Techniques, describe, for each industrial sector, the techniques applied, the current emissions of all means and levels of consumption, the techniques considered to determine the best available techniques, as well as the conclusions on BATs and emerging techniques.



## Values obtained in the periodic measurements of discharges in 2021



Pollutant quantity (t)	Medichem Spain	Medichem Malta & Combino Pharm Malta
COD	40,42	5,55
Total phosphorus	0,46	0,007
Kjeldahl nitrogen	2,39	0,04
Suspended matter	4,41	0,16
Chlorides	51,25	4,62

The quantities of contaminants have been calculated through real analytical results taken periodically during 2021 and the quantity of water discharged. At Medichem Spain, the quantity of water discharged is estimated (amounting to 80% of the total water consumed), and in Malta the quantity of water discharged is the real quantity measured with a flow meter, and is that of both Medichem Malta and Combino Pharm Malta, as all waste water generated at the two plants is managed at the same treatment plant, and is therefore discharged together.

In 2021 we have managed to **reduce the value of COD input to the treatment plant by 23%** (2021 vs the average of the last 8 years) thanks to having installed specific containers for collection of solvents from the trap tanks of the production plants.

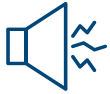
**We have reduced consumption of hydrochloric acid (HCl) in the treatment plant by 85%** (2014 vs 2021), corresponding to 11 tonnes, due to not diluting the catalyst and using acidic water from gas absorption columns to neutralise the waste water.

We have reduced consumption of hydrochloric acid (HCl) in the treatment plant by 85%.

In 2022, and in accordance with the environmental objective, at Medichem Spain, a study will be carried out on evaporation or other emerging techniques for the internal treatment of waste water which is currently being treated externally.

In Malta, the installation of a new waste water treatment aerator will be studied to improve the elimination of COD (Chemical Oxygen Demand) and BOD (Biological Oxygen Demand). In parallel we will also carry out studies to monitor the levels of COD of different waste water inputs to identify future actions to take to reduce levels of BOD and COD.





## 04

### Light and noise pollution


After the evaluation of environmental aspects, **we have not found a significant environmental impact on the surroundings by light or noise emissions**, and therefore have not considered them material impacts for Medichem. Even so, we are firmly committed to the reduction of our environmental footprint, therefore complying with regulations on light pollution, and at all sites we are gradually replacing all outside lighting with LED lighting.

At Medichem Spain, this year study has been carried out on outside lighting which covers the next 4 years for the replacement of all outside lights with LED lighting.

At Medichem Malta we will gradually replace all outside lights with LED lighting.

With regard to noise, we are replacing equipment which emits more noise with other, quieter new machinery. At Medichem Malta and Combino Pharm Malta, in August 2021 we took noise measurements and concluded that it did not exceed background noise by over 5 decibels (dB).

In July 2020 at Medichem Spain we carried out a noise pollution study, undertaken by Dekra Industrial SAU, and the conclusions were that we complied with all established requirements.



A study has been carried out on outside lighting which covers the next 4 years for the replacement of all outside lights with LED lighting.



05

## Soil and groundwater contamination

We have spent a long time striving to reduce our environmental impact and designing activities with a significant contribution. In 2015 the company eSolve created a soil report: a **complete study of the situation of soil and groundwater of the whole site**, installing 4 fixed piezometers. Piezometers are submersible measurement sensors sensitive to pressure, designed for periodic monitoring of the **quality of groundwater and soil contamination**. At Medichem Spain we use them exclusively to measure volatile organic compounds, the temperature and moisture of the soil and to measure the phreatic level, analyse TPH (total petroleum hydrocarbons), volatile organic compounds and other compounds of groundwater.

From this date, **soil controls have been carried out every six months, and groundwater controls every five years to ensure that there is no contamination** and therefore no environmental impact.

At Medichem Malta, in January 2017 the company *En-sure Monitoring* carried out a risk assessment for potential soil and groundwater contamination. In this evaluation it was concluded that the risk of soil and groundwater contamination was very low, therefore we have not considered it necessary to create the soil report or monitor groundwater.

Soil controls have been carried out every six months, and groundwater controls every five years.



## ADAPTATION TO CLIMATE CHANGE

Although no risk analysis is available to analyse the impact of climate change on our activity, work is being carried out to reduce water consumption at the plants in Malta, as they are located in an area considered a water stress area.

The Medichem Spain plant is not located in a water stress area and is not in a floodable area.

In the case of an accidental scenario, these natural spaces would not be affected.

## BIODIVERSITY

Biological diversity safeguards the function of the life cycles of water, nutrients, and the soil, and it is therefore necessary to minimise our impact.

The API manufacturing plant of Medichem Spain is not located on protected natural space or space of natural interest. The nearest protected natural space is located 2 kilometres to the north of the site and is called “Riberes del Baix Ter”, which since 2014 has formed part of the Special Protection Plan (PEIN). This space has an area of 1.160,36 hectares. Additionally, 2km to the southwest of the site there is another protected natural space called “Les Gavarres”, and like the former, forms part of the Special Protection Plan (PEIN). This space has an area of 28.868,77 hectares and has been considered a protected natural space since 1992.

In the case of an accidental scenario, these natural spaces would not be affected, as concluded in the Environmental Risk Analysis report at Medichem installations (Celrà) created in October 2019 by environmental consultant and engineering company eSolve.

At Medichem we work for the sustainable coexistence of industry and the environment through actions to preserve biodiversity. Proof of this is our undertaking periodic controls of atmospheric emissions, soil, waste water and groundwater, as explained in the previous sections, to ensure that the activity does not have any negative effect on the natural surroundings.

The API manufacturing plant of Medichem Malta and the FDF manufacturing plant of Combino Pharm Malta are located on adjacent plots at the Ħal Far Industrial Estate in Birżebbuġa. The cliffs located along the Ħal Far Industrial Estate are designated as part of a Special Protection area (ZEPA), as a Natura 2000 Special Conservation Area (ZEC) and is classified as an Area of Ecological Importance (AEI). Therefore, in January 2017 with the company Ensure, we carried out a risk analysis for soil and groundwater contamination for Medichem Malta, in which it was concluded that the activity of Medichem Malta did not have any adverse effect on the natural surroundings.



# 08

## Human Rights

At Medichem we are aware of the real impact that our activities generate on our stakeholders: clients, employees, partners, communities, as well as on society in general.



## HUMAN RIGHTS

In this sense, Medichem has a firm commitment to the protection of human rights, following the guiding principles established by the United Nations in this regard based on their protection and respect, and additionally on the resolution of violations of these rights which may occur in companies.

Likewise, at Medichem we comply with the provisions of the **fundamental ILO conventions related with respect for freedom of association and the right to collective bargaining**.

Due to all the above, at Medichem we are committed to:

- ✓ Observing, respecting, and always promoting human rights.
- ✓ Ensuring compliance with the content of applicable international and national regulations, following the principle of due diligence in operations and decision always making.
- ✓ Establishing mechanisms to resolve specific breaches of them which may occur at the company.

With this goal, at Medichem we have developed, within the **Crime Prevention Model** (in particular in the **Anti-discrimination and Anti-abuse Protocol**, as well as in

the **Protocol on Selection and Hiring of Employees**), specific provisions related with the prohibition of child exploitation and forced labour. Likewise, Medichem has a Code of Conduct based on compliance with current legislation, which is shared with third parties with which it has business relationships.

Additionally, **we have not received any communication through the Medichem Whistleblower Channel**, and have not been made aware through other channels, that the company has incurred any violation of human rights in undertaking its business activities.







# 09

## Social Responsibility

As a company committed to society and the environment, we are socially responsible for everything around us.



## SOCIAL COMMITMENT

The philanthropic work that we carry out is not only established based on the nature of the organisation; we also create and coordinate charity actions ensuring that the philosophy is common to the whole company, demonstrating that our commitment is authentic and that all individuals of the group are aware of it and share it.

The management of the positive impact of Medichem has advanced very favourably over the years. In 2021 we have placed a special focus on 4 areas of action:

- ✓ **Promotion of healthy habits and access to health by vulnerable groups.**
- ✓ **Support for the most vulnerable children and teenagers.**
- ✓ **Attention to groups at risk of social exclusion**
- ✓ **Transformation of third sector entities through innovation.**

We seek to promote the participation of the Team either directly or by selecting the destination of the donation.

The actions encompassed within the scope of Social Responsibility, among others, are:

- ✓ **Oncotrail in Spain**, with the participation of employees from Spain and Malta.
- ✓ Donations to the **Food Bank of Barcelona**.
- ✓ In Spain, donations to affiliates of **Cáritas** located in towns where the work centres are established.
- ✓ **Catalan Association Against Cancer**.
- ✓ In Malta, donations to **Save the Children**.
- ✓ **0 Accidents Campaign**: The Celrà centre launched a charity campaign promoting **Avoiding Accidents**, helping local entities dedicated to social purposes by donating an economic sum every 100 days without workplace accidents. The organisation which received the donation was proposed by voting by the staff of Medichem Celrà.

The beneficiary associations were:

- ✓ **SAGI (Associació Síndrome d'Asperger Girona) (Girona Asperger Syndrome Association)**. A non-profit entity, created for families with affected members, to address common problems and needs.
- ✓ **Associació Duchenne Somriures Valents**. A non-profit association formed by families and friends of children affected by Duchenne and Becker muscular dystrophy. The association raises funds to research the conditions.
- ✓ **Fundació Els Jonscs**. A non-profit entity which assists people with intellectual disabilities so that they may achieve maximum autonomy.



The donations contributed on the 31<sup>st</sup> of December 2021 amounted to a total of 251.831 euros.



# 10

## Quality and Clients

The management of Medichem is carried out from the strategy defined by the Advisory Board in common consent with the Board of Directors, which has delegated to the CEO the executive functions related to the everyday management of the company.





## MANAGEMENT

Management is shared with the Executive Committee, which at the start of each year sets the objectives for the company to achieve in that financial year, as well as the main departmental objectives, all in line with the defined strategy. The objectives are cascaded down to the different levels of the organisation; both those defined between various departments and those which concern only a single department. The same body ascertains the fulfilment of the objectives at the end of each financial year.

On a quarterly basis, the progress of the company on the objectives is assessed and communicated on noticeboards.

## LEGISLATION AND QUALITY

At Medichem **we ensure constant compliance with current legislation in all jurisdictions where we have affiliates.** This compliance is carried out as instructed and under the guidance of the Legal department and the supervision of General Management.

The Medichem production plants, all **certified**, are located in Spain and Malta.

We have an **integrated quality system**, with its own policies and procedures, which complies with applicable laws, rules, and regulations, in addition to the requirements of clients and those defined by Medichem to ensure the continuous improvement of all its processes and products. Likewise, this is complemented with a continuous evaluation of the efficiency of the organisation and the undertaking of internal audits.

We ensure our presence in international markets through the administrative authorisation of our production installations by the main authorities of the sector. We also have certifications which accredit the quality of our products and processes developed in the organisation, proof of this being the accreditation by EU GMP, ISO 14001 (not applicable to FDF Spain or Malta), and the FDA of the USA. Additionally, the Celrà plant has the accreditation of the Korean FDA. Furthermore, Chlorhexidine salts have the Halal certification.



Medichem periodically receives **audits** to verify our compliance with applicable requirements. The audits are carried out by clients (in-person and remote format), by certification entities based on applicable regulations (ISO 14001, Halal, etc.), and, by health authorities. During 2021 the following audits/inspections were received:

#### Audits and Inspections in 2021



	Medichem Spain	Medichem Malta	Combino Pharm Malta
Authorities	-	1	-



	Medichem Spain	Medichem Malta	Combino Pharm Malta
Certifications	2	1	-



	Medichem Spain	Medichem Malta	Combino Pharm Malta
Clients	29	12	8

Additionally, Medichem addresses all questions from clients on processes and products, in addition to attending to them on visits and audits at our production plants. Medichem maintains its own system for managing **complaints** received through different departments, always being redirected to the Commercial and Quality Assurance (QA) department. All complaints received are investigated, and when it is considered appropriate, actions are proposed, focused on resolving the root cause. The following table shows the number of complaints received during 2021 in the three business units, as well as the percentage of them with closed status on the 31<sup>st</sup> of December 2021 in line with internal procedures.

#### Complaints 2021

Number of complaints received	49	6	22
Resolved	76%	67%	77%

## R&D AND CLIENTS

On an annual basis, at Medichem we allocate 10% of invoicing of the budget to R&D projects.

The projects are proposed and evaluated by the Selection Committee and implemented thanks to a team for each project. This team is made up of a Project Leader and a team made up of people from different fields of the organisation who monitor the progress of each project.

Some of these projects are subject to public financing at both a state and autonomous region level. As a result, these projects are audited a posteriori by the entities granting the subsidies.

For the organisation, based on our B2B strategy, the satisfaction of our clients' needs is an essential pillar. Therefore, at Medichem we measure the **satisfaction of clients** through periodic meetings and satisfaction surveys, the latest being carried out in November 2020, the evaluation of which was satisfactory in aspects such as level of fulfilment of expectations, evaluation of technical support and evaluation of Medichem as a supplier, among others.



## COLLABORATIONS

Medichem **closely collaborates** with pharmacopoeias of the USA (USP) and Europe (EP) providing reference standards for products, reviewing analytical methods, and if necessary proposing improvements to them, and through participations in expert groups of the USP and EP.

Likewise, Medichem also actively participates in environmental and sustainability work groups of “Medicines for Europe”.

In turn, Medichem regularly works jointly with different projects with specific technical personnel from the University of Girona, as well as the Materials Science Institute (ICMAB) of the Autonomous University of Barcelona (UAB).

Medichem, as a company which manufactures pharmaceutical active ingredients and finished products, is a member of the AMR through “Medicines for Europe”, as well as AFAQUIM and other associations of the chemical-pharmaceutical sector.

## CYBERSECURITY

Medichem’s commitment to cybersecurity is reflected in the **Security Guidelines** and the efforts the organisation makes to guarantee compliance with the regulatory framework of our sector. Our guidelines establish as basic principles that all our information and telecommunications systems have the appropriate level of cybersecurity and resilience. At Medichem, continuous improvement processes are implemented in the areas of prevention, detection, analysis, recovery, and research to address new threats, the main objective being to raise the awareness of and train employees and third parties on cybersecurity risks and threats.

The working procedures on cybersecurity are reviewed regularly with internal and external authorities, carried out by cybersecurity experts, always seeking potential security breaches, and anticipating, where possible, corrective, and preventive actions to avoid risks.

The use of third-party or cloud-based services is managed through periodic audits and reviews in order to guarantee privacy and compliance with current regulations.

## PHARMACOVIGILANCE

Medichem has a qualified person responsible for Pharmacovigilance (QPPV) at a European level, corresponding with the local Manager for Pharmacovigilance for Spain. Additionally, at Medichem we have implemented a suitable system for fulfilment of its pharmacovigilance functions, aimed at controlling the security of authorised medications and identifying any modification of their risk-benefit.

Medichem does not currently directly commercialise any of the medications that it owns; for this reason, we do not receive notifications on adverse reactions of these products. Nevertheless, any employee of the company who is alerted to an adverse reaction must report it to the Pharmacovigilance department as established in the internal procedure.

Likewise, an initial and ongoing training programme on Pharmacovigilance has been established. This training is carried out in accordance with internal procedures under the supervision of the Human Resources department.





# 11

## Suppliers

The main purchases of Medichem are purchases of raw materials and intermediates for the manufacture of APIs and contracting the manufacture of sterile finished products in the case of FDFs for which Medichem does not have installations (located in Europe).



## SUPPLIERS

The Purchasing Policy establishes a framework for action between Medichem and suppliers, promoting ethical, transparent, and reliable commercial relationships, in addition to taking social and environmental aspects into account. At Medichem we have a Code of Conduct which details the way in which the company develops commercial relationships with its suppliers and other commercial partners.

In March 2021, we reviewed and approved a new version of the Supplier Evaluation procedure which detailed new criteria on ethics, sustainability and safety in the supplier selection and evaluation process.

We work on a global purchasing model with local application, working to guarantee coordinated management, seeking opportunities and synergies between the departments and companies of the group.

The suppliers that provide materials, services, and logistics and which contribute to the quality of the manufactured products are authorised in advance, and their risk is evaluated twice per year from various departments of the company, led by the Quality Department.

As a risk mitigation plan, we work with an Annual Strategic Plan for Authorisation to ensure the supply with a minimum of three suppliers of critical raw materials in different geographic locations if it is viable.

In this field we have initiated a project to increase the number of suppliers located in Europe in order to contribute to maintaining the production in Europe, also reducing the transport impact, affecting the environment positively.

Based on the evaluated annual risk level and its impact on the supply chain, we carry out periodic audits on our suppliers of raw materials and services, as well as manufacturing of FDFs, to ensure that they have an adequate quality system and that they are compliant with the required specifications. It is expected that our suppliers in turn have an environmental policy which is compliant with legislation and regulations existing on environmental protection and safety, and respect for international laws on human rights.

In 2021, a total of 25 suppliers were audited based on internal procedures, with satisfactory results in all cases. Medichem has made a great effort to comply

**100%**  
audits with  
a favourable  
result

with the defined audit plan in the context of the global pandemic, with audits managed both in person and by digital means. These audits could not be carried out based on the 2021 planning for different reasons (lack of supplier availability, cancellation due to COVID-19, postponement due to raw material production, etc.), having been rescheduled for 2022.

The Quality teams of Malta and Spain work jointly to configure a shared audit plan between plants and businesses, with the objective of combining efforts, synergies, and knowledge among the qualified employees of the different areas and businesses.

The conclusions of these audits are always shared with suppliers and will require an action or improvement plan in cases where necessary.

Finally, at Medichem we also establish a system to evaluate the transport companies that form part of the supply chain, also evaluating the environmental performance of aspects related to safety.



# 12

## Fiscal transparency

At Medichem we are committed to acting with fiscal responsibility and complying with fiscal legislation and obligations in all countries in which we carry out our activity, always acting in a transparent and truthful way in our relationships with tax authorities.

## FISCAL TRANSPARENCY

The structure of the company in each territory is aligned with the activities carried out and based on commercial and/or industrial reasons. Proof of this is our **Fiscal Policy**, which is aligned with the mission and values of the company, as well as the strategy of our businesses.

The Administrative Body of the company, responsible for the leadership, administration, management, and control of the business, is responsible for supervising the Fiscal Policy of the company based on a prudent and reasonable interpretation of tax regulations in force in each legislation, avoiding any fiscal risk.

At Medichem we have a **Transfer Price Policy** aligned with current regulations and which applies to all operations with related parties. This policy is reviewed annually to guarantee compliance with it and avoid any deviation.

We do not operate in territories classified as tax havens.

The **subsidies** received correspond mainly to obtaining grants of non-reimbursable character from the *Centre for the Development of Industrial Technology (CDTI)* for R&D projects, and investment grants from *Malta Enterprise*.

### Subsidies in 2021

Tax jurisdiction	Subsidy (€)
España	153.651 €
Malta	386.670 €









# Annexes

## DEVELOPMENT AND TRAINING

### Training hours

Below we present the total hours of training by gender and professional category and the average hours per employee:

### Medichem Spain



Gender	Professional Category	Total N° of Training hours	Average hours per employee/ professional category
	Executives	52,5	10,5
	Managers	122	8,71
	Technicians	808	11,71
	Administration / Analysts	1.458,40	30,38
	Executives	61	15,25
	Managers	187	11
	Technicians	817,8	15,14
	Administration / Analysts	1.219,70	16,05
<b>Total</b>		<b>4.726,40</b>	<b>16,47</b>

## DEVELOPMENT AND TRAINING



### Training hours

The reported hours in both Spain and Malta do not include hours of Pharmacovigilance, Compliance, or training hours of the Welcome Plan.

### Medichem Malta

Gender	Professional Category	Total N° of Training hours	Average hours per employee/ professional category
	Executives	-	-
	Managers	394,75	131,58
	Technicians	34,5	11,5
	Administration / Analysts	60	15
	Executives	5	5
	Managers	148,5	24,75
	Technicians	333,25	30,3
	Administration / Analysts	655,41	43,69
<b>Total</b>		<b>1.631,41</b>	<b>37,94</b>

### Combino Pharm Malta

Gender	Professional Category	Total N° of Training hours	Average hours per employee/ professional category
	Executives	-	-
	Managers	22,5	11,25
	Technicians	62	15,5
	Administration / Analysts	510,24	31,89
	Executives	-	-
	Managers	151,08	37,77
	Technicians	601,57	50,13
	Administration / Analysts	663,99	44,27
<b>Total</b>		<b>2.011,38</b>	<b>37,95</b>

## ORGANISATION OF WORKING HOURS AND MEASURES FOR DISCONNECTION FROM WORK







### Absence hours

#### Absence hours by site

Site	
Medichem Spain	9.341
Medichem Malta	2.578
Combino Pharm Malta	3.484
<b>Total</b>	<b>15.403</b>

# Staff







## Total employees by gender and age

	Medichem Spain		Medichem Malta		Combino Pharm Malta	
						
Under 30	18	14	3	9	6	12
Between 30 and 50	101	98	6	22	16	17
Over 50	17	39	1	2	-	2
Total	136	151	10	33	22	31



## Staff

### Total employees by gender and professional category

	Medichem Spain		Medichem Malta		Combino Pharm Malta	
						
Executives	5	4	0	1	0	0
Managers	14	17	3	6	2	4
Technicians	69	54	3	11	4	12
Administration / Analysts	48	76	4	15	16	15
<b>Total</b>	<b>136</b>	<b>151</b>	<b>10</b>	<b>33</b>	<b>22</b>	<b>31</b>

# Staff

## Proportion of Relative Presence (PRPMW)

The formula for calculating the Proportion of Relative Presence of Men and Women (PRPMW) is as follows:  $((\text{Women} - \text{Men}) / (\text{Women} + \text{Men})) + 1$ . A gender gap of -12.28 percentage points being established between them.



This proportion of relative presence is 0.88 points and is within the limits of balanced representation.

The age group of 30 to 50 years is where the proportion of relative presence of 0.95 is close to being balanced.



**Under 30**



**Between 30 and 50**



**Over 50**



**Executives**



**Managers**



**Technicians**



**Administration / Analysts**



## Staff

### Total contracts

	Medichem Spain		Medichem Malta		Combino Pharm Malta	
<b>Contract type</b>	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Permanent	262	5	43	-	48	3
Temporary	17	3	-	-	2	-
<b>Total</b>	<b>279</b>	<b>8</b>	<b>43</b>	<b>-</b>	<b>50</b>	<b>3</b>

## Staff

### Average contracts by gender and age\*

Medichem Spain		Permanent		Temporary	
Gender	Age	Full-time	Part-time	Full-time	Part-time
Woman	Under 30	9,33	-	5,33	-
	Between 30 and 50	95,42	3,75	0,75	-
	Over 50	16,5	1,42	-	-
Man	Under 30	7,5	-	9,75	-
	Between 30 and 50	92,83	1	4,75	-
	Over 50	36,34	-	-	2,67
<b>Total</b>		<b>257,92</b>	<b>6,17</b>	<b>20,58</b>	<b>2,67</b>
Medichem Malta		Permanent		Temporary	
Gender	Age	Full-time	Part-time	Full-time	Part-time
Woman	Under 30	2,5	-	-	-
	Between 30 and 50	4,83	-	-	-
	Over 50	1,75	-	-	-
Man	Under 30	9	-	-	-
	Between 30 and 50	23,25	-	-	-
	Over 50	2	-	-	-
<b>Total</b>		<b>43,33</b>	<b>0</b>	<b>0</b>	<b>0</b>
Combino Pharm Malta		Permanent		Temporary	
Gender	Age	Full-time	Part-time	Full-time	Part-time
Woman	Under 30	5,33	-	0,33	-
	Between 30 and 50	11,92	3	1	-
	Over 50	0,75	-	-	-
Man	Under 30	10,58	-	-	-
	Between 30 and 50	17,92	-	-	-
	Over 50	2	-	-	-
<b>Total</b>		<b>48,5</b>	<b>3</b>	<b>1,33</b>	<b>-</b>

\* The average is calculated with the average number of employees at the end of each month.

# Staff

## Average contracts by professional category\*

### Medichem Spain

	Permanent		Temporary	
Professional Category	Full-time	Part-time	Full-time	Part-time
<b>Executives</b>	9,33	-	-	-
<b>Managers</b>	29,42	-	-	-
<b>Technicians</b>	117,41	1,75	2,33	0,92
<b>Administration / Analysts</b>	101,75	4,42	18,25	1,75
<b>Total</b>	<b>257,92</b>	<b>6,17</b>	<b>20,58</b>	<b>2,67</b>

### Medichem Malta

	Permanent		Temporary	
Professional Category	Full-time	Part-time	Full-time	Part-time
<b>Executives</b>	1	-	-	-
<b>Managers</b>	9,75	-	-	-
<b>Technicians</b>	14,5	-	-	-
<b>Administration / Analysts</b>	18,08	-	-	-
<b>Total</b>	<b>43,33</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Combino Pharm Malta

	Permanent		Temporary	
Professional Category	Full-time	Part-time	Full-time	Part-time
<b>Executives</b>	-	-	-	-
<b>Managers</b>	6,75	-	-	-
<b>Technicians</b>	15,25	1	-	-
<b>Administration / Analysts</b>	26,5	2	1,33	-
<b>Total</b>	<b>48,5</b>	<b>3</b>	<b>1,33</b>	<b>-</b>

\*The average is calculated with the average number of employees at the end of each month.



# Staff

## Dismissals

Below we present the number of dismissals which have occurred during 2021, with a breakdown by professional category, age, and gender.

While there were no dismissals in Malta, in Spain there were a total of 10: 5 women and 5 men.

### Dismissals Woman



1  
Executives



0  
Managers



3  
Technicians



1  
Administration / Analysts

### Dismissals Man



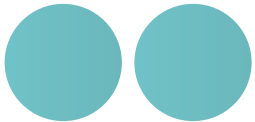
0  
Executives



1  
Managers



2  
Technicians



2  
Administration / Analysts

Total

1

1

5

3

## Staff



### Dismissals



	Medichem Spain		Medichem Malta		Combino Pharm Malta	
Professional Category	Woman	Man	Woman	Man	Woman	Man
Executives	1	-	-	-	-	-
Managers	-	1	-	-	-	-
Technicians	3	2	-	-	-	-
Administration / Analysts	1	2	-	-	-	-
<b>Total</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Medichem Spain		Medichem Malta		Combino Pharm Malta	
Age	Woman	Man	Woman	Man	Woman	Man
Under 30	-	1	-	-	-	-
Between 30 and 50	3	4	-	-	-	-
Over 50	2	-	-	-	-	-
<b>Total</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Remuneration

## Average remuneration by gender and professional category

Medichem Spain		Average remuneration (€)	
			Total
Level 1 – Executives	116.643	129.038	122.841
Level 2 – Managers	81.284	84.554	82.374
Level 3 – Managers and experts	61.728	67.054	64.746
Level 4 – Coordinators and specialists	42.949	44.353	43.475
Level 5 – Technicians	41.240	38.526	39.954
Level 6 – Support	31.988	33.178	32.774
<b>Total</b>	<b>44.794</b>	<b>42.736</b>	<b>43.690</b>

Medichem Malta		Average remuneration (€)	
			Total
Level 1 – Executives	-	-	-
Level 2 – Managers	-	-	-
Level 3 – Managers and experts	-	39.612	39.940
Level 4 – Coordinators and specialists	-	29.536	29.353
Level 5 – Technicians	-	24.206	24.206
Level 6 – Support	23.192	20.796	21.395
<b>Total</b>	<b>31.156</b>	<b>30.620</b>	<b>30.748</b>

1. Due to data confidentiality, records in which the number of people is equal to or fewer than 3 have been eliminated.
2. For the calculation of the averages, the fixed remuneration of all employees contracted, even if not registered, on the 31st of December 2021 was taken into account.
3. To be able to correctly calculate the wage gap, the full-time salaries have been annualised and equated.
4. The classification system corresponds to the job evaluation system of the company, which complies with the criteria of adequacy, totality, and objectivity; thereby guaranteeing the absence of direct and indirect discrimination between women and men and the correct application of the principle of equal pay for work of equal value.



Combino Pharm Malta		Average remuneration (€)	
			Total
Level 1 – Executives	-	-	-
Level 2 – Managers	-	-	-
Level 3 – Managers and experts	41.985	40.142	41.165
Level 4 – Coordinators and specialists	-	29.238	29.928
Level 5 – Technicians	-	26.791	26.791
Level 6 – Support	25.430	23.124	24.310
<b>Total</b>	<b>29.211</b>	<b>29.385</b>	<b>29.311</b>

# Remuneration

## Average remuneration by gender and age



### Medichem Spain

Average remuneration (€)

			Total
Under 30	31.173	31.703	31.469
Between 30 and 50	45.091	42.327	43.758
Over 50	54.304	48.941	50.704
<b>Total</b>	<b>44.794</b>	<b>42.736</b>	<b>43.690</b>



### Medichem Malta

Average remuneration (€)

			Total
Under 30	-	21.084	21.386
Between 30 and 50	31.488	35.107	34.383
Over 50	-	-	-
<b>Total</b>	<b>31.156</b>	<b>30.620</b>	<b>30.748</b>

### Combino Pharm Malta

Average remuneration (€)

			Total
Under 30	24.937	25.797	25.480
Between 30 and 50	29.861	31.559	30.779
Over 50	-	-	-
<b>Total</b>	<b>29.211</b>	<b>29.385</b>	<b>29.311</b>

Due to data confidentiality, records in which the number of people is equal to or fewer than 3 have been eliminated.

## SUPPLIERS

Type of Audit	Planned	Carried out	% Audits with a favourable result
Suppliers of materials	18	14	100%
Service providers	11	7	100%
Analysis service providers	8	3	100%
Transportation providers	1	1	100%

# INDEX OF CONTENTS REQUIRED BY LAW 11/2018 OF THE 28<sup>TH</sup> OF DECEMBER

The selected GRI standards indicated below refer to those published in 2016, except for those which have been updated, in which case the year of publication is indicated.

Block	Field	Sections of Law 11/2018	GRI	Page
General Information	Business model	Brief description of the business model of the group (business environment and organisation)	102-1 Name of the organisation	9-25
		Organisation and structure of the company	102-2 Activities, brands, products, and services	
		Geographic presence and Markets in which it operates	102-3 Location of headquarters	
		Objectives and strategies of the organisation	102-4 Location of operations	
		Main factors and trends which may affect its future evolution	102-6 Markets served	
	General	Mention in the report of the national, European, or international reporting framework used for the selection of key indicators of non-financial results included in each one of the sections	102-14 Declaration of the most senior decision-maker. 102-16 Values, principles, standards and rules of conduct	6
		Materiality Analysis	102-18 Governance structure	
			102-47 List of material issues 102-40 List of stakeholders	7-8
		If the company complies with the law on non-financial information by issuing a separate report, it must be expressly indicated that this information forms part of the management report	Not Applicable	No aplica



Social And Employees Issues	Management approach	A description is included of the policies applied by the company with regard to social and employees' issues (including procedures applied for the identification and evaluation of risks and verification and control, as well as the measures adopted), including the measures which, if applicable, have been adopted to promote the principle of equal treatment and opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility		
		The result of these policies regarding social and employees' issues is described	102-15 Main impacts, risks, and opportunities 103-2 The management approach and its components 103-3 Evaluation of the management approach	33
		The main risks related to social, and employees' issues linked with company operations are included, including, where relevant and proportional, their commercial relationships, products, or services which may cause adverse impacts in this field		
		The report contains an explanation of how the risks related to social and employees' issues are managed by the company		
	Employment	Key indicators of pertinent non-financial results are included with regard to the social and employees' issues of the company		
		Total number and distribution of employees by sex, age, country, and professional classification	102-7 Size of the organisation 405-1 Diversity in governance bodies and employees	44-46, 112-113
		Total number and distribution of forms of work contract	102-8 Information on employees and other workers	47, 115
		Annual average contracts by the form of contract with breakdown y sex, age, and professional classification	102-8 Information on employees and other workers	48-49, 116-117

	Number of dismissals by sex, age, and professional classification	401-1 New hiring of employees and rotation of employees	118-119
	Average remuneration and its evolution with a breakdown by sex, age, and professional classification or same value	Internal framework: see the methodology used on the corresponding pages	50-52, 120-121
	Wage gap and remuneration of same job posts or company average	Formula Used: (average remuneration men – average remuneration women) / average remuneration men	53
	The average remuneration of board members and executives, including variable remuneration, allowances, indemnities, payment to long-term social security systems and any other income with breakdown by sex	The breakdown of this information is not available for publication in this report	No aplica
	Implementation of policies for disconnection from work	103-2 The management approach and its components (Measures for disconnection from work)	38
	Number of employments with disabilities	405-1 Diversity in governance bodies and employees	43
<b>Organisation of work</b>	Organisation of working hours	103-2 The management approach and its components	38
	Number of absence hours	103-2 The management approach and its components	40, 111
	Measures intended to facilitate the enjoyment of work-life balance and encourage it being exercised jointly by both parents	401-2 Benefits for full-time employees which are not given to part-time or temporary employees	39
<b>Health and safety</b>	Workplace health and safety conditions	103-2 Management approach and its components 403-1 Workplace health and safety management system (2018) 403-2 Identification of hazards, evaluation of risks and investigation of incidents (2018) 403-3 Health services at work (2018) 403-7 Prevention and mitigation of impacts on health and safety of employees directly linked through commercial relationships (2018)	54-58

		Workplace accidents by sex	403-9 Injuries due to workplace accident (2018) 403-10 Occupational ailments and illnesses (2018)	59
		Frequency rate by sex		
		Severity rate by sex		
		Occupational illnesses by sex		
	<b>Social relationships</b>	Organisation of social dialogue, including procedures for informing and consulting employees and negotiating with them	103-2 The management approach and its components	41
		Percentage of employees covered by collective agreement by country	102-41 Collective bargaining agreements	41
		The situation of collective agreements, particularly in the field of workplace health and safety	403-4 Participation of employees, consultations and communication on workplace health and safety (2018)	58
	<b>Training</b>	Policies implemented in the field of training	404-2 Programme to improve the skills of employees and programmes to assist transition	35-36
		The total number of hours of training by professional categories	404-1 Average hours of training per year per employee	109-110
	<b>Universal accessibility of people with disabilities</b>	Integration and universal accessibility of people with disabilities	103-2 Management approach and its components	43
	<b>Equality</b>	Measures adopted to promote equal treatment and opportunities between women and men	103-2 Management approach and its components	42-43
		Equality plans (Chapter III of Organic Law 3/2007 of the 22nd of March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and sex-based harassment	103-2 Management approach and its components (Measures adopted to promote equal treatment and opportunities between women and men. Measures adopted to promote employment. Protocols against sexual and gender-based harassment)	42-43
		Integration and universal accessibility of people with disabilities		

		Policy against all types of discrimination, and if applicable, management of diversity	406-1 Cases of discrimination and corrective actions of companies	
Environment	Management approach	Includes a description of the policies applied by the company with regard to environmental issues (including procedures applied for the identification and evaluation of risks and verification and control, as well as the measures adopted)	102-15 Main impacts, risks and opportunities 103-2 The management approach and its components	61-64, 71
		The result of these policies regarding environmental issues is described		
		The main risks related with environmental issues linked with company operations are included, including, where relevant and proportional, their commercial relationships, products or services which may cause adverse impacts in this field		
		The report contains an explanation of how the risks related with environmental issues are managed by the company		
		Key indicators of pertinent non-financial results are included with regard to the environmental issues of the company		
	Environmental management	Current and foreseeable effects of company activities on the environment, and if applicable, health and safety	102-11 Precautionary principle or approach 103-2 The management approach and its components	62-71
		Environmental evaluation or certification procedures		
		Resources dedicated to prevention of environmental risks		
		Application of precautionary principle		
		Quantity of provisions and guarantees for environmental risks		

	<b>Pollution</b>	Measures to prevent, reduce or repair emissions which seriously affect the environment; taking into account any form of atmospheric contamination specific to an activity, including noise and light pollution	103-2 Management approach and its components 305-7 Nitrogen Oxides (NOx), Sulphur Oxides (SOx) and other significant air emissions	68-70 78, 90, 93
	<b>Circular economy and waste prevention</b>	Measures for prevention, recycling, reuse, and other forms of recovery and elimination of waste	306-2 Waste by type and method of elimination 306-3 Waste generated (2020) 306-4 Waste not destined for elimination (2020) 306-5 Waste destined for elimination (2020)	84-87, 91-92
		Actions for combatting food waste	Not Applicable	88
	<b>Sustainable use of resources</b>	Water consumption and water supply in accordance with local limitations	303-2 Management of impacts related with water discharges 303-4 Discharge of water 303-5 Water consumption	83
		Consumption of raw materials and measures adopted to improve the efficiency of their use	301-1 Materials used by weight or volume 301-2 Recycled materials used	79-82
		Direct and indirect energy consumption	302-1 Energy consumption within the organisation 302-3 Energy intensity	76-77
		Measures taken to improve energy efficiency	302-4 Reduction of energy consumption	78
		Use of renewable energy	302-1 Energy consumption within the organisation	67
	<b>Climate change</b>	Significant elements of greenhouse gas emissions generated as a result of activities of the company, including the use of the goods and services it produces	305-1 Direct GHG emissions (Scope 1) 305-2 Indirect GHG emissions from generating energy (Scope 2)	88-89
		Measures adopted to adapt to the consequences of climate change	103-2 The management approach and its components	95

Human Rights		Medium and long-term reduction targets established voluntarily for reducing greenhouse gas emissions and the measures implemented for this purpose	103-2 The management approach and its components	68-70
	<b>Protection of biodiversity</b>	Measures taken for preserving or restoring biodiversity	304-2 Significant impacts of activities, products and services on biodiversity 304-3 Protected or restored habitats	95
		Impacts caused by activities or operations in protected areas		
	<b>Management approach</b>	Includes a description of the policies applied by the company with regard to respect for human rights (including procedures applied for the identification and evaluation of risks and verification and control, as well as the measures adopted)	102-15 Main impacts, risks and opportunities 103-3 Evaluation of the management approach (reports of cases of violation of human rights) 102-16 Values, principles, standards and rules of conduct	96-97
		The result of these policies related with respect for human rights is described		
		The result of these policies related with respect for human rights is described		
		The report contains an explanation of how the risks related with respect for human rights are managed by the company		
		Key indicators of pertinent non-financial results are included with regard to respect for human rights by the company		
	<b>Application of due diligence procedures</b>	Application of due diligence procedures on human rights	102-17 Advisory mechanisms and ethical concerns 406-1 Cases of discrimination and corrective actions taken	
		Prevention of risks of violation of human rights, and if applicable, measures for mitigating, managing and resolving potential abuses committed		
		Reports of cases of violation of human rights		
		Promotion and compliance with the provisions of the fundamental International Labour Organisation related with respect for freedom of association and the right to collective bargaining.		



Bribery & Corruption		The elimination of discrimination in employment and work		
		Elimination of forced or compulsory labour		
		The effective abolition of child labour		
	Management approach	Includes a description of the policies applied by the company with regard to combatting corruption and bribery (including procedures applied for the identification and evaluation of risks and verification and control, as well as the measures adopted)	102-15 Main impacts, risks and opportunities 103-2 The management approach and its components	26-28
		The result of these policies regarding combatting corruption and bribery is described		
		The main risks related with combatting corruption and bribery linked with company operations are included, including, where relevant and proportional, their commercial relationships, products or services which may cause adverse impacts in this field		
		The report contains an explanation of how the risks related with combatting corruption and bribery are managed by the company		
		Key indicators of pertinent non-financial results are included with regard to combatting corruption and bribery by the company		
	Information related with combatting corruption and bribery	Measures adopted to prevent corruption and bribery	103-2 Management approach and its components 102-16 Values, principles, standards and rules of conduct 102-17 Advisory mechanisms and ethical concerns 205-3 Confirmed cases of corruption and measures taken 205-2 Communication and training on anti-corruption policies and procedures	30

		Measures for combatting money laundering	103-2 Management approach and its components 102-16 Values, principles, standards and rules of conduct 102-17 Advisory mechanisms and ethical concerns	30
		Contributions to non-profit foundations and entities	103-2 Management approach and its components 201-1 Direct economic value generated and distributed	98-99
Society	Management approach	Includes a description of the policies applied by the company with regard to societal issues (including procedures applied for the identification and evaluation of risks and verification and control, as well as the measures adopted)	102-15 Main impacts, risks and opportunities 103-2 The management approach and its components	101, 105, 107
		The result of these policies regarding societal issues is described		
		The main risks related with societal issues linked with company operations are included, including, where relevant and proportional, their commercial relationships, products or services which may cause adverse impacts in this field		
		The report contains an explanation of how the risks related with societal issues are managed by the company		
		Key indicators of pertinent non-financial results are included with regard to the societal issues of the company		
	Commitment of the company to sustainable development	Impact of the company activity on local employment and development	103-2 The management approach and its components	98-99
		Impact of the company activity on local towns and on the region	103-2 The management approach and its components	98-99
		Relationships maintained with stakeholders of local communities and forms of dialogue with them	103-2 Management approach and its components	98-99

		Partnership and sponsorship actions	103-2 Management approach and its components 201-1 Direct economic value generated and distributed	98-99
	<b>Subcontracting and suppliers</b>	Inclusion of social, gender equality and environmental issues in the purchasing policy	102-9 Supply chain	104- 105
		Consideration of social and environmental responsibility in relationships with suppliers and subcontractors	103-3 Evaluation of the management approach	104- 105
		Monitoring and audit systems and their results	103-3 Evaluation of the management approach	122
	<b>Consumers</b>	Measures for the health and safety of consumers	103-2 The management approach and its components 416-1 Evaluation of impacts on health and safety of the categories of products or services	100-103
		Systems for complaints, complaints received and their resolution	103-2 Management approach and its components (Systems for complaints and their resolution) 418-1 Substantiated complaint related with violations of client privacy and loss of client data (There has been no complaint related with violation of privacy or loss of client data)	102
	<b>Fiscal information</b>	The profits earned country by country	The breakdown of this information is not available for publication in this report 201-4 Financial assistance received from the government	106-107
		The taxes on profits paid country by country		
		The public subsidies received		

# INDEPENDENT LIMITED ASSURANCE REPORT

Independent limited assurance report on the Consolidated Statement of Non-Financial Information for the year ended December 31, 2021.

CORPORACIÓN MEDICHEM, S.L AND SUBSIDIARIES



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Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

**INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION**

To the owners of Corporación Medichem, S.L.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Statement of Non-Financial Information (hereinafter NFIS) for the year ended December 31, 2021, of Corporación Medichem, S.L. and subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFIS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in Annex "Index of contents required by Law 11/2018 of the 28<sup>th</sup> of December", included in the accompanying NFIS.

**Directors' Responsibility**

The Board of Directors of Corporación Medichem, S.L. is responsible for the approval and content of the NFIS included in the Consolidated Management Report of the Group. The NFIS has been prepared in accordance with the contents established in prevailing mercantile regulations and following Sustainability Reporting Standards criteria of the selected Global Reporting Initiative (GRI) standards, as well as other criteria described in accordance with that indicated for each subject in Annex "Index of contents required by Law 11/2018 of the 28<sup>th</sup> of December", included in the accompanying NFIS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFIS that is free from material misstatement, whether due to fraud or error.

The directors of Corporación Medichem, S.L. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.


**Our independence and quality control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Documento No. 001. Documento de Procedimiento de Verificación, 04/2021. Modificado, en consecuencia al Reglamento de Verificación de Estados Financieros de 2018, emitido por el Consejo de Reguladores de España, el 11 de mayo de 2021. El presente documento es propiedad de Ernst & Young LLP y EY Global Limited. No debe ser reproducido ni distribuido sin el consentimiento escrito de EY Global Limited.



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**Our responsibility**

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, that refers exclusively to fiscal year 2021. Information on prior years was not subject to the verification required by prevailing mercantile regulations. Our work has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less extensive in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.


Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFIS, reviewing the process for gathering and validating the information included in the NFIS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- ▶ Analyzing the scope, relevance and integrity of the content included in the 2021 NFIS based on the materiality assessment made by the Group and described in Chapter 1 "About the Report" of the NFIS, considering the content required by prevailing mercantile regulations.
- ▶ Analyzing the processes for gathering and validating the data included in the 2021 NFIS.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2021 NFIS.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the 2021 NFIS and its correct compilation from the data sources.
- ▶ Obtaining a representation letter from the Directors and Management.

**Basis for a qualified conclusion**

As explained in Annex "Index of contents required by Law 11/2018 of the 28<sup>th</sup> of December" of the attached NFIS, the Statement does not include the disclosures regarding the average remuneration of board members and executives, profit earned by country and income tax paid, information required by the prevailing mercantile regulations on non-financial information.

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**Qualified conclusion**

Based on the procedures performed and the evidence obtained, except for the impact of the matters described in the "Basis for a qualified conclusion", no additional matter came to our attention that would lead us to believe that the NFIS of the Group for the year ended December 31, 2021 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in Annex "Index of contents required by Law 11/2018 of the 28<sup>th</sup> of December", included in the NFIS.

**Use and distribution**

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.  
(Signature on the original in Spanish)

Antonio Capella Elizalde

June 13, 2022

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