

Sustainability Report

EINF 2022 –
Non-financial information

CARING FOR OUR FUTURE



Elisabeth Stampa, Member of the Board

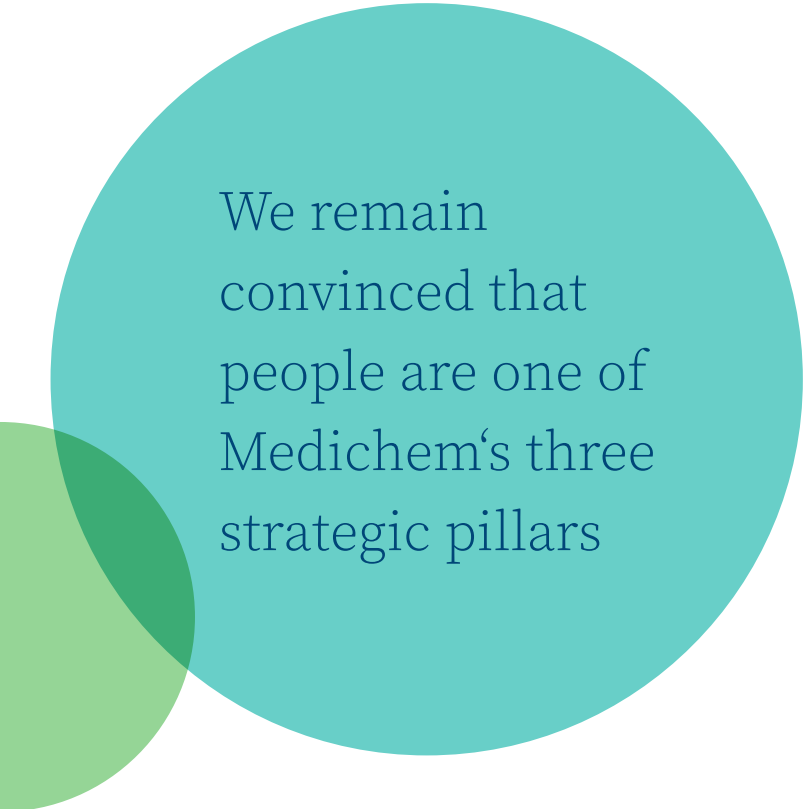
We produce and dedicate this Sustainability Report to the people who form part of Medichem, to our customers and suppliers, to the communities in which we operate and to our shareholders. All of us who have contributed to it are proud to contribute to this second report, to the progress made and to the impact that this progress is having on Medichem today and will have in the future.

In this second year of preparing the Sustainability Report, we are taking into account the requirements of Act 11/2018, so we can measure aspects with respect to the previous year, reinforce content and include new indicators. Due to our intrinsic activity, the level of demand in the pharmaceutical environment and the DNA of the people who make up Medichem, compliance with legal and compliance issues are an essential part of both decision-making and the company's own processes, and we like this to be reflected in this document.

At Medichem, we have closed a satisfactory year 2022, both for the results obtained in the economic sphere and for the progress made in R&D projects, in digitalisation and in matters relating to the environment, governance and social aspects. This has been recognised for the second consecutive year by CEPYME500 (Spanish Confederation of Small and Medium Enterprises), with Medichem being one of the 500 fastest growing Spanish companies in the country.

As part of the company's strategy, we have continued to place emphasis on supporting our customers in achieving both regulatory approvals and bringing medicines to market; most notably in 2022 with a product that has been the first generic launch in Europe of a major cardiovascular blockbuster. We have continued to work on efficiency improvements, the most notable example being the implementation of the first phase of SAP/Hanna4. However, the project I am most happy to share is the "Caring for the Future" project: with a team of 7 people, we set off in January 2022 ready to initiate an ESG (Environmental, Social and Governance) umbrella project that would allow us to bring together our purpose and strategy by integrating it into our culture. In the last four months of 2022, with the help of an external consultancy and the invaluable collaboration of many internal teams, from Legal to Environment, including Human Resources, Supply

CARING FOR OUR FUTURE



We remain convinced that people are one of Medichem's three strategic pillars

Chain and Finance, we carried out an internal B Impact Assessment (with a very favourable result that we ourselves were positively surprised by) and an Action Plan for the coming year. It will be the framework and guide for action with the aim of putting improving our environmental and social impact at the heart of all the decisions we make.

Human capital

We remain convinced that people are one of Medichem's three strategic pillars (along with R&D projects and the tools we need), so we have continued with more than 200 actions aimed at identifying and retaining the best talent, establishing talent retention programmes and training in skills and technical aspects at all levels.

Using a bottom-up approach, we have worked on adapting the company's values to those that best define the team members and their way of doing things: passion, enthusiasm, excellence and integrity.

In this section, I would like to highlight the more than 150 "Change Management" actions that have enabled the first phase of the implementation of Hanna 4/SAP in Spain to be a success: Human Resources has acted at all times as a transmission belt between consultants and key-users, transmitting and resolving doubts, needs, potential improvements, as well as organising training sessions and constant support in all phases of the project.

Natural capital

Some of the strengths identified in the diagnosis carried out in "Caring for the Future" were the monitoring and renewal of ISO 14001:2015 certification, the reuse of solvents and the use of closed water systems. We have also started to calculate our carbon footprint in order to establish the starting point and the (realistic) objectives to be achieved, we have started to contract low-impact renewable energy, we have tripled our investment in ESG aspects and the most tangible example of this is the installation of solar panels at the Celrà plant (in Malta the panels were purchased in 2022, but due to bureaucratic issues it was not possible to proceed with their installation).

Government

In the area of Compliance, we have moved from a Risk Prevention Model to a Compliance System, which has meant adapting to more stringent requirements in the Code of Conduct and Protocols. Training has been

CARING FOR OUR FUTURE

We have started to work in three new areas not related to our usual projects with the aim of exploring new markets, advancing with production processes that have a lower environmental impact

CARING FOR
THE **FUTURE**

completed at all levels of the company in Spain, an objective that the pandemic forced us to delay, and we have sought to extend the scope of the model we use in Spain to the Maltese subsidiaries, so that we all follow unified criteria.

Investment in R&D (with an annual investment of 7% of sales) has been monitored on a monthly basis in accordance with the KPIs set for each project, with some outstanding successes that have enabled two projects to be licensed to partners in the American market. In addition, we have started to work in three new areas not related to our usual projects with the aim of exploring new markets, advancing with production processes that have a lower environmental impact and being able to offer therapeutic solutions for unmet clinical needs.

We have promoted the initiative “TOB: Thinking Out of the Box” in which we encourage multidisciplinary, multi-site teams to work on potential new projects for the company, providing it with a kick-off session focused on innovation, an Advisory Board dedicated to this project and thus obtaining very interesting proposals from the participating teams.

Manufacturing capital

The major milestone in the supply chain was the launch of the Ecovadis project with our first 57 suppliers. This has allowed us to communicate our commitment to transparency, reducing environmental impact and creating awareness of aligning the entire supply chain around these two main axes. We are very pleased with the feedback received from most suppliers and the interest shown in joining this initiative, which will continue in 2023.

In this same area, we have initiated a project to identify and include more European suppliers for our future projects, so that, once they are incorporated into our value chain, we can reduce our CO2 footprint by significantly reducing the distances to be travelled, while at the same time strengthening and making our value chain more resilient. This will result in a secure supply of products to our partners and thus to patients.

We are satisfied with the road travelled so far, being aware that the road is not a short one and that it will surely become longer over the years due to an expected increase in environmental, governance and social requirements. With the “Caring for the Future” project we will give our activities a better purpose, and it will be our responsibility to share this purpose within and outside our community. We also have clear

CARING FOR OUR FUTURE

objectives to reduce our environmental impact together and to raise awareness among our suppliers to join this initiative. Implementing many of the measures identified in the Action Plan will already be a challenge and a milestone. Fortunately, Medichem's commitment to challenges and sustainability will, in the medium term, help us make a positive impact on our planet, on our teams, with our suppliers and our customers, in our communities and, ultimately and most importantly, for our patients.

Elisabeth Stampa, Member of the Board



TABLE OF CONTENTS



01

About the Report

The Medichem Sustainability Report 2022 covers the period **from 1 January to 31 December 2022**, and corresponds to the Non-Financial Information Statement 2022 of Corporación Medichem, S.L. and subsidiaries (hereinafter referred to as “Medichem”, “the Medichem Group” or “the Group”). It forms part of the company’s Management Report, in line with the requirements established in Act 11/2018, which amends the Code of Commerce, the redrafted text of the Capital Companies Act approved by Royal Legislative Decree 1 of 2 July 2010, and the Auditing Act 22 of 20 July 2015 on non-financial information and diversity.



ABOUT THE REPORT

It allows us to show our **commitment** to transparency with all our stakeholders and gives us the opportunity to highlight the integrity and sustainability of our company's management and to incorporate new indicators and content on the following issues:



Environment



Labour and
employee-related



Respect for human rights and the fight
against corruption and bribery



The company's commitment to
sustainable development

**The companies not included in the scope of the report (Medichem United States LLC., Medichem Tradex, S.A., Nanjing Medichem Bio-Pharmaceutical Development Co., Ltd. and Medichem Solutions S. L.) represent in total less than 2% in terms of both turnover and employees.*



To develop the contents of this report, the relevant aspects identified by Medichem have been taken into account, following the general principles of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI).

This report is the **result of dedication and teamwork**. We have counted on the direct participation of employees from different key areas of Medichem, who have contributed information on the different aspects included, making use of their knowledge and experience.

The scope of the information in this report corresponds to the activities of the companies in Spain and Malta, the latter accounting for 41% of the turnover and 31% of the total number of employees of Corporación Medichem, S.L. and subsidiaries.

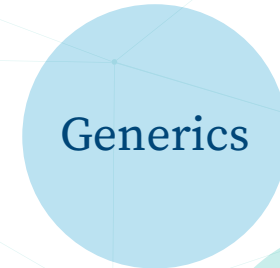
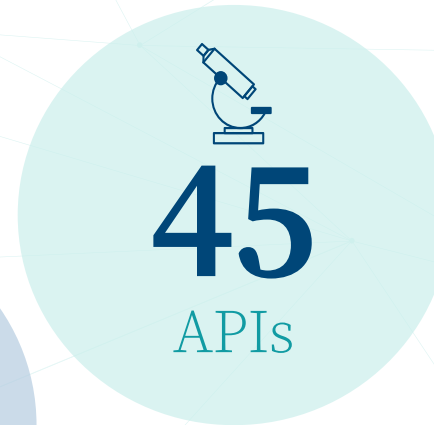


02

Medichem at a glance

At Medichem we develop and commercialise 1) active pharmaceutical ingredients for laboratories that, based on them, develop their own medicines; 2) finished products, i.e. medicines that our partners market under their brand name and 3) chlorhexidine and octenidine, two disinfectants widely used in the pharmaceutical, cosmetic and veterinary sectors. With a clear international vocation, at Medichem we have almost 430 employees distributed between the headquarters and R&D laboratory in Barcelona, the active ingredients production and R&D plant in Celrà, the active ingredients and finished products production plants in Malta and the sales offices in the USA and China.

MEDICHEM AT A GLANCE



VALUES IN 2022

Financially, we have grown significantly in sales in the finished product area and we have held our ground in the other two areas. Overall, we have improved considerably in net margin.

In terms of people, we have taken on more than 80 employees, especially in the Maltese operations, which have been integrated into the company and are now fully operational.

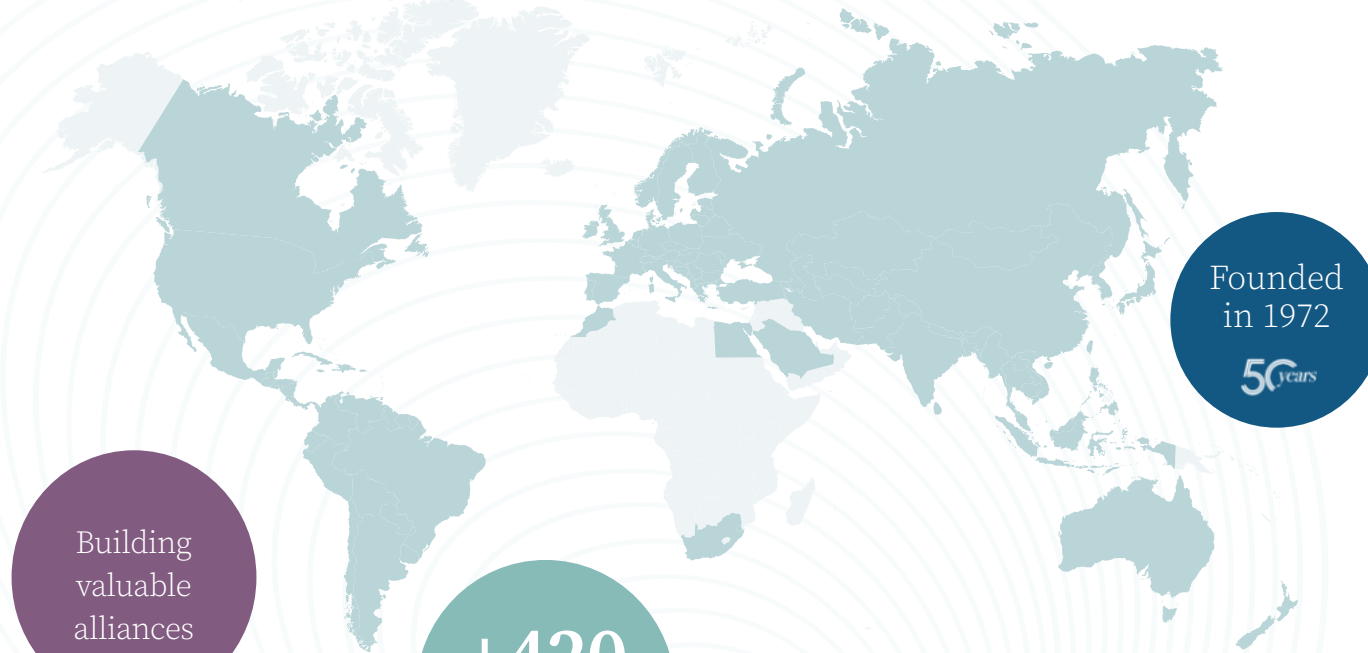
We have initiated three projects that we have called “Innovation”, which are two projects to address unmet clinical needs and one aimed at being able to move two products to manufacturing processes with a much lower environmental impact than at present.

At the environmental level, the environmental performance indicator (relating consumption of water,

electricity, gas, waste generated and COD discharged with respect to the kg produced) has remained stable.

In terms of quality, the volume of complaints in all three business units (API, FDF and Chlorhexidine) has remained below 1%.

INTERNATIONAL PRESENCE



SUMMARY OF THE MAIN MILESTONES

To summarise, in 2022:

- ✓ We have grown by almost **30% in turnover.**
- ✓ We have closed **two deals for the American market.**
- ✓ We have grown by **10% in organisational size.**
- ✓ Sustainability is where we have had the biggest push with the launch of the global **“Caring for the Future” project** and the Ecovadis initiative focused on our supply chain.



03

Responsible Business

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

THE BUSINESS MODEL

We have a **portfolio that 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).

Since our beginnings more than half a century ago, we have worked to develop accessible medicines **that reach the maximum number of patients**, guaranteeing the **highest standards of quality and safety, operational excellence and respect for the environment**.

The ability to grow in a sustained and sustainable manner by building relationships of trust with both customers and suppliers has been the key to our success. We aim to continue to grow profitably by expanding the current business and entering new adjacent business areas, minimising environmental impact while developing the people who are part of the Medichem team.

Currently the business focus is on a B2B relationship with generic pharmaceutical companies located in regulated markets, which buy APIs and/or FDFs.

Medichem is based in Spain, **with a team** of highly talented **people** from Spain, Malta, the USA and China.

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

The business units are:

- ✓ APIs and HPAPIs (High Potent Active Pharmaceutical Ingredients)
- ✓ FDFs
- ✓ Chlorhexidine and Octenidine



OUR MISSION, VISION AND VALUES

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

Mission

We provide innovative and sustainable solutions for the global generic medicines and disinfection industry, building trusted relationships with each of our customers.

Vision

To become the partner of choice for our customers, developing and delivering innovative and sustainable solutions to improve patient health.

Values

Our corporate culture, our way of realising our vision, our role model, our way of being and acting as professionals is marked by the following values:



Passion



Excellence



Commitment



Integrity

WHERE WE ARE

Medichem Corporation, S.L.

It is the parent company of the holding company with no production activity, holding shares in the rest of the group's companies.

Medichem, S.A. (hereinafter referred to as “Medichem Spain”)

This business unit is comprised of the following:

- ✔ *Sant Joan Despí headquarters (General Management, Administration and Finance, IT, Regulatory Affairs of finished products, Legal, Supply Chain, Market Research, Commercial, Human Resources and Intellectual Property).*
- ✔ *R&D laboratory for finished products in the Font Santa industrial estate in Sant Joan Despí.*
- ✔ *Active pharmaceutical ingredients (APIs) production plant in the Celrà industrial estate in Girona (including: Production, Warehouse, Quality Control, API R&D, API Regulatory Affairs, Engineering and Maintenance (Environment) and Quality Assurance.)*

Medichem Manufacturing Malta, Ltd. (hereinafter referred to as “Medichem Malta”)

This business unit is comprised of the following:

- ✔ *A second active pharmaceutical ingredients (APIs) production plant in Malta which shares the following with Combino Pharm Malta Ltd.: the management, Production, R&D, Engineering and Maintenance (including Environment), Human Resources, Administration, Quality Control and Quality Assurance teams.*

Combino Pharm Malta, Ltd. (hereinafter referred to as “Combino Pharm Malta”)

This business unit is comprised of the following:

- ✔ *A finished product (oral solid pharmaceuticals) production plant in Malta.*





The work centres are as follows:

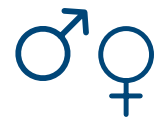
-  **Headquarters**
Sant Joan Despí (Barcelona)
-  **Pharmaceutical Development Laboratory in Font Santa**
Sant Joan Despí (Barcelona)
-  **API Production Plant and R&D and Quality Control laboratories**
Celrà (Girona)
-  **API and FDF production plants and Quality Control laboratory**
Hal Far (Malta)
-  **Commercial office**
Nanjing (China)
-  **Commercial office**
Nueva York (EEUU)





+400
professionals

More than 400 professionals with a high level of commitment.



With a
balanced
distribution
between men
and women



17%
R&D



+50%
University
degrees

16%
Doctorates

More than 50% of people with university degrees and 16% with doctorates.

WHAT MAKES US STAND OUT FROM THE REST

We focus on what really makes the difference: **developing products with value, providing the customer with the best technical and regulatory support** to enable both the development of the final product (when purchasing API), obtaining marketing authorisation in the countries where the product is to be commercially launched, and the marketing of the final product (when purchasing FDF) in the desired territories, all with a focus on caring for the **health of people and the planet they live in**.

At Medichem, we are firmly convinced that a **culture of ethics and compliance** are key elements in the development of our activity, which is why we have a team of highly qualified multidisciplinary professionals who develop active ingredients and quality pharmaceutical products and always take into consideration the intellectual property rights of third parties. We have extensive *know-how* in APIs, solid dosage forms and injectables and work with the intention to always stay ahead of the regulatory and compliance requirements of both customers and global health authorities. We

We are firmly convinced that a culture of ethics and compliance are key elements in the development of our activity.

design each development programme to minimise the environmental impact of your production process, meet all regulatory requirements, with the highest level of quality, with pre-set time and cost targets and in accordance with the end customer's requirements.



Developing products with value, providing the customer with the best technical and regulatory support

OBJECTIVES AND STRATEGY

Medichem's business strategy is to be a partner to our customers, so that they can expand their portfolios and offer patients a wider range of medicines in all therapeutic areas.

Our strategy is built on three main levers that strengthen our value proposition and in turn generate a positive impact on our environment:



Sustainability

- ✓ **Social** aspects, with an inclusive culture of development of the people who form part of the team.
- ✓ Maximum respect for the **environment**.



Efficiency

For the past five years, we have implemented annual efficiency improvement programmes at both global and departmental levels, with precise metrics and targets that are measured on an annual basis.



Customer service and support

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



The General Management has promoted the creation of the “Caring for the Future” team, which includes the General Management and three members of the Management Committee, as well as three other people from the Legal, Human Resources and Environment departments. This team has promoted a BIA (B Impact Assessment) on environmental, people, community, governance and customer issues, achieving a potential score of 88.4 points. A departmental maturity analysis has also been carried out and a Sustainability Action Plan to be implemented in 2023. In addition, the requirements of the *Chemical Sustainability Strategy*, which is aimed at achieving the *Green Deal* targets in 2030 and 2050, have continued to be fully complied with in the affected areas.

Our goal is to be the partner of choice for the development of generic and non-generic medicines for our customers while making a positive impact on our teams and communities and reducing our environmental impact.

Short-term objectives include:

- ✔ To finish implementing SAP/Hanna 4 in all the company’s production plants in order to continue progressing with other digitalisation projects.
- ✔ To increase the number of finished product developments by meeting the planned milestones, in order to expand the portfolio of products that we can offer directly to customers.
- ✔ To implement the actions identified in the “Caring for the Future” project.

In the medium to long term, our goal is to be the partner of choice for the development of generic and non-generic medicines for our customers while making a positive impact on our teams and communities and reducing our environmental impact.



OUR STAKEHOLDERS

The essence of our business model must respond to the needs of our stakeholders, with whom we create positive synergies and generate shared value for the company and for them:

01

Shareholders

With a direct involvement in the company's activities.

02

Employees

Workers who are linked to Medichem by an employment contract, regardless of the type of contract and the work centre to which they are assigned, carrying out functions that are directly related to the company's activities.

03

Local communities

Locations where the production plants are located in Celrà (Girona, Spain) and in HalFar (Birzebuggia, Malta) and where FDF's R&D plant is located (Sant Joan Despí).

04

Customers

Pharmaceutical laboratories located in different countries that buy the products developed and produced by Medichem.

In 2021, Medichem conducted a Materiality Analysis to identify the most relevant and priority environmental, social and governance issues through internal meetings. As a result of this process, the following material issues were identified, which have served as the basis for the preparation of this Report:

01

Social Responsibility

- ✓ Ensure the health and safety of our employees and customers.
- ✓ Promote the well-being of our employees.
- ✓ Promote equality and diversity.
- ✓ Attract and retain talent.
- ✓ Professional development through training.
- ✓ Ensure the quality and safety of our products and processes.
- ✓ Establish a responsible investment programme appropriate to the needs of employees, the requirements of authorities and customers and relating to Safety, Hygiene and Environment.
- ✓ Ensure regular and truthful communication to all employees.

02

Environment

- ✓ Contribute to climate change mitigation.
- ✓ Reduce air pollution and water consumption.
- ✓ Optimise waste management.
- ✓ Guarantee the quality of discharged water.
- ✓ Dedicate part of annual investments to reduce environmental impact.



03

Government

- ✓ To ensure proper management of business ethics and good corporate governance.
- ✓ To guarantee the effective application of legislation applicable to the company's activity.
- ✓ To promote R&D in the group.
- ✓ To generate an economic benefit for our shareholders and the local communities where we are established.
- ✓ To comply with the highest ethical standards.
- ✓ To generate an impact through social contribution.



As part of the “Caring for the Future” project, a new Materiality Analysis will be carried out in the first half of 2023 with the participation of the company's stakeholders. In this way it will be possible to prioritise the different aspects in the Materiality Matrix according to their impact and the expectations of the different stakeholders in terms of sustainability and the strategic importance of each aspect for the business.

MARKET TRENDS

There is now much concern about security of supply at all levels, in our sector and in many others. The effects of the pandemic, compounded by the war in Ukraine and increases in energy prices and inflation, have exacerbated the priority for our customers to have the product they need in the right quantities and at the right time.

At Medichem, we have been working for many years with more than one validated supplier, both in the area of intermediates for the manufacture of active

ingredients and in the case of finished products. This has allowed us to successfully overcome complex supply moments, such as during the pandemic or with transport restrictions. We are currently implementing a project to have suppliers closer to us in order to reduce the environmental impact of transport, but also to increase the security of supply.



PRIZES AND AWARDS

- ✔ Cepyeme 500: recognition for being one of the 500 fastest-growing companies in Spain.
- ✔ Ecovadis: gold certification at Medichem Celrà and Combino Pharm Malta.
- ✔ ISO 14001:2015 renewal at Medichem Celrà and Medichem Malta.



TAX INFORMATION

At Medichem and companies within the scope of tax consolidation, the utmost respect is shown for compliance with tax regulations, as well as for the timely completion of both the tax audit and the Non-Financial Information Statement.





SYSTEM OF GOVERNANCE

Medichem's Board of Directors is ultimately made up of members of the family of shareholders, who meet regularly to share the company's results and agree on the main lines of action.

Since 2014, there has been an Advisory Board made up of four independent advisors (three of them with extensive experience in the European and American pharmaceutical sector), which has been increased by one more independent advisor and three of the company's shareholders. The functions of the Advisory Board are to establish the strategy, set

economic, R&D, people and environmental objectives, review their achievement and ensure compliance with the legal framework. The Advisory Board meets regularly at least once every two months to review the company's development and at the end of the year to approve the objectives, budget and investments for the coming year. Exceptionally, it meets on an ad hoc basis to assess potential strategic opportunities.

The Medichem Management Committee ensures the definition and implementation of the strategy agreed

with the Advisory Board, through annual and medium-term objectives. It is composed of eight directors and the CEO (until December 2022), who meet regularly to review all business areas. The General Management also holds monthly meetings with each member of the team to review specific issues in each department and to set priorities, if necessary.



04

Ethics and compliance

Aiming for sustainable success, Medichem is a responsible, ethical company with a high commitment to compliance. For years, we have been implementing policies that reflect a commitment to the utmost respect for the ethical and legal framework that guarantees regulatory compliance.



To this end, in 2012 we published our first Code of Conduct and since 2012 we have had an Ethics and Compliance Committee.

In Spain we have a **Compliance System**, whose objective is to guarantee that the company exercises its duties of supervision, vigilance and control over its staff and members of management, as well as to prevent possible conduct that does not comply with the applicable regulations or with the ethics and good governance that should govern all business actions.

The Compliance System is based on the following documents:

- ☑ Code of Conduct.
- ☑ Compliance Policy.
- ☑ Human Rights Policy.
- ☑ Protocols and policies specific to each Medichem area.



CODE OF CONDUCT

The Medichem **Code of Conduct** is the main instrument of the Compliance System. It contains the company's general principles of action, corporate values, ethical commitments and responsibilities that all Medichem employees must assume and comply with, as well as a commitment by the General Management to comply with these ethical and regulatory standards. The Code of Conduct applies to all employees of the company regardless of their location.

The Code of Conduct establishes our commitment to respect Human Rights, to comply with specific conducts aimed at avoiding corruption and bribery practices, as well as that commercial relations must be inspired by the principles of transparency, loyalty, legality and impartiality in the selection of suppliers.

Medichem makes the Code of Conduct available to the members of all the company's sites, ensuring its correct communication, understanding and application.

ETHICS AND COMPLIANCE COMMITTEE

The **Ethics and Compliance Committee** is the internal control body that develops and supervises the correct application of the Compliance System, with autonomy in the adoption of measures related to the supervision of such model, reporting directly to the management body. It is a collegiate and independent body, which meets regularly and is made up of professionals from the Supply Chain, Human Resources and Legal departments.

Its main functions are the following:

- ✔ Promote, monitor and ensure effective compliance with the values, principles and rules of conduct established in the Code of Conduct and other internal regulations of Medichem.
- ✔ Approve, develop, coordinate and disseminate protocols, codes, procedures and/or internal controls, as well as promote all necessary training actions.
- ✔ Enable and manage the Medichem complaints channel, as well as the processes for managing the information received through this complaints channel.
- ✔ Periodically assess the effectiveness of the Compliance System and promote any necessary modifications.

Both the composition and the specific functions of the Ethics and Compliance Committee are regulated by the Protocol on the Organisation and Functioning of the Compliance Body.

WHISTLEBLOWING CHANNEL

Medichem has set up a **whistleblowing channel** that allows any member of the company, regardless of their position, function or work centre, to report any legal infringement or any behaviour contrary to the Code of Conduct to the Ethics and Compliance Committee. Complaints are handled in accordance with the Protocol for Complaints Channel Management, Internal Investigations and Corporate Reactions. In this context, Medichem may, in accordance with applicable legislation and case law, sanction possible infringements and irregular behaviour.

This channel consists of the following email: comite.ético@medichem.es. All members of Medichem are duly informed of the existence and functioning of the whistleblowing channel when they join the company; it is also detailed in the Code of Conduct and is publicised in the training activities carried out annually by the Ethics and Compliance Committee.

Only members of the Ethics and Compliance Committee have access to reports received through the whistleblowing channel, and they must treat this information confidentially at all times.

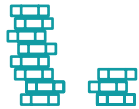


It should be noted that in 2022, as well as in 2021, no reports have been made to the Ethics and Compliance Committee

COMBATING CORRUPTION AND BRIBERY

As a starting point for the assumption of effective policies to prevent inappropriate behaviour, at Medichem we carried out an assessment of the potential criminal risks inherent to its business activities in relation to compliance with the criminal regulations applicable in Spain in 2018. This risk assessment was updated in 2019 in order to bring it into line with new legislative changes in this area.

This analysis resulted in a risk assessment map, which includes, *inter alia*, business corruption crimes, bribery crimes, influence peddling and money laundering crimes. This has led to the adoption of specific internal regulations and action plans to avoid such risks, which are reflected in the adoption of the following protocols, among others:



Protocol on the Prevention of Money Laundering

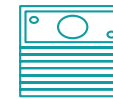
Which aims to prevent any conduct constituting a money laundering crime, among other measures, by requesting certain information from customers and suppliers prior to their acceptance in order to be able to detect possible money laundering risks; the adoption of a customer and supplier admission policy; the control of purchases of goods and services, as well as the control of payments made.

Although Medichem is not obliged by Act 10/2010, on the Prevention of Money Laundering and Terrorist Financing, we are aware of the importance of applying preventive policies aimed at detecting and identifying money laundering behaviour.



Gift and Hospitality Protocol

Which regulates Medichem's guidelines for the giving and receiving of gifts and hospitality. This protocol establishes the non-acceptance of gifts above a certain amount; regulates the acceptance of gifts or invitations from customers or suppliers; attendance at events; and the adoption of the necessary measures to ensure that donations and sponsorships carried out by Medichem are transparent and are not used for corruption or bribery of third parties.



Protocol for the Prevention of Corruption

Finally, both the Protocol for the Prevention of Corruption in Public Sector Relations and the Protocol for the Prevention of Corruption in Business include Medichem's express commitment to reject and prohibit all forms of bribery, such as inducements of any kind and advantages to obtain benefits in its own business relations or to favour third parties, as well as a commitment to transparent accounting and financial management.



ETHICS AND COMPLIANCE TRAININGS

In addition, constant communication and continuous training of employees are key levers to reinforce the importance of maintaining ethical behaviour in our daily work in accordance with the applicable regulations in force.

In 2022 and 2021 we have conducted ethics and compliance training both face-to-face and online at Medichem's various work centres in Spain. 98% of employees have been trained, with specific training on Compliance adapted to the specific responsibilities of each group: directors, managers and other employees.

During 2023, it is planned to extend the scope of ethics and compliance training to employees at Malta-based work centres to reinforce the effective adoption of the Compliance System.

98% of employees have been trained, with specific training on Compliance adapted to the specific responsibilities of each group: directors, managers and other employees

05

Commitment to our employees

Medichem's mission is to be a leader in generating added value for society through the development, production and marketing of generic drugs that facilitate access to a greater number of patients. **This mission can only be achieved through the talent and dedication of the people who are part of the company.**



COMMITMENT

The Human Resources Department contributes directly to the development of the business strategy. A key aspect of achieving this contribution is to enable people to develop their professional side in a way that is compatible with their personal well-being.

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

At Medichem, we have a set of internal policies and procedures in place to ensure that best practices in **talent attraction, recruitment, career management and development** are followed throughout the group.

The main policies are as follows:




- ✓ Welcome Handbook (Spain and Malta).
- ✓ Working from Home Regulation (Spain and Malta).
- ✓ Training Plan (Spain and Malta).
- ✓ Equality Plan (Spain).
- ✓ Travel policy (Spain and Malta).
- ✓ Performance Review Procedure (Spain and Malta).
- ✓ Talent Management Procedure (Spain and Malta).
- ✓ Succession plans (Spain and Malta).



Staff

Below we present a series of tables with the indicators relating to people management at Medichem as at 31 December 2021 and 2022 in relation to the distribution of the staff by country, gender, professional category and age.

Total number of employees per country

	2021	2022
 Medichem Spain	287	291
 Medichem Malta	43	46
 Combino Pharm Malta	53	83
Total	383	420

The staff in 2022 has been increased by almost 10% compared to 2021, as a result of the increase in staff at Combino Pharm Malta in order to meet the demand for our FDFs

Staff

Total number of employees by gender and professional category

420

Total employees*



Men
244*

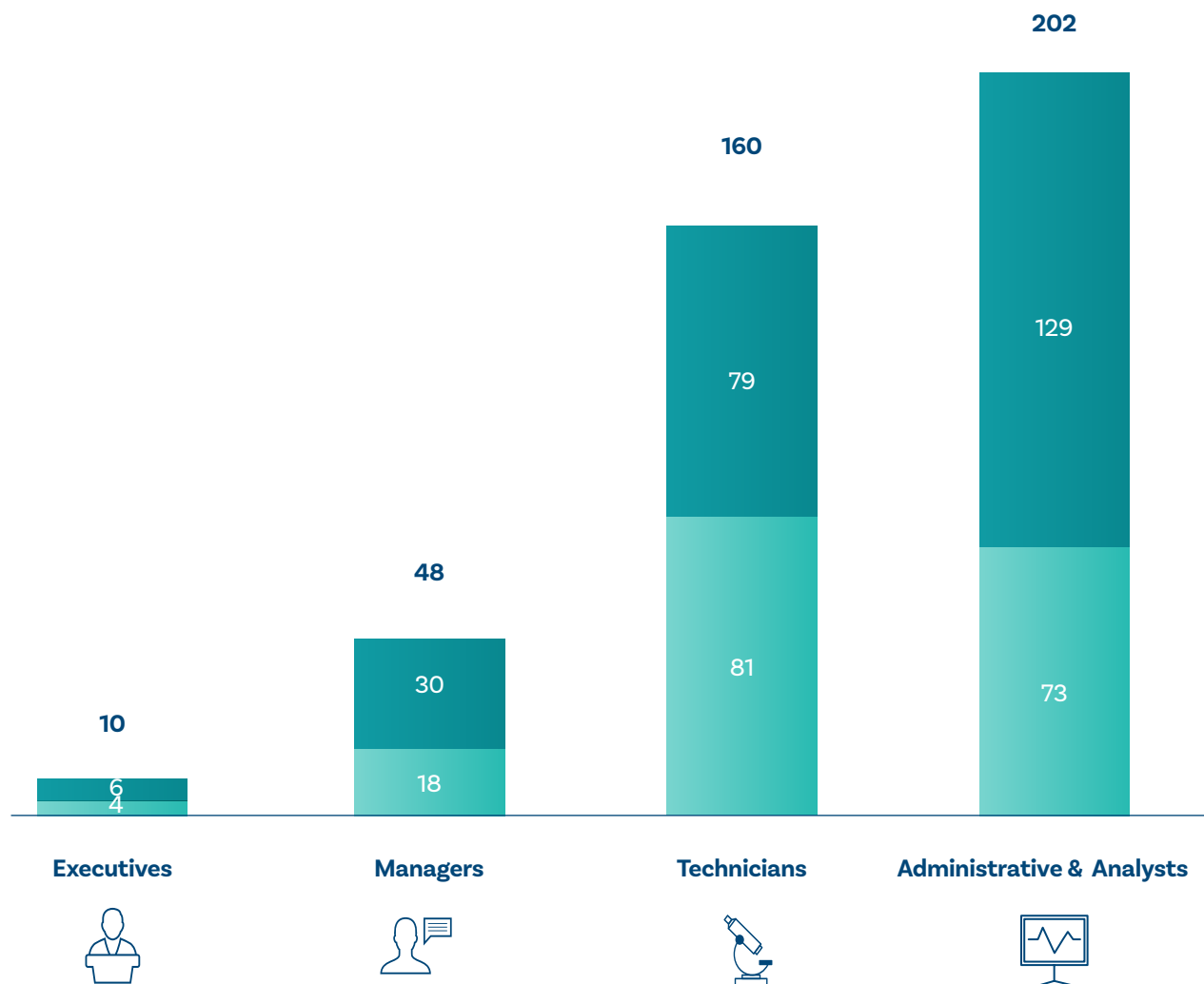


Women
176*

(*) In 2022

Medichem is made up of 420 people, distributed into a group of women representing 41.90% and a group of men representing 58.10%, establishing a **gender gap** between the two of -16.20 percentage points. This relative presence index of 0.84 points is within **the limits of balanced representation**.

The largest increase in staff has been in the category of administrative assistants-analysts (16%) in order to meet the production of solid oral products requested by customers.



Staff

Total number of employees by gender and age*



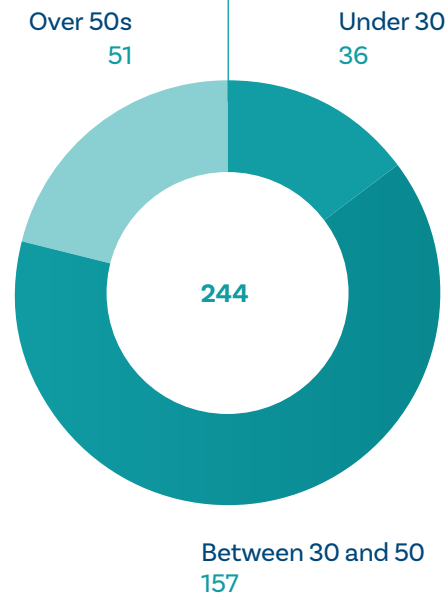
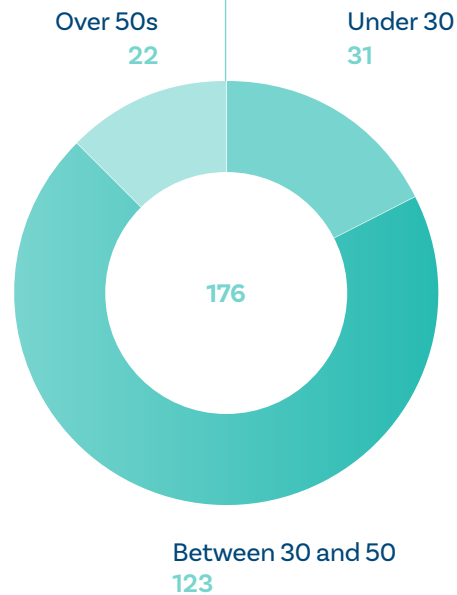
Women

176



Men

244



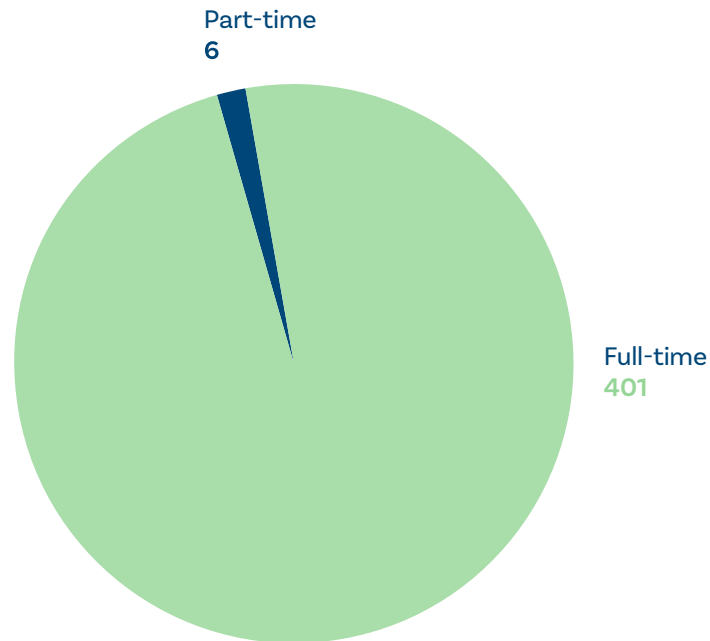
The 30-50 age group is the one with the highest concentration and distribution of both genders and where the relative presence index at 0.88 has nearly equal representation. The largest increase has been in the over 50 age group with almost a 20% increase.

Staff

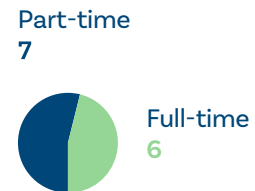
Below we present a series of tables with the indicators relating to people management at Medichem as at 31 December 2021 and 2022 in relation to the distribution of the staff according to the different types of contract.

Total contracts *

Permanent



Temporary



At Medichem, **we are committed to employment stability** in order to retain talent, with 95.48% of our staff being hired on a full-time permanent basis.

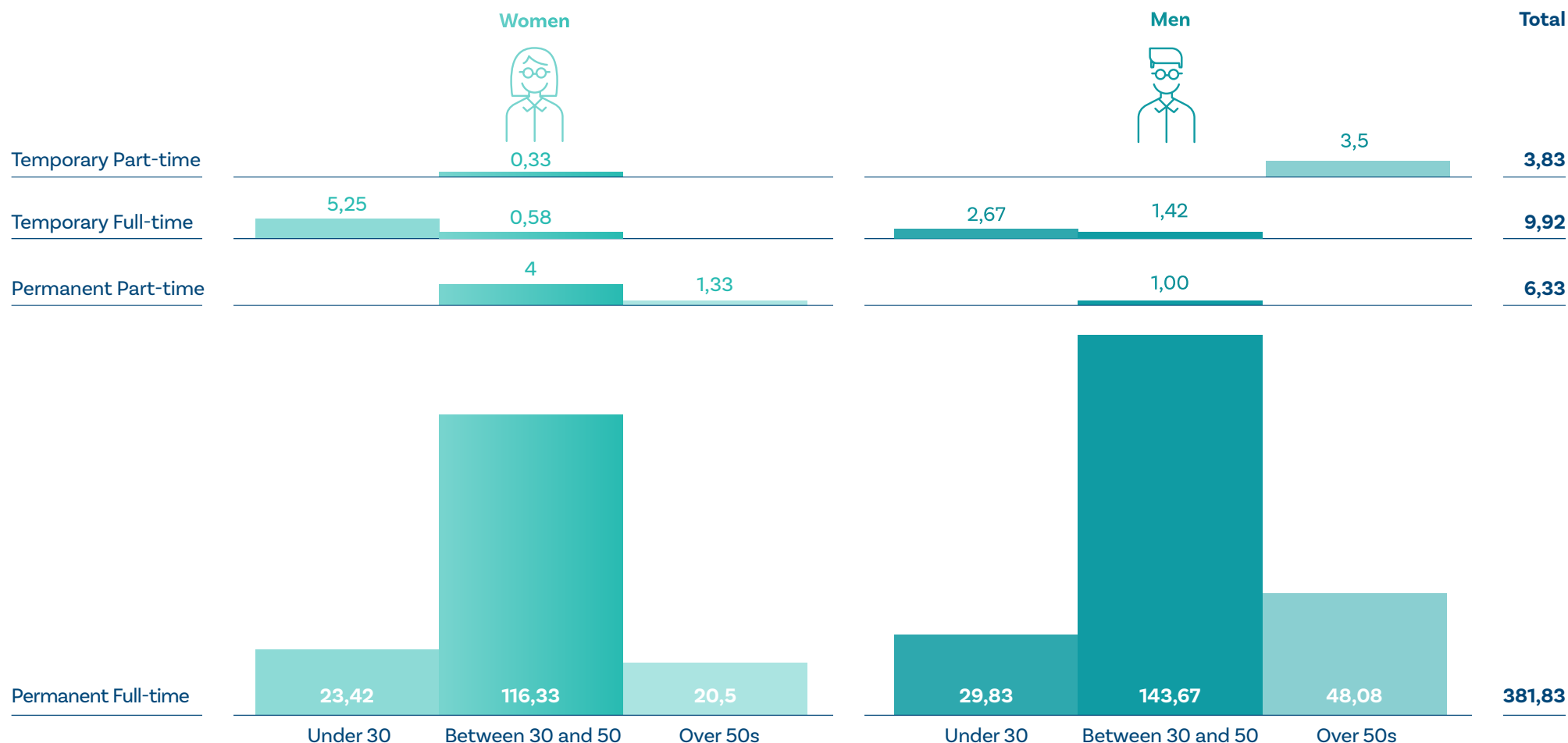
95,48%
Permanent contract

In 2022, temporary employment has been reduced by almost 41%, which shows that Medichem cares about the job stability of its staff.

Staff

Average number of contracts by gender and age**/**

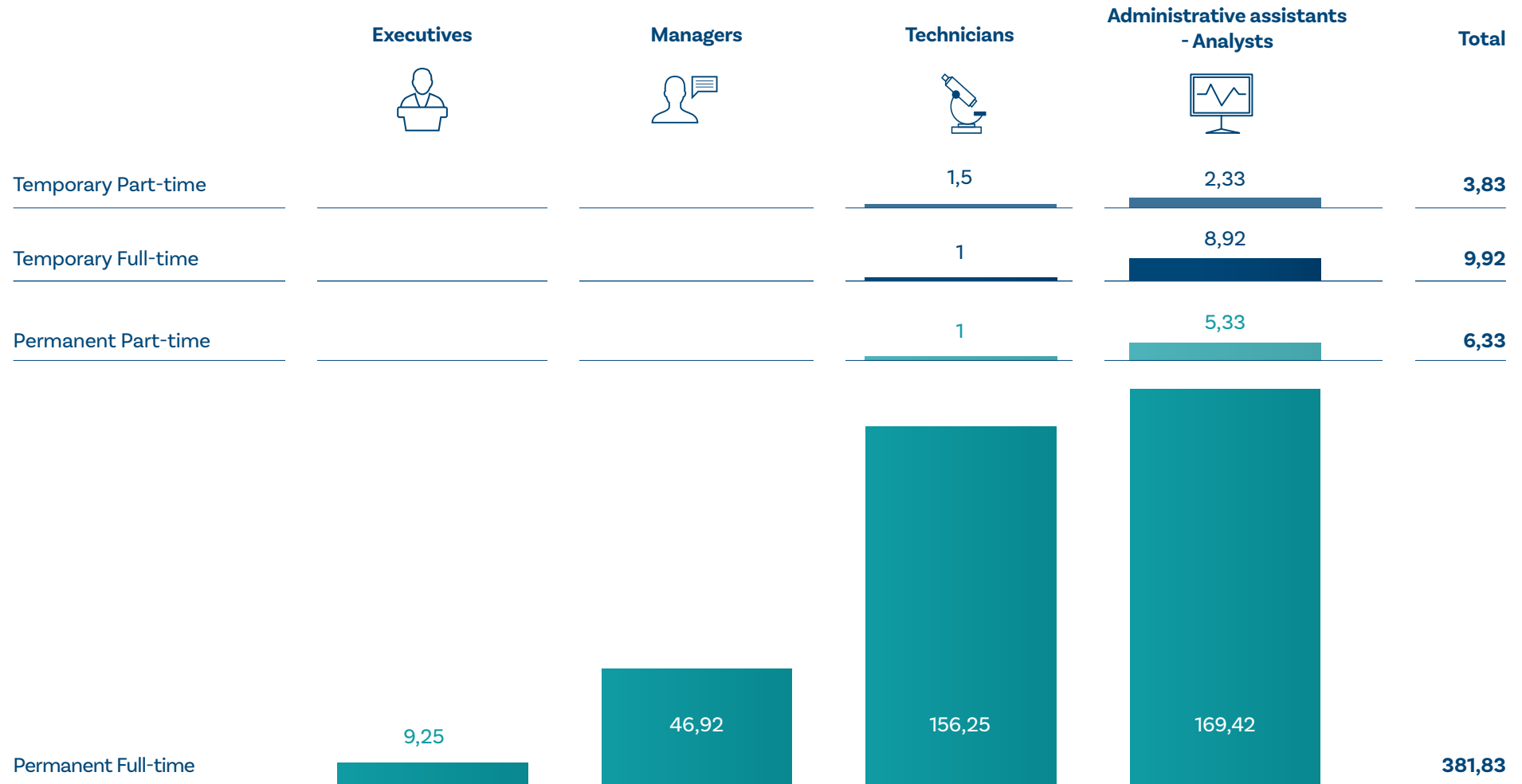
In the annual average for both women and men, the trend is clearly towards full-time permanent contracts, 93.31% for women and 96.27% for men, with no gap between the two genders. These percentages make permanent contracts the main system of sustainability in the company.



Staff

Average number of contracts by professional category* / **

At the highest levels, *Directors and Managers*, there were no temporary or part-time contracts, with a higher percentage of temporary contracts at the lowest level (*Administrative assistants and Analysts*), as well as part-time contracts.



Remunerations

At Medichem, the **wage strategy** is defined by elements of internal equity and external competitiveness (reference market). In Spain, these elements also mark the annual increments that are determined by the *General Chemical Industry Agreement* and by management's criteria based on the performance of each employee.

In Malta there is a collective bargaining agreement for non-managerial grades which specifies variable pay scales. These salary scales are defined according to years of experience and qualifications. An employee moves up the ladder once he/she spends 2 years in the job or obtains a specific and related qualification. Likewise, each year there is an increase at all scales.

For employees who are not part of the collective bargaining agreement, Medichem determines wages by means of the wage surveys in force on the market, and increases are calculated every year.

The variable remuneration in both Spain and Malta corresponds to a percentage of the gross annual salary. The amount of variable remuneration to be received depends on the degree of achievement of objectives according to the system established by the Company. The system currently in place incorporates the assessment of objectives, values and competences.



Remunerations

Medichem also provides the following **fringe benefits**:

- ✓ **Restaurant vouchers:** Restaurant vouchers for each day worked in a split shift from Monday to Thursday at the usual place of work.
- ✓ **Snack allowance:** This is given to people who do not have a split shift per day worked.
- ✓ **Marriage and partnership grants.**
- ✓ **Childbirth allowance.**
- ✓ **Childcare allowance for children up to the age of 3 years old.**
- ✓ **Employee's death grant .**
- ✓ **Additional week of rest for both mother and father in case of birth or adoption of a child.**
- ✓ **Accident policy.**
- ✓ **Flexible remuneration plan.**
- ✓ **Recharging electric cars.**
- ✓ **Parking area.**
- ✓ **Flexible working hours and intensive working hours on Fridays.**
- ✓ **Compensation of hours for travel.**
- ✓ **Health insurance for business travel.**
- ✓ **Working from home.**
- ✓ **Wellness Plan.**
- ✓ **Fun & Health Activities.**
- ✓ **Corporate communication platform.**
- ✓ **Salary advances.**
- ✓ **Loans:** at a more advantageous interest rate than that normally requested by financial institutions.

In Malta the fringe benefits are as follows:



- ✓ **Childbirth allowances.**
- ✓ **Health insurance.**
- ✓ **Wellness Plan.**
- ✓ **Corporate communication platform.**
- ✓ **Working from home.**
- ✓ **Recreational activities.**
- ✓ **Flexible working hours.**



Remunerations

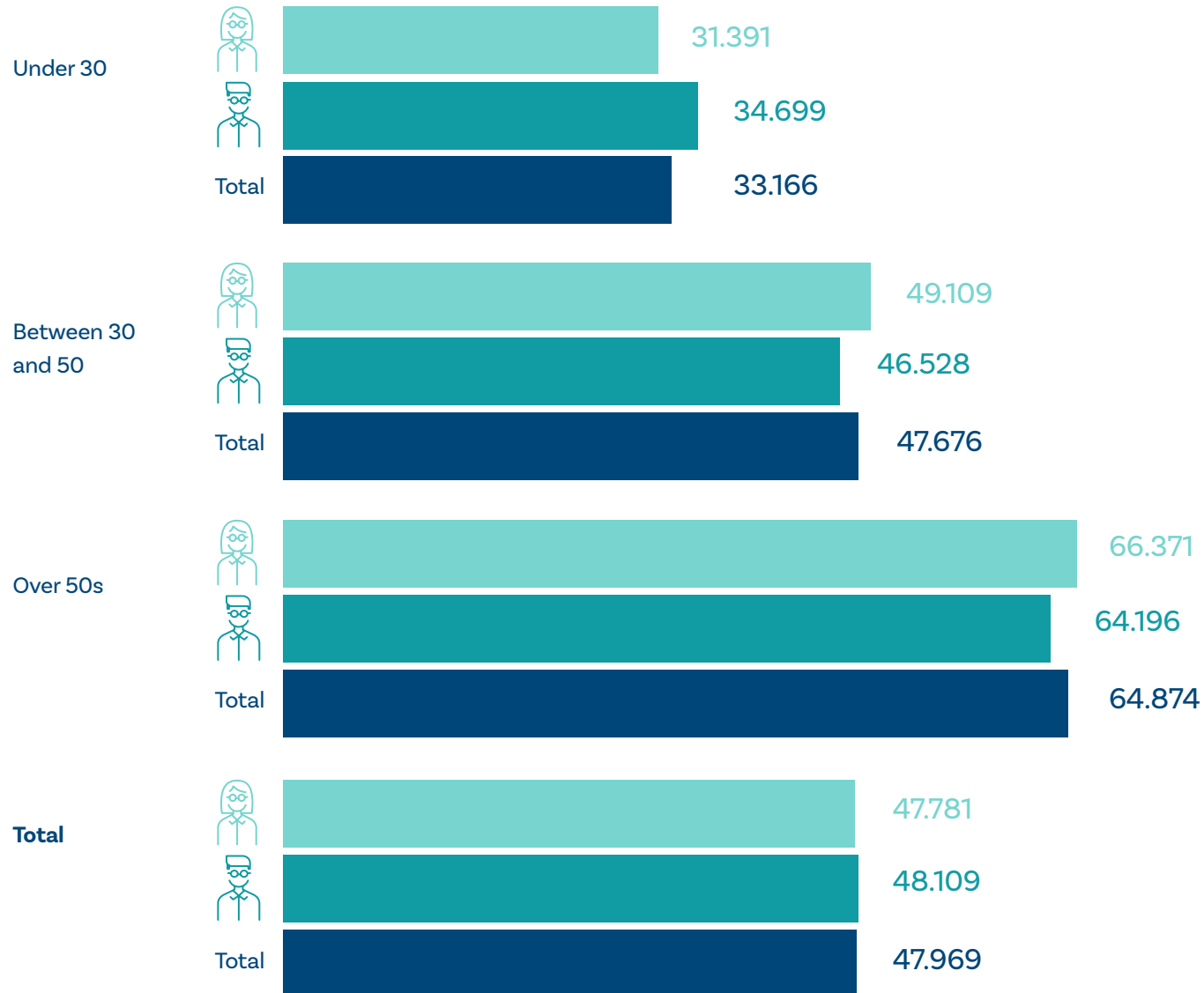
Below are the average remunerations for 2021 and 2022 in Medichem:

Average remuneration by gender and professional category*

	 Women €47.781	 Men €48.109	Total €47.969
Level 1 - Directors	158.880	191.592	178.507
Level 2 - Heads	102.110	84.120	91.039
Level 3 - Managers and experts	71.942	73.670	72.765
Level 4 - Coordinators and specialists	49.215	51.514	50.160
Level 5 - Technicians	35.661	37.785	36.861
Level 6 - Support	34.057	38.470	37.026

Remunerations

Average earnings by gender and age*



* In 2022

Remunerations

Pay Gap

The company's pay gap measures the difference in pay between men and women; if the result is greater than zero, it indicates that women are paid less than men.

The company guarantees through the application of the collective bargaining agreement equal treatment in terms of pay without any kind of direct or indirect discrimination, and its pay gap does not exceed 10% in any of the work centres, the highest being that of Medichem Malta with 6.24%, the average pay of women being lower than that of men.

	2021	2022
Pay Gap	-0,07	0,01



WORK ORGANISATION



01

ORGANISATION OF WORKING TIME AND MEASURES FOR DISCONNECTION FROM WORK

At Medichem we base our people management model on trust and responsibility, which means that we provide all our employees with different work options and tools so that everyone can find their own work formula and organise themselves according to their priorities and objectives.

Medichem offers **various alternatives** for balancing work and personal life other than those defined in the current regulations.

In Spain, the annual working hours are set out annually in the *General Agreement for the Chemical Industry* and in Malta they also have *their own Collective Bargaining Agreement* for Medichem Malta and Combino Pharm Malta.

Each person is assigned a work calendar indicating official holidays (national, regional and local holidays), obligatory regularisation days or closure days and extra free days, as well as the preferred dates for the use of holidays and extra free days.

The working calendars of all the company's work centres are made available to all employees on an annual basis.

With the aim of achieving a work-life balance, Medichem has established a flexible timetable system, **"Block Time"** for people on split shifts, where the majority of staff is concentrated. In this way, flexibility and a work-life balance are combined without having

to resort to the use of extra working hours or shifts, and the balance of hours can be accumulated on a quarterly basis.

In Spain, split-shift workers have flexible working hours and shift workers work rotating morning, afternoon and evening shifts.

In Malta, shifts vary depending on the position.

In the case of extended working hours, this must be expressly authorised by the employee's superior, and any temporary period in which the employee unilaterally decides to remain in the company without registering the end of the working day, once his/her





working hours have ended, shall not be considered a working day for the company, regardless of the possible disciplinary repercussions that non-compliance with this guideline may entail.

When an extension of a working day is authorised, Medichem compensates with an equivalent rest time, within each quarter.

Due to the special situation posed by the pandemic, we created a **Working from home Regulation** for Malta and Spain, which is now consolidated on an indefinite and reversible basis, and which guarantees the organisation of work and the right to disconnect from work.

Currently, one day can be worked from home during the working hours of the work centre to which the remote worker is assigned. If necessary for justified reasons, and with the approval of the worker's superior, the agreed working from home day can be transferred to another day of the week. In addition, two extra days

can be worked from home per month and can be taken at the worker's choice in the week of their choice.

Pregnant women may voluntarily work from home every day of the week from the 35th week of pregnancy.

During the summer period, from 15 June to 15 September, an extra full week can be worked from home.

Work is currently underway on the creation of a policy on disconnection from work, which will be disseminated during 2023.

A work-life balance

Medichem is committed to the well-being of its employees. For this reason, **policies** have been implemented to **promote a work-life balance**, such as the following:



Flexible working hours

Providing timetables that allow a balance between work and family life.

- ✓ Block Time employees have flexible working hours both in terms of clocking in and clocking out, as well as a long lunch timetable that can be adapted to the circumstances of each person, and a reduced working day on Fridays.
- ✓ Possibility of splitting holiday days into hours.
- ✓ Possibility of taking leave until 30 April of the following year.



Agreement on taking leave



Reduced working hours



100% supplement during childbirth and childcare leave



Paid leave for temporary sickness without medical leave



Adaptation of working hours



Additional week of leave due to childbirth



Working from home



Travel compensation



Arrangement for breastfeeding

Absence hours

Knowing the factors that lead to absenteeism and following up on employees is critical at Medichem. For this reason all absence hours are justified and recorded. In 2022, 18,581 hours (representing 2.5%) of absenteeism have been registered in the global computation of Spain and Malta.

The absenteeism rate is calculated according to the terms set out in the collective bargaining agreement, which excludes from the calculation, among others, leave due to marriage, childbirth, moving house, etc. For more information, see the [collective bargaining agreement](#).

The combination of work pressures, family dynamics and personal feelings influence the sense of well-being and can affect our employees in many different ways. It is therefore essential to ensure the most appropriate working conditions for a healthy organisation.

A psychosocial study was carried out in 2021, the results of which were presented in 2022, and which identified gaps to improve working conditions. During the second half of 2022, the actions to be carried out during 2023 have been planned. An

emotional management workshop is currently being held for all Medichem employees to attend.

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

Knowing the factors that lead to absenteeism and following up on employees is critical at Medichem. For this reason all absence hours are justified and recorded.

In 2022

2,5%

of absenteeism have been registered in the global computation of Spain and Malta.



02

LABOUR-RELATED DIALOGUE

At Medichem, **labour relations are based on open and transparent dialogue** through trade union representation, always in compliance with applicable regulations. For Medichem, internal communication is essential to keep employees informed about what is happening in the company.

100% of Medichem employees in Spain are covered by the collective bargaining agreement and they are represented through the Works Committee or the Staff Delegate both at the Celrà and Fontsa work centres.

Regular meetings are held with the Works Council and the Staff Delegate to discuss issues of major relevance to our workforce and to take important decisions in the organisation.



All Medichem employees can participate in the management of the company through the workers' legal representatives of their work centre.

In addition, Medichem has a whistleblower channel that allows any employee, regardless of position, function or work centre, to report to the Ethics and Compliance Committee any legal infringement or any behaviour contrary to the Code of Conduct.

For individual issues, employees can contact the head of department via email, teams, telephone, etc

In Malta, 62% of the workers are covered by the collective bargaining agreement and represented by the union. This is an increase of 11% over the previous year's figure of 51%. There is also an employee who is responsible for representing the employees

of the collective bargaining agreement during negotiations. The HR representative and the employee representative work closely together to mitigate and improve work situations.

For non-collective bargaining agreement employees, the Human Resources representative is responsible for labour-related dialogue.



03

COMMUNICATION

Medichem is firmly committed to maintaining transparent communication with its employees, which is why it has a communication platform, **Medichem Connect**, both in Malta and in Spain.



This platform is the official portal for the company's internal communications, where news of recent activities, new recruits, relevant data and information, regular updates on business developments, activities outside the work environment, etc. are posted. It also provides shortcuts to all company applications.

It can be accessed from both desktop and mobile via the uTalk Communities app.

To ensure communication, email and noticeboards are also used to make all Medichem employees feel part of the company by contributing their talents and expertise to our processes and business.



This platform is the official portal for the company's internal communications.



04

DEVELOPMENT AND TRAINING



At Medichem, the development and training of employees is key, being a pillar of the company's strategy. In line with our commitments in the area of employee management, a **Performance Evaluation System** and an **annual Training Plan** are in place.

The **Performance Appraisal System** is the system used by the company to increase collective efficiency and orient individual performance towards individual and common company targets.

The targets of the Performance Appraisal System are as follows:

- ✓ To guide the professional development of employees.

- ✓ To manage commitment, monitoring company values and competencies in individual behaviours.
- ✓ To encourage a feedback culture by holding regular performance monitoring meetings.
- ✓ To improve the company's results, based on the individual contributions of the team members.



Therefore, a Training Plan is drawn up each year that includes the training needs of all departments, whether they are technical, to better develop the job, or *soft skills*, a series of social competencies, personal attributes, qualities and attitudes that allow people to perform adequately in their environment.



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

11.327 h.

Training hours in Medicchem in 2022





05

EQUALITY AND DIVERSITY



Medichem is strongly committed to providing a respectful, diverse and inclusive working environment for its employees. This is why we guarantee and promote equality and diversity in the team with a management model that achieves a favourable environment that facilitates equal opportunities, non-discrimination, diversity and inclusion of professionals in each and every area. Our commitment covers everything from selection, promotion, training, recruitment, communication, work-life balance and prevention, the principle of equal opportunities between men and women, as well as between the rest of the people regardless of race, gender, marital status, religion, etc.

In Spain we have developed an **Equality Plan** in which we are committed to establishing and developing policies that integrate equal treatment and opportunities between men and women, without discriminating

directly or indirectly for reasons of gender, as well as for other reasons: marital status, religion, race, etc.

This Equality Plan has a duration of four years counted from its approval (December 2020 to December 2024). It shall be renewed at the end of its period of validity.

In order to ensure compliance with the targets, Medichem has an **Equality Committee** whose main target is to ensure the proper functioning and monitoring of all the actions and phases of the equality plan, as well as the improvement actions arising from it.

The Equality Committee is represented by the employers' participation and the workers' legal representatives. Anyone in Medichem can contact its members in person, by telephone or by email. Information given to the Equality Committee will be treated in complete confidentiality.



The following actions have been developed for the year 2022:

- ✔ Raising awareness that men and women have equal rights and obligations by recalling the history of the celebration of Women's Day.
- ✔ Encouraging working from home as a means of balancing work and family life.
- ✔ Drawing up and disseminating a manual of good practices in order to raise awareness among the company's staff to the importance of the use of time in the home and the joint responsibility of tasks.
- ✔ Drawing up a selection procedure with a gender perspective in order to guarantee equal opportunities of access to employment, both in the drafting and publication of the offer, as well as throughout the selection process, in Medichem variables related to sex, age, race, nationality, religion, etc. do not come into play.
- ✔ Drawing up and disseminating a protocol on sexual harassment and gender-based harassment.
- ✔ Review of documents to detect specific gender-related risks.
- ✔ Downs Syndrome activity to raise awareness of diversity and promote inclusion.

At Medichem Spain we have a **sexual or gender-based harassment protocol** that sets out the bases of the procedures to follow to avoid situations involving any type of harassment in the workplace, in relation to effective equality of employment between men and women, recruitment, training, non-discrimination on the grounds of race, religion, ethnicity, disability, etc. All cases of harassment or discrimination are investigated by the company and appropriate action is taken according to the circumstances, which can imply termination of employment. If anyone feels that they have been the victim of discrimination or harassment, they should contact Medichem through Medichem's whistleblowing channel. **To date, there have been no reports.**

We also promote social and labour inclusion, ensuring that people with disabilities are included in the staff. In Spain, there are six people working with disabilities, with no change compared to 2021. There are none in Malta.

To facilitate access to the facilities, a lift is available at the Medichem Sant Joan Despí (Conata and Font Santa) and Combino Pharm Malta work centres. Work is currently underway to install a lift in the Celrà work centre. We also have ramps for easy access and reserved parking spaces.





06

ATTRACTING AND RETAINING TALENT

Medichem strives to attract the best talent in order to provide the company with the best professionals. Efforts are focused on the company's brand image through the following measures:

- ✓ Promoting a good working climate in the work centres.
- ✓ Promoting the company on social media, both in Spain and Malta.
- ✓ Exit interviews with people who voluntarily leave the company.
- ✓ Communication of cases of involuntary disengagement.

The following tools are available for talent retention:

- ✓ Annual evaluation with two interviews per year with the immediate superior to encourage feedback.
- ✓ Dialogue on the annual targets to be achieved, which should be measurable, achievable and objective.
- ✓ Regular departmental meetings to communicate each department's progress, priorities and most relevant issues.
- ✓ Where vacancies exist, the possibility of replacement or internal promotion is considered.





06

Security, health and well-being

One of Medichem's basic principles is **to prioritise the safety of our people, facilities and environment.** With this target in mind, at Medichem we design the activities and processes that we verify on a regular basis so that they meet such target.



SECURITY, HEALTH AND WELL-BEING

We have Health and Safety departments in Malta and Spain that operate their own management systems, in line with Medichem's established health and safety policy framework. In turn, this policy complies with the existing legislative framework for the prevention of occupational risks in order to avoid accidents and/or occupational illnesses.

Biannually, the Security Department conducts audits in order to verify legal compliance and continuously improve the management system. The last audit was carried out by **AENOR** in December 2022.

The Safety department is integrated in the design phase of the facilities, in process changes and in the acquisition of new equipment, in order to evaluate possible impacts on safety and to adopt the necessary preventive or corrective measures.





WORKPLACE RISK ASSESSMENT

At Medichem, specific risk assessments are carried out for each workplace in order to avoid the possibility of occupational accidents and/or occupational illnesses in the different workplaces. These evaluations make it possible to plan Medichem's preventive activity, prioritising those necessary actions that are detected in the regular controls.

Occupational risk assessments are complemented by medical examinations of the staff. In the case of unsuitability or restricted suitability, the company, together with the workers' representatives, takes appropriate preventive measures.

In the case of external staff, all work to be carried out is assessed beforehand. These evaluations are carried out by the staff who have contracted the service, thus integrating preventive activity in a transversal manner in the different departments and levels of the company.

The main risks associated with Medichem's production sites and laboratories are:

- ✓ Contact with chemicals.
- ✓ Exposure to chemicals.
- ✓ Overexertion.

A specific emergency plan is in place at each work centre, implemented through regular training for all staff and especially for the intervention teams, **and drills are carried out annually at the production centres**. It is reviewed and updated annually.

We also have **a defibrillator at the Celrà and Malta work centres**, thus increasing the resources of the first aid team.

HEALTH AND SAFETY MANAGEMENT

At Medichem we work with the aim of continuously increasing the company's preventive culture. For this reason, we use different tools to promote communication and employee participation, available in the company's various document management tools and on the corporate intranet, Medichem Connect.

Staff who do not have internet access in the workplace, production staff, are provided with a printed document, called a risk report, which allows them to report any situation they consider to be a risk at work.

All reports received from employees are planned and managed jointly by the **Security Department and the person 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 work centre started

a solidarity campaign to promote **No Accidents**, helping local entities dedicated to social purposes by donating an economic amount every 100 days without occupational accidents. The organisation that receives the donation is proposed by a vote made by the staff of Medichem Celrà.

The association that received this donation was:



✓ **Valentès i acompanyades:**

This association works to stop forced marriages, violence against women, and to encourage their independence and physical and emotional integrity.

All Medichem staff have been informed of the different actions carried out by each association through Medichem Connect and the different information panels in the company.

Likewise, since the beginning of 2021, we have been promoting healthy lifestyle habits through programmes aimed at caring for the physical and emotional state of our employees. The company works with an online platform **Wellwo** that sends daily videos of physical and emotional activity sessions.

HEALTH AND SAFETY COMMITTEE

The **Health and Safety Committee** is the company's internal participatory body for regular and periodic consultation (quarterly meetings) on the company's risk prevention activities. Its role is to facilitate the exchange of views between the parties, creating a stable forum for orderly dialogue.

In Spain, at the Celrà and Font Santa work centres, the workers have health and safety representatives elected by and from among the staff representatives. These representatives (prevention delegates), together with the company's representatives, make up the Health and Safety Committee.

In Malta the employees have health and safety representatives in each department. These workers, following the same pattern of action as in Spain, exchange views on issues related to occupational risk prevention, actively participating in accident investigations and occupational risk assessments. Meetings are held every six months.

HEALTH AND SAFETY TRAINING

Our priority is to protect the health of our employees.

That is why all security-related training received by Medichem staff is included in the Human Resources Training Plan, and is based on identified needs.

Health and safety training is also mandatory for both new recruits and employees who change positions.

All special jobs (those that involve confined spaces, heights, electrical, forklift truck drivers, lifting platforms, etc.) require specific training. Any employee who is required to carry out special work must have





received specific training and be in possession of an authorisation issued by Medichem.

In the case of external companies, the security department checks that the external staff who will carry out the work for which they have been contracted have sufficient and appropriate training prior to carrying out the work.



HEALTH AND SAFETY INDICATORS

In 2022, in order to reduce the number of accidents of behavioural origin and increase the level of preventive culture in the company, Medichem Spain has continued to implement the **Safety Observations Programme**. Through these observations, the aim is to connect managers with employees, motivating them in their workplace and identifying opportunities for improvement in attitudes.

	2021			2022		
			Total			Total
No. of accidents with sick leave (not including <i>in itinere</i>)	3	4	7	1	3	4
No. of accidents <i>in itinere</i>	1	1	2	4	1	5
Lost days	14	25	39	3	109	112
Accident frequency rate	10,45	9,64	9,97	3,23	7,07	5,45
Accident severity rate	0,05	0,06	0,06	0,01	0,26	0,15
No. of occupational illnesses	-	-	0	-	-	0

The hours worked are calculated using a computer program managed by the Human Resources department. For calculating the actual hours worked, the theoretical hours to be worked by the worker are taken as a reference and the holiday hours are subtracted.

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

$$^{(3)} \text{ Severity Index} = \left(\frac{\text{number of days lost}}{\text{Hours worked}} \right) \times 10^3$$

07

Commitment to the environment

Medichem is firmly committed to the 2030 Agenda and therefore we seek to contribute on a daily basis to the achievement of the United Nations Sustainable Development Goals, and in particular those related to the core activities of the organisation by integrating them into our daily operations.



MANAGEMENT APPROACH

Both Medichem Malta and Medichem Spain's manufacturing centres, within the Environmental Management System, **take into account the environmental aspects and possible environmental impacts that the activities of each centre may generate in the environment and in the company itself**, including those environmental aspects in emergency situations that may arise during manufacturing, and even those environmental aspects related to the product life cycle, starting with the evaluation of the impact from the procurement of raw materials and packaging and their corresponding transport, production, the generation of waste and secondary products, the transport of the manufactured product to the customer and up to 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 of the Council of 24 November 2010 on Industrial Emissions (integrated pollution prevention and control) since 2007. The certificate guarantees Medichem's compliance with environmental regulations. The last inspection was carried out by Dekra in October 2022.

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

At Medichem, in order to comply with all legal requirements, we identify the applicable environmental legal requirements or other requirements to which the company subscribes voluntarily and assess their compliance (in the case of Spain) through the online platform ecomundis.com. In Medichem Malta and Combino Pharm Malta, legal compliance is monitored through the website of the local competent authority.

Both the identification system and the assessment system ensure the correct identification of new environmental legal provisions applicable to the company and their correct assessment.



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 have implemented an **Environmental Management** System that has been certified according to the UNE-EN ISO 14001 standard, certification obtained in 2001 for Medichem Spain and in 2009 for Medichem Malta.

We are based on five pillars as part of our commitment to mitigate the impacts of our activities:



ENVIRONMENTAL MANAGEMENT MANUAL

The **Environmental Management Manual** is the reference tool to keep identified the key documents of the Environmental Management System according to the international standard UNE EN ISO 14001.

ENVIRONMENTAL POLICY

Our special concern and responsibility for the environment obliges us to comply with strict environmental standards in the manufacture, analysis, packaging, labelling and distribution of our products.

Under these conditions we define our Environmental Policy:

Medichem, as a manufacturer of APIs and FDFs, is aware that respect for the environment is essential for sustainable development.

We recognise the potential impact of our activities on the environment and have therefore adopted a ten-point Environmental Policy:

01

Protect the environment, minimise the impact of our activity on it and prevent pollution.

02

Comply with applicable laws, rules, regulations and other environmental requirements.

03

Train, raise awareness and involve our staff in the application of this commitment, motivating them in the achievement of these targets.

04

To reduce, where technologically and economically feasible, the consumption of water, energy, solvents, effluents and discharges generated in the processes and emissions without compromising product quality .

05

Reduce, reuse or recycle waste by recovering solvents or raw materials, using waste as a by-product and managing packaging, *inter alia*, where technologically and economically feasible, without compromising product quality.

ENVIRONMENTAL POLICY

06

Set out measurable environmental targets on a regular basis, develop plans with the necessary environmental targets to achieve them, and implement control and monitoring methods.

07

Advise our customers on the correct handling from an environmental point of view during the whole life cycle of the product supplied.

08

Inform suppliers and subcontractors of our environmental practices, so that they are applied in the work they carry out in our facilities.

09

Continuously improve environmental management to ensure improved environmental performance.

10

Promote and raise awareness among all company staff of individual and/or collective practices for the improvement of the environment, such as sustainable and responsible purchasing and consumption, recycling and reduction of energy consumption.

This declaration of principles is part of Medichem's commitment to the prevention of environmental impact and continuous improvement, and is made public for the knowledge of all our staff.

ENVIRONMENTAL ASPECTS AND IMPACTS

At Medichem we identify environmental aspects, evaluate them and quantify their environmental risks by means of the **Procedure for the Identification, Evaluation and Control of Environmental Aspects**, which also identifies those risk scenarios that could give rise to environmental aspects under emergency conditions.

In addition, we regularly receive Environmental Management System (EMS) audits. The last audit in Medichem Spain was in April 2022 and in Medichem Malta in July 2022.

During the research phase, we evaluated each of the processes studied in terms of safety and sustainability in order to avoid and reduce the environmental impact of future manufacturing processes. It is at this point, during process development, 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 having to treat or dispose of it later.
02. Minimising toxicity in the design of synthetic methods should be a priority, ideally none at all, and in practice should always be minimised as far as possible.
03. Preserving efficacy must be compatible with reducing or eliminating toxicity.
04. Minimise the use of auxiliary substances (solvents, adsorbents, etc.), always opting for the most innocuous ones.
05. Apply processes at ambient pressure and temperature preferably to achieve higher energy efficiency.
06. Prioritise renewable materials.
07. Substitute catalytic reagents for stoichiometric reagents whenever possible.
08. Monitor the process to prevent the formation of hazardous substances.
09. Reduce the risk of accidents also through the selection of processes and substances.

The main environmental aspects identified at Medichem are as follows:

- ✓ Aqueous waste.
- ✓ Generation of non-halogenated solvents in the manufacturing process.
- ✓ Discharge of wastewater from the WWTP (Wastewater Treatment Plant).

In addition to these three environmental aspects, at Medichem Spain the following also has to be taken into account:

- ✓ Solvents from liquid ring pumps.
- ✓ Process wastewater effluent.

And at Medichem Malta the following has to be taken into account:

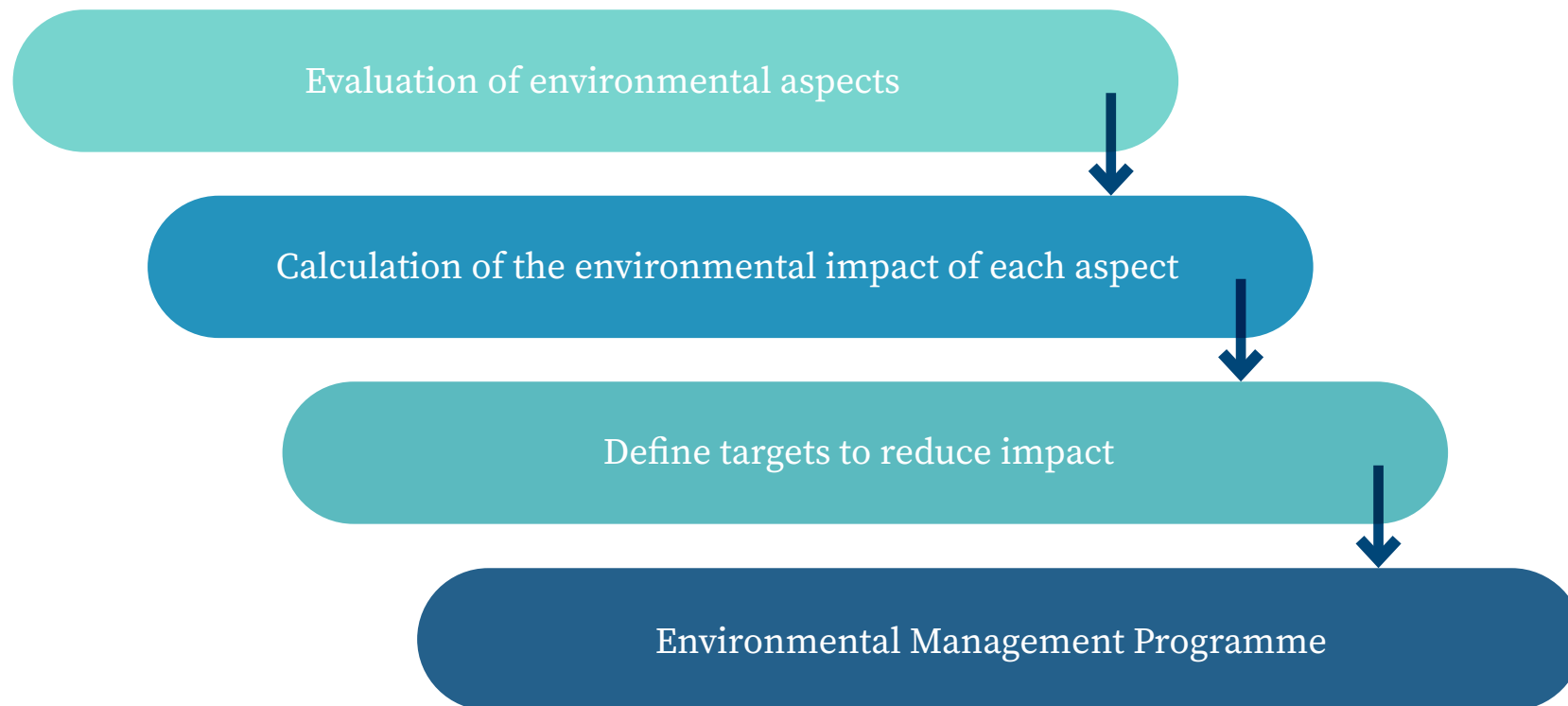
- ✓ Emission of nitrogen oxides (NO_x) from boiler gas combustion.
- ✓ Cytotoxic and cytostatic wastes, liquids generated in the manufacturing processes, in the HPAPI (High Potency APIs) unit and in the R&D laboratory.

Significant environmental impacts associated with the organisation's processes are identified and reviewed every three years. The Environment department in Spain and Malta are responsible for managing and controlling the risks and impacts of our activity, thus ensuring compliance with the policy.



ENVIRONMENTAL MANAGEMENT PROGRAMME

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



Within the Environmental Management Programme, the annual environmental targets, how to work towards achieving them and the necessary financial resources are agreed upon.

ENVIRONMENTAL TARGETS

Medichem is committed to making a responsible contribution to the environment by constantly working to prevent potential negative impacts on the environment, and to maximise our positive contributions to the environment. We carry out our activity through the **appropriate management of environmental impact, promoting policies that guarantee the avoidance of any type of pollution, minimise the generation of waste and rationalise the use of natural and energy resources.**



Environmental targets in Spain for 2022



Reduction of at least 10% in the consumption of non-halogenated solvents:

- ☑ At the validation level, we have achieved a 30% reduction of new solvent in the manufacturing process of Olopatadine HCl.



Reduction of at least 10% in the consumption of halogenated solvents:

- ☑ The reduction of the amount of halogenated solvent in the Pimecrolimus process has been studied, however, it has not been possible because it affects the quality of the product.
- ☑ In the VRN5 manufacturing process, the consumption of halogenated solvent, namely the solvent methylene chloride, has been eliminated.



A minimum 2% increase in the efficiency of raw material utilisation in manufacturing processes in order to improve yields and avoid over-processing:

- ☑ The VCZC Intermediate manufacturing process has been improved by reducing the ratio of raw materials used by 8% compared to the previous 2020 campaign. In addition, recovered solvent (toluene) is being used.
- ☑ Although in the manufacturing process of Voriconazole it has not been possible to increase the efficiency of raw material consumption, it has been possible to use recovered solvent (ethyl acetate).
- ☑ In the manufacturing process of Desvenlafaxine and its intermediates, the use of recovered solvents such as toluene and isopropyl acetate has been achieved.
- ☑ The recovery of tetrahydrofuran for the conditioning of production equipment has been studied.
- ☑ The recovery of n-butanol in the manufacturing process of Chlorhexidine Base has been studied and it has been found that the use of this solvent is only feasible in one of the two manufacturing steps where n-butanol is used.



Study and/or installation of solar panels at the Celrà plant, with the aim of installing them in at least two areas of the plant:

- ☑ Solar panels have been installed on the roof of the offices and on the roof of the canopies.
- ☑ The study and project for the installation of solar panels on the roof of the warehouses has been carried out. The warehouse structure has been reinforced for the installation of solar panels in 2023.
- ☑ As of April, all electricity consumed from third parties comes from renewable sources and is certified as Guarantee of Origin (GoO) energy.
- ☑ We have installed two more charging points for electric cars and four charging points for motorbikes and electric scooters in Celrà.



Study and/or approval of new suppliers in geographical proximity, with the aim of certifying at least 3 suppliers and assessing at least 10 suppliers:

- ☑ In mid-2022, we chose Ecovadis to conduct individual sustainability performance assessments of our main suppliers. To do so, we carried out a Supplier Mapping and contacted the suppliers with the greatest impact on our business and asked them to assess themselves through the Ecovadis platform. In parallel, Medichem has defined a Corporate Purchasing Policy in order to know the degree of performance of our suppliers in view of the results obtained from their assessment, thus enabling us to concentrate our efforts on providing support, training and promoting continuous improvement plans for those suppliers that are in the worst position. By 2022, **40% of our main suppliers have been assessed for sustainability.**
- ☑ There is ongoing work on agreements and know-how transfer with the following **new European suppliers**: Apixaban, Cinacalcet, Varenicline, Mirtazapine and Prucalopride. For Apixaban and Cinacalcet, samples are already being prepared by the future supplier. This target will be pursued through 2023.
- ☑ A European supplier has been approved for the manufacture of two Apixaban intermediates.



Study and/or implementation of actions to improve the sustainability of the company, with the aim of obtaining a satisfactory result after the assessment:

- ☑ In 2022, our first **Sustainability Report** was drawn up and was audited by the consultancy Ernst&Young, S.L. In July, the “Sustainability Report” for 2021 was published on the Medichem website. This publication was communicated internally through the Connect platform and at the presentation of the half-yearly meeting in July.

During the first quarter, the ESG Team was created, consisting of the CEO, the Legal Department, the HR Department and the Environmental Department. The company “Roots 4 Sustainability” has been contracted to accompany us on the road to sustainability with our new slogan “**Caring for the Future**”.



Study and/or implementation of actions to improve the efficiency of waste management and reduce COD by at least 5%:

- ☑ This target has been postponed to 2023.



Study and/or implementation of actions for the minimisation of aqueous phase waste in manufacturing processes, with the aim of reducing generation by at least 10%:

- ☑ Actions have been taken to be able to treat some aqueous phases generated in our internal treatment plant. These actions have resulted in a **19%** reduction of **the aqueous waste** generated.
- ☑ We are testing emerging technologies to treat some of the aqueous waste we generate.



Environmental targets at Medichem Malta for 2022



Reduce solvent consumption:

- ☑ During the year 2022, studies have been carried out to reduce the generation of solvent waste from the current established processes. The optimisations reduced the consumption of 1,043 kg of ethyl acetate and 1,258 kg of dimethyl sulfoxide.
- ☑ Studies to be carried out in the coming year also include the reduction of solvent residues generated during the cleaning and conditioning of equipment between batches.



Reduce COD (Chemical Oxygen Demand) in discharge water:

- ☑ A new wastewater blower has been purchased to improve water movement within the final basin and reduce COD and odour levels. The equipment was installed in May 2022 and the water characteristics were monitored throughout the year, however the results obtained were not conclusive enough to identify whether the reduction in COD levels corresponded to the blower and it was decided that other alternatives would be investigated during 2023.



Reduce VOC (volatile organic compound) emissions:

- ☑ In order to identify the best available techniques for the reduction of VOC emissions, a study of VOC emissions at air emission sources is scheduled with the consultancy Arcadis and implementation will be evaluated in the coming years.



Increase employees' environmental awareness:

- ☑ During 2022, campaigns to raise environmental awareness were conducted during World Recycling Day on 17 May and European Waste Reduction Week. Internal communications and game-based activities related to waste were carried out.



Environmental targets at Combino Pharm Malta for 2022



Implementation of an Environmental Management System (EMS) based on ISO 14001:2015

In 2021, the consultancy Tuning Fork was contracted and together with the Safety and Environment department implemented the necessary changes to align Combino Pharm Malta's EMS with that of Medichem Malta. In addition, all key employees involved in the implementation of Combino Pharm's EMS received the necessary training from the Safety and Environment department.

In 2022, other necessary infrastructure and technological resources were identified and will be included in the 2023/2024 budget.



Environmental Management System (EMS) Planning

Together with the consultancy Tuning Fork, a register of environmental aspects has been drawn up for Combino Pharm Malta. The three main aspects were found to be the following:

- ✓ Aqueous waste generated in the manufacturing process.
- ✓ Solid wastes containing dangerous substances.
- ✓ General water consumption.



Carrying out the verification of the implemented Environmental Management System (EMS) and performing the necessary corrective actions to have the system implemented by the end of 2022

Internal audits were carried out in December 2022 with 3 observations raised. These observations will be followed up during the next internal audit to be carried out by Tuning Fork in 2023.

REVIEW COMMITTEE

The **Review Committee** is formed by the Management Committee and monitors and reviews legal requirements, targets, environmental indicators, audits and the application of corrective and/or preventive measures. It is also responsible for identifying risks and opportunities.

ENVIRONMENTAL RISKS

At Medichem we assess environmental risks by means of the **Procedure for the Identification, Assessment and Control of Environmental Aspects**. This procedure helps us to effectively identify those risk scenarios that could lead to environmental aspects under emergency conditions. This assessment allows us to quantify the environmental impact and set targets to reduce the impact by prioritising high impact aspects.

In 2019 we conducted an environmental risk analysis at Medichem Spain. This analysis calculated the financial guarantee required to repair an environmental damage caused by an infiltration of substances as a result of a burst manhole.

On the basis of this analysis, a financial guarantee of 10 million euros was contracted to cover any alleged environmental damage that might occur in Medichem Spain, Medichem Malta and Combino Pharm Malta.



TRAINING AND ENVIRONMENTAL COMMUNICATION

It is part of our environmental commitment **to communicate and train effectively and regularly on the environmental aspects of the company both internally and externally.** The communication carried out by Medichem is reflected in the following actions:








- ✓ Environmental communication procedure (internal and external).
- ✓ Regular training for all internal staff on relevant environmental issues such as wastewater treatment, waste management, KPIs, air emissions, soil and groundwater control, accidental spills, solvent recovery, environmental targets, actions to reduce wastewater pollution, etc.
- ✓ Environmental training for new recruits.
- ✓ Environmental advice through the WellWo platform.
- ✓ Environmental information on our website and social media.
- ✓ Information and training for subcontracted staff.
- ✓ Internal communication of environmental indicators.
- ✓ Internal communication of annual environmental targets and their achievement.
- ✓ Game-based communication to promote and improve recycling on “World Recycling Day”.
- ✓ Internal and external dissemination campaign within the “European Week for Waste Reduction”, with the slogan “ZERO WASTE Lifestyle”.
- ✓ Promotion of reusable packaging in coffee vending machines, reducing the amount of single-use packaging.
- ✓ Campaign to promote sustainable mobility as part of European Mobility Week.

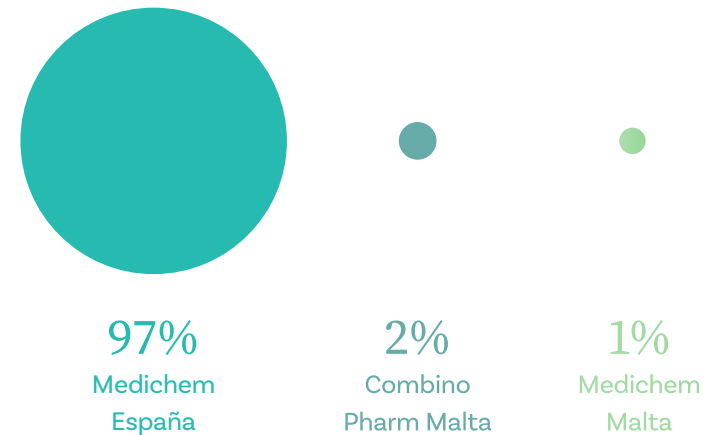
FINANCIAL RESOURCES EARMARKED FOR THE ENVIRONMENT

At Medichem we allocate part of our budgets to ensure compliance with all legal requirements, the correct management of all environmental aspects, the achievement of these environmental targets and continuous improvement through the implementation of new investments.

In **2022** we have allocated €717 thousand to environmental management, of which 97% was invested in the Medichem Spain plant, 1% in the Medichem Malta plant and 2% Combino Pharm Malta.

	Investment details	Environmental aspect	
Medichem Spain	Expansion of flammable capacity		Waste
	Replacement of lamellar decanter WWTP		Waters
	Solar panels		Atmospheric emissions
	Additional Electric Vehicle Charging Station		Atmospheric emissions
Medichem Malta	Blowers in the sewage treatment plant		Waters
Combino Pharm Malta	Electric car charger		Atmospheric emissions

€717_K
to environmental management



In order to reduce our environmental impact and fulfil our social commitment to respect the environment, we have invested in the following environmental aspects:

% Investment	SDG	2021	2022
Waste	12 PRODUCCIÓN Y CONSUMO RESPONSABLES 	26%	10%
Atmospheric emissions	13 ACCIÓN POR EL CLIMA 	22%	83%
Energy efficiency	7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE 	52%	-
Waters	6 AGUA LIMPIA Y SANEAMIENTO 	-	7%









At Medichem, we strive to minimise the impact of our activities and make preserving the environment our highest priority. That is why in **2023** we plan to invest to mitigate the impact of the following environmental aspects:

	Investment details	Environmental aspect	
Medichem Spain	Solar panels on the warehouse roofs		Atmospheric emissions
	Charging station for electric cars and motorbikes		Atmospheric emissions
	Automation pH adjustment on Scrubber EF1		Waters
	Reversal of atmospheric emissions		Atmospheric emissions
	Dichloromethane containment at Pilot Plant		Atmospheric emissions
Medichem Malta	Production area lighting		Energy efficiency
Combino Pharm Malta	Installation of solar panels		Atmospheric emissions





Investments will be aimed at reducing the environmental impact of the following environmental aspects:

% Investment in 2023	SDG	Medichem España	Medichem Malta	Combino Pharm Malta
Waste		-	-	-
Water	 	3%	-	-
Atmospheric emissions	 	97%	-	100%
Energy efficiency		-	100%	-

HUMAN CAPITAL EARMARKED FOR THE ENVIRONMENT

At Medichem we have an **Environmental Department in Spain and another in Malta in charge of managing and controlling the risks and impacts of our activity, thus guaranteeing compliance with our policies.** The Environment department in Spain supervises the activities carried out in the offices and the laboratory in Sant Joan Despí, so that there is coherence in the priorities and actions.

All employees working in the environmental field have received adequate training to carry out their responsibilities and are continuously trained 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 increasingly imperative, which is why at Medichem we believe it is **a priority to improve the energy efficiency of our facilities by carrying out small actions, thus aiming for zero net emissions.**

Medichem Spain's energy consumption comes from electricity, natural gas and diesel and in Medichem Malta and Combino Pharm Malta from electricity and LPG (Liquefied Petroleum Gas).

In 2022, energy consumption in gigajoules (GJ) is as follows:

Energy consumption in gigajoules (GJ) in 2022

Energy consumption (GJ)	2021	2022
 Electricity	33.008	28.984
 Natural gas	14.072	9.141
 LPG	5.111	6.160
 Diesel	417	4.111
TOTAL	52.608	48.397

Energy consumption has been reduced by 8% compared to consumption in 2021 thanks to all the energy efficiency actions and renewable energy investments implemented during 2022, which are as follows:



Medichem Spain:

- ✔ Electricity consumption has been reduced due to the increased use of renewable energies. Solar panels corresponding to the consumption of 56 kWh have been installed and since March the energy supplied externally is energy with Guarantee of Origin (GoO), energy certified as 100% renewable energy.
- ✔ Natural gas consumption has been reduced, although diesel consumption has increased due to the replacement, for a few months, of the boiler fuel.
- ✔ Heat recovery units have been installed for the air conditioners in the quality control and ADMV laboratories and in the office building.



Combino Pharm Malta:

- ✔ Time and temperature control of air conditioners in all buildings has been installed.
- ✔ The steam boiler has been insulated to prevent heat loss.
- ✔ The thermal oil exchanger in the Pilot Plant has been insulated.
- ✔ Regular monitoring for nitrogen and compressed air leaks is planned.
- ✔ Solar panels have been installed for self-consumption of electricity.
- ✔ Electricity supply from renewable energies has been contracted with a Guarantee of Origin.
- ✔ Replacement of the water chiller for a more efficient one.
- ✔ Replacement of lights with LEDs in the warehouse.

In Medichem Spain, electricity consumption is derived from actual measurements obtained in kWh (Kilowatt-hours) converted to GJ (Gigajoules) using conversion factors from the chemical sector emission reporting guidelines for the emission and source inventory.

In Medichem Spain, natural gas consumption is derived from actual measurements obtained in Nm3 (normal cubic metres) converted to GJ using conversion factors from the chemical sector emission reporting guidelines for the emission and source inventory.

At Medichem Malta and Combino Pharm Malta, electricity consumption is derived from actual measurements made online by the government entity obtained in kVAh (Kilovoltampere-hours).

In Medichem Malta and Combino Pharm Malta, LPG (Liquefied Petroleum Gas) consumption is derived from actual measurements obtained in m³ for Medichem Malta and in litres for Combino Pharm Malta and converted to GJ by the gas supplier.

If we consider the **energy efficiency** of our plants compared to the previous year in 2022, it was as follows:

	2021	2022
Total energy consumption in relation to annual production (GJ/t) ⁽¹⁾	201	195

(1) Total energy consumption (electricity + gas + diesel) / Annual production of the organisation (GJ/tonne).

Energy efficiency (energy consumption in relation to production) has been **improved by 3%**. However, if we compare the total energy consumption with the production per site (2021 vs 2022) we see that in Medichem Spain we have increased compared to 2021, this is due to the fact that the production has decreased more than the energy consumption, therefore, although the energy consumption in absolute value has decreased by 18% as the amount of product manufactured has been reduced by 21%, the efficiency has been reduced. In contrast, at Medichem Malta, total energy consumption for production has been reduced by 24% compared to 2021 and at Combino Pharm by 45%.

We have calculated the production of Medichem Spain as the amount of finished product plus intermediate product without taking into account the amount of finished product Chlorhexidine Digluconate, as it is a liquid product 80% of which is 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.

Energy efficiency
(energy consumption
in relation to
production) has been
improved by 3%



02



Consumption of raw materials







The consumption of raw materials in the manufacture of APIs has a major environmental impact as the amount of raw material consumed is much higher than the amount of product obtained. Due to this generality of our sector, it is essential to study and **optimise chemical processes** in order 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**.

Not only is process optimisation important to achieve optimum efficiency in manufacturing processes, but the **use of renewable raw materials** is also essential. Among the raw materials used to manufacture an API are solvents, mostly non-halogenated solvents,

which are used in large quantities in order to carry out the corresponding chemical reactions. These solvents end up as waste, so at Medichem we study each of these solvent wastes generated with special attention **to ensure that they can be reused in the manufacturing process itself or recovered externally so that they can be reintroduced into our manufacturing processes**. On this basis, for many years we have been reusing between 100 and 300 tonnes of solvents per year and recovering externally approximately 1,000 tonnes of solvents per year and reusing them in our own processes.

It is essential to study and optimise chemical processes in order 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.

Medichem's raw material consumption in 2022 in tonnes (t) was as follows:

Raw material	Source Type	2021	2022
Inorganic compounds	Non-renewable	609,17	429,71
	 Renewable	-	0,17
Organic compounds	Non-renewable	541,17	561,16
	 Renewable	6,48	10,32
Halogenated Solvents	Non-renewable	13,26	10,40
	 Renewable	-	-
Non Halogenated Solvents	Non-renewable	2.292,82	2.178,63
	 Renewable	924,58	983,74
Purification reagents	Non-renewable	439,00	405,78
Nitrogen	Non-renewable	890,25	1.278,27
Packaging	Non-renewable	258,17	404,31
	 Renewable	23,64	18,83
Brine	Non-renewable	69,96	58,20
	 Renewable	67,00	57,48
Other	Non-renewable	109,71	3,73
Active Pharmaceutical Ingredients	Non-renewable	7,66	12,01
Dye	Non-renewable	0,46	4,52
Excipients	Non-renewable	12,10	57,99
Total consumption of raw materials		6.265,43	6.475,26



The **material consumption efficiency** of our plants in 2022 was as follows:

	2021	2022
Intensity of non-renewable raw materials (tonnes of raw material/tonnes of product)	20,01 t RM /t product	21,71 t RM /t product
Intensity of renewable raw materials (tonnes of raw material/tonnes of product)	3,90 t RM /t product	4,30 t RM /t product
Intensity of raw materials (tonnes of raw material/tonnes of product)	23,91 t RM /t product	26,01 t RM /t product

In addition to the raw materials for the manufacture of our products, environmental awareness and activities at Medichem also go further. All office and canteen equipment, even if in a much smaller proportion than production, has an associated environmental impact.

With regard to the **canteens**, the following actions have been carried out **at Medichem Spain**:

- ✓ Selective collection of the organic fraction for subsequent use as compost has begun.
- ✓ Vending machines for hot drinks (coffee, tea) have been adapted to use a reusable cup, thus avoiding the use of single-use plastic cups.
- ✓ The canteen has been stocked with sugar, salt, vinegar and oil to avoid the use of individual plastic containers supplied by caterers.

In the field of **production (Medichem Spain)**:

- ✓ 74 tonnes of solvents were reused internally and 785 tonnes of solvents were externally recovered. A total of **860** tonnes of solvents were reused, representing **36%** of the solvents purchased.
- ✓ **10 tonnes** of two different solvent feedstocks (Xylenol and N-methylpiperazine) were recovered externally.

- ✓ As shown in the table above, 0.17 t of inorganic compounds were recovered, corresponding to the recovery of the Pd/C catalyst.

In the field of **production (Medichem Malta)**:

- ✓ 150 tonnes of solvents were reused internally.
- ✓ 32 tonnes of solvent were reused externally as a by-product.

In the field of
production
were reused
internally
224 tonnes of
solvents





03



Water consumption

At Medichem we are aware that water is a scarce and limited natural resource. That is why **we are committed to continuous improvement in optimal water management**. All water consumed at Medichem comes from the drinking water network supplied by a water company.

Medichem Spain has one groundwater well, although it is only used for groundwater monitoring (less than 1 m³/year).

At Medichem Spain **we have managed to reduce water consumption by 11% by 2021**, as we have implemented a series of measures to reduce water consumption:

- ✓ Water push buttons have been installed in the changing room showers with automated water shut-off.

- ✓ The natural grass has been replaced by artificial grass which does not require water consumption.
- ✓ The irrigation system has been replaced by a more water-efficient drip system.

Water consumption in 2022 was as follows:



	2021	2022
Water consumption from mains (m ³)	87.339	74.358
Water consumption from the well (m ³)	-	-
Total (m ³)	87.339	74.358

Water consumption complies with the supply limitations set out in local regulations.

The **total water consumption efficiency** of our plants has been:

	2021	2022
Water Consumption Intensity (m ³ /t)	333	299

CIRCULAR ECONOMY AND WASTE PREVENTION



At Medichem we are committed to a model of responsible production and consumption. That is why the **Circular Economy model** has long been part of our Environmental Management System. At all process stages, in all departments and in all plants, we are aware of the waste hierarchy and therefore we always prioritise the prevention of waste generation and, when this is not possible, we consider 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 R&D level, we take into account environmental criteria based on green chemistry.
- ✓ In the procurement of new equipment we take into account environmental criteria.



Production and retransformation

- ✓ Use of water recirculation systems to optimise water consumption.
- ✓ Re-study of processes to reduce the consumption of resources and raw materials.
- ✓ Reuse of raw materials.
- ✓ Replacement of 120-litre plastic drums with big bags.
- ✓ Implementation of efficiency meetings to improve productivity and thus reduce environmental impact.
- ✓ Digitalisation: implementation of an advanced warehouse management system (WMS) and start of the implementation of a new ERP and a project for the digitalisation of production sheets.



Transport and distribution

- ✓ Optimisation of packaging, prioritising oversized packaging.
- ✓ Use of recycled materials.
- ✓ Optimisation of waste transport.



Consumption, use, reuse and repair

- ✓ Internal reuse of solvents.
- ✓ Reuse of raw materials.
- ✓ Corrective and preventive maintenance.
- ✓ Promoting reuse and recycling and avoiding waste.
- ✓ Internal wastewater treatment (Medichem Spain).
- ✓ Reuse of acidic and basic aqueous phase waste to neutralise sewage treatment plant wastewater (Medichem Spain).
- ✓ Purchase of 1m3 recycled containers (IBCs).
- ✓ Reuse of raw material packaging for waste.
- ✓ Digitalisation of documents through the implementation of a document management system.



Collection

- ✓ Prioritisation of proximity managers.
- ✓ Separate collection to encourage recycling.



Recycling/end-of-life treatment

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



Procurement of raw materials

- ✓ Approval of raw material suppliers.
- ✓ Approval of carriers.



At the R&D level, the focus has been on how to minimise the waste generated, optimise the consumption of raw materials and reuse and/or recover the solvents or raw materials used

In addition, at Medichem we study the generation of waste in each of the manufacturing processes individually and meticulously. From the beginning of the project, at the R&D level, the focus has been on how to **minimise the waste generated, optimise the consumption of raw materials and reuse and/or recover the solvents or raw materials used**. For any waste generated, we study its reuse. If this is not possible, we study its recovery to be used again in the same process and if this is not possible, we look for ways to recover it and only as a last resort is it sent for treatment or destruction.

On World Recycling Day 2022, we held an internal workshop at all sites to communicate and raise awareness of waste recycling.

In Spain, during European waste prevention week, a series of training sessions were held for all employees under the slogan “**ZERO WASTE Lifestyle**” to raise awareness of the need to reduce the generation of waste in our daily lives.

PACKAGING

Every year at Medichem Spain **we calculate the amount of packaging material of the products** placed on the market by means of the *Packaging Declaration of the Department of Territory and Sustainability of the Autonomous Government of Catalonia*.

The ratio of containers placed on the market per quantity of product sold (package weight/product weight) is as follows:

2021	2020	2019	2018	2017	2016
0,089 kr/kp	0,090 kr/kp	0,085 kr/kp	0,078 kr/kp	0,082 kr/kp	0,085 kr/kp

At Combino Pharm Malta we are assessing the packaging materials currently in use and are contacting suppliers for more sustainable packaging.

Below are the tonnes of waste generated in 2022 classified by non-hazardous, hazardous and by-products together with their percentage of recovery:

	2021		2022	
Type of waste	Waste generated	% of waste allocated for recovery	Waste generated	% of waste allocated for recovery
Non-hazardous waste	334	32%	362	60%
Hazardous waste	5.382	69%	4.506	78%
By-products	3	100%	32	100%
Total (tonnes)	5.719	-	4.899	-

Hazardous waste not allocated for recovery has been reduced thanks to the fact that Medichem Spain is now able to manage part of the wastewater generated in a manufacturing process, Quetiapine, in the internal wastewater treatment plant. The generation of non-hazardous waste not allocated for recovery has also been reduced due to the reduction of sludge from the wastewater treatment plant.

FOOD WASTE

Given the nature of the company's business, food waste is not considered to be a material issue for Medichem.

EMISSIONS



Global warming is the greatest challenge of our time. The UN warns that a temperature rise of more than 2°C will lead to increased water scarcity, more fires and an unstable food system, among other consequences. That is why we at Medichem have put in place a range of measures to help slow the advance of climate change.



01

Greenhouse gas emissions

We are aware of the effect that greenhouse gas emissions have on climate change and are therefore firmly **committed to contributing to the mitigation of these effects and to moving the economy towards 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

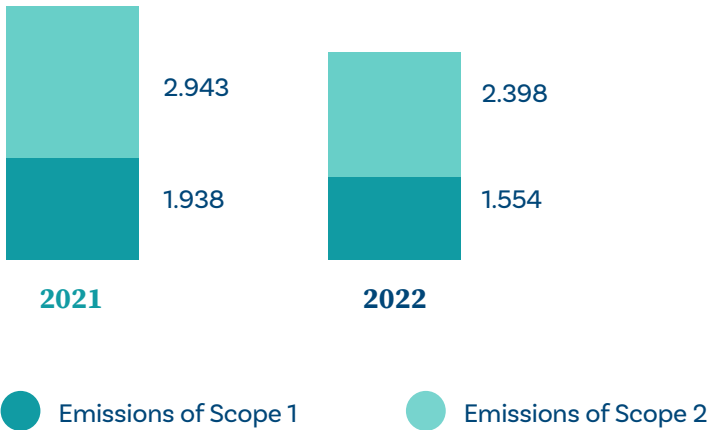
These emissions are not delivered in this report.

The greenhouse gas emissions of Medichem Spain and Malta and Combino Pharm Malta in 2022 have been as follows:



	2021	2022
Emissions of Scope 1	1.938	1.554
Emissions of Scope 2 (Location-based)	2.534	2.451
Emissions of Scope 2 (Market-based)	2.943	2.398
Total (market-based)	4.881	3.951

GHG emissions



Scope 1 CO₂ emissions have been reduced by 20% and Scope 2 by 19% compared to 2021. 384 mt less of Scope 1 CO₂ were emitted compared to 2021 (corresponding to 20%) due to reduced leakage of refrigerant gases.

545 mt less of Scope 2 CO₂ were emitted compared to 2021 (corresponding to 19%) due to the increased consumption of green energy from solar panels and the procurement of Guarantee of Origin (GoO) certified renewable energy at Medichem Spain.

At Medichem we have made efforts to assess the environmental impact of greenhouse gas emissions from our activities (**carbon footprint calculation**). For this purpose, Scope 1 and Scope 2 emissions are calculated with the “GHG emissions calculator” provided by the *Catalan Office for Climate Change of the Autonomous Government of Catalonia*. Indirect CO₂ emissions based on location-based electricity consumption have been calculated using the production mix ratio of 0.16 kg CO₂ per kWh of the Spanish Electricity Grid. We have calculated the indirect CO₂ emissions based on the market-based electricity consumption using the ratio of the mix of the electricity company (0.14 kg CO₂ per kWh).

We have obtained the CO₂ emissions from electricity consumption in Malta from: *Fuel Mix for Energy distributed by Enemalta plc. in 2021 - Enemalta* (0.38 kg CO₂ per kWh). The conversion from m³ to GJ comes from *Liquigas Malta*, the gas supplier in Malta. We have calculated the CO₂ emissions from gas consumption in Malta using the scope 1+2 Carbon Footprint calculator for organisations 2020-2019 of the *Ministry for Ecological Transition and the Demographic Challenge*.

To achieve a significant reduction in greenhouse gas emissions by 2022, we have made an effort to implement and maintain a series of corrective measures as outlined below:

- ☑ In Celrà, we have installed two charging points for electric cars and in Combino Pharm Malta we have installed four charging points for electric cars. In 2023 in Celrà, the installation of two more charging points for cars and four for motorbikes is planned.
- ☑ Meeting rooms have been improved to enhance remote meetings and working from home days have been increased.

- ✔ We are renewing the leasing fleet with zero-emission vehicles.
- ✔ In Celrà, electricity has been contracted from a company with a 100% Green Energy certificate.
- ✔ In Celrà, 884m² of solar panels have been installed for self-consumption of electricity, which will be extended to a further 1,938m² in 2023.
- ✔ At Combino Pharm Malta, the project for the installation of solar panels for self-consumption of electricity has been completed and is scheduled for installation in 2023.

By 2023, we commit to complete the current carbon footprint calculation by adding Scope 3 emissions to cover all emissions from direct activity (Scope 1), indirect emissions from electricity and heat generation (Scope 2) and all other indirect emissions occurring in the company's value chain and to set specific reduction targets.

In order to reduce Scope 3 emissions from the mobility of our employees, in 2023 we will conduct a **mobility survey** of 100% of Medichem employees and, based on the results, we will design a **Corporate Mobility Plan**.





02

Pollutant gas emissions

As a consequence of our activity, other polluting gases other than greenhouse gases are also emitted into the atmosphere, which we are committed to controlling and managing in order to mitigate their impact.

At Medichem Spain and Medichem Malta we treat atmospheric process emissions by **installing gas absorption scrubbers** at each of the two sites' manufacturing plants. We also report annually to the administration through the *European Pollutant Release and Transfer Register (E-PRTR)*, which collects data on emissions to air and water and the transfer of waste from activities with a potential impact on the environment, the emissions of compounds emitted in manufacturing and combustion processes, and the emissions of pollutants and pollutants from the production and combustion processes.

In 2022, gas emissions from each plant were as follows:

Pollutant quantity (t)	2021	2022
TVOC (Total Volatile Organic Compounds)	12,88	2,18
CO (carbon monoxide)	0,20	0,24
NOx (nitrogen oxides)	1,22	1,49

At Medichem Spain we have calculated the amount of VOCs with an actual value measured in June 2022. In Medichem Malta, the amount of VOCs has been calculated with an actual value measured in 2022.

We have calculated the quantities of carbon monoxide (CO) and nitrogen oxides (NOx) emitted using emission factors from the *EPER CAT Chemical Sector Emission Reporting Guidelines* based on natural gas and LPG (Liquefied Petroleum Gas) consumption.

At Medichem Spain we are working to reduce and even eliminate methylene chloride (a volatile carcinogenic substance) from manufacturing processes. However, for the few processes that still require the use of methylene chloride, all of them have been concentrated in the same manufacturing plant, specifically in the Pilot Plant, and the degree of capture of this substance has been increased by installing three activated carbon filters before the inlet of gases to the scrubber. With this new installation we ensure zero emissions of the substance methylene chloride into the atmosphere.

From the end of 2022 and throughout 2023, Medichem Spain is working with a consultancy to prepare the technical project for the installation of a regenerative thermal oxidiser to reduce emissions of volatile organic compounds in the manufacturing plants and thus continue to meet our commitment to further reduce emissions.



03

Wastewater discharges

Another relevant factor for Medichem is the **quality of wastewater discharges**, as this is a significant aspect of our activity due to the quantity and presence of relevant pollutants in wastewater. In order to carry out responsible wastewater treatment management, it is essential to work along two lines of action:

- ✓ Improving the quality of these waters.
- ✓ Reduce the volume discharged.

Medichem complies with the requirements of its wastewater discharge authorisations at all its facilities. Wastewater is managed internally at the internal wastewater treatment plants for discharge to another municipal wastewater treatment plant before being discharged to the river at Medichem Spain or to the sea at Medichem Malta.

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

At Medichem Malta, wastewater is treated by physico-chemical treatment. The system also includes homogenisation and neutralisation before physical treatment. Finally, the sludge generated in the physico-chemical treatment is filtered to remove the water it contains.

The most significant discharge parameter in our sector is the *Chemical Oxygen Demand (COD)*, which is the amount of oxygen needed to chemically oxidise organic matter into CO_2 and H_2O . However, the pollutants chloride, phosphorus, nitrogen and suspended matter are also significant for both Medichem Spain and Medichem Malta.

*These BREF documents (Best Available Techniques Reference Documents) describe the techniques applied, the current emissions to all media and consumption levels and the techniques taken into account to determine BAT for each of the industrial sectors, as well as the conclusions on BAT and emerging techniques.



Therefore, we carry out **regular measurements of discharges**. The values obtained in 2022 are shown below:

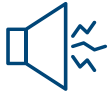


Amount of pollutant (t)	2021	2022
COD	45,97	46,28
Total phosphorus	0,47	0,33
Kjeldahl nitrogen	2,43	2,41
Suspended matter	4,57	6,48
Chlorides	55,87	46,34

The quantities of pollutants have been calculated on the basis of actual analytical results carried out periodically during 2022 and the quantity of water discharged. At Medichem Spain, the amount of water discharged is estimated (assuming 80% of the total water consumed) and in Malta the amount of water discharged is the actual amount measured with a flow meter and is joint between Medichem Malta and Combino Pharm Malta as all wastewater generated in the two plants is managed in the same treatment plant and therefore discharged jointly.

In 2022, Medichem Spain started to study emerging techniques for the internal treatment of wastewater which is being treated externally, and in 2023 we continue with experimental tests.

Medichem
Spain started to
study emerging
techniques for the
internal treatment
of wastewater



04

Light and noise pollution


Following the assessment of environmental aspects, we have not found any significant environmental impact in terms of light and noise emissions, and therefore we have not considered them as material impacts for Medichem. Even so, **we are firmly committed to reducing our environmental footprint, which is why we comply with light pollution regulations** and are progressively replacing all outdoor lighting at all sites with LED lighting.

At Medichem Spain, an outdoor lighting study was prepared in 2021 that covers the next 3 years for the replacement of all outdoor lighting with LED lighting, whereby all outdoor lighting is progressively replaced with LEDs.

At Medichem Malta we will progressively replace all exterior lights with LED lighting.

In terms of noise, we are replacing equipment that emits more noise with new, quieter equipment. In August 2021, we carried out noise measurements at Medichem Malta and Combino Pharm Malta and it was concluded that no more than 5 decibels (dB) of background noise was exceeded. The next monitoring will be carried out in 2026 in accordance with the regulations.

In October 2022, a noise pollution study was carried out at Medichem Spain by Dekra Industrial, SAU and the conclusions were that we complied with all the relevant requirements.



We are replacing equipment that emits more noise with new, quieter equipment



05

Soil and groundwater contamination

We have long been striving to reduce our impact on the environment and consequently designing activities that make a significant contribution. In 2015, the company eSolve carried out a baseline soil report at Medichem Spain: a **complete survey of the soil and groundwater situation of the entire site**, resulting in the installation of 4 fixed piezometers. Piezometers are submersible, pressure-sensitive measuring sensors designed for periodic monitoring of **groundwater quality and soil contamination**. At Medichem Spain we use them exclusively to measure volatile organic compounds, soil temperature and soil moisture and to measure the water table, analyse TPH (total petroleum hydrocarbons), volatile organic compounds and other compounds in groundwater.

From this date onwards, **soil monitoring** is being carried out **every six months** and **groundwater monitoring every**

five years to ensure that there is no contamination and therefore no impact on the environment.

In June 2022, groundwater sampling, measurement of groundwater levels, physico-chemical parameters and VOCs and other gases from the four piezometers and the well were carried out at Medichem Spain. The results were in accordance with the relevant requirements.

In January 2017, the company *En-sure Monitoring* carried out a risk assessment for potential soil and groundwater contamination at Medichem Malta. This assessment concluded that the risk of soil and groundwater contamination was very low, therefore we have not considered it necessary to carry out the baseline soil report and groundwater monitoring.

Soil monitoring is being carried out every six months and groundwater monitoring every five years



ADAPTATION TO CLIMATE CHANGE

At Medichem we believe in the need to take action to mitigate and adapt to climate change by setting targets to contribute to the SDGs of the 2030 Agenda.

Since 2020, we have been monitoring CO2 emissions (Scope 1 and 2) and if we compare 2022 with the previous year, we have reduced direct emissions by **20%** Scope 1 and by **19%** the Scope 2. This achievement has been thanks to different actions to reduce emissions promoted by the organisation, such as the improvement and final management of waste, encouraging its recovery and reuse, as well as promoting the circular economy in its packaging, and the firm commitment to renewable energies.

By 2023 we commit to calculating the indirect emissions occurring in the company's value chain (Scope 3) and setting specific science-based reduction targets, as well as considering joining the Science Based Targets (SBT) initiative. In parallel we will continue to monitor the reduction of energy consumption and Scope 1 and 2 emissions and implement new energy efficiency practices in our facilities or energy efficiency practices in general, comparing the values with a baseline year and from year to year.

By 2023 we will conduct a **mobility survey** of 100% of Medichem's staff and **design a Corporate Mobility Plan** that includes the following:

- ✓ A formalised policy that sets out sustainable transport and mobility practices in writing.
- ✓ Subsidies or incentives for using public transport, car sharing or cycling to work.

By 2024 we commit to offsetting at least 75% of GHG emissions of the company's carbon footprint

- ✓ Incentives for employees to use technology to hold virtual meetings to reduce travel.
- ✓ Facilities for the use of public transport, bicycles or cleaner-burning vehicles on company premises.
- ✓ Preference for the use of transport methods with less environmental impact.

Medichem Spain is already contracting low-impact renewable energy and generating renewable energy through the installation of solar panels, so that by 2024 we are committed to **50% of energy use** in all Medichem centres being generated by low-impact renewable sources and to improving this indicator over time to increase the consumption of renewable energy used.

By 2024 we commit to offsetting **at least 75% of GHG emissions** from Scopes 1 and 2 of the company's carbon footprint.

BIODIVERSITY

At Medichem we are committed to our environment and believe in the need to preserve biological diversity in order to safeguard the functioning of the vital cycles of water, nutrients and soil, thus minimising our environmental impact.


Medichem Spain's API manufacturing plant is not located in any protected natural areas or areas of natural interest. The nearest protected natural area is located about 2 kilometres north of the site and is called "Riberes del Baix Ter", which is part of the Special Protection Plan (PEIN) since 2014. On the other hand, about 2 km southwest of the site is another protected natural area called "Les Gavarres" and, like the previous one, it is part of the Special Protection Plan (PEIN).

In the event of an accident, these natural areas would not be affected, as concluded in the Environmental Risk Analysis report on the Medichem facilities (Celrà) carried out in October 2019 by the environmental consultancy and engineering firm eSolve.

At Medichem we aim for industry and the environment to coexist in a sustainable way through actions to conserve biodiversity. Proof of this is the regular monitoring of atmospheric emissions, soil, wastewater and groundwater, as explained in previous sections, to ensure that the activity does not have any negative effect on the natural environment.

To address biodiversity loss in our immediate environment by 2023, local projects that contribute to preserving life on our planet will be assessed.

Medichem Malta's API manufacturing plant and Combino Pharm Malta's FDF manufacturing plant are located on two adjoining plots of land on the Hal Far Industrial Estate in Birzebuggia. The cliffs located along the Hal Far polygon are designated as part of a Special Protection Area (SPA), as a Natura 2000 Special Area of Conservation (SAC) and is listed as an Area of Ecological Importance (AEI). Therefore, in January 2017, we conducted a risk analysis together with the company *Ensure* for soil and groundwater contamination for Medichem Malta, which concluded that Medichem Malta's activity did not have any adverse effects on the natural environment.



We are committed
to our environment
and believe in the
need to preserve
biological diversity



08

Human Rights

At Medichem we are aware of the real impact our activities have on our stakeholders: customers, employees, partners, communities, as well as society at large.

HUMAN RIGHTS

To this extent, Medichem assumes a firm commitment to the protection of human rights, following the guiding principles established by the United Nations for this purpose based, on the one hand, on their protection and respect, and, on the other hand, on the remedy of violations of these rights that may occur in companies.

Medichem also complies with the provisions of the **ILO core conventions related to respect for freedom of association and the right to collective bargaining.**

For all of the above, at Medichem we are committed to the following:

- ✓ Ensuring compliance with the provisions of applicable international and national regulations on respect for human rights.
- ✓ Acting at all times in accordance with the principle of due diligence in its operations and decision-making in accordance with the UN Guiding Principles on Business and Human Rights.
- ✓ Determining mechanisms to remedy specific violations of them that may occur in the company.

For this purpose, at Medichem we have developed a Human Rights Policy which includes specific provisions relating to the prohibition of child exploitation and

forced labour and which also sets out the operational measures aimed at identifying, preventing, mitigating and remedying the negative consequences on Human Rights that may arise from Medichem's activities. Medichem also has a Code of Conduct based on compliance with current legislation, which is shared with third parties with whom it maintains business relations and which reflects our commitment to the protection of human rights.

On the other hand, **we have not received any report through Medichem's Whistleblower Channel**, nor has it come to our attention through other channels, that the company has incurred in any violation of human rights in the development of its business activities.





09

Social Commitment

As a company committed to society and our environment, we have a social commitment to the community to which we belong.



SOCIAL COMMITMENT

The philanthropic work we carry out is not only determined according to the nature of the organisation with which we collaborate, but we create and coordinate actions of solidarity ensuring that the philosophy is at the heart of the entire company, showing that our commitment is sincere, and that everyone in the group knows and shares it.

In 2022, we have laid a particular focus on the following 5 lines of action:

- ✓ **Access for vulnerable groups in terms of health.**
- ✓ **Supporting the most vulnerable children and adolescents.**
- ✓ **Attention to groups at risk of social exclusion.**
- ✓ **Attention to female victims of gender-based violence and forced marriages.**
- ✓ **Transforming third sector organisations through innovation.**

We seek to encourage team participation either directly or by selecting the destination of the donation.

Actions under the area of Positive Impact on People and Communities include, among others:

- ✓ **Oncotrail in Spain**, with the participation of partners from Spain and Malta.
- ✓ **Oncobike Girona**, with the participation of Spanish partners.
- ✓ Donations to **Obra Social Sant Joan de Deu**.
- ✓ Donations to **Institut Químic de Sarrià**.
- ✓ Donations to the **Red Cross**.
- ✓ Donations to the **Valentes i Acompanyades Association**.
- ✓ In Spain, donations to **Caritas** branches where the work centres are located.
- ✓ Donations to the **Arrels Foundation**.
- ✓ Donations to the **Catalan Cancer Association**.
- ✓ In 2022 and due to international developments, Medichem has donated medicines to Ukraine.

- ✓ **0 occupational accidents campaign:** The Celrà work centre has started a solidarity campaign to promote **No Accidents** in the workplace, helping local entities dedicated to social purposes by donating an economic amount for every 100 days without occupational accidents. The organisation that received the donation was chosen through a vote made by the Medichem Celrà team. The association that received this donation was:
- ✓ **Valentes i acompanyades:** This association works to stop forced marriages, violence against women, and to encourage their independence and physical and emotional integrity.



Donations made at 31 December 2022 amounted to a total of €337,391 representing 33.96% more than in 2021 (€251,831)



10

Quality and Customers

Medichem is managed on the basis of the strategy defined by the Advisory Board in consensus with the Board of Directors, which has delegated the executive functions related to the day-to-day management of the company to the CEO.



MANAGEMENT

Management is shared with the Management Committee, which sets the company's targets to be achieved within the year at the beginning of such year, as well as the main departmental targets, all of which are aligned with the defined strategy. Targets are cascaded down to the different levels of the organisation, both those defined between several departments and those that pertain only to a single department. The same body determines compliance with the targets at the end of each financial year.

On a quarterly basis, the company's progress against targets is assessed and progress is communicated through notice boards.

LEGISLATION AND QUALITY

At Medichem, we **ensure ongoing compliance with applicable laws in all jurisdictions where we have subsidiaries**. This compliance is carried out on a scheduled basis and under the guidance of the Legal department and the supervision of the General Management.

Medichem's production plants, all of which are **certified**, are located in Spain and Malta.

We have an **integrated quality system**, with our own policies and procedures, which comply with applicable laws, standards and regulations, in addition to customer requirements and those defined by Medichem to ensure the continuous improvement of all its processes and products. It is complemented by an ongoing assessment of the organisation's effectiveness and internal audits.

We ensure our presence in international markets through the administrative authorisation of our production facilities by the main authorities in the sector. We also have certifications that accredit the quality of our products and processes developed in the organisation, proof of which is the ISO 14001 certification of the EU GMP (not applicable to FDF Spain or Malta) and the FDA certification of the USA. The Celrà plant is also accredited by the Korean FDA. Chlorhexidine salts are also Halal certified.



Medichem is periodically **audited** to verify our compliance with applicable requirements. Audits are carried out by customers (both face-to-face and remotely), by certifying bodies according to the applicable regulations (ISO 14001, Halal, etc.) and also by the health authorities. The following audits/inspections were conducted during 2022:

Audits and inspections

	2021	2022
 Authorities	1	3
 Certifications	3	3
 Customers	49	41

Inspections by authorities and certifications carried out vary from year to year, as they are conducted according to the assigned renewal frequency. In terms of customer audits, for the year 2022, 28 were carried out at Medichem Spain, 6 at Medichem Malta and 7 at Combino Pharm Malta. It can be seen that during 2022 the number of customer audits carried out has remained fairly stable compared to 2021, when 29 audits were carried out in Medichem Spain, 12 in Medichem Malta and 8 in Combino Pharm Malta.

Medichem also deals with all customer queries regarding processes and products, as well as assisting them during visits and audits at our production plants. Medichem maintains its own system for managing **complaints** received through different departments, which are always redirected to Sales and Quality Assurance (QA). All complaints received are investigated and, where deemed appropriate, targeted actions are proposed to resolve the root cause. The following table shows the number of complaints received during 2022 in the three business units, as well as the percentage of them that were closed at 31 December 2022, according to the applicable internal procedure:

Complaints

	2021	2022
Number of complaints received	77	55
% of complaints resolved	75%	62%

Overall, there is a decrease in complaints received compared to 2021, from 49 to 37 for Medichem Spain, and from 22 to 11 for Combino Pharm Malta; the level of complaints received for Medichem Malta remains fairly stable, from 6 complaints received in 2021 to 7 received in 2022.

In terms of the percentage of complaints resolved by 31/12/2022, the percentage of complaints closed compared to 2021 is higher for Medichem Malta and slightly lower for Medichem Spain and Combino Pharm Malta. This is due to the fact that the closure of complaints is subject to a certain period of time established according to the applicable procedure, which takes into account the date of the last communication with the customer.

R&D AND CUSTOMERS

On an annual basis, Medichem allocates **7% of the turnover budget to R&D projects**. Projects are proposed and evaluated by the Selection Committee, and implemented by a team for each project. This team is made up of a Project Leader and a team of people from different areas of the organisation who monitor the progress of each project.

Some of the projects are subject to public funding at both national and regional level. These projects are therefore audited a posteriori by the entities receiving the aid.

Based on our B2B strategy, we consider satisfying our customers' needs to be a fundamental pillar. Therefore, at Medichem we measure **customer satisfaction** through regular meetings and satisfaction surveys, the latest of which was carried out in November 2020, with a satisfactory assessment of aspects such as the degree of fulfilment of expectations, evaluation of technical support and assessment of Medichem as a supplier, among others.

COLLABORATIONS

Medichem **works closely** with the US and European Pharmacopeias (USP and EP) by providing product reference standards, reviewing analytical methods and, if necessary, proposing improvements to them, and through participation in USP and EP expert groups.

Medichem also actively participates in the environmental and sustainability working groups of “Medicines for Europe”.

In turn, at Medichem we work together on different projects on a regular basis with technical and specific staff from the University of Girona, as well as from the Institute of Materials Science (ICMAB) of the Autonomous University of Barcelona (UAB).

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

CYBERSECURITY

Medichem’s commitment to cybersecurity is reflected in the **Security Guidelines** and in the organisation’s efforts to ensure compliance with the regulatory framework specific to our sector. Our guidelines make it our basic principle that all our information and telecommunications systems possess the appropriate level of cybersecurity and resilience. Medichem promotes ongoing improvement processes in prevention, detection, analysis, recovery and investigation capabilities to face new threats, with the main objective being to raise awareness and train employees and third parties on cybersecurity risks and threats.

Cybersecurity working procedures are regularly reviewed with internal and external audits performed by cybersecurity experts, always looking for potential security breaches and anticipating, as far as possible, corrective and preventive actions to avoid risks.

The use of third-party or cloud-based services is managed through regular audits and reviews to ensure privacy and compliance with relevant regulations.

PHARMACOVIGILANCE

Medichem has a qualified person responsible for Pharmacovigilance (QPPV) at European level who coincides with the local pharmacovigilance manager for Spain.

In addition, Medichem has an adequate system in place for the fulfilment of its pharmacovigilance functions, aimed at monitoring the safety of authorised medicines and identifying any changes in their benefit-risk ratio.

At present, Medichem does not directly market any of the medicines of which it is the holder, which is why we do not receive notifications of adverse reactions to these products. However, anyone in the company who receives an adverse reaction alert must inform the Pharmacovigilance department as set out in the internal procedure.

An initial and ongoing training programme in pharmacovigilance has also been set up. This training is carried out in accordance with internal procedures under the supervision of the Human Resources department.



11

Suppliers

Medichem's main purchases are purchases of raw and intermediate materials, mostly located in China and India, for the manufacture of APIs, and contracting the manufacture of sterile finished products for FDFs for which Medichem does not have facilities (located in Europe).



SUPPLIERS

The **Purchasing Policy** establishes a framework for action between Medichem and suppliers, promoting ethical, transparent and trustworthy commercial relationships, as well as taking into account social and environmental aspects. At Medichem we have a **Code of Conduct** that details how the company conducts business relationships with its suppliers and other business partners.

In March 2021, we approved a new version of the Supplier Assessment procedure detailing new criteria **on ethics, sustainability and safety in the supplier selection and assessment process.**

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

The suppliers that provide materials, services and logistics and that have an impact on the quality of the products manufactured are previously approved and their risk is assessed twice a year by various departments of the company, led by the **Quality Department.**

As part of our risk mitigation plan, we work with an **Annual Strategic Approval Plan** to ensure supply of critical raw materials with a minimum of three suppliers in different geographical locations if feasible. In this area, we have initiated a project to increase

Medichem has made a great effort to comply with the defined audit plan in the context of the global pandemic, with audits managed both face-to-face and online

the number of suppliers located in Europe in order to contribute to maintaining the European industrial fabric, while reducing transport distances leading to a lower environmental impact.

Depending on the assessed level of annual risk and its impact on the value chain, we **regularly audit** our suppliers of raw materials and services, such as FDF manufacturing, to ensure that they have an adequate quality system in place and that they meet the required specifications. In turn, our suppliers are expected to have an environmental policy in compliance with existing legislation and regulations on environmental protection and safety, and respect for internationally proclaimed human rights laws.

In 2022, a total of 33 suppliers were audited according to internal procedures (7 suppliers (28%) more than in 2021), with satisfactory results in all cases. **Medichem has made a great effort to comply with the defined audit plan in the context of the global pandemic, with**

audits managed both face-to-face and online. Those audits that could not be carried out according to the 2022 planning for different reasons (unavailability of the supplier, cancellation due to COVID-19, postponement depending on the production of raw material, etc.) have been rescheduled for 2023, with the exception of those that have been cancelled due to supplier reclassifications.

The Quality teams in Malta and Spain are working together to set up a shared audit plan between plants and businesses, with the aim of pooling efforts, synergies and knowledge among qualified staff from the different areas and businesses.



40% of our
main suppliers
have been
assessed for
sustainability

The findings of these audits are always shared with suppliers, and an action or improvement plan will be required where necessary.

To align our sourcing practices with our commitment to sustainability, in 2022 we chose Ecovadis to conduct individual sustainability performance assessments of our main suppliers. To do so, we carried out a Supplier Mapping and contacted the suppliers with the greatest impact on our business and asked them to assess themselves through the Ecovadis platform. In parallel, Medichem is defining a Corporate Purchasing Policy in order to know the degree of performance of our suppliers in view of the results obtained from their evaluation, so that we can concentrate our efforts on

providing support, training and promoting ongoing improvement plans for those suppliers that are in the worst position. By 2022, **40% of our main suppliers have been assessed for sustainability.**

Finally, at Medichem we also establish a system to assess the transport companies that form part of its supply chain, assessing environmental performance as well as safety-related aspects.



12

Tax transparency

Medichem is committed to acting responsibly with regard to taxation and complying with tax legislation and obligations in all countries in which we operate, always acting transparently and truthfully in our dealings with the tax authorities.

TAX TRANSPARENCY

Medichem is committed to acting responsibly with regard to taxation and complying with tax legislation and obligations in all countries in which we operate, always acting transparently and truthfully in our dealings with the tax authorities. The company's structure in each territory is aligned with its activities and is based on commercial and/or industrial reasons. Proof of this is our Tax Policy, which is aligned with the company's mission and values, as well as with the strategy of our businesses.

The company's Board of Directors, responsible for the direction, administration, management and control of the business, is in charge of supervising the company's Tax Policy based on a prudent and reasonable interpretation of the tax regulations in force in each legislation, avoiding any tax risk.

At Medichem we have a Transfer Pricing Policy that is in line with current legislation and applies to all transactions with related parties. This policy is reviewed annually to ensure compliance and to avoid any deviation.

We do not operate in territories qualified as tax havens.

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









Annex

Staff





Total number of employees by gender and professional category

	2021				2022			
			Total	IPRHM*			Total	IPRHM*
Executives	5	5	10	1	4	6	10	0,8
Managers	19	27	46	0,83	18	30	48	0,75
Technicians	76	77	153	0,99	81	79	160	1,01
Administrative assistants- Analysts	68	106	174	0,78	73	129	202	0,72
Total	168	215	383	0,88	176	244	420	0,84

*The formula for calculating the Relative Presence Index (with initials in Spanish IPRHM) is as follows: $((\text{Women} - \text{Men}) / (\text{Women} + \text{Men})) + 1$

Staff

Total number of employees by gender and age

	2021				2022			
			Total	IPRHM*			Total	IPRHM*
Under 30	27	35	62	0,87	31	36	67	0,93
Between 30 and 50	123	137	260	0,95	123	157	280	0,88
Over 50s	18	43	61	0,59	22	51	73	0,6
Total	168	215	383	0,88	176	244	420	0,84

*The formula for calculating the Relative Presence Index (with initials in Spanish IPRHM) is as follows: $((\text{Women} - \text{Men}) / (\text{Women} + \text{Men})) + 1$

Staff

Total contracts

Type of contract	2021		2022	
	Full-time	Part-time	Full-time	Part-time
Permanent	353	8	401	6
Temporary	19	3	6	7
Total	372	11	407	13

Staff

Average number of contracts by gender and age*

Below is a series of tables showing the average by type of contract broken down by gender, age and professional category.

		2021				2022			
		Permanent		Temporary		Permanent		Temporary	
Gender	Age	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Women	Under 30	17,16	-	5,66	-	23,42	0	5,25	-
	Between 30 and 50	112,17	6,75	1,75	-	116,33	4	0,58	0,33
	Over 50s	19	1,42	-	-	20,5	1,33	-	-
Men	Under 30	27,08	-	9,75	-	29,83	0	2,67	-
	Between 30 and 50	134	1	4,75	-	143,67	1	1,42	-
	Over 50s	40,34	-	-	2,67	48,08	0	0	3,5
Total		349,75	9,17	21,91	2,67	381,83	6,33	9,92	3,83

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

Staff

Average number of contracts by professional category*

Professional Category	2021				2022			
	Permanent		Temporary		Permanent		Temporary	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Executives	10,33	-	-	-	9,25	-	-	-
Managers	45,92	-	-	-	46,92	-	-	-
Technicians	147,17	2,75	2,33	0,92	156,25	1	1	1,5
Administrative assistants - Analysts	146,33	6,42	19,58	1,75	169,42	5,33	8,92	2,33
Total	349,75	9,17	21,91	2,67	381,83	6,33	9,92	3,83

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

Staff

Dismissals

Below is the number of dismissals over 2021 and 2022 broken down by professional category, age and gender.

While in Malta there have been no dismissals, in Spain there have been a total of 4 dismissals in 2022: 2 women and 2 men.





The number of dismissals in 2022 has been reduced by more than 50% compared to the previous year.

	2021			2022		
Professional Category	Women	Men	Total	Women	Men	Total
Executives	1	-	1	-	-	0
Managers	-	1	1	-	-	0
Technicians	3	2	5	2	2	4
Administrative assistants - Analysts	1	2	3	-	-	0
Total	5	5	10	2	2	4

	2021			2022		
Age	Women	Men	Total	Women	Men	Total
Under 30	-	1	1	-	-	0
Between 30 and 50	3	4	7	2	-	2
Over 50s	2	-	2	-	2	2
Total	5	5	10	2	2	4

Remunerations

Average remuneration by gender and professional category

	2021			2021		
	Average remuneration (€)			Average remuneration (€)		
			Total			Total
Level 1 - Directors	116.643	122.764	120.044	158.880	191.592	178.507
Level 2 - Heads	78.768	70.760	74.764	102.110	84.120	91.039
Level 3 - Managers and experts	54.695	57.637	56.358	71.942	73.670	72.765
Level 4 - Coordinators and specialists	41.940	40.624	41.381	49.215	51.514	50.160
Level 5 - Technicians	41.240	31.806	35.059	35.661	37.785	36.861
Level 6 - Support	29.798	30.456	30.218	34.057	38.470	37.026
Total	41.830	39.047	40.253	47.781	48.109	47.969

NOTE ON REMUNERATION TABLES 2021



1. Due to data confidentiality, records where the number of persons is equal to or less than 3 have been deleted.
2. The calculation of the averages takes into account the **fixed remuneration** of all workers who have been employed even if they are not registered on 31 December 2021
3. In order to correctly calculate the pay gap, salaries have been annualised and equalised on a full-time basis.
4. The classification system corresponds to the company's job evaluation system, which complies with the criteria of adequacy, completeness and objectivity; thus 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.



NOTE ON REMUNERATION 2022

1. Due to data confidentiality, records where the number of persons is equal to or less than 2 have been deleted.
2. The calculation of the averages takes into account the **fixed remuneration, variable remuneration and bonuses such as night work, shift work, weekends**, etc. of all workers who have been employed, even if they are not registered on 31 December 2022. The result of the gap may be distorted by including bonuses that are not part of the fixed remuneration of the job. These bonuses are paid only when a specific situation arises, such as night work.
3. In order to correctly calculate the pay gap, salaries have been annualised and equalised to full-time salaries
4. The classification system corresponds to the company's job evaluation system, which complies with the criteria of adequacy, completeness and objectivity; thus 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.
5. The 2021 and 2022 remunerations are not comparable because the 2021 remuneration only takes into account the fixed salary and the 2022 remuneration takes into account the fixed, variable and bonuses.

Remunerations



Breakdown of remuneration by year and company 2021:

Medichem Spain		Average remuneration (€)	
			Total
Level 1 - Directors	116.643	129.038	122.841
Level 2 - Heads	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
Total	44.794	42.736	43.690

Medichem Malta		Average remuneration (€)	
			Total
Level 1 - Directors	-	-	-
Level 2 - Heads	-	-	-
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
Total	31.156	30.620	30.748



NOTE ON REMUNERATION TABLES 2021



1. Due to data confidentiality, records where the number of persons is equal to or less than 3 have been deleted.
2. The calculation of the averages takes into account the fixed remuneration of all workers who have been employed even if they are not registered on 31 December 2021
3. In order to correctly calculate the pay gap, salaries have been annualised and equalised on a full-time basis.
4. The classification system corresponds to the company's job evaluation system, which complies with the criteria of adequacy, completeness and objectivity; thus 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 - Directors	-	-	-
Level 2 - Heads	-	-	-
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
Total	29.211	29.385	29.311

Remunerations

Breakdown of remuneration by year and company 2022:

Medichem Spain	Average remuneration (€)		
			Total
Level 1 - Directors	158.880	205.431	184.741
Level 2 - Heads	102.110	106.742	103.847
Level 3 - Managers and experts	75.162	80.701	77.768
Level 4 - Coordinators and specialists	49.495	54.410	51.277
Level 5 - Technicians	44.697	48.546	46.346
Level 6 - Support	37.287	44.039	41.803
Total	52.967	55.945	54.547

Medichem Malta	Average remuneration (€)		
			Total
Level 1 - Directors	-	-	0
Level 2 - Heads	-	-	0
Level 3 - Managers and experts	57.455	47.598	53.231
Level 4 - Coordinators and specialists	-	40.872	-
Level 5 - Technicians	28.193	36.917	34.009
Level 6 - Support	23.795	29.442	28.595
Total	36.925	39.383	38.734

NOTE ON REMUNERATION 2022



1. Due to data confidentiality, records where the number of persons is equal to or less than 2 have been deleted.

2. The calculation of the averages takes into account the **fixed remuneration, variable remuneration and bonuses such as night work, shift work, weekends**, etc. of all workers who have been employed, even if they are not registered on 31 December 2022. The result of the gap may be distorted by including bonuses that are not part of the fixed remuneration of the job. These bonuses are paid only when a specific situation arises, such as night work.

3. In order to correctly calculate the pay gap, salaries have been annualised and equalised to full-time salaries





4. The classification system corresponds to the company's job evaluation system, which complies with the criteria of adequacy, completeness and objectivity; thus ensuring 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.

5. The 2021 and 2022 remunerations are not comparable because the 2021 remuneration only takes into account the fixed salary and the 2022 remuneration takes into account the fixed, variable and bonuses.

Combino Pharm Malta	Average remuneration (€)		
			Total
Level 1 - Directors	-	-	0
Level 2 - Heads	-	62.997	62.997
Level 3 - Managers and experts	-	-	0
Level 4 - Coordinators and specialists	45.817	43.941	44.623
Level 5 - Technicians	30.359	32.982	31.933
Level 6 - Support	27.348	25.209	26.038
Total	30.491	31.964	31.416

Remunerations

Average earnings by gender and age



	2021			2022		
	Average remuneration (€)			Average remuneration (€)		
			Total			Total
Under 30	28.749	28.004	28.296	31.391	34.699	33.166
Between 30 and 50	42.389	39.551	40.895	49.109	46.528	47.676
Over 50s	53.270	47.090	49.176	66.371	64.196	64.874
Total	41.830	39.047	40.253	47.781	48.109	47.969

Remunerations

Breakdown of remuneration by year and company 2021:



Medichem Spain

Average remuneration (€)

			Total
Under 30	31.173	31.703	31.469
Between 30 and 50	45.091	42.327	43.758
Over 50s	54.304	48.941	50.704
Total	44.794	42.736	43.690



Medichem Malta

Average remuneration (€)

			Total
Under 30	--	21.084	21.386
Between 30 and 50	31.488	35.107	34.383
Over 50s	-	-	0
Total	31.156	30.620	30.748

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 50s	-	-	0
Total	29.211	29.385	29.311



Due to data confidentiality, records where the number of persons is equal to or less than 3 have been deleted.

Remunerations

Breakdown of remuneration by year and company 2022:



Medichem Spain

Average remuneration (€)

			Total
Under 30	35.837	42.341	38.706
Between 30 and 50	52.918	52.655	52.790
Over 50s	68.711	66.890	67.436
Total	52.967	55.945	54.547



Medichem Malta

Average remuneration (€)

			Total
Under 30	26.579	31.019	29.909
Between 30 and 50	35.658	44.401	42.282
Over 50s	-	-	0
Total	36.925	39.383	38.734

Combino Pharm Malta

Average remuneration (€)

			Total
Under 30	27.042	30.554	28.908
Between 30 and 50	33.525	32.384	32.752
Over 50s	-	-	0
Total	30.491	31.964	31.416

Due to data confidentiality, records where the number of persons is equal to or less than 2 have been deleted.

Remunerations

Pay Gap

	2021			2022		
	Medichem Spain	Medichem Malta	Combino Pharm Malta	Medichem Spain	Medichem Malta	Combino Pharm Malta
Pay Gap	-0,048	-0,018	0,006	0,053	0,062	0,046

Professional Category	2021	2022
Level 1 - Directors	0,05	0,17
Level 2 - Heads	-0,11	-0,21
Level 3 - Managers and experts	0,05	0,02
Level 4 - Coordinators and specialists	-0,03	0,04
Level 5 - Technicians	-0,30	0,06
Level 6 - Support	0,02	0,11

Formula: (average remuneration for men - average remuneration for women) / average remuneration for men

Remunerations

Pay Gap

	2021			2022		
Professional Category	Medichem Spain	Medichem Malta	Combino Pharm Malta	Medichem Spain	Medichem Malta	Combino Pharm Malta
Level 1 - Directors	0,1	-	-	0,23		
Level 2 - Heads	0,04	0,1	-	0,04		
Level 3 - Managers and experts	0,08	-0,03	-0,05	0,07	-0,21	
Level 4 - Coordinators and specialists	0,03	0,02	-0,07	0,09		-0,04
Level 5 - Technicians	-0,07	-	-	0,08	0,24	0,08
Level 6 - Support	0,04	-0,12	-0,1	0,15	0,19	-0,08

For the calculation of the 2021 gap, fixed salaries have been used as the basis for the calculation

For the calculation of the 2022 gap, fixed salaries, variable salaries and miscellaneous bonuses have been used as the basis for the calculation

ORGANISATION OF WORKING TIME AND MEASURES FOR DISCONNECTION FROM WORK

Absence hours



Absence hours by site

Site	2021	2022
Medichem Spain	9.341	10.101
Medichem Malta	2.578	3.304
Combino Pharm Malta	3.484	5.176
Total	15.403	18.581

DEVELOPMENT AND TRAINING

Hours of training

The total hours of training by gender and professional category and the average number of hours per employee are presented below:

		2021			2022		
Gender	Professional Category	Number of Employees	Total number of training hours	Average hours per employee/ occupational category	Number of Employees	Total number of training hours	Average hours per employee/ occupational category
	Executives	5	52,5	10,5	4	43,66	10,92
	Managers	19	539,25	28,38	18	422,42	23,47
	Technicians	76	904,5	11,9	81	1.838,65	22,7
	Administrative assistants - Analysts	68	2.028,64	29,83	73	1.412,88	19,35
	Executives	5	66	13,2	6	53,28	8,88
	Managers	27	486,58	18,02	30	573,9	19,13
	Technicians	77	1.752,62	22,76	79	2.608,05	33,01
	Administrative assistants - Analysts	106	2.539,10	23,95	129	4.374,70	33,91
Total		383	8.369,19	21,85	420	11.327,54	26,97

As can be seen in the comparative table for the years 2021 and 2022, training has increased in 2022 by more than 35% compared to 2021.

SUPPLIERS

Type of audit	2021			2022		
	Planned	Carried out	% audits with a favourable outcome	Planned	Carried out	% audits with a favourable outcome
Material suppliers	18	14	100%	24	16	100%
Service providers	11	7	100%	12	8	100%
Analytical service providers	8	3	100%	10	8	100%
Transport providers	1	1	100%	5	1	100%

TAX TRANSPARENCY

The following section presents the tax information for the respective financial year in euros:

	2021		2022	
Tax jurisdiction	Spain	Malta	Spain	Malta
Profits obtained (*)	€16.053.882	€6.042.335	€14.059.793	€23.608.656
Taxes on profits paid (**)	€712.312	€4.645	€565.098	€11.690
Subsidy	€153.651	€386.670	€129.283	€261.178

(*) Earnings are calculated on an after-tax basis.

(**) A cash basis has been used to determine the income taxes paid in the year.

INDEX OF THE CONTENTS REQUIRED BY ACT 11 OF 28 DECEMBER 2018 WITH REFERENCE TO THE GRI STANDARDS

Block	Scope	Sections of Act 11/2018	GRI	Page
General Information	Business model	Brief description of the group's business model (business environment and organisation)	2-1 Organisational details 2-6 Activities, value chain and other business relationships 2-7 Employees 2-22 Statement on sustainable development strategy	7-26
		Organisation and structure of the company		
		Geographical presence and markets in which it operates		
		Organisational objectives and strategies		
		Main factors and trends that may affect its future development		
	General	Mention in the report of the national, European or international reporting framework used for the selection of non-financial key performance indicators included in each of the sections	Reporting Framework: GRI Standard	8
		Materiality analysis	2-29 Approach to Stakeholder Engagement 3-3 Management of material topics	21-23
		If the company complies with the non-financial reporting law by issuing a separate report, it should be expressly stated that such information forms part of the management report	Not Applicable	Not applicable

Employment and staff issues	Management approach	A description of the company's policies on employment and staff issues is included (including applicable procedures for risk identification and assessment, for verification and monitoring, and measures taken), as well as any measures taken to promote the principle of equal treatment and opportunities for men and women, non-discrimination and inclusion of persons with disabilities and universal accessibility.		
		The outcome of these policies on employment and staff issues is described.	2-23 Policy commitments	
		This includes the main risks related to employment and staff issues linked to the company's operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse impacts in this area.	2-24 Embedding policy commitments	34
		The report contains an explanation of how risks related to employment and staff issues are managed by the company.	3-3 Management of material topics	
		Non-financial key performance indicators relevant to the company's employment and staff issues are included.		
	Employment	Total number and distribution of employees by gender, age, country and job classification	3-3 Management of material topics 2-7 Employees 405-1 Diversity in governance bodies and employees	35-37, 119-120
		Total number and distribution of types of employment contracts	2-7 Employees	38, 121
		Average annual number of contracts by type of contract broken down by sex, age and job classification	2-7 Employees 405-1 Diversity in governance bodies and employees	39-40, 122-123

	Number of dismissals by gender, age and job classification	401-1 New employee hires and staff turnover	124
	Average earnings and their evolution broken down by gender, age and job classification or equal value	Internal framework: see methodology used on the corresponding pages	41-44, 125-130
	Wage gap and pay for equal or average jobs in society	Formula Used: (average remuneration men - average remuneration women) / average remuneration men	45, 131-132
	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender	The breakdown of this information is not available for publication in this report.	No aplica
	Implementation of policies to disconnect from work	3-3 Management of material topics (Measures to disconnect from work)	46-48
	Number of employees with disabilities	405-1 Diversity in governance bodies and employees	55
Work organisation	Organisation of working time	3-3 Management of material topics	46-47
	Number of absence hours	403-2 Types of accidents and accident frequency rates, occupational illnesses, days lost, absenteeism and number of deaths due to occupational accidents or illnesses	49, 133
	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents.	3-3 Management of material topics	48
Health and safety	Health and safety conditions at work	3-3 Management of material topics	57-62
	Occupational accidents by gender	403-9 Work-related injuries (2018) 403-10 Work-related ill health (2018)	62
	Frequency rate by gender		
	Severity rate by gender		
	Occupational illnesses by gender		

	Social relations	Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff;	3-3 Management of material topics	50-51
		Percentage of employees covered by collective bargaining agreements by country	2-30 Collective bargaining agreements	50
		The balance of collective agreements, particularly in the field of health and safety at work. Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	403-4 Worker participation, consultation and communication on occupational health and safety (2018) 3-3 Management of material topics	61
	Training	Policies implemented in the field of training	3-3 Management of material topics 404-2 Programmes for upgrading employee skills and transition assistance programmes	52-53, 56
		The total number of training hours per professional category	404-1 Average number of training hours per year per employee	53, 134
	Universal accessibility for people with disabilities	Integration and universal accessibility of persons with disabilities	3-3 Management of material topics	55
	Equality	Measures taken to promote equal treatment and opportunities for women and men	3-3 Management of material topics	54-55
		Equality plans (Chapter III of Act 3 of 22 March 2007 on the effective equality of men and women), measures adopted to promote employment, protocols against sexual harassment and gender-based harassment	3-3 Management of material topics (Measures taken to promote equal treatment and opportunities between men and women. Measures taken to promote employment. Protocols against sexual and gender-based harassment)	54-55
		Integration and universal accessibility of persons with disabilities	406-1 Incidents of discrimination and corrective actions taken by companies	
		The policy against all forms of discrimination and, where appropriate, diversity management		

Environment	Management approach	A description of the company's policies on environmental issues is included (including applicable procedures for risk identification and assessment, verification and monitoring, and measures taken).	2-23 Policy commitments 2-24 Embedding policy commitments 3-3 Management of material topics	63-64, 76
		The outcome of these policies with regard to environmental issues is described.		
		This includes the main risks related to environmental issues linked to the company's operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse impacts in this area.		
		The report contains an explanation of how risks related to environmental issues are managed by the company.		
		Non-financial key performance indicators relevant to the company's environmental issues are included.		
	Environmental management	Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	2-23 Policy commitments 3-3 Management of material topics	65-75
		Environmental assessment or certification procedures		
		Resources earmarked for environmental risk prevention		
		Application of the precautionary principle		
		Amount of provisions and guarantees for environmental risks		
	Pollution	Measures to prevent, reduce or remedy emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	3-3 Management of material topics 305-5 Reduction of GHG emissions 305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	70-75 95-97 98

	Circular economy and waste prevention	Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	306-3 Waste generated (2020)	91-94 99-100
		Actions to combat food waste	Not Applicable	95
	Sustainable use of resources	Water consumption and water supply according to local constraints	303-3 Water withdrawal	90
		Consumption of raw materials and measures taken to improve the efficiency of raw material use	3-3 Management of material topics 301-1 Materials used by weight or volume 301-2 Recycled input materials used	86-89
		Direct and indirect energy consumption	302-1 Energy consumption within the organisation 302-3 Energy intensity	83
		Measures taken to improve energy efficiency	302-4 Reduction of energy consumption	84-85
		Use of renewable energies	302-1 Energy consumption within the organisation	72
	Climate change	Significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	3-3 Management of material topics 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions	95-97
		Measures adopted to adapt to the consequences of climate change	3-3 Management of material topics	103
		Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented to this end	3-3 Management of material topics 305-5 Reduction of GHG emissions	96-97
	Biodiversity protection	Measures taken to preserve or restore biodiversity	3-3 Management of material topics	104
		Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	

Human Rights	Management approach	A description of the company's policies related to respect for human rights is included (including applicable procedures for risk identification and assessment, verification and monitoring, and measures taken).	2-23 Policy commitments 2-24 Embedding policy commitments 3-3 Management of material topics	105-106
		The outcome of these policies linked to respect for human rights is described.		
		This includes the main risks related to respect for human rights linked to the company's operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse human rights impacts.		
		The report contains an explanation of how risks related to respect for human rights are managed by the company.		
		Non-financial key performance indicators relevant to the company's respect for human rights are included.		
	Implementation of due diligence procedures	Implementation of human rights due diligence procedures.	3-3 Management of material topics 412-1 Operations that have been subject to human rights review or impact assessments 406-1 Incidents of discrimination and corrective actions taken 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk 408-1 Operations and suppliers at significant risk for incidents of child labour 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	105-106
		Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and remedy possible violations;		
		Reports of human rights violations		
		Promotion and enforcement of the provisions of the core conventions of the International Labour Organisation relating to respect for freedom of association and the right to collective bargaining		
		The elimination of discrimination in employment and labour		
		The elimination of forced or compulsory labour		
		The effective abolition of child labour.		

Bribery & corruption	Management approach	A description of the company's anti-corruption and anti-bribery policies is included (including applicable procedures for risk identification and assessment, verification and monitoring, and measures taken).		
		The outcome of these policies with regard to the fight against corruption and bribery is described.	2-23 Policy commitments	
		This includes the main anti-corruption and anti-bribery risks related to the company's operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse impacts in this area.	2-24 Embedding policy commitments	
			3-3 Management of material topics	27-30
		The report contains an explanation of how risks related to anti-corruption and bribery are managed by the company.		
		Non-financial key performance indicators relevant to the company's anti-corruption and anti-bribery efforts are included.		
	Information relating to the fight against corruption and bribery	Measures taken to prevent corruption and bribery	2-23 Policy commitments 2-24 Embedding policy commitments 3-3 Management of material topics 205-3 Confirmed incidents of corruption and actions taken	31-32
		Measures to combat money laundering	2-23 Policy commitments 2-24 Embedding policy commitments 3-3 Management of material topics	31-32
		Contributions to foundations and non-profit organisations	413-1 Operations with local community engagement, impact assessments and development programmes	107-108

Society	Management approach	A description of the policies applied by the company with regard to company matters is included (including applicable procedures for risk identification and assessment, verification and monitoring, and measures taken).		
		The outcome of these policies with respect to societal issues is described.		
		This includes the main risks related to societal issues linked to the company's operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse impacts on society.	2-23 Policy commitments 2-24 Embedding policy commitments 3-3 Management of material topics	110,113-115, 116-117
		The report contains an explanation of how risks related to societal issues are managed by the company.		
		Non-financial key performance indicators relevant to societal issues are included.		
	Company commitments to sustainable development	Impact of the company's activity on employment and local development	3-3 Management of material topics 203-1 Infrastructure investments and services supported	107-108
		Impact of the company's activity on local populations and the territory	203-1 Infrastructure investments and services supported 413-1 Operations with local community engagement, impact assessments and development programmes	107-108
		Relations with local community entities and the modalities of the dialogue with them	2-29 Approach to Stakeholder Engagement	107-108
		Partnership and sponsorship actions	2-28 Membership associations	107-108

	Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in procurement policy	2-6 Activities, value chain and other business relationships	113-115
		Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	3-3 Management of material topics 414-1 New suppliers that were screened using social criteria	113-115
		Monitoring and audit systems and audit results	3-3 Management of material topics	135
	Consumers	Consumer health and safety measures	3-3 Management of material topics 416-1 Assessment of health and safety impacts of product and service categories	109-112
		Complaint systems, complaints received and their resolution	3-3 Management of material topics (Systems for filing and resolving complaints) 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data (There have been no complaints regarding breaches of customer privacy and losses of customer data.)	111
	Tax information	Country-by-country benefits	3-3 Management of material topics	116-117, 136
		Profit taxes paid on a country-by-country basis	207-4 Country-by-country reporting	
		Public subsidies received	201-4 Financial assistance received from government	


Pursuant to the requirements established in current legislation, the joint and several directors of the company of CORPORACIÓN MEDICHEM, S.L. have drawn up the consolidated annual report accounts (consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity, consolidated cash flow statement and memory, as well as the Consolidated Annual Report and the Consolidated Non-Financial Information Statement, this last document being part of the Consolidated Annual Report and is included in a separate statement

under the title “Sustainability Report”) of CORPORACIÓN MEDICHEM, S.L. and Subsidiary companies corresponding to the annual year ended December 31, 2022.

In Barcelona, 31 March 2023

Elisabeth Stampa Jäger

José Luis Stampa Jäger



A free translation from the original in Spanish

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

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

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the accompanying Consolidated Non-Financial Information Statement ("NFIS") for the year ended 31 December 2022 of Corporación Medichem, S.L. (Parent company) and subsidiaries (hereinafter "Medichem Group" or the Group) which forms part of the Medichem Group's consolidated management report.

The content of the NFIS includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in Annex " Index of contents required by Law 11/2018 of the 28th of December with reference to GRI standards" included in the accompanying NFIS.

Responsibility of the directors of the Parent company

The preparation of the NFIS included in Medichem Group's consolidated management report and the content thereof, are the responsibility of the directors of Corporación Medichem, S.L. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") selected as per the details provided for each matter in the Annex " Index of contents required by Law 11/2018 of the 28th of December with reference to GRI standards" of the aforementioned Statement.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of material misstatement due to fraud or error.

The directors of Corporación Medichem, S.L. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality management


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

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

R. M. Madrid, hoja 87 250-1, folio 75, tomo 9.287, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número 50242 - CIF: B-79 031290

1



The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

Our responsibility


Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, 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 in the Guidelines for verification engagements of the Non-Financial Information Statement issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of Medichem Group that were involved in the preparation of the NFIS, of the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the Medichem Group personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the NFIS for the year 2022, based on the materiality analysis carried out by Medichem Group and described in section "Our stakeholders", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the NFIS for the year 2022.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the NFIS for the year 2022.
- Verification, by means of sample testing, of the information relating to the content of the NFIS for the year 2022 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

2



Basis for qualified conclusion

Medichem Group has not included in the NFIS for the year 2022 the information required by article 49.6 of the Code of Commerce in relation to the average remuneration of directors and managers, affecting both the indicators corresponding to the year 2022 and their comparisons for 2021.

Qualified conclusion

Based on the procedures performed in our verification and the evidence we have obtained, except for the effects of the matter referred to in the section "Basis of qualified conclusion", nothing has come to our attention that causes us to believe that Corporación Medichem, S.L. and its subsidiaries NFIS for the year ended 31 December 2022 is not prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of the GRI Standards following the criteria of the GRI Standards selected as per the details provided for each matter in the Annex " Index of contents required by Law 11/2018 of the 28th of December with reference to GRI standards" of the aforementioned Statement.

Other matters

On 13 June 2022 other verifiers issued their independent verification report of the Consolidated Non-Financial Information Statement of Medichem Group for the year 2021 in which they expressed a qualified conclusion due to the non-inclusion in the aforementioned NFIS of the information required by current commercial regulations in relation to the average remuneration of directors and managers, the profits obtained country by country and the taxes on profits paid.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Margarita de Rossello Carril
30 June 2023

3



CONNECT WITH MEDICHEM