

# Corporate Social Responsibility

## Report 2019 – 2020



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# About Polpharma Group in Poland

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# A MESSAGE FROM THE PRESIDENT OF THE MANAGEMENT BOARD



## Ladies and Getlemen,

We are happy to present to you the Social Responsibility Report of Polpharma Group in Poland, which offers a summary of our sustainability achievements in 2019-2020. This is the last time we are releasing this document in a two-year cycle, and starting from 2021 we intend to publish our outcomes on an annual basis with a view to accelerating alignment to new ESG reporting guidelines, to changing national and international regulations, and to stakeholder expectations.

The years 2019-2020 were certainly one of the most difficult periods for our company, marked by challenges that we had not faced ever before. We had to deal with a multitude of problems and we learned a lot. And while we did experience market turmoil, declining sales or painful collective redundancies, I have a profound feeling that we passed the most important test we could ever face – the test of accountability and solidarity towards our patients.

In 2019, we had to address the NDMA issue, when nitrosamine impurities with potential carcinogenic effects were discovered in several drug substances. Numerous products from different manufacturers were affected across many markets. Out of concern for our patients, we decided to withdraw all drug batches for which the risk of NDMA contamination was relatively high. This was the largest market withdrawal process in Polpharma's history.

The nitrosamine crisis taught us and the pharmaceutical industry as a whole an important lesson. It contributed to a better understanding of nitrosamine impurities and enhancing of drug testing standards, with meaningful implications for the improvement of patient safety. Today, NDMA risk assessment is a fixed part of process control for all products across our company.

2020, in turn, was marked by the onset of the COVID-19 pandemic – a global health crisis that shook our sense of security, disrupted global supply chains, and changed our entire daily lives, also as employees.

In this tough situation, we proved that we could be relied on. As Poland's largest manufacturer of medicines, including hospital drugs used in the treatment of covid complications, we are aware of the importance of ensuring the security of drug supply to patients, i.e. uninterrupted access to essential products. I am proud of our employees – those who worked at full capacity in our plants as well as those who performed their assi-

gnments remotely – because we managed to ensure that Polish patients did not run out of the medicines they needed. Owing to effective crisis management, the safety measures put in place and the responsibility and commitment of our team, we were able to maintain business continuity and deliver products to the market without disruption. In parallel, we took a number of measures for the benefit of the society and medical community, donating ventilators and protective equipment to hospitals, and engaging in cooperation with scientists to launch the first Polish differential diagnosis test for both covid and influenza.

While the challenges referred to above were totally new to Polpharma, our approach was fully aligned with the objectives of our CSR strategy, which is based on the following pillars: serving the patients and the community, ethical conduct of business, innovation and advancing knowledge. By implementing this strategy, we are contributing to the achievement of six of the seventeen UN Sustainable Development Goals. We also follow the ten principles of United Nations Global Compact, of which we are a member.

The next few years will be extremely important for our business. On the one hand, we want to focus on the implementation of our 5-year business strategy, which has launching of advanced products with high added value for patients at its core. The strategy will support the fast growth of Polpharma Group, providing more patients with access to modern therapies at affordable prices, and creating new opportunities for our employees to develop by implementing exciting interesting projects, including international ones. We will also further the development of our corporate culture, focusing on aspects such as collaboration, openness, proactivity, or trust, to name just some.

On the other hand, there are many difficult processes ahead of us aimed at responding to risks and new ESG regulations, especially in the area of climate and environmental protection. We are aware of the impact of climate change on the stability of ecosystems and health of communities. For years, we have been implementing projects to increase energy efficiency and reduce greenhouse gas emissions from our operations. Given our heavy reliance on energy from coal, however, we need to take the next step forward. We have begun to work on a comprehensive energy transition strategy that calls for phasing out coal by 2025 and growing the share of renewable energy. We are expanding our carbon footprint monitoring process to include Scope 3 emissions, which will help identify areas for joint climate action with the suppliers and partners in our value chain. At the same time, we analyse the risks associated with climate change and their impact on the company's operations in the short-, medium- and long term. To ensure the strategic coordination of key ESG processes, we have set up the Polpharma Sustainability Committee, composed of members of the Management Board and heads of important business areas.

Therefore, we are about to embark on many challenging tasks that will contribute not only to the business success of Polpharma Group, but also to the future of our planet and the health of future generations. We want to help people live healthy lives in a healthy world. In this report, you can see how we are doing this already today.

**Enjoy the reading!**

## Sebastian Szymanek

**President of the Management Board**

**Zakłady Farmaceutyczne  
POLPHARMA S.A.**

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## GENERAL DISCLOSURES ABOUT THE COMPANY

### POLPHARMA IS THE LARGEST

**manufacturer of medicines and active pharmaceutical ingredients in Poland and belongs to one of the largest pharmaceutical groups in Central and Eastern Europe.**

Our history dates back to 1935. Today, we are part of a strong, international pharmaceutical group that offers advanced medicines, substances, and innovative solutions for patients and business partners around the world. Polpharma's medicines help people in 35 countries, the most important of them being Poland, Russia, Kazakhstan, and Ukraine. Our pharmaceutical substances, in turn, are exported to over 60 countries, including the highly developed markets of the United States, Japan and Korea.

### WE ARE THE POLISH NATIONAL CHAMPION

**and sales leader in the domestic pharmaceutical market.**

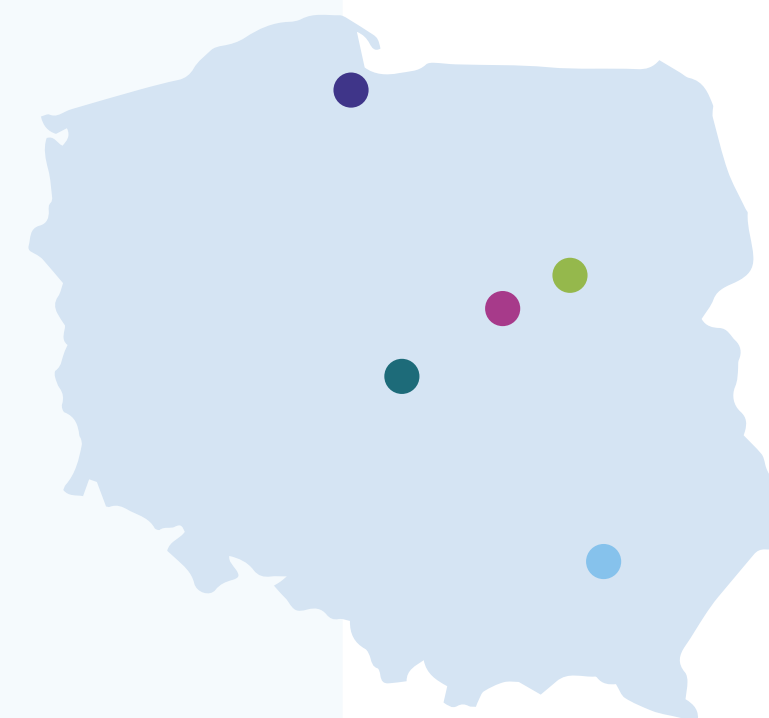


Based on a broad portfolio of approx. 800 products, we are able to support patients in the therapy and prevention of the most common diseases. Our fields of expertise include cardiology, ophthalmology, pulmonology and diabetology. We collaborate with scientists and constantly invest in new products and advanced technologies to provide patients with innovative therapeutic solutions, as well as give our employees access to state-of-the-art knowledge and broad development prospects.

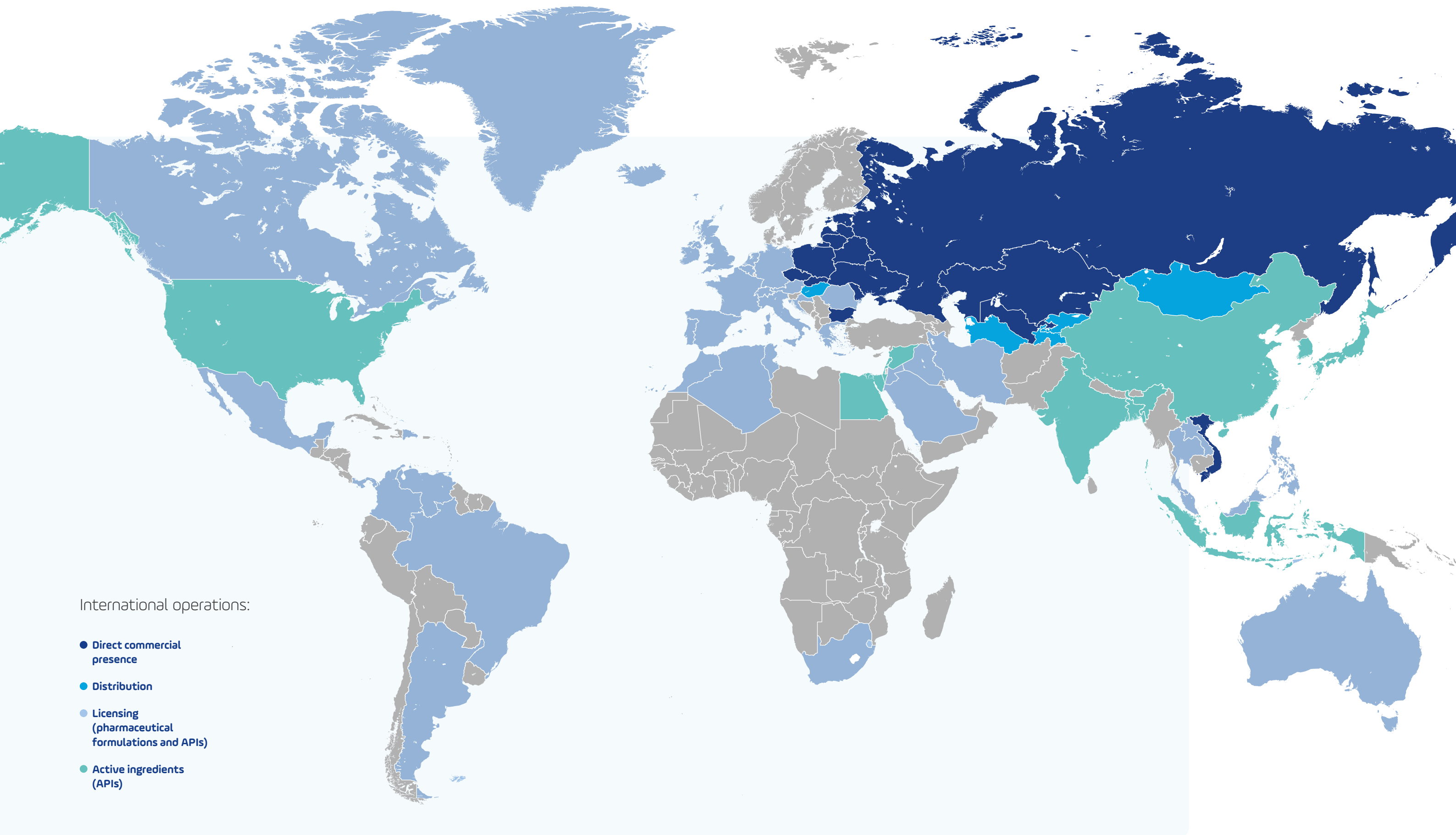
Our motto is:  
**People Helping  
People**

Polpharma Group in Poland:

- **STAROGARD GDAŃSKI**  
head office,  
laboratory,  
manufacturing site
- **WARSAW**  
office,  
laboratory,  
manufacturing site
- **SIERADZ**  
laboratory,  
manufacturing site
- **DUCHNICE**  
manufacturing site
- **NOWA DĘBA**  
manufacturing site



<sup>1</sup>Number of SKUs, i.e. products in various doses, forms and package sizes offered on the Polish market.





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## Governance of the Polpharma Group companies in Poland as at 31 December 2020

### Zakłady Farmaceutyczne POLPHARMA S.A.

#### Management Board

**Markus W. Sieger** President  
**Simon J. Clark** Vice President  
**Bożenna Kozakiewicz** Vice President  
**Tomasz Moys** Vice President  
**Andrzej Dziuban** Member  
**Wojciech Rosa** Member

#### Supervisory Board

**Jerzy Starak** Chairperson  
**Elżbieta Dzikowska** Secretary  
**Piotr Bukowski** Member  
**Maciej Ciechanowski** Member  
**Georg Nederegger** Member (from 2020)  
**Peter Prock** Member  
**Hanspeter Spek** Member  
**Cezary Wielesik** Member  
**Marynika Woroszyńska-Sapieha** Member  
**Gabriel Wujek** Member



### Polpharma Biuro Handlowe Sp. z o.o.

#### Management Board

**Sebastian Szymanek** President  
**Marcin Bruchmann** Member  
**Agata Łapińska-Kotodzińska** Member  
**Artur Makarewicz** Member  
**Karol Skoczylas** Member (from 2020)  
**Marcin Smoliński** Member  
**Krzysztof Woda** Member (from 2020)

#### Supervisory Board

**Elżbieta Dzikowska** Chairperson  
**Mirostaw Rak** Secretary  
**Grzegorz Chetmicki** Member  
**Markus W. Sieger** Member

### Medana Pharma S.A.

#### Management Board

**Anna Durdyn** President  
**Sławomir Adamiak** Vice President  
**Elżbieta Man** Vice President

#### Supervisory Board

**Elżbieta Dzikowska** Chairperson  
**Markus W. Sieger** Deputy Chairperson  
**Bożenna Kozakiewicz** Member  
**Tomasz Moys** Member  
**Mirostaw Rak** Member

### Warszawskie Zakłady Farmaceutyczne Polfa S.A.

#### Management Board

**Krzysztof Raczyński** President  
**Małgorzata Cegielska-Matysiak** Member  
**Katarzyna Pacut** Member

#### Supervisory Board

**Gabriel Wujek** Chairperson  
**Elżbieta Dzikowska** Vice President  
**Paweł Gatecki** Member  
**Bożenna Kozakiewicz** Member  
**Mirostaw Miara** Member  
**Tomasz Moys** Member  
**Marcin Radoski** Secretary  
**Mirostaw Rak** Member  
**Markus W. Sieger** Member

No committees have been set up within the Supervisory Boards of the Polpharma Group companies in Poland

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## Key financials

	2019	2020
A Total revenues \[million PLN]	3,061.2	3,096.4
B Operating expenses*	-	-
B Employee wages and benefits \[million PLN]	663.3	701.2
B Payments to providers of capital (dividend)*	-	-
B Payments to government (taxes) \[million PLN]	163.7	151.4
B Community investments (donations and investments for the benefit of the community) \[million PLN]	2.8	11.5

\* Data not disclosed due to Polpharma's information policy.

## Tax

The Polpharma Group's tax strategy in Poland was not publicly available in 2019-2020, however, in accordance with applicable regulations, it will be published on our website in December 2021. The strategy is updated at least once a year. The ultimate responsibility for and supervision over its implementation rests with the management boards of the individual Polpharma Group companies in Poland. Management boards are also responsible for ensuring compliance with all applicable laws, regulations, procedures, and internal guidelines related to taxes. Oversight of tax matters has been delegated to the Head of Tax Department. The tax strategy is one of the considerations we factor in when making significant business and investment decisions.

The Polpharma Group companies in Poland timely meet their obligations to submit tax returns and information, pay their tax liabilities on time, and enjoy tax exemptions and tax credits in accordance with the applicable regulations. In case of any doubts concerning tax regulations, the Polpharma Group companies in Poland submit requests for individual rulings to tax authorities. In order to confirm the accuracy of our tax reporting, we also undergo voluntary tax audits carried out periodically by recognised tax advisory firms.

The principles and guidance for management of tax issues are fully aligned with the business interests of Polpharma Group in Poland and are consistent with the Group's established CSR principles.



## Awards and recognition

### Corporate Social Responsibility

- » ranked 1st in the general classification of the Responsible Business Ranking in 2019 and 2nd in 2020
- » CSR Golden Leaf award from Polityka weekly in 2019 and 2020
- » award in the Ethical Company competition organised by Puls Biznesu magazine in 2019
- » Leader in Business Ethics award in the Sustainable Economy Awards competition in 2019
- » Fair Play Enterprise Certificate (2019)
- » a Highly Reputable Company in Premium Brand survey 2019
- » Trustworthy Brand 2020 in the CSR category according to a survey of Polish entrepreneurs conducted on behalf of My Company Polska magazine
- » Most Credible in Medicine award in ISBnews agency's Most Credible in the Polish Economy contest 2020
- » Patron of Culture 2019 title awarded by the Culture Centre in Starogard

### Employer

- » PracoDawca Zdrowia certificate won in a Ministry of Health competition in 2019
- » ranked first in 2019 and second in 2020 in the Science category of Universum Awards 2019, where students choose the most attractive employers
- » Pomeranian Employer of the Year 2018 award in the category of companies over 250 employees
- » Pomeranian Economic Griffin (Pomorski Gryf Gospodarczy) award in 2019 in the Leader of vocational education category awarded by the Pomeranian Entrepreneurship Council

### Economy

- » 8th place in 2019 and 5th place in 2020 in the National Champions ranking compiled by the Polityka Insight analytical centre



- » award in the Polish foreign investments category of the Emerging Market Champions 2019 competition organised by the Citi Handlowy Leopold Kronenberg Foundation
- » one of top contributors to the development of the Pomeranian Province in 1989-2019 according to Gazeta Wyborcza Trójmiasto magazine

### Innovation

- » Innovation Leader award in the 2019 Healthcare Forum Ranking of the Institute for Eastern Studies
- » among top ten of most innovative Polish companies in the Polish Innovation Pearls (Polskie Perły Innowacji) ranking of the Rzeczpospolita daily
- » award for the Polpharma Scientific Foundation in the Vision in Polish medicine category of the Visionaries of Health contest 2019, organised by Do Rzeczy weekly

### Educational activities

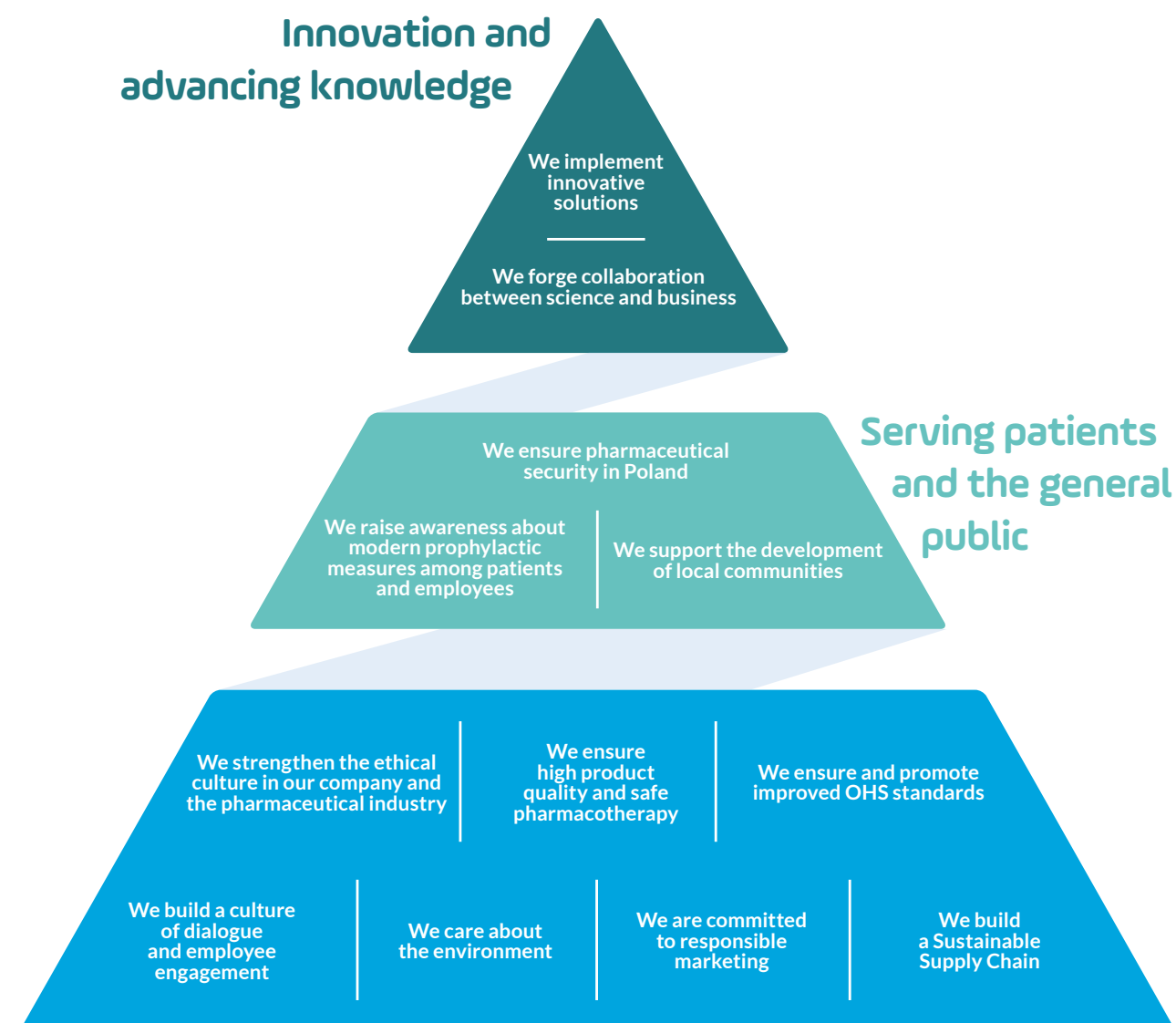
- » IQVIA Excellence Award 2019 for the Pressure for Life educational programme



# MANAGEMENT APPROACH

The Polpharma Group's Social Responsibility Strategy for 2019-2021 was developed with the involvement of key external and internal stakeholders. It defines three pillars of our responsibility: ethical business conduct,

serving patients and the general public, and innovation and advancing knowledge. Within these three areas, we made 12 commitments to be pursued until the end of 2021.



## Ethical business conduct

The activities undertaken as part of our CSR Strategy contribute to six out of the 17 UN Sustainable Development Goals:



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## Implementation of 10 Global Compact Principles



### Human Rights

#### Principle 1.

Businesses should support and respect the protection of internationally proclaimed human rights.

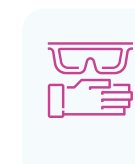
#### Principle 2.

Businesses should make sure that they are not complicit in human rights abuses.

Human rights – p. 60

Ethics programme and values – pp. 73-74

Requirements for suppliers – pp. 75-77



### Labour

#### Principle 3.

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

#### Principle 4.

Businesses should uphold the elimination of all forms of forced and compulsory labour.

#### Principle 5.

Businesses should uphold the effective abolition of child labour.

#### Principle 6.

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Collective bargaining agreements – p. 50

Managing diversity – p. 58

Employees with disabilities – p. 59

Requirements for suppliers – pp. 75-77



### Environment

#### Principle 7.

Businesses should support a precautionary approach to environmental challenges.

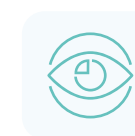
#### Principle 8.

Businesses should undertake initiatives to promote greater environmental responsibility.

#### Principle 9.

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Management system and initiatives to reduce environmental impacts – pp. 34-47



### Anti-Corruption

#### Principle 10.

Businesses should work against corruption in all its forms, including extortion and bribery.

Anti-corruption – p. 72

Ethics Programme – p. 73

Whistleblowing System – p. 74

In 2019-2020, key decision-making in areas such as compliance, safety, sustainable supply chain etc. was supported by the respective responsible committees.

In 2021, we set up the Polpharma Sustainability Committee, chaired by a member of the Management Board. The committee is made up of heads of the company's core business areas. The purpose of this body is to provide strategic oversight, analyse ESG risks, develop recommendations and internal policies, set and review impact goals and indicators.

# POLPHARMA'S ACTIVITIES DURING THE COVID-19 PANDEMIC

## Security of drug supply

The pandemic has demonstrated in a particular way the importance of security of drug supply for patients and the huge role played by domestic manufacturers in this context. Polpharma's priority has been to provide patients with uninterrupted access to the necessary medications by mobilising its plants and maintaining full production capacity.

We are the largest drug manufacturer in Poland and the most important manufacturer of hospital drugs. One in eight medicine packages sold by Polish pharmacies and every third package used in Polish hospitals come from our plants. We also manufacture dozens of products, including life-saving drugs, which have no substitutes on the Polish market. We produce drugs for the treatment of long covid, some of which are used in artificial ventilation.

We are aware of the resulting responsibility. Therefore, during the pandemic, our primary focus was on the continuity of production. We had to face numerous challenges, such as disrupted supply chains and shortages of APIs, raw materials and transport services. Our employees went to great lengths to procure raw materials, overcoming many new administrative barriers in each country.

During the initial phase of the pandemic, we implemented a special working system – our factories and quality services worked in three shifts, 7 days a week. We also made a bold financial decision and froze an additional PLN 120 million in stocks of raw materials and finished products.

In consequence, the production and delivery of drugs to pharmacies and hospitals were not interrupted. We significantly contributed to ensuring the security of drug supply to Polish patients. We were also instru-

mental in the development of the National Vaccination Programme. Thanks to our adrenaline, which is always included in anaphylaxis kits, thousands of vaccination centres could be supplied. We are also a key supplier of saline, which is used to prepare COVID-19 vaccines for administration.

## Solutions for employees

The safety of our employees mattered as much to us as patient safety. We modified the working arrangements in our plants and offices, intensified the use of hygiene and disinfection measures, and delivered thorough education on the prevention of infections. We enabled work from home based on digital tools to all staff members whose presence was not critical for the production process.

We introduced a special remote working policy, promoting good practices and the use of work organisation and communication tools by means of online training. We supported managers in acquiring team management competences aligned with the new reality. We offered a variety of solutions to working parents, including a series of webinars with a psychologist about children of different ages, materials to make work easier while children stayed at home (suggestions for games and activities, special training for parents on how to use Teams), and online events for children (such as a meeting with Santa Claus or activities during the winter break). Additionally, we supported employees with three or more children by loaning 70 laptops that helped pupils aged 7 to 19 to learn.

We also focused on emotional support for our employees, as they had to reinvent their lifestyles while dealing with the pandemic-related uncertainty and information overload. We kept our employees supplied with materials containing reliable information on the coronavirus and preventive care (for instance,

we set up a hotline for quick health consultations with a doctor). We also promoted the use of third-party counselling services ('helplines') available as part of the employees' medical packages. We offered a special online training presenting psychological subjects in the form of knowledge snapshots, as well as regular webinars and articles on coping with stress, tension and difficult emotions, which also proved to be a practical support.

## Support to the general public and medical community

Collaborating with the scientific community was an important part of our public commitment. We engaged in a project initiated by researchers from the Institute of Bioorganic Chemistry, Polish Academy of Sciences, which resulted in launching the first Polish test detecting the SARS-CoV-2 virus, which is also the fastest genetic test (PCR) of all tests currently in use. This cooperation additionally led to the development of the first Polish differential diagnosis test allowing to see whether a subject is infected with SARS-CoV-2 or the influenza virus. Both tests have the advantages of offering highly sensitive virus detection reactions (>99%) and being fast. The short reaction time (ca. 1 hour) significantly improves the efficiency of laboratories (reducing the detection time by half), providing results to patients in a shorter time. This is a great example of effective cooperation between a research institution and the business community, which resulted in rapid implementation of innovative solutions in a key area for the society. Polpharma's role was to support the researchers with process and market knowledge in order to turn the test prototype into an optimal product which had the desired features and could be mass-produced.

Polpharma additionally contributed to systemic assistance for the Polish healthcare system, funding the purchase of 100 ventilators for a total of approx. 7 million zloty. The equipment was delivered to 63 hospitals throughout Poland selected by the Ministry of Health. As the global demand for respirators was huge, it was quite a challenge to procure them. However, we managed to sign the contracts and import the equipment to Poland urgently. Our employees, including those in purchasing, commercial, logistics, and transport departments, as well as warehouse personnel, were engaged in the safe delivery of ventilators to healthcare facilities. The equipment underwent thorough technical inspections and calibration on our premises, so that it could be used immediately after delivery. Aside from the ventilators, we supported hospitals by training hospital staff on their use.

We also provided assistance to healthcare professionals, donating PLN 2.5 million worth of personal protective equipment. Moreover, during the first phase of the pandemic, we delivered more than 40,000 meals to hospitals and ambulance stations in Warsaw in cooperation with the Belvedere restaurant.

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## ECONOMIC IMPACT

Through its investments, spending on goods and services from domestic suppliers, and direct creation of many new jobs, Polpharma contributes to the growth of the Polish economy. In 2019, we analysed our economic impact using the input-output approach. No similar analysis was performed in 2020.

Three levels of Polpharma Group's impact on the domestic economy:

- » **direct impact**, resulting from the core activities of the company
- » **indirect impact**, generated through engagement of suppliers and companies from related industries
- » **induced impact**, generated through the spending made by the company's employees and the employees of the Group's affiliates



PLN 2,395m

Total value added generated thanks to the activities of Polpharma Group in Poland in 2019

11,839

Jobs created and maintained thanks to the activities of Polpharma Group in Poland in 2019

PLN 735m

Household incomes generated thanks to the activities of Polpharma Group in Poland in 2019

PLN 1,267m

Value of goods and services purchased by Polpharma Group in Poland from domestic suppliers in 2019

Value added measures the company's contribution to the creation of Poland's gross domestic product. It is the increase in the value of goods resulting from a specific production process or the creation of a service. In accounting terms, value added means that part of the company's global output which remains after deducting intermediate input, that is to say, the value of the goods and services used as inputs in the production process. The greater the share of value added in the final output of a company, the greater its creative contribution to the production process and the greater its share in GDP creation.

The value added generated in 2019 thanks to the activities of Polpharma Group in Poland was PLN 2.395bn (direct impact – PLN 803.13m, indirect impact – PLN 1,173.78m, induced impact – PLN 418.41m). Each zloty of added value generated by Polpharma Group in Poland helps bring a total of PLN 3 into the domestic economy.

Job creation is a very important category of impact of the company's business on the socioeconomic environment, involving direct impact by hiring its own person-

nel, indirect impact, and induced impact, which consists in generating demand for products and services of other operators enabling them to hire more people.

11,839 jobs were created and maintained in 2019 owing to the activities of Polpharma Group in Poland (direct impact – 4,752, indirect impact – 5,124, induced impact – 1,963). Each job maintained by the Polish companies of Polpharma Group contributes to maintaining a total of 2.5 jobs in the national economy.

Improvement of the labour market situation, which entails employment growth and rising wages and salaries, has a considerable bearing on the situation of households. In macroeconomic terms, economic upturns are conducive to increased consumption, which in turn feeds the state budget through taxes and fees. Each zloty of remuneration (net) paid by Polpharma Group in Poland helps generate a total of PLN 2.1 of household income.

PLN 1  
created  
by Polpharma

generates

PLN 3  
in the national economy

1  
job

maintains

2.5  
jobs

PLN 1  
in net  
remuneration

generates

PLN 2.1  
in domestic household  
income



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# PRODUCT QUALITY AND SAFETY OF THERAPY

The quality, efficacy, and safety of our products are top priorities for Polpharma Group. We are committed to product quality at every stage of product development, manufacturing, testing, warehousing, distribution, and sale, always keeping the patients' well-being in mind. Compliance with the requirements of Good Manufacturing Practice and other laws and regulations is of utmost importance for us. We continuously improve our quality assurance processes and reinforce our culture of quality. We also promote a sense of responsibility for quality among our employees and suppliers.

We execute our manufacturing processes taking care to guarantee the high quality expected of our medicines, food supplements and medical devices. All production processes are subject to continuous quality assessment. We also constantly monitor the quality of all raw materials and finished products.

We attach great importance to the appropriate training of our employees, in line with the regulation on Good Manufacturing Practice requirements. To ensure more comprehensive and effective control, we have electronic systems in place to manage quality assurance training. We analyse any events resulting from staff errors on an ongoing basis and monitor the effectiveness of corrective actions.

We conduct regular internal audits to ensure that the manufacturing conditions comply with the requirements of Good Manufacturing Practice. These inspections are conducted both by manufacturing supervisors and quality assurance personnel. Our auditors undergo a certification process to formally confirm their skills. Our suppliers of packaging materials, excipients, and active ingredients, as well as laboratories, contract manufacturers, and other vendors also undergo regular quality audits.

Our customers include patients and consumers using our products, drug distributors and other pharmaceutical companies (B2B market).

## Core products and services



**Prescription drugs**  
(Rx drugs)



**Over-the-counter drugs**  
(OTC drugs)



**Food for special medical purposes**



**Food supplements**



**Medical devices**



**Cosmetics**



**Active pharmaceutical ingredients** (APIs)

## B2B market



**Sales of active pharmaceutical ingredients** (APIs)



**Out-licensing of the company's products**



**Contract development and manufacturing services**

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The leaflets of all our medicinal products include information on ingredients, safety of use, and disposal methods. All of our leaflets and packaging are labelled in accordance with the law and no non-compliance was identified in this respect in 2019-2020.

As Poland's largest pharmaceutical company, Polpharma plays a key role in ensuring the **security of drug supply in Poland**. This means that we ensure a continuous supply of products in key therapeutic groups, and provide Polish patients with access to modern therapies at affordable prices. We are Poland's only large-scale manufacturer of both active pharmaceutical ingredients and finished dosage forms. This reduces our dependence on externally sourced raw materials and minimises the associated risks.

- » We have a 12.4% share in the Rx drug market and only 5.9% in reimbursement payments (data for 2020).
- » One in eight medicine packages sold by Polish pharmacies and every third package used in Polish hospitals comes from Polpharma.
- » We maintain the production of 43 medicinal products (SKUs), including life-saving drugs, which have no substitutes on the Polish market.
- » We are a key manufacturer of parenteral antibiotics used in perioperative prophylaxis.
- » We are Poland's only large-scale manufacturer of more than 50 active pharmaceutical ingredients (APIs) used as raw materials in the production of drugs.
- » We participate in the supply of medications for strategic military reserves.

An important responsibility of any pharmaceutical company is to **monitor the safety of its products**. Pharmacovigilance refers to activities undertaken by healthcare and pharmaceutical professionals to maximise product safety for patients. The pharmacovigilance system includes monitoring of adverse events and documenting the pharmacovigilance process, as well as educational activities.

All employees are required to report adverse reactions to Polpharma Group's products, and mandatory e-learning is provided to this end.

We provide patients and healthcare professionals with reliable, accurate state-of-the-art product information, contributing to awareness-raising and safe pharmacotherapy. One of our tools is the new website [www.bezpiecznaterapiapolpharma.pl](http://www.bezpiecznaterapiapolpharma.pl) dedicated to the safe use of drugs offered by the Polpharma Group companies in Poland.

In 2018-2020, together with external experts, we carried out a transformation process, conducting a diagnosis and implementing recommendations to improve the performance of the Pharmacovigilance and Medical Information Department. For instance, we used the Zero-Based Redesign methodology, which helped us design processes in a way that is optimal for our organisation, relying on the best market standards. We analysed the barriers and challenges, rewrote individual processes and reduced the number of procedures in place. We implemented new, more effective ways of acting, adapted to new management standards and leveraging the opportunities offered by high technology. These measures allowed us to streamline and simplify the performance of pharmacovigilance responsibilities.

In 2020, the following products were available in the Group's portfolio in different forms, dosages, package sizes, and language versions:

**801 products**

(SKUs) on the Polish market

**1,169 products**

(SKUs) on the export markets

Own indicator 1

Adverse reaction reports from Poland and export markets  
Total Polpharma Group in Poland:

762  
2019

1,121  
2020

2,924 consultations offered to patients on the use of  
Polpharma Group's drugs in Poland and safety  
issues in 2019-2020

## Product safety and quality challenges

Nitrosamine impurities (commonly abbreviated as NDMA) in hypertension drugs (sartans), which are likely to have adverse effects on human health, were first reported globally in 2018. Following these reports and further investigations, institutions such as the World Health Organization (WHO), the U.S. Food and Drug Administration (FDA), and the European Medicines Agency (EMA) issued public health warnings and guidance on the presence of nitrosamine impurities in certain medicinal products. EU regulatory authorities also took other measures, such as withdrawals of certain medicines from the market and discontinuing the use of certain active ingredients.

Out of concern for patients and in view of the risk of presence of NDMA impurities in medicinal products, Polpharma decided to apply to the Main Pharmaceutical Inspector for withdrawal from the market of all drug batches for which the risk of NDMA presence was estimated to be relatively high: sartans and drugs containing ranitidine. In addition, we suspended the sale of products with metformin. The sale of

diabetes medicines was resumed once the source of contamination had been eliminated and the content of NDMA had been proven to be safe. This was also the case with formulations containing sartan drugs – they were placed back on the market once the source of nitrosamines had been eliminated. We added nitrosamine content to the specifications of sartans and metformin drugs. We test all manufactured batches of these medicines for NDMA content, thus fully controlling the risk of potentially excessive content of N-nitroso compounds.

As part of extensive follow-up measures, we assessed the risk of nitrosamine presence in all marketed medicinal products. We identified drugs for which further studies are conducted to confirm that they are safe for patients. We implemented NDMA content control already at the stage of selecting the API and excipient supplier. Assessment and control of the risk of NDMA impurities have become mandatory in the development of new medicinal forms. Risk assessment of nitrosamine impurities is now a permanent control feature in all manufacturing processes.

416-2

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This was the biggest pharmacovigilance challenge that we faced in the reporting period.

The following were particularly challenging:

- » the number of active substances (318), excipients (559), and finished medicinal products (586) undergoing risk assessment for NDMA impurities;
- » obtaining extensive and relevant risk assessment inputs from all contract manufacturers (158);
- » limited time for risk assessment (9 months);
- » the need to purchase specialist laboratory equipment that cost approximately PLN 3m;
- » the need to develop many new analytical methods to detect very low levels of NDMA impurities;
- » the need to perform numerous tests in a short time frame;
- » the need for additional resources, including a dedicated team to coordinate and lead the efforts.

The fenspiride-related process was also a significant challenge. In 2019, an 'urgent Union procedure' was initiated across the EU under Article 107i of Directive 2001/83/EC. The procedure was aimed at withdrawing marketing authorisations for products containing fenspiride, an anti-inflammatory and broncholytic active ingredient used in particular to treat respiratory infections. This decision was based on a determination of a risk of adverse effects outweighing therapeutic benefits. The

withdrawal of authorisations and products affected all marketing authorisation holders in the market. As a result of this process, Polpharma withdrew a fenspiride-containing cough syrup from its portfolio.

In 2019, we recorded three incidents of non-compliance concerning the health and safety impacts of products and services that resulted in a sanction or fine. In 2020, there was one incident of non-compliance resulting in a warning. All these situations concerned Zakłady Farmaceutyczne POLPHARMA S.A., but none of them involved drug products.

In the reporting period, significant sanctions for non-compliance with laws and regulations imposed on the Polpharma Group companies in Poland totalled PLN 60,000.

During the reporting period, we received the following decisions ordering us to cease challenged advertisements:

- » in 2019, one decision from an administrative authority: the Main Pharmaceutical Inspectorate (concerning ZF POLPHARMA S.A.),
- » in 2020, two decisions from administrative authorities: the Main Pharmaceutical Inspectorate (concerning ZF POLPHARMA S.A. and Polfa Warszawa) and one ruling of a self-regulatory body: PASMI (concerning ZF POLPHARMA S.A.).





417-1



## Serialisation

According to some estimates, every hundredth drug on the Polish market may be falsified. The Poles spend even PLN 100m annually on falsified products, and the global value of the black market in this area may be as much as PLN 150-200bn. To address this problem, the European Parliament and European Council adopted the Falsified Medicines Directive in 2011, and a delegated regulation to that directive in 2015, setting out detailed requirements for manufacturers, marketing authorisation holders, and wholesalers in the distribution chain of medicinal products. It also set the deadline for the serialisation of Rx products (with certain exceptions) and selected OTC products at 9 February 2019. In accordance with the delegated regulation, one of the safety features of an individual pack of a medicinal product is a unique identifier which includes the product code, batch number, expiry date, and serial number. The

latter is a **characteristic feature** of the serialisation process. It is generated randomly with an appropriate degree of uniqueness for each individual pack. All four components are printed in the form of text and a 2D GS-1 code similar to a QR code.

In order to meet the new requirements, we had to equip our production lines with new 2D printing and quality control equipment and put in place an appropriate system to collect data from the packaging lines and transmit the required data to the European EMVS system.

Preparation for the serialisation process took Polpharma more than three years. The implementation included interpretation of legal requirements, mapping of current processes, developing a concept for the ultimate process, deployment of the new system and equipment, updating of artworks, master data, and finally the launch of routine serialisation along with the required procedures and instructions.

The scale of the challenge is well illustrated by the following data:

12,023

number of serialised production  
orders (by 31 December 2020)

271,269,142

total serialised packages in distribution  
(by 31 December 2020)

## DIGITAL TRANSFORMATION

Digital transformation is a major trend that is disrupting the healthcare system, putting the patient at its heart. The role of the pharmaceutical industry is also changing – it is no longer merely to supply drugs but to support patients in their efforts to prevent diseases and stay in good health.

Polpharma's digital transformation, which has been under way for several years, is based on two main concurrent trends. On the one hand, we are focused on leveraging the potential of digitalisation to improve the performance and effectiveness of our business operations from product research and development, to the manufacturing and quality assurance process as a whole, to product delivery to patients which enables effective therapies. On the other hand, we focus on opportunities created by rapidly advancing digital technologies to create new additional value for patients, customers, the healthcare system, and the environment.

### Selected projects

#### Completed

- » EcoVisits – meetings between Polpharma representatives and physicians using a digital communication platform (see p. 44 for more details)
- » Absenteeism bot and Emplotbot in HR – employing chatbot technology to optimise HR processes
- » Developing a tool using machine learning and IoT mechanisms to detect correlations and control the operation of sensors in sterilisation equipment
- » Record of workers exposed to carcinogens or mutagens based on blockchain technology
- » Webcon – a platform for the organisation and coordination of business processes
- » Virtual API Plant Tour – an augmented reality (AR) solution to support our B2B marketing efforts

#### In progress

- » A digital twin model (a virtual representation of a device or process) in the API plant
- » IoT solutions for energy consumption management and lighting outage alerts
- » AR-powered interactive detailing (an application providing detailed drug information) for pharmacists to support ophthalmology education





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## COLLABORATION WITH STAKEHOLDERS

Environmental projects are an important part of Polpharma's digital transformation activities. One goal is to minimise printing and paper use across the company. First, we developed a report to analyse the number of printouts on department, team and individual level. Subsequently, we implemented electronic document management and archiving solutions and electronic signature tools (in 2020, this enabled us to sign 566 contracts totalling 7,306 pages digitally). The final stage of the project involved analysing the need for printing of specific document types in different business areas. These measures contributed to a reduction in printout volumes by 37%, from 8.3 million pages in 2019 to 5.2 million pages in 2020.

Another important project in the context of the digital transformation of Polpharma is a solution based on artificial intelligence algorithms supporting waste management in the manufacturing plant in Starogard Gdański. It is described in more detail on p. 71.

In our digital transformation journey, we rely on the commitment and ingenuity of our team. We encourage all employees to join an informal cross-disciplinary community – the **Polpharma Digital Community (PDC)**. The PDC brings together more than 150 people across different Polpharma Group departments and sites. It serves as a platform for discussing and sharing ideas on innovative solutions for patients and the most effective approaches to digitalisation of the company and the healthcare system. The community has identified champions who promote digitalisation in their departments, teams and projects, adding digital value to ongoing and planned projects. The PDC makes an important contribution, educating the organisation by means of webinars, meetings with experts, and workshops with technology partners. 12 such meetings were held in 2019-2020.



### Stakeholders

The key stakeholders, or the groups and people that influence and/or are influenced by our activities, include:

- » our employees
- » patients and consumers of our products
- » doctors
- » pharmacists
- » customers (medicinal product distributors)
- » customers (other pharmaceutical companies)
- » suppliers
- » regulators and public administration representatives
- » financial institutions
- » researchers and opinion leaders
- » NGOs/civil society organisations
- » business and industry organisations
- » local communities

We ensure that the needs and expectations of both internal and external stakeholders are reflected in our business. We engage in a regular long-term dialogue with them through:

- » face-to-face conversations and regular meetings
- » internal discussion fora
- » employee and customer satisfaction surveys
- » surveys for conference and event participants
- » focus groups
- » surveys of the expectations of our local communities
- » public discussions
- » consumer surveys
- » industry trade fairs
- » meetings of expert and scientific councils and advisory bodies



102-13

102-12



## Membership of organisations

We seek to actively participate in the work of various organisations and associations to share our knowledge and experience, and to maximise the impact of our activities through joint initiatives. We are a member of the following organisations:

- » Medicines for Europe
- » Polish Association of Pharmaceutical Industry Employers (PZPPF)
- » Polish Association of Self Medication Industry (PASMII)
- » Business Centre Club
- » Lewiatan Confederation (through membership in PZPPF)
- » Starogardzki Business Club
- » IAA Poland International Advertising Association

- » Responsible Business Forum
- » Digital Poland Foundation
- » Coalition for Polish Innovations (KPI)
- » Council of the Agreements for the Pomorskie Smart Specialisation
- » Consumer and Innovation Working Groups for Sustainable Development and CSR at the Sustainable Development and Corporate Social Responsibility Task Force at the Ministry of Investment and Economic Development

Additionally, Jerzy Starak, President of the Supervisory Board of Zakłady Farmaceutyczne Polpharma S.A., is a member of the Polish Business Roundtable (PRB), while Markus Sieger, President of the Management Board, was a member of the Global Compact Network Poland Programme Board in 2019-2020. Polpharma's representatives are also members of university boards at the Medical University of Gdańsk and the Warsaw University of Technology.

## External initiatives and declarations

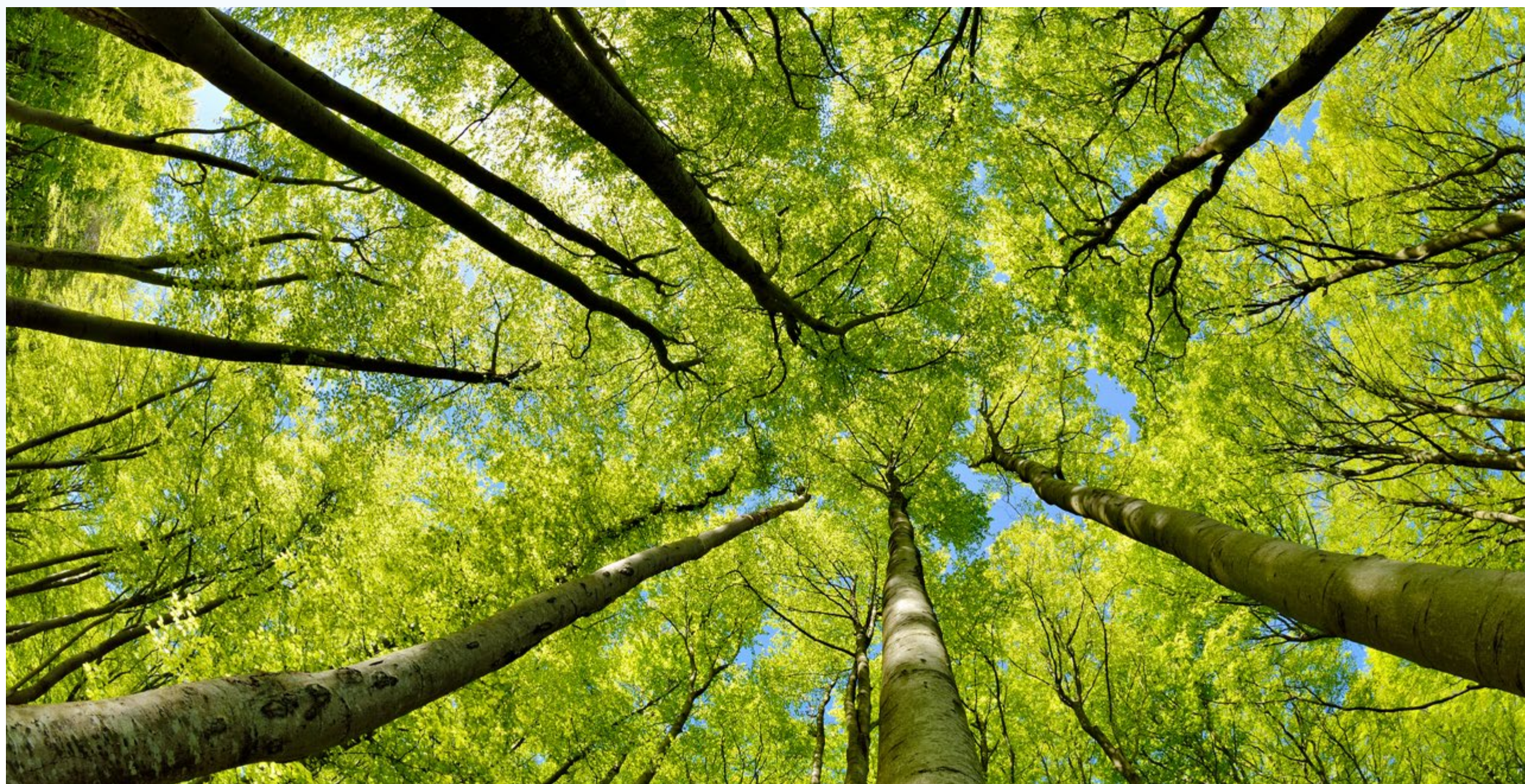
- » United Nations Global Compact (since 2016)
- » Diversity Charter (since 2015)
- » Partnership for Sustainable Development Goals (SDGs) in Poland (since 2017)
- » Partnership for Sustainable Development Goals (SDGs) Related to the Environment (since 2016)

- » Partnership for Accessibility under the Accessibility Plus Programme (since 2019)
- » EIT Health - European public-private partnership for innovative medicine and healthcare (since 2020)
- » Climate Leadership powered by UN Environment (since 2020)



# Environmental protection

# 2





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## MANAGEMENT AND OBJECTIVES

We have the **Occupational Health, Safety & Environmental Management System** in place conforming to ISO 14001, ISO 45001 and ISO/IEC 17025 standards. It has been implemented across all Polpharma Group establishments in Poland, however the certification covers only the plant in Starogard Gdański.

In 2020, we revised our environmental policy and approach to climate in response to growing expectations of the business in this area and with a view to making our company and our supply chain partners more sustainable.

The four core areas of Polpharma's new **Environmental Policy** are the minimisation of impact on climate change, water protection, transition to circular economy, and neutralising impacts along the entire value chain.

### Main objectives of the Environmental Policy:

- » Energy efficiency measures, use of clean and renewable energy sources, efforts to reduce greenhouse gas emissions, and taking offsetting measures to ensure the transition to climate neutrality.
- » Designing products and processes to reduce their impact on the environment and biodiversity throughout the value chain; developing, improving and implementing innovative green technologies and processes; and applying green chemistry principles.
- » Minimising pollutant emissions to air, soil and water, including emissions of active substances from production and auxiliary processes.
- » Rational and efficient use of natural resources by following the principles of circular economy, such as reducing raw material consumption, minimising waste, use of recycled or reusable materials.
- » Minimising adverse environmental impacts by making rational transport vehicle choices with a minimum carbon footprint and optimising logistic processes.

- » Creating a green workplace, which includes following the green office principles, holding green events, promoting green commuting and business travel, or enhancing process digitisation.
- » Building a sustainable supply chain by requiring suppliers to comply with certain environmental standards and supporting them in reducing their environmental and climate impacts.
- » Making informed buying decisions based on environmental criteria.
- » Engaging in responsible marketing activities and educating stakeholders to ensure the appropriate use of products and their proper disposal in order to minimise the penetration of pharmaceutical substances from drugs into the environment.
- » Encouraging stakeholders to take environmental action and supporting them in action.

In 2019-2020, no fines or non-financial sanctions were imposed on any of the Polpharma Group companies in Poland for non-compliance with environmental laws and regulations.

Polpharma is a member of the Partnership for Sustainable Development Goals (SDGs), a programme initiated by UNEP/GRID-Warsaw in collaboration with the United Nations Environment Programme. When joining the Partnership, we committed to:

- » take joint activities aimed at developing the Partnership initiative;
- » raise awareness of sustainable development and environmental protection;
- » promote the ideals of sustainable development.

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## CLIMATE AND EMISSIONS

We seek to achieve climate neutrality, starting from Scopes 1 and 2. A detailed pathway to achieve this will be defined in 2021-2022. Controlling Scope 3 emissions is the subject of a separate process initiated in 2021. As part of this, we intend to introduce solutions to reduce greenhouse gas emissions generated by our suppliers and other value chain partners. We also aim to use a significant proportion of renewable energy. One of the ways to reduce emissions will also be Polpharma's transition to circular economy, e.g. through the gradual implementation of ecodesign principles.

### Climate-related risks

Polpharma Group responds to challenges such as decarbonisation and adaptation to climate change in many ways. In 2021, we are conducting an advanced analysis of climate risks and opportunities as well as a climate-related scenario analysis. Its purpose is to ensure that physical and transformational risks are assessed

for materiality and incorporated into the company's risk management system. It will also result in considering a new range of climate change risks and drivers when making business decisions in all core business areas. The project outcomes, i.e. identification of key climate risks and finalisation of the scenario analysis, as well as planning of related management steps to be taken in the long term, will be achieved at the end of 2021.

### Emissions

We started to conduct carbon footprint analysis in 2016, and back then it only covered Zakłady Farmaceutyczne POLPHARMA S.A., while at the moment it includes the entire Polish organisation. By measuring our carbon footprint, we are able to monitor, analyse, and most importantly, reduce our carbon emissions.

Greenhouse gas emissions, also known as the carbon footprint, represent the total greenhouse gas emissions caused directly or indirectly by an organisation. The carbon footprint is calculated in three scopes:



#### Scope 1

direct emissions resulting from fuel combustion (e.g. gas, gasoline, heating oil, diesel oil, etc.)



#### Scope 2

indirect energy emissions from electricity and steam generated outside of the organisation



#### Scope 3

other indirect emissions resulting, for instance, from the production of raw materials, semi-finished products, waste management, transport of products, or employee business trips

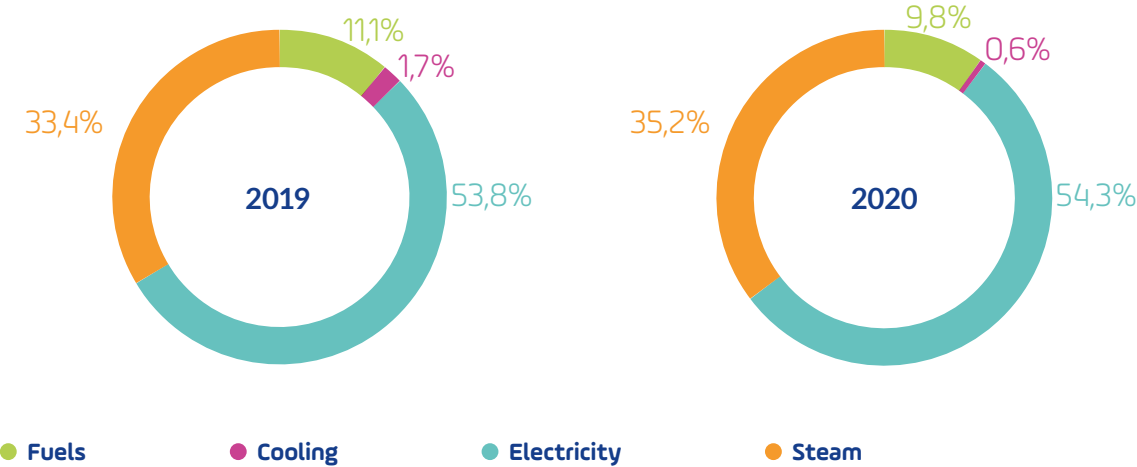
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In 2021, we updated the methodology for calculating the carbon footprint, to include the calculation of Scope 3 emissions. We will publish emission data in this scope for the first time in the report for 2021, which will be published in 2022.

Polpharma Group's location-based GHG emissions

Location-based sources of GHG emissions	Tons of CO <sub>2</sub> e 2019	Tons of CO <sub>2</sub> e 2020
Scope 1, including:	11,619	8,870
Fuels	10,037	8,324
Cooling	1,582	546
Scope 2, including:	79,068	76,046
Electricity	48,789	46,120
Steam	30,278	29,926
Scope 1+2	90,687	84,916

Source of GHG emissions (location-based)



Polpharma Group's market-based GHG emissions

Source of GHG emissions	Tons of CO <sub>2</sub> e 2019	Tons of CO <sub>2</sub> e 2020
Scope 1, including:	11,619	8,870
Fuels	10,037	8,324
Cooling	1,582	546
Scope 2, including:	80,730	80,869
Electricity	50,452	50,944
Steam	30,278	29,926
Scope 1+2	92,349	89,739

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Fuel and energy consumption is tracked in the companies' internal records. +GHG emissions were calculated according to the following standards:

- » The GHG Protocol Corporate Accounting and Reporting Standard Revised Edition,
- » GHG Protocol Scope 2 Guidance,
- » Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

CO<sub>2</sub> is included in emission disclosures for fuel, electricity, and steam. Calculations also include gases from released refrigerants. No biogenic CO<sub>2</sub> emissions were identified.

The base year is 2019, as it was the first period for which the new approach to calculating GHG emissions was used. The emission disclosures and calorific values used to convert the units were based on publications of the National Centre for Emissions Management and the Energy Regulatory Office, as well as the DEFRA database (UK government Department for Environment, Food & Rural Affairs). The global warming potential (GWP) for refrigerants was determined according to Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, the DEFRA database, or manufacturer's sheets if data were not available.

Calculations were performed for the Polish Polpharma Group companies. Financial control was used as a consolidation criterion for the Group's emission volumes, which means that 100% of the companies' emissions were attributed to the Group (excluding emissions associated with the Kokoszkowy site and the warehouse in Pruszcz Gdański, which were outside the organisational boundaries). The emissions associated with the generation of purchased electricity were calculated in two ways. The average emission factor for Poland was used in the location-based method, and the factor specific to Polpharma's energy supplier was applied in the market-based method.

Measures to reduce GHG emissions taken by Polpharma in 2019-2020:

- » Energy-Saving Programme – see p. 38 for details.
- » In 2020, we upgraded the distribution system for pharmaceuticals, setting up a single central warehouse in Błonie. This model enables the optimisation of logistics processes related to finished products, while contributing to a lower carbon footprint.

In 2020, we joined the **Climate Leadership powered by UN Environment**, under which we have been working towards achieving climate neutrality. The goal of the programme is to build a community of business leaders who understand the need to change for the climate and see it as an opportunity for growth. Working with programme experts, companies develop and subsequently implement solutions to measurably reduce their climate impact.

Zakłady Farmaceutyczne POLPHARMA S.A. owns Elektrociepłownia Starogard with registered office in Starogard Gdański, a CHP plant which is the main supplier of process steam for Polpharma's manufacturing processes. The plant is also an important supplier of heat for inhabitants and municipal infrastructure. In view of the challenges posed by climate change and the EU climate policy, all Polpharma Group companies in Poland have begun to work on a comprehensive strategy for decarbonisation and energy transition. The new solutions assume switching from coal to more sustainable fuels, and increasing the share of renewable energy.



Polpharma's Climate Leadership commitment:

Implement regular carbon footprint measurements in Scope 3 and engage suppliers and other stakeholders in activities aimed at reducing GHG emissions in the value chain to achieve a 20% reduction of the Scope 3 carbon footprint by 2030 in relation to the first calculation year.

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ENERGY

As a pharmaceutical manufacturer, Polpharma consumes considerable amounts of electricity and heat in manufacturing and auxiliary processes, i.e. processes ensuring appropriate conditions in production areas (hygiene, microclimate, air purity). To maximise the reduction of energy consumption without an adverse impact on production processes, we have launched the **Energy-Saving Programme** (POE). Within this framework, a cross-functional team of specialists from technical (engineering, maintenance), production, logistics, and utilities departments looks for opportunities to improve energy efficiency during internal inspections and audits of equipment, processes, and work organisation. Subsequently, with the support of controlling department staff, it conducts a technical and economic analysis of the proposed improvements. The effects of implemented solutions are monitored by means of control audits and measurements from automation systems incorporated in the technical infrastructure of produc-

tion plants. The POE is in place at all Polpharma Group plants in Poland – a programme leader and coordinators as well as local teams have been appointed, and further technical and organisational measures are planned for the coming years.

Examples of new energy-saving solutions implemented owing to the POE:

- » construction of a waste heat recovery system
- » upgrade of the nitrogen unit
- » use of LED light sources in new and upgraded indoor lighting systems
- » optimisation of the compressed air system
- » thermal upgrading of buildings
- » improved energy efficiency of domestic hot water systems

Energy consumption by Polpharma Group in Poland [GJ]

	2019	2020
Electricity purchased	242,786	245,210
Steam purchased	313,765	310,110
Petroleum gas	0.39	0.39
Natural gas	60,465	77,075
Heating oil	4,460	646
Liquid fuels (gasoline, diesel oil)	86,907	55,239
Total energy consumption	708,384	688,280

Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives:

13,071 GJ  
2019

11,211 GJ  
2020

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WATER, EFFLUENTS,  
AND WASTE

Water is essential for life on Earth and a key resource for manufacturing companies, however access to water is increasingly limited. For the pharmaceutical industry, issues such as the presence of active substances in the aquatic environment, antibiotic resistance and microplastic contamination are particularly relevant; these considerations will increasingly affect the pharmaceutical business in the coming years. This is why Polpharma aims to reduce its water consumption, also by means of planned circuit-closing measures. We also want to minimise the content of active pharmaceutical ingredients (APIs) in wastewater.

The plant in Starogard Gdański has its own river water intake and four groundwater wells. Other plants of Polpharma Group in Poland use groundwater from public supply wells.

Since 2010, Polpharma has been running a campaign to raise employee awareness about reasonable water use for domestic purposes (toilets and kitchen) and in manufacturing (washing and cleaning of equipment). Nearly all cooling systems have been upgraded to ensure groundwater is only used as a backup in case water supply lines are damaged or river water does not meet the necessary standards to be used for cooling (which occasionally happens in summer).

Total water withdrawal [ML]

	2019	2020
Surface water	2,996	2,640
Groundwater	501	513
Third-party water	259	259
Total water withdrawal	3,756	3,412



Total volume of treated  
wastewater

3,558 ML  
2019

3,078 ML  
2020



Industrial wastewater and sewage generated by the Starogard Gdański Plant flow to an onsite treatment plant. The plant treats wastewater using mechanical, chemical and biological methods. The wastewater generated by the manufacturing divisions in Duchnice and Nowa Dęba and in the Sieradz plant is discharged to municipal treatment plants.

In 2014, Polpharma partnered with a team from the Gdańsk University of Technology to **reduce the amount of APIs** (active substances from pharmaceutical production) discharged to the Wierzyca River with wastewater treated in the company's treatment plant in Starogard Gdański. The reduction of the content of APIs is not required by law, but contamination with these substances poses a threat to the environment and humans, being one of the biggest challenges for the pharmaceutical industry, which is why Polpharma takes action in this area.

In order to minimise the release of APIs into the aquatic environment, we have determined the degree of removal of these contaminants from wastewater and investigated their effect on the efficiency of the treatment process. The solutions employed involved the elimination or neutralisation of chemical substances affecting the activated sludge process in the onsite treatment plant. Expert assessments were also carried out which included testing for API content and determination of the impact of APIs on the aquatic environment as well as identification of the most noxious substances. As a result, methods have been developed to improve process efficiencies and neutralise or eliminate APIs from lyes and process wastewater. Owing to these solutions, we are also prepared for potential legislative changes concerning pollutant discharges.



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We take a number of measures to **reduce waste**. We implement low-waste technologies, optimise processes, and use top quality raw materials.

The Company generates about 50 different types of waste, including 20 hazardous types. Fluctuations in the volume of non-hazardous waste are mainly attributable to the intensity of renovation works which generate significant amounts of debris and scrap.

Recovery processes are mainly used for waste solvents, wood packaging, and composite packaging. Waste plastics, waste paper, steel, and glass are recycled.

Waste unsuitable for recovery or recycling is disposed of by specialist companies in an environmentally safe manner. Whenever waste is moved, compliance with ADR regulations for hazardous waste transport is ensured. Waste is collected selectively at source, and may be kept and stored only at designated, clearly marked, and safe places. We regularly assess the environmental impact of waste and are looking for new recycling, recovery and neutralisation opportunities, as well as safe ways of storing and moving waste.

Total weight and management method of hazardous waste [Mg]

	2019	2020
Recovery	325	322
Landfilling	0	0
Onsite storage	7	81
Incineration	378	460
Other processes	144	113
Total	853	976

Total weight and management method of non-hazardous waste [Mg]

	2019	2020
Recovery	737	920
Recycling	1,173	1,130
Landfilling*	305	497
Onsite storage	12	11
Incineration	332	450
Other processes	86	115
Total	2,645	3,122

\* Renovation and construction waste.

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# MATERIALS AND INPUT MATERIALS

We strive to continuously improve the material efficiency of our processes, for instance by increasing the use of regenerated solvents and reducing water consumption.

Packaging materials by type:



paper



plastics  
of which PVC



glass



aluminium

In 2020, we continued our attempts to use recycled packaging paper. Additionally, we encourage employees to save paper by duplex printing and using digital data storage media.

Organic solvents are used in the manufacturing of drugs and chemical substances. The rules for solvent management are as follows:

- » eliminate chlorinated solvents and solvents with proven carcinogenic, mutagenic, and teratogenic properties,

- » reduce solvent use,
- » maximise solvent regeneration and recovery,
- » evaluate chemicals and solvents used in processes prior to use to minimise the environmental impact of the substances.

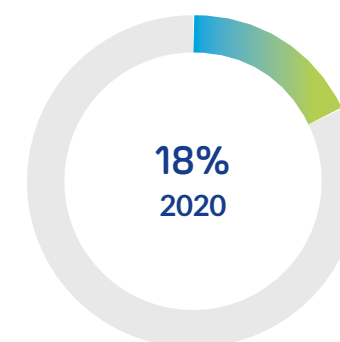
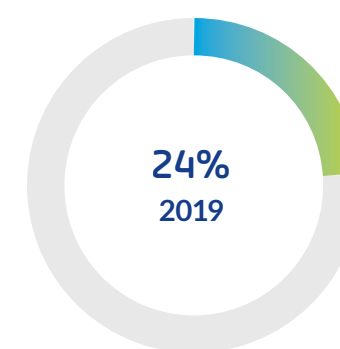
Solvents which cannot be regenerated due to quality issues, halogenated solvents, are diverted to disposal.

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## Materials and input materials used [Mg]

	2019	2020
Raw materials used	7,644	8,162
Solvents used	2,182	2,170
Packaging materials used	8,382	8,633
Total	18,208	18,965

in which recycled  
input materials:



We continuously carry out activities aimed at saving materials in the IT area. The most important of them are:

- » selling and remarketing of used computer equipment, telephones, etc.
- » cooling of server rooms with external air for most of the year (free cooling)
- » duplex and black and white printing as preferred settings for network printers
- » use of lightweight paper (70 g/m<sup>2</sup>)
- » introduction of electronic workflows





## SUSTAINABILITY MEASURES

In September 2020, Polpharma launched EcoVisit – together for better climate, an educational and social campaign addressed to doctors and pharmacists. The idea behind the campaign is to educate our customers about new technologies and e-visits, as well as about protecting our climate. Virtual visits are a safe form of contact, especially during the pandemic, and generate lower CO<sub>2</sub> emissions and fewer printed materials, which are replaced by online promotional materials. An EcoVisit means that we plant 1 m<sup>2</sup> of forest for every online meeting of a Polpharma's medical representative with a pharmacist or doctor lasting more than 5 minutes. As part of this initiative, more than 22,000 doctors were engaged in forest planting activities by the end of 2020. The doctors and Polpharma representatives can view their outcomes in the form of virtual square metres of forest at [www.ekowizyta.pl](http://www.ekowizyta.pl). Additionally, 800 Polpharma employees took part in a webinar on sustainability and everyday Earth protection measures delivered by our campaign partner, the Las Na Zawsze Foundation.

With the involvement of doctors, pharmacists and employees of Polpharma and the Las Na Zawsze Foundation, new biologically diverse forests were planted in Brzustowa (Kujawsko-Pomorskie Province), Pieniężnica and Męcikał (Pomorskie Province), Dzierżawy (Łódzkie Province) and Żelazny Most and Boguszów-Gorce (Dolnośląskie Province) in 2021.

100

EcoVisits translate into 250 kg less CO<sub>2</sub> in the atmosphere on average

6,000

young seedlings of trees and shrubs in 6 forests (in 2021)

30,000

doctors involved in the action from its beginning

Since 2014, we have held annual meetings with businesses and service providers from all over Poland called “Let’s talk about the environment”. The purpose of the meetings is to share information and knowledge about implementing environmental laws, collaborating with public administration bodies, interacting with environmental organisations, etc. The topics discussed during the meetings include legal requirements, industrial accidents, waste generation permits, carbon footprint, the impact of industrial wastewater on flora and fauna, manufacturer’s responsibility for products, or changes in waste management affecting manufacturers and processors. The meetings additionally support the development of a common approach and exchange of good practices with respect to reducing the impact of business activity on the environment.

In 2020, during a conference held by Przemysł Farmaceutyczny magazine, Polpharma representatives took part in an important debate on the environmental impact of the pharmaceutical industry. The topics addressed included circular economy, APIs in wastewater, as well as climate neutrality and the ways to achieve it.

Polpharma's office in Warsaw is **Green Office certified**. Staff training was delivered during the recertification process. This enabled, for instance, to develop good practices in municipal waste separation and reasonable use of water, energy, and paper for office purposes. To obtain the Green Office certificate, several criteria divided into two groups needed to be met. The first group included technical criteria related to the management of water and electricity consumption and the possibility of waste separation. The second group involved environmental education of employees, suppliers and customers, as well as fostering a friendly working environment.

## CIRCULAR ECONOMY

Polpharma recognises **circular economy** as the economic model of the future, which responds to today's environmental and climate challenges. In circular economy, resources circulate in a closed loop, so that we minimise waste while adding value. This allows for sustainable use of natural resources and GHG emission savings. We want to be a leader of change and implement circular economy in our organisation – we will strive to align Polpharma's manufacturing activities to eco-design requirements as far as possible, and to ensure that our packagings are sustainable and waste is considerably reduced.

In 2018, a circular economy maturity assessment was performed for Polpharma. It was based on the provisions of the BS 8001 standard, which supports a comprehensive analysis of an organisation in all aspects of its functioning. The key issues covered included waste and waste management methods, packagings, water management, energy management, cooperation with suppliers, eco-design, and good practices applied by the company. In 2019-2020, we focused on implementing recommended circular economy measures, such as inclusion of environmental criteria in the supplier selection process, seeking to minimise waste, eliminating single-use packaging from company canteens, or educating employees on sustainable consumption.





# EMPLOYEE ENGAGEMENT

We assume that even small steps may bring huge benefits when taken on a large scale. We strive to raise awareness of our employees and provide them with insights, as well as to identify and offer appropriate solutions. The programmes and incentives we have put in place support our employees in making positive environmental choices every day at work and beyond.



**The Green Process Award** was created in 2009 to reward employees' efforts that contribute to reducing the company's negative environmental impact (reducing energy and water consumption, minimising waste and wastewater, reducing emissions of gases and dust into the air). Every year since then, green initiatives have been presented by authors and evaluated by an in-house expert team. The evaluation is based on four criteria: environmental benefits, financial benefits, knowledge transfer, and scientific value. The best three initiatives are rewarded with a financial bonus and points in the

cafeteria system. During the award ceremony, the winners plant their 'own' trees. In 2019-2020, 29 initiatives were submitted, some of which reduced the use of water, energy, reactants, and solvents. The financial benefits totalled nearly PLN 3.6m.

With a view to reducing the emissions of carbon dioxide, exhaust gas and other pollutants, Polpharma encourages its employees to choose environmentally friendly commuting solutions. Since 2011, the company supports commuting by bicycle as part of the **Let's All Cycle** programme. At each of our locations, appropriate technical infrastructure (bicycle parking, shelters, or canopies) is provided for employees, and they collect points in the MyBenefit cafeteria system for every ride. In 2014, in turn, in our **Green Tickets** programme, we launched subsidies for monthly tickets – anyone who uses public transport can receive a subsidy in the form of points in the MyBenefit system. Every year, about 700 employees cycle to work, and the monthly ticket subsidies are received by about 500 people.

During the **Green Week**, Polpharma employees get practical tips on how to live sustainably. The topics addressed in 2019 included biodiversity, protection of bees, the problem of waste from electrical and electronic equipment, circular economy, and sustainability measures implemented in company canteens. On the Bicycle Day, we offered bike maintenance services, while the Green Week ended with the Open Day held as part of the Earth Day celebrations. On that occasion, we invited the local community and families of employees to visit our company. During the Open Day in 2019, we collected 30 kg of expired medicines, 150 kg of batteries, 6 tonnes of waste paper, and 215 kg of plastic caps.

In 2020, we sent materials to employees on proper waste separation, responsible consumption, renewable energy sources, or sustainable office practices through internal communication channels (Intranet, Yammer). The employees were also invited to participate in the "Zero waste at home and conscious shopping" webinar.

**Cleaning in Pictures (Fotoporządk)** is an initiative launched in 2016, which is our contribution to the Clean Up the World campaign. Employees send photos of littered areas, indicating where they are located, and then the organisers pass the photos on to relevant services. 30 sites were reported in 2019, and by working closely with

the municipal police and local authorities, we have managed to have 70% of them cleaned up. In 2020, we had 31 reports, and 52% of the sites were successfully cleared.

In 2019, Polpharma joined the local celebration of the **European Mobility Week**. We encouraged daily cycling and organised free bike maintenance services for our employees in Starogard Gdański and Warsaw. During the Sustainable Fleet – Facts and Myths debate, we debunked misconceptions and dispelled the participants' doubts concerning electric and hybrid cars.

In 2020, for the second time, we conducted a survey among the employees of Polpharma Group in Poland to see how engaged they were in environmental activities. A total of 344 employees participated in the survey, identifying 792 sustainability commitments they were willing to make in their daily lives. These include buying less food, switching from cars to bikes or public transport, saving energy, and using renewable energy sources.

29  
sustainability  
initiatives submitted

PLN 3.6m  
in financial benefits





# Employees and the society

# 3



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## POLPHARMA GROUP'S EMPLOYEES IN POLAND

The success of any business depends on people. Owing to our staff, we are able to achieve ambitious goals and help patients. That is why we place a particular emphasis on the safety and health of our employees, on their development and job satisfaction. We consciously manage diversity, actively counteracting harassment at work and all forms of discrimination. We foster a friendly work environment. Our employees can expect competitive salaries and additional benefits. We also seek to improve labour standards along the value chain.

At the end of 2020,  
Polpharma Group had  
**4,673 employees**  
in Poland

**2,551**  
women

**2,122**  
men

Less than 1% of our associates are from outside of the organisation and work for us on a self-employed basis. Collective bargaining agreements covered 69% of our staff (68% in 2019).

The Polpharma Group companies in Poland offer **competitive salaries** to their employees. In 2020, despite lower financial performance and high levels of uncertainty due to the COVID-19 pandemic, we decided to offer substantial pay raises. In addition, we increased special bonuses for lowest-level employees.

All employees with employment contracts, whether on a full-time or part-time basis, enjoy the same **access to benefits and allowances** arising from generally applicable provisions of law in particular companies. Employees hired under consulting agreements have access to medical and life insurance and a MultiSport card.

The following is provided to all employees of the Polpharma Group companies in Poland:

- » a basic medical care package from LUX MED/Med-pharma Group,
- » life insurance with PZU
- » a choice of products and services available via the MyBenefit platform (their individual accounts are credited with PLN 100 once a quarter and linked to the Rewards Scheme, in which users can receive additional points from co-workers),
- » subsidies for self-organised vacation and MultiSport cards,
- » an opportunity to participate in the Occupational Pension Scheme, under which the employer finances contributions to supplementary pensions for employees<sup>2</sup>
- » non-repayable assistance for employees in distress,
- » Christmas parcels for children with developmental toys, educational games, books, musical instruments, etc. (replaced with prepaid cards in 2020 because of the pandemic),
- » a day off work during the Polpharma Festival on the Friday following the Corpus Christi holiday – on this occasion a picnic for employees and their families is organised in Starogard Gdański, with sports competitions, concerts, etc.

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In addition, in the period from 21 March to June 2020, employees who could not work remotely due to business continuity needs received a COVID-19 pandemic allowance. Furthermore, paid overtime was introduced for certain groups for work on business days and weekends.

Employees of all companies except Polfa Warszawa receive meal subsidies in the form of lunch cards.

Zakłady Farmaceutyczne POLPHARMA S.A. and Medana Pharma S.A. organise winter and summer camps for school-age children, as well as excursions for employees, and subsidise tickets for concerts, cultural and sports events (the amount of subsidy depends on household income per capita).

See pp. 16-17 for initiatives in support of our employees during the COVID-19 pandemic in 2020..



## RESTRUCTURING

In 2020, due to a revision of our business strategy in response to structural changes in the market, we took a tough decision to reorganise the commercial area, which necessitated collective redundancies. The job cuts took place in consultation with trade unions and were transparently communicated. We also took a number of measures to support the employees whose jobs were liquidated. First and foremost, we decided that they would be prioritised in future recruitment processes. In addition, we offered additional severance payments,

well beyond our statutory obligations, as well as the opportunity to participate in a 3-month employability programme. The programme, attended by 177 people, included individual consultant support, access to thematic webinars and recruitment simulations. As part of the programme, employees were provided with tools and practical knowledge in the field of job search methods, recruitment interviews, writing CVs, networking, starting their own business, negotiations, or building an online image.

<sup>2</sup> Does not apply to people employed for less than 3 months or over 70 years of age.



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# OCCUPATIONAL HEALTH AND SAFETY

We are committed to employee health and safety, also in remote work settings. We are building a culture of occupational safety and raising occupational safety standards across our value chain and in particular among our contractors and subcontractors who work under our direct supervision.

The commitments we make to effectively manage OHS risks and opportunities include:

- » Compliance with legal and other requirements relevant for OHS and continuous enhancement of standards.
- » Ensuring safe and healthy workplaces by harnessing scientific and technical advancements.
- » Maintaining and improving the OHS management system to improve occupational safety outcomes.
- » Analysing the company's processes on an ongoing basis to eliminate and mitigate risks in the workplace.
- » Analysing business processes on a regular basis to take account of the risks and opportunities related to occupational safety and health and to the OHS management system.
- » Incorporating employee safety and health in production process planning and other business activities.
- » Preventing work-related injuries and health conditions.
- » Applying adequate measures to mitigate risks according to their hierarchy, and in particular prioritising collective over individual safeguards.
- » Broadening the knowledge and enhancing the skills of employees at all levels of the organisation and continuously reinforcing a culture of safety in the workplace, as well as promoting health prevention.
- » Encouraging employees and other stakeholders to adopt a proactive approach in order to increase their involvement in the process of ensuring safety and in health prevention.

An occupational health and safety management system has been in place across all Polpharma Group companies in Poland since 2006. Its implementation, based on the PN-N-18001 standard and the European OHSAS 18001 standard, was fully voluntary, which means that it was not legally required. Since 2020, the system has been operated in conformity with ISO 45001. It covers employees and all other individuals under the supervision of our organisation in the context of experimental, chemical and pharmaceutical production, sales of pharmaceuticals and pharmaceutical raw materials, as well as wastewater treatment.

Since 2006, the operation of the system in the Starogard Gdański plant has been subject to certification. Third-party audits conducted in 2019 and 2020 did not find any irregularities.

The Polpharma Group Employee Occupational Safety and Health Policy is available at <https://polpharma.pl/odpowiedzalnosc-spoleczna/polityka-firmy/>.

Involvement of top executives as well as effective cooperation with all employees are of strategic importance with a view to improving the level of safety at work. Involvement in the OHS management process includes consultations, internal audits of the management system, 55+ audits, OHS inspections and findings of the social labour inspection, Gemba walks, and other formal and informal activities.

The identification of **OHS risks** is regulated by the corporate Occupational Risk Assessment procedure, based on the risk score method. The risk assessment team includes the head of the organisational unit (as a chairperson), an OHS Service employee, and a social labour inspector. The main purpose of the procedure is to introduce measures to protect the lives and health of workers and to improve working conditions, including the reduction of work-related nuisance and monotony.

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Risk control measures are applied in the following order of priority:

1. eliminate the threat,
2. substitute with less hazardous processes, operations, materials, or equipment,
3. employ technical and organisational risk mitigation measures,
4. employ administrative risk mitigation measures, including training,
5. use suitable personal protective equipment.

Risk assessment reviews enabling the continuous improvement of the system are performed, for instance, in the following situations:

- » creation of new jobs,
- » introduction of technical and technology changes,
- » upgrading of facilities and premises,
- » changes of legal and other requirements,
- » accidents at work.

Information on hazards posed by individual chemical substances and mixtures is available to employees in the Baza Kart Charakterystyk application (a MSDS database), which is also available in a mobile version.

Assessment of risks based on risk scoring enabled the identified risks to be quantified based on key variables. The values obtained do not exceed the 2nd risk category (out of 5 categories) and all of them remain within an acceptable risk level when control measures are factored in.

The most common risks identified per category are:

- » Severity: fire, explosion; release of harmful substances to the environment; spread of the Covid-19 virus,
- » Probability and most frequent exposure: trips, slips, falls; use of means of transport; operation of machinery and equipment changeover.

The **Stop Accidents Programme** is a system for reporting and responding to:

- » near misses (also called dormant accidents, avoided accidents, almost accidents, unsafe situations),

- » unsafe conditions observed – situations likely to cause injuries in the near future,
- » hazards and situations that occurred and could have resulted in injuries, but did not through a fortunate coincidence.

The system has been in place since 2012, and up to and including 2020 it helped eliminate 7,938 near misses. In 2020, an application was provided to all employees of Polpharma Group in Poland, which significantly improved the operation of the programme. It allows users, for instance, to send quick notifications from computers and mobile devices, together with photo documentation, and to follow up on the measures taken and automatically notify any people involved in the process concerned. Safety targets are set for managers per calendar year, and the target levels are set in proportion to the number of accidents at the site.

We are **constantly expanding our database of toxicology reports for the chemicals we use**. Currently, it covers more than 250 substances transferred to our plants, manufactured by us under contracts or licences, as well as new substances introduced to research and development or production. Based on reports from specialist third parties, we determine the toxicity of individual substances to classify them into one of five risk categories. The information in toxicological reports additionally allows us to adjust workplaces to specific requirements and to create an appropriate production infrastructure to provide workers with safe conditions for industrial operations. The above processes are described in detail in a relevant system procedure.

In 2019-2020, 25 APIs were upgraded to higher toxicity categories, necessitating changes and investments in new technical and technology solutions to align with the current global standards. New technical solutions involved mainly encapsulation or isolation of production equipment to minimise dust. These were accompanied by organisational solutions reducing workers' exposure to substance dust, as well as raising risk awareness.

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### Work-related injuries of employees of Polpharma Group in Poland

	2019	2020
Number of fatalities as a result of work-related injury	0	0
Number of high-consequence work-related injuries	0	0
Number of all injuries	30	19

In 2019-2020, no work-related injuries were recorded for employees of subcontractors who worked on the premises of the Polpharma Group companies in Poland<sup>3</sup>.

Polpharma Group has the Accidents, occupational diseases and near misses procedure in place. The procedure specifies how to proceed in the following situations:

- » when first aid must be given,
- » in the case of an accident at work or an accident equivalent to an accident at work,
- » when a near miss is identified,
- » in the case of an accident on the way to or from work,
- » in the case of an occupational disease.

Polpharma Group in Poland has a full-time **Corporate OHS Service** with 9 members in total (4 in Starogard, 3 in Warsaw, 1 each in Sieradz and Nowa Dęba). The Corporate OHS Service operates in accordance with the Regulation of the Council of Ministers on occupational health and safety service and actively participates in the maintenance of the OHS management system. Its responsibilities arising from legal requirements and the ISO 45001 standard include consultations with employees, individuals under the supervision of the organisation, and other stakeholders.

**Involving our employees and their representatives in the OHS management process** consists in consultations, participation in the decision-making process, and co-responsibility for building a culture of health and safety in the workplace.

Employee representatives are periodically consulted on:

- » introduction of changes likely to affect OHS (including work organisation, workstation equipment, introduction of new technologies and chemical substances and preparations);
- » occupational risk assessment for certain jobs and communicating such risks;

- » establishment of the OHS Service and the designation of employees to provide first aid and carry out fire protection and staff evacuation activities;
- » provision of employees with personal protective equipment, work clothing and footwear;
- » provision of OHS training to employees;
- » introduction of changes likely to affect the safety and health of suppliers (subcontractors);
- » matters related to the integrated management systems concerning relevant external stakeholders.

These consultations are carried out with representatives of trade unions, social labour inspectors, and as part of the work of the OHS Committee, which is an advisory and opinion-making body established by companies with more 250 employees and composed of employer and employee representatives in equal parts. Furthermore, the API Business Unit in Starogard Gdański holds quarterly management meetings with Safety Leaders to address current OHS issues. In addition, the EHS Council was established there in 2019. Its members are API Business Unit top executives, representatives of employees and of the Department of Environmental Protection and Occupational Safety, the onsite Fire Brigade, and Safety Leaders representing employees from chemical manufacturing, laboratory, and R&D areas. Their responsibilities at the monthly meetings include an analysis of occupational health and environmental protection indicators and records.

<sup>3</sup> Activities of third party personnel periodically performing services under civil-law contracts are excluded

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The **Safety Leaders Programme** is addressed to the API Business Unit employees who want to eliminate bad habits and inappropriate behaviours that can lead to unsafe incidents in the areas of OHS, fire protection, and environmental protection. It promotes safe conduct in the workplace and the use of collective and individual protective equipment. Safety Leaders are expected to set a good example for co-workers and to help them identify and respond to non-compliance.

A team of 29 Safety Leaders was appointed, whose members remarkably adhered to OHS principles and felt the need to actively participate in promoting safe behaviours and to report problems relating to occupational safety and environmental protection.

The rules of **OHS training** are included in the corporate procedure “Integrated Safety and Environmental Management System Training”.

Core training categories are as follows:

1. general induction training for new hires,
2. job-specific training with a final exam,
3. recurrent training for specific professional groups,
4. training/instruction for subcontractors.

**OHS training formats:**

1. onsite training with industry experts and qualified individuals,
2. online training for specific professional groups,
3. alerts following accidents,
4. in-house training using the MyLearning platform,
5. team meetings between shifts,
6. presentation of health and safety issues on video displays and other digital devices in specific areas.

Employee health and safety are key elements in the business strategy of the Polpharma Group in Poland and form the basis for the development of responsible relationships with our employees. Consistent health checks for all new hires as well as periodic and follow-up check-ups help the employees themselves and the organisation build a health-centred partnership and support early detection of diseases and potential harmful exposures at work. Commitment to health is also demonstrated by the fact that the Starogard Gdański Plant has provided space for a treatment room and employs a doctor on a permanent basis, who can also act as a GP, providing instant access to healthcare services beyond occupational medicine. Furthermore, out of concern for the health of our employees and their families, we co-finance medical packages which offer professional support encompassing the entire healthcare process, from diagnosis to comprehensive treatment. Primary healthcare, specialist support and rehabilitation services for employees working in other Polpharma Group facilities in Poland are delivered by Lux Med.

In the difficult times of the COVID-19 pandemic, we took care of the mental health of our employees. We prepared databases of institutions offering free help over the phone, for instance to people experiencing chronic stress, emotional crisis, to the lonely and suffering. We encouraged our employees to take part in the free online Stress and Emotional Management Academy (10 training modules of 30-90 minutes each), after which they were provided with materials to support them in relieving stress and tension, as well as a mindfulness course available to MultiSport card users.

Our employees can redeem their points in the Benefit Cafeteria scheme for example to subscribe to a diet plan and access Ewa Chodakowska’s training platform. MultiSport card holders, in turn, were encouraged to use the opportunity to consult a dietician or a personal trainer and to choose a nutrition programme with the help of an online diet creator.

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# EMPLOYEE DEVELOPMENT

We regard upgrading employee competences as one of the key development drivers for our company. We support our team in acquiring knowledge and skills, considering both business needs and self-fulfillment of employees. Our managers, executives and individual contributors are trained to guarantee top quality of products and services and to stand out from the competition.

Effective and responsible management of training and staff education within Polpharma Group in Poland is based on the following documents:

- » the Training procedure – an internal policy governing developmental activities,
- » the Training Curriculum – a list of available in-house training courses developed based on employee needs surveys.

## Average hours of training per year per employee

	2019			2020		
	Total	Women	Men	Total	Women	Men
Managers and executives	55	59	51	27	28	25
Individual contributors	17	18	15	13	14	13

100%<sup>4</sup> of employees undergo a periodic review covering their performance, behaviours, and career path at least once a year.

In 2020 we launched the **online training platform** which provides all employees with convenient access to a constantly growing library of development materials (text, videos, e-learning courses, etc.). By the end of the year, we offered more than 190 courses and materials through various catalogues (company-wide, mandatory), which were used by over 4,750 people who completed 5 trainings each on average. The platform allows us to disseminate educational content to a larger group of employees, driving the development of digital competence and reducing the total cost of training. By means of evaluation surveys, the HR Department examines whether the employees are satisfied with the training materials offered to them and identifies their development needs.

For many years, we have placed a strong emphasis on the continuous improvement of competences of our leaders through coherent **development programmes**, which include feedback sessions and workshops. Since 2017, we have been operating the Leadership GO! programme addressed to executives, and since 2019, the Leaders UP! programme for mid-level managers. In 2020, in the pandemic situation, we focused on supporting managers to work in the VUCA environment, which is characterised by volatility, uncertainty, complexity and ambiguity. Development activities in the aforementioned programmes focused on learning how to manage a remote team, improving own and team performance, and most importantly, building relationships and employee engagement under the extraordinary conditions. The outcomes include broadening of the managers' leadership styles.

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## Management development programmes

Curriculum	Number of participants in 2019-2020
Leaders UP!	193
Leadership GO!	85

With a view to discontinuing production at the Polfa Warszawa plant in 2023, we have established a biotechnology competence development programme to retrain interested company employees and improve their employability in the biotechnology industry. The **BIO Academy** training courses are addressed to all employees of Polfa Warszawa who have not had any experience with biotechnological processes.

The programme comprises three modules:

- » theoretical sessions introducing general biotechnology issues,
- » theoretical part of specialist courses in biosimilar manufacturing,
- » practical part of the courses taking place in laboratories.

The specialist sessions are attended by manufacturing and quality control employees as well as technical staff of Polfa Warszawa. During the sessions, the participants learn about the production process of a biosimilar that will be produced by the Polpharma Biologics plant in Duchnice. In 2019-2020, module 1 was completed by 179 employees of Polfa Warszawa.



## Other employee competency development programmes

Curriculum	Number of participants in 2019-2020
Leader programme	84
Generational awareness training	227 (onsite and online training)
Innovation in business	49 (onsite and online training)
Personal effectiveness	133
Feedback	172 (onsite and online training)
Long-term learning subsidies	28
Learnship/Online platform	396
Working remotely in the new reality	545

<sup>4</sup>The objective-setting and annual performance review process does not apply to trade union leaders.



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## DIVERSITY

We recognise the differences between our employees and see them as a value. We continually develop policies and programs that enable us to consciously manage diversity. We do not tolerate discrimination, isolation, harassment, or bullying on any grounds, including gender, age, origin, nationality, religion, sexual orientation, physical appearance, health status, and physical capacity. We educate our staff on diversity issues such as intergenerational management. In our responsible management of diversity and equal opportunities, we rely on our corporate procedure "Anti-Harassment and Anti-Discrimination at the Workplace" and our recruitment procedure, as well as the international Diversity Charter which has been signed by our company.

We periodically monitor the gender diversity of our workforce and the pay gap between men and women employed in similar positions. Our particular emphasis on staying in touch with employees on parental leaves, which gives them a sense belonging to the team and makes it easier for them to return to work, was recognised with the Family & Human Wellbeing Award 2020 of the Humanites Institute for family/human friendly companies.

We carry out many initiatives to create a friendly work environment for people of all ages. In 2019, we launched the Action Generation programme dedicated to this topic. Its basic elements include:

- » Health promotion policy 55+
- » Work ergonomics
- » Transfer of knowledge
- » Technology and innovation

### Selected development activities in the multigenerational context in 2019-2020:

- » "Functioning in a diverse world" (training)
- » "Managing a multigenerational team" (training)
- » "Leader in the alphabet of generations" (training)
- » "How to communicate in the generational Tower of Babel?" (lecture)
- » "Multigenerational? How?" (lecture)
- » expanding leadership development programmes to include the multi-generational context
- » development workshops for employees of specific areas



## EMPLOYEES WITH DISABILITIES

We are building a disability-friendly environment and workplace. At the end of 2020, we had a total of 64 employees with disabilities (55 at the end of 2019).

We are consistently making efforts to improve the accessibility of our buildings or websites, but also to support the employability and activation of people with disabilities. In 2019, we joined the Partnership for Accessibility under the Accessibility Plus Programme implemented by the Ministry for Regional Funds and Policy, in cooperation with local governments, entrepreneurs and non-governmental organisations. The programme aims to ensure that people with special needs have unrestricted access to goods, services and social as well as public life.

For many years, we have been supporting the Integracja Foundation. We are a partner of the health section of the Integracja magazine, the annual Grand Gala of Integration (Wielka Gala Integracji) and the Man without Barriers Gala (Gala Człowiek bez Barier). In 2020, we partnered with the Digital Hero project launched by the Digital Poland Foundation to support persons with disabilities by providing them with specialist training and equipment necessary to perform their jobs remotely. The support was provided to four persons in the care of the Leżę i Pracuję Foundation.

In 2020, we completed the remodelling of our office at ul. Bobrowiecka 6 in Warsaw, adapting it to the needs of people with disabilities. **Barrier-Free Facility** (Obiekt bez Barier) **certificate** awarded by the Integracja Foundation confirms that the office is architecturally accessible to people with mobility impairments, visual impairments including blindness, and partial or full hearing loss. In addition, the certificate confirms that the office is adapted to the needs of elderly persons and people with young children. The improvements include passageways of sufficient width, accessible toilets, and new functionalities of the room booking system. We cooperated with the Foundation's experts from the beginning of the upgrading process, so that they could suggest the necessary solutions already at the stage of architectural planning.

In 2019, our employees, together with representatives of the other 8 companies taking part in the Human Explorers initiative, participated in the Ideathon. During this intensive two-day creative session, out-of-the-box solutions were developed to improve the situation of people with disabilities on the Polish labour market. The Ideathon, organised jointly with the Integracja Foundation, was the first community project of its kind in Poland and offered an innovative example of competency volunteering.

55

employees with disabilities, 2019

64

employees with disabilities, 2020

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## HUMAN RIGHTS

Workplace harassment and all forms of discrimination contradict our company values. The Polpharma Group Code of Ethics clearly indicates the need to foster a friendly work environment by respecting the dignity of others and opposing any discrimination and harassment. These issues are addressed during mandatory ethics and compliance training, and building a culture of respect is an important element of the Group's corporate culture.

Steps to be taken in the case of suspected irregularities in the sphere of human rights are specified, among others, in the Procedure on Prevention of Workplace Mobbing and Discrimination. It assumes that the organisation should always start its intervention with amicable solutions, such as mediation. In case of conflicts on a team, it enables escalation to the HR Business Partner or the Compliance Department.

In 2019, there was a court case involving an employee of Zakłady Farmaceutyczne POLPHARMA S.A. who claimed reparation and compensation for harassment at work. In the end, the employee was compensated. Furthermore, two internal investigations took place that year, neither of which confirmed discrimination.

An internal mediation procedure was conducted in 2020, which resulted in an amicable resolution of a conflict caused by miscommunication.

Anti-discrimination is addressed in the "Ethics and Compliance in Polpharma Group" e-learning course (60 min). In the 2019/2020 edition, 87% of staff received training in this format.

Classroom trainings on counteracting workplace harassment and discrimination (45 min) were provided to employees without access to a computer. In 2019/2020, these trainings were completed by:

63%

of production staff at Zakłady Farmaceutyczne POLPHARMA S.A.

90%

of production staff at the Manufacturing Division in Nowa Dęba

86%

of production staff at Polfa Warszawa

85%

of production staff at Medana Pharma S.A.

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## EMPLOYEE DIALOGUE

To remain engaged in continuous dialogue with our team, continuously improve our organisation, and create an even better workplace, we regularly conduct **employee opinion surveys**. In addition to the Pulse Check survey taking place every December, we conducted an additional survey, the Covid Pulse Check, in mid-2020 to gauge our crew's sentiments and needs during the pandemic. The questionnaire-based surveys are then drilled down by means of team interviews to develop proposals for improvement at department or corporate level. Owing to the regular dialogue, we are able not only to respond to the current needs of employees, but also to implement long-term initiatives aimed at improving staff engagement. In 2020, our response to expectations voiced in surveys and interviews was focused on improving

communication, strengthening a culture of employee recognition and rewards, supporting work-life balance, and so on.

The participation rate in 2020 was

87%,  
just like in 2019.





103-1 103-2 103-3 Wskaźnik własny 2

## HEALTH EDUCATION AND PREVENTIVE CARE

As a pharmaceutical company, we are committed to improving patient access to reliable health information. We take care to provide the most meaningful and relevant knowledge in an accessible way. Moreover, we carry out a range of campaigns and programmes to promote preventive care.

We raise patient awareness of diseases that are little known but require extensive prevention. One of them is COPD, the chronic obstructive pulmonary disease, which kills about 15,000 Poles every year. This number could be significantly reduced by proper preventive screenings. Therefore, in 2018 we laun-

ched the **National COPD Detection Programme**, as part of which we increased the number of spirometry tests required for the diagnosis, and we also started educational campaigns on COPD.

We have partnered with innovators from HealthUp, the authors of AioCare, an all-in-one spirometry system. Thanks to this, we could provide primary care physicians with compact and portable AioCare spirometers with access to a mobile application (about 400 devices throughout Poland) and a simple self-diagnostic test.

This is a long-term programme that will be continued for the benefit of Polish patients.

400

AioCare spirometers donated

16,000

tests carried out with the  
donated equipment

40%

obstructions detected

over 10 million

viewers of the National Programme  
for COPD Detection commercial

7.5 million visits to Polpharma's  
educational websites

We have launched and developed 58 websites educating patients on how to address various health issues. The most visited website in 2020 was [help4skin.pl](https://help4skin.pl), which had more than 750,000 visitors. All educational websites operated by Polpharma were visited by a total of more than 7.5 million users.

We are committed to sharing our knowledge with as many people as possible, and therefore our educational campaigns for patients are also present in social media – we operate a total of 16 Facebook fan pages and YouTube channels with educational content.

In addition to knowledge, we provide patients with ready-made tools that make it easier to live with various diseases.

- » blood pressure logs: **540,000** copies provided in 2019-2020
- » Kardiometr application: **25,334** downloads, of which **8,325** in 2019-2020

**Health Zone** is our response to the need to popularise preventive testing. Since 2012, we have been implementing a programme to facilitate access to preventive tests for people over 40. In the framework of Health Zone 2019, we offered a range of free examinations, including but not limited to heart age, cholesterol, glucose, TSH, spirometry tests, and eye exams for glaucoma.

In 2020, due to the pandemic, we could not set up field labs during outdoor events, so we focused on educational outreach.

Health Zone in 2019:

nearly  
4,500 examinations and  
consultations

8

cities

48 medical specialists

40

nurses

16 educators

16

receptionists

several hundred  
suspected cases of glaucoma, COPD,  
untreated hypertension and elevated  
TSH levels

nearly  
10,000 copies of educational materials  
distributed to patients

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## EDUCATION FOR MEDICAL AND PHARMACEUTICAL COMMUNITIES

We remain in touch with doctors and pharmacists, providing them with advanced state-of-the-art treatment insights. The fast development of medicine and pharmacology requires people working directly with patients to explore new solutions. Through our educational programmes, we seek to facilitate this process.

During the conferences held by Polpharma as part of the **European Educational Programme**, top experts disseminate knowledge, taking care to present the practical aspects of the discussed issues. In 2019, EPE conferences for specific specialties (including pediatrics, ophthalmology, gynaecology, and internal medicine) were held on site. We organised central meetings for doctors from all over Poland, as well as local meetings for doctors from individual regions.

In 2020, there was one onsite EPE conference for pediatricians before the pandemic started. All other events were cancelled for safety reasons or moved online. The largest conference in the programme was moved to Polpharma.tv, which is an online platform with video content for doctors, and it attracted a large crowd of visitors. As the content was swiftly moved online, our educational goals were met despite the challenges posed by the pandemic.

### Pharmacist education

Farmacja Praktyczna is our magazine dedicated to pharmacists. It is distributed to all pharmacies in Poland (13,500). Each issue is printed in 27,000 copies. It is worth noting that pharmacists also like to use our educational website [farmacjapraktyczna.pl](https://farmacjapraktyczna.pl), which has 30,000 unique users per month.

### Medical education for physicians

In 2019-2020, we organised and sponsored a total of 345 scientific conferences and workshops attended by 18,168 doctors. We published 125 new lectures on the [Polpharma.tv](https://Polpharma.tv) educational platform, which had more than 36,500 views. Our portal [sprawdzoneterapie.pl](https://sprawdzoneterapie.pl) is also very popular among HCPs, and as many as 52,076 doctors accessed its content.

345

scientific conferences  
and workshops

18,168

attendees

To understand how we can help our customers in supporting their patients, we conducted surveys in 2019-2020, asking doctors and pharmacists how they saw the different business areas within our company. The findings reassured us that Polpharma was highly regarded. However, as we strive for continuous development, we identified an area to improve on after each of the surveys. After the 2019 survey, we focused on product quality, and the year after on the expansion of our educational efforts..

## SUPPORT FOR LOCAL COMMUNITIES

We have been supporting local communities for many years, together with our employees. We recognise that the needs of a region or place can be best identified by people who live there. Polpharma Group employees in Poland actively seek out those in need and suggest specific solutions to improve their quality of life.

We have been developing our **Employee Volunteering Programme**, which takes the form of a grant competition, since 2013.

Every year, we provide funding for 20 most interesting projects submitted by our employees in the following categories: zdrowie i profilaktyka zdrowotna,

- » health and preventive care,
- » quality of life improvement,
- » education and equal opportunities,
- » humanitarian aid,
- » local development,
- » sustainability,
- » animal support.

Until 2020, 1,150 employees spent nearly 22,000 hours implementing 159 projects for children, the elderly, people with disabilities, and other beneficiaries within local communities. There were more than 23,000 beneficiaries in total.

In 2020, which was a very difficult and demanding year due to the pandemic, our volunteers managed to carry out 19 campaigns totalling 2,200 hours. Because of the epidemic situation, many projects had to be modified and adapted to the changing restrictions, which still did not stop our volunteers from pursuing their goals. As a result, various forms of aid reached almost 2,400 beneficiaries.



In 2013-2020

1,150  
employees

159  
projects

22,000  
hours

over 23,000  
beneficiaries

For 13 years, our employees have also been engaged in the **Letters to Santa campaign**. In 2019 and 2020, they prepared a total of 1,005 individual presents in response to letters to Santa written by children from childcare centers across Poland.





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## SOCIALLY RESPONSIBLE PRODUCTS

When designing our packagings or deciding whether to continue the production of specific drugs, we always try to examine the social needs. That is why, for instance, we introduce solutions that can make the daily lives of our patients easier.

In accordance with the law, manufacturers are required to write drug names and dosages in Braille on packaging. We decided to go a step further and prepare **audio medication leaflets**. This will help blind and visually impaired people take the medicine.

We are the world's only manufacturer of a drug in the form of sterile implantable tablets which helps treat alcohol addiction. Many people suffer from the drinking problem, and some of them cannot afford

psychotherapy, while conventional treatment methods are unacceptable for certain social groups. Due to the social importance of this drug, we maintain its production despite the fact that it requires investment in dedicated infrastructure.

Out of concern for the environment and the safety and comfort of our patients, we develop innovations in our product areas. For several years, we have been launching **new ophthalmology products from the ECO series**. These are preservative-free eye drops coming in new multi-dose packagings. As a result, we have reduced waste, while maintaining product sterility and reducing complications in people intolerant to preservatives.



We are well aware of the importance of cross-sectoral social innovation, therefore we engage – as a main partner – in the activities of the **Development Initiatives Fund** (Fundusz Inicjowania Rozwoju) in the Pomeranian Province. The Fund brings together representatives of the business community, NGOs, and local government. It aims to foster innovations in the region, responding to challenges faced by local communities.

What was achieved thanks to the 6th round of support from the Fund in 2020?

1. Teenagers were educated on the importance of body positivity through the Educational Cha(lle)nge Association's LOOK AT YOURSELF campaign.
2. An innovative programme of rehabilitation of the visually impaired through diving was launched as part of the Embrace the Depths (Pojąć Głębnię) project of the DALBA Social Cooperative and the I See You Foundation.

3. An open crafts studio named CUMY was created on the premises of the Imperial Shipyard in Gdańsk that holds, for instance, 3D printing workshops.
4. A therapeutic programme and social campaign raising the awareness of hardships faced by people in mental crises was carried out in the Luzino Municipality (project authors: Artystyczna Inicjatywa (an art collective) and Stowarzyszenie Kaszubskie Centrum Edukacji Vademecum (an educational association)).

In 2020, Polpharma employees joined the World Humanitarian Day campaign for the third time. Together with UNICEF, we raised funds for war-stricken Yemen as part of the **Men Saving Children** (Faceci ratują dzieci) campaign. What is more, we raised PLN 6,573.30, beating the previous record by 31%.



# Corporate governance

# 4





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# INNOVATION

For us, innovation is at the core of development. For us, innovation means not only investment in state-of-the-art laboratories or the development of new medicines, but also the everyday improvement of therapies provided to our patients. We develop technological, marketing, and organisational innovations. This helps us improve the form of our products to better meet patient needs, as well as increase operational efficiency, hone our production processes and substance synthesis methods, reduce our environmental impact, and communicate with patients and doctors more effectively. We are continuously developing our R&D facilities and implementing innovative technologies and scientific solutions. Our strategy is to reinvest profits from the sale of medicines in the development of products needed by patients.



62  
drug licensing projects being  
implemented as at the end  
of December 2020

69  
R&D projects under way as at the  
end of December 2020

Number of patent applications

12	18
2019	2020

Patents granted

4	29
2019	2020

Polpharma Group's investment  
in research and development  
in Poland:

**PLN 195.8 million in 2019**  
(6.4% of income)

**PLN 188.6 million in 2020**  
(6.1% of income)

Leonardo Innovation Programme

3 areas



support for  
patients and  
the medical  
community



climate and  
environment



work  
environment

400  
ideas  
submitted

90  
ideas  
pre-approved

over 30  
ideas moved to concept  
development phase

We implemented our long-term **Leonardo Innovation Programme** addressed to all company employees in 2020.

Staff members can submit their ideas in 3 areas: solutions for patients and the medical community, climate and environment, and work environment. For the purpose of the programme, the LEON platform was created as a means to collect ideas and a forum for discussion, voting for the best ideas, exchange of thoughts, and knowledge sharing. The potential of every submitted idea is examined by a cross-functional team of experts. The idea may then be sent for further development, temporarily put on hold, or merged with another similar idea. If a submission is promising, a champion is assigned to it to accelerate the process of transforming an innovation into a real-life solution.

Since the Leonardo programme was implemented in mid-June 2020, our staff submitted 400 innovation ideas by the end of the year. More than 90 of them were pre-approved and more than 30 were moved to the concept development phase. Several solutions are being implemented. In addition, a community of employees with a passion for innovation has gathered around the LEON platform. Since June, the platform has recorded 66,000 visits, and users have posted 1,150 comments. The programme is accompanied by inspiring training events, such as a Design Thinking training.

The Leonardo programme helped engage the entire organisation, unleash the creativity of employees and focus them on the company's key priorities: improvement of products and services for patients and customers, creating a rewarding working environment, and environmental and climate matters.

A significant innovation implemented in the reporting period which has an impact on the area of sustainable development is the **digitalisation of waste management processes** at the plant in Starogard Gdański. The project was implemented as a result of a hackathon organised in cooperation with the Kozminski University, Microsoft, and Digital Poland Foundation. Its winners proposed a solution relying on the use of artificial intelligence in waste management. The technology was applied throughout the waste management process, starting from waste registration, to recording, storage, and collection by an external company, to registration in the Polish Product, Packaging and Waste Management Database.

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## ANTI-CORRUPTION

Operating in the healthcare market, we are particularly obligated to live to the highest ethical standards. Relationships with the public sector are traditionally exposed to significant legal and ethical (including reputational) risks. Therefore, Polpharma's strict adherence to the law is underpinned by an obligation to follow internal procedures relating to corruption risks.

The **Anti-Corruption Code** is the fundamental document aimed at mitigating the risk of corruption at Polpharma Group in Poland. It offers detailed guidance on the rules of conduct that mitigate this risk. The Code identifies areas and positions at a particular risk of corruption and regulates such areas as interactions with public officials, healthcare professionals, business interactions, hospitality rules, accepting and giving gifts, tenders, donations, conflicts of interest, etc.

Anti-corruption rules are also included in other documents of Polpharma Group in Poland:

- » The Polpharma Group Code of Ethics outlines the anti-corruption policy and includes a declaration not to offer or accept benefits.
- » The Global Compliance Policy provides general anti-corruption guidance and therefore serves as a point of departure for other internal procedures.
- » The Compliance System Policy, inter alia, defines the whistleblowing channels and report handling procedure.
- » The Marketing Conduct Manual lays down detailed guidelines for lawful marketing and advertising of the products of the Polpharma Group companies in Poland; in particular, it sets out standards for relationships with healthcare professionals.
- » The Supplier Code of Conduct includes guidance and expectations addressed to the suppliers of the Group's companies in a range of areas, including anti-corruption.
- » The Sustainable Supply Chain in Procurement Policy introduces the obligation to use ethics and anti-corruption clauses in contracts with suppliers.

The annual **anti-corruption training** is mandatory for all employees and associates of the company. New hires are required to submit declarations that they have familiarised themselves with the Anti-Corruption Code, and selected employee groups must submit declarations of no conflict of interest.

Based on the Compliance System Policy, **corruption risk analysis** is conducted on a regular basis. The management of this risk is assisted by the Gift Register and a recurrent conflict of interest survey.

No corruption incidents were found at Polpharma Group in Poland in 2019-2020.

In order to improve the transparency of relationships with healthcare professionals, we regularly draw up a **Transparency Report** and publish it on our websites to disclose the benefits provided by Polpharma Group entities in Poland, such as:

- » remuneration for selected services provided by healthcare professionals,
- » supporting the participation of healthcare professionals in educational events,
- » remuneration for selected services or support (such as medicine, in-kind or cash donations) provided to healthcare and patient organisations.

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## ETHICS

In 2015, we adopted the **Ethics Programme** based on our Code of Ethics, which applies to all employees and associates of Polpharma Group in Poland. The Code incorporates and interprets all our values, as well as our standards of conduct in internal and external relations. Behaving in accordance with our values is a parameter in employee self-assessment and the subsequent annual performance review. Fostering of positive stakeholder relationships is accompanied by the requirement to comply with fair competition rules. This obligation has been additionally expressed in the Global Compliance Policy and forms part of compliance risk management. The compliance risk management process includes a quarterly analysis of the product portfolio and product market shares to identify and mitigate the risk of monopolistic practices. In 2019-2020, no violations of fair competition rules or monopolistic practices were observed at Polpharma.

Aside from the Ethics Code, the Ethics Programme includes: ethical education, institutional solutions, a whistleblowing system, as well as external and internal communication.

As part of the Ethics Programme, we **educate our employees and associates** by means of regular training provided to all employee groups, including the Management Board. Training is provided annually in the form of e-learning and ends with a knowledge test. Onsite training is provided for employees without access to computers. We also conduct workshops on ethical standards relating to specific processes or tasks, such as ethical marketing activities. Employees are provided with guides and tutorials available on the intranet. We have also prepared an e-learning course for third parties on the principles of ethical cooperation with Polpharma Group in Poland.

Living our corporate values is as important to us as achieving our business goals. At the same time, we recognise that to make it possible, our employees must be aware of the goals and know how to work to achieve them.

Our activities in this sphere started with training for managers – in 2019 we trained over 600 people on the new **performance review system** and building an understanding of expected behaviours among employees. We also worked together to analyse examples from everyday work that met or violated our standards. Subsequently, we held staff meetings and provided online training and team workshops to make sure we had achieved a proper understanding of the subject. We made our employees co-accountable for performance reviews, requiring them to perform self-assessments. In March 2020, all Polpharma Group employees in Poland underwent an annual review under the new system. This design of the performance review process marks an important step towards building an engaging, value-based corporate culture. Moreover, the process raised the awareness of the entire organisation with respect to values and manager-employee relationships.

A solid grasp of the values and understanding of their importance in day-to-day work have proved very useful, for instance during the COVID-19 pandemic. The intensive efforts of our production plants and very low level of absenteeism when medicines had to be supplied to patients showed how strongly our staff identified with two key corporate values – responsibility and solidarity towards patients.

### Polpharma Group's Values



Respect



Integrity



Cooperation



Responsibility



Solidarity



The Polpharma Group Ethics Programme includes **whistleblowing arrangements**. To this end, we set up a number of direct and indirect channels for reporting potential irregularities, which guarantee anonymity to whistleblowers. The Polpharma Group Compliance System Policy sets out a detailed procedure for handling internal and external whistleblower reports. Irregularities can be reported either anonymously or not. Whistleblowers are indefinitely protected from dismissal or termination for making a report. Not only confidentiality, but also identity protection is guaranteed. We handle the whistleblowers' personal data in accordance with the applicable data protection procedure and subsequently anonymise them.



**The Amber Galen Award** is the most important recognition for Polpharma Group employees. It promotes, most of all, living the corporate values in everyday work. Members of the jury also consider how the employees communicate on a daily basis, whether they share their knowledge and experience, and if they demonstrate creativity in how they approach different issues. It is also important whether the candidates keep their commitments and how they work together as a team and across the organisation. The winners of the Amber Galen Award are outstanding individuals and teams, also in the eyes of their colleagues, who nominate the candidates.

In the 2018/2019 edition of the Amber Galen Award, there were four awards in the individual category, four awards in the team category, and two Honorary Amber Galens. The next award round is scheduled for 2021.

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## SUSTAINABLE SUPPLY CHAIN

Polpharma Group in Poland attaches strategic importance to the sustainable supply chain. We are taking a number of pioneering initiatives to improve our relationships with suppliers. We develop complementary solutions to support the purchasing process and choose products and services with minimal environmental impact. We want to effectively integrate sustainability criteria into our supplier selection process. It is our ambition to improve our cooperation with suppliers by engaging them even more closely in goal setting and attainment in the areas of climate protection and the environment, as well as human rights, ethics, occupational safety and other aspects of corporate responsibility.

In 2019, we started the implementation of our **Sustainable Supply Chain Strategy 2019-2021**. It builds on a document drawn up in 2015 and effective until 2018. The strategy is based on extensive dialogue with stakeholders and external experts and reflects our commitment to continuously raise standards in this area. Key decisions regarding systemic changes across the organisation are made by the Steering Committee composed of heads of Procurement Divisions, the Corporate Communication and CSR Director, and the Quality, Environment, Health & Safety, and HR Directors.

The pillars of the strategy are:



### Systemic solutions

We implement solutions ensuring high and consistent supply chain and purchasing standards both inside and outside the organisation. We have developed tools such as the Supplier Self-Assessment Questionnaire and the Declaration of Informed Buying Decisions.



### Partnering with suppliers

We are preparing pilot ethical audits of our key suppliers.



### Promoting a sustainable supply chain

We offer a variety of optional activities for our suppliers. We provide them with self-development tools and offer participation in workshops on sustainable development, including environmental protection and circular economy. We engage them in joint activities, such as good practice contests.



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Also in 2019, we adopted our **Sustainable Supply Chain Strategy in Procurement**. It was drawn up to highlight the importance and support the implementation of sustainability in our supply chain. The policy is a key document referring to purchasing processes incorporating social and environmental criteria. In parallel, it supports the promotion of sustainability among our suppliers and contractors.

The Sustainable Supply Chain Policy sets out the assumptions and guidance for processes of establishing and managing supplier relationships, including supplier selection and evaluation, as well as for support, education, and audit activities involving suppliers. It also defines our approach to supplier dialogue and our process for identifying social and environmental risks throughout the product life cycle. The document outlines the desired future state and envisages a gradual implementation of its provisions across all companies and departments of Polpharma Group in Poland.

#### Key sustainable supply chain activities in 2019-2020:

1. Creation of the new **Supplier Self-Assessment Questionnaire**. A tool included in the Sustainable Supply Chain Policy for the initial sustainability assessment of suppliers. It verifies compliance with the requirements of the Polpharma Group Supplier Code of Conduct and is expected to become a mandatory component of the proposal evaluation process.
2. Drawing up the **Declaration of Informed Buying Decisions**. An educational tool to support all our employees in making environmentally responsible choices when placing business orders.
3. Carrying out **educational workshops for suppliers**. During these meetings we discuss subjects relevant to our supply chain and to suppliers themselves. In 2020 they included circular economy, the European Green Deal, and the upcoming changes for businesses. 86 contractors participated in the workshop that year.
4. Holding a **competition for good environmental practices of suppliers**. A tool to engage suppliers in our priority environmental areas. 21 practices were submitted in the 2020 competition, from which the jury selected 15 winning entries. They are described in the Environmental Action Review, a publication issued in 2021.

5. Conducting **supplier screening** Analysis of supply chains based on three criteria: compliance with the Supplier Code of Conduct, assessment of the country of origin, and assessment based on the annual volume of business with the supplier. The classification of suppliers enables the selection of appropriate cooperation tools.

To improve **cooperation with suppliers**, in 2019 and 2020, we conducted an anonymous online survey in which they rated various aspects of their relationships with departments involved in purchasing services and goods, such as the availability of buyers, quality and completeness of information and documentation in competitive bidding procedures, bid submission deadlines, and the duration of competitive procedures. The results were analysed in-house, and we focused on areas identified as needing further development. Within the framework of these activities, we exchanged practices, improved communication standards and documents, and the findings of the analysis were implemented into the daily work of the Procurement and Logistics Department.

In 2020, the Polpharma Group companies in Poland cooperated with **6,466 suppliers**, of which **77%** were based in Poland. Value of goods and services purchased from Polish suppliers:

PLN 1.27bn  
2019

PLN 1.04bn  
2020

In 2020, Polpharma was one of the first companies in Poland to undergo a verification process for compliance of its purchasing system with the **ISO 20400 Sustainable Procurement** standard, the first international standard on the subject of purchasing, whose strategic aim is to support companies in developing

and implementing a sustainable purchasing policies and practices. The certificate of conformity corroborates the Sustainable Supply Chain Strategy we have been implementing for years and confirms our position as a national leader in creating new market standards of sustainability.

The evaluation covered the following areas:



strategy and policy



supplier qualification



monitoring and improvement



relationships with suppliers



purchasing specifications



internal organisation

We scored **4.87 (on a scale of 1-5)** on average in these six areas, which corresponds to a very high level of sustainable purchasing maturity.



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## DATA SECURITY AND CUSTOMER PRIVACY



Protecting customer privacy is one of the key aspects of Polpharma Group's operations in Poland. We have an internal privacy management system in place, which is overseen by the Data Protection Officer and their team. Within the framework of the system, we monitor the legal environment on an ongoing

basis, make appropriate adjustments to customer privacy processes, and continually raise employee awareness. Polpharma Group in Poland did not identify any legitimate privacy complaints in 2019-2020. There were also no incidents of customer data leaks, theft, or loss.

In 2019-2020, we provided training on privacy and information security principles to approx. **3,000 employees annually**.

## ACTIVITIES OF THE POLPHARMA SCIENTIFIC FOUNDATION



The mission of the Polpharma Scientific Foundation, established in 2001, is to support the development of pharmaceutical and medical sciences by funding scientific research. The Foundation's flagship programme is its annual grant competition.

Activities of the Foundation in 2019-2020:

1. Competition for financing of research projects from the Foundation's funds. The theme of the 18th edition held in 2019 was "Searching for targets for immune-mediated targeted therapy and searching for mechanisms of resistance to current immunotherapy approaches." The Foundation awarded grants for three projects totalling PLN 1,627,560. In the 19th edition of the competition held in 2020, in turn, themed "Modulation of dysbiosis-induced chronic inflammatory processes", three research teams received grants totalling PLN 1,136,280.
2. In 2019, the winners of the first e-health competition entitled "Use of mobile technologies in the prevention, diagnosis and treatment of lifestyle diseases" were announced. 45 mobile applications were submitted for the competition. The Foundation awarded money prizes to the authors of the best three applications, to be used for further development of their projects.
3. In 2019, the seventh edition of a scholarship programme addressed to doctoral students of medical universities and the Postgraduate Medical Education Centre was held. Scholarships of PLN 10,000 were awarded to 10 doctoral students.
4. Like in the previous years, the Foundation sponsored prizes for winners of the All-Poland Competition for MSc Theses from Pharmaceutical Departments organised by the Polish Pharmaceutical Society.

5. In 2020, the Foundation launched a digital transition programme to streamline its competition processes and improve operational efficiency. An advanced tool was created in the project to support the work of the Foundation with respect to registering competition entries, selecting reviewers, delivering competition documents, evaluating and selecting research projects for funding, and verifying if research followed the approved schedule. The platform was launched in March 2021.
6. In 2019 and 2020, the Foundation published the sixth and seventh volume of its scientific journal *Postępy polskiej medycyny i farmacji*. *Zeszyty Naukowej Fundacji Polpharmy*. The contributions are written by the winners of our research competitions and grant holders, and they refer to projects funded by the Foundation.



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## COOPERATION BETWEEN BUSINESS AND SCIENCE

The development of a pharmaceutical company relies on constant improvement of technologies, implementation of modern dosage forms, and continuous improvement of knowledge and skills. Cooperation with scientific centres and educational institutions is crucial in this process.

The **Implementation Doctorate Programme**, launched by the Ministry of Science and Higher Education is an opportunity to enhance this cooperation and bring benefits to the company, the researcher, and the university. Addressed to students undertaking their doctoral studies, the Programme aims to provide educational opportunities in close cooperation with their employer or other businesses. The main objective of the programme is to ensure that doctoral dissertations contribute to improving company operations. The task of a doctoral student, who works with a scientific supervisor and an industrial supervisor, is to solve a technological challenge faced by the company. The student receives a salary from the company and a scholarship from the Ministry of Science and Higher Education.

In 2019–2020, **8 new doctoral students** employed by Polpharma qualified for the programme, joining the **11** individuals qualified in 2018. The doctoral studies, which in principle take four years to complete, are carried out in collaboration with the Medical University of Gdańsk, the Medical University of Łódź, the Warsaw University of Technology, and the University of Warsaw. First doctoral defences are scheduled for 2022.

Polpharma's representatives sit on scientific or business boards of the following universities:

- » Warsaw University of Technology,
- » Medical University of Gdańsk.

Starting from the academic year 2017/2018, we have been offering the **Pharmaceutical and Cosmetic Industry second-cycle programme** together with the Medical University of Gdańsk. The objective of the new programme is to prepare graduates to perform practical functions in the pharmaceutical industry. In this way, we are bridging a gap, as conventional pharmaceutical studies are aimed at educating future pharmacy employees, and there are no programmes to prepare future employees of medicinal product or cosmetic manufacturers in Poland. Dual studies combining theory with practice support expanding and deepening of cooperation between science and business. As part of the programme, students participate in Polpharma's internships and write their master's theses under the supervision of our experts.

In the academic year 2019/2020, master's theses in the field of pharmaceutical industry were defended by **17 programme graduates**. In the academic year 2020/2021, **12 further students** are writing their master's theses.

In 2020, together with the Medical University of Gdańsk, we joined **EIT Health** – a European public-private partnership for innovation in medicine and healthcare. It is a network of more than 150 companies, universities and R&D centers from all over Europe, which provides comprehensive support in the field of education, acceleration, and setting-up of syndicates developing projects in support of patients and healthcare systems. By joining EIT Health, we have gained space to implement innovative projects in a Europe-wide partnership, to enhance the competences of research teams, and to build a modern healthcare system.

Since 2016, we have been cooperating with the Technical Secondary School No. 1 of the Starogard Gdański Economic School Complex, offering a **dual-education course** for analytical technicians (chemical profile). The

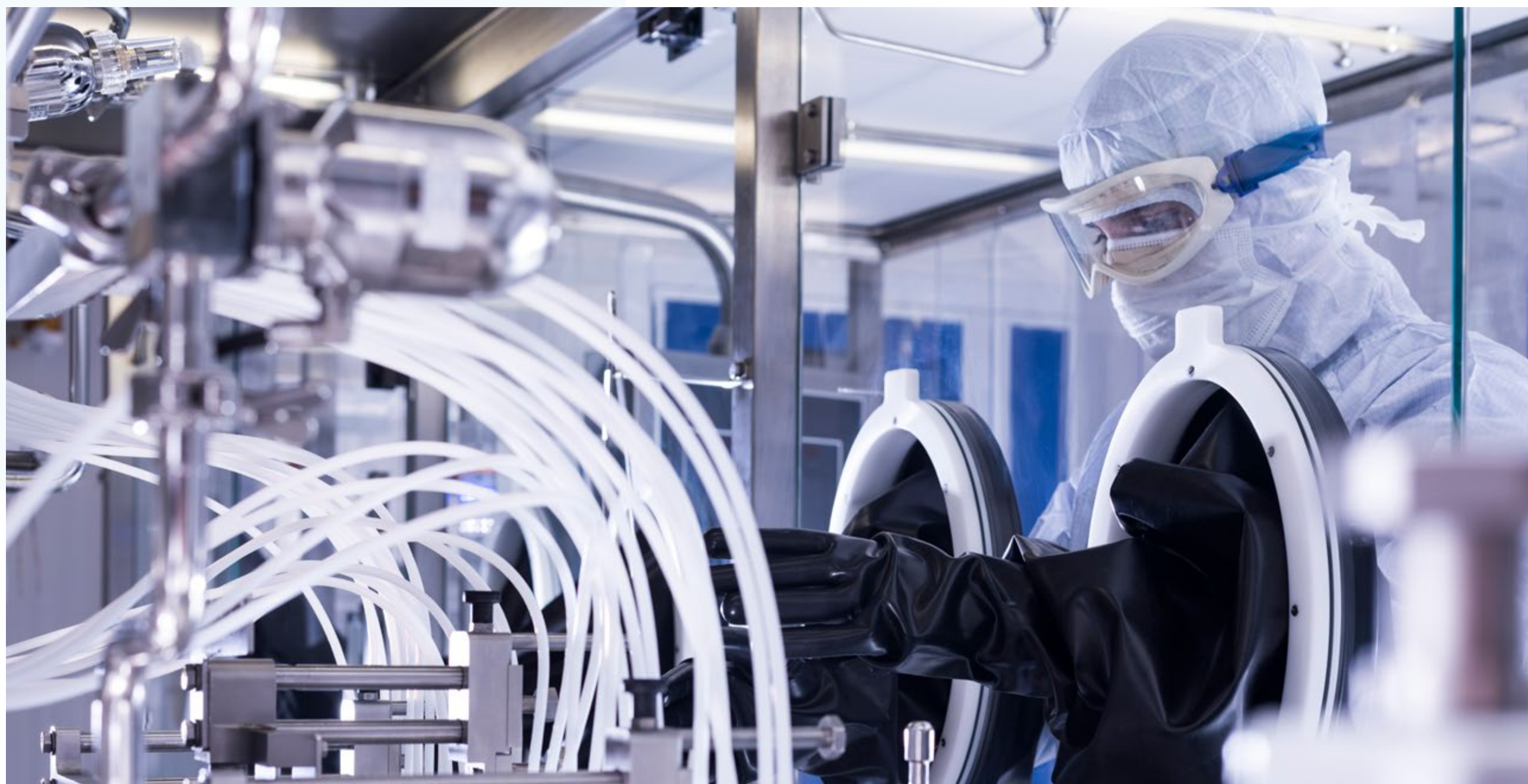
learning process combines theoretical education at school with apprenticeships at our company. The students have the opportunity to learn in specially adapted laboratories on the company premises. Polpharma's experts have been included in the development of this curriculum and serve as lecturers, sharing their knowledge and practical experience. Another class of analytical technicians completed their education in 2021. Most graduates have started university studies in the same field. We also cooperate in the education of an automation technician class. The students take part in apprenticeships at the Pharmaceutical Manufacturing Plant in Starogard Gdański, acquiring practical skills under the supervision of Polpharma's experts.





# About the report

# 5



# ABOUT THE REPORT

The Corporate Social Responsibility Report for Polpharma Group in Poland 2019-2020 has been drawn up in accordance with GRI Standards: Core Option and submitted for an independent external review. It covers results for the period from 1 January 2019 to 31 December 2020 for the following Polpharma Group companies and divisions in Poland: Zakłady Farmaceutyczne POLPHARMA S.A., together with the Manufacturing Division in Nowa Dęba and the Manufacturing Division in Duchnice; Medana Pharma S.A.; Warszawskie Zakłady Farmaceutyczne Polfa S.A. (also referred to as Polfa Warszawa) with the R&D Division; Polpharma Biuro Handlowe Sp. z o.o.

The organisation reporting on behalf of the above companies, which in this publication are also referred to as “Polpharma Group in Poland” or “Polpharma”, is Zakłady Farmaceutyczne POLPHARMA S.A., also referred to as “ZF POLPHARMA S.A.”

Out of the companies covered by consolidated financial statements, the report excludes Elektrociepłownia Starogard Sp. z o.o. and Przedsiębiorstwo Innowacyjno-Wdrożeniowe Ipochem Sp. z o.o., foreign companies, and companies which reported no income in the reporting period.

This is Polpharma’s fifth corporate social responsibility report. The previous one covered the years 2017 and 2018, was released in December 2019, and has not been adjusted since. It was the last report published in a two-year cycle. From 2021 onwards, Polpharma Group in Poland will publish corporate social responsibility reports on an annual basis.

The Report’s contents were defined by the company’s representatives and key external stakeholders. The relevance of each topic for the company was established by means of an online survey of nine executives. The relevance of the topics for external stakeholders was

also verified by means of an online survey; responses were received from 46 stakeholders of Polpharma. To define the thematic areas of the publication, the authors also referred to internal policies and strategies, previous company reports, CSR reports of other pharmaceutical companies, and key issues for the sector.

## Key aspects for external stakeholders:

- » implementation of innovative solutions
- » indirect economic impacts
- » customer privacy
- » respect for human rights
- » anti-corruption
- » diversity and equal opportunity
- » non-discrimination
- » high product quality
- » customer health and safety
- » marketing and labelling
- » prevention activities for employees and patients
- » cooperation with scientific bodies
- » use of materials and input materials
- » waste and wastewater management
- » risks and opportunities due to climate change
- » GHG emissions
- » energy consumption
- » water consumption
- » compliance with environmental regulations

## Key aspects for internal stakeholders:

- » implementation of innovative solutions
- » indirect economic impacts
- » respect for human rights
- » management of tax matters
- » anti-corruption
- » prevention of anti-competitive behaviours
- » employee training and education
- » diversity and equal opportunity
- » occupational health and safety
- » non-discrimination
- » high product quality
- » customer health and safety
- » prevention activities for employees and patients
- » cooperation with scientific bodies
- » community action
- » education for medical and pharmaceutical communities
- » use of materials and input materials
- » waste and wastewater management
- » risks and opportunities due to climate change
- » GHG emissions
- » energy consumption
- » water consumption
- » sustainable supply chain

## Significant changes to the organization and its supply chain

- » In the reporting period, businesses responsible for the development and production of biologics were separated from Polpharma Group in Poland. On 31 December 2018, the Biotechnology Division in Gdańsk was spun off from Zakłady Farmaceutyczne POLPHARMA S.A., becoming an independent company operating as Polpharma Biologics S.A. On 9 December 2019, in turn, shares in Centrum Usług Nowoczesnych Sp. z o.o. in Duchnice and ZFP Inwestycje Sp. z o.o. in Duchnice were disposed of.
- » On 29 December 2020, Ipochem Sp. z o.o. acquired 18.5% of its own shares from one of its shareholders for redemption. As a result of that operation, Polfa Warszawa S.A. became the sole shareholder of that company, holding 100% of its shares.
- » In 2020, Medana Pharma S.A. finalised a 4-year investment and launched operations in newly built facilities: the Non-Sterile Liquid Forms Production Division, R&D laboratory for advanced inhaled products, and packaging material and inputs warehouse. The total investment was approx. PLN 150m.
- » In June 2019, Zakłady Farmaceutyczne POLPHARMA S.A. took over a portfolio of selected products from Herbapol Lublin S.A. and Herbapol Warszawa Sp. z o.o., becoming the marketing authorisation holder.
- » The product distribution, storage and transport model was modified in 2020. A central pharmaceutical wholesaler was established in Błonie to distribute products manufactured by five Polpharma Group sites in Poland. Comprehensive warehousing and transport services are outsourced from a third party provider.



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# TABLE OF NUMERICAL GRI INDICATORS

Total number of employees by employment contract and gender

	Polpharma Group in Poland						ZF POLPHARMA S.A. (incl. branches)					
	2019			2020			2019			2020		
	F	M	total	F	M	total	F	M	total	F	M	total
Type of employment contract:												
Temporary	277	210	487	239	171	410	136	116	252	109	66	175
Permanent	2,330	1,953	4,283	2,312	1,951	4,263	1,186	1,101	2,287	1,222	1,174	2,396
Total	2,607	2,163	4,770	2,551	2,122	4,673	1,322	1,217	2,539	1,331	1,240	2,571
	Polfa Warszawa			Medana			Biuro Handlowe					
	2019			2020			2019			2020		
	F	M	total	F	M	total	F	M	total	F	M	total
Temporary	25	22	47	18	14	32	28	20	48	39	45	84
Permanent	355	232	587	333	208	541	162	162	324	161	160	321
Total	380	254	634	351	222	573	190	182	372	200	205	405

Total number of employees by employment type and age

	Polpharma Group in Poland						ZF POLPHARMA S.A. (incl. branches)					
	2019			2020			2019			2020		
	F	M	total	F	M	total	F	M	total	F	M	total
Employment type:												
Full-time	2,596	2,158	4,754	2,543	2,118	4,661	1,317	1,213	2,530	1,326	1,237	2,563
Part-time	11	5	16	8	4	12	5	4	9	5	3	8
Total	2,607	2,163	4,770	2,551	2,122	4,673	1,322	1,217	2,539	1,331	1,240	2,571
	Polfa Warszawa			Medana			Biuro Handlowe					
	2019			2020			2019			2020		
	F	M	total	F	M	total	F	M	total	F	M	total
Full-time	377	254	631	351	222	573	190	182	372	200	205	405
Part-time	3	0	3	0	0	0	0	0	0	0	0	0
Total	380	254	634	351	222	573	190	182	372	200	205	405

The total number of employees includes employees on long-term leaves (also maternity and parental leaves).  
A small fraction of workers are employed outside of the organisation, less than 1% of the staff of Polpharma Group in Poland.

Non-renewable materials and input materials used for production and packaging

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Materials used \[Mg]	7,644	8,162	6,570	6,780	32	26	1,042	1,356	0	0
Solvents used \[Mg]	2,182	2,170	2,145	2,120	6	8	31	43	0	0
Packaging materials used \[Mg]	8,382	8,633	4,766	4,225	1,420	1,188	2,197	3,220	0	0
Total [Mg]	18,208	18,965	13,481	13,125	1,458	1,223	3,270	4,619	0	0

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Recycled input materials used

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Materials and input materials used \[Mg]	18,208	18,965	13,481	13,125	1,458	1,223	3,270	4,619	0	0
Recycled materials used in the production process \[Mg]	4,436	3,433	4,007	3,026	150	23	279	384	0	0
Percentage of recycled input materials	24%	18%	30%	23%	10%	2%	9%	9%	0%	0%

Total non-renewable energy consumption

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Petroleum gas \[GJ]	0,39	0,39	0,39	0,39	0	0	0	0	0	0
Natural gas \[GJ]	60,465	77,075	15,721	15,834	44,744	46,432	0	14,809	0	0
Heating oil \[GJ]	4,460	646	0	0	0	646	4,460	0	0	0
Liquid fuels (gasoline, diesel oil) \[GJ]	86,907	55,239	7,391	4,516	239	273	1,951	863	77,326	49,587
Total energy consumption \[GJ]	151,833	132,960	23,112	20,350	44,983	47,350	6,411	15,672	77,326	49,587

Polpharma Group in Poland did not consume any renewable energy in 2019-2020.

Energy consumption by type

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Electricity purchased \[GJ]	242,786	245,210	170,719	167,752	44,280	42,098	25,949	33,588	1,838	1,771
Steam purchased \[GJ]	313,765	310,110	285,185	262,300	7,756	10,233	11,471	27,048	9,353	10,529
Cooling \[GJ]	0	0	0	0	0	0	0	0	0	0
Steam \[GJ]	0	0	0	0	0	0	0	0	0	0
Total consumption \[GJ]	556,551	555,320	455,904	430,052	52,036	52,331	37,420	60,636	11,191	12,300

Energy sold

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Electricity purchased \[GJ]	0	0	0	0	0	0	0	0	0	0
Steam purchased \[GJ]	2,219	2,084	2,219	2,084	0	0	0	0	0	0
Cooling \[GJ]	0	0	0	0	0	0	0	0	0	0
Steam \[GJ]	0	0	0	0	0	0	0	0	0	0
Total consumption \[GJ]	2,219	2,084	2,219	2,084	0	0	0	0	0	0

Total energy consumption within the organization

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total energy consumption within the organization \[GJ]	708,384	688,280	479,016	450,402	97,019	99,682	43,831	76,308	88,517	61,887

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Reduction of energy consumption

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives \[GJ]	13,071	11,211	11,125	8,953	770	504	1,176	1,754	0	0

Water withdrawal by source and category

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	All areas		All areas		All areas		All areas		All areas	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Surface water \[ML]:	2,996	2,640	2,996	2,640	0	0	0	0	0	0
Low mineralized water* \[ML]	2,996	2,640	2,996	2,640	0	0	0	0	0	0
Other water** \[ML]	0	0	0	0	0	0	0	0	0	0
Groundwater \[ML]:	501	513	501	513	0,4	0	0	0	0	0
Low mineralized water* \[ML]	501	513	501	513	0	0	0	0	0	0
Other water** \[ML]	0,4	0	0	0	0,4	0	0	0	0	0
Seawater \[ML]:	0	0	0	0	0	0	0	0	0	0
Produced water \[ML]:	0	0	0	0	0	0	0	0	0	0
Third-party water \[ML]:	259	259	55	37	171	170	25	46	8	6
Low mineralized water* \[ML]	80	83	55	37	0	0	25	46	0	0
Other water** \[ML]	179	176	0	0	171	170	0	0	8	6
Third-party water \[ML]:										
Surface water \[ML]	0	0	0	0	0	0	0	0	0	0
Groundwater \[ML]	259	259	55	37	171	170	25	46	8	6
Seawater \[ML]	0	0	0	0	0	0	0	0	0	0
Produced water \[ML]	0	0	0	0	0	0	0	0	0	0
Total water withdrawal \[ML]	3,756	3,412	3,552	3,190	171	170	25	46	8	6

Polpharma Group in Poland did not draw water from areas with water stress in 2019-2020.

\* Total minerals below 1,000 mg/L

\*\* Total minerals above 1,000 mg/L

Water discharges

Destination of discharge	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Surface water \[ML]	3,558	3,078	3,357	2,859	171	170	25	46	5	3
Groundwater \[ML]	0	0	0	0	0	0	0	0	0	0
Seawater \[ML]	0	0	0	0	0	0	0	0	0	0
Third-party water released for use to third parties \[ML]	,0	0	0	0	0	0	0	0	0	0
Total water discharge	3,558	3,078	3,357	2,859	171	170	25	46	5	3

Polpharma Group in Poland did not release water to areas with water stress in 2019-2020. All discharged water is freshwater. We observed 6 and 5 instances of non-compliance with discharge limits in 2019 and 2020, respectively.

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Polpharma Group's location-based GHG emissions in Poland by source

Source of GHG emissions	Tons of CO <sub>2</sub> e	Emission %	Tons CO <sub>2</sub> e	Emission %	Change 2020 vs 2019
	2019		2020		
Scope,1	11,619	12.81%	8,870	10.45%	-23.66%
Fuels	10,037	11.07%	8,324	9.80%	-17.07%
Diesel,oil	6,253	6.89%	3,985	4.69%	-36.26%
Natural,gas	3,264	3.60%	4,188	4.93%	+28.31%
Heating,oil	345	0.38%	50	0.06%	-85.51%
Gasoline	175	0.19%	101	0.12%	-42.53%
Propane	0.596	0.00%	0.604	0.00%	+1.19%
Cooling	1,582	1.74%	546	0.64%	-65.51%
R134A	645	0.71%	248	0.29%	-61.49%
R507A	598	0.66%	0	0.00%	-100.00%
R407C	186	0.21%	170	0.20%	-8.57%
R404A	118	0.13%	33	0.04%	-71.67%
R410A	19	0.02%	18	0.02%	-4.35%
R422D	16	0.02%	0	0.00%	-100.00%
HFC-134a	0	0.00%	75	0.09%	-
Scope 2	79,068	87.19%	76,046	89.55%	-3.82%
Electricity	48,789	53.80%	46,120	54.31%	-5.47%
Steam	30,278	33.39%	29,926	35.24%	-1.16%
Scope 1+2	90,687	100.00%	84,916	100.00%	-6.36%

Polpharma Group's market-based GHG emissions in Poland by source

Source of GHG emissions	Tons of CO <sub>2</sub> e	Emission %	Tons CO <sub>2</sub> e	Emission %	Change 2020 vs 2019
	2019		2020		
Scope 1	11,619	12.58%	8,870	9.88%	-23.66%
Fuels	10,037	10.87%	8,324	9.28%	-17.07%
Diesel oil	6,253	6.77%	3,985	4.44%	-36.26%
Natural gas	3,264	3.53%	4,188	4.67%	+28.31%
Heating oil	345	0.37%	50	0.06%	-85.51%
Gasoline	175	0.19%	101	0.11%	-42.53%
Propane	0.596	0.00%	0.604	0.00%	+1.19%
Cooling	1,582	1.71%	546	0.61%	-65.51%
R134A	645	0.70%	248	0.28%	-61.49%
R507A	598	0.65%	0	0.00%	-100.00%
R407C	186	0.20%	170	0.19%	-8.57%
R404A	118	0.13%	33	0.04%	-71.67%
R410A	19	0.02%	18	0.02%	-4.35%
R422D	16	0.02%	0	0.00%	-100.00%
HFC-134A	0	0.00%	75	0.08%	-
Scope 2	80,730	87.42%	80,869	90.12%	+0.17%
Electricity	50,452	54.63%	50,944	56.77%	+0.98%
Steam	30,278	32.79%	29,926	33.35%	-1.16%
Scope 1+2	92,349	100.00%	89,739	100.00%	-2.83%



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Total weight and management method of hazardous waste

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Recovery \[t]	325	322	316	302	0	0	9	20	0	0
Recycling \[t]	0	0	0	0	0	0	0	0	0	0
Landfilling \[t]	0	0	0	0	0	0	0	0	0	0
Onsite storage \[t]	7	81	7	81	0	0	0	0	0	0
Incineration \[t]	378	460	378	460	0	0	0	0	0	0
Other processes \[t]	144	113	55	18	78	71	11	24	0	0
Total [Mg]	853	976	756	861	78	71	19	44	0	0

Total weight and management method of non-hazardous waste

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Recovery \[t]	737	920	468	549	122	98	147	273	0	0
Recycling \[t]	1,173	1,130	1,015	952	122	98	35	80	0	0
Landfilling \[t]	305	497	305	497	0	0	0	0	0	0
Onsite storage \[t]	12	11	12	11	0	0	0	0	0	0
Incineration \[t]	332	450	332	450	0	0	0	0	0	0
Other processes \[t]	86	115	20	27	0	0	66	88	0	0
Total [Mg]	2,645	3,122	2,153	2,485	244	196	248	441	0	0

\* Renovation and construction waste

Number of new employee hires by gender and age group

	Polpharma Group in Poland						ZF POLPHARMA S.A. (incl. branches)					
	2019			2020			2019			2020		
	F	M	total	F	M	total	F	M	total	F	M	total
<30 y.o.	109	99	208	77	49	126	59	66	125	49	26	75
30-50 y.o.	111	117	228	60	62	122	49	60	109	20	29	49
>50 y.o.	9	10	19	3	4	7	4	7	11	1	3	4
Total	229	226	455	140	115	255	112	133	245	70	58	128
Rate of new employee hires*	9%	10%	10%	5%	5%	5%	8%	11%	10%	5%	5%	5%

	Polfa Warszawa						Medana						Biuro Handlowe					
	2019			2020			2019			2020			2019			2020		
	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total
<30 y.o.	14	11	25	1	3	4	10	10	20	10	17	27	26	12	38	17	3	20
30-50 y.o.	18	17	35	5	2	7	8	6	14	10	15	25	36	34	70	25	16	41
>50 y.o.	2	0	2	0	0	0	2	3	5	1	1	2	1	0	1	1	0	1
Total	34	28	62	6	5	11	20	19	39	21	33	54	63	46	109	43	19	62
Rate of new employee hires*	9%	11%	10%	2%	2%	2%	11%	10%	10%	11%	16%	13%	9%	9%	9%	6%	4%	6%

\* Calculated as the ratio of new hires to total workforce

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Number of employee turnover by gender and age group

	Polpharma Group in Poland						ZF POLPHARMA S.A. (incl. branches)					
	2019			2020			2019			2020		
	F	M	total	F	M	total	F	M	total	F	M	total
<30 y.o.	50	53	103	25	27	52	24	38	62	16	24	40
30-50 y.o.	117	128	245	79	68	147	38	53	91	27	32	59
>50 y.o.	45	28	73	58	37	95	24	14	38	37	23	60
Total	212	209	421	162	132	294	86	105	191	80	79	159
Rate of employee turnover**	8%	10%	9%	6%	6%	6%	7%	9%	8%	6%	6%	6%

	Polfa Warszawa						Medana						Biuro Handlowe					
	2019			2020			2019			2020			2019			2020		
	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total
<30 y.o.	6	2	8	1	1	2	3	5	8	1	0	1	17	8	25	7	2	9
30-50 y.o.	11	17	28	8	6	14	3	10	13	1	8	9	65	48	113	43	22	65
>50 y.o.	9	8	17	16	6	22	10	4	14	5	6	11	2	2	4	0	2	2
Total	26	27	53	25	13	38	16	19	35	7	14	21	84	58	142	50	26	76
Rate of employee turnover**	7%	11%	8%	7%	6%	7%	8%	10%	9%	4%	7%	5%	12%	11%	12%	7%	6%	7%

\*\* Calculated as the ratio of employees leaving employment to total workforce.

Injuries to employees of the organization

	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Number of fatalities as a result of work-related injury	0	0	0	0	0	0	0	0	0	0
Number of high-consequence work-related injuries	0	0	0	0	0	0	0	0	0	0
Total hours worked by all employees	7,714,000	7,386,712	4,118,464	4,015,648	1,034,488	903,048	609,000	709,200	1,952,048	1,758,816
Number of all injuries	30	19	6	4	5	4	2	3	17	8
All injury frequency rate***	0.78	0.51	0.16	0.11	0.13	0.11	0.05	0.08	0.44	0.22

\*\*\* Calculated as the ratio of accidents to hours worked multiplied by 200,000 h.

Type of work-related injury	Name of business unit and number of injuries
Dislocations, bone fractures	Biuro Handlowe (10), Polfa Warszawa (2), Nowa Dęba branch (1)
Cervical sprain, other injuries	Biuro Handlowe (7)
Skin damage, eye damage, multiple	Medana (2), Polfa Warszawa (2), ZF POLPHARMA S.A. (2)

During the reporting period, no injuries at work were recorded for employees supervised by the organisation.

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Average hours of training per year per employee

Gender breakdown:	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
All employees	20	15	28	21	15	9	14	6	8	5
Women	21	15	30	22	14	10	17	6	7	6
Men	19	14	25	20	16	8	11	5	9	5
Breakdown by orga- nisational role:	Polpharma Group in Poland		ZF POLPHARMA S.A. (incl. branches)		Polfa Warszawa		Medana		Biuro Handlowe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Managers and executives	55	27	67	33	54	37	65	25	20	3
Individual contributors	17	13	23	20	13	8	11	5	7	6

Percentage of individuals within the organization's governance bodies

	Polpharma Group in Poland						ZF POLPHARMA S.A. (incl. branches)											
	2019			2020			2019			2020								
Management Board	F	M	total	F	M	total	F	M	total	F	M	total						
<30 y.o.	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%						
30-50 y.o.	6%	41%	47%	0%	47%	47%	0%	33%	33%	0%	33%	33%						
>50 y.o.	29%	24%	53%	32%	21%	53%	17%	50%	67%	17%	50%	67%						
Total	35%	65%	100%	32%	68%	100%	17%	83%	100%	17%	83%	100%						
Supervisory Board	F	M	total	F	M	total	F	M	total	F	M	total						
<30 y.o.	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%						
30-50 y.o.	0%	19%	19%	0%	18%	18%	0%	33%	33%	0%	30%	30%						
>50 y.o.	26%	56%	81%	25%	57%	82%	22%	44%	67%	20%	50%	70%						
Total	26%	74%	100%	25%	75%	100%	22%	78%	100%	20%	80%	100%						
	Polfa Warszawa						Medana						Biuro Handlowe					
	2019			2020			2019			2020			2019			2020		
Management Board	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total
<30 y.o.	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
30-50 y.o.	33%	33%	67%	0%	33%	33%	0%	0%	0%	0%	0%	0%	0%	80%	80%	0%	86%	86%
>50 y.o.	33%	0%	33%	67%	0%	67%	67%	33%	100%	67%	33%	100%	20%	0%	20%	14%	0%	14%
Total	67%	33%	100%	67%	33%	100%	67%	33%	100%	67%	33%	100%	20%	80%	100%	14%	86%	100%
Supervisory Board	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total
<30 y.o.	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
30-50 y.o.	0%	11%	11%	0%	11%	11%	0%	0%	0%	0%	0%	0%	0%	25%	25%	0%	25%	25%
>50 y.o.	22%	67%	89%	22%	67%	89%	40%	60%	100%	40%	60%	100%	25%	50%	75%	25%	50%	75%
Total	22%	78%	100%	22%	78%	100%	40%	60%	100%	40%	60%	100%	25%	75%	100%	25%	75%	100%

405-1

Percentage of employees per employee category

	Polpharma Group in Poland						ZF POLPHARMA S.A. (incl. branches)											
	2019			2020			2019			2020								
Managers and executives	F	M	total	F	M	total	F	M	total	F	M	total						
<30 y.o.	0.5%	0%	0.5%	0.5%	0%	0.5%	1%	0%	1%	1%	0%	1%						
30-50 y.o.	37%	40%	77%	37%	39%	75%	40%	39%	79%	38%	39%	76%						
>50 y.o.	9%	13%	23%	9%	15%	24%	7%	13%	20%	8%	15%	23%						
Total	46%	54%	100%	47%	53%	100%	47%	53%	100%	46%	54%	100%						
Individual contributors	F	M	total	F	M	total	F	M	total	F	M	total						
<30 y.o.	7%	6%	14%	7%	6%	12%	9%	8%	18%	8%	7%	15%						
30-50 y.o.	36%	28%	64%	36%	28%	64%	31%	26%	57%	32%	27%	59%						
>50 y.o.	12%	10%	22%	12%	11%	23%	13%	12%	25%	13%	13%	26%						
Total	55%	45%	100%	55%	45%	100%	53%	47%	100%	52%	48%	100%						
	Polfa Warszawa						Medana						Biuro Handlowe					
	2019			2020			2019			2020			2019			2020		
Managers and executives	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total
<30 y.o.	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
30-50 y.o.	32%	43%	75%	35%	40%	75%	42%	16%	58%	42%	26%	68%	29%	46%	75%	33%	40%	73%
>50 y.o.	11%	14%	25%	10%	15%	25%	21%	21%	42%	16%	16%	32%	13%	13%	25%	12%	15%	27%
Total	43%	57%	100%	45%	55%	100%	63%	37%	100%	58%	42%	100%	41%	59%	100%	45%	55%	100%
Individual contributors	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total	F	M	total
<30 y.o.	6%	4%	10%	6%	4%	9%	9%	10%	18%	9%	12%	20%	5%	2%	6%	3%	1%	5%
30-50 y.o.	27%	19%	45%	26%	17%	43%	27%	28%	55%	27%	29%	56%	54%	37%	90%	55%	36%	90%
>50 y.o.	28%	17%	45%	30%	18%	48%	14%	12%	26%	13%	10%	23%	2%	2%	3%	3%	2%	5%
Total	61%	39%	100%	62%	38%	100%	50%	50%	100%	49%	51%	100%	60%	40%	100%	61%	39%	100%



GRI CONTENT INDEX

Name of GRI standard	Disclosure number	Disclosure name	Reporting status	Commentary/Description/ page No.	External audit
GRI 101. Baseline 2016	[GRI 101 contains no disclosures]				
Organizational profile					
GRI 102. General disclosures 2016	GRI 102-1	Name of the organization	Full	12	Yes
	GRI 102-2	Activities, brands, products, and services	Full	2, 22	Yes
	GRI 102-3	Location of headquarters	Full	102	Yes
	GRI 102-4	Location of operations	Full	8	Yes
	GRI 102-5	Ownership and legal form	Full	12	Yes
	GRI 102-6	Markets served	Full	8, 22	Yes
	GRI 102-7	Scale of the organisation	Full	14, 22, 50	Yes
	GRI 102-8	Information on employees and other workers	Full	50, 86	Yes
	GRI 102-9	Supply chain	Full	75	Yes
	GRI 102-10	Significant changes to the organization and its supply chain	Full	85	Yes
	GRI 102-11	Precautionary Principle or approach	Full	34	Yes
	GRI 102-12	External initiatives	Full	31	Yes
	GRI 102-13	Memberships of associations	Full	30	Yes
	GRI 102-14	Statement from senior decision-maker	Full	6	Yes
	GRI 102-16	Values, principles, standards, and norms of behavior	Full	73	Yes
	GRI 102-18	Governance structure	Full	12, 17	Yes
	GRI 102-40	List of stakeholder groups	Full	29	Yes
	GRI 102-41	Collective bargaining agreements	Full	50	Yes
	GRI 102-42	Identifying and selecting stakeholders	Full	29	Yes
	GRI 102-43	Approach to stakeholder engagement	Full	29, 61, 64, 76, 84	Yes
	GRI 102-44	Key topics and concerns raised	Full	29, 84	Yes
	GRI 102-45	Entities included in the consolidated financial statements	Full	84	Yes
	GRI 102-46	Defining report content and topic Boundaries	Full	84	Yes
	GRI 102-47	List of material topics	Full	84	Yes
	GRI 102-48	Restatements of information	Full	84	Yes
	GRI 102-49	Changes in reporting	Full	85	Yes
	GRI 102-50	Reporting period	Full	84	Yes
	GRI 102-51	Date of most recent recent report	Full	84	Yes
	GRI 102-52	Reporting cycle	Full	84	Yes
	GRI 102-53	Contact point for questions regarding the report	Full	102	Yes
	GRI 102-54	Claims of reporting in accordance with the GRI standards	Full	84	Yes
	GRI 102-55	GRI content index	Full	94	Yes
	GRI 102-56	External assurance	Full	84	Yes

Name of GRI standard	Disclosure number	Disclosure name	Reporting status	Commentary/Description/ page No.	External audit
Topic-specific disclosures					
Economic standards					
Disclosure: financial performance					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Partial	14	Yes
	GRI 103-2	The management approach and its components	Partial	14	Yes
	GRI 103-3	Evaluation of the Management approach	Partial	14	Yes
GRI 201. Economic performance 2016	GRI 201-1	Direct economic value generated and distri- buted	Partial	14	Yes
	GRI 201-2	Financial implications and other risks and opportunities due to climate change	Partial	35	Yes
Disclosure: indirect economic impacts					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	20	Yes
	GRI 103-2	The management approach and its components	Full	20	Yes
	GRI 103-3	Evaluation of the management approach	Full	20	Yes
GRI 203. Indirect economic impacts 2016	GRI 203-1	Infrastructure investments and services supported	Partial	20	Yes
Disclosure: anti-corruption					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	72	Yes
	GRI 103-2	The management approach and its components	Full	72	Yes
	GRI 103-3	Evaluation of the management approach	Full	72	Yes
GRI 205. Anti-corruption 2016	GRI 205-3	Confirmed incidents of corruption and actions taken	Full	72	Yes
Disclosure: anti-competitive behavior					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	73	Yes
	GRI 103-2	The management approach and its components	Full	73	Yes
	GRI 103-3	Evaluation of the management approach	Full	73	Yes
GRI 206. Anti-competitive behavior 2016	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Full	73	Yes
Disclosure: tax					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	14	Yes
	GRI 103-2	The management approach and its components	Full	14	Yes
	GRI 103-3	Evaluation of the management approach	Full	14	Yes
GRI 207. Tax 2019	GRI 207-1	Approach to tax	Partial	14	Yes
Environmental standards					
Disclosure: materials/input materials					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	42	Yes
	GRI 103-2	The management approach and its components	Full	42	Yes
	GRI 103-3	Evaluation of the management approach	Full	42	Yes
GRI 301. Materials 2016	GRI 301-1	Materials used by weight or volume	Full	43, 86, 87	Yes
	GRI 301-2	Recycled input materials used	Full	43, 87	Yes

Name of GRI standard	Disclosure number	Disclosure name	Reporting status	Commentary/Description/ page No.	External audit
Disclosure: energy					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	38	Yes
	GRI 103-2	The management approach and its components	Full	38	Yes
	GRI 103-3	Evaluation of the management approach	Full	38	Yes
GRI 302. Energy 2016	GRI 302-1	Energy consumption within the organization	Full	38, 87	Yes
	GRI 302-4	Reduction of energy consumption	Full	38, 88	Yes
Disclosure: water					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	39	Yes
	GRI 103-2	The management approach and its components	Full	39	Yes
	GRI 103-3	Evaluation of the management approach	Full	39	Yes
GRI 303. Water and effluents 2018	GRI 303-3	Water withdrawal	Full	39, 88	Yes
	GRI 303-4	Water discharge	Full	39, 88	Yes
Disclosure: emissions					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	35	Yes
	GRI 103-2	The management approach and its components	Full	35	Yes
	GRI 103-3	Evaluation of the management approach	Full	35	Yes
	GRI 305-1	Direct (Scope 1) GHG emissions	Full	36, 89	Yes
GRI 305. Emissions 2016	GRI 305-2	Energy indirect (Scope 2) GHG emissions	Full	36, 89	Yes
	GRI 305-5	Reduction of GHG emissions	Partial	37	Yes
Disclosure: effluents and waste					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	41	Yes
	GRI 103-2	The management approach and its components	Full	41	Yes
	GRI 103-3	Evaluation of the management approach	Full	41	Yes
GRI 306. Effluents and waste 2016	GRI 306-2	Waste by type and disposal method	Full	41, 90	Yes
Disclosure: environmental compliance					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	34	Yes
	GRI 103-2	The management approach and its components	Full	34	Yes
	GRI 103-3	Evaluation of the management approach	Full	34	Yes
GRI 307. Environmental compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	Full	34	Yes
Social standards					
Disclosure: employment					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	50	Yes
	GRI 103-2	The management approach and its components	Full	50	Yes
	GRI 103-3	Evaluation of the management approach	Full	50	Yes
GRI 401. Employment 2016	GRI 401-1	New employee hires and employee turnover	Full	90, 91	Yes
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Full	50, 58	Yes

Name of GRI standard	Disclosure number	Disclosure name	Reporting status	Commentary/Description/ page No.	External audit
Disclosure: occupational health and safety					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	52	Yes
	GRI 103-2	The management approach and its components	Full	52	Yes
	GRI 103-3	Evaluation of the management approach	Full	52	Yes
GRI 403. Health and safety 2018	GRI 403-1	Occupational health and safety management system	Full	52	Yes
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	Full	52, 54	Yes
	GRI 403-3	Occupational health services	Full	54, 55	Yes
	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Full	54	Yes
	GRI 403-5	Worker training on occupational health and safety	Full	55	Yes
	GRI 403-6	Promotion of worker health	Full	55	Yes
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Full	52	Yes
	GRI 403-9	Work-related injuries	Full	53, 54	Yes
Disclosure: training and education					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	56	Yes
	GRI 103-2	The management approach and its components	Full	56	Yes
	GRI 103-3	Evaluation of the management approach	Full	56	Yes
GRI 404. Training and education 2016	GRI 404-1	Average hours of training per year per employee	Full	56, 92	Yes
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Full	51, 57	Yes
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Full	56	Yes
Disclosure: diversity and equal opportunity					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	58	Yes
	GRI 103-2	The management approach and its components	Full	58	Yes
	GRI 103-3	Evaluation of the management approach	Full	58	Yes
GRI 405. Diversity and equal opportunity 2016	GRI 405-1	Diversity of governance bodies and employees	Full	92, 93	Yes
Disclosure: non-discrimination					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	58	Yes
	GRI 103-2	The management approach and its components	Full	58	Yes
	GRI 103-3	Evaluation of the management approach	Full	58	Yes
GRI 406. Non-discrimination 2016	GRI 406-1	Incidents of discrimination and corrective actions taken	Full	60	Yes
Disclosure: human rights assessment					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	60	Yes
	GRI 103-2	The management approach and its components	Full	60	Yes
	GRI 103-3	Evaluation of the management approach	Full	60	Yes
GRI 412. Human rights assessment 2016	GRI 412-2	Employee training on human rights policies or procedures	Partial	60	Yes



Name of GRI standard	Disclosure number	Disclosure name	Reporting status	Commentary/Description/ page No.	External audit
Disclosure: customer health and safety					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	22	Yes
	GRI 103-2	The management approach and its components	Full	22	Yes
	GRI 103-3	Evaluation of the management approach	Full	22	Yes
GRI 416. Customer health and safety 2016	GRI 416-1	Assessment of the health and safety impacts of product and service categories	Full	23	Yes
	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Full	25	Yes
Disclosure: delivering safe, effective, high quality, affordable medicines					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	22	Yes
	GRI 103-2	The management approach and its components	Full	22	Yes
	GRI 103-3	Evaluation of the management approach	Full	22	Yes
	Own disclosure 1	Number of adverse event reports	Full	24	Yes
Disclosure: product and service marketing and labelling					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	22	Yes
	GRI 103-2	The management approach and its components	Full	22	Yes
	GRI 103-3	Evaluation of the management approach	Full	22	Yes
GRI 417. Marketing and labelling 2016	GRI 417-1	Requirements for product and service information and labelling	Full	23, 26, 67	Yes
	GRI 417-3	Incidents of non-compliance concerning marketing communications	Full	25	Yes
Disclosure: raising awareness about modern prophylactic measures among patients and employees					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	62	Yes
	GRI 103-2	The management approach and its components	Full	62	Yes
	GRI 103-3	Evaluation of the management approach	Full	62	Yes
	Own disclosure 2	List of educational activities in the field of preventive care	Full	62	Yes
Disclosure: customer privacy					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	78	Yes
	GRI 103-2	The management approach and its components	Full	78	Yes
	GRI 103-3	Evaluation of the management approach	Full	78	Yes
GRI 418. Customer privacy 2016	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Full	78	Yes

Name of GRI standard	Disclosure number	Disclosure name	Reporting status	Commentary/Description/ page No.	External audit
Disclosure: socioeconomic compliance					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	22	Yes
	GRI 103-2	The management approach and its components	Full	22	Yes
	GRI 103-3	Evaluation of the management approach	Full	22	Yes
GRI 419. Socioeconomic compliance 2016	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Full	25	Yes
Disclosure: implementation of innovative solutions					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	70	Yes
	GRI 103-2	Management approach i jego elementy	Full	70	Yes
	GRI 103-3	Ewaluacja podejścia do zarządzania	Full	70	Yes
	Own disclosure 3	Number of patent applications and patents	Full	70	Yes
Disclosure: cooperation with scientific institutions, R&D measures					
GRI 103. Management approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Full	80	Yes
	GRI 103-2	Management approach i jego elementy	Full	80	Yes
	GRI 103-3	Ewaluacja podejścia do zarządzania	Full	80	Yes
	Own disclosure 4	Description of collaborative projects with scientific and educational institutions	Full	80	Yes



## INDEPENDENT LIMITED ASSURANCE STATEMENT

To: The Stakeholders of Polpharma Group

### Introduction and objectives of work

Bureau Veritas Polska Sp. z o. o. (Bureau Veritas) has been engaged by Polpharma Group to provide limited assurance of selected information included in its Polpharma Group Social Responsibility Report 2019-2020 (the Report). This Assurance Statement applies to the related information included within the scope of work described below.

### Selected information

The scope of our work was limited to assurance over GRI Standards 2016, Core option: 102-1-14, 16, 18, 40-56, 205-3, 206-1, 301-1,2, 302-1,4, 303-3,4, 305-1,2, 306-2, 307-1, 401-1,2, 404-1,2,3, 405-1, 406-1, 416-1,2, 417-1, 418-1, 419-1, custom indicator 1-4,

GRI Standards 2018 Core option: 403-1-7,9 and

GRI 103-1, 2, 3, 201-1,2, 203-1, 207-1, 305-5, 412-2 – have been partially reported.

Excluded from the scope of our work is any assurance of other information included in the Report.

### Reporting Criteria

The Selected Information needs to be read and understood together with the standards for sustainability reporting The GRI Standards 2016 and GRI Standards 2018 as set out at <https://www.globalreporting.org>.

### Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period;
- Positional statements (expressions of opinion, belief, aim or future intention by Polpharma Group, and statements of future commitment).

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, not addressed as part of this assurance. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

### Responsibilities

This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Polpharma Group.

Bureau Veritas was not involved in the drafting of the Report or the Reporting Criteria. Our responsibilities were to:

- obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the Directors of Polpharma Group.

### Assessment Standard

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after December 15, 2015), issued by the International Auditing and Assurance Standards Board.



### Summary of work performed

As part of our independent verification, our work included:

1. Assessing the appropriateness of the Reporting Criteria for the Selected Information;
2. Conducting interviews with relevant personnel of Polpharma Group;
3. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
4. Reviewing documentary evidence provided by Polpharma Group;
5. Assessing a selection of the Selected Information in relation to the corresponding source documentation;
6. Reviewing Polpharma Group systems for quantitative data aggregation and analysis;
7. Assessing the disclosure and presentation of the Selected Information to ensure consistency with assured information.

### Conclusion

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the Selected Information is not fairly stated in all material respects.

### Evaluation against GRI Standards

Bureau Veritas Polska Sp. z o.o. undertook an evaluation of The Report against the GRI Standards. This included cross checking the GRI index table against all the reference documents to provide an opinion on the self-declared GRI application level.

Based on our work, it is our opinion that Polpharma Group Social Responsibility Report 2019-2020 has been prepared in accordance with standards for sustainability reporting The GRI Standards 2016 Core option and GRI Standards 2018 Core option.

### Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified<sup>1</sup> Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the TIC Council<sup>2</sup>, cross the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

### BUREAU VERITAS POLSKA Sp. z o.o.

Warsaw, 07<sup>th</sup> December 2021

Witold Dżugan

  
Member of the Board

Tomasz Smorgowicz

  
Lead verifier

<sup>1</sup> Certificate of Registration No. 44 100 160145 issued by TUV NORD CERT GmbH

<sup>2</sup> TIC Council Compliance Code EDITION 1 December 2018



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### Contact person for the report:

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