



Sustainability Report

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Statement from the CEO

2-22

Dear Sir/Madam,

I am excited to present our Sustainability Report 2022, which provides an overview of the environmental, social, and governance (ESG) activities of Polpharma Group in Poland.

After the pandemic times, the past year was again difficult for the society and for the business. On the one hand, it triggered massive solidarity from entire countries and individuals, and on the other, it compromised the sense of security and economic stability in much of Europe. The war in Ukraine and the refugee crisis, the energy crunch and soaring inflation rates, supply chain disruptions and drastic cost increases – we faced these new challenges in 2022, aside from the many problems that had accompanied us over the years. The pandemic experience, the war and the ensuing sanctions, as well as other political and economic developments around the world, starkly

revealed the global interdependencies and related risks, such as Poland's and Europe's overreliance on raw materials sourced from Asia, which poses a risk to the country's drug security.

How did we respond to these challenges?

Being Poland's largest drug manufacturer and the sole producer of many lifesaving products, we focused on ensuring the continuity of drug supply and drug security for patients, which forms the core of our sustainable development strategy and represents our foremost obligation towards the community. Skilful inventory and supply chain management, making sure our plants continue operations despite the risk of energy shortages, further production efficiency gains, and responsible decision-making in emergency situations, such as emergency imports of hospital medicines – all of this allowed us to maintain uninterrupted patient access to essential products.

We were not indifferent to the war in Ukraine, which touched our hearts and motivated us to help. In the first instance, we focused on supporting the employees of our subsidiary in Ukraine, offering them the opportunity to relocate to Poland, as well as livelihood aid. In parallel, we engaged in activities to support Ukrainian patients by donating essential medicines to hospitals in Ukraine. In total, we provided more than 1.1 million packages of medicines worth more than PLN 12.8 million. Most of the donated products were hospital antibiotics, anaesthesia drugs, and life-saving products. Some of them were manufactured in volunteering campaigns, where our employees worked on their days off. Owing to close cooperation with the Polish and Ukrainian Health Ministries, the Governmental Strategic Reserves Agency, the Chancellery of the President of the Republic of Poland, and Caritas Poland, our aid reached the places in Ukraine where it was urgently needed.

At the same time, Russia's attack on Ukraine put Polpharma and me personally in a serious dilemma. Should we continue to deliver drugs from our Polish plants to patients in Russia? It was hard not to view this question as an ethical conundrum. I am the CEO, but first and foremost, I am a pharmacist. I firmly believe that the pharmaceutical industry is not just business, but primarily a commitment to serve patients, regardless of their nationality, religion, or political circumstances. For the same reason, when imposing sanctions on Russia, the European Union, the United States, and other organisations made a clear exception: the embargoes did not apply to medicines.

I decided to restrict our exports to Russia solely to medicines essential for treating chronic conditions or emergencies, as well as paediatric products. We also made sure that the drugs we supplied had no military use. I trust that you will understand this choice and our actions, which were guided by concern for every patient in need of treatment. We had to face a serious image crisis, for which I take full responsibility, because I believe that human rights are more important than reputational risk.

In 2022, we continued to execute our 5-year business strategy, focusing on delivering advanced products to patients in a cost-effective manner with the use of powerful commercial tools. Building an open organisational culture that supports corporate

growth and the motivation of our employees is also an important part of our strategy. We accomplished a lot in each of these areas.

We successfully launched new products with significant patient value. For some of them, the dispensing category was reallocated from prescription-only to OTC, which improved the availability of these products for short-term use. We invested in new technologies, such as RNA-based therapeutics and highly potent APIs. According to a report by the European Patent Office (EPO), in 2022 we were the only Polish business, next to universities and research institutes, to file the highest number of European patent applications. This confirms how innovative we are, both our company and our employees.

As far as energy efficiency is concerned, we put a lot of effort in 2022 into smart electricity and heat management. This is very important to us not only because of rising costs, but also for the sake of production continuity and minimisation of our carbon footprint. For every plant, we developed action plans that incorporated energysaving projects and growing the share of renewable energy. At our biggest site in Starogard Gdański, we launched the construction of a PV farm and tested the use of biomass to generate thermal energy.

In the area of commercial excellence, we developed collaboration tools for use with patients, doctors, and pharmacists, we built our e-commerce business concept, and sought attractive B2B partnerships.

In organisational culture, on the other hand, the focus in 2022 was on values. In dialogue with employees, we developed new values: "Act with Ownership", "Act as One", "Act with Openness", which bring us all together and form the basis for performance appraisals. We also implemented a number of programmes aimed at improving employee competence and commitment. I am extremely proud that this has led to a continuous rise in the satisfaction levels of our team members. In our periodic Pulse Check conducted according to Kincentric survey, our employee engagement results for 2022 significantly exceeded the Polish market average.

Polpharma's business strategy is complemented by its Sustainable Development Strategy 2022–2025

“Healthy Life in a Healthy World”, which broadens our business view to include a multidimensional approach to how Polpharma functions in the society and environment and collaborates with its key stakeholders. Aside from continuing the most important activities from our previous CSR strategies, it responds to current and future regulations and to environmental, market, and societal needs. It also considers the challenges expressed by the UN’s global Sustainable Development Goals. The execution of the strategy is overseen by the Sustainable Development Committee.

We have defined 5 key areas of focus within this strategy: Access to health, Ethical business processes, Environmental impact, Responsible employer and Innovation in action. In this report, we present our objectives, performance indicators, and outcomes from the first year of implementation of the strategy. We believe in the importance of action both within our organisation and within the value chain, as being both a customer of and a supplier to many actors in Poland and internationally, we strive to be a valued partner in a joint effort towards sustainable development. To measure our progress, we undergo an external evaluation by Ecovadis every year.

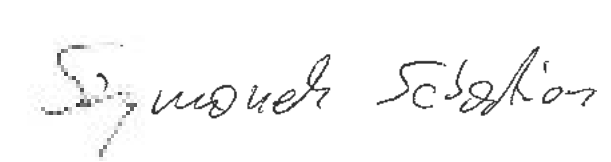
Significant changes await us and other EU companies in the coming years. The entry into force of the Corporate Sustainability Reporting Directive followed by the Corporate Sustainability Due Diligence Directive, will be a major challenge for everyone. We are getting ready for our new responsibilities already today by educating our organisation, identifying areas for improvement, and preparing action plans.

There is no denying that the external environment is very challenging, and the economic situation has been harsh on us. What worries me is that high inflation rates are affecting our profitability, forcing us to cut back on investments. At the same time, the pharma-

ceutical industry is one of the few which are highly resilient to the crisis. Polpharma is a market leader and a sound employer. We have a well-thought-out business strategy and specific objectives for building a sustainable business. This allows us to carry out our plans even in turbulent times.

I would like to invite you to read our report and I wish you peace of mind, which is truly priceless today.

Yours faithfully,



Sebastian Szymanek

President of the Management Board
of Zakłady Farmaceutyczne POLPHARMA S.A.



Chapter 1

Polpharma Group in Poland

Business profile

Mission and values

Financial performance and impact on the economy

Governance structure

Business model and management fundamentals

Sustainability management

Stakeholder relations

Membership associations and involvement in external initiatives

Awards and recognition



OUR MISSION IS

**WE HELP PEOPLE LIVE HEALTHY
LIFE IN A HEALTHY WORLD**



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Business profile

We are the largest Polish manufacturer of medicines and active pharmaceutical ingredients operating in the CEE and Central Asian markets. We are part of one of the largest pharmaceutical groups in the region.

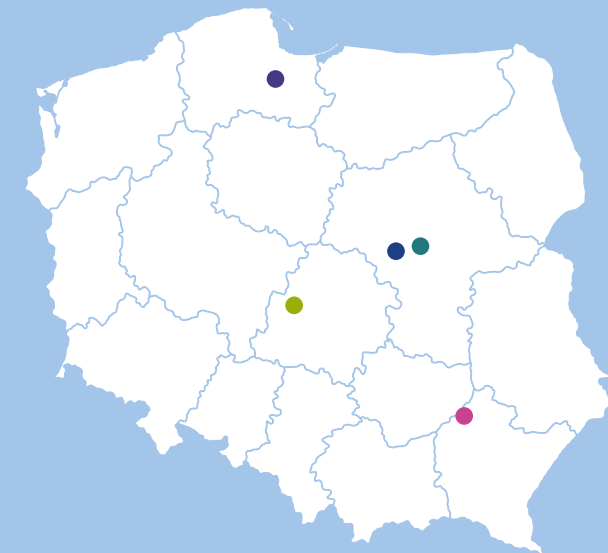
Our history dates back to 1935. We offer advanced medicines, active pharmaceutical ingredients (APIs), and innovative solutions for patients and business partners around the world. Our products support the treatment and health of people across more than 30 countries (mainly in Poland, Central and Eastern Europe, and Central Asia). Our APIs are supplied 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 more than 800 products, we are able to support patients in the therapy and prevention of the most common diseases. Our fields of expertise include cardiology, gastroenterology, neurology, ophthalmology, and gynecology.



We collaborate with scientists and constantly invest in new products and advanced technologies to provide patients with innovative therapeutic solutions, while ensuring that our employees can access state-of-the-art knowledge and broad development prospects.

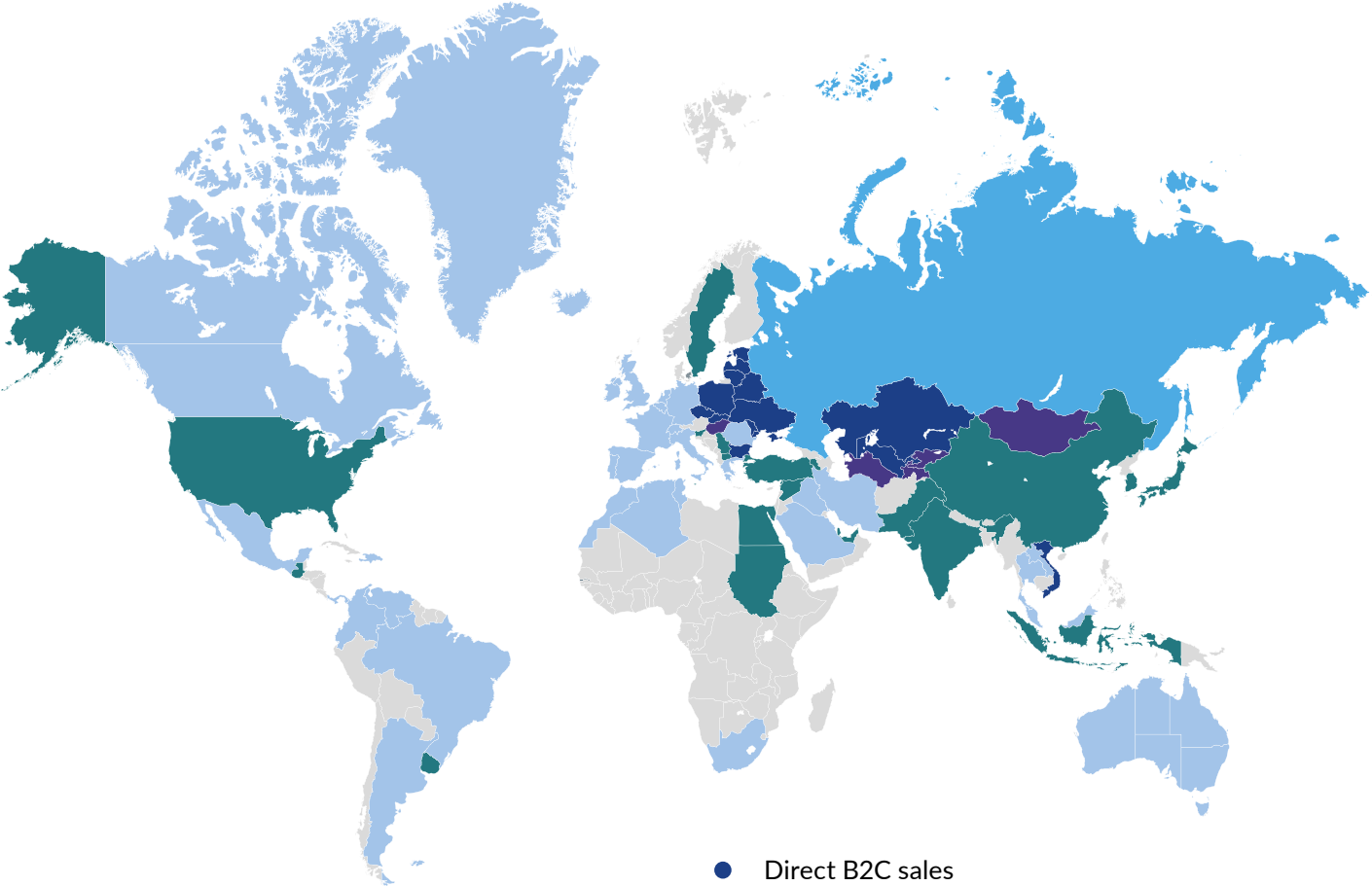
Polpharma Group in Poland



- Starogard Gdański**
headquarters,
laboratory,
manufacturing site
- Sieradz**
laboratory,
manufacturing site
- Duchnice**
manufacturing site
- Warsaw**
office,
laboratory,
manufacturing site
- Nowa Dęba**
manufacturing site

*Number of SKUs, i.e. products in various doses, forms, and package sizes offered on the Polish market.

Polpharma Group's activities in foreign markets:



- Direct B2C sales
- Indirect B2C sales
- Distribution
- B2B sales
- Sales of active pharmaceutical ingredients (APIs)

WE ACT

 WITH **OWNERSHIP**

 AS **ONE**

 WITH **OPENNESS**

Mission and values

Our mission is “We help people live healthy life in a healthy world”

We implemented a new system of values in 2022, which forms the foundation for an open organisational culture.

ACT WITH OWNERSHIP

We are proactive and we own our decisions and development. We act knowing that whatever we do has a real impact on patients' health, as well as on the well-being of our colleagues, clients, the environment, and the company as a whole.

ACT AS ONE

We play as a team, we appreciate and support one another. We engage, develop, and celebrate together.

ACT WITH OPENNESS

We are open to others and to different perspectives, we have honest discussions. We respect diversity.



Financial performance and impact on the economy

Polpharma is the leader of the Polish pharmaceutical market and has a significant impact on economic growth in Poland, notably through its tax payments, infrastructure and R&D investments, job creation, and spending on goods and services sourced from Polish suppliers.

FINANCIAL HIGHLIGHTS

| | 2022 (change vs 2021) |
|--|-----------------------|
| | [PLN million] |
| Total revenues | 3,996.3 (+16.8%) |
| Operating expenses* | - |
| Employee wages and benefits | 736 (+6.4) |
| Payments to providers of capital (dividend)* | - |
| Payments to government (taxes) | 71 (-26%) |
| Community investments (donations and investments for the benefit of the community) | 9 (+143.2%) |

In accordance with the applicable regulations, our tax strategy is published on our website at polpharma.pl. The strategy is updated at least once a year. The ultimate responsibility for and supervision over its implementation rest 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.

In our activities, we focus on reliable reporting and compliance, which includes timely filing of all tax returns, forms, and information, document retention, and meeting tax payment deadlines. Accordingly, we make the necessary efforts to ensure that our communications on tax commitments clearly and accurately reflect the facts, are up-to-date, complete, and comprehensible.

Polpharma Group in Poland timely meets its obligations to submit tax returns and information, pays its tax liabilities on time, and enjoys tax exemptions and tax credits in accordance with the applicable regulations. In case of any doubts concerning tax regulations, we 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. In 2022, we did not carry out any tax settlements in tax havens.

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.

In 2022, we once again positioned ourselves as national champions – companies that make a particular contribution to the development of the Polish economy. A ranking by the Polityka Insight think tank considers a company’s business scale along with its efficiency, role in the industry, international presence, as well as investments in development and innovation. Polpharma ranked seventh overall and once again came **first in innovation**.

PLN 269.3m
Capital expenditure

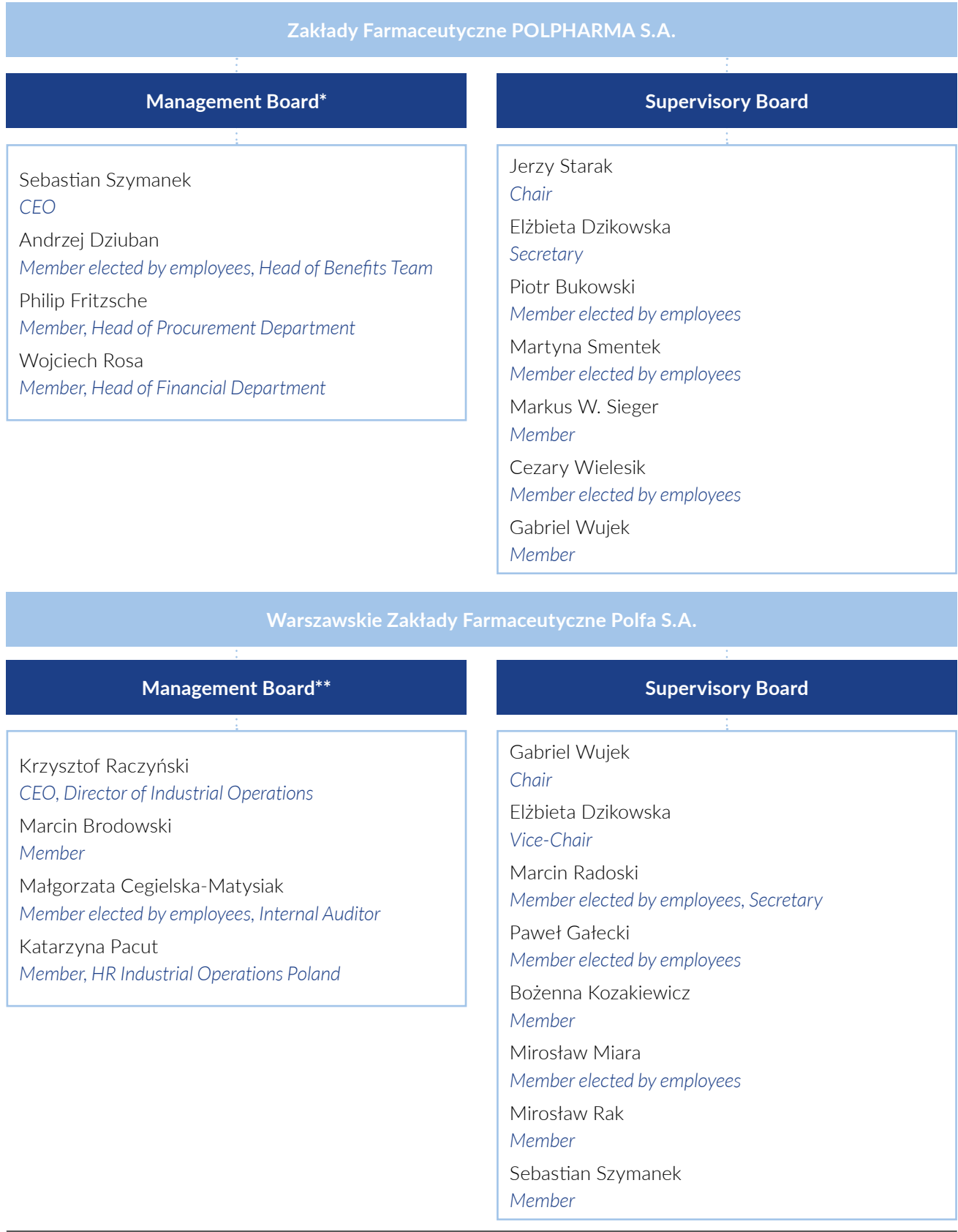
4,330
employees

PLN 233.4m
R&D spending

PLN 1.8 billion
worth of purchases
from Polish suppliers

*Data not disclosed due to information policy of Polpharma Group in Poland.

Governance structure



The CEO of Zakłady Farmaceutyczne POLPHARMA S.A. held no other positions within the company in 2022.

The Management Boards of each company are responsible for conducting business and representing the companies externally, while the Supervisory Boards perform a supervisory function and set the objectives and financial framework for the Management Boards by approving annual and multiannual budgets and business plans. As the Polpharma Group has only one beneficial owner in Poland, no formal system has been established for nominating members of the Management Board and Supervisory Board, with the exception of employee representatives on both corporate bodies, who are elected by general vote. The key appointment criterion is professional experience, which guarantees the presence of specialists in all key areas of the company's operations.

The joint term of office of the Management Board of Zakłady Farmaceutyczne POLPHARMA S.A. is three years. The Supervisory Board appoints and dismisses Members of the Management Board, and decides on their number and functions. If a company has more than 500 employees on average in a year, one member of the Management Board is appointed and removed by the employees.

The Supervisory Board has 5 to 15 members appointed and dismissed by the General Meeting. The joint term of office of the Supervisory Board is three years. Employees elect two members in a Supervisory Board with up to six members, three members in a Supervisory Board with seven to ten members, and four members in a Supervisory Board with 11 or more members by direct and general election in the form of secret ballot.

At the written request of at least 15% of the company's employees, a vote is held to remove an employee representative from the Management Board or Supervisory Board, respectively.

Members of the Management Board are not allowed to take up positions in any other legal entities, except for

companies from the same group. There is no general rule prohibiting members of the Supervisory Board from taking positions in other entities, other than Polpharma's direct competitors. The joint term of office of the Management Board of Warszawskie Zakłady Farmaceutyczne Polfa S.A. is four years. The company's Supervisory Board has five to ten members appointed by the General Meeting for a joint term of five years. The number of Supervisory Board members is determined by the General Meeting.

Due to Polpharma's ownership structure, characterised by the presence of a sole beneficial owner, there is no risk of conflict of interest at the ownership level, and as a result, there are no conflicts of interest between the management and supervisory bodies, either. With regard to the conflict of individual interests with the interests of the company, the general rules and provisions of the Code of Ethics apply.

In order to prevent conflicts of interest in accordance with the provisions of the Anti-Corruption Code, statements are collected from representatives of top management bodies. Based on these, no such conflicts have been identified. Whenever a conflict of interest arises, relevant stakeholders will be kept informed.

Information on any potential and actual negative impacts of the organisation on stakeholders is communicated on an ongoing basis either to a member of the Supervisory Board delegated to individually carry out supervisory activities in a given area, or to the Presidium of the Supervisory Board when the impact is significant. No scheme has been developed yet for delegating responsibility for managing the organisation's social and environmental impact to individual positions.

The Supervisory Board evaluates the performance of the company and individual Management Board members on an annual basis, after the end of the financial year, in connection with the company's bonus system. In addition, in accordance with applicable law, the General Meeting performs an overall performance evaluation of the representatives of top management bodies at the annual general meeting.

* For bios of Management Board members of Zakłady Farmaceutyczne POLPHARMA S.A., see <https://polpharma.pl/en/o-nas/zarzad/>.
 ** For bios of Management Board members of Warszawskie Zakłady Farmaceutyczne Polfa S.A., see <https://www.polfawarszawa.pl/wladze-firmy>.

Business model and management fundamentals

The objective of “From Good to Great”, Polpharma Group’s global business strategy until 2025, is to enable dynamic business growth relying on four main pillars:



INNOVATION AS A PORTFOLIO DRIVER

- Excellence in complex technologies
- New product launches
- Strategic partnerships



COST LEADERSHIP

- Lean organisation
- Digitalisation and automation
- Cost reduction by increasing production volume
- Synergies within the group



COMMERCIAL LEADERSHIP

- Use of omnichannel in key markets
- Building new competence
- B2B partnerships
- E-commerce growth



CULTURE AS AN ACCELERATOR

- New growth model
- New corporate values
- Highest ethical standards

Key initiatives implemented in 2022 in Poland within the four pillars of the Group's business strategy:

INNOVATION AS A PORTFOLIO DRIVER

- We were the first in the world to market tadalafil as an over-the-counter (OTC) drug.
- As part of status reallocations from prescription to OTC drugs, we launched doxylamine tablets and clotrimazole vaginal tablets.
- We expanded our prescription (Rx) drug portfolio to include sitagliptin and sitagliptin combined with metformin.
- We began the construction of a new R&D and Highly Potent API facility.

COST LEADERSHIP

- We developed a plan for every facility to optimise electricity and heat sources and costs and to reduce our carbon footprint. We continued the Energy Savings Programme across our sites. We started the construction of a large PV farm in Starogard Gdański.
- We introduced measures to improve manufacturing efficiency and utilisation of our production lines.
- We launched a packaging standardisation project aimed at reducing the volume of packaging materials and improving the efficiency of our logistics processes.
- We won grants (PLN 40 million) to support the development of generic drugs (four projects) in a competition of the Medical Research Agency (the first competition dedicated to generic pharmaceutical products in the history of public funding).

COMMERCIAL LEADERSHIP

- We exceeded our sales targets in most business segments, with new product sales as an important contributor.
- We developed an e-commerce selling model and the CDMO segment in API (contract manufacturing and development of APIs).

CULTURE AS AN ACCELERATOR

- We adopted new values: Act with Ownership, Act as One, Act with Openness.
- We introduced a new approach to employee development.
- We aligned the names of positions and teams. For example, we removed director titles and introduced feminatives.
- We developed a culture of dialogue and feedback.
- We developed a culture of appreciation and recognition: we awarded 653 diplomas and gave 330 commendations which was a 37% increase over the previous year.
- Within the Leonardo Innovation Programme, ideas were presented by more than 550 authors and nearly 100 business owners.
- We established the Talent Up! programme, in which 28 talented employees participated.

For a description of the Leonardo Innovation Programme see the subsection “Employee innovation and ideas programmes” (p. 75), and for Talent Up! see the subsection “Employee development and education” (p. 45).



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Sustainability management

Our approach to ESG management

In 2022, ESG considerations were addressed at every meeting of the Management Board of Zakłady Farmaceutyczne POLPHARMA S.A. Decisions were made either at the meetings, or by circulation.

In response to the need to address new market challenges and growing regulator and stakeholder expectations regarding sustainability management and reporting, a Sustainability Committee has been established within Polpharma Group in Poland. The purpose of this body is to provide strategic oversight, analyse ESG risks, develop recommendations and internal policies, and set and review impact goals and indicators.

The Sustainability Committee is made up of the heads of the company’s core business areas which are led by Management Board members. It is also the Committee’s responsibility to provide the Management Board and Supervisory Board with reliable and up-to-date information on risks and opportunities in the climate, environment, social, and corporate governance areas.



Committee meetings, their frequency, and agenda are determined on the basis of the chair’s assessment of needs. They are scheduled at least twice in a calendar year. Additional ad hoc meetings can be scheduled, depending on business demands. The topics covered at the meetings included minimisation of environmental impact, including the carbon footprint; energy transition; diversity and inclusion; new due diligence requirements in the area of human rights.

In addition, an Energy Committee was established in 2022, with representatives from the Management Board, manufacturing, finance, engineering, and infrastructure areas.

In 2022, Zakłady Farmaceutyczne POLPHARMA S.A. underwent a CSR performance assessment by the global rating agency Ecovadis and obtained the Bronze Ecovadis Sustainability Rating.



Sustainable Development Strategy 2022–2025

The business strategy of Polpharma Group in Poland is complemented by **Sustainable Development Strategy 2022–2025 “Healthy Life in a Healthy World”**,

which introduces a multifaceted approach to conscious corporate behaviours towards the society, environment, and our key stakeholders. While continuing the most important activities from our previous CSR strategies, it responds to current and future regulations and to environmental, market and societal needs.

The Sustainable Development Strategy was designed in a process that engaged our employees as well as experts and practitioners from the business community. Based on their opinions, a materiality analysis was conducted, which was used as a foundation to identify five main strategic areas of focus:



access to health



ethical business processes



environmental impact



responsible employer



innovation in action

OUR STRATEGY FITS WITHIN SIX SUSTAINABLE DEVELOPMENT GOALS (SDGS):



Healthy life

One in eight medicine packages sold by Polish pharmacies and every third package used in Polish hospitals come from us. It is a key responsibility of Polpharma Group in Poland as the leader of the Polish pharmaceutical market and the only manufacturer of many lifesaving medicines to ensure secure drug supplies for patients, which means uninterrupted access to essential products. This commitment becomes especially important as we face health, military and economic emergencies, supply chain disruptions, or societal changes, which cause a range of impacts, such as population ageing or an increased prevalence of diseases of affluence.

Healthy living, in addition to access to effective treatment, also means being able to benefit from advanced knowledge and preventive healthcare. Considering the business scale of Polpharma Group in Poland, the advancement of medical knowledge to doctors and pharmacists as well as health education for patients and consumers are our important areas of impact.

We understand the evolving needs of our product users and we address them by offering added value in our innovations. With our continuous product development, original ideas, and close cooperation with the scientific community, we introduce patient-centred solutions that improve the comfort of treatment and facilitate patient compliance.

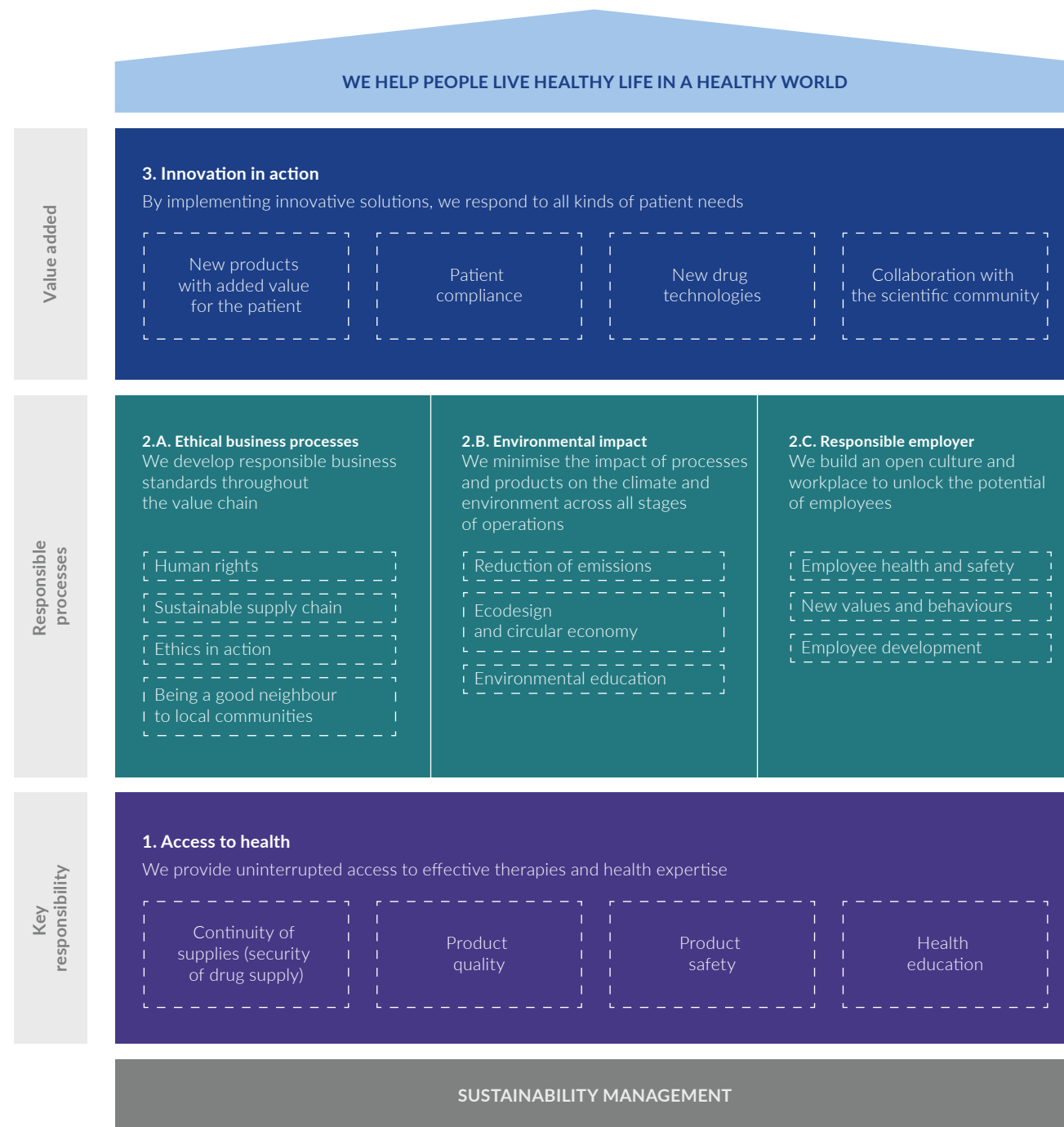
Healthy world

As we implement our strategy, we carefully track the impact we make on our surroundings from the environmental, social, and ethical perspective. Through responsible business processes, we minimise the negative impacts while maximising the positive impacts of our business.

The healthy world we seek to contribute to relies on a strong ethical foundation, human rights, equal opportunities, and respect for others. We continuously improve our own processes in this area and we develop responsible business standards among our suppliers.

We understand that a healthy world includes a healthy environment. As a manufacturing company, we are committed to reducing our environmental impact across the different stages of development, production, distribution, and use of our products, for instance by minimising our carbon footprint, implementing industry-specific ecodesign principles, and reducing resource consumption and waste.

The commitment of our employees has a substantial impact on the success of our activities. Relying on our new values: Act with Ownership, Act as One, Act with Openness, we seek to build an open corporate culture to unlock the potential of our employees, and a friendly workplace, where everyone has the opportunity to thrive and feels comfortable.



KEY PERFORMANCE INDICATORS FOR THE STRATEGY UNTIL 2025:





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Stakeholder relations

In January 2023, Polpharma Group in Poland took steps as part of its sustainability reporting process to accurately identify key stakeholder groups.

An online survey was conducted among executives. The respondents were asked to rate the influence of a given stakeholder group on the company (that is, how much influence it had on the company’s operations or the changes taking place within) and the interest of a given stakeholder group in the company’s business (that is, how much the company’s decisions and actions affect the interests of the group).

As a result of the survey, we have defined a set of our most important stakeholders, which are:

- 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;
- scientists and opinion leaders;
- social organisations;
- business and industry organisations;
- local communities.
- surveys for conference and event participants;
- focus groups;
- surveys of expectations of our local communities;
- public discussions;
- consumer surveys;
- industry trade fairs;
- meetings of expert and scientific councils and advisory bodies.

The groups defined in the stakeholder mapping process then became the respondent base for a survey aimed at identifying the relevant topics for the sustainability report.

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

- face-to-face conversations and regular meetings;
- internal discussion fora;
- employee and customer satisfaction surveys;

Membership associations and involvement in external initiatives

We seek to 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 (PASMI);
- Business Centre Club;
- Lewiatan Confederation (through membership in PZPPF);
- Executive Club;
- Pomeranian Employers;
- Starogard Gdański 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..

Polpharma's representatives are also members of university boards of the Medical University of Gdańsk and Warsaw University of Technology, and of the Employers' Council of the Pharmaceutical Faculty of the Medical University of Gdańsk.

External initiatives and declarations

- United Nations Global Compact (since 2016);
- Diversity Charter (since 2015);
- Partnership for Sustainable Development Goals 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 (2020, 2021, 2022);
- Warsaw Health Innovation Hub run by the Medical Research Agency together with partners from the medical, pharmaceutical and biotechnology sectors (since 2021);
- Coalition For Friendly Recruitment (since 2021);
- Business and Human Rights by UN Global Compact Network Poland (since 2022).



Awards and recognition

CORPORATE SOCIAL RESPONSIBILITY:

- CSR Golden Leaf Award (Złoty Listek CSR) from Polityka weekly;
- award in the Ethical Company (Etyczna Firma) competition of Puls Biznesu magazine;
- Company with a Good Image (Firma Dobrze Widziana) title awarded in the 13th edition of a Business Centre Club competition;
- Compliance Idea of the Year from the Compliance Institute in the Compliance Awards competition.

EMPLOYER:

- Gold Stevie Awards® statuette in the 19th edition of the International Business Awards® and an award in the Employer of Tomorrow (Pracodawca Jutra) competition of the Polish Agency for Enterprise Development for the Leonardo Innovation Programme;
- ranked second in the Science category of Universum Awards, where students choose the most attractive employers.

ECONOMY:

- Economic Griffin (Gryf Gospodarczy) in the Competence Development Leader category in a competition of the Pomeranian Entrepreneurship Council.

PRODUCTS:

- Ibutit D3 recognised as Superproduct of Świat Kobiety Magazine 2021 and honoured with Superproduct of Świat Kobiety Magazine 2021 Readers' Choice Award.

SCIENCE:

- Partner of Polish Neurology title awarded by the Polish Neurological Society;
- Friend of Polish Allergology title awarded by the Polish Society of Allergology;
- Friend of Polish Cardiology title awarded by the Polish Cardiac Society;
- National EPE Conference – Interdisciplinary Facets of Contemporary Medicine in Theory and Practice for Primary Care and Family Medicine 2021 awarded in CONFERENCE and AHEAD OF OUR TIME categories in Events Reviews & 2022 Technology Forecast X.



Chapter 2

Employees

Responsible employer
Organisational culture
Occupational health and safety
Hiring
Salaries and benefits
Employee development and education
Diversity
Employees with disabilities
Employee dialogue
Outplacement at Polfa Warszawa



WE BUILD AN OPEN CULTURE
AND WORKPLACE
TO UNLOCK THE POTENTIAL
OF EMPLOYEES

Responsible employer

The health and safety of our employees, as well as providing them with opportunities to grow and achieve job satisfaction, are key to us. In addition to competitive salaries, we offer additional employee benefits.

We consciously manage diversity, actively counteracting harassment at work and all forms of discrimination, and fostering a safe and friendly work environment. Polpharma's people are integral to the company's success, achievement of its ambitious goals, and ensuring patient safety.

Our strategy focuses on creating a human-centred workplace that inspires our employees to grow and promotes well-being. In our operations, we focus on reinforcing an organisational culture based on high

ethical standards, teamwork, and open communication. In our daily work, we are guided by our values: Act with Ownership, Act as One, Act with Openness.

Key areas of our HR strategy:

1. Engaged employees

- regular surveys of employee engagement and the work environment;
- building a culture of dialogue and feedback;



- enriching our development proposal through training programmes aimed at strengthening the necessary competencies for future business growth, participation in projects and Employee Resource Groups, encouraging intergenerational cooperation;
- fostering diversity and inclusion, also in cooperation with Employee Resource Groups.

2. Inspiring leadership

- further development of leadership based on mutual respect, responsibility, and empathy;
- continuous competency improvement through interactive workshops promoting good leadership practices (e.g., on stimulating regular mutual feedback, using employee recognition and reward tools, etc.).

3. Enhancing employee experience through an efficient and friendly workplace

- further improvements and simplifications of HR processes;
- development of digital solutions;
- review of employee experience at key moments at work (employee lifecycle – moments of truth);
- supporting employee wellbeing

4. Building a friendly climate in improving the culture of workplace safety

- continuing the development of the Safety Leaders/Ambassadors programme, which promotes safe workplace behaviours and draws attention to unsafe behaviours in successive areas of the organisation;
- performing ergonomics audits in selected areas, along with the presentation of suggested solutions to improve employee health;
- employee education as part of the European Week for Safety and Health at Work, promoting the Lift Wisely (Dźwigaj z głową) campaign.

In 2022, Polpharma Group in Poland had **4,330 employees** (10 more than in the previous reporting period): **2,323 women** and **2,007 men**.

Collective bargaining agreements covered

83%
of our staff
(85% in 2021)

In addition, 178 people, including external contractors, recruiters, trainees, and employees of temporary work agencies, worked with us under arrangements other than employment contracts (B2B and contracts of mandate (umowa zlecenie)).

Labour matters are consulted on an ongoing basis with six trade unions across the companies of Polpharma Group in Poland. Discussions with Employee Councils within the companies cover the status, structure, and anticipated changes in employment, activities that are aimed at maintaining the current employment level or may lead to significant changes in work organisation or employment basis, as well as the employer's business operations, economic situation, and anticipated changes in this regard.

Organisational culture

In 2022, we invited 400 employees from all corporate levels to create a new value system. In a dialogue-based process, we formulated three values: „Act with Ownership”, „Act as One”, „Act with Openness” and 12 supporting behaviours.

The implementation of values included employee education (e-learning, meetings, Q&A), integration of the values and behaviours into the annual performance review process, intensive communication efforts using a number of tools (the Value Wednesdays e-mail series, employee competitions, videos).

The goal of the new value system is to evolve our culture in order to make our company an engaging and attractive place to work, where employees own the processes, there is an atmosphere of openness and trust, and the existing conditions support creativity and teamwork. The value training was attended by 3,500 people, and 50 people were engaged in creating the educational content. In 2023, activities will continue through the annual performance review process and further education and communication.

The ethical values, which we discussed regularly in previous years, continue to apply and remain as the basis of our Code of Ethics. A Polpharma employee must never forget about integrity, respect, and solidarity, which are the cornerstone and moral backbone of our organisation, underlying our newly built organisational values that support continued growth.

The Amber Galen Award is the most important recognition for Polpharma Group employees. It promotes living the corporate values in everyday work. The winners of the Amber Galen Award are outstanding individuals and teams, also in the eyes of their colleagues, who nominate the candidates.



S-S1

Occupational health and safety

We at Polpharma are committed to employee health and safety. We raise occupational safety standards also across our value chain, 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 work safety, 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.

We discuss our activities promoting the safety and health of our employees in our annual OHS status reports, successive CSR reports, and OHS management system review protocols. Furthermore, we report on our safety indicators and on the status of non-conformities identified by external (system, customer) audits and official inspections on an ongoing basis.

Since 2006, the operation of the system in the Starogard Gdański plant has been subject to external verification. Its proper functioning was confirmed by a periodic certification audit in 2022.



The Polpharma Group Employee Occupational Safety and Health Policy is available on Polpharma's website at <https://polpharma.pl/odpowiedzialnosc-spoeczna/polityka-firmy/>.

Polpharma Group in Poland has a full-time **Corporate OHS Service**, with nine members in total (six in Starogard, one each in Warsaw, 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.

The employees of the Corporate OHS Service continuously expand their competencies, improving in the area of new developments and industry trends.

The identification of 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 chair), 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 employees and to improve working conditions, including the reduction of work-related nuisance and monotony.

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 process 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.

Safety targets are set for team managers per calendar year, and the target levels are set in proportion to the number of accidents at the site.

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. Aside from access to safety data sheets, it also contains key information identifying individual substances and related hazards according to the CLP classification.

The Stop Accidents Programme, in operation since 2012, 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.

A total of **1,871** near misses were eliminated by 2022 owing to the programme. All Polpharma Group employees in Poland can report incidents using a special mobile application. The incidents are formally recorded and analysed in order to choose the best possible corrective measures.

We are constantly expanding our **database of toxicology reports** for the chemicals we use. In 2022, it covered **more than 280 substances** transferred to our plants, manufactured by us under contracts or licences, as well as new substances in research and development or production. Based on reports purchased 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 employees with safe conditions for industrial operations. The above processes are described in detail in a relevant system procedure.

In 2022, we continued ongoing investment projects to introduce the highest standards for protecting employees against the adverse effects of work processes on their health. We identified a new occupational hazard and implemented measures to alleviate the impact of the pandemic on the mental well-being of employees in manufacturing and manufacturing support areas as well as those working under hybrid and home office arrangements.

WORK-RELATED INJURIES OF EMPLOYEES OF POLPHARMA GROUP IN POLAND BY INJURY TYPE*

| | 2022 (change vs 2021) |
|---|-----------------------|
| 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 | 20 (+17.6%) |

In 2022, no work-related injuries were recorded for employees of subcontractors who worked on the premises of Polpharma Group companies in Poland. Activities of third party personnel performing services irregularly under civil-law contracts are excluded.

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 as well as 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;
- delivery of OHS training to employees;
- introduction of changes that may affect the safety and health of suppliers (subcontractors);
- matters related to the integrated management system

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. The committee meets at least once every quarter. Furthermore, the API Business Unit in Starogard Gdański holds quarterly management meetings with Safety Leaders to address current OHS issues.

The **Safety Leaders Programme** is addressed to the API Business Unit employees who want to rectify 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, the use of collective and individual protective equipment, etc. Our team of Safety Leaders is composed of thirty members who remarkably adhered to OHS principles and felt the need to actively contribute to promoting safe behaviours and to report problems relating to occupational safety and environmental protection. In 2022, the Leaders took part in a training delivered a third party provider.

The **EHS Council** was established at the API Business Unit. Its members are top executives of the Business Unit, 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.

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

Core training categories are as follows:

- general induction training for new hires;
- job-specific training with a final exam;
- recurrent training for specific professional groups;
- training/instruction for subcontractors.

OHS training is provided in the form of:

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

We provide all employees with free private medical care packages, which guarantee faster access to medical specialists, laboratory and diagnostic tests, rehabilitation, and dental services all over Poland. Employees can also purchase additional private medical care packages for their families. In this regard, Polpharma Group in Poland cooperates with LUX MED Group and the Medpharma healthcare facility.



*Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the “Tables with numeric indicators” section.



Hiring

At Polpharma Group in Poland, we apply the principle of equal treatment in the recruitment process and we follow our recruitment procedure, which allows us to build diverse and competent teams.

In addition, in line with our strategy, we support employees in growing in and beyond their roles through adoption of a new internal recruitment policy. For development in and beyond the role, see the employee development and education section of the report.

In 2021, we joined the **Coalition for Friendly Recruitment**. The initiative promotes good practices and sets standards in this area, bringing together more than 350 Polish employers, who:

- respect applicants, their time and commitment;
- are open to providing feedback to candidates;
- seek to implement solutions to facilitate reaching out to candidates;
- attach importance to the opinions of candidates;
- follow the principles set out in the Code of Good Recruitment Practice.

NUMBER OF NEW EMPLOYEE HIRES AT POLPHARMA GROUP IN POLAND BY GENDER AND AGE GROUP*

| | 2022 (change vs 2021) | | |
|-----------------|-----------------------|-------------|-------------|
| | Women | Men | Total |
| Under 30 years | 87 (+107%) | 122 (+270%) | 209 (+178%) |
| 30 to 50 years | 101 (+68%) | 116 (+190%) | 217 (+117%) |
| Above 50 years | 1 (-90%) | 12 (+9%) | 13 (-38%) |
| Total | 189 (+69%) | 250 (+197%) | 439 (+123%) |
| Employment rate | 8% (+3 pp) | 12% (+8 pp) | 10% (+5 pp) |



* Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the "Tables with numeric indicators" section.

Salaries and benefits

At Polpharma Group in Poland, we make sure that the principles on which salaries are established are clear and based on merit.

The Remuneration and Benefits Team is responsible for the process of drafting remuneration policies and establishing salary levels. Their determinations are approved by the Management Board and the Supervisory Board. Changes to the remuneration policy are always consulted with and approved by trade unions.

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 are provided to all employees of Polpharma Group companies in Poland::

- a basic medical care package from LUX MED/ Medpharma 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*;
- non-repayable assistance for employees in distress;
- Christmas parcels for children with developmental toys, educational games, books, musical instruments, etc. (replaced with prepaid cards since 2021 because of the pandemic);
- the option to take a parental leave in accordance with the Polish laws and regulations;
- 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.

Zakłady Farmaceutyczne POLPHARMA S.A. organises winter and summer camps for school-age children and excursions for employees, subsidises meals (lunch vouchers) and tickets for concerts, cultural and sports events (the amount of subsidy depends on household

income per person). We also offer low-interest housing loans for our employees.

To support the health and mental well-being of our employees in 2022, we continued our **meetings with medical experts**, who presented the current state of scientific knowledge on the COVID-19 pandemic and answered questions from the team. There were four online lectures in total.

We also offered our employees a variety of **intervention and prevention activities**, such as:

- free, confidential sessions with a psychologist for employees who reported the need for emergency support;
- access to content on building mental resilience on #MojaStrefaWsparcia intranet site (including access to webinars and knowledge snapshots on managing emotions, resting, stress management);
- communicating information on free psychological support available in medical packages and a database of support providers;
- promotion of external awareness-raising events among employees and their families, such as the Well Parenting conference.

* Does not apply to people employed for less than three months or over 70 years of age.

Employee development and education

A competent team is key to business growth. Therefore, we support our employees in their pursuit of knowledge and new skills. In doing so, we consider business needs, as well as the self-fulfilment and satisfaction of employees and managers.

Effective and responsible management of staff training and 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 based on employee needs surveys.

We provide employee training and education by means of:

- the MyLearning training platform;
- development programmes (which include wellbeing);
- developing specialist competencies;
- subsidies for long-term learning of the Polish and Russian languages;
- the Learnship platform which strengthens English language skills;
- conferences in Poland and abroad.

We offer two perspectives to our employees: **development in** and **beyond the role**. Depending on individual aspirations and career-building plans, every employee is free to decide whether to continue developing within their current area of responsibility – aiming to be promoted within their role, or aspire for

a change and prove themselves in another position or area.

In April 2022, Polpharma Group in Poland adopted new approach to development and promotions in the role in place of more traditional career paths. The updated process focuses on the development of employee competencies and skills, creating one's development path (in and beyond the role) based on quality development conversations, internal mobility, and expanding responsibilities. The approach that we have developed in dialogue with representatives of employees supports the group's strategic direction.

Our change focus includes:

- understanding of development focused on **skills and competencies**;
- ensuring that employees **own their development** with an important role played by development conversations and agreeing on a development plan;
- **improvement of employee skills** as a key element for promotion;
- **uniform job naming**, which shifts the focus to competencies and reduces hierarchy;
- a **flexible career model**, i.e. mobility, development beyond the role, and retraining.



99.9% of employees of Polpharma Group in Poland received periodic performance reviews in 2022*.

AVERAGE NUMBER OF TRAINING HOURS AT POLPHARMA GROUP IN POLAND BY GENDER AND STRUCTURE**

| | 2022 (change vs 2021) | | |
|-------------------------|-----------------------|------------|------------|
| | Women | Men | Total |
| Managers and executives | 30 (-30%) | 26 (0%) | 28 (-15%) |
| Individual contributors | 17 (+183%) | 15 (+150%) | 16 (+166%) |

The first edition of **Talent Up!** was held in 2022, with the goal of combining individual development, organisational development, and efficiency in action. In a ten-month development process, under the guidance of training companies and selected in-house experts, the participants worked on:

- **development in practice** through Lean methodology workshops and running their own Lean projects in the organisation;
- **learning from others** through mentoring and coaching support and meetings with senior management;
- **individual development** through workshops and other means.

28 people (14 women, 14 men) carried out projects in small cross-functional groups to cut costs, improve process efficiency, or make better use of resources. The projects were overseen by the Talent Up! Committee and 11 mentors. The participants received Lean Green Belt certificates. 11 streamlining processes were implemented, resulting in potential savings exceeding PLN 6 million. In addition to obtaining certification, participants improved their competence in communication and presentation of achievements and pursued their own development goals with support from coaches and in-house mentors. The second edition of Talent Up! is planned for June 2023.

*The process does not include trade union chairpersons.
**Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the "Tables with numeric indicators" section.

85

applications

80

 recruitment meetings
with candidates

77

Learning Agility diagnoses

28

participants

7

 Talent Up! Committee
members

11

mentors

5

suppliers

31

online workshops

38

hours of consultation

37

coaching sessions

44

mentoring meetings

404-2

OTHER EMPLOYEE SKILLS DEVELOPMENT PROGRAMMES

| Programme name | Number of participants in 2022 |
|---|--------------------------------|
| Leader programme | 19 |
| Individual employee development conversation | 122 |
| I am undergoing change | 215 |
| Healthy personal finances at a time of high inflation | 323 |
| Men (don't cry) | 309 |
| Resting is a skill | 399 |
| Well Parenting Conference | 261 |
| Surpass yourself and learn to motivate others | 56 |
| About creating healthy habits | 85 |
| Personal effectiveness | 39 |
| 365 ideas for effective remote working – 2nd season | 837 |
| Long-term learning subsidies | 13 |
| Learnship online platform | 47 |
| Training platforms (Youniversity – formerly Leanovatica, Eduweb, SalesON, akademialca.pl) | 77 |
| Conferences | 123 |



Diversity

We thoughtfully manage diversity in teams through our policies and programmes.

At Polpharma Group in Poland, we do not tolerate any form of discrimination on any grounds, including gender, age, origin, nationality, religion, sexual orientation, physical appearance, health status, and physical capacity. This is governed, inter alia, by the Code of Ethics, the corporate procedure “Anti-Harassment and Anti-Discrimination at the Workplace”, or the international Diversity Charter which has been signed by our company.

Systemic action taken by management combined with grassroots initiatives contribute to a greater commitment to diversity and better alignment of solutions with real needs, ensuring the necessary strategic importance and momentum.

In 2022, when we adopted a new system of values and behaviours, we decided to emphasise the importance of diversity in that system. To link further development of organisational culture with formal instruments supporting diversity, we engaged external consultants to help us with a survey on equality and perceptions of diversity and inclusion in the company in the form of anonymous questionnaires and in-depth interviews. We had 743 respondents, and the results helped us formulate or **diversity policy**, adopted in December 2022, and plan further educational activities to foster our culture of diversity and inclusion.



The objectives of the policy are to:

- Create an organisational culture free of prejudice, stereotypes and discrimination, in which diversity and equal opportunities allow each person to be themselves and create their own paths of personal and professional success. We promote a culture of **diversity, equality** and **inclusion**;
- Emphasise the strategic importance of the culture of diversity, which supports our corporate values: Act with Ownership, Act as One, Act with Openness, and stems from the principles of the Polpharma Group Code of Ethics;

- Create an open, friendly, and inclusive environment. A place where every working person can develop and freely share ideas and comments, where they feel listened to and appreciated for the contribution they make to the operation and growth of the company.

We periodically monitor the gender diversity of our workforce and the pay gap between men and women employed in similar positions.

PERCENTAGE OF PROMOTIONS AT POLPHARMA GROUP IN POLAND BY GENDER AND STRUCTURE IN 2022

| | 2022 | |
|--|-------|------|
| | Women | Men |
| From a lower level position* to a mid-level position** | 3.3% | 2.0% |
| From a mid-level position** to a senior position | 0.8% | 1.6% |

* Below manager level: from the lowest positions to senior specialists and experts.
** Including junior managers.

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN AT POLPHARMA GROUP IN POLAND BY STRUCTURE**

| | 2022 (change vs 2021) | |
|-------------------------|-----------------------|--------------|
| | Basic salary | Remuneration |
| Managers and executives | 96% (+7 pp) | 94% (+7 pp) |
| Individual contributors | 101% (+1 pp) | 101% (+1 pp) |

GENDER PAY GAP* AT POLPHARMA GROUP IN POLAND**

| | 2022 (change vs 2021) |
|-------------------------|-----------------------|
| Managers and executives | 6.32 (-8.78) |
| Individual contributors | -1.01 (-0.13) |

PERCENTAGE OF EMPLOYEES AT POLPHARMA GROUP IN POLAND ON MANAGEMENT BODIES AND IN EACH CATEGORY BY GENDER AND AGE**

| | 2022 (change vs 2021) | | | | |
|-------------------------|-----------------------|-------------|--------------------|--------------------|-------------------|
| | Women | Men | Under 30 years old | 30 to 50 years old | Over 50 years old |
| Management Board | 25% (0 pp) | 75% (0 pp) | 0% (0 pp) | 38% (0 pp) | 63% (0 pp) |
| Supervisory Board | 27% (0 pp) | 73% (0 pp) | 0% (0 pp) | 13% (-7 pp) | 87% (+7 pp) |
| Managers and executives | 47% (+1 pp) | 53% (-1 pp) | 0% (-0.2 pp) | 71% (-3 pp) | 29% (+3 pp) |
| Individual contributors | 54% (-1 pp) | 46% (+2 pp) | 12% (+1 pp) | 63% (-1 pp) | 25% (0 pp) |

In 2022, we offered everyone the option to choose female forms of their positions’ names. Feminatives have become a natural part of corporate communications and formal employment contracts. A strong grassroots employee network called Diverse Together has emerged within the organisation, working to strengthen the role of women (Together for Women), intergenerational dialogue (Together for Generations) and partnership parenting (Together for Parents).

Furthermore, Polpharma Group in Poland took part in the second edition of the **Diversity IN Check** survey coordinated by the Responsible Business Forum. The feedback we received pinpointed our strengths and highlighted aspects that required a follow up. As a result, we were able to refine our approach to diversity.

* This indicator represents the difference between the average remuneration (including bonuses, awards and other benefits) of men and women, showing how much more (or less) men earn on average.
**Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the “Tables with numeric indicators” section.

Employees with disabilities

We are building an environment and workplace that caters to the needs of people with disabilities. At the end of 2022, as in the previous year, they accounted for 1.5% of our workforce.

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, as well as social and 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).

Polpharma’s office at ul. Bobrowiecka 6 in Warsaw is accessible for people with disabilities. Its full accessibility for people with mobility impairments, visual impairments including blindness, and partial or full hearing loss has been confirmed by the **Barrier-Free Facility** (Obiekt bez Barier) **certificate** awarded by the Integracja Foundation. The certificate also attests to the friendliness of the office to elderly persons and people with young children.





Employee dialogue

Regular dialogue with employees is essential to build relationships, improve the organisation’s internal processes, and enhance the quality of the workplace. Throughout the year, we address topics of diversity, workplace safety, and employee development.

Once a year, we conduct a **Pulse Check** survey, with about 90% of our workforce consistently participating (2022: 93%, 2021: 89%). We can conclude that regardless of their satisfaction level, employees want to take part in the dialogue.

62%
employee engagement rate
in 2022

The results in 2022 showed that owing to communication and dialogue-building activities (excitement about the company’s future +12 pp; 52% of satisfied employees) and continuous improvement of the employer’s proposal, including expansion of development opportunities (+11 pp; 55% of satisfied employees) or use of

feedback (+14 pp), we are becoming more attractive and responsible according to our employees. In 2022, we came close to the performance demonstrated by top employers (a difference of 7 pp). The result is also 10 pp above the average score in Poland (52%). While this shows that we have achieved one of the goals of our Sustainable Development Strategy, we do not intend to stop improving our workplace.

In addition, to enable employees to engage in a direct dialogue with Polpharma’s owner, Jerzy Starak, and share their thoughts and ideas about the company, we organised a series of meetings in 2022 called “Round Table Discussion with the Owner”. Based on 11 meetings with employees across corporate levels, in response to the needs they told us about, we created a list of 40 initiatives, staggering implementation over 2022 and 2023. The measures include process simplifications, improvement of working conditions, development of organisational culture, recognition, and rewards.

Outplacement at Polfa Warszawa

As we are planning to phase out manufacturing operations at the Polfa Warszawa plant by mid 2024, we are helping the company’s employees find new jobs. We are also implementing a financial shield programme that includes severance payments and retention bonuses.

Some of Polfa Warszawa’s employees, especially people with unique competencies and outstanding development or leadership potential, will be employed by other Polpharma sites. On the other hand, employees who have completed our BIO Academy training programme will have the opportunity to pursue a career at the Polpharma Biologics plant in Duchnice. The remaining staff have the option to use a programme that will support them in looking for a new employer (provided that they sign a termination agreement).

In this programme, we:

- provide training, including job search strategies and preparation for job interviews;
- run an in-house employment office on the premises of Polfa Warszawa and organise job fairs at which invited companies present their current employment proposals and answer questions;

- provide employees with tools from a recognised outplacement company, for instance to help them reach employers and recruiters with their resumes more effectively;
- advise on alternative career paths, such as starting one’s own business.

In addition, every employee leaving Polfa Warszawa will get:

- a severance pay based on overall length of service;
- a retention bonus;
- preferential terms for LUX MED private health insurance.





Chapter 3

PATIENTS AND CUSTOMERS

Products

Product quality and safety

Security of drug supply in Poland

Medical and pharmaceutical education

Patient health education

Innovation and new technologies

Employee innovation and idea programmes

Cybersecurity – data security and customer privacy

Polpharma's digital transformation



WE PROVIDE UNINTERRUPTED ACCESS TO EFFECTIVE
THERAPIES AND HEALTH EXPERTISE

**BY IMPLEMENTING
INNOVATIVE SOLUTIONS,
WE RESPOND TO ALL KINDS
OF PATIENT NEEDS**

Products








In 2022, the following products were available in the Group's portfolio in different forms, dosages, package sizes, and language versions:

811
products (SKUs) on the
Polish market

1,137
products (SKUs) on export
markets






Core products and services

-  Prescription (Rx) drugs
-  Over-the-counter (OTC) drugs
-  Foods 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



Product quality and safety

Our top priority is to provide high quality, effective, and safe products.

We remain committed to this at every stage of development, manufacturing, research, warehousing, distribution, and sales, always keeping the patient's best interests in mind. We meet the requirements of Good Manufacturing Practice and other regulations.

We have implemented and maintain a Quality System. We are constantly improving our quality processes culture, and fostering a sense of ownership among our employees and suppliers. All our products are subject to pharmacovigilance.



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Product quality oversight

We attach great importance to proper training of our employees – those directly involved in product manufacturing, testing, and storage operations, as well as those engaged in support and supply chain activities. Our concern for employee awareness and ongoing development of their competence follows directly from our Quality Policy. It also represents the formal implementation of industry legal commitments described in the Regulation of the Minister of Health on the requirements of **Good Manufacturing Practice**. 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 track the success of corrective actions.

Quality Assurance personnel conducts regular internal audits to ensure that the manufacturing conditions comply with the requirements of Good Manufacturing

Practice. Our suppliers of packaging materials, APIs, and excipients, as well as laboratories, contract manufacturers, and other vendors also undergo regular quality audits. The verification strengthens our Quality System and guarantees that each component of our products is of reproducible and adequate quality, and that subcontractor services are sound and meet predefined standards.

Every product batch undergoes rigorous testing before it can be sold. We record and analyse all information that may have an adverse effect on already distributed batches and on our patients and consumers. Impact risk analysis also covers information from the supply chain and secondary notifications from raw material suppliers. As a result of these measures, three batches of medicinal products and four batches of food supplements were recalled from the Polish market in 2022. We did not record any

incidents of non-compliance concerning the health and safety impacts of products and services that would result in a sanction or fine.

In recent years, the **presence of nitrosamines in drug products** has become an important focus of the pharmaceutical industry worldwide. Nitrosamines are chemical compounds commonly found in water and food that are harmful if ingested in excess.

Polpharma Group in Poland is obliged to:

- assess the nitrosamine content of finished products;
- investigate any potential risks;
- develop strategies to minimise or eliminate nitrosamine presence or formation.

However, constantly changing requirements of drug registration agencies and the lack of access to toxicological data for many newly discovered molecules are still a challenge for manufacturers of finished dosage forms, APIs, and excipients. We have set up special teams to assess the risks and we have made certain investments. We have created an in-house team called NASA (NitrosAmine Scientific Analysis Team) and a new analytical laboratory to help us test our products even more thoroughly. Among other things, we have purchased four highly specialised chromatographic apparatuses to conduct very precise analytical testing (qualitative and quantitative) of our products for nitrosamine contamination.

Pharmacovigilance

An important legal obligation of any pharmaceutical company is to **monitor the safety of its products**.

Pharmacovigilance refers to a wide range of 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.

In 2022, we renamed the department to Pharmacovigilance & Product Safety Department, expanding controls to non-medicinal products. We have also begun designing standards that will cover food supplements and foods for special medical purposes.

In a process initiated in 2022, aimed at changing the organisational structure of the department, we will create specialised functional areas and an independent quality control system. There is also a new area of oversight covering two-way patient communication channels that include social media, product websites, or market research. As a result, we are able to collect more data and leverage the learnings to update the information in our package inserts. We are working on new procedures, instructions, monitoring tools, and training materials – parts of a standard that we will announce at the end of 2023.

In 2022, we started carving out a separate unit to handle Polpharma's pharmacovigilance contracts, which allowed us to improve the security of contract oversight and meet the demands of complex and unexplored markets.

We also made the decision to move away, to a large extent, from outsourcing key documents and to delegate the entire drafting process to a team of highly specialised employees who prepare safety reports, risk minimisation plans, and benefit-risk balance analyses

for all medicinal products. Owing to this approach, we have gained even more control over all aspects of product safety, with real benefits for patients.

In Poland, all employees are required to report adverse reactions to Polpharma Group products. We provide patients and healthcare professionals with reliable and accurate state-of-the-art product information, contributing to awareness-raising and safe pharmacotherapy. One of the tools we use is the website www.bezpiecznaterapiapolpharma.pl. In 2022, we decided to provide mandatory training for all company employees and contractors, both in Poland and in foreign markets. In 2023, training will cover more than 200 employees from Lithuania, Latvia, the Czech Republic, Bulgaria, Ukraine, Vietnam, and Sweden, as well as reception and security agency staff in every location.

We also launched an optimisation process in projects aimed at changing the dispensing category from Rx (prescription drug) to OTC (over-the-counter drug) across the Medical Department. The process is aimed at improving collaboration and knowledge sharing, defining tasks, and determining the consultation approaches at different project stages. These measures allow us to accelerate patient access to therapies, while maintaining the highest standards of product safety. The process will be completed in 2023.

We are implementing a digitalisation process in the area of pharmacovigilance and product safety. We are looking for new solutions, including process automation tools, advanced databases, electronic signature certification, and consolidation of digital assets. We minimise email correspondence and create standards for internal communication based on digital technologies. In 2023, we plan to reduce paper documentation to the minimum required by law.





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Product labelling

All package inserts and packages of our medicinal products are labelled in accordance with the law. No non-compliances in this regard were found in 2022. In addition to basic information about the medicine, such as the name, strength, ingredients, form, or storage conditions, we are required to identify the marketing authorisation holder on the packaging and the medicinal product manufacturer in the package insert. We provide information on safe use and responsible disposal.

Since 2021, in cooperation with the medical community, including anaesthesiology and intensive care opinion leaders, we have been running **a project to redesign the packagings of hospital drugs**. The goal of the project is to enhance packaging safety and reduce the risk of confusion during product administration. As a result of a dialogue with experts, we decided to rely on ISO 26825:2020 international standards in the packaging and label design process. These standards specify such requirements as colour, size, design of packaging, and typographic features. A draft version is currently under consultation with the Office for Registration of Medicinal Products, Medical Devices and Biocidal Products.

We faced a challenge in 2022, when we had to modify the Polish package inserts as a result of the merger of Biuro Handlowe Sp. z o.o. and Zakłady Farmaceutyczne POLPHARMA S.A. in 2021. The change involved removing outdated information about the marketing authorisation holder representative. The process involved more than 260 products registered in Poland, and it was crucial for us not to disrupt patient access.

In 2022, we also demonstrated our ability to act out of the box in emergency situations. The war in Ukraine was undoubtedly an emergency, and it mobilised our entire organisation to help. Within 48 hours of the outbreak of the war, our staff translated Polish package inserts for 22 products into Ukrainian or Russian, so that Polpharma could send donations of lifesaving drugs to Ukraine immediately. We also prepared registration dossiers, including package inserts and labelling, for 19 products for Ukraine in unexpected fast-track registration processes.

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Responsible marketing

Our commitment to the safe use of our products is also reflected in our responsible marketing messages. Every piece of advertising is approved in accordance with the **Approval procedure of advertising and training material** for medical products, food supplements, medical devices, food for special medical purposes, cosmetics, and educational studies. The purpose is to unify, standardise and structure the approval process, with separate paths for certain types of materials. Additionally, every piece of advertising is approved by a medical advisor and a lawyer. In situations specified in the applicable procedure, advertising material is also approved by the PR Department and the Compliance Team.

In 2022, we did not identify any incidents of non-compliance with regulations and voluntary codes concerning marketing communications.

Polpharma Group in Poland has committed to adhere to the following codes:

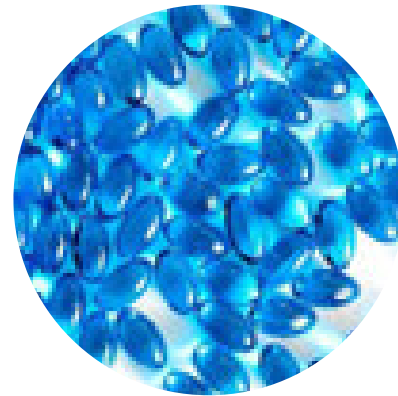
- **Code of Good Practice in Advertising of Food Supplements** of the Polish Council for Supplements and Nutritional Foods, Polish Association of Self Medication Industry (PASMI), Polish Chamber of the Pharmaceutical Industry and Medical Devices POLFARMED and Supplements Poland Association of Producers and Distributors;
- **Medicines for Europe Code of Conduct;**
- **Code of Ethics of the Polish Association of Self Medication Industry (PASMI).**



Security of drug supply in Poland

Polpharma Group in Poland plays a key role in ensuring the security of drug supply in Poland.

This means we need to ensure a continuous supply of products in key therapeutic groups, especially life-saving medicines, 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.



- **One in eight** medicine packages sold by Polish pharmacies and every third package used in Polish hospitals come from our plants
- We have a **12.4%** share in the Rx drug market in terms of volume and only **6.3%** in reimbursement payments.
- We maintain the production of **38 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**.



Ensuring security of drug supply to Polish patients is our priority. With this in mind, we set three objectives which will largely contribute to this in our Sustainable Development Strategy 2022–2025:

- **Ensure the uninterrupted market availability of key products, including life-saving medicines and single-source generics.**
- **Reduce the impact of supply chain disruptions on production processes and product availability.**
- **Ensure the continuous functioning of manufacturing plants.**

A patient should be able to obtain a medicinal product whenever they need it. In order to measure the availability of our products on a regular basis, we have created the **Patient Drug Security Index** methodology together with IQVIA, a global leader in the field of pharmaceutical market data analysis. The index reflects the availability of our prescription products that have been on the market for more than 12 months. In 2022, it stood at **96.59%**, having significantly increased from 89% in 2021.

Technology transfer from Polfa Warszawa

Processes and activities carried out in connection with our plan to phase out manufacturing activities at the Polfa Warszawa plant are extremely important for patient security. The plant manufactures sterile drugs (ampoules, vials, ampoule syringes, eye drops, implantable tablets, rectal enemas), as well as non-sterile forms (nasal drops). Many of them are life-saving medicinal products that have no registered equivalents in Poland.

Polfa Warszawa's location in the city centre restricts its further growth, making it impossible to respond to increased demand for drugs in the future. We have therefore decided to move manufacturing activities to other Polpharma Group plants in Poland and to specialised European third parties. Our most important goal was to launch production smoothly in other locations and to provide patients with uninterrupted access to essential medicines.

Manufacturing of **41 products** for various markets (69 SKUs) was transferred to Starogard Gdański.

The launch of commercial production of new drugs in Starogard and the increase in volume required intensive upgrading efforts – necessary environmental testing, design work, setting up production areas, storage areas, and laboratories. We had to invest in infrastructure and machinery, and some equipment from Polfa Warszawa was removed to Starogard Gdański. A total of **19 production lines** were upgraded and **eight new machines** were purchased and put into operation. The value of the entire project exceeded **PLN 70 million**.

In addition to moving sterile drug production to Starogard Gdański, we also transferred **four products** (36 SKUs) to the Sieradz plant. The production area in Sieradz required some modernisation as well, such as purchase of new formats and instrumentation, and some equipment transfers from Polfa Warszawa. In addition, we adapted the unit to produce narcotic drugs.



At the same time, intensive efforts were underway on the side of Polfa Warszawa to ensure the continuity of commercial production. Sufficient inventories of medicines had to be planned to guarantee the availability of products in all markets until the launch of full-scale production at the new manufacturing sites.

These technology transfer processes, the largest in the history of Polpharma Group in Poland, included transfers of analytical methods, preparation of validation documentation, development of cleaning methods and validation, stability studies, and a huge amount of registration documents.

Most of the processes were completed before the end of 2022. With the new investments, introduction of an additional 1 ml ampoule format and automation of packaging processes, we almost doubled the production for the Polish market – from 45 million to 80 million ampoules per year, and our maximum production capacity increased threefold – from 50 million to 145 million ampoules. As a result, we are able to secure patient needs even in unpredictable circumstances

and to flexibly scale up production when the situation so requires. This is crucial because of the profile of the products, which are essential in almost every hospital procedure in Poland.

All organisational units in Starogard, Sieradz, and Warsaw participated in the projects, largely contributing to unwavering and uninterrupted access to medicines on the market.

It is noteworthy that the technology transfer processes, which required a lot of time-consuming and complicated activities, coincided in large part with the coronavirus pandemic. The pandemic fuelled demand for six drugs produced by our facilities, which are essential for saving the lives of patients with severe COVID-19. To meet this huge demand during the ongoing transfer, we did not hesitate to employ out-of-the-box solutions. For the sake of patient safety, we launched emergency imports of drugs from other countries on an unprecedented scale.

We imported 7 million packages, or more than 18 million ampoules, 3 million vials, and 50,000 infusion bags. The deliveries included 25 molecules across 51 SKUs. This allowed us to secure patient needs in case of emergency.

Resumption of production of Alfadiol in Poland

Alfadiol (alfacalcidol) is a drug for patients suffering from calcium and phosphorus metabolism disorders caused by chronic renal failure and hypoparathyroidism. These patients were deprived of access to the product when one of Polish market players decided to stop manufacturing it. Alfacalcidol-containing equivalents were imported from abroad, but they were expensive and not all patients could afford them. In response to a call from the Ministry of Health, Polpharma decided to resume Alfadiol production in Poland and initiated negotiations to acquire production rights from the previous manufacturer. The start of production and market relaunch are scheduled for the third quarter of 2023.

Medical and pharmaceutical education

Medicine and pharmacology are developing rapidly. Therefore, we make sure to share the most up-to-date treatment expertise with doctors and pharmacists. Our educational programmes and events facilitate continuous learning.

During the conferences held by us under the **Expert Educational Programme** (former European Educational Programme), top experts disseminate knowledge, taking care to present the practical aspects of the discussed issues. In 2022, we organised eight **central conferences** for doctors specialising in allergology, pulmonology, paediatrics, gynaecology, ophthalmology, neurology, cardiology, and family medicine, as well as **14 local events**.

We held and sponsored a total of **417** scientific conferences and workshops attended by **9,494** doctors.

We also provide online education. **PolpharmaDlaCiebie.pl** is a platform for primary care physicians and specialised doctors that offers practical medical insights and expert opinions. Its users can access patient educational materials, medical calculators, as well as news or the series "Law for Doctors" and "Doctors After Hours".

PolpharmaDlaCiebie.pl
in 2022*

over 1,200
articles

about 300
video lectures

nearly 400,000
views

6 minutes
average time on site

100,000
logins



Farmacja Praktyczna is a magazine addressed to pharmacists. The year 2022 marked 15 years since the first edition. It is distributed to all pharmacies in Poland (13,000). Every issue is printed in **27,000** copies. It is worth noting that pharmacists also like to use our educational website **farmacjapraktyczna.pl**, which has 30,000 unique users per month, while our Facebook fanpage has 47,500 followers.

e-EPE.pl is a platform for pharmacists that combines entertainment and lifelong learning. It offers certified training courses with credits and presents

subject-matter expertise in an entertaining way. In 2022, it already had 6,305 registered users.

AppAPTEKA is an app designed for pharmacists working in pharmacies. The project was launched in June 2021. It is based on gamification, with regular challenges relating to the products of Polpharma Group in Poland and specific medical conditions. The application is successful – it is used by **5,900** pharmacists from 1,900 pharmacies all over Poland.

*Views, time on site and number of users are based on Google Analytics UA.

Patient health education

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. As part of the **National COPD Detection Program**, we run a website with educational content – www.dbajopluca.pl.

Health Zone (Strefa na Zdrowie) is a preventive healthcare programme available since 2012. Its objective is to provide patients with easier access to medical examinations that are usually difficult to access or have a long wait for an appointment. In 2022, we provided **2,400 consultations** combined with diagnostic examinations in six cities. The examinations involved:

- cardiology (lipid profile, D-dimers, ECG, and blood pressure);
- diabetology (blood glucose levels, glycated haemoglobin);
- pulmonology (spirometry);
- ophthalmology (glaucoma screening – intraocular pressure and slit lamp exam).

We run 50 websites educating patients on how to tackle various health issues. The most popular website in 2022 was www.help4skin.pl, which attracted more than 850,000 visitors. All educational websites were visited by a total of more than 8 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 eight Facebook profiles and two Instagram profiles with educational content. In addition to knowledge, we provide patients with ready-made tools that make it easier to live with various diseases.



250,000
blood pressure logs
distributed in 2022

66,254
downloads of the
Kardiometr app, of which
7,724 in 2022

Innovation and new technologies

Innovation is one of the pillars of the business strategy of Polpharma Group in Poland. It offers a guarantee of improved product availability and safety, increased comfort of drug use, and improved patient compliance, and therefore more effective therapies.

Research and development at Polpharma Group in Poland in 2022

379
employees in medicinal products and APIs (of which 38 with doctoral degrees)

3
R&D centres

PLN 233.4m
R&D spending, or 6% of total revenue

109
development projects in the finished products area

7
in-house development projects in the area of APIs and 4 CDMO (contract development) projects for external customers

18
patent applications

17
patents obtained

We integrate patient needs already at the design stage of our product pipeline. To investigate these needs, we combine insights from doctors and observation of patients at home as part of our Patient First project. Considering a range of factors, such as speed and cost to market, technological capabilities, chances of expanding our portfolio in a therapeutic group, or novel patient solutions, we decide whether to develop a project at our own R&D centres or make it available to patients through licence purchases.

By the end of 2025, Polpharma will have launched at least seven **R&D projects** offering innovative patient value on the Polish market. We implemented two of them in 2022. We were the first in Poland and in the world to make tadalafil (used to treat erectile dysfunction) available to patients as an over-the-counter (OTC) drug. Patients can also buy latanoprost without preservatives, an ophthalmic drug used to treat glaucoma.

In 2022, we launched **36 new products** on local and export markets – 21 of them as a result of Polpharma Group's R&D efforts in Poland. The remaining products were marketed through licence purchases. Thanks to greater health awareness, patients are increasingly choosing OTC (over-the-counter) drugs. The ability to treat minor ailments on their own allows

them to address troublesome symptoms without visiting a doctor. We meet this need by offering a wide range of OTC drugs and by investing in so-called switches, products whose dispensing category has been changed from prescription to over-the-counter drugs.

Advantages of switches:

- access to effective therapies;
- greater availability of medicines;
- faster response to disease symptoms;
- time savings if a medical appointment is not necessary;
- relieving the burden on the healthcare system.

The increased availability of this type of drugs entails a greater role of pharmacists in contacts with patients. Therefore, we periodically prepare information materials for pharmacists.

We launched the following switches in 2022:

- **tadalafil** – used for erectile dysfunction in men, the world's first drug containing this substance available without a prescription;
- **bilastine** – treats allergy symptoms, such as rhinitis and allergic conjunctivitis.

New drug technologies

Together with the Institute of Bioorganic Chemistry of the Polish Academy of Sciences, we are carrying out a project to implement a new approach to **the development of medicinal products in Poland based on RNA technology**, for which we have received a grant of PLN 93.8 million in a competition of the Medical Research Agency. RNA technology has a huge potential to reduce or even completely eliminate the formation of abnormal proteins which are responsible, for example, for incurable neurodegenerative disorders. In addition, we jointly run the blog "What RNA Has in Store: the Academy" (Akademia Co nam da RNA), publishing regular posts on various aspects of the RNA technology. The blog is aimed at supporting educational efforts addressed to the public, opinion leaders, and journalists.

In 2017, Polpharma Group in Poland decided to **develop advanced inhaled medicines** (including drugs used for treating COPD), which used to be obtained through licence purchases. To this end, we adapted our technological facilities and built the necessary team competence at the Sieradz plant. In 2022, we continued the development work. We have scheduled bioequivalence studies for 2023, which means the drug could become available to patients within the next two years.

Production of active pharmaceutical ingredients (APIs)

We are also developing complex API technologies. One of the elements of the API Business Unit's growth strategy is the continued offering of second-generation products. In the process of identifying substances for production, aside from their commercial value, we consider the vertical integration capability, i.e., the possibility of manufacturing the finished dosage form of the drug by Polpharma Group in Poland. In 2022, the vertical integration rate was **around 50%** in volume terms.

In 2022, we started the construction of a facility **to develop and manufacture Highly Potent APIs**, i.e., highly toxic active pharmaceutical ingredients that are mostly used in oncology, and components for the manufacture of biologics. These substances are complex and difficult to manufacture due to technical and technological requirements, as well as the necessary safeguards. Working with an external partner from the biotechnology sector, we will also have the opportunity to participate in the development of an advanced drug for patients as a targeted therapy.

In 2022, Polpharma **partnered with Pikralida**, a Polish biopharmaceutical start-up working on a breakthrough therapeutic solution to protect against the development of epilepsy after brain injury or stroke. The collaboration involves manufacturing an API for a preclinical research programme and a medicinal product for a phase one clinical trial.

Since 2021, Polpharma Group in Poland has been implementing the **Artemida** programme, which aims to improve the success rate of projects implemented using our own funds and external funding. As a result of our efforts, all four of our submissions won grants in the Medical Research Agency's competition to support generic drug development.





Projects of Polpharma Group in Poland awarded in the Medical Research Agency competition:

- design and development of an innovative solution – a three-component combination drug targeted at the treatment of hypertension;
- design and development of an innovative solution – a two-component combination drug in the form of eye drops in multi-dose packaging without preservatives, targeted at the treatment of open-angle glaucoma;
- design and development of an innovative solution – a generic GLP-1 receptor agonist drug for the treatment of type 2 diabetes;
- development and placement on the medical market of the first non-antibiotic product for the treatment of eye infections – an innovative pharmaceutical formulation containing an antiseptic.

Polpharma Group in Poland has also joined the newly established **New Medical Technologies (Nowe Technologie Medyczne)** cluster, designed to support innovation in the Polish sector of medical devices and medicinal products through ongoing dialogue with

industry and scientific community representatives. It will also serve as a platform for joint action and joint projects to effectively leverage the potential of the member companies.

Employee innovation and idea programmes

The Leonardo Innovation Programme allows our employees to submit their ideas via a special idea submission platform in three categories: patients and HCPs, effective organisation, and meeting climate and environmental commitments.

The potential of every submitted idea is examined by a cross-functional team of in-house experts. If an idea is promising, a champion and a business partner are assigned to accelerate transformation into a real-life solution. Until the end of 2022, our employees submitted **144** ideas in the programme, 27 of which are now in the implementation and execution phase.

The second edition of the **Leonardo Hackathon** was also held in 2022, during which more than 50 employees divided into six teams devised solutions to three challenges:

- **Smart Aging**, or how Polpharma can fit into this global trend;
- **Feedback culture**, or how to make the Polpharma teams welcome feedback;
- **Brand communication**, or how to make our “old brands” attractive to young consumers without losing existing loyal customers.

In 2022, the company celebrated the 10th anniversary of its **Kaizen** programme. Over the decade, more than 17,000 ideas were submitted, of which more than **14,500** were accepted, benefitting the company through process efficiency and safety enhancements, increased employee motivation, and more than PLN 28 million in savings. The best idea awarded in the last edition was the concept of changing the transport mode for selected APIs imported from China from air to sea, which not only saves money, but also reduces our Scope 3 carbon footprint.



Cybersecurity – 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. Every year, we provide training on privacy and information security principles to all employees who have access to computers (approx. 3,000 people).

Polpharma Group in Poland did not identify any legitimate privacy complaints in 2022. There were also no incidents of customer data leaks, theft, or loss. We are aware of cybercrime risks, and therefore:

- we have set up an IT Operational Security Team to continuously monitor threats and implement appropriate safeguards in the organisation;
- Security Department employees are available on call 24/7 all year round at a special phone number through which any employee can report a suspected security incident;
- we use reputable software to:
 - classify information;
 - protect against information leaks;
 - implement security policies on mobile devices;
- we implement software only if it complies with our internal security standards;
- we conduct cybersecurity training (some of which is mandatory) and information campaigns, we publish regular newsletters raising employee awareness of cybersecurity.



Local mechanisms ensuring business continuity of processes have been implemented at individual Polpharma Group sites in Poland to ensure uninterrupted operation of processes and systems, including IT hardware and software, and industrial automation systems.

Because of the scale of the organisation and its continued business expansion, a process aimed at expanding and harmonising existing Physical Security, Data Protection and IT procedures was initiated in Q4 2022. The process is expected to result in a single document incorporating many of the existing policies.

In 2022, we did not record any cybersecurity incidents involving data leaks or any massive attacks on our IT infrastructure.

Polpharma's digital transformation

We have been implementing a comprehensive digital transformation programme for our organisation for a few years. Its objectives are, on the one hand, to increase the efficiency of manufacturing processes and business operations, and on the other hand, to leverage new technologies to create additional value for patients, the healthcare system, and the environment.

We are implementing Data Governance at Polpharma, being aware that with the development of the digital economy, data becomes an important resource that will determine our business success. We manage data with the same level of care as we do with inventory, financial assets, or real property. In 2022, we implemented the Data Governance Policy, which lays down the principles of data handling.

Polpharma's Data Governance implementation programme is an important step from the perspective of developing new business opportunities, increasing the efficiency of business processes, and protecting sensitive data in terms of legal compliance and business value. Business data and information management has already accelerated access to high-quality reports and analysis for our employees. It also reduces the time spent collecting and validating data sets, resulting in faster and better decision-making.





As part of our digitalisation efforts in the HR analytics area, we have developed PowerMap HR, a new digital tool. The tool makes it easier for employees to access HR data for their subordinate teams, enabling trend analysis in real time and cross-sectional data filtering.

Other IT efforts in 2022:

- we adapted the systems to work in three modes (Flex – hybrid mode, Digital – remote mode, and Office – office work mode), which reduces the need for employee commutes;
- we got rid of the oldest and most energy-intensive assets from the server room;
- we resold unused equipment to remarketers (to sell them as second life products);
- we completed the centralisation and virtualisation of industrial automation systems;
- we implemented an electronic ticketing system for the HR department;
- we completed a pilot project involving a sales prediction system based on machine learning, demonstrating that it can help us reduce inventory levels and produce the right amount of drugs;
- we digitised dozens of internal processes with the use of a low-code platform, saving time, paper, energy, and reducing labour intensity;
- we introduced an automatic resource reduction mechanism in cloud solutions;
- we implemented a system for handling hospital tenders, digitising the process;
- we digitised the mandatory training process;
- we reviewed our IT solutions to reduce redundant IT resources and assets;
- we implemented a CRM system for representatives (OCE);
- we digitised contract signing (for tens of thousands of contracts);
- we provided funds for the purchase of Starlinks for Ukraine;
- we developed advanced reporting based on Azure cloud;
- we digitised the accident management process.

In addition, we introduced a training programme in 2022 to develop the digital competence of our employees.

Polpharma's progressive digital transformation process supports sustainability – autonomous control systems are being implemented that run processes effectively and efficiently without the involvement of operators, which results in lower energy consumption and lower carbon emissions.

With our digital initiatives and big data collection capabilities, we are able to develop our knowledge and build a documented approach to new, sustainable investment projects. Digital transformation has become an essential tool for us at Polpharma to support our programmes, including the Energy Transition Programme and the Energy Savings Programme.



Chapter 4

RELATIONS WITH THE PUBLIC

Community engagement priorities
Support for local communities
Employee volunteering
Cooperation between business and science
Polpharma Scientific Foundation
Actions taken in response to the war in Ukraine



WE ENGAGE
IN THE DEVELOPMENT
OF LOCAL COMMUNITIES, SCIENCE,
AND EDUCATION

Community engagement priorities

Polpharma Group in Poland engages with its communities in many ways – through charitable activities, social investments, and commercial initiatives within the communities.

We support a wide variety of projects and numerous beneficiary groups in three key areas:

- preventive care;
- education and advancement of science;
- community development.

We attach importance to the promotion of preventive care and early disease detection. We make sure that our campaigns are comprehensible and practical. We try to

promote the growth of local communities by means of numerous social, education, health, cultural, or sports initiatives. We develop cross-sectoral cooperation. We encourage our employees to participate in volunteering projects.

In line with our strategy for 2022–2025, we have set objectives to help us monitor and respond to community needs. Therefore, we strive to maintain a regular stakeholder dialogue within the communities where we

are present. We also want to intensify our cooperation with the communities on local initiatives, contributing to their development by sharing expertise and forging relationships with organisations and institutions.

In 2022, Polpharma, together with GfK and T-Mobile Poland, was a partner of the report **“Technology in the Service of Society. Will Poles Become Society 5.0?” (Technologia w służbie społeczeństwu. Czy Polacy zostaną społeczeństwem 5.0?)** published by

the DigitalPoland Foundation. The report presented the findings of the fourth survey of Poles’ awareness of the strategic challenges facing our country and readiness to use new technologies to overcome these challenges, within the framework of the Society 5.0 concept, which focuses on people and the potential to support sustainable development and tackle global problems through new technologies.



Support for local communities

We perfectly understand the importance of cross-sectoral social innovation, which is why, since 2014, we have been the main partner of the Development Initiatives Fund (Fundusz Inicjowania Rozwoju) and the Development Initiatives Forum (Forum Inicjowania Rozwoju) – two unique sustainability initiatives of the Pomeranian Province carried out by the UP Foundation for Development Initiatives.

The fund provides grants for innovative cross-sectoral partnerships that respond to the challenges faced by local communities in Pomerania. The eighth edition of the competition was held in 2022, awarding up to PLN 25,000 and providing comprehensive consulting support for the following projects:

- **Construction of a Workshop Gazebo (Altana Warsztatowa)** (leader: Angel's Ranch Foundation (Fundacja Anielskie Ranczo)) – the goal of the project was to set up a facility where activities for children and adults could be offered, as an opportunity to develop the local rural community.
- **I Feel Green (Zielono mi)** (leader: KIWI Foundation (Fundacja KIWI Kreatywność Inicjatywa Wielokulturowość Integracja)) – setting up a mobile community garden at the Public Library in Pruszcz Gdański, accessible to elderly persons and children, offering the residents the option to adapt the plant beds at a later time.
- **Mental Health in Sports (Zdrowa sportowa głowa)** (leader: Play Smart Foundation (Fundacja Graj z Głową)) – conducting eight workshops on mental health education in sports and prevention of depression.
- **Forging Blue Talents (Kuznia niebieskich talentów)** (leader: Brzostek Top Team Association (Stowarzyszenie Brzostek Top Team)) – establishing a sustainable cross-sectoral partnership for the development and implementation of a model socio-pedagogical innovation – a model training system for children with special needs.
- **Water Nerds – Guardians of Water and Inner Nature (Wodonerzy – strażnicy wody i wewnętrznej przyrody)** (leader: Tczew Civic Initiative Movement (Ruch Inicjatyw Obywatelskich

Tczewa)) – a multifaceted environmental education project raising public awareness of the role and value of water.

- **#gdanskisteam** (leader: Falco Gedanense Association (Stowarzyszenie Falco Gedanense)) – the objective of the project was to promote upcycling by obtaining decorative elements from old handbags, shoes, backpacks, and using them for steampunk style artistic creations.

“Employee Volunteering Forum”, the 11th edition of the annual conference of the Development Initiation Forum, was held in 2022, addressing the topic of employee volunteering in the context of the challenges of sustainable development.

For the second time, Polpharma was the partner of the programme **Act Locally** (Działaj Lokalnie) carried out in the Starogard Gdański region by Chata Kociewia Local Action Group (Lokalna Grupa Działania Chata Kociewia). As part of the cooperation, we created a special category “Protect the environment with Polpharma” (Dbaj o środowisko z Polpharmą) to provide funding to projects disseminating knowledge about environmental protection and sustainable behaviours. We also launched a new path: “Act locally and in solidarity with Ukraine” (Działaj lokalnie i solidarnie z Ukrainą).

The following projects received funding under the aforementioned themes:

- **EkoKociewie** – a project implemented by Slavdom Lovers Group (Grupa Miłośników Słowiańszczyzny), which integrated the local community, enabled participation in campaigns promoting sustainability, supporting environmental health, and improving biodiversity.



- **Take Care of the Planet** – Clean Up Forests and Collect Rainwater (O planetę dbamy – lasy sprzątamy, a deszczówkę zbieramy) – a project carried out by Eco-Parents (Eko-Rodzice), an informal group from Kaliska; its objective was to disseminate knowledge and raise awareness of residents in the field of environmental protection, saving water, and keeping the environment clean.
- **Youth Development School (Młodzieżowa Szkoła Rozwoju) for Ukraine... and more!** – POZYTYWNI Association (Stowarzyszenie POZYTYWNI) prepared four workshops on

diversity, areas and groups where diversity is present, activation methods, adaptation to specific groups, and planning of events addressed to the local community and refugee people..

In 2022, we provided financial support to Można Inaczej Association (Stowarzyszenie Można Inaczej) for the organisation of the **Starogard Volunteering Gala**. The Volunteer of the Year of the Starogard Gdański Municipality, the Volunteer of the Year of the Starogard Gdański District and the Angels of Charity were selected during this grandest local volunteering event of the year.

We also provided support to local organisations in Sieradz. Funding was allocated to:

- **Sieradz Amazons' Club (Sieradzki Klub Amazonka)** (donation for counselling support for female cancer survivors and provision of physical rehabilitation);
- **Association of Friends of the Primate Stefan Wyszyński Hospital in Sieradz (Stowarzyszenie Przyjaciół szpitala im. Prymasa Stefana Wyszyńskiego w Sieradzu)** (donation for maintenance of the hospital airfield);
- **District Headquarters of the State Fire Service in Sieradz** (donation for the purchase of rescue and firefighting vehicles, special vehicles, vehicles and equipment);
- **Sieradz Cultural Centre (Sieradzkie Centrum Kultury)** (sponsoring the organisation of design thinking and media educational workshops with elements of civic education for grade 6–8 elementary school students).



Volunteering in 2022 in figures

318

volunteers

2,508

hours of community service

- a chestnut collection campaign for a hospice in Starogard Gdański; the chestnuts were donated to the Kociewiaczy dla hospicjum Foundation and sold, and the funds were allocated to meet the needs of the facility's patients;
- shoe drive for homeless persons with WoshWosh, in which 184 pairs of shoes were donated.

Grant competitions
in 2013–2022 in
figures

199

completed projects

1,463

volunteers

24,981

hours of community
service

more than **37,000**
beneficiaries

Employee volunteering

We are committed to effecting real and meaningful changes in the communities where Polpharma Group in Poland operates.

In our experience, it is essential to involve our employees who live in the region or locality and understand the needs of local residents. We are building an environment that fosters the social engagement of our employees. When they provide community service, they can rely on us for financial, organisational and expert support.

The Employee Volunteering Programme has been in place across all Polpharma Group sites in Poland since 2013. It takes the form of a grant competition, in which we award PLN 3,500 to twenty most interesting initiatives proposed by our employees every year. We welcome projects in the following categories: health and health prevention, quality of life improvement, education and equal opportunities, humanitarian aid, local development and ecology, and aid for animals.

Our employees can also participate in other volunteering initiatives supported by Polpharma Group in Poland. In 2022, these included:

- our annual campaign in which we prepared Christmas gifts in response to letters to Santa written by children from childcare centres across Poland (making dreams come true for 638 children and senior citizens);
- assistance with the organisation of the 3rd Kociewie Conference on Palliative and Hospice Care organised by the Kociewiaczy dla hospicjum Foundation;
- Christmas charity drive for the animal shelter in Starogard Gdański;
- a tree planting campaign (Eco-visit);



Cooperation between business and science

Cooperation with scientific and educational institutions is an essential enabler of development for a pharmaceutical company, which relies on constant technology advancements, implementation of innovative dosage forms, and continuous improvement of knowledge and skills.

The **Implementation Doctorate Programme** launched by the Ministry of Science and Higher Education is an opportunity to enhance 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 employers or other businesses. The main objective of the programme is to ensure that doctoral dissertations contribute to improving company operations. In 2022, one person employed by Polpharma Group in Poland qualified for the programme, joining the 20 individuals qualified in 2018–2020. The doctoral studies are expected to take four years and are carried out in collaboration with the Medical University of Gdańsk. The first doctoral defences from previous editions will take place in 2023.

Starting from the academic year 2017/2018, in collaboration with the Medical University of Gdańsk and Oceanic, we have been offering a **second-cycle programme: Pharmaceutical and Cosmetic Industry**. The objective of the new programme is to prepare graduates to perform practical functions in the pharmaceutical industry. The students participate in Polpharma's internships and write their master's theses under the supervision of our experts. In the academic year 2021/2022, theses in the field of pharmaceutical industry were defended by six programme graduates.

In 2022, we signed a **letter of intent with Collegium Humanum** for cooperation in management staff education for the pharmaceutical industry. The cooperation is expected to include an MBA Pharma-

ceutical Management programme, which will offer cross-domain information and expertise relating to the pharmaceutical market as a whole and the specifics of trade in medicinal products, as well as regulations governing key areas of the pharmaceutical market. The agreement additionally covers potential joint education and research activities and paves the way for apprenticeships at the company.

The **Warsaw Health Innovation Hub** is a unique platform supporting exchange of experience, flow of ideas, and ongoing cooperation between business, scientific and public entities from the biomedical sector that is unparalleled in Central Europe. WHIH is a joint project of the Medical Research Agency and leading pharmaceutical, biotechnology, and ICT businesses. Our company was one of its founders. In 2022, in cooperation with WHIH, we delivered two educational workshops on security of drug supply and innovation in the pharmaceutical industry, addressed to representatives of the scientific community, business community, and public administration.

Since 2016, we have been cooperating with **Technical Secondary School No. 1 of the Starogard Gdański Economic School Complex**, offering a dual-education course which combines learning theory in school settings with apprenticeships at our company. The course is offered to analytical technician students (chemical profile). Another class of analytical technicians completed their education in 2022. Some of the graduates have been employed by Polpharma in quality control. 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. In 2022, we jointly launched a new field of study: chemical technology technician. The students have the opportunity to learn in specially adapted laboratories on the company premises.

Polpharma is a strategic partner of **Explory**, a competition for young scientists, the flagship venture of the Advanced Technology Foundation (Fundacja Zaawansowanych Technologii). The goal of the initiative is to support young talents in the implementation of innovative scientific projects and to promote their achievements on the world stage. The programme brings together young scientists and scientific authorities, start-ups and large companies, NGOs and public institutions, national and regional media, schools, educators, top universities, large cities, and small towns.

For the ninth time, we were the partner and member of competition jury in **the Eureka DGP! Discovering Polish Inventions (Eureka! DGP – odkrywamy polskie wynalazki) project by Dziennik Gazeta Prawna magazine**. The invited participants included Polish universities, research institutes, scientific units of the Polish Academy of Sciences, and research networks whose inventions had been submitted to the Polish Patent Office in 2019 and 2020. The winning invention was created by a team of scientists from the Wrocław University of Technology and University of Gdańsk: a method for deactivating antibiotics in aqueous solutions. It addressed the important problem of antibiotic residues in wastewater, contributing to the fight against drug resistance.



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.



As of 2022, a new strategy is in place at the Foundation, aimed at opening its activities to contemporary solutions that will bring it **closer to the patient, the scientific community, and the pharmaceutical industry**. The Foundation carries out all of its projects based on these three pillars.

Key activities of the Polpharma Scientific Foundation in 2022:

- **22nd edition** of the grant programme for research projects. The theme of the competition funded by the Foundation was “Digitisation for

Improved Medical Outcomes.” The total cost of implementing the two awarded projects was PLN 955,212.

- **The second edition** of the Professor Roman Kaliszan Award and Medal, a distinction presented by the Polpharma Scientific Foundation, the Medical University of Gdańsk, and the Gdańsk Scientific Society for outstanding research achievements in biomedical or biopharmaceutical sciences. The winner was Professor Bogusław Buszewski, a full member of the Polish Academy of

Sciences. The professor is a specialist in analytical chemistry and environmental chemistry.

- Becoming the patron of the **Professor Franciszek Kokot Award**, established by the Polish Society of Internal Medicine, awarded for outstanding scientific achievements in the field of internal medicine. The award was presented to Professor Marian Klinger.
- Sponsoring prizes for winners of a successive edition of the **All-Poland Competition for MSc Theses from Pharmaceutical Departments** organised by the Polish Pharmaceutical Society.

- Organisation of a **series of three debates** addressed to the scientific community and patients on the following topics: Innovations for patients in 2022; Can pharmaceutical care improve compliance?; Doctor, patient, family – why should they work together?
- Organisation of “Science and Industry”, the **First Convention of Medical University Rectors**. Rectors of medical universities, experts, analysts, and outstanding specialists discussed opportunities for cooperation and initiatives to develop and support the most talented medicine and pharmacy students.

Actions taken in response to the war in Ukraine

Since the beginning of the war in Ukraine, Polpharma Group in Poland has been engaged in providing aid to people in need.

The priority was to **support our employees in Ukraine** by helping them relocate to Poland and providing livelihood assistance. We offered language courses for those who decided to stay in Poland, and we assisted them in finding jobs and authenticating their diplomas. We helped more than 60 people.

At the same time, we supported patients by donating essential medicines to hospitals in Ukraine – hospital antibiotics, anaesthesia drugs, and life-saving products, being their sole manufacturer in Poland. Within 48 hours of the outbreak of the war, our staff translated Polish **package inserts for 22 products**



into Ukrainian or Russian to dispatch the donations immediately. We also prepared registration dossiers, including package inserts and labelling, for 19 products for Ukraine in unexpected fast-track registration processes. Owing to cooperation with the Polish and Ukrainian Health Ministries, the Governmental Strategic Reserves Agency, the Chancellery of the President of the Republic of Poland, and Caritas Poland, the aid reached hospitals in urgent need. Polpharma Group in Poland donated more than **1.1 million packages of life-saving drugs to Ukraine with a total value of about PLN 12.8 million**. Some products were donated as a result of volunteering campaigns at our production facilities.

Employee initiatives and their involvement were extremely important at that time. All offices and sites ran fundraisers and donation drives, providing the money or gifts to Polish and Ukrainian NGOs or delivering them directly to the border. Our employees offered shelter and care in their homes to people fleeing the war. They also volunteered at local refugee aid centres.

As a result of the arrival of millions of Ukrainian citizens in Poland, pharmacies and doctors' offices saw an influx of patients who were difficult to communicate with, causing stress on both sides due to language differences. We recognised that it was our duty as a pharmaceutical industry leader to support patients in accessing reliable product information and communicating with pharmacists. In the **My Ukrainian Patient** project, we prepared illustrated materials with reliable information in two languages to facilitate communication, addressed to pharmacists, doctors, and Ukrainian patients. These included a medical history sheet, a multilingual medical dictionary for in-depth interviews, illustrated medical communication cards, learning resources, a binder for pharmacists, as well as likytut.eu, a website which is also available in a mobile version.



Chapter 5

ENVIRONMENTAL RESPONSIBILITY

Governance and objectives

Climate and emissions

Energy

Water, effluents and waste

Materials/input materials

Ecodesign

Circular economy

Employee engagement in environmental protection

Sustainability initiatives

Partnerships for the environment and climate



WE MINIMISE THE IMPACT
OF PROCESSES AND PRODUCTS
ON THE CLIMATE
AND ENVIRONMENT

ACROSS ALL STAGES OF OPERATIONS



2-23

Governance and objectives

Environmental management at Polpharma Group in Poland is based on its ISO 14001, ISO 45001, and ISO/IEC 17025 compliant Integrated Environmental, Occupational Health & Safety Management System. It has been implemented across all units, however the certification covers only the plant in Starogard Gdański.

- The Group has an Environmental Policy in place, which covers the following key areas:
- reducing the impact on climate change;
 - water conservation;
 - transition to circular economy;
 - minimising impacts throughout the value chain.

- In 2022, we set environmental goals which support of the implementation of the Environmental Policy and are aligned with the Sustainable Development Strategy 2022–2025. To reduce our impact on the climate and the environment, we intend to:
- **reduce GHG emissions** (CO₂ equivalent) by 17% by 2025 in Scopes 1 and 2 (relative to 2021);

2-27

- develop and implement **ecodesign standards** for the development of new substances and drugs;
- **reduce waste** from production and auxiliary processes in relation to production volume by 5% until 2025 (relative to 2021).

In 2022, a fine of PLN 30,559 was imposed on Zakłady Farmaceutyczne POLPHARMA S.A. for exceeding the nighttime noise standard at the Sieradz site. In the reporting period, no sanctions for non-compliance with laws and regulations were imposed on Polpharma Group companies in Poland.

To achieve our goals, we will also conduct environmental education programmes for both our employees and other stakeholders (suppliers, pharmacists and patients).



Climate and emissions

Polpharma Group in Poland seeks to achieve climate neutrality in Scopes 1 and 2. We are implementing solutions to curb our greenhouse gas emissions and we are planning similar measures in cooperation with our suppliers and other value chain partners.

We have identified the main climate risks and carried out a scenario analysis process. We aim for a portion of our consumed energy to come from renewable sources. We take measures to reduce energy consumption in operations.

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The goal of the analysis of climate risks and opportunities conducted in 2021 was to identify possible economic, regulatory, technological, and social impact

factors, identify current risk mitigation processes, and determine possible pre-emptive actions. The results underpin the energy strategy of Polpharma Group in Poland, which is in preparation.

The analysed scenarios assumed an increase in average global temperatures by less than 2°C and by more than 2°C compared to the pre-industrial period. They served as a basis for the determination of the potential impact of climate change on our business operations, its financial consequences, and the adequacy of implemented policies. A report which was particularly considered covered three groups of RCP (Representative Concentration Pathways) emission scenarios: RCP2.6, RCP4.5 and RCP8.5, assuming specific rates of further global CO₂ emission growth and the achievement of specific radiative forcing values. The study was conducted with the participation of 12 business units of Polpharma Group in Poland.

SIGNIFICANT CLIMATE RISKS TO POLPHARMA GROUP IN POLAND

Risks associated with the impact of climate on the company

| Risks associated with the impact of climate on the company | Risk materiality in the short, medium and long term | | |
|---|---|-------------|-------------|
| | 2022-2025 | 2025-2030 | 2030-2050 |
| Physical risks | | | |
| Severe frost, snowfall, snowstorms, blizzards | significant | significant | high |
| Storms, cloudbursts, local flooding; floods, flash floods, mudslides | significant | significant | high |
| High wind events, whirlwinds, thunderstorms, hailstorms | significant | significant | high |
| Chronic physical risks | | | |
| Long-term droughts, desertification, groundwater depletion, heat waves, seasonality changes | significant | moderate | low |
| Biodiversity loss | moderate | moderate | moderate |
| Epidemics and pandemics, diseases of affluence and diseases associated with climate change | high | high | high |
| Impact of the company on the climate | | | |
| Scope 1 and 2 emissions and reporting | high | significant | significant |
| Reporting and reduction of Scope 3 emissions | high | significant | significant |
| Environmental risks | | | |
| Access to water, wastewater management | moderate | significant | significant |
| Risk of tightening regulation of waste and hazardous substances | high | high | high |



Risks resulting from the shift towards a low carbon and climate resilient economy

| Risks resulting from the shift towards a low carbon and climate resilient economy | Risk materiality in the short, medium and long term | | |
|---|---|-------------|-------------|
| | 2022–2025 | 2025–2030 | 2030–2050 |
| Business and investment model | | | |
| Risk of lack of or failure to implement a climate strategy, crisis of national climate policies, availability of recovery or development programmes, etc. | high | high | high |
| Risk of tightening of technical performance criteria, Taxonomy, DNSH principle, etc. | high | high | high |
| Opportunity to strengthen the company's reputation for countering the climate crisis | high | high | significant |
| Changing prices of raw materials or products | high | high | significant |
| Changes in raw material availability and security of supply | significant | high | significant |
| Physical threats to infrastructure, suppliers, distribution networks | moderate | moderate | moderate |
| Rising energy prices | high | high | significant |
| Introduction of taxes, duties or other carbon charges | high | high | significant |
| Introduction of public energy efficiency programmes | significant | high | moderate |
| Restrictions of in-house emissions | significant | significant | moderate |
| Abandoned assets | significant | high | high |
| Changes to industry standards | significant | high | significant |
| Credit and insurance | moderate | significant | moderate |
| Investment projects | significant | high | moderate |
| Programmes and funds to support countering the climate crisis | significant | high | moderate |
| Predictability and sustainability of supply | significant | high | significant |
| Social capital | | | |
| Affordability and availability of products and services | significant | high | significant |
| Sales & marketing practices, labelling information | significant | high | significant |
| Human capital | | | |
| Labour law practices | significant | high | high |
| Employee health, safety, and wellbeing | moderate | significant | high |
| Management and corporate governance | | | |
| Development and institutionalisation of leadership initiatives, partnerships for sustainable development, standards, certifications and ESG ratings, measures to support the competitiveness of local climate-friendly technologies | high | significant | significant |
| Policies to mitigate and monitor climate risks | high | high | significant |
| Regulatory compliance and organisational resilience to unforeseen climate or environmental risks | significant | high | moderate |
| Adequacy and timeliness of management policies | significant | high | moderate |

E-P1

We analyse the carbon footprint, i.e. greenhouse gas (GHG) emissions, across the Polish organisation in Scope 1, 2, and 3. Fuel and energy consumption is tracked in the companies' internal records. GHG emissions were calculated according to the following standards:

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard REVISED EDITION, WRI, WBCSD;
- The Greenhouse Gas Protocol: Scope 2 Guidance An amendment to the GHG Protocol Corporate Standard, WRI, WBCSD;
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

The analysis and calculations were verified externally and no deficiencies or inconsistencies were found.

CO₂ is included in emission disclosures for fuel, electricity, and steam. Calculations also include gases from released refrigerants. No biogenic CO₂ emissions were identified.

2021 was used as the base year for calculating the carbon footprint reduction target. 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) factors for refrigerants were 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 in Poland. Financial control results were used as a consolidation criterion for emission volumes, which means that 100% of the companies' emissions were attributed to Polpharma Group in Poland (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.

In 2022, the total market-based carbon footprint of Polpharma Group in Poland was

163,632 tonnes CO₂e (less than 0.5% higher compared to 2021), while the total location-based carbon footprint was

161,663 tonnes CO₂e (1.15% more than in 2021).

POLPHARMA GROUP’S MARKET-BASED GHG EMISSIONS*

| | 2022 (change vs 2021)** |
|--|-------------------------|
| | [t CO ₂ e] |
| Scope 1, including: | 8,783 (-2.65%) |
| Fuels | 8,609 (-1.91%) |
| Refrigerants | 174 (-28.98%) |
| Scope 2, including: | 75,086 (-8.09%) |
| Electricity | 44,953 (-9.16%) |
| Steam | 30,133 (-6.45%) |
| Scope 1+2 | 83,869 (-7.55%) |
| Scope 3, including: | 79,764 (+10.41%) |
| Cat. 1. Purchased Goods and Services | 53,041 (+22.46%) |
| Cat. 11. Use of Sold Products | 11,196 (+3.57%) |
| Cat. 10. Processing of Sold Products | 6,049 (-12.94%) |
| Cat. 4. Upstream Transportation and Distribution | 3,058 (-31.28%) |
| Cat. 3. WTT Emissions | 4,106 (-1.68%) |
| Cat. 9. Downstream Transportation and Distribution | 422 (-31.38%) |
| Cat. 7. Employee Commuting | 1,472 (-3.73%) |
| Cat. 6. Business Travel | 44 (-40.54%) |
| Cat. 12. End-of-Life Treatment of Sold Products | 206 (+13.59%) |
| Cat. 5. Waste Generated in Operations | 132 (+8.20%) |
| Cat. 13. Downstream Leased Assets | 37 (+27.59%) |
| Total emissions*** | 163,632 (+0.41%) |

POLPHARMA GROUP’S LOCATION-BASED GHG EMISSIONS**

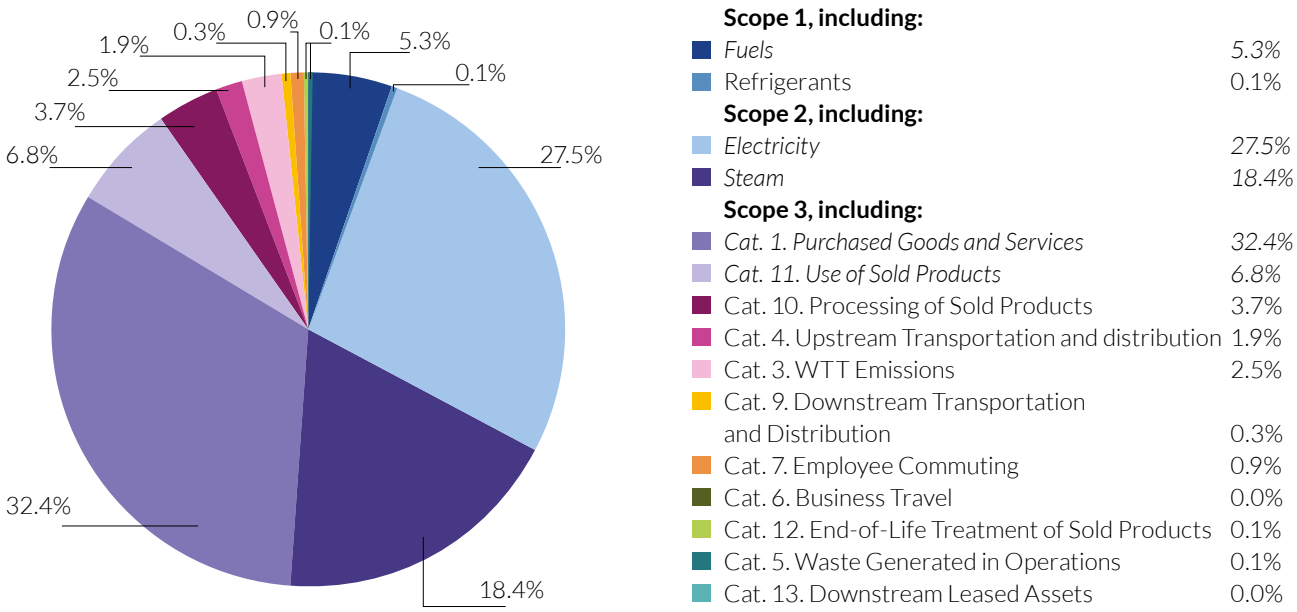
| | 2022 (change vs 2021)** |
|----------------------------|-------------------------|
| | [t CO ₂ e] |
| Scope 1, including: | 8,783 (-2.65%) |
| Fuels | 8,609 (-1.91%) |
| Refrigerants | 174 (-28.98%) |
| Scope 2, including: | 73,117 (-6.90%) |
| Electricity | 42,984 (-7.21%) |
| Steam | 30,133 (-6.45%) |
| Scope 1+2 | 81,899 (-6.46%) |
| Scope 3 | 79,764 (+10.41%) |
| Total emissions*** | 161,663 (+1.15%) |

* Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the “Tables with numeric indicators” section.

** The change was calculated after recalculation of Scope 3 data for 2021.

*** Reported sub-emissions do not always add up to the reported total emissions due to rounding off to whole numbers.

SOURCES OF MARKET-BASED GHG EMISSIONS IN 2022



Blue highlight denotes top 5 sources of carbon footprint for Polpharma Group in Poland.

Scope 1*, or direct emissions from fuel combustion and released refrigerants, accounted for **5.4% of the carbon footprint**. The top contributor was the consumption of natural gas resulting from the activities of Polfa Warszawa.

Scope 2*, which represents indirect energy emissions, accounted for **45.9% of the carbon footprint**, of which 59% was due to the consumption of purchased electricity. Zakłady Farmaceutyczne in Starogard Gdański was responsible for 65.7% of Scope 2 emissions.

Scope 3*, or indirect emissions in the value chain, accounted for **48.7%** of the organisation's **carbon footprint**. The top contributor in Scope 3 were emissions from raw materials purchased and from the use of products sold.

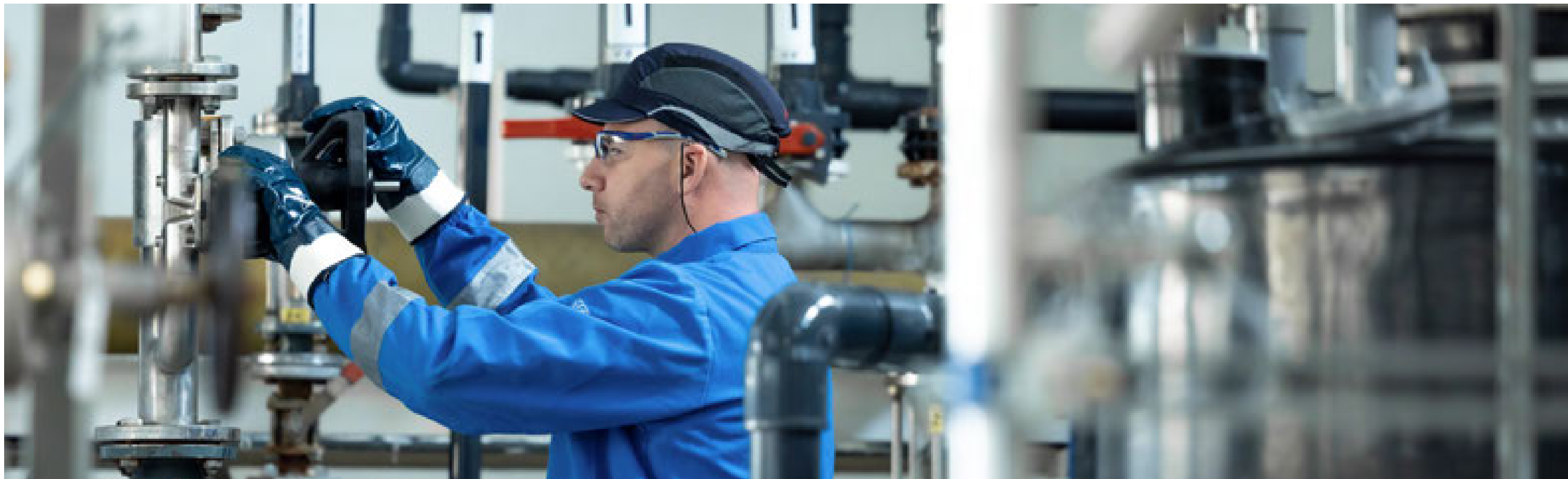
For **all three scopes***, emissions from raw materials purchased and products accounted for **32.4%* of the carbon footprint**.

One of the biggest emission sources under our direct control is electricity consumption. Our reduction efforts in this area in 2022 include:

- the Energy-Saving Programme;
- implementation of the Energy Master Plan.

Elektrociepłownia Starogard, a CHP plant owned by Zakłady Farmaceutyczne POLPHARMA S.A., supplies process steam for the manufacturing processes of our plant. In 2022, we conducted **sustainable biomass** combustion tests at the CHP plant. Our goal is to replace 60% of coal with biomass. The tests were successful, which permits us to start the necessary investments and reduce GHG emissions from thermal energy production for Polpharma by a minimum of 50% over the next few years. We aim for a 20% biomass ratio in 2023.

* Data calculated using the market-based method.



3-3

Energy

The specific nature of the business operations of Polpharma Group in Poland necessitates consuming substantial amounts of heat and electricity in manufacturing and auxiliary processes, i.e. the processes creating the right conditions for the manufacture of medicinal products.

The issue of energy and access to energy carriers is critical to ensure the continuity of the operation of the facilities, and therefore the security of drug supply to patients. In 2022, certain external factors, especially the war in Ukraine, affected both the availability and cost of energy.

To ensure the continuous operation of our plants, we decided to set up an Energy Committee with representatives from top management levels, and to appoint an Energy Strategy Advisor. The responsibilities of the Advisor included the preparation of an Energy Master Plan, which incorporated green energy components,

and aligning the energy strategy with the company's Sustainable Development Strategy.

As a result of the activities of the newly established structures, the plants of Polpharma Group in Poland which were considered critical to the country were excluded from power supply restrictions imposed by electricity suppliers due to the possibility of shortages. In addition, having analysed the possible scenarios, we took measures to safeguard the company against gas or coal shortages.

302-4



In 2022, we saved a total of
23,762 GJ
 of energy as a result of electricity
 and steam conservation
 and efficiency initiatives.

In response to the rise and volatility of energy costs, which significantly affect drug prices and availability to patients, we took steps to make smarter energy purchases. These included:

- purchasing energy on the Polish Power Exchange (TGE) using price optimisation tactics;
- purchasing natural gas with anticipatory tactics;
- analysing the option to purchase green energy through PPA (a Power Purchase Agreement).

We are also investing in diversifying energy sources to improve our energy mix. In 2022, we launched a PV farm and a solar-powered water heating system in Duchnice, where we additionally tested a local energy storage solution. We started the construction of a large farm in Starogard Gdański, intended only for captive use.

We continue our **Energy Saving Programme (ESP)** across all plants. Within the ESP, a cross-functional team of engineering specialists in Warsaw, Duchnice, Sieradz, Nowa Dęba, and Starogard Gdański looks for opportunities to improve energy efficiency during 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. Thanks to these joint efforts, we managed to save a total of **about 3,100 MWh of electricity and about 12,500 GJ of heat**, which translated into financial savings exceeding PLN 2.8 million. These measures will be continued in the following years.

EXAMPLES OF ENERGY-SAVING SOLUTIONS IMPLEMENTED IN 2022 UNDER THE ESP

| For electricity | For steam |
|---|--|
| Modernisation of outdoor lighting and indoor lighting in manufacturing, storage, laboratory and office facilities <i>Starogard Gdański, Nowa Dęba, Sieradz, Duchnice, Polfa Warszawa</i> | Heat recovery <i>Starogard Gdański</i> |
| Upgrade of cooling unit <i>Starogard Gdański, Nowa Dęba</i> | Proper condensate management <i>Starogard Gdański, Sieradz</i> |
| Upgrade of compressed air system <i>Sieradz, Starogard Gdański</i> | Improvement of thermal insulation of equipment, fittings, and pipelines <i>Starogard Gdański, Nowa Dęba, Duchnice</i> |
| Upgrades of drivetrains <i>Starogard Gdański, Sieradz</i> | Thermal upgrading of production buildings <i>Starogard Gdański, Nowa Dęba</i> |
| Technical and organisational improvements to water, ventilation, and technical gas systems <i>Starogard Gdański, Duchnice, Nowa Dęba, Polfa Warszawa, Sieradz</i> | Ventilation and air-conditioning system optimisation <i>Starogard Gdański, Duchnice</i> |

ENERGY CONSUMPTION BY POLPHARMA GROUP IN POLAND*

| | 2022 (change vs 2021) |
|-------------------------------------|-----------------------|
| | [GJ] |
| Electricity | 232,561 (-9%) |
| Purchased steam | 300,276 (-7%) |
| Petroleum gas (propane) | 0.23 (+35%) |
| Natural gas | 72,814 (-6%) |
| Heating oil | 970 (-) |
| Liquid fuels (gasoline, diesel oil) | 62,854 (+2%) |
| Total energy consumption | 669,475 (-7%) |

* Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the “Tables with numeric indicators” section.





E-S3 E-S4

Water, effluents and waste

Reduction of water consumption, presence of active substances in wastewater, or antibiotic resistance are particularly relevant for the pharmaceutical industry; these considerations will increasingly affect the pharmaceutical business in the coming years.

Polpharma Group in Poland aims to reduce its water consumption, also by means of planned circuit-closing measures. Furthermore, it takes steps to minimise API content in wastewater.

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

For many years, we have been running a campaign to raise employee awareness about reasonable water use for domestic and manufacturing purposes. Nearly all cooling systems in Starogard Gdański have been upgraded to ensure well water is only used as a back-up if the river water does not meet the necessary parameters to be used for cooling (in summer).

TOTAL WATER WITHDRAWAL*

| | 2022 (change vs 2021) |
|------------------------|-----------------------|
| | ML |
| Surface water | 2,824 (+5%) |
| Deep groundwater | 537 (+6%) |
| Third-party water | 210 (-10%) |
| Total water withdrawal | 3,571 (+4%) |

*Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the "Tables with numeric indicators" section.

E-S6

Total volume of treated wastewater in 2022
3,218 ML

The Sieradz Division, located in a waters tressed area, discharged 44.95 ML of wastewater to the Wastewa-ter Treatment Plant in 2022.

In 2022, we recorded three minor incidents of exceed-ed limits for wastewater (non-ionic AOX surfactants), which did not result in legal sanctions.

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. Wastewater generated by other production divisions is directed to municipal treatment plants.

Polpharma Group in Poland takes measures to **minimise 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 API content is not required by law, but contamination with these substances poses a threat to the environment and humans, may lead to antibiotic resistance and loss of biodiversity, representing one of the biggest challenges for the pharmaceutical industry. Since 2014, we have been cooperating with the Gdańsk University of Technology in this area.

In 2022, we also prepared mass balances for five APIs in 2022 with respect to PNEC (predicted no-effect concentration) values. Calculations show that the values were not exceeded in treated wastewater. We intend to prepare further mass balances in 2023 for chemical synthesis and finished products.

In addition to the conventional physical and chemical monitoring carried out at the wastewater treatment plant, biological evaluation of treated wastewater is conducted. Regular testing confirms that there is no acute toxicity in the wastewater discharged into the Wierzyca River, and therefore the wastewater is safe for the environment.

Polpharma Group in Poland takes measures to minimise waste. We implement loww aste technolo-gies, optimise manufacturing processes, and use top quality raw materials. We generate 50 different types of waste, including 20 hazardous types.

In 2022, **about 31%** of our waste was recovered or recycled. These processes are mainly used for waste solvents, composite packaging, plastic and paper waste, steel and glass. Waste unsuitable for recovery or recycling is disposed of by specialist companies in an environmentally safe manner. Production waste has not been landfilled for years. 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.

Waste management is monitored in accordance with the Act on Waste and environmental permits. Waste is transferred to recipients who hold the necessary permits, taking into account the ADR regulations. Waste generated in manufacturing processes is additionally tracked within the relevant affiliates and departments based on production volume.

In 2022, we implemented waste management software in Starogard Gdański, which enables recording waste in the Polish Database on Products and Packaging and Waste Management (Baza danych o produktach i opakowaniach oraz o gospodarce odpadami), registration of waste entered into storage, and management of collection by a third party com-pany for disposal. We intend to deploy the software in more locations in 2023.

In 2022, we continued our cooperation with a compa-ny that recovers label backings (silicone-coated paper), which are then processed into cellulose fibre used as raw material for new backing paper.

TOTAL WEIGHT OF WASTE GENERATED*

| | 2022 (change vs 2021) |
|---------------------|-----------------------|
| | [Mg] |
| Hazardous waste | 899 |
| Non-hazardous waste | 5,407 (+13%) |
| Total waste | 6,306 (+10%) |

WASTE TRANSFERRED FOR DISPOSAL*

| Waste treatment method | 2022 (change vs 2021) | |
|--|-----------------------|--------------------------|
| | Hazardous waste [Mg] | Non-hazardous waste [Mg] |
| Incineration (with energy recovery) | 13 (-48%) | 164 (-46%) |
| Incineration (without energy recovery) | 605 (+3%) | 3,644 (+33%) |
| Landfilling | 0 (-) | 20 (-68%) |
| Alternative disposal methods | 2 (-) | 0 (-100%) |
| Total weight of waste transferred for disposal | 620 (+1%) | 3,828 (+16%) |



*Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the “Tables with numeric indicators” section.

Materials/input materials

NON-RENEWABLE MATERIALS AND INPUT MATERIALS USED*

| | 2022 (change vs 2021) |
|--------------------|-----------------------|
| | [Mg] |
| Raw materials used | 109,357 (-25%) |
| Solvents used | 2,047 |
| Total | 111,404 (-23%) |

Substance management

Polpharma Group in Poland uses various organic and inorganic chemicals and their mixtures to synthesise active pharmaceutical ingredients (APIs) and produce finished dosage forms. They take part in chemical reactions to synthesise and purify APIs as input materials, solvents, and catalysts. APIs and excipients mixed together in the right proportions are used to prepare tablets, capsules, ampoules, and syrups for patients.

All chemical substances and mixtures must meet the highest quality standards and the legal requirements for ensuring a high level of health and environment protection and evaluation of information on the properties and hazards of chemicals (in accordance with the REACH regulation), classification, labelling, and packaging (regulated by the CLP regulation), and multimodal, road, rail, air, and sea transport (in accordance with the ADR, RID, IATA DGR, IMDG regulations). The existing management system has been designed to provide access to safety data sheets, communicate risks and mitigation measures, and ensure safe working conditions as stated in internal procedures and instructions. When evaluating suppliers, we check their awareness of legal requirements for handling of chemicals (based on REACH and CLP regulations).

In 2020–2022, we registered 17 substances imported from outside the EU in quantities of more than 1 tonne per year under the EU REACH registration obligation. We used more than 110 tonnes of substances and mixtures in our processes in 2022.

Solvent management

In the manufacturing of drugs and chemicals, organic solvents are used as excipients rather than reactants. These substances affect every environmental compartment (air, water, soil). The rules for solvent management at Polpharma 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 are forwarded for recovery or disposal by an authorised third party. The choice of solvents is an important part of the ecodesign procedure.

*Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the “Tables with numeric indicators” section.

Packaging materials

At Polpharma Group in Poland, we use different types of packaging materials:

- paper;
- plastic, including PVC;
- glass;
- aluminium;
- composite packaging.

Percentage of recycled input materials in 2022 (regenerated solvents, secondary and primary recycled paperboard packaging):
3%



PACKAGING MATERIALS USED*

| | 2022 (change vs 2021) |
|--------------------------|-----------------------|
| | [Mg] |
| Packaging materials used | 8,648 (+13%) |



Ecodesign

Ecodesign goals are defined in the Sustainable Development Strategy of Polpharma Group in Poland – by 2025 we will have created and implemented four standards for the development of new APIs and finished dosage forms, as well as sustainable investments and packaging.

The first standard for new active pharmaceutical ingredients (APIs) was implemented in 2022. The procedure describes the processes for their development and manufacture, as well as the improvement of technology in line with eco-design principles. It covers four areas:

- Choosing process solvents
 - using 'green' and easy-to-regenerate solvents
 - using single solvents (solvent mixtures should be avoided)
- Choosing process reagents
 - reagents with minimal environmental impact

- substituting environmentally negative reagents with less toxic compounds
- Process yield
 - maximising process efficiency with a view to minimising product concentration in process residues
- Analysis of process emissions
 - analysis of active ingredient presence and composition as well as minimisation of solid, liquid, and gaseous emissions generated in the process

*Complete tables with data and breakdowns for each Polpharma Group company in Poland and comparisons between the reporting year and previous years can be found in the "Tables with numeric indicators" section.



Circular economy

We recognise circular economy as the economic model of the future, which responds to today's environmental and climate challenges.

As a champion of change, we believe that transitioning our organisation to circular economy is essential to achieving sustainable production and operations.

In 2018, we performed a circular economy maturity assessment for Polpharma based on the provisions

of the BS 8001 standard, which supports a comprehensive analysis of an organisation in all aspects of its functioning. Based on it, we plan activities that specifically address ecodesign, sustainable packaging, and purchasing processes.



Employee engagement in environmental protection

Polpharma Group in Poland has created programmes and incentives for employees to broaden their knowledge and support them in taking steps for the benefit of the environment at work and in private life.

In 2022, we developed **the Declaration of Conscious Purchasing Choices**, which covers all purchasing categories and is part of Polpharma's Sustainable Supply Chain. The Declaration defines the company's purchasing priorities using the ECI principle: Elimination – Classification – Impact. The declaration was co-authored by and consulted with purchasing category representatives and budget owners. It was also reviewed by experts from the Climate Leadership programme. Its provisions are meant to encourage employees to make conscious purchasing choices within company budgets and to pay attention to such aspects as optimisation of order quantities, delivery logistics, eliminating resource wastage, or buying more durable items.

The objectives of the Declaration are to:

- bring pertinent environmental issues to the attention of employees, suppliers, and partners;
- minimise undesirable environmental impacts through environmentally friendly solutions;
- reduce the carbon footprint;
- create social value added by engaging local suppliers.

Educational activities related to the Declaration have been scheduled for 2023.

We also promote **sustainable transport** solutions among our employees. Since 2011, we have been supporting bike commuting in our the **Let's All Cycle** (Wszyscy na rowery) programme. Appropriate technical infrastructure is provided at each of our locations, and employees earn points in the MyBenefit cafeteria system for every bike commute. In 2022, 766 employees rode their bikes to work. Moreover,

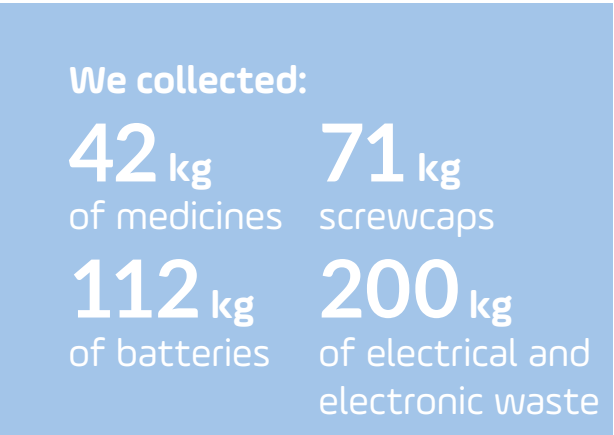
since 2014, we have been subsidising monthly tickets in our **Green Tickets** (Zielone Bilety) programme. 289 employees took part in the programme in 2022. Since 2016, we have been promoting **business travel carpooling** – our modified electronic business travel record enables sharing a car with a person going to the same destination. The system matches people travelling by car who have free seats available with those looking for carpooling opportunities for business travel purposes. 1,121 people used this opportunity in 2022, which translates into 11% of all business trips.




Established in 2009, the **Green Process Award** encourages employees to seek innovations and sustainable solutions with a view to mitigating the adverse environmental impact of production processes, products, and services of Polpharma Group in Poland. The best initiatives of those submitted and implemented are rewarded with a financial bonus and points in the cafeteria system. During the award ceremony, the winners plant their 'own' trees. In 2022, 11 initiatives competed for the Green Process Award. The winning ideas included solutions to reduce the consumption of low-pressure steam, river water, and reagents used in manufacturing processes.

Cleaning in Pictures (Fotoporządki) is an initiative launched in 2016 as our contribution to the Clean Up the World campaign. Employees send photos of areas where waste has been dumped, indicating the locations, and we pass them on to relevant services. 15 sites were reported in 2022, and by working closely with the municipal police and local authorities, 60% of them were cleaned up.

During the annual **Green Week**, we provide employees with hands-on advice on sustainable behaviours. The topics covered in 2022 included municipal waste segregation, medicines in the environment, climate neutrality, and healthy food. Employees were able to participate in two webinars: "Do you know what to do with unused medicines" and "Bio-food". In Starogard Gdański, waste was collected from employees, including small domestic appliances, batteries, medicines, and plastic screwcaps.



Sustainability initiatives

In 2022, we ran another edition of Eco-visit – Let's take care of the 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. In this campaign, together with our partner, the Forest Forever Foundation (Fundacja Las na Zawsze), we plant 1 m² of forest for every online meeting of a Polpharma's medical representative with a pharmacist or doctor lasting more than five minutes. Virtual meetings help minimise carbon emissions by reducing the need for travelling to the customer's location and replacing traditional printed materials with e-resources.

Eco-visit in 2022:

- four new forests: Ispina, Jabłonowo-Wypychy, Suchodół Wielki and Gostycyn
- about 4,600 seedlings of native tree and shrub species, including durmast oak, Norway maple, ash, hornbeam, buckthorn, and common spindle
- more than 46,200 eco-visits
- CO₂ emissions reduced by 115,500 kg
- ca. 400 people from inside and outside the company took part in forest planting.

We maintain the Eco-Academy (Eko-Akademia) section at ekowizyta.pl, which is updated on an ongoing basis and serves educational purposes. We also organised Eco-Academy Live – a scientific conference combined with forest planting.

Another initiative taken by Polpharma Group in Poland is **Lekościeżka**, which drives education and action on

responsible disposal of medicines. In 2022, as part of this project, we disseminated knowledge among employees and pharmacists. We also conducted an in-depth pilot survey of the pharmacy market with the participation of 4,440 pharmacy representatives. We found that 49% of pharmacies did not accept medicines for disposal. Another in-depth study of the pharmacy market was carried out in December 2022. With the help of pharmacy coordinators, 6,000 pharmacies were surveyed to get an idea of the drug disposal options available on the market. Consumer education was most often mentioned in this survey as an area for improvement. We plan to expand the campaign to reach this group of stakeholders with our educational activities.

Since 2021, Polpharma Group in Poland has had a revised **Car Policy** in place, based on which we aim to introduce mobility solutions supporting the mitigation of environmental impacts. We are shifting from diesel engines to a new generation of turbocharged engines. As at 31 December 2022, our fleet consisted of 946 cars, of which 25% (240) were hybrids. We expected that in 2023 665 cars out of the total fleet (995) will be hybrid vehicles.

The Office in Warsaw has a **Green Office certificate**, which confirms that the office meets specific sustainability criteria, which include technical matters, broadly defined sustainability education of employees and customers, as well as building a friendly work environment.



Partnerships for the environment and climate

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

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

In 2022, we again participated in the **Climate Leadership powered by UN Environment**, a programme implemented by United Nations Environment Programme (UNEP), UNEP/GRID-Warsaw Centre, under which we are working towards achieving climate neutrality. In the same year, we held a dialogue with experts on the Declaration of Conscious Purchasing Choices.



Polpharma Group in Poland 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.

Through the implementation of the Declaration of Conscious Purchasing Choices, increase employees' awareness of sustainability issues in their purchasing decisions and increase the share of products and services that meet the Declaration's criteria in the purchases made.



Chapter 6

GOVERNANCE

Governance
Ethics & compliance
Human rights
Anti-corruption
Sustainable supply chain



WE DEVELOP RESPONSIBLE BUSINESS STANDARDS

**THROUGHOUT
THE VALUE CHAIN**

Governance

The direction of activities of the Polpharma Group in Poland is determined by policies and declarations adopted by the Management Board.

These include:

- **Quality Policy**, an expression of commitment to continuously provide quality products and services to patients as well as business customers.
- **Environmental Policy**, governing activities that affect the environment and climate to achieve neutrality both in terms of the direct influence of our production processes and of our indirect impact across the value chain.
- **Employee Occupational Safety and Health Policy**, the basis for our culture of occupational safety and raising standards for the organisation’s employees and the value chain.
- **Diversity Policy**, which sets out standards and expectations for those who work for the company in order to create a friendly and open workplace where everyone has equal opportunities and feels comfortable.

The remuneration policy of Polpharma Group in Poland is determined by the Remuneration and Benefits Team and then approved by the Management Board and Supervisory Board. Proposals for changes are consulted with labour unions. The rules are expected to help the company retain talent. In addition to base salary, we also offer performance-based incentive schemes.

Remunerations of members of the Management Board are determined based on their professional qualifications, scope of responsibility and accountability, and the market situation. The structure and level of total compensation are in line with market practice. To promote the long-term growth of the company and align its interests with the ambitions of Management Board members and senior executives, they are offered attractive, multi-component compensation packages that include base salary, incentive schemes based on performance of short-term and strategic objectives, and market benefits.

85%

ratio of the percentage increase in annual total compensation for the organization’s highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)



Ethics & compliance

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 our ethical principles, as well as our standards of conduct in internal and external relations.

In 2022, we reviewed the document for its relevance and inclusive character. Updated provisions will be effective from 2023.

The principles set out in the Code of Ethics are made more specific in other documents covering selected areas or issues. These are: The Anti-Corruption Code, Supplier Code of Conduct, Netiquette, and Marketing Conduct Manual.

The employees and associates of Polpharma Group in Poland undergo **annual ethics and compliance training**, which was completed by 94% of our workforce in 2022. The training incorporates concern for the common good and the obligation to respond to any observed irregularities. The company has established

a number of whistleblowing channels and a procedure to ensure confidentiality, anonymity, and responsiveness.

In order to build positive relations with external stakeholders, rules of fair competition must be complied with. This obligation is further expressed in the **Global Compliance Policy** and is included in compliance risk management. As part of this process, an analysis of the product portfolio and product market shares is conducted on a quarterly basis to identify and mitigate the risk of monopolistic practices. In 2022, no violations of free competition or monopoly practices were identified at Polpharma Group in Poland.

All documents of the Ethics Programme of Polpharma Group in Poland are available in Polish and English language versions. The Code of Ethics has been translated into eight languages.



2-23

The Ethics Programme of Polpharma Group in Poland allows employees to raise concerns in line with the **Whistleblowing Procedure**. The document conforms to the provisions of the Directive on the protection of persons who report breaches of Union law. It was prepared with internal stakeholders in mind, but it also covers external reports. Whistleblowers can choose between a form available on Polpharma's website, a hotline, an email address, mail or a face-to-face meeting with a Compliance Officer. We fulfil our obligation to provide feedback to whistleblowers (as long as they provide contact information, as anonymous reports are also allowed). The procedure additionally regulates internal investigations, confidentiality, protection of whistleblowers and corrective actions for confirmed violations.

The following regulations are currently in place at Polpharma Group in Poland:

- **Compliance System Policy**, which defines the framework for the operation of the Compliance System, the duties and powers of the Compliance Officer, and the responsibilities of all employees with respect to compliance with the law;
- **Anti-Corruption Code**, which sets out anti-corruption principles applicable to everyone in the organisation and includes a detailed description of corruption risks and how to avoid them in relations with healthcare professionals, public officials and business partners. The document regulates the principles of hospitality, conduct of

meetings, giving and accepting gifts, preventing conflicts of interest, etc;

- **Whistleblower Procedure**, which includes information on when and how to respond to violations of the law, ethics or internal procedures in our organisation. It also describes how we protect whistleblowers and how we handle their reports;
- **Netiquette**, which outlines in a simple and friendly format how to behave responsibly online, how to use social media for business purposes, and how and why we should keep our private and work life separate;
- **Company Secrecy Procedure**, which sets out rules for dealing with business correspondence and other confidential information depending on qualifying that information to a predefined confidentiality level.

Legal Design is a major compliance project that aims to simplify the language of procedures and transform selected documents into visually appealing messages (that could also be used on mobile devices) comprehensible for the majority of the public. In 2022, we revised the Marketing Conduct Manual to align it with the principles of Legal Design.

S-P5

S-P6

Human rights

The human rights policy is covered by several documents, including the **Polpharma Group Code of Ethics**, which clearly articulates 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 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 for Prevention of Mobbing and Discrimination at Work**. 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 Team.

In 2022, we initiated a project to prepare Polpharma Group in Poland to meet the requirements introduced in Germany and human rights regulations which are to be introduced in the European Union. We prepared

a roadmap for 2023 and 2024, which assumes that we will introduce additional practices and procedures and audit our supply chain.

We also joined Global Compact Poland Foundation's "Business & Human Rights" programme, and a Polpharma representative became a member of the Programme Steering Committee.

No discrimination incidents were recorded at Polpharma Group in Poland in 2022. Three internal mediation procedures were conducted, which resulted in an amicable resolution of conflicts.

Anti-discrimination is addressed by an hourly e-learning course "Ethics and Compliance in Polpharma Group". In 2022, 94% of employees participated in the workshop.



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, at Polpharma Group in Poland, 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. 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.

- **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 Whistleblowing Policy** 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 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 Polpharma Group in Poland 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 2022.

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.

Sustainable supply chain

We are aware that in order to minimise our adverse environmental impact in a comprehensive and lasting way and to take full responsibility for our impact on the social environment, we must closely collaborate with our suppliers of goods and services.

In order to succeed in achieving the objectives of the organisation, such as maximisation of competitive advantage and value generation, we strategically manage our entire supply chain. We strive to shape its structure and plan the functions of individual links in an optimal way. We carefully select manufacturing and storage sites for our products, and we analyse various transport methods, considering the potential risks, such as market volatility.

In our Sustainable Development Strategy 2022–2025, we identified the sustainable supply chain as our priority area, with the following strategic management objectives:

- managing ESG risks in the supply chain;
- improved and more widely used supplier self-assessment tool;
- concept and pilot programme for supplier audits;
- engaging suppliers in measuring and reducing carbon footprint..

Since 2020, our procurement system has been operated in conformity with **ISO 20400 sustainable** procurement, the first international standard on the subject of purchasing, whose strategic aim is to support companies in developing and implementing sustainable purchasing policies and practices.

Key initiatives as part of conscious Supply Chain Management in 2022 included:

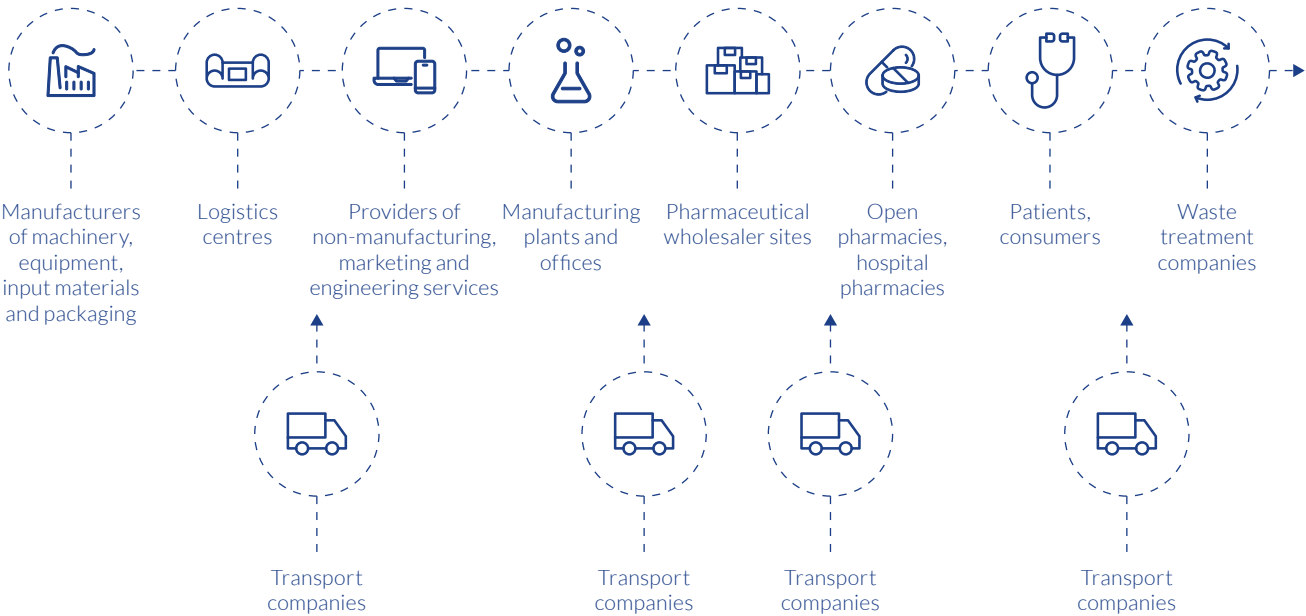
- **Implementation of SAP modules**, including SAP Ariba – an innovative system for more efficient transactions and automation of purchasing processes. The system enables companies to instil sustainable practices in their supply chains. The platform provides tools and functionalities to track, manage, and report on various ESG-related aspects, and will allow the company to act faster and better manage its money, time, and functionalities.
- **Partnering with suppliers** – we engaged in a dialogue to carry out group and individual workshops with suppliers, which included joint exploration of innovation areas. Our common goal is to create new solutions, improve products and services, and become more competitive on the market. These relationships drive quality improvement, efficiency, and innovation in the supply chain.
- **Risk assessment** – we evaluated 1,790 suppliers (other companies were excluded). The classification was based on indicator analysis of the countries of origin of suppliers, risk analysis of purchasing categories, and annual purchasing volumes.
- We obtained almost 600 completed **supplier self-evaluation surveys** from the non-manufacturing area, which will enable us to validate the surveys from the ESG perspective.

In 2022, Polpharma Group in Poland cooperated with 8,336 suppliers, of which 75% were based in Poland. The value of goods and services purchased from Polish

suppliers was PLN 1.8 billion, or 62% of all purchase spending.



Value chain



100%
of signed contracts and orders contain ethics and compliance provisions, called the ethics clause. With the new design of our General Terms and Conditions of Purchase, which include a reference to the Polpharma Group Supplier Code of Conduct, we can make sure that our suppliers share our ethical values and social and environmental priorities.



Chapter 7

ABOUT THE REPORT

Report details

Tables with numeric indicators

Table of indicators according to ESG Reporting Guidelines

10 Global Compact Principles

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About the report

The Sustainability Report for Polpharma Group in Poland 2022 has been drawn up in accordance with GRI Standards 2021. Like all of our reports to date, this report has undergone an independent external verification.



In addition, the drafting process and the content of the report are compliant with the ESG Reporting Guidelines developed by the European Bank for Reconstruction and Development and the Warsaw Stock Exchange.

The report covers results for the period from 1 January 2022 to 31 December 2022 for the following Polpharma Group companies and divisions in Poland: Zakłady Farmaceutyczne POLPHARMA S.A., together with the Manufacturing Division in Nowa Dęba, the Manufacturing Division in Duchnice and the Medana Division in Sieradz, Warszawskie Zakłady Farmaceutyczne Polfa S.A. (also referred to as Polfa Warszawa) with the R&D Division.

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

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., Lubelskie Zakłady Farmaceutyczne POLFA S.A., foreign companies, and companies which had no business activity in the reporting period.

This is Polpharma’s seventh sustainability report. The previous one was released in November 2022. This was the first sustainability report of Polpharma Group in Poland published on an annual basis.

In 2022, Scope 3 GHG emission data in category nine were recalculated for the base year and years in between. The recalculation was based on transport types in this category, which were made more specific. Some transports previously qualified as air transports were reclassified to maritime transports, enabling a more precise choice of emission indicators.

To define the content of the report, a survey was conducted among company representatives and external stakeholders, considering the double materiality perspective. The process involved several stages. First, a decision was made to identify key stakeholder groups (the process is described in the first chapter of this report). Then, using an online survey, a materiality study was conducted in the context of ESG reporting. As part of the process, key stakeholder groups identified what they considered to be the company’s material impacts on the environment in the context of sustainability considerations. At the same time, management staff of Polpharma Group in Poland were asked to assess the financial materiality, that is, to determine how the same considerations affect the company’s performance and business value. The study was based on aspects identified in previous reports, issues reported by global pharmaceutical companies, and recommendations from an independent external consulting agency. The findings were evaluated within the organisation by employees in management positions and those responsible for sustainability issues.

IN THE COURSE OF THE MATERIALITY ANALYSIS, THE FOLLOWING TOPICS WERE IDENTIFIED FOR INCLUSION IN THIS YEAR’S SUSTAINABILITY REPORT

| Topic | Aspects | Materiality |
|--|---------------------------|-------------|
| Maintaining the highest quality of manufactured products | Business aspects | Material |
| Reliable and transparent customer information, ethical marketing and sales | Business aspects | Material |
| Health and safety impacts of product and service categories | Social aspects | Material |
| Measures to ensure the safety of pharmacotherapy | Business aspects | Material |
| Ensuring security of drug supply – uninterrupted market availability of key products | Social aspects | Material |
| Employee education and training, career development support | Personnel-related aspects | Material |
| New product solutions responding to patient and consumer needs | Business aspects | Material |
| Prevention of anticompetitive and monopolistic practices | Business aspects | Material |
| Energy consumption and ways to reduce it | Environmental aspects | Material |
| Maintaining confidentiality in customer relations. Activities preventing data loss | Business aspects | Material |

THE FOLLOWING TOPICS ARE ALSO COVERED IN THIS REPORT:

| Topic | Aspects | Materiality | |
|---|---------------------------|---------------------|-------------------------|
| Forge cooperation between science and business | Business aspects | Moderately material | Own disclosure |
| Health education for patients, consumers, doctors, and pharmacists | Social aspects | Moderately material | Own disclosure |
| A sustainable supply chain | Business aspects | Moderately material | Own disclosure |
| Employee health and safety | Personnel-related aspects | Moderately material | GRI 403-1 –403-7, 403-9 |
| Employment conditions (benefits, parental leaves, employee turnover) | Personnel-related aspects | Moderately material | GRI 401-1, 401-2 |
| Minimising environmental impacts through ecodesign of products, product packaging and processes | Environmental aspects | Moderately material | Own disclosure |
| Diversity and equal opportunities in access to jobs, equal pay for men and women | Personnel-related aspects | Moderately material | GRI 405-1, 405-2 |
| Waste minimisation and recycling | Environmental aspects | Moderately material | GRI 306-1 – 306-3 |
| Resources and materials used by the company | Environmental aspects | Moderately material | GRI 301-1, 301-2 |
| Informing and consulting employees | Personnel-related aspects | Moderately material | GRI 402-1 |
| Environmental education of employees and other company stakeholders | Environmental aspects | Moderately material | Own disclosure |
| Limiting possible cases of discrimination | Personnel-related aspects | Moderately material | GRI 406-1 |
| Water consumption and ways to reduce it | Environmental aspects | Moderately material | GRI 303-3 – 303-5 |
| Respect for human rights throughout the value chain | Social aspects | Moderately material | Own disclosure |
| Corporate sustainability management system | Business aspects | Moderately material | Own disclosure |
| Greenhouse gas emissions and ways they are reduced | Environmental aspects | Moderately material | GRI 305-1 – 305-5 |
| Measures taken by the company to eliminate incidents of corruption | Business aspects | Moderately material | GRI 205-2, 205-3 |
| The company’s impact on climate and measures to prevent climate change | Environmental aspects | Immaterial | GRI 201-2 |

Tables with numeric indicators

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

2-7

| Type of employment contract: | Polpharma Group in Poland | | | | | | | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa | | | | |
|------------------------------|---------------------------|-------|-------|-------|-------|-------|----------------|-------|-------|-------------------------------------|----------------|-------|------|-----|-------|
| | 2022 | | | 2021 | | | Change vs 2021 | | | 2022 | | | 2022 | | |
| | F | M | total | F | M | total | F | M | total | F | M | total | F | M | total |
| definite term* | 205 | 228 | 433 | 158 | 108 | 266 | +30% | +111% | +63% | 202 | 225 | 427 | 3 | 3 | 6 |
| indefinite term** | 2,118 | 1,779 | 3,897 | 2,198 | 1,856 | 4,054 | -4% | +14% | -4% | 1,881 | 1,626 | 3,507 | 237 | 153 | 390 |
| TOTAL | 2,323 | 2,007 | 4,330 | 2,356 | 1,964 | 4,320 | -1% | +2% | 0% | 2,083 | 1,851 | 3,934 | 240 | 156 | 396 |

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE AND GENDER

2-7

| Employment type: | Polpharma Group in Poland | | | | | | | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa | | | | |
|------------------|---------------------------|-------|-------|-------|-------|-------|----------------|------|-------|-------------------------------------|----------------|-------|------|-----|-------|
| | 2022 | | | 2021 | | | Change vs 2021 | | | 2022 | | | 2022 | | |
| | F | M | total | F | M | total | F | M | total | F | M | total | F | M | total |
| full-time | 2,310 | 2004 | 4,314 | 2,352 | 1,959 | 4,311 | -2% | +2% | 0% | 2,070 | 1,848 | 3,918 | 240 | 156 | 396 |
| part-time | 13 | 3 | 16 | 4 | 5 | 9 | +225% | -40% | +78% | 13 | 3 | 6 | 0 | 0 | 0 |
| TOTAL | 2,323 | 2,007 | 4,330 | 2,356 | 1,964 | 4,320 | -1% | +2% | 0% | 2,083 | 1,851 | 3,934 | 240 | 156 | 396 |

Polpharma Group in Poland did not have any non-guaranteed hours employees in 2022.

Headcount as at 31 December 2022.

The total number of employees includes employees on long-term leaves (also maternity and parental leaves). Less than 1% of all employees are employed outside the organisation.

Trial period, replacement for a person on long-term leave.

Most often an employee's decision, reduction of working time after returning from maternity leave.

MATERIALS USED BY WEIGHT OR VOLUME

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|-------------------------------|---------------------------|---------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Input materials used* [Mg] | 109,357 | 145,694 | -25% | 45,781 | 63,576 |
| Solvents used [Mg] | 2,047 | 1,840 | +11% | 2,040 | 6 |
| Packaging materials used [Mg] | 8,648 | 7,643 | +13% | 7,316 | 1,333 |
| Total [Mg] | 120,052 | 155,176 | -23 % | 55,137 | 64,915 |

Reported sub-emissions do not always add up to the reported total emissions due to rounding off to whole numbers.

RECYCLED INPUT MATERIALS USED

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|--|---------------------------|---------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Materials and input materials used* [Mg] | 120,052 | 155,176 | -23 % | 55,137 | 64,915 |
| Recycled materials used in the production process [Mg] | 3,972 | 3,374 | +18% | 3,921 | 51 |
| Percentage of recycled input materials | 3% | 2% | +1 pp | 7% | 0.1% |

TOTAL NON-RENEWABLE ENERGY CONSUMPTION

E-P2302-1

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|--|---------------------------|---------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Petroleum gas [GJ] | 0.23 | 0.17 | +35% | 0.23 | 0 |
| Natural gas [GJ] | 72,814 | 77,622 | -6% | 30,346 | 42,468 |
| Heating oil [GJ] | 970 | 0 | - | 0 | 970 |
| Liquid fuels (gasoline, diesel oil) [GJ] | 62,854 | 61,725 | +2% | 62,584 | 270 |
| Total energy consumption [GJ] | 136,638 | 139,346 | -2% | 92,930 | 43,708 |

PV system in Duchnice generated 41.19 MWh of energy in 2022.

ENERGY CONSUMPTION BY TYPE OF ENERGY

E-P2302-1

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|-------------------------------|---------------------------|---------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Electricity [GJ] | 232,561 | 256,021 | -9% | 197,666 | 34,895 |
| Purchased steam [GJ] | 300,276 | 324,147 | -7% | 290,749 | 9,527 |
| Cooling [GJ] | 0 | 0 | - | 0 | 0 |
| Steam [GJ] | 0 | 0 | - | 0 | 0 |
| Total energy consumption [GJ] | 532,837 | 580,168 | -8% | 488,415 | 44,422 |

ENERGY SOLD

302-1

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|--------------------------|---------------------------|-------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Electricity sold [GJ] | 0 | 0 | - | 0 | 0 |
| Steam sold [GJ] | 4,130 | 2,897 | +43% | 4,130 | 0 |
| Cooling energy sold [GJ] | 0 | 0 | - | 0 | 0 |
| Steam sold [GJ] | 0 | 0 | - | 0 | 0 |
| Total energy sold [GJ] | 4,130 | 2,897 | +43% | 4,130 | 0 |

TOTAL ENERGY CONSUMPTION WITHIN THE ORGANIZATION

302-1

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|--|---------------------------|---------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Total energy consumption within the organization [GJ] | 669,475 | 719,514 | -7% | 581,346 | 88,129 |
| Total energy consumption within the organization [MWh] | 185,965 | 199,865 | -7% | 161,485 | 24,480 |

ENERGY REDUCTION

302-4

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|--|---------------------------|--------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives [GJ] | 23,762 | 11,552 | +106% | 19,092 | 4,670 |

WATER WITHDRAWAL BY SOURCE AND CATEGORY

E-S3

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|-----------------------------|---------------------------|-----------|----------------|-------------------------------------|------------------------------|
| | All areas | All areas | All areas | All areas | From areas with water stress |
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Surface water [ML]: | 2,824 | 2,696 | +5% | 2,824 | 0 |
| Groundwater [ML]: | 537 | 505 | +6% | 537 | 0 |
| Seawater [ML]: | 0 | 0 | - | 0 | 0 |
| Produced water [ML]: | 0 | 0 | - | 0 | 0 |
| Third-party water [ML]: | 210 | 232 | -9% | 90 | 120 |
| Surface water [ML] | 0 | 0 | - | 0 | 0 |
| Groundwater [ML] | 210 | 232 | -9% | 90 | 120 |
| Seawater [ML] | 0 | 0 | - | 0 | 0 |
| Produced water [ML] | 0 | 0 | - | 0 | 0 |
| Total water withdrawal [ML] | 3,571 | 3,433 | +4% | 3,541 | 120 |

WATER DISCHARGES

| Destination of discharge | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|--|---------------------------|-------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Surface water [ML] | 3,218 | 3,011 | +7% | 3,098 | 120 |
| Groundwater [ML] | 0 | 0 | - | - | - |
| Seawater [ML] | 0 | 0 | - | - | - |
| Third-party water released for use to third parties [ML] | 0 | 0 | - | - | - |
| Total water discharge | 3,218 | 3,011 | +7% | 3,098 | 120 |

In 2022, we recorded 3 minor incidents of exceeded limits for wastewater (non-ionic AOX surfactants), which did not result in legal sanctions.

DIRECT AND INDIRECT ENERGY GREENHOUSE GAS EMISSIONS

E-P1

POLPHARMA GROUP’S LOCATION-BASED GHG EMISSIONS IN POLAND BY SOURCE

| | 2022 | | 2021 | | 2020 | | 2019 | | | | |
|-------------------------|--------------------------|-----------|--------------------------|-----------|--------------------------|-----------|--------------------------|-----------|----------------|----------------|----------------|
| Source of GHG emissions | Tonnes CO ₂ e | Emission% | Tonnes CO ₂ e | Emission% | Tonnes CO ₂ e | Emission% | Tonnes CO ₂ e | Emission% | Change vs 2021 | Change vs 2020 | Change vs 2019 |
| Scope 1 | 8,783 | 10.47% | 9,022 | 9.94% | 8,870 | 9.92% | 11,619 | 12.46% | -2.65% | -0.98% | -24.41% |
| FUELS | 8,609 | 10.51% | 8,777 | 10.02% | 8,324 | 9.84% | 10,037 | 10.96% | -1.91% | 3.42% | -14.23% |
| Diesel oil | 3,231 | 3.95% | 4,474 | 5.11% | 3,985 | 4.71% | 6,253 | 6.82% | -27.78% | -18.92% | -48.33% |
| Natural gas | 3,970 | 4.85% | 4,210 | 4.81% | 4,188 | 4.95% | 3,264 | 3.56% | -5.70% | -5.21% | +21.63% |
| Gasoline | 1,334 | 1.63% | 94 | 0.11% | 101 | 0.12% | 175 | 0.19% | +1,319.15% | +1,220.79% | +662.29% |
| Heating oil | 74 | 0.09% | 0 | 0.00% | 50 | 0.06% | 345 | 0.38% | - | +48.00% | -78.55% |
| Propane | 0 | 0.00% | 0 | 0.00% | 1 | 0.00% | 1 | 0.00% | - | -100.00% | -100.00% |
| Refrigerants | 174 | 0.21% | 245 | 0.27% | 546 | 0.61% | 1,582 | 1.70% | -28.98% | -68.13% | -89.00% |
| R407C | 45 | 0.05% | 121 | 0.13% | 170 | 0.19% | 186 | 0.20% | -62.81% | -73.53% | -75.81% |
| R404A | 64 | 0.08% | 63 | 0.07% | 33 | 0.04% | 118 | 0.13% | +1.59% | +93.94% | -45.76% |
| R134A | 27 | 0.03% | 47 | 0.05% | 248 | 0.28% | 645 | 0.69% | -42.55% | -89.11% | -95.81% |
| HFC-134A | 0 | 0.00% | 12 | 0.01% | 75 | 0.08% | 0 | 0.00% | -100.00% | -100.00% | - |
| R410A | 38 | 0.04% | 2 | 0.00% | 18 | 0.02% | 19 | 0.02% | +1,800.00% | +111.11% | +100.00% |
| R419A | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | - | - | - |
| R507A | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 598 | 0.64% | - | - | -100.00% |
| R422D | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 16 | 0.02% | - | - | -100.00% |
| Scope 2 | 73,117 | 89.28% | 78,536 | 89.70% | 75,753 | 89.52% | 80,000 | 87.32% | -6.90% | -3.48% | -8.60% |
| Electricity | 42,984 | 52.48% | 46,325 | 52.91% | 46,120 | 54.50% | 48,789 | 53.25% | -7.21% | -6.80% | -11.90% |
| Steam | 30,133 | 36.79% | 32,210 | 36.79% | 29,633 | 35.02% | 31,210 | 34.07% | -6.45% | +1.69% | -3.45% |
| Scope 1+2 | 81,899 | 100.00% | 87,558 | 100.00% | 84,624 | 100.00% | 91,619 | 100.00% | -6.46% | -3.22% | -10.61% |

Reported sub-emissions do not always add up to the reported total emissions due to rounding off to whole numbers.

POLPHARMA GROUP’S MARKET-BASED GHG EMISSIONS IN POLAND BY SOURCE

E-P1

| | 2022 | | 2021 | | 2020 | | 2019 | | | | |
|-------------------------|--------------------------|-----------|--------------------------|-----------|--------------------------|-----------|--------------------------|-----------|----------------|----------------|----------------|
| Source of GHG emissions | Tonnes CO ₂ e | Emission% | Tonnes CO ₂ e | Emission% | Tonnes CO ₂ e | Emission% | Tonnes CO ₂ e | Emission% | Change vs 2021 | Change vs 2020 | Change vs 2019 |
| Scope 1 | 8,783 | 10.47% | 9,022 | 9.94% | 8,870 | 9.92% | 11,619 | 12.46% | -2.65% | -0.98% | -24.41% |
| FUELS | 8,609 | 10.26% | 8,777 | 9.68% | 8,324 | 9.31% | 10,037 | 10.76% | -1.91% | +3.42% | -14.23% |
| Diesel oil | 3,231 | 3.85% | 4,474 | 4.93% | 3,985 | 4.46% | 6,253 | 6.70% | -27.78% | -18.92% | -48.33% |
| Natural gas | 3,970 | 4.73% | 4,210 | 4.64% | 4,188 | 4.68% | 3,264 | 3.50% | -5.70% | -5.21% | 21.63% |
| Gasoline | 1,334 | 1.59% | 94 | 0.10% | 101 | 0.11% | 175 | 0.19% | +1,319.15% | +1,220.79% | 662.29% |
| Heating oil | 74 | 0.09% | 0 | 0.00% | 50 | 0.06% | 345 | 0.37% | - | +48.00% | -78.55% |
| Propane | 0 | 0.00% | 0 | 0.00% | 1 | 0.00% | 1 | 0.00% | - | -100.00% | -100.00% |
| Refrigerants | 174 | 0.21% | 245 | 0.27% | 546 | 0.61% | 1,582 | 1.70% | -28.98% | -68.13% | -89.00% |
| R407C | 45 | 0.05% | 121 | 0.13% | 170 | 0.19% | 186 | 0.20% | -62.81% | -73.53% | -75.81% |
| R404A | 64 | 0.08% | 63 | 0.07% | 33 | 0.04% | 118 | 0.13% | +1.59% | +93.94% | -45.76% |
| R134a | 27 | 0.03% | 47 | 0.05% | 248 | 0.28% | 645 | 0.69% | -42.55% | -89.11% | -95.81% |
| HFC-134a | 0 | 0.00% | 12 | 0.01% | 75 | 0.08% | 0 | 0.00% | -100.00% | -100.00% | - |
| R410A | 38 | 0.04% | 2 | 0.00% | 18 | 0.02% | 19 | 0.02% | +1,800.00% | +111.11% | 100.00% |
| R419A | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | - | - | - |
| R507A | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 598 | 0.64% | - | - | -100.00% |
| R422D | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 16 | 0.02% | - | - | -100.00% |
| Scope 2 | 75,086 | 89.53% | 81,697 | 90.06% | 80,577 | 90.08% | 81,662 | 87.54% | -8.09% | -6.81% | -8.05% |
| Electricity | 44,953 | 53.60% | 49,486 | 54.55% | 50,944 | 56.95% | 50,452 | 54.09% | -9.16% | -11.76% | -10.90% |
| Steam | 30,133 | 35.93% | 32,210 | 35.51% | 29,633 | 33.13% | 31,210 | 33.46% | -6.45% | +1.69% | -3.45% |
| Scope 1+2 | 83,869 | 100.00% | 90,719 | 100.00% | 89,447 | 100.00% | 93,281 | 100.00% | -7.55% | -6.24% | -10.09% |

Reported sub-emissions do not always add up to the reported total emissions due to rounding off to whole numbers.

POLPHARMA GROUP IN POLAND'S SCOPE 3 GHG EMISSIONS BY CATEGORY

E-P1

| | 2022 | | 2021 | | 2020 | | 2019 | | Change vs 2021 | Change vs 2020 | Change vs 2019 |
|--|-----------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------|
| | Tonnes CO ₂ e | Emis- sion% | Tonnes CO ₂ e | Emis- sion% | Tonnes CO ₂ e | Emis- sion% | Tonnes CO ₂ e | Emis- sion% | | | |
| Cat. 1. Purchased Goods and Services | 53,041 | 66.50% | 43,312 | 59.95% | 46,519 | 62.64% | 38,552 | 55.73% | +22.46% | +14.02 | +37.58% |
| Cat. 3. WTT Emissions | 4,106 | 5.15% | 4,176 | 5.78% | 3,774 | 5.08% | 4,391 | 6.35% | 1.68% | +8.80% | -6.49% |
| Cat. 4. Upstream Transpor- tation and Distribution | 3,058 | 3.83% | 4,450 | 6.16% | 3,651 | 4.92% | 4,622 | 6.68% | -31.28% | -16.24% | -33.84% |
| Cat. 5. Waste Generated in Operations | 132 | 0.17% | 122 | 0.17% | 155 | 0.21% | 131 | 0.19% | +8.20% | -14.84% | +0.76% |
| Cat. 6. Business Travel | 44 | 0.06% | 74 | 0.10% | 51 | 0.07% | 260 | 0.38% | -40.54% | -13.73% | -83.08% |
| Cat. 7. Employee Commuting | 1,472 | 1.85% | 1,529 | 2.12% | 1,452 | 1.96% | 1,500 | 2.17% | -3.73% | +1.38% | -1.87% |
| Cat. 9. Downstream Transpor- tation and Distribution | 422 | 0.53% | 615 | 0.85% | 320 | 0.43% | 873 | 1.26% | -31.38% | +31.88% | -51.66% |
| Cat. 10. Processing of Sold Products | 6,049 | 7.58% | 6,948 | 9.62% | 8,138 | 10.96% | 8,138 | 11.76% | +12.94% | -25.67% | -25.67% |
| Cat. 11. Use of Sold Products | 11,196 | 14.03% | 10,810 | 14.96% | 10,023 | 13.50% | 10,503 | 15.18% | +3.57% | +11.67% | +6.60% |
| Cat. 12. End-of-Life Treatment of Sold Products | 206 | 0.26% | 181 | 0.25% | 151 | 0.20% | 181 | 0.26% | +13.59% | +36.42% | +13.81% |
| Cat. 13. Downstream Leased Assets | 37 | 0.05% | 29 | 0.04% | 25 | 0.03% | 31 | 0.04% | +27.59% | +48.00% | +19.35% |
| Scope 3 | 79,763 | 100% | 72,246 | 100% | 74,259 | 100% | 69,182 | 100% | +10.40% | +7.41% | +15.29% |

Reported sub-emissions do not always add up to the reported total emissions due to rounding off to whole numbers.

The change was calculated after recalculation of Scope 3 data for 2021.

GHG INTENSITY OF POLPHARMA GROUP IN POLAND

E-S1

| | 2022 | 2021 | 2020 | 2019 | Change vs 2021 | Change vs 2020 | Change vs 2019 |
|---|---------|---------|---------|---------|-------------------|-------------------|-------------------|
| Total revenues [PLN million] | 3,996.2 | 3,421.4 | 3,096.4 | 3,061.2 | +16.80% | +29.06% | +30.54% |
| Number of employees | 4,330 | 4,320 | 4,673 | 4,770 | +0.23% | -7.34% | -9.22% |
| Scope 1+2 (location-based) [t CO ₂ e] | 81,899 | 87,558 | 84,624 | 91,619 | -6.46% | -3.22% | -10.61% |
| Scope 1+2 (market-based) [t CO ₂ e] | 83,869 | 90,719 | 89,447 | 93,281 | -7.55% | -6.24% | -10.09% |
| Emission intensity (Scope 1+2 location-based emissions in tonnes CO ₂ e / PLN 1m of revenue) | 20.49 | 25.59 | 27.33 | 29.93 | -19.93% | -25.03% | -31.54% |
| Emission intensity (Scope 1+2 market-based emissions in tonnes CO ₂ e / PLN 1m of revenue) | 20.99 | 26.52 | 28.89 | 30.47 | -20.85% | -27.35% | -31.11% |
| Emission intensity (Scope 1+2 location-based emissions in tonnes CO ₂ e / number of employees) | 18.91 | 20.27 | 18.11 | 19.21 | -6.71% | +4.42% | -1.56% |
| Emission intensity (Scope 1+2 market-based emissions in tonnes CO ₂ e / number of employees) | 19.37 | 21.00 | 19.14 | 19.56 | -7.76% | +1.20% | -0.97% |

WASTE GENERATED

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|--|---------------------------|-------|----------------|---|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Total weight of hazardous waste [Mg] | 899 | 914 | -2% | 837 | 61 |
| Total weight of non-hazardous waste [Mg] | 5,407 | 4,731 | +14% | 5,248 | 159 |
| Total [t] | 6,306 | 5,645 | +12% | 6,085 | 221 |

The weight of non-hazardous waste in 2021 and 2022 was recalculated to include sludge waste from wastewater treatment plant as fresh weight of waste. In earlier reports, the dry weight of sludge was taken into account.

WASTE TRANSFERRED FOR DISPOSAL

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|---|---------------------------|-------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Hazardous waste [Mg] | 620 | 615 | +1% | 559 | 61 |
| Incineration (with energy recovery) [Mg] | 13 | 25 | -48% | 7 | 6 |
| Incineration (without energy recovery) [Mg] | 605 | 588 | +3% | 550 | 55 |
| Storage [Mg] | 0 | 0 | – | 0 | 0 |
| Alternative disposal methods [Mg] | 2 | 2 | – | 2 | 0 |
| Non-hazardous waste [Mg] | 3,828 | 3,298 | | 3,783 | 45 |
| Incineration (with energy recovery) [Mg] | 164 | 302 | -46% | 119 | 45 |
| Incineration (without energy recovery) [Mg] | 3,644 | 2,747 | +33% | 3,644 | 0 |
| Storage [Mg] | 20 | 62 | -68% | 20 | 0 |
| Alternative disposal methods [Mg] | 0 | 186 | -100% | 0 | 0 |
| TOTAL [Mg] | 4,448 | 3,913 | +14% | 4,342 | 106 |

NUMBER OF NEW EMPLOYEE HIRES BY GENDER AND AGE GROUP

| | Polpharma Group in Poland | | | | | | | | | ZF POLPHARMA S.A. (incl. divisions) | | | Polfa Warszawa | | |
|-----------------------------|---------------------------|-----|-------|------|----|-------|----------------|-------|-------|--|-----|-------|----------------|----|-------|
| | 2022 | | | 2021 | | | Change vs 2021 | | | 2022 | | | 2022 | | |
| | F | M | total | F | M | total | F | M | total | F | M | total | F | M | total |
| <30 y.o. | 87 | 122 | 209 | 42 | 33 | 75 | +107% | +270% | +179% | 86 | 120 | 206 | 1 | 2 | 3 |
| 30 to 50 y.o. | 101 | 116 | 217 | 60 | 40 | 100 | +68% | 190% | +117% | 99 | 113 | 212 | 2 | 3 | 5 |
| >50 y.o. | 1 | 12 | 13 | 10 | 11 | 21 | -90% | +9% | -38% | 1 | 12 | 13 | 0 | 0 | 0 |
| Total | 189 | 250 | 439 | 112 | 84 | 196 | +69% | +198% | +124% | 186 | 245 | 431 | 3 | 5 | 8 |
| Rate of new employee hires* | 8% | 12% | 10% | 5% | 4% | 5% | +3 pp | +8 pp | +5 pp | 9% | 13% | 11% | 1% | 3% | 2% |

* New employee hires are calculated as the ratio of new hires to total workforce.

NUMBER OF EMPLOYEE TURNOVER BY GENDER AND AGE GROUP

| | Polpharma Group in Poland | | | | | | | | | ZF POLPHARMA S.A. (incl. divisions) | | | Polfa Warszawa | | |
|-----------------------------|---------------------------|-----|-------|------|-----|-------|----------------|------|-------|--|-----|-------|----------------|----|-------|
| | 2022 | | | 2021 | | | Change vs 2021 | | | 2022 | | | 2022 | | |
| | F | M | total | F | M | total | F | M | total | F | M | total | F | M | total |
| <30 y.o. | 30 | 31 | 61 | 33 | 32 | 65 | +10% | +3% | +7% | 29 | 31 | 60 | 1 | 0 | 1 |
| 30 to 50 y.o. | 83 | 92 | 175 | 87 | 85 | 172 | +5% | -8% | -2% | 78 | 88 | 166 | 5 | 4 | 9 |
| >50 y.o. | 50 | 31 | 81 | 55 | 41 | 96 | +10% | +32% | +19% | 46 | 27 | 73 | 4 | 4 | 8 |
| Total | 163 | 154 | 317 | 175 | 158 | 333 | +7% | +3% | +5% | 153 | 146 | 299 | 10 | 8 | 18 |
| Rate of employee turnover** | 7% | 8% | 7% | 7% | 8% | 8% | - | - | -1 pp | 7% | 8% | 8% | 4% | 5% | 5% |

EMPLOYEE TURNOVER

S-P3

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|---|---------------------------|------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Total number of voluntary employee turnover | 252 | 261 | -3% | 237 | 15 |
| Voluntary employee turnover rate | 6% | 6% | - | 6% | 4% |
| Total number of involuntary employee turnover | 163 | 84 | +94% | 94 | 69 |
| Involuntary employee turnover rate | 4% | 2% | +2 pp | 2% | 17% |

The table does not include restructuring-related departures (as scheduled departures). The ‘other reasons’ category (employee death) is included.

The turnover rate is calculated as the ratio of employees leaving employment to total workforce.

WORK-RELATED INJURIES

S-S1

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|---|---------------------------|------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Number of fatalities as a result of work-related injury | 0 | 0 | - | 0 | 0 |
| Number of high-consequence work-related injuries | 0 | 0 | - | 0 | 0 |
| Number of all injuries | 20 | 17 | +18% | 17 | 3 |
| All injury frequency rate | 0.47 | 0.48 | -2% | 0.40 | 0.07 |

The injury frequency rate is calculated as the ratio of accidents to hours worked multiplied by 200,000 h

Main types of injuries: dislocations, fractures, contusions, torn joints and tendons – injuries to the lower and upper extremities and spine, joint sprain, minor localised mechanical injuries, wounds

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

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

404-1

| Gender breakdown: | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|-------------------|---------------------------|------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| All employees | 17 | 9 | +89% | 17 | 18 |
| Women | 18 | 9 | +100% | 18 | 17 |
| Men | 16 | 8 | +100% | 16 | 18 |

| Structure breakdown: | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|-------------------------|---------------------------|------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| Managers and executives | 28 | 33 | -15% | 28 | 37 |
| Individual contributors | 16 | 6 | +167% | 16 | 17 |

DIVERSITY OF EMPLOYEES AND GOVERNANCE BODIES

S-P1

| | Polpharma Group in Poland | | | | | | | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa | | | | |
|-------------------|---------------------------|-----|-------|------|-----|-------|----------------|-------|-------|-------------------------------------|----------------|-------|-----|-----|-------|
| | 2022 | | | 2021 | | | Change vs 2021 | | | 2022 | 2022 | | | | |
| Management Board | 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% |
| 30 to 50 y.o. | 0% | 38% | 38% | 0% | 38% | 38% | - | - | - | 0% | 50% | 50% | 0% | 25% | 25% |
| >50 y.o. | 25% | 38% | 63% | 25% | 38% | 63% | - | - | - | 0% | 50% | 50% | 50% | 25% | 75% |
| Total | 25% | 75% | 100% | 25% | 75% | 100% | - | - | - | 0% | 100% | 100% | 50% | 50% | 100% |
| Supervisory Board | 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% |
| 30 to 50 y.o. | 7% | 7% | 13% | 7% | 13% | 20% | - | -6 pp | -7 pp | 14% | 14% | 29% | 0% | 0% | 0% |
| >50 y.o. | 20% | 67% | 87% | 20% | 60% | 80% | - | +7 pp | +7 pp | 14% | 57% | 71% | 25% | 75% | 100% |
| Total | 27% | 73% | 100% | 27% | 73% | 100% | - | - | - | 29% | 71% | 100% | 25% | 75% | 100% |

PERCENTAGE OF EMPLOYEES PER EMPLOYEE CATEGORY

| | Polpharma Group in Poland | | | | | | | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa | | | | |
|-------------------------|---------------------------|-----|-------|------|-----|-------|----------------|-------|---------|-------------------------------------|----------------|-------|-----|-----|-------|
| | 2022 | | | 2021 | | | Change vs 2021 | | | 2022 | 2022 | | | | |
| managers and executives | F | M | Total | F | M | Total | F | M | Total | F | M | Total | F | M | Total |
| <30 y.o. | 0% | 0% | 0% | 0.2% | 0% | 0.2% | -0.2 pp | - | -0.2 pp | 0% | 0% | 0% | 0% | 0% | 0% |
| 30 to 50 y.o. | 35% | 36% | 71% | 36% | 38% | 74% | -1 pp | -2 pp | -3 pp | 36% | 35% | 71% | 22% | 61% | 83% |
| >50 y.o. | 11% | 17% | 29% | 10% | 16% | 26% | +1 pp | +1 pp | +3 pp | 11% | 18% | 29% | 11% | 6% | 17% |
| Razem | 47% | 53% | 100% | 46% | 54% | 100% | +1 pp | -1 pp | - | 47% | 53% | 100% | 33% | 67% | 100% |
| Total | 47% | 53% | 100% | 46% | 54% | 100% | +1 pp | -1 pp | - | 47% | 53% | 100% | 33% | 67% | 100% |
| individual contributors | F | M | Total | F | M | Total | F | M | Total | F | M | Total | F | M | Total |
| <30 y.o. | 6% | 6% | 12% | 6% | 5% | 11% | - | +1 pp | +1 pp | 6% | 7% | 13% | 2% | 3% | 6% |
| 30 to 50 y.o. | 36% | 27% | 63% | 36% | 28% | 64% | - | -1 pp | -1 pp | 37% | 29% | 66% | 27% | 15% | 42% |
| >50 y.o. | 13% | 12% | 25% | 14% | 12% | 25% | -1 pp | - | - | 11% | 11% | 22% | 33% | 20% | 53% |
| Total | 54% | 46% | 100% | 55% | 45% | 100% | -1 pp | +1 pp | - | 54% | 46% | 100% | 62% | 38% | 100% |

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

| Polpharma Group in Poland | | | | | | | ZF POLPHARMA S.A. (incl. divisions) | | Polfa Warszawa | |
|---------------------------|--------------|--------------|--------------|--------------|----------------|--------------|--|--------------|----------------|--------------|
| 2022 | | | 2021 | | Change vs 2021 | | 2022 | | 2022 | |
| | Basic salary | Remuneration | Basic salary | Remuneration | Basic salary | Remuneration | Basic salary | Remuneration | Basic salary | Remuneration |
| managers and executives | 96% | 94% | 89% | 87% | +7 pp. | +7% | 96% | 94% | 100% | 97% |
| individual contributors | 101% | 101% | 100% | 100% | +1 pp | +1 pp | 101% | 101% | 101% | 101% |

GENDER PAY GAP

S-P2

| | Polpharma Group in Poland | | | ZF POLPHARMA S.A. (incl. divisions) | Polfa Warszawa |
|-------------------------|---------------------------|-------|----------------|-------------------------------------|----------------|
| | 2022 | 2021 | Change vs 2021 | 2022 | 2022 |
| managers and executives | 6.32 | 14.78 | -57% | 6.59 | 2.94 |
| individual contributors | -1.01 | -0.13 | +676% | -1.19 | -1.47 |

This indicator represents the difference between the average remuneration (including bonuses, awards and other benefits) of men and women, showing how much more (or less) than women men earn on average.

Table of indicators according to ESG Reporting Guidelines

| Disclosure number | Disclosure name | Page No. |
|-------------------|--|--------------------|
| Environment | | |
| E-P1 | GHG Emissions | 101, 138, 139, 140 |
| E-P2 | Energy Consumption | 106, 135, 136 |
| E-P3 | Climate Risks & Opportunities | 98 |
| E-S1 | Emissions Intensity | 141 |
| E-S2 | Emissions Management | 98 |
| E-S3 | Water Consumption | 108, 137 |
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| E-S6 | Waste Management | 109 |
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| S-P3 | Employee Turnover | 143 |
| S-P4 | Freedom of Association and Collective Bargaining | 32 |
| S-P5 | Human Rights Policy | 125 |
| S-P6 | Human Rights Due Diligence | 125 |
| S-S1 | Employee Health and Safety | 35, 143 |
| Governance | | |
| G-P1 | Governance | 16 |
| G-P2 | Board Composition | 123 |
| G-P3 | Business Ethics Standards | 126 |
| G-P4 | Anti-corruption Policy | 123 |
| G-S1 | Whistle-blower Mechanism | 76 |

10 Global Compact Principles

| Disclosure number | Disclosure name | Page No. |
|-------------------|---|--------------------|
| Human rights | | |
| Principle 1 | We support and respect the protection of internationally proclaimed human rights. | 125 |
| Principle 2 | We are not complicit in human rights abuses. | 129 |
| Labour | | |
| Principle 3 | We uphold the freedom of association and the effective recognition of the right to collective bargaining. | 33 48-51 127 |
| Principle 4 | We support the elimination of all forms of forced and compulsory labour. | |
| Principle 5 | We contribute to the effective abolition of child labour. | |
| Principle 6 | We are committed to the elimination of discrimination in respect of employment and occupation. | |
| Environment | | |
| Principle 7 | We support a precautionary approach to environmental challenges. | 96-119 |
| Principle 8 | We undertake initiatives to promote greater environmental responsibility. | |
| Principle 9 | We encourage the development and diffusion of environmentally friendly technologies. | |
| Anti-corruption | | |
| Principle 10 | We work against corruption in all its forms, including extortion and bribery | 123-124 126 |

GRI content Index

| GRI standard | Discl- sure number | Disclosure name | Location | Omission | | |
|---------------------------------------|--|---|-------------|---|--------------------------------|-------------|
| | | | | Requirement(s) omitted | Reason | Explanation |
| General Disclosures | | | | | | |
| GRI 2: General Disclosures 2021 | The organization and its reporting practices | | | | | |
| | 2-1 | Organizational details | 10 | | | |
| | 2-2 | Entities included in the organization's sustainability reporting | 132 | | | |
| | 2-3 | Reporting period, frequency and contact point | 132 | | | |
| | 2-4 | Restatements of information | 132 | | | |
| | 2-5 | External assurance | 132 | | | |
| | Activities and employees | | | | | |
| | 2-6 | Activities, value chain and other business relationships | 10, 56, 127 | | | |
| | 2-7 | Employees | 33, 134 | | | |
| | 2-8 | Workers who are not employees | 33 | | | |
| | Governance | | | | | |
| | 2-9 | Governance structure and composition | 16 | | | |
| | 2-10 | Nomination and selection of the highest governance body | 17 | | | |
| | 2-11 | Chair of the highest governance body | 17 | | | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 17,20 | | | |
| | 2-13 | Delegation of responsibility for managing impacts | 17,20 | | | |
| | 2-14 | Role of the highest governance body in sustainability reporting | 20, 132 | | | |
| | 2-15 | Conflicts of interest | 17 | | | |
| | 2-16 | Communication of critical concerns | - | Disclosure omitted by company | Confidentiality of information | |
| | 2-17 | Collective knowledge of the highest governance body | 20 | | | |
| | 2-18 | Evaluation of the performance of the highest governance body | - | | Not applicable | |
| | 2-19 | Remuneration policies | 122 | Sign-on bonuses or recruitment incentivepayments; termination payments; claw-backs; retirement benefits | Not applicable | |
| | 2-20 | Process to determine remuneration | 42, 122 | Views of stake-holders (including shareholders); involvement of consultants | Not applicable | |

| GRI standard | Discl- sure number | Disclosure name | Location | Omission | | |
|---|--------------------------|--|-------------------|---|--------------------------------|-------------|
| | | | | Requirement(s) omitted | Reason | Explanation |
| | 2-21 | Annual total compensation ratio | 122 | Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees excluding the highest-paid individual | Confidentiality of information | |
| Strategy, policies and practices | | | | | | |
| | 2-22 | Statement on sustainable development strategy | 4 | | | |
| | 2-23 | Policy commitments | 96, 122, 123, 124 | | | |
| | 2-24 | Embedding policy commitments | - | | | |
| | 2-25 | Processes to remediate negative impacts | 22 | | | |
| | 2-26 | Mechanisms for seeking advice and raising concerns | 123 | | | |
| | 2-27 | Compliance with laws and regulations | 97 | | | |
| | 2-28 | Membership associations | 28 | | | |
| Stakeholder engagement | | | | | | |
| | 2-29 | Approach to stakeholder engagement | 26, 68 | | | |
| | 2-30 | Collective bargaining agreements | 33 | | | |
| Material topics | | | | | | |
| GRI 3: Istotne zagadnienia 2021 | 3-1 | Management of material topics | 132 | | | |
| | 3-2 | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | 133 | | | |
| Prevention of anticompetitive and monopolistic practices | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 123 | | | |
| GRI 206: Anti-compet-itive | 206-1 | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | 123 | | | |
| Energy consumption and ways to reduce it | | | | | | |
| GRI 3: Istotne zagadnienia 2021 | 3-3 | Management of material topics | 104 | | | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organization | 106, 135,136 | | | |
| | 302-4 | Reduction of energy consumption | 105, 137 | | | |
| Employee education and training, career development support | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 44 | | | |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee | 45, 144 | | | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 46 | | | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 45 | | | |

| GRI standard | Discl- sure number | Disclosure name | Location | Omission | | |
|--|--------------------------|---|----------|---------------------------|--------|-------------|
| | | | | Requirement(s) omitted | Reason | Explanation |
| Health and safety impacts of product and service categories | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 58, 60 | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service categories | 58, 60 | | | |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 58 | | | |
| Reliable and transparent customer information, ethical marketing and sales | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 62, 63 | | | |
| GRI 417: Marketing and Labelling 2016 | 417-1 | Requirements for product and service information and labelling | 62 | | | |
| | 417-3 | Incidents of non-compliance concerning product and service information and labelling | 63 | | | |
| Maintaining confidentiality in customer relations. Activities preventing data loss | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 76 | | | |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 76 | | | |
| New product solutions responding to patient and consumer needs | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 71 | | | |
| | Own disclo- sure 1 | Products launched in response to consumer needs | 71 | | | |
| Measures to ensure the safety of pharmacotherapy | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 60 | | | |
| | Own disclo- sure 1 | Procedures to ensure safe use of products | 60 | | | |
| Maintaining the highest quality of manufactured products | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 58 | | | |
| | Own disclo- sure 1 | Description of processes to ensure the highest quality of manufactured products | 58 | | | |
| Ensuring security of drug supply – uninterrupted market availability of key products | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 64 | | | |
| | Own disclo- sure 1 | Description of measures taken to guarantee the security of drug supply | 64 | | | |



INDEPENDENT LIMITED ASSURANCE STATEMENT

To: The Stakeholders of Polpharma Group Companies in Poland

Introduction and objectives of work

Bureau Veritas Polska Sp. z o.o. (Bureau Veritas) was engaged by ZF POLPHARMA S.A. to carry out independent assurance on the Selected Information presented in the Polpharma Group in Poland Sustainability Report 2022 (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 Disclosures (Consolidated set of GRI Sustainability Reporting Standards), Core option included in the Report for the period 1 January 2022 to 31 December 2022:

- GRI Standards 2021: 1, 2-1 do 2-15, 2-17 do 2-30, 3-1, 3-2, 3-3.
- GRI Standards 2016: 305-1 do 305-5, 206-1, 302-1, 302-4, 404-1, 404-2, 404-3, 416-1, 416-2, 417-1, 417-3, 418-1, 301-3,
- GRI Standards 2018: 303-3, 403-9
- GRI Standards 2020: 306-1, 306-3.
- Own disclosures: 1- Products introduced to the market in response to consumer needs; 2- Procedures to ensure the safe use of products; 3- Description of processes ensuring the highest quality of manufactured products, 4- Description of actions taken to ensure drug safety.

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, 2018, 2020 and 2021 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 Companies in Poland, 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 Companies in Poland.



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 Management of Polpharma Group Companies in Poland.

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 ZF Polpharma S.A.
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 Companies in Poland;
5. Agreeing a selection of the Selected Information to the corresponding source documentation;
6. Reviewing Polpharma Group Companies in Poland 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 in Poland Sustainability Report for 2022* has been prepared in accordance with standards for sustainability reporting The GRI Standards (2016, 2018, 2020 and 2021) 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.

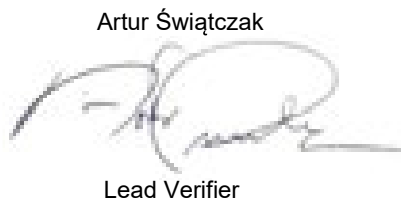
Bureau Veritas operates a certified¹ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the TIC Council², 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, November 27, 2023


Witold Dżugan
Member of the Board


Artur Świątczak
Lead Verifier

¹ Certificate of Registration No. 44 100 160145 issued by TUV NORD CERT GmbH

² TIC Council Compliance Code EDITION 1 December 2018



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