



CORPORATE SOCIAL RESPONSIBILITY REPORT 2021

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CEO statement

2021 has been a transformative and successful year for Orifarm. It has been challenging, rewarding, and game-changing. We continue to set high growth expectations, and we constantly strive to act responsibly and find ways in which we can develop our business in a sustainable way.

Orifarm is a member of the UN Global Compact and we continue our commitment to the principles of responsible business conduct promoted by the UN Global Compact in the areas of human rights, labour rights, environment, and anti-corruption.

2021 has been a year out of the ordinary which means we have had to evaluate our impact and process in light of our new reality. In April, Orifarm acquired two new factories and during the year enrolled more than 110 new products into our portfolio. In 2021 we also have welcomed more than 900 new employees. At the same time, we had to navigate the global COVID-19 crisis adapting our ways of working to secure the safety and well-being of our employees whilst continuing to secure minimum disruption in the availability of medicine.

It is more important than ever that our responsibility for society and environmental impact must be integrated further into the core of our business to meet expectations from society, customers, and our employees. In 2021, we have identified the key strategic areas that lay the foundation for our new long-term sustainability and CSR commitment.

We want to benefit society by creating access to health by doing things differently – via our business models, our growth ambitions, our process developments, and our actions. In addition to our access to health commitment, our future CSR strategy rest on our commitment to ensure good jobs for our employees and our commitment to reducing our environmental impact by seeking fit for future products and production.



Our people, our culture, and our mindset continue to have our highest priority. The well-being of our employees continues to be the top of our agenda and we are committed to securing long-term safe and healthy working conditions respecting a healthy work/life balance. Welcoming more than 900 new colleagues, we continue to have a strong gender diversity across our management levels. We acknowledge that we need a more balanced split at upper management levels which we will continue to address in new ways.

A key focus in 2021 was the work to understand the environmental footprint of our now much larger organization. We initiated the work to improve our understanding of our CO2 emissions in our operations and in our value chain. The work continues into 2022 where we will establish our baseline and long-term reduction goals. Circularity in production and products is also key for our future environmental focus.

We look into 2022 with high expectations for our continued sustainability journey.

A handwritten signature in black ink, reading "Erik Sandberg". The signature is written in a cursive, slightly stylized font.

Erik Sandberg
CEO, Orifarm Group A/S

About the report

This report serves to comply with the Danish Financial Statements Act §99a, 99b, and 99c. The reporting period covers 1st January 2021 to 31st December 2021. The report covers the facilities and offices of Orifarm Group A/S. The reporting period for assets acquired in the Takeda asset deal covers the period 1st April 2021 to 31st December 2021.

The report also serves as our Communication on Progress and the report explains Orifarm's commitment to the ten principles of the UN Global Compact.

Materiality topics significant to both stakeholders and future business growth define the content scope of the report. The materiality topics were determined by our 2021 materiality analysis.

Our strategic CSR and sustainability priorities are:

- ▶ Access to Health
- ▶ Good jobs
- ▶ Fit for future production and products

A responsible approach to sourcing and Orifarm's business ethics underline all Orifarm's CSR and sustainability activities.

Data sources and methodologies are reported on pages 25-26. The environment, social, and governance data presented in the report has been reviewed by Deloitte. See pages 27-28 for information about the auditor's limited assurance report.



Orifarm business

In Orifarm, we make affordable quality healthcare products available to end-users across multiple markets in cooperation with our direct customers. Our primary direct customers are pharmacies, hospitals, and wholesalers.

Orifarm operates in 13 sales markets across Europe and in the US and is active in 26 purchase markets.

We own 6 main production and/or storage facilities in Denmark (Hobro, Skælskør, and Odense), Poland (Łyszkowice), the Czech Republic (Hostivice), and Germany (Leverkusen).

All products from Orifarm are original – but repacked and/or relabeled – or manufactured in compliance with the quality and safety regulations governed by the health authorities.

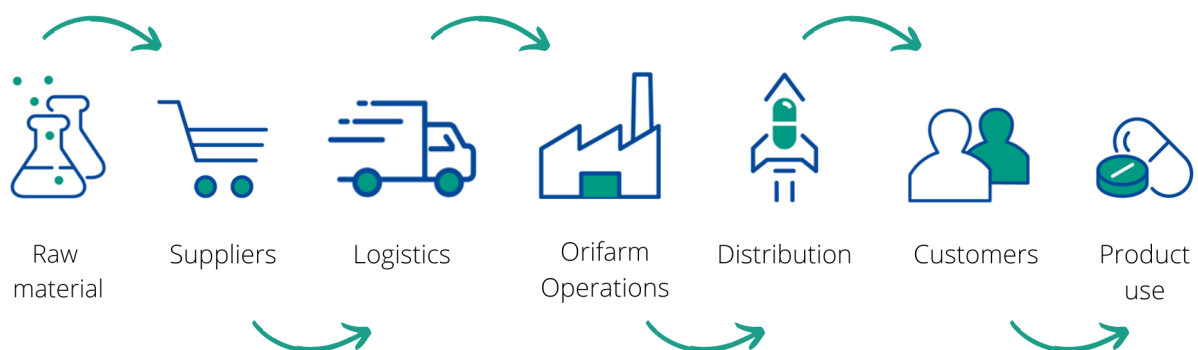
We operate in the following businesses: over the counter (OTC) products, consumer healthcare products, and generics as well as promotional Rx products. Additionally, we

supply unlicensed medicines and we do parallel import of original brands, generics, and medical devices.

Furthermore, we handle comparator sourcing for clinical trials.

Orifarm's products within generics, OTC, consumer healthcare, and promotional Rx are manufactured at our production facilities as well as by trusted contract manufacturers around the world. For inbound and outbound logistics, we rely on external partners. For repacked and/or relabeled products, we transport the imported pharmaceutical products to our repacking facilities in the Czech Republic or Denmark. After repacking the products, they are distributed to customers in our markets.

Orifarm's own operations include the production of boxes, printing labels and leaflets, and repacking the pharmaceuticals. For the rest of the value chain, Orifarm relies on external partners, suppliers, and customers.



Orifarm business

Parallel import

Based on the free movement of goods and services within the EU, traditional parallel import is the process of importing original pharmaceuticals marketed in EU countries, repackaging/relabeling, and reselling the products in different markets to more affordable prices for the end-users and societies.

Unlicensed medicines

Contrary to most pharmaceuticals, unlicensed medicines do not hold a marketing authorisation. As patients in different markets still need the pharmaceuticals, unlicensed medicines are supplied via special authorisation from the local authorities.

Comparator sourcing for clinical trials

Pharmaceuticals are sometimes used in clinical trials to compare the product's effectiveness against a new innovational product. Orifarm supports the manufacturer of the clinical trial, the clinical research organisation, and/or the contract manufacturing organisation with the sourcing of the necessary pharmaceuticals included in the clinical trials.

Generics

When a patent for an original pharmaceutical expires, generic manufacturers have the opportunity of marketing a similar pharmaceutical containing the same active pharmaceutical ingredient (API).

Over the counter (OTC)

OTC products can be sold directly to end-users without prescription. They are regulated by health authorities to ensure that they contain pharmaceutical ingredients that are safe and effective to use without advice from a physician.

Consumer healthcare

These products are mainly dietary supplements used for supplementing – not replacing – the daily diet. Examples are vitamins, minerals, fish oil, and probiotics.

Promotional Rx

Orifarm's portfolio of Promotional Rx products consists of prescription pharmaceuticals only. The pharmaceuticals are characterised by uniqueness, which makes them relevant for patients, prescribers, payers, pharmacies, and/or authorities.



Our approach to sustainability

Meeting the sustainability challenges of the world around us demands us to understand the impact Orifarm's business has on the environment and our surrounding societies. Simultaneously, it is imperative to understand how sustainability challenges our future business strategy.

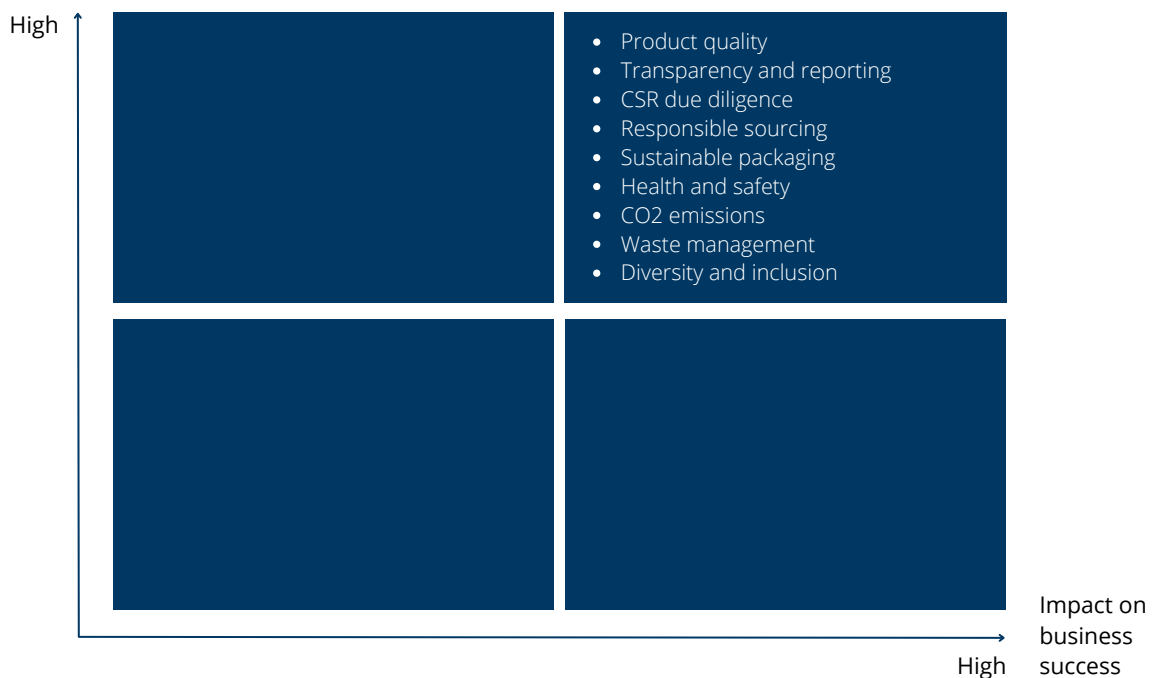
In 2021, we updated our sustainability materiality assessment to reflect our current state of business after the transformative development that Orifarm underwent in 2021. Through dialogues with Orifarm's stakeholders, assessing customer expectations, and considering upcoming regulatory and law demands, we compiled an overview of topics and indications of what is to come.

We mapped the topics/themes encountered and prioritised them based on their significance for the stakeholders and for our future growth ambition. We consider the type and degree of impact these topics have on the environment and society as well as our ability to influence the topics.

The outcome of the assessment is a matrix that ranks the themes/topics based on an assessment of their importance. The matrix lays the foundation for the prioritisation of the sustainability themes that Orifarm should address.

Our materiality assessment investigation into the sustainability themes most important to stakeholders and our business is reviewed on an ongoing basis.

Importance to stakeholders



Orifarm and the sustainable development goals

Whilst we report on our commitment to the ten principles for the UN Global Compact, Orifarm, as an international organisation, understands its responsibility in forming a sustainable future. Therefore, we support the 17 UN Sustainable Development Goals (SDGs) and their 169 underlying targets. The SDGs represent the most pressing global challenges of today and act as a framework towards sustainable development and long-term value creation.

To guide Orifarm's future commitment in the context of our business model and core activities, we have chosen to prioritise five SDGs in our pursuit of minimising the negative impact of our business operations and increasing our positive contribution from our value creation and our products. The SDGs we prioritise are:

SDG 3 – Good health and well-being

By producing and distributing quality and safe pharmaceuticals at a low cost, we support SDG 3 by creating access to safe, effective, quality, and affordable essential medicines and vaccines for all. We also contribute to SDG 3 by ensuring a healthy work environment.

SDG 5 – Gender equality

In Orifarm, we believe in an engaged and competent workforce, recognising the benefits of diversity in respect of gender, culture, age, education, and experience. We support SDG 5 by ensuring equal leadership opportunities for men and women in Orifarm.

SDG 8 – Decent work and economic growth

Focusing on employee satisfaction, health and safety is essential for the well-being and performance of Orifarm's employees. We contribute to SDG 8 by seeking to minimise environmental risks, risks of corruption, and risks of breaches of human rights and labour rights in our organisation and value chain.

SDG 12 – Responsible consumption and production

Orifarm promotes sustainable use of resources via waste management principles for reducing, reusing, and recycling. We support SDG 12 by working to minimise our resource consumption including hazardous waste.

SDG 13 – Climate action


Orifarm must take part in the green transformation. We support SDG 13 by reducing our carbon emissions in our operations and value chain to limit climate change.

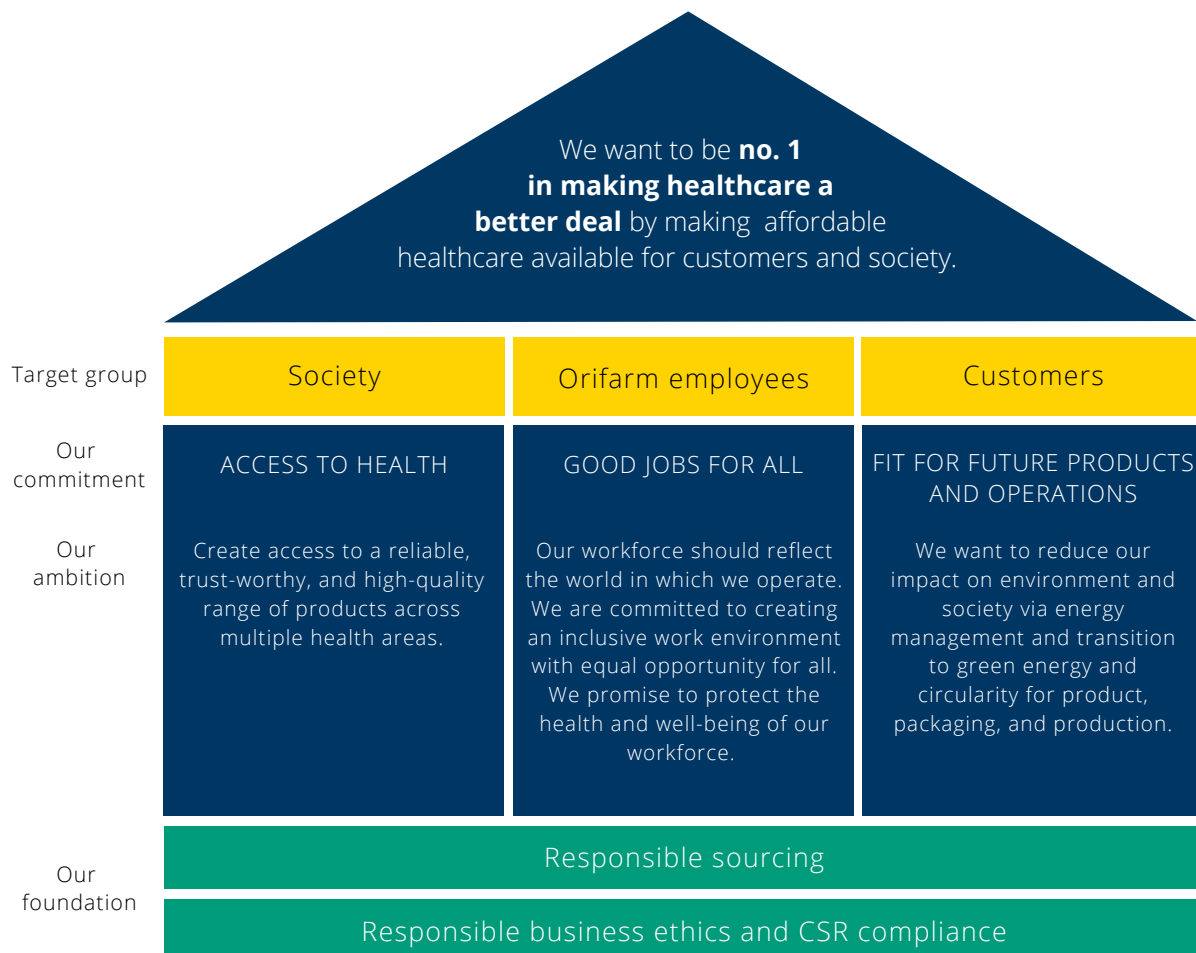
Throughout the report, you will find references to our commitment and our activities to each of the prioritised SDGs.

Orifarm's key strategic CSR priorities/commitments

We have identified three strategic priorities that will headline Orifarm's future commitments within social and environmental responsibility. Our approach to sustainable sourcing and good business ethics underlines and supports all business activities in Orifarm.

Our strategic priorities are:

-  Access to health
-  Good jobs
-  Fit for future products and operations



Access to health

We recognise that access and affordability of medicine can be a challenge for patients around the world. Ensuring access and affordability is a responsibility we share with all involved in healthcare. At the same time, a growing and aging population, rise in chronic illnesses, and need for complex treatments key reasons for the increasing costs of healthcare that we are all facing in the coming years.

Our purpose in Orifarm is to create access to good healthcare products by challenging market conventions, always looking for opportunity, and never leaving customers' needs out of sight.

We contribute to increasing access by sourcing pharmaceuticals in cheaper markets, producing generic medicine, or by providing trusted, valued brands to consumers. Thereby, we contribute to making healthcare a better deal and offer patients, consumers, and societies more healthcare for their money. In 2021 over 11,5m repacked or relabeled products were made available to patients in Europe.

Safety comes first and by always focusing on providing high-quality products, the safety of end-users continues to be a top priority in Orifarm. It is paramount to us, that end-users of any healthcare product can trust that the product is safe to use. That applies to all products – originals as well as parallel imported, generics, OTC, and consumer healthcare products.

Good jobs

To secure long-term value creation, companies are obliged to ensure access to safe working conditions, equality in opportunity, and an inclusive culture.

In Orifarm, we want our employees to thrive, to be driven by a strong purpose, and live our values. People have always been the cornerstone of our success and employee engagement is deeply rooted in our culture. Our workforce should reflect the world in which we operate and we are committed to creating an inclusive working environment with equal opportunity for all and protecting the health and well-being of our workforce.

In 2021, the main challenge on our people agenda was the onboarding of more than 900 new employees over the year. We welcomed all to Orifarm in onboarding programmes and team workshops to get an experience of the shared values, goals, attitudes, and practices in the everyday working life in Orifarm.

At the same time, the COVID-19 health crisis and restrictions continue to impact the working life of our employees. The safety and well-being of our employees continue to be of the greatest importance to Orifarm.

In 2021, we increased our ambitions on gender diversity with our new gender target of a minimum of 45% women or men at all management levels. Another important initiative supporting our commitment to an inclusive workforce is our new cooperation with Væksthuset at our head office in Odense. Through this cooperation, we support the inclusion of people at the edge of the labour market by giving them a safe and supported entry back into work.

Orifarm is committed to respecting fair work and human rights in our operations and value chain.

We have long and complex value chains that challenge the transparency of ensuring fair work and respect for human rights in the pharmaceutical industry. We have established processes for dialogues with our suppliers on these issues and we have in 2021 included our sites in our programme for responsible sourcing. In 2022, we will continue developing our strategy to ensure robust approaches to human rights due diligence.

Fit for future production and products

As a manufacturer and distributor of pharmaceuticals, we realise the environmental and climate risks associated with our business model. Patients, consumers, and payers request that we do not take more from society than we give back.

Climate changes impact all of our lives as we experience high pressure on the planet and our ecosystems. Global warming must be limited to 1,5 degrees above pre-industrial levels, and companies are instrumental to lead the transformation to contribute positively to this limitation. Waste and pollution threaten biodiversity and the production and supply of high-quality medicine must happen responsibly for society and the climate.

In Orifarm, we want to reduce the climate impact by reducing our CO2 emissions from our operations and our value chain.

2021 has been a transformative year for Orifarm on many parameters. The growth of our operational footprint has created the need for reviewing and updating our carbon emissions reduction ambition. Besides establishing a new baseline on scope 1 and 2, we have in 2021 conducted the initial investigations into our scope 3 emissions. The work continues with added resources in 2022, and we plan to announce long-term ambitious reduction targets when the investigation and planning have been finalised.

Our commitment towards circular production and consumption continues into 2022. We continue to practice reducing, reusing, and recycling in our operations, and facilities. Acquiring two new production sites impact our resource consumption and this requires new ambitions for sustainability. Targets for future resource management will be set during 2022.

We will intensify our emphasis on bringing more sustainability and circularity into sourced materials and our production. In 2022, we will look for further opportunities to implement more sustainability in our packaging.

Our focus on minimising our impact on the environment is aligned with our business strategy.



Access to health

Access to affordable medicine

Access to medicine is a global challenge and shortage of medicine is a common and known problem. Manufacturing disruptions, commercial withdrawals, and surge in demands are key reasons for increased medical shortage challenges in Europe.

Orifarm creates access to healthcare by moving pharmaceutical products from markets where there is a surplus of medicine to markets needing supply. We activate competition in markets by introducing excess stock from one market to another which leads to significant savings for our customers.

In 2021, Orifarm created access and filled medicine shortages gaps in markets that original manufacturers have deemed too small in certain markets.

In addition, sales categorised as Unlicensed Medicines was intensified, securing even more holes in the supply chain was closed. Helping patients with urgent needs.

Donations

Global Medical Aid

Instead of destroying usable medicine with an expiry date too short for commercial use, we have donated medicine for nearly USD 159,000 this year in cooperation with Global Medical Aid.



Patient Safety

Patient safety is the most significant risk to Orifarm's access to health commitment. Our core business is the development and production of and trading with pharmaceuticals and we must be in compliance with international and national guidelines and regulations to be allowed to do so. Breaches can have a significant impact on patients' health and safety and pose both reputational and financial risks to Orifarm.

Orifarm has strict procedures for correct production, handling, storage, and transporting of pharmaceuticals. Our procedures for receiving complaints are also important. Control, safety, and documentation are keywords in these processes. In 2021, we strengthened our approach to how we govern and manage quality processes across Orifarm business units with the establishment of a new corporate quality compliance function.

2021 progress	<ul style="list-style-type: none"> Strengthened quality compliance with the appointment of a VP, Corporate Quality Compliance. 7 authority inspections were conducted at Orifarm sites in 2021. Findings are handled by our Quality Management Systems and processes which include action plans and dedicated responsibility.
2022 priorities	<ul style="list-style-type: none"> Developing a strategy & establishing a governance for Corporate Quality Compliance. Establishing a Corporate Quality Compliance organization. Digitally transforming Orifarm's quality systems. Establishing a Corporate Quality Compliance operating model. Transitioning to a Corporate Quality Compliance operating model.
Long term aspiration	Establish an integrated, scalable quality compliance model to ensure high-quality standards across Orifarm's business areas.
Governance	Accountability for our corporate quality lies within our VP, Corporate Quality compliance who reports to our CEO.
Policies and guidelines	Governance, Quality process mgt., Pharmaceutical Quality System, Digital QMS, Training, Audit, Incident mgt.
Reference frameworks	<ul style="list-style-type: none"> Good Manufacturing Practices framework Good Distribution Practices framework
SDG contribution	By producing and distributing quality and safe pharmaceuticals at a low cost, we support SDG 3 by creating access to safe, effective, quality, and affordable essential medicines and vaccines for all.
Indicators and target	In 2021, we have not recorded any incidence of non-compliance of health and safety impacts of our products.

Good jobs

Diversity and inclusion

Companies must offer equal opportunity and foster a culture of inclusiveness. Diversity and diverse perspectives lead to dynamic and innovative work environments that lead to improved decision-making and business results.

In Orifarm, we want to develop and live an inclusive culture where all employees have a sense of belonging and equitable opportunities and highly diverse teams on gender, nationality, age, and seniority.

It is imperative for Orifarm to comply with international human rights and labour standards and to work against discrimination.

Orifarm is against any form of discrimination and strives to treat all employees and applicants the same, regardless of sex, age, sexuality, ethnicity, disability, life situation, attitudes, religion, interests, ambitions, life philosophy, and other personal circumstances.

We are committed to creating an inclusive working environment with equal opportunity for all and protecting the health and well-being of our employees.

2021 progress	<ul style="list-style-type: none"> • Launched our new gender diversity ambition with a minimum of 45% representation of the lowest represented gender on all management levels. • Celebrated International Women's Day promoting senior-level female profiles and their experience of being a female leader in Orifarm. • Appointed one woman to the Orifarm Board of Directors, and thus increased the share of the underrepresented gender on the Board of Directors during 2021. We are confident that the 40% target is realistic to achieve in 2025. • Partner with Væksthuset to create access to labour market for people on the edge of it. 												
2022 priorities	<ul style="list-style-type: none"> • Corporate diversity and inclusion policy implementation including review of Orifarm's recruitment and promoting practices. • Management training on non-bias awareness. 												
Long term commitment	Continue building an inclusive culture where all employees have a sense of belonging and equitable opportunities and highly diverse teams on gender, nationality, age, and seniority.												
Governance	Accountability for diversity and inclusion activities and targets lies with our Chief Human Resources Officer.												
Policies and guidelines	Guidelines on diversity and inclusion are found in local personnel handbooks.												
Reference frameworks	N/A												
SDG contribution	We support SDG 5 by ensuring equal leadership opportunities for men and women in Orifarm.												
Indicators and target	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Women in management – all levels</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>41%</td> </tr> <tr> <td>2021</td> <td>42%</td> </tr> </tbody> </table> </div> <div style="text-align: center;"> <p>Women in executive management</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>14%</td> </tr> <tr> <td>2021</td> <td>14%</td> </tr> </tbody> </table> </div> </div>	Year	Percentage	2020	41%	2021	42%	Year	Percentage	2020	14%	2021	14%
Year	Percentage												
2020	41%												
2021	42%												
Year	Percentage												
2020	14%												
2021	14%												

Health and well-being

Ensuring working conditions that allow for healthy and whole lives is the responsibility of all companies. By providing the best conditions for employee health and well-being companies increase their ability to create long-term sustainable value.

At Orifarm Group, we want to foster an organisation where people thrive and employees are driven by a strong purpose and living our values. People have always been the cornerstone of our success and employee engagement is deeply rooted in our culture. Healthy, motivated, and engaged employees are key to reaching our ambitions.

Primary risks related to employee health and well-being at Orifarm Group are accidents and work/life balance, which is why Orifarm Group ensures access to safe working conditions, has implemented a global remote work policy and offers support to reach a healthy work/life balance.

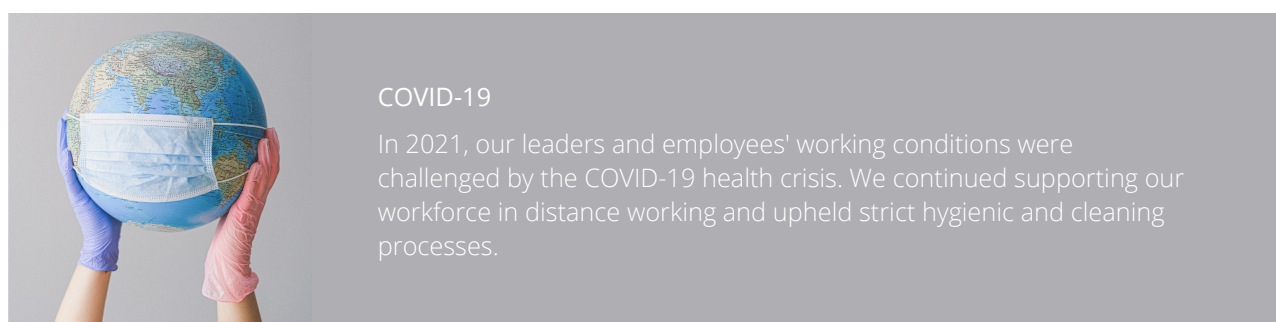
2021 progress	<ul style="list-style-type: none"> • Global implementation of corporate remote work policy. • Introducing workplace midwife consultancy at Odense site. • Extending Blume Support, who can help the employee that need to reach a healthier work/life balance to all employees in Denmark. • Engagement survey for onboarding Takeda employees.
2022 priorities	<ul style="list-style-type: none"> • Culture and Engagement Programme to ensure that people are proud and engaged working in Orifarm Culture. Training and guidelines for hybrid work. • Implementation of Orifarm Future Leadership Framework to ensure e.g. accountabilities, collaboration, effective teams, and trust in organisation. • Future workplace implementation in Odense Head Office.
Long term commitment	Continued focus on creating the framework for healthy working conditions respecting a wholesome work/life balance.
Governance	Accountability lies with Orifarm Chief Human Resources Officer.
Policies and guidelines	<ul style="list-style-type: none"> • Corporate remote work policy. • Health and well-being related policies and guidelines are available in local personnel handbooks.
Reference frameworks	N/A
SDG contribution	We contribute to SDG 3 by ensuring a healthy physical and psychological work environment.
Indicators and target	90 Blume Support registrations in 2021 (employees eligible 805)

Safe working environment

Health and safety are essential for the well-being and performance of our workforce. It is our responsibility to provide safe working conditions for our workers and contractors.

In Orifarm, we take our responsibility seriously and we continually look for ways to improve workplace safety by conducting risk assessments, reviewing policies and emergency plans.

2021 progress	<ul style="list-style-type: none"> Improved hygienic guidelines and AVG testing in Orifarm Supply operations in the Czech Republic. Establishment of local health and safety committee in Orifarm Manufacturing Viminco. Safety training programmes, evacuation simulation, near miss reporting programme implementation in Orifarm Manufacturing Poland.
2022 priority	Creation of a corporate EHS function and corporate policy implementation.
Long term commitment	Best in class (E)HS management implemented at all Orifarm sites.
Governance	Accountability lies with Orifarm Chief Operating Officers and policy implementation with local safety responsible persons.
Policies and guidelines	Standard operating processes on health and safety processes and risks assessment implemented through local policy guidelines.
Reference frameworks	N/A
SDG contribution	We contribute to SDG 8 by ensuring safe working conditions.
Indicators and target	Accidents at work with absences = 5



Fit for future production and products

Resource management and circularity

To ensure the continued availability of natural resources it is essential to use resources in a sustainable way.

Orifarm is aware of its responsibility in relation to its environmental risks of production and disposal of medicine on the environment both in relation to our own production as well as the medicine we trade. We create paper and plastic waste in our production and when we send products to market.

Waste management and circularity are placed highly on our corporate list of responsibilities. We practice reduction, reusing, and recycling in our processes and at our sites to minimise the consumption of resources. Moreover, we are committed to introducing more sustainability and circularity into our products and in our packaging as part of our strategic priority.

2021 progress	<ul style="list-style-type: none"> We have included two new production sites in our resource baseline for paper, plastic, chemical, and total waste. Increased sorting opportunities for employee waste. 						
2022 priorities	<ul style="list-style-type: none"> Develop and plan transition for more sustainability into packaging update/upgrade design from circular principles. Secure circularity of used office material in Future Workplace project. 						
Long term commitment	Continue to develop processes and seek opportunities for circularity in product and packaging via sourcing sustainable materials and reduce the end-of-life impact of our products.						
Governance	Accountability lies with our executive CSR committee.						
Policies and guidelines	Environmental policy						
Reference frameworks	N/A						
SDG contribution	We support SDG 12 by working to minimise our resource consumption including hazardous waste.						
Indicators and target	<div style="text-align: center;"> <p>Recycled waste share</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Recycled waste share</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>75%</td> </tr> <tr> <td>2021</td> <td>63%</td> </tr> </tbody> </table> </div> <p>2021 emissions and consumption development primarily caused by inclusion of two acquired production sites 1. April 2021.</p>	Year	Recycled waste share	2020	75%	2021	63%
Year	Recycled waste share						
2020	75%						
2021	63%						

CO2 emission reduction

Decarbonisation of energy generation and improving energy efficiency are key to limiting climate impact. As an employee-intensive organisation, our electricity and water consumption follows the number of people employed, while our gas and heating consumption depends on the amount of m2 we have to heat or cool. Our main impact comes from our supply chain, primarily purchased goods, and services.

Orifarm must take part in the green transformation. In our own operations, we continually seek opportunities for improving energy efficiency and today, five of our six main production or storage sites are powered by renewable energy. Most of our emission lies in our value chain and we will use the coming year to investigate our full scope 3 baseline, set our long-term target, and plan our reduction.

2021 progress	<ul style="list-style-type: none"> • Integration of two new production sites and establishing a baseline for scope 1 and 2 CO2 emissions. • Initial mapping scope 3 emissions for 2020 (excluding acquired Takeda assets). • Installed 1000 m2 solar cells in Odense head office (operation December 2021). • Transition to renewable energy at Orifarm Manufacturing Viminco. • Transition from gas burners to electric heating at refurbished warehouse Orifarm Supply operations in the Czech Republic. 																		
2022 priorities	<ul style="list-style-type: none"> • Investigate and plan CO2 long-term reduction ambition for scope 1, 2, and 3. • Investigate baseline for scope 3 emissions for Orifarm (including acquired Takeda assets). • Set-up of car charging stations at our Odense site (postponed from 2021) and establishing further solar panels at new buildings. 																		
Long term aspiration	We support international conventions for limiting global warming to 1,5 degrees above pre-industrial levels.																		
Governance	Accountability lies with Orifarm executive CSR committee.																		
Policies and guidelines	Environmental policy																		
Reference frameworks	Greenhouse Gas Protocol																		
SDG contribution	We support SDG 13 by reducing our carbon emissions in our operations and value chain to limit climate change.																		
Indicators and target	<div style="display: flex; justify-content: space-around;"> <div data-bbox="448 1525 735 1816"> <p>CO2 emissions scope 1</p> <table border="1"> <tr><th>Year</th><th>CO2 emissions scope 1</th></tr> <tr><td>2020</td><td>605</td></tr> <tr><td>2021</td><td>2318</td></tr> </table> </div> <div data-bbox="759 1525 1046 1816"> <p>CO2 emissions scope 2</p> <table border="1"> <tr><th>Year</th><th>CO2 emissions scope 2</th></tr> <tr><td>2020</td><td>395</td></tr> <tr><td>2021</td><td>940</td></tr> </table> </div> <div data-bbox="1070 1525 1358 1816"> <p>Renewable energy share</p> <table border="1"> <tr><th>Year</th><th>Renewable energy share</th></tr> <tr><td>2020</td><td>79%</td></tr> <tr><td>2021</td><td>92%</td></tr> </table> </div> </div> <p>2021 emissions and consumption growth primarily caused by inclusion of two acquired production sites 1. April 2021.</p>	Year	CO2 emissions scope 1	2020	605	2021	2318	Year	CO2 emissions scope 2	2020	395	2021	940	Year	Renewable energy share	2020	79%	2021	92%
Year	CO2 emissions scope 1																		
2020	605																		
2021	2318																		
Year	CO2 emissions scope 2																		
2020	395																		
2021	940																		
Year	Renewable energy share																		
2020	79%																		
2021	92%																		

Environmental management

Due to the nature of the need for pharmaceuticals to overcome diseases, regulations focus on product quality, and consumer safety compared to environmental safety. However, pharmaceuticals have a significant environmental impact on i.e. ecosystems if they end up in the nature. Pollution comes from production, operations, and patient usage.

Orifarm takes a precautious approach to environmental management and uploads and acts in compliance with environmental regulation and guidelines. We wish to continue improving our processes and explore a more systematic and proactive approach.

2021 progress	Internal mapping of processes and organisation of environmental management with the inclusion of two new production sites to Orifarm.
2022 priorities	<ul style="list-style-type: none"> • Establish environmental management as part of corporate EHS function. • Review environmental impact of products and operations.
Long term aspiration	Continue to develop our systematic approach to environmental management.
Governance	Accountability for environmental management lies with our Chief Operating Officer and environmental management implementation with local EHS management.
Policies and guidelines	Orifarm Environmental Policy
Reference frameworks	N/A
SDG contribution	We support SDG 14 and 15 by working to limit pollution from the production and usage of our products.
Indicators and target	Substantiated cases of non-compliance with environmental management: 0



Responsible sourcing

Orifarm impacts society and the environment through our operations and the companies we engage with. Companies have a responsibility to address and mitigate risks in their supply chains to labour and human rights, corruption, and the environment.

Orifarm has complex and continuously changing supply chains that challenge our transparency of the risks associated. Through our responsible supply chain management processes, we, in Orifarm, act to minimise adverse impacts from suppliers of goods and services.

Orifarm's Supplier Code of Conduct sets out our expectations to our suppliers on responsible business conduct and forms the basis for our dialogue with strategic external stakeholders on meeting our expectations. All new direct and indirect suppliers are asked to commit to the Supplier Code of Conduct.

Dialogues about sustainability with our partners can be difficult due to different perspectives and insufficient knowledge. It is important to educate ourselves and our stakeholders on the issues and risks faced in the pharmaceutical supply chains as well as to understand local conditions. We continue to work on our approach and strengthen our insights into our impact areas. Also, through our membership of the Pharmaceutical Supply Chain Initiative, we contribute to raising awareness of the challenges of responsible supply chains within our industry.

2021 progress	<ul style="list-style-type: none"> • Onboard new procurement team from a new site in responsible procurement process and updating supplier base with Orifarm Supplier Code of Conduct. • Build awareness of our need for responsible supply chains across our procurement and commercial teams. • Continued risk evaluation and self-evaluation questionnaire assessments of our CMO supply base.
2022 priorities	<ul style="list-style-type: none"> • Strengthen corporate approach to responsible sourcing process implementation. • Risk screening and assessment of raw material suppliers. • Strengthen due diligence process. • CSR auditing of key risk CMOs.
Long term commitment	Continue to improve CSR review integrated into supplier management across Orifarm Group.
Governance	Accountability lies with our executive CSR committee.
Policies and guidelines	<ul style="list-style-type: none"> • Orifarm Group Supplier Code of Conduct • Orifarm standard operating processes for contract negotiations • UK Modern Slavery Act 2020
Reference frameworks	<ul style="list-style-type: none"> • Ten principles of the UN Global Compact • Pharmaceutical supply chain initiative's principles for responsible conduct • UN Guiding Principles on Business and Human Rights
SDG contribution	We contribute to SDG 8 by seeking to minimise risks for human rights, labour rights, the environment, and corruption in our value chains.
Indicator	108 of Orifarm Supplier Code of Conduct accepted with our CMO suppliers .

Anti-corruption and business ethics

Corruption and other fraudulent business are hindering the development of economic, social, and political development. Challenging business practices by undermining fair business competition and limiting trust in institutions.

Orifarm has zero-tolerance towards bribery, corruption, or other fraudulent business practices and all employees must conduct themselves with good business ethics. Orifarm respects and behaves according to all antitrust principles in all markets where we do business. We offer full transparency and are compliant with anti-corruption laws and principles.

It is important for all employees to conduct our business with integrity, responsibility, and honesty. We are guided by national law and international frameworks for responsible business practices. To support all employees in making ethical decisions in their daily work, we have a set of guidelines designed to promote the principles and our business ethics of Orifarm. This ethical code of conduct sets directions and promotes our standards of conduct for all employees in Orifarm.

2021 progress	Launched mandatory online training in anti-corruption for all leaders and commercial and business support functions.
2022 priorities	Business ethics due diligence assessment of internal operations and value chain.
Long term commitment	Strengthening processes for continued compliance with OECD, EU, and national CSR, social and environmental guidelines.
Governance	Accountability for business ethics policy implementation lies with Orifarm Group CEO.
Policies and guidelines	<ul style="list-style-type: none"> • Orifarm Business Ethics Guideline • Orifarm Whistle-blower Policy
Reference frameworks	<ul style="list-style-type: none"> • OECD Guidelines for Multinational Enterprises • UK Bribery Act
SDG contribution	SDG 16 working to combat corruption and bribery.
Indicators and targets	Substantiated whistle-blower cases: 0 Reports of corruption related to Orifarm: 0

Privacy and GDPR

We focus on privacy and protection of personal data throughout Orifarm, covering both the data of consumers, employees, business partners, and other stakeholders. Orifarm has taken solid measures to protect personal data and is in compliance with the EU General Data Protection Regulation (GDPR) and national personal data protection legislation. All of our white-collar employees have been educated in the GDPR.

Data ethics

Orifarm has a policy for data ethics that is approved by the Orifarm Executive Management. The policy addresses Orifarm's respect for the customer, vendor, and employee privacy. In situations where privacy must be balanced against other concerns, privacy will be given preference. Orifarm safeguards the handling of personal data and ensures that this data is not stored for a longer period of time than necessary nor made broader available than necessary, in relation to technical, functional, and legal purposes.

Orifarm CSR Governance

The Orifarm CSR committee is responsible for overseeing the CSR agenda and activities in Orifarm. The members of the committee are Erik Sandberg (CEO), Birgitte Ladefoged (CHRO), Jeff Rope (COO), and Dennis Dencher (CCO Healthcare).

The CSR committee's responsibilities are governance with CSR policies and to ensure focus on sustainability in Orifarm Group by setting "tone from the top". The CSR governance in Orifarm rests on the following pillars:

- ▶ Creating value and balancing stakeholder interests with international and national law, guidelines, and best practices
- ▶ Ensuring compliance with Orifarm CSR guidelines and policies
- ▶ Accountability of CSR strategy development, execution, and reporting
- ▶ Employee engagement and communication of Orifarm's CSR agenda

Our CSR committee



Erik Sandberg
CEO



Birgitte Ladefoged
CHRO



Jeff Rope
COO



Dennis Dencher
CCO

Orifarm policies

Orifarm's CSR policies apply to all Orifarm Group A/S 100% owned affiliates. Our policies towards human rights, labour rights, responsible business behaviour concerning the environment, and anti-corruption are stated in our corporate social responsibility policy, environmental policy, and ethics guidelines.

Our Supplier Code of Conduct forms the basis for dialogue on respecting our policies and principles in our value chain.

- [See Orifarm's corporate social responsibility policy](#)
- [See Orifarm's Supplier Code of Conduct](#)

Orifarm CSR grievance mechanisms

Orifarm provides internal and external stakeholders with the option of reporting illegal or unethical behaviour, including behaviour and practices that do not comply with the social responsibility of Orifarm to respect human rights and labour rights, protect the environment, and work against corruption. Orifarm employees can report via the Orifarm Whistle-blower Scheme available on the Orifarm intranet. External stakeholders can report via CSR@orifarm.com.



Non-financial data summary

Sales performance		Index	2021	2020
Sales performance index		241	70.044.893	29.055.187

Social	Unit	Target 2025	2021	2020
Non-compliance of H&S impacts of products	Number	0	0	0
Employee turnover	%	10%	12%	13%*
Women in management				
Executive Management	%	45%	14%	14%
Management all levels	%	45%	42%	41%
Governance				
Women in management - Orifarm Board	%	40%	17% (5 men/1 woman)	0%

Environment				
CO2 Scope 1	Ton CO2e	Under review	2.318**	605
CO2 Scope 2 - market based	Ton CO2e		940**	395
Renewable electricity share	%	To be decided	92%**	79%
Water consumption	m3/headcount		19,0**	9,9
Total Waste	kg		1.581.457**	1.053.648
Chemical	kg		243.493**	92.074
Plastic	kg		81.207**	19.730
Paper	kg		882.159**	772.954
Waste recycled	%	To be decided	63%**	75%

2021 baseline year

* 2020 calculation of employee turnover incl. blue collar

** 2021 emissions and consumption growth primarily caused by the inclusion of two acquired production sites 1. April 2021

Accounting principles

Indicator	Method	Practice	Reporting entities/sites
Non-compliance of H&S impacts of products	Number	Total number of incidents of non-compliance cases leading to fines or sanctions. Information has been sourced from Orifarm's legal department.	Orifarm Group A/S
Employee turnover	Calculated	Employee turnover has been calculated on the basis of average white collar headcount over the calendar year. Information has been sourced from Orifarm's payroll systems.	Orifarm Group A/S
Women in management – Orifarm Board	Calculated	Women in management – Orifarm Board is calculated on the basis of board of directors headcount at the end of the year 31.12.2021. Information has been sourced from the Central Business Register (CVR). In accordance with the Danish Financial Statements Act §99b, employee-elected members have been excluded from the calculation.	Orifarm Group A/S
Women in executive management	Calculated	Women in executive management is calculated on the basis of executive manager headcount at the end of the year 31.12.2021. Information has been sourced from Orifarm's payroll systems.	Orifarm Group A/S
Women in management – all levels	Calculated	Women in management – all levels is calculated on the basis of manager headcount at the end of the year 31.12.2021. Information has been sourced from Orifarm's payroll systems.	Orifarm Group A/S
CO2 Scope 1	Calculated	Scope 1: Direct greenhouse emissions are calculated based on consumption of natural gas, LPG, fuel oil and fuel consumption in owned and leased fleet. Emission factors are obtained from DEFRA 2021. Information has been sourced from invoices, fuel card transactions, and annual statements from suppliers.	Orifarm Group A/S
CO2 Scope 2	Calculated	Scope 2: Indirect greenhouse emissions are calculated based on electricity consumption and consumption of district heating. Emission factors for district heating are obtained from DEFRA. Emission factors for the electricity consumption that comes from non-renewable sources are obtained from residue mix. Renewable energy certificates have been included in the calculation. Thus, the number reported is market based. Information has been sourced from invoices, certificates, and annual statements from suppliers.	Orifarm Group A/S

Indicator	Method	Practice	Reporting entities/sites
Renewable energy share (%)	Calculated	<p>Renewable energy is calculated as the share of electricity consumption that comes from renewable sources.</p> <p>Purchased renewable energy certificates issued by energy providers are included in the interpretation of electricity coming from renewable sources.</p> <p>Information has been sourced from invoices, certificates, and annual statements from suppliers.</p>	Production and storage sites
Water consumption	Calculated	<p>Water consumption is calculated on the basis of annual water consumption, sourced from invoices and annual statements, and divided by the total headcount as of 31.12.2021.</p>	Production and storage sites
Total (kg)	Measured	<p>Total waste is measured on the basis of chemical waste, plastic waste, paper waste, mixed waste, wooden waste, metal waste, glass waste, organic food waste, alkaline batteries waste.</p> <p>Information has been sourced from invoices or annual statements from waste management companies. Conversion factors have been applied to some invoices to convert liters and cubic yards to kilograms.</p>	Production and storage sites
Chemical (kg)	Measured	<p>Chemical waste includes pharmaceutical waste, organic and inorganic chemical waste, solvents and solvent mixtures, materials containing residues, contaminated materials, sorbents, filter materials, waste water containing hazardous substances, laboratory waste, and oxidizing substances.</p> <p>Information has been sourced from invoices or annual statements from waste management companies. Conversion factors have been applied to some invoices to convert liters to kilograms.</p>	Production and storage sites
Plastic (kg)	Measured	<p>Plastic waste includes both transparent and colored plastic waste.</p> <p>Information has been sourced from invoices or annual statements from waste management companies. Conversion factors have been applied to some invoices to convert liters to kilograms.</p>	Production and storage sites
Paper (kg)	Measured	<p>Paper waste includes paper, cardboard and carton waste.</p> <p>Information has been sourced from invoices or annual statements from waste management companies.</p>	Production and storage sites
Waste recycled (%)	Calculated	<p>Waste recycled is calculated as the share of total waste that is recycled.</p> <p>Recycled waste differs from site to site, but the bigger production sites generally send plastic and paper waste for recycling. Other types of waste that are sent for recycling from one or more sites include organic food waste, metal waste, glass waste, wooden waste and alkaline batteries.</p> <p>Information has been sourced from invoices and waste management vendors' websites.</p>	Production and storage sites

Production sites: Odense, Viminco, Hobro, Czech Republic, Poland

Storage sites: Germany, United Kingdom, United States

Independent Auditor's Assurance Report



To the Management and stakeholders of Orifarm Group A/S

We have reviewed Orifarm CSR Report 2021 ('the Report'), covering global activities from 1 January 2021 to 31 December 2021, to provide limited assurance that the environment, social and governance (ESG) data on page 24 of the Report have been stated in accordance with the criteria defined by Orifarm's accounting principles.

We express a conclusion providing limited assurance.

Management's responsibility

The Management of Orifarm Group A/S is responsible for collecting, analysing, aggregating and presenting the information in the Report, ensuring that data is free from material misstatement, whether due to fraud or error. Orifarm's non-financial accounting principles contain Management's defined reporting scope for each data type. The criteria for the accounting principles can be found on pages 25-26 of the Report.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the ESG performance data on page 24 in the Report. We have conducted our work in accordance with ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, and additional requirements under Danish audit regulation to obtain limited assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed our review from January to March 2022. Our work has included interviews with key functions in Orifarm Group A/S, inquiries regarding procedures and methods to ensure that selected ESG data and information have been incorporated in accordance with the accounting principles. We have assessed processes, systems and controls for gathering, consolidating and aggregating ESG data at Group level, and we have performed analytical review procedures and tested ESG data prepared at Group level against underlying documentation. We have reviewed the reported data as well as evaluated and given feedback on the reliability and validity of the underlying sources. Finally, we have reviewed the Report for adherence to the requirements of the UN Global Compact Communication on Progress Policy.

We have not performed site visits, nor have we performed any assurance procedures on economic or financial data or on forward-looking statements such as targets and expectations. Consequently, we draw no conclusion on these statements.

Conclusion

Based on our work, nothing has come to our attention causing us not to believe that the ESG data subject to our review have been stated in accordance with the criteria defined in the accounting principles.

Copenhagen, 16th March 2022.

Deloitte

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