

Sustainability report 2022 for Fertin Pharma A/S

Adopted by the Board of Directors
on 30th of June 2023



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As a specialist CDMO (Contract Development and Manufacturing Organization) with a global business structure, Fertin Pharma A/S, incl. Claudio HoldCo A/S (Fertin) strives to manage and develop its business and strategic challenges in an economically and socially responsible manner.

Fertin is a company with more than 950 employees located in Denmark, Canada and India. Fertin's primary manufacturing site is located in Vejle, Denmark and additional two manufacturing sites are located in Goa, India and Langley, Canada. Moreover, Fertin owns and operates a R&D facility in Mumbai, India.

Product development and manufacturing is based on a well-developed global network of external suppliers and sub-contractors, and products are exported globally, primarily to Europe, Asia and North America.

This report constitutes our statutory reporting cf. the Danish Financial Statements Act §99a and §99b.

Primary sustainability elements of Fertin's business model

Fertin's vision is "[Supporting Healthier Living](#)".

As outlined in the Fertin Group's formal Code of Conduct, Fertin's business model consists of the general governing rules supported by the two core values, credibility and commitment. The Board of Directors reviews and approves the company's policies, sustainability targets and CoC.

Furthermore, Fertin also requires that external suppliers and sub-contractors adopt and comply with this formal set of rules, this is stated in the Supplier Code of Conduct, which all suppliers are to sign before Fertin enter into a new business relationship.

Fertin supports the United Nation's Sustainable Development Goals (SDGs) to achieve a better and more sustainable future for all. Fertin considers SDG 3 a key goal, due to the fit with the company's vision. Furthermore, as described in Fertin's Sustainability Policy, SDG 5, 12, 13, 15 and 16, are all considered highly relevant to Fertin's business conduct. Fertin's measures, tracks and reports, annually to the Board of Directors, its adherence to the set targets and its work to improve.



SDG 3

Good health and well-being

SDG 3 is particularly relevant for Fertin as a pharmaceutical company. Besides complying with the present legislation and relevant national guidelines, we strive to ensure that our working environment is safe and healthy. We make sure to preserve our employees' freedom of expression and freedom to organize and negotiate collectively. Furthermore, we value the development and enhancement of our employees' skills across the organization.

Health and Safety

For Fertin, it is essential to comply with the present legislation and relevant national guidelines within the areas in which we operate. We strive to develop and maintain a safe and healthy working environment in which employees thrive without the risk of injury.

Safety training has been mandatory for all employees since 2016 and still we welcome both blue and white color with Safety Training. Through our formalized procedures, we strive to anchor a culture around continuous improvement within occupational Health & Safety. Around 150 employees have been trained in Safety Awareness in 2022.

In 2021 we have had multiple focus on Health & Safety during the months. As example we have had focus on ergonomics, which has led to some improvements and to the implementation of desk bikes for the administrative employees to give them possibility to be more active during desktop work. Furthermore, we have released leaflets for employees to prevent and handle stress.

In 2023 we are to initiate yearly updating on Safety Training for all employees, based on what we learned the former year. As a start, this training will be online on demand, but of course mandatory. Human rights

Human rights

Fertin complies with national legislation on conditions relating to employment and remuneration according to the ILO Convention 1) and the ETI Base Code 2). This means that we have well-functioning systems in place to secure our employees' freedom of expression and freedom to organize and negotiate collectively. Furthermore, the development of our employees' skills is an integral part of our personnel policy, and a framework exists to prepare a skill matrix for all areas.

1) The ILO Conventions cover a wide area of social and labour issues including basic human rights, minimum wages, industrial relations, employment policy, social dialogue, social security and other issues

2) The ETI Base Code is founded on the conventions of the International Labour Organization (ILO) and is an internationally recognized code of labour practice.

Employee relations

Our employees are our most important asset and are a prerequisite for Fertin's ability to continue its development and growth. To address potential risks related to attraction and retention of a highly qualified workforce, we continuously focus on work climate and job satisfaction, supported by a formalized dialoguebased quarterly survey. The average rating for 2022 of our work climate survey was at 3.9 (5 being the best). The equivalent rating for 2021 was 4.0.

In 2015, Fertin launched a management trainee program for employees who wish to take on personnel management and have the desire and ambition to take on a management position. 3 employees will finish the program in January 2023. 12 employees are still in the trainee program and a new group will start up in March 2023.

All appointed and hired managers must attend the internal leadership training program, which provides them with clear guidance on what is expected of managers in Fertin as well as a uniform and relevant toolbox to support them in their daily work. As per December 2022 all people managers are offered monthly training sessions on current leadership topics.

Development of employee skills

In 2015, Fertin implemented TWI (Training Within Industry) for employees directly involved in production throughout the value chain. The TWI concept is based on a proven training concept, aimed at securing higher quality in execution of repetitive procedures with a low tolerance for variance. TWI training involves an in-depth look at areas critical to Fertin's value chain.

We implemented TWI training as a supplement to existing training as a way to:

- Improve and develop the quality of our processes
- Strengthen and increase the skills of our employees
- Secure knowledge sharing across the organization

COVID-19

In 2020, 2021 and 2022, there has been significant focus on reducing the impact of the COVID-19 pandemic to the Company. Fertin has strictly followed local restrictions and the national health authorities' guidelines in Denmark, India and Canada.

Communication regarding precautions to prevent spread among employees, has in some periods been done daily and all White-Collar employees, not related to production, has been working from home. Consequently, COVID-19 cases have been contained without any significant implications on other employees and operations.

As of the 31% of January 2022, following Danish Health Authorities, Fertin has lifted all implemented extraordinary measures. Fertin continues to monitor development in sick leave levels as well as any recommendation from the Health Authorities.

COVID-19 has primarily had a negative impact on products sold to customer with significant brick-n-mortar sales.

SDG 5

Gender equality

Fertin actively strive to promote gender equality and diversity at all levels in our company. As such it is a key priority for Fertin to – at all times - secure the existence of an environment that makes it possible for any group of employees to have a career no matter cultural, gender, organizational or geographical barriers. It is a well-known fact, that diversity at all levels in organizations is an indicator of improved performance and growth.

Diversity

Fertin strives to attract highly skilled employees to support a high-performance organization and promote gender equality among managers and at all levels in the organization. We ensure this through both recruitment and succession planning. In 2022, the distribution of genders was as shown below:

Employee group (Male/Female)	2022	
	Male	Female
Executive management (5 Male and 2 Female)	71%	29 %
Management generally	61%	39%
Workers in manufacturing	44%	56%
Other staff	61%	39%
Total	50%	50%

Across all levels, Fertin continue to strive bringing the gender distribution to 60/40 in 2025. The Board of Directors consists of two females and three males. The executive team consists of five men and two women. The aim of promoting diversity and gender equality among managers at all levels is to ensure

that different groups of employees can have a career without experiencing cultural, geographical, gender-based, or organizational barriers.

SDG 12

Responsible consumption and production

To ensure a sustainable consumption and production Fertin is focusing on maximizing the amount of waste that is recycled and to reduce our mixed waste fractions.

Waste disposal

The overall waste amount in 2022 is comparable with 2021. Waste fractions in relation to recyclable materials has increased approximately 3% in total whereas the

waste fraction for special treatment has increased by roughly 5%. During 2022 Fertin's has renegotiated the existing contracts regarding waste and recycling ensuring the compliance in accordance with the new national waste legislation due to be implemented ultimo December 2022.

The following tables depict the total waste generated from the Danish sites in 2022 and 2021.

Waste type	2022		Development		2021	
	Metric Ton	%	Metric Ton	%	Metric Ton	%
Incineration	1.000,45	73,59	-75,20	-7,12	1.075,65	80,71
Cardboard	60,16	4,43	15,91	1,10	44,25	3,32
Chemical & oil waste	87,87	6,46	18,16	1,23	69,71	5,23
Paper	35,76	2,63	13,97	1,00	21,80	1,64
Scrap metal	29,25	2,15	7,08	0,49	22,18	1,66
Landfill & solid oil waste	92,65	6,81	42,62	3,06	50,03	3,75
Wood	3,69	0,27	-0,31	-0,03	4,00	0,30
Glass	4,29	0,32	4,29	0,32	0,00	0,00
Recyclable plastics	26,20	1,93	15,04	1,09	11,16	0,84
Sorted offsite	8,67	0,64	-18,81	-1,42	27,48	2,06
Electronic scrap	1,51	0,11	0,25	0,02	1,27	0,10
Batteries	0,07	0,01	-0,21	-0,02	0,28	0,02
Organic waste	8,96	0,66	3,97	0,28	5,00	0,37
Total	1.359,54				1.332,80	

	2022		Development		2021	
	Metric Ton	%	Metric Ton	%	Metric Ton	%
Incineration	1.000,45	73,59	-130,19	-11,24	1.130,6	84,83
Recycling	178,57	13,13	41,17	2,83	137,4	10,31
Landfill	92,65	6,81	42,65	3,06	50,0	3,75
Special treatment	87,87	6,46	73,05	5,35	14,8	1,11
Total	1.359,54				1.332,9	

Values presented in the table above are based upon system data from Marius Pedersen Online service, Fortum Waste Solutions eDBS system and Daka Online system. Waste fractions from the three systems have been divided into the shown waste divisions depending

on waste treatment and summed up.

Fertin will continue to reduce the overall amount of waste for incineration and landfill by increased focus on waste sorting and recycling.

SDG 13

Climate action

Climate change is affecting all of us and at Fertin we strive to reduce our CO₂ footprint and energy loss. We continue to invest in environmentally friendly technologies. Technologies that enable us to further optimize consumption of water, electricity, natural gas and reduce our CO₂ footprint.

Environment

As a company, Fertin continues to do its utmost to ensure that all business practices are performed in compliance with current environmental legislation.

- We strive to minimize environmental and climate impact by: Screening new investments related to new machinery and buildings for environmentally friendly technologies and ensuring the implementation of these, where it is financially feasible and beneficial for Fertin.
- Continuously assessing the utilization of raw materials and utilities to minimize waste and the consumption of electricity, water and natural gas
- Ensuring that waste, sewage and dangerous chemicals are disposed of in an environmentally responsible manner

The primary focus areas related to environmental and climate impact are:

- Consumption of natural resources and generation of waste fractions.
- Water consumption and sewage generation in regard to process-related activities.
- Air emissions (unrelated to Green House Gases (GHGs) of fragrance compounds used in processrelated activities.

Climate

Emission of GHGs from:

- Burning of fossil fuels used to generate electricity and heat.
- Waste incineration.

Consumption of electricity, natural gas and water

The primary driver for Fertin's energy consumption is related to securing pharma compliant climate control in the production areas and thereby, energy consumption is highly correlated with fluctuations in temperature and humidity in the environment surrounding the production facilities and less by development in the production activity/output.

Water, electricity and natural gas consumption is monitored through the software platform EnergyKey. Below tables, contain data collected in 2022 and 2021.

The data refers to overall annual tonnage of finished products.

Fertin has calculated the carbon dioxide equivalents (CO₂-e) for gas consumption using the online tool "Klimakompasset" - made available by the Danish Business Authority.

For all our electricity consumptions we have bought certificates for water produces electricity throughout 2021 & 2022.

Consumption category	2022	2021	Development	
Electricity			Difference	%
kWh per kg product	8.09	7,82	0,27	3,45
kWh per year	25.595.987	26.061.353	-465.366	-1,79
Water				
m ³ per kg product	0,03	0,03	0,00	0,00
m ³ per year	91.546	88.863	2.683,00	3,02
Natural gas				
m ³ per kg product	0,48	0,50	-0,02	-4,00
m ³ per year	1.508.604	1.672.989	-164.385	-9,83
CO₂ emissions	2022	2021		
Ton CO ₂ -e per kg product	0,0012	0,0011	0,0001	9,09
Ton CO ₂ -e per year	3.676	3.587	89	2,48
Production output				
Ton tonnage	3.165	3.331	-166	-4,98

Due to a slight decrease in the production output in 2022 there has been a less consumption of electricity and natural gas.

Vejle Nord Climate partnership

During 2022 Fertin has engaged in collaboration with the VejleNord climate partnership with the overall purpose:

- To investigate the possibility to create collective energy optimization solutions in the established urban environment within production and commercial sectors in close collaboration with the local companies and Vejle Municipality. To furthermore develop and promote a conceptual model to be used locally and potentially globally.
- To evaluate the possibilities in Vejle and at Fertin specifically

To this end a computer model was finalized during 2022, enabling correlation analysis of production processes and energy consumption. This data will in turn be used in 2023 to generate concrete optimization projects. Furthermore CO₂-mapping activities have also been a focus area in 2022. A collaboration with Comundo was initiated providing CO₂-data in house as well contributing to the VejleNord climate partnership.

Transport-related carbon footprint reduction due to full-service packaging line

As mentioned in our 2021 sustainability report, a new full-service packaging line was planned for 2022. This packaging line has been successfully implemented in the first half year of 2022 and has since then aided in the elimination of GHG emissions. Previously, 75 million blister cards were transported from Vejle, Denmark to Athens, Greece every year.

The full-service packaging line has effectively carved out 243.180 kilometers of the supply chain in

transportation reductions - with estimated annual savings of 152,7 metric ton CO₂-e going forward.

Estimated transportation emission account: Vejle – Athens

FY Volume

Blister cards	75.000.000
Metric ton	1100

Diesel truck >12t

Capacity utilization 100%	1.056.00
Capacity utilization 85%	897.600
Total no. of trucks	84

Distance

Vejle – Athens km.	2895
g/CO ₂ -e pr km.	628*

CO₂ emissions

CO ₂ -e emission one truck (metric ton)	1,818
CO ₂ -e emission all trucks (metric ton)	152,7

Savings from full-service packaging line implementation

Estimated annual CO ₂ -e reduction in metric ton following relocation of packaging line from Athens to Vejle	152,7
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*Danish department of energy emission conversion factors for 2022

The full-service packaging line is an example of how we seek to embed environmental concerns into our corporate strategy, and we are looking forward to seeing the initiative continue in place for 2023 and the years to come. It is important to note that the full-service packaging line does not mark the end of

Fertin's continued commitment to a more responsible business model. Fertin will carry on with its efforts to achieve sustainable growth, seeking to align advances in business with ESG initiatives in the hopes of making positive contributions to society and the global climate.

SDG 16

Peace, justice and strong institutions

At Fertin we take responsibility that both our external partners and internal organization respect and agree to our Code of Conduct and uphold human rights. We do not participate in any actions related to land grabbing. A whistleblower scheme

Anti-corruption, bribery and human rights

At Fertin, we participate in fighting corruption and bribery. Our assessment is that the greatest potential exposure and risk would be related to our global co-operation with external partners.

To manage the potential risks, we continually enforce Fertin's Code of Conduct to ensure that our external partners acknowledge and respect Fertin's Code of Conduct.

In 2022, no reports on breaches of our Code of Conduct were reported.

We have established an external whistleblower scheme, which can be used by anyone who experiences events that violate Fertin's Code of Conduct.

Going forward, we will continue to fight corruption and bribery and monitor reports from our established whistleblower scheme.

Fertin Pharma A/S, 30th of June 2023

Michael Thomsen,
Managing Director

As an integrated part of the Code of Conduct policy, both Fertin and our external global suppliers must uphold human rights.

Specifically, to mitigate the risk that our suppliers are violating human rights, including the use of child labor or not complying with local labor rights, our Quality department conducted a minor number of audits in 2021

and 2022 in line with our Code of Conduct, due to COVID19. The audits were without any major remarks. We expect to increase the number of audits in the future.

Land grabbing

It is the policy of Fertin not to participate in, be responsible for or in any way be associated with any actions which may be deemed as land grabbing.