



Sustainability agenda

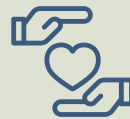


Anti-corruption

Conduct responsible business based on trust, transparency, integrity and zero tolerance of corruption.

Target for 2019

Maintain implementation of Corporate Code of Conduct.



Human Rights

Manage social, ethical, environmental and human rights impacts throughout supply chain.

Target for 2019

Supplier evaluation in sustainability aspects.



Environment

Operate eco-efficiently and manage environmental impact across all activities.

Target for 2019

Adopt a risk-based approach and operate eco-efficiently.



Labor

Offer a great and safe workplace where everyone feels valued and respected.

Target for 2019

Create a diverse and equal workplace free from injuries or accidents.

STATEMENT BY THE CEO

Orexo's Sustainability Report is prepared in accordance with the Swedish Annual Accounts Act and it also act as our Communication on Progress according to the reporting guidelines of the UN Global Compact. I am pleased to reaffirm Orexo's support of the Ten Principles in the areas of Anti-Corruption, Human Rights, Environment and Labor.

Yours sincerely

Nikolaj Sorensen
President and CEO



Sustainability at Orexo

Orexo's vision is to bring value to patients and societies with its pharmaceutical innovations, but in order to create long-term value business approach must also be sustainable. Sustainability is about creating the right conditions to sustain business success – for today and for the generations to come.

BUSINESS COMPLIANCE AND ETHICS CODE			
Supplier Code of Conduct	US Comprehensive Compliance Policies	Safety, Health and Environment Policies	Human Resources Policies

Any given organization should take into consideration how their direct and indirect operations impact the environmental, economic and social environment. At Orexo, sustainability is a business approach where everyone is committed to conduct responsible business and with the ambition to integrate sustainability in all business processes.

GOVERNANCE AND POLICIES

Orexo demonstrates and implements the commitment to sustainable development through establishment of a Sustainability Group. Relevant corporate functions are included to influence corporate policies and strategies and to approve future actions in the sustainability agenda. Throughout the year, performance is reviewed quarterly against the agenda and progress of work is reported to senior management.

In order to achieve sustainability vision and goals, Orexo integrates and implements company values among employees and business partners with help of the company's policies. The policies set the company's minimum expectations and contain directions that help managers and employees in their daily work. The policies are aligned with international norms and well-recognized initiatives, such as the ILO Conventions and the UN Guiding Principles on Business and Human Rights. The Swedish organization, comprising Research and Development and Corporate Headquarters, is responsible for maintaining policies on a corporate level and enforcing global and local policies mainly in Sweden. The majority of Orexo's commercial activities are managed by Orexo US Inc., which utilizes and enforces a Comprehensive Compliance Policy Program adapted for federal and state-level law and expectations.

Business Compliance and Ethics Code

Orexo's Business Compliance and Ethics Code acts as an umbrella policy for all other policies and is based on legislation, corporate values and recognized international standards, such as the International Bill of Human Rights, the Declaration of Helsinki¹ and the UN Global Compact. Working in an ethical manner is an important part of the business and the policy therefore applies to all directors, officers, employees, consultants and temporary staff at Orexo AB and its subsidiaries. The code has a zero tolerance for bribery and corrupt practices and urges individuals to raise questions and report suspected violation of ethical business conduct, without retaliation or any threat of retaliation.

Supplier Code of Conduct

As a company with most of its activities outsourced, Orexo's main sustainability impacts and risks are within the supply of goods and services. Orexo's supplier management is based on the company's Supplier Code of Conduct, which describes Orexo's expectations for suppliers in a variety of sustainability aspects.

In order to enforce the Supplier Code of Conduct, Orexo utilizes processes and procedures to ensure that patient safety, occupational safety and health, product quality and other applicable business compliance and ethics aspects of suppliers are acceptable. The processes and the procedures also ensure that applicable commercial aspects like supplier reliability, financial stability and future commercial implications for the supply chain are adequately considered.

US Comprehensive Compliance Policies

Orexo US Inc. adheres to rules and regulations set out on a federal and state level by enforcing a comprehensive policy program that addresses the approach to marketing and promotion of pharmaceutical products, including, but not limited to, aspects such as expense and aggregate spend reporting and interaction with governments and healthcare professionals.

Safety, Health and Environment Policies

The Safety, Health and Environment policies and guidelines support managers and employees in their pursuit of a workplace free of injuries and illnesses and support the company's precautionary approach to environmental challenges.

Human Resources Policies

The policies describe the relationship between the employer and the employees and their respective obligations and rights. They cover matters such as recruitment, equal opportunities, discrimination, conflict of interest and health insurance and other employment benefits.

SUSTAINABLE CHANGE WITH INNOVATION

An important part of the ambition to build a more sustainable business is Orexo's contribution to the United Nations Sustainable Development Goals (SDGs). At Orexo, sustainability work contributes to several of the SDGs with a primary focus on SDG3 "Good health and well-being". This target is of especial importance as it is closely aligned with Orexo's ambition to strengthen the prevention and treatment of substance abuse.

Substance use and substance-use disorders is a global public health burden and is recognized by the UN as one of the targets that must be met to achieve the 2030 Agenda for Sustainable Development. Every day approximately 184 people die in the US as a result of drug use and opioids continue

to cause the most harm, accounting for 70 percent of the deaths.² The availability of and access to treatment services remains limited as only 1 in 7 people suffering from drug use disorders receives treatment each year.³ With the opioid crisis becoming the worst drug epidemic in US history and an increase of people worldwide suffering from drug use disorders along with fewer people getting access to treatment, Orexo is determined to push harder for action and progress on this issue. The key to addressing this is innovation. By broadening the development pipeline Orexo aims to make treatment available for more people and provide prescribers with more options within drug substitution therapy.

Creating shared values

Innovation and partnership are two key factors when addressing the sustainability challenges the pharmaceutical industry is facing. Orexo's partnership with GAIA AG, a global leader in digital therapeutics, is an example of the company's ambition to add value to both patient and society. With the partnership, therapies will be commercialized and bring benefits to the entire health system such as therapy precision and patient personalization. Given the cost for the society associated with drug abuse, digital therapies will also expand the access to healthcare and bring economic sustainability.

In November 2019, Orexo further strengthened the partnership with GAIA and acquired exclusive US rights to vorvida[®], a fully automated digital therapy scientifically proven to reduce troublesome drinking patterns in adults with Alcohol Use Disorder (AUD). AUD is a disorder affecting approximately 14.5 million people⁴ and causing more than 88,000 people dying each year.⁵ With a cost of about USD 249 billion per year,⁶ AUD has not only become the third leading preventable cause of death but also a major health crisis. With digital therapies as vorvida, Orexo will be able to continue to create shared values and have a positive impact on both the individual and the society.



*SDG3
Healthy lives and
well-being for all at
all ages*

¹ A recognized statement of ethical principles for medical research involving human subjects developed by the World Medical Association (WMA).

² Centers for Disease Control and Prevention

³ World Drug Report 2019

⁴ Centers for Disease Control and Prevention

⁵ Sacks, J.J.; Gonzales, K.R.; Bouchery, E.E.; Tomedi, L.E.; and Brewer, R.D. 2010 National and state costs of excessive alcohol consumption. *American Journal of Preventive Medicine* 49(5):e73–e79, 2015.

⁶ Substance Abuse and Mental Health Services Administration (SAMHSA). Results from the 2017 National Survey on Drug Use and Health: Detailed Tables. Table 5.5A—Alcohol Use Disorder in Past Year Among Persons Aged 12 or Older, by Age Group and Demographic Characteristics: Numbers in Thousands, 2016 and 2017. <https://www.samhsa.gov/data/sites/default/files/cbhsq-reports/NSDUHDetailedTabs2017/NSDUHDetailedTabs2017.htm>.

Aiming for a sustainable future

As a participant of the UN Global Compact, Orexo’s sustainability agenda is built around the ten principles on anti-corruption, human rights, environment and labor. These principles give the company the long-term focus and direction needed to drive positive change through the operation.

Orexo is committed to contribute to a sustainable future by taking ownership and integrating the sustainability agenda across the business. The agenda will give the focus to achieve sustainability goals while managing emerging risks and embracing opportunities by setting activities with both short-term and long-term goals in areas representing the most significant sustainability challenges facing the company as well as opportunities.

ANTI-CORRUPTION

Working in an ethical manner is an important part of Orexo’s business. The company operates in locations that offer good business opportunities, but operations can also be in high-risk markets with exposure to serious risks. For business within the healthcare sector, one recognized risk is ethics and compliance violations in interactions with Healthcare Professionals, Healthcare Organizations and Government Officials. Orexo’s policies are therefore important in order to set minimum expectations and to help employees in their daily work.

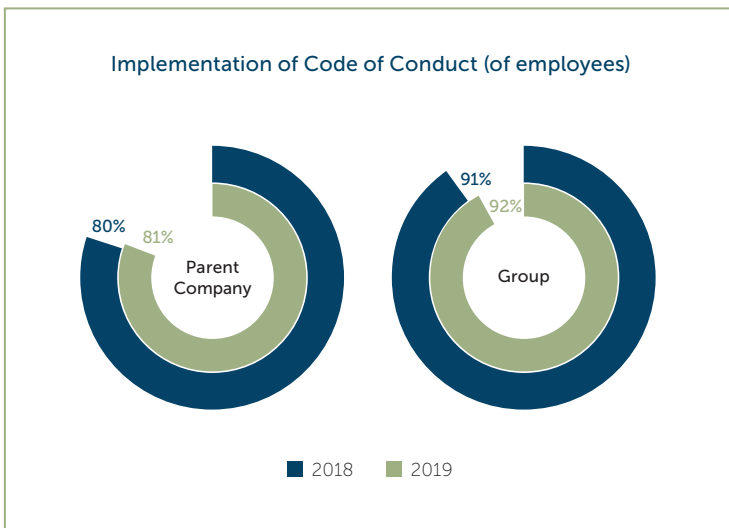
While compliance with laws and regulations is the highest priority, adopting a wider ethical approach is crucially important. To complement legislation

and communicate internally and externally what values should permeate business conduct, Orexo enforces the Code of Conduct through onboarding and training. The Code has a zero tolerance for bribery and corruptive practices and urges individuals to raise questions and report suspected violation of ethical business conduct, without retaliation or any threat of retaliation. Through the revision in 2017, the ten principles of the UN Global Compact were also further integrated with company core values. In 2019, Orexo continued with the effort to implement the Code through onboarding and training in order to further ensure all employees know and practice company’s core values. The implementation of the Code is to also ensure responsible business is conducted based on trust, transparency, integrity and zero tolerance of corruption in order to create a foundation for strong relationships with customers, colleagues and stakeholders.

HUMAN RIGHTS

In a global economy human rights should be basic rights, regardless of where everyone comes from or lives. For the most part, this globalization creates jobs and opportunities to help the economy grow as a whole, but in some parts human rights can also be violated. To achieve long-lasting and sustainable changes where human rights are integrated in all relevant processes, everyone needs to take ownership of their sustainability performance and contribute toward fair and equal societies. Orexo’s ambition is to drive these values into the supply chain and to ensure that the company’s high expectations are lived up to, no matter where in the world. This is especially important as most of Orexo’s activities are outsourced.

With a supplier evaluation fully integrated with the company’s supplier management process, Orexo continued to evaluate strategically important tier A and B suppliers in sustainability aspects in 2019. The ambition is to raise awareness and impose sustainability requirements on direct suppliers by preventing, mitigating and remediate sustainable impacts throughout the supply chain and beyond.



Performance of Orexo's Supplier Management Process with regards to Sustainability

	Sustainability Evaluations performed		Number of approved Suppliers with open Sustainability issues		
	Result	Target 2019	Major	Moderate	Minor
Tier A	100%	100%	0	0	3
Tier B	18%	20%	0	0	0
Tier C	0%	0%			
Tier D	0%	0%			

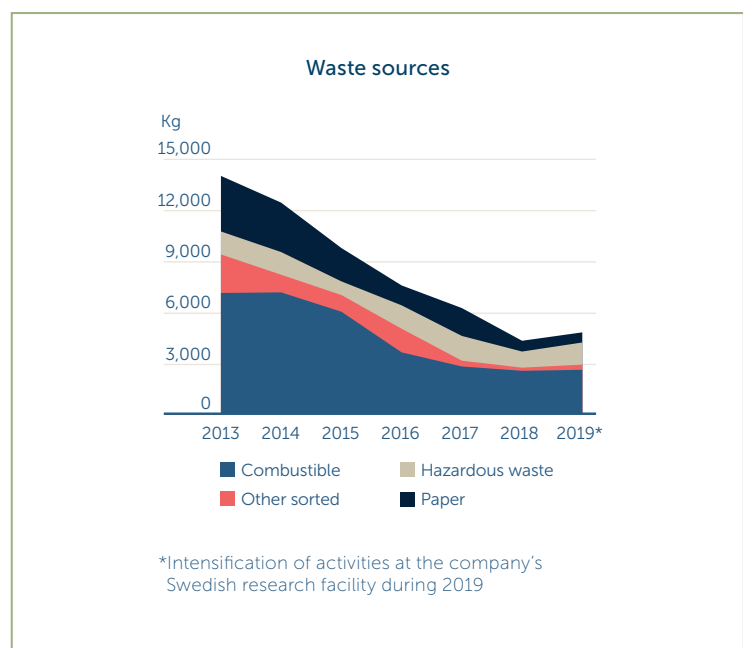
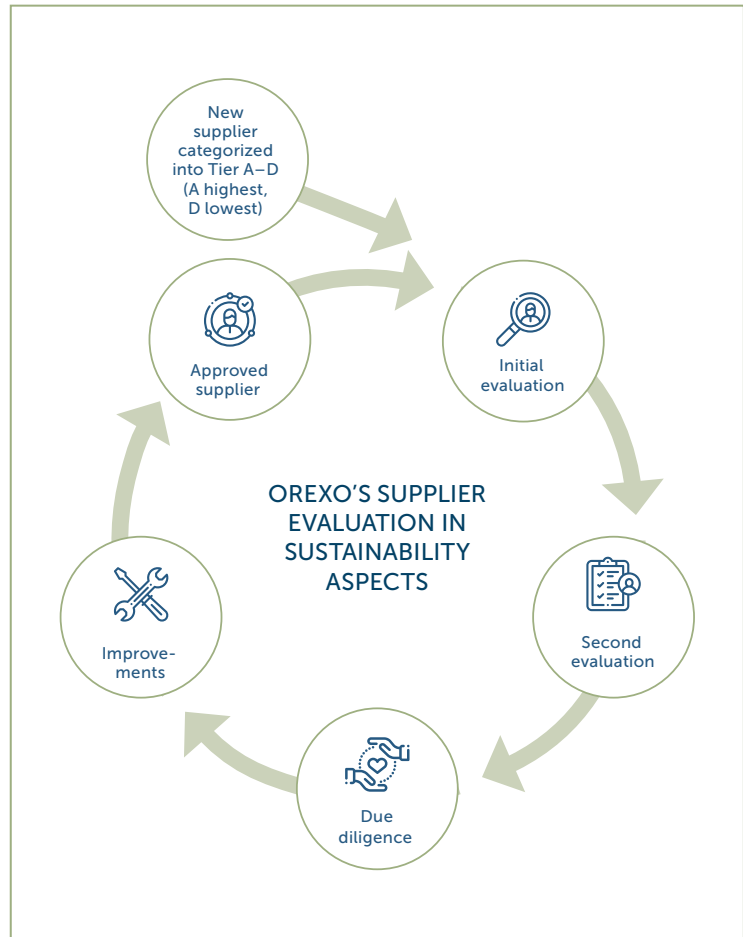
ENVIRONMENT

Orexo has a responsibility to embrace environmentally responsible business practices because the Earth is what human being is dependent on for her well-being and survival. Ecosystems and their services, such as access to clean air, clean water and shelter, are what societies rely on as well as resources that are the backbone of every economy. By acknowledging that the environment is a natural part of every business process, the operation needs to become eco-efficient across all activities. Environmental footprint must be reduced and the use of resources needs to be more thoughtful because being eco-efficient is not just about reducing environmental impact but it also reduces costs and allows for business long-term success.

In 2019, Orexo adopted a risk-based approach in order to identify and evaluate the greatest environmental risks. The approach will focus efforts within environmental management to where the greatest risks of adverse environmental impact are found and proactively manage those. Key areas where greatest return on invested efforts can be realized were identified as:

- waste management for a sustainable use of resource
- managing carbon impact (continuing work in 2020)

Action plans for the identified environmental risks were also developed during 2019 in order to advance greater environmental responsibility.

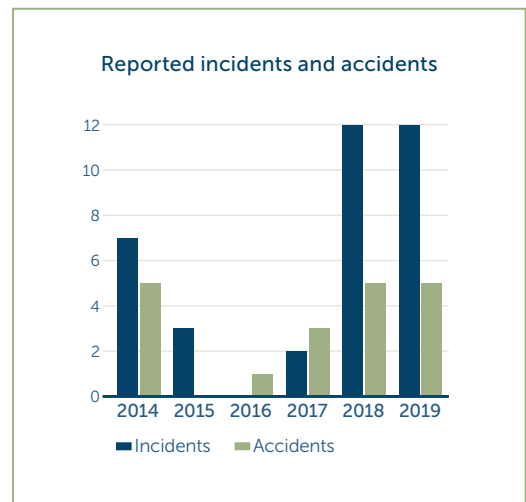


LABOR

At Orexo, sustainability starts with the people behind the scenes because employees are the ones who bring business to life and the base of the organization. As an employer, it is also an opportunity for Orexo to foster a more sustainable workforce to strengthen the competitiveness and to adapt to a fast changing environment. In order to build a sustainable workforce, Orexo's priority is the commitment of attracting and retaining the best individuals by investing in employees and offering a great and safe workplace where everyone feels valued and respected. The key to this mindset is a diverse, inclusive and equal environment.

Social sustainability is about identifying and managing the impacts, both positive and negative, business has on people. This is achieved by a proactive and systematic approach where progress is monitored on a regular basis to spot improvement areas for organizational growth. As a successful outcome of Orexo's constant work with the Equal Opportunities Plan, pay equity analysis in 2019 showed no gender gaps. In 2019, in depth-interviews were also conducted to gain further insight into the result of the employee survey.

As a result, Orexo's action plan to create a sustainable workforce extended to include activities around inclusiveness as well. The work and commitment to creating a better work culture and work-life balance will continue in year 2020 in order to contribute to more sustainable societies.



Performance indicators

	2019		2018	
	Parent	Group	Parent	Group
Types of employment¹				
Number of employees	54	127	55	129
employees with a permanent contract	100%	100%	98%	99%
employees with a temporary contract	0%	0%	2%	1%
Temporary workers	15%	11%	13%	8%
Gender equality				
Female employees	54%	50%	55%	60%
women in management positions	38%	44%	33%	42%
women in executive management team	–	13%	–	0%
Women in board of directors	–	38%	–	29%
Other data				
Employee satisfaction index ²	81	82	78	81
Employee absence due to illness	2%	1%	4%	2%

¹ Employees = Orexo's payroll

² Springlife – A score of 70 and above is classified as a high score and indicates that the conditions for employees carrying out their work are very good

AUDITOR'S OPINION

To the general meeting of the shareholders of Orexo AB, corporate identity number 556500-0600.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2019 on pages 26-32 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and

substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Uppsala 24 March 2020
Ernst & Young AB

Björn Ohlsson
Authorized Public Accountant



From the left, Camilla Nordlund, Project Manager. Mikael Persson, Quality & Compliance Manager - Facility & Engineer
Zillur Rahman, Executive Assistant to the CEO & Office Manager. Håkan Thorén, Analytical Chemist. Annika Fröling, Analytical Chemist.
Photo: Jenny Lagerqvist.