



***ORIFARM***

Communication on  
progress **2020**

# INDHOLD

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# CEO Statement



In Orifarm Group we continue our work for sustainable development whilst developing our business. 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, labor rights, environment, and anti-corruption.

Orifarm's reason for being is to challenge the pharmaceutical market for the benefit of the end-users. How things usually work is not how we work. We are always chasing improvements in every context via improving relations, processes, and systems as well as prices and availability. Our vision is to benefit society primarily through the reduction of pharmaceutical expenses via great salesmanship, without compromising on our manufacturing and logistic processes. Orifarm continues to set high growth expectations, and we constantly strive to act responsible and find ways in which we can build our growth in a sustainable way.

2020 has been a year out of the ordinary. In April, Orifarm signed a deal to acquire two new factories, welcome 600 new colleagues and enrol more than 100 new products into our portfolio. 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.

Orifarm has had a very successful year, but also a year that have pinpointed the need for integrating sustainability further in our core business to contribute to and meet the expectations of our society, our people and stakeholders. Confirming the strategic importance for Orifarm was the establishment of our CSR committee with members of the executive leadership. The purpose is not only to ensure compliance and assess progress on our CSR strategy and initiatives but actively endorse the sustainability agenda and set the "tone from the top". A key initiative for 2020 and an important step for supporting the rights of our employees was the launch of the Orifarm Whistleblower program. This enables our employees at all our locations to raise concerns anonymously.

We continue our strive to minimize the negative impact on the environment. This year by implementing further energy and waste reduction activities in our own operations. Introducing production on demand label printing, insulating our distribution center at our Czech site, and investing in new energy-efficient machinery are examples of this. In 2021 we look forward to completing the installing of solar panels on the roof of our buildings in Odense.

Next year we will look beyond our own operations and gain insights into our emissions for scope 3 as well as continue our quest to bring more sustainability into our products and packaging.

We look into next year with high expectations for further inroads on our sustainability journey being a bigger and even more global company. We set new challenges for our ambition. We have to learn the sustainability footprint of our new activities and welcome our new colleagues to our ambition and guidelines for navigating our sustainability journey.

Throughout our Communication on Progress (COP) reporting, the reader will find references on our progress towards the 2023 targets.

Erik Sandberg  
CEO, Orifarm Group A/S

# About the report

## About the report

This COP report explains Orifarm's commitment to the 10 principles of the UN Global compact. Our work with sustainability is organized under the three headlines that focus on Patients, People, and the Environment. Orifarm's business ethics underline all activities.

 Patients People Environment

**Patients:** Patient safety and creating more health-care for patients

**People:** Well-being and satisfaction of our employees

**Environment:** Minimize impact from operations and supply

The reporting period covers 1 January 2020 to 31st December 2020. This report also serves to comply with the Danish Financial Statements Act §99b. The report covers the main operations of Orifarm Group A/S. Data sources and methodologies are reported on page 20.

## 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), Allan Dinesen (COO), and Dennis Dencher (CCO for Orifarm Generics). CSR governance in Orifarm rests on the following pillars;

- Creating value and balancing stakeholder interests with international and national law, guidelines, and best practices.
- Managing Orifarm CSR guidelines and policies.
- Drive CSR agenda as a part of strategy development and internal yearly VIA process.
- Value chain governance via responsible sourcing process, where all suppliers must confirm to Orifarm conduct.

## Orifarm policies

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

Our supplier code of conduct forms the basis for dialogue on respecting our policies and principles in our value chain.

Orifarm's corporate social responsibility policy can be found here: [CSR Policy](#)

Orifarm's Supplier code of conduct can be found here: [Supplier code of conduct](#)

## Orifarm and the Sustainable Development Goals

Whilst we report on our commitment to the 10 principles for the UN Global compact, Orifarm, as an international organization, understands its responsibility in forming a sustainable future. We, therefore, support the 17 UN Sustainable Development Goals (SDGs) and its underlying 169 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 prioritize 4 SDGs in our pursuit of mini-

mizing the negative impact of our business operations and increase our positive contribution from our value creation and our products.

### The SDGs are;

- 3 - Good health and well-being
- 8 - Decent work and economic growth
- 12 - Responsible consumption and production
- 13 - Climate action

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

## SUSTAINABLE DEVELOPMENT GOALS



### 3 GOOD HEALTH AND WELL-BEING



#### SDG 3: Orifarm contributes with:

- High quality and safe pharmaceuticals at a low cost creating more healthcare
- Safe and healthy work environment promoting healthy lifestyle to our employees
- Donation of medicine

### 8 DECENT WORK AND ECONOMIC GROWTH



#### SDG 8: Orifarm contributes with:

- Employee satisfaction, motivation and well-being
- Equality principles
- Responsible sourcing

### 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



#### SDG 12: Orifarm contributes with:

- Waste management
  - reduce, reuse, recycle
- Safe handling of chemical waste
- Use of sustainable materials in packaging and products

### 13 CLIMATE ACTION



#### SDG 13: Orifarm contributes with:

- Shift to renewable energy sources
- CO2 neutral courier transportation
- Energy consumption optimization at all Orifarm sites

# Orifarm Business

## **Orifarm business**

Orifarm is an ambitious and progressive player in the healthcare business. For now, Orifarm is first and foremost a European player, but we are expanding. Our ambition is to supply high quality and affordable pharmaceuticals and healthcare products. In other words: We want to give end users and societies access to more healthcare for their money!

Orifarm operates primarily within parallel import (PI) as well as generics (GE). Orifarm is the largest supplier of parallel imported pharmaceuticals in Europe as well as a fast expanding supplier of generic products in this region. In the Nordic countries, we also supply over-the-counter (OTC) pharmaceuticals.

Common for both operating divisions is healthcare business model innovation. This is expressed in Orifarm's mission statement which is "We challenge the market and make affordable healthcare available". Orifarm's vision "We want to be number 1 in making healthcare a better deal" expresses the general objective. "A better deal" does not only refer to savings, but also to how Orifarm delivers solutions that meet its stakeholders' needs. Orifarm's operating activities are guided by our values which are flexibility, ambition, responsibility, and customer centricity.

## **Orifarm Parallel import (PI)**

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, repack or relabel and resell the products in different markets.

Being the largest supplier of parallel imported pharmaceuticals in Europe, Orifarm continues to contribute to providing original pharmaceuticals at affordable prices in many EU countries and thereby generating significant savings for societies and end users.

We transport the imported pharmaceutical products to our repacking facilities in Czech or Denmark. After repacking the products, they are distributed to customers in 11 EU 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 Generics (GE)**

When a patent for an original pharmaceutical expires, generic manufacturers have the opportunity of marketing an identical pharmaceutical product containing the same Active Pharmaceutical Ingredient (API) as the original.

Orifarm's own operations include the development and manufacturing of generic medicine for 12% of our product portfolio via our production facility Vimenco. For the rest of our portfolio and for the rest of the value chain, Orifarm relies on external partners, suppliers, and customers.

## **Other business activities**

Besides being engaged in parallel import within Europe, Orifarm also exports European pharmaceuticals to various countries worldwide, and we have established businesses within Comparator Sourcing for clinical trials and sales of Unlicensed Medicines.

Comparator Sourcing for clinical trials are handled by Pilatus Comparator Solutions, which was acquired by Orifarm in 2019. Pilatus Comparator Solutions has activities in the UK, Germany and the USA.

Unlicensed Medicines are products which are manufactured without a Marketing Authorization from the Medicines and Healthcare Products Regulatory Agency. Unlicensed Medicines are used when patients are unable to get the desired treatment with the products available on the market.

# Patients

Our business is to create access to affordable medicine and thereby the opportunity to offer patients, consumers, and societies more healthcare for their money.

Patient safety and patient value are the principal drivers in all our business activities. During the global COVID-19 health crisis and the associated challenges for the pharmaceutical industry, Orifarm was able to secure the continued medicine supply to its markets. Pre-pay agreements, flexibility and close collaboration with our suppliers were essential to succeed.

To ensure the highest levels of quality and patient safety, we continually work on optimizing our quality processes. In 2021 this include the implementation of a new quality system and the establishment of a new corporate compliance set-up. A second great task for us is the integration of our new product portfolio and two new sites in our quality program and processes.

*With the 2020 launch of Melatonin tablets in Denmark, Sweden and Norway, Orifarm replaced non-registered pharmaceuticals in these markets.*

*Orifarm now can offer safe and approved medicine that is included in controlled drug safety systems.*

## Patient safety

Patient safety is the most significant risk regarding Orifarm's PATIENTS' commitment.

The core business of Orifarm 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. Breaching can have a significant impact on patients' health and safety and pose both reputational and financial risks to Orifarm.

### Our focus on creating value for patients centers around the following pillars;

- Exploring and developing our current business areas within PI and GE and thereby creating more access to affordable medicine.
- New innovation and new business creation with the purpose of making healthcare a better deal and thereby creating additional healthcare value for patients.

### Our efforts on PATIENTS center on SDG 3:



"Good health and well-being" and specifically address target 3.8 about creating access to quality essential health-care

services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.

### 2021 PATIENT key priorities:

- Implementing new quality system
- Strengthen corporate quality compliance set-up
- Integrate new products, sites and suppliers in Orifarm's quality processes



Orifarm has strict procedures for correct production, handling, storage, and transporting the pharmaceuticals. The procedures are continually reviewed for improvement. Important is also our procedures for receiving potential complaints. Control, safety, and documentation are keywords in those processes.

Orifarm performs quality audits with all 1st tier suppliers to secure that Good Manufacturing Practice and Good Distribution Practice (GMP/GDP) requirements are met. Potential non-compliance incidents are handled via Orifarm's quality procedures. During 2020 traveling has been challenged, but with the increased use of local auditors and remote online audits, we succeed in upholding the highest quality standards.

Three authority inspections were conducted at Orifarm sites in 2020 with no critical observations.

#### Donations in 2020

Instead of destroying usable medicine with an expiry date too short for commercial use, we have donated medicine for nearly EUR 800,000 this year in corporation with Global Medical Aid. In Germany, we continued our campaign "Aktion Teilkraft" in 2020 collecting and donating €15,000 to medical-social organizations in Germany. Since the launch of the campaign in 2014 Orifarm has provided funding of over €195.000 for a wide variety of purposes in total.

#### DanChurchAid

Since 2014, Orifarm has been committed to supporting the initiative "Support a Village" via DanChurchAid.



Since  
**2014**

**Orifarm has supported  
18 villages in Myanmar,  
Zimbabwe and Nepal  
and helped improve  
the lives of more than  
8.000 of the poorest  
people in the world.**



#### PEOPLE: Orifarm and the Sustainable Development Goals

SDG 3: Orifarm contributes with:  
High quality and safe pharmaceuticals at a low cost  
Donation of medicine



# People

Our focus on PEOPLE primarily addresses SDG 8 “Decent work and economic growth” and SDG 3 “Good Health and well-being”.

We have identified the following areas as having the most significant impact on our PEOPLE commitment;



- Non-discrimination, diversity, and equal opportunity
- Health & Safety
- Labor/Management relations



- Training and development
- Risks of Human rights and labor rights violations in our supply chain

## 2020 PEOPLE activities and progress:

- Enhance management focus on employee empowerment via leadership (training) as a key enabler - POSTPONED TO 2021
- Emphasize a purpose driven culture via closer alignment of CSR initiatives with Orifarm values and vision - ONGOING
- Strengthen our inclusive and diversified culture via dialogue, increased insights, establishment of diversity KPIs and training - POSTPONED TO 2021

## 2021 PEOPLE key priorities:

- Integrate new employees from the Takeda asset acquisition into Orifarm
- Reignite corporate diversity agenda and ambition
- Work place implementation
- Develop leaders to new ways of working
- Implement an integrated HSE set-up across all sites

At Orifarm, we want people to thrive and that 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. Motivated and engaged employees are vital to reaching our ambition.

The principal activities for 2020 for our PEOPLE commitment have to be seen in the light of the global COVID-19 health crisis. This means that planned activities have been postponed and new initiatives prioritized.

The safety and well-being of our employees during this turbulent year has been of the greatest importance to Orifarm

When possible, we have asked our employees to work from home during the national lock-downs. For our employees that have not been able to work from home and in periods with fewer restrictions, necessary precautions have been put in place to safeguard our colleagues when at work. We are grateful for our committed employees performing to and above expectations in these difficult times. At the same time, we acknowledge that the well-being of some of our employees has been put under pressure due to COVID-19 restrictions with unchanged work commitments and challenging home conditions.

In 2020 we launched a survey to understand and learn about the up and down sides of the new ways of working Orifarm introduced during the various governmental restrictions. This gave us valuable insights to formulate our future of work strategy and our 2021 PEOPLE activities. A key initiative is a task of redesigning our Odense HQ with the aim to create an appealing and accommodating working environment with space for meetings, collaboration, concentrated work, and breaks. This will enable flexibility for the individual to organize work-life according to personal and family needs, employee empowerment and at the same time ensuring high efficiency in workforce utilization and performance.

Simultaneously, we will be looking forward to welcoming 600 new colleagues into Orifarm and make them feel a part of the Orifarm.

### **Non-discrimination, diversity, and equal opportunity**

It is imperative for Orifarm to comply with international human rights and labor standards and to work against discrimination. Orifarm is against any form of discrimination and strives to treat all staff and potential applicants the same, regardless of sex, age, sexuality, ethnicity, disability, or life situation, attitudes, religion, interests, ambitions, life philosophy, and other personal interests.

We have updated our guidelines on human rights and developed a specific corporate human rights policy that will be implemented throughout our organization in 2021. In 2020 training on discrimination was carried out in our Czech operations.

At Orifarm, we believe in an engaged and competent workforce, recognizing the benefits of diversity in respect of gender, culture, age, education, and experience. With 41% women in management, we are proud of meeting our ambition to have at least 40% of both genders represented in Orifarm management. At the same time, we recognize we do not meet our target at our senior management level which calls for more prioritized effort to grow the gender representation in senior positions.

In addition to gender, our diversity journey will also address nationality, age, experience, and mental/physical ability. We want to gain insights into barriers for diversity, train in diversity bias, and add focus on female talents.

The Supervisory Board of Orifarm currently consists of 4 general elected members and 3 staff-elected members. The Board currently holds no female general elected member. The ambition continues to have 2 female Board members in 2023 concurrently with natural replacement, which continues to be contingent with our ability to identify the best candidate. At this point in time, our 3 staff-elected members are female and in addition, the Orifarm G Board has a female observer.



*Our employees and our leaders have been challenged by the COVID-19 situation as so many other companies. The majority of our employees at our packaging facility in Czech have not been able to carry out their tasks from home. Orifarm has taken extensive measures to create a safe working environment with increased cleaning, introduction of more shifts, and distancing guidelines.*

*We are, in Orifarm, fortunate to have a dedicated workforce and their readiness for change has made it possible with limited impact on production..*

*Lenka Pospíchalová,  
Department Manager, HR Czech*

### **Health and Safety**

Focus on employee satisfaction, health and safety is essential for the well-being and the performance of Orifarm's employees.

In 2020 Orifarm had a special focus on protecting the safety of our employees at all our locations. We had employees who have not been able to work from home in the most critical stages of the COVID-19 restrictions and as well as we had people working in our offices when restrictions temporarily loosened.

At all our locations cleaning and disinfecting has been intensified. Additional shifts and new processes have been introduced to respect distancing guidelines and refraining from mixing people.

Office workers have been working from home in critical periods and at no time Orifarm has admitted more than 50% of the office workforce to be present in the periods with fewer restrictions. Office workers have from the start of the crisis been allowed to bring home office equipment. Later we launched a new corporate working policy where office workers can order home office equipment in addition to their equipment at the office.

It has been a hard time for employees to juggle work and home commitments in the strenuous times. Orifarm takes its responsibility as a conscientious employer seriously. It has been essential for all leaders to show great flexibility and trust in employees to make sure that a work-life balance can be upheld during the COVID-19 restrictions. In cases where the situation has been overwhelming and created low well-being employees at our Odense site have been teamed up with external provider Blume Support who can help the employee that need to reach a healthier work/life balance. This offer will be rolled out to all employees in Denmark from 2021.

Orifarm has health and safety organizations for the German and Danish sites. Health and safety policies and procedures are incorporated and followed throughout the organization. Orifarm is fully compliant with work environmental legislation. At our site in the Czech Republic, internal H&S audits are carried out each month to secure compliance.

With the introduction of 2 new sites in 2021, we wish to strengthen our health and safety governance globally by creating an integrated EHS set up across all Orifarm sites.

Orifarm encourages employees to a healthy lifestyle, but due to the COVID-19 restrictions many of our organized physical and social activities have been canceled or postponed to 2021. Expecting that many restrictions continue into 2021, we will offer employees online training videos to get movement into one's daily life at home.

## **Training and education**

It is important for us to ensure development opportunities for all our employees. In accordance with the value "ambitions" and "responsibility" Orifarm has developed a performance culture, that both focus on the individual, the team, and on the strategy of Orifarm.

Performance management happens through targeted onboarding programs, management feedback from educated and trained managers, yearly appraisals sessions and follow-up meetings, people review sessions, talent management training, and our employee satisfaction surveys. All employees including temporary workers and students in Orifarm are offered annual appraisal interviews.

Employee development, training, and education are high on the agenda in Orifarm. We believe that it is essential for strong employee satisfaction and motivation. Orifarm offers a wide variety of internal training and education programs including:

- Leadership development
- Upgrading specialist skills
- Increasing industry knowledge
- Professional focus i.e. education in regulatory requirements

COVID-19 has challenged us to rethink our training and development programs in 2020. Whilst we have succeeded in transferring selected training activities online, unfortunately, we have also had to postpone some planned internal education and development activities.

At the end of 2020, we launched our new online training scheme for training in cybersecurity. End of 2020 45% of all employees has completed their training in cybersecurity. In 2021 online training in GDPR and anti-corruption are planned as well as we move parts of our on-boarding program online as well.

A key focus for Orifarm this year is to address the challenges in distant management with the significant number of people working from home. We will continue our training efforts on hybrid and distance management in 2021 to enable our leaders to embrace future of work.

## Labor / Management relations

Focus on employee satisfaction and motivation supports the well-being and performance of our employees and helps minimize negative impacts on the business. At our Danish and German operations, workers' councils are established. At all sites, regular and formalized meetings are held. At our Odense HQ, Executive Management participated in the 2020 meetings and all minutes from the meetings are published on the Orifarm intranet.

Moreover, Orifarm has three staff elected representatives in the Orifarm Board of Directors.

## Risks of human rights and labor rights violations in our supply chain

Further elaboration on risks, results achieved and future plans for our work on responsible sourcing can be found in the section about responsible sourcing on page 17.

### PEOPLE: Orifarm and the Sustainable Development Goals

#### 3 GOOD HEALTH AND WELL-BEING



#### SDG 3: Orifarm contributes with:

- Safe and healthy work environment
- Promoting healthy lifestyle to our employees

#### 8 DECENT WORK AND ECONOMIC GROWTH



#### SDG 8: Orifarm contributes with:

- Employee satisfaction, motivation and well-being
- Equality principles in recruitment, training, remuneration, promotion and development
- Responsible sourcing to minimize risks of human rights and labor violations in our supply chain

# Environment

Our Environmental attention predominantly addresses SDG 12 “Responsible consumption and production” and SDG 13 “Climate action”. Assessing our operations and our value chain, we have identified the following areas as having the most significant environmental impact:



- Energy consumption
- Waste management
- Emissions in connection with the transportation of products



## 2020 PEOPLE activities and progress:

- Scope 1 and 2 Energy reducing activities - ONGOING
- Develop long term CO2 ambition - POSTPONED TO 2021
- 3rd site green energy - COMPLETED
- Replacements of plastic cups in production in Czech - ONGOING
- Sustainable packaging to direct pharmacy orders - ONGOING

## 2021 PEOPLE key priorities:

- Integration of 2 new production sites
- Establish new baseline for CO2 ambition for scope 1, 2 & 3
- Implement solar panels at Orifarm HQ
- Charging stations at Orifarm HQ

As a manufacturer and distributor of pharmaceuticals, we recognize the risks associated with our business model. Our environmental policy outlines our precautionary approach to environmental challenges and our approach to minimize our collective environmental footprint from our production and transportation. Our focus on minimizing our impact on the environment is aligned with our business strategy. In 2020 Orifarm acquired 2 new production sites in connection with our Takeda asset acquisition agreement. Orifarm will take over operations of these sites in 2021. The sustainable impact of the two new sites has to be assessed and incorporated in our environmental impact reduction ambition. With the significant increase in activity follows bigger consumption. In 2021 we will establish a new environmental baseline and develop a new environmental impact strategy. In addition to incorporating two new sites, the main priorities for the environmental strategy are to gain insights into our scope 3 emissions from our value chain and bring more sustainability into our products and packaging.

## Energy

As an employee-intensive organization, 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 accumulated environmental energy footprint from our four main sites in Odense, Skælskør, Czech, and Germany shows a small increase in electricity consumption in 2020. This is primarily driven by the establishment of an additional office building and the construction of the new 6937 m2 new storage building in Odense. Also at our German facilities, we had to increase our office space to accommodate our growth and new employees.

Key energy saving initiatives carried out in 2020 include implementing a new ventilation system and a new energy efficient gas pump at our Skælskør facilities. At our Czech production site, we increased insulation in our Logistic Center.





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*We are on a continuous journey to energy optimize our operations. We knew our construction plans at our Odense head-quarter could offer a more sustainable energy source for our operations. The decision to install solar panels not only on the roof of our new building but also on our existing buildings supports our journey.*

*Orifarm's electricity consumption varies and on days with maximum consumption, the solar panels can produce up to 80% of the total energy consumption in this building. On days, where we produce more energy than we can consume, the energy will go back to the electricity net.*

*Karsten Dybmose Truelsen,  
Technical Coordinator*

Three out of our four main sites are now powered with renewable energy by the use of energy certificates. Our fourth site in Skælskør shifted to renewable energy 1st of January 2021.

In 2021 Orifarm will reach a milestone in minimizing our negative impact on our surrounding environment as solar panels will be installed on the roof of our buildings in Odense. With the completion of the building, we will also establish 22 charging stations for electric or hybrid cars at the Odense HQ.

At all sites and in all Orifarm's operations, we continue to identify possibilities to become more energy efficient.

## **Waste**

A core business operation for Orifarm is the unpacking and repacking activities in relation to our PI business. Also, 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 the medicine we trade for PI. Therefore waste management is placed highly on our corporate list of responsibilities.

We create both paper and plastic waste which sets vast demands for our processes. Today, Orifarm is sorting waste in many categories; cardboard, paper, wrapping foil, mixed communal waste, organic waste, wood, plastic, metal, chemical, and electronic waste for reuse and recycling.

Our cardboard, paper, and foil waste are delivered to approved plants that can recycle 100% of the material. Cardboard becomes new cardboard and paper is recycled into tissues. Both cardboard and paper can be reused up to 7 times. Our foil waste is recycled into new foil or other PE products such as waste bags. By recycling foil, we save up to 45% CO2 compared to newly produced foil.

When it comes to our organic waste from our DK site, it will be used to create biogas.

Next best to no waste is adapting the waste for reuse or recycling. This challenges us to think through the entire value chain when designing our production processes. We are continually setting requirements to selecting and partnering up with raw material plastic and paper suppliers to address waste reduction. An ongoing initiative is to increase our use of sustainable raw materials in our box packaging and patient information leaflets.

An important step on our sustainability journey was the insourcing of most of our packaging products. We have implemented Production On Demand (POD) and by only producing for our actual need, we have reduced our amount of unused boxes as we i.e. no longer are subject to minimum order qualities. In 2020 we initiated a search for a sustainable packaging solution for our cooling products on our direct to pharmacy orders. This project continues into 2021.

Orifarm creates chemical waste due to the nature of our business and the majority of our chemical waste is due to the destruction of defective medicine. To ensure the packaging quality of our own produced boxes, we have to varnish the boxes. This has created a significant increase in chemical wastewater due to the cleaning requirements associated with this procedure. We are currently investigating different varnishing types with a lower amount of ammonia.

### Transportation

We forward requirements to our transportation partners to identify ways of reducing CO2 emissions i.e. we require that our partners only use drivers, that are trained to drive environmentally correct. We use CO2-neutral courier services via the purchase of green certificates.

All of Orifarm's transport partners meet the EU standard for equipment efficiency.

Orifarm does not have its own trucks and relies on transportation suppliers. Transportation of our products constitutes a significant share of our CO2 emissions outside scope 1 and 2. In 2021, we aim to gain further insights into the transportation emissions landscape for our scope 3 emissions and our impact possibilities.



## Environment: Orifarm and the Sustainable Development Goals



### SDG 12: Orifarm contributes with:

- Sorting of waste for reuse and recycling
- Safe handling of chemical waste
- Use of sustainable materials in packaging and products



### SDG 13: Orifarm contributes with:

- Energy consumption optimization at all Orifarm sites
- Shift to renewable energy sources
- CO2 neutral courier transportation



# Anti-corruption and business ethics

## **Anti-corruption and business ethics**

In Orifarm it is important for all employees to conduct our business with integrity, responsibility, and honesty. 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.

Orifarm is working in an international environment and has a varied landscape of business relations across Europe and the world. This leaves Orifarm exposed for corruptive behavior in dealings with such a diverse range of business relations.

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. In 2021 online training in anti-corruption for the commercial organization and other relevant stakeholders will be carried out.

In 2020, there were no reports of corruption related to Orifarm.

## **Whistleblower scheme**

Orifarm has zero-tolerance towards discrimination, harassment, crime, corruption, and breaches of environmental law and all employees must conduct themselves with good business ethics. By the end of 2020, Orifarm introduced the Orifarm Whistleblower scheme for all its employees. The scheme is a tool for all employees of Orifarm to report unlawful acts and serious breaches of Orifarm policies or guidelines without using our ordinary reporting channels.

## **Privacy and GDPR**

We have focus on privacy and protection of personal data throughout the 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. In 2021 training will be rolled out to all employees in Orifarm.

## **Data ethics**

A new policy regarding data ethics has been formulated and 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.

# Responsible Sourcing

## **2020 RESPONSIBLE SUPPLY activities and progress:**

- Build awareness of CSR risks in the supply chain and train supply chain Stakeholders in CSR due diligence - COMPLETED FOR CMO
- Risk screening across supplier categories - COMPLETED FOR CMO
- Build CSR review in due diligence of product supplier selection - ONGOING

## **2021 RESPONSIBLE SUPPLY key priorities:**

- Strengthen awareness of CSR risks in the supply chain and train supply chain Stakeholders at our production sites in CSR due diligence
- Risk screening across supplier categories for raw material suppliers
- Strengthen CSR review in due diligence of raw material product supplier selection
- Include 2 new sites in our responsible supply program

Orifarm recognizes that it is not only its own operations that impact societies but also the companies we engage with. We continuously work on strengthening our responsible sourcing processes.

It is through responsible supply chain management processes that we act towards minimizing adverse impacts from suppliers of goods and services in relation to labor and human rights, environment, and anti-corruption. We have complex and continuously changing supply chains which challenge our transparency of the risks associated.

Dialogues about sustainability with our partners can be difficult due to different perspectives and insufficient knowledge. It is important educate ourselves and our stakeholders of the issues and risks faced in the pharmaceutical supply chains as well as understanding local conditions. Via our membership of the Pharmaceutical Supply Chain Initiative, we contribute to raising awareness of the challenges of responsible supply chains within our industry.

We continuously work on strengthening our responsible sourcing processes. More of our suppliers have committed to our principles in our Orifarm supplier code of conduct in 2020 across all our segments. We perform initial screening of our contract suppliers. In 2021 this will be extended to include our production sites suppliers.

## **Main risks in Orifarm supply chain**

We conduct assessments for risks and impacts related to human rights, labor rights in and the impact on the environment in our value chain. We have identified the following main risks:

- Environmental impact of API and medicine production
- CO2 emissions from production and transportation
- Human rights breaches
- Worker's rights breaches

The risks in our supply chain and our ability to impact varies depending on the supplier type, the location, and our corporation.

## **Supplier management and evaluation processes**

Our 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 current and new suppliers are introduced to and asked to commit to the Orifarm Supplier Code of Conduct. We continuously have dialogue with suppliers on meeting our expectations on responsible business conduct, human rights, labor rights, and environment.

The focus in 2020 has been to strengthen our responsible sourcing processes for our contract suppliers to our Generic business unit. All new suppliers in this area are assessed and categorized into risk categories depending on production location and strategic business importance for Orifarm. Selected suppliers, depending on their profile will receive and must complete a CSR questionnaire to be finally approved to become a supplier to Orifarm.

We want to advance our supplier management processes and increase our knowledge of our supplier's CSR performance. In 2021 we will continue to strengthen our sustainable supply processes and due diligence for our contract manufactories by standardizing sustainability considerations in all supplier evaluation processes. In addition, we will extend our evaluation processes for our current and future production sites and raw material suppliers in 2021.

### **Due diligence**

For our existing supply base, we have screened and categorized CMO suppliers into risk categories depending on the country of production and commercial and strategic importance to Orifarm. In 2020, we initiated dialogue with 6 suppliers on their work with responsible conduct and processes associated in the form of self-assessment questionnaires and requests for supporting documentation. The process continues into 2021 where we will assess the need for on-site or virtual audits. Going forward CSR assessments will be fully integrated into our yearly CMO supplier evaluation program.

# Non financial data summary

Social	Unit	Target 2023	2020	2019	2018
Non-compliance of H&S impacts of products	Number	0	0	0	0
Incidents of discrimination	Number	0	0	0	0
Employee turnover	%	17%	13%	13%	24%
GDPR breaches	Number	0	0	0	0

Women in management					
Executive Management	%	40%	14%	40%	40%
Senior Management (SVP, VP)	%	40%	26%	27%	24%
Management (DM, TM)	%	40%	47%	44%	46%
Management all levels	%	40%	41%	40%	46%

Governance					
Women in management; Orifarm Board	Number	2	0	0	1

Environment					
CO2 Scope1	Ton		605	644	732
CO2 Scope2	Ton		395	401	575
Renewable electricity share	%	100%	79%	77%	29%
Water consumption	m3/FTE	Maintain intensity	9.9	11.5	9.3
Waste					
Mixed (kg)	Kg/FTE	10% intensity reduction	125	145	178
Chemical (kg)	g/box	10% intensity reduction	3.0	2.9	3.0
Plastic (kg)	g/box	Maintain intensity	0.6	0.4	0.5
Paper (kg)	g/box	Maintain intensity	25.3	23.3	16.1
Organic waste (kg)	Kg/FTE	Include CZ&DE site	6.0	7.3	
Waste recycled	%		75%	71%	63%
Transport					
Road	% share of total transportation	95%	95%	94%	93%
Courier		<2%	2%	3%	4%
Sea		3%	2%	2%	2%
Air		<0.5%	1%	1%	1%

# Reporting practice

Indicator	Method	Practice	Entities
Non-compliance of H&S impacts of products	Number	Total number of incidents of non-compliance leading to fines or sanctions	Orifarm Group A/S
Incidents of discrimination	Number	Total number of incidents of discrimination with legal action registered with competent authorities	Orifarm Group A/S
Employee turnover	Calculated	Employee turnover is calculated on the basis of headcounts of permanent/temps employees on a yearly basis. Data from Orifarm payroll system	Orifarm Group A/S
GDPR breaches	Number	Total number of incidents of non-compliance leading to fines or sanctions	Orifarm Group A/S
Women in management	Measured	Women in management are calculated on the basis of employees at the end of the year 31.12.2020, based on the Orifarm payroll system	Orifarm Group A/S
CO2 Scope1		Scope 1: Direct greenhouse emissions (natural gas, central heating, company cars)	Orifarm Group production and storage sites
CO2 Scope2	Calculated	Indirect (central heating, electricity)	Orifarm Group production and storage sites
Renewable energy share	Calculated	Renewable energy via purchase of energy certificates issued by energy providers	Orifarm Group production and storage sites
Water consumption	Measured	Meter reading or on the basis of invoices	Orifarm Group production and storage sites
Mixed (kg)	Measured	Information from invoices or yearly reporting from waste company	Orifarm Group production and storage sites
Chemical (kg)	Measured	Information from invoices.	Orifarm Group production and storage sites
Plastic (kg)	Measured	Information from invoices or yearly reporting from waste company	Orifarm Group production and storage sites
Paper (kg)	Measured	Information from invoices or yearly reporting from waste company	Orifarm Group production and storage sites
Organic waste (kg)	Measured		Orifarm Group production and storage sites
Waste recycled	Calculated	The waste recycled is calculated on the basis of recycled waste (plastic, paper and organic)	Orifarm Group production and storage sites
Transport	Calculated	Information from invoices.	Orifarm Group A/S

Production and/or storage sites in Odense, Czech, Viminco, Germany

The report covers the 10 principles of the UN Global compact which are:

# 10 principles of the UN Global compact

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labor.
5. The effective abolition of child labor.
6. The elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

## CSR grievance mechanisms

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



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