

Sustainability Report

EINF 2023 –
Non-financial information statement



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About the Report

The Medichem Sustainability Report 2023 covers the period **from 1 January to 31 December 2023**, and corresponds to the Non-Financial Information Statement 2023 of Corporación Medichem, S.L. and subsidiaries (hereinafter referred to as “Medichem”, “the Medichem Group” or “the Group”). It forms part of the company’s Management Report, in line with the requirements established in Act 11/2018, which amends the Code of Commerce, the redrafted text of the Capital Companies Act approved by Royal Legislative Decree 1 of 2 July 2010, and the Auditing Act 22 of 20 July 2015 on non-financial information and diversity.

ABOUT THE REPORT

It allows us to show our **commitment** to transparency with all our stakeholders and gives us the opportunity to highlight the integrity and sustainability of our company's management and to incorporate new indicators and content on the following issues:



Environment



Labour and
employee-related



Respect for human rights
and the fight against
corruption and bribery



The company's commitment to
sustainable development

**The companies not included in the scope of the report (Medichem United States LLC., Medichem Tradex, S.A., Nanjing Medichem Bio-Pharmaceutical Development Co., Ltd. and Medichem Solutions S. L.) represent in total less than 1.06% in terms of turnover and 1.45% in terms of average employees.*



The contents of this report have been designed taking into account the material issues identified by Medichem, following the general principles of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI).

This report is the **result of dedication and teamwork**. We have counted on the direct participation of employees from different key areas of Medichem, who have contributed information on the different aspects included, making use of their knowledge and experience.

The scope of information in this report covers the activities of the companies in Spain (Corporación Medichem S.L. and Medichem S.A.) and Malta (Medichem Malta Ltd. and Combino Pharma Malta Ltd.), the latter accounting for 41% of turnover and 33% of the total number of employees of Corporación Medichem, S.L. and its subsidiaries.

We produce this Sustainability Report for the people who form part of Medichem, our customers and suppliers, the local communities in which we operate and our shareholders. Everyone who has contributed to this third report is proud of the progress that has been made and the positive impact that such progress can have in the future.



02

Medichem, a company with purpose

Medichem is a Spanish family-owned company headquartered in Barcelona which has been developing and manufacturing Active Pharmaceutical Ingredients (APIs) and Finished Dosage Forms (FDFs) for the global pharmaceutical industry since the early 1970s.

At Medichem we develop and commercialise (1) active pharmaceutical ingredients for laboratories that, based on them, develop their own medicines; (2) finished products, i.e. me-

dicines that our partners market under their brand name and (3) chlorhexidine and octenidine, two disinfectants widely used in the pharmaceutical, cosmetic and veterinary sectors. With a clear international vocation, at Medichem we have more than 450 employees distributed between the headquarters and R&D laboratory in Barcelona, the active ingredients production and R&D plant in Celrà, the active ingredients and finished products production plants in Malta and the sales offices in the USA and China.

BRIEF DESCRIPTION OF MEDICHEM



20
FDFs



45
APIs

Generics

Clorhexidine
& other
antiseptics

DESCRIPTION OF THE BUSINESS MODEL

We have a **portfolio that includes 45 APIs and 20 FDFs**, covering a wide variety of therapeutic areas. We are also world leaders in the manufacture of Chlorhexidine (bactericidal disinfectant).

Since our beginnings more than half a century ago, we have worked to develop accessible medicines **that reach the maximum number of patients, guaranteeing the highest standards of quality and safety, operational excellence and respect for the environment.**

The ability to grow in a sustained and sustainable manner by building relationships of trust with both custo-

mers and suppliers has been the key to our success. We aim to continue to grow profitably by expanding the current business and entering new adjacent business areas, minimising environmental impact while developing the people who are part of the Medichem team.

Our business model is centred around B2B relationships with generic pharmaceutical companies located in regulated markets, which purchase APIs and/or FDFs.

Our business units:

- ✔ APIs and HPAPIs (High Potent Active Pharmaceutical Ingredients)
- ✔ FDFs
- ✔ Chlorhexidine and Octenidine



OUR NATIONAL AND INTERNATIONAL PRESENCE



We serve over 600 customers in more than 60 countries around the world, with a special focus on the USA, Europe, India (which in turn produces products for the American market) and China.

● Presence

60
Countries



OUR LOCATIONS

Medichem is based in Spain, **with a team** of highly talented **people** from Spain, Malta, the USA and China.

Corporación Medichem, S.L.

It is the parent company of the holding company with no production activity, holding shares in the rest of the group's companies.

Medichem, S.A. (hereinafter referred to as “Medichem Spain”)

This business unit is comprised of the following:

- ✔ *Sant Joan Despí headquarters* (Management Team, Administration and Finance, IT, Regulatory Affairs of finished products, Legal, Supply Chain, Market Research, Commercial, Human Resources and Intellectual Property).
- ✔ *R&D laboratory for finished products in the Font Santa industrial estate in Sant Joan Despí.*
- ✔ *Active pharmaceutical ingredients (APIs) production plant in the Celrà industrial estate in Girona* (including: Production, Warehouse, Quality Control, API R&D, API Regulatory Affairs, Engineering and Maintenance (Environment) and Quality Assurance.)



Medichem Manufacturing Malta, Ltd. (hereinafter referred to as “Medichem Malta”)

This business unit is comprised of the following:

- ✔ *A second active pharmaceutical ingredients (APIs) production plant in Malta* which shares the following with Combino Pharm Malta Ltd.: the management, Production, R&D, Engineering and Maintenance (including Environment), Human Resources, Administration, Quality Control and Quality Assurance teams.

Combino Pharm Malta, Ltd. (hereinafter referred to as “Combino Pharm Malta”)

This business unit is comprised of the following:

- ✔ *A finished product (oral solid pharmaceuticals) production plant in Malta.*





The work centres are as follows:

-  **Headquarters**
Sant Joan Despí (Barcelona)
-  **Pharmaceutical Development Laboratory in Fontsa**
 Sant Joan Despí (Barcelona)
-  **API Production Plant and R&D and Quality Control laboratories**
Celrà (Girona)
-  **API and FDF production plants and Quality Control laboratory**
 Hal Far (Malta)



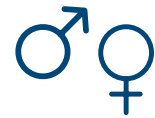


OUR TEAM



+400
Professionals

446 professionals with a high level of commitment



With a balanced distribution between men and women



15%
I+D

15% of people dedicated to R&D

+50%
University degree

12%
Doctorates

More than 50% are graduates, of which 12% hold a doctorate



OUR CORPORATE AND SUSTAINABILITY STRATEGY

At Medichem, we understand the importance of integrating social and environmental considerations into our operations and business activities. This is why, in early 2022, we decided to launch a global, cross-cutting corporate project on sustainability, which we have named **Caring for the Future**. With the assistance of an external consultant and the involvement of different teams within the company, we began by conducting an internal diagnosis of how mature Medichem was in terms of sustainability. For this we used the B Corp Standard (B Impact Assessment) as a benchmark. This helped us to find out where we stand with regard to making sustainability an integral part of our business. Following this diagnosis, we formulated an action plan to act as our roadmap for further integrating sustainability holistically across the entire Medichem Group.

The **Caring for the Future** project also led us to embark on a deeper reflection and review of our corporate history and identity. As a result of this exercise of reflection in late 2022 and early 2023, we formulated our purpose, which is intrinsically related to our mission and corporate values, forming the basis that shapes our Sustainability Strategy.

Our purpose and motto:

Purpose

Caring for people's health. Caring for the health of the planet they live on.

Motto

Medichem. Because we care.

Our purpose serves as the foundation for the company's mission, which describes what we do and where we want to go

Mission

We want to be seen as a benchmark for the pharmaceutical industry, offering innovative, accessible and vertically integrated solutions that build trusting relationships with our partners while caring for the impact we have on society and the planet.



The mission and purpose underpin Medichem's corporate sustainability strategy through four **guiding principles**, which also reflect Medichem's **values**: passion, excellence, integrity and commitment.

01

The human being at the core

We care for people by providing them with high-quality products at affordable prices, and by promoting habits that contribute to improving their quality of life.

02

The team is everything

A robust team is a robust company. The basis for this is respect, trust, honest communication and a willingness to understand each other at all times.

03

Ethical and responsible conduct

Utmost diligence in safeguarding good practice in the pharmaceutical sector, promoting honesty, transparency, and partnerships with like-minded parties.

04

Caring for the planet is caring for people

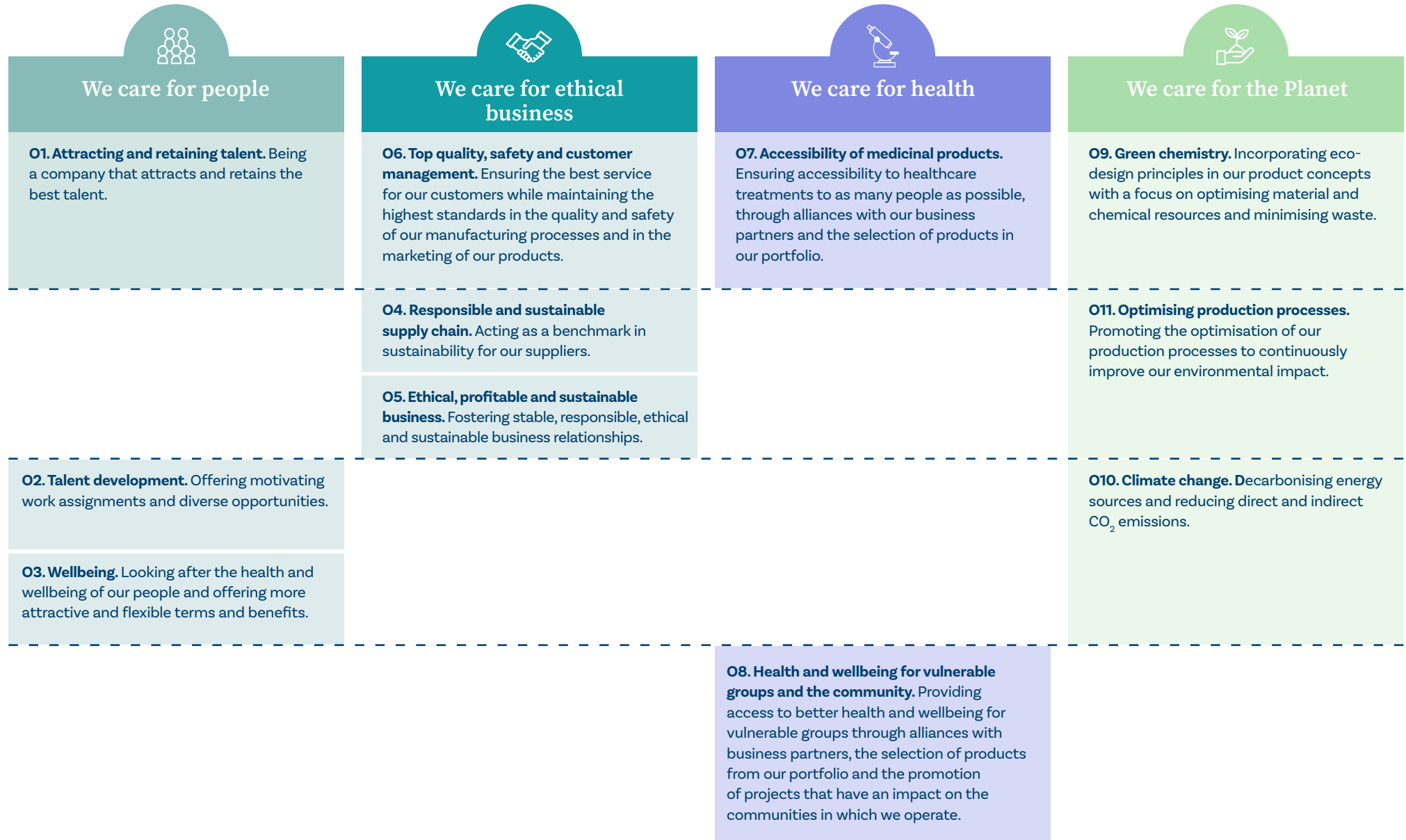
There is no point in caring for individuals if we allow the world they live in to be destroyed in the meantime.

Our process of reflection and introspection has also enabled us to review our corporate strategy and identify our commitments and objectives in order to flesh out and clarify our purpose, with sustainability being

integrated on a holistic basis and our financial goals being as important as our social, environmental and governance objectives.



Medichem’s corporate strategy of today has sustainability at its core and is built on **four strategic pillars** and eleven operational objectives:





OUR STAKEHOLDERS

Our business model must respond to the needs of our stakeholders, with whom we create positive synergies and generate shared value:

01

Shareholders

Stakeholders who have a direct financial link to the operation of the company.

02

Employees

Workers who are linked to Medichem by an employment contract, regardless of the type of contract and the work centre to which they are assigned, carrying out functions that are directly related to the company's activities.

03

Local communities

Social groups where the production plants in Celrà (Girona, Spain), HalFar (Birzebuggia, Malta) and R&D (Sant Joan Despí) plants are located.

04

Clients

Pharmaceutical laboratories or commercial entities located in different countries to which we supply the products developed and produced by Medichem.

05

Suppliers

The companies from all over the world that provide us with the goods and services we need to perform our activities.

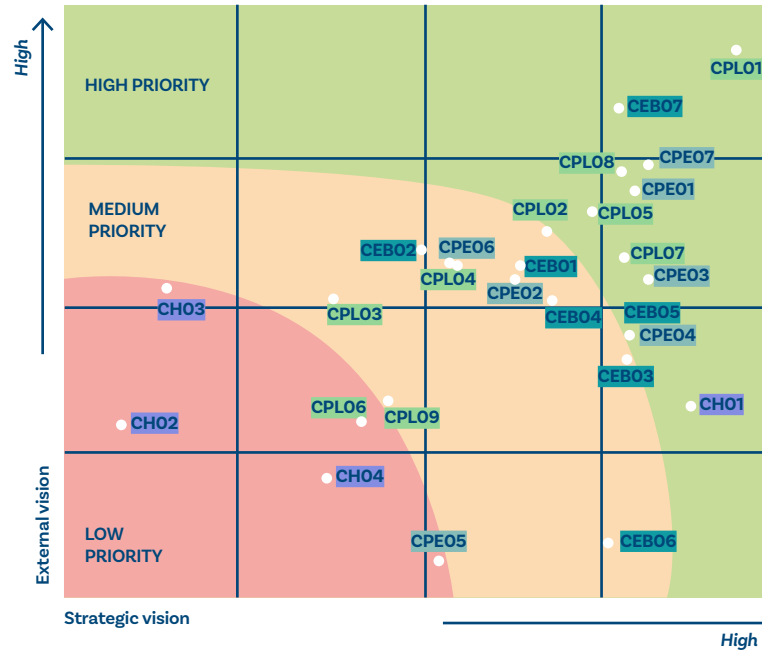
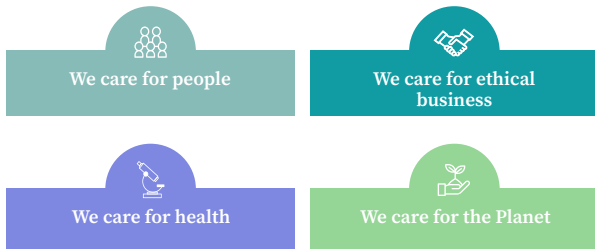
Our stakeholders' expectations are key to prioritising the actions and initiatives that arise from the sustainability strategy and our action plan. In mid-2023 we completed our first materiality analysis, which allowed us to identify the most relevant issues for stakeholders, including a strategic point of view and the possibility of long-term value creation to achieve a differentiated value proposition.

MATERIALITY ANALYSIS

In accordance with the Global Reporting Initiative (GRI) standards, a materiality analysis is a process used to identify, evaluate and prioritise potentially relevant issues with economic, social and/or environmental impact that could affect Medichem’s business and/or its stakeholders. It is a key tool for shaping the company’s sustainability strategy and preparing non-financial statement reports.

The materiality principle is used to determine which issues are important enough to be acted and reported on. These issues must be properly identified and prioritised to create economic, social and environmental value in order to ensure that stakeholders’ needs are met while developing the business and generating strategic value.

The materiality analysis identified 27 issues based on general and sectoral standards and a market analysis, grouped according to strategic pillars. Following is the result of the prioritisation of these issues using the materiality matrix:



High priority - 11 issues		Medium priority - 10 issues		Low priority - 6 issues	
CPL01	Managing environmental pollution by hazardous chemicals, including soil, air and water.	CEB03	Responsible and transparent governance	CPL09	Biodiversity impact management
CEB07	Guaranteeing compliance with international standards of quality and safety in products and production processes.	CPL02	Green chemistry; reduction of process mass intensity; circularity of raw materials and recovery of solvents	CPL06	Sustainable mobility and logistics
CPE07	Promoting wellbeing, health and safety in the workplace	CEB04	Risk management and control system	CPE05	Job creation
CPE01	Fostering good working conditions, decent pay and additional benefits	CEB01	Fostering responsible, stable and sustainable relationships in the supply chain	CH04	Social and economic contribution in the communities where we operate with a special focus on health, hygiene, nutrition and healthy habits
CPL08	Water management	CPE02	Promoting equality, diversity and inclusion	CH03	Access to health and wellbeing for vulnerable groups
CPE03	Work environment and personal stability	CPL04	Mitigating and adapting to climate change	CH02	Accessibility of generic medicinal products in low- and middle-income markets
CPL07	Waste management	CPE06	Protection of human and labour rights		
CPL05	Energy management and efficiency	CEB06	Sector partnerships		
CH01	Accessibility of generic medicinal products	CPL03	Promoting the circular economy in packaging – use of recycled materials and eco-design for packaging		
CPE04	Talent attraction and retention and career development	CEB02	Ethics and Compliance		
CEB05	Fostering responsible, stable and sustainable relationships along the entire value chain (including suppliers, partners, customers).				



03

We care for
ethical business



In a business world that is becoming increasingly aware of the importance of ethics and sustainability, we want to highlight our commitment to ethical, responsible and sustainable business practices. Through our strategic pillar **“We care for ethical business”**, we approach various aspects of our operations and business with an approach based on responsibility, integrity and ethics.

We promote and cherish stable, ethical and sustainable business relationships with both our customers and our suppliers. We are aware of the importance of promoting a responsible and sustainable value chain. That is why our focus is on becoming a benchmark in sustainability for our suppliers, promoting the adoption of ethical, fair and respectful business practices from a social and environmental perspective.

We strive to ensure that our operations are aligned with our ethical values and contribute positively to the well-being of communities and the wider environment.

We also make every effort in all our commercial relations to guarantee the best service for our customers, maintaining the highest standards of quality and safety in our manufacturing and marketing processes.

This is why our pillar **“We care for ethical business”** is based on a commitment to achieving three operational objectives:

- ✔ **Ethical and sustainable business**
- ✔ **Top quality, safety and customer management**
- ✔ **Responsible and sustainable supply chain**



Ethical, profitable and sustainable business

Fostering stable, responsible, ethical and sustainable business relationships



Sustainability

- ✔ **Social** aspects, with an inclusive culture of development of the people who form part of the team.
- ✔ Maximum respect for the **environment**.

OBJECTIVES AND STRATEGY

Medichem's business strategy is centred on acting as a partner for our customers so that they can expand their portfolio of medicinal products in all therapeutic areas and gain access to a larger number of patients.

Our strategy is built on three main levers that strengthen our value proposition and in turn generate a positive impact on our environment:



Efficiency

For the past five years, we have implemented annual efficiency improvement programmes at both global and departmental levels, with precise metrics and targets that are measured on an annual basis.



Customer service and support

We work on the premise that the success of the customer is the success of Medichem, focusing on the customer experience. Work is carried out from the R&D perspective with products under development, and mainly from the Commercial, Operations, Supply Chain and Regulatory Affairs departments for commercial products.

The Management Committee has led the creation of the Sustainability Committee, which is made up of three members of the Management Committee, as well as four other members from the Legal, Human Resources, Environment and Finance departments. The members of this Committee are in charge of the implementation of the Sustainability Action Plan.

The requirements under the Chemical Sustainability Strategy, which is aimed at achieving the Green Deal targets by 2030 and 2050, have continued to be met in full in the relevant areas.

As a company, we have set ourselves short-term objectives, which include:

- ✔ To complete the implementation of SAP/Hanna 4 in all of the company's production plants in order to move forward with other digitalisation projects;
- ✔ To increase the number of finished product developments by meeting the planned milestones, in order to broaden the portfolio of products we can offer directly to customers;
- ✔ To continue the implementation of the "Caring for the Future" project.

In the medium to long term, we aim to be the partner of choice for the development of generic and non-generic medicinal products for our customers, while also having a positive impact on our teams and communities and reducing our environmental impact.



PRIZES AND AWARDS

As evidence of our commitment to action and positive results, Medichem is proud to have received the following awards:

- ✔ Cepyme 500: In 2022, we were named one of the 500 fastest growing companies in Spain in 2021.
- ✔ Ecovadis: bronze certification for Medichem Spain.
- ✔ Nomination of Medichem for Apotex's Global Supplier Quality Excellence Award, recognising the commitment to quality and reliability of API supply to Apotex customers.
- ✔ We were finalists in the first edition of the Forbes "Cómo lo hice" 2023 Deutsche Bank Award in the category of best performing family business.
- ✔ ISO 14001: the last revision was approved in 2022 and takes place every 3 years, for both Medichem Celrà and Medichem Malta.



GOVERNANCE SYSTEM

Medichem, S.A.'s management body has been a collegiate body since the end of 2023. Medichem, S.A.'s Board of Directors is made up of six members, four of whom are independent (three of them with extensive experience in the European and American pharmaceutical sector) and the remaining two are representatives of the company's sole shareholder. The Board's duties are to define the strategy, set

economic, R&D, people and environmental objectives, review achievement of these objectives and ensure compliance with the legal framework. The Board of Directors holds meetings at least every two months to review the company's performance and at the end of the year to approve the objectives, budget and investments for the following year.

Medichem's Management Committee oversees the definition and implementation of the strategy agreed with the Board of Directors through annual and medium-term objectives. It is made up of seven executives with experience in key areas for the company, more than half of whom are women. This body holds regular meetings to review all areas of business.

ETHICS AND COMPLIANCE

Medichem is a responsible, ethical company with a strong commitment to regulatory compliance. For many years, we have been implementing policies that reflect our commitment to the utmost respect for the ethical and legal framework, which allows us to ensure proper regulatory compliance.

In 2012, we approved and published the company's first Code of Conduct and since then an Ethics and Compliance Committee has been in place to ensure strict compliance.

At Medichem we have a **Compliance System**, whose objective is to guarantee that the company exercises its duties of supervision, vigilance and control over its staff and members of management, as well as to prevent possible conduct that does not comply with the applicable regulations or with the ethics and good governance that should govern all business actions.

The Compliance System is based on the following documents:

- ✔ Code of Conduct
- ✔ Compliance Policy
- ✔ Human Rights Policy
- ✔ Policy on the use of the ethics channel
- ✔ Protocols and policies specific to each Medichem area





CODE OF CONDUCT

The Medichem **Code of Conduct** is the main instrument of the Compliance System. It sets out the company's general principles of conduct, corporate values, ethical commitments and responsibilities that all members of Medichem must accept and fulfil, as well as a commitment by the Management Team to comply with these ethical and regulatory standards. The Code of Conduct applies to all employees of the company regardless of their location.

The Code of Conduct establishes our commitment to respect Human Rights, to comply with specific conducts aimed at avoiding corruption and bribery practices, as well as that commercial relations must be inspired by the principles of transparency, loyalty, legality and impartiality in the selection of suppliers.

Medichem provides members of all sites (and at all levels) of the company with the Code of Conduct, ensuring that it is properly communicated and understood. In addition, whenever there is an update, the changes are communicated and all Medichem staff are trained to ensure that they are applied correctly.

ETHICS AND COMPLIANCE COMMITTEE

The Ethics and Compliance Committee is the internal control body that develops and supervises the correct application of the Compliance System, with autonomy in the adoption of measures related to the supervision of such model, reporting directly to the Management Body. It is a collegiate and independent body, which meets regularly and is made up of professionals from the Supply Chain, Human Resources and Legal departments.

Its main functions are the following:

- ✔ Promote, monitor and ensure effective compliance with the values, principles and rules of conduct established in the Code of Conduct and other internal regulations of Medichem.
- ✔ Approve, develop, coordinate and disseminate protocols, codes, procedures and/or internal controls, as well as promote all necessary training actions.
- ✔ Enable and manage the Medichem complaints channel, as well as the processes for managing the information received through this complaints channel.
- ✔ Periodically assess the effectiveness of the Compliance System and promote any necessary modifications.

Both the composition and the specific functions of the Ethics and Compliance Committee are regulated by the Protocol on the Organisation and Functioning of the Compliance Body.



ETHICS CHANNEL

Medichem has set up an Ethics Channel on its website, which allows any member of the company (regardless of their position, duties or location) and any third party to inform the Ethics and Compliance Committee of any breach of the Compliance System, violation of applicable laws and any question or query in relation to the Compliance programme. This channel is managed by the Ethics Channel Manager. At Medichem, the Ethics Channel Manager is a member of the Ethics and Compliance Committee, currently the Head of the Legal Department. Communications are handled in accordance with the Whistleblowing, Internal Investigations and Corporate Response Channel Management Protocol, together with the Ethics Channel Use Policy. In this context, Medichem may, in accordance with applicable legislation and case law, sanction possible infringements and irregular behaviour.

Medichem's Ethics Channel consists of an external platform accessible at the following link:

<https://medichem.integrityline.com>

which ensures that the informant's confidentiality and anonymity are guaranteed at all times.

All members of Medichem are duly informed of the existence and functioning of the ethics channel when they join the company; it is also detailed in the Code of Conduct and is publicised in the training activities carried out annually by the Ethics and Compliance Committee.

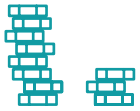
Only members of the Ethics and Compliance Committee and the authorised persons specified in the Whistleblowing, Internal Investigations and Corporate Response Channel Management Protocol, as the case may be, have access to reports received through the Ethics Channel, and they must treat this information confidentially at all times.

One report was received in 2023. It was confirmed that this report had no compliance relevance and was referred by the Ethics and Compliance Committee to the appropriate channel for processing. There were no reports to the Ethics and Compliance Committee in 2022.

COMBATING CORRUPTION AND BRIBERY

As a starting point for the assumption of effective policies to prevent inappropriate behaviour, at Medichem we carried out an assessment of the potential criminal risks inherent to our business activities in relation to compliance with the criminal regulations applicable in Spain since 2018. This risk assessment was updated in 2019 in order to bring it into line with new legislative changes in this area. This analysis resulted in a risk assessment map, which includes, inter alia, business corruption crimes, bribery crimes, influence peddling and money laundering crimes.

This has led to the adoption of specific internal regulations and action plans to avoid such risks, which are reflected in the adoption of the following protocols, among others:



Protocol on the Prevention of Money Laundering

The Protocol on the Prevention of Money Laundering, which aims to prevent any conduct constituting a money laundering crime, among other measures, by requesting certain information from customers and suppliers prior to their acceptance in order to be able to detect possible money laundering risks; the adoption of a customer and supplier admission policy; the control of purchases of goods and services, as well as the control of payments made.

Although Medichem is not obliged by Act 10/2010, on the Prevention of Money Laundering and Terrorist Financing, we are aware of the importance of applying preventive policies aimed at detecting and identifying money laundering behaviour.



Gift and Hospitality Protocol

The Gift and Hospitality Protocol which regulates Medichem's guidelines for the giving and receiving of gifts and hospitality. This protocol establishes the non-acceptance of gifts above a certain amount; regulates the acceptance of gifts or invitations from customers or suppliers; attendance at events; and the adoption of the necessary measures to ensure that donations and sponsorships carried out by Medichem are transparent and are not used for corruption or bribery of third parties.



Protocol for the Prevention of Corruption in Public Sector Relations and the Protocol for the Prevention of Corruption in Business

Finally, both the Protocol for the Prevention of Corruption in Public Sector Relations and the Protocol for the Prevention of Corruption in Business include Medichem's express commitment to reject and prohibit all forms of bribery, such as inducements of any kind and advantages to obtain benefits in its own business relations or to favour third parties, as well as a commitment to transparent accounting and financial management.



We undertook a further review of our previous anti-corruption policies in 2023 and integrated the Gifts and Hospitality Protocol, the Protocol for the Prevention of Corruption in Public Sector Relations and Protocol for the Prevention of Corruption in Business into a single Anti-Corruption Policy.

Medichem has an Ethics Channel through which reports of corruption and bribery can be received, although no reports of corruption and bribery were received in 2022 and 2023.

ETHICS AND COMPLIANCE TRAININGS

In addition, constant communication and continuous training of employees are key levers to reinforce the importance of maintaining ethical behaviour in our daily work in accordance with the applicable regulations in force.

In 2022 and 2021 we conducted ethics and compliance training both face-to-face and online at Medichem's various work centres in Spain. 98% of employees have been trained, with specific training on Compliance adapted to the specific responsibilities of each group: directors, managers and other employees.

We carried out the following training and awareness-raising activities in 2023:

- ✔ A **communication** addressed to all employees at locations in Spain on updates to the Ethics Channel and its Usage Policy, in compliance with Spanish Act 2/2023, regulating the protection of whistleblowers on regulatory infringements and the fight against corruption.
- ✔ **Confidentiality training** for all employees who may have access to the Ethics Channel system. This ensures compliance with the confidentiality, non-retaliation, etc. safeguards under Spanish Act 2/2023.
- ✔ **Annual training** to raise the awareness among Medichem employees in the areas of human rights and corruption. This training was given to 85.25% of the employees in locations in Spain and to 66.23% of the employees in locations in Malta.



HUMAN RIGHTS

At Medichem we are aware of the real impact our activities have on our stakeholders: customers, employees, partners, communities, as well as society at large. To this extent, Medichem assumes a firm commitment to the protection of human rights, following the guiding principles established by the United Nations for this purpose based, on the one hand, on their protection and respect, and, on the other hand, on the remedy of violations of these rights that may occur in companies.


Medichem also complies with the provisions of the **ILO core conventions related to respect for freedom of association and the right to collective bargaining**.

For all of the above, at Medichem we are committed to the following:

- ✔ Ensuring compliance with the provisions of applicable international and national regulations on respect for human rights.
- ✔ Acting at all times in accordance with the principle of due diligence in its operations and decision-making in accordance with the UN Guiding Principles on Business and Human Rights.
- ✔ Determining mechanisms to remedy specific violations of them that may occur in the company.

For this purpose, Medichem has developed a Human Rights Policy which includes specific provisions relating to the prohibition of child exploitation and forced labour, and which also sets out operational measures aimed at identifying, preventing, mitigating and remedying the negative consequences on human rights that may arise from Medichem's activities, promoting the elimination of discrimination in the field of employment and occupation. Medichem also has a Code of Conduct based on compliance with current legislation, which is shared with third parties with whom it maintains business relations and which reflects our commitment to the protection of human rights.

We have also **not received any reports through Medichem's Ethics Channel**, nor has it come to our attention through any other channels, that the company has committed any human rights violations in the course of its business activities in 2023 or 2022.



Medichem also complies with the provisions of the ILO core conventions related to respect for freedom of association and the right to collective bargaining.

TAX TRANSPARENCY

Medichem is committed to acting responsibly with regard to taxation and complying with tax legislation and obligations in all countries in which we operate, always acting transparently and truthfully in our dealings with the tax authorities. The company's structure in each territory is aligned with its activities and is based on commercial and/or industrial reasons. This is evidenced by our Tax Guideline, which is aligned with the company's mission and values, as well as with the strategy of our businesses.

The company's Board of Directors, which is responsible for the direction, administration, management and control of the business, oversees the company's tax guidelines based on a prudent and reasonable interpretation of the tax regulations in force in each legislation, avoiding any tax risk.

At Medichem we have a Transfer Pricing Policy that is in line with current legislation and applies to all transactions with related parties. This policy is reviewed annually to ensure compliance and to avoid any deviation.

We do not operate in territories categorised as tax havens.

Lastly, the subsidies we receive are primarily in the form of non-refundable grants from the Centre for the Development of Industrial Technology (CDTI) for R&D projects and investment aid from Malta Enterprise.





Top quality, safety and customer management

Ensuring the best service for our customers while maintaining the highest standards in the quality and safety of our manufacturing processes and in the marketing of our products.

At Medichem, we focus on what really makes the difference: **developing products with value, providing the customer with the best technical and regulatory support** to enable both the development of the final product (when purchasing API), obtaining marketing authorisation in the countries where the product is to be commercially launched, and the marketing of the final product (when purchasing FDF) in the desired territories, all with a focus on caring for the **health of people and the planet they live in**.

At Medichem, we are firmly convinced that a culture of ethics and compliance are key elements in the development of our activity, which is why we have a team of highly qualified multidisciplinary professionals who develop active ingredients and quality pharmaceutical products and always take into consideration the intellectual property rights of third parties. We have extensive *know-how* in APIs, solid dosage forms and injectables and work with the intention to always stay ahead of the regulatory and compliance requirements of both customers and global health authorities. We design each development programme to minimise the environmental impact of your production process, meet all regulatory requirements, with the highest level of quality, with pre-set time and cost targets and in accordance with the end customer's requirements.

QUALITY AND CUSTOMERS

Legislation and Quality

At Medichem, we **ensure ongoing compliance with applicable laws in all jurisdictions where we have subsidiaries**. We achieve this compliance in a timely manner and under the guidance of the Legal department and the supervision of the Management Team.

Medichem's production plants, all of which are **certified**, are located in Spain and Malta.

We maintain a **comprehensive quality system**, with our own policies and procedures, which comply with applicable laws, standards and regulations, as well as the requirements of our customers and the requirements set by Medichem to ensure ongoing improvement of all processes and products. It is complemented by an ongoing assessment of the organisation's effectiveness and internal audits.

We ensure our presence in international markets through the administrative authorisation of our production facilities by the main authorities in the sector. We also have certifications that accredit the quality of our products and processes developed in the organisation, proof of which is the ISO 14001 certification of the EU GMP (not applicable to FDF Spain or Malta) and the FDA certifica-

tion of the USA. The Celrà plant is also accredited by the Korean FDA. Chlorhexidine salts are also Halal certified.

API Celrà - ES			API+FDF Hal Far - Malta		
 agencia española de medicamentos y productos sanitarios Spanish Medicines Agency (AEMPS) Since 2008	 Generalitat de Catalunya Catalunya GMP Plant Inspection Since 2014 R&D hubs in Barcelona & Celrà	 U.S. FOOD & DRUG ADMINISTRATION US FDA Inspected since 2007 (API), since 2017 (FDF) No form 483 since 2012 (API)			
 U.S. FOOD & DRUG ADMINISTRATION FDA Inspected since 1985. No form 483 since 1999	 ISO 14001 certified since 2001	 MEDICINES AUTHORITY EU GMP certification by Malta Medicines Authority since 2007 (API) since 2006 (FDF)			
 KFDA Korean FDA (MFDS) since 2012	 PMDA JAPAN PMDA approved plants since 2009	 Halal Inspection Since 2016			
		 ISO 14001 certified since 2009 (API)			

Medichem is periodically **audited** to verify our compliance with applicable requirements. Audits are carried out by customers (both face-to-face and remotely), by certifying bodies according to the applicable regulations (ISO 14001, Halal, etc.) and also by the health authorities. The following audits/inspections were conducted during 2023:



Audits and inspections

	2022	2023
 Authorities	3	7
 Certifications	3	3
 Customers	41	45

Inspections by authorities and certifications carried out vary from year to year, as they are conducted according to the assigned renewal frequency. In terms of customer audits, for the year 2023, 37 were carried out at Medichem Spain, 7 at Medichem Malta and 1 at Combino Pharm Malta. It can be seen that during 2023 the number of customer audits carried out has remained fairly stable compared to 2022, when 28 audits were carried out in Medichem Spain, 6 in Medichem



Malta and 7 in Combino Pharm Malta. It should be pointed out that neither the inspections carried out by the authorities nor the customer audits revealed any critical findings.

Medichem also deals with all customer queries regarding processes and products, as well as assisting them during visits and audits at our production plants. Medichem maintains its own system for managing **complaints** received through different departments, which are always redirected to Sales and Quality Assurance (QA). All complaints received are investigated and, where deemed appropriate, targeted actions are proposed to resolve the root cause. The following table shows the number of complaints received during 2023 in the three business units, as well as the percentage of them that were closed at 31 December 2023, according to the applicable internal procedure:

<u>Complaints</u>	2022	2023
Number of complaints received	55	55
% of complaints resolved	62%	55%

There has been a drop in claims received compared to 2022, from 37 to 32 for Medichem Spain; however, there has been a slight increase from 11 to 16 for Combino Pharm Malta; for Medichem Malta the level of claims

received remains stable, with 7 claims received in both 2022 and 2023.

In terms of the percentage of complaints resolved by 31/12/2023, the percentage of complaints closed compared to 2022 is slightly higher for Medichem Spain and slightly lower for Medichem Malta and Combino Pharm Malta. This is due to the fact that the closure of complaints is subject to a certain period of time established according to the applicable procedure, which takes into account the date of the last communication with the customer.

R&D and Customers

In 2023, Medichem allocated **8% of budget turnover to R&D projects, 1% more than in 2022 (7%)**. Projects are proposed and evaluated by the Selection Committee and implemented by a team for each project. This team is made up of a Project Leader and a team of people from different areas of the organisation who monitor the progress of each project.

Some of the projects are subject to public funding at both national and regional level. These projects are therefore audited a posteriori by the entities receiving the aid.

Based on our B2B strategy, we consider satisfying our customers' needs to be a fundamental pillar. Therefo-

re, at Medichem we measure **customer satisfaction** through regular meetings and satisfaction surveys, the latest of which was carried out in November 2020, with a satisfactory assessment of aspects such as the degree of fulfilment of expectations, evaluation of technical support and assessment of Medichem as a supplier, among others. The survey will be conducted again in 2024.

We allocated 8% of budget turnover to R&D projects, 1% more than in 2022 (7%)

Collaborations

Medichem **cooperates closely** with the United States (USP) and European (EP) Pharmacopoeias by providing product reference standards, reviewing analytical methods and, if required, proposing improvements to them, and through participation in USP and EP expert committees.

Medichem also routinely cooperates on different projects with technical and specific staff from the University of Girona, as well as from the Materials Science Institute (ICMAB) of the Autonomous University of Barcelona (UAB).



CYBERSECURITY

The company's commitment in the area of cybersecurity is reflected in the **Security Guidelines** and in its efforts to ensure compliance with the regulatory framework specific to our sector. Our guidelines make it our basic principle that all our information and telecommunications systems possess the appropriate level of cybersecurity and resilience. Medichem promotes ongoing improvement processes in prevention, detection, analysis, recovery and investigation capabilities to face new threats, with the main objective being to raise awareness and train employees and third parties on cybersecurity risks and threats.

Cybersecurity working procedures are regularly reviewed with internal and external audits performed by cybersecurity experts, always looking for potential security breaches and anticipating, as far as possible, corrective and preventive actions to avoid risks.

The use of third-party or cloud-based services is managed through regular audits and reviews to ensure privacy and compliance with relevant regulations.

PHARMACOVIGILANCE

Medichem has a qualified person responsible for Pharmacovigilance (QPPV) at European level who coincides with the local pharmacovigilance manager for Spain.

In addition, Medichem has an adequate system in place for the fulfilment of its pharmacovigilance functions, aimed at monitoring the safety of authorised medicines and identifying any changes in their benefit-risk ratio.

Medichem does not currently directly market any of the medicinal products for which we are the holder, and for this reason, we do not receive any adverse reaction reports for these products. However, anyone in the company who receives an adverse reaction alert must inform the Pharmacovigilance department as set out in the internal procedure.

An initial and ongoing training programme in pharmacovigilance has also been set up. This training is carried out in accordance with internal procedures under the supervision of the Human Resources department.

Responsible and sustainable supply chain



Acting as a benchmark in sustainability for our suppliers.

Medichem has made it a firm objective to **foster responsible, stable and sustainable relationships in our supply chain**. To do so, we have in place purchasing procedures that establish a framework for interaction between Medichem and its suppliers, encouraging this type of relationship throughout the purchasing process in order to avoid and mitigate the possible adverse environmental, social and economic impacts associated with the acquisition of products and/or services.

In March 2021, we approved a new version of the Supplier Assessment procedure detailing new criteria on **ethics, sustainability and safety in the supplier selection and assessment process**.

To align our sourcing practices with our commitment to sustainability, in 2022 we chose Ecovadis to conduct individual sustainability performance assessments of our main suppliers. To do so, we carried out a Supplier Mapping and contacted the suppliers with the greatest impact on our business and asked them to assess themselves through the Ecovadis platform.

Since we operate in a highly regulated market, to the extent possible in terms of regulatory or technical matters, we will promote purchases from suppliers that are committed to sustainable development and aligned with Medichem's sustainability objectives, with the aim of ensuring that our supply chain is as sustainable as possible.

To foster responsible, stable and sustainable relationships in our supply chain

In parallel, Medichem has been working on a Corporate Procurement Policy and is analysing the performance data of Ecovadis suppliers to assess their performance in view of the results of their evaluation, with the aim of concentrating our efforts on providing support, training and promoting continuous improvement plans for any suppliers who are less mature in terms of sustainability integration or who are not fully aligned with our objectives.



48% of our key purchases came from suppliers that were assessed for sustainability.

In 2023, **48% of our key purchases came from suppliers that were assessed for sustainability**. At Medichem we have a **Code of Conduct** that details how the company conducts business relationships with its suppliers and other business partners.

We work with a global purchasing model applied on a local level and aim to ensure coordinated management in order to identify opportunities and synergies between the departments and companies of the Medichem Group. We also offer our suppliers suitable communication channels to facilitate dialogue and exchange of information.

Suppliers who supply materials, services and logistics, and who have an impact on the quality of manufactured products undergo prior approval and their risk is assessed once a year by various departments of the company, led by the **Quality Department**.

To mitigate risk, we work with an **Annual Strategic Approval Plan** to secure supply from a minimum of three suppliers of critical raw materials in different geographic locations, if feasible. We have launched a project to increase the number of suppliers located in Europe with a view to supporting the European industrial fabric, reducing transport distances and thus having a positive impact on the environment.

Depending on the assessed level of annual risk and its impact on the value chain, we **regularly audit** our suppliers of raw materials and services, such as FDF manufacturing, to ensure that they have an adequate quality system in place and that they meet the required specifications. We expect our suppliers to have an environmental policy that complies with the applicable laws and regulations on environmental protection and safety, as well as respect for labour conditions and human rights.



In 2023, a total of 37 suppliers were audited according to internal procedures (5 suppliers (16%) more than in 2022), with satisfactory results in all cases. Any audits that were not carried out in 2023 for various reasons (unavailability of the supplier, cancellation, postponement based on raw material production, etc.) have been rescheduled for 2024, with the exception of audits that were cancelled due to supplier reclassifications.

The Quality teams in Malta and Spain are working together to set up a shared audit plan between plants and businesses, with the aim of pooling efforts, synergies and knowledge among qualified staff from the different areas and businesses.

The following table shows the **numbers of audits planned and audits carried out**; among the latter, the **percentage of satisfactory audits is also shown**.

37
audited
suppliers

16%
more than in 2022

The findings of these audits are always shared with suppliers, and an action or improvement plan will be required where necessary.

Medichem also has a system in place to evaluate the transport companies within the supply chain, assessing environmental and social performance, as well as safety-related aspects.

MARKET TRENDS

There is now much concern about security of supply at all levels, in our sector and in many others. The effects of the pandemic, compounded by the war in Ukraine and other currently ongoing conflicts, incidents on shipping routes (e.g. incidents in the Suez Canal, the conflict in Gaza), dependence on large logistics companies that control the market and rising energy prices and inflation, have heightened our customers' emphasis on and demand for having the product they need in the right quantities and at the right time.

Medichem has been working for many years with more than one validated supplier, both for intermediates for the manufacture of active ingredients and for finished products, to be able to ensure that we can meet our customers' needs and not find ourselves in a situation where our business is at a standstill. This has allowed us to successfully overcome complex supply moments, such as during the pandemic or with transport restrictions. We are in the process of implementing a project to use suppliers closer to us in order to reduce the environmental impact of transport, but also to increase the security of supply for our customers.



04

We care for people





Our mission is to be seen as a benchmark for the pharmaceutical industry, offering innovative, accessible and vertically integrated solutions that build trusting relationships with our partners while caring for the impact we have on society and the planet. We can only achieve this mission through the talent and dedication of the people who are part of Medichem.

The Human Resources Department assists in developing corporate strategy, which includes integrating sustainability into professional development. A fundamental aspect of this contribution is to make people feel as comfortable as possible within the company.

For this purpose, Medichem's corporate strategy has three operational objectives linked to its people:

- ✔ **Attracting and retaining talent**
- ✔ **Talent development**
- ✔ **Wellbeing**

Attracting and retaining talent

Being a company that attracts and retains the best talent.

Medichem's purpose is to **care for people's health and to care for the health of the planet on which they live**. This purpose can only be achieved through the talent and dedication of everyone who is part of the company, which is why **we want to be a company that attracts and retains the best talent**.

Every year, the Human Resources Department makes every effort to ensure that people develop their careers in a way that is compatible with their personal wellbeing.

The objective is that the team that forms Medichem is made up of the best professionals, and to this end, the Human Resources area establishes practices that guarantee adequate remuneration for employees, also facilitating development options within the company, through internal promotion, training and multiple development programmes.

Medichem has a set of internal policies and procedures in place to ensure that best practice in **talent attraction, recruitment, career management and development** is followed. The main policies are as follows:

- ✔ Welcome Handbook (Spain and Malta)
- ✔ Working from Home Regulation (Spain and Malta)
- ✔ Training Plan (Spain and Malta)
- ✔ Equality Plan (Spain)
- ✔ Recruitment manual (Spain and Malta)
- ✔ Promotion procedure (Spain and Malta)
- ✔ Recognition programme (Spain and Malta)



- ✔ Travel policy (Spain and Malta)
- ✔ Performance Review Procedure (Spain and Malta)
- ✔ Talent Management Procedure (Spain and Malta)
- ✔ Succession plans (Spain and Malta)

TALENT ATTRACTION AND RETENTION MEASURES

Medichem strives to attract the best talent in order to provide the company with the best professionals. To achieve this, the company supports and promotes the following measures:

- ✔ Promoting a good working climate in the work centres.
- ✔ Promoting the company on social media, both in Spain and Malta.
- ✔ Exit interviews with people who voluntarily leave the company.

- ✔ Communication of cases of involuntary disengagement.

The following tools are available for talent retention:

- ✔ Annual evaluation with two interviews per year with the immediate superior to encourage feedback.
- ✔ Follow-up surveys for new recruits.




- ✔ Dialogue on the annual targets to be achieved, which should be measurable, achievable and objective.
- ✔ Regular departmental meetings to communicate each department's progress, priorities and most relevant issues.
- ✔ Where vacancies exist, the possibility of replacement or internal promotion is considered. Medichem has a gender-sensitive promotion procedure for this purpose.



Staff

Below, we provide an overview of progress in people management, using indicators as at 31 December 2022 and 2023 on the distribution of the workforce by country, gender, professional category and age.

Total number of employees per country

	2022	2023
 Medichem Spain	291	298
 Medichem Malta	46	51
 Combino Pharm Malta	83	97
Total	420	446

Staff numbers in 2023 have been increased by more than 6% compared to 2022, as a result of the growth in staff numbers at Combino Pharm Malta to meet the demand for our FDFs.

Staff

Total number of employees by gender and professional category

446



Men
254 *



Women
192 *

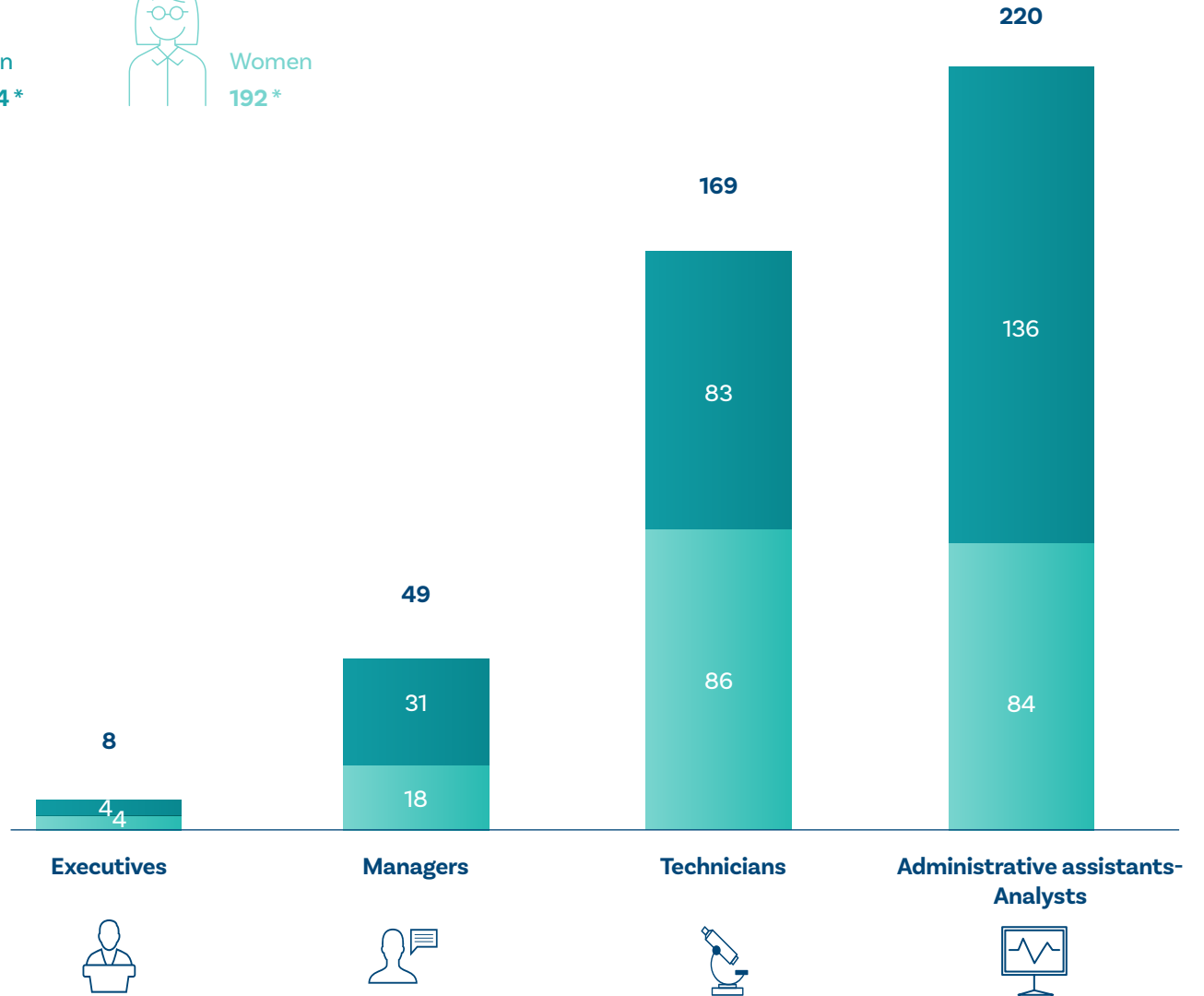
Total employees*

(*) In 2023

Medichem is made up of 446 people, distributed into a group of women representing 43.05% and a group of men representing 56.95%, establishing a **gender gap** between the two of -13.90 percentage points. This relative presence index of 0.86 points is within **the limits of balanced representation**.

The largest increase in staff has been in the category of administrative-analysts (9%) in order to meet the production of solid oral products requested by customers.

There has been a decrease in the Executive category, as the positions of CEO and Chief Scientific Officer are vacant as of 31 December.



Staff

Total number of employees by gender and age*



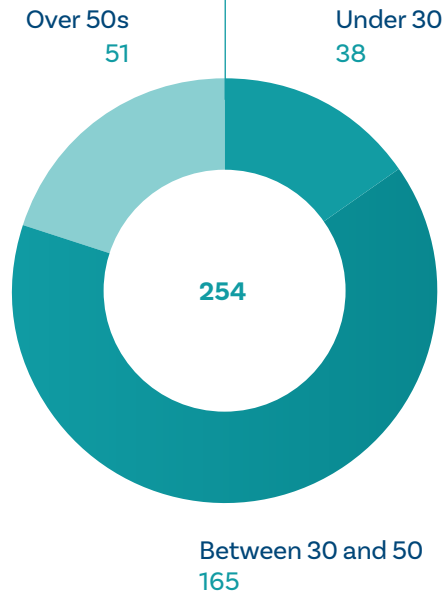
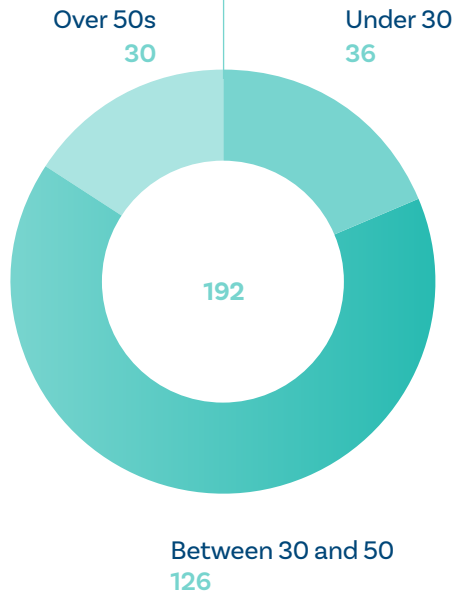
Women

192



Men

254



The 30-50 age group is the one with the highest concentration and distribution of both genders and where the relative presence index at 0.87 has nearly equal representation. The largest increase has been in the over 50 age group with almost a 11% increase.



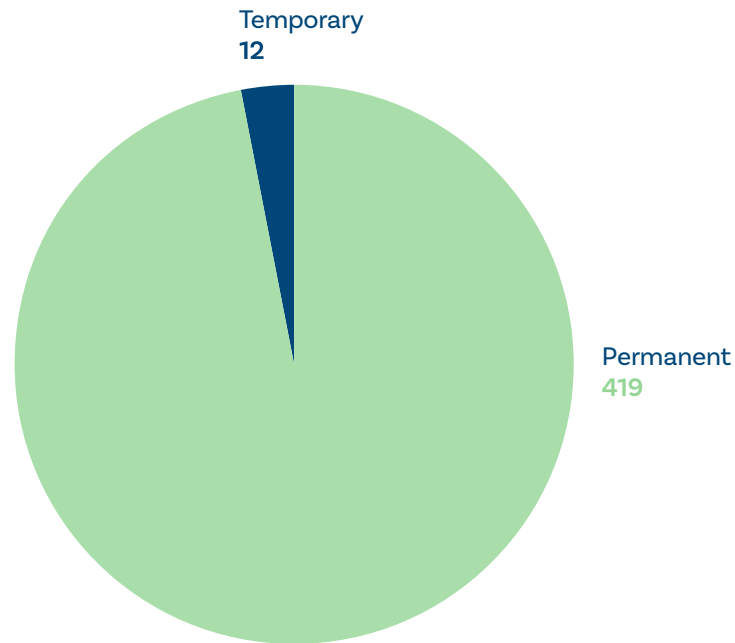
Staff

Below we present a series of indicators relating to people management at Medichem as at 31 December 2022 and 2023 in relation to the distribution of the staff according to the different types of contract.

Total contracts*

At Medichem, **we are committed to employment stability** in order to retain talent, with 94% of our staff being hired on a full-time permanent basis.

Full time



Part-time



95%

Permanent contract

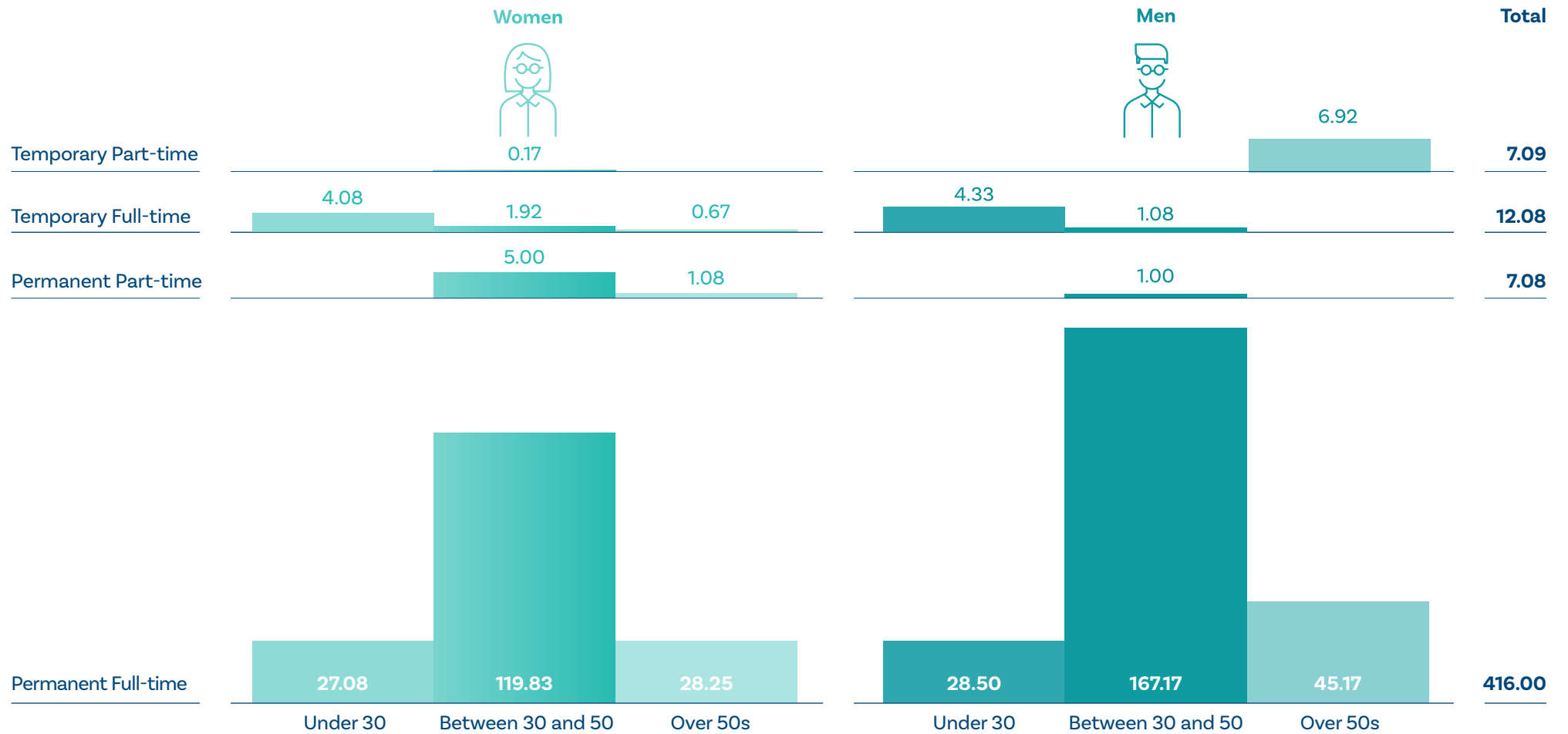
In 2023, permanent employment was maintained at over 95%, demonstrating Medichem's commitment to stable employment of its staff.

* In 2023

Staff

Average number of contracts by gender and age*/**

In the annual average for both women and men, the trend is clearly towards full-time permanent contracts, 93.13% for women and 94.75% for men, with no gap between the two genders. These percentages make permanent contracts the main system of sustainability in the company.



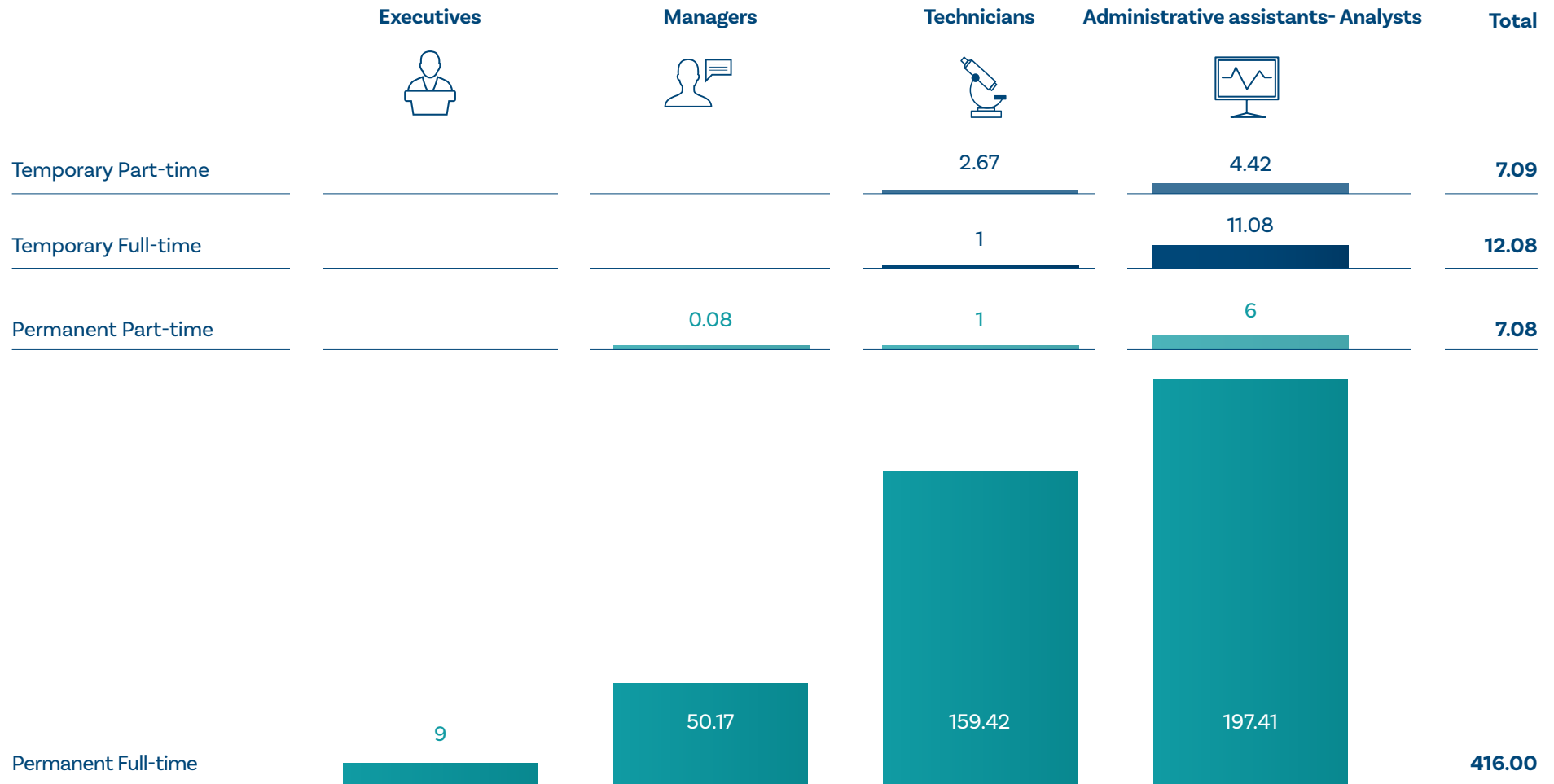
* (2) The average is calculated with the average number of employees at the end of each month.

** In 2023

Staff

Average number of contracts by professional category* / **

At the highest levels, Directors and Managers, there were no temporary or part-time contracts, with a higher percentage of temporary contracts at the lowest level (Administrative assistants and Analysts), as well as part-time contracts.



Remunerations

At Medichem, the **wage strategy** is defined by elements of internal equity and external competitiveness (reference market). In Spain, these elements also mark the annual increments that are determined by the *General Chemical Industry Agreement* and by management's criteria based on the performance of each employee.

In Malta there is a collective bargaining agreement for non-managerial grades which specifies variable pay scales. These salary scales are defined according to years of experience and qualifications. An employee moves up the ladder once he/she spends 2 years in the job or obtains a specific and related qualification. Likewise, each year there is an increase at all scales.

For employees who are not part of the collective bargaining agreement, Medichem determines wages by means of the wage surveys in force on the market, and increases are calculated every year.

The variable remuneration in both Spain and Malta corresponds to a percentage of the gross annual salary. The amount of variable remuneration to be received depends on the degree of achievement of objectives according to the system established by the Company.

Medichem's system is based on both company and personal objectives. The corporate objectives are defined by the management and are the same for everyone who works at Medichem. The 2023 company objectives include an ESG objective related to the integration of sustainability into the company in a cross-cutting and holistic manner.

Personal objectives are set by the employee and his or her manager and are aligned with the company's corporate projects.

There are three types of personal objectives:

- ✔ Cross-cutting objectives: these objectives are shared by the members of the same work/project team and are set by the project management. For example: Project teams, cross-cutting projects, etc.
- ✔ Cascading objectives: objectives defined by management in relation to ongoing projects and which, within the department, will be cascaded down by managers.
- ✔ Employee-proposed objectives: objectives that people themselves may propose to their managers during the definition phase.

Depending on the employee's duties, responsibilities and position, some of these objectives are linked to social and environmental performance or good corporate governance.

In 2023, 98% of employees have a variable percentage linked to the achievement of objectives.



Remunerations

Medichem also provides the following **fringe benefits**:

- ✔ Restaurant vouchers: Restaurant vouchers for each day worked in a split shift from Monday to Thursday at the usual place of work.
- ✔ Snack allowance: This is given to people who do not have a split shift per day worked
- ✔ Marriage and partnership grants
- ✔ Childbirth allowance
- ✔ Childcare allowance for children up to the age of 3 years old
- ✔ Employee's death grant
- ✔ Additional week of rest for both mother and father in case of birth or adoption of a child
- ✔ Recognition programme
- ✔ Accident policy
- ✔ Flexible remuneration plan
- ✔ Recharging electric cars
- ✔ Parking area
- ✔ Flexible working hours and intensive working hours on Fridays
- ✔ Compensation of hours for travel
- ✔ Health insurance for business travel
- ✔ Working from home
- ✔ Wellness Plan
- ✔ Mental health and emotional wellbeing plan
- ✔ Fun & Health Activities
- ✔ Christmas hamper
- ✔ Corporate communication platform
- ✔ Training delivery and management platform
- ✔ Salary advances
- ✔ Loans: at a more advantageous interest rate than that normally requested by financial institutions.

In Malta the fringe benefits are as follows:

- ✔ Childbirth allowances
- ✔ Recognition programme
- ✔ Health insurance
- ✔ Wellness Plan
- ✔ Mental health and emotional wellbeing plan
- ✔ Corporate communication platform
- ✔ Training delivery and management platform
- ✔ Working from home
- ✔ Recreational activities
- ✔ Christmas hamper
- ✔ Flexible working hours



Remunerations

Below are the average remunerations for 2022 and 2023 in Medichem:

Average remuneration by gender and professional category*



Women
50,611 €



Men
53,154 €

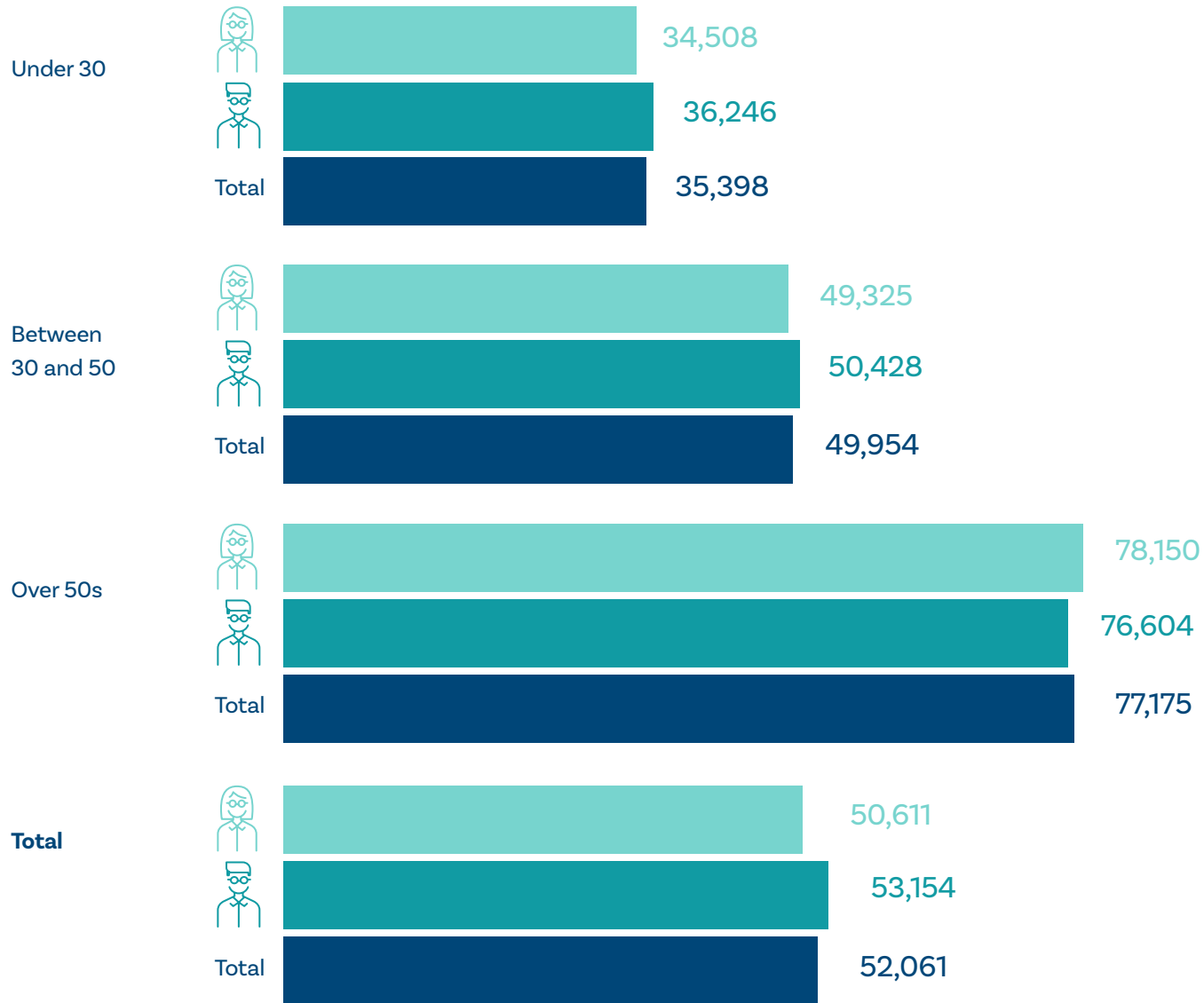
Total
52,061 €

	Women	Men	Total
Level 1 - Directors	162,937	232,947	201,124
Level 2 - Heads	111,847	89,861	97,713
Level 3 - Managers and experts	77,134	82,076	79,669
Level 4 - Coordinators and specialists	53,285	57,726	55,045
Level 5 - Technicians	35,571	41,248	38,359
Level 6 - Support	38,651	42,648	41,512



Remunerations

Average earnings by gender and age*



* In 2023



Remunerations

Pay gap

	2022	2023
Pay gap	0.01	0.05

The company's pay gap measures the difference in pay between men and women; if the result is greater than zero, it indicates that women are paid less than men.

The company guarantees through the application of the collective bargaining agreement equal treatment in terms of pay without any kind of direct or indirect discrimination, and its pay gap does not exceed 25% in any of the work centres, the highest being that of Combino Malta with 20.03%, the average pay of women being lower than that of men.

The pay gap does not exceed 25% in any of the work centres

Talent development

Offering motivating work assignments and diverse opportunities

For Medichem, the training and development of employees is key, which is why the company strives to **offer motivating work assignments and a wide range of opportunities**. In line with our commitment to employee management, Medichem has a **performance assessment system and an annual training plan**.

The **Performance Assessment System** is the system used by the company to increase collective efficiency and orient individual performance towards individual and common company targets.

The targets of the Performance Assessment System are as follows:

- ✔ To guide the professional development of employees
- ✔ To manage commitment, monitoring company values and competencies in individual behaviours
- ✔ To foster feedback culture by holding regular performance monitoring meetings
- ✔ To improve the company's results, based on the individual contributions of the team members.



We rolled out a new platform for the implementation and management of the training plan in 2023. This platform makes it possible to upload materials and set up courses and training sessions for everyone in the company.

Therefore, a **Training Plan** is drawn up each year that includes the training needs of all departments, whether they are technical, to better develop the job, or soft skills, a series of social competencies, personal attributes, qualities and attitudes that allow people to perform adequately in their environment.

In Spain as well as in Malta, each year we determine the different training needs at departmental level for the following year, which are included in the annual budget and planned accordingly. Upon completion of training, effectiveness and usefulness on the job are assessed, and sharing the contents of some of these trainings within the departments is encouraged.

As part of our training plan, we also endeavour to provide opportunities for education, in most cases by subsidising courses, conferences, masters' degrees, etc.

We rolled out a new platform for the implementation and management of the training plan in 2023. This pla-

tform makes it possible to upload materials and set up courses and training sessions for everyone in the company.

In our experience with the platform, many different types of training materials can be prepared and uploaded to the system, for example:

- ✔ Reading material, such as articles and books in PDF format.
- ✔ Videos prepared by Medichem or uploaded from other platforms (YouTube).
- ✔ Courses purchased from external sources and uploaded to Medichem Lead (e.g. GoodHabitZ).

The platform also makes it possible to prepare training itineraries, i.e. virtual plans where all the materials (PDFs, videos, courses) are compiled and assigned to an employee.

14,644 h

of training in Medichem in 2023

Wellbeing

Looking after the health and wellbeing of our people and offering more attractive and flexible terms and benefits



WORK ORGANISATION



01

ORGANISATION OF WORKING TIME AND MEASURES FOR DISCONNECTION FROM WORK

At Medichem we base our people management model on trust and responsibility, which means that we provide all our employees with different work options and tools so that everyone can find their own work formula and organise themselves according to their priorities and objectives.

Medichem offers **various alternatives for** balancing work and personal life other than those defined in the current regulations.

In Spain, the annual working hours are set out annually in the *General Agreement for the Chemical Industry* and in Malta they also have their own *Collective Bargaining Agreement* for Medichem Malta and Combino Pharm Malta.

Each person is assigned a work calendar indicating official holidays (national, regional and local holidays), obligatory regularisation days or closure days and extra free days, as well as the preferred dates for the use of holidays and extra free days.

The work schedules of all the company's locations are made available for inspection by our employees on an annual basis.

With the aim of achieving a work-life balance, Medichem has established a flexible timetable system, "**Block Time**" for people on split shifts, where the majority of staff is concentrated. In this way, flexibility and a work-life balance are combined without having to resort to the use of extra working hours or shifts, and the





balance of hours can be accumulated on a quarterly basis.

In Spain, split-shift workers have flexible working hours and shift workers work rotating morning, afternoon and evening shifts.

In Malta, shifts vary depending on the position.

Overtime must be expressly authorised by the employee's superior. Any time period where the employee unilaterally decides to remain at the company without clocking out will not be considered overtime.

When an extension of a working day is authorised, Medichem compensates with an equivalent rest time, within each quarter.

Owing to the exceptional situation created by the pandemic, a **Remote Working Policy** was created for Malta and Spain, which is now in place on an indefinite and reversible basis, and which guarantees the organisation of work and the right to disconnect from work.

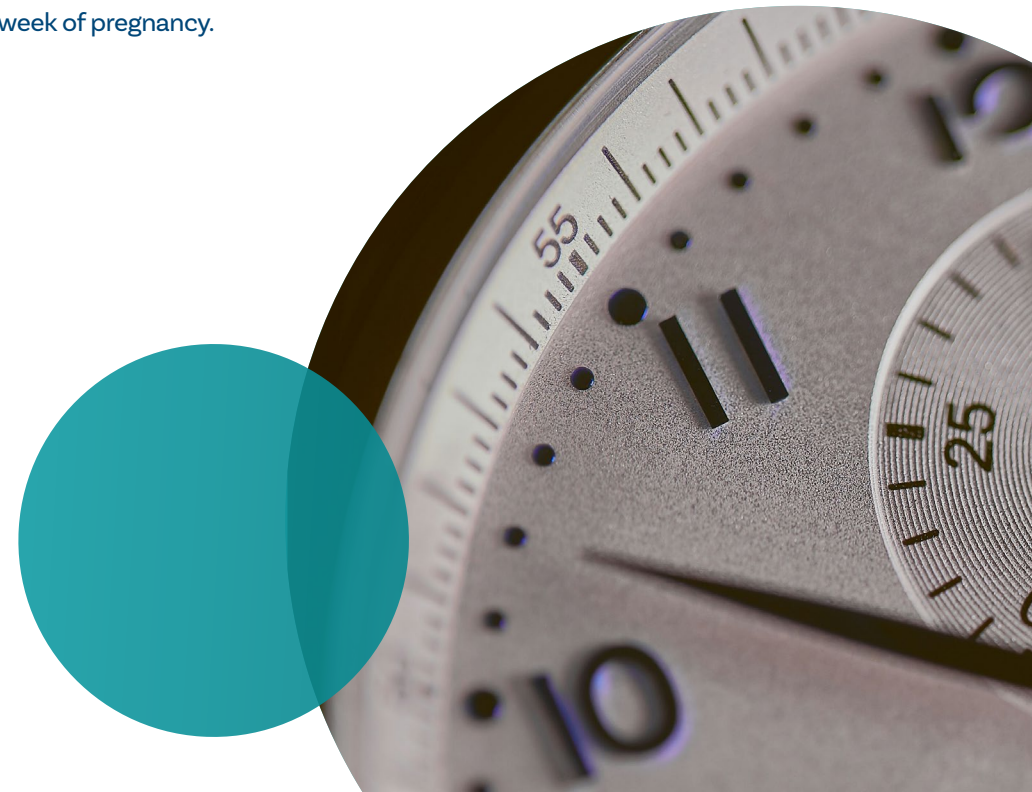
Currently, one day can be worked from home during the working hours of the work centre to which the remote worker is assigned. If necessary for justified reasons, and with the approval of the worker's superior, the agreed working from home day can be transferred to another day of the week. In addition, two extra days can be worked from home per month and can be taken at the worker's choice in the week of their choice.

Pregnant women may voluntarily work from home every day of the week from the 35th week of pregnancy.

During the summer period, from 15 June to 15 September, an extra full week can be worked from home.

Work is currently underway on the creation of a policy on disconnection from work, which will be disseminated during 2024.

Work is currently underway on the creation of a policy on disconnection from work, which will be disseminated during 2024.



A work-life balance

Medichem is committed to the well-being of its employees. For this reason, **policies** have been implemented to **promote a work-life balance**, such as the following:



Flexible working hours

Providing timetables that allow a balance between work and family life.

- ✔ Block Time employees have flexible working hours both in terms of clocking in and clocking out, as well as a long lunch timetable that can be adapted to the circumstances of each person, and a reduced working day on Fridays.
- ✔ Possibility of splitting holiday days into hours.
- ✔ Possibility of taking leave until 30 April of the following year.
- ✔ Flexibility to amend the mandatory working hours for justified reasons up to a maximum of 5 days per month and for 3 hours per day.
- ✔ Possibility of changing weekend working days.



Agreement on taking leave



Reduced working hours



100% supplement during childbirth and childcare leave



Paid leave for temporary sickness without medical leave



Adaptation of working hours



Additional week of leave due to childbirth



Working from home



Travel compensation



Arrangement for breastfeeding



Absence hours

Knowing the factors that lead to absenteeism and following up on employees is critical at Medichem. For this reason all absence hours are justified and recorded. In 2023, 19,975 hours (representing 2.5%) of absenteeism have been registered in the global computation of Spain and Malta.

The absenteeism rate is calculated according to the terms set out in the collective bargaining agreement, which excludes from the calculation, among others, leave due to marriage, childbirth, moving house, etc. For more information, see the [collective bargaining agreement](#).

The combination of work pressures, family dynamics and personal feelings influence the sense of well-being and can affect our employees in many different ways. It is therefore essential to ensure the most appropriate working conditions for a healthy organisation.

A psychosocial study was carried out in 2023 and a 5-hour Emotional Management Workshop was organised during working hours, which was open to all Medichem employees.

This was a very practical workshop to aid in understanding how emotions affect us at a professional level and to learn some tools to manage them effectively.

Medichem also offers two wellness platforms to all employees, Wellwo and Menttum, with the former focusing on physical and emotional activity, and the latter providing psychological support.

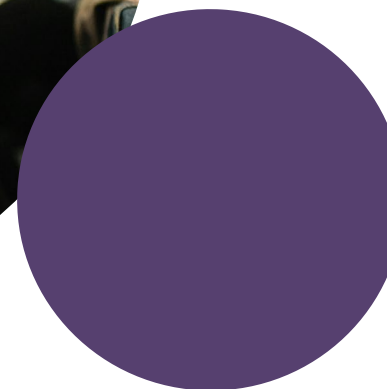
In Malta, the absenteeism rate is calculated according to the same criteria as in Spain.

Knowing the factors that lead to absenteeism and following up on employees is critical at Medichem. For this reason all absence hours are justified and recorded.

In 2023

2.5%

of absenteeism have been registered in the global computation of Spain and Malta.



02

LABOUR-RELATED DIALOGUE

At Medichem, **labour relations are based on open and transparent dialogue** through trade union representation, always in compliance with applicable regulations. For Medichem, internal communication is essential to keep employees informed about what is happening in the company.

100% of Medichem employees in Spain are covered by the collective bargaining agreement and they are represented through the Works Committee or the Staff Delegate both at the Celrà and Fontsa work centres.

Regular meetings are held with the Works Council and the Staff Delegate to discuss issues of major relevance to our workforce and to take important decisions in the organisation.

All Medichem employees can participate in the management of the company through the workers' legal representatives of their work centre.

Medichem also has an Ethics Channel, through which any breaches of applicable laws, internal regulations, incidents that may pose a risk to the company's reputation, or questions and queries in relation to the application of the Compliance System can be reported. The Ethics Channel is the only internal medium through which all relevant reports can be made.

For individual issues, employees can contact their department manager by email, Microsoft Teams, telephone, etc.

In Malta, 61% of the workers are covered by the collective bargaining agreement and represented by the union. This percentage is somewhat lower than the 62% of people covered in the previous year. There is also an employee who is responsible for representing the employees of the collective bargaining agreement during negotiations. The HR representative and the employee representative work closely together to mitigate and improve work situations.

For non-collective bargaining agreement employees, the Human Resources representative is responsible for labour-related dialogue.





03

EQUALITY AND DIVERSITY

Medichem is strongly committed to providing a respectful, diverse and inclusive working environment for its employees. This is why we guarantee and promote equality and diversity in the team with a management model that achieves a favourable environment that facilitates equal opportunities, non-discrimination, diversity and inclusion of professionals in each and every area. Our commitment covers everything from selection, promotion, training, recruitment, communication, work-life balance and prevention, the principle of equal opportunities between men and women, as well as between the rest of the people regardless of race, gender, marital status, religion, etc.

In Spain (but not in Malta), we have put in place an **Equality Plan** stating our commitment to the establishment and development of policies that promote equal treatment and opportunities between women and men, without discriminating directly or indirectly on the



grounds of gender, or for other reasons such as marital status, religion, race, etc.

This Equality Plan has a duration of four years counted from its approval (December 2020 to December 2024). It shall be renewed at the end of its period of validity.

In order to ensure compliance with the targets, Medichem has an **Equality Committee** whose main target is to ensure the proper functioning and monitoring of all the actions and phases of the equality plan, as well as the improvement actions arising from it.

The Equality Committee is represented by the employers' participation and the workers' legal representatives. Anyone in Medichem can contact its members in person, by telephone or by email. Information given to the Equality Committee will be treated in complete confidentiality.



The following measures were developed in 2023:

- ✔ Phrasing occupational classification designations using inclusive language.
- ✔ Gender-sensitive promotion procedure.
- ✔ Review of the anti-harassment and anti-discrimination protocol and adaptation to the new regulations.
- ✔ LGTBQ+ collective masterclass to mark LGTBQ+ international pride day.
- ✔ Celebration of the International Day of Women and Girls in Science.
- ✔ Diversity and inclusion training for Conata, FontSanta and Celrà staff.



- ✔ Participation in the #WomenWithChemistry programme.
- ✔ Adherence to the Diversity Charter.

By signing the Diversity Charter, Medichem pledges to promote equal opportunities and to combat discrimination in all its forms, including on the basis of age, gender, sexual orientation, ethnicity, religion and disability. The company also actively engages in promoting diversity and creating an inclusive work environment, where differences in the workforce are valued and respected.

Medichem is committed to its **10 principles**:

10 PRINCIPLES

01 To **raise awareness** of the principles of equal opportunities and respect of diversity that must be part of the company's values and spread among the employees.

02 To progress towards the creation of a **diverse workforce**, promoting the integration of people of diverse profiles regardless of their gender, sexual orientation, race, nationality, ethnicity, religion, beliefs, age, disability or any other personal or social circumstances.

03 To promote **inclusion** by fostering effective integration, avoiding any type of direct or indirect discrimination in the workplace.

04 To consider diversity in every people management policy, managing it in a **cross-cutting manner**, as the basis for all decisions taken in this area.

05 To promote **work-life balance** and shared responsibility through a balance between work, family and leisure time, establishing mechanisms that allow the harmonisation of work, family and personal life for all employees.



06 To acknowledge the **diversity of customers**, also as a source of innovation and development.

07 To **extend and communicate this commitment to all employees**, making the whole company or organisation aware of the responsibility undertaken as a signatory of the Diversity Charter.

08 To **extend and communicate this commitment to supplier companies**, inviting them to join the community of companies in Spain that voluntarily commit to promoting the Diversity Charter.

09 To extend and communicate this **commitment to third-party institutions**: administrations, business organisations, unions and other social agents.

10 To **disseminate D&I policies and the results obtained** through the company's website, annual report, events, etc.

At Medichem Spain we have an **anti-harassment and anti-discrimination protocol** that acts as a basis for the procedures to follow to avoid situations involving any type of harassment in the workplace, in relation to effective equality of employment between men and women, recruitment, training, non-discrimination on the grounds of race, religion, ethnicity, disability, etc. All cases of harassment or discrimination are investigated and appropriate action is taken based on the circumstances, which can imply termination of employment. If anyone feels that they have been the victim of discrimination or harassment, they should contact Medichem through Medichem's Ethics Channel. **To date, there have been no reports.**

We also promote social and labour inclusion, ensuring that people with disabilities are included in the staff. In Spain, we have seven employees with disabilities, one more than in 2022. In Malta, we had no employees with disabilities in 2023, the same as in 2022.

To facilitate access to the premises, a lift is available at all Medichem Spain and Combino Pharm Malta sites. We also have ramps for easy access and reserved parking spaces.



04

COMMUNICATION

Medichem is firmly committed to maintaining transparent communication with its employees, which is why it has a communication platform, **Medichem Connect**, both in Malta and in Spain.



This platform is the official portal for the company's internal communications, where news of recent activities, new recruits, relevant data and information, regular updates on business developments, activities outside the work environment, etc. are posted. It also provides shortcuts to all company applications.

It can be accessed from both desktop and mobile via the uTalk Communities app.

To ensure communication, email and noticeboards are also used to make all Medichem employees feel part of the company by contributing their talents and expertise to our processes and business.

This platform is the official portal for the company's internal communications



SECURITY, HEALTH AND WELL-BEING

One of Medichem's basic principles **is to prioritise the safety of our people, facilities and environment**. With this target in mind, at Medichem we design the activities and processes that we verify on a regular basis so that they meet such target.

We have Health and Safety departments in Malta and Spain that operate their own management systems, in line with Medichem's established global health and safety policy framework. This policy complies with the existing legislative framework for the prevention of occupational risks in order to avoid accidents and/or occupational illnesses.

Biannually, the Safety Department conducts audits in order to verify legal compliance and continuously improve the management system. The last audit was carried out by **AENOR** in December 2022.

The Safety Department is integrated in the design phase of the facilities, in process changes and in the acquisition of new equipment, in order to evaluate possible impacts on safety and to adopt the necessary preventive or corrective measures.



One of Medichem's basic principles is to prioritise the safety of our people, facilities and environment





WORKPLACE RISK ASSESSMENT

At Medichem, specific risk assessments are carried out for each workplace in order to avoid the possibility of occupational accidents and/or occupational illnesses in the different workplaces. These evaluations make it possible to plan Medichem's preventive activity, prioritising those necessary actions that are detected in the regular controls.

Occupational risk assessments are complemented by medical examinations of the staff. In the case of unsuitability or restricted suitability, the company, together with the workers' representatives, takes appropriate preventive measures. We have a Maternity Protocol to prevent pregnant women and/or breastfeeding mothers from being exposed to occupational hazards.

In the case of external staff, all work to be carried out is assessed beforehand. These evaluations are carried out by the staff who have contracted the service, thus integrating preventive activity in a transversal manner in the different departments and levels of the company.

The main risks associated with Medichem's production sites and laboratories are:

- ✓ **Contact with chemicals**
- ✓ **Exposure to chemicals**
- ✓ **Overexertion**

A specific emergency plan is in place at each work centre, implemented through regular training for all staff and especially for the intervention teams, and drills are carried out annually at the production centres. It is reviewed and updated annually.

We also have **a defibrillator at the Celrà and Malta work centres**, thus increasing the resources of the first aid team.



HEALTH AND SAFETY MANAGEMENT

At Medichem we work with the aim of continuously increasing the company's preventive culture. For this reason, we use different tools to promote communication and employee participation, available in the company's various document management tools and on the corporate intranet, Medichem Connect.

Staff who do not have internet access in the workplace, production staff, are provided with a printed document, called a risk report, which allows them to report any situation they consider to be a risk at work.

All reports received from employees are planned and managed jointly by the **Security Department and the person responsible for internal communication.**

Medichem's safety indicators are published on a monthly basis (via Medichem Connect and noticeboards at each site):

1. Accident statistics
2. Number of risk communications raised and status of preventive and/or corrective actions taken
3. Number of security observations made

We take care of our relationship with our environment and build collaborative relationships with various organisations to respond to the needs of the communities in which we operate, generating shared value. In 2021, the Celrà work centre started a solidarity cam-

paign to promote **No Accidents**, helping local entities dedicated to social purposes by donating an economic amount every 100 days without occupational accidents. The organisation that receives the donation is proposed by a vote made by the staff of Medichem Celrà.

In 2023, the following associations benefited from our low accident rate:

- ✔ **La Sorellona:** This association is dedicated to the discovery of nature and river environments through the design and implementation of projects, activities and camps.
- ✔ **Aliments Onyar:** This is a social project run by the Ramon Noguera Foundation, a non-profit social organisation that works to improve the quality of life of people with intellectual disabilities.
- ✔ **ABAC,** Associació per al Benestar Animal de Celrà, which is mainly dedicated to the control of cat colonies in the town of Celrà.

All Medichem staff have been informed of the different actions carried out by each association through Medichem Connect and the different information panels in the company.

In addition, since the beginning of 2021, we have been promoting healthy lifestyle habits through programmes aimed at caring for the physical and emotional

state of our employees. We work with the Wellwo online platform, which sends daily physical and emotional activity session videos and, as of 2023, with the Menttum online platform, a new psychological support service for all Medichem employees.

In 2023, Medichem España was a finalist in the 11th edition of the Atlante Awards in the category of "Integration Elements of Occupational Hazard Prevention".

The Atlante Awards, which are organised by Foment del Treball, are given to stimulate, promote and encourage the work carried out by companies in the effective implementation of occupational hazard prevention.

To mark World Safety Day 2023, Medichem organised a "Safety Week" at all of the company's sites. The 2023 campaign aimed to achieve better emergency management.

It involved organising the following:

- ✔ 7 hands-on firefighting sessions with real fire
- ✔ 5 first aid sessions
- ✔ 4 gamified training sessions (emergency plan)
- ✔ 3 hands-on firefighting sessions with virtual fire
- ✔ Creation of an online game: Game Challenge

HEALTH AND SAFETY COMMITTEE

The **Health and Safety Committee** is the company's internal participatory body for regular and periodic consultation (quarterly meetings) on the company's risk prevention activities. Its role is to facilitate the exchange of views between the parties, creating a stable forum for orderly dialogue.

In Spain, at the Celrà and Font Santa work centres, the workers have health and safety representatives elected by and from among the staff representatives. These representatives (prevention delegates), together with the company's representatives, make up the Health and Safety Committee.

In Malta the employees have health and safety representatives in each department. These workers, following the same pattern of action as in Spain, exchange views on issues related to occupational risk prevention, actively participating in accident investigations and occupational risk assessments. Meetings are held every six months.

HEALTH AND SAFETY TRAINING

Our priority is to protect the health of our employees.

That is why all security-related training received by Medichem staff is included in the Human Resources Training Plan, and is based on identified needs.

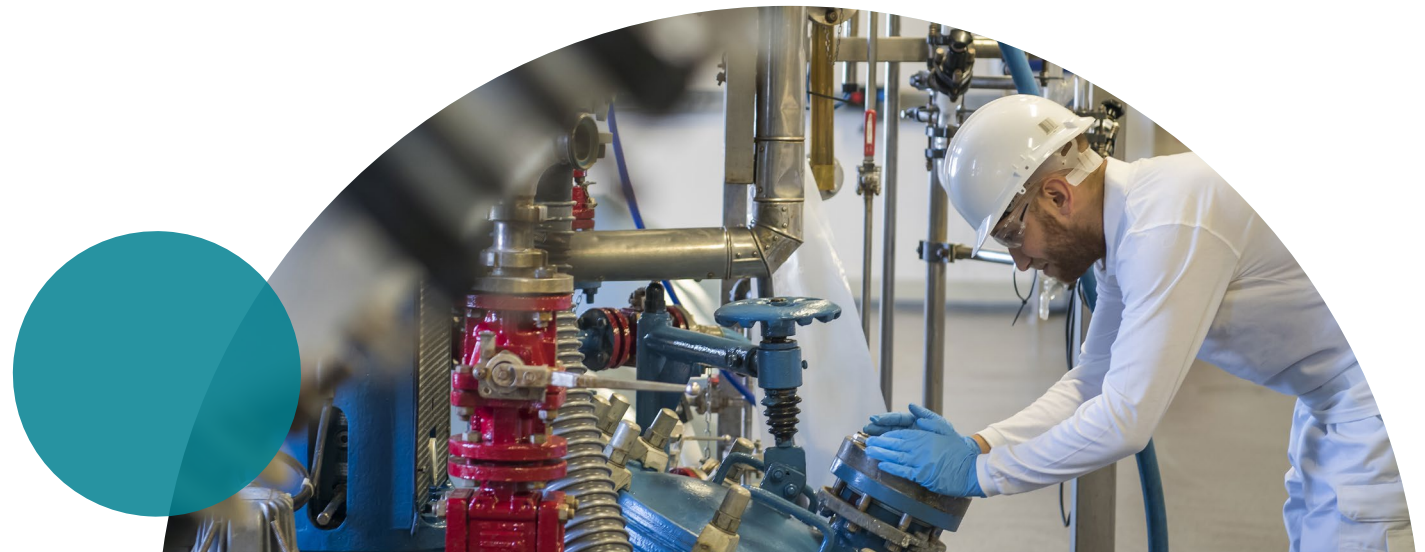
Training is tailored to the specific risks of each site and includes instruction related to safety, industrial hygiene, psychosociology and ergonomics, all of which include theoretical and/or practical sessions depending on the needs identified.

Health and safety training is also mandatory for both new recruits and employees who change positions.

All special jobs (those that involve confined spaces, heights, electrical, forklift truck drivers, lifting plat-





forms, etc.) require specific training. Any employee who is required to carry out special work must have received specific training and be in possession of an authorisation issued by Medichem.

In the case of external companies, the security department checks that the external staff who will carry out the work for which they have been contracted have sufficient and appropriate training prior to carrying out the work.



HEALTH AND SAFETY INDICATORS

In order to reduce the number of accidents with behavioural causes and boost the company's culture of prevention, Medichem Spain continued to implement the **Safety Observation Programme in 2023, with four new people joining the team of safety observers**. Through these observations, the aim is to connect managers with employees, motivating them in their workplace and identifying opportunities for improvement in attitudes.

	2022			2023		
			Total			Total
No. of accidents with sick leave (not including <i>in itinere</i>)	1	3	4	1	6	7
No. of accidents <i>in itinere</i>	4	1	5	-	1	1
Lost days	3	109	112	8	32	40
Accident frequency rate	3.23	7.07	5.45	2.95	12.87	8.69
Accident severity rate	0.01	0.26	0.15	0.02	0.07	0.05
No. of occupational illnesses	-	-	0	-	1	1

*The hours worked are calculated using a computer program managed by the Human Resources department. For calculating the actual hours worked, the theoretical hours to be worked by the worker are taken as a reference and the holiday hours are subtracted.

$$^{(2)} \text{ Frequency Rate} = \frac{\text{no.of accidents} \times 10^6}{\text{Hours worked}}$$

$$^{(3)} \text{ Severity Index} = \left(\frac{\text{number of days lost}}{\text{Hours worked}} \right) \times 10^3$$



05

We care for the planet



Medichem believes in the need to take actions that contribute to the 2030 Agenda and the United Nations Sustainable Development Goals, in particular goals related to the environmental impact that may be generated by the organisation's main activities. We have therefore set out three key commitments linked to environmental management in our corporate sustainability strategy:

- ✔ **Optimising production processes**
- ✔ **Green chemistry**
- ✔ **Climate Change**



Optimising production processes

Promoting the optimisation of our production processes to continuously improve our environmental impact.

Within the Environmental Management System, both the manufacturing centres of Medichem Malta and Medichem Spain **consider the environmental aspects and possible impacts that the activities carried out at each site may have on the environment and on the company itself.** This also includes all environmental aspects that may arise in emergency situations during manufacturing, and also aspects related to product life cycles, starting with an impact assessment from the procurement of raw materials and packaging and their transport, production, the generation of waste and secondary products, the transport of the manufactured product to the customer and the final destruction of the product and/or packaging products.



Our production centre in Celrà (Girona) is controlled by the Spanish Environmental Administration and has been granted Environmental Authorisation number G1RP140107 in accordance with Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on Industrial Emissions (integrated pollution prevention and control) since 2007. The certificate guarantees Medichem's compliance with environmental regulations. The last inspection was carried out by Dekra in October 2022.

Medichem Malta and Combino Pharm Malta are regulated by the Malta Environmental Resources Authority and operate under permit IP IP0002/05/E.

At Medichem, in order to comply with all legal requirements, we identify the applicable environmental requirements or other requirements to which the company subscribes voluntarily and assess their compliance (in the case of Spain) through the online platform ecomundis.com. In Medichem Malta and Combino Pharm Malta, legal compliance is monitored through the website of the local competent authority.

Both the identification system and the assessment system ensure the correct identification of new environmental legal provisions applicable to the company and their correct assessment.

At Medichem we are fully committed to respecting and preserving the environment. As a result of this commitment, for years we have been incorporating a series of actions aimed at improving our environment. We have implemented an Environmental Management System that has been certified according to the UNE-EN ISO 14001 standard, certification obtained in 2001 for Medichem Spain and in 2009 for Medichem Malta.

We regularly receive Environmental Management System (EMS) audits. The last audit at Medichem Spain took place in May 2023 and at Medichem Malta in September 2023.



We recognise the potential impact of our activities on the environment and have therefore adopted an eleven-point **Environmental Policy:**

01

Protecting the environment by reducing environmental impact throughout the entire life cycle of our products and processes.

02

Complying with applicable laws, standards, regulations and other environmental requirements.

03

Setting out measurable environmental targets on a regular basis, developing plans with the necessary environmental targets to achieve them, and implementing control and monitoring methods.

04

Promoting ongoing improvement of environmental performance through the use of the Environmental Management System, reviewing this policy on a regular basis and making it available to stakeholders.

05

Promoting efficient energy use by implementing energy efficiency measures, progressively increasing the consumption of renewable energy and promoting initiatives aimed at reducing greenhouse gas emissions.





06

Boosting the circular economy at all stages of the product life cycle by optimising processes, reusing waste by recovering solvents or raw materials and the circular management of packaging, among other measures, provided that this is technologically and economically viable, without compromising the quality of the product.

07

Employing best available practices and technologies to prevent air pollution and emissions.

08

Efficiently managing the water cycle, reducing water consumption and improving the quality of wastewater discharge.

09

Promoting and raising awareness among all company staff of the application of this commitment, encouraging them to achieve these objectives and to apply individual and/or collective practices.

10

Working with and advising our customers and other stakeholders on environmental measures and on the correct handling of the products supplied from an environmental and safety point of view.

11

Promoting and communicating our environmental commitments to suppliers and subcontractors by spreading good environmental practices and minimising environmental impacts throughout the value chain.

This declaration of principles is part of Medichem's commitment to the prevention of environmental impact and continuous improvement, and is made public for the knowledge of all our staff.

ENVIRONMENTAL RISKS

At Medichem we assess environmental risks by means of **the Procedure for the Identification, Assessment and Control of Environmental Aspects**. This procedure helps us to effectively identify those risk scenarios that could lead to environmental aspects under emergency conditions. This assessment allows us to quantify the environmental impact and set targets to reduce it by prioritising high impact aspects.

In 2019 we conducted an environmental risk analysis at Medichem Spain. This analysis calculated the financial guarantee required to repair an environmental damage caused by an infiltration of substances as a result of a burst manhole.

On the basis of this analysis, a financial guarantee of 10 million euros was contracted to cover any alleged environmental damage that might occur in Medichem Spain, Medichem Malta and Combino Pharm Malta.

TRAINING AND ENVIRONMENTAL COMMUNICATION

It is part of our environmental commitment **to communicate and train effectively and regularly on the environmental aspects of the company both internally and externally**. The communication carried out by Medichem is reflected in the following actions:

- ✔ Environmental communication procedure (internal and external)
- ✔ Regular training for all internal staff on relevant environmental issues such as wastewater treatment, waste management, KPIs, air emissions, soil and groundwater control, accidental spills, solvent recovery, environmental targets, actions to reduce wastewater pollution, etc.
- ✔ Environmental training for new recruits
- ✔ Environmental advice through the WellWo platform
- ✔ Environmental information on our website and social media
- ✔ Information and training for subcontracted staff
- ✔ Internal communication of environmental indicators
- ✔ Internal communication of annual environmental targets and their achievement



In Medicchem Spain:




- ✔ Internal and external dissemination campaign as part of the “European Week for Waste Reduction”, focusing on the reduction of packaging in personal hygiene, household cleaning and cosmetics products.
- ✔ Internal communications for World Earth Day and World Water Day.
- ✔ Internal and external communication of environmental indicators associated with the Sustainable Development Goals (SDGs).
- ✔ Awareness-raising campaign for World Environment Day, assisting in the removal of the invasive *Ludwigia peploides* plant from the River Ter in Cayac.



FINANCIAL RESOURCES EARMARKED FOR THE ENVIRONMENT

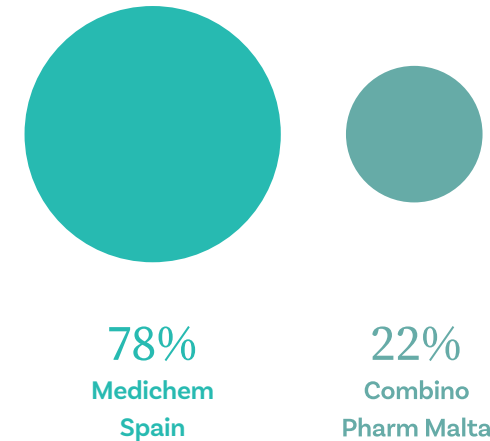
At Medichem we allocate part of our budgets to ensure compliance with all legal requirements, the correct management of all environmental aspects, the achievement of these environmental targets and continuous improvement through the implementation of new investments.

In 2023 we allocated €1.02 million to environmental management, of which 78% was invested in the Medichem Spain plant and 22% in Combino Pharm Malta. In 2022 we allocated €717,000 to environmental management, of which 97% was invested in the Medichem Spain plant, 1% in the Medichem Malta plant and 2% in Combino Pharm Malta.





	Investment details	Environmental aspect
Medichem Spain	Solar panels on the warehouse roofs	 Atmospheric emissions
	Process steam management	 Energy efficiency
	Replacement of EF1 uralite	 Waste
	Dichloromethane containment at Pilot Plant	 Atmospheric emissions
	Atmospheric emissions	 Atmospheric emissions
	Fenton vapour condensation system	 Waters
Combino Pharm Malta	Installation of solar panels	 Atmospheric emissions

In 2023

€ **1.02** MILLION
for environmental management









In order to reduce our environmental impact and honour our social commitment to respect the environment, we have invested in the following environmental initiatives:

% Investment	ODS	2022	2023
Waste		10%	19%
Atmospheric emissions		83%	73%
Energy efficiency		7%	5%
Waters		-	3%









At Medichem, we strive to minimise the impact of our activities and make preserving the environment our highest priority. That is why in 2024 we plan to invest to mitigate the impact of the following environmental aspects:

	Investment details	Environmental aspect
Medichem Spain	Additional charging point for electric vehicles	 Atmospheric emissions
	RTO installation	 Atmospheric emissions
	Adaptation of the discharge point	 Waters
	Recovery of isopropanol in various processes	 Waste
	Increasing the capacity of the municipal wastewater treatment plant in Celrà	 Waters
	F-100 chiller in the R&D laboratory	 Water





Investments will be aimed at reducing the environmental impact of the following environmental aspects:

% Investment in 2024	ODS	Medichem Spain	Medichem Malta	Combino Pharm Malta
Waste		9%	-	-
Water	 	45%	-	-
Atmospheric emissions	 	46%	-	-
Energy efficiency		-	-	-

WATER CONSUMPTION

At Medichem we are aware that water is a scarce and limited natural resource. That is why **we are committed to continuous improvement in optimal water management**. All water consumed at Medichem comes from the drinking water network supplied by a water company.

Through our efforts to improve water efficiency, we have achieved an 8% reduction in water consumption compared to 2022 and at Medichem Spain alone we have achieved a **14% reduction**, due to the implementation of a series of measures to reduce water consumption:

- ✔ Installation of water buttons in the changing room showers with automatic water shutoff.
- ✔ Upgrade of the cooling water circuit by modifying the reactor cooling system.
- ✔ Installation of digital flow meters for monitoring water consumption.
- ✔ Awareness campaign, together with Medichem Malta and Combino Pharm employees, to reduce water consumption in our facilities.



Water consumption in 2023 was as follows:

	2022	2023
Water consumption from mains (m ³)	81,606	75,040
Water consumption from the well (m ³)	-	-
Total (m ³)	81,606	75,040

Water consumption complies with the supply limitations set out in local regulations.

The total water consumption efficiency of our plants has been:

	2022	2023
Water Consumption Intensity (m ³ /t) ⁽¹⁾	251	259



(1) Medichem Spain's production comprises the quantity of solid finished product, plus the intermediate product sent to Medichem Malta, plus the quantity of liquid finished product (Chlorhexidine Digluconate) multiplied by a correction factor corresponding to the percentage of hours used to manufacture Chlorhexidine Digluconate with respect to the total manufacturing hours. In the case of Medichem Malta we have calculated production as the quantity of finished product plus intermediate product manufactured. The production of Combino Pharm Malta has been calculated as the quantity of capsules and tablets manufactured.



WASTE MANAGEMENT

Below are the tonnes of waste generated in 2023 classified by non-hazardous, hazardous and by-products together with their percentage of recovery:

Type of waste	2022		2023	
	Waste generated	% of waste allocated for recovery	Waste generated	% of waste allocated for recovery
Non-hazardous waste	362	60%	355	39%
Hazardous waste	4,506	78%	4,185	77%
By-products	32	100%	26	100%
Total (tonnes)	4,899		4,566	

On the whole, waste generation has been reduced by 7% compared to 2022. Most hazardous and non-hazardous waste has been reduced. It is worth noting the reduction in non-hazardous waste not intended for recovery because in 2022, as a result of construction work, a large quantity of soil was managed. This waste was not generated in 2023.

FOOD WASTE

Given the nature of the company's business, food waste is not considered to be a material issue for Medichem.

BIODIVERSITY

At Medichem we are committed to our environment and believe in the need to preserve biological diversity in order to safeguard the functioning of the vital cycles of water, nutrients and soil, thus minimising our environmental impact.

Medichem Spain's API manufacturing plant is not located in any protected natural areas or areas of natural interest. The nearest protected natural area is located about 2 kilometres north of the site and is called "Riberes del Baix Ter", which is part of the Special Protection Plan (PEIN) since 2014. About 2 km southwest of the site is another protected natural area called "Les Gavarres" and, like the previous one, it is part of the Special Protection Plan (PEIN).

In the event of an accident, these natural areas would not be affected, as concluded in the Environmental Risk Analysis report on the Medichem facilities (Celrà) carried out in October 2019 by the environmental consultancy and engineering firm eSolve.

At Medichem we aim for industry and the environment to coexist in a sustainable way through actions to conserve biodiversity. This is demonstrated by regular monitoring of air, soil, wastewater and groundwater emissions, as explained in this section, to ensure that our activity does not have any negative effects on the natural environment.

To tackle the loss of biodiversity in our immediate environment, in 2023 we worked with the **La Sorellona** Nature Association on one of its **environmental volunteering days**. We removed *Ludwigia peploides*, an aquatic plant introduced as an ornamental feature in gardens and ponds, which has now become one of the most invasive exotic species in freshwater aquatic ecosystems.

We also worked financially with the La Sorellona Nature Association to carry out various activities related to environmental education and the recovery of our natural habitat.

Medichem Malta's API manufacturing plant and Combi-no Pharm Malta's FDF manufacturing plant are located on two adjoining plots of land on the Hal Far Industrial Estate in Birzebugġia. The cliffs located along the Hal Far polygon are designated as part of a Special Protection Area (SPA), as a Natura 2000 Special Area of Conservation (SAC) and is listed as an Area of Ecological Import-

tance (AEI). Therefore, in January 2017, we conducted a risk analysis together with the company *En-sure Monitoring* for soil and groundwater contamination for Medichem Malta, which concluded that Medichem Malta's activity does not have any significant adverse effects on the natural environment.



Green chemistry

Incorporating eco-design principles in our product concepts with a focus on optimising material and chemical resources and minimising waste.

In order to minimise the impact of our processes, it is essential to incorporate eco-design principles in our product concepts with a focus on optimising material and chemical resources and minimising waste. To do this, during the research stage, we assessed the safety and sustainability of each of the processes studied in order to avoid and/or reduce the environmental impact of future manufacturing processes. It is at this point, during process development, that nine of the twelve principles of **Green Chemistry** are taken into account and applied:

01

Avoiding waste: it will always be better than having to treat or dispose of it later

02

Minimising toxicity in the design of synthetic methods should be a priority, ideally none at all, and in practice should always be minimised as far as possible

03

Preserving efficacy must be compatible with reducing or eliminating toxicity



04

Minimise the use of auxiliary substances (solvents, adsorbents, etc.), always opting for the most innocuous ones

05

Apply processes at ambient pressure and temperature preferably to achieve higher energy efficiency

06

Prioritise renewable materials

07

Substitute catalytic reagents for stoichiometric reagents whenever possible

08

Monitor the process to prevent the formation of hazardous substances

09

Reduce the risk of accidents also through the selection of processes and substances

We apply the concepts of green chemistry not only at the research level, but also continuously evaluate the developed processes in order to optimise them. To that end, in 2023 we looked at and implemented environmental improvements in 7 manufacturing processes.

At Medichem Spain, we were able to eliminate dimethylformamide in one manufacturing process and in another manufacturing process, we eliminated dichloromethane and reduced the consumption of two raw materials by 46%, while reducing the consumption of raw materials in two other processes by 10% thanks to the increase in the efficiency of the manufacturing processes.

At Medichem Malta, we investigated the reuse of solvents to optimise one of the main production processes. This optimisation will be implemented in 2024 and the solvent recovery will therefore be carried out as part of the process implementation.

CONSUMPTION OF RAW MATERIALS



It is essential to study and optimise chemical processes in order to reduce the quantities of raw materials used, minimising the environmental impact associated with the consumption of raw materials and the generation of the corresponding waste.

The consumption of raw materials in the manufacture of APIs has a major environmental impact as the amount of raw material consumed is much higher than the amount of product obtained. Due to this generality of our sector, it is essential to study and **optimise chemical processes** in order to reduce the quantities of raw materials used, minimising the environmental impact associated with the consumption of raw materials and the **generation of the corresponding waste**.

Not only is process optimisation important to achieve optimum efficiency in manufacturing processes, but the **use of renewable raw materials** is also essen-

tial. Among the raw materials used to manufacture an API are solvents, mostly non-halogenated solvents, which are used in large quantities in order to carry out the corresponding chemical reactions. These solvents end up as waste, which is why Medichem carefully studies each of the types of solvent waste generated **to ensure that they can be reused in the manufacturing process itself or recovered externally so that they can be reintroduced into these processes**. On that basis, **around 80 tonnes of solvents per year are being reused internally**. We are also externally recovering and reusing more than **800 tonnes of solvents per year** in our own processes.

Medichem's raw material consumption in 2023 in tonnes (t) was as follows:

Raw material	Source Type	2022	2023
Inorganic compounds	Non-renewable	429.71	374.27
	Renewable	0.17	0.03
Organic compounds	Non-renewable	561.16	620.22
	Renewable	10.32	8.55
Halogenated Solvents	Non-renewable	10.40	18.43
	Renewable	0.00	0.00
Non Halogenated Solvents	Non-renewable	2,178.63	1,829.80
	Renewable	983.74	874.54
Purification reagents	Non-renewable	405.78	316.72
Nitrogen	Non-renewable	1,278.27	1,014.98
	Renewable		
Packaging	Non-renewable	404.31	470.43
	Renewable	18.83	12.60
Brine	Non-renewable	58.20	50.00
	Renewable	57.48	44.66
Other	Non-renewable	3.73	1.91
Active Pharmaceutical Ingredients	Non-renewable	12.01	1.90
Dye	Non-renewable	4.52	2.58
Excipients	Non-renewable	57.99	67.21
Total consumption of raw materials		6,475.25	5,708.83

Total material use
has been reduced
by 12%.

It is worth noting that Medichem Spain has reduced reagent consumption in the treatment plant by 22% and brine consumption by a further 18% thanks to the improvements made to reduce water consumption and the efficient use of equipment cooling.

At Combino Pharm, use of packaging has increased by 25% due to the increase in the number of products manufactured.



The **material consumption efficiency** of our plants in 2023 was as follows:

	2022	2023
Intensity of non-renewable raw materials (tonnes of raw material/tonnes of product) ⁽¹⁾	16.61 t RM /t product	16.46 t RM /t product
Intensity of renewable raw materials (tonnes of raw material/tonnes of product)	3.29 t RM /t product	3.25 t RM /t product
Intensity of raw materials (tonnes of raw material/tonnes of product)	19.90 t RM /t product	19.71 t RM /t product

(1) Medichem Spain's production comprises the quantity of solid finished product, plus the intermediate product sent to Medichem Malta, plus the quantity of liquid finished product (Chlorhexidine Digluconate) multiplied by a correction factor corresponding to the percentage of hours used to manufacture Chlorhexidine Digluconate with respect to the total manufacturing hours. In the case of Medichem Malta we have calculated production as the quantity of finished product plus intermediate product manufactured. The production of Combino Pharm Malta has been calculated as the quantity of capsules and tablets manufactured.

In 2023, Medichem Malta looked at reducing fresh solvent consumption by replacing them with externally recovered solvents. External solvent recovery will be implemented in 2024 as part of the implementation of one of the main optimised production processes.

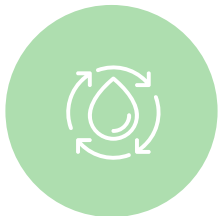
CIRCULAR ECONOMY AND WASTE PREVENTION

At Medichem we are committed to a model of responsible production and consumption. That is why the **Circular Economy model** has long been part of our Environmental Management System. At all process stages, in all departments and in all plants, we are aware of the waste hierarchy and therefore we always prioritise the prevention of waste generation and, when this is not possible, we consider its reuse and/or recycling. These are the procedures and actions we follow to implement the circular economy model, based on seven areas of action:



Design

- ✓ In the design of production processes at R&D level, we take into account environmental criteria based on green chemistry
- ✓ In the procurement of new equipment we take into account environmental criteria



Production and retransformation

- ✓ Use of water recirculation systems to optimise water consumption
- ✓ Re-study of processes to reduce the consumption of resources and raw materials
- ✓ Reuse of raw materials
- ✓ Replacement of 120-litre plastic drums with big bags
- ✓ Implementation of efficiency meetings to improve productivity and thus reduce environmental impact
- ✓ Digitalisation: implementation of a new ERP (SAP) at Medichem Malta and Combino Pharm and launch of a project to digitalise production records (Electronic Batch Record).



Transport and distribution

- ✓ Optimisation of packaging, prioritising oversized packaging
- ✓ Use of recycled materials
- ✓ Optimisation of waste transport



Consumption, use, reuse and repair

- ✓ Internal reuse of solvents
- ✓ Reuse of raw materials
- ✓ Corrective and preventive maintenance
- ✓ Promoting reuse and recycling and avoiding waste
- ✓ Internal wastewater treatment (Medichem Spain)
- ✓ Reuse of acidic and basic aqueous phase waste to neutralise sewage treatment plant wastewater (Medichem Spain)
- ✓ Purchase of 1m3 recycled containers (IBCs)
- ✓ Reuse of raw material packaging for waste
- ✓ Digitalisation of documents through the implementation of a document management system (DMS)



Collection

- ✓ Prioritisation of proximity managers
- ✓ Separate collection to encourage recycling



Recycling/end-of-life treatment

- ✓ Valorisation of waste materials
- ✓ Energy recovery from waste
- ✓ Recycling and reuse of solvents
- ✓ Recycling and reuse of raw materials
- ✓ Implementation of a system for the washing and return of IBC containers for reuse



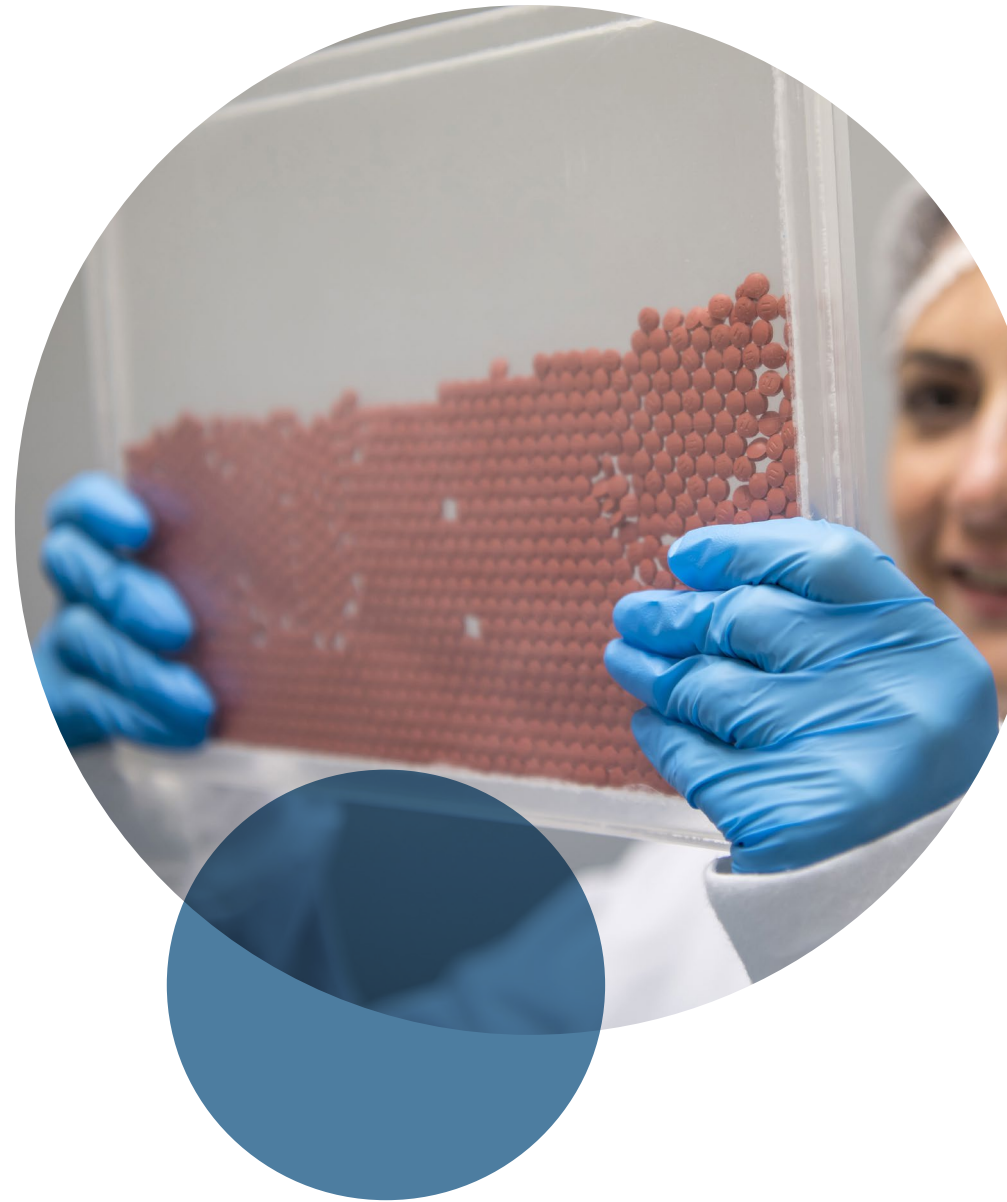
Procurement of raw materials

- ✓ Approval of raw material suppliers
- ✓ Approval of carriers

At the R&D level, the focus has been on how to minimise the waste generated, optimise the consumption of raw materials and reuse and/or recover the solvents or raw materials used

In addition, at Medichem we study the generation of waste in each of the manufacturing processes individually and meticulously. From the beginning of the project, at the R&D level, the focus has been on how to **minimise the waste generated, optimise the consumption of raw materials and reuse and/or recover the solvents or raw materials used**. For any waste generated, we study its reuse. If this is not possible, we study its recovery to be used again in the same process and if this is not possible, we look for ways to recover it and only as a last resort is it sent for treatment or destruction.

In Spain, during European Waste Prevention Week, a series of training sessions were held for all employees under the slogan **“ZERO WASTE”** to raise awareness of the need to reduce the amount of packaged personal hygiene, household cleaning and cosmetic products, following the theme of packaging reduction proposed by the European Commission.



PACKAGING

Packaging material is also an important part of the product and its associated environmental impact, which is why Medichem works to reduce the impact of packaging material.

In Medichem Spain:

- ✔ A 30-micron plastic for banding the shipped product has been replaced by a 12-micron plastic, reducing plastic microns by 60%.
- ✔ The plastic seal with synthetic adhesive was replaced by a paper seal with rubber adhesive.
- ✔ We are in the process of replacing the plastic strap with metal buckle with a 100% recycled plastic strap without metal buckle.
- ✔ We use recycled plastic packaging for the laboratories.
- ✔ We use recycled plastic pallet covers for shipments where they are required.

At Combino Pharm, we have investigated the efficiency of the packaging process in order to reduce the amount of discarded packaging material, cartons, leaflets and blister packs. Using the data obtained, we will set percentage reduction targets for cardboard packaging waste and leaflets, as they represent the main waste streams in the packaging process.



EMISSIONS



01

Pollutant gas emissions

As a consequence of our activity, polluting gases other than greenhouse gases are emitted into the atmosphere, which we are committed to controlling and managing in order to mitigate their impact.

At Medichem Spain and Medichem Malta we treat atmospheric process emissions by **installing gas absorption scrubbers** at each of the two sites' manufacturing plants. We also report annually to the administration through the *European Pollutant Release and Transfer Register (E-PRTR)*, which collects data on air and water emissions and the transfer of waste from activities with a potential impact on the environment.

In 2023, atmospheric emissions of pollutant gases other than greenhouse gases were as follows:

Pollutant quantity (t)	2022	2023
TVOC (Total Volatile Organic Compounds)	2.18	3.57
CO (carbon monoxide)	0.23	0.21
NOx (nitrogen oxides)	1.49	1.26

We treat atmospheric process emissions by installing gas absorption scrubbers at each of the two sites' manufacturing plants

At Medichem Spain we have calculated the amount of TVOCs with an actual value measured in June 2022. At Medichem Malta, the amount of TVOCs has been calculated with an actual value measured in 2023.

We have calculated the quantities of carbon monoxide (CO) and nitrogen oxides (NOx) emitted using emission factors from the *EPER CAT Chemical Sector Emission Reporting Guidelines* based on natural gas and LPG (Liquefied Petroleum Gas) consumption.

At Medichem Spain, efforts are being made to reduce a specific TVOC (methylene chloride) and eliminate it

from manufacturing processes. However, for the few processes that still require the use of methylene chloride, all of them have been concentrated in the same manufacturing plant, specifically in the Pilot Plant, and the degree of capture of this substance has been increased by installing three activated carbon filters before the inlet of gases to the scrubber. Measurements to determine atmospheric dichloromethane emission reductions will be taken in 2024, but it is estimated that this new facility **will reduce dichloromethane emissions by 95%**.

Since the end of 2022 and throughout 2023, Medichem Spain has been working with a consultancy to prepare a technical plan for the installation of regenerative thermal oxidation (RTO) equipment to reduce emissions of volatile organic compounds in manufacturing plants and thus continue to meet our commitment to further reduce emissions.



02

Wastewater discharges

Another relevant factor for Medichem is the **quality of wastewater discharges**, as this is a significant aspect of our activity due to the quantity and presence of relevant pollutants in wastewater. In order to carry out responsible wastewater treatment management, it is essential to work along two lines of action:

- ✔ Improving the quality of discharged water
- ✔ Reduce the volume discharged

Medichem complies with the requirements of its wastewater discharge authorisations at all its facilities. Wastewater is managed internally at the internal wastewater treatment plants for discharge to another municipal wastewater treatment plant before being discharged to the river at Medichem Spain or to the sea at Medichem Malta.

Medichem complies with the requirements of its wastewater discharge authorisations at all its facilities.

At Medichem Spain, the wastewater generated is treated by homogenisation, neutralisation and physico-chemical treatment before chemical oxidation with hydrogen peroxide. The sludge generated is dried through a filter press. **Chemical oxidation treatment with hydrogen peroxide is considered a Best Available Technique (BAT), which Medichem contributed to the development of the BREF* for the wastewater treatment system in the chemical sector.**

At Medichem Malta, wastewater is treated by physico-chemical treatment. The system also includes homogenisation and neutralisation before physical treatment. Finally, the sludge generated in the physico-chemical treatment is filtered to remove the water it contains.



The most significant discharge parameter in our sector is the Chemical Oxygen Demand (COD), which is the amount of oxygen needed to chemically oxidise organic matter into CO_2 and H_2O . However, the pollutants chloride, phosphorus, nitrogen and suspended matter are also significant for both Medichem Spain and Medichem Malta.

*These BREF documents (Best Available Techniques Reference Documents) describe the techniques applied, the current emissions to all media and consumption levels and the techniques taken into account to determine BAT for each of the industrial sectors, as well as the conclusions on BAT and emerging techniques.

Therefore, we carry out **regular measurements of discharges**. The values obtained in 2023 are shown below:

Amount of pollutant (t)	2022	2023
COD	46.28	35.28
Total phosphorus	0.33	0.10
Kjeldahl nitrogen	2.41	2.15
Suspended matter	6.48	3.79
Chlorides	46.34	43.90

The quantities of pollutants have been calculated on the basis of actual analytical results carried out periodically during 2023 and the quantity of water discharged. At Medichem Spain, the amount of water discharged is estimated (assuming 80% of the total water consumed) and in Malta the amount of water discharged is the actual amount measured with a flow meter and is joint between Medichem Malta and Combino Pharm Malta as all wastewater generated in the two plants is managed in the same treatment plant and therefore discharged jointly.

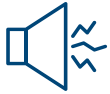
As a result of the implementation of all the improvement actions, **the amount of COD discharged has been reduced by 24%** compared to the previous year.

In 2023, Medichem Spain and Malta started to explore emerging techniques for internal treatment of wastewater which is currently being treated externally. We are continuing experimental testing in a pilot plant in 2024.

In 2023, Medichem Malta investigated different water treatment techniques to reduce COD contamination of discharged wastewater, and in 2024 experimental tests will be carried out at a pilot plant with the treatment that achieved the best results.

The amount of COD discharged has been reduced by 24% compared to the previous year.

Combino Pharm also looked at the characteristics of the wastewater generated and the amount of aqueous hazardous waste generated. We identified the main sources of COD and in 2024 we will continue to explore the improvement of both hazardous and non-hazardous wastewater generated.



03

Light and noise pollution

Following the assessment of environmental aspects, we have not found any significant environmental impact in terms of light and noise emissions, and therefore we have not considered them as material impacts for Medichem. Even so, **we are firmly committed to reducing our environmental footprint, which is why we comply with light pollution regulations** and are progressively replacing all outdoor lighting at all sites with LED lighting.

At Medichem Spain, an outdoor lighting study was prepared in 2021 that covers the next 3 years for the replacement of all outdoor lighting with LED lighting, whereby all outdoor lighting is being progressively replaced with LEDs.

At Medichem Malta we are progressively replacing all exterior lights with LED lighting.

In terms of noise, we are replacing equipment that emits more noise with new, quieter equipment. In August 2021, we carried out noise measurements at Medichem Malta and Combino Pharm Malta and it was concluded that no more than 5 decibels (dB) of background noise was exceeded. The next monitoring will be carried out in 2026 in accordance with the regulations.

In October 2022, a noise pollution study was carried out at Medichem Spain by Dekra Industrial, SAU and the conclusions were that we complied with all the relevant requirements.



We are firmly committed to reducing our environmental footprint, which is why we comply with light pollution regulations



04

Soil and groundwater contamination

We have long been striving to reduce our impact on the environment and consequently designing activities that make a significant contribution. In 2015, the company eSolve carried out a baseline soil report at Medichem Spain: **a complete survey of the soil and groundwater situation of the entire site**, resulting in the installation of 4 fixed piezometers. Piezometers are submersible, pressure-sensitive measuring sensors designed for periodic monitoring of **groundwater quality and soil contamination**. At Medichem Spain we use them exclusively to measure volatile organic compounds, soil temperature and soil moisture and to measure the water table, analyse TPH (total petroleum hydrocarbons), volatile organic compounds and other compounds in groundwater.

From this date onwards, **soil monitoring** is being carried out **every six months and groundwater monitoring every five years to ensure that there is no contamination** and therefore no impact on the environment.

In November 2023, Medichem Spain closed a groundwater supply well. This well was primarily used as a sampling point for subsoil and groundwater contamination. When this well was shut down, a new piezometer was installed in December 2023 as close as possible to the old well. Also in December 2023, we carried out groundwater sampling, measurement of groundwater levels, physico-chemical parameters, VOCs and other gases from the four existing piezometers and

the new one. The results were in accordance with the relevant requirements.

In January 2017, the company *En-sure Monitoring* carried out a risk assessment for potential soil and groundwater contamination at Medichem Malta. This assessment concluded that the risk of soil and groundwater contamination was very low, therefore we have not considered it necessary to carry out the baseline soil report and groundwater monitoring.

Every six months and groundwater monitoring every five years to ensure that there is no contamination

Climate change

Decarbonising energy sources and reducing direct and indirect CO₂ emissions.

Climate change is a global phenomenon which is rapidly changing our planet, with a direct impact on the operations and responsibilities of the chemical industry. Variability in the climate, stricter environmental regulations and scarcity of natural resources are crucial factors that call for a proactive response. It is against this backdrop that Medichem recognises the need to adapt, innovate and promote sustainable initiatives to mitigate environmental impact and ensure the long-term sustainability of our operations.



ENERGY CONSUMPTION

To ensure a sustainable use of resources, Medichem believes that **it is a priority to improve the energy efficiency of our facilities by carrying out small actions in our pursuit of net zero emissions.**

Medichem Spain's energy consumption comes from electricity, natural gas and diesel and in Medichem Malta and Combi-no Pharm Malta from electricity and LPG (Liquefied Petroleum Gas).

Twenty-nine percent of overall energy consumption comes from renewable sources thanks to Medichem Spain's investment in solar panels and the purchase of electricity with 100% renewable energy certification.

29% of overall energy consumption comes from renewable sources



In 2023, energy consumption in gigajoules (GJ) is as follows:

Energy consumption (GJ)	Source Type	2022	2023
⚡ Electricity	Non-renewable	28,984	16,731
	Renewable	3,945	14,092
🔥 Natural gas	Non-renewable	9,141	10,981
🔥 LPG	Non-renewable	6,160	5,862
⚙️ Diesel	Non-renewable	4,111	391
TOTAL		52,341	48,057

Energy consumption has been reduced by 8% compared to consumption in 2022 thanks to all the energy efficiency actions and renewable energy investments implemented during 2023, which are as follows:



Medichem Spain:

- ✔ Electricity consumption has been reduced due to the increased use of renewable energies. Between 2022 and 2023, the total surface area occupied by solar panels reached 2,831 m² and the energy supplied externally is energy with Guarantee of Origin (GoO) and is certified as 100% renewable energy.
- ✔ Heat recovery units have been installed for the air conditioners in the quality control and ADMV laboratories and in the office building
- ✔ Time and temperature control of air conditioners in all buildings has been installed
- ✔ In August 2023, we put into operation the new reactor condensate drain system in reactors in fabrication building 1 to improve the energy efficiency of the reactor heating circuit.



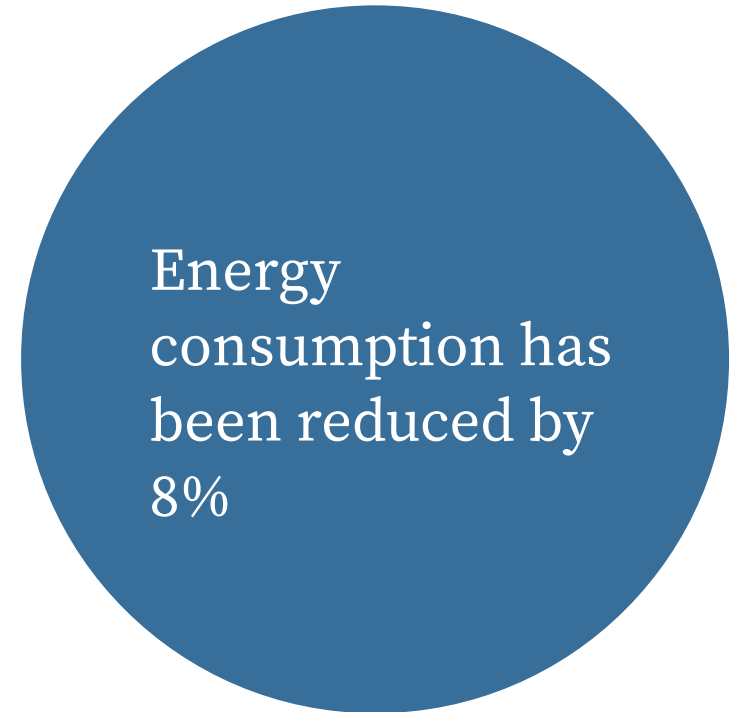
Medichem Malta:

- ✔ Replacement of lights with LEDs



Combino Pharm Malta:

- ✔ Replacement of the water chiller for a more efficient one
- ✔ Installation of solar panels on the roof to be operational in 2024.



Electricity consumption is derived from actual measurements obtained in kWh (kilowatt-hours) converted to GJ (gigajoules) using conversion factors from the chemical sector emission reporting guidelines for the emission and source inventory.

In Medichem Spain, natural gas consumption is derived from actual measurements obtained in Nm3 (normal cubic metres) converted to GJ using conversion factors from the chemical sector emission reporting guidelines for the emission and source inventory.

In Medichem Malta and Combino Pharm Malta, LPG (liquefied petroleum gas) consumption is derived from actual measurements obtained in m3 for Medichem Malta and in litres for Combino Pharm Malta and converted to GJ by the gas supplier.

If we consider the **energy efficiency** of our plants in 2023 compared to the previous year, it was as follows:

	2022	2023
Total energy consumption in relation to annual production (GJ/t) ^{(1) (2)}	161	166

(1) Total energy consumption (electricity + natural gas + LPG + diesel) / Annual production of the organisation (GJ/tonne).

(2) Medichem Spain's production comprises the quantity of solid finished product, plus the intermediate product sent to Medichem Malta, plus the quantity of liquid finished product (Chlorhexidine Digluconate) multiplied by a correction factor corresponding to the percentage of hours used to manufacture Chlorhexidine Digluconate with respect to the total manufacturing hours. In the case of Medichem Malta we have calculated production as the quantity of finished product plus intermediate product manufactured. The production of Combino Pharm Malta has been calculated as the quantity of capsules and tablets manufactured.

While in absolute terms energy consumption has decreased by 8% compared to 2022, when compared to production, energy efficiency (energy consumption relative to production) has decreased by 3%. This rise reflects the fact that at Medichem Spain and Medichem Malta the amount of product manufactured has decreased more significantly than energy consumed. In comparison, at Combino Pharm, total energy consumption for production has decreased by 37% compared to 2022.





GREENHOUSE GAS EMISSIONS

We are aware of the effect that greenhouse gas emissions have on climate change and are therefore firmly **committed to contributing to the mitigation of these effects and to moving the economy towards zero carbon emissions.**

Scope 1

Direct emissions

Emissions generated due to the consumption of natural gas, diesel and refrigerant gas leaks

Scope 2

Indirect emissions

Emissions from electricity consumption


Scope 3

Indirect emissions

Purchase of goods and services, capital goods, fuel and energy activities (not included in scope 1 and 2 calculations), upstream transport and distribution, waste generated in operations, business travel, employee travel and downstream transport and distribution.



The greenhouse gas emissions of Medichem Spain and Malta and Combino Pharm Malta in 2023 have been as follows:

 tCO ₂ eq	2022	2023
Scope 1 Emissions	1,554	1,235
Scope 2 Emissions (Location-based)	2,451	2,273
Scope 2 Emissions (Market-based)	2,398	1,803
Scope 3 Emissions	50,136	39,363
Total (market-based)	54,088	42,401

The carbon footprint, Scope 1 and Scope 2 of Medichem Spain's greenhouse gas emissions are calculated using the "GHG emissions calculator" provided by the *Catalan Office for Climate Change of the Generalitat de Catalunya*. Indirect CO₂ emissions based on location-based electricity consumption have been calculated using the production mix ratio of 0.12 kg CO₂ per kWh of the Spanish Electricity Grid in 2023. We have calculated the indirect CO₂ emissions based on the market-based electricity consumption using the ratio of the mix of the electricity company (0 kg CO₂ per kWh).

We have obtained the CO₂ emissions from electricity consumption in Malta from: *Fuel Mix for Energy distributed by Enemalta plc. in 2021 - Enemalta* (0.38 kg CO₂ per kWh). The conversion from m³ to GJ comes from *Liquigas Malta*, the gas supplier in Malta. We calculated the gas in Malta using the 2020-2019 scope 1+2 carbon footprint calculator for organisations by the *Ministry for the Ecological Transition and the Demographic Challenge*.

For 2023, we calculated the carbon footprint by adding up the scope 3 emissions to cover all emissions from direct activity (scope 1), indirect emissions from electricity and heat generation (scope 2) and all other indirect emissions occurring in the company's value chain and set specific reduction targets. To calculate scope 3 we considered the following emissions:

- ☑ Purchase of goods and services
- ☑ Capital goods
- ☑ Fuel and energy activities (not included in scope 1 and 2 emission calculations)
- ☑ Upstream transport and distribution
- ☑ Waste generated in operations
- ☑ Business travel
- ☑ Employee travel
- ☑ Downstream transport and distribution

Scope 1 CO₂ emissions were reduced by 21% and scope 2 by 25% compared to 2022. We emitted 319 mt less scope 1 CO₂ compared to 2022 (equivalent to 21%) due to the reduction of diesel and LPG consumption.

595 mt less of Scope 2 CO₂ were emitted **compared to 2022** (corresponding to 25%) due to the increased consumption of green energy from solar panels and the procurement of Guarantee of Origin (GoO) certified renewable energy at Medichem Spain.

2022 has been set as the base year for the calculation of the scope 3 carbon footprint. In 2023, we emitted **10,778 mt less scope 3 CO₂ compared to 2022** (equivalent to 21%), mainly due to the reduction of emissions from the purchase of goods and services at all production sites.

Reduction of CO₂ emissions by:

21% of scope 1 **25%** of scope 2 **21%** of scope 3

To achieve a significant reduction in greenhouse gas emissions by 2023, we have made an effort to implement and maintain a series of corrective measures as outlined below:

CORRECTIVE MEASURES IN 2023

- ✔ In Celrà, we installed two more charging points for electric cars and four for motorbikes.
- ✔ We are renewing the leasing fleet with zero-emission vehicles.
- ✔ In Celrà, electricity has been contracted from a company with a **100% Green Energy** certificate.
- ✔ We installed more solar panels in Celrà, reaching a total surface area of **2,831 m²** occupied by solar panels for self-consumption of electricity.
- ✔ We installed **1,827 m²** of solar panels for self-consumption of electricity at Combino Pharm Malta.
- ✔ Meeting rooms have been improved to enhance remote meetings and working from home days have been increased.
- ✔ At Medichem Spain, we have looked into the use of suppliers that use more sustainable processes to obtain the raw materials supplied to Medichem, and we have begun to approve them whenever it is technologically and economically viable without compromising the quality of the product.

With the aim of reducing scope 3 emissions from our employees' travel, in 2023 we conducted a **mobility survey** covering 66.4% of Medichem employees and, based on these results, we will design a **Corporate Mobility Plan** in 2024.



ADAPTATION TO CLIMATE CHANGE

Medichem is taking a leading role in the transition to a low-carbon economy and is committed to addressing climate challenges. This commitment manifests itself in the implementation of strategies to manage the climate risks linked to our operations and to ensure that our activities are consistent with the objectives set out in the Paris Agreements in particular the goal of not exceeding a global temperature increase of 1.5°C.

As part of our commitment to transparency and disclosure, we have incorporated **climate risks** into the Financial Impact Assessment Report in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) and adhering to the guidelines of Appendix A of the EU Delegated Regulation 2021/2139/EU on the EU Taxonomy for adaptation to climate change, as well as the European Sustainability Reporting Standards (ESRS). This report embodies a strong commitment to sustainable development and adaptation to the challenges posed by climate change, while highlighting the need for a transparent and evidence-based approach to financial decision-making.

We have been monitoring CO₂ emissions (scope 1 and 2) since 2020 and if we compare 2023 with the previous year (2022), we have **emitted 914 mt less CO₂**, corresponding to a **21% reduction in direct emissions** for scope 1 and a **25% reduction for scope 2**. This achievement

46%

Electricity consumed came from low-impact renewable sources.

has been thanks to different actions to reduce emissions promoted by the organisation, such as the improvement and final management of waste, encouraging its recovery and reuse, as well as promoting the circular economy in its packaging, and the firm commitment to renewable energies.

In 2023 we started to calculate the indirect emissions occurring in the value chain of our business (scope 3) and set specific science-based reduction targets.

For 2024, we undertake to assess SBT (Science Based Targets) membership, continue to monitor the reduction of energy consumption and scope 1, 2 and 3 emissions and implement new energy efficiency practices in facilities or energy efficiency practices in general, comparing the values with a baseline year on an annual basis.

Medichem Spain is already sourcing low-impact renewable energy and generating renewable energy through the installation of solar panels. **In 2023, 46% of electricity consumed at all Medichem sites came from low-impact renewable sources.** Through the installation of solar panels at Combino Pharm, for 2024, we are committed to 50% of the electricity consumption of all Medichem sites coming from low-impact renewable sources, and to improve this indicator over time by increasing the use of renewable energy.

Medichem is taking a leading role in the transition to a low-carbon economy

Looking at total energy consumption, considering all fuels, in 2023, **29% of all energy consumed has come from renewable energy sources.**

Additional measures taken in recent years to adapt to the consequences of climate change have included the following:

- ✔ Evaluation of local raw material supply.
- ✔ Resource diversification.
- ✔ Use of more efficient irrigation systems.

In 2023, 29% of all energy consumed has come from renewable energy sources.

HUMAN CAPITAL EARMARKED FOR THE ENVIRONMENT

Medichem has an **Environmental Department in Spain and another in Malta in charge of managing and controlling the risks and impact of our activity in order to guarantee compliance with the company's global policies.** The Environmental Department in Spain supervises the activities carried out in the offices and the laboratory in Sant Joan Despí, so that there is coherence in the priorities and actions.

All employees in the environmental area have received training that is appropriate to their responsibilities and continue to be trained on an ongoing basis through the Annual Training Plan.





06

We care for
health



One cornerstone of our corporate sustainability strategy is, of course, linked to health, which is the ultimate goal of our business. The strategic pillar “**We care for health**” includes two operational objectives:



Accessibility of medicinal products:

Ensuring accessibility to healthcare treatments to as many people as possible, through alliances with our business partners and the selection of products in our portfolio.



Health and wellbeing for vulnerable groups and the community:

Providing access to better health and wellbeing for vulnerable groups through alliances with business partners, the selection of products from our portfolio and the promotion of projects that have an impact on the communities in which we operate.



ACCESSIBILITY OF MEDICINAL PRODUCTS

One of our main objectives and the core of our business has a clear social impact: to contribute to making pharmaceutical treatments accessible to as many people as possible with our generic medicinal products. This is our impact business model. At Medichem, we recognise the crucial role that generic medicinal products play in mitigating the lack of accessibility to treatments for vulnerable social sectors and groups both in Europe and in third countries. This is why we strive to ensure greater access to affordable medicinal products through our business partners around the world. This can be especially important in regions, such as the United States, where there is no universal healthcare coverage and brand-name medicinal products are prohibitively expensive for many sectors of society, and where only brand-name medicinal products are available. Medichem is strongly committed to expanding access to treatments that would otherwise be inaccessible to many people.

As evidence of this commitment, in 2023 we obtained 30 marketing authorisations for our own-developed generic medicinal products in countries on five continents, either directly or through our partners or B2B business partners. The active ingredients of these medicines are Varenicline, Sugammadex, Rivaroxaban, Prucalopride, Mirtazapine, Daptomycin and Apixaban. All but one of them are produced in-house and therefore vertically integrated with the finished product. Among the countries we have reached with our products, in addition to EU countries, are Australia, the United Kingdom, Honduras, Cameroon, Serbia and the United States.

In addition, in 2023 we supplied Apixaban, Rivaroxaban and Sunitinib to a number of countries outside the European Union, including: Apixaban (Myanmar and Thailand); Rivaroxaban (Uzbekistan, Georgia, Moldova) and Sunitinib (Iraq and Mexico).

One of our main objectives and the core of our business has a clear social impact: to contribute to making pharmaceutical treatments accessible to as many people as possible with our generic medicinal products.

We also worked to promote accessibility to medicinal products through our participation in national and European sector **associations** such as Medicines for Europe, Afaquim (Spanish Association of Fine Chemicals Manufacturers) and the European Fine Chemicals Group, with representatives of our company sitting on their respective governing bodies.

Medicines for Europe is an organisation with the main objective of promoting access to generic and biosimilar medicinal products in Europe. It represents and supports companies that manufacture and distribute generic and biosimilar medicinal products and champions greater access to affordable, quality medicinal products to improve health. By making generic and biosimilar medicinal products available on a wider basis, the organisation contributes to lowering pharmaceutical costs and making treatments more accessible to a wider population.

EFCG and AFAQUIM represent companies in the fine chemicals sector, mainly API producers. These **associations** promote innovation in the fine chemicals industry by supporting research and development of new products and processes that meet quality and sustainability standards. In particular, EFCG advocates for government policies and regulations that promote sustainability in the chemical industry, including incentives for investment in clean technologies and the adoption of stricter global environmental standards.



We promote accessibility to medicinal products through our participation in national and European sector associations

Medichem's involvement within these **associations** helps to support the adoption of policies in the pharmaceutical and fine chemicals industry in Europe that encourage the sustainable production of medicinal products and active ingredients within the European Union. This in turn encourages domestic production in order to reduce shortages of critical medicines, and facilitate generic access and promote the quality and safety of generic APIs, from their development and production to their use by patients. Finally, these associations work to ensure that industrial property is not used to create barriers to competition for generic medicinal products and active ingredients so that they can reach all sectors of society.

MEDICHEM SOLUTIONS, A NEW INITIATIVE

As part of our commitment to making medicines more accessible, **in January 2023 Medichem acquired a new production facility in the Asturias Technology Park**, located in Llanera. This facility is expected to be operational by 2025 and will be home to a manufacturing plant for injectable medicinal products. Injectable medicinal products are more expensive and complex to manufacture than other pharmaceutical forms, which can result in higher prices for patients and health systems and thus make access more difficult.

The plant is currently being refurbished using cutting-edge pharmaceutical production technologies. It will then undergo certification processes by European and international authorities to validate production and guarantee the highest quality standards.

Some injectable medicinal products may have limited availability because of manufacturing or regulatory compliance issues and this may result in supply shortages.

This acquisition is evidence of Medichem's firm commitment to the production of generic medicinal products in Europe, increasing production capacity and broadening Medichem's range of products in the pharmaceutical market.



By 2025 Medichem Solutions will become an operating manufacturing plant for injectable medicinal products

CONTRIBUTION TO THE COMMUNITY

The philanthropic work we carry out is not only determined according to the nature of the organisation with which we collaborate, but we create and coordinate actions of solidarity ensuring that the philosophy is at the heart of the entire company, showing that our commitment is sincere, and that everyone in the group knows and shares it.

In 2023, we have laid a particular focus on the following 5 lines of action:

Access for vulnerable groups in terms of health

Supporting the most vulnerable children and adolescents

Attention to groups at risk of social exclusion

Support for improving the living conditions and treatment of animals

Support for teaching research in universities



Actions with a positive impact on people and communities amounted to a total of €261,392 as of 31 December 2023 (24% less than in 2022: €342,391).



We want to promote team involvement either directly or by choosing where donations are to go.

The breakdown is as follows, starting with the most significant donations:

- ✓ Donations to **Caritas** branches in the areas where the work sites are located (€134,984).
- ✓ Donations to the **Casal dels Infants Raval** (€55,008)
- ✓ Donations to the **Fundació Arrels** (€15,000)

Other institutions that have received donations from us include:

- ✓ **Oncolliga Girona**, with the participation of Spanish partners

- ✓ **Oncobike Girona**, with the participation of Spanish partners
- ✓ **Obra Social Sant Joan de Du**
- ✓ **Institut Químic de Sarrià**
- ✓ **Red Cross**
- ✓ **Fundación Prevent**: work inclusion of people with disabilities
- ✓ **Banc de aliments**
- ✓ **Ajuntament de Celrà**
- ✓ **Patronat Politècnica Celrà**
- ✓ **ESADE**



As part of the **0 Accidents at Work Campaign**, the Celrà site carries out a solidarity campaign to promote **No Accidents in the Workplace**, aimed at local organisations with social aims. These organisations receive a financial amount for every 100 days without an accident at work, and the choice of the beneficiary organisations is voted on by the Medichem Celrà team. The associations that have received donations in 2023 were:

- ✔ **Associació La Sorellona**
- ✔ **Fundación Privada Ramon Noguera**
- ✔ **Donation to Benestar Animal**

In June 2023, the Celrà Artistic Skating Club (C.P. Celrà) participated in the Artistic Skating World Cup, in the Show category, in Argentina. In order to support the sports team from the same town where one of its manufacturing plants is located, Medichem was one of the **sponsor** companies to help the group pay for part of the travel expenses of the team of athletes, trainers and support staff (make-up, costumes, etc.), enabling the members of the team to fulfil their dream, which culminated brilliantly with the achievement of first place in their category.



FORMAT FOR DIALOGUE WITH LOCAL COMMUNITIES

Medichem Spain and Malta maintain relations with the local communities through the Celrà Town Council and the Maltese Local Councils. If there is anything that the community or the company wishes to communicate, the Town Council or Local Council acts as a bridge between the two.



Annexes

TAX TRANSPARENCY

The following section presents the tax information for the respective financial year in euros:

Tax jurisdiction	2022		2023	
	Spain	Malta	Spain	Malta
Profits obtained (*)	€14,059,793	€23,608,656	€7,395,915	€8,201,406
Taxes on profits paid (**)	€565,098	€11,690	€-123,891	€3,378,484
Subsidy	€129,283	€261,178	€390,461	€129,283

(*) Earnings are calculated on an after-tax basis





(**) A cash basis has been used to determine the income taxes paid in the year

RESPONSIBLE AND SUSTAINABLE SUPPLY CHAIN

Type of audit	2022			2023		
	Planned	Carried out	% audits with a favourable outcome	Planned	Carried out	% audits with a favourable outcome
Material suppliers	24	16	100%	44	22	100%
Service providers	10	7	100%	10	7	100%
Analytical service providers	10	8	100%	3	3	100%
Transport providers	5	1	100%	6	5	100%



Staff

Total number of employees by gender and professional category

	2022				2023			
			Total	IPRHM*			Total	IPRHM*
Executives	4	6	10	0.80	4	4	8	1.00
Managers	18	30	48	0.75	18	31	49	0.73
Technicians	81	79	160	1.01	86	83	169	1.02
Administrative assistants- Analysts	73	129	202	0.72	84	136	220	0.76
Total	176	244	420	0.84	192	254	446	0.86





*The formula for calculating the Relative Presence Index (with initials in Spanish IPRHM) is as follows: $((\text{Women} - \text{Men}) / (\text{Women} + \text{Men})) + 1$

The data by professional level for 2023 are as follows:



			Total	IPRHM*
Level 1 - Directors	4	4	8	1.00
Level 2 - Heads	5	8	13	0.77
Level 3 - Managers and experts	17	19	36	0.94
Level 4 - Coordinators and specialists	60	42	102	1.18
Level 5 - Technicians	50	50	100	1.00
Level 6 - Support	56	131	187	0.60
Total	192	254	446	0.86

Staff

Total number of employees by gender and age

	2022				2023			
			Total	IPRHM*			Total	IPRHM*
Under 30	31	36	67	0.93	36	38	74	0.97
Between 30 and 50	123	157	280	0.88	126	165	291	0.87
Over 50s	22	51	73	0.60	30	51	81	0.74
Total	176	244	420	0.84	192	254	446	0.86

*The formula for calculating the Relative Presence Index (with initials in Spanish IPRHM) is as follows: $((\text{Women} - \text{Men}) / (\text{Women} + \text{Men})) + 1$

	2023			
			Total	IPRHM*
Under 24	7	6	13	1.08
Between 24 and 29	29	32	61	0.95
Between 30 and 50	126	165	291	0.87
Over 50s	30	51	81	0.74
Total	192	254	446	0.86

This table is included for the first time in this financial year.

Staff

Total contracts

Type of contract	2022		2023	
	Full-time	Part-time	Full-time	Part-time
Permanent	401	6	419	7
Temporary	6	7	12	8
Total	407	13	431	15

Staff

Average number of contracts by gender and age*

Below is a series of tables showing the average by type of contract broken down by gender, age and professional category.

		2022				2023			
		Permanent		Temporary		Permanent		Temporary	
Gender	Age	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Women	Under 30	23.42	-	5.25	-	27.08	-	4.08	-
	Between 30 and 50	116.33	4.00	0.58	0.33	119.83	5.00	1.92	0.17
	Over 50s	20.50	1.33	-	-	28.25	1.08	0.67	-
Men	Under 30	29.83	-	2.67	-	28.50	-	4.33	-
	Between 30 and 50	143.67	1.00	1.42	-	167.17	1.00	1.08	-
	Over 50s	48.08	-	-	3.50	45.17	-	-	6.92
Total		381.83	6.33	9.92	3.83	416.00	7.08	12.08	7.09

* The average is calculated with the average number of employees at the end of each month.

Staff

Average number of contracts by professional category*

Professional Category	2022				2023			
	Permanent		Temporary		Permanent		Temporary	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Executives	9.25	-	-	-	9.00	-	-	-
Managers	46.92	-	-	-	50.17	0.08	-	-
Technicians	156.25	1.00	1.00	1.50	159.42	1.00	1.00	2.67
Administrative assistants- Analysts	169.42	5.33	8.92	2.33	197.41	6.00	11.08	4.42
Total	381.83	6.33	9.92	3.83	416.00	7.08	12.08	7.09

*The average is calculated with the average number of employees at the end of each month.

The data by professional level are as follows:

	Permanent		Temporary	
	Full-time	Part-time	Full-time	Part-time
Level 1 - Directors	9.00	-	-	-
Level 2 - Heads	13.00	-	-	-
Level 3 - Managers and experts	36.67	0.08	-	-
Level 4 - Coordinators and specialists	98.08	1.00	1.83	0.17
Level 5 - Technicians	91.25	3.00	3.08	1.00
Level 6 - Support	168.00	3.00	7.17	5.92
Total	416.00	7.08	12.08	7.09

Staff

Dismissals

Below is the number of dismissals over 2022 and 2023 broken down by professional category, age and gender.

While in Malta there have been no dismissals, in Spain there have been a total of 4 dismissals in 2023: 1 women and 3 men.

In 2023, the number of redundancies has remained stable compared to the previous year.

Professional Category	2022			2023		
	Women	Men	Total	Women	Men	Total
Executives	-	-	-	-	2	2
Managers	-	-	-	1	-	1
Technicians	2	2	4	-	-	-
Administrative assistants - Analysts	-	-	-	-	1	1
Total	2	2	4	1	3	4

The data by professional level are as follows:

	Women	Men	Total
Level 1 - Directors	-	2	2
Level 2 - Heads	-	-	-
Level 3 - Managers and experts	-	-	-
Level 4 - Coordinators and specialists	1	-	1
Level 5 - Technicians	-	-	-
Level 6 - Support	-	1	1
Total	1	3	4





Staff

Dismissals

	2022			2023		
	Women	Men	Total	Women	Men	Total
Under 30	-	-	-	-	-	-
Between 30 and 50	2	-	2	1	2	3
Over 50s	-	2	2	-	1	1
Total	2	2	4	1	3	4

Remunerations

Average remuneration by gender and professional category

	2022			2023		
	Average remuneration (€)			Average remuneration (€)		
			Total			Total
Level 1 - Directors	158,880	191,592	178,507	162,937	232,947	201,124
Level 2 - Heads	102,110	84,120	91,039	111,847	89,861	97,713
Level 3 - Managers and experts	71,942	73,670	72,765	77,134	82,076	79,669
Level 4 - Coordinators and specialists	49,215	51,514	50,160	53,285	57,726	55,045
Level 5 - Technicians	35,661	37,785	36,861	35,571	41,248	38,359
Level 6 - Support	34,057	38,470	37,026	38,651	42,648	41,512
Total	47,781	48,109	47,969	50,611	53,154	52,061

NOTE ON REMUNERATION



1. The calculation of the averages takes into account the **fixed remuneration, variable remuneration and bonuses such as night work, shift work, weekends, etc.**, of all workers who have been employed, even if they are not registered on 31 December 2022/2023. The result may be distorted by including bonuses that are not part of the fixed remuneration of the job. These bonuses are paid only when a specific situation arises, such as night work.



2. In order to correctly calculate the pay gap, salaries have been annualised and equalised to full-time salaries

3. The classification system corresponds to the company's job evaluation system, which complies with the criteria of adequacy, completeness and objectivity; thus guaranteeing the absence of direct and indirect discrimination between women and men and the correct application of the principle of equal pay for work of equal value.

Remunerations



Breakdown of remuneration by year and company 2022:

Medichem Spain	Average remuneration (€)		
			Total
Level 1 - Directors	158,880	205,431	184,741
Level 2 - Heads	102,110	106,742	103,847
Level 3 - Managers and experts	75,162	80,701	77,768
Level 4 - Coordinators and specialists	49,495	54,410	51,277
Level 5 - Technicians	44,697	48,546	46,346
Level 6 - Support	37,287	44,039	41,803
Total	52,967	55,945	54,547

Medichem Malta	Average remuneration (€)		
			Total
Level 1 - Directors	-	-	-
Level 2 - Heads	-	-	-
Level 3 - Managers and experts	57,455	47,598	53,231
Level 4 - Coordinators and specialists	-	40,872	-
Level 5 - Technicians	28,193	36,917	34,009
Level 6 - Support	23,795	29,442	28,595
Total	36,925	39,383	38,734



NOTE ON REMUNERATION TABLES 2022



1. Due to data confidentiality, records where the number of persons is equal to or less than 2 have been deleted.
2. The calculation of the averages takes into account the fixed remuneration, variable remuneration and bonuses such as night work, shift work, weekends, etc., of all workers who have been employed, even if they are not registered on 31 December 2022. The result of the gap may be distorted by including bonuses that are not part of the fixed remuneration of the job. These bonuses are paid only when a specific situation arises, such as night work.
3. In order to correctly calculate the pay gap, salaries have been annualised and equalised on a full-time basis.
4. The classification system corresponds to the company's job evaluation system, which complies with the criteria of adequacy, completeness and objectivity; thus ensuring the absence of direct and indirect discrimination between women and men and the correct application of the principle of equal pay for work of equal value.

Combino Pharm Malta	Average remuneration (€)		
			Total
Level 1 - Directors	-	-	-
Level 2 - Heads	-	62,997	62,997
Level 3 - Managers and experts	-	-	-
Level 4 - Coordinators and specialists	45,817	43,941	44,623
Level 5 - Technicians	30,359	32,982	31,933
Level 6 - Support	27,348	25,209	26,038
Total	30,491	31,964	31,416

Remunerations



Breakdown of remuneration by year and company 2023:

Medichem Spain	Average remuneration (€)		
			Total
Level 1 - Directors	162,937	254,125	208,531
Level 2 - Heads	111,847	116,063	113,428
Level 3 - Managers and experts	81,839	88,473	85,263
Level 4 - Coordinators and specialists	53,975	61,287	56,438
Level 5 - Technicians	49,499	50,641	50,018
Level 6 - Support	40,120	46,941	44,740
Total	57,232	60,836	59,157

Medichem Malta	Average remuneration (€)		
			Total
Level 1 - Directors	-	-	-
Level 2 - Heads	-	-	-
Level 3 - Managers and experts	59,491	53,367	56,866
Level 4 - Coordinators and specialists		48,270	48,270
Level 5 - Technicians	33,076	40,073	37,041
Level 6 - Support		28,844	28,844
Total	39,291	42,115	41,315





NOTE ON REMUNERATION 2023

1. Due to data confidentiality, records where the number of persons is equal to or less than 2 have been deleted.
2. The calculation of the averages takes into account the **fixed remuneration, variable remuneration and bonuses such as night work, shift work, weekends**, etc., of all workers who have been employed, even if they are not registered on 31 December 2023. The result of the gap may be distorted by including bonuses that are not part of the fixed remuneration of the job. These bonuses are paid only when a specific situation arises, such as night work.
3. In order to correctly calculate the pay gap, salaries have been annualised and equalised on a full-time basis.
4. The classification system corresponds to the company's job evaluation system, which complies with the criteria of adequacy, completeness and objectivity; thus ensuring the absence of direct and indirect discrimination between women and men and the correct application of the principle of equal pay for work of equal value.

Combino Pharm Malta	Average remuneration (€)		
			Total
Level 1 - Directors	-	-	-
Level 2 - Heads	-	73,007	73,007
Level 3 - Managers and experts	-	-	-
Level 4 - Coordinators and specialists	42,415	48,198	46,095
Level 5 - Technicians	31,362	38,606	34,742
Level 6 - Support	27,947	32,136	31,190
Total	31,834	39,805	36,602

Remunerations

Average earnings by gender and age



	2022			2023		
	Average remuneration (€)			Average remuneration (€)		
			Total			Total
Under 30	31,391	34,699	33,166	34,508	36,246	35,398
Between 30 and 50	49,109	46,528	47,676	49,325	50,428	49,954
Over 50s	66,371	64,196	64,874	78,150	76,604	77,175
Total	47,781	48,109	47,969	50,611	53,154	52,061

Remunerations

Breakdown of remuneration by year and company 2022:



Medichem Spain

Average remuneration (€)

			Total
Under 30	35,837	42,341	38,706
Between 30 and 50	52,918	52,655	52,790
Over 50s	68,711	66,890	67,436
Total	52,967	55,945	54,547



Medichem Malta

Average remuneration (€)

			Total
Under 30	26,579	31,019	29,909
Between 30 and 50	35,658	44,401	42,282
Over 50s	-	-	-
Total	36,925	39,383	38,734

Combino Pharm Malta



Average remuneration (€)



			Total
Under 30	27,042	30,554	28,908
Between 30 and 50	33,525	32,384	32,752
Over 50s	-	-	-
Total	30,491	31,964	31,416



Due to data confidentiality, records where the number of persons is equal to or less than 2 have been deleted.

Remunerations

Breakdown of remuneration by year and company 2023:

Medichem Spain	Average remuneration (€)		
			Total
Under 30	38,787	42,016	40,401
Between 30 and 50	54,405	56,186	55,304
Over 50s	80,806	78,852	79,572
Total	57,232	60,836	59,157

Medichem Malta	Average remuneration (€)		
			Total
Under 30	31,683	30,800	31,065
Between 30 and 50	39,163	45,675	44,000
Over 50s	-	64,065	-
Total	39,291	42,115	41,315

Combino Pharm Malta	Average remuneration (€)		
			Total
Under 30	30,219	32,333	31,032
Between 30 and 50	32,717	41,178	38,358
Over 50s	-	-	-
Total	31,834	39,805	36,602

Due to data confidentiality, records where the number of persons is equal to or less than 2 have been deleted.

Remunerations

Pay Gap

	2022			2023		
	Medichem Spain	Medichem Malta	Combino Pharm Malta	Medichem Spain	Medichem Malta	Combino Pharm Malta
Pay Gap	0.053	0.062	0.046	0.06	0.07	0.20

Professional Category	2022	2023
Level 1 - Directors	0.17	0.30
Level 2 - Heads	-0.21	-0.24
Level 3 - Managers and experts	0.02	0.06
Level 4 - Coordinators and specialists	0.04	0.08
Level 5 - Technicians	0.06	0.14
Level 6 - Support	0.11	0.09

Formula: (average remuneration for men - average remuneration for women) / average remuneration for men

Remunerations

Pay Gap



Professional Category	2022			2023		
	Medichem Spain	Medichem Malta	Combino Pharm Malta	Medichem Spain	Medichem Malta	Combino Pharm Malta
Level 1 - Directors	0.23	-	-	0.36	-	-
Level 2 - Heads	0.04	-	-	0.04	-	-
Level 3 - Managers and experts	0.07	-0.21	-	0.07	-0.11	-
Level 4 - Coordinators and specialists	0.09	-	-0.04	0.12	-	0.12
Level 5 - Technicians	0.08	0.24	0.08	0.02	0.17	0.19
Level 6 - Support	0.15	0.19	-0.08	0.15	-	0.13

**For the calculation of the gap, fixed salaries, variable salaries and miscellaneous bonuses have been used as the basis for calculation

TALENT DEVELOPMENT

Hours of training

The total hours of training by gender and professional category and the average number of hours per employee are presented below:



		2022			2023		
Gender	Professional Category	Number of Employees	Total number of training hours	Average hours per employee/ occupational category	Number of Employees	Total number of training hours	Average hours per employee/ occupational category
	Executives	4	44	10.92	4	132	33.00
	Managers	18	422	23.47	18	467	25.94
	Technicians	81	1,839	22.70	86	1,980	23.02
	Administrative assistants- Analysts	73	1,413	19.35	84	1,755	20.89
	Executives	6	53	8.88	4	78	19.50
	Managers	30	574	19.13	31	630	20.32
	Technicians	79	2,608	33.01	83	6,926	83.45
	Administrative assistants- Analysts	129	4,375	33.91	136	2,676	19.68
Total		420	11,328	26.97	446	14,644	32.83

As can be seen in the comparison table for 2022 and 2023, the average number of training hours per employee has increased by 21.73% compared to 2022.

TALENT DEVELOPMENT

Hours of training

2023

Gender	Level	Number of Employees	Total number of training hours	Average hours per employee/occupational category
	Level 1 - Directors	4	132	33.00
	Level 2 - Heads	5	157	31.40
	Level 3 - Managers and experts	17	455	26.76
	Level 4 - Coordinators and specialists	60	1,434	23.90
	Level 5 - Technicians	50	916	18.32
	Level 6 - Support	56	1,240	22.14
	Level 1 - Directors	4	78	19.50
	Level 2 - Heads	8	132	16.50
	Level 3 - Managers and experts	19	432	22.74
	Level 4 - Coordinators and specialists	42	6,039	143.79
	Level 5 - Technicians	50	885	17.70
	Level 6 - Support	131	2,744	20.95
Total		446	14,644	32.83

TALENT DEVELOPMENT

The percentage of people who have received training in each of the three skills (competency-based, cross-functional or life-skills training) was as follows 2023:

Skills	Women	Men	Total
Competency-based	99%	100%	99%
Cross-functional	60%	72%	67%
Life skills	68%	66%	67%

ORGANISATION OF WORKING TIME AND MEASURES FOR DISCONNECTION FROM WORK

Absence hours

Absence hours by site

Site	2022	2023
Medichem Spain	10,101	10,712
Medichem Malta	3,304	3,691
Combino Pharm Malta	5,176	5,572
Total	18,581	19,975

INDEX OF THE CONTENTS REQUIRED BY ACT 11 OF 28 DECEMBER 2018 WITH REFERENCE TO THE GRI STANDARDS

Block	Scope	Sections of Act 11/2018	GRI	Page number
General information	Business model	Brief description of the group's business model	GRI 2-1 Organisation details GRI 2-6 Activities, value chain and other business relationships	3-14; 16-20
		Organisation and structure of the company	GRI 2-2 Entities covered by sustainability reporting GRI 2-6 Activities, value chain and other business relationships GRI 2-9 Governance structure and composition	
		Geographical presence and markets in which it operates	GRI 2-1 Organisation details GRI 2-6 Activities, value chain and other business relationships	
		Organisational objectives and strategies	GRI 2-23 Policy commitments	
		Main factors and trends that may affect its future development	GRI 2-22 Statement on sustainable development strategy GRI 3-3 Management of material topics	
	General	Mention in the report of the national, European or international reporting framework used for the selection of non-financial key performance indicators included in each of the sections	Reporting Framework: GRI Standard	4
		Materiality analysis	2-29 Approach to Stakeholder Engagement 3-1 Process of determining material topics GRI 3-2 List of material topics 3-3 Management of material topics	15

Employment and staff issues

Management approach	A description of the company's policies on employment and staff issues is included (including applicable procedures for risk identification and assessment, for verification and monitoring, and measures taken), as well as any measures taken to promote the principle of equal treatment and opportunities for men and women, non-discrimination and inclusion of persons with disabilities and universal accessibility.	2-23 Policy commitments 2-24 Embedding policy commitments	35-37
	The outcome of these policies on employment and staff issues is described.		
	This includes the main risks related to employment and staff issues linked to the company's operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse impacts in this area.	3-3 Management of material topics	
	The report contains an explanation of how risks related to employment and staff issues are managed by the company.		
	Non-financial key performance indicators relevant to the company's employment and staff issues are included.		
Employment	Total number and distribution of employees by gender, age, country and job classification	2-7 Employees 405-1 Diversity in governance bodies and employees	38-40; 113-114
	Total number and distribution of types of employment contracts	2-7 Employees	41; 115

	Average annual number of contracts by type of contract broken down by sex, age and job classification	2-7 Empleados	42-43; 116-117
	Number of dismissals by gender, age and job classification	401-1 New employee hires and staff turnover	118-119
	Average earnings and their evolution broken down by gender, age and job classification or equal value	Internal criteria: see methodology used on the corresponding pages	44-47; 120-125
	Wage gap and pay for equal or average jobs in society	Internal criteria: (average remuneration for men - average remuneration for women) / average remuneration for men	48; 126-127
	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender	This information is not reported.	Not reported
	Implementation of policies to disconnect from work	3-3 Management of material topics	51-53
	Number of employees with disabilities	405-1 Diversity in governance bodies and employees	58
Work organisation	Organisation of working time	3-3 Management of material topics	51-52
	Number of absence hours	Internal criteria	54; 131
	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents.	3-3 Management of material topics	53
Health and safety	Health and safety conditions at work	GRI 403-1 Occupational health and safety management system	60-63
	Occupational accidents by gender	Internal criteria 403-9 Work-related injuries	64
	Frequency rate by gender		
	Severity rate by gender		
	Occupational illnesses by gender	403-10 Work-related ill health	

	Social relations	Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff;	3-3 Management of material topics	55; 59
		Percentage of employees covered by collective bargaining agreements by country	2-30 Collective bargaining agreements	55
		The balance of collective agreements, particularly in the field of health and safety at work.	3-3 Management of material topics 403-4 Worker participation, consultation and communication on occupational health and safety	63
		Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	2-29 Approach to Stakeholder Engagement	
	Training	Policies implemented in the field of training	404-2 Programmes for upgrading employee skills and transition assistance programmes	49-50
		The total number of training hours per professional category	Internal criteria 404-1 Average number of training hours per year per employee	128-130
	Universal accessibility for people with disabilities	Integration and universal accessibility of persons with disabilities	3-3 Management of material topics	58
	Equality	Measures taken to promote equal treatment and opportunities for women and men	3-3 Management of material topics	56-58
Equality plans (Chapter III of Act 3 of 22 March 2007 on the effective equality of men and women), measures adopted to promote employment, protocols against sexual harassment and gender-based harassment		2-23 Policy commitments 3-3 Management of material topics	56-58	

		Integration and universal accessibility of persons with disabilities	3-3 Management of material topics	56-58
		The policy against all forms of discrimination and, where appropriate, diversity management.	2-23 Policy commitments 3-3 Management of material topics 406-1 Incidents of discrimination and corrective actions taken by companies	
Environment	Management approach	A description of the company’s policies on environmental issues is included (including applicable procedures for risk identification and assessment, verification and monitoring, and measures taken).	2-23 Policy commitments 2-24 Embedding policy commitments 3-3 Management of material topics	65-71
		The outcome of these policies with regard to environmental issues is described.		
		This includes the main risks related to environmental issues linked to the company’s operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse impacts in this area.		
		The report contains an explanation of how risks related to environmental issues are managed by the company.		
		Non-financial key performance indicators relevant to the company’s environmental issues are included.		
	Environmental management	Current and foreseeable effects of the company’s activities on the environment and, where appropriate, on health and safety		
	Environmental assessment or certification procedures			
	Resources earmarked for environmental risk prevention			

	Application of the precautionary principle	2-23 Compromisos y políticas	65-75
	Amount of provisions and guarantees for environmental risks	3-3 Management of material topics	
Pollution	Measures to prevent, reduce or remedy emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	3-3 Management of material topics 305-6 Emissions of ozone-depleting substances (ODS) 305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	88; 91
Circular economy and waste prevention	Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	3-3 Management of material topics 306-3 (2020) Waste generated	77; 84-87; 89-90
	Actions to combat food waste	Not material due to the nature of the company's business	77
Sustainable use of resources	Water consumption and water supply according to local constraints	3-3 Management of material topics 303-3 Water withdrawal	76
	Consumption of raw materials and measures taken to improve the efficiency of raw material use	3-3 Management of material topics 301-1 Materials used by weight or volume 301-2 Recycled input materials used	79-83
	Direct and indirect energy consumption	302-1 Energy consumption within the organisation 302-3 Energy intensity	79-83
	Measures taken to improve energy efficiency	3-3 Management of material topics 302-4 Reduction of energy consumption	95-96
	Use of renewable energies	302-1 Energy consumption within the organisation	101

	Climate change	Significant elements of greenhouse gas emissions generated as a result of the company’s activities, including the use of the goods and services it produces	3-3 Management of material topics 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions	97-99
		Measures adopted to adapt to the consequences of climate change	3-3 Management of material topics	100-101
		Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented to this end	3-3 Management of material topics 305-5 Reduction of GHG emissions	95; 100
	Biodiversity protection	Measures taken to preserve or restore biodiversity	3-3 Management of material topics	78
		Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	
Human rights	Management approach	A description of the company’s policies related to respect for human rights is included (including applicable procedures for risk identification and assessment, verification and monitoring, and measures taken).	2-23 Policy commitments 2-24 Embedding policy commitments	26
		The outcome of these policies linked to respect for human rights is described.		
		This includes the main risks related to respect for human rights linked to the company’s operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse human rights impacts.	3-3 Management of material topics	
		The report contains an explanation of how risks related to respect for human rights are managed by the company.		
		Non-financial key performance indicators relevant to the company’s respect for human rights are included.		

	Implementation of due diligence procedures	Implementation of human rights due diligence procedures	2-26 Mechanisms for seeking advice and raising concerns 3-3 Management of material topics	26
		Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and remedy possible violations;	GRI 2-23 Policy commitments GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 3-3 Management of material topics	
		Reports of human rights violations	Internal framework 406-1 Incidents of discrimination and corrective actions taken	
		Promotion and enforcement of the provisions of the core conventions of the International Labour Organisation relating to respect for freedom of association and the right to collective bargaining	GRI 2-23 Policy commitments GRI 3-3 Management of material topics	
		The elimination of discrimination in employment and labour	GRI 2-23 Policy commitments 3-3 Management of material topics	
		The elimination of forced or compulsory labour	3-3 Management of material topics	
		The effective abolition of child labour.		
Bribery & corruption	Management approach	A description of the company’s anti-corruption and anti-bribery policies is included (including applicable procedures for risk identification and assessment, verification and monitoring, and measures taken).	2-23 Policy commitments	21-23
		The outcome of these policies with regard to the fight against corruption and bribery is described.	2-24 Embedding policy commitments	

		<p>This includes the main anti-corruption and anti-bribery risks related to the company's operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse impacts in this area.</p> <hr/> <p>The report contains an explanation of how risks related to anti-corruption and bribery are managed by the company.</p> <hr/> <p>Non-financial key performance indicators relevant to the company's anti-corruption and anti-bribery efforts are included.</p>	3-3 Management of material topics	21-23
	Information relating to the fight against corruption and bribery	Measures taken to prevent corruption and bribery	<p>2-23 Policy commitments</p> <p>2-25 Processes to remediate negative impacts</p> <p>2-26 Mechanisms for seeking advice and raising concerns</p>	24-25
		Measures to combat money laundering	<p>2-23 Policy commitments</p> <p>2-25 Processes to remediate negative impacts</p> <p>2-26 Mechanisms for seeking advice and raising concerns</p>	24-25
Contributions to foundations and non-profit organisations		201-1 Direct economic value generated and distributed	107-109	
Society	Management approach	<p>A description of the policies applied by the company with regard to company matters is included (including applicable procedures for risk identification and assessment, verification and monitoring, and measures taken).</p> <hr/> <p>The outcome of these policies with respect to societal issues is described.</p>	<p>2-23 Policy commitments</p> <p>2-24 Embedding policy commitments</p>	28; 32-33

	<p>This includes the main risks related to societal issues linked to the company's operations, including, where relevant and proportionate, its business relationships, products or services that may cause adverse impacts on society.</p>	3-3 Management of material topics	28; 32-33
	<p>The report contains an explanation of how risks related to societal issues are managed by the company.</p>		
	<p>Non-financial key performance indicators relevant to societal issues are included.</p>		
Company commitments to sustainable development	<p>Impact of the company's activity on employment and local development</p>	3-3 Management of material topics 203-2 Significant indirect economic impacts	107-109
	<p>Impact of the company's activity on local populations and the territory</p>	3-3 Management of material topics	107-109
	<p>Relations with local community entities and the modalities of the dialogue with them</p>	2-29 Approach to Stakeholder Engagement 3-3 Management of material topics	109
	<p>Partnership and sponsorship actions</p>	Internal criteria 2-28 Membership associations 3-3 Management of material topics	105; 109
Subcontracting and suppliers	<p>Inclusion of social, gender equality and environmental issues in procurement policy</p>	2-6 Actividades, cadena de suministro y otras actividades 2-24 Incorporación de los compromisos y políticas	32-33
	<p>Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility</p>	2-6 Activities, value chain and other business relationships 2-24 Embedding policy commitments 3-3 Management of material topics	32

	Monitoring and audit systems and audit results.	Internal criteria 3-3 Management of material topics	34; 112
Consumers	Consumer health and safety measures	3-3 Management of material topics	28-31
	Complaint systems, complaints received and their resolution	Internal criteria 2-16 Communication of critical concerns 2-25 Processes to remediate negative impacts	30
Tax information	Country-by-country benefits	207-4 Country-by-country reporting	27; 111
	Profit taxes paid on a country-by-country basis	207-4 Country-by-country reporting	
	Public subsidies received.	201-4 Financial assistance received from government	

Pursuant to the requirements established in current legislation, the joint and several directors of the company of CORPORACIÓN MEDICHEM, S.L. have drawn up the consolidated annual report accounts (consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity, consolidated cash flow statement and memory, as well as the Consolidated Annual Report and the Consolidated Non-Financial Information Statement, this last document being part of the Consolidated Annual Report and is included in a separate statement

under the title “Sustainability Report”) of CORPORACIÓN MEDICHEM, S.L. and Subsidiary companies corresponding to the annual year ended December 31, 2023.

In Barcelona, 31 March 2024

Elisabeth Stampa Jäger

José Luis Stampa Jäger

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the owners of Corporación Medichem, S.L.:

Pursuant to Article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2023, of Corporación Medichem, S.L. and subsidiaries (hereinafter the Group) that forms part of the Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in Annex “Índice de los contenidos requeridos por la ley 11/2018, de 28 de diciembre con referencia a los estándares GRI” included in the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of the Group, and its content, is the responsibility of the Board of Directors of Corporación Medichem, S.L. The NFS has been prepared in accordance with the content required by current mercantile regulations and in conformity with the criteria outlined in the selected *Sustainability Reporting Standards of Global Reporting Initiative (GRI standards)*, as well as other criteria described in accordance with that indicated for each subject in Annex “Índice de los contenidos requeridos por la ley 11/2018, de 28 de diciembre con referencia a los estándares GRI” of the mentioned NFS.

The Board of Directors are also responsible for the design, implementation and maintenance of such internal control as they determine as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with independence and other ethical requirements of the International Code of Ethics for Accounting Professionals (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our Firm applies International Standard on Quality Management (ISQM) 1, which requires us to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and

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regulatory requirements.

The engagement team consisted of experts in the review of non-financial information and, specifically, information on economic, social, and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our review has been performed in accordance with the requirements established in the current International Standard on Assurance Engagements 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Institute of Chartered Accountants (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower.

Our work consisted in making enquiries of Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and selective tests by means of sampling as described below:

- ▶ Meetings with Group personnel to obtain an understanding of the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2023 based on the materiality analysis made by the Group and described in section “Análisis de materialidad”, considering the content required by prevailing mercantile regulations.
- ▶ Analysis of the processes for gathering and validating the data included in the 2023 Non-Financial Information Statement.
- ▶ Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 NFS.
- ▶ Check, through tests, based on a selection of a sample, the information related to the content of the 2023 NFS and its correct compilation from the data provided by the information sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

Basis for a qualified conclusion

The accompanying Consolidated Non-Financial Information Statement does not include, as explained in Annex “Índice de los contenidos requeridos por la ley 11/2018, de 28 de diciembre con referencia a los estándares GRI”, the disclosures regarding the average remuneration of the Board of Directors and executives, including variable compensation, allowances, indemnities, payments to long-term savings schemes, and any other disaggregated perception by gender, information required by the prevailing mercantile regulations on non-financial information.

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Qualified conclusion

Based on the limited assurance procedures conducted and the evidence obtained, except for the impact of the matter described in the “Basis for a qualified conclusion”, no additional matter has come to our attention that causes us to believe that the Group NFS for the year ended December 31, 2023 has not been prepared, in all material respects, in accordance with the contents required by current mercantile regulation and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in the Annex “Índice de los contenidos requeridos por la ley 11/2018, de 28 de diciembre con referencia a los estándares GRI” of the aforementioned NFS.

Use and distribution

This report has been prepared as required by current mercantile regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Antonio Capella Elizalde

27th of June, 2024



CONNECT WITH MEDICHEM