



RECI PHARM

GRI APPENDIX 2016

Recipharm's sustainability report is in accordance with the Global Reporting Initiative (GRI) sustainability reporting guidelines G4, level Core. Our sustainability report is presented yearly as part of our annual report, and this document supplements the information provided in the annual report. No third party has audited the sustainability report and we will evaluate the need for external review.

In this document, we present our GRI-index, describe our stakeholder dialogue and how we have selected our most material sustainability aspects. We also outline the underlying methods and assumptions used for the sustainability data.



GRI INDEX

The following list references the GRI indicators that Recipharm has decided to report on.

AR = Annual report; GRI = GRI Appendix; DMA = Disclosure on Management Approach

Indicator	Description	Reference
G4-1	CEO's statement on the organisation's sustainability strategy	AR 4-5
G4-3	Name of the organisation	AR 29
G4-4	Primary products and services	AR 18-21
G4-5	Location of organisation's headquarters	AR 1
G4-6	Countries where operations are conducted	AR 1
G4-7	Nature of ownership and legal form	AR 88-89
G4-8	Markets served	AR 1
G4-9	Scale of the organisation	AR 1,3, 55, 61
G4-10	Total number of employees	GRI 24
G4-11	Employees covered by collective bargaining agreements	GRI 24
G4-12	Describe the organization's supply chain	AR 6-8, 10
G4-13	Significant changes during the reporting period	AR 2-3
G4-14	Organisation's compliance with the precautionary principle	GRI 4
G4-15	External initiatives that the organisation subscribes or endorses	AR 23
G4-16	Memberships of associations	GRI 3-4
G4-17	Entities included in the scope of the report	AR 58-59, GRI 3
G4-18	Process for defining report content	AR 22-23, GRI 3
G4-19	Material aspects of sustainability identified	GRI 3
G4-20	Aspect boundaries within the organisation	GRI 3
G4-21	Aspect boundaries outside the organisation	GRI 3
G4-22	Restatements of information	AR 22
G4-23	Significant changes from previous reports	AR 22
G4-24	Stakeholder groups with whom the organisation is engaged	GRI 3
G4-25	Basis for identification and selection of stakeholders	GRI 3
G4-26	Approaches to stakeholder engagement	GRI 3
G4-27	Topics and concerns raised through stakeholder engagement	GRI 3
G4-28	Reporting period	GRI 1
G4-29	Date of publication of most recent report	AR 22
G4-30	Reporting cycle	GRI 1
G4-31	Contact person for questions regarding the report	GRI 4
G4-32	Reporting level and GRI Index	GRI 1
G4-33	External audit	GRI 1
G4-34	Governance structure for the company	AR 26, 33-36
G4-56	The organisation's values, codes of conduct etc.	AR 26
DMA	Economic performance	AR 11-13, 27
EC1	Direct economic value generated and distributed	AR 27
DMA	Emissions	AR 22-23, 25
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	GRI 4
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	GRI 4
DMA	Supplier assessment for environment, labor practices, impacts on society and human rights	AR 22-23, 26, GRI 3
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	AR 26, GRI 3
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	AR 26, GRI 3
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	AR 26, GRI 3
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	AR 26, GRI 3
DMA	Occupational health and safety	AR 24
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	GRI 4

STAKEHOLDER DIALOGUE

Recipharm has identified employees, customers, owners, investors, analysts, suppliers and government agencies as key stakeholders. The company has an ongoing dialogue with all relevant stakeholders regarding important business topics, including sustainability. As part of preparing priorities and reporting, Recipharm has had specific meetings with the four largest institutional owners, carried out a survey with employees and conducted two workshops within the Group Management Team.

Recipharm's key stakeholders	Forum for dialogue	Key topics and Recipharm's response
Owners, investors and analysts	<ul style="list-style-type: none"> • Regular meetings • Ongoing contact • Capital Market Day • Annual general meeting • Annual Report 	<ul style="list-style-type: none"> • Scope and objectives • Prioritized areas • Current performance • Planned activities
Employees	<ul style="list-style-type: none"> • Regular dialogue • Performance reviews • Conferences • Wider input survey open for all employees 	<ul style="list-style-type: none"> • Performance reviews • Personal and team contribution to sustainability
Customers	<ul style="list-style-type: none"> • Ongoing contact • Responding to several customers' sustainability surveys 	<ul style="list-style-type: none"> • Customer meetings addressing sustainability • Customers' sustainability requirements • Recipharm's performance regarding sustainability
Suppliers	<ul style="list-style-type: none"> • Procurement requirements • Ongoing contact • Supplier audits 	<ul style="list-style-type: none"> • Start of implementation of Recipharm's Supplier Code of Conduct • Sustainability assessments included in supplier quality audits
Government agencies	<ul style="list-style-type: none"> • Ongoing contact 	<ul style="list-style-type: none"> • No specific topics raised in 2016

The table shows Recipharm's key stakeholders, the forum for dialogues and their key topics and Recipharm's response. Recipharm is also responding to the key topics and concerns in the annual report and this GRI Appendix.

MATERIAL ASPECTS AND BOUNDARIES

Recipharm conducted a materiality analysis during 2016. The analysis was based on Recipharm's strategy, sustainability context and stakeholder expectations. Recipharm's management team made the prioritizing of the most material sustainability topics. The table below lists the sustainability topics that have been defined as the most material to Recipharm.

Material GRI G4 aspects

- Economic Performance
- Emissions
- Supplier Environmental Assessment
- Supplier Assessment for Impacts on Society
- Supplier Assessment for Labor Practices
- Supplier Human Rights Assessment
- Occupational Health and Safety

The table shows Recipharm's material sustainability aspects.

Recipharm's sustainability report focus on the material topics but also addresses other aspects of sustainability when relevant. Recipharm will develop the sustainability work gradually and have an active dialogue with stakeholders for input on Recipharm's priorities and improvements.

Boundaries

Recipharm's sustainability report covers the entire Group, excluding the newly acquired operations in India, unless other is stated. The material sustainability aspects have impacts on our own business and our employees.

Some of the aspects have impacts beyond Recipharm's organizational boundaries, such as assessment and monitoring of suppliers. In the sustainability report, we continuously describe the impact of each sustainability aspect, both within and outside the company.

GOVERNANCE

As a company listed on NASDAQ OMX Nordic Mid Cap Recipharm follows Swedish Code of Corporate Governance. Recipharm has developed a number of governing documents, such as the Code of Conduct and Internal Control Standards. Auditing and monitoring are achieved with the help of external resources and through self-evaluation. Self-evaluation includes monitoring of local companies' compliance with Recipharm's Code of Conduct, Internal Control Standards and other rules and guidelines through a Letter of Assurance process.

Targets are monitored regularly and Recipharm's operating companies are responsible for implementation and management. Overall control is carried out at the group with direct feedback to the CEO and the Board.

Recipharm applies an ISO 14001 certified environmental management system and a management system for health and safety, certified according to OSHAS 18001, across the majority of Operating Companies. Internal governing document Global Policy was introduced 2005 and complemented in 2008 with Recipharm's Code of Conduct. Recipharm became members of the UN Global Compact in 2016, a commitment to support the ten principles regarding human rights, anti-corruption,

labour and environment. Recipharm is taking the precautionary approach into account in the company's risk management processes. Work methods and processes are constantly adapted to external expectations, requirements and legislation relevant to Recipharm. Recipharm is a member of the Swedish Life Science Industry Organization, SwedenBIO, where Recipharm's CEO is a member of the board.

BACKGROUND DATA FOR GHG CALCULATIONS

All calculations are made according to the Greenhouse Gas (GHG) Protocol. Direct GHG emissions in Scope 1 includes combustion of natural gas and oil for our factories and premises and fuel for company vehicles. Energy indirect GHG emissions in Scope 2 include consumption of electricity, district heating, cooling and steam. Emissions of other indirect GHGs in Scope 3 include business travel by train and airplane, but exclude e.g. upstream and downstream transportation of products due to insufficient data.

Calculation of GHG emissions	Source of data
Combustion of natural gas and oil	Conversion factor for natural gas and oil from Greenhouse Gas Protocol.
Fuel from business travel in company vehicles	Statistics on fuel consumed or distance travelled gathered from employee expenses. Assumptions of gasoline cars when unknown and conversion factors from Greenhouse gas protocol.
Electricity	Country by country data for conversion factors from "Reliable Disclosure Systems for Europe - Phase II" (RE-DISS II) project, which was supported by the European Commission through the Intelligent Energy Europe (IEE). When specific agreement for 100 % renewable energy, zero emissions assumed.
District heating, cooling and steam	Statistics from suppliers.
Business travel	Data on emissions from travel agencies when possible, conversion factors from Greenhouse gas protocol when only distance travelled is known.
Transportation of material and other potentially relevant indirect emission sources	Insufficient activity data, further evaluation during 2017.

KEY PERFORMANCE INDICATORS

This section contains data on disclosures that are not fully reported in the annual report.

Greenhouse gas emissions	2016	2015
Scope 1 (Use of natural gas and oil in premises, and fuel in company vehicles)	15,379	12,442
Scope 2 (Electricity, district heating, cooling and steam)	24,436	17,517
Scope 3 (Business travel by train and airplane)	671	463
Total	40,486	30,422

The table shows the total direct and indirect greenhouse gas emissions from the reported sources.

Number of employees	2016	Share of women	2015	Share of women
Total number of employees	3,537	49 %	2,569	55 %
Permanent contract	3,207	49 %	2,314	56 %
Full time	2,979	46 %	2,111	52 %
Part time	228	91 %	203	91 %
Temporary contract	330	52 %	255	53 %

The table shows the total number of employees by employment contract and gender.

Health and safety	2016	2015
Injury rate (IR), number of injuries per working day	0.00023	0.00030
Occupational diseases rate (ODR) rate based on number of occupational diseases per working day	0.00004	0.00002
Lost day rate (LDR) rate based on number of lost days from injuries and occupational diseases per working day	0.00343	0.00185
Absentee rate (AR) rate based on number of days of absence per working day	0.04745	0.05046

The table shows the rate of injuries, occupational diseases, lost days and absentee. No work-related fatalities in the reporting period. No information on independent contractors.

Economic value generated and distributed	2016	2015
Revenues	4,678	3,389
Operating costs	-2,459	-1,759
Employee wages and benefits	-1,551	-1,176
Payments to providers of capital	-119	-77
Payments to government	-200	133
Economic value retained	350	511

The table shows the direct economic value generated and distributed.

Contact

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