



RECIPHARM GRI APPENDIX 2019

Recipharm's sustainability report is in accordance with the Global Reporting Initiative Standard (GRI) sustainability reporting guidelines, 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.

General disclosures

GRI 102: 2016	Description	Reference
102-1	Name of the organisation	AR 40
102-2	Activities, brands, products, and services	AR 19–23
102-3	Location of headquarters	AR 1
102-4	Location of operations	AR 1
102-5	Ownership and legal form	AR 106–107
102-6	Markets served	AR 0–1
102-7	Scale of the organisation	AR 1, 50, 68
102-8	Information on employees and other workers	GRI 4
102-9	Supply chain	AR 36, 38
102-10	Significant changes to the organisation and its supply chain	AR 2–3
102-11	Precautionary Principle or approach	GRI 3
102-12	External initiatives	AR 26
102-13	Membership of associations	GRI 3
102-14	Statement from senior decision-maker	AR 4–5
102-16	Values, principles, standards, and norms of behaviour	AR 11–13, 31, 36–38
102-18	Governance structure	AR 44–46
102-40	List of stakeholder groups	GRI 3
102-41	Collective bargaining agreements	AR 30
102-42	Identifying and selecting stakeholders	GRI 3
102-43	Approach to stakeholder engagement	GRI 3
102-44	Key topics and concerns raised	GRI 3
102-45	Entities included in the consolidated financial statements	GRI 3
102-46	Defining report content and topic Boundaries	GRI 3
102-47	List of material topics	GRI 3
102-48	Restatements of information	GRI 4
102-49	Changes in reporting	GRI 3
102-50	Reporting period	GRI 1
102-51	Date of most recent report	April 2019
102-52	Reporting cycle	GRI 1
102-53	Contact point for questions regarding the report	GRI 3
102-54	Claims of reporting in accordance with the GRI Standards	GRI 1
102-55	GRI content index	GRI 2
102-56	External assurance	GRI 1
GRI 201: 2016	Economic Performance	
103-1, 103-2, 103-3	Management approach	AR 12–14, 36
201-1	Direct economic value generated and distributed	AR 36
GRI 305: 2016	Emissions	
103-1, 103-2, 103-3	Management approach	AR 26–27, 32–35
305-1	Direct GHG emissions (Scope 1)	GRI 4
305-2	Energy indirect GHG emissions (Scope 2)	GRI 4
GRI 308: 2016	Supplier Environmental Assessment	
103-1, 103-2, 103-3	Management approach	AR 26–27, 36–38, GRI 3
308-2	Negative environmental impacts in the supply chain and actions taken	GRI 4
GRI 403: 2018	Occupational Health and Safety	
103-1, 103-2, 103-3	Management approach	AR 26–27, 30, GRI 3
403-1 - 403-7	Management approach	AR 23–24
403-9	Work-related injuries	GRI 4
GRI 414: 2016	Supplier Social Assessment	
103-1, 103-2, 103-3	Management approach	AR 26–27, 36–38, GRI 3
414-2	Negative social impacts in the supply chain and actions taken	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 • Prioritised 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 2019

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 prioritising 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 Standard aspects

- Economic Performance
- Emissions
- Supplier Social 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, 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 organisational 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 or ISO45001, 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.

During 2019, Recipharm joined the AMR Industry Alliance in order to improve work on AMR and enable engagement with other stakeholders. AMR is currently one of the most serious health concerns worldwide. As Recipharm manufactures antibiotics in Sweden, Italy and India, it is important that we are involved in developing solutions to combat AMR.

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.

This year previous years' data for emissions has been restated as we have detected inaccuracies in reported data, e.g. we have detected that a meter has shown incorrect information, which is now corrected.

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.

SUPPLY CHAIN

During 2019, 93 suppliers were assessed for environmental and social impacts, whereof 19 has been identified as having significant actual and/or potential negative environmental impacts. 18 suppliers have received an amber assessment during 2019. This indicates that the supplier has not acknowledged the Recipharm Supplier Code of Conduct and/or has shown deficiencies with regards to environmental management system certification according to ISO14001 or occupational health and safety according to ISO45001/OHSAS18001.

One new API supplier in India showed clear deficiencies in its qualification audit. Consequently, this supplier was not approved and is not supplying Recipharm.

KEY PERFORMANCE INDICATORS

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

Greenhouse gas emissions	2019	2018	2017
Scope 1 (Use of natural gas and oil in premises, and fuel in company vehicles)	22,293	20,914	17,080
Scope 2 (Electricity, district heating, cooling and steam)	37,713	49,209	49,233
Scope 3 (Business travel by train and airplane)	1,218	643	934
Total	61,224	70,766	67,247

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

Number of employees	2019	Share of women	2018	Share of women	2017	Share of women
Total number of employees	6,873	41%	6,806	42%	5,630	49%
Permanent contract	5,221	40%	5,633	41%	4,589	49%
Full time	4,940	38%	4,813	38%	4,350	46%
Part time	281	88%	820	64%	239	91%
Temporary contract	1,652	44%	1,173	42%	1,041	52%

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

Work-related injuries	2019	2018
Recordable work-related injuries	169	150
Rate of recordable work-related injuries	15.50	15.20
High-consequence work-related injuries	18	10
Rate of high-consequence work-related injuries	1.65	1.01
Fatalities as a result of work-related injury	0	0
Rate of fatalities as result of work-related injury	0	0

The table shows the rate of recordable work related injuries, and high-consequence work related injuries for our own employees. High-consequence work-related injuries are defined according to local legislation. No work-related fatalities in the reporting period. No information on independent contractors. The rate has been calculated based on 1,000,000 hours worked. Total working hours for Recipharm were 10,902,041.27.

Economic value generated and distributed	2019	2018	2017
Revenues	7,709	6,374	5,332
Operating costs	-3808	-3,36	-3,011
Employee wages and benefits	-2578	-2,229	-1,909
Payments to providers of capital	-138	-134	-200
Payments to government	-0	-197	-168
Economic value retained	947	454	44

The table shows the direct economic value generated and distributed.

Contact

For questions regarding our sustainability report, contact Erik Haeffler, Head of Sustainability, erik.haeffler@recipharm.com.