BESPAK
by Recipharm

2021
SUSTAINABILITY IMPACT REPORT

BZero

Foreword by our Business President

2021 has been a year of recovery, hope and optimism, both from our societal recovery from the COVID-19 Pandemic, but also from a Sustainability perspective. Despite the turbulence and disruption occurring in the world, we have executed our business plan, integrating into the Recipharm world, whilst being taken private by EQT IX.

This optimism for the future has translated into our new Sustainability Strategy, BZero, setting a net zero target for 2030 in September. This forward focusing, holistic approach to Sustainability perfectly sets up Bespak by Recipharm to be a truly sustainable partner to our customers.

With key customers setting supply chain decarbonisation targets, our net zero targets show we are committed to a sustainable future, delivering the step changes in impact that are required to ensure we leave a future worth living in for future generations.

Our Impact on patients

Around 300 million asthma and COPD sufferers around the world rely on inhalation devices to effectively deliver lifesaving medication to their lungs. Our innovative devices ensure that each and every patient can get the most out of their medicine. We are proud to be a world leader in the development and manufacture of metered dose inhaler (MDI) valves, actuators, dose counters and Dry Powder Inhaler (DPI) devices.

Despite the turbulence of the last 2 years, Bespak by Recipharm has continued to supply our products at record levels to our patients around the world. In 2021 we have produced over 600 million units, positively impacting millions of patients.

Keyvan Djamarani
Business President, Bespak by Recipharm

Our Vision

To be a world leader in sustainable medical devices for the medical and pharmaceutical industry

Our Mission

To deliver value to all of our stakeholders, through the delivery of life enhancing medical devices to populations around the world in the most sustainable way possible

Our Commitments

- To be a net zero organisation across all elements of our value chain by 2030
- Identify, and reduce, the negative impacts of our products through life cycle assessment and designing for Sustainability
- To be a diverse and inclusive organisation that positively impacts the communities we operate in, both on a local level and through our corporate approach on a far wider scale
- Procuring our raw materials and energy requirements from sustainable sources, including 100% renewable electricity supplied to all Bespak by Recipharm sites
- A focus on minimizing consumption of raw materials, energy, and water in our processes
- Reduce waste at source and where waste is generated ensure it is stored and disposed of responsibly and as far up the waste hierarchy as possible
- Comply with all applicable legal and other requirements in relation to relevant environmental standards
- Encourage and engage with our employees, customers, and suppliers to ensure that where possible we are aligned in our environmental aims and ambitions, and to work together to minimize any detrimental impacts on the environment.

Our Risks

We have mapped our Sustainability risks across our value chain, identifying 7 principal risks over the next 10 years. These risks represent identified threats to Bespak by Recipharm's continued success, either in terms of revenue, supply chain disruption or reputation. For each material risk we have identified mitigation actions that we have initiated to minimise the risk to the business. Climate Change and Sustainability have been incorporated into the overarching business continuity risk register.

Issue	Impact	Mitigation actions
Single Use Plastic/Circular Economy	Bespak by Recipharm manufactures largely short-lived products made predominately of plastic. As the public opinion turns against single use plastic, legislation, public acceptance and taxes have the potential to impact the business	Utilise recycled/sustainable materials. We have engaged in trials with raw materials that have the potential to significantly reduce life cycle emissions. Design for Sustainability has been incorporated into our Innovation process to ensure new products are designed with impact in mind.
Climate Change	Disruption to manufacturing at our facilities or in supply chain due to flooding, drought, civil unrest/action related to the adverse effects of climate change.	A climate change risk assessment has been undertaken for Bespak by Recipharm sites and a select number of key suppliers to identify current and future risks.
Water Supply	One output of the climate change risk assessment highlighted that large proportions of Bespak by Recipharm's supply chain and operations will operate in water stressed areas by 2030.	Water reduction since 2019 of 60% for our operations. Future water reduction plans initiated for Bespak by Recipharm sites.
Energy costs	Continued volatility in the wholesale cost of energy and consistently increasing non-commodity costs threaten increased manufacturing costs and therefore profitability.	Energy efficiency program initiated, forecast for 6% reduction in 2021 compared to 2019 baseline. Renewable energy procurement including self-generation options being assessed
Propellant	Current product profile utilises propellants with a high GWP, transitions to low-GWP propellants present challenges to supply, price and design of products.	Compatibility testing for low GWP propellants undertaken and showing positive results. History of adapting to customer and societal demands highlight our adaptability.
Growth	Increased emissions resulting from growth could make net zero targets unachievable	All expansions to be delivered to best practice, reducing emission intensity of infrastructure and therefore devices. Whilst net zero is an absolute target, our intensity metrics allow us to ensure we continue on the right track of reductions.
Pharmaceutical/ Medical device inertia	The inertia due to regulation, approvals and culture will need to be overcome in historic time to deliver net zero in time to avoid the most damaging effects of climate change	Engagement in industry bodies, cross-sector forums and with policy makers has been increased with the aim to reduce barriers to net zero.

Our Emissions

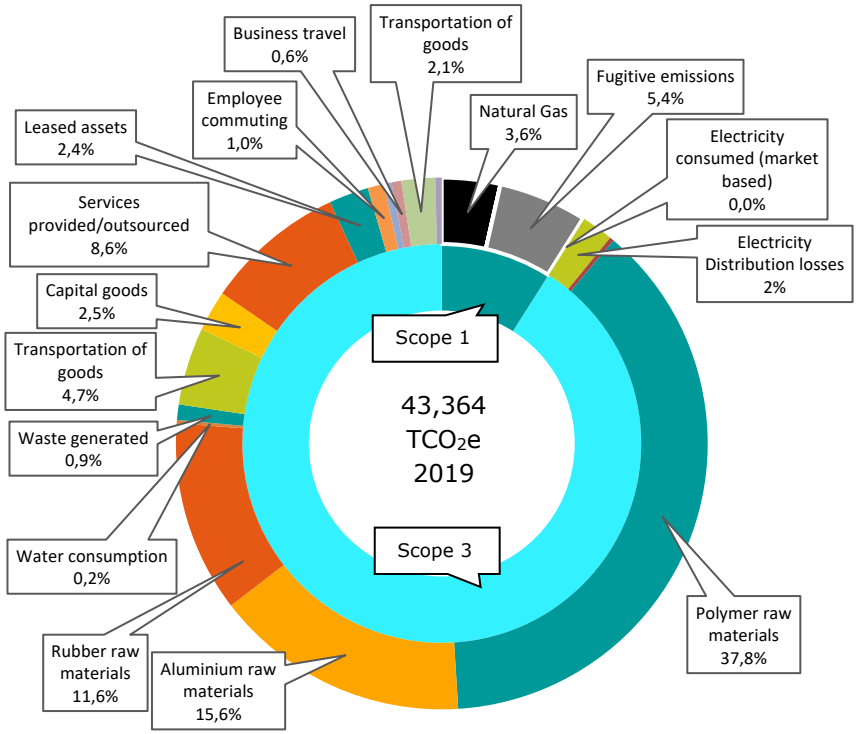
We have completed a baseline emission profile for 2019, in line with the GHG Protocol Reporting Standard, which has been externally verified. This emission profile has been used to inform our strategy and identify key hot spots of our emissions in our value chain.

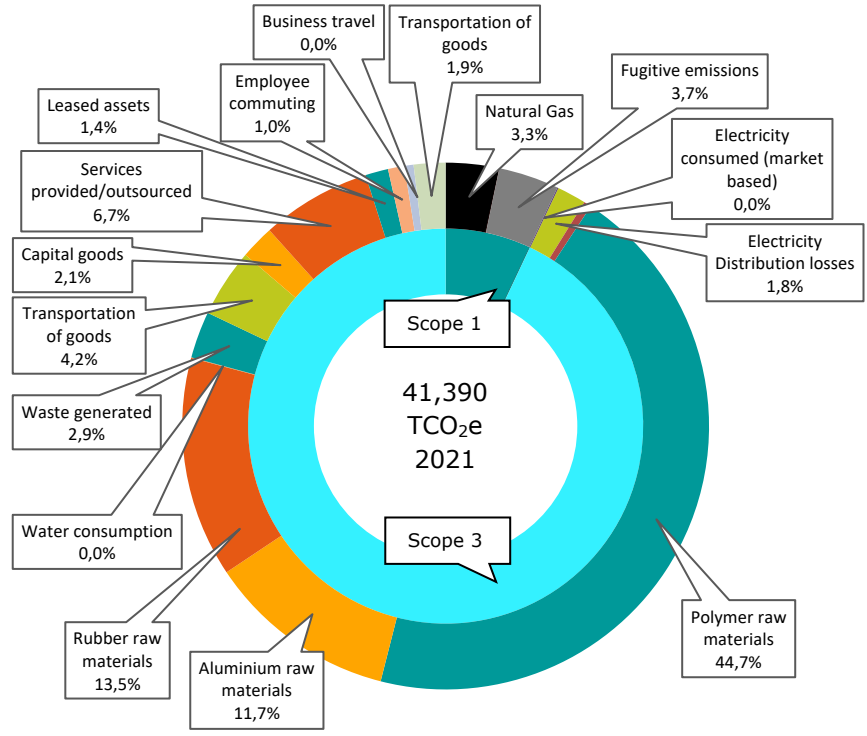
The diagram to the right does not include propellant emitted in the in-use phase, which are significant at over 5m TCO_2e pa, because they have been screened out of our emission profile. The screening has been externally validated as acceptable as Bespak by Recipharm do not have operational control over the choice of propellant or how it is used in it's use phase. We are however committed to working with partners across our value chain to dramatically reduce the usage of high-GWP propellants.

Our scope 1 & 2 emissions for 2019 are less than 10% of our total profile, contributed to by our continued purchasing of renewable energy through our grid contract. This GO backed grid supply means that our electricity emissions are considered negligible for the energy consumed on site. Our largest scope 1 emission is fugitive emissions, representing the propellent released during quality control testing of devices.

The majority of our emissions sit in our supply chain, with 61% of our footprint coming from the embodied carbon in our raw materials. 11% is related to our indirect goods and services, 6% related to upstream energy emissions and 5% related to transport.

With the increased focus on Sustainability through our new strategy only initiated mid-year, we expect to see the outcome of our progress in emission reduction in 2022 and beyond, as we progress against our roadmap.





Our Approach

Our approach to our net zero strategy is guided by 5 overarching targets of:

1. Being net zero across scopes, 1, 2 and 3

We commit to balancing the emissions we emit with the emissions we avert or remove, across our entire product lifecycle, only utilising permanent atmospheric emission removals to offset the emissions we are unable to remove.

2. More Sustainable Products

We commit to developing more sustainable products, utilising more sustainable raw materials, lowering the impact in-use & enabling the recycling or re-use of more material at end of life.

3. Annual Reductions in impact

We commit to reducing our impact each year, measured by TCO_2e across all three scopes, to ensure continued focus and momentum.

4. An engaged & competent workforce

We commit to engaging with our colleagues to drive engagement & upskilling in Sustainability, enabling all Bespak by Recipharm staff to engage confidently on Sustainability.

5. Transparent reporting

We commit to externally validating our performance, through benchmarking and validation of results to ensure our improved performance is credible and transparent.

Our people

Diversity & Inclusion

At Recipharm, we believe in Equality, Diversity & Inclusion, that means understanding that everyone is different and make sure our policies and processes reflect this.

We are driving action to make a meaningful difference, such as actively listening to our employee's voice through our engagement surveys, linking in with subject matter experts such as DARE, Purple Space and Autistica to ensure we are staying on the right track. We are also addressing our gender gap by giving additional support to our female colleagues in the form of workshops and work to reduce the gender pay gap to ensure fairness and equality. We are aware that in order to succeed we need the support of senior management therefore training to give confidence to those managers is absolutely vital, so we have initiated specific support and training sessions covering a wide range of topics from EDI and Unconscious bias. At Bespak by Recipharm we also know the benefits of hiring a diverse workforce, and why we believe in being an equal opportunities employer.

Health and Safety & Wellbeing

No person comes to work to be harmed physically or mentally. We are committed to assure that our colleagues feel safe, healthy and cared for whilst at work. Since 2016 we have focussed on building an interdependent culture where our acts and behaviours as individuals and as a collective contribute to this people first environment. This has seen a 75% reduction in accident rates since 2016, from 0.12 accidents per person per year to 0.03.

Our Health and Well-being agenda, with particular focus on Mental Health, provides a full rounded approach to Health and Safety. Aside to our statutory commitments to providing Occupational Health services to our colleagues, we recognise that looking after our mental health will have a positive impact on our physical safety and also our ability to undertake our work activities with a positive attitude and as such will be supported by its own strategy as we head into 2022.

Learning & Development

Our Early Careers programme seeks to develop our talent pipeline through apprenticeships and engaging with schools and colleges within our local communities. Our apprenticeship scheme has been run since 1978, with over 60 apprentices enrolled in the last 5 years alone. This investment in our leaders of tomorrow helps to ensure that Bespak by Recipharm continues to be a workplace of choice for future generations. In 2021, we ramped up the delivery of engagement with local schools following the COVID-19 pandemic, with plans to expand further next year.

Our Communities

Charity & Community Impact

We recognise that our impact spreads much wider than just to our colleagues, our suppliers and our customers. We can also positively impact the local communities around our sites and local charities which rely heavily on donations to help them achieve their aims.

As part of our engagement strategy, we have formed a Charity and Community Committee. This is a cross representation committee with colleagues from different roles, levels and sites in attendance which manages our community work.

Each year we allocate a ring-fenced budget of over £40k in 2021 to support our communities and charity of the year for each operational site. Our work with these charities includes partnering with them on their events agenda alongside generating our own fund-raising activities to raise as many funds as we can.

Community activities include sponsorship of community events; notably the GEAR 10k road race held each year in King's Lynn which we have been proud sponsors of for over 15 years.

It doesn't end there though as we proactively encourage and support colleague fund raising activities, offering 'matched-giving' based on the funds they raise themselves for charities of their choice. In 2021 we matched over £3,000 of donations raised by our staff.

The COVID-19 Pandemic has limited many community events since 2020 and as such we have not been able to actively progress events with schools or local community hubs as much as we would like to. However, as the pandemic status changes, we have started to fill our agenda again and look forward to increased community engagement in the future.

Our progress to date

Carbon

Overall emissions have reduced year on year over the past 3 years. Despite a 20% increase in production volumes since 2019 emissions have decreased by 7%, this is the result of a reduction in scope 1 emissions, driven by lower propellant releases during quality testing and less natural gas consumption.

Electricity

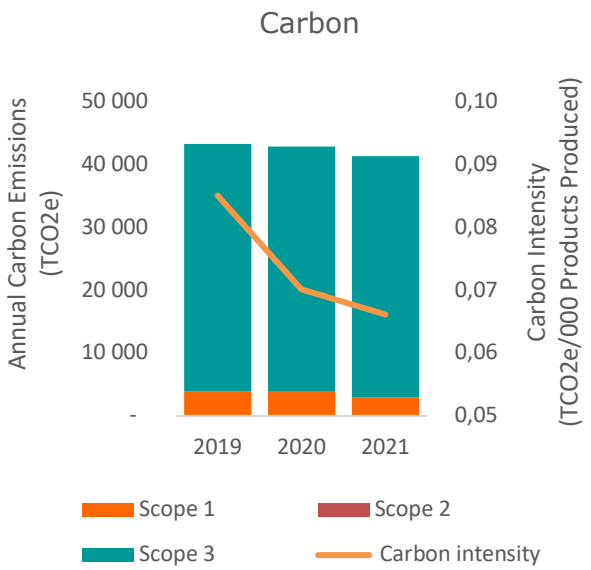
Electricity consumption has increased since 2019 by 2%, however as a result of efficiency improvements, energy intensity has decreased by almost 9%. This is the result of reductions in energy consumption in facilities and improved utilisation rates of our production areas.

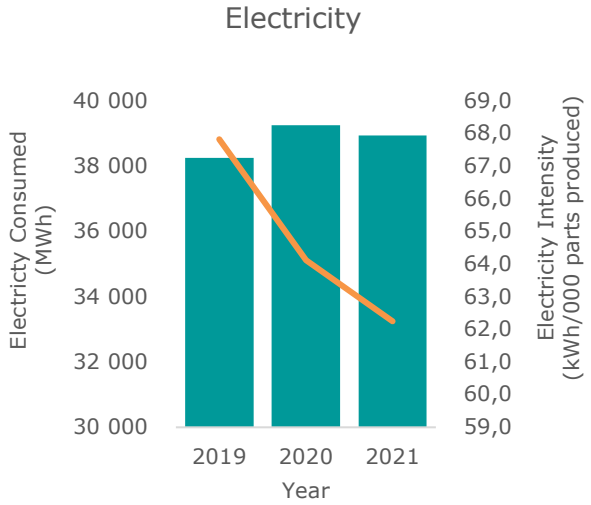
Natural Gas

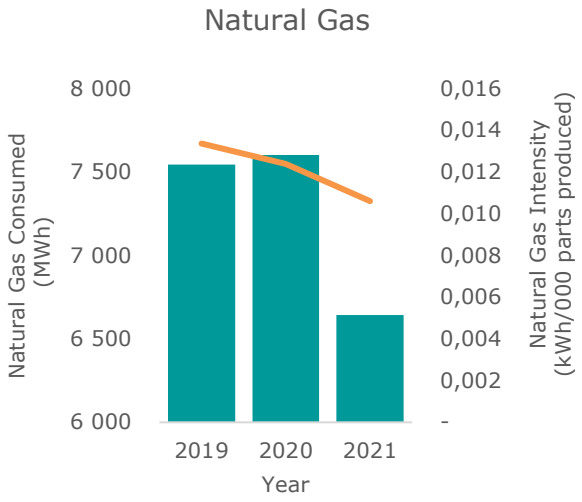
Natural Gas consumption fell dramatically in 2021 by over 13% as a result of a move to electrify oven drying at our Nelson site. Newer, more efficient equipment, coupled with less heating days has been responsible for the reduction in absolute usage and intensity.

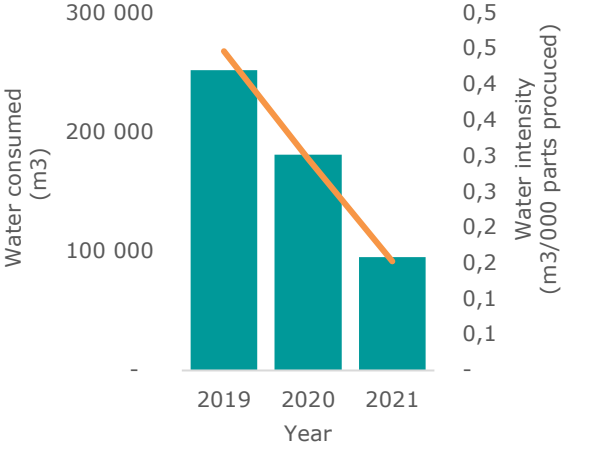
Water

Water reduction is down over 60% as a result of consolidation of production onto a single line at our Nelson site. Improved scheduling and operations has allowed us to utilise our newer, more efficient plant to significantly reduce water usage.









Our Key projects this year

In 2021 we developed and signed off our Sustainability Strategy and so implementation of significant, coordinated improvement projects was not expected in year. We have however initiated a number key projects and delivered continuous improvement, as shown by the improvements in electricity, water and natural gas consumption in 2021.

We have delivered a full lighting retrofit of our Kings Lynn site, replacing our existing lights with high performance LEDs, expected to reduce our energy consumption by up to 6% due to the 24/7 nature of our operations. We have also continued our program of replacing hydraulic moulding presses with high efficiency electric presses, which has helped to sustain our improvement in energy efficiency seen over the past 4 years.

We have continued to see a reduction in water consumption as a result of the consolidation of production at our Nelson site to a single line. This has been achieved by expanding capacity and improved planning on our higher efficiency plant to enable our second, ageing plant to be switched off. This saving represents a 60% reduction in water consumption compared to 2019.

Also at our Nelson site, we have initiated a programme of replacing our natural gas ovens with electrically heated gas ovens. Our first electric oven was commissioned in 2021 and therefore we expect to see continued natural gas consumption reduction into 2022.

Finally, as we seek to take a holistic view of our lifecycle impact, we have completed our first Life Cycle Analysis (LCA) of a product. This was undertaken on our AS Syrina Autoinjector, to enable us to understand, identify and minimise the environmental impact of our product. We aim to further expand our use of LCA to other products to ensure we take the right decisions in key areas such as materials, operational efficiency and transportation.

Our Roadmap to Net Zero