REPORT

NON – FINANCIAL

STATEMENT

BASES FOR THE PREPARATION OF THE NON-FINANCIAL STATEMENT

Pursuant to Spanish Law 11/2018, of 28th December, on non-financial information and diversity, Insud Pharma, S.L.U. issues its Non-Financial Statement (henceforth, "**NFS**", "**consolidated NFS**" or "**Report**") as a separate annex to the Consolidated Management Report corresponding to the fiscal year from 1st January to 31st December 2020.

The preparation of the Report has been fundamentally based on the requirements of the Spanish Royal Decree-Law on non-financial information and diversity passed on 24th November 2017, which modifies the Spanish Commercial Code; the consolidated text of the Spanish Law on corporations, approved by the Spanish Royal Legislative Decree 1/2010, of 2nd July; and Spanish Law 22/2015, of 20th July, on auditing.

This Report has also been drafted in accordance with the Communication from the European Commission, of 5th July 2017, entitled Guidelines on non-financial reporting (methodology for reporting non-financial information, 2017/C 215/01).

Furthermore, good practices included in both the Global Reporting Initiative (GRI) Standards, within the selected GRI option, and the International Framework of the International Integrated Reporting Council have been taken into consideration.

Lastly, Insud Pharma, S.L.U. has defined its content bearing in mind the inclusion of stakeholders, the sustainability context, and the principles of materiality and thoroughness.

For the purpose of this consolidated NFS, Insud Pharma, S.L.U. and all its subsidiaries are hereinafter referred to as "**INSUD PHARMA Group**" or the "**Group**". The scope of consolidation of this report coincides with that of the financial statements and consolidated management report, taking into account the following considerations:

- - Due to the complexity and global distribution of INSUD PHARMA Group's business, the scope of some of the non-financial indicators may differ from the established standard; in those cases where the reported indicators present exceptions in scope, these have been properly identified.

- Additionally, during 2021, the scope of consolidation of the Group has changed, since the Group has acquired complete control over the company Airpharm, S.L. and its subsidiaries (jointly, the "**Airpharm Branch**"). Since the consolidation of the Airpharm Branch took place in mid-December 2021, data concerning this branch will be reported to the extent possible and where reasonable starting from said date. In any case, these data will be properly identified. Furthermore, it is hereby expressly stated that the data reported in this NFS from the year 2021 are not comparable to the data reported in the NFS from the year 2020 because, in addition to the fact that – as indicated above – the 2021 NFS includes data from the Airpharm Branch, the 2020 NFS

included data from the mAbxience Branch, which was deconsolidated from the scope of Insud Pharma Group in September 2020, and which will therefore not be included in the 2021 NFS.

- In the section on environmental matters, all quantitative data reported by INSUD PHARMA Group represent the production and commercial activities of all its manufacturing plants. From an environmental perspective, the Group – due to the international scope of the business and, consequently, to the different locations of the manufacturing plants – is locally and individually subjected to the applicable regulations and rules. Additionally, international certifications may be held as applicable.

In particular, the Group's manufacturing plants are the following:

1. Altian Pharma, S.A. (Guatemala) (henceforth, "**Altian Plant**")
2. Chemo Biosynthesis, S.r.L. (Corana, Italy) (henceforth, "**Chemo Biosynthesis Plant**")
3. Chemo India Formulation, PTV. Ltd. (Hyderabad, India) (henceforth, "**Chemo India Formulation Plant**")
4. Exeltis Ilaç Sanayi ve Ticaret A.S. (Çerkezköy, Turkey) (henceforth, "**Exeltis Ilaç Plant**").
5. Industriale Chimica, S.r.L. (Saronno, Italy) (henceforth, "**Industriale Chimica Plant**").
6. Laboratorios Farmalán, S.A. (León, Spain) (henceforth, "**Farmalán Plant**")
7. Laboratorios León Farma, S.A. (León, Spain) (henceforth, "**León Farma Plant**")
8. Laboratorios Liconsa, S.A. (Guadalajara, Spain) (henceforth, "**Liconsa Plant**")
9. Ordain Health Care Global Pte. Ltd. (Chennai, India) (henceforth, "**Ordain Plant**")
10. PT Nufarindo (Semarang, Indonesia) (henceforth, "**Nufarindo Plant**")
11. Química Sintética, S.A. (Madrid, Spain) (henceforth, "**Química Sintética Plant**")

12. Universal Farma, S.L. (Guadalajara, Spain) (henceforth, "**Universal Farma Plant**")

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1. General Information

Insud Pharma S.L.U. (henceforth, the "**Company**") is a Spanish corporation with headquarters in calle Manuel Pombo Angulo, 28, 3rd and 4th floors, 28050 Madrid (Spain), whose main activity is the management and administration of corporations.

This Company is the parent company of INSUD PHARMA Group, a group of corporations which develop their activity mainly in the pharmacochemical sector. INSUD PHARMA Group is a group committed to health since 1977. It operates throughout the entire pharmacochemical value chain and offers specialised knowledge in scientific research, development, manufacturing, sales, and marketing of a wide range of active pharmaceutical ingredients (API), finished dosage forms (FDF), branded medicinal products, and over-the-counter dosage forms (OTC) for human and animal care.

As a leading global group in the pharmaceutical sector, INSUD PHARMA Group focuses on innovation and sustainable development. We are committed to improving human health and well-being by promoting access to affordable, quality medicines and to continuously expanding our research and development endeavours and investments with a view to creating new and improved therapeutic solutions. In addition, the Group continues to make a notable endeavour by investing in new businesses, entering new markets, and looking for differentiating factors which provide added value.

1.1. Geographical Presence

At present, INSUD PHARMA Group has worldwide presence and has created a broad, balanced commercial and manufacturing network in all five continents in order to address global opportunities and meet the needs of clients in the world's main pharmaceutical markets.

The list of countries where the Group performs its activities classified according to the Group's business divisions, which will be defined in the following chapter, is shown below:

- **Industrial business division, "CHEMO":**

  - R&D Centres: Argentina, China, India, Italy, and Spain.
  - Business office: Argentina, Brazil, China, India, Mexico, Russia, and Spain.
  - Manufacturing plants: India, Italy, and Spain.

- **Commercial business division, including Branded Generics & Innovation, "EXELTIS":**

  - Business office: Austria, Brazil, Belgium, Chile, China, Colombia, Costa Rica, Czech Republic, Dominican Republic, Ecuador, El Salvador, France,

Germany, Guatemala, Honduras, Hungary, India, Indonesia, Italy, Lebanon, Lithuania, Malaysia, Mexico, Morocco, Nicaragua, Nigeria, Panama, Paraguay, Poland, Portugal, Philippines, Slovakia, Spain, Sweden, Switzerland, Thailand, Turkey, the United Arab Emirates, United Kingdom, the United States, and Vietnam.
- Manufacturing plants: Guatemala, India, Indonesia, and Turkey.

- **Generics division, "XIROMED":**

  - Business office: Denmark, Finland, Germany, Iceland, Netherlands, Norway, Poland, Sweden, and United States.

1.2. Mission, Policies, Organisation Model, and Materiality Analysis

1.2.1. Mission

INSUD PHARMA Group's mission is to improve human health and well-being by promoting access to affordable, quality medicines and by continuously expanding its research and development endeavours and investments with a view to creating new and improved therapeutic solutions. In addition, the Group continues to make a notable endeavour by investing in new businesses, entering new markets, and looking for differentiating factors which provide added value.

In this sense, it is worth mentioning that in 2020 the Company's brands Chemo and Exeltis were qualified as "EXCELENT" in the 2021 Profarma Plan of the Spanish Ministry of Industry, Energy, and Tourism for the second year in a row, in recognition of their industrial activity and their dedication to development and innovation in our country.

This qualification is the result of the Company's commitment to the development of the Spanish industrial structure and its investment endeavours, both in terms of production and RDI.

1.2.2. Policies

INSUD PHARMA Group's corporate responsibility policy is included in the Code of Ethics (Horizon) and is inspired by the Group's corporate values, which determine its identity as an organisation. These values are fundamentally the following: Integrity, Transparency, Innovation, Quality, Passion, Entrepreneurship, Diversity, and Flexibility.

Regarding environmental and social matters, and those related to personnel, human rights, and the fight against corruption and bribery, the most relevant policies are the ones included in the Group's Code of Ethics (Horizon), the supervision of which is centralised under the Parent Company, as well as in the ABC Book and in the general procedure of the Direct Channel. In addition, the Group has developed a Criminal Compliance Model (Corporate Defence) that includes a Manual on Compliance and Criminal Risk Prevention and a Risk and Control Matrix. The responsibility for Horizon and Corporate Defence rests with the Compliance and Auditing Committee, which consists of the Chief Executive Officer, the Chief Legal Officer, the Chief Compliance Officer, the Chief Internal Auditor, the Chief Quality Officer, and the Chief Human Resources Officer.

With regard to the data protection policy, the Group has a Data Protection Department that is in charge of supervising all matters relating to the regulation in force on data protection, promoting knowledge and training on these matters among employees (with both online and face-to-face training). This department is led by an internal Data Protection Officer. Besides, the aforementioned department takes part in the Internal

Auditing and Compliance Committee on a recurring basis in order to inform about the most relevant topics concerning data protection. In this sense, the Group has several internal policies on these matters, which are reviewed yearly by said department. Furthermore, in order to ensure proper compliance with the regulations in force on data protection, an audit has been carried out in two stages during 2020 and 2021 under the supervision of the Internal Auditing Department, which has had successful results.

Quality Policy

The manufacturing of medicinal products and medical devices is extremely regulated. Having strict legislation, both at European and global levels, ensures patients' protection. Furthermore, the Group is particularly transparent about its interaction with healthcare professionals and sector organisations.

The Quality Policy is clearly outlined in the Declaration of Commitment to Quality Management, which was created as part of the #OneQualityVoice initiative:

#OneQualityVoice
Quality is at the heart of our company.
Trust is our greatest asset.
Patients, relatives, doctors, pharmacists, and health authorities trust the medicines we produce.
The commitment to continuous improvement is part of our DNA.
Striving every day to become better at what we do helps us eliminate waste, improve our service, and fulfil our quality promises
Each person in our company is responsible for quality. We all have the responsibility of doing our jobs well.
We achieve growth and sustainability by consistently providing our patients and collaborators with affordable, high-quality products at the right time.
For us: Quality is everyone's responsibility.

In INSUD PHARMA Group, each business division has internal policies and procedures to ensure safety and quality across all the elements which comprise the product supply chain.

Additionally, INSUD PHARMA Group is implementing an integrated quality management system, #OneQualityVoice, which is structured to facilitate standardisation and consistent application of quality requirements over the entire life cycle of the medicinal product and in every business unit. Said quality management system, #OneQualityVoice, allows us to make sure that patients have access to safe and effective medicines that improve their quality of life daily.

The #OneQualityVoice quality system is a robust management system based on three fundamental pillars: the generation of global **Quality Standards** that meet the expectations of regulatory agencies and a globally coordinated and led Quality Unit which applies an integrated control and management system that promotes

digitalisation for the establishment of an effective, efficient, and sustainable Quality Culture.

With regard to Quality Standards, since the project's launch, 1 quality manual (in 2020: 0), 15 corporate policies (in 2020: 8), 22 global procedures (in 2020: 5), and 59 work instructions (in 2020: 34) have been established, many of these in relation to the implementation of new specific IT systems for quality management: Electronic Batch Record Management System (EBR), Laboratory Information Management System (LIMS), Document Management System (DMS), and Quality Processes Management System (QMS).

Regarding the **Global Quality Unit**, its area of operation is shown in the corporate organisational chart. Since it is a management body, a Global Quality Committee is established, led by the Corporate Quality Officer and comprising operational and corporate officers from Quality and Pharmacovigilance. The aforementioned committee has defined the four **strategic lines** below, which are the basis for the annual objectives of the entire organisation:

- Resolving today: improving our processes and products.

- Securing tomorrow: standardising our quality system in compliance with the requirements of regulatory agencies.

- Building the future: implementing new electronic quality management systems which allow us to be more efficient.

- Strengthening our teamwork culture: investing in identifying talent and fostering the development, training, and integration of the individuals who make up our teams.

Strategic lines of INSUD PHARMA Group's quality culture

INSUD PHARMA Group is aware of the key role of digitalisation in the area of Product, Processes, and Information Quality and Integrity and, for this reason, various global digitalisation projects have been planned and/or have been launched and/or have extended their scope during 2021. These projects seek excellence, and they will enhance operation control and processing, allow for more efficient processes, and facilitate trend analysis, which is essential in order to identify improvement areas.

Ongoing **digitalisation** projects are detailed below:

- EBR: electronic management of manufacturing and packaging guides at León Farma Plant and at Liconsa Plant.

- LIMS: laboratory activities management system. In 2021, its implementation continued according to the predefined plan, thus consolidating its establishment in the following plants: Química Sintética, León Farma, and Liconsa in Spain; Exeltis Ilaç in Turkey; and Chemo India Formulation in India. Besides, the configuration and validation of the ELN (electronic laboratory notebook) tool with ME (method execution), which supplements the LIMS, will accelerate/facilitate the configuration of the system. Once validated, the implementation plan for the ELN will be determined.

- DMS: document management system. Two DMSs with Integral or Repository-only functionalities are kept, covering the documentation of the Global Quality Unit (including Pharmacovigilance) and all the Spanish Chemo plants.

- QMS: quality processes management system. Its 5 modules have been completely or partially implemented in 42 work centres from the Group (plants, corporate departments, and subsidiaries).

These projects will continue to be gradually implemented within the Group's remaining companies and business units in the coming years.

For INSUD PHARMA Group, it is key to keep improving every day. For this reason, the Global Quality Unit (GQU) performs Regular Quality Reviews (QMRs) with all plants and also defines, monitors, and publishes internally the results of quality performance indicators (QPIs) aimed at reviewing global quality objectives and achieving continuous improvement.

Moreover, in line with our commitment to quality, the Group's Global Quality Unit has continued the **Internal Audits** Programme to supervise quality standards, cross-cutting implementation of corporate policies, and compliance with GXP regulations across all the plants of Group. These reviews allow us to identify opportunities for improvement in our quality system that have an effect on our patients.

This Internal Audits Programme is a key element of the system, as it is well known that the manufacturing of medicinal products and medical devices is highly regulated. This strict legislation, both at European and global levels, is what ensures patients' protection. Furthermore, the Group is particularly transparent about its interaction with healthcare professionals and sector organisations.

The positive results of inspections performed by health authorities, international regulatory bodies, and clients' audits of our plants with marketed production in 2021 are proof of our commitment and the effectiveness and efficiency of the Quality System.

Lastly, it is worth noting that INSUD PHARMA Group is aware of the strength instilled into all our employees and clients by our **Quality Culture**, which recognises quality not only as a compliance requirement, but rather as a necessity that allows us to make better decisions which will benefit our patients. This is why compliance with our quality standards is the responsibility of all the employees in the Group, so much so that 2021 saw the continuation of a communication campaign launched in 2020 to emphasise the Group's Quality Culture. The goal of the campaign, entitled *Every Step Counts. Make it Matter*, was to convey the importance of each and every one of INSUD PHARMA Group's employees in Quality processes and how our daily job has an impact, in many different ways, on the lives of thousands of patients around the world.

In recognition of the need to keep on promoting our Quality Culture, the launch of a new campaign entitled *The Importance of Details* was announced in late 2021. This campaign aims to evidence how every detail of our work performance, however tiny it may seem, is important because it can have a great impact on our patients.

1.2.3. Organisation Model

With the exception of the matters that fall exclusively under the competence of the general shareholders' meeting, the management body is the highest decision-making body of the Company, assuming, as the core of its mission, the approval and implementation of the Group's corporate strategy while supervising, guiding, and controlling the performance of management in order to comply with set objectives and stakeholders. Business is the cornerstone within the organisation, and it is represented by the Business Departments, which are responsible for designing the business strategy. They cover the Group's main lines of business: Chemo, Exeltis, and Xiromed.

The Group operates throughout the pharmacochemical chain value, differentiating three lines of business within its activity. These lines are part of INSUD PHARMA Group and are organised in three different divisions: the industrial division (CHEMO), the commercial division (EXELTIS), and the XIROMED division. Thus, each of the companies that make up the Group is focused on a specific activity, with a high level of vertical integration and synergy among the different divisions that is worth noting:

- **CHEMO Division**: The CHEMO division includes research and development, manufacturing, and marketing of a wide range of active pharmaceutical ingredients (APIs) and finished dosage forms (FDFs) in various therapeutic lines.

  Its portfolio comprises more than 100 active ingredients, more than 120 finished dosage forms and more that 500 over-the-counter pharmaceutical forms (OTC). The division covers all the stages of the value chain, from development to registration, ensuring the quality of its products and conducting in-house manufacturing and direct distribution to the client.

  CHEMO owns three chemical plants (two in Italy and one in Spain) and holds a 40% share in Nosch Labs Pte. Ltd. (a company with a plant in India) and a 50% share in Maprimed, S.A. (Argentina). Additionally, it has four different pharmaceutical facilities in Spain: León Farma Plant, focused on the production of hormone finished products; Liconsa Plant, dedicated to the production of finished products; and Farmalán Plant and Universal Farma Plant, dedicated to injectable medicinal products. All plants fully comply with good manufacturing practice (GMP) regulations and with the quality standards of the FDA (US Food and Drug Administration) and the EMA (European Medicines Agency). The pharmaceutical plants are equipped with the latest technology and provide a wide variety of final solutions, such as solid, semisolid, hormone, injectable, and inhaler products.

  In mid-2017, CHEMO opened a research and development centre in India, Chemo India Formulation Plant, specialised in the development and manufacturing of oral solid products, including tablets, soft gelatine capsules, pellets, etc. This plant aims to improve the development activities of new finished products and to broaden the portfolio that CHEMO offers to its clients.

CHEMO operates in all the main therapeutic areas, focusing on cardiovascular system, gastroenterology, central nervous system, respiratory tract, women's health, and eye health, and it has more than 1,000 clients among leading pharmaceutical companies worldwide.

- **EXELTIS Division**: EXELTIS is the branded division of INSUD PHARMA Group. It is orientated towards research and development, manufacturing, sales, and marketing of a balanced portfolio of branded pharmacological solutions, focusing on female, respiratory, dermatological, and central nervous system-based health solutions.

  EXELTIS combines the Group's knowledge, expertise, and innovative spirit in order to develop, produce, and market medicinal products and medical devices.

  EXELTIS holds a consolidated portfolio of about 300 products and operates in more than 40 countries with approximately 50 subsidiaries distributed across four continents, thus being present in countries with great growth potential such as Brazil, China, India, Indonesia, and Mexico, as well as in consolidated markets such as Germany and the United States, among others.

  In its relentless search for new solutions to offer in the market, EXELTIS aligns its research and development efforts, striving for synergies with Chemo and with its corporate R&D centre specialised in research and development of new products from Stage I to approval. Furthermore, EXELTIS continues to expand its therapeutic areas of operation, acquiring new portfolios in the market to consolidate its business.

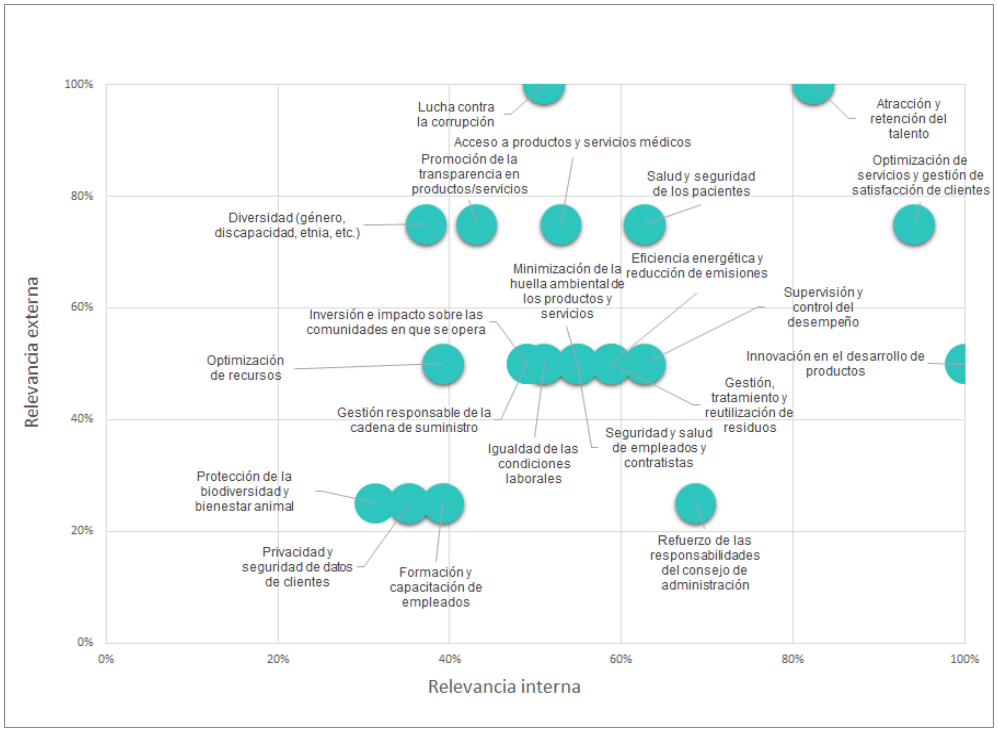
  EXELTIS owns four production plants: Altian Pharma Plant, Exeltis Ilaç Plant, Nufarindo Plant, and Ordain Plant, as well as another partly owned plant in Paraguay.

- **XIROMED Division**: XIROMED is the division within the Group whose business is focused on supplying quality generic products to major pharmaceutical companies in the US market and on tenders taking place in Northern European countries (such as, Belgium, Iceland, Norway, and Sweden, among others).

  With the ambition of constantly simplifying and improving access to high quality medicinal products, the key to our success is the development of sustainable solutions and partnerships in public tenders.

1.2.4. Materiality Analysis of the Group

The **materiality analysis** considers relevant matters for the Group as a company from the pharmaceutical sector from the perspective of Corporate Social Responsibility.



INSUD PHARMA Group is focused on its relationship to patients and clients, with innovation in product development being a top priority for the Company, as illustrated in the graph. This is reflected in the high-quality standards of the Group, among which, the relevance of health and patient's safety stands out.

Furthermore, attracting and retaining the talent of first-class professionals who are committed to the project is also of great importance for the Group. In this sense, the promotion and optimisation of services and the satisfaction of clients are the Company's leitmotivs, and the result of its success. Transparency and access are the key to our research and development efforts and investments; in other words, promoting improvements in people's lives and access to affordable, high-quality medicines for as many people as possible.

Matters related to the protection of biodiversity are not classified as material due to the low impact on biodiversity of the sites where the production activity takes place.

1.3. Main Factors and Trends that May Influence the Group's Future Evolution

The future of the field of health will entail important challenges for the sector. Among others, access to medicines, relationships with governments, and the reputation of the pharmaceutical industry.

More than 2,000 million people across the globe lack access to essential medicines. The Group is committed to providing accessibility to pharmacological treatments. The Company generates more than 300 branded products.

The year 2021 has also been marked by the pandemic and the risk of a lack of supplies, which has impacted the pharmaceutical sector that was initially focused on ensuring the safety of its personnel and securing supplies to maintain production.

The COVID-19 challenge also evidenced the need for cooperation among public administrations and the private sector and, above all, for a global coordinated action for the development of vaccines against COVID-19. However, it has become apparent that public resources are not enough to confront a global pandemic like the current one. The International Federation of Pharmaceutical Manufacturers & Associations highlighted the need to pursue a global agreement among health authorities, pharmaceutical companies, health organisations, medical and scientific associations, biotechnology companies, and hospital and sociosanitary operators through collaborative R&D programmes to develop new medicines and vaccines.

In this sense, the Group has made a significant contribution to the fight against COVID-19, since it has carried out the process of filling the vials of the vaccine developed by AstraZeneca in Spain, at Universal Farma Plant.

On the other hand, a company in which the Group holds shares, Inmunova, S.A., is producing Covifab in Argentina. This substance is an active ingredient for the treatment of COVID-19 that was approved in late 2020 and began to be distributed in mid-January 2021 by Laboratorios Elea Phoenix, S.A., another company in which the Group holds shares.

The Group also develops its social responsibility through Mundo Sano, a non-profit family foundation whose vision is to transform the reality of populations affected by neglected diseases. Among these, Chagas disease, geoparasitic diseases, dengue fever, leishmaniasis, and hydatidosis are some of the diseases that usually affect the most vulnerable sectors of the population, causing serious consequences for the health of those who suffer from them. Mundo Sano's mission is to develop effective management methods which are replicable, scalable, and transferable through public-private alliances by means of multidisciplinary scientific research.

Population ageing is an ever-increasing phenomenon, and the structure of the population pyramid heightens pressure on sustainability. The development of medical science has caused an increase in life expectancy, and it is the Group's mission to

improve the health of people across the globe by providing effective and quality pharmacological treatments.

In a globalised world with constant technological advances, pharmacovigilance becomes more relevant every day as a means of public health protection. However, companies, organisations, and governments are going to require the use of new technologies in order to progress. The use of AI, virtual reality, or big data opens up countless options for rapid decision-making and prevention.

Innovations will enable the achievement of public health objectives while transforming the health industry, breaking down current limitations and pushing back boundaries to provide services which, in the past, were not deemed to be possible. To attain this goal, the Group encourages close collaboration among different stakeholders involved in the use of medicinal products (pharmaceutical laboratories, health care professionals, authorities, and patients), always with the aim of detecting, evaluating, and preventing possible adverse reactions to the marketed medicinal products. Within the Group, we would like to face the challenge posed by new technologies while remaining true to our commitment to improving patients' health and quality of life and looking out for their safety.

We are aware of the global need to improve human health and well-being through high quality medicines, which is the purpose of Medicines for Europe. Since 2017, the Group has made a transparency commitment whereby we publish on our website our interactions with HCPs pursuant to the code of conduct of Medicines for Europe.

The Group is also involved in support projects for health sector start-ups, contributing to technological development through the ChemoStart programme, a global programme which helps drive start-ups and companies with innovative projects focused on health and healthcare. ChemoStart has recently celebrated its fifth edition, where a total of twelve projects were shortlisted from over fifty submissions. On the Pitch Day, which took place in 2021, there were two winning start-ups: one focused on the application of artificial intelligence to medical imaging for the diagnosis of cerebrovascular disorders and a second company specialised in intelligent UV filters.

1.4. Objectives and Strategies of the Organisation

The purpose of the strategic plan is to turn the Group into a benchmark within the health sector for both clients and patients. To this end, we work together, always taking into account the following premises:

- **Quality:** one of our priorities as a Group is to guarantee quality as the main value proposition for patients. Our quality culture is focused on safety, efficacy, and compliance of our products and facilities throughout the world. As a Group, we are committed to always achieving maximum quality, so much so that internal awareness campaigns for employees are carried out on an ongoing basis. This year, the campaign *Every Step Counts. Make it Matter*

has continued, and towards the end of the year a new campaign entitled *The Importance of Details* was announced.

- **Innovation:** the Group is focused on fostering an innovative and disruptive spirit, distinguishing ourselves in the eyes of our clients and building a Group which detects new business opportunities and an attractive product portfolio for the market and the patients alike.

- **Productivity:** acting as a benchmark for the market in terms of the development of our operations from all angles (technical and commercial) while maintaining the best quality standards. Productivity is the attitude required to increase the efficiency of processes and to prioritise activities. Honouring its patient-oriented perspective, the Group focuses its endeavours on listening to and meeting their needs within the shortest possible time with excellent quality standards.

- **Commitment to our clients (partnership):** referred to the ability to become a benchmark for our clients and collaborators through a close network where our priority is to increase their satisfaction.

- **Team and talent**: focusing our efforts on ensuring a connected, committed, and innovative human team. Managing the talent of our employees contributes to the creation of value for our patients.

- **Growth:** lastly, the Group is always focused on becoming one of the most efficient and competitive pharmaceutical companies and increasing commercial operations and the profitability of our business.

To this effect, the Group promotes a series of key values among its employees so that its professional teams work under the same paradigm and on the same mission: improving and contributing to the health of patients across the globe. Some of our essential values are as follows:

- **Integrity:** we act according to our values and to the Group's principles. In INSUD PHARMA Group, we are guided by what is best and most appropriate for all. We are honest in our relations and decisions.

- **Passion:** passion is the driving force of each and every project of our Group. In INSUD PHARMA Group, we love what we do and the notion of being able to contribute to taking care of human health and well-being.

- **Entrepreneurship:** being proactive requires responsibility and commitment. At INSUD PHARMA Group, we value inquiring minds, and we help make projects come true.

- **LEAN philosophy:** LEAN philosophy contributes to making processes more efficient and its purpose is to strive for constant improvement. In INSUD PHARMA Group, we continuously improve process quality management, and we promote environments that make it easier for our professionals to increasingly become more self-sufficient and productive.

- **Flexibility:** the ability to react and adapt is essential in any industry. In INSUD PHARMA Group, we understand change as an opportunity to learn and grow.

2. Environmental Management

2.1. Size of the Organisation

The **total production (kg)** of the plants during 2021 was of 5,078,117 kg.

For calculation purposes and due to the disparity between the final products manufactured in the different manufacturing plants, the production unit criterion has been unified to the total amount of kilograms produced, regardless of whether it is an API or a finished dosage form (FDF). In addition, only effective production was taken into account, i.e. the amount of product that can be marketed, discarding non-conforming products and those obtained in trials and tests. Thus, only the pharmaceutical product itself is included in the calculation, whereas primary packaging (blisters, containers, etc.) and secondary packaging (cases, leaflets, boxes, etc.) are not counted.

2.2. Main Impacts, Risks, and Opportunities

The main environmental impacts derived from the activity carried out by the organisation are:

- materials, energy, and water consumption; and
- generation of emissions, effluents, and waste.

With regard to noise pollution, one of the objectives of our environmental policy is to minimise the environmental impact generated by our manufacturing activity on any environmental aspect. At those plants in which the authorities require so, environmental noise measurements are conducted.

Regarding light pollution, given the location of the different plants, their activity does not cause any relevant impact.

As it will be explained in more detail in section 2.5. of this report, there are no effects on the biodiversity of the sites where the Group’s production activity takes place.

For further information, the environmental performance of the organisation with respect to each of the possible impacts generated by the activity carried out will be developed below.

2.2.1. Environmental Management

The fundamental bases on which the environmental management systems are developed are established at Group level. According to these, the Group is committed to integrating environmental protection into the manufacturing processes of its products, as set out in INSUD PHARMA Group's environmental policy. Additionally, the specific location of plants around the globe is a determining factor in the application of environmental regulations, rules, and standards. Compliance with local

regulations is a priority, which is why the Group is committed to the environmental management and control of each of the plants individually.

In the same way, this commitment to the environment is also manifested through the Code of Ethics (Horizon), applicable to the entire Group and to environmental management pursuant to ISO 14001:2015 standard at the following production plants: Química Sintética Plant, Liconsa Plant, and León Farma Plant, all of them located in Spain; Industriale Chimica Plant in Italy; and Exeltis Ilaç Plant in Turkey, as well as through the subjection of Química Sintética Plant to the Integrated Environmental Authorisation in accordance with Spanish Royal Legislative Decree 1/2016, of 16th December, approving the consolidated text of the Spanish Law on integrated pollution prevention and control.

Furthermore, with the implementation of ISO 14001:2015 standard, the achievement of the following objectives is intended:

- maintaining an efficient control of resources, thus saving in the consumption of resources, improving the effectiveness of production processes, and reducing the amount of waste generated;
- ensuring ongoing compliance with environmental legislation;
- ensuring continuous improvement in environmental performance;
- reducing risk and increasing opportunities for environmental management improvement;
- improving the corporate image and, consequently, strengthening relationships with our stakeholders; and
- increasing efficiency of usual performance, favouring the improvement of processes.

In addition, it is important to note that Química Sintética Plant is adhered to the voluntary initiative Responsible Care. This is an initiative from the chemical sector for the continuous improvement of its production activity and the activity of all of its operations in accordance with the Sustainable Development and CSR principles. The initiative is promoted by the Spanish Chemical Industry Federation (FEIQUE, as per the Spanish acronym), and through the initiative the plant undertakes to "carry out its operations by continuously improving Safety, Health, and Environmental protection".

2.2.2. Environmental Measures Applied in the Organisation

For INSUD PHARMA Group, the prevention of environmental risks is a fundamental premise. That is why environmental management systems certified in accordance

with ISO 14001 include a comprehensive risk analysis, the objective of which is to eliminate or minimise their risk, always applying prevention measures based on the Best Available Techniques in each case. In order to evaluate the risk of occurrence of each and every potential aspect, an analysis is made of all potential initiating events evaluated according to the activity that the initiating event may develop.

At plants that do not have a certified environmental management system, the environmental risk analysis is approached in different ways. For example, it is included in Farmalán Plant's simplified assessment; in Universal Farma Plant's environmental document, since the environmental impact assessment does not apply to it; or in Chemo India Formulation Plant's audited environmental statement.

Furthermore, INSUD PHARMA Group has a Civil Liability policy with a coverage of forty million euros for cases of accidental pollution of soil, water, or the atmosphere, provided that its cause is accidental, sudden, unforeseen, and unexpected by the insured party on national territory.

The outcomes of the Intergovernmental Panel on Climate Change (IPCC) show that human activity has influenced climate evolution since the industrial era, which is impacting variables such as the increase in atmospheric and ocean temperature, the rising sea levels, or the increase in greenhouse gas (GHG) concentration, among others. INSUD PHARMA Group is not out of touch with this issue, and it is committed to the sustainable development of its activity, thus having measures that allow for the adaptation to the consequences of climate change. These measures are implemented based on a comprehensive identification of risks and their consequences, as shown below:

ACTIVITY	CAUSE	CONSEQUENCE	RISK	EXISTING MEASURES	RISK DECISION
TRANSPORT, STORAGE, AND DISTRIBUTION	Temperature increase	Reduction of the efficiency of transport and electric distribution lines due to heat.	Problems with the supply of raw material and utilities.	Updated risk map of both national and international providers. Increased stock of raw materials upon production planning. Establishment of agreements with providers (Supply Agreement and Quality Agreement) in order to avoid a shortage of raw materials. Proactive communication with providers.	Controlled risk

	Climatic events (torrential rain, snowfall, etc.)	Impact on the infrastructure of transport, roads, airports…	Problems with the supply of raw material and utilities.	Increased stock of raw materials upon production planning. Establishment of agreements with providers (Supply Agreement and Quality Agreement) in order to avoid shortages.	Controlled risk
	Fires	Risk of increasing forest fires due to natural and unnatural causes as a consequence of temperature increase and more favourable conditions for ignition.	Impact on areas for the storage of raw materials, products, or landfills.	Effective fire protection systems at all the facilities. Direct contact with emergency assistance. Existence of action protocols in case of emergency. Personnel training.	Controlled risk
ENERGY	Temperature increase	Decreased battery efficiency.	Production equipment failure.	Duplication of key equipment. Increase of preventive maintenance plans. Stock of spare parts at the plant.	Controlled risk
		Increase in electricity demand peaks associated to cooling and air-conditioning needs.	Increased expenditure on electricity consumption.	Use of emergency generators. Estimation of rentals for generators.	Controlled risk
	Climatic events (torrential rain, snowfall, etc.)	Damage to electricity supply infrastructure.	Energy shortage.	Ownership of self-generators with enough capacity until recovery. Protection and insulation of supply installations against inclemency.	Controlled risk

WATER	Climatic events (torrential rain, snowfall, etc.)	Overburden of sewage infrastructure.	Risk of non-discharge of treated water.	Temporary storage of treated water in containment basins or tanks.	Controlled risk
		Risks concerning marine ecosystem functioning, fishing activity, and aquaculture due to an increase in the frequency and intensity of extreme events at sea (swell, storms, saltwater intrusion).	Impact on raw materials used for our manufacture	Updated risk map of both national and international providers. Increased stock of raw materials upon production planning. Establishment of agreements with providers (Supply Agreement and Quality Agreement) in order to avoid a shortage of raw materials. Proactive communication with providers.	Controlled risk
	Drought	Risk of reduced availability of water resources for industrial use.	Risk of shortage of water for production and auxiliary processes.	Possibility of using well water. Possibility of supplying drinking water by means of a tanker.	Controlled risk
HR	Disruption and extinction of species	Increased presence of certain parasites.	Increase of production personnel on leave. Rotating and less experienced	There are qualified supervisory personnel. There are hiring protocols.	Controlled risk

			personnel.		
	Temperature increase	Spread and increased incidence of pests and diseases.	Increase of production personnel on leave. Rotating and less experienced personnel.	There are qualified supervisory personnel. There are hiring protocols.	Controlled risk
	Climatic events (torrential rain, snowfall, etc.)	Risk of increase in the number of diseases associated to the worsening of air quality.	Increase of production personnel on leave. Rotating and less experienced personnel.	There are qualified supervisory personnel. There are hiring protocols.	Controlled risk
ECONOMIC RESOURCES	Climatic events (torrential rain, snowfall, etc.)	Risk of loss of exploitation due to production losses and increased input prices.	Increased price of raw materials.	Updated risk map of both national and international providers.□ Increased stock of raw materials upon production planning.□ Establishment of agreements with providers (Supply Agreement and Quality Agreement) in order to avoid a shortage of raw materials.□	Controlled risk

				Proactive communication with providers.	

The solid commitment of the Group to the installation of innovative and efficient techniques aimed at increasing environmental protection is reflected in the high expenditure and investment it assumes annually.

These investments will be detailed in the corresponding chapters, but the most relevant ones are highlighted below:

- Since January 2021, 100% of the energy supply contracted by the Spanish plants and offices comes from renewable sources. Thanks to this measure, a reduction in total CO_2 emission of the order of 30-50% has been achieved depending on the plant.

- Other relevant initiatives were aimed at the installation of more effective technologies for the treatment of emissions, such as the new scrubber and the adsorption phase with activated carbon that has been launched in Industriale Chimica Plant, in Italy, or the new scrubber and subsequent cryocondensation phase for the treatment of VOCs installed in Chemo Biosynthesis Plant, also in Italy.

The total resources for environmental protection of INSUD PHARMA Group's production plants corresponding to the year 2021, as well as their breakdown, are detailed below:

Total resources dedicated to Environmental Protection	**€16,414,501**

These resources include:

- Personnel dedicated to environmental management.
- Technical installations.
- Machinery.
- Data processing equipment.
- Waste management.

- Reagents involved in wastewater treatment.
- Laboratory material.
- Treatment of atmospheric emissions.
- Environmental controls, both voluntary and regulatory (water, soil, gases, groundwater...).
- Repairs and improvements.
- Studies and improvement projects.
- Audits.
- Soil protection.

On the other hand, in order to comply with Spanish Law 26/2007, of 23rd October, on environmental liability, during 2019 the relevant risk analyses were carried out at Química Sintética Plant with the aim of establishing, if necessary, the financial guarantee of environmental liability pursuant to this regulation. In both plants, due to the high level of risk control, the establishment of preventive measures that increase environmental protection, and the use of the best available techniques, the risk of the facilities is non-existent and, therefore, they are exempt from establishing said financial guarantee as set out in article 28 of Spanish Law 26/2007 on environmental liability.

2.3. Materials

2.3.1. Background

For the development of its production activity, the Group requires the supply of raw materials and resources by other organisations, thereby producing an indirect environmental impact originating from the production processes carried out by its providers.

The consumption of resources and raw materials for production is mainly generated in those production plants which are active.

For the elaboration and packaging of INSUD PHARMA Group products, processed products derived from the activity of other industries are used. These products are mainly chemical, such as active ingredients, excipients, reagents, and solvents, as well as primary and secondary packaging material for the product obtained.

Raw materials used in the production process are listed below:

- **Solvents:** solvents are volatile organic compounds that do not undergo any chemical change, i.e. they neither transform nor react. Depending on the production activity of the plant, solvents, reagents, or excipients are used according to the different stages of its production process, such as: purification processes, to carry out extractions, centrifuging processes, to dissolve active ingredients in the formulation process, as well as sterilising

agents in API sterilisation. They are also used as cleaning agents for equipment and tools.

- **Reagents:** they are all those substances that undergo a process of transformation or combination during the reaction, i.e. they intervene in it.

- **Active ingredients:** they are the main ingredient of medicinal products, since an active ingredient is the substance to which the pharmacological effect of the same is attributed.

- **Excipients:** they are non-active substances that make up the pharmaceutical product. They are basically lactose, starch, food colouring, etc.

- **Auxiliary material:** within this category, we find raw materials not used directly in the manufacturing process, such as machine oils, cleaning products, reagents for the neutralisation of wastewater, etc.

- **Primary and secondary packaging material.**

The chemicals used in production are generally renewable products, since they are obtained by chemical synthesis processes.

Due to the regulatory requirements to which the production process for manufacturing pharmaceutical products is subjected, the use of recycled or recovered materials is highly complex. Only in Química Sintética Plant, and thanks to an elaborate work of solvent recovery, some of these can be recovered internally or through outsourced manufacturing to be later incorporated into the production process, complying with the established quality specifications. Furthermore, it is worth noting that containers for the collection of waste are reused in some plants.

Additionally, in all plants, studies are continuously carried out on the recovery of material resources, especially with respect to those that end up as waste, in order to reduce the generation of waste. Having continuous improvement as the basis of our activities and the fact that the environmental policy is one of our reference points when setting objectives result in our purpose being the reduction, to the extent possible, of the environmental impacts generated so that our activity causes the least possible damage to the environment. This is achieved by means of, among other strategies, the optimisation of consumption through the optimisation of processes and the support from our R&D centres.

2.3.2. Indicators

The main materials used to produce and package the products during the reporting period are listed below. Said materials will be reported grouped in international units of weight (kilograms or tons).

a) Raw materials (natural resources used to transform them into products or services, such as metals, minerals, or wood).

As previously explained, in the elaboration of final products, except in specific cases, no raw materials such as metals, minerals, or wood are used.

b) Process-related materials (materials necessary for the manufacturing process, but which are not part of the final product, such as lubricants for production machinery).

As already indicated in the background section of this Report, most of the processed-related materials which are not part of the final product are renewable chemicals.

The quantities consumed in national and international plants during the fiscal year 2021 of the main products used without being incorporated into the product are listed below:

Materiales renovables utilizados.				
Material	Tn	Externo o interno	Dato estimado o directo	Método de estimación
Disolventes	14.868	Externo	Directo	-
Reactivos	2.145	Externo	Directo	-
TOTAL 2021	17.013			
TOTAL 2020	23.582			

c) Semi-manufactured items or parts, including all types of materials and components that are not raw materials and that are part of the final product

The quantities consumed in national and international plants during 2021 of the main processed products that are part of the final product are shown below.

Materiales renovables utilizados.				
Material	Tn	Externo o interno	Dato estimado o directo	Método de estimación
Principios activos	864	Interno y Externo*	Directo	-
Excipientes	4.318	Externo	Directo	-
TOTAL 2021	5.182			
TOTAL 2020	6.647			

Química Sintética Plant produces active ingredients used in the production of Liconsa Plant and also part of those used in Universal Farma Plant. Industriale Chimica Plant, in Italy, supplies most of the active ingredients of León Farma Plant.

d) Packaging materials, including paper, cardboard, and plastics.

Listed below are the quantities of packaging materials consumed in national and international plants during 2021.

Materiales utilizados.				
Material	**Tn**	**Externo o interno**	**Dato estimado o directo**	**Método de estimación**
Materiales de envasado, incluidos el papel, el cartón y los plásticos	4.614	Externo	Directo	-
TOTAL 2021	**4.614**			
TOTAL 2020	**3.809**			

2.4. Energy

2.4.1. Background

Energy consumption is considered a material issue for the Group, since it is a fundamental aspect due to the high energy demand required by the production processes.

This impact due to energy consumption arises from the manufacturing activities of the plants indicated in the first section of the Report. Energy consumption, both electrical energy and energy from different types of fuel, is used to power production, lighting, and air conditioning equipment, as well as various types of fuels (natural gas, LPG) used in the boilers mainly dedicated to generating steam.

Thanks to the proximity between some of the production plants, it is possible to share resources, such as the industrial steam used in the production process and air conditioning systems. This action is carried out between Liconsa Plant and Universal Farma Plant, and between León Farma Plant and Farmalán Plant, respectively. Thus, material energy consumption data are reported jointly between said plants.

For the indicators, it has been considered that all the energy consumed is deemed "non-renewable", since natural gas is not considered renewable, and the percentage of renewable energy that has been used for the electricity supplied to us is variable in each part of the world.

However, it is worth noting that, since 1st January 2021, 100% of the Spanish plants' (Liconsa Plant, Universal Farma Plant, León Farma Plant, Farmalán Plant, and Química Sintética Plant) electricity supply comes from renewable sources.

The impact derived from electricity consumption is produced by the generation of electricity in the different sources and its transport by the supply companies through the electricity grid.

The impact from fuel consumption occurs externally due to production and supply, and internally due to emissions produced by combustion.

To minimise energy consumption and CO_2 emissions into the atmosphere, the Group applies different measures:

- Conducting an energy audit in all national plants affected by Spanish Royal Decree 56/2016, of 12th February, which transposes Directive 2012/27/EU of the European Parliament and of the Council, of 25th October 2012, on energy efficiency, regarding energy audits, accreditation of service providers and energy auditors, and promotion of energy supply efficiency, as well as gradually implementing the measures for energy consumption reduction proposed in the audits. Química Sintética Plant, Liconsa Plant, and León Farma Plant, which cover 92% of the Group's total energy consumption in Spain, renewed in 2020 the corresponding energy audit, thus complying with the aforementioned Royal Decree. These energy audits will be renewed throughout 2024.

- Consuming natural gas, with higher performance and lower emissions than other fossil fuels such as diesel oil.

- Reducing energy demand, based on the principle of energy conservation, actions are carried out for the insulation of the building envelope (walls, floors, roofs, glass, facades, and carpentry), complying with the regulatory framework of the Spanish Technical Building Code (CTE, as per the Spanish acronym). The design features of the building already contemplated this principle.

- Considering habitability, based on factors that take advantage of the buildings' orientation, seeking the necessary thermal contribution for the winter periods, using solar gain and protection systems in galleries, terraces, etc.

- Ensuring energy efficiency by using a steam boiler for the production of sanitary hot water, which covers 100% of the demand through high-performance boilers and thermostatic control systems to control temperature and optimise thermal production.

- Using VRV technology for air conditioning systems, which allows for intelligent air conditioning through variable refrigerant flow, maintaining individual control

of each area to be air conditioned. This system provides a total solution for heating, cooling, ventilation, air curtains, and centralised control.

- Using LED technology for lighting, which allows to reduce electricity consumption considerably. This is the only technology installed in new extensions, and in the remaining areas it is gradually replacing previous systems thanks to major investments in this sense by plants such as Altian Plant (Guatemala), León Farma Plant, and Liconsa Plant (Spain).

- As part of its "Iniciativas Verdes" (in English, "Green Initiatives") project programme, and aiming at energy conservation for optimum resource consumption, Chemo India Formulation Plant implemented and installed a solar energy gain system on the terrace of the plant building in 2020. This system has been expanded in 2021, with a capacity increase of 17 kWh, which allows to reduce the emission of tons of CO_2. Other measures taken within the green initiatives project have been the installation of presence timers for lighting, optimisation of the time of use of cooling equipment, compressors, hot water systems, and street lighting. In the combustion boilers, pressure timers have been installed to reduce the hours of fuel consumption. In addition, greater control of energy consumption has been exercised through daily monitoring of the consumption line.

- Another measure applied in Chemo India Formulation Plant stems from the modification of the water treatment plant which, not only achieved a reduction in the consumption of raw materials, but has also allowed to adjust electricity consumption to 87%.

- The switching on and off of lights is also monitored in order to programme them according to the occupancy of the rooms.

- The Liconsa Plant has carried out studies to minimise product packaging, reducing its volume, which means a reduction in transport energy consumption by increasing the volume of transported product (GRI 302-5 Reduction in energy requirements of products and services).

- As has been introduced at the beginning of this report, INSUD PHARMA Group is a family group where human personnel are the basis of success. The responsibility of employees with respect to the environment is important and is supported by the awareness and training sessions.

2.4.2. Indicators

The amounts of energy consumed in national and international plants during 2021 are detailed below:

Combustible no renovable consumido (Mwh)	**Gas natural Natural Gas**	93.837
	Fuel Oil	322
	Glp	2
	Diesel	881
Electricidad comprada para consumir (Mwh)		68.155
Consumo energético total dentro de la organización (Mwh) 2021		**163.197**
Consumo energético total dentro de la organización (Mwh) 2020		**158.241**

(1) Data reported in fiscal year 2020 corresponding to energy consumption have been modified as a result of an error in the conversion factor.

***Non-renewable resource**: Resource that is not renewed in short periods of time. Examples of non-renewable materials include minerals, metals, oil, gas, or coal.*

****Renewable resource**: Materials from abundant resources that are rapidly replenished through ecological cycles or agricultural processes, so that the services provided by these and related resources are not compromised and remain available for future generations.*

2.5. Water

2.5.1. Background

The consumption of water is considered an issue of great importance for the Group, since it is an essential natural resource for living beings and for its production activity.

Most of the water consumption occurs in the different phases of the production process and equipment cleaning, as well as in auxiliary processes (boilers, cooling, etc.). Process water is subjected to different treatments necessary to meet the specifications required by each process.

Reducing water consumption is a corporate goal and, to this end, the main measures aimed at achieving this objective are described below:

- Continuous study and implementation of improvements aimed at optimising cleaning processes and production processes that reduce water consumption.

- There is a trend towards manufacturing in campaigns with the objective, among others, of reducing the number of cleanings and, consequently, the amount water used in them.

- Química Sintética Plant implemented an internal Telemetry tool for the management and control of water consumption by areas, which allows for a more efficient control of water consumption and to address any anomalous consumption that may occur. Furthermore, the change in the manufacturing concept, which has gone from manufacturing on demand to manufacturing in campaigns, has contributed enormously to the reduction of water consumption, derived from a drastic reduction in the number of cleanings.

- At Liconsa Plant, rejects from the water purification plant are utilised in non-productive uses such as irrigation. This water, despite not being usable in production, comes from the drinking water supply network, so it is completely suitable for use in irrigation or fountains, avoiding the discharge of large quantities of clean water and making it unnecessary to consume additional water to irrigate gardens or feed ornamental fountains.

- Awareness campaigns for employees in order to save water are still carried out within the Group.

- At Altian Plant (Guatemala), a cleaning procedure with water pressure cleaners has been implemented to clean the tanks, thus preventing the cleaning of tanks by filling and emptying them, which, together with the repairs of existing leaks in the water circuit, has reduced the plant's water consumption ratio.

- At León Farma Plant (Spain), the cooling system of some production equipment was modified, replacing supercooled water with a cooling gas.

- At Chemo India Formulation Plant, taking into account the scarcity of water, rainwater collection tanks equipped with filtration systems for water were installed in various areas in 2020. This water can then be used in various non-productive processes such as irrigation, fire system, etc.

- Exeltis Ilaç Plant in Turkey continues to work on campaigns that lead to a reduction in the cleaning associated with the production process. In addition, cleaning of the equipment is only carried out when it has been idle for more than two hours.

- Currently, and following the line of continuous improvement aimed at reducing the consumption of resources, Química Sintética Plant is immersed in the process of implementing a project to reduce water consumption, consisting of

the reuse of previously treated wastewater at the Wastewater Treatment Plant. This project to reuse water in non-productive auxiliary processes, which will be fully operational in 2023, consists of ultrafiltering the treated water in the wastewater treatment plant, which is expected to be used in non-productive processes. The reuse of water is an intrinsic component of the management of the water resources of our "blue planet". The reuse that has aroused most interest since the middle of the last century is the so-called planned reuse or, simply, reuse.

- It is worth noting that at Ordain Plant all the permeated water in its ETP and STP water treatment system is reused for its many hectares of garden. When irrigation is not required due to increased rainfall, this treated water is stored in a tank, which allows them to have zero discharge.

This water reuse project, linked to the natural hydrological cycle of water, together with the recovery of by-products, represent the two most emblematic examples that fall within the concept of circular economy.

Due to the volume of water withdrawn (no more than 5% of the annual volume of the water body) and because the water sources are not part of protected areas and do not affect biodiversity, they are not affected by the organisation's activity (GRI 303-2 Water sources significantly affected by withdrawal of water).

The organisation does not recycle water for internal reuse, but there are projects to do so (GRI 303-3 Water recycled and reused).

2.5.2. Indicators

The amounts of water consumed in national and international plants of the Group during 2021 are detailed below:

Fuente	Caudal extraído (m^3)
Aguas superficiales, incluida el agua de humedales, ríos, lagos y océanos;	6.324
Aguas subterráneas;	548.354
Agua de lluvia recogida y almacenada directamente por la organización;	225
Aguas residuales de otra organización;	-
Suministros municipales de agua u otros servicios hídricos públicos o privados.	583.327
Volumen total de agua extraída 2021	**1.138.230**
Volumen total de agua extraída 2020	**1.122.593**

2.6. Biodiversity

As justified in the different assessment documents prepared to obtain environmental authorisations for the plants (Integrated Environmental Authorisation, Environmental Impact Assessment, etc.), none of the operation centres owned, leased, or managed by the organisation are located within or adjacent to protected areas or areas of high biodiversity value outside protected areas.

The activities, products, and services of the organisation do not cause significant impacts on biodiversity. The areas affected by the organisation do not affect habitats of species that appear on the IUCN Red List or national conservation lists.

In view of the above, it has not been necessary for the organisation to carry out activities to protect or restore natural habitats due to the damage suffered as a result of the Group's activities.

2.7. Emissions – Climate Change

2.7.1. Indicators

Emissions of pollutant gases and their influence on climate change is an environmental aspect that is considered relevant for the Group, mainly due to the emissions of combustion gases from boilers.

The impact of emissions into the atmosphere is produced directly by fuel consumption, and indirectly by electricity consumption. In line with our mindset of reducing the potential environmental impact produced by the organisation, priority is given in all plants to the use of the Best Available Techniques, whether they are applied through Integrated Environmental Authorisation or not.

Given the diverse nature of the production activities carried out at each of the plants and based on their inputs and the equipment used, it is not possible to set shared global goals for all the plants. Each plant sets its own measures for the reduction of emissions if deemed appropriate. Nevertheless, the entire Group has a global commitment to preventing pollution by reducing, to the extent that is technically and financially possible, waste, discharges, and emissions generated by our activities, as well as other impacts that our activity may have on the environment.

The values referring to direct and indirect CO_2 emissions from electricity consumption are reported, since the rest of the indirect emissions of the Group are not considered significant compared to the emissions generated directly in the production process.

In the Group, no significant power generation activities are carried out, therefore indicator GRI 305-2 Energy indirect (Scope 2) GHG emissions is not taken into account. In addition, INSUD PHARMA Group does not participate in the trading of greenhouse gas (GHG) emissions rights. Similarly, there are no biogenic CO_2 emissions.

As a general rule, in production plants, there are no emissions of fluorinated gases that deplete the ozone layer. This potential aspect could only occur in the event of leaks in the cooling equipment. To prevent such an event, there are internal maintenance plans and leak checks by authorised maintenance companies. For this reason, indicator GRI 305-6 Emissions of ozone-depleting substances (ODS) does not apply.

In Spain, plants are subject to different authorisations with respect to emissions into the atmosphere:

	Química sintética	Universal Farma	Liconsa	León Farma	Farmalan
AAHPCC (Ley 16/2002)	X	-	-	-	-
Actividades potencialmente contaminantes de la atmósfera (R.D. 100/2011)	X	-	X	X	-
COVs (R.D. 117/2003)	X	-	X	-	-
E-PRTR (R.D 508/2007)	X	-	-	-	-
Reglamento (CE) 1005/2009 sobre las sustancias que agotan la capa de ozono	X	X	X	X	X

The Group includes in its Environmental Policy the obligation to adopt measures to minimise the emissions produced by its activity, with which it ensures that the values of its emissions remain below the legal limits.

Among the measures to reduce pollutant emissions implemented, the following should be highlighted:

- The organisation has the Best Available Techniques (BAT).
- All production processes that may or could be associated with the emission of pollutants into the atmosphere incorporate in their structure or are connected to a treatment system to prevent or minimise emissions into the atmosphere.
- INSUD PHARMA Group is committed to reducing greenhouse gases. For this reason, it uses either natural gas or liquefied petroleum gases as fuels, which reduce the emissions of carbon dioxide (CO_2) and nitrous oxides (NO_X), the main gases responsible for climate change.
- Combustion boilers are high-performance with thermostatic control systems to control temperature and optimise thermal production.
- The installed emission treatment equipment is of high efficiency and proven effectiveness. Absolute filters are available so that, if they are working properly, no particles should be detected in the emission.
- The following is a description of the systems installed and/or measures taken to prevent or minimise polluting emissions into the atmosphere at the different plants of the Group during 2021:

  In the first place, at Química Sintética Plant, there are two types of polluting emissions, diffuse and concentrated, treated independently, thus ensuring a

high quality of environmental protection in the field of emissions into the atmosphere.

Through a propylene conduit, the diffuse emissions are directed to scrubber washing towers. The liquid and gas phases are brought into contact by means of fillers with a large specific surface area and low pressure drop, which allow high absorption yields and low operating energy consumption to be obtained with moderate liquid loads.

For the treatment of concentrated emissions from the main production equipment, an efficient treatment system is used, consisting of condensation through condensers incorporated into the main equipment, such as reactors and vacuum dryers, which is then treated in absorption/neutralisation columns that perform the function of a gas scrubber. The traces of volatile organic compounds (VOCs) converge in the general treatment line, which is directed towards two condensers placed in series with a temperature below zero that allow for the condensation of those traces of gases that were not eliminated in the first stage. Finally, the plant has a high-efficiency cryogenic condenser to refine the emission thanks to the action of liquid nitrogen at −110 ºC. In this way, we make sure that all the solvents are condensed, since they have exceeded their dew point, thus ensuring the filtration of the gas stream emitted.

The project for gas emissions treatment is another continuously evolving project. Thanks to the improvements in production processes and facilities, the stream to be treated at the cryogenic condenser has decreased so much that now we can treat both concentrated emissions coming from the main production equipment (reactors, centrifuges, dryers, etc.) and small diffuse emissions that are generated, for example, while handling packaged solvents, without affecting the quality of the emissions of the cryogenic condenser into the atmosphere. For this reason, the scrubber associated to the N-33, which corresponds to regulatory source no. 3, was shut down during the first quarter of the year.

Initially, diffuse and concentrated emissions were separated with the aim of reducing the stream to be treated at the cryogenic condenser, but now that the process has been optimised is time to centralise treatment and reduced the number of sources of emissions at the plant. This entails a reduction in mass concentration of the TOC emitted by the plant.

In 2022, this enhancement project will continue, and regulatory sources 1 are 4 are expected to be shut down during the first semester.

- At Altian Plant (Guatemala), a replacement of cooling gases in air conditioning and cooling equipment has been conducted, replacing Freon 22 (an HFC that is quite old and has a great ozone layer depletion power) with 404A gas, which maintains a high cooling power but with lower ozone layer depletion capacity.

- At Chemo Biosynthesis Plant (Italy) a renewal of scrubbers has been carried out and a new VOCs treatment plant has been installed.

- At Industriale Chimica Plant (Italy) emission treatment systems have also been renewed with a prior cryogenic treatment stage and three stages of activated carbon as the final barrier before emission into the atmosphere.

- At Ordain Plant (India) the former scrubber, which was used for coating line 1, has been replaced with a new and more efficient wet scrubber system, and a control system for atmospheric emissions has been installed in order to comply with the environmental requirements of the Pollution Control Board.

- At Liconsa Plant (Spain) a new regenerative thermal oxidiser (RTO) has been installed for the treatment of emissions from the manufacture of dosage forms containing solvents in their formulation (acetone and ethanol). This equipment purifies the air stream that is polluted with volatile organic components (VOCs) at a high temperature. The operation of this piece of equipment consists in the oxidation of these VOCs in the oxidising chamber under the appropriate temperature and residence time conditions. The temperature of the reaction is reached by autoignition of the pollutants present in the gas to be purified and, if this power supply is not sufficient, another fuel is used as well (natural gas). Additionally, this piece of equipment is equipped with a heat recovery system (ceramic media) to achieve an extremely high effectiveness with the highest possible energy efficiency. When the gases leave the oxidising chamber, they go through this ceramic bed that is heated for the following stage, when the gas to be purified enters through this chamber. After its launch, it was found that VOC emissions where below 20 mgC/m^3, thus complying with the regulations. Therefore, this piece of equipment reduced the pollution load of the emission stream by 99% with respect to the input stream.

- INSUD PHARMA Group is committed to reducing greenhouse gases. For this reason, it uses either natural gas or liquefied petroleum gases as fuels, which reduce the emissions of carbon dioxide (CO_2) and nitrous oxides (NO_X), the main gases responsible for climate change.

- The combustion boilers are high-performance with thermostatic control systems to control temperature and optimise thermal production.

- The installed emission treatment equipment is of high efficiency and proven effectiveness. Absolute filters are available so that, if they are working properly, no particles should be detected in the emission.

The effectiveness of the measures to reduce atmospheric emissions is reflected in the results of both voluntary and regulatory environmental controls, in which the results of all parameters are always below the maximum legal limits.

Furthermore, it is worth mentioning that a negotiation has taken place with the electricity supply company, and it has been agreed that from January 2021 all the power supplied to the plants located in Spain will come from renewable sources. This implies a 100% reduction in the generation of CO_2 associated with the consumption of electricity, which represents a total reduction of CO_2 generation of between 30% and 50%.

The annual CO_2 and CO emissions produced in 2021 by natural gas, diesel and liquefied petroleum gas combustion boilers are included below.

	Tn CO2 Eq. (*)
Emisiones de alcance 1 2021	19.376
Emisiones de alcance 1 2020 (1)	17.674

(1) Data reported in fiscal year 2020 corresponding to energy consumption have been modified as a result of an error in the conversion factor.

**The calculation of the annual emissions produced in 2021 has been made from the conversion factors obtained in DEFRA (Department for Environment, Food, and Rural Affairs, UK).*

This indicator takes into account indirect CO_2 emissions from the consumption of electrical energy by the suppliers of said energy to all national and international plants.

Consumo anual (Kwh)		Tn de CO2 eq
Electricidad 2021	68.155.395	9.909
Electricidad 2020	71.957.524	24.405

**As a calculation source, the conversion factor present on the official website of the International Energy Agency (IEA) has been used.*

2.8. Effluents and Waste

2.8.1. Background

The discharge of effluents is a material issue for the Group since, due to its activity, contaminated process waters are produced that could have a negative effect on the environment if they were not properly treated.

The generation of waste is also a relevant issue for the Group, since different types of waste are generated in the production process that must be managed correctly to minimise their potential impact on the environment.

We can differentiate 3 types of wastewaters:

- Industrial
- Rainwater
- Sanitary

Each of the production plants has a treatment method for its generated wastewater depending on the characteristics of its activity.

The main existing treatment methods are detailed below:

Química Sintética Plant

Its Environmental Policy is integrated in the Química Sintética Environmental Management System, certified since June 2015 pursuant to the UNE EN ISO 14001 standard, which is an international reference standard. This system reaffirms Química Sintética's commitment to environmental protection of our environment.

Biodegradable wastewater, sanitary water, and rainwater are treated in the Wastewater Treatment Plant (WWTP) at the facility. Process water that is not biodegradable or cannot be treated in the treatment plant due to its high organic load or salt content is managed externally as waste through an authorised manager.

Química Sintética Plant is itself a bund. The sewage system is routed so that any discharge is treated in the WWTP, avoiding any negative environmental effect outside the plant or in the Integral Sanitation System.

Improvements have been made over time in Química Sintética Plant's water treatment plant. An update on the treatment system is provided below:

Water Line

Homogenisation

There is a covered and closed basin with a capacity of 800,000 litres. Its function is to contain rainwater when there is a high volume, large-volume accidental spills, or water treated at the WWTP that does not meet the required values to be discharged into the ISS. It is usually empty.

Temporary storage tank DE-568 for feed water for biological rectors

From the workshop basins, water is pumped into a closed, watertight 18,000-L tank, named DE-568. Then, water from this tank will be fed into the biological reactors.

A pump controlled by a level installed inside the tank is used in order to feed the biological reactors.

The organic load fed into the biological reactors (F/M = COD kg/MLSS Kg) is directly related to the kilograms of microorganisms present in the MLSS biological reactors and to the kilograms of COD fed, which in turn depend on the feed flow. For this reason, the flow that is fed is an essential parameter that is controlled by means of a frequency shifter.

Activated sludge biological reactor

The most important treatment carried out at Química Sintética's WWTP is the biological treatment because, thanks to the action of aerobic activated sludge, organic matter is eliminated, which constitutes the main water pollutant.

The general mechanism of the activated sludge system is represented by the following biological reaction:

Organic matter + Microorganisms + $O_2 \Rightarrow CO_2 + H_2O + NH_3/NH_4$ + Microorganisms + Energy

The energy generated is thermal energy and this is why biological reactors always have a high temperature (above 30 ºC) regardless of the external room temperature. This is a sign of the correct operation of the biological reactors.

The biological treatment comprises three reactors which add up to 3,200,000 litres of biological reactions oxygenated with pure oxygen.

- Biological reactor 0 (RB0): covered vitrified steel tank with a useful biological reaction capacity of 1,200 m^3.

- Biological reactors 1 and 2 (RB1 and RB2): two semi-buried biological reactors of about 1,000 m^3 each, built of reinforced concrete, with rectangular shape and located one next to the other.

All three reactors (RB0, RB1, and RB2) work in series. Wastewater is pumped from the DE-568 and storage tanks to the RB0. From this reactor, water overflows into RB1, and from RB1 it passes to RB2 through communicating vessels. From RB2 water overflows into the secondary decanter.

As indicated above, this is a three-stage treatment. Since the three reactors add up to 3,200 m^3 and the average flow that is fed daily is about 100 m^3, the average retention time is more than 30 days.

Oxygen system (MIXFLOW/ISO)

Oxygen is supplied from a pure oxygen tank controlled by a dissolved oxygen meter (oximeter). This meter sends a signal to a solenoid valve that opens and closes the oxygen supply based on previously established setpoint parameters. Hence, oxygen supply will stop when the measurement of dissolved oxygen in the reactors exceeds the setpoint value, and it will resume when it is below the setpoint value.

RB0 is equipped with 2 pieces of oxygenation equipment named ISO. These pieces of equipment are located on the surface, and they fulfil two functions: keeping all the mixed liquor under agitation and oxygenating the reactor.

RB1 and RB2 also have 2 ISO pieces of equipment each, but they also have their own storage pieces of equipment, named MIXFLOW. Mixflow V9 is installed in RB1 and is able to recirculate 900 m^3/h of mixed liquor. Mixflow V5 is installed in RB2 and is able to recirculate 500 m^3/h of mixed liquor.

This oxygenation equipment is responsible for the continuous agitation of the reactor's contents in order to keep the biomass present in the mixed liquor in suspension and prevent the sludge from remaining on the surface as an inactive supernatant. This equipment also injects automatically the necessary oxygen depending on the measurement of dissolved oxygen in the tanks.

Additionally, there are to mixers that are able to keep under agitation all the biomass in the reactor.

The organic load gradually decreases as it moves from one biological reactor to the next, so that in RB2 there is barely any organic matter. Hence, the function of the latter is to refine the quality of the final discharge.

Oxygen activity and consumption is lower in this reactor since most of the organic load has been degraded in RB0 and RB1.

Oxygen supply and consumption are monitored through the WWTP control panel.

The control of oxygen consumption is a fundamental tool to determine the proper functioning of the biological reactors. The activity should always decrease from RB0 to RB2.

Storage tank

The storage tank has a capacity of 224 m^3, it is a covered tank and it currently fulfils the following functions: it may be used to store purified water that may be re-treated later in the biological reactors; during long downtimes, it is used to prepare the feed of the biological reactors; and it may also be used for the collection of centrifuge purge streams from the dewatering of biological sludge and the overflow of the thickener for subsequent biological treatment. This tank has an agitation-aeration system to avoid the decay of stored water.

The water from the storage tank is extracted by centrifugal pumps operating alternatively. The operation of these pumps and the aerator is regulated by means of a level probe. Once a minimum level is reached, both the pump and the aerator stop automatically.

Piloting tank

This is a tank adjacent to the storage tank and the RB2, and it has a capacity of 140 m^3. This tank has been commonly used for scaling all the experimental pilot tests that may arise in the water treatment plant. It is currently used as a temporary storage tank for water treated at the WWTP for their subsequent tertiary treatment by ultrafiltration.

Secondary decanter

The active mixed liquor overflows from RB2 into the secondary decanter, which is located at a lower level, due to gravity.

In this stage, cationic polyelectrolytes are added to increase flocculation and favour the decantation of sludge in the following stage, thus reducing residence times and increasing the yield of the secondary decanter.

Purified water is separated from the activated sludge due to the difference in density. Clarified water exits through the perimeter trough of the secondary decanter.

Tertiary treatment

Purified water clarified in the secondary decanter is pumped into tertiary treatment before discharge into the ISS in order to minimise the amount of solids in

suspension that may still be present in treated water. The plant has two systems for this purpose:

Dissolved air flotation (DAF) system, which has been operational since 2016:

Water is mixed with a polyelectrolyte that favours the clumping of solids in suspension. The air injected keeps solids on the surface so that they can be mechanically removed. These solids are sent to the sludge centrifuging system and the water already free from most of the solids is sent as final discharge.

This system has been replaced by an MBR-type ceramic ultrafiltration membrane system.

MBR ultrafiltration system

In September 2021, tests for the launch of the ultrafiltration piece of equipment that replaces the flotation system were initiated, and they concluded in December of the same year.

The final goal of the installation of this equipment was to achieve sufficient water quality for the reuse of water in non-productive processes and, as a consequence, to attain our zero-discharge goal in line with the concept of circular water economy.

Water treated and decanted in the secondary decanter is pumped into the ultrafiltration piece of equipment. The water that is currently free of solids is discharged into the ISS, and the sludge retained by the membranes is mostly recirculated to the RB1, with part of it being purged into the thickener.

Final discharge chamber

Designed in accordance with Annex 5 of Spanish Law 10/1993, of 26th October, as amended by Spanish Decree 57/2005, of 30th June, which revises the annexes of Law 10/1993 on liquid industrial discharges into the integral sanitation system.

Sludge line

It is worth noting that the building that houses the physicochemical (PC) treatment and dewatering of sludge is roofed.

Physicochemical treatment

Initially, the PC treatment was design to eliminate particulate and colloidal matter of wastewater coming into the WWTP to be treated, but over time it was observed that treated water barely had particulate matter. Therefore, this treatment was pointless.

Later on, the PC treatment started to be used to treat biological sludge, a purpose for which is still used on rare occasions. Nowadays, the usual practice is to direct the biological purge stream straight into the sludge thickener and, from there, into dewatering.

However, since PC treatment could occasionally be applied, a brief description of the process is given below.

At this stage of PC treatment, the coagulation, flocculation, and decantation operations detailed below are carried out.

Coagulation

In the first compartment of the PC reactor, coagulant (Cl_3Fe) and a soda solution at 30% are added, the dosing of which is regulated by a pH meter. This pH meter installed in the coagulation chamber allows to obtain an optimum result. The rapid agitation system installed in the tank enables complete mixing of the reagents with the water to be treated.

Flocculation

Water passes to the second reactor, which is equipped with slow agitation and where flocculation is performed by adding an anionic polyelectrolyte that is prepared for this purpose. The addition of flocculant is carried out by means of a dosing pump whose flow can be regulated to adjust it to the required amount based on the tests that have been conducted.

Primary decantation - Lamellar decanter

At the outlet of the coagulation-flocculation treatment, there is a lamellar decanter where the floc produced (sludge) is separated from the water. This decanter has a first stage where the flocs grow and a final stage where flocs are retained in devices made of hexagonal packs of plastic tubes. These tubes are installed at an angle of 45º and 60º with respect to the horizontal line, enabling water free of suspended solids to run through them. The advantage of the lamellar decanter is that it offers the same decantation surface as a conventional gravity decanter or even more within a very reduced actual surface.

Solids deposited in the modules move against the current due to gravity until they settle at the bottom of the tank, and clarified water overflows out of the decanter and is directed into the storage tank by gravity.

Sludge settled at the bottom of the decanter is purged from the lower part of the tank by means of an eccentric disc pump towards the thickener.

Sludge thickener

The objective of sludge thickening is to reduce volume by increasing the concentration of sludge, thus improving subsequent treatment and dewatering. Sludge thickening is carried using gravity in a circular thickener with a conical covered bottom. Sludge coming from the secondary decanter and the ultrafiltration piece of equipment is directed into the thickener through an aerial pipeline. This pipeline discharges its contents in the central feed well and velocity break box. Sludge gradually thickens, and it is extracted from the bottom by two eccentric disc pumps operating alternatively in order to send the sludge into dewatering by centrifugation. In this thickener, clarified water overflows into the storage tank.

In this line, sludge from the water treatment plant is treated to reduce its volume, and the final result will be inert biological sludge that will be delivered to an authorised manager.

Sludge dewatering by centrifugation

The sludge concentrated in the thickener is sent to a centrifugal separator of sludge under continuous operation for dewatering. In this separator, two phases are obtained again: one is clarified water, which is sent to the storage tank; and the other is dewatered sludge, which is transported by means of a worm screw into an airtight container.

In order to achieve sludge clumping due to the effect of centrifugation, it is necessary to add a polyelectrolyte, which is added as an emulsion, and which should be prepared and matured in tanks before dosing into the centrifuge.

Currently, a tertiary treatment consisting of a ceramic membrane ultrafiltration equipment for water treated at the WWTP is fully functioning, the aim of which is to improve the WWTP performance and reduce the pollutant load of the discharge. Therefore, it replaces the flotation equipment, the ultimate goal being zero discharge and reuse of water, in line with the concept of circular water economy.

With the start-up of this piece of equipment, the plant will be able to move forward with the reuse of ultrafiltered water in non-productive auxiliary processes. Given the activity carried out in the facilities (manufacture of active ingredients for the medicinal product), for obvious quality reasons, the reuse of wastewater for use in the production process is not feasible. Reuse in auxiliary processes could be expected to begin in 2023.

In the last eight (8) years, Química Sintética Plant has invested more than twelve million euros (€12,000,000) in Best Available Techniques, all of them with the aim of minimising and/or eliminating the impact on the environment.

Until late 2021, treated and clarified water was transferred to tertiary treatment by floatation for twelve (12) hours (from 18:00 to 6:00 h). From there, it was pumped towards the Integral Sanitation System of Alcalá de Henares in order to be treated at the municipal wastewater treatment facility. This operating scheme, with 12 h of discharge and 12 h of recirculation, was related to an ongoing project whose objective is to reuse water treated at the WWTP in non-productive auxiliary processes (VERTIDO 0; in English, “Zero Discharge”).

Upon completion of industrial tests on tertiary treatment by ultrafiltration of water treated at the WWTP, we have found that, in theory, a water reservoir is necessary in order to achieve a uniform feed regime for the MBR ultrafiltration system. For this purpose, water will be pumped from the secondary decanter into the piloting tank and, from the latter, into the MBR piece of equipment. A continuous regime of discharge into the ISS will be established throughout the day.

Universal Farma Plant

A separate, industrial, sanitary, and rainwater treatment network has been built, avoiding any water pollution. The effluent treatment system of the production plant is carried out through the homogenisation-neutralisation area, which consists of two 15 m^3 industrial water reception and homogenisation tanks and an in-line pH correction system. There are two tanks for the collection and storage of industrial water. The homogenisation of the water favours its neutralisation. However, an automatic pH measurement and correction system has been installed to ensure water neutralisation prior to discharge. Given the low pollutant load of the water discharged by Universal Farma Plant, the only correction that may sometimes be required is the neutralisation of the water. The automatic system does not allow the water to be discharged into the sewage system until the pH measurement is within the established range. During the process of water neutralisation, the system automatically closes the discharge valve.

In accordance with the above, industrial water is not discharged directly into the public sewage system, but it is discharged after the tank has been filled and neutralised.

Sanitary water and rainwater are discharged directly into the public sewage system, without undergoing any type of treatment, as in the waste of a residential or tertiary activity.

Liconsa Plant

It has two service reservoirs for the reception and homogenisation of industrial water of 25 m^3 each. The reason the production plant has two reservoirs is to be able to use one as a bund so that, in the event of an accidental discharge, it would be retained in the reservoir to be subsequently analysed and corrected internally or managed as waste through an authorised manager. The homogenisation of the water usually favours its neutralisation; however, an automatic pH measurement

and correction system has been installed to ensure water neutralisation prior to discharge. Given the low pollutant load of the water discharged from our facility, the only correction that may sometimes be required is the neutralisation of the water. The control and adjustment of the pH begins when a level of 80% is reached in the reservoirs. Once the pH has been adjusted, the effluent is discharged into the municipal treatment system. Sanitary water is discharged into the public sewage system without undergoing any type of treatment.

León Farma Plant

It has a 40 m^3 containment tank for industrial and laboratory water. These waters are sent to specialised plants of external managers. There is another 40 m^3 homogenisation tank for water from general systems, toilets, warehouse, boiler and water plant rejects, etc. with pH control and neutralisation system prior to discharge to the ISS.

Farmalán Plant

It uses León Farma Plant's discharge systems, also having a separate sewer network.

Chemo India Formulation Plant

In relation to wastewater treatment, a new development introduced this year is the installation of an automatic cleaning system for the condensers which will remove any dirt in them and prevent the use of chemicals (besides preventing additional corrosion issues and reducing energy consumption).

In addition to the above, a lamella bed has been installed to provide that extra filtration using a natural and sustainable ecological process with zero energy consumption and no additional chemicals or other maintenance requirements.

The operating principle is simple: water travels through layers of gravel and stones where a thin film of bacteria breaks down organic matter. At the same time, reed plants absorb the remaining nutrients present in the water. Finally, the water is clarified in a series of humus tanks and, as a final result, we obtain clean water that will be reused for gardening. The goal achieved is zero liquid discharge.

Altian Plant

The improvements implemented during 2021 to enhance plant discharges consist in the installation of an automatic timing system for discharge water. This system enables continuous control of chlorine dosing in order to neutralise discharges before they are discharged into the municipal network and the in-depth review of all existing mechanical and electronic parts of the discharge control system to ensure proper functioning.

The replacement of the detergents that were normally used with biodegradable ones that have no effect on the discharge has also been decided.

Industriale Chimica Plant

A new tank has been installed to achieve better management of wastewater in the facilities.

Nufarindo Plant

The most important improvement in relation to discharge management is the introduction of an additional drying bed in the existing wastewater installation to reduce the volume of sludge that is discharged as waste and the amount of wastewater.

Ordain Plant

The wastewater treatment plant has been expanded pursuant to compliance recommendations of the Pollution Control Board.

In relation to waste, in none of the production plants has there been any significant spill affecting the environment (GRI 306-3 Significant spills), since in all of them there are sufficient preventive measures, among which are:

- Plant integrated in its entirety as a bund (Química Sintética Plant).
- Paving and waterproofing of all areas susceptible to a spill.
- Air conduction systems for leak detection.
- Surface storage tanks, with bunds of sufficient capacity to retain any possible spill.
- Buried double-walled tanks and pressure gauges indicating possible leaks that could affect the environment.
- Delimited loading and unloading areas with retention chambers for potential spills.

By discharging all wastewater exclusively into the sanitation network connected to municipal WWTPs, there are no effects on water courses (GRI 306-5 Water bodies affected by water discharges and/or runoff).

In the Group's production plants, the multiple and effective measures aimed at reducing waste generation, reducing its hazardousness, and improving waste management are always adopted, following this order of preference:

- Prevention, reduction at source, minimisation of the use of necessary

resources, minimisation of the production of waste from each process.

- Preparation for reuse: the reuse of materials in the centre itself will be considered a priority rather than an external activity.
- Segregation, internal or external recovery under the outsourcing regime.
- Internal recovery for reuse.
- External recovery for recycling.
- Evacuation by an authorised manager as non-recoverable waste.
- Upcycling: only outside the centre, in authorised treatment plants.
- Landfills.

Among the measures to achieve the reduction of waste, are the following:

- Reduction at source: optimisation of production processes (R&D) and reorganisation of the production system, which implies their simplification.
- Optimisation of water treatment processes for the different non-natural integral sanitation systems.
- Periodic reviews of the effluents generated in order to reduce the generation of waste destined for external management through an authorised manager.
- Increase in the internal recovery capacity of those solvents that can be reused in the process. So far, this measure is only applicable to Química Sintética.
- Reduction of the ratio of consumption of raw materials per tonne of manufactured product and, consequently, of the ratio of associated waste.
- Correct segregation of waste in all waste-producing areas. All waste is correctly classified in a classification area provided for this purpose. To do this, the corresponding procedures for the management and handling of products and waste have been developed.
- Training of all personnel, before starting work, in the work procedures necessary for the performance of their activity.
- Reuse of containers for the collection of waste.
- Favouring the purchase of raw materials in bulk over the purchase in containers.

- Investment in specific machinery for the recovery of the raw materials involved in the production and packaging process in cases where this process is applicable.

- The Group carries out awareness-raising campaigns on the need to carry out a correct segregation of the different types of waste.

At the Nufarindo Plant, a system for the treatment of sanitary discharges generated at the facility has been installed. All effluents from toilets, cafeterias, or septic tanks are collected in the equalisation tank and then sent to a bioreactor, where the decomposition process takes place, which uses microorganisms performing the following processes: aerobic processes, anaerobic processes, and sedimentation. These three processes require a minimum of 24 hours, and the tank has a capacity of 10 m^3. The process continues with a filtration phase using a media filter (sand, silica, and activated carbon). The effluent is then transferred to the effluent tank where disinfectant (chlorine) is added, thus becoming ready for discharge.

At Liconsa Plant and León Farma Plant (Spain), the treatment of obsolete or out-of-specification finished product waste has been convened with a waste treatment manager who performs a more sustainable treatment of this waste. Previously, pharmaceutical waste was sent to be stored in a secure landfill or to upcycling. However, a contract has been signed recently with a new authorised manager to send it to their treatment plant, where they manage all SIGRE waste (waste adhered to the Integrated Packaging Management and Collection System) in Spain. There, all materials are shredded and segregated to recycle those that can be recycled (cardboard, plastic, glass, aluminium, etc.) and to form an RDF for upcycling with the rest, thus achieving our goal of zero waste for this type of materials.

At Liconsa Plant (Spain) different additional measures that have resulted in an enhancement of waste data have been carried out. Explanatory posters on waste segregation have been modified, and there has been a strengthening of plant training. These measures have resulted in a 5% decrease in the waste generation ratio compared to 2020. It has also been possible to move forward with a fine adjustment project for better use of aluminium coils in blistering lines, which has led to a 24% reduction in waste generated by this type of materials.

At León Farma Plant (Spain) a high-capacity vertical waste baler has been installed for the management of polluted absorbent waste (cloths, empty bags, protection divers, disposable gloves, etc.). In this way, palletised bags (40 kg approx.) are not used any more, but rather 350-kg bundles are generated. With this measure, there is a reduction of waste weight, pallet expenses, sack use, and the required transportation for delivery to the manager. The waste generation ratio has decreased by 15% with respect to the previous year thanks to this measure. The operating procedure for ethanol use in the plant is also modified in order to replace the 200-L disposable containers that were used with 1000-L containers (GRG-IBC) that can be

returned to the provider, resulting in a reduction of both the consumption of packaging materials and the generation of waste of this type of polluted containers.

At Altian Plant (Guatemala) a comprehensive reclassification of the waste generated by its activity has been conducted, declassifying waste that was considered hazardous.

At Exeltis Ilaç Plant (Turkey), the achievement of the Zero Waste Certificate is worth mentioning. This certificate was approved by the Ministry of Environment and Urban Planning, and it implies the creation of a Zero Residue System to protect the environment, human health, and every source, ensuring effective management of raw materials and natural resources and establishing sustainable improvement principles. At the same time, the plant has set up a partnership with Cevko for proper management of its packaging waste.

At Universal Farma Plant (Spain), all waste has been reclassified. For instance, its waste management has become completely independent from that of Liconsa, and the plant is looking for the BATs that allow for the best environmental management option in compliance with current regulations.

2.8.2. Indicators

All plants included in the scope of consolidation of this Report have process water treatment systems, based on the best available techniques, prior to their authorised discharge and with the maximum rigour of compliance with current legislation in each centre location.

The total process water discharged during 2021 by national and international plants is included below:

Volumen total de vertidos de agua programados (m3) 2021	787.904
Volumen total de vertidos de agua programados (m3) 2020	820.058

In some cases, the volume of discharged water is calculated by means of meters located in the wastewater treatment process, as is the case of the Química Sintética Plant. In other cases, these data are estimated based on water consumption, subtracting what is managed as waste, what is used in irrigation, or what is evaporated from auxiliary equipment.

The volume discharged includes water treated in the existing treatment systems of the different plants and, in the case of Liconsa Plant and Química Sintética Plant, it also includes sanitary water and rainwater. In the rest of the plants, the volume discharged referred to rainwater and sanitary water is not counted.

Currently, as mentioned above, Química Sintética Plant is immersed in the study of a water reuse project for its use in non-productive auxiliary processes.

It is noteworthy that Ordain Plant has continued reusing treated process and sanitary water. Water from the production process enters a treatment line for reuse in steam boilers. Similarly, the influent from sanitary water is treated in a different line than the process influent and, once treated, it is reused in auxiliary processes such as irrigation.

The quality of the water discharged by the plants in Spain and some of the international production plants is reflected in the results obtained in the analyses performed by external laboratories, whose values for the most representative parameters of activity are detailed in the following table:

Calidad de agua vertida	QS	UF	LC	LF	FARMALAN	Semarang plant	Aitian Pharma	Exeltis Turkey	Industriale Chimica	Chemo India	Ordain	Chemo biosintesis
DBO5 (mg/l)	47		337	340	Incluido en LF	33	423	92,36	5,5	22	24	18
Conductividad (microS/cm^2)	3.967		1614	1310	Incluido en LF	67	---	---	358	150	328	718
DQO (mg/l)	603		765	477	Incluido en LF	33	890,0	1105,2	15	118	210	45

**As indicated above, Farmalán Plant's discharge is done jointly with that of León Farma Plant.*

In all cases, the results obtained are below the legal limits applicable to each of the plants.

The disposal method for each type of waste has been decided taking into account the Best Available Techniques (BATs).

Data on the quantities of waste generated by national and international plants are obtained from the information contained in the documentation accompanying each waste removal and that provided by the waste managers after each removal with the actual weight at the entry into the management plant, which are incorporated into the chronological waste register of each plant.

Residuos por tipo y destino	Residuos (Tn/año)
Valorización	19.511
Eliminación	16.400
TOTAL Residuos Peligrosos 2021	**35.911**
TOTAL Residuos Peligrosos 2020	**33.287**
Valorización	2.447
Eliminación	3.335
TOTAL Residuos No Peligrosos 2021	**5.782**
TOTAL Residuos No Peligrosos 2020	**5.733**
TOTAL Residuos 2021	**41.692**
TOTAL Residuos 2020	**39.019**

3. Social and Personnel Management

For the sake of clarity, it is hereby stated that the data have a scope of 95.94% with respect to the workforce corresponding to the financial consolidation scope. The remaining 4.06% corresponds to employees from companies whose workforce is not managed by the human resources area.

3.1. Policies and Commitments (GRI 103-2)

The mission of the people management policies of INSUD PHARMA Group is to contribute to building a more agile company and to improve efficiency with light organisational structures. These structures are focused on business priorities, and they promote productivity, self-sufficiency, and speed both in decision-making and action, rigorously complying with current legislation in each territory and promoting an inclusive culture.

The central human resources department, called "People", represents an essentially advisory department within the Group, which offers support and cooperates with the subsidiaries. It is part of the Group's strategy to decentralise the implementation of initiatives, policies, processes, and decision-making in the different areas of social and human resources management. In spite of this decentralisation, one of the main purposes of People is to guarantee equal treatment and opportunities between men and women in labour matters, as well as the inclusion of persons with disabilities.

To this end, key people management policies and the tools on which they are based are designed to avoid any bias that could lead the Group to incur in a risk of discrimination based on gender, age, race, or any other personal circumstance.

The measures included in the key policies are:

- **Competency-based selection**: talent acquisition processes are designed to ensure that the Group hires the best professionals for each position. This starts with a job description containing the experience, qualifications, knowledge, and other requirements to be met by candidates for each position, using gender-neutral language and avoiding any reference to other personal circumstances. In this way, the aim is to eliminate any bias in the screening of CVs.

  Secondly, selection interviews and evaluation of candidates focus on checking their technical competencies, skills, experience, and references to ensure that the most suitable professionals are recruited for each position.

- **Remuneration**: the Group has implemented the IPE (International Position Evaluation) system of the consulting firm Mercer HR for job evaluation.

The IPE system makes it possible to establish the hierarchy and subsequent levelling of jobs based on the analysis of each position with respect to the following business contribution factors:

- **Impact**: under this factor, the characteristics of the company or business unit in which each position is integrated (dimension and value chain) are analysed, as well as the contribution of the position to the results.

- **Communication**: determines the nature of the communication requirements of the position, as well as the frame of reference and the type of dialogue required.

- **Innovation**: analyses each position based on the requirements for detecting and implementing operational improvements and for the development of procedures, services, and products.

- **Knowledge**: measures the nature of the knowledge and experience required by the position in order to meet expectations, objectives, and add value to the organisation. This factor also analyses the extent to which job responsibilities include team management, as well as the geographic scope of the area of operation of the job.

- **Risk**: evaluates the risks to which each position is exposed (physical or mental), as well as the degree of exposure.

The IPE system is currently used to evaluate 568 positions in the Group in more than 25 countries. With the results of the job evaluation and market salary studies of the consulting firms Mercer HR Consulting and WillisTowersWatson, the corporate compensation and benefits department designed a structure of 26 salary bands on which compensation decisions are based: recruitment salaries, promotions, and salary increases. These tools ensure that all Group employees are classified into salary bands that group together positions with similar contribution levels, thus ensuring that the criteria for compensation decisions eliminate gender bias.

- **Annual Performance Review:** Finally, in 2017, the People Department promoted the implementation of a common annual performance review process for the entire Group, so that, based on the business objectives, all employees establish individual and team objectives for the year with their supervisors. To drive performance and professional growth, we believe the process should ensure a good conversation at the beginning of the year between the manager and the employee about what is expected of each person in terms of key objectives and competences (i.e. what objectives are to be achieved and how).

The results of the annual performance review allow to make people management decisions, such as promotions, salary reviews, approval of annual bonuses, and training and development plans, according to the objectives achieved and the values and competences demonstrated by each person.

- **Digital Platform for Human Resources Management: HR2O**

  To support its mission, in the last quarter of 2017, the Group undertook the implementation of HR2O as our global human resources management platform. The investment and effort dedicated to this initiative succeeded in integrating all the countries where we operate within twelve months, which substantially improved our ability to track key personnel management indicators.

  HR2O thus became the central information platform that enables us to identify our internal talent, prepare development plans, and share management criteria throughout our organisation. This platform, insofar as it forms the basis for the digitalisation of human resources management and the strengthening of our analytical capacity, is essential to support global integration efforts as a Group, with the following objectives:

  - To contribute to increasing the productivity of our employees and refining their experience through the use of technology that enhances the connection between employees and executives, continuous assessment, and team alignment across the Group.

  - To support the Group's digital transformation which is a key element in our business.

  - To understand and support an organisation with lean and agile structures, with an organisational model focused on teamwork that offers collaborative solutions and process automation.

  - During 2019, a special effort was made to add new functionalities integrated into the HR2O platform, among others, the on-boarding, recruitment, off-boarding, and people management dashboard modules came into service, allowing for substantial improvements in management capacity, improving efficiency, and strengthening the overall scope of the work of the Corporate People Department.

  - In 2021, we have continued to improve this tool by integrating the HR2O platform with the payroll system, implementing the Employee Central Payroll functionality. With this integration, we have driven an improvement of data quality and we have taken the first step towards the consolidation of the data which make up the global profile of each employee.

- To continue with the strategy and mission established by the Group's Management in the global people management model, HR2O aims to make available to business managers a tool that allows them to keep track of personnel movements and minimise the dedication to management reporting activities.

3.2. Employment

3.2.1. Number of Employees by Country (GRI 102-8)

PAÍS	Nª EMPLEADOS 2019 *(31/12/19)*	Nª EMPLEADOS 2020 *(31/12/20)*	Nª EMPLEADOS 2020 *(31/12/20) (Mabxience no incluido)*	Nª EMPLEADOS 2021 *(31/12/21) (Mabxience no incluido)*
Alemania	90	83	82	84
Argentina	164	177	NA	NA
Austria	7	10	9	13
Bélgica	7	8	8	8
Brasil	99	122	122	120
CENAM	241	211	211	223
Chile	58	61	61	71
China	31	24	24	23
Colombia	51	51	51	52
EAU	15	21	21	21
Ecuador	0	13	13	14
Eslovaquia	18	21	21	21
España	2.193	2.341	2.161	2.688
Estados Unidos	101	101	101	147
Filipinas	55	58	58	60
Francia	43	39	39	39
Hungría	23	25	25	26
India	1.060	845	845	882
Indonesia	379	322	322	324
Italia	279	341	341	388
Mexico	351	363	363	370
Peru	0	13	13	15
Polonia	51	45	45	46
Portugal	8	11	11	11
Rep. Checa	24	25	25	26
Suecia	8	22	22	23
Suiza	1	1	0	0
Tailandia	46	51	51	54
Turquía	296	301	301	302
Vietnam	36	31	31	35
TOTAL	*5.735*	*5.737*	*5.377*	*6.086*

**Active non-FTE employees.*

3.2.2. Total Number and Distribution of Employees by Gender, Age, and Occupational Classification; Total Number and Distribution of Employment Contract Modalities; Average Annual Number of Permanent Contracts, Temporary Contracts, and Part-Time Contracts by Gender, Age, and Occupational Classification; Number of Dismissals by Gender, Age, and Occupational Classification (GRI 102-8; GRI 405-1)

a) Employee Turnover

MES	Nº EMPLEADOS 2019	Nº EMPLEADOS 2020	Nº EMPLEADOS 2021 (Mabxience no incluido)
Enero	5.509	5.898	5.412
Febrero	5.535	5.938	5.451
Marzo	5.597	5.990	5.487
Abril	5.615	6.007	5.561
Mayo	5.613	6.014	5.627
Junio	5.635	5.983	5.724
Julio	5.607	5.840	5.743
Agosto	5.746	5.837	5.774
Septiembre	5.701	5.423	5.768
Octubre	5.705	5.411	5.787
Noviembre	5.769	5.409	5.856
Diciembre	5.735	5.377	5.872
PROMEDIO ANUAL	**5.647**	**5.761**	**5.672**
VARIACIÓN Promedio anual VS. Diciembre	*1,53%*	*-7,13%*	*3,41%*

There are no seasonal or rotation periods in the business, beyond the recruitment campaigns carried out in the production plants to cover the vacations of operators and quality analysts.

Consequently, the information reported in this Report is calculated at the end of the fiscal year (31st December 2021).

b) Number of Employees and Distribution

SEXO	Nº EMPLEADOS 2019	Nº EMPLEADOS 2020	Nº EMPLEADOS 2020 (Mabxience no incluido)	Nº EMPLEADOS 2021 (Mabxience no incluido)
Hombres	3.407	3.314	3.150	3.317
Mujeres	2.328	2.423	2.227	2.555
TOTAL	*5.735*	*5.737*	*5.377*	*5.872*

RANGO EDAD	Nº EMPLEADOS 2019	Nº EMPLEADOS 2020	Nº EMPLEADOS 2020 (Mabxience no incluido)	Nº EMPLEADOS 2021 (Mabxience no incluido)
Menores 25	136	149	126	160
Entre 25 y 40	3.466	3.103	2.854	2.662
Mayor 40	2.133	2.485	2.397	3.050
TOTAL	*5.735*	*5.737*	*5.377*	*5.872*

ROL PROFESIONAL	Nº EMPLEADOS 2019	Nº EMPLEADOS 2020	Nº EMPLEADOS 2020 (Mabxience no incluido)	Nº EMPLEADOS 2021 (Mabxience no incluido)
CORPORATE/MANAGING DIRECTOR	7	6	5	5
DIRECTOR	60	54	50	53
MANAGER/ASSOCIATE DIRECTOR	204	223	208	215
TEAM LEADER/LINE MANG./SUPERV./COORD./SPECIALIS	722	790	727	799
TECHNICIAN/SCIENTIST	2.173	2.255	2.143	2.293
SUPPORT/OPERATOR/ASSISTANT/ANALYST	2.569	2.409	2.244	2.507
TOTAL	*5.735*	*5.737*	*5.377*	*5.872*

c) Modality of Contracts and Distribution

	TIPO DE CONTRATO 2019				TIPO DE CONTRATO 2020				TIPO DE CONTRATO 2020 *(Mabxience no incluido)*				TIPO DE CONTRATO 2021 *(Mabxience no incluido)*			
SEXO	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP
Hombres	2.992	8	407	0	3.132	8	173	1	2.972	8	169	1	3.051	14	252	0
Mujeres	1.961	71	283	13	2.159	77	186	1	1.980	76	170	1	2.172	82	297	4
TOTAL	*4.953*	*79*	*690*	*13*	*5.291*	*85*	*359*	*2*	*4.952*	*84*	*339*	*2*	*5.223*	*96*	*549*	*4*

	TIPO DE CONTRATO 2019				TIPO DE CONTRATO 2020				TIPO DE CONTRATO 2020 *(Mabxience no incluido)*				TIPO DE CONTRATO 2021 *(Mabxience no incluido)*			
RANGO EDAD	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP
Menores 25	99	0	37	0	116	1	32	0	97	1	28	0	109	1	50	0
Entre 25 y 40	2.996	39	427	4	2.829	33	239	2	2.596	32	224	2	2.688	40	319	3
Mayor 40	1.858	40	226	9	2.346	51	88	0	2.259	51	87	0	2.426	55	180	1
TOTAL	*4.953*	*79*	*690*	*13*	*5.291*	*85*	*359*	*2*	*4.952*	*84*	*339*	*2*	*5.223*	*96*	*549*	*4*

ROL PROFESIONAL	TIPO DE CONTRATO 2019				TIPO DE CONTRATO 2020				TIPO DE CONTRATO 2020 *(Mabxience no incluido)*				TIPO DE CONTRATO 2021 *(Mabxience no incluido)*			
	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP	INDEFINIDO TC	INDEFINIDO TP	TEMPORAL TC	TEMPORAL TP
CORPORATE/MANAGING DIRECTOR	7	0	0	0	6	0	0	0	5	0	0	0	5	0	0	0
DIRECTOR	60	0	0	0	54	0	0	0	50	0	0	0	53	0	0	0
MANAGER/ASSOCIATE DIRECTOR	197	2	5	0	216	3	4	0	201	3	4	0	207	3	5	0
TEAM LEADER/LINE MANG./SUPERV./COORD./SPE	691	16	15	0	758	12	20	0	696	12	19	0	765	17	16	1
TECHNICIAN/SCIENTIST	2.026	35	112	0	2.125	36	93	1	2.016	36	90	1	2.143	38	112	0
SUPPORT/OPERATOR/ASSISTANT/ANALYST	1.972	26	558	13	2.132	34	242	1	1.984	33	226	1	2.050	38	416	3
TOTAL	*4.953*	*79*	*690*	*13*	*5.291*	*85*	*359*	*2*	*4.952*	*84*	*339*	*2*	*5.223*	*96*	*549*	*4*

**TC: Full-time contracts*
**TP: Part-time contracts*

d) Number of Dismissals and Distribution

SEXO	Nº BAJAS 2019 (CAUSAS)			Nº BAJAS 2020 (CAUSAS)			Nº BAJAS 2020 (CAUSAS) *(Mabxience no incluido)*			Nº BAJAS 2021 (CAUSAS) *(Mabxience no incluido)*		
	INVOLUNTARIA	VOLUNTARIA	OTRAS	INVOLUNTARIA	VOLUNTARIA	OTRAS	INVOLUNTARIA	VOLUNTARIA	OTRAS	INVOLUNTARIA	VOLUNTARIA	OTRAS
Hombres	332	483	120	478	216	128	475	207	124	307	283	81
Mujeres	169	232	68	154	175	68	154	161	66	86	191	58
TOTAL	*501*	*715*	*188*	*632*	*391*	*196*	*629*	*368*	*190*	*393*	*474*	*139*

**The category "Otras" mainly includes departures due to the termination of temporary contracts.*

RANGO EDAD	Nº BAJAS 2019 (CAUSAS)			Nº BAJAS 2020 (CAUSAS)			Nº BAJAS 2020 (CAUSAS) *(Mabxience no incluido)*			Nº BAJAS 2021 (CAUSAS) *(Mabxience no incluido)*		
	INVOLUNTARIA	VOLUNTARIA	OTRAS	INVOLUNTARIA	VOLUNTARIA	OTRAS	INVOLUNTARIA	VOLUNTARIA	OTRAS	INVOLUNTARIA	VOLUNTARIA	OTRAS
Menores 25	11	35	11	26	16	17	26	16	17	19	15	9
Entre 25 y 40	282	502	108	400	271	99	398	253	96	218	311	73
Mayor 40	208	178	69	206	104	80	205	99	77	156	148	57
TOTAL	*501*	*715*	*188*	*632*	*391*	*196*	*629*	*368*	*190*	*393*	*474*	*139*

ROL PROFESIONAL	Nº BAJAS 2019 (CAUSAS)			Nº BAJAS 2020 (CAUSAS)			Nº BAJAS 2020 (CAUSAS) *(Mabxience no incluido)*			Nº BAJAS 2021 (CAUSAS) *(Mabxience no incluido)*		
	INVOLUNTARIA	VOLUNTARIA	OTRAS	INVOLUNTARIA	VOLUNTARIA	OTRAS	INVOLUNTARIA	VOLUNTARIA	OTRAS	INVOLUNTARIA	VOLUNTARIA	OTRAS
CORPORATE/MANAGING DIRECTOR		1		0	0	0	0	0	0	0	0	0
DIRECTOR	6	2		2	4	2	2	4	2	0	8	1
MANAGER/ASSOCIATE DIRECTOR	24	27	2	13	16	0	12	13	0	9	19	1
TEAM LEADER/LINE MANG./SUPERV./COORD./SPECIAL	59	74	5	51	55	2	51	50	2	32	55	7
TECHNICIAN/SCIENTIST	229	271	10	224	133	22	224	125	20	133	196	13
SUPPORT/OPERATOR/ASSISTANT/ANALYST	183	340	171	342	183	170	340	176	166	219	196	117
TOTAL	*501*	*715*	*188*	*632*	*391*	*196*	*629*	*368*	*190*	*393*	*474*	*139*

3.2.3 Average Remuneration and its Evolution Disaggregated by Gender, Age and Occupational Classification or Equal Value (GRI 405-2)

RANGO EDAD	PROMEDIO SALARIAL (€) *(31/12/18)*	PROMEDIO SALARIAL (€) *(31/12/19)*	PROMEDIO SALARIAL (€) *(31/12/20)*	PROMEDIO SALARIAL (€) *(31/12/20) (Mabxience no incluido)*	PROMEDIO SALARIAL (€) *(31/12/21) (Mabxience no incluido)*
Menores 25	9.560	9.470	12.377	11.969	13.736
Entre 25 y 40	18.320	19.291	19.882	19.821	21.987
Mayor 40	34.981	35.878	35.700	35.140	36.105

SEXO	PROMEDIO SALARIAL (€) *(31/12/18)*	PROMEDIO SALARIAL (€) *(31/12/19)*	PROMEDIO SALARIAL (€) *(31/12/20)*	PROMEDIO SALARIAL (€) *(31/12/20)* *(Mabxience no incluido)*	PROMEDIO SALARIAL (€) *(31/12/21)* *(Mabxience no incluido)*
Hombres	22.492	23.216	25.097	24.884	26.955
Mujeres	27.554	28.142	28.485	28.682	29.712

ROL PROFESIONAL	PROMEDIO SALARIAL (€) *(31/12/18)*	PROMEDIO SALARIAL (€) *(31/12/19)*	PROMEDIO SALARIAL (€) *(31/12/20)*	PROMEDIO SALARIAL (€) *(31/12/20)* *(Mabxience no incluido)*	PROMEDIO SALARIAL (€) *(31/12/21)* *(Mabxience no incluido)*
CORPORATE/MANAGING DIRECTOR +	182.633	188.357	191.314	188.324	200.603
MANAGER/ASSOCIATE DIRECTOR	84.467	91.972	92.480	92.951	93.345
TEAM LEADER/LINE MANG./SUPERV./	42.196	42.771	43.303	43.379	46.152
TECHNICIAN/SCIENTIST	21.431	22.334	22.044	22.048	23.413
SUPPORT/OPERATOR/ASSISTANT/ANAI	12.990	13.796	15.613	15.554	17.734

For confidentiality reasons, the professional roles of Corporate/Managing Director and Director are grouped together in the role analysis. The average salary presented has been calculated using the weighted average of both professional roles.

3.2.4. Pay Gap, Remuneration of Equal Job Positions, or Average Remuneration in the Company (GRI 405-2)

The Pay Gap data presented below have been calculated as the difference in average remuneration per Professional Role between women and men, expressed as a percentage of the average remuneration of men. Thus, the positive gap will indicate the percentage by which the female average salary is lower than the male average salary, and the negative gap will indicate the percentage by which the female average salary is higher than the male average salary.

As opposed to last year, the pay gap analysis of the professional role of Corporate/Managing Director is not included here since this year there are no women in this role.

Given the wide geographic dispersion of the workforce and local pay trends in each country, we present below two alternatives in the gap analysis.

a) Pay gap analysis including the total workforce of the Group

ROL PROFESIONAL	2021 (Mabxience no incluido) Sexo	Nº empleados	Antigüedad (años)	Salario Base Anual (€)	Brecha Salarial
DIRECTOR	Hombre	42	6,42	199.587	21,7%
	Mujer	11	8,01	156.177	
MANAGER / ASSOCIATE DIRECTOR	Hombre	120	6,48	96.726	7,9%
	Mujer	95	6,29	89.074	
TEAM LEADER/LINE MANAG. /SUPERV. /COORD./SPECIALIST	Hombre	420	6,51	44.819	-6,3%
	Mujer	379	5,52	47.629	
TECHNICIAN/SCIENTIST	Hombre	1092	5,18	19.878	-34,0%
	Mujer	1201	4,82	26.628	
SUPPORT/ OPERATOR/ ASSISTANT/ ANALYST	Hombre	1638	5,24	17.555	-2,9%
	Mujer	869	6,31	18.070	

**Formula used: (Men's Salary-Women's Salary)/Men's Salary*

The 25% gap is only exceeded in the Technician/Scientist role.

The results shown in the table above for lower roles, which show a very significant difference in favour of women's pay, should be qualified: these results, taken as they are, are misleading because the total sample includes the Indian workforce, which is predominantly male (men account for 95% of the workforce) and has comparatively low pay levels with respect to other countries with a much larger number of women in these roles, which weighs down the average pay of men in these professional categories. Therefore, we believe that, for a more accurate pay gap analysis, it is advisable to eliminate the bias introduced by the Indian workforce.

b) Pay gap analysis excluding the Indian workforce

ROL PROFESIONAL	2021 (Mabxience no incluido) Sexo	Nº empleados	Antigüedad (años)	Salario Base Anual (€)	Brecha Salarial
DIRECTOR	Hombre	40	6,54	198.044	21,1%
	Mujer	11	8,00	156.177	
MANAGER / ASSOCIATE DIRECTOR	Hombre	112	6,61	98.085	9,2%
	Mujer	95	6,29	89.074	
TEAM LEADER/LINE MANAG. /SUPERV. /COORD./SPECIALIST	Hombre	330	7,15	51.914	6,9%
	Mujer	371	5,61	48.340	
TECHNICIAN/SCIENTIST	Hombre	897	5,44	22.369	-20,2%
	Mujer	1184	4,83	26.893	
SUPPORT/ OPERATOR/ ASSISTANT/ ANALYST	Hombre	1131	5,97	23.905	20,3%
	Mujer	814	6,61	19.041	

In this table, and despite the geographical dispersion of the Group, we can see that none of the Professional Roles exceeds the 25% gap: a figure established as a limit to represent a significant salary difference between men and women and as an element to be analysed in the Group's salary policy.

In compliance with the requirements from Spanish Royal Decree 902/2020, of 13th October, on equal pay between men and women, the Group is conducting the appropriate remuneration analyses for the different Spanish companies following the indications and procedures established by law.

3.2.5. Average Remuneration of Directors and Executives, including Variable Remuneration, Allowances, Compensation, Payment of Long-Term Savings Pension Systems, and any Other Payment Disaggregated by Gender (GRI 405-2)

Employees with the Professional Role of Corporate/Managing Directors are included in the Executive category. This role is assigned to Directors of Corporate Functions and Directors of Business Units with direct hierarchical reporting to the CEO of the Company and members of the Management Committee.

For confidentiality reasons, we present the salary information of the Company's executives without segmenting between men and women, since the minimum established criteria are not met in this Report (more than two people in each category).

ROL PROFESIONAL	PROMEDIO SALARIAL 2019 (€)	PROMEDIO SALARIAL 2020 (€)	PROMEDIO SALARIAL 2020 (€) *(Mabxience no incluido)*	PROMEDIO SALARIAL 2021 (€) *(Mabxience no incluido)*
CORPORATE/MANAGING DIRECTOR	256.561	265.582	249.357	306.877

ROL PROFESIONAL	PROMEDIO INCENTIVO 2019 (€)	PROMEDIO INCENTIVO 2020 (€)	PROMEDIO INCENTIVO 2020 (€) *(Mabxience no incluido)*	PROMEDIO INCENTIVO 2021 (€) *(Mabxience no incluido)*
CORPORATE/MANAGING DIRECTOR	75.746	85.446	73.870	75.569

ROL PROFESIONAL	SEGURO VIDA	COBERTURA (€)
CORPORATE/MANAGING DIRECTOR	FALLECIMIENTO	500.000
	INCAPACIDAD	500.000

Life Insurance coverage is identical for all Corporate and Business Directors, without distinction based on salary or position.

3.2.6. Implementation of Labour Disconnection Policies (GRI 103-2)

The Group complies with the laws and regulations in force in each country in relation to the right to disconnect and resting periods.

3.2.7. Number of Employees with Disabilities (GRI 405-1)

PAÍS	Nº EMPLEADOS CON DISCAPACIDAD 2019	Nº EMPLEADOS CON DISCAPACIDAD 2020		Nº EMPLEADOS CON DISCAPACIDAD 2021 (Mabxience no incluido)	
		Hombres	Mujeres	Hombres	Mujeres
Alemania	1	1	1	0	1
Austria		0	1	0	1
Italia	12	9	5	9	6
Brasil	2	2	0	1	0
China	1			0	0
España	13	9	5	10	2
India	1	1	0	1	0
Turquía	7	4	0	9	3
TOTAL	*37*	*26*	*12*	*30*	*13*

The rest of the countries in which the Group operates which do not appear in the above table do not have disabled personnel on their workforce.

In Spain, there are certificates of exceptionality for 6 of the 8 Spanish companies. In this sense, in addition to complying with Spanish labour law, the Group is committed to advancing, as much as possible, towards the social goal of integrating people with difficulties into the labour market. Thus, it does not limit itself to complying with the mandatory legal minimum contribution, but rather invests in foundations and companies with disabled personnel.

3.3. Work Organisation

3.3.1. Description of the Organisation of Working Time (Shifts, Overtime Management, Flexibility in Working Hours, etc.) (GRI 103-2)

The companies that make up the Group comply with the labour regulations in force for their territory, with the longest **working time** globally being 40 hours/week from Monday to Friday. That being said, there are some countries, mainly Latin American (Argentina, Chile, Mexico, and Peru) and Asian (India and the Philippines) countries, where we observe weekly working times of more than 40 hours pursuant to the corresponding applicable legislation.

Generally speaking, there are no **work shifts** for office personnel. In production plants, work shifts are established according to the production needs of each centre, the most common practice being that of establishing three shifts, both during the week and during weekends.

With regard to **flexibility in working times**, each country also applies its own criteria, adjusting to legal regulations and local labour market practices in an attempt to meet the needs of the workforce.

Most work centres (offices) have flexible start and exit hours, with a margin of between 1 and 2 hours. In this sense, Northern European countries (Finland and Sweden) stand out, with the application of full flexibility. The most common practice is to apply full flexibility to sales personnel. There are few countries with no flexibility schemes, and, in some cases, this model is justified because it is applied to production plants located outside urban areas, with transport services provided by the company, which transfers employees at specific hours.

In the event that **overtime** takes place, office personnel and sales personnel are usually compensated with equivalent time off, whereas in production plants financial compensation is usually provided pursuant to the legislation in force in each country concerning these matters.

We observe a general trend towards compensating for overtime with time off in some European countries: Austria, Czech Republic, Germany, Hungary, and Slovakia. In the case of Italy, we find a mixed scheme with both time off and financial compensation.

Lastly, there are countries which provide financial compensation for overtime. Among these, we find, as mentioned above, production employees (Argentina, Guatemala, India, Indonesia, and Turkey) and other countries, such as Brazil, Chile, and Ecuador.

Each centre complies with the legislation in force in its territory regarding the **limit on the number of overtime hours** that are allowed to be performed in the year.

3.3.2. Description of Measures Aimed at Facilitating the Enjoyment of Work-Life Balance and Promoting its Co-responsible Exercise by Both Parents (GRI 103-2)

The Group complies with the laws and regulations in force in each country in relation to the reconciliation of professional and personal life.

Regarding specific practices to promote work-life balance in offices and work centres, the most prevalent measure among the Group companies is to allow occasional teleworking or certain flexibility when an employee needs it for family reasons. The following local practices are also frequent:

- Taking hours off work to accompany children on the first day of school, for birthdays, to attend family celebrations, etc.

- Possibility of reducing working times.

- Nursery and lactation rooms in offices.

In addition to the above, the Group organises and promotes cultural and leisure activities that facilitate work-life balance and family enjoyment.

3.3.3. Absenteeism Rate (GRI 403-9 [2018 Version])

PAÍS	HORAS ABSENTISMO 2019		HORAS ABSENTISMO 2020		HORAS ABSENTISMO 2021 (Mabxience no incluido)	
	Hombres	Mujeres	Hombres	Mujeres	Hombres	Mujeres
Alemania	3.368	5.576	310	448	0	360
Argentina			864	1.242	NA	NA
Austria	370	462	0	524	0	360
Bélgica	0	0	0	0	0	0
Brasil	0	0	104	256	376	344
Colombia	0	0	800	1.984	336	5.440
Chile	0	0	0	0	0	0
China	0	0	--	--	0	0
EAU	0	0	--	--	48	232
Ecuador			0	0	70	74
Eslovaquia	272	964	184	940	321	2.077
España	24.430	20.841	77.465	55.731	165.338	164.132
Estados Unidos	2.060	3.739	9.866	6.228	200	3.352
Filipinas	0	0	0	0	0	0
Finlandia			0	0	0	0
Francia	0	0	0	0	0	0
Hungría	0	0	0	0	0	0
India	456	0	13.384	744	7.820	247
Indonesia	2.064	2.072	0	0	0	0
Italia	9.628	3.395	16.610	13.631	14.776	7.140
México	99	207	104	40	112	32
CENAM	0	5	512	480	35	49
Perú			64	72	360	224
Polonia	0	72	0	0	872	5.184
Portugal			0	0	0	16
Rep. Checa	16	1.168	280	488	24	664
Suecia	0	0	0	0	0	0
Suiza	0	0	0	0	0	0
Tailandia	0	0	0	0	0	0
Turquía	9	17	9.169	9.611	6.637	8.500
Vietnam	0	0	272	1.120	88	536
TOTAL	***42.771***	***38.519***	***129.989***	***93.539***	***197.413***	***198.963***

Time not worked due to short-term temporary disability, leave, medical consultations, union hours, and unjustified absences is included as absenteeism.

3.4. Health and Safety

3.4.1. Description of Occupational Health and Safety Conditions (GRI 403-1 to GRI 403-7 [2018 Version])

The Group's different companies take special care to ensure compliance with the commitments assumed in occupational health and safety matters, both by virtue of collective agreements and the different applicable regulations.

As an example of good practice, the organisation has its own resources (Senior Technicians in Occupational Risk Prevention) for occupational safety management in Spain, having set up its Own Prevention Services at Química Sintética Plant, Liconsa Plant, and León Farma Plant and contracting External Prevention Services in the remaining centres and as support for the Own Prevention Services.

The Occupational Risk Assessments of positions and workplaces are periodically carried out by External Prevention Services and Own Prevention Services in the centres that have them and, based on the results of said assessments, preventive activities are planned.

In addition, specific evaluations are carried out on those aspects and working conditions which, due to their characteristics, may pose a risk, such as chemical products, active ingredients, and critical work equipment used. Besides, whenever forced postures or manual handling of heavy loads are observed, specific ergonomic studies are carried out.

The Health and Safety Committee has been established at Química Sintética Plant, León Farma Plant, and Liconsa Plant, but it has not been established at the remaining centres because there are no workers' representatives. INSUD PHARMA Group is aware of the obligation to provide the required dedication to these health and safety committees, as well as to provide the relevant information and statistics to the workers' representatives on these committees.

The organisation carries out the Coordination of Business Activities with other concurrent companies in the work centres through the ASEM platform in Química Sintética Plant.

In addition to what is established in each collective agreement or in the legislation applicable to each country, it is frequent practice in the Group in relation to health and safety to offer workers:

- Private health insurance.
- Life and accident insurance.
- Annual medical check-ups.
- Training sessions on occupational safety and protection.

3.4.2. Occupational Accidents, in Particular, their Frequency and Severity, as Well as Occupational Diseases, Disaggregated by Gender (GRI 403-9; GRI 403-10 [2018 Version])

Below, we present the accident frequency and severity rates, as well as the number of days lost due to occupational disease in countries that have reported an incident in this regard in 2021. The rest of the countries in which the Group has operations have reported the absence of occupational accidents and occupational diseases in 2021; therefore, to simplify the information, they are not reflected in the table.

The formulas used to calculate accident frequency and severity rates were as follows:

$$\text{Indice de frecuencia hombres} = \frac{\text{Nº accidentes hombres}}{\text{Nº horas trabajadas hombres}} \times 10^6$$

$$\text{Indice de frecuencia mujeres} = \frac{\text{Nº accidentes mujeres}}{\text{Nº horas trabajadas mujeres}} \times 10^6$$

$$\text{Indice de gravedad hombres} = \frac{\text{Nº días de baja hombres}}{\text{Nº horas trabajadas hombres}} \times 10^3$$

$$\text{Indice de gravedad mujeres} = \frac{\text{Nº días de baja mujeres}}{\text{Nº horas trabajadas mujeres}} \times 10^3$$

PAÍS	ACCIDENTALIDAD	Hombres	Mujeres
Chile	Indice de frecuencia de accidentes	0,00	11,55
	Indice de gravedad	0,00	2,59
	Nº Accidentes con baja (sin contar in itinere)	0	1
	Nº Días perdidos por enfermedad profesional	0	0
	Nº Fallecimientos por accidente o enfermedad profesional	0	0
Colombia	Indice de frecuencia de accidentes	0,00	14,08
	Indice de gravedad	0,00	0,10
	Nº Accidentes con baja (sin contar in itinere)	0	1
	Nº Días perdidos por enfermedad profesional	0	0
	Nº Fallecimientos por accidente o enfermedad profesional	0	0
España	Indice de frecuencia de accidentes	22,34	11,13
	Indice de gravedad	0,43	0,27
	Nº Accidentes con baja (sin contar in itinere)	50,00	24,00
	Nº Días perdidos por enfermedad profesional	0	0
	Nº Fallecimientos por accidente o enfermedad profesional	0	0
Francia	Indice de frecuencia de accidentes	0,00	19,77
	Indice de gravedad	0,00	0,06
	Nº Accidentes con baja (sin contar in itinere)	0,00	1,00
	Nº Días perdidos por enfermedad profesional	0	0
	Nº Fallecimientos por accidente o enfermedad profesional	0	0

PAÍS	ACCIDENTALIDAD	Hombres	Mujeres
India	Indice de frecuencia de accidentes	3,20	0,00
	Indice de gravedad	0,06	0,00
	Nº Accidentes con baja (sin contar in itinere)	6	0
	Nº Días perdidos por enfermedad profesional	0	0
	Nº Fallecimientos por accidente o enfermedad profesional	0	0
Italia	Indice de frecuencia de accidentes	0,00	4,90
	Indice de gravedad	0,00	0,05
	Nº Accidentes con baja (sin contar in itinere)	0	1
	Nº Días perdidos por enfermedad profesional	0	0
	Nº Fallecimientos por accidente o enfermedad profesional	0	0
Mexico	Indice de frecuencia de accidentes	2,71	5,03
	Indice de gravedad	0,08	0,23
	Nº Accidentes con baja (sin contar in itinere)	1	2
	Nº Días perdidos por enfermedad profesional	110	242
	Nº Fallecimientos por accidente o enfermedad profesional	0	0
Turquía	Indice de frecuencia de accidentes	2,44	19,99
	Indice de gravedad	0,03	0,08
	Nº Accidentes con baja (sin contar in itinere)	1	4
	Nº Días perdidos por enfermedad profesional	0	0
	Nº Fallecimientos por accidente o enfermedad profesional	0	0

In addition to the data on each country, we present aggregate data on accident frequency and severity rates, as well as the days lost due to occupational disease, considering for their calculation both the countries that have reported incidents in this regard and those that have reported the absence of such incidents.

The following formulas were used to calculate the aggregate rates:

$$\text{Indice agregado de frecuencia hombres} = \frac{\text{Nº total accidentes hombres}}{\text{Media ponderada de horas trabajadas hombres*Nº total hombres}} \times 10^6$$

$$\text{Indice agregado de frecuencia mujeres} = \frac{\text{Nº accidentes mujeres}}{\text{Media ponderada de horas trabajadas mujeres*Nº total mujeres}} \times 10^6$$

$$\text{Indice agregado de gravedad hombres} = \frac{\text{Nº días de baja hombres}}{\text{Media ponderada de horas trabajadas hombres*Nº total hombres}} \times 10^3$$

$$\text{Indice agregado de gravedad mujeres} = \frac{\text{Nº días de baja mujeres}}{\text{Media ponderada de horas trabajadas mujeres*Nº total mujeres}} \times 10^3$$

ACCIDENTALIDAD		Hombres	Mujeres
TOTAL AGREGADO	**Indice de frecuencia de accidentes**	12,62	14,01
	Indice de gravedad	0,20	0,28
	Nº Días perdidos por enfermedad profesional	110	242

3.4.3. COVID-19: Incidence rate, actions, and protective measures

All the Group's subsidiaries have followed the protocols and safety measures established in each of the countries during the different phases of COVID-19, strengthening communication among the same by means of training, information, and update sessions on potential risks and action measures.

Teleworking has been fostered, particularly during those phases with a higher virus incidence rate in each country. The return to offices has been conducted gradually, establishing, in some cases, on-site groups every other day. In the event of an increase in cases, employees have returned to teleworking. Furthermore, office spaces have been adapted to keep the safety distance among workstations.

At all centres, free protective equipment has been provided, such as masks, gloves, and hydroalcoholic gels, and cleaning and ventilation has also been reinforced in workspaces. Face-to-face meetings have been reduced or ruled out altogether, promoting the use of digital tools both among employees and with clients and providers.

Some countries have made body temperature measurements to the entire workforce and antigen tests in case of suspected infection. Lastly, at some centres, protective methacrylate screens have been installed in meeting rooms, canteens, etc.

PAÍS	COVID 19	2021 (Mabxience no incluido)	
		Hombres	Mujeres
Alemania	Nº Bajas por Covid-19	0	2
	Nº Días perdidos por Covid-19	0	20
Austria	Nº Bajas por Covid-19	0	2
	Nº Días perdidos por Covid-19	0	20
Bélgica	Nº Bajas por Covid-19	0	2
	Nº Días perdidos por Covid-19	0	9
Brasil	Nº Bajas por Covid-19	9	14
	Nº Días perdidos por Covid-19	126	196
CENAM	Nº Bajas por Covid-19	18	27
	Nº Días perdidos por Covid-19	210	281
Chile	Nº Bajas por Covid-19	1	4
	Nº Días perdidos por Covid-19	122	448
Colombia	Nº Bajas por Covid-19	2	9
	Nº Días perdidos por Covid-19	13	27
Ecuador	Nº Bajas por Covid-19	4	5
	Nº Días perdidos por Covid-19	40	50
Eslovaquia	Nº Bajas por Covid-19	0	2
	Nº Días perdidos por Covid-19	0	19
España	Nº Bajas por Covid-19	291	234
	Nº Días perdidos por Covid-19	3.067	2.170
Estados Unidos	Nº Bajas por Covid-19	42	56
	Nº Días perdidos por Covid-19	220	280
Filipinas	Nº Bajas por Covid-19	1	1
	Nº Días perdidos por Covid-19	14	14

PAÍS	COVID 19	2021 (Mabxience no incluido)	
		Hombres	Mujeres
Francia	Nº Bajas por Covid-19	3	3
	Nº Días perdidos por Covid-19	15	15
India	Nº Bajas por Covid-19	58	10
	Nº Días perdidos por Covid-19	2.518	650
Indonesia	Nº Bajas por Covid-19	18	26
	Nº Días perdidos por Covid-19	267	526
Italia	Nº Bajas por Covid-19	11	5
	Nº Días perdidos por Covid-19	229	67
México	Nº Bajas por Covid-19	42	53
	Nº Días perdidos por Covid-19	896	376
Perú	Nº Bajas por Covid-19	1	1
	Nº Días perdidos por Covid-19	12	21
Polonia	Nº Bajas por Covid-19	5	5
	Nº Días perdidos por Covid-19	74	94
República Checa	Nº Bajas por Covid-19	0	5
	Nº Días perdidos por Covid-19	0	107
Suecia	Nº Bajas por Covid-19	6	2
	Nº Días perdidos por Covid-19	12	4
Tailandia	Nº Bajas por Covid-19	0	4
	Nº Días perdidos por Covid-19	0	41
Turquía	Nº Bajas por Covid-19	13	17
	Nº Días perdidos por Covid-19	175	216

3.5. Social Relations

3.5.1. Description of the Organisation of Social Dialogue, including Procedures for Informing, Consulting, and Negotiating with Personnel (GRI 103-2)

The Group does not have a Workers' Legal Representation (WLR) at a global level, but in certain companies and specific centres there is such a WLR.

The Corporate People Department establishes fundamental action frameworks and ensures the autonomy of business managers to adapt human resources policies to the needs of the company in each territory, and to local practices and customs, as well as to the determining factors of each labour market. Of course, the Group puts in place the means of control to verify compliance with labour regulations in force in each territory, internal audit procedures, and confidential communication channels already described in another section of this report, for the identification of risks and the detection of any irregular practices or conduct.

The organisation of social dialogue and the procedures for informing, consulting, and negotiating with personnel in each country are in accordance with the applicable regulations, as well as the country's own customs and practices.

All employees in Spain are covered by the Spanish General Agreement of the Chemical Industry and dialogue is maintained with the workers' representation existing in the work centres.

Hence, there is Workers' Legal Representation in five companies of the Group in Spain. There are Works Councils in four centres of four companies: Química Sintética, S.A. in Alcalá de Henares, Madrid (with 13 members and 2 union delegates); Laboratorios Liconsa, S.A. in its Azuqueca de Henares centre in Guadalajara (with 17 members and 4 union delegates); Universal Farma, S.L. in its Azuqueca de Henares centre (with 9 members); and Laboratorios León Farma, S.A. in its Villaquilambre centre in León (with 13 members and 2 union delegates). There are also 2 personnel delegates at Laboratorios Farmalán, S.A. in its Villaquilambre centre (León). Negotiations with this WLR are carried out through a system of periodic or one-time meetings, applying the required regulations on union matters.

In the rest of the centres and companies of the Group in Spain, dialogue is conducted on an individual basis with each employee. When the company needs to take measures with a collective effect in these centres, communications or information sessions are held for all employees depending on the importance of the measure or its understanding by the personnel.

In the rest of the countries, practices comply with current regulations in each case and labour relations may be regulated by national labour codes, sector collective agreements, and internal regulations.

That said, there is an open and flexible social dialogue in the organisation, which allows communication of relevant aspects or specific problems to be maintained fluidly through practices such as:

- Regular meetings of the employees with managers and executives of the subsidiary.
- One-on-one meetings between employee and manager.
- Regular sending of e-mails and newsletters with relevant information for the personnel.
- Escalation system in cases where an agreement is not reached at the first consultation level (employee-line manager).

3.5.2. Description of the Balance of Collective Agreements, particularly in the Field of Occupational Health and Safety (GRI 403-4 [2018 Version])

The Group's different companies take special care to ensure compliance with the commitments assumed in occupational health and safety matters, both by virtue of collective agreements and the different applicable regulations.

3.5.3. Percentage of Employees Covered by Collective Agreement by Country (GRI 102-41)

PAIS	Convenio Colectivo	% empleados cubiertos por convenio 2021
Alemania	SI	0%
Austria	SI	100%
Bélgica	SI	100%
Brasil	SI	100%
CENAM	NO	0%
Chile	NO	0%
China	SI	100%
Colombia	NO	0%
EAU		--
Ecuador	NO	0%
Eslovaquia	NO	0%
España	SI	100%
Estados Unidos	NO	0%
Filipinas	NO	0%
Francia	SI	100%
Hungría	NO	0%
India	SI	Less than 2%
Indonesia	NO	0%
Italia	SI	100%
México	SI	100%
Perú	NO	0%
Polonia	SI	100%
Portugal	SI	100%
Rep. Checa	NO	0%
Suecia	NO	0%
Tailandia	NO	0%
Turquía	NO	0%
Vietnam	NO	0%

3.6. Training

3.6.1. Description of the Policies Implemented in the Field of Training (GRI 103-2; GRI 404-2)

In 2021, efforts continued in order to improve the technical and leadership capabilities of our professionals. As a consequence of COVID-19, we consolidated our digital transformation strategy for corporate training, updating programmes on our virtual campus, My Learn Space, and including new content in order to meet the needs of the company in pandemic times.

The training plans prepared by the Corporate People Department contain specific actions for the different collectives of the Group:

- **For all the employees of INSUD PHARMA Group**: within the framework of the digital transformation of training and taking into account the ongoing worldwide pandemic, we continued to revitalise and improve the contents of the global platforms launched in 2019/2020: LinkedIn Learning, Language Academy, Campus Gamelearn, and the Speak Up Programme (aimed at Managers who want to learn how to give feedback to their teams), all of them free of charge and with a flexible format so that all the employees could use the contents on demand.

  Additionally, we managed all the "on the job" technical training required to achieve good performance on each job position. Due to the health situation, all the training offer had a virtual format.

  We continued with compulsory training in line with our industry and Spanish legislation.

- **Directors, Managers, Supervisors, and High-Potential Individuals**: *Leading @ All Levels* is a corporate leadership programme whose main objective is to strengthen our leaders' skills for leadership and to start training future leaders. The programme is structured by role:

  - Leading@Insud Pharma: programme aimed at General Managers and their direct reports with teams and who occupy strategic roles. The goal is to provide them with the skills needed to be more effective leaders, build high performance teams, foster employee engagement, and boost their capabilities to address Insud Pharma's current and future needs.

  - Managing@InsudPharma: programme aimed at plant employees who lead teams with the objective of improving their skills as leaders in order to start creating high performance teams and boost their capabilities to address INSUD PHARMA Group's current and future needs.

  - Preparing4Leading@InsudPharma: programme aimed at high-potential individual collaborators with the objective of improving their skills to become more effective contributors and boost their capabilities to address INSUD PHARMA Group's current and future needs.

  - In 2021, this programme was rolled out in virtual format in Spain, and 134 employees participated in it.

- Sales personnel: in addition to general training areas, training plans include reinforcement actions on the Company's products and on relationships with HCP.

- Technical and operations personnel: among other initiatives aimed at improving technical skills, promoting safety in the workplace and training in technologies, the plans for this group place special emphasis on training in Good Manufacturing Practices (GMP) and other key areas of knowledge in the pharmaceutical industry.

The number of training hours given in 2021 throughout the Group amounted to a total of **208,477 hours (including online training)**.

In addition to the training actions adapted to the particular needs of each country, the Corporate People Department shared the following training and development initiatives with the entire Group:

- In April 2021, in order to keep taking care of employees and meeting their need to improve their well-being, we launched the Global WAYL Platform. One month after its launch, the platform had 1,000 employees registered and, by the end of the year, we reached 2,000. WAYL PLATFORM covers three essential aspects of well-being: physical, emotional, social, and economic well-being. It is a living platform with new contents every month, contests, and networking with employees worldwide.

- MyLearnSpace, our multilingual virtual campus with global reach, is structured by areas: regulatory, business, and skills. In this way, the information is democratised, and the employee decides which contents to consume and when, becoming the master of their own learning process. This learning includes the completion of regulatory and mandatory training courses established by the Company and the Spanish legislation, such as the courses on Regulatory Compliance (Compliance), Corporate Defence, Cybersecurity, Pharmacovigilance, Occupational Risk Prevention, Data Protection, and Health and Safety, as well as those courses that are compulsory in each country. The area of skills includes courses on Office 365, training pills via LinkedIn Learning, Language Academy as a language platform where students can master up to 3 languages, Campus Gamelearn to strengthen skills through gamification, and access to external platforms from first-level business schools such as Coursera, MIT, HBS, IESE, etc.

  My Learn Space generates a dashboard that allows to monitor mandatory courses and ensure compliance with the same.

- Executive Leadership Programme is a managerial development programme promoted between INSUD PHARAMA Group and IESE, an internationally renowned business school. It is a 3-week programme with participants from every country in which INSUD PHARMA Group operates. The year 2019 saw the end of the third edition in which 34 professionals of 11 nationalities participated and had the opportunity to develop and perfect their management and decision-making skills with a global and inclusive mindset, aligned with the Company's business strategy. This programme is developed face-to-face, but due to the health situation caused by COVID-19, it has not been possible to launch it in 2020 and 2021.

- Different virtual team building activities were organised for different businesses and departments with the aim of helping managers improve their team management and aligning them with the purpose of the Business and the Department, as well as with the Company's strategy. Communication skills were practiced, using the DISC approach and their subsequent analysis of communication profiles and of how they interact among themselves and with other departments.

- Managers and directors were also offered different team and individual coaching activities, as well as more recreational activities to improve their team spirit.

- Since 2019, e-Library is available for employees. It is a digital library comprising more than 3,000 titles in Spanish and English and addressed to employees and their family members. It includes children's literature, best sellers, scientific journals, audio books, etc. This initiative is only available in Spain. By the end of December 2021, we had 632 readers.

- Corporate training subsidy (Spanish Foundation for Vocational Training, FUNDAE). In 2021, we have been able get 22% of the training subsidised compared to 5% in 2020.
  In 2021, we have received subsidies for regulatory training (mainly GMP) in production plants (León, Liconsa, and QS) at all levels, both for training via Teams and for some face-to-face training with very limited capacity, such as in the case of León Farma.

  The remaining training via Teams and Zoom were not subsidised for different reasons: some training courses did not reach the minimum number of hours for subsidisation (at least 2 hours) and in other cases providers offered training that did not comply with the requirements of FUNDAE virtual.

3.6.2. Total Number of Training Hours by Professional Category (GRI 404-1)

PAÍS	ROL PROFESIONAL					2019 TOTAL HORAS FORMACIÓN
	CORPORATE/ MANAGING DIRECTOR & DIRECTOR	MANAGER/ ASSOCIATE DIRECTOR	TEAM LEADER/LINE MANG./SUPERV./ COORD./SPECIALIST	TECHNICIAN/ SCIENTIST SALES REPS	SUPPORT/ OPERATOR /ANALYST	
Alemania		198		1.300		**1.498**
Argentina	23	341	1.539		5.304	**7.207**
Austria				75		**75**
Bélgica						**0**
Brasil		82		34		**116**
Chile	120		615	8.478		**9.213**
China	46	50	129	16	28	**269**
Colombia	50	64	50	34	34	**232**
Costa Rica	64	64	144	256		**528**
Ecuador			62	372		**434**
El Salvador	32	32	112	224		**400**
España	902	2.673	2.923	15.134	3.083	**24.715**
Filipinas		24	112	760		**896**
Guatemala	48	48	128	240		**464**
Honduras	24	24	104	216		**368**
Hungria	16	24		32		**72**
India	176	6.424	464	11.600	136	**18.800**
Indonesia	1	242	97	217	65	**621**
Italia	10	77		202	4	**291**
Mexico	123	409	3.150	19.102	8	**22.792**
Nicaragua	16	16		208		**240**
Panamá	64	64		256		**384**
Perú	120		120	1.200		**1.440**
Polonia		69	48	64	54	**235**
Rep. Dominicana	48	48		240		**336**
Republica Checa y Slovakia		8	16	112	24	**160**
Tailandia		0		96		**96**
Turquía	2.365	0	4.355	13.740	3.148	**23.608**
UAE		77		200		**277**
USA	36	102	310	310	46	**804**
Vietnam				432		**432**
Xiromed Nordics	16	40		16		**72**
HORAS GLOBALES ON LINE		**3.177**	**3.177**	**3.177**	**3.177**	**12.708**
TOTALES	**4.300**	**14.376**	**17.654**	**78.343**	**15.111**	**129.782**

PAÍS	ROL PROFESIONAL					2021 TOTAL HORAS FORMACIÓN
	CORPORATE/ MANAGING DIRECTOR & DIRECTOR	MANAGER/ ASSOCIATE DIRECTOR	TEAM LEADER/LINE MANG./SUPERV./ COORD./SPECIALIST	TECHNICIAN/ SCIENTIST SALES REPS	SUPPORT/ OPERATOR /ANALYST	
España	1.711,00	1.318,00	9.470,00	3.682,50	2.070,50	**18.252,00**
Exeltis España	64,00	426,50	1.209,33	5.424,00	234,50	**7.358,33**
Brasil	8,00	8,00	0,00	244,50	0,00	**252,00**
Tailandia	0,00	0,00	96,00	7.296,00	0,00	**7.392,00**
Hungria	2,00	0,00	14,00	264,00	4,00	**284,00**
China	6,00	57,00	57,00	6,00	0,00	**126,00**
Chemo India	2.501,00	10.596,00	26.468,00	23.368,00	0,00	**62.933,00**
Exeltis India	0,00	88,00	1.448,00	7.522,00	129,00	**9.187,00**
Indonesia	2,00	24,00	44,00	420,00	546,00	**1.036,00**
Vietnam	0,00	0,00	0,00	0,00	0,00	**0,00**
Polonia	1	2	14	27	0,00	**44,00**
France	2,00	8,00	46,00	622,00	59,00	**737,00**
Turkey	7,50	4,50	722,50	296,00	237,00	**1.267,50**
Mexico	116,00	1.252,00	5.689,00	59.823,00	86,00	**66.966,00**
Czech republic	0,00	4,00	16,00	18,00	0,00	**38,00**
Slovakia	0,00	4,00	6,00	24,00	2,00	**36,00**
Exeltis Italia	2,00	284,50	0,00	951,00	137,50	**1.375,00**
Chemo Italia	0,00	45,50	177,75	226,50	1.818,50	**2.268,25**
Portugal	27,00	0,00	46,50	274,20	0,00	**347,70**
Alemania	18	347	316	1323	210	**2.214,00**
Austria	8	8	0	20	8	**44,00**
Colombia	0,00	0,00	0,00	0,00	0,00	**0,00**
Philippines	0,00	0,00	16,00	40,00	0,00	**56,00**
Suecia	1,00	16,00	5,00	41,00	30,00	**93,00**
Belgica	0,00	0,00	0,00	0,00	0,00	**0,00**
Finlandia	0,00	0,00	0,00	0,00	10,50	**11,00**
USA	0,00	0,00	0,00	0,00	0,00	**0,00**
Emiratos Arabes	0,00	4,00	2,00	16,00	2,00	**24,00**
Chile	0,00	0,00	343,00	3.876,50	8,50	**4.228,00**
Perú	0,00	53,00	80,00	600,00	0,00	**733,00**
Ecuador	0,00	84,50	80,00	1.120,50	0,00	**1.285,00**
Guatemala	122,00	37,00	104,00	1.943,00	0,00	**2.206,00**
El Salvador	80,00	0,00	152,00	1.346,00	0,00	**1.578,00**
Honduras	92,00	0,00	152,00	1.166,00	0,00	**1.410,00**
Nicaragua	81,00	0,00	0,00	1.061,00	0,00	**1.142,00**
Costa Rica	67,00	0,00	14,00	723,00	0,00	**804,00**
Panama	101,00	0,00	0,00	796,00	0,00	**897,00**
Dominican Republic	73,00	0,00	0,00	725,00	0,00	**798,00**
Plataformas Globales						
My Learn Space	0,00	0,00	0,00	0,00	0,00	**8.625,00**
Linkedin Learning	0,00	0,00	0,00	0,00	0,00	**219,00**
Language Academy (Go Fluent	0,00	0,00	0,00	0,00	0,00	**1.658,00**
Gamelearn	0,00	0,00	0,00	0,00	0,00	**652,00**
TOTALES	5.093	14.672	46.788	125.286	5.593	208.577

PAÍS	ROL PROFESIONAL					2020 TOTAL HORAS FORMACIÓN
	CORPORATE/ MANAGING DIRECTOR & DIRECTOR	MANAGER/ ASSOCIATE DIRECTOR	TEAM LEADER/LINE MANG./SUPERV./ COORD./SPECIALIST	TECHNICIAN/ SCIENTIST SALES REPS	SUPPORT/ OPERATOR /ANALYST	
España	57	592	3.628	3.768	353	**8.396**
España (Speak Up Program)	0	0	16	0	0	**16**
Exeltis España	0	0	0	87	0	**87**
Brasil	24	18	0	70	0	**112**
Tailandia	0	344	0	7.296	0	**7.640**
Hungria	2	0	16	240	24	**282**
China	2	74	81	0	6	**163**
Chemo India	0	0	461	0	0	**461**
Exeltis India	0	0	224	515	14	**753**
Indonesia	7	196	56	460	490	**1.207**
Vietnam	0	0	0	0	0	**0**
France	0	38	38	456	0	**532**
Turkey	11	0	5.236	5.012	5.009	**15.268**
Mexico	176	296	4.159	56.673	397	**61.683**
Argentina	2	81	208	0	876	**1.165**
Czech republic	0	4	4	136	0	**144**
Slovakia	6	6	0	240	0	**252**
Exeltis Italia	0	133	0	791	15	**938**
Chemo Italia	0	46	178	227	1.819	**2.268**
Portugal	0	0	0	51	0	**51**
Alemania	1	109	139	1.816	232	**2.297**
Austria	0	0	2	39	0	**41**
Colombia	0	89	47	15	15	**166**
Philippines	3	3	49	1.250	0	**1.305**
Suecia	0	0	56	0	0	**56**
Exeltis Suecia	0	0	0	65	0	**65**
Belgica	0	0	0	0	0	**0**
Finlandia	0	0	0	0	0	**0**
USA	0	0	0	0	0	**0**
Emiratos Arabes	50	100	50	160	0	**360**
Chile	0	0	0	0	0	**0**
Perú	0	0	0	0	0	**0**
Ecuador	0	0	0	0	0	**0**
Plataformas Globales						
My Learn Space	0	0	0	0	0	**13.230**
Linkedin Learning	0	0	0	0	0	**489**
Language Academy (Go Fluent)	0	0	0	0	0	**1.768**
Gamelearn	0	0	0	0	0	**104**
Webinar Global Leadership	6	0	0	0	0	**6**
TOTALES	**346**	**2.126**	**14.645**	**79.364**	**9.248**	**121.304**

3.7. Accessibility

3.7.1. Description of the Measures Taken to Guarantee Universal Accessibility for Persons with Disabilities (GRI 103-2)

The Group's companies comply with the regulations in force in all the countries in which we have operations regarding the integration and universal accessibility of persons with disabilities.

In general terms, the subsidiaries:

- Promote the participation of persons with disabilities in selection processes as long as the candidates meet the requirements of the position.

- Have spaces adapted to the needs of persons with disabilities and eliminate architectural barriers to ensure their accessibility and comfort in the work centre.

Specifically in Spain, and for Group companies in which we are required by law to cover 2% of the workforce with personnel with disability certificates, vacancies are advertised. Persons with said certificates who apply for such offers participate in the selection processes under the same conditions as the rest of candidates, according to the suitability of their qualifications and experience based on the requirements demanded for each position. In the event that no candidates apply, companies still comply with the regulations by obtaining the corresponding exceptionality certificate from Local Government Departments of Employment and hiring services from Special Employment Centres (CEE, as per the Spanish acronym) where the workforce is entirely made up of persons with disabilities.

3.8. Equality

1. **Description of Measures Adopted to Promote Equal Treatment and Opportunities Between Women and Men (GRI 103-2)**
2. **Description of Equality Plans, Measures Adopted to Promote Employment, Protocols against Sexual and Gender-Based Harassment, Integration, and Universal Accessibility for Persons with Disabilities (GRI 103-2)**
3. **Description of the Policy against All Types of Discrimination and, Where Applicable, Diversity Management (GRI 103-2)**

The Group's companies are firmly committed to complying with the regulations in force in each country in which we operate in terms of equal treatment, protocols against sexual and gender-based harassment, as well as policies against all types of discrimination and, where applicable, diversity management.

In addition to local legislation and regulations, the Group has a Code of Ethics and Conduct that is rigorously applied in each centre, and which establishes discrimination and sexual harassment as a serious and intolerable violation of the rights of employees. The different companies of the Group work to ensure a safe working environment and investigate any complaints made in this regard, applying the sanctions established in each case.

Among the usual and common practices in all Group companies to promote equal treatment and opportunities are the following:

- The publication of vacancies without gender-related conditions.
- The establishment of salaries and benefits based on qualification and experience criteria, also without gender-related conditions.
- The implementation of promotion and professional development plans based on employees' skills.
- The active search for parity between men and women in the workforce.

In Spain, we currently have eight companies that have an Equality Plan, reviewed in each case after performing the respective diagnoses every year or every two years. Since October 2020, with the publication of Spanish Royal Decree 901/2020, of 13th October, companies who are required to have an Equality Plan have to update and review their existing plans according to the new regulations. The deadline to comply with this requirement is indicated in the RD, which sets forth that, in any case, the deadline shall be one year from the start of the negotiation process, which starts with the establishment of the Negotiating Committee. For this reason, these plans are being reviewed.

The establishment of the Equality Plan in Spanish companies is carried out on the basis of a rigorous diagnosis of the workforce broken down into men and women and which includes, among others, the analysis of aspects such as:

- Distribution by age and seniority.
- Incorporations and departures, with special emphasis on the analysis of the causes of the latter.
- Recruitment modalities.
- Distribution by Professional Groups and job positions.
- Salaries by Professional Groups.
- Conciliatory measures applied.
- Training plans provided.

Once the diagnosis is made, the strategy to be followed is proposed and reflected in the subsequent Equality Plan. A monitoring commission is set up to analyse the viability of the implementation of the proposed improvement measures.

Some measures incorporated in the Equality Plans are:

- Non-application of discriminatory criteria from the very moment of selection, basing recruitment decisions on the candidate's training-experience criteria.

- Delivery of blind CVs to those responsible for filling vacancies.

- Professional Group promotion system for support personnel and factory operators based on objective attitude and aptitude tests.

- Salaries based on the tables of the Collective Agreement for basic personnel.

- Annual salary gap studies based on the valuation of positions according to the aforementioned classification system of the Mercer consulting firm for technical and senior positions, in order to guarantee equal pay without gender bias.

- Generalised access to the training plans established in the Company.

Likewise, with the preparation of the Equality Plan, the Harassment Protocol is drawn up, which reflects the provisions of the Collective Agreement and refers to the Group's Code of Ethics, which establishes the policy against all types of discrimination and diversity management.

INSUD PHARMA Group's Code of Ethics came into force in April 2016 and is published on the Intranet for the knowledge and access of all personnel. Thus, among our values and principles, the following, among others, are stated:

- DIVERSITY is enrichment. It is interaction, not only of cultures, but also of points of view, languages, or beliefs. For this reason, in our Group we like diversity, and we promote it. Because we live and work for a global and diverse company, in which we all have a place, in which we all contribute.

- WE RESPECT our workers, partners, and patients. INSUD PHARMA Group's maxim is respect for everything and everyone. And, especially, to those who work with us. That is why we promote diversity as a form of mutual enrichment. We promote equal opportunities, integration, and freedom of belief. We like to create motivating, ground-breaking environments in which our professionals can feel comfortable and cooperate. We are multicultural and we treat others in the same way that we want them to treat us, always respecting the confidentiality and privacy of clients, partners, workers, and patients.

- WORK ENVIRONMENT. DIVERSITY. We believe that creating a work environment that enables us to fully attract, retain, and engage diverse talents leads to improvements in innovation and creativity in our Company.

We are committed to a policy of non-discrimination by offering equal employment opportunities to all qualified employees and applicants. This commitment is reflected in all aspects of our daily activities. For this reason, we promote a productive and cooperative work environment through ethnic and cultural diversity at all levels of the company. Our collective challenge is to improve the company's performance by means of valuing and understanding differences.

- NO HARASSMENT. We respect the dignity of all people, and we respect our differences. It is important for employees to report if they experience or witness harassment at work or in work-related activities. We want to maintain a professional and harassment-free work environment at our facilities around the world. In general, harassment refers to an offensive conduct that is serious and pervasive and that discriminates against an employee to the detriment and harm of that employee because of a difference that is covered by law, such as race, gender, colour, sexual orientation, religion, national origin, ethnicity, citizenship, age, marital status, disability, or veteran status. Harassment includes a wide range of conduct, from direct requests for sexual favours to situations in which offensive behaviour (e.g. name-calling, offensive jokes or slurs, offensive material in the workplace), verbal or non-verbal threats, abuse or ridicule, assaults or blocking free movement result in a hostile work environment. We must not harass anyone. We must not threaten, insult, abuse, or ridicule others and we must not create an offensive, hostile, and intimidating work environment. There will be zero tolerance for harassment situations.

- EQUAL OPPORTUNITIES. Any discrimination in recruitment, training, promotion, wages, etc. based on race, colour, age, gender, sexual orientation, marital status, ethnic group, disability, religion, political party affiliation, union membership, etc. is prohibited.

This policy and principles are transmitted and reflected in all the actions of our managers and employees in the workplace.

4. Human Rights

The Group has a comprehensive Code of Ethics and Conduct, Horizon, which explains in detail the Group's commitment to ethics and compliance, establishing integrity and transparency as basic principles. Horizon is what drives our human team and what allows us to keep moving forward with actions that represent the values of the organisation (integrity, transparency, passion, innovation, diversity, and entrepreneurship). Furthermore, the code also covers the International Labour Organisation's basic conventions on global regulations against corruption, such as the FCPA and the Spanish legislation against corruption.

INSUD PHARMA Group ensures that these standards are applied within the Group and in every subsidiary. The Code of Conduct has been approved by the Compliance and Auditing Committee, a group which consists of the Chief Executive Officer, the Chief Legal Officer, the Chief Compliance Officer, the Chief Internal Auditor, the Chief Quality Officer, and the Chief Human Resources Officer.

All employees are trained on these matters, either online or in person, when they join the Group. Besides, we have implemented recurring "refresher" courses to keep everyone up to date.

Human rights standards are applied to any provider engaged with the organisation. They are obliged to comply with the Providers' Standards. These standards address the following aspects:

- Prohibition of child abuse and forced labour.
- Working hours and salary compliance pursuant to local legislation.
- Freedom of speech and equal opportunities.
- Protection of employees' health and safety.
- Protection of the environment.
- Commercial integrity.

TRABAJO

ÉTICA & ESTÁNDARES
PARA PROVEEDORES DE Insud Pharma

Trabajo infantil
La edad mínima para trabajar debe ser conforme a las normas del país en vigor y nunca debe ser inferior a los 15 años independientemente del tipo de actividad. La edad mínima para ser contratado o para realizar trabajos que, debido a la naturaleza o a las condiciones en las que el trabajo es realizado, pueden poner en peligro la salud, la seguridad o la moralidad de adolescentes nunca debe ser inferior a los 18 años.

Referencias:
Edad mínima Convenio de la OIT (nº138)
Peores formas de trabajo infantil Convenio de la OIT (nº182)

Trabajo forzoso
El empleado elige a su empleador libremente; está prohibido el trabajo forzado en todas sus formas. Los empleados pueden dejar al empleador libremente siempre que cumplan con la norma de notificación previa establecida por la legislación. Está prohibida la retención de los documentos de identidad, pasaportes, certificados de formación, permisos de trabajo o cualquier otro documento. El trabajo de prisioneros está permitido con la única condición de que sea realizado de forma voluntaria y sea remunerado.

Referencias:
Trabajo forzoso Convenio de la OIT (nº29)
Abolición del trabajo forzoso Convenio de la OIT (nº105)

Abuso
Está prohibido el trato inhumano, los castigos físicos, los insultos, el acoso, la coacción física o mental.

Horas de trabajo
La jornada laboral debe cumplir con las normas del país. En general, la jornada laboral no debe superar las 60 horas semanales con un mínimo de un día de descanso a la semana.

Referencias:
Descanso semanal Convenios de la OIT (nº14/106)

Salarios y beneficios complementarios
El salario mínimo abonado a los empleados así como los beneficios complementarios cumplen con la legislación nacional (incluso en el caso de los estudiantes en prácticas, en formación o los empleados durante el periodo de prueba). En cumplimiento de la legislación nacional relacionada con la jornada laboral máxima autorizada, las horas extraordinarias se pagan más que las horas normales. El empleado es debidamente informado sobre el método utilizado para calcular el salario. El salario se paga en metálico, por medio de un cheque o transferencia bancaria, salvo en casos específicos contemplados por la legislación nacional. El salario se paga de forma periódica y con una frecuencia razonable. Están prohibidas las deducciones del salario por razones disciplinarias.

Referencias:
Protección del salario Convenio de la OIT (nº95)
Establecimiento del salario mínimo Convenio de la OIT (nº131) y recomendación (nº135)

Libertad de expresión
Los empleados se comunican libremente con sus superiores en relación con sus condiciones de trabajo, salario, etc. sin temor a sufrir represalias, a la intimidación o al acoso. En cumplimiento con la legislación nacional, los empleados son libres para afiliarse al sindicato que elijan.

Referencias:
Libertad de asociación y protección del derecho de organización Convenio de la OIT (nº87)
Derecho a organizarse y a la negociación colectiva Convenio de la OIT (nº98)

Igualdad de oportunidades
Está prohibida cualquier discriminación a la hora de contratar, formar, promocionar, pagar salarios, etc. basada en la raza, el color, la edad, el sexo, la orientación sexual, el estado civil, el grupo étnico, la discapacidad, la religión, la pertenencia a un partido político, la afiliación a un sindicato, etc.

Referencias:
Igualdad de salario Convenio de la OIT (nº100)
Discriminación (trabajo y empleo) Convenio de la OIT (nº111)
Diversidad: Diversidad de nacionalidad, procedencia, origen, raza, género, orientación sexual, política o religiosa

Additionally, the Group has an Open Reporting process in place through the "Directline" system. This channel allows employees to contact the Compliance Committee directly and notify incidents, which are reviewed with absolute confidentiality and without retaliation.

In 2021, 3 claims were received through Directline:

- Claims related to inappropriate behaviour: 33%; claims unrelated to compliance: 66%

**The term workplace harassment is interpreted in accordance with the International Labour Organisation's definition of violation of human rights.*

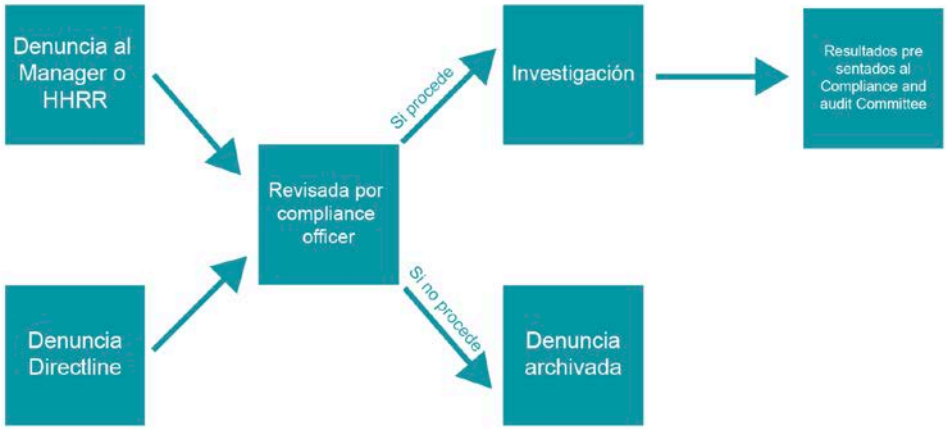
Claims are sent through the website *http://www.insudpharmadirectline.com/*, via e-mail to the following address *directline@insudpharma.com*, or received through managers or the People department (human resources).

Throughout the period of 2021, all the claims received have been processed, with a total 100% closed complaints, of which the following is worth noting:

- 33% were closed due to lack of evidence and proof; and

- the remaining 66% were not complaints related to the Compliance Department, but were referred to the concerned departments, which properly managed and closed the same.

General process:



Incidents are reviewed by the Compliance Department, which launches an investigation and presents the case to the Compliance and Auditing Committee. The Chief Compliance Officer might engage other departments in the investigation, as deemed necessary. Those claims that do not constitute a breach of the Code of Conduct are filed.

5. Corruption and Bribery

Since INSUD PHARMA Group is a pharmaceutical group, the main area of corruption risk lies in the interactions with healthcare professionals and government officials.

For this reason, the Group's anti-corruption guide and compulsory practices are based on global and local standards. The ABC Book is part of the Code of Ethics Horizon. This document includes all the information with respect to corruption, bribery, and money laundering, as it describes proper conduct and how to avoid malpractice. Besides, those departments that are most exposed have their own procedures in order to ensure proper compliance of everyone involved in each process. In this sense, the Control Matrix of the Manual on Compliance and Criminal Risk prevention, included in the Corporate Defence model, reflects the controls implemented in departments and regularly audited by the Internal Audit Department.

The Code of Conduct includes an appendix entitled "ABC Book - Anti-bribery and Anti-corruption", which covers a wide range of business practices and related activities. This manual is reviewed regularly and kept up to date. Its contents specifically address measures against bribery and corruption that must be observed by every professional in the Group.

The following activities are expressly prohibited:

- Active bribery: offering/delivering bribes.
- Passive bribery: requesting/receiving bribes.
- Public bribery: bribes committed in the context of the public sector.
- Bribery among private individuals: bribes committed in the private sector.

These specifications are also applied to any trading partner with whom a relationship is maintained.

For trading partners included within the high-risk classification, a diligence analysis is carried out before initiating any business activity in order to hedge any risk of infringement of the internal guide against bribery and corruption or any applicable local legislation.

The Code of Conduct also includes requirements concerning the following aspects:

- Guidance against money laundering.
- Relationships with business partners.
- Donations, subsidies, and sponsorships.

With the aim of providing a specific approach on the specific requirements that the Group must follow to avoid the risk of engaging in certain conducts related to bribery and corruption, the ABC Book summarises the conducts that must be observed, and, above all, that these must always be consistent with the following principles:

- we do not bribe nor pay bribes to government officials, trading partners, healthcare professionals, or any other external party;
- when offering gifts, meals, travel and accommodation, events, and sponsorships, we comply with our Code of Ethics and Conduct, the ABC Book, applicable legislation, and the standards of the local and international industry;
- we substantially increase our demand and attention levels when dealing with the health community; and
- we want to be transparent with the information concerning value transfers to organisations and healthcare professionals, and we are open to disseminate it publicly when required by local regulations or industry codes.

- During 2021, no corruption or bribery cases have been reported in the Group. In the event that a corruption case arises, it would be dealt with in the Compliance and Internal Auditing Committee to ensure its reporting to the appropriate levels and its swift, proactive, and correct handling. This Committee includes members of the Board of Directors.

5.1. Commitment to Transparency

As a member of Medicines for Europe, INSUD PHARMA Group also publishes its annual list of transactions with healthcare professionals on its website.

Available at: *http://www.insudpharma.com/es/transparency*

All transactions with European healthcare professionals are available, covering all consulting agreements, payments to medical institutions, and event invites for healthcare professionals.

In the US, the Sunshine Act also requires the reporting of transactions with healthcare professionals and medical institutions, a requirement that the Group completes annually.

These lists are available in the following US government website: *https://openpaymentsdata.cms.gov/*

6. Company

As a Group which operates in the field of health, patients and healthcare professionals are at the core of INSUD PHARMA Group's activity. For this reason, all processes are subject to the highest quality and safety standards. Additionally, the participation and involvement of INSUD's human team in support of local communities has been highly relevant.

6.1. Commitment of the Organisation to Sustainable Development

INSUD PHARMA Group takes care to ensure local employability, professional development, and continuous training and is strongly committed to the professional integration of students and young people in the regions where it operates through the creation of new job positions, internships, and grants. These measures further their training and allow us to have a talent pool ready for our activities.

We are committed to maintaining a relationship with local schools and universities. For instance, Química Sintética Plant collaborates with the following universities: UNIVERSITY OF NAVARRA, COMPLUTENSE UNIVERSITY, CEU SAN PABLO UNIVERSITY, POLYTECHNIC UNIVERSITY OF MADRID, UNED, ESNECA, ESAME, JOSE LUIS SAMPEDRO SECONDARY SCHOOL, VIRGEN DE LA PALOMA SECONDARY SCHOOL, and FORMAZIONA, among others.

León Farma and Farmalán collaborate with the following centres:

- University of León
- FGULEM
- Padre Isla Secondary School
- University of Oviedo
- University of Salamanca
- University of Santiago de Compostela
- CSIF
- Don Bosco Secondary School

We sign collaboration agreements with these centres with the aim of integrating students by means of grants, participating in employment fora and student conferences in order to provide guidance on their career opportunities, and opening our work centres for the organisation of conferences and visits for them.

INSUD PHARMA Group ensures, on the one hand, compliance with Spanish labour regulations and, on the other hand, with its own commitment to working for the people and, in this sense, to the extent possible, to reach the social goal of integrating people with difficulties into the labour market, thus contributing to equality.

Therefore, we do not settle for compliance by recruiting personnel with disability certificates; we also use alternative measures and, even in this case, we do not just apply the minimum legal requirements in terms of contribution, but rather make a greater investment in foundations and corporations with disabled personnel. In fact, in 2021, we collaborated with Fundación Manantial in Guadalajara and León, Zauma's CEE in Madrid, Guadalajara and León, SIFU's CEE in Madrid, Guadalajara, and León; MITON S.L.'s CEE in Madrid, Guadalajara, Barcelona, and León, and Fundación Inclusión y Diversidad in Madrid, Guadalajara, and León. In this way, we pay for their goods and services, ordering more than the minimum volume, and we also contribute with donations to projects.

Additionally, the organisation, true to its social commitment, carried out sponsorship actions, such as the sponsorship of charity races, football teams, cycling tours, etc.:

- Cinefalia Cultural Association.
- Sponsorship of the race Carrera Navarrosa Azuqueca.
- Sponsorship of female five-a-side football.
- Sponsorship of Azuqueca's Football Team.
- Collaboration with the Graduation Award of the University of León.
- Sponsorship of the race San Silvestre 2021.
- Sponsorship of the race Carrera Vertical Cruz Roja.
- Sponsorship of the team Basket RC Sport.
- Sponsorship of Futbol Sala La Roma, futsal sports club of the City Council of Villaquilambre.
- Sponsorship of the female cycling race of León.

With regard to the **support of women and girls in technology**, our Group is part of STEM Talent Girl. This is a benchmark project in Spain focused on developing STEM talent (Science, Technology, Engineering, and Mathematics) among the female population organised by ASTI Foundation and the government of Castile and León (contribution of 8,100 euros). We are also members of ASELE, an association of female entrepreneurs and executives of León (1,324 euros).

At an international level, there are many countries supporting women in different fields, both in terms of education and empowerment; our brand Exeltis in Asia is a clear example of this through its Never Surrender campaigns, its collaborations with associations against abuse, its book lending activities, or its support and sponsorship to female scientists in various European countries, such as Slovakia, Poland, and Germany.

In relation to training, our Exeltis brand uses its professorship to offer grants for research on insomnia within its Central Nervous System area, through which it has awarded a grant through the Spanish Sleep Society.

As for our Química Sintética Plant in Alcalá de Henares, it offers grants in partnership with the University of Alcalá.

In addition, the Company is a member of the following associations from the pharmaceutical industry, to which it has contributed the following amounts (without VAT) in 2021:

Name	Area of action
AESEG	Spain (10,662 euros)
Asebio	10,000 euros
Medicines for Europe	Europe (38,500 euros)

The Group also channels its commitment to society through its own foundation, Mundo Sano Foundation, the origin of which goes back to the family history of the Group.

Mundo Sano is a family foundation whose mission is to transform the lives of people affected by neglected diseases, i.e. those which affect the most vulnerable populations with serious consequences for the health of those who suffer them.

Since its early beginnings, this foundation pursues the cooperation from the private sector with the Administration, with the aim of contributing to public health. Its daily activity consists of fieldwork, both in its own headquarters and in other locations, where it launches programmes that seek to efficiently break down the barriers that hinder people's access to health, generating useful evidence for public policies.

Its mission is to develop effective management models which are replicable, sustainable, scalable, and transferable through public-private alliances based on multidisciplinary scientific research together with the affected communities.

The joint effort of the Group and the Foundation to enable access in Spain to the medicinal product (Benznidazole) which serves as treatment for Chagas disease is worth noting here, since it has enabled a public-private alliance whereby treatment is already provided to more than 10% of the people estimated to suffer from this disease in our country. This detail is highly significant since no other country in the world has reached this figure yet.

Besides, the Foundation interacts in various ways with the communities in Spain through different health initiatives focused on improving healthcare and access to the medicinal product for Chagas disease treatment, which, due to the COVID-19 pandemic, have continued to be performed by increasingly relying on virtual tools:

a) Madres Comprometidas con el Chagas Programme

The purpose of the programme Madres Comprometidas con el Chagas (in English, "Mothers Committed to the Cause of Chagas Disease") is to train Latin American

immigrant women, affected by Chagas disease, as health agents. To this effect, Mundo Sano has designed this training programme which includes general aspects of maternal and child health, Chagas disease, the Spanish healthcare system, mediation, counselling, and communication tools. Committed mothers play a key role within their communities: they disseminate information on the relevance of Chagas disease diagnosis and treatment, and organise community information and awareness-raising activities, both in Spain and in their home country. In 2021, training continued by means of two virtual platforms that are enabling the monitoring of more than 60 people, both male and female, in Valencia, Galicia, and Murcia.

b) Screening and accompaniment of patients suffering from Chagas disease

Regular Chagas disease screenings across Spain, mainly among the Latin American population, organised by different public and private organisations have continued to receive support by the Company. The model has been extrapolated and scaled to the agents who carry out this activity in the public healthcare system. These screenings are free checks which, by means of a blood test, detect people potentially affected by the disease with the objective of enabling their treatment. These actions are currently conducted in Vall D'Hebrón hospital in Barcelona and in the University Central Hospital of Virgen de la Arrixaca (HCUVA) in Murcia. In Murcia, a public-private alliance has been created within the project among all stakeholders in order to prevent mother-to-child transmission of Chagas disease with the involvement of the World Health Organization (WHO), the Regional Government Department for Health, two patient associations (illimani and AsapechaMur), the HCUVA, and Mundo Sano Foundation.

Additionally, we are also performing the same task in relation to patient follow-up, with the same intention of extrapolating it to the healthcare system, as we are already doing in the hospital La Paz in Madrid thanks to the programme we have launched together with community healthcare agents, which is called "Acompañando al Chagas: un estudio cualitativo" (in English, "Chagas Accompaniment: a qualitative study").

c) Ningún Bebé con Chagas Ibero-American Initiative

The Foundation continues to be immersed in the dissemination of its campaign "Ningún Bebé con Chagas" (in English, "No Baby with Chagas Disease"), launched in March 2019 in Spain at the Ibero-American General Secretariat (SEGIB, as per the Spanish acronym). This campaign represents the Foundation's commitment to raising awareness about this unfair disease and enabling access to diagnosis to all babies born with Chagas disease, contracted by mother-to-child transmission during the pregnancy of an infected mother, and to all women of childbearing age, ensuring that

they receive treatment. The goal of the "Ningún Bebé con Chagas" campaign is to make sure that no baby is born infected by 2030. In 2021, SEGIB has proposed the creation of an Ibero-American programme related to the campaign, entitled "Ningún bebé con Chagas: el camino hacia nuevas generaciones libres de Chagas" (in English, "No Baby with Chagas Disease: the road towards new generations free of Chagas disease"). This is especially relevant for Spain, since it is the country outside of the American region (non-endemic country) with the highest treatment rate for this disease and it can share and document its good practices.

At the XXVII Ibero-American Summit of Heads of State and Government, held in Andorra on 21st April 2021, the initiative "Ningún bebé con Chagas: el camino hacia nuevas generaciones libres de Chagas" was approved, whose objective is to eliminate mother-to-child transmission of Chagas disease with a multidimensional approach, taking into account the control and prevention strategies of other ways of transmitting the disease. The initiative will be led by the Ministers of Health of member countries which will promote intersectoral coordination actions and actions for coordination with benchmark institutions and partners in the field. The creation of Ibero-American work and expert networks is also planned in order to systematise good practices and experiences and to develop awareness-raising and visibility actions for this disease in a cross-cutting and inclusive manner across different areas of intervention. So far, Argentina, Brazil, Colombia, and Spain are the states with full-member status, and El Salvador, Guatemala, Honduras, and Paraguay are guest states. At the I Intergovernmental Board Meeting of this initiative, Brazil was elected as Chair State and Mundo Sano Foundation was elected as the Technical Unit.

d) Spanish National Network of Microbiology Laboratories for the improvement of Chagas disease diagnosis

Strengthening of the Spanish National Network of Microbiologists, which Mundo Sano has been driving at national level, together with the National Microbiology Centre-Institute of Health Carlos III in order to raise awareness of the disease from the laboratory to healthcare centres across the country. In 2021, a blended in-person/online meeting was finally held at the end of the year at the Spanish Ministry of Health in Madrid. There are currently 28 centres throughout the Spanish national territory, with which multicentre intercomparability studies are conducted in order to ensure the quality and homogeneity of Chagas disease diagnosis protocols throughout the country. In 2021, once the WHO joined the initiative, benchmark laboratories for the diagnosis of Chagas disease from Italy and France also joined in, and we expect to also be able to introduce Andorra and Portugal soon.

6.2. Outsourcing and Providers

The quality of our medicinal products is guaranteed from the source, with the manufacturing and purchasing of raw and starting materials, until the distribution of the medicinal product to the patient, including all the production and control activities conducted by our plants and by third parties to which GxP-impact activities are outsourced.

For this reason, each and every one of our contracted providers of raw materials, manufacturing services or analysis, suppliers of other services, or suppliers of any other outsourced GxP activity are conveniently qualified, i.e. selected and approved before their use, and also assessed regularly based on the risk posed by the materials or services provided. The quality unit in charge will assess the quality status of the provider of materials or services.

As part of the qualification process of providers and service suppliers, the global audit team performs both standardisation and assessment audits. These audits are planned based on a risk analysis where the quality status of the provider, the supply chain, and the related risks are assessed.

In case observations are identified during the audit which impact the quality of the product or service, said provider will be assessed in order to proceed to its disqualification or a remediation plan will be established, the implementation of which will be re-assessed.

During 2021, 223 providers were audited worldwide (148 in 2020). In the case of 9 of these providers (6 in 2020), observations revealing deficiencies in compliance with applicable regulatory standards were detected. The results of those 9 audits were “acceptable with reservations”, so the implementation of their remediation plan will be monitored.

The number of audits in 2021 has been higher than in 2020, when the figure was lower due to the crisis caused by COVID-19, and also higher than in 2019, thus evidencing the great effort of INSUD PHARMA Group to recover control over its providers.

These raw materials and services are incorporated to our highly regulated manufacturing processes, which comply with the legislation in force in the countries where we operate and supply our products.

Finally, our products, from active ingredients to final products, are distributed in compliance with good distribution practice regulations, ensuring that the medicinal product and/or medical device are distributed through the approved channels.

Additionally, the Group established Quality Agreements with critical providers and requires that all their providers make a statement accepting our ethical and compliance standards, included in the Code of Ethics Horizon in relation to social,

equality, and environmental matters (see Human Rights section above), unless they have their own standards in writing. The latter may replace the standards included in Horizon provided that they meet the expectations and principles of the Group and are incorporated into a written agreement.

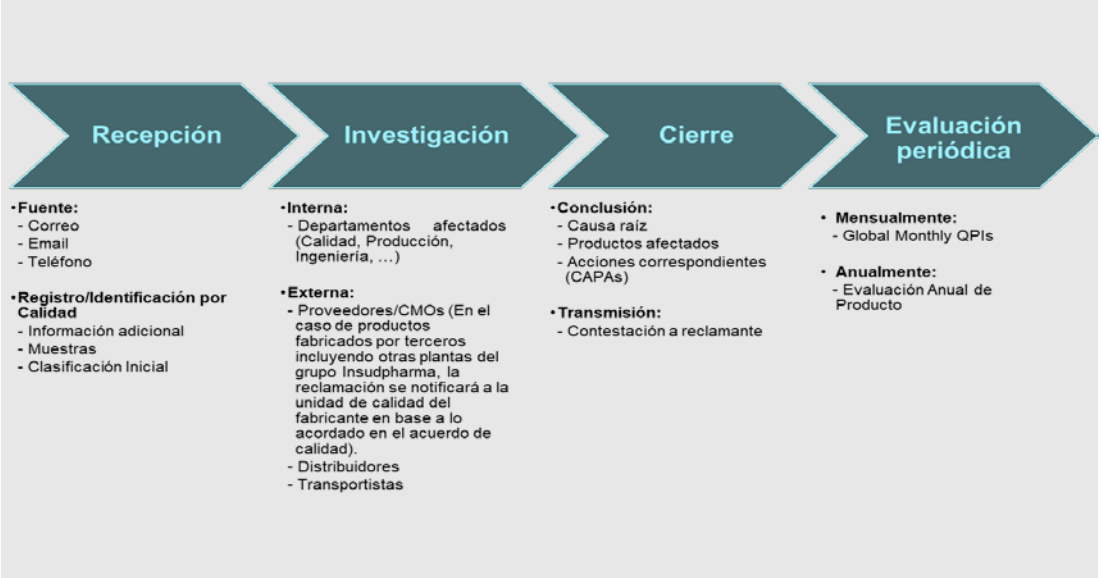
Within Horizon, we have four annexes to assess the risk of providers. The employees who manage these agreements access said documents for the proper assessment of our business partners. Thus, we study the different risks in advance, and we assess whether there are sufficient means to mitigate or prevent those, which, in turn, influences the decision of formalising or not an agreement with a third party.

6.3. Claim Management, Market Recall, and Pharmacovigilance

Our commitment to patients and healthcare professionals is vital. For this reason, we have a robust **claim** reception, investigation, and response programme. In this way, we make sure that any product incident is properly documented, investigated, and responded to. Besides, relevant corrective and preventive actions are taken in order to correct the underlying causes so that this type of claims are avoided in the future.

Lastly, regular assessments of the claims are carried out both at manufacturing plant level and at corporate level which allow us to identify any recurrence and/or trend and propose action plans, where appropriate.

A diagram of the Claims System is included below:



During 2021, a total of 2,487 claims (2,908 in 2020) have been opened in relation to alleged quality defects in products from the Group's manufacturing plants. All of them

have been received and investigated following the claim management procedures appropriate to each business unit. 2,395 of these claims have been closed during this period (2,848 in 2020).

There may be a mismatch between open and closed claims within a certain period due to the time required for the reception of samples and the investigation and closure of the same.

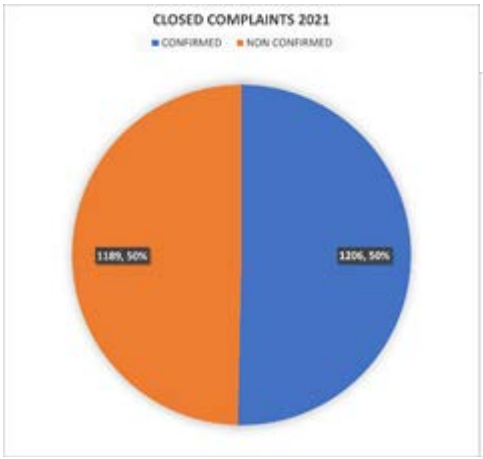
The table below reflects the indicator of the number of claims received per million of finished product packs sold by the two main Business Units (BU):

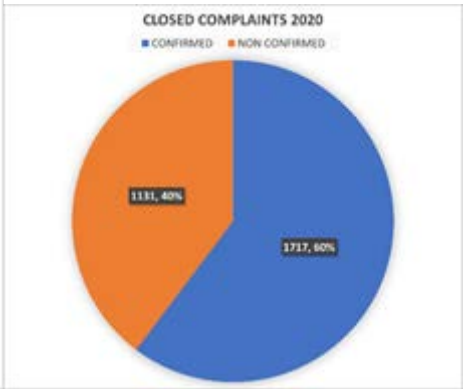
BU	Claims (2020)/ millions of packs sold	Claims (2021)/ millions of packs sold
Chemo	14	10
Exeltis	0	0

In 2021, there is a 24% decrease in Chemo's indicator.

After the appropriate investigation, all 2,372 closed claims have been classified as confirmed with the manufacturing process or not confirmed.

Closed claims in relation to quality defects of products from the Group's manufacturing plants (confirmed), as well as those which are unrelated (not confirmed), are detailed below:





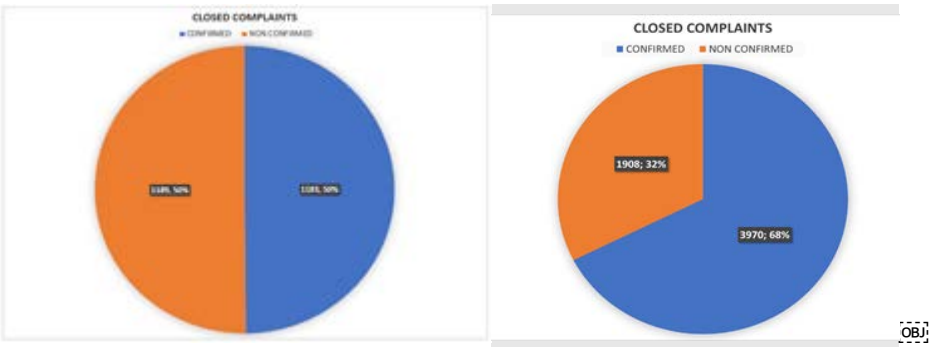


Illustration 4. Ratio of claims related/unrelated to the production process in 2021 (left) and in 2020 (left)

The ratio of confirmed claims in 2021 has also improved compared to 2020, going from 60% to 50%, which can be interpreted as a 16% quality improvement in the plants.

In case a confirmed critical defect in terms of quality or safety is identified among our distributed products, the Group has a market recall system in place. The effectiveness of the aforementioned process is regularly verified and reviewed in order to ensure that the process described in the work procedures is still solid and effective.

The total number of market withdrawals in 2021 has been 3 (9 in 2020). In 2021, there have been no sanctions related to consumer health and safety.

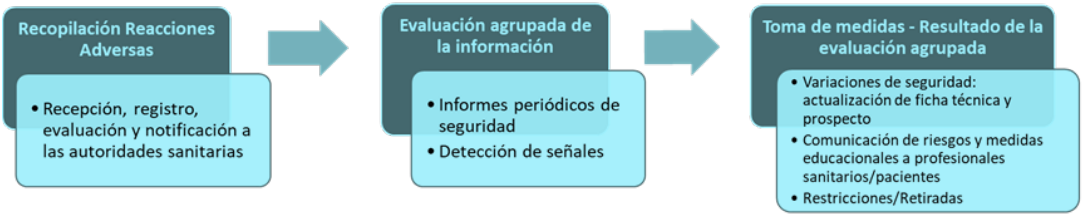
Pharmacovigilance: Our Commitment to the Safety of Our Patients Health

Remaining true to our commitment to improving the health and quality of life of patients and to look out for their safety, each of the business units of the Group, Chemo, and Exeltis, in compliance with the regulations in force in the countries where it operates, establishes a reporting channel for possible adverse reactions to medicinal products and/or medical devices with the aim of ensuring the safety of our patients, notifying the relevant health authorities, and adopting the appropriate measures regarding their marketing.

Pharmacovigilance is a public health activity which is aimed at detecting, evaluating, and preventing possible adverse reactions to the marketed products. An adverse reaction is defined as any undesired effect that appears after the administration of a medicinal product and/or a medical device.

For this purpose, close collaboration among the different agents involved in the use of the medicinal product (pharmaceutical laboratories, healthcare professionals, authorities, and patients) is required.

Diagram of the Group's Pharmacovigilance System


Recopilación Reacciones Adversas
• Recepción, registro, evaluación y notificación a las autoridades sanitarias
Evaluación agrupada de la información
• Informes periódicos de seguridad
• Detección de señales
Toma de medidas - Resultado de la evaluación agrupada
• Variaciones de seguridad: actualización de ficha técnica y prospecto
• Comunicación de riesgos y medidas educacionales a profesionales sanitarios/pacientes
• Restricciones/Retiradas

7. 2021 Tax Information

7.1. Tax Contribution

INSUD PHARMA Group stands by its commitment to contribute to economic, social, and industrial development through compliance with the tax legislation of the countries where it operates and with the OECD's Guidelines for Multinational Enterprises.

INSUD PHARMA Group's direct tax contribution by way of personal income tax payment corresponding to fiscal year 2021 has been of approximately 28.40 million euros.

This amount includes, in line with the information reported by the Group in its Country-by-Country Report, cash inflows and outflows which, by way of the income tax, have taken place during the current year, regardless of whether they correspond to the tax on profits from the current year (2021) or that of previous years.

7.2. Contribution by Geographical Area

INSUD PHARMA Group is taxed on the income generated in the territories where each activity is developed. A breakdown of the taxes paid in 2021 (in thousands of euros) by geographical area is included below:

Region*	Profit**	Tax Paid***
Europe	**130,185.58**	**25,531.63**
Spain	87,028.18	19,091.64
Germany	5,784.87	385.74
France	−940.94	−1,031.30
Czech Republic	1,124.47	144.07
Slovakia	1,185.84	247.94
Poland	995.36	15.11
Belgium	−27.79	28.70
Italy	25,721.33	5,403.98
Portugal	245.53	−0.66
Hungary	2,281.12	201.33
Lithuania	−8.55	7.07
Sweden	1,633.92	552.90
Netherlands	5,165.42	72.69
Switzerland	−821.08	−1.70
Austria	241.42	3.50
Russia	16.74	12.01
United Kingdom	0.00	0.00

Turkey	559.73	398.60
LATAM	**5,132.31**	**5,079.86**
Mexico	15,283.14	2,952.60
Chile	2,370.07	825.77
Peru	−718.63	6.25
Colombia	−3,976.43	-141.20
Argentina	−1,516.31	1,215.45
Brazil	−4,430.50	0.00
Uruguay	−89.24	0.00
Guatemala	−346.77	93.57
Panama	−1,018.32	96.02
Ecuador	−424.70	31.39
USA	**−4,040.15**	**−3,629.39**
Asia	**−5,229.32**	**1,122.03**
Malaysia	11.51	−95.89
Thailand	3,560.73	534.19
Cambodia	−0.70	0.00
Indonesia	−620.80	37.09
Philippines	213.94	22.06
China	−1,139.06	3.23
India	−7,254.93	621.35
Myanmar	0.00	0.00
MENA (Middle East and North Africa)	**688.57**	**297.47**
United Arab Emirates	−750.79	0.00
Morocco	1,460.10	297.47
Nigeria	−20.74	0.00
Total	**126,737.00**	**28,401.60**

**In line with the information reported in the Country-by-Country Report, only those companies consolidated according to the global integration method have been considered.*
***Profits before taxes of all the companies from the Group considered individually, only excluding the amount corresponding to intra-Group dividends and capital gains due to the transfer of shares.*
****Cash inflows and outflows performed during the current year, regardless of whether they correspond to the tax on profits from the current year (2021) or that of previous years.*

7.3. Subsidies

Subsidies received:

Thousands of Euros	**Capital subsidies**
Spain	3,739.30
Total	**3,739.30***

Thousands of Euros	**Operating subsidies**
Spain	345.67
Italy	353.77
Turkey	181.07
Total	**880.51***

**Total amount of subsidies as of 31/12/2019*

Notes:

The exchange rate used to convert the amounts in the local currency into euros is the average exchange rate in 2021.

8. Table of Contents Required by Spanish Law 11/2018

Information required by Law 11/2018	**Report section where the information is provided**	**Reporting criterion: Selected GRI** (2016 version unless otherwise stated)	**Page of the report where the requirement of Law 11/2018 is met**
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