

1st ESG REPORT

CF PHARMA and PATRIAPHARMA

2023



Content

Introduction

- Message from the CEOs
- Message from the Lead expert of ESG
- ESG approach at an SMS company

Environmental Performance

- Emissions
- Monitoring

Contributions to Society

- Internal support
- Support of the society

Governance

- In line with the international trends
- Unique results at CF Pharma

ESG Commitment

This report reflects the strong commitment of our company, including the employees, the employers and the owners of CF Pharma and Pátriapharma to integrate the ESG approach into our daily operations and reduce our carbon footprint. We wish to extend this approach to our customers in the future.

The report provides information on our ESG progress from January 2021 to December 2022.

Our target is to receive a formal validation from a relevant consultancy company.

Message from our CEOs

“Our attitude to ESG reflects our intention to serve a good cause, to carry out actions inspired by the genuine concern for others. Although our family business is not the largest, it sets the same targets as corporate giants: minimising the impact of our operations on the planet, advance ethics, health and equity through our business and products.”



Géza Schneider
CEO

Zita Schneider
CEO



ESG Approach at a SMS company

Our company is experiencing a very exciting time, as there are changes in the generation of senior management, the operation of the management and our work culture. As our aim is to become a leading company, we switched our focus to the holistic approach both in business and EHS.

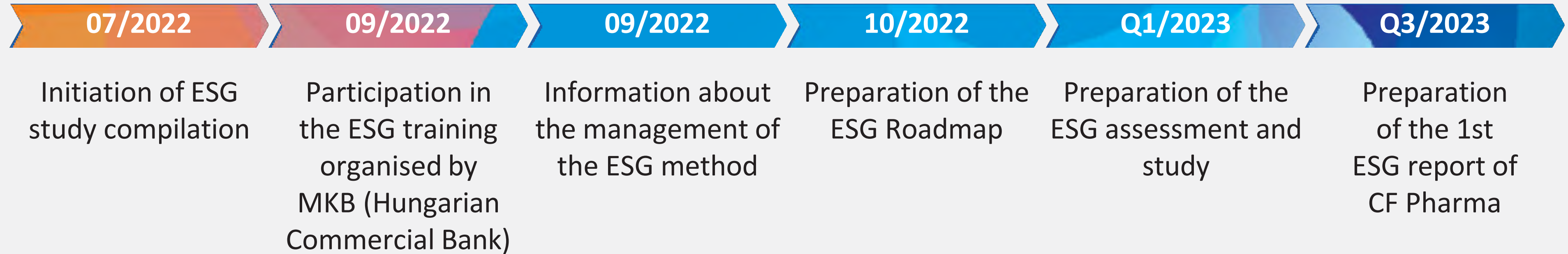
ESG seems to be a complex and a relatively new navigation tool of this holistic approach, serving as a bridge connecting finance, business and EHS.

We understand that every decision we make has direct or indirect impact on the society and the environment. Therefore, we produce ethical pharmaceutical products for our customers and patients, while taking responsibility for the health of our employees and the protection of our environment.

In order to accomplish our goal, our management prepared a roadmap, which identified our main ESG targets and KPIs. **The first detailed report** -- has been published in **Oct.2023**.- includes the issues and topics that we faced to achieve the goals set out in our own roadmap.



Timeline





Environmental performance in numbers

Emissions & monitoring

PARAMETERS	2021 KG/YEAR	2022 KG/YEAR
COD	34 296	7 085
BOD ₅	15 544	3 341
total Nitrogen	180	241
total phosphorus	271	322
inorg. salt	88 250	74 761
solvent	0	0
Fats & tar	0	140
AOX	0	0
discharged waste water	45 187 m³/year	40 259 m³/year

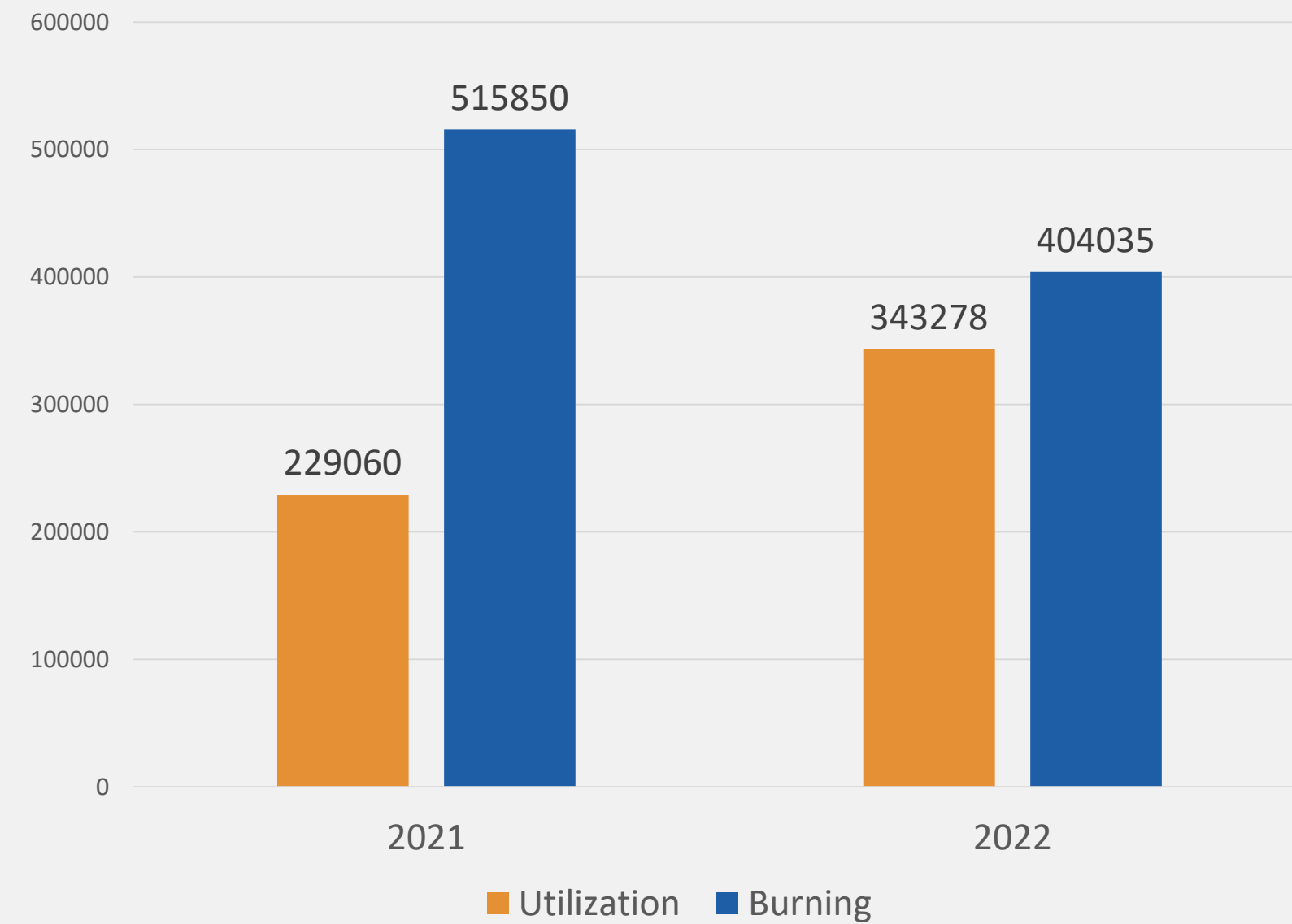
	2021 T/YEAR	2022 T/YEAR
Sum:	587	748
Direct waste from production	530	469
Indirect waste	57	279

Due to the systematic investigation and conscious navigation of several „non-product“ streams, both the COD and BOD radically decreased in the discharged wastewater.

It was set out in the „Pollution reduction action plan“ approved by the local environmental authority, and validated by the supplier, who operates the relevant sewage and WWTS.

COD = chemical oxygen demand
 BOD = biological oxygen demand
 WWTS = wastewater treatment station
 AOX = absorbable organic halogen

Reduction of incinerated waste



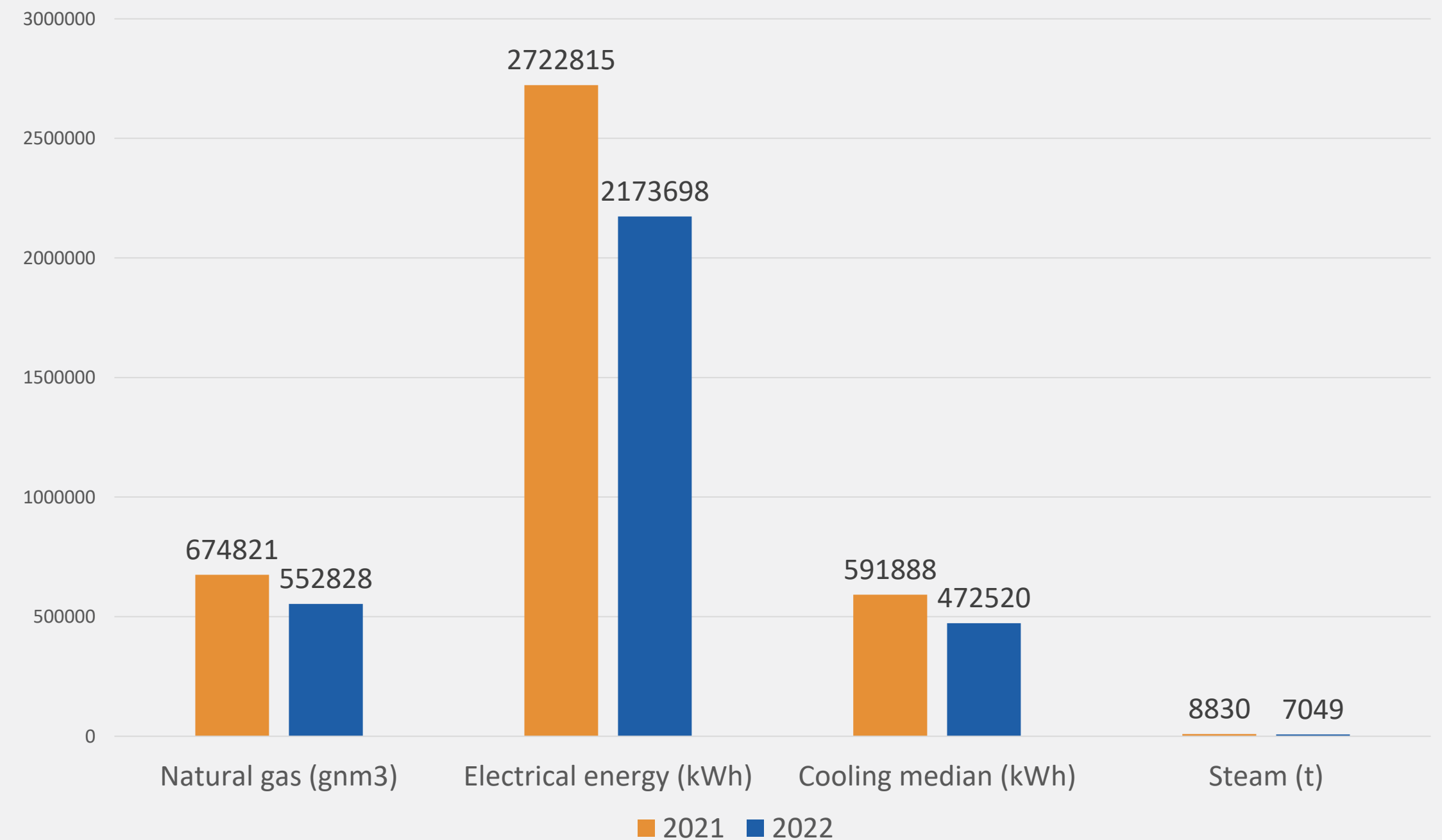
We identified all types of waste which can be reused off-site instead of incineration. Thanks to this effort, hundreds of tonnes of water methanol have become raw material for biogas production, and hundreds of tonnes of treated solvent (commercial quality) have become useful auxiliary compounds for building industry.



Reduction of energy consumption

Due to:

- conscious reallocation of several offices,
- preference of HO,
- reorganisation of heating system,
- reducing heat loss of steam pipes by renewed isolation,
- disconnection of long steam pipes if not used,
- ***the energy consumption has been reduced by 18-20% in a year.***



ENVIRONMENTAL PROTECTION

1. Full implementation of BAT
2. Zero tolerance of new contaminants
3. Decrease the carbon footprint of our activity





Targets



KPIs

1. Full implementation of BAT

- Targeting the use of less harmful reagents, preventing the production of large quantities of hazardous waste and the pollution of surface water with active ingredients, continuous research and development of new technologies both for manufacturing active substances and BAT treatment processes.

☆ **E1: Reduction of specific indicator of produced waste/kg produced API by 10%.**

The most important result is which we can not express in numbers, that all department incorporated into their vision the ESG and supported the preparation of the 1st with the topic they chosen by themselves from the list of the road map.

Erzsébet Ódor, Sustainability Director



 Targets  KPIs

2. Zero tolerance for new contaminants

- Treating groundwater that has already been contaminated in the past, in order to reach the „safe” D values
- Zero tolerance for new environmental contaminations
- Efficient use of resources (energy, water and waste)
- Promotion of the biodiversity programme of our manufacturing site in Budapest

We work tirelessly under the strict control of local Environmental Agency to achieve our goals. Most of the pollutants have disappeared already, and the rest is close to their target D values. Out of the **12** monitoring wells, **8** no longer have any pollutants exceeding the target D values.

- ☆ The common approach and the cooperation have been started with our R&D organisation. They identify the waste quality in R&D phase and the most efficient treatment before the industrialisation of the new process. „Green” principles have already been introduced at R&D level .
- ☆ On „Make our Site Greener Day”, numerous actions, events and members of the biodiversity programme were introduced to the participants, including the children of our employees.

Promotion of the biodiversity programme at our manufacturing site in Budapest

Although our site is located in an urban area, the fauna of its surroundings is very diverse.

The area is the habitat of 12 bird species, snails, bats, hedgehogs, foxes and several reptiles, such as lizards and frogs.







Our target is to protect their habitat and feed them during the winter.

On the other hand, we strictly keep them away from the production area, according to the requirements of GMP.

Please see as annex on request our Biodiversity program ppt.

 Targets  KPIs

3. Reduction of our carbon footprint

-  Identify the carbon footprint of our activity
-  Increase the proportion of green energy in total use
-  Promote the selective waste collection and increase the proportion of the reused and recycled materials
-  Energy consumption calculation and raising awareness of energy-intensive operational points: **reduction by 18-20%**
-  The rate of recycled vs final disposal of waste significantly increased, and reached **84%**!
-  Due to the complexity of the task, it is still in progress with the external expert of KÖVET (NGO). The result of modelling is expected in 2024.

Reduce waste, increase recirculated solvents

REDUCTION OF SPECIFIC INDICATOR OF PRODUCED WASTE/KG PRODUCED API BY 10%.

Status: 2022: 178t waste/1866kg API
~ 96kg waste/kg API

Target: reduce by 10% → 86 kg waste/kg API

KPI: % of reduction

RECYCLING RATE AND FINAL DISPOSAL RATE OF WASTE

Status: 337 t solvent for reuse

434 t of total disposed solvent waste

Target: increase of reuse by 10% cyclohexane, DCM, THF, MeOH, IPA

KPI: % of increase

Action plan process by process to evaluate and plan the solvent recirculation

			R&D	QA	QC	REGULATORY	PRODUCTION
PRODUCT NAME	Intermediate 1	Saved volume kg/batch size					
ACTION	THF recirculation	3700 kg/300 kg LGB	Specification	Documentation approval	Preparation of QC standard	Inform the customer	Preparation of batch documentation
ACTION	Cyclohexane recirculation	3900 kg/300 kg LGB	Specification	Documentation approval	Preparation of QC standard	Inform the customer	Preparation of batch documentation
			R&D	QA	QC	REGULATORY	PRODUCTION
PRODUCT NAME	Core product1, intermediate	Saved volume kg/batch size					
ACTION	DCM recirculation	5300 kg/90 kg API	✓ Specification	✓ Documentation approval	✓ Preparation of QC standard	Change of regulatory dossier	✓ Preparation of batch documentation
			R&D	QA	QC	REGULATORY	PRODUCTION
PRODUCT NAME	Core product1	Saved volume kg/batch size					
ACTION	DCM recirculation	2600 kg/90 kg API	✓ Specification	✓ Documentation approval	✓ Preparation of QC standard	Change of regulatory dossier	✓ Preparation of batch documentation

Action plan process by process to evaluate and plan the solvent recirculation

			R&D	QA	QC	REGULATORY	PRODUCTION
PRODUCT NAME	Core product 2, intermediate	Saved volume kg/batch size					
ACTION	Methanol recirculation	To be determined	✓ Specification	✓ Documentation approval	✓ Preparation of QC standard	Regulatory dossier	✓ Preparation of batch documentation
ACTION	DCM recirculation	To be determined	✓ Specification	✓ Documentation approval	✓ Preparation of QC standard	Regulatory dossier	✓ Preparation of batch documentation

			R&D	QA	QC	REGULATORY	PRODUCTION
PRODUCT NAME	Core product 2	Saved volume kg/batch size					
ACTION	Isopropil-alcohol recirculation	To be determined	Specification	Documentation approval	Preparation of QC standard	Regulatory dossier	Preparation of batch documentation
ACTION	DCM recirculation	To be determined	Specification	Documentation approval	Preparation of QC standard	Regulatory dossier	Preparation of batch documentation

Action plan process by process to evaluate and plan the solvent recirculation

			R&D	QA	QC	REGULATORY	PRODUCTION
PRODUCT NAME	Core product 3, intermediate1	Saved volume kg/batch size					
ACTION	DCM recirculation to material removal	1600 kg/65 kg API	Specification	Documentation approval	Preparation of QC standard	Regulatory dossier	Preparation of batch documentation
			R&D	QA	QC	REGULATORY	PRODUCTION
PRODUCT NAME	Core product 3, intermediate2	Saved volume kg/batch size					
ACTION	Methanol recirculation to material removal	500 kg/65 kg API	✓ Done	✓ Done	✓ Done	✓ Done	✓ Done
			R&D	QA	QC	REGULATORY	PRODUCTION
PRODUCT NAME	Core product 3	Saved volume kg/batch size					
ACTION	Methanol recirculation	960 kg/65 kg API	✓ Done	✓ Done	✓ Done	✓ Done	✓ Done

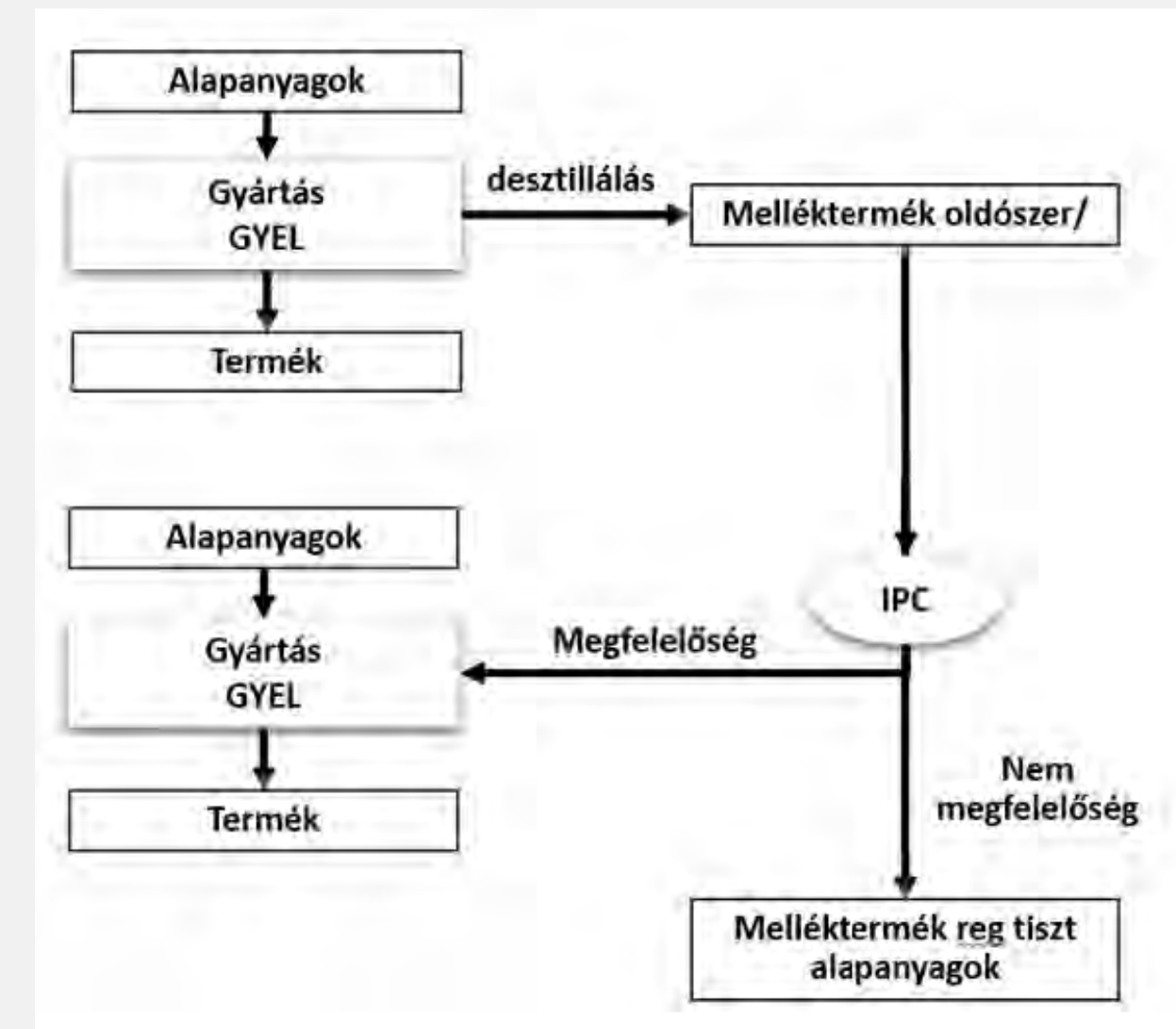
For confidentiality reason we do not publish the brand name of the compounds.

Environmental benefits thanks to the solvent recirculation

- As no purchasing of fresh solvent from the suppliers and the positive impact at their site:
- suppliers use less energy, less water, emits less pollution,
- suppliers use less raw material (e.g. crude oil, which is a non-renewable source)
- We need less transport from the supplier, thus reducing CO₂ emission
- Less waste, thus reducing CO₂ caused by waste transportation
- Less CO₂ emission caused by waste incineration

Since we introduced and follow the ESG approaches, the most important result is that the 'sustainability' has been incorporated into our daily operation got a key role in the decisions regarding the future.

Tamás Altsach, Production Director



Reduction of waste production

Necessary measures and administration:

- In early phase, R&D needs to identify the composition of produced waste in order to define the most effective reuse method or treatment.
- If we set the possibility of recirculation in the regulatory dossier, it provides us more flexibility.

We consider the waste hierarchy:

- avoiding the production of waste,
- advance recirculation,
- reuse materials,
- incineration combined with energy generation.

3. Reduction of our carbon footprint

Integrating green principles into R&D activities

All industries must act to reduce their environmental footprint and improve sustainability.

Industry-specific factors

- Bulk chemical industry: generates a very large amount of products with a relatively small amount of waste produced per kilogram.
- Pharmaceutical industry: generates relatively small amount of products with large amount of chemical waste per kilogram.

Green chemistry is introduced through our pipeline.

The framework is based on 12 principals (developed by Anastas and Warner in 1998) which inspire our scientists to find creative and innovative ways to reduce waste, conserve energy and eliminate the use of environmentally hazardous substances.

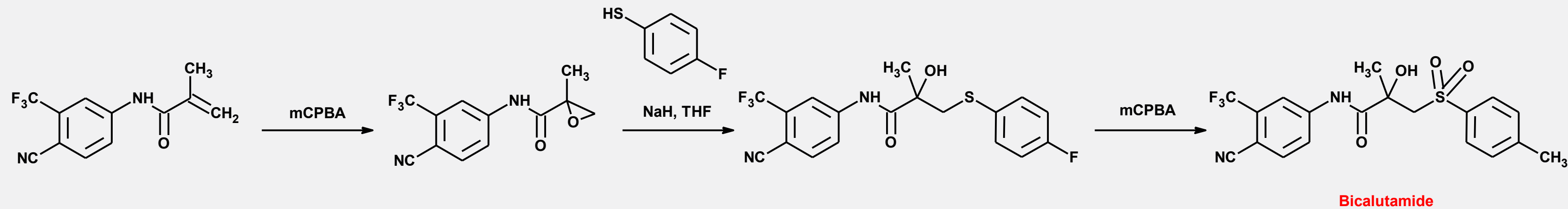
ESG considerations in pharmaceutical industry can stimulate green innovation performance in R&D to create more sustainable and carbon-neutral manufacturing processes, services and products that save and prolong lives.

Imre Kovács, R&D Director

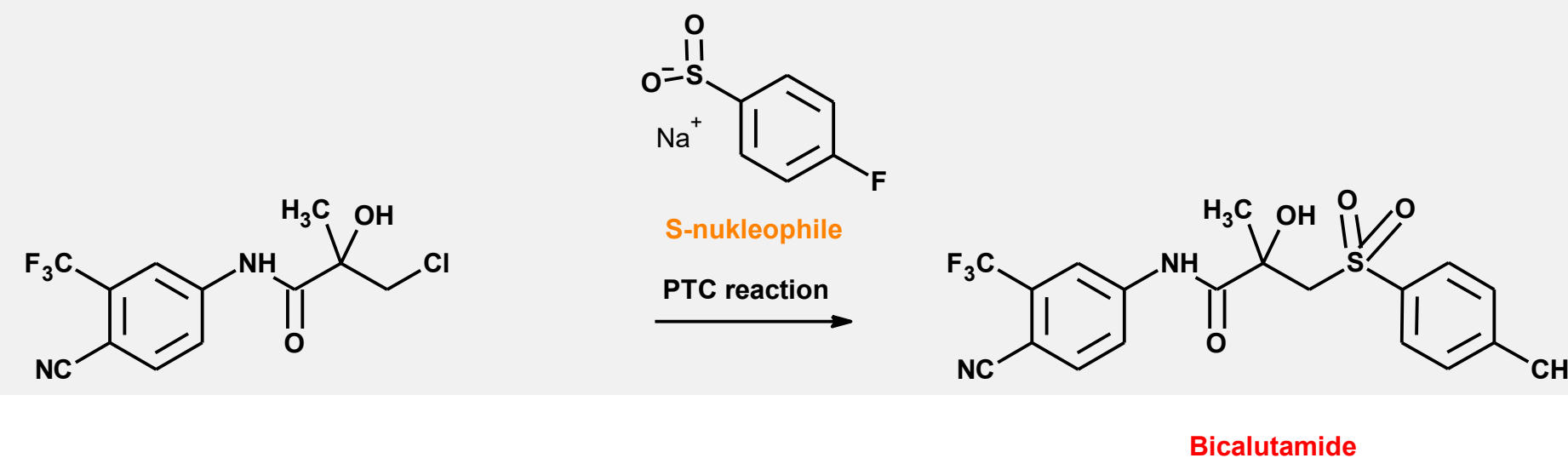
Synthesis of Bicalutamide

1. Prevention: it's better to prevent waste production than to treat or clean up waste after it has been created.
2. Atom Economy (developed by Trost in 1998): Synthetic methods should be designed to maximise incorporation of all materials used in the process into the final product.

Competitor's methode

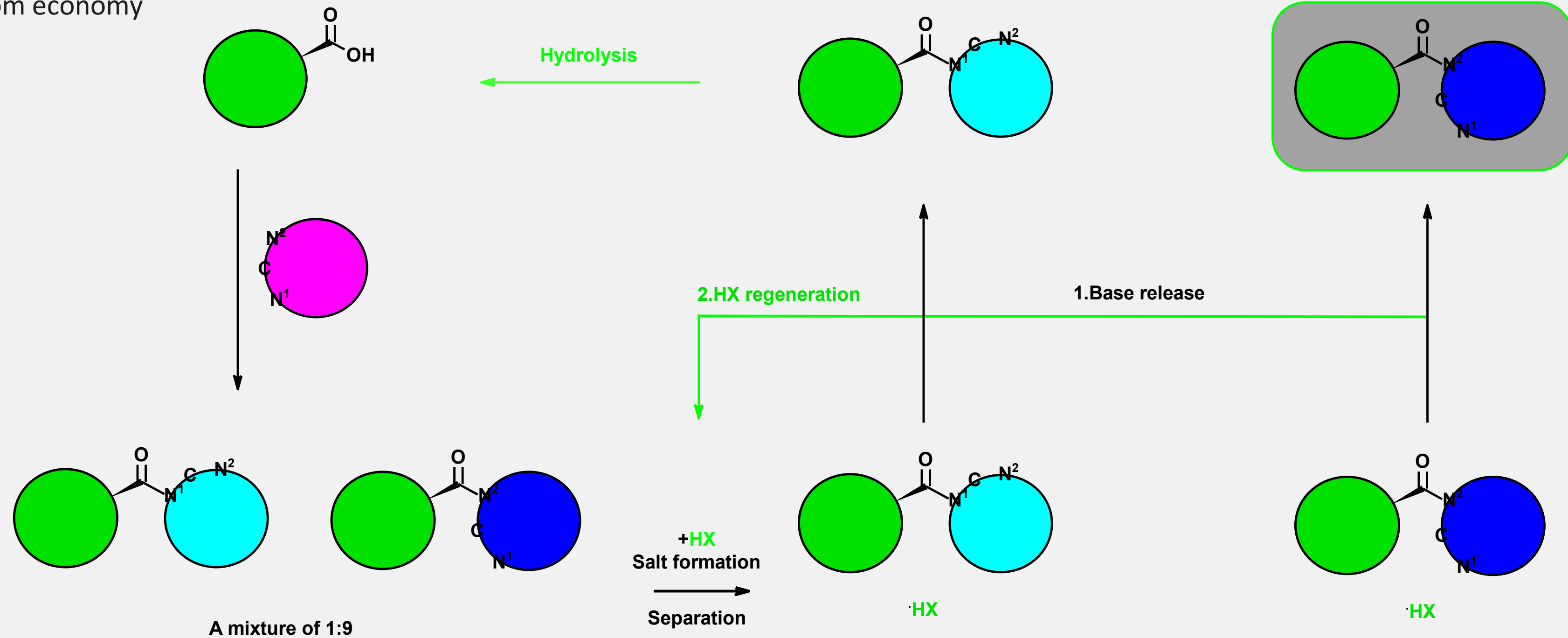


Synthetic pathway of CF Pharma (US20050033082)



Counterexample: the usefulness of derivation

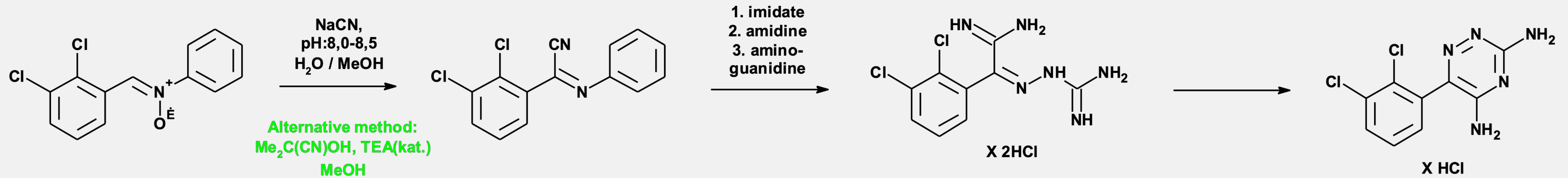
2. Atom economy



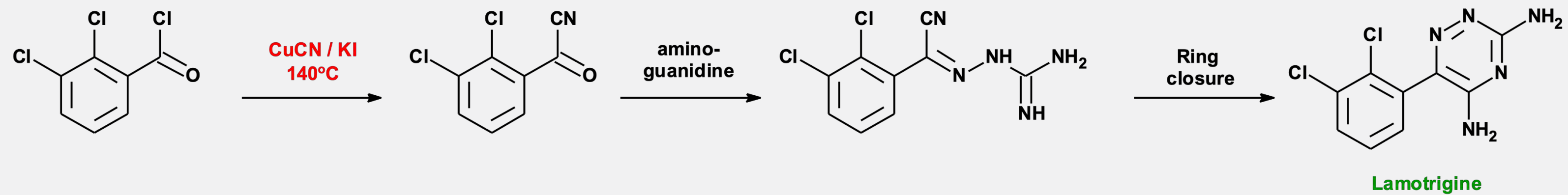
Synthesis of Lamotrigine (US 20030191310)

3. Less Hazardous Chemical Syntheses: Wherever possible
6. Design for Energy Efficiency

Synthesis pathway of CF Pharma

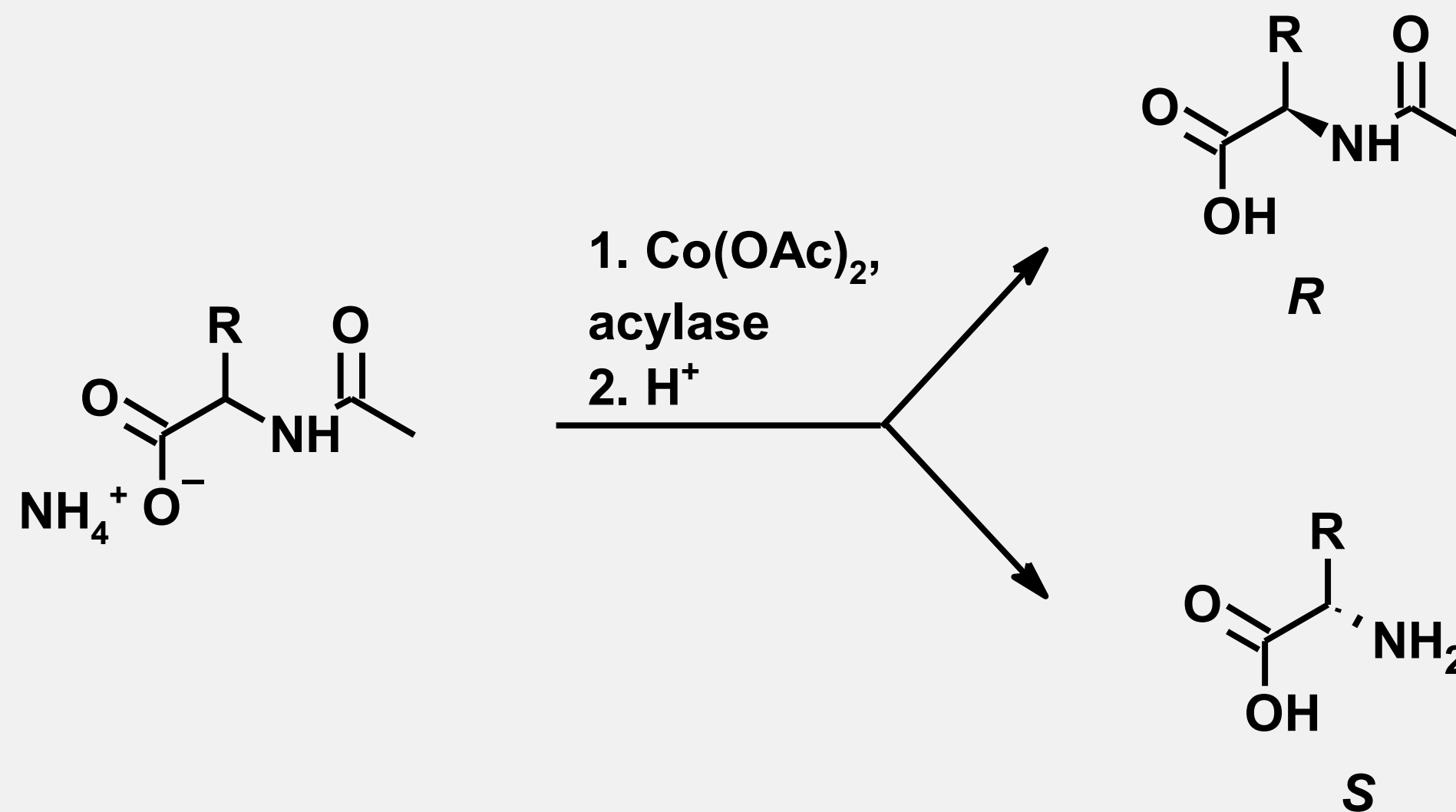


Synthesis route of a commonly used



Example for the application of biocatalytic reaction

9. Catalysis: Catalytic reagents are superior to stoichiometric reagents. Nature's own exquisite catalysts: enzymes.



Enzymatic kinetic resolution

Environment-friendly solvent design

Replacements for dipolar aprotic solvents and halogenated solvents are considered the two major tasks of green chemistry.

Consistent use of halogenated solvents (DCM and DCE) has made their replacement more challenging. These solvents have strong solubilising qualities, inert reactivities and low boiling points, furthermore, they are inexpensive, but they pose a serious health risk to organic life and the environment.

Solvents should be chosen on a process-by-process basis. Instead of using chlorinated solvents, CF Pharma prefers to use less harmful or easily recirculated solvents according to the BAT recommendation: see table in the next two slides.

Number of existing technologies in which the replacement of chlorinated solvents was targeted
OR DECREASE THE VOLUME OF DCM: 4.

Sharing the best practices among the Hungarian Pharma partners.

During development phase, >95% of preparative tests were carried out without chlorinated solvents.

1ST: TECHNICAL PROPOSAL, 2023.

Substance			Safety		Health	Environment					
	Name	CAS No	Flammability	Static	Health	Impact on air	VOC potential	Impact in water	Potential biotreatment plant load	Recycle	Incineration
Acids:	Methane sulphonic acid ¹	75-75-2	1	1	1	1	1	7	4	6	8
	Propionic acid	79-09-4	3	1	4	7	1	1	5	6	6
	Acetic acid (glacial)	64-19-7	3	1	8	6	3	1	5	6	6
	Formic acid	64-18-6	3	1	10	4	5	1	5	6	7
Alcohols:	Isoamyl alcohol	123-51-3	3	1	2	1	1	2	4	5	3
	1-Pentanol	71-41-0	7	1	1	2	1	1	4	5	3
	Isobutanol	78-83-1	7	1	3	2	2	1	5	7	3
	n-Butanol	71-36-3	7	1	4	3	2	1	5	6	3
	Isopropanol	67-63-0	7	1	3	1	5	1	6	5	5
	IMS/Ethanol	64-17-5	7	1	2	2	5	1	7	5	5
	Methanol	67-56-1	7	1	5	3	6	1	7	4	5
	t-Butanol	75-65-0	7	1	6	2	4	3	7	5	5
2-Methoxy ethanol ²	109-86-4	3	1	10	8	2	2	5	6	5	
Alkanes:	Isopar G	90622-57-4	3	10	1	1	1	10	3	10	1
	n-Heptane	142-82-5	7	10	3	1	5	8	5	2	1
	Isooctane	540-84-1	7	10	3	1	5	10	5	2	1
	Cyclohexane	110-82-7	7	10	6	1	6	9	5	2	1
	Solvent 30 (assumed benzene free)	64742-49-0	7	10	2	1	4	10	4	10	1
	Isohexane	107-83-5	7	10	6	1	8	10	6	1	1
Aromatics:	Xylene	1330-20-7	7	10	2	4	2	7	3	4	1
	Toluene	108-88-3	7	10	5	2	4	7	4	4	1
Basics:	Triethylamine	121-44-8	7	1	10	6	6	5	6	5	4
	Pyridine	110-86-1	7	1	9	10	3	4	7	6	6
Chlorinated:	Chlorobenzene	108-90-7	7	1	6	4	2	9	2	4	5
	Methylene chloride ³	75-09-2	1	1	9	9	10	6	5	2	8
Esters	n-Butyl acetate	123-86-4	7	1	2	3	2	3	3	4	3

Substance		Safety		Health	Environment						
	Name	CAS No	Flammability	Static	Health	Impact on air	VOC potential	Impact in water	Potential biotreatment plant load	Recycle	Incineration
	Isopropyl acetate	108-21-4	7	1	4	2	5	2	5	4	3
	Ethyl acetate	141-78-6	7	1	5	2	6	2	5	5	4
Ethers:	Diphenyl ether	101-84-8	1	1	1	4	1	8	3	4	2
	Anisole	100-66-3	3	10	2	1	1	4	3	6	2
	Tetrahydrofuran	109-99-9	7	1	8	1	7	3	7	6	5
	Diglyme	111-96-6	3	1	10	7	1	5	5	10	5
	1,2 Dimethoxyethane	110-71-4	3	1	10	3	6	5	7	8	5
	MTBE	1634-04-4	7	1	9	2	8	7	7	5	3
	1,4-Dioxane	123-91-1	7	10	9	3	4	4	6	9	5
	Diethyl ether	60-29-7	10	10	7	3	10	4	7	6	3
Fluorinated:	Trifluorotoluene	98-08-8	7	10	4	6	5	8	3	4	6
Ketones:	MIBK	108-10-1	7	1	6	1	3	2	4	7	3
	Methylethyl ketone	78-93-3	7	1	7	4	6	1	6	7	4
	Acetone	67-64-1	7	1	6	3	8	1	8	4	5
Polar aprotic:	DMSO ⁴	67-66-5	1	1	1	1	1	3	5	6	6
	N-Methyl pyrrolidone	872-50-4	1	1	1	1	1	1	6	6	6
	Sulfolane	126-33-0	1	1	1	3	1	4	5	6	7
	Dimethyl acetamide	127-19-5	3	1	4	7	1	2	6	6	6
	DMF	68-12-2	3	1	9	7	1	1	5	6	6
	Acetonitrile	75-05-8	7	1	8	2	6	4	8	5	6

¹ The "impact in water" score for methane sulphonic acid has been based on limited data.
² 2-methoxy ethanol is on the Swedish Restricted Chemicals List. The comment is that "the goal is to phase out this substance". Therefore, use in Sweden will need careful consideration.
³ In Sweden, methylene chloride is essentially banned for use in processes.
⁴ DMSO can decompose to form dimethyl sulphide. This an extremely malodorous substance and requires high levels of abatement to prevent odour being an issue. Also under the UK regulations, organic sulphides have benchmark release levels of 2 mg/m³. Care should be taken to assess emission levels of dimethyl sulphide when using DMSO.

Table 4.3: Solvent selection guide from *016A,I

Identification of the waste quality in R&D phase and the most efficient treatment before the industrialisation of the new process

Based on laboratory experiments a global material balance has been established, providing data about the volume and possible composition of the waste / wastewater.

Mass balance and analysis of waste stream:

For example (a CMO intermediate): volume: 14.3 l/kg, organic solvent (not specified) content: 30%, residue from organic reagent(s): 3.0%, chloride: 2.3%, pH: 1.5.

Conclusion: appropriate treatment instead of underestimated (regarding cost and safety) or overly secured disposal.

How QAQC can contribute to the EHS/ESG performance of the site?

CF Pharma's top priority is to deliver safe and efficient generic APIs of consistently good quality.

What are the specific subjects of QAQC?

- Ensure strong quality assurance, regulatory affairs and data integrity
- Promote quality mindset: reactive, preventive, proactive
- Harmonise the EHS and quality targets

We are proud of our colleagues at QAQC, who support the ESG performance. It is not the amount of saved energy or the weight of saved waste, but the attitude that matters: their commitment to achieve our goal and the fact that all the decisions are consensual.

For example:

- 2 of 5 stability chambers are new, with energy consumption significantly lower. These provide audible alarm if doors remain open, so there is no loss even if temperature exceeds the limit.
- The stability tests are updated, so the follow-up is carried out according to a matrix. It is no longer necessary to examine every sample, point and time.

ESG as a kind of mirror helped us to face with our real performance both regarding the environment, Social and Governance, furthermore the report informs the stakeholders in the principle of transparency - which is fully in line with the Quality Insurance approach as well.

Beatrix Bostai, Quality Director

How QAQC can contribute to the EHS/ESG performance of the site?

Benefits of a new LCMS, from an EHS point of view:

- fewer samples are needed for analysis, thus reducing analytical waste
- due to the high sensitivity, there is little or no need for sample concentration
- due to the automatic sample-dosing, less human resource is needed
- due to the easy detection of wide range of components without isolation, we save chemicals, energy and time, thus producing less laboratory waste
- simple maintenance, changeable elements
- longer lifecycle of the instrument
- replacing the transport of heavy cylinders, thus reducing CO₂ emission caused by transportation
- replacing the storage and on-site transport of cylinders
- there is no need to transport back the emptied cylinders
- worst-case scenario: transportation of disabled cylinders of N₂
- using an on-site N₂ generator
- Providing the necessary amount of N₂ if needed. It works efficiently and the risk of anoxia is reduced during operation.

CONTRIBUTIONS TO SOCIETY

Our contributions to local community

1. Fight against Social Chemophobia (support and advocacy)
2. Supporting the development of science and initiatives to improve access to medicines
3. Ensuring the health, safety and well-being of our employees
4. Diversity & social inclusion



1. Fight against Social Chemophobia (support and advocacy)

THE MAGICAL WORLD OF CHEMISTRY


- The history of chemistry
- The greatest discoveries
- The history of pharmaceutical industry
- The production of pharmaceutical active ingredients – today's challenges
- Supporting the Hungarian public education in chemistry in close co-operation with the Charitable Foundation for Natural Sciences Education in Memoriam Szabó Szabolcs




 Targets


 KPIs

2. Supporting the development of science and initiatives to improve access to medicines

 Continuous research and development of new technologies for manufacturing Active Substances

 Starting the development of at least 1 new generic API development per year: **5 developments were started this year**

 Number of patentable technologies and methods developed this year: **2**

 Exhibitions/conferences where we presented our scientific results
Arab Health (Dubai), CPhI Japan, Chemoutsourcing (USA), CPhI WW (Barcelona)

Conferences:

- Green Chemistry at the Hungarian Pharmaceutical Producers
- The 13th Symposium of high efficiency of HPLC separation and detection.
The title of the presented poster: **An Investigation of Atropisomerism of Amenamevir and Its Intermediates by Dynamic HPLC**

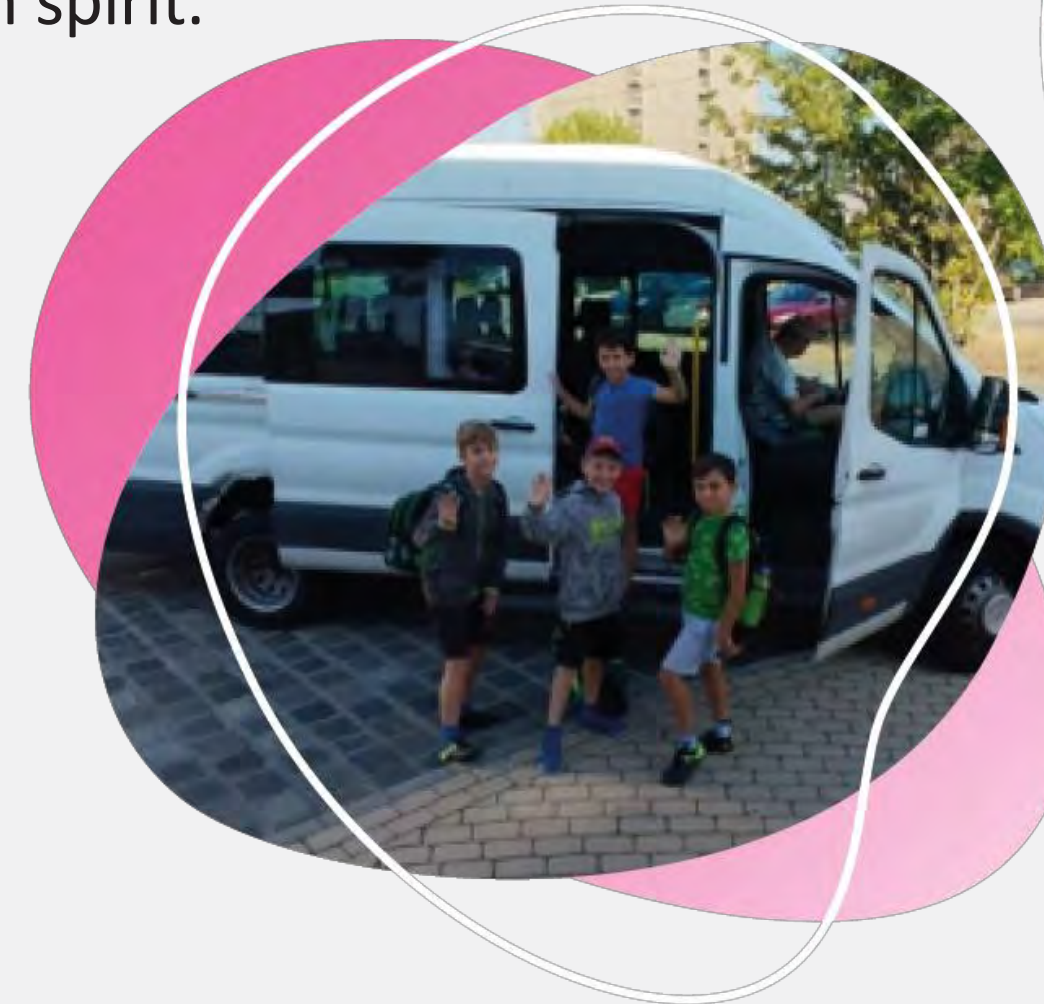


3. Ensuring the health, safety and well-being of our employees

Our football team has achieved great results in football competitions. Playing sports is not only very healthy, but it also builds team spirit.

We organise sports camps for the children of our colleagues every summer.

In 2022, we held a “Family Day” with interesting sports and other cultural programmes.



3. Ensuring the health, safety and well-being of our employees

Health care programme

Target: supporting the health-conscious behaviour among our employees

HOW?

We organised eye examinations and provided 78 pairs of glasses for those who needed them to work in front of the monitor.

27 pairs of dioptric safety glasses were provided free of charge for work in the chemical workshop.

We also organised on-site lung screening and morning yoga classes.

We provide our employees with:

- Rewards and benefits to improve personal finances
- Courses and trainings to support continuous development
- Cheerful community events
- Regular team buildings, sports events, charity programmes, summer camps
- Extra holidays for birthdays and weddings,
- Flexible working hours and home office opportunity
- Accommodation in worker's hostel
- Support for travel expenses

The volunteer introduction of ESG helped to enhance our consciousness to take care on the development, protection of health and safety of our employees, and we take care on the gender and life-work balance.

Enikő Dobány, HR Leader

3. Ensuring the health, safety and well-being of our employees

Strengthen the community of our employees

Social programmes

Status: in progress, we organise cheerful community events

Target: 3 / year

KPI: 6 /year, 60 % increasing

HOW?

For Santa Claus Day in Hungary, Christmas, and Easter, we decorate our offices and organise competitions for our colleagues and their children to participate in.

We also organise second-hand fairs.



4. Diversity & Social inclusion

- Promotion of the active participation of women / mother employees
We are very motivated to increase the number of women in the management.

Percentage of female managers

Ratio of women	Directors	Mid-level managers	Operative managers
Status	44%	43%	46%
Target	55%	57%	60%

HOW?

Our aim is to increase the participation of women in the mid-level management to 50%.

We currently have one mid-level manager on maternity leave, but she wished to continue working part-time during this period as well. We would like to raise this ratio by providing wider range of home-office options.

- Promotion of active participation of people with disabilities through finding the suitable positions for them.
We are committed to employ people with disabilities, currently 3% of our employees are disabled.

GOVERNANCE

1. Family-like work environment
2. Innovation of work style
3. Training and development of employees & suppliers
4. Operational risk management
5. Fair and transparent corporate activities



1. Family-like work environment

Energetic Tuesdays

Status: once a month

Target: once a month with thematic topics

KPI: 12/year

HOW?

It is a great opportunity to have a pleasant conversation with our colleagues while enjoying a healthy breakfast. We would like to complete this programme with some thematic topics related to health care methods and useful information on this matter.



● Targets ★ KPIs

2. Innovation of work style

- Conducting risk assessment and taking countermeasures in the frame of the development work
 - Carrying out a project culture improvement training program
 - Some regular but inter-disciplianer task are managed by Committes
- ★ Conducting risk assessment and taking countermeasures: complett toxicological study is compiled before industrialization
 - ★ More than 40 employees were trained on a 2days program, more than 10 project leader had exercise course in addition
 - ★ A toxicological, an Investment and a Cost rationalization Committees have been established and regularly followed by the management of their performance



OUR EXISTING BUSINESS RELATIONSHIPS WITH OUR PARTNERS CAN BE STRENGTHENED BY THE FACT THAT WE ARE COMMITTED TO ESG GUIDELINES AND WE HAVE DEVELOPED OUR OWN ESG PROGRAM. IN PARTICULAR 'BIG PHARMA' COMPANIES WELCOME OUR ACTIVITIES IN THIS AREA.

KATALIN GERŐ, COMMERCIAL

3. Training and development of employees & suppliers

Our Internal Management Academy had its second college year in 2023. The aim of the programme is to improve the management skills of our mid-level managers including:

- Thought leadership
- Result orientation
- People management
- Personal management

The **8-session courses** gave managers the chance to build a loyal team and acquire a common understanding of the targets, strengths and weaknesses of the company.

By completing the practice-oriented courses, managers will be able to lead their subordinates in a more effective way, by involving them and using assertive communication.

We would like to improve the ratio of women in the management levels. Therefore, the ratio of women in the Internal Management Academy is 50%.

4. Operational Risk Management

Information Security Policy (ISP) - Topics

The ISP covers the following risks:

- HR security (user registration, access, rights, clean desk policy, cooperation with external parties, restrictions for downloads and internet usage)
- Use of mobile equipment
- Home office rules
- Electronic messaging
- Handling of fixed assets
- Management and development processes
- Handling of information security incidents

The introduction of ESG approach was important, as we can demonstrate a sustainable vision of the future for the next generation. One of the first step on that road was the introduction of information safety – to protect the costumers, the employees and their families. We do plan further steps on that road.

Szilvia Jávorfí, Finance Director

Information Security Policy (ISP) - General

Protecting information assets and ensuring the safety and security of our customers, employees and systems against the threats and risks of cyber-attacks which target confidential corporate information and information systems, networks of systems that manage laboratory facilities, and even supply chains.

Our company established Information Security Policy (ISP) as an information security framework to comprehensively prevent information leakage and respond to cyber-attacks.

ISP ensures information security through an approach that includes organisational management, human resource management, technical security and physical security. To adapt to the latest environmental changes, ISP is revised periodically.

KPI measurement of ISP audits (critical, major, minor observations)

Information Security Policy (ISP) - General

ISP Compliance is checked on a monthly random basis (5-10 employees), without any prior notice:

Control points:

- Unauthorised softwares (not indicated in the software catalogue)
- VPN access on the equipment
- Automatic screen lock
- Private contents
- External storage space
- Complexity and regular change of passwords
- VoIP applications on mobile
- Email signature
- Clean desk policy
- Disabled pendrives

Business Continuity

„Business continuity may be defined as “the ability of an organisation to continue to provide products or services at a predetermined acceptable level following a disruptive event”. Business continuity planning is the process of establishing prevention and recovery systems to deal with potential threats to a company.

(ISO 22301, 27031)”

Carrying out Business Continuity Plans (BCP) ***A team led by the Technical Director is working on the project, following the action plan and time schedule.***

Investigated disruptive incidents

Areas to be investigated regarding disruptive incidents:

- Equipment
 - Production
 - Quality
 - Warehousing
- Service systems
 - Energy supply
 - Other systems for production
 - IT system
- Supplies and suppliers
- Locations, including other offices and backup/work area recovery (WAR) sites
- Documents and documentation, including off-site backup copies:
 - Business documents
 - Procedure documentation

Business Continuity Plan

In line with the risk assessment, we started with the relocation of sensitive documents into a well-isolated and well-controlled archive.

This way, all the necessary documents are available in case of an emergency or crisis.

Not only the paper forms are stored and locked, but their digitalisation has also begun.

It is an independent building equipped with fire protection system.

All documents of quality are stored there within the required timeframe, so that in the event of any complaint the previous data are available.

● Targets ★ KPIs

5. Fair and transparent corporate activities

- Proper operation of compliance promotion system and establishment of rules
 - Ensure exclusion of anti-social forces and prevention of corruption
 - Developing a Fair process mindset within the Supervisory Committee pharmaceutical executives with international experience
 - Ensuring transparent and proper information exchange
- ★ Code of Conduct drafted: completed, it is available at: ...
 - ★ Number of serious breaches of compliance: **0** Implementing compliance education and training: **opening training completed by the CEO during the year**
Implementation of compliance awareness surveys
 - ★ Members of the Supervisory Committee: 7
 - ★ Promotion of proper vision and long-term strategy: **quarterly town hall meetings held by the CEO**
 - ★ **A mentoring programme** was launched on a voluntary basis, on project culture, time management, networking and conflict management. The CEO and 3 directors are nominated as mentors.

Expert opinion

Our path towards the ESG certification was designed at a time when the historical traces of the previous owner and operations is present, while the business world is hit by pandemic, and everyone in Europe is concerned about the energy crisis. Yet we believe that this is the right time to plan the future, to be ambitious enough to look ahead and not fixate on the problems of the past.

Our target is to “buy in” all managers and employees, involve them into the detailed planning and development of the ESG report, ensure regular follow-up by the Supervisory Committee and set new target values (KPIs) if needed.

We believe that a well-prepared, transparent communication will help us to create a sustainable business run by dedicated employees.



Regényiné Ódor Erzsébet
Sustainability Director,
President of the Association of Environmentally Conscious Enterprises