

SUSTAINABILITY AND ESG REPORT 2023



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BRINGING PHARMACEUTICAL IDEAS TO LIFE

Sustainability is front and center for a company of our kind. Sever Pharma Solutions (SPS) is a Swedish pharmaceutical company dedicated to contract development and manufacturing of advanced pharmaceutical products. Our focus is on enhancing therapy efficacy and promoting better health outcomes.

THREE PRIMARY SUSTAINABILITY GOALS

As a modern global company, we understand that our ability to achieve business success and deliver long-term value to our customers depends on our systematic and strategic efforts to monitor and enhance our sustainability impact on the world across various dimensions. Aligned with our dedication to sustainability, we work consistently with the UN Sustainable Development Goals and have identified three primary goals of focus: advancing good health and well-being, promoting gender equality, and advocating responsible consumption and production.





MAKING A DIFFERENCE EVERY DAY

Headquartered in Malmö, Sweden, our pharmaceutical business originated in 1975 with the establishment of Ferrosan at the very location where SPS now stands. SPS currently employs approximately 350 professionals. Our company proudly manages a diverse portfolio of pharmaceutical product development projects, offering end-to-end services spanning product manufacturing, quality assurance in accordance with GMP regulations, proficient project management, strategic procurement, and meticulous supply chain oversight. Additionally, we prioritize the implementation of robust protocols concerning human resources, safety, health, and environmental sustainability. These processes are designed to uphold the company's high efficiency and competitiveness in the market.

The current core business and pharmaceutical offerings for SPS encompass a variety of product solutions and important features, with a particular focus on three product formulations:

- High Potent API Polymer based dosage forms (implants and vaginal rings)
- High Potent API Aseptic fill and finish (sterile injectables)
- High Potent API Solid dosage forms (tablets)

OUR CAPABILITIES



Injection molding



Formulation of High potent compounds



Extrusion
• Hot Melt Extrusion
• Twin screw extruders co-extrusion



Polymer-Based Dosage Forms



Solid Dosage Forms



Aseptic fill and finish

SPS operates in compliance with global GMP standards, is regularly inspected by authorities, and since 2022 a fully approved Pharmaceutical Supply Chain Initiative (PSCI) company with emphasis on the following conduct principles:

- Ethics
- Human Rights and Labor
- Health and Safety
- Environment

Our company's business model offers our customers advanced and extensive Contract Development and Manufacturing services. These services encompass various processes, including development, regulatory support, and commercial manufacturing. To accommodate customer requests, we provide tailored solutions across project management, procurement, purchasing, quality control, quality assurance, manufacturing, assembly, packaging, and worldwide commercial supply.

OUR CORE VALUES AND POLICIES

SPS's main governance aspects are based on our fundamental operating principles summarized in well-defined, well-established, and well-communicated core company values:

- Make a difference
- Close to the customer
- Best workplace

Additionally, our company's sustainability and ESG commitment are grounded in the following official policies and statements addressed to all employees and external stakeholders. These policies are published and distributed as a set of governing documents across the organization:

- Integrated Safety, Health, and Environmental Policy
- Human Rights Statement
- Staff governing documents, including a set of company-related policies

- Policies of social conduct, including Non-Discrimination Statement, Gender Diversity, and Inclusion Equality
- IT Policy
- Whistleblower Policy

These statements, policies, and governing documents are shared and communicated to employees and external stakeholders through various means, such as the company intranet site, the company internet website, governing documents/operating procedures, company training programs offered to employees, and the company document management system. All company governing documents, including policies, are managed in a structured manner according to the terms and requirements of the company's adopted GMP Quality Management System. This system ensures that all governing documents are securely stored within the company's digital document management

system, evaluated and approved by process owners/management before publishing, and the document system manages their versions accurately and automatically.

Furthermore, all required policies, including those related to ESG, are offered to employees for acknowledgment within the scope of all company employees' Personal Training Files. Proof of acknowledgment/performed training is recorded digitally and through other documented Training File records for all company staff, ensuring a complete understanding of the training and information provided.

The company's Quality Assurance department's yearly audit program evaluates the levels of mandatory staff training completed at all company departments. Any established non-conformity regarding employee training scope results in corrective action requests addressed to the department manager responsible for the deficiency.

OFFERING END TO END SOLUTIONS

We offer optimized end-to-end solutions, providing a complete value chain – from development to sourcing and commercial worldwide supply.



DEVELOPMENT



MANUFACTURING



ANALYTICAL



REGULATORY AFFAIRS



MINIMIZING UNWANTED EFFECTS ON BOTH PEOPLE AND THE ENVIRONMENT

SPS takes various environmental sustainability measures across the company and its value chain. SPS holds the required environmental permits and approvals from the government pharmaceutical authority to fulfill legal environmental requirements.

SPS also works to implement other measures connected to our impact on the environment and our striving to fulfill UN Development Goal 12: Responsible consumption and production. Various actions are described below.

The SPS Environment, Health, and Safety (SHE) policy outlines our focus on minimizing unwanted effects on both people and the environment. Specifically mentioned environmental actions include efficiently managing raw materials and resources and prioritizing waste sorting.

As a result of the SHE Policy, SPS uses proactive risk assessment techniques to ensure the safety of the products for patients, employees, and the environment.

One point of action is that SPS has established an environmental management system based on documented and

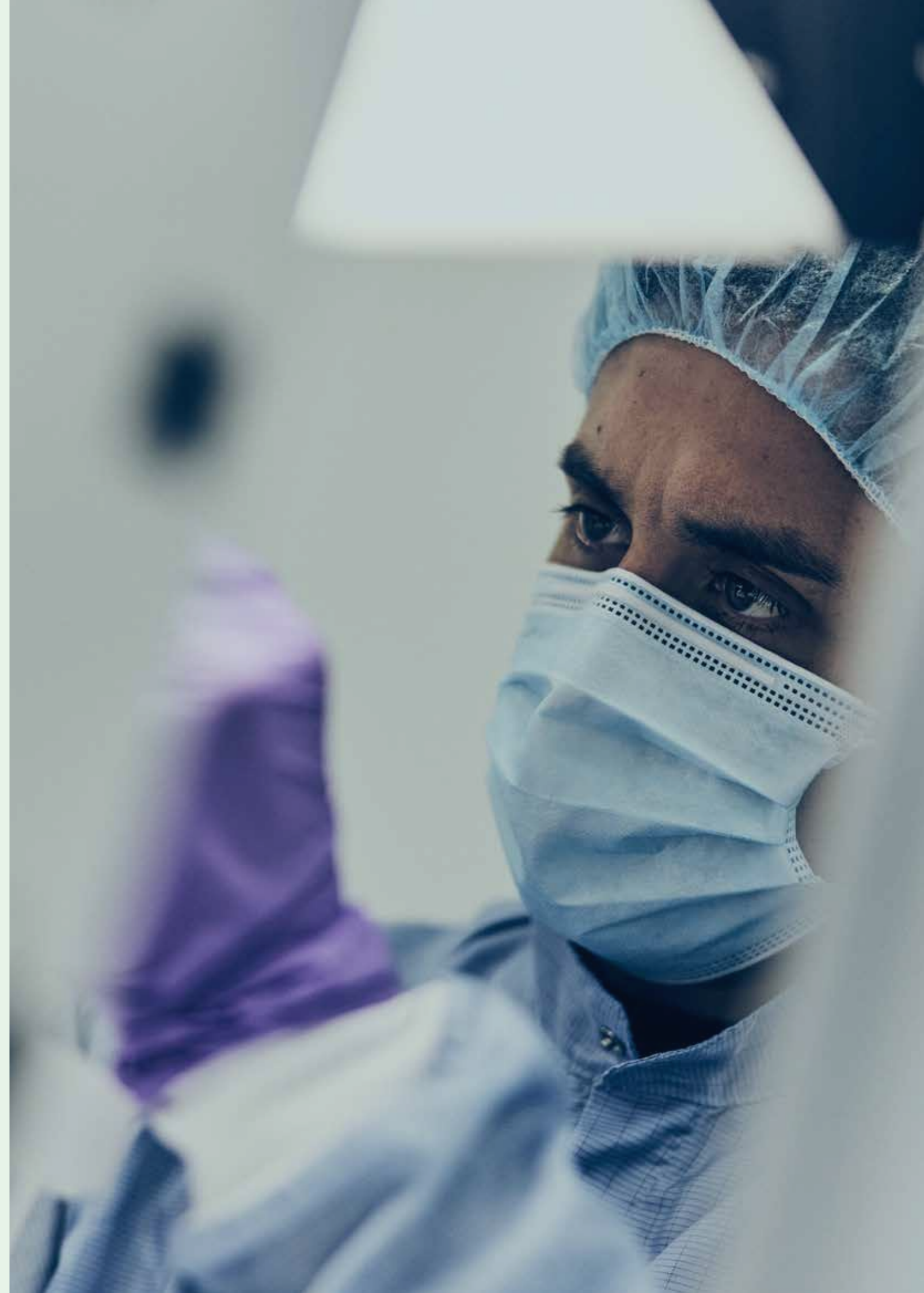
communicated environmental policy, applicable operating procedures, and appropriate environmental practices.

A CONTROLLED WASTE MANAGEMENT STRATEGY

Our waste management service providers deliver an overall waste statistical evaluation & data report, including environmental load. This data is used as a base for the environmental reporting at the end of this section.

SPS has also implemented a system to segregate its waste into several categories: Hazardous (including Active Pharmaceutical Ingredients (API) containment waste), biohazardous (fermentation biomass), non-hazardous, combustible, and other waste.

All waste is disposed of in a controlled manner by providers approved by SPS, state environmental agencies, and chemical authorities. One waste disposal method used is incineration with energy recovery. Wastewater from operational processes is collected in vessels and transported off the premises for proper processing.



POLLUTION AND EMISSION CONTROL

Pollution and emissions control is also carried out and reported in accordance with the environmental permit for the SPS Malmö site. SPS follows up on the Volatile Organic Compounds (VOC) air emissions from its operational processes to ensure emissions are kept within the permitted levels. The SPS Malmö site does not produce nor release any of the following damaging air emissions: Corrosive vapors (e.g., acid, caustic), Ozone depleting substances, Combustion by-products, and/or other pollutants such as GHG, cyanides, sulfides, ammonia, bromines, or phosgene.

CONTROL OF HAZARDOUS CHEMICALS

The Malmö facility has developed and implemented a Hazardous Chemicals (including APIs) Management Program that includes developing and maintaining an inventory of all hazardous chemicals tested, provided, used, manufactured, prefabricated, or stored on-site. This includes chemicals used for production, maintenance, utilities, laboratories, and other operational needs.

WASTE WATER MANAGEMENT

The external site sewer network manages water accumulated from precipitation. This network, with openings in the site's ground surface, is designed and managed to avoid potential contamination or pollution of water flows. Any water accumulated goes to the nearby filtering facility before moving on into the municipality sewer system.

We also conduct regular external laboratory analyses of sewer water to detect potential contamination before discharge into the municipality's water network. External providers and municipal water infrastructure companies collect samples from designated points, and results are reported to environmental authorities quarterly. Analysis includes assessing ammonia,

nitrite, Total Organic Carbon (TOC), and Biochemical Oxygen Demand (BOD) levels. Emergency spill management procedures are in place to block or redirect major chemical spills in the sewer network. In the event of a fire, external suppliers are equipped to pump and remove contaminated water to off-site storage tanks for disposal. Emergency plans are in place to cover various scenarios, including fire, explosion, and chemical spills.

HANDLING OF PACKAGING WASTE

SPS complies with EU Directive regulation 94/62/EC on packaging and packaging waste management. An example of a sustainable choice made within SPS packaging is using FSC-certified cardboard. Collaboration partners are also encouraged to adopt environmental best practices to minimize their environmental footprint. Finished products, which are delivered to customers, are also managed, handled, and shipped according to ADR regulations regarding the transport of dangerous goods.

CONTINUOUSLY MONITORING PROGRESS

SPS monitors various KPIs, including its energy mix, detailing energy sources and their usage. Efforts are made to reduce overall energy consumption per full-time equivalent (FTE) and to minimize water usage and waste generation across company operations. The company's electricity is sourced entirely from renewable sources.

We utilize Greenhouse Gas Emissions (GHG) standards to quantify and manage emissions. SPS's environmental footprint is measured primarily by the total amount of CO2 equivalent pollution derived from tracking atmospheric emissions resulting directly or indirectly from company energy consumption and business operations. The site's Greenhouse emissions are stated in the table to the right.

SEVER PHARMA SOLUTIONS –2023 GHG Emissions Score

Category	Emissions source category	tCO ₂ e		
GHG Protocol Standards: Corporate Scope – 1 and 2, Value Chain – Scope 3	Scope 1 Direct emissions arising from owned or controlled stationary sources that use fossil fuels and/or emit fugitive emissions	Fuels incl. Natural Gas	36,91	
		Bioenergy	0,64	
		Refrigerants (No registered emissions 2023)	-	
	Total Scope 1		37,55	
	Scope 2 Location-based emissions from the generation of purchased electricity, heat, steam or cooling.	Electricity (Zero Emissions, 100% renewable)	-	
		District Heat and steam	244,01	
		District cooling (NA)	-	
	Total Scope 2		244,01	
	Scope 3	Fuel- and energy-related activities	All other fuel- and energy related activities	6,32
		Waste generated in operations	Waste water (included in Waste)	-
Waste			117,54	
Water supplied			2,07	
Business travel		All transportations by air	2,69	
Employees commuting (150 Cars per Day + 100 FTE Commuting Bus/Train + 235 Days/Year) (50 FTE cycle/walk = zero emissions)			145,61	
Total Scope 3		274,23		
Sever Pharma Solutions 2023 Total Emissions tCO₂		555,79		

In 2023, we completed a project to assess our energy consumption across processes and infrastructure. The company's total energy consumption increased by 7% compared to 2022. However, the number of average Full-Time Equivalents (FTE) during the year increased by almost the same, resulting in a similar energy

consumption per average FTE employee as in 2022. It is important to note that the number per FTE is still significantly lower than in 2021.

Energy consumption numbers are stated below and regularly reported to the Swedish Energy Agency.

	2021	2022	2023
Total Energy Consumption	11 204 MWh	10 859 MWh	11 619 MWh
Energy Consumption per average FTE	43 MWh	35 MWh	36 MWh



GOOD HEALTH, QUALITY, AND WELL-BEING ARE OUR FOCUS POINTS

Sever Pharma Solutions strives to offer its employees fair and supportive working conditions, enabling sustainable economic growth. We uphold strong work ethics and strive to live by our values daily. These values, developed by our employees, are deeply ingrained in our business and are evident throughout the organization, guiding our performance and behaviors.

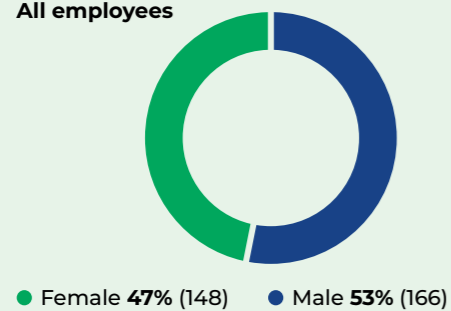
In today's fast-moving and demanding external environment, agile adaptation to challenges, including caring for people's health, is essential. That's why SPS has chosen UN Development Goal 3: Good health and well-being as a focus point and encourages its employees

to act as company ambassadors, embodying our core values.

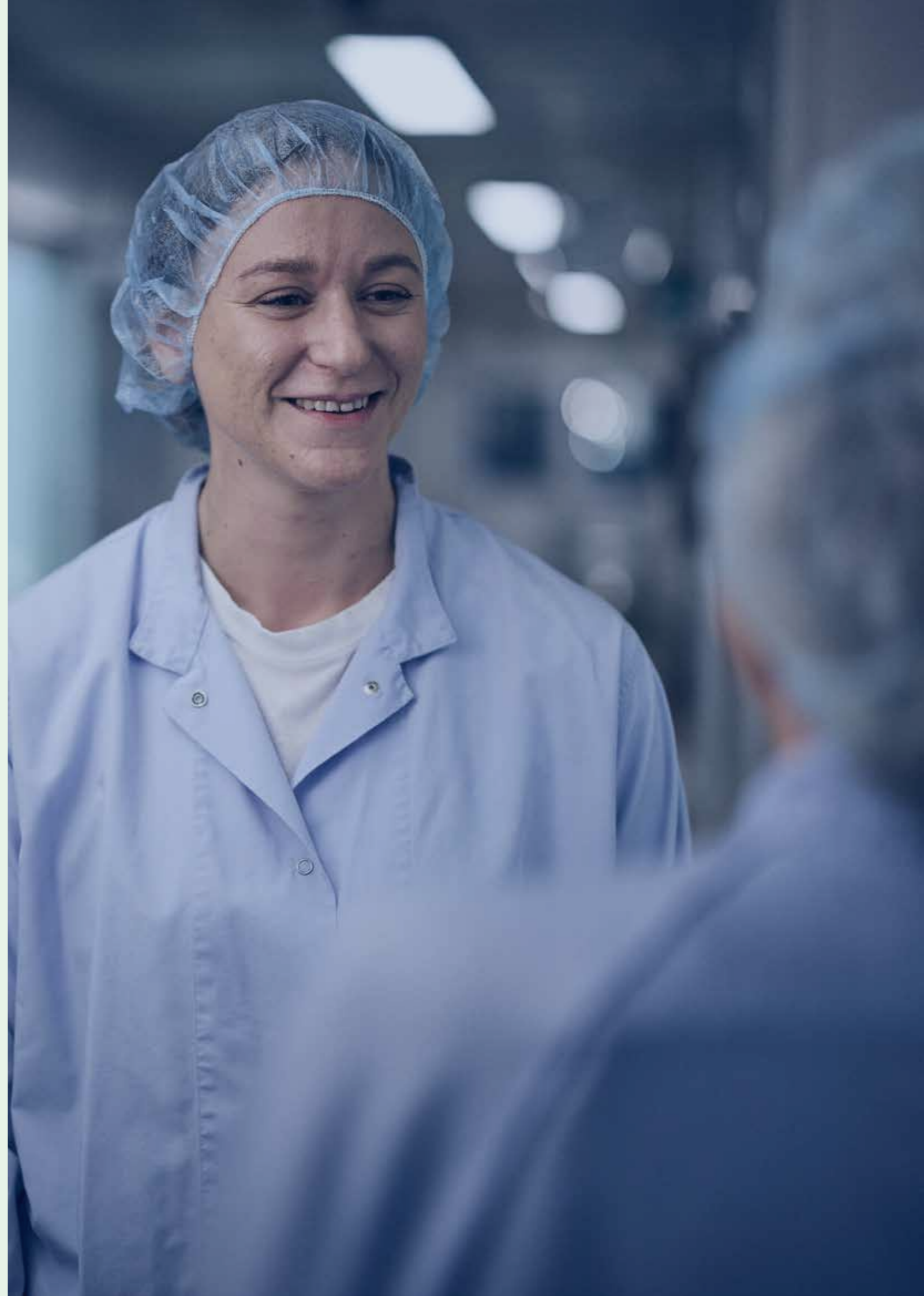
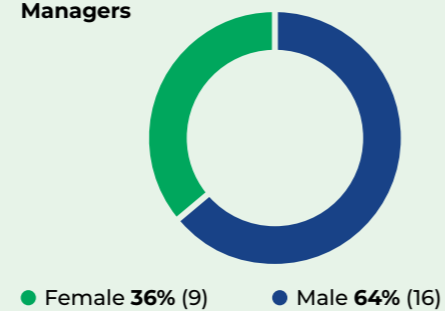
EQUAL OPPORTUNITIES

We engage with our stakeholders, including our parent company, SEVER Life Sciences, our Board, our employees, and the communities where we operate. By the end of 2023, our workforce comprised 339 employees across three locations, with 60 new colleagues joining us during the year. We are committed to providing equal opportunities to all employees, regardless of ethnicity, religion, politics, personal beliefs, disability, gender, or sexual orientation. We have a strict non-discrimination policy in place.

All employees



Managers



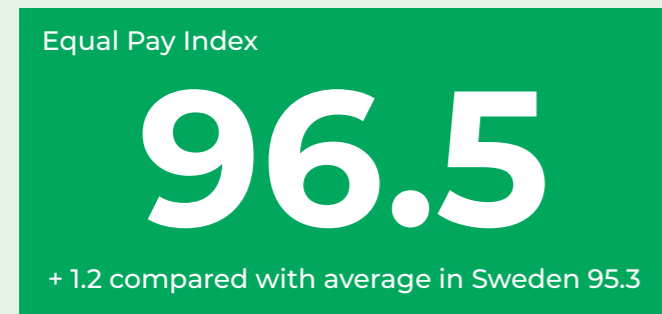


With the aim of fulfilling UN Development Goal 5: Gender equality, we take pride in the products we produce for women in developing countries. This focus also aligns with our commitment to gender diversity, as evidenced by our relatively well-adjusted figures: 47% of our workers are female, and 36% are female managers.

In our most recent Employee Engagement Survey, we achieved an 88% response rate and scored a satisfaction rating of 3 on a 4-grade scale.

A SUSTAINABLE WORK ENVIRONMENT

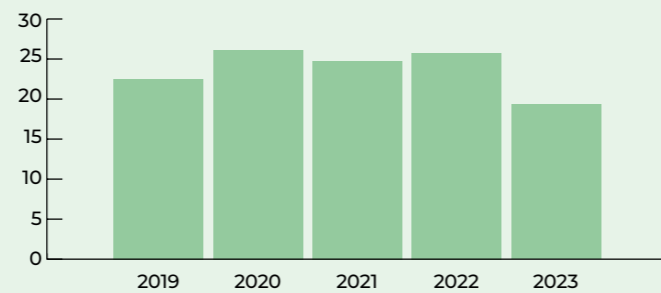
As a global company, we strictly prohibit the use of child- and forced labor. We adhere to established human rights norms protected by municipal and international laws and policies. All our suppliers must also comply with these policies. SPS' Human Rights Statement is widely known and regularly revisited across the business. Furthermore, we strive to create a motivating, supportive, and health-sustaining work environment, offering competitive salaries. Our equal pay index stands at 96.5%.



We provide our workforce various social and monetary benefits to establish a long-term sustainable working environment and increase their interest in long-term professional engagement with the company. These initiatives align with employees' interests in the company's

business, management, development, and growth. We aim to improve staff retention rates and reduce staff turnover. See staff turnover in the figure below.

Staff turnover 2019-2023 acc.



Staff Turnover: Please note that the turnover calculation has changed from the reporting for previous years.

A SAFE WORKING ENVIRONMENT

As an important collaboration partner to many pharmaceutical companies, Sever Pharma Solutions develops and produces drugs essential for human health and well-being. Our operations must therefore be conducted in a manner that minimizes harmful effects on people and the environment.

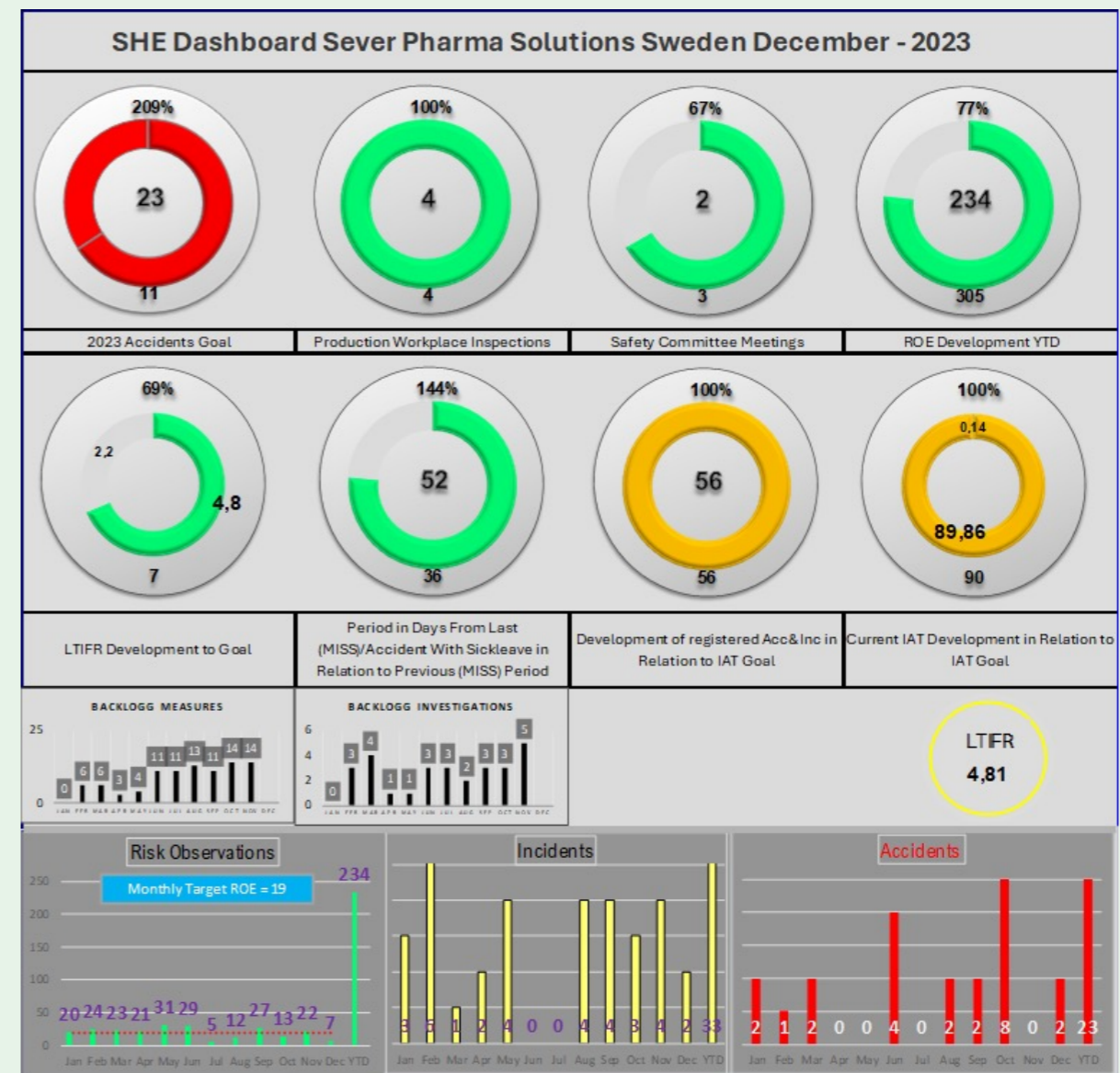
To ensure this, our Environment Health and Safety Policy highlights several aspects connected to social sustainability. Examples include working preventively to minimize risks to employees and environmental impact, striving to create working conditions perceived as developing and stimulating by all employees, maintaining a high level of safety and readiness for emergencies, and openly reporting our impact on safety, health, and the environment to various stakeholders. Through training and information, we actively encourage all staff members to participate and take responsibility for SHE initiatives.

Health and safety performance within the company's SHE process is a crucial measurement of an organization's responsibility, and we intensely focus on this.

In 2023, the LTIFR (Lost Time Injury Frequency Rate) final score was 4.81, aligning with the target level of <7. The IAT (Incident Action Threshold) Target for 2023 was also reached despite a slight rise in accidents since

2022. The accident rate indicates a need for improvement, and the SHE department will work diligently to achieve this in 2024. The target for accidents in 2024 is set at a maximum of 11 for the entire year.

	2022	2023	2024 Target
IAT	103	89,9	<90
Accidents	21	23	<11
Incidents	40	33	



A CRUCIAL TOOL FOR SUSTAINABLE ACTION AND GOAL ACHIEVEMENT

Effective corporate governance is fundamental to sustainable action. It ensures the consistent implementation of relevant standards and serves as a crucial tool for goal achievement.

As an international group, SPS operates within a complex legal framework, necessitating adherence to numerous rules and conditions. Transparent, responsible, and value-oriented corporate governance principles, internally agreed upon, are essential prerequisites.

OUR GOVERNANCE MANAGING MODEL

To reinforce our commitment, SPS has developed and implemented a comprehensive SPS Governance management model articulated in a distinct document. The model and corresponding policies provide employees with additional guidance for navigating legal, social, or ethical challenges in their daily work. We define governance as a set of rules, controls, policies, and resolutions that direct corporate behavior. This will outline the rules and models that we will apply to direct our behavior. SPS' governance model outlines three levels in the organization, as defined below:

Operational Level

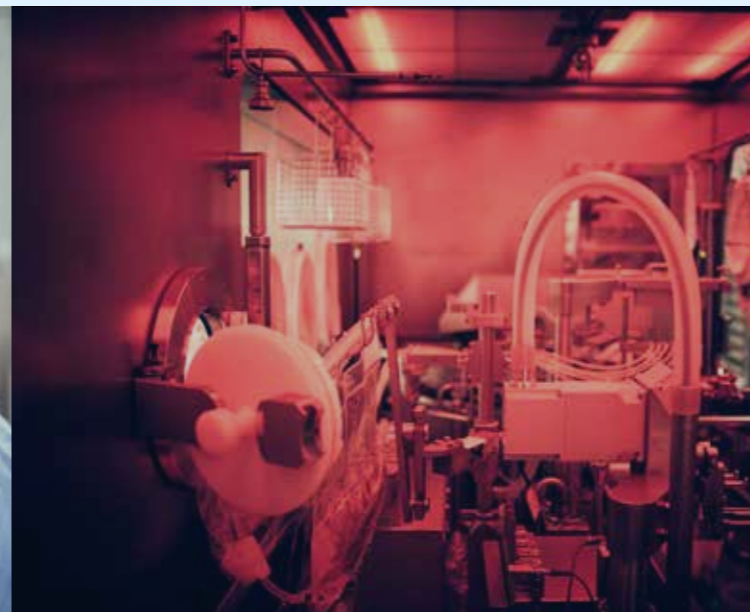
This level is situated within the organization's middle management and is responsible for daily operational decisions. Its focus is predominantly revolving around short-term operational concerns.

Tactical Level

At the site leadership level, tactical decisions are formulated. These decisions, which have a longer-term perspective, can impact a broader array of individuals or multiple departments.

Strategic Level

The strategic level is found at the executive leadership tier of the organization, where overarching strategic decisions are crafted. Here, the emphasis lies on safeguarding the company's well-being and shaping its future trajectory.



GUIDELINES AND INTERNAL CONTROL

Company standards, regulations, and policies are designed to prevent unethical or illegal behavior, particularly acts of corruption. These encompass binding behavioral guidelines and internal control processes, focusing on anti-bribery and anti-corruption measures.

To ensure understanding and compliance with these governance-related standards, all employees receive instructions through interactive e-learning or practical training sessions, with confirmation activities recorded.

To mitigate conflicts of interest in alignment with operational, legal, and ethical norms, employees are required to sign and confirm their familiarity with relevant requirements. These include policies, instructions, procedures, or standards outlining preventive measures and terms to confirm the absence of conflicts of interest.

A GLOBAL WHISTLEBLOWER SYSTEM

Furthermore, a global whistleblowing system was implemented in the reporting year 2022. This system serves as a vital component of the corporate compliance framework, allowing for the continuous recording and monitoring of

	2022	2023
Corruption/bribery cases	0	0
Whistleblower alerts	4	11

any misconduct. Its objective is strengthening governance-related compliance management and facilitating the efficient resolution of reported incidents. Separate and appropriate policies as a part of the overall company code of conduct serve the company itself, particularly its employees, as guidance for proper behavior when confronting legal, social, or ethical challenges in their daily work. Sever Pharma Solutions is not aware of any cases of bribery or corruption associated with any company staff member. A comprehensive code of conduct policy work is in progress, and the result is expected to be implemented throughout the organization in Q2 2024.

MANAGING ESG RISKS

As a Contract Development and Manufacturing Organization (CDMO) operating globally, SPS encounters a spectrum of environmental, social, or governmental risks. These risks vary in nature and significance, yet each demands attention and effective management.

Quality Control Risk:

All products require regulatory approvals in the countries where they are intended to be sold. Our customer, the Market Authorization Holder (MAH), primarily handles this responsibility. However, SPS must comply with the relevant terms of the registrations. SPS actively collaborates with its customers and adheres to quality systems within Good Manufacturing Practices (GMP) framework while maintaining SHE management systems at its sites. If the

quality of a product is impacted, it cannot be released to the market, causing both financial and environmental repercussions due to increased waste.

Operational Risk:

Manufacturing and development operations carry environmental impacts and risks associated with accidents. Risks related to the environment and workplace safety are addressed at the site level within our systems and processes in accordance with relevant regulations.

Cyber Risk:

Like any business organization, SPS is exposed to cybersecurity risks, which may result from cyberattacks or data breaches. SPS focuses on identifying potential threats and vulnerabilities in its organization's digital systems and networks. This risk encompasses the likelihood of a cyberattack and potential consequences such as financial loss, reputational damage, or operational disruption. In response, SPS has made clear strategic choices to prioritize cybersecurity. This involves continually assessing and updating the cybersecurity risk management strategy to address evolving threats. By doing so, the company can protect its assets, maintain customer trust, and mitigate potential financial and reputational consequences. Proactive measures include regular employee training to recognize and respond to threats such as phishing, stringent compliance protocols, and robust systems to detect and mitigate malware and ransomware.

Supply Chain Risk:

Significant risks are associated with the supply of goods, where manufacturing and transportation interruptions may impact delivery performance and supply reliability. We continuously evaluate supply interruption risks in our operating companies. In several cases, mitigation plans are requested by customers and presented to them.

Regulatory Risk:

SPS' operations are subject to regulatory approvals in several areas. According to legislation, all factories must have a manufacturing license to produce pharmaceuticals and corresponding conditions are required for development laboratories depending on the extent of the development work being carried out. Our operations also require local environmental, health, and safety permits – the extent of these varies depending on the business and legislation in each country.

Energy Supply Risk:

Due to ongoing global conflicts and fluctuations in renewable energy production, the electricity and gas supply is at risk of significant instability. As a result, SPS identifies a potential future risk for restrictions or shortages in energy supply, including electricity and gas. This situation could lead to higher operational costs for SPS or even critical disruptions in all operations. Currently, this extreme situation seems unlikely. SPS consistently monitors the situation through the Swedish Energy Agency to mitigate and prepare for this risk. We will also maintain our focus on energy efficiency to lessen our impact on the energy network and the environment.



Sever Pharma Solutions is a CDMO that brings pharmaceutical ideas to life by offering highly potent drug development expertise, a drive to enhance performance, a passion for perfection, and a commitment to partner throughout the journey. We offer expertise in highly potent drugs and polymer-based drug delivery systems and provide a complete value chain, from development to sourcing and worldwide commercial supply. Together with our global GMP compliance, regulatory services, and market access strategies, we can ensure that our customers' products benefit patients all over the world. Sever Pharma Solutions has 364 employees, a turnover of €61.5 million, and is located in Sweden, The Netherlands, and Connecticut, USA.

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