



# Sustainability Report

2023





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## About this report

This Sustainability Report has been prepared with reference to the GRI Standards (2021) and covers Galenica’s operations during the 2023 calendar year. Reporting is done for the Group, which comprises the parent company Galenica AB (corp. ID no. 556567-7449) and the subsidiary Galenica Derma AB (corp. ID no. 559396-6996).

Galenica’s Sustainability Report aims to provide transparency into the company’s sustainability efforts. As the Report has been produced on a voluntary basis, it will not be audited by a third party. The Report has contributed to the identification of areas for development and the launch of new sustainability initiatives. Galenica’s Sustainability Report is published annually.

If you have any questions about this Sustainability Report and its content, please contact us at [info@galenica.se](mailto:info@galenica.se).

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# A message from our CEO

At Galenica, we are proud to be an actor in the pharmaceutical industry. A strong and sustainable pharmaceutical industry improves global health, contributes to economic growth, and creates job opportunities for people around the world. Like many other industries, we see things moving in a more sustainable direction.



*“At Galenica, it’s important that the world around us trusts us and that there be no doubt as to where we stand in terms of values, professionalism, sustainability management, and ethical guidelines. In light of that, we have chosen to report on our ongoing efforts towards becoming a sustainable option in the industry.”*

**Ronnie Wallin**

The trends we see involve improved production processes with reduced environmental impact, increased resource efficiency, and an industry with high ethical standards that complies with laws and regulations to prevent irregularities and corruption. In society, we note sustainability initiatives being welcomed by the industry in the form of support and incentives (such as the Swedish Pharmacy Association’s label “Välvald”). The same can be said for the political sphere, where policy frameworks and legislation push towards more sustainable development and production of pharmaceuticals.

The challenge for the industry is to balance the need for producing pharmaceuticals that are safe and effective with the need to produce them in a sustainable manner. Pharmaceutical companies need to find new and efficient ways to produce pharmaceuticals that subject the environment to less stress without compromising quality, safety, and efficacy for the patient. This requires innovation, investment in research and development, and business strategies that clearly address ways to take sustainability aspects into consideration in development and production.

A key aspect for the industry is a transparent and forward-looking approach. On our journey towards a more sustainable industry, we need to welcome sustainable initiatives with open arms and a can-do attitude and invite our stakeholders to follow us all the way.

For Galenica, it’s imperative that the world around us trusts us and that there be no doubt as to where we stand in terms of values, professionalism, sustainability management, and ethical guidelines. In light of that, we have chosen to report on our ongoing efforts towards becoming a sustainable option in the industry.

In 2023, clear focus has been placed on the wellbeing of our people and our work environment. Among other things, we offered all employees health checkups and embarked on a major reconstruction project that will extend over the next three years. Furthermore, we intensified the organization’s involvement in sustainability issues and our CSR work. One of the highlights of the year was the company-wide sustainability conference, where we evaluated and identified priority areas for our employees in various workshops. In line with our pursuit of meaningful impact, we also decided on a charity organization to partner with for the coming years. In addition, we focused on our value chain by evaluating our suppliers from a sustainability perspective and introducing our Supplier Code of Conduct, which provides a clear framework for our expectations in terms of our suppliers’ sustainability performance.

At Galenica, we care for both people and the environment. We invite you to follow us and draw inspiration from our journey, just as we have drawn inspiration from others.

**Ronnie Wallin**  
CEO and Founder  
Galenica

# The year in brief

## Work environment

During the year, Galenica worked to improve its work environment. Various projects for an improved lab environment were carried out, such as the reconstruction of existing premises and improvement of our safety ventilation. In addition, a two-day work environment course was given by an external party, and a project to identify risks in chemical handling was initiated.



## Health and wellbeing

Galenica's investments in health and wellbeing included a lecture on invisible work and various activities in connection with a health week that took place during the fall. Galenica organized two internal conferences during the year, one of which was a sustainability conference that included a workshop to decide on a partner for a charity project over the next two years. The choice landed on Hand in Hand and the project BLOOM, BUZZ & BUSINESS. The second conference focused on strategy, corporate culture, and behavior. A whistleblower function was also established during the year.

## Internal climate impact and resource consumption

Galenica has set targets to reduce internal climate impact, and in 2023, the work towards our long-term goal of replacing all company cars with electric cars was initiated. To make it easier for our employees to get to work in an eco-friendlier way, we started offering a public transport benefit, which means that employees can opt to buy a monthly public transport ticket instead of receiving a parking benefit. We also reviewed our resource consumption and conducted an energy audit.



## Supplier evaluation and Supplier Code of Conduct

A process for evaluating suppliers from a sustainability perspective was implemented, and all of Galenica's suppliers have subsequently been evaluated. Galenica also introduced a Supplier Code of Conduct to ensure that our suppliers comply with Galenica's guidelines on sustainability and ethical conduct.

# Our Organisation

- **About Galenica.**
- **Our business model.**
- **Our value chain and markets.**
- **Quality management.**





# About Galenica

Galenica is a privately owned pharmaceutical company based in the Öresund Region. We develop, manufacture, and sell our own pharmaceuticals as well as provide contract development services to our customers. Galenica’s journey commenced in 1999 by two pharmacists with a vision to be a flexible Swedish pharmaceutical partner in pharmaceuticals and formulation, focusing mainly on small and medium-sized companies. Along with developing our own pharmaceuticals, this is still Galenica’s business today.

## Pharmaceutical development in the Öresund Region

Since its inception, Galenica has been located in Medeon Science Park in central Malmö. Our premises cover about 4,000 square meters, encompassing a lab, production space, and offices. The success of Galenica is made possible only by the expertise of our people. We have about 70 employees with broad academic knowledge and industrial experience. We develop and create innovative pharmaceutical products for patient health and guide our partners in their pharmaceutical development from idea to market. This includes pharmaceutical and analytical development as well as the production of clinical trial material. We combine state-of-the-art equipment with great personal commitment, extensive pharmaceutical experience, and expertise in formulation development.

### Our Vision

*“A Swedish pharmaceutical company developing innovative products that are the preferred choice of customers, patients, and health professionals alike.”*

### Our Business Concept

*“Galenica will leverage its expertise and commitment to develop innovative pharmaceuticals for the global market that generate significant customer and patient benefits.”*

# Our business model

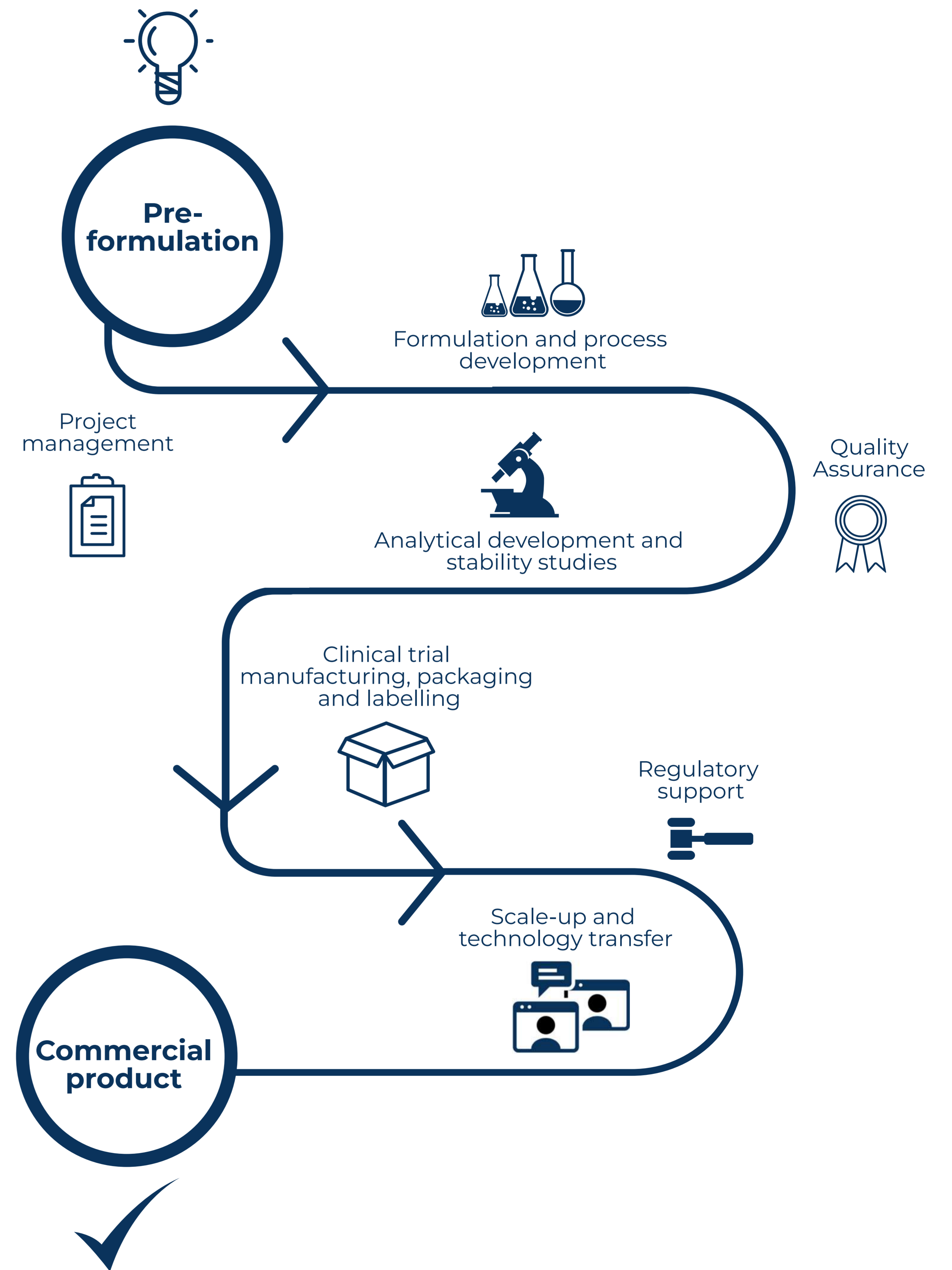
Galenica’s operations are divided into two business units: Contract Development & Manufacturing (CDMO) and marketing and sales of our proprietary and in-licensed products (the Pharma unit of Galenica AB and the subsidiary Galenica Derma AB).

Our CDMO unit is engaged in the development, manufacturing and quality assurance of pharmaceuticals and pharmaceutical products, primarily for Nordic pharmaceutical companies. We have vast expertise in pharmaceutical and analytical development as well as in production of Clinical Trial Material (CTM) for Phase I up to Phase III of non-sterile dosage forms. In addition, we offer CTM packaging and labelling. We have well suited and functional laboratory facilities and GMP (Good Manufacturing Practice) premises. Galenica is audited by the Swedish Medical Products Agency and is an authorized manufacturer of materials for clinical trials as well as for commercial purposes. Within this business unit, we also engage in our own development projects.

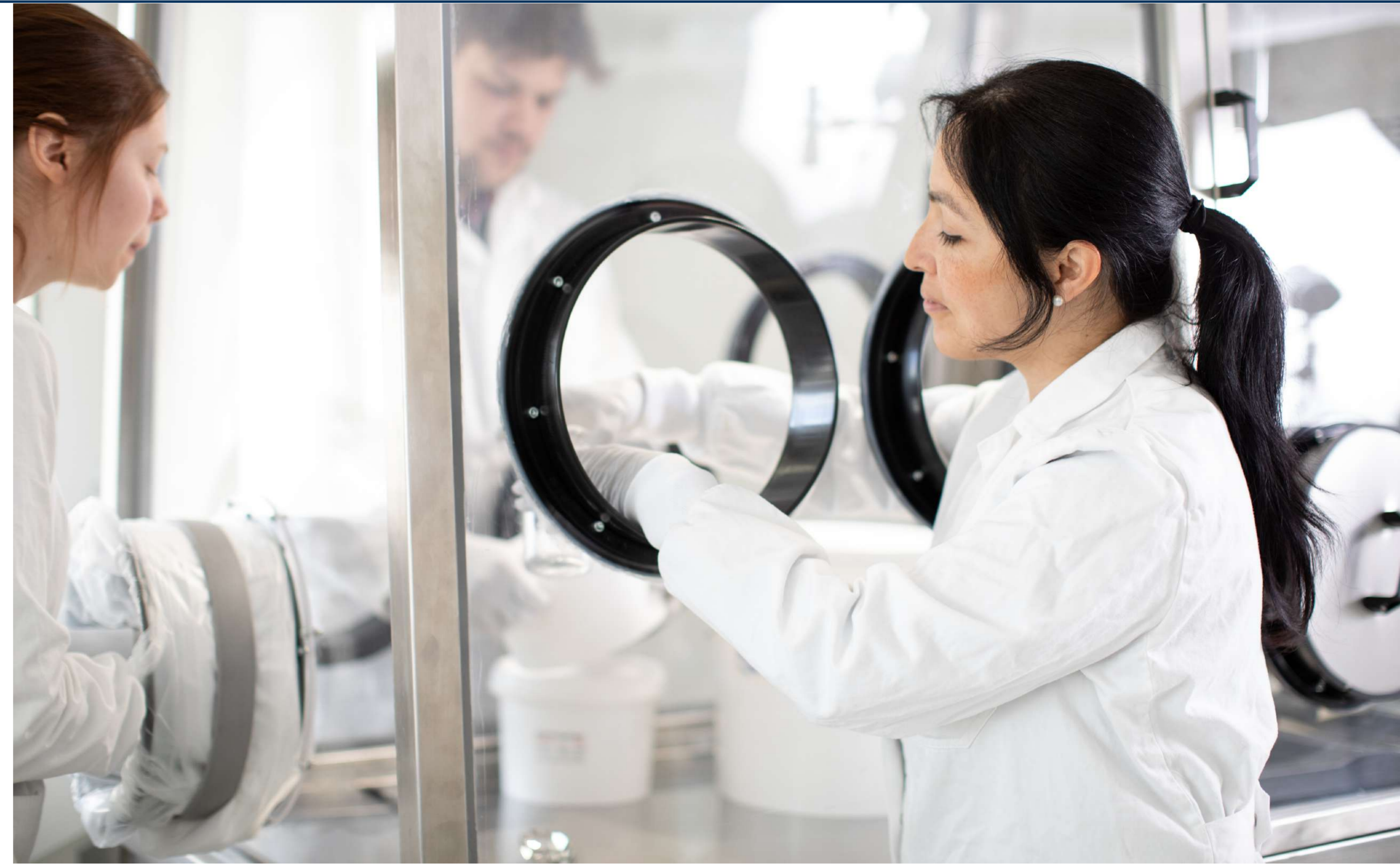
Galenica Derma markets and launches Galenica’s pharmaceutical products developed by the Galenica CDMO unit as well as in-licensed products in dermatology.

Galenica has three proprietary products: Ovixan® Cream and Ovixan® Cutaneous Solution for the treatment of psoriasis and dermatitis, and Oviderm®, which is a non-prescription emollient cream. We also have an in-licensed product, Ameluz®, for the treatment of sun-induced skin damage.

Galenica has key support functions in Quality, Project Management, and Compliance. Our Quality Department continuously develops and maintains our quality management system, making sure we meet regulatory requirements. All Galenica projects are assigned a project manager who is responsible for the progress of activities and for maintaining close contact with the customer. As a pharmaceutical company, we have a Compliance Team ensuring our compliance with legal requirements and regulations.







## Strategic objectives

  
Attractive workplace

  
Operational efficiency

  
Financial stability

  
Profitable sales

## KPIs 2023

Earnings SEK  
**31 million**  


Net sales SEK  
**183 million**  


No. of employees  
**67**  


Equity ratio  
**52 %**  


## Board of Directors

Composed of shareholders and elected directors, Galenica's Board of Directors is the highest decision-making body in the company. The Board is appointed by Galenica's shareholders. Board meetings are held eight times a year. Communication with the Board is maintained in between Board meetings as well, as the Board is represented in operational activities. The Chairman does not work operationally in the company. The Management Team is the company's highest governing operational body.

## Expected future development

A new strategic agenda was set in 2023 for the coming years, and the company's business segments are expected to develop in a positive direction.

Growth will continue through investments both within and outside the existing market. The positive development of earnings and cash flow is expected to remain stable in 2024.

## Significant events during the reporting year

In the fall of 2022, a decision was made to start incorporating Galenica's business segments. A wholly owned subsidiary, Galenica Derma AB, was formed; however, no operations were commenced until 2023 when parts of the Pharma segment were transferred to the new company. The transfer has taken place gradually since January 2023.

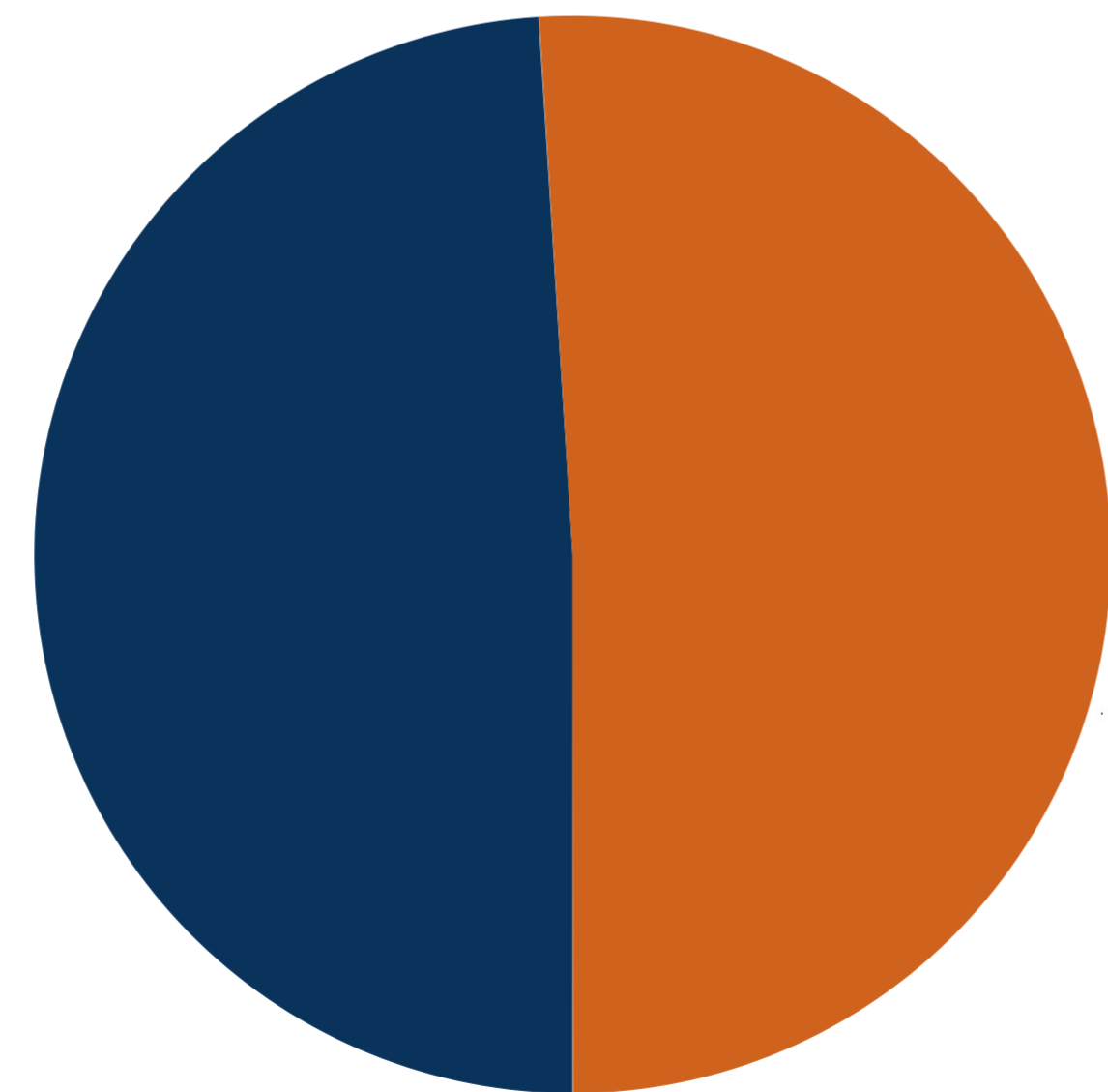
# Our value chain

Galenica's goal is to create significant value for our customers and ultimately for the patients who use our pharmaceuticals.

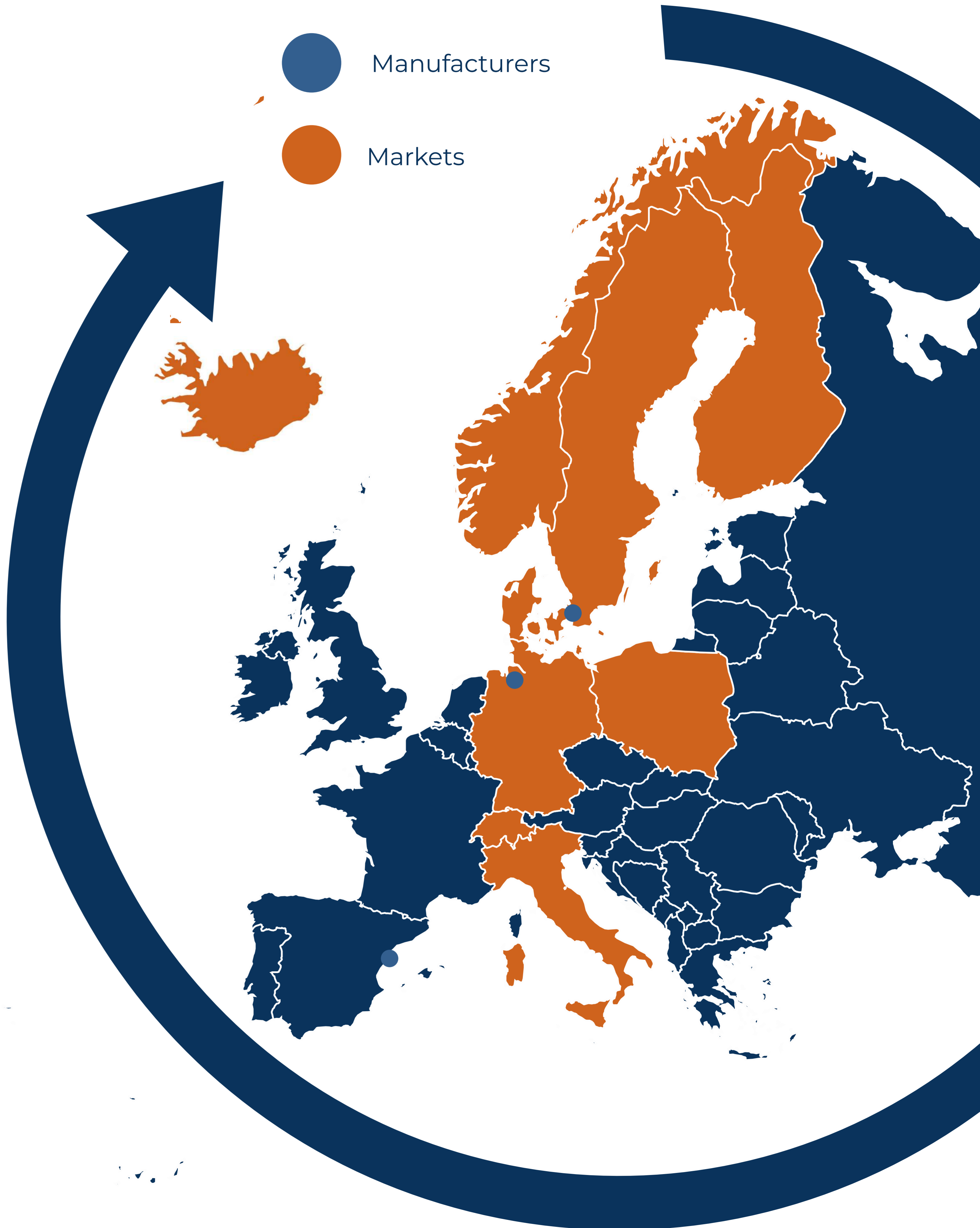
Through our CDMO, we track pharmaceuticals from idea to commercial production. We act as a contract lab, providing services such as pharmaceutical manufacturing, formulation, and analysis. While we offer our CDMO services globally, the majority of our sales come from Nordic customers. The work is carried out in our lab and office premises in the Medeon Science Park in Malmö, Sweden.

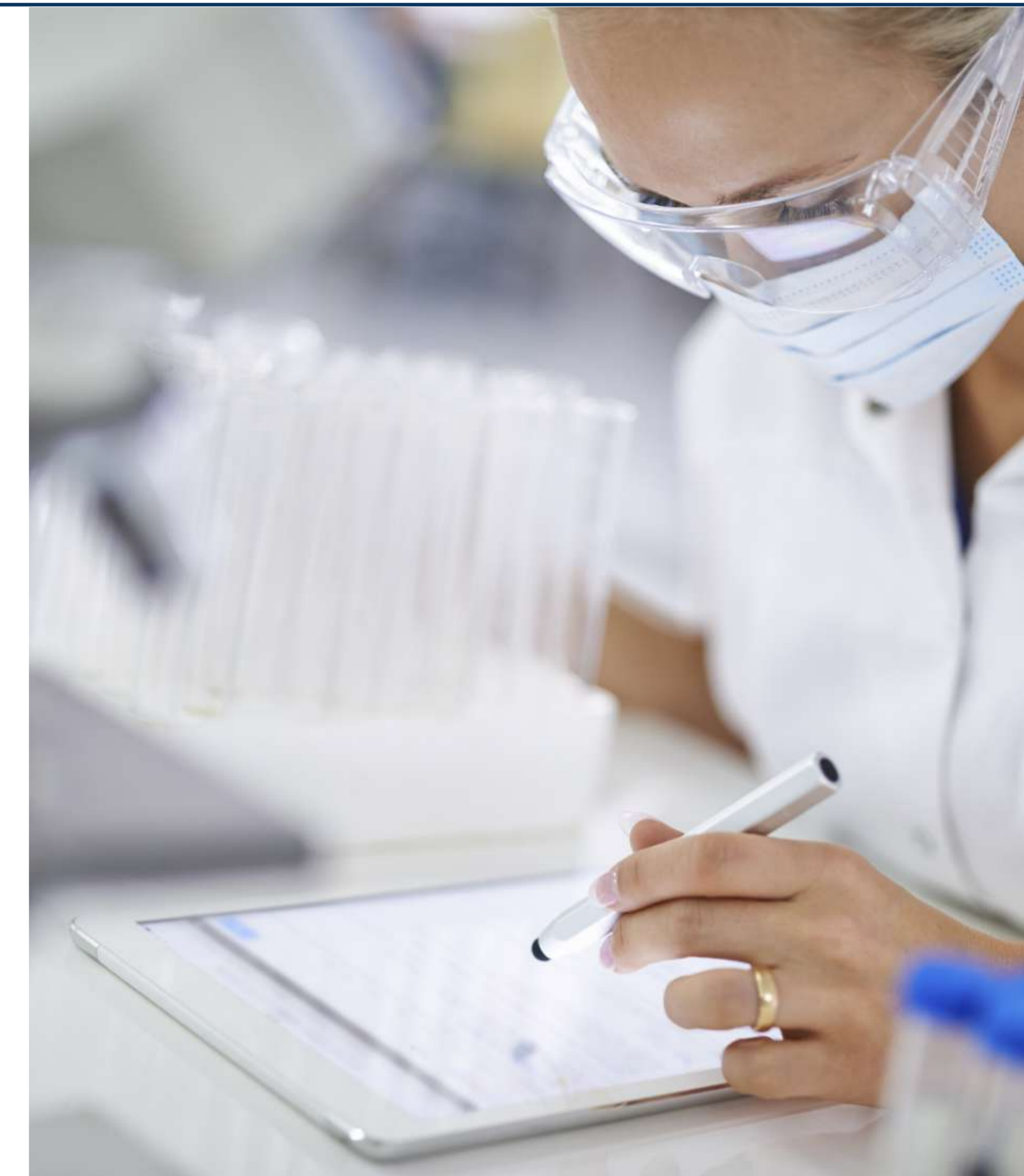
Oviderm® and Ovixan® are manufactured in Sweden, Spain, and Germany. The products are transported to warehouses in Sweden, Denmark, and Finland for further distribution to customers in Europe. Sales in Germany, Poland, Switzerland, and Italy are outsourced to partners, who are responsible for transportation.

## Revenue breakdown



■ PHARMA (49%) ■ CDMO (51%)





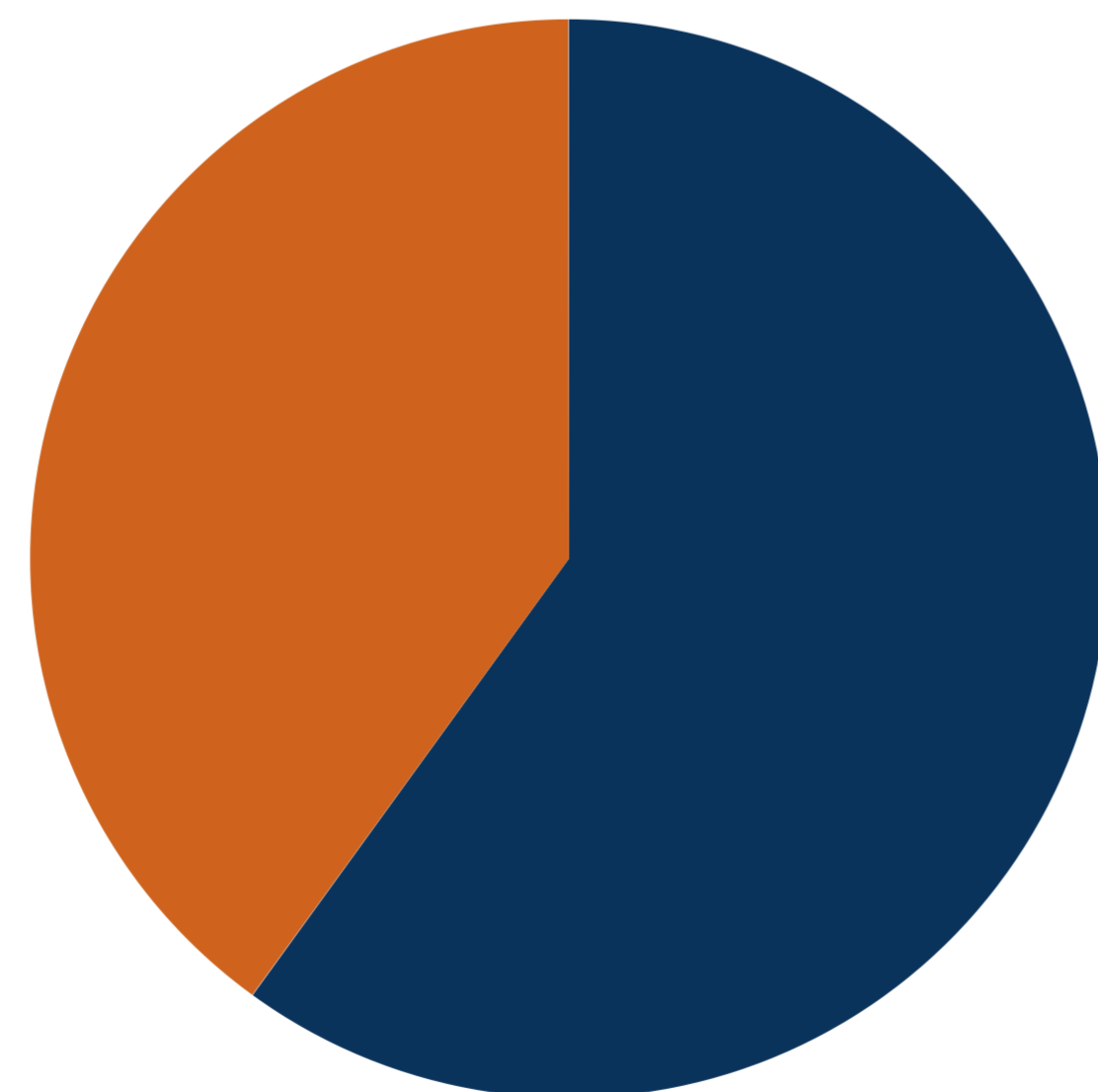
Photographer Roger Nellsjö

## Our markets

Galenica sells proprietary and in-licensed pharmaceuticals in a number of European countries. The products are sold either directly by Galenica or via its license partners. Ovixan® is sold throughout the Nordic Region, Germany, Switzerland, Italy, and Poland. In addition, Oviderm® is sold in Sweden, Norway, Finland, Iceland, and Poland. Galenica sells the in-licensed drug Ameluz® in all Nordic countries except Iceland.

In CDMO, the largest market is Sweden and the rest of the Nordic countries (Norway, Denmark, Finland).

## Market breakdown licence sales and proprietary sales



- Sales in the Nordic Region (60%)
- Sales outside the Nordic Region (40%)

## Suppliers

In 2023, Galenica purchased services and materials from 416 suppliers. The total purchase expenditure was SEK 106.4 million. 58 suppliers account for 90% of all our purchases.

Of Galenica's purchases in 2023, 50% are product-related purchases and manufacturing. 22% are office and administrative services, such as marketing, HR, legal, or government services, training, and scientific advice. 10% are lab and office space as well as furnishing, while 5% are IT and support systems. 4% are third-party storage, 3% equipment and lab services, such as external labs, analyses, calibration, and equipment maintenance, 2% are raw materials, inputs, lab and office-related consumables.

2% are company cars and 1% transport. Suppliers are located in Sweden (83%), the rest of the Nordic countries (9%), Europe (7%), and North America (1%). If the supplier belongs to a Group, we count the local office from which the purchase was made.

Galenica evaluates its suppliers with regard to quality. Quality-related evaluations are done, for example, of suppliers that perform external services within the relevant regulatory framework. Critical suppliers are re-evaluated after 18 months from initial approval. Subsequent evaluations, as well as evaluation of non-critical suppliers, are carried out every three years by Galenica's Quality Department. In 2023, another supplier evaluation process was developed and implemented – this one with regard to sustainability.



# Quality management

As a pharmaceutical manufacturer, quality assurance is a prerequisite for our ability to conduct business and paramount to patient safety. For Galenica, quality is about doing the right things, being accurate in our work, and constantly improving.

The development, manufacturing, and distribution of pharmaceuticals are governed by international and national legislation, standards, and guidelines. Our quality management system ensures compliance with regulatory requirements in terms of development, manufacturing, control, release, distribution, and pharmacovigilance.

We are audited and authorized by the Swedish Medical Products Agency for GMP (Good Manufacturing Practice), GDP (Good Distribution Practice), and GVP (Good Pharmacovigilance Practice). Our quality management is also audited by our customers and partners. The basis of our quality management system is our SOPs (Standard Operating Procedures).

Galenica's SOPs are a set of comprehensive, digitized documents relating to rules and guidelines for quality and safety. Among other things, they outline laboratory processes, material handling, pharmacovigilance, and other work steps. Our SOPs are regularly and systematically revised. Via our digital platform, our employees are trained in the relevant SOPs regularly and whenever revised.

## External organisations and memberships

Galenica has a solid business network and collaborate with actors in academia as well as with industry, patient, and network organizations. This enables us to both contribute to and benefit from valuable knowledge exchange as well as increase our

receptiveness to our stakeholders. Galenica works to support various patient organizations, such as Atopikerna.se (part of the Swedish Asthma and Allergy Association). We work closely with the industry organization LIF (the Swedish Association of the Pharmaceutical Industry) and adhere to the regulatory frameworks of patient- and healthcare-related partnerships (such as the Ethical Rules for the Pharmaceutical Industry in Sweden (LER)). We also collaborate with the pharmacies in Sweden, and we are a member of the Swedish Pharmaceutical Society, which serves as a meeting point, a source of knowledge, and a watchdog for us as a pharmaceutical supplier. Furthermore, Galenica has a collective agreement for all employees and maintains continuous dialog with the employer organization IKEM (Innovation and Chemical Industries in Sweden).

# Our Values



# Our core values

Galenica is a value-driven business whose values shape not only our day-to-day work but also the company's long-term strategy. Our values are captured in our jointly developed core values of *Team Spirit*, *Quality*, *Competence*, and *Action*. By acting in alignment with our core values, we strive to be a good and sustainable workplace, partner, and societal actor.



## Team Spirit

We care about each other, stand up for each other, and work together. We all feel that we belong to the same team striving for the same goal. We help each other, communicate well, and work as a united team. Team spirit is about respecting each other, respecting human rights, and applying a zero-tolerance policy against discrimination.



## Quality

To achieve quality, we maintain a good, safe work environment and a transparent approach in accordance with good business practices and current regulations. Quality is also about doing the right things, being accurate in our work, and constantly improving.



## Competence

Our strongest competence is our people. To perform at our best, we enjoy our work and have a good work-life balance. Competence further means that we understand the customer, we learn new things, and we deliver.



## Action

Our capacity to act enables us to make decisions, take responsibility, and achieve our goals. We stay at the forefront and have clear business and sustainability goals. We take responsibility for being a sustainable employer – today and tomorrow.

# Code of Conduct



Galenica has a Code of Conduct that is based on our values, policies, and the 10 principles of the UN Global Compact. The Code describes how we operate and covers the guidelines we follow regarding sustainable work and ethical conduct. It also highlights several policies linked to sustainability and responsible behavior.

It is vital that we meet the standards and expectations imposed on us by the world around us. As a pharmaceutical company, we need to work in a forward-looking manner and advocate transparency in the industry. Where we stand in terms of values, professionalism, integrity, and ethical guidelines must be crystal clear to our network.

The Galenica Code of Conduct has been developed jointly by all employees, which we see as a prerequisite for both commitment and effectiveness. The Code clarifies what is expected of all employees as well as our principles and guidelines for conducting sound business. It provides guidance when making decisions and performing our responsibilities. The Code is reviewed every two years and revised as necessary to ensure continued relevance of its content.

**Code of Conduct**

**Diskriminering**

På Galenica ska varje individ ha lika möjligheter till att utvecklas och lyckas i arbetslivet oavsett kön, könsovervägande identitet, etnisk tillhörighet, religion, funktionsnedsättning, sexuell läggning, graviditet eller ålder.

Vi har nolltolerans mot diskriminering av alla former. För att säkerställa detta använder vi oss bland annat av kontinuerliga medarbetarundersökningar och regelbundna möten mellan chefer och anställda. Arbetsrelaterade beslut ska alltid baseras på personers förmåga. Galenica ska vara en jämställd arbetsplats där mångfald, öppenhet och diversitet driver verksamheten framåt.

**Respekt**

På Galenica ska de grundläggande mänskliga rättigheterna enligt FN:s Allmänna Förklaringsrespekt och tillämpas lika för alla medarbetare. Vi behandlar andra som vi själva vill bli behandlade och arbetar ständigt för att alla ska värdes. Att visa varandra respekt oberoende av ställning i företaget är viktigt för att bedriva en sund och jämställd verksamhet. Att visa respekt ger respekt tillbaka.

Galenica är emot och tar avstånd från all form av tvångsarbete, barnarbete eller någon annan form av påtvingat arbete. Vi har nolltolerans mot alla typer av tvångsarbete och/eller barnarbete i vår värdekedja.

**Användning**

Galenicas Code of Conduct innehåller riktlinjer som är kopplade till våra värden. Den är ett dokument som ska sitta bredvid företagsvärdnaderna och har så väl att verksamheten ska styras och drivas. Alla som arbetar på företaget har en skyldighet att följa koden. Skulle den brytas finns det handlingsplaner i personalhandboken för vilka åtgärder eller konsekvenser det innebär beroende på handlingens allvarlighetsgrad. Koden ses över årligen av HR för att vara aktuell.

Koden fungerar som en vägledning i Galenicans företagsvärderingar och det är du förväntas att du som medarbetare förstår det du läser och vad som förväntas av dig. Skulle du inte hitta svar på din frågeställning tar du kontakt med din chef eller HR som i sin tur hjälper dig att hantera situationen. Tveka aldrig att gå till din närmaste chef med frågor och funderingar.

**Är du chef?**

Ditt agerande är avgörande. Du som chef ska vara ett gott föredöme som medarbetare kan ha en öppen och trygg kommunikation med. Se till att alla medarbetare är väl medvetna om vår Code of Conduct och hur vi använder den. Agera och arbeta i enlighet med koden och uppmana medarbetare att kontakta dig om de har frågor.

**Förväntningar på dig som chef eller i ledande position:**

- ☑ Omödelbart agera om diskriminering av något slag sker på arbetsplatsen.
- ☑ Arbeta aktivt med att skapa en jämställd arbetsplats med mångfald.
- ☑ Respektera våra medarbetare, vara lyhörd och tydlig.
- ☑ Visa nolltolerans mot alla typer av tvångsarbete och/eller barnarbete i vår värdekedja.

**Förväntningar på dig som medarbetare:**

- ☑ Aldrig diskriminera en kollega på kön, könsovervägande identitet, etnisk tillhörighet, religion, funktionsnedsättning, sexuell läggning, graviditet eller ålder.
- ☑ Hjälpa till att förhindra diskriminering på arbetsplatsen och direkt rapportera till HR eller närmaste chef om du själv eller en kollega blir utsatt.
- ☑ Respektera dina kollegor och behandla andra som du själv vill bli behandlad.
- ☑ Direkt rapportera till HR eller närmaste chef vid misstanke om brott mot de mänskliga rättigheterna.

# Our Sustainability Strategy





# Stakeholders in focus

We maintain constant dialog with our stakeholders in order to listen and adapt to their expectations, long-term strategies, and external trends. This allows us to develop in parallel with the world around us and maximize the benefits of how we conduct our business. The stakeholder dialog is an important aspect in finding partners that share our visions and values.

## Our stakeholders

Our business evolves through continuous dialog with our stakeholders. Our stakeholders include our suppliers, distributors, customers, patients, consultants, employees, owners, stakeholder and industry organizations, and government agencies. We engage in dialog with our stakeholders through regular interaction and through procurements, in-person visits, customer and employee surveys, seminars, and workplace and trade fair events. Our business is regularly evaluated based on our stakeholders' expectations.

## Sustainability increasingly important

The topic of sustainability is increasingly highlighted in the interaction with all stakeholders. Trends in the industry include improved production processes with reduced environmental impact, increased resource efficiency, and high ethical standards. Sustainability initiatives are welcomed by the industry through both incentives and legislation. In order to respond to these trends, we have been expanding our sustainability efforts for years. We see our sustainability performance as a key competitive edge and a prerequisite for long-term profitability.

In our employee surveys and when hiring new people, we can clearly see that sustainability is important for our employees, owners, and Board. It is also a priority for suppliers, customers, health care providers, and stakeholder organizations.

Another priority issue raised in dialog with distributors, customers, health care providers, patients, and stakeholder organizations is the importance of transparency and responsibility for the entire value chain. With the aim to increase transparency, Galenica started its sustainability reporting in 2022. In 2023, frameworks and processes were established to evaluate new and existing suppliers based on sustainability criteria.

The quality, efficacy, and ease of use of our products are also a priority for our stakeholders. To take this into account, we meet with advisory committees comprising independent physicians and nurses, whose advice help inform our strategic decisions and provide support in ongoing projects.

### Internal stakeholders

- Sustainability as a competitive edge.
- Sustainable innovation.
- Attractive employer.

### External stakeholders

- Transparent value chain.
- Quality, ease-of-use, and efficacy.
- Sustainable products and innovation.





# Our material sustainability issues

A distinct sustainability mindset has been a key factor in the development of Galenica’s own pharmaceuticals over the past decade. We make every effort to make our work with sustainability a natural and integral part of day-to-day operations.

Galenica’s sustainability strategy is based on the areas where we are most able to influence and where we can actively contribute to sustainable development throughout our value chain. The strategy is linked to stakeholder expectations, Galenica’s long-term strategy, our external environment, and international objectives, and is based on business objectives that are achieved in stages. Inspired by the Sustainable Development Goals of the UN 2030 Agenda, our sustainability efforts are based on materiality and relevance analyses in accordance with the SDG Compass. In this way, we ensure that Galenica’s sustainability work is effective and focuses on material areas where we can have an impact.

Galenica’s materiality analysis was done by identifying and analyzing the areas that most affect our stakeholders and us as an organization in order to focus our resources on the areas that are most material to our operations. In addition to stakeholder and external analyses, the process involved identifying our actual and potential positive and negative impact based on the 2030 Agenda and the 17 SDGs of the UN. Based on the analysis, strategic objectives and KPIs were created along with a plan to follow up and report on them based on our material areas. This includes acting to reduce negative while increasing positive impact.

Through stakeholder dialog and an internal analysis of the impact of our operations on people and the environment, we have identified three sustainability areas, with the following objectives and KPIs, as most material.

**Strategic focus**

**Strategic objective**

**KPI**

**GRI**

# Social and Ethical work



**Advocate competency development.**

Hours of training per employee

**404-1**

**Promote equality and diversity.**

Hours of health & safety training per employee

**403-5**

Diversity among board directors, leadership, and workforce

**405-1**

**Sustainable and attractive employer for the future.**

Number of discrimination cases and measures taken

**406-1**

eNPS

# Health & Well-Being



**Stimulating workplace with a clear health focus.**

Sick leave

**403-2**

**Safe and good work environment.**

Work-related injuries and incidents

**403-9**

Employee health, stress level, well-being and satisfaction

# Climate Initiatives



**Resource- and climate-efficient operations.**

Corruption incidents

**205-3**

Electricity and district heating consumption

**302-1**

Water consumption

**303-1**

**Sustainable value chain.**

Hazardous / non-hazardous waste

**306-2**

**Reduce internal climate impact.**

Supplier mapping of sustainability criteria

**308-1, 414-1**

Business travel and CO2 emissions



# Sustainability management

Galenica works actively to develop, implement, and advance our sustainability efforts in close collaboration with the organization. Our Sustainability Policy provides the platform for our work with sustainability. It enables development and improvement, promotes stakeholder dialog, clarifies processes and distribution of responsibilities, and allows us to implement a proactive sustainability strategy. Our policy includes the components used by Galenica to carry out meaningful sustainability efforts.

## Sustainability reporting

Our sustainability strategy is guided by the 2030 Agenda and is linked to strategic activities carried out annually by the organization in collaboration with senior management.

Starting in 2022, we report on our sustainability efforts every year. Sustainability reporting is a powerful tool for evaluating and improving our sustainability performance by analyzing our work, as well as for achieving our long-term objectives.

## Annual action plans

Galenica's sustainability reporting is based on objectives, action plans, implementation, data collection, and evaluation. In connection with sustainability reporting, the managers in charge evaluate our performance for the year and establish action plans to be implemented the following year. Closely linked to Galenica's sustainability strategy, the action plans align with long-term sustainability goals and are approved by senior management. Galenica's stakeholders will be involved in the outcome of the annual action plans as well.

By systematically evaluating our performance, we can raise the bar for our work with sustainability and ensure constant progress.

To cement our sustainability efforts in the organization, we have a number of governing documents that provide guidelines for our employees with respect to environmentally, socially, and ethically sustainable conduct. Our policies are a fundamental aspect of Galenica's operations. Many of them are linked to various sustainability areas, and they are all available to our employees via our intranet. Our policies are designed to describe our rules and values as well as clarify the rights and obligations of all our employees.

### Selection of policies for sustainable conduct

- Work Environment Policy
- Occupational Rehabilitation Policy
- Alcohol and Drug Policy
- Non-Discrimination Policy
- Equal Treatment Policy
- Competency Development Policy
- Fair Business Practices Policy
- Anti-Bribery Policy
- Environmental Policy
- Travel Policy
- Sustainability Policy
- Galenica Code of Conduct





# The Management Team

## - What is sustainability for us?



“My objective as CEO and Founder is to ensure Galenica as a competitive company that keeps up with industry trends and external developments. We will be a sustainable and attractive employer – today and tomorrow – through constant development and clear ambitions. This requires a capacity to act and the alignment of our business strategies with our sustainability goals. As a pharmaceutical company, we are proud to contribute to Goal 3 of the 2030 Agenda, Health and Well-Being, and we aim to do so in the most eco-friendly way possible.”

**Ronnie Wallin**  
CEO and Founder



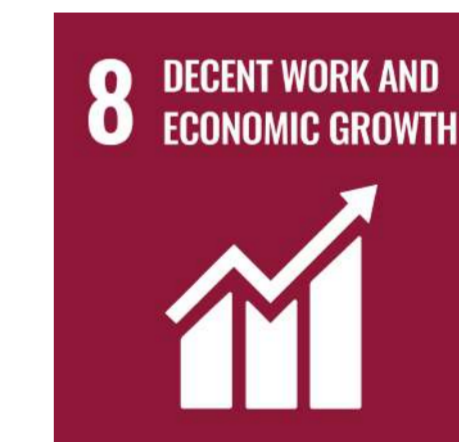
“For me, sustainability is something that now permeates all of our lives. Here at Galenica, in the strictly regulated world of pharmaceuticals, efficacy, safety, quality, and sustainability are the four pillars that define our development work. By constantly elevating our expertise and actively choosing renewable and responsibly produced raw materials, we strive to create effective and safe pharmaceuticals without depleting our planet.”

**Henri Hansson**  
CSO and Founder



“As CFO, I want to ensure that Galenica has a sustainable business model by making sure that resources are used responsibly, that the company has strong financial procedures, and that the Management Team has a clear strategy for addressing sustainability issues. For me, the third goal of the 2030 Agenda – Health and Well-Being – is a cornerstone for us all to have the drive and commitment to work for the sustainable development of our planet.”

**Lena Örtenblad**  
CFO



“For me, it’s important that we are a sustainable employer that strives to ensure a workplace that is safe and free of discrimination, and that we provide good working conditions. Galenica employees consider sustainability and social responsibility to be important issues. This enables us to place great focus on such issues and thus be an attractive employer for future generations as well.”

**Christofer Gillborg**  
MR Manager



“Galenica’s business concept is the development of innovative pharmaceuticals, which is something CDMO is very much involved in. Through the pharmaceutical development chain, we use, handle, and consume different types of materials and chemicals. We have established processes for ensuring the health and safety of our employees as well as for the safe handling of residuals and waste. We want to guide our customers in choosing materials and thereby contribute to a better environment while giving our customers a potential competitive edge.”

**Kristina Thored**  
VP CDMO



“For me, the efficient use of resources is a key aspect of supply chain operations. Manufacturing and transport are resource-intensive parts of our value chain, and we can achieve significant improvements by making conscious choices and by holding ourselves and our suppliers to high standards. Focusing on sustainability allows us to improve our climate impact and our competitiveness.”

**Mikael Friberg**  
VP Operations



“With our products, we – together with our customers and suppliers – can make a big difference. For example, physicians in Sweden prescribe approximately 1,000 tons of emollient cream to patients every year. The creams we develop contain degradable ingredients with less environmental impact. When we communicate this to physicians and patients, we make a difference.”

**Joakim Hindemith**  
VP Sales & Marketing



“For me, sustainability means constantly moving towards a society in which we recognise and care about the people around us, our society, and our shared resources. In my world, it all goes hand in hand. In my role as Director of Quality Assurance, I can contribute to Galenica’s move towards more sustainable use of resources through, among other things, focus on quality and ease-of-use as well as digitalisation of our processes and working methods.”

**Nicklas Helgesson**  
Director Quality Assurance

# Social and Ethical Work

## Our objectives:

- **Sustainable and attractive employer for the future.**
- **Advocate competency development.**
- **Promote equality and diversity in the workplace.**







# Sustainable and attractive employer for the future

Being a sustainable and an attractive employer requires conscious recruitment, workplace satisfaction, and personal development. To ensure this, we conduct regular employee surveys that provide us with valuable information.

## Conscious recruitment

Through conscious recruitment, we can greatly influence the internal corporate culture and development of Galenica. It is extremely important that we recruit employees who support our strategic agenda and align with our corporate culture in order to ensure contribution and wellbeing in the workplace. In the long term, this facilitates innovation that benefits both the industry and patients within the framework of our important mission.

At Galenica, our HR Manager is responsible for the recruitment and hiring process. Guided by our Recruitment Policy, recruitment is handled by HR in consultation with the recruiting manager. All employees are covered by a collective agreement and Swedish labor law. To increase receptiveness to employee issues, our HR Manager is part of Galenica's Management Team.

*"It's important for Galenica to be an attractive workplace with competent employees who share our values. This allows us to offer the best possible expertise, deliver excellent results to our customers, and create an environment in which our employees can thrive."*

**Christofer Gillborg**  
HR Manager



Employment	Women	Men	Total
Permanent employment	40	25	65
Temporary employment	1	1	2

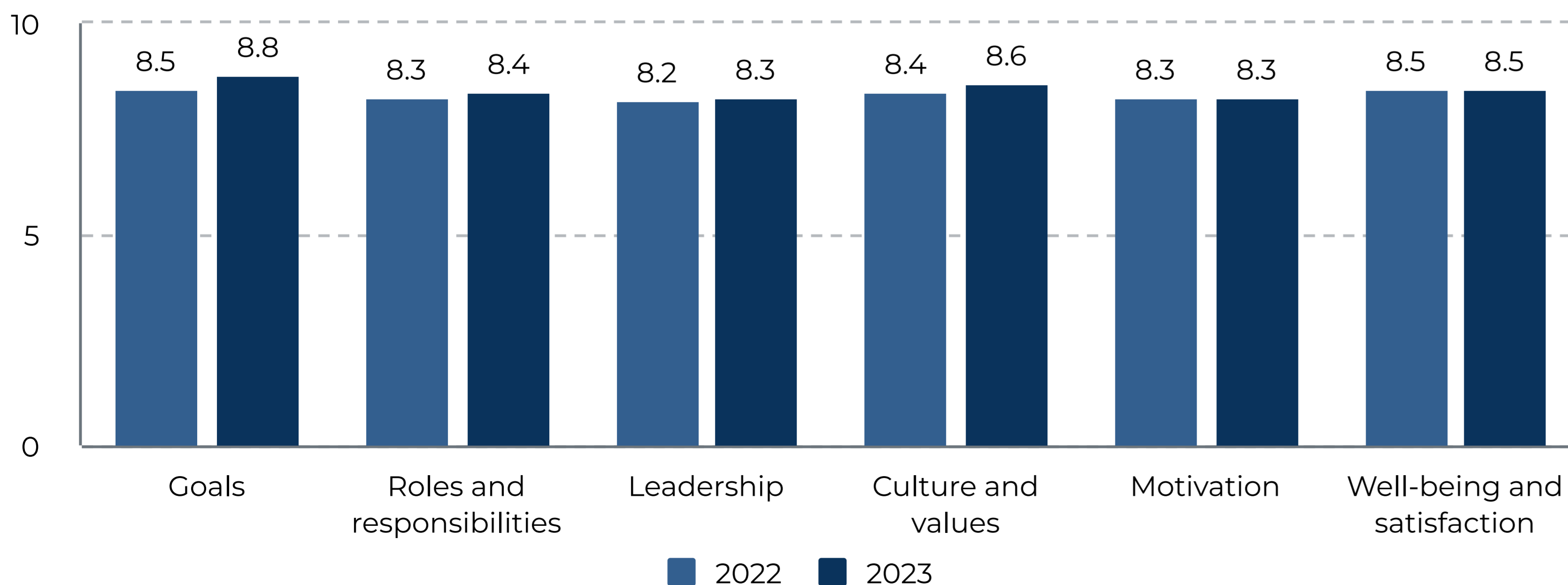
Employment	Women	Men	Total
Full-time employment	35	24	59
Part-time employment	6	2	8

At the turn of 2023/2024, the Galenica Group had 67 employees. All of them work and are employed in Sweden and are covered by a collective agreement through IKEM (Innovation and Chemical Industries in Sweden). Galenica operations were conducted by employees along with a consultant in CDMO and three consultants in Galenica Derma. All data is obtained from our payroll system.

## Employee surveys

We conduct employee surveys at Galenica twice a year. The surveys provide us with valuable information about how our employees view Galenica as a workplace and create opportunities for dialog within the teams. The topics covered are both qualitative and quantitative in nature. Among others, they include goal fulfilment, motivation, stress management, communication, management, culture, and workplace satisfaction. The survey is conducted under the direction of the HR Manager, who, along with department managers, follows up the results and ensures that appropriate actions are taken. Activities based on employee surveys include workshops as well as targeted group or individual discussions to improve our common workplace. We strive for an open culture that encourages dialog in all meetings and discussions. Furthermore, we use KPIs such as employee turnover and eNPS to gauge the health of the organization and our workforce.

The trend over the past year is positive in the majority of the focus areas surveyed. This is very much in keeping with the fact that we have been working extensively with issues that are important to our employees, including work environment, workplace satisfaction, and sustainability.





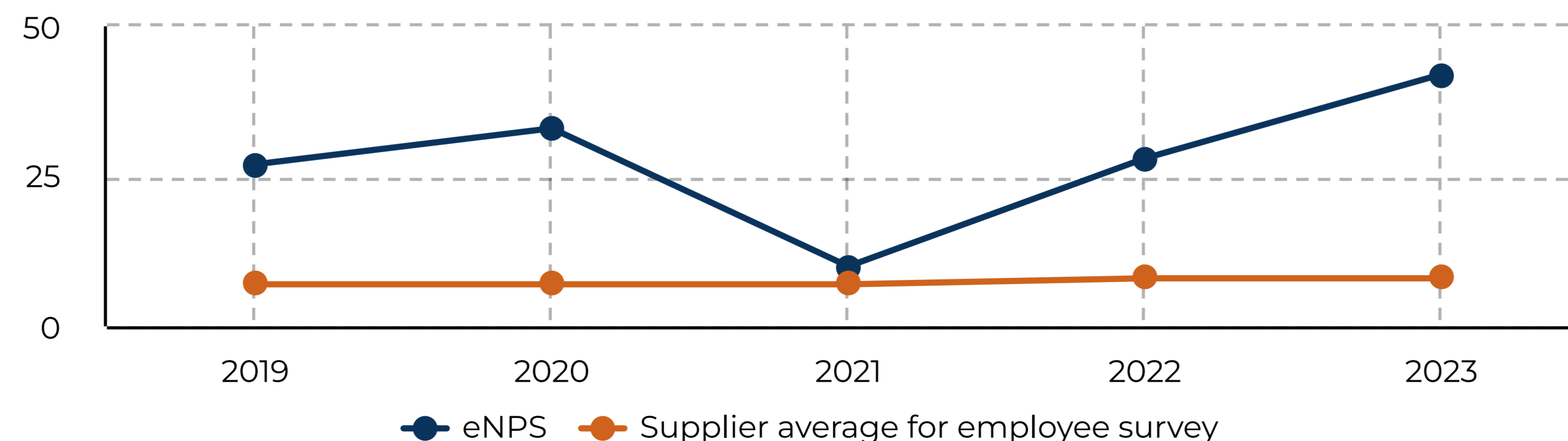
## Satisfaction and personal development

One of the focus areas in our strategic agenda is to be an attractive workplace. This includes workplace satisfaction and collaboration, which, according to our biannual employee surveys, are strong attributes of Galenica. We have an informal workplace that is steeped in team spirit and commitment. To further encourage a sense of unity in the organization, we have a Wellness Committee that organizes social activities for our employees on a regular basis. Our team spirit paves the way for having fun and working well together. The Galenica Code of Conduct sets the tone for how all our employees are expected to treat each other. It covers essential topics, such as collaboration, communication, respect, and zero-tolerance against discrimination and abuse.

Another key aspect of Galenica as an employer is our focus on knowledge and competency development. With Galenica's various assignments and extensive knowledge base, we offer plenty of opportunities for employee development and training. We create a stimulating day-to-day, while offering our customers flexibility and breadth. Workplace satisfaction and personal development are key to promoting motivation and a sound corporate culture.

## eNPS and our employer brand

eNPS stands for Employee Net Promoter Score. Measured since 2019, this is a metric that reflects how our employees feel about working with us. Using a scale from 1 to 10, employees indicate how likely they are to recommend Galenica as an employer to others.



An eNPS can range from -100 to +100, and a positive score is generally an indication of employee satisfaction and commitment. Scores above 20-30 usually indicate an organization with strong employee support and loyalty.

Our eNPS provides us with a valuable indication of employee commitment and satisfaction at Galenica. We are proud to say that our scores have been high – between 10 and 42 – ever since we started measuring in 2019. We can see the score dipping in 2021 – a reflection of the effects of not being able to meet regularly due to the pandemic.

In the October 2023 survey, our eNPS was 42, which is our highest score since we started measuring.



# Advocate competency development

Competency development is crucial for the personal development of our employees and a prerequisite for achieving our common goals and vision.

## Competence - Our greatest asset

Galenica conducts business with a high level of knowledge and innovation. The range of our assignments places great demands on competence, experience, and training. Learning thus becomes a natural part of the work in our business segments as new substances, processes, and methods are regularly introduced in new projects.

Galenica's approach to training is guided by our Competency Development Policy. We work actively with both internal and external training and strive to empower learning in day-to-day activities. For years, we have contributed to the research capacity in Sweden by collaborating with various universities. In doing so, we foster development and knowledge in areas that are strategically important to us.

*“Competency development is of strategic importance for Galenica’s growth and competitiveness. It promotes a positive work environment, workplace satisfaction, and motivation, while also contributing to our long-term survival.”*

**Henri Hansson**  
CSO (Chief Scientific Officer)

We have updated our strategic agenda for 2024-2026. Under the “Attractive workplace” objective, competency assurance has been identified as a key focus area. We therefore plan to advance our model for mapping competency and competency gaps, digitize our training process, establish a scholarship in galenic pharmaceuticals, and design a methodology for working with career development for strategically important skills.

## Training for quality and safety

As a manufacturer and developer of pharmaceuticals, we strictly adhere to the legal requirements and guidelines that apply to us. We provide GMP, GVP, and GDP training to all relevant personnel in the company as well as new employees, along with supplementary safety training as needed. We also make sure that our employees receive a thorough introduction through our onboarding plan in connection with hiring or moving to a new position within the company.

## Performance reviews

Performance reviews are carried out with all employees in our organization in order to plan and monitor their competency development. During these reviews, the employee and their immediate supervisor jointly set competency development goals along with an action plan for the coming year. All competency development must be of high quality and be clearly linked to the company's objectives and strategic agenda. Through performance reviews, we obtain information on how the employees view their development and level of competence. In our employee survey, employees are asked to assess their own competence in their respective work area. In this way, we measure and evaluate the effectiveness of our work.

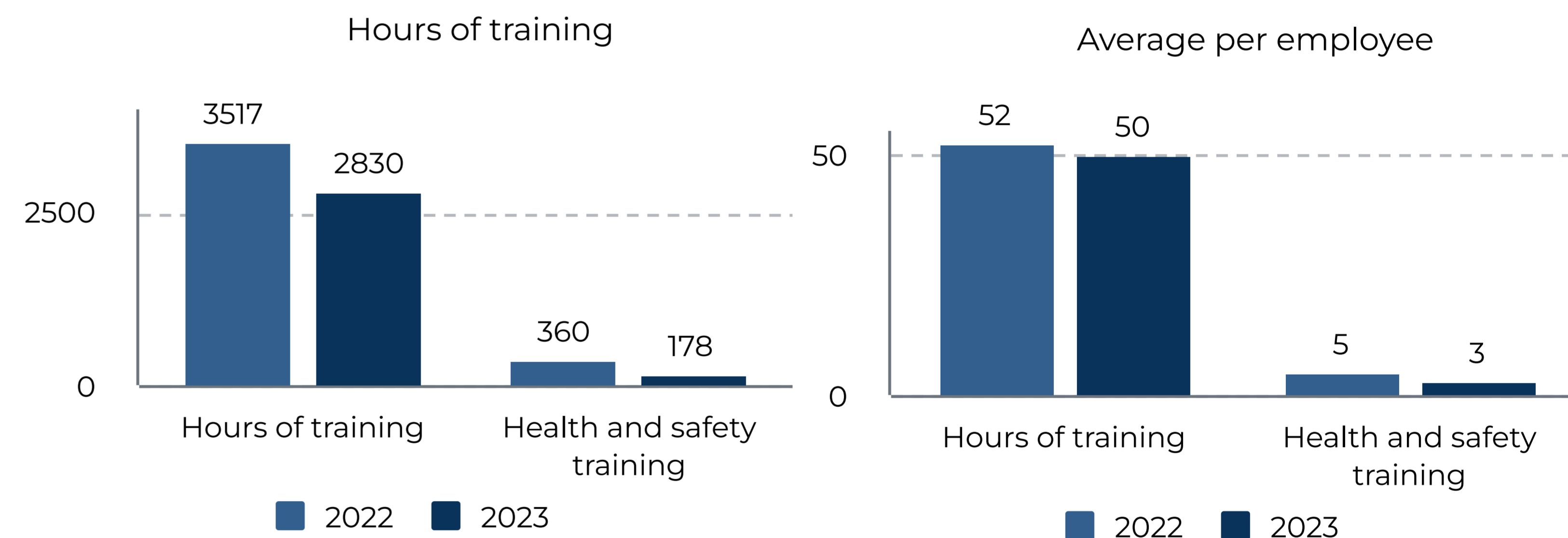
As of 2022, internal and external training hours are monitored annually as part of our sustainability reporting. Our goal is to measure and compare the number of training hours with previous years.

## Hours of training

In 2023, the number of hours of training decreased by 2 hours per employee compared to the previous year. However, our hours of training remain at a high level in peer comparisons, which is reasonable for a research-based pharmaceutical company with a large R&D department that, in addition to in-house pharmaceutical development, provides development services to external customers with a wide variety of dosage forms.

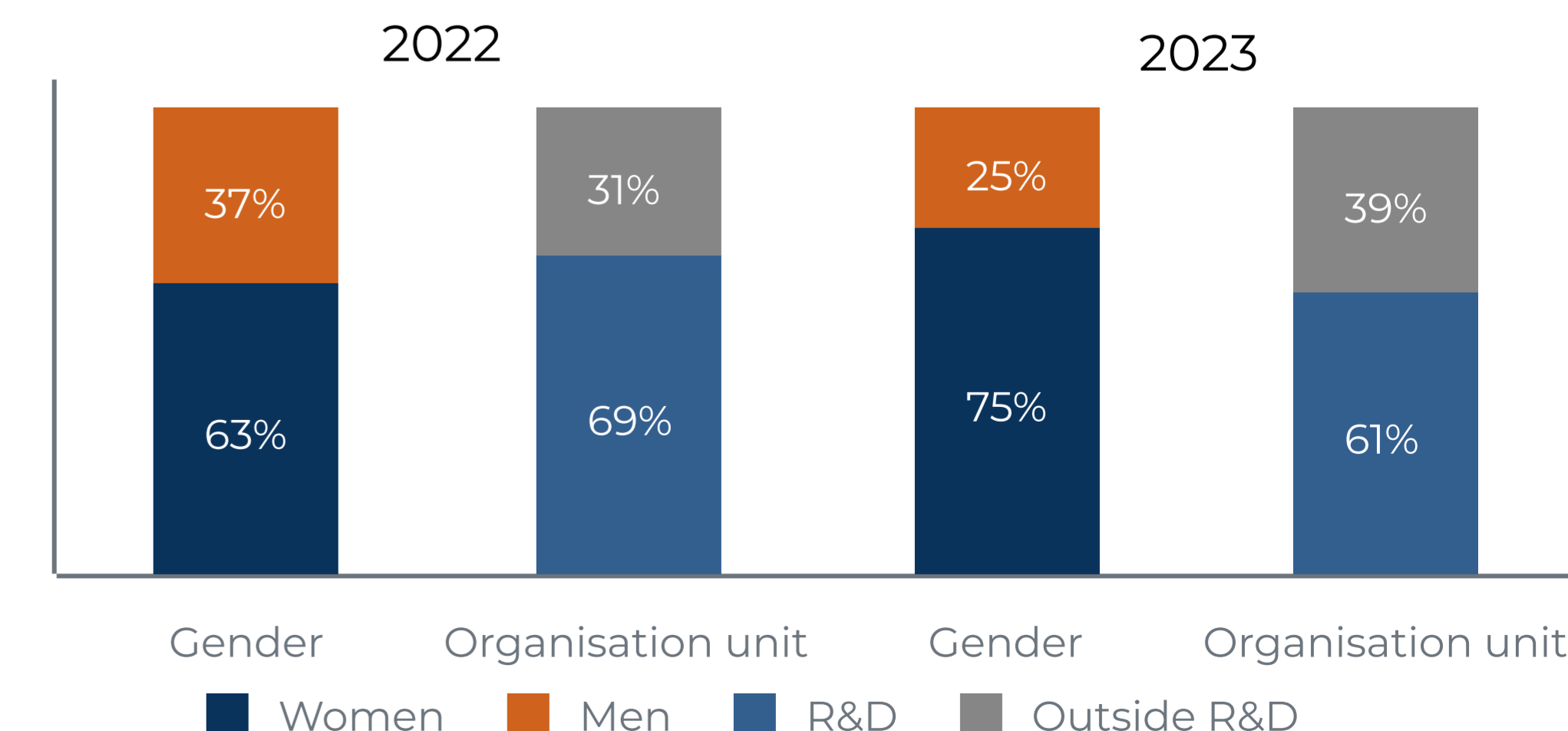
The average hours of training in 2023 was higher for women than for men. It is difficult to point to a reason for this, but it is important that we work to create a more even distribution between the genders.

Hours of health and safety training are an average per employee and include all employees regardless of whether their work is conducted in our lab or in our office. Hours reported here are organized training relating to employee health and safety and do not include e.g. reading SOPs, GMP / GVP training, etc. The number of hours of health and safety training in 2023 was less than in 2022, which is due to the fact that two major training events were completed in 2022: CPR training for all employees and laboratory activities for all lab personnel.



178 hours of health and safety training were completed in 2023. Each employee averaged 3 hours.

A total of 2,830 hours of training were completed in 2023. On average, each employee completed 50 hours. The average for male employees was 33 hours, while female employees averaged 60 hours. The average for an employee in R&D was 53 hours, while employees outside R&D averaged 46 hours.





# Promote equality and diversity

At Galenica, we are convinced that equality and diversity are crucial to achieving our objectives and being a good employer – today and tomorrow. We want to empower each other and thrive together in accordance with our core values. It goes without saying that we oppose all forms of discrimination.

One of the goals of the pharmaceutical industry is to create a healthy and meaningful life for people on common, scientific grounds. This is achieved through equal treatment of both employees and external parties. We value the diversity of our employees and believe that our results improve if we have dynamic teams where we can utilize everyone’s full potential, creativity, and uniqueness. Our policies for equal treatment and non-discrimination form the basis for our equality work. Mandatory for all employees, our Code of Conduct further emphasizes these policies. Every one of our policies applies in the workplace, in professional and training situations outside the workplace, and in connection with processing applications for work or training.

Our Equal Treatment Policy covers equal treatment in terms of salaries, employment terms, working conditions, recruitment, and parenthood. Furthermore, we have a Non-Discrimination Policy that specifies goals and guidelines for our conduct within Galenica and provides guidance on how our employees should act in cases of discrimination. Cases of discrimination can be reported anonymously in connection with our biannual employee survey, through direct contact with our HR Manager, or, starting this year, anonymously through our internal and external whistleblower function.

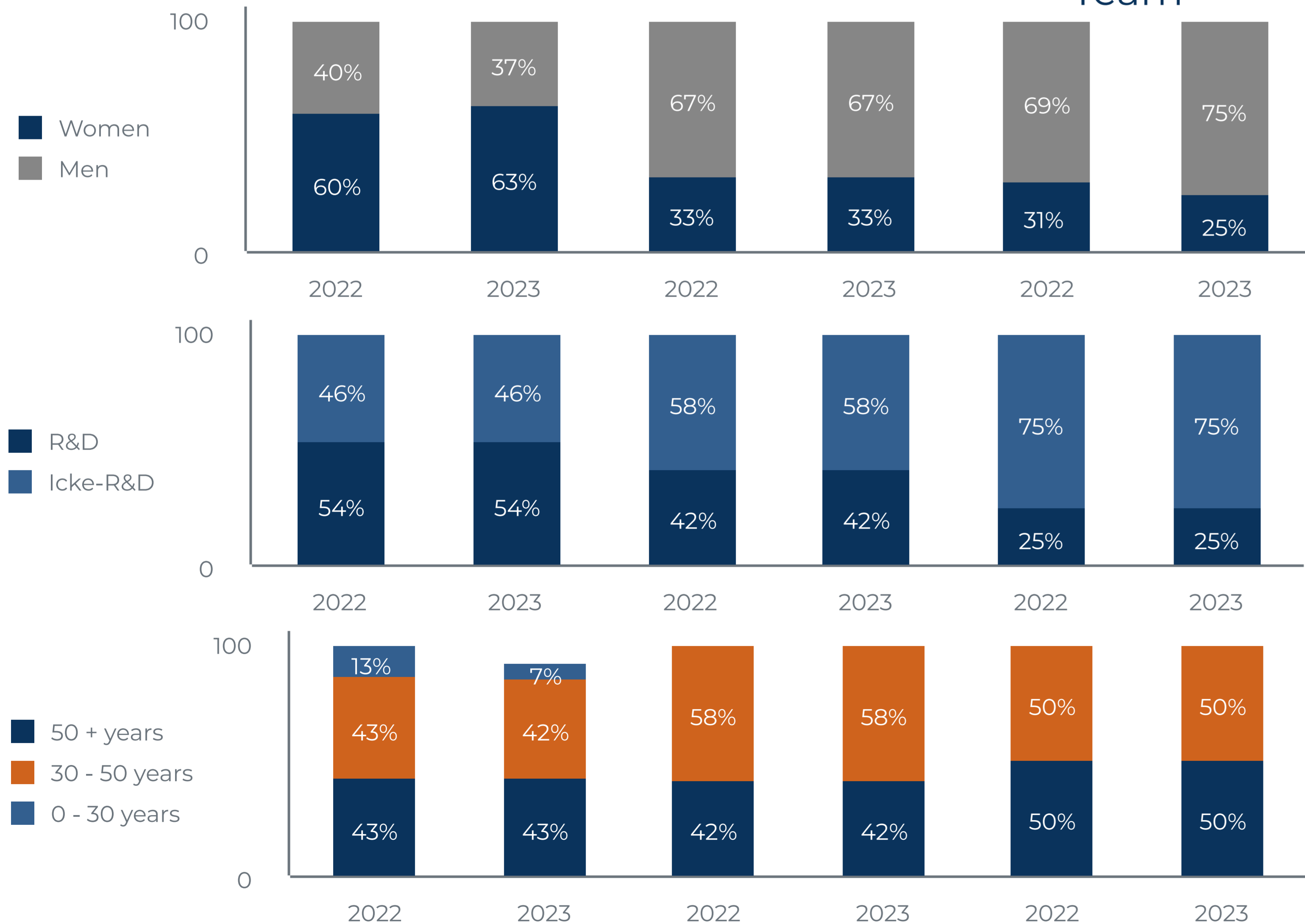
We also addressed the issue of “invisible work” through a lecture with Make Equal on diversity, equality, gender equality, and inclusion. By highlighting the invisible work, employers can work to become more equal.



Employees

Managers

Management Team



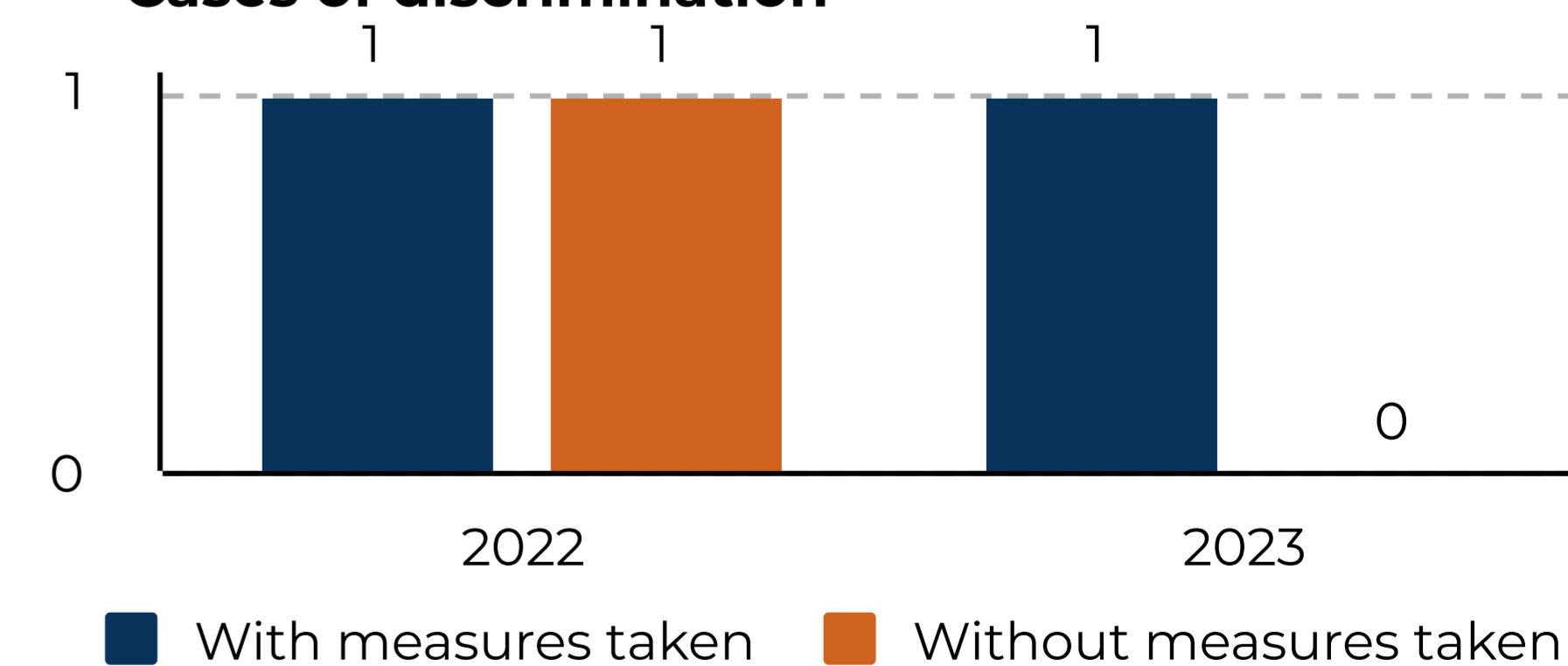
## Responsibility for equal treatment and non-discrimination

Galenica has a responsibility to comply with laws and regulations and to work to ensure equal rights and opportunities in the workplace. Our managers have a responsibility to create well-composed and dynamic teams, while all employees are responsible for acting in accordance with our policies and Code of Conduct. Our HR Manager is responsible for ensuring that we achieve our equality goals.

If an issue of discrimination is raised, the employer is required to initiate a confidential, objective, and thorough investigation as well as to ensure that said discrimination stops. The investigation is conducted according to the procedures outlined in our Non-Discrimination Policy and is mainly handled by the relevant managers and / or HR.

In addition to following up on specific cases, follow-up is also done through our employee surveys, where employees can report cases of discrimination. To monitor our equal treatment efforts, KPIs such as age span and gender distribution are reported monthly in a KPI report. As part of our new sustainability management system, the HR Manager will actively monitor and work with KPIs and qualitative metrics on an annual basis.

Cases of discrimination



\* In the case reported in 2023, an employee saw another employee being discriminated against and reported this in the employee survey. The case was discussed with the employees concerned and their managers. The employee in question never felt discriminated against but provided valuable feedback to be taken into account in the future.

# Hand in Hand - BLOOM, BUZZ & BUSINESS

Social involvement is a priority for Galenica, and social responsibility is part of our work with sustainability. In 2023, we therefore decided to enter into a multi-year partnership with Hand in Hand.

In the spring of 2023, we organized a sustainability conference that included working with our strategic objective of finding a long-term partner to contribute to better health around the world. Through a workshop, we discussed which of four options would best represent Galenica's concept, business, and vision.

This resulted in a partnership with the organization Hand in Hand, where we will support the BLOOM, BUZZ, & BUSINESS project that focuses on entrepreneurship in small-scale honey and sunflower production in Kenya. The goal of the project is to create more sustainable, profitable, and resilient companies for small-scale farmers. The project will create better livelihoods, empower women at home and in the community, and increase biodiversity.





# Health & Well-Being

## Our objectives:

- **Stimulating workplace with a clear health focus.**
- **Safe and good work environment.**



# Stimulating workplace with a clear health focus

At Galenica, we want to create a physically, mentally, and socially sound workplace that stimulates and gives our employees job satisfaction, a sense of security, and opportunities to influence their own work. In addition, we want our workforce to have a healthy work-life balance, with plenty of energy to enjoy their personal lives when they leave the workplace.

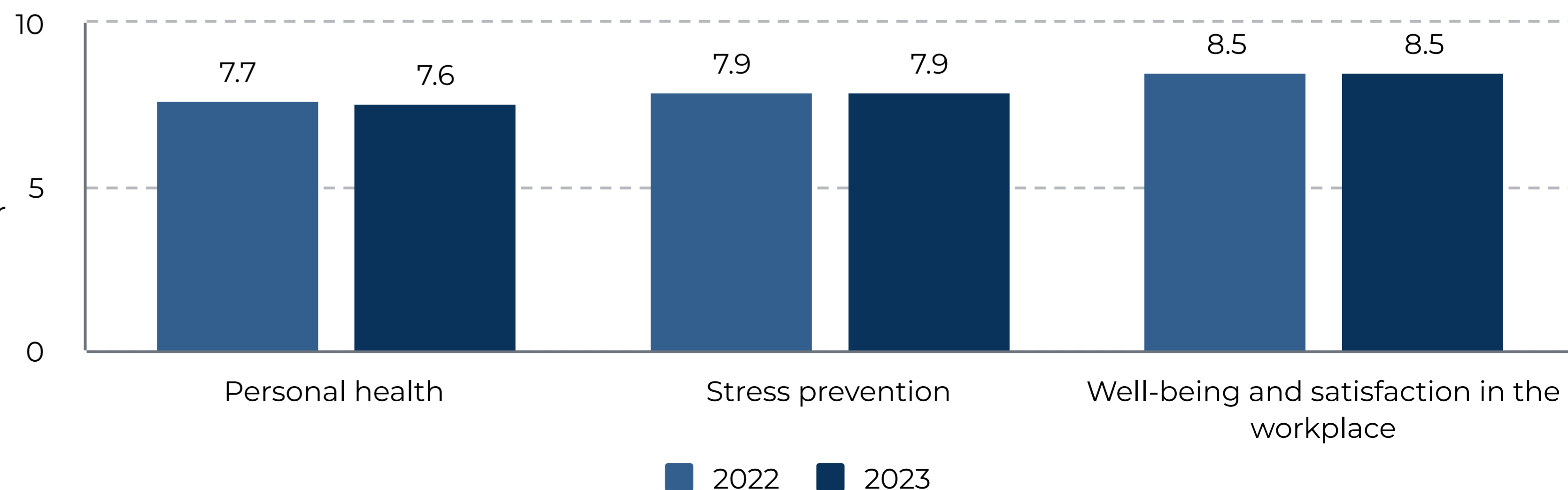
To ensure a sound work environment, we strive to promote health and social wellbeing. We are connected to an occupational health service that is available to all employees. In 2023, all employees were offered an optional health checkup through our health service. A total of 61 employees completed the checkup, and 60 of those also completed a questionnaire on their social and physical work environment. The questionnaire results contributed to information on what initiatives to work on during 2024. Among other things, we will examine how we as a company can provide support for sleep disorders and what activities we can offer to counteract stress. In line with our Occupational Rehabilitation Policy, our goal in case of mental or physical illness is to help the employee return healthy to work as soon as possible.

We take a preventive and systematic approach to health promotion activities, and during the fall, Galenica organized a health week where employees could try office yoga and mindfulness, among other things. To promote physical activity, we have decided to increase our annual wellness allowance by SEK 1,000 to SEK 5,000. In 2023, sick leave was 2.4% (2.4%, 2022), counting 1-14 days of illness. All Galenica employees are included in this KPI.

In addition to the questionnaire from our occupational health service and our continuous dialog with employees, follow-up takes place through our biannual employee survey. The survey lets employees assess their work environment, health, and stress level. These KPIs are also monitored annually by our HR Manager in connection with sustainability reporting, in order to improve health and satisfaction in the workplace through goals and action plans.



**Employee survey**





# Safe work environment

At Galenica, we want to promote patient health without compromising the health of our employees. We must offer a safe workplace, where the risk of work-related injuries and ill health are actively prevented.

## Systematic work environment management

Our internal work environment must meet the requirements of the Swedish Work Environment Act, the Swedish Work Environment Ordinance, and the regulations of the Swedish Work Environment Agency. To do so, we have a Work Environment Policy that guides our efforts and applies to all our employees. Our systematic work environment management is an ongoing process based on the four stages of investigating, risk-assessing, remedying, and inspecting.

During the year, we carried out a number of work environment initiatives. We completed the first phase of a major reconstruction project in our lab premises, where one of the main focus areas was to improve safety ventilation through downflow benches, fume hoods, and local exhaust ventilation. Further phases are scheduled for 2024 and 2025.

*“A prerequisite for the high-quality work that characterises Galenica is that our employees are safe in the workplace. Since many of our employees perform laboratory work involving exposure to chemicals and advanced equipment, we place major emphasis on safety procedures.”*

**Christofer Gillborg**  
HR Manager

We conducted a two-day work environment training course for managers and safety officers to create greater alignment in the development of our work environment efforts. In connection with our major annual employee survey in the fall, we also completed a separate work environment survey for our lab personnel. Feedback from this survey will form the basis for some of our improvement work in 2024. During the year, we started a major project to address the management and minimization of chemical risks.



## Our Safety Committee

Galenica's Safety Committee, composed of our safety officers, department managers, HR Manager, and CEO, meet 4-5 times a year to discuss safety issues. The participation of our department managers is crucial, as they have personnel responsibility in the most risk-filled areas of our operations. The Safety Committee is in charge of the annual safety inspection, where our work environment is reviewed and evaluated together with the relevant managers. Employee input is encouraged, both during the safety inspection and in day-to-day activities. Furthermore, regular training is provided through our SOPs and systematic fire safety management.

## Decisive response to incidents

An incident form is completed in the event of an incident that caused or could have caused harm to an employee. We then have procedures for how the manager, in consultation with the safety officer and HR, should handle the matter. Our goal is for incidents to lead to preventive measures whenever such measures are needed. Each employee is responsible for participating in work environment efforts and to inform their immediate supervisor of any identified risks. While our CEO is ultimately responsible for the work environment at Galenica, each manager is responsible for actively managing the work environment. In 2023, 2 incidents were reported, 0 of which resulted in serious injury. Our goal is <10 incidents/year, of which 0 incidents of a serious nature.

## Employee survey

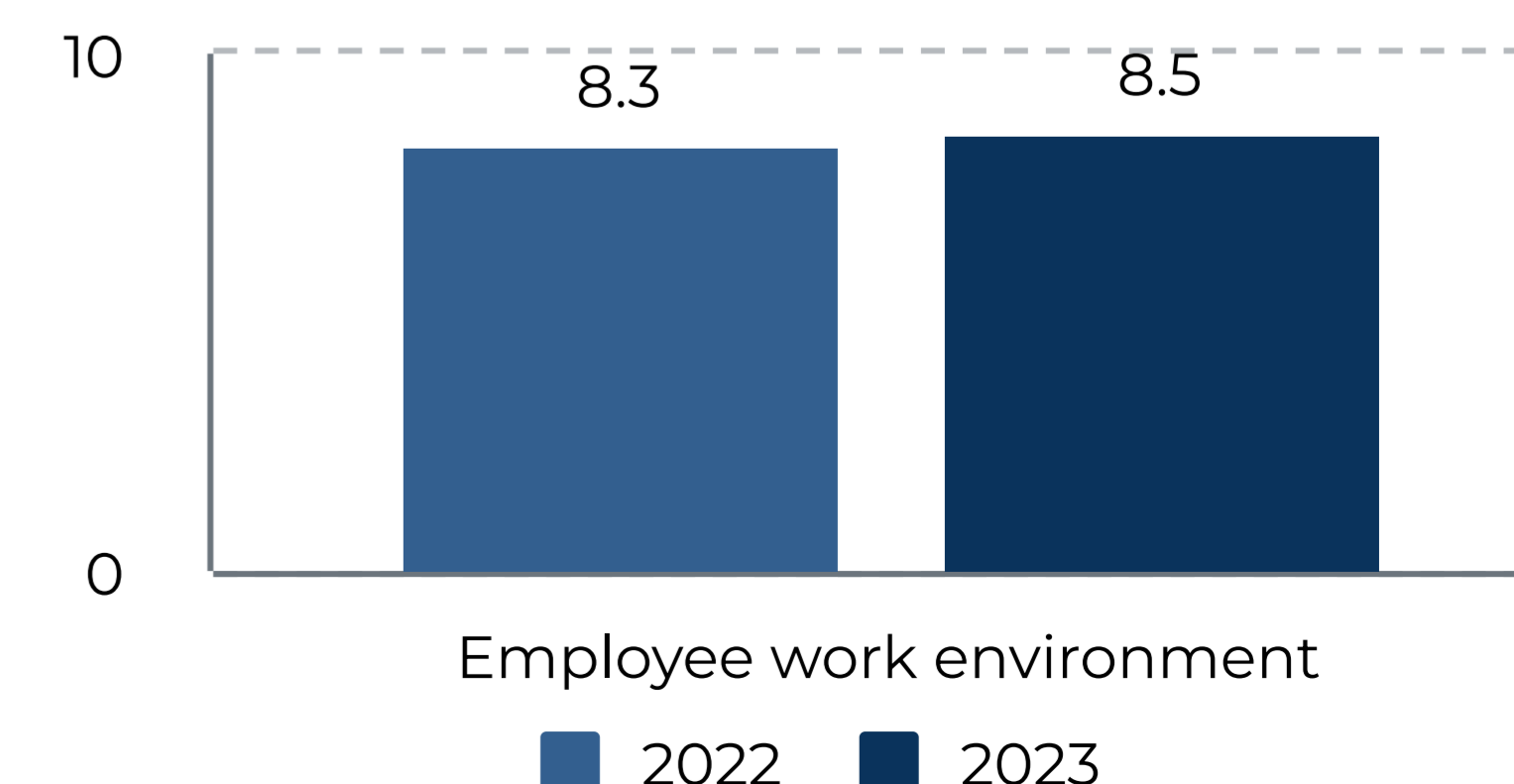
We always aim for an open dialogue where employees can share any feedback they have. In connection with our biannual employee survey, employees are asked to assess their work environment. This metric is used to evaluate our efforts and determine any need for further action. We monitor KPIs, such as incidents and sick leave, and take firm action whenever necessary. We work systematically with follow-up, goals, and action plans to ensure a safe and secure work environment.

In the 2023 employee survey, when asked whether they work in a safe physical environment, our employees rated it 8.5 out of 10 (in 2022, it was rated 8.3).



2 incidents were reported in 2023, 0 of which were serious. 6 incidents were reported in 2022, 0 of which were serious.

### Employee survey



# Climate Initiatives

## Our objectives:

- Resource- and climate-efficient operations.
- Reduce internal climate impact.
- Sustainable value chain.





# Resource- and climate-efficient operations

As a manufacturing company in the pharmaceutical industry, it is important that we are aware of our environmental risks and act with care. We endeavor to use eco-friendly resources in a careful and efficient manner. At the same time, we seek to minimize the direct environmental impact of our operations in the form of emissions into air and water. Environmental aspects are not just a matter of protecting our planet, but a prerequisite for Galenica to be an attractive employer and business partner in the long term.

*“At Galenica, we work hard to achieve resource- and climate-efficient operations. We have purposeful governing documents in place, along with KPIs to gauge current status and progress.”*

**Kristina Thored**  
VP CDMO



## Environmental Policy

Our Environmental Policy provides the framework for our environmental efforts. The policy explains how our employees should act in order to conserve natural resources and minimize the negative impact of our activities. It particularly covers materials and chemicals, energy, waste, and business travel. Every employee is personally responsible for acting in accordance with our Environmental Policy. Our CEO is responsible for the policy and ensures that it is relevant and up to date with regard to developments in the company, the industry, and the external environment.

## Materials and chemicals

The materials used in our operations have a direct impact on people and the environment. By considering the impact of the material in manufacturing, use, and disposal already at the procurement phase, we can take climate-smart action and reduce our negative environmental impact.

To reduce environmental stress, we encourage the use of recycled and renewable materials. For safety and regulatory reasons, the ability to use recycled materials in our pharmaceuticals is limited. We make sure to handle chemicals with proper care in accordance with applicable SOPs, material regulations, and our quality system. We always strive for material efficiency; for example, by never purchasing more than we need and minimizing wastage. Galenica is in the process of developing a standardized range of our most commonly used raw materials, thus reducing the amount of wastage that fragmented purchases often lead to. During the year, we worked to establish a single, digitized chemicals register. The register tells us what quantity of chemicals we have and how much we have consumed during a certain period and can thus be used as a basis for measuring some of the emissions linked to our operations. The chemicals register will be ready for implementation in January 2024.

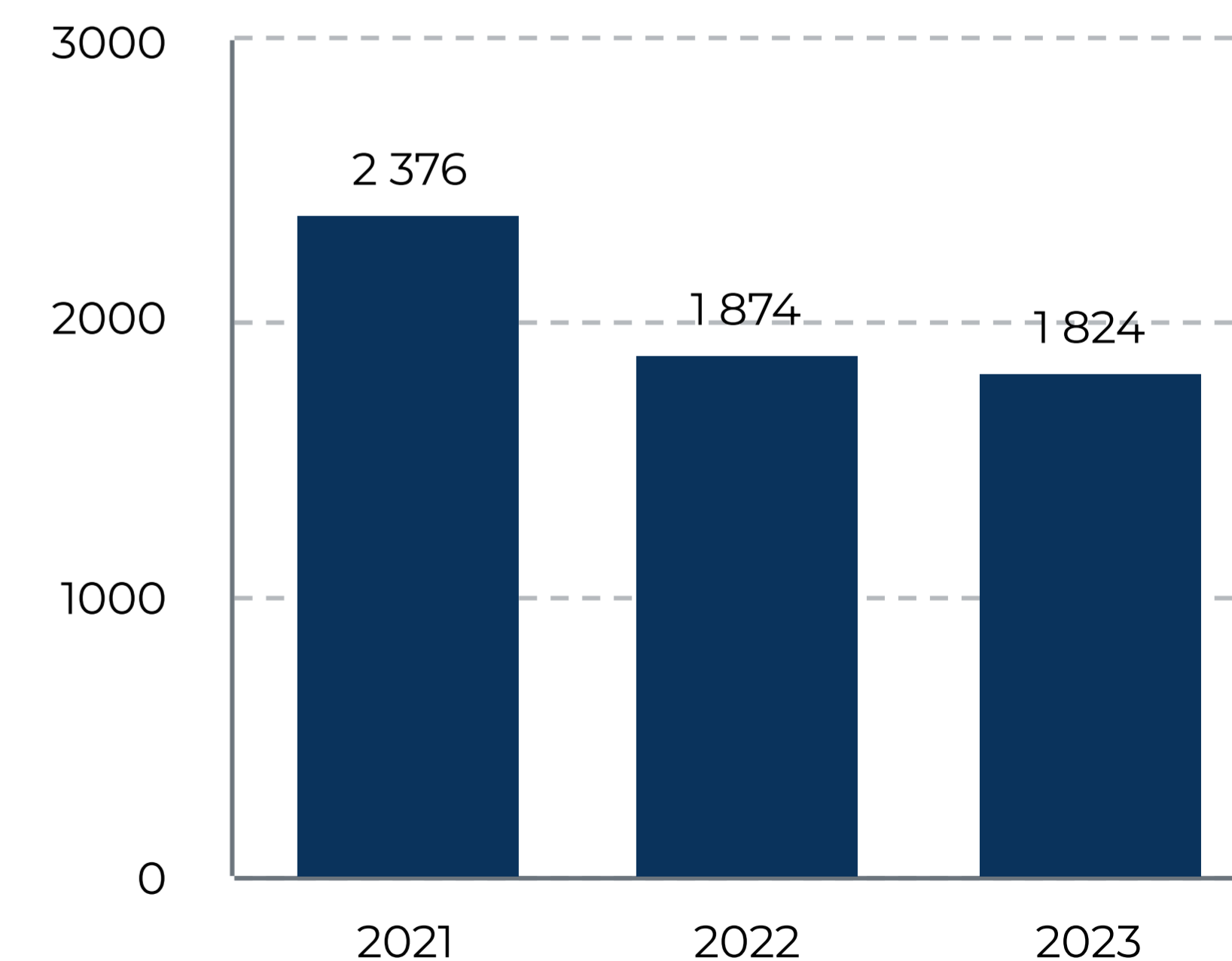
## Water consumption

Galenica uses water in both our lab and production processes, and it is important that we do so in a conscious manner to optimize our use of nature's resources. Established procedures in accordance with current regulations and directives ensure that our wastewater has minimal impact on our surroundings and local ecosystem. Purchases of chemicals are classified according to the CLP Directive, and a waste management strategy is always established.

Solutions with active pharmaceutical substance from production, toxic / hazardous substances, and solutions containing organic solvents are collected in containers and handed over for disposal. Diluted solutions as well as water from washing dishes go down the drain system. Where applicable, the pH of solutions is neutralized before discharge into the drain system.

In 2023, we clarified our procedures for liquid waste to further reduce our impact. The quantity of active substances discharged is recorded in the company's chemicals register.

**Water consumption in cubic meters\***



\* At present, we only have standardised data on water use. The landlord has access to data for the entire Medeon premises, whereupon Galenica's share is calculated as a percentage based on the size of its space.



**Between 2022 and 2023, our electricity consumption decreased by 4.2% and our district heating by 12.1%.**

## 100% renewable energy

Through our commitment to using 100% renewable electricity and 100% renewable or climate-neutral heat, Galenica has paved the way for eco-friendly energy use. At the same time, we strive to reduce our energy use by encouraging our people to turn off equipment when not in use and use only LED lights in our premises. Our energy consumption is directly affected by which projects are active, as many of our projects require energy-intensive equipment, such as dehumidifiers and ventilation units. This results in a bottom limit on energy use. In recent years, several energy efficiency initiatives have been implemented, including

the installation of a heat exchanger in our ventilation system to utilize the residual heat in the exhaust air.

## Energy audit

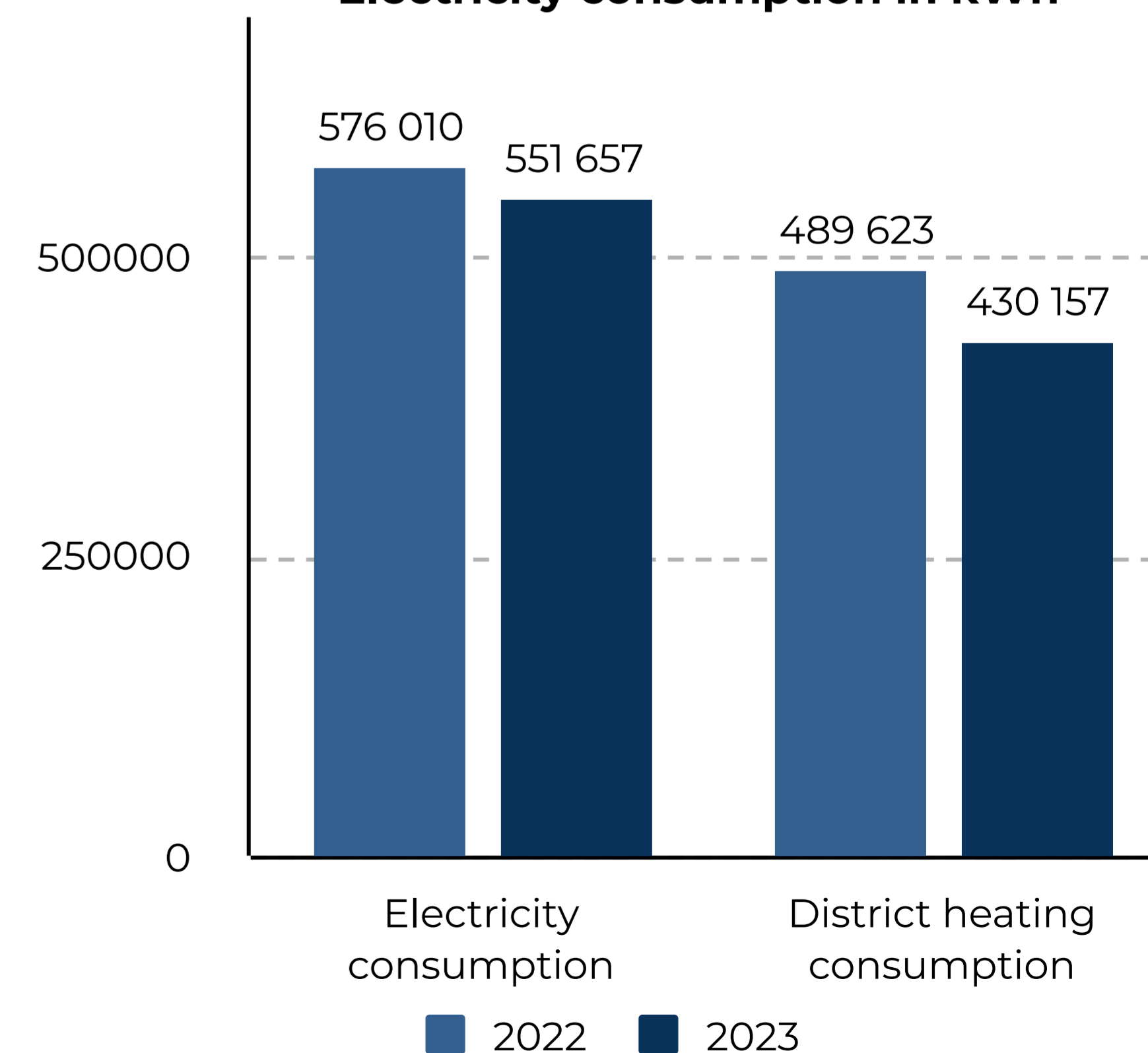
In 2023, Galenica conducted an energy audit in order to identify potential energy-saving activities and investments. The audit was carried out in collaboration with AFRY and resulted in a report listing a number of recommended activities. Since Galenica rents premises at Medeon Science Park from Whilborgs, the energy-saving proposals focused on premises and equipment that Galenica has access to, i.e. to which we can make adjustments or changes on our own. The proposals will be assessed by Galenica's

Management Team during the first quarter of 2024, and those that are found to result in significant energy savings will be implemented during 2024.

## Gold Certification

In 2020, Galenica moved its offices to a newly built green building with Gold Certification according to the Swedish Green Building Council certification system. This means that 44% of our operations are conducted in premises with top-class energy performance.

**Electricity consumption in kWh**





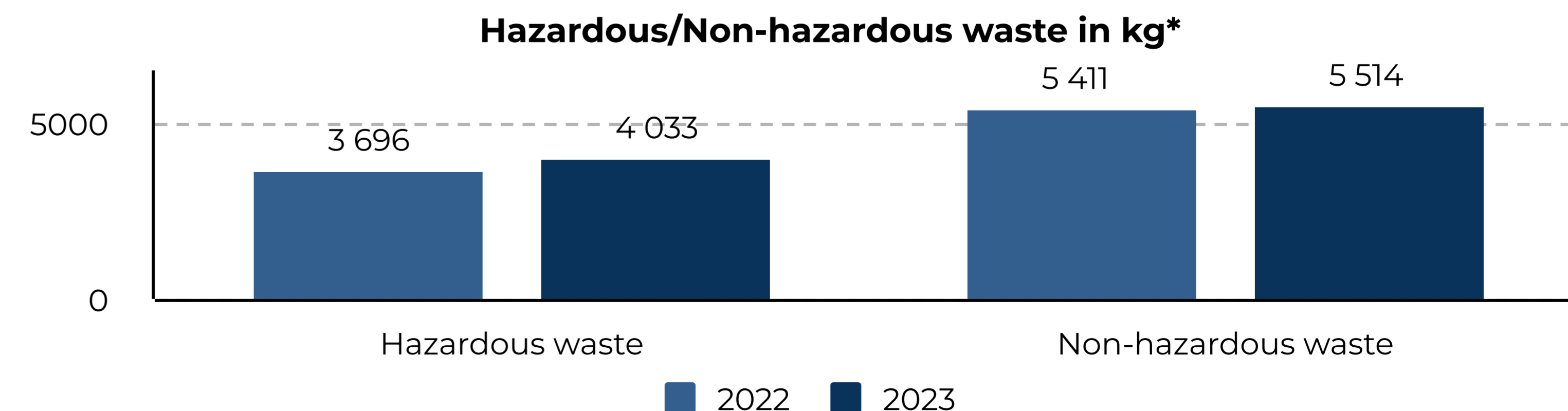
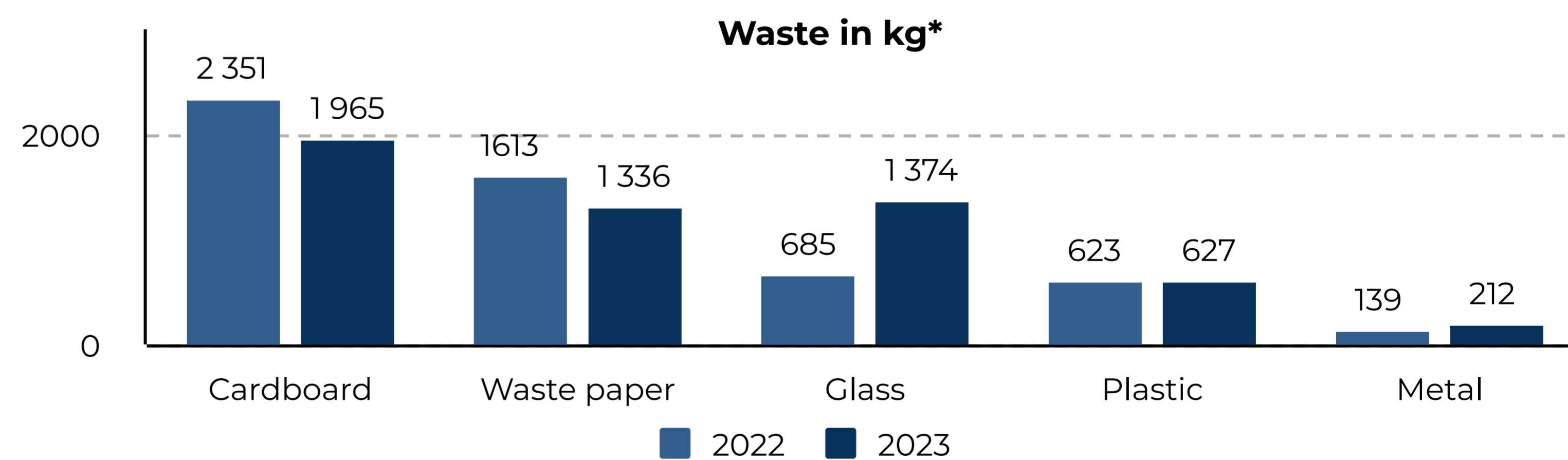


## Waste

We work proactively to reduce waste quantities. The waste generated in Galenica's operations is managed with the aim of not jeopardizing the environment or human health. We apply the waste hierarchy to primarily reuse and recycle our waste. Our safety SOPs carefully regulate our management of hazardous waste and spills. Hazardous waste is placed in sealed bags and hazardous waste containers and is incinerated by our external supplier according to safety regulations. This applies to special solvents, lab chemicals, lab waste, and infectious waste. The aim is to prevent hazardous waste from reaching the environment and living organisms.

It is important for Galenica to provide favorable conditions for the recycling of conventional waste, such as plastic, paper, and cardboard. Both our buildings at Medeon have clearly marked containers for waste sorting. With our sorting stations, we aim to make it just as easy to sort at source as it is to choose the container for combustible waste. Furthermore, our landlord provides excellent facilities for deposit of our sorted waste that include both a waste room and a waste sorting room. We work to reduce the amount of paper copies through digitization.

\* At present, we only have standardised data on conventional waste. The landlord has access to data for the entire Medeon premises, whereupon Galenica's share is calculated as a percentage based on the size of its space.





# Reduce internal climate impact

Our commitment to improving our work with sustainability also involves reducing our internal climate impact. In addition to conducting production and lab operations in an environmentally sustainable manner, this includes actively addressing the impact of our day-to-day activities.

## A climate-smart culture

In early spring, we organized a company-wide conference where our sustainability efforts were presented. All employees participated in two workshops. The first workshop discussed how we can reduce Galenica’s climate footprint in both large and small ways. Everything from further digitization, more extensive use of digital signatures, and less paper copies. The other workshop focused on health in a global context.

*“To reduce our internal climate impact, it must be easy to make sustainable decisions in our work. Among other things, this requires clear environmental management and a long-term action plan.”*

**Lena Örtenblad**  
CFO



## More plantbased meals

We work actively to increase the proportion of vegetarian meals at internal events. During 2023, this meant that meals in connection with internal training and conferences, and sometimes our Friday breakfasts, were vegetarian.

## Reduce paper copies

At the conference, as mentioned above, many employees identified the number of printed copies as something to address.

To raise awareness, we presented continuous statistics during the year on how many pages were printed at each department. Our highly regulated business often requires documents to be signed, and we are currently focusing on increasing the proportion of documents that can be signed digitally.

We continue our work to create a corporate culture where sustainable choices are an integral part of our employees' day-to-day activities. Through established and clear internal guidelines and policies, such as our Environmental Policy, Sustainability Policy, and Business Travel Policy, we aim to make it easy for our employees to make climate-smart choices.

## Encourage eco-friendly transport to work

We want to encourage all our people to travel to work in an eco-friendly way. We therefore introduced a public transport benefit during the year, alongside the existing parking benefit. Instead of a paid parking space, employees can choose to receive a larger allowance for a monthly public transport pass. In December, 15 employees had signed up for the public transport benefit.

## 100% electric company cars

We want all our company cars to be primarily electric and secondarily hybrid. The transition will be ongoing over the coming years. The number of electric cars increased from one to four during the year. At year end, our company car park included four electric cars, seven hybrids, and one diesel car.



**Between 2022 and 2023, emissions from our business travel decreased by 11.6%.**

## Environmental management

Galenica's operations are reported annually to the Environmental Administration of the City of Malmö. The purpose of this is to describe the environmental footprint of our operations and production. Among other things, Galenica reports on production volume, raw material quantities, operational control and maintenance, downtime and accidents, raw materials and energy consumption, chemicals, and waste. The report includes metrics and reported data from the past year.

In addition, Galenica's environmental management encompasses our Environmental Policy and working actively with its goals as part of our sustainability efforts. The managers responsible for each environmental goal in our Environmental Policy and sustainability strategy evaluate and manage our environmental work by compiling results and setting goals and action plans on an annual basis. These are approved by the Management Team,

whereupon each responsible manager implements the action plans over the year. This allows us to improve over time, in line with our sustainability goals. The metrics monitored in sustainability management are both quantitative and qualitative.

## Sustainable business travel

Our work to reduce our internal climate impact includes reducing impact from business travel. We avoid unnecessary travel and advocate public, environmental means of transport. At the same time, we prioritize providing technical solutions to enable digital, travel-free meetings of high quality. All travel is regulated by our Business Travel Policy, for which our CFO is responsible. In 2022, the policy was revised to include more stringent requirements for eco-friendly travel.

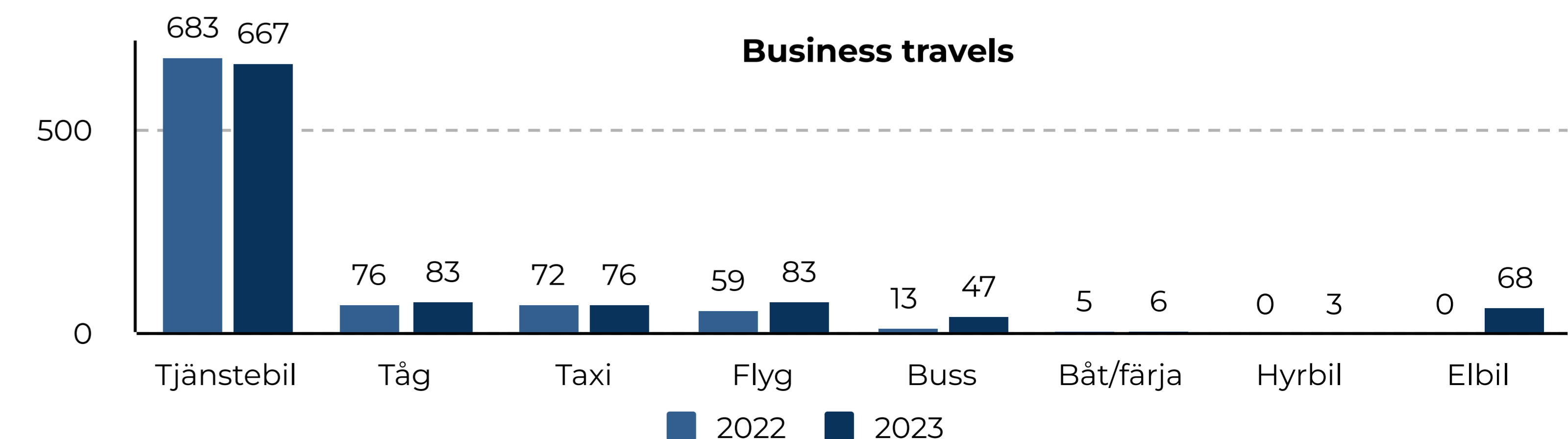
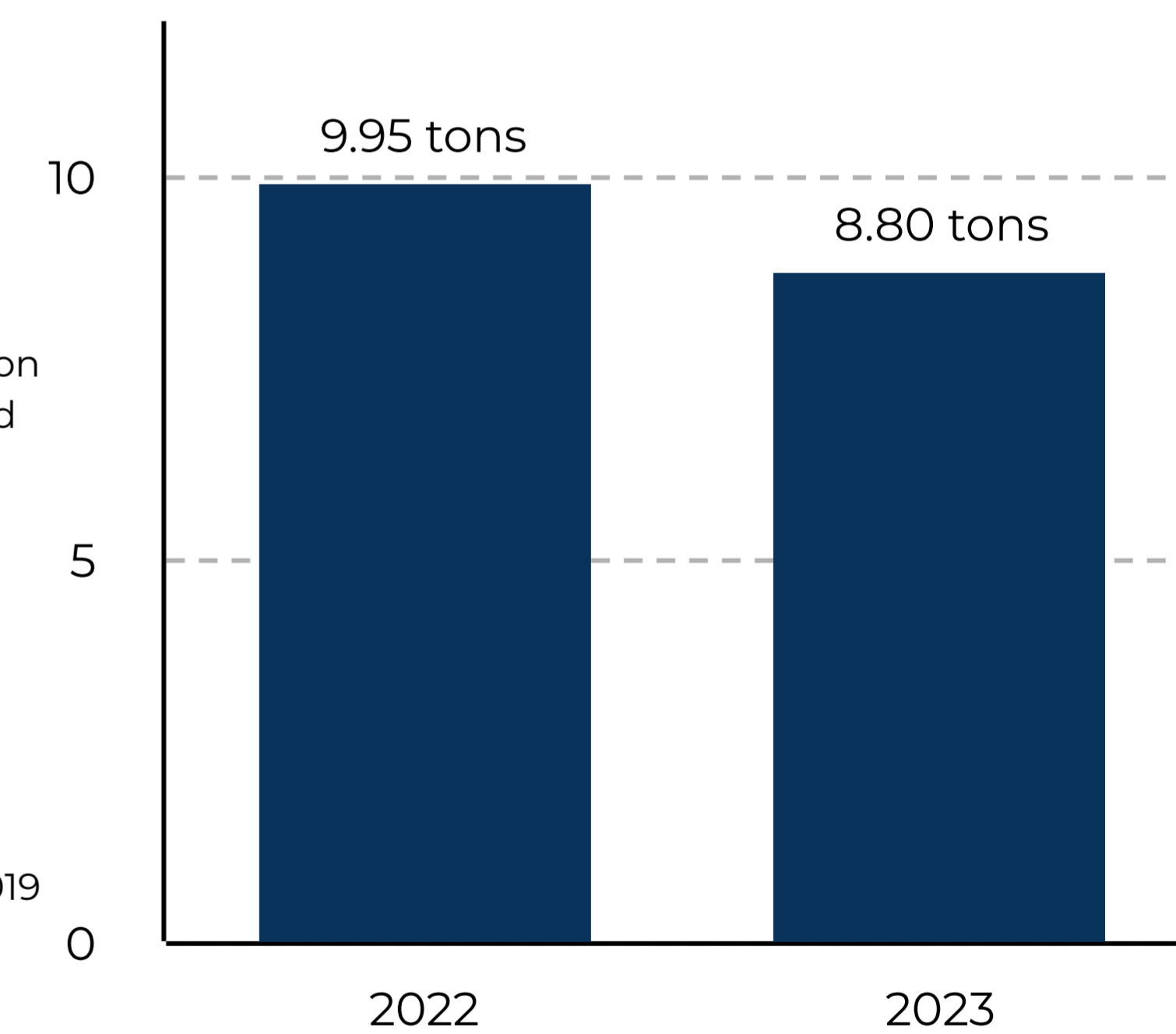
Through our Business Travel Policy, we monitor, among other things, the eco-labelling of hotels, choice of transport, kilometers travelled, and CO2 emissions.

Thus, we can monitor the environmental impact of our business travel and implement any necessary changes. Starting in 2022, as part of this work, we keep statistics on the CO2 emissions linked to our business travel as well as the number of business trips per means of transport.

Emissions from our travel have decreased partly because the emission factor used in the calculation was lowered for cars between 2022 and 2023, as newer cars emit less greenhouse gases (Swedish Transport Agency), and partly because we have increased our travel by electric car.

\* Emissions have been calculated according to:  
 Train: SJ's measurement of actual traffic 2019  
 Flight: SAS Annual Sustainability Report – fiscal year 2019  
 Bus: The Greenhouse Gas Emissions from Commercial Bus Traffic Report (Växthusgasutsläpp från kommersiell busstrafik), data for 2019  
 Car: Swedish Transport Agency, average new car CO2 emissions for previous years (2021 and 2022)  
 Boat/Ferry: Emissions calculation of klimatsmartsemester.se

CO2 emissions from business travels\*





# Sustainable value chain

In order to provide a sustainable offering, we need to ensure that other stakeholders in our value chain share our approach to sustainability issues. Through Galenica’s supplier evaluation, based on social, ethical, and environmental principles, we can do our very best to ensure that our suppliers have a well-developed sustainability program.

## Evolve together with our stakeholders

Through our evaluation of new and existing suppliers, we obtain information about their sustainability risks, which ultimately become our sustainability risks. We can demand that our suppliers address sustainability risks just like we do – through well-integrated sustainability strategies and through management. The supplier evaluation enables dialog with our stakeholders on sustainability issues, which is an opportunity to drive change and work together for a sustainable industry.

*“We want to make sustainability a competitive edge in collaboration with our stakeholders. To reduce our total environmental impact, we want to hold our suppliers to the same standards as we hold ourselves.”*

**Mikael Friberg**  
VP Operations



## Galenica's Supplier Policy

To ensure patient safety and quality, Galenica has long had extensive procedures for evaluating suppliers' quality management, both through legal requirements and through audits carried out by Galenica's Quality Department. Nevertheless, it is important that we have a strategy for evaluating suppliers based on social, ethical, and environmental aspects within the scope of our work with sustainability. In 2023, Galenica's goal was to establish a process for supplier evaluation, carry out its first supplier evaluation, and create action plans for suppliers where necessary. Extensive work was carried out in 2022 to develop processes for the evaluation of new and existing suppliers, which resulted in our Supplier Policy. In 2023, we introduced our Supplier Code of Conduct.

Our Supplier Policy applies to all Galenica suppliers and all purchases made on behalf of Galenica. The policy, along with the systematic evaluation of suppliers, was implemented in 2023.

## Supplier Code of Conduct

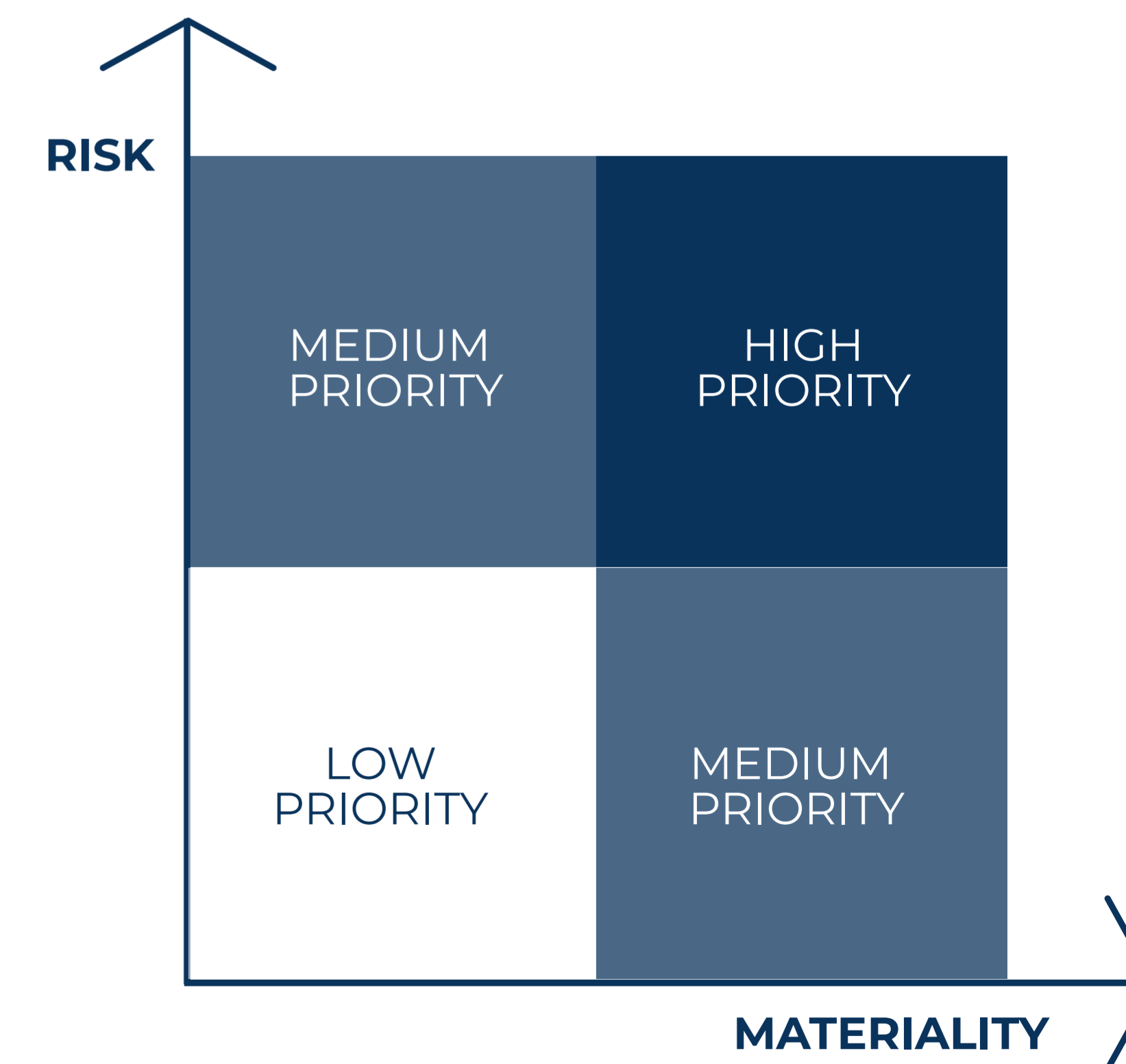
Implemented in 2023, our Supplier Code of Conduct clearly sets out the requirements and expectations we impose on our suppliers when it comes to sustainability performance. It is based on our internal Code of Conduct, our values, policies, and the 10 principles of the UN Global Compact. Our Supplier Code of Conduct covers non-discrimination, human rights, forced and child labor, work environment and occupational rehabilitation, fair business practices, anti-corruption and bribery, wages and collective bargaining, freedom of association, and requirements for

active environmental and sustainability efforts. It also clearly explains our process, framework, reporting, and monitoring.

## Risks in the value chain

To focus our measures on the most critical suppliers and maximize the impact of our work, we employ a framework that categorizes suppliers based on the level of risk of negative environmental and human impact. The framework rates the importance of greater transparency of the supplier's work with sustainability based on the supplier's risk and materiality. If we assess that a supplier has extensive sustainability risks, we want greater insight into how the company addresses them. We use Amfori BSCI's Countries' Risk Classification for geographical risk assessment. The framework is also based on materiality. We strive for greater insight into the operations of suppliers that are

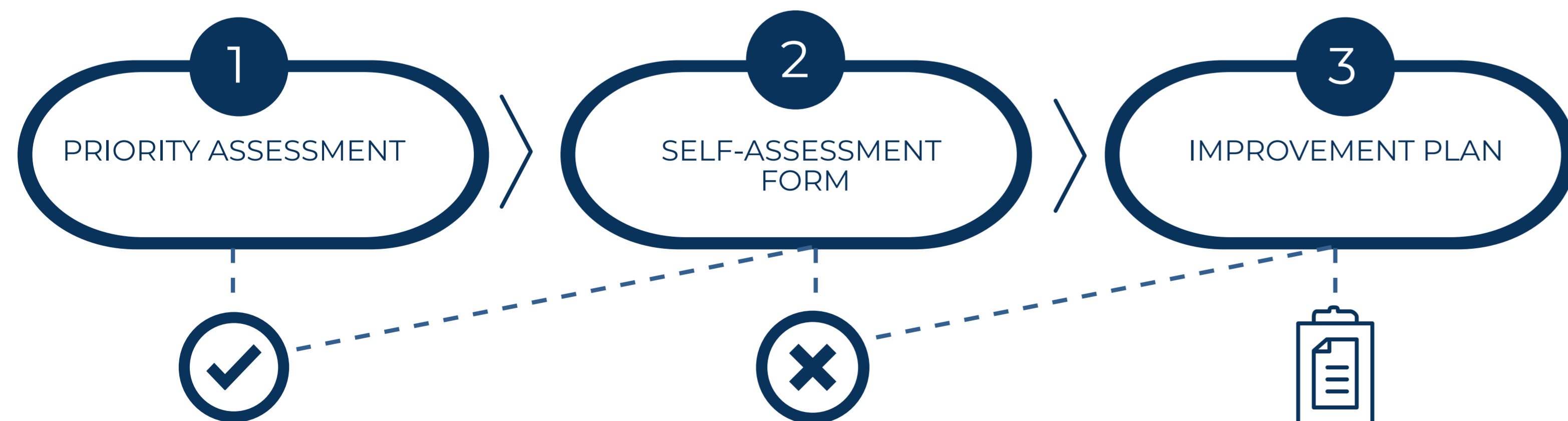
strategically important to Galenica or that we use extensively. The sustainability risks of these suppliers are deemed to have significant impact on us as a customer, and we are also better placed to drive significant change with these suppliers.





## Evaluation process

As of 2023, in accordance with our Supplier Policy, we apply our procedures to the evaluation of all new suppliers as well as all suppliers used in 2022. The evaluation is carried out according to the following process.



### 1. Priority assessment

The supplier's priority is assessed based our risk and materiality framework, whereupon it is assigned low, medium, or high priority. If the supplier is assigned low priority, it will be used without further action.

### 2. Self-assessment form

If the supplier is assigned medium or high priority, more insight into the supplier's work with sustainability risks is required. Such supplier is invited to complete our digital self-assessment form. The form is based on our Supplier Code of Conduct and provides us with information on how the supplier works with sustainability issues.

### 3. Improvement plan

If the supplier provides satisfactory responses in the self-assessment form, the supplier is approved for continued use. If the supplier fails to demonstrate adequate sustainability performance or provides unsatisfactory responses, we examine whether it can be replaced. If not, an improvement plan is drawn up in consultation with the supplier. The improvement plan is then monitored continuously by the Galenica employee in charge of the supplier. The supplier may be used while the improvement plan is being implemented.



## Results from 2023 supplier evaluation

The 2023 supplier evaluation was based on Galenica suppliers that were active in the 2022 calendar year – 62 suppliers in total. The total value of purchases was SEK 93.5 million. Using our framework for sustainability evaluation based on risk and materiality, 50 suppliers were selected for further evaluation, representing 87% of the total value of purchases. 31 suppliers, accounting for 73% of the value of our purchases in 2022, completed our sustainability self-assessment form. Responsiveness and response rate varied among the suppliers. Some responded promptly, others after being reminded, and some indicated that their business is not suitable for sustainability evaluations.

In some cases, we insisted and demanded a response, while in other cases, we made a qualitative assessment of their actual sustainability risk. The form consists of Yes or No questions and the aim is for the supplier to answer Yes. 16 of our suppliers answered Yes to all questions and are thus considered to be carrying out their sustainability efforts in a satisfactory manner. 15 suppliers answered No to one or more questions and need to create an action plan. 14 of these suppliers answered No to the question: “Does your company have policies, processes, or documentation in place to systematically evaluate your suppliers’ environmental impact?” Our conclusion is that several suppliers need to develop a framework and a methodology for supplier evaluation. We intend to follow up on this in 2024.

## Anti-corruption

Galenica and its employees must always act in a commercially correct and professional manner. This is absolutely critical to both brand and trust. To contribute to a fair market with high integrity, we must have a zero-tolerance policy against corruption. This includes bribery, price-fixing, collusion, and abuse of market dominance. Galenica’s anti-corruption efforts are based on our Anti-Bribery Policy and Fair Business Practices Policy, both of which are included in our Code of Conduct and Sustainability Policy.

Our Anti-Bribery Policy provides guidance and support to prevent the occurrence of bribery along with reporting procedures in case of suspected bribery. Managers are

responsible for monitoring compliance with our policies and ensuring that all employees are aware of our guidelines. It is then the responsibility of each individual employee to follow those guidelines.

## Reporting and follow-up

In 2023, we implemented a whistleblower function to facilitate anonymous reporting of suspected corruption and provide additional protection for our employees. **No cases of bribery or other corruption were reported in 2023**, neither within Galenica nor within any of our suppliers.



# Financial Reporting

## Contents:

- The year in review
- Income statement
- Cash flow statement
- Balance sheet



# The year in review - 2023

Galenica has had a strong year, with major growth and good results. All business segments as well as the subsidiary contributed highly to the best year ever in the history of our company. Growth, efficiency improvements, capacity utilization and cost optimization all formed the basis for a great year.

We continued the development of our new subsidiary, Galenica Derma AB. Six employees were moved to the subsidiary at the beginning of the year, and all market activities for our products are now handled from the subsidiary.

During the year, we revisited and updated our strategic agenda, in which one of the focus areas is to continue integrating our sustainability strategy into our operations.

As shown in our Sustainability Report, our sustainability efforts continue in large and small ways as a common thread throughout the company. We work strategically with certain issues and on an ongoing basis with the more minor day-to-day issues. From vegetarian Friday breakfasts to the Supplier Code of Conduct – and everything in between.

Being part of the Galenica journey is exciting, and we take small and big steps to develop both our business in general and our sustainability efforts. All steps count!

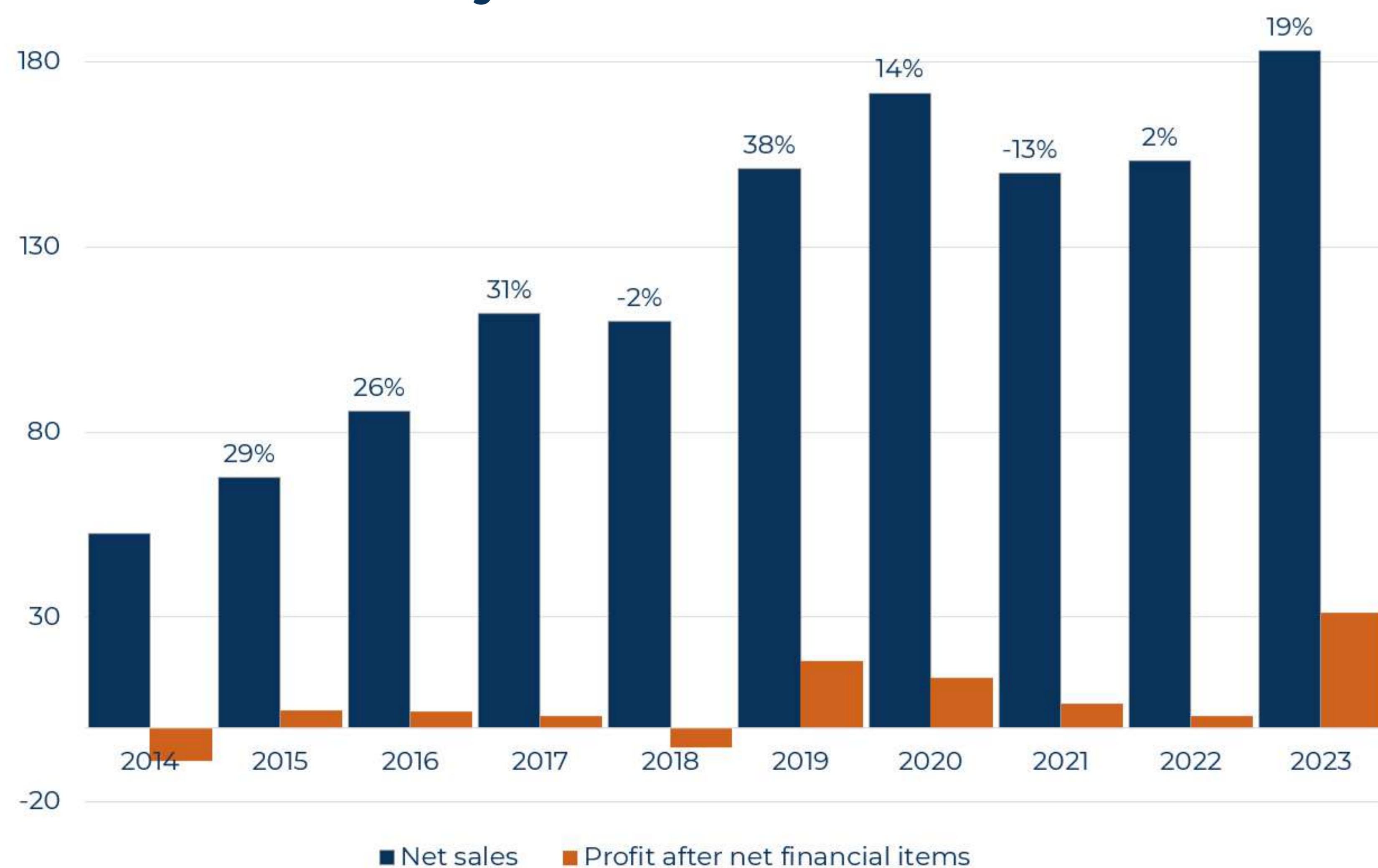
Ever since its start in 1999, Galenica has experienced strong growth with positive cash flow over time. We are pleased to see our growth continue, and our expectations for 2024 are high.

On the next page, you will find some of Galenica's financial KPIs as well as the company's outstanding growth chart.

**Lena Örtenblad**  
CFO



### Growth chart – 10 years



### Financial KPIs – 5 years

In msek	2023	2022	2021	2020	2019
<b>Net Sales</b>	<b>183 001</b>	<b>153 258</b>	<b>149 989</b>	<b>171 706</b>	<b>151 235</b>
Annual growth	+19 %	+2 %	-13 %	+14%	+38%
<b>Profit a. financial items</b>	<b>31 180</b>	<b>3 122</b>	<b>6 704</b>	<b>13 471</b>	<b>18 181</b>
<b>Balance sheet total</b>	<b>89 060</b>	<b>79 731</b>	<b>83 423</b>	<b>74 116</b>	<b>79 224</b>
<b>No. of employees</b>	<b>63</b>	<b>70</b>	<b>75</b>	<b>75</b>	<b>61</b>
<b>Equity ratio</b>	<b>64 %</b>	<b>51 %</b>	<b>49 %</b>	<b>54 %</b>	<b>48 %</b>

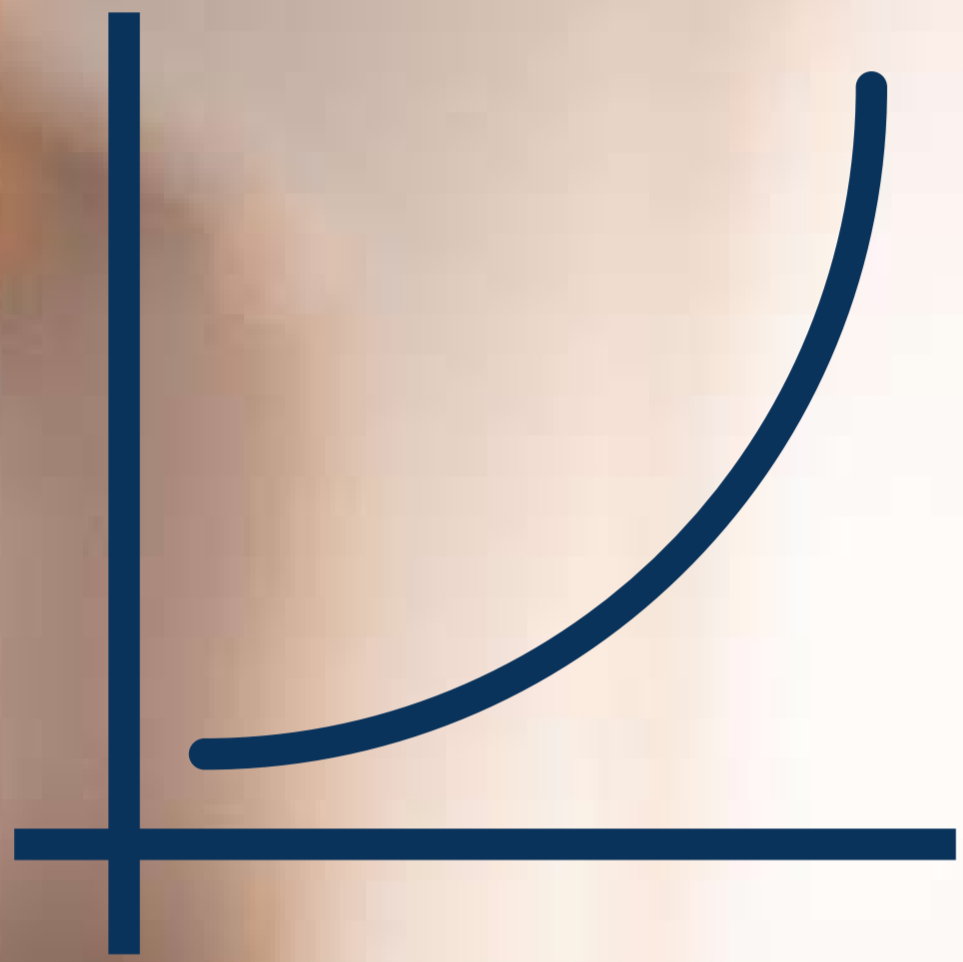
Income statement	2023	2022
<b>Operating income</b>		
Net sales	183 001	153 258
Activated work for own account	763	35
Other operating income	2 326	2 231
<b>Total</b>	<b>186 090</b>	<b>155 524</b>
<b>Operating expenses</b>		
Raw materials, consumables, and subcontractors	- 4 870	- 6 403
Merchandise	- 43 047	- 39 641
Other external expenses	- 34 248	- 34 248
Personnel expenses	- 65 265	- 65 458
Amortisation and impairment losses	- 4 169	- 4 761
Other operating expenses	- 1 628	- 1 259
<b>Operating profit</b>	<b>31 165</b>	<b>3 755</b>
Profit from participation in associated/jointly controlled companies	0	0
Earnings from participating interest in other companies	0	-104
Other interest income and similar income statement items	200	8
Interest costs and similar income statement items	- 185	- 517
<b>Profit after net financial items</b>	<b>31 180</b>	<b>3 122</b>
<b>Profit before tax</b>	<b>31 180</b>	<b>3 122</b>
Current tax	- 6 710	- 807
<b>Profit for the year</b>	<b>24 471</b>	<b>2 315</b>

Cash flow statement	2023	2022
<b>Current operations</b>		
Profit after net financial items	31 180	3 122
Adjustments for items not included in cash flow	4 169	4 868
Tax paid	- 3 484	- 4 145
<b>Cash flow from current operations before changes in working capital</b>	<b>31 865</b>	<b>3 845</b>
<b>capital</b>		
<b>Cash flow from changes in working capital</b>		
Changes in stock	-3 015	- 3 446
Changes in trade debtors	- 4 716	-6 768
Change in current receivables	- 2 833	-938
Changes in trade creditors	98	3 097
Change in current liabilities	2 294	- 618
<b>Cash flow from current operations</b>	<b>29 359</b>	<b>2 064</b>
<b>Investing activities</b>		
Investments in intangible fixed assets	- 763	- 35
Investments in tangible fixed assets	- 1 751	- 1 357
<b>Cash flow from investing activities</b>	<b>- 2 514</b>	<b>- 1 392</b>
<b>Financing activities</b>		
Raised loans	0	0
Amortisation of loans	- 12 000	- 3 000
Dividends paid	- 8 750	- 2 000
Repaid shareholder contributions	0	0
<b>Cash flow from financing activities</b>	<b>-20 750</b>	<b>-5 000</b>
<b>Cash flow for the year</b>	<b>6 095</b>	<b>- 4 328</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at beginning of year	9 173	13 501
<b>Cash and cash equivalents at end of year</b>	<b>15 268</b>	<b>9 173</b>

Balance sheet	2023	2022
<b>ASSETS</b>		
<b>Fixed assets</b>		
<i>Intangible fixed assets</i>		
Capitalised expenditure for development work	3 541	3 420
Capitalised expenditure for software	0	105
<i>Tangible fixed assets</i>		
Incurring costs on other's property	2 136	2 264
Equipment, tools, and installations	7 413	8 955
<i>Financial assets</i>		
Participations in other companies	146	146
<b>Total fixed assets</b>	<b>13 236</b>	<b>14 890</b>
<b>Current assets</b>		
<b>Stock</b>		
Finished goods and merchandise	18 500	15 485
<b>Current receivables</b>		
Trade receivables	31 488	26 772
Other receivables	719	2 606
Accrued income not yet invoiced	4 073	5 399
Prepaid expenses and accrued income	5 776	5 396
<b>Cash and bank balances</b>	<b>15 268</b>	<b>9 173</b>
<b>Total current assets</b>	<b>75 824</b>	<b>64 831</b>
<b>TOTAL ASSETS</b>	<b>89 060</b>	<b>79 721</b>

Balance sheet	2023	2022
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	5 000	5 000
Other equity including profit for the year	51 730	36 009
<b>Total equity</b>	<b>56 730</b>	<b>41 009</b>
<b>Provisions</b>		
Provisions for deferred tax	745	3 579
<b>Long-term liabilities</b>		
Liabilities to credit institutions	0	9 000
<b>Total long-term liabilities</b>	<b>0</b>	<b>9 000</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	0	3 000
Advances from customers	0	0
Trade payables	8 374	8 276
Current income tax liability	6 497	437
Other liabilities	2 453	2 630
Invoiced income not yet accrued	549	224
Accruals expenses and deferred income	13 712	11 566
<b>Total current liabilities</b>	<b>31 585</b>	<b>26 133</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>89 060</b>	<b>79 721</b>

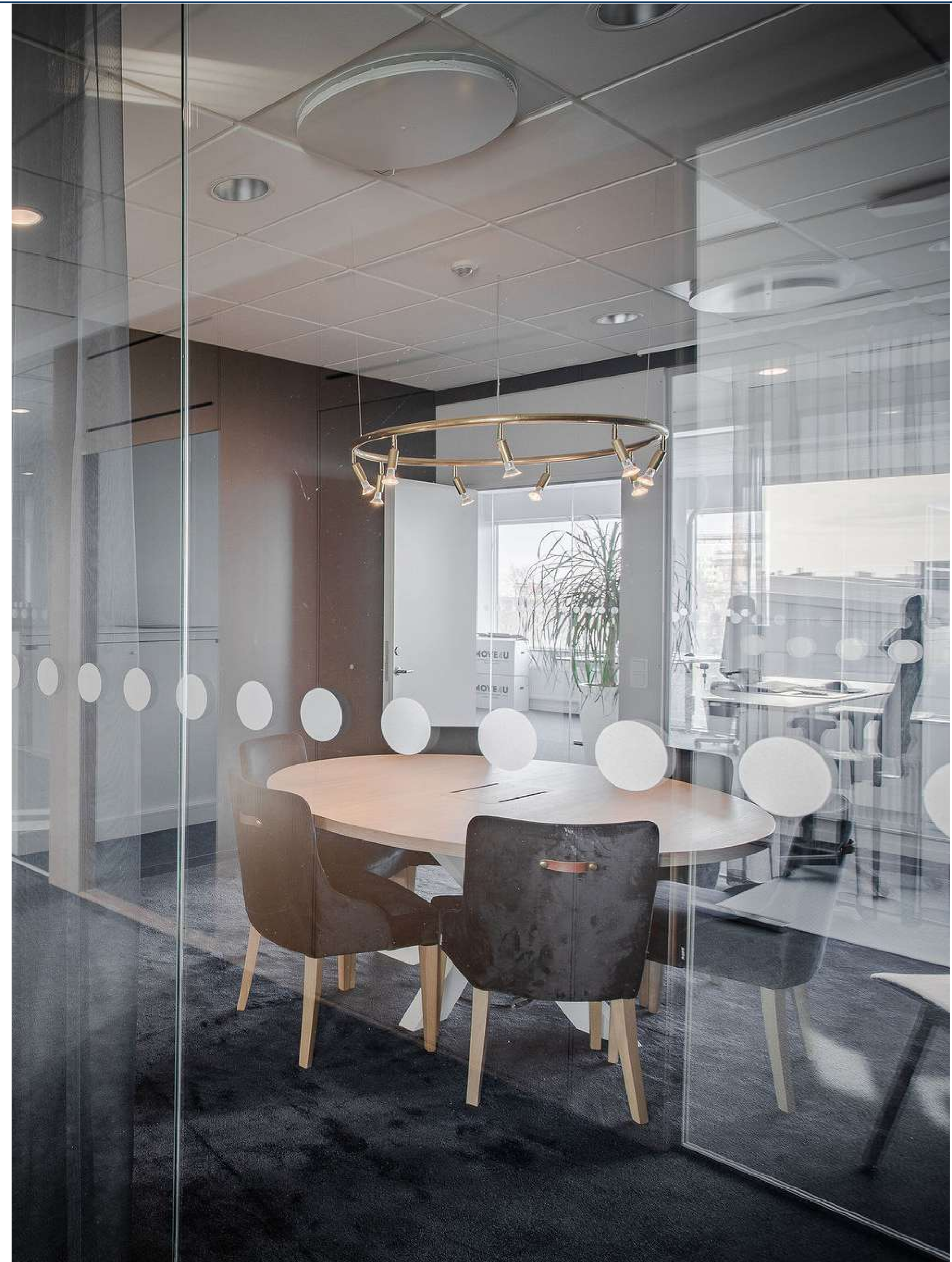
# GRI-index



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2-6	Activities, value chain and other business relationships		6, 7, 9, 10
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# For people and the environment



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