GALENICA

Sustainability Report

2024

GALENICA

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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.**

A message from our CEO

At Galenica, we are proud to be a Swedish actor in the global pharmaceutical industry. We operate in a highly regulated and innovative life science environment where quality, a strong research tradition, and patient safety are paramount. Sweden is internationally recognized as one of the leading countries in transparency and collaboration between academia, industry, and healthcare. These values are central to Galenica, and we are committed to the industry's transition toward a more sustainable and transparent future. Throughout 2024, the pharmaceutical industry has taken significant steps forward.

> " At Galenica, we are actively contributing to this transition. We embrace new initiatives to foster a more sustainable industry, strengthen our competitiveness, and continue developing innovative solutions. We have chosen to transparently report on how our sustainability efforts are integrated into our strategies and encourage our stakeholders to follow us on this journey. "
>
> **Ronnie Wallin**

The industry's development is driven by advanced technology and innovation aimed at optimizing production processes, fostering innovation, and improving product quality. At the same time, political and industry-specific initiatives have provided clearer direction. The employer organization IKEM, Galenica's employer representative, has launched a new roadmap with ambitious goals for achieving climate neutrality and fossil-free operations, emphasizing recycled and bio-based raw materials as well as increased material recycling. Meanwhile, the Swedish government has updated its national life science strategy, highlighting clinical trials, digital infrastructure, and precision medicine as key areas for the future of healthcare and pharmaceutical development.

Despite these advancements, the industry faces significant challenges. Developing environmentally friendly pharmaceuticals and sustainable manufacturing processes without compromising patient safety and regulatory compliance is a complex balancing act. Replacing raw materials and components with bio-based or recycled alternatives in global supply chains is particularly challenging due to limited transparency and insights into sustainability requirements across all tiers. Creating biodegradable pharmaceuticals with reduced environmental impact while maintaining high efficacy and stability standards requires cutting-edge research and development. Addressing these challenges demands innovation, a strong digital transformation journey, strategic collaborations with sustainable suppliers, and targeted business strategies.

At Galenica, we are actively contributing to this transition. We embrace new initiatives to foster a more sustainable industry, strengthen our competitiveness, and continue developing innovative solutions. We have chosen to transparently report on how our sustainability efforts are integrated into our strategies and encourage our stakeholders to follow us on this journey.

During our 25th year in business, we have made significant strides in both sustainability and digital development. We continued our digital transformation by implementing a training module in our electronic quality management system and introducing a new HR system to enhance competency development and goal management. In our laboratory operations, we introduced digital signatures, which will streamline document handling and reduce paper consumption. To further improve chemical management, we have decided to implement a digital system in 2025. At the same time, we have continued renovating our laboratory facilities and conducted workplace assessments to enhance our work environment. Our employees' well-being remains a top priority. Throughout the year, we organized a health week, hosted lectures, and increased wellness benefits. We began the year by celebrating Galenica's 25th anniversary with a company-wide conference in Åre—an opportunity to reflect on our journey, celebrate our achievements, and strengthen our internal community.

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

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The year in brief

Work Environment Improvements

The renovation of our laboratory facilities has continued, improving both functionality and workplace conditions. We have conducted assessments of tasks that may generate dust exposure to identify and minimize workplace risks. Additionally, we hosted a lecture on workplace environment awareness to further promote safety and awareness across our operations.

Galenica Celebrates 25 Years

In 2024, Galenica marked its 25th anniversary with a company-wide conference in Åre. The entire organization gathered to strengthen team spirit, look toward the future, and celebrate the company's achievements over the years. The trip combined conference sessions with social activities and contributed to improve unity within the company.

Digitalization

In line with our long-term strategy, we continued our digitalization journey in 2024. We have developed a new module for electronic management of competency and training within our quality system to ensure a more structured and efficient approach to skill development. At the same time, we have implemented the HR system Hailey, which will provide a clearer structure for performance reviews and goal management. Both systems will be launched in 2025. In our laboratory operations, we have also introduced digital signatures, streamlined documentation and reduced paper consumption.

Development of a Chemical Register

As part of our systematic environmental efforts, we have developed a digital chemical register. This initiative improves oversight and control of chemical handling, enhances safety and sustainability in our operations, and optimizes procurement while minimizing waste. Furthermore, a comprehensive chemical management system will be implemented in 2025.

Health at Galenica

We have continued our efforts to promote employee health and well-being. Over the past year, sick leave has decreased, and employees' self-assessments of their health have improved. We organized a health week featuring activities for both physical and mental well-being and increased the wellness allowance to SEK 5,000 per employee to further encourage a healthy lifestyle.

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Our Organization

- **About Galenica.**

- **From idea to commercial pharmaceutical - Galenica's operations**

- **Quality Management.**

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Photographer Roger Nellsjö

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 pharmaceutics 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 global pharmaceutical company leading the way in innovative products preferred by customers, patients, and healthcare professionals. "

Our Business Concept

" Through expertise and dedication, Galenica will develop innovative pharmaceuticals that create significant value for both customers and patients in the global market. "

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From idea to commercial pharmaceutical - Galenica's operations

At Galenica, we combine expertise and innovation to transform ideas into finished pharmaceuticals that improve people's lives. Through our two business areas—Contract Development & Manufacturing (CDMO) and Marketing & Sales of Proprietary and In-Licensed Pharmaceuticals (Pharma)—we offer a seamless journey from research to market. Our strength lies in the synergies between these areas, leveraging our expertise in CDMO to develop and commercialize our own pharmaceuticals.

Contract Development & Manufacturing (CDMO)

Our CDMO unit is engaged in the development, manufacturing and quality assurance of pharmaceuticals and pharmaceutical products, primarily for Nordic pharmaceutical companies. With state-of-the-art laboratories and GMP-certified production facilities inspected by the Swedish Medical Products Agency, we offer services in pharmaceutical and analytical development, formulation, and production for clinical trials from Phase I to Phase III. Additionally, we provide packaging, labeling, and marking of materials for clinical trials. Beyond contract development for our customers, CDMO also drives the development of our own pharmaceuticals within Pharma—from research in our laboratories to finished products on pharmacy shelves. The CDMO operations are based at Galenica's facilities in Medeon Science Park in Malmö. While Sweden remains our largest market in terms of customer base, we also serve major clients in China, the United States, and Ireland.

Pharma and Galenica Derma

Within the Pharma unit, including the subsidiary Galenica Derma AB, we market and sell both our proprietary and in-licensed pharmaceuticals in dermatology. Our product portfolio includes:
* **Ovixan®** (cream and solution) – a market-leading treatment for psoriasis and atopic eczema in the Nordic region.
* **Oviderm®**, a non-prescription emollient cream for daily skincare.
* **Ameluz®**, an in-licensed product for the treatment of sun-induced skin damage, where Galenica serves as the local representative in the Nordic market.

Revenue distribution

- PHARMA (55%)   - CDMO (45%)

Pre-formulation

Project management

Formulation and process development

Quality Assurance

Analytical development and stability studies

Clinical trial manufacturing, packaging and labelling

Regulatory support

Scale-up and technology transfer

Commercial product

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Markets and manufacturing

Galenica has sales of both proprietary and in-licensed pharmaceuticals in several European countries. The products are sold either directly by Galenica or through license partners. Ovixan® is sold throughout the Nordic region, Germany, Switzerland, Italy, and Poland.
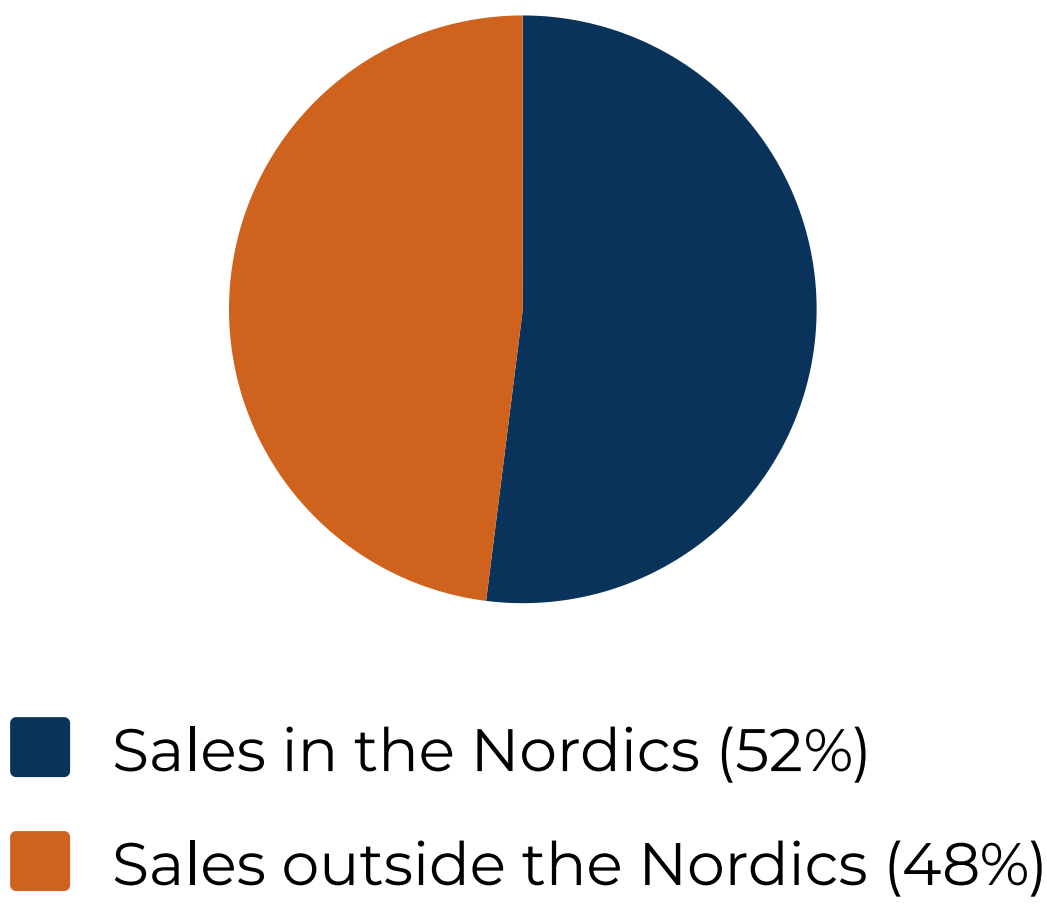
Market distribution - Pharma

- ■ Sales in the Nordics (52%)
- ■ Sales outside the Nordics (48%)

Furthermore, Oviderm® is available in Sweden, Norway, Finland, Iceland, and Poland. The in-licensed pharmaceutical Ameluz® is sold by Galenica in all Nordic countries except Iceland. The manufacturing of Oviderm® and Ovixan® takes place in Sweden, Spain, and Germany. Through our distribution network, these products are stocked in Sweden, Denmark, and Finland, from where they are further distributed to customers across Europe.

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.

Manufacturers

Markets

Strategic objectives

| Attractive workplace | Operational efficiency | Financial stability | Profitable sales |

KPIs 2024

Earnings SEK	Net Sales SEK	No. of employees	Equity ratio
16 million	**201 million**	**66**	**56 %**

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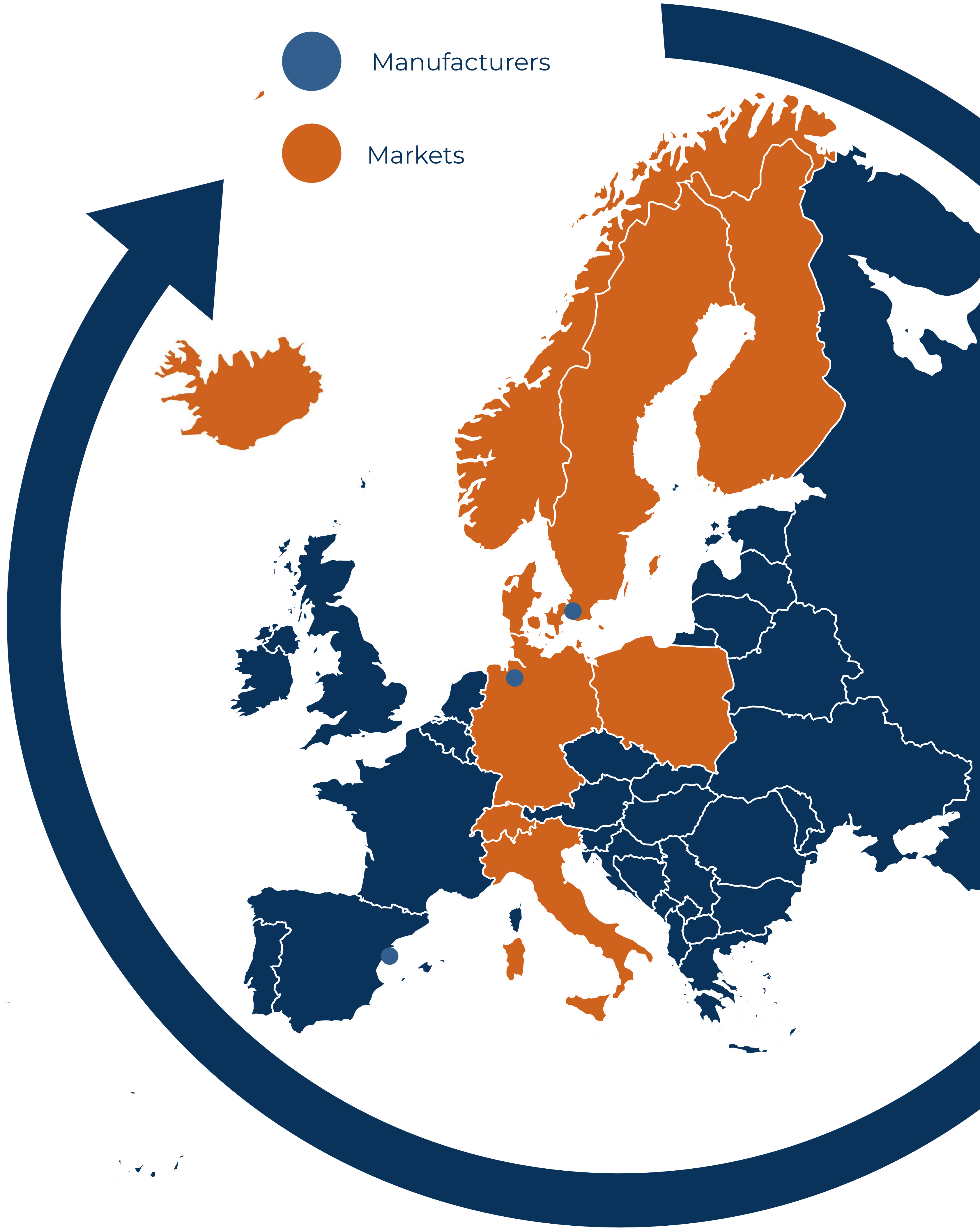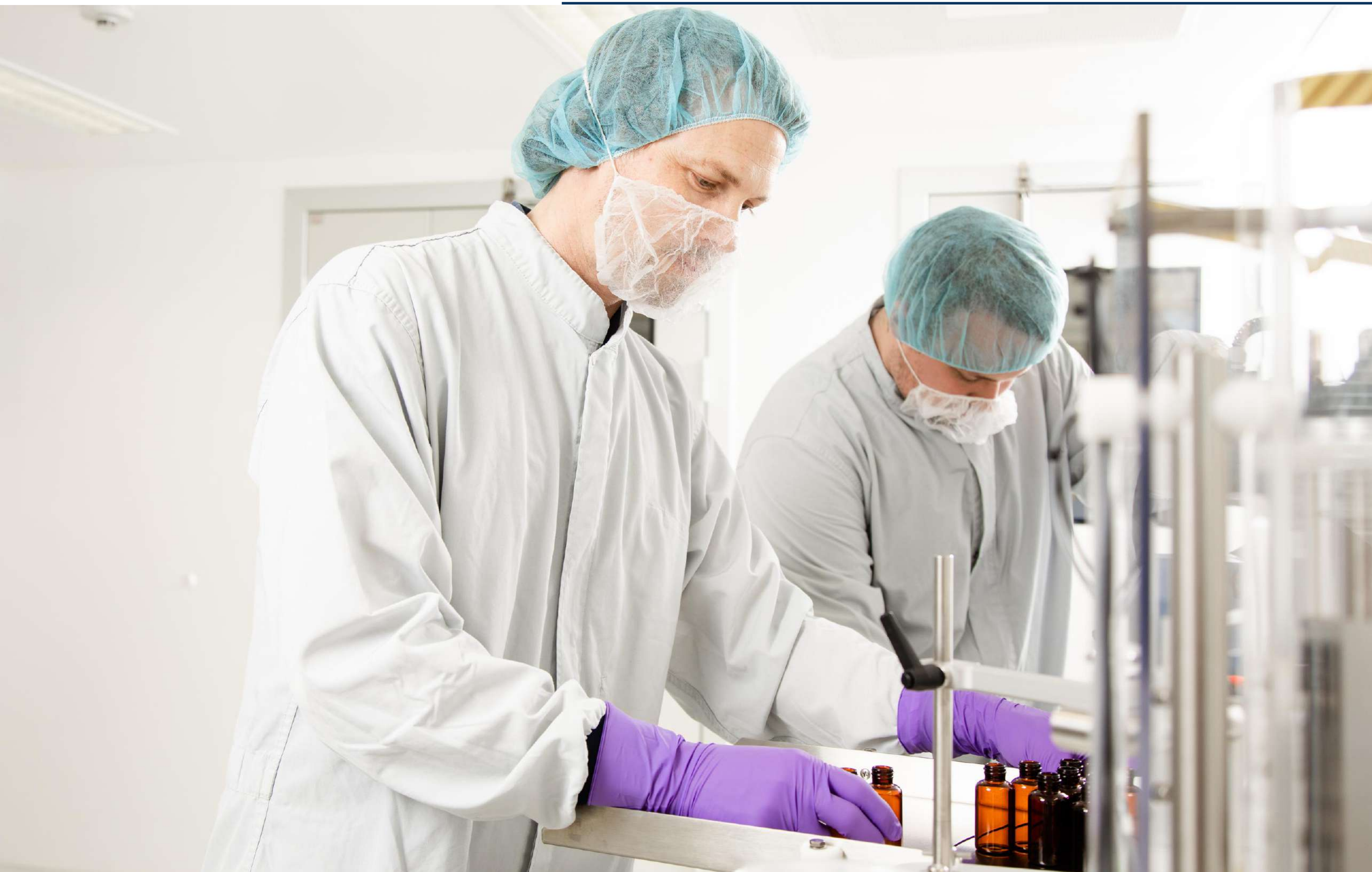
Quality management

As a developer, manufacturer, and distributor of pharmaceuticals, quality assurance of our processes and products is essential for us to conduct our business in a way that ultimately results in safe products that help patients achieve better health.

For Galenica, quality also means doing the right things, being meticulous in our work, and continuously improving. Galenica has key support functions within quality, project management, and regulatory affairs. Each project has a dedicated project manager responsible for activities and customer communication. Our Quality Department and external regulatory unit ensure that all operations comply with laws and regulations. The development, manufacturing, and distribution of pharmaceuticals are governed by international and national legislation, standards, and guidelines. Through our quality management system, we ensure meeting regulatory requirements. The quality management system consists of policies and procedures that define our processes, including what should be done and how. It covers material handling, manufacturing, testing, and reporting of complaints and adverse events. Our policies and procedures are readily available on our digital platform, which also ensures that employees are notified when new versions are released for review and training purposes.

Galenica is audited and authorized by the Swedish Medical Products Agency for GMP (Good Manufacturing Practice), GDP (Good Distribution Practice), and GVP (Good Pharmacovigilance Practice). We are also audited by our customers and partners.

External organizations and memberships

Galenica has a solid business network, collaborating with actors in academia, industry organizations, and network organizations. This enables us to both contribute to and benefit from valuable knowledge sharing while increasing our responsiveness to stakeholder needs.

We maintain close collaboration with healthcare providers and patient organizations, which is central to our efforts in improving healthcare and access to effective treatment solutions. Galenica also engages in ongoing dialogue with the industry organization LIF (the Swedish Association of the Pharmaceutical Industry) and adheres to regulatory frameworks for patient and healthcare-related partnerships, such as the Ethical Rules for the Pharmaceutical Industry (LER). In addition, Galenica maintains close collaboration with Swedish pharmacies and holds membership in Apotekarsocieteten, which functions as a forum for professional exchange, a hub for pharmaceutical knowledge, and a regulatory observer within the industry. All Galenica employees are covered by a collective agreement, and we maintain an ongoing dialogue with the employer organization IKEM (Innovation and Chemical Industries in Sweden).

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Our Values

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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.
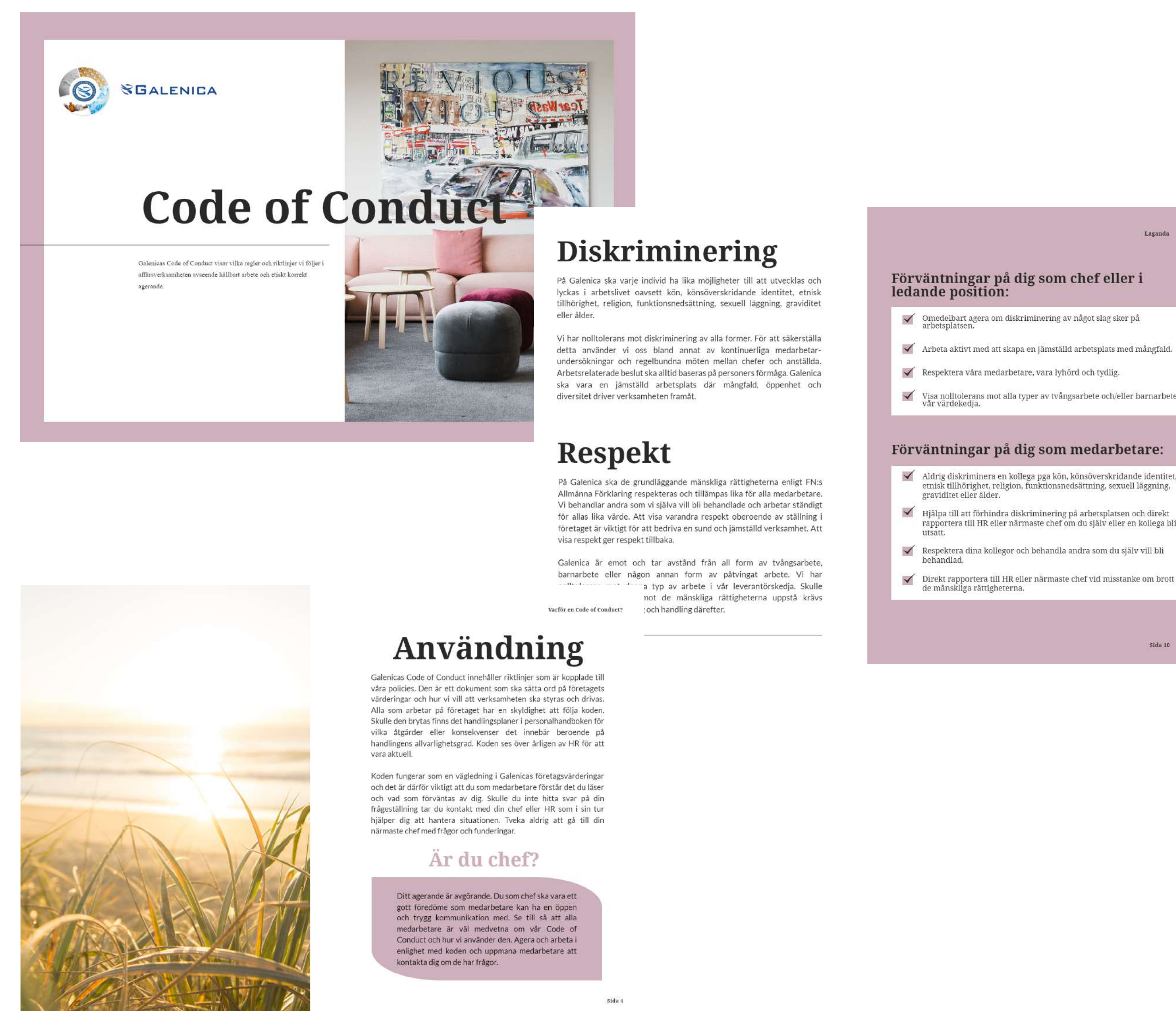
Action

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.

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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.

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Our Sustainability Strategy

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Sustainability increasingly important

We engage in continuous dialogue with our stakeholders to understand and adapt to their expectations, long-term strategies, and external trends. This enables us to develop in parallel with the surrounding world and maximize the value of our business operations. Our stakeholder dialogue is maintained through regular communication, procurement processes, in-person visits, customer and employee surveys, seminars, events, and trade fairs. The topic of sustainability is becoming increasingly prominent in our interactions with all stakeholders.

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.

Sustainability trend

The sustainability trend in the industry includes improved production processes with reduced environmental impact, increased resource efficiency, and high ethical standards. Sustainability initiatives are welcomed in the industry through both incentives and legislation. To align with this trend, we have expanded our sustainability efforts for several years, recognizing sustainability as a key competitive advantage and a prerequisite for long-term profitability.

In employee surveys and recruitment processes, we have observed that sustainability is a priority for our employees, owners, and board. This trend is also reflected among suppliers, customers, healthcare 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.

Our stakeholders

Stakeholder dialogue is a key element in identifying partners who share our vision and values. Our operations are continuously evaluated based on stakeholder expectations. Our stakeholders include our suppliers, distributors, customers, patients, advisors, employees, owners, industry and interest organizations, and regulatory authorities.

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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.

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Strategic focus	Strategic objective	KPI	GRI
Social and Ethical work	Advocate competency development.	Hours of training per employee	**404-1**
		Hours of health & safety training per employee	**403-5**
	Promote equality and diversity.	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**
		Supplier mapping of sustainability criteria	**308-1, 414-1**
	Reduce internal climate impact.	Business travel and CO2 emissions	

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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.

In 2024, Galenica is conducting its sustainability report for the third consecutive year. With gained experience, the process has evolved into an established annual cycle within the organization.

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

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The Management Team
- What is sustainability for us?

"As CEO and founder, my goal is for Galenica to be a competitive company that keeps pace with industry trends and external developments. We strive to be a sustainable and attractive employer both today and in the future through continuous development and clear ambitions. This requires decisiveness and alignment between our business strategies and sustainability goals. As a pharmaceutical company, we take pride in contributing 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

"Sustainability is something that permeates all our lives. Here at Galenica, in the highly regulated pharmaceutical industry, efficacy, safety, quality, and sustainability are the four pillars that define our development work. Through active competence-building, we strive for minimalist formulations using renewable and responsibly sourced raw materials that result in effective and safe pharmaceuticals - without depleting our planet."

Henri Hansson
CSO and Founder

"As CFO, my goal is to ensure that Galenica maintains a sustainable business model. This means using resources responsibly while upholding strong financial procedures. With the support of senior management, we implement strategies that strengthen our sustainability efforts and secure our long-term growth. For me, Goal 3 of the 2030 Agenda - Health and Well-Being - is a fundamental pillar that drives our collective commitment towards a sustainable future for our planet."

Lena Örtenblad
CFO

"To me, it is essential that we are a sustainable employer that ensures a safe work environment, a workplace free from discrimination, and good working conditions. At Galenica, our employees consider sustainability and social responsibility important. This allows us to place great focus on these issues and ensures that we remain an attractive employer for future generations as well."

Christofer Gillborg
HR Manager

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13 CLIMATE ACTION

"Galenica's business concept is the development of innovative pharmaceuticals — something CDMO is very much involved in. Throughout the pharmaceutical development chain, we use, handle, and process various materials and chemicals. We have established processes to ensure the safety and well-being of our employees, as well as the safe handling of chemicals, residues, and waste. We strive to guide our customers in their choice of materials, contributing to a better environment while providing them a potential competitive advantage."

Kristina Thored
VP CDMO

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

"For me, an essential aspect of supply chain operations is the efficient use of resources. Manufacturing and transportation are resource-intensive parts of our value chain, and we can achieve significant improvements by making conscious choices and setting clear requirements for ourselves and our suppliers. Focusing on sustainability enables us to improve our climate impact and enhance our competitiveness."

Mikael Friberg
Chief Operating Officer (COO)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

"With our products, we - together with our customers and suppliers - can make a significant difference. For example, physicians in Sweden prescribe approximately 1,000 tons of emollient cream to patients each year. The creams we develop contain biodegradable ingredients with a lower environmental impact. By communicating this to physicians and patients, we make a difference."

Joakim Hindemith
VP Sales & Marketing

13 CLIMATE ACTION

"For me, sustainability means continuously moving towards a society where we take care of and respect the people around us, our communities, and our shared resources. In my view, it all goes hand in hand. As Director of Quality Assurance and Pharmacovigilance, I contribute to Galenica's journey toward more sustainable resource use by ensuring that we develop and manufacture pharmaceuticals of the right quality in an efficient and safe manner."

Nicklas Helgesson
Director Quality Assurance & Pharmacovigilance

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Social and Ethical Work

Our objectives:

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

- **Advocate competency development.**

- **Promote equality and diversity in the workplace.**

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Sustainable and attractive employer for the future

To be a sustainable and attractive employer, we focus on conscious recruitment, workplace satisfaction, and opportunities for personal development. Through regular employee surveys, we gather valuable insights to ensure continuous improvement of our work environment and corporate culture.

Conscious Recruitment

By recruiting consciously, we can significantly influence Galenica's corporate culture and development. It is crucial to recruit employees who align with our strategic agenda, values, and corporate culture in order to ensure both contribution and well-being in the workplace. In the long term, this facilitates innovation that benefits both the industry and patients within the framework of our important mission.

All our employees are covered by collective agreements and Swedish labor law. To enhance responsiveness to employee matters, the HR Manager is part of Galenica's management team.

"For Galenica, it is essential to be an attractive workplace that attracts and retains competent employees who share our values. This is the foundation for delivering the best possible results to our customers and creating an environment in which our employees can thrive and develop."

Christofer Gillborg
HR Manager
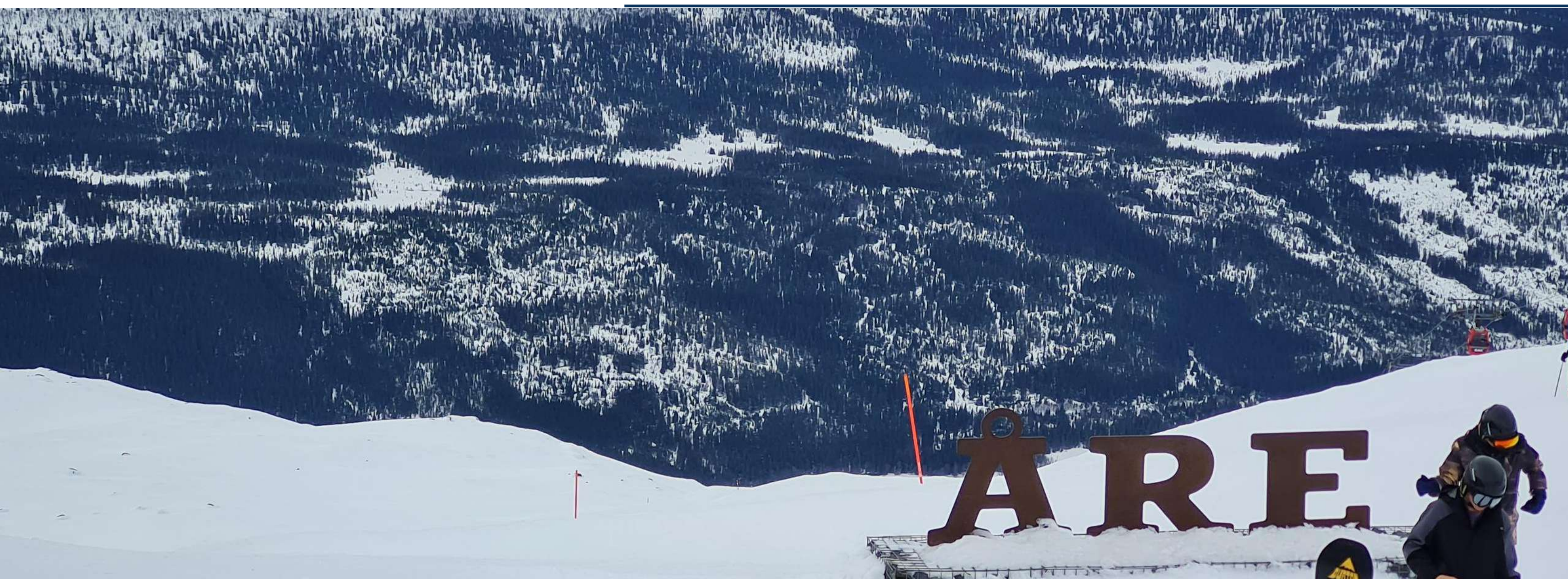
Workplace Satisfaction and Personal Development

In our strategic agenda, workplace satisfaction and collaboration are key focus areas, which, according to our biannual employee surveys, are strong attributes of Galenica. We are a close-knit workplace defined by team spirit and engagement. The surveys include both qualitative and quantitative aspects such as goal achievement, motivation, stress management, communication, leadership, culture, and overall job satisfaction. Starting in 2025, our employee surveys will be conducted through our new HR system, Hailey. This platform will integrate all HR processes and facilitate effective communication between managers and employees regarding goals and performance reviews. By providing increased transparency and enhanced follow-up capabilities in multiple areas, the system will contribute to both workplace satisfaction and personal development.

In 2024, several activities were arranged to promote engagement and a positive work environment, with the highlight being the celebration of Galenica's 25th anniversary. This milestone was marked in the spring with a company-wide conference trip to Åre, which also included various social activities.
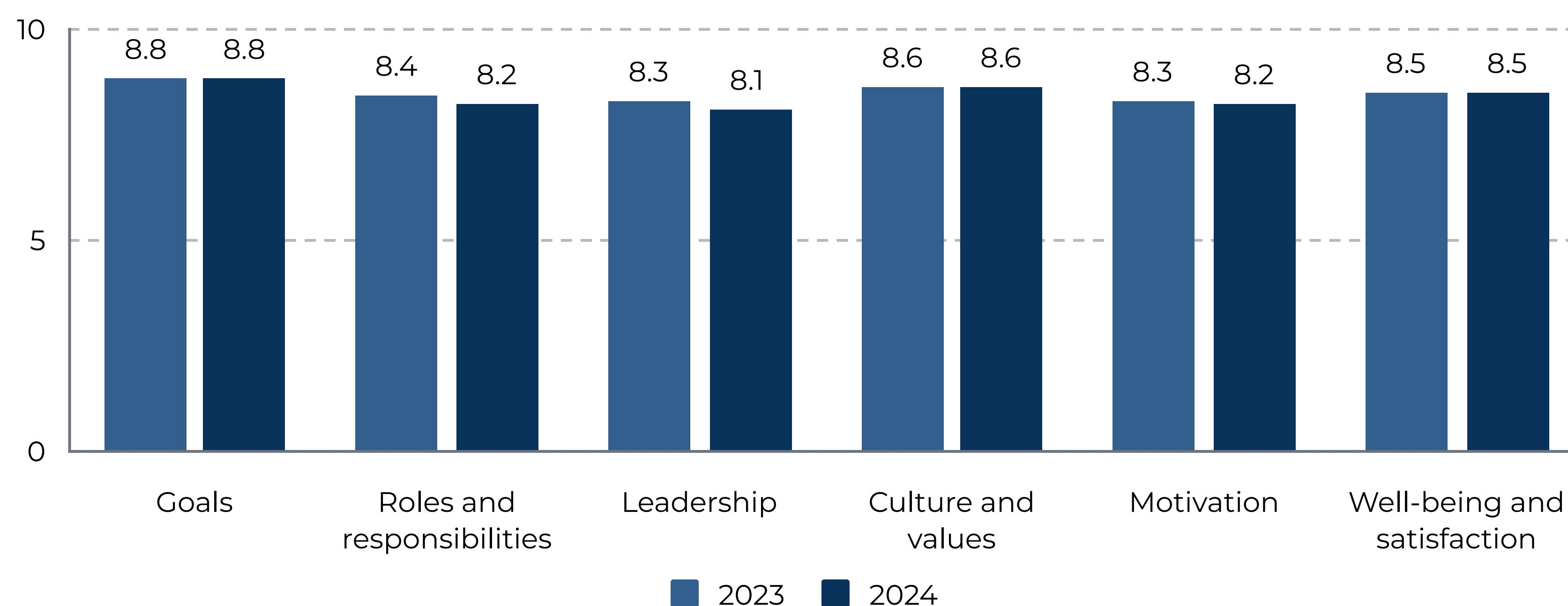
Employment	Women	Men	Total
Permanent employment	38	26	64
Temporary employment	2	0	2

Employment	Women	Men	Total
Full-time employment	35	26	61
Part-time employment	5	0	5

At the turn of 2024/2025, the Galenica Group had 66 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 three consultants in Galenica Derma. All data is obtained from our payroll system, HR system and time reporting system.

Workplace satisfaction survey results (scale 0–10)

Category	2023	2024
Goals	8.8	8.8
Roles and responsibilities	8.4	8.2
Leadership	8.3	8.1
Culture and values	8.6	8.6
Motivation	8.3	8.2
Well-being and satisfaction	8.5	8.5

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eNPS and our employer brand

One of the key metrics we track is eNPS (Employee Net Promoter Score). This measures employees' experiences of working at Galenica and has been monitored since 2019. Employees respond to how likely they are to recommend Galenica as an employer to others, using a scale from 1 to 10.

An eNPS score can range from -100 to +100, with a positive value generally indicating that employees are satisfied and engaged in their workplace. Scores above 20–30 typically reflect strong employee support and loyalty.

Our eNPS score provides a valuable indicator of employee engagement and workplace satisfaction at Galenica. We are proud of our consistently strong results since 2019, ranging between 10 and 45. The dip in 2021 reflects the impact of the pandemic, when employees were unable to meet regularly for an extended period.

In May 2024, our eNPS reached 45, the highest recorded score since we began measuring. However, in the fall survey, the score dropped to 17. The graph displays the average eNPS score from both surveys conducted during the year.

eNPS — Supplier average for employee survey

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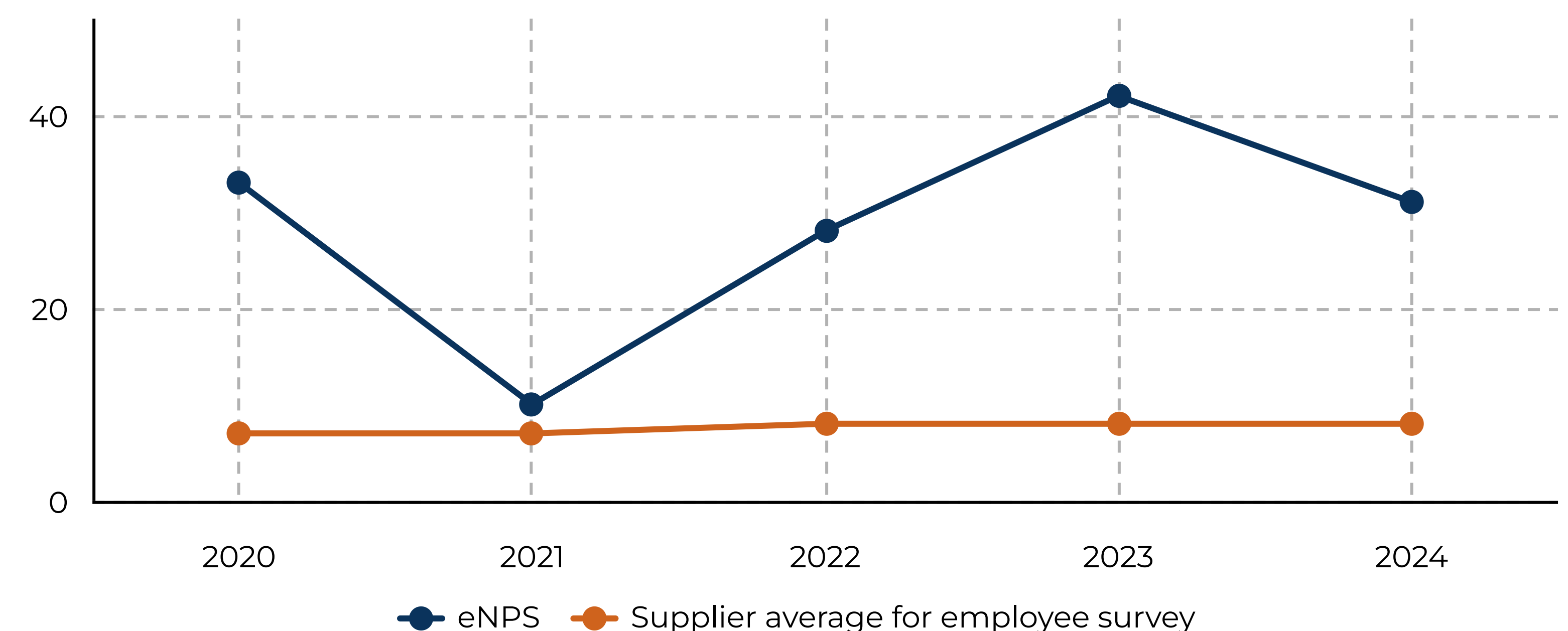
Advocate competency development

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 education, competence, and experience. Learning becomes a natural part of our work within different business segments as new active substances, processes, and methods are introduced in projects with diverse needs and conditions.

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 have developed our model for mapping competencies and gaps and designed a methodology to support career development for strategically important skills. With Galenica's broad expertise and diverse projects, we offer extensive opportunities for professional development and training.

"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)

This ensures a stimulating work environment while providing flexibility and expertise to our customers. In 2025, we will enhance our training and competency development efforts through the implementation of a new training module in our quality management system, Bizzmine. Our focus is to improve oversight and administration of our competencies and ensure that employees have the right skills for their respective assignments.

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As part of our commitment to pharmaceutical innovation, we have established a scholarship in pharmaceutical technology. The Nils-Olof Lindberg Scholar-ship for 2024 was awarded to pharmacist Lidia Habtemikael for her innovative galenic research on 3D printing of personalized solid oral dosage forms, particularly for children. Lidia conducts her research at the Department of Pharmaceutical Technology at Uppsala University, and the scholarship will support the continuation of her research.

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.

Training in quality and safety

As a developer and manufacturer of pharmaceuticals, we strictly adhere to the legal requirements and guidelines that govern our industry. Training in GMP (Good Manufacturing Practice), GVP (Good Pharmacovigilance Practice), and GDP (Good Distribution Practice) is conducted annually for all relevant personnel in the company as well as new employees, along with supplementary safety training as needed. We also ensure that our employees receive a structured introduction through a formalized onboarding plan, whether they are newly employed or moving to a new position within the company.
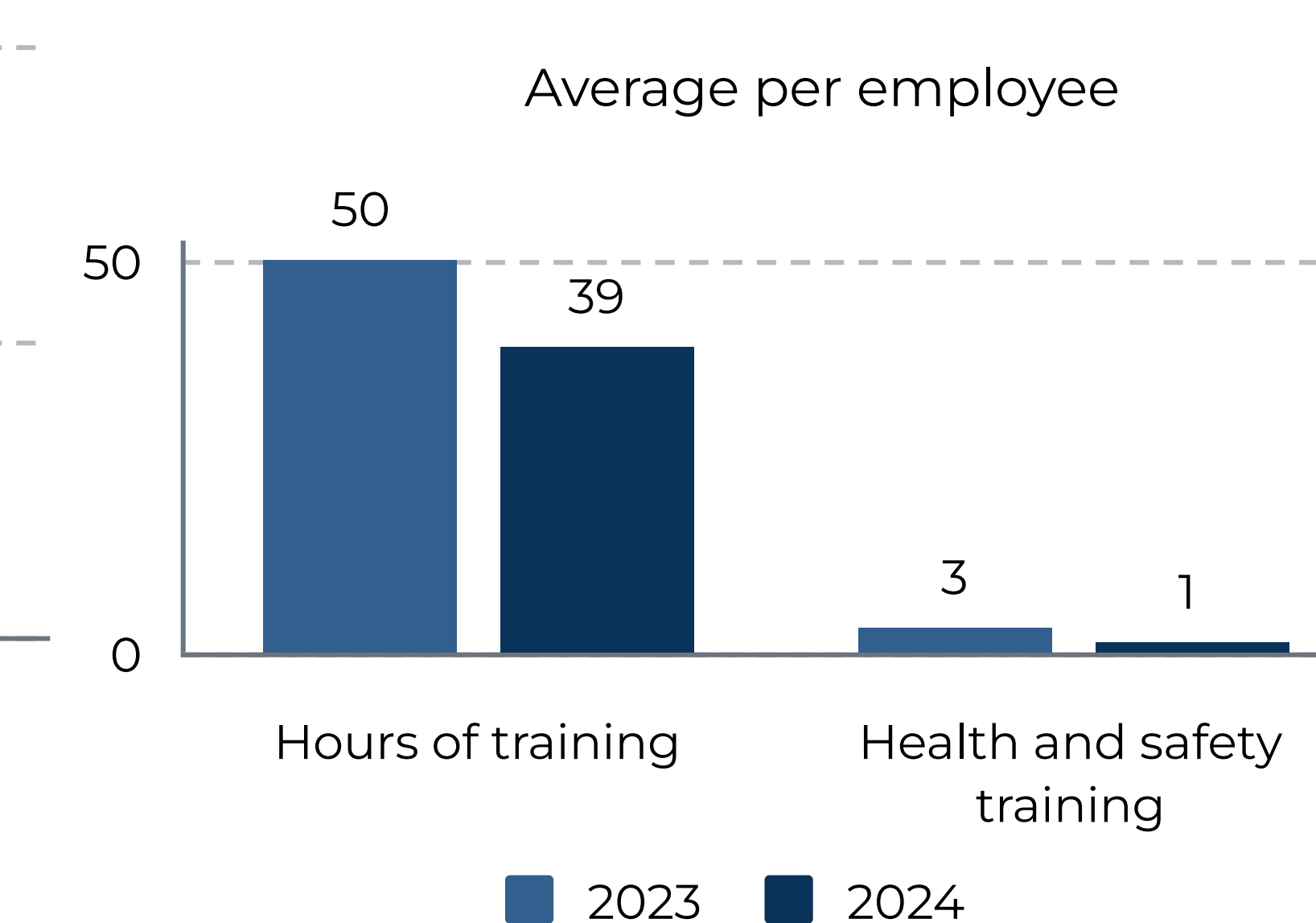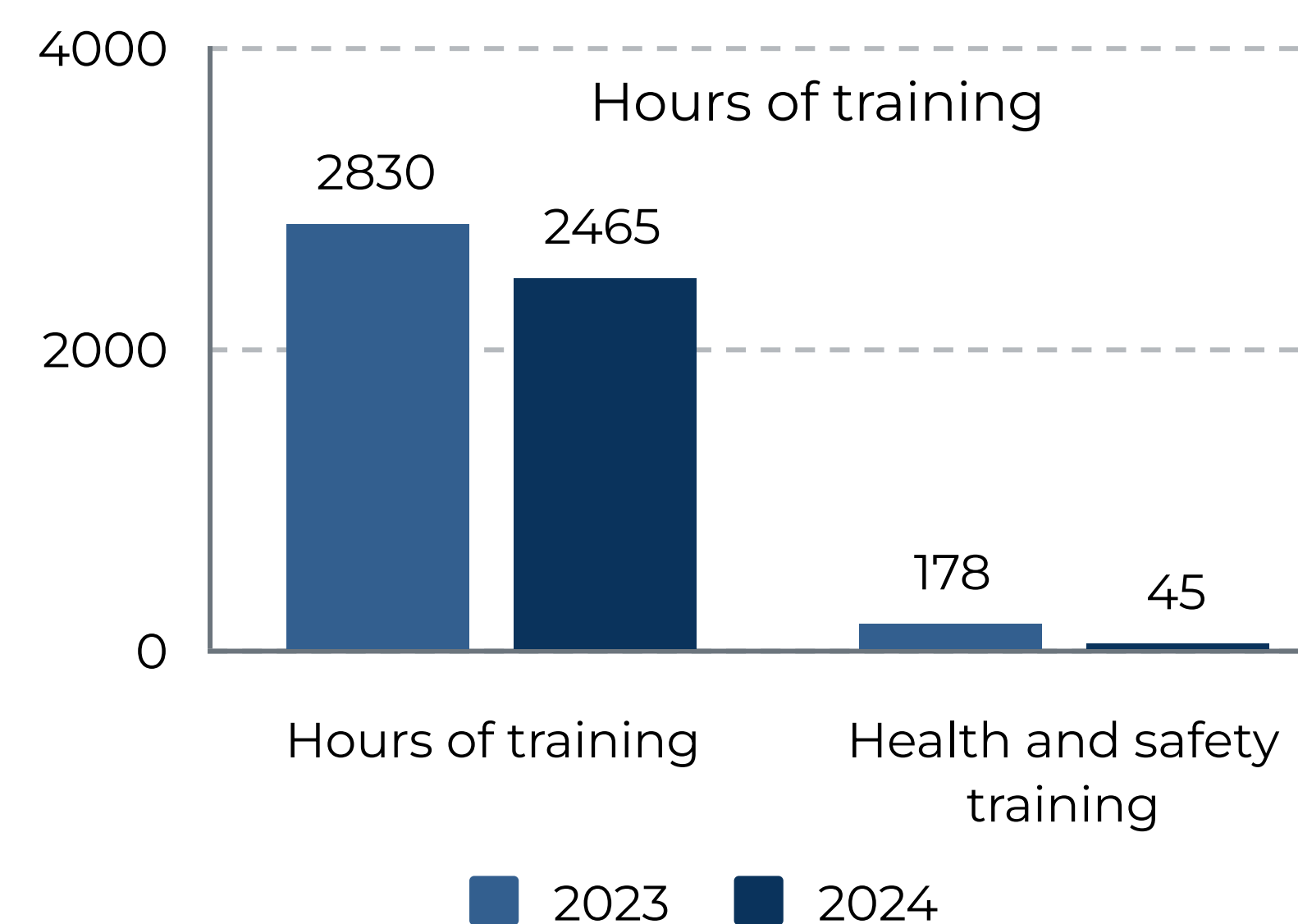
Performance reviews

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 competency development efforts. During the fall of 2024, we initiated the implementation of our digital HR system, Hailey. A key contributor to the introduction of this comprehensive HR platform has been the desire to enhance employee performance and development across the organization.

Hours of training 2024

Internal and external hours of training are tracked annually as part of our sustainability reporting to measure and compare the number of training hours to previous years. In 2024, the total number of hours of training was 2465. The average hours of training per employee was 45 hours for men and 36 hours for women, reflecting a slight gender leveling out compared to 2023. Health and safety training showed a decline compared to the previous year, primarily due to an extra external occupational health and safety training session that was conducted for laboratory personnel in 2023.

The average number of hours of training per employee across the company decreased by 11 hours compared to the previous year. However, the total number of training hours within R&D increased slightly, from 53 hours in 2023 to 54 hours in 2024.

Hours of training

	2023	2024
Hours of training	2830	2465
Health and safety training	178	45

Average per employee

	2023	2024
Hours of training	50	39
Health and safety training	3	1

45 hours of health and safety training were completed in 2024. Each employee averaged 1 hours.

A total of 2,465 hours of training were completed in 2024. On average, each employee completed 39 hours. The average for male employees was 45 hours, while female employees averaged 36 hours. The average for an employee in R&D was 54 hours, while employees outside R&D averaged 25 hours.

2023

	Gender	Organization unit
Men	25%	
Outside R&D		39%
Women / R&D	75%	61%

2024

	Gender	Organization unit
Men	45%	
Outside R&D		32%
Women / R&D	55%	68%

Legend: Women | Men | R&D | Outside R&D

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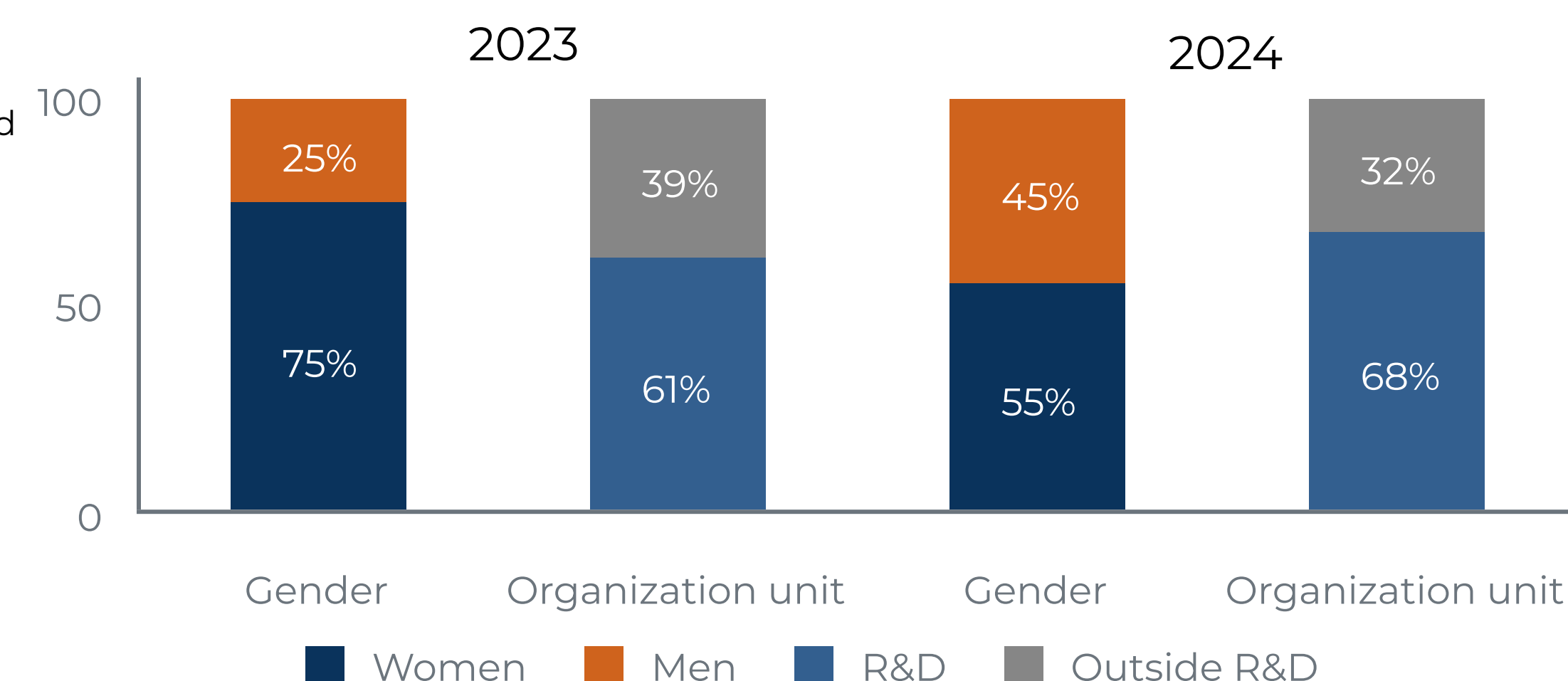
Promote equality and diversity

At Galenica, we see diversity and equality as essential for achieving our goals and maintaining an attractive workplace. We actively work to prevent all forms of discrimination and to promote equal treatment, both internally and externally.
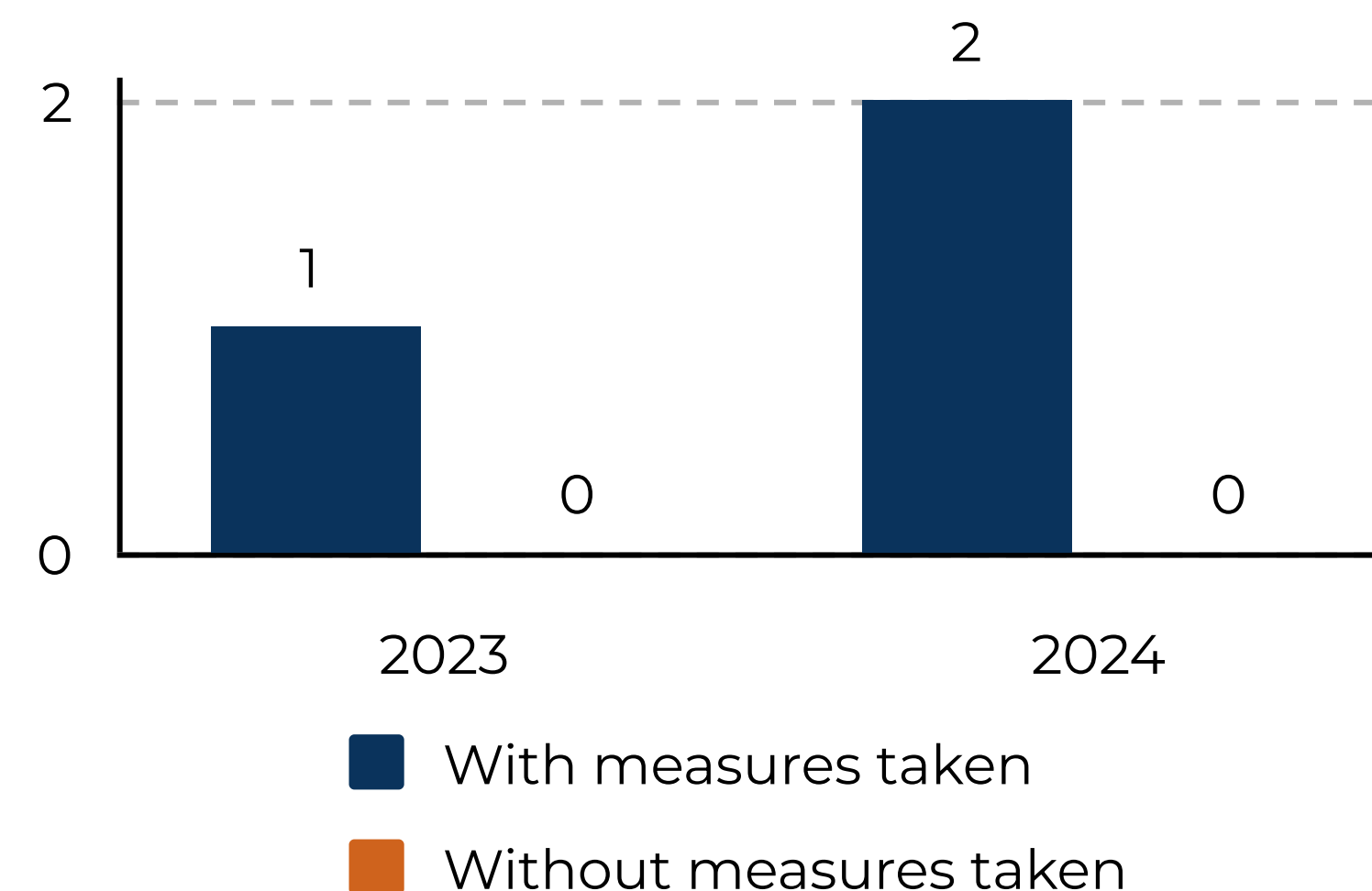
Discrimination

Cases of discrimination

	2023	2024
With measures taken	1	2
Without measures taken	0	0

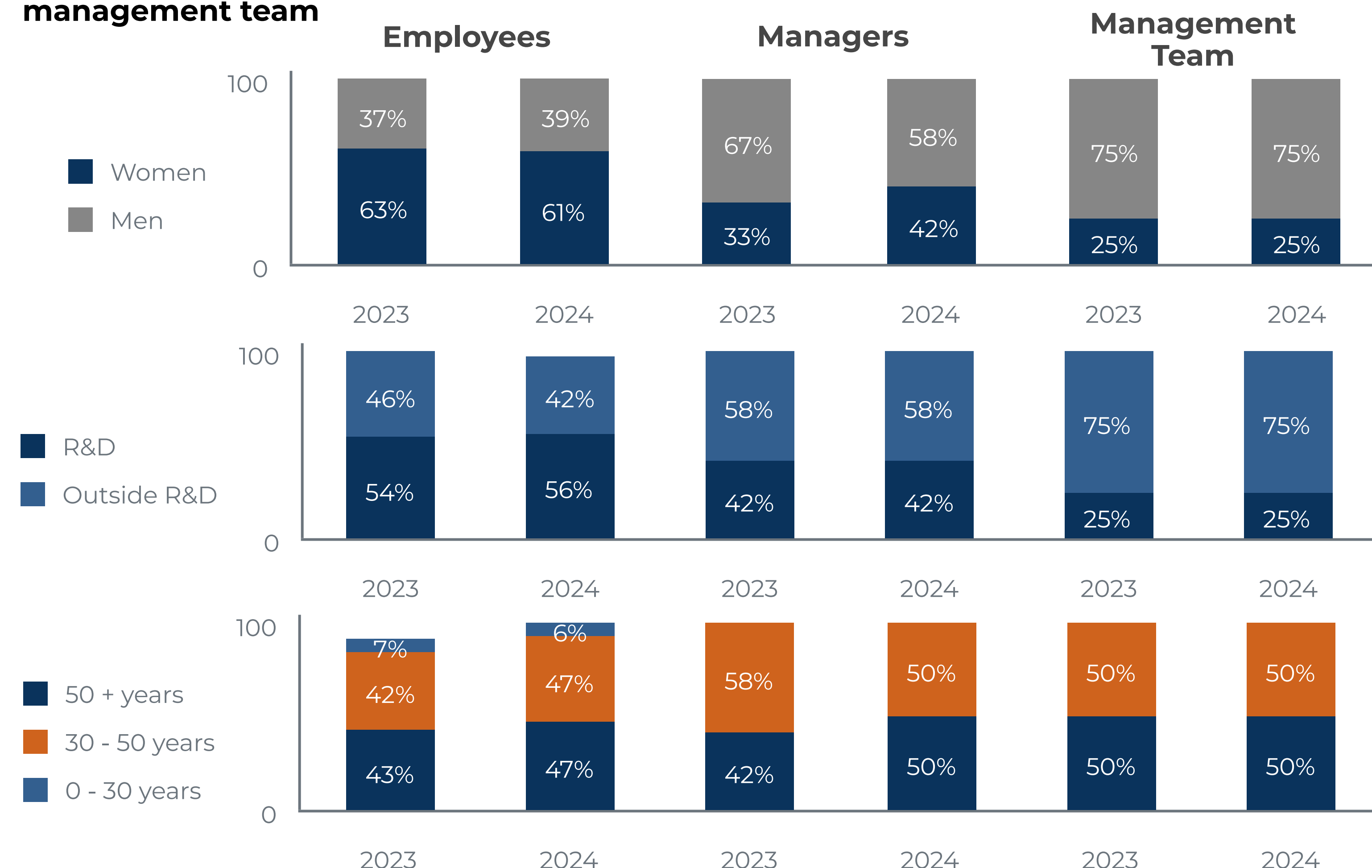- ■ With measures taken
- ■ Without measures taken

In two cases in 2024, two employees from different departments reported feeling diminished in a work situation, reported in the 2024 employee survey. The cases were discussed with the concerned employees, as well as their managers. The employees did not perceive the incidents as harassment but provided valuable feedback to consider in the future.

One of the goals of the pharmaceutical industry is to create a healthy and meaningful life for people based on common scientific grounds. We value the diversity of our employees and believe in dynamic teams that harness everyone's potential. Our Equal Treatment Policy, Non-Discrimination Policy, and Code of Conduct serve as the foundation for our equality efforts. The Equal Treatment Policy ensures fairness in salaries, employment terms, and recruitment, while the Non-Discrimination Policy provides guidance and support in cases of discrimination. Reports can be made anonymously through employee surveys, direct contact with HR, or our whistleblower function.

In cases of discrimination, a confidential and objective investigation is conducted in accordance with our Non-Discrimination Policy, led by the relevant managers and/or HR, to ensure that the discrimination ceases.

Gender, organizational, and age distribution among employees, managers, and the management team

	Employees		Managers		Management Team	
	2023	2024	2023	2024	2023	2024
Men	37%	39%	67%	58%	75%	75%
Women	63%	61%	33%	42%	25%	25%

	2023	2024	2023	2024	2023	2024
Outside R&D	46%	42%	58%	58%	75%	75%
R&D	54%	56%	42%	42%	25%	25%

	2023	2024	2023	2024	2023	2024
0 - 30 years	7%	6%				
30 - 50 years	42%	47%	58%	50%	50%	50%
50 + years	43%	47%	42%	50%	50%	50%

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Hand in Hand -
BLOOM, BUZZ & BUSINESS

At Galenica, community engagement is important, and our sustainability efforts also include social responsibility. In 2024, we continued our partnership with Hand in Hand.

We continued our partnership with Hand in Hand during the year through BLOOM, BUZZ & BUSINESS- a project focused on entrepreneurship in small-scale honey and sunflower production in Kenya. The project's goal is to create more sustainable, profitable, and resilient businesses for women with small-scale farms. Through this initiative, we aim to improve livelihoods, empower women's influence within their households, strengthen communities, and promote biodiversity.

TILL HAND IN HAND

Tidigare sålde jag mina produkter alldeles för

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Health & Well-Being

Our objectives:

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

- **Safe and good work environment.**

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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.
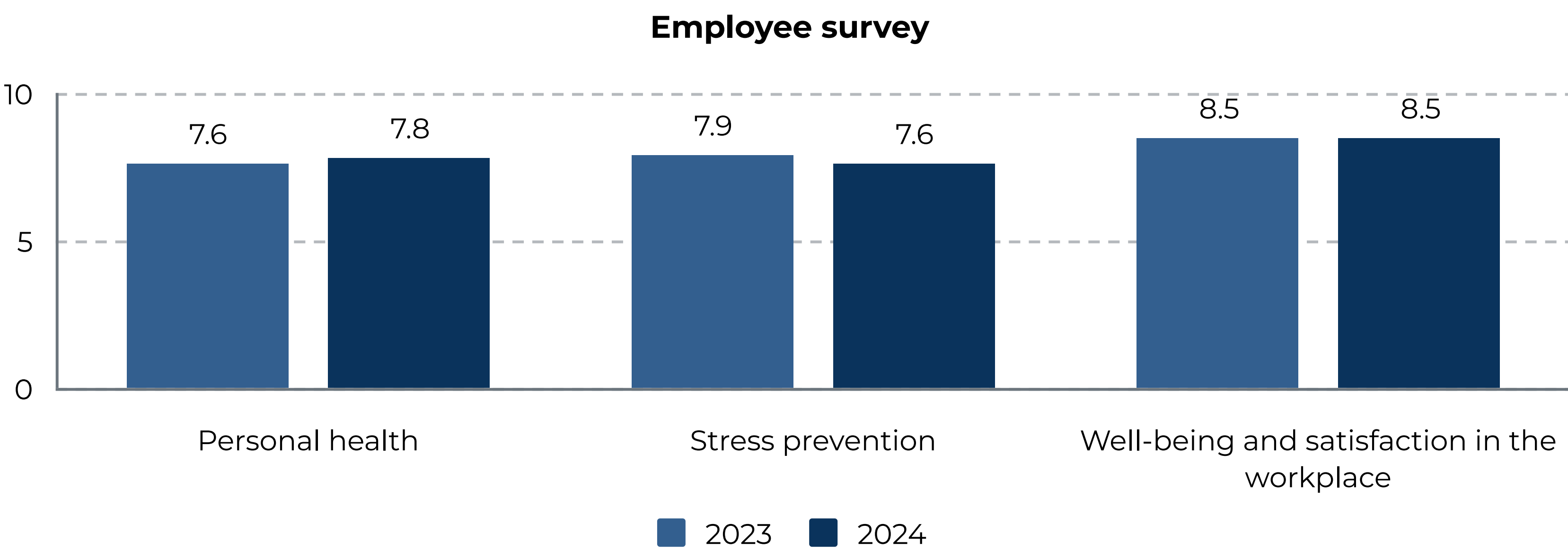

Health and wellness

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. A voluntary health checkup conducted in 2023 identified a need for tools to manage stressful situations both at work and in daily life. As a result, in 2024, Galenica organized an external lecture and workshop focusing on stress management. The session covered topics such as mindfulness and physical activity, which we later had the opportunity to practice during our internal Health Week in November. Additionally, we increased our wellness allowance from SEK 4,000 to SEK 5,000 per year.

Sick leave

Sick leave in 2024 decreased by approximately 0.7% compared to the previous year, indicating that our health-related initiatives are yielding positive results. In 2024, sick leave was 1.7% (compared to 2.4% in 2023), calculated based on absences lasting 1–14 days. All Galenica employees are included in this key metric. In line with our Rehabilitation Policy, our goal is to ensure that employees experiencing mental or physical health issues can return to work in good health as soon as possible.

Through ongoing dialogue with employees and follow-ups via our biannual employee survey, we gain valuable insight into overall well-being and can implement preventive measures as needed. In the survey, employees self-assess their work environment, health, and stress levels. These key indicators are also reviewed annually by the HR Manager as part of our sustainability reporting.

Employee survey

	Personal health	Stress prevention	Well-being and satisfaction in the workplace
2023	7.6	7.9	8.5
2024	7.8	7.6	8.5

■ 2023 ■ 2024

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Safe work environment

At Galenica, we are committed to improving patient health without compromising the well-being of our employees. We strive to provide a safe workplace where the risks of work-related injuries and occupational health issues are actively prevented and avoided.

Systematic work environment management

Our internal work environment must meet the requirements set forth in the Work Environment Act, the Work Environment Ordinance, and the Swedish Work Environment Authority's regulations. To achieve this, we have a Work Environment Policy that guides our systematic work environment management.

Throughout the year, we have enhanced protective ventilation in laboratory environments and conducted lectures based on feedback from last year's employee survey. Additionally, we conducted a risk assessment in collaboration with external environmental experts to evaluate exposure to substances in different work processes. Measures have been implemented based on the results. Furthermore, we have decided to introduce an external chemical management system to improve control of chemical risks. This system will be implemented in 2025.

Our Safety Committee

Galenica's Safety Committee, consisting of safety representatives, line managers, the HR Manager, and the CEO, meets 4–5 times annually to discuss workplace safety matters. The committee is responsible for conducting the annual safety inspection, during which the work environment is assessed and evaluated.

In the event of an incident that has caused or could have caused harm to an employee, an incident report form is completed. The goal is for all reported incidents to lead to preventive measures where necessary. Every employee is responsible for participating in workplace safety efforts and informing their immediate manager of any identified risks. While our CEO holds ultimate responsibility for Galenica's work environment, each manager is responsible for actively maintaining a safe workplace.

In 2024, a total of three incidents were reported, none of which were classified as serious. Our goal is to maintain fewer than 10 incidents per year, with zero serious incidents.

Employee self-assessment

We continuously strive for open dialogue, encouraging employees to share feedback on their work environment. During our biannual employee survey, employees self-assess their work environment. This metric is used to evaluate our efforts and determine the need for further actions. By monitoring key indicators such as incident reports and sick leave, we systematically follow up with goals and action plans to ensure a safe and secure workplace.

In the 2024 employee survey, employees rated their physical work environment safety at 8.7 out of 10 (8.5 in 2023).

Employee survey

	8.5	8.7
10		
0		

Employee work environment

■ 2023 ■ 2024
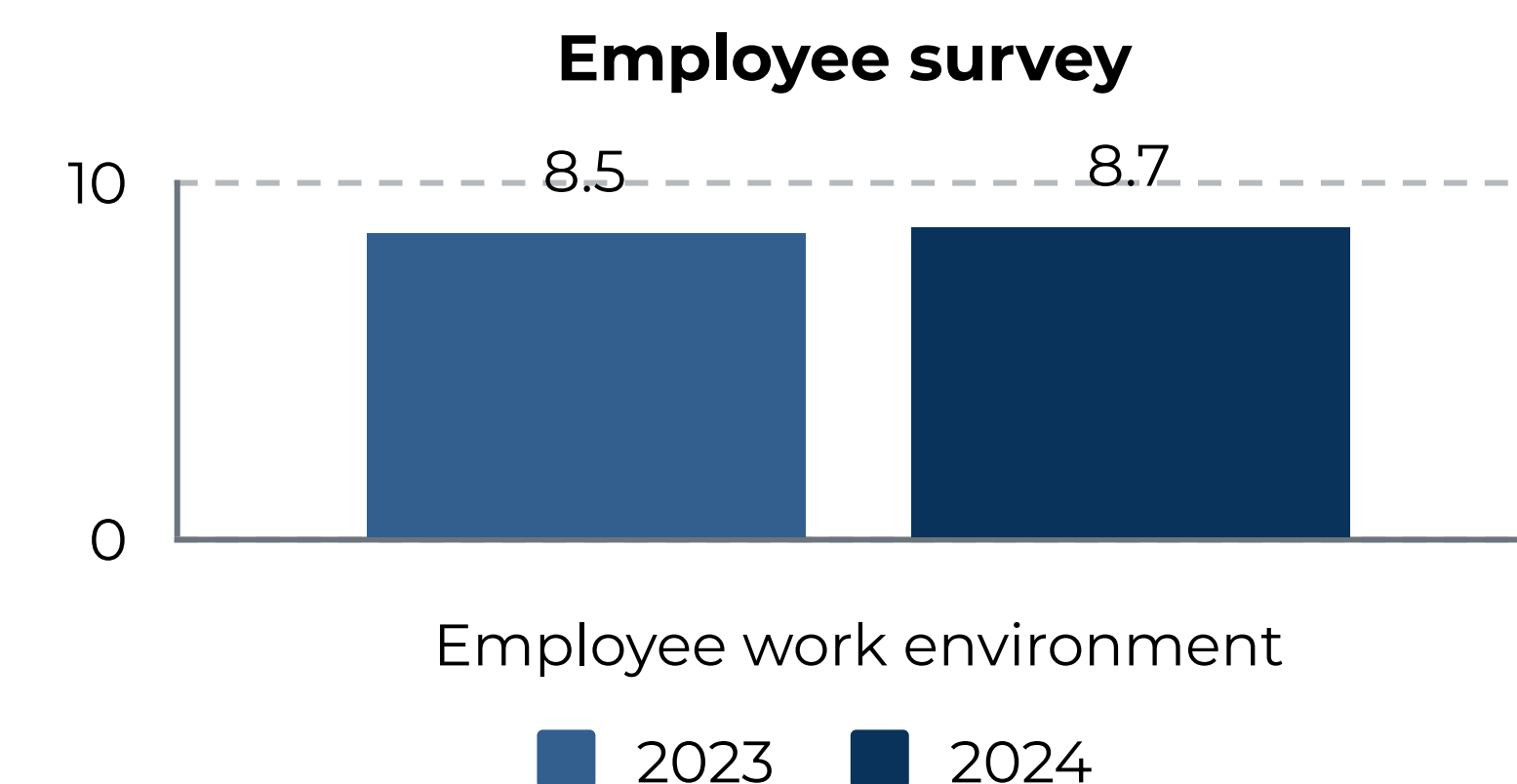
"A prerequisite for the high-quality work that defines Galenica is ensuring the safety of our employees. Since many of our employees work in laboratory environments with exposure to chemicals and advanced equipment, we place great emphasis on safety procedures."

**Christofer Gillborg
HR Manager**

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Climate Initiatives

Our objectives:

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

- **Reduce internal climate impact.**

- **Sustainable value chain.**

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Resource- and climate-efficient operations

As a pharmaceutical manufacturing company, it is essential that we remain aware of our environmental risks and actively work to minimize our direct environmental impact. Environmental considerations are not only about protecting the planet but are also a fundamental requirement for Galenica to remain an attractive employer and business partner in the long term.

"At Galenica, we work hard to ensure a resource- and climate-efficient operation. We have targeted governance documents in place and key performance indicators to measure our current status and progress."

Kristina Thored
VP CDMO

![GALENICA]

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Environmental management

Our Environmental Policy forms the foundation for our environmental efforts, outlining how employees should conserve natural resources and minimize negative impacts. It covers materials and chemicals, energy, waste, wastewater, and business travel. Employees are individually responsible for following the policy, while the CEO ensures it stays updated and aligned with corporate, industry, and external developments.

We annually report our environmental impact to Malmö City's Environmental Administration, detailing production volumes, raw material use, operational controls, disruptions, accidents, energy and raw material consumption, chemical management, and waste handling, including data from the past year.

Beyond policies, our environmental management includes active goal-setting through annual sustainability initiatives. Responsible managers evaluate objectives, compile results, and develop action plans, which the Management Team approves.

These plans are implemented across operations to drive continuous improvement, supported by both quantitative and qualitative metrics for effective environmental management.

Materials and chemicals

The materials used in our operations have a direct impact on the environment and human health. By evaluating the environmental effects of materials at the procurement stage — including their manufacturing, usage, and disposal—we can adopt a climate-smart approach and minimize our negative environmental footprint.

To reduce environmental impact, we encourage the use of recycled and renewable materials wherever possible. We ensure that chemicals are handled with care, in strict compliance with applicable material regulations and our quality management system. We also work efficiently with material use by purchasing only the necessary quantities and minimizing waste. A standardized inventory for the most commonly used raw materials is currently under development. This initiative aims to reduce waste caused by fragmented procurement while also minimizing transport emissions.

During the year, we tested a digital chemical management system, which will now be rolled out more broadly. This system provides real-time oversight of our chemical inventory and annual consumption. Additionally, we have established routines for coordinating shipments and deliveries, which reduces transport needs and enhances efficiency.

We are also developing guidelines to support sustainable analytical method development. Since the analytical methods we develop typically remain in place throughout a product's entire lifecycle, it is essential to prioritize reducing solvent use and select chemicals with strong sustainability profiles from the start.

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 or hazardous substances, and solutions with organic solvents are collected in containers and sent for safe disposal. Diluted solutions and water from cleaning processes are discharged into the wastewater system. Where applicable, the pH of solutions is neutralized before discharge into the drain system. The quantity of active substances discharged is recorded in the company's chemicals register.

Water consumption in cubic meters*

	2023	2024
	1 824	1 668
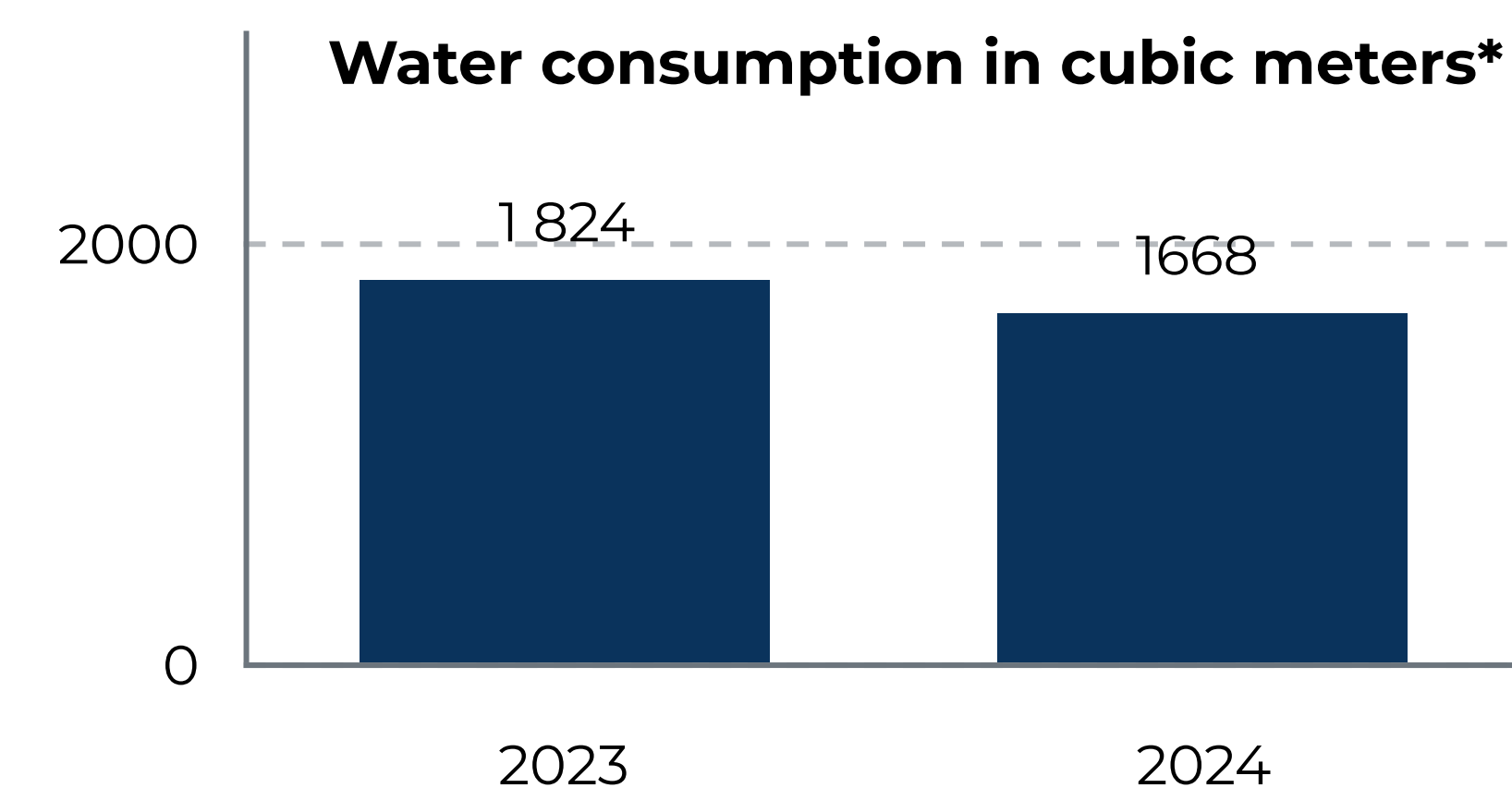
* At present, we only have standardized data on water use. The landlord has access to data for the entire Medeon premises, whereupon Galenica's share is calculated as a percentage based on the size of its space.

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100 % renewable energy and facilities with Gold Cerfitication.

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. 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

An external energy audit conducted in 2023 confirmed that the most impactful energy-saving measures were already identified and scheduled for implementation within the organization. Since Galenica leases its facilities at Medeon Science Park from Wihlborgs, our energy efficiency efforts focus on the areas and equipment within our control.

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.

Between 2022 and 2024, electricity consumption decreased by 12%, while district heating consumption was reduced by 18%.

Electricity consumption in kWh

	Electricity consumption	District heating consumption
2023	552	430
2024	509	404

■ 2023 ■ 2024

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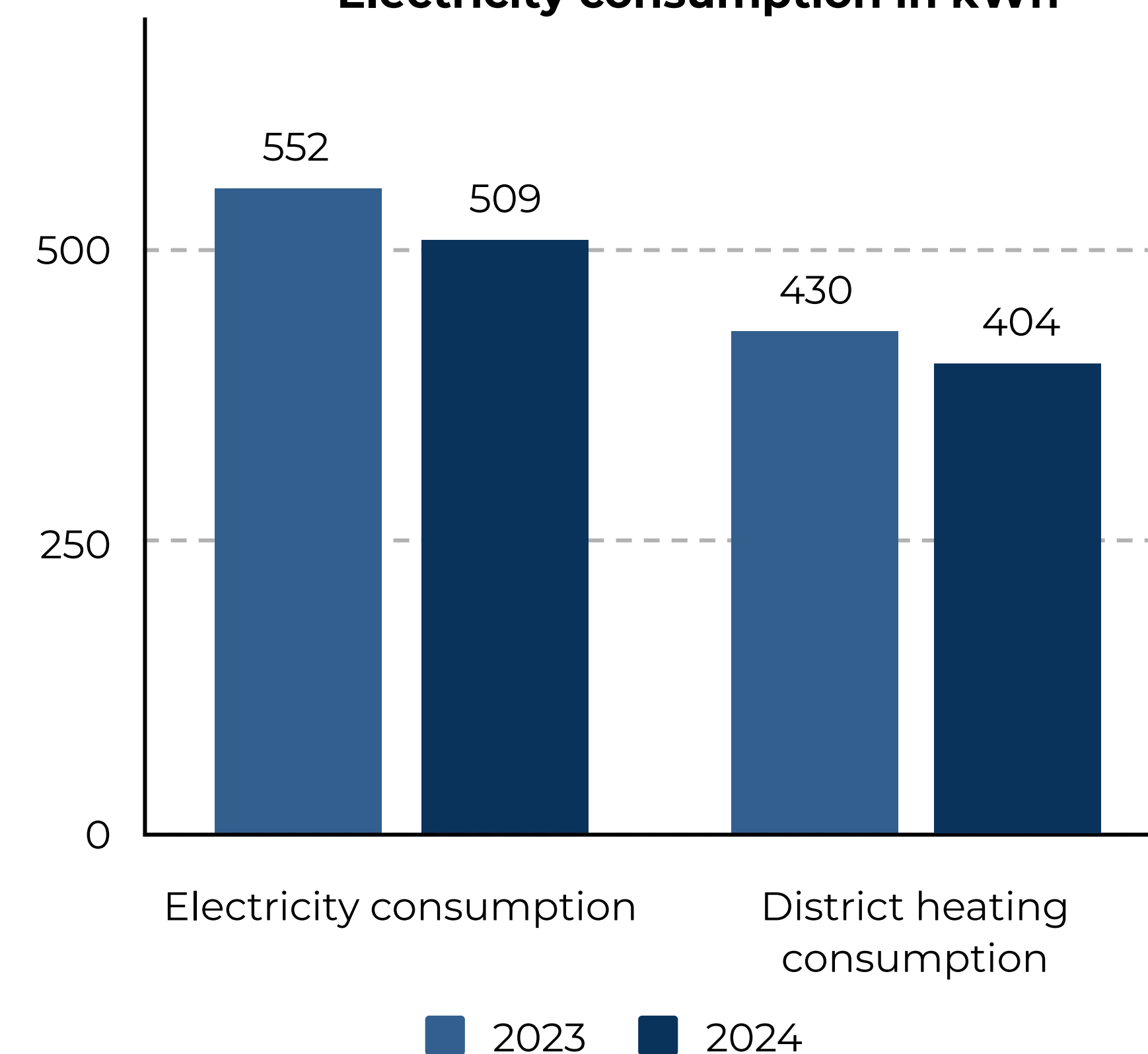
Waste management

We work proactively to reduce waste quantities. Any waste produced in Galenica's operations is handled with the goal of protecting both the environment and human health. We apply the waste hierarchy to primarily reuse and recycle our waste. Hazardous waste, such as specific solvents, labo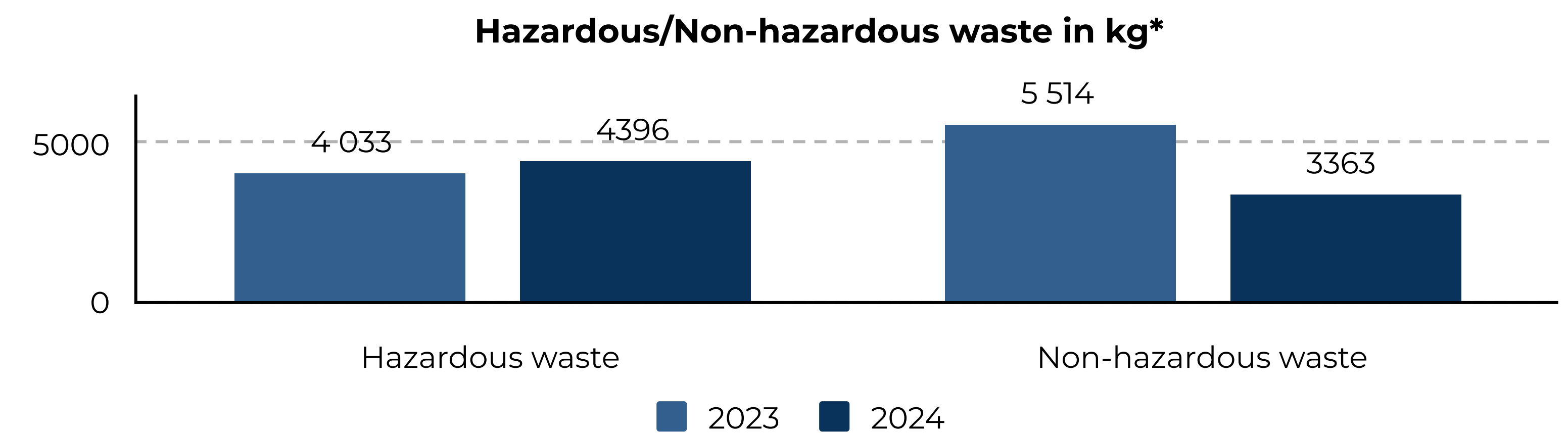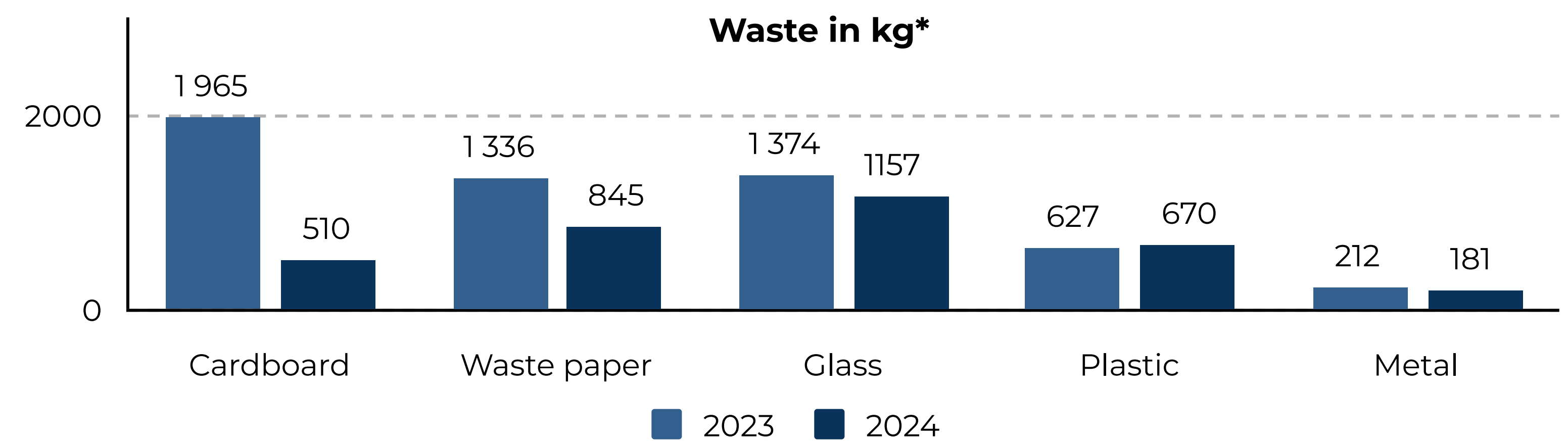ratory chemicals, lab waste, and infectious waste, is placed in sealed containers and risk waste bins and is incinerated by our external supplier according to safety regulations. The aim is to prevent hazardous waste from reaching the environment and living organisms.

It is important for Galenica to provide favorable conditions for the recycling of conventional waste, such as plastic, paper, and cardboard. In both of our buildings at Medeon, clearly labeled sorting bins are provided to make waste separation simple and efficient. Additionally, our property manager offers well-equipped waste disposal facilities, including both a waste room and an environmental room, to support proper waste management.

* At present, we only have standardized 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.

Waste in kg*

	Cardboard	Waste paper	Glass	Plastic	Metal
2023	1 965	1 336	1 374	627	212
2024	510	845	1157	670	181

■ 2023 ■ 2024

Hazardous/Non-hazardous waste in kg*

	Hazardous waste	Non-hazardous waste
2023	4 033	5 514
2024	4396	3363

■ 2023 ■ 2024

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Reduce internal climate impact

As part of our commitment to enhancing sustainability, we also focus on 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

We continue to strive towards creating a corporate culture where sustainable choices become a natural part of our employees' daily routines. Through clear internal guidelines and policies, such as our Environmental Policy, Sustainability Policy, and Travel Policy, we aim to make it easier for employees to make climate-smart decisions.

"To reduce our internal climate impact, it must be easy to make sustainable decisions in our work. This requires a clear environmental management strategy and a long-term action plan."

Lena Örtenblad
CFO

More vegetarian meals

Throughout the year, we have continued our efforts to increase the share of vegetarian meals. However, this has proven more challenging than initially anticipated, as many employees tend to choose non-vegetarian options out of habit. In the coming year, we will continue our efforts, hoping that new habits can be formed over time.

Reducing printing

Printing on paper has remained significant throughout the year. To raise awareness of printing habits, we have continuously displayed statistics on the number of pages printed by each department. In our regulated operations, document signatures are often required, and we are currently focusing on increasing the share of documents where digital signatures can be implemented. In 2024, we introduced a digital system for reviewing and approving analysis results, which will have a significant impact on reducing the amount of printed paper.

Encourage eco-friendly transport to work

Our public transport benefit, introduced in the fall of 2023, continues to be well received. Through this benefit, Galenica subsidizes public transport passes for employees who choose to travel using public transportation instead of having company-subsidized arking space. Actively encouraging our employees to travel in an environmentally friendly way, by using public transport, is a natural step for us. As of December 2024, 18 employees had signed up for this benefit.

During 2024, a total of 7,189 trips were made through the benefit program, covering approximately 155,000 kilometers. These trips resulted in a total carbon savings of about 18,800 kilograms of CO_2, compared to the emissions that would have been generated if the same distance had been traveled by car. Since this data includes both work-related and private trips, Galenica does not include these figures in other CO_2 calculations.

100 % electric company cars

We want all our company cars to be primarily electric and secondarily hybrid. The transition is ongoing over the coming years. The number of electric cars increased from five to six during the year. By the end of the year, our fleet consisted of six electric cars, five hybrid cars, and one diesel car.

In 2024, our employees made more than 7,000 trips using our subsidized public transport passes.

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Environmental management

We annually report our environmental impact to Malmö City's Environmental Administration, detailing production volumes, raw material use, operational controls, disruptions, accidents, energy and raw material consumption, chemical management, and waste handling, including data from the past year.
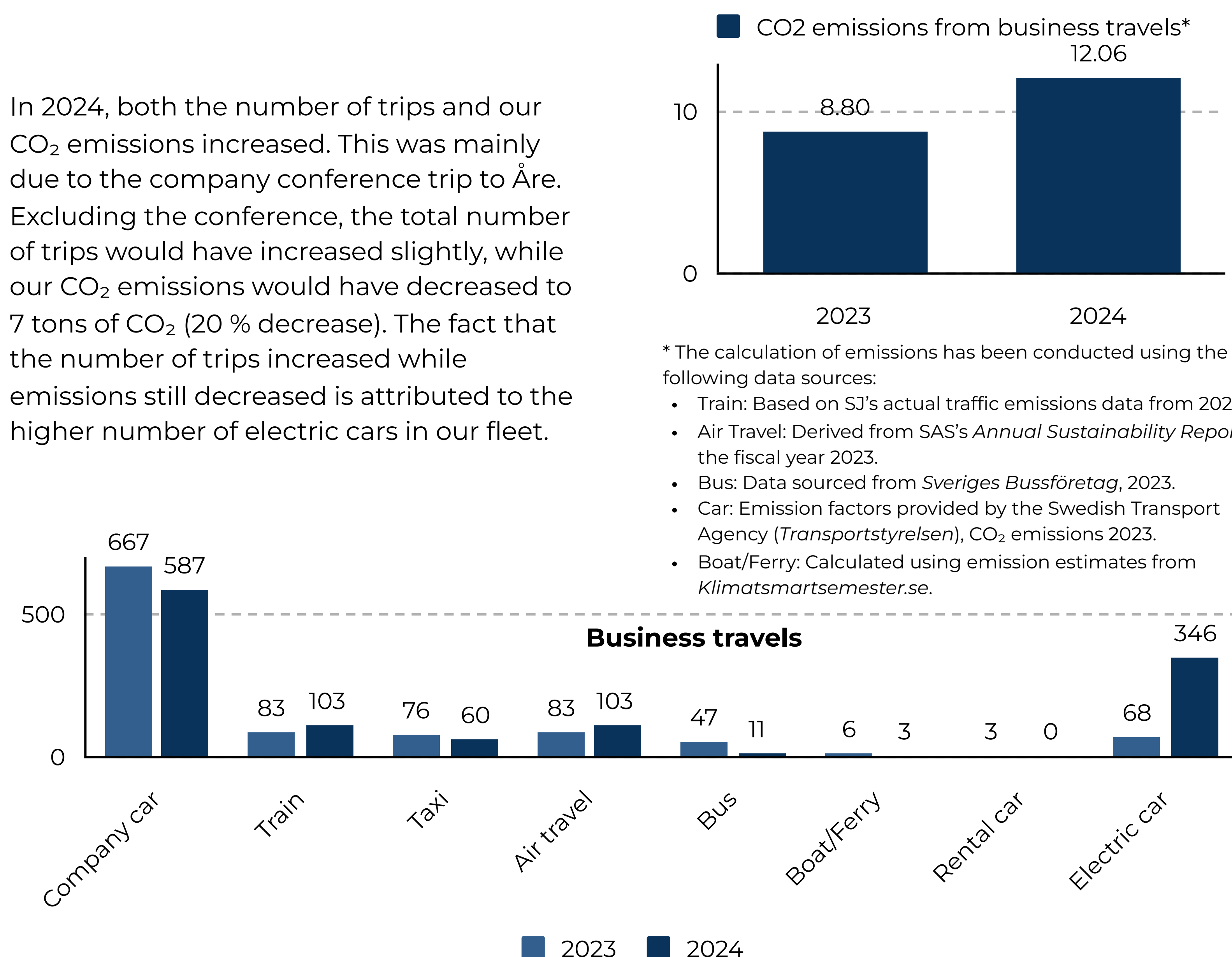
Beyond policies, our environmental management includes active goal-setting through annual sustainability initiatives. Responsible managers evaluate objectives, compile results, and develop action plans, which the Management Team approves. These plans are implemented across operations to drive continuous improvement, supported by both quantitative and qualitative metrics for effective environmental management.

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 this policy, we monitor aspects such as the choice of transport, travel distance, and CO_2 emissions. This enables us to track the environmental impact of our business travel and implement necessary changes. As part of our sustainability efforts, we track CO_2 emissions from business travel as well as the number of trips per means of transportation.

In 2024, both the number of trips and our CO_2 emissions increased. This was mainly due to the company conference trip to Åre. Excluding the conference, the total number of trips would have increased slightly, while our CO_2 emissions would have decreased to 7 tons of CO_2 (20 % decrease). The fact that the number of trips increased while emissions still decreased is attributed to the higher number of electric cars in our fleet.

■ CO2 emissions from business travels*

	2023	2024
	8.80	12.06

* The calculation of emissions has been conducted using the following data sources:
- Train: Based on SJ's actual traffic emissions data from 2023.
- Air Travel: Derived from SAS's *Annual Sustainability Report* for the fiscal year 2023.
- Bus: Data sourced from *Sveriges Bussföretag*, 2023.
- Car: Emission factors provided by the Swedish Transport Agency (*Transportstyrelsen*), CO_2 emissions 2023.
- Boat/Ferry: Calculated using emission estimates from *Klimatsmartsemester.se*.

Business travels

	Company car	Train	Taxi	Air travel	Bus	Boat/Ferry	Rental car	Electric car
2023	667	83	76	83	47	6	3	68
2024	587	103	60	103	11	3	0	346

■ 2023 ■ 2024

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Sustainable value chain

To maintain a sustainable offering, we must ensure that other actors in our value chain share our commitment to sustainability. Through Galenica's supplier evaluation, which assesses social, ethical, and environmental principles, we strive to ensure that our suppliers also uphold a well-developed sustainability approach.

Growing together with stakeholders

By evaluating both new and existing suppliers, we gain valuable insights into our suppliers sustainability risks - risks that ultimately affect our own operations. Our supplier evaluation process opens to dialogue with stakeholders on sustainability issues, which we view as an opportunity to drive change and collaborate with our suppliers toward a more sustainable industry.

"We want to make sustainability a competitive edge in collaboration with our stakeholders. To reduce our total environmental impact, we want the standards we set for ourselves to apply equally to our suppliers."

Mikael Friberg
COO (Chief Operating Officer)

Photographer Roger Nellsjö

Supplier framework

RISK → MATERIALITY

| MEDIUM PRIORITY | HIGH PRIORITY |
| LOW PRIORITY | MEDIUM PRIORITY |

Galenica's supplier policy

To ensure patient safety and quality, Galenica has long maintained extensive procedures for evaluating suppliers' quality management, in accordance with legal requirements and audits conducted by our Quality Department. Equally important is the implementation of a strategy to assess suppliers based on social, ethical, and environmental criteria as part of our sustainability efforts. In 2023, Galenica established a supplier evaluation process, conducted its first supplier evaluation, and created action plans for suppliers where necessary. Our Supplier Policy applies to all Galenica suppliers and all purchases made on behalf of Galenica. The policy, along with the systematic supplier evaluation process, was fully implemented in 2023.

Supplier Code of Conduct

Galenica's Supplier Code of Conduct was implemented in 2023 and clarifies the requirements and expectations we place on our suppliers' sustainability performance.
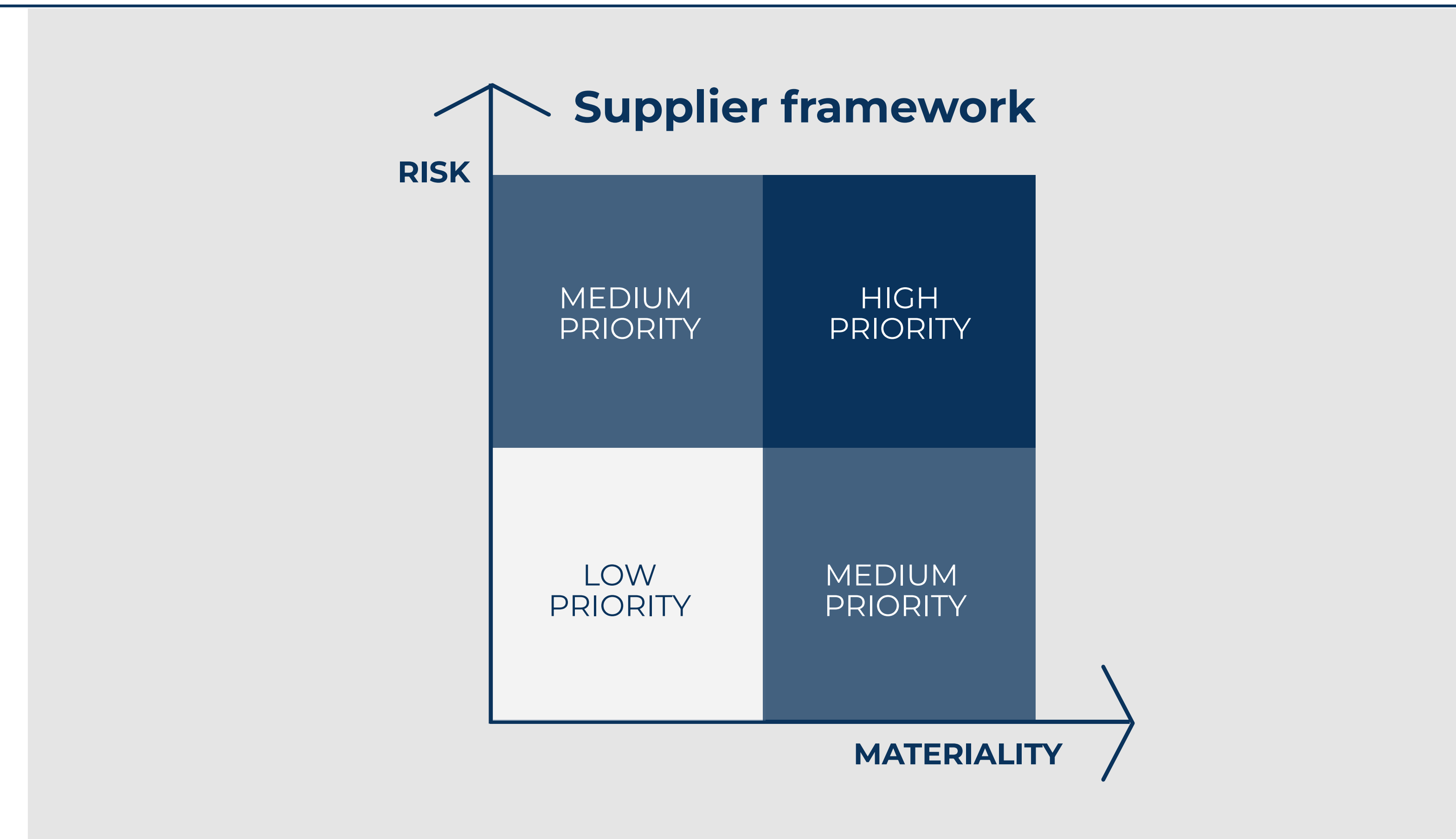
It is based on our internal Code of Conduct, our values, policies, and the 10 principles of the UN Global Compact.

Our Supplier Code of Conduct covers non-discrimination, human rights, forced and child labor, work environment and rehabilitation, good business practices, anti-corruption and bribery, wages and collective bargaining, freedom of association, and requirements for active environmental and sustainability efforts. Our process, framework, reporting, and follow-up are also clearly outlined for our suppliers.

Risks in the value chain

To focus actions on our most critical suppliers and maximize the impact of our work, we use a framework that categorizes suppliers based on the highest risk of negative environmental and human impact. This framework provides increased insight into the sustainability efforts of suppliers that are strategically significant to Galenica. The framework is based on supplier risk and materiality, with assessments considering the supplier's

geographical location, purchase value, and type of procurement. If we assess that a supplier has significant sustainability risks, we seek greater transparency into how the company addresses these risks. The framework ensures that the identified suppliers' sustainability risks are deemed to have a greater impact on Galenica, and we are also better placed to drive meaningful change with these suppliers.

Supplier purchases

Galenica used 406 suppliers in 2024 for the purchase of services and materials. The total purchasing cost amounted to SEK 147.2 million. 58 suppliers account for 90% of all our purchases. Office and administrative services include areas such as marketing, personnel-related services, legal or governmental services, training, and scientific consulting. The geographical distribution of suppliers is as follows: Sweden (52%), other Nordic countries (6%), Europe (41%), and outside Europe (1%). For larger corporate groups, the local office where the purchase was made is counted.
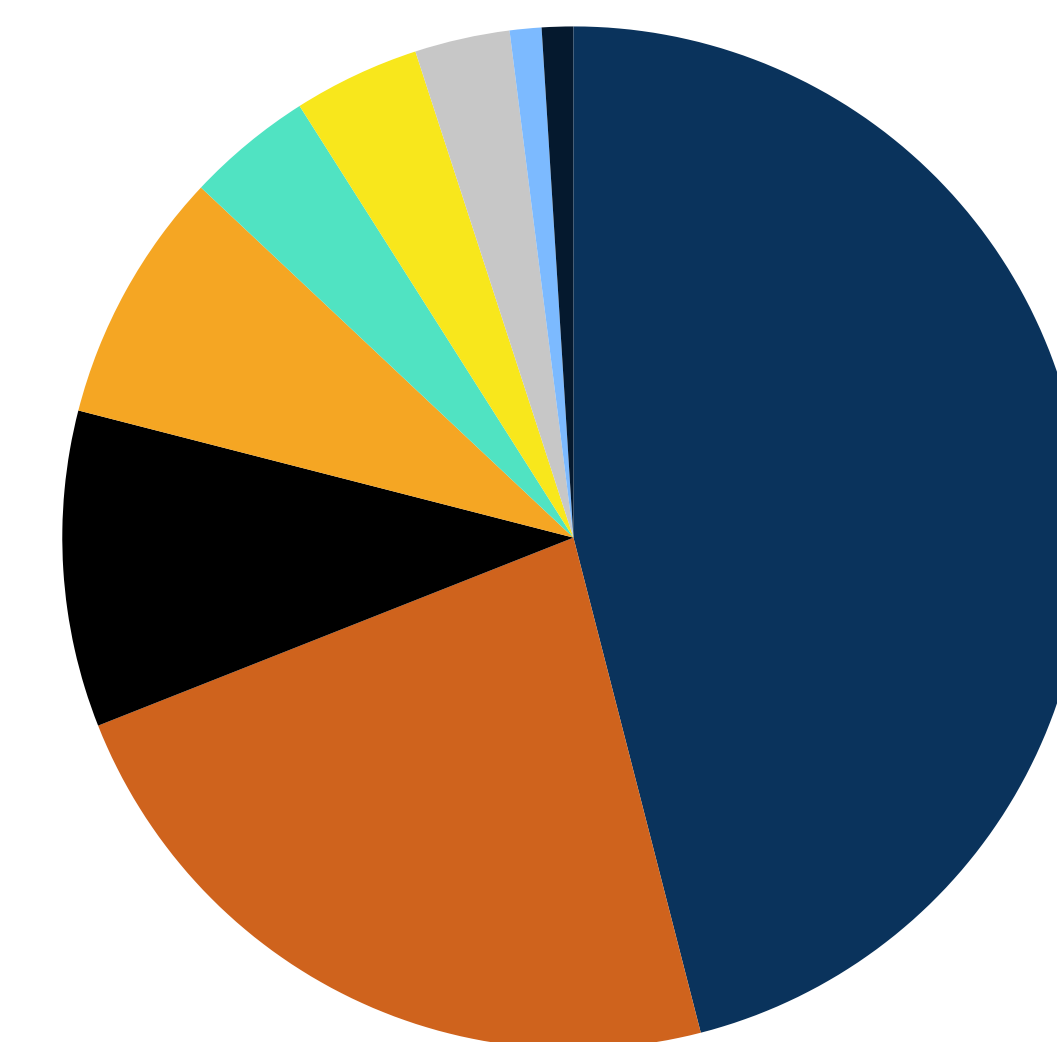
- Manufacturing and product-related purchases (46%)
- Office and administrative services (23%)
- Laboratory and office facilities and furnishings (10%)
- Equipment and laboratory services (8%)
- IT and support systems (4%)
- Third-party warehousing (4%)
- Raw materials, input materials and consumables (3%)
- Company cars (1%)
- Transport (1%)

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1  PRIORITY ASSESSMENT  >  2  SELF-ASSESSMENT FORM  >  3  IMPROVEMENT PLAN
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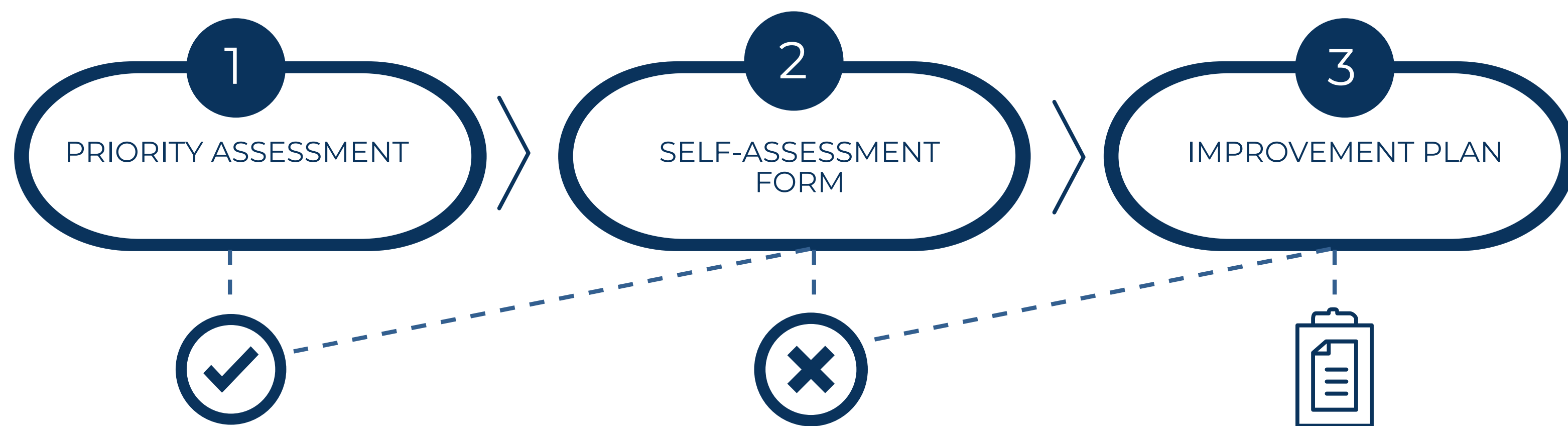
Evaluation process

In accordance with our Supplier Policy, we apply evaluation procedures to all new suppliers as well as all suppliers used during the previous year. The evaluation is carried out according to the following process.

1. Priority assessment

The supplier's priority is assessed based on our risk and materiality framework, after which it is classified as either low or high priority. If the supplier is deemed low priority, it can be used without further action.

2. Self-assessment form

If the supplier is assessed as high priority, more insight into how the supplier manages sustainability risks is required. These suppliers are invited to complete our digital self-assessment form. The questionnaire is based on our Supplier Code of Conduct and provides information on how the supplier addresses sustainability issues.

3. Improvement plan

If the supplier responds satisfactorily to the self-assessment form, they are approved for continued use. If the supplier demonstrates insufficient sustainability efforts 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 continuously monitored by the responsible supplier manager at Galenica. The supplier may continue to be used while the improvement plan is being implemented.

Results 2024

Based on insights and experiences from supplier selection, the distribution of self-assessment forms, and the establishment and follow-up of action plans, the supplier evaluation process has been slightly adjusted. An evaluation cycle now lasts four years, after which all high-risk suppliers must complete the self-assessment again. Between evaluation cycles, Galenica focuses on following up on existing action plans and improvement measures with suppliers from the previous year.

According to Galenica's supplier evaluation, the total purchasing volume from the previous year, which is considered significant for Galenica's sustainability impact, amounted to SEK 84.9 million. Of this volume, SEK 74.6 million came from suppliers that were part of Galenica's supplier evaluation last year, and they were therefore excluded from further evaluation in 2024. A purchasing volume of SEK 7.5 million, related to companies with low priority of sustainability risks or one-time purchases, was also excluded from further action. The remaining purchasing volume amounted to SEK 2.8 million and came from companies that did not respond to the supplier evaluation in 2023. These suppliers have been reminded during the year.

In 2024, Galenica's focus has been on working alongside business area managers to establish and monitor action plans for suppliers that reported flaws in their sustainability efforts. From the 2023 evaluation, five suppliers reported lacking structured sustainability routines. Two of these suppliers are CMOs that are planned to be phased out as Galenica suppliers, making further action unnecessary. Two other active CMOs plan to implement reporting and follow-up measures starting in 2025 and 2027, respectively. For the remaining supplier, which provides warehousing and distribution services, we are awaiting their feedback and action plan. These five suppliers accounted for 67% of the total purchase value in 2023.

Anti-corruption

At Galenica, both as an employer and by our employees, we are committed to conducting business in a professional and ethically correct manner. This is of utmost importance for maintaining our brand and trust. To support a fair market with high integrity, we enforce a zero-tolerance policy against corruption. This includes bribery, price-fixing, cartel formation, and abuse of market dominance. The foundation of Galenica's anti-corruption efforts is our Anti-Bribery Policy and Fair Business Practices Policy, both of which are included in our Code of Conduct and Sustainability Policy. In 2023, we also implemented a whistleblower function to facilitate anonymous reporting of suspected corruption while providing additional protection for our employees.

The Anti-Bribery Policy provides guidance and support to prevent 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. Ultimately, it is the responsibility of each employee to follow these principles. **No cases of bribery or other forms of corruption were reported within Galenica in 2024.**

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Contents:

- **The year in review**

- **Income statement**

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- **Balance sheet**

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The year in review - 2024

In its 25th year of operations, Galenica has experienced a stable and successful year. We have seen strong growth in both Pharma and production, with results exceeding our expectations. All business areas, along with our subsidiary, have played a significant role in the achievements of the past year.

Our contract development and manufacturing (CDMO) business started the year on a strong note but was affected in the fall by reduced demand, primarily due to decreased venture capital availability among our customers. This led to a decline in order intake and necessary cost-saving measures, including staff reductions. Despite these challenges, we have been able to utilize the freed-up capacity within CDMO to drive our own product development. This work enhances our long-term competitiveness and establishes a solid foundation for future growth.

Throughout the year, we have also actively focused on our strategic priorities: sustainability, digitalization, and product development. These priorities have been deeply embedded in our operations, and as highlighted in our Sustainability Report, we continue to advance our sustainability efforts through both strategic initiatives and everyday improvements - ranging from vegetarian meals to more efficient transportation and everything in between.

This past year has been a reminder of the importance of adapting to changing circumstances while continuing to develop our business. It is inspiring to be part of Galenica's journey, where every step - big or small - contributes to our progress and success.

Outlook for 2025

We look forward to continued growth in 2025. Our ambition is to further strengthen our market position through increased sales efforts and an expanded product portfolio. Since its inception in 1999, Galenica has maintained steady growth with a positive cash flow, and expectations for 2025 remain high.

On the next page, you will find some of Galenica's key financial metrics, along with a graph illustrating the company's impressive growth.

Lena Örtenblad
CFO

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Growth chart - 10 years

Legend: ■ Net sales ■ Profit after net financial items
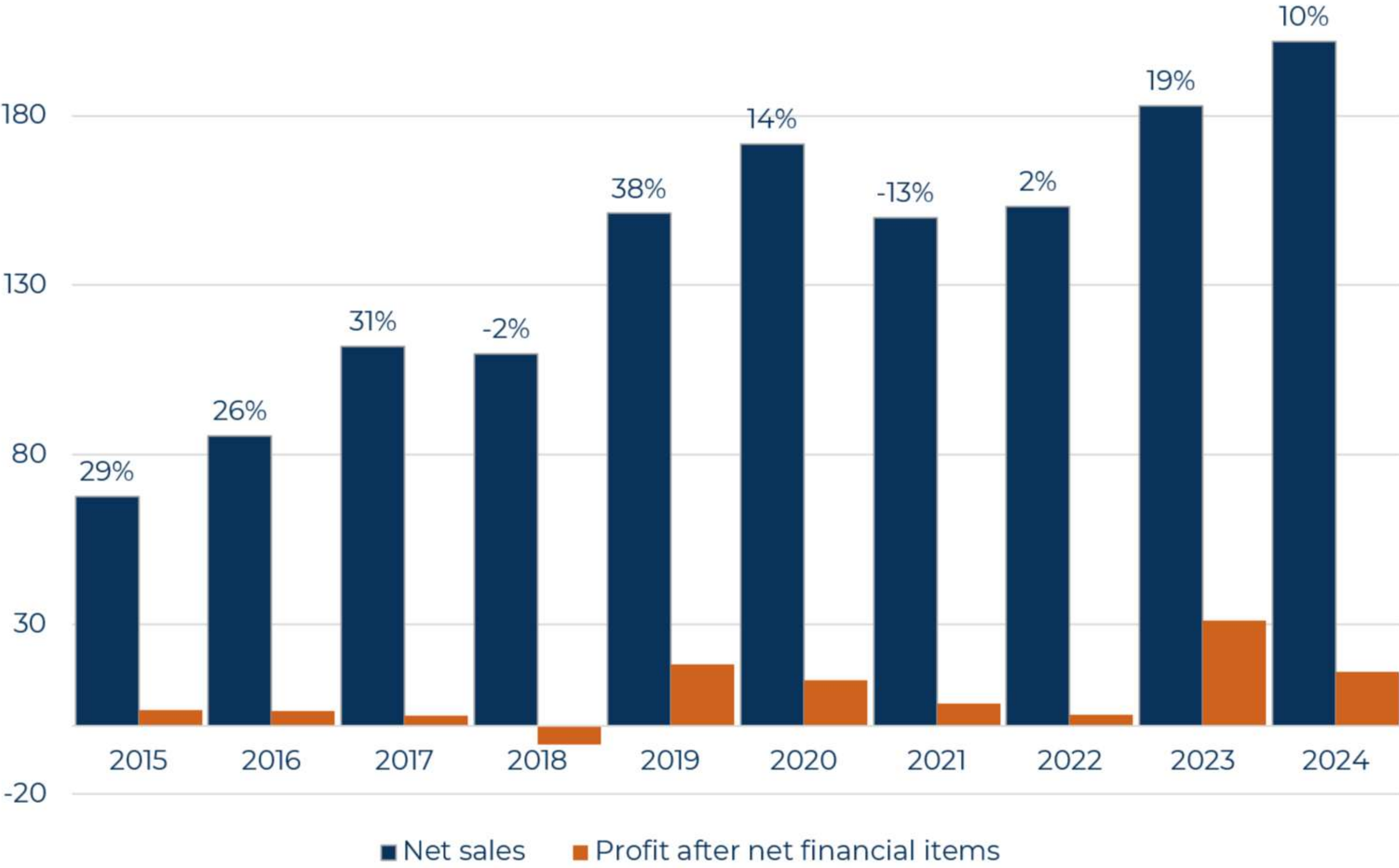
Financial KPIs - 5 years

In msek	2024	2023	2022	2021	2020
Net Sales	201 276	183 001	153 258	149 989	171 706
Annual growth	+10 %	+ 19 %	+ 2 %	- 13 %	+ 14 %
Profit a. financial items	16 216	31 180	3 122	6 704	13 471
Balance sheet total	111 537	89 060	79 731	83 423	74 116
No. of employees	68	63	70	75	75
Equity ratio	53 %	64 %	51 %	49 %	54 %

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Income statement	2024	2023
Operating income		
Net sales	201 276	183 001
Activated work for own account	5 801	763
Other operating income	1 741	2 326
Total	208 818	186 090
Operating expenses		
Raw materials, consumables, and subcontractors	- 5 329	- 4 870
Merchandise	- 60 285	- 43 047
Other external expenses	- 38 986	- 35 946
Personnel expenses	- 80 447	- 65 265
Amortisation and impairment losses	- 5 381	- 4 169
Other operating expenses	- 2 427	- 1 628
Operating profit	15 963	31 165
Earnings from participating interest in other companies	0	0
Other interest income and similar income statement items	501	200
Interest costs and similar income statement items	- 248	- 185
Profit after net financial items	16 216	31 180
Profit before tax	16 216	31 180
Current tax	- 3 072	- 6 710
Deferred tax	- 489	0
Profit for the year	12 654	24 470

Cash flow statement	2024	2023
Current operations		
Profit after net financial items	16 216	31 180
Adjustments for items not included in cash flow	6 232	4 169
Tax paid	- 3 693	- 3 484
Cash flow from current operations before changes in working capital	18 755	31 865
Cash flow from changes in working capital		
Changes in stock	16	- 3 015
Changes in trade debtors	- 3 834	- 4 716
Change in current receivables	- 13 385	- 2 833
Changes in trade creditors	6 053	98
Change in current liabilities	9 106	2 294
Cash flow from current operations	16 711	29 359
Investing activities		
Investments in intangible fixed assets	- 5 801	- 763
Investments in tangible fixed assets	- 3 374	- 1 751
Cash flow from investing activities	- 9 175	- 2 514
Financing activities		
Amortisation of loans	- 1 079	- 12 000
Dividends paid	- 10 000	- 8 750
Cash flow from financing activities	- 11 079	- 20 750
Cash flow for the year	- 3 543	6 095
Cash and cash equivalents		
Cash and cash equivalents at beginning of year	15 268	9 173
Cash and cash equivalents at end of year	11 725	15 268

Balance sheet	2024	2023
ASSETS		
Fixed assets		
Intangible fixed assets		
Capitalised expenditure for development work	7 941	3 541
Tangible fixed assets		
Incurred costs on other's property	2 009	2 136
Equipment, tools, and installations	11 957	7 413
Financial assets		
Participations in other companies	146	146
Total fixed assets	22 053	13 236
Current assets		
Stock		
Finished goods and merchandise	18 484	18 500
Current receivables		
Trade receivables	35 322	31 488
Other receivables	13 737	719
Accrued income not yet invoiced	5 185	4 073
Prepaid expenses and accrued income	5 031	5 776
Cash and bank balances	11 725	15 268
Total current assets	89 484	75 824
TOTAL ASSETS	111 537	89 060

Balance sheet	2024	2023
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	5 000	5 000
Other equity including profit for the year	54 384	51 730
Total equity	59 384	56 730
Provisions		
Provisions for deferred tax	1 234	745
Long-term liabilities		
Liabilities to credit institutions	3 533	0
Total long-term liabilities	3 533	0
Current liabilities		
Liabilities to credit institutions	1 262	0
Trade payables	14 427	8 374
Current income tax liability	5 877	6 497
Other liabilities	2 677	2 453
Invoiced income not yet accrued	159	549
Accruals expenses and deferred income	22 984	13 712
Total current liabilities	47 386	31 585
TOTAL EQUITY AND LIABILITIES	111 537	89 060

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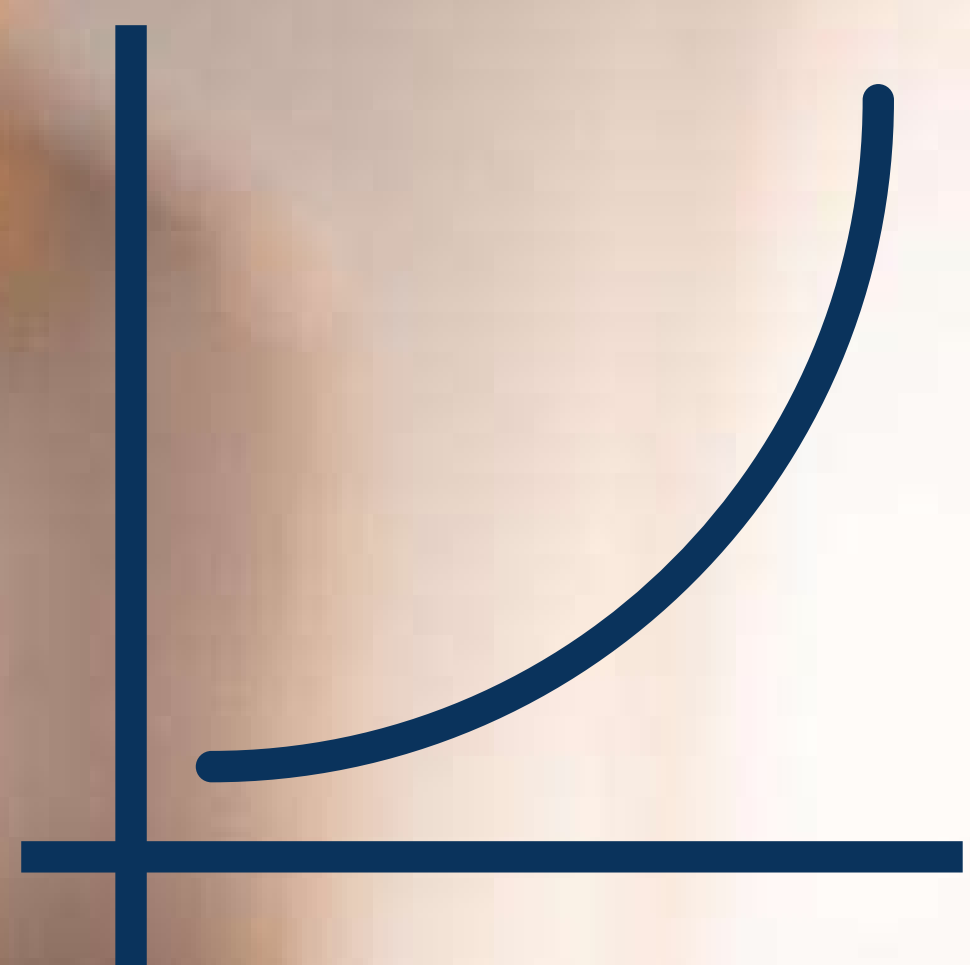
GRI	Description	Comment	Page
	Organization		
2-1	Organizational details		2, 6,-8
2-2	Entities included in the organization's sustainability reporting		2
2-3	Reporting period, frequency and contact point		2
2-4	Restatements of information	No restatements	
2-5	External assurance		2
	Activities and workers		
2-6	Activities, value chain and other business relationships		6-8, 40-42
2-7	Employees		23
2-8	Workers who are not employees		23
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2-9	Governance structure and composition		8, 18-20
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2-12	Role of the highest governance body in the management of impacts		8, 17-20
2-13	Delegation of responsibility for managing impacts		8, 17-20
2-14	Role of the highest governance body in sustainability reporting		8, 17-20
2-15	Conflicts of interest		
2-16	Communication of critical concerns		
2-17	Collective knowledge of the highest governance body		8, 17-20
2-18	Evaluation of the performance of the highest governance body		8, 17-20
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2-20	Process to determine remuneration		
2-21	Annual total compensation ratio		
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2-22	Statement on sustainable development strategy		3, 18-20
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2-26	Mechanisms for seeking advice and raising concerns		27
2-27	Compliance with laws and regulations		9, 34
2-28	Membership associations		9
	Stakeholder engagement		
2-29	Approach to stakeholder engagement		14
2-30	Collective bargaining agreements		23
	Material Topics		
3-1	Process to determine material topics		14-15
3-2	List of material topics		16

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3-3	Management of material topics		40-42
205-03	Confirmed incidents of corruption and actions taken		42
	GRI 300 Environmental impact		
302	**302 (2021) - Energy**		
3-3	Management of material topics		33-35
302-01	Energy consumption within the organization		35
303	**303 (2021) – Water and effluents**		
3-3	Management of material topics		33-34
303-01	Interactions with water as a shared resource		34
303-03	Water withdrawal		34
306	**306 (2021) – Effluents and waste**		
3-3	Management of material topics		33-34, 36
306-02	Waste by type and disposal method		36
308	**308 (2021) – Supplier environmental assessment**		
3-3	Management of material topics		40-42
308-01	New suppliers that were screened using environmental criteria		42
	GRI 400 Social impact		
403	**403 (2021) – Occupational health and safety**		
3-3	Management of material topics		29-31
403-01	Occupational health and safety management system		29-31
403-02	Hazard identification, risk assessment, and incident investigation		29-31
403-05	Worker training on occupational health and safety		25-26, 31
403-09	Work-related injuries		31
404	**404 (2021) – Training and education**		
3-3	Management of material topics		25-26
404-01	Average hours of training per year per employee		26
404-03	Percentage of employees receiving regular performance and career development reviews		25-26
405	**405 (2021) – Diversity and equal opportunity**		27-28
3-3	Management of material topics		27
405-01	Diversity of governance bodies and employees		
406	**406 (2021) – Non-discrimination**		27-28
3-3	Management of material topics		27
406-01	Incidents of discrimination and corrective actions taken		
414	**414 (2021) – Supplier social assessment**		40-42
3-3	Management of material topics		42
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For people and the environment

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