



pharmaand GmbH
SUSTAIN
ABILITY²³
REPORT

Our Motivation

Foreword by the founders:

We founded pharma& in 2017 with an aspiration to breathe new life into proven medicines. Our Company is dedicated to preserving the availability and fostering the further development of essential medicines worldwide to leave no patient behind.

Our many years of experience in a wide variety of positions in the pharmaceutical industry have shown us that as medicines become more mature, they are often given lower priority within a company portfolio and eventually may be discontinued. Access to effective medicines is a primary goal for both healthcare providers and patients, and there can be serious consequences if these medicines are no longer available.

Regardless of whether it is a former blockbuster or a niche medicine, pharma& acquires the rights to these needed medicines and does everything in its power to maintain and further develop their value for all those who depend on them.

To secure long-term access to these medicines, we acquired Loba Feinchemie in Fischamend, Austria, in 2021 in order to manufacture our medicinal products exclusively and independently in Europe and under local safety standards in the near future. By 2024, this site will be transformed into a modern biopharmaceutical production facility that meets globally applicable regulatory requirements and current environmental and sustainability standards.

Since its founding, pharma& has acquired 10-plus medicines, expanding its portfolio across a wide range of therapy areas, with an increasing focus on hematology and oncology treatments. . We have around 250 highly experienced, industry-savvy team members working in ten countries.

pharma&'s unique synthesis of subsidiaries, joint ventures, and partners enables pharma& to provide its portfolio of medicines to eligible patients worldwide by spanning the continuum of development, product and API manufacturing, partner distribution, healthcare provider engagement, distribution and services to patients. Together, we are committed to breathing new life into proven medicines.

Frank Rotmann
Elmar Zagler



Frank Rotmann
Founder and Managing Director



Elmar Zagler
Founder and Managing Director

TABLE OF CONTENTS



Introduction 7



Environmental 13

Climate protection 14
 Environmental pollution 17
 Climate and environmental protection in the supply chain 18



Social 21

Own workforce 22
 Workplace health and safety 22
 An attractive, diverse and family-friendly employer . 23
 Worker co-determination and employee representation 24
 Career and further training 24
 Workers in the value chain 26
 Supply chain 26
 Consumers and end users 28
 Health for all 28
 Patient centering 29
 Product safety and quality 29



Governance 31

Corporate policy 32
 Corporate governance and compliance 32
 Documentation, communication and risk management 33
 Combating bribery and corruption 33
 Preventing conflicts of interest and acting ethically 33
 Innovation 34
 Governance in the supply chain . 34



ESG SPOTLIGHTS



TOTAL CO₂ EMISSIONS FOR 2023:

2,165.51 t
(100% offset by CO₂ certificates)

VOLATILE ORGANIC COMPOUNDS (VOC) IN THE EXHAUST AIR:

50 kg

HAZARDOUS WASTE TO BE DISPOSED OF IN 2023:

148 t

PROPORTION OF WOMEN IN 2023:

46 %

WOMEN IN SECOND-TIER MANAGEMENT LEVEL POSITIONS IN 2023:

40 %

WORK-RELATED ACCIDENTS IN 2023:

1

EMPLOYEE DEVELOPMENT:
Decision to develop an e-learning platform

BUSINESS UNIT STRUCTURING:

Creation of accessible reporting channels and implementation of a reporting office

ADJUSTMENT TO THE BUSINESS MODEL :

Sale of all inventory from fine chemical production

GROUP-WIDE COMPLIANCE :

Establishment of a dedicated Compliance Manager

1 ESG REPORT BY pharma& AND Loba biotech

Introduction

This report highlights the sustainability of the business activities of pharmaand GmbH (hereinafter referred to as pharma&), formerly known as zr pharma& GmbH and its wholly owned subsidiary Loba Biotech GmbH (hereinafter referred to as Loba), which operated under the name LOBA Feinchemie GmbH until July 1, 2023. pharma& sales activities are purely office-based, while Loba also operates its own manufacturing facilities and laboratories.

In this report, we consider sustainability from a double materiality perspective:

- financial materiality (outside-in) and
- environmental and social materiality, known as external impacts (inside-out).

This means that if an aspect of business activity is deemed to be material in at least one of these points, it is relevant for the sustainability analysis within the Corporate Sustainability Reporting Directive (CSRD) or the European Sustainability Reporting Standards (ESRS) and is addressed in this report.

In view of the mandatory application of the CSRD for pharma&'s Sustainability Report 2025, this report has already been structured in accordance with the thematic categorization of sustainability topics as specified by the ESRS. However, not all of the required disclosure obligations have been fulfilled yet in this year's report.

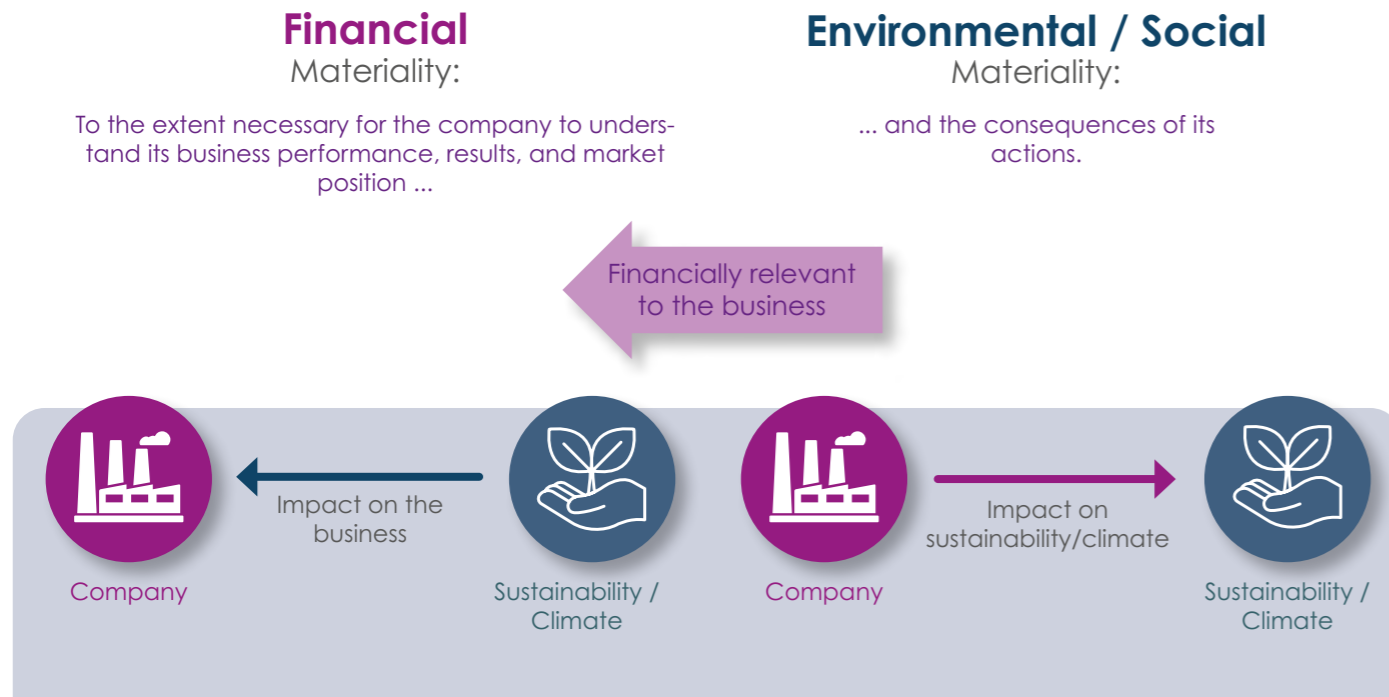


Figure 1: Double materiality (based on European Commission (2019). Guidelines on reporting climate-related information.

Financial materiality refers to aspects of sustainability that are directly related to the company's business results and economic situation (e.g. the price of carbon).

Environmental or social materiality focuses on aspects of business activity that have an impact on the environment and the company's social environment (e.g., CO₂ emissions from production; long-term job creation).

Relevant sustainability issues at pharma& and Loba were last identified in 2022 by means of a simplified materiality analysis in accordance with the CSRD. In 2024, the analysis will be updated in line with the requirements of the ESRS in preparation for the CSRD. The individual steps examine the business activity from various

perspectives (e.g., competition, external stakeholders, corporate management) in order to obtain as comprehensive a view of the company as possible. When applied to pharma& and Loba, the materiality analysis comprised five steps.

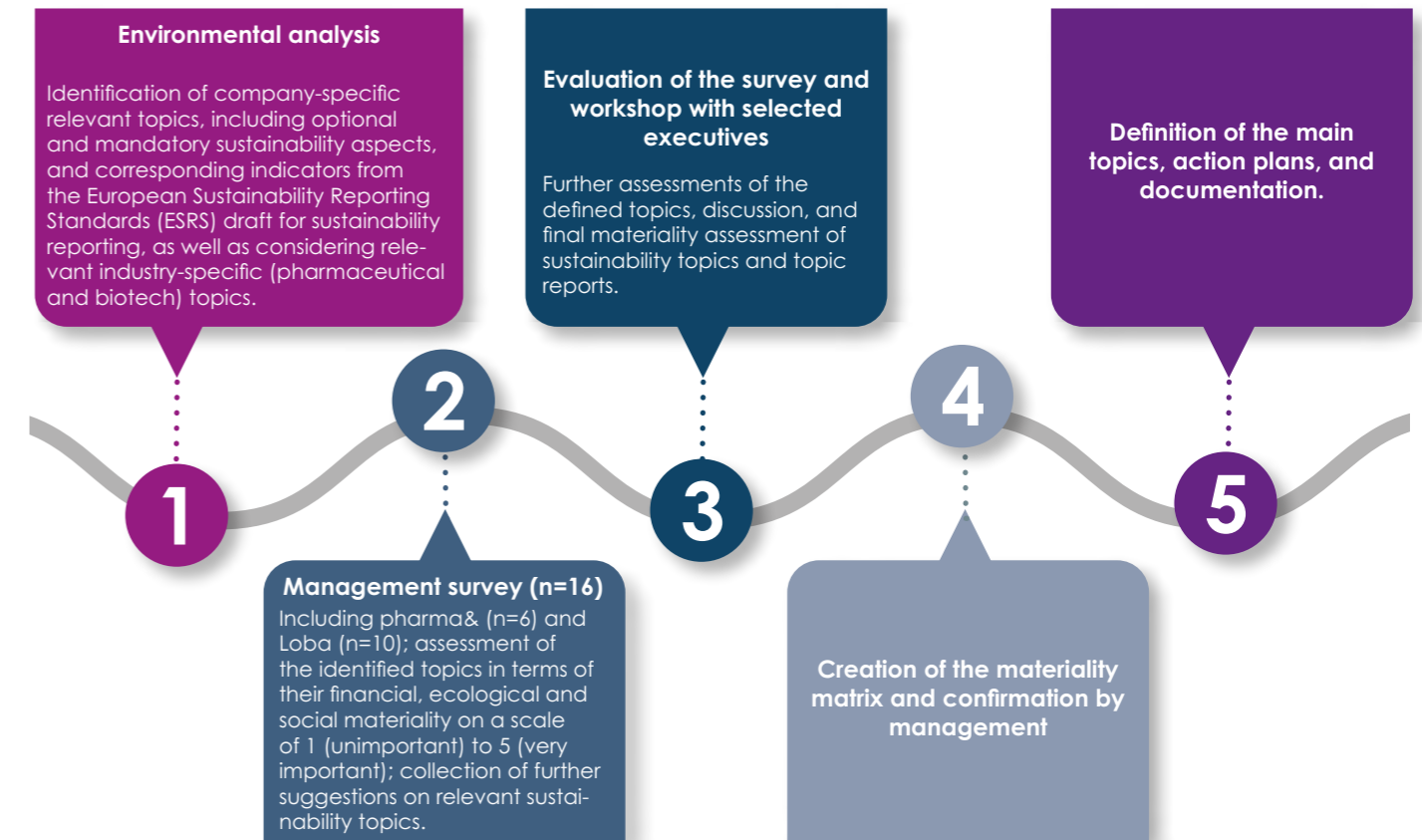


Figure 2: Materiality analysis process

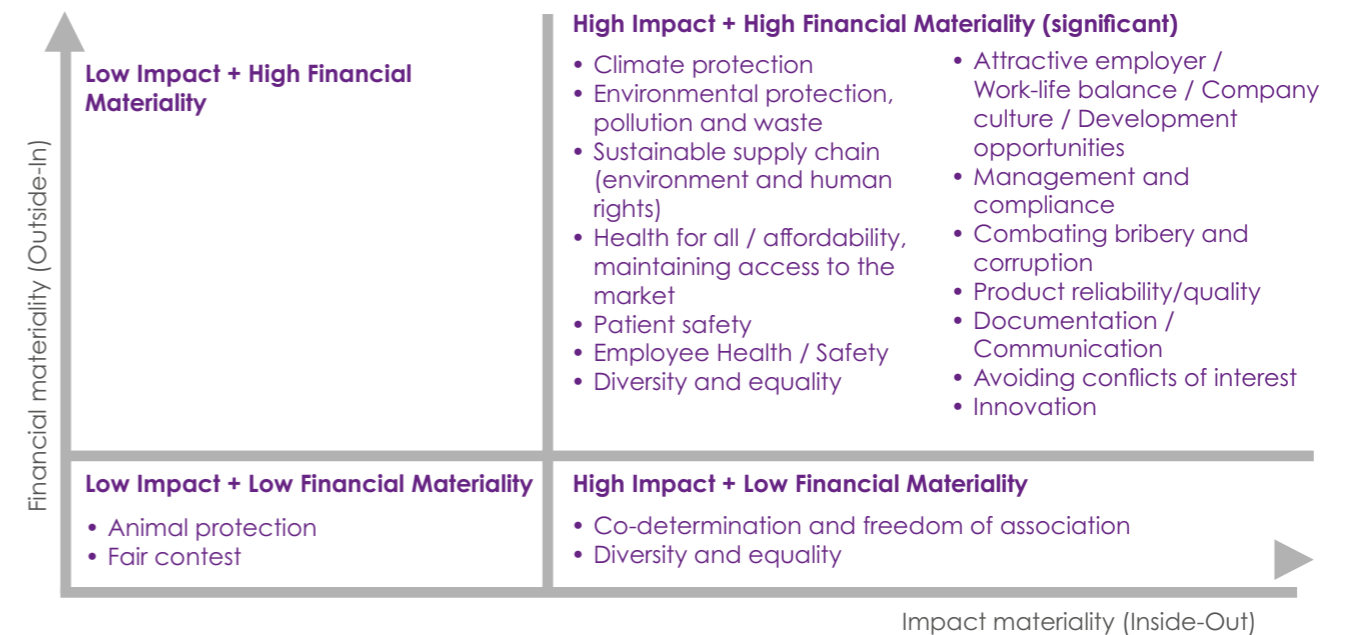


Figure 3: Materiality Matrix

Stakeholder groups for shareholders, employees, competitors and subsidiaries (see Figure 4) were included in the initial materiality analysis. For the 2024 materiality analysis the stakeholder survey is being adapted and will include all relevant interest groups. However, these stakeholders will then only be asked to validate the internal assessments of the sustainability issues that have been drawn up. This adapted procedure is intended to simplify the process and reduce the workload, particularly for external stakeholders.

THE STAKEHOLDERS OF pharma&



Figure 4: Stakeholder Overview

-  Directly influential / affected stakeholders
-  Indirectly influential / affected stakeholders



2

Environment

The environment part of this report addresses three significant areas:

- Climate protection
- Environmental pollution
- Sustainable procurement and a transparent supply chain

In the remainder of this report, the term "CO₂ emissions" refers to all greenhouse gas emissions as CO₂ equivalents (CO₂e).

Climate protection

Strategy and materiality

Climate protection is a relevant issue for pharma& and Loba and significantly influences strategic business decisions. Increasingly stringent emissions regulations, for instance, mean that Loba's production facilities have to undergo cost-intensive retrofitting. In addition, current and future regulatory requirements such as the WGCBREF (Common Waste Gas Treatment in the Chemical Sector - Best Available Techniques Reference Document) demand stricter control using extended data collection and reporting with regard to production-related emissions. This will require further investment in internal processes and expertise.

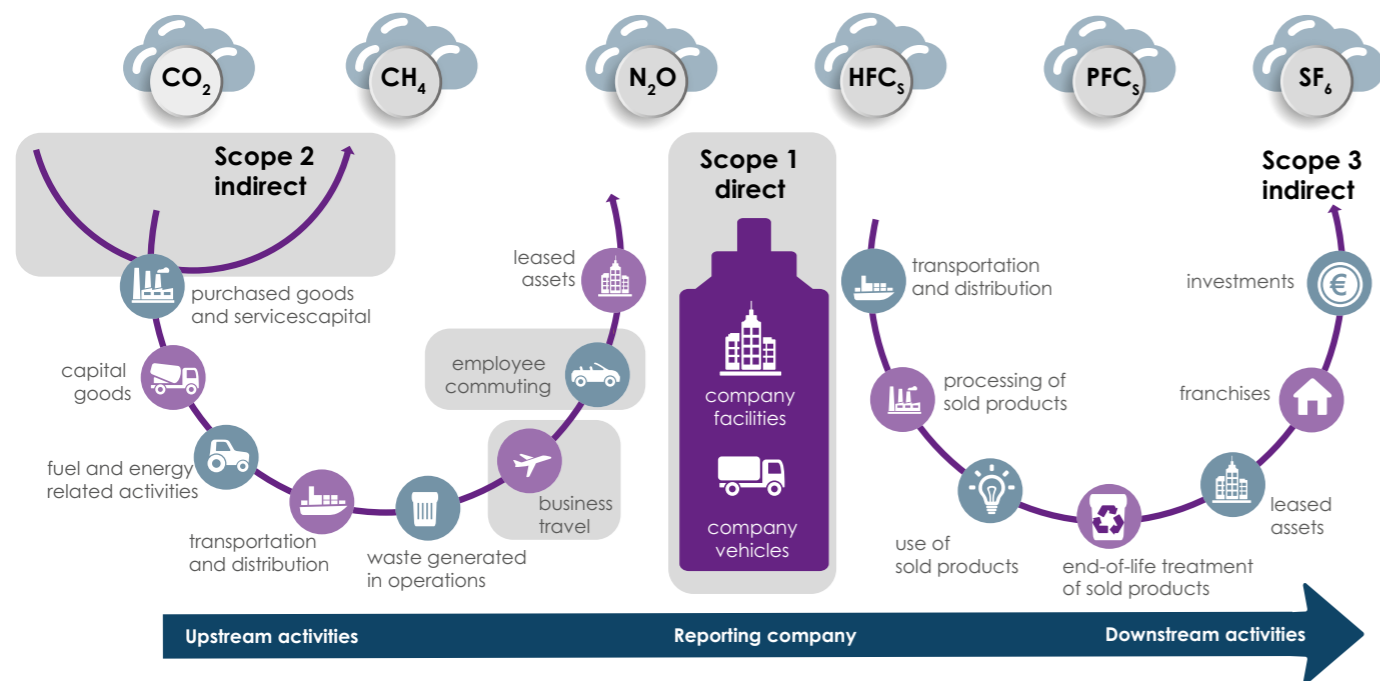


Figure 5: Definition of Scope 1, 2 and 3 emissions

The production of pharmaceutical and biochemical products is energy-intensive and therefore also CO₂-intensive, and the issue of climate protection now concerns all parts of society.

Measures and implementation

In order to do justice to this concern, all CO₂ emissions for 2023 were offset by certificates from Climate Austria. The Climate Austria portfolio is essentially made up of half Austrian and half international climate protection projects.

Parameters / Key Performance Indicators

- Loba will install a photovoltaic system (PV system) with 152 kWp in 2024. At the same time, a hydropower plant with a capacity of 56 kW is currently in the official approval phase. The planned PV system is aiming specifically for an annual yield of around 183,000 kWh, which is around 20% of the company's current annual electricity requirement. The hydropower plant, on the other hand, is expected to supply around 300,000 kWh per year and would already increase the share of renewable energy in total consumption to 55%. Despite these measures, it should be borne in mind that converting Loba into a modern biotech site will lead to a significant increase in electricity consumption. Electricity demand is already around 3,565 MW in 2023 and is set to increase more than fourfold from 2024. However, the combination of the PV and hydropower plant will make a significant contribution to covering around 14% of the annual energy requirement once both plants have been installed.
- To minimize the emissions from externally sourced electricity, a contract was concluded with the supplier Energie Klagenfurt GmbH at the end of 2022 to supply the entire Loba site with green electricity. It came into force

in 2023 and now significantly reduces GHG emissions from production.

- In order to be able to measure and report progress in climate protection today and in the future, the two companies have been calculating their CO₂ emissions in accordance with the Greenhouse Gas Protocol (GHG Protocol) since 2021. In 2023, this included the Scope 1, Scope 2 and (partially) Scope 3 carbon dioxide emissions (see Figure 5) of the two companies. Scope 3 emissions include business travel, comprising emissions from overnight stays in hotels and the associated transportation (GHG Protocol: Scope 3 Category 6), as well as emissions resulting from employees commuting to work (GHG Protocol: Scope 3 Category 7). In 2023, Loba's emissions were calculated using both a market-based and a location-based electricity mix emission factor. This distinction resulted from the fact that the emission factor stated by the electricity provider for the green electricity provided for production was 0 gCO₂e/kWh (market-based), while the Environment Agency Austria uses a value of 14 gCO₂e/kWh (location-based). The reason for this is because the production and operation of green electricity plants are associated with some emissions, which are included in the location-based emission factor. Taking the market-based approach into account, total CO₂ emissions amounted to 2,115.61 tons, while the location-based approach resulted in total emissions of 2,165.51 tons, which is around 50 tons higher than the market-based calculation. Compared to the previous year, this corresponds to an increase of around 47% (location-based). In line with the previous announcements in the last report, the increase in Scope 1 emissions at Loba is due to the construction of a completely new biopharmaceutical

production facility, which is expected to be fully operational by mid-2024. A further increase in emissions is therefore expected by 2024 and 2025. The reduction in Scope 2 emissions results from the purchase of electricity from hydropower starting in 2023.

The total volume of volatile organic compounds (VOC freight) in Loba's production exhaust air was recorded at around 300 kg (2022: 868 kg).

	Scope	2023 - CO ₂ -emissions	2022 - CO ₂ -emissions
pharma&	Scope 1	48.98t	4.51t
	Scope 2	5.24t	11.12t
	Scope 3	323.83t	144.58t
	total	378.05t	60.21t
Loba biotech	Scope 1	11,583.61t	1,200.00t
	Scope 2	49.9t	129.59t
	Scope 3	153.95t	84.22t
	total	1,787.46t	1,413.82t
total		2,165.51t	1,474.03t

Table 1: CO₂ emissions¹ – absolute

¹ In 2022, the calculation of CO₂ emissions from commuting employees was based on an incorrect assumption regarding the distance traveled and an incorrect value for the calculation of emissions from office operations (Scope 2). Instead of the total emissions of 1,425.17 tons stated in the 2022 report, CO₂ emissions were slightly higher at 1,474.03 tons. In 2022, CO₂ emissions therefore amounted to 1,413.82 t (96%) at Loba (instead of 1,376.71 t) and 60.21 t (4%) at pharma& (instead of 48.46 t).

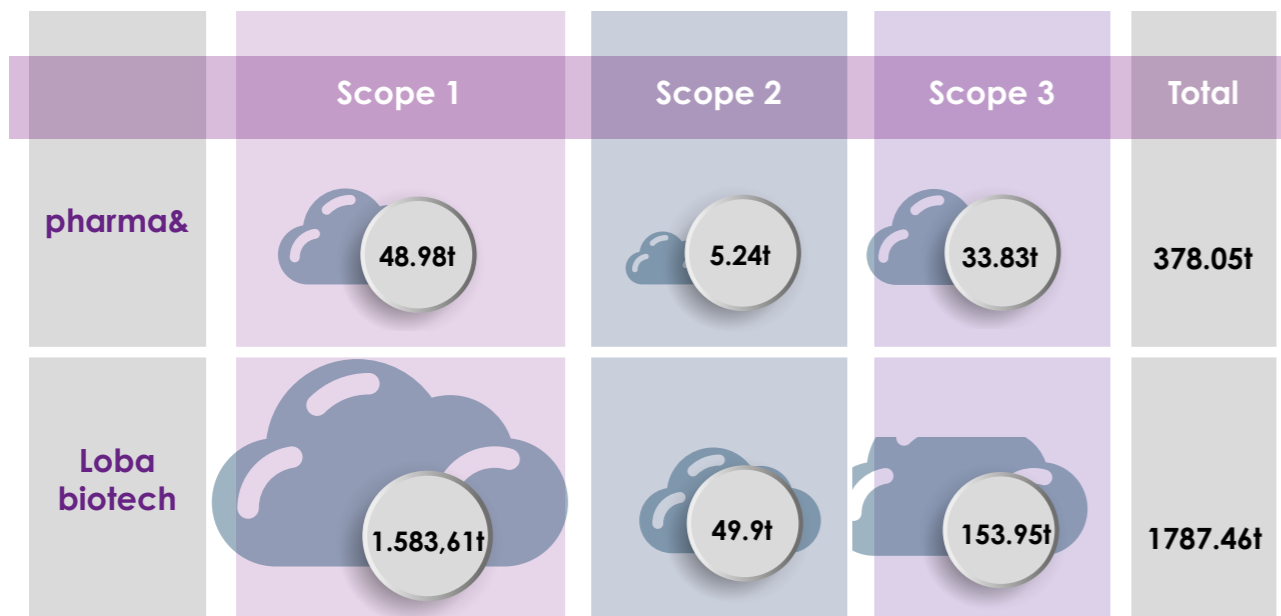


Figure 6: Overview of CO₂ emissions² at pharma& and Loba

² Loba's CO₂ emissions shown here are based on a location-based emission factor (around 50 tons higher than the market-based emission factor)

Environmental pollution

Strategy and materiality

Environmental protection, pollution and waste are also confronted with stricter regulatory requirements for environmental protection and hazardous materials (e.g. EU environment quality standards) and this leads to complex and cost-intensive adjustments in production and waste treatment. This area also poses a major risk of reputational damage to the company should a case of environmental pollution ever occur.

The environmental materiality of this topic for pharma& is characterized by one key factor: the potential for materials to leak that may be hazardous to the environment and living organisms, and that are used and produced in the manufacture of pharmaceutical products. Such an incident could have a major negative impact on the company's environment.

Measures and implementation

Construction of the new production facility for microbiological products (biopharmaceutical production) began at the start of 2022 and was completed as planned within two years in the third quarter of 2023. In the following quarter, the test phase began with the start of the water runs. This test phase will end in the first quarter of 2024, after which the engineering runs are planned for the second quarter of 2024. Parallel to the start of the test phase of biopharmaceutical production, construction of the new administration building on the Loba site began in the last quarter of 2023.

This will result in changes to waste and sewage volumes, energy consumption as well as exhaust air, which can only be quantified once the reorganization is complete. The new facilities are being built in accordance with the current standards and specifications.

Parameters / Key Performance Indicators

- The relevant key figure in the area of environmental protection, pollution and waste at Loba is the amount of waste generated, which reached a value of 192.14 t in 2023. Of this total quantity, 148.08 t (FY 2022: 351 t) was classified as hazardous waste.
- At the end of the 2022 financial year, a major changeover in production began at Loba, which will continue into 2024. The production area of Fine Chemicals was discontinued at the end of 2022, and all inventories were sold in 2023. The production of organic-chemical active pharmaceutical ingredients (APIs) continued in 2023.



Climate and environmental protection in the supply chain

Strategy and materiality

Responsibility for climate and environmental protection extends throughout a company's entire supply chain and does not end at the point of production. Sustainable procurement and a transparent supply chain as well as the possibility of tracing products already comply with current legal requirements (e.g. European Union Falsified Medicines Directive, national medicine acts).

These requirements demand significant transparency along the supply chain of pharmaceutical companies.

Building sustainable supply chains also means getting suppliers more involved in sustainability efforts. In addition, such a supply chain and the possibility of product traceability increases transparency for doctors and patients and can also serve as a pioneering example for other companies.

Measures and implementation

In order to record the measures taken by our suppliers to avoid ecological damage or to promote positive environmental impacts, the management decided to conduct a survey of all existing suppliers. For this purpose, specific questionnaires were developed and sent to 75 pharma& and Loba suppliers. A total of 53 surveys were answered (Loba: 36, pharma&: 17), which were then assessed separately by company.

Parameters / Key Performance Indicators

The analysis of the results shows that many suppliers are already addressing various aspects of sustainability.

Figure 7 shows that many suppliers are supporters of international sustainability initiatives. Depending on the initiatives, 45% – 65% (pharma&) and 30% – 55% (Loba) of suppliers are supporters of an initiative.

In the illustrations, "pharma&" and "Loba" always refer to the suppliers of the respective company:

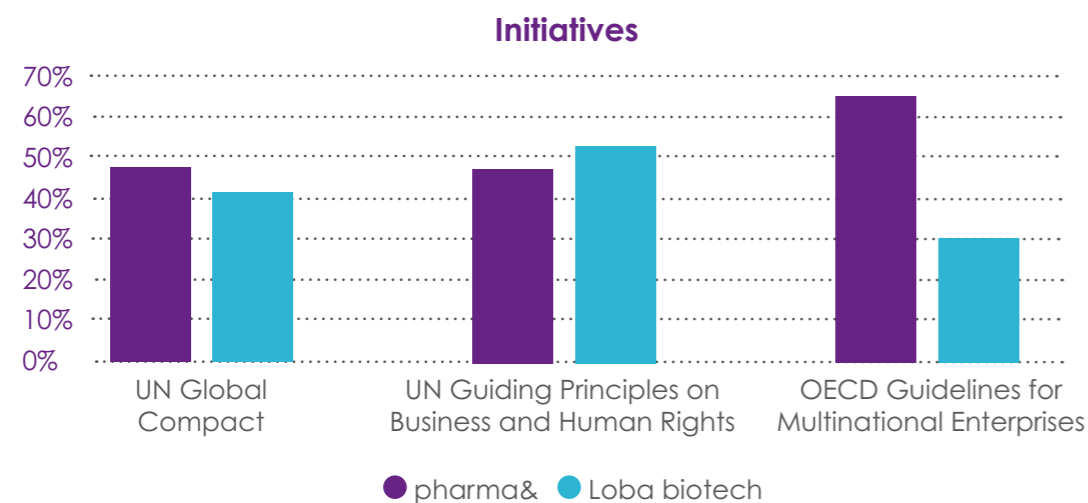


Figure 7: Sustainability initiatives signed by the suppliers

With regard to the supply of heat and electricity, Figure 8 illustrates that more than half of the suppliers at pharma& have already set specific reduction targets for electricity and heat, while an additional share is planning to formulate such targets (24% and 18%, respectively). In comparison, Loba's suppliers show somewhat less initiative, as only 36% to 42% have already set specific reduction targets for these areas. However, the proportion of suppliers planning to set such targets is higher than among pharma& suppliers, at 26% to 31%.

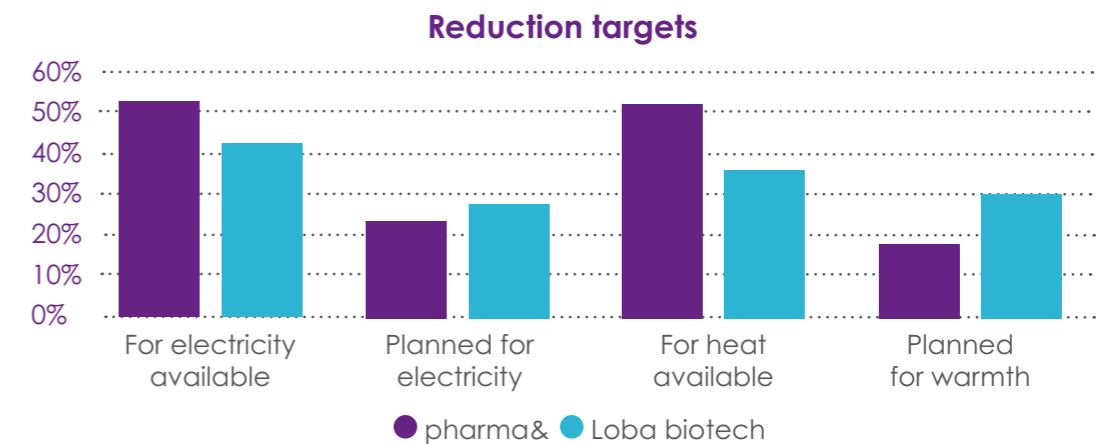


Figure 8: Reduction targets of suppliers for electricity and heat (already existing or planned)

Furthermore, approximately 55% of suppliers at both companies already use renewable energy in their operations, as can be seen in Figure 9.

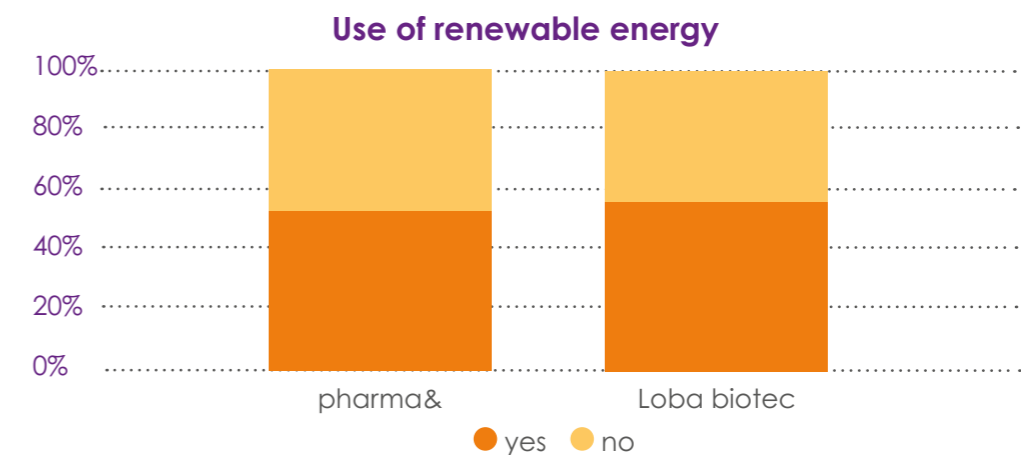


Figure 9: Proportion of suppliers that use renewable energy

However, those suppliers that already use renewable energies do so at varying proportions of their total energy consumption. The majority uses a maximum of 40% renewable energy (Figure 10: dark blue and orange section). Only 22% of the suppliers of pharma& and 15% of Loba use renewable energies with a share of 80 to 100% (light blue section). In addition, 35% (pharma&) and 31% (Loba) of suppliers have an energy management system in place.

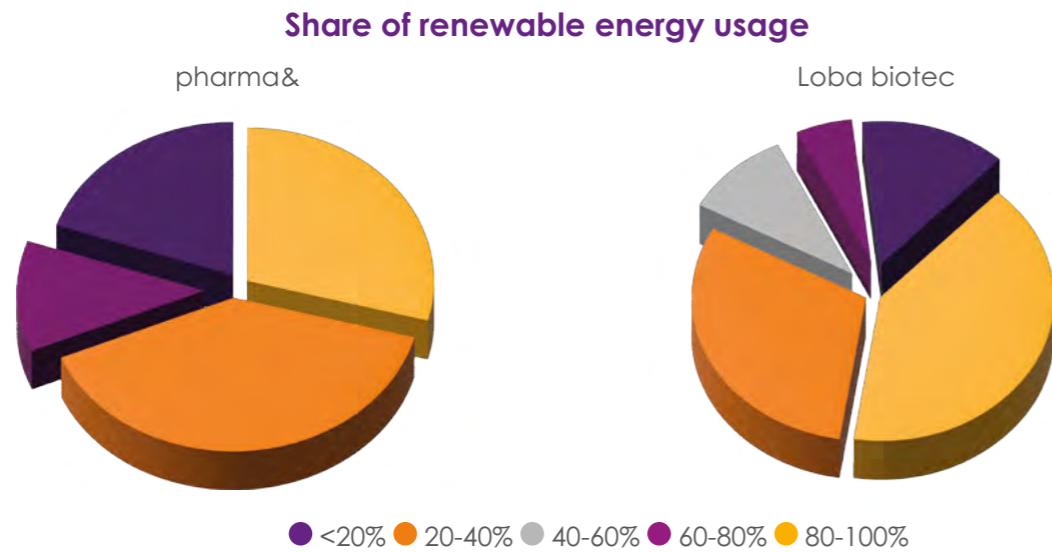


Figure 10: Share of renewable energy use among users

As far as CO₂ emissions are concerned, Figure 11 shows that although 82% (pharma&) and 67% (Loba) of suppliers have already established a reduction target for CO₂ emissions, only 65% (pharma&) and 56% (Loba) actually measure their CO₂ emissions.

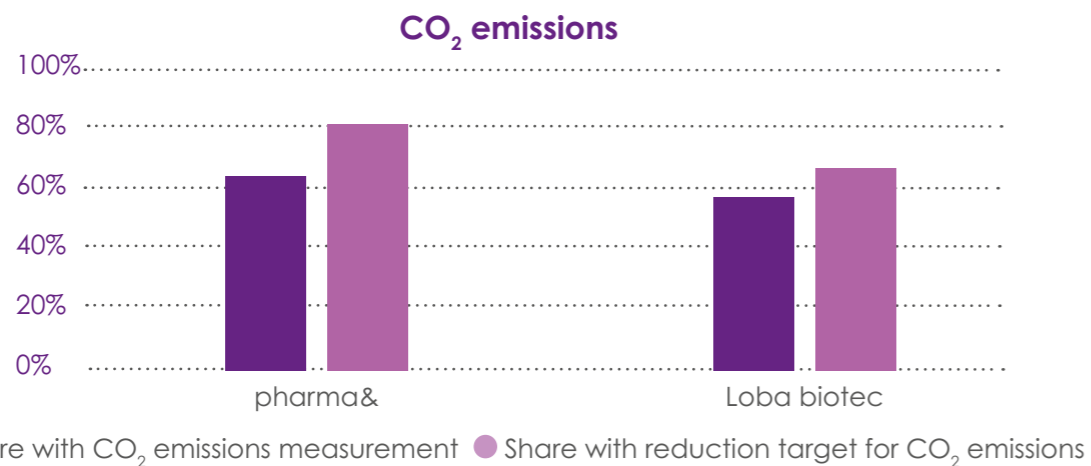


Figure 11: Proportion of suppliers with a defined CO₂ reduction target and actual emissions measurement





Social

Employees and all other players along the value chain are a relevant topic for pharma& and Loba and form the basis for a functioning business model. This report section, which deals with social sustainability issues, includes the following topics:

3.1. Own workforce

- Workplace health and safety
- An attractive, diverse and family-friendly employer
- Co-determination and employee representatives
- Careers and further training

3.2 Workers in the value chain

- Supply chain

3.3 Consumers and end users

- Health for all
- Patient centering
- Product safety and quality

Own workforce

Workplace health and safety

Strategy and materiality

In addition to patient safety, workplace health and safety of the pharma& and Loba employees is also a key consideration. Legal regulations stipulate what must be observed in the context of occupational safety (e.g. the Health and Safety at Work Act). Work-related accidents are a potential financial risk, as they can result in high legal costs, compensation payments and the like. Accidents or unhealthy working conditions have a major impact on the people affected. Workplace health and safety measures not only maintain the health of employees, but also increase their job satisfaction and the company's appeal as an employer. This has the potential to attract new employees.

Measures and implementation

- Loba has implemented extensive occupational health and safety measures. These include, amongst other things, the safety-related supervision of all areas of the company by a safety specialist and their support from three safety representatives. A fire safety officer ensures that all necessary preventive measures and regulations are implemented. The safety manual and additional standard operating procedures (SOPs) form the conceptual basis of the company's in-house occupational health and safety protection. Preventive occupational health care is another important pillar of employment protection.
- pharma& does not yet have a specific guideline for occupational health and safety measures, but various measures are being discussed. The plan is to introduce a model similar to that of Loba.

- The new biopharmaceutical production is also required to comply with the generally applicable laws and regulations of the Health and Safety at Work Act, so that there are no additional requirements for occupational health and safety measures that need to be taken into consideration.

Parameters / Key Performance Indicators

- One occupational accident was reported at Loba in 2023. Although it was not directly related to the employee's activities, but was

caused by his previous illness, it was reported to the General Accident Insurance Institution (AUVA) in accordance with legal requirements. In general, occupational accidents at Loba are only assessed in accordance with the requirements of pharma& if they occur in production and cause more than one day of downtime. There were no accidents at work at pharma& in 2023.

An attractive, diverse and family-friendly employer

Strategy and materiality

As small companies, pharma& and Loba maintain a friendly company culture in order to increase employee satisfaction, employee loyalty and the positive contribution to the local community in addition to economic success. In view of the growth and development efforts of both companies, a trusting working relationship and a motivating and healthy working environment are particularly important.

Diversity and equal opportunities are also truly practiced here, as management is convinced that diverse teams master challenges better than homogeneous teams.

Measures and implementation

- The HR strategy, developed and implemented in 2022, continued in 2023. The Whistleblower Protection Act was also implemented in the fourth quarter of 2023. This includes the creation of accessible reporting channels and the implementation of a reporting office.
- Furthermore, an assessment of mental stress in the workplace was agreed and designed in the fourth quarter of 2023. This project will be implemented in 2024.

- In the Microbiology Laboratory area, a 4-day week model was also introduced, in order to optimally adapt the working environment for employees to the 7-day operation that was introduced in the laboratory in the 2023 financial year.

Parameters / Key Performance Indicators

Figure 12 illustrates the gender distribution of the total workforce at pharma& and

Loba, showing a distribution of 46% (women) to 54% (men). The two companies are managed by two male managing directors. At the second management level, there 17 are three women and seven men at Loba and seven women and eight men at pharma&. Overall, the proportion of women at this level is therefore 40% (Loba: 30%, pharma&: 47%)³.

One key figure for measuring employee satisfaction is the number of involuntary terminations. In 2023, there were two involuntary terminations at both pharma& and Loba.

Worker co-determination and employee representation

Measures and implementation

At Loba, dialog with management and worker co-determination takes place through the works council, which is involved in the relevant statutory decision-making processes.

Parameters / Key Performance Indicators

The works council consists of four members and holds quarterly meetings with the management.

Career and further training

Strategy and materiality

With the establishment and staffing of the first foreign affiliate in the United Kingdom, pharma& began to successfully develop business activities with its own staff in Europe. In the 2023 financial year, further subsidiaries were added in Germany (pharma& Deutschland GmbH), Spain (pharma& farmacéutica de España S.L.), France (pharma& France SAS), Italy (pharma& Italia S.r.l.), Poland (pharma& Polska sp. z o.o.) and the United Kingdom (pharma& UK Ltd).

The relocation of the headquarters to the modern office in the center of Vienna also laid the foundation for the expansion of the pharma& headquarters in Vienna.

Measures and implementation

- pharma& and Loba offer their employees a wide range of development opportunities to support them in their career planning.

- The training program available to employees at pharma& and Loba is particularly noteworthy here. By participating in such programs, employees gain further qualifications, fulfil their potential and can adapt to changing roles. At Loba, the transformation into a biotechnology company is creating a variety of new opportunities and possibilities that will also allow the workforce to grow, and will establish Loba as an attractive employer in the region. pharma& also supports its employees in further training that they initiate on their own.
- Due to its own production facilities, Loba has specific training content, some of which is required by the regulatory authorities. It also specifies the training courses that may need to be carried out at certain intervals, where necessary. Amongst other things, the training courses cover quality inspections, the cleaning of production equipment, and the preparation of reports.

- In the future, these and other Loba training and development offerings will be brought together on a dedicated e-learning platform, which will serve as the basis for the Loba Academy. Mandatory and voluntary training courses and learning content from various areas will be bundled and taught there. The integration of the e-learning platform was still under development in the 2023 financial year.

Parameters / Key Performance Indicators

- A total of 253 trainings were held at Loba in 2023 (FY 2022: 139). The average duration of a training course was 30 minutes (FY 2022: 45 minutes).

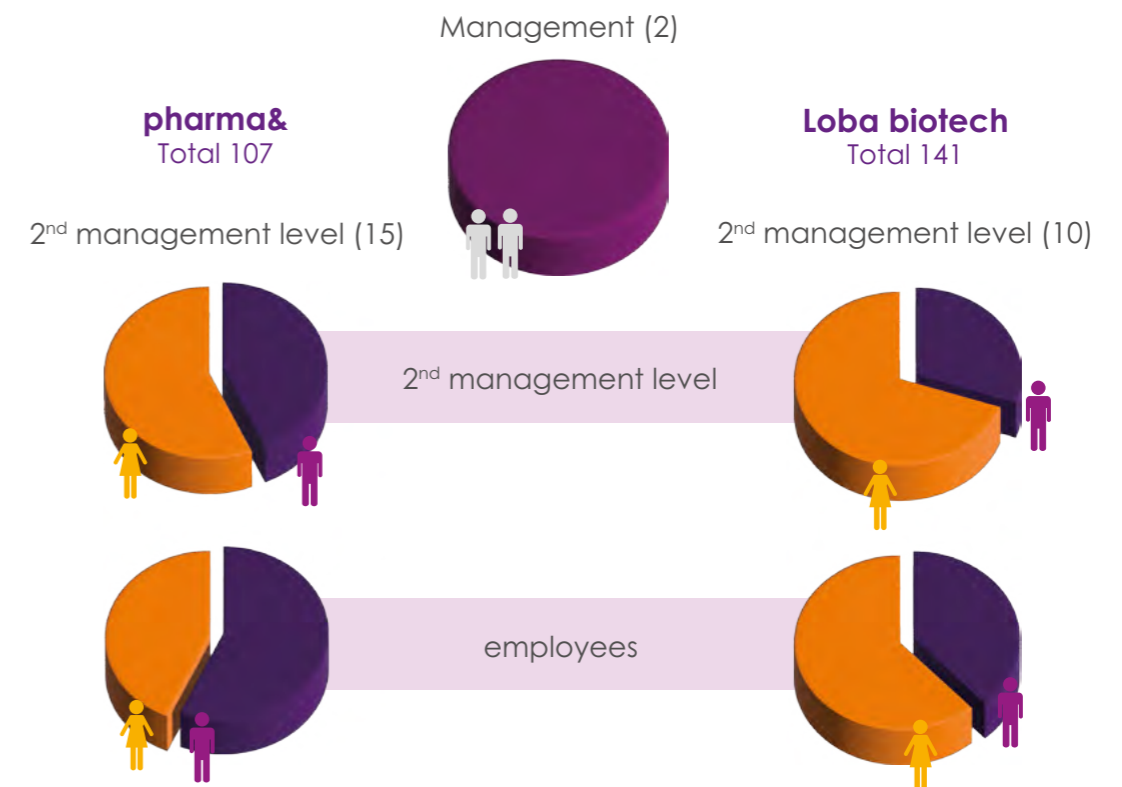


Figure 12: Overview of the gender distribution at pharma& and Loba

³ The number of employees is based on the reporting date of December 31, 2023.



Workers in the value chain

Supply chain

Strategy and materiality

Respecting international employee rights is critical to the global value chain of pharma& and Loba. In addition to complying with local laws, it is also essential to keep an eye on the EU Supply Chain Directive. Even if pharma& and Loba are not directly subject to the reporting obligations of the Directive, its disclosure obligations will indirectly affect smaller companies in the future through inquiries from companies that are subject to the reporting requirements. This directive sets out the responsibility of companies to ensure respect for human rights in their supply chains. In addition, the International Labor Organization defines general employee rights and places particular emphasis on the safety of products and employees in pharmaceutical production. Social sustainability plays a crucial role along the entire value chain, as the impact of business activities extends far beyond our own production facilities. By ensuring fair working conditions and compliance with social standards among suppliers, companies help to prevent exploitation, discrimination and unfair practices. This not only promotes the well-being of employees, but also strengthens customer confidence and contributes to the long-term stability and sustainability of the entire supply chain.

Measures and implementation

To gain a comprehensive understanding of the actions and processes suppliers are taking and implementing to promote social sustainability, the 2023 Supplier Survey specifically asked about social issues in addition to environmental issues.

Parameters / Key Performance Indicators

The results of the survey are summarized in Figure 13. We are pleased to see that all suppliers of pharma& have a social strategy and standards, systems or guidelines in place to prevent forced labor, child labor and human trafficking. In addition, all pharma& suppliers provide training on product and occupational safety on a regular basis. Such training is also carried out at all Loba suppliers, whereby 89% have the above-mentioned standards, systems or guidelines and 94% have a social strategy.

In addition, 94% of pharma& suppliers and 92% of Loba suppliers are entitled to freedom of association, and between 35% (pharma& suppliers) and 41% (Loba suppliers) of employees are union members. The caveat here is that not all vendors collect this information for privacy reasons. However, 94% of pharma& and 92% of Loba suppliers have employee development plans and measure employee satisfaction.

Promoting social sustainability among suppliers

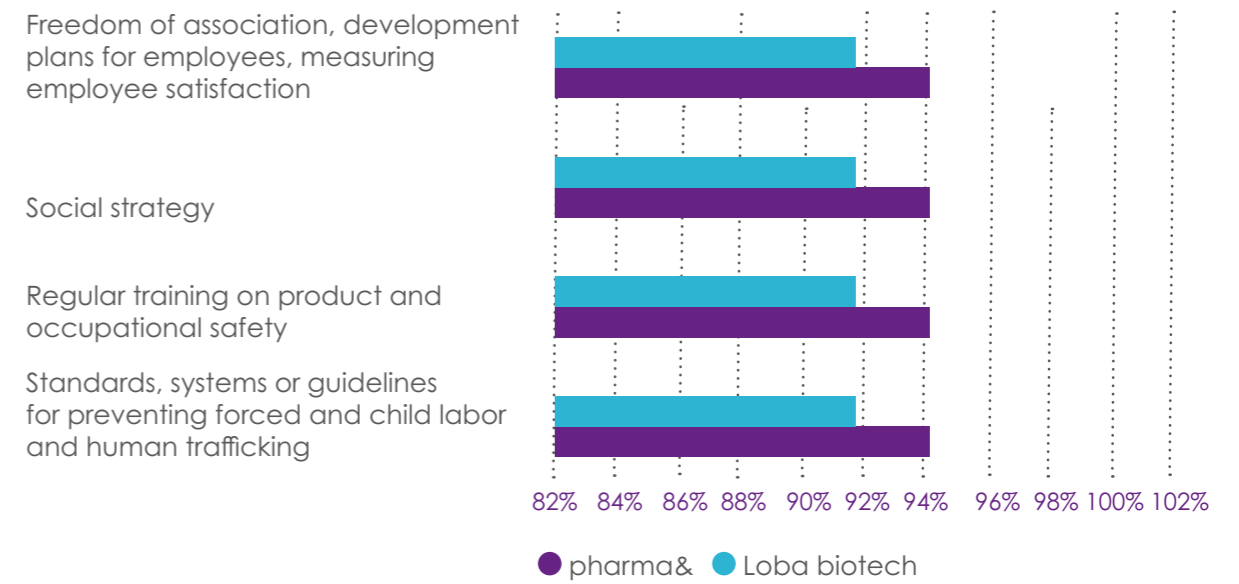


Figure 13: Proportion of suppliers with various measures to promote social sustainability aspects



Consumers and end users

Health for all

Strategy and materiality

pharma& assumes the production and distribution of well-established and widely used medicines from companies whose business focus has changed. Together with Loba, this gives pharma& access to a stable market segment. The expansion of this segment can also positively impact sales and reduce business risks. In this way, pharma& makes medicines sustainably available to doctors and patients who depend on them. In most cases, newly developed alternatives are more expensive than established drugs that can be used to treat the same or similar diseases. Securing access to established products thus also enables lower-income groups to access them, particularly in countries without statutory health insurance.

Measures and implementation

To take this aspect into account, pharma& continued the Patient Assistance Program (PAP) in the USA in 2023. This program is designed to provide low-income individuals who do

not qualify for other government insurance or assistance programs such as Medicaid, Medicare or Drug Assistance Programs, with free access to the drug Pegasus which is provided by pharma&. The aim of the program is to support disadvantaged patients in overcoming financial bottlenecks who would otherwise have been denied life-saving access to treatment. In addition, the program aims to reduce health inequalities and improve social justice in underserved population groups.

Parameters / Key Performance Indicators

A total of 256 cases were approved in 2023, which is almost ten times as many approved cases as in the previous year (FY 2022: 25 approved cases). As in the previous year, the approval rate was 32%. The main reason for denial of applications was that the applicants had sufficient health insurance or had a sufficiently high income. In 2023, a total of 1,780 medicines were dispensed through this program.



Patient centering

Strategy and materiality

As a company operating in the pharmaceutical sector, quality, efficacy and safety of medicines are a prerequisite for obtaining regulatory approval to market them. People's health is positively affected by effective and safe medicines. The fact that negative health effects are also possible (e.g. through side effects) underlines the relevance of this topic.

Measures and implementation

To ensure the quality, efficacy and safety of medicines, production is carried out in accordance with the principles and guidelines of Good Manufacturing Practice (GMP), based on the EU GMP guidelines. A valid GMP certificate is in place. In addition, numerous standard operating procedures (SOPs) have been implemented to address these matters, including procedures for a possible batch recall or regulations with regard to pharmacovigilance (i.e. the ongoing and systematic monitoring of drug safety).

Product safety and quality

Strategy and materiality

Medicines must meet high standards in terms of quality, efficacy and safety and are therefore subject to comprehensive quality assurance measures. Just as high-quality and effective medicines make an important contribution to people's healthcare, inferior products can have harmful effects on patients' health.

Measures and implementation

In order to prevent this and provide doctors and patients with the best possible product, quality assurance processes are continuously reviewed and improved. For example, in accordance with Section 71 of the Austrian Medicines Act, health

checks and training of relevant personnel are carried out to prevent product contamination.

Before entering the company, employees with access to the clean room undergo a blood test in accordance with Section 71 of the Medicines Act and the applicable Good Manufacturing Practice (GMP) guidelines. This includes HBV serology in accordance with the regulations for the diagnosis and monitoring of a possible hepatitis B virus (HBV) infection. Antibodies to the hepatitis C virus (HCV) are also part of these tests, as is a test for the presence of HIV infection.

GOVERNANCE

4



Governance



The following topics are included in this report section dealing with governance sustainability issues:

- **Corporate policy**
 - Corporate governance & compliance
 - Documentation, communication & risk management
 - Combating bribery & corruption
 - Avoidance of conflicts of interest & ethical conduct
 - Innovation
 - Governance in the supply chain

Corporate policy

Corporate governance and compliance

Strategy and materiality

The decision to close Loba's Fine Chemicals production as part of the company's production transition at the end of 2022 has had implications in several different areas. It not only affects the volume and type of waste (see Environmental protection and pollution), but also the regulation to which the company is subject, and thus the topic of governance. Fine chemicals production, for example, is classified as a potential risk to soil and water in the environment, whereas this is not the case to the same extent for the production of chemical and biological active ingredients. The conversions that have been carried out have kept both the management of pharma& and the management of Loba very busy, especially in 2023, and probably also in 2024. They not only contributed to growth, but also led to further structural and operational adjustments.

As incorporated companies, pharma& and Loba are subject to a whole range of relevant laws and requirements, compliance with which is monitored by the relevant authorities, and which are an elementary part of day-to-day

business. Noncompliance can be penalized with fines and thus lead to financial losses. In addition to compliance with relevant regulations, good corporate governance is the basis of a successful company. The strategic orientation of pharma& and the targeted course of growth will enable the company to position itself in a financially secure and competitive manner. This path requires investments that are used for the sustainable success of the company. Failure to make major investments, strategic projects, or to comply with laws and regulations can result in financial loss and damage to the company's reputation. The avoidance of such negative effects and the sustainable success of the company are important goals of the corporate governance of pharma& and Loba.

Measures and implementation

In order to further improve group-wide compliance, a dedicated compliance manager was appointed at pharma& in September 2023.

Documentation, communication and risk management

Strategy and materiality

Good traceability and communication is the basis for the company's image in its direct social environment, in society and above all vis-à-vis regulators and investors.

Measures and implementation

- In order to meet the requirements of documentation and audit regulations, pharma& and Loba each have standardized documentation and communication processes. Loba documents in accordance with the

requirements of GMP (Good Manufacturing Practice).

As a manufacturing company in the pharmaceutical sector, Loba has a prescribed risk management system. pharma& has also implemented an SOP for quality risk management and carries out regular, formalized risk assessments. Through these systems and effective risk management, not only economic but also environmental and social risks can be identified and their effects prevented or mitigated.

Combating bribery and corruption

Strategy and materiality

Bribery and corruption wreak major havoc on the private sector and on society.

Measures and implementation

- That is why the existing governance guidelines at pharma& and Loba will each be supplemented with specific sections on these two topics and risk management procedures will be adapted accordingly.

Parameters / Key Performance Indicators

- In 2023, no cases of corruption, bribery or related episodes, such as administrative fines or disciplinary measures against employees based on confirmed incidents, were recorded at either pharma& or Loba.

Preventing conflicts of interest and acting ethically

Strategy and materiality

Integrity and fair behavior are part of Loba and pharma&'s sustainable action. Avoiding internal and external conflicts of interest reduces internal inefficiencies and the resulting dissatisfaction among our workforce.

Measures and implementation

Internal and external conflicts of interest are actively resolved in face-to-face discussions. To achieve this, an open culture of discussion has been created that makes it possible to address and resolve conflicts of interest. Occupational psychology was also implemented as a preventative measure. An important role of occupational psychology is to provide support in dealing with conflict situations with colleagues, superiors and business partners.

pharma& is a member of PHARMIG, the Association of the Austrian Pharmaceutical Industry. PHARMIG acts as a lobby organization for the pharmaceutical industry in Austria and covers all relevant topics for the country's pharmaceutical industry. As a commitment to ethical conduct within the company, pharma& is subject to the code of conduct of this organization, but, in addition, also develops its own internal guidelines.

Parameters / Key Performance Indicators

Mental stress in the workplace will be evaluated in 2024. The management expects the findings to serve as a basis for further improvement measures.

Innovation

Strategy and materiality

Innovations can create competitive advantages and significantly improve a company's economic situation, especially in the pharmaceutical sector. However, the strategy of pharma& and Loba primarily involves the continuation of products that have already been tried and tested, meaning that innovation activities are primarily focused on the security of supply and process improvements.

Measures and implementation

Here, pharma& and Loba rely on streamlining programs and the initiative of all employees, and incentivize entrepreneurial action throughout the company. One example of this is the commissioning of the biopharmaceutical production, which was the company's point of focus in 2023. To ensure that the project was on schedule, teams were set up to work on the various tasks (creating specifications, performing analyses, running production tests). Employees were asked to share their suggestions for improvement with their respective teams.

Governance in the supply chain

Strategy and materiality

Ethical and transparent business activities and high-quality production are essential throughout the value chain as they strengthen consumer trust and build long-term relationships. By guaranteeing these standards along the entire supply chain, companies can ensure that products and services meet the highest standards of quality and integrity. This not only promotes customer satisfaction, but also helps to minimize risk and strengthens the company's image and brand. In addition, adherence to ethical principles and quality standards supports the long-term sustainability and economics of the entire supply chain by promoting regulatory compliance and minimizing potential risks such as reputational damage, legal consequences and financial losses.

Measures and implementation

In view of the relevance of governance aspects throughout the entire value chain, the 2023 Supplier Survey also included questions on ethical and transparent business practices and quality standards in production. In order to ensure first-class quality not only in the company's own production, but also in the preceding production phases, the questionnaire asked about the existence of a quality management system.

Parameters / Key Performance Indicators

Figure 14 shows that the suppliers of both companies achieved very good results in these aspects of the questionnaire, with 94% of both supplier groups having a quality management system in place. In addition, all pharma& suppliers have standards, systems or guidelines in place to prevent corruption and bribery. At 92%, this figure is also very high at Loba suppliers. More pharma& suppliers than Loba suppliers have a whistleblower system in place (94% vs. 81%).

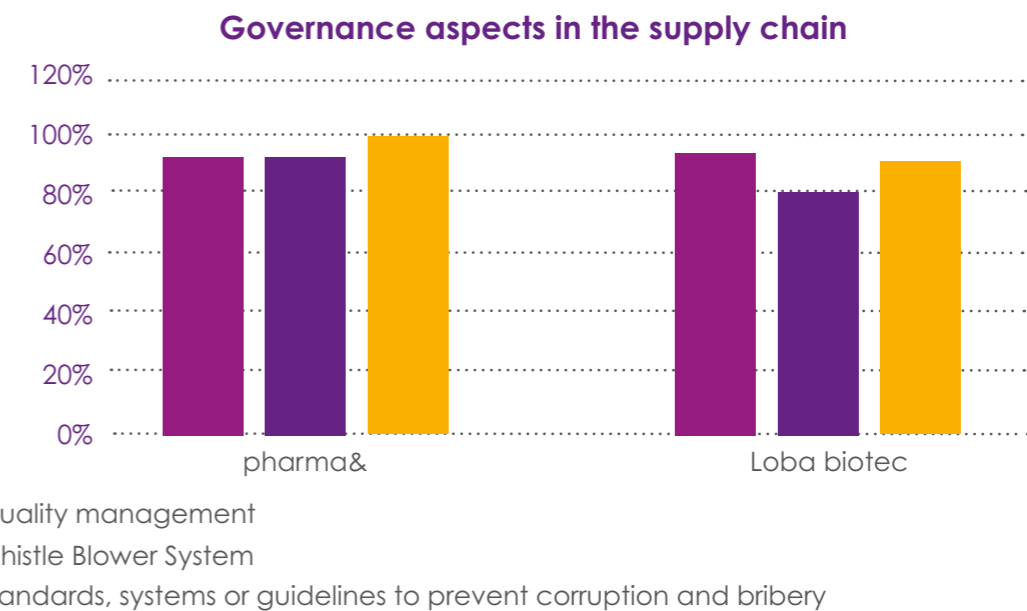


Figure 14: Proportion of suppliers with a defined CO₂ reduction target and actual emissions measurement

Ensuring good payment practices with suppliers is critical to maintaining and improving financial stability, supplier relationships, product quality, and the company's reputation. In the 2023 financial year, the average time taken to settle invoices to suppliers was 22 days for Loba and 30 days for pharma&.

Legal Notice:
 pharmaand GmbH
 Taborstraße 1, 1020 Vienna, Austria • Tel: +43 1 3560006 • contact@pharmaand.com



pharmaand GmbH
Taborstraße 1, 1020 Vienna, Austria
Tel: +43 1 3560006
contact@pharmaand.com

pharmaand.com

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