

ESG REPORT 2020/21

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CUSTODIANS OF ESSENTIAL MEDICINE



CHAPTER 1

WE ARE ADVANZ PHARMA

1.1 A MESSAGE FROM OUR CEO

In a time of unparalleled global crises, the Covid-19 pandemic has really brought home why we do what we do. It has been both moving and humbling to see how the world has come together to put patients first, placing corporate responsibility and sustainability at the heart of business, whether that's life science companies providing vaccines or the generic sector working hard to ensure supply chain continuity of critical medicines for patients.

Our aim at ADVANZ PHARMA is to grow into a truly sustainable company that continues to put the interests of our people and patients first. Operating in a complex industry, as we do, can have a huge impact on society, and as such we take our corporate responsibility seriously. We understand that by implementing sustainable practices into all our activities, we can build a **stronger business both for our employees as well as patients.**

In 2021, we embarked on a new transformational journey with private equity investor Nordic Capital, to help drive the company's strategic growth and allow us to invest in future pipeline and M&A activities. This will enable us to ensure even more patients can access critical medicines now and in the future, providing new opportunities to further our ESG (environmental, social and governance) ambitions. During this process, we evolved our CSR committee into an ESG committee, adopted a new ESG Policy and are in the process of finalising our global ESG Strategy. For this reason, we are publishing this first Annual Report, showing our ESG commitment for the 2020/21 period and tracking our progress from previous years.

In addition to maximising our positive societal impact through a patient centric approach and charitable work, we continue to retain the best people by fostering a workplace environment where everyone can thrive. We also prioritise our corporate responsibility, through our solid governance system and ensuring proper information management. To this end, we were the 1st pharma company to achieve the British Standard 10500 compliance

accreditation back in 2015. Our aim going forward is to focus on minimising our environmental impact and reporting on progress as well as continuing to deliver on our charitable and social ambitions.

As we embark on this new transformational journey, we are delighted to share our successes and the progress we have made as well as highlight areas for improvement with clear targets to achieve these.



GRAEME DUNCAN

1.2 OUR COMPANY

ADVANZ PHARMA is a leading speciality pharmaceutical company that focuses on helping people to live longer and happier lives in more than 100 countries around the world. Our work consists of enhancing and innovating complex medicines, including anti-infectives, endocrinology and critical care medicines, and broadening access, choice and availability for patients that need them.

On a company level, we take pride in the global network we have fostered with our partners, as well as across the company.

With our headquarters in London, operation centre of excellence in Mumbai and offices across America, Africa, Europe, Australia, and New Zealand, ADVANZ's work is truly global in nature. Our team has grown from 430 employees in 2019 to nearly 560 in 2020, and we hope to continue to expand to maximize our impact so that we can help even more patients.



98.5% OF STAFF WOULD RECOMMEND ADVANZ PHARMA AS A GREAT PLACE TO WORK



LESS THAN 2 TCO₂E¹ PER FTE IN 2020



ADVANZ DONATED £20 MILLION WORTH OF MEDICINE OVER THE LAST 8 YEARS TO IHP²



SUPPLY MEDICINES IN MORE THAN 100 COUNTRIES WORLDWIDE



AVERAGE COST <£5 FOR 1 MONTH'S MEDS (£4.50 IN UK)



ISO ACCREDITED COMPLIANCE

1.3 OUR PURPOSE AND VALUES

Our purpose is to improve the lives of patients and ensure they continue to have access to high quality complex, niche, and off-patent medicines. At the core of our purpose is the **resilience and entrepreneurial spirit of our people, our strong responsibility towards society, as well as the successful collaboration with our partners and vendors.**

OUR VALUES

We are guided by our five values, that reflect who we are, what we stand for and how we operate:

GLOBAL TEAMS
ENTREPRENEURIAL
OPENNESS
INTEGRITY
DECISION-MAKING

CHAPTER 2

PHARMACEUTICAL INDUSTRY
– THE BIGGER PICTURE

2.1 ABOUT THE INDUSTRY – PATENT AND POST-PATENT MEDICINES

Modern healthcare plays a vital role in society, supporting people throughout their lives, providing more advanced medicines and treatments that were only dreamed of by past generations. At its heart are the pharmaceutical manufacturers, with their extensive manufacturing capabilities and supply chains, who produce and deliver high quality and safe medicines to health care professionals and patients. The pharma industry has two distinct sectors, the patent companies, and the off-patent companies. ADVANZ sits within the latter group.

2.2 ADVANZ – PROVIDING INNOVATIVE MEDICAL SOLUTIONS

Once a product patent has expired, the treatment enters the off-patent market, at which point large pharma companies often cease marketing and production, as they focus on bringing new products to the market. This may be problematic as many patients are still dependent on the product. The solution are companies like ADVANZ, which take the off-patent medicine and keep the product available for patients.

The off-patent sector is vital for the overall efficiency and efficacy of the pharmaceutical sector. By taking an off-patent medicine and applying cost savings, it delivers a cheaper source of supply, at the same quality level, to patients.

This symbiotic relationship also frees up manufacturing capacity for the patent companies, so they can apply their expertise and resources into new research for completely new medicines. For the patient and healthcare providers, it is a win-win.

Following nearly 30 years of operations, ADVANZ has acquired and retained a portfolio of close to 180 molecules manufactured into over 600 medical products (SKUs), which we supply globally to millions of patients in ~100 countries. These medicines may otherwise have gone out of production and not been available for patients. We particularly focus on complex medicines. These are critical medicines that patients are dependent on. We work closely with the patent holder to perform a seamless tech transfer of the manufacturing process to an independent specialist manufacturer.

In addition, ADVANZ is an innovator of off-patent medicines. We don't just replicate the existing medicine; we look to identify new strengths and more patient-centric formulations, such as oral syrups instead of tablets in order to assist the elderly, or new and improved delivery devices. We aim to **meet unmet patient needs**, and to realise additional opportunities for patient care. And we do this by being patient centric.



THE AVERAGE MONTHLY COST OF OUR UK MEDICINES IS £4.50

DID YOU KNOW?

Modern medical treatment has greatly benefited patients, resulting in people living healthier and longer lives. But the advances come at a cost, which is outpacing the budgets of national healthcare systems and private health insurance. The off-patent medicine market is vital to sustain medicine affordability.

For example, off-patent medicines are an important component of the UK's National Health Service (NHS) budgets, saving the NHS upwards of £13 billion annually, according to the British Generics Medical Association (BGMA), the representative body for off-patent drug manufacturers in the UK.³

We are an active member of BGMA, and together with the other members, through our low-cost medicines, supply three out of every four prescription medicines in the NHS. This way we ensure the NHS gets best value for money and medicines remain affordable and available to patients.⁴

We add social value by offering our medicines at affordable rates to patients. In the UK ADVANZ's medicines cost on average **only £4.50 per month for each patient**. Globally, ADVANZ' medicines cost on average only £4.90 per month for each patient (excluding the US).⁵

The majority of our price changes each year are decreases, but where price increases are necessary (for example where the costs of manufacture or additional compliance require an increase) we always seek to agree these increases in advance with the relevant healthcare regulator (where such mechanisms exist).



THE UK GENERICS INDUSTRY SAVES THE NHS AN ESTIMATED £13BN PER YEAR.

***WE WORK TO THE
PRINCIPLE THAT
PATIENTS COME FIRST***

CHAPTER 3

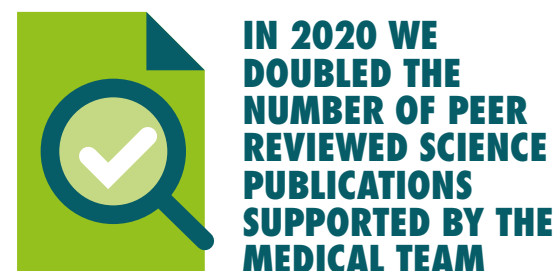
HOW ADVANZ PHARMA MAKES A DIFFERENCE

3.1 OUR SOCIAL IMPACT

We are greater than the sum of the medicines we produce. While our mission is to provide complex medicines, our impact goes further than the medical treatment.

Our mission to provide critical medicines has a ripple effect on wider society. By ensuring that patients' needs are met, we contribute towards longer lives and a healthier population. Further, we aspire to make a difference not only for patients that rely on our medicines, but for other members of society as well.

We take our social responsibility extremely seriously, and with our resources, we get involved in projects that give back to those less fortunate.



3.1.1 WE ARE PATIENT CENTRIC

We **are** patient centric, first and foremost. This is reflected in Our Purpose "to improve the lives of patients". We listen, we make, we innovate, and we bring patient care to the market.

This is our **core contribution to a better society**: Our unrelenting zeal and commitment to serve patients with medicines that are vital for their lives.

Meeting unmet needs underpins the ethos of our patient centricity. This patient focus happens from the start of product development stage and continues as the product is used, through a continuous dialogue with our stakeholders; medical staff, patient advocacy groups and the patients themselves. By focusing on meeting unmet needs, we bring originality and improvement to the medicines we produce. As patient's needs change over time, we don't just make a carbon copy of the existing patented product – we listen and adjust. Our operational agility allows us to swiftly move through the stages of product assessment, and scale improvement quicker.

To fulfil our promise, we have a dedicated, highly trained and experienced **Medical Team**, that brings with them their own understanding of hospitals and patients. We are growing our Medical Team, with twenty new recruits in 2020, bringing the size of our team to 45 professionals. Our Medical Team are medical professionals who all have direct experience in hospitals. To remain up to date with the latest developments in the industry, they participate actively in industry learning forums.

For example, in 2020 our team contributed to twelve peer reviewed papers. Further to this, six of our professionals attended anti-infective congresses for the purpose of scientific exchange with healthcare professionals and patient representatives.

Our **Medical Science Liaison Team** are on the ground, in the hospitals, where they offer a daily direct line of communication between hospitals, healthcare professionals and patient representatives and our operations, allowing us

to look at the **human factor** of the product and adjusting accordingly (e.g., introducing a better delivery approach for a patient cohort, such as easy-opening packaging for arthritic hands).

Our portfolio also includes medicines for treatments of less common ailments. We actively engage with **patient advocacy groups** and listen to their concerns.

3.1.2 WE CHOOSE THE BEST PARTNERS

As we do not directly manufacture medicines, we carefully select our manufacturing partners to ensure the highest quality medicines and we use contracted manufacturing organisations (CMOs) to produce our products. We are working closely with our around 150 CMOs and other suppliers to ensure the highest product quality, continuity of supply and regulatory compliance, are delivered to our patients.

Over 95% of our contract manufacturers are based in Europe or North America, which gives us the confidence of high ESG performance, as these regions have strong environmental and labour protection.

However, it is important that all our CMOs and other vendors meet our high expectations, which we have set out in our Manufacturer and Supplier Standards Policy. This policy document presents our expectations regarding business ethics, human rights, and environmental standards.

We only partner with reputable manufacturers who reach our very stringent vetting process and criteria, thus ensuring the quality of partners. A robust vetting process starts with a legal compliance. This is followed by risk analysis by our Supply Chain Department. We reappraise all vendors performance on an annual basis and the legal review is conducted on a three yearly cycle.



CASE STUDY

Continuity of supply to our patients

With all our work, the patients' well-being is paramount. The unavailability of a treatment could be catastrophic for the dependent patients. Therefore, we have integrated into our supply chain contingency to mitigate this risk of product shortages and ensure we can meet the patients' expectations.

We employ two distinct strategies:

Firstly, when there is a limited number of suppliers (competitors) of a product, we retain an extra backup storage to ensure capacity of supply, if one of the suppliers has issues (lead time can be several months).

Secondly, when we have a significant share of the product's market, we diversify our manufacturing partners, to ensure continuation in case of one facility being unable to deliver.





**WE ARE PROUD TO WORK WITH SOME OF THE BEST
PHARMACEUTICAL MANUFACTURERS IN THE WORLD**

3.1.3 WE GIVE BACK

Owing to the nature of our business, our care for people's wellbeing is intrinsic, be it for our own employees or others in need. For this reason, we have always been actively involved in charitable work, and despite limits to being involved in person during COVID-19, the team has continued with giving back to society.

We believe that charity is more than just donating the money – it is the direct involvement and understanding of the issues that is just as essential. **Charity work has always been an important part of our company culture as it creates a sense of community across our organisation.** We have supported local charities near our offices for over a decade and in 2016 we raised £50,000 to rebuild a children's home near our Mumbai office. We are pleased that year after year our employees are happy to dedicate their time to help the most vulnerable.

“

THANK YOU ADVANZ PHARMA, WE'RE SO GRATEFUL FOR ALL YOUR SUPPORT

Today we say a huge thank you to our partner ADVANZ PHARMA for not only donating critically needed medicine over the last 10 years, but for hosting our annual IHP team away day! ADVANZ PHARMA's generous donations contribute to our Essential Health Pack programme.

Over the last eight years ADVANZ PHARMA have donated over £20 million worth of medicines, equating to 818,572 treatments. These have gone on to support around 272,857 people in need in 70 countries around the world, improving access to medicine for people living in vulnerable and disaster-hit communities.

International Health Partners



2020/2021 Charity Activities

Over the past year, we have been involved in multiple charity projects across the globe. We raised £80,000 worth of education materials, £24,000 for the Red Cross Covid Fund with a global 24-hour Dance-a-thon, and over Christmas, we donated £9,500 to local food banks in Australia, India, Europe and the UK.

We also donated 33,871 units of medicines to International Health Partners (IHP). As a result, the IHP has shipped 52,811 units, an equivalent to 64,547 treatments, to 20 countries for emergencies and long-term health programmes across 16 countries.

NGOs and charities we work with:

SOS Children's Villages UK is part of the world's largest charity protecting children who have lost parental care. We have supported SOS since 2013 and in February 2020 a group of our employees performed a rock concert to raise funds for the charity.

Snehasadan is a charity in India offering support, a home, education, and a future to homeless children. Since 2010 we have supported their education, provided work experience, and now sponsor their Speech & Occupational therapy program, infrastructural developments, and family day celebrations event.

Light of Life transforms lives of underprivileged rural communities in India. We have donated to the COVID-19 Awareness & Support Programme and the Anando Programme, which enables children to complete their secondary education. Since 2013 our employees have participated in charity fund-raising events, including the Mumbai half-marathon.

Since 2010 we have donated medicine to **International Health Partners (IHP)** for hard-to-reach and disaster-hit communities. IHP is Europe's largest coordinator of donated medicines and ADVANZ regularly donates to support communities worldwide.

ADVANZ PHARMA are proud to have supported **From Babies With Love (FBWL)** since 2014, a social enterprise baby brand that funds the care of orphaned and abandoned children globally. FBWL have supported 26,000 children in 40 countries to improve their lives and break the cycle of poverty.



3.2 SETTING THE RIGHT ESG FOUNDATION

Building on what we have already established and achieved by delivering our medicines to help people, we want to set the right direction for ADVANZ. Our innate sense of responsibility towards our patients acts as a compass in our ESG journey. As such, embedding the right approach to people, governance, the environment, and our business partners, within our ESG strategy, is the next step to fulfil our purpose.

3.2.1 THE RIGHT PEOPLE

Having a purpose, goal and values will not have the impact we aim for without the right people to bring them to life. It is **important for us to connect with each other and not build hierarchical walls and silos.** For this reason, we foster a working environment in which employees have a sense of belonging, have a voice and are happy at work. We make sure that our employees have sufficient autonomy and champion opportunities for development both within and outside of their function. And perhaps most importantly, ADVANZ is a place where everyone can be their best selves and where diversity and inclusivity are valued.

Thanks to our combined efforts and commitment to build an inclusive and rewarding work culture, we were finalists at the 2021 'Inspiring Workplaces' award and have successfully reached an employee satisfaction rate of 95% in 2020 (compared to 54% in 2018). Owing to our dynamic and positive working culture, we have also managed to reduce our turnover rate from 23% to 10%.

Employee wellbeing

Our employee wellbeing is crucial, as without them, our business would not thrive. As such we have created an environment that **allows flexibility and ensures a healthy work-life balance.** A key way we support the positive culture and mindset is through our local Employee Assistance Programme, Wellbeing Wednesdays, which include no meeting days, mindfulness and resilience sessions for all employees and fully trained mental health first aiders throughout the organisation. In September 2020 we also launched a new agile working guidance which gives employees the option to work up to 3 days a week remotely.

Open Communication

We want to empower and engage our employees. This is why we strive to ensure that **employee contributions are recognized and that all voices are heard.** For this reason, we have a number of measures in place where employees can communicate

with management and other team members, including pulse surveys, focus groups, interviews, and ‘coffee and connect’ sessions. We also keep a constant communication channel with employees through our news bulletin, online Yammer sessions and town halls.

To ensure that we continue to provide innovative ways to interact with employees, we have set up a virtual suggestion box this year which employees can use to share new ideas and initiatives.

ACTIVITY	2020/21
Pulse surveys	4
Focus groups	16
Town halls	12
Yammer sessions	18
Coffee and connect	29
News bulletins	24
Annual ADVANZ week	1



Health and safety during COVID-19

The adaptation to COVID-19 was challenging, as we strived to accommodate to the changing needs, while ensuring that our employees stayed safe. Like many other companies across the world, we had to close all our offices to minimise health risks. **The set-up of the Global Covid taskforce was crucial to**

CASE STUDY

Our response to Covid-19

In March 2020, we had to close all our global offices because of Covid-19, requiring us to adapt to new ways of working from home and using new technology. While our number one priority was the health, safety, and wellbeing of all our employees, we also had to figure out how to support everyone working from home. Our HR and Communications teams faced many challenges, including connectivity difficulties for our Mumbai staff and issues related to remote communication with customers.

As a response, we established a Global Covid workforce that met daily to assess the situation and adapt accordingly. The workforce was formed by representatives from all functions and locations to ensure a global approach. The collated feedback and insights from the taskforce led to a number of support activities, including one-on-one wellbeing checks between employees and HR, WIFI data cards for connectivity issues in Mumbai, financial contribution to broadband, and financial allowance for home-office equipment.

In addition, to promote wellbeing, we organised workshops on remote working and mindfulness, yoga sessions, creative art & resilience activities as well as regular guidance and tips on our internal comms platforms. By retaining the culture that supports all employees we ensured that wellbeing is a priority within the company.

equip all employees with the right information and personal support, to manage the turbulent times.

The taskforce continues to meet once a week to review the impact on employees, patient safety and supply, business priorities and to ensure a smooth and safe return to office.

In addition, we have an ongoing vaccination drive in India, and as of September 2021, we managed to provide full vaccination (two jabs) for 75% of our staff and three of their family members. Altogether, 600+ people were vaccinated from June-September and the dedicated Vaccination Group received a Hall of Fame Award for their efforts and for ensuring that the process was safe and accessible.

Career development

Keeping aligned with our values of entrepreneurship, our aim is to ensure that from the first day, employees have all the **necessary tools to not only deliver exceptional work, but to grow**. Our tailored onboarding process, with a buddy system and mentoring program established in 2021, ensures that every new employee can begin their work with the best resources possible. A performance and growth culture is embedded in our development programs, as are performance reviews, trainings and award schemes, all of which are designed to give employees the opportunity to reach their full potential.

To foster career development across the company, we introduced a new career development program in January 2021 and encourage managers to have at least one meeting per quarter to discuss personal plans with their direct reports. We also hosted five global workshops on personal development. To maintain continuous development, employees have bi-annual performance review cycles, where they have the opportunity to set annual objectives and goals.

We encourage employees to continuously work on their personal development, by conducting internal courses and by using Udemy, an online learning platform. Overall, 16,658 internal courses have been completed this past year and we have 661 active courses on Udemy.

The trainings range from knowledge about regulations, productivity & time management, to writing better emails and developing excel skills.

CASE STUDY

Correvio acquisition

In March 2020 we announced the acquisition of Correvio, a speciality pharmaceutical company with 120 employees. While figuring out how to best assist our employees during Covid-19, we also needed to ensure a seamless integration of these new colleagues. As such, we took on several initiatives. We ensured all employees of Correvio met with their existing managers and HR representatives from both organisations within the first two weeks. This meeting was to provide clarity on what the acquisition would mean for them so that they were clear on their future path.

Throughout the integration we conducted regular employee pulse surveys to better understand where to focus our communication and actions, with the first 3 surveys being completed in the first six months. The survey showed that more than 97% of the respondents understood the acquisition, were positive about the atmosphere in the teams and were proud to be a part of ADVANZ.

The results also showed that the largest part of negative results from our first survey were related to questions about needing more information about the impact of the integration (>5% employees). As a response, we took additional communication actions, including the creation of a microsite on our intranet where employees could find the latest news, regular updates and Q&As related to the integration. We were happy to see that by the next survey, the low scores have diminished to <4%.

To recognize individuals who have made tangible difference and delivered excellence while embracing our values, we have implemented a rewards programme. Employees can win four different awards: Impact Award (annual), Star Award

(monthly), Hall of Fame Award (quarterly) and Change Maker Award (annual). In total, we have given out 87 awards the past year.

We also launched a 'Values Heroes' campaign in October 2020 to celebrate employees who live the company values. We were excited to receive an incredible 217 nominations. The campaign culminated in a week-long range of activities at the end of the year, including live events, a visit from a motivational guest speaker and insight psychometrics sessions. The launch of this formal recognition programme elevated our efforts to recognise and appreciate employees for their contribution, and to ensure that they continue to work with the same level of energy and enthusiasm while working from home.

Diversity

We are proud of our diverse workforce, with people from all walks of life and backgrounds. We believe that the more inclusive the working environment, the better the organisation will be.

For us, **diversity is about embracing our uniqueness and the ways in which we all differ** – it's about valuing and respecting other people while **creating a workplace where everyone can contribute**.

In the past year, we have reviewed our Diversity and Inclusion Policy, hired a new Head of the Diversity and Inclusion and formed a global online inclusion community on Yammer.

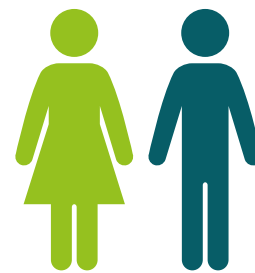


~50% OF OUR EMPLOYEES ARE FROM ETHNIC MINORITY BACKGROUNDS

2019 and 2020/21

With more than half of our workforce based outside of Europe, fostering an inclusive and representative culture is vital. 50% of our Board, and ~50% of our global organisation, are from ethnic minority backgrounds. We continually strive to diversify our leadership positions.

In addition to our cultural diversity, our efforts are also reflected in our gender balanced team, with a near 50/50 gender split across the organization. We are actively working towards empowering women across the organization and our efforts have so far led to women being represented in 30% of leadership positions and 32% of management positions.



~50% OF OUR EMPLOYEES ARE FEMALE

2019 and 2020/21

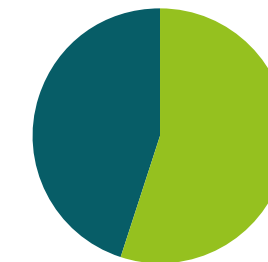
One of our biggest achievements last year was the launch of the ADVANZ Women's Network (AWN), designed to provide opportunities and development for women to grow within the company. After recognising that there were too few women at the leadership and senior level, we put great effort into developing a vision and mission and put in place real initiatives to support them, including mutual guidance, mentoring, coaching and professional development programs.

As a result, women have the opportunity to gain the right skills, knowledge and confidence to achieve their aims at ADVANZ.

In 2020/21, we held our first AWN events, including a 10-hour programme over two days and 4 virtual trainings. Once the personal development workshops were done, we followed up with multiple surveys which highlighted the positive impact and progress achieved thanks to the workshops.

To further help empower our female employees and to broaden our network, we also became a member of the Healthcare Businesswomen's Association (HBA). HBA is a global non-profit organization dedicated to furthering the advancement of women in healthcare worldwide.

Our next goals are to establish an Indian chapter of the HBA, and to increase the low female representation in our Mumbai office which currently stands at 28%.



55% OF ALL PROMOTIONS SINCE MARCH 2020 WERE OF FEMALE EMPLOYEES

While we do our utmost to communicate with our employees about any potential issues and take preventive actions against inappropriate behaviour, the occurrence of a misconduct is still possible.

For this reason, employees can make use of our whistleblowing procedure to report such misconduct to the management. As of 2021, there have been zero reported incidents of misconduct, discrimination, or harassment.



CASE STUDY

Women development workshops

“

Just finished completing the survey, I could see a massive difference in regards with my knowledge about the concepts between this survey and the first one. The training was really effective. This massively brilliant training will enhance not only our leadership skills, but also be mindful of concepts such as unconscious bias, imposter syndrome and so many others in our professional and personal life. I feel this training is a life changing.

“

Last night I wrote up a journal and added all the notes that meant something to me. I now have an action plan which consists of my first steps which are to come out of my comfort zone and build up confidence in certain aspects of my role at work.

“

This workshop has played an immense role in the preparation towards my interview for the new role. I realised my imposter feelings which would stop me from giving my best, worked on them. I challenged myself outside my comfort zone to ask for help from senior colleagues, focused on growth mindset, identified my leadership style, prepared thoroughly which added to my confidence.

I was not worried about the outcome instead was very happy that I did not leave any stone unturned to prepare and showed my capabilities in the right way for the role applied.

FEEDBACK FROM AWN WORKSHOP ATTENDEES

3.2.2 THE RIGHT APPROACH

Governance commitment

Our approach to governance and compliance is aligned to our values of **openness** and **integrity**. Across the entire organisation, we take our commitment to doing the right thing very seriously. At the cornerstone of our governance is our Code of Conduct, which sets out our mandatory expectations for all our management, staff and business partners.

This belief stems from the top of the company, with the Board of Directors setting high expectations for good governance. In 2014, the Board of Directors mandated to the ADVANZ Executive Team to ensure the company had a first-class governance system. This spurred on the Compliance Team to implement an Anti-Corruption and Bribery (ABC) management system, and we soon became the first pharmaceutical company to be certified to the British Standard for ABC (BS 10500). With the release of the ISO37001 international anti-corruption standard in 2016, we became the second pharmaceutical company worldwide to achieve certification. We continue to uphold the certification of this standard across all our main offices.



**THE FIRST
PHARMACEUTICAL
COMPANY TO
ACHIEVE BRITISH
STANDARD 10500
COMPLIANCE
ACCREDITATION**

We are regulated and subject to inspections within the jurisdictions we operate. This includes the UK's Medicines & Healthcare products Regulatory Agency (MHRA) and the US Federal Drug Authority (FDA). We cooperate with and fully support the effective work of regulators. The most recent 2021 MHRA inspections did not identify any critical findings. We further bolster our governance codes and practices with a number of additional actions in place. Our compliance department monitors legal compliance, and all our legal policies are verified with specialist law firms to validate their compliance with local legislation.

We provide mandatory training to all employees on Code of Conduct, ethics and information security at induction and annual refreshers, so we become, and remain, fully aware of our responsibilities. If an employee believes that a compromise of the Code of Conduct has occurred, they are supported in reporting this through our independently managed whistleblower portal. Any reports are invested with utmost importance and respect of the privacy of the reporter. In 2020 and 2021 there were no such incidents reported.

Regulations and compliance:

- UK's Medicines & Healthcare products Regulatory Agency (MHRA)
- US Federal Drug Authority (FDA)
- EFPIA Code of Practice
- HHS-OIG Compliance Program Guidance for Pharmaceutical Manufacturers
- ABPI Code of Practice for the Pharmaceutical Industry
- Good Pharmaceutical Practice (GXP)

Information Security

As with all industries, information and data has become an integral part of doing business, but also a vulnerability, if not managed correctly. We are increasingly operating in a digital sphere and our growth strategy includes further digitising and automating how we do business processes. With our staff, vendors and customers spanning multiple time zones and continents, **we rely on digital communication to do business.**

With this digital innovation comes data responsibility, especially since we work with sensitive data. Therefore, we have adopted strong IT security and data management policies. Our information management system (IMS) is compliant with the EU General Data Protection Regulations (GDPR), which ensure personnel data is protected.

We are fully aligned to ISPE GAMP 5, which is the internationally recognised best practice for computer systems within the pharmaceutical manufacturing

industry. Our IT security policies include using the best-in-class hardware, software and cloud computing services, conducting internal IT security training and awareness programmes, and completing external audit reviews of our IT systems. Working within the GAMP 5 framework, any indicants, no matter how minor, are subject to root case analysis to identify the cause and prevent reoccurrence.

3.2.3 THE RIGHT ENVIRONMENTAL AMBITION

As a virtual pharmaceutical company, we do not manufacture products ourselves and our workforce is based in offices. Therefore, **our direct environmental impact is low**, mainly arising from electricity and material usage and disposal from our office activity. However, this does not negate the fact that there is an environmental footprint to our outsourced manufacturing, or other indirect business activity such as business travel.

Our staff are intrinsically aware of making a positive impact on the environment and we have spearheaded many initiatives to reduce our environmental impact.

- For UK based employees, we have introduced a Cycle to Work scheme to encourage staff to leave their car at home and cycle to the office.
- Recycling facilities have been introduced in our London and Mumbai offices, separating out plastic, glass, aluminium, card and paper from our general waste.
- In Mumbai, our "Go Green" initiative means working with a local company to recycle our paper waste back into pencils and notebooks, which we then use as stationary.
- We have a policy of reducing our paper usage in our offices, which was slowly improving over time. However, the remote working required by COVID-19 has seen this policy come into fruition and up to 80% decrease in paper usage has been noted. We aim to continue this policy and momentum as offices reopen.
- We are focused on reducing our air travel year on year.

Greenhouse Gas Emissions

We have calculated our greenhouse gas (GHG) emissions from both our operations (Scope 1 and Scope 2) and for part of our supply chain (Scope 3). Calculations were prepared in accordance with the Greenhouse Gas Protocol Corporate Standard and location-based calculations are presented. We do not directly manufacture or transport any of our medicines, and therefore we have a small Scope 1 footprint, attributed to company cars only. In 2020 this stood at 15 ton CO₂eq, down from 58 ton CO₂eq in 2019. The reduction was due to less driving during Covid 19.

Our offices are leased, and the availability of quantitative electricity usage data varies between premises. Offices in London, Sydney and Dublin have accurate meter readings, but for the other offices, Scope 2 emissions were calculated based on office size. Mumbai accounted for approximately 75% of overall Scope 2 emissions each reported year. Despite employees working from home for the majority of 2020, there was no recorded significant decrease in electricity usage. The small increase in 2020 to 619 ton CO₂eq, up from 605 ton CO₂eq in 2019, is attributed to the inclusion of offices in Germany, France and Switzerland in the calculations. In total, 5 out of our 8 offices use electricity derived from renewable sources.

Scope 3 emissions refer to indirect emissions in the supply chain. We have calculated the emissions for business travel (category 6) and electricity transmission and distribution losses (Category 3). The decrease in Scope 3 emissions in 2020 was due to cessation of business travel brought about by Covid-19.

Carbon emissions⁶

	UNITS	2018	2019	2020
SCOPE 1	Ton CO ₂ eq	53	58	15
SCOPE 2	Ton CO ₂ eq	616	605	619
SCOPE 3*	Ton CO ₂ eq	1,035	971	357
TOTAL	Ton CO₂eq	1,704	1,634	991

⁶ This data includes the direct emissions of our scope 1, 2 and 3 operations, but it does not include the indirect scope 3 emissions of our contract manufacturers who make the medicines, and our logistics providers who transport our medicines to patients in ~100 countries around the world. We are investigating how to measure and include those indirect scope 3 emissions in future reports.

* business travel (category 6) and electricity transmission and distribution losses (Category 3) only.

***WE BUILD GREAT
TEAMS WHO MAKE A
DIFFERENCE TO THE
LIVES OF OTHERS***

CHAPTER 4

OUR PLANS FOR 2021/2022

OUR AIM IS TO FURTHER OUR ESG AMBITIONS THROUGH OUR NEW GLOBAL STRATEGY.

HAVING A STRONG FOUNDATION IN OUR SOCIAL AND GOVERNANCE EFFORTS, IN 2021/22 WE WANT TO FOCUS ON MAXIMIZING OUR POSITIVE IMPACT, WHILE MINIMIZING OUR NEGATIVE ONES.

TO THIS END, WE AIM TO:

ONE
EXPAND OUR WOMEN'S NETWORK AND HELP CREATE A NEW BRANCH OF THE HBA (HEALTHCARE BUSINESSWOMEN'S ASSOCIATION) IN INDIA

TWO
REDUCE ENERGY CONSUMPTION AND BUSINESS TRAVEL

THREE
MEASURE GHG EMISSIONS GLOBALLY AND IMPLEMENT A YEAR ON YEAR REDUCTION PROGRAMME TO ACHIEVE NET ZERO BY 2027

FOUR
ASSESS THE ESG PERFORMANCE OF OUR SUPPLIERS

FIVE
FOCUS ON MORE ACTIVE CHARITY SUPPORT AND ALLOW ALL STAFF A DAY OFF TO VOLUNTEER AND GET INVOLVED LOCALLY

APPENDIX

PERFORMANCE INDICATORS

Metrics aligned with the ESG Data Convergence Project are in emphasised in **bold**.

TOPIC	UNITS	2019	2020
ENVIRONMENT			
Scope 1	Ton CO2eq	58	15
Scope 2	Ton CO2eq	605	619
Scope 3*	Ton CO2eq	971	357
SOCIAL			
Head Count (FE)	#	429	556
Permanent	#	429	551
Employee Turnover rate	%	23	10
Employee Awards	#	12	84
Employee Survey	Y/N	Y	Y
Average Satisfaction rate	%	54	90
Employees on Accelerated Career Development Plans	%	10	35
Lost Time Incidents (LTI)	#	0	0
Work Related Injuries	#	0	0
Work Related Fatalities	#	0	0
Days lost due to WRI	#	0	0
Diversity			
% Female	%	46	45
% Female management	%	36	32
% Board Female	%	12.5	30
% Non-white members leadership	%	12.5	11
Reported cases of discrimination/harassment	#	0	0
GOVERNANCE			
Whistleblowing Hotline	Y/N	Y	Y
Information Security			
Minor reported incidents	#	0	2
Serious reported incidents	#	0	0
Ethics			
Minor reported incidents	#	0	0
Serious reported incidents	#	0	0
External Business Accreditations			
ISO Accreditation	Y/N	Y	Y



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