

Acting today for a
**People
Partners
Planet**
Sustainable Tomorrow

People



Planet



Partners

2022

**Sustainability
Report**

ZENTIVA



About this **REPORT**

Welcome to Zentiva's Sustainability Report 2022. This report is presented for the Zentiva Group a.s., based in Prague, Czech Republic, and headquarters of Zentiva's Group of companies, it spans Zentiva's products, services and operations within the 2022 fiscal year.

Scope, Material Topics, and Boundaries

Zentiva's Sustainability Report 2022 is a non-financial disclosure published annually. The first and most recent Sustainability Report 2021 was published in September 2022. This 2022 disclosure was prepared with reference to the Global Reporting Initiative (GRI) standards. It also includes an initial analysis in line with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations Framework. The report also serves as our Communication on Progress (COP) for the UN Global Compact (UNGC).

Through our non-financial reporting, we describe our management and performance of environmental, social, and governance (ESG) topics. Our disclosures focus on the content that has been deemed most material to our business and stakeholder groups during Zentiva's materiality assessment performed in mid-2022. This report mainly covers data from 2022. Wherever possible, it also presents a series of data over three years (2020, 2021 and 2022) to make the information transparent, relevant, and comparable.

The data presented in the report is consolidated at Group level and covers all Zentiva's operations, except from Ukraine, whose office was closed in February 2022 due to the geopolitical situation.

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Message

FROM THE CEO

My journey as CEO of Zentiva only started in May 2023, but I have already discovered a strong sense of responsibility and commitment to further embed sustainability within our healthcare company.

More than 100 million people in Europe and beyond trust in Zentiva medicines to help them manage their medical conditions and improve their health. As a leading developer and manufacturer, we ensure the supply of those high-quality and affordable medicines to the people who depend on them. We do that in a healthy and sustainable way, with encouraging results which we have already achieved in diversity, equity & inclusion, environmental protection and broader stakeholder engagement.

On the 1st of October, 2022, Zentiva hit four years of being an independent company and has made significant progress on its growth pathway. The business is fully functional, self-standing, competitive, compliant and growing.

The footprint of Zentiva, at the end of 2022, includes 31 subsidiaries and 7 branches with active operations across 35 countries, supported by a team of almost 4,800 people.

Doubling the size of the Company in four years is a good milestone and a testament to the hard work and dedication of the Zentiva team and the close support of the Shareholders, Board and Advisors.

Zentiva continues to make a significant contribution to public health across Europe and beyond, by developing, manufacturing and supplying high-quality, affordable medicines. 2022 was no exception to this while we have faced new and disturbing risks to our society, to our way of life and to our planet.

Global supply chains were challenged by the direct and indirect consequences of the war in Ukraine as well

as the lockdowns in China in response to Covid. As inflation rates increased across Europe and the globe, several aspects of our business model were impacted. Zentiva was able to successfully and responsibly overcome the inflationary pressures and continue to drive profitable growth. Energy pricing and supply has also been a pressure point in 2022, and elevated prices continue to persist into 2023. Zentiva has proven one more time, that we offer exceptional value for money to both payers and patients.

Our team is the driving force behind the Company and our SuperpowerZ guide our actions every day – to be Fast, Lean, Creative, Connected, Inclusive and Responsible. We have a highly engaged team with a strong engagement index of 83. We have a productive and trustful partnership with each of our employee organizations and trade unions.

We are proud to have received the Top Employer certification in the Czech Republic, and in Romania for the first time. These are our main markets where we employ more than 60% of our workforce. On top of this, we were successful in achieving the certification as a Great Place to work in 5 countries: United Kingdom, Poland, Serbia, Slovakia and Italy. We regularly measure the heartbeat of our #WinningTeam through engagement surveys.





Our team is the driving force behind the Company

Sustainability is now embedded into the business strategy and the governance has been implemented at Executive Level. Encouraging progress has been made during the year, and we have formalized our commitments.

Our main goal is to be carbon-neutral as a company for scope 1 and scope 2 emissions as the main part of our comprehensive climate strategy defines our actions. To achieve this, we further invest resources into our efficiency programmes for energy and electricity, water and waste. Everyone on the team is contributing to give support to the communities around us and to our Biodiversity projects.

This report shows the main achievements, milestones and our ambitions for the years to come. I am currently discovering the full scope of actions that are in place and see real projects with relevant outcomes and not just paper commitments.

On behalf of Zentiva, I would like to thank our partners for their valued collaboration, the Healthcare Professionals across Europe for the wonderful care they provide us all and the Zentiva team for working with determination and agility to help deliver as many medicines as possible to people who depend on them in the very challenging year of 2022.

2023 will be an exciting year for Zentiva based on a strong momentum out of 2022. A pathway to further double Zentiva's business in the next 5 years has been endorsed by the Zentiva Advisory Committee – that foresees strong and sustainable organic growth, combined with targeted acquisitions in key geographies and therapeutic franchises.

Steffen Saltoft
CEO



Acting today, for a **SUSTAINABLE TOMORROW**

At Zentiva, we continue to drive the Sustainability Roadmap around the 3 pillars we have defined: People, Partners and Planet. We involve everyone in our company as we believe that every small step and every small contribution counts. We can only achieve that as a powerful community. I am proud to lead that journey and help Zentiva further growing to become an even stronger high-performing, inclusive and sustainable European pharmaceutical company.

In 2022 we implemented our new governance structure. At the beginning of the year, I was appointed to lead Sustainability on top of my responsibilities for HR and Communications and with that step, we have institutionalized Sustainability at Executive Level. To be successful it requires good collaboration at all levels, and I am thankful that my peers contributed to our Sustainability Strategy, while at the same time anchoring Sustainability in their objectives as well.

Together we have successfully implemented the 10 Key 2022 Sustainability Goals as published in the 2021 Sustainability Report.

In terms of People, we strengthened our Diversity, Equity and Inclusion approach and joined the Diversity Charter in the Czech Republic. The company has now signed the charter in its biggest locations, Romania and the Czech Republic where we employ more than 60% of our total workforce. Our team in Slovakia is a member of the Diversity Charter in their country as well.

At the end of the year, we have achieved what we call a healthy gender balance across the organization. Looking at the entire workforce, we record 52% of female employees and 48% of male employees. Looking at the managerial job positions, we count 46% of female managers and 54% male managers. This is encouraging us to do more towards a healthy gender balance at all managerial roles and go beyond the gender topic as we believe Diversity is a great strength of Zentiva.

Our #WeHelpOthers programme finished with more than 100 activities across the company. It is so wonderful to see how many different ideas and approaches were taken, all with the same goal to help people in need. A sad highlight in 2022 was our #WeHelpUkraine project.

Regarding our partners, we made a milestone decision and joined the UN Global Compact on human rights, labour, environment & anti-corruption. On our way forward, we will embed the 10 principles and the 17 Sustainability Development Goals in Zentiva.

2022 was a year of a stronger governance focused on an updated Risk & Materiality Analysis, better best practice sharing and collaboration between different teams. This helps us to further move on with our responsible sourcing programme, reviewing our Top 80% of suppliers and exchanging our views on Sustainability in a more structured way.

Our projects in the Planet pillar had a strong impact.

While our European Manufacturing sites are already sourced by 100% renewable energy, we could increase the deployment of renewable energy in our manufacturing site in Ankleshwar, India. We continued our reforestation programme by planting another 100 000 trees and strengthen our efficiency programmes, delivering reduction in CO², energy and electricity, water consumption and waste management. For the first time we extended our work to scope 3.

With the Sustainability Report 2022, we share with you the details of our achievements together with some highlights as we bring them to life via the engagement of our people. In one more year, we have made encouraging progress and I want to thank all of you who contributed and supported us on our journey. At Zentiva, we make the difference as we act today for a sustainable tomorrow.

Anes Windisch
Head of HR, Communications & Sustainability

*There is only one planet.
Let's make sure that future generations can enjoy life as much as we do.'*



Key achievements 2022

Under the
People
pillar, we formalized the
following topics:

Under the
Partners
pillar, we worked on the
following topics:

Under the
Planet
pillar, we addressed the
following topics:

We increased the deployment
of renewable energy in
Ankleshwar



We significantly improved our safety
performance

Zentiva Czech Republic signed the Diversity
Charter on top of Zentiva Romania
and Zentiva Slovakia
who are already members



DEI was fully embedded
into the HR processes for
Talent attraction, Hiring
and Onboarding

We deployed solar
panels at our
manufacturing site
in Bucharest

We joined the UN Global
Compact and embedded the
10 principles in Zentiva

We planted more than
100 000 trees



#WeHelpOthers had a
record year with almost
100 activities

We reduced our carbon
emissions and electricity
consumption

Our efficiency programmes on water and waste were successfully implemented and we report a reduction in 2022



A roadmap to a healthy gender balance in managerial roles by 2026 has been built

We refreshed our Risk and Materiality Analysis



Learning – Caring – Winning was our motto in 2022 to engage people into our agenda

Our European manufacturing sites are powered by 100% renewable energy



We reviewed the Top 80% of our suppliers under our responsible sourcing programme

We trained 100% of our people on Code of Ethics


We intensified our Stakeholder dialogue

We analysed and verified our 2022 carbon footprint for scope 1 and scope 2 and for the first time for scope 3

Our policies are published on our website www.zentiva.com under the **Commitment menu** and on all our affiliate websites.







**OUR MISSION IS TO ENSURE THE
SUPPLY OF HIGH-QUALITY AND
AFFORDABLE MEDICINES TO MORE
THAN 100 MILLION PEOPLE IN EUROPE
AND BEYOND WHO DEPEND ON OUR
PRODUCTS EVERY DAY.**

*We do that in a healthy
and sustainable way.*

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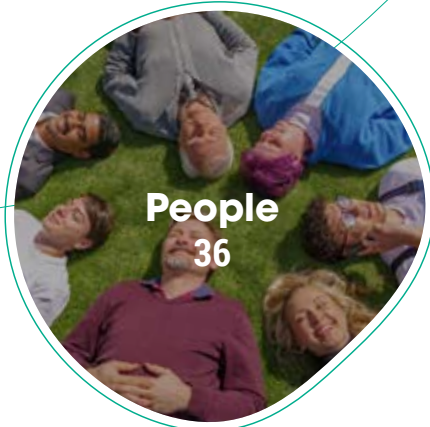
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Ability

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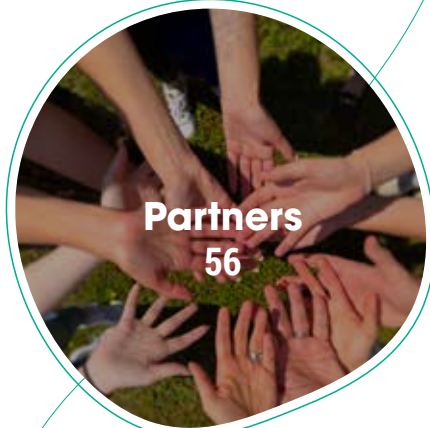
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ZONTIYA

At a glance



Our

PURPOSE

*When Zentiva does well,
more people get the medicines they need*



Health is precious

Our families, our friends,
our communities, our world

*4 800 team members
working for the patient*

... based on trust, quality, affordability,
accessibility and compliance

We all joined and work for Zentiva to ensure the supply of high-quality and affordable medicines to people in Europe and beyond, who depend on our products every day. More than 100 million people trust Zentiva and this makes us proud. We know when Zentiva does well, even more people get the medicines they need. We are aware of our responsibility towards our family, our friends, towards communities and our world.

We work based on **trust, quality, accessibility, and compliance.**

Zentiva continues to make a significant contribution to public health across Europe and beyond, by developing, manufacturing and supplying high-quality, affordable medicines. 2022 was no exception to this as we faced new and disturbing risks to our society, to our way of life, and to our planet.

In 2022, Zentiva continued its strong growth journey whilst showing further resilience in the face of external developments that no one imagined before. Global supply chains were challenged by the direct and indirect consequences of the war in Ukraine and by the lockdowns in China in response to Covid. Costs were rising following inflation rates and energy prices. Through close collaboration with our partners, customers and our colleagues, we were able to navigate the year without negative business impact. Our sense for risk and our agility to adapt helped us to focus on the most important:

To deliver on our purpose!

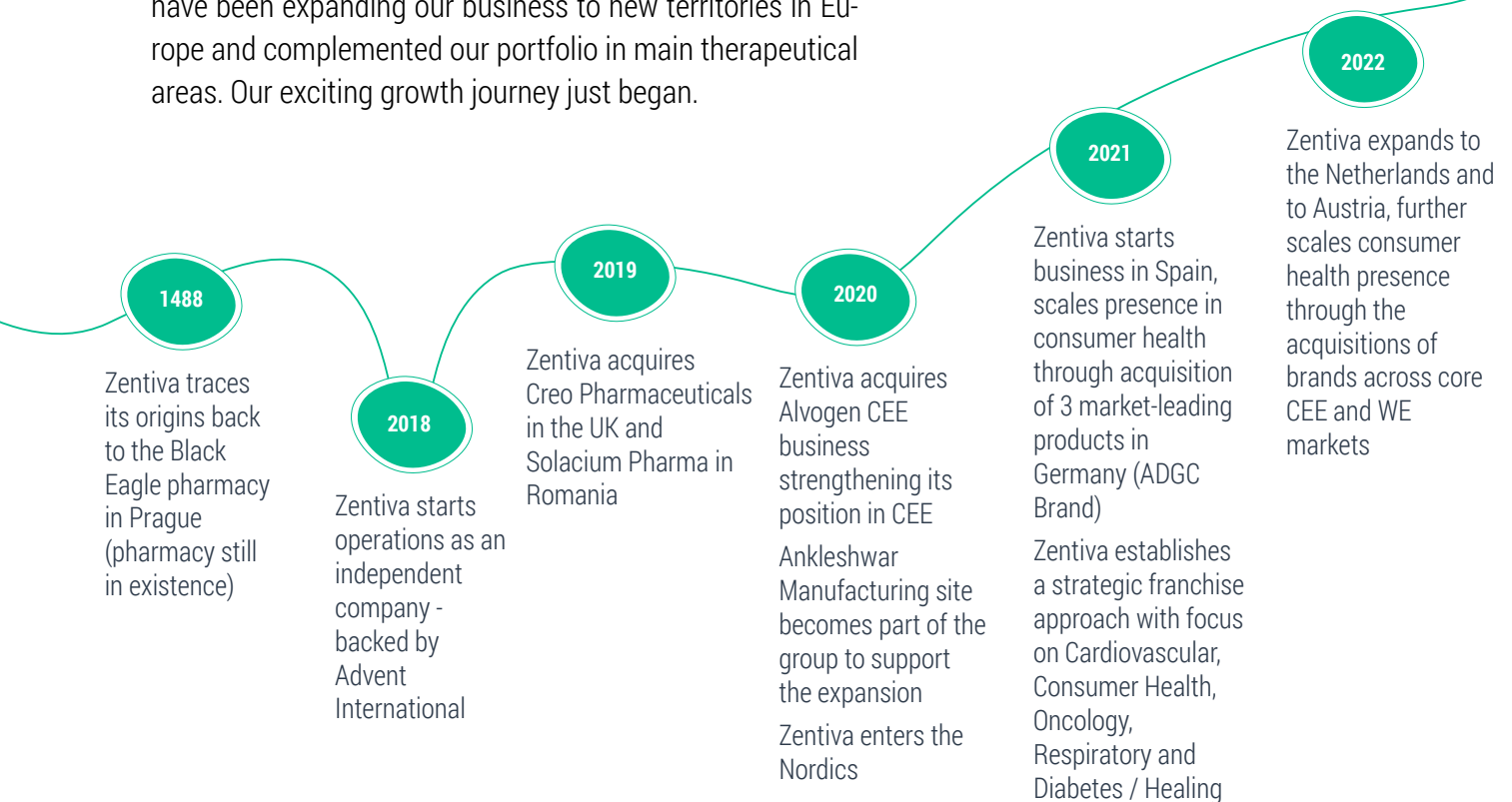


Zentiva's Purpose

Our ROOTS

Zentiva's roots reach back more than 500 years to a small pharmacy, called Black Eagle, that still exists today in the heart of Prague, Czech Republic. Today, five centuries later, Prague is still the heart of operations as the global headquarters for Zentiva. In Prague, we are leading the operations of 31 subsidiaries and 7 branches with active operations across 35 countries, supported by a team of almost 4 800 people. The diversity of our team is a great strength, and we are all united in our purpose to ensure the supply of high-quality and affordable medicines to the people in Europe and beyond who depend on them every day.

Back in 2018, Zentiva became an independent company, backed by Advent International. From 2020 onwards, we have been expanding our business to new territories in Europe and complemented our portfolio in main therapeutical areas. Our exciting growth journey just began.



Within four years we were successful in doubling the size of the company, expanding our geographical footprint to all of Europe, covering main therapeutical areas and standard treatments. By offering our products and services at a high-quality, and at the same time an affordable price, we make a huge contribution to public health.



Prague is still at our heart

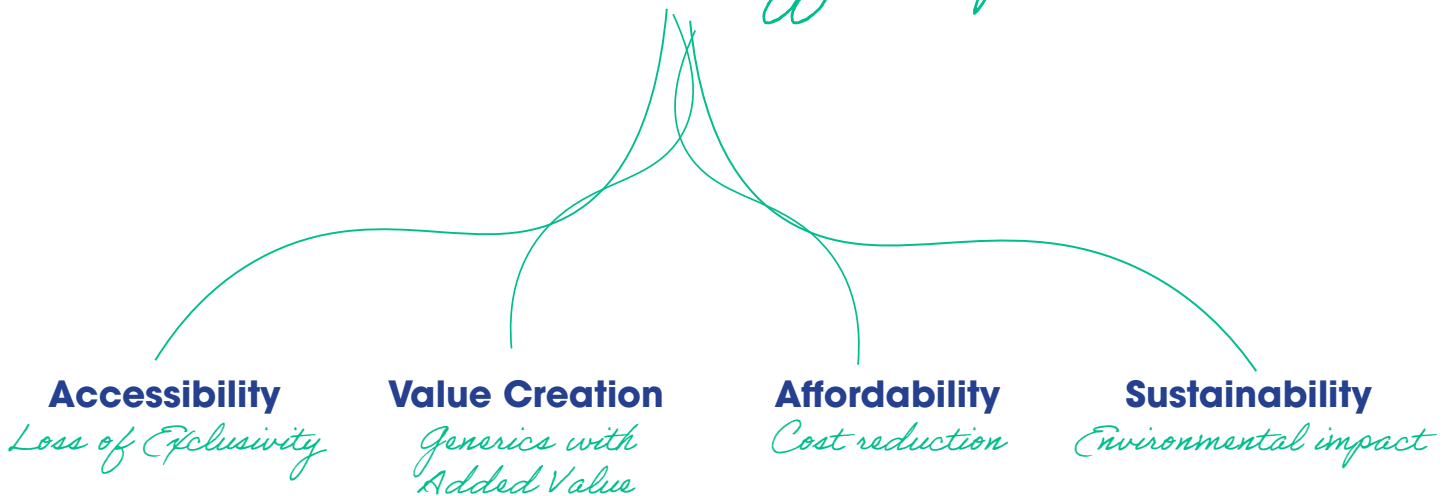
We

DEVELOP

As a leading manufacturer of generics, our business model is focused on the accessibility and affordability of our products. This doesn't hold us back from using our know-how to invest into research that is focused on improving the value and quality of life for patients and consumers.

Zentiva has two R&D centres in Prague and Ankleshwar. Our R&D team applies cutting edge methodologies to develop and actively manage the lifecycle of active pharmaceutical ingredients, drive innovation in drug product formulation and bring bioequivalent and value-added medicines to European regulators for review and approval. Additionally, we actively look for ways to save costs and reduce our carbon footprint during manufacturing and delivering.

Our Innovation strategy *is based on 4 different pillars:*



In 2022, our Development team reached a milestone with the introduction of Zentiva's first Value-Added Medicine (VAM) ever. Dasatinib registered in UK and EU countries is a life-saving oncology treatment which delivers the active ingredient irrespectively of the acidity in the stomach altered by natural condition or concomitant medications. Dasatinib is used to treat people with chronic myeloid leukaemia and people with acute lymphoblastic leukaemia who are positive for the Philadelphia chromosome.



The internal capability of our team is augmented by a network of academic partnerships including the flagship 'The Parc' programme and the 'Open Innovation Programme'.

About The Parc

Zentiva is a founding member of The Parc (The Pharmaceutical Applied Research Center), a pharmaceutical research platform offering a postgraduate programme that is based on collaboration between academic and industrial partners. It allows to solve real problems directly connected to some of today's major challenges and implement results into real products. During the 4 years of The Parc's existence, there were 37 graduates who were remarkably successful and found employment in Zentiva, other Czech Republic companies and abroad. There are 32 students studying for an industrial doctorate there as of the end of 2022.

About our Open Innovation Programme

Our experts continue to explore new ways to improve current pharmaceutical products, simplify administration, increase patient compliance and keep healthcare accessible to everybody. Innovation means collaboration, and we join forces with those who share the same commitments and ask the same questions. With our Open Innovation Programme, we can make the difference together.



We

PRODUCE

More than 100 million people trust our products.

About 50% of the Zentiva team is working in our Industrial Operations to ensure medicines supply.

Zentiva's has four wholly owned manufacturing sites:

- Our Prague site in the Czech Republic, with more than 90 years of experience
- Our Bucharest site 1, with more than 60 years of experience
- Our Bucharest site 2, in Romania, acquired in 2020
- Our Ankleshwar site, in India, acquired in 2020

The sites manufacture more than 70% of Zentiva's product supply, the balance coming from our network of more than 250 supply partners.

All sites are driving Sustainability programmes, targeting carbon neutrality for Scope 1 and Scope 2 by 2030 and constantly strengthening their efficiency when it comes to energy and electricity, water consumption and waste management.

While the European manufacturing sites are already sourced by 100% renewable energy, we are reaching 60% for our Ankleshwar site in India, and looking for options to further increase this share.

The Zentiva manufacturing sites combine well with our manufacturing and supply partnerships to produce a good cost of goods base that supports our performance. This is key in the three key market archetypes in Europe – Physician Driven, Pharmacy Driven and Key Accounts/Tender Driven. We operate a highly flexible manufacturing footprint and are well positioned to continue to improve our customer service level across the supply chain. We have ensured the right level of capital investment across our network supporting us in accommodating the volume growth in our mid-term plan.

*Our
Industrial
Network*



Prague



Bucharest



Ankleshwar



Celebrating 60 years

of being a trusted healthcare partner in Romania



2022 was a special year for Zentiva Romania. The Zentiva site in Bucharest, a flagship manufacturer within the company's own production network which employs 725 people and produces 131 million packages of medicines a year, celebrated 60 years of uninterrupted operations. It is the leader on the Romanian generics market.

The anniversary was dedicated and celebrated with employees and external stakeholders. For this occasion, the Romanian team created a concept that was used throughout 2022 in the entire communication and projects, connecting its history, mission and future. A simple and powerful symbol of infinity was integrated into the anniversary logo and the visuals, as a symbol of our strategy and commitment for being sustainable.

The whole campaign was run under the anniversary motto:

"Tomorrow's health stays in today's care".



The celebrations started with internal events and the whole location in Bucharest was decorated with dedicated branding, showing the most important aspects that contributed to the success of Zentiva Romania: their people, their products, their investment in technologies, their production facilities as well as their care for the environment. The local intranet site was filled in with information about the projects and campaigns under the anniversary umbrella. An external online campaign was launched and later on, a press conference and a plant trip for media was held.





Being a winning company also means caring and helping the ones in need. Therefore, Romania also launched the anniversary campaign with an ambitious CSR campaign - 60 good deeds. The team proved once again that they are a caring and generous team - more than 700 good deeds were done, such as cooking, planting trees, donating books or money - 10 times more than originally planned.



While celebrating its heritage and history, Romanian colleagues keep concentrating on sustainable future to ensure the supply of medicines to people who rely on them every day.



Sănătatea de mâine stă în grija de azi.

Credem că fiecare român merită tratamente moderne, de înaltă calitate, accesibile.

247 branduri

178 molecule

Nr. 1 în volume pe piața din România

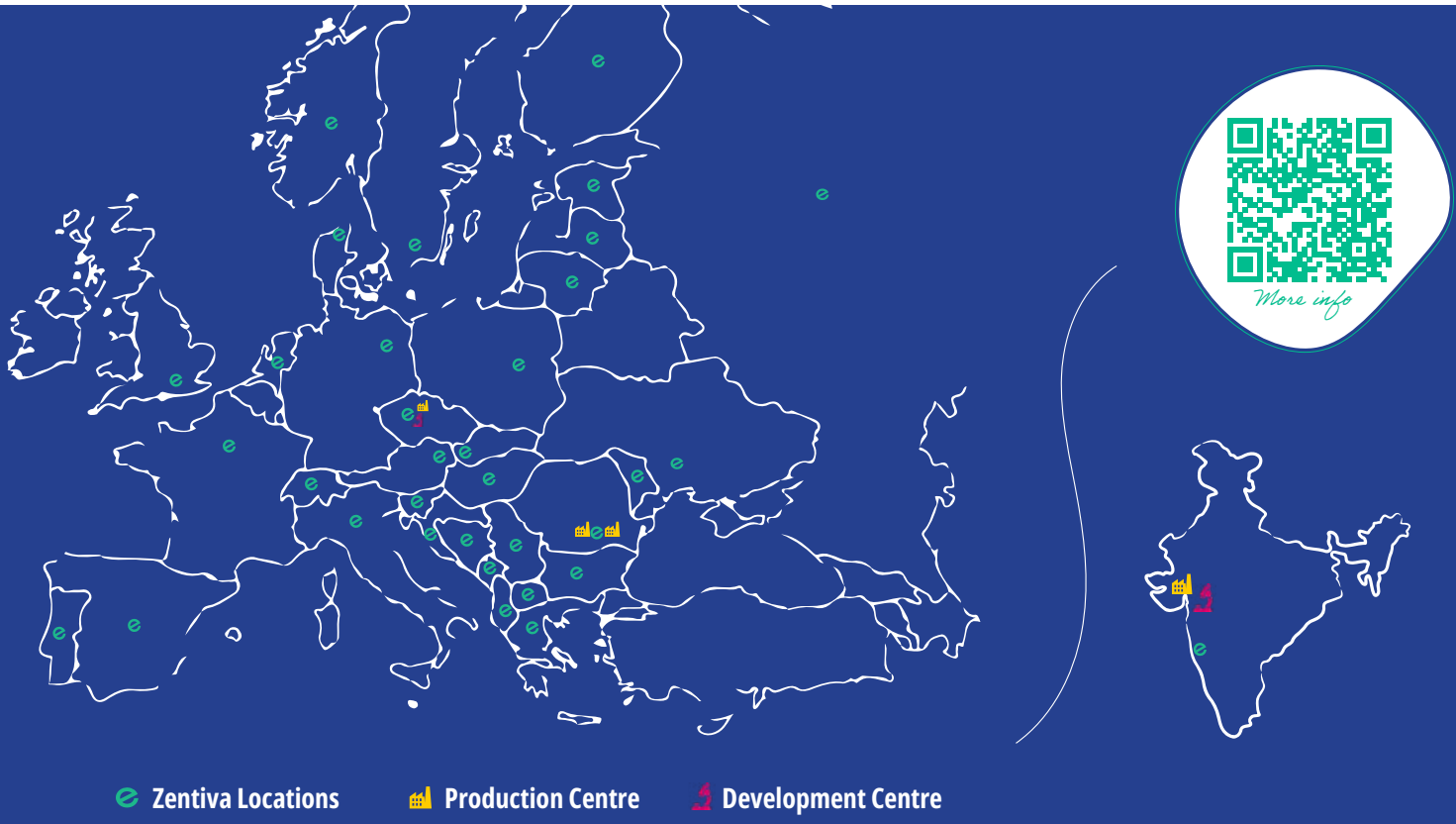
Nr. 1 în spitalele din România

www.zentiva.ro

We SERVE

In 2022, we finalized our expansion to the Netherlands and started operations in Austria. Furthermore, we scaled our consumer health presence through the acquisition of brands across core Central Eastern European and Western European markets.

Today, Zentiva operates in 35 countries with a network of 31 subsidiaries and 7 branches. More than 1 900 commercial team members serving physicians, pharmacists and healthcare decision makers every day. 152 molecules and combinations were launched in 2022, opening affordable access to high-quality medicines.



Zentiva Locations Production Centre Development Centre



44%



27%



29%

% denotes the share of net sales in 2022 across the three archetypes



Zent2U - our B2B business

At the heart of our growth plan, we have placed Zent2U - our B2B business. As cost leaders in Cardiology, Urology, Oncology and Neurology and specialized in Hormones, Steriles and Pellet technologies, we are working towards a broader access of high-quality and affordable medicines. We demonstrate a high operational intensity, transferring over 80 products per year and benefit from our development and global regulatory experience.

Zent2U is offering:



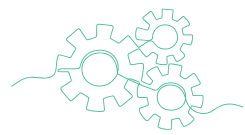
Development
Services



Out-licencing



Active Ingredient
Sales



Contract
Manufacturing

More information on www.zent2u.com

We

CARE

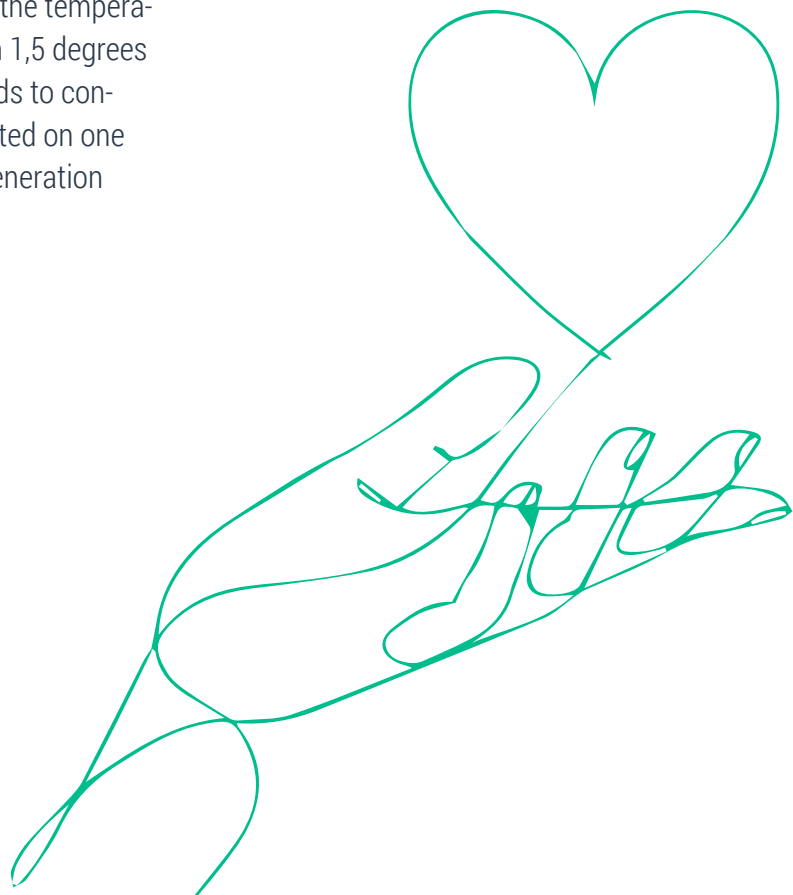
'We care' is synonymous with the execution of our Sustainability Strategy. We focus on our three pillars and are committed to care for our people and the people we serve, for our partners and for our planet.

With our governance implemented, led at the executive level of the company, we are proud to have established Zentiva's Sustainability Strategy with its short-, mid- and long-term goals following the principles of E (Environmental), S (Social) and G (Governance). Coming from deep analysis of defining our materiality and studying risk, we implement the roadmap towards a sustainable future.

It is well understood that the growth of global economies and the industrialization are directly impacting the future of our planet. We agree with the goals of the Paris Agreement that is addressing the climate change and is placing the temperature increase by 2050 to no more than 1,5 degrees Celsius. We believe that everyone needs to contribute to their best abilities, being united on one goal: We want to ensure that future generation can enjoy life as much as we do.

Being a manufacturer of high-quality and affordable medicines, Zentiva is generating carbon emissions and is aware of its impact on the environment. We want to undertake the challenge and play a vital role by joining the global movement and actions to reverse climate change that can save our planet. These thoughts are the foundation of our climate strategy that is guiding us.

We put Sustainability as an integrated and fundamental part of our Business strategy. We believe that with the right governance and transparent ethical and compliant standards we can make the difference. In the following chapters, we proudly present our achievements in 2022. At the core of our work lies the risk and materiality assessment that sets the scene for Zentiva.





We Care for our people and the people we serve,

For our partners and for our planet.

Our

SUSTAINABILITY AGENDA

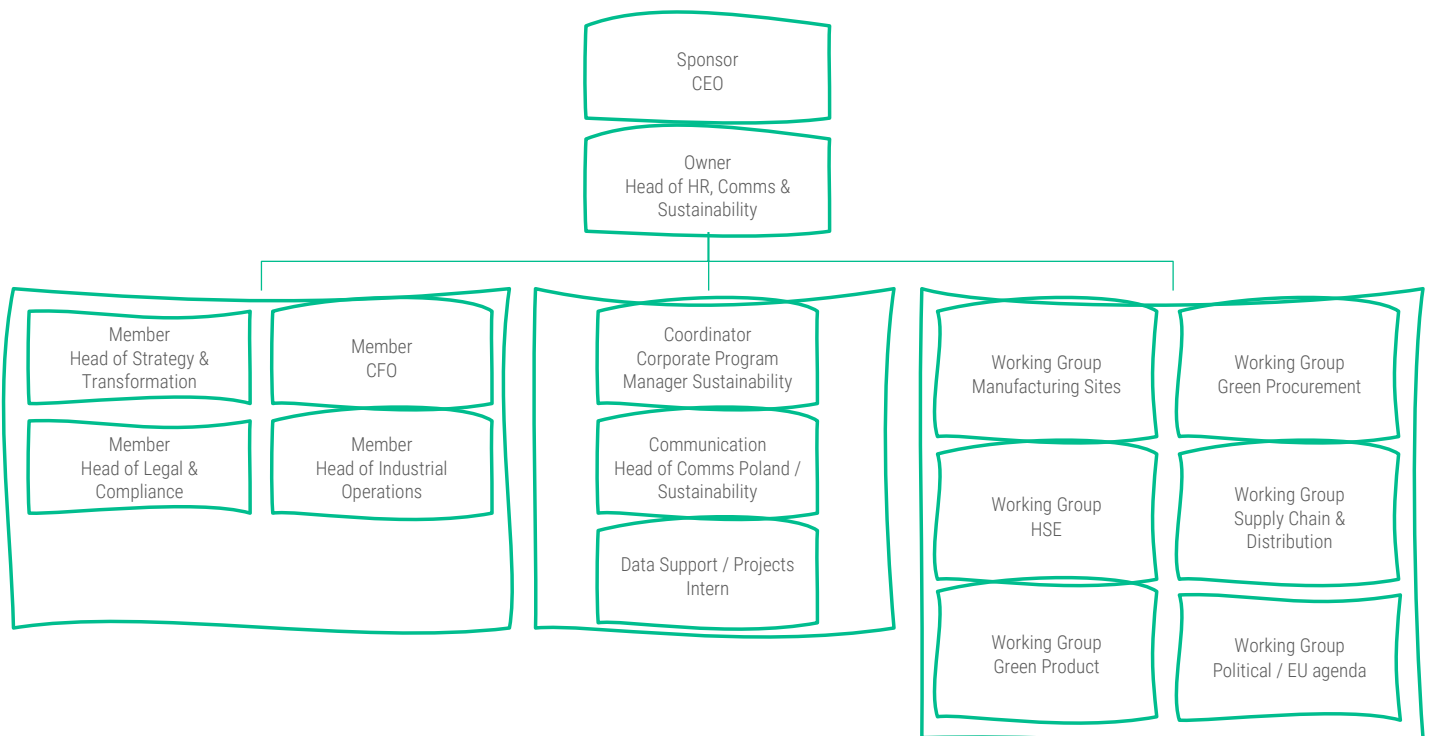
We drive the Sustainability agenda as community approach. Everyone in the Zentiva team can contribute with their own ideas and at their best abilities.

Sustainability is anchored at the Executive level and the strategy is defined and reviewed in the Sustainability Steering Committee (SSC). The SSC is sponsored by the CEO and owned by the Head of HR, Communications and Sustainability. Members of the SSC are the CFO, the Head of Strategy & Transformation, the Head of Legal & Compliance, the Head of Industrial Operations and the dedicated Sustainability team, the Corporate Programme Manager, and the Communication Manager. The SSC meets on a quarterly basis to review the strategy, the consequent investments, and outcomes.

The SSC is reporting out to the Advisory Committee on an annual base with its main deliverable, the Sustainability Report that covers the non-financial reporting topics.

- Manufacturing sites
- HSE
- Green Product
- Green Procurement
- Supply Chain & Distribution
- Political Agenda

An overview about our internal governance





Our

RISK & MATERIALITY ASSESSMENT

Our most recent risk & materiality assessment was conducted with the participation of the members of the Sustainability Steering Committee, including members of the Executive Committee, customer- and supplier-facing functions, engineering and development functions and external ESG partners.

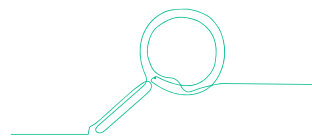
The discussion covered the reporting period of 2022. Zentiva plans to perform risk & materiality assessment on an annual base with periodical updates to address emerging challenges and to strengthen the engagement of our various stakeholder groups. The assessment is highlighting risk and issues and is providing us with an update on our focus areas in our strategy, initiatives and ESG reporting. It helps us to better understand and prioritize the topics that matter to our business and to our stakeholders, realizing the negative and positive impacts on the economy, the environment and people.

More information about our Stakeholder engagement is available in the Partners chapter. This continuous engagement is helping us to gain insights about trends and expectations and is feeding our Risk & Materiality assessment.

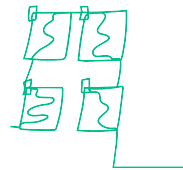
With reference to the GRI standards, we consider

- Financial Materiality (how the changing environment and society may affect our financial performance) and
- Environmental/Social Materiality (how Zentiva is affecting the environment and society)

Our process is divided into 5 phases:



We identify risks & issues



We prioritize them



We validate them



We disclose them



We report on outcomes

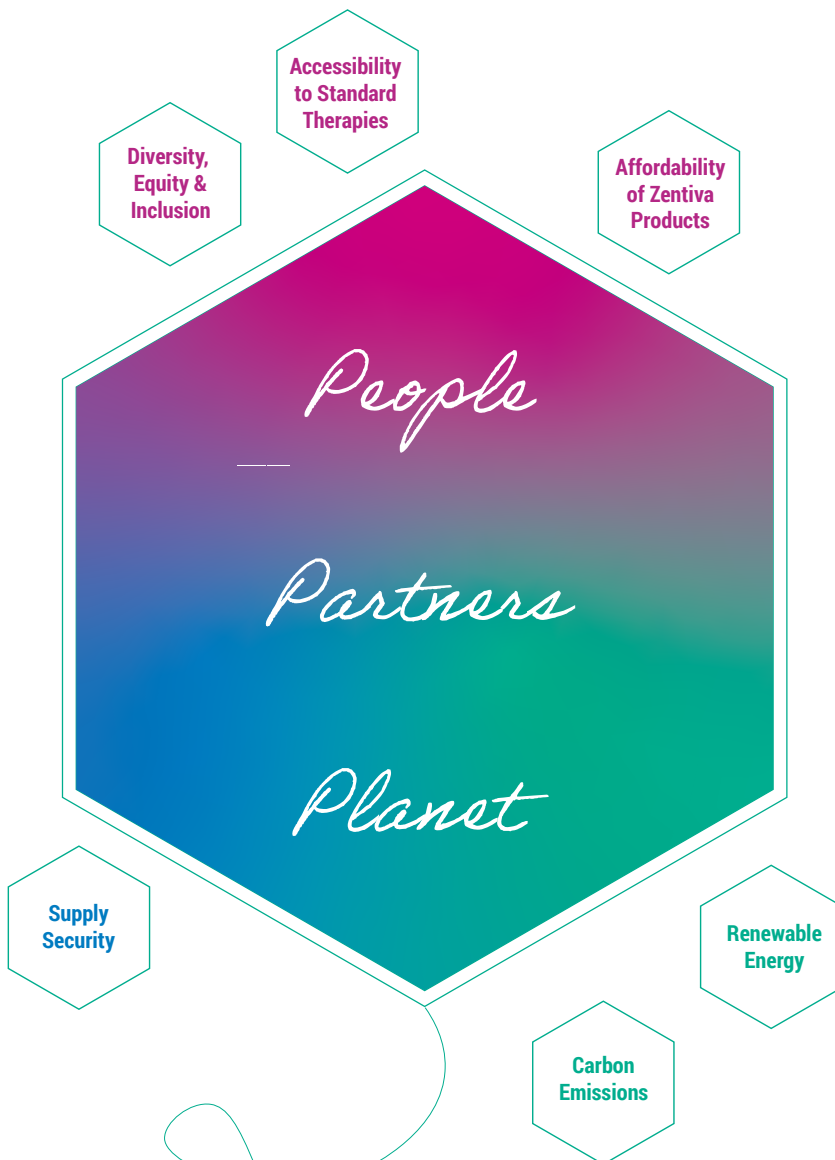
Our

RISK & MATERIALITY MAP

For this year's Sustainability Report we used our materiality assessment to expand our commitment in 6 focus areas and to set new goals and targets.

We manage our material topics through our policies and the Code of Ethics and we set Key Performance Indicators for each of our material topics in order to track the progress.

Those topics are key in our conversations with internal and external stakeholders through various communication channels such as meetings and workshops, internal communication and awareness campaigns, academies and events, customer communication and congress and media relations.



These are all topics relevant for Zentiva we have identified in our Risk & Materiality assessment 2021.

People

- Lifelong Learning
- Employees Health, Wellbeing & Safety
- Zentiva as Great Place To Work
- Diversity, Equity & Inclusion
- Accessibility to Standard Therapies
- #WeHelpOthers
- New Product Launches
- Innovation through Value-Added Medicines
- Affordability of Zentiva Products
- Human Rights & Anti-Modern Slavery

Partners

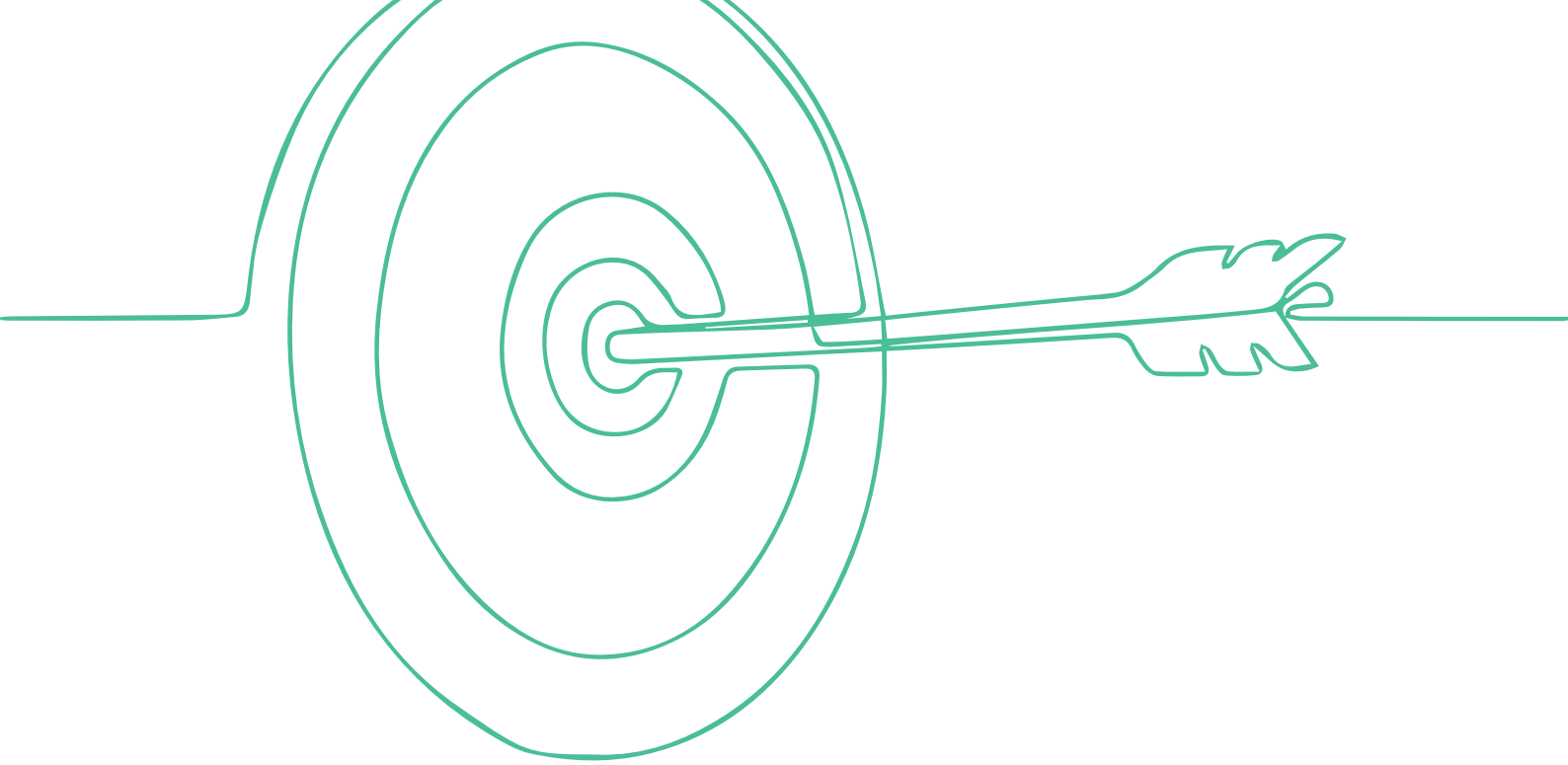
- Stakeholder Engagement
- Business Ethics
- Compliance
- Drug, Safety & Quality
- Data Protection
- Cybersecurity
- Board Governance
- Financial Performance
- Responsible Sourcing
- Supply Security

Planet

- Zentiva's Environmental Footprint
- Carbon Emissions
- Renewable Energy
- Water Consumption
- Reforestation
- Biodiversity
- Green Product
- Green Office
- Energy Efficiency
- Waste Reduction

The following have been selected as priority topics in order to address key topics and stakeholder interests in 2022:

| Key topic | Responses from Zentiva |
|---|--|
| <p>DIVERSITY, EQUITY & INCLUSION</p> | <p>Zentiva is proud of its Diversity, Equity & Inclusion approach. One of our Superpowers is being inclusive. Zentiva has a good gender balance across the company at almost all levels and we strive to maintain that going forward. Women are underrepresented at the top leadership level and we are committed to raising female representation at this level too. Reflecting stakeholders' expectations for Zentiva to be a role model, we continued to broaden our focus beyond the issue of gender. We focus on bringing people together with different life experiences, abilities, cultural living, beliefs and different educational backgrounds. To intensify our work we are working together with partners in the area of abilities, e.g. to make sure we reach people with our job offers, help them onboarding in our company and feel confident at Zentiva. With our mentoring programme we create platforms that diverse people can meet and grow by sharing and exchanging. To guide us on our journey we are extending the number of countries where we become signatories of the local Diversity Charter and we are following up on the outcomes of the related assessments and best practices we see from other companies. Our principles and commitments in this area are set out in the Diversity, Equity & Inclusion policy and reported on in the corresponding chapter of the Sustainability Report.</p> |
| <p>ACCESSIBILITY TO STANDARD THERAPIES</p> | <p>Ensuring the supply of high-quality and affordable medicines to the people who depend on them is the purpose of Zentiva's existence. Even if Europe is considered a well-developed market, we still face the situation that not all state-of-the-art therapies are accessible for people who depend on them. By providing them at a price that everyone can afford and by offering them via our commercial platform, we make therapies more accessible. Today more than 100 million people trust our products. We have addressed the expectations of our stakeholders and focused on the portfolio completion in our main therapeutical areas, Cardiovascular/ Circulation, Oncology, Diabetes/Healing and Respiratory. On top we are looking into Consumer Healthcare to address needs we see in the prevention and self-medication area. We will continue to offer products after patent expiry, further invest into R&D to add value to those products, optimize the market access and seek ensuring the supply even if market conditions are not always favourable. Patient access to medicines significantly increases when generic and value-added medicines enter the market, which now represents 80% of healthcare needs. Generic medicines and increasingly value-added medicines are fundamental to the sustainability of healthcare systems as we drive efficiencies and reduce avoidable costs for healthcare systems through improved medical adherence and better patient outcome.</p> |
| <p>AFFORDABILITY OF ZENTIVA PRODUCTS</p> | <p>Despite the headwinds we have faced as a consequence of the inflationary development and geopolitical challenges, we have managed to offer exceptional value for money to all payers. This is only possible by optimizing our processes across the whole value chain. We understood from our discussions with stakeholders, especially with authorities, healthcare decision makers and hospital organizations, the expectations on us as a pharmaceutical manufacturer and provider of medicines. We are creating economic value by increasing the supply of medicines through a more competitive market and reducing the pressure on public and private healthcare budgets.</p> |



Key topic

Responses from Zentiva

SUPPLY SECURITY

The Covid pandemic and the war in Ukraine have caused a lot of disruptions in healthcare companies' supply chains. Zentiva is and wants to be known as a trusted partner and it was expected that we continue to ensure the supply of our products even during the crisis. To increase supply security, we have increased our stock capacity of life-saving drugs and materials necessary to manufacture them. In addition, we are broadening our supplier base, making sure that there is an alternative in case one is not able to deliver. Supply security has been top of our agenda in 2022 and has continued to be a priority in 2023. In all our interactions with suppliers, we apply the Suppliers' Code of Conduct and our methods described in our Responsible Sourcing Programme.

CARBON EMISSIONS

Zentiva has committed to be carbon-neutral for scope 1 and scope 2 by 2030. We built a carbon roadmap to help us achieving our target and to track where we stand. We have built a plan to reduce our carbon footprint by at least 10 % every year despite the strong growth of the company. Our key focus is on the reduction of natural gas. We work with our engineering team and external partners to find natural gas alternatives in our pharmaceutical manufacturing process.

RENEWABLE ENERGY

From very early on in our sustainability work, we have focused on renewable energy. Today, our European Manufacturing sites are powered by 100% renewable energy. At our manufacturing site in Ankleshwar, we are reaching 60% of renewable energy use and we are looking for options to further increase this share. Our ambition is to source as much as we can from our own sources. We have installed solar panels in Bucharest and have initiated the next project for Prague.

OUR SUSTAINABILITY STRATEGY

is framed around 3 pillars

People

We are building Zentiva as a great place to work where everyone can be their true selves. We take care of our people, their loved ones, and the people we serve; as well as communicate transparently and create value as one team.

Partners

We are establishing sustainable relations with our partners who share the same vision as us.

Planet

Zentiva is contributing to a greener planet by committing to be carbon-neutral for scope 1 and scope 2 by 2030. We will achieve that goal by implementing a comprehensive climate strategy that focuses on reducing carbon emissions, sourcing from renewable energy, reducing water and energy consumption and waste. We help the planet to stay healthy by planting trees and investing into biodiversity projects.



People

Partners

Planet





People



Zentiva,

A PURPOSE-DRIVEN ORGANIZATION

Zentiva's success leads back to a group of 4 800 engaged individuals – bearing unique talents and focused on one common purpose – We are united in our mission to ensure the supply of high-quality and affordable medicines to the people in Europe and beyond who depend on them every day.

Our people are the centre of our operations, and it is our responsibility and obligation to create and offer our employees a healthy working environment in line with social progress which we advocate for.

Through strengthening diversity, promoting equity and living inclusion we create an engaging working environment and culture. We want Zentiva to be a great place to work.

Our

EMPLOYEE VALUE PROPOSITION

At Zentiva, we attract and retain people through our Employee Value Proposition (EVP) that contains various elements. These elements represent why people are drawn to joining Zentiva, and why they are proud and motivated to work and stay within the company.



Our **SUPERPOWERZ**

At Zentiva, we call our values and behaviours SuperpowerZ, which underpins how we go about our everyday activities.

We strive to be **Fast, Lean, Creative, Connected, Inclusive** and **Responsible**.

Together, with our mission and Zentiva's Code of Ethics, they help us make good choices, navigate challenges, achieve success and high results.

CONNECTED

We are one team, working with mutual respect and professionalism. We understand how we each contribute to our purpose and work each day to #HelpZentivaWin

RESPONSIBLE

We will do the right thing. Patients, healthcare professionals, and regulators put their trust in us. We will take care of our teams and the world in which we live.

CREATIVE

We value creativity and continuous improvement. We will build on our strengths, adapt, constantly learn and grow through new ideas and insights.

Our 6 Superpowers

FAST

We will move fast, be decisive and play to win. We will energize our teams and outpace our competitors.

INCLUSIVE

We are open, accepting and encourage all to contribute their best. We value diversity and build on each other strengths.

LEAN

We invest our time, energy, resources wisely. Constantly seeking to eliminate waste and make every Euro count.

Strengthening our culture of **DIVERSITY, EQUITY & INCLUSION**

In a nowadays globalized world, Diversity, Equity & Inclusion (DEI) are a business imperative and a foundation of healthy, engaging organizational culture. We believe our diversity is a source of great energy and strength - an important success factor in business. Everyone should feel welcome in our company, be able to be their true selves and contribute to the best of their ability. We embedded being 'INCLUSIVE' into one of our six SuperpowerZ into our cultural foundations.

By implementing our corporate Diversity, Equity & Inclusion Policy back in 2021, we have promised to further strengthen diversity and the related appreciative behaviour at Zentiva. Zentiva uses metrics and materiality to drive a targeted approach to sustainability, embedding DEI into the core business strategy of the company. Our Diversity statistics and our achievements are being presented to Zentiva's Executive Team and the Remuneration Committee on a quarterly basis.

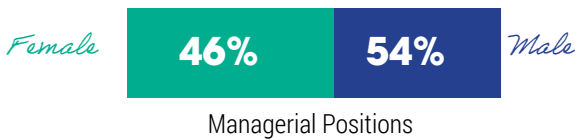
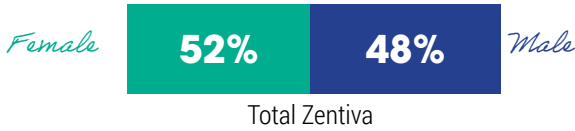
Who we are, what we know and how we act is what makes us stand apart – with complementary ways of working built on strong foundations. Because we believe that healthcare should be a right and not a privilege, we support everyone and include everyone at the same time. Being inclusive is not only part of our SuperpowerZ it is in our heads, in our hearts and in our hands!

To support our commitment to embedding DEI within the foundational values of the company, Zentiva signed the 2022 Diversity Charter in the Czech Republic; joining alongside Romania and Slovakia in that effort. The Diversity Charter is based on a set of general principles voluntarily assumed by the signatory to promote diversity, non-discrimination, inclusion, and equal opportunities in the workplace.



Gender Balance

One dimension of our Diversity, Equity & Inclusion approach is gender diversity. Zentiva shows a healthy gender balance of 52:48 (female/male) across the organization and aims to achieve that at all levels of the organization, including its leadership by 2026.



A broader view on Diversity, Equity & Inclusion

While we focus on gender diversity, our overall approach of Zentiva goes beyond that. We have defined 6 pillars that are followed up in a comprehensive action planning.

Life Experience

At Zentiva, people across four generations work with the same passion to deliver our commitment. We welcome the fresh perspective of young people and, at the same time, build our success with the support of those with great life experience.

One of the major achievements in 2022 was the extension of our internship programmes across the organization. Our team represents 4 different generations, and our aim is to learn from each other by offering platforms to exchange and to co-create solutions together.

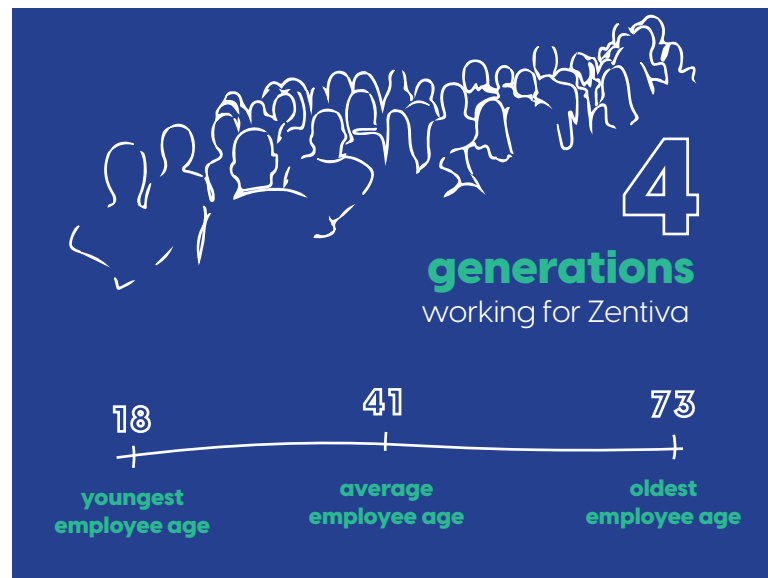


Cross-cultural Living

At Zentiva, people from more than 50 nationalities and different ethical backgrounds have joined our company. Irrespective of geographic boundaries and cultural differences, we learn from each other and build our success by sharing the best of all worlds.

In 2022, the company's workforce now represents 53 nationalities.

When attracting people to join Zentiva, we are following the talent wherever it is located and engage through our new FlexWork policy.



| Internal employees by age group and employee category | <30 | 30-50 | >50 | Total |
|---|------------|--------------|------------|-------------|
| Executives | - | 14 | 12 | 26 |
| Managers and Field Force Area Managers | 22 | 501 | 150 | 673 |
| White collar and Field Force Representatives | 473 | 1 772 | 394 | 2 639 |
| Blue Collar | 309 | 746 | 407 | 1 462 |
| Total | 804 | 3 033 | 963 | 4800 |

Gender & LGBTQI+

In our company, we encourage people to be their true selves, whomever they choose to love. We seek a balanced team in terms of gender and all levels of the LGBTQI+ community, as we know, this brings our SuperpowerZ to life.

In 2022, we focused on progressing to ensure we correctly represent how people self-identify.

Ability

We bring people together with differences in cognitive, social-emotional and physical abilities to work side by side. We believe that sharing our everyday experiences can make life-changing differences.

In 2022, we further worked on making our office buildings in our main locations barrier-free to allow people with different physical abilities to join us.

In the Czech Republic and in Romania, where we employ more than 60% of our workforce, we have started to cooperate with organizations that are focused on recruitment of people with disabilities to offer career opportunities for everyone.

Open to beliefs

We try to understand each other and learn how beliefs affect life choices or the way people live their lives. Therefore, we treat people with different religious or philosophical beliefs the same.

In 2022, we continued to increase awareness in that area. We have learned about the culture and beliefs of our colleagues in India and the other way around. At Zentiva, we join forces in celebrating and we acknowledge and respect beliefs and ways of living.

From Everywhere

At Zentiva, we welcome people with various educational experiences and from different industries. We trust in our scientists, in our commercial and industrial contributors and in our experts in support.

In 2022, to ensure that we all understand each other well, we continued with programmes like Science for Non-scientists, and we opened our doors into our manufacturing sites to offer the opportunity and insights into very special and interesting areas of our company.

Diversity, Equity and Inclusion don't stop at internal activities, as we follow the same approach when cooperating with our various stakeholders.



Remuneration & Pay Equity Analysis

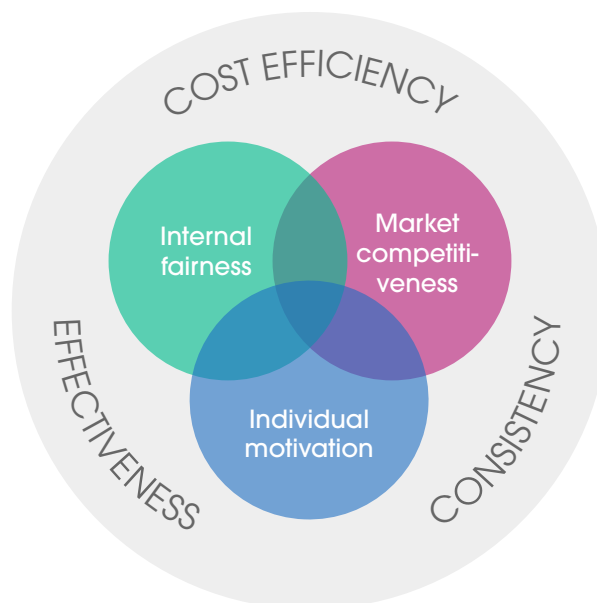
Compensation and Benefits is an important area in our offering, and we put a strong governance in place to ensure a fair approach in rewards, a clear and transparent decision-making process, consistency in the cost of labour planning and management and alignment across countries and functions. Our compensation strategy is linked to Zentiva's business and people strategies with the key principle to reward high performance and delivery of results that allow us to further grow as a company. It is designed and developed by our HR team and aligned and approved with the so-called Remuneration Committee that consists of the CEO and the Head of HR of Zentiva as well as shareholder representatives. The Head of HR - Center of Excellence acts as a secretary.

The Remuneration Committee represents the main authority for remuneration and carries out the following responsibilities:

- Approves the Compensation & Benefits strategy and structure
- Approves the key performance measures and their impact on the bonus
- Approves performance targets and reviews objective setting for the CEO and CFO
- Reviews and validates performance ratings and compensation changes of Executive members and Top Leaders of the company
- Reviews and validates the talent and retention strategies for Top Leaders and approves succession plans for the Executive Team

The Remuneration Committee meets quarterly and approves and issues the Remuneration Report that contains all information about Compensation Governance, Principles, Highlights and Compensation and Benefit principles for the Executive Team and the Board of Directors. The Remuneration Report is issued on an annual base.

Our compensation model consists of a robust performance management system. Our compensation policy is based on solid, analytical, objective foundations and practices that are aligned across the company.



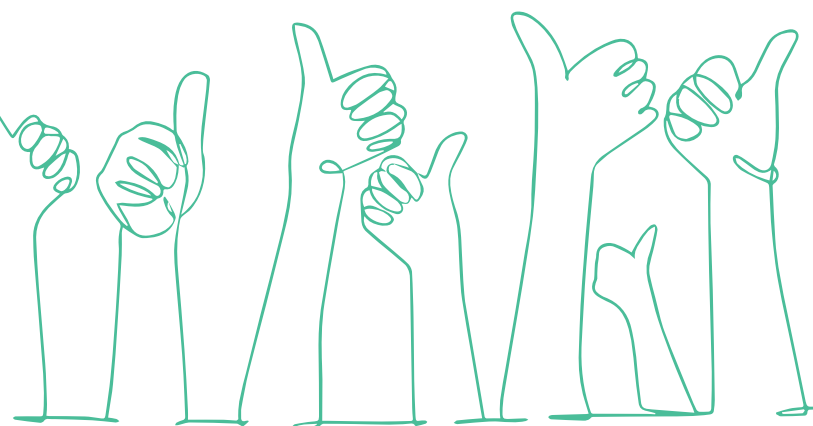
Related tools:

- **Job grading**
- **Internal benchmarking (peer comparison)**
- **Salary structure (ranges) linked to the market**
- **External benchmarking**
- **Performance management**
- **Base salary reviews (merit)**
- **Bonuses and incentives**
- **Non-tangible rewards (professional and career development, benefits, recognition programmes)**
- **Budget monitoring and adherence**
- **Aligned processes and rules**
- **Digitalization (systems, workflows)**

To ensure that we follow an appropriate, competitive remuneration in line with our values and, of course, legal requirements for wages and social benefits, we are performing different audits and analyses.

In terms of gender pay gap, we conducted a fresh analysis in 2022 focusing on the potential salary differences between women and men. As a result, it showed that the remuneration of women and men in Zentiva is well balanced. When summarizing all salaries in Zentiva, women are paid on average 2,5% higher than men compared to a previous study in 2020, when women were paid 1,5% lower than men on average. This development is mainly driven by the increased number of men at operator positions in our manufacturing sites mainly in India and in Romania, and by an increased number of women in management roles.

Some gaps can be identified within certain groups, when analysing the differences based on various criteria: job family, job grade, position group, employee's age, location, etc. The discrepancies identified are mainly caused by the employee lifecycle – typically average pay of women versus men is well balanced at the beginning of their career, women often paid even above men on average, while maternity leave slows down both career and salary progression of women and therefore increases the gap during their future career.





Our Motto

Learning - Caring - Winning

Our motto 'Learning, Caring and Winning' has supported us in navigating a difficult year. While we continued to grow as a company, it was challenging as we were confronted with external factors no one had expected. The war in Ukraine, the currency risk, the energy and inflation crisis... Zentiva showed one more time how resilient we are as a team and that we can navigate the unknown. Despite all the headwinds we continued to build a great and healthy company, we can all be proud of.

Learning

Learning at Zentiva is a key element for growth and realization of our mission to serve people in their healthcare needs.

Zentiva describes itself as a learning organization. Lifelong learning is part of our lives. We set our strategy around the pillars of Invest – Engage – Deliver – Celebrate. Structured Learning is complemented by on-the-job experience and platforms to connect and exchange. Continuous feedback plays a critical role.

2022 was the first full year of our **Zentiva Academy**, a learning programme started in 2021. By cooperating with Coursera, we are offering access to top universities around the world. We have launched our Summer School and our Winter Special where we opened an interesting curriculum of training for both hard and soft skills. On top of that, our Zentiva Academy plays a critical role in the execution of our employee development plans and career pathways.

Zentiva participated in the first **Advent Leadership Academy** in Europe in 2022. The Advent Leadership Academy is a collaboration between Advent International (the shareholder) and Harvard Business School that was set up to support high potential and diverse leaders from across the Advent portfolio. It provides the next generation of portfolio-company leaders with the chance to participate in a tailored program designed and taught by the world's most prestigious business school. The Advent Leadership Academy is one more initiative that will empower Zentiva's top talent to expand their skillsets and prepare for future leadership opportunities.

Zentiva organized many awareness campaigns during the year, both virtual and in person, to upskill our workforce on the topic of Health Literacy. We believe that every one of our team is a great ambassador for informing and discussing about health as the topic is more precious than ever. Our programme includes external experts or alternatively internal best practice sharing. Our focus in 2022 went to Covid and its consequences on health, healthy living, prevention and our key strategic areas of Cardiovascular, Oncology, Respiratory and Diabetes/Healing.





Career Days

In April 2022, Zentiva held its very first Digital Career Event to get to know our candidates and potential future employees and to present ourselves as a team and Zentiva as a great place to work. With the aim of learning from the participants about their expectations and views on what features the employer of choice could represent, in parallel we presented Zentiva and our Employee Value Proposition. The participants from many countries joined us for the event and participated in four interactive workshops, meeting with our CEO and our HR team. Finally, we opened a Q&A session and individual sessions with employees from different functions and different countries. The event gave us additional views on how to further upgrade candidates' expectations and mutual relationships.

- My Body
- My Time
- My Mind

Caring

It is our responsibility to ensure a safe and healthy workplace for all employees and contractors working at our sites, in our offices and during their duty 'in the field'. The highest HSE standards are a result of our strong governance system led by our HSE team (Health, Safety and Environment). Our HSE policy establishes a framework based on our commitment to continuous improvement, elimination of risks and protection of Zentiva employees, the business, external partners, surrounding communities and environment.

Occupational safety resulting in vision zero, meaning zero incidents during work and life at Zentiva is our priority and long-term continuous obligation. In 2022, we experienced 3 Lost-Time-Incidents (LTI), which is a significant improvement in comparison to 9 we had reported in 2021. To deliver the commitment of keeping Zentiva a healthy and safe place to work we provide regular HSE trainings, building a strong HSE culture where everyone is aware of their responsibilities in preventing accidents, avoiding health risks, and reducing environmental impacts.

After two years of the pandemic, 2022 was another challenging period with a highly unstable political situation and in consequence unstable economic situation. As a responsible company, we wanted to make sure to support our teams in all aspects of their personal and working lives. This is why we have decided to continue with our Employee Health, Well-being & Safety programme and our focus on MY BODY, MY MIND and MY TIME. As the programme was, and still is well accepted, we have decided to continue. In 2022, we ran 6 different workshops in the form of webinars:

| Topic | Webinar Title |
|----------------|---|
| My Mind | How to deal with stress? |
| My Mind | Here and Now: Mindfulness for every day (Part 1 & Part 2) |
| Special | The Power of Feedback and Recognition |
| My Mind | Mental resilience in difficult times |
| My Body | Take care of it everyday |
| My Time | Yet another meeting |
| My Time | How to handle the stressful end of the year |

On top of this, we had trainings for our HR community on crisis management at the start of the war in Ukraine to be able to best support our colleagues and refugees.

Social Engagement

Social responsibility is one of the foundations of Zentiva's sustainability strategy and our organizational culture of employee engagement. We operate close to communities where numerous needs and challenges related to improving well-being, health and social inequalities are defined. We strive to contribute to social progress, supporting those in need. That is why in 2020 our #WeHelpOthers platform was created, through which we have been engaged in social initiatives driven, inspired and organized by our employees.

#WeHelpUkraine



2022 was undoubtedly the year of an unprecedented humanitarian crisis in the region of the world in which we operate, related to the Russian attack on Ukraine. Our company was anticipating and analysing the possibilities, preparing the options, but never believed this would become reality.

Yet on the 24th of February, we started to operate in crisis mode in certain areas, to encourage and guide the colleagues from Ukrainian offices to leave the country which was under siege. We put collective efforts into helping our employees and their families safely cross the Polish, Slovak, and Romanian borders as well as into organizing a shelter in safe zones. After a few weeks in Poland, the team moved and was accommodated in Bratislava where the Ukrainian office was set up again.

The support for our Ukrainian colleagues and their families included the creation of a full-resource centre with important information for refugees, which the team kept updating according to the situation. A dedicated donation fund was set up and the company decided to double the total value of employee donations. As a result, EUR 87 000 were donated to the Humanitarian Fund of Ukraine, the UN Crisis Relief.

Our primary focus was on the donations of medicines to Ukraine. Overall 519 086 packages of medicines by Zentiva Global and a shared donation from SANECA of 1 012 086 packages of medicines were donated to Ukraine.

Amazing solidarity was shown during this difficult situation by the entirety of the company. Our colleagues across Zentiva initiated and engaged in several actions with the aim to help Ukraine and Ukrainian people. This included local money funds, collections of medical supplies for hospitals, collection of food and goods and many others.



“ Thanks to very fast reaction of the Zentiva's global Management Team who immediately reached us with the message that our safety is the most important, we contacted the whole Ukrainian team and decided to start our evacuation. Special thanks go to all Zentiva employees, especially to Polish, Slovak and Romanian team and our guardian angels in HR team who took a great care of us.

Julia Sidorova
General Manager Zentiva Ukraine

#WeHelpOthers

Caring and helping those in need have been strongly embedded in our hearts, in our heads and in our hands. With a particular focus on Ukraine, our employees performed many other acts of goodness in 2022 and with a very wide pool of beneficiaries and social partners. The Zentiva Team displayed its helping spirit to its full and our CSR engagement projects included charity runs and relays, blood donations, collecting clothes, food and detergents and even becoming a secret Santa of the children from social welfare organizations.

We are pleased to share a few examples of spirit that we have implemented under the umbrella of #WeHelpOthers throughout the year:



Our colleagues in **Bulgaria** joined charity sports initiatives: Business Run and Bioderma Women's Run. Both events were aimed at supporting the project 'Day Center - a place for games, dreams and development' from the 'For Our Children Foundation', aimed at children with special needs, and also supported the event 'Para Kiada' of the Sports Club 'Shark', which provides sports activities for children with disabilities, spinal deformities and overweight.

Zentiva **Italy** joined the 31st edition of the charity football event 'Partita del Cuore' as a main sponsor. All ticket proceeds from the match were donated to two non-profit organizations: 'La Meridiana Società Cooperativa Sociale' and the 'Comitato Maria Letizia Verga per lo studio e la cura delle leucemie del bambino'.



In **India**, we started the initiative 'SEED': SKILL ENHANCEMENT for EMPOWERING DEVELOPMENT was organized to help women living in rural areas to acquire tailoring skills that will also help them to earn an income. The first course, organized in cooperation with the non-governmental organization Partner Kutch Nav Nirman Abhiyan, has been completed by 120 women.



Our colleagues from the **Portfolio & New Product** team at the company's headquarters in Prague as well as in Sofia and Bucharest joined forces again in 2022 by taking part in Every Kilometre Helps challenge to help the people in need. A total of 49 483 km of activities were transferred into a financial contribution to the SOS Ukraine fund of the foundation Člověk v tísni.



In December, **Polish** colleagues became secret Santas of 17 children from two social welfare institutions: 'SOS Lublin Region Foundation' and the 'Single Mother House with Underage Children and a Pregnant Woman' in Kielce. They also collected and donated basic necessities (food, detergents, cosmetics) for the families who lived there according to their specific needs.



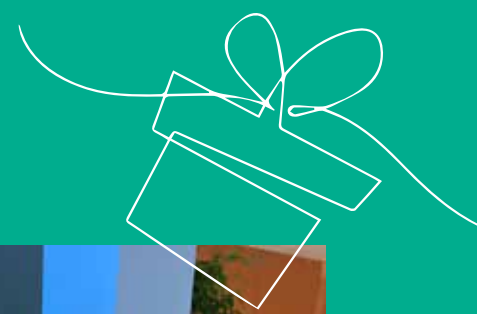
Zentiva **France** spread the awareness about the oncological diseases and for the occasion of the Pink October and Movember, the team donated EUR 3,000 to 'Vaincre Le Cancer' association.

The **Croatian** team continued to support Violinmusic4all - a project dedicated to children with hearing problems. They were donating their time, knowledge and networking to present the project to potential donators to ensure the necessary stable financing.

Zentiva **Slovakia** participated in 'Senior boxes', an initiative which comes to the aid of elderly people who can easily find themselves at risk without timely and adequate care. Our team donated disinfectants.

In 2022, **Romania** launched a year-long CSR campaign to celebrate the 60th anniversary of the Romanian Zentiva manufacturing site, also through social activities. More than 700 good deeds were done, such as cooking, planting trees, donating books or money - 10 times more than originally planned.





Around Christmas, the **Czech** team ran food collection and managed to collect 1 300 kg of goods for Prague Food Bank. This donation was distributed via regional food banks directly to the non-profit organizations, which help abandoned seniors, single parents, families in crisis, homeless people or people with mental and physical disabilities.

The **UK** team hosted volunteering activities throughout September and October and supported 4 local charities: Matrix Trust (Children's mental health charity based in Guildford), Maisie's Little Stars (charity set up in memory of a UK colleagues' friend's daughter who sadly passed away), Human Roots (a community garden project with a mission to improve mental and physical health in the community) and litter picking in the local communities.



The Zentiva Team held about 100 #WeHelpOthers initiatives in 2022 across the whole company: more than 50 local/team initiatives in 14 countries and 47 company donations in the amount of EUR 1.78 million.



Our policy on Corporate Citizenship is available on www.zentiva.com

Winning

Despite all the headwinds we faced in 2022, we continued to build a great and healthy company we all can be proud of. **Zentiva continues to strengthen its portfolio strategy with a focus on our core strategic franchises - Cardiovascular/Circulation, Oncology, Respiratory, Diabetes/Healing and Consumer Health.** We executed our M&A strategy focused on consumer healthcare and hospital products with the completion of three acquisitions powering up markets like the Czech Republic, Slovakia, Poland, Spain, Germany, Italy and Hungary. We continue to expand across markets and have gained scale and relevance in Spain and the Nordics. We continue to shape our industrial activity to provide more medicines for patients and this year drove a special effort to ensure supply security for critical materials and finished products. We invested in Sustainability projects and significantly improved our energy efficiency. All of this, we have achieved thanks to the responsibility and the engagement of our team. Doubling the size of the Company in four years is a testament to the hard work and dedication of the Zentiva team and to the great support we get from all our stakeholders.



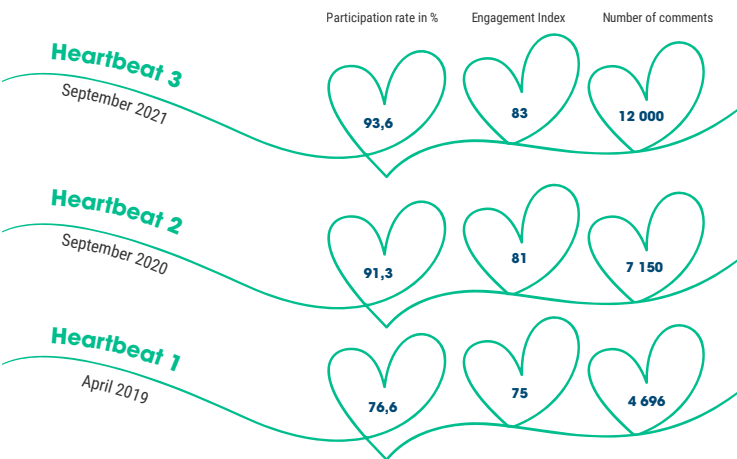
We excite and engage

The engagement of our team is driving our performance. We are proud to be part of an exciting growth journey that offers a lot of opportunities to our people.

We measure the engagement of our workforce on a regular basis, having conducted the first engagement survey back in 2019. As we measure our 'Heartbeat' we identify our strengths and our areas to further improve.

In 2022, we focused our activities on the follow up on our survey results of 'Heartbeat 3' that was conducted in September 2021. We had a participation rate of 93 percent and 9 out of 10 people reported being proud of working at the company. As a result, we look at an engagement index of 83. We gathered more than 12,000 comments from our team members that we have read and reviewed at Leadership Level, up to the Executive Level and the CEO.

Our Hearts Beat With Passion



Zentiva has received several awards that recognize the company's distinctive culture and high levels of employee satisfaction. In 2022, Zentiva received the Top Employer Certification by the Top Employer Institute in the Czech Republic and Romania for the first time. The Top Employer Institute conducts an audit across 20 areas including leadership, business and people strategy, human resources strategy, environmental work, talent

acquisition, performance, career, well-being, ethics and integrity, diversity and inclusion. In addition, Zentiva was accredited in 2022 as a 'Great Place to Work' across five countries: Italy, Poland, Serbia, Slovakia and the UK. Additionally, we were also awarded a Top Employer by Czech students in the pharmaceutical industry for the seventh year in a row. That recognition makes us especially proud, and we will continue to invest in programmes that support young, ambitious talents at the start of their career.

The trust and dialogue between Zentiva and its employees are strong, we focus on shaping our culture, so that everyone feels comfortable speaking up.

We build our relations on strong foundations, like our commitment to Human Rights and Anti-Modern Slavery.

Zentiva is committed to upholding the labour standards as set out by the International Labour Organization, and to being in full compliance with local labour law. We expect every team member to respect human rights as described in our Code of Ethics. We respect children's right to education and their personal development and will not permit employment below minimum working age. Our employees have the right to choose whether to be part of a labour union, a working council, or another framework for collective bargaining. We work side by side with the representatives to achieve the best outcome for our people and our company.

Our Human Rights and Anti-Modern Slavery policy is available on www.zentiva.com.

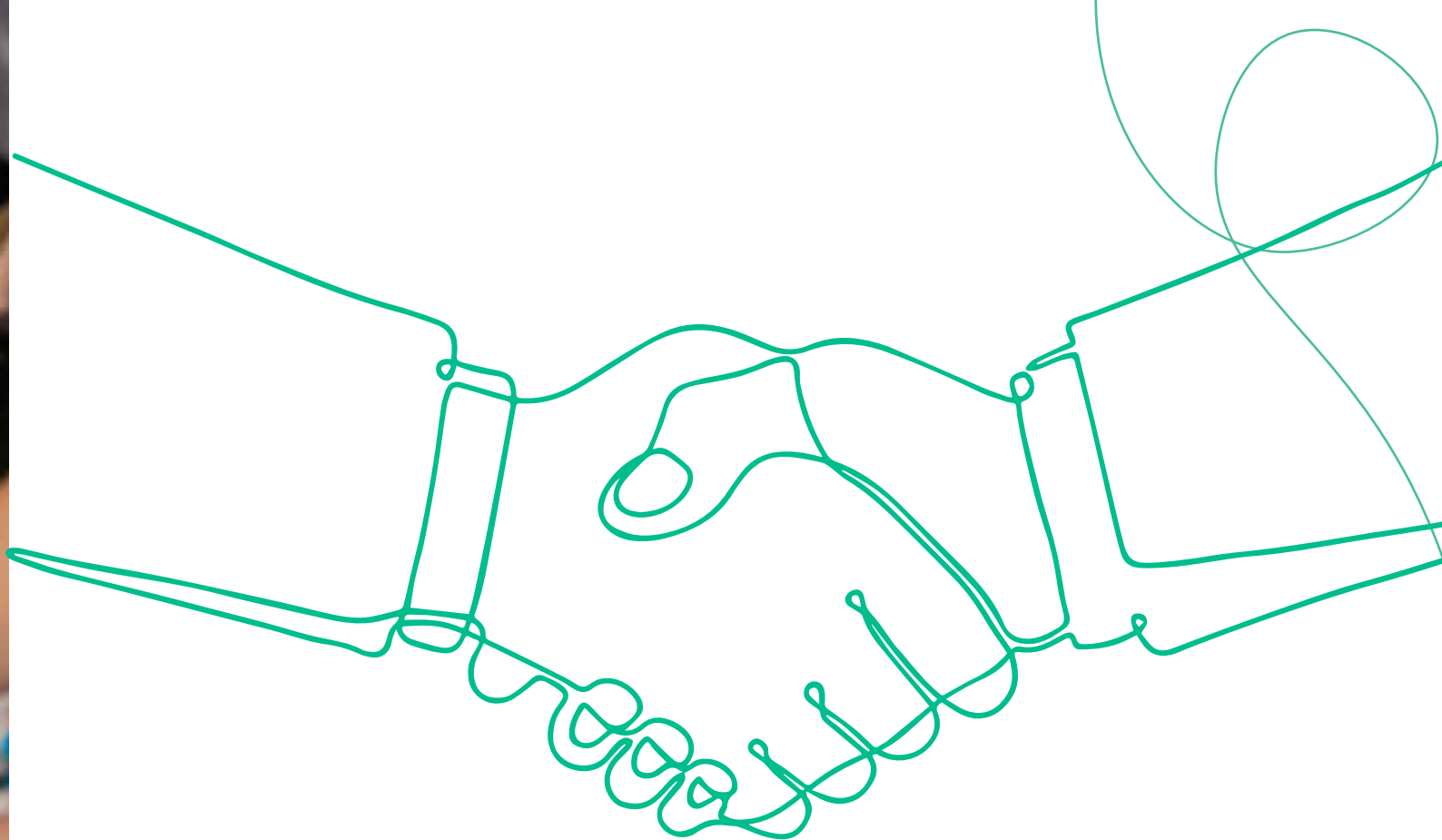
We feel it is the right moment to thank all the representatives of the **trade unions and working councils** we have in place across our organization, who were standing side-by-side with us last year co-creating solutions to better support our people in their private and professional lives. High inflation and increasing Cost of Labour hit many of the countries where we are operating. A discussion on eye-level and a focus on solutions helped us to overcome the challenges.



Human Rights and Anti-Modern Slavery policy



Partners



We can make the difference together.

OUR GOVERNANCE

Zentiva has made encouraging progress, thanks to the engagement of its team and thanks to the wonderful collaboration of its stakeholders.

Good **corporate governance** and a **structured stakeholder dialogue** are key to building a healthy and sustainable business. Zentiva complies with all quality, environmental, legal and regulatory standards, while looking forward to seeing how we can be better and measure ourselves against future standards.

Zentiva is a **private company owned by Advent International** and follows a robust governance structure encompassing an Advisory Committee led by an independent chairman. The Advisory Committee advises the Board of Managers which is the supreme managing body of Zentiva.

On a regular basis, the Zentiva team works in close partnership with the Advent International team to confirm the business strategy, assess and manage risk

and opportunities, monitor progress against agreed and approved objectives and KPIs and frame all important topics for approval according to the management authorization levels.

The business performance is reviewed regularly, with progress and decisions formally documented. The governance processes are summarized in a formal document. The governance itself is supported by subcommittees that lead on Audit, Finance, Remuneration, Compliance and Transformation. At a subsidiary level, the company is supported by further local boards which meet the statutory requirements whilst flowing information upwards to the main board level.

Sustainability objectives and goals are embedded within the company and formally approved and reviewed during the year to assess achievement. The objectives are cascaded through the company through the annual objective setting process and achievements are reported and assessed by the Advisory Committee.

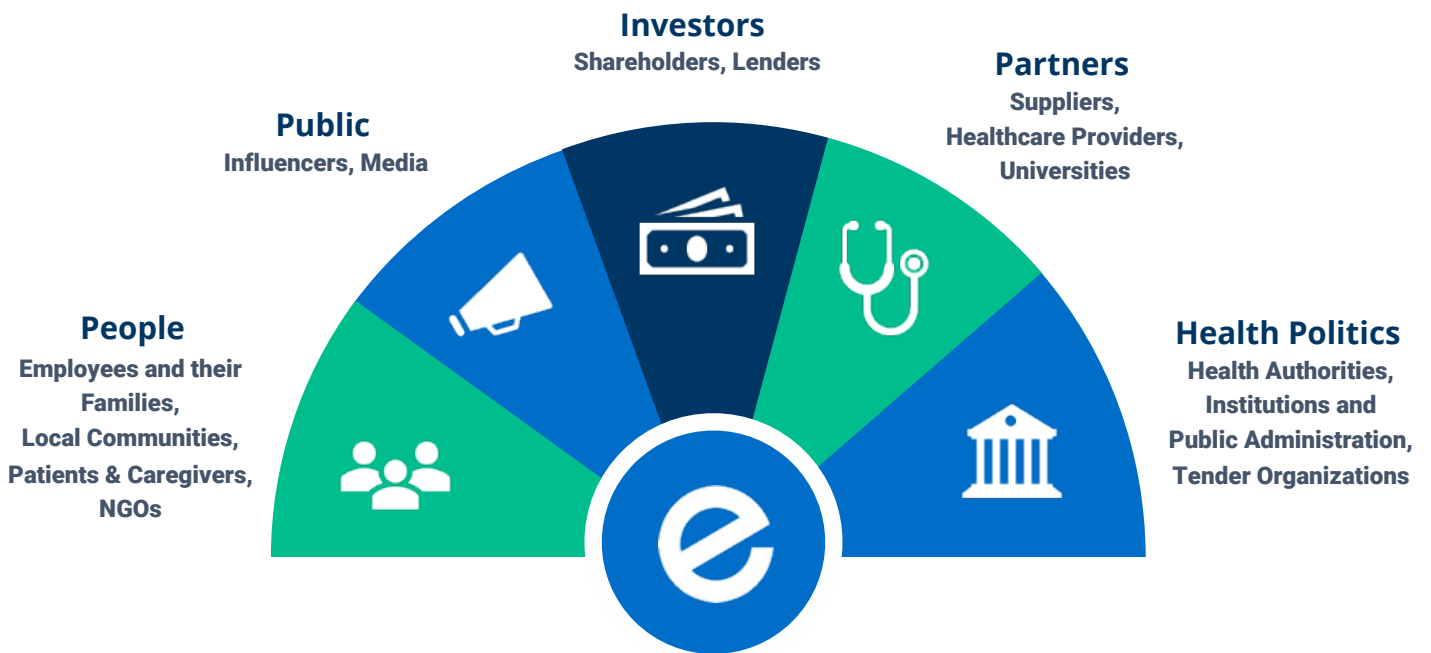
Our

STAKEHOLDER ENGAGEMENT & DIALOGUE

Zentiva is seen as a reliable and trusted partner that makes a huge contribution to public health in Europe. We have achieved that reputation by acting transparently, exchanging perspectives with our partners and customers and collaborating on topics that are crucial for the future. Stakeholder engagement is an integral part of how we conduct our business, including our sustainable strategy, helping us to maintain our focus on our commitments.

We engage with a wide range of stakeholders from different areas and with different perspectives on a regular basis. We listen, collect insights and align expectations to evaluate risk, identify opportunities and adjust our business strategy.

Engaging with our stakeholders enables us to learn and address the concerns of the people, the partners and our planet. We can make the difference together by allowing diverse perspectives and sharing valuable insights that only strengthen our relationships and our business success.



Our discussions with stakeholders come in many shapes and forms. We connect online, via video conferencing, make room for hybrid meetings or meet personally at meetings, focus groups, workshops and training sessions. Surveys, visits or meeting at congresses complete the range. Leaders, managers and employees from various business functions are all important in reaching out and enriching our engagement with Zentiva's stakeholders and the broader public.

| | | Types of Engagement | Topics for Discussion | Information to the Sustainability Steering Committee |
|-----------------|-----------------|--|--|--|
| People | Employees | Training, Periodic Surveys and Employee Engagement Survey, Daily Updates, Quarterly Update By the Leadership Team, Virtual, Hybrid and F2F Meetings and Discussion Platforms | Strategy & Superpowerz, Employee Development Plan, Training, Diversity, Equity & Inclusion, Compliance, Health & Well-Being, Safety, Updates on Priorities and Business Developments | Debrief from Head of HR, Communications & Sustainability with Results from People Committee & Sustainability Steering Committee that Covers All Aspects of ESG |
| | People We Serve | Regular Virtual and F2F Engagement Meetings, Conferences, Information Updates | Product-Related Discussions, Commercial Updates, Ethics and Compliance Trainings, ESG Expectation, Green Product | Debrief from Head of Commercials and Head of Zent2U Including Material Customer Matters, Strategic Partnership Briefings |
| | Communities | Volunteering Programmes, Local Aid Initiatives, Partnership Meetings | ESG Commitments, Environmental Protection, Reforestation and Biodiversity, Social Issues, Continuous Support to Local Communities Linked to Human Crisis, Kids' Programmes | Debrief from the Leadership Team that Engages Directly with Local Communities |
| Public | | Websites, LinkedIn, Press Releases and Leadership Interviews, Conferences | Strategy and Business Updates, Sustainability Commitments | Debrief from the Leadership Team that Engages Directly with Media, Debrief from the Head of HR, Communications & Sustainability from the Media Monitoring |
| Investors | | Virtual and F2F Meetings | Update on Macro Economical and Financial Performance from Operations, Future Growth Potential, ESG Commitments | Reports and DebrieFs from Investor Meetings |
| Partners | | Virtual and F2F Meetings, Meeting at Congresses, Site Visits | Code of Ethics, Suppliers Code of Conduct, Responsible Sourcing Programme, Commitment to ESG Standards, Assessment Results, Circular Economy, Green Procurement, Green Product, Human Rights and Anti-Modern Slavery | Debrief from Head of Procurement, Head of Supply Chain and Head of ESO, Results from Due Diligence and from Suppliers Risk Review |
| Health Politics | | Official Correspondences and Visits, Meetings to Provide Industry Experience and Advice, Conferences, Interactions Via Industry Associations | Compliance with Social and Environmental Regulations, Development Trends In the Healthcare Industry, Development Trends Focusing on Green Product | Debrief from Corporate Affairs Manager |

United Nations

GLOBAL COMPACT

To strengthen our expertise and partnerships in the area of Sustainability, we have decided to join the **UN Global Compact for human rights, labour, environment and anti-corruption in 2022.**

Our company understands the importance of global governance of sustainability and the role business can fulfil by really engaging in this. We want to contribute to a healthier planet that next generations can enjoy life as much as we do.

Zentiva is a proud member of the global movement and change and thus decided to become a proud member of UN Global Compact, the world's largest corporate sustainability initiative. We signed its Ten Principles along with the Sustainable Development Goals (SDGs) that guide us to further shape the direction of our sustainability strategy.



United Nations
Global Compact

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and in the future. At its heart are those 17 SDGs, which are an urgent call for action by all countries – developed and developing – in a global partnership. The SDGs build on decades of work by countries and the UN.

As a company we are convinced that the goals guide global actions and accelerate progress towards sustainability. At Zentiva, we ensure that our initiatives are aligned with the SDG priorities.

SUSTAINABLE DEVELOPMENT GOALS





Medicines for **EUROPE**

Sustainability has become a major topic in our industry association **Medicines for Europe** where we actively participate at the European Level on the Executive Team and on the Board as well as at country level.

In the pharmaceutical and, especially, the generic industry, we collaborate with industry peers to create a sustainable and competitive market. Medicines for Europe members supply over 80% of European medicines. As a leading partner with Governments, Regulators, Healthcare professionals and Patients, the industry association works to ensure that the value of medicines is understood, that the medicines industry is supported by its stakeholders such that it can make its vital contribution to public health. Zentiva is a signatory to the Medicines for Europe Code of Conduct.

The industry association doesn't make any direct or indirect contributions to any political organization or individual. Its activity is confined to data provision, constructive discussion with decision makers around policy and supporting the healthy operations of the European pharmaceutical market.

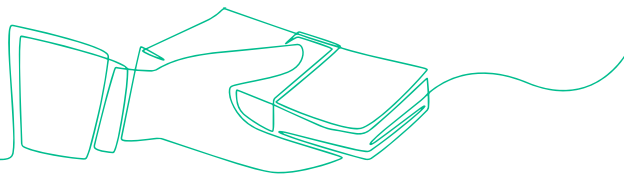


Our POLICIES

Our business is built on trust and responsibility with the patients and consumers at the heart of everything we do. We put in place policies and added processes to ensure we fulfil these commitments. Those policies are publicly available and actively communicated internally and externally to our employees, our business partners and other relevant stakeholders.

Anti-Bribery and Anti-Corruption

Zentiva has a zero-tolerance position against corrupt practices in all its business activities. We comply with all Anti-Corruption and Anti-Bribery Laws whilst promoting a culture of ethics and integrity. All our team members are trained on a regular basis as part of our mandatory training programme.



Business Ethics Commitment

Zentiva has a strong reputation as a fully compliant and trusted partner. On top of the Medicines for Europe Code of Conduct, Zentiva's Code of Ethics is the foundation of all we do. In 2022, we have refreshed the training to all our people that is mandatory for everyone working at Zentiva. A test at the end of the training ensures that the content has been understood. The Code of Ethics is available in 22 languages. The operational compliance of the business is reviewed regularly by the Compliance Committee and subsequently with the Advisory Committee, while the financial, legal and tax compliance is reviewed by the Audit Committee and is subject to an independent audit performed by Ernst & Young.



Corporate Citizenship

At Zentiva, we see us as an integral part of the future, and we are aware of our responsibility. Every decision we take is impacting the future; therefore we act already today to ensure a sustainable tomorrow - a tomorrow where everyone has the right to receive the medicines they need. We are committed to care for our people and the people we serve, our partners and our planet. We encourage all our employees to look to their communities to see what they can do to help people most in need and we complement that with our Corporate Social Responsibility as a company. Our Engagement & Volunteering programme #WeHelpOthers is a central part of our commitment to be a good and responsible citizen. We help wherever it is needed with the power of our people's ideas and actions.

Cyber Security

At Zentiva, the importance of cyber security is taken very seriously as it protects the integrity of our information, daily operations, and intellectual property. Employees must complete cyber security training to reinforce the strength of our internal affairs.



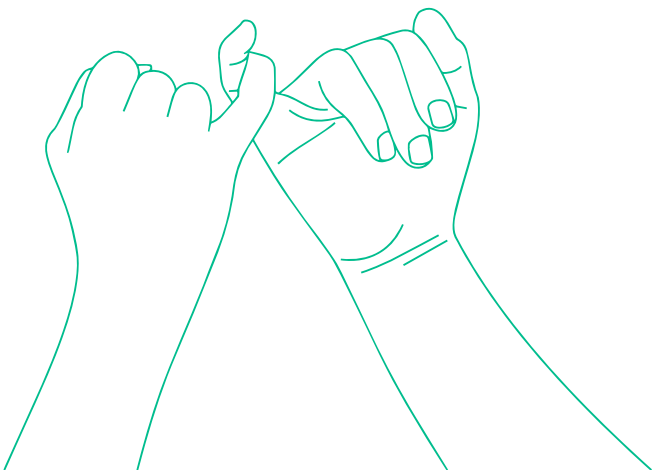
Data Privacy

Zentiva is fully compliant with the data privacy laws and regulations. We expect all employees to work in a responsible way with personal data. Our GDPR officer oversees our data privacy processes and activities that are reviewed by the Zentiva Compliance Committee on a regular basis.

Diversity, Equity & Inclusion

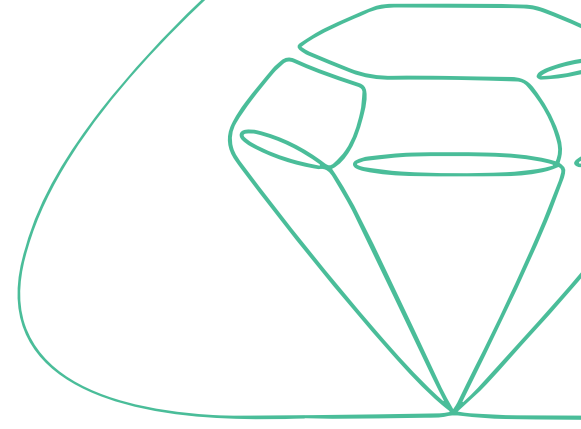
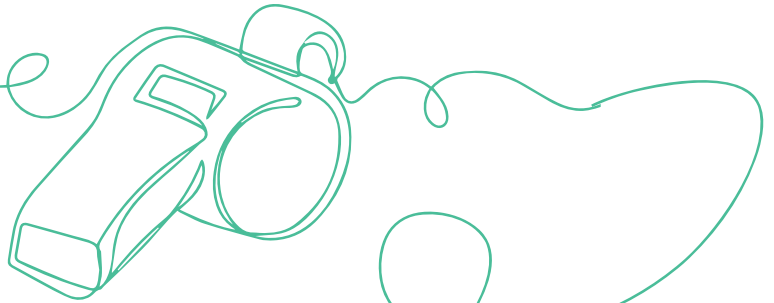
At Zentiva, we are us.

Every one of our 4 800 associates brings to bear their unique talents focused on one common purpose – to ensure open access to high-quality affordable medicines for the people who depend on them every day. Who we are, what we know and how we act is what makes us stand apart – with complementary ways of working built on strong foundations. We believe our diversity is a source of great energy and strength. Everyone should feel welcome in our company, be able to be their true selves and contribute to the best of their ability. We have embedded Diversity, Equity, Inclusion and Belonging into our work and life, it is in our heads, in our hearts and in our hands! With our SuperpowerZ we bring them to life, every day and in everything we do!



Due Diligence

Zentiva conducts rigorous assessments and investigations to evaluate potential risks and opportunities before engaging in any business activities. By implementing robust due diligence practices, we prioritize compliance, risk mitigation, and ethical considerations, ensuring the safety and well-being of patients, employees, and stakeholders throughout our operations.



Global Tax Policy

At Zentiva, we follow all international and regional tax laws. We have an effective trade compliance programme in place and our employees are required to follow Corporate Policy on Economic Sanctions. Our commitment to global tax compliance supports sustainable economic growth and fosters trust with stakeholders.

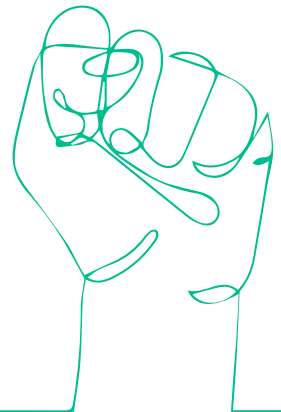
HSE Policy

At Zentiva, the Health, Safety, and Environmental (HSE) of our employees, communities, and the planet are of paramount importance. We maintain a strong HSE policy that encompasses rigid safety protocols, environmental programmes, and employee well-being initiatives. By prioritizing HSE at every level of our operations, we strive to create a secure and sustainable work environment following our Vision Zero approach while safeguarding the health and welfare of all individuals impacted by our activities.



Human Rights & Anti-Modern Slavery

Zentiva respects and supports the protection of human rights across our business operations extending downstream to the actions and practices of our partners and upstream through our supply chain and sourcing network as embedded in the Universal Declaration of Human Rights. Zentiva is committed to upholding the labour standards as set out by the International Labor Organization, and to being in full compliance with local labour law. We expect every team member to respect human rights as described in our Code of Ethics. We compensate our employees fairly based on market norms and in line with legal requirements for wages and social benefits. We respect children's right to education and their personal development and will not permit employment below minimum working age. Our employees have the right to choose whether to be part of a labour union, a working council, or another framework for collective bargaining. We work side by side with the representatives to achieve the best outcome for our people and our company.



Quality Policy

At Zentiva, we strive to exceed industry quality standards by implementing rigorous quality measures throughout our manufacturing processes, ensuring the safety, efficacy, and reliability of our products. With a relentless focus on continuous improvement and adherence to regulatory requirements, we are dedicated to delivering high-quality pharmaceuticals that positively impact the lives of patients worldwide.

Responsible Sourcing

In an era of heightened corporate responsibility, Zentiva is committed to responsible sourcing practices. We prioritize transparency and ethical supply chains, ensuring that our raw materials are obtained from trusted and sustainable sources. By prioritizing sustainable sourcing, we aim to deliver high-quality pharmaceutical products by minimizing our environmental impact and positively contributing to the communities we serve.

Speak Up/Whistle Blowing

At Zentiva, we strive to build a solid foundation of trust with our employees and partners alike. We listen to all concerns carefully and address them promptly, objectively and discreetly as well as assuring that there will be no retaliatory action taken against any person reporting such activities in good faith.



Suppliers Code of Conduct

At Zentiva, we hold our suppliers to the highest ethical standards through our comprehensive supplier code of conduct. This code outlines our expectations regarding human rights, labour practices, environmental stewardship, and business integrity. By adhering to this code, our suppliers play a vital role in upholding our commitment to social responsibility and ensuring that our products are sourced responsibly and sustainably.

The following policies are published on www.zentiva.com/our-commitments

- Anti-Bribery & Anti-Corruption
- Code of Ethics
- Corporate Citizenship
- Cybersecurity
- Data Privacy
- Diversity, Equity & Inclusion
- Due Diligence
- Global Tax Policy
- HSE Policy
- Human Rights & Anti-Modern Slavery
- Quality Policy
- Responsible Sourcing
- Speak Up/Whistleblowing
- Suppliers Code of Conduct



Planet

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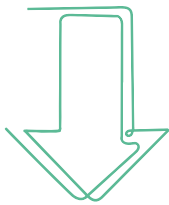


Our

CLIMATE STRATEGY

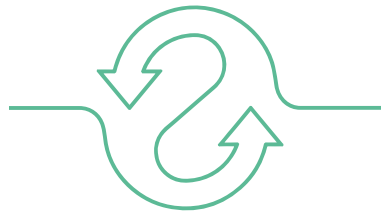
A worldwide race to limit global warming to 1,5 °C above pre-industrial levels, the Intergovernmental Panel on Climate Change (IPCC) recommended target for reversing climate change, is ongoing. To achieve this, the world needs to cut carbon emissions by 45% by 2030. At Zentiva we are committed to contributing to this target as best as possible.

Being a producer of high-quality affordable medicines, we are generating carbon emissions and are aware of our impact on the environment. To address that, we have drafted and committed to a comprehensive climate strategy as part of our sustainability agenda. With sustainability embedded into the business strategy and under new governance at Executive Level **in 2022, we have formalized our commitment to become carbon-neutral for scope 1 and scope 2 by 2030 and prepared a specific roadmap to reduce both direct and indirect energy-related emissions across our value chain.**



Reducing

as we strive to be more efficient in our operations and contribute with small steps from every single member of our #WinningTeam



Replacing

as we replace existing fossil fuel powered technology with technology that uses renewable energy



Offsetting

those emissions, we cannot avoid by any other way through planting trees and purchasing credits from projects that replace energy from fossil fuel powered sources

Our primary climate change mitigation focus is on our own production sites. This is an area where we have set ourselves ambitious timelines and absolute reduction targets. We want to continually improve our energy efficiency and use more energy from renewable sources, particularly electricity and heat. On top, we are further investing in programmes to improve our water and waste management.

The details are provided in subsequent chapters.



Our

CARBON ROADMAP 2030

Progress in our industrial operations – scope 1, 2 & 3

When we published our first sustainability report in 2021, we knew it was only the first step on a long journey towards a sustainable and carbon-neutral Zentiva. In 2022, we took another step by setting ourselves a target date. We want to become carbon-neutral in our direct and energy-related indirect emissions (Scope 1 and 2) by 2030.

To achieve this target, we invest in modernizing our buildings and operations, reduce our reliance on natural gas, especially in heat and steam generation and continuously increase the proportion of electricity sourced from renewable sources. A number of energy efficiency and rooftop solar installation projects are already in the pipeline. **Overall, we target a 10% annual scope 1 and Scope 2 emissions reduction with energy efficiency investments, technology replacement, switch to renewables and finally offsetting to become carbon-neutral by 2030.**

In 2022, we implemented several measures that will reduce our Scope 1 and 2 emissions going forward. In Bucharest, we invested in upgrading our infrastructure and installed a new steam boiler and heat recovery from steam condensate. At our Ankleshwar site, we optimized our operations by rerouting steam lines and in Prague we lowered interior temperatures by 0.5 °C.

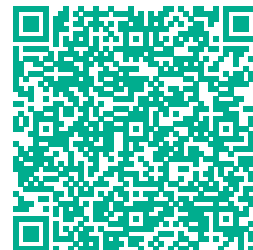
Additionally, all fuel consumed in Zentiva Romania from July 2022 onwards was bought from a supplier that had offset the fuels' emissions. The offset emissions were equal to 769 t CO₂e.

Our Scope 3 calculation includes only upstream emissions as defined by the Greenhouse Gas Protocol. Downstream emissions (downstream transportation, processing, using and end-of-life treatment of sold products, emissions from leased assets, franchises and investments) are either minor or zero.

In 2022 we broadened our scope 3 emissions calculation, which led to a reported increase in industrial site scope 3 emissions from 44 607 t CO₂e in 2021 to 53 615 t CO₂e in 2022. The most significant change was in extending our upstream transport reporting to include transportation from our suppliers.

Our Carbon footprint calculation for scope 1, scope 2 and scope 3 was done internally and has been verified by Preferred by Nature. Find details of the verification below:

*Our Carbon
Footprint*



Click here or scan the code

Progress in our commercial operations – scope 1, 2 & 3

Apart from our industrial sites, Zentiva has 19 commercial offices across Europe with more than 1 300 employees located there. In 2021, we analysed the carbon footprint of the five biggest offices with the intention to integrate data from all of them as soon as possible. That is all except our office in Ukraine which we closed in February 2022. The chart on the right, presents the split between Scope 1, 2 and 3.

| Commercial operations | t CO2e |
|-----------------------|-----------------|
| Scope 1 | 4 016,36 |
| Scope 2 | 754,99 |
| Scope 3 | 2 041,27 |
| Total | 6 812,62 |

The chart above presents the split between scope 1, 2 & 3 including data from 2022.



Verified Calculation of Zentiva's Carbon Footprint 2022

Zentiva's Carbon Footprint Calculation 2022 was verified by Preferred by Nature, a non-profit carbon footprint management verification company. Carbon Footprint Management certification is a mechanism for assuring greenhouse gas (GHG) emissions tracking and reporting for a given organization or product, ensuring all significant emissions are included and data collection methods and emissions reduction calculations are accurate, and delivering transparency in the Organization's carbon claims.

[Access the certificate here.](#)

Carbon Footprint Certificate

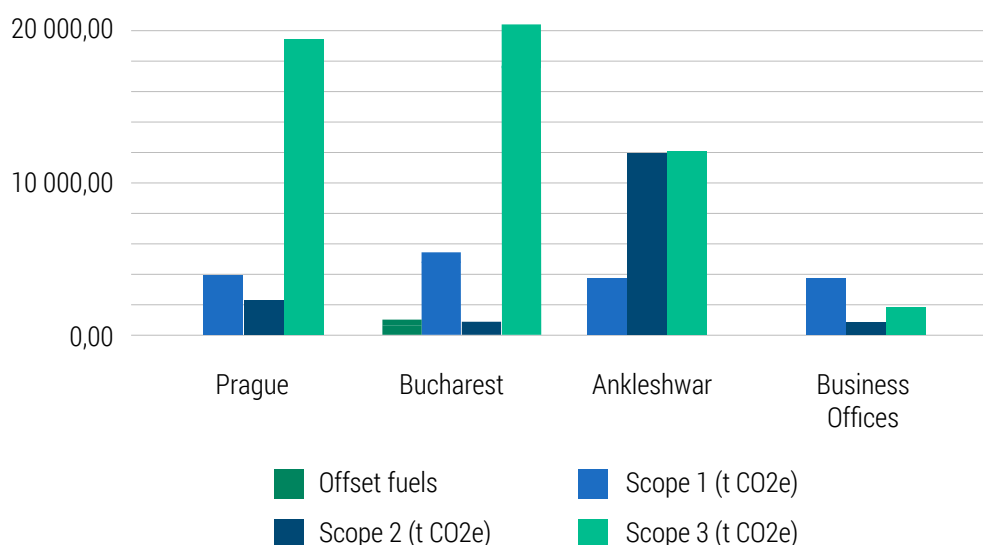


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Total CO2 emission for production sites and commercial units:

| | Prague (t CO2 e) | Bucharest (t CO2 e) | Ankleshwar (t CO2 e) | Business offices (t CO2 e) | Total (t CO2 e) |
|---|---------------------|------------------------|-------------------------|-------------------------------|--------------------|
| Scope 1 (t CO2e) | 4 036,50 | 5 961,12 | 4 103,39 | 4 016,36 | 18 117,37 |
| Offset fuel | 0 | 769,00 | 0 | 0 | 769,00 |
| Scope 1 (t CO2e) incl. offset fuel | 4 036,50 | 5 192,12 | 4 103,39 | 4 016,36 | 17 348,37 |
| Scope 2 (t CO2e) | 2 349,17 | 0 | 12 859,54 | 754,99 | 15 963,70 |
| Scope 3 (t CO2e) | 19 818,07 | 20 865,11 | 12 932,42 | 2 041,27 | 55 656,87 |
| Offsets (t CO2e) | | | | | 5 500,00 |
| Total (t CO2e) | 26 203,74 | 26 826,23 | 29 895,35 | 6 812,62 | 89 737,94 |
| Total (t CO2e) incl. offset fuel | 26 203,74 | 26 057,23 | 29 895,35 | 6 812,62 | 88 968,94 |
| Total incl. all offsets (t CO2e) | | | | | 83 468,94 |

*CO₂ Emissions
(tons)*



Greenhouse gas emissions intensity

In 2022 we increased our production volume to 636 485 454 SMUs compared to 628 677 134 SMUs in 2021. Combined with an absolute decrease in scopes 1 and 2 emissions down to 28 541 tCO₂e, from 2021, we reduced our GHG emission intensity to 0,045 g CO₂ per SMU, a decrease of 7,715%. With the inclusion of offsets, our GHG emissions intensity dropped to 0,036 kgCO₂e per SMU, a decrease of 25,5%.

Zentiva's CO₂ emission intensity for scope 1 and scope 2 from industrial operations decreased in 2022 by approximately 8% versus 2021 including offsetting by approximately 25,5%.

| | t CO ₂ e | SMU | kg CO ₂ e per SMU |
|------------------------------------|---------------------|--------------------|------------------------------|
| Total 2020 | 31 972,2 | 552 611 990 | 0,058 |
| Total 2021 | 30 548,0 | 628 677 134 | 0,049 |
| Total 2022 | 28 541,1 | 636 485 454 | 0,045 |
| Total 2022 incl. offset | 23 041,1 | 636 485 454 | 0,036 |



Our approach to **OFFSETTING**

Zentiva has an ambitious climate strategy and it is a challenge. We have committed to be carbon-neutral for scope 1 and scope 2 by 2030.

To achieve that target we need to reduce our emissions by 10% each year. This will be achieved first and foremost by energy efficiency measures. And yet there are emissions that cannot be avoided. Technologies are currently being developed that will further support the reduction along with our transformation path. In the meantime, we will continue to invest in internationally recognized carbon offset projects. If implemented in the right way, these projects can have a positive impact on the climate and support sustainable development. These additional positive effects are of particular importance to us as long-term climate action goes together with sustainable development, prosperity and peace for all. The United Nations 17 Sustainable Development Goal (SDGs) are acting as guiding principles for us when selecting carbon offset projects.

Carbon offset projects are verified activities of environmental conservation, energy efficiency or renewable energy which reduce, avoid, or remove greenhouse gas emissions from the atmosphere and contribute to the mitigation of climate change. According to Article 12 of the Kyoto Protocol, governments and companies may fund carbon offset projects to achieve their emission reduction targets and to promote sustainable development in developing countries. Their financial support enables these project activities and subsequently compensates for CO₂ emissions that were released to the atmosphere elsewhere.


It is like crowdfunding for climate action: By buying CERs we contribute financially to projects that focus on reducing emissions and benefit the communities around them. These projects, which are located in developing countries, earn 1 CER for each metric ton of greenhouse gas emissions they reduce or avoid and are measured in CO₂ equivalent.



We are following the 3-step process under the Climate Neutral Now initiative of the (UNFCCC):



We measure our climate footprint



We are committed to reduce our footprint as much as we can by aggressive energy efficiency measures



We offset the rest with UN's Certified Emission Reductions (CERs)

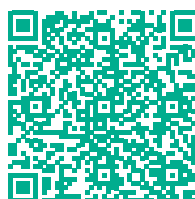
About the Strive Project

In 2022 Zentiva commenced a cooperation with Strive, an emissions trading firm in order to support our CO2 roadmap 2030.

We chose to buy emission credits generated by a project located in India, to contribute to the sustainable development of a country we also operate in. The project, called Run-of-the-river Hydroelectric Power Project, is located in Uttarakhand, India and run by Alaknanda Hydro Power Company Limited. The project and its emission credits were certified under the Clean Development Mechanism (CDM), which is overseen by the UN Framework Convention on Climate Change.

The Alaknanda hydroelectric power station is located near Gaurshali village, 10 km from Shrinagar district of Uttarakhand. It is a 330 MW hydro-power generating station developed on the Alaknanda River. The company implemented the greenfield project pursuant to an implementation agreement signed in February 2006 with the Uttar Pradesh and Uttarakhand governments. Built at a cost of Rs 45,73bn (\$728m), the project is expected to generate approximately 1 514 GWh of energy a year, including 1 397 GWh of primary energy and 117 GWh of secondary energy. The project was officially inaugurated in March 2014 and the first unit was successfully synchronized with the Northern Grid in April 2015. All four units were commissioned by June 2015. The project was initially proposed to commence operations in 2013 but was delayed due to an unprecedented natural calamity that occurred in June 2013. The incessant rains and resultant floods breached the dyke in front of the powerhouse with a huge deposit of silt, which was cleaned. The run-of-river hydroelectric project is expected to reduce the northern grid's dependence on fossil fuel to produce power. It included the construction of a 98 m-tall concrete gravity diversion dam, a headrace tunnel, six intake tunnels, a desilting basin, a powerhouse, a tailrace channel, and a switchyard. Shrinagar HEP power generation will reduce greenhouse gas emissions and enable the state and the country to achieve the goal of low carbon growth.

Purchasing emission credits is only one part of our offsetting strategy. Since July 2022, our Romanian business started purchasing vehicle fuel from a supplier that offsets the emissions caused by the fuel it sells and we are looking at ways of extending similar practices in our procurement across the company.



Offsetting Certificate

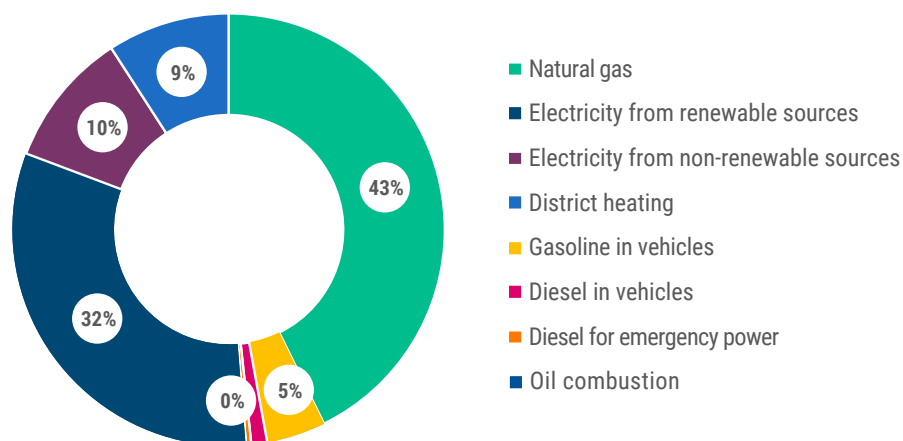
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About

ENERGY EFFICIENCY

The majority of our scope 1 and scope 2 emissions come from our energy consumption, which will remain a key focus area in our decarbonization efforts. Natural gas remains a key energy source. We strive to minimize its use and are looking at ways of replacing it with less carbon-intensive energy sources.

This chart shows the breakdown of our energy needs by energy source.



In Prague, several energy efficiency projects were implemented by site Services, including an optimization of Heating, Ventilation, and Air Conditioning and vacuum station operations, replacement of chiller and lighting, and preventive maintenance. In Ankleshwar, induced draft cooling towers were replaced by a mist of evaporative cooling tower, and cooling water supply pump was replaced to reduce power consumption. In Bucharest, a second cooling water station was installed with a water-cooled chiller, and all packaging machines were connected to the new chiller station for cooling optimization. In addition, our Bucharest factory installed 200 kWh of solar panels that started supplying the factory in November 2022. The new solar panels are expected to produce up to 233 MWh of electricity each year which should cover approximately 3% of our overall electricity consumption in Bucharest per year.

About

ELECTRICITY

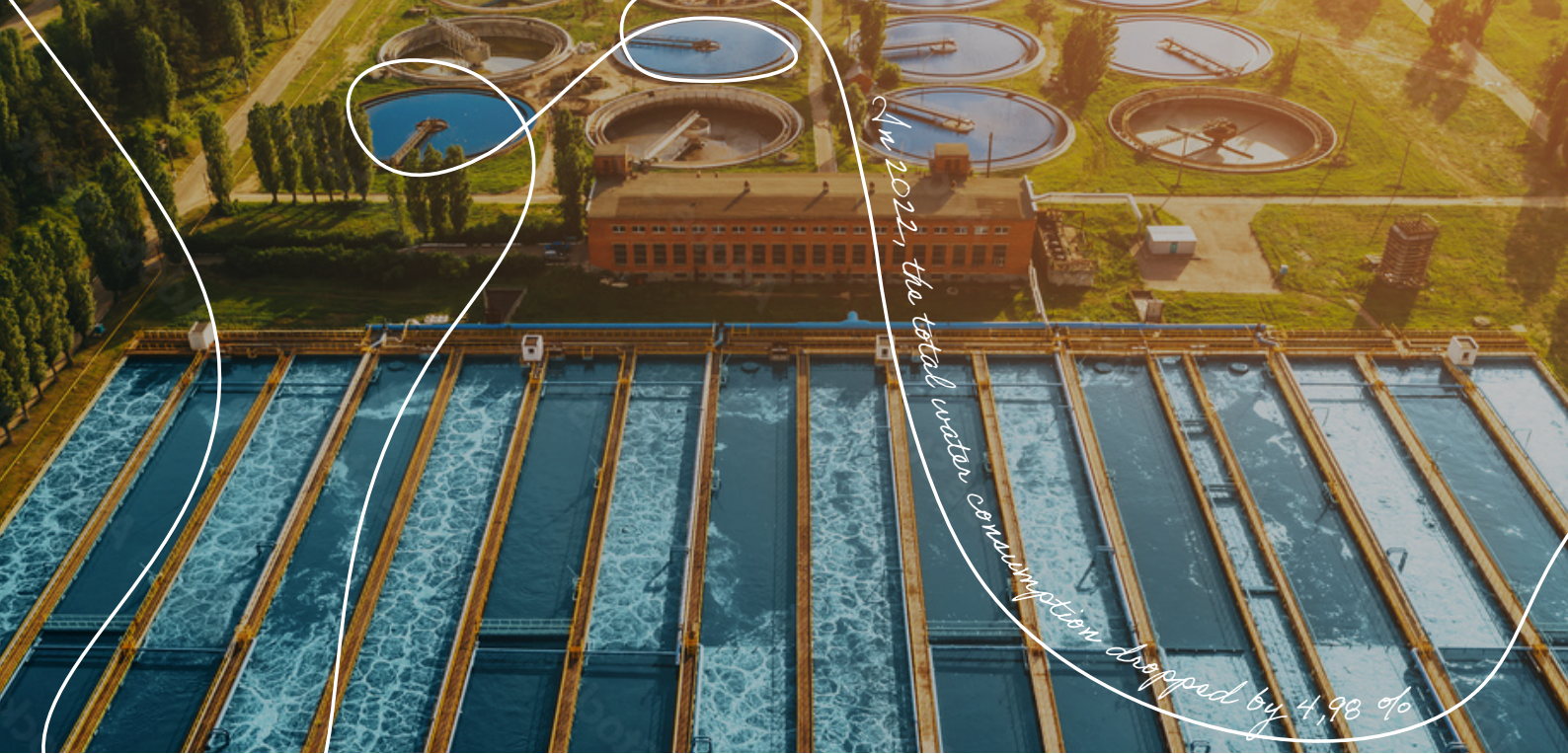
The second-largest share in energy consumption across Zentiva comes from electricity - renewable and non-renewable electricity cover together 42% of our energy consumption. That is why we kept focusing on projects to gain efficiency in our use of electricity and to further shift to renewable energy. Our European Manufacturing sites are already sourced by 100% renewable electricity, and in 2022 we set out to upgrade the Ankleshwar site to source up to 60% of our electricity need from renewable sources.

In the near future, we plan to invest into our own electricity sources, specifically more rooftop solar power plants in Prague and, additionally, in Bucharest.

Zentiva's electricity consumption (in kWh) per SMU decreased in 2022 by 1% versus 2021

| | Renewable (in kWh) | Non-renewable (in kWh) | Total (kWh) | SMU | Electricity per SMU (in kWh) |
|------------|--------------------|------------------------|-------------|-------------|------------------------------|
| Total 2020 | 40 545 444 | 15 926 420 | 56 471 882 | 552 611 990 | 0,1021908 |
| Total 2021 | 44 078 267 | 13 326 640 | 57 404 907 | 628 677 134 | 0,0913106 |
| Total 2022 | 43 493 308 | 13 794 624 | 57 287 932 | 636 485 454 | 0,0900067 |





In 2022, the total water consumption dropped by 4,98%

About **WATER**

Water is fundamental to all life and business, either directly or indirectly. Developing and producing high-quality medicines requires high-quality ingredients of which fresh quality water is a key input. As a pharmaceutical company, having access to sufficient amounts of quality fresh water, both now and in the future, is critical to our business. Water is used in many areas of our value chain. We also use it as a direct ingredient in many of our products and as a key utility in our manufacturing, cleaning and sanitation processes. Access to high-quality water is pivotal for us to achieve our high standards of pharma safety and quality.

For this reason, we strive to preserve and reuse as much of this resource as possible.

In order to identify suitable approaches for improvement, we have worked closely with various stakeholders. We drive actions to reduce our water consumption across all sites and offices at Zentiva.

In 2022, the total water consumption dropped by 5.2 megalitres, which is a 1.7% decrease. The improvements in this area have mainly been driven by projects in our manufacturing sites in India and the Czech Republic.

In Ankleshwar, our water conservation efforts include Wastewater Treatment Plant treated water recycling, and rainwater reuse. These initiatives have resulted in a reduction of 13 776 m³ in fresh water consumption for cooling water make-up, and a reduction of 404 m³ in freshwater use during rainy season.

In Prague, our site Services and Energy teams have implemented projects including reusing the water from cooling to sanitary facilities in one of our buildings, recycling of wastewater from scrubbers, and optimization of Vacuum Station Operation. These initiatives have saved 2 900 m³ of purchased water, respectively, through water reuse.

In Bucharest we continue the efforts to reduce water consumption by carefully planning the irrigation system, constant monitoring water usage in the production area and new projects implemented will be water-friendly.

These water conservation initiatives demonstrate our commitment to responsible resource management, resulting in reductions in water consumption and increased efficiency of use.

Water withdrawal

Water withdrawal refers to the total amount of water that Zentiva acquires from external sources for its operations, and includes water obtained from surface water and third-party water sources.

The majority of our water supply comes from third-party sources – municipal water management companies in the cities we operate in. Only a small percentage of our water comes from retained rainwater. We do not draw water from rivers, lakes or the sea nor from the ground.

Surface Water

At our Indian manufacturing site in Ankleshwar, Zentiva collects rainwater and reduces the amount of fresh water withdrawn from third-party sources. We use this water for manufacturing purposes.

Our water retention measures in 2022 resulted in the retention of 404 000 litres of rainwater. This accomplishment is a significant step towards more sustainable production practices.

Discharged Water

Discharged water is water released from Zentiva manufacturing sites into the environment after being used in production processes or other activities. It is treated on-site for contaminants but is closely monitored to minimize any negative environmental impacts and ensure compliance with regulations.

Total discharged water in 2022 was 324 405 487 litres. A significant amount of the total (approximately 20%) is rainwater that falls on the paved surfaces of the Prague manufacturing site and is collected by the on-site sewage system. A fee is then collected by Prague's municipal water company.

In 2022, the volume of discharged water decreased by 4% in Prague and remained stable in Ankleshwar. In Bucharest, the volume of discharged water increased by 44% due to a cooling technology upgrade implemented to reduce CO2 emissions.



Zentiva's water withdrawal (in l) per SMU decreased in 2022 by approximately 3% vs 2021.

| | Total (l) | SMU | Water per SMU (l) |
|------|-------------|-------------|-------------------|
| 2020 | 355 727 000 | 552 611 990 | 0,6437 |
| 2021 | 305 110 000 | 628 677 134 | 0,4853 |
| 2022 | 299 900 000 | 636 485 454 | 0,4712 |

About **WASTE**

Waste is an important focus area within our environmental commitment and we undertake a holistic approach to reduce it across our value chain. We imagine a world without waste: Our goal is to have zero waste going to landfill from routine operations by 2030 and 100% of our plastic waste repurposed.

As a producer of medicines, we buy packaging, laboratory chemicals, raw materials – API, excipients, etc.

As part of our Prevent approach, we are proud of our achievements. A notable example is our participation in CYRKL (a Public Waste Management Marketplace) in Prague, where we market materials that would become waste in Zentiva but other companies can put them to good use. The volume of materials traded on CYRKL in 2022 was 7,8 t.

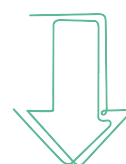
We focus on matching supply and demand much more closely to ensure we only produce medicines that can be consumed before product expiry date and increasing the utilization of repacking activities.

We also keep our team educated and involved. We joined a number of educational initiatives such as the World Refill Day and Plastic Free July and encouraged colleagues across the company to participate and follow the environmental path. Also Waste management aspects were included in the Coursera courses offered in our Zentiva Academy Learning platform.

Overall, the volume of waste generated by Zentiva's manufacturing sites dropped by almost 12% in 2022. We are, however, particularly happy about a significant drop in the volume of waste going to landfill and a slight increase in the volume of waste sent for recycling. Considering the increase in our SMU volume, our comprehensive waste management plan led to a reduction of approx. 11,98% of waste per SMU (from 7,6 g in 2021 to 6,9 g) in 2022.



Prevent



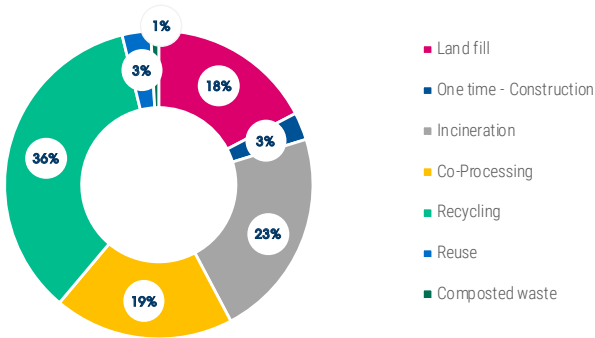
Reduce



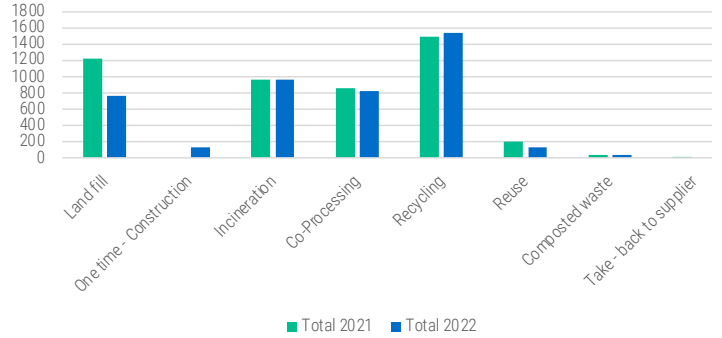
Replace



Total Zentiva waste 2022 (tons)



Waste overview 2022 vs 2021 (tons)



A part of the reduction progress was driven by new legislation guidelines in Romania, a significant part of the reduction, however, came as a result of our strong focus on waste efficiency processes and industrial recycling projects. Examples include the reduction of obsolete materials in Prague and the reduction of powder waste in Ankleshwar.

Although we still need to complete the monitoring of the waste at our global commercial office operations so far, we keep pushing for improvement in waste management by sharing and implementing green office best practice. All offices must have proper waste sort-

ing infrastructure and recycling instructions, we have eliminated single-use cups and cutlery at our premises in Prague and Bucharest, we installed water dispensers and soda bars, and we provide water for meetings in meeting rooms only in glass jugs and jars. We are piloting a programme removing individual waste bins near office desks.

We achieved an efficiency gain for waste per SMU from 7,6 g in 2021 to 6,7 g in 2022, a reduction of approximately 12% in 2022 vs 2021.

| | Total (T) | SMU | Waste per SMU (g) |
|------------|-----------|-------------|-------------------|
| Total 2020 | 4 732,99 | 552 611 990 | 8,6 |
| Total 2021 | 4 780,95 | 628 677 134 | 7,6 |
| Total 2022 | 4 260,44 | 636 485 454 | 6,7 |

Reported waste volume covers our manufacturing sites and adjacent offices and does not include waste from our commercial operations.

Turning waste into wealth

an interview with Cyril Klepek, Founder & CEO of Cyrkl

Zentiva is cooperating with Cyrkl in the area of waste management. This allows us to accelerate our roadmap to Zero Waste to Landfill and contribute to the circular economy.

What are the principles of circular waste management and how they help the companies in terms of reduction of waste and improvement of environmental footprint?

The principles are based on the concept of reducing waste generation and maximizing resource efficiency. By adopting these principles, companies can achieve several benefits. Firstly, they can minimize waste generation by promoting responsible consumption, implementing product designs that prioritize durability and recyclability, and optimizing manufacturing processes. This waste reduction not only helps companies streamline their operations but also reduces costs associated with waste disposal. Secondly, circular waste management practices contribute to improving the environmental footprint of companies. By embracing sustainable strategies such as recycling, waste-to-energy conversion, and the use of renewable materials, companies can reduce their reliance on virgin resources, conserve energy, and minimize pollution and greenhouse gas emissions. Lastly, circular waste management emphasizes resource optimization. It encourages the recovery and reuse of materials and resources from waste streams. By implementing strategies such as material recovery, remanufacturing, and product lifecycle extension, companies can extract value from waste and create new revenue streams, thereby turning waste into a valuable resource.

How does the digital waste marketplace work? What kind of unused materials can be offered by business and what happens with them?



Cyrkl digital waste marketplace operates as an online platform that connects businesses with excess or unused materials to potential buyers who can utilize those materials. The process typically involves several steps. Businesses can list their unused materials or by-products on the marketplace, providing details such as material type, quantity, and location. Potential buyers can search for specific materials or browse available listings to find suitable resources for their needs. The digital marketplace facilitates the matching of buyers and sellers based on their requirements. We also offer companies tailored consulting solutions - circular waste scan, recyclability analyses, pre-demolition audits, green sourcing of materials and legal advice on waste management.

When you encourage companies to join Cyrkl, you say that they will turn waste into wealth. Could you elaborate on that?

When Cyrkl encourages companies to join and turn waste into wealth, it means that businesses can unlock the economic potential of their waste streams. Instead of considering waste as a liability, Cyrkl enables companies to identify opportunities for waste valorization. By finding alternative uses or buyers for their waste materials, companies can generate additional revenue streams, reduce waste management costs, and contribute to a more sustainable and circular economy. This approach not only benefits the bottom line but also aligns with the principles of circular waste management by promoting resource efficiency and reducing waste generation.



Zero waste vision can only happen when both business and individuals join the movement. What could be a starting point for each of us to significantly reduce the amount of waste in our lives?

Achieving a zero-waste vision requires collective efforts from both businesses and individuals. To significantly reduce waste:

Businesses can start by conducting waste audits to assess the types and quantities of waste generated, identify areas for improvement, and develop waste reduction strategies. They can optimize packaging by exploring options for reducing materials, using eco-friendly alternatives, or implementing reusable packaging systems. Implementing recycling programmes and educating employees on effective waste segregation is also crucial. Engaging in circular practices, such as product redesign, remanufacturing, and material recovery, helps close the resource loop and minimize waste generation.

Individuals can make a significant impact by practising mindful consumption, avoiding unnecessary purchases, and considering the environmental impact of products before buying. The 'reduce, reuse, recycle' mantra should guide their actions, encouraging them to minimize waste generation, reuse items whenever possible, and recycle materials correctly. Composting organic waste not only diverts it from landfills but also produces nutrient-rich compost for gardening purposes. Choosing sustainable alternatives, such as products with minimal packaging or made from recycled materials, is another important step. Additionally, individuals can spread awareness about waste reduction and sustainable practices to inspire others to join the movement.

By taking these steps, both businesses and individuals can make a significant contribution to waste reduction and work towards a zero-waste future, fostering a more sustainable and circular economy.

The cooperation between Cyrkl and Zentiva has been developing over the last years. What are the most important waste reduction projects and activities in which you have supported our company?

Our collaboration with Zentiva began in 2021 as an assisted selling case, where Cyrkl helped Zentiva in finding uses for one of their waste streams. Building upon this successful partnership, we have continued our collaboration in 2022 and 2023 by embarking on a circular waste scan project, which is currently underway. The scan involves a comprehensive analysis of Zentiva's existing waste streams and the introduction of analysis methodology. It includes an assessment of the current state of Zentiva's waste management practices, recommendations for optimizing waste management for specific waste commodities, and a systematic analysis. This analysis includes the calculation of both environmental and financial savings for individual waste streams, comparing current costs with the circularity index. Additionally, the circular waste scan will provide Zentiva with a list of new measures and methods for waste treatment, along with guidance on their implementation within the client's operational environment.



About

BIODIVERSITY



Biodiversity is an important part of our climate strategy. On top of our efforts to decarbonize, to increase our efficiency towards energy and electricity, water and waste management; we are investing into the recovery of Biodiversity. We protect our planet by planting trees as part of our reforestation programme and by supporting a variety of species, like bees.

The variety of animals, plants, fungi and even micro-organisms like bacteria make up our natural world. Each of these species and organisms work together in ecosystems to maintain balance and support life. As humans are using and consuming more resources than ever before, we are losing the balance of the ecosystem and the biodiversity. According to the WWF's 2022 Living Planet Report shows an average 69% decline in global populations of mammals, fish, birds, reptiles, and amphibians since 1970. The 2019 landmark Global Assessment Report by the Intergovernmental Platform on Biodiversity and Ecosystem Services reported 1 million animal and plant species are now threatened with extinction – the highest number in human history.

Humans have overfished the oceans, cleared forests, polluted our water sources and created a climate crisis. These actions are impacting biodiversity around the world.

One of the good things about Biodiversity is its resilience. The ecosystem will adapt if we reduce our pressures, manage resources responsibly, and provide time for healing. Nature and Biodiversity will recover. To protect the planet and the wildlife we all love, we must rebuild the web of Biodiversity that supports it. All life will benefit: plants, insects, fish, birds, mammals and even people.

Our impact on the planet primarily comes from what we eat, what we buy, how we power our homes and how we travel from place to place. Together we can take action but it starts with each of us.

We welcome the EU's Biodiversity Strategy for 2030, a long-term plan to protect nature and reverse the degradation of ecosystems. The strategy set a path to recovery by 2030 and contains specific actions and commitments. **At Zentiva, we are committed to contribute to that plan.**



Our Bulgarian colleagues

followed the steps of India (who was involved in saving bees in previous years). They collected funds and adopted 60 000-bee beehives for a period from Sept 2021 to Sept 2022. The programme supported sustainable beekeepers and their apiaries throughout Bulgaria.



Reforestation

Forests cover more than 30% of the planet's land surface. They are vital for the survival and well-being of all human beings and for the protection of biodiversity. Forests are home to more than three quarters of the world's life on land. They are naturally occurring carbon sinks by removing greenhouse gas from the air. Carbon dioxide emissions from fossil fuels and vehicles are absorbed by the forest and trees.

Around 10% of the world's forests, an area larger than the European Union, have been lost worldwide through deforestation over the past 30 years, and about 10% of forests globally are severely fragmented with little or no connectivity.

We welcome the efforts of the United Nations that has designated 2021–30 the Decade on Ecosystem Restoration, and many countries, with help from donors, have launched ambitious programmes to restore forests in places where they were chopped down or degraded. The world is set to get a lot greener over the next years.

At Zentiva, we have joined the world reforestation effort.

Our commitment to reforestation started in 2019 by planting the first trees in Romania. Since then, Zentiva has planted more than 250.000 trees as part of its reforestation and offsetting programme.

Our 2022 reforestation contributors:

| Country | Number of Trees |
|--------------|-----------------|
| Romania | 60 000 |
| India | 27 450 |
| UK | 5 000 |
| France | 9 145 |
| Poland | 5 000 |
| Total | 106 595 |

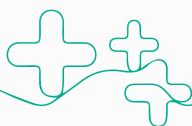


In 2022, thanks to the efforts of our teams, 106 595 trees afforested selected areas in Romania, India, France, the UK and Poland. Our reforestation activities are undertaken globally to ensure common criteria for sustainable tree planting are in place. The company continued to follow the 10 principles of the Forest Stewardship Council (FSC) to guide the activities. Additionally, we have been cooperating with renowned experts in the field, e.g. adopting the Japanese concept

of Miyawaki Forest in India in cooperation with Dr RK Nair, a Green Hero of India & Co-founder of Forest creators and cooperating with Conservation Carpathia Foundation to help reforestation in Romania.

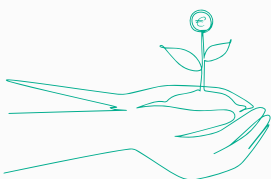
Across the world, people are aware of the power of trees to address climate crises and biodiversity loss. At Zentiva, we are aware of our responsibility, we need to give back to nature what we take for our living.

We are contributing to the
Global Forest Goals from the United Nations



Global Forest Goal 1

Reverse the loss of forest cover worldwide through sustainable forest management, including protection, restoration, afforestation and reforestation, and increase efforts to prevent forest degradation and contribute to the global effort of addressing climate change.



Global Forest Goal 2

Enhance forest-based economic, social and environmental benefits, including by improving the livelihoods of forest-dependent people.



Global Forest Goal 3

Significantly increase the area of protected forests worldwide and other areas of sustainably managed forests, as well as the proportion of forest products from sustainably managed forests.



Global Forest Goal 4

Mobilize significantly increased, new and additional financial resources from all sources for the implementation of sustainable forest management and strengthen scientific and technical cooperation and partnerships.



Global Forest Goal 5

Promote governance frameworks to implement sustainable forest management, including through the United Nations forest instrument, and enhance the contribution of forests to the 2030 Agenda for Sustainable Development.



Global Forest Goal 6

Enhance cooperation, coordination, coherence and synergies on forest-related issues at all levels, including within the United Nations system and across member organizations of the Collaborative Partnership on Forests, as well as across sectors and relevant stakeholders.

Source: Global Forest Goals and Targets of the UN Strategic Plan for Forests 2030 Booklet



About the Miyawaki Forest:

In 2022, our team in India planted trees by adopting the concept of 'Miyawaki'. It is a Japanese technique on how to grow forests in a fast and sustainable way.

Dr RK Nair, Green Hero of India & Co-founder of Forest creators, introduced the team in India with the concept as part of long-term-based cooperation with Zentiva India.

In November our colleagues in Ankleshwar planted their first Zentiva Forest with 27 450 trees, ready to further expand in the future years.

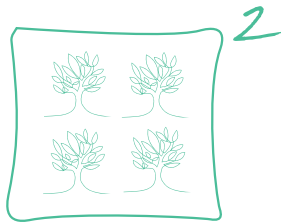


The Miyawaki Forest Principle

Japanese botanist Dr Akira Miyawaki gifted the Miyawaki technique to create dense forests with native plants.

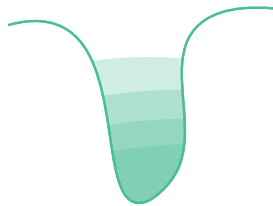
This unique method is used worldwide for urban afforestation by growing a forest:

1. Method involves



1. Planting two to four trees per square metre
2. Miyawaki forests grow in two to three years and are self-sustaining
3. They help to lower temperatures, reduce air and noise pollution, attract local birds and insects, and create carbon sinks

2. Developing method



1. The land is dug 2–3 ft deep using excavating machine
2. The dugout soil is mixed with manure, coco peat, or sugarcane bagasse, risk husk, biomass, etc. and soil again dumped back into the pit
3. Plantation is done in 4 layers: shrub, sub-tree, tree & canopy

3. Benefits



1. Helps to retain rainwater at large scale which ultimately increases ground water level
2. Water quality becomes better in one year time after forest development
3. Lowers the temperature
4. Protection of biodiversity
5. Benefits to nearby farming by means of pollination process as bees, butterflies & small birds migrate in large number.
6. Ability to absorb a high amount of Carbon Dioxide from the atmosphere

Interview

Living in Gujarat, Dr RK Nair has already created already a few dozens of forests areas in various states across India. He shared with us his thoughts on the topic of reforestation and its role in battling climate change.



The world has lost 420 million hectares, more than 10% of its total forest area in the last 30 years, according to the 2022 edition of The State of the World's Forests (SOFO) released in, 2022. What actions should be undertaken globally to stop this trend?

Deforestation is a significant global concern that is often driven by development. As urban areas expand, forest cover is rapidly reduced, threatening the delicate balance of the ecosystem. However, development is necessary for societal progress. Finding a balance between development and conservation is crucial. One promising solution is the creation of Miyawaki forests or urban forests. This approach involves transforming small and large spaces into dense forests, which can help restore the local ecosystem. The beauty of this method is that it can be implemented on small plots of land, such as parking lots, boundaries of societies, offices, industries, chemical dump yards, or even barren lands. By merging the concrete jungle with a natural jungle, we can take a practical and modern approach to address the problem of deforestation.

Why is protecting forests and reforestation actions so important for our planet? What role do they play in the effort to reverse climate change?

Protecting forests and reforestation actions are crucial for our planet for several reasons:

Carbon absorption: Forests act as carbon sinks by absorbing carbon dioxide from the atmosphere and storing it in trees and soil. By preserving existing forests and planting new ones, we can help reduce the

impact of pollution caused by our day-to-day activities.

Biodiversity: Forests are home to countless species of plants and animals, many of which are endangered or threatened due to various reasons. Protecting forests can help maintain biodiversity, which is critical for the long-term health and sustainability of ecosystems.

Water restoration: Forests play a crucial role in water restoration by regulating water flow, reducing erosion, and maintaining soil moisture. They can also help increase the groundwater level, which is life-saving in drought-prone areas.

Reforestation actions can help reverse the effects of climate change by restoring degraded ecosystems, improving water and air quality, and reducing the impact of natural disasters such as floods and landslides. In addition, reforestation can increase the percentage of carbon absorption and reduce pollution. Therefore, protecting and restoring forests is a critical component of efforts to address climate change and its associated challenges.

What are the basic principles of planting trees that each of us should follow?

Reforestation is an essential approach for restoring and protecting the planet's forests, and growing trees is the basic step towards it. It is crucial to emphasize the word 'growing' instead of planting because it requires care and nurturing, just like any living creature. The basic steps to grow a tree are

Choose the right species: It is necessary to select tree species that are well suited to the local climate, soil



conditions, and the place of the plantation.

Prepare the site: Clear the planting area of weeds, debris, and other obstacles that may hinder growth. Add organic fertilizers to the soil a few days before planting so that the plant gets its nutrients as soon as it is planted and starts growing well.

Plantation method: Take a bucket of water, dilute cow urine in it, dip the plant along with the bag, and keep it for 4 to 5 minutes, let all the air inside it come out in the form of bubbles. This process helps to remove acidity from the plants, and cow urine acts as an organic pesticide. Then remove the bag and place the plant in a pit with a depth of about feet. After placing the plant, cover it with soil, but do not press the soil hard, let the roots have space to grow. Finally, cover the bottom of the plant with mulching grass and start watering. Mulching helps retain the moisture level of the ground.

Maintain the trees: This is the most critical part to help the tree grow, but it is where most people lack. Regular and proper care can make the tree grow very fast and very good in any surroundings. Basic care

requires daily watering at least 2 times and providing organic fertilizers, de-weeding if weeds are grown.

By following these basic principles and taking good care, everyone can grow many plants and help make this world a better place to live.

How can individuals protect the forests natural ecological, social, economic, and health benefits for future generations?

Individuals can play a vital role in protecting forests and ensuring that this natural resource is available for future generations to enjoy. I personally follow three golden rules not only to protect forests but also our complete Mother Nature: REDUCE, REUSE, and RECYCLE.

By taking these actions, every individual can contribute to protecting forests and the environment for their ecological, social, and health benefits for future generations. Please try to educate your loved ones about the 3R concept and lead by example, as Mahatma Gandhi once said, 'Be the change you wish to see in the world.'



Looking to 2023

With our Sustainability roadmap defined, we continue to deliver, building on the momentum we have created in 2022. At the time of going to print, we have already achieved a strong first half of the year 2023. We will continue to work hard as individuals and as a team – now under the new leadership of Steffen Saltofte – to make a strong contribution to public health and to care for our people, the people we serve, our partners and the planet.

Our key

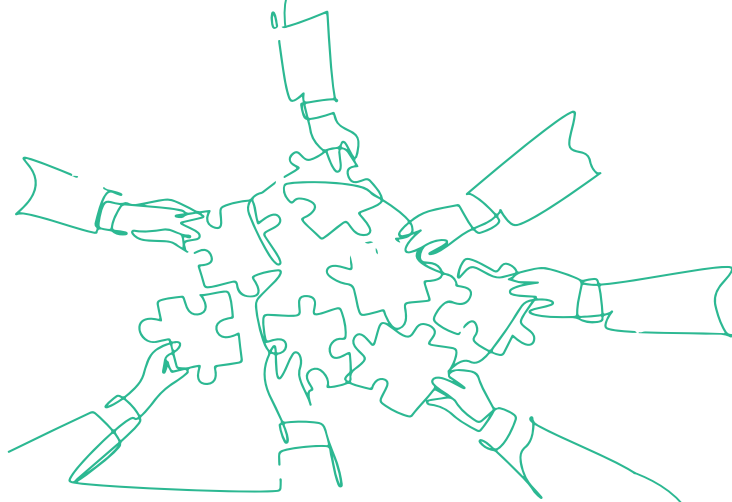
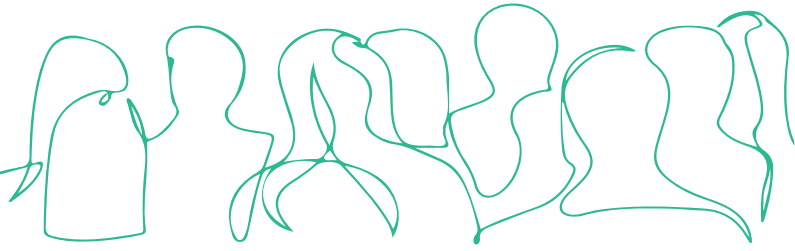
2023 SUSTAINABILITY GOALS

In 2023 we will further operationalize our strategy and engage our community as every small step counts.

- Based on our governance we have established in 2022 we will report on a quarterly basis
- We will repeat the S&P assessment we have conducted in 2021 and see in which areas we have improved
- We will continue to implement our roadmap 2030 to become carbon-neutral in scope 1 and scope 2 by 2030 and go even beyond

People

- Further increase Diversity at Board and at Executive Level
- Strengthen our activities towards communities and build strategic partnerships for our #WeHelpOthers programme in our main locations
- Strengthen our awareness around Sustainability topics building on 'Act NOW – UN initiatives' and share our knowledge with others



Partners

- Conduct our first on-site supplier audit on ESG compliance
- Review the Top Direct Suppliers and their status of a reputable ESC rating within our Responsible Sourcing Program

Planet

- Assess Heat Pump Installation in Prague, Bucharest and Ankleshwar and initiate installation in 2023
- Prepare Prague plan to eliminate fossil fuel usage in solids on site by the end of 2025
- Plant another 100 000 trees in 2023 and formalize our goal of planting 1 million trees by 2030
- Initiate Bee programmes
- Maximize solar panels implementations by executing Prague Campus Solar project



Data & INDEX TABLES



Energy

| Energy consumption within the organization | Unit | 2022 | 2021 | 2020 |
|--|------------|----------------|----------------|---------------|
| Total non-renewable fuel consumption | MWh | 66 295 | 76 150 | |
| Natural gas | MWh | 58 106 | 75 364 | |
| Gasoline in vehicles | MWh | 5 998 | | |
| Diesel in vehicles | MWh | 1 613 | | |
| Diesel for emergency power | MWh | 531 | 786 | |
| Oil combustion | MWh | 47 | 0 | |
| Total renewable fuel consumption | MWh | 0 | 0 | |
| Total electricity | | 57 288 | 57 404 | 56 471 |
| Electricity from renewable sources | MWh | 43 493 | 44 078 | 40 545 |
| Electricity from non-renewable sources | MWh | 13 795 | 13 326 | 15 926 |
| District heating | MWh | 12 417 | 4 372 | |
| Total energy purchased | MWh | 136 000 | 137 926 | |
| Electricity self-produced from renewable sources | MWh | 0 | 0 | |
| Total Energy Consumption | MWh | 136 000 | 137 926 | |

Waste Management

| Waste diverted from disposal and waste directed to disposal, by recovery operation | Unit | 2022 | 2021 | 2020 |
|--|---------------|--------------------|--------------------|--------------------|
| Waste diverted from disposal | tonnes | 1 705,7 | 1 731,59 | 1 840,2 |
| Preparation for reuse | tonnes | 0 | 0 | |
| Recycling | tonnes | 1 705,7 | 1 731,59 | 1 840,2 |
| Recycling (as reported in 2021) | tonnes | 1 537,4 | 1 497 | 1 599,6 |
| Compost | tonnes | 37 | 34,49 | 30,9 |
| Other recycling (reuse in 2021?) | tonnes | 131,3 | 200,1 | 209,7 |
| Other recovery operations | tonnes | 0 | 3,4 | 0,4 |
| Waste directed to disposal | tonnes | 2 554,7 | 3 045,2 | 2 892,1 |
| Incineration (with energy recovery) | tonnes | 1 794 | 1 827,7 | 1 961,1 |
| Incineration (as reported in 2021) | tonnes | 966,4 | 967,1 | 986,5 |
| Co-processing (as reported in 2021) | tonnes | 827,6 | 860,6 | 974,6 |
| Incineration (without energy recovery) | tonnes | 0 | 0 | |
| Landfilling | tonnes | 760,7 | 1 217,5 | 931 |
| BAU | tonnes | | | |
| Other disposal operations | tonnes | 0 | 0 | |
| Total weight of waste generated | tonnes | 4 260,4 | 4 780,1 | 4 732,9 |
| of which hazardous | tonnes | 1 933,55 | | |
| of which non-hazardous | tonnes | 2 326,85 | | |
| Volume produced | SMU | 636 485 454 | 628 677 134 | 552 611 990 |
| Waste per SMU | G/SMU | 6,69 | 7,60 | 8,6 |

Water Management

| Total quantity of water withdrawal | Unit | 2022 | 2021 | 2020 |
|---|------------|--------------|--------------|--------------|
| Surface water | MEGALITRES | 0,4 | 1,4 | 1,6 |
| Fresh water | MEGALITRES | 0,4 | 1,4 | 1,6 |
| Other water | | - | - | |
| Groundwater | MEGALITRES | 0 | 0 | |
| Fresh water | MEGALITRES | 0 | 0 | |
| Other water | | - | - | |
| Third-party water | MEGALITRES | 299,5 | 303,7 | 354,1 |
| Fresh water | MEGALITRES | 299,5 | 303,7 | 354,1 |
| Other water | | - | - | |
| Total water withdrawal | MEGALITRES | 299,9 | 305,1 | 355,7 |
| Total water discharge to all areas | | | | |
| Total water discharge | MEGALITRES | 325 | 285,4 | 288,1 |
| Surface water | | - | - | |
| Groundwater | | - | - | |
| Seawater | | - | - | |
| Third-party water | MEGALITRES | 325 | 285,4 | 288,1 |

GHG Emissions

| GHG Emissions | Unit | 2022 | 2021 | 2020 |
|--|-------------|--------|--------|--------|
| Direct GHG emissions - Scope 1 | UNIT | Total | Total | Total |
| Direct emissions | TONNES CO2E | 18 117 | 17 636 | |
| Biogenic CO2 emissions | TONNES CO2E | - | - | |
| Energy indirect GHG emissions - Scope 2 | | | | |
| Energy indirect emissions (location based) | TONNES CO2E | - | - | |
| Energy indirect emissions (market based) | TONNES CO2E | 15 964 | 12911 | |
| Other indirect GHG emission - Scope 3 | | | | |
| Other indirect emissions | TONNES CO2E | 55 656 | 44 607 | |
| Offsets purchased by suppliers | TONNES CO2E | 769 | | NA |
| Offsets purchased by Zentiva | TONNES CO2E | 5 500 | | NA |
| Total S 1&2 | TONNES CO2E | 34 081 | 30 548 | 31 972 |
| Total Scope 1 & 2 incl. offsets purchased by suppliers | TONNES CO2E | 33 312 | 30 548 | 31 972 |
| Total Scope 1 & 2 incl. all offsets | TONNES CO2E | 27 812 | | |
| Total | TONNES CO2E | 89 738 | 75 154 | |
| Total incl. all offsets | TONNES CO2E | 83 469 | 75 154 | |

United Nations Global Compact Index

| Principle # | UN Global Compact Principle | Report Section | Sustainability Report reference |
|--------------|--|------------------|--|
| Principle 1 | Support and respect the protection of internationally proclaimed human rights. | Partners | Our Policies: Business Ethics Commitment, Human rights & Anitbribery |
| Principle 2 | Ensure that business practices are not complicit in human rights abuses. | Partners | Our Policies: Business Ethics Commitment, Human rights & Anitbribery |
| Principle 3 | Uphold the freedom of association and the effective recognition of the right to collective bargaining. | People, Partners | "Diversity, Equity and Inclusion: Remuneration & Pay Equity Analysis; Our Policies: Diversity, Equity & Inclusion" |
| Principle 4 | Eliminate all forms of forced and compulsory labor. | Partners | Our Policies: Business Ethics Commitment, Human rights & Anitbribery, Supplier Code of Conduct |
| Principle 5 | Abolish child labor. | Partners | Our Policies: Business Ethics Commitment, Human rights & Anitbribery; Supplier Code of Conduct |
| Principle 6 | Eliminate discrimination in employment and occupation. | People, Partners | "Diversity, Equity and Inclusion: Remuneration & Pay Equity Analysis; Our Policies: Diversity, Equity & Inclusion" |
| Principle 7 | Adopt a precautionary approach to environmental challenges. | Planet, Partners | "Our approach to offsetting, About Biodiversity - Reforestation; Our Policies: Responsible Sourcing, Suppliers Code of Conduct" |
| Principle 8 | Conduct environmentally responsible activities. | Planet | "Our Climate Strategy, Our Approach to Offsetting, About Biodiversity - Reforestation; Our Policies: Responsible Sourcing, Suppliers Code of Conduct" |
| Principle 9 | Encourage the development and diffusion of environmentally friendly technologies. | Planet | Our Climate Strategy, About Energy Efficiency, About Water, About Waste |
| Principle 10 | Fight corruption in all its forms including extortion and bribery | Partners | Our Policies: Business Ethics Commitment, Anti-bribery & Anti-Corruption |

Workforce

| | 2022 | | | 2021 | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Male | Female | Total | Male | Female | Total |
| Permanent | 2 043 | 2 263 | 4306 | 2 078 | 2 284 | 2 362 |
| Temporary | 277 | 217 | 494 | 139 | 199 | 338 |
| Total | 2 320 | 2 480 | 4 800 | 2 217 | 2 483 | 4 700 |

| | 2022 | | | 2021 | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Male | Female | Total | Male | Female | Total |
| Full-time | 2 307 | 2 400 | 4 707 | 2 204 | 2 404 | 4 608 |
| Part-time | 13 | 80 | 93 | 13 | 79 | 92 |
| Total | 2 320 | 2 480 | 4 800 | 2 217 | 2 483 | 4 700 |

| | 2022 | | | | | | 2021 | | | | | |
|--------------|--------------|--------------|------------|------------|--------------|--------------|--------------|--------------|------------|------------|--------------|--------------|
| | CZ | RO | IND | BUC | Other | Total | CZ | RO | IND | BUC | Other | Total |
| Full-time | 1 249 | 1 137 | 533 | 106 | 1 281 | 4 306 | 1 260 | 1 161 | 541 | 90 | 1 311 | 4 363 |
| Part-time | 197 | 96 | 91 | 5 | 105 | 494 | 169 | 21 | - | 15 | 132 | 337 |
| Total | 1 446 | 1 233 | 624 | 111 | 1 386 | 4 800 | 1 429 | 1 182 | 541 | 105 | 1 443 | 4 700 |

| | 2022 | | | 2021 | | |
|--|------------|------------|---------------|------------|------------|---------------|
| | Male | Female | Total | Male | Female | Total |
| Executives | 69% | 31% | 100,0% | 68% | 32% | 100,0% |
| Managers and Field Force Area Managers | 56% | 44% | 100,0% | 52% | 48% | 100,0% |
| White collar and Field Force Representatives | 41% | 59% | 100,0% | 37% | 63% | 100,0% |
| Blue Collar | 58% | 42% | 100,0% | 61% | 39% | 100,0% |
| Total | 48% | 52% | 100,0% | 47% | 53% | 100,0% |

| Internal employees by age group and employee category | 2022 | | | | 2021 | | | |
|--|------------|--------------|------------|--------------|------------|--------------|------------|--------------|
| | <30 | 30-50 | >50 | Total | <30 | 30-50 | >50 | Total |
| Executives | - | 14 | 12 | 26 | - | 15 | 10 | 25 |
| Managers and Field Force Area Managers | 22 | 501 | 150 | 673 | 14 | 445 | 125 | 584 |
| White collar and Field Force Representatives | 473 | 1 772 | 394 | 2 639 | 366 | 1 717 | 343 | 2 426 |
| Blue Collar | 309 | 746 | 407 | 1 462 | 386 | 859 | 420 | 1 665 |
| Total | 804 | 3 033 | 963 | 4 800 | 766 | 3 036 | 898 | 4 700 |
| % | 17% | 63% | 20% | | 16% | 65% | 19% | |

| Injuries | 2022 | 2021 |
|-----------------------|-------|-------|
| | Total | Total |
| Work-related injuries | 3 | 9 |
| of which fatalities | 0 | 0 |
| Worked hours lost | 39 | 281 |

| External workers injuries | 2022 | 2021 |
|---------------------------|-------|-------|
| | Total | Total |
| Work-related injuries | 1 | 0 |
| of which fatalities | 0 | 0 |
| Worked hours lost | 208 | 0 |

Material topics and related GRI standards

| Material Topic | GRI Topic | GRI Standard |
|-------------------------------------|---|--|
| Accessibility to standard therapies | GRI 3: Material Topics 2021 | 3-3 Management of material topics |
| Affordability of Zentiva Products | GRI 3: Material Topics 2021 | 3-3 Management of material topics |
| Supply Security | GRI 3: Material Topics 2021 | 3-3 Management of material topics |
| Carbon Emissions | GRI 305: Emission 2016 | 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions 305-4 GHG emissions intensity 305-5 Reduction of GHG emissions |
| Renewable Energy | GRI 303: Energy 2016 | 302-1 Energy consumption within the organization |
| Diversity & Inclusion | GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees (a quantitative measure of diversity) 405-2 Ratio of basic salary and remuneration of women to men |



GRI content index

Zentiva has reported the information cited in this GRI content index for the period from 1st January 2022 till 31st December 2022 with reference to the GRI Standards.

GRI content index follows the instructions from GRI 1: Foundation 2021

At the moment of creation of the report, there were not any Sector Standards applicable to the organisation's scope of business.

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Material Topics

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| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 92 | |
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| | 302-4 Reduction of energy consumption | 92 | |
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| | 305-1 Direct (Scope 1) GHG emissions | 93 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 93 | |
| | GRI 305: Emission 2016 | 305-3 Other indirect (Scope 3) GHG emissions | 93 |
| | | 305-4 GHG emissions intensity | 71, 93 |
| | 305-5 Reduction of GHG emissions | 70, 72, 93 | |
| TOPIC: DIVERSITY AND INCLUSION | | | |
| GRI 3 | 3-3 Management of material topics | 32, 40-44 | |
| GRI 405: Diversity and equal opportunity 2016 | 405-1 Diversity of governance bodies and employees (a quantitative measure of diversity) | 41 | |
| | 405-2 Ratio of basic salary and remuneration of women to men | 44 | |

Other Topics

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| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | 59, 62 |
| GRI 303: Water and effluents 2018 | 303-1 Interactions with water as a shared resource | 76 |
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| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 78 |
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| | 306-3 Waste generated | 79, 92 |
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| GRI 403: Occupational health and safety 2018 | 403-1 Occupational health and safety management system | 48 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | |
| | 403-5 Worker training on occupational health and safety | |



About the **REPORT**

The 2022 Sustainability Report covers the scope of Zentiva and all its affiliates for the year 2022 and was published in June 2023.

IN CASE OF ANY QUESTIONS, PLEASE CONTACT

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EXTERNAL ASSURANCE

The Carbon Footprint Calculation has been verified by Preferred by Nature.

ROLE OF THE HIGHEST GOVERNANCE BODY IN SUSTAINABILITY REPORTING

The 2022 Sustainability Report has been summarized by the Sustainability Community under the leadership of Ines Windisch, Head of HR, Communications & Sustainability and approved by Steffen Saltofte, CEO of Zentiva and the members of the Advisory Committee.

GRI CONTENT INDEX

Zentiva has reported the information cited in this GRI content index for the period from January 1, 2022, until December 31, 2022, with reference to the GRI standards.

GRI content index follow the instructions from GRI 1: Foundation 2021

At the time of the creation of the report, there were not any Sector Standards applicable to the organization's scope of business.

SOURCES

Internal Data from Zentiva Group a.s. unless indicated otherwise.

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