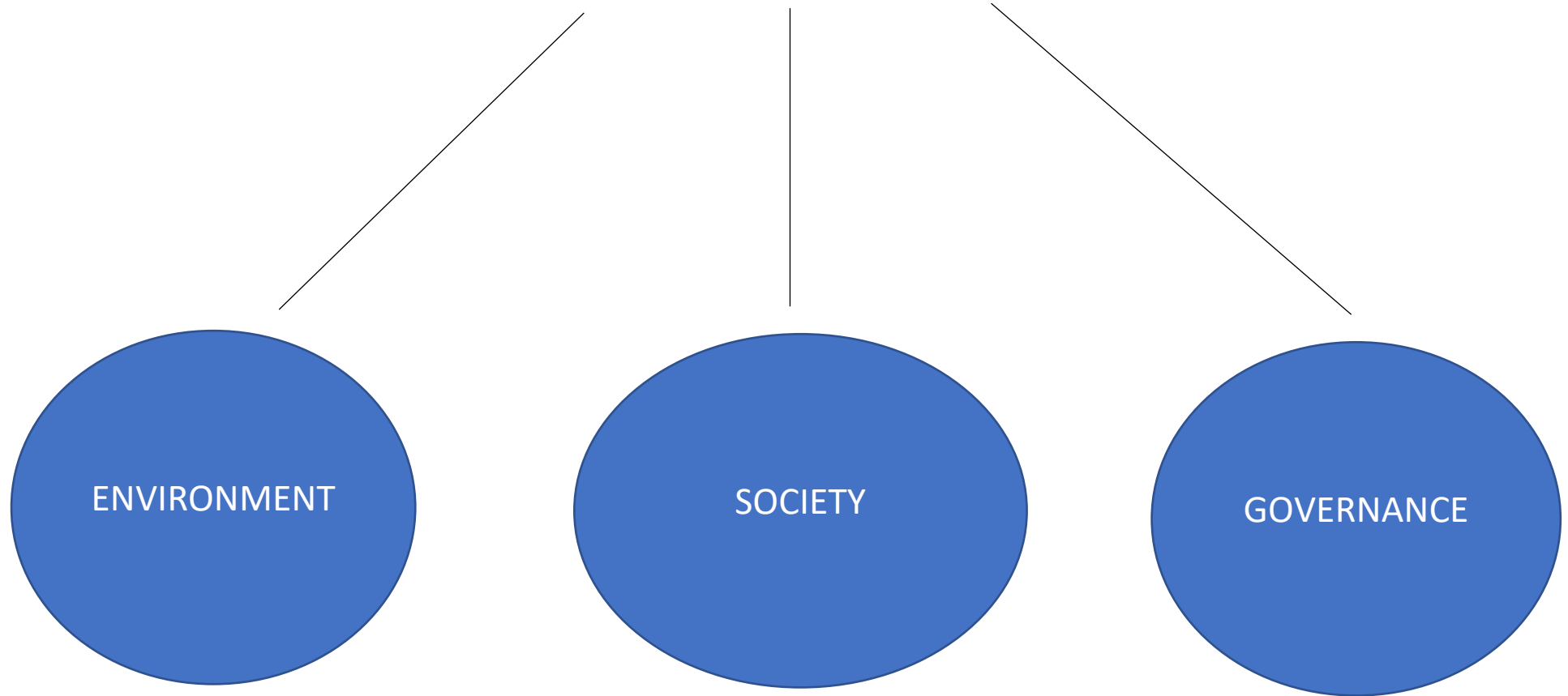


# **ESG INITIATIVES IN BIOTON S.A.**

**Warsaw, 2021**

## ESG ASSUMPTIONS



## ENVIRONMENT

BIOTON S.A, as the main production company, may have the greatest impact on the natural environment. However, due to the fact that all Polish companies use common facilities and premises, the data presented below regarding energy, water, materials and raw materials consumption, generated waste, sewage and emissions relates to the Group's activities on the premises in Macierzysz.

BIOTON S.A. produces, among other things, modern insulin preparations from recombinant human insulin, while ensuring the highest level of environmental protection, which is the priority of the Company's operations. By constantly investing in production technologies, improving the quality of management systems and raising the ecological awareness of employees, the Company is able to limit its negative impact on the environment. The developed technologies of new medicines take into account the necessary elements of improvement of environmental effects. The implemented production of human insulin analogues eliminates the use of raw materials, whose process residues have so far required disposal.

BIOTON S.A. and the BIOTON S.A. Capital Group have an Environmental Policy, which defines the framework of the environmental management system, as well as sets goals and main tasks in the area of environmental protection. These goals include, among others:

- managing the rational use of water and electricity through regular measurements and introducing innovative solutions in the production process;

- reducing the amount of generated waste through prevention, segregation and transferring them to companies with appropriate permissions;
- raising employees' awareness through the provision of information on environmental protection and regular training;
- promoting pro-environmental behaviour among subcontractors.

This policy is common for the Group's key companies, i.e. the Polish companies. Due to the different nature of business and legal environment, other subsidiaries are not covered by this policy. The environmental policy is communicated to all employees during initial training and during any actions designed to motivate employees to behave in an environmentally friendly manner.

The Environmental Protection Specialists are responsible for monitoring tasks related to environmental protection. The Specialists, in consultation with the Management Board of BIOTON S.A., identify and fulfill on an ongoing basis all legal requirements in the area of environmental protection. The correctness of the conducted activities in the area of environmental protection is confirmed by the results of the energy audit conducted by Riktning Group in the second half of 2017. The date of the next energy audit is scheduled for 2021.

In 2020, several innovative ideas were implemented at BIOTON S.A., bringing measurable environmental and financial benefits to the Company itself:

1. New substance production technology has been implemented, which has reduced raw material consumption, electricity consumption and waste generation.
2. The need to cool the condensate leachate was eliminated, resulting in significant savings in cooling water and electricity consumption.

3. A rationalization idea of heat recovery in the boiler room was applied enabling reduction of heat energy consumption.
4. Radiator valves were replaced with programmable ones, which had a positive effect on the control of heat consumption and significantly reduced its consumption.

More than half of the paper packaging used by the Company and placed on the market in 2020 was produced from renewable raw materials. At the same time, 88.2% of the waste was sent for recovery during the same period.

Changes in the amount of energy consumed, from non-renewable sources to renewable sources, are the evidence of BIOTON S.A. and the BIOTON S.A. Capital Group's efforts to minimize its impact on the environment.

BIOTON S.A. and the BIOTON S.A. Capital Group in 2020 also incurred costs related to damage prevention and environmental protection management, whose total value amounted to approximately PLN 40 thousand. The most important components include: research and development (PLN 18 thousand), additional expenses on purchases related to environmental protection (PLN 10 thousand), external services related to environmental protection management (PLN 7.4 thousand) and other environmental protection management costs (PLN 5 thousand). The Group takes advantage of free-of-charge environmental protection trainings organised by the government and local administration.

# SOCIETY

## 1. DIVERSITY IN THE EMPLOYMENT

Recruitment processes are based on the approved staffing plan for the year. In the first step new employees are searched for within the organisation. In case of lack of a person with required competences and skills, a decision is made to start external recruitment.

All efforts are made to create a work environment that values differences between employees, such as gender, age, culture, disability and lifestyle, in accordance with current market standards for Diversity & Inclusion. The unique skills and experience that employees possess result in greater creativity and innovation, which in turn results in a better understanding of market needs and improved business performance. The issues concerning the diversity policy at BIOTON S.A. Capital Group are formally reflected in the Group's Code of Ethics and Compliance Policy.

The BIOTON S.A. Capital Group makes every effort to ensure that the Company's authorities and its key managers are diverse in terms of gender, educational background, age and professional experience. The selection process of persons for management and executive positions takes into account such elements as: adequate education, professional experience and competence. Candidates are not disqualified on the basis of gender or age.

At the end of 2020, the Group employed 418 people.

In addition, BIOTON S.A. Capital Group has been levelling the playing field and wages over the past few years. In 2020, the wage gap between men and women employed at BIOTON S.A. was 24%. The Group is acting effectively, which is confirmed by the fact that in 2021 the difference is 10%.

BIOTON S.A. Capital Group HR policy is also based on the principle of gender parity. Among eleven members of the Executive Team as many as six are women, occupying the highest positions in the company.

## **2. POLICIES AND INDICATORS RELATING TO HUMAN RIGHTS ISSUES**

BIOTON S.A. and the BIOTON S.A. Capital Group use due diligence to ensure equal treatment in all areas of activity, following the principle that one's own interests may not contradict good corporate social responsibility practices. Therefore, all actions and business objectives are implemented taking into account the following values:

- providing quality products and services;
- customer confidence and satisfaction;
- respect and kindness to all customers;
- accountability to stakeholders and the business environment;
- terms and conditions of employment;
- employee development;
- respect for employees;
- promotion of teamwork.

### **3. COUNTERACTING DISCRIMINATION AND MOBBING**

BIOTON S.A. Capital Group cares about creating an appropriate work organization with a high culture of conflict resolution. To this end, the employer has developed appropriate procedures to prevent mobbing and discrimination. Preventing and counteracting mobbing and discrimination at BIOTON S.A. is implemented in the following three areas:

- internal regulations applicable in the Company;
- management practice;
- ethics and work culture.

The issue of counteracting discrimination and mobbing in BIOTON S.A. has been regulated in the Anti-Discrimination and Counteracting Discrimination Policy, which defines the manner in which cases of discrimination or mobbing should be reported, as well as information on actions that can be taken if a complaint is considered justified (e.g. transferring an employee to another position, punishment, reprimand or termination of employment without notice).

This policy is common for the Group's key companies, i.e. the Polish companies. Due to the different nature of business and legal environment, other subsidiaries are not covered by this policy.

These regulations are presented during the initial training of all new employees, who confirm in writing that they have read them. Periodic training sessions are also held to refresh employees' knowledge in this area and to communicate the changes that have taken place in relation to bullying, discrimination and equal treatment in the workplace. The training is delivered online and the employee is required to electronically confirm that they have taken the training.



#### 4. PRODUCT LIABILITY

- **The quality and safety of our products, which consists of:**
  - Manufacture active substance (recombinant human insulin) of the highest quality and effective, safe and durable drug products;
  - All products are manufactured in accordance with legal regulations and Good Manufacturing Practice (GMP) requirements, confirmed by GMP certificates;
  - Implemented and continuously improved quality assurance system;
  - Caring for the quality and safety of medical devices, a quality management system in accordance with EN-ISO 13485: 2016 has been implemented, confirmed annually by a certificate issued by TUV Rheinland.
- **Oversight of pharmacovigilance and reliable medical information**
  - We collect, analyse and archive reports of adverse reactions to products in the BIOTON S.A. portfolio;

- All BIOTON S.A. and BIOTON S.A. Capital Group employees are obliged
  - for safety-related data collection;
  - We provide periodic training on PV;
  - We use the European electronic adverse reaction reporting system EudraVigilance;
  - We provide accurate information about our products and how they work and keep you up to date with medical information about our portfolio.
- **Building medical product availability in the era of COVID-19**

In view of the ongoing epidemiological situation related to the SARS-CoV-2 virus, including an increase in the incidence of COVID-19, our primary goal is to ensure the safety of diabetes patients. Regardless of the difficulties associated with the state of the epidemic, we fully discharge our responsibility by ensuring that the Polish market is fully secured in diabetes preparations - particularly in insulin.

## 5. RESPONSIBILITY DURING THE COVID PANDEMIC

- **Platform Ask the Specialist**

For the sake of the health of patients with diabetes in the era of the pandemic, difficult access to education in outpatient clinics, we created the Ask the Specialist platform, through which each patient can benefit from the education of Specialists and safely get professional support. The patient has access to educational advice from a diabetologist, nurse and dietician via phone or email.

- **Doctors and nurse support**

Equip treatment teams caring for patients with diabetes with necessary protective equipment:

- Masks;
- Disinfectant fluids;
- Disposable gloves;
- Financial donations to enable the purchase of protective equipment.

Ongoing knowledge enhancement of diabetes topics through knowledge enhancement webinars and email education.

Support of Scientific Societies in statutory activities, e.g. organization of on-line conferences.

- **Direct patient support**
  - Donations of human insulin to hospitals and free donations of injectors necessary for insulin administration;
  - Providing free samples of dietary supplements to patients.

# GOVERNANCE

## 1. STRUCTURE OF BIOTON S.A.

BIOTON S.A. is the first in Poland and one of the eight global producers of biotechnologically derived human insulin active substance, as well as a manufacturer of ready-to-use forms of insulin therapeutic products for patients. BIOTON S.A. contributes to the continuous development of Polish biotechnology through its research and development activities.

The goal of the BIOTON S.A. Capital Group is to become the preferred supplier of complete diabetes solutions among patients, doctors and the diabetes community. To this end, qualified specialists are constantly developing and improving production technologies, thus responding to the current needs of patients and the market. The combination of strong competence and laboratory space equipped with state-of-the-art research equipment enables complete transfer of the developed technology to commercial purposes.

Foundations of BIOTON S.A. and the BIOTON S.A. Capital Group:

- Every day we build our global success by strengthening our diabetes and biotechnology expertise. Every day we increase our operational excellence through open-mindedness, goal orientation and teamwork.
- By fulfilling its objectives and taking into account the foundations of its activity, the BIOTON S.A. Capital Group cares for the quality of health and life of patients by manufacturing pharmaceutical substances of the highest quality, safe and effective medicinal products and medical devices.

As of December 31, 2020, the Group consisted of the following Companies:

- • BIOTON S.A.;
- BIOTON MARKETING AGENCY Sp. z o.o.;
- BIOLEK Sp. z o.o.;
- BIOTON International GmbH;
- Mindar Holdings Ltd.;

Biopartners Holdings AG Capital Group - Biopartners Holdings AG filed for bankruptcy in March 2019 - the process was completed in May 2019.

The key companies within the Group are Polish. The Group's parent company is BIOTON S.A. - the company responsible for the production of recombinant human insulin (active substance), as well as finished forms of therapeutic insulin products, sales of finished products, goods and services both through its own pharmaceutical wholesaler and other pharmaceutical wholesalers and pharmacies on the Polish market, and foreign distribution on the basis of cooperation agreements and sales agreements concluded with foreign and domestic partners. BIOTON S.A. has modern research facilities enabling scientific work and continuous product development. The Group's marketing activities on the Polish market are the responsibility of BIOTON MARKETING AGENCY Sp. z o.o. (BMA). BIOLEK Sp. z o.o., on the other hand, using Group's research facilities specialize in innovative veterinary products and foods for special medical purposes for patients with gastrointestinal diseases.

The remaining Group companies are special purpose vehicles, including Mindar Holdings Ltd. mainly responsible for the management of the subsidiaries Biopartners Holdings AG and BIOTON International GmbH responsible for the development

and sale of medicinal products in foreign markets. Following the initiated bankruptcy proceedings, in Q1 2019. BIOTON S.A. Capital Group lost control of the Biopartners Holdings AG Group. The bankruptcy procedures were completed in May 2019. Since 2018, the business model of the BIOTON S.A. Capital Group has been simplified. In mid-2018, the Group completed the sale of its subsidiary SciGen Ltd. The transaction was related to the decision to reorganize the Group in terms of building an integrated diabetes care system, and thanks to the funds raised and improved liquidity situation, it enabled the Group to focus on key projects related to the launch of its own insulin analogue.

The Group has two production facilities: Production Plant No. 1 which manufactures finished moulds and the Biotechnology Plant which manufactures the active substance. Both plants are located within the parent company's premises in Macierzysz:



## 2. CODE OF ETHICS

In order to ensure transparency of the Company's operations and to emphasise that ethical actions are of fundamental importance in the operations of BIOTON S.A. and the BIOTON S.A. Capital Group, a Code of Ethics has been introduced. It constitutes a formal summary of the standards of conduct expected from all employees of the Company and contains its key values.

The BIOTON S.A. Code of Ethics describes:

- purpose and foundation of the organization;
- obligations to customers and business partners;
- obligations to employees;
- obligations to the Company;
- commitments to the environment;
- community engagement;
- concern for product and consumer safety;
- privacy and data security.

Every new employee of BIOTON S.A. and the BIOTON S.A. Capital Group is obliged to become familiar with the content of the Code. The document is also available to employees in both electronic and traditional form.



### **3. BREACH NOTIFICATION MECHANISM**

The Management Board of BIOTON S.A. enacted the Procedure for Anonymous Reporting of Violations of Law in 2020. The procedure specifically addresses violations of the provisions of:

- Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Companies;
- Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/ECET ("Regulation 2017/1129");
- procedures and ethical standards binding in BIOTON S.A., including those related to managing conflicts of interest and preventing the disclosure and use of confidential information or information constituting a professional secret.

The procedure shall apply to violations of the law committed by employees or other persons connected with BIOTON S.A. by a contractual relationship of a similar nature, within the scope of BIOTON S.A.'s business and entities of the BIOTON S.A. Capital Group as of November 30<sup>th</sup>, 2019.

It is worth noting that in 2020, there were no cases reported under the above Procedure.

## ESG REPORTING

All details concerning non-financial information of the Company and the BIOTON S.A. Capital Group are dwelt upon annually in the Management Reports of BIOTON S.A. available under the following link:

[BIOTON – reports](#)

