ZUELLIG PHARMA

making healthcare more accessible

building a sustainable future

GREENHOUSE GAS REPORT 2021

CONTENT

ABOUT THIS REPORT

Zuellig Pharma believes that we have an ethical responsibility to protect the environment and comply with environmental laws and regulations. Climate change is a reality that not only affects health outcomes, but also directly impacts our mission of making healthcare accessible to the communities we serve.

Through our second Greenhouse Gas (GHG) Report, we aim to further develop our culture of transparency and accountability, and in doing so reaffirm our commitment to the immediate reduction of our carbon impact.

BOUNDARY AND SCOPE

The information contained in this report pertains to the period 1 January to 31 December 2021 and covers Zuellig Pharma Holdings Pte Ltd operations across 13 countries.

Our last report was published in June 2021. This report includes several additions. Our GHG assessment has now been expanded to all relevant scope 3 categories, in line with the GHG Protocol guidelines. It has also been performed by independent GHG consultants.

This expanded report is an important milestone in our journey towards greater impact and transparency. We intend to keep updating our GHG report on an annual basis moving forward to hold ourselves accountable to our commitments, chart our progress, and identify areas in where we can improve.

CONTACT

We value opinions from internal and external stakeholders to help us improve in our efforts to tackling carbon emissions. Please send your feedback to:

Zuellig Pharma
Sustainability Team
sustainability@zuelligpharma.com

MESSAGE FROM OUR CEO

Dear stakeholders,

Zuellig Pharma has been driving access and health standards for a hundred years. Reducing our environmental impact is also part of our mission of making healthcare more accessible, as we seek to secure the wellbeing of future generations. Climate change threats can be mitigated through prompt and decisive action, and we are committed to leading by example in this area. Over the last few years, we have undertaken a company-wide effort to assess, analyse and reduce our carbon emissions within our operations and across our value chain.

Zuellig Pharma's environmental governance spreads across the entire organisation. Our Board of Directors regularly monitors our environmental performance and has appointed a Sustainability Steering Committee, through which the Executive Management Team, relevant key functions and I ensure that the organisation implements meaningful environmental actions that deliver sustainable impact.

This second GHG Report is the result of a yearlong effort to align our standards with the highest levels of transparency and disclosure. With the support of independent consultants, we have developed a comprehensive greenhouse gas (GHG) assessment, in compliance with the internationally recognised GHG Protocol. The assessment of GHG emissions has also been externally verified by Bureau Veritas as part of the audit of our Global Reporting Initiative sustainability report.

As 81% of Zuellig Pharma's direct emissions originate from electricity consumption, the organisation has undertaken a region-wide effort to transition to renewable energies. Many of our key markets are now equipped with self-generated renewable energy sources. This shift is complemented by the procurement of offsite renewable energy. As a result, we have seen a **75% increase in renewable energy use in 2021** and a **7% reduction in location-based electricity emissions**.

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MESSAGE FROM OUR CEO

Four million kWh of energy savings have been generated through our energy efficiency and reduction initiatives, a twofold increase from last year, leading to the avoidance of 2,644 tons of carbon emissions. Our landmark initiative, the Greenovate Incubator, was founded to accelerate green initiatives across the business and was awarded the GlaxoSmithKline 2021 Global Supplier Sustainability Award in the Indirect Supplier category. Our environmental efforts are not limited to GHG emissions: in 2021, **551 tonnes of waste, 20% of our yearly waste impact, have been avoided** thanks to recycling and reduction programmes.

Zuellig Pharma's Procurement teams have also made great strides in building an ecosystem of sustainable suppliers to minimise indirect emissions. **Supply from sustainable sources has doubled to represent 14% of our purchases**. 18% of our material vendors by spend are now supported by Zuellig Pharma through sustainability development programmes. Our IntegrityNext platform was launched in 2021 to assess and monitor the sustainability performance of our material vendors and now covers 56% of our spend.

This leads us to the most the most meaningful metric of all. Our total emissions – direct and indirect – have been **successfully decreased by 7%** in 2021, significantly ahead of the 4.2% target set by the Paris Agreement on climate change.

To make this performance repeatable, consistent and transparent, we have hardwired environmental practices into our operations. In addition to the certification that we obtained in the Philippines, two additional sites in Singapore and Hong Kong have been **ISO 14001-certified**. Our newly built Metro Drug Inc. Santa Rosa Distribution Centre in the Philippines is Leadership in Energy and Environmental Design **(LEED)** certified. We now also submit regional reports on the Carbon Disclosure Protocol platform.

Our 2022 strategy aims for further decisive actions. Two major distribution centres are being equipped with solar installations and five more are engaged in discussions with suppliers. Electric and solar fleet pilots have been launched in Korea and Malaysia to pave the way for large-scale rollouts. Regional project teams are working on biodegradable packaging as well as switching to new refrigerants and eco-friendly waste disposal solutions. In addition, we are working towards setting a carbon reduction target, endorsed by the rigorous and prestigious Science-Based Target Initiative in line with the Paris Agreement.

This report is also the opportunity for us to officially announce our commitment to be **carbon neutral by 2030** on our own operations. Although offsets might be necessary to reach this target, our primary focus goes to reducing our emissions. Through the SBTi targets we are in the process of submitting, we commit to reduce our Scope 1 and 2 GHG emissions by **42% by 2030** from a 2020 base year as well as our Scope 3 indirect emissions by **25%** within the same period.

Through this report, we encourage you to learn about Zuellig Pharma's commitment to the environment. We hope you will join us in our journey towards a better future.

JOHN GRAHAM
CHIEF EXECUTIVE OFFICER
ZUELLIG PHARMA

HIGHLIGHTS OF THE YEAR

7%
reduction
in GHG emissions across our operations equivalent to 275,000 tree seedlings grown for 10 years

75%
increase in renewable energy use,
powering our operations in Taiwan, Vietnam, Malaysia & the Philippines with self-generated solar power

20%
reduction in waste with
551 tonnes
attributed to 3R programmes

4 million kWh
in energy savings

from energy efficiency and other electricity reduction initiatives, **more than double** from last year

12,000 tCO_2e
avoided thanks to the Greenovate programme

ZUELLIG PHARMA'S ENVIRONMENTAL VISION

OUR COMMITMENT

Respecting the Environment is a key pillar upon which our sustainability strategy is founded, covering Zuellig Pharma's material issues of climate resilience, climate change mitigation and energy efficiency, responsible waste management, and environmental compliance.

We are committed to the protection of the environment as part of every decision we make. Our goal is to avoid any situation that may lead to unacceptable environmental hazards for employees, the public or the environment in general. We comply with applicable environmental laws and regulations in the areas in which we operate, including the proper use of disposal of materials and waste. We are also conscious that our supply chain has a major part to play in protecting the environment, and we aim to take our suppliers along with us on this sustainable journey.

GOVERNANCE

Zuellig Pharma's Code of Conduct and Environmental Policy set out how we uphold environmental standards across our locations. These policies are reviewed on a regular basis to ensure compliance with the latest international standards and alignment with our goal of having a positive environmental impact on the communities we serve.

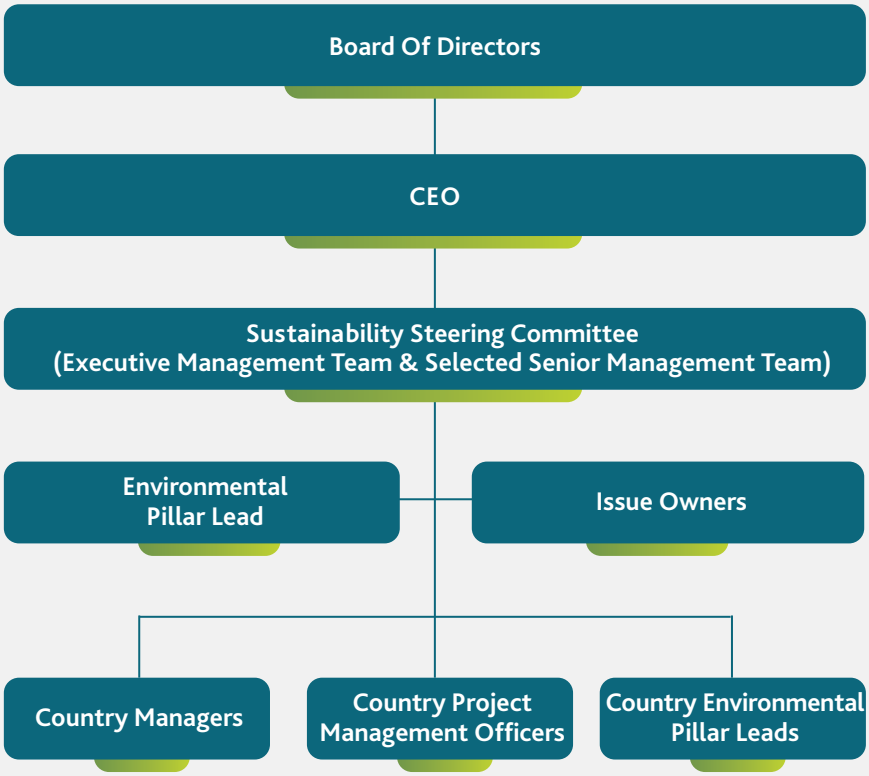
The Zuellig Pharma Sustainability Policy was established in 2020 to communicate our vision and key sustainability commitments. It serves as an overarching policy that encompasses sustainability-related policies in the areas of Environment, Social, Governance and reflects our sustainability priorities based on our four pillars.

Driving sustainability throughout the organisation requires strong leadership support. Therefore, we have set up a governance structure with our Board of Directors, CEO and executive management team (EMT) steering our sustainability agenda. Our CEO serves as the bridge between the Board and the Sustainability Steering Committee, which is actively involved in setting and executing the sustainability strategy, as well as overseeing organizational implementation. The Board maintains oversight of the sustainability agenda, reviewing and guiding strategy and major plans of action, as well as monitoring performance and progress against goals and targets for addressing material sustainability topics at scheduled Board meetings.

The Sustainability Steering Committee consists of 12 members of the EMT, 2 Managing Directors representing markets and our Regional Heads of Quality and Compliance. They have accountability over the four key pillars of the sustainability strategy. They are also responsible for driving progress and execution across markets in each pillar and ensure issue owner accountability. The Sustainability Steering Committee also reviews and approves the information and disclosures reported in the sustainability reports.

Each of our key pillars and material issues is owned by a member of our Executive or Senior Management Team. Pillar heads drive progress and execution of pillar projects across markets and ensure issue owner accountability.

Issue owners serve as subject matter experts to track and share relevant external developments around material issues, and outline roadmaps to achieve desired goals for the pillar. An established network of regional and country project management officers provides support and coordinates local activities.



MATERIAL ENVIRONMENTAL TOPICS

After having conducted a materiality assessment of the potential impacts we can have over the environment, we have identified four areas where we can invest our efforts, and drive initiatives to have a positive contribution:

CLIMATE CHANGE MITIGATION AND ENERGY EFFICIENCY

Reduce carbon emissions through three steps:

- Measure: Collect baseline data aligned with international standards, starting with our first GHG report
- Manage: Use renewable energy and technology in offices, facilties, fleet and equipment, whenever possible
- Mitigate: Encourage & support employee and local community activities that help reduce or offset emissions

ENVIRONMENTAL COMPLIANCE

Operate in an environmentally conscious way according to environmental laws and regulations of our markets, aligning with local & international best practices and guidelines.

RESPONSIBLE WASTE MANAGEMENT

Reduce and manage:

- Waste within facilities and offices
- Sources of pharmaceutical pollutants through proper medication disposal

CLIMATE RESILIENCE

Identify and mitigate risks to our facilities, so that our business can prepare for and recover quickly from climate impacts.

We strongly believe that through these four pillars Zuellig Pharma can offset the impact of its operations but also be a voice and a driving force of responsible operations and environmental efforts in Asia, to ensure we provide a better future to next generations.

COMPLIANCE, CERTIFICATIONS AND AWARDS

COMPLIANCE WITH LOCAL REGULATIONS & INTERNATIONAL STANDARDS

Diverse environmental regulations and standards exist across each of the markets where we operate. It is therefore crucial for Zuellig Pharma, as a key stakeholder in the healthcare industry, to ensure that we conduct our operations in conformance with local environmental laws and international standards. We have put in place policies and guidelines to comply with local governmental regulations and to track any non-compliance. Our Environmental Policy requires all employees and partners to adhere to whichever is most stringent between local regulations and Zuellig Pharma policy, as well as always look at minimising the company's impact on the environment. At our request, suppliers acknowledge our Supplier Code of Conduct which includes an expectation to operate in an environmentally friendly manner and in strict compliance with all applicable environmental laws and regulations.

EXTERNAL ASSURANCE ON GHG DATA

Zuellig Pharma has engaged Bureau Veritas to provide independent limited assurance for general disclosures and selected key sustainability disclosures in its GRI Report. This external assurance also applies to GHG data. This external review of our sustainability performance validates that we use the **same rigour and accuracy in our GRI report as we do with regulated reporting**. Assurance is in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) and the Assurance Standard (AA1000AS v3) issued by the International Auditing and Assurance Standards Board.

COMPLIANCE WITH UNITED NATIONS GLOBAL COMPACT PRINCIPLES

Zuellig Pharma will act in accordance with the Ten Principles of the United Nations (UN) Global Compact. We joined the UN Global Compact as a signatory in October 2019, and continuously commit to furthering these principles by submitting an annual Communication on Progress to the UN Global Compact.

All employees, suppliers and partners are expected to align with the UN Global Compact's Principles 7, 8, 12 and 13:

SDG	UNDERLYING TARGETS TO FOCUS ON	RELEVANT MATERIAL TOPICS
7 AFFORDABLE AND CLEAN ENERGY	**7.2** Increase substantially the share of renewable energy in the global energy mix by 2030 **7.3** Double the global rate of improvement in energy efficiency by 2030	• Climate Change Mitigation and Energy Efficiency

Our Activities and Initiatives

- Implemented various measures to improve energy efficiency within the distribution and warehouse operations, such as energy saving lighting and cooling systems, improving insulation, using electric trucks and optimising transport routes for fuel savings.
- Use of renewable energy through solar panels installation at our distribution centres, with almost 4.3M kWh capacity, and trial of hybrid solar powered truck A/C systems & electric fleet.

8 DECENT WORK AND ECONOMIC GROWTH	**8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value **8.8** Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment	• Talent Recruitment, Development & Retention • Workplace Health and Safety • Employee Wellbeing • Responsible Sourcing

Our Activities and Initiatives

- Put in place an end-to-end talent life cycle management in order to attract and retain the best talents, and ensure a work environment where people feel empowered to realise their full potential regardless of age, gender, ethnicity, ability, sexual orientation, and gender identity
- Commit, through policies and certifications, to provide a safe and healthy work environment and enforcing health and safety practices to minimise risk to life.
- Embed the respect for labour rights within our workforce management and development practices, as well as in our Supplier Code of Conduct, aligned with labour principles contained within the United Nations Universal Declaration of Human Rights and the United Nations Global Compact Principles 1 to 6.

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SDG	UNDERLYING TARGETS TO FOCUS ON	RELEVANT MATERIAL TOPICS
	**12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse	• Responsible Waste Management

Our Activities and Initiatives

- Implement measures to minimise waste generation, as well as to recycle and reuse the waste materials produced - Each of our markets has ongoing 3R (Reduce, Reuse and Recycle) programmes, including paper and electronics recycling in offices, use of recyclable or eco-certified paper products, pallets and biodegradable bags for transporting goods, reusing void fillers from incoming packages, etc.
- Work with partners in value chain to explore circular solutions.

	**13.1** Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries	• Climate Resilience

Our Activities and Initiatives

- Work with our partner FM Global on a company-wide assessment of material locations with high exposure to natural hazards, putting in place natural hazard mitigation plans and loss prevention measures.
- All new build facilities will also incorporate mitigation against climate change and natural hazards in their site selection and design.
- All existing sites conduct an annual local BCP training and simulation exercise to test and refresh their plans.
- Commit to be carbon neutral for our own operations by 2030, which includes an absolute reduction of our Scope 1 and 2 emissions by 42% from a 2020 base year.
- Commit to reduce scope 3 emissions by 25% by 2030 from a 2020 base year.

PARTICIPATION IN GREEN FREIGHT ASIA

We are a member of Green Freight Asia, a non-profit association of industry players who collaborate with other industry companies, non-governmental organisations, and governments to improve fuel and energy efficiency, reduce carbon emissions, and to lower operational costs across the entire supply chain. To signify our deep commitment to furthering energy efficiency in the industry, we have also joined Green Freight Asia's Board of Directors.

DISCLOSURE ON THE CDP PLATFORM

Zuellig Pharma is since 2021 a respondent on the Carbon Disclosure Program (CDP) platform. Our first submission has been rated with a C on Climate Change, ahead of the average for road transport organizations, and as B on Supplier Engagement, ahead of road transport average, Asia average and overall Global average. Thanks to the learnings of this first submission, our ambition in 2022 is to enhance our Climate Change score.

ECOVADIS PLATINUM CERTIFICATION

Zuellig Pharma focuses on sustainability ratings specialist EcoVadis as its primary certifying body, as its standards are widely used within the healthcare industry and beyond. EcoVadis provides strong guidelines for progress as we continue our sustainability journey.

Zuellig Pharma received a Platinum Medal from EcoVadis in 2021 for our commitment to driving sustainability within our business.

The award is the highest accolade to be awarded to a company for its sustainability efforts and places us at the **top 1% of all assessed companies worldwide**. It also places the company in a select group of winners including 150 global multinational companies, some belonging to Fortune 500 companies.

Zuellig Pharma had steadily progressed from being awarded a Silver Medal in 2020 to a Gold Medal earlier in 2021, before clinching this latest Platinum Medal, a great testament to our efforts and commitment to constantly do better for people and planet. The medal was awarded after a rigorous assessment of Zuellig Pharma's sustainability programme, covering 21 sustainability criteria across four themes, including Environment, Labour and Human Rights, Ethics and Sustainable Procurement. The company's sustainability programme was evaluated on its policies, actions put in place to support objectives and targets, as well as results that were generated from the programme. Read more about it here.

GSK ENVIRONMENTAL SUSTAINABILITY SUPPLIER AWARDS 2021

One of the greatest acknowledgement of our efforts comes from our clients and Zuellig Pharma is honoured to have **received the global environmental sustainability award in 2021** from GSK for environmental sustainability in the indirect supplier category.

On behalf of GSK, I want to personally congratulate you for winning our 2021 Supplier Sustainability award for indirect supply. Amongst dozens of entries, yours stood out in particular for your holistic approach to address sustainability in a cross-border model and for establishing your own tailored platforms in countries where the technical infrastructure is not as developed.

One of the senior judges comments that "by focusing on identifying the right improvement opportunities for different countries and then working on scale is creative, flexible and leads to a highly sustainable way of practice" which I think really captures the innovative approach taken by Zuellig Pharma.

CLAIRE LUND
VP SUSTAINABILITY,
UK HEADQUARTERS, GSK

The amount of work you've put into achieving your goal has been impressive. I do like your holistic approach around sustainability. We can learn a lot from you!

ROBERT KSIAZKIEWICZ
VP OF GLOBAL EXTERNAL SUPPLY CHAIN AND STRATEGY, GSK

WORLD SUSTAINABILITY AWARDS

Testament to our efforts to drive sustainability in our procurement practices and within our supply chain, Zuellig Pharma was shortlisted for the **World Sustainability Award (WSA) 2021- Sustainable Supply Chain Award**, among other companies like Mars Wrigley and Givaudan SA. The awards are organised by Sustainability Leaders, with the aim to recognise teams that are adopting innovative methods to identify sustainability issues in their supply chain and working collaboratively with their suppliers to effect change.

It has become very clear that operating as a sustainable business is core to our ways of working. It is a demand of governments, clients, customers, our employees, and the communities we serve. However, these stakeholders don't just look at our company in isolation, they are scrutinizing how we drive sustainability within our supply chain and ecosystem. Our suppliers play a key role in supporting our sustainability pledge and during the 2021 Supplier Sustainability Awards, we celebrate the partnerships we forged with those suppliers.

VICTORIA FOLBIGG
VICE PRESIDENT, PROCUREMENT, ZUELLIG PHARMA

LEED AND ISO 14001 CERTIFICATIONS

We seek to meet appropriate international environmental standards. We are planning a phased roadmap and an internal system for our sites to align to the ISO 14001 standard as a framework that the entire company can follow for effective environmental management, regardless of the markets in which we operate. As of 2021, our Canlubang, Sun Valley Cold Chain and Cebu Distribution Centres in Philippines, as well as our Singapore and Hong Kong entities have attained ISO 14001 certification, and our newly built MDI Santa Rosa Distribution Centre is Leadership in Energy and Environmental Design (LEED) certified.

LEED is the most widely used green building rating system in the world and provides a framework for health, highly efficient and cost-saving green buildings. The LEED plaque stands for leadership and demonstrates that a building has been designed, built and is operating as intended as a green and carbon efficient infrastructure. A 2014 UC Berkeley study found that by building to LEED standards, buildings contributed 50% fewer GHG emissions due to water consumption, 48% fewer emissions due to solid waste and 5% fewer emissions due to transportation.

We aim to achieve **ISO14001 certification** across all 13 market distribution networks by 2024

Zuellig Pharma's Metro Drug, Inc. (MDI) National Distribution Centre (NDC) at Santa Rosa, Laguna was certified as a Leadership in Energy and Environmental Design (LEED) warehouse by the U.S. Green Building Council in November 2021 and is the only LEED certified pharmaceutical grade warehouse in the Philippines.

MDI NDC is built to handle pharmaceutical products. This mandates a reliable source of energy to ensure warehousing at optimal conditions. This is enabled by the space-saving rooftop installation of 10,000 sqm solar panels which covers 19% of MDI's energy requirement, generating 113,982kWh of clean energy and reducing MDI's carbon emissions by 81.16 tonnes each month.

Furthering its drive towards climate change mitigation, MDI partnered with MPower, a local Retail Electricity Supplier that draws at least 5% of their energy from sustainable sources such as wind energy. Through this, an additional 20,700kWh of clean energy is produced each month which is equivalent to a reduction of 14.7 tonnes of carbon emissions.

In addition, motion sensor and LED intelligent lighting were installed at the warehouse to conserve energy. Thermal control and temperature sensors were placed per zone to ensure 100% temperature control for products and to control air flow, maintain good air quality, and keep the ambience conducive to employees.

Cooling water towers and chilled water system were installed to sustainably cool the refrigerants needed by the air-conditioned warehouse and cold room chambers. To conserve water, indoor water management system (pumping system) and building-level water metering were put in place.

Our NDC not only exhibits our operational efficiency, but also improves our company's reputation as an innovative and green business entity and showcases our commitment to sustainable business growth.

AGGY RAFIÑAN
MDI GENERAL MANAGER

IN-MARKET CERTIFICATIONS AND AWARDS

Our Business Units are driven to actively raise our standards for respecting the environment. Our teams have been recognised for their efforts through the achievement of local certifications and awards. In 2020, our Hong Kong team received the Wastewi$e and Energywi$e certificates for their efforts in reducing waste and energy consumption.

Presented by the Hong Kong government's Environmental Protection Department and Environmental Campaign Committee, the certificates recognise organisations that have substantial achievements in green management and encouraged the adoption of environmental practices.

Our team installed light switch timers, energy efficient fluorescent lamps and green certified electronics, which have reduced energy consumption by 11% in 2020. The team also cut waste by discouraging the use of plastic bottles and paper towels and unnecessary printing while promoting recycling of paper.

SCIENCE-BASED TARGET INITIATIVE

Testament to our resolve is our public commitment to be **carbon neutral by 2030** for our own operations, with a mid-term **35% reduction target by 2025**. Our approach is based on a granular understanding of our emissions and a comprehensive **carbon reduction roadmap**, built around selected initiatives with the support of external consultants.

Although offsets might be necessary, our primary focus goes to reducing our emissions. We have mapped opportunities to reduce our energy consumption, improve energy efficiency, increase the use of renewable energy and work with our suppliers to reduce our material value chain emissions.

To hold ourselves accountable to these standards, we are in the process of submitting the following reduction targets with the Science-Based Target Initiative (SBTi):

- **42% reduction of absolute Scope 1 and 2 emissions by 2030** from a 2020 baseline
- **25% reduction of Scope 3 emissions*** by 2030 from a 2020 baseline

* *As per SBTi guidelines, our Scope 3 GHG reduction target applies to the following categories, as they are the largest contributors to our indirect emissions: Upstream Transportation and Distribution and Fuel and Energy-related Activities.*

GHG EMISSIONS REDUCTION TARGETS

DIRECT EMISSIONS (SCOPE 1 & 2)	DIRECT EMISSIONS (SCOPE 3)
35% reduction by 2025	25% reduction on indirect emissions
Carbon-neutrality by 2030, driven by at least 42% of reduction	

Note: Our absolute reduction targets are under submission to SBTi for validation

ENVIRONMENTAL RESPONSIBILITY ACROSS OUR VALUE CHAIN – INVOLVING OUR PARTNERS AND SUPPLIERS

Besides internal compliance, we require our supply chain partners and service providers to acknowledge our Supplier Code of Conduct, which includes an expectation to operate in an environmentally friendly manner and in strict compliance with all applicable environmental laws and regulations.

Sustainable Procurement is incorporated into all key aspects of our supply chain and procurement process. We work directly with almost 6,000 suppliers. We take a pragmatic and risk-based approach to implementing and tracking Sustainable Procurement. Each spend category has been mapped onto the Procurement Supplier Sustainability Risks Matrix and critical categories of suppliers have been identified. These suppliers are then selected and approached for in-depth assessments. These categories are:

- **Transportation services**
- **Temporary labour**
- **Consulting and professional services**
- **IT hardware and servers**
- **Packaging, construction**
- **Leases**
- **Material handling equipment**
- **Office supplies**

Supply from sustainable sources has doubled to represent **14%** of our purchases

The selection process of these suppliers includes a strict verification of their ability to implement the environmental standards they commit to. On-site audits are also conducted to ensure that implementation of environmental standards is up to Zuellig Pharma's stringent requirements. Key audit areas are in:

- **Written environmental policy**
- **Tracking of paper consumption**
- **Ecolabels**
- **Waste segregation procedures or actions in place**
- **Environmental permits and licenses**
- **Eco certifications**
- **Innovation in areas of improving efficiency, energy conservation and sustainability**
- **Measurement programmes for energy consumption and greenhouse gas emissions**
- **GHG reduction targets**
- **Water usage reduction targets**
- **Past violations related to environmental non-compliances**

We take pride in recognising suppliers that meet and exceed standards in terms of business sustainability and aim to support them to operate more sustainably. We remain committed to training and supporting our suppliers in their sustainability journey and upskilling them to help them continue to make an impact on the healthcare ecosystem in the long run.

All procurement staff who lead or take part in selecting and managing our external suppliers are trained on Sustainable Procurement. They are required to understand the importance and key requirements of the Sustainable Procurement Policy. Specifically, this requires ensuring execution of supplier pre-contract due diligence, and regular supplier monitoring activities.

Zuellig Pharma's Supplier Code of Conduct provides clear guidance about our expectations on sustainability to our suppliers with the same four priority areas as our internal policy. We work with our suppliers to ensure their commitment to the principles of the Supplier Code of Conduct. 57% of our suppliers by value have acknowledged the Supplier Code of Conduct.

Approximately half of our supply base is working with us on a sustainability initiative ranging from collaborating on reducing emissions, enhancing quality, health and safety, to providing materials manufactured from sustainable sources.

All procurement staff are trained on the **Sustainable Procurement Policy** and have Sustainable Procurement performance objectives included in their annual reviews

To date, we have established over **34 sustainable procurement initiatives**, ranging from re-using packaging and minimising waste, implementing energy efficient solutions (LED lighting, intelligent lighting systems, solar), removing paper and enabling electronic signatures throughout the organisation.

SUSTAINABLE PROCUREMENT IN ACTION

We proactively work with suppliers who integrate sustainability into their business:

- Our Material Handling Equipment (MHE) provider supplies equipment with less toxic and more energy efficient batteries and supports our MHE fleet conversion.
- Under a joint Value Partnership Integrated Supply Programme (VPIS), we worked with our packaging supplier to use alternative packaging made of 100% recycled materials for carton boxes, which still met our specifications while being more environmentally friendly and economical.
- Our office space providers are selected based on sustainability criteria, such as ability to lower energy consumption, ability to support health and safety and worker wellbeing, usage of recyclable products and environment-friendly cleaning solutions, and waste-minimising actions.

Our 34 sustainable procurement initiatives are now

54%

implemented across markets

Supplier Sustainability Risk Assessment

We adopt a risk-based approach that is driven by the value and strategic importance of what we procure from our suppliers. In January 2021, we created the Supplier Sustainability Risk Assessment Guide to ensure that essential goods and services are purchased from suppliers of known capability and risk profile. Our spend categories are mapped onto a risk assessment matrix to determine high-risk spend categories that require in-depth assessments in the form of regular Supplier Sustainability Assessments and on-site audits. These spend categories are: Transportation Services, Temp Labour, Consulting and Professional Services, IT Hardware and Servers, Packaging, Construction, Leases, MHE, and Office Supplies. The Guide also provides a clear and transparent set of sustainability criteria to assess supplier performance.

ZUELLIG PHARMA SUSTAINABILITY AWARDS

Zuellig Pharma Supplier Sustainability Awards celebrate suppliers with whom we enjoy a strong partnership and mutual sustainability agenda. Sustainable companies enable greater confidence and trust in their services, strengthening working relationships and allowing companies to differentiate themselves as an employer and supplier of choice. Our sustainable procurement goal is to have a positive environmental, social, and economic impact across our supply chain, as we ensure cost efficiency and security of critical services.

INDIVIDUAL INITIATIVES

Zuellig Pharma strives to nurture all driving forces of sustainability, through a clear direction set by our Sustainability Steering Committee, by supporting and empowering our teams to kickstart individual and group initiatives, and by creating an ecosystem of innovation around sustainability.

GHG IMPACT ASSESSMENT

"Climate change has a direct impact on our ability to make healthcare more accessible. We have to think about our business in a sustainable manner and ask ourselves how we can operate today in a way that doesn't compromise the wellbeing of next generations. The unrelenting pace at which we drive our transition to clean technologies and energy efficiency comes from our deep-seated purpose of ensuring that the communities we serve are safe."

MAIKEL KUIJPERS
EXECUTIVE VICE PRESIDENT, DISTRIBUTION
RESPECTING THE ENVIRONMENT PILLAR LEAD

METHODOLOGY

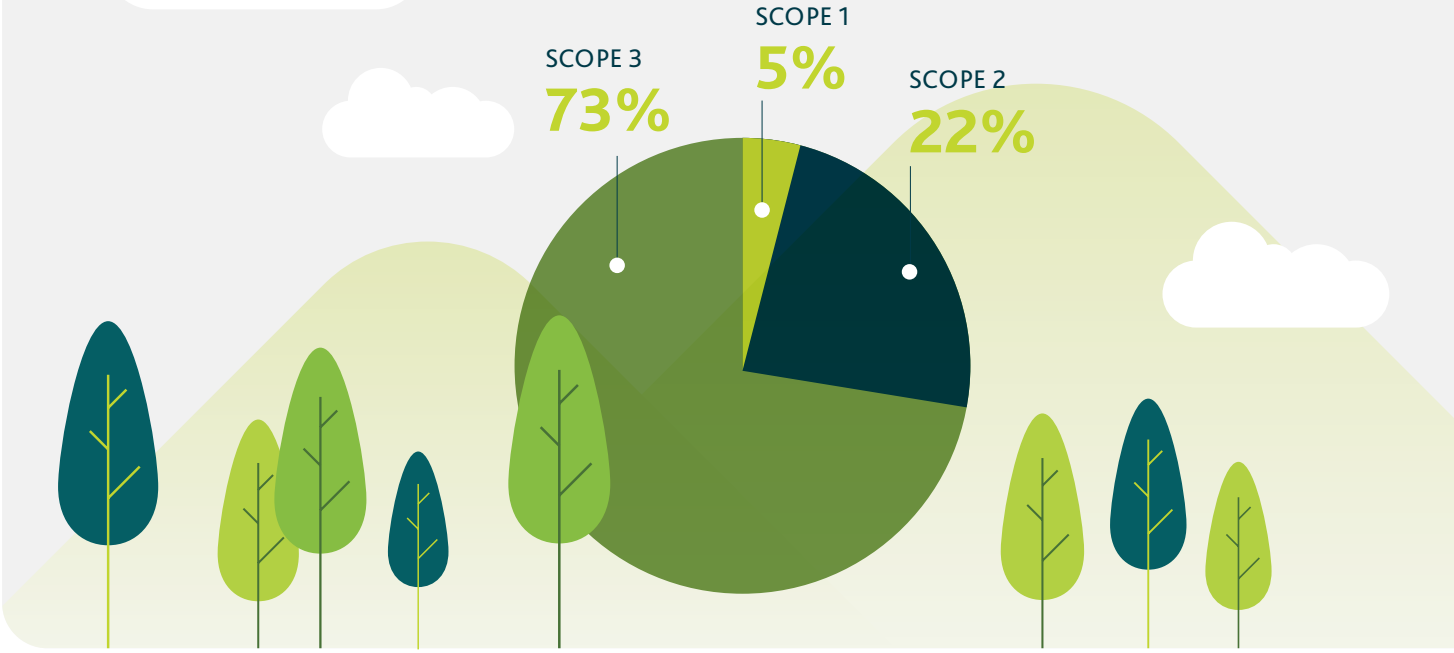
In 2021, we have advanced in our efforts to better understand and assess our carbon footprint. We developed early in the year our first GHG Report that covers a review of our Scopes 1, 2 and 3 (downstream transportation and distribution) emissions, as well as the overall energy consumption across our various sites of operations. At the end of last year, we commenced a full Scope 3 upstream and downstream screening exercise, aligned with GHG protocol guidelines, to better understand our carbon footprint and identify opportunities for emissions reduction. We have expanded our Scope 3 reporting in this report and aligned it to all GHG Protocol requirements.

Zuellig Pharma's 2020 report already included an assessment of our emissions related to Fuel use (Scope 1), Electricity Use (Scope 2) and Upstream transportation and distribution (Scope 3, Cat 4). This year, emissions from Refrigerants (Scope 1), Purchased Goods & Services (Scope 3, Cat 1), Capital Goods (Scope 3, Cat 2), Fuel and Energy Related Activities (Scope 3, Cat 3), Waste generated in operations (Scope 3, Cat 5), Business Travel (Scope 3, Cat 6), Employee Commuting (Scope 3, Cat 7) and Investments (Scope 3, Cat 15) have been added to our assessment. Two of our recent acquisitions, KDS in Korea and APC in Cambodia, have been added to our reporting.

All other categories have been scanned and assessed, and external consultants, as well as external auditors from Bureau Veritas, have determined that they were not relevant to our activities. This assessment in this report is therefore a comprehensive review of our total direct, downstream and upstream GHG emissions, following GHG Protocol requirements.

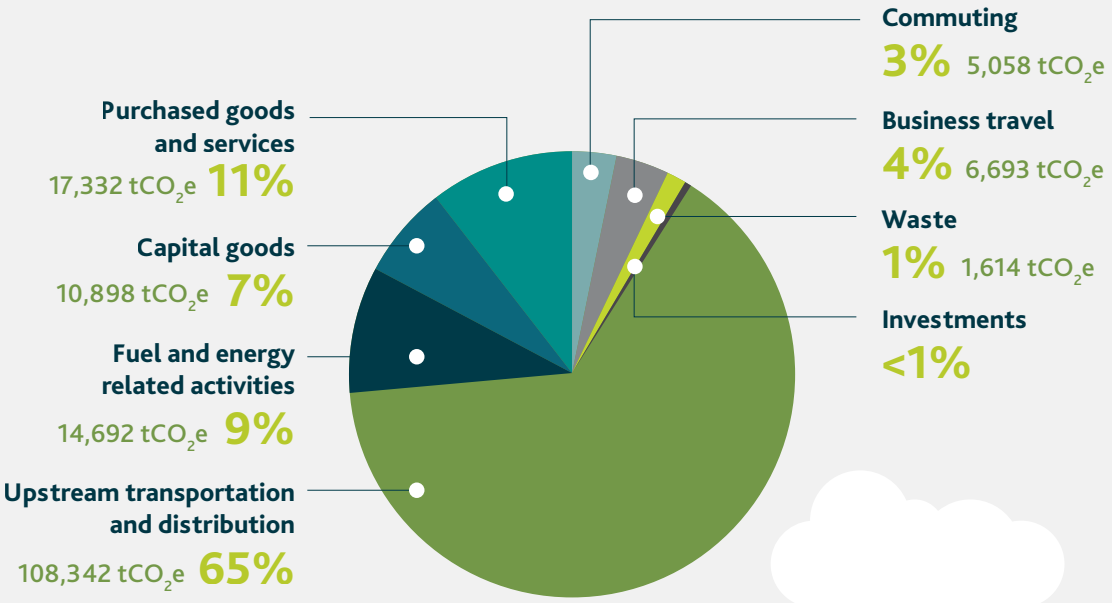
Our Scopes 1 and 2 emissions result mainly from operating our road transport fleet as well as running our distribution centres. Hence a big part of our efforts is directed towards greening our fleets and facilities. These include modernising our vehicles with new technologies in terms of emissions capture and fuel efficiency. To enhance transport efficiency, we use a blended model of contracted, owned and brokered truck capacity, giving us the flexibility to select the optimal transportation solutions for each customer. We also deploy a transport management system that provides visibility across all logistics operations, intelligent tracking and route optimisation, which helps improve cost efficiency and reduce emissions.

OVERVIEW OF GHG EMISSIONS IN 2021



BREAKDOWN OF SCOPE 3 EMISSIONS IN 2021

As part of our GHG assessment, Zuellig Phrma has screened all Scope 3 categories listed by the GHG protocol to identify those relevant to our activities. Both upstream and downstream emissions are tracked. Relevant categories are as below.



Scope 3 emissions form a significant portion of our GHG emissions as we work with a large network of third-party sea, land and air transport to provide end-to-end delivery to our customers. Engaging an often-fragmented supplier landscape is challenging but we recognise that addressing Scope 3 emissions is fundamental to accelerating climate action at the industry level. The bulk of our Scope 3 emissions originates from outsourced deliveries and other purchases of goods and services.

While we do not have direct control over the suppliers and their operations, we are in the unique position to influence their policies and behaviours. A good part of our efforts is directed at educating our suppliers on greening their fleets and training drivers on more fuel-efficient driving behaviours. Our plans are described in the sustainable sourcing section of this report.

Our total GHG emissions in 2021 was 226,142 tCO_2e, a 7% like-for-like reduction from 2020 levels.

Zuellig Pharma has successfully reduced its overall carbon emissions by **7%** in 2021

GHG EMISSIONS (tCO_2e)	2020	2021
Scope 1 emissions	9,551	12,032
Scope 2 (market-based) emissions	51,069	49,353
Scope 2 (location-based) emissions	53,754	50,170
Scope 3 emissions	182,171	164,758
Total emissions	242,791	226,142
GHG emission intensity (kg CO_2e/piece)	0.0264	0.0261

This reduction of our carbon emissions by **16,649 tons** is equivalent to:

275,000
tree seedlings grown for 10 years

20,000
acres of U.S. forests in one year

ENERGY CONSUMPTION (MJ)	2020	2021
Fuel consumption	25,480,746	28,245,732
Electricity consumption	305,425,325	294,190,965
Electricity from renewable sources	9,229,373	16,125,972
Total energy consumption	340,135,444	338,909,889
Energy intensity (MJ/piece)	0.148	0.144

IMPLEMENTING OUR VISION

UNDERSTANDING OUR GHG IMPACT FURTHER TO BETTER MANAGE IT

Significant efforts have been put in 2020 to enhance our understanding and assessment of our GHG emissions. Further initiatives will be led to further improve this assessment.

While we are committed to reducing the impact of our supply chain, we only own the trucks in our distribution network in a few markets, and work with other logistics providers for the air, sea or rail transport. That presents both challenges and opportunities as accounting for our Scope 3 emissions arising from logistics in a more precise way would require further data collection with our logistics partners, which is what we are currently working on.

Although air travel has almost been suspended in 2020, it is likely to resume in the near future, and therefore become an important part of our impact. In order to track this impact going forward, Zuellig Pharma will be using the tracking tool provided by the GHG Protocol.

Emissions from employee commuting, business travel covered by allowances will also be progressively incorporated as tracking tools are developed. Two of our recent acquisitions, KDS in Korea and APC in Cambodia, also remain to be added to our reporting.

GREENOVATE – INCUBATING INNOVATIONS FOR CLIMATE ACTION

With our unique position in the healthcare ecosystem, Zuellig Pharma recognised early on that we had tremendous capacity to lead change within Asia and make a positive impact on the environment. To provide a conducive environment for green initiatives to thrive, an internal incubator was founded for the purpose of accelerating initiatives that contributed to our key sustainability pillar of Respecting the Environment. These initiatives are kickstarted as pilot projects in optimal countries, with country teams identifying the most suitable partners to test out these pilot projects.

Projects are assessed based on impact, scalability and relevance to the unique Asia landscape. Following the implementation of the project, we track results and identify opportunities for improvement. Best practices from the project are then shared with other countries, with a roadmap for scaling up.

Our Goal is to finance ground-breaking green technologies which are either not available across Asia or are struggling to reach optimal scale, to boost their development, develop proofs-of-concept and create a stepping stone for their roll-out across Asia. We also seek to collaborate with partners who are similarly committed to sustainability. Through continuous partnerships with our clients, our commitments are strongly aligned with their environmental targets.

As an early mover within the region around sustainability, one of the challenges encountered was in developing an environment strategy that is tailored to the intricate Asia landscape. While countries in the EU and the US are largely governed by a unanimous set of standards around sustainability, each government in Asia have their own regulatory guidelines around sustainability and have differing availability of green technology across our 13 markets.

For this reason, projects within the incubator prioritised relevancy and proof-of-concept within Asia as one of the key criteria. We harnessed our experience and established relationships with regional partners to bring new equipment to pilot countries. To exchange best practices and learnings about driving sustainability in Asia, we built a specialised in-house sustainability data portal for all stakeholders to access initiatives.

The Greenovate Project is also designed to raise employee awareness on environmental actions. More than 10 engagements have been led in 2021 to increase awareness around climate change and actions that could be undertaken by our teams.

As of now, the Greenovate Project is incubating **84 environmental initiatives**, assessed to help avoid an estimated **12,000 tonnes** of carbon emissions per year.

GREENOVATE PROJECT

1 Solar

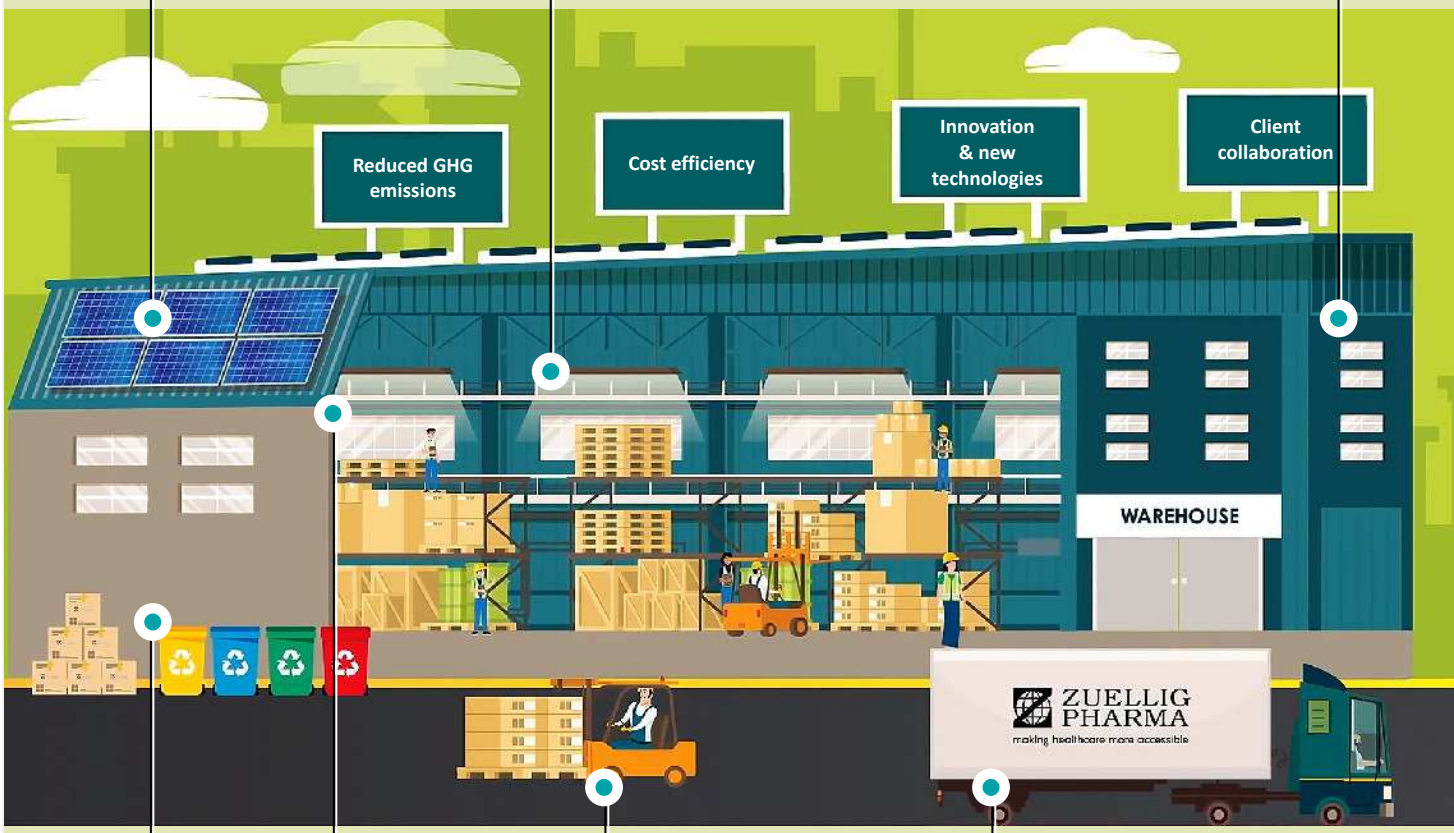
- Flexible funding capability

2 Lighting

- LED / Smart Lighting systems
- Motion Sensors / Timer Switches

3 HVAC Systems

- Refrigerant Compliance
- Energy efficiency



4 Recycling/ Waste Management

- Water Saving
- Waste Management
- Recycling Programs

5 Insulation

- Green Walls
- Thermal insulation paints
- Roofing insulations

6 Packaging & Equipment

- eZCooler / Other (Styrofoam exit)
- Biodegradable solutions
- Battery Operated Trucks

7 Transportation

- Vendor Management Agreements
- Eco-driving training
- Route / load Optimisation
- Truck insulation
- Electric / Hybrid Truck

CLIMATE RESILIENCE

Besides reducing our carbon footprint, we also seek to ensure that our business and operations are resilient to climate change events, as they directly affect our ability to deliver healthcare to the communities we serve. We aim to increase the ability of our business to prepare for and recover from climate impacts, especially in vulnerable locations.

We have been working with our partner FM Global on a company-wide assessment of material locations with high exposure to natural hazards such as earthquake, floods, high winds, etc., or located near the ocean front without adequate mitigation plans to counteract rising sea levels. For the identified locations, we put in place natural hazard mitigation plans and loss prevention measures. An annual local facility risk survey is conducted to assess any gaps. All existing sites also conduct an annual local BCP training and simulation exercise to test and refresh their plans. 56 such training and simulation exercises have been conducted in 2021. FM Global also conducts loss prevention training for Zuellig Pharma employees.

56 climate risk assessments, simulations and trainings have been run across the region in 2021. All our sites have performed an environmental risk assessment

All new build facilities incorporate mitigation against climate change and natural hazards during site selection and design. Zuellig Pharma teams work closely with FM Global during any project design phase to understand best practice requirements on loss prevention and endeavour to implement their recommendations wherever possible. For example, at the MDI National Distribution Centre in Santa Rosa, which opened in 2020 in the Philippines, the team worked with FM Global on the design of the warehouse which is earthquake-proof based on California Standards and complemented by a Seismic Design Racking System. These are attuned to the company's Business Continuity Plan (BCP) to safeguard the products and mitigate the impact of acts of nature, thus strengthening its climate resilience.

Our Distribution Centres are regularly audited against FM Global's rigorous property loss prevention standards and recognised with risk management excellence awards. Our progress over the years is a testament to our commitment to ensure resilience of our facilities, with two of them achieving the highest accolade for excellence in loss prevention programmes & comprehensive risk mitigation measures.

FM GLOBAL RISK MANAGEMENT EXCELLENCE AWARDS RECEIVED

Our progression over the years

RISK ASSESSMENT

The identification, analysis and evaluation of all risks are conducted according to the Zuellig Pharma Enterprise Risk Management framework and process, which follows the ISO 31000 standard. Senior management across all markets identifies the top risks impacting their respective businesses on an annual basis as part of the strategy setting process. Risks are captured into a risk universe, categorised and analysed to understand root causes and consequences, then assessed against a rating scale based on likelihood of occurrence and impact that a risk has on the business being able to achieve its objectives. The Board of Directors maintains oversight of risk management in the business. While we do not explicitly refer to sustainability in our approach to the precautionary principle or approach in our risk management framework, we proactively seek to reduce or to avoid negative impacts on the environment as a result of our business activities or operations, as detailed in our Sustainability Policy and environmental management processes.

ENVIRONMENTAL ADVOCACY AND CONSULTANTS

Three of our countries work with environmental consultants to further reduce our GHG impact:

OUR REGIONAL OFFICE
seeks the support of an external environmental consultancy firm to independently assess our overall GHG impact across all countries

OUR TEAMS IN THE PHILIPPINES
work with a cabinet specialised in green architecture to enhance the environmental standards of our Santa Rosa Distribution Centre

OUR TEAMS IN TAIWAN
works with an environmental NGO to implement green initiatives such as a coastline reforestation project

We are also committed to driving environmental efforts outside of Zuellig Pharma, through Advocacy efforts

- We are a member of the **EU ASEAN Business Council Sustainability Committee** to promote changes in policies, rules and regulations so that new environmental and social standards and practices can benefit the communities we serve.
- We also joined in 2022 the **US-ASEAN Business Council**. Through the Sustainability Committee we aim at engaging with new sustainability stakeholders to encourage further the implementation of sustainability regulations across Asia.
- In five markets our local teams complement these regional efforts by holding a position in **Green Advocacy groups** or by leading environmental initiatives as part of their Government Affairs efforts.

DISTRIBUTION NETWORK OPTIMISATION

We transport and manage products, including vaccines, across 13 markets at continuously regulated temperatures. As an end-to-end distributor, we recognise that greenhouse gas emissions from our road transport represent our primary environmental impact. If left unmanaged, the fragmented transportation industry could lead to inefficiencies such as unnecessarily long routes or empty miles. For this reason, we use a blended model of contracted, owned and brokered truck capacity, giving us the flexibility to select the optimal transportation solutions for each customer and take all impacts into account. By leveraging our scale and technological assets, we aim to reduce the carbon footprint and improve the sustainability of our supply chain.

In 2021, our emissions related to outsourced deliveries decreased by 11%. These 14,000 tons of carbon we avoided are equivalent to 230,000 tree seedlings grown for 10 years, or 17,000 acres of U.S. forest in a year.

IN-HOUSE AND OUTSOURCED DELIVERY ROUTE OPTIMISATION

Digitising our last-mile delivery is key to addressing some of our biggest challenges – Zuellig Pharma's 200,000 customers generate an average of **50,000 delivery drops per day**. Last-mile delivery accounts for a large part of Zuellig Pharma's total environmental impact. Being able to manage and control our last-mile logistics costs has a huge impact to the business. Increasing efficiency and accuracy throughout our processes demands for us to continuously eliminate manual processes and ensure new technologies are put in place.

Zuellig Pharma started its journey in digitising its operations by deploying a new **transport management system** (TMS) which enables us to operate more sustainably in complex logistics networks. A TMS provides visibility across all logistics operations, intelligent tracking and transport route optimisation, which helps improve cost efficiency and reduce emissions.

Zuellig Pharma's teams work with developers to map our physical distribution process with their suppliers' platforms. The TMS has been able to standardise and reduce unnecessary routing and allows Zuellig Pharma to plan in the most economical and ecological way. In certain areas, location data is not always accurate, and drivers can waste fuel traveling to the wrong delivery locations. The TMS system has helped to reduce such waste of resources and as a result, emissions, by ensuring more precise GPS location data is provided.

The platform is currently live in Singapore, Malaysia, Vietnam, the Philippines, Hong Kong, Indonesia, Thailand and Korea. Cambodia and Taiwan are scheduled for roll-out in 2022.

In the Philippines, this optimised TMS algorithm led to a **20% reduction in emissions related to delivery trucks**.

The TMS provided our drivers (both employees and suppliers) a tool to track products, documents, and cash collections all in one app and identify best routes to take for optimized deliveries. Our customer service got prompt updates from the portal and there was no need to call the drivers for delivery status, allowing the drivers to safely concentrate on the roads. It also reduced driving hours and associated fatigue for the drivers.

Our Malaysia team piloted an exclusive solar-powered fleet with our transportation supplier, launching a select fleet that generated solar power while being loaded and waiting for delivery. The trucks are estimated to reduce carbon emissions by up to 3,650kg per year and improve fuel efficiency by up to 22%.

The trucks are topped with three to four photovoltaic cells that harvest solar energy which then feeds into a 1,000w battery pack capable of powering the compression system when the engine is turned off – substantially reducing their carbon footprint.

Drivers were provided training to ensure they understand how to operate the new system and their feedback is regularly sought to fuel the continued development of the system.

FLEET RENEWAL, HYBRID MODELS AND ECO-DRIVING

Fleet initiatives include modernising our equipment, transitioning to alternative fuels where practical and using new technologies to more efficiently route drivers, load trucks and handle freight on cross-docks. Our material handling equipment in warehouses is mostly electricity-powered, rather than fuel-powered. This includes forklifts, pallet trucks, reach trucks, etc.

Zuellig Pharma is under negotiations with our delivery partners to include mandatory fleet renewal requirements in contract, to ensure our deliveries are handled by vehicles updated with recent technological developments in terms of emission reductions.

As of January 2021, four of our countries have included these requirements in their contracts.

Our delivery teams are also rolling out eco-driving campaigns focused on lowering carbon emissions through economical, ecological and safe driving.

Based on braking behaviour, speed, number of revolutions (rpm), emergency stops and gear changes, we can continually evaluate the team and coach them to drive more economically and fuel-efficiently.

INNOVATING LOW-CARBON SOLUTIONS

Our Korea team held a sustainability idea competition "Sustainability Innovation Awards" in 2021, crowdsourcing more than 200 ideas from employees to enhance sustainability in our operations. One of the winning suggestions involved the implementation of electric delivery trucks in the local distribution network.

The pilot run was launched in December 2021 - the first electric trucks to be used by Zuellig Pharma. It will be progressively trialled in the market on short-distance deliveries to test efficiency. The Korea team aims to progressively fulfil all short-distance delivery vehicles through electric vehicles by 2025.

With these trucks, we are reducing our impact on the planet as we continue our important task of getting life-saving medicines to patients in need.

ERWAN VILFEU
MANAGING DIRECTOR AND DISTRIBUTION
GM ZUELLIG PHARMA KOREA

ENERGY EFFICIENCY IN OUR WAREHOUSES

We manage our overall energy consumption as part of our strategy to reduce GHG emissions. In 2021, we consumed a total of **338,562,669 MJ (megajoules) of energy**. The majority of our energy consumed (more than 80%) is attributable to electricity use. With the suspension or alleviation of lockdowns and other travel restrictions, our fuel consumption has increased in 2021. Energy efficiency initiatives and transition to renewable sources have more than compensated for this.

Energy efficiency initiatives such as LED lighting and intelligent lighting systems are implemented across all markets. Investments are being made to upgrade our air conditioning systems across several locations, for instance in Cambodia and Singapore. Zuellig Pharma has also initiated an upgrade of its insulation systems, by installing insulation panels and using thermal insulation paints for better temperature control and air-conditioning savings. Finally, we have been implementing Energy Management Systems in our distribution centres in our 12 largest markets to optimise energy consumption.

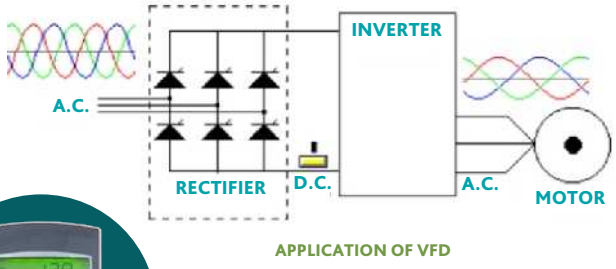
These initiatives contributed to **4M kWH in energy savings** in 2021.

MDI's Santa Rosa National Logistics Centre in the Philippines, has a storage capacity of more than 30,000 pallets. The facility is our first LEED certified warehouse, and is equipped with automation and energy efficient functionalities, including 10,000 square metres of solar panels, LED intelligent lighting and a water-chilled cooling system.

SETTING UP ENERGY MANAGEMENT SYSTEMS IN OUR WAREHOUSES

Zuellig Pharma key logistics centres are equipped with intelligent temperature and energy management systems. In this innovative field, new technologies are regularly adopted to help us enhance our energy management. A good example of this is the Building Management System set up in our Tan Tao 2 facility in Vietnam. All systems are equipped with VFD (variable frequency drive) to help save energy during operations.

VARIABLE FREQUENCY DRIVE



APPLICATION OF VFD

Zuellig Pharma now generates or purchases **onsite or offsite renewable energy** across 4 markets

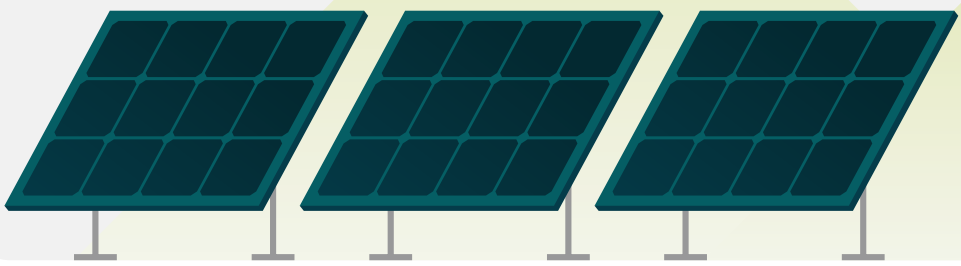
TRANSITION TO RENEWABLE ENERGY

We first piloted solar panels installation at our logistics centres in Taiwan and Vietnam, and continued to roll them out to Philippines, Indonesia, Malaysia and Thailand. 7 additional sites are being considered for solar panel installation in 2022 and 2023. We generated 4.3M kWh from our solar panels to power our operations in 2021. Our Malaysia team also trialled a partially solar-powered fleet that can generate solar power while being loaded and waiting for delivery. The trucks are operational on the roads since May 2021 and are estimated to be able to generate more than **1.5 mkWh of clean energy per year**, equivalent to 1,156 tons of CO2 and 100,000 gallons of diesel saved, if scaled up nationwide.

We are working towards having 30% of our electricity needs supplied from on-site renewable resources by 2030.

In Indonesia, our National Distribution Centre in Cikarang is being equipped with 1,506 solar panels, which are scheduled to save 840 tons of carbon emissions per year.

Our efforts to expand solar panel installations have led to a **75% increase in renewable energy use**, which in turn **reduced our electricity-related emissions by 6.5% in 2021**.



MAKING THE MOST OF NATURE'S ENERGY

Zuellig Pharma Taiwan has installed nearly 8,600 solar panels to meet the energy needs of its distribution operations and today, they own the largest solar panel system amongst companies in the local healthcare sector in Taiwan.

These solar panels help to generate close to 1,266,000kWh of energy which is equivalent to the average electricity consumption of 361 households* in Taiwan in a year.

**Based on Taipower's average household electricity consumption data*

We are proud to be playing a part in protecting the environment of Taiwan. A well-preserved environment is key to sustaining our business in making healthcare more accessible.

JOHN CHOU

CHIEF EXECUTIVE ZUELLIG PHARMA TAIWAN

REDUCTION OF AIR TRAVEL

Since 2019, Zuellig Pharma has started systematically equipping its key locations with video-conferencing capabilities, in order to progressively encourage a reduction of business trips our teams would undertake and replace them with video conferences.

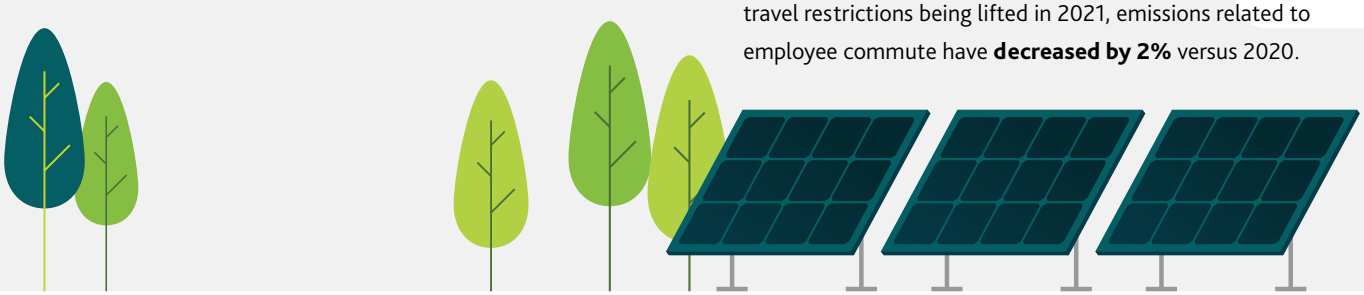
Since 2018, Zuellig Pharma has also implemented a policy of air travel reduction, which led to a **20% reduction of overseas travel** between 2018 and 2019. Far ahead of 2020 travel restrictions, our ongoing commitment to limit GHG emissions from air travel can be seen by the fact that our air travel spend has been decreasing on every six-month period for 36 months (2018 to 2020). In 2021, despite a progressive re-opening of borders, our air travel emissions are still 75% lower than in 2019.

EMPLOYEE COMMUTE

During the Covid crisis, a large number of our employees has been working from home. As employees have been progressively returning to the office, Zuellig Pharma has undertaken a regionwide effort to also allow and promote teleworking.

For days when employees return to the office, Zuellig Pharma has initiated new processes to ensure that the carbon impact related to employee commute could be mitigated. We have for instance launched, when safe, bus and carpooling initiatives. In Singapore for instance, our bus pooling initiative benefits 430 employees. Five markets have launched initiatives to promote carpooling.

As a result of these regionwide efforts, and despite many travel restrictions being lifted in 2021, emissions related to employee commute have **decreased by 2%** versus 2020.



REDUCTION OF ENERGY USE FROM IT INFRASTRUCTURE

Over the past few years, we have moved most of our regional services from on-premise hosting to cloud-based Microsoft Azure data centres. This cloud hosting solution is up to 93% more energy efficient and up to **98% more carbon efficient** than on-premises solutions. Our service provider also has a goal to use 100% renewable energy by 2025 and to be water positive by 2030 on these sites. 269 servers have been migrated or created on Microsoft Azure data centres, representing more than 95% of the data managed by our Regional Technology services.

In 2021, 138 servers have been migrated to cloud solutions, up to 98% more carbon efficient than on-premises solutions.

DIGITIZING OPERATIONS AND GOING PAPERLESS

Initiatives to go paperless have been led across the region. In Hong Kong, through the project "Hospital Authority 2.0", our teams reduced the number of invoices printed for each Hospital Authority order and built extensive workflow improvements such as digital signatures to **save 100,000+ pieces of paper per year.**

WASTE REDUCTION AND RECYCLING

We recognise our responsibility in minimising waste to landfill, both in our own operations and along our value chain as much as possible. Our main source of waste generation in the company comes from the packaging materials for the products that we distribute. Our approach to waste focuses on waste prevention and reduction by prioritising the reuse and recycling of the waste materials we produce. We also seek to minimise waste generation in the first place, such as by automating warehouse processes to go paperless.

All 13 markets have work processes in place to recycle IT equipment, paper and carboard waste. 12 of them have work processes in place to recycle pallets, while 11 also implement sustainable consumption policies. 5 markets recycle toners and ink cartridges, while 7 more processes are also in place wo handle other items, such as scrap material, Styrofoam boxes, plastics, shrink wrap and organic waste.

In 2021, we generated a total of 5,471 tonnes of waste, almost **20% less than in 2020**. Most of our waste generated is non-hazardous, with only batteries categorised as hazardous waste, and is disposed of through professional waste management service provider.

WASTE GENERATED IN METRIC TONNES	2020	2021
Total waste generated	**6,824**	**5,471**
Total non-hazardous waste	6,747	5,435
Total hazardous waste	77	36
Waste incinerated	2,998	2,855
Waste to landfill	3,821	2,610
Waste intensity (kg/piece)	0.00297	0.00233

Each of our markets has ongoing 3R – Reduce, Reuse and Recycle – programmes, including paper and electronics recycling in offices, use of recyclable or eco-certified paper products, pallets and biodegradable bags for transporting goods, reusing void fillers from incoming packages where possible, recycling toners, etc

In addition to recycling efforts, we use eco-friendly ways, such as thermal destruction, to dispose of any remaining waste. Our APL Bandung team in Indonesia has even started a gardening initiative, growing a variety of apothecary plants and fresh vegetables on unused land in their premises, converting waste into organic compost to improve the soil. This not only reduced the amount of waste going to landfill but also provided employees with green space to unwind and grow their own plants.

We commit to achieve **zero waste** going to landfill by 2030

4 markets have already moved away from landfill. As a priority in 2022, we will expand this best practice to deliver on our goal of zero waste going to landfill by 2030.

We also work actively to minimise the amount of waste generated indirectly by our operations. **4 markets** have already launched the use of reusable plastic totes for deliveries, to minimise the use of cartons and plastic bags.

48
3R initiatives were ongoing in 2021, resulting in an estimated
551
tonnes of waste reduction

WE PLEDGE CAMPAIGN

The We Pledge campaign was launched one year ago in Zuellig Pharma Singapore (ZPSG) to drive 3R awareness and encourage departments to commit to a 3R pledge. As part of their one-year anniversary celebration of the campaign in December 2021, 17 teams across ZPSG shared a video update on their progress, which included the following highlights:

- **FINANCE TEAM:** more than 10,000 pcs of paper saved monthly through automation & digitisation, launched eZPay customer e-payment
- **HR AND CLIENT SERVICES TEAM:** reduced paper usage by adopting digital signatures and online document sharing
- **WAREHOUSE TEAM:** implemented collapsible tote boxes as a sustainable alternative to carton boxes and recycled up to 120 pallets and 100 pieces of bubble wrap per month from vendors

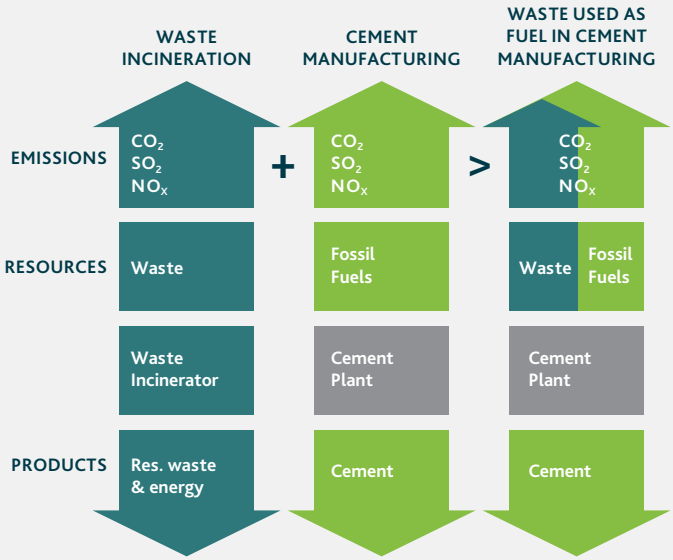
CO-PROCESSING WASTE – A SUSTAINABLE SOLUTION

Co-processing is the use of waste as raw material, or as a source of energy, or both to replace natural mineral resources (material recycling) and fossil fuels such as coal, petroleum and gas (energy recovery) in industrial processes.

Zuellig Pharma Cambodia works with an appointed third party so that waste is disposed through a unique process combining thermal destruction and cement clinker manufacturing. Co-processing not only completely destroys waste materials through flame temperatures of 1800-2000°C but also avoids the formation of toxic substances like dioxins and furans due to the specific temperature profile. There is no ash residue formed as all materials are retained in the clinker produced.

This solution is a sustainable alternative to incineration, reducing GHG emissions while also conserving natural resources by producing clinker from waste material. It is a practice recognised by international bodies such as US EPA and Stockholm Convention.

EMISSIONS REDUCTION BY CO-PROCESSING WASTE MATERIALS



Approximately **3.4 million** sheets of paper, equivalent to **300 trees**, are saved each year

WAREHOUSE AUTOMATION FOR WASTE REDUCTION

Warehouse operations can trigger manual, paper-based, workflows. At Zuellig Pharma Korea KDS warehouse, we implemented a warehouse automation system that reduces processing time by 35% while improving picking accuracy and on-time delivery. Order handling capacity is also expanded, strengthening our competitive advantage.

More importantly, it makes **95% of the operations paperless, reducing operating costs as well as waste generation. We are saving approximately 3.4 million sheets of paper, equivalent to 300 trees, each year**.

Besides reducing waste in our own operations, we work with partners in our value chain to explore circular business solutions to reduce waste and maximise resource use. While we do not handle the medical waste of our clients after delivery to customers, we seek to help them identify waste minimisation opportunities.

PLASTICS RECYCLING INITIATIVE

PVC BAG SEGREGATION TRAINING
Training material prepared by BCSD Malaysia. Patients receive training materials and instructions from Baxter Team.

REVERSE LOGISTICS
Through Zuellig Pharma, transporters collect the used PVC bags when they deliver new products and perform **visual inspection**.

COLLECTION
The PVC bags are taken to logistics hubs and stored in large skip containers ready for **collection**.

PROCESS
Collectors transport skip containers directly to recyclers for **crushing**.

REPORTING
Using **IOT technology,** data about recycled product is collected, ensuring **traceability** and **transparency**.

In Malaysia, Zuellig Pharma supplies Baxter's peritoneal dialysis solution to more than 3,000 home patients. With 120 PVC bags per patient per month, this triggers 260 metric tonnes of high-grade plastic waste.

Together with Baxter and the Business Council for Sustainable Development (BCSD) Malaysia, we are piloting an initiative that aims to collect non-contaminated used PVC bags from patients' homes to recycle them into secondary raw material that can be used in the manufacture of new products like garden hoses, vinyl flooring and playground equipment.

The goal is to ultimately extend this initiative to all hospitals in Malaysia to upcycle all non-contaminated plastic waste, which makes up about one-third of the total waste generated by hospitals.

USING TECHNOLOGY TO MINIMISE WASTE

Our eZTracker app, used to enhance supply chain visibility, now features functions that help in waste minimisation:

COLD CHAIN MONITORING: tracks serialised product information to verify and monitor that the products are stored at optimal temperatures. This prevents drug wastage where they are thrown away in the event of sub-optimal storage conditions and serves to protect patient health

STOCK MANAGEMENT & AUTO-REPLENISHMENT: flags low stock levels so that clinics can anticipate reorders and maintain in generally lower & stable stocks levels. This helps reduce the risk of expiry and discard of precious treatment options.

ENERGY-EFFICIENT COLD CHAIN PACKAGING

Zuellig Pharma has introduced a sophisticated new packaging solution – the eZCooler solution – that ensures the integrity of temperature-sensitive products to the last mile of transportation. The eZCooler solution's sophisticated phase change material and vacuum insulation panels enable it to operate without any reliance upon external energy sources. The eZCooler solution is also much lighter than traditional cold storage packaging solutions, helping to reduce freight costs. It is reusable and 100% recyclable, minimising our environmental impact.

Currently, 6,200 units have been deployed across Asia. In addition to offering best in class temperature control performance, also helps prevent the use of **360,000 single-use Styrofoam boxes per year.**

eZCooler solution:
The eco-friendly way to ensure the integrity of temperature-sensitive products

The eZCooler solution is a thermal insulation system that can be customised to provide temperatures of down to -40°C for products that must be stored at the required temperature to maintain their integrity.

Environmentally friendly, does not require external energy source

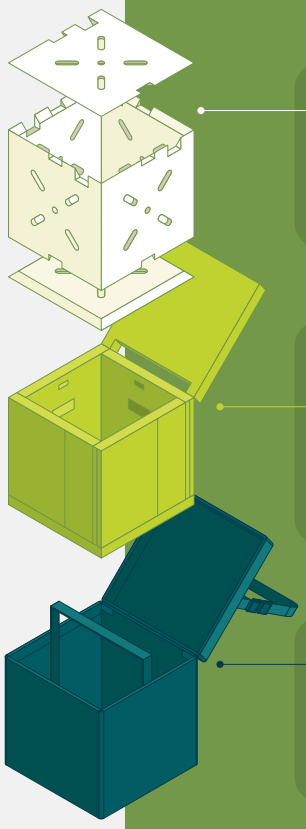
4 days
Maximum number of days that eZCooler can maintain a required temperature

6 hours
The longest flight an eZCooler takes to transport products from Jakarta to Jayapura, Papua

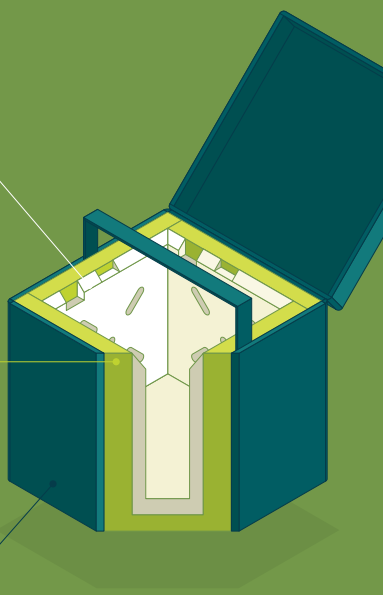
5,000
Number of eZCoolers in operation across Asia

200 times
The number of cycles eZCooler units are commonly used since its launch in 2015

What's inside the **eZCooler** solution?



How it works	Benefits
Coolant Phase-change material acts as an energy source to cool the storage space	More stable and long-lasting cooling performance
Thermal insulation box Vacuum insulation panels act as a shield, blocking external heat transfer to storage space	Superior heat resistance that is 10 times more resistant to heat than a foam box
Outer packaging Fabric casing protects the shipper box and facilitates delivery handling	Shipper box has enhanced durability and reusability and is easy to handle



The eZCooler solution can be customised to cover a wide range of temperature requirements and can be used to transport the most temperature-sensitive products.

-20°C to -40°C

-15°C to -25°C

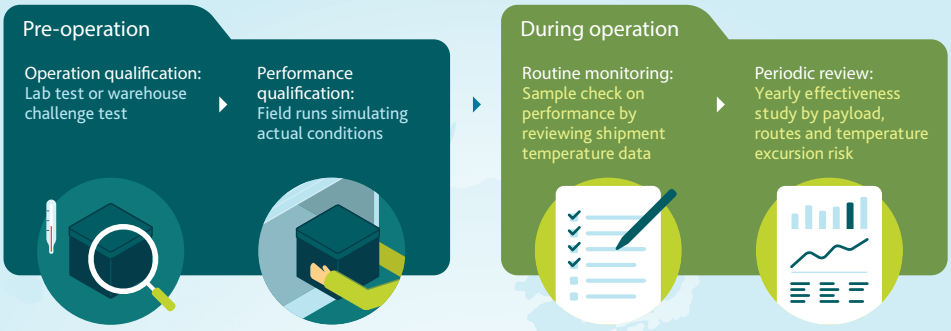
2°C to 8°C

15°C to 25°C

Able to hold maintain temperatures up to 96 hours

Smallest: 8 litres
Largest: 960 litres

eZCooler is tested to international quality standards for the handling of pharma products before and during deployment to ensure its perfomance in field operations.



Countries using eZCooler

AWARENESS AND TRAINING

TAMAN APOTEK HIDUP

Taman Apotek Hidup is a gardening project initiated by one of our branches In Indonesia, APL Bandung. APL Bandung started a green initiative by converting unused land around the office into a beautiful and multifunctional garden. They managed to grow a wide variety of apothecary plants and fresh vegetables in their garden. In growing this garden, APL Bandung utilised fallen dry leaves and other organic wastes and turned them into compost to use them to improve the soil. Through this initiative, APL Bandung has improved the air pollution around the office and by using dry leaves and other organic wastes to improve soil, APL Bandung has also decreased the amount of organic waste going to landfill. Furthermore, these plants can be harvested by employees. Our teams in Indonesia aim to implement this program across all their branches. This initiative also has a positive impact on our waste, as described in the waste reduction section of this report.

Through initiatives led in all countries, and through our region-wide environmental week, we have implemented awareness campaigns that are visible and accessible by all our employees. In 2021, all our business units have been actively engaged in awareness campaigns and the Sustainability Month alone saw the active participation of more than **7,500 of our 12,000 employees**.

During Sustainability month, employees across all our markets have been able to participate to the Environmental Awareness Campaign #BeTheChange. **4,500 employees** have pledged to a defined action to reduce the environmental impact of Zuellig Pharma. For each pledge Zuellig Pharma donated a tree, named after the employee and planted in our second ZP Forest, In Indonesia, after our inaugural project in the Philippines.

During the same week took place Zuellig Pharma's second **Climate Change Inspire Webinar**, during which Bas Fransen, CEO of EcoMatcher, educated our teams on climate reality and how to take action.

CELEBRATING SUSTAINABILITY THROUGH WORLD QUALITY DAY 2021

1st Poonnisa Tuaprakhon
Corporate QA Business Partner, ZP Therapeutics

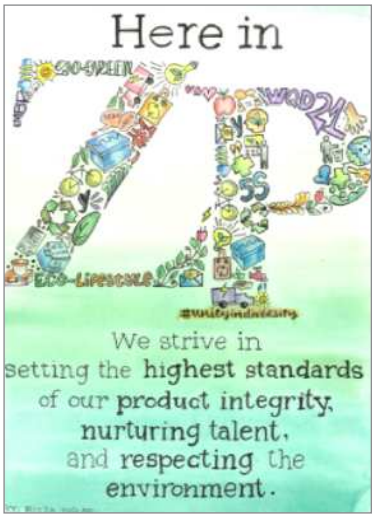
World Quality Day was established to bring attention to the significance of quality management in our lives and raise quality awareness across the world. This year a special focus was brought to how Quality and Sustainability can work hand in hand.

We commemorated this day through the angle of Sustainability with a poster making contest organised by the Quality Assurance team to continue building a culture of quality and reinforce its importance in anchoring our vision of delivering a healthier future for Asia.

The winning entries captured and showcased the essence of quality culture at Zuellig Pharma and impressed everyone with their great messages and beautiful visuals.

2nd Patricia Arellano
Management Trainee, Human Resources, ZPC Philippines

3rd Rizza Tiglao
Quality Assurance Lead Singapore



CARBON OFFSETS & RENEWABLE ENERGY CERTIFICATES

The final stage of our GHG emission reduction strategy will be the offsetting stage which can be done in two ways, through Renewable Energy Certificates (RECs) and through carbon credits.

To complement our onsite solar panel installation program, our teams in the Philippines have launched in October 2021 Zuellig Pharma's first offsite renewable energy sourcing initiative, through which they source 5% of their electricity through Renewable Energy Certificates (RECs).

Offsetting initiatives have already been financed throughout 2020 and 2021, for a total of 10,000 trees. Key projects have been launched in in the Philippines, Taiwan, Thailand, Indonesia and Vietnam.

4,500 trees have been planted in 2021 in Indonesia, in partnership with EcoMatcher. This is our second project with this NGO, after 2,500 trees were planted in the Philippines with EcoMatcher and FEED, a non-profit and non-governmental organisation that supports sustainable education and tree planting. The initiative was co-founded by Zuellig Pharma and its employees to inclusively grow, preserve and protect Philippine biodiversity. The trees are tracked by our partner EcoMatcher's blockchain technology, allowing employees to see actual pictures of their trees, follow their growth, and name and gift trees to family members and friends. Over their lifetime, the trees from these two projects will sequester a total of **3,150 tons of CO_2e**.

In Thailand, a reforestation project has been led in 2020 as the final activity of a wellness initiative for employees called the "One Heart One Health" Program.

This initiative has taken place in the mangrove forest of Samutprakarn, with the goal of preserving the local ecosystem.

PROTECTING TAIWAN'S COASTLINES WITH FUTURE GENERATIONS







In 2020 and 2021, our teams in Taiwan have planted 1,500 trees in 2 area, Taoyuan city and Nantou county. One of these projects took place on an 8.1km long dune field along the coast. This initiative not only reduces carbon, it protects the coast from erosion. Based on UN figures, each tree will absorb 12 kilogrammes of carbon every year. Taiwan's coastal areas are often hit by monsoons and typhoons. Coastal windbreaks are therefore very important to the stability of shifting and for protecting the living environment in coastal areas.

NOTES TO PERFORMANCE DATA

EMISSIONS

We use the operational control approach based on the GHG Protocol to calculate our Scope 1, 2 and 3 emissions.

Scope 1 and 2

Our Scope 1 emissions come from the burning of diesel and petrol in our generators and vehicles as well as the leakage of refrigerants. Emissions from fuels were calculated using actual fuel consumption. Refrigerant top-up has been used as an indicator of leakage. Emission factors for conversion of activity data to emissions were sourced from the United Kingdom Department for Business, Energy and Industrial Strategy (DEFRA), 2021.

Our Scope 2 emissions come from the purchase of electricity for our operations and offices. Emissions were calculated using actual energy consumption. Sources of grid/market emission factors are provided below.

Grid/Market emission factors for Singapore, Hong Kong, Malaysia, Vietnam, Korea, Thailand and Taiwan were obtained from country specific market authorities or energy provider: Singapore – Energy Market Authority, Hong Kong – HK Electric, Malaysia – Tenaga Nasional, Vietnam – Department of Climate Change, Korea – Korea Climate and Environment Network, Thailand – Ministry of Energy and Taiwan - Bureau of Energy, Ministry of Economic Affairs. Grid emission factors for other countries where we operate were sourced from the International Energy Authority (IEA), 2020. Emission factors for 2021 were not available at the time of this reporting.

We report both location and market based Scope 2 emissions.

The Global Warming Potential (GWP) used in the calculation of the emission factors are based on the Intergovernmental Panel on Climate Change (IPCC).

We are currently in the process of including direct emissions from fuel and electricity consumption in our Brunei office. Given that the site has a negligible impact over our total emissions, we have chosen to exclude it under this parameter.

Scope 3

Our relevant Scope 3 value chain emissions include our purchased goods and services, capital goods, fuel and energy related activities, upstream transportation and distribution, waste, business travel, employee commuting and investments.

A spend-based approach was used to calculate emissions from purchased goods and services, capital goods, and upstream transportation and distribution. Emission factors were sourced from the US Environmentally-Extended Input-Output (USEEIO) v.1.1. USEEIO which provides an extensive list of categories. Well-to-tank emissions have also been included in emissions from upstream transportation and distribution, based on conversion factors provided by DEFRA, 2021.

Emissions from business travel were calculated using a combination of spend-based and distance-based approaches. Where distance data was provided by our sites, emissions were calculated using emission factors sourced from DEFRA, 2021. All other business travel emissions were calculated using emission factors sourced from USEEIO v1.1.

Employee commuting data was collected via a survey conducted in 2022. Emissions were calculated using emission factors sourced from DEFRA, 2021 and adjusted based on the total number of employees.

Actual energy and waste data was used to calculate emissions from fuels and energy related activities (well-to-tank emissions and transmission and distribution losses for electricity) and waste generated in operations. Emission factors were sourced from DEFRA, 2021 or the IEA 2021 for transmissions and distribution losses for each country.

The Global Warming Potential (GWP) used in the calculation of the emission factors are based on the Intergovernmental Panel on Climate Change (IPCC).

We are currently in the process of including indirect emissions from fuel and electricity consumption in our Brunei office. Given that the site has a negligible impact over our total emissions, we have chosen to exclude it under this parameter. Emissions from investments have been excluded from the data due to confidential reasons. We have conducted a screening and emissions from this category is deemed negligible.

RESTATEMENTS OF EMISSIONS

2020 data in this report has been recalculated and restated based on the above methodologies, to include refrigerants-related emissions as well as all relevant scope 3 categories, for consistency.

2021 GRI SUSTAINABILITY REPORT

ZUELLIG PHARMA SUSTAINABILITY POLICY

2020 UN COMMUNICATION ON PROGRESS

As we strive towards greater heights of respecting the environment, we welcome feedback from our stakeholders and partnership opportunities on how to amplify these goals. Reach out to our Sustainability Team at **sustainability@zuelligpharma.com** if you would like to contribute towards our GHG initiatives.

PARTNER WITH ZUELLIG PHARMA ON SUSTAINABILITY AND JOIN US IN MAKING HEALTHCARE MORE ACCESSIBLE FOR ALL.