



# Sustainability Report 2022

Creating significant future  
growth through anti-infective  
and critical care therapies



**xellia**  
PHARMACEUTICALS

# Sustainability Framework

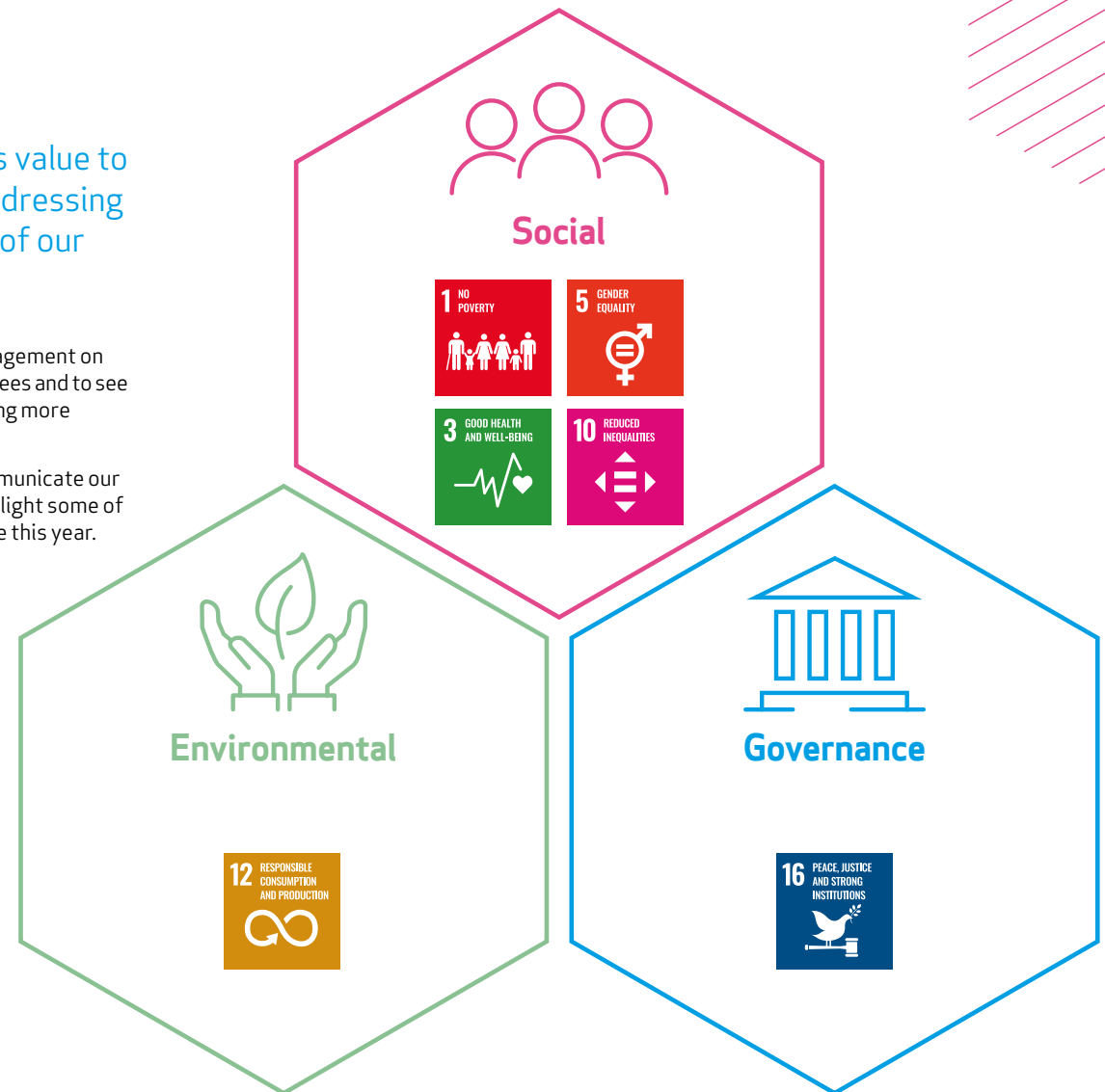
At Xellia, we aspire to be a sustainable business that adds value to society and actively partners with key stakeholders in addressing global challenges. We integrate sustainability in all parts of our value chain.

Xellia is committed to conducting business responsibly and we continuously strive to reduce our impact on the environment by manufacturing responsibly. In addition, a key element of our business is to ensure patient and product safety through high-level quality and safe manufacturing practices. Furthermore, we ensure business is conducted ethically by protecting human rights through safe working conditions, fighting corruption, and ensuring fair labor at all Xellia sites and in the supply chain.

In 2022, we saw great progress in our sustainability programs and activities, from increased global collaboration on ESG projects to locally driven activities focused on promoting health and safety.

We are happy to see the great engagement on sustainability amongst our employees and to see sustainability continuously becoming more embedded in the organization.

In this report, we are proud to communicate our sustainability progress and to highlight some of the great initiatives that took place this year.



*This Sustainability Report serves as Xellia Pharmaceuticals statutory statement on corporate social responsibility in accordance with sections 99a and 99d in the Danish Financial Statement Act.*

### ESG Long-Term Targets

At Xellia, we have developed ESG long-term targets focused on all parts of our value chain. These targets were first developed in 2020, with a five-year outlook. Since then, ESG reporting has developed rapidly and 2022 was an important year, as the European Union developed a new reporting requirement for companies on ESG. The increased focus on ESG in the private sector led us to revise Xellia's strategy and targets, to be more ambitious and to meet future requirements.

Therefore, in 2022 we updated our ESG targets, introduced new targets and expanded the timeframe to 2030. We are excited to be working on these revised targets going forward and to see ESG becoming more embedded in the organization. In the following section, you can read more about the progress we have made so far in reaching the ESG targets.



### Environmental

#### Carbon Emissions

- 75%** **Carbon neutral electricity**  
Commitment for 75% of electricity used at manufacturing sites to be obtained from carbon neutral sources
- 40%** **Reduction of Scope 1 and Scope 2 emissions**  
Motivation to ensure 40% reduction of carbon emissions from Scope 1 and 2

#### Waste

- 50%** **Waste to be recycled, reused or prevented**  
Motivation to ensure 50% of generated waste from production is recycled or reused
- 20%** **Reduction in the environmental impact of our packaging materials by 2030**

#### Water

- 20%** **Reduction of water consumption**  
Motivation to ensure 20% reduction of water consumption in operations

### Social

#### Patients Safety

- 9.0M** **Treatments provided with VANCO READY® to patients**  
Xellia aims to provide 9 million treatment courses of our anti-infective and critical care therapy VANCO READY® to patients by 2030

- 100%** **Zero product recalls**

- 100%** **Authority inspections passed**

#### Employees

- <1.0** **Total Recordable Injury Rate (TRIR)**  
Ambition to keep TRIR incidents per 200,000 working hours <1.0
- 45%** **Overall women leaders**  
Ensuring a representation of 45% women in leadership positions
- >80%** **Xellia Employee Engagement Index**  
Commitment to ensure an index of employee engagement metric of >80%

#### Philanthropic Engagement

- >125 annually** **Families supported through the SOS Children's Villages partnership**  
Company partnership (Eldoret, Kenya) and employee driven initiatives (Eldoret, Kenya and for local SOS Children's Villages)

### Governance

#### Responsible Sourcing

- >80%** **Key suppliers aligned with Responsible Sourcing Policy**  
Commitment to have >80% of suppliers aligned with the Responsible Sourcing Policy

#### Business Ethics

- 100%** **Employees trained on the Code of Conduct**  
Commitment to train all relevant employees on business ethics through annual training on the Code of Conduct





# Environmental Responsible Manufacturing

At Xellia, we strive to be a sustainable business, and as part of our commitment to support the United Nations Sustainable Development Goals (UN SDG), we are always looking at how we can reduce our impact on the environment and find sustainable solutions in our sourcing, manufacturing, and development practices.



Environmental

At Xellia, a large amount of our energy consumption comes from manufacturing our critical care products. As part of our revised ESG Strategy, we have introduced new environmental targets covering the topics of packaging material, water consumption and carbon emission reduction.

In 2023, we will provide updates on these newly introduced targets. In 2021, Xellia sourced 62% of its electricity from carbon-neutral sources. As a result, Xellia has increased its carbon-neutral electricity target from 50% to 75% by 2030. In 2022, Xellia's waste prevention, reuse and recycle program rate was 34%. Our target is to prevent, reuse and recycle 50% of our waste by 2030.

12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



Motivation to ensure  
**40%**  
reduction of carbon  
emissions from  
Scope 1 and 2.

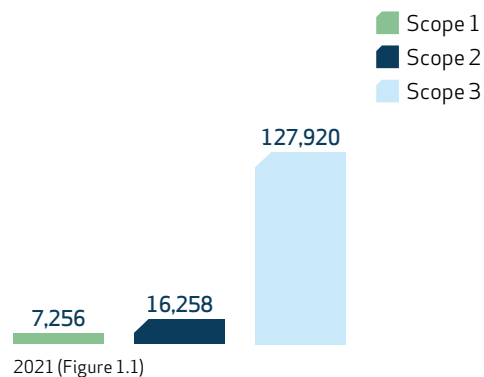


### Carbon emissions

In 2022, we started the process of mapping our greenhouse gas (GHG) emissions for all Xellia's manufacturing sites. By utilizing the GHG Protocol, a global standard framework for measuring and managing emissions, and its available tools, we can effectively determine our hotspots and provide solutions to reduce our Scope 1, 2, and 3 emissions across our supply chain. As we are gaining deeper insights to our carbon footprint, we will also look into more advanced tools to provide even more detailed information.

#### Xellia's Carbon Emissions 2021

##### CO<sub>2</sub> Emissions (tons)



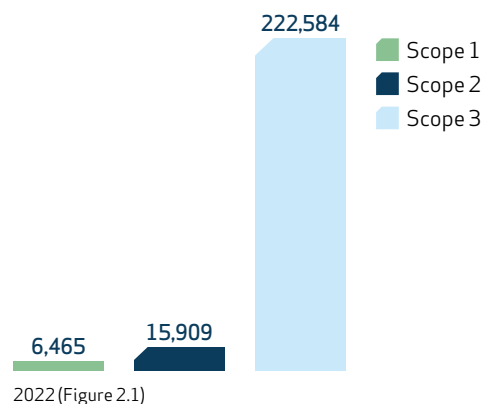
The environmental data for 2022 is based on data from October 2021 through September 2022 and was calculated by using the emissions factors from 2021.

### Scope 1 and 2 emissions

The Scope 1 emissions, which are the direct emissions from our operations, includes the following categories: Natural gas, fuel oil, HFC refrigerant gases and leased company cars. The Scope 2 emissions are the indirect emissions coming from the purchased electricity as well as district heating.

#### Xellia's Carbon Emissions 2022

##### CO<sub>2</sub> Emissions (tons)



### Scope 3 emissions

Calculating and tackling Scope 3 emissions is a complex but very important task. The tool from the GHG Protocol gives a hotspot analysis of the carbon emissions from Scope 3, the indirect emissions from the wider value chain. The following categories were included when calculating the Scope 3 emissions: amount spent on purchased goods and services, amount spent on transportation and distribution, amount spent on waste disposal and lastly, business travel.

The hotspot analysis demonstrated that a significant share of our emissions comes from Scope 3 emissions and particularly from the goods and services we purchase. In 2022, we noticed an increase in Scope 3 emissions due to different factors: 1) increase in amount of goods and services purchased 2) increase in business travel 3) inflation (as the tool is based on dollar spent).

Going forward, we will focus on analyzing the dataset further and finding solutions to minimize Scope 1 and 2 emissions, in line with our newly introduced ESG target of reducing carbon emissions. To target the Scope 3 emissions, we will collaborate closely with the Responsible Sourcing team to set targets and initiatives as well as finding a more advanced tool to calculate the emissions. Read more about Responsible Sourcing and Scope 3 in the Governance chapter.

### Site stories

At Xellia's manufacturing sites, various projects have taken place with the ambition of minimizing the environmental impact and reducing energy consumption. In Cleveland, LED lights were installed which reduced energy consumption from 161 344.320 kWh to 68 376.720 kWh, an annual reduction of 92 968 kWh. In Taizhou, during the construction of a new building, the project team adopted an energy-saving scheme for the air conditioning system of the building, which is expected to save 30-40% of energy. In Budapest, as part of the energy management program, an annual energy reduction of 198 000 kWh was achieved installing 400 pieces of LED lamps, 3 369 GJ by insulating steam pipes. In Copenhagen, a project focused on reducing steam consumption has resulted in an annual energy reduction of 2 000 000 kWh, this corresponds to almost 200.000 m<sup>2</sup> of gas.

# Social

As a producer of important anti-infective drugs, highlighting the criticality of AMR is key to Xellia. Patient advocacy is also an important area of focus, alongside supporting our safe, healthy workplace.



## Anti-microbial resistance ('AMR') advocacy

As a producer of important anti-infective drugs, it is pivotal that Xellia follows responsible business practices and highlights the criticality of AMR – both externally and internally. By being a member of both the AMR Industry Alliance and the association, Medicines for Europe, Xellia engages with fellow members about critical public health concerns and actively supports AMR Advocacy. To increase awareness internally, Xellia celebrates the annual World Antimicrobial Awareness Week which occurs 18-24 November. Global webinars were held to educate our employees on AMR and its link to anti-infectives.



## Patient advocacy

Patient advocacy remains a key focus for Xellia, firstly in raising awareness of sepsis and around the supply challenges that are disrupting access to medicines. Xellia is in its third year as a partner of the Sepsis Alliance. September is Sepsis Awareness month, and this year the Group hosted and participated in several activities to increase knowledge regarding sepsis and honor those affected by this condition. Colleagues around the globe joined trivia games, partook in the Sepsis Alliance Summit that was sponsored by Xellia and joined the 3rd Annual Xellia Sepsis Superhero Challenge.

In 2022, Xellia also joined the End Drugs Shortages Alliance. This is a collaboration of select health systems, supply chain, industry and other stakeholders including group purchasing organizations, manufacturers, distributors and other industry thought leaders dedicated to solving the pharmaceutical supply challenges that disrupt access to essential medications in the US and negatively impact patient care.

Ensuring patient safety is key to our business, therefore in 2022, we introduced new ESG targets focused on patients' safety that we will be tracking going forward. The targets are focused on treatments of VANCO READY® provided to patients, zero product recalls and authority inspections passed.

## Healthy working conditions

At Xellia, we continually work to provide a healthy, secure and safe working environment for our employees, and we are determined to maintain high health and safety standards to reduce the risk of accidents.

In 2022, we continue our focus on high-risk programs including working at heights, confined space entry, lockout tagout and ATEX protection. These initiatives, in addition to safe manufacturing practices and a strong safety culture resulted in the Total Recordable Injury Rate of 0.44 for 2022.







## 2022 Highlight - Health & Safety

### Xellia's Global Safety Month

At Xellia, we dedicate the month of June to health and safety awareness. This global awareness month features global and local activities, highlighting the programs and policies existing at Xellia to keep our employees and the environment safe and secure. This year's activities included a Global Hazard Hunt at our manufacturing sites, educational sessions and hands on training, safety-themed quizzes for participants.



Confined Space Training, Xellia Cleveland



## Xellia's Health & Wellbeing Week

At Xellia, we understand that the whole person comes to work. Our individual health and wellbeing have a direct effect on overall workplace safety, productivity and on the quality of work we perform. During our annual Health and Wellbeing Week in October, we raised awareness about mental and physical wellbeing with different activities globally and locally. This year we were happy to see the celebration being expanded from our manufacturing sites to include R&D and sales offices.



CPR Training, Xellia Zagreb



Lung Screening, Xellia Budapest



### Diversity, Inclusion & Belonging (DIB)

As a truly international company, at Xellia we benefit from a diverse and multicultural workforce, with sites located in the United States, Denmark, Norway, Hungary, Croatia, China, India, Japan and the United Arab Emirates. At Xellia, we have an integrated, open and transparent culture built on mutual respect, trust and accountability. All employees at Xellia are responsible for treating each other with dignity and respect. This is ingrained in our values and is included in our Code of Conduct.

In 2022, we revised the ESG targets and increased our ambition to achieve greater gender equality by ensuring a representation of 45% of women in managerial positions. In addition, the revised ESG target of the employee engagement index receives its status bi-annually from an employee engagement survey. In 2021 the metric was 77% and we are looking forward to conducting this survey again in 2023.

#### Total Employees

792 Women	1,062 Men
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#### Across 292 people managers

104 Women	188 Men
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### Diversity target

In 2022 we had a total headcount of 1,854 employees, where women represented 43% of the total workforce. In managerial positions, women represented 36%. In the coming year, measures will be established to ensure we will reach the goal of 45% of women in managerial positions by 2030.



### DIB awareness

During 2022, we focused on increasing awareness of the topics of gender equality, unconscious bias and on LGBTQI+. At Xellia, we believe in the freedom to be yourself, and to bring the whole of your identity to the workplace. To help increase inclusivity at Xellia, we launched a new IT feature to include a gender pronoun (he, she, they) to e-mail signatures, which was launched during Xellia's global Pride celebration. We are very proud of this launch, which is an important step forward to enhance inclusivity and belonging. To further increase awareness, Xellia held a global quiz during Pride for the entire organization on the topic of LGBTQI+ history, with questions from each country where Xellia is located.

In 2022, we celebrated International Women's Day and International Day of Women and Girls in Science. As a company that embraces the importance of science and innovation, as well as gender equality, diversity and inclusion, we were happy to be marking and celebrating these days. Developing and manufacturing critical-care anti-infectives, places science and technology at the heart of what we do. We are privileged to have exceptionally talented women within our teams, working in R&D, and in functions throughout the company. For Women and Girls in Science Day, we highlighted the work of women that have been instrumental in the development of the VANCO READY® project. Here are quotes from two of them:



Xellia has provided me with an environment where I have been able to continuously grow and contribute to science. I am truly inspired every day by the great talent of women in the field. My advice, pursue your passion!



Xellia is a good example of a workplace honoring women in science and a place where extra effort is recognized – my advice for newcomers to Xellia, be brave and know your knowledge is the key to success.







## Philanthropic Engagement

### Xellia's Partnership with SOS Children's Villages

SOS Children's Villages has been Xellia's nominated charity since 2015, becoming a long-term partner to the organization.

SOS Children's Villages is an independent social development organization that promotes the rights of children in more than 136 countries and territories around the world, providing millions of children and their families with a safe place to live, learn and develop.



### Xellia's corporate partnership with SOS Children's Villages

In 2022, Xellia has funded the activities and outreach campaigns of the SOS Family Strengthening Program in Eldoret, Kenya. Organized by the SOS Children's Villages Social Center in Eldoret, the program supports families experiencing a crisis or extreme hardships that may have difficulty in caring for their children. By building capabilities and resources for families, the Family Strengthening Program enables children to continue to be cared for by their families in their local communities.

The program provides access to essential healthcare and education; however, as many of the families are living in hardship, they are also assisted with vital everyday needs. This can include materials for their shelter, daily living, healthcare support and schooling, while the most vulnerable families receive supplementary rations of the necessary food types. Through the annual donation made by Xellia during 2022, the SOS Children's Villages Family Strengthening Program supported 144 households with a total of 618 children and 96 youths who were at risk of losing parental and family care.

### Employee-driven initiatives throughout the year

In addition to Xellia's corporate partnership funding, Xellians have also embraced the partnership with SOS Children's Villages at an individual level by initiating fundraising activities at their respective sites to raise funds for supplementary needs and projects at the SOS Children's Villages in Eldoret, Kenya and Ukraine. During 2022, the following initiatives were the core focus:

#### Helping the children of war in Ukraine

Xellia's employee fundraising specifically went to supporting key relief work among which included: providing psychosocial assistance; ensuring access to food and clean water; providing health support and hygiene kits; providing other basic non-food items like blankets, clothes and shoes to those in need.







### **Jiggers Outreach Campaign in Eldoret, Kenya**

Xellia's employee donations supported both the prevention of new attacks and the treatment of affected children and adults suffering from jiggers, through the Jiggers Eradication Program. The program includes jigger removal from infected tissue, disinfection of the wounds, and receiving a pair of shoes for protection against new jigger attacks. In 2022, with the donations, we were able to support 45 houses being fumigated and 246 individuals being treated for jiggers.

### **Fundraising for local day-care centers in Eldoret, Kenya**

Many Early Childhood Development Centers in the local schools of Eldoret are in a very poor condition. The Centers do not have proper sanitary provisions, and lack enough trained teachers and adequate play and learning materials such as tables, chairs, books and toys. Through this years' employee donations, we were able to improve the conditions of a number of the local day-care centers.

### **Xellia's Annual Fundraising Event**

For the eighth consecutive year, Xellia hosted its Annual Fundraising Event for SOS Children's Villages in Eldoret, Kenya. During the Autumn of 2022, the Annual Fundraising Event prize winners, embarked on a trip to Eldoret, Kenya – and whilst they visited, they held discussions with SOS Children's Villages, Eldoret on where our funds could be allocated to make the most significant impact in the community. From these discussions stemmed the two initiatives that we fundraised for during the 2022 3-week Annual Fundraising Event:

#### **Providing start-up capital to boost families' income-generating activities**

23 caregivers in the local community were identified through the SOS Family Strengthening Program, who would benefit greatly from financial support. The funding is to help with supplies and business plans needed to support and/or kick-off their small businesses. The aim of the 'boost capital' is to help the caregivers achieve their business objectives in an even shorter timeframe than originally planned, so they can achieve self-reliance and independence in supporting their households.

#### **Providing solar support to families without sufficient light and electricity in their homes**

78 households in the local community were identified through the SOS Family Strengthening Program, who have no access to electricity and struggle to keep lights on. This group of households, through funding, will receive a combination of solar panels and/or solar lamp systems, based on individual evaluation, which will bring not only security to families, but also enable children to be able to study at home after dark.



# Governance

Xellia is committed to conducting business responsibly and as a company with operations globally, Xellia complies with the requirements set forth by the relevant authorities in all the countries it operates.



This year Xellia became a member of the Pharmaceutical Supply Chain Initiative (PSCI).

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



The CEO and President has the ultimate responsibility for Xellia's business and operations, including sustainability. Each sustainability track is sponsored by a senior leader with the mandate to define ambitious targets, identify initiatives and monitor and drive the required actions to fulfill each track's purpose. These are reviewed on a regular basis in the Sustainability Committee consisting of the Xellia Leadership Team. The Sustainability Committee ensures that the strategy is consistent with company goals, supports the tracks and continuously focuses on the initiatives.

To govern Xellia's approach to sustainability and to confirm our commitment to conduct business responsibly, Xellia's Sustainability Policy was developed and approved in 2021 by the Xellia

Leadership Team. The Sustainability Policy is supported by the following set of subject-specific policies, of which Xellia's operations are guided by daily, including but not limited to the Code of Conduct, EHS Policy, Data Ethics Policy, Responsible Sourcing Policy, Tax Policy, Anti-Bribery Guidelines, Whistleblower System Policy.

## Responsible sourcing

To be a sustainable business, it is important for us to develop and maintain ethical supplier relationships, ensure ethical working conditions and protect human rights in our supply chain. Last year, we published the Responsible Sourcing Policy, to enforce our principles on business ethics. To further promote ethical business conduct, this year Xellia became a member of the Pharmaceutical Supply Chain Initiative (PSCI). With this membership, Xellia engages with fellow members and advocates for increased transparency in the supply chain and promoting responsible supply chain practices.

In 2021, Xellia created a Responsible Sourcing Policy. To further our commitment to responsible sourcing, in 2022, Xellia developed a Sustainability Questionnaire to gather data from vendors. The goal was to understand our key suppliers' maturity related to sustainability and to monitor how many of our key suppliers are aligned with UN SDG principles. Based on the high response rate of 85%, after analysis, we concluded that 44% of our key suppliers were aligned with UN SDG principles.

However, during the analysis, it was evident that suppliers who are not aligned with the SDGs are still conducting business sustainably but under different criteria. To better capture this, we revised the Responsible Sourcing targets in December of 2022 for the period 2023 – 2030 to now ensure key suppliers are aligned with Xellia's Responsible Sourcing Policy.

In 2022, we gained a deeper understanding of our suppliers' carbon footprint as a result of the project of mapping the Scope 1, 2, and 3 emissions. The hotspot analysis demonstrated that a significant share of our emissions comes from Scope 3 emissions and particularly from the goods and services we purchase. Tackling Scope 3 emissions is a complex but very important task to minimize the environmental impact on our planet. We will continue to analyse the data to get a deeper understanding of our suppliers' carbon footprint, with the goal of reducing the carbon footprint.





### Responsible business

The Xellia Code of Conduct is our compass for conducting business ethically and with the highest level of integrity. As the foundation of our compliance culture, the code conveys Xellia's values, standards, and principles and reflects our expectations and commitments to Xellia employees for areas that are essential to our business. All employees and third parties working on Xellia's behalf are obliged to adhere to the Code of Conduct.

Xellia does not tolerate any wrongdoing with respect to the Code of Conduct. We support all employees who report violations, as well as those who request assistance or have concerns. Any alleged or suspected cases, where the Code of Conduct may have been violated, are investigated by our appointed compliance function, as stated in our Whistleblower System Policy.

The Code of Conduct forms an integral part of the terms of employment for every Xellia employee. Therefore, new employees receive a copy, which they must read thoroughly and acknowledge electronically in our learning management system.

In 2021, we set a target of achieving a 100% completion rate in 2022 on our annual Code of Conduct certification for all senior employees. We achieved a 97.5% completion rate. In 2023, we will be expanding the scope of this annual training to include all employees.

### Data Ethics & Data Protection

**Xellia has implemented policies and procedures related to the EU General Data Protection Regulation (GDPR) in all areas, which are supported by training on our policies.**

The Xellia Data Privacy Policy sets out roles, responsibilities, and requirements when processing personal data for the purpose of ensuring compliance with the GDPR and EU Member States' data protection legislation. The Xellia Data Ethics Policy, also included in the Xellia Sustainability Policy, applies to all forms of data processing and describes how data ethics are considered and included in the use of data and design and implementation of technologies, especially new technologies, used for processing data within Xellia. The policies apply to all employees at Xellia Pharmaceuticals (New Xellia Group A/S and its subsidiaries).

Our data ethical values:

- We work with data minimization and data protection by design and default when we develop new products.
- We strive to ensure that our use of data is not discriminatory towards, for example, gender, ethnicity, or communities.
- We work with data in an open and transparent manner.
- We strive to ensure that data is not used in a way that misleads customers.

- We strive to ensure that our users get as much value as possible out of the data we collect.
- We are conscious that the data we collect can be of use for some, a burden for others, and be misused unintentionally.
- We strive to ensure diversity in our staff with data expertise – in terms of skills, environment, and background.
- We strive to ensure that we possess the necessary competencies to handle data ethical dilemmas.
- We strive to ensure that our partners process data the way we would ourselves in compliance with the GDPR and our standards.

### Anti-Bribery Guidelines

**At Xellia, we value integrity and openness, and we are committed to full compliance in all areas of our business.**

Based on this, we expect that no Xellia employee or a third party working on behalf of Xellia will participate in bribery or corruption under any circumstances. We receive the same expectation from our customers, our owners, and legislators around the world. Xellia's anti-bribery compliance program aims to ensure compliance with applicable laws and regulations, covering amongst others, the following areas: interactions with healthcare professionals and healthcare organizations, sales and marketing of our products, third party management and risk screenings, and gifts and hospitality. This includes periodic risk

assessments and due diligence procedures for agents and other certain businesses. All relevant employees receive regular training in the compliance program and training in anti-bribery and anti-corruption is part of our Code of Conduct training. Xellia will continue with periodic risk assessments, due diligence procedures, and employee training and regularly assess if further activities are required.

### Whistleblower System Policy

**Xellia's Whistleblower System substantiates and supports Xellia's commitment to ensuring responsible and ethical business behavior and compliance with laws in accordance with Xellia's Code of Conduct.**

Through this system, Xellia encourages employees and third parties to report any concerns and aims to increase the likelihood of early detection of possible serious illegal or unethical misconduct, whereby Xellia will be better equipped to minimize the damages of such wrongdoing and to establish the right preventive measures.

# Global Sustainability Commitments

Xellia commits to its sustainability principles to ensure sustainable development through memberships and engagements with the following organizations and sustainability initiatives:

- Antimicrobial Industry Alliance
- End Drug Shortages Alliance (US)
- ILO (International Labor Organization) – Declaration of Fundamental Principles of Rights at Work
- Medicines for Europe
- PSCI – Pharmaceutical Supply Chain Initiative
- SOS Children's Villages, Denmark
- Universal Declaration of Human Rights
- UN Global Compact
- UNFCCC 2015 Paris Declaration
- UN Women's Empowerment Principles
- 2030 Agenda and the UN SDGs

