



# ESG & Sustainability Report 2024



# 1 Introduction – Fertin Pharma at a Glance

Fertin is a global specialist CDMO with 1,200 employees across Denmark, Canada, and India. Our primary manufacturing site is in Vejle, Denmark, with additional facilities in Goa, India, and Langley, Canada. Furthermore, Fertin owns and operates 10 R&D centers in Mumbai, India, alongside on-site facilities in Langley and Vejle.

Our product development and manufacturing are supported by a strong network of external suppliers and subcontractors. We export our products worldwide, with a primary focus on Europe, Asia, and North America. Fertin Pharma is a subsidiary of Aspeya, Inc. – part of Philip Morris International Inc. (PMI)'s healthcare and wellness division<sup>1</sup>.

This report fulfills Fertin Pharma's statutory reporting obligations in accordance with §99a of the Danish Financial Statements Act. The data presented in this report reflects activities from the Fertin Pharma headquarters in Vejle, Denmark – however, the CO<sub>2</sub> emissions data includes Fertin Pharma facilities in India and Canada.

## Strong Corporate Culture

At Fertin Pharma, we are evolving our culture to align with three core values that drive our strategic goals and business growth, all in support of promoting healthier living:

- **Act as an owner:** adopt a mindset of personal responsibility to play your full part in our success as a business.
- **Be curious:** adopt a growth mindset to learn, experiment and improve.
- **Win together:** adopt a mindset of openness, doing what is best for our company.

These values are fundamental to building a sustainable and innovative future.

## Purpose-Driven Sustainability

Sustainability is a core principle shaping our purpose and operations. We are committed to supporting healthier living by developing effective, convenient, and enjoyable delivery forms for oral and intra-oral active ingredients.

We acknowledge our responsibility to drive positive change, and we remain committed to upholding the United Nations Guiding Principles on Business and Human Rights, embedding due diligence practices across our global operations and supply chains.

## Our Commitment to Global Standards

As transparency and accountability expectations increase, Fertin Pharma aligns with globally recognized standards. A major focus of 2024 has been preparing for the Corporate Sustainability Reporting Directive (CSRD), including conducting a Double Materiality Assessment (DMA)<sup>2</sup>. This assessment will guide our approach as we strengthen ESG disclosures, ensuring compliance with industry benchmarks and evolving global expectations.



<sup>1</sup> This ESG & Sustainability Report 2024 is issued by, and relates exclusively to, Fertin Pharma. The data contained herein cover Fertin Pharma's own operations and performance and do not cover, nor refer to, PMI or other PMI's affiliates' sustainability performance.

<sup>2</sup> In this report and in related communications, the term "materiality," "material," and similar terms are defined in the referenced sustainability standards and certain regulatory requirements, as may be applicable to us, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission.



# 2 Executive Statement

## **Towards a Resilient and Transparent Future**

In 2024, we made significant strides in upgrading our ESG efforts, and I am proud to see how this area of the business is growing and evolving. This progress is not only helping us build a more resilient organization but also positioning us for a stronger and more sustainable future.

We are setting ambitious goals for our business, and our efforts will continue to drive positive change and ensure that we remain ahead of the curve in our industry.

The foundations we are laying today will help us navigate the challenges of tomorrow and further establish our commitment to transparency, responsibility, and long-term success.

## **Building Stronger Foundations for Sustainable Growth**

With a new dedicated ESG department established during 2024, our ESG and Sustainability efforts are getting more focused and centered around different areas of expertise that set a stage for compliance and reporting.

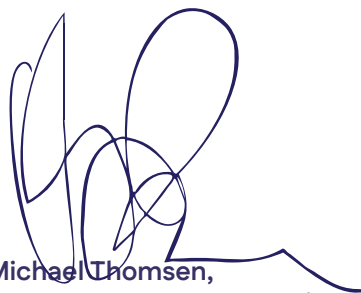
Growing demands and requirements from global initiatives as well as our stakeholders only strengthens our commitment to a sustainable and transparent setup.

Many employees in Fertin have various competences that are instrumental for our ESG performance, and I am happy to see the close collaboration across departments and functions. This ensures that we all contribute to the continued goal of being a trustworthy and preferred partner for our customers and partners.

As part of our commitment to strengthening ESG and sustainability efforts, we have established a dedicated Sustainability Committee to ensure active involvement from top management. This strategic initiative underscores our dedication to integrating ESG principles into our core business decisions. By engaging leadership at the highest level, we can drive meaningful change and make informed decisions that align with our long-term sustainability goals.

Looking into 2025, I am confident that we will continue to grow our governance and sustainability efforts and remain compliant with the expectations for Fertin as a responsible business.

It is a privilege to work alongside such dedicated teams, and I am excited to see how, together, we can make a lasting difference for our company, our stakeholders, and the world around us.



**Michael Thomsen,**  
Managing Director, Fertin Pharma A/S

# 3 Environment

## Environmental Responsibility

At Fertin Pharma, we are committed to reducing our environmental and climate impact. By optimizing resource use, we minimize waste and reduce electricity, water, and natural gas consumption. Additionally, we monitor and assess environmental impacts to ensure we do not exceed risk thresholds. We also ensure the responsible disposal of waste, sewage, and hazardous chemicals to protect the environment and comply with regulatory standards.

### 3.1 Waste Management

To optimize consumption and production in our operations, Fertin continues to focus on sorting waste and on minimizing scrap.

#### Waste disposal

The tables below show the total waste amount generated from the Danish site in Vejle in 2023 and 2024, depicting waste fractions as well as the total output. Looking at the amount of waste throughout 2024, the general picture is an increase from the previous year. The total waste volume is around 4.3% larger compared to 2023.

Fractions	Waste in ton, 2024	%-share of total, 2024	Waste in ton, 2023	%-share of total, 2023	%-Comparison 2023 vs 2024
Incineration	1236.759	69.9%	1223.94	72.1%	1.0%
Recycling	379.529	21.4%	249.07	14.7%	52.4%
Landfill	6.44	0.4%	51.89	3.1%	-87.6%
Special treatment	146.74	8.3%	172.24	10.1%	-14.8%
Total waste	1769.468	100.0%	1697.14	100.0%	4.3%

In 2024, waste sent to landfills decreased by 87.6% from 2023. This significant reduction is closely linked to the change of an external waste handler that has greater capabilities in sorting and recycling. Consequently, the amount of recycled waste increased by 52.4% from 2023. In summary, the developments in these two waste fractions are intertwined, as the enhanced sorting processes not only reduced landfill waste but also boosted recycling rates. Waste sent to incineration remained steady and has increased by 1.0%.

The table below shows that the kg waste per kg output has increased slightly.

Year	2024	2023
kg waste/kg output	0.45	0.42

### 3.2 Water Management

Discharge of water is stringently regulated by local authorities, and Fertin Pharma ensures full compliance with these requirements, reflecting our dedication to responsible environmental practices.

We conduct ongoing monitoring and data collection which allows us to establish baselines, targets, and track progress, ensuring our water management efforts. In the first half of 2024, we completed a project where our Boetherm units were connected to the central cooling system. This initiative was based on calculations aimed at optimizing our efforts to further reduce water consumption and continue to work on our environmental footprint.

The table below shows the total water consumption at the Danish site in Vejle from 2021 to 2024:

Year	2021	2022	2023	2024
Litres water consumed/kg product sold	30	23.94	27.89	24.88

## Case: Sustainable Lab Waste Management Advancing Sustainability in Laboratory Operations with My Green Lab

Fertin Pharma is a proud member of My Green Lab, a certification program dedicated to improving sustainability in laboratory environments, particularly through the optimization of equipment and operational practices.

As part of this commitment, our ADQC lab (Analytical Development and Quality Control) was rewarded with a "Gold" certification, marking a significant milestone in our sustainability journey.

Efforts to minimize waste incineration and enhance recycling are already underway, with initiatives focused on reducing overall waste generation. The principles of My Green Lab have played a key role in guiding these efforts, ensuring that our lab operations align with the highest standards of environmental responsibility.

This ongoing work reflects Fertin Pharma's dedication to embedding sustainable practices into all aspects of our operations while contributing to the global drive for greener scientific research.



## Case: Water Management for Groundwater Protection Safeguarding Groundwater Resources in Vejle

In December 2024, Fertin Pharma took a significant step toward protecting local water resources by entering into a voluntary agreement with the local water supplier. This initiative is centered on safeguarding a critical groundwater reservoir near our main facilities in Vejle, Denmark.

The reservoir, classified as a near-well protection area (BNPO), includes water wells that supply essential drinking water to the local community. Recognizing the importance of preserving this resource, Fertin Pharma has committed to implementing stringent protective measures. These include:

- Prohibiting the use or storage of plant products like pesticides.
- Avoiding the deposition of contaminated soil or waste.
- Refraining from spreading sewage sludge within the designated protection zone.

Our contribution is a vital part of a collective effort to maintain the quality of local drinking water.

“At Fertin Pharma, we recognize the critical importance of protecting our local water resources,” says Principal EHS Specialist, Thomas Elmelund Rasmussen. “Entering into this voluntary agreement with the local supplier in December 2024 underlines our dedication to environmental stewardship and sustainable practices.”

By safeguarding this vital groundwater reservoir, we are not only preserving the quality of drinking water for our community but also contributing to a healthier environment for future generations.”

### 3.3 Energy Efficiency

Fertin’s energy consumption is primarily influenced by the need to maintain strict pharma-compliant climate control within production areas. This ensures optimal conditions for manufacturing processes, where precise temperature and humidity levels are critical.

As a result, energy consumption tends to correlate more with external environmental factors, such as fluctuations in temperature and humidity, rather than with changes in production activity or output levels.

Scope	tCO <sub>2</sub> e CY2024	tCO <sub>2</sub> e CY2023	tCO <sub>2</sub> e CY2022	tCO <sub>2</sub> e CY2021
Scope 1	3,654	4,742	-	-
Scope 2 (market-based)	1,538	1,865	-	-
Scope 2 (location-based)	4,132	4,716	-	-
Scope 3	36,673	34,261	-	-
Total Scope 1+2 GHG-emissions (Market-based)	5,192	6,607	3,676	3,587

In 2023, emissions saw a dramatic increase primarily due to the urgent need to acquire oil to sustain production levels. This surge was a direct consequence of the energy crisis that year. However, by 2024, the situation had stabilized, and the energy crisis did not exert the same pressure.

As a result, emission levels returned to more typical pre-crisis figures, reflecting a normalization in energy acquisition and consumption patterns.

Scope	Target	2024	2023	2022
Kg CO <sub>2</sub> e/Kg product sold	<2.0	1.31	1.62	0.94

# 4 Health, Safety, and Employee Well-being

## 4.1 Health and Safety

We are committed to providing a safe and healthy workplace where employees can thrive and feel secure. Our priority is to foster an environment where everyone feels supported and confident in their well-being, ensuring that safety is embedded in every aspect of our operations.

In 2024, we refined our Key Performance Indicators (KPIs) for Health & Safety to emphasize proactive, leading indicators. These KPIs focus on management engagement and the implementation of preventative measures to reduce workplace injuries. At Fertin Pharma, we are committed to maintaining best-in-class Health & Safety standards. To ensure continuous improvement, we benchmark our performance against industry peers in Denmark through data from the Danish Working Environment Authority (Arbejdstilsynet)<sup>1</sup>, ensuring that our initiatives align with best practices and drive meaningful progress.

A culture of safety, continuous improvement, and learning from incidents is embedded in our formalized procedures. Through our comprehensive onboarding and safety training programs, we cultivate a workplace where safety is a shared responsibility. All employees play an active role in fostering a safe and healthy working environment. Safety training is mandatory for all employees and begins on their first day. Additionally, an annual refresher course ensures that employees stay informed of the latest safety protocols and lessons learned from the previous year.

## 4.2 Diversity and Inclusion

At Fertin Pharma, we believe that diversity and inclusion are central to our organizational success. Embracing a diverse workforce not only fosters innovation and creativity but also ensures a dynamic and supportive working environment. In compliance with §99b of the Danish Financial Statements Act, we are committed to fostering an inclusive culture where every employee feels valued and empowered to contribute their unique perspectives and talents.

### Achieving Gender Diversity Goals Ahead of Schedule

In 2024, Fertin Pharma successfully met its gender diversity targets across all levels of the organization, two years ahead of our 2026 target of a 40/60 split (female/male). We are proud to report that we achieved at least this 40/60 split in our Board of Directors, Executive Management, People Leaders, and Other Staff.

Over the past year, Fertin Pharma has made significant strides in enhancing gender diversity across various levels of the organization. Notably, the representation of women in Executive Management increased substantially from 33% in 2023 to 57% in 2024, reflecting a 72.73% improvement. This demonstrates our commitment to promoting female leadership within the company. Similarly, the percentage of female People Leaders rose from 39% to 45%, marking a 15.38% increase. This progress underscores our efforts to support and develop female talent in leadership roles.

While the proportion of females in “Other Staff” saw a slight decrease from 56% to 51%, the overall gender balance across the organization improved, achieving an equal 50/50 split in 2024. This balanced representation highlights our dedication to fostering an inclusive and equitable workplace for all employees.

2024	Female %	Male %
Board of Directors	40	60
Executive Management	57	43
People Leaders	45	55
Other Staff	51	49
<b>Total</b>	<b>50</b>	<b>50</b>

2023	Female %	Male %
Board of Directors	40	60
Executive Management	33	67
People Leaders	39	61
Other Staff	56	44
<b>Total</b>	<b>49</b>	<b>51</b>

<sup>1</sup> [Work Environment in Denmark - Arbejdstilsynet](#)



### 4.3 Employee Engagement and Development

Our employees are our most important asset and are essential to Fertin’s continued development and growth. To mitigate potential risks related to attracting and retaining a highly qualified workforce, we continuously focus on the work climate and job satisfaction. This is supported by a formalized, dialogue-based quarterly survey.

In 2024, the average rating for our work climate survey was 4.0 out of 5, maintaining the same high level as in 2023. This exceeds our KPI for Employee Engagement, which is set at >3.8.

	KPI	2024	2023
Employee engagement	>3.8	4.0	4.0

For ten years, Fertin has been running a management trainee program for employees who aspire to take on personnel management roles and have the ambition to assume leadership positions. Additionally, for several years, all managers have been offered monthly training sessions on current leadership topics.

In today’s dynamic work environment, prioritizing the health, safety, and overall well-being of all our employees is essential for fostering a productive and supportive workplace. Our commitment to employee well-being encompasses a holistic approach that addresses both physical and mental health, ensuring a happier and more satisfied workforce.

# 5 Governance & Ethics

At Fertin Pharma, we are committed to upholding the highest standards of governance and ethics in all our activities. Our governance framework ensures transparency, accountability, and integrity in all our operations, while our ethical principles guide our interactions with stakeholders, including employees, customers, suppliers, and the communities we serve.

## Responsible Business Conduct

Our corporate governance structure is designed to promote effective decision-making and oversight. The Board of Directors, comprising a diverse group of experienced professionals, provides strategic direction and ensures that the company adheres to best practices in governance. A dedicated Sustainability Committee also plays a crucial role in maintaining our governance standards.

We believe that ethical conduct is the foundation of our business success. Our Code of Conduct outlines the ethical principles and standards that all employees are expected to uphold. This includes compliance with laws and regulations, maintaining confidentiality, avoiding conflicts of interest, and promoting fair and respectful treatment of all individuals.

## 5.1 Anti-Corruption & Bribery

Fertin Pharma has a zero-tolerance policy towards corruption and bribery. We have implemented robust anti-corruption measures, including regular training for employees, stringent internal controls, and a whistleblower policy that encourages reporting of any unethical behavior.

## 5.2 Speak Up: Ensuring Integrity and Transparency

We recognize that a genuine commitment to detecting and preventing illegal and other misconduct must include a mechanism whereby employees and third parties (customers, suppliers, sub-contractors, or other stakeholders) can report their concerns freely and without fear of reprisal or intimidation.

Our commitment to integrity and transparency is reinforced through our “Speak Up” setup. This includes both an online whistleblower option available for all stakeholders as well as a dedicated 24/7 hotline available in all languages spoken at Fertin Pharma. These channels allow reporting concerns about unethical behavior or misconduct, and they serve as vital tools for managing investigations and communicating with relevant areas and stakeholders.

## 5.3 Human Rights Commitment

Fertin Pharma is committed to upholding its responsibility to respect human rights as defined by the UN Guiding Principles on Business and Human Rights. We recognize our duty to respect all internationally recognized human rights across our operations and business relationships.

We will continuously enhance our ability to identify potential and actual adverse impacts on human rights connected to our business and, if identified, take appropriate actions to prevent or mitigate those impacts. It is key to maintain an open and unbiased dialogue with our stakeholders on human rights issues and continue to periodically align our approach with both external and internal stakeholders.

To mitigate the risks of our suppliers violating human rights, including the use of child labor or non-compliance with local labor laws, we require them to adhere to our Supplier Code of Conduct (SCoC). This commitment ensures they uphold human rights, including labor rights, and the UN Convention on the Rights of the Child.

To ensure compliance with our SCoC, Fertin is developing systems to monitor and address any risks of human rights violations. Despite being an international company, we comply with national legislation on employment and remuneration conditions in accordance with the ILO Convention and the ETI Base Code. This ensures we have effective systems in place to protect our employees’ freedom of expression and their rights to organize and negotiate collectively.

# 6 Stakeholder Engagement

Our employees are the heart of our organization, driving innovation, excellence, and progress every day. Their expertise, commitment, and collaboration form the foundation of our success. Our collective knowledge and shared efforts across departments are vital to integrating sustainability into our operations.

In an increasingly interconnected business landscape, Environmental, Social, and Governance considerations are no longer optional - they are essential. For Fertin Pharma, this means recognizing that sustainability and responsible practices are being embedded into what we do and how we operate.

## **Establishing the Sustainability Committee: Governing ESG with Purpose**

In 2024, as part of our commitment to embedding ESG into the core of our business, we established a Sustainability Committee to act as a dedicated governing body. Comprised of key members from our top management team, the committee is tasked with ensuring that ESG remains a top priority on our organizational agenda.

The Sustainability Committee plays a key role in driving our ESG by:

- **Setting Strategic Direction:** Supporting in defining clear ESG goals and aligning them with our overall business objectives.
- **Monitoring Progress and general compliance:** Reviewing performance indicators and ensuring that the organization remains accountable for its commitments.
- **Facilitating Cross-Functional Collaboration:** Providing a platform for diverse stakeholders within the organization to coordinate efforts and integrate ESG considerations into all areas of the business.
- **Promoting Transparency:** Overseeing the development of ESG reporting to communicate our progress and challenges with stakeholders effectively.

The Sustainability Committee's work reflects our dedication to fostering a culture where ESG considerations are integrated into the way we do business and drive meaningful impact.

As we move forward, we will continue to enhance our sustainability initiatives, staying ahead of regulatory developments while driving meaningful change. We recognize that true progress requires collaboration, innovation, and a long-term vision. With the continued commitment of our employees, partners, and stakeholders, Fertin Pharma is prepared to have a lasting positive impact on society and the environment.

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