

SANDOZ



Pioneering access for patients

Sustainability Report Lek d.d. 2024

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2024 Highlights

NET SALES

EUR 1,451 million

in 2024, EUR 1,595 million in 2023

BIOSIMILARS

15%

share of sales, 9.5% growth in 2023

STRATEGIC PROGRAMS

75

organized events focused on innovation and talent development

NUMBER OF FULL-TIME EMPLOYEES

3,024

at the end of 2024, a 4% increase compared to 2023

TRAINING

111.1 hours

of training per employee in 2024

WORKPLACE INJURIES

0.16

LTIR, an improvement over 2023 (0.27)

ENERGY EFFICIENCY

473 GJ

of energy used per EUR million in revenue, compared to 624 GJ in 2023

DIVERSITY

57.5%

share of female employees

Address by the Chief Executive Director at Lek and Country President Sandoz Slovenia¹

2024 marked our first full year as a standalone, focused pharmaceutical company - and it proved to be a pivotal one for Lek. We delivered on every major business objective while advancing a multi-year investment program designed to broaden patient access to high-quality, affordable medicines. At the same time, we refreshed the baseline from which we track our sustainability ambitions, ensuring we can pinpoint new opportunities for progress. In short, the past year has shown - once again - that Lek can grow decisively and responsibly, keeping people, patients, the environment and our communities at the centre of everything we do. It is a milestone year that will shape our company for many years to come.

At the end of the year, Lek counted more than 3,000 employees who contribute their knowledge and creativity to the development and production of high-quality, affordable medicines. Over the course of the year, we welcomed more than 400 new colleagues into our teams. Together, we are shaping a work environment based on fairness, diversity, and inclusion. The importance we place on knowledge and employee empowerment is reflected in the fact that each employee received, on average, nearly 14 days of training in 2024. Our responsible HR practices were recognized with the title of Slovenia's Most Reputable Employer for the sixth consecutive year, along with the Top Employer 2024 and Top Investor in Education certifications.

An innovation-driven culture is deeply embedded in our DNA, as once again demonstrated by the outstanding achievements of our researchers. At the Sandoz R&D Days, our teams received 14 out of the 19 scientific awards granted, including the highest award for scientific excellence. We also received the national Golden Innovation Award from the



Slovenian Chamber of Commerce and Industry (GZS) for the development of the first generic drug for the treatment of anemia based on iron carboxymaltose - a breakthrough achievement driven by Slovenian expertise and fully manufactured in Slovenia. Through the exceptional quality of our research work, we remain committed to strengthening Sandoz's position as a global leader in generic and biosimilar medicines.

Sandoz's long-term commitment to biosimilars is also clearly reflected in its strategic investments in Slovenia. The construction of an advanced development center in Ljubljana and a state-of-the-art biosimilar drug substance manufacturing facility in Lendava is proceeding according to plan, with both scheduled for completion by the end of 2026. These investments support both Sandoz's current and future portfolio of biosimilars in therapeutic areas where we can drive the most meaningful improvements for patients. They will further strengthen our position on the global biopharmaceutical map and significantly expand access to high-quality biosimilar therapies worldwide.

In 2024 we broadened our engagement with the community and strengthened our development partnerships. Together with educational and research institutions in Slovenia and abroad, we took part in more than 75 projects, events, and programs. A key milestone was the signing of a strategic cooperation agreement with the Universities of Ljubljana, Maribor, and Primorska, which will further amplify our joint

¹ GRI 2-22

efforts in education and research. Every year we involve around 300 young people in a variety of initiatives and forms of support, and we are especially proud of our innovative ScienceBEAT and TechBEAT programs, which are inspiring the next generation of scientists and engineers.

We also play an important role in managing Sandoz's environmental footprint. In 2024 we actively helped update the Group-wide sustainability strategy and contributed to a more unified approach across all sites. We are pleased that Sandoz has recognized and is now cascading our good environmental practices to other sites.

Firmly aligned with Sandoz's environmental-sustainability targets in climate, waste, and water, we continue to focus on energy efficiency and prudent use of natural resources. Through a range of projects we saved more than 15,000 GJ of energy, preventing the release of over 860 t CO₂e. In Lendava we cut water consumption by over 3 % and reduced production waste by almost one percent. Over the next three years (2025–2027) we will invest roughly €20 million in green projects that will boost energy efficiency and further shrink our environmental footprint - ensuring that our growth goes hand-in-hand with our sustainability ambitions.

We extend our sincere thanks to all colleagues for an intense 2024 in which we met our targets while deepening our strategic focus and streamlining our processes. The achievements to date - and the major investments now under way - reflect the expertise, dedication, and hard work of our people and underpin our successful future. We also thank our partners in business, research, and education, as well as national and local institutions and all those who support, encourage, and inspire us as we responsibly push boundaries.



Gregor Makuc,
Chief Executive Director at Lek and
Country President Sandoz Slovenia



Our strategic investment drive towards pioneering accessible healthcare continued with strong momentum. In short, the past year has shown - once again - that Lek can grow decisively and responsibly, keeping people, patients, the environment and our communities at the centre of everything we do."

About us

Lek, a pharmaceutical company (Lek), is fully owned by Sandoz AG.



As of December 31, 2024, Lek held a 100% ownership stake in Sandoz, headquarters in Slovenia, and a 74.5% ownership stake in Lendava Wastewater Treatment Plant.

Lek, a Sandoz company²

Company name:	Lek Pharmaceuticals d.d.
Abbreviated name:	Lek d.d.
Registered office:	Ljubljana
Business address:	Verovškova ulica 57, 1526 Ljubljana, Slovenia
Registration number:	1732811000
Standard Classification of Economic Activities in the European Community (NACE):	21.200 Manufacturing pharmaceutical preparations
Registered at:	District Court in Ljubljana under entry number: 1/36542/00
Telephone:	+ 386 1 580 21 11
E-mail:	info.lek@sandoz.com
Website:	http://www.lek.si

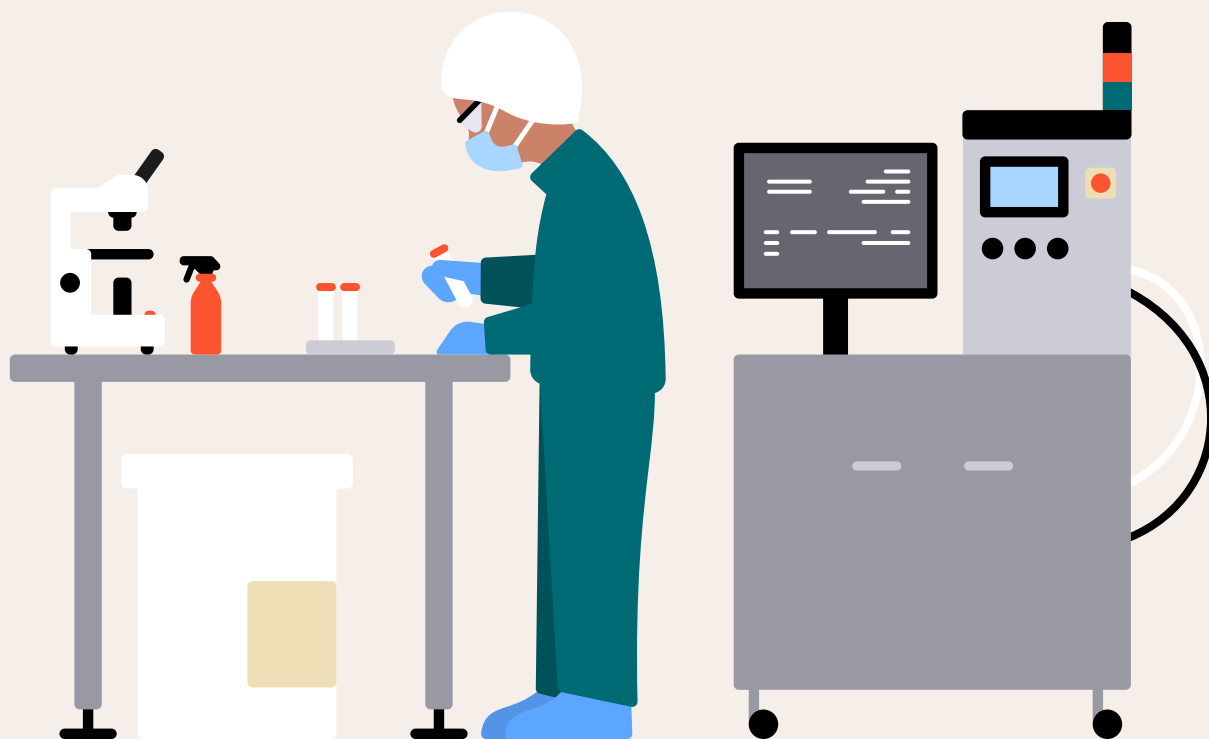
Contacts

Qualified person

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Contact person for reporting on sustainable development³

Mojca Potočnik, Environment Safety Authority; mojca.potocnik@sandoz.com



² GRI 2-1
³ GRI 2-3

Key data for 2024

2024 Performance

Key performance figures⁴

	31 Dec 2024	31 Dec 2023	31 Dec 2022	Index 24/23
Number of employees	3,024	2,895	5,771	104
- Ljubljana site	2,053	1,896	3,467	108
- Mengeš site	106	88	1,378	120
- Lendava site	813	758	720	107
- Prevalje site	40	149	197	27
- rented warehouse site	11	4	9	275
Net sales revenue (EUR mil.)	1,450.694	1,595.224	1,548.608	91

Economic performance⁵

Lek's net sales and profit were in line with expectations and slightly lower compared to the previous year, which had included the transfer of part of the business to a new company. In 2024, we generated net sales of EUR 1,451 million, representing a 9.1% decrease compared to the previous year.

Highlights and milestones in 2024

In the first full year as members of the Sandoz group and a focused pharmaceutical company, we realized major ongoing investments in development and expansion of production capabilities. These are primarily focused at biosimilars.

Key performance highlights:

- As of the end of 2024, Lek employed a total of **3,024 people**, with an average headcount of **2,942**. Throughout the year, we continued active recruitment, adding more than 400 new employees.
- We continued construction of the **Lek high-tech biosimilar drug substance manufacturing center in Lendava**, which is expected to become operational by the end of 2026. We also began building **a state-of-the-art biosimilar development center in Ljubljana**, designed to support the full development process of biosimilars - from active substance development to final product formulation.
- We received the **national Gold Award for Innovation**, presented by the Chamber of Commerce and Industry of Slovenia. A team from our Development Center Slovenia was honored for developing a generic medicine for the treatment of anemia containing the active ingredient ferric carboxymaltose. Leveraging our in-house expertise and innovative approaches, we became the first in the world to develop a generic formulation in the form of a dispersion for injection or infusion.
- Lek once again received the **Top Investor in Education** certificate for above-average investments in employee learning and development.
- Employer recognitions were further strengthened by Lek being named **Slovenia's Most Reputable Employer** for the sixth time and receiving the **Top Employer 2024** certification. We also earned the **Vključi.Vse (Include.All)** recognition and became a founding member of the LGBT+ Business Network Slovenia.
- Our TechBEAT event was awarded the **Engineering Spark 2024** prize, recognizing breakthrough initiatives and projects that advance the engineering profession, inspire the public, and promote innovation in society. The award is presented by the "Engineers of the Future" initiative.
- We successfully renewed compliance with the **Responsible Care (POR)** certificate, the EU Regulation EC 1221/2009 (**EMAS**) environmental management scheme, and once again fulfilled the requirements of **ISO 14001:2015** (environmental management) and **ISO 45001:2018** (occupational health and safety management systems).

⁴ GRI 2-6

⁵ GRI 201-1

Health, Safety and Environment (HSE) Objectives

We consistently implement and update our health, safety and environmental (HSE) plans, goals, and programs to improve overall performance. We achieve this through:

- clearly defined, measurable objectives across all levels of the organization,
- the development and documentation of action plans,
- the maintenance of HSE strategies and long-term plans, and
- the integration of HSE goals and action plans into the business planning process.

Recognition of Lek's good environmental practices

We actively contribute to the development and implementation of Sandoz's sustainability strategy through our specialized knowledge and experience. Some of our approaches for monitoring and managing environmental impacts have been recognized as best practices and are now being adopted at other Sandoz locations.

During the process of updating Sandoz's sustainability policy, we helped define unified methodologies and indicators that are now monitored consistently across all Sandoz companies. At Lek, we were well prepared for the upgrade of the monitoring system, as we have been systematically tracking and publicly reporting data and indicators in our sustainability reports for many years. The data collection, indicator accuracy, and calculation methods are regularly audited internally and externally, ensuring a high level of quality.

Our approach to monitoring volatile organic compound (VOC) emissions was identified by Sandoz as a best practice, and it will be rolled out to other sites in the coming years. A key element of effective VOC monitoring is the ability to accurately identify emission sources, enabling better control and targeted reduction measures.

Lek is known for its systematic and knowledgeable approach to environmental impact management, which requires deep expertise - from process understanding and installation of measuring equipment to data analysis and a strong grasp of national and EU regulations.

Sandoz has also recognized our expertise in monitoring mass balances, which are crucial for identifying active pharmaceutical ingredients in the environment. We developed our own method for detecting these substances in wastewater and backed it with measurement data. Based on these analyses, Lek is already collaborating with other Sandoz sites as well as with the National Institute of Chemistry and the Jožef Stefan Institute. Our goal is to position Slovenia as a center for analytical development in this important area - not only for Sandoz's needs, but for broader regional and international applications.



Solutions developed in Slovenia demonstrate that our knowledge and expertise can serve as a catalyst for global impact in environmental sustainability. We believe in our ability to contribute to positive change."

Bojan Kulčar,
HSE Representative in Slovenia



We place particular emphasis on the efficient use of natural resources and the reduction of environmental impacts across the entire life cycle of our operations and products. Our HSE goals are concrete, with clearly assigned responsibilities. They are based on legal requirements, corporate directives, and our strong commitment to integrity and ethical principles.

HSE objectives are defined with respect to:

- our HSE policy,
- the goals and requirements of Sandoz,
- identified material HSE aspects across operational areas,
- legal and other regulatory obligations and stakeholder expectations,
- financial and technological feasibility, and
- industry association requirements.

Objectives are set both as company-wide and location-specific targets, and are approved by site directors and HSE representatives. We also distinguish between organizational goals and the personal goals of managers. Progress is monitored regularly across organizational levels, and reviewed semi-annually and annually during performance dialogues between managers and employees.

We collect and validate reporting data through the Enablon system. We continuously improve environmental performance by engaging all employees in environmental responsibility. Through open dialogue, we provide transparency to internal and external audiences, and regularly assess the effectiveness of our HSE system.

Implementation of Lek's 2024 Short-Term Environmental Objectives

Area	Indicator	Objective	Status 2024
Health and Safety	Serious injuries and fatalities (SIF)	0	2
	Walkthrough inspections per 200,000 working hours	30	42
	Employee exposure to chemicals and other hazardous substances that exceed the permitted values	0	0
Corrective measures	Actions implemented after inspection	100%	100%
	Number of overdue larger or critical actions (CAPA)	0	0

Environmental objectives for 2024 were not defined, as a year-on-year comparison is not meaningful due to the separation of operations between the Ljubljana and Mengeš sites. We are closely monitoring trends in water and energy consumption as well as waste generation. However, due to the aforementioned restructuring, these data are not directly comparable with 2023 figures. We have designated 2024 as the baseline year, which will serve as a reference point for setting short-term and long-term environmental objectives for each site in the following year.

Area	Indicator	Comparison 24/23
Environment	Energy consumption	Lendava: +0.7% Ljubljana: -36.4% Mengeš: -91.2%
	Water consumption	Lendava: -3.4% Ljubljana: -28.0% Mengeš: -99.8%
	Quantity of disposed waste	Lendava: -0.9% Ljubljana: -35.6% Mengeš: -89.2%

Development and production sites⁶



LJUBLJANA

~ **2,200** employees

LENDAVA

~ **850** employees

MENGEŠ

~ **100** employees

PREVALJE*

~ **40** employees

BRNIK

~ **10** employees

* Production at the Prevalje site was discontinued at the end of 2023.

⁶ GRI 2-1, 2-6

Ljubljana Site

The Ljubljana site serves as the headquarters of Lek and hosts the business center from which several corporate and business support functions are managed. These include regulatory affairs, procurement, legal affairs, supply, corporate affairs, strategic programs, and commercial operations for the entire Central and Eastern Europe region. The site is also home to research and development activities carried out by the Technical Development unit for biosimilars, as well as Sandoz's leading and largest development center. Manufacturing operations at the site are focused in the Aseptics unit.

Aseptics Unit

The Aseptics unit manufactures more than 700 finished products from over 40 active pharmaceutical ingredients. These products are filled into sterile ampoules and vials, or produced in the form of non-sterile solutions, nasal sprays, and syrups for markets worldwide. The unit also manufactures biosimilar medicines and complex injectable products in the form of liquid vials, as well as advanced nasal spray formulations.

In 2024, we exceeded most of our production targets. Nasal spray output increased by 30% compared to 2023, primarily due to the launch of a new production line. Production of liquid vials reached a record high of 5 million units. Due to the discontinuation of one product, the number of lyophilized vials produced slightly decreased, while ampoule volumes remained consistent with the previous year.



Ljubljana Aseptics Unit

We also began construction of a new building that will house an in-house weighing area and expanded cold-chain storage capacity. This facility will be used to store drug substances for biosimilars that require -70°C conditions, as well as final vial presentations of biosimilars that must be stored between 2°C and 8°C .

Two newly established laboratories have started analytical testing of our biosimilar medicines and secondary packaging. Construction is also underway on a third laboratory for the analysis of raw materials and excipients, which will enable full operational independence from Novartis d.o.o.

In addition, we successfully completed nine inspections by regulatory authorities and potential customers, as well as internal audits. These confirmed once again the high quality and compliance of our medicines and manufacturing processes.

Development Center Slovenia

As the leading development center for generic medicines within the Sandoz Group, the Slovenia Development Center specializes in the development of technologically advanced products. Approximately one-third of the employees in this unit hold PhDs, and their expertise plays a key role in bringing Sandoz products to global markets. In 2024, we successfully completed two internal audits and an unannounced inspection by the U.S. Food and Drug Administration (FDA), reaffirming our commitment to the highest standards of safety, quality, and best practices in the workplace.



Development Center Slovenia laboratory

Technical Development of Biosimilars

2024 was a highly successful and transformative year for the Technical Development unit for biosimilars. We achieved a record number of regulatory approvals in key markets and submitted two new biosimilar applications, while making significant progress across our development portfolio.

In April, construction began in Ljubljana on a state-of-the-art Technical Development Center for biosimilars. The new facility will enable innovative and efficient processes - from cell line development, biotechnology processes, and drug formulation to lean and robust technology transfer into manufacturing.

More than 70 new professionals joined the unit in 2024, bringing expertise across various areas of development. We also successfully passed an internal audit related to the development of a biosimilar product, as well as an internal audit for the construction of the advanced development center.

Prevalje site

Production activities at the Prevalje site were discontinued at the end of 2023. In 2024, we began the dismantling of production and other operational equipment. New equipment was installed to establish an independent analytical laboratory, stability chambers, retention sample areas, and archives. We successfully completed two inspections - one by the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia (JAZMP) and another internal inspection conducted by Sandoz.

Lendava site

Anti-infectives Lendava

At the Anti-infectives site in Lendava, we continued the production of two active pharmaceutical ingredients (APIs): potassium clavulanate, our leading product, and gentamicin sulfate, which is produced in smaller volumes. Production of potassium clavulanate and API blends (a mixture of potassium clavulanate with inert material) was in line with our production plan. Customer demand for gentamicin was slightly lower in 2024, which also affected our output levels.



Anti-infectives Lendava

All customer audits conducted in 2024 were highly successful and confirmed the high quality standards and good manufacturing practices at the site. We also met our targets in health and environmental protection, while continuing to enhance process safety and foster a strong safety culture among employees. In parallel, we advanced projects aimed at process optimization, improved energy efficiency, and reduced environmental impact.

Solids

In 2024, the Solids Unit in Lendava successfully completed the full integration of probiotic production (Linex portfolio) from Mengeš. As a manufacturing site, we met all key performance indicators (KPIs) across safety, quality, supply chain, productivity, and financial performance. Customer service levels improved, and the number of out-of-stock products on the market significantly decreased, supported by better supply metrics for tablets and capsules from our suppliers. With 180 million packs produced, we achieved a 3.5% growth compared to 2023.

We continued reshaping our product portfolio, laying the foundation for the site's future development. A major portfolio of Sandoz products in blister packaging was transferred to Lendava, while particular focus was placed on the launch of a new Sandoz Competence Center for bottle and vial packaging. The new bottle and vial packaging line began commercial production in November 2024. With this new technology, the Solids Unit is now strategically oriented toward the U.S. market.

Investment Overview

In 2024, we made significant investments in development and manufacturing capabilities. These efforts support the expansion of our integrated development and production network for biosimilars, enhance overall productivity, and contribute to establishing Sandoz's full operational independence from Novartis.

Ljubljana

In April, we began construction of a cutting-edge biosimilars development center in Ljubljana. This advanced high-tech facility, representing an investment of approximately EUR 90 million, is scheduled for completion by 2026. It will establish Lek's Ljubljana site as one of Sandoz's key global hubs for biosimilar development. The new center will employ around 200 specialists and significantly strengthen in-house capabilities for the end-to-end development of biosimilars - from drug substance development to final drug product.

In July, we opened a biosimilars drug substance development laboratory within the Development Center Slovenia. This interim solution enables us to initiate comprehensive biosimilar development while the new facility is under construction. The lab is designed and equipped to carry out essential activities in the development of biological substances, including cell line development and upstream process development.



Architect's render of the new biosimilars development centre in Ljubljana.

We also established new laboratory capacities within the Aseptics unit in Ljubljana. The large molecule analytical control lab performs analyses for Sandoz biosimilars, while the packaging control lab handles material testing for the entire Sandoz network.

Additionally, construction began on a new building at the Aseptics unit, which will house an in-house weighing facility and dedicated cold-chain storage areas. These facilities are intended for storing biosimilar drug substances and final

vial-based presentations of biosimilars. We also commissioned a new EUR 40 million vial filling line. Through these strategic investments and new initiatives, the Aseptics unit in Ljubljana is on track to become Sandoz's primary global manufacturing site for biosimilars in vial form.

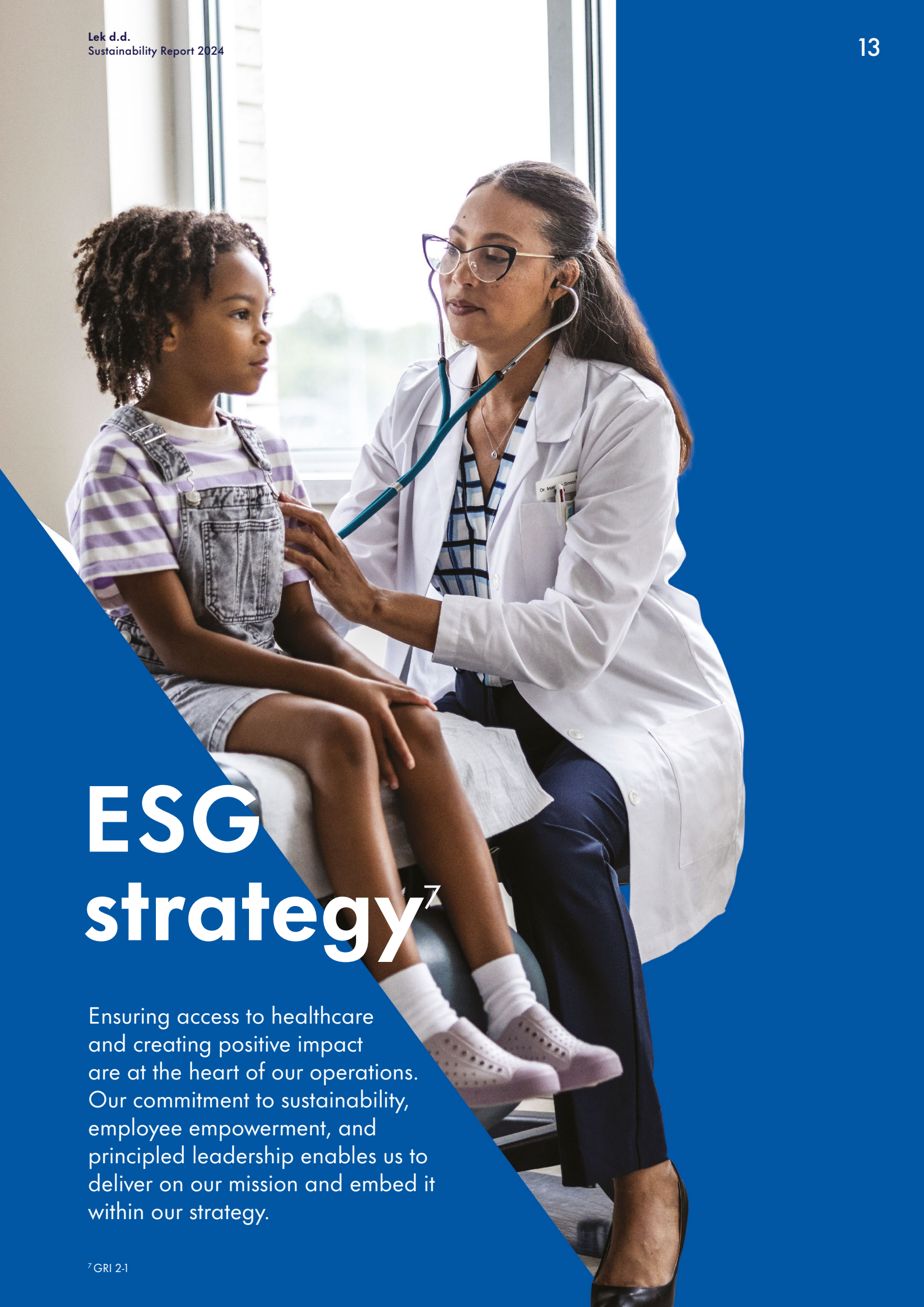
Lendava

In Lendava, we are constructing a new high-tech biosimilar drug substance manufacturing facility, with an investment exceeding EUR 400 million. This represents the largest single investment in Lek's history and one of the largest foreign direct investments in Slovenia. As the first facility of its kind within Sandoz, this new production center is scheduled for completion by the end of 2026 and will serve as a cornerstone for meeting the growing global demand for biosimilars.

At the Solids Unit, we have also established the Sandoz Competence Center for bottle and vial packaging. The new bottle and vial line began commercial production in November 2024 - five months ahead of schedule - and marks a key milestone toward achieving full operational independence for Sandoz.



Architectural concept of our biosimilar drug substance production center currently being built in Lendava.



ESG strategy⁷

Ensuring access to healthcare and creating positive impact are at the heart of our operations. Our commitment to sustainability, employee empowerment, and principled leadership enables us to deliver on our mission and embed it within our strategy.

⁷GRI 2-1

Four pillars of our ESG strategy



Driving Impact and Access

Pioneering access to generic and biosimilar medicines worldwide is central to what we do. We produce quality medicines at scale, making them more accessible and affordable, while partnering to accelerate the pace of change.



Championing Sustainability

We prioritize environmental sustainability, driving down our carbon footprint and preserving natural resources.



Empowering our People

People are central to our Purpose of pioneering access for patients. We foster a safe and diverse workforce and develop exceptional talent and an inclusive pioneering culture.



Governing with Integrity

We promote strong corporate governance that drives sound risk management, ethical behavior and safe, high-quality medicines.

Responsibility for accessible healthcare

Pioneering access for patients is the purpose and foundation of Sandoz's business strategy. However, our goal is not just to increase access, but to do so in a responsible way.

A key part of our ESG approach is the development of a strong governance framework. This enables consistent and proactive stakeholder engagement, transparent reporting, and adherence to the highest standards of accountability, ethics, and corporate responsibility.

We work daily to understand the needs and challenges faced by patients and integrate their perspectives into our product planning and development. Through targeted education, digital resources, and printed materials available in pharmacies and healthcare facilities, we help patients better understand their conditions and treatment options. We also maintain regular contact with patient groups to improve access to the medicines they need.

We build long-term, positive relationships with the local communities where we operate through ongoing, open, and constructive dialogue. We pay particular attention to supporting vulnerable groups and promoting projects that improve access to healthcare and encourage healthy lifestyles. We partner with educational institutions and support science promotion. Giving back to society is part of our culture and our sustainability mindset.



Our engagement with key stakeholders goes beyond building trust. It lays the foundation for strong partnerships that enable us to provide high-quality, accessible medicines more effectively and efficiently."

Mojca Pavlin,
Senior Communications
Manager



Material topics and stakeholder engagement⁸

At Sandoz, we operate with a sustainability mindset and understand that responsible governance practices benefit both the environment and society.

We actively engage both internal and external stakeholders in our operations to better understand their needs and expectations. We are committed to open and transparent communication with the financial community, employees, patients, suppliers, and other key stakeholders.

In 2024, Sandoz conducted a Group-wide Double Materiality Assessment (DMA) in alignment with the European Sustainability Reporting Standards (ESRS). This analysis identified the ten most material sustainability topics - those with the greatest financial impact on Sandoz's business and those through which Sandoz has the most significant impact on people and the environment.⁹

Development that Connects

We connect with a broad range of stakeholders about our investments; keeping them informed about the progress, impacts and opportunities they create for the local environment and wider society.

We have been transparently sharing information and updates on the high-tech facility for biosimilar drug substance production in Lendava and the state-of-the-art biosimilars development center in Ljubljana, since construction began. Given the scale of these investments, our communication spans a wide range of topics - from environmental impact to employment opportunities, the development of new skills and professions, strengthening the innovation ecosystem, and the significance of biosimilars for patients, healthcare systems and public health.

We maintain continuous dialogue with stakeholders at both local and national levels, involving our senior leadership in the process. We actively participate in professional events, including the 2024 Conference on

the Internationalization of the Slovenian Economy and the inaugural National Biotechnology Summit. At this event, we joined government officials, academia, and industry representatives in discussions on biotechnology as a key development opportunity and the importance of collaboration among major stakeholders.

We recognize the significant opportunities ahead for Slovenian biotechnology and pharmaceuticals, as well as the excellence and potential within the country's academic and research institutions. Important developments supporting these efforts include the launch of the pharmacy and biopharmaceutical engineering program at the University of Maribor, and the new Biopharmaceutical Engineering program at the University of Ljubljana - both of which are a major encouragement for all involved.



Open communication and collaboration with partners are key to the success of large-scale development investments as they create new opportunities to gain knowledge and sustainable growth."

Mojca Esih Lah,
Senior Communications Manager



⁸ GRI 2-29
⁹ GRI 3-1, 3-2

Material topics	Definition
Impact and access to healthcare	Access to healthcare refers to the social inclusion of patients and end-users to ensure equal access to products. Impact refers to the wider impacts of medicine, and our ability to use the business to contribute to a healthier, more productive world.
Supplier management	We establish behaviors and relationships with our suppliers that support transparent and sustainable business practices.
Climate change	Climate change considers “adaptation”, “mitigation” and “energy”. “Climate change adaptation” refers to efforts undergone to adjust to actual and expected climate change and its impacts. “Climate change mitigation” refers to efforts undergone to reduce GHG emissions. “Energy” refers to the switch to renewable energy and overall energy efficiency.
Pollution	Pollution refers to the direct or indirect introduction of pollutants into the air, soil or water which may be harmful to human health or the environment. In this context it examines the prevention, control and reduction of such pollution, including its impact on antimicrobial resistance (AMR) due to the potential discharge of active pharmaceutical ingredients (APIs) or other chemicals into water systems.
Diversity, equity and inclusion	Diversity and inclusion, including equal treatment, refers to the degree to which we ensure equality, equal treatment and equal opportunity (including pay, development and learning) for all people in the workforce.
Corporate culture	Corporate culture expresses our goals through values and beliefs. It guides our activities through shared assumptions and group norms such as values or mission statements or a code of ethics.
Health and safety	Health and safety refers to our approach to identifying and managing any potential risks to the health and safety of our own workforce and workers in the value chain.
Ethics, corruption and bribery	Corruption and bribery refers to the prevention and detection of cases of unethical business conduct.
Data privacy and cybersecurity	Data privacy refers to the protection and handling of data related to our own workforce and the information related to patients/end-users. Cybersecurity refers to the protection our own computer systems, networks, and data from potential cyberthreats.
Product quality and safety	Product quality and safety refers to the safety of patients and end-users.

Lek's stakeholders and recognized interests:¹⁰

Stakeholders	Stakeholder interests'
Employees	• Continuous care for a healthy and safe work environment • Improving knowledge and skills • Equal opportunities for career development • Employment safety • Work-life balance • Awareness on responsible treatment of the environment • Diversity and inclusion • Participation in company development and management • Awareness and participation in decision-making regarding the policies and measures for health and safety at work, and environmental protection
Patients	• Safe, efficient and high-quality medicines • Affordable medicines • Development of new and efficient medicines • Functional packaging of medicines with low environmental impact • Responsible handling and disposal of medicines • Cooperation with patient groups • Respect and understanding of patient groups • Increased access to our medicines • Carrying out responsible clinical trials • Recognizing the importance of transparency and reporting
Owners	• Accountable business practices • Successful business results • Company's high developmental capacity • Patient trust • Employee satisfaction • Compliance with the regulations and Sandoz' health, safety and environmental standards • Efficiency in consumption of natural resources • Company's reputation
Healthcare professionals and healthcare providers	• Safe, efficient and high-quality medicines • Accountable business practices • Providing information on new medicines • Providing information on proper medicine use • Proper product labeling • Responsible handling and disposal of medicines
Occupational health service providers	• Effective provision of occupational health and safety without accidents, occupational diseases, and work-related illnesses

¹⁰ GRI 2-29

Stakeholders	Stakeholder interests'
Buyers	• Safe, efficient and high-quality medicines • Affordable medicines • Proper product labeling and information clarity • Responsible handling and disposal of medicines
Regulators	• Safe, efficient and high-quality medicines • Adherence with legislative requirements regarding pharmaceuticals, health, work safety, protection of the environment, marketing, and product advertising, etc. • Proper product labeling
Academia and scientific community	• Participation in development and research projects • Knowledge and practice exchange • Inclusion in the environmental aspects in the development of new products
Professional and industry associations	• Exchange of opinions and promotion of good HSE practices in industry and professional associations • Industry reputation
Suppliers	• Liability insurance for environmental damage, availability of environmental indicators (banks and insurance companies) • Good business relations • Awareness of risk factors in work environment • Adherence to legislative and Lek' standards in protection of the environment • On-time deliveries, adequate prices for goods and services
Local communities	• Employment of workers from the local area • Successful management of environmental impacts and adherence to safety and environmental legislation • Efficiency in consumption of natural resources • Development and expansion of sites • Involvement in local community life • Support for cultural, sports and humanitarian organizations • Cooperation with institutions and vendors from local area
Media	• Providing information on business and events in the company • Open dialogue and data access related to environmental and social impact in public interest
Non-government organizations	• Support and cooperation on projects • Good social responsibility practices • Data access related to environmental and social impact in public interest

Reporting framework

Lek's 2024 Sustainability Report is the fifteenth edition in which we present our progress across economic, environmental, and social dimensions. The report is prepared in accordance with the requirements of the Responsible Care Program, the EMAS environmental management system, and the international GRI Sustainability Reporting Standards. The content is developed by the relevant departments at Lek, guided by Sandoz policies, the specific characteristics of Lek's operations, and the topics highlighted by our stakeholders through various channels. To date, we have not opted for external assurance of our GRI-based reporting.¹¹ The Sustainability Report, which also includes the EMAS Environmental Statement, is publicly available on the Lek website.

As part of Sandoz, we report regularly on sustainability indicators. Lek's data is integrated into the Group-wide ESG metrics published in the Sandoz Integrated Annual Report (available at <https://www.investors.sandoz.com/financials/>).

Reporting characteristics in 2024¹²

For the 2024 reporting year, we used the latest version of the Global Reporting Initiative (GRI) Standards (2021 edition). As a member of the Chemical Industry Association, we also report in accordance with the requirements of the Responsible Care program. In parallel, we comply with Annex IV of Regulation (EC) No. 1221/2009, as amended (EMAS).

This Sustainability Report covers data for Lek d.d., specifically for its production sites in Slovenia. Data prior to the separation of part of the company (Novartis d.o.o.) on July 3, 2023, includes all four locations (Ljubljana, Mengeš, Prevalje, and Lendava). From July 3, 2023, onward, the report includes the following Lek locations and units:

- Ljubljana – Aseptics Unit, Development Center Slovenia, Technical Development of Biosimilars, and company management (Vodovodna cesta 109);
- Mengeš – Probiotic production (Linex portfolio), now integrated into the Solids Unit, and part of the development teams, which are organizationally part of the Development Center Slovenia in Ljubljana. Environmental data for Mengeš continues to be reported separately, while HR-related data is included under Lendava;
- Lendava – Fully included;
- Prevalje – Fully included. Due to discontinuation of operation since November 2024, the location is no longer included in the EMAS scheme and ISO 14001 environmental certification.

Due to the organizational changes following the Sandoz–Novartis separation, the data is not directly comparable with the previous year. The report structure has also been adjusted to reflect changes in the Group-wide Sandoz Integrated Annual Report.

All disclosures relate to the 2024 calendar year and include the EMAS Environmental Statement. Employee data, financial performance, and economic impact figures were obtained through the company's financial reporting process as part of the annual report, prepared in accordance with International Financial Reporting Standards (IFRS) and Slovenian legislation, and published via the AJPes portal.

¹¹ GRI 2-5

¹² GRI 2-2, 2-3, 2-4

Driving Impact and Access

Billions of people around the world lack adequate access to the medicines and healthcare services they need. Through our core business, providing high-quality and more affordable medicines, we contribute to addressing these global challenges. We are committed to reducing health inequities by building strategic partnerships and advocating for improved access to care for patients worldwide.



High-volume production of quality generics and biosimilars

At Sandoz, we offer a broad portfolio of high-quality medicines that improve the availability and affordability of generic and biosimilar treatments. These therapies account for approximately 80% of all prescriptions globally, yet represent only a small share of total healthcare spending. In 2024, Sandoz provided 902 million treatments to patients in more than 100 countries, generating estimated savings of USD 19 billion for healthcare systems in the U.S. and Europe alone. The total social impact of our key products-measured by direct health benefits to patients and the broader economic and societal contributions of healthier populations - was estimated at approximately USD 400 billion globally in 2023. Our pipeline includes around 450 generic medicines and 28 biosimilar products currently in development.

Expanding access to biosimilars

Despite nearly 20 years of availability - and projections that biosimilars could save healthcare systems over USD 290 billion by 2027 - the average treatment rate with biosimilars across 30 countries remains just 14%. Through the global Act4Biosimilars initiative, founded and sponsored by Sandoz, we aim to increase patient access to biosimilars by at least 30 percentage points in over 30 countries.

Accelerating access and affordability

Sandoz works to eliminate barriers to medicine access and promotes affordability through first-to-market solutions, while advocating for fair pricing practices. We focus on driving the key enablers that accelerate access - whether by educating healthcare professionals to prescribe the right medicine to the right patient at the right time, or by engaging with patient groups to better understand their specific needs.

Antibiotics

Antibiotics are the backbone of modern medicine, saving millions of lives each year through the direct treatment of infectious diseases and their preventive use. Sandoz is the world’s leading provider of generic antibiotics, offering a portfolio of more than 50 antibiotic medicines, including many listed on the World Health Organization’s Essential Medicines List. These treatments reach over 200 million patients annually.

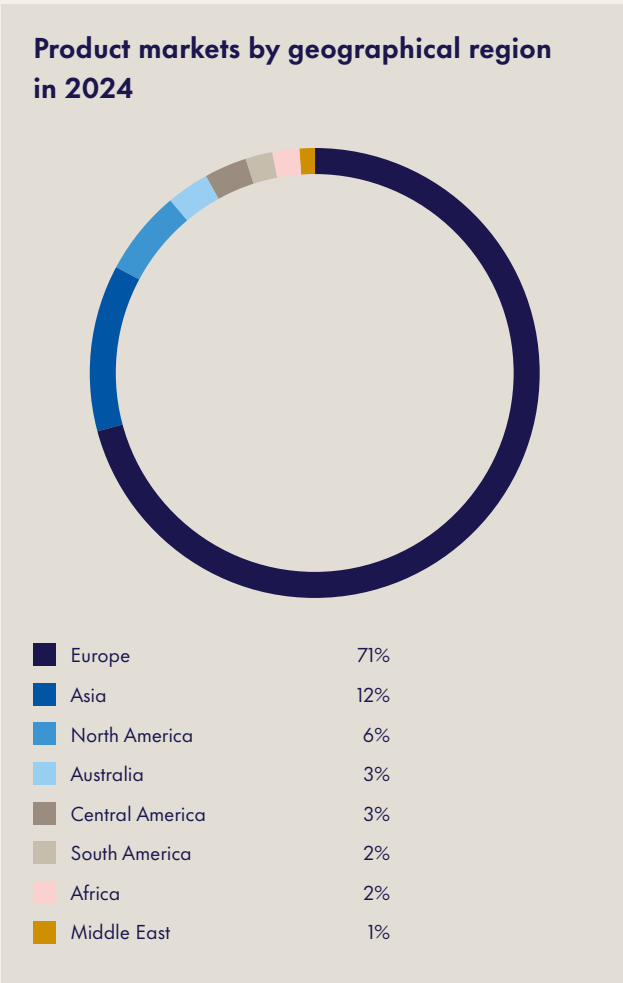
Reaching underserved global markets

Many Sandoz and Lek products reach markets that would otherwise have very limited availability. Our products are accessible in nearly half of the world’s lower-middle-income countries, and sometimes even in nations where the reference medicines are unavailable.

Key customers and markets¹³

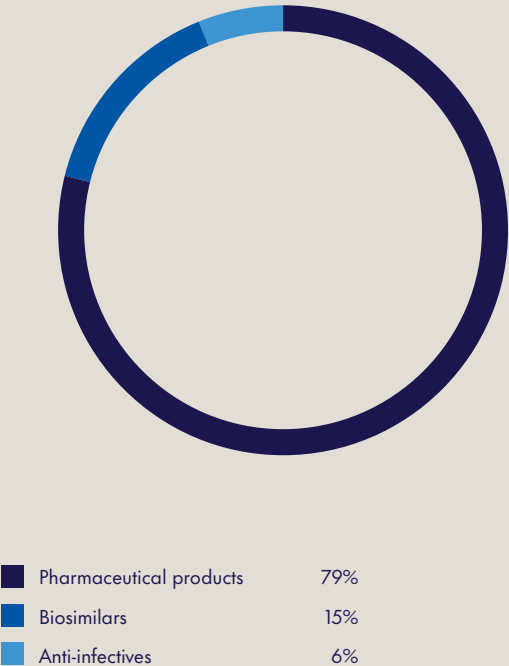
In line with Lek’s organizational structure and strategic direction, we continued sales to other Sandoz Group companies in 2024. We also distribute and sell pharmaceutical products directly to customers in Slovenia. As part of the global Sandoz Group, we market both our own products and those of other Sandoz entities. In 2024, products manufactured at Lek were primarily destined for the European market (71%), followed by Asia (12%), North America (6%), and other global regions (11%).

As in previous years, the majority of our sales (79%) came from pharmaceutical products. However, in 2024 we recorded strong growth in biosimilars, with their share of product sales increasing from 9.5% in 2023 to 15% in 2024.



¹³ GRI 2-6

Sales structure by program in 2024



Major product groups and brands¹⁴

Our key therapeutic groups are:

- cardiovascular drugs,
- anti-infectives,
- medicines for the treatment of gastrointestinal and metabolic diseases,
- medicines for the treatment of blood disorders and diseases of the hematopoietic organs,
- biosimilars for the treatment of growth disorders, neutropenia and anemia, rheumatoid arthritis, psoriasis and anemia, related to chronic kidney failure,
- medicines for the treatment and prevention of iron deficiency and anemia treatment,
- oncological,
- other prescription drugs dispensed in pharmacies and covering a broad spectrum of therapeutic groups of drugs for the treatment of various diseases, and
- self-medication drugs.

In 2024, Lek’s leading prescription medicines on the Slovenian market were Ospan (phenoxymethylpenicillin) and Coupet (rosuvastatin). The best-selling biosimilar was Zessly (infliximab).

Amongst the leading over-the-counter brands we achieved the highest sales with Lekadol, Linex, Lekadol plus C.

¹⁴ GRI 2-6

Generics

The global Sandoz portfolio of generic medicines comprises approximately 1,300 products. The company has a strong presence in the field of complex generics, covering key therapeutic areas such as cardiovascular diseases, central nervous system disorders, oncology, infectious diseases, pain management, and respiratory conditions. Sandoz also holds a leading position in generic antibiotics and is the only European company with fully vertically integrated operations in this field.



At Lek's [Aseptics Unit in Ljubljana](#), new generic products are introduced each year in addition to routine production. The [Development Center Slovenia](#) specializes in the development of technologically advanced products and serves as Sandoz's leading development hub for generics. In 2024, the center successfully completed the development and

submission of 21 marketing authorization applications in key markets and supported the launch of 14 generic medicines. It also achieved significant milestones in the development of oligonucleotides and peptides, and - together with the Technical Development of Biosimilars unit - advanced the development of conjugated monoclonal antibodies.



Biosimilars

Sandoz is a global leader in biosimilars, with a leading commercial portfolio of 28 molecules worldwide. At Lek, we are strengthening our role in the development and manufacturing of biosimilars. With the establishment of the Biosimilars Development Center, Lek's Ljubljana site is set to become one of Sandoz's key strategic locations. In addition, the high-tech biopharmaceutical production center currently under construction in Lendava will enable us to manufacture drug substances for Sandoz's broad biosimilars portfolio.

In 2024, the [Aseptics Unit](#) in Ljubljana made significant progress toward its strategic goal of becoming the primary manufacturing site for vial-based biosimilars within Sandoz. We successfully executed six technology transfers of biosimilar products, each at different stages - from technical batch production to clinical trial batch manufacturing. To ensure sufficient production capacity, our team of experts focused on qualifying a new vial filling line, which is expected to be fully qualified for routine use in the second half of 2025.

We are proud to report that in 2024 we received all necessary regulatory approvals for the routine production of two new biosimilars. This achievement reflects several years of dedicated teamwork among our tech transfer experts,

colleagues from the Development Center Slovenia, and our regulatory affairs teams.

At the [Technical Development of Biosimilars Unit in Ljubljana](#), we submitted two new biosimilar applications and achieved significant progress across our development portfolio.

By expanding in-house development capabilities in Slovenia and building a global biosimilars organization in Germany and Austria, Sandoz continues to strengthen its pioneering and leading position in the global biosimilars market. In mid-2024, we opened a temporary biosimilar drug substance development laboratory at the [Development Center Slovenia](#), enabling the launch of full end-to-end biosimilar development activities.



Partnership

Through strategic partnerships, we are creating conditions for faster development and production of medicines, while working to close gaps in health equity. These partnerships also support our goal of improving access to care for patients around the world.

In 2024, our Strategic Programs unit hosted, co-created, and participated in more than 75 events and programs focused on innovation, talent development, and collaboration with educational and research institutions, chambers of commerce, and professional associations in Slovenia and abroad. We engaged with young people through a wide range of activities, including educational workshops, panel discussions, company visits, hackathons, speed networking sessions, and career fairs. We introduced opportunities for scholarships, internships, and academic collaboration on bachelor's, master's, and doctoral theses.

We also signed a strategic cooperation agreement with the University of Ljubljana, the University of Maribor, and the University of Primorska. This partnership aims to strengthen collaboration in education, scientific research, innovation, and strategic initiatives. Key areas include student internships, mentoring of final theses, and involvement of Lek experts as guest lecturers. The agreement also supports joint applications for national and international research grants, the development of research projects and innovations, and

the enhancement of existing and future academic programs. The agreement further encourages collaboration in lifelong learning. Notably, Lek became the first Slovenian company to deliver a microcredential-based training course in partnership with the University of Ljubljana's Biotechnical Faculty - on the topic Ensuring Sterility, with 10 Lek employees participating. It also supports the organization of joint initiatives such as summer schools, hackathons, and open house events.

In total, we actively involved 81 young talents in our operations through local and international student and pupil programs. We awarded 18 development scholarships, and welcomed 5 international students (from Nigeria, Belarus, Spain, Brazil, and India) for several months of practical training. We also provided internship opportunities to 58 students and pupils from various educational backgrounds. In cooperation with Pionirski dom in Ljubljana, we equipped Slovenia's first children's science lab, helping to spark scientific curiosity and enthusiasm among the youngest generation.

ScienceBEAT welcomes the next generation of students into the world of pharmaceuticals

In 2024, Lek hosted the second edition of ScienceBEAT, a premier scientific and professional event aimed at high-potential students of natural sciences and business from Slovenia and abroad. Out of 118 applicants from 16 countries, 29 top candidates from 8 countries were selected based on their academic achievements, extracurricular activities, and professional experience. The program **offered participants unique access to leading experts and talented peers, providing deep insight into the latest trends and challenges in the modern pharmaceutical industry.** Keynote speakers included Sir Gregory P. Winter, British biochemist and Nobel Laureate in Chemistry for his work on phage display technology and the development of human antibodies, including Humira, the first FDA-approved human antibody drug; Miha Škerlavaj, Professor of Management at the University of Ljubljana and Associate Professor of Leadership and Organizational Behavior at BI Norwegian Business School and Claire D'Abreu-Hayling, Chief Scientific Officer at Sandoz. Participants also gained

firsthand insight into the work of Lek professionals and experienced the inspiring organizational culture of Sandoz - a global pharmaceutical leader in the development and production of biosimilars and generic medicines.



Members of the winning team Pink Pharmthers: Lana Rakovec, Elena Ferraguzzi, Eva Cerkenik, Matija Bajželj, Dragana Zaklan and Đorđe Đukanović.

The first TechBEAT for perspective high school students

In 2024, we launched a new and innovative experiential event designed for young talents from science and technology fields across Slovenian secondary schools. The event brought together 30 students from 7 schools, offering them a unique introduction to the pharmaceutical industry through hands-on learning and mentorship. Key guests included Uroš Ocepek, innovator and 2022 Teacher of the Year from the Secondary Technical and Vocational School Trbovlje; Petra Osojnik, Head of Validation at the Aseptics Unit in Lek; and Blaž Zupan, Assistant Professor at the Department of Entrepreneurship, University of Ljubljana School of Economics and Business. The students were also joined by Gregor Makuc, then Director of Corporate Affairs and Member of Lek's Management Board, and Tjaša Bantan Polak, Director of the Aseptics Unit. Over two days, participants gained their first exposure to a global network of scientific and technological excellence within the pharmaceutical sector. They acquired practical knowledge, developed valuable skills, and received direct insight into cutting-edge technologies. As part of the program, students toured the aseptic manufacturing facilities in Ljubljana and

experienced the daily work of Lek professionals. The main segment of the event took place in Bled, where they attended lectures and worked in teams - under expert guidance - to solve a real-world pharmaceutical challenge using STEM-based approaches. Their final solutions were presented and evaluated, with the most compelling team selected by a panel of judges.



Students searching for scientific and technologically based solutions to real world pharmaceutical challenges

Award for Outstanding Achievements in Chemistry

At the 2024 Slovenian Chemical Days, the Slovenian Chemical Society recognized the breakthrough research achievements of Lek experts from the Development Center Slovenia with an award for outstanding contributions to the field of chemistry. Through their research, the team contributed to improving global access to medicines for the treatment of high blood pressure. The award was granted

for their innovative safety solution related to medicines containing the active substance hydrochlorothiazide, used to treat hypertension. The award winning Lek team included: Rok Grahek PhD, Miha Drev PhD, Borut Zupančič PhD, Matej Ošlaj, Andrej Bastarda, Andrej Kocijan PhD, and Prof. Zdenko Časar PhD.

Lek Scientists Receive Fourteen Sandoz Scientific Awards

At this year's Sandoz Research and Development Days, Lek researchers from the Development Center Slovenia and Technical Development of Biosimilars received an impressive 14 out of 19 scientific awards presented - among them, the highest award for scientific excellence, granted to Klemen Naveršnik PhD, Scientific Advisor at the Development Center Slovenia. This achievement highlights the outstanding quality of scientific work in Slovenia and its significant contribution to strengthening Sandoz's position as a global leader in generics and biosimilars.



Klemen Naveršnik PhD, recipient of the prestigious Sandoz Award for Scientific Excellence

Excellence in Knowledge and Innovative Approaches

Anemia affects millions of people worldwide, mainly the most vulnerable. For the development of a generic iron carboxymaltose-based medicine for treating this condition, Lek was awarded the Gold Innovation Award by the Slovenian Chamber of Commerce and Industry.

The team at the Development Center Slovenia, led by Lidija Vraničar Savanović PhD, was the first in the world to develop a generic medicine - based on in-house expertise and innovative approaches - that is administered as a dispersion for injection or infusion to treat anemia. The medicine is entirely manufactured in Slovenia. It was launched on the European market in 2023, providing

patients with access to a safe, effective, high-quality, and affordable treatment.

Over the 22 years that Slovenian Chamber of Commerce and Industry has presented these awards, Lek has received 15 recognitions for outstanding innovation achievements.



I am proud of our team. Dedication, support, and professional expertise, have proved that we can successfully tackle even the most demanding pharmaceutical challenges."

Lidija Vraničar Savanović PhD,
Project Manager at Development Center Slovenia



Asist. Prof. Samo Rožman, PhD, receives Minařik Award

Our colleague, Asist. Prof. Samo Rožman, a member of the Global Medical Development team at Lek's Development Center Slovenia, is the recipient of the prestigious Minařik Award, the highest recognition granted by the Slovenian Pharmaceutical Society.

He received the award for his contributions to raising the visibility of clinical pharmacists in practice and for promoting the work of the Section of Clinical Pharmacists within the Slovenian Pharmaceutical Society.

Lek's TechBEAT recognized as the Engineering Spark of 2024

This recognition is awarded by the "We Will Be Engineers" initiative and honors the most pioneering and original practices and projects that have significantly contributed

to the development and reputation of the engineering profession, inspired interest in engineering careers, and promoted innovation in society.

Supporting communities

Through ongoing dialogue and partnerships, we build long-term, positive relationships with diverse communities. We collaborate with organizations whose missions align with our own, with a special focus on supporting those who serve vulnerable groups - children, adolescents, the elderly, and people with disabilities. In the past year, we proudly supported several initiatives, including the Sports Federation for the Disabled of Slovenia - Slovenian Paralympic Committee, the Slovenian Association of Friends of Youth

through the Pomežik soncu (A Wink to the Sun) program, the Children's Safe House, the Slovenian Federation of Pensioners' Associations through the Elderly for the Elderly project, the Committee for Inclusive Mountaineering under the Alpine Association of Slovenia, and the Tačke pomagačke (Helping Paws), a Slovenian organization for therapy dogs - to highlight only some of the most significant ones.





Championing Sustainability

At Sandoz, we prioritize environmental sustainability, carbon footprint reduction, and the preservation of natural resources.

Lek and Sandoz environmental sustainability objectives by 2050			
	 Climate	 Waste	 Water
2030	Committed to the Science Based Targets Initiative (SBTi) to limit global warming to 1.5 degrees Celsius	Zero waste to landfill	BSI's AMR certification for all active pharmaceutical ingredients (API) produced Zero impact of wastewater on water quality
2050	Climate neutrality (net zero emissions)		

Health, Safety and Environment (HSE) policy¹⁵

The core of our mission is to seek new approaches that help people around the world access high-quality medicines at affordable prices, whenever and wherever they need them. At Lek and Sandoz, we are committed to business practices that promote health, safety, and the environment (HSE). All employees are expected to share this commitment by taking care of themselves, others, and protecting the environment.

HSE principal policies

Protecting the health and safety of our employees

- We actively encourage and support programs aimed at maintaining and improving the physical and mental health, as well as the social well-being, of our employees.
- We ensure safe working conditions for our employees, contractors, and third parties to protect them from potential health hazards and injuries. Our goal is to create a workplace free from injuries.
- Risk assessments are conducted before any potentially hazardous work is undertaken. Where necessary, appropriate safety measures must be implemented to ensure that the work can be safely completed.

Compliance with Local Laws and Regulations

- We establish an HSE documentation model and support relevant documents, regularly conducting audits, reviews, and self-assessments to ensure compliance with internal requirements and adherence to applicable local laws and regulations.
- We implement an HSE management system that ensures the identification and assessment of regulatory, legal, and internal requirements, and compliance with these is embedded in our culture. This is reinforced through communication and accountability mechanisms.
- Protecting and promoting the health, safety, and environment of our employees, contractors, neighbors, and others is one of our core values.
- We participate in industry networks to share best practices.

¹⁵ GRI 2-23, 2-24, 2-25, 3-3

Environmental protection

- We implement and maintain processes and procedures that ensure compliance with relevant environmental regulations, obligations, and internal requirements.
- We support initiatives aimed at decarbonization and the reduction of waste, energy consumption, and water usage at our workplaces and throughout the supply chain.

Addressing HSE impacts in product, process, and technology development

- We ensure that HSE requirements are integrated, to the greatest extent reasonably possible, into the development of products and processes, procurement, production, and projects from the earliest stages.
- The benefits and risks of innovations for HSE are considered in a structured, scientific, and transparent manner.
- We incorporate the principles of green chemistry into product development processes and integrate sustainable packaging into packaging design processes.

Building a network of responsible business partners

- We expect external suppliers to meet the HSE requirements outlined in the Sandoz Third Party Code and our Third Party Risk Management (TPRM) guidelines.
- We encourage good HSE management practices with our partners in the supply chain and collaborate with them where appropriate.
- We demand environmentally responsible suppliers, goods, and services in all our procurement processes.

- We work with suppliers who go beyond the legal requirements and obligations, thereby actively reducing the environmental impact of their activities.
- Suppliers who promote the reduction of environmental impact are given priority in selection criteria.
- We monitor compliance with this policy through supplier and third-party audits and maintain an open dialogue with them.

Promoting continuous improvement of our HSE management systems and performance

- We set annual HSE goals and monitor their progress.
- We document lessons learned from incidents and events and implement measures to prevent their recurrence.
- We ensure HSE compliance through appropriate hiring, training, and development.

Engaging all employees to support HSE principles

- We accurately report HSE key performance indicators.
- We foster a culture of ownership.
- We report any incidents, hazardous conditions, near misses, or chemical hazards related to HSE.
- We work safely and in compliance, encouraging the safe behavior of other colleagues.
- We participate in identifying relevant HSE hazards and risk assessment processes related to our job responsibilities.

It starts with me

In 2024, we strengthened our safety culture, building on a comprehensive review conducted by all our team leaders.

Under the motto "It starts with me," Lek initiated several changes and improvements across key safety performance indicators.

This enhanced safety culture was driven by insights gained during a dedicated safety culture workshop involving all managers. We identified areas for improvement, re-evaluated responsibilities, and developed action plans with concrete measures. A strong emphasis was placed on occupational health and safety training and education.

We also introduced our Safety Ambassador, **ZVOnko**, who plays a friendly and motivational role in continuously reminding employees of safe workplace practices.

Most of the planned improvements and initiatives were implemented by the end of 2024.

- We address unsafe behaviors or conditions with respectful conversation when observed.
- We take immediate action when deviations occur, reinforcing a culture of learning from mistakes.
- We work in an environmentally responsible manner, contributing to the achievement of environmental sustainability goals.

Transparent communication

- We report on HSE progress in accordance with international public reporting standards.
- We openly share HSE results through internal and external communication channels.
- We proactively engage with internal and external stakeholders, including local communities, and gather feedback on HSE matters.

Sustainability information related to our business is publicly available on our website www.lek.si.

Compliance with HSE regulations and standards¹⁶

When protecting the environment, we respect Slovenian legislation, international standards, and Sandoz guidelines. In Slovenia, the overarching legal framework is defined by the Environmental Protection Act, which governs a wide range of environmental areas through implementing regulations - including water, noise, waste, packaging, air emissions, light pollution, the storage of hazardous liquids, and other aspects of environmental protection.

In the area of water management, we comply with the provisions of the Decree on Emissions of Substances and Heat in the Discharge of Wastewater from Facilities for the Manufacture of Pharmaceutical Products and Active Substances, which applies specifically to the pharmaceutical industry.

The Lendava site, as an IED¹⁷ (Industrial Emissions Directive) installation, operates in compliance with the Decree on the Types of Activities and Installations Causing Industrial Emissions and with applicable BAT conclusions, that apply to our type of manufacturing: CWW - Common Waste Water and Waste Gas Treatment/Management Systems in the Chemical Sector, and WI - Waste Incineration. The current IED permit also covers greenhouse gas emissions from cooling equipment. In addition, the Lendava site is subject to the Decree on Emission Limit Values of Volatile Organic Compounds into the Air from Installations Using Organic Solvents.

When implementing legal and other requirements, we place a strong emphasis on effectively translating new obligations into Lek's operational procedures. Designated responsible persons actively monitor and identify new requirements, maintain comprehensive records of all relevant obligations in the Environmental Compliance Register (ZVO Register), interpret regulatory changes, and perform gap analyses using the Enablon system. These interpretations are then systematically transferred to individual sites. In cases where regulatory changes necessitate significant capital and/or infrastructure modifications, we prepare and document an action plan within Enablon. The register is updated in response to regulatory changes, operational adjustments, findings from inspections, third-party compliance audits,

or at least twice annually. Site-level implementation is ensured by ZVO representatives at each location. As part of our management review, we assess new and anticipated regulatory requirements at least once per year.

We also require external service providers to adhere to work programs that meet at least the same standards as ours - this includes not only legal compliance but also demonstrable fulfillment of corrective actions identified through compliance assessments.

In 2024, we underwent a total of four regulatory inspections, three of which were in the area of environmental protection and one focused on occupational health and safety (construction site inspection in Ljubljana), in which no irregularities were found. We successfully completed the regular ISO 14001 audit, the recertification audit for ISO 45001, and the documentation audit of our environmental management system, including the EMAS review. We also participated in a partial audit related to Sandoz's Integrated Annual Report, focusing on environmental, social, and governance (ESG) indicators, conducted by an authorized external body. In addition, we were subject to further inspections related to product and operational quality, particularly in the areas of occupational health screening and waste management. In the past year, we did not record any emergency situations in the field of environmental protection (spillages, fires, etc.).

We regularly obtain environmental permits for all projects and operational changes. In 2024, in line with the permits and guidelines that define emission limit values for air and water, waste management practices, measures to reduce light pollution, and protocols for the safe storage of raw materials and finished products, we identified exceedances of emission limits for zinc (Zn) and copper (Cu) in wastewater at the Lendava site. In accordance with internal rules, we recorded the non-compliance in the Enablon system and systematically approached the identification of the causes of the exceedance and carried out certain activities.

¹⁶ GRI 2-27, 3-3

¹⁷ See Glossary on page 88.

Environmental permits and their amendments at all sites:

- Environmental permit for operation of a device with a high pollution potential (IPPC) for the Lendava site, Permit No. 35407-172/2006, dated 15 April 2010.
- Decision amending the environmental permit for the Lendava site, No. 35407-37/2011-33, dated 12 July 2012.
- Decision amending the environmental permit for the Lendava site, No. 35406-33/2012-4, dated 15 March 2013.
- Decision amending the environmental permit for the Lendava site, No. 35406-53/2014-8, dated 23 January 2015.
- Decision amending the environmental permit for the Lendava site, No. 35406-39/2015-10, dated 27 January 2016.
- Decision amending the environmental permit for the Lendava site, No. 35406-53/2016-7, dated 8 June 2017.
- Decision amending the environmental permit for the Lendava site, No. 35406-1/2021-7 dated 19 February 2021.
- Decision amending the environmental permit for the Lendava site, No. 35406-42/2019-12 dated 30 March 2021.
- Decision amending the environmental permit for the Lendava site No. 35406-47/2021-ARSO-20 dated 19 July 2024.
- Final text of the environmental permit for the Mengeš site No. 35432-138/2022-2550-33 dated 10 May 2024.
- Environmental permit amending the decision on emissions into water and air for the Ljubljana site, No. 35447-76_2022-2550-6, dated 18 August 2023.
- Environmental permit with regard emissions into water and air for the Prevalje site, permit No. 35444-36/2016-12, dated 21 March 2017.
- Environmental permit with regard emissions into water and air for the Prevalje site, No. 35440-29/2021-5, dated 30 September 2021.
- Partial water use permit for direct use of water for industrial purposes from the public water supply network, for Lek d.d. (all sites), Permit No. 35536-19/2011, and dated 15 July 2011.
- Decision amending water use permit for direct use of water for industrial purposes from the public water supply network, No. 35530-16/2024-2 and dated 8 April 2024.
- Water use permits for direct use of water No. 35536-20/2008-4 dated 18 September 2008, 35536-45/2012-5, dated 19 February 2013 and 35536-65/2013-8, dated 29 September 2013
- Greenhouse gas emission permit for Lendava site, Permit No. 35485-56/2020, dated 18 December 2020.
- Decisions on environmental tax exemption due to fuel combustion No. 35462-58/2024-25730-3 dated 5 December 2024 (Lendava).



Active environmental policy implementation

The direct environmental aspects of our operations include **energy consumption, greenhouse gas emissions to air, water discharges, micropollutants in wastewater**, and the use of **raw materials** and **waste generation**. Indirect environmental aspects are primarily related to the environmental impacts of suppliers and contractors (upstream supply chain). Due to the specific nature of pharmaceutical production, our influence on the use phase and end-of-life management of products is limited.

These environmental aspects are integrated into our business decision-making processes and include activities, products, and services as well as their lifecycle impacts over which we have direct operational control. They also include impacts arising from the company's relationships with third parties. All significant direct and indirect environmental aspects are documented and monitored in the Environmental Aspects Register.

Operational specifics and data inconsistencies

The year 2024 marked the first full year of Lek operating independently within the Sandoz Group. Due to the separation of the Ljubljana and Mengeš production sites in July 2023, and the closure of the Prevalje site at the end of 2023, aggregate environmental indicators are not directly comparable to previous years. Environmental data for 2023 (energy and water consumption, waste generation, air and water emissions) include, up to July 2, 2023, figures from all sites that were part of the former Lek d.d. structure. From July 3, 2023 onward, data from the Ljubljana and Mengeš sites are reported only to the extent that they fall under the ownership of Lek d.d. or are leased from Novartis d.o.o. For certain environmental indicators at these two sites - where facilities are leased from Novartis d.o.o. and direct measurements are not yet available - estimates have been made using an allocation key.

Inconsistencies are also present within individual sites, due to operational specificities. These arise particularly in the weighting of pharmaceutical products and active substances. For example, the highly complex manufacturing of biological medicines results in production volumes measured in kilograms, whereas over-the-counter (OTC) products are produced in tens of tons.

As a result, resource efficiency indicators per ton of product or per employee are not comparable and are therefore not included in this report.

Verification of established standards¹⁸

We voluntarily implement the Responsible Care program for the chemical industry. Our environmental management system is certified under ISO 14001:2015, and our occupational health and safety system is certified under ISO 45001:2018. All of our sites are also included in the EMAS scheme, the European Union's environmental management system.

The Slovenian Institute of Quality and Metrology (SIQ), accredited under registration number SI-V-0001, once again confirmed in 2025 that the data and information presented in Lek d.d.'s 2024 Sustainability Report are reliable, credible, and accurately reflect the company's activities within the scope of the EMAS Environmental Statement.

¹⁸ GRI 2-5

Raw materials and natural resources

Mass flow of materials¹⁹

In our manufacturing processes, we strive to use raw materials as efficiently as possible in order to maximize the conservation of natural resources. At the Ljubljana and Mengeš sites, material throughput decreased compared to 2023 due to the organizational separation, while the Prevalje site ceased operations. At the Lendava site, we reduced raw material consumption by 5%.

Annual mass flow of different materials used* in t²⁰

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	10,044	3,378	11,227	1,925	26,574
2021	10,579	2,787	10,461	1,835	25,662
2022	11,776	2,589	9,975	1,396	25,736
2023	12,861	1,469	5,471	890	20,691
2024	12,199	752	117	0	13,068

* Total quantity of materials purchased within the reporting period to ensure seamless progress of the manufacturing process to the finished product phase (excluding packaging, fuels, water and equipment).

Sustainable packaging management

Our primary focus is on enhancing operational efficiency and emission reduction within our product design and manufacturing processes. Specifically, we continuously explore ways to reduce material usage and implement more sustainable alternatives and environmentally friendly packaging solutions. In 2024, Sandoz launched the Design-to-Sustainable-Value initiative, a working project aimed at evaluating key products for opportunities to reduce materials and emissions. As part of a broader carbon footprint analysis, Sandoz also identified products whose packaging contributes significantly to their life cycle emissions and is proactively seeking ways to improve these impacts.

Packaging must meet all regulatory and market requirements, ensure product and consumer safety, and remain cost-effective. Moreover, packaging must be environmentally friendly throughout its life cycle, which includes responsible end-of-life management. In line with the established waste management hierarchy, we continue to seek additional opportunities to reuse packaging materials within a circular economy framework.

¹⁹ GRI 3-3

²⁰ EMAS – Core indicator, GRI 301-1



Energy

Energy consumption

In 2024, total energy consumption at Lek amounted to **686,089 GJ**. The 31% reduction compared to the previous year reflects the separation of the Ljubljana and Mengeš sites, as well as the closure of the Prevalje site. This was the first full year of operations without the separated Novartis units, meaning that year-over-year comparisons for Lek's energy indicators will only become meaningful in the coming years. At the Lendava site, energy consumption increased slightly by 0.7%, due to higher production volumes. Relative to net sales revenue, energy intensity at Lek was 473 GJ per EUR million, compared to 624 GJ per EUR million in 2023.²¹

Through various energy efficiency projects, we saved a total of **15,182 GJ** and prevented **865 tonnes** of CO₂e emissions from being released into the atmosphere.

Total energy consumption^{22*}

Year	MU	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	GJ	476,617	429,384	365,986	57,245	1,329,232
2021	GJ	472,710	422,979	367,451	56,331	1,319,470
2022	GJ	466,046	417,052	340,778	51,131	1,275,008
2023	GJ	469,721	292,405	188,078	44,775	994,980
2024	GJ	472,873	185,844	16,464	10,907	686,089

* The table covers all fuels / energy sources that entered the processes of energy use, respecting the HHV – High Heating Value.

²¹ GRI 302-3

²² GRI 302-1

Electricity consumption²³

Year	MU	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	GJ	225,772	173,497	123,232	22,913	545,415
2021	GJ	234,715	168,011	124,273	22,236	549,235
2022	GJ	230,894	170,340	123,749	20,372	545,355
2023	GJ	229,617	122,286	63,539	18,529	433,971
2024	GJ	225,037	84,290	7,625	5,381	322,332

Electricity is the main source of energy for driving production equipment, preparation and distribution of energy media for production (compressed air, cooling media...), lighting in facilities and cooling of non-production facilities.

Energy consumption from waste solvents at Lendava and Mengeš

Year	MU	Lendava	Mengeš	Lek (total)
2020	GJ	26,963	83,739	110,702
2021	GJ	24,208	83,734	107,942
2022	GJ	22,605	40,686	63,291
2023	GJ	16,017	45,904	61,921
2024	GJ	13,309	2,735	16,044

By using waste solvents to generate steam, we reduce the need for a primary energy source (natural gas). At the Lendava site, the consumption of waste solvents was 17% lower compared to the previous year, primarily due to the reduced supply of waste solvents from the Mengeš site following the separation of the two companies. Since the separation in 2023, only the probiotic Linex is produced at the Mengeš site.

Energy used from biomass at Lendava

Year	MU	Lendava
2020	GJ	5,086
2021	GJ	5,035
2022	GJ	4,795
2023	GJ	4,143
2024	GJ	4,425

In Lendava, we also incinerate biomass, specifically activated carbon and dry sludge from the Lendava wastewater treatment plant.

²³ GRI 302-1

Distribution of energy resources

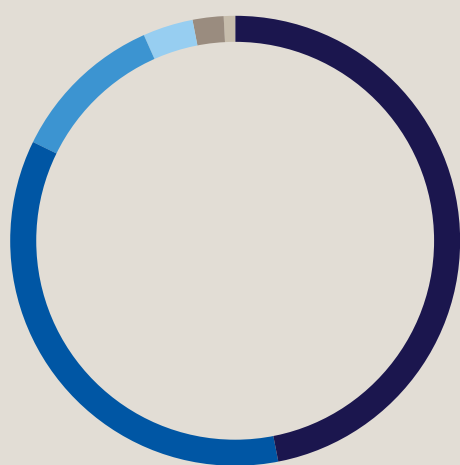
The largest share of energy sources we purchase on the market consists of electricity (47%) and natural gas (35%). In Ljubljana, we also additionally purchase process steam and heat.

At the Mengeš and Lendava sites, in addition to natural gas for steam production, we also co-incinerate waste solvents from production.

Distribution of energy consumption by source in 2024

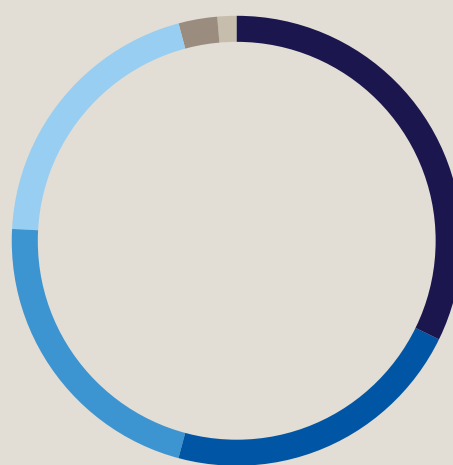
Energy source	MU	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
Electricity	GJ	225,037	84,290	7,625	5,381	322,332
Natural gas (HHV)	GJ	230,102	460	6,105	5,527	242,193
Heat	GJ	0	24,676	0	0	24,676
Steam	GJ	0	76,419	0	0	76,419
Waste heater	GJ	13,309	0	2,735	0	16,044
Biomass	GJ	4,425	0	0	0	4,425
Total	GJ	472,873	185,844	16,464	10,907	686,089

Distribution of energy consumption by primary energy source in 2024



Electricity	47.0%
Natural gas (HHV)	35.3%
Steam	11.1%
Heat	3.6%
Waste heater	2.3%
Biomass	0.6%

Sources of purchased electricity in 2023^{*24}



Coal and lignite	32.48%
Natural gas	21.76%
Renewable sources	21.60%
Nuclear power	19.77%
Indefinable	3.21%
Oil	1.18%

* The data on the composition of primary sources for electricity generation, which we received from the electricity provider, are for the year 2023. At the time of preparing the report, data for the year 2024 were not yet available.

Energy efficiency improvements²⁵

We pay special attention to increasing energy efficiency and reducing the use of primary resources. Improvements in energy efficiency are the result of several years of systematic activities within the framework of active energy management and energy investments.

Through proactive management of energy systems, involving energy experts, we achieve substantial energy savings. In 2024, we achieved energy savings of 8,676 GJ at the Lendava and Ljubljana sites.

We implemented several energy efficiency improvement projects, which generated a total of **15,182 GJ** in energy savings. As a result, we prevented **865 tons** of CO₂e emissions into the atmosphere.

	Lendava	Ljubljana*	Mengeš**	Prevalje***	Lek (total)
Energy savings from energy projects (in GJ)	15,062	120	0	0	15,182
Reductions in GHG thanks to energy projects (in t CO₂)	857	8	0	0	865

* For Ljubljana, we show only the savings from improvements in facilities owned by Lek. For the remaining part, which we lease, we do not have data.

** At the Mengeš site, all the premises we use are fully leased. The entire production, preparation and distribution of energy, as well as the maintenance of energy systems and installations, are managed by the lessor/owner, which is why we do not have data on savings.

*** Production at the Prevalje site ended at the end of 2023.

Below is a list of major projects through which we improved the energy efficiency of individual systems and equipment:

Lendava

- Replacement of two burners on steam boilers for 8-bar steam production
- Upgrade and optimization of HVAC system settings in the Anti-Infectives unit
- Replacement of two compressors for production of compressed 2-bar air
- Partial elimination of leaks in steam and compressed air distribution systems
- Optimization of free cooling pump operation in the packaging center
- Cleaning of heat and cooling exchangers, thereby improving energy transfer efficiency in the chiller and cooling system
- Optimization of heating settings in the Anti-Infectives unit
- Optimization of HVAC system settings during winter in the packaging center
- Continuous monitoring and operation of free cooling in the cooling system

Ljubljana

- Replacement of existing lighting with energy-efficient LED lighting in the packaging area
- Optimization of HVAC system settings in aseptic production and the development center
- Optimization of process steam and heat usage settings in two quality centers, the development center, and the administrative building

²⁵ GRI 302-4, 305-5



Water²⁶

Access to fresh, high-quality water is of vital importance in pharmaceutical production, as we are committed to the efficient and safe use of water throughout the entire life cycle of a medicine. We plan, monitor, and control its use consistently. We regularly monitor quantities to track its supply and consumption, as well as the quantities and pollution parameters of wastewater.

We supply drinking water from the public water supply network and our own wells. Flow and quantity monitoring is established at key withdrawal points, enabling us to immediately detect and investigate any increase in drinking water consumption.

Depending on the technological purpose in the production process, drinking water is additionally purified. Pharmaceutical waters require a very high quality standard in their use. A key aspect of the preparation and distribution of such waters is the control system, which ensures optimal preparation and use in the production process.

By monitoring system performance, conducting appropriate preventive maintenance, and using the best available techniques, we ensure the production of high-quality water, extend the operational life of equipment, and reduce both the consumption of input drinking water and the volume of wastewater after use.

Process wastewater can originate from cleaning procedures, by-products from the production of intermediates and active ingredients, wastewater from the preparation of pharmaceutical water, or wastewater from steam generation. Large quantities of water are used wherever technological processes or rooms need cooling. In such cases, it is non-contact water, where the key parameters are quantity and temperature rather than quality.

²⁶ GRI 303-1, 303-2

Efficient water use

Total water consumption in Lek and the consumption at the Ljubljana and Mengeš sites is not comparable to 2023 due to the organizational separation, and at the Prevalje site due to the cessation of production. In Lendava, where there were no organizational changes, we reduced water consumption by 3.4%, primarily as a result of implemented measures and optimizations of the water supply systems.

To improve water use efficiency, we focus on proper management and maintenance of water preparation and distribution systems, active monitoring of consumption, and prompt action in case of leaks.

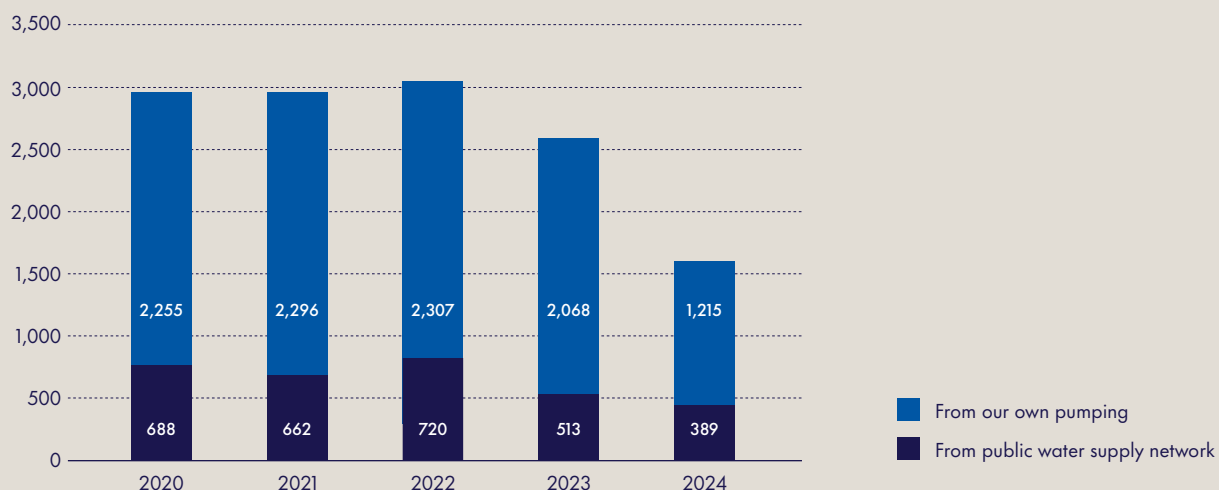
We optimize the use of process and drinking water through the following measures:

- optimizing flow rates;
- reusing water (reverse osmosis, cooling systems, condensate);
- optimizing water consumption in energy systems and pharmaceutical water preparation systems;
- timely replacement of worn-out equipment;
- rerouting technological consumers to well water;
- active monitoring of consumption – timely action and leak elimination;
- raising employee awareness about water conservation.

Water consumption in 1,000 m³ ²⁷

Year	MU	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	1,000 m ³	1,260	523	1,123	36	2,943
2021	1,000 m ³	1,257	508	1,160	33	2,957
2022	1,000 m ³	1,201	520	1,238	30	2,989
2023	1,000 m ³	1,358	375	822	27	2,582
2024	1,000 m³	1,312	270	2	19	1,604

Amount and water sources in 1,000 m³



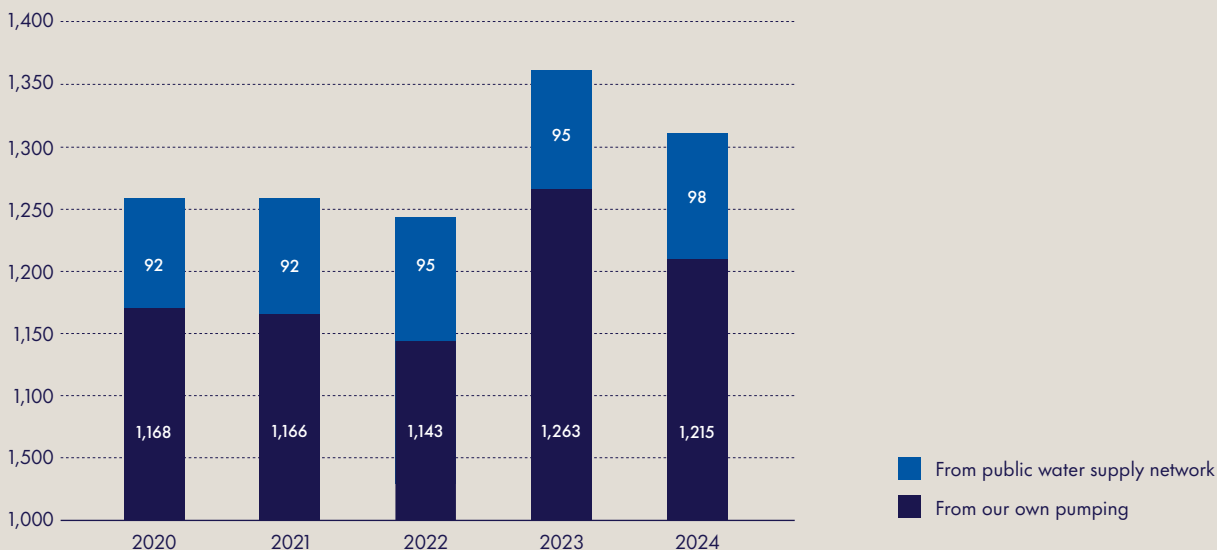
²⁷ EMAS – Core indicator, POR OI 21, GRI 303-3

Water supply sources

In Lendava, in addition to mains water, we also use water from our own wells. The pumped water from the wells is used for technological purposes, for which we hold appropriate water permits issued by the Ministry of the Environment and Spatial Planning.²⁸ Groundwater monitoring is carried out continuously using pressure probes, measuring groundwater levels, flow direction, and gradient hourly throughout the year. For operational monitoring of groundwater contamination, piezometers have been drilled. In Mengeš, where the site is now owned and operated by Novartis d.o.o. following the separation, we no longer monitor these data.

In Lendava, the use of water from the private well system was 3.8% lower due to a change in the fermentation process, where return water (reverse osmosis water) began to be used instead of well water from one of the wells. The amount of drinking water used increased by 3.1%.

Amount and sources of water supply at Lendava site in 1,000 m³ ²⁹



²⁸ Water permit No. 35536-20/2008, 35536-45/2012-5 and 35536-65/2013-8

²⁹ GRI 303-3



Waste

Waste management³⁰

As part of our environmental management system, which follows the prescribed waste hierarchy, we have established a waste management plan based on the type, quantity/trends, and sources of waste generation. The plan includes technical and organizational measures to prevent waste generation. For waste that has already been generated, it directs us toward preparation for reuse, recycling, or recovery through other processes such as using waste as fuel. We do not dispose of hazardous waste in landfills; only a small portion of non-hazardous, municipal waste is landfilled.

Most waste is generated during production, while some arises occasionally from cleaning and maintenance of technological equipment and machinery, cleaning of oil separators, construction activities, replacement of fluorescent tubes, toner cartridges, etc.

The total amount of waste generated in 2024 nearly doubled compared to the previous year (an increase of 88%), primarily due to construction waste from the building of the biopharmaceutical production center in Lendava, the biopharmaceutical development center in Ljubljana, and the dismantling of the Prevalje site. Operational waste - waste related to our production processes, excluding construction waste - actually decreased by 6%. However, due to the 2023 separation from Novartis, this reduction is not directly comparable year-on-year. In Lendava, where there were no major organizational changes, the total amount of waste generated was reduced by nearly one percent (0.93%).

The share of non-hazardous waste stands at 93.9%. Nearly all waste (98.9%) is either recycled or reused.

³⁰ EMAS – Core indicator, GRI 306-1, 306-2, 306-3, 306-4, 306-5

Composition of generated waste in 2024 in t

	Generated waste	Waste given for recycling and prepped for reuse	Waste given for incineration, co-incineration or landfill*
Hazardous waste	1,098	650	447
Non-hazardous waste	72,844	72,541	303
Total	73,942	73,192	750

* We only put non-hazardous waste to landfill.

As previously mentioned, due to extensive construction activities in 2024, more than half of the total waste generated consisted of construction waste. Therefore, the following section presents only the waste related to our production processes (operational waste).

Composition of generated waste, without construction waste, in 2024 in t

	Generated waste	Waste given for recycling and prepped for reuse	Waste given for incineration, co-incineration or landfill*
Hazardous waste	890	634	256
Non-hazardous waste	36,032	35,900	132
Total	36,922	36,534	388

* We only put non-hazardous waste to landfill.

Composition of generated waste, in t by site

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
Hazardous waste					
2020	79	1,109	3,451	186	4,826
2021	52	959	1,994	174	3,179
2022	57	965	1,940	140	3,102
2023	43	560	773	108	1,483
2024	204	500	24	162	890
Non-hazardous waste					
2020	33,851	2,181	730	459	37,221
2021	34,752	2,222	592	360	37,926
2022	35,546	2,224	733	238	38,741
2023	35,155	1,898	347	281	37,681
2024	34,668	1,082	97	185	36,032

Hazardous waste disposal³¹

Our primary goal is to prevent and reduce the generation of hazardous waste and to continuously increase the proportion that is either recycled or used for energy recovery. Hazardous waste accounted for 6.1% of all waste generated. The total amount of hazardous waste in 2024 was 40% lower; however, due to the separation of Novartis and the shutdown of the Prevalje site in 2023, year-over-year data are not comparable.

In Ljubljana, hazardous waste mainly consists of production rejects and expired products or medicines returned from the market. In Lendava, the majority of hazardous waste is made up of high-energy waste solvents, which are incinerated using natural gas. By processing waste solvents, we reduce the consumption of primary energy sources for steam generation, the transport of waste solvents, and consequently CO₂ emissions. The remaining waste solvents are handed over

³¹ POR OI 5, GRI 306-1, 306-2, 306-3, 306-4, 306-5

to authorized companies that dispose of the waste in an environmentally acceptable way, most often by using the waste as fuel through the RI process.

In 2024, hazardous waste in Lendava increased slightly due to an incinerator malfunction. During its downtime, hazardous

waste from the Lendava site was handed over to external authorized contractors. At the Prevalje site, the higher amount of hazardous waste was associated with the dismantling of the production site.

Hazardous waste given for recycling and prepped for reuse in t*

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	0	832	1,233	67	2,132
2021	18	797	854	69	1,738
2022	0	763	1,003	66	1,832
2023	0	318	701	33	1,052
2024	182	328	24	100	634

* The data shows the quantities of hazardous waste that we handed over to external authorized contractors.

Hazardous waste to be incinerated or co-incinerated in t*

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	79	277	2,218	120	2,694
2021	34	162	1,140	105	1,441
2022	58	202	936	74	1,270
2023	43	242	71	75	431
2024	22	171	1	62	256

* The data shows the quantities of hazardous waste that we handed over to external authorized contractors.

Non-hazardous waste disposal³²

Non-hazardous waste accounts for 93.9% of all waste generated by Lek. In 2024, the volume of such waste decreased by 4.4%, but the data are not comparable due to the separation in 2023. In Lendava, the total volume of non-hazardous waste was reduced by 1.4%. At the Prevalje site, the amount of non-hazardous waste was lower due to the cessation of production at the end of 2023; only the analytical laboratory remains operational at that site.

Most of Lek's waste is biodegradable, primarily consisting of waste mycelium from Lendava's production and sludge from the Lendava wastewater treatment plant. A negligible share comes from kitchen waste. Biodegradable waste is delivered to biogas plants, where biogas is produced from various

organic substrates and waste. The electricity generated in biogas-powered generators, which use methane-rich gas, qualifies as renewable energy.

Waste packaging, sorted by fraction (paper, plastic, wood, metal, glass), accounted for 5.0% of non-hazardous waste. Most of this packaging, as well as construction waste, is recycled. Remaining non-hazardous waste is handled by authorized companies through incineration or landfilling.

In Lendava, only a small share of non-recyclable municipal waste and ash is landfilled. In Ljubljana and Mengeš, no municipal waste has been generated since the separation.

³² GRI 306-1, 306-2, 306-3, 306-4, 306-5

Quantity of all non-hazardous waste by site in t

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)	Lek (non-hazardous waste without packaging, which is recyclable)
2020	33,851	2,181	730	459	37,221	33,378
2021	34,752	2,222	592	360	37,926	34,199
2022	35,546	2,224	733	238	38,741	35,194
2023	35,155	1,898	347	281	37,681	36,366
2024	34,668	1,082	97	185	36,032	34,228

Non-hazardous waste, recycled and reused in t

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	33,656	2,151	657	419	36,882
2021	34,601	2,150	547	335	37,633
2022	35,379	2,192	678	214	38,463
2023	35,002	1,869	314	280	37,465
2024	34,536	1,082	97	185	35,900

Non-hazardous waste given for incineration and co-incineration in t

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	1	28	68	28	124
2021	1	69	41	15	126
2022	0	29	49	16	94
2023	1	29	33	0	63
2024	0	0	0	0	0

Non-hazardous waste given to landfill in t

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	195	3	5	13	215
2021	151	3	3	11	167
2022	167	3	6	8	184
2023	151	0	0	2	153
2024	133	0	0	0	133



Air emissions³³

An important part of our commitment to environmental sustainability is the limitation of air emissions. At Lek, as part of the Sandoz Group, we aim to achieve climate neutrality (net zero emissions) by 2050. We reduce air emissions primarily through more efficient use of energy sources.

We closely monitor air emissions, including both organic (volatile organic compounds – VOCs) and inorganic pollutants (sulphur dioxide and nitrogen oxides). We separately track greenhouse gas emissions and emissions from stationary sources, as well as ozone-depleting substances from air conditioning and refrigeration equipment. Among emissions from stationary sources, volatile organic compounds (VOCs) and particulate matter are of primary concern.

Sampling points for measuring substances and/or particulate matter in air are installed on technological equipment and lines where emissions of VOCs, dust particles, or other substances are expected in the outlet air. For all exhausts, prescribed emission estimates of substances and/or particulates are prepared. In addition, we focus on preventing fugitive VOC emissions and capturing them at the source for treatment, where reasonably practicable.

We reduce emissions of organic substances using various technologies: thermal oxidation units (gas incineration), absorbers, gas scrubbers, biofilters, and others.

Compliance with the overall VOC emission limit values, expressed as a percentage of solvent input, is demonstrated based on the results of periodic measurements, solvent balance, estimates of fugitive emissions, and other data. For new equipment, the emission limit is 5%, and for existing equipment, 15% of the solvent input. VOC emissions in captured waste gases do not exceed the limit concentration of 20 mg C/m³.

We also maintain compliance with the total dust limit value, which is 150 mg/m³. When the mass flow of total dust exceeds 0.2 kg/h, the limit value is 20 mg/m³.

In thermal oxidation units for treating emissions, in addition to VOCs expressed as total organic carbon (TOC), we also measure emissions of nitrogen oxides and carbon monoxide (limit value = 100 mg/m³). The operation of these units under the stated parameters is also compliant with legal requirements.

³³ EMAS – Core indicator, POR OI 7, POR OI 10, GRI 3-3

Emissions from incineration and coincineration

Waste incineration is carried out in Lendava, specifically for waste generated from our own production. This enables effective management and control of the incineration plant due to the precise knowledge of the waste composition. The types and quantities of waste for incineration are defined in the permit issued by the Slovenian Environment Agency (ARSO).

Co-incineration of waste took place at the Mengeš site, which, following the separation from Novartis, is no longer owned or managed by Lek. Through technological solutions and continuous measurements, we ensure that our emissions are constantly monitored and remain within permitted limits. The set limit values are in place to prevent the incineration process from exceeding the authorized thresholds.

We regularly report the quantities and types of disposed waste to the competent ministry. All emission monitoring, both continuous and periodic, from the incineration plant is also subject to official reporting and inspection oversight.

Sulphur dioxide³⁴

Sulphur dioxide (SO₂) emissions at our Lendava site occur in small quantities as a result of the thermal treatment of volatile organic compounds, incineration, and the operation of combustion plants. Due to the low quantities, legislation no longer requires mandatory monitoring of SO₂ emissions from RTO (Regenerative Thermal Oxidizer) and combustion units, provided that the operator ensures annual adjustment of the combustion process, carried out by an authorized service provider of the equipment manufacturer.

Emission data is obtained through prescribed monitoring related to waste incineration. Due to occasional fluctuations in the combustion of sulphur-containing waste, SO₂ emissions may vary, but they always remain within legal limits. According to the supplier, natural gas contains no sulphur.

SO₂ emission quantities by year are calculated based on concentration readings at individual measuring points and the operating time of each unit. Emissions in 2024 were lower; however, the data is not comparable to 2023. After the separation, only dust is measured at the Ljubljana site; in Mengeš, emissions originate solely from Linex production, where only dust and total organic carbon (TOC) are monitored. Due to the shutdown of production at the Prevalje site, there are no longer any emissions to air. In Lendava, following the separation, we also no longer incinerate solvent waste from Mengeš.

Sulphur dioxide emissions (SO₂) in t

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	0.4778	0.0160	0.0000	0.0580	0.5518
2021	0.0300	0.0210	0.0000	0.0470	0.0980
2022	0.3980	0.0130	0.0000	0.0500	0.4610
2023	0.1430	0	0	0.0160	0.1591
2024	0.1042	0	0	0	0.1042

Nitrogen oxide

Nitrogen oxide (NO_x) emissions into the air also result from waste incineration at the Lendava site and the operation of combustion units. These emissions were likewise lower in 2024; however, the data is not comparable to 2023. Following the separation, only dust is measured at the Ljubljana site, while in Mengeš, emissions originate solely

from Linex production, where only dust and total organic carbon (TOC) are monitored. Due to the shutdown of production at the Prevalje site, there are no longer any emissions into the air. In Lendava, following the separation, we also no longer incinerate solvent waste from Mengeš.

³⁴ EMAS – Core indicator, POR OI 7, GRI 305-7

Nitrogen oxide emissions (NO_x) in t³⁵

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	11.35	1.50	14.98	5.2	33.03
2021	10.69	1.58	12.09	2.5	26.86
2022	10.69	0.93	12.00	2.5	26.12
2023	10.47	0.40	5.80	2.4	19.07
2024	13.03	0	0	0	13.03

CO₂ and other greenhouse gases

The largest share of direct CO₂ emissions - Scope 1 greenhouse gases (GHG 1) - after the separation from Novartis originates at the Lendava site, primarily from fuel combustion, the incineration/processing of combustible organic substances, and production processes such as fermentation. At our other locations, Scope 1 emissions arise chiefly from the use of company vehicles. Scope 1³⁶ also includes emissions of several other gases used or generated in processes, expressed in CO₂ equivalents (CO₂-eq):

- nitrous oxide (N₂O),³⁷
- fluorinated hydrocarbons (hydrofluorocarbons – HFCs),³⁸
- and other greenhouse gases, such as methane (CH₄) and others.³⁹

Indirect greenhouse-gas emissions - Scope 2 (GHG 2) - refer to the CO₂-eq associated with purchased electricity, supplied heat, and steam.

Carbon dioxide and other greenhouse gases contributing to the greenhouse effect (in t CO₂e)⁴⁰

	Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
GHG1*	2020	14,134	2,675	14,551	1,719	33,080
	2021	13,453	2,590	14,549	1,702	32,294
	2022	12,658	2,652	11,977	1,595	28,882
	2023	12,661	650	8,668	1,310	23,289
	2024	13,212	306	587	276	14,382
GHG2**	2020	16,685	37,816	9,107	1,695	65,302
	2021	17,345	23,247	9,184	1,643	51,419
	2022	17,063	23,453	9,143	1,506	51,165
	2023	16,969	20,674	4,696	1,369	43,707
	2024	16,630	12,072	477	398	29,577

* CO₂ emission data resulting from the use of company vehicles were calculated based on manufacturers' data for individual vehicles prior to 2023. Since 2023, the calculations are based on actual consumption and type of fuel. Scope 1 GHG emissions include emissions from the consumption of natural gas, waste organic solvents, biomass, and fuel used for company vehicles.

** Scope 2 GHG emissions include emissions from the supply of electricity, process steam, and heat.

In 2024, the calculation of Scope 1 GHG emissions from natural-gas combustion at the Lendava and Prevalje sites used an emission factor of 0.0499 t CO₂/GJ. This factor reflects the natural gas's higher heating value (HHV) in kWh as invoiced by the supplier and corresponds to 0.051 t CO₂/GJ. At the Ljubljana and Mengeš sites, where Lek operates as a tenant, the factor applied was 0.050 t CO₂/GJ (0.1800 t CO₂/MWh). For emissions from waste organic solvents in Lendava and Mengeš, the emission factor was 0.1032 t CO₂/GJ. In addition, Lendava's biomass emissions were calculated using the factor for solid waste from pharmaceutical API production, set at 0.06703 t CO₂/GJ.

In the calculation of Scope 2 GHG emissions (TGP2), location-based emission factors for Slovenia were applied. The emission factor for electricity in Lendava and Prevalje was 0.0739 t CO₂/GJ. In Ljubljana and Mengeš, where Lek operates as a tenant, the factor used was 0.0626 t CO₂/GJ. At the Ljubljana site, Scope 2 also includes emissions from technological/industrial steam and heat. The emission factor for steam was 0.05964 t CO₂/GJ, and for heat, 0.09066 t CO₂/GJ. These two factors were determined by the supplier of steam and heat, Energetika Ljubljana, for the year 2024 (market-based factors).

³⁵ EMAS – Core indicator, POR OI 8, GRI 305-7

³⁶ POR OI 10

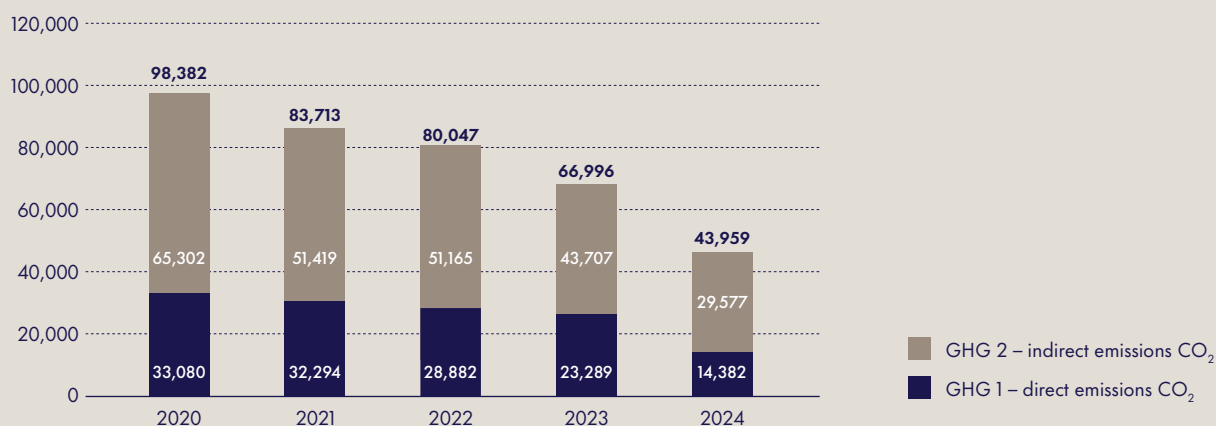
³⁷ POR OI 11

³⁸ POR OI 12

³⁹ POR OI 13

⁴⁰ GRI 305-1, 305-2

Total GHG in Lek (in t of CO₂e)



The total quantities of GHG emissions (TGP) were significantly lower than in previous years, primarily due to the 2023 spin-off and the shutdown of the Prevalje site. In Lendava, total GHG emissions were 0.7% higher, as the cessation of solvent incineration from Mengeš had to be compensated with natural gas. At Lek, total GHG emissions relative to net sales amounted to 30 t CO₂e/ € million (42 in 2023).⁴¹

We strive to limit GHG (TGP) emissions through systematic energy management, process changes, the implementation of new technological solutions during the development/transfer phase of products, the installation of energy and

environmentally efficient equipment, and increased use of renewable energy sources.

The main source of TGP1 emissions remains the combustion of natural gas in heating plants and the incineration of waste solvents, which together account for more than 95% of such emissions. The Lendava and Mengeš sites are included in the CO₂ emissions trading system. In accordance with legislation, we are obligated to report emissions to the Ministry of the Environment and Spatial Planning and to pay an environmental tax.

Volatile organic compounds – VOC⁴²

The total volume of volatile organic compound (VOC) emissions was also lower in 2024; however, the data is not directly comparable to 2023. Following the divestment, only dust is now measured at emission points in Ljubljana, while in Mengeš emissions are limited to those from Linex production, where only dust and total organic carbon (TOC) are measured. Due to the shutdown of production at the Prevalje site, there are no longer any air emissions from that location. Additionally, in Lendava, we no longer incinerate waste solvents from Mengeš.

We are reducing emissions of halogenated VOCs through the systematic substitution of halogenated organic solvents

with non-halogenated ones. The concentration levels of captured emissions from defined emission points remain below the prescribed limit values. Differences may occur in uncaptured emissions, as solvent concentration in waste plays a significant role in solvent balance calculations due to the large quantities involved. Variations in measurement uncertainty during the analysis of waste solvents can therefore significantly affect the reported amount of uncaptured emissions. We are working to effectively reduce these uncaptured emissions through measures such as transferring solvents from tank trucks to storage tanks using appropriate vapor recovery connections, and conducting leak inspections of stationary storage tanks.

Total VOC emissions in t

Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
2020	45.6	3.9	50.3	3.0	102.8
2021	22.5	5.9	42.6	0.6	71.5
2022	21.3	5.1	32.3	0.8	59.5
2023	45.6	3.9	50.3	3.0	102.8
2024	26.4	0.0	0.03	0.0	26.4

⁴¹ GRI 305-4

⁴² POR OI 9



Water release⁴³

In line with Sandoz's environmental strategy, we aim to ensure that by 2030 our production wastewater will have no impact on water quality.

We discharge wastewater into the public sewage system through technological, cooling, and domestic wastewater lines. Before discharging technological wastewater into the sewage system, all locations are equipped with equalization basins. At the Prevalje site, technological wastewater was pre-treated prior to discharge into the public sewage system.

Rainwater runoff from building roofs is discharged, either directly or indirectly, into surface waters. Wastewater from cooling systems that is not contaminated with pollutants (Non-Contact Cooling Water) is discharged via a separate system into surface waters (streams) wherever possible.

For industrial wastewater, periodic monitoring of parameters is prescribed, including continuous monitoring of flow, pH, and temperature. This monitoring is conducted by an authorized external contractor. Limit values are stipulated in the environmental permit and may be expressed as substance concentration, the amount of substance per mass of product or raw material (emission factor), or as the maximum annual

allowed quantity of a particular hazardous substance discharged.

We have been monitoring the impact of pharmaceutical active substances on aquatic environments for several years, as bacterial resistance to antibiotics is a significant global issue. As part of Sandoz, we are involved in a global program aimed at mitigating the growing threat of antimicrobial resistance and have committed to certifying our anti-infectives production in Lendava according to the BSI AMR standard.

Pharmaceutical active substances from our operations can enter wastewater and, from there, pass through treatment plants into surface waters. Some substances degrade quickly in the aquatic environment, while others are actively removed by microorganisms. Environmental risk assessments are based on experimental and modeled data on pharmaceutical active substances, such as physicochemical properties, environmental fate and behavior, and aquatic toxicity.

⁴³ GRI 3-3

We regularly review the ecotoxicological data of these substances, assess the findings, and take appropriate actions. We also raise awareness among employees and medicine users, encouraging proper disposal of unused or expired medicines in accordance with legal requirements. Studies have shown that the share of pharmaceutical substances entering water bodies from the pharmaceutical industry

is small compared to the contributions from end users of pharmaceutical products.

Uncontaminated cooling water is discharged into watercourses after use, in accordance with environmental permits.

Waste water by quality and outlet location (in 1,000 m³)⁴⁴

Use of cooling water – unpolluted	Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
	2020	946	0	910	0	1,856
	2021	940	0	894	0	1,834
	2022	901	0	893	0	1,794
	2023	1,018	0	597	0	1,615
	2024	1,000	0	12	0	1,012
Discharge		Into the surface water	Into sewage system cleaning at WWTP	Into the surface water	Into the surface water	

Use of industrial water – polluted*	Year	Lendava	Ljubljana	Mengeš	Prevalje	Lek (total)
	2020	169	336	193	23	721
	2021	174	351	246	22	739
	2022	179	357	267	20	823
	2023	180	269	135	20	604
	2024	185	66	2	0.4	253
Discharge		Into sewage system cleaning at WWTP	Into sewage system cleaning at WWTP	Into sewage system cleaning at WWTP	Into sewage system	Into sewage system cleaning at WWTP

* All data (for all sites and all years) regarding the use/discharge of process water have been revised due to incorrect data collection in previous years.

Antimicrobial Resistance

Antiinfectives Lendava progressing toward BSI AMR Certification

The BSI AMR standard is a key industry certification for best practices in addressing antimicrobial resistance. Sandoz has committed to certifying all its antibiotic production sites.

To obtain the certificate - which we are among the first in the country to pursue - systematic mass balance monitoring is essential to determine the presence of active pharmaceutical ingredients in the environment.

At the Lendava site, we have already conducted renewed monitoring for both active substances we produce - potassium clavulanate and gentamicin sulfate - analyzing their presence in wastewater and in the aquifer beneath the wastewater treatment plant. The results of the analyses will be available in mid-2025 and will guide our further actions towards certification.

⁴⁴ EMAS – Core indicator, GRI 303-4

Phosphorus and nitrogen compounds and chemical oxide demand

Phosphorus and nitrogen compound emissions in water arise from fermentation production.

Phosphorus and nitrogen compound emissions in water arise from fermentation production. The quantities of these emissions are not comparable to previous years due to the separation of the Ljubljana and Mengeš sites and the shutdown of operations at the Prevalje site. Data for Ljubljana and Mengeš have been calculated based on estimates from the annual report. At the Prevalje site, only emissions from the first quarter were considered, as no wastewater was discharged from this location thereafter.

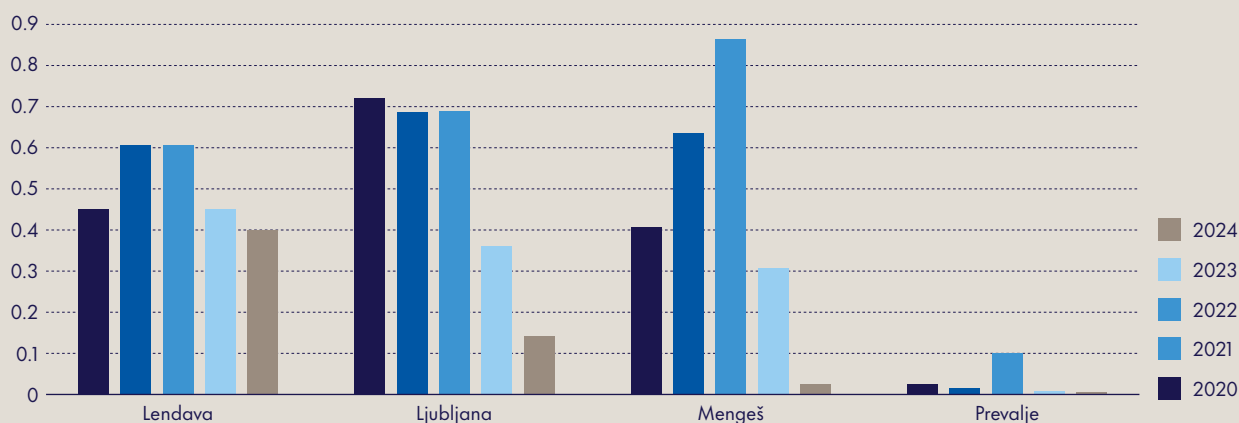
Annual quantities of phosphorus and nitrogen compounds are recorded after wastewater treatment, and are thus largely dependent on the efficiency of wastewater treatment.

Organic pollution is indicated by the chemical oxygen demand (COD), which reflects the amount of oxygen required for the chemical oxidation of organic contaminants in wastewater. COD load measurements are taken at the wastewater discharge point into the sewage system.

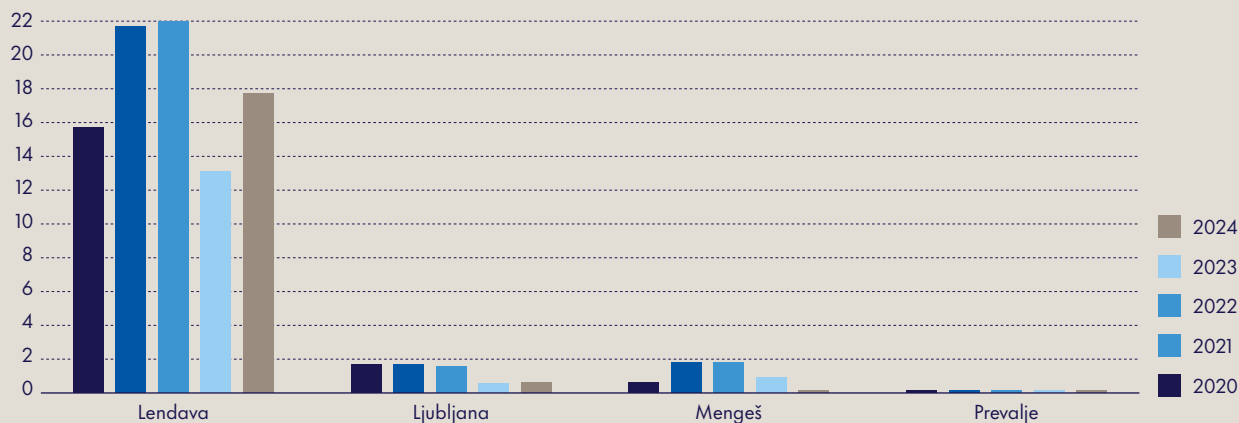
The parameters used to calculate the environmental fee include total phosphorus and nitrogen compounds in wastewater and the chemical oxygen demand. The largest portion of the burden - over 80% - is due to the chemical oxygen demand, while phosphorus and nitrogen compounds account for approximately 10%.

Wastewater and the concentrations of all three parameters are regularly monitored by authorized monitoring providers, who conduct checks three to twelve times a year, depending on the volume of wastewater at each site.

Emissions of phosphorous compounds in wastewater (in t)⁴⁵

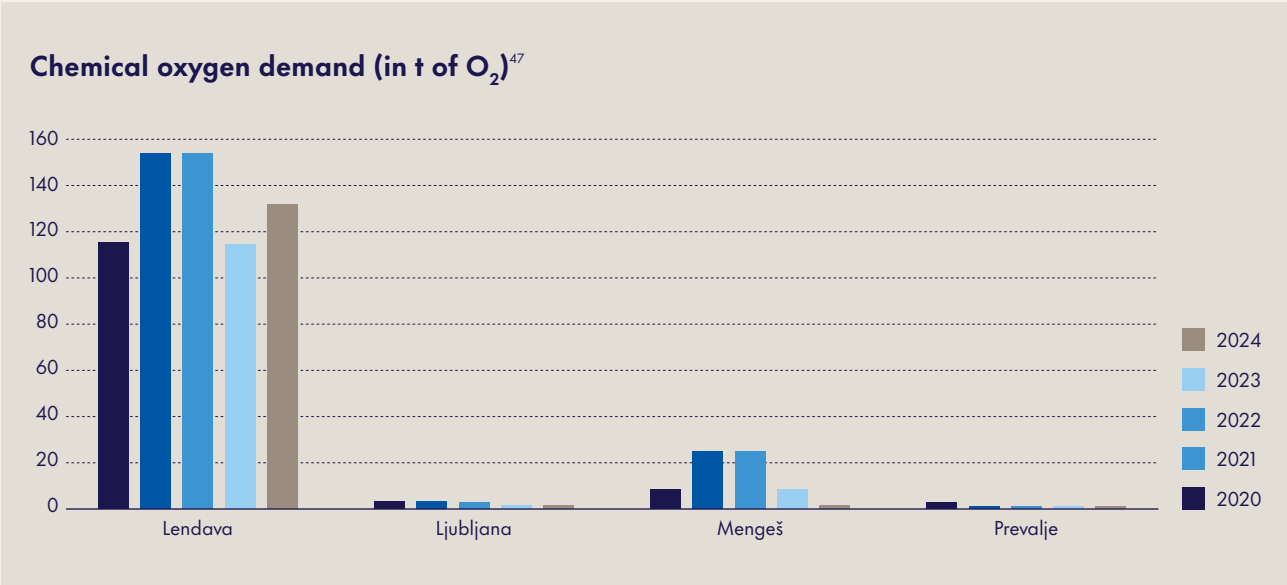


Emissions of nitrogen compounds in wastewater (in t)⁴⁶



⁴⁵ POR OI 15

⁴⁶ POR OI 16



⁴⁷ POR OI 14

Other environmental impacts

Indirect environmental impacts of transportation⁴⁸

Our indirect environmental impacts are primarily related to transport and distribution, which in urban environments are recognized as key sources of air pollution, particularly due to particulate matter (PM). These impacts occur on the supplier side, which is why environmental responsibility of our contractors is a key criterion for collaboration. Before signing contractual agreements, we conduct targeted assessments of the entire supply chain of raw materials and products based on environmental impacts (under the Environmental Protection Act - ZVO) and their broader corporate social responsibility. We also expect them to comply with Sandoz's environmental sustainability guidelines.

By entering into a contractual agreement, the supplier commits to complying with all applicable laws and environmental regulations. Non-compliance with these standards constitutes a material breach of contract, entitling us to terminate the contract.

We take indirect environmental impacts of transport into account when selecting suppliers in various categories, such as packaging procurement. The same applies to suppliers of transport and waste management services - we select only those with the required permits and who are registered in the official database maintained by the competent ministry, in accordance with legislation and our internal regulations.

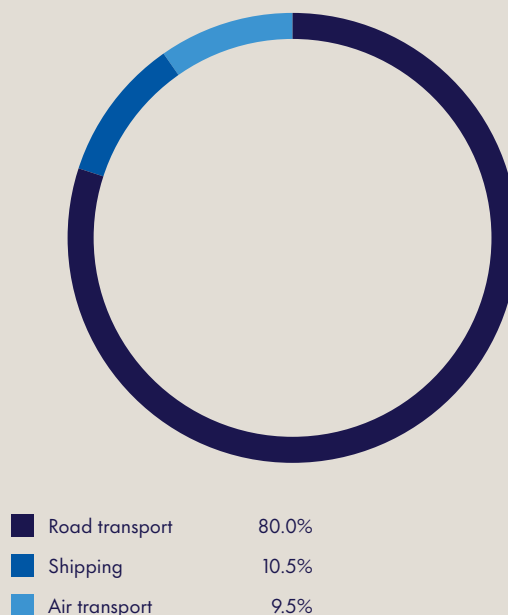
We also reduce environmental impacts in the distribution phase by replacing air freight with sea freight, as maritime transport has a significantly lower emission factor than other transport types (maritime: 10-40 g/tkm, road: 60-150 g/tkm, air: 500 g/tkm; source: Lufthansa Air Cargo).

In 2024, we dispatched a total of 5,437 shipments of products to customers from Lek sites and off-site warehouses. By gross weight, 80% of these were road shipments, 10.5% maritime, and 9.5% air shipments.

We also reduce the impact of transport by increasingly using tele- and video-conferencing instead of long business trips. We regularly monitor fuel consumption and kilometres driven, and record the amount of CO₂ emitted by all company cars.

At the end of 2024, we had 125 company cars, of which 23 were electric and 1 was a hybrid (in 2023, we also had 138 company cars, but only 9 were electric). In total, these vehicles travelled 2,968,896 km (compared to 3,448,988 km in 2023) and consumed 125,842 litres of fuel (152,701 l in 2023). In addition to company cars, we also operated five other vehicles (a fire truck and forklifts). Altogether, our entire fleet emitted 328 tonnes of CO₂ into the air (339 t in 2023).

Shipments by type of transport



Odor

Odors are triggered by various volatile compounds, mostly of organic origin. At Lek, we have installed biofilters in accordance with best environmental emission control practices at all locations where unpleasant odors could potentially affect people living nearby (e.g., above equalization basins). Additionally, we use gas scrubbers (e.g., on emissions from fermenters) and thermal treatment units for volatile organic compounds generated in production. We conduct regular monitoring at these points to track substances responsible for odors.

Maintaining cleanliness at the site and organized waste management - with regular waste removal from the premises - further contributes to the absence of unpleasant smells at our locations.

⁴⁸ GRI 305-1, 308-2

Soil

The most significant sources of soil pollution are contaminated air from industry and household heating (smoke, soot, acid rain), traffic, intensive agricultural production, and illegal waste dumping sites. We prevent potential soil contamination through a system of technical and organizational measures established during the planning, construction, operation, and maintenance of facilities.

In case of spills, all surfaces - both indoor and outdoor - are protected with containment basins that prevent the release of hazardous substances. Equipment and facilities are subject to regular periodic inspections to ensure their flawless and reliable operation.

The Mengeš and Ljubljana sites, which are no longer owned or managed by Lek following the separation, are located in water protection areas. At both sites, the sealing of sewage systems - particularly those handling technological wastewater - is regularly checked. The cooling-stormwater drainage networks are equipped with safety shut-off valves, and the risk is further managed through the presence of equalization basins.

Sealing checks of technological wastewater sewer systems are also regularly conducted at the Lendava site, where risks of potential spills are managed using safety valves and two firewater equalization basins with a retention volume of 360 m³.

Risky behaviours and conditions that could lead to incidents and soil contamination are also prevented through regular safety inspections. Among the most important identified potential sources of soil pollution at Lek are the storage of hazardous substances and their transport within the site.

To date, no soil remediation measures have been necessary at Lek.

Noise

Excessive or prolonged exposure to noise is harmful to human health and well-being. For this reason, we devote significant attention to noise prevention and reduction already at the planning stage of new projects. During the preparation of the technical documentation for any new project, an authorized contractor must conduct a noise emission assessment using calculation methods with a model-based estimate.

Our main sources of noise are the operation of fermenters, compressor stations, and ventilation and cooling systems within the production activity. Operational noise monitoring results at all our locations show no exceedances of the prescribed limits. Nevertheless, we continue to focus on reducing noise from existing sources - both at the noise source itself and along the path of noise propagation.

Past experience has shown that environmental noise impact is not determined solely by the intensity of the noise source and the distance to the receiver. Other factors such as sound frequency, weather conditions, sound reflection, location and timing (e.g. noise is significantly more disturbing at night), and individual perception of noise all play a role.

In 2024, as in previous years, Lek received no complaints related to noise.

Light pollution

At Lek, we are not required to conduct operational monitoring of light pollution, as the electrical power of the lamps at any location does not exceed 50 kW. Nevertheless, we have developed comprehensive studies on the management of light pollution for our sites, with implemented solutions ensuring compliance with the Light Pollution Regulation and meeting the criteria and requirements for the safety and health of employees. The luminous flux of the lighting is directed so that it does not radiate above the horizontal plane. We also use more efficient lighting (LED) and limit its operation during periods of lower operational needs.

Biodiversity

All our locations are situated within industrial zones and are not located in areas designated as Natura 2000 sites or in protected or otherwise significant areas for the preservation of biodiversity. We mitigate the environmental impact of our operations in the vicinity of these locations by strictly complying with all legal requirements and through proactive environmental protection measures.

Following the separation, the locations in Ljubljana and Mengeš came under the ownership of Novartis. However, Lek has acquired land in Ljubljana for the construction of new facilities dedicated to the development of biosimilar medicines.

Soil use by site⁴⁹

	Lendava	Ljubljana	Prevalje	Lek
Total site surface area with parking lots (m ²)	140,663	17,000	19,981	177,644
Of which green surfaces (m ²)	80,560	0	1,430	81,990

⁴⁹ EMAS – Core indicator



Firefighting and rescue drill with a scenario involving a fire at the solar power plant and an accident at the biopharmaceutical construction site in Lendava.

Safety

Fire safety

In 2024, there were no major incidents related to fire safety recorded at Lek locations. Regular fire drills were conducted at all sites, carried out as part of the activities of volunteer fire brigades: PIGD Lek Lendava and PIGD Novartis, which includes employees from all Lek units. Evacuation drills from all buildings were also carried out at all locations in cooperation with professional firefighters.

Due to an increased number of high-risk tasks, such as working at heights or in confined spaces, volunteer firefighters participate annually in practical rescue training from heights and depths. A total of 40 active volunteer firefighters took part in this training.

The firefighters further enhanced their knowledge at training centers for protection and rescue in Ig, Sežana, and Pekre. Four members of the PIGD Lek Lendava successfully completed the course for fire officers, two operational firefighters completed the course for SCBA (self-contained breathing apparatus) users, one operational firefighter completed a specialization in hazardous substances, and another completed an instructor course.

During Fire Safety Month, educational material on fire prevention at home and in the workplace was prepared and distributed to all employees. Additionally, employees were given the opportunity to bring their personal fire extinguishers from home for servicing.

PIGD Lek, in cooperation with the professional fire unit Nafta Security and Fire Safety (Nafta Varovanje in Požarna Varnost) in Lendava and the first aid team of Lek Lendava, organized a small firefighting and rescue drill with a scenario involving a fire at the solar power plant and an accident at the biopharmaceutical construction site. The drill involved 9 professional firefighters and 20 of our employees.

Biosafety

At Lek, we use biological agents classified into biosafety levels 1 and 2, primarily in production and quality control departments. Most biological agents, including genetically modified organisms (GMOs), fall under biosafety level 1. The likelihood of these causing disease in humans is minimal, and the risk of environmental spread is negligible.

Biological agents and GMOs in biosafety level 1 are used in development departments, production, and quality control. Biological agents classified as biosafety level 2 are used in small quantities in development and quality control departments, where product efficacy is tested. Agents of this level may cause disease in humans, but effective prevention or treatment is generally available, and the risk of environmental spread is low.

Wherever employees handle biological agents, strict containment measures are in place to minimize direct contact and prevent environmental dissemination. The biosafety system is embedded at all levels of operation and coordinated with all relevant Lek stakeholders.

The management has appointed a Biosafety Officer, and there are additional designated officers at each site. Each closed system handling biological agents has an assigned project lead and a designated person responsible for emergency response plans. The core responsibilities of these individuals include ensuring the health and environmental safety, as well as compliance with Slovenian legislation and Sandoz guidelines. The system's effectiveness is verified through various internal audits at multiple levels - Sandoz audits, internal audits of closed systems by the Biosafety Officer, and environmental compliance inspections.

In 2024, we registered one new closed system for working with biosafety level 2 GMOs at the Ljubljana site with the Ministry of the Environment. Lek now has four registered closed systems for working with GMOs in Ljubljana and one in Mengeš.

Storage and distribution safety

Safety in storage is ensured through knowledge of the hazardous properties of chemicals and their compatibility. Chemicals are classified into appropriate hazard categories based on their physical properties and risks to human health and the environment. They are stored in technically regulated storage zones in accordance with Slovenian legislation and Sandoz guidelines. Employees handling hazardous substances are properly trained. Safety instructions outline all hazards, safety measures, and safe working procedures. Organizational measures, employee qualifications, and adherence to instructions are regularly monitored and verified.

Chemical storage is regulated by legal provisions on technical and organizational measures for storing hazardous chemicals. In accordance with stability requirements, we have implemented the highest technical and safety standards to maintain the quality of chemicals used in production. Our logistics partner, Kuehne+Nagel, also applies the highest standards of safe chemical storage, ensuring the preservation of the quality of raw materials, intermediates, and finished products, as well as their distribution for pharmaceutical production and customers.

For goods transport, we follow guidelines for the transport of dangerous goods and good distribution practices with contracted providers. Trained employees at Lek's shipping warehouses prepare and dispatch goods, being familiar with the safety measures for proper handling and the requirements of the international agreement on the transport of dangerous goods (ADR).

To ensure continuous knowledge and oversight in this area, Lek has appointed a safety advisor for the transport of dangerous goods. In 2024, no incidents or accidents were recorded in relation to loading, transporting, or unloading dangerous goods from Lek's production warehouses. In 2025, we will provide training for personnel involved in the transport of dangerous goods due to the issuance of a new ADR manual. According to transitional provisions, ADR substances and items may be transported under the ADR rules valid until December 31, 2024, until June 30, 2025.

Chemical safety

In accordance with workplace risk assessment measures, direct exposure of workers to chemicals is prevented through technical and organizational measures. Technical measures include the use of fume hoods, safety cabinets, and isolators. For specific tasks, personal protective equipment, as defined in the workplace risk assessment, is used. Safe chemical handling procedures and the hazardous properties of substances are communicated to employees through interactive training, as this method enables employees to recognize and understand the risks associated with working with chemicals and to make safe decisions when performing tasks.

In the production of active pharmaceutical ingredients, direct exposure to chemicals is prevented through the use of the latest technologies, which technically prevent direct contact between the employee and the active substance. Descriptions of protective measures for employees and the environment in the production of pharmaceutical ingredients are also a key component of the REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) registration of strategic chemicals with the European Chemicals Agency (ECHA). These registrations ensure uninterrupted import and handling of raw materials used in the production of pharmaceutical ingredients.

Exposure measurements in the working environment

The method and frequency of measuring chemical exposure in the workplace at Lek are defined based on the European standard SIST EN 689:2018 and the conducted chemical risk assessments of workstations. In cooperation with an accredited monitoring provider and an accredited laboratory, we comply with legal requirements, thereby monitoring technical and organizational measures and improving them as necessary.

Biological monitoring

In collaboration with an occupational medicine physician and a competent medical laboratory, we regularly conduct biological monitoring at workstations where chemicals with binding limit values are used. Employees are educated on the importance of biological monitoring in work processes and on maintaining health through the safe use of chemical.

Empowering Our people

People are central to our Purpose of pioneering access for patients. We foster a safe and diverse workforce and develop exceptional talent and an inclusive pioneering culture.



Corporate culture⁵⁰

With our corporate culture, we make an important contribution to a positive working environment and the implementation of our strategy on the path to fulfilling our mission. It is based on integrity and inclusion, with the goal of enabling everyone to succeed to the fullest. Our values reflect how we act at our best - when we do everything in our power to drive company growth and improve access for patients.

Our values



TEAM UP TO BREAK BARRIERS

Work together to drive access.



BE AS AMBITIOUS AS OUR PURPOSE

Be bold to make change happen.



LEAD BY EXAMPLE

Commit to making a difference.



OPEN MINDS OPEN DOORS

Create new opportunities.

With our human resources policy, we emphasize the principles of collaboration, development, and excellence. We support core business directions focused on a high level of innovation, growth, and improved productivity. At the same time, we create an environment that fosters diversity and employee autonomy. Attracting and retaining diverse talent is one of our top priorities within the framework of our Diversity, Equity & Inclusion (DE&I) initiative.

As a reputable employer, we strive to provide a high-quality working environment and to empower our employees to be the best version of themselves - both personally and professionally. All of this is reflected in our well-being initiative Full of Life.

⁵⁰ GRI 3-3

An environment where every employee feels included, heard and valued

Engaged and satisfied employees are a prerequisite for success in the demanding pharmaceutical market. At Lek, we are committed to creating an inclusive and psychologically safe work environment that encourages innovation, open communication, continuous learning, and collaboration.

Twice a year, we ask our colleagues how we can improve the working environment. Through OurVoice culture and engagement surveys, we identify trends, patterns, and areas for improvement. The results form the basis for actions and the creation of an environment where everyone can thrive. Importantly, these changes are not imposed top-down but are developed in collaboration with employees - a practice that has proven essential for building trust and long-term employee satisfaction.

Survey results from 2024 show that Lek employees most appreciate a sense of stability, opportunities for development, and a clear focus on meaningful work. Open communication, respectful relationships, and a strong sense of belonging are also highly valued.

A connection to meaningful work is especially important for many promising young professionals who are just starting their careers. At Lek, we actively engage with them through a variety of projects and events. ScienceBEAT offers university students insights into the latest developments in the pharmaceutical industry, while TechBEAT reaches out to high school students in the fields of science and technology across Slovenia. Each year,

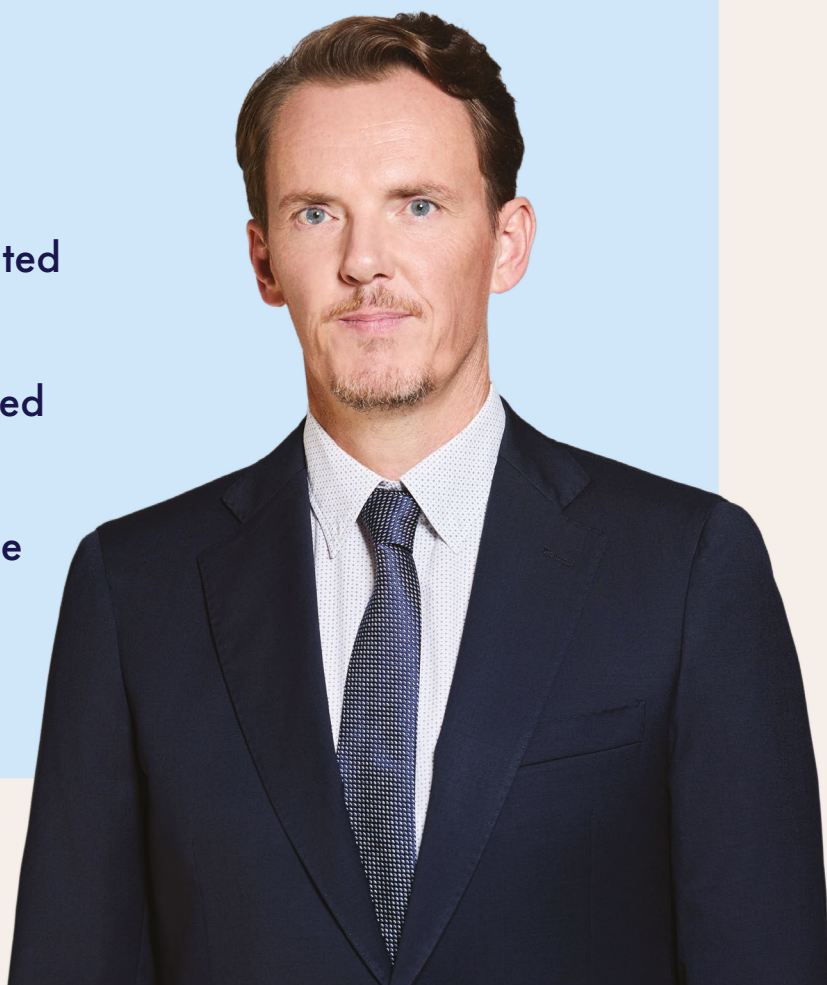
around 300 young individuals in the education system participate in our activities. We provide internships to 100 students and high school pupils. In addition, we offer various types of scholarships and traineeships, as well as opportunities to complete diploma or master's theses and doctoral studies. Of the 432 new employees who joined Lek in 2024, nearly 40% were under the age of 31.

We collaborate year-round with universities, faculties, student organizations, and career centers. We regularly present trends in the pharmaceutical industry and career opportunities for young professionals. Partnerships with the University of Ljubljana, the University of Maribor, and the University of Primorska are a cornerstone of our long-term talent strategy. With a newly signed strategic cooperation agreement, we will further facilitate the exchange of knowledge, experts, and talent.



Becoming and remaining the employer of choice for the most promising and talented individuals is one of our key strategic priorities. We are proud to have been recognized this year - for the sixth consecutive time and seventh overall - as the most reputable employer in Slovenia."

Gregor Hutar,
member of the Board of Directors, Head of P&O



Total workforce by employment and employment contract⁵¹

At the end of 2024, Lek employed 3,024 permanent staff members and 200 agency workers. Women made up 57.5% of the workforce. At year-end, 94% of employees held permanent contracts, while 6% were employed on fixed-term contracts. Part-time contracts accounted for 2.5% of total employment.

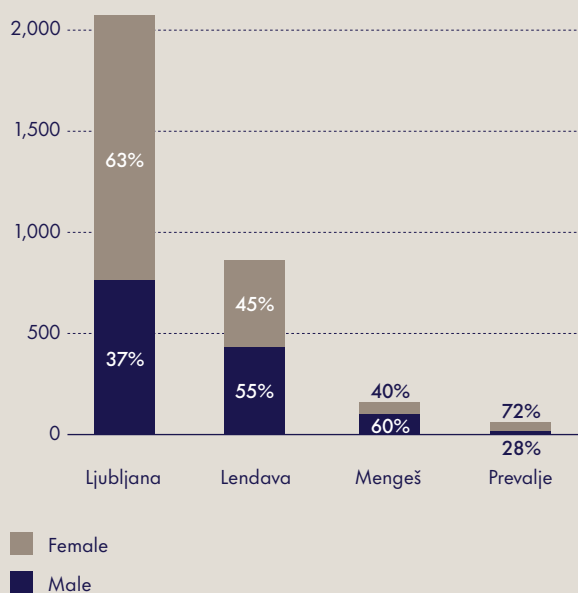
The average number of employees in 2024 was 2,942. Recruitment took place throughout the year, with more than 400 new hires.

No. of full-time employees on 31 Dec 2024 by site and gender

Site	Male	Female	Total
Lendava	445	368	813
Ljubljana	753	1,300	2,053
Mengeš	64	42	106
Prevalje	11	29	40
Other*	11	1	12
Total	1,284	1,740	3,024

* Rented warehouse (Brnik)

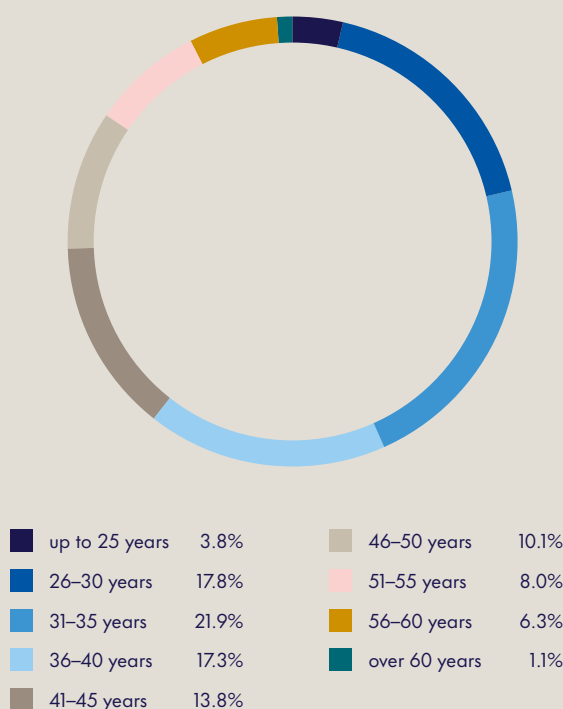
Number and percentage of full-time employees by gender



Employees by age

Attracting and retaining diverse talent remains one of our top priorities. At year-end, over 43% of employees were aged 35 or younger, while more than 60% were up to 40 years old.

Structure of employees by age group



⁵¹ GRI 2-7, 2-8, 401-1

No. of new employees in 2024 by age group

Age group	No. of new employees	%
18–25	43	9.95%
26–30	127	29.40%
31–35	97	22.45%
36–40	83	19.21%
41–45	45	10.42%
46–50	22	5.09%
51–55	11	2.55%
56+	4	0.93%
Total	432	100%

Percentage of employees covered by collective agreement⁵²

The percentage of employees covered by the collective agreement stands at 98.81%, and it remained at the same level as in previous years, even after the separation.

Liabilities from the pension plan⁵³

In Slovenia, all obligations under the pension plan are defined by labor legislation. In addition, we offer employees the opportunity to participate in collective pension insurance, which allows them to receive supplementary pensions upon retirement. At Lek, we contribute a monthly premium for employees equal to the legally defined percentage of 5.844% of the employee's gross salary, or an annual amount that must not exceed EUR 2,819. By the end of the year, 99.44% of all employees were enrolled in the collective supplementary pension insurance plan.

Growing together

At Lek, we have been recording a positive employment trend for several years.
We ended 2024 with:

3,024 employees,

over **4%** more as the year before.

Amongst our **432** new employees was

10% aged between 18 and 25 years and

almost **30%** between 26 and 30 years.



⁵² GRI 2-30

⁵³ GRI 201-3

Employment process and percentage of local employees in senior management⁵⁴

In recruiting and hiring new colleagues, we always consider the competencies required for the advertised position. In line with the Sandoz strategy for diversity, equity, and inclusion, we also respect and promote cultural, ethnic, and gender diversity among employees. The share of local staff in senior management remained high even after the spin-off, reaching 94.44% in 2024 (compared to 91.89% the year before).

Parental leave⁵⁵

Parental leave is available to any employee who meets the eligibility requirements under the Parental Protection and Family Benefits Act.

Parental leave and return to work rate

	2024*	2023*	2022
Number of employees who took parental leave	175	521	560
- Male	58	173	236
- Female	117	348	324
Number and percentage of employees returning to work after parental leave	163 (93.1%)	374 (71.8%)	553 (98.7%)
- Male	56 (34.4%)	156 (90.2%)	232 (98.3%)
- Female	107 (65.6%)	218 (62.6%)	321 (99.1%)

* The data are not comparable with previous years due to the company's separation.

⁵⁴ GRI 3-3, 202-2

⁵⁵ GRI 3-3, 401-3



Diversity, equity and inclusion⁵⁶

At Lek, we foster an inclusive culture in which all differences are valued, all practices are fair, and all people are respected. Through our strategy for **diversity**, **equity**, and **inclusion**, we create a work environment where we feel safe, can release our creative energy, develop our competencies, and openly share our opinions and ideas with others. We do not tolerate discrimination, harassment, abuse of authority, retaliation, bullying, or incivility in the workplace. The initiative is based on five pillars.

Diversity, equity and inclusion strategy pillars

PERSONS WITH DISABILITIES	LGBTQI+ COMMUNITY	COMMUNITY INTERCULTURAL COLLABORATION	GENDER EQUALITY	INTERGENERATIONAL COLLABORATION
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⁵⁶ GRI 2-23, 3-3

In 2024, as part of our initiative, we organized several events to raise awareness of the importance of ensuring that everyone in our company feels heard and accepted. Our associates volunteered to support the 1st Winter Paralympic Camp for families on Rogla and the Summer Paralympic Camp for families in Laško, both held under the auspices of the Sports Federation for the Disabled of Slovenia - the Slovenian Paralympic Committee. In addition to this collaboration, we also partnered with the Student Association of the Disabled of Slovenia and the Union of the Blind and Partially Sighted of Slovenia.

Together with the "Full of Life" initiative, we marked Mental Health Month, during which we offered our employees a series of workshops, lectures, and activities on topics such as psychological safety, mental health first aid, and psychological counseling.

In the area of intergenerational cooperation, we encouraged employees to share experiences and participate in mentoring programs. We launched a new training course titled Intergenerational Cooperation, which is held several times a year and lasts eight hours. We are extremely proud of the remarkable individuals at Lek who continuously push boundaries for patients and foster an inclusive culture. Last year, we recognized the outstanding contributions of Tjaša Gornik, a senior scientist in early development at the Development Center Slovenia, who was named Lek Engineer and nominated for Engineer of the Year.

We became a founding member of the LGBT+ Business Network in Slovenia, established by the Legebitra association. In June, Pride Month, we symbolically expressed our support for the LGBTQI+ community by raising the rainbow flag at our sites in Ljubljana and Lendava, drawing attention to the importance of an inclusive society. Believing in the power of connection, we also raised the rainbow flag at a joint event with Novartis in front of the office building in Ljubljana. Together, we organized a conversation for employees with Lia Bordon - a professional coach, psychotherapist, lecturer, and member of the LGBTQI+ community - who shared her story of new insights, life changes, acceptance of diversity, and the related love for oneself and others.

In the field of intercultural collaboration, we marked the World Day for Cultural Diversity in May by organizing a gathering for all international employees. We also presented the Diversity, Equity, and Inclusion initiative to employees during the internal Interact event, thereby strengthening our Belonging Community, in which employees address key diversity-related topics, select activities, organize events, and help co-create our company culture. To promote balance, diversity, and inclusion, we also received the Include Everybody award, which is presented by the Managers' Association's Women Managers Section.

If "who we are" troubles you, include us!

On the occasion of the International Day of Persons with Disabilities, we organized an event for employees titled **If "Who we are" troubles you, include us!** At the event, we hosted two exceptional athletes - para-archers Živa Lavrinc and Dejan Fabčič, bronze medalists at this year's Paralympic Games in Paris. The guests gave attendees a behind-the-scenes look at their athletic journeys, while also addressing the importance of inclusion and breaking down stereotypes faced by persons with disabilities. They emphasized how crucial it is to create an environment where every individual has the opportunity to realize their full potential.



From left to right: Dejan Fabčič, Ajda Novak and Živa Lavrinc

Health and safety in the workplace⁵⁷

Occupational health and safety are among the core pillars of our business operations. In all our processes and activities, alongside patients, the company, and the broader community, we always prioritize our associates and external service providers. In caring for people, we promote and safeguard their well-being, health, and safety. Safe and healthy working conditions - which we monitor, communicate, and report on thoroughly and with care - remain our top priority.

In 2024, aligned with our focus on sustainable business operations, we continued to implement activities aimed at the continuous improvement of the safety and health of our associates and everyone who might be present at our sites or involved in our processes at any given time. We set ambitious goals with the intention of achieving tangible results. In this context, we conducted multiple workshops, training sessions, and awareness campaigns to encourage employee involvement in the proactive identification of risks, reporting, and finding solutions. We recognize that a strong safety culture starts with our leaders. Therefore, we initiated full-day workshops specifically designed for them. In addition, we organized workshops across all locations focused on improving the safety culture. With the involvement of all stakeholders, we identified opportunities and defined concrete actions to elevate the safety culture.

Rate of work-related injuries and illness⁵⁸

We monitor the effectiveness and adequacy of the measures implemented within our occupational health and safety system using key statistical indicators, such as the frequency of work-related injuries. In doing so, we track and evaluate the Lost Time Injury and Illness Rate (LTIR - the number of employee injuries resulting in absence from work or sick leave per 200,000 hours worked) and the Total Recordable Case Rate (TRCR - the total number of recorded employee incidents per 200,000 hours worked). Through a systematic and proactive approach, we successfully reduced the frequency of work-related injuries in 2024 to the lowest level in the past seven years.

Lost Time Injury and Illness Rate

Year	Lendava	Ljubljana	Prevalje	Lek (total)
2020	0.39	0.11	2.54	0.34
2021	0.64	0.28	0.00	0.32
2022	0.22	0.46	2.15	0.52
2023	0.18	0.23	0.69	0.27
2024	0.00	0.22*	0.00	0.16

* The data for Ljubljana only includes the Asepsics Unit.

Results of strengthened safety culture at Lek

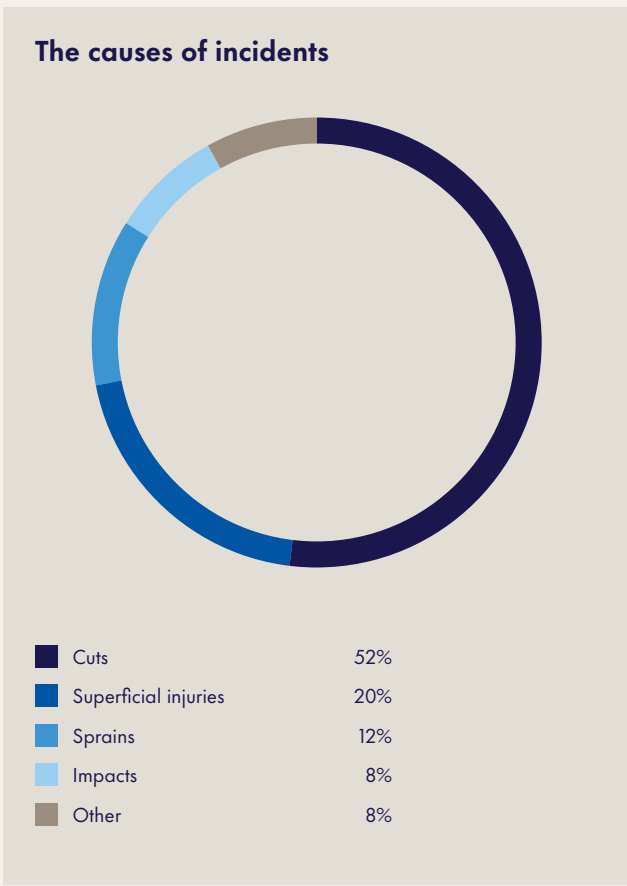
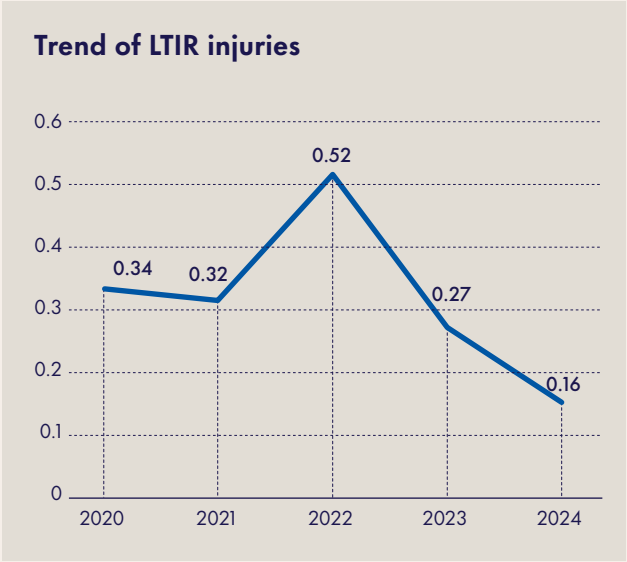
We are committed to creating a safe, healthy and inclusive work environment. As part of this commitment, we have further strengthened our safety culture, and the progress is already visible:

- **1,299** safety walkthroughs conducted (an increase of 119% compared to 2023)
- **1,009** good catches reported (up by 53% year-on-year)
- **LTIR of 0.16** (the lowest rate since 2016)
- **1,400** employees successfully completed occupational health and safety training

⁵⁷ GRI 3-3, 403-1, 403-2

⁵⁸ POR OI 2, GRI 403-9

In 2024, we did not record any serious work-related injuries or incidents resulting in permanent health impairment among our associates. There were five work-related incidents that led to minor injuries requiring temporary absence from work, such as superficial wounds and small cuts. Both employees and agency workers are included in the statistical evaluation. The Lost Time Injury and Illness Rate (LTIR) amounted to 0.16 per 200,000 effective hours worked.



Major and fatal accidents⁵⁹

Despite consistently implemented safety measures, efforts, and a strong focus on preventive action, in 2024 we experienced one fatal and one serious injury involving external service providers at our construction sites. The fatal accident occurred at a separate construction site when a subcontracted truck driver exited the cab after loading demolition debris and walked to the rear of the vehicle. At that moment, another subcontractor operating an excavator

moved the machine, inadvertently pinning his colleague between the rear of the excavator and the truck. The worker died on site due to the sustained injuries. In the second case, which resulted in serious injuries, an external contractor exited the designated safety area after completing his work and stepped onto a plastic film covering a roof opening. He fell through the opening from a height of over five meters.

⁵⁹ POR OI 1, POR OI 3, GRI 403-9

Preventive activities to prevent accidents and injuries in 2024⁶⁰

In the past year, we continued to place strong emphasis on leadership safety walkthroughs, employee training in occupational health and safety, onboarding of external service providers, preventive medical examinations, and cooperation with occupational health services.

Key safety and health activities carried out in 2024:

- Over 1,400 employees successfully completed training in occupational health and safety.
- More than 639 employees completed specialized training for high-risk activities (e.g., forklift operation, LOTO, working at heights, confined spaces).
- 1,100 preventive medical check-ups were conducted.
- 1,009 "Good Catch" reports were submitted.

In 2024, managers conducted over 1,200 leadership safety walkthroughs, which contributed to a 53% increase in reporting of "Good Catches" and near misses. Timely and consistent reporting of such incidents is essential for the effective prevention of critical events that could lead to injuries, material damage, or negative environmental impacts.

In managing occupational health and safety risks, we focused heavily on ensuring the proper training of both our employees and external service providers. In addition to initial training sessions for new hires (including agency workers), we conducted periodic training and education in safe work practices and fire safety. More than 1,400 employees successfully completed these programs. Particular attention in 2024 was given to first aid training in the workplace and training for high-risk activities, such as working at heights, in confined spaces, LOTO (Lockout/Tagout), forklift operation, and explosion protection. A total of 639 employees participated in and successfully completed these specialized training sessions.

We recognize that the success of our operations depends not only on our employees, but also on external service providers who are present on our sites almost daily. We continuously informed them about safety measures implemented at our locations and collaborated with them to define safe work practices. In 2024, extensive construction sites were launched across our locations. In addition to fulfilling legal requirements, we introduced additional occupational health and safety coordinators to ensure daily, proactive presence on construction sites.

In line with the Regulation on Ensuring the Safety and Health of Workers during Manual Handling of Loads, we assessed physical workload risks using the Key Indicator Method (KIM).

Trend of safety walkthroughs and good catches



Absenteeism⁶¹

The absenteeism rate, i.e. the share of sick leave, is the ratio between the number of working hours lost due to employee absence and the total number of working hours. The rate includes sick leave of up to 30 days, over 30 days, and leave for caregiving. In 2024, the sick leave rate was 6.53%.

Percentage of sick leave*

	2024	2023	2022
Women	4.07%	3.95%	3.74%
Men	2.46%	2.46%	2.79%
Total	6.53%	6.41%	6.53%

* The percentages are calculated by dividing the number of hours of absence for each gender by the total number of working hours for both genders combined.

⁶⁰ GRI 403-4

⁶¹ GRI 403-9

Frequency of work-related illnesses⁶²

To date, no occupational diseases as defined by the Pension and Disability Insurance Act (ZPIZ-2) and the Regulation on the List of Occupational Diseases have been identified or confirmed at Lek.

Health promotion program⁶³

Preventive healthcare at Lek is ensured in collaboration with occupational health providers, who also participate in the preparation and revision of risk assessments (health evaluations), implementation of health promotion measures, consultation, and cooperation in assessments of the work environment, workplaces, and equipment, as well as in other preventive activities related to employee health.

In 2024, in addition to regular consultation and cooperation with authorized occupational health physicians, more than 1,100 preventive medical examinations were conducted. We also performed inspections of critical work equipment, harmfulness assessments in the work environment, and revisions of risk assessments, while implementing most of the other planned preventive health activities.

To support and maintain the physical fitness and mental health of our associates, we carried out numerous activities within our health promotion program throughout 2024. Participation in all programs and activities was voluntary, with recommendations for inclusion in some cases made by our contracted occupational health providers. Activities included:

- On-site fitness programs,
- active breaks (live guided exercise at the workplace),
- Online active breaks (3x weekly),
- body composition measurements,

- seasonal influenza vaccinations,
- vaccination against tick-borne encephalitis,
- subsidized sports activities,
- afternoon online workouts (twice a week),
- morning online yoga sessions,
- kinesiology workshops,
- preventive recovery programs (based on occupational health recommendations),
- psychological support services,
- participation in sports events (Radenci Marathon, Franja Marathon, Ljubljana Marathon),
- weekly mindfulness sessions,
- online workshops on healthy nutrition,
- Meditopia mindfulness app access,
- workshop on psychological safety,
- manager training: first psychological aid,
- workshop with a psychotherapist,
- and "Happiness at Work Week" campaign.



105 of our colleagues participated in the Ljubljana marathon.

⁶² GRI 403-10

⁶³ GRI 403-3, 403-5, 403-6

Training and education⁶⁴

We continuously and strategically invest in the development, education, and training of our associates, as knowledge and high-level competence are key to the company's growth and progress. We offer employees:

- regular training programs,
- customized workshops tailored to the needs of specific target groups,
- formal education such as part-time studies, and
- informal learning opportunities.

Most training sessions take place within the company and are led by both internal and external instructors. Employees also attend external courses. An increasing number of programs are delivered electronically, either independently or with the support of a mentor. Among other resources, all associates have access to educational platforms and tools such as Coursera, Learnlight, Microsoft Learn, and the People Managers Portal, which provide personalized and high-quality learning content.

Both formal and informal learning also occur directly at the workplace, where we encourage knowledge-sharing sessions. Employees who attend internal or external conferences or participate in international work visits are encouraged to transfer their knowledge to colleagues. We also implement mentorship and coaching programs.

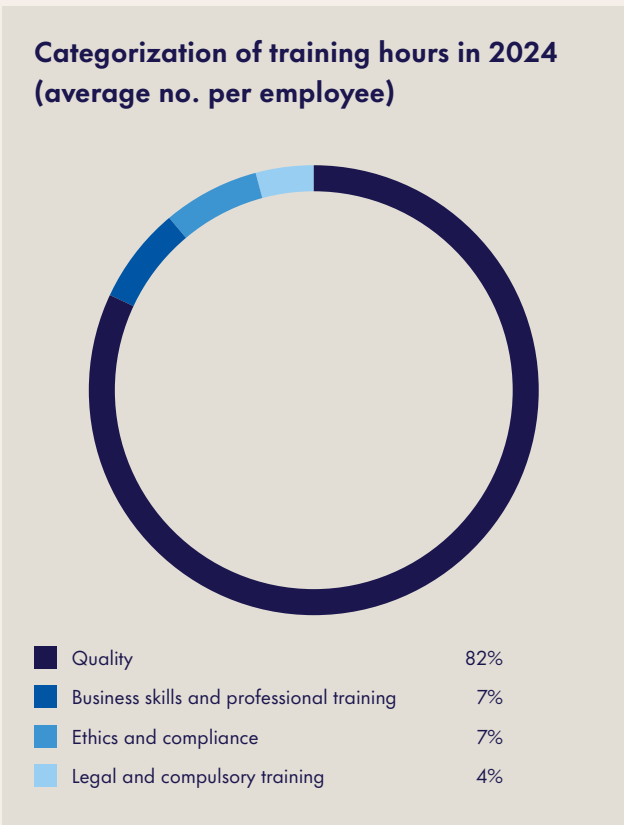
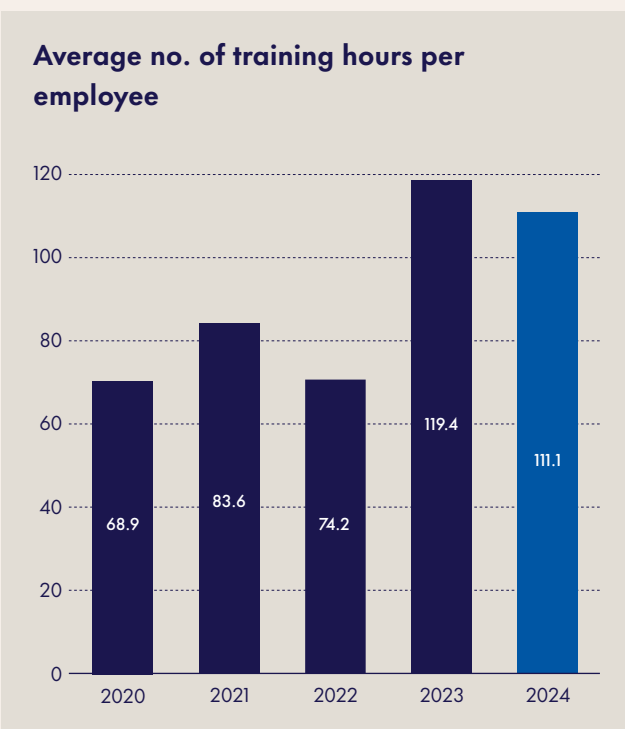
Training needs are based on individual development plans as well as business needs aligned with the company's strategy. To assess employees' development needs, we use various tools, with a strong focus on one-on-one conversations with managers. Mandatory training requirements are based on the specific job role.

In 2024, Planet GV and Sofos - Institute for Knowledge Management and Talent Development - once again awarded us the TOP Investor in Education certificate. This certificate is granted to companies that invest above average in the education and development of their employees. It confirms our long-standing, strategic commitment to employee education, training, and personal development.

Average number of training hours per employee⁶⁵

We place continuous emphasis on the education and training of our associates. In 2024, a Lek employee received an average of **111.1 hours** or **13.9 days** of training. We also support employees pursuing part-time studies. In 2024, 31 employees were enrolled in undergraduate programs and 27 in postgraduate programs, primarily in the fields of biotechnology, biomedicine, and chemistry.

Based on the number of training hours, the top three areas in which we invested the most in 2024 were: quality, ethics and compliance, and business skills and professional development.



⁶⁴ GRI 3-3

⁶⁵ GRI 404-1

HSE organization, human resources and training

The HSE (Health, Safety, and Environment) department was completely reorganized in 2024 following the company's demerger. Two organizational pillars were established, one in Ljubljana and one in Lendava. These pillars work together and complement each other to provide professional support to production sites and other departments in the field of HSE.

The health, safety, and environment policy and manual clearly defines roles, responsibilities, and accountability. Authorized individuals have been appointed for specific professional areas by the board, responsible for ensuring compliance with Slovenian legislation and Sandoz standards, representing Lek in their respective fields, leading inspections, conducting periodic internal audits, overseeing the implementation of corrective actions, providing advice, and offering professional assistance in preventive measures at the sites. They are also tasked with informing management about identified risks.

Training in the HSE field is divided into three categories: legally mandated, specific, and expert development. Legally required and specific training, as well as certifications, form the basis for work according to the assigned job position and tasks. Expert knowledge development ensures a high quality of work for authorized and professional staff.

Document training (general procedures, work instructions, etc.) is managed through internal e-applications. Departments at production sites ensure compliance with employee training and learning requirements. Training plans are in place to ensure that employees are trained on relevant content in a timely manner for effective and safe work. Specific training is provided for employees performing specialized tasks, such as high-risk work. These trainings are planned and managed in the Corrective Actions - Training application and led by the HSE department. Additionally, employees have free access to numerous e-trainings, professional courses, and soft skills training offered by platforms like Coursera, LinkedIn, and U4G.

In 2024, training that did not involve high risks and could be conducted remotely (e-learning) was delivered through available e-applications. We completed all periodic training and pre-employment training for new hires on occupational health and safety and fire protection. Workshops on Safety Culture were conducted for managers and leadership, with the aim of enhancing safety culture at all levels of the company and among all employees. All external contractors must complete basic training before carrying out work at Lek locations (safety rules, safe work practices). Specific training was also conducted, such as forklift operator training, explosion protection (basic and regular training), first aid, working with lifting baskets, working at heights, fire drills and building evacuations, mobile lifting platforms operation training, and lockout/tagout procedure training.

HSE Aspects and Monitoring of Achievements

HSE aspects encompass activities, products, services, and their impacts throughout their lifecycle (raw materials, development, production, transport, use, final disposal). These impacts can be local, regional, or global in nature and are categorized as direct, indirect, or cumulative. Due to the specific nature of pharmaceutical production, Lek has limited influence over the use of products it supplies to others and their treatment at the end of their life cycle.

The standard set of aspects for each expert field is defined by the head of the expert area. The HSE officer at each site evaluates these aspects based on deficiency analyses, internal audits, inspections, complaints, hazardous events, and near misses. The criteria for evaluating HSE aspects are derived from a unified global risk assessment template, taking into account compliance with regulations, business economics, and the company's reputation. The criteria for evaluating the significance of HSE aspects are clearly defined.

Based on the findings from the aspect register, corrective actions, goals, and work programs are determined. Revisions of the HSE aspect register are conducted at least once a year or upon significant changes due to internal or external factors. These revisions serve as the basis for creating a risk portfolio, developing work plans, programs, and activities, and setting personal objectives for responsible individuals.

In our work, we adhere to legal and other requirements, which we demonstrate through successfully conducting internal and external audits, inspections, monitoring of water, air, and noise, and compliance with valid environmental permits.

Measures for Risk Prevention and Mitigation

We identify likely scenarios for emergency events using appropriate risk assessment methodologies for each site or business unit. This includes evaluating the potential impact and the level of control, and determining appropriate measures to mitigate the risks. We take into account possible incidents in all operations and business activities, as well as potential external factors such as weather, security, suppliers, and activities in the surrounding area. The HSE risk portfolio is updated yearly based on risk assessments and the current situation within the company and the environment. For each site, we have a location risk assessment, which is reviewed periodically every five years or whenever significant changes occur that could affect the site's risk profile. Based on the location risk assessment, a protection and rescue plan is also developed. We use various methods to assess risks, with the choice of the most appropriate one depending on its suitability for the specific area of evaluation and the qualifications of the team members involved.

We conduct risk assessments for the following:

- location Risk Portfolio (Risk Portfolio),
- workplace Health Risk Assessment (WHRA),
- investment Projects: Primarily using the Zurich Hazard Analysis (ZHA) or the Hazard and Operability study (HAZOP) method during project qualification phases,
- facilities and Production Lines: Zurich Hazard Analysis (ZHA) or Process Risk Assessment (HAZOP and PRORA),
- introduction of New Products and Production Processes: Process Risk Assessment (PRORA),
- and product Quality Risk Assessments: preferably using the Failure Mode and Effects Analysis (FMEA) method.

Gathering sufficient information and assembling a competent team are key elements for accurate risk assessment. The team composition depends on the type of risk assessment being performed and includes the following designated participants:

- User (e.g., technologist, operator, technician, etc.),
- Process planner (e.g., technologist in PI, project engineer, equipment or material supplier, etc.),
- HSE representative (experts in specific fields),
- Site matter Experts (SME) (experts in specific areas at the location),
- External Experts or Consultants (e.g., Ex-experts, ADR experts, etc.).

The risk portfolio provides Sandoz management with an overview of significant HSE risks and the degree to which they are controlled at individual sites, in specific countries, business units, and across the corporation. Monthly/annual trend analyses include measured environmental, safety, and economic parameters for each site and for Lek as a whole.



Governing with integrity⁶⁶

At Lek, as a part of Sandoz, we promote strong corporate governance that drives ethical behavior, supports sustainable development, and ensures long-term value creation.

⁶⁶ GRI 2-9, 2-10, 2-11, 2-12

Managing bodies

At the end of 2024, the governance system of Lek was transformed from a two-tier to a one-tier structure, consisting of a Board of Directors and the Sandoz Slovenia Leadership Team.

The Lek Board of Directors may consist of three to eight members. Their number, areas of responsibility, and powers are determined by the company's general meeting. The members of the Board of Directors, who represent the interests of the shareholder, are elected by the general meeting. The Board must include at least one employee representative, elected by the Works Council in accordance with the law governing employee participation in management. Board members are elected for a term of five years and may be re-elected upon the expiry of their mandate. The Board of Directors manages, represents, and acts on behalf of the company in accordance with applicable legislation and the Lek Articles of Association.

Lek managing board

In 2024, the members of the Board of Management were as follows:

- **Gregor Makuc**, Head of Corporate Affairs - CEO,
- **Andreja Bucik Primožič**, Head of Finance - President of the Board of Directors,
- **Marko Hauptman**, Site MS&T Head - Executive Director and Workers' representative,
- **Gregor Hutar**, Head of P&O - Deputy President of the Board of Directors.

The Board of Directors may appoint at least one executive director. If two or more executive directors are appointed, the Board may also appoint a Chief Executive Officer. Executive directors may be appointed from among the members of the Board, company directors, other employees, or external candidates. One of the employee representatives on the Board is appointed as an executive director. The appointment is made by the Board of Directors based on a proposal by the Works Council.

In addition to the Board of Directors, and in line with the Sandoz Group's guidelines, the Sandoz Slovenia Leadership Team operates under the leadership of Gregor Makuc, who serves as President of Sandoz Slovenia. The Leadership Team plays a key role in ensuring the compliant and efficient operation of Sandoz in Slovenia, with a focus on the development, production, and sale of pharmaceuticals.

Sandoz Slovenia Leadership Team

In 2024, the Sandoz Slovenia Leadership Team were as follows:

- **Gregor Makuc**, President of Sandoz Slovenia, responsible for Corporate Affairs
- **Andreja Bucik Primožič**, Finance and Technology representative,
- **Ana Gongola**, Commercial Operations representative,
- **Gregor Hutar**, P&O representative,
- **Eva Podgoršek**, Legal Affairs and Compliance representative,
- **Simon Rečnik PhD**, Technical Operations representative,
- **Matjaž Tršek**, R&D (including Biopharmaceuticals) representative,
- **Marko Hauptman**, Workers' representative.

Diversity in managing and supervisory bodies

As part of Lek's Diversity, Equity and Inclusion (DEI) initiative, we respect the diversity of our employees, patients, and other stakeholders, and strive for their equal inclusion in our operations. We also have in place the Policy on Diversity in Management and Supervisory Bodies (hereinafter: the Policy), which is published on our website www.lek.si. We believe that the best ideas are born from diversity, which we recognize as our competitive advantage. Innovative, diverse, inclusive, and creative approaches - including representation within the company's management and supervisory bodies - bring added value to the organization.

Up until September 2, 2024, when the two-tier management system was still in place, gender, age, and cultural diversity - as well as continuity of members - within the Management Board and the Supervisory Board remained the same as in 2023. The same applied to the Sandoz Slovenia Leadership Team, which consisted of 5 men and 3 women, meaning male representation stood at 62.5% and female representation at 37.5%. Among the 8 members, one was a foreign national, bringing foreign representation in the leadership team to 12.5%. At the broader executive level, gender diversity was especially notable, with women making up 53% of directors or department heads.

With the transition to a one-tier management system, the number of members in the management and supervisory bodies was reduced from 13 (8 Management Board members and 5 Supervisory Board members) to 4 (members of the Board of Directors), which also led to a reduction in gender, age, and cultural diversity - but not in continuity of membership. Upon the appointment of the new Board of Directors, 2 of the 3 shareholder representatives were former members of the Management Board. Continuity was also ensured through the employee representative, who had served as the Workers' Director in the previous Management Board and was appointed again as the employee representative in the newly established Board of Directors. The gender composition of the Sandoz Slovenia Leadership Team remained unchanged at 62.5% men and 37.5% women. Gender diversity was also preserved at the broader executive level, where 53% of directors or managers were women.

Employee participation in company management⁶⁷

Employees participate in the management of the company in accordance with the Worker Participation in Management Act and other legislation (ZDR-1, ZVZD-1, etc.). They exercise their powers and rights either individually or collectively through the Workers' Council (SD), employee meetings, and representatives in the company's management and governance bodies.

Under the previous two-tier system, employees had two representatives on the Supervisory Board and one on the Management Board - this was the Workers' Director. After the transition to a one-tier system, employees now have one representative on the Board of Directors, who also serves as an Executive Director and represents workers' interests in HR and social matters.

One of the major achievements in 2024 was the signing of the Participation Agreement between the company and the Workers' Council. This agreement serves as a framework document between company leadership and the SD and enables improved cooperation and inclusion of employees in the processes of decision-making, collaboration, and communication.

In 2024, the Workers' Council held ten regular sessions where they were informed about the company's status, vision, strategy, organizational changes in various units, current issues decided by management or unit directors, and other relevant events within the company and the trade union. Monthly meetings were held with the CEO - or, from September onwards, the Chief Executive Officer - as well as with HR representatives, the Workers' Director (representative of employees on the Board), and the head of the trade union. These meetings addressed current issues related to personnel, compensation, proposals for solidarity assistance for employees, and other open matters.

Additionally, two extraordinary sessions and two correspondence sessions were held. The first extraordinary session was held to elect a new Workers' Director following the resignation of the previous one, and the second was dedicated to approving the Participation Agreement, a new company organization statute, and elections to the Sandoz Euroforum (SEF). The correspondence sessions were held to approve the election commission for the SEF elections and to approve and agree on the performance evaluation guidelines. The Workers' Council also conducted five regular consultations in 2024.

The SEF unites all employees within Sandoz. Country representatives in the SEF formulate joint proposals during negotiations and discussions with Sandoz's top management. In the June 2024 elections, three Lek employees were elected to the SEF: Marko Hauptman, Barbara Ferenčak, and Manda Firm.

The SEF leadership is represented by a Board composed of five members. Lek's Workers' Council president, Manda Firm, was elected to the SEF Board as a representative of larger countries for a two-year term-continuing the tradition of Lek being represented on the SEF Board.

The Workers' Council regularly publishes meeting minutes on its intranet page. Also published are all the questions and answers submitted to company leadership - over 200 in total. The Council successfully supported and passed the ISO audit and actively participated in the global Human Rights pre-audit.

⁶⁷ GRI 2-29



Quality and product safety⁶⁸

At Lek, we develop and manufacture high-quality, safe, tested, and effective products that meet all regulatory requirements. We ensure patient safety through the timely identification, management, and reporting of product-related risks.

⁶⁸ GRI 3-3, 403-7, 417-1

We engage with healthcare professionals and patients to improve the level of healthcare and raise awareness about diseases and treatment options. Information about our products is transparent, non-misleading, and consistent with the approved summaries of product characteristics. According to the Rules on Advertising of Medicinal Products, the professional public includes physicians who prescribe prescription medicines and pharmacists who dispense both prescription and non-prescription medicines. If a marketing authorization or a healthcare provider's authorization shows that proper and safe administration requires patient education within the scope of nursing care, or the training of healthcare professionals performing such care, we provide such direct information or training. Pharmacy technicians may only dispense and recommend over-the-counter medicines.

We provide the latest professional information on prescription and non-prescription medicines, their effects, and characteristics to the professional public through direct communication via medical representatives and pre-reviewed, approved electronic communications. We also inform the professional public about medical conditions and their treatments through various professional publications, websites, other digital media, and professional meetings.

We also provide valuable information to the general public, primarily regarding medical conditions and treatment options, in the form of publications, online articles, and communications at events and through the media.

In accordance with the Rules on Advertising of Medicinal Products, we do not advertise prescription medicines to the general public or patients. However, we do advertise over-the-counter medicines to end users in the media, following the rules for advertising to the general public.

In 2024, we carried out numerous strategic projects for the development of an independent Sandoz, including the expansion of development activities and the expansion of capabilities for analytical testing and medicine manufacturing. We successfully passed several regulatory inspections, thus renewing our licenses to manufacture medicines in various countries. Among the most important inspections were those conducted by:

- the Slovenian Inspectorate of the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia (JAZMP),
- the Mexican regulatory authority COFEPRIS,
- the regulatory authority of Kazakhstan on behalf of the Eurasian Economic Union (EAEU), and
- the U.S. Food and Drug Administration (FDA).

In 2024, the inspection body at JAZMP did not initiate any inspection procedures related to product information and labeling. Moreover, we had no instances of non-compliance with rules, standards, or voluntary codes concerning marketing communications, advertising, promotions, and sponsorship.⁶⁹

Customer satisfaction⁷⁰

We assess the satisfaction of the professional public with our activities, employees, and individual brands through surveys conducted among consumers and the professional community. The results provide insights into how we can further improve our activities and communication with all stakeholders.



⁶⁹ GRI 417-2, 417-3

⁷⁰ GRI 2-29



Ethical operations

The Sandoz **Code of Ethics** serves as our guiding compass, reflecting our commitment to excellence in patient care, societal impact, and internal collaboration. It helps us uphold the highest ethical standards in various situations - for the benefit of patients, society, and our colleagues.⁷¹

Training on the Code of Ethics is mandatory for all our employees once a year. In 2024, mandatory training sessions were also organized in related areas, including information management, personal data protection, adverse event reporting, anti-bribery practices, fair competition rules, and insider trading regulations.

⁷¹ GRI 3-3

Reporting misconduct

Our established anonymous reporting system supports the development of a **“Speak Up”** culture, enabling effective resolution of potential violations and ethical concerns. At Lek, we reject all forms of child, forced, or compulsory labor. In 2024, we did not handle any cases of discrimination or receive any related complaints requiring corrective action.⁷² The company was also not involved in any proceedings related to anti-competitive behavior or violations of sector-specific legislation in this area.⁷³

Third party relations

Our commitment to ethics extends to our relationships with third parties. The Third Party Code sets out strict ethical standards that we expect our suppliers and business partners to uphold. Through the Third Party Risk Management (TPRM) framework, we aim to build a network of partners who share our commitment to compliance, quality, and sustainable business practices.

Payments to Healthcare Professionals and Healthcare Organizations

We disclose information about payments to healthcare professionals and healthcare organizations in accordance with our internal policies and the European Federation of Pharmaceutical Industries and Associations (EFPIA) Code of Transparency on the disclosure of transfers of value. Novartis publicly releases data on payments to healthcare professionals and healthcare organizations every year for the previous year, while also adhering to the rules set by the Medicines for Europe organization for generic and biosimilar medicines manufacturers. Reports on payments to healthcare professionals and healthcare organizations by country are publicly available on the Sandoz website:
<https://www.sandoz.com/transparency/payments-healthcare-professionals/>.

Complaint resolution mechanisms⁷⁴

A safe and environmentally friendly environment is important to the residents who live in the area of our sites as well as our employees. By effectively addressing complaints from the field of HSE and by implementing the appropriate corrective measures. Complaints are solved according to internal procedures, which require the responsible person to open an enquiry within 24 hours. Depending on the completion of the enquiry and the eligibility of the complaint, the entire procedure is documented and archived.

In 2024, no complaints were received regarding Lek. Information on the impact of our operations is published in The Sustainability Report - Lek for each individual year. The reports can be found on our website:
<https://www.lek.si/en/media/publications/>.

⁷² GRI 406-1

⁷³ GRI 206-1

⁷⁴ GRI 2-26



Collaboration with suppliers

Procurement system and policy⁷⁵

Process improvements in 2024 had a positive impact on the company's operations by simplifying the risk management procedure related to third parties and streamlining contractual principles. As a result, the supplier onboarding process was shortened by 10 days. Additionally, we reduced the number of formal written contracts by 50%, enhanced process efficiency and productivity across various functions, and optimized negotiations. On a global level, we centralized legal support for procurement, achieving another productivity milestone through a consolidated approach.

In the area of indirect procurement for technical activities, we assessed our entire supplier base and established a strategic framework that enabled us to consolidate spending and deepen partnerships with key suppliers. This approach resulted in cost savings and the development of a trusted supplier network deeply integrated into our daily operations.

Within the direct procurement team, we conducted a tender process for leaflets and transport boxes and introduced multiple alternative sources across all direct procurement areas. The API procurement team succeeded in generating savings while effectively managing volumes and costs arising from the transfer of our solid dosage products to internal sites. The team also successfully implemented a multi-source strategy to ensure continuous access to high-quality and affordable medicines for patients.

The total procurement value in 2024 amounted to EUR 1,063 million.

⁷⁵ GRI 2-6

Supplier assessment procedure⁷⁶

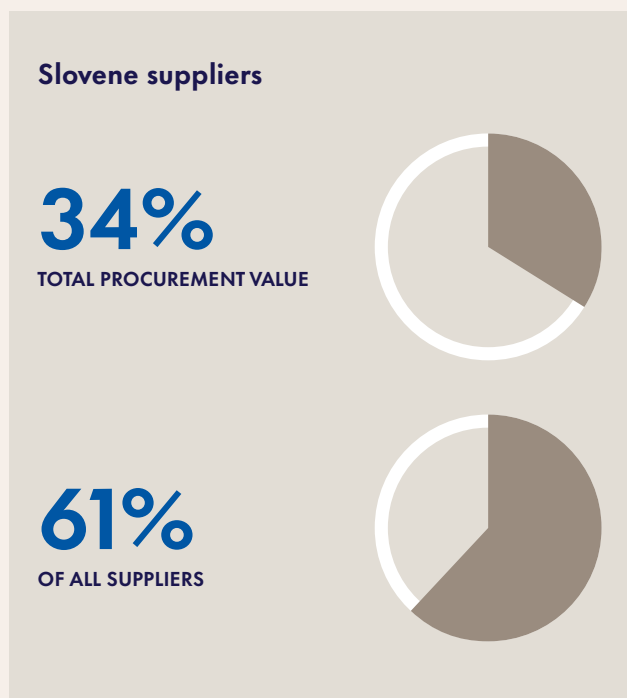
We are committed to respecting human rights and the environment in our operations and throughout our supply chain. We conduct our business responsibly, in accordance with the OECD Guidelines for Multinational Enterprises, the Ten Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the fundamental conventions of the ILO. Our (i.e., Sandoz's) **Third Party Code of Conduct** (the "Code") is based on these guidelines, as well as other international standards and best practices. We expect all our business partners to comply with national legal requirements, particularly labor and social legislation and environmental regulations. Furthermore, all business partners must adhere to the standards set out in the Code.

The Code, aligned with pharmaceutical industry principles for responsible supply chain management, covers the respect for human rights and labor rights, health and safety, environmental protection, animal welfare, anti-corruption and fair competition, privacy and data protection, responsible sourcing of minerals, quality assurance, and mechanisms for reporting potential issues or deviations.

Policy and practice of engaging local suppliers⁷⁷

In 2024, the share of Slovenian suppliers in our procurement amounted to EUR 358 million, representing 33.57% of the total procurement value. In terms of the number of suppliers, Slovenian suppliers made up 61% of all our suppliers.

In the structure of direct procurement by country, Slovenian suppliers accounted for 9.6% (USD 61 million) of the procurement value, while in the structure of indirect procurement, they accounted for 68.81% (USD 297 million).



⁷⁶ GRI 3-3

⁷⁷ GRI 3-3, 204-1

GRI content index

Statement of Use	Lek has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2024.
GRI 1 used	GRI 1: Foundation 2021

GRI 2: general disclosures

GRI-standard	Disclosure	Page	Requirement(s) omitted	Reason and explanation	EMAS Core indicators
The Organization and its reporting practices					
2-1	Organizational details	5, 9, 13			
2-2	Entities included in the organization's sustainability reporting	19			
2-3	Reporting period, frequency and contact point	19			
2-4	Restatements of information	19			
2-5	External assurance	19			
2-6	Activities, value chain and other business relationships	6, 9, 21, 22, 81			
2-7	Employees	62			
2-8	Workers who are not employees	62			
Governance					
2-9	Governance structure and composition	74			
2-10	Nomination and selection of the highest governance body	74			
2-11	Chair of the highest governance body	74			
2-12	Role of the highest governance body in overseeing the management of impacts	74			
2-14	Role of the highest governance body in sustainability reporting	Lek d.d. Annual Report 2024			
2-15	Conflicts of interest	Lek d.d. Annual Report 2024			
Strategy, policies and practices					
2-22	Statement on sustainable development strategy	2			
2-23	Policy commitments	30			
2-24	Embedding policy commitments	30			
2-25	Processes to remediate negative impacts	30			
2-26	Mechanisms for seeking advice and raising concerns	80			
2-27	Compliance with laws and regulations	32			
Stakeholder engagement					
2-29	Approach to stakeholder engagement	76, 78			
2-30	Collective bargaining agreements	63			

GRI 3: material topics

GRI-standard	Disclosure	Page	Requirement(s) omitted	Reason and explanation	EMAS Core indicators
3-1	Process to determine material topics	15			
3-2	List of material topics	15			
ECONOMIC TOPICS					
GRI 201: Economic performance 2016					
3-3	Management of material topics	Lek d.d. Annual Report 2024			
201-1	Direct economic value generated and distributed	6			
201-3	Defined benefit plan obligations and other retirement plans	63			
GRI 202: Market presence 2016					
3-3	Management of material topics	Lek d.d. Annual Report 2024			
202-2	Proportion of senior management hired from the local community	64			
GRI 204: Procurement practices 2016					
3-3	Management of material topics	82			
204-1	Proportion of spending on local suppliers	82			
GRI 206: Anti-competitive behavior 2016					
3-3	Management of material topics	79			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	80			
ENVIRONMENTAL TOPICS					
GRI 301: Materials 2016					
3-3	Management of material topics	35			
301-1	Materials used by weight or volume	35			EMAS Core indicator
GRI 302: Energy 2016					
3-3	Management of material topics	32			
302-1	Energy consumption within the organization	36, 37, 38			
302-3	Energy intensity	36			EMAS Core indicator
302-4	Reduction of energy consumption	39			
GRI 303: Water and effluents 2018					
3-3	Management of material topics	32			
303-1	Interactions with water as a shared resource	40			
303-2	Management of water discharge-related impacts	40			
303-3	Water withdrawal	41, 42			EMAS Core indicator
303-4	Water discharge	52			EMAS Core indicator
GRI 305: Emissions 2016					
3-3	Management of material topics	47			EMAS Core indicator
305-1	Direct (Scope 1) GHG emissions	49, 55			
305-2	Energy indirect (Scope 2) GHG emissions	49			

GRI-standard	Disclosure	Page	Requirement(s) omitted	Reason and explanation	EMAS Core indicators
305-4	GHG emissions intensity	50			
305-5	Reduction of GHG emissions	39			
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	48			EMAS Core indicator
GRI 306: Waste 2020					
3-3	Management of material topics	43			
306-1	Waste generation and significant waste-related impacts	43, 44, 45			EMAS Core indicator
306-2	Management of significant waste-related impacts	43, 44, 45			EMAS Core indicator
306-3	Waste generated	43, 44, 45			EMAS Core indicator
306-4	Waste diverted from disposal	43, 44, 45			EMAS Core indicator
306-5	Waste directed to disposal	43, 44, 45			EMAS Core indicator
SOCIAL TOPICS					
GRI 401: Employment 2016					
3-3	Management of material topics	60			
401-1	New employee hires and employee turnover	62			
401-3	Parental leave	64			
GRI 403: Occupational Health and Safety 2018					
3-3	Management of material topics	67			
403-1	Occupational health and safety management system	67			
403-2	Hazard identification, risk assessment, and incident investigation	67			
403-3	Occupational health services	70			
403-4	Worker participation, consultation, and communication on occupational health and safety	69			
403-5	Worker training on occupational health and safety	70			
403-6	Promotion of worker health	70			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	77			
403-9	Work-related injuries	67			
403-10	Work-related ill health	70			
GRI 404: Training and education 2016					
3-3	Management of material topics	71			
404-1	Average hours of training per year	71		We do not yet record education by gender per employee and by employee category.	
GRI 406: Non-discrimination 2016					
3-3	Management of material topics	79			
406-1	Incidents of discrimination and corrective actions taken	80			

GRI-standard	Disclosure	Page	Requirement(s) omitted	Reason and explanation	EMAS Core indicators
GRI 417: Marketing and labeling 2016					
3-3	Management of material topics	77			
417-1	Requirements for product and service information and labeling	77		We operate in regulated industry; this information is obligatory for us to have a license to operate.	
417-2	Incidents of non-compliance concerning product and service information and labeling	78			
417-3	Incidents of non-compliance concerning marketing communications	78			



Declaration of environmental verification⁷⁸



Environmental Verifier's Declaration on verification and validation activities No O-006

Slovenian Institute of Quality and Metrology,
with EMAS environmental verifier registration number SI-V-0001,
accredited for the scope (NACE: 21.10, 21.20),

declares to have verified that the organization at sites:

Lek Pharmaceuticals d.d.
Ljubljana, Verovškova 57; Mengeš, Kolodvorska 27;
Lendava, Trimlini 2 D
with registration number Reg.No. SI-00006,

meet all requirements of the Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organizations in a Community eco-management and audit scheme (EMAS).

By signing this document, we declare that:

- the verification and validation have been carried out in full compliance with the requirements of Regulation (EC) No. 1221/2009, (EU) No. 2017/1505 and (EU) No. 2018/2026;
- the outcome of the verification and validation confirms that there is no evidence of non-compliance with the applicable legal requirements relating to the environment;
- the data and information in the environmental statement "**Sustainability Report – Lek d. d. 2024, June 2025**; chapters: 1. About us, 2.2. Material topics and stakeholder engagement, 3.2 Collaboration with suppliers, 4. Championing sustainability and 5.4 Training and education " reflects a reliable, credible, and correct image of all organisations activities, within the scope specified in the Environmental Statement.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No. 1221/2009. This document shall not be used as a stand-alone piece of public communication.



Ljubljana 2025-07-02



Gregor Schoss:
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Glossary of key terms

EMAS (ECO - Management and Audit Scheme)

The EMAS Scheme was designed for enterprises to improve their environmental performance and to inform the public of the environmental impacts of their operations. It is based on the ISO 14001 standard, upgraded with additional requirements for a more open communication, credibility and periodic publishing of verified environmental information. The environmental statement is the core method of publicly communicating the results of continuous improvement of the organization's environmental performance, and an opportunity to enhance the company's reputation with customers, suppliers, contractors, community and employees.

GRI (Global Reporting Initiative)

GRI Universal Standards represent one of the world's most prevalent standards for corporate responsibility and sustainable development reporting. They require planning and reporting according to the measurable indicators of the economic, social and environmental impact of an organization. Depending on the scope of disclosures and measurable indicators, reports are classified into two application levels, core and comprehensive. GRI Standards provide a high degree of comparability, transparency and consistency of non-financial corporate reports, increasing stakeholder trust in corporate responsibility and sustainable development reports.

RCI (Responsible Care Initiative)

Launched in 1981 in Canada, the initiative was adopted globally by the chemical industry represented by the ICCA (International Council of Chemical Associations). The initiative promotes responsible treatment of employees and the environment in its broadest sense: the implementation of Good Practices, usually through management systems, particularly in the fields of occupational health and safety, environmental protection, and cautious and safe handling of chemical industry products. The initiative aims to provide constant and measurable improvement of operations in the aforementioned fields, which is measured by means of 16 indicators. Three indicators reflect occupational safety and health achievements, while the remaining indicators are concerned with environmental management, including energy efficiency.

Generics are successors to pharmaceutical products whose patent protection has expired. A generic drug is a drug product that is comparable to a reference listed drug product in quality and quantity composition, active ingredient and dosage form, its bioequivalence being proven by means of respective bioavailability studies.⁷⁹

Innovative drugs or originator drugs contain a new active ingredient or a combination of active ingredients for which marketing authorization has been obtained, as a rule, on the basis of the manufacturer's own studies, which prove its quality, safety and effectiveness.⁸⁰

Active ingredient is a carrier substance exerting the pharmacological action.

Antibiotics are either natural products of microorganisms or semi-synthetic derivatives of natural products, destroying other microorganisms or inhibiting their growth. They are used in the treatment of bacterial infections.⁸¹ Modern science knows several thousand substances producing an antibiotic effect. In practice, there are several dozen molecules which have been fully established in standard medical practice. Certain bacteria produce beta-lactamase and are therefore resistant to specific forms of antibiotics. Clavulanic acid is a beta-lactamase inhibitor. In combination with potassium clavulanate which prevents bacterial resistance to amoxicillin action, the antibiotic is effective in the treatment of bacterial infection.

Biological medicinal product is a medicine, the active ingredient of which is a biological substance or a substance obtained by a process which includes biological systems. A biological substance is a substance that is produced by or extracted from a biological source and that requires for its characterization and the determination of its quality a combination of physico-chemical-biological testing, together with the production process and its control. For example, these are medicines produced by a biological or biotechnological procedure, including cell cultures and similar.

⁷⁹ Source: Medicinal Products Act – ZZdr-1 (Official Gazette RS no. 31/06 dated 24. 3. 2006) and Act Amending the Medicinal Products Act – ZZdr-1A (Official Gazette RS no. 45/08 dated 9. 5. 2008).

⁸⁰ Source: European Medicines Agency and Pharmaceutical terminology dictionary.

⁸¹ Source: Humar M., Šmid-Korbar J., Obreza A. Pharmaceutical terminology dictionary. Ljubljana 2011.

In the human organism, they try to repair the processes causing the disease. They are used for treatment of hitherto incurable diseases, and improve the quality of patients' lives. They provide a more efficient therapeutic approach to cancer, AIDS, anemia, rheumatic, cardiovascular and some other types of diseases. Over the past years, biologics have saved lives, prolonged survival and improved the quality of life for patients with severe and often chronic diseases.

Biosimilars are officially-approved subsequent versions of innovator biopharmaceutical products made by a different sponsor following expiry of patent and exclusivity on the innovator product. They demonstrate quality, safety and efficacy identical to those of originator drugs, yet their lower price makes them more affordable for a wider patient population. Chemically, biosimilars are protein drugs or glycoproteins. The concept of biological similarity as defined by the European Medicinal Products Act requires a higher level of expertise in science, technology and logistics.

Biotechnology combines all the technological applications using biological systems, living organisms or their derivatives with the purpose of creating or adjusting products and processes for a specific use. In the technological use of biological cultures, it combines microbiology, biochemistry and engineering.

Recombinant DNA technology The information needed for the synthesis of a specific protein in the human organism (the desired protein-encoding sequence, or the gene) is transferred from the human organism into another organism, most frequently into a bacteria, isolated mammalian cells or yeasts. Based on the information received, these new cells produce larger quantities of proteins or glycoproteins.

Biological agents are microorganisms, cell culture and human endoparasites which may cause infection, allergy or intoxication.

Class 1 biological agent / genetically modified organism poses minimum risk to human health and the risk of being spread into the environment is negligible;

Class 2 biological agent / genetically modified organism of this class may cause human disease and may be hazardous for workers; the risk of being spread into the environment is minimal, in the majority of cases and effective prevention or treatment is available.

GMO (genetically modified organism) is an organism whose genetic material has been altered using methods of modern biotechnology. In such an organism a defined gene of an exactly defined characteristic from another organism has been inserted. GSOs include microorganisms (bacteria, fungi, viruses), plants and animals.

Biopharmaceutics is the latest and the fastest growing branch of pharmaceutical science. The biologics market is growing twice as fast as the entire drug market. Due to highly complex research and development, biological drugs are extremely costly. Biosimilars are however, more cost effective and therefore accessible for a larger group of patients.

Lek started its own genetic technology development as early as the 1980's, creating a solid foundation for the manufacture of recombinant proteins and/or biopharmaceuticals for human use.

The **Industrial Emissions Directive (IED)** on the comprehensive prevention and control of industrial pollution has been transposed into Slovenian law by the Regulation on activities and installations that can cause large-scale environmental pollution. The Single IED Directive was created in 2010 after the merger of the IPPC Directive (Integrated Pollution Prevention and Control) with six others, which regulated this area, and was adopted into the Slovenian legal order in 2015.

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SANDOZ

