

2023

Sustainability REPORT

June 2024

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Sustainability Report 2023

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Chapter 1

Introduction

01 | CEO Statement & key achievements

I am pleased to present our second annual voluntary sustainability report, showcasing our commitment to transparency, stakeholder engagement and the ESG agenda.

2023 has been a landmark year for the pharmaceutical industry in France. Under the leadership of Les Entrepreneurs du Médicament ('LEEM')*, our industry signed a significant agreement promoting the ecological transition - this agreement commits the pharmaceutical sector to a path of decarbonization and the elimination of single-use plastic packaging.

In this context, we continued our efforts and reinforced our dedication to producing medicines within Europe, achieving a rate of 95% production in 2023, with 52% manufactured in France.

This strategic decision aligns with our commitment to securing the supply of mature products while reducing the environmental impact of our activities.

This relocation strategy is also in line with my involvement through LEEM and Association des Moyens Laboratoires et Industries de Santé ('AMLIS')** to enhance the transparency of the origins of pharmaceutical products. This work focuses on the manufacturing and packaging stages in the supply chain, with the ultimate objective of recognizing the carbon impact in the valuation of medicine and encouraging a global approach towards local reindustrialization.

Through our collaboration with LEEM, we are also working on a project for certain categories of medicine to shift towards electronic versions of patient leaflets (via QR codes) in addition to advocating for public tender contracts to prioritise locally produced pharmaceutical products.

This report outlines our goals and noteworthy initiatives in 2023. You will discover insights into the meaning of sustainability for a pharmaceutical company like ours - one that acknowledges societal concerns and actively seeks practical solutions to the challenges facing our planet.



***Proximity and healthcare independence
... it's important today to think about the
healthcare system of tomorrow.***

*KARINE PINON,
Co-founder & C.E.O*

* Les Entrepreneurs du Médicament (LEEM) - is one of the most prominent pharmaceutical employers' associations in France

** Association des Moyens Laboratoires et Industries de Santé (AMLIS) represents and supports very small and small to medium-sized healthcare companies in France

Key milestones achieved in 2023

95% of production within Europe (of which 52% in France - far above the industry average)

Participation in the development of an environmental score for the pharmaceutical industry, similar to those in other sectors, to promote transparency and structure sustainable practices in medicine production (through our CEO's involvement in AMLIS and LEEM)

Integration of Noden Pharma, which we acquired in 2022, into our Sustainability reporting parameters

Improved Sustainability stakeholder communications via adding it as a routine board agenda item to our quarterly meetings

Diversity and gender equality maintained in a context of strong growth in the number of employees (+37%)

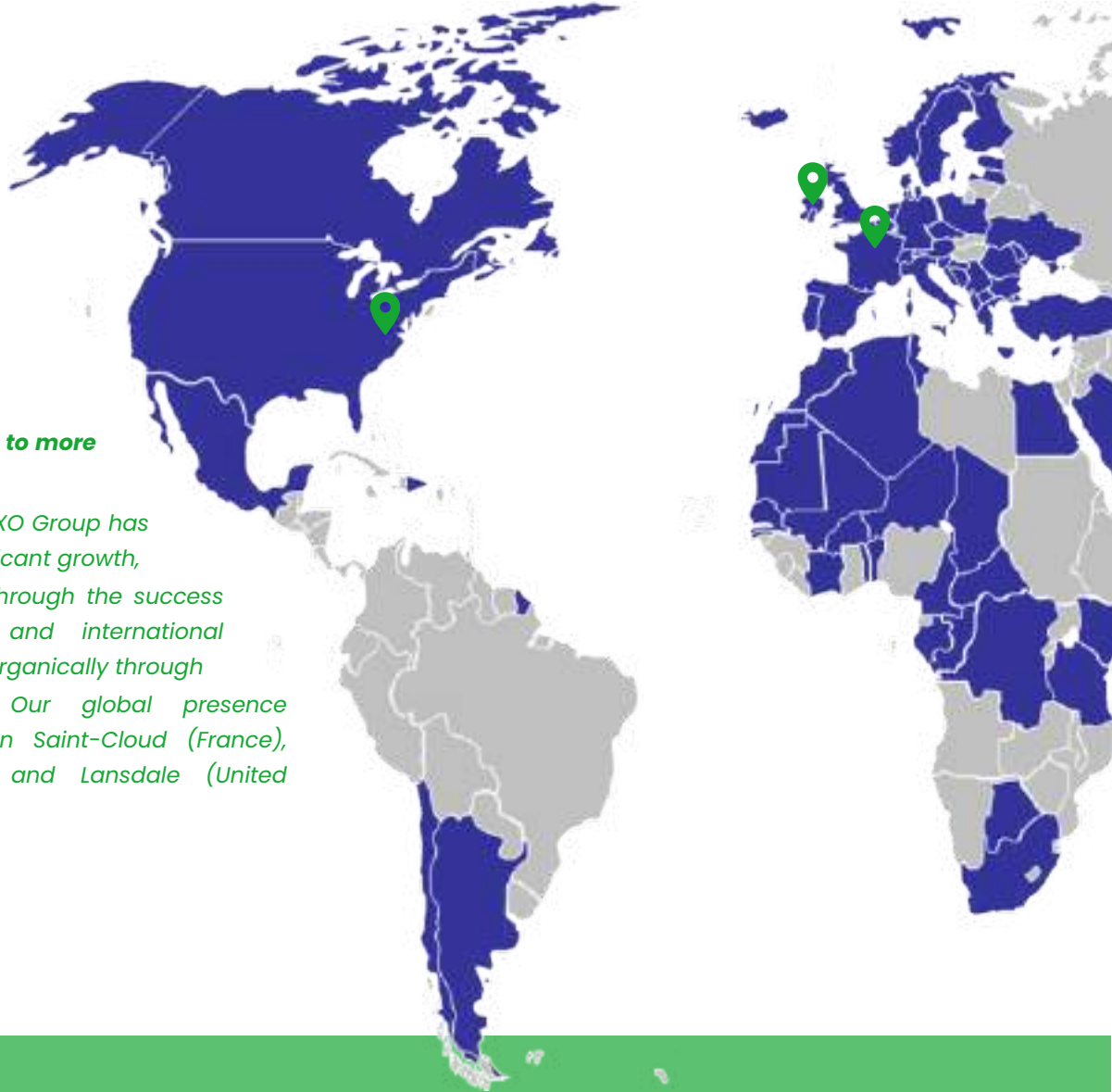
-17% carbon intensity, we reduced our Co2e intensity from 115 tonnes CO2e/M€ in 2022 to 96 Co2e/M€ in 2023



ACTING FOR HEALTH

02 | About us

LXO Group, an international pharmaceutical company with headquarters based in France, has a long-standing history of securing and maintaining established brands with proven efficacy and safety profiles. Our portfolio holds mature marketing authorizations across diverse therapeutic areas, including pain management, central nervous system disorders, cardiology, oral care and women's health.



We now distribute to more than 80 countries.

Founded in 2015, LXO Group has experienced significant growth, both organically through the success of our brands and international expansion, and inorganically through 18 acquisitions. Our global presence includes offices in Saint-Cloud (France), Dublin (Ireland), and Lansdale (United States).

OUR VALUES

QUALITY / ETHICS

We are committed to working with our employees and external partners in a transparent and fair manner, in accordance with the values that guide us every day.



77 M€

Turnover
FY 2023

2.9 M

Patients treated

80+

Countries

HUMAN

We support and accompany our employees in their efforts to achieve our objectives together, for the benefit of patients and society as a whole.

AGILITY

We know how to remain responsive in a dynamic world, with pragmatic solutions.

03 | Our Sustainability Vision

We recognize our multifaceted responsibility towards society, particularly in addressing the pressing climatic, social, and health challenges of our time. With patients and the public expecting greater commitment from companies on these issues, LXO Group is intensifying its sustainability efforts.

2023 marked a pivotal year in our Environmental, Social, and Governance ('ESG') journey. This report now includes all LXO group activities including our newly integrated teams in Ireland and US. We also initiated the establishment of a dedicated committee tasked with developing a comprehensive sustainability strategy and engaging the rest of the organization.

Looking ahead, we remain committed to publishing this annual sustainability report and evolving it in line with the ever changing regulatory environment.

We welcome the EU wide push to standardize the approach to reporting on Sustainability topics via the introduction of the Corporate Sustainability Reporting Directive ('CSRD'). This will impact our business for the reporting year 2025 and preparations for this will commence in 2024.

A STEERING COMMITTEE IS RUNNING AND INCLUDES



Karine PINON
CEO



Yair Erez
Head Of Transformation,
Partner, Stanley Capital



Catherine Pilot-Pacalin
HR Director



Michael Conlan
CFO Noden Pharma

A voluntary and ambitious ESG approach ...

At L XO, we are committed to being a leader within our sector and we act as a role model for same size companies, organizing webinars, training to share our experience and solutions we have adopted in order to engage them in the same transition. Our CEO, Karine Pinon, actively contributes to this goal through her leadership of AMLIS, an association representing small and medium-sized enterprises (SMEs) in the pharmaceutical industry.

A voluntary approach



Currently, L XO Group is not required to publish non-financial data or any form of sustainability report. Given the importance of Sustainability at L XO Group we have decided to be a front runner in this area for companies of our size and commit to publishing this report on an annual basis. We have based our reporting approach on various frameworks and benchmarks recognized as best practices within the pharmaceutical industry.

Frameworks and benchmarks

- UN's Sustainable Development Goals
- ISO 26000 standards
- LEEM's PACTES
- SASB Disclosure



... consistent with the pharmaceutical industry's challenges

Climate emergency, drug shortages, geo-political risks...the social, societal and environmental challenges facing the pharmaceutical industry are immense.

Conscious of these challenges and with a strong desire to address them, L XO joined LEEM (Les Entreprises du Médicament) in 2018 and PACTES in 2022 - a demanding process to which only 40 of the 281 companies in LEEM are committed to.

To know more about PACTES visit www.leem.org.

LEEM, a stimulating player for the industry

LEEM, one of the most prominent pharmaceutical employers' associations in France, plays a crucial role in liaising between the French government and pharmaceutical companies. In late 2023, LEEM successfully negotiated a landmark industry agreement with social partners and union representatives, focused on promoting the ecological transition. This widely adopted agreement expands upon existing commitments to reduce CO2 emissions, requiring companies to take concrete actions such as conducting carbon footprint assessments and implementing best practices in areas like responsible purchasing, executive compensation, transportation, and catering.

Chapter 2 Social & diversity

Contribute to building an inclusive society



Chapter 2 Contribute to building an inclusive society

Why does it matter to us?

Fostering and maintaining a diverse workforce is a priority for our Group. We are committed to guaranteeing well-being, equal opportunities, equal pay for equal work and health and safety for all employees.

We strive to create an inclusive environment where employees feel valued and comfortable. We believe a positive and healthy workplace is built on mutual respect and collaboration.

People management and development are also central to our strategy, as is our ability to attract and retain talent. We regularly provide training and development programs to strengthen both managerial and job-specific skills.

Our commitments

COMMITMENT

1

Strengthen diversity, inclusion & equality in recruitment

COMMITMENT

2

Promote equality and well-being at work

COMMITMENT

3

Assume a responsible role within society through increasing disease awareness

CHAPTER 2 COMMITMENT 1

Strengthen diversity, inclusion & equality in recruitment

OUR OBJECTIVES

- Increase inclusion for people with disabilities
- Develop a proactive policy of recruiting work-study students
- Offer equal opportunity in the recruitment process

OUR APPROACH & STRATEGY



Human capital is our most valuable asset; we are committed to protecting and developing it to support our continued growth.

We believe that collective performance is enhanced by a diversity of profiles, fostering a rich exchange of ideas and stimulating innovation.

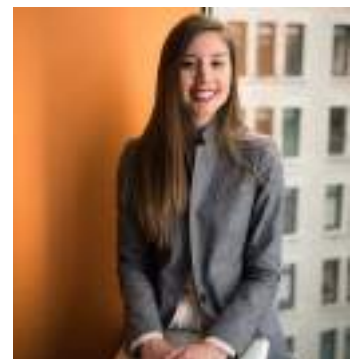
We strive to maintain fair and transparent processes that ensure inclusive and diverse recruitment. Additionally, we prioritize maximizing the conversion of interns into full-time employees whenever possible.

Focus on a specific initiative 2023 - Internships and work-study programs

We attach great importance to training young people through internships and work-study programs. In 2023 100% (3) of our work-study students, who were available for permanent positions and were offered a role within the company, accepted the position. Outlined below are two testimonials from our work study students who became permanent employees at LXO in 2023:

I decided to stay on as a permanent employee after my work-study program because of the diverse assignments and the extensive knowledge gained from working in a small operating laboratory. The strong team cohesion and the confidence shown by our manager and director motivated me to remain with LXO.

I stayed with LXO after my internship because of the responsibilities of the assigned tasks, the variety of assignments, and especially the positive team atmosphere, both during work and in more casual moments.



CHAPTER 2 COMMITMENT 2

Promote equality and well-being at work

OUR OBJECTIVES

- Develop and retain employees
- Promote diversity and fight against all forms of discrimination
- Promotion of good health practices and well-being at work for employees

OUR APPROACH & STRATEGY



We strive to develop and support our employees, promoting a healthy work-life balance.

We have prioritised creating a safe, healthy and engaging environment at the workplace for our employees. Employee engagement, training, and retention are key priorities, as we believe they contribute to a resilient and thriving company. In 2023 alone, we funded training for two individuals to become further their careers and become substitute interim Chief Pharmacists.

Focus on specific initiatives 2023



Promotion & easy access to sport activities

Sports activities, such as yoga and pilates, are offered to employees every week in our workplace, to encourage a healthy lifestyle and well-being.

Social impact through charity

In 2023, we continued our efforts to raise awareness by taking part in various initiatives such as Octobre Rose (breast cancer prevention) and the Course des Héros, in which we raised over €3,500 for charity.



Gender Pay Gap

The gender pay gap ratio is a vital measure for our organization, as it quantifies the earnings disparity between men and women. With the onboarding of a new entity into the group, the 2023 gender pay gap ratio* has increased from **-29% to 25%**. The year-on-year change in our gender pay gap is influenced by the sensitivity of calculations to shifts in our personnel structure, given that a few changes have a comparatively high impact due to our relatively small team (< 50 employees). We remain dedicated to closely monitoring this metric and are steadfast in our commitment to fostering equality within our workforce.

*Gender pay gap calculation = 100% x (Average male total remuneration - Average female total remuneration) / Averagemale total remuneration.ext

CHAPTER 2 COMMITMENT 3

Assume a responsible role within society through increasing disease awareness

OUR OBJECTIVES

- | Train & raise awareness among the medical sector through targeted actions

OUR APPROACH & STRATEGY



LXO Group strives to raise awareness and train professionals in the industry through a variety of methods (webinars, data collection, reporting, trainings). We are dedicated to finding solutions to health problems that affect society as a whole. Our challenge is to work alongside the medical profession, which supports patients on a daily basis.

We also feel it is our duty to act responsibly with our stakeholders, with whom we wish to maintain a qualitative dialogue.

More broadly, we wish to give back to society, taking part in campaigns and events enabling us to make a positive contribution, implementing solutions to problems that are sometimes outside our core business.

 Focus on a specific initiative 2023

Raise awareness among the medical profession

In collaboration with the French Committee for the Fight against Hypertension (CFLHTA), we conducted a survey of 300+ general practitioners to assess the current state of hypertension management.

The results of the survey were translated into an infographic, then presented by Professor Hanon during a webinar and widely distributed to doctors to help them optimize the screening and management of this pathology.

This approach (data collection, webinar, reporting) is part of LXO's strategy push for more transparency and better awareness of diseases among the medical sector.



STAKEHOLDER PERSPECTIVE

We encourage engagement with our employees and try to ensure our working environment is collaborative and inclusive. Below is a testimonial from our employees at our Dublin office about their experience joining the group:

Since integrating into the LXO Group, I have truly enjoyed the collaborative nature of our working environment. Employees at all levels of the organization are engaging and approachable, creating a supportive and inclusive atmosphere. I particularly appreciate the company's strong focus on social and diversity policies, which align with my personal values. Additionally, the flexible work culture, including the ability to work from home, allows me to maintain a healthy balance between my work and personal life, making LXO Group an exceptional place to work.



Mariza Gallagher, Accounting Manager
LXO Ireland

KEY METRICS

2023

+25%

Gender Pay Gap*
vs. -29% LY

22

Hours of training /
FTE / year
vs. 33h LY

*GPG = 100% x (Average male total remuneration - Average female total remuneration) / Average male total remuneration for permanent full time employees.

LOOKING FORWARD

In the year to come, our commitment to social responsibility and diversity will be further strengthened through a range of impactful initiatives:

We aim to continue to develop our inclusive hiring process by:

- Publishing all job openings on public platforms like the LEEM network.
- Ensuring equal access to opportunities for all potential candidates.

We will further demonstrate our dedication to community health by:

- Supporting another health charity through the "Course de la jonquille" initiative.

We will continue to invest in employee well-being & workplace safety by:

- Offering first aid training.
- Promoting a healthy and informed workforce.
- Conducting comprehensive training sessions on fire evacuation.
- Providing training on cardiovascular diseases.
- Ensuring processes are in place to deal with emergencies.

Chapter 3 Governance

Make ESG a pillar of corporate strategy



Chapter 3 Make ESG a pillar of corporate strategy

Why does it matter to us?

Our core mission is to provide patients with essential medicines, prioritizing the quality of our products and the reliability of our supply chain. ESG is a key consideration is for strategic topics within the group and we consider ESG as a pathway to creating long-term value.

Although the LXO Group is not yet subject to the European Corporate Sustainability Reporting Directive ('CSRD'), we are already starting our preparations to meet this forthcoming requirement. By proactively enhancing our ESG methodology in governance and strategy, we are positioning ourselves to capitalize on new market opportunities, drive innovation, and build stronger relationships with internal and external stakeholders. This ambitious journey not only prepares us for future regulatory obligations such as CSRD but also aligns with our commitment of sustainable growth and resilience.

Our commitments

COMMITMENT

1

Embed ESG values into the core leadership principles and decision-making processes

COMMITMENT

2

Actively engage with our main stakeholders

COMMITMENT

3

Strive to ensure access to the drugs we own is secure and of high quality for our patients

CHAPTER 3 COMMITMENT 1

Embed ESG values into the core leadership principles and decision-making processes

OUR OBJECTIVES

- Maintain a zero-tolerance approach to corruption in all business activities
- Regularly assess sustainability performance
- Promote diversity and inclusion within the company's decision-making processes

OUR APPROACH & STRATEGY

ESG is now integrated into our governance structure and throughout the organisation.

ESG is a standing item on the agenda of our quarterly Board meetings, where we share key performance indicators (KPIs), engage with our board and assess our progress against our commitments.

In 2023, we established a dedicated committee to play a pivotal role in shaping our ESG strategy. This multi-disciplinary committee comprises of employees from various levels of hierarchy and across a number of departments (HR, M&A, OPS, Finance and Marketing), creating a collaborative and holistic approach to sustainability.

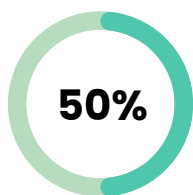
ESG values are also being embedded at all levels throughout our organisation by empowering our employees to understand the topic in more detail via:

- Communication of our ESG performance and annual Sustainability report;
- Our ESG committee act as experts on topics for employees to engage with
- Attendance at climate workshops run by external experts.

Focus on specific initiatives 2023

A zero tolerance approach to corruption

Our employees adhere to a strict code of conduct and robust anti-corruption policies. We have also implemented a code of ethics for all our suppliers. Additionally, we fully comply with the mandatory industry audit for sales representatives as well as all other statutory audits.



Parity achieved on the LXO Management committee

We are actively working to maximize diversity at the management level and are on track to meet the LEEM target of achieving gender parity in corporate decision-making bodies by 2025.

CHAPTER 3 COMMITMENT 2

Actively engage with our main stakeholders

OUR OBJECTIVE

Maintain open communication with our key stakeholders to drive our Sustainability strategy through:

- Making ESG the common thread running through our boards
- Working cooperatively and constructively with our key suppliers
- Engaging and onboarding our employees in this journey

OUR APPROACH & STRATEGY



Stakeholder engagement is the cornerstone of our sustainability strategy. We firmly believe that open communication and collaboration with our key stakeholders are essential to driving positive social and environmental impact. We work with our stakeholders through the ESG committee and foster accountability at various levels by reviewing sustainable performance at board level, engaging our employees and suppliers in our sustainability journey, and publishing our voluntary report annually.



Focus on specific initiatives 2023



Voluntary disclosure and reporting

In a commitment to transparency and accountability, our company has decided to publish an annual Sustainability report with a significant amount of voluntary disclosures across financial and non-financial data. This initiative, which commenced in 2023, underscores our dedication to open communication with all stakeholders, providing them with a comprehensive understanding of our social and environmental impact. By sharing this information, we aim to create trust and engage in a meaningful dialogue about our progress and future goals.

Engagement with industry groups

LXO Group is a member and contributor of LEEM* and AMILS**. LXO partake in a number of initiatives within the organisations each year. We are particularly proud of the landmark agreement signed by the healthcare industry in July 2023, under the leadership of LEEM, aimed at promoting the climate transition which commits the pharmaceutical sector to a path of decarbonisation.

* Les Entreprises du Médicament (LEEM) – is one of the most prominent pharmaceutical employers' associations in France

** Association des Moyens Laboratoires et Industries de Santé (AMILS) – represents and supports very small and small to medium-sized healthcare companies in France

CHAPTER 3 COMMITMENT 3

Strive to ensure access to the drugs we own is secure and of high quality for our patients

OUR OBJECTIVES

- Ensure the highest standards of product quality from production to the customer
- Continuously assess, review and implement actions on all of suppliers
- Ensure continuity and security of supply by producing locally

OUR APPROACH & STRATEGY



Driven by our commitment to patient well-being, we recognize the importance of both high-quality medicines and reliable access. This section outlines our dedication to European manufacturing and the robust measures we employ to ensure the security and quality of our drug supply. We ensure the highest quality standards through our employees, all of whom are signatories to our quality policy, "Politique Qualité Générale" (REFPOQ).

Focus on specific initiatives 2023

95%

of our production is made in Europe

We strive to produce almost exclusively in Europe, and in 2023 we initiated the industrial transfer of 2 further products to further increase this percentage.

93%

of our subcontractors were audited through an on going assessment

This year, we audited 93% of our subcontractors, 12% points more than in 2022. We are consistently collaborating with our suppliers to enhance our Quality Technical Agreements (QTA).

Insuring Safety, Quality & Access

As part of our continuous improvement processes we use our Quality Policy and Quality Management System (QMS) to meet the requirements of our clients and customers in conformance with the Company's specifications and current legal and regulatory requirements.

Internal Quality audits completed	4
External Quality audits conducted	25
Product recalls	0
Field Alerts	None

STAKEHOLDER PERSPECTIVE

LXO Group is paving the way with its ESG strategy

We are committed to driving the shift towards resource-efficient and sustainable economies by investing in companies whose products and services enable us to achieve more with less, delivering greater value with fewer resources. With LXO Group, we are leading the way by implementing an ambitious corporate sustainability strategy that will undoubtedly inspire the rest of our portfolio. As a private equity firm, strong Environmental, Social and Governance KPIs are a key indicator in our portfolio evaluations, increasing company performances and valuations.



Yair Erez, Head of Transformation, Partner, Stanley Capital

KEY METRICS

2023

50%

of women in LXO management committee
vs. 62% LY

100%

Boards meetings with sustainability review
vs. 100% LY

LOOKING FORWARD

2024–2025 will be a pivotal period for us.

As our business and ambitions grow, so does our accountability. Going forward, our key focus areas will be:

- Striving for greater diversity at the management level to ensure a wider range of perspectives and experiences in decision-making.
- Strengthening relationships with key suppliers by initiating annual meetings focused on discussing and collaborating on sustainability initiatives.
- Creating a culture of corporate responsibility by organizing sustainability workshops for all employees.

Finally, our guiding principle remains unchanged: prioritizing sourcing within Europe to ensure security of supply and lower the impact on the environment.

CSRD

The Corporate Sustainability Reporting Directive (CSRD) is a 2022 European Union regulation that significantly expands the scope and requirements for companies to report on their environmental, social, and governance (ESG) impacts. It aims to standardize and enhance the quality of sustainability reporting, making it more comprehensive, comparable, and reliable for investors and other stakeholders.

LXO Group will be working in the coming months to understand the impact of this new reporting scheme.

Chapter 4 Environnement

Strengthen the sector's contribution to environmental protection



Chapter 3 Strengthen the sector's contribution to environmental protection

Why does it matter to us?

We acknowledge that it is our duty to minimize the use of vital resources like water and energy, cut down on carbon emissions and safeguard biodiversity.

Since 2022, when we first started assessing our carbon footprint, we have been doing so every year using the GHG Protocol and ISO 14064-1 - two best practice reporting standards in carbon measurement.

To demonstrate our engagement, we committed to a 50% reduction in CO2 emissions within Scope 1 & Scope 2 categories in line with LEEM roadmap by 2030 (reference year 2021).

Our commitments

COMMITMENT 1

Be an active contributor to the climate objectives of the Paris agreements

COMMITMENT 2

Improve the environmental footprint of packaging waste

CHAPTER 4 COMMITMENT 1

Be an active contributor to the climate objectives of the Paris agreements

OUR OBJECTIVES

Reduce GHGs emissions by 50% for Scope 1 & 2 by 2030 (reference year 2021) in line with LEEM objectives by optimizing sourcing and logistics

Add CO2 KPIs in our invitation to supplier tenders for material scope 3 vendors

OUR APPROACH & STRATEGY

Limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

Paris Agreement on climate change, 2016

In this section, we outline our initiatives aimed at reducing our carbon footprint, conserving resources, and promoting sustainable practices throughout our operations.

We are addressing various environmental externalities of our activities through projects, including carbon emissions and plastic pollution.



Focus on specific initiatives 2023

Digitalization and reduction of emissions

LXO is pursuing dematerialization both externally, with regulatory agencies, customers and partners, and internally, with our employees. This includes digitizing procedures, invoices, collaborative tools, pay slips, agreements and contracts. As a result of this shift to digital tools internally, in 2023 we saved approximately 2,569kg of CO2, 26,897L of water, 1,093kg of wood, 177kg of waste and 28,078 pages of paper.

**2,569kg
CO2e Saved**

Sustainable office practices

Beyond the existing sorting of paper and cardboard waste, we have implemented comprehensive recyclable waste sorting throughout our offices in 2023. Designated containers are available for recycling batteries and ink cartridges, ensuring responsible disposal of these materials. We have replaced plastic water bottles with washable glasses and installed water dispensers accessible to all employees. LXO Group provides each employee with a reusable cup upon arrival, further discouraging the use of single-use plastics.

Working with best in class suppliers - Alloga (logistics provider) case study

we continued our use of double decker trailers in 2023, which has enabled us to reduce our fleet from 132 trucks to 66 as well as saving more than 60,000 kilometers since its inception. In addition, we continue to collaborate closely with Alloga (Ecovadis Gold-certified) which attaches great importance to tracking its CO2 emissions. For instance, for all parcels weighing less than 30 kg, the company makes deliveries in Paris and major French cities using 100% electric vehicles.



CHAPTER 4 COMMITMENT 2

Improve the environmental footprint of packaging waste & returns

OUR OBJECTIVES

- Improve packaging thanks to streamlining and innovation
- Optimize the use of recycle paper/material working closely with CMOs

OUR APPROACH & STRATEGY

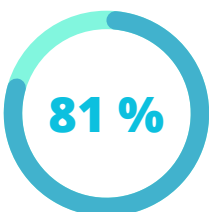


We are committed to reducing the environmental impact of our packaging. Our focus is on streamlining designs, exploring innovative materials and maximizing the use of recycled content through collaboration with our Contract Manufacturing Organizations (CMOs).

 Focus on specific initiatives 2023

Mantadix: switching from glass bottles to blister packs

In addition to actions concerning primary packaging and pallet optimisation to reduce the carbon impact of our shipments, we took a major step forward by switching the packaging on a product of ours (Mantadix) from glass bottles to blister packs. As a result of this we were able to yield a number of benefits including less risk of damage during transport, less weight being shipped (on over 200,000 units per annum) and easier and safer for patients to use.



% of returned units restock

Re-use of returned products

At LXO, where possible and once quality standards are met we try to minimise waste in the supply chain by re-using any returns where possible.

In 2023, we received returns of 61,801 out of a total of 8,7m units sold, or 1%. Of the returned units, 50,105 were restocked (81%, +12 percentage points vs LY) and 11,696 were destroyed or awaiting destruction.

OUR ENVIRONMENTAL IMPACT

From design to use and consumption, a medicine has environmental impacts throughout its life cycle: on **climate and air quality**, **biodiversity**, **water and soil quality**. Aware of its effects on the planet, the pharmaceutical industry is working to identify the sources of drug pollution throughout its life cycle, and to develop realistic solutions to reduce them.

At LXO, we aim to play our part and measuring our GreenHouse Gas (GHG) emissions has helped us identify where we can have the most impact and will guide our future carbon reduction initiatives.

Research & Development

- Use of plant and animal resources
- Impact of AI** on biodiversity and humans through release into the environment
- Carbon footprint of laboratories (buildings)
- Design of carbon-intensive & water-intensive formulations

Raw materials

- Use of plant-based and animal-based resources
- GHG emissions* and water consumption from raw material extraction and transformation processes
- Land use for plant matter cultivation

Upstream transportation

- Emissions of GHG* and atmospheric pollutants (fine particles, NOx) linked to the transport (road, air, sea) of raw materials

End of life

- Release of substances into the environment due to poor management of end-of-life medicines (household waste vs. appropriate treatment channels)
- GHG emissions* and pollution caused by waste management (incineration, transport, storage, etc.)

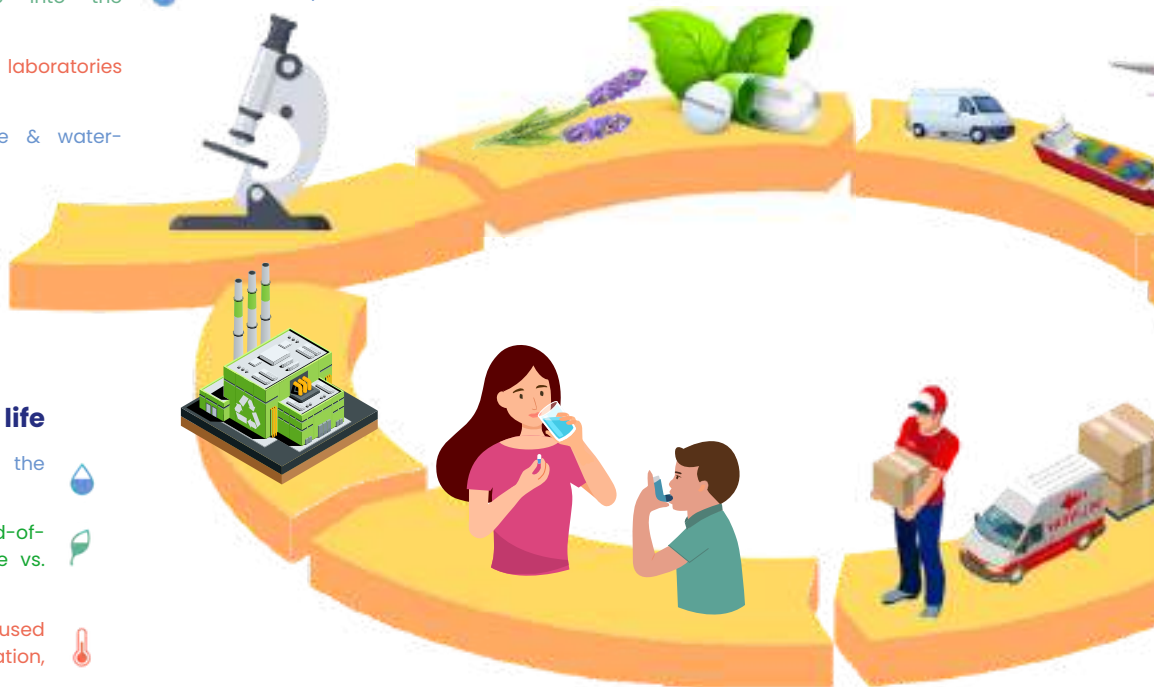
Concerning Group LXO, collaborations are set up with recycling and product end of life management firms Adelphe & Cyclamed

Use

- Soil and water infiltration of PA traces present in natural human and animal discharges
- GHG emissions from certain drugs (inhalers, anesthetics, etc.)

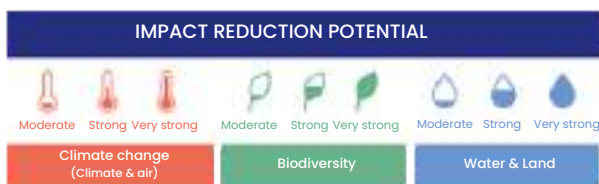
Distribution & Downstream transportation

- GHG* emissions and atmospheric pollutants (fine particles, NOx) linked to downstream transport (road, air, sea) and business travel by employees and the entire supply chain



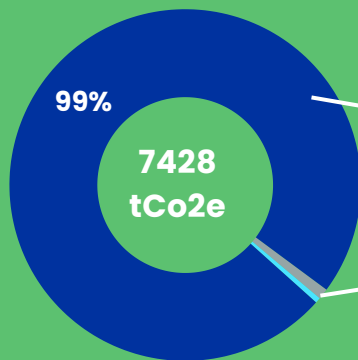
THE ENVIRONMENTAL IMPACT OF DRUGS

Source and credit for this infographics: LEEM



Carbon footprint LXO Group 2023 (1/2)

2023 GHG emission by scope



Scope 3 (99%): Contract Manufacturing Organisations, transportation, services

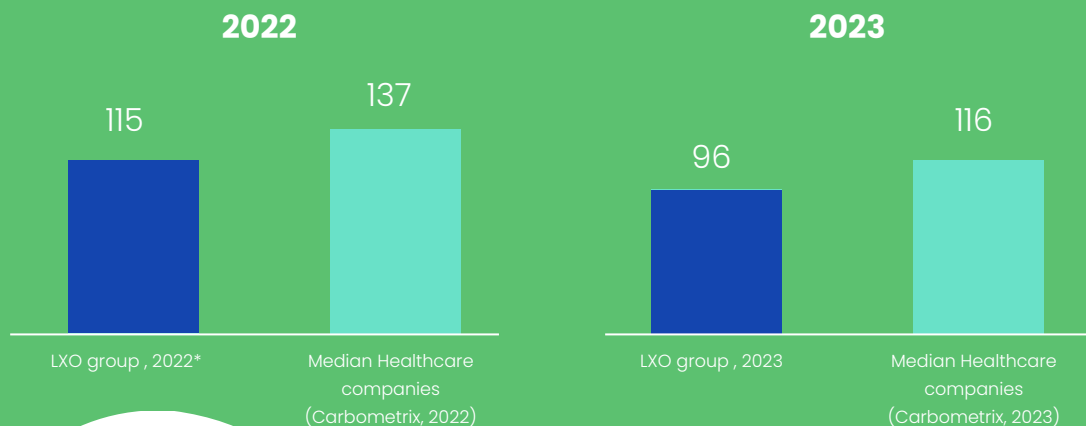
Scope 1 & 2 (1%): Facilities, IT, assets, purchased energy

Scope 1 covers direct emissions from owned or controlled sources.

Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting company.

Scope 3 includes all other indirect emissions that occur in a company's value chain, whether it be from its employees or suppliers (upstream emissions) or from its customers (downstream emissions).

Carbon intensity benchmark (tCO₂ / €M)



LXO's carbon intensity position is lower than that of the median healthcare company. This result is in line with our progression from last year (-16.4% carbon intensity) and reflects the work we are doing across the organisation on this topic.

It is now our responsibility to take ambitious steps towards continuing to lower our footprint.

Manufacturing & Packaging

🌿 Release into ecosystems of traces of AI** from industrial sewage, impacting biodiversity (loss of animal populations, antibiotic resistance, etc.).

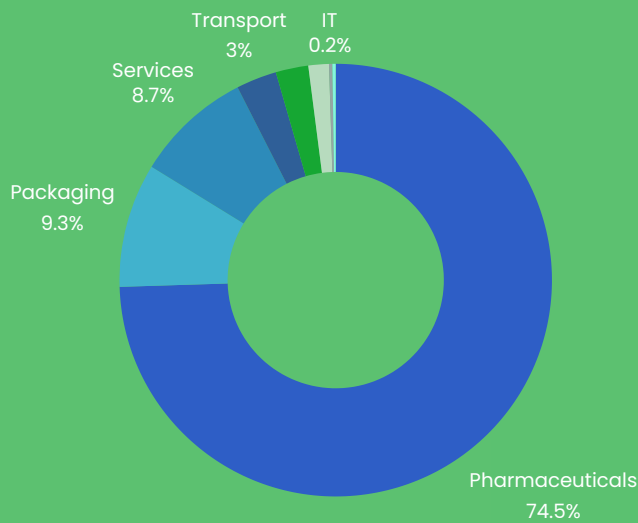
🔥 Energy consumption and GHG emissions* from manufacturing processes

💧 Generation of solid waste requiring incineration or landfill, with possible release of AI** into the soil

*Pro-forma to be in line with methodology of 2023 calculation.

Carbon footprint LXO Group 2023 (2/2)

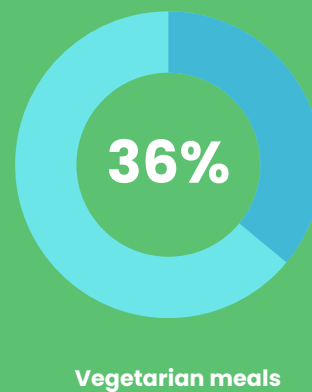
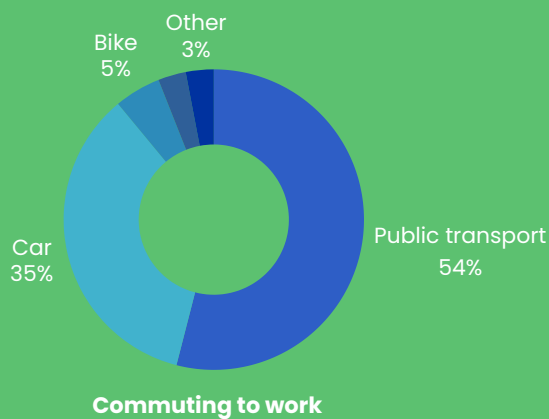
2023 GHG emission by Categories



Seventy-five percent of our CO₂e emissions come from the production of the goods we sell.

We now have regular meetings with our main CMO to better understand this aspect and develop an action plan to reduce it. Additionally, we are working on our packaging to minimize both the CO₂ and material footprints.

Employee engagement*



Our employees are increasingly aware of their impact. LXO Group encourages all employees to commute by public transportation whenever possible. In 2023, we focused our efforts on promoting train travel for business trips when feasible. This consciousness is also reflected in the rise of vegetarian meals at the workplace, which increased from 22% in 2022 to 36% in 2023.

*Employee survey, 2023

STAKEHOLDER VISION

Climate change will cause an additional 250,000 deaths per year

Between 2030 and 2050, climate change will cause an additional 250,000 deaths per year, according to the World Health Organization (WHO). The climate emergency is recognized by everyone. In the pharmaceutical industry, the general awareness is leading to a desire to take action on various aspects impacted by medication: reducing the carbon footprint, recycling waste, protecting biodiversity, and addressing environmental health issues.



PACTES, Les Entreprises du Médicament

KEY METRICS

2023

96

tCo2e / M€
vs. 115 tCo2e / M€ LY

95%

Products
manufactured in
Europe*
vs. 97% LY

*Our target is to keep
European production > 90%

LOOKING FORWARD

In 2024 and beyond, LXO Group will continue to prioritize environmental sustainability through several key actions:

- Maintaining a commitment to annual carbon footprint updates to ensure transparency and accountability.
- Holding biannual meetings with suppliers to discuss their sustainability approach and explore collaborative solutions for reduction.
- Optimizing delivery processes by increasing the Minimum Order Quantity (MOQ) for hospital and pharmacy channels, minimizing transportation-related emissions.
- Introducing QR codes on product packaging to eliminate the need for printed leaflets, reducing paper waste and promoting digital information sharing.
- Collaborating with our key contract manufacturer (Mipharm) to explore the possibility of producing leaflets on recycled paper.

Chapter 5 Reporting

Onboard our stakeholders in our sustainable journey through transparency



Chapter 5 **Onboard our stakeholders in our sustainable journey through transparency**

Why does it matter to us?

Involvement and participation from our stakeholders (employees, suppliers, customers, regulatory bodies, e.g.) is important to us as they play a significant role in supporting our strategies and decisions. We want to have a collaborative relationship with our stakeholders to understand how their decision-making impacts our sustainability outcomes.

As part of our voluntary disclosure efforts, we have adopted industry sustainability standards in line with best practices. These standards include the LEEM self-assessment and the Sustainability Accounting Standards Board (SASB) framework.

The SASB Biotechnology and Pharmaceuticals standard was identified as the most relevant for our business using the SASB Materiality Finder tool. We are committed to continuing annual reporting against these metrics.

Reporting standards

REPORTING

1

LEEM Self evaluation

REPORTING

2

Sustainability Accounting Standards Board (SASB)

The LEEM Self Evaluation is required to be completed every two years. Given our firm commitment to ESG, we are aiming to improve materially on our previous performance in 2024 (last mandated evaluation 2022).

2022 LEEM Self Evaluation

In 2022 we volunteered to take part in the Progress Track project as part of the LEEM self-assessment program.

EthiFinance is an innovative European rating, research, and consulting group dedicated to sustainable finance and development. With LEEM, they have designed a special system to help volunteer companies commit to PACTES.

It includes a guide with a progress path that lists actions reflecting different degrees of maturity for each of the PACTES commitments. These are based on ISO 26 000 and are the subject of a questionnaire to companies.

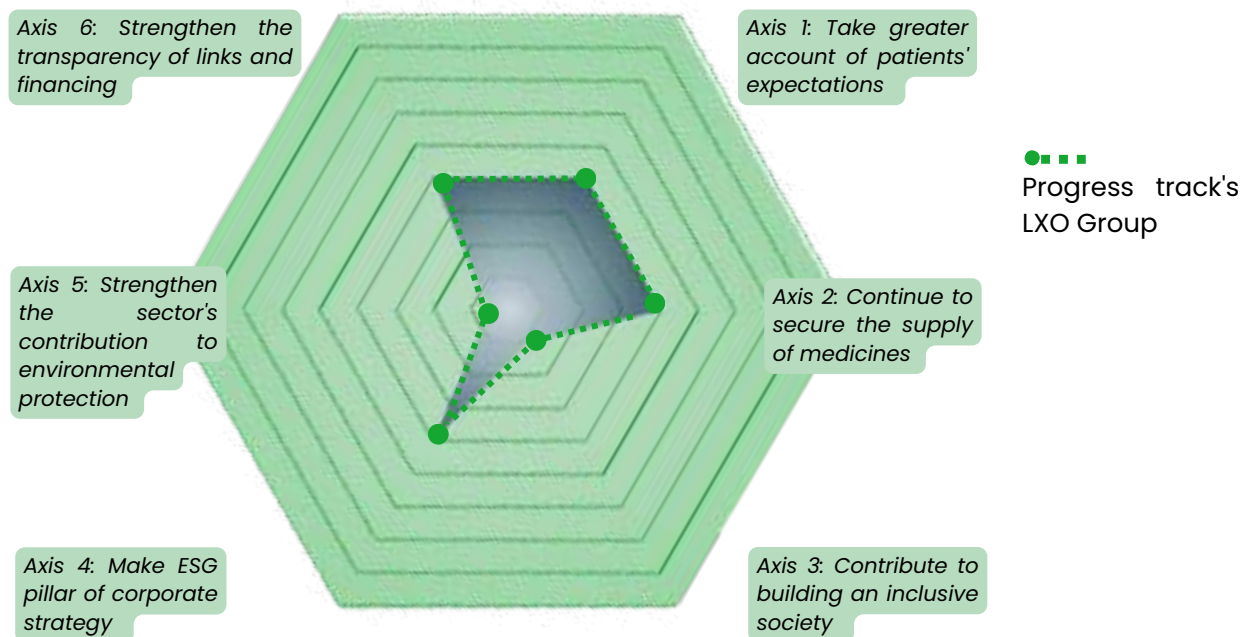
This questionnaire has been opened to volunteers for a first session in early 2022, on actions implemented in 2021.

The questionnaire includes a multiple-choice, self-assessment feature, enabling respondents to indicate whether or not each action proposed by LEEM has been deployed by the company. For each, companies have the choice of answering YES/NO, "In progress", "NA" (not applicable), or not at all.

We are filling this self assessment once every two years.

Maturity by axis 2022

The action evaluation grid has been built around nine different maturity levels going from "Intital" to "Mature"



SASB disclosure

ACTIVITY METRICS

HC-BP-000.A	Number of patients treated	Lab XO Group sold 8.7 million boxes and treated 2.9 million patients
HC-BP-000.B	Number of drugs (1) in portfolio and (2) in research and development (Phase 1-3)	1. In Portfolio – 18 brands 2. In research and development – 0

SAFETY OF CLINICAL TRIAL PARTICIPANTS

HC-BP-210A.1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	Not applicable. No ongoing clinical trials
HC-BP-210A.2	Number of inspections related to clinical trial management and pharmacovigilance that resulted in: (1) entity voluntary remediation or (2) regulatory or administrative actions taken against the entity	Not applicable. No ongoing clinical trials
HC-BP-210A.3	Total amount of monetary losses as a result of legal proceedings with clinical trials in developing countries [€]	Not applicable. No ongoing clinical trials

ACCESS TO MEDICINES

HC-BP-240A.1	Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index	We deliver webinars for educational purposes in France, West-Africa, North-Africa, Central-Africa and Albania and we promote access to medicines in 80+ countries including some priority countries as defined by the Access to Medicine Index.
HC-BP-240A.2	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	1.Loxen, 2.Trolovol, 3.Mantadix, 4.Mynocine, 5.Nebcine; and 6.Vasonase.

AFFORDABILITY & PRICING

HC-BP-240B.2	Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year	<p>Immaterial price increases across the LXO Group were made in 2023 on net sales of approximately <EUR 3.5m (<5% of total revenue of EUR 77m).</p> <p>Given the level of the price changes within the business, a detailed disclosure is not considered material for inclusion in the report.</p>
HC-BP-240B.3	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year	See above

DRUG SAFETY

HC-BP-250A.1	Products listed in public medical product safety or adverse event alert databases	There is one public database applicable to products within the LXO Group - the FDA Adverse Event Reporting System (FAERS) Public Dashboard where TEKURNA and GOPRELTO are listed
HC-BP-250A.2	Number of fatalities associated with products	Not applicable
HC-BP-250A.3	(1) Number of recalls issued, (2) total units recalled	None
HC-BP-250A.4	Total amount of product accepted for takeback, reuse, or disposal	<p>LXO Group Takeback: 68 750 (0,8%) Reuse: 50 105 (0,6%) Disposal: 18 645 (0,2%)</p> <p>% based off a total of 8.7m units sold</p>
HC-BP-250A.5	Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards, by type 2	Not applicable

COUNTERFEIT DRUGS

<p>HC-BP-260A.1</p>	<p>Description of methods and technologies used to maintain the traceability of products throughout the supply chain and prevent counterfeiting</p>	<p>We use third-party distributors for distributing our products and this process is supported by:</p> <ul style="list-style-type: none"> • Supplier qualification • Supplier audits • Quality Technical agreements • Serialisation as applicable in territory in line with falsified medicines directive • Quality management system
<p>HC-BP-260A.2</p>	<p>Discussion of the process for alerting customers and business partners of potential or known risks associated with counterfeit products</p>	<p>We have defined procedures in place designed to alert our customers, business partners and regulatory authorities.</p> <p>Batch traceability and the serialisation process enables us to track quantities manufactured, released and marketed</p>
<p>HC-BP-260A.3</p>	<p>Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products</p>	<p>None</p>

ETHICAL MARKETING

<p>HC-BP-270A.1</p>	<p>Total amount of monetary losses as a result of legal proceedings associated with false marketing claims</p>	<p>None</p>
<p>HC-BP-270A.2</p>	<p>Description of code of ethics governing promotion of off-label use of products</p>	<p>The LXO Group does not promote off-label use of its products. Any off-label use is considered a case for pharmacovigilance and monitored as a potential signal</p> <p>Note - for 2023 we did not promote our products in the US.</p>

EMPLOYEE RECRUITMENT, DEVELOPMENT & RETENTION

<p>HC-BP-330A.1</p>	<p>Discussion of talent recruitment and retention efforts for scientists and research and development staff</p>	<p>CPD (Continuous Professional Development) for chief pharmacists and substitute interim chief pharmacists, 1 to 3 days a year depending on their experience. 2 trained in 2023.</p> <p>Training programme to become an interim chief pharmacist :</p> <ul style="list-style-type: none"> • ½ day per week, i.e. 23 days a year of internal training • 6 days of external training
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RECRUITMENT, DEVELOPMENT & RETENTION

<p>HC-BP-330A.2</p>	<p>1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) midlevel managers, (c) professionals, and (d) all others</p>	<p>Total employee turnover rate for 2023 = 31%</p> <p>Voluntary turnover rate = 20% Involuntary turnover rate = 11% Given the size of our organization, we have not given a further breakdown as it could potentially impact on the privacy of our employees.</p>
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SUPPLY CHAIN MANAGEMENT

<p>HC-BP-430A.1</p>	<p>Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit programme or equivalent third-party audit programmes for integrity of supply chain and ingredients</p>	<p>Not applicable</p>
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BUSINESS ETHICS

<p>HC-BP-510A.1</p>	<p>Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery</p>	<p>None</p>
<p>HC-BP-510A.2</p>	<p>Description of code of ethics governing interactions with health care professionals</p>	<p>Our interactions with Health Care Professionals are governed by the "Certification of promotional information on medication". This certification is closely monitored by all departments with LXO organization thanks to our continuity Quality Management Processes. This certification is successfully renewed each year during the audit by Bureau Veritas</p> <p>Note - for 2023 we did not promote our products in the US.</p>

CONTACT

Questions ?

Contact us by email at:
info@laboratoirexo.fr

