

Sustainability report

Cambrex Karlskoga AB 2022

Our legacy from Alfred Nobel

Alfred Nobel laid the foundation for Cambrex in Karlskoga as early as 1896. For more than a century, we have carried out qualified chemical development and manufacture in the industrial area adjacent to Alfred Nobel's Björkborn - The Nobel Museum. Such long ancestry is accompanied by an understanding of the importance of long-term thinking and acting sustainably. With over a hundred years' experience, we know that an organisation's success and survival are not determined by an individual quarter or year. We also know that we are not judged on growth and financial results alone, but at least as much on the basis of the impact we make on our organisation, our surroundings and our environment. For us, while we continue to be a successful global export company in Karlskoga, it is a matter of course to manage the legacy we have received from Alfred Nobel and to ensure sustainability in everything we do.

THE SUSTAINABILITY REPORT

This document is aimed at those who want a deeper insight into Cambrex' operations, our long-term work with sustainability issues and how we work internally with our staff in relation to health & safety, environmental and climate issues and ethics in our business. The sustainability report is a supplement to the annual report and should be read in that context. Further information about our public policies and guidelines is also available on the company's website: Cambrex.com

The report covers these areas:

- 1. Climate change
- 2. Health, Safety and Environmental work
- 3. Water and use of resources
- 4. Biodiversity
- 5. Working conditions and community involvement
 - social responsibility
- 6. Responsible business
- 7. Cambrex Karlskoga management system

Risks relating to sustainability work are managed by means of continuous improvement in the area and controlled KPIs. The report below explains how Cambrex manages these risks and the table below gives a general overview of the risks involved.

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CAMBREX' SUSTAINABILITY WORK

For us, sustainability means that our products must be manufactured in a way that has minimal negative impact on people and the environment. This also means that we are actively involved in networks and with both local and national partners, e.g. WSP environmental and sustainability network, the industry organisation IKEM and Västra Bergslagens Industri-förening VBIF.

People:

Our motto – Safety first! Putting safety first in all situations means our production should not negatively affect anyone, whether inside or outside the organisation.

All stages of our production are safety reviewed and analysed by experts to ensure that the work involves minimal risk of injury or exposure to chemicals and avoids noise, poor ergonomics and general ill health.

All chemicals used undergo an assessment to find out which safety equipment should be used. A further goal is for all work that involves a risk of exposure to chemicals to be phased out.

Cambrex Karlskoga's operations not only affect the people who work in Karlskoga; our supply chain extends to lots of suppliers and employees.

All suppliers undergo a classification whereby they are assessed across several parameters, including safety, employment conditions and general working conditions. They must furthermore undergo an approved safety audit in order to be able to deliver raw materials and other business-related products to us. Depending on the type of supplier involved, different types of classifications are carried out. Some suppliers are visited on site to ensure requirements relating to safety, quality and environmental issues are complied with.

In order to strengthen our sustainability work, a "Supplier code of conduct" has been developed. This document now forms part of our supplier classification and must be signed and adhered to by our suppliers. Read our "Supplier code of conduct" here: www.cambrex.com

Environment:

At Cambrex we work to reduce our impact on the local environment. As part of our health, safety and environment management system, we regularly identify aspects that may be significant in relation to the environment. We have identified the following areas as significant:

- Emissions to water
- Emissions to air
- Chemical management
- Waste management

Where the environment outside our manufacturing premises in Karlskoga is concerned, we work to reduce our overall impact through cooperation with our suppliers. Read more about this in the following section: Climate change.

Operations in Karlskoga have expanded in recent years and our production capacity is continuously increasing. This places great demands on our organisation as the growing business should not mean a greater environmental impact.

1. CLIMATE CHANGE

Cambrex Karlskoga, like everyone else, is affected by the ongoing climate change, for which the largest contributing cause is increased emissions of greenhouse gases.

While we are working in various ways to reduce our contribution to the climate change that is already taking place, we are simultaneously adapting our operations to cope with the new reality which, among other things, involves extreme heat and precipitation.

Cambrex has calculated its greenhouse gas emissions in accordance with the GHG Protocol Scope 1 and 2 since 2017. In 2022, these calculations were also supplemented with Scope 3. This means that we can now take responsibility for and work to reduce greenhouse gas emissions throughout the value chain.

Cambrex Group Management has set a target to reduce emissions as follows:

Scope	Baseline year	2030 goal (% reduction from baseline year)
1	2018	52%
2	2018	52%
3	2020	42%

All targets have been set in accordance with the Science Based Targets initiative and Cambrex' ambition over the next few years is to have the targets SBTi validated. Reaching these goals will be a challenge, but it is a challenge for which we are well prepared. We have already been working for many years to reduce our climate impact by:

1. Replacing chemicals with more environmentally friendly alternatives.
2. Reducing the use of chemicals.
3. Investing in the production facilities in order to achieve contained manufacturing processes.
4. Conserving energy and working with energy efficiency.
5. Reducing the amount of waste from our operations.

Climate change affects operations in Karlskoga in a number of different ways:

- Periods of persistent heat increase demands on ventilation and in relation to efficient cooling/heating systems for our production facilities.
- Increased water flows in connection with rapid snow melt and brief periods of extreme precipitation have a major impact on our sewage systems and the water treatment plant. The increased water flow affects the efficiency and capacity of the treatment plant. In recent years, a number of measures have been introduced to reduce the amount of extraneous rain and meltwater entering our process wastewater system. The work has resulted in our reducing the amount of extraneous water entering the treatment plant. This work is not finished, however, as it is part of a continuous process.

Our impact:

Cambrex Karlskoga is determined to take responsibility for the impact we have on climate change.

Cambrex calculates its emissions in accordance with the GHG Protocol where emissions are split as follows:

Scope 1: Direct emissions from operations. Emissions within this scope originate from the use of solvents in production, internal transport and from the treatment plant.

Scope 2: Emissions generated by energy use. Cambrex Karlskoga reports the utilisation of electricity and steam in this category. All electricity used is origin-labelled hydropower, which generates zero emissions. Steam is obtained from the combined heat and power plant in Karlskoga and is 88% bio-based.

Scope 3: Downstream and upstream emissions within the value chain.

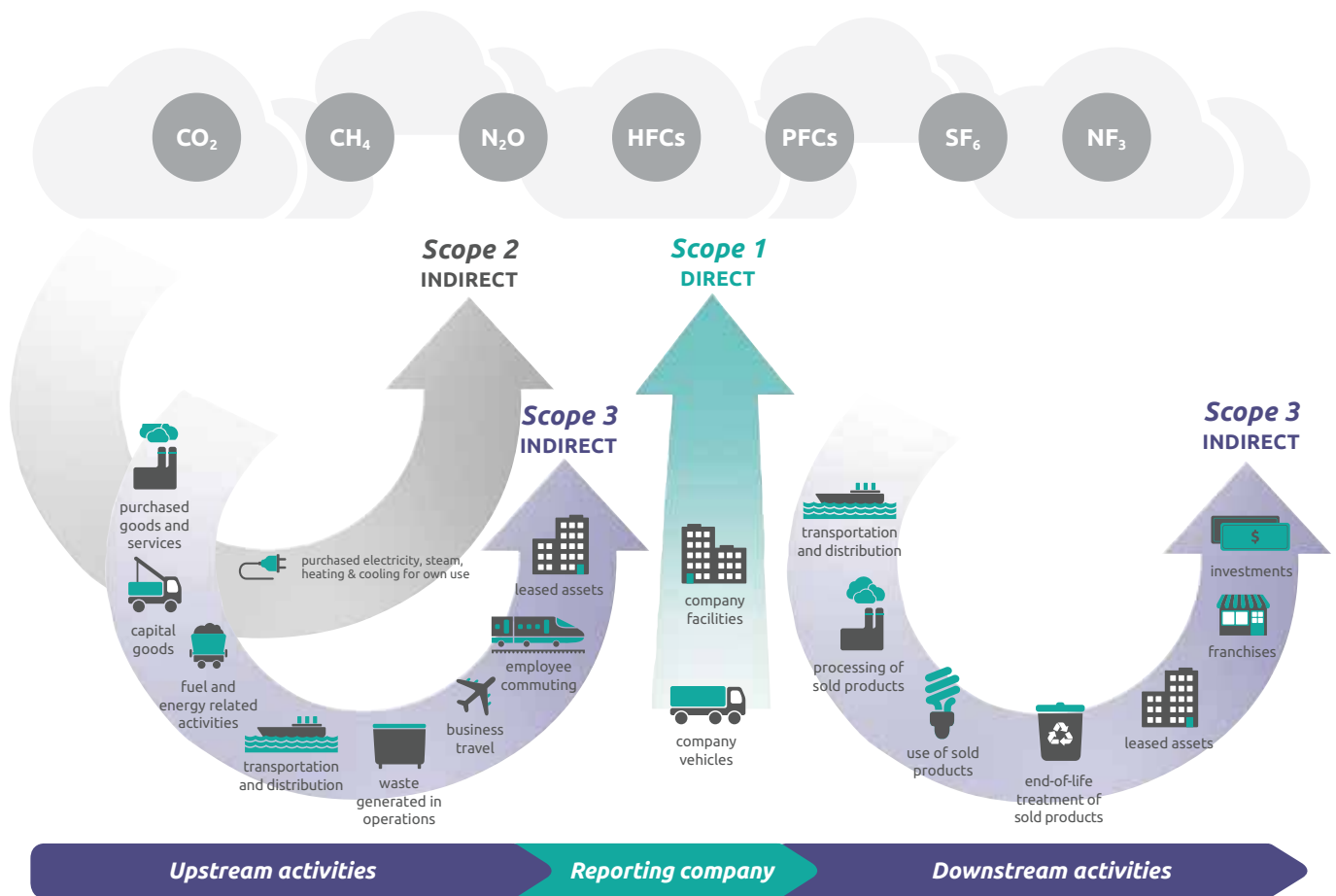
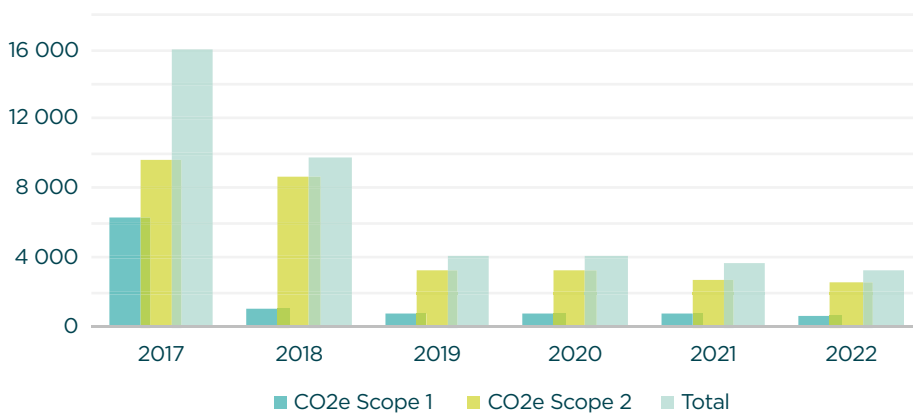


Figure 1. Source: <https://ghgprotocol.org/blog/you-too-can-master-value-chain-emissions>

Greenhouse gases emission (Scope 1-2)





In 2022, Cambrex Karlskoga calculated the Scope 3 emissions that the business gives rise to. The work was undertaken with 2050, a company with extensive experience of GHG calculations.

Scope 3 calculations are based on 15 categories. Of these 15, 3 categories were considered to be relevant to the operations in Karlskoga. See figure 2.

The Scope 3 calculations were performed on data from 2021 and show that approximately 90% of Cambrex' total emissions fall under Scope 3. All GHG emissions and reduction targets will be reported in the 2022 registration to the Carbon Disclosure Project (CDP).

Scope 3 category	Subcategory	Comment
1. Purchased goods and services	Packaging Raw materials Consumable goods Other purchased goods	
2. Capital goods		Excluded/ partly included in category 1
3. Fuel- and energy related emissions		
4. Transport and distribution	Upstream Downstream	
5. Waste management		
6. Business travel		
7. Commuting		
8. Leased assets		Irrelevant.
9. Downstream transport and distribution		
10. Processing of sold products		Excluded.
11. Use of sold products		Excluded.
12. End-of-life treatment of sold products		Irrelevant/ excluded.
13. Downstream leased assets		Irrelevant.
14. Franchise		Irrelevant.
15. Investments		Excluded.

Figure 2. Source 2050 (external consultant)

2. HEALTH, SAFETY AND ENVIRONMENT WORK

Safety is our top priority at Cambrex and is defined in our Safety Policy. The Cambrex Karlskoga management team is responsible for ensuring that the safety policy is firmly established and complied with in all our operations.

Safety policy summary at Cambrex Karlskoga:

- we work in accordance with the motto “Safety first”.
- we work with preventive measures to avoid personal injuries and accidents.
- we meet the requirements of customers and authorities in accordance with applicable legislation and other relevant standards.
- we believe that the basis of our Health, Safety and Environment work is each individual employee’s participation, understanding and competence.
- we maintain open dialogue with the public regarding our business and the risks associated with our business.

The environmental area is managed on the basis of the environment and climate policy. The Cambrex Karlskoga management team is responsible for ensuring that the policy is firmly established and complied with in all our operations.

Summary of environment and climate policy at Cambrex Karlskoga:

- we work through continuous improvement to provide a safe local environment and to minimize our environmental impact.
- we design and develop our manufacturing processes in a climate-efficient way.
- we meet the requirements of customers and authorities in accordance with applicable legislation and other relevant standards.
- we believe that the basis of our Health, Safety and Environment work is each individual employee’s participation, understanding and competence.
- we maintain open dialogue with the public regarding our business and the risks associated with our business.

The company is a Responsible Care affiliate and is committed to working in accordance with its sustainability program.



Part of our annual HSE work at Cambrex is undertaken by means of the HSE plan.

By setting clear goals and making action plans for our environment work, all employees should know which issues are important and what we wish to achieve in both the long and short term. The HSE plan defines visions, goals and activities in the health, safety and environmental field. The focus of the company’s improvement work is in the current year, but visions and long-term goals as well as certain sub-activities naturally extend further ahead.

The HSE plan encompasses the following main areas:

- Safety
- Working environment – exposure to chemicals
- Chemical management
- Emissions to water
- Emissions to air



Safety

No employee should suffer detrimental effects on account of our operations. It is therefore important that the number of incidents is reported, and that they are rectified and communicated in order to avoid serious incidents occurring.

The company's Safety Culture work constitutes continuous improvement, where it is important to be able to take measurements to see that the desired effect is achieved over a longer period of time. On the basis of the KPIs we use for measuring and following up our safety work over time, we can see improved results. Incident reporting has increased – and this is positive in a reporting culture – while the number of serious incidents has decreased.

In 2022, Cambrex Karlskoga carried out several projects and activities to reduce the number of incidents in the workplace.

All production personnel underwent process safety training to increase awareness and knowledge about safety when handling chemicals. The training was highly appreciated by the staff.



Before repairs, maintenance or installation are undertaken at the company, a risk analysis must be performed and a specific work permit issued. A new, considerably more comprehensive form for work permit issue has been introduced. The new work permit forms exercise significantly more control and are sufficiently detailed to ensure a satisfactory risk analysis and increased safety.

In 2022, the company invested in a new modern sprinkler system for our factories and tank storage facilities to increase safety further. This is part of the company's overall plan of continuous safety increase in all our operations. It is expected that the renovation will be completed in 2023.

Expanding the sprinkler system does not simply mean expanding capacity; it also involves developing a plan for what is done with the sprinkler water. We are very proud of all this work and look forward to putting the new installation into operation.

During Safety Week 2022, training was provided for all production staff in order to raise awareness of process safety.

Working environment – exposure to chemicals

In 2022, most working environment measurements were taken in production. Measurements were taken where there was possible risk of exposure to solvent fumes or dusting powder, or possible risk of oxygen depletion during nitrogen handling.

The measurements show that exposure in production is low and that our protective barriers are functioning satisfactorily.

Despite this satisfactory result, production personnel and engineers have nevertheless seen it fit to discuss additional protection or changes in working methods in order to reduce exposure still further.

Chemical management

Chemical management at Cambrex Karlskoga AB includes all physical handling of raw materials, intermediate products, end products and waste. About 12,000 tons of raw materials, 3,000 tons of intermediate products and end products and 6,000 tons of waste are handled annually.

Reviews of the company's chemical management take place each year to ensure safe, secure handling for both people and the environment. To ensure that all personnel who handle chemicals have the skills and information necessary to do this in a safe, risk-free manner, the staff undergo regular training.

In 2022, a number of other activities were also undertaken with the operational staff and emergency services to further enhance safety.

Emissions to air

Emissions to air occur via our manufacturing processes, venting from tanks and from the treatment plant. Reporting of emissions is done as VOC and via the GHG protocol as Scope 1.

The table shows that our emissions to air are gradually being reduced. A further long-term goal of the company is to reduce our VOC emissions as far as technically and financially possible. Where Scope 1 and 2 are concerned, we aim to make reductions of 52% by 2030 (2020 base year).

Area	Outcome 2017	Outcome 2018	Outcome 2019	Outcome 2020	Outcome 2021	Outcome 2022	Goal 2022
VOC (ton)	57	70	52	54	53	48	Permit 80 ton/year
CO ₂ e (Scope 1 and 2)	16 000	9900	4160	4160	2852	2607	2350

Table 1. Emissions to air 2017–2022

Emissions to water

The treatment plant, which is part of Cambrex Karlskoga's operations, handles process wastewater from various operations in the Björkborn industrial area. Emissions to the recipient lake, Möckeln,

are monitored daily. Measurements are also reported to the relevant authorities. The long-term goal of the treatment plant is to have as low an impact as possible on the surrounding environment. The table below shows that we met all our targets for 2022.

Area	Outcome 2017	Outcome 2018	Outcome 2019	Outcome 2020	Outcome 2021	Outcome 2022	Goal 2022
TOC (ton)	180	164	94	83	81	72	Permit 20 ton/month
Reduction TOC (%)	77	78	84	91	91	93	90
Ammonium nitrogen (ton)	53	67	50	75	57 (NH ₄ -) 85 (tot-N)	47 (NH ₄ -) 80 (tot-N)	Permit 15 ton tot-N/month

Table. Cambrex' WWTP (Waste Water Treatment Plant) emissions to water 2017–2022

3. WATER AND USE OF RESOURCES

Cambrex Karlskoga aims to help fulfil Agenda 2030, SDG (Sustainable Development Goal) 6: “Clean water and sanitation for all”, SDG 9: “Sustainable industry, innovation and infrastructure” and SDG 7: “Sustainable energy for all”.



For Cambrex, this means:

- Reducing the use of drinking water
- Increasing the treatment plant's capacity and reduction ratio
- Reducing the use of drinking water, river water and energy in heating and cooling of production processes through innovative solutions such as digitalisation (programming).

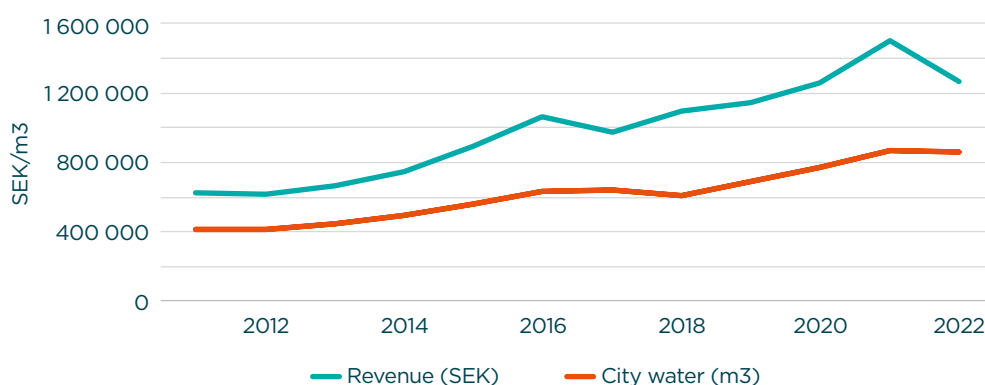
Water use

In recent years, Cambrex Karlskoga has made great efforts to limit the use of drinking water in its processes. Despite the company's considerable economic development of recent years, we have managed to keep our use of water down to a limited level.

We aim to reduce our total water use by 20% by 2030 by:

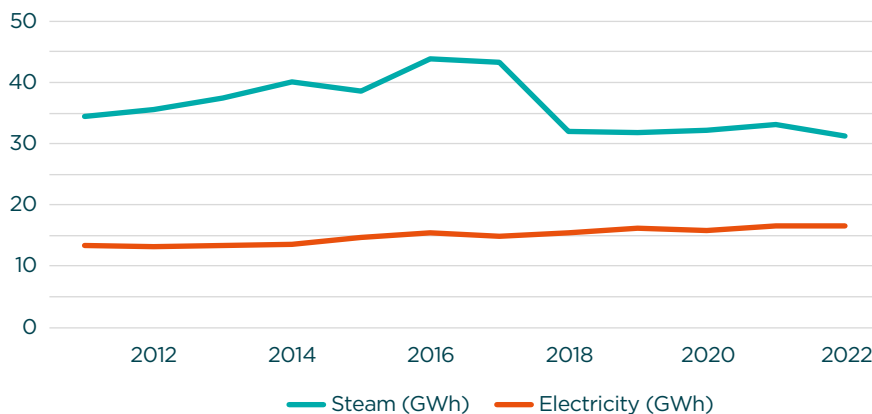
- Measuring all water usage in our production (not just in and out of the company)
- Controlling manufacturing processes so that water is not left on “unnecessarily”
- Installing smart cooling/heating systems

Revenue and City water use 2011–2022



Energy use

Electricity and Steam use 2011–2022



Electricity

Cambrex Karlskoga has been a signatory to an agreement ensuring 100% of electricity use is origin labeled since 2019. This agreement ensures the company uses 100% renewable electricity.

Steam

Cambrex Karlskoga uses steam for heating production processes. The steam is supplied by the Karlskoga combined heat and power plant and is classified as 88% renewable. Cambrex has collaborated with the supplier to increase the use of renewable fuels in steam production. We are very pleased that 99% of the steam supplied by our partner will be from renewable sources by 2025.

Compressed air

Compressed air is supplied by an external supplier at Björkborn industrial park. Cambrex conducts periodic inspections on the compressed air system to ensure leakage and pipeline rifts are kept to a minimum. This serves our goal of reducing energy consumption by the compressed air compressors. Loss of compressed air could have a major impact on production, so extra compressed air containers have been installed to safeguard critical equipment.

Energy efficiency

We work with energy efficiency on a continuous basis, always aiming to reduce the amount of electricity used.

Since 2019, moreover, energy efficiency work has been systematically undertaken in a working group that develops proposals for measures and implements those considered to have the best effect on the business. The working group is also responsible for carrying out energy audits with a certified energy auditor in accordance with the Act on Energy Audits for Large Companies.

Since 2019, Cambrex has implemented more than 25 measures resulting in savings of 9,226 MWh of steam and 1,814 MWh of electricity. In addition, Cambrex saves over 3,000 MWh/year in heating costs as condensate from the production facilities is dealt with through a central heating system for heating buildings.

In addition to pure savings measures, major efforts have been made to increase awareness of energy use by introducing specific measurements. The purpose of this work is to follow energy flows in real time in order to be able to reduce energy consumption still further.

4. BIODIVERSITY



Agenda 2030 SDG 15:
“Ecosystems and
biodiversity”.

As a company, we have the
opportunity to influence
and favour activities that
protect biological diversity

by being actively involved in local environmental
networks and water councils.

All process wastewater that is handled by our treat-
ment plant undergoes an environmental risk analysis
by our chemicals committee before it is treated in the
plant. We are members of Gullspångsälven’s water
conservation association, which has the task of
protecting wildlife in Lake Möckeln and other areas.

We work with our suppliers and partners via our
“Supplier code of conduct” and supplier qualification
process to ensure that they have an active work with
continuous improvement to minimize their impact
on man and environment from their operation.



5. WORKING CONDITIONS AND COMMUNITY INVOLVEMENT – SOCIAL RESPONSIBILITY



Attractive employer

Cambrex Karlskoga strives to be an attractive employer and works to create a positive corporate culture and an environment that encourages creativity, innovation and collaboration. We take active steps to offer our employees career and development opportunities and we believe that freedom with responsibility makes our employees feel motivated and committed.

In addition to competitive salaries, all employees are included in our local bonus programme, which is based on local goals linked to safety, financial outcome and quality.

At Cambrex, we believe the work-life balance is very important. To ease the schedules of everyday life, we have flexible working hours for all daytime staff, the possibility of remote work and a positive attitude towards parental leave. In order to attract employees to Karlskoga, we offer relocation grants and guaranteed accommodation through Karlskoga municipality's business priority scheme. For employees who do not speak Swedish, Cambrex Karlskoga arranges language tuition during paid working hours.

Working conditions

At Cambrex Karlskoga, we work to ensure that all people are of equal worth. For us, it goes without saying that everyone working within our organisation – as an employee, consultant or subcontractor – should be guaranteed the basic human rights established by the UN and the ILO (International Labour Organisation). This means that we have zero tolerance for all forms of child labour, forced labour

and all forms of discrimination in employment. We wholeheartedly support the ten principles of the UN Global Compact and ILO's eight core conventions on human rights at work:

Freedom of association and right of organisation

- Convention 87: Freedom of association and protection of the right to organise
- Convention 98: Right to organise and collective bargaining convention

Forced labour

- Convention 29: Prohibition of forced and punitive labour
- Convention 105: Abolition of forced labour

Discrimination

- Convention 100: Equal remuneration convention
- Convention 111: Discrimination in respect of employment and occupation

Child labour

- Convention 138: Minimum age convention
- Convention 182: Against the worst forms of child labour

No KPIs relating to human rights were developed for 2022. These will be drawn up over the next few years in collaboration with purchasing and supplier assessment and qualification based on the above-mentioned Code of Conduct.

Forced labour

Cambrex Karlskoga strongly rejects all forms of forced labour where someone is forced to perform work against their will by means of violence or threat. The conditions for established industry in the Swedish labour market provide additional safeguards through unequivocal central collective agreements with defined conditions for employment benefits and rules for the start and termination of employment.

Cambrex procedures ensure that all employees have valid residence and work permits. This means there is no risk of Cambrex exploiting illegal labour which is dependent on the company for its livelihood, for example. When employees from other companies within the Cambrex Group are posted to us for a limited period of time, Cambrex Karlskoga is responsible for reporting the posting to the Swedish Work Environment Authority and for ensuring that the employees receive their rights in line with Swedish legislation.

Labour law

Cambrex Karlskoga complies with the laws and regulations that exist for the Swedish labour market where, for example, employment protection, working environment and influence are concerned.

Cambrex Karlskoga is a member of the employers' organisation IKEM and observes its collective agreement. The trade unions with which we have collective agreements are represented at the company through a local board that has the mandate to make decisions and represent its members in negotiations. As the employer, we value our relationship and cooperation with trade unions and we enjoy regular, productive dialogue. It goes without saying that we do not disadvantage employees whether or not they choose to be a member of a union.

Cambrex Karlskoga strives to maintain a culture in which all employees dare and wish to express their opinions and where internal dialogue is used to address any problems that arise in our operations. According to our whistleblower policy persons who have or have had a work-related relationship with Cambrex Karlskoga have the opportunity to report information about misconduct or violations of law without hindrance or risk of reprisal.

Child labour

Cambrex Karlskoga strongly rejects all forms of child labour that do not fall within the framework of ILO conventions (138 & 182) and Principle 5 of the UN

Global Compact. We adhere strictly to the laws and regulations that exist to protect and safeguard the health and safety of children. At Cambrex Karlskoga, we do not usually employ staff who have not reached the age of 18. An exception is made during the summer period when Cambrex offers summer internships to young people aged 16 to 17. The work performed is of a simpler nature, both in terms of load and complexity, and falls under what the ILO classifies as "light work". The work is supervised and coordinated by an appointed manager. All employment of this kind is in accordance with ILO conventions for child labour as well as all current regulations for working hours, working conditions and pay.

Diversity and equality

At Cambrex Karlskoga, we are convinced that differences enrich and contribute to both well-being and increased productivity. We work actively to strengthen our diversity and to ensure that our workplace is free of harassment or violation in respect of gender, disability, transgender identity/expression, ethnicity, religion/belief, sexual orientation or age.

Cambrex Karlskoga has particular focus on establishing and maintaining an equal workplace. For us, this means actively working to:

- give women and men the same rights and obligations
- ensure women and men are paid the same for work of equal value
- establish a more even gender distribution at all levels and functions of the company
- adapt our premises, equipment and protective clothing so that they are equally suitable for both men and women

We value everyone's work on an equal basis and there should be no unjustified pay differences linked to gender. We have open dialogue with union representatives in our annual salary surveys to ensure this is the case and make adjustments if necessary. When recruiting,

employees will be offered the correct salary for the role on the basis of their experience/education. Where gender equality in senior positions is concerned, our vision is that this should reflect the distribution of employees in general. In production, which historically has tended to attract more men than women, the proportion of male managers is also higher. In the same way, we have more female managers in the more female-dominated work groups. At management team level, we have a relatively even gender distribution with 55% women and 45% men.

Healthcare

The company invests in health-promoting activities and offers heavily subsidised on-site massage during office hours and free fruit in addition to a healthcare contribution of SEK 3,000 per employee per year. At Cambrex we have colleagues who are particularly passionate about healthcare and well-being at work. Our Health Inspirers are a group of employees from various parts of the business who encourage commitment and contribute to the health-promoting work at the company. They organise several try-out activities every year as well as running competitions, photo competitions and the standing exercise card challenge. Cambrex Karlskoga also has a well-being group of dedicated employees who organise activities of a more festive nature.

Training and introduction

To maintain our goal of having staff who are motivated to go to work, we need to give our employees the conditions to succeed, develop and perform. For this reason, we strive to offer our employees a wide range of skills development on a continuous basis so that they may take the next step in their personal and professional development with us. To ensure staff quickly feel at home in their new positions, all new employees undergo our internal training programmes. These aim to provide the basic skills and knowledge to be able to perform their work on the basis of our own routines and the require-

ments relating to safety and quality that are placed on our business.

In addition to the basic introduction, some fifty courses directly linked to different work steps and positions are on offer. The broad course catalogue features internal training with competent colleagues as trainers alongside complementary external training schemes. We encourage our employees to be creative and come up with suggestions for activities and training to contribute to their own – as well as the company's – competence and continued development.

Cambrex operates in a strictly regulated industry where our mission is to ensure that the products we manufacture maintain high quality and are thus safe for use by patients. We are subject to the cGMP (current Good Manufacturing Practice) regulations and work continuously with training linked to quality issues. All employees undergo annual GMP training to assimilate the information required to comply with applicable regulations.



In 2022, a number of different mandatory safety training courses were organised. A comprehensive training package in process safety was arranged for our production staff to help them become more aware of safety risks and increase the sense of safety among our employees. For our employees in R&D and QC, a guest lecture in Toxicological Risk Assessment was organised to increase awareness of the risks involved in working with chemicals in lab operations.

The right skills

Cambrex' competent staff is the company's greatest asset and we want to do our utmost to encourage employees to stay and develop with us. Our business is a complex affair and ensuring that we have the right skills is crucial to meeting both internal and external expectations and the requirements placed upon us.

Cambrex encourages employees who want to develop in their current roles or investigate new positions within the company. By offering continuous development opportunities and new challenges, we broaden the company's expertise across all functions and increase the possibility of retaining a staff that continues to develop together with the company.

At Cambrex Karlskoga, the majority of recruitment is undertaken in house. Before recruiting to new positions, the recruitment manager and HR together develop a requirement profile describing the experience and skills necessary for the position. For us, it is important that the link between candidate and requirement profile informs the entire recruitment process, thus facilitating fair assessment of which candidate is most suitable for the role.

When recruiting managers, a so-called Second Opinion is always made on the final candidates by an external company, with the aim of obtaining a broader assessment basis and a more objective assessment of the candidates' potential to succeed in the managerial role.

The company works actively to ensure staff turnover remains at a reasonable level. The ideal for healthy organisations is around 10%. Staff turnover at Cambrex Karlskoga over the past 3 years may be shown as follows:

Year	Staff turnover
2019	8,1 %
2020	8,0%
2021	9,6%
2022	10,2%

In addition to the right skills for the position, we also place considerable emphasis on creating well-functioning teams and groups of individuals who complement each other. All employees in the Human Resources department are trained in Human Resources and certified in the use of tools for personality and capacity tests. As a complement to interviews and reference checks, we use tests and allow candidates to give a presentation in their area of expertise.

Social responsibility

Cambrex works actively to strengthen local associations' opportunities to offer an enriching leisure time, especially to children and young people in the region. The company exercises an active stand for equal sponsorship and distributes its resources equally between women's and men's sports in order to contribute to equal opportunities for both genders to develop in their sport.

Every year, Cambrex Karlskoga awards chemistry scholarships to selected students who complete year nine at one of Karlskoga's three high schools. The scholarship is awarded to students who have demonstrated commendable knowledge and shown great interest in the natural sciences. All scholarship holders are additionally offered summer internships over the next summer period at Cambrex Karlskoga. Cambrex Karlskoga is a member of the association VBIF, Västra Bergslagens Industriförening. Together,

we encourage our municipal politicians to work systematically towards improvements in the business climate, attractiveness of the area as a place to live and education. VBIF highlights the importance of the business climate for a thriving municipality. A good business climate generally makes a municipality more attractive as a place to live, which in turn makes it easier for companies to recruit staff. During the year, and alongside other VBIF member companies, we have organised technology-related practical vocational orientation ('prao') for schoolchildren, corporate safaris for students from nearby universities and participated in recruitment fairs. Cambrex Karlskoga also contributes to strengthening local entrepreneurship in the region through its membership in Möckelnföretagen, an association represented by almost 300 companies and organisations in eastern Värmland.

Business ethics

At Cambrex Karlskoga, we continuously strive to be a trustworthy, reliable partner to all our customers and suppliers. For this to be possible, it is essential that we as a company respect and observe corporate ethical principles and regulations. The highest possible ethical conduct is, and always will be, our standard.

It is mandatory for all our employees to read, sign and comply with the company's ethics policy. It is also our common obligation to report suspected infringements in accordance with the applicable procedures. Employees are encouraged to talk to their manager or other appropriate person concerning any illegal or unethical behaviour that may have occurred.

Anti-corruption

Cambrex Karlskoga is a US-owned subsidiary and is therefore subject to the Foreign Corrupt Practices Act (FCPA – an American law relating to corruption abroad). This US legislation is our guiding light in relation to how we should operate free of corruption and how we should relate to situations that may be, or are, directly linked with corruption.

Organisational and Social work environment

Systematic work environment management is about organising, investigating and following up the work of the business to create a good working environment. Cambrex' diversity policy regulates organisational and social work environment work and the company has zero tolerance of all forms of abuse, discrimination and harassment. Cases of perceived victimisation that come to the employer's attention are always investigated promptly and in accordance with established procedures.

Every manager with personnel responsibility takes a course in Systematic Work Environment (SAM) work and receives training in the company's diversity policy. Moreover, a supplementary description of responsibilities in relation to the work environment as a whole accompanies each manager's job description.

Risks relating to the organisational and social work environment are identified at different levels in the company and with varying frequency. Mapping of the company's greatest risks is undertaken every three years in questionnaire form. This is aimed at all employees and covers all areas in AFS 2015:4 (Organisational and social work environment). A global employee survey in which our employees are encouraged to provide feedback and suggestions for improvements within the business is also conducted annually. Managers and employees also follow up the psychosocial working environment and workloads as part of the annual employee appraisal.

Risk assessments prior to reorganisation, for example, are carried out within the framework of Co-determination in Working Life (MBL) at local or central level within the company in accordance with the Swedish Work Environment Authority's regulations. Through the efforts of attentive, responsive managers in combination with sick-leave monitoring and other preventive measures, we often succeed in identifying employees who feel ill at ease in their work situation at an early stage.

6. RESPONSIBLE BUSINESS

Supplier relationships

An important part of Cambrex' business is to select the right suppliers and contractors to work with so that all work carried out is in line with our ambitions in terms of the environment and climate, as well as social issues and the work environment. Everyone who works on assignment from us shall enjoy good conditions and have a good working environment. Our responsibility upstream in the value chain is safeguarded by selecting suppliers who ensure that their suppliers also act in accordance with the above-mentioned principles.

We strive for long-term, professional supplier relationships that allow us, alongside our suppliers, to pursue the lowest possible total cost. At the same time, being an active customer means we can influence suppliers towards sustainability improvements in their business.

Supplier qualification

Supplier qualification is part of the process safeguarding the quality of products manufactured by Cambrex Karlskoga. Supplier qualification ensures that suppliers have systems in place to guarantee the quality of their product or service. Where goods are concerned, supplier qualification ensures that there are systems for traceability and manufacturing and delivering the correct quality. For services, it ensures that suppliers possess the right skills and appropriate procedures are in place. Qualification also assesses how suppliers work with issues in the areas of health, safety, environment and sustainability.

All raw materials and services used in regular production are purchased from qualified suppliers. The scope of a supplier qualification depends on the category of the product or service and its area of use.

Staff involved in the procurement process receive annual training relating to the "Supplier Qualification Policy", which governs the supplier qualification process.

All qualified suppliers must either sign our "Supplier code of conduct" or be able to demonstrate that they have their own code of conduct that is at least as comprehensive as ours.

Supplier Code of Conduct

At Cambrex, we are committed to being a leading company where corporate responsibility is concerned. This commitment not only has a direct affect on our own operations, but also means being a catalyst for positive change in global environmental sustainability, health and safety, labour and employment rights, business ethics, social responsibility and global trade practices. As a supplier to Cambrex, you must observe this Code of Conduct and work in full compliance with the laws and regulations of all countries in which you operate. Where local laws and regulations may be less stringent than this Code of Conduct, Cambrex' principles should be followed. Failure to comply with internationally recognised standards and the expectations set out in this Supplier Code of Conduct may result in termination of existing supply agreements as well as further business opportunities with Cambrex.

Read our entire "Supplier code of conduct" on our website www.cambrex.com

Supplier audit

Each year, audits are undertaken at a number of suppliers who either supply critical raw materials of various kinds or regulatory start-up materials, or provide services which are similarly critical. These audits are primarily undertaken in relation to quality aspects, but HSE and sustainability practices are also reviewed and followed up.



Ethics and anti-corruption in the procurement process

Cambrex' ethics policy is to be followed by all employees in relation to procurement and contact with suppliers and customers. Employees with tasks in procurement processes receive annual updates in the relevant policies.

We have a systematic procurement process to counteract bribery and corruption, and transparency is safeguarded through the participation in each new procurement process of multiple staff members and different stakeholders from our organisation. Business decisions are to be made on objective ethical and

commercial grounds subsequent to competitive tendering. In our operational work, moreover, each individual purchase order requires approval by persons other than the person who initiated the purchase. The sums of money involved determine the organisational level at which approval must take place.

No KPIs linked to corruption and bribery were developed for 2022. These will be drawn up over the next few years in collaboration with purchasing, supplier assessment and qualification through the above-mentioned Code of Conduct, and on the basis of information reported by means of the forthcoming whistleblower function.



7. CAMBREX MANAGEMENT SYSTEM

Goal setting and operational management - The Company

The general process for managing and running our business is presented in Figure 4.

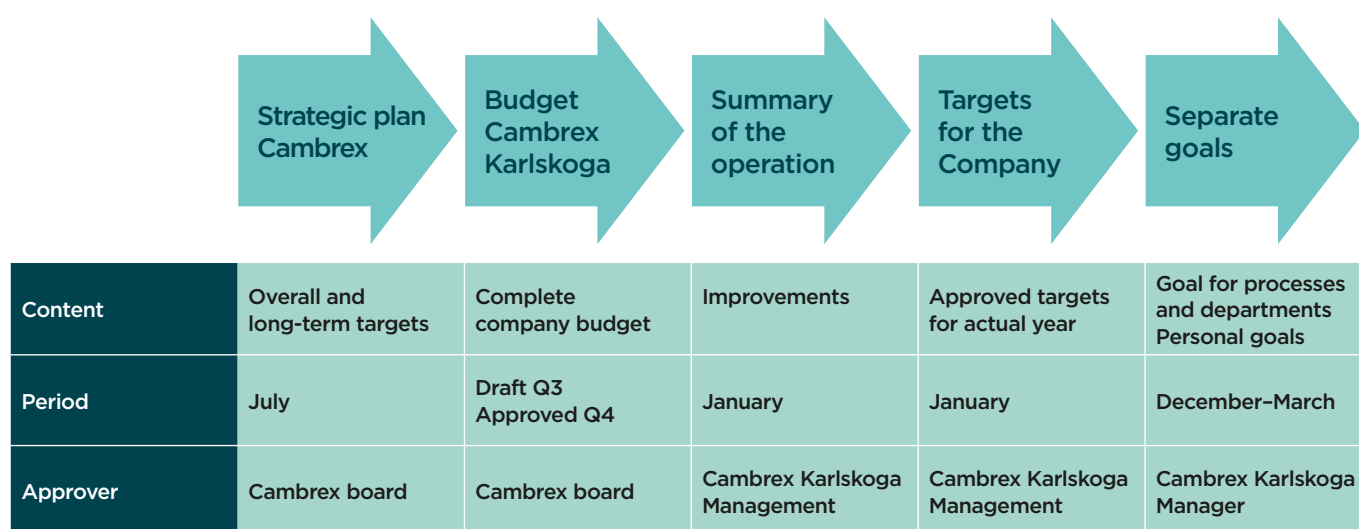


Figure 4. Cambrex goal setting process.

Developed goals (KPIs) are established at various levels of the business. Follow-up takes place on a monthly basis.

Operational control – Pulse:

Day-to-day, operational management is exercised by means of pulse meetings in the operational part of the business. Our pulse meetings are a very important part of our management system for the business.

All production lines conduct standing, brief follow-up meetings at a pulse board each weekday morning. Purchasing/customer service, warehousing and QC also hold daily pulse meetings.

Pulse meetings are conducted at three levels. Incidents and non-compliances relating to safety, environment, quality or delivery/production may be escalated to the next level if necessary. The final level is a summary board for the entire operational business where the pulse meeting is held by the CEO or Production Director.

At the end of each week, all activities are summarized in a newsletter that is posted on the intranet. The summary may be supplemented by the award of virtual “gold stars”, which aim to draw attention to the activities and people who can be held up as good examples of work in accordance with the company’s values.

Safety and environmental management systems

Safety and environmental work at Cambrex Karlskoga is undertaken on the basis of:

- Environmental permits
- Legal compliance
- Our own risk analyses
- Continuous improvement

Goals and KPIs for Health, Safety and the Environment are developed in accordance with the company’s goal-setting process and broken down in the annual HSE plan, see chapter 2 above. HSE work is followed up by means of reports to the relevant authorities and inspections by authorities and customers, as well as internally within the Karlskoga management team.

