



# Sustainability Report 2021



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



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



**Carl-Åke Carlsson**  
CEO & President

## A Letter from our CEO

### At Xellia Pharmaceuticals, Sustainability is embedded in our operations and business practices.

**2021 has been an important year for Xellia** with respect to our progress on our Sustainability activities. We revitalized Xellia's Sustainability Framework and established our new long-term plans, supported with specific activities initiated throughout the entire value chain. On January 13, 2021, Xellia became an official signatory of the United Nations Global Compact (UNGC). Successively, we joined the UN Women's Empowerment Principles (WEP) on March 31, 2021. These are key milestones for us, where we formalized our commitments to the UN Sustainable Development Goals (SDGs).

**At Xellia, we aspire to be a sustainable business** where we add value to society by actively partnering with key stakeholders to address global challenges. Internally, we believe that the whole person comes to work, and as such we engage actively with our employees to ensure that they have a healthy work environment.

I am pleased to reaffirm Xellia Pharmaceuticals' commitment to the UN Global Compact 10 Principles, the 17 Sustainable Development Goals (SDGs), and the WEP 7 Principles.

I hope you will enjoy reading our 2021 Sustainability Report, which outlines our Long-Term Sustainability Targets (2021-2025), our progress, and some key activities that we accomplished in 2021.

Sincerely,

**Carl-Åke Carlsson**  
CEO & President of Xellia Pharmaceuticals

# Xellia's Sustainability Framework

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

**Xellia is committed to conducting business responsibly.**

By being a signatory of the UN Global Compact, we are guided by its Ten Principles and the Sustainable Development Goals (SDGs) to ensure we are on the right path to achieve a better and more sustainable future. We continuously strive to reduce our impact on the environment, protect human rights through safe working conditions, fight corruption and ensure fair labor practices.

**To embed sustainability in the organization,**

Xellia developed seven sustainability tracks that are linked to relevant UN SDGs and cover the whole value chain. We began 2021 by hosting a global webinar on the topic of Leading in a Fundamentally Changing World, to increase awareness on the importance of sustainability to our business, environment, and society.

We were happy to see a large number of participants from our different sites join this webinar, confirming the great interest in sustainability from our employees.

**Each sustainability track also developed long-term targets, and we made great progress in the initiatives defined for the year.**



# Xellia's Business Overview

**Xellia Pharmaceuticals ("Xellia") is a specialty pharmaceutical company developing, manufacturing, and commercializing anti-infective treatments against serious and often life-threatening bacterial and fungal infections.**












**The corporate headquarters** is located in Copenhagen, Denmark and Xellia has a global footprint with R&D, manufacturing and commercial operations across Europe, Asia, the Middle East and North America. Xellia's four manufacturing facilities are located in China, Denmark, Hungary and in the U.S. Xellia operates according to current Good Manufacturing Practice (cGMP) and Xellia's facilities have been inspected by relevant authorities, including the U.S. Food and Drug Administration (FDA).

**With over 115 years of experience,** Xellia is a world-leading trusted supplier of several important established anti-infective drugs. Supplying products to more than 70 countries worldwide and with more than 500 customers internationally, Xellia is the leading supplier of important anti-infectives vancomycin and colistimethate sodium (CMS).

**Xellia's purpose is to save lives by leading the fight against infections.** We work to achieve our goal by prioritizing the patient and through providing a strong and resilient supply of critical anti-infectives. Continuing the Company's evolution, Xellia Pharmaceuticals focuses its R&D investments within inhalable and injectable product technologies, generating an innovative pipeline of value-added anti-infective medicines intended to enhance patient care, providing convenience and ease of use for healthcare professionals.



# Xellia's 2025 Long-Term Targets

Xellia's 2025 Long-Term Target	SDG	2021 Result
<b>Environmental</b>		
<b>50% Carbon neutral energy</b>		62% carbon neutral energy Tool and process established to measure Scope 3 emissions
<b>50% Waste to be recycled, re-used, or prevented</b>		78% waste is recycled, re-used or prevented
<b>100% Assessment of hazardous material</b>		Risk assessments are conducted prior to any new chemicals and products being introduced at our sites
<b>80% Key suppliers aligned with UN SDG principles</b>		Xellia's Responsible Sourcing Policy established Xellia established a sustainability survey, which will go out to our suppliers to track their sustainability performance
<b>Social</b>		
<b>&gt;125 Families supported through the SOS Children's Villages partnership</b>		Approximately 180 families supported Independent employee-driven initiatives took place globally during 2021 Annual Fundraising Event in December
<b>Commitment to ensure an average GpTW (Great Place to Work) metric of &gt;80%</b>		77% GpTW metric in 2021
<b>Ambition to keep Total Recordable Injury Rate (TRIR) incidents per 200,000 working hours &lt;1.0</b>		0.36 TRIR in 2021
<b>Ensuring a representation of &gt;40% women for all managers, HIPOs and successors</b>		36% of managers are women. 42% are women in the total workforce Xellia signed up for the Women's Empowerment Principles Diversity, Inclusion and Belonging (DIB) developed into 3 sub-tracks to concentrate on certain areas in DIB
<b>100% Smoke-free facilities</b>		Campaign on "World No Tobacco Day" globally, focusing on bringing awareness to Xellia's tobacco policy 91.6% smoke-free sites in 2021
<b>&gt;23.5 Million patients treated with our affordable anti-infectives and other critical care medications (in compliance with the AMR stewardship)</b>		Approximately 1.5 million patients treated in 2021
<b>Governance</b>		
<b>100% assigned users trained on the Code of Conduct</b>		100% of the assigned users completed (76/76)

# Environment



**At Xellia we strive to be a sustainable business, and as part of our commitment to support the UN SDGs, we continuously strive to reduce our impact on the environment and to find sustainable solutions in our sourcing, manufacturing, and development practices.**

## **Responsible Manufacturing**

At Xellia, a large amount of our energy consumption comes from manufacturing our critical care products. As part of our sustainability strategy, we set the long-term target of ensuring that 50% of the energy consumed by the manufacturing sites originates from carbon neutral sources by 2025. In 2021, the Responsible

Manufacturing track focused on collecting energy data and setting an energy baseline. This showed that 62% of the energy consumed was obtained from carbon neutral sources. We will revisit our energy consumption target in 2022 and create a more ambitious goal for 2025.

## **Responsible Sourcing**

As part of our ambition to be a sustainable business and by being a member of the United Nations Global Compact, it is important for us to develop and maintain ethical supplier relationships and to ensure ethical working conditions to protect human rights in our supply chain. In 2021, we published our Responsible Sourcing Policy to enforce our principles on business ethics in our supply chain. The policy sets out our expectations for our partners related to the following key principles:

- 1. Fair working conditions**
- 2. Plant and process safety**
- 3. Product safety**
- 4. Fair competition and anti-corruption**
- 5. Environmental impact reduction**
- 6. Supply chain transparency**

To ensure suppliers will comply with the new responsible sourcing policy, in 2022 the creation of a new monitoring system will start. Xellia's Standard Terms of Purchase, which is shared with all suppliers, requires our suppliers to comply with our standards and includes a compliance clause covering human rights areas: anti-corruption and anti-slavery. In the event of non-conformities being identified, they must be addressed through appropriate controls, corrective actions and audits. The supplier must promptly take all appropriate steps to resolve and correct any identified non-conformity. Xellia Pharmaceuticals may also terminate the cooperation.



# Environment



## 2021 Highlight – Recycling

**We are committed to lessening our footprint by recycling, re-using or preventing at least 50% of the total waste generated.**

**To meet this goal, we initiated several activities throughout the company in 2021.**

**Budapest:** Fermentation processes create micro-filter waste sludge, which is collected and sent for recycling. In 2021, 4228 tons of microfilter waste sludge was sent to a company that converts it to biogas.

**Cleveland:** All empty, non-capped borosilicate glass vials from test runs or rejects are collected and sent for recycling. In the past two years, 7.5 tons of glass were sent to a local company that cleans and crushes the glass to be used for generating fiberglass insulation.

**Copenhagen:** In lieu of paying waste costs, the site sells waste electronics to an outside contractor. These electronics are re-used or recycled to create new products. This program not only increases Xellia's effort to reuse and recycle, but also raised money for SOS Children's Villages in Eldoret, Kenya. In 2021, 0.3 tons of electronics were reused, 1.7 tons were recycled. The electronics recycling program provided donations to the SOS Children's Villages Jiggers Outreach Program and to improving sanitary facilities in 5 preschools and daycares in the local communities in Eldoret, Kenya.

**Taizhou:** Solvent regeneration is an effective way to "reduce and recycle". Methanol and ethanol used in our vancomycin purification process generated 1463 tons of hazardous waste in 2021. This waste was collected, regenerated, and qualified to be reused in production resulting in 76% of the total methanol waste and 66% of the total ethanol waste being reprocessed into our production.

**Zagreb:** For the past 2 years, employees have been given the opportunity to buy obsolete IT equipment for personal use. Funds raised from this program are donated to employee driven initiatives for the SOS Children's Villages in Eldoret, Kenya.



Budapest



Cleveland



Copenhagen



Taizhou



Zagreb



# Social

## AMR (Anti-microbial resistance) Advocacy

On January 1, 2021, Xellia proudly became a member of Medicines for Europe, an association that brings together key industry organizations to engage on critical public health concerns. One of the key topics in the association is driving public awareness on AMR. This also enables the opportunity for Xellia to engage with fellow members on improving patient access to anti-infectives.

We continue to be a member of the AMR Industry Alliance and a signatory with the Davos Declaration to actively support AMR Advocacy. In celebration of the annual World Antimicrobial Awareness Week, we hosted webinars for the second year in a row to educate Xellia employees on AMR and discuss the actions we take as a company to be responsible producers of anti-infectives. We also promoted awareness and focused on what each individual can do to help prevent the spread of AMR.

## Healthy Working Conditions

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

We have an integrated, open and transparent culture built on mutual respect, trust and accountability. All employees in Xellia are responsible for treating each other with dignity and respect. This is integrated in our values and is included in our Code of Conduct as well as in specific policies such as the Anti-Bullying and Sexual Harassment Policy.

At Xellia, we understand that the whole person comes to work. Our health and wellbeing have a direct effect on overall workplace safety, productivity and on the quality of work we perform. Our renewed global EHS vision upholds the initiative for a more holistic view of employee health and wellbeing and includes focus on health promotion, ergonomics and stress management.

With the continued challenges caused by the COVID-19 pandemic, our Global COVID-19 Taskforce convened to adjust the company's safety and travel guidelines in alignment with the status of the pandemic and new requirements implemented in different countries.

As several countries started to transition to a new normal, the local COVID-19 taskforces assumed a more active role to ensure that requirements at their local site are in alignment with local requirements and practices. The various safety precautions and practices were proven to be successful by the limited cases of infection transmission reported at our sites.



# Social



## 2021 Highlight – Health & Safety

**During Xellia's Global Safety Month,** we organized events, activities and learning opportunities focusing on the programs and policies that exist at Xellia to keep our employees and our environment safe and secure. This year's event put special focus on emergency response drills and on hazard awareness and identification.

**Our Health and Wellbeing Week 2021** included activities such as; a friendly competition between colleagues around the world with our Global 'Go Far' step challenge, on site First Aid and CPR training, blood drives, vaccination clinic access, exercise classes, healthy diet information, hiking events, and local volunteer activities.



# Social

## Diversity, Inclusion & Belonging

As a truly international company, we benefit from a diverse, multicultural workforce with 41 nationalities globally. In 2021, the Global Diversity team developed activities regarding diversity, inclusion and belonging (DIB).

To formalize our commitment to foster business practices that empower women, Xellia became a signatory to the Women's Empowerment Principles (WEP) in March 2021. Our long-term goal is to ensure a representation of >40% women for all managers, HIPOs and successors.

**In 2021, we had a total of 1781 employees, 756 women and 1025 men** (42.4% and 57.6% respectively). The percentage of women is slightly higher compared to 2020, where 41.5% of the workforce were women.

**Across 291 people managers, there were 104 women and 187 men** (35.7% and 64.3% respectively). Compared to 2020, the number of women people managers has increased, where 33.1% of the people managers were women.

5 GENDER EQUALITY



## 2021 Highlight – Diversity, Inclusion & Belonging (DIB)

**The Gender Diversity team has expanded its scope and evolved into Global Diversity, Inclusion and Belonging, with the core team comprising of representatives from across all Xellia sites.**

In 2021 a main focus has been on gender diversity, and the Global Diversity team will be expanding the scope to include other inclusion and belonging activities to achieve our long-term targets (2021-2025) within this track.

**In 2021, 3 sub-tracks were established within the Diversity, Inclusion and Belonging track, and some of the activities executed within are described:**

**1. Baseline:** During this year's Great Place to Work (GPtW) survey, it is encouraging to see that we had positive figures in terms of diversity. Xellia scored 92% on fair treatment regardless of sexual orientation and race, and 88% on fair treatment regardless of gender. We will continue to work with the results from the GPtW and identify areas where we believe we can improve to achieve even better results in the future.

**2. Policy setting:** With every good intention, there must be policies to enforce. We consolidated local policies on anti-bullying and anti-harassment, to rolling out global policies in these areas.

**3. Awareness and impact:** In the spirit of our value of Zest, we are having fun with being similar but also different, with the introduction of a Diversity Game that brings people together to learn about each other. This game and other initiatives, such as a world map in our U.S. office that shows where people originally come from, encourage conversations about who we are and what a rich culture we form together at Xellia.

# Social

## Philanthropic Engagement - Xellia's Partnership with SOS Children's Villages

Commencing 2021, we signed a new three-year agreement with SOS Children's Villages Denmark to support the SOS Family Strengthening Program in Eldoret, Kenya from 2021–2023. We continue supporting the program, as it is in our DNA to help those in need - especially in difficult times.



Xellia provides an annual donation to the Family Strengthening Program, hosts an Annual Fundraising Event for the employees to provide donations, and in addition several employee-driven fundraising activities take place during the year for specific initiatives to help support the SOS Children's Villages in Eldoret and local surrounding communities. The Family Strengthening Program provides access to essential healthcare and education, and families are assisted with essential everyday needs. This can include materials for their shelter, daily living, healthcare support and schooling, while the most vulnerable families receive supplementary rations of the necessary food types. Through the annual corporate donation made by Xellia during 2021, the SOS Children's Villages Family Strengthening Program supported a total of 440 children and 65 youths, who were at risk of losing parental and family care.



## 2021 Highlight – Xellia's Annual Fundraising Event

**Xellia commenced its 7th Annual Fundraising Event in December**, with the aim of raising funds to support 5 preschool and daycare centers in Eldoret, Kenya with sanitary solutions and in improving the educational environment. Our focus was to help develop the facilities, thereby improving the conditions for quality care and education, and good hygiene. The money raised during the event will be used for renovations, furniture, play and learning materials, and for the construction of eco-toilets and other sanitary and sustainable hygiene solutions. These improvements will benefit up to 700 children attending the preschool and daycare centers.



# Governance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



## At Xellia, we are highly committed to conducting business responsibly and as a company with operations globally, we comply with the requirements set forth by the relevant authorities in all the countries we operate in.

Our commitment to the UN Global Compact and its Ten Principles and SDGs guides us to ensure ethical and sustainable business operations throughout Xellia and with our stakeholders.

**The CEO and President has the ultimate responsibility for Xellia's business and operations, including sustainability.** The CEO has delegated the operational responsibility to the Senior Vice President, Quality, EHS and Sustainability. Each sustainability track is sponsored by a senior leader with the mandate to define ambition and targets, identify initiatives and monitor and drive the required actions to fulfill the

particular track's purpose. These are reviewed on a regular basis in the Sustainability Committee consisting of the Xellia Leadership Team (XLT). The Sustainability Committee ensures that the strategy is consistent with company goals, supports the tracks and continuously focuses on the initiatives.

**To govern Xellia's approach to sustainability** and to confirm our commitment to be a responsible corporate citizen and to conduct business responsibly, Xellia's Sustainability Policy was developed and approved in 2021 by the Xellia Leadership Team. The Sustainability Policy is supported by the following set of subject-specific policies, of which Xellia's operations are guided by daily, including but not limited to the Code of Conduct, Diversity Policy, EHS Policy, Data Ethics Policy, Responsible Sourcing Policy, Tax Policy, Anti-Bribery Guidelines, Whistleblower System Policy, etc.

### Code of Conduct

The Xellia Code of Conduct contains our values and standards for ethical business conduct and reflects our commitment to meeting the expectations of our stakeholders. The code sets out the principles that must be adhered to by all employees within key areas

that are essential to our business, including compliance and fair dealings. The code is designed to assist all Xellia employees in making the right choices when confronted with difficult situations and are intended to remind each employee of their legal and ethical obligations.

It forms an integral part of the terms of employment for every Xellia employee and new employees receive a copy of the Code of Conduct and all senior employees are required to certify their compliance with the codes annually. It is therefore included in our long-term sustainability targets to guarantee that all employees have been trained in the Code of Conduct and to secure a sustainable development. All employees are expected to endeavour to ensure full compliance. Xellia will not tolerate any wrongdoing with respect to the Code of Conduct, and we will support all employees who report violations, as well as those who request assistance or have concerns. Any alleged or suspected cases, where the guidelines may have been violated, are investigated by our appointed compliance function, as stated in the Whistleblower System Policy.

# Governance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



## Data Ethics and Data Protection

**Xellia has implemented policies and procedures related to the EU General Data Protection Regulation (GDPR)** in all areas, which are supported by trainings on our policies. In 2021, The Xellia Data Ethics Policy was also included in the Xellia Sustainability Policy, as it describes how data ethics are considered and included in the use of data and design and implementation of technologies, especially new technologies, used for processing data within Xellia. This policy applies to all employees at Xellia Pharmaceuticals (New Xellia Group A/S and its subsidiaries) and applies to all forms of data processing.

**Xellia requires introductory and annual refresher training on the principles of Data Integrity** – how we maintain and assure the accuracy and consistency of both handwritten and electronic data over its entire data life cycle. Our Data Integrity courses are offered in both e-learning and instructor-led formats, and support Xellia’s policies on data ethics.

### Our data ethical values:

- We work with data minimization and data protection by design and default when we develop new products
- We strive to ensure that our use of data is not discriminatory towards e.g. gender, ethnicity, or communities
- We work with data in an open and transparent manner
- We strive to ensure that data is not used in a way which misleads customers
- We strive to ensure that our users get as much value as possible out of the data we collect
- We are conscious that the data we collect can be of use for some, a burden for others and be misused unintentionally
- We strive to ensure diversity in our staff with data expertise – in terms of skills, environment, and background
- We strive to ensure that we possess the necessary competencies to handle data ethical dilemmas
- We strive to ensure that our partners process data the way we would ourselves in compliance with the GDPR and our standards



# Governance

16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



## Anti-Bribery Guidelines

**At Xellia we value integrity and openness, and we are committed to a high level of compliance in all aspects of our business.** Based on this we expect from ourselves not to participate in bribery or corruption under any circumstances. We meet the same expectation from our customers as well as our owners and from legislators around the world. As such there is a risk of reputational damages and monetary fines if our anti-bribery guidelines are not followed.

Xellia's anti-bribery program aims to ensure compliance with applicable laws and regulations, covering amongst others, the following areas: interactions with healthcare professionals and healthcare organizations, sales and marketing of our products, third party management and risk screenings, and gifts and hospitality. This includes periodic risk assessments, due diligence procedures for agents and other certain business. All relevant employees receive regular training in the program and training in anti-bribery and anti-corruption is part of our Code of Conduct training. Xellia will continue with periodic risk assessments, due diligence procedures and employee training and regularly assess if further activities are required.

## Whistleblower System Policy

**Xellia's Whistleblower System has been established to substantiate and support Xellia's commitment to ensuring responsible and ethical business behavior in accordance with Xellia's Code of Conduct.**

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

## Conflict of Interest

**It is imperative that business decisions are made independently from conflicts of interest and on an objective basis to maintain our good reputation.** We have established procedures including the pre-approval of any 'related party' transactions by the Board of Directors, as well as an annual certification of compliance by all senior employees.



# Global Sustainability Commitments

**Through the memberships and engagements with the following organizations and sustainability initiatives, Xellia commits to its sustainability principles to ensure a sustainable development.**

- Antimicrobial Industry Alliance
- ILO Declaration of Fundamental Principles of Rights at Work
- Medicines for Europe
- SOS Children's Villages, Denmark
- UN Global Compact
- UN Women's Empowerment Principles
- UNFCCC 2015 Paris Declaration
- Universal Declaration of Human Rights
- 2030 Agenda and the UN SDGs

