

Julphar



ESG Report

2023

Gulf Pharmaceutical

Industries Co. (P.S.C.)

About this Report

Report overview

This 2023 ESG Report for Gulf Pharmaceutical Industries Co. (P.S.C.) hereinafter known as Julphar is aimed at all Julphar's stakeholders. It is the fourth report of Julphar on key environmental, socio-economic and governance topics of relevance to Julphar and its stakeholders. This report is the main vehicle for disclosing nonfinancial information externally. It contains information that is material or decision-useful to Julphar's stakeholders.

Reporting period and frameworks

- Julphar has reported the information cited in the GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards
- In line with the requirements of Abu Dhabi Stock Exchange's Environment, Social, and Governance (ESG) Disclosure Guidance for Companies
- With mapping to the UN SDGs

Data management

Data in this report was collected from different departments as part of the preparation of this report. Due to inherent measurement uncertainties, some of our disclosures in this report are estimated or based on assumptions. Moreover, some figures in this report have been rounded up or down. Percentages may have been calculated using rounded numbers.

Reporting topic boundaries

This report covers our activities in the UAE, including our head office and manufacturing plants. Unless otherwise stated, our suppliers' data was not included.

This report was approved by the authorized management and Chief Executive Office prior to its publication. This report was not assured by a third-party.

Contact point for the feedback on the report

At Julphar, we value the views and opinions of our stakeholders, therefore we encourage and welcome your feedback and comments on the content of this report.

Please contact us at: julphar@emirates.net.ae



CONTENTS

04	Introduction
10	About Julphar
20	Governance & Risk Management
30	Economy
40	Environmental Performance
46	Society
58	Appendices

01 | INTRODUCTION

- Chairman's letter
- CEO's letter
- 2023 at a glance

Introduction

Chairman's letter



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We continue to be committed to bringing sustainable value to the patient community by providing innovative, high quality, accessible and affordable pharmaceutical products.

**Sheikh Saqer Humaid
Abdulla Alqasimi**
Chairman

2023 was a milestone year for Julphar. We moved ahead with the implementation of our Strategy 2030, which we launched last year, with the objectives of growing our products portfolio, expanding our geographical presence, strengthening our in-house R&D and exploring new emerging therapeutical areas. Our contribution to the “We the UAE 2031”, across the economy, society, and public health is solidified by our position as one of the leading pharmaceutical companies in the region. Our achievements support in driving the development of an integrated and accessible healthcare system, along with the economic diversification and growth of the UAE and underpinned by our well-established products portfolio.

The successful implementation of this new strategy will be critical to spur our sales and profit trajectory in the coming years.

We continue to be committed to bringing sustainable value to the patient community by providing innovative, high quality, accessible and affordable pharmaceutical products. As one of the largest pharmaceutical manufacturers in the Middle East and Africa, the success of our strategy means that more people are able to access quality and affordable healthcare products.

In particular, in 2023, we invested in new technological equipment, we focused on enhancing our in-house R&D, we launched new products in line with patients' need, and we increased the presence of our products in pharmacies around the GCC.

We understand that our role in the healthcare sector is not just about producing top-quality, cost-effective generic medications that benefit our customers. It also revolves around building an organization that is sustainable and socially responsible. Our ESG commitments drive us to ensure that the same vigilance we apply to producing high-quality pharmaceuticals is also applied to reducing our environmental footprint, recognizing the importance of our people and communities, and keeping transparency and ethics in our corporate governance.

I am very thankful to our shareholders, employees, customers, and business partners for the confidence in our company and I look forward to the next phase of our journey.

CEO's letter



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Our investment in our R&D capabilities to advance our products while complying with regulations and upholding the highest ethical standards is pivotal to maintain our leading role in the industry.

Basel Ziyadeh
Chief Executive Officer

We are pleased to present our Environmental, Social, and Governance (ESG) report detailing our efforts, and progress toward our commitment to not only producing quality, accessible medicines, but also creating a sustainable and transparent future.

Julphar's strategy is centered around contributing positively to healthcare, and our approach to ESG is integral to ensure sustainability is firmly embedded as a cornerstone in key areas of our business.

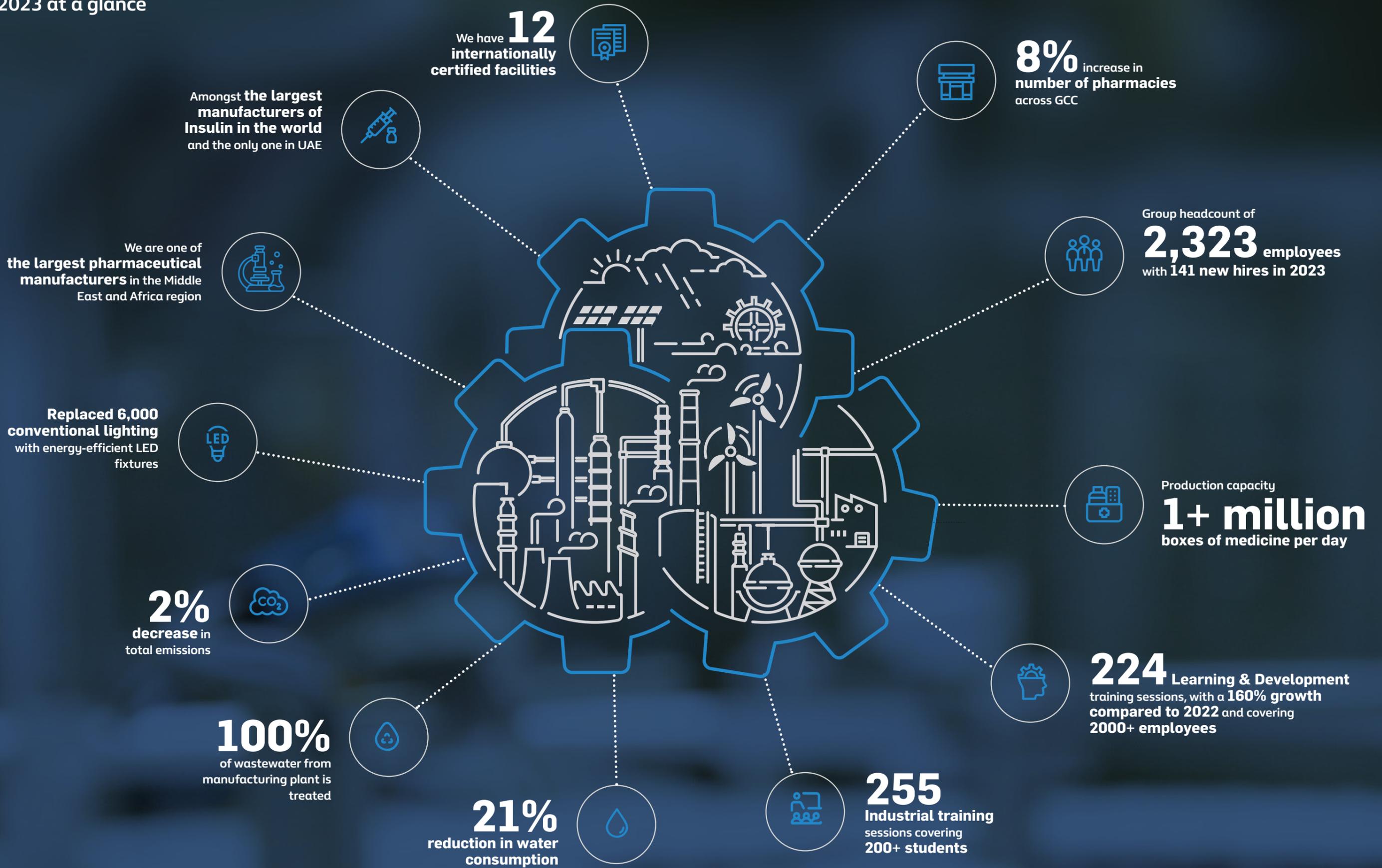
In this fourth ESG report, you will find information about our endeavors to mitigate our environmental impact through our sustainability initiatives focusing on energy and water. Furthermore, we showcase our efforts to uphold our commitment to societal well-being by putting the health and safety of our employees and customers at the center of our decision, and our adherence to conscientious governance through our robust and coherence policy systems.

We thank each one of our stakeholders for their continued faith in our vision and their support for our strategy. We believe it is our collective responsibility to drive change towards a more sustainable future.

Thank you for joining us on this journey and contributing to our vision of a healthier world and a more sustainable tomorrow.

Alongside these achievements, we continued to deliver on our environmental, social and governance (ESG) commitments. We attain to decrease our negative impact on energy, water and waste, and promote an equal and diverse work environment for our employees to strive and develop. Nevertheless, our investment in our R&D capabilities to advance our products while complying with regulations and upholding the highest ethical standards is pivotal to maintain our leading role in the industry. More details on these areas can be found in this report.

2023 at a glance



02 | ABOUT JULPHAR

- We are Julphar
- Value chain
- Our strategy
- ESG integration at Julphar





About Julphar

We are Julphar

Gulf Pharmaceutical Industries Co. (P.S.C.) (Julphar) is one of the leading pharmaceutical companies in the Middle East and Africa. Our company was established in 1980 under the guidance of His Highness Sheikh Saqr Bin Mohammad Al Qasimi and is currently headquartered in the Emirates of Ras Al Khaimah, UAE.

Our business is centered on a core business unit, Generic Medicines and Specialty Products. Our medicines target major therapeutic segments including Diabetes, Gastrointestinal Tract (GIT), Respiratory, Pain Management, Wounds and Scars, Anti-infectives, Anemia, Gynecology, Dermatology, Erectile Dysfunction and Cardiology.

While our first stand-alone facility produced five products, today, our production capacity surpasses 1 million boxes of medicines per day, through 12 internationally certified facilities in the Middle East. We employ more than 2000 people and distribute our products to more than 40 countries on five continents. We are also one of the world’s largest producers of insulin – and the only one in the UAE – thanks to our state-of-the-art UAE-based biotechnology facility, with capacity to produce the equivalent of 9 million vials of insulin per year.

Throughout our history, we have remained dedicated to quality healthcare and to expanding our reach to improve patients’ lives across the region and worldwide.

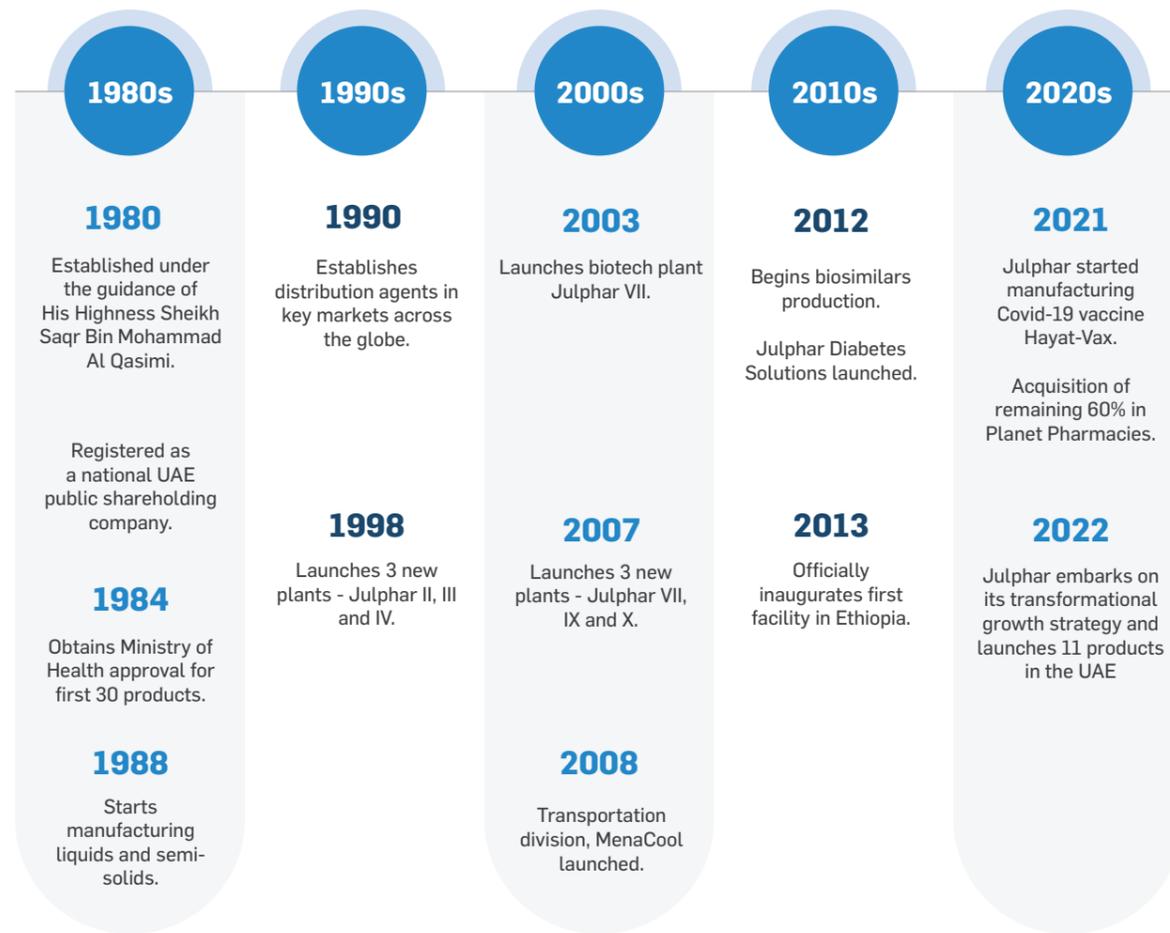
Branded generic and specialty medicines

- Our products adhere to rigorous standards, mirroring those of the original branded medicines, and deliver equivalent efficacy to patients.
- We offer over 120 brands across key therapeutic areas and remain dedicated to expanding our portfolio to ensure patients have access to top-quality products.

Our aspiration to lead the industry, our dedication to our mission, and the growing demand for high-quality yet affordable medicine have propelled our expansion over the years. This expansion has enabled us to offer a wide array of healthcare products catering to diverse medical needs of patients. Below you’ll find a detailed breakdown of our extensive product categories and capabilities. While the table exclude the production of raw materials for diabetes, which are sold externally, it does cover the raw material materials required for our in-house production of finished goods.

Production capacities of each product category across all regions, country, or markets	Unit	2022	2023
Ampoule	MT	8	9
Capsule	MT	15	15
Cream/Ointment	MT	43	43
Drops	MT	11	11
Liquid Vials - Jusline Epotin	MT	1	1
Lyos Vials	MT	10	10
Powder Vials	MT	25	25
PPS	MT	12	12
Suppositories	MT	14	16
Suspension	MT	23	23
Syrup	MT	28	33
Tablets	MT	69	68

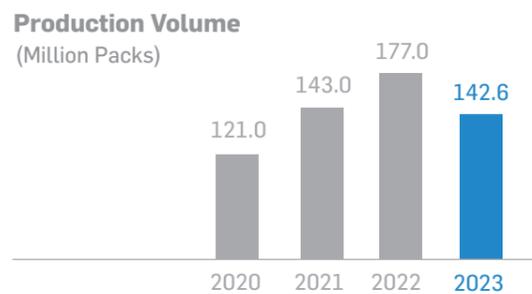
Our journey so far has been marked by considerable and transformational milestones for the pharmaceutical industry in the region.



Value chain

As highlighted in our **Strategy 2030**, our plans to expand our geographical presence and to launch new products reflect our commitment to build a resilient healthcare system in the UAE and in the markets where we are present. Julphar is present worldwide with 12 internationally certified manufacturing facilities globally and a local manufacturing facility in Ethiopia equipped with advanced machineries and technologies to ensure high quality medicine offerings. We have over 3,000 product registration certificates and a production capacity of nearly a million boxes of medicines daily. In 2023 we produced 142.6 Mn packs with Mebo, Triaxone, Risek, Epotine, Amedramine, Julmentine, Vancolon, Azomycin, Cefozime and Adol our key offerings and with plans to boost production further in 2024 to reach 150 Mn packs.

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To ensure our products accessibility to patients, we have established a robust distribution network and increased our distribution points by 8% compared to 2022 with a total of 279 pharmacies spanning across Gulf Co-operation Council (GCC).

We have a vertically integrated structure in the MENA region whereby we manufacture, distribute, and sell our own products. This structure enables us to control key aspects of our supply chain and translates into competitive pricing, efficient delivery, and quality products.

Therefore, we have two subsidiaries that represent key parts of our value chain:



MenaCool, our transport division, carries out transportation service by land within the UAE as well as countries across the Middle East and ensures that our medicines are transported with integrity and safety from origin to end point. This transport division operates a fleet of 40 temperature-controlled trucks as per the guidance of our UAE headquarters.



Planet Pharmacies is a pharmaceutical retail and one of the leading pharmacy retail chains in the region. It is a vital part of Julphar's value chain. It operates 279 retail pharmacies in the UAE, Saudi Arabia, and Oman, as well as offers distribution services in the UAE and Oman employing more than 1,140 people. It serves a range of product segments within the healthcare sector including pharmaceuticals, nutraceuticals, and medical devices.

Our strategy

Our **Strategy 2030** defined our path to strategic sustainable growth and is founded on six pillars curated with our patients in mind. Every action we take ultimately reflects our commitment to serving patients and improving their lives. We aim not only to drive successful growth but also build a stronger connection with our key stakeholders, including patients, healthcare professionals and investors.





Maximizing Revenue from Current Product Portfolio

Achieved consistent growth in revenues in recent years and we remain on track to triple our revenues in the coming years as well from our legacy products.



New Product Launches

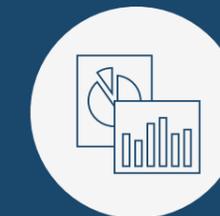
Launch more than 100 new products by 2030 by capitalizing on our in-house R&D capabilities, and new licensing agreements with top-tier pharma partners.



Geographical Expansions

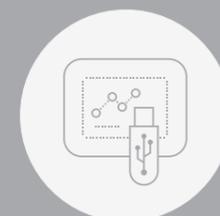
Enter new territories and key pharma markets including CIS (Commonwealth of Independent States) countries, Turkey and in Africa.

Necessary Good Manufacturing Practices (GMP) approvals including from Pharmaceutical Inspection Conventions (PICs), the World Health Organization (WHO) and the other countries are under preparation which will enable us to expand our business into new strategic regions.



Strategic Business Initiatives

Partner with local Pharmaceutical companies to address manufacturing needs in specific markets.



Advanced Specialty Products Initiative

Venture into well-defined new therapeutic areas, including future treatments for Oncology, and Immunology drugs.

Expanding into the biotechnology space.



Inorganic Growth Initiatives

Explore product acquisition opportunities and forge strategic relationships with global institutions to expand our portfolio, maximize market access and increase market share in our core countries.



ESG integration at Julphar

What ESG means to Julphar

At Julphar, we believe healthy communities are built on the well-being of individuals. This belief, rooted in our values, drives us to operate with responsibility and ethics at every step. We understand that environmental, social, and governance (ESG) issues deeply impact both society and our business. For patients, this means ensuring access to affordable, high-quality medicines in a healthy environment.

In fact, we believe that embracing ESG does not only minimize harm, but fuels progress and socio-economic value creation. We also believe that prioritizing ESG practices enables us to perform better, decrease ESG-related risks, and deliver better financial results. These benefits translate into greater financial resources for research and development, leading to faster advancements in life-saving treatments and innovative healthcare solutions for patients.

Contribution to sustainable development (national and regional)

'We the UAE 2031' aims to translate the vision of His Highness the President of the UAE for the nation's future into a tangible reality. The vision articulates four national priorities - forward society, forward economy, forward diplomacy, and forward ecosystem.

At Julphar, we are committed to contribute to this ambitious vision through our Strategy 2030. We also align with the Sustainable Development Goals (SDGs).

Forward society

We strive to be a pillar in championing the UAE as a global destination for health services. Our contribution is underpinned by imparting the latest technological advancement and investing in the development of our people's capabilities. Our position as a leading pharmaceutical company in the region enables us to assist in building a resilient and high-quality healthcare system and contribute to health security. Furthermore, our expanded and accessible portfolio offerings ensure the physical health of our community.

We endeavor to empower our people by providing them with continuous development and learning opportunities which in turn spur innovation and advance our R&D accomplishment. Our achievements in R&D translate into new products, enabling us to leave a greater impact on the healthcare system. Additionally, our partnerships with leading universities and organizations across the UAE and the Middle East, our scholarships and specialized training at our own center empower young graduates and students, preparing them for a sustainable future.

Forward economy

We believe that prosperous economies are built on healthy community, therefore our role as a pharmaceutical company is pivotal to support the economic growth of the UAE. On one hand, our pharmaceutical products ensure healthy individuals which in turn drive increased economic productivity, and boost revenue generation. On the other hand, our contribution to the UAE forward economy is characterized by creating job opportunities, nurturing Emirati and national talents in an advanced and innovative environment and boosting non-oil exports.

Julphar material ESG topics

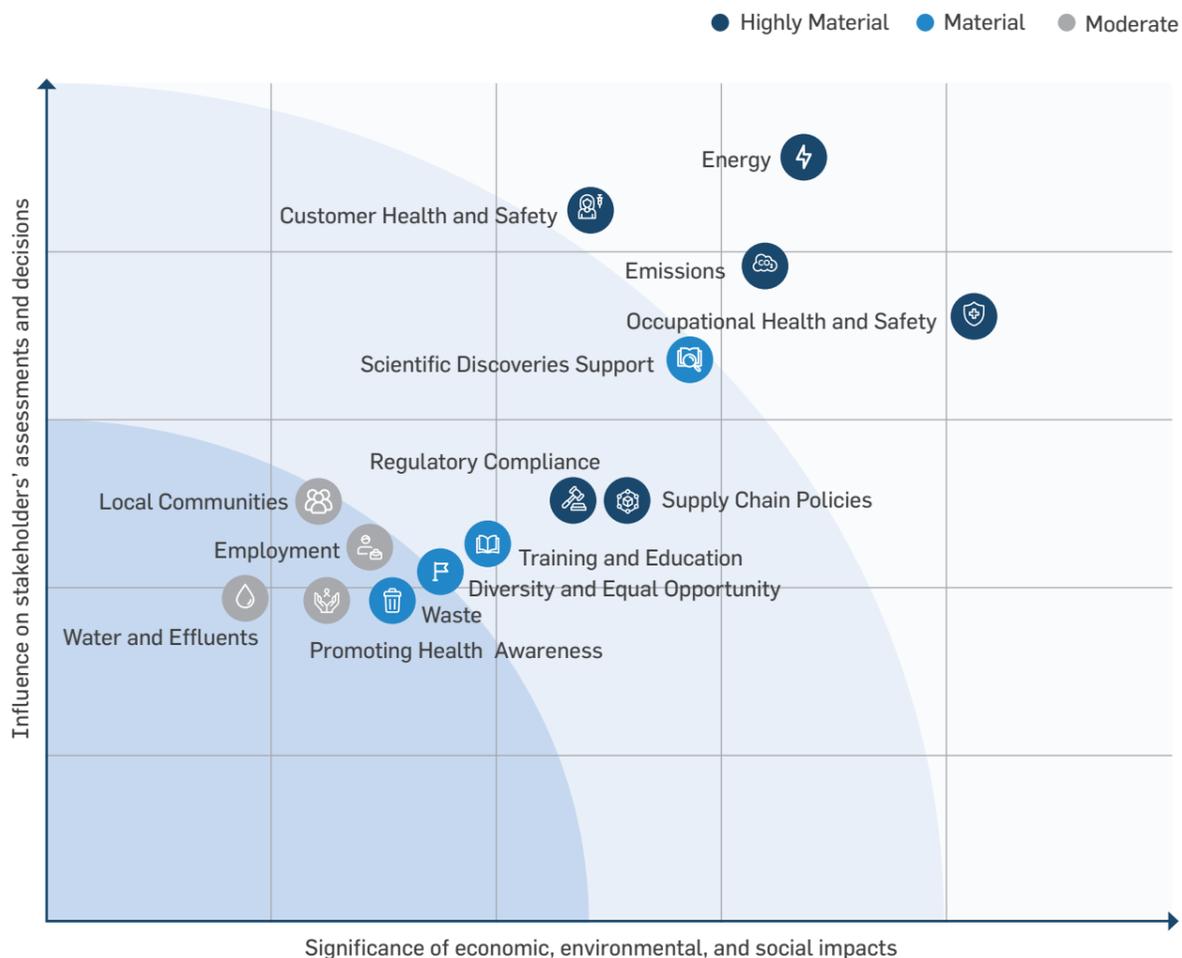
Understanding and addressing the most pressing ESG issues remains at the core of Julphar. The prioritized topics are pertinent to ensure we carry our operations responsibly, ethically, address our stakeholders' concerns and create long term value.

A benchmark analysis was conducted to identify the

ESG topics most material and relevant to the generic pharmaceutical industry, to determine if our materiality matrix should be refreshed. As a result of our analysis, we noticed some overlap between our material topics identified in 2020 and peers in the industry. Since our business model has not changed over the last three years, we concluded that our materiality matrix remains valid for 2023.

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Materiality Matrix



Engagement with our stakeholders is an essential aspect of our approach as a pharmaceutical manufacturer. Our stakeholders include our patients, employees, regulators, healthcare industries, non-governmental organizations, global health organizations, suppliers, as well as the investors community. Each of them plays a

key role in shaping our strategic goals and corporate responsibilities.

By actively engaging with them, we are able to identify their needs, concerns, and expectations, which allows us to better align our strategic planning, product development, and ESG initiatives.

Stakeholder engagement

Stakeholder Structure	Channels of Engagement	Focus Areas
Patients	Interactions facilitated by patient advocacy groups.	<ul style="list-style-type: none"> Quality production and quality care Access to health and medicines
Employees	Annual employee satisfaction surveys, roundtable conferences, reviews of performance metrics, training events, town hall meetings, and team meetings.	<ul style="list-style-type: none"> Improvements in employee engagement Workforce analytics Training and development Emissions, effluents, and waste Diversity, inclusion and equal opportunity Data privacy and security Employee health, safety, and well-being
Regulators	Collaborative participation and discussion on public policy.	<ul style="list-style-type: none"> Accessibility of health and medications National development Quality manufacturing and patient safety Corporate governance Emiratization Environmental impacts Socio-economic impacts
Healthcare Industry	Contribution to industry associations.	<ul style="list-style-type: none"> Quality production and patient well-being Pricing Pandemic readiness and disaster relief
Non-profit organisation	Cooperation with community partners and collaboration with respect to social and environmental initiatives.	<ul style="list-style-type: none"> Addressing the environmental and socio-economic impacts of our operations of emissions, effluents, and waste Community development campaigns and workshops CSR activities
Global health leaders	Interactions with global health governance organizations, participation in global health congresses and meetings.	<ul style="list-style-type: none"> Accessibility, affordability and availability of quality healthcare Pandemic preparedness and catastrophe relief Climate action and resilience Patient safety and high-quality production Responsible supply chain
Customers	Tenders, questionnaires, surveys, audits.	<ul style="list-style-type: none"> Transparent and agile supply chain management Quality manufacturing, patient safety Excellence in service and high-quality products
Suppliers	Questionnaires and audits.	<ul style="list-style-type: none"> Management of environmental matters, such as, waste management, low carbon emissions, etc. Business ethics Responsible human rights practices Transparent and agile supply chain Data privacy and security High-quality raw materials
Investors	Investor outreach, presentations and conferences, regular meetings with various investor groups, and participation in ESG rankings and ratings.	<ul style="list-style-type: none"> Intellectual property Corporate governance Climate action and resilience Business ethics Anti-bribery and corruption Access to health and medicines Pricing

03 | GOVERNANCE & RISK MANAGEMENT

- Organization vision, mission & values
- Corporate governance & organizational structure
- Risk management approach
- Business ethics & culture
- Regulatory compliance



Governance & Risk Management

Organization vision, mission & values

VISION

“To become a leading pharmaceutical company, recognized internationally for innovation.”



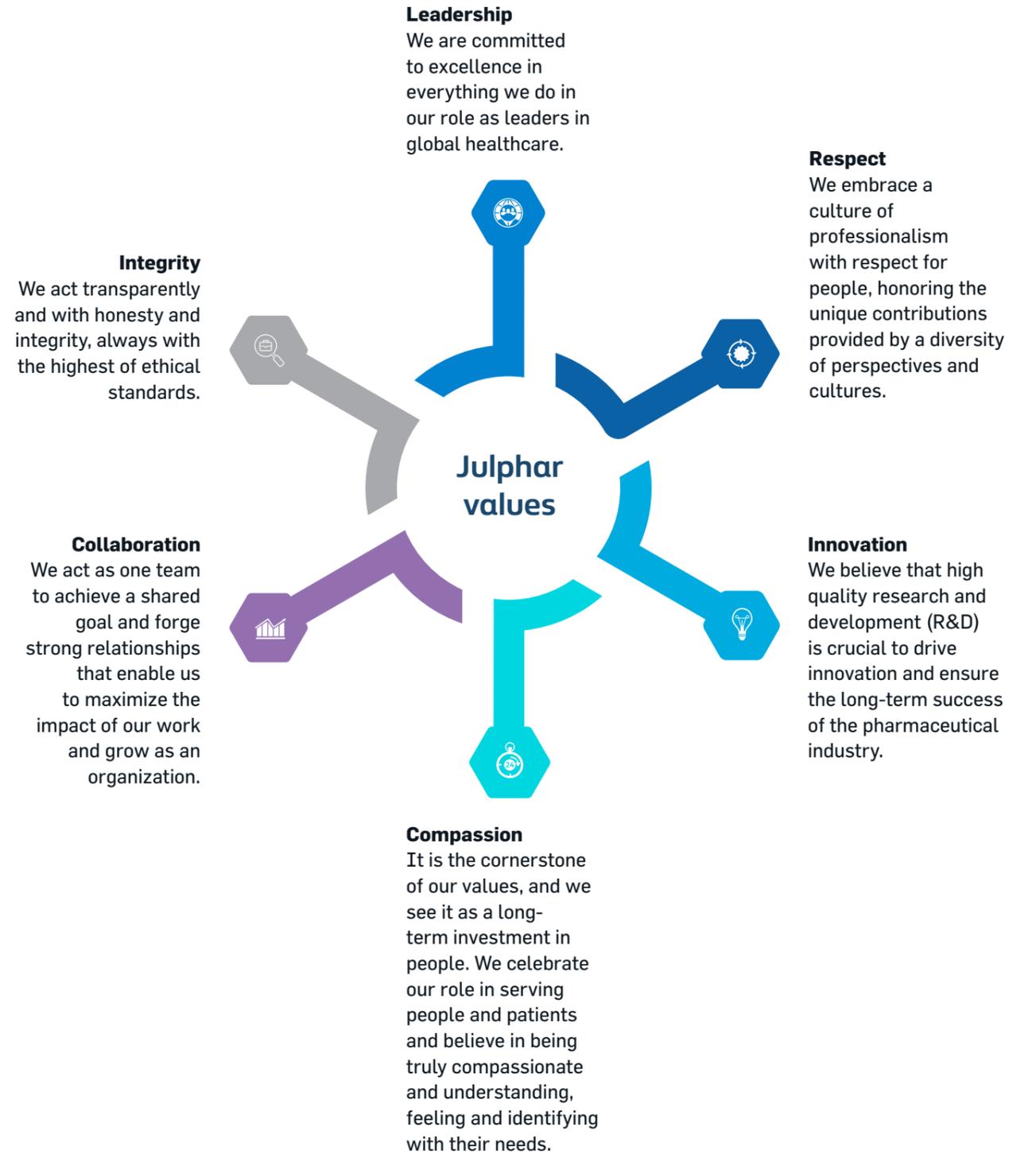
MISSION

“We strive to provide a better quality of life for the entire family, by delivering best-class solutions and real values with compassion and professionalism.”



VALUES

“We have a rich heritage, and our business is part of the UAE’s fabric.”



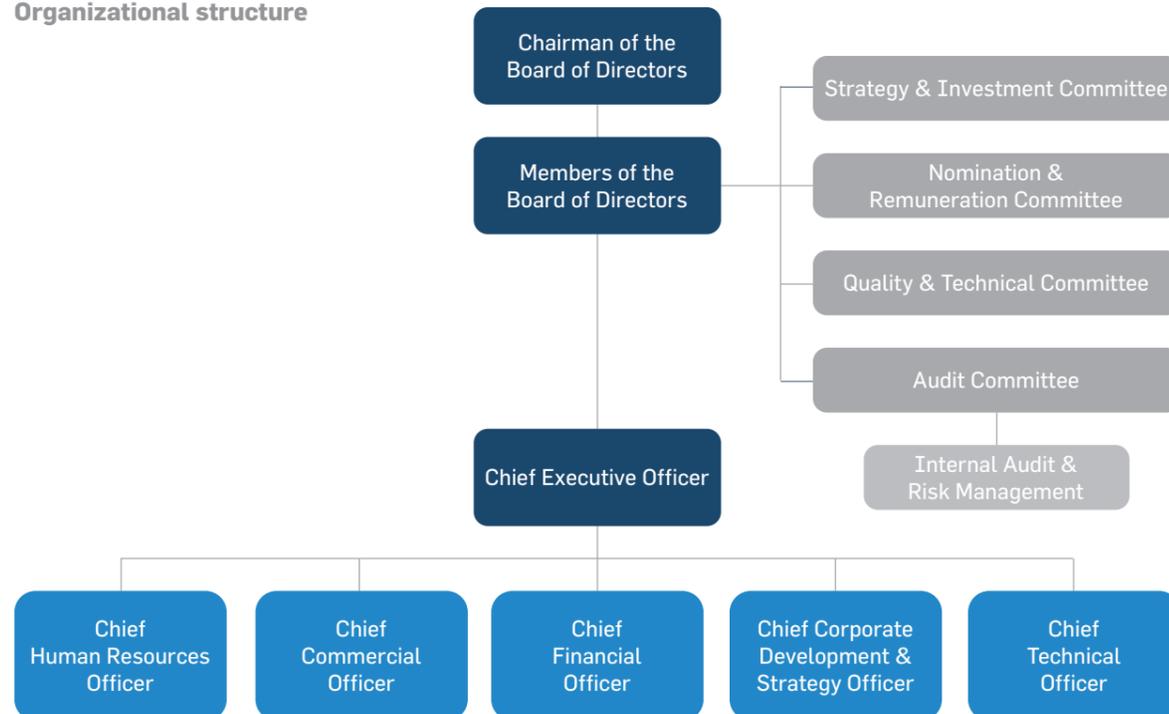


Corporate governance & organizational structure

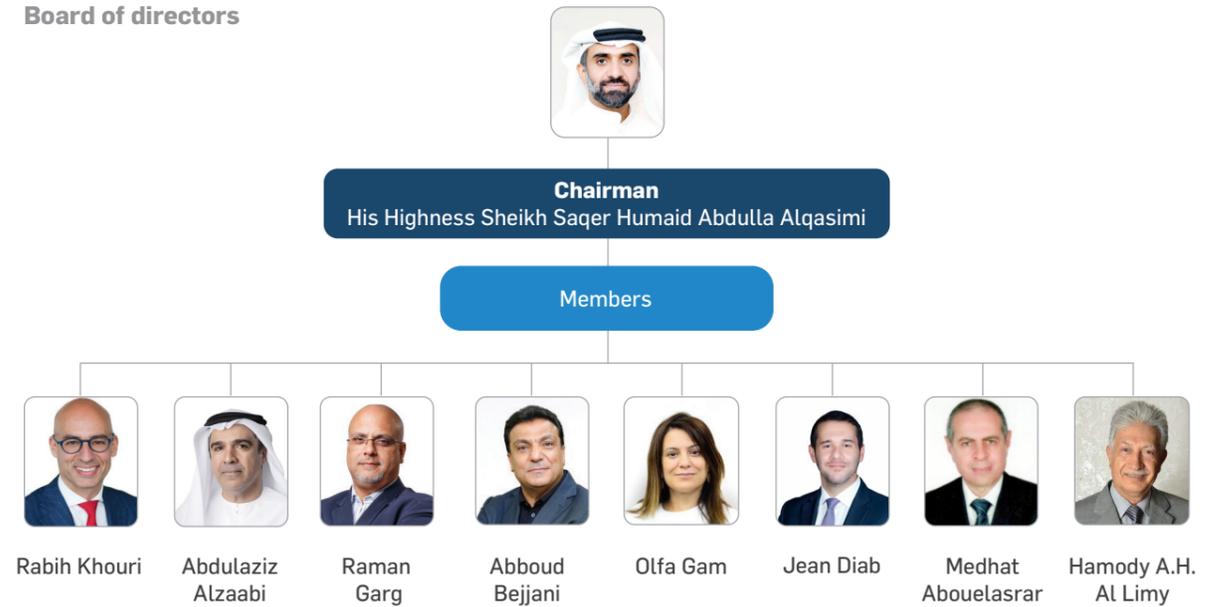
Julphar's success hinges on the guidance of our dedicated Executive Management team. These individuals are entrusted with navigating day-to-day operations and putting strategic plans into action, ultimately driving us towards achieving our established goals. They operate within the framework outlined by the Board of Directors and the Articles of Association, ensuring alignment with company principles and objectives.

Spearheading this team is the Chief Executive Officer (CEO), who bears responsibility for both operational and administrative aspects. Working closely with the Executive Management team, the CEO actively seeks to elevate performance across all areas. Additionally, it's the CEO's responsibility to implement effective internal control systems, ensuring adherence to recommendations from auditors, external oversight bodies, and the Board of Directors with its committees.

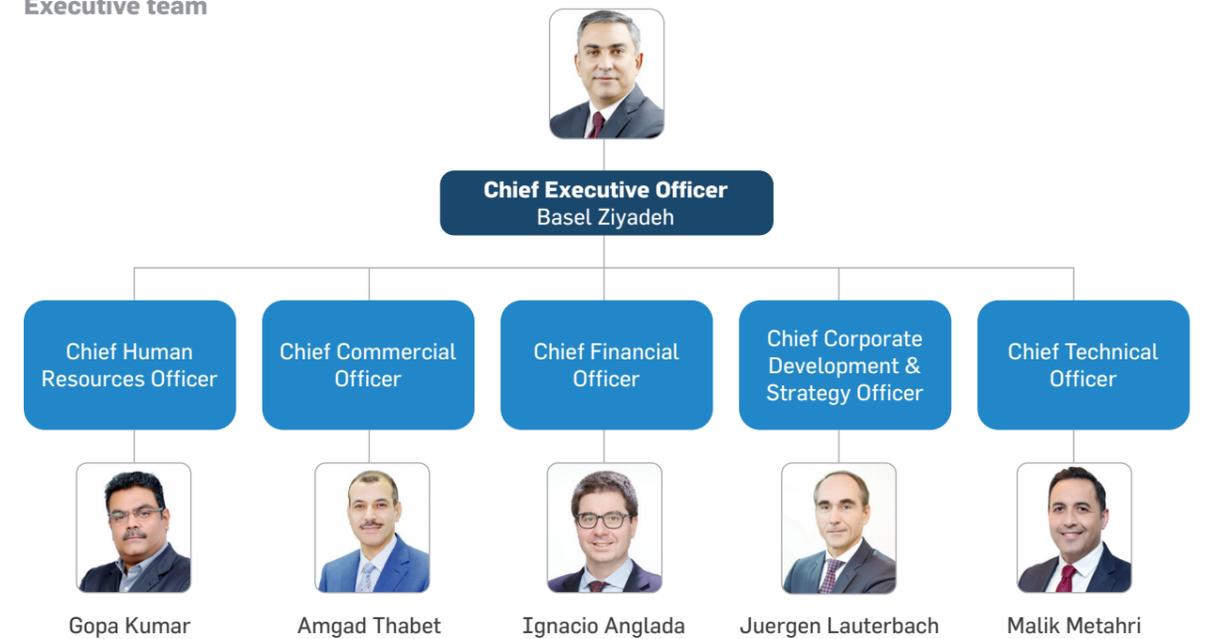
Organizational structure



Board of directors



Executive team



Julphar is committed to ensuring transparency and accountability across all facets of the organization. We diligently adhere to the guidelines established by the Securities and Commodities Authority's Decision No. (3/Chairman) of 2020 concerning the approval of Joint Stock Companies Governance Guide which guided the development of our corporate discipline and governance standards. This dedication extends to reforming our Board Committees and amending our Articles of Association to seamlessly align with these regulations.

Moreover, we follow a thorough corporate governance

system that encompasses management, shareholders, employees, clients, and associated companies. Built to protect our stakeholder interests and generate lasting value, this structure facilitates responsible decision-making and the ethical, efficient management of our business.

Driven by our steadfast commitment to transparency, our governance system is regularly reviewed and updated to ensure company policies align with the approved governance framework and manual. This continuous process, supervised by the audit committee, includes revising committee charters, the corporate

governance manual, and delegations of authority. In doing so, we maintain the highest standards of business conduct at every level of our organization.

Moreover, as part of our “iTurnaround Project,” Wave 1, we implemented robust internal policies focusing on anti-bribery, anti-corruption, anti-tax evasion, whistleblower protection, and third-party due diligence.

These policies solidify our commitment to operating with integrity and upholding the highest ethical standards.

List of committees and their responsibilities

Audit Committee

- Ensure the quality, reliability, and accuracy of financial reports, and conformance to accounting principles.
- Maintain compliance with legal and regulatory requirements and evaluate the efficiency of internal controls.
- Perform internal audits.
- Oversee the work of the internal and external auditors.
- Manage and assess risk.
- Monitor and improve the performance of accounting, auditing, reporting, ethics, compliance, internal controls, and cyber security.

Nomination and Remuneration Committee

- Determine the individual and total compensation for the directors.
- Develop the remuneration policy and review all human resources policies.
- Overview the nomination and selection process of the directors.

Quality and Technical Committee

- Review compliance reports with stakeholders.
- Supervise quality and compliance issues.
- Monitor innovations and production strategies, evaluate competitive position and effectiveness in research and development.
- Review development and implementation of key business policies.
- Follow up on tasks assigned by the Board of Directors.

Strategy and Investment Committee

- Review and monitor the execution of the strategies, annual budget, and business plans as approved by the board of directors.
- Ensure compliance with relevant laws and regulations.
- Examine contracts of strategic significance, financial and accounting matters, and make decisions within the committee's charter.
- Evaluate investment risks and reports, and make recommendations to the Board of Directors.

Follow up and Supervision of Insider's Transaction Committee

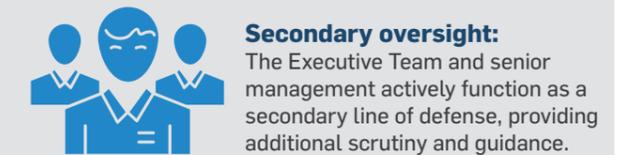
- Ensure compliance with the Securities and Commodities Authority and the Abu Dhabi Securities Exchange resolutions.
- Overview the insider's transactions and their properties, maintain the register and submit periodic reports and statements to the market.
- Regularly update the list of insiders and inform the concerned authorities in case of any changes.

Risk management approach

At Julphar, we understand that navigating a complex business landscape requires a proactive approach to risk management. Therefore, we incorporate risk assessments into key areas of our operations making sure that risk management is not an isolated function, but rather an integral part of key decision-making processes. We leverage various tools and methods,

such as sustainability assessments and stakeholder engagement, to identify and prioritize potential risks and opportunities. We have also implemented a strategic approach towards managing supply chain risks and a third-party due diligence policy that helps us manage and prevent potential risks in our supply chain.

Our risk management system operates on a two-pronged approach:



To further enhance our risk management framework, we are undertaking departmental risk assessments and established functional risk registers. Our Audit

Committee monitors our risk profile and assesses the effectiveness of our Risk & Compliance function annually.

Business ethics & culture

At Julphar, we recognize the crucial role of ethical conduct in maintaining the trust placed in us by our stakeholders and clients, therefore we take a proactive approach to ensure ethical behaviors. We are committed to setting an exemplary culture of integrity and compliance throughout our organization. This is underpinned by a robust set of policies and procedures. Our cornerstone is the Code of Conduct (CoC), which guides the professional behavior of all employees and fosters a positive work environment. It uncompromisingly opposes corruption and bribery in any form.

Beyond the CoC, we have established specific policies tailored to address critical areas such as bribery, corruption, tax evasion, conflict of interest, and employee grievances. These detailed guidelines outline clear modes of operation and address the concerns

of all stakeholders, including patients, customers and suppliers. We firmly believe in the importance of transparency and accountability, and any violation of these policies is subject to thorough investigation and appropriate action to avoid any reputational risk to Julphar.

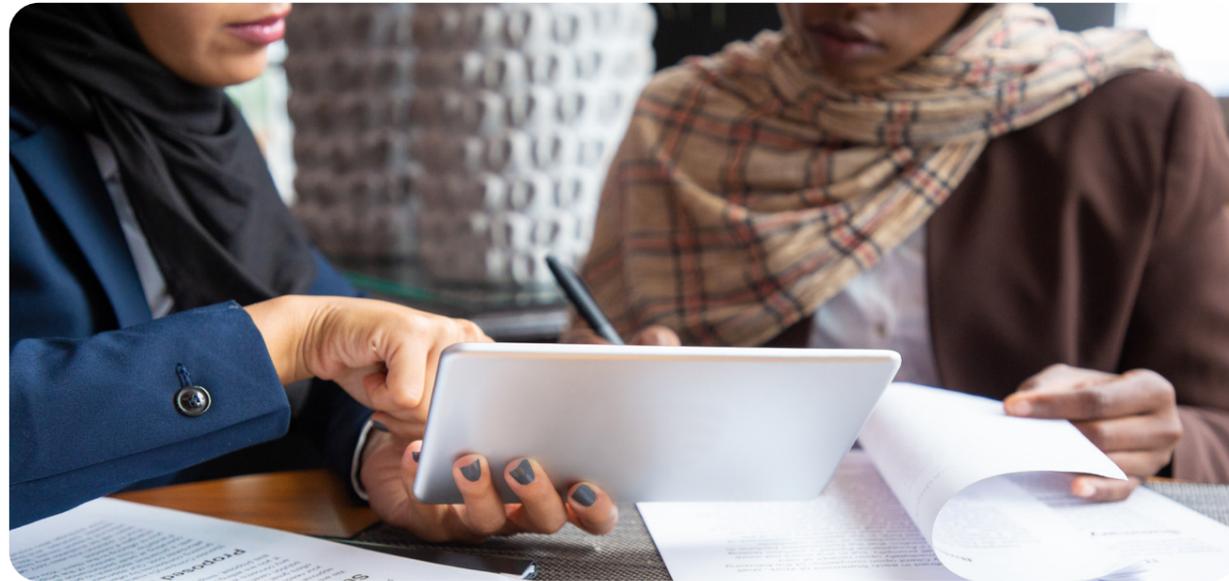
Through our commitment to ethical practices, we strive to earn and maintain the trust of all those we interact with. We understand that ethical conduct is not just a regulatory requirement, but a fundamental pillar of sustainable success. Therefore, integrity is fundamental to us and an integral value, which underpin our day-to-day operations and we hold on to for a stronger and more responsible business environment for everyone.

Regulatory compliance

At Julphar, we are committed to upholding the utmost ethical and professional standards, preserving the trust bestowed upon us by our stakeholders and clients. We relentlessly nurture a corporate culture characterized by ethics, integrity, respect, collaboration, compassion, and compliance. We have established organizational policies and a Code of Conduct (CoC), promoting professional conduct across all our employees, and fostering a positive work environment.

Notably, we express zero tolerance for corruption in all its manifestations. We strictly prohibit engagement

in solicitation, acceptance, or offering of bribes for business progression or competitive advantages. In line with these principles, we have set policies in motion addressing bribery, corruption, tax evasion, conflicts of interest, and employee grievances separately. These policies not only cover operational protocols but also cater to the needs and worries of all stakeholders, including customers and suppliers. Any breach of these policies incites a rigorous investigation followed by appropriate countermeasures.



Julphar's commitment to responsible business conduct

Code of Conduct

At Julphar, conducting business with the highest ethical and legal standards is paramount, both internally and with external stakeholders. This commitment forms the foundation of our trust-based relationships and fuels our long-term success. Our Code of Conduct outlines the essential rules, standards, and behaviors expected from every employee. By prioritizing ethical conduct at every level, Julphar builds trust and strengthens relationships, ultimately laying the groundwork for our sustainable growth and success. One core principle is represented by our "no tolerance" policy for any form of discrimination. This policy actively prevents workplace hostility and

promotes a collaborative spirit, where everyone feels valued and respected. Additionally, we remain fully committed to safeguarding third-party information, by meticulously adhering to applicable laws and contractual obligations.

To ensure clear understanding and consistent application, both the Code of Conduct and Whistleblowing policies are readily available on our intranet for all employees to reference at any time. Furthermore, we emphasize their importance by incorporating "Code of Conduct" training into the onboarding process for every new joiner.

Compliance check

A core objective at Julphar is to foster a culture where acting with integrity, adhering to existing laws, and complying with our policies are fundamental to our organization. Every individual in the company is responsible for upholding our reputation and adhering to our ethical standards, in turn aiding the accomplishment of our business goals. We lay significant importance on maintaining transparent bioethical standards across all our research and clinical development activities. Moreover, our commitment to compliance is also reflected in our environmental management

system, mandating us to follow standard operating procedures (SOPs). This ensures our operations meet all environmental compliance requirements.

Anti-corruption practices at Julphar:

At Julphar, ethical practices are a priority and we take serious actions in case of violation of any policy. We consistently monitor and assess our operations to detect any unethical behavior or for risks related to corruption. No corruption cases were identified in 2023.



04 | ECONOMY

- Economic performance
- Sustainability in the supply chain
- R&D discoveries and advancements





Economy

Economic performance

As a leading provider of general medicine and speciality products in the Middle East and Africa (MEA), we maintained our strong financial performance in 2023 with revenues of AED 1,653 million. In particular, we achieved 6.1% revenue growth in UAE and other GCC countries. Our revenues have dropped by 29.5% in other countries outside of the GCC due to geopolitical economic situation and currency devaluation. In the next year, we will be looking to strengthen sales organization to increase market share with the existing portfolio and with new product launches in core therapeutic areas to improve our revenues.

We are committed to continue our growth journey and increasingly provide affordable, high-quality medicines

for our patients. We aim to explore new therapeutic areas such as oncology, hormones and immunology drugs, and launch new products to expand our reach and cater to more patients' needs. We also aim to expand our business to other strategic locations, thereby creating new revenue streams.

While business expansion is a key driver for growth, it is also a source of unavoidable risk. Therefore, we continuously strive to enhance our systems and processes to adapt to an evolving landscape with minimal and reversible impact on our operations.

Economic performance

KPIs	Unit	2020	2021	2022	2023
Direct Economic Value Generated (Revenues)	Million AED	621	1,168	1,633	1,653
Geographical Split					
UAE	Million AED	91	356	573	608
Other GCC Countries	Million AED	136	331	633	744
Other Countries	Million AED	394	481	427	301
Total Economic Value Distributed	Million AED	878	1,251	1,665	1,659
Operating Costs	Million AED	417	782	1,067	1,097
Employee Wages and Benefits	Million AED	262	340	385	389
Payments to Providers of Capital	Million AED	8			0
Payments to Government by Country	Million AED				0
Community Investment	Million AED	0.1			0

Sustainability in the supply chain

The pharmaceutical industry operates within a complex web of sustainability challenges, encompassing environmental, social, and patient-centric considerations. From managing greenhouse gas (GHG) emissions and water scarcity, to ensuring accessible and affordable medicines for all, navigating these risks requires a deep commitment to responsible supply chain management. At Julphar, we fully recognize the critical role of maintaining a reliable, diverse, and sustainable supply chain to avoid jeopardizing the continuity of our business or the quality of our products. We prioritize partnerships with suppliers and healthcare providers that share our values, ensuring ethical sourcing, ethical marketing practices, and equitable access to our medications. We collaborate with diverse healthcare providers across the GCC, both private and governmental, to develop a robust and agile supply chain which could continuously respond to the ever-increasing need for quality medication.

We have formulated an extensive approach to manage and monitor supply chain risks, utilizing our established risk management framework as a foundation. Our supply chain risk mitigation methodology includes an ongoing Single Approved Vendor project (SAV) and a Strategy of Safety Stock replenishment for SEA shipping materials.

The methodology is designed to mitigate various risks encompassing inaccurate forecasts, shortages in materials, unfulfilled sales demands and extended lead times. This also includes overreliance on a single supplier, constrained material availability, and price fluctuations stemming from geopolitical occurrences. To counter these risks, the methodology utilizes straightforward yet efficient measures like ongoing monitoring, periodic evaluations, prioritization of the pipeline, and proactive ordering. These actions facilitate seamless supply chain operations, minimize the repercussions of potential risks, and foster enhanced efficiency and cost-effectiveness.



Procurement

The quality of our products depends on the quality of the material provided by our suppliers; therefore, we have established a structured process for assessing and overseeing our suppliers, supported by a supplier evaluation checklist and the establishment of quality agreements with manufacturers. Moreover, we have implemented standard operating procedures and guidelines for conducting third-party due diligence and tackling concerns such as bribery and corruption. These measures ensure the credentials and certifications of vendors are verified and maintain the quality of the procured products.

Number of Local, Regional, and International Suppliers



Distributor management system

To streamline distributor management, we are implementing a distributor management system that aims to maintain process consistency across our operations. This system clearly delineates the processes and procedures for tasks such as onboarding new distributors, discontinuing existing ones, and reintroducing alternative distributors.

Multiple teams within our organization collaborate to ensure seamless execution and minimizing error rate; this includes our distributor committee, sales and commercial teams as well as our legal teams.

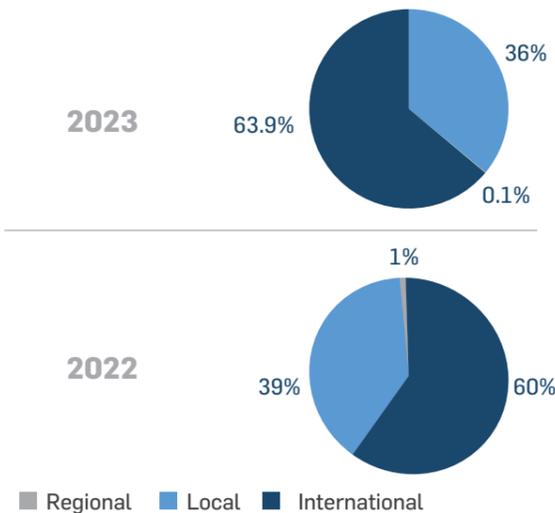
Strategic partnerships

As a leading pharmaceutical company, we engage in unique, mutually beneficial partnerships with other organizations in the industry. Satisfying the needs of our patients is our driver to expand our products

To manage supply chain risks, our network of suppliers includes local, regional and international suppliers across Asia, Africa, Europe, and America.

We strive to work with local capacities and contribute to the national economy, while simultaneously ensuring diversified procurement practices. In 2023, 58% of our suppliers were local, 40% were international and the remaining 2% were regional suppliers.

Percentage of Total Spend on Local, Regional, International Suppliers



offering. Therefore, in 2022 we entered into the below partnerships:

- A licensing and supply agreement with Hetero, a leading Indian generic pharmaceutical company known for its anti-retroviral drugs to procure products in cardiovascular and nervous system health and pain management.
- 'Huadong Medicines', a pioneer in the diabetes market in China is another successful partnership which will allow us to develop, manufacture, and commercialize Liraglutide, a drug used for treating diabetes and obesity. This opportunity will expose us to new markets in 17 countries in the Middle East and North Africa region including UAE, Saudi Arabia, Egypt, Kuwait, Oman, Bahrain, etc. This collaboration opens new opportunities for Julphar to expand its reach in these countries and potentially offer new treatments to patients in the region.

- A step forward for us in the diabetes areas is the signed partnership agreement with Pure Health to commercialize Glargine, a diabetic-controlling drug, under the aegis of the Ministry of Industry & Advanced Technology. This partnership will enable us to establish the first factory of its kind in the Middle East at our plant in Ras Al Khaimah. This new facility will help in meeting the increasing demand for diabetes patients in the region and contribute to the "forward society" agenda of the "We the UAE 2031".

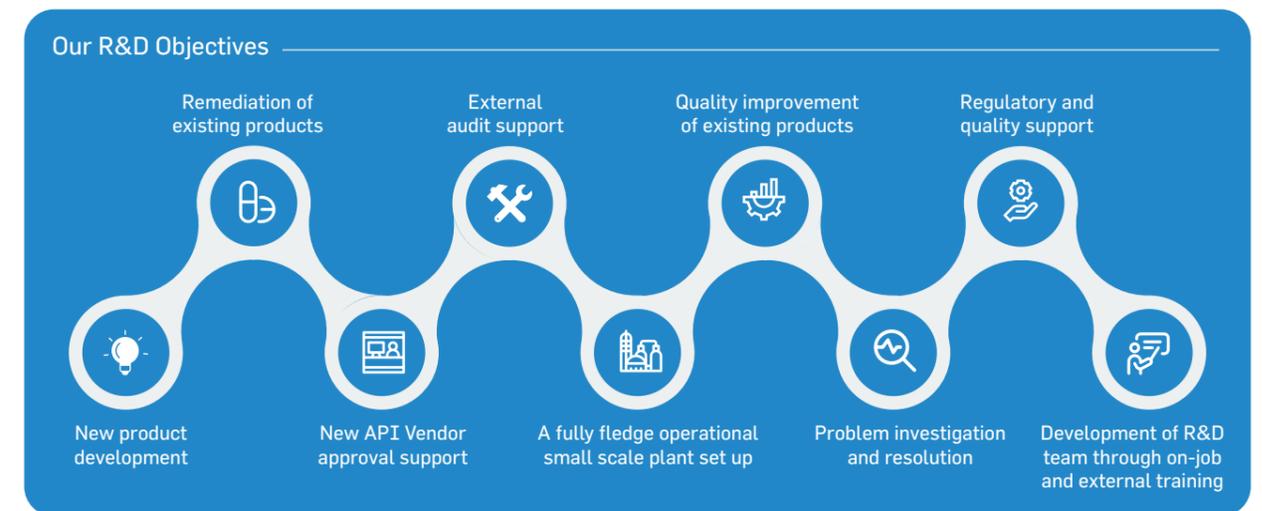
As we move into the implementation of Strategy 2030, forging strong partnerships continues to be a key driver for our growth. In 2023, we entered into the following strategic partnerships:

- Agreement with Jungbunzlauer Ladenburg GmbH-Germany to supply us with the active pharmaceutical ingredient Trisodium Citrate.
- A strategic contract was signed with HEC pharmaceuticals, to grant Julphar the exclusive right to register, manufacture, import, market, promote, distribute, and sell insulin finished product using active pharmaceutical ingredient products provided by HEC.

R&D discoveries and advancements

At Julphar's we are committed to exploring new medical domains, technological prowess, and a relentless pursuit of excellence across diverse therapeutic areas. Our continued focus on R&D will play a vital role in our ability to deliver on our commitment to provide the highest quality of life for our customers through

innovative, effective and safe patient - focused drugs. Recognizing R&D's central role in the healthcare industry, we invested 20 million AED in 2023 to build a promising pipeline to positively impact communities and society at large.



Julphar's future in R&D relies on continuously harnessing the latest technological advancement and investing in our employees' capabilities to ensure robust, resilient, and advanced drug delivery systems that prioritize patient experience. During our products' development and production, we are keen to provide stable, bioavailable (absorbed by human bodies), and effective drug products that meet stringent regulatory standards and the highest quality requirements. Our robust pipeline, with over 100

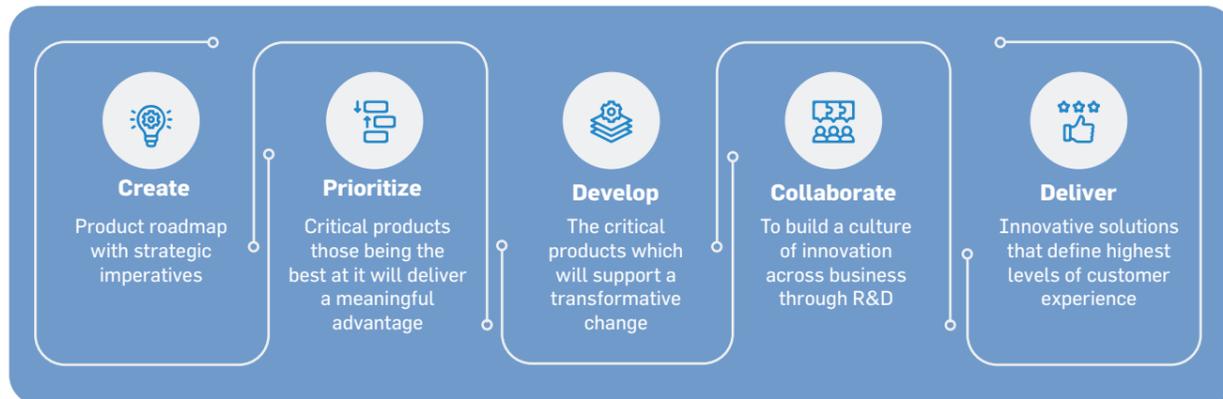
planned launches in key therapeutic areas, reflects our commitment to delivering impactful innovations that revolutionize treatment options and improve patient lives. In 2023, our research and development endeavors have yielded a series of groundbreaking achievements with 29 new products developed, out of which 13 were launched and 10 are launching under progress. Additionally, 8 products were remediated and approved by the Ministry of Health and Prevention.



Our R&D strategy

Accelerating patient access to our medical products is a core objective of our R&D strategy. In 2023, we adopted innovative tools such as Ultra-High Performance Liquid Chromatograph which helps reduce development time and deliver sharper analysis. Such technology

also maximizes production and enables us to deliver high-quality medications at a faster rate. Moreover, we continue to embed a Quality by Design approach to our R&D as well as real-time monitoring systems.



Our product development, submissions, and regulatory approvals with respective government bodies are represented below.

Product Submission & Regulatory Approval	Unit	2022	2023
New product submitted to RA/MoHAP	Number	9	13
Remediated products submitted to RA/MoHAP	Number	2	5
BE/IVRT study completed	Number	6	9
New products approved by MoHAP	Number	13	18 SKU approved in country of origin

R&D aspirations

Pharmaceutical investments in modern and advanced technologies and treatments are pivotal to pioneer new development techniques, expand medical knowledge, increase efficiency and effectiveness of manufacturing and quality control and launch better products to meet patients' needs. Therefore, we have articulated key aspirations we aim to achieve in R&D:



Antibiotics: Exploration and development of generics with novel molecules, and in particular pursuit of a groundbreaking fifth-generation cephalosporin drug product.

Biosimilars: Investing in biosimilar product developments.

Equipment: Investing in new energy efficient and automated equipment such as galenic equipment to boost development of different dosage.

Neuroscience: Explore neurological health and pursue innovative Multiple Sclerosis therapies, complemented by advancements in Immunomodulatory strategies.

Improve environmental practices through sustainable packaging, digitalization of documents and processes, and responsible sourcing and management of raw materials, energy and water resources.

Key breakthroughs

As we reflect on the achievements of 2023, several developments underscore our dedication to scientific rigor, technological advancement, and a relentless pursuit of excellence. Moving forward, we remain committed to pushing our boundaries in the field of pharmaceutical research and development, delivering impactful, efficient solutions for the benefit of patients' health.

In 2023, we successfully developed the following new products using our Quality by Design approach:



Analgesics (painkillers): Non-narcotic painkillers for effective pain management and rapid-acting painkillers to treat mild and acute pain.



Nasal Allergy and congestion: We developed a breakthrough dual action nasal spray, a non-drowsy, scent-free solution that provides relief from allergy and congestion.



Wound care: We are in the process of securing regulatory approval for a wound healing product and a rapid-acting anti-ulcerate.



Successful IVRT studies: In vitro release testing (IVRT) is a critical tool approach for drug development and approval process of semisolid dosage forms. Successful IVRT plays a vital role in accelerating the approval, registration and launch of products. Underpinned by our in-house expertise in 2023, 7 IVRT external studies were successfully completed out of which, 2 new products are 2 component mixtures.



Small scale plant establishment: In 2023, we installed new equipment to perform dry mixing and granulation, a key stage in the preparation of tablets and capsules. This new equipment enables us to scale our production capacity and adapt to potential fluctuations in market demand.

R&D rewards, trainings and events



Our Recognition program spotlights team members who surpass expectations, leading innovative projects, delivering exceptional results, or simply going the extra mile. We celebrate individual achievements and team spirit, fueling a culture of continuous improvement and propelling us towards shared goals. By investing in our people, we empower them to make a real difference in the lives of patients worldwide.

Our R&D teams are a core asset to our organization. We continuously invest in employee engagement activities to support their learning and development, promote a healthy working culture and increase community engagement. Below are key training and social events that we undertook in 2023 with our R&D teams:

- A performance management training was organized by our Chief Technical Officer (CTO) to drive 'Quality Compliance Improvement', leverage 'Operational Excellence and Change Management for a Sustainable Performance'. The training is based on our CTO's research and aligned with global best practices and benchmarks and combines theory with practical skills. Participants from the technical operations departments including R&D, regular affairs, medical affairs, quality assurance and control, engineering and maintenance, production plants and supply chain were able to acquire skills and knowledge in performance management, and the value of becoming an integral part of this system. Key topics covered by the training included effective tracking of performance, correct design and usage of ASmart (Aligned, Specific, Measurable, Achievable, Realistic, Timebound) objectives.
- The R&D department developed a training curriculum to provide universities' students in the UAE with hands on training at the R&D department.

- The R&D department participated in several regional and international events including Walkathons and Marathons which brought together the R&D's employees as part of team building activities.

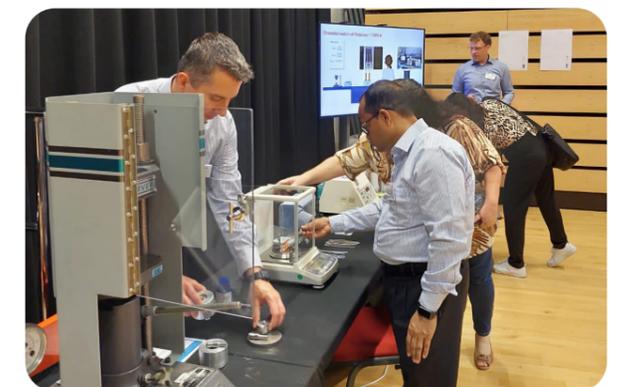
R&D teams attended the Tableting School 2023 at De Montfort University in the UK which focuses on. This event focuses on addressing the needs of formulators working in oral solid dosage form research and development. Our R&D team participants acquired knowledge in operating Tableting equipment and participated in discussions on modern drug development.

Pharmacovigilance at Julphar

At Julphar, we are committed to ensure patient care and safety in relation to the use of our products through active collaborations with regulatory authorities, patients and healthcare professionals. One of the key enablers is our robust pharmacovigilance and risk management program which aims to continuously identify, assess, understand, and prevent adverse effects or issues associated with our medications.

Our pharmacovigilance quality management systems aim for continuous improvement and ensure compliance with relevant regulations, including Good Pharmacovigilance Practices in the MENA region. We also seek to raise awareness on the secure and mindful use of medicines through instructive and educational programs to healthcare professionals.

In 2023, the pharmacovigilance quality management system implemented a 100% e-archival system for documents, an environmentally responsible process to avoid paper use. Besides reducing our environmental footprint, the digitalized process is more efficient and cost-effective in comparison to legacy, paper-based processes.



05 | ENVIRONMENTAL PERFORMANCE

- Energy
- Emissions
- Water & effluents
- Waste

Environmental Performance



At Julphar, we embrace our responsibility as a leading pharmaceutical company to protect the environment and preserve natural resources for future generations. We recognize the profound impact environmental issues can have on public health and society, and which contradicts our mission to improve healthcare, and therefore we are committed to continue improving our environmental sustainability performance.

Thanks to our integrated environmental policy, our periodic impact assessment, and our conscientious management of environmental factors, we were able to minimize our impact on the environment and limit our carbon footprint. Environmental sustainability is fundamental commitment at Julphar, which has pushed us to emphasize efficiency and responsibility across all our activities and operations. Our initiatives encompass the regular treatment of wastewater for responsible

irrigation, our proactive initiatives to reduce our carbon footprint, and the safe disposal of waste to prevent harm to the environment and our ecosystem.



Energy

The pharmaceutical industry is energy-intensive due to the high need for power generation, transportation as well as manufacturing processes and operation of specialized equipment. Pharmaceutical manufacturing processes are energy-intensive, requiring significant amounts of electricity, heat, and cooling for various operations such as mixing, heating, sterilization, and drying. The extraction and consumption of fossil fuels to meet this energy demand contribute to greenhouse gas emissions, a major driver of climate change.

At Julphar, diesel is used as a fuel source for steam generation (diesel boilers), power generation (DG sets) and transportation needs, and electricity is utilized in production processes and facilities. As we acknowledge the significance of controlling our energy utilization and minimizing our ecological footprint, we remain dedicated to consistently monitor our real time energy consumption, to identify peak consumption periods and to make more informed and sustainable decision on energy saving and efficiency initiatives.

Some of our initiatives include:

- Continuing our LED Retrofitting initiative from 2022, in 2023, we upgraded 6,000 conventional lighting to energy-efficient LED alternatives across the entire facility. This upgrade was aimed at reducing energy consumption and its resulting environmental impact and operating cost.
- Optimizing our equipment usage by scheduling certain facilities to operate only during designated time periods, aiming to decrease our energy demand.
- Maximizing the efficiency of select boilers while placing others into complete shutdown mode, with the goal of reducing diesel consumption.

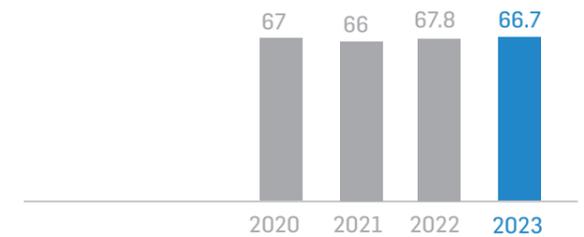
These initiatives resulted in a reduction in diesel and electricity consumption, as per the following figures.



1.6% decrease in electricity consumption in 2023, in comparison with 2022

Electricity Consumption

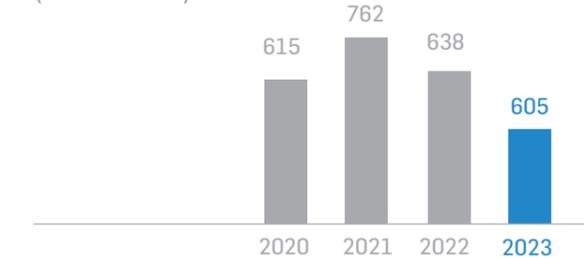
(Million - KWh)



5% decrease in diesel consumption in 2023, in comparison with 2022

Diesel Consumption

(Thousand - IG)

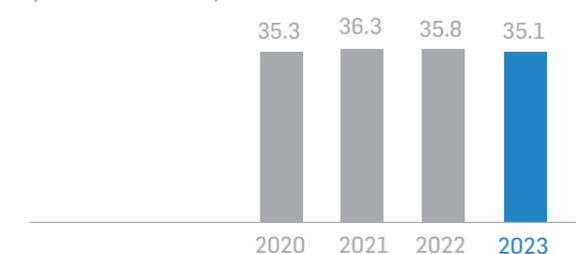


Emissions

In 2023, our total emissions decreased by 2% compared to the 1.2% decrease in 2022. Although this is a small margin, it evidences the success of the mitigation efforts installed during the year.

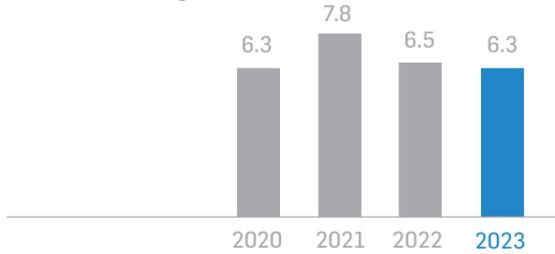
Total Ghg Emissions

(Thousand - tCO2e)

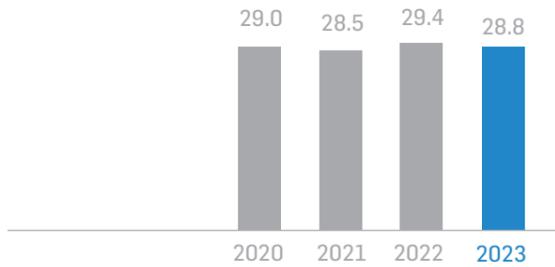


More specifically, due to our reduction in diesel and electricity consumption, we achieved a 3% decrease from 2022 to 2023 in Scope 1 GHG emissions and a 2% decrease in Scope 2 GHG emissions.

Scope 1 GHG Emissions
(Thousands - tCO₂e)



Scope 2 GHG Emissions
(Thousand - tCO₂e)



Water & effluents



Improving water efficiency

The pharmaceutical industry has significant impacts on water and effluents due to the nature of its manufacturing processes, which often involve the use of large quantities of water and the generation of

complex chemical waste streams. The Gulf region is also water scarce, which places additional responsibility on our organization to reduce water consumption.

While we treat 100% of wastewater generated at our plants, our commitment to environmental responsibility extends beyond simply treating water. Recognizing the importance of preserving this precious resource, we actively pursue its water efficiency measures in our operations.

Between 2022 and 2023, we achieved a significant 20.8% reduction in water consumption. This success stems from a dual approach: leakage detection and repair accompanied by efficient water utilization. To ensure sustainable water practices, we prioritize maintaining a robust and efficient water infrastructure. We have implemented a rigorous framework of regular inspections and preventive maintenance, focusing on aging pipes and potential leak points in plumbing, fixtures and equipment. By proactively addressing these issues, we prevent unnecessary water consumption and enhance water efficiency across our facilities.

Managing wastewater

Pharmaceutical manufacturing generates complex effluent streams that require treatment before discharge into the environment. Our manufacturing facilities are the main source of our wastewater. We demonstrate our commitment to environmental responsibility by diligently monitoring and managing wastewater. Every quarter, we report the volume of wastewater generated to the Ras Al Khaimah Government Authority as part of our routine operational and maintenance reporting. We operate an internal wastewater treatment plant equipped with an advanced Effluent Treatment Plant (ETP) process. This system handles all wastewater except for chemically contaminated streams. In 2023, the ETP treated a significant 229,000 cubic meters of wastewater, most of which was used for irrigation practices.

Other initiatives to manage our water impact include rigorous regulatory checks conducted by the Ras Al Khaimah Government Authority on a weekly basis, where influent and effluent water is examined. This analysis ensures that treated water meets the required quality standards for safe reuse and environmental protection.

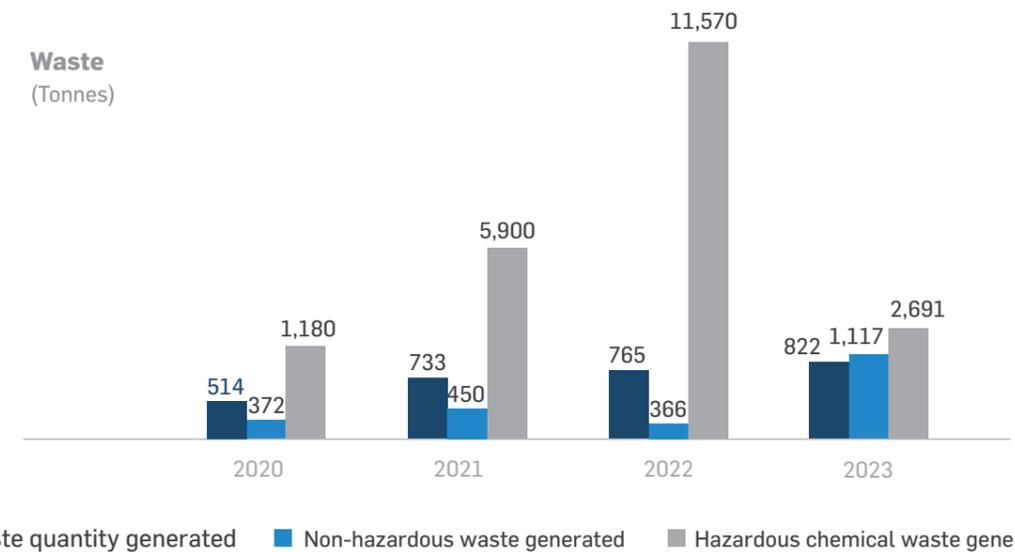
Waste

The pharmaceutical industry has a significant waste impact due to the generation of various types of waste throughout the products' lifecycle, including manufacturing, packaging, distribution, and end-of-life disposal.

We actively embrace our duty towards responsible waste management, aiming to reduce environmental impact through a comprehensive strategy. Our waste management strategy includes waste minimization, segregation and handling based on waste type, and monitoring each waste stream to ensure its safe disposal.

Our newly established waste committee will make recommendations on waste reduction initiatives based on the different types and volumes of waste reported in the waste audits reports.

Looking back at 2023, our waste comprised both non-hazardous waste (primarily sludge) and hazardous waste (mixed pharma waste, finished products, and raw materials). Our waste volume increased in comparison with 2022 due to a higher volume of expiry in RM & FG compared to 2022. Whereas hazardous chemical waste, linked to API production decreased significantly with 2,691 tonnes generated as a result of decrease in production volumes compared to 2022.



Incineration serves as the primary method for disposing of hazardous and chemical waste, while non-hazardous waste is sent to landfills. This year also saw the establishment of partnerships with RAK Municipality, Union Cement, and Al Zarooni and other service providers for comprehensive disposal support.

However, we acknowledge the need for continuous improvement, therefore, each department and plant at Julphar assigned a designated person to participate in a waste management system training with the support of the housekeeping team. During the

training, participants were introduced to the different types of reusable materials and encouraged to reuse them. Furthermore, attendees got acquainted with opportunities to reduce the amount of non-recyclable waste generated by our organization. Following the completion of the training, the attendees shared what they have acquired with their respective team members through department level trainings.

We will continue looking for ways to optimize our waste management practices and minimize our environmental footprint.

06 | SOCIETY

- Occupational health & safety
- Customer health & safety
- Our people
- Learning & development
- Local community





Occupational health & safety

Pharmaceutical manufacturing involves various occupational hazards and risks, including exposure to hazardous chemicals, biological agents, ergonomic hazards, and physical hazards. Implementing EHS programs and practices is critical to protecting the health and safety of workers, minimizing workplace injuries and illnesses, and promoting a culture of safety within our organization. Accordingly, we have a total of 18 comprehensive Environmental, Health, and Safety (EHS) policies to mitigate workplace risks and ensure the well-being of employees and the surrounding community.

Below are key initiatives we are implementing:

- **Standardized operating procedures and guidelines:** Every individual working at Julphar, including employees, contractors, suppliers, and even outside drivers, must adhere to clearly defined standard operating procedures and safety guidelines.

- **Rigorous trainings:** We provide EHS training to all employees, regardless of their job role or function. These trainings equip them with the necessary skills and awareness to identify and mitigate potential hazards.
- **ISO 14001 compliance:** Our Health and Safety system adheres to the rigorous international standard ISO 14001, demonstrating our commitment to best practices in environmental and occupational safety management.
- **Continuous monitoring and improvement:** We actively track and analyze all safety-related incidents and conduct monthly injury assessments and take corrective actions to prevent future occurrences.
- **Vaccination campaigns:** In collaboration with the Preventive Medicine unit in Ras Al Khaimah, we organized a seasonal flu campaign at our premises.

- **Internal and external audit:** Through internal and external audits, we monitor compliance with our EHS policy and identify areas for improvement.

The table below provides a detailed overview of the types and number of audits conducted annually between 2020 and 2023:

Type and number of audits

Agency	Type of Audit	Unit	2020	2021	2022	2023
Civil Defence R.A.K Government	• Fire fighting facilities inspections • Building inspections	External	3	4	4	5
SGS	• Requirements for the ISO 14001 including EHS	External	1	1	1	1
Ministry of Climate Change and Environment	• Related to all environments	External	1	1	1	1
Our EHS & Security Department	• To audit all the premises/factories on monthly bases	Internal	NA	12	12	12

Number of incidents

Incidents	Unit	2020	2021	2022	2023
Number of Major Incidents	Number	3	1	3	3
Number of Minor Incidents	Number	7	0	3	3
Number of Work-Related Injuries	Number	10	1	6	6
Number of Fatalities as a Result of Work-Related Injury	Number	0	0	0	0
Lost Workdays as a Result of Injuries	Number	67	21	93	30

In 2023, we reported a total of 6 recordable work-related injuries among employees distributed equally between minor and major incidents. These are non-fatal injuries that resulted in missed workdays, restricted work, or medical treatment beyond first aid. The efficacy of the health and safety measures taken on our premises is reflected in the decrease in the number of lost workdays by 68% compared with 2022.

Focusing on Health and safety training

In 2023, we substantially increased the number of occupational health and safety training sessions to enhance our employees' understanding of potential health and safety risks and prevent adverse outcomes.

In total, 726 employees attended occupational health and safety training initiatives. These encompass:

- Regular programs such as Safety Awareness, Emergency Response Team (ERT) training, Emergency Preparedness and Response.
- Foundational safety induction program tailored for new hires to acquaint them with safety protocols and procedures.
- Specialized training for employees exposed to specific job-related risks (e.g., Forklift Operator Safety Training).
- First Aid training session to train our employees on how to provide immediate assistance and care to someone who has been injured or taken ill.

Number of trainings

	Unit	2020	2021	2022	2023
Number of Occupational Health and Safety Training Programs Conducted	Number	NA	4	2	22
Staff Attending Occupational Health and Safety Training	Number	NA	536	191	726

Customer health and safety

Customer health and safety is a fundamental topic in the pharmaceutical industry, essential for protecting patients' well-being, building trust, complying with regulations, safeguarding public health, and fulfilling ethical and corporate responsibilities. By prioritizing customer health and safety, pharmaceutical companies contribute to improving healthcare outcomes and enhancing patient safety and satisfaction. Key initiatives to support customer health and safety comprise:

- **Good Manufacturing Practices:** As our products have a paramount impact on people's health and safety, ensuring their safety and quality is our top priority. We meticulously adhere to stringent international standards, including Good Manufacturing Practices (GMP), during product development and production to guarantee every product meets the highest quality and safety requirements.
- Collaborations with leading companies to develop life-changing, innovative medical solutions such as our recent partnerships with Mebo to deliver their products across certain MENA countries. Furthermore, the active pharmaceutical ingredient Trisodium Citrate will be supplied to us by Jungbunzlauer Ladenburg GmbH-Germany through another strategic agreement we signed in 2023.

- Collaboration with Central Medical Center to provide healthcare education to patients and raise public health awareness on appropriate health behaviors.
- We continue to offer a dedicated toll-free system for prompt responses to medical queries. Confidentiality is paramount, and we rigorously safeguard patient data through data protection regulations like General Data Protection Regulations (GDPR). Proactive safety assessment: While all our products undergo thorough health and safety assessments, we go further. In 2023, we proactively examined 55 out of our 384 (14%) major product categories to assess their health and safety impacts.

We believe in transparency and maintaining open communication channels with our customers, we are committed to capture their voices and address their concerns. Our dedicated marketing teams diligently address any product-related complaints, aiming for swift resolution. In 2023, we received a total of 13 complaints for our top five products: Mebo, Adol, Triaxone, Risek, and Epotin. As our patient health, and trust are forefront at Julphar, each complaint is carefully investigated and addressed promptly to avoid adverse events. Number of Complaints received against Julphar's Top 5 Products.

Number of Complaints received against Julphar's Top 5 Products

Number of Complaints received against Julphar's Top 5 Products	Unit	2020	2021	2022	2023
Mebo	Number	11	8	1	2
Adol	Number	7	4	4	7
Triaxone	Number	4	0	2	3
Risek	Number	1	1	0	0
Epotin	Number	1	0	0	1

In 2023, we received a total of 34 complaints against all our product offerings. Of these, 23 were found to be invalid. Moreover, no product recalls were made, and our overall complaint rate calculated by dividing the total number of batches produced by the number of complaints received has decreased further compared to

previous years as shown in chart below, which reflects the quality of our products offerings. Further, in 2023, we received approval on all our drugs by the Ministry of Health and Prevention following the Corrective Actions and Preventive Actions (CAPAs) taken based on the none critical 66 observations received.

Received complaints	Unit	2020	2021	2022	2023
Number of Received Complaints	Number	62	46	30	34
Valid Complaints	Number	33	22	8	11
Invalid Complaints	Number	29	24	22	23
Complaints Rate	Percentage	1.45	1.85	0.57	0.51

Handling Complaints at Julphar

Julphar prioritizes patient safety and product quality through a robust complaint handling procedure. All complaints, whether received from regulatory bodies, healthcare professionals, or directly from customers, are documented and thoroughly investigated.



A dedicated Quality Assurance (QA) Compliance Department manages the process, ensuring timely and professional responses. Initial data collection determines the severity of the complaint, which is then categorized as Critical, Major, or Minor based on potential health impact:

Critical complaints, such as those involving missing ingredients or potential health risks, receive immediate attention with investigations initiated within 24 hours.

Major complaints, such as incorrect ingredient levels, are investigated within 15 days- Minor complaints such as those related to aesthetic defects or minor deviations from product standards receive a maximum 30-day investigation timeline.

If the complaint is related to an Adverse Event, Adverse Drug Reaction or Lack of Efficiency, the complaint notification is shared with Medical Affairs department for further action and a parallel QA investigates the complaint as well.



Investigations are comprehensive and cover all aspects of manufacturing, packaging, physical checking and product analysis. This rigorous approach ensures the root cause of complaints is identified and appropriate corrective actions are taken. An investigation report summarizes the findings, including potential market impact and overall complaint trends. This information facilitates continuous improvement and strengthens our commitment to product safety and customer health.

Our people

Our people are a cornerstone for our success and growth. Through them, we can drive innovation, advance research, and development, ensure product quality and compliance, gain market access, and adapt to industry changes. Skilled professionals with diverse backgrounds and expertise contribute to the success of our company and help us bring new products to market, increase our reach with healthcare providers and pharmacies, and improve patient outcomes.

Therefore, we believe that a thriving and engaged workforce is essential for navigating this dynamic and life changing industry and achieving ambitious goals. That's why we prioritize attracting and retaining top talent through robust policies, and attractive benefits.

Diversity and equal opportunity

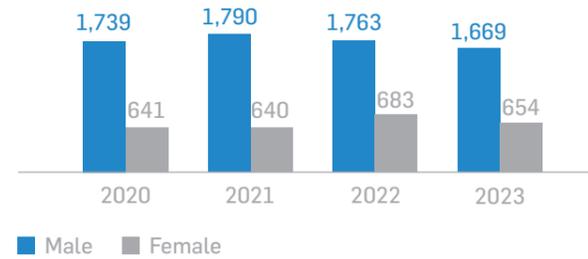
We are an equal opportunity employer, dedicated to providing an inclusive and fair workplace for all individuals regardless of their background.

Our commitment extends beyond recruitment, encompassing fair pay, development opportunities, and a culture of inclusivity. Recognizing the multifaceted needs of our employees, we go beyond providing fair compensation and offer a range of support measures, including interest-free loans, flexible leave options, and an effective grievance redressal system. These initiatives promote employee well-being, foster a positive work environment, and enhance overall productivity. Investing in our people is not just an ethical imperative; it's a strategic investment in our future success.

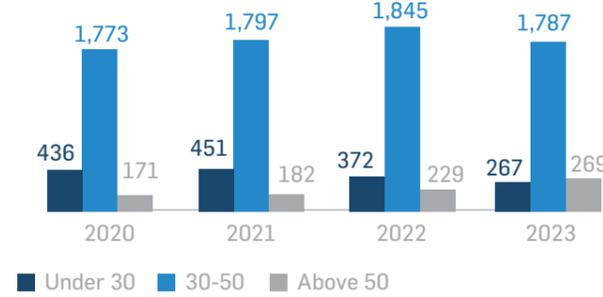
We operate with the highest ethical standards. We strictly prohibit child labor, slavery, and nepotism in the workplace, guided by clear and comprehensive guidelines.

During 2023, Julphar implemented Lean Management through optimizing utilization of resources. The process involved manpower mapping and resource allocation following zero budget concept. As a result of this new business approach which transformed our organization to be more agile and productive, our workforce decreased by 5% in 2023. This takes the total number of employees at Julphar to 2,323 with a 28% female participation.

Number Of Employees By Gender
(Head Count)

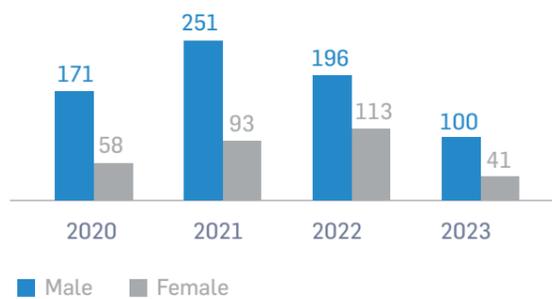


Number Of Employees By Age Group
(Head Count)

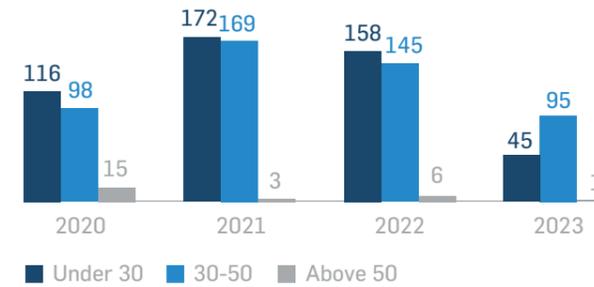


In our efforts to nurture talents and expand our resource base, 141 new hires joined us in 2023, with 29% female talent.

Number Of Employees Hired By Gender

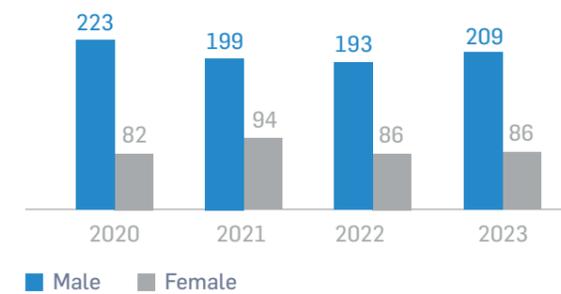


Number Of Employees Hired By Age Group

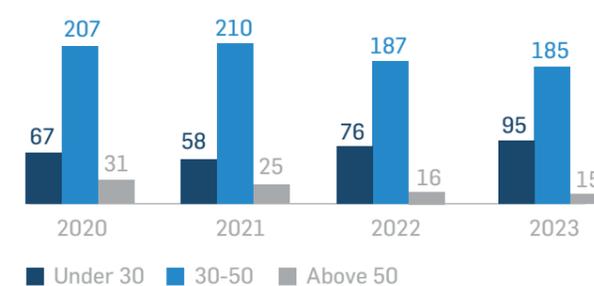


In 2023, a total of 295 employees exited our organization, with an increase by 5.7% compared to 2022. The market dynamics and industry uprise are the main reason behind the employees who exited Julphar. Additionally, the count includes a few downsizing and disciplinary actions for non-compliance.

Number Of Employees Exit By Gender



Number Of Employees Exit By Age Group



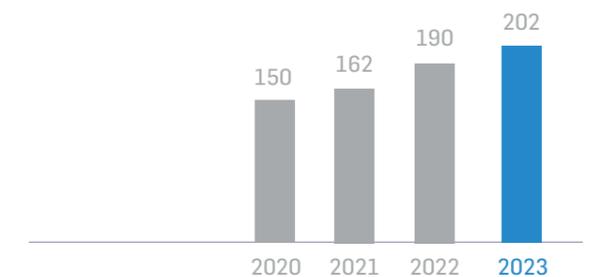
Emiratization

We are committed to strengthening the representation of UAE nationals by championing Emiratization. We continue to further this initiative by recruiting local talent and fostering career advancement and development opportunities for Emirati nationals. We started several initiatives to attract and retain Emirati talents:

- Apprenticeship opportunities: They allow unemployed Emiratis to gain hands-on experience in the pharma industry and put them on the right track to enter the labor market.
- Coordination with different governmental instances (i.e.: Ministry Of Human Resources and Emiratization), to provide internship programs for UAE nationals to gain technical knowledge in parallel to their university.
- Empowering local talents through continuous provision of training programs to enhance technical and behavioral skills.

As a result of our efforts, we recorded a significant increase in the number of UAE nationals hired in 2023, with a total of 21 new Emirati nationals who were recruited, bringing the number of UAE nationals within the company to 202. Those new hires included a clear majority of 14 female nationals and 7 male nationals. Notably, out of the total 202 Emirati nationals employed in the company, 89% are female. This is a representation of our commitment to gender diversity, as well as the growing number of highly qualified and talented Emirati women who are entering the workforce and making a meaningful impact.

Number of UAE Nationals



Emiratization remains our priority and we aim to achieve an additional 2% Emiratization rate in 2024.



Fair Compensation

As a part of "iTurnaround Project," Julphar has conducted a compensation and benefits analysis and industry benchmarking exercise. This involved having defined a grading structure across the organization during this exercise, defined compensation and benefits bands based on the grading structure, and aligned salary bands with industry benchmarks. This also covers developed financial incentives plans for sales, medical representatives, and line managers.



iTurnaround Initiative and Absher Agreement

In addition, we help local graduates who are interested in the pharmaceutical industry to explore the various opportunities available to them and provide them with the necessary support to enter the workforce. Since the signing of the Absher Initiative Agreement with the Ministry of Presidential Affairs in May 2013, we have committed to employing more UAE nationals. We also participate in national career fairs as part of our Emiratization plan to attract highly qualified graduates.

Learning and organization development

Learning and development are integral to the success of pharmaceutical companies as they enable us to stay competitive, drive innovation, improve productivity, ensure compliance, attract and retain talent, and build leadership capabilities.

In 2023, we conducted 479 learning and development sessions in 2023, representing a significant increase compared to 2022. Those sessions spread across various departments and position levels and imparted necessary skills and technical knowledge. Moreover, we are actively supporting the learning and development of university students through:

- Collaboration with Ras Al Khaimah Medical Health Science to offer their university students with on hands jobs experience in the pharma industry over a six-week period
- Industrial learning and development sessions for students in pharmacy colleges, aims to introduce students to the different areas, roles and functions of the departments at Julphar or give hands on experience at the R&D facility

Spotlight on our learning and organization development program

Training Type	Participants Count	Session Count	Average Man Hours
Capability Building Sessions	1486	88	9.65
GMP Compliance and Technical Sessions	2,282	136	6.1
Industrial Training for Pharmacy College Students	208	255	130



Capability development needs



At Julphar, we conduct structured capability development analysis which serves as the foundation for our developmental agenda.

Our performance management system serves as a primary repository for the organization wide capability assessment. We conduct it through data collection at two distinct levels: first, by gathering input from employees regarding their perceived learning and development requirements; and second, by soliciting feedback from their immediate supervisors or Level 1 (L1) managers regarding learning and development needs identified at the team level. This dual approach helps us pinpoint individual needs and address broader skills gaps within teams, ultimately leading to a more equipped and engaged workforce.

Learning and development protocol



In 2023, we established a learning and development protocol for customer-facing functions to drive consistent promotional messages across markets. The protocol follows a standardized curriculum with specific learning objectives and outcomes relevant to the employees' years of experience. We follow a rigorous program whereby:

- A learning objective and training outline is shared with the participants at least one week before the training program to provide a clear overview of the goals and content structure
- Pre and post training assessments are conducted for participants to measure improvement as a result of the training
- A participant handout is distributed at the end of the learning and development session for future learning and development refreshers

Our competency framework



Our competency framework is part of our performance management system and is implemented for two broad job levels, team leader and above, as well as senior specialist and below. Our framework focuses on eight behavioral competencies including, Change and Learning Agility, Professional Competence and Business Acumen, Problem Solving and Decision Making, Taking Ownership and Accountability, Process Compliance, Time and Task Management as well as Teamwork and Collaboration.

Julphar's competency profiles are clear roadmaps for employee development. They outline essential skills, expected mastery levels. These indicators are ranked on a five-point scale, allowing each employee to be precisely positioned based on their performance and role expectations.

Talent management



- Internal Talent development and career planning
- External talent acquisition by assessing the candidates potential as well as cultural fitment in Julphar



100 frontline managers in other countries underwent Leadership Development Program. In addition to that, 48 identified subject matter experts underwent Technical Upskilling Course and cascaded down learnings at the shop floor for technicians.

Local Community



Blood donation campaign

Supporting local communities is a core element of our Environmental, Social, and Governance (ESG) commitments. In 2023, Julphar Clinic partnered with the Emirates Cancer Society and Emirates Health Service to organize four vital blood donation campaigns. Julphar Clinic was established as an integrated medical facility and aiming to provide healthcare services to our employees and their families. The clinic coordinates with hospitals and medical centers to ensure the highest quality of medical support is provided and strives to continuously add new scopes of services to accommodate for the changing needs of our employees.

Through these initiatives, 194 Julphar staff members voluntarily donated blood for patients in need.

Campaign for early detection of breast cancer



Additionally, Julphar Clinic, in collaboration with Emirates Cancer Society, actively participated in the Zayed al Khair Pharmacy event, providing essential medication to approximately 200 attendees and patients in need. This partnership is aligned with our commitment to supporting the patient community and improve access to healthcare.



Family day

Marking International Family Day, Julphar and the Emirates Cancer Society collaborated on a unique initiative: a field trip for families coping with cancer. This heartwarming event provided a day of shared joy and connection, reminding participants of the importance of family and community support.

Empowering local communities during Ramadan

During the Holy Month of Ramadan, we actively participated in a local community event alongside the community police and the Zayed Charitable and Humanitarian Foundation. Our dedicated employees volunteered their time and resources to distribute meals to fasting individuals near traffic intersections.

Our environment is clean



Furthermore, our people participated along other entities in the Emirate in a sustainability event entitled "Our Environment is clean" organized by the Community Police Department and the Tourism Police Department. The event aimed at cleaning up the desert, beaches and mountainous, as well as raising awareness and guidance to citizens, residents and tourists on how to reduce environmental pollution.



Appendices

GRI content index

Gulf Pharmaceutical Industries has reported with reference to the GRI Standards for the period from 1 January 2023 to 31 December 2023. The table below provides a reference for GRI content in the report.

GRI Standard	Disclosure	Page Number(s) and/ or Direct Answer	Omission
GRI 1: Foundation 2021	GRI 1 does not include any disclosures		
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	12,13,14	
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency, and contact point	2	
	2-4 Restatements of information	33	
	2-5 External assurance	2	
	2-6 Activities, value chain and other business relationships	14,15	
	2-7 Employees	52,53	
	2-9 Governance structure and composition	24,25,26	
	2-10 Nomination and selection of the highest governance body	24,25	
	2-11 Chair of the highest governance body	25	
	2-12 Role of the highest governance body in overseeing the management impacts	24,25,26	
	2-13 Delegation of responsibility for managing impacts	24,25,26	
	2-14 Role of the highest governance body in sustainability reporting	24,25,26,29	
	2-15 Conflicts of interest	27, 28, 29	
	2-16 Communication of critical concerns	24, 25, 26	
	2-17 Collective knowledge of the highest governance body	54,55,56	
	2-18 Evaluation of the performance of the highest governance body	55	
	2-19 Remuneration policies	26	
	2-20 Process to determine remuneration	26,27	
	2-22 Statement on sustainable development strategy	6,7,15,16	
	2-23 Policy commitments	27,28,29	
	2-24 Embedding policy commitments	27,28,29	

GRI Standard	Disclosure	Page Number(s) and/ or Direct Answer	Omission
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	27,28,51,52	
	2-26 Mechanisms for seeking advice and raising concerns	27,28	
	2-27 Compliance with laws and regulations	27,28	
	2-28 Membership associations	NA	
	2-29 Approach to stakeholder engagement	18,19	
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18	
	3-2 List of material topics	18	
Economic Performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	32-33	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	32-33	
Procurement Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	34-35	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	34-35	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	27,28,29	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	28,29	
	205-2 Communication and training about anti-corruption policies and procedures	27,28,29	
	205-3 Confirmed incidents of corruption and actions taken	28,29	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	43	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	43	
	302-4 Reduction of energy consumption	43	
	302-5 Reductions in energy requirements of products and services	43	
Water and Effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	44	
	303-2 Management of water discharge-related impacts	44	
	303-3 Water withdrawal	44	
	303-4 Water discharge	44	
	303-5 Water consumption	44	

GRI Standard	Disclosure	Page Number(s) and/ or Direct Answer	Omission
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	43,44	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	44	
	305-2 Energy indirect (Scope 2) GHG emissions	44	
	305-5 Reduction of GHG emissions	43	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	45	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	45	
	306-2 Management of significant waste-related impacts	45	
	306-3 Waste generated	45	
	306-4 Waste diverted from disposal	45	
	306-5 Waste directed to disposal	45	
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	33,34	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	33,34	
	308-2 Negative environmental impacts in the supply chain and actions taken	33,34	
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	52	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	52,53	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	54	
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	48,49,50	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	48,49,50	
	403-2 Hazard identification, risk assessment and incident investigation	48,49,50	
	403-3 Occupational health services	48,49,50	
	403-4 Worker participation, consultation and communication on occupational health and safety	49,50	
	403-5 Worker training on occupational health and safety	49,50	
	403-6 Promotion of worker health	48,49,50	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	48	
	403-8 Workers covered by an occupational health and safety management system	48	
	403-9 Work-related injuries	49	
	403-10 Work-related ill health	49	

GRI Standard	Disclosure	Page Number(s) and/ or Direct Answer	Omission
Training and Education			
GRI 3: Material Topics 2021	3-3 Management of material topics	54,55,56	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	54,55,56	
	404-2 Programs for upgrading employee skills and transition assistance programs	54,55,56	
	404-3 Percentage of employees receiving regular performance and career development reviews	54,55,56	
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	52	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	25,52,53	
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	27,28,29	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	27,28,29	
Child Labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	52	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risks for incidents of child labor	52	
Forced or Compulsory Labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	52	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	52	
Local Communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	56,57	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	56,57	
	413-2 Operations with significant and potential negative impacts on local communities	56,57	
Supplier Social Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	33,34	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	33,34	
	414-2 Negative social impacts in the supply chain and actions taken	33,34	

ADX ESG guidance

Category	Metric	Calculation	Page Number(s) and/or Direct Answer
Environment	E1. GHG Emissions	E1.1 Total amount, in CO ₂ equivalents, for Scope 1	44
		E1.2 Total amount, in CO ₂ equivalents, for Scope 2	44
		E1.3 Total amount, in CO ₂ equivalents, for Scope 3	NA
	E2. Emissions Intensity	E2.1 Total GHG emissions for output scaling factor	43
		E2.2 Total non-GHG emissions per output scaling factor	NA
	E3. Energy Usage	E3.1 Total amount of energy directly consumed	43
		E3.2 Total amount of energy indirectly consumed	43
	E4. Energy Intensity	Total direct energy usage per output scaling factor	NA
	E5. Energy Mix	Percentage: Energy usage by generation type	43
	E6. Water Usage	E6.1 Total amount of water consumed	44
E6.2 Total amount of water reclaimed		44	
E7. Environmental Operations	E7.1 Does your company follow a formal Environmental Policy?	Yes	
	E7.2 Does your company follow specific waste, water, energy and/or recycling policies?	Yes	
	E7.3 Does your company use a recognized energy management system?	Yes	
E8. Environmental Oversight	Does your Management Team oversee and/or manage sustainability issues?	Yes	
E9. Environmental Oversight	Does your Board oversee and/or manage sustainability issues?	Yes	
E10. Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience and product development	NA	
Social	S1. CEO Pay Ratio	S1.1 Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	NA
		S1.2 Does your company report this metric in regulatory filings?	No
	S2. Gender Pay Ratio	Ratio: Median male compensation to median female compensation	NA
	S3. Employee Turnover	S3.1 Percentage: Year-over-year change for full-time employees	52, 53
		S3.2 Percentage: Year-over-year change for part-time employees	NA
		S3.3 Percentage: Year-over-year change for contractors/consultants	NA
	S4. Gender Diversity	S4.1 Percentage: Total enterprise headcount held by men and women	52
		S4.2 Percentage: Entry- and mid-level positions held by men and women	52
		S4.3 Percentage: Senior- and executive-level positions held by men and women	25

Category	Metric	Calculation	Page Number(s) and/or Direct Answer
Social	S5. Temporary Worker Ratio	S5.1 Percentage: Total enterprise headcount held by part-time employees	NA
		S5.2 Percentage: Total enterprise headcount held by contractors and/or consultants	NA
	S6. Non-discrimination	Does your company follow non-discrimination policy?	Yes
	S7. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	49
	S8. Global Health and Safety	Does your company follow an occupational health and/or global health and safety policy?	Yes
	S9. Child and Forced Labor	S9.1 Does your company follow a child and/or forced labor policy?	Yes
		S9.2 If yes, does your child and/or forced labor policy also cover suppliers and vendors?	Yes
	S10. Human Rights	S10.1 Does your company follow a human rights policy?	Yes
		S10.2 If yes, does your human rights policy also cover suppliers and vendors?	Yes
	S11. Nationalization	Percentage of national employees	53
	S12. Community Investment	Amount invested in the community as a percentage of company revenues	33
	Governance	G1. Board Diversity	G1.1 Percentage: Total board seats occupied by men and women
G1.2 Percentage: Committee chairs occupied by men and women			25
G2. Board Independence		G2.1 Does your company prohibit CEO from serving as board chair?	Yes
		G2.2 Percentage: Total board seats occupied by independent board members	24
G3. Incentivized Pay		Are executives formally incentivized to perform on sustainability?	No
G4. Supplier Code of Conduct		G4.1 Are your vendors or suppliers required to follow a Code of Conduct?	No
		G4.2 If yes, what percentage of your suppliers have formally certified their compliance with the code?	NA
G5. Ethics and Prevention of Corruption		G5.1 Does your company follow an Ethics and/or Prevention of Corruption policy?	Yes
		G5.2 If yes, what percentage of your workforce has formally certified its compliance with the policy?	100%
G6. Data Privacy	G6.1 Does your company follow a Data Privacy policy?	Yes	
	G6.2 Has your company taken steps to comply with GDPR rules?	No	
G7. Sustainability Reporting	Does your company publish a sustainability report?	Yes	
G8. Disclosure Practices	G8.1 Does your company provide sustainability data to sustainability reporting frameworks?	No	
	G8.2 Does your company focus on specific UN SDGs?	Yes	
	G8.3 Does your company set targets and report progress on the UN SDGs?	Yes	
G9. External Assurance	Are your sustainability disclosures assured or verified by a third-party audit firm?	No	

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