Gulf Pharmaceutical Industries

Environmental, Social & Governance Report 2022



ABOUT THE REPORT

Report Overview

This document is the Environmental, Social & Governance (ESG) report of Gulf Pharmaceutical Industries Co. (P.S.C.) hereinafter known as Julphar. This report marks the third consecutive reporting year of Julphar's performance on key economic, governance, environmental, and social topics. Consistent reporting on (ESG) subjects over the past few years highlights our commitment towards transparent disclosure of information across all aspects of our ESG journey.

Reporting Period and Frameworks

This report discusses our annual ESG performance for the calendar year beginning from 1 January 2022 to 31 December 2022. Our previous ESG reports were summarized with reference to GRI Standards 2016: Core option. In an effort to gradually adapt to the revised GRI Standards 2021, this 2022 ESG Report is developed with reference to the GRI Standards 2021. In addition, we have also disclosed against the requirements of Abu Dhabi Stock Exchange's Environment, Social, and Governance (ESG) Disclosure Guidance for Companies. Disclosures reported under these frameworks are also mapped with United Nations' Sustainable Development Goals (UN SDGs).

Data Management

At Julphar, we periodically review our data collection processes and controls to ensure coherent and timely reporting. The data required under the reporting frameworks is collected from the respective departments on an annual basis. Due to inherent measurement uncertainties, some of our disclosures in this report are estimated or based on assumptions.



Reporting Topic Boundaries

This report covers information and data related to our activities in UAE, including our Head Office, and manufacturing plants. Data from contractors and suppliers are not included in this report unless otherwise stated.

This report has been approved by the authorized management. This report has not been subjected to external assurance.

Contact Point for the Feedback on the Report

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

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

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ESG Report 2022

INTRODUCTION

Message from the Chairman

Sheikh Saqer Humaid Abdulla Algasimi

Message from the Chief Executive Officer

Dr. Essam Mohamed



It is with great pride and a sense of purpose that I write this message as the Chairman of Julphar. The healthcare industry is undergoing a period of unprecedented transformation, and at Julphar, we are committed to being at the forefront of this change.

Our mission to improve the lives of the people we serve by providing affordable, accessible healthcare remains unchanged. To this end, we have made significant progress in building our capacity, expanding our product portfolio, and developing new partnerships that will allow us to reach more people and have a greater impact.

In 2022, we have continued to focus on growth and progress, while also taking a responsible approach to our operations. Our Strategy 2030 sets us on a high-growth trajectory and will help drive change across multiple areas of our business. We have made important investments in technology and research and development, and we have taken steps to expand our footprint in new pharmaceutical markets.

At the same time, we are acutely aware of the impact of climate change and the need for sustainability in business practices. Our ESG report for 2022 reflects our commitment to environmental stewardship, social responsibility, and good governance. Through this report, we aim to be transparent about our progress and take corrective action where necessary to ensure that we are doing our part to create a more sustainable future.

We are proud of our diverse and inclusive workplace and believe that diversity drives creativity and innovation. Our culture of inclusion and respect is a core part of who we are, and we will continue to promote it as we grow and evolve.

In conclusion, I would like to thank all of our employees, partners, and customers for their continued support and confidence in our company. I am optimistic about our future and believe that, together, we can achieve great things and make a lasting impact on the world.

At Julphar, we believe in creating value for all those who trust us. We do this by embracing innovation, fostering collaboration, and utilizing the latest technology. Our aim is to make the world a better place through our products and services, while also being mindful of the impact we have on the environment. Our latest ESG (Environmental, Social and Governance) report details our progress in this

I am proud to announce that our efforts have resulted in a 42% increase in revenue in FY 2022 compared to the previous year 2021. This growth was largely driven by a 24% increase in production volume and is a reflection of the increasing impact we were able to achieve on patients' access to treatment. Our focus on ethical and sustainable business practices has paved the way for new strategic partnerships with leading pharmaceutical companies, which will help us expand into new markets.

We are also committed to investing in our employees. In FY 2022, we provided over 30,000 hours of professional development training. Our culture of inclusion, respect, and diversity is at the core of everything we do, and our community development initiatives are a testament to our commitment to making a positive impact in the communities where we operate. Compliance with all relevant laws and regulations is a top priority at Julphar.

With this report, we aim to build trust and provide more clarity on our objectives towards sustainability. I am confident that we can create positive value for our business, patients and customers, communities, and the environment.

ESG Report 2022 Introduction Introduction

 $^{^{1}\,}$ Mr. Bassel Ziyadeh has been appointed as a replacement for Dr. Essam Mohamed on 13 February 2023

Progress & Highlights

We are one of the largest pharmaceutical manufacturers

in the Middle East and Africa region

Amongst the largest manufacturers of Insulin in the world and only one in UAE

Launch of **Strategy** 2030

Learning & Development Training Type Participants Session Count Count Capability Building 1.019 51 Sessions **GMP** Compliance and 1.174 35 **Technical Sessions Industrial Training for** 136 4 Pharmacy College Students

Industrial Training were provided to 136 students

from different universities

waves of Leadership Development Workshops conducted covering 150+ Managers

internationally certified facilities

Robust distribution network including

pharmacies in the GCC

24% growth in production volume in 2022

of products exported

Production Capacity: 1+ million

More than

boxes of medicines a day Strong R&D activities:

new products launched

initiatives implemented across the plants;

CAPEX initiated for the bottleneck lines to support 2023 business

\$286

training sessions were conducted covering 2,100+ employees

27%

rise in UAE nationals hired

LED Adoption of energy efficiency technology:

Replaced 4,000 lamps with LED lightings

3.6%

decrease in water consumption

30% increase in monthly production plan

2,446

employees across the globe

6.7%

Female workforce increased

6 100%

of wastewater from manufacturing plant is treated

1.2%

decrease in total emission

191 40.3%

annual increase in net economic value generated in 2022

trainings sessions

spread across various departments

18.7%

decrease in non-hazardous waste

16.2%

decrease in diesel consumption

ESG Report 2022 ESG Report 2022 Introduction Introduction



Company Profile

Gulf Pharmaceutical Industries Co. (P.S.C.) (Julphar) is one of the leading pharmaceutical companies in the Middle East and Africa. Our headquarters are located in the Emirate of Ras Al Khaimah, United Arab Emirates (UAE)-, established in 1980, under the guidance of His Highness Sheikh Saqr Bin Mohammad Al Qasimi. Our first stand-alone facility produced five products. Four decades later, we endeavour to be part of the UAE's vision to build a strong and coherent economy. As a public shareholding company, we understand our responsibility towards our stakeholders. We manufacture quality & affordable products and follow the best international practices, ensuring we meet internationally approved quality standards for our products & processes, such as, ISO 9001 and ISO 14001 accreditations.

We are amongst the world's largest manufacturers of Insulin, equipped with capacity to produce 1,200 kg of recombinant human insulin equivalent to 40 million vials of insulin per year. Our medicines attribute to major therapeutic segments, including Gastrointestinal Tract (GIT), Respiratory, Pain Management, Wounds and Scars, Anti-infectives, Anaemia, Gynaecology, Dermatology, Erectile Dysfunction, and Cardiology.

Our product portfolio includes:



General Medicines

- Julphar has a robust product portfolio targeting major therapeutic segments.
- Julphar has a unique footprint in the region, where our medicines are tailored to the needs of local patients, physicians and consumers.
- Julphar continues to pursue a rich future in general medicines with a focus on broadening its portfolio and providing high quality products to patients.



Julphar Diabetes Solutions &
Other Medicine for Diabetes Patients

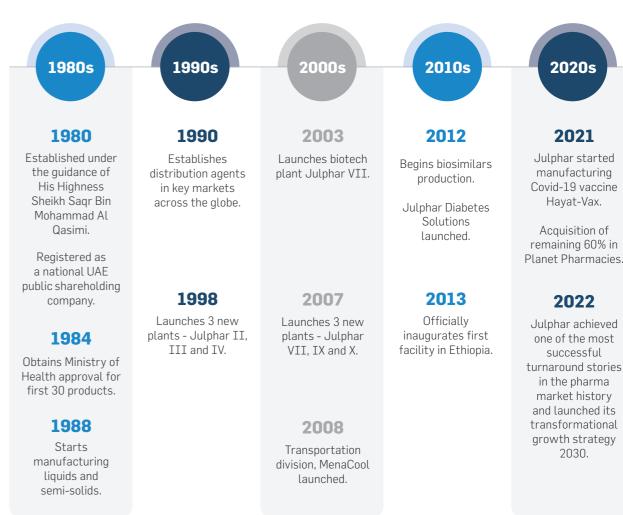
- Julphar Diabetes provides full disease solutions for people with diabetes to improve their well-being and lead better quality of life.
- Since its inception, Julphar diabetes was considered not only amongst the largest insulin crystals (API) manufacturers but also the only of its kind in the Middle East and Africa region.
- Our state-of-the-art Biotechnology facility was built according to the international standards with annual capacity of producing up to 1,200 kg of insulin crystals (API), equivalent to 30 million insulin vials annually.

Our company offers a diverse range of healthcare products. Please see the table below for a breakdown of our product categories and their corresponding capacities.

Capacity vs Category

Categories (Capac	city-22)				
Ampoule	8.3	Powder Vials	25		
Capsule	<u>15</u>	PPS	12		260
Cream/Ointment	43	Suppositories	14		Grand Total -
Drops	11	Suspension	23	, , , , , , , , , , , , , , , , , , ,	Mn Packs
Liquid Vials - Jusline & Epotin	1.2	Syrup	27.5		
Lyo Vials	10	Tablet	68.6		

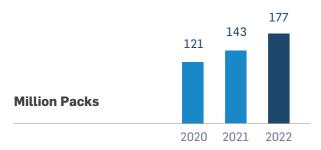
Here is a timeline of some of the critical events in our journey so far.



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Value Chain

Julphar has 12 internationally certified manufacturing facilities globally. With over 4,000 product registration certificates, we can produce nearly a million boxes of medicines daily. We have a local manufacturing facility in Ethiopia.



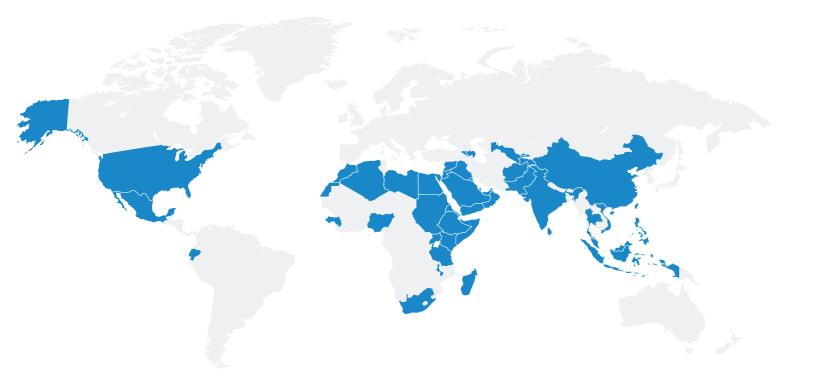
Our production volume saw a growth of 24% in 2022. We have a robust distribution network which includes 259 pharmacies spanning across Gulf Cooperation Council (GCC). Our UAE headquarters acts as a hub enabling us to distribute medicines by road across the region through our transport division Mena Cool. Julphar has a reliable logistics network that covers five continents, viz., Asia, Africa, Europe, South America, and North America. (Refer to map below).

Julphar is a major exporter, with over 85% of our products being exported outside of the United Arab Emirates. Our company complies with the country-specific health authorities laws and regulations of the UAE and other countries where we have business and important export markets for us. We take compliance seriously and ensure that our operations comply with the laws and regulations of all our markets.

Our ambition is to continuously cater to the needs of the global healthcare ecosystem. Our **Strategy 2030** reaffirms this ambition as we endeavour to launch new products and enter new geographical locations.

Memberships and Associations

- Julphar has joined the UAE International Investors Council (UAEIIC).
- Julphar has been awarded the Golden Membership of Excellence for business owners in GCC countries, recognizing the company's commitment to excellence and innovation.



Strategy



Our **Strategy 2030** aims to drive transformation through sustainable growth and deliver enhanced value for all stakeholders. We are targeting to triple our revenue via six central growth pillars listed below.

Maximizing Revenue from Current Product Portfolio

 We have achieved consistent growth in revenues in recent years and we remain on track to deliver revenue growth in coming years as well from our legacy products.

New Product Launches

 We aim to launch more than 100 new products between 2022 till 2030 by capitalizing on our inhouse R&D, licensing agreements with top-tier pharma partners and acquiring new products.

Geographical Expansions

 We aim to enter new territories and key pharma markets including CIS (Commonwealth of Independent States) countries, Turkey, Latin America, and Africa. This will help us to create new revenue streams. Necessary GMP approvals from PICs, ANVISA, the WHO and the EU are underway which will enable us to expand our business into other strategic regions.



Strategic Business Initiatives

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

Advanced Specialty Products Initiative

 We are venturing into well-defined new therapeutic areas, including future treatments for Oncology, Hormones and Immunology drugs. We are also expanding into the vaccine production and biotechnology space.

In-Organic Growth Initiatives

- Strengthening in house R&D activities.
- Forging strategic relationships with global institutions to maximize the market access and increase market share in new countries.

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ESG at Julphar



What ESG Means to Julphar

Julphar's vision to enhance the well-being of the community and individuals is at the core of our value system. At Julphar, we recognize the impact of ESG issues on society, as well as our business, and we are committed to carrying out our actions responsibly and ethically. In addition to the broader impact on society, there is evidence² from research that corporates that include ESG concerns in their strategy do not experience a drag on value creation—in fact, quite the opposite. Better performance in ESG also corresponds with a reduced downside risk generally through higher credit ratings, lower loan credit spreads, etc. In that context, ESG can bring many opportunities to accelerate growth, reputation, and long-term sustainability.

Contribution to Sustainable Development (National and Regional)

Julphar is dedicated to promoting sustainable development in the UAE and stay aligned with the United Nations Sustainable Development Goals. We deem it our responsibility to make significant contribution to **We the UAE 2031** vision. Through our Strategy 2030, released in 2022, we align our goals to resonate with the development ambitions of UAE. At Julphar XI, we produce the API (raw material) for human insulin that meets the demand in the UAE and GCC.

The ambitious vision, which aims for holistic development has its goals set across four pillars which are - forward society, forward economy, forward diplomacy, and forward ecosystem. Julphar's strategy is to launch new products and increase global footprint by entering new geographies. Being one of the largest pharmaceutical companies in the UAE, we believe that our growth will have direct impact by virtue of more job opportunities, increased exports of non-oil products & foreign trade and availability of better healthcare solutions eventually leading to better quality of life.

Additionally, we have also partnered with leading organizations in the UAE, the Middle East and beyondthis includes universities and colleges in the UAE, in an effort to boost employment opportunities for graduates and students. Through these partnerships, we are achieving our vision of empowering young people in the UAE and promoting a sustainable future. Julphar awards scholarships - under certain conditions - to its national employees and to outstanding high school graduates to help them balance work and study. With its own training center, Julphar is committed to helping Emirati workers develop their skills and abilities so they can take on higher positions.

With above initiatives, we aim to emerge as major impact player in UAE's growth story and actively contribute towards regional & national development.

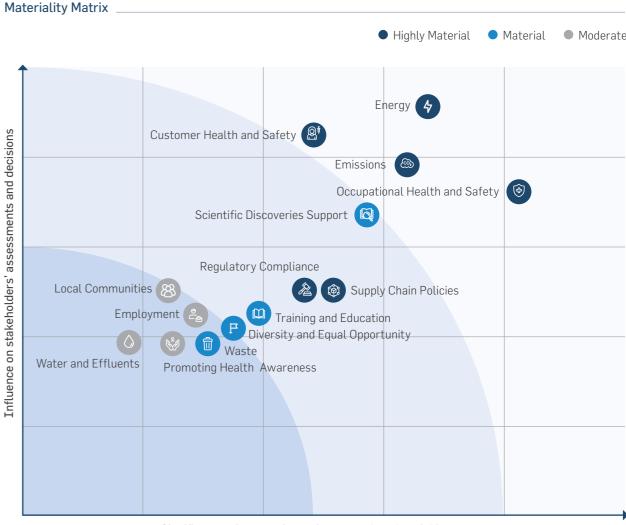
² Mozaffar Khan, George Serafeim, and Aaron Yoon, "Corporate sustainability: First evidence on materiality," The Accounting Review, November 2016, Volume 91, Number 6, pp. 1697–724, ssrn.com

Julphar Material ESG Topics

An important part of our reporting process is materiality assessments which include engaging with all our stakeholders to understand ESG topics that matter most to them. The insights developed from this assessment assist us in our ESG strategy.

Julphar has identified fourteen (14) ESG topics, with differentiated priority. These topics have been identified through several stakeholder engagement methods, enabling us to capture stakeholder interests and perspectives on key ESG issues. This ensures all relevant stakeholders are adequately covered, their issues & opinions are heard, and subsequently assessed for identification of material issues. Right from our suppliers of raw materials to our end customers, we have defined the process by which we perform this assessment. Julphar's materiality assessment has been last conducted in 2020.





Significance of economic, environmental, and social impacts

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We engage with our internal and external stakeholders on a periodic basis to guide and set a course to manage our issues, programs, and actions. We ensure a strategic engagement with all our stakeholders on issues on material concern. This includes our efforts to establish

good governance practices, advancing efforts to limit global warming, improving access to quality healthcare, and employee well-being to name a few. The table below provides an overview related to the nature of engagement with Julphar's key stakeholder groups.

Stakeholder Structure	Channels of Engagement	Focus Areas
Patients	Interactions facilitated by patient advocacy groups.	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.	 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.	 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.	 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.	 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.	 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.	 Transparent and agile supply chain management Quality manufacturing, patient safety Excellence in service and high-quality products
Suppliers	Questionnaires and audits.	 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.	 Intellectual property Corporate governance Climate action and resilience Business ethics Anti-bribery and corruption Access to health and medicines Pricing



ESG Report 2022 About Julphar



Organization Vision, Mission & Values

VISION

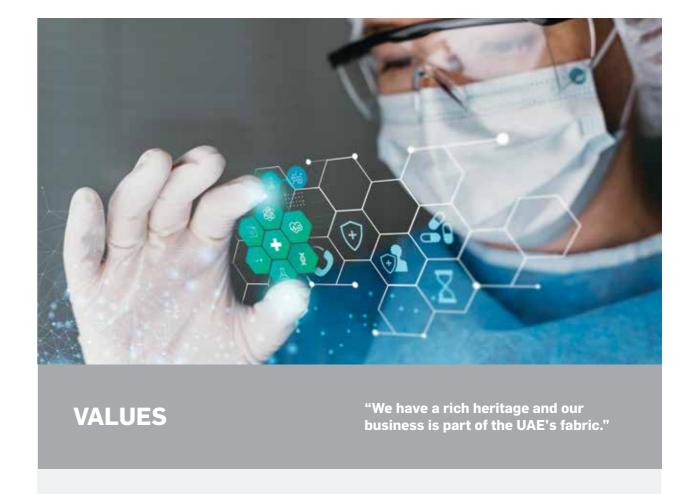
"To become a leading pharmaceutical company, recognized internationally for innovation."



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."





Julphar Values

Leadership

We are committed to excellence in everything we do in our role as leaders in global healthcare.

Collaboration

We act as one team to achieve a shared goal and forge strong relationships that enable us to maximize the impact of our work and grow as an organization.

Innovation

We believe that high quality research and development (R&D) is crucial to drive innovation and ensure the long-term success of the pharmaceutical industry.

Integrity

We act transparently and with honesty and integrity always with the highest of ethical standards.

Respect

We embrace a culture of professionalism with respect for people, honouring the unique contributions provided by a diversity of perspectives and cultures.

Compassion

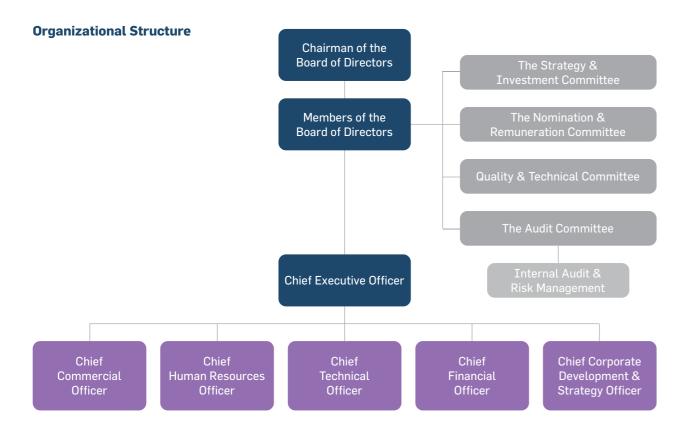
It is the cornerstone of our values, and we see it as a long-term investment in people. We celebrate our role in serving people and patients and believe in being truly compassionate and understanding, feeling and identifying with their needs.

Corporate Governance & Organizational Structure



Our Executive Management team is responsible for managing the day-to-day operations and implementing policies and strategies to achieve our goals. This is done in accordance with the guidelines set by the Board of Directors and the Articles of Association. The Chief Executive Officer is accountable for operational and administrative functions

and works with the executive management to improve performance. It is the CEO's responsibility to implement any effective internal control systems and follow any recommendations made by auditors, external oversight bodies, and the Board of Directors and its committees.



Chairman Sheikh Saqer Humaid Abdulla Alqasimi Members Rabih Khouri Abdulaziz Raman Abboud Olfa Gam Jamal Salem Medhat Hamody A.H.



Bejjani

We have implemented corporate discipline and governance standards in accordance with the Securities and Commodities Authority Decision no. (3/Chairman) of 2020 concerning the Approval of Joint Stock Companies Governance Guide. Our Board Committees have been reformed to align with this resolution and our Articles of Association have been amended to reflect the changes. We have established a comprehensive corporate governance system that covers the management, shareholders, employees, clients, and associate companies of our organization. Our commitment to transparency and objectivity is demonstrated through our periodic review of

company policies to ensure alignment with our governance framework and approved manual.

Mohamed

Abouelasrar

Elgamal

Al limy

Bin Darwish

AlNuaimi

This process included a review and update of committee charters, the corporate governance manual, and delegation of authority, all of which was overseen by the audit committee. The audit committee continues to conduct constant review and updates to these governance manuals. As part of our "iTurnaround Project," Wave 1, we have also implemented internal policies on Anti-Bribery, Anti-Corruption, Anti-Tax Evasion, Whistle-blower, and Third-Party Due Diligence.

Garg

Abdulla

Alzaabi

ESG Report 2022 Governance & Risk Management Governance & Risk Management

 $^{^{3}\,}$ Mr. Bassel Ziyadeh has been appointed as a replacement for Dr. Essam Mohamed on 13 February 2023.

List of Committees and their Responsibilities



Audit Committee

- Ensuring the quality, reliability, and accuracy of financial reports, and conformance to accounting principles.
- Maintaining compliance with legal and regulatory requirements and evaluating the efficiency of internal controls.
- · Performing internal audits.
- · Overseeing the work of the external auditor.
- Managing and assessing risk.
- Monitoring and improving the performance of accounting, auditing, reporting, ethics, compliance, internal controls, and cyber security.



Nomination and Remuneration Committee

 The Nomination and Remuneration Committee carries out its work in accordance with Article (59) of the Authority's Chairman Decision No. (03/R.M) of 2020 regarding the adoption of Governance Guide for Public Joint-Stock.



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 Board of Directors.



Supervision and Follow-Up Committee of Insiders' Transaction

 Ensuring compliance with resolutions of the Securities and Commodities Authority, Abu Dhabi Securities Exchange, and related amendments.



Strategy and Investment Committee

- Reviewing and endorsing the strategies, annual budget, and business plans as approved by the board of directors.
- Ensuring compliance with relevant laws and regulations.
- Examining contracts of strategic significance, financial and accounting matters, and making decisions within the committee's charter.
- Evaluating investment risks and reports, and making recommendations to the Board of Directors.



CAPEX Committee

- Review, analyse and approve Julphar's CAPEX.
- Ensure the presence of an approved feasibility study of the CAPEX.
- Ensure the fairness and transparency of the bidding process
- Inspect the RFQ and the collected offers.
- Evaluate quotations received for all CAPEX
 Purchases at Julphar without exception. Utilize the
 Financial Analysis conducted by the Finance Team
 to analyse quotations.
- Record all final decisions made by the CAPEX Committee. All responses made to a beneficiary must be accompanied by justifications for the decision made in the Committee Meeting.
- Review the performance and progress of approved CAPEX projects monthly and provide updates to Julphar Management on quarterly basis.

Risk Management

We aim to ensure responsible and effective management through incorporating risk assessments into every aspect of our work. Recognizing that risk can come from both internal and external factors, we strive to stay alert to potential hazards that could negatively impact the business. This means incorporating risk management into all decision-making and utilizing various methods, such as sustainability assessments and stakeholder engagement, to identify and prioritize risks and opportunities.

We also have a structured approach to managing supply chain risks and view risk management as a key part of our overall strategy. Additionally, we have implemented a third-party due diligence policy to mitigate any potential risks. The goal is to create value for our stakeholders by being proactive in managing risks.

Our risk management processes have a two-pronged approach with the Executive Team and senior management actively involved as a secondary line of defence. The Chief Compliance Officer oversees the creation and implementation of risk management policies, but it is the responsibility of senior management and individual departments to put these policies into practice. The organization's risk profile is monitored by the Audit Committee, who also assess the effectiveness of the Risk & Compliance function annually. Currently, we are conducting departmental risk assessments and establishing functional risk registers.

Business Ethics& Culture

We strive to meet the highest ethical and professional standards and maintain the trust placed in us by our stakeholders and clients. At Julphar, we actively foster and build a culture of ethics, integrity, and compliance. We have defined a set of organizational policies in place to meet compliance and ensure swift operations. Our Code of Conduct (CoC) ensures professional conduct across all our employees and creates a positive work environment.

Specifically, we oppose corruption in all its forms. To secure business or gain an advantage in business, we do not accept, solicit, or pay anyone a bribe. we have separate policies to manage bribery, corruption, tax evasion, conflict of interest, employee grievances, etc. These guidelines cover modus operandi and address the concerns of each of the stakeholders including the customers and suppliers. Any violation of the policies is subject to thorough investigation and follow-up action.



Regulatory Compliance

We strive to meet the highest ethical and professional standards and maintain the trust placed in us by our stakeholders and clients. At Julphar, we actively foster and build a culture of ethics, integrity, and compliance. We have defined a set of organizational policies in place to meet compliance and ensure swift operations. Our Code of Conduct (CoC) ensures professional conduct across all our employees and creates a positive work environment.

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Julphar's Commitment to Responsible Business Conduct

Code of Conduct

We are dedicated to conducting business with high ethical and legal standards, both within our organisation and with external stakeholders. Our Code of Conduct lays out the basic rules, standards, and behaviours important to achieve these objectives. It ensures that our employees meet standards that are appropriate to the reputation of the organisation and compliant with the laws and cultural standards of our markets. We have a 'no tolerance' policy for any form of discrimination, which prevents workplace hostility and promotes teamwork. We are fully committed to safeguarding third-party information in compliance with applicable laws and contractual obligations. Overall, the code of conduct ensures trust within our organisation and with our partner.

Compliance Check

A fundamental Julphar objective is to maintain a culture where the willingness to do the right thing, to comply with applicable laws and Julphar's policies, is fully embedded across the organization. Our ethical standards support the achievement of our business objectives while ensuring compliance and promoting business ethical values in daily activities. Julphar recognizes the importance of transparent bioethical standards throughout our research and clinical development activities.

ESG Report 2022 Governance & Risk Management Governance & Risk Management



Economic Performance

Julphar's position as a key market player in general medicine and diabetes solutions and products in the Middle East & African geographies is reinforced by the consistent growth in our economic performance. In 2022, Julphar achieved significant growth in terms of sales volume and revenue. This growth reflects our success in providing more patients with the treatments they need.

In 2022, we increased our revenues by 40.3% to 1,636 million AED, compared to 1,168 million AED in the previous year. This growth can be attributed to various factors such as increased sales, expanded product offerings, and efficient market penetration.

However, we realize that every expanding business face risks. We are cognizant of the vulnerability and detrimental impacts of and their financial implications. We strive to better manage and equip our systems and processes to adapt to the changing environment with minimal and reversible impact on Julphar's operations.



40.3% annual increase in net economic value generated in 2022



Economic Performance

KPIs	Unit	2020	2021	2022*
Direct Economic Value Generated (Revenues)	Million AED	621	1,168	1,636
Geographical Split				
UAE	Million AED	91	356	573
Other GCC Countries	Million AED	136	331	638
Other Countries	Million AED	394	481	426
Total Economic Value Distributed	Million AED	878	1,251	1,712
Operating Costs	Million AED	417	782	1,122
Employee Wages and Benefits	Million AED	262	340	385
Payments to Providers of Capital**	Million AED	8.0	-	-
Payments to Government by Country	Million AED	-	-	-
Community Investments	Million AED	0.1	-	-

^{* 2022} balances are subject to auditors review and concurrence

Sustainability in the Supply Chain

The sustainability-related risks involved in the manufacturing, distribution, and sale of pharmaceutical products and drugs range from environmental issues such as Greenhouse Gas (GHG) emissions, water scarcity, and waste production, to social issues such as, consumer health, comorbidities, accessibility, and affordability, etc. The vulnerability exposure of supply chains has potentially far-reaching impacts on a business. To that effect, companies are taking responsibility for ensuring their supply chains are well-managed and optimized to minimize the inherent sustainability risks. We understand that the entirety of our supply chain plays an integral role in supporting us to deliver on our commitments. Therefore, we continuously aim to foster professional relationships with our suppliers and business partners that can enable mutually beneficial rewards. Julphar works with several healthcare providers, both private and government, in the

Julphar has developed a comprehensive methodology for managing supply chain risks, which is based on the company's risk management framework. The methodology aims to prevent a wide range of risks, including inaccurate forecasts, material shortages, unmet sales demand, lengthy lead times, reliance on a single supplier, limited material availability, and price changes due to geopolitical events



To address these risks, the methodology employs simple and effective solutions such as consistent monitoring, regular reviews, prioritizing the pipeline, and making early orders. These steps help to ensure the smooth functioning of the supply chain, reduce the impact of potential risks, and promote a more efficient and cost-effective operation.

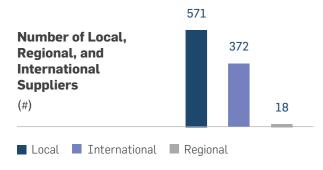
^{**} The Figures mentioned here relate to the interest paid to shareholders for the shareholder loan.

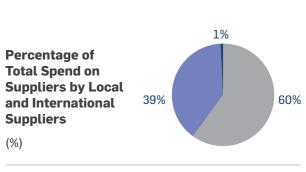
Procurement

Julphar has a system in place for evaluating and managing our suppliers with the help of supplier valuation checklist and implementing quality agreements with manufacturers. Additionally, standard operating procedures and guidelines are in place for third-party due diligence and addressing issues such as bribery and corruption. This helps to ensure the qualifications and certifications of vendors and the quality of the products procured.

We maintain a balance of international and local transactions in our supply chain, with 60% of transactions taking place internationally. This covers regions like Asia, Africa, the Pacific, Europe, and America and helps bring efficiency and diversity in our value chain.

Our company supports local capabilities and encourages efficient procurement practices to meet its business requirements, while also contributing to national economic growth. In 2022, 59% of our suppliers were local suppliers whereas the remaining where 39% international and 2% regional suppliers.





Regional Local International

Distributor management system

We have implemented a distributor management system to streamline the handling of distributors. The system outlines procedures for tasks such as adding new distributors, disqualifying existing ones and re-introducing alternative distributor This helps to ensure that the process is carried out consistently and in accordance with established quidelines.

The distributor management system is supported by various teams within the organization, including the sales team, legal team, commercial team, and a distributor committee. All these teams work together to ensure that the process is executed smoothly, minimizing the risk of errors or issues. The aim of this detailed approach is to ensure that the distribution operations run smoothly, reducing risk and improving efficiency.

Strategic Partnerships

As a leading pharmaceutical company, we strive for excellence by forming strategic partnerships with other businesses and organizations in the healthcare industry. In 2022, we entered into a licensing and supply agreement with Hetero, a leading Indian generic pharmaceutical company known for its anti-retroviral drugs. This agreement allows us to partner in the procurement of products in several areas. Such as those related to cardiovascular and nervous system health and pain management. By providing more efficient and better services to customers in these areas, we aim to improve patient health and well-being.

We also entered into a strategic cooperation with 'Huadong Medicines', a pioneer in the diabetes market in China. This partnership will allow us to develop, manufacture, and commercialize Liraglutide, a drug used for treating diabetes and obesity. This will open opportunities 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.

In addition, we signed a 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 help in generating more job opportunities.

Scientific Discoveries Support

Julphar's continued focus on R&D will play a vital role in our ability to deliver on our commitment to provide innovative and effective pharmaceutical solutions. The importance of R&D cannot be overstated and is a critical component of the healthcare industry. By investing in in-house R&D, the company is working to develop a robust and sustainable pipeline and make a positive impact on society.

Our R&D Objectives

development



pilot plant set up

Julphar's R&D efforts and approach contribute to society by providing access to high-quality products with the customer's well-being as the highest priority. The company is investing in in-house R&D to develop a robust and sustainable pipeline and plans to launch more than 100 new products in well-defined therapeutic areas in the coming years. In 2022, Julphar made considerable progress in product remediation and development. We developed 22 new products in the year 2022, out of which 13 new products have been launched and 9 products are under approval. Further, 18 legacy products were remediated and approved by the Ministry.

approval support



and resolution

Our R&D Strategy





Collaborate

To build a culture of innovation across business through R&D



Deliver

team through on-job

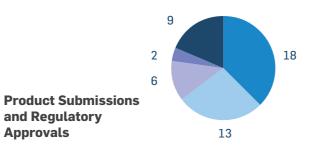
and external training

Innovative solutions that define highest levels of customer experience

ESG Report 2022 ESG Report 2022 Economy Economy

Julphar R&D actively involves in finding innovative ways of developing and improving products through nonconventional approach thereby accelerating patient access to our beneficial products. We strive to boost on throughput to address patients' unmet needs and maximise revenue potential.

We ensure to establish quality environment throughout the development phase and rigorously follow Quality by Design approach in all aspects. At R&D, we monitor compliance in real-time paving the way to meet crucial adherence to regulatory compliance and standards requirements. Below is a representation of our product development, submissions, and regulatory approvals with respective government bodies.



- New product submitted to RA/MoHAP
- Remediated products submitted to RA/MoHAP
- BE/IVRT study completed

Approvals

- New products approved by MoHAP
- Ministry approved blockbuster remediation products

Abbreviation: MoHAP: Ministry of Health and Prevention, RA: Regulatory Affairs, IVRT: In-vitro release testing)





Key Breakthroughs:

Our research and development efforts continue to drive transformative advancements in the pharmaceutical industry. In 2022, we made significant strides in utilizing techniques such as microencapsulation to formulate unstable active pharmaceutical ingredients for treating Acne vulgaris. Additionally, we have developed alternative dosage forms, such as orally disintegrating tablets, for faster onset of action. These developments hold great potential for our company to lead the way in product launches following successful development and approvals.

Our R&D team is also working on developing a dosage form for an active ingredient used in treating benign prostatic hyperplasia using the Oral-controlled absorption system (OCAS®). We have also made notable progress in developing other products such as modified release tablets for combining NSAID and proton pump inhibitors, injectable anticonvulsants, and more.

At R&D, our people are what makes us great, and we are recognizing the outstanding contributions they make to our company through our Rewards and Recognition program. Each month we honour a team member who goes above and beyond the everyday scope of their responsibilities or who has particularly excelled in executing an assigned





We have employee training programs to develop employees' skills, improve their performance and increase retention. We have a robust 'Train the Trainer' concept of training within R&D department, involving an engagement with Julphar's HR department to develop exclusive training programs as per the requirements.







Pharmacovigilance at Julphar

We have established a robust pharmacovigilance and risk management program to detect, evaluate, comprehend, and prevent any negative effects or issues related to our drugs. We monitor for safety through various methods such as reviewing reports of potential adverse reactions, literature studies and results from clinical trials. This enables us to expand our understanding of the safety profile of existing drugs and take any necessary regulatory action as new safety information becomes available.

We actively collaborate with regulatory authorities, healthcare professionals, and patients to identify and report adverse events related to our products. Our pharmacovigilance quality management systems aim for continuous improvement and ensure compliance with relevant regulations, including Good Pharmacovigilance Practices in the MENA region.

In 2022, the pharmacovigilance quality management system implemented a 100% e-archival system for documents, which is environmentally sustainable. This not only reduces the company's environmental footprint but also makes it more efficient and cost-effective.

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As a responsible pharmaceutical company, we recognize the importance of protecting the environment and preserving natural resources for future generations. At Julphar, we recognize the significant impacts that environmental issues can have on public health and society. We are committed to implementing environmentally friendly practices and achieving long-term sustainability across our operations.

Our company places a strong emphasis on environmental sustainability and incorporates it into all our operations. To minimize our impact on the environment, we treat our wastewater for irrigation and strive to limit our carbon footprint. Additionally, we prioritize safe waste disposal to prevent harm to the ecosystem. These measures demonstrate our commitment to responsible and efficient operations.

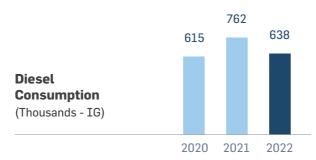


Energy

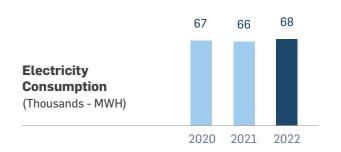
At Julphar, we acknowledge the significance of controlling our energy utilization and minimizing our ecological footprint. Our primary energy sources are electricity and diesel. While diesel is used as a fuel source for power generation (DG sets) and transportation needs, electricity is utilized in production processes and facilities.



Diesel consumption witnessed a decrease of approximately 16.2% from 2021 to 2022



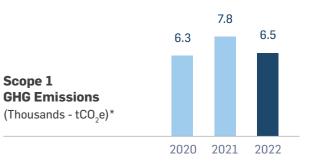
We remain dedicated to consistently monitor and enhance our energy efficiency and implement sustainable practices throughout our operations to decrease our environmental impact. One such initiative, is our LED lighting upgrade, where we replaced 4,000 lamps with LED lights. In addition to this upgrade, we are now focusing on monitoring our energy usage and setting targets for reduction. These efforts reflect our commitment to being a responsible and environmentally conscious company.



Emissions

Julphar is committed to address the impact of climate change and promote business resilience through responsible use of natural resources. Julphar continues in its efforts towards reduction of GHG emissions and conduct our business in environmentally sustainable manner.

There was a 16.2% decrease from 2021 to 2022 in GHG Scope 1 emissions. This decrease in emissions can be attributed to the reduction in diesel consumption aimed at reducing our carbon footprint.



 $^{\star}\text{The }2020$ and 2021 emissions quoted in this report has been updated in comparison with the previous reports.



ESG Report 2022 Environment Environment Environment

However, our Scope 2 GHG emissions, i.e., indirect emissions from electricity consumption, have increased by 2.9% in 2022.

Although by a small margin yet significant, our total emissions decreased by 1.2% in the year 2022. We aim to reduce Scope 1 and 2 emissions by 33% by the year 2030. In the interim, as part of our "iTurnaround Project," we aim to conduct an energy management exercise to optimize our operations.



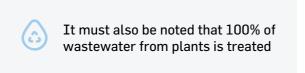
29.0 28.5 29.4 Scope 2 GHG Emissions (Thousands - tCO₂e) 2020 2021 2022 Total GHG Emissions (Thousands - tCO₂e)

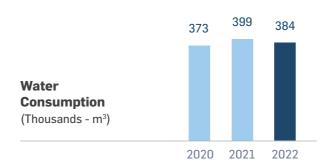
Water & Effluents

Julphar aims to responsibly manage resources through both operations and promoting conscious consumption through employee awareness, utilizing non-potable water sources like recycled water. The company plans to adopt water-saving technologies and practices in the workplace.

Our goal is to preserve resources and minimize water usage, particularly in areas facing water scarcity. Using water to manufacture our products is critical to the organization, therefore we responsibly manage this resource. From 2021 to 2022, there was a decrease of 3.6% in water consumption. This is attributed to the fixes in leakages and efficient water usage at our organization.

Our manufacturing facilities are the primary source of our wastewater. We provide regular updates on the amount of wastewater generated to the Ras Al Khaimah Government Authority as a part of our operation and maintenance reporting, done every quarter. The treated wastewater is mostly used for irrigation purposes. Our internal wastewater treatment plant, backed by an (Effluent Treatment Plant) ETP process, is responsible for treating all wastewater except chemically contaminated wastewater. In 2022, the ETP treated approximately 249,314 cubic meters, emphasizing our commitment to resource conservation and reuse.





Quality control is of utmost importance to us. The Ras Al Khaimah Government Authority checks the water quality regularly by examining the parameters of influent and effluent water every week. This helps us ensure that the treated water meets the necessary standards for reuse and protects the environment. Our approach to water management emphasizes responsible usage and conservation, enabling us to reduce our impact on the environment.

Waste

Julphar understands the significance of managing our waste. Our waste management approach involves categorizing, separating, minimizing, safely handling, and monitoring. We consider it our responsibility to ensure that all types of waste generated on premises is disposed safely without causing harm to the environment. Depending on the category of waste, we dispose of it through incineration, treatment of contaminated waste, or landfill if it cannot be recycled and reused. Our pharmaceutical waste cannot be reused, so all hazardous and non-hazardous pharmaceutical waste is incinerated or safely disposed to waste management vendors for further treatment of waste.

In 2022, Julphar generated 765 tonnes of pharma waste. This 4.4% increment from 2021, attributed primarily to the increase in production. Nonetheless, we strive to treat the waste through accepted scientific practices. Incineration is our most adopted mode of waste management. In 2022, we used incineration to manage our pharmaceutical, hazardous & chemical waste, while non-hazardous waste (sludge) was sent to landfill.

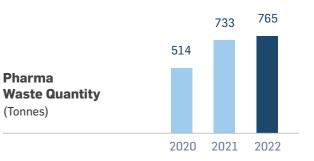


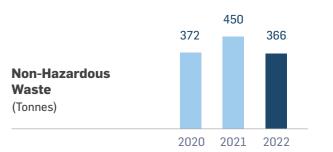
This year the volume of non-hazardous waste decreased by 18.7% compared to the previous year

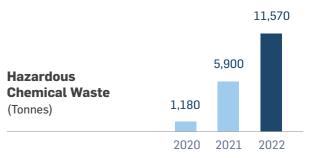
While the volume of hazardous chemical waste increased by 96.1% which is also seen in the individual rise in the Zink IPA and chemical wastes. These waste types are linked to the API production at Julphar.

We also aim to start an employee awareness program to encourage them to utilize reusable materials whenever possible and reduce the amount of non-recyclable waste.









Zink IPA and Chemical Waste Split

Type of Hazardous Waste (Tonnes)	2020	2021	2022
Zink IPA	1,180	1,900	2,400
Chemical	0	4,000	9,170

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Occupational Health & Safety

At Julphar, the safety and well-being of our employees are our top priority. To ensure this, we have implemented an EHS policy that promotes the creation of a safe and healthy workplace, as well as a clean environment for our employees and the surrounding community. Additionally, we have established standard operating procedures and guidelines for our employees, contractors, suppliers, and outside drivers to follow to maintain a safe work environment. Our Health and Safety system follows the ISO 14001 international standard.

To ensure the safety and well-being of our employees, we provide EHS training to all job classifications. We track injuries monthly and take necessary measures to prevent future incidents. Additionally, we conduct internal and external audits on a regular basis to identify areas for improvement. The table below lists the type and number of audits conducted annually from 2020-2022, which includes a mix of internal and external audits.

Type and Number of Audits

Agency	Type of Audit	External / Internal	2020	2021	2022
Civil Defence R.A.K Government	Fire fighting facilities inspectionsBuilding inspections	External	3	4	4
SGS	Requirements for the ISO 14001 including EHS	External	1	1	1
The Ministry of Environments	Related to all environments	External	1	1	1
EHS & Security	To audit all the premises/ factories on monthly bases	Internal	NA	12	12

Number of Incidents

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

In 2022, we reported 6 recordable work-related injuries among employees. These are non-fatal injuries that resulted in missed workdays, restricted work, or medical treatment beyond first aid.



During 2022, we held two OHS training sessions to improve the knowledge and skills of our staff.

Additionally, we organized a First Aid training session and a fire mock drill to prepare our employees for any emergencies. We also have implemented a basic safety induction training system for new employees to ensure that they are aware of the safety protocols and procedures.

We also collaborated with the Preventive Medicine unit in Ras Al Khaimah to organize a seasonal flu vaccination campaign at our premises.

Number of Trainings

Trainings	2020	2021	2022
Number of Occupational Health and Safety Training Programs Conducted	NA	4	2
Number of Staff Attending Occupational Health and Safety Training	NA	536	191

In 2020, Julphar reduced/terminated the occupational health and safety training programs provided for Julphar employees due to the COVID-19 pandemic as Julphar engaged with the implementation of all the precautionary measures to avoid spreading of the disease. In 2021, we doubled these training programs in comparison to business as usual scenario of conducting only 2 occupational health and safety training programs per year, which impacted

the increase in the number of trainees. Considering the reduction of training programs in 2022, the number of participants reflects a significant drop compared to 2021. Our first priority is to conduct these training programs twice a year for our employees to be able to identify, understand and mitigate, when possible, the safety risks associated with their roles.







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Customer Health & Safety



At Julphar, we prioritize the production of safe and highquality products to aid our customers in maintaining their health. Recognizing the significance of our products on human lives, we adhere to strict policies and procedures to ensure product safety and quality. We ensure that our research and production processes adhere to internationally recognized standards and guidelines, Good Manufacturing Practice (GMP).

We collaborate with leading companies to bring innovative solutions to healthcare communities and improve the lives of those who use our products. We also prioritize our customers' needs by providing timely responses to medical queries through a toll-free system and ensuring the confidentiality of patient data on our safety database in accordance with data protection regulations such as General Data Protection Regulation (GDPR).

While 100% of our products undergo health & safety assessments, in 2022, 82% of our significant products categories' health & safety impacts were assessed to achieve improvements. We strive for transparency in our services and our marketing teams handle any productrelated complaints from customers. Mebo, Adol, Triaxone, Risek, Epotin are the top 5 products, manufactured by Julphar. We received total of 7 complaints against these products in 2022.

Number of Complaints received against Julphar's Top 5 Products

Top 5 Products	2020	2021	2022
Mebo	11	8	1
Adol	7	4	4
Triaxone	3	0	2
Risek	1	1	0
Epotin	1	0	0

In 2022, we received a total of 30 complaints against all our product offerings. Of these, 22 were found to be invalid. Our overall complaint rate has decreased significantly compared to previous years as shown in chart above. This year no product recalls were made. Further, in 2022, we received approval on all our drugs by the Ministry of Health and Prevention with no observations.

Handling Complaints at Julphar

Through a written procedure, product complaints are adequately reported, evaluated, thoroughly investigated and responded to complaints in a timely and professional manner. We determine the cause of failure following data collection and analysis and actions are taken for non-conformities.

Complaints can be received from Regulatory Affairs, Health Ministry or Customer via email, letter, fax or a telephone call. Once the complaint is received on the complaints handling mail, the QA representative verifies the complaint details and sends an acknowledgment email to the complainant. If the submitted data is not enough for evaluation the QA contacts the complainer where the complaint is documented as part of the investigation report if no response is received.

If the complaint is regarding 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. The department submits investigation details/report for further QA

The QA Compliance Department classifies the possible nature of the complaints received as Critical, Major or Minor.

• Critical: Product defects that would result in fatal adverse health consequences or death.

Examples of critical complaints include, but not limited to, active ingredient missing, product decomposition that might result in adverse health consequences or death, etc.

Investigation timeline: Within 24 hours of the complaint receipt.

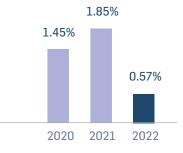
- Major: Product defects that will cause serious adverse health consequences or major quality defect. Examples of major complaints include, but not limited to, inactive ingredients missing, excessive amounts of physiologically harmless materials, etc.
- *Investigation timeline:* Within 15 calendar days
- Minor: Product defects that will cause no adverse health consequences and will not impair efficacy or product usage. Examples of minor complaints include, but not limited to, minor deviations from product standards (e.g., in terms of color, odor, taste, shape or occurrence of spots), packaging defects, etc. Investigation timeline: Within a maximum of 30
- calendar days

The complaint investigation report covers various aspects including, but not limited to, manufacturing and packaging record review, complaint sample physical checking as well as analytical analysis and stability data review for impacted batches as well as other batches. The investigation report is compiled with a final summary which includes all data such assessment of the impact on the stocks in the market and review of the product complaint trends, etc.



2020





No. of valid complaints No. of invalid complaints

2021

We strive to create better lives for those who use our products through collaborations with the most advanced companies to bring innovative solutions to healthcare communities.

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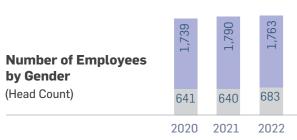
Employment

At Julphar, we consider our employees to be the key factor for success and growth. Without a dedicated, motivated, and capable workforce, it is not feasible for an organization to strive for progress. We aim to retain and attract top talent to meet the demands of our business operations and ensure that they are treated fairly.

Julphar is an equal opportunity employer, and we have several policies in place to ensure productive workforce management. We have policies in place to support our employees with interest free loans, unpaid leaves and address their concerns via an effective grievance policy & procedure. We are against child labour, slavery, nepotism at workplace for which we have a set of guidelines in place.



Our headcount increased by 0.7% in 2022 taking total number of employees at Julphar to 2,446. It must be noted that our female participation in the workforce also increased by 6.7% as depicted in the figure. Out of these, 2,003 employees are based in Head Office & UAE, while rest of the employees are located in other countries.

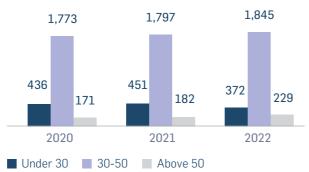


■ Male ■ Female

between the ages of 30 and 50 whereas 15% are under the age of 30 and the remaining are above 50 years old.

At Julphar, 75% of the total number of employees are

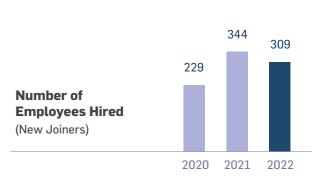
Number of Employees by Age Group



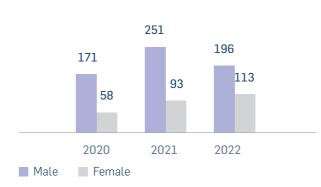
344 people joined us in our journey in 2021, and in 2022, we welcomed 309 new hires in our organization to support us in building better healthcare solutions.

The number of new female joiners recorded an increase of 21.5% from 2021 to 2022, rising from 93 hires in 2021 to 113 in 2022.

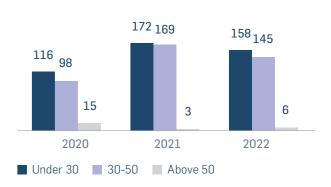
This year, 51% of our new hires were under the age of 30 years old.



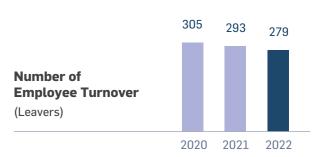
Number of Employees Hired by Gender



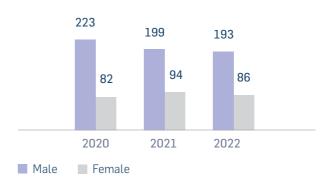
Number of Employees Hired by Age Group



In 2021, a total of 293 employees left the organization, while in 2022, that number decreased to 279. This shows our employee centric programs are having a positive effect.



Number of Employee Turnover by Gender



Number of Employee Turnover by Age Group



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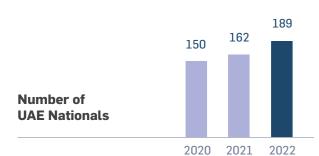


Emiratization

Our goal is to enhance the presence of UAE nationals through our support of Emiratization. Julphar is committed to advancing this cause by hiring local talent and providing UAE nationals with opportunities for career growth and development.

We are pleased to report that in 2022, Julphar recorded a significant increase in the number of UAE nationals hired. A total of 34 new Emirati nationals were recruited, with a clear majority of 27 female candidates and 7 male candidates.

Furthermore, it is noteworthy that out of the total 189 Emirati nationals employed in the company, 90% are female. This is a testament to the company's commitment to diversity and inclusion, as well as the growing number of highly qualified and talented Emirati women who are entering the workforce and making a meaningful impact.



Emiratization remains our priority and we aim to achieve 15% Emiratization rate by 2024, in alignment with our country's strategy

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.

Diversity & Equal Opportunity

Julphar is an equal opportunity employer and strives to foster a diverse, inclusive, and equitable workplace where everyone is treated with respect and dignity. Gender equity is a key focus of our D&I strategy. As highlighted earlier, our female workforce has increased this year as compared to 2021.

Training & Education



At Julphar, we value continuous learning and development for our workforce. Upskilling empowers employees with the skills needed for innovation, new product/service development, regulatory compliance, industry trend awareness, increased productivity, and better customer relations. This approach benefits both our employees and the quality of our products and operations. We identify training needs at Julphar by capturing data at two different levels, training needs stated by our employees and training needs stated by their level 1 (L1) manager.

We conducted 90 trainings sessions spread across various departments imparting necessary skills & knowledge



to our employees to for upskilling & better workplace efficiency.

We recognize the exceptional commitment our employees make to our company through our rewards & recognition program. Each month we honour an employee with outstanding performance in their responsibilities or who has particularly excelled in executing an assigned task. In 2022, 2,256 out of 2,446 employees, i.e 92% are going through the annual appraisal as a part of performance and career development review.

Training Type	Participants Count	Session Count	Average Man Hours
Capability Building Sessions	1,019	51	11.7
GMP Compliance and Technical Sessions	1,174	35	6.4
Industrial Training for Pharmacy College Students	136	4	89.6







Additionally, we established Competency Framework and implemented it in Julphar Performance Management System for two broad job levels, team leader and above as well as senior specialist and below. Our framework focuses on six behavioral competencies including Achievement Orientation, Change Agility, Business and Financial Acumen, Problem Solving and Decision Making, Taking Ownership and Accountability as well as Teamwork and Collaboration.

Competency profiles at Julphar include informational elements such as the list of competencies, level of mastery required for each competency and specific behavioral ways to demonstrate these competencies – often referred to as behavioral indicators. These indicators are divided into four levels of proficiency, from beginner to expert and each employee at Julphar is mapped to these levels depending on their performance and expectations from the role.

We also conduct a Competency Assessment to evaluate a candidate's potential, role, fitment and cultural integration at Julphar.



External Talent Acquisition

Competence Assessment through Mercer Psychometric Profiler where the questionnaire is customized as per the Julphar Core Competence Framework. It is conducted for two distinct employee levels:

- Head of Department and above: Leadership Potential
- Team Leader and Managers: Managerial Potential



Internal Talent Development and Career Planning

Competence Assessment through Mercer Psychometric Profiler where the questionnaire is customized as per the Julphar Core Competence Framework. It is conducted for three distinct employee levels:

- Head of Department and above: Leadership Potential
- Team Leader and Managers: Managerial Potential
- Below Team Leader Level: Potential and Development Profiler

Our R&D management team participated in a leadership and project management course provided by HR in 2022, and later co-led an emotional intelligence training program for their team with HR. These initiatives keep our employees current and equipped to handle changes.

The 'Julphar Training Centre' provides technical skills development opportunities for our employees, attracting over few hundred students globally each year. The customized training programs aim to close skill gaps and address future healthcare needs.

Here is brief representation of type of training programs conducted throughout the year at Julphar.



Commercial Learning

Upskill knowledge and skills of the front line sales force

24 Trainings

∠ Trainini



HR L&D

Upskills functional and behavioural skills of all employees

22 Trainings



Julphar Training Center - Technical Training CGMP

Upskill knowledge and skills of Technical operations team on CGMP and Quality perspective

35 Trainings



Julphar Training Center/Industrial Training for Students

Provide industrial training to pharmacy students across UAE

4 Trainings

UAE National Training

Upskills functional and behavioural competencies of UAE nationals under Emiratization program

5 Trainings

In 2022, 40 employees from senior management underwent Project Management Workshop and 44 employees from middle management underwent Emotional Intelligence Development Program Moreover

employees from middle management underwent Emotional Intelligence Development Program. Moreover, 93 frontline managers in the Head Office underwent Managerial Excellence Program whereas 100 frontline managers in other countries underwent Leadership Development Program. In addition to that, 48 identified subject matter experts underwent Technical Upskilling Course and also cascaded down learnings at the shop floor for technicians.

Sample:

Training Name	Training Training		Number of Attendees		Total Training Hours Delivered	
	(hours)	Days	Male	Female	Male	Female
Deviation Management	9	1.5	72	8	648	72
Basic CGMP Concept	2	0.25	147	48	294	96
Ajman University	60	10	18	48	1,080	2,880
Dubai College of Pharmacy	30	5	0	36	0	1,080
Fujairah University	60	10	0	10	0	600
Adaptive Selling for MR's	64	8	35	9	2,240	576
8 Steps Coaching Model	48	6	23	0	1,104	0

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Local Community



Blood Donation

We, at Julphar, are committed to creating awareness and supporting our communities through access to quality healthcare. We have organized a "Blood Donation Campaign" in association with Saqr Hospital in Ras Al Khaimah, where many of our employees volunteered and fulfilled their commitment of helping the community.



'Seasonal Flu Vaccination'

To promote health and wellness, we also organized a 'Seasonal Flu Vaccination' campaign in cooperation with the Preventive Medicine Unit in Ras Al Khaimah at our premises.



"Touch of Hope"

Additionally, we participated in the "Touch of Hope" initiative organized by the Emirates Cancer Society as part of the "Pink October" activities. Our team attended the event, where interactive activities were conducted, and we had the opportunity to honour patients.



World Diabetes Day

We are also committed to raising awareness about diabetes, as demonstrated by our participation in the "World Diabetes Day" event held at the Public Health Centre in Ras Al Khaimah. This event aimed at educating various institutions about diabetes and its risk factors, warning signs and prevention methods.



Mother's Forum

We believe that all our stakeholders, including women, deserve equal access and participation in science and research. We are proud to participate in the celebration of the "International Day of Women and Girls in Science" in order to promote gender equality in the field of science and technology, especially in the field of research and development in the pharmaceutical industry.

In addition, we organized "Mother's Forum" in cooperation with Sharjah's 'Women's Forum Foundation' and 'Profinal' as a part of our awareness

campaign for mothers and patients. The initiative aimed at educating mothers on how to identify children's body temperatures, fever, verbal bullying and first aid awareness, usage of ibuprofen and other related topics.

We, at Julphar take pride in the role that women workforce plays in research and in prevention, diagnoses, and treatment of diseases. This helps us achieve our SDG aspirations of gender equality and the empowerment of women and girls.

COVID-19 Efforts

2022 was a challenging year given the continued recovery from pandemic and getting used to new-normal. Being a pharma company it's our duty to be prepared for any sort of healthcare uncertainties around the world. COVID-19 was a lesson and it's important that we take learnings from it for sake of better, safe, and healthy future.

The company issued multiple COVID-related notifications to its employees, highlighting the requirement for hard copies of vaccination certificate and Emirates ID for

PCR tests, dispensing with the need for negative PCR test after quarantine and providing recovery certificate from Alhosn application, and reminding employees to wear masks properly, frequently sanitize and wash their hands, maintain physical distance, and exercise caution in both the workplace and public spaces. The company also emphasized the importance of following COVID-19 protocols for the safety and well-being of employees and the community.

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GRI Content Index

Gulf Pharmaceutical Industries has reported with reference to the GRI Standards for the period from 1 January 2022 to 31 December 2022. 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 Disclosure	s		
GRI 2: General	2-1 Organizational details	8, 9	
Disclosures 2021	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	29	
	2-5 External assurance	2	
	2-6 Activities, value chain and other business relationships	9, 10	
	2-7 Employees	36, 38	
	2-9 Governance structure and composition	18, 19, 20	
	2-10 Nomination and selection of the highest governance body	18, 19	
	2-11 Chair of the highest governance body	19	
	2-12 Role of the highest governance body in overseeing the management impacts	18, 19, 20	
	2-13 Delegation of responsibility for managing impacts	18, 19, 20	
	2-14 Role of the highest governance body in sustainability reporting	18, 19, 20	
	2-15 Conflicts of interest	21	
	2-16 Communication of critical concerns	18, 19, 20	
	2-17 Collective knowledge of the highest governance body	40, 41	
	2-18 Evaluation of the performance of the highest governance body	40	
	2-19 Remuneration policies	20	
	2-20 Process to determine remuneration	20	
	2-22 Statement on sustainable development strategy	4, 5, 11	
	2-23 Policy commitments	21	
	2-24 Embedding policy commitments	21	

GRI Standard	Disclosure	Page Number(s) and/ or Direct Answer	Omission
GRI 2: General	2-25 Processes to remediate negative impacts	21, 35, 36	
Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	21	
	2-27 Compliance with laws and regulations	21	
	2-28 Membership associations	10	
	2-29 Approach to stakeholder engagement	13, 14	
Material Topics			
GRI 3: Material	3-1 Process to determine material topics	13	
Topics 2021	3-2 List of material topics	13	
Economic Performan	ce		'
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 23	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	22, 23	
Procurement Practic	es		
GRI 3: Material Topics 2021	3-3 Management of material topics	24, 25	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	25	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	20, 21	
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	21	
	205-2 Communication and training about anti- corruption policies and procedures	20, 21	
	205-3 Confirmed incidents of corruption and actions taken	21	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	28, 29	
GRI 302: Energy	302-1 Energy consumption within the organization	28, 29	
2016	302-4 Reduction of energy consumption	28, 29	
	302-5 Reductions in energy requirements of products and services	28, 29	
Water and Effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	30	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	30	
	303-2 Management of water discharge-related impacts	30	
	303-3 Water withdrawal	30	
	303-4 Water discharge	30	
	303-5 Water consumption	30	

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GRI Standard	Disclosure	Page Number(s) and/ or Direct Answer	Omission
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	29, 30	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	29	
2016	305-2 Energy indirect (Scope 2) GHG emissions	30	
	305-5 Reduction of GHG emissions	29, 30	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	31	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	31	
	306-2 Management of significant waste-related impacts	31	
	306-3 Waste generated	31	
	306-4 Waste diverted from disposal	31	
	306-5 Waste directed to disposal	31	
Supplier Environment	tal Assessment		'
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 24	
GRI 308: Supplier Environmental	308-1 New suppliers that were screened using environmental criteria	23, 24	
Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	23, 24	
Employment			1
GRI 3: Material Topics 2021	3-3 Management of material topics	36	
GRI 401:	401-1 New employee hires and employee turnover	38	
Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	37	
Occupational Health a			
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 33	
GRI 403: Occupational Health	403-1 Occupational health and safety management system	32, 33	
and Safety 2018	403-2 Hazard identification, risk assessment and incident investigation	32, 33	
	403-3 Occupational health services	32, 33	
	403-4 Worker participation, consultation and communication on occupational health and safety	32, 33	
	403-5 Worker training on occupational health and safety	33	
	403-6 Promotion of worker health	32, 33	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	32, 33	
	403-8 Workers covered by an occupational health and safety management system	32	
	403-9 Work-related injuries	33	
	403-10 Work-related ill health	33	

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	39, 40, 41				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	39, 40, 41				
	404-2 Programs for upgrading employee skills and transition assistance programs	39, 40, 41				
	404-3 Percentage of employees receiving regular performance and career development reviews	39, 40, 41				
Diversity and Equal O	pportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	39				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	19, 36, 37, 38				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	21				
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	21				
Child Labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	36				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risks for incidents of child labor	36				
Forced or Compulsory	/ Labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	36				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	36				
Local Communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	42, 43				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	42, 43				
	413-2 Operations with significant and potential negative impacts on local communities	42, 43				
Supplier Social Asses	sment					
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 24				
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	23, 24				
2016	414-2 Negative social impacts in the supply chain and actions taken	23, 24				

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ADX ESG Guidance

Category	Metric	Calculation	Page Number(s) and/or Direct Answer
	E1. GHG Emissions	E1.1 Total amount, in CO ₂ equivalents, for Scope 1	29
		E1.2 Total amount, in CO ₂ equivalents, for Scope 2	30
		E1.3 Total amount, in CO ₂ equivalents, for Scope 3	NA
	E2. Emissions	E2.1 Total GHG emissions for output scaling factor	29, 30
	Intensity	E2.2 Total non-GHG emissions per output scaling factor	NA
	F2 F	E3.1 Total amount of energy directly consumed	28, 29
	E3. Energy Usage	E3.2 Total amount of energy indirectly consumed	28, 29
	E4. Energy Intensity	Total direct energy usage per output scaling factor	NA
	E5. Energy Mix	Percentage: Energy usage by generation type	28, 29
별	50.14.	E6.1 Total amount of water consumed	30
<u>m</u>	E6. Water Usage	E6.2 Total amount of water reclaimed	30
Environment		E7.1 Does your company follow a formal Environmental Policy?	Yes
ш	E7. Environmental Operations	E7.2 Does your company follow specific waste, water, energy and/or recycling policies?	Yes
	Operations	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
	S1. CEO Pay	S1.1 Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	NA
	Ratio	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 S Turnover e	S3.1 Percentage: Year-over-year change for full-time employees	36
Social		S3.2 Percentage: Year-over-year change for part-time employees	NA
		S3.3 Percentage: Year-over-year change for contractors/consultants	NA
		S4.1 Percentage: Total enterprise headcount held by men and women	36
	S4. Gender Diversity	S4.2 Percentage: Entry- and mid-level positions held by men and women	36
		S4.3 Percentage: Senior- and executive-level positions held by men and women	19

Category	Metric	Calculation	Page Number(s) and/or Direct Answer
	S5. Temporary	S5.1 Percentage: Total enterprise headcount held by part-time employees	NA
	Worker Ratio	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	33
	S8. Global Health and Safety	Does your company follow an occupational health and/ or global health and safety policy?	Yes
Social	S9. Child and	S9.1 Does your company follow a child and/or forced labor policy?	Yes
	Forced Labor	S9.2 If yes, does your child and/or forced labor policy also cover suppliers and vendors?	Yes
	S10. Human	S10.1 Does your company follow a human rights policy?	Yes
	Rights	S10.2 If yes, does your human rights policy also cover suppliers and vendors?	Yes
	S11. Nationalization	Percentage of national employees	38
	S12. Community Investment	Amount invested in the community as a percentage of company revenues	23
	G1. Board	G1.1 Percentage: Total board seats occupied by men and women	19
	Diversity	G1.2 Percentage: Committee chairs occupied by men and women	19
	G2. Board	G2.1 Does your company prohibit CEO from serving as board chair?	Yes
	Independence	G2.2 Percentage: Total board seats occupied by independent board members	18
	G3. Incentivized Pay	Are executives formally incentivized to perform on sustainability?	No
	G4. Supplier	G4.1 Are your vendors or suppliers required to follow a Code of Conduct?	No
9 0	Code of Conduct	G4.2 If yes, what percentage of your suppliers have formally certified their compliance with the code?	NA
Governance	G5. Ethics and	G5.1 Does your company follow an Ethics and/or Prevention of Corruption policy?	Yes
G0v	Prevention of Corruption	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
		G8.1 Does your company provide sustainability data to sustainability reporting frameworks?	No
	G8. Disclosure Practices	G8.2 Does your company focus on specific UN SDGs?	Yes
	Tactices	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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