

NEOLPHARMA
PHARMACEUTICAL GROUP 

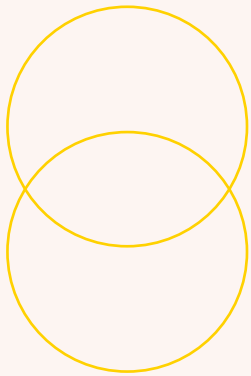
REPORT
SUSTAINABILITY
2022

INDEX

2. Message from Management	4
3. Who we are	6
4. Presence	8
5. Strategy	9
5.1. Interest Group	10
5.2. Models	10
6. Corporate Governance	11
6.1. Employability and Salaries	12-14
6.2. Training and Qualification	15
6.3. Our Management System	16
6.4. Health and Safety at Work	16
6.4.1. Identification, Risk Assessment and Investigation of Incidents	16-18
6.4.2. Health Services	19-21
6.5. Sourcing Practices	22
6.6. Ethical Standards	22
6.6.1. Inclusion and Non-Discrimination	22
6.6.2. Freedom of Association	22
6.6.3. Child Labor	22
6.6.4. Forced Labor	23
6.6.5. Anti-corruption	23-25
6.6.6. Strategic Linkage	25
7. Society	26
7.1. Education	27
7.1.1. Social Service	27
7.1.2. Participation and Leadership	27-29
7.1.3. Academic Connection and Research	30-32
7.2. Social	33
7.2.1. Medicine Donation	33
7.2.2. Support for Children With Cancer	34
7.2.3. Health Talks	34
7.2.4. Health Program	35
7.2.5. Collections	36
7.3. Equity	36
7.3.1. Gender Diagnosis	36-40
8. Environment	41
8.1. Materials	42-45
8.2. Electric Power	46
8.3. Fuels	47-48
8.4. Emissions	49-50
8.5. Water	51-52
8.6. Waste	53-54
8.7. Collections and Recycling	55-58
8.8. Biodiversity	59-61

2. MESSAGE

FROM MANAGEMENT



MESSAGE FROM MANAGEMENT

Following up on the **Sustainability strategy launched in 2021**, the **Neolpharma Group continued in 2022** with the development of activities focused on meeting objectives in **social, environmental and corporate governance issues**. Although this year we continued with some programs already implemented previously (**reforestation program, care for local fauna, employee health programs, improvements in the supply of medicines, electricity cogeneration systems, etc.**), this year, we focused on consolidating the internal working group for sustainability issues. Likewise, we carried out two relevant works in the diagnosis of working conditions in workplaces, both on the environmental and social front.

On the one hand, we carried out a diagnosis of the use of energy and water at our **Neolpharma Vallejo site**, which is the most complex plant by variety and number of production lines. Some immediate actions and others in the medium and long term focused on reducing our consumption emerged from this study. The importance of defining consumption baselines to make the best action and investment decisions was seen. **In 2023 we will be working to define these baselines for the other sites, taking into account the 7 lessons learned from this first exercise.**

Secondly, at the hands of the **International Finance Corporation (IFC)**, a comprehensive diagnosis was carried out in all the companies of the group regarding the issue of Gender Equality. The research was carried out by external consultants using first-source information, and it was concluded that relevant issues such as the salary gap or the composition of the work team do not show gender disparities. We have work to do on the development of middle management and promotion to high-level positions, in order to **promote equity in the workplace**. The work team was aware of the challenges ahead, but motivated to note that we are starting from a good base.

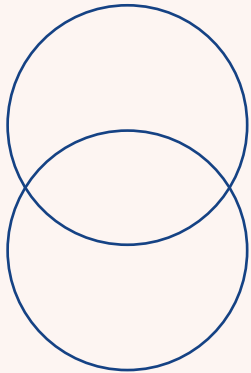
We hope that the work carried out this year will help us improve the approach we have towards our material topics in attention to interest groups, thus achieving greater efficiency in the initiatives undertaken and achieving a greater impact in our sphere of action. **¡We keep working for improvement!**

Diego Ocampo Gutiérrez de Velasco

Vice President of Innovation and Development



3. WHO WE ARE



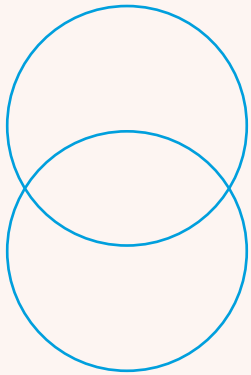
3. WHO WE ARE

More than 50 years ago, Grupo Neolpharma was created, a 100% Mexican private company linked to the research, development, production, marketing and distribution of medicines. In order to offer its clients and patients medicines of proven quality, safety and efficacy, for the treatment of various ailments, in: psychiatry, neurology, algology, oncology, diabetes, hypertension, obesity, antivirals and infectious diseases.

Currently, there are 17 business units, of which only 4 are reported in the following report, **Neolpharma S.A. de C.V., Laboratorios Alpharma S.A. de C.V., Psicofarma S.A. de C.V.** which are companies dedicated to the manufacture of medicines. Additionally, a unit dedicated to the manufacture of Active Ingredients (API), **Neolsym S.A. de C.V.**



4. PRESENCE



4. PRESENCE

Grupo Neolpharma has a national and international presence, through different plants and offices, with the firm purpose of internationalizing its operations and marketing.

Its main office is located in **Psicofarma Div. Norte located in División del Nte. 3377-I, El Rosario, Coyoacán, 04380 Mexico City, CDMX**. However, it carries out operations in all its sites in the City and State of Mexico, located at:

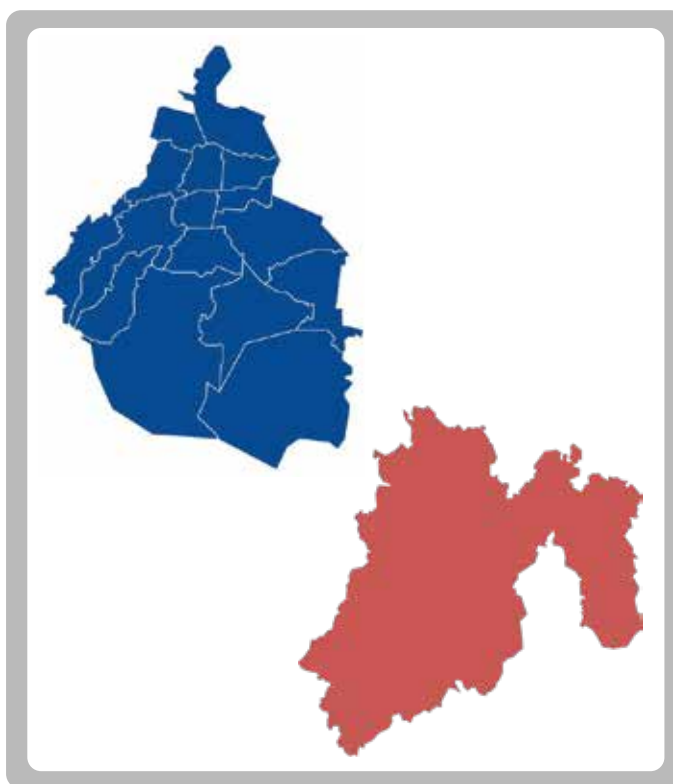
Neolpharma: Railway Boulevard No. 277, Industrial Vallejo, Azcapotzalco, C.P. 02300.

Alpharma: Poniente 150 No. 764 Int. 2, Industrial Vallejo, Azcapotzalco, C.P. 02300.

Psicofarma Toluca: Industrial Park 50030, Isidro Fabela Nte 1238, Santa Cruz Delegation.

Psicofarma Tlalpan: Calzada de Tlalpan No. 4369, Toriello Guerra, Tlalpan, C.P. 14050.

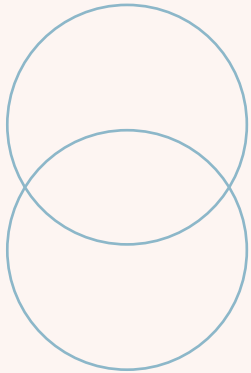
Neolsym: Guanajuato Sur 22, Santa Clara Coatitla, 55400 Ecatepec de Morelos, Mex.



As a result of their experience and track record, they have a commercial presence in the public sector, in government institutions such as: **IMSS, INSABI, ISSSTE, ISEM, PEMEX, and the private sector**, including a line of own brands, highlighting: **Farmacias del Ahorro, Walmart, Farmacias Benavides, Farmcias YZA, Farmacia San Pablo, NADRO and Soriana**.

Grupo Neolpharma maintains commercial relations with institutions that allow it to work on its technological development and expiation in the sector, such as the **World Bank and UNOPS**.

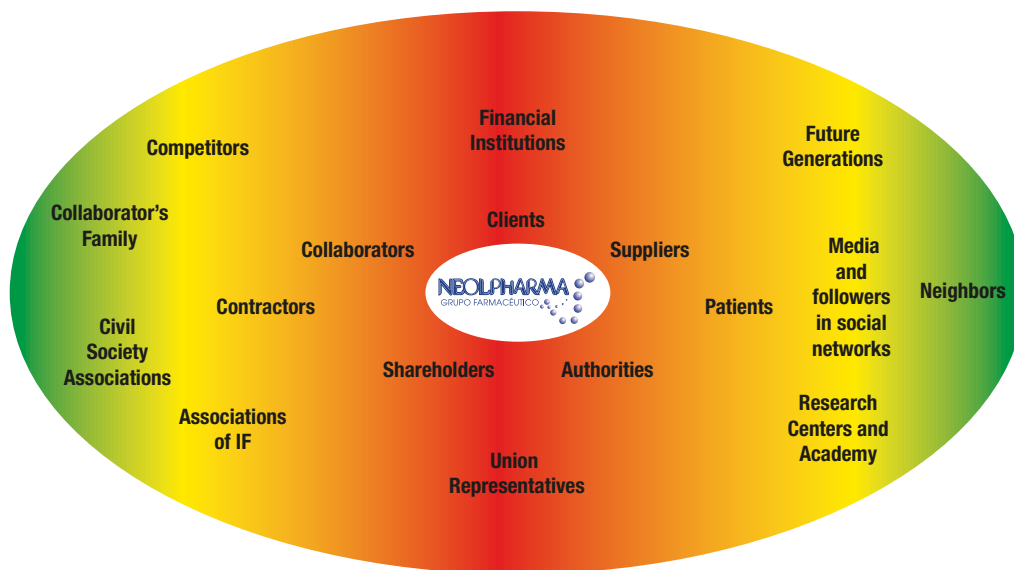
5. STRATEGY



5.1 GROUP OF INTEREST

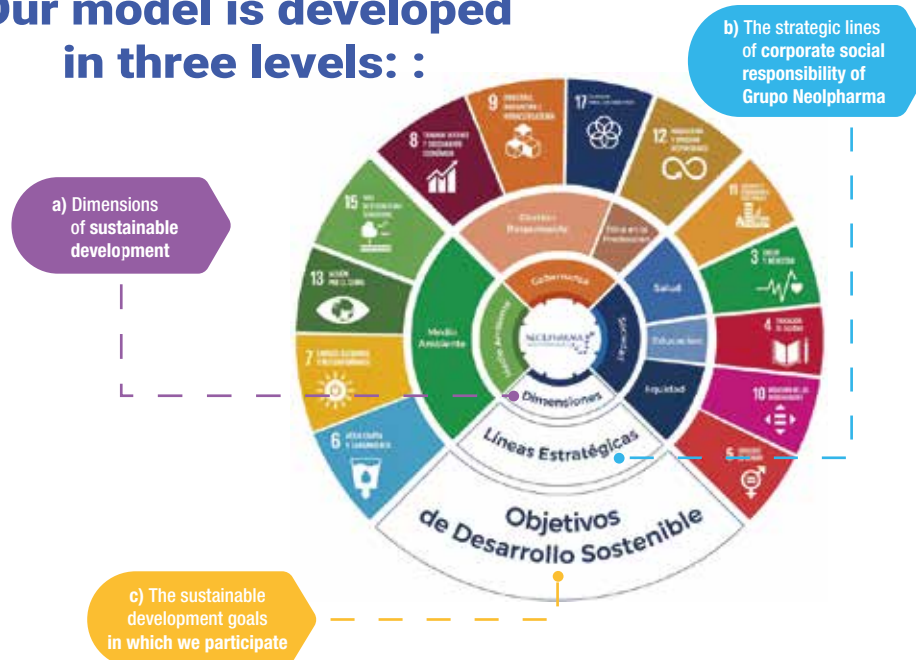
The identification of the Interested Parties is essential for the management system, it allows the implementation of best practices in the business model and improves business management. For this reason, since 2021 an analysis of interested parties was carried out in order to meet their priority needs and expectations.

The level of relevance is the result of the evaluation of interested parties, which contemplates the following prioritization criteria: **Influence, Interaction, Consequence, Dependency, Human rights.**

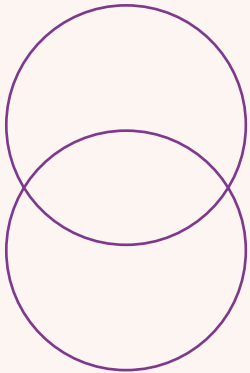


5.2 MODELS

Our model is developed in three levels: :



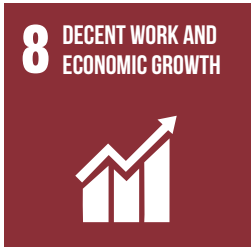
6. CORPORATE GOVERNANCE



6.1 EMPLOYABILITY AND SALARIES

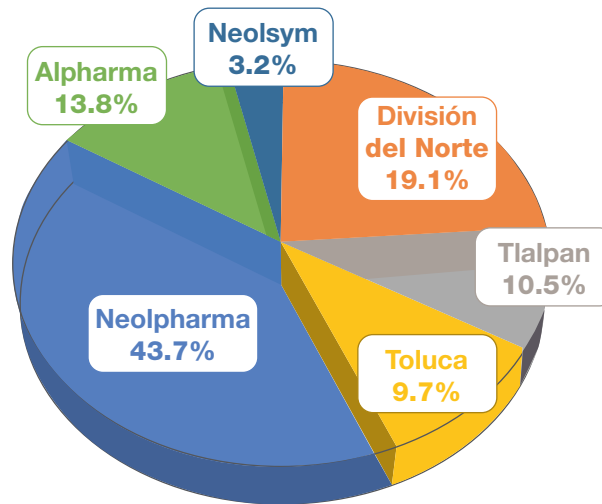
Grupo Neolpharma constantly works to be a company that contributes to the social, professional and economic development of its collaborators and of the society that wants to join its work team.

There is a commitment to achieve a governance that follows the path of sustainability and that guarantees to improve the quality of life of its collaborators and can bring well-being to their families.



TOTAL COLLABORATORS PER SITE

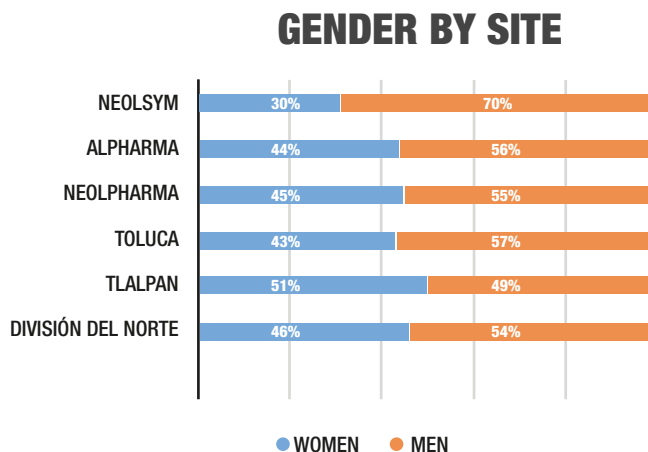
SITIO	PERSONAL
División del Norte	530
Tlalpan	292
Toluca	270
Neolpharma	1,214
Alpharma	382
NeolSym	90
TOTAL	2,778



PERSONNEL RECORD BY TYPE OF CONTRACT

Site	Personnel with Permanent Contract		Personnel with Training Contract		Personnel Hired by Project		TOTAL	
	Women	Men	Women	Men	Women	Men	Women	Men
División del Norte	214	253	28	27	3	2	245	282
Tlalpan	132	125	12	16	3	2	147	143
Toluca	91	119	21	31	3	2	115	152
Neolpharma	523	600	27	50	5	7	555	657
Alpharma	159	186	11	24	0	0	170	210
NeolSyM	22	53	4	8	6	9	32	70
					Summation		1,264	1,514
					Great total		2,778	

PERSONNEL RECORD BY TYPE OF WORKING DAY				
SITE	EMPLOYEES ROTATING SHIFTS		EMPLOYEES WITH MIXED HOURS	
	Women	Men	Women	Men
División del Norte	44	63	201	220
Tlalpan	60	73	87	70
Toluca	51	98	66	55
Neopharma	441	528	114	129
Alpha	132	178	36	32
NeolSyM	15	41	11	21
	Summation		1,264	1,514
	Great Total		2,778	



In the year 2022, the Neolpharma Group added 1,800 contracts in the different sites mentioned in this report.

The turnover was 30.35%, reported a permanence of 6.71 with respect to the percentage of hired personnel.



Wages

Grupo Neolpharma grants salaries and benefits higher than those established by law to offer collaborators a better quality of life, as well as improve staff retention, being a company with better benefits than others.

MINIMUM WAGE			
YEAR	LOCAL	NEOPHARMA GROUP	% VSM
2021	\$ 141.70	\$ 205.46	1.45%
2022	\$ 207.44	\$ 311.16	1.5%

The data shown for salaries and benefits are applicable to Neolpharma S.A. de C.V., Laboratorios Alpha S.A. de C.V., Psicofarma S.A. de C.V. and NeolSyM S.A. de C.V.

COMPENSATION FOR COLLABORATORS

COMPENSATION	PLANT	TEMPORARY/ PROJECT	COMPENSATION	PLANT	TEMPORARY/ PROJECT
Compensation	✓	NA	Maternity disability	✓	✓
Life insurance Healthcare (medical service)	✓	✓	Adoption permission	✓	✓
Disability coverage (IMSS)	✓	✓	Lactation permission	✓	✓
Parental permission	✓	✓	Saving Fund	✓	✓
Christmas bonus	✓	✓	Grocery vouchers	✓	✓
Vacations	✓	✓	Uniforms	✓	✓
Holiday bonus	✓	✓	Major medical expenses	✓	NA
Profit Sharing	✓	✓			

PRESTACIONES DE LEY

	PLANT	TEMPORARY/ PROJECT
Vacations	✓	✓
Hollyday bonus	✓	✓
Sunday bonus	✓	✓
Profit sharing	✓	✓
Disabilities (maternal, general illness, work risk)	✓	✓
Lactation period	✓	✓
Adoption permission	✓	✓
Paternity permission (birth or adoption)	✓	✓

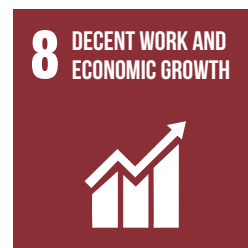
Transportation for collaborators:

During **2021**, **transportation routes were established for the staff**, with the aim of protecting them and reducing the spread of **Covid-19**.

This project was maintained during **2022**, however the routes decreased since the staff stopped using it, only the routes with the highest demand were maintained.

6.2 TRAINING AND QUALIFICATION

There is an **annual training plan for all employees**, which covers technical and specialized topics that are addressed to each employee depending on their position and area needs. These trainings are given by the collaborators themselves or through the hiring of expert speakers.



Hours of training that the organization's employees have had during 2022		
	Women	Men
Operative Personnel	28 hrs.	33 hrs.
Administrative Personnel	34 hrs.	40 hrs.
Coordinators	13 hrs.	18 hrs.
Supervisors	45 hrs.	46 hrs.
Heads	17 hrs.	30 hrs.
Managers	20 hrs.	25 hrs.
Directors	9 hrs.	4 hrs.

There is a training program for high-performance teams, for executive and managerial personnel, whose objective is to improve skills according to their needs, at all sites except Neolsym. **This program lasts 12 hours and the topics are:**

- The observed and communication (3 hours)
- Speech and linguistic distinctions (3 hours)
- Flexibility and reaction (3 hours)
- Organizational factors that impact coordination capacity and reaction flexibility (3 hours)

At the **Psicofarma Toluca site**, a second course is also incorporated, which has the objective of **developing leadership and supervision skills, which lasts 19 hours.**

The themes are:

- Teamwork (8 hours)
- Leadership in the face of adversity (3 hours)
- Effective communication (8 hours)

High performance team training		
Level to which it belongs	Scope of implemented programs	
Level	# Women	# Men
Management	3	6
Head	1	11
Supervisor	14	19
Coordinator	2	2

6.3 OUR MANAGEMENT SYSTEM

The companies of **Grupo Neolpharma** have a quality, occupational health and safety and Sustainability management system, which complies with legal requirements and is certified under international standards such as:

	Neolpharma		Psicofarma Tlalpan		Psicofarma División del Norte		Psicofarma Toluca		Laboratorio Alphaarma		Neosym	
	In Implementation	Certificated	In Implementation	Certificated	In Implementation	Certificated	In Implementation	Certificated	In Implementation	Certificated	In Implementation	Certificated
ISO 9001	X			X	X		X		X		X	
ISO 14001		X		X						X		
ISO 45001		X		X	X					X		
Safe Industry	X			X	X				X		X	
Clean Industry	X			X		X					X	
Smoke Free Company		X		X	X			X		X		X
WorldCob. C SR.2011.3	X		X				X		X			

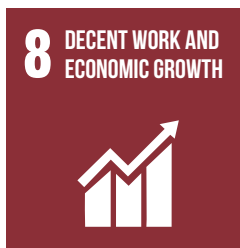


6.4 HEALTH AND SAFETY AT WORK

6.4.1 Identification, risk assessment and investigation of incidents.

To identify occupational hazards and periodically assess risks for their elimination and minimization, the **IPER** and **FINE** methodology is used.

In this way, possible dangers are identified, an evaluation is made according to a score and a matrix, later, the operational controls that are going to be implemented to mitigate the risk are described, and finally, an evaluation is made with the controls implemented.



The quality of these processes is guaranteed through the execution of the procedure established by each site to carry out the identification and evaluation of hazards and risks of safety and health at work.

A measurement is carried out through the platform of the **Self-management Program in Safety and Health at Work (PASST) of the Ministry of Labor and Social Welfare (STPS by its acronym in spanish)**. Likewise, regulatory audits are carried out by the authorities.

Internally, the system is evaluated through monthly indicators and internal audits by an audit team made up of the quality assurance team and the **Environmental Protection, Safety and Hygiene team**.

The results of the process to continuously evaluate and improve the occupational health and safety management system serve to identify areas of opportunity and an action plan is structured.

When an employee wants to notify hazards or situations of occupational hazard, they can do so through the complaints and deviations mailbox, likewise they can use the "**IDENTIFICATION OF UNSAFE ACTS AND CONDITIONS AND ENVIRONMENTAL PROBLEMS**" cards where they can placing unsafe acts, unsafe conditions and environmental problems, can also be done via email, and through the **Safety and Hygiene Commission**.

Likewise, the **Engineers of the Environmental Protection, Safety and Hygiene** area carry out continuous tours in the work areas, identifying unsafe conditions and/or acts, which are immediately reported to the area supervisor for correction.

All this process is carried out by the Department of Environmental Protection, Safety and Hygiene, which have sufficient skills, such as experience in safety and hygiene, **ISO 45001 and ISO 14001** systems, regulatory compliance, professional training with a title and certificate is constantly required. They are trained and evaluated by the training area.

There is a procedure for attention and investigation in case of accidents and incidents, which describes the methodology used to carry out the investigations. Once an accident or incident occurs:

- It is reported to occupational health to evaluate the person involved.
- Notice is given to the area of Environmental Protection, Safety and Hygiene
- The area conducts an interview and enters the site to reconstruct the events.
- The 5 whys method or the Ishikawa diagram is used to determine the root cause of the event.



Work accident injuries

	Neolpharma	Alpharma	Div. Norte	Tlalpan	Toluca	Neosym
Number of deaths resulting from an injury due to work accident.	0	0	0	0	0	0
Number of work accident injuries with major consequences	3	0	0	0	1	0
Number of recordable work accident injuries.	4	0	0	0	1	0
Main types of work accident injuries.	Intervention equipment motion. Fall from same plane lift.	low back pain	loss of continuity of the dermis (cut). Fall from same plane lift.	bruises with objects	Flattening	Injuries musculoskeletal
Total leave hours taken by staff during 2021	19,592	720	0	480	0	56
Total sick leave hours taken by staff during 2022	93,624	336	0	0	576	0
Number of hours worked 2021.	2,255,040	0	40,568	6,912	349,440	224,640
Number of hours worked 2022.	2,255,040	0	111,936	7,200	596,544	267,072

6.4.2 Health services.

Occupational health personnel are in charge of verifying the health conditions of the collaborators, carry out ergonomic evaluations to avoid injuries, as well as implement health campaigns such as: **visual health, active breaks, vaccine application, and medication delivery.**

Additionally, there is the collaboration of **the Mexican Institute of Social Security**, which carries out health campaigns within the facilities throughout the year.

The quality of health services that is guaranteed through compliance with the procedure established by the Occupational Health area, which is governed by national and international regulations, in addition to this, there is an annual training plan for the members of the area and the collaborators. The occupational health process is internally audited to verify the degree of compliance in the health and safety system.

The participation and consultation of workers for the development, application and evaluation of the occupational health and safety management system is carried out thanks to the procedure for worker participation, consultation and communication on health and safety at work. Just as there is a Safety and Hygiene Commission, which meets monthly or quarterly, ordinarily or extraordinarily when required.

Its main functions are: identify unsafe acts and conditions, investigate the root causes of work-related illnesses and accidents, determine risk prevention measures, and follow up.

This commission is made up of representatives of the employer and representatives of the collaborators.

Promoting the health of workers through training:

- Safety and hygiene induction course for new personnel.
- Hazardous work permits.
- Material storage / forklift handling.
- Brigades against fire, first aid, hazardous materials, evacuation and communication.
- Personal protection equipment.
- Emergency care plan.
- Physical factors (lighting, noise, vibrations, raised and lowered conditions).
- Handling, transport and storage of dangerous chemical substances.
- Chemical polluting agents in the work environment, recognition, evaluation and control.
- Colors and Safety and Hygiene signs.
- Globally Harmonized System.
- Static electricity and maintenance of electrical installations.
- Containers subject to pressure.
- Safety conditions for working at height.
- Welding and cutting activities-Safety and Hygiene conditions.
- Safety conditions to carry out work in confined spaces.
- Protection systems and safety devices in the machinery and equipment used in the work centers.

- Safety and hygiene conditions in workplaces where noise is generated.
- Constitution, integration, organization and operation of the safety and hygiene commissions.
- High or low thermal conditions, Safety and Hygiene conditions.
- Safety conditions for the handling, transport and storage of materials and Ergonomic factors.

The company facilitates workers' access to medical and health care services not related to work, registering employees with **the Mexican Institute of Social Security**, paying their employer-worker contributions and allowing them to attend for their medical care and follow-up.

Voluntary health promotion programs:

- Internal basketball tournaments.
- Route of health in the company.
- Active breaks.
- “Take control of your health” program.

Hazards that contribute to high-consequence workplace injuries		
	2021	2022
Neolpharma	Moving parts / Wet floors.	
Alpharma	Wet floors.	
Div. Norte	Broken glass vial.	
Tlalpan	Unsafe acts.	
Toluca	Machinery operation.	Machinery operation.
Neoslym	Manual handling of loads.	
Actions taken or planned to eliminate such hazards and minimize risks through the hierarchy of control		
	2021	2022
Neolpharma	Monitoring the placement of guards. Machinery maintenance. Signage on wet surfaces. Staff awareness/training on unsafe acts and conditions.	
Alpharma		
Div. Norte	Use of level 4 anti-cut gloves, training.	Use of level 4 anti-cut gloves, training.
Tlalpan	Staff awareness/training on unsafe acts and conditions.	
Toluca	Trained personnel, protection guards, maintenance to emergency stoppages.	
Neoslym	Root Cause Analysis and Action Plans with responsible parties and times; reinforcement in the training of personnel and re-induction of PASH, as well as the job position.	

Measures taken or planned to eliminate other occupational hazards and minimize risks through the hierarchy of control.		
	2021	2022
Neolpharma	Replacement of machinery, maintenance of machinery, training of personnel in all STPS standards applicable to the site, review of procedures, signage at risk points, provision of Personal Protective Equipment.	
Alpha		
Div. Norte	Development of safe procedures for handling, transport and storage of SQP. Training and constant supervision of collaborators.	Placement of ladders for safe access to the technical area of the autocodes, placement of handrail and metal catwalk in the lyophilizer. Acquisition of anti-trauma kits and anchor points for working at heights. Development of safe procedures for working at heights.
Tlalpan	Awareness/training of personnel on unsafe acts and conditions.	
Toluca	Improve training, more trained personnel, restriction of activities, review of emergency equipment, placement of guards. More continuous tours.	
Neoslym	Updating of Operational Procedures, Risk Analysis: APR, PT, HAZOP; multidisciplinary tours with the participation of other operational areas: Maintenance, Production, Warehouse. other operational areas.	Multidisciplinary tours with operators to detect and follow up on unsafe conditions and acts in the processes and activities in the operating areas.

6.5 SOURCING PRACTICES

Grupo Neolpharma has a **Purchasing area**, which is responsible for the acquisition of goods and services, as well as raw materials and supplies used for the manufacture of medicines. The percentage of active **ingredients, excipients and packaging material** purchased during 2021 and 2022 is shown below.



% Compra a Proveedores	2021			2022		
	Neolpharma	Alpharma	Psicofarma	Neolpharma	Alpharma	Psicofarma
Manufacturer of National APIs	5%	3%	21%	23%	7%	11%
Manufacturer National Excipients	4%	2%	4%	2%	3%	6%
National API distributors	95%	97%	79%	77%	93%	89%
National Excipient Distributors	96%	98%	96%	98%	97%	94%
National Packaging Material Suppliers	97%	99%	98%	97%	99%	98%

The raw materials, excipients and packaging materials that are imported come from different countries such as: Italy, India, China, Slovenia, Israel, Czech Republic, Argentina, Germany, United States, Japan, Taiwan, France and Holland.

6.6 ETHICAL STANDARDS

6.6.1. Inclusion and Non-discrimination

Grupo Neolpharma prevents and eliminates all acts of discrimination, distinction or exclusion based on ethnic origin, skin color, gender, age, disability, socio-economic status, religion, etc., through the implementation and dissemination to all employees of the Inclusion and Non-Discrimination Policy (POL-RSC-JUR-005).

Within the Group, 01 case of discrimination was reported out of 3,024 employees.



6.6.2. Freedom of association

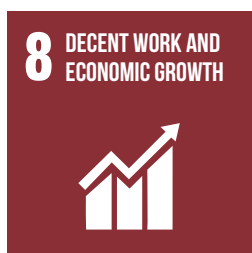
Grupo Neolpharma respects the right to freedom of association and union or political affiliation of its employees through the implementation and dissemination to all employees of the Freedom of Association policy (POL-RSC-JUR-003), which establishes that employees may associate and organize to bargain collectively in a legal, peaceful manner and without being subject to reprisals, sanctions, etc., and that they

may not be subjected to reprisals or sanctions or any means of intimidation. The company may not interfere with the right to freedom of association and collective bargaining of employees, avoiding implementing any measure that goes against the exercise of such freedom, organization, union activities or favoring any organization over another.



6.6.3. Child labor

Child labor is considered a violation of human rights, harming children's development, leading to physical, psychological and emotional damage, forcing them to drop out of school prematurely or requiring them to attend school and perform heavy chores at the same time. Therefore, **Grupo Neolpharma** makes sure to participate in the abolition of child labor through "**Child labor and young workers**". (POL-RSC-JUR-004), in which all the group's collaborators are trained on an annual basis and information on the subject is also provided to suppliers and contractors.



6.6.4. Forced labor

In **Grupo Neolpharma**, involuntary or threatened work is not performed; it is offered freely and employees are free to terminate the labor relationship when they deem it convenient according to their interests. There is a Free Choice and Forced Labor policy (POL-RSC-JUR-002). **During 2022, no cases of forced labor were reported within the organization.**

6.6.5. Anticorruption

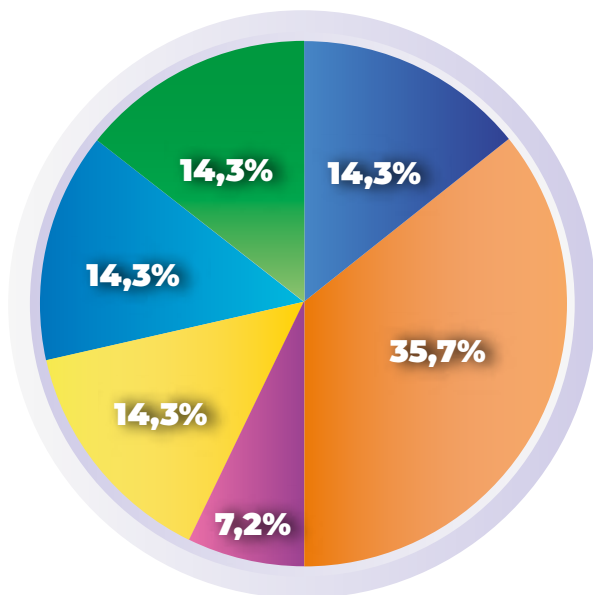
In **Grupo Neolpharma** it is strictly forbidden to make or allow, directly or indirectly, undue payments or bribes to any third party or authority in an effort to influence any decision that could benefit the Group's companies to obtain or retain any business, so employees must refrain from participating in activities that could be understood as bribery, extortion or corruption.

In this regard, in order to prevent any misconduct, the **Legal Department has an Anti-Corruption Policy (POL-RSC-JUR-007)**, which provides annual training to all employees of the group and keeps a record of corruption cases, where in **2021 and 2022 0 cases are reported.**

Employees are committed to cooperate with the competent authorities by providing the information required to investigate, detect, prevent and prosecute crimes involving transactions with resources of illicit origin.

Within the ethical standards of **Grupo Neolpharma**, other issues such as human rights, inhumane treatment and harassment are considered as part of our policies, as well as other issues identified in the complaints.

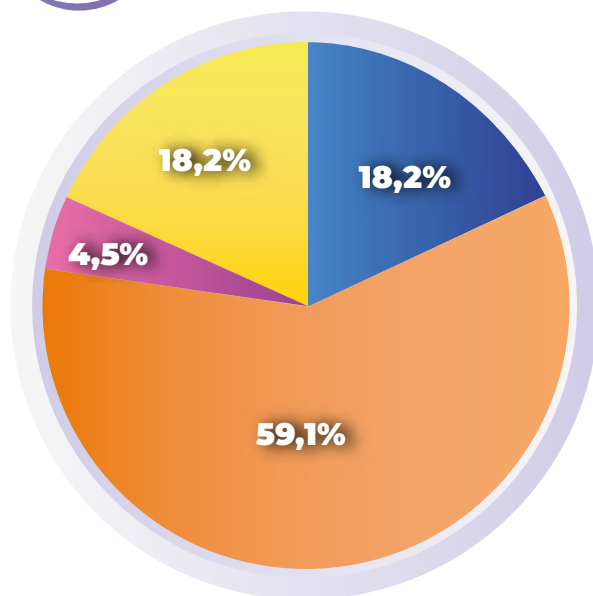
ALPHARMA



COMPLAINTS

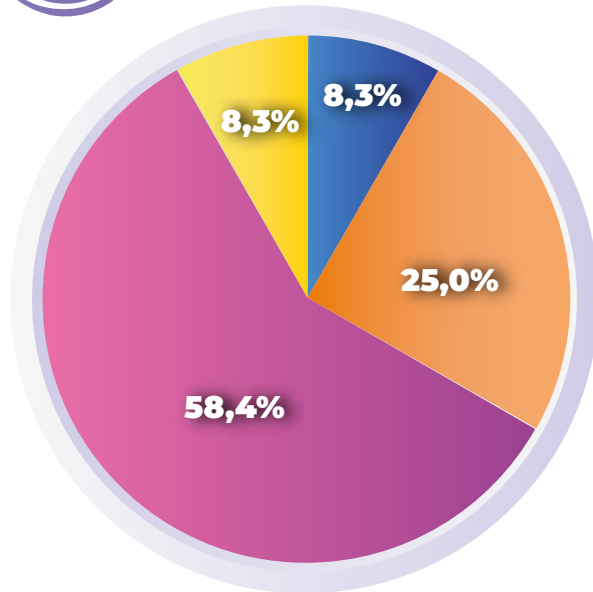
- Human rights
- Eradication of Inhumane Treatment and Harassment
- No recognition
- Dining Room Meals
- Fake Documentation
- Harassment

NEOLPHARMA



COMPLAINTS

- Human rights
- Eradication of Inhumane Treatment and Harassment
- Harassment
- No recognition



COMPLAINTS

- Human rights
- Eradication of Inhumane Treatment and Harassment
- Dining Room Meals
- No recognition

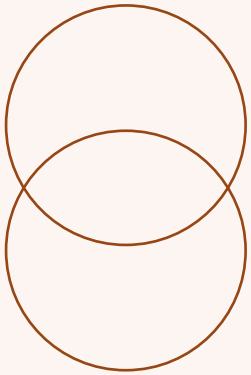


6.6.6. Strategic Linkage

As part of our innovation and development actions within the pharmaceutical industry and in favor of society and the environment, we have work relationships and provide financial support for the development of projects with different instructions.

Industrial Linkage	Academic and Scientific Linkage	Social and Environmental Linkage
American Chambers (AMCHAM).	El Colegio de México.	Fundación Mexicana para la Salud (FUNSALUD).
Asociación Industrial Vallejo (AIVAC).	Consejo Nacional de Ciencia y Tecnología (CONACYT).	Patronato y Sociedad de Amigos de la Orquesta Filarmónica de la UNAM (OFUNAM).
Confederación Patronal de la República Mexicana (COPARMEX).	El centro de Investigación Científica y de Educación Superior de Ensenada, Baja California, en México (CICESE).	Corporación Financiera Internacional (IFC).
Fundación INCIDE.	Universidad Nacional Autónoma de México (UNAM).	Orienta PAE.
Cámara Nacional de la Industria Farmacéutica (CANIFARMA).	Universidad Autónoma de Querétaro.	Centro de Conservación MOJA.
Asociación Nacional de Fabricantes de Medicamentos (ANAFAM).	Centro de Investigación y de Estudios Avanzados del Instituto Politécnico Nacional (CINVESTAV).	Sistema Nacional de Gestión de Residuos de Envases de Medicamentos (SINGREM).
(Asociación Mexicana de Laboratorios Farmacéuticos (AFAMELA).	Secretaría de Educación, Ciencia, Tecnología e Innovación de la Ciudad de México (SECTEI).	Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT).

7. SOCIETY



7.1 EDUCATION

7.1.1 Social Service

We belong to the "**Jóvenes Construyendo el Futuro**" program, an initiative of the Secretaría del Trabajo y Previsión Social del Gobierno de México, which links people between **18 and 29 years** of age with companies, workshops, institutions or businesses where they develop or strengthen work habits and technical skills to increase their employability in the future.



2021 a total of **49 young** people were given the opportunity to work during this program.

2022 a total of **37 young** people were given the opportunity to work.

Of these 2 years, **29 are still active** and more than **20%** have been hired.

There are also other programs that add up to **25 young people**, who are doing internships at the **Grupo Neolpharma's** facilities:



Programs

- Dual Education
- Social Service of the Instituto Politécnico Nacional
- Social Service and Professional Practices of the Universidad del Estado de México (UAEM)

7.1.2 Participation and Leadership

We participate in different events as organizers or special guests, with **the purpose of promoting research and contributing scientific knowledge, in university institutions, in chambers of the pharmaceutical industry and in government institutions of the CDMX.** Thus demonstrating our leadership in the pharmaceutical industry and contributing to scientific research. Below is a list of events in which we have participated.

Event name	Consorcio de Científicos Innovadores en Salud	
Name of the Coordinating Institute	Participating Company	Purpose of the event
Agencia Mexicana de Cooperación Internacional para el Desarrollo (AMEXCID)	Alpharma	Development of national anti-COVID vaccines

Event name	Ayúdanos a detener una pandemia silenciosa	
Name of the Coordinating Institute	Participating Company	Purpose of the event
Instituto de Química de la Universidad Autónoma de México (UNAM)	Neolpharma	Raising capital for the discovery of new antibiotics antibiotics for the Mexican population
Event name	Entrega de Premio Canifarma	
Name of the Coordinating Institute	Participating Company	Purpose of the event
Camara Nacional de la Industria Farmacéutica (Canifarma)	Psicofarma	To award the best papers in the areas of: Basic Research, Clinical Research / Technological Development, related to medicines, medical devices and biotechnological developments for human use, in areas of interest to the pharmaceutical industry that improve the health of the Mexican population.
Event name	Ceremonia de Premiación de la Décima Edición del Programa para el Fomento al Patentamiento y la Innovación (PROFOPI)	
Name of the Coordinating Institute	Participating Company	Purpose of the event
Coordinación de Vinculación y Transferencia de Tecnología de la Universidad Autónoma de México (UNAM)	Neolpharma	Promote Technological Innovation and Industrial Property Culture.
Event name	Research Hub México: Conectando el Ecosistema de la Industria Farmacéutica y la Investigación Científica para Acelerar los Negocios en México	
Nombre del Instituto coordinador	Participating Company	Purpose of the event
Merck/Red OTT/ Universidad La Salle	Psicofarma	Topics in Biotechnology and Nanotechnology

Event name	Congreso Red OTT México "Colaboración y responsabilidad social para la innovación y el desarrollo de las economías"	
Name of the Coordinating Institute	Participating Company	Purpose of the event
Universidad La Salle	Psicofarma	Support Entrepreneurs, Researchers, Researchers, Researchers and Startups in these sectors to learn how to link with investment funds specialized in their respective industries.
Event name	Tercera Edición del Premio Eliseo Mendoza 2022 al Análisis Económico del Desarrollo Regional	
Name of the Coordinating Institute	Participating Company	Purpose of the event
Centro Universitario de Ciencias Económico Administrativas y su División de Economía y Sociedad de la Universidad de Guadalajara	Neolpharma	Promoting Quality and Excellence in Research on Economic Aspects of Mexico's Regional Development
Event name	Primer Encuentro de Vinculación CCIQS-Industria	
Name of the Coordinating Institute	Participating Company	Purpose of the event
Centro Conjunto de Investigación en Química Sustentable de la Universidad Autónoma de Morelos (UAEM) Universidad Nacional Autónoma de México (UNAM)	Psicofarma	Showcase their Scientific and Technological capabilities, and thus promote Collaboration between both sectors.
Event name	Innovation-Week	
Name of the Coordinating Institute	Participating Company	Purpose of the event
Centro de Investigación y de Estudios Avanzados del IPN (Cinvestav)	Psicofarma	Bringing Cinvestav Innovations to the marketplace

7.1.3. Academic Liaison and Research

BIONANO INNOVATION AWARD: SCIENCE AND TECHNOLOGY 2022

For the past 10 years, it has encouraged talent and the development of projects in Bionanotechnology in Mexico, consolidating and positioning a highly specialized scientific community that works in synergy with the Centro de Investigaciones y de Estudios Avanzados del IPN.

The purpose of this project is to encourage talent and the development of projects in Bionanotechnology in Mexico, strengthening the link between academia and business and bringing frontier research to light.

This award is defined by an evaluation committee composed of specialists in the areas of Nanotechnology and Nanosciences.

Since the first call was published, the number of projects received has increased consistently, from 10 projects in 2013 to 28 projects in 2022.

The analysis of participation by State shows that, historically, Mexico City has contributed 40.65% of the total number of projects received. It is followed by the state of Nuevo León with 12.62%, San Luis Potosí with 9.35% and the state of Guanajuato with 6.54%.



Year	Project	Prize
2022	Addition of turnip mosaic virus (TuMV) nanoparticles into methacryloyl-gelatin hydrogels (GelMA) for fabrication of tissue constructs nanostructured constructs	\$300,000.00
2021	To reduce the risk of toxicity of the pesticide temephos (Tem).	\$300,000.00
2020	Inihbir particles of human papillomavirus infection.	\$300,000.00

As part of the tenth anniversary of the **Bionanotechnology Award**, the "**Biono Capsules in Short**" contest was launched, aimed at active students in **bachelor's, master's and doctoral programs in Mexican Higher Education Institutions**, interested in or working on research projects in the areas of bionanotechnology. The objective of the contest was to promote scientific vocation in the field of bionanotechnology and to motivate young Mexicans to cultivate this field of science. **This competition awarded a prize to the best paper in each category: Bachelor's, Master's and Doctorate. The prize will consist of a Diploma to the author(s) and a one-time economic incentive of \$1,000.00 MXN for the Bachelor's category, MXN \$3,000.00 for the Master's category, and \$5,000.00 MXN for the best paper in the PhD category.**

Winners

Bachelor's degree: Mariana Paola Bucio Carmona with the video "Magnetic nanoparticles for the improvement of electrochemical detection of diseases".

Master's degree: Kevin Jorge Magaña Bocanegra with the video "Mini Bacterial Cells as a delivery system and release of heterologous B A proteins for the rehabilitation of infarcted myocardium".

The Doctorate Level was declared as vacant.

Prize "Matilde Montoya: Women in biological and health sciences" edition 2022.

Since 2021, this award was launched with the purpose of contributing to the development and improvement of the fields of biological and health sciences in Mexico City, recognizing the effort, talent and capabilities of Mexican women scientists.

In this second year of the call for applications, 29 applications were received from 18 institutions. Fourteen percent of the candidates are from the Instituto Nacional de Ciencias Médicas y Nutrición "Salvador Zubirán" (INCMNSZ).



Year	Project	Prize
2022	Contributions to oncology, particularly hereditary cancer.	\$250,000.00
2021	Analysis of so-called biomarkers of cognitive impairment in aging.	\$250,000.00

Throughout the year, donations of active ingredients are made to different universities, supporting and promoting different research projects.

Institute Name	Donor company	Project	Purpose
Instituto Nacional de Neurología y Neurocirugía (INNN)	Psicofarma S.A. de C.V.	“Anti-nociceptive effect of amantadine treatment in a rat model of traumatic spinal cord injury.”	To evaluate the antidepressant effect, that depressive behaviors are presented by the effect of traumatic injury.
Universidad Autónoma Metropolitana Xochimilco (UAM-X)	Neolpharma S.A. de C.V.	“Influence of surfactant type and oil type on the loading capacity of Carbamazepine in a self-emulsifying lipid formulation.”	Support for a master's degree project in Pharmaceutical Sciences
Universidad Nacional Autónoma de México (UNAM)	Psicofarma S.A. de C.V.	“Study of cancer and specifically the translational aspect”.	Repositioning of drugs that target the malignant metabolic phenotype, using drugs that inhibit humoral anabolism and prevent host catabolism.
Universidad Nacional Autónoma de México (UNAM)	Psicofarma S.A. de C.V.	“Comparative analysis of striatal (18F)FDOPA uptake in a partial lesion model of Parkinson’s disease in rats: Ratio method versus graphical model”.	Pre-medicate patients undergoing positron emission tomography-based molecular imaging studies.
Centro de Investigación y de Estudios Avanzados	Psicofarma S.A. de C.V.	“CINVESTAV Recombinant Protein Unit”.	Collaborate in the equipment of the laboratory that is in the process of consolidation.

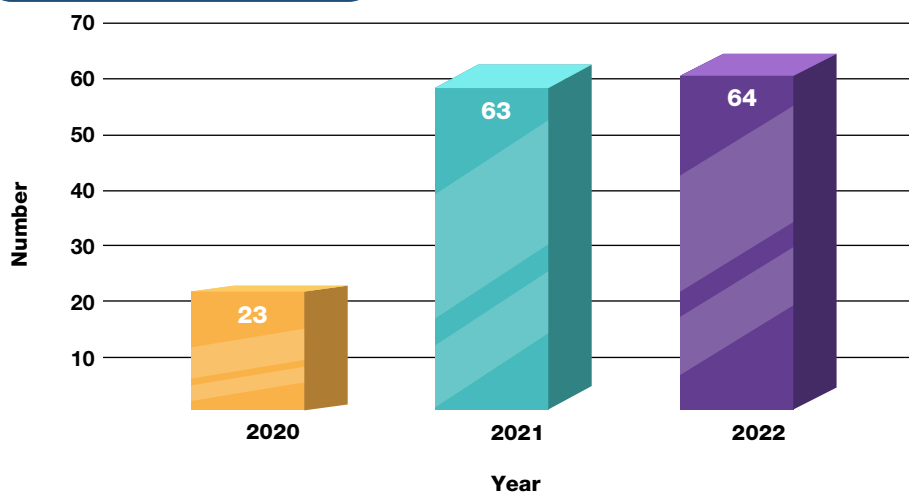
7.2 SOCIAL

7.2.1. Drug product donation

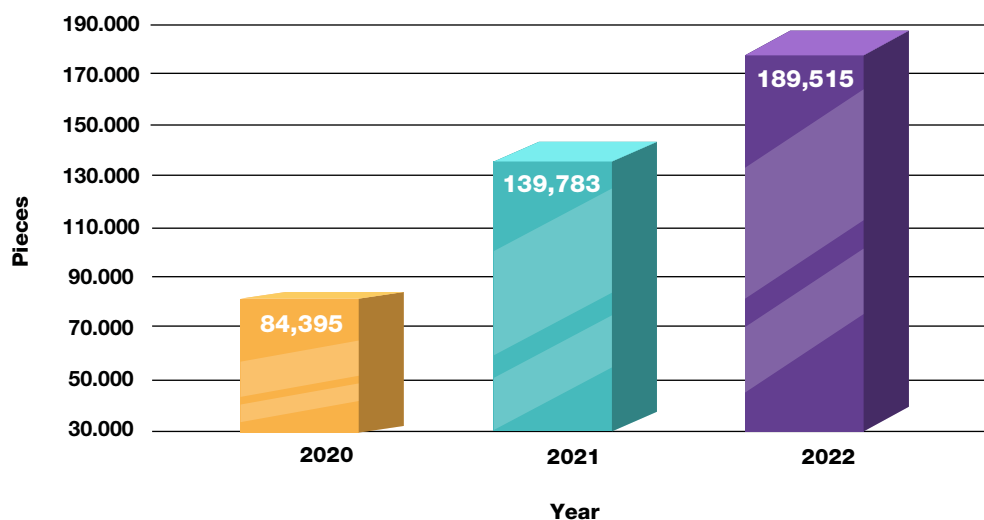
As part of **Grupo Neolpharma's** efforts to achieve affordability of medicines, throughout the year, it donates medicines to different civil associations and government institutions.



Total donations per year



Pieces donated per year



It also has "Loyalty" programs linked to national pharmacy chains, aimed at Cardiovascular, Oncological and Mental Health conditions.

Medical samples	Purse Exchanges	Checks	Donations
1,521,285 pieces	3,718	1,785	200 pieces

7.2.2. Support for children with cancer

We have a program called "Donation of bottle caps", this activity was implemented since 2020 and has been continued since the employees show great empathy and interest in supporting the payment of medicines and treatments for children with cancer, while allowing employees to be environmentally friendly.

Year	Total bottle caps (kg)	Benefited children
2022	437	600
2021	200	300
2020	300	500



7.2.3. Continuing medical education and health talks for the general public

Grupo Neolpharma constantly collaborates with medical associations through activities such as the search for innovative topics, support for speakers to share their knowledge and bringing doctors together to attend national and international congresses, among others.

With the objective of reducing the oblivion curve and the consolidation of subjects learned or not acquired during academic training, as well as improving the quality of medical and health care, patient safety and the population in general, and the prevention of risks or damage to health.

Another of the advantages of continuing medical education are the credits granted by national scientific endorsements and even with international homologation, which certify the knowledge, skills and practice of physicians; this, in addition to strengthening the physician's curriculum, is a requirement for recertification and continuity of practice.

That is why **Grupo Neolpharma** participated, organizing and inviting physicians during 2022 in the different academic activities in face-to-face, virtual or hybrid modality of associations such as:

- Sociedad Mexicana de Neurología Pediátrica
- Asociación Psiquiátrica Mexicana
- Capítulo Mexicano de la Liga Internacional contra la Epilepsia
- Asociación Mexicana de Psiquiatría Infantil
- Colegio Mexicano de Ortopedia y Traumatología
- Colegio Mexicano de Reumatología
- Colegio de Medicina Interna de México
- Federación Mexicana de Colegios de Ortopedia y Traumatología

- Sociedad Mexicana de Obesidad
- Colegio de Médicos Generales y Familiares de Hermosillo
- Sociedad Mexicana de Oncología
- Asociación Mexicana para el Estudio y Tratamiento del Dolor
- Instituto Nacional de Ciencias Médicas y Nutrición Salvador Zubirán
- Instituto Nacional de Cancerología
- **Grupo Neolpharma** works to promote health using new technologies and media, by means of talks open to the public through Facebook Live, touching on topics of interest to society such as:

Topic	Scope	Interactions
Red flags, relationships and your mental health	1,229 people	155
“Sex, modesty and beliefs”	2,933 people	365
¿Why does sleeping well make us happier?	2,917 people	244
“To be or not to be a mom, that's the dilemma”	1,241 people	107
World Suicide Prevention Day.	1,742 people	119

7.2.4. Health Programs

Sports fields:

As a result of the remodeling of the **Office Building** and the construction of the cogeneration area at the **División del Norte plant**, the green areas and the basketball court were affected; therefore, grass was planted in an area of approximately **800 m2**, and the **basketball court** was remodeled with an area of approximately **260 m2**.

The cost of this work was approximately **\$300,000.00 MXN** and the work was carried out over a period of 2 weeks.



7.2.5. Collections

As part of our social support activities, we carry out the annual **Christmas collection of clothes and toys**, a program promoted and in force thanks to the interest and request of our employees. This initiative seeks to create a sense of collaboration and empathy with vulnerable groups.



Year	Foundation	Amounts Donated	Beneficiaries
2022	Fundación Centro de Recobro A.C.	Clothing: 2,030 Toys: 194	Children over 11 years of age, women and men, with mental illness
	Fundación Arvore A.C		Girls, children under 11 years of age
2021	Fundación Ribba A.C.	Clothing: 1,852 Toys: 468	Boys, girls, women and men
2020	Fundación Ribba A.C.	Clothing: 900 Toys: 500	

7.3 EQUITY

7.3.1. Gender diagnostic

During June 2022, a gender diagnosis was conducted at the corporate level, with the help of the International Finance Corporation (IFC), with the objective of detecting the company's areas of opportunity and creating strategies of good practices for gender inclusion in a planned and systematic way to improve talent management and the quality of corporate results.

Eleven in-depth interviews were conducted with the management and HR team, composed of five men and six women. 7 focus groups with 20 men and 16 women.

Relatively equitable labor force **54% M / 46% W**

At the corporate level, promotions **47% M / 53% W**

There is a salary tabulator, which guarantees that there is no gender salary gap between personnel in the same position.





LABOR FORCE COMPOSITION

LABOR FORCE

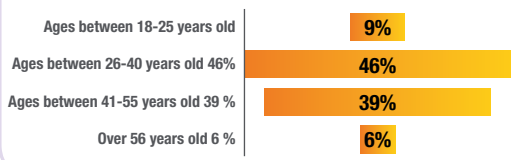
Equitable labor force



	Women	Men
Permanent employees	1432	1666

85% of the labor force is concentrated in generations X and Millennials.

Employee composition by age group

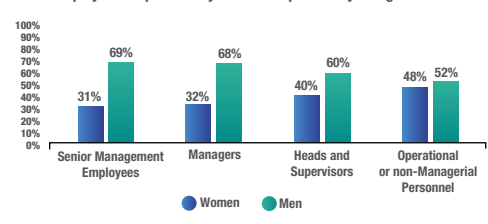


LEADERSHIP

The board of directors is composed of 5 persons, only 1 woman.

Operational positions are equitable, but the gender gap splits as you move up the ladder into leadership positions, where men predominate.

Employee composition by level of responsibility and gender

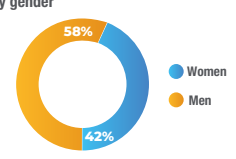


TALENT ATTRACTION

HIRING

During the reporting period, 1,099 people were hired, predominantly men.

New hires by gender

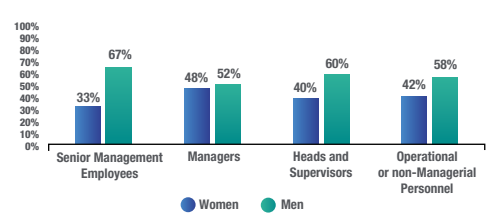


86% of new hires were at non-managerial operational levels

	Women	Men
Senior management employees	2	4
Managers	13	14
Heads and Supervisors	50	75
Operational or non-managerial personnel	395	546

Predominantly men are hired in leadership positions

Employee composition by level of responsibility and gender



High volume of hiring, equivalent to the high level of turnover and associated with the productive needs of the business, which increased during the COVID-19 pandemic.

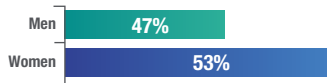


TALENT RETENTION

PROMOTIONS

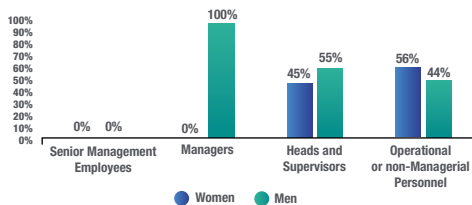
Promotion of men and women was encouraged on an equitable basis

Composition of promotions by gender



Men are more likely to be promoted among the leadership levels.

Composition of promotions by responsibility level



There were 122 promotions in the reporting period. 81% were in operational or non-managerial roles.

	Total
Senior management employees:	0
Managers	1
Heads and Supervisors	22
Operational or non-managerial personnel	99

The company tends to bring in new talent instead of developing existing talent. There are X9 new hires for every internal promotion.

No succession plan for leadership positions, especially senior management, is recorded

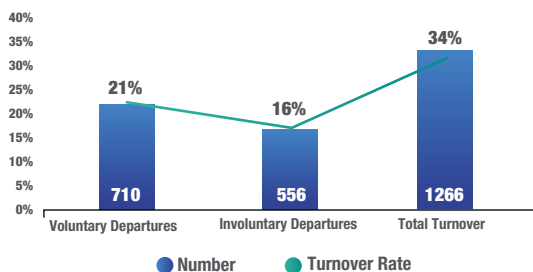


TALENT RETENTION

STAFF TURNOVER

34% 34% total staff turnover

Total personnel turnover

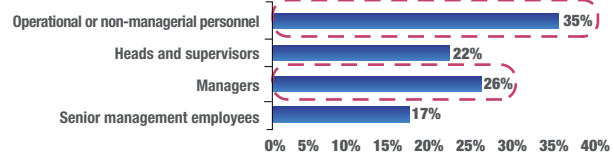


Main Reasons

- Better salary conditions in the competition
- Excessive workload and schedules
- Remoteness from the workplace
- Perception of limited options for professional growth

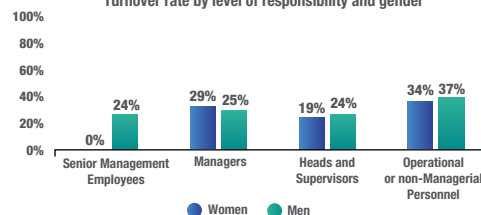
The highest turnover occurs at operational or non-managerial levels, followed by middle management.

Turnover rate by level of responsibility



The level of turnover is equal between men and women

Turnover rate by level of responsibility and gender



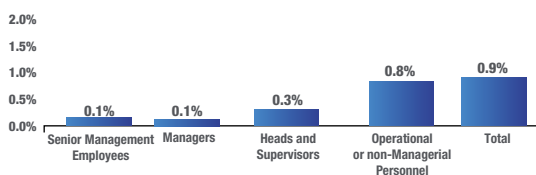


TALENT RETENTION

ABSENTEEISM

Between planned and unplanned absenteeism, the annual absenteeism rate is 0.9%

Total absenteeism rate and absenteeism by level of responsibility

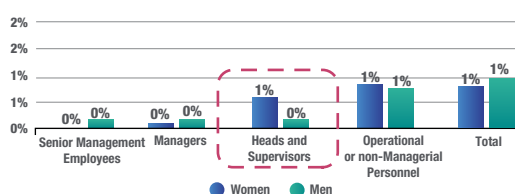


The average number of workers absent daily is 23

	Women	Men	Total
Senior Management Employees	0.00	0.02	0.02
Managers	0.02	0.19	0.21
Heads and Supervisors	0.50	0.24	0.74
Operational or non-managerial personnel	10.95	11.33	22.28
Total	11.47	11.77	23.24

The level of absenteeism of women in middle management stands out

Total absenteeism rate, by level of responsibility and gender



On average, more men than women take unplanned absences on workdays (2.936 Vs 3.014 en el período reportado).

Employees happy with the handling of unplanned leaves of absence

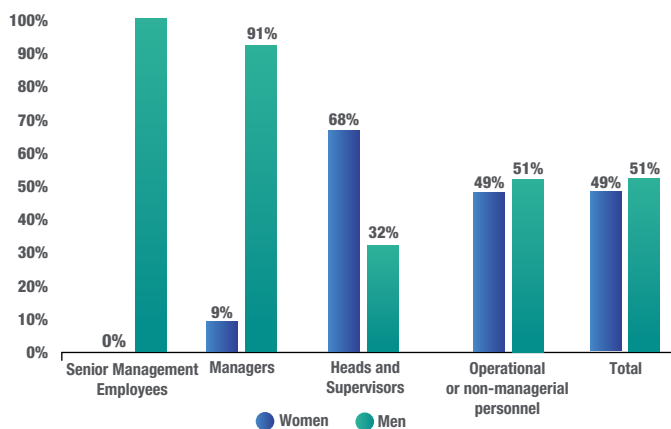


TALENT RETENTION

ABSENTEEISM

The total cost of absenteeism in the reporting period was \$124.478 USD

Total absenteeism cost by level of responsibility and gender



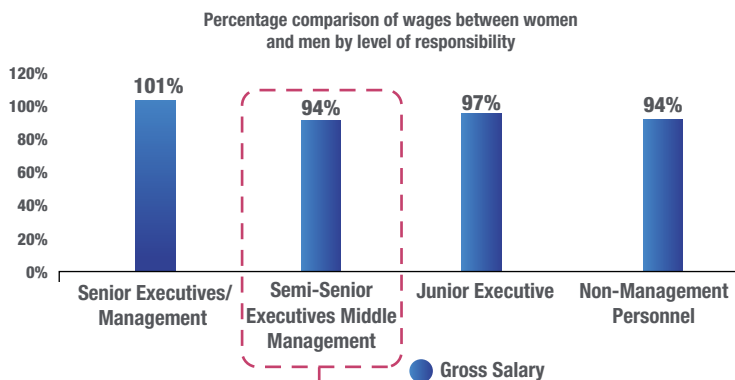
- The information on gender composition and level of responsibility, as well as absenteeism, was taken from the Cos.
- The analysis period is July 2021-June 2022.
- Figures in MXN are based on an exchange rate of \$20.38.



REMUNERATION

GENDER WAGE GAP

➔ With the incorporation of salary tabulators, there is no perceived gender wage gap in equal roles



For every dollar you earn
A man a woman
earn 94 cents

- Gender Wage Gap = 100 (Average Annual Wage for Women / Average Annual Wage for Men)
- To find the total labor gap, the average salary is estimated by gender or by weighting the salary for each level of responsibility/seniority with the number of employees per level.

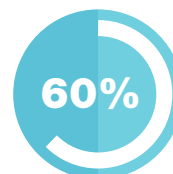
Balance between professional and personal life



LIFE BALANCE

CHILD CARE

- ➔ 12 weeks of leave for mothers and 5 days for fathers, in accordance with current law
- ➔ Only some plants have a lactation room
- ➔ No on-site day care or subsidies for child care or eldercare
- ➔ School support services are offered



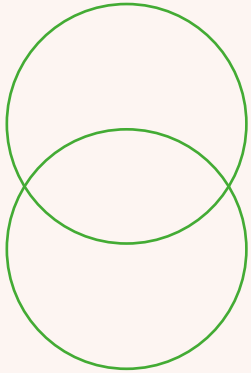
Retention rate after
maternity leave

* Women who took maternity leave 1 year prior to the date of the reporting period and were still employed at the end of the reporting period

During 2023 we will work on a strategy to mitigate the negative impacts and improve the results of the diagnosis by creating strategies of good practices of gender inclusion focused on the issues of: **SAFE AND RESPECTFUL WORKPLACE**, to achieve a decrease in sexual and workplace harassment, improve reporting mechanisms.

TALENT DEVELOPMENT to create a Succession Plan and a Talent Development Plan.

8. ENVIRONMENT



8.1 MATERIALS

Some of the inputs and raw materials used to manufacture Grupo Neolpharma products come from a **natural or synthetic origin, classified as renewable or nonrenewable**, respectively. The first ones are resources that, by its nature, are not run out. The second ones can run out, they are the group's main inputs for manufacturing process. Those are the following:



Pharmaceutical Branch:

Inputs/ Raw Materials	Renewable/ Nonrenewable Resource	Enterprise	Measurement Unit (Piece or Kg)	2021 Total	2022 Total
Cellulose PH 101	Nonrenewable	Psicofarma	Kg	3,500	1,800
Cellulose PH 102	Nonrenewable	Alpharma	Kg	22,500	10,500
Cellulose PH 200	Nonrenewable	Neolpharma	Kg	24,475	7,000
Magnesium Stearate	Nonrenewable	Alpharma	Kg	7,050	2,700
Calcium Phosphate	Nonrenewable	Neolpharma	Kg	6,900	42,040
Silicon Dioxide	Nonrenewable	Psicofarma	Kg	16,200	2,950

Pharmochemical Branch:

Inputs/ Raw Materials	Renewable/ Nonrenewable Resource	Enterprise	Measurement Unit (Piece or Kg)	2021 Total	2022 Total
(+/-)-3-Chloro-1,2-propaneidol	Nonrenewable	Neolsym	Kg	250	750
(R)-3-Cloropropano-1,2-diol	Nonrenewable	Neolsym	Kg	250	0
1- Phenylpiperazine	Nonrenewable	Neolsym	Kg	283	0
1H-Benzimidazole-2-n-propyl-4-methyl-6-(1'-methylbenzimidazole-2-il)	Nonrenewable	Neolsym	Kg	5,150	0
2-Choloroacetamide-5-nitro-2'-chloro benzophenone	Nonrenewable	Neolsym	Kg	1,525	3,675
5-Chloro-2-(methylamino) benzophenone	Nonrenewable	Neolsym	Kg	0	625

INPUTS AND RAW MATERIALS

Pharmaceutical Branch

Inputs/ Raw Materials	Renewable/ Nonrenewable Resource	Enterprise	Measurement Unit (Piece or Kg)	2021 Total	2022 Total
3-Acetoxyacetophenone	Nonrenewable	Neolsym	kg	1,250	100
4-sulfonamidophenyl hydrazine Hydrochloride	Nonrenewable	Neolsym	kg	0	5,950
4, 4, 4 -Trifluoro-1(4-Metilphenyl) Butane-1,3 Dione	Nonrenewable	Neolsym	kg	3,100	6,075
Calcium Acetate Monohydrate	Nonrenewable	Neolsym	kg	18	0
Butyl Acetate	Nonrenewable	Neolsym	kg	0	6,160
Ethyl Acetate	Nonrenewable	Neolsym	kg	2,700	30,600
Acetone	Nonrenewable	Neolsym	kg	46,050	24,710
Acetic Acid	Nonrenewable	Neolsym	kg	2,652	630
30% Hydrochloride Acid	Nonrenewable	Neolsym	kg	0	540
Gas Hydrochloride Acid	Nonrenewable	Neolsym	kg	598	435
Formic Acid	Nonrenewable	Neolsym	kg	980	2,980
Industrial Sulfuric Acid	Nonrenewable	Neolsym	kg	14,570	5,220
Isopropyl Alcohol	Nonrenewable	Neolsym	kg	0	11,000
Sodium Bicarbonate	Nonrenewable	Neolsym	kg	50	75
Sodium Bisulfite	Nonrenewable	Neolsym	kg	25	0
Activated Carbon	Nonrenewable	Neolsym	kg	100	1,400
Palladium Catalyzer	Nonrenewable	Neolsym	kg	35	75
Cyclopentyl Methyl Ether	Nonrenewable	Neolsym	kg	8,640	17,220
Zinc Chloride	Nonrenewable	Neolsym	kg	0	325
Dichloromethane	Nonrenewable	Neolsym	kg	14,225	0
Carbon Dioxide (Gas)	No Renovable	Neolsym	kg	25	950
Ethanol	Nonrenewable	Neolsym	kg	49,950.61	64,689.87
Petroleum Ether	Nonrenewable	Neolsym	kg	20,326.33	10,599.52
Acid Ethyl Esther Phosphate (3R, 4R, 5S)-4- (acetyl-amino)-5-amine-3- (1-ethylpropoxy)1-cyclohexane 1 carboxylic (raw)	Nonrenewable	Neolsym	kg	100	160

Pharmochemical Branch

Inputs/ Raw Materials	Renewable/ Nonrenewable Resource	Enterprise	Measurement Unit (Piece or Kg)	2021 Total	2022 Total
Hexamethylenetetramine	Nonrenewable	Neolsym	kg	2,600	3,000
Hydrogen	Nonrenewable	Neolsym	kg	174	54
28% a 30% Ammonium Hydroxid	Nonrenewable	Neolsym	kg	400	160
Lithium Hydroxide Monohydrate	Nonrenewable	Neolsym	kg	0	750
Potassium Hydroxide Flakes	Nonrenewable	Neolsym	kg	4,200	400
Sodium Hydroxide Micropearls	Nonrenewable	Neolsym	kg	25	675
Methanol	Nonrenewable	Neolsym	kg	173,400	124,240
Methyl-4-(bromomethyl)- biphenyl-2-carboxilate	Nonrenewable	Neolsym	kg	5,250	0
Nitrogen (cylinders)	Nonrenewable	Neolsym	kg	1,250	5,481
Nitrogen (Dewar)	Nonrenewable	Neolsym	kg	8,295	15,225
Industrial nitrogen	Nonrenewable	Neolsym	kg	0	1,440
50% Soda	Nonrenewable	Neolsym	kg	17,680	28,520
Magnesium Sulphate	Nonrenewable	Neolsym	kg	150	225
Supercel	Nonrenewable	Neolsym	kg	431	545
Raw Telmisartan	Nonrenewable	Neolsym	kg	0.0	2,825.00
Threo Phenyl-2-Piperidyl Acetamide	Nonrenewable	Neolsym	kg	3,225	2,500

Packaging materials are not just the cardboard box, but also the label and the bottle containing the finished product. The main materials are:

BOTTLE AND PACKAGING MATERIALS

Pharmaceutical Branch

Packaging Materials	Enterprise	Measurement Unit	2021 Total	2022 Total
Partition Box	Alpharma	pcs.	967,718	936,231
Single Box	Psicofarma	pcs.	155,027,359	156,758,644
Aluminum	Neolpharma	kg	159,610	64,304
Labels	Alpharma	pcs.	51,443,490	56,388,604
Cap	Psicofarma	pcs.	11,963,750	6,125,100
PVC + PVDC	Neolpharma	kg	306,923	130,725

Pharmochemical Branch

Packaging Materials	Enterprise	Measurement Unit	2021 Total	2022 Total
Natural Bag	Neolsym	kg	600	0
Kraft Paper Fiber Drum	Neolsym	pcs.	350	1,050
B.D. BLACK Bag 90 X 145 w/400	Neolsym	pcs.	0	350
Plastic Film-Wrap (Strech Film)	Neolsym	kg	0	20

Raw material inputs registered during 2021 are, in some cases, greater than those registered in 2022 due to the selling of some drug products that were used against COVID-19. Raw materials increase in the production program leads to a bottle and packaging material increase.

For materials acquisition in 2022, a lower production program was thought due to pandemics was decreasing and the drug products demand was not the same as 2021.

7 AFFORDABLE AND
NON-POLLUTING
ENERGY

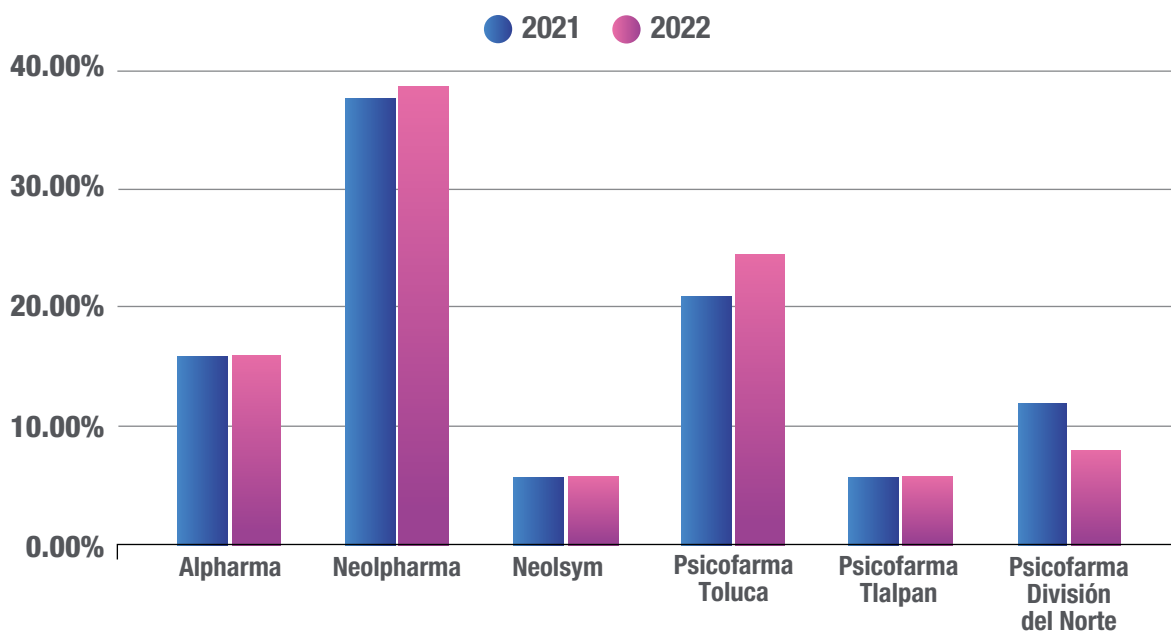


8.2 ELECTRIC ENERGY

One of the main inputs for any sector is **electric energy**, and that is not an exception for **Grupo Neopharma**. Annual electricity consumption was as follows:

Year	Unit	Annual Electricity Consumption						Total
		Alpharma	Neopharma	Neosym	Psicofarma Toluca	Psicofarma Tlalpan	Psicofarma División del Norte	
2021	MWh	5,527.19	12,988.21	2,029.14	7,231.61	2,035.01	4,176.97	33,988.18
2022	MWh	5,498.71	13,194.03	2,012.50	8,303.64	1,994.93	2,711.94	33,715.76
%								
Decrease	Increase	0.51%	1.58%	0.82%	14.82%	1.96%	35.07%	0.80%

Electricity Consumption % by Site in 2021 and 2022



Psicofarma División del Norte reports an electric consumption decrease due to production decrease. At **Psicofarma Toluca** more production areas were activated, restoring **HVAC** and **critical systems** for those areas, which generated an electricity consumption increase.

Electricity consumption at Psicofarma Tlalpan, Neopharma, and Laboratorios Alpharma is almost equal between 201 and 2022. Small variations are due to working days and to a greater or lower use of the equipment.

8.3 FUELS

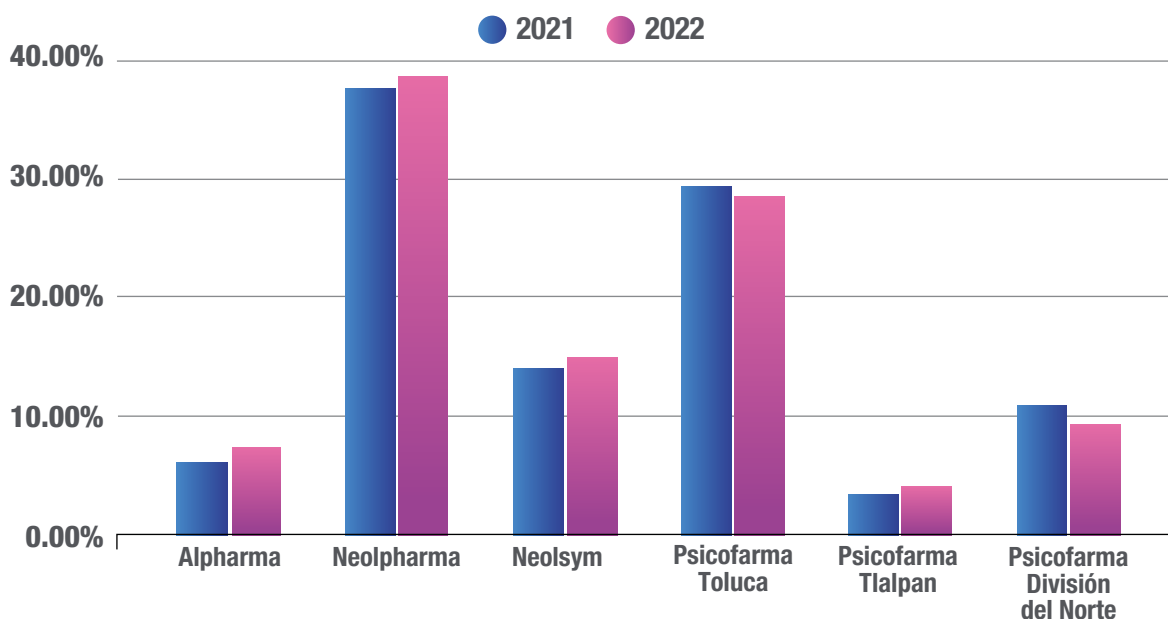
At corporate level, three types of main combustibles are used in the manufacturing sites: natural gas, diesel, and Liquefied Petroleum Gas (LPG). In the following table is shown the consumption of these different combustibles in the site.

7 AFFORDABLE AND
NON-POLLUTING
ENERGY



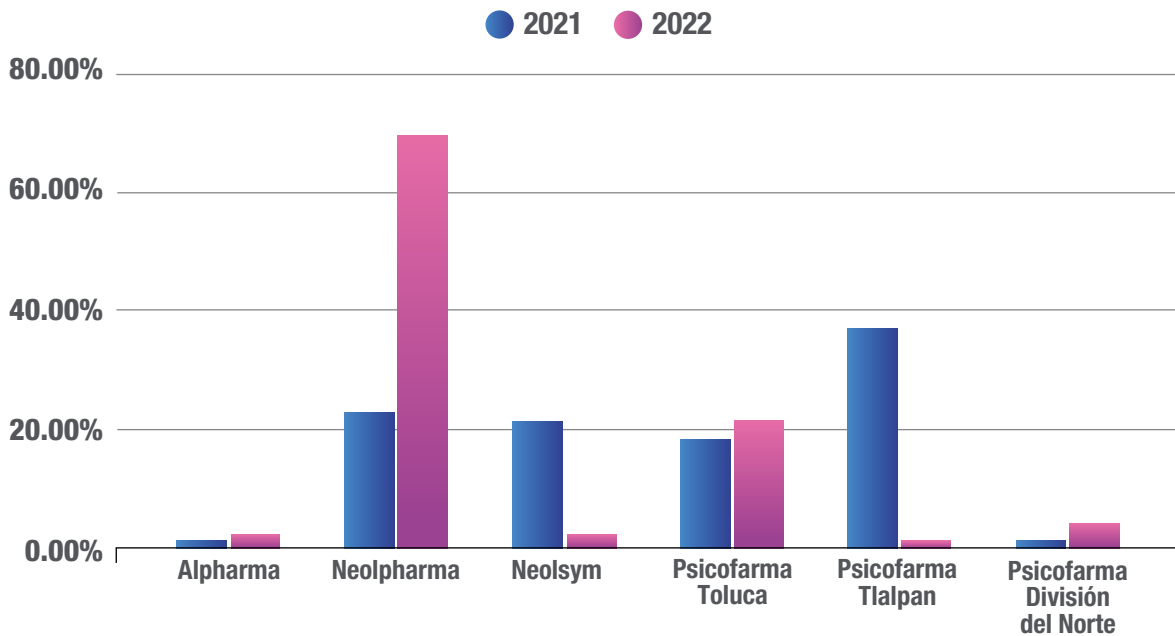
Type of Combustible	Year	Annual Combustible Consumption						Total
		Alpharma	Neolpharma	Neolsym	Psicofarma Toluca	Psicofarma Tlalpan	Psicofarma División del Norte	
Natural Gas (m3)	2021	186,281	1,207,215	484,374	986,427	126,836	362,673	3,353,806
	2022	239,014	1,289,586	543,414	994,535	149,823	323,528	3,539,900
		%						
Decrease	Increas	28.30%	6.82%	12.19%	0.82%	18.12%	10.79%	5.55%
Diesel (L)	2021	867	25,500	24,150	20,000	41,800	795	113,112
	2022	982	33,600	1,000	10,000	300	2460	48,342
		%						
Decrease	Increas	13.26%	31.76%	95.85%	50.00%	99.28%	209.43%	499.60%
Liquefied Petroleum Gas (L)	2021	0	0	0	10,923	21,232	0	32,155
	2022	0	0	0	15,385	12,248	0	27,633
		%						
Decrease	Increas	0%	0%	0%	40.85%	42.31%	0%	14.06%

Natural Gas Consumption % by Site in 2021 and 2022



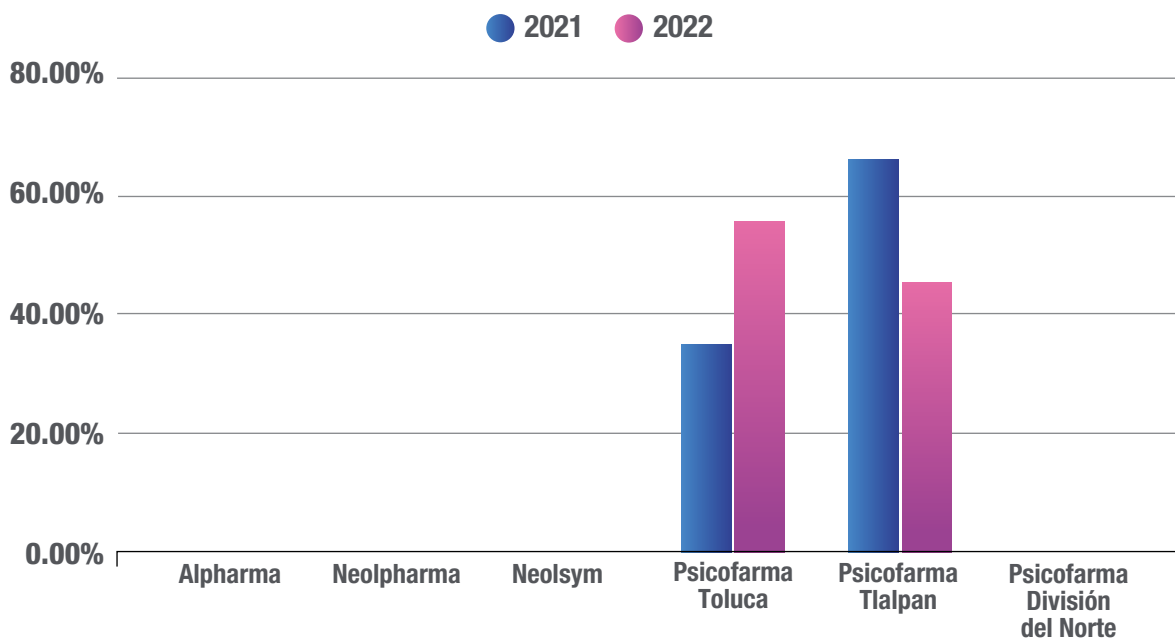
During 2022 in **Grupo Neolpharma**, a natural gas consumption increase was registered. Hence, this gas was used more frequently in the equipment involved in the manufacturing process. Due to this, **natural gas consumption increases at corporate level by 5.54%**.

Diesel Consumption % by Site in 2021 and 2022



At corporate level, there was a 57.26% diesel consumption decrease.

LPG Consumption % by Site in 2021 and 2022



LPG is just used in two sites (Toluca and Tlalpan). Its consumption variations were due to site's particular operating characteristics.

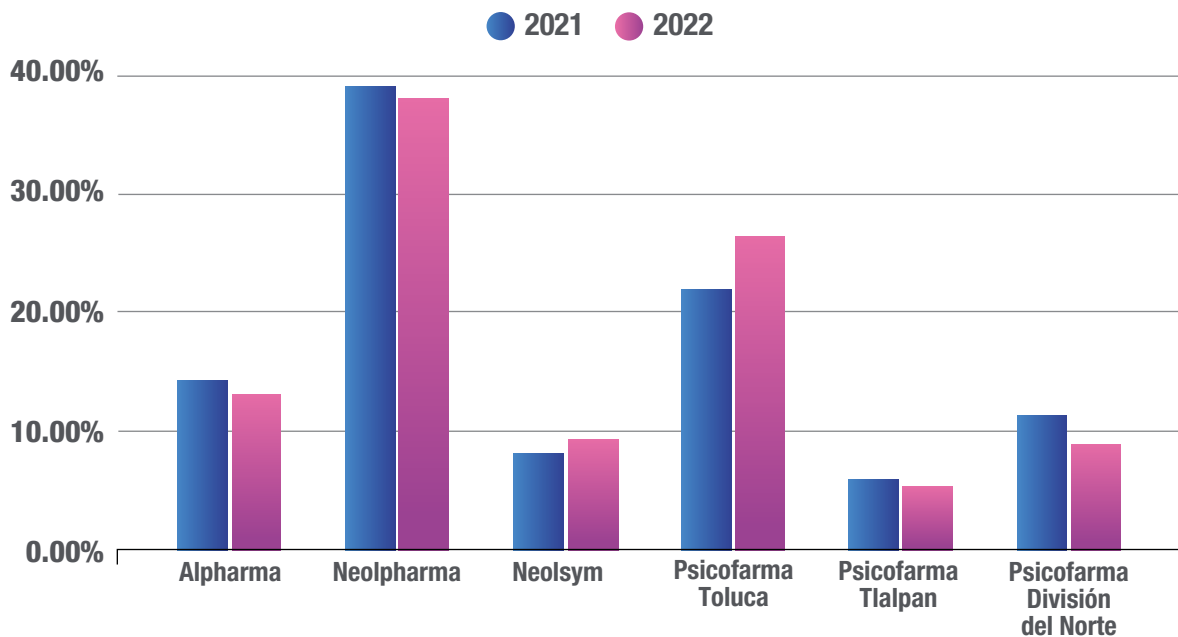
8.4 EMISSIONS

Pollutants getting to the atmosphere from industrial processes are not commonly quantified. For **Grupo Neolpharma**, an emissions inventory from **2021 to 2022** was developed, as well as the determination of these gases increase and decrease. Such information is shown in the following table:



Year	Site	Tons CO ² eq			CO ² eq Total Tons by Site	Scope %1	CO ² eq Total Tons	1 y 2 Percentage	CO ² eq Total Tons	%	
		S1 Combustibles	S1 Coolant	S2 Electricity						Increase	Decrease
2021	Neolpharma	2,302.83	1,160.62	5,494.01	3,463.45	40.69%	8,957.46	39.13%	22,889.12	N/A	
	Alpharma	346.57	549.81	2,338.00	896.38	10.53%	3,234.38	14.13%		N/A	
	Tlalpan	388.43	87.67	860.81	476.10	5.59%	1,336.91	5.84%		N/A	
	División del Norte	671.86	71.30	1,766.86	743.17	8.73%	2,510.03	10.97%		N/A	
	Toluca	1,869.30	85.96	3,058.97	1,955.25	22.97%	5,014.23	21.91%		N/A	
	Neosym	949.64	28.16	858.33	977.80	11.49%	1,836.13	8.02%		N/A	
2022	Neolpharma	2,587.70	0.00	5,739.40	2,587.70	35.46%	8,327.10	37.91%	21,964.50	7.04%	
	Alpharma	463.78	51.57	2,391.94	515.36	7.06%	2,907.30	13.24%		10.11%	
	Tlalpan	305.51	41.76	867.79	347.27	4.76%	1,215.06	5.53%		9.11%	
	División del Norte	705.69	42.90	1,179.69	748.59	10.26%	1,928.28	8.78%		23.18%	
	Toluca	1,952.63	19.45	3,612.08	1,972.08	27.02%	5,584.16	25.42%		11.37%	
	Neosym	1,042.18	84.99	875.44	1,127.16	15.44%	2,002.60	9.12%		9.07%	

Emissions % Generated by site, 2021 and 2022



At **Neol**, **Al pharma**, **Tlalpan**, and **División del Norte** sites there was an emission decrease in 2021 due to there was a combustible inputs, electric energy, and coolants decrease. Nevertheless, it was the opposite at **Toluca** and **Neos** sites. In the first site, there was an emissions increase coming from manufacturing areas extension, critical and HVAC systems reestablishment. In the second site it was due to natural gas consumption.

8.5 WATER

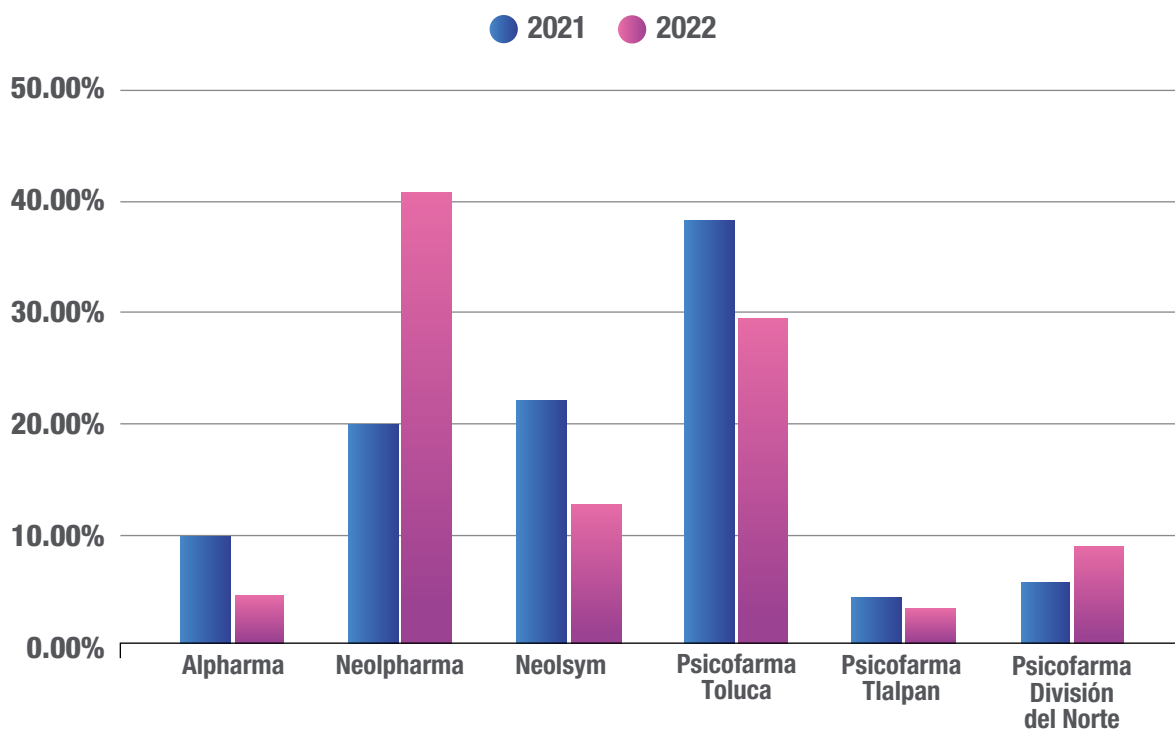
One of the **main inputs** of any manufacturing industry is **water**. Water consumption at all sites was as follows:



8.5.1. Water Consumption

2021 and 2022 Water Consumption								
Year	Unit	Alpharma	Neolpharma	Neolsym	Psicofarma Toluca	Psicofarma Tlalpan	Psicofarma División del Norte	Total
2021	m3	26,279	52,452	57,563	99,068	12,291	14,600	262,253
2022	m3	17,180	162,910	51,404	118,352	11,598	36,210	397,654
%								
Decrease	Increase	34.62%	210.58%	10.69%	19.45%	5.63%	148.01%	51.62%

Water Consumption % by Site in 2021 and 2022



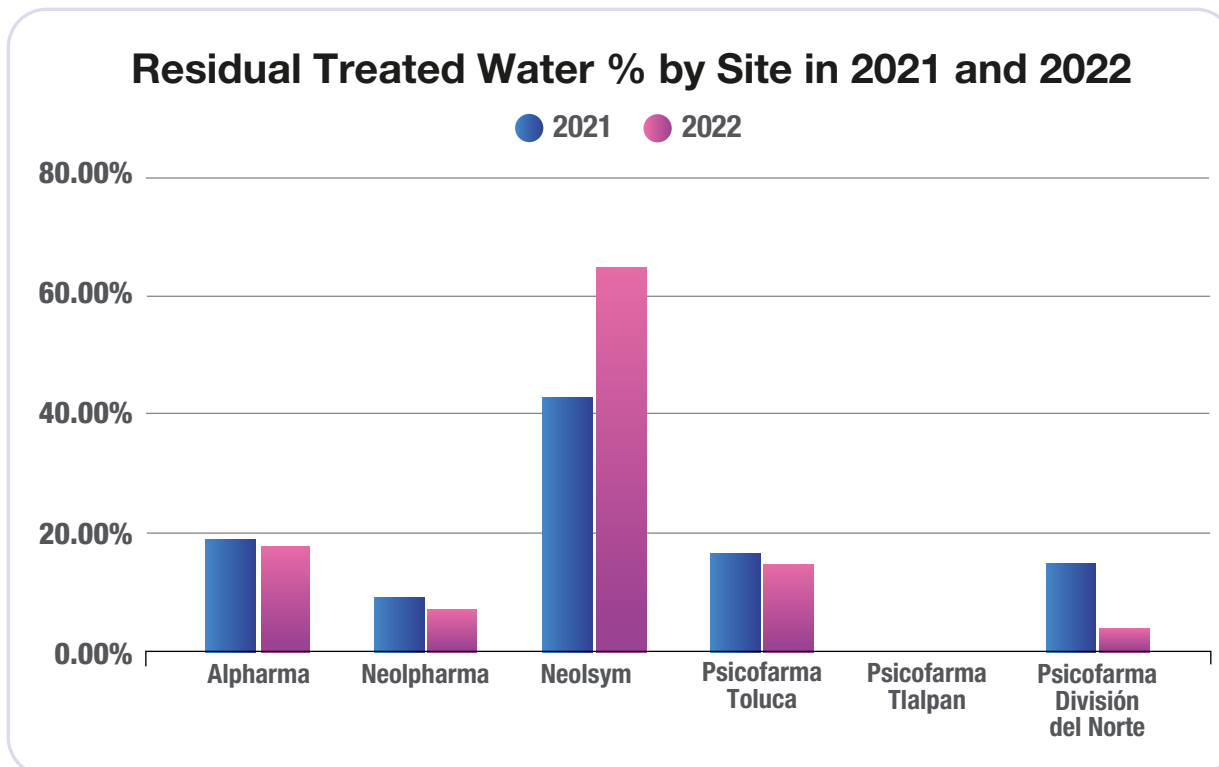
8.5.2. Residual Treated Water

As part of the standard environmental compliance, residual water treatment is performed at enterprises. For **Grupo Neolpharma**, treated volumes were as follows:

2021 and 2022 Treated Residual Water								
Year	Unit	Alpharma	Neolpharma	Neolsym	Psicofarma Toluca	Psicofarma Tlalpan	Psicofarma División del Norte	Total
2021	m3	9,600	3900*	36,132	7,483	N/A**	2,277	55,882
2022	m3	9,200	4,102	19,812	7,523	N/A**	6,662	47,299
%								
Decrease	Increase	4.16%	5.17%	45.16%	0.53%	0%	192.57%	15.35%

*It is an estimate due to a flowmeter was not used. It was installed in August 2021. Counting started from that date on.

** PTAR is not operating due to maintenance.



It is worth to mention that for **Neolpharma**, some water volume is used for intravenous products. Likewise, **purified water treatment is an important part for the 6 manufacturing sites**, in which there are water outlets that directly go to the sewage system because it is excellent quality water.

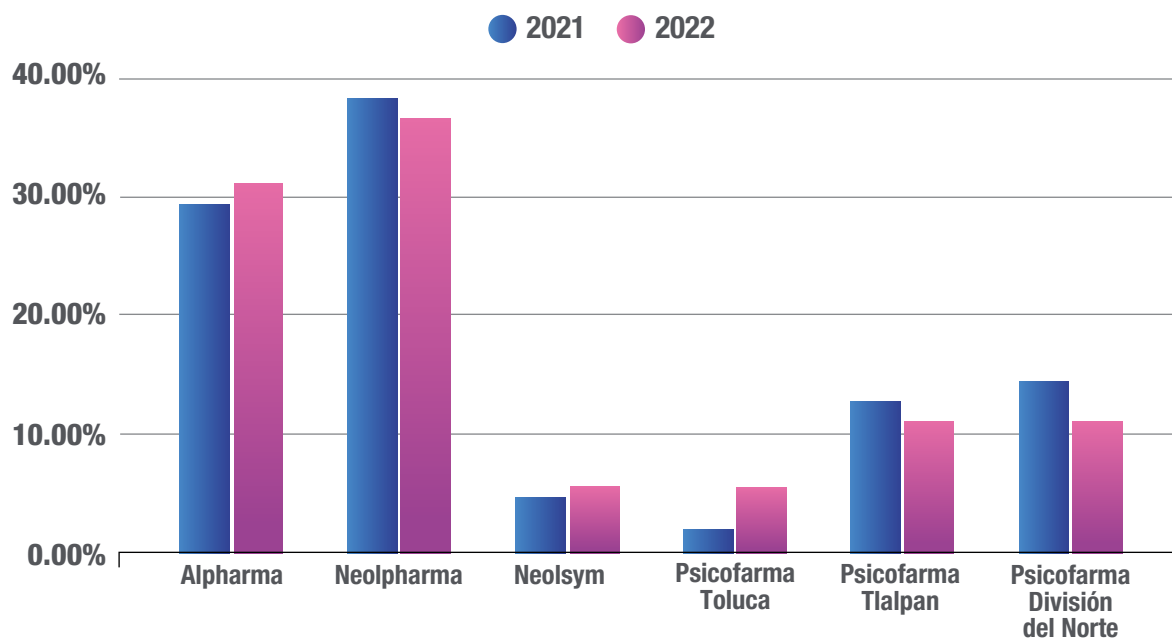
8.6 RESIDUES

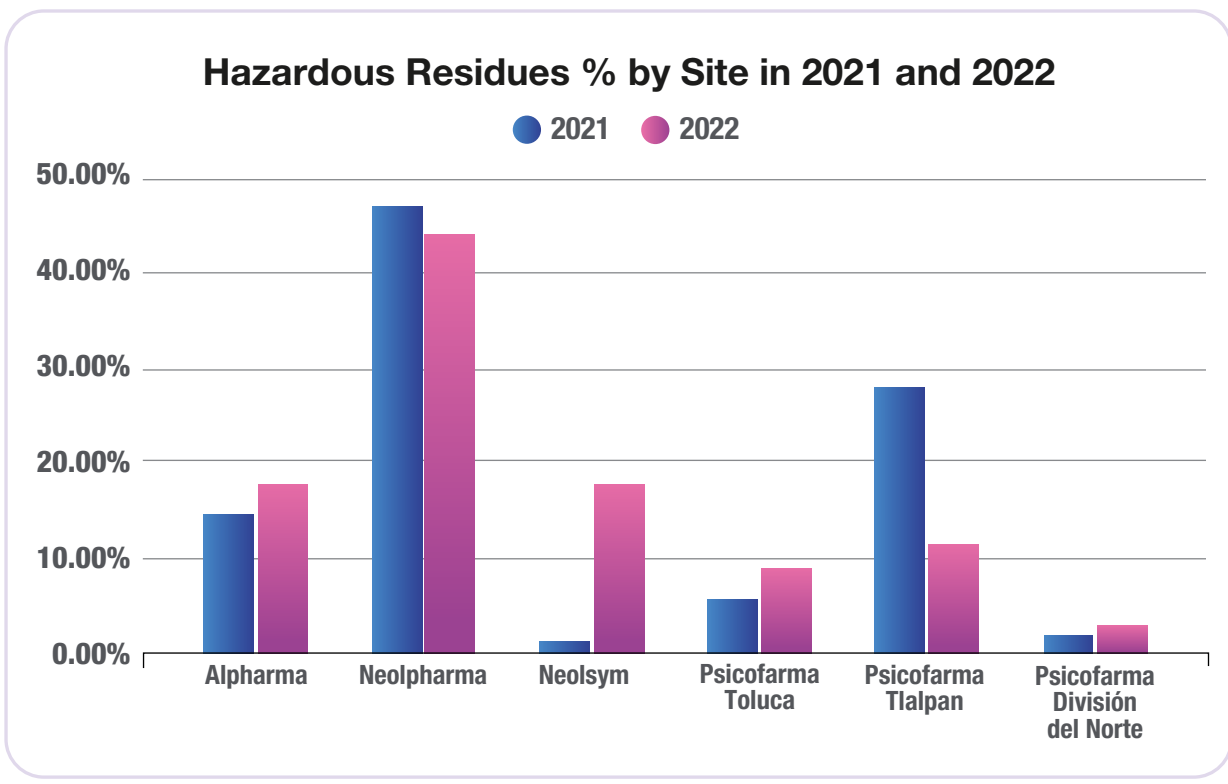
Residues are all wastes produced in our daily activities and which must be discarded because they are not useful anymore. **Generally, they are classified as hazardous wastes and non-hazardous wastes.** Volumes generated by the group were as follows:



2021 and 2022 Treated Residual Water								
Type of Residue	Year	Alpharma	Neolpharma	Neolsym	Psicofarma Toluca	Psicofarma Tlalpan	Psicofarma División del Norte	Total
Non-Hazardous Residues	2021	185,698	237,209	27,76	9,914	78,58	89,18	628,341
	2022	214,124	247,598	32,23	35,832	72,38	78,83	681,4
%								
Decrease	Increase	15.30%	4.37%	16.10%	261.42%	7.89%	11.60%	8.44%
Residuos Peligrosos	2021	52,575	162,118	3,74	19,747	96,78	5,89	340,85
	2022	63,842	157,634	64,225	33,87	41,05	9,47	361,1
%								
Decrease	Increase	21,430%	2,78%	1617,24%	71,51%	57,58%	60,78%	5,94%

Non-Hazardous Residues % by Site in 2021 and 2022





Generation of all kind of residues depend on the production level per year at each site, the number of people working at each site, and other situations. For **Neolsym site**, the reason was residues were not recollected.

8.7 RECOLLECTION AND RECYCLING

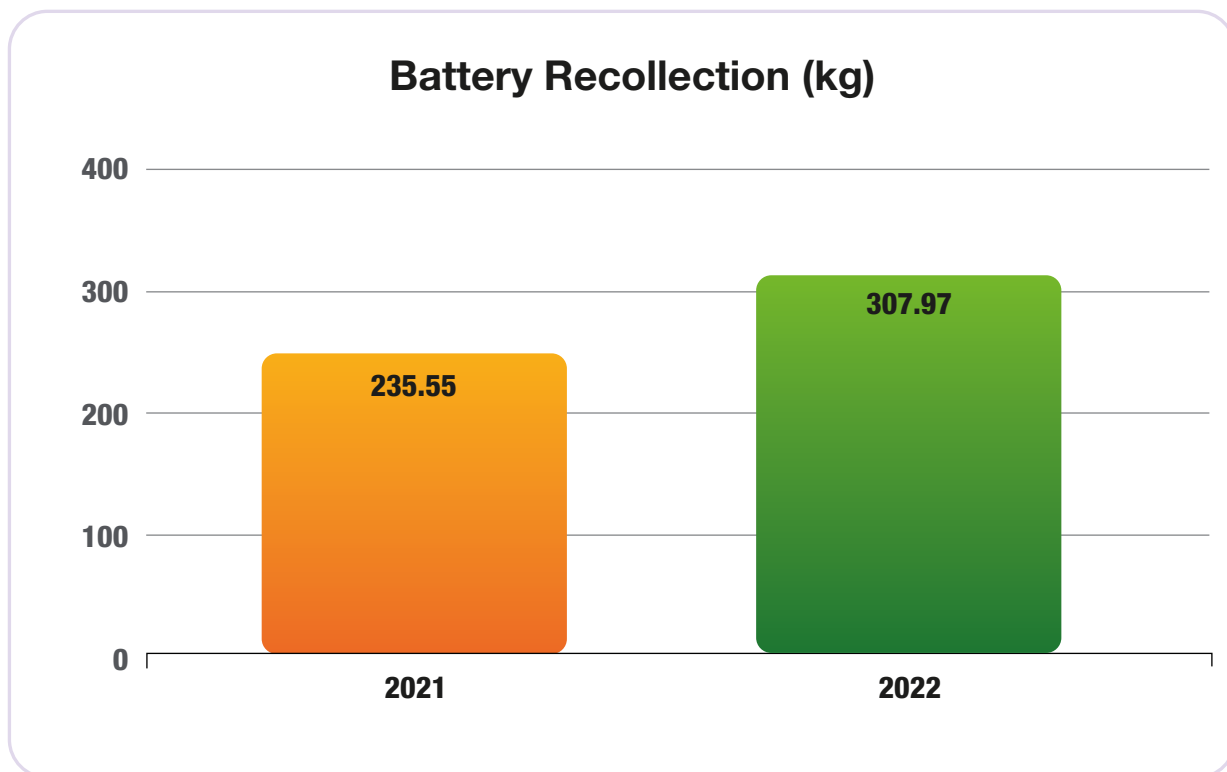
Battery Recollection

At the reported sites there are recollection containers where employees can leave used batteries so the Hygiene, Safety and Environmental Protection treat them as hazardous residues.



2021: 235.55 kg

2022: 307.97 kg – 23% more than 2021



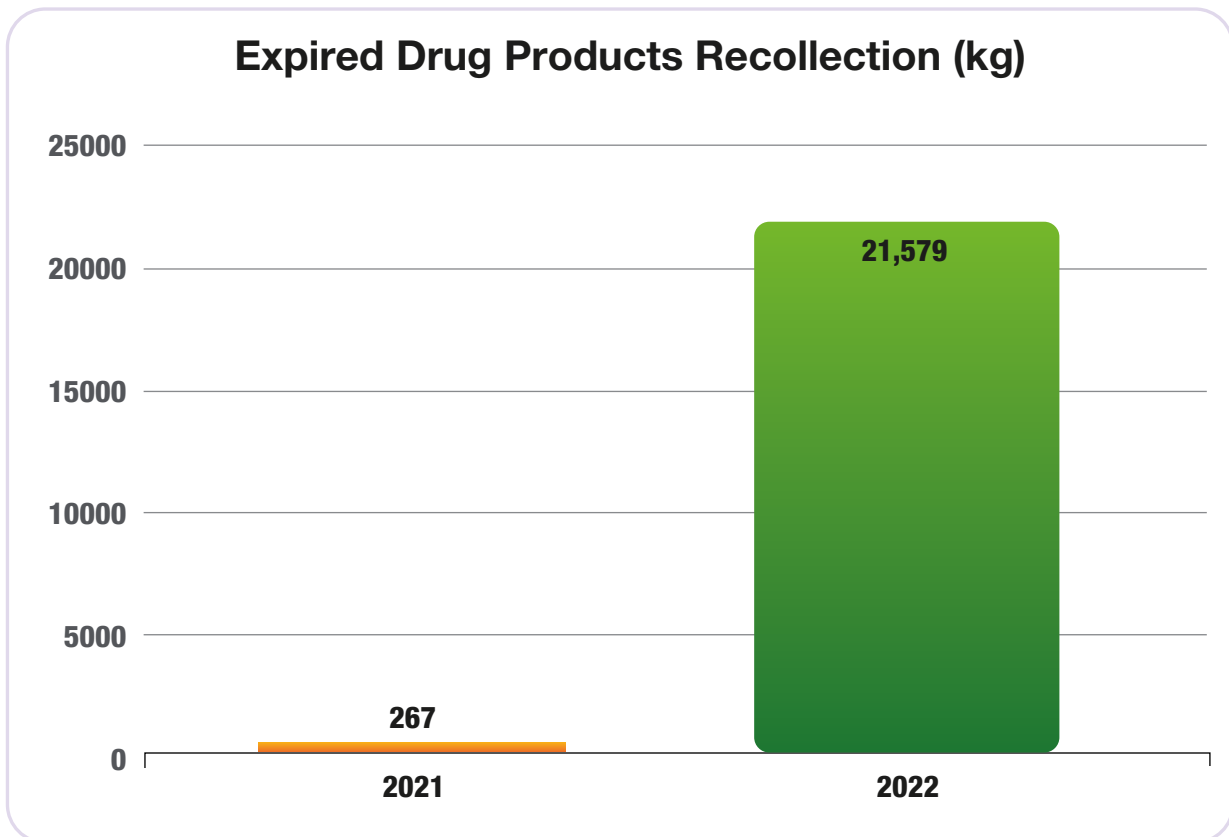
Expired Drug Products Recollection

At the reported sites there are recollection containers where employees can place expired drug products. They will be recollected by the **Sistema Nacional de Gestion de Residuos de Envases de Medicamentos A.C.**

During 2022, it was recollected a total of 98%, more than during 2021. We have to remember that drug products recollection is an activity voluntarily performed by the employees. **Such increase shows a better knowledge from employees about the existence of expired drug products containers.**

2021: 267 kg

2022: 21,579 kg



Polypropylene (PP)

During 2021, Polypropylene recovering research project was performed in order to apply it to the Container Closure System manufactured by Injection and Blowing Process, which included plastic containers manufacturing from virgin/recycled PP formulation (70/30).

During 2021, 63,240 of recycled PP were used.

From January to December 2022, 73,841 kg of recycled polypropylene were used, 14% more than in 2021.

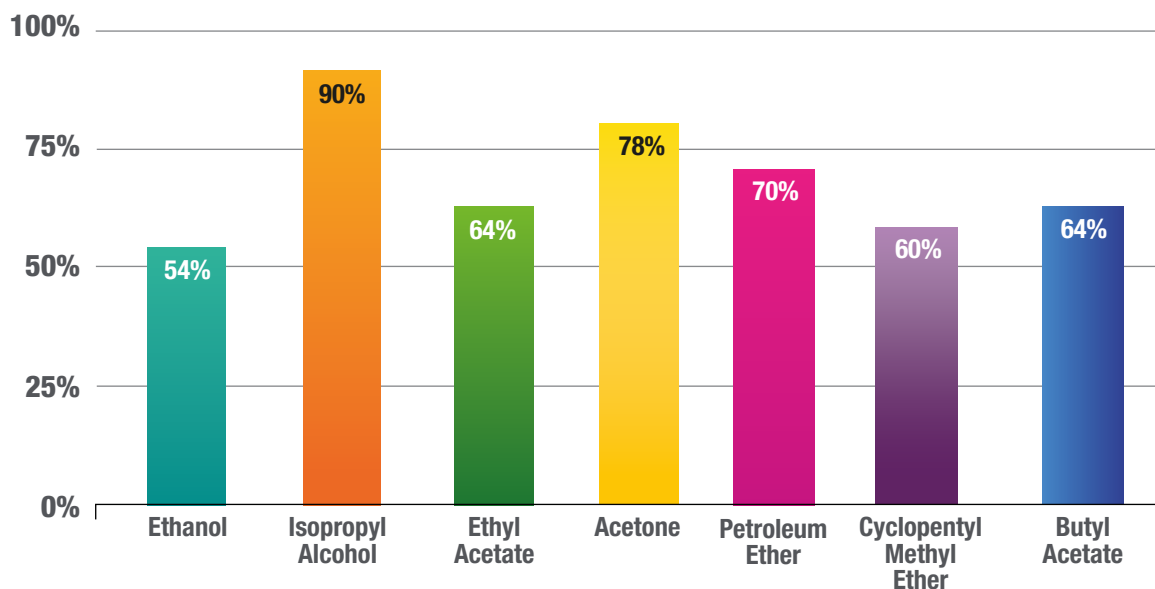
Number of manufactured lots using 70/30 in 2022:	269
Used polypropylene (virgin + regrinded) used, in kg:	246,135
Regrinded polypropylene used, in kg:	73,841

Solvents Recovery

At Neolsym site, in Ecatepec, 50-70% of the manufacturing process solvents are recovered by evaporation distillation. Likewise, non-profitable recovered solvent is sold to a foundry, which pays according the material's heating power because it is used as alternative combustible.

2022 Process Solvents Recovery	
Solvent	Volume Percentage
Ethanol	54%
Isopropyl Alcohol	90%
Ethyl Acetate	64%
Acetone	78%
Petroleum Ether	70%
Cyclopentyl Methyl Ether	60%
Butyl Acetate	64%

2022 Solvents Recovery % at Neolsym



Treated Water Donation

In 2021, treated water donation was performed for watering Ceylan Park, in Azcapotzalco, Mexico City. It was done by a tubing installed at Neolpharma treating site that went directly to the park.

From August-December 2021, 386 cubic meters of treated water were donated, which represents approximately 11%.

From January to December 2022, 4,102 cubic meters of treated water were donated, increasing by 962% compared to 2021 (386 m3). This was due to 2021 donation register was just made during 5 months and not 12, like in 2022. Likewise, Ceylan Park has greater used this advantage.

6 CLEAN WATER
AND SANITATION



8.8 BIODIVERSITY

Reforestation

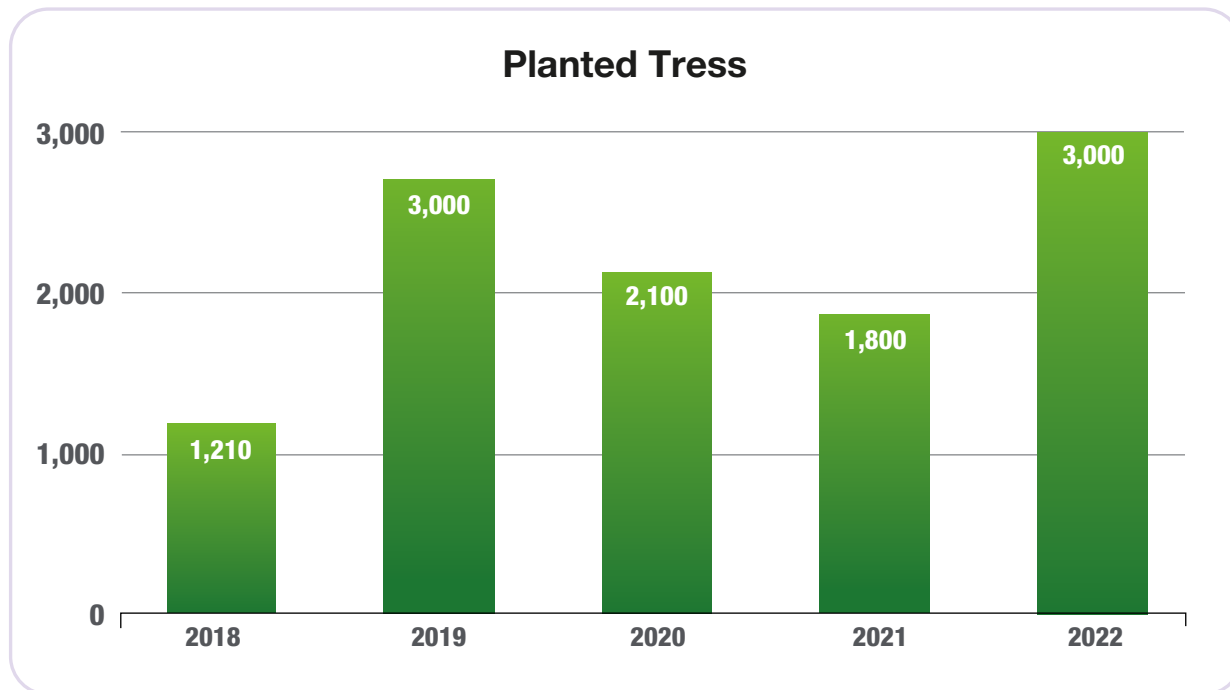
In June 3rd 2022, Grupo Neolpharma performed its fifth corporative reforestation. This activity addressed to employees and families, consisted of planting **Pinus Montezumae** trees. Volunteers planted a total of **2,250 trees**, another **500** were planted the following day by the community.

The surface of planted trees consisted of **32,000 m2** at La Trituradora, San Miguel Topilejo, at “el corredor biológico Chichinautzin”, Mexico City.

Grupo Neolpharma corporative reforestations have been as follows:

Year	Reforested Zone	Hectare	Trees	Survival
2022	San Miguel Topilejo, Pine and Oak Forest, Corredor Biológico Chichinautzin	3.2	3,000	87% 2,610 Trees
2021	Corredor Biológico Chichinautzin	2.5	1,800	73% 1,314 Trees
2020	Corredor Biológico Chichinautzin	3	2,100	70% 1,470 Trees
2019	State Park “Sierra de Tepetzotlán”, State of Mexico	3.2	3,000	69% 2,070 Trees
2018	Huixquilucan	1.2	1,210	92% 1,113 Trees





Restauración del Santuario de Polinizadores Papalotitlán

Grupo Neolpharma supports biodiversity preservation and conservation projects. One of those projects was the rehabilitation of Papalotitlán Pollinators Sanctuary that is a space where biological diversity is preserved and protected. This place is part of the program “Mariposario, Vuela a la Vida y Habilitación de Chinampa” from Earthgonomic México A.C. The purpose of this program is preserving the White Butterfly (*leptophobia aripa*).

In order to make people interested and aware of the importance of this site, two types of signing were set: the signings established by Civil Protection and the signings that allow to identify Sanctuary’s areas and gardens. Pollinator gardens and operating paths spaces were delimited, as well as laboratory remodeling in order to improve wildlife breeding center procedures in the Sanctuary.



Mexican Axolotl Preservation Program

Similarly, another fundamental biodiversity preservation project of Grupo Neolpharma is the Mexican Axolotl (*Ambystoma mexicanum*) Preservation Program.



By giving a donation to **Jovenes por el Agua Civil Association**, this species is helped with a study, reproduction, and reintroduction program at Xochimilco's wetland. Likewise, axolotl preservation also helps, indirectly, to preserve other animal and vegetable species at wetland.





**Av. División del Nte. 3377,
El Rosario, Coyoacán, 04380,
Ciudad de México.**

Phone Number: (55) 9140 2700 Ext. 1190

**roberto.amaya@psicofarma.com.mx
ideasconresponsabilidad@neolpharma.com**