

NEOLPHARMA
GRUPO FARMACÉUTICO



Sustainability Report

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01

About us?



About us?



More than 45 years ago, Grupo Neopharma was established, made up of 100% Mexican companies linked to research, development, production, marketing and distribution of medicines. In order to offer our clients and patients drugs 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, we have 17 business units, among which are: [Psicofarma](#), [Laboratorios Alpha](#), [Neopharma](#), [Pego](#) and [Prodifam](#); this companies are dedicated to the manufacture and distribution of medicines. Additionally, a unit dedicated to the manufacture of Active Ingredients (API), [Neolsym](#), and two units specialized in **pharmaceutical research, innovation and development.**

1.1. Mission

We are a group of companies in evolution, committed to [health sector and in search of global development](#). From our platform, we make decisions and act to achieve extraordinary results, innovating to improve people's quality of life.

1.2. Vision

We are focused on being the Mexican pharmaceutical group with the greatest [development in the national and international market](#) and with the greatest number of innovations.

1. About us?



— 1.3. Values —

- ▶ **Ethics**
- ▶ **Responsibility**
- ▶ **Respect**
- ▶ **Customer-oriented management**
- ▶ **Teamwork**
- ▶ **Continuous learning**
- ▶ **Decisions based on facts**
- ▶ **Recognition**
- ▶ **Work the right way from the first time**
- ▶ **Use of assets**
- ▶ **Developing a network of relationships**

1. About us?



1.4. Presence

We have a **national presence**, through our plants and central offices in **Mexico City and the State of Mexico**, as well as representations in **Guadalajara, Puebla and Monterrey**. At an **international level**, we have a plant in **Puerto Rico and offices in Peru and Ecuador**, this has allowed us to firmly start a process of internationalization in operations and marketing.

As a result of our experience and trajectory, we 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, Farmacias YZA, San Pablo, NADRO and Soriana**.





02

Interest groups





2. Interest groups

Identifying our Stakeholders is essential in our management system, knowing them allows us to **develop better Corporate Social Responsibility practices and improve our business management** to meet their needs and expectations.

For this reason, we strive to maintain a good relationship with our stakeholders, communicating with them through various channels, with an efficient listening and service approach. In this way we **promote collaboration, enhancing our strengths and managing the improvement opportunities** that we identify to achieve your satisfaction.

2. Interest groups



**Neighbors and
Community**



Authorities



**Shareholders and Board of
Directors**



Associations



Customers



Providers



Collaborators



Competitors



03

Objectives of the Sustainability Report





3. Objectives of the Sustainability Report



Related to our commitment, in this report we present the results of the **Sustainable Development Strategy** that Neopharma Group implemented in 2020, based on the **UN Sustainable Development Goals (Agenda 2030)**.

This report allows us to rethink the work dynamics and **establish new objectives and tools that incorporate more actions and personnel of the Group.**

04

Sustainability Model



4. Sustainability Model



Our model is developed on three levels :

a) Sustainable development dimensions:



b) The strategic lines of Corporate Social Responsibility of Grupo NeolPharma; and

c) The sustainable development objectives in which we participate.



05

Governance

5. Governance



5.1. Responsible Management

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRIES, INNOVATION
AND INFRASTRUCTURE



17 PARTNERSHIPS
FOR THE GOALS



5.2. Ethics in Production

12 RESPONSIBLE CONSUMPTION
AND PRODUCTION



5. Governance



In Grupo Neolpharma we are **committed to a governance that allows us to follow the path of sustainability and that guarantees to improve the quality of life of our collaborators**, strengthen infrastructure, promote research in the pharmaceutical industry, for this we maintain alliances with different institutions that help us to achieve our objectives.

5.1. Responsible Management



We have an organizational culture founded on integrity, trust, fairness, and ethical conduct.

An essential element that allows benefits in a parallel way, company-collaborator, is training, since with it, productivity increases and collaborators have a better job and professional opportunities, guaranteeing their permanence in Grupo Neolpharma.

During 2020, 90% of the annual training plan was fulfilled.

**8 DECENT WORK AND
ECONOMIC GROWTH**



Our Code of Ethics fosters the organizational culture, makes the company's values known and promotes daily action based on honest and responsible decision-making.

5.1. Responsible Management



8 DECENT WORK AND ECONOMIC GROWTH



The development and economic stability of our collaborators is essential for us, since they are our most important asset. For that reason:

At the end of 2020, the workforce increased by 9% compared to 2019, generating around 250 new sources of income in Mexican households.

We guarantee that the salaries cover the basic needs for home and a healthy diet.

From the first working day legal benefits and additional benefits are granted to your salary.

We have the **Orienta PAE** assistance program for all employees and their families, which is free and offers benefits such as: medical, psychological, nutritional, legal and financial advice.



5.1. Responsible Management




9

INDUSTRY, INNOVATION AND
INFRASTRUCTURE



We believe that innovation and technological progress are key to face economic, social and environmental challenges, therefore different strategies are implemented to have environmentally viable industrial processes and infrastructure.



We have wastewater treatment plants, which allow us to treat around 380 cubic meters of water per day.

During **August 2020** we were certified as **Clean Industry** in one of our sites, directing the efforts of the group to achieve this certification in all work sites.

During 2020, we made the decision to partner with Veolus, a leading company in the energy sector, with whom we will carry out a project to generate clean energy.

An investment of more than 9 million dollars will be made in the acquisition of equipment that will be installed and commissioned by Veolus.

5.1. Responsible Management



9 INDUSTRIES, INNOVATION AND INFRASTRUCTURE



We promote emerging and frontier Research, mainly in the area of human health.

Since **2013**, the Innovation **Award in Bionano: Science and Technology** was created, which is a synergy with the Center for Research and Advanced Studies of the IPN. This annual award encourages talent and the development of projects in Bionanotechnology in Mexico and has consolidated and positioned itself in a highly specialized scientific community, so the number of applicants grows every year. It is a unique award with an amount that is currently \$ 300,000 MN.



5.1. Responsible Management



9 INDUSTRIES, INNOVATION AND INFRASTRUCTURE



During **2015** we held the first edition of the **"Eliseo Mendoza" award**, which seeks to promote quality and excellence in research, of the economic aspects of regional development in Mexico. This contest is held every 2 years and has three recognitions: First place (\$ 100,000 MN); Second place (\$ 25,000 MN) and Third place (Diploma)



5.1. Responsible Management



17 PARTNERSHIPS
FOR THE GOALS



As a result of the research awards, alliances **have been established with two award-winning researchers, in order to develop innovative** drugs that make use of nanotechnology, in order to provide new treatment possibilities for diseases of the Central Nervous System..



During 2020, more than \$ 500,000.00 MN were delivered in incentives to researchers and Active Principle was donated to three research institutions, in order to carry out new therapeutic approaches.

5.1. Responsible Management



17 PARTNERSHIPS
FOR THE GOALS



Establishing collaborative links that enhance efforts among all stakeholders is a necessity to optimize resources and achieve objectives.

That is why we have **active participation in various chambers and business associations at the regional, national and local levels to develop alliances, add value between the company and the pharmaceutical industry** in economic, social, environmental and innovation issues throughout Mexico; to create a value impact that benefits millions of people.





Scientific academic relationship for Research topics



Academic Scientific Commercial Relationship



Academic Social and Environmental Relationship



5. 2. Ethics in Production



12 RESPONSIBLE CONSUMPTION
AND PRODUCTION



In our production and manufacturing plants an average standard of 98% efficiency is registered.

During this same process, the drugs in tablets generate hazardous waste in the form of dust, therefore there are dust collectors, this collected material goes through a quarantine period and then is incinerated. **This process is carried out in all our plants in Mexico and Puerto Rico.**

In this way we guarantee the reduction of health risks that could cause these residues.



In our sustainable production processes the management of waste and its recycling is contemplated, this task is fundamental in all our plants in Mexico and Puerto Rico, to carry it out we have the hiring of different companies that are in charge of collecting solid waste urban and special management.

Organic food waste

PVC sheet

Corrugated cardboard

Aluminum

Office paper

Copie

Plastic
(Bag, PET, boxes, blister)

Gardening

Wood



06

Society



6. Society



6.1. Health

3 GOOD HEALTH
AND WELL-BEING



11 SUSTAINABLE CITIES
AND COMMUNITIES



6.2. Education

4 QUALITY
EDUCATION



6.3. Equity

5 GENDER
EQUALITY



10 REDUCED
INEQUALITIES



6. Social dimension



The reason for our efforts in health and well-being is to protect the life and integrity of our employees; nothing is more important in the day-to-day performance of the company than they. That is why all the people who make up the Grupo Neolpharma work team, participate in our different health campaigns and have access to the assistance program, regardless of their gender, preferences, religion, area or position.

We are a company that is directly linked to health, for this reason we make donations during the year for the benefit of society, which allows them to improve their quality of life, the development of their communities and improvement in education.

6. Social dimension



3 GOOD HEALTH AND WELL-BEING



We decided to support ourselves with the “Orienta PAE” Business Assistance Program, since it is an organization with the experience to achieve the well-being of our work team, to promote their productivity and quality of life.

This program offers medical, psychological, nutritional, veterinary, financial, and legal counseling.

97% of the people who requested the service were collaborators, and 3% were relatives.



6. Social dimension



3

HEALTH & WELLNESS



During 2020 More than 1022 collaborators have occupied the Orientea PAE service.

44.6% requested Emotional Counseling

21.2% requested legal advice

14.0% requested Medical advice

13.2% requested Nutritional counseling

6. Social dimension



We work to improve the health and vitality of our employees, we develop programs to work on the well-being of the people who are part of our team. For this reason we carry out internal health campaigns of 4 types: **Laboratory and cabinet studies, Campaigns, Timely Detection of Cancer and COVID-19 Contingency.**

The pandemic contingency challenged the prevention of infections and early detection of the virus among our collaborators. Being a pharmaceutical company, it was not possible to implement the work 100% remotely, **therefore, anti-COVID care measures were implemented.**

3 GOOD HEALTH AND WELL-BEING



228,070
Mouthguards
delivered



2,525 COVID
tests



Placement of 21 sinks

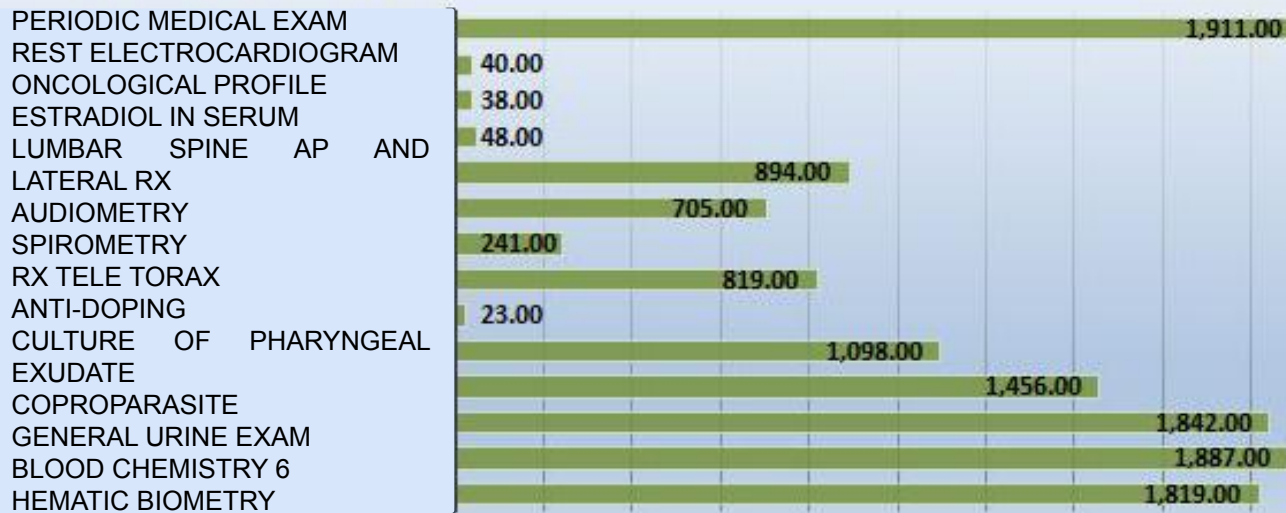
6.1. Health



3 GOOD HEALTH AND WELL-BEING



Laboratory and cabinet studies



More than 12,821 laboratory and cabinet studies were applied.

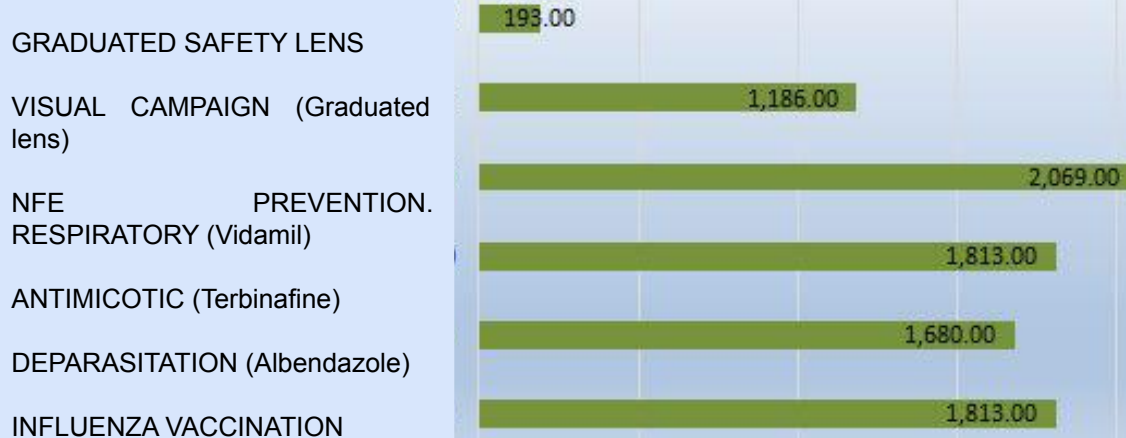
6.1. Health



3 GOOD HEALTH AND WELL-BEING



Campaigns



More than 8,754 people have benefited from our Health Campaigns

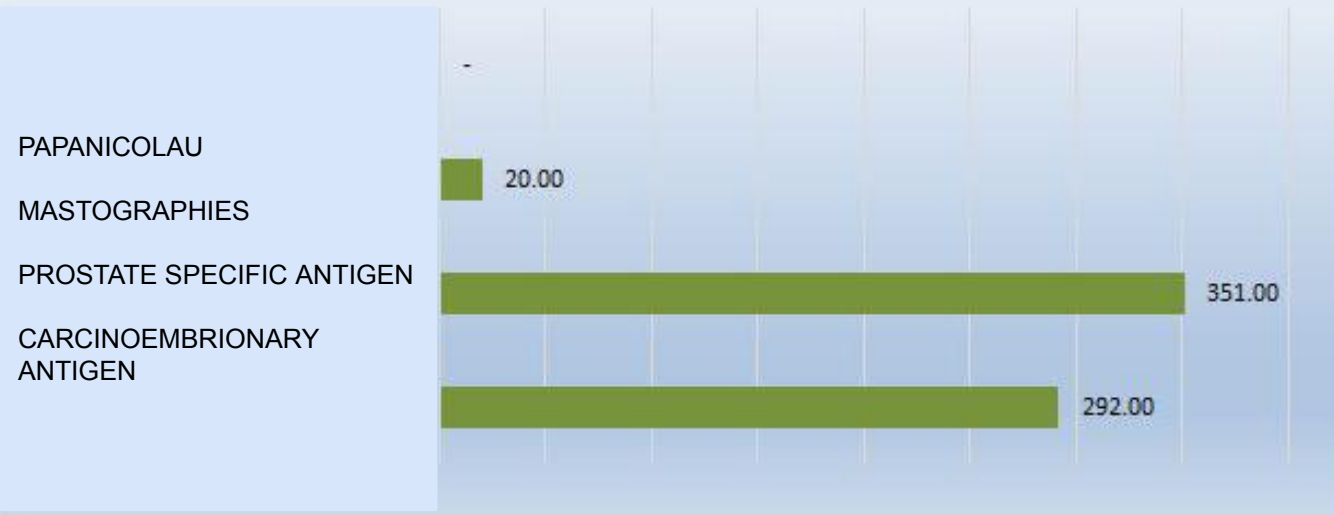
6.1. Health



3 GOOD HEALTH AND WELL-BEING



Timely detection of cancer



More than 650 studies have been carried out for the timely detection of Cancer.

6.1. Health



3 GOOD HEALTH AND WELL-BEING



Dear collaborator



Thanks to your support, the "Smoke Free Company" certificate was obtained, we seek to fully protect you from the harmful damage to health caused by exposure to tobacco smoke, promoting a healthy environment and promoting health.

¡Congratulations!



2 of our workplaces are certified as "100% smoke-free spaces".

Dear collaborator



Thanks to your support, the "Smoke Free Company" certificate was obtained, we seek to fully protect you from the harmful damage to health caused by exposure to tobacco smoke, promoting a healthy environment and promoting health.

¡Congratulations!



6.1 Health



3 GOOD HEALTH AND WELL-BEING



HEALTH

33 Donated medicines.

Starting in 2018 and until now, we have donated medicine to public and private institutions.

States benefited: State of Mexico, Nayarit, Nuevo Leon, Puebla, Michoacán.

5,199,236 Boxes.

48% of the beneficiaries are older adults.

We promote actions in favor of health.

One of the most important contributions is the **donation of medicines**, since we are a company directly linked to health, and we consider that contributing a quantity of medicines made by us can have a greater impact on the health of the population.

6.1. Health



11

SUSTAINABLE CITIES
AND COMMUNITIES



COMMUNITY

JANUARY 2020

In collaboration with **the Ribba A.C. Foundation, we donate clothes and toys.**

The delivery was during a coexistence on the occasion of Dia de Reyes.

500 Toys
and clothes

900 people
benefited

650 Children with
"Día de Reyes" toys.

In the community of Yohualichan in Cuetzalan, Sierra de Puebla.

We promote actions in favor of our communities.

Our commitment to the communities is a task of all the members of the Group, on an annual basis we make **donations of clothes and toys to low-income people.** We achieve these donations thanks to the collections of new and well-maintained clothes and toys for children and adults.

6.1. Health



11

SUSTAINABLE CITIES
AND COMMUNITIES



We also seek to carry out activities that positively impact more than one stakeholder, to carry out a better sustainable management strategy.

On many occasions, carrying out just one activity can solve different problems, helping to meet the objectives in a more practical and viable way. **A clear example is the collection and donation of caps.**

ENVIRONMENTAL HEALTH

300 kg Caps.

JUNE 2020

Caps bank
Donation and collection from collaborators

500 children with cancer benefited.

1600 High cost medicines.

5 marrow transplants.

Plastic caps for the environment and children with childhood cancer.

We promote actions in favor of health and the environment.

6.2. Education



4 QUALITY EDUCATION



Training allows upward economic mobility within any company, for Grupo Neolpharma the constant training of personnel has strategic objectives for the business, the organization and the collaborators.

Each training topic contemplates different stages that collaborators go through within the organization, from the moment they enter and form their development, change of position or area. **The company's training plan is carried out on a quarterly basis throughout the year, with a total of 6 blocks**, which is designed to provide new tools to employees to do their work better, guarantee their permanence in the company and promote their economic growth.

Training in functions and tasks of the position

01

Learning new activities

02

Emotional Intelligence and Organizational Culture

03

Machinery Training

04

Security

05

Job growth

06

6.2. Education



4 QUALITY EDUCATION



We are aware that we have a long way to go in order to have a positive impact on education issues outside the company. However, our **first activity for the development of education in Mexico for the benefit of boys and girls was the donation of 12 computers in a newly created school**, located in Cuautitlán Izcalli. Part of our commitments is to continue with this activity on an annual basis to reach more children.



6.3. Equity



We recognize the value of each person, as an individual with their own identity and personality, who has rights and deserves respect. **For this reason, respect, non-discrimination and equity are promoted, without denying or conditioning access to rights and opportunities.**

There are policies that guarantee that there will be no discrimination during any of the processes, activities or work within the company and a code of ethics that encourages teamwork, respect and coexistence with people of other nationalities.

Disqualification based on ethnic origin, nationality, gender, age, disabilities, social and health condition, religion, sexual preferences, marital status or any characteristic that threatens human integrity.

The fulfillment of human rights and equity is one of the essential foundations to build a peaceful, prosperous and sustainable world.

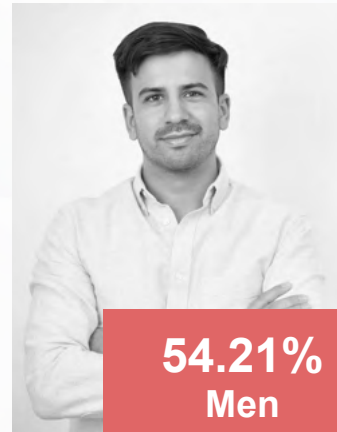
5 GENDER EQUALITY



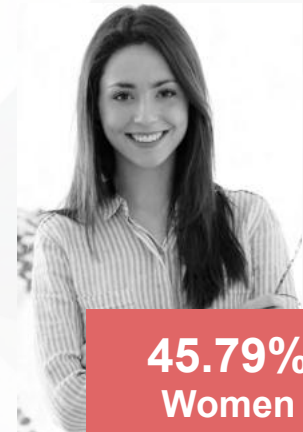
10 REDUCED INEQUALITIES



Based on our Values, Code of Ethics and Policies, equality in the hiring of personnel is guaranteed. There is currently a population made up of :



54.21%
Men



45.79%
Women

A close-up photograph of a person's hand holding a green tomato leaf. The background is a blurred field of similar plants. A semi-transparent green horizontal band is overlaid across the middle of the image, containing text and a decorative graphic.

07

Environment



7.1. Environmental



6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



13 CLIMATE
ACTION



15 LIFE ON
LAND



7.1. Environmental dimension

The growth of society, communities and the development of companies always has a negative impact on the environment as a consequence.

One of the biggest commitments we have at Grupo Neolpharma is to return a proportion of everything it gives us to the environment. We firmly believe that as a company we have the tools and the means to make a greater positive impact on the environment than anyone else. **Our activities go further, since we have the participation of our collaborators.**



7.1.1. Clean water and sanitation



During 2020, our wastewater treatment plants complied with the “ECOL” regulations that establish the maximum permissible limits for pollutants for treated wastewater, for its reuse in services to society.

6 CLEAN WATER
AND SANITATION



In a period of one year, 69,758.8 cubic meters of water are treated.

7.1.1. Clean water and sanitation



The water recycling management system in the **Puerto Rico plant** is divided into two :

01 Water runoff:

We make sure that the rainwater that runs in the plant is free of contaminants, taking samples at 5 strategic points.

sewage water :

02

The process waters are discharged through the pre-treatment plant, to ensure that we are within the parameters allowed by law.

6 CLEAN WATER AND SANITATION



7.1.2. Affordable and clean energy

7.1.3. Climate action



7 AFFORDABLE AND
CLEAN ENERGY



13 CLIMATE
ACTION



The biggest contribution in **Grupo Neolpharma are the environmental actions**. Our commitment is solid and growing over time, most of our environmental activities positively impact biodiversity in different magnitudes.

In a period of 18 months, more than 8,000 Clean Energy Certificates will be generated through the low-sulfur electrical Cogeneration system per year in the operations of four of our plants in Mexico and one more in Puerto Rico, focused on manufacturing and technology pharmaceutical.

We will avoid CO2 emissions into the atmosphere equivalent to burning 72,471 tons of coal.

The saving will be 54 million liters of Diesel.

The electricity consumed will be, by 24,549 homes during a year.

7.1.2. Affordable and clean energy

7.1.3. Climate action



7 AFFORDABLE AND
CLEAN ENERGY



13 CLIMATE
ACTION



At the **Puerto Rico plant**, control of volatile organic compound (VOC) emissions is maintained with the use of a carbon absorption system and the use of “scrubbers”, which are devices that purify air pollution by eliminating particles that are generated in the manufacturing processes.

7.1.2. Affordable and clean energy

7.1.3. Climate action



7 AFFORDABLE AND
CLEAN ENERGY



13 CLIMATE
ACTION



Recycling has many benefits that directly impact the climate. Recycling the material with which articles are manufactured saves the energy that is spent manufacturing the same new articles, while avoiding the exploitation of natural resources and extraction methods that are invasive and polluting, reducing pollution, providing a cleaner atmosphere. Recycling helps prevent waste from expelling greenhouse gas-producing chemicals such as methane and ethylene during degradation.

During 2020, 437,123.22 Kilograms of urban solid waste and special handling have been recycled.



124,464 Kilos

All kinds of plastics



121,333 Kilos

All kinds of cardboard
and paper



100,151 Kilos

Food waste

* Only the 3 materials with the highest collection amounts are displayed

7.1.4. Terrestrial ecosystem life



15 LIFE ON
LAND



13 CLIMATE
ACTION



During 2020, **3 hectares of protected areas were reforested with around 2,100 trees** of the *Abies Religiosa* species (Oyamel, Fir, Pinabete).

Since **2018**, a total of **3,310 trees of the *Abies Religiosa* species** have been reforested with 70% survival..

With this we contribute to **the protection of ecosystems, including various species of birds, mammals and insects.**

7.1.4. Terrestrial ecosystem life



Currently the Xochimilco wetland faces various social and environmental problems that have led to environmental deterioration.

15 LIFE ON LAND



Various endemic species of Mexico are in some risk category according to NOM-059-ECOL-2010, examples of which are the axolotl and the Mexican nymph, two endemic species of the Xochimilco wetland in CDMX, which have seen reduced its population due to the various environmental problems derived from urbanization.

In **mid-July 2020**, at Grupo Neolpharma we made the decision to make a financial contribution of \$ 20,000.00 MXN to the organization Movimiento de Jóvenes por el Agua A.C. (MOJA) to contribute to the development of the Environmental Conservation Center in the Chinampera area, for the preservation of the Xochimilco wetland.

7.1.4. Terrestrial ecosystem life



15 LIFE ON LAND



Thanks to our support, the general conditioning of a part of the Conservation Center was achieved, as well as the reconditioning of the two breeding tanks and the installation of the piping system that will feed water to the tanks.

The water treatment system was installed, which will allow visitors to use it in the Center.

The first specimens of the Mexican axolotl were acquired, which were introduced to the breeding tanks in mid-November 2020.

Introduction of the first specimens of flora and fauna, which includes the Mexican nymph.

7.1.4. Terrestrial ecosystem life



15 LIFE ON LAND



The relevance of caring for and protecting bees is a very important task today, since during 2019 it was revealed that almost two thousand species of bees are at serious risk of extinction in Mexico.

During 2020 we contributed to the Efecto Colmena association by donating the amount of \$ 20,000 with the donation.

ENVIRONMENT

Rescue of **100,000 bees.**

Maintenance of more than **600,000 bees** that we currently have from rescues.

4 Rescues

- Material for civil protection course
- Maintenance of hives
- Payment to staff
- Material

September 2020

We support the "**Beehive Effect**" foundation dedicated to the rescue, protection and relocation of bees.

We promote actions in favor of the environment



NEOLPHARMA

GRUPO FARMACÉUTICO



Sustainability Report

20/20

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