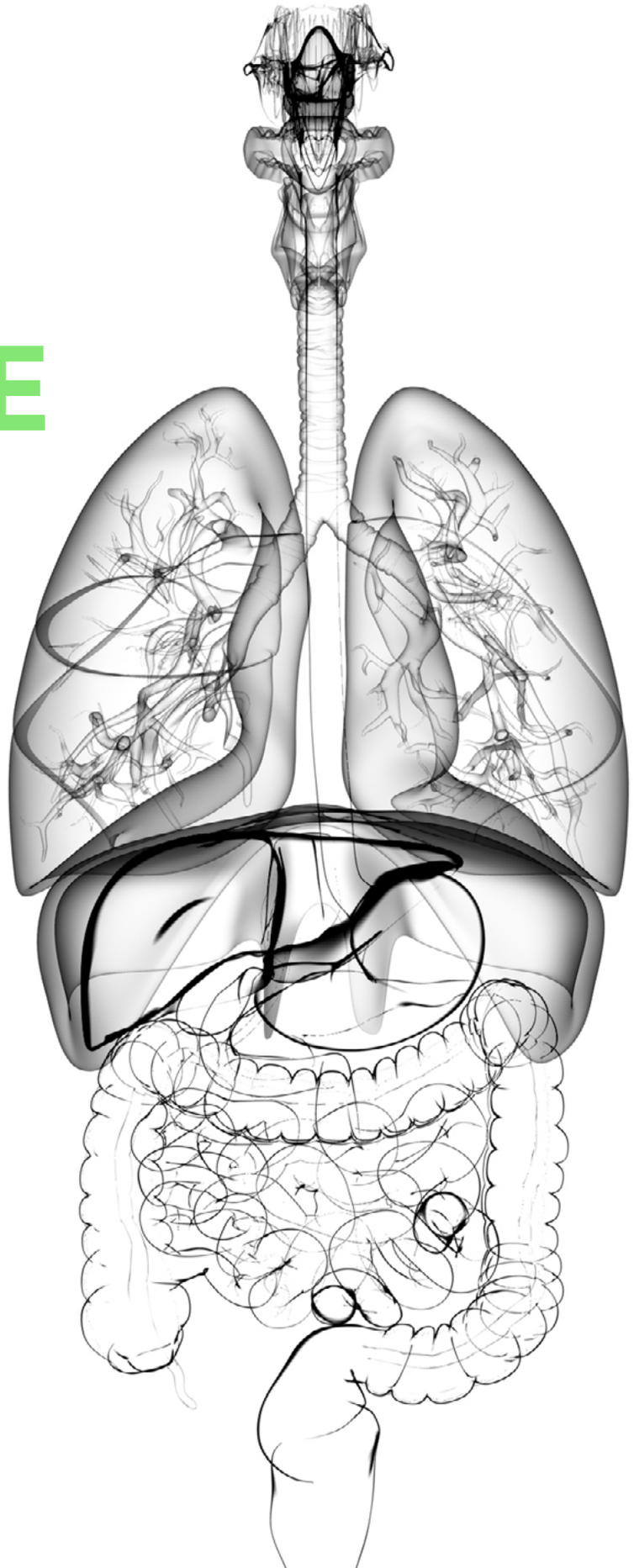
GRÜNENTHAL RESPONSIBILITY 2021/2022

CORPORATE PROFILE

Grünenthal is a global leader in pain management and related diseases. We have a long track record of bringing innovative treatments to patients worldwide. As a fully integrated pharmaceutical company we cover the entire value chain – from drug research and development to commercialisation of portfolios with both growth products and established brands. We strive to operate in accordance with the highest ethical and regulatory standards and focus our efforts on our vision of a world free of pain.



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About this report

GRI 2-1, GRI 2-3, GRI 2-4, GRI 2-5

In selecting the content of this first Grünenthal Responsibility Report, we were guided by the general principles of sustainability reporting of completeness, materiality and stakeholder engagement. Grünenthal has reported in accordance with the GRI Standards for the period 01-01-2021 to 31-12-2021. The GRI indicators are marked at the relevant text sections. This report was published in April 2022 and will be published annually in the future.

We are committed to the ten principles of the UN Global Compact. The GRI Content Index therefore also indicates which GRI indicators simultaneously cover one or more of the UN Global Compact principles.

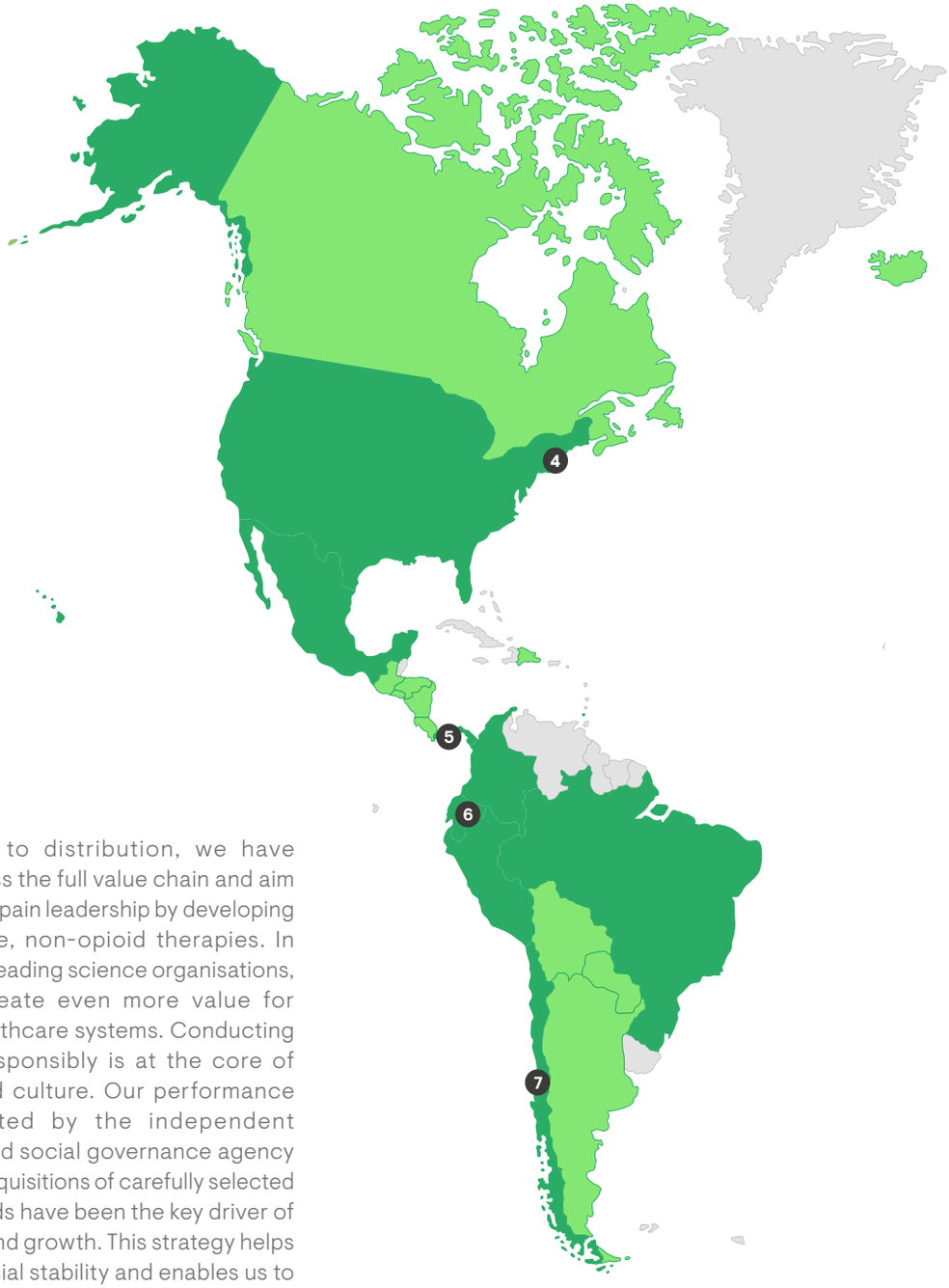
Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft conducted a voluntary, limited assurance engagement on the sections in this report that are indicated by a line on the left side of the text.

Unless otherwise indicated, the statements in this report refer to the scope of consolidation as stated in the consolidated financial statements of Grünenthal Pharma GmbH & Co. Kommanditgesellschaft.

THE GRÜNENTHAL WORLD

GRI 2-2, 2-6

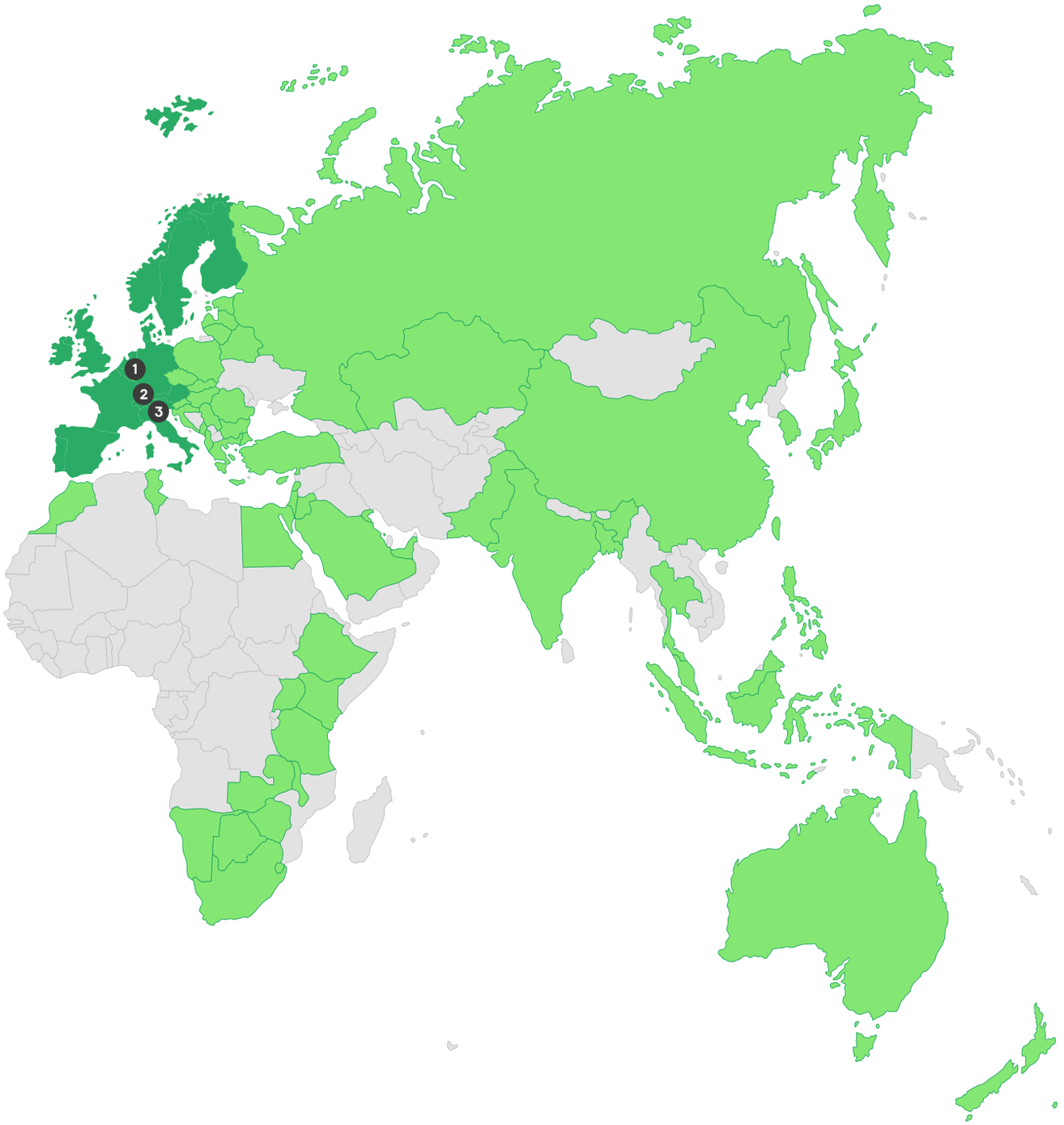
Grünenthal is a global company headquartered in Aachen, Germany. It has affiliates in 28 countries across Europe, Latin America and the US. Patients and customers benefit from Grünenthal products in more than 100 countries worldwide.



PAIN, ESPECIALLY CHRONIC PAIN, represents a significant burden for people and society. Its alleviation remains a significant unmet medical need. Grünenthal is the leading pharmaceutical company focused on pain therapies and research.

We are committed to transforming the future of pain management within the highest ethical and regulatory standards. As a family-owned company, we have been in the business of developing breakthrough medicines for patients for 75 years. Over the past five decades, we have focussed on developing, manufacturing and commercialising innovative products for the pain market.

From research to distribution, we have capabilities across the full value chain and aim to strengthen our pain leadership by developing highly innovative, non-opioid therapies. In partnership with leading science organisations, we strive to create even more value for patients and healthcare systems. Conducting our business responsibly is at the core of our strategy and culture. Our performance is regularly rated by the independent environmental and social governance agency Sustainalytics. Acquisitions of carefully selected established brands have been the key driver of our profitability and growth. This strategy helps secure our financial stability and enables us to reinvest in pain research.



Grünenthal Locations
- Grünenthal countries
- Partner countries

Headquarters and R&D unit
1. Aachen, DE

Production
1. Aachen, DE
2. Mitlödi, CH
3. Milan, IT
6. Quito, EC
7. Santiago de Chile, CL

Innovation Hub
4. Boston, US

Regional Office
5. Panama

LETTER FROM THE CEO

GRI 2-22

Gabriel Baertschi, *CEO*

Relieving the burden of pain for patients and their loved ones is our focus at Grünenthal. Our purpose is to change lives for the better. Therefore, it is more than just a legal or moral obligation for us to conduct our business responsibly: it is a core part of our strategy and culture. As a global leader in pain management, our teams aspire to positively impact in our business and beyond.

> Striving for health, well-being and a world free of pain is our vision at Grünenthal. It is a matter of course that we contribute to a sustainable future for all. <

Gabriel Baertschi,
Chief Executive Officer

To really make an impact, we have initiated a comprehensive Corporate Responsibility Programme in 2021: Outlining five flagship initiatives around our focus areas of PATIENT, PEOPLE and PLANET. Based on a fundament of Compliance, Ethics and Transparency excellence, we have built a set of ambitious targets for the initiatives and clearly defined measures and KPIs. We want our commitment to ESG (Environmental, Social, Governance) to be a valuable and sustainable contribution to society.

Making our efforts transparent and documenting our progress, this first Grünenthal Responsibility Report 2021/2022 marks a milestone on our journey towards the fully integrated reporting of our company's impact on our business and the society in which we operate. To ensure comparability and highest reporting standards, we report according to the Global Reporting Initiative (GRI) standards and subject our reporting to thorough external auditing.

In 2021, we have also joined the United Nations Global Compact (UNGC) and formally commit to the values of the world's largest initiative for responsible corporate governance. We are committed to the ten universal UNGC principles in the areas of human rights, labour standards, environment and climate, as well as corruption prevention. We will report regularly on progress towards the principles. In addition, we support the achievement of the Sustainable Development Goals (SDGs).

We believe that a sustainable future can only become a reality when the important stakeholders work together. That is why we maintain the dialogue with our partners and employees to challenge our efforts and adjust our targets.

In pursuit of our goal to improve people's lives, we touch the most intimate good: their health. Recognising our important role in contributing to global health care systems, we strive for excellence in the fields of Compliance, Ethics and Transparency. Our fundamental responsibility is to act with integrity and maintain the highest standards in our business conduct. We have a robust system in place if we need to respond to breaches of our policies.

As a company, we are also a citizen. As such, we continue to make great strides to positively impact the communities and the environment we operate in. From sustainable water management and reducing our energy consumption to sending zero waste to landfills from our production sites: Grünenthal does its part to reduce its footprint on our surroundings. We regularly partner with key organisations, for example when providing disaster relief or supporting research around the globe.

Grünenthal is on a journey towards an even more sustainable business as we continue to work towards our vision of a World Free of Pain. Let us take this journey together and turn this vision into reality. I look forward to your feedback to our first Responsibility Report.

Gabriel Baertschi
Chief Executive Officer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GRÜNENTHAL'S CORPORATE RESPONSIBILITY PROGRAMME

GRÜNENTHAL'S CORPORATE RESPONSIBILITY PROGRAMME

CORPORATE RESPONSIBILITY is at the core of our business strategy and our culture. We want to create a net positive impact for patients, employees, partners and the wider society. And we want to reduce the negative impact of our operations on the environment.

To make this happen, we have established a holistic corporate responsibility programme (the "Corporate Responsibility Programme"). It includes flagship initiatives with ambitious goals.

Our responsibility and sustainability reporting is drawn up in accordance with the Global Reporting Initiative (GRI) Standards 2021 and the 10 principles of the United Nations Global Compact (UNGC), as the Grünenthal Group has also become a member of the UNGC.

In addition, our performance is regularly assessed by independent rating agencies according to environmental, social and governance (ESG) criteria.

Our Corporate Responsibility Programme is embedded in our strategy

[1] ESG: Environmental, Social, Governance

The four modules of our Corporate Responsibility Programme

1

Flagship Initiatives

Our flagship initiatives are focused on the patients we serve, the people we work with and the environment we depend on. We have created internal capacity to define and organise the necessary tasks, set ourselves ambitious targets and established key performance indicators ("KPIs") to measure progress for each of these flagships.

Patient People Planet

2

ESG Risk Management

Managing risks is an essential aspect of acting responsibly as a corporation. Potential risks in this area can be clustered into the established sustainability categories: environmental, social and governance - or "ESG". Our performance in ESG risk management is reflected in an external rating by Sustainalytics. In our first rating on 14 March 2021, we received a medium ESG risk rating. This places Grünenthal among the top five percent of the global pharmaceuticals subindustry, a segment that is inherently characterised by higher ESG risk. We continuously review our ESG risks and look for targeted opportunities for improvement. The results of the rating also form a basis for defining our material topics, goals and measures.

SUSTAINALYTICS

3

Ethical Framework

Our strict ethical framework provides us guidance in areas that are lacking clear legal regulations. Examples include our bioethics and our data ethics frameworks (see chapter "Compliance, Ethics and Transparency").

4

ESG Governance

Our comprehensive corporate governance system ensures that we constantly conduct our business in ways which align with our belief in decent entrepreneurship. We have further strengthened our sustainability governance by introducing a responsibility board (the "Responsibility Board"). It drives the ongoing implementation and further development of our Corporate Responsibility Programme.

Dialogue with our Stakeholders

GRI 2-29

We operate in a dynamic environment with a large number of diverse stakeholder groups whose demands range widely. It is important for us to engage all our stakeholders in a continuous dialogue. As part of our materiality analysis, we have identified five core stakeholder groups that have a particularly strong influence on Grünenthal or for whom our impact is particularly significant:

Customers

OUR CUSTOMERS can be divided into two subgroups, namely B2B customers (such as wholesalers, pharmacies, retailers, etc.) and end consumers (patients). Both groups are directly affected by our activities. End consumers rightly expect our products to meet high quality and safety standards and to be accessible. These same aspects are also important for our B2B customers, as they are indirectly affected by the quality and safety as well as by the accessibility, availability and reputation of our products.

Employees

OUR EMPLOYEES at Grünenthal benefit directly from opportunities for growth and development that we are able to offer them. Our goal is to maximise these opportunities while providing a safe place to work. At the same time, the successful implementation of our Responsible Business Programme depends to a large extent on the ability and willingness of our employees to understand, comply with and support this programme.

Investors

GRÜNENTHAL'S ACTIONS and operations ultimately impact our financial performance and are therefore relevant for our debt investors. This is particularly true for our approach to ESG risk management, as our related performance presents opportunities as well as risks that have a mid- and long-term impact on financial performance.

In addition, it is likely that debt investors will themselves consider sustainability factors in their investment decisions and may even be required to do so under applicable laws, regulations or investment guidelines.

Alberto Aimola,
Regional Sales Manager

Suppliers

WE ARE EMBEDDED in and depend on global supply chains to manufacture our products. Grünenthal's actions and performance have a direct impact on other businesses in our supply chain and, at the same time, our suppliers and their decisions and dependencies have a direct impact on us.

Peers

AS AN IMPORTANT MEMBER of the pharmaceutical industry, we want to set a benchmark when it comes to quality, reliability and safety. Together with our partners and peers, we want to have a positive influence on the entire sector and increase the overall sustainability performance of the pharmaceutical industry.

We are in an ongoing dialogue with our core stakeholders and jointly analyse potential impacts, requirements, opportunities and risks in the context of responsible and sustainable business decisions. As part of our materiality analysis, we have included our main stakeholders in the development of our material topics.

Membership associations

GRI 2-28

In addition to maintaining an ongoing dialogue with our stakeholders, we are involved in numerous industry and sector associations. These include, among others:

- Asociación Mexicana de las Industrias de Investigación Farmacéutica
- Associação Portuguesa da Indústria Farmacêutica
- ASSOLOMBARDA
- BioRiver
- Clinical Data Interchange Standards Consortium
- Industria Farmacéutica de Investigación y Innovación
- Interpat Association
- Irish Pharmaceutical Healthcare Association
- Danish Association of the Pharmaceutical Industry
- Deutsche Gesellschaft für Schmerzmedizin
- Deutsche Schmerzgesellschaft
- Energieagentur der Wirtschaft
- European Federation of Pharmaceutical Industries and Associations
- FARMAINDUSTRIA
- Forum der forschenden pharmazeutischen Industrie in Österreich
- Fundación Promesa
- French Pain Association
- French Pharma Association
- FS Arzneimittelindustrie e. V.
- International Federation of Pharmaceutical Manufacturers and Associations
- National Association of Pharmaceutical Laboratories - Alafarpe
- Scienceindustries Wirtschaftsverband Chemie Pharma Biotech
- Swedish Association of the Pharmaceutical industry
- Unione degli Industriali della Provincia di Varese
- Verband der Chemischen Industrie e. V.
- Verband Forschender Arzneimittelhersteller
- Vereinigung Pharmafirmen in der Schweiz

Material ESG Topics

GRI 3-1

The development of our responsibility and sustainability activities has emerged through dialogue, analysis of our impact on people and nature, and analysis of actual and potential environmental impacts on our business.

Procedure for the materiality analysis

We have conducted a comprehensive materiality analysis in three different phases:

1. **Sounding and engagement phase:** To gain a more detailed understanding of our context and of our stakeholders' expectations and interests, we conducted an exploratory process with selected stakeholder representatives or groups of stakeholder representatives. Our aim was to obtain a more detailed understanding of our stakeholders' expectations in relation to ESG issues. Based on the results of the "sounding and engagement phase", we identified a comprehensive set of issues that are particularly relevant to our key stakeholders.
2. **Assessment phase:** In a second step, we conducted our own assessment of the economic, environmental, and social impacts of our business to define a number of material issues from the perspective of Grünenthal's impacts.
3. **Definition phase:** Finally, we drew up a consolidated list of "material issues" based on the material issues from the stakeholder perspective and the material issues from Grünenthal's impact perspective. In doing so, we took care to define the most significant impacts. The Corporate Executive Board and the Advisory Board were also involved in this part of the process.

Material Topics

GRI 3-2

In our materiality analysis, we were able to identify a total of twelve essential topics in four fields of action (see infographic below). For us, the fields of action are:

- **Compliance, Ethics and Transparency**
- **PATIENT**
- **PEOPLE**
- **PLANET**

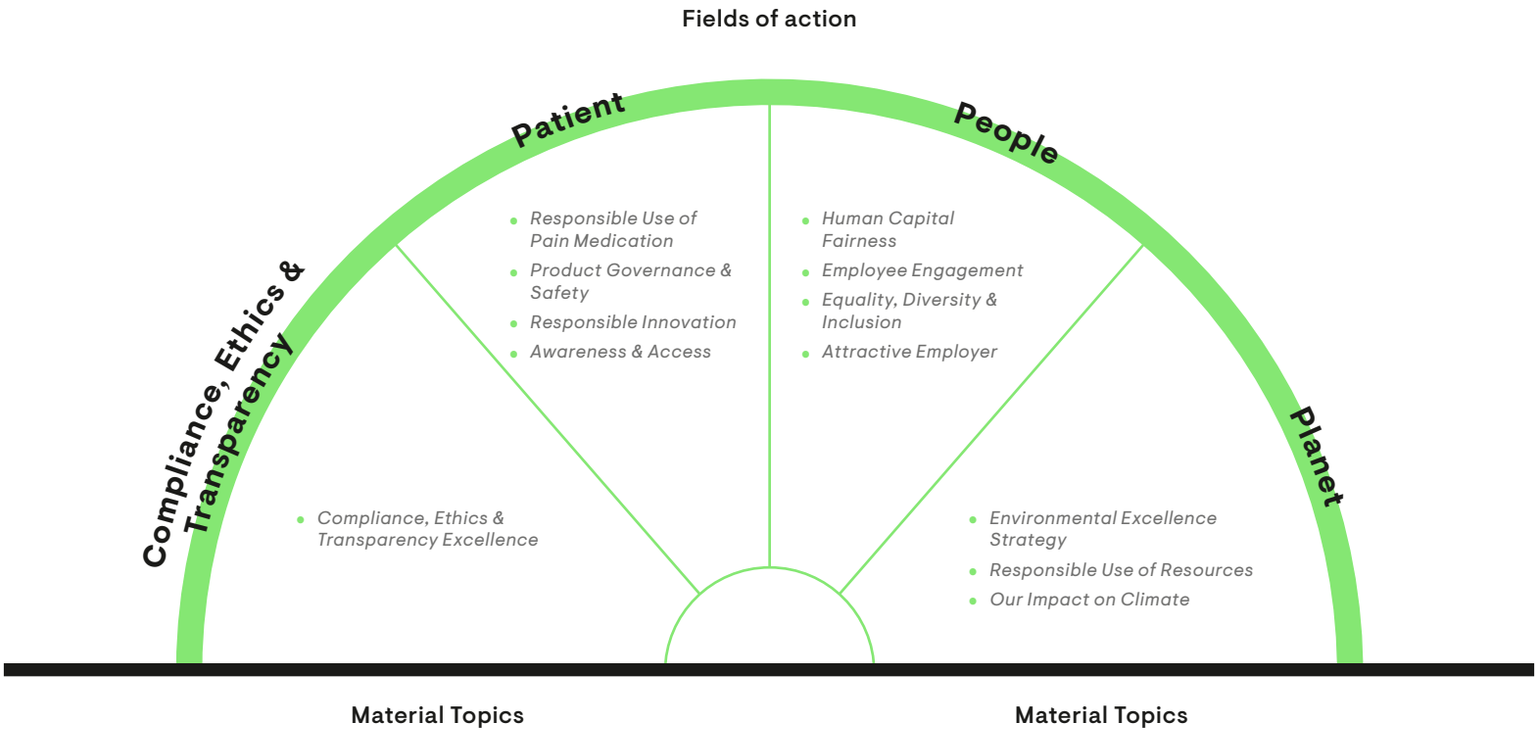
These form the frame for our responsibility and sustainability activities.

It is essential to our business to ensure high compliance, ethics and transparency standards. They are the foundation of our business and shape our everyday operations.

The Patient field of action concerns the solutions and achievements for the users of our products. The main topics in this field of action are directly related to innovation, to how we market our existing products, and to awareness and access to pain medication.

The People field of action includes key topics related to our employees, such as their health and level of engagement, as well as our diversity as an organisation and our attractiveness to potential employees.

The action area Planet encompasses all the topics related to the environmental impact of our business activities, the responsible use of resources and our influence on the climate.



Fields of action

Compliance, Ethics & Transparency

Patient

People

Planet

Material Topics and Descriptions

Compliance, Ethics & Transparency

- *Compliance, Ethics & Transparency Excellence*

Aiming for excellence in the areas of compliance, ethics and transparency is at the core of our daily business. We operate at high ethical standards and continuously strive for excellence.

Patient

- *Responsible Use of Pain Medication*

Our approach to the responsible use of pain medication is based on three pillars. These form the foundation of our business relationships: strict governance, close involvement of our business partners, and education about pain medication for healthcare professionals and patients.

- *Product Governance & Safety*

Our products are made to manage pain. Striving to ensure the safety of our products and the highest product standards is essential.

- *Responsible Innovation*

Even today, there are still types of pain that cannot be adequately treated. Through our R&D, we contribute to providing for those with as yet unmet needs.

- *Awareness & Access*

Raising awareness and enabling access to pain medication is a core topic to us. We need to make people understand that pain is a disease in its own right and give those who suffer from it access to appropriate medicines to treat their condition. We strive to raise awareness and access via various initiatives. We will give these a further boost by bringing them together on our Access and Awareness platform.

People

- *Human Capital Fairness*

Healthy employees as well as safe working conditions are the basis for our success. To achieve this, we rely on comprehensive health measures and the highest safety standards.

- *Employee Engagement*

Fostering a high-performance culture and living our Values & Behaviours is the key to our success. This is why we invest in regularly asking feedback from our employees to continuously improve.

- *Equality, Diversity & Inclusion*

We stand for diversity, equality and inclusion. We want to increase diversity and equality at Grünenthal and become a role model and inclusive workplace.

- *Attractive Employer*

We want to create the best possible conditions for our employees in their working and personal environment. We therefore offer rich and varied roles, growth opportunities and an extensive range of benefits.

Planet

- *Environmental Excellence Strategy*

Our goal is to further promote environmental sustainability. We achieve this by continuously developing our environmental sustainability strategy based on our flagship initiative: Driving Environmental Sustainability.

- *Responsible Use of Resources*

Responsible use of resources is essential for us and our stakeholders to limit our impact on the environment. We focus in particular on our consumption of energy and water and our handling of production waste.

- *Our Impact on Climate*

We want to better understand our impact on climate change and want to take action to reduce it. We have therefore had our corporate carbon footprint calculated and set ourselves concrete targets for future CO_2 reductions.

Sustainability Goals

We want to continuously improve and optimise our ESG performance. To achieve this, we have set ambitious targets for each of our material responsibility topics. These targets can be found within this report on the opening pages for each relevant chapter.

Grünenthal's contribution to the SDGs

In 2015, the United Nations adopted the "Sustainable Development Goals" (the "SDGs") as a "blueprint to achieve a better and more sustainable future for all". The SDGs are a call to action to end poverty and inequality, protect the planet, and ensure that all people enjoy health, justice, and prosperity.

As a leading pharmaceutical company, we are committed to supporting the SDGs in line with our business strategy. We particularly contribute to SDG 3, which aims at ensuring healthy lives and promoting well-being for all.

SDG 3: Good Health and Well-being

Pain is a huge burden for patients, their families and society as a whole. As a leader in pain management, we help to educate patients and healthcare professionals on how to use pain medication responsibly, while ensuring best possible impact for the patient. We also raise awareness and increase accessibility to available treatments while developing new medication for unmet medical needs to make a positive impact on patients' quality of life around the world.

Through our business operations and ongoing activities, we also make essential contributions to the following SDGs:

SDG 8: Decent Work and Economic Growth

People thrive best in a healthy environment, so we care for the well-being of everyone who works at Grünenthal. We have established an inspiring place to work and grow, in an open and inclusive atmosphere, with fair employment practices. In 2021, we were awarded the Great Place to Work® certification in eight countries. We aim to maintain high levels of engagement at Grünenthal by providing a working environment in which all our employees feel valued, respected and empowered to develop their full potential and bring great ideas to the table.

SDG 9: Industry, Innovation and Infrastructure

We need solutions that address the huge unmet needs in pain management. That is why a large portion of our revenue is reinvested into R&D each year, well-above industry average. Through our funding programs, such as the EFIC-Grünenthal Grant and the Brain, Mind and Pain `Patient-Centred Innovation Grant' (BMP Grant), we support scientists in carrying out innovative clinical pain research. We have 200 priority patent applications filed in the last 10 years. On top of this, we leverage modern technologies to improve outcomes for patients. We are, for example, using machine learning based on anonymised human data to increase disease understanding and to improve the design of clinical trials.

SDG 12: Responsible Consumption and Production

We conduct our business responsibly – that means legally, ethically, respectfully and sustainably. This approach covers everything we do, from selecting suppliers and how we treat our employees to production conditions and marketing and sales practices. Our dedicated responsibility initiatives drive positive impact in the core areas of Patient, People and Planet.

SDG 13: Climate Action

To reduce the environmental impact of our business, we have established several initiatives to ensure we use resources more sustainably, avoid waste in our operations wherever possible, and switch to power with renewable energy or low carbon sources. To foster a more strategic approach, we have carried out a full environmental impact assessment and greenhouse gas (GHG) inventory for all our activities in 2020. On this basis, we are building a roadmap to becoming more sustainable in production.

Embedding sustainability in the organisational structure

GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-17

To develop a strong corporate responsibility governance structure, we have established a responsibility board (the "Responsibility Board") for a consistent Grünenthal-wide and localised implementation, enforcement and monitoring of our Corporate Responsibility Programme. The Board is chaired by the Chief Responsibility Officer. The Responsibility Board safeguards close alignment with the Corporate Executive Board and communication to all employees and stakeholders.

Members of the Responsibility Board

- Chief Responsibility Officer (Chair)
- Head of Global HR
- Head of Corporate Strategy
- Head of Global Communication
- Head of Research
- Head of Drug Safety
- Head of Global Manufacturing
- Head of Latin America
- Head of Commercial Controlling
- Head of Global Portfolio Commercialisation
- Business Ethics & Responsibility Officer

The Responsibility Board reports directly to the Corporate Executive Board in regular reporting and coordination updates as well as on an ad hoc basis at any time necessary. The Corporate Executive Board is thus in constant exchange with the Responsibility Board and is permanently involved in the development, adoption and updating of all relevant strategies, policies and goals with regard to sustainability at Grünenthal.

In addition, the Advisory Board is also informed at regular intervals by the Chief Responsibility Officer about status quo, plans and progress of the Corporate Responsibility Programme.

The continuous improvement and development of our Responsibility Programme is the key responsibility of the Responsibility Board. It serves as a decision-making body and sounding board for all questions, issues and matters related to Corporate Responsibility at Grünenthal and is responsible for setting up all the necessary structures throughout the Grünenthal Group to ensure stable sustainability governance.

The Responsibility Board also manages and fosters continuous dialogue with external and internal stakeholders as well as the setting of ambitious sustainability targets and transparent reporting.

Governance structures

GRI 2-1, GRI 2-9, GRI 2-11

The Ultimate Parent Company of the Grünenthal Group

The ultimate parent company (Grünenthal Pharma GmbH & Co. KG) of the Grünenthal Group is a limited partnership (Kommanditgesellschaft) incorporated under the laws of Germany with a limited liability company (Gesellschaft mit beschränkter Haftung) as general partner incorporated under the laws of the Principality of Liechtenstein, and which has its corporate seat in Aachen, Germany (the "Ultimate Parent Company"). It wholly owns Grünenthal GmbH. The Ultimate Parent Company is designed as a holding company, while Grünenthal GmbH is the entity that is active in the pharmaceutical business.

Grünenthal GmbH

Grünenthal GmbH is a limited liability company (Gesellschaft mit beschränkter Haftung) organised and existing under the laws of Germany and has its corporate seat in Aachen, Germany (the "GmbH"). The GmbH was incorporated in 1946 under the name Chemie Grünenthal GmbH.

Dual Governance Structure

Both the Ultimate Parent Company and the GmbH have a dual management system characterised by a separation of personnel between the management and supervisory bodies, as further explained below.

The Advisory Board

Both the Ultimate Parent Company and the operational GmbH have an advisory board (Beirat) in place. The limited partners of the Ultimate Parent Company (the "Shareholders") and the shareholders of the GmbH, respectively, elect the members of their relevant advisory board (Beirat). The members of the advisory board of the Ultimate Parent Company and the advisory board of the operational GmbH (the "Advisory Board") have to be identical. The Advisory Board appoints the GmbH's managing directors (Geschäftsführer), who form the Corporate Executive Board (the "Corporate Executive Board"), and advises and controls the Corporate Executive Board. The managing directors (Geschäftsführer) report to the Advisory Board on a regular basis on the financial situation of the Group as well as on matters relating to the business situation of the Group, the management's plans, important occurences or matters, and on the Group's performance. The Advisory Board approves the measures of the Corporate Executive Board if required by the Articles of Association of the GmbH and the partnership agreement of the Ultimate Parent Company. For example, certain significant actions, including acquisitions, material license deals and material investments or fundamental strategic matters of the Group, where they lie outside the usual course of business, require the approval of the Advisory Board.

The Advisory Board has an audit committee (Prüfungsausschuss) and a personnel committee (Personalausschuss). It may establish any other committee if it decides to do so.

The members of the Advisory Board consist of five external voting members (the "Voting Members") and four consulting/non-voting members (the "Non-Voting Members"). The Voting Members consist of members with long-standing experience in senior positions from relevant industries such as pharmaceuticals, consumer goods, advertising, legal and human resources. The Non-Voting Members are limited partners of the Ultimate Parent Company or relatives thereof.

Election of the Advisory Board Members

GRI 2-10

The limited partners of the Ultimate Parent Company (the "Shareholders") and the shareholder of the GmbH, respectively, elect the members of their relevant advisory board (Beirat). Pursuant to the partnership agreement of the Ultimate Parent Company, the members of the advisory board of the Ultimate Parent Company and the advisory board of the operational GmbH (the "Advisory Board") have to be identical. The Voting Members of the Advisory Board are elected by a simple majority. For the election of persons who are shareholders, a majority of two thirds is required.

The Corporate Executive Board

As a limited liability company, the GmbH is managed by its managing directors (Geschäftsführer), who are appointed by the Advisory Board and who together form the Corporate Executive Board. According to the Articles of Association of the GmbH, if only one managing director has been appointed, he or she shall represent the GmbH alone. If more than one managing director has been appointed, the issuer shall be represented by two managing directors jointly or by one managing director and one authorized representative (Prokurist) jointly. The managing directors (Geschäftsführer) report to the Advisory Board on a regular basis as described in above section, "The Advisory Board". There is regular reporting on economic, environmental and social issues as well as on ESG Risk Management.

Performance Evaluation and Remuneration determination of highest Governance Body

GRI 2-18, GRI 2-19, GRI 2-20

The Advisory Board has a personnel committee (Personalausschuss). The personnel committee is responsible for preparing the resolutions of the Advisory Board on the appointment and dismissal of the members of the Corporate Executive Board as well as resolutions on the conclusion, amendment and termination of their employment contracts. The personnel committee is made up of three members of the Advisory Board as well as external members. The external members of the Personnel Committee have long-standing experience in senior positions from relevant industries such as legal, human resources and finance.

According to the Company's bylaws, our Corporate Executive Board members' terms of office can be up to five years. Re-appointments are possible. Our Advisory Board has adopted the custom of appointing Corporate Executive Board members for a maximum of three years for the first term.

The objectives of the Corporate Executive Board members reflect the measures of success as per the company objectives, such as pipeline progress, profit and revenue, debt payback and organisational development. The remuneration elements include both a fixed and variable part. All elements are benchmarked against the market median for peers in the EU pharma industry (e. g. turnover, number of employees, R&D) and are based on advice from external experts. The variable part of the remuneration is based on enterprise value creation, annual profitability as well as individual targets in relation to organisational objectives (as per company scorecard KPIs).

***Prof. Dr. Cordula Meckenstock**, Chief Responsibility Officer (left), and **Susanne Bransgrove**, Senior Manager Global Communication (right)*

COMPLIANCE, ETHICS & TRANSPARENCY

Material Topics

COMPLIANCE, ETHICS & TRANSPARENCY EXCELLENCE

↓

Our Sustainability Ambitions

- *Continuous development of our state of the art compliance and ethics framework that was globally re-launched in 2018 (i. e. by establishing a bioethics and data ethics framework in 2021)*
- *Establishing and constantly improving a working environment in which all employees feel valued, respected, included and empowered to do their best, bring great ideas to the table and develop their full potential*

COMPLIANCE, ETHICS & TRANSPARENCY

WE SEE IT as our fundamental responsibility to act with integrity and maintain the highest ethical standards in everything we do. Our aim is to build trust and give confidence to patients, employees, partners and the communities we serve. Our culture and compliance system provide a clear framework for our actions and are built around our Code of Conduct.

For us, Compliance, Ethics & Transparency go hand in hand, build upon each other and are deeply anchored in our culture. That is why excellence in this area is a material topic for us:

Compliance, Ethics & Transparency Excellence

↓

MAINTAINING EXCELLENCE in the areas of compliance, ethics and transparency is at the core of our daily business operations. We aim to operate at high ethical standards and continuously strive to do better.

Compliance

Our Compliance Organisation is an integral part of our daily business. Compliance Officers serve on decision-making bodies across the organisation. Their independence is maintained through a direct reporting line to the Chief Responsibility Officer, who herself reports to the Corporate Executive Board and to the Advisory Board.

An ongoing dialogue at Grünenthal brings our global Compliance framework to life. This includes face-to-face training and workshops, as well as online training sessions and day-to-day consulting for our colleagues. We also require our business partners to act lawfully and with integrity in line with this framework. A 24-hour Ethics Helpline is open to anyone who would like to raise questions, concerns or doubts.

Our Global Compliance Management System

GRI 2-15, GRI 2-16, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26

Grünenthal has established a comprehensive global Compliance Management System (CMS) comprising Compliance, Business Ethics and Opioid Liability Risk Management.

The Compliance framework is comprehensive, based upon a Code of Conduct and includes a broad set of Compliance policies with a special focus on our key risk areas (see box). It relies on group-wide intuitive tools for several processes, e. g., obtaining approvals, reviewing content and reporting non-compliance. Features are constantly added to keep the CMS up to date with regulatory, political and civil society developments.

Our Compliance Policies

- Anti-Corruption Policy
- Anti Money Laundering Policy
- Business Partner Policy
- Code of Conduct for Business Partners
- Data Protection Policy
- Dawn Raid Policy
- Ethics Helpline Policy
- Fair Competition Policy
- Foreign Trade Compliance Policy
- Healthcare Policy
- Patient Interactions Policy
- Promotion and Marketing Policy
- Research & Development Compliance Policy
- Trade Secrets Policy

Dedicated Compliance Organisation

Grünenthal's dedicated "Compliance Organisation" consists of a Chief Responsibility Officer, a team of Compliance Officers as well as local Compliance Contacts. The Compliance Organisation is the central actor within the global Compliance Management System. It is responsible for advising and training our colleagues and our business partners worldwide and for conducting investigations into alleged compliance violations.

The Chief Responsibility Officer reports on a regular and on an ad hoc basis to the Corporate Executive Board and the Advisory Board, providing detailed updates on training, healthcare interactions, audits, current developments and the status of reported alleged compliance incidents, as well as critical concerns. Both Boards are active decisionmakers in issuing strategic directions regarding the CMS.

At regional and local level, regular reporting and consulting on Compliance topics is ensured via the Compliance Officers who are part of the regional and local leadership teams.

Ethics Committees are established on an ad hoc basis to decide on measures to be taken after a reported compliance incident has been investigated. Regional and local Ethics Committees take decisions about regional and local Compliance incidents, whereas the Global Ethics Committee is in charge of all Compliance incidents that have a major impact, such as the involvement of senior management and systemic or impactful Compliance violations.

Code of Conduct and Key Compliance Policies

Our Code of Conduct is the centrepiece of our Compliance system. It lays out our high standards in legal and ethical business conduct, including topics such as conflicts of interest, anti-corruption, human rights, patient and drug safety, quality and data privacy. These basic principles on how we run our business operations are detailed in our Compliance Policies. Our business partners are handled according to our Business Partner Policy and are required to sign our Code of Conduct for Business Partners.

Our Code of Conduct and our Code of Conduct for Business Partners are publicly accessible

→ www.grunenthal.com/en/responsibility/compliance-ethics-and-transparency

In addition to this Compliance and Ethics framework, we have established a comprehensive Opioid Responsibility Framework (see “Our Approach to the Responsible Use of Pain Medication” in chapter “PATIENT – THE PEOPLE WE SERVE”).

Communication and Training

All new employees receive standardized online training sessions on our Code of Conduct and on our Compliance and Ethics framework in general. Furthermore, on a yearly basis, the Corporate Executive Board approves a standardized training matrix for all our employees that contains mandatory face-to-face training for tailored target groups on key topics, such as “Healthcare Interactions”, “Data Privacy”, “Business Partner Compliance” and “Use of Social Media”, as well as additional training on further topics identified as locally relevant such as “Anti Money Laundering”, “Behaviour in case of a Dawn Raid” and “Conflicts of Interest in Procurement”. The Compliance Policies and all relevant training materials are available in several languages, including English, German, Spanish, French and Italian.

In order to meet changing requirements, we are continuously developing new training courses. Our current portfolio consists of the following training formats, available in all applicable languages.

The various training sessions are offered worldwide. Concrete figures on the two main training related to Compliance and Ethical Behaviour (CoC eLearning, and the HCI training) can be found in the section “Ethical Business within Grünenthal and its Supply Chain”. Training figures for our Opioid Responsibility Framework are reported in the “PATIENT – THE PEOPLE WE SERVE” chapter in the section "Our Approach to the Responsible Use of Pain Medication".

Our regular Compliance training includes:

eLearning:

- Code of Conduct/Corporate Responsibility/Conflict of Interest

Face-to-Face:

- Anti Money Laundering
- Behaviour in case of a Dawn Raid
- Business Partner Compliance
- Case Handling
- Compliance/Opioid Responsibility@Commercial Partners
- Compliance & Ethics in Procurement
- Consent Management & Omnichannel Model
- Corporate Digital Responsibility
- Data Privacy
- ESG / Corporate Responsibility Programme
- Foreign Trade Compliance
- Healthcare Interactions (HCI)
- Onboarding Compliance Training
- Opioid Responsibility
- Promotional and non-Promotional Content Creation and Management
- Responsible Use of Chat Platforms
- Supply Chain Act
- Third Party Due Diligence
- Trade Secrets

Our Whistleblowing process and disciplinary measures

Our employees are expected to report any behaviour that is not in line with our Code of Conduct, our Compliance Policies, local laws and regulations or professional or industrial guidelines and directives. Such reports can also be made anonymously. Several reporting options are available for employees, some are also open for external stakeholders such as business partners or local communities:

1. Speaking to a manager,
2. Contacting HR, the legal department, the works council or the Compliance Organisation,
3. Using the Ethics Helpline, an anonymous web-based whistleblowing system complemented by a telephone hotline, available 24/7 in seven languages. Employees or external stakeholders can seek advice and raise concerns personally or anonymously.

Reported incidents will be investigated discreetly and neutrally by the Compliance Organisation, in compliance with applicable data protection laws. Depending on the allegations, Global Compliance will decide whether the Corporate Executive Board and/or the Advisory Board will be informed on an ad hoc basis. Both Boards are informed about all Compliance investigations in the course of the regular reporting. Other departments will be involved where appropriate. The responsible local or global Ethics Committee decides on the appropriate disciplinary and other measures once an investigation has been concluded. Employees who raise reasonable concerns in good faith will be protected, and retaliation against such employees is treated as a Compliance violation.

There were no critical concerns during the reporting period.

We conduct regular Compliance Audits

Compliance Audits

Compliance audits are conducted by the Internal Audit department on a regular basis, with detailed audit plans being approved by the Corporate Executive Board and by the Advisory Board for the upcoming audit period. In addition, the Internal Audit team also conducts audits on an ad hoc basis in case of suspected irregularities that do not fall within the scope of a possible Compliance violation. Furthermore, the Internal Audit team prepares so-called spot checks on a variety of Compliance topics. These spot checks are conducted as self-assessments on implementation of various Compliance measures (training, documentation of Business Partner checks, approvals of donations, etc.) by the respective Compliance Officers.

Compliance with laws and regulations

GRI 2-27, GRI 416-2

In the reporting year, there was no significant case of non-compliance with laws and regulations. In the previous year, there was one product recall and, related to this, a five-figure fine in Chile.

In August and September 2020, Laboratorios Silesia, a subsidiary of Grünenthal in Chile recalled two batches of the oral contraceptive Anulette CD. The recall was due to irregularities in the blisters, such as empty cavities or misplaced tablets. These irregularities were visible through the transparent blister foil and were detected in 12 blisters out of a total of 276,890. The root cause was identified and corrective measures were implemented. The contraceptive efficacy of the tablets was never compromised. Agreements were reached so that women who became pregnant after being provided with Anulette from one of the recalled batches received financial and other support.

Ethical Business within Grünenthal and its Supply Chain

We are committed to conducting business in a legal, ethical and reliable manner. We have a strict Anti-Corruption Policy, clear Social Supplier Standards and a state-of-the-art framework for Corporate Digital Responsibility.

Anti-Corruption

GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1

Our Anti-Corruption Policy, our Healthcare Interaction Policy and our Patient Interaction Policy set the frame for how to interact with external stakeholders such as suppliers, doctors, patients and consultants in an integer, transparent and appropriate way. Clear examples illustrate for our employees how to avoid even the appearance of improper influence both when they are on the “giving” and also the “accepting” side. Our policies are complemented by local implementation rules, contract templates for standard transactions and fair market value grids. We provide a clear framework of rules, approval requirements, documentation tools, training and personal advice for a consistent and effective operationalisation of our anti-corruption and anti-bribery policies in all our activities, no matter if simple or highly complex.

At regular intervals, Compliance audits are carried out by the Internal Audit department to assess the corruption risks of our individual entities.

Third Party Due Diligence assessments

Grünenthal has implemented comprehensive Third Party Due Diligence assessments to ensure that the risk of corruption among our business partners can be excluded as far as possible. Business partners undergo Compliance screening on a risk based basis. In the reporting year, there were 12 (2020: 43) Business Partners identified as High Risk of which 1 (2020: 1) was considered a "No-Go" Business Partner.

Based on the individual risk level determined in our Third Party Due Diligence process, suppliers and sales-side business partners such as distributors are required to sign our Code of Conduct for Business Partners (BPCoC). The BPCoC obliges our business partners to follow our own Code of Conduct principles and grants us audit and termination rights in case of non-compliance. When contracting with medical business partners such as doctors or university hospitals, we use standardised contract templates that enable us to require them to comply with the principles of our Code of Conduct and our Healthcare Interaction Policy.

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corruption cases at Grünenthal in 2020 and 2021

Monitoring corruption

No confirmed cases of corruption were identified at the Grünenthal Group itself either in the reporting year 2021 or in the previous year. Furthermore, there were no legal actions pending or completed during the reporting period or the previous year regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant.

Training in anti-corruption

Our comprehensive anti-corruption framework as described above is communicated to our employees as well as to our Executive and Advisory Board Members on a regular basis.

All employees and the Corporate Executive Board team receive anti-corruption training via our Code of Conduct (CoC) eLearning and via our tailored face-to-face Healthcare Interaction (HCI) Training.

The CoC eLearning course needs to be completed by all our employees. All employees had to take the course at its launch; for new employees it is part of their onboarding process. A new refresher CoC eLearning with fresh content will be launched for all employees in 2022. The CoC eLearning is built around our Code of Conduct and provides on top a general overview of our global Compliance Framework, including the whistleblowing hotline and contact persons.

Our HCI Training covers Anti-Corruption and Anti-Bribery in the Healthcare Sector specifically. All employees that interact with healthcare professionals, healthcare organisations and/or patients receive this training on a regular basis as those interactions bear the highest corruption risks in the context of Grünenthal's business. Employees with high exposure to healthcare professionals must complete the training annually.

***Guillaume Jovenet**, Head Global Manufacturing (left), with **Sebastian Köhler**, General Counsel (right)*

The following number of employees within the relevant target groups received training in 2020 and 2021:

2020		2021	
CoC eLearning (new employees, refreshers and carry over):	1,261	**CoC eLearning (new employees, refreshers and carry over):**	415
HCI-Training (specific target group, by region):		**HCI-Training (specific target group, by region):**	
Germany, Austria & Switzerland incl. Headquarters:	100% (303/303)	Germany, Austria & Switzerland incl. HQ:	100% (256/256)
Portugal & Spain:	98% (245/249)	Portugal & Spain:	99% (208/211)
Italy:	100% (34/34)	Italy:	100% (199/199)
France & Benelux:	99% (263/266)	France & Benelux:	100% (110/110)
UK, Ireland & the Nordics:	76% (96/127)	UK, Ireland & the Nordics:	100% (78/78)
Latin America:	96% (964/1002)	Latin America:	99% (679/688)
US:	100% (32/32)	US:	100% (67/67)

Social Supplier Standards

Through the implementation of a rigorous governance process, we want to meet or exceed the required social standards throughout our business operations and supply chain. In particular, we have updated our Third Party Due Diligence process, with an enhanced focus on human rights and the environment. We have launched an intense training and communication campaign and we will appoint a Human Rights and Environmental Officer in 2022 who is responsible for monitoring all related activities at Grünenthal.

Statement on Human Rights according to § 6 paragraph 2 of the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG)

In order to minimise the risk of human rights violations, we proactively manage our supply chain with a whole range of measures that are integrated in our operational businesses in all regions. Within this, we have identified the following risks that require our particular attention: suppliers of production material, suppliers of biological material for our research activities, suppliers located in regions with developing standards.

We carry out tailored human rights and environmental impact due diligence. Risk evaluation is carried out jointly with the business, while mitigation measures are driven by Procurement in cooperation with suppliers. Our suppliers have had access to our whistleblowing system “Ethics Helpline” for many years now and are encouraged to raise any concerns they may have.

Human rights are an integral part of our comprehensive Compliance & Ethics framework and are embedded in our training, control and remediation mechanisms. There is a clear expectation towards our suppliers and employees to proactively watch for, flag and mitigate any risks in the human rights and environmental area. This is a task that can only be achieved if everyone in our ecosystem plays their part.

Member of UN Global Compact

We are committed to respecting and promoting human rights. Grünenthal does not accept harassment or any form of discrimination on grounds such as gender, race, nationality, age, religion, sexual orientation, physical appearance, social origin, disability, union membership or family status.

Gabriel Baertschi
Chief Executive Officer

With these measures, we target to meet all the requirements of the German Supply Chain Act ("Lieferkettensorgfaltspflichtengesetz"), which will take effect on 1 January 2023. It imposes significant due diligence obligations on companies in Germany to ensure that human rights and environmental standards, such as child labour, occupational health or emissions of hazardous substances, are adhered to throughout the entire supply chain.

Data Security, Protection and Ethics

We handle all personal data responsibly. Data security, data protection and data ethics build upon each other.

We have strict global policies aimed at achieving a maximum level of data security. These cover all aspects of IT security and Cyber security. We ensure that all data is protected as well as possible through adequate technical and organisational measures. The technical dimension of this protection is owned by the Global IT department, operating in close cooperation with our Global Data Protection Team.

Furthermore, by means of a sound set of legal instruments we ensure that all data is handled according to the General Data Protection Regulation (GDPR) standards wherever applicable. We have an internal Global Data Protection Officer who is supported by a global network of internal and external Data Protection Officers and Data Protection Coordinators. Our Data Protection framework covers any business operation, spanning from highly sensitive international clinical data transfers to daily standard transactions such as answering data subject requests. All of the above-mentioned principles are laid out in our Global Data Protection Policy. Beyond complying with the legal requirements in relation to handling data, we also act responsibly, which means in line with our high ethical standards. To provide clear guidance for our employees about data ethics, we have created our Corporate Digital Responsibility framework.

Corporate Digital Responsibility

Our Corporate Digital Responsibility framework translates the values and ethical principles set out in our Code of Conduct to our digital activities. It allows us to take control of our digital footprint by defining a positive digital reputation and it safeguards profound data governance.

The core document is our Digital Ethics Charter, which sets a gold standard for how we behave when using digital channels. The charter is operationalised via various guidance and toolboxes that we are developing in dedicated cross-functional working groups. Examples of such guidance include the responsible use of machine learning in research activities, transparent consent management and responsible use of social listening. We are currently developing a training campaign on the basis of digital ethics and digital literacy that will be rolled out in 2022.

Our Digital Ethics Charter – We live Digital Ethics

- Human beings keep oversight and accountability of our digital activities.
- Safety and security are embedded in all our digital activities as cornerstones to protect our values.
- We can explain all our digital activities.
- Our digital activities do not cause bias or discrimination.
- Digital ethics are engrained in our decision-making processes.
- We only undertake digital activities that are in line with this Charter.

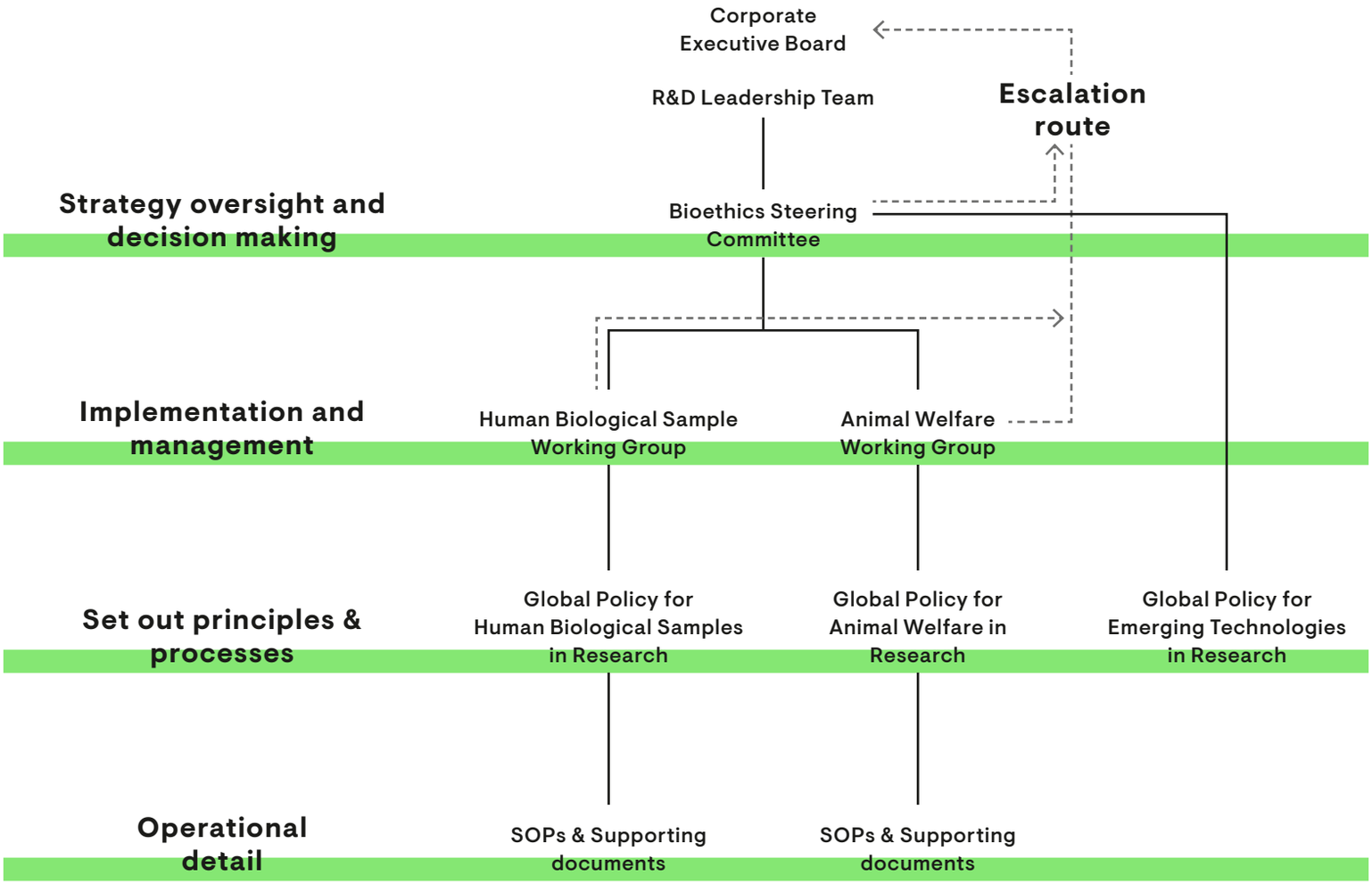
***Leen Hofkens**, Head Global HR*

To steer our Digital Responsibility efforts, we have established a specific governance structure, including a Digital Ethics Steering Committee that consists of senior management and is chaired by the Chief Responsibility Officer. The Digital Ethics Steering Committee helps to identify new use cases in our permanently evolving digital business operations, facilitates efficient operationalisation of our Digital Ethics Charter and aligns with the Corporate Executive Board on an ongoing basis.

Bioethics

We are committed to developing safe and highly effective medicines for patients by applying the highest standards of bioethics and integrity.

We have established a Bioethics framework for research that sets clear ethical standards for the handling of human biological samples, for ensuring animal welfare and for the use of emerging technologies. Our Bioethics framework provides guidance, structure, responsibilities and processes. The Bioethics Steering Committee consists of senior executives, is chaired by our Chief Scientific Officer and acts as an advisory and decision-making body to ensure consistent implementation of bioethics in our research activities.



Transparency

For Grünenthal, being fully transparent is a crucial success factor in earning the trust of our stakeholders. We meet our transparency requirements in three key areas:

Clinical Trials Transparency

We share clinical information that is necessary for conducting legitimate research, serving patients' safety and improving public health. We have publicly committed to the Principles for Responsible Clinical Trial Data Sharing that were issued in January 2014 by the European Federation of Pharmaceutical Industries and Associations (EFPIA) and the Pharmaceutical Research and Manufacturers of America (PhRMA). More information on Clinical Trials is published on the corporate website of Grünenthal

→ www.grunenthal.com/en/research-and-development/clinical-trials

EFPIA Disclosure Code and Disclosure Transfer of Values

We are a member of the European Federation of Pharmaceutical Industries and Associations (EFPIA) and support the EFPIA Disclosure Code. We are committed to publishing information about our collaboration with healthcare professionals (HCPs) and healthcare organisations (HCOs) to demonstrate that we interact with these stakeholders in an ethical and transparent way.

All interactions and transfers of value are disclosed in line with either the EFPIA Disclosure (Transparency) Code, local pharmaceutical codes or national legislation implemented by organisations such as healthcare authorities.

More information is published on the corporate website of Grünenthal

→ www.grunenthal.com/en/responsibility/compliance-ethics-and-transparency/efpia-disclosure

Tax Transparency

Good corporate governance and compliance is of highest priority at Grünenthal and also shapes the attitude we take in managing our tax affairs globally.

Good corporate governance and compliance shapes the attitude we take in managing our tax affairs globally

We consider good governance of our tax affairs to be an ongoing and evolving process in a continuously fast-moving global tax landscape. Grünenthal acts in full compliance with local and international tax regulations at all times and is guided by relevant international standards such as the OECD Guidelines, the BEPS Reports and the BEPS action plans, i. e.

- We are committed to comply with the spirit as well as the letter of the law.
- We aim to pay the right amount of tax in compliance with all relevant local and international tax laws and regulations and do not tolerate any form of profit shifting, tax fraud or facilitation of tax evasion.
- We are committed to align our tax contribution with the value we create in the countries we operate in.
- As a good corporate citizen Grünenthal considers taxes and duties as an important part of its social responsibility.
- We are committed to ensuring that Grünenthal's tax affairs are responsibly managed, and that we are consistently recognised by all our stakeholders as a responsible and reliable taxpayer.
- In the event that applicable laws and regulations are subject to interpretation, we seek appropriate assurance regarding the position taken either through consulting with advisers or through advance rulings or pricing agreements with the relevant tax authorities.
- Grünenthal aims to achieve and maintain respectful relationships with the tax authorities, and we are committed to transparent and constructive relationships with all relevant authorities.

PATIENT
THE PEOPLE WE SERVE

Material Topics	Responsible Use of Pain Medication	Awareness & Access	Responsible Innovation	Product Governance & Safety
Our Sustainability Ambitions	↓	↓	↓	↓
	• *Continuous development and improvement of Grünenthal's leading opioid responsibility framework (the "Opioid Responsibility Framework")* • *Continuous expansion of network of Business Partners committed to the Opioid Responsibility Framework for Business Partners* • *Co-development of a change pain global hub, "CP Responsibly", with medical societies, featuring Grünenthal and independent Responsible Use of Pain Medication educational resources, including an expert forum by end of 2022* • *Launch of educational expert forum on Responsible Use of Pain Medication in Europe and Latin America by end of 2022, to be recognised as the platform for Responsible Use of Pain Medication by international healthcare professionals ("HCPs") by end of 2025*	• *Increase the focus, reach and impact of our global and local awareness and accessibility activities by aligning them strategically under one global platform* • *Use global platform for collaboration with external partners to identify best leverage opportunities for our unique expertise to have a lasting impact on improving pain management*	• *Reduce cycle time and resources required for de novo candidate discovery through machine learning (ML) (baseline 18 months; goal in 2025, 14 months)* • *Improve clinical trial design through ML-based patient phenotyping (baseline 0 trials; goal in 2025, 2 trials)* • *Improve understanding of treatment effect in clinical studies and post-approval, through objective measurement of mobility and sleep (baseline 1 study; goal in 2025, 2 studies)*	• *97% of "on-time" submissions to authorities globally for Individual Case Safety Reports ("ICSR")* • *Maintain or exceed the current level of recognized compliance with global pharmacovigilance standards* • *100% compliance with the International Conference on Harmonisation-Good Clinical Practice (ICH-GCP) standards and other applicable ethical standards*

PATIENT – THE PEOPLE WE SERVE

HAVING ACCESS to appropriate pain treatment is a basic human right. Chronic pain, in particular, is a common, complex and distressing problem whose impact on patients, caregivers and societies continues to be underestimated. It frequently presents as a result of a disease or an injury. However, it is not merely an accompanying symptom, but rather a disease in its own rights. Access to pain management at the end stage of a person's life is another cornerstone in preserving human dignity.

Chronic pain and palliative care are two areas in which adequate education, societal awareness and access to education still need to be increased – no matter where in the world.

As a leader in pain management, we help to educate healthcare professionals (HCPs) and patients on how to use these medicines responsibly. We also raise awareness about pain and its impact on patients, families and society and increase accessibility to current treatments while developing new medicines for unmet medical needs.

Grünenthal's focus on the patient is also the core of our sustainability work with four material topics, all following our vision of a world free of pain:

Our Approach to the Responsible Use of Pain Medication – Three concrete pillars

↓

OUR APPROACH to the Responsible Use of Pain Medication is built on three pillars that form the basis of our business relationships: strict governance, close involvement of our business partners and education on pain medication for HCPs and patients.

Awareness and Access – A global collaboration platform for improving pain management

↓

RAISING AWARENESS and enabling access to pain medication is a core topic to us. We need to make people understand that pain is a disease in its own right and give them access to appropriate medicines to treat their pain condition. We are striving to raise awareness and access via various initiatives that we plan to bundle and boost in one Access and Awareness platform.

Responsible Innovation – R&D for unmet pain needs

↓

DESPITE MANY YEARS of research, there is still pain that cannot be adequately treated. With our R&D, we contribute to the elimination of such unmet needs.

Product Governance & Safety – Taking over responsibility for our products

↓

OUR PRODUCTS are made to manage pain. Safe products and the highest product standards are essential.

Our Vision – A World free of Pain

Pain is a major burden for patients and society. According to scientific studies at least one out of five people suffers from chronic pain.[1] The rapidly aging population in developing countries is considered a factor that will increase the number of patients with chronic pain worldwide.[2]

As an example, the worldwide prevalence of acute and chronic lower back pain alone has increased by 13.5% from 2010 to 2019.[3] Chronic pain affects the quality of life of many people. It is likely that most people know someone who suffers from chronic pain and while there are many approved treatments for chronic pain, finding the right treatment – one that balances efficacy (how well the treatment works) with the side effects – remains a challenge.

If all other options are exhausted, patients may be offered strong opioids. While these can greatly improve patients' quality of life, they require appropriate regular monitoring and a minimum effective dose approach. We are actively engaged in gaining a holistic view across the value chain to provide all patients with the best possible treatment.

Addressing unmet medical needs in the treatment of all types of pain and finding and developing new treatment options for breaking the pain cycle is what drives us in our daily work at Grünenthal.

Our Approach to the Responsible Use of Pain Medication

GRI 3-3

Developing and delivering medicines and solutions that address patients' needs and have the potential to improve their quality of life are our core objectives. Responsible use of pain medication is particularly important to us: it is fundamental that patients receive appropriate pain management, carefully weighing the benefits and risks of the available options.

Among the wide range of pain treatments, one option available to HCPs and their patients remains the use of opioid analgesics. As a manufacturer of effective analgesics, including opioids, we consider it as our duty to integrate all stakeholders in the processes of finding sensible pain therapies and preventing misuse.

Our approach to the Responsible Use of Pain Medication has three pillars:

- **First pillar:** A comprehensive Governance Structure for Responsible Opioid Usage
- **Second Pillar:** The Commitment of our Business Partners
- **Third Pillar:** Education on Responsible Use of Pain Medication, with our dedicated Flagship Initiative

With these three pillars, we build a comprehensive Opioid Responsibility Framework that regulates our internal processes and at the same time involves our business partners effectively. In addition, we make considerable use of educational measures to inform about pain management and pain treatment. Together, we want to achieve personalised education on responsible use of pain medication, especially for HCPs to improve their patients' outcome.

First pillar: A comprehensive Governance Structure for Responsible Opioid Usage

To anchor our stance on the responsible usage of opioids in terms of governance, we have set up a Responsible Opioids Usage Board at senior management as well as at the regional and local level that supports the Corporate Executive Board in the continuous development of Grünenthal's ethical strategy related to opioids. It acts as a sounding board and escalation body for opioid-related projects as well as carrying out supervision of the local implementation of responsible opioid usage programmes. The

***Olga Carron Namnun**, Head of Medical Affairs Latin America, with **Christoph Stolle**, Head Latin America*

[1] Treede et al. Pain 2015 Jun;156(6):1003-1007
[2] Ali A, Arif A, Bhan C, et al. (September 13, 2018) Managing Chronic Pain in the Elderly: An Overview of the Recent Therapeutic Advancements; Cureus 10(9): e3293. DOI 10.7759/cureus.3293
[3] Global Health Metric Low back Pain; Lancet; Vol 396; Oct 17 2020: 168-169

Responsible Opioid Usage Board has developed a dedicated framework to ensure streamlined implementation of its programme.

Our Opioid Responsibility Framework

- **Our Opioid Charter**

  Grünenthal pledges not to support the off-label, inappropriate or non-medical use of analgesics, stating that the products are developed, commercialised and distributed in line with highest ethical and scientific standards, according to the Code and industry standards. Our Opioid Charter (The Grünenthal charter on the responsible medical use of opioids in pain) underpins Grünenthal's position on the responsible medical use of opioid analgesics in pain patients. Recognizing the increasing pressure on social and healthcare systems caused by the illegitimate use of opioid analgesics, Grünenthal is committed to developing safer opioid and non-opioid analgesics and to reducing the risks of non-medical use of its products to the greatest degree possible.

  A public version of the Opioid Charter is available online.

  → **www.grunenthal.com/en/about-us/products/opioid-products-for-the-treatment-of-pain**

- **Our Opioid Communication Guidance**

  The Opioid Communication Guidance lays down principles for promotional content, with a focus on the ethical responsibility vis-à-vis opioid usage. It explains what language and imagery can be used in promotional materials, presentations and publications to ensure comprehensive and fact-based contextualisation.

- **Our Opioid Statement**

  Our Opioid Statement is a one-pager that highlights the risk-benefit profile of opioid analgesics. We use this statement in all promotional materials, in presentation slides, in video recordings of webinars, etc., to clarify our position for all our stakeholders. The statement has been translated into six languages, covering our relevant target groups worldwide.

Implementation of our Opioid Responsibility Framework

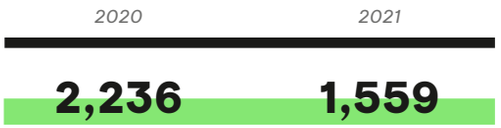
We have initiated several measures to implement our Opioid Responsibility Framework: organisational measures have been put in place; targeted training has been conducted and a risk-based approach to business partners has been established. Grünenthal has also critically reviewed its involvement in public initiatives and partnerships regarding opioids.

Additionally, we have established a strong review process for all new opioid related material, activities, partnerships and initiatives. All core and key documents with opioid related content, especially those for external use, now need to be reviewed by the ROU Board (Responsible Opioid Use Board).

To raise Group-wide awareness regarding the responsible use of opioids and foster compliance with the new guidelines of the Opioid Responsibility Framework, targeted training for all relevant employees has been and will be conducted on an annual basis, with training material translated and adapted for the respective jurisdictions. Furthermore, training on this issue has been integrated into the regular training schedule.

Our goal is the continuous development and improvement of Grünenthal's leading Opioid Responsibility Framework.

Number of employees receiving (refresher) training on Grünenthal's Opioid Responsibility Framework



In our first training wave in 2020, we reached most of our target groups employees. We continued the training in 2021. In 2022, mandatory refresher training is planned.

Second Pillar: The commitment of our Business Partners

We also commit our partners to the responsible use of our products through the Opioid Responsibility Framework for Business Partners.

We are classifying our commercial Business Partners into three different tiers according to their respective risk level. The risk factors used for this classification include the types of products (e. g. opioid or psychotropic products), the Business Partner's background and environment as well as details regarding manufacturing and registration and the activities to be performed by the Business Partner.

Depending on the assigned risk level, mitigating measures could be applied such as specific contract clauses, monitoring and audit activities, compliance training or site visits.

By actively communicating the risk level matrix and encouraging communication with our Business Partners, we want to ensure the continuous expansion of our network of partners committed to our Opioid Responsibility Framework for Business Partners. In the reporting year, the framework was

communicated to 100% of the relevant Business Partners[1] (2020: 82%) and 79% (2020: 46%) have formally committed to the Framework. Our target is to continuously expand the network.

In addition, we aim to ensure compliance with the Opioid Communication Business Partner Guidance by regularly reviewing relevant communications and documents.

Clear processes to ensure Business Partners' compliance with the Opioid Responsibility Framework

	Contract Manufacturing Organisation Client ↓	Distributor 2nd Category ↓	Distributor 3rd Category ↓
	Commercial Partner that sells its own products partially/totally manufactured by Grünenthal, under a contract manufacturing agreement.	*Commercial Partner that resells Grünenthal's products not including opioid containing products. Commercial Partner performs promotional activities.*	*Commercial Partner that resells Grünenthal's products including opioid containing products and/or non-opioid containing products of which Grünenthal is the Market Authorization Holder. Commercial Partner performs promotional activities.*
Grünenthal Policies	✗ only best practice sharing	✓ equivalent standards	✓ equivalent standards
Compliance Training	✗ n/a	! ad hoc	✓ annual plan
Materials	✗ n/a	✓ review	✓ review
Transfer of Values	✗ n/a	✗ n/a	✓ pre-review
Monitoring	✗ n/a	! ad hoc	✓ annual plan
Auditing	✗ n/a	! ad hoc	! ad hoc
Termination Rights	✗ no additional rights	✓ additional rights	✓ additional rights

Third pillar: Education on Responsible Use of Pain Medication, with our dedicated Flagship Initiative

Providing transparent education on the risks and benefits of pain medication is central for us in doing business responsibly. At Grünenthal, we have a longstanding tradition of educating HCPs on pain management to deepen understanding of patients' needs, on the one hand, and of the risks and benefits of pain medication, on the other. We therefore formed the Education on Responsible Use of Pain Medication as one of our Patient Flagship initiatives to put an even stronger focus on the topic.

We educate HCPs and patients in pain treatment and pain management with our CHANGE PAIN Initiative

In 2009 we established our CHANGE PAIN™ initiative in 12 European countries. The initiative is endorsed by the European Pain Federation EFIC and Pain Alliance Europe (PAE). The initiative's mission is to improve patient outcomes by improving pain management through adequate research, communication and education. Through the initiative, many tools have been developed to make physicians' daily practice easier, either by completing web-based learning modules or by attending workshops across Europe. In our effort to reach out to HCPs, we have, to date, provided around 65,000 people with education on pain management. In the reporting year, 1,687 (2020: 316) people around the world participated in one of our educational webinars and over 92,109 (2020: 61,421) users visited our educational websites.

[1] Business Partners managed by Headquarters

Our next goal together with CHANGE PAIN is the development of a Global Hub: the "CHANGE PAIN Responsibly" by end of 2022. The Change Pain Global Hub will serve as an externally recognized source for credible, balanced, and non-promotional educational resources. Furthermore, the Expert Forum will enable HCPs to discuss their challenges related to the Responsible Use of Pain Medication with experts. Our goal is to launch the Expert Forum with participants from the European Union and Latin America by the end of 2022. Furthermore, we want the platform to be recognized as the leading platform for Responsible Use of Pain Medication by international HCPs by the end of 2025. Lastly, we are providing grants for independent external Continuing Medical Education (CME) accredited modules that will complement the Global Hub and the Expert Forum.

Awareness and Access

GRI 3-3

Our mission is to improve lives by making pain management accessible and by raising awareness for pain as a disease. Two areas of special importance for us are access to adequate treatment of chronic pain and availability of palliative care.

We plan to create an Awareness and Access Platform for boosting our own Awareness and Access initiatives and for fostering collaboration with external partners to identify the best leverage opportunities for our unique expertise so that we can have a lasting impact on improving pain management. This includes cooperation agreements with non-governmental organisations, universities, medical societies, foundations and the like. You can find examples of the current initiatives to be included in the platform below.

Ensuring Access to Medication and Palliative Care

We want to improve access to medication in situations of low availability and access to appropriate treatment options to manage pain for all patients in need.

We strive to contribute to access to medication where it is most needed: We have concluded a cooperation agreement with a non-governmental organisation to support their humanitarian efforts to deliver medication for people in crisis regions.

Another of our initiatives consists in a training programme in Colombia to empower pharmacy employees to handle opioid prescriptions in line with local laws and patient needs. Furthermore, we expand access to palliative care with different initiatives.

The Grünenthal Foundation for Palliative Care

We have a longstanding commitment to preserving dignity and quality of life at the end stage of people's lives. The Grünenthal Foundation for Palliative Care was set up in 1998 to promote science and research in this field, and to support the care of people with severe terminal diseases. The Foundation has facilitated the creation of the Department of Palliative Medicine at the Aachen University Hospital.

Furthermore, the Foundation promotes science and research in palliative care and the care for seriously or terminally ill people in Europe as well as in Latin America. The Grünenthal Foundation has supported a master's degree in Palliative Care and Pain Management at the Universidad Nacional Mayor de San Marcos in Peru since 2018. This master's degree is the first of its kind in Peru, and we support the programme with literature, modern digital equipment, case files and studies as well as guest lecturers. In addition, we support the 30 best students with scholarships. In 2021, 44 students in the first graduating class successfully completed their studies.

Reaching out via our Foundation in Spain

Twenty years ago, we established the Grünenthal Foundation in Spain to improve the quality of life of pain patients in this country in a non-profit setting. With the vision "Living without pain, living better", the Foundation supports initiatives in the three pillars of development of knowledge, training, and dissemination in close collaboration with governmental and healthcare institutions. (For more information, please refer to the corporate Grünenthal Report 2021/22.)

Grünenthal Foundation Portugal

The main purpose of the Grünenthal Foundation in Portugal is scientific research in the area of medical sciences, with a particular focus on pain and its treatment, as well as promoting and sponsoring projects related to the development of pain knowledge.

In order to fulfil its purposes, the Foundation awards prizes for scientific research.

Raising awareness – The Societal Impact of Pain platform

We raise awareness about the impact of pain by supporting a multistakeholder platform, called the Societal Impact of Pain platform, which fosters the development of pain policies at the national level. Approximately 42% of European countries now have a national action plan against pain in place. With our Pain Toolkit, we have established a practical tool that provides patients with practical tips and skills in the form of explanations, infographics and videos on how to self-manage pain.

Responsible Innovation – R&D for Unmet Pain Needs

GRI 3-3

The development of breakthrough pain treatments and adequate management mechanisms is what drives us at Grünenthal. Chronic pain is a disease and is one of the most common medical complaints, but despite its prevalence, many individuals still suffer from unrelieved pain and reduced quality of life. There is a huge unmet medical need for improved pain management, but there are gaps in disease understanding including pain targets, biomarkers and patient phenotypes.

Our Flagship Initiative: R&D for Unmet Pain Needs

With our innovations we want to address unmet pain in underserved populations through better use of human data. We therefore established the Flagship Initiative R&D for Unmet Pain Needs to build data-driven human disease understanding along the R&D value chain and to enhance our ability to create truly novel medicines for patients in need.

To contribute to this, we have set ourselves the goal of reducing the cycle time and resources required for de novo candidate discovery through Machine Learning (ML). We will use data science to identify patterns in existing data sets and develop algorithms to discover new potential drugs. We aim to shorten cycle times to producing candidate molecule ready for preclinical testing from 18 months to 14 months by 2025. Furthermore, we want to improve clinical trial design through ML-based patient phenotyping. Our goal is to have conducted two such trials using this methodology by 2025. By improving our understanding of the treatment effect of analgesics, we plan to further support patients on their journey to better manage their pain. We plan to use objective digital measurements of patient's mobility and sleep to improve the understanding of treatments in clinical studies and post-approval. Our goal is to implement objective mobility and sleep measures in at least one clinical and one post-approval study in chronic pain by 2025 (baseline 1 study).

Promotion of pain research

Innovation requires the fostering of research to support early-career scientists and clinicians. Through grants of up to €200,000 provided by Grünenthal and the European Pain Federation EFIC every two years, we support young scientists early in their career in carrying out innovative clinical pain research. Research grants are intended for clinical and human experimental pain research, including innovative educational initiatives aimed at improving diagnosis and treatment of pain. Since the foundation of the EFIC-Grünenthal Grant in 2004 approximately €1.6 million has been awarded to fund 70 projects in more than 13 countries. In addition, to drive patient-centric innovation in chronic pain and neurological disorders and award patient centric and scientifically robust innovation, we support the Brain, Mind, and Pain Patient-Centred Innovation Grant, which awards €60,000 every two years to research proposals to encourage patient-centred innovation that leads to improvements in the life conditions of pain patients.

Product Governance & Safety

GRI 3-3, GRI 416-1, GRI 416-2

Product safety is particularly important in the pharmaceutical industry. We place the highest demands on the safety of our products and processes and apply intensive testing and safety procedures along all steps of our production.

The pharmaceutical industry is extensively regulated by the EU and national authorities worldwide to ensure that medicinal products are effective and safe to use. Various pieces of legislation set high standards for the content, quality, distribution and promotion of our products, as well as for routine matters such as working conditions. Due to the high product safety standards and the close monitoring in the pharmaceutical industry, Grünenthal is not committed to any additional voluntary codes in the context of product safety.

Our product range includes mature, off-patent medicines that have a long market history and safety record, innovative medicines that are patent-protected and grant us exclusivity to manufacture and market them, as well as developmental products. Our products marketed in the EU focus on pain therapies. Our business includes, but is not limited to, the following regulated activities: research and development of medicinal products, marketing authorisation, manufacturing, wholesale distribution and supply, pharmacovigilance, and product promotion. Each of these activities is subject to strict regulatory frameworks worldwide.

We place the highest demands on the safety of our products and processes

The regulations that apply also include provisions on quality development, safety and efficacy requirements, risk minimisation activities, labelling (including warnings), approval, manufacturing, distribution, promotion, pricing and reimbursement, marketing, and post-marketing surveillance of medicines. These high standards and strong control mechanisms are designed in a way that risks arising from our products are as low and well managed as possible. In addition, we have a seamless quality management system to ensure the highest quality and product safety along our production processes. Here, too, we strive to meet the highest standards to ensure patient safety. To target the best timely detection of new risks or new aspects of known risks related to the use of our substances including high quality risk minimisation measures in line with high industry standards and international/national regulations, we have a high-quality pharmacovigilance system established.

PEOPLE

OUR EMPLOYEES, PARTNERS AND COMMUNITIES

Material Topics	HUMAN CAPITAL FAIRNESS	EQUALITY, DIVERSITY & INCLUSION	ATTRACTIVE EMPLOYER	EMPLOYEE ENGAGEMENT
Our Sustainability Ambitions	• *Assurance of 100% alignment with relevant Human Resource ("HR") regulations, health and safety standards and the freedom of association*	• *Establishing a Diversity & Engagement Council by end of 2022* • *Offer a workplace that mirrors the diversity of society and is an Equality, Diversity & Inclusion role model* • *All policies and practices are inclusive and encourage diversity and equality by end of 2025*	• *Grünenthal is globally recognised as an attractive employer through employer awards and certificates*	• *Constantly improving a working environment in which all employees feel valued, respected, included and empowered to do their best, bring great ideas to the table and develop their full potential* • *Offer a wide range of learning and development opportunities, supported by learning experience platforms that can respond to individual needs and learning styles*

PEOPLE – OUR EMPLOYEES, PARTNERS AND COMMUNITIES

HOW CAN WE have a positive impact on the lives of the people we work with, our partners and wider society? To achieve this, Grünenthal drives a vibrant and high-performance culture guided by distinctive Values & Behaviours. We promote this culture, foster trust and promote diversity and inclusion through various initiatives. In addition, we strive to empower our employees to their best and look after their health and well-being, and we contribute to improving the quality of life for people and communities around us. As part of our materiality analysis, together with our stakeholders we have identified four topics as material in the area of "People":

Human Capital Fairness

↓

HEALTHY EMPLOYEES as well as safe working conditions are the basis for our success. To achieve this, we rely on comprehensive health measures and the highest safety standards.

Equality, Diversity & Inclusion

↓

WE STAND UP FOR DIVERSITY, equality and inclusion. We want to increase diversity and equality in our company and equip leaders to role model an inclusive environment.

Attractive Employer

↓

WE WANT TO CREATE the best possible conditions for our employees both in their professional and private lives. We therefore provide an environment where people can thrive in rich and varied roles, offer growth opportunities and an extensive range of benefits.

Employee Engagement

↓

FOSTERING A HIGH-PERFORMANCE culture and living our Values & Behaviours is the key to our success. That's why we invest in regularly asking feedback from our employees to continuously improve.

***Lea Theimer**, Executive Assistant, **Petra Eich**, Corporate Design & Executive Events, and **Priscila Monteros**, Product Owner Omnichannel (from left to right)*

Our Employees **GRI 2-7**

DATA			2019	2020	2021
Total number of employees			**4,702**	**4,653**	**4,507**
	Thereof female		2,410	2,352	2,297
	Thereof male		2,292	2,201	2,210
	Breakdown by region				
		HQ&GSD [1]:	1,426	1,394	1,323
		Europe:	1,305	1,305	1,283
		Latin America:	1,919	1,767	1,733
		USA:	52	87	168
Permanent employees			**4,341**	**4,228**	**4,132**
	Thereof female		2,217	2,167	2,101
	Thereof male		2,124	2,061	2,031
	Breakdown by region				
		HQ&GSD [1]:	1,305	1,262	1,176
		Europe:	1,131	1,189	1,150
		Latin America:	1,853	1,690	1,638
		USA:	52	87	168
Temporary employees			**361**	**325**	**375**
	Thereof female		193	185	196
	Thereof male		168	140	179
	Breakdown by region				
		HQ&GSD [1]:	121	132	147
		Europe:	174	116	133
		Latin America:	66	77	95
		USA:	0	0	0
Full-time employees			**4,406**	**4,259**	**4,220**
	Thereof female		2,137	2,075	2,034
	Thereof male		2,269	2,184	2,186
	Breakdown by region				
		HQ&GSD [1]:	1,215	1,181	1,114
		Europe:	1,223	1,226	1,208
		Latin America:	1,918	1,766	1,732
		USA:	50	86	166
Part-time employees			**296**	**294**	**287**
	Thereof female		273	277	263
	Thereof male		23	17	24
	Breakdown by region				
		HQ&GSD [1]:	211	213	209
		Europe:	82	79	75
		Latin America:	1	1	1
		USA:	2	1	2

[1] Headquarters (HQ) & German Sales Division (GSD)

Human Capital Fairness

GRI 3-3

Our employees are our greatest asset. Through their contribution every day, they are the foundation for our success. We believe that no company can flourish without ensuring the health and well-being of its employees.

In striving to ensure health and well-being, we take a comprehensive approach, offering health and safety programmes as well as training across the countries we operate in. In that regard, we comply with the highest standards in the areas of human resources management and occupational health and safety, and often go beyond legal requirements, for example with our comprehensive approach to zero work accidents.

Health and well-being initiatives

GRI 403-3, GRI 403-6

Maintaining and improving mental and physical health is essential for everyone. We therefore provide our employees with regular training as well as health services and programmes, supporting physical, psychological and social health. Alongside these programmes, we also have company doctors and nurses present on several of our sites. Their medical services include preventive occupational medical care, relevant occupational health examinations and vaccination programmes (e. g. Covid-19). Offerings and services can vary by location.

Occupational Health and Safety

GRI 403-1, GRI 403-2, GRI 403-4, GRI 403-5, GRI 403-7, GRI 403-8, GRI 403-9

We have a clear goal concerning safety: VISION ZERO. Our goal is zero Lost Working Days due to accidents.

To this end, strengthening safety awareness is fundamental. At our production sites, for example, manufacturing employees spend time every month observing the safety behaviour of their colleagues and providing constructive feedback.

ISO 45001 and EHS Policy – highest standards

To maintain the highest safety standards and reach the goal of VISION ZERO, our occupational health and safety management systems at our production sites in Germany, Switzerland, Italy, Ecuador and Chile were certified according to the ISO 45001 standard.

In addition, we have developed a "Policy on Occupational, Safety, Health and Environmental Protection, and Energy" (EHS policy) and implemented it at our sites. Among other things, it sets out obligations to comply with health protection and measures to actively improve occupational safety, defines accountability and thus creates a basis for a safe working culture. This EHS policy applies to all our employees and is also binding on our suppliers. To reach our employees in the best possible way and to ensure that the entire workforce is covered by the management system, the document is available in English, German, Italian and Spanish.

Our exemplary comprehensive health services and programmes in our global headquarters in Germany

Physical Health:

- In-house massage services
- Various workshops and long-term courses, such as yoga, back ergonomics, active breaks, etc.
- Lectures and speeches on topics such as nutrition, sleep, and other current health topics
- Cooperation with fitness studios to subsidise membership charge for employees
- Digital sports and health courses via Voiio, a corporate digital platform for private and family life
- Grünenthal health "Theme week" with topics such as "Health in Homeoffice", "Mindful spring", "Fit into summer", and "Healthy through the winter"

Psychological and Social Health:

- Offerings around mindfulness and resilience
- Healthy Leadership
- Life situation coaching
- Occupational Integration Management for the re-integration of employees after longer illness

Our global EHS network

All our manufacturing sites receive EHS audits and standardised risk assessments on a regular basis, to identify risks and find opportunities for improvement.

To ensure that our high standards are met in the best possible way, there are local EHS managers at all relevant sites who act as contact and sparring partners for the sites. They monitor safety and health regulations, check risks and evaluate potential for improvement together with the employees.

The local EHS managers report to the Global EHS unit at our head office in Aachen, Germany. The global unit is responsible for monitoring and managing compliance with EHS regulations and reports on progress and risks to the Corporate Executive Board at regular intervals.

The relevant sites have their own EHS committees, in which the local EHS contacts, employee representatives and the local management team are represented. These committees also exchange information with the Global EHS team three to four times a year. In addition, meetings between the local EHS managers and the Global EHS team take place at least once a month.

Employees are regularly informed about progress, risks and innovations via global and local town hall meetings. They also have the opportunity to make suggestions for improvements and to point out risks.

EHS training programmes

To create a prevention mindset, we take precautionary measures through intensive training sessions and regularly inform our employees about relevant safety issues. Depending on the exposure to risks, there are extensive, customised training programmes for all employees, adapted to local conditions. The scope of the training depends on the employee category: employees with specific responsibilities or higher exposure to risks receive more extensive training than, for example, office employees without direct contact with production processes. In addition to regular general EHS training for all staff, for specific responsibilities training of standards could include, for example:

- Site Governance & Assurance
- Contractor Management
- Work at Height
- Lock Out Tag Out
- Hot Work
- Electrical Safety
- Emergency Preparedness
- Confined Space Entry
- Hazardous Materials Handling
- Safety Behaviour
- Safe Operation of Trucks FLTs
- Machine Guarding

Work-related injuries and fatalities

GRI 403-9

	2020	2021
Work-related fatalities	0	0
High-consequence work-related injuries (excluding fatalities)	28	18
Work-related injuries	74	25

Diversity drives innovation – Equality, Diversity & Inclusion

GRI 3-3, GRI 405-1, GRI 406-1

Equality, diversity and inclusion is a business imperative embedded in our company Values & Behaviours. Grünenthal wants to provide a work environment where everyone feels respected, welcome and appreciated, irrespective of which specific identity group they can belong to.

We empower our employees to have a positive impact on the results we achieve and on the lives of the patients we serve. We do this by encouraging all of our employees to innovate in every possible way – whether by building our pipeline or implementing new ideas to drive performance along the value chain. (More information on cutting-edge science and technology can be found in our corporate Grünenthal Report.)

Indeed, innovation is one of the key enablers of our success. We are convinced that brilliant ideas leading to innovative solutions can only be generated when diverse teams and leaders, with a variety of different perspectives, capabilities, experiences and ideas work together. This is why, at Grünenthal, we promote and encourage diversity in all our global teams and strive to create a culture of inclusion where all our employees can unleash their full potential.

Flagship initiative: Circle of Trust

Building on a strong foundation, we are committed to expanding our initiatives to foster a culture of trust among employees, partners and the community.

To further strengthen this “Circle of Trust”, we are now establishing a Diversity & Engagement Council. The Council will define strategic Diversity & Engagement goals linked to the Grünenthal business strategy and our cultural mission, govern associated initiatives and monitor impact and thus strengthen Grünenthal as a trusted corporate brand, an attractive employer and a great place to work.

Our ambitions are high:

- Maintain high levels of engagement at Grünenthal by providing a working environment in which all of our employees feel valued, respected and empowered to develop their full potential and bring great ideas to the table.
- Move towards a workplace that more closely mirrors the diversity of society; become a role model of diversity, inclusion and equality with policies and practices that are inclusive and encourage diversity.
- Be recognised as an attractive employer.
- Build a global framework that will enable our employees to continuously drive our purpose externally by cooperating with partners who share our ambitions in ethics, human rights and diversity.

Anti-Discrimination

To prevent discrimination – meaning the unfair treatment of individuals or groups of people based on certain characteristics – and to give all employees the opportunity to seek help should they feel they are victims of discrimination, we have set up an Ethics Helpline which anyone can call in confidence. (For further information please refer to the chapter "Compliance, Ethics & Transparency".)

As soon as a case is reported, our Compliance Organisation looks into the matter, following our standardised and state-of-the-art investigation process, in close cooperation with global and/or local HR. In the reporting year, as in 2020, no cases of discrimination were reported to the Ethics Helpline.

Diversity

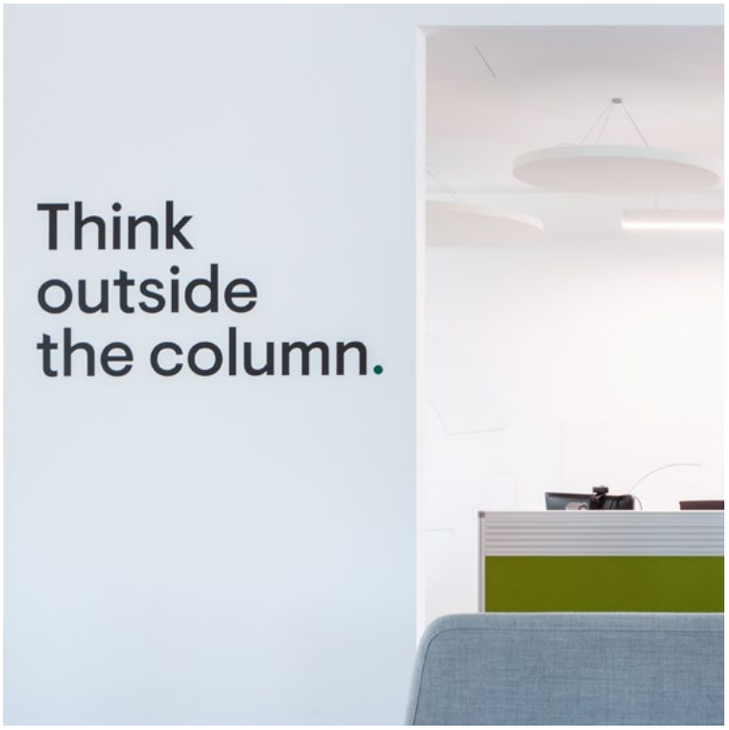
DATA		2019	2020	2021
Corporate Executive Board and Advisory Board				
Gender	male:	100%	88%	88%
	female:	0%	12%	12%
Under 30 years old		0%	0%	0%
30 – 50 years old		75%	75%	75%
Over 50 years old		25%	25%	25%
Percentage of employees in R&D:				
Gender	male:	40%	38%	37%
	female:	60%	62%	63%
Under 30 years old		6%	4%	2%
30 – 50 years old		64%	68%	66%
Over 50 years old		30%	28%	32%
Percentage of employees in Global Commercial:				
Gender	male:	44%	43%	44%
	female:	56%	57%	56%
Under 30 years old		5%	4%	3%
30 – 50 years old		66%	63%	60%
Over 50 years old		29%	33%	37%
Percentage of employees in Global Operations:				
Gender	male:	56%	55%	57%
	female:	44%	45%	43%
Under 30 years old		12%	12%	11%
30 – 50 years old		60%	59%	59%
Over 50 years old		28%	29%	30%
Percentage of employees in Corporate Functions:				
Gender	male:	48%	47%	47%
	female:	52%	53%	53%
Under 30 years old		19%	18%	17%
30 – 50 years old		57%	55%	56%
Over 50 years old		24%	26%	27%

Attractive Employer

GRI 3-3

As a global player in a fast-paced, ever-changing market environment, our business success is only made possible by our people. Their ambition, talent and commitment drive our efforts to strengthen our position as a cutting-edge pharmaceutical company.

It is our goal to maintain high levels of engagement with our workforce and to strengthen our company as a Great Place to Work®. We promote a vibrant, high-performance culture which is founded on a shared set of values. These guide our behaviours and decision-making – as individuals and as an organisation. More information on Grünenthal as a Great Place to Work® can be found in our corporate Grünenthal Report.



Grünenthal Global Business Services Office, Lisbon, Portugal

Flexible working models

Creating an atmosphere of mutual trust among our employees is particularly important to us. Even before the Covid-19 pandemic, we made it possible for our employees to work from home. Through our hybrid working model, SMARTWORK, which allows for a flexible arrangement of office work and work from home, we can offer a good work-life balance.

For working parents, balancing family life and career is a daily challenge. We help by providing company childcare facilities at our headquarters with space for 70 children, with care in both English and German, and we offer other childcare services at some of our other sites.

We help balancing family life and career

Our remuneration principles

GRI 2-30

We use a standardised and transparent global process for our remuneration approach. Job scope, market competitiveness and performance are the key elements of our remuneration philosophy.

The use of an established market-based job evaluation system aims to ensure internal and external equity with a consistent approach. All parts of the total remuneration package are based on local market practice. Through comprehensive benchmarking using leading data sources and expert industry advisors in each local market, we aim for competitiveness. Salary and benefits structures are regularly reviewed in view of the respective target groups and business needs.

Grünenthal offers a wide range of additional competitive monetary and non-monetary benefits including healthcare and pension in the context of the local market. Benefits may include medical insurance, company car, fitness allowance as well as membership and service fees, training/education, additional vacation days, special discounts and other support.

Employee Engagement

GRI 3-3, GRI 404-3

Working at Grünenthal is about living our values and contributing to evolve our company culture, every day. We think and act with the patient in mind, we acknowledge that people make the difference, and we team up to create value.

Five Values, supported by specific Behaviours, guide our decision-making and provide a clear indication of how we are expected to behave – as individuals and as an organisation.

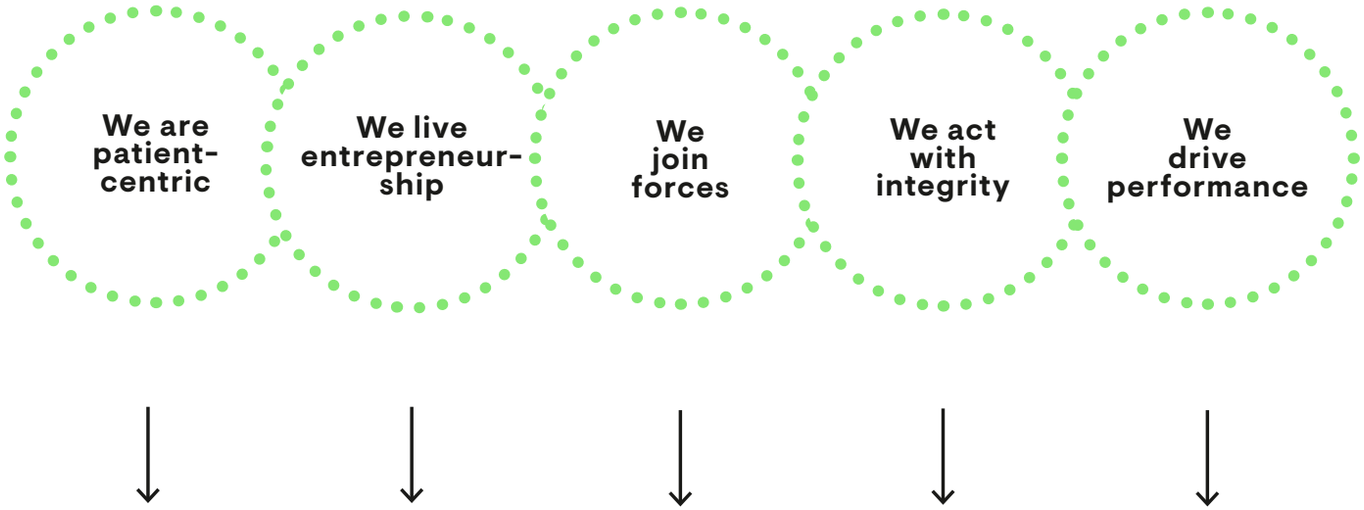
Wherever Grünenthal has a presence or impact, we must live up to our company Values & Behaviours.

Training and career development

GRI 404-2

Each and every employee at Grünenthal is considered a talent and we actively promote growth and individual development for all of them, with each employee having a personal development plan, including regular

Grünenthal Values & Behaviours



This means that we put our patients first when making decisions. We want to understand their needs and experiences and tailor solutions to improve their lives.

We try new things and take smart risks. We think and act strategically, spot trends, plan long-term and create opportunities for growth. We work to win – and be better.

We actively seek diverse input when designing solutions. We listen to each other, share knowledge to ensure a common understanding and learn from each other.

This value is at the heart of everything we do. We advocate and apply high ethical standards every day. We treat people with respect and have empathy for how people feel.

This value is key to ensure our company success. We want to share our vision and inspire people to achieve our purpose.

performance and career development reviews. We invest in our people and provide many different learning and growth opportunities, such as taking on new challenges on the job, training, coaching or mentoring programmes, to name a few. Our ambition as an organisation is to encourage our employees to unleash their full potential.

Each employee sits in the driver's seat of their own development – they own it. We expect them to speak up, make proposals and discuss aspirations, development areas and actions with their managers.

Our leaders also have the responsibility to support the development of their team members by leveraging their strengths, identifying areas for improvement, providing space and also opportunities for growth within their teams. It has to be the ambition of every leader to create a learning environment, applying the 70/20/10 learning strategy. This strategy model states that 70% of learning happens on the job, 20% in interactions with others like coworkers and managers, and only 10% of learning happens in off-the-job activities such as training.

To support the 'off-the-job' learning, we offer an extensive range of advanced training courses available through our Learning Management System and other learning platforms (more information can be found in our corporate Grünenthal Report).

Grünenthal – a Great Place to Work®

Our regular employee satisfaction surveys and leadership feedback surveys provide us with continuous and actionable insights. Employees can also tell us anonymously what they think about our culture and leadership approach through our Great Place to Work® survey. It gives us a clear benchmark of where we stand and allows us to track our progress.

The Great Place to Work® survey is conducted every two to three years. In the last survey in 2020 we achieved our highest ever score since we started conducting these surveys in 2009.

The Trust Index, which indicates the average approval rates across all items as an overall result, has increased by 8% on a global level compared to the last survey in 2017.

TRUST INDEX

Global	**76%**	**Since 2017 +8%**
Europe	75%	+1%
Latin America	78%	+1%
Headquarters	70%	+14%

GRÜNENTHAL IS A GREAT PLACE TO WORK

Global	**81%**	**Since 2017 +9%**
Europe	82%	+4%
Latin America	83%	+1%
Headquarters	76%	+23%

With an 85% response rate, a total of 81% of all employees agreed that Grünenthal is a "Great Place to Work". Satisfaction rates were high across all regions (over 75%). It went up in all regions with the biggest increase (+23%) at Headquarters in Aachen (total: 76%).

We have been awarded Great Place to Work® certification in a total of eight countries and even the "Best Workplace Certificate" in three countries (more information can be found in our corporate Grünenthal Report).

180-degree Pulse Check – Positive feedback for management

This positive trend is also reflected in our "180-degree Pulse Check". In order to provide targeted leadership feedback for line and project managers on how they drive team performance and development and bring our Values & Behaviours to life, we annually conduct 180-degree Pulse Checks.

In 2020, we already had an 86% approval rate of employees who would recommend their managers and in 2021 we were able to increase this rate to 88% (more information on the 180-degree Pulse Check can be found in our corporate Grünenthal Report).

Employee turnover **GRI 401-1**

UNIT		2019	2020	2021
Total number and rate of new employee hires during the reporting period, by gender and region (Heads)[1]				
	total number:	708	440	520
	thereof			
	male:	325	210	273
	female:	383	230	247
	thereof			
	Headquarters & German Sales Division:	127	110	88
	Europe:	273	150	128
	Latin America:	769	141	207
	USA:	39	39	97
Total number and rate of employee turnover during the reporting period, by gender and region (Heads)[2]				
	total number:	246	194	277
	thereof			
	male:	110	95	114
	female:	136	99	163
	thereof			
	Headquarters & German Sales Division:	48	56	72
	Europe:	90	60	91
	Latin America:	108	76	106
	USA:	0	2	8
Total turnover Rate		**5.8%**	**4.2%**	**6.1%**

[1] New hires (globally) and split by Region as in Global HR Report: Germany (HQ/GSD), EU, LatAm, US; Only employees who are hired for at least six months are taken into account

[2] Turnover (voluntary) globally

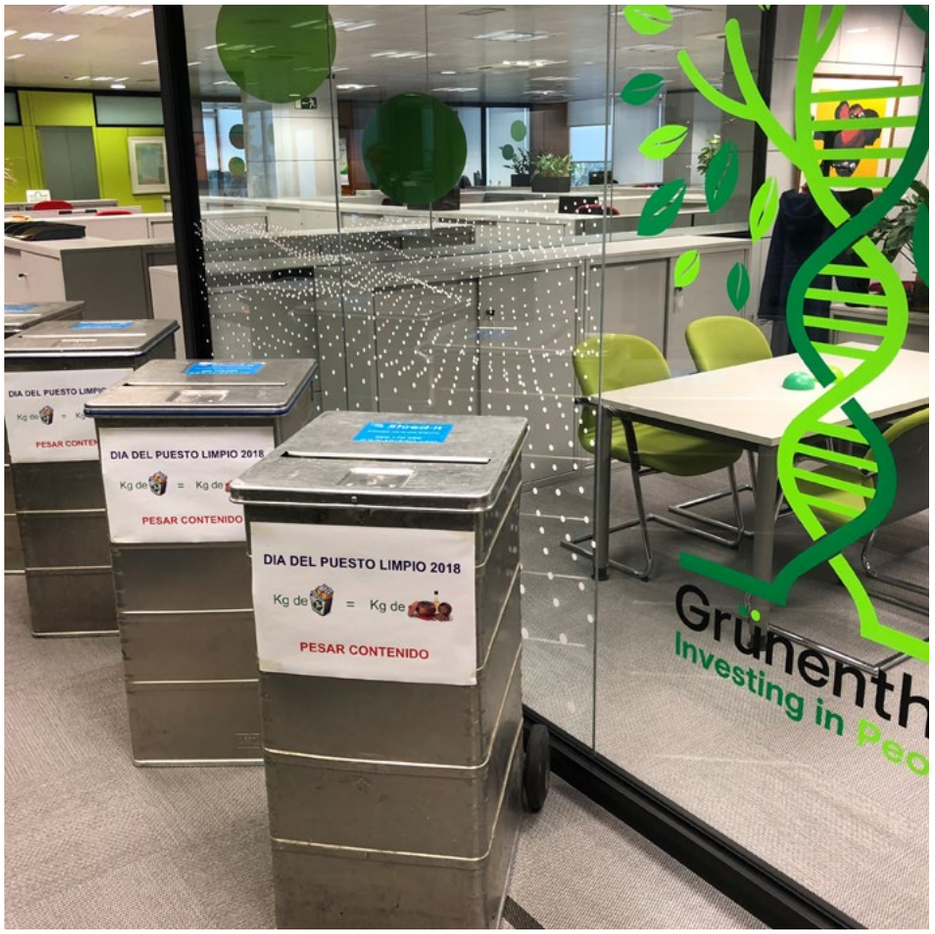
Corporate Citizenship

Improving the quality of life of people and communities beyond our core business is a key part of our Corporate Responsibility Programme. It is important to us to give back to society and let people share the success of our business. We have a long tradition of supporting projects and charities that have a positive impact.

In addition to supporting local outreach activities through our Patient flagship initiatives, which are closely linked to our core business (see chapter “PATIENT – THE PEOPLE WE SERVE”), we also support other projects with donations.

In the reporting year, for example, we helped the victims of the flood disaster in the Ahr Valley (Germany) and donated €400,000 to provide the necessary care in the short term. In addition, we support a unique project that combines recycling with helping people in need. Our team in Madrid, Spain, collected more than 26,000 kilos of recycled paper from the office since 2012, when this initiative started and then donated the same weight in food to the Food Bank Foundation of Madrid.

Collecting paper for recycling at Grünenthal offices in Madrid




We are
Grünenthal
Values & Behaviours

PLANET THE ENVIRONMENT WE DEPEND ON

Material Topics

ENVIRONMENTAL EXCELLENCE STRATEGY	RESPONSIBLE USE OF RESOURCES	OUR IMPACT ON CLIMATE
↓	↓	↓
Our Sustainability Ambitions		
• *Defining the environmental strategy and establishing the roadmap of environmental initiatives for the complete scope of Grünenthal's operations, supplier production and patient/after-use value chain of our products by the end of 2022*	• *Annual reduction of 3% in normalised energy consumption (kWh/produced units or volume per site)*	• *We want to achieve net zero emissions in Scope 1 and 2 by 2030*
• *Introduction of a comprehensive environmental management system for Grünenthal by the end of 2022*	• *Annual reduction of 3% in normalised waste (tons/produced units or volume per site)*	• *Develop a Climate Strategy to reduce our carbon footprint by the end of 2023*
	• *Reduction of 3% CO_2 emission per site per year (CO_2e/produced units or volume per site)*	
	• *Reduction of 2% in water consumption per year per site (m^3/produced units or volume per site)*	
	• *We will work with our key suppliers to achieve a commitment to use 100% renewable power and implement an energy reduction standard by 2030*	

PLANET – THE ENVIRONMENT WE DEPEND ON

WE ARE COMMITTED to minimising negative environmental impacts of our global operations. In order to take sustainable action, we are constantly monitoring our performance and our practices. We aim to constantly improve and successfully adapt to new regulatory requirements. We have therefore devoted our efforts – jointly with our stakeholders, such as employees, partners or customers – to reducing our carbon footprint, our resource and energy utilisation, as well as our waste generation within our value chain.

In order to create a meaningful impact and achieve our goals in a focused way, we have determined three major environmental areas of action in close dialogue with our stakeholders.

***Petra Eich**, Corporate Design and Executive Events*

Environmental Excellence Strategy

↓

OUR GOAL is to further promote environmental sustainability. To manage this, we are continuously working on our environmental sustainability strategy based on our flagship initiative: Planet – Driving Environmental Sustainability.

Responsible Use of Resources

↓

RESPONSIBLE USE of resources is essential for us and our stakeholders to limit our impact on the environment. In particular, we focus on our energy and water consumption and the handling of production waste.

Our Impact on Climate

↓

WE WANT TO BETTER understand our impact on climate change and take action to reduce it. We therefore had our corporate carbon footprint calculated and set ourselves concrete targets for future CO_2 reductions.

Environmental Excellence Strategy

GRI 3-3

The world's limited resources are becoming increasingly depleted, and the environmental footprint of humankind is already more than the planet can sustain. That is why we take responsibility for our impact on the environment.

We follow leading international environmental standards. We collect and analyse data from our production sites to improve efficiency and reduce energy consumption, and we send zero waste to landfill. We also maintain the environmental management standard ISO 14001 at all operational sites and the energy management standard ISO 50001 at our Aachen site.

To push our excellence strategy further, we have carried out a full environmental impact assessment and greenhouse gas inventory for our sites and across our entire value chain and are now building a roadmap to achieve our ambitious goals. The roadmap includes specific targets like the reduction of waste by 3% year on year through promotion of reuse and recycling. To achieve these goals, we are engaging all our employees to take responsibility for our impact on the environment, use resources sustainably and avoid waste.

We have set for ourselves the goal of further designing our environmental strategy and clarifying the roadmap for environmental initiatives across Grünenthal's operations, the supplier phase, the patient and the whole post-use value chain by the end of 2022.

Flagship initiative: Driving Environmental Sustainability

We anchor our environmental excellence approach with the Planet Flagship Initiative "Driving environmental sustainability". This Flagship Initiative is our holistic approach to bundle all of Grünenthal's environmental initiatives, our suppliers' productions and the value chain of our products for patients and after use.

The elements of our comprehensive environmental flagship initiative:

- Together with our employees and partners we are increasing the sustainability in our operations, procurement and products across the whole value chain.
- We are reducing CO_2 emissions, water consumption and waste generation from all our operations.
- By establishing projects to reduce packaging and minimise the end-of-life environmental impact of our products we are taking responsibility for the impact of our products at the consumer and post-consumer stage.

Our Environmental Goals

- Annual reduction of 3% in normalised energy consumption (kWh/produced units or volume per site)
- Annual reduction of 3% in normalised waste (tons/produced units or volume per site)
- Reduction of 2% in water consumption per year per site (m^3/produced units or volume per site)
- We will work with our key suppliers to achieve a commitment to use 100% renewable power and implement an energy reduction standard by 2030
- We want to achieve net zero emissions in Scope 1 and 2 by 2030
- Reduction of 3% CO_2 emission per site per year (CO_2e/produced units or volume per site)
- Develop a Climate Strategy to reduce the carbon footprint by the end of 2023

Environmental Impact Assessment (EIA)

As a basis for achieving our goals, defining the status quo and identifying potential for improvement, we conducted an environmental impact assessment (EIA) together with an external partner. With this EIA, we identified the most important environmental impact areas for Grünenthal and its products.

To support the analysis, we follow the Future-Fit Business Benchmark methodology, which is based on the best available scientific evidence. The initial focus of the project is on the environmental side of sustainability, and thus some adjustments were made to the framework. The results of the analysis are reflected in the following reporting on resource consumption and climate impact.

Responsible Use of Resources

GRI 3-3

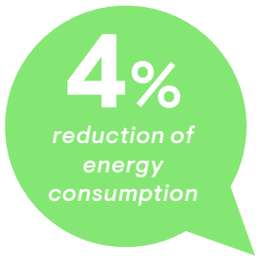
Within our own operations we have a direct influence on responsible use of resources. While the EIA revealed that the impact of Grünenthal's own production is relatively small compared to the supplier and after-use phases, this is where we can directly contribute by setting and achieving ambitious targets.

In addition, lessons learned from minimising the impacts of our own operations can be used in setting requirements for suppliers and contract manufacturers.

Our focus in the area of sustainable operations is on energy and water consumption and on the reduction of waste. Overall, we aim at contributing to a reduction of our CO_2 emissions, which are elaborated under 'Our impact on Climate'.

Energy Consumption

Energy consumption is the dominant contributor to climate change, accounting for around 60% of total global greenhouse gas emissions. To minimise our emissions, we collect and regularly analyse data from our production sites so that we can continuously improve resource efficiency and reduce our energy consumption.



Total Energy Consumption[1] GRI 302-1, GRI 302-4

	2020 IN kWh	2021 IN kWh	CHANGE IN %
Total energy consumption	**132,471,725**	**127,628,001**	**–4%**
thereof from non-renewable sources	115,060,298	110,950,645	–4%
thereof from renewable sources	17,411,427	16,677,356	–4%
Electricity consumption	25,252,821	23,583,365	–7%
Heating consumption (measured at one manufacturing site)	8,500,000	8,300,000	–2%
Cooling consumption	validated values to be expected in the course of 2022		
Steam consumption	8,500,000	8,500,000	0%

[1] The scope covers the entire six production sites including the administrative buildings located on the campus. Affiliate offices are not included.

Energy Intensity GRI 302-3, GRI 302-5

The Energy Intensity is measured differently at different sites.

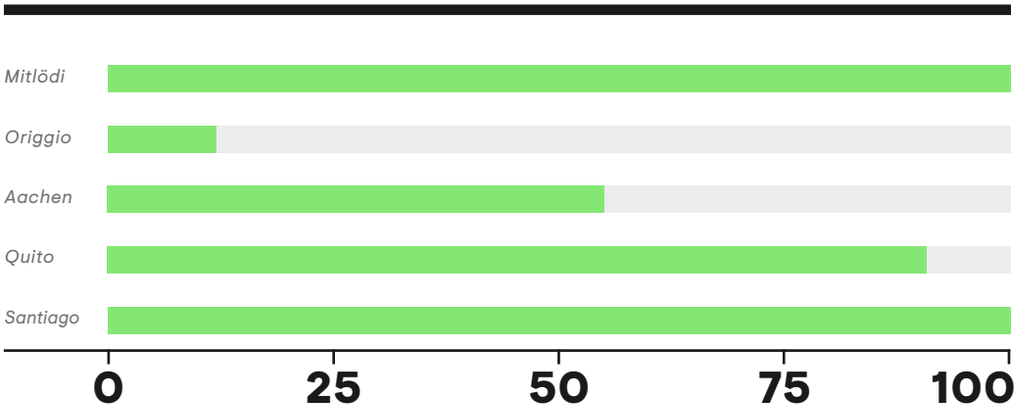
- For sites producing Active Pharmaceutical Ingredients (API sites in Aachen and Mitlödi): kWh energy/tons.
- For sites producing pharmaceutical goods (Aachen, Santiago and Quito): kWh/1,000 packs produced
- For sites producing multiple tablets (Origgio):kWh/1,000,000 tablets produced.

Energy Intensity and Reduction (Production facilities) [1]

SITES	Units	Energy		
		2020	2021	CHANGE IN %
Aachen Site	(kWh/1,000 packs)	105	109	4%
API Site (Aachen)	(kWh/tons)	219,895	149,463	–32%
API Site (Mitlödi)	(kWh/tons)	54,566	51,856	–5%
Origgio Site	(kWh/1,000,000 tablets)	13,592	13,921	2%
Quito Site	(kWh/1,000 packs)	236	198	–16%
Santiago Site	(kWh/1,000 packs)	308	253	–18%

[1] Energy sources used in this calculation include electricity, gas and oil. The scope covers the six production sites excluding the administrative buildings located on the campus. Affiliate offices are not included

Renewable Electricity per site as % of Total Electricity purchased (2020)



The largest global energy source at Grünenthal is currently gas, which is mainly used to generate electricity and heat. Overall, 110,950,645 kWh (2020: 115,060,298 kWh) of our energy consumption currently comes from non-renewable sources. 23,583,365 kWh (2020: 25,252,821 kWh) of our energy consumption comes from conventional electricity.

The share of renewable energy is 16,677,356 kWh (2020: 17,411,427 kWh) in total and 69 percent of the total share of electricity.

In terms of energy consumption, reducing the impact on the environment by improving energy use is essential. To achieve our goal of net zero emissions in scope 1 and 2 by 2030, we need to reduce our energy consumption and increase the use of renewable energy.

Green energy transition

Our production site in Mitlödi, Switzerland, was the first Grünenthal site to switch its energy supply to 100% renewable electricity from a local hydroelectric plant. The state-of-the-art, underground plant generates and stores renewable energy by pumping water from Lake Limmern into Lake Muttsee. In a next step, we are checking the possibility of installing a heat pump powered by green electricity. This would allow us to cover our heating needs and at the same time reduce the consumption of natural gas, which currently still accounts for 68.5% of the site's energy needs.

Mitlödi is just one example. As part of the development of our Environmental Strategy, we are examining the possibility of increasing the share of renewable energies at all our sites and we are analysing measures to reduce energy consumption. One of these measures is, for example, the conversion of the lighting to LED lamps.

Targeted measures to reduce energy consumption

A big part of our electricity consumption is, for example, the lighting in our offices and production sites. Factories are especially lighting intense and regular light bulbs are highly energy consuming: a typical 60-watt light bulb uses about 525 kWh of energy every year. Replacing them with LED bulbs reduces the annual energy consumption per bulb to only 65 kWh. For this reason, Grünenthal is switching to LED lamps at its sites.

At Grünenthal's headquarters in Aachen, almost **500 new LED lamps** have been installed. This saves around 205,000 kWh per year, which is equivalent to the annual electricity consumption of 70 households.

Grünenthal's production facilities are now also using LED lamps: in Origgio, Italy, 80% of the lights for the production area are LED lamps, and in the factories in Quito, Ecuador, and Santiago, Chile, 90% of the lights are equipped with LED lamps. We plan to continue development until 100% of the lamps at these sites are equipped with LEDs, which is already the case at the plant in Mitlödi, Switzerland.

The new bulbs reduce energy consumption and associated CO_2 emissions and they also cut maintenance costs because they can run for up to 50,000 hours – five times longer than conventional bulbs.

Water Consumption

GRI 303-1, GRI 303-2, GRI 303-4

The production of medicines involves a relatively high intensity of water consumption. Water, being an increasingly valuable, limited resource, is therefore closely monitored at our production sites. We have also included water-related risks in our EIA.

Water stress risk assessment shows risks in some areas

The term "water stress" describes the ability to meet or not meet the demand for freshwater. The water stress concept incorporates both human and environmental factors. It is, compared to the pure water scarcity, a more comprehensive and broader concept. Water stress considers several aspects, such as water availability, water quality, water accessibility or the existence of sufficient infrastructure and affordability of water. Both water use and withdrawal provide useful information and insights into relative water stress.

When analysing the regions in which our production sites are located, the risk for the sites in Switzerland, Italy and Ecuador were classified as 'medium-low to low'.

However, the local water stress risk for the Aachen region, where our main site is located, was rated as 'high' and for the Santiago area in Chile, being the location of our production sites in Chile, was rated as 'extremely high'.

This fact-based, transparent monitoring allows us to identify possible measures to improve our water management at each site.

Water management at our sites

The local EHS managers at the production sites are responsible for the monitoring of water consumption and wastewater. Overall, water consumption at Grünenthal decreased by 9% in the reporting year compared to the previous year.

Water consumption **GRI 303-3, GRI 303-5**

	Unit	2020	2021	CHANGE IN %
Aachen				
Third party water	megaliters	72.91	65.58	–9%
Quito				
Groundwater	megaliters	30.72	28.77	–6%
Mitlödi				
Third party water	megaliters	4.8	4.7	–2%
Origgio				
Third party water	megaliters	68.4	60.3	–12%
Santiago				
Third party water	megaliters	48.1	45.16	-6%
Total water consumption	**megaliters**	**224.93**	**204.51**	**–9%**
thereof water consumption from areas with water stress (Santiago)	megaliters	48.1	45.16	–6%

At our sites, water is drawn primarily from the public water supply. Our site in Chile has its own well to ensure water supply. We are conscious about the difficult situation with a fully privatised water supply in Chile. We are therefore taking an active role as a responsible water consumer in our site's local communities. Globally, we are continuously working to reduce our water consumption and have set ourselves internal targets.

Water discharge

Not only does water consumption play a decisive role, but also the discharge of wastewater. The production of pharmaceutical products generates pollutants that often cannot simply be discharged into the wastewater system and require special treatment.

Depending on the location, we have individual approaches for treatment and control before discharge into the municipal sewer system. These meet the highest standards and are based on local regulations. All sites have intensive treatment procedures, regular inspections, and specialised technologies for water treatment.

Of our production sites, Ecuador is the country with the highest risk of pollution from wastewater, as the local infrastructure for wastewater treatment is weaker. Our standards here are particularly high: the site treats wastewater with its own Wastewater Treatment Plant and uses the cleaned wastewater for irrigation of the green areas.

Waste

GRI 306-1, GRI 306-2

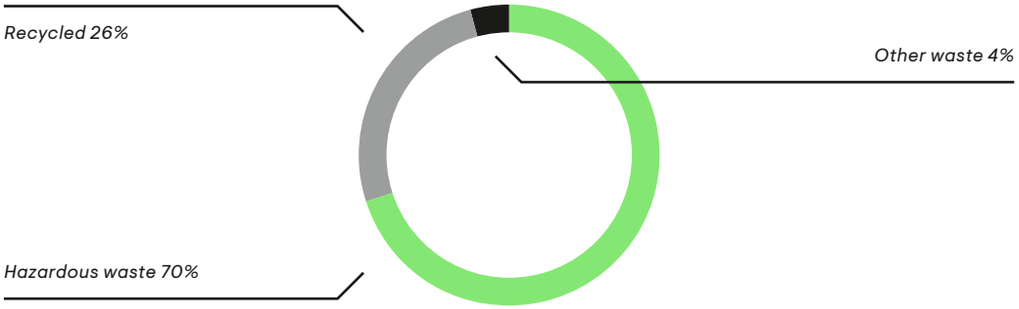
In our corporate activities, waste is generated in particular in production. The waste generated at our production sites also includes a larger amount of hazardous waste produced during the manufacture of pharmaceutical products. These are removed from our sites by registered waste companies and disposed of mainly by incineration (in some cases with heat recovery). The EHS manager at each site manages the contracts with these specialised companies. Grünenthal has a normalised waste reduction target of 3% per year and a zero waste to landfill target achieved at all operating sites in 2021.

Waste generated in tons **GRI 306-3, GRI 306-4, GRI 306-5**

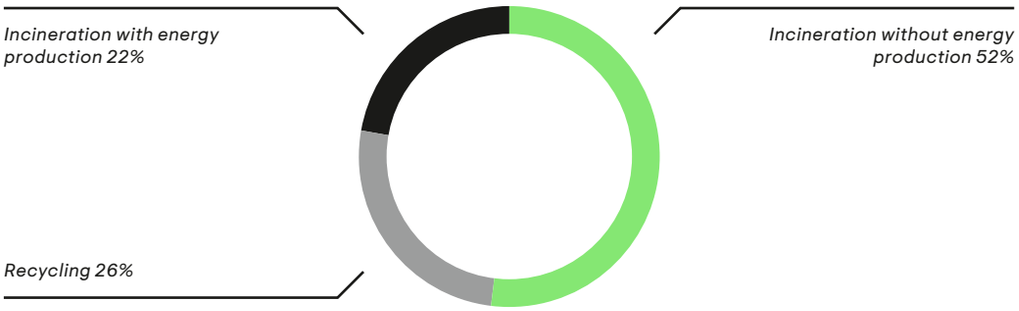
	2020	2021	CHANGE IN %
Waste generated in tons	**6,706**	**6,687**	**–0.3%**
thereof hazardous waste	4,481	4,699	5%
thereof incineration with energy production[1]	1,060	1,479.04	40%
thereof incineration without energy production	3,402.3	3,474.42	2%
thereof recycling	1,662.2	1,747.1	5%
thereof landfill	251	0	–100%

[1] Incineration as a waste to energy technology is stated to be more attractive compared to other waste to energy technologies due to its higher power production efficiency, lower investment costs, and lower emission rates. Additionally, incineration yields the highest amount of electricity with the highest capacity to lessen piles of waste in landfills through direct combustion.

Waste types (2021)



Waste treatment (2021)



Managing hazardous and non-hazardous waste

The on-site operations teams collaborate with the on-site EHS manager on waste management. Waste data is provided to the EHS manager by waste suppliers.

Reporting of waste data occurs monthly in an EHS meeting and quarterly in a management review. Data is continuously managed in the EHS IT system and thus made available to the EHS global team.

The local EHS manager at the operating sites is responsible for ensuring that waste is disposed of in accordance with local requirements. The disposal of pharmaceutical waste (for incineration) is accompanied by a member of Grünenthal to ensure that the disposal complies with legal obligations. For example, a site employee accompanies the truck with hazardous waste until it arrives at the company that incinerates the products. The authorities perform an inspection for narcotics in both raw materials and finished products and for non-narcotics in finished products to verify that the quantity, batches and concentrations are correct.

In Mitlödi, Switzerland, Grünenthal only works with contractors that are listed in the national list of disposal companies (VEVA), some of them are also ISO 14001 certified. We have an online tool for VEVA and a database where each legal disposal contractor is listed with the type of waste they are allowed to dispose. Each hazardous waste disposal is accompanied by a disposal paper and also recorded in the database and all site disposal activities are submitted annually to the authorities locally via an online tool. Visits to the contractors also take place to ensure highest standards.

Zero waste to landfill

In 2020, we set ourselves the ambitious goal of sending zero waste from our manufacturing facilities to landfill. Just one year later, we achieved that goal. By separating waste in the production area, raising awareness and exploring new ideas, we now reduce, reuse and recycle more waste. The remaining waste which cannot practically be recycled is sent for incineration.

Our goal: Optimise waste streams

As part of the environmental impact assessment carried out in 2021, the waste streams generated at the operating sites were examined. An assessment was also carried out to examine the value of spending on packaging in the upstream value chain and to evaluate the recyclability of materials in the downstream chain once the products have been used by consumers.

As part of the Planet strategy, packaging and sustainability will be included within the main pillars from 2022 onwards, with the aim of increasing the proportion of recycled material and the recyclability of our packaged pharmaceutical products.

Our Impact on Climate

GRI 3-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4

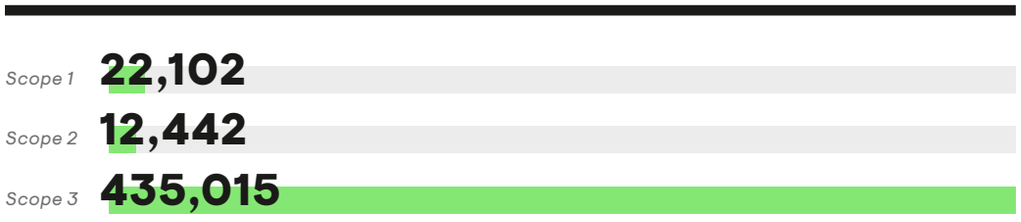
Climate change is one of the most acute threats to humanity and requires intensive efforts from all of us. At Grünenthal, we want to contribute to reducing CO_2 emissions and become climate neutral in the medium to long term. As a first step, we have set ourselves the goal of achieving Net Zero Emissions for our own sites and our direct emissions by 2030. This means that we want to reduce our direct CO_2 emissions in Scope 1 and our indirect energy-related emissions in Scope 2 to such an extent that they are climate neutral. Scope 1 comprises the mobile and stationary combustion and Scope 2 includes electricity used at our five global production sites and for car mobility.

Our carbon footprint

To achieve our climate-related goals and to define a solid baseline for improvements, we had our corporate carbon footprint calculated for the first time as part of our EIA in the reporting year. Grünenthal's 2020 baseline greenhouse gas inventory was carried out and verified by Nordic Sustainability using the GHG Protocol standards and framework.

	2020
Scope 1	**22,102**
Mobile combustion	2,247
Stationary combustion	19,855
Scope 2	**12,442**
Electricity at sites	12,436
Cars	6
Scope 3	**435,015**
Purchased goods and services & Capital goods	316,870
Fuel and energy	3,800
Upstream transportation	5,007
Waste from operations	279
Business travel	1,153
Employee commuting	765
Upstream leased assets	1,426
Downstream transportation	105,714
Downstream leased assets	1
Total CO_2e emissions	**469,559**
Carbon intensity (Total CO_2 emission/ number of full time employees)	104.2

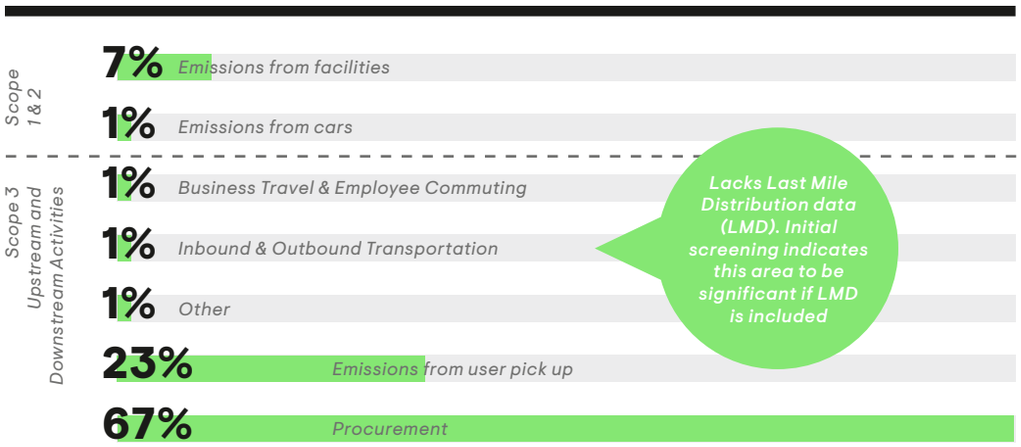
CO_2 emissions (tons of CO_2e)



The analysis of Scope 1 and 2 showed that emissions from our facilities and the energy they require account for a share of 7% of our total greenhouse gas footprint, and cars in Grünenthal's fleet for less than 1%. The calculation focused on our five production sites worldwide.

To reduce our carbon footprint in Scope 1 and 2, we want to increase our share of renewable energy and greatly reduce our gas consumption. Our goal is to move away from gas towards full electrification and the sole purchase of renewable energy.

Breakdown of CO_2 emissions



The indirect emissions from upstream and downstream activities within the value chain in our current calculation of Scope 3 amount to 67% from procured goods and services ("Procurement"). Within the procurement emissions category the main influencing factors are:

- manufacturing and third party supply, such as packaging services and purchases of finished products (33%);
- purchases of finished products and purchase of production materials (13%).

As the purchase of products and services ("Procurement") is the largest contributor to overall CO_2 emissions, it is an essential part of our strategy to achieve greater supplier involvement. This includes developing a supplier selection policy to identify suppliers with a better carbon footprint. In addition, we want to encourage innovation in our suppliers' business models that contribute to CO_2 savings.

The greenhouse gas inventory revealed that user pick-up accounts for the second largest share of emissions. This category describes the journey that product users make from their home to pharmacies or hospitals to receive the product. The influence and relevance for Grünenthal on this distribution channel category is very limited. We are currently taking an observing role on the developments of consumer distribution channel strategies in the relevant markets.

In the current state of our Scope 3 calculations, inbound and outbound transportation account only for about 1% of the total carbon footprint. This transportation does not include the so-called "Last Mile Distribution" (LMD). This describes the transport of our products from the inventory-storage facilities to our customers, often being wholesalers, hospitals or other facilities. LMD would have a sizeable CO_2 impact when fully accounted for into our carbon footprint. In order to consistently collect the data and establish a concise database, we will need to intensely work with our partners in the value chain. Currently, the indirect LMD data is lacking, e. g., from logistics service providers that transport products from wholesalers to individual pharmacies. In the future, we want to continuously extend the scope of LMD-related data into our assessments.

Around 1% of the total emissions in Scope 3 arise from waste from operations, emissions from leased assets and upstream emissions from fuel.

All business travel, including hotel night stays, and all different modes of transportation as well as the commute of employees result in less than 1% of the greenhouse gas emissions.

Sustainable Procurement

As part of our environmental strategy, we aim to increase transparency on the EHS performance of our suppliers. To date, supply chain monitoring at Grünenthal has mainly focused on highest quality standards in monitoring and compliance. We are increasing the integration of environmental aspects within our procurement processes.

As our Corporate Carbon Footprint shows, the biggest negative impacts of our business activities can be found in our supply chain. The procurement process is the most important way for us to influence the supply chain on which we rely. Our aim is to adapt the relevant processes in order to take environmental aspects into greater account and to integrate EHS aspects into our audit procedures.

Currently, factors such as water discharge certificates and water purity for production are requested. We want to build on this in the future , integrating sustainability aspects more strongly into our contracts by, for example, requiring our key suppliers to sign our Code of Conduct and carry out a mandatory self-assessment.

As part of the implementation of our environmental strategy in 2022, we will integrate a due diligence that covers relevant ESG aspects into our digital procurement platform.

In addition, we want to work on improvements together with our suppliers. We have set ourselves the goal of integrating our most important suppliers into our commitment to 100% renewable electricity and our energy reduction standard, and we want to encourage them to make the same commitment.

Sustainable Products

We also want our products to contribute to a more sustainable economy. In the case of pharmaceutical products, the packaging of the products has the greatest influence on achieving a circular economy. We want to develop innovative concepts to make the packaging of our products as environmentally friendly as possible.

We strive to develop innovative concepts to make the packaging as environmentally friendly as possible.

Pharmaceutical products

Substances in pharmaceutical products can potentially interfere with the safe circulation of sewage sludge. Since 2006, all pharmaceutical substances must undergo an environmental impact assessment (EIA) before they are allowed on the market. We continuously monitor our products to reduce environmental impacts.

Packaging

Since pharmaceutical products must meet the most stringent requirements, our packaging elements are mainly made of new materials. However, most of these materials are themselves highly recyclable, such as aluminium, PVC, polypropylene, cardboard or paper.

We are constantly analysing possibilities to make the packaging of our products from recyclable materials. As part of the implementation of our Planet strategy we will analyse possibilities to make the packaging of our products from an increased percentage of recyclable materials. At the Aachen site, for example, folding boxes are made from recycled materials. Overall, we see great potential for the increased use of recyclates in outer packaging, among other things.

***Lorena Baquezea**, Head of Human Resources Central America, with her son. With our #TreesForOurPlanet project, our teams planted more than 10,000 trees across the globe in 2021.*

AUDIT OPINION

Independent auditor's report on a limited assurance engagement

To Grünenthal Pharma GmbH & Co. KG, Aachen

We have performed a limited assurance engagement on selected key sustainability indicators and disclosures in the "Grünenthal Responsibility Report" of Grünenthal Pharma GmbH & Co. KG, Aachen, (hereinafter the "Company"), which comprises the disclosures marked by a line on the left side of the text in the 2021 responsibility report, for the period from 1 January 2021 to 31 December 2021 (hereinafter the "report").

Our engagement exclusively refers to the disclosures marked by a line on the left side of the text in the English PDF version of the report. Not subject to our assurance engagement are other references to disclosures made outside the report as well as prior-year disclosures.

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter "GRI criteria").

These responsibilities of the Company's executive directors include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of the report that is free from material misstatement, whether due to fraud (manipulation of the report) or error.

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements - in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) – and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a conclusion with limited assurance on the selected key figures and disclosures that are marked by a line on the left side of the text in the report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the selected key figures and disclosures that are marked by a line on the left side of the text in the report of the Company are not prepared, in all material respects, in accordance with the GRI criteria. Not subject to our assurance engagement are other references to disclosures made outside the report as well as prior-year disclosures.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Company's sustainability organization and stakeholder engagement,
- Inquiries of employees of the Company's headquarters as well as the employees responsible for data capture and consolidation as well as the preparation of the report, to evaluate the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement on the selected key figures and disclosures that are marked by a line on the left side of the text in the report,
- Identification of likely risks of material misstatement regarding the selected key figures and disclosures,
- Inspection of the relevant documentation of the systems and processes for compiling, aggregating and validating data, on which the selected key figures and disclosures that are marked by a line on the left side of the text are based in the reporting period and testing such documentation on a sample basis,
- Analytical procedures on selected key figures and disclosures that are marked by a line on the left side of the text in the report,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of the selected key figures and disclosures that are marked by a line on the left side of the text in the report,
- Critical review of the draft report to assess plausibility and consistency,
- Evaluation of the presentation of the selected key figures and disclosures that are marked by a line on the left side of the text in the report.

Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected key figures and disclosures that are marked by a line on the left side of the text in the report of the Company for the period from 1 January 2021 to 31 December 2021 are not prepared, in all material respects, in accordance with the GRI criteria.

We do not express an assurance conclusion on other references to disclosures made outside the report as well as prior-year disclosures.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained therein no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Eschborn, 8 April 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Yvonne Meyer	Hans-Georg Welz
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

GRI CONTENT INDEX

Statement of use	Grünenthal has reported in accordance with the GRI standards for the period 01.01.2021 – 31.12.2021
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI STANDARD	DISCLOSURE	PAGE	COMMENTS	UN GLOBAL COMPACT PRINCIPLES
GRI 2: General Disclosures 2021	2-1 Organizational details	1, 15		
	2-2 Entities included in the organization's sustainability reporting	2		
	2-3 Reporting period, frequency and contact point	1		
	2-4 Restatements of information	1		
	2-5 External assurance	1		
	2-6 Activities, value chain and other business relationships	2		
	2-7 Employees	39		
	2-8 Workers who are not employees	–	No disclosure as there is no consolidated data available. The hiring of freelancers, consultants, etc. is not centralised.	
	2-9 Governance structure and composition	15		
	2-10 Nomination and selection of the highest governance body	16		
	2-11 Chair of the highest governance body	15		
	2-12 Role of the highest governance body in overseeing the management of impacts	15		
	2-13 Delegation of responsibility for managing impacts	15		
	2-14 Role of the highest governance body in sustainability reporting	15		
	2-15 Conflicts of interest	20		
	2-16 Communication of critical concerns	20		
	2-17 Collective knowledge of the highest governance body	15		
	2-18 Evaluation of the performance of the highest governance body	17		
	2-19 Remuneration policies	17		
	2-20 Process to determine remuneration	17		

GRI STANDARD	DISCLOSURE	PAGE	COMMENTS	UN GLOBAL COMPACT PRINCIPLES
	2-21 Annual total compensation ratio	–	No disclosure as no consolidated data is available.	
	2-22 Statement on sustainable development strategy	4		
	2-23 Policy commitments	20		
	2-24 Embedding policy commitments	20		
	2-25 Processes to remediate negative impacts	20		
	2-26 Mechanisms for seeking advice and raising concerns	20		
	2-27 Compliance with laws and regulations	22		
	2-28 Membership associations	11		
	2-29 Approach to stakeholder engagement	10		
	2-30 Collective bargaining agreements	43	There are no collective bargaining agreements at Grünenthal. For detailed information on our remuneration policies, please see p. 43.	
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	11		
	3-2 List of material topics	12		
Material topic: Compliance, Ethics & Transparency Excellence				
GRI 3: Material Topics 2021	3-3 Management of material topics	20		1, 2, 3, 4, 5, 10
GRI 205: Anti-Corruption	205-1 Operations assessed for risks related to corruption	22		
	205-2 Communication and training about anti-corruption policies and procedures	22		
	205-3 Confirmed incidents of corruption and actions taken	22		
GRI 206: Anti-Competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	22		
Material topic: Responsible Use of Pain Medication				
GRI 3: Material Topics 2021	3-3 Management of material topics	31	Own disclosure	
Material topic: Product Governance & Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	35		
GRI 416: Customer Health & Safety	416-1 Assessment of the health and safety impacts of product and service categories	35		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	22, 35		

GRI STANDARD	DISCLOSURE	PAGE	COMMENTS	UN GLOBAL COMPACT PRINCIPLES
Material topic: Responsible Innovation				
GRI 3: Material Topics 2021	3-3 Management of material topics	35	Own disclosure	
Material topic: Awareness & Access				
GRI 3: Material Topics 2021	3-3 Management of material topics	34	Own disclosure	
Material topic: Human Capital Fairness				
GRI 3: Material Topics 2021	3-3 Management of material topics	39		
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	40		
	403-2 Hazard identification, risk assessment, and incident investigation	40		
	403-3 Occupational health services	39		
	403-4 Worker participation, consultation, and communication on occupational health and safety	40		
	403-5 Worker training on occupational health and safety	40		
	403-6 Promotion of worker health	39		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	40		
	403-8 Workers covered by an occupational health and safety management system	40		
	403-9 Work-related injuries	40, 41		
Material topic: Employee Engagement				
GRI 3: Material Topics 2021	3-3 Management of material topics	44		
GRI 401: Employment	401-1 New employee hires and employee turnover	46		
GRI 404: Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	44		
	404-3 Percentage of employees receiving regular performance and career development reviews	44		
Material topic: Equality, Diversity & Inclusion				
GRI 3: Material Topics 2021	3-3 Management of material topics	41		6
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	41		
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	41		

GRI STANDARD	DISCLOSURE	PAGE	COMMENTS	UN GLOBAL COMPACT PRINCIPLES
Material topic: Attractive Employer				
GRI 3: Material Topics 2021	3-3 Management of material topics	43	Own disclosure	
Material topic: Environmental Excellence Strategy				
GRI 3: Material Topics 2021	3-3 Management of material topics	51	Own disclosure	7, 8, 9
Material topic: Responsible Use of Resources				
GRI 3: Material Topics 2021	3-3 Management of material topics	52		7
GRI 302: Energy	302-1 Energy consumption within the organization	52		
	302-3 Energy intensity	53		
	302-4 Reduction of energy consumption	52		
	302-5 Reductions in energy requirements of products and services	53		
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	54		
	303-2 Management of water discharge-related impacts	54		
	303-3 Water withdrawal	54		
	303-4 Water discharge	54		
	303-5 Water consumption	54		
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	55		
	306-2 Management of significant waste-related impacts	55		
	306-3 Waste generated	55		
	306-4 Waste diverted from disposal	55		
	306-5 Waste directed to disposal	55		
Material topic: Our Impact on Climate				
GRI 3: Material Topics 2021	3-3 Management of material topics	57		7
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	57		
	305-2 Energy indirect (Scope 2) GHG emissions	57		
	305-3 Other indirect (Scope 3) GHG emissions	57		
	305-4 GHG emissions intensity	57		
	305-6 Emissions of ozone-depleting substances (ODS)	—	The emission of ozone-depleting substances is not significant at Grünenthal.	
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	—	The emission of NO_x and SO_x is not significant at Grünenthal.	

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IMPRINT

Feel free to contact us!

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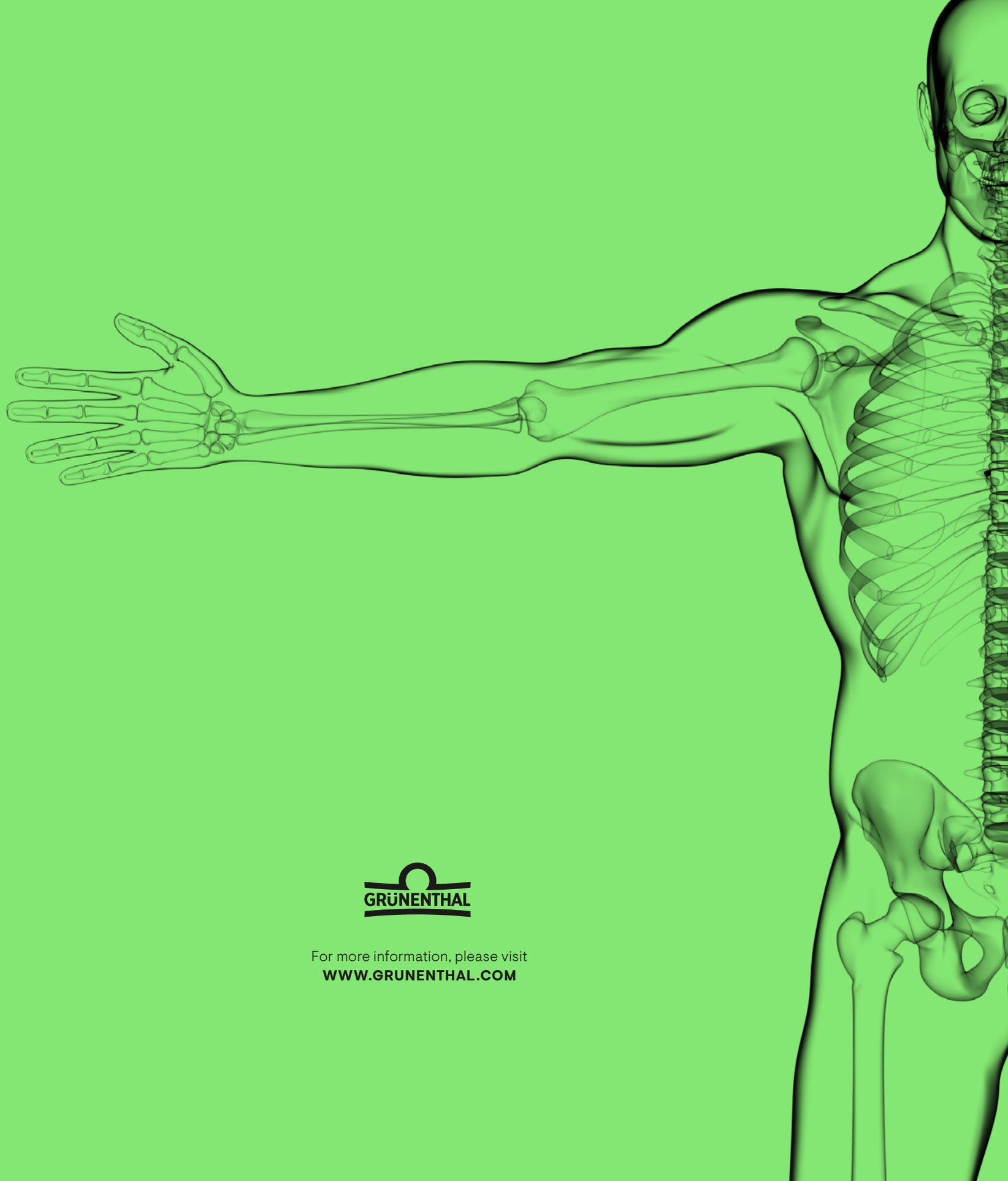

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