

SUSTAINABILITY REPORT

2024

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PHARMING VÝROBNÍ, a.s.

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Processing information

This sustainability report has been prepared in accordance with the guidelines based on the European Financial Reporting Board (EFRAG) voluntary framework for small and medium-sized enterprises, known as the " Voluntary reporting standard for SMEs ” (VSME). This framework provides recommendations and guidance to businesses to ensure transparency and accountability in the area of sustainability, focusing on the specific needs of SMEs, which are not required to submit standardized sustainability reports as are large companies.

The report is prepared in accordance with the basic module, according to which companies focus on key areas of sustainability, such as environmental, social and governance (ESG) aspects of their business and which have a direct impact on their long-term value, risks and opportunities. These areas are described in more detail in a voluntary standard, which allows companies to tailor their reporting approach to the specific conditions and capabilities of the organization. The aim is to provide a clear and understandable overview of the measures that companies take in relation to protecting the environment, promoting social responsibility and ensuring responsible management, including in the context of the specific challenges faced by small and medium-sized enterprises.

The VSME standards for small and medium-sized enterprises therefore not only support the implementation of sustainability in everyday practice, but also facilitate communication with investors, partners and other stakeholders who require relevant and truthful information about the impacts of business activities on the wider society and the environment.

„I am interested in the future because I intend to spend the rest of my life there “

Charlie Chaplin

B1 – General basis for preparing a sustainability statement

For the purposes of sustainability reporting, an approach based on the basic module of the VSME standard was chosen.

During the reporting period, no information was disclosed in the Sustainability Report that was omitted due to sensitivity or confidentiality. PHARMING VÝROBNÍ, a.s. emphasizes transparency and openness in data sharing, but in accordance with legal regulations and internal policies, it has not published information that could jeopardize the trade secret, security or confidentiality of personal data. This practice strikes a balance between transparency requirements and the protection of sensitive data, with all relevant information available as part of the published parts of the report.

The sustainability statement of PHARMING VÝROBNÍ, a.s. for the reporting period 2024 was compiled on an individual basis. This approach allows for a detailed and transparent presentation of environmental, social and governance aspects specific to our organization, without consolidation with any subsidiaries or other entities. The report prepared in this way reflects exclusively the company's own activities and impacts, which ensures the accuracy and relevance of the published information.

In the reporting period 2024, PHARMING VÝROBNÍ, a.s. does not include any subsidiaries in its sustainability report. All activities and impacts related to sustainability are therefore reported exclusively at the level of the parent company without consolidation with other legal entities. This approach ensures transparency and clarity of the information presented in the report.

The legal form of our company is a Joint-stock company (a.s.) and the main industry classifications, according to NACE codes, in which our company operates are Main NACE: 17.21 - Manufacture of paper and cardboard packaging + NACE: 18.12 - Printing on paper packaging.

The company's balance sheet total for the reporting period was 292 361 000,- CZK and the company's total turnover for the same period reached 198 443 000,- CZK.
The average number of permanent employees of the company for the reporting period, converted into full-time equivalents (FTE), reached 108 employees.

The company primarily operates in the following countries:

Operation type	Address	zip code	City	Country	Coordinat (geolocation)
Registered office	Milíčova 434/8	130 00	Praha 3	CZ	width: 50.0859 length: 14.4527
Production plant	Zahrady 34	407 46	Krásná Lípa	CZ	width: 50.9156 length: 14.5103
Production plant	National 2367	407 47	Varnsdorf	CZ	width: 50.9100 length: 14.6186

In 2024, PHARMING VÝROBNÍ, a.s. successfully passed the FSC (Forest Stewardship Council) certification surveillance audit, which confirms a responsible approach to forest management and sustainable use of forest resources. The certification has been awarded by an independent accredited body and includes regular audits focusing on environmental, social and economic aspects. This certificate increases transparency and trust in the sustainability of our production processes and the materials used. At the same time, the recertification of the quality management system according to ISO 9001 was successfully carried out.

Links to documents related to this publication:

B2 – Measures for the transition to a more sustainable economy

The company reports information on existing measures, policies and/or objectives in the following Table No.1:

	There are sustainability measures	There are sustainability policies	There are future sustainability initiatives	If they exist, are they publicly available?	Do existing policies have set objectives?
Climate change	YES	NO	YES	NO	NO
Pollution	YES	NO	YES	NO	NO
Water and marine resources	YES	NO	YES	NO	NO
Biodiversity and Ecosystems	YES	NO	YES	NO	NO
Circular Economy	YES	NO	YES	NO	NO
Own Workforce	YES	YES	YES	NO	YES
Value Chain Workforce	YES	YES	YES	NO	YES
Affected Communities	YES	YES	YES	NO	NO
Consumers and End Customers	YES	YES	YES	NO	YES
Business Conduct	YES	NO	YES	NO	NO

Table 1

B3 – Energy and greenhouse gas emissions

In Table No.2 below, we present our total energy consumption in MWh for the reporting year, broken down into renewable and non-renewable energy sources:

	Renewable resources (MWh)	Non-renewable resources (MWh)	Total energy consumption (MWh)
Purchased energy (according to utility bill)	68.81	1006.32	1075.13
Energy from fuels	0	25.81	25.81
Total energy consumption of the company	68.81	1032.13	1100.94

Table 2

and further in Table No.3 the greenhouse gas emissions report reported based on the GHG Protocol standard :

	Greenhouse gas emissions value (tonnes CO2e)
Scope 1	**97**
Scope 2	**365.55**
Total greenhouse gas emissions	**462.55**

Table 3

In accordance with the requirements of the VSME standard, we report our **Scope 1+2** greenhouse gas intensity, which is calculated as the ratio of total gross greenhouse gas emissions to the company's turnover. Greenhouse gas intensity is expressed in units of tonnes of CO_2 eq. per unit of turnover and is **2.33t CO2e/1mil. CZK**.

B4 – Air, water and soil pollution

Table No.4 lists possible pollutants:

Pollutant	Greenhouse gas emissions (kg)	Release medium (air, water, soil)
VOC	3,281	air

Table 4

B5 – Biodiversity

All of our operations, whether owned, leased, or managed, broken down by biodiversity-sensitive area, are listed in the Table below.

Table No.5 lists the areas owned, leased, or managed by our company:

Country or place name	Total area (ha)	Biodiversity sensitive area (ha)	Location specifications
Czech Republic, Krásná Lípa	4,94	0,65	near

Table 5

In the next Table No.6, we present a comparison of the distribution of used areas for the reporting year and the previous year:

Land use type	Area in the previous year (ha)	Area in the reporting year (ha)	Change (%)
Total land use	5.4963	5.4963	0%
Total enclosed area of the holding	1,958	1,958	0%
Nature-oriented area on the site	1.0978	1.0978	0%
Nature-oriented area off site	0	0	0%

Table 6

B6 – Water

In the following Table No.7 we disclose the total water withdrawal, divided into the amount of water withdrawn at locations located in areas with and without high water stress and further broken down into water withdrawal and actual water consumption in our operations (if exists):

	Water withdrawal (m3)	Water consumption (m3)
Total for all operations	2462.0	2462.0
Operations in areas with water stress	0	0

Table 7

During 2024, PHARMING VÝROBNÍ, a.s. did not record significant water consumption in its main production processes. Due to the nature of production technologies and processes, water is not used as a key input source, and therefore there is no difference between water abstraction and discharge within production operations. The company continues to monitor possible changes in technological equipment that could affect water consumption and is ready to implement measures leading to the efficient management of water resources in accordance with the principles of sustainability.

B7 – Resource use, circular economy and waste management

In 2024, PHARMING VÝROBNÍ, a.s. will actively integrate the principles of the circular economy into its operational processes. It focuses on minimizing waste through the reuse of materials and optimizing the use of raw materials. The company implements recycling programs and promotes the use of renewable resources, reducing the environmental impact of its production. The emphasis is on effective waste management in accordance with applicable legislation and on cooperation with suppliers and partners who share a commitment to sustainability and the circular economy.

In the following Table No.8, we publish the total annual waste production divided according to the classification "non- dangerous" - " dangerous":

Waste type	is dangerous / not dangerous	Waste intended for recycling	Waste intended for disposal	Total waste produced
Waste paints + varnishes	N	0	10,57 t	10,57 t
Printing ink sludge	N	0	4,7 t	4,7 t
Paint or varnish removal wastes	N	0	3,61 t	3,61 t
Engine, transmission and lubricating oils	N	0	0,315 t	0,315 t
Packaging containing or contaminated residues of hazardous substances	N	0	1,768 t	1,768 t
Absorbent agents, filter materials, cleaning cloths and protective clothing contaminated without. Fabrics	N	0	4,576 t	4,576 t
Oil filters	N	0	0,002 t	0,002 t
Lead-acid batteries	N	0	0,07 t	0,07 t
Waste, its collection and disposal are subject to special requirements with regard to infection prevention	N	0	0,022 t	0,022 t
Paper and cardboard packaging	O	826,35 t	0	826,35 t
Plastic packaging	O	7,59 t	0	7,59 t
Wooden packaging	O	29,54 t	0	29,54 t
Copper, bronze, brass	O	0,285 t	0	0,285 t
Aluminium	O	15,711 t	0	15,711 t
Iron and steel	O	0,429 t	0	0,429 t

Links to documents related to this publication:

Plastics	O	0,15 t	0	0,15 t
Mixed municipal waste	O	0	21,68 t	21,68 t
Bulky waste	O	0	1,68 t	1,68 t

Table 8

In 2024, the company used a total of 2,650.3 tons of materials as part of its production process. The most important item is cardboard weighing 2,601.7 tons, which forms the basic material for production. Paints were also used in the amount of 4.2 tons, varnishes 34.1 tons and adhesives 10.3 tons. These materials are carefully managed to minimize waste and maximize the efficiency of their use in accordance with the principles of the circular economy. The company continuously monitors and optimizes the flow of materials to reduce the environmental impact of its operations.

B8 – Workforce – General characteristics

The following Table No.9 shows the number of employees by type of employment contract:

Employee distribution by contract type	Number of employees (FTE)
Fixed-term contract	13
Contract of indefinite duration	95
Total employees	108

Table 9

Further in Table No.10 we present the number of employees broken down by gender:

Employee distribution by gender	Number of employees (FTE)
Female	55
Male	53
Other	0
Unpublished	0
Total Employees	108

Table 10

And in Table No.11 by country of employment contract:

Country (according to employment contract)	Number of employees (FTE)
Total number of employees	108
CZ	108

Table 11

During 2024, the employee turnover rate at PHARMING VÝROBNÍ, a.s. reached 6.5%. This indicator reflects the stability of the working environment and the effectiveness of the company's personnel policy. The company focuses on retaining qualified workers through the development of professional competencies, incentive programs and the improvement of working conditions. Low turnover contributes to maintaining production continuity and strengthens teamwork, which is key to achieving the organization's strategic goals.

B9 – Workforce – Health and Safety

During 2024, PHARMING VÝROBNÍ, a.s. registered one accident at work. This incident was immediately recorded and subjected to a thorough investigation in order to identify the causes and take measures to prevent similar events in the future. The company emphasizes occupational safety and regularly updates its safety protocols to minimize risks and ensure the health of its employees is protected. The results of these activities are part of the continuous improvement of working conditions.

In 2024, PHARMING VÝROBNÍ, a.s. did not record any deaths due to accidents at work or occupational diseases. The company emphasizes prevention and occupational safety through regular training, monitoring of working conditions and the implementation of safety measures, thus minimizing risks to its employees. With this approach, we strive to maintain a healthy and safe working environment without major incidents.

B10 – Workforce – Compensation, collective bargaining and training

During 2024, PHARMING VÝROBNÍ, a.s. ensured that all employees received a wage equal to or exceeding the applicable minimum wage set by the law of the Czech Republic. The average monthly wage reached CZK 30,583, which significantly exceeds the minimum legal limit of CZK 18,900. This approach reflects the company's commitment to fair remuneration and compliance with labor regulations, contributes to employee satisfaction and promotes the stability of the work environment.

In 2024, PHARMING VÝROBNÍ, a.s. records equal remuneration between women and men across all levels of employees. Based on an internal analysis of salary structures, no significant percentage difference in pay was identified, confirming the company's commitment to equal opportunities and fair treatment. The company continues to monitor and evaluate salary conditions to ensure transparency and promote diversity in the work environment. Due to the number of employees below the limit of 150, the publication of exact percentages is not mandatory, but PHARMING VÝROBNÍ, a.s. actively strives to maintain equal pay.

In 2024, PHARMING VÝROBNÍ, a.s. did not conclude any collective agreements, and therefore no employees are covered by this form of labour protection. The company focuses on individual employment contracts and other forms of ensuring working conditions, with an emphasis on transparent communication and compliance with applicable labour law legislation. Within human resource management, emphasis is placed on open dialogue and support for the professional development of employees without the use of collective bargaining.

The following Table No.12 shows the average number of hours of training per year per employee, divided by gender:

Employee gender	Average number of training hours per year per employee
Woman	5,5
Male	7,5
Other	0
Unpublished	0

Table 12

B11 – Convictions and fines for corruption and bribery

In the reporting period of 2024, PHARMING VÝROBNÍ, a.s. did not record any convictions or fines for violations of anti-corruption laws. The company strictly adheres to applicable legislation and internal ethical standards, which are regularly updated and monitored. With this approach, we strive for transparent and responsible business without any forms of corruption or bribery. Control and prevention of risks associated with corruption are an integral part of our compliance management system.

Reference

https://www.efrag.org/en/projects/voluntary-reporting-standard-for-smes-vsme/concluded
https://www.climrisk.cz/
https://www.pharmingvyrobni.cz