



SUSTAINABILITY REPORT

2021¹

¹ This sustainability report is for the financial and physical year 2021

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Table of Contents

Bluefish vision.....	3
A value driven organisation	3
Our business	4
Quality products at affordable prices to all	4
Efficient Marketing Organisation	4
Product Selection	5
First-class supply chain.....	5
Our Sustainability approach.....	6
Sustainability integrated into our business.....	6
Sustainability guidelines.....	6
Sustainability risks to our business	6
Materiality analysis	7
Sustainability Strategy	8
Focus areas and its sustainability goals	9
Health and wellbeing for all patients	9
Driving continuous sustainable improvements in operations.....	10
Reducing carbon emissions	10
Ensuring responsibility throughout the supply chain	11
Audit program.....	11
Healthy workplace.....	12
Health and Safety.....	12
Corporate Social Responsibility.....	13
Shanti Bhavan Children’s Project.....	13
Governance and Compliance	14
Code of Conduct as a driver	14
Statment by the CEO.....	15

About the sustainability report

This Sustainability Report has been prepared in accordance with Swedish legislation on sustainability reporting, as stated in the Swedish Annual Accounts Act (6 kap 10-14 §§ ÅRL). The Sustainability Report aims to present Bluefish’s sustainability performance, risk management and value creation.

BLUEFISH VISION

Bluefish's vision is to make quality medicines accessible to more people. We want to bring value to patients and societies with high service level of affordable medicines in sustainable supply chains. Our ambition is to grow the business without sacrificing any of our values. It is essential in a global world, and we do it for today and for the generations to come. With this first sustainability report in the history of our company, we want to disclose our ambitions and our progress from a sustainability perspective.

A VALUE DRIVEN ORGANISATION

Bluefish has an efficient organization, where most business activities are managed centrally. We are established in 13 European countries, along with some export activities to countries outside Europe. Bluefish has local offices in Sweden, Germany, Austria, Poland, Ireland, Spain, and France. We also have a subsidiary in India, with focus on maintaining and developing the Group's product portfolio.

The company has decided to have small, local offices in Europe, which have extensive knowledge of each specific market. Other activities, such as product development, business development, purchasing, quality control and follow-up on side effects are dealt with either by the head office in Stockholm or the company's technology and development centre in Bangalore, India.

Bluefish is constantly striving to identify new growth opportunities in both specific, selected market segments as well as in some new markets. We also registered and are now selling our own developed products Hydroxyzine and Anagrelide in several markets.

Our general management approach is to create high ethical work standards, accountability, and good stakeholder relations to create long-term benefits. We are guided through our values, which are created to ensure sustainable growth over time.

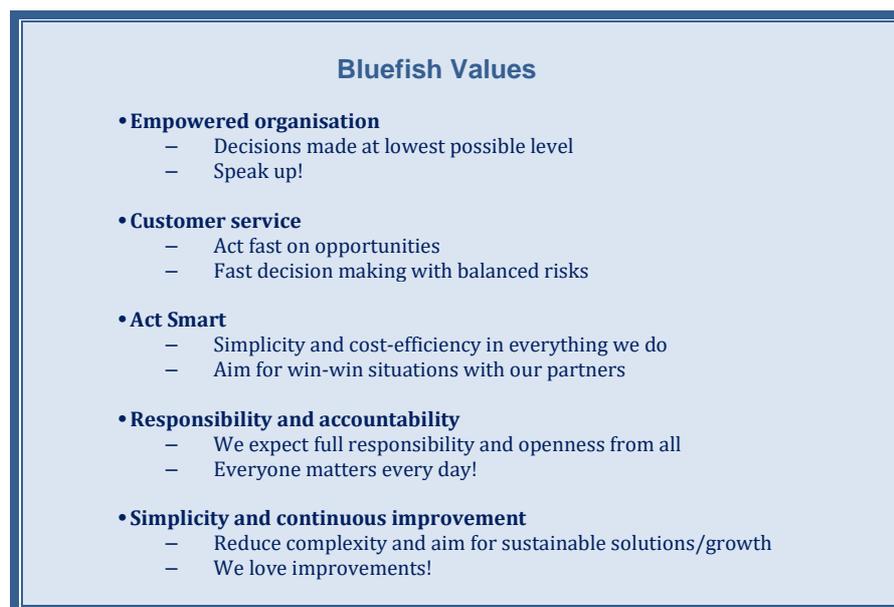


Figure 1 Bluefish Values



OUR BUSINESS

Bluefish provides quality generic pharmaceuticals at affordable prices. Our product portfolio contains a wide range of products within all major therapeutic areas. We were founded in 2007 and since our inception, we have developed the platform and know-how to participate in and to be an integral part of all major steps of the value chain in the offering of generic pharmaceuticals.

Quality products at affordable prices to all

With the vision of offering quality pharmaceuticals at prices affordable to all, we must be innovative and at the same time cost-efficient in all stages. This includes operational excellence in departments such as product development, business development, quality assurance, pharmacovigilance, IP, and supply chain as well as marketing and sales.

The company's strategy for achieving its financial goals of increasing net sales and achieving a higher level of profitability is to expand the product portfolio and to continue increasing its market share in existing and new areas. Profitability will improve as economies of scale increase.

Efficient Marketing Organisation

Bluefish establishment model is based on organic growth, where we enter the market as the “underdog”, with a clear focus on a specific market segment. Bluefish enters the new market by introducing a limited product portfolio customized for local customer demands. The aim is then to gradually advance and capture a significant market share and increase the product range. By offering affordable premium generics on a consistent basis, Bluefish is able to build strong and lasting customer relationships.

The structure for financing and purchasing medicines varies from country to country and not only determines the degree of generic penetration on the market in question but also the choice of marketing model for optimization of the market potential. Bluefish target customers are pharmacies, pharmacy chains, wholesalers and payers in the form of governmental or private institutions.

Bluefish marketing organisation has created a strong platform on the European market and the company now has a validated business model on various developed generics markets in Europe. In-depth knowledge of each specific market is a prerequisite for successful optimisation of the product offering and choosing the marketing model best suited for each country.

Thanks to our experience, flexibility and efficient organisation, the company is able to introduce new products on the market quickly and to react effectively to market changes. Speed to market is a major competitive advantage, since the period of time in which the product can be sold is exploited to the full, at the same time as we become established as the main supplier of the specific product to wholesalers and other customers.

Bluefish aims to be one of the most progressive generics companies in an industry which is undergoing major changes.

Product Selection

Bluefish has a well-established selection process for identifying products that meet the internally established criteria for each product category. Apart from blockbuster products, where patents are due to expire, Bluefish also seeks out new products within more niche-oriented areas and in segments which consist of complex formulations or where the products are of particular strategic interest for the company.

Investing in the right products is essential for sustainable long-term sales growth. Bluefish therefore attaches great importance to the process of selecting new products. Prior to each new product investment, Bluefish conducts thorough commercial and technical analyses which take into consideration the earnings potential of the product, the development and registration costs in each relevant market, and any technical and quality aspects of the product.

As a result, the product portfolio comprises a broad range of high-quality generic pharmaceuticals within major therapeutic areas.

First-class supply chain

Bluefish Pharmaceuticals collaborates with several strategic manufacturing partners for manufacturing of our products, and we are constantly working to ensure that our products are manufactured with the highest quality and at competitive prices. Optimising lead-times, supply planning, manufacturing, logistics, quality assurance and distribution are fundamental aspects of the company's competitiveness on each market.

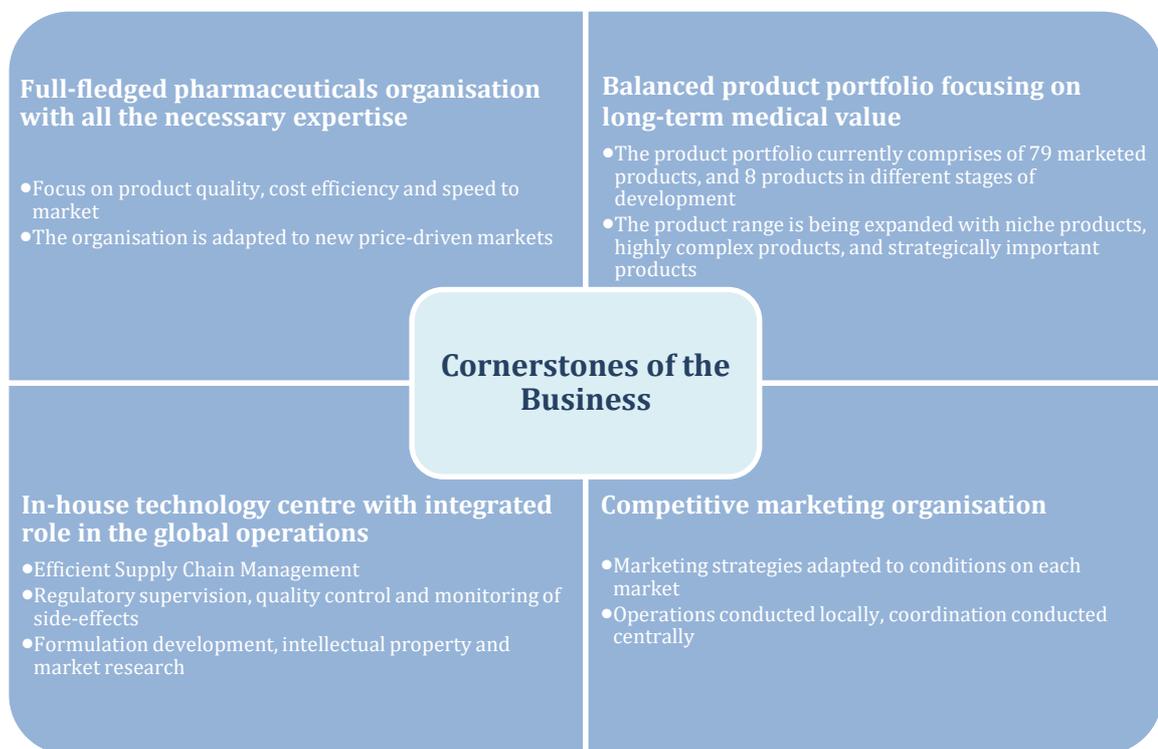


Figure 2 Cornerstones



OUR SUSTAINABILITY APPROACH

Sustainability is critical to our long-term business success and future. The expectations on more sustainable solutions from different stakeholders, including our customers, are becoming more and more obvious and our aim is always to not only meet, but also to exceed those expectations. We are a value-driven organisation, and we want to make a positive and sustainable impact on the societies in which we conduct business.

Sustainability integrated into our business

Sustainability is integrated with our business strategy. Our priorities are presented in our sustainability strategy, which consists of different focus areas, covering; environmental, ethical, and social issues both internally and externally. We manage our sustainability work through our sustainability strategy and follow up on progress through KPI's.

The focus areas reflect the materiality analysis that we conducted in 2019, as well as consideration of today's trends and the biggest challenges faced by the world in general. These include climate change, rapid technology shifts, and high levels of inequalities.

Sustainability guidelines

Our sustainability work in the everyday business operations is managed through our policies and our governance program. Our policies are based on the principles of the Global Compact, which we are committed to through our membership in the Medicines for Europe. We are also committed to the Sustainable Development Goals and have used these goals to find out where we can create the most positive impact on society.

Sustainability risks to our business

Sustainability is integrated within Bluefish's overall strategy and the top risks that can affect this strategy from a sustainability perspective are:

- Supply chain management – All manufacturing of our medicines is outsourced to external partners. Bluefish is heavily dependent on the ability of our suppliers to meet the standards of our Code of Conduct.
- Changes in the regulatory field – Health and safety aspects can many times effect the regulatory field. Not meeting the regulatory changes is always a risk to our company.
- Safety Health and Environment (SHE) measures – We are heavily dependent on partners and the ability to work in a sustainable way with all three aspects; Safety, Health, and Environment in a way so that they provide a safe workplace for employees, does not contaminate the environment surrounding the facilities where our products are being handled.

In the next chapters we will describe how we are managing our largest risk, via SHE audits of suppliers and implementing of our code of conduct. The risk of regulatory changes is the same for all pharma companies and it's managed via information and knowledge to ensure we minimise the risk by reacting and adapting quickly to any changes.

MATERIALITY ANALYSIS

As a foundation for our sustainability strategy, we conducted a materiality analysis in 2019, including a stakeholder dialogue. When analysing which issues are the most important to be addressed, we listed the topics based on factors such as our value chain and business risks, trends in general and trends in the pharmaceutical sector. As a result we identified different aspects that we wanted to cover: Patient perspective, Environmental perspective, Employer perspective and Community perspective.

In our stakeholder dialogue we managed to understand the importance of the different topics. We established a final materiality list based on an analysis conducted by our Management. The list contains topics we can impact and those that are most important to our stakeholders and the most material for our business.

Most important sustainability topics	
1	Product safety
2	Product information
3	Transports
4	Vendor management (SHE)
5	Prevent ill:health
6	Equality and equal opportunity
7	Upskilling
8	Human rights
9	Anticorruption
10	Community engagement

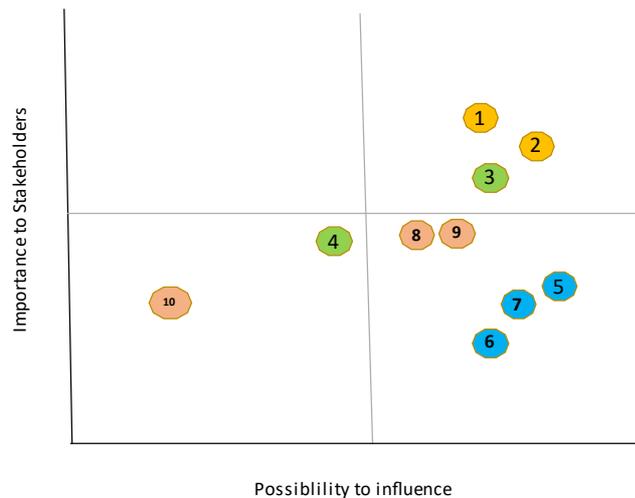


Figure. 3 Stakeholder dialogue

In the process of establishing our sustainability strategy, we conducted a stakeholder mapping based on which stakeholders that have an impact on and are impacted by our business. We are regularly engaging with our stakeholders through different methods (e.g. meetings, inspections, conferences, board meetings, etc.)

SUSTAINABILITY STRATEGY

Based on the materiality analysis, the management team has decided on three focus areas that are the most material for our business. These focus areas are defined to ensure that the most important material topics are covered including the main sustainability risks for the business. We have mapped our strategy against the Sustainable Development Goals to understand where we can have the highest possible impact into the societies where we operate.

The focus areas are divided into three levels, based on the approach we want to apply.

Base

The basic focus areas that need to be in place to achieve an acceptable level of sustainable business.

Focus

In order to keep improving our sustainability work we need to pay attention to these areas. This is to enable us to fulfil future expectations from our customers and other stakeholders.

Excellence

Areas where we want to excel as a company and to take a leading role, or at least be amongst the best, compared to our peers.

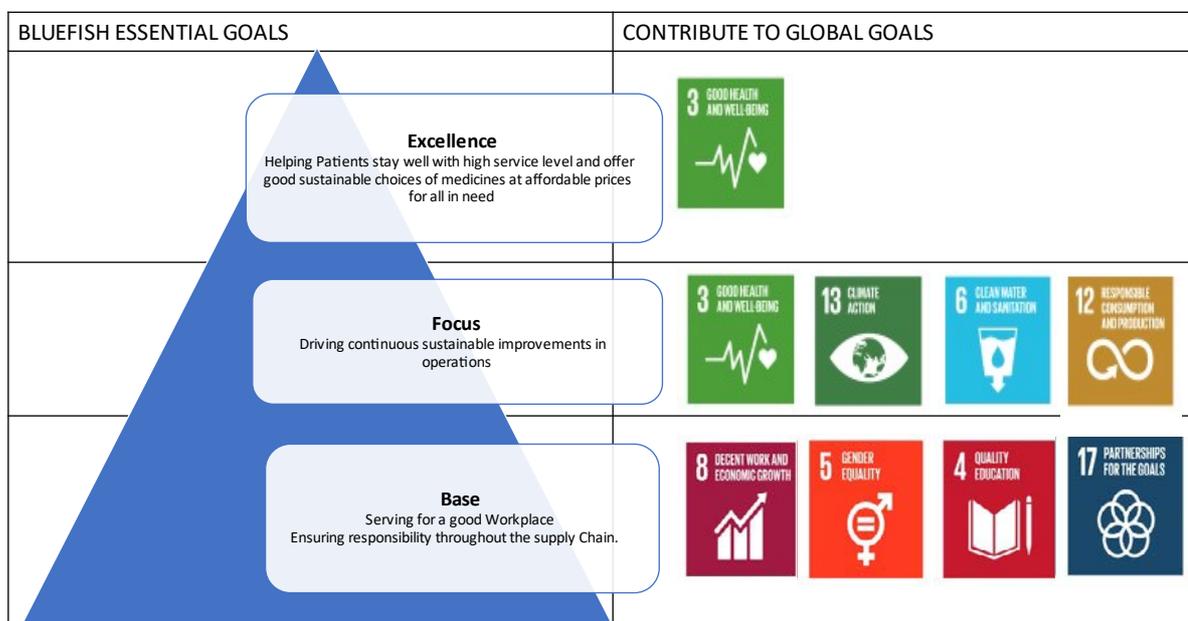


Figure 4 Bluefish Goals contribute to global Goals



FOCUS AREAS AND ITS SUSTAINABILITY GOALS

Health and wellbeing for all patients

Health and wellbeing are material to us since we are determined to deliver products that increases health and wellbeing for patients using the medicine. We strive to sell affordable medicine in order to reach as many patients as possible.

This topic is managed through the affordability of our medicines which makes them available to a larger community. Our medicines prevent illness and improve quality of life for patients using our medicines and saves lives. Through our development of generic medicines we further contribute to health and wellbeing. To deliver this we need an organisation that is fully equipped to survey and manage all regulatory aspects of our medicines.

The company is inspected regularly by the Swedish Medical Products Agency to ensure that Bluefish complies with Good Manufacturing Practice (GMP), Good Distribution Practice (GDP) and pharmacovigilance legislation (GVP). GMP is the regulatory regime all pharmaceutical manufacturers must comply with to ensure that the finished pharmaceutical products possess the requisite identity, strength, quality, and purity and to ensure the safety of the patients. GDP is the regulation ensuring that all pharmaceutical products are distributed within regulated conditions.

Our aim for this focus area is to reach a high service level, i.e. the share of our products that are available to customers. In 2020 we reached a service level of 95% and in 2021 98%.

Bluefish sells in average 10 million packs of medicines every year.

TARGET 2021: 93% service level. Target fulfilled

TARGET 2022: 93% service level

Driving continuous sustainable improvements in operations

To drive continuous improvements in the sustainability area is material to our success and to our stakeholders. We want to constantly improve our operations to impact the societies where we are operating. Our focus is to reduce our carbon emission and influence the different SHE aspects throughout our own operations and the operations of our suppliers.

Since Bluefish is a company with a global footprint, some business travel is required to meet our customers, partners, and other stakeholders. During the pandemic years we have seen a change in pattern with an extensive increase in virtual meetings, both with internal and external stakeholders. Our aim is to keep the digital interactions as high as possible also after the pandemic.

Reducing carbon emissions

Our biggest sources of carbon emissions that we can directly influence ourselves are transportation of medicine from manufacturing sites to our customers. We have increased the share of sea transportation compared to the share of air transportation to reduce the carbon emission. The weight of our air shipments was reduced from 40 983 kg to 26 317 kg in 2020. We reached 86% (2019), 93% (2020) and 95% (2021) of our non-EU transportation by sea overachieving on our target of 85% for 2020 and 2021. The high percentage of sea transports was reached partly as a result of COVID-19 pandemic restrictions with less availability of flights and locked airports. Currently we are not measuring all sources of carbon emissions from other business activities.



Figure 5 % Air vs Sea shipment

TARGET 2021: 85% sea transports. Target fulfilled

TARGET 2022: 87%% sea transports.

Ensuring responsibility throughout the supply chain

Bluefish main impact on sustainability and risks are within the supply chain of goods and services since most of the activities are outsourced. Bluefish’s supplier management is based on the company’s Code of Conduct, which describes Bluefish expectations on suppliers in a variety of sustainability aspects. In order to enforce the Code of Conduct, Bluefish performs supplier inspections to ensure that patient safety, work-related safety and health, product quality and other applicable business compliance and ethics aspects of suppliers are adequately considered.

Audit program

In 2018, we started our new safety, health, and environmental (SHE) audit program together with our manufacturing partners. We used external EU certified competence to help shape and structure the audit content and approach to ensure we cover all aspects included in our policies as well as regulations. This also includes topics such as freedom of association, anti-discrimination, and anti-corruption. We decided to prioritize our SHE audits based on risk and potency of drugs and have committed to a long-term audit schedule including Active Pharmaceutical Ingredient plants and Formulation and Packing sites. It is crucial for us to be able to secure that our suppliers conduct their business in a way that aligns with our Code of Conduct and basic sustainability standards.

<p>The main objective of audit is to</p> <ul style="list-style-type: none"> ✓ Evaluate the management system for Business Ethics ✓ Evaluate the management system for process safety, safe system of work, critical equipment’s, occupational health, and safety ✓ Evaluate the management system for Environmental Policies and Implementation including applicable legal standards 	<p>Audit comprises with a framework of mainly 9 Pillars</p> <ol style="list-style-type: none"> 1. SHE Policy & Legal Compliance 2. Business ethics 3. Environment 4. Accident Reporting, Investigation Analysis and First Aid 5. Hazard Identification, Risk Assessment & Its Control Measures 6. Emergency Preparedness & Fire Fighting Measures 7. General Plant Condition 8. Machineries, Lifting Tackles & Material Handling 9. Trainings & Participation
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Figure 6 SHE audit pillars

Our SHE audit Program will provide transparency and give us opportunities to drive positive change in the way we and our partners operate. Using a credible systematic approach and reviewing performance data we will be able to spot trends and do comparisons between our partners. In the last two years alone, we have seen improvements through the audits to better safety, health, and environment. Our partners are actively contributing during the audits and act promptly on gaps or improvements suggested by Bluefish.

Our plan is to have all our suppliers audited with the new SHE program by the end of 2023. Currently the pace is approximately 15 supplier audits each year, and the outcome will be subject to follow-up and action plans.

TARGET 2021: 15 audits performed. Target fulfilled

TARGET 2022: 17 audits to be performed



Healthy workplace

As a healthy workplace, we believe that the wellbeing of our staff is essential for the success of our company. To create wellbeing, we focus on the following topics:

Through the 'Kraftsamla' programme under the Swedish Chamber of Commerce India, we seek to dynamically address gender issues in society, increase empowerment for women, greater collaboration between the sexes to together build an unbiased world, a place where all voices are equally heard and equally received. Kraftsamla in Swedish means "to harness our energies" or "to gather our forces" together. It is a collaborative programme between Swedish companies in India, under the umbrella of the Swedish Chamber of Commerce India. Gender balance, equality, and equity are our non-negotiables. We have 3 employees who are a part of the first Task Force on Gender Sensitisation, the first of its kind of training programmes, consisting of close to thirty representatives from in total twenty Swedish companies in India and members of the Chamber, that are now working to create awareness and promote diversity.

Through Kraftsamla, we seek to address issues of gender injustice, and inequality, and build a world where both men and women can thrive. Gender balance, equality, and equity are our non-negotiables. We have 3 employees who are a part of this initiative and are working along with the other team members of the chamber to create awareness and promote diversity

Research and experience show that diversity and equal opportunity play a key part in making companies successful. During recruitment we actively try to promote greater diversity and equal opportunity. Bluefish has chosen to focus on improving our gender leadership ratio by increasing the number of female leaders in the company.

Of the groups 122 employees, 44 percent are women. The board of directors has 3 women and one man, and the Leadership team has 3 women and 4 men. Among all leaders in Bluefish 40 percent are female. Bluefish ambition is to increase the percentage of women in managerial positions by 3% in 2021 and another 3% in 2022 and our long-term vision is 10% up to a gender ratio of 50/50.

Health and Safety

Good working conditions and safe workplaces are important. No one should need to go to the workplace and worry about their health, either physical or mental. Our aim is to prevent accidents and minimize leave due to illness. Violence, threat, harassment, bullying or similar abuses of employees will not be tolerated. Bluefish employees have the freedom to choose if they want to join a labour union or not in accordance with each country legislation. Bluefish has a methodical way of working with our health and safety at work. A safe and secure work environment is a pre-requisite for job satisfaction, creativity, and commitment.

We aim to do our part within our local offices through recycling of waste as well as actively reducing our energy consumption. Our largest office and lab is located in a green building is based in Bangalore, India

Talent Management

- We strive to increase and promote females in managing positions
- We ensure safe work environment for our employees
- We create a workplace where we live our values
- We ensure the same quality of employee experience to all employees
- We attract and retain talent

TARGET 2021: Increase of females in managing position by 3% and target achieved

TARGET 2022: Increase of females in managing position by 3%

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility at Bluefish is all about contributing to and inspiring high performance in the societies where we are doing business. We believe that ordinary people can come together and achieve extraordinary things. Shanti Bhavan, a Bluefish Pharmaceutical partner, is a residential school in Tamil Nadu, was founded on the idea that any child can succeed given the right opportunities. That is why we are proud of our contribution to the Shanti Bhavan Children's Project, a project focusing on higher education to the underprivileged children in India. We want to put our efforts in programs where we believe we can make the most significant contribution to individuals and their families and increase diversity and inclusion at the same time. Since most of our operations are in India, it is natural to us to put our focus there. We believe that Shanti Bhavan are maximizing the impact on the community.



Figure 7. Children of Shanti Bhavan

Through Shanti Bhavan our employees and their families are able to touch lives in need and in return experience the blessing of giving. Their aim is to redefine education to empower future leaders with integrity, dignity, and a passion for excellence. Shanti Bhavan Residential School opened its doors in 1997 and welcome forty-eight students (24 girls and 24 boys) every year. The idea behind the school was simple: if children from underserved backgrounds were provided with education, resources, and opportunities, they could reverse the effects of abject poverty and social, economic, and gender inequity. Shanti Bhavan students are the first in their families to become authors, computer scientists, engineers, entrepreneurs, teachers, and more.

We contribute to the project by paying for their Wi-Fi and various IT support. Bluefish is also paying for the electricity and from time to time we donate laptops, furniture or other equipment needed at the school. Students from Shanti Bhavan are welcome to work for us on Internship programs and we also employ freshers from university to give them work experience on their growth journey. Our employees are encouraged to share their time, resources, and talents to enrich the community in which we work and live.

Shanti Bhavan Children's Project

The mission is unique and ambitious – to help children of deprived backgrounds become leaders through excellence in education and holistic personal development. Shanti Bhavan represents a radical change from basic literacy model and provides 17 years of intense intervention that reaches beyond individual students to tackle poverty and create positive change in their families and communities.

Shanti Bhavan's long-term approach to poverty alleviation and education is based on the belief that children of deprived backgrounds can not only meet but exceed expectations. These children move above and beyond the status quo into colleges and careers that are impressive by any standard. Over 97% of Shanti Bhavan high school graduates go on to graduate from college and are fully employed. Shanti Bhavan children go on to help hundreds, creating a powerful multiplicative effect throughout society.

GOVERNANCE AND COMPLIANCE

Bluefish compliance framework manages both Compliance and Governance aspects. It is essential to us to govern our sustainability work in general and the sustainability risks in particular in order to secure compliance with necessary rules and regulations. Responsibility for the overarching sustainability strategy, goals, actions, and follow-up rests with the CEO. The Board monitors the work through updates at least twice a year, which also include discussion about sustainability trends, risks, and developments. Day to day progress and follow-ups are delegated to functions within the company. Each area of sustainability, with appropriate key measures, has functions or individuals with overarching operational responsibility for follow up and reporting.

Code of Conduct as a driver

Our corporate Code of Conduct serves as a central policy for all other policies and is based on legislation, corporate values and recognised international standards. It covers areas such as Labour Rights, Human Rights, Anti-discrimination, and Anti-corruption. We believe working in an ethical manner is an important part of Bluefish's business. The company operates in locations that offer good business opportunities, but operations can also be in high-risk markets with exposure to serious risks of corruption. Bluefish has a zero tolerance for bribery and corrupt practices and our Code of Conduct applies to all directors, managers, employees, consultants and temporary staff at Bluefish and its subsidiaries. The companies' additional policies are all very important aspects of our business, and they outline how these aspects need to be managed.

Figure 8 Code of conduct



Our sustainability work is followed up through internal audits covering sustainability issues and we also have a whistle blower function that our employees can use to report any subject anonymously without the risk of retaliation. The company has had 0 incidents reported in 2020 and 1 incident reported 2021. All incidents are managed by our Compliance Committee consisting of employees from different functions lead by HR. As described on page 11, we are also auditing our suppliers through the SHE program, making sure our suppliers commit to our Code of Conduct (CoC). We have a compliance training programme where all new employees are inducted on CoC in their Induction Program. All employees need to pass a test in order to complete their training not only at the time of joining but also as an annual refresher training every year.



STATEMENT BY THE CEO

Bluefish Pharmaceuticals Sustainability Report for the fiscal year 2021 is prepared in accordance with the Swedish Annual Accounts Act. I am pleased to announce our support for the UN Principles listed in this report. The world we live in has – even aside from fighting the COVID-19 virus during the last two years – immense challenges ahead. If we put sustainability at the heart of our thinking and way of operating, we can make a real contribution to tackling these issues. The COVID-19 pandemic has impacted the company like many others with work from home, less travel, and more sea-freight than normally. During the pandemic health care resources have been affected in general which has reduced our sales, for more information please read the 2021 Annual report. By collaborating with our value chain partners and like-minded organisations, we can create greater social, economic, and environmental value.

All our ambitions have their challenges, but that is the very point of them: to challenge ourselves to do what is right for society. I hope you enjoy reading our 2021 Sustainability Report.

Stockholm, 20 April 2022

Berit Lindholm
President and CEO

Gunilla Spongh
Chairman of the Board

Gerald Engström
Board member

Eva Sjökvist Saers
Board member