



2018  
Sustainability  
Report



Laboratorios  
RICHMOND



Helping to live more and better

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01

## WORDS FROM OUR PRESIDENT



### We set the course for future challenges

We are pleased to present our third report, drafted systematically and transparently following international standards. It helps us report our economic, social and environmental performance and at the same time it provides a strong bond with the parties with whom we are involved.

The United Nations Sustainable Development Goals (SDG) serve as a beacon guiding our actions in terms of sustainability. For that reason we refer each one of the chapters to the relevant goal we are helping to attain.

Our sustainability strategy is embedded into our corporate genes and it cuts across all the areas of our company. Consequently, this report shows the DNA as an element interlinking our culture, competences, structure and organizational management.

The year 2018 was marked by a challenging context which prompted us to maximize opportunities, create innovative solutions and be increasingly closer to our clients. Within this framework, our values and strengths as a company and the distinguishing feature of our work team were essential.

Some of the company's major achievements are the beginning of the construction of a new plant in Pilar, designed to manufacture high potency pharmaceutical products, in full compliance with the most stringent international standards, thus allowing our international expansion, including in Europe.

One of the avenues for a country reach development is to invest in science. In that line, we have installed a new biotechnology laboratory, which enabled us to increase and update the capacity of our Research and Development laboratory for small molecules. With this investment in technology we assume the challenges of the future: handle complex molecules and obtain great achievements, such as the launch of the first oncologic generic product.

Taking these investments in R&D and in technology as groundwork, we are getting ready for new therapeutic challenges, such as macromolecules and peptidomimetic molecules. We were also able to continue developing new products using fixed dose combinations of existing molecules and the possibility for different drugs to be in one single tablet. With our local scientists making inroads we got patients to take fewer medications, improve their effectiveness and, of course, boost adherence to treatment.

I invite you all to dive into our report. I also take the opportunity to express my gratitude to all those persons who make it possible to continue building a company committed to a better future for all.



Marcelo Figueiras  
President



*We work for a world where health care is not a privilege. This vision is embedded into our organizational DNA. Our actions are patient centered and we seek that patients have the possibility to access new pharmaceutical treatments.*

## Our Vision, Our Actions

Our vision commits us to focus on launching the first generic pharmaceutical product, a high quality alternative to the innovative pharmaceutical product, to develop products improving treatment adherence and to bring original therapies through international licenses. In this way, our actions contribute to improve the therapeutic access by the society and balance the cost for the public and private health care systems.

## Activities and Products

We develop, manufacture and sell complex pharmaceutical products with a high added value. They are sold under prescription and are grouped in the following four strategic therapeutic lines:

- **Infectology** (HIV – Human Immunodeficiency Virus and HCV – Hepatitis C virus)
- **Oncology and Oncohematology**
- **Central Nervous System** (Analgesics, Antipsychotics, Antidepressants, Anti-Dementia Drugs, Hypnotic Drugs and drugs for the treatment of Multiple Sclerosis)
- **Cardiometabolic System** (Antihypertensive and Hypocholesterolemic Drugs, Anti-Anginal Drugs, Antiplatelet Drugs)





**40%** of the strategic portfolio are products with differential features

**2** new pharmaceutical compositions  
Mivuten® and Vironstar®

**2** single pharmaceutical compositions  
Dolofrix® and Insolid®

**16** first generics  
Gezt®, Leuzan®, Limustac®, Previd®, Probirase®, Selmivir®, Tambux®, Trexam®, Trivenz®, Virrorever®, Vuclodir®, Zetavudin®, Zetrotax®, Zevuvir® and Ziatir®

**5** Innovative licenses  
Renacenz® and Tachyben® of EVER Pharma GmbH, Austria, Omacor® and Trinomia® of Ferrer Internacional S.A., España and Monofer® of Pharmacosmos A/S, Dinamarca



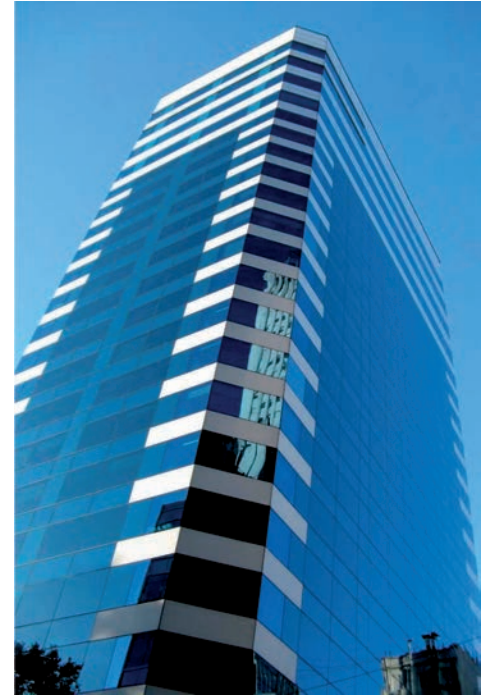
<b>4</b> STRATEGIC LINES	<b>62</b> Products	<b>78</b> Products	<b>79</b> Active Pharmaceutical Ingredients (APIs)
<b>1</b> TRADITIONAL HOSPITAL LINE	<b>16</b> Products	<b>115</b> Presentations	

## Location of Headquarters and Premises

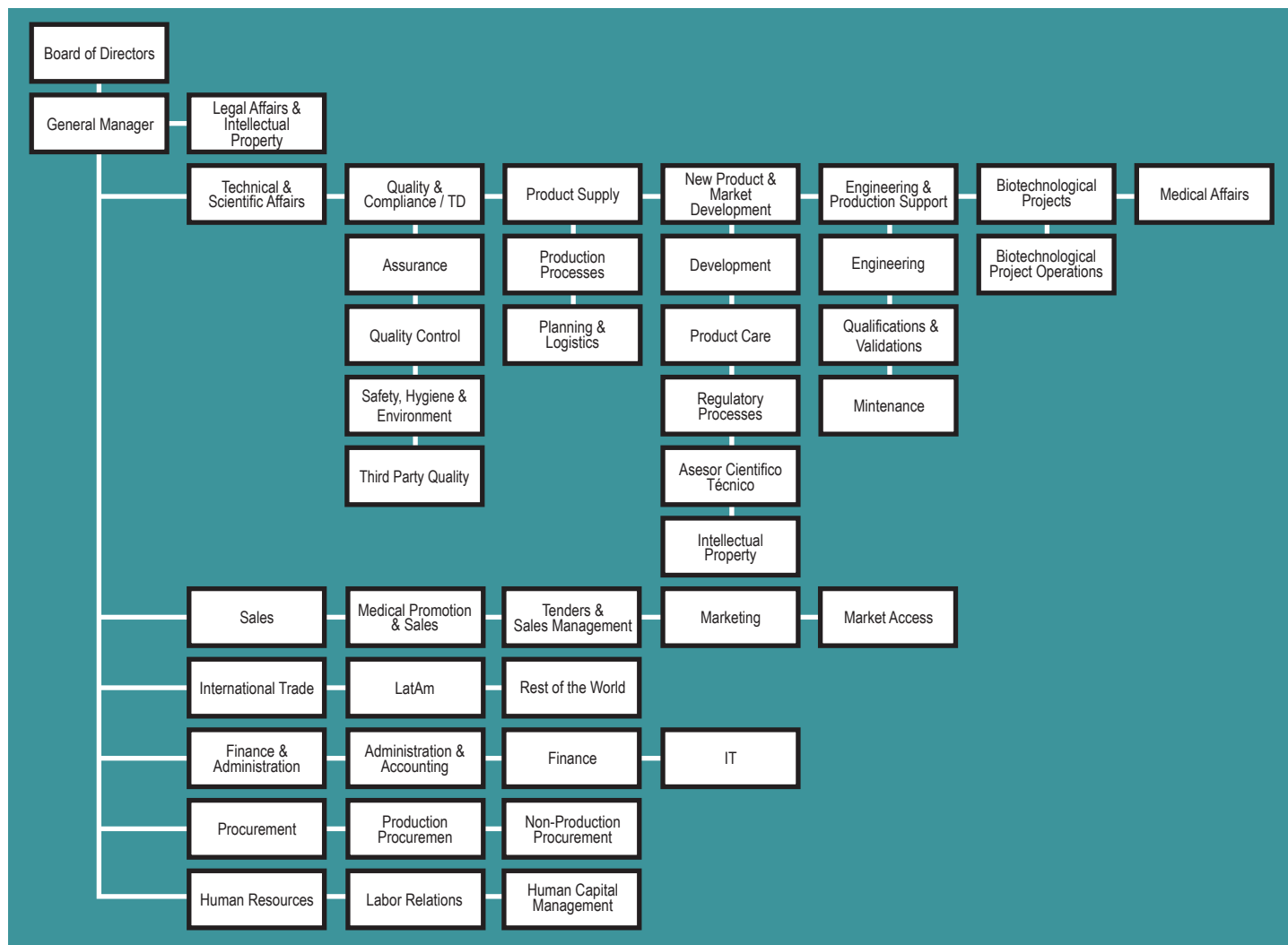
Our corporate headquarters spread across three floors of the building located at Bouchard 680, in downtown Buenos Aires. The General Manager's office and the departments of Administration and Finances, Trade, International Business, Procurement, Medical Affairs, Regulatory Affairs, Legal Affairs and Human Resources are all located there.

The three-floor building at Elcano 4938 in La Paternal neighborhood houses the departments of Development, Quality Control and Biotechnological Projects.

Our manufacturing plant is located at Pilar Industrial Park, in the province of Buenos Aires. It is a six hectare lot with a constructed area of around 5,600 square meters, equipped with state of the art technology to manufacture oral solid pharmaceutical forms. The plant was designed, built and qualified in compliance with the highest international standards. It contains the departments of Quality Assurance, Regulatory Compliance, Technical Direction, Production Processes, Logistics and Planning, and Engineering and Production Support.



## Operational Structure



## Laboratorios Richmond's Consolidation in Tunisia

Marcelo Figueiras, Laboratorios Richmond's President, visited Tunisia to strengthen commercial ties, and met with Dr. Imed Hammami, Minister of Health and the Argentine ambassador in Tunisia, Mr. Claudio Rozencwaig.



## 2018 Key figures

<b>365</b>	employees 63% in R&D, production, quality control and engineering areas
<b>AR\$ 1.7</b>	billion in net sales
<b>26</b>	countries with Laboratorios Richmond representation 4 subsidiaries in Argentina, Colombia, Chile and Paraguay 22 strategic partners in the rest of Latin America, Africa, Asia and the Middle East
<b>US\$ 4.9</b>	millions in sales from exports
<b>346</b>	world wide sale authorizations

### Construction of our New Pilar Plant

The construction of a new plant in our site in Pilar, province of Buenos Aires, kick started in October. This is a new production unit designed to manufacture high potency pharmaceutical products. The plant created jobs for many more families.

Whatever the current situation may be, we keep on betting on the industry because it remains the engine of the country's development. And in doing so we also contribute to bringing a future to our children.

Because we are convinced that without industry there is no Nation.



## Precautionary Principle

The precautionary principle guides our policies. It cuts across our strategy and across each procedure and activity developed in the company. It is based on two main aspects:

- Protecting the environment
- The safety of our products

Taking both aspects as a basis, we perform risk analysis and take actions based on the presumed risk. This is added to a constant monitoring of our activities and the enforcement of a continuous improvement plan.

From the environmental point of view, this report contains information supporting our actions. For example, in 2018 we designed and drafted the conceptual definitions for the plant manufacturing high potency active ingredients. The design focused on a “plant with high concentration of equipment”, following the international trends, although this concept is still a novelty in the region.

In terms of our products, the best example is our active pharmacovigilance and product follow up program. This allows us to assess the risk and take preventive actions, if needed.



***Continuing with the DNA image, the Board of Directors is responsible for the safe-keeping and transmission of the instructions with respect to the structure, the management and the development of our organization.***

## Executive Responsibility

The administration and the decision making are in the hands of the Board of Directors of Laboratorios Richmond. The Board approves the policies and general strategies, and the specific business plan. It establishes the annual budgets, defines the policies involving investments, risk assessment and management, and the follow up of the internal systems of information and control. Additionally, within the context of the Corporate Social Responsibility, the Board is involved in initiatives geared to the protection of the environment and social initiatives, thus fostering a conduct which is ethical and transparent towards clients, suppliers, consumers, competitors, etc. All these aspects are part of a regime allowing them to be sustainable along the time and in turn they contribute to attain the strategic objectives of the business.

Laboratorios Richmond is currently governed by the Public Offering Regime; consequently it is subject to the constant surveillance of the Comisión Nacional de Valores [Argentine Securities Commission]. To that end, quarterly financial Statements are published and the members of the Board of Directors must meet at least once a month.



## Governance structure

The Board of Directors is composed of 12 members, 7 full members (14.3% female, 85.7% male) and 5 alternate members (100% male). The shareholders' meeting establishes the composition of the Board of Directors, whose members are elected for a three-year term of office. In line with the provisions of the Capital Markets Law, there is a Statutory Auditor's committee within the Board of Directors of Laboratorios Richmond. This committee is made up of three full members and one alternate member, most of them being independent.



## Risk Management

The Directors as a whole, and together with the support of the Managers, if needed, are responsible for drafting the risk management policies. These policies are analyzed by the Auditor's Committee, who checks the proper functioning of the risk management processes and the internal control. The outcome is reported by the General Manager to the Board, and is presented as notes to the financial statements, which in turn are submitted for the approval of the shareholders at a shareholders' meeting.

## Corporate relations

### Fundación Huésped

In the year of the thirty-fifth anniversary of the discovery of HIV, and for the fifth consecutive year, we continue to support Fundación Huésped at their fund raising Annual Dinner Gala.

Fundación Huésped keeps its commitment to secure the sexual and reproductive rights and the prevention of diseases. The proceeds go to support the services and activities provided free of charge by the foundation to their beneficiaries.



## Forbes Healthcare Argentina

Laboratorios Richmond participated in the first edition of Forbes Healthcare Argentina, held on 10 May in Buenos Aires Sheraton Convention Center. Public officers, businesspersons and experts of the pharmaceutical industry, physicians and researchers were all in attendance at the event. Aspects related with the management of the sector and the efforts to ensure quality care which merges scientific support, health care effectiveness and economic sustainability were all addressed in the meeting.

In his intervention in the panel covering the migration towards biologics in the pharmaceutical market, Marcelo Figueiras stated that “nowadays the key word in the health care industry is 'accessibility', that is, that more people can access the pharmaceutical products they need”.



## Unilab Inc.



In the framework of the CPhIWorldwide (Madrid, 9-11 October), Marcelo Figueiras met with the directors of Unilab Inc., the official representative of Laboratorios Richmond in the Republic of the Philippines since 2009.

On this occasion they analyzed various strategic and commercial aspects for the future, among them the development of solid oral oncologic pharmaceutical products, which are to be fully manufactured in the new plant our company is building on the site of the Pilar industrial park.

## EXPOEFI

Laboratorios Richmond participated in EXPOEFI 2018 (Buenos Aires, 4-5 April) an event gathering major specialists in economy, finance and investments areas. Its goal is to analyze the performance of key sectors and of capital markets.

On this edition, our president, Marcelo Figueiras, made a presentation on the "Seminar on Laboratories and Health", providing his view of the pharmaceutical industry.



## Richmond and the Republic of Armenia strengthen ties

Marcelo Figueiras, president of Laboratorios Richmond, together with the ambassador of the Republic of Armenia, Ms. Estera Mkrtyumyan, at the celebration of the Centennial of the First Republic of Armenia, and the 27th anniversary of the independence of Armenia.

On this occasion the meeting was a timely occasion to continue strengthening commercial relations between both countries.

The event took place at Salón Versailles, Alvear Palace Hotel.



# 04 STRATEGY



*Just as the DNA contains the genetic information of all living organisms, in our statement of “Vision, Mission and Values” of 2003 we lay down the principles of Corporate Social Responsibility.*

## Our Vision

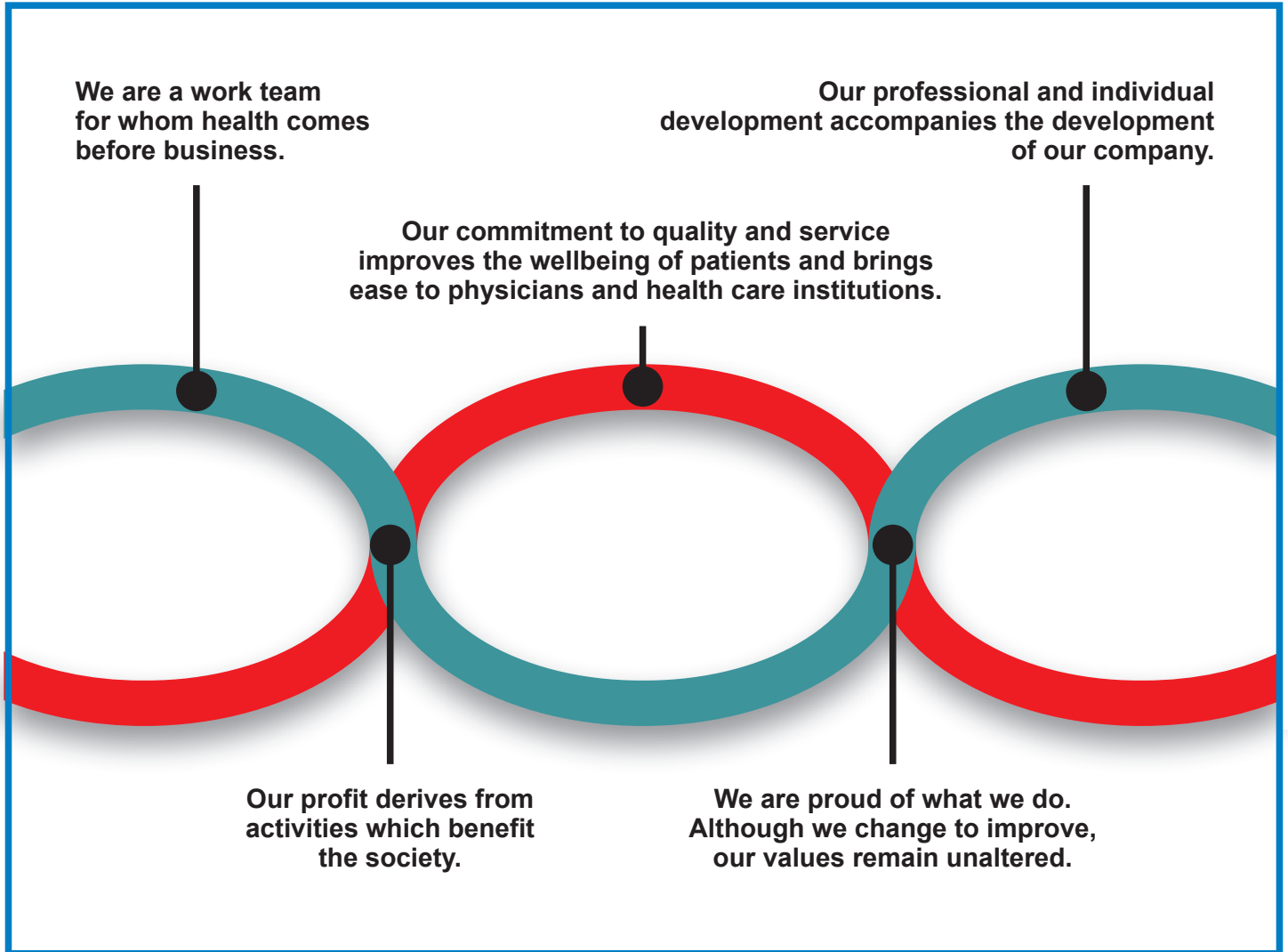
We share the vision of a world where health care is not a privilege. With that in mind we wish to contribute to the improvement, protection and care of people's health.

## Our Mission

- Be a competitive, flexible and technologically innovative pharmaceutical laboratory, boosting a sustained growth in the local and international markets.
- Build a team of workers, whose effort and professional competence is geared to providing quality and excellent products and services.
- Contribute to the development of our community by being a profitable and responsible company.



## Nuestros Valores



Laboratorios Richmond complies with a series of procedures, regulations and standards enabling the performance of work-related productive and commercial activities aligned with the ethical principles and the legislation applicable in each case (for example, the provisions of ANMAT, the National Administration of Drugs, Foods and Medical Technology).

Considering the regional growth in Latin America, the different areas of the company are currently working on drafting a new and appropriate code of ethics and conduct based on the respective legislations in each of the countries where Laboratorios Richmond does business.

# 05

## HUMAN CAPITAL



*Our DNA carries the vision, the values and the sense of purpose of the organization. This allows our employees to understand and absorb the mission and the challenges of the company.*

### Profile of our collaborators

Gender	2017	2018
Female	146 (40.4%)	146 (40.0%)
Male	215 (59.6%)	219 (60.0%)
<b>Total</b>	<b>361</b>	<b>365</b>

Seniority	2017	2018
1-5 years	50%	50%
6-10 years	29%	31%
11-20 years	18%	15%
more 20 years	3%	4%

Geographical Area	2017	2018
BUENOS AIRES	64.5%	64.3%
CABA	28.5%	299,0%
CORDOBA	3.0%	2.8%
CORRIENTES	0.5%	0.3%
MENDOZA	1.1%	0.8%
SALTA	0.5%	0.6%
SANTA FE	1.9%	1.1%
TUCUMAN	0.0%	0.3%

<b>Admissions:</b> 50	<b>Leavers:</b> 46	Resignations: 22 Terminations: 18 Contract Expiration: 6	<b>ETR:</b> 12,74
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<b>Labor Agreements</b>	42/89 Health Care Union
	119/75 APM



## Remuneration

In Laboratorios Richmond we assess the job positions and compare the salaries with the annual survey of the pharmaceutical industry to seek internal equality, guarantee gender equality and be competitive in the market.

The remuneration varies according to whether the collaborator is covered by a collective bargaining agreement or not. The persons covered by one of the two agreements, 42/89 (Sanidad – Health Care Workers' Union) or 119/75 (Apm), join the company with an entry level category belonging to the specific area. They are entitled to allowances or upgrades in category based on objective criteria such as seniority and performance.

For those not covered by the agreements, the salary is set according to the data retrieved from the market survey on remunerations.

Percentage of increase in the total yearly remuneration	Covered by agreement	47%
	Not covered by agreement	30%
Ratio of the standard entry-level, gender-based salary in comparison with the local minimum salary		2:72
Higher management positions hired in local community		100%

## Performance Evaluation

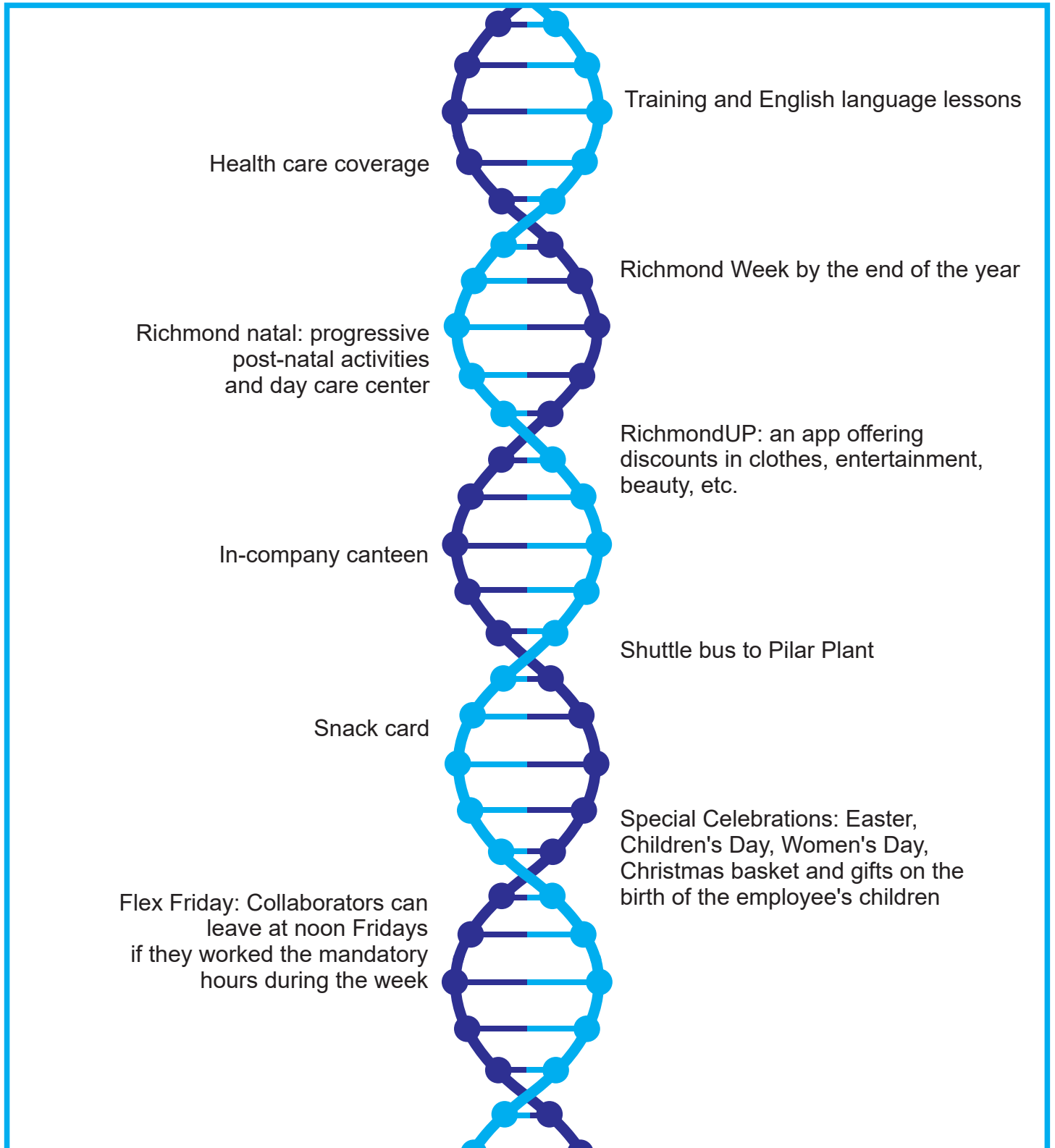
The success of our company depends on the commitment of our human capital. Therefore, it is necessary to be aware of all the aspects that may help collaborators work, reinforcing their strengths and reducing any disadvantage. To that end we conduct performance evaluations every year. Every employee is evaluated with the exception of those employees with less than six months' seniority.

The goal of this process is for the employee to know their strengths as well as their weaknesses, thus creating a work environment which prompts them to boost their performance when executing a process, and so obtain a better result.

On the other hand, in labor agreements having a trial period the collaborator is evaluated on day 45 and on day 90 after joining the company. At that latter stage the collaborator is informed whether they will be included on the payroll for that position or not. That procedure seeks to accompany the collaborator in the induction process and completes the selection process for the cases in which the collaborator is indeed included on the payroll for the position for which they were hired.

## Benefits for the Personnel

Attracting and retaining the best human talent is a critical issue which affects our competitiveness. We are aware of the importance of having the best human capital in our team. Therefore, we place a great importance on the benefits offered to our collaborators.



## Occupational Health and Safety

The key indicators related with the protection, safety, health and wellbeing of our personnel are described below:

### Injury Rate

The frequency index is an indicator showing the number of injuries occurring over a period of time, during which the workers were exposed to a risk of suffering an occupational accident. The frequency index corresponds to the total number of incidents with injuries for each million of man-hours of exposure to the risk.

<b>Frequency Index</b>	$\frac{\text{Workers injured} \times 1.000.000}{\text{Hours worked}}$	<b>16.2</b>
	$\frac{13 \times 1.000.000}{799.2}$	

### Types of Injuries

They are mostly trauma followed by lower back pain, contusions and some lacerations.

### Occupational Diseases

None

### Lost Time Days

The loss time rate shows the number of working days lost over one year, for every one thousand workers exposed. The definition of not worked days adopted is the definition recommended by the ILO, that is the total number of running days occurring between the date of the event and the date on which the temporary labor incapacity is over.

<b>Loss Index</b>	$\frac{\text{Lost days} \times 1.000}{\text{Workers exposed}}$	<b>8.2</b>
	$\frac{304 \times 1.000}{370}$	

### Number of Work-Related Casualties

None

### Workers with a High Incidence or Risk of Occupational Diseases

None

### Safety Related Issues Covered by Formal Agreements with Trade Unions

Safety and Hygiene joint Committee in compliance with Law number 14,408, Decree number 801/14.

## Training

**Training  
Figures in 2018**

Employees receiving training: **174**

Training hours: **2,432**

### E-Learning Training Platform

In Laboratorios Richmond we profit from multimedia and interactive training through an online platform supported by the Moodle System. This system is used in most of the Learning Management Systems existing globally.

The aim is to have an ongoing training offered to the personnel involving the specific tasks required in each one of the fields. It also provides periodic evaluation of the contents incorporated both through the online platform and during the everyday performance of the activities.



This methodology allows arousing the enthusiasm and interest of new generations, since the contents are attractive, dynamic and interactive. Learning is initially provided to staff in technical areas, and we plan to cover all the sectors of the company in the short term.

The contents are varied and cover universal aspects or specific activities of the pharmaceutical industry, such as Good Manufacturing Practices. Since its implementation, in October, 2018, all the collaborators of the technical areas have been trained in first aid and fire prevention using this e-learning feature.



## Face-to-Face Training

Among our recurrent professional training activities in the commercial area we can mention a session led by Marianne H Schultz (Head of Global Medical) and Nathalie Bofarull (International Medical Manager) of Pharmacosmos A/S, licensor of Monofer (iron isomaltoside for injection). Our international guests gave a presentation to our promotion and sales force covering the most recent developments and new tools to continue developing the franchise in Argentina successfully.



## Recognition to the Career

In Laboratorios Richmond we are pleased to recognize the service, commitment, perseverance and dedication of the collaborators who have been for more than 20 years with us.

These recognitions are usually presented during the end-of-year celebrations, when we award a diploma and a medal as recognition.

The President and the CEO of Laboratorios Richmond jointly with the Human Resources Manager were in charge of handing out the medals.



## Actions for Children's Day and End-of-Year Cards

In 2018 we decided to come up with a different action for this special day: we organized a drawing competition where the children of our collaborators could participate.

The aim of the contest was to select three drawings to be included on the End-of-Year Cards. The winning drawings were selected by an external jury composed of different personalities from the sciences, the art and the show business, as Dr Facundo Manes, Iván de Pineda, Oscar Gómez Castañón, Marta Diez and Elizabeth Chapeauroug.

The call to participate in the contest was announced the week of the Children's Day. In addition to enjoying some time with the little ones, each collaborator shared Richmond's identity among their families, boosting their enthusiasm.

At the end of the contest, all the participants received their diploma and medal. Likewise, all the works were exhibited in the different company sites and were shared on the social media and on the Intranet. The winners in each one of the three age categories received a bicycle as prize.



## Young Employment

Our policy to give work opportunities to the youth is evidenced by our consistent participation in fairs and trade shows, where thousands of possible applicants leave their résumé for us to discover young talents who may join our company.

The experience of our participation during the two-day ExpoEmpleo 2018 was as follows:

- More than 200,000 young persons saw our stand.
- More than 1,000 contacts left their résumés
- More than 300 interviews made on the spot
- More followers were captured using the social media.



## Meeting on the Jobs of the Future

In October, Marcelo Figueiras met with young students of Technical School number 27 “Hipólito Yrigoyen”, to share his experience and to provide tools and information about how to prepare for the jobs of the future.

The invitation to our President was made by the Government of the city of Buenos Aires and the National Ministry of Education.



## 06 CONSUMERS



***Focusing on the patient or the consumer is the founding principle of our company, which is embedded in our DNA.***

Our deepest commitment is towards patients or consumers, for whom we provide an adequate and equal access to pharmaceutical products, which have efficacy and are safe and fit for a therapeutic improvement. To that end we focus on launching the first generic pharmaceutical product, products which facilitate treatment adherence and original therapies through international licenses.



**Generic Drugs:** A generic drug is interchangeable with the original product because it has the same active ingredient, the same route of administration, the same pharmaceutical form and the same behavior. Having generic products opens up the possibility for competition, thus reducing the cost of the products in the market and consequently improving drug access by more patients. Laboratorios Richmond leads the launching of the first generic drug with 71% of its products of the HIV line, reaching a 26% target for its four lines.

**Adherence to the treatment:** A drug product is effective not only because of its quality, but also due to the adherence to the treatment, namely, if the patient takes the pharmaceutical product as prescribed. Many times this is not possible because of the difficulty when there are multiple treatments, with drugs to be taken many times along the day as well as problems with dosing. Some examples of products which improve the adherence to the treatment are fixed-dose combinations for HIV treatment (Lazinevir<sup>®</sup>, Mivuten<sup>®</sup>, Previd<sup>®</sup>, Selmivir<sup>®</sup>, Trivenz<sup>®</sup> y Virontar<sup>®</sup>) and multi-dose tablets (Mystika<sup>®</sup>). Some conditions or diseases carrying a social stigma pushed us to develop a special packaging so that persons can keep their privacy when taking the treatment. We implemented user friendly packaging for easy transportation and use when necessary, thus ensuring the preservation and quality of the product.



**Licenses:** Laboratorios Richmond was granted licenses by renowned pharmaceutical companies from Europe, for original pharmaceutical products to be sold exclusively in Argentina. They represent unique and innovative treatments and enhance our company's portfolio.

## Product Information and Labeling

We ensure product information and labeling through our labeling procedures included in the Quality Management System. All operations we carry out have a specifically defined procedure, including the updating of these procedures according to the Pharmacovigilance Reports (ANMAT provision number 5358/12)

During the period of the report no non-compliance incidents were reported regarding this issue.



## Marketing Communications

Because of the type of products we sell, we can have marketing communications targeting only health care professionals. For these communications, we comply with Resolution number 627/07 of the National Ministry of Health on “Good Practices of Promotion of Drug Products Sold under Prescription” and with Provision 6516/15 of ANMAT. Article 2 of that provision states that “companies owning drug products for sale under prescription shall inform ANMAT about the promotion of drug products targeting health care professionals and providing the promotional piece corresponding to the format that will be promoted”.

During the period of the report no non-compliance incidents were reported regarding this issue.

## Health and safety related incident

Aligned with the drug agencies in the USA (FDA) and Europe (EMA), and due to the international finding of a possible impurity in the products containing valsartan as active ingredient, the Quality Committee of our company decided in favor of the preventive and voluntary recall valid as of 16 July 2018 affecting all the batches of Hiperval® with a valid shelf life.

After this decision was taken by Laboratorios Richmond, the local health authority, ANMAT, adopted the same policy. This forced other

11 competitor companies to organize a voluntary recall of their batches in the market.

Although the content of the suspected impurity in our antihypertensive drug Hiperval connected with the doses sold by us was within the safe range, we made the decision to recall so as to minimize the risk and the potential impact on the health and safety of the patients.



# 07 SUPPLIERS



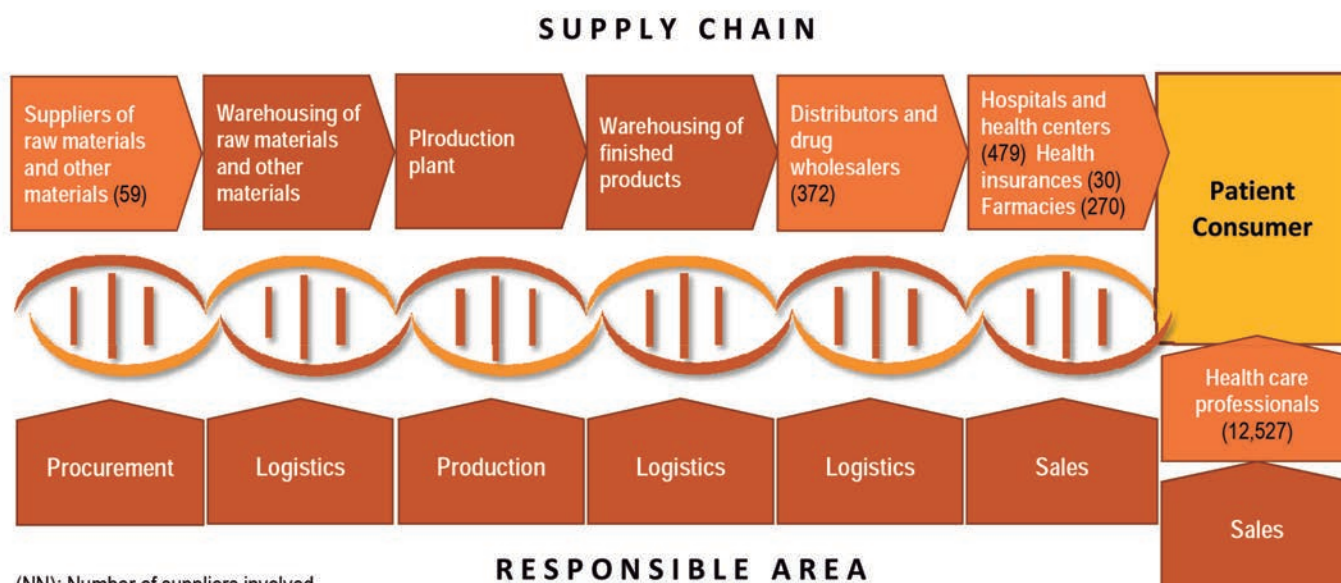
*Just like the DNA double chain, our supply chain is a key structure to keep and consolidate the quality of our operations.*

## Supply Chain

Our supply chain is designed and executed to guarantee the supply to the market of our product portfolio. We made progress in terms of sustainability thanks to the help of our suppliers and sharing the same vision, values and actions with them. This is based on ethics, integrity and transparency. Below is a summary of the different players in our supply chain and the activities involved:

The patient or consumer receives our pharmaceutical products through the clients. The orders for these products are managed by the Sales Department using an in-house operation. Instructions are then sent to Logistics, who is responsible for storing the finished products and for their delivery to distributors to satisfy the demand. Production Planning is responsible for programming the internal production and for triggering the Replenishment activities, which, considering the delivery times of suppliers and the inventory levels, is responsible for providing the necessary inputs (raw materials and other materials) to satisfy the needs of Production.

Although our key commitment is towards the patients or consumers, due to the inherent features of the pharmaceutical industry manufacturing products for sale under prescription, physicians are also a group of primary interest. In our value chain, health care professionals are essential due to the regulatory requirements and as a result from the connection with the patient and the access to the pharmaceutical product.



(NN): Number of suppliers involved

## Suppliers

We have a list of 2,100 suppliers on record with 570 active suppliers. Of these, 484 (85%) are located in Argentina.

They are divided into two groups: suppliers of production inputs and suppliers of non-production inputs.

SUPPLIERS	Production Procurement		Non-Production Procurement
	APIs (active pharmaceutical ingredients) and excipients	Primary and secondary packaging materials	For example: Logistics services Security services Market audits Canteen services Graphic art
% of the total of suppliers	5%	6%	89%
	11%		
% of the total yearly procurement	79%		21%

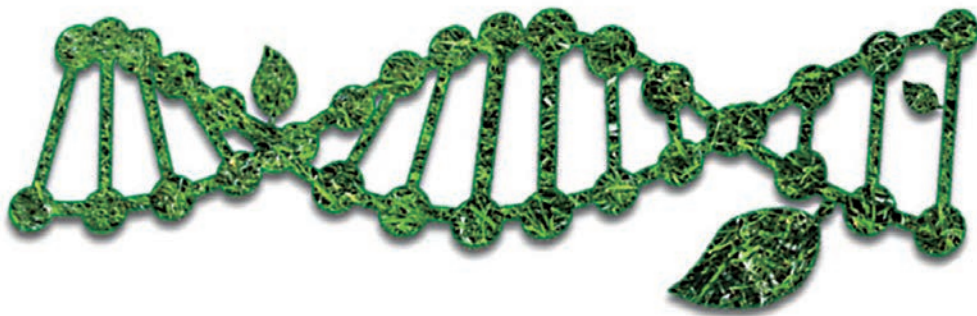
Using our supplier rating procedure, on each audit we request that our suppliers comply with environmental requirements.

The APIs (Active Pharmaceutical Ingredients) and the excipients we use to manufacture our products are a critical input, which represents 57% of the total annual purchases. Note that the supply of these materials is concentrated on 27 suppliers (5% of the total), out of which 21 are international and 6 are local suppliers. All these suppliers, with their strategic importance for the pharmaceutical industry, comply with Good Manufacturing Practices (GMP), and are regularly inspected by the competent authorities, as is the case of laboratories manufacturing pharmaceutical products.



*Our corporate DNA carries our awareness and commitment regarding the preservation of the natural capital of our planet and its ecosystems.*

The environmental sustainability is a major part of our activities. Therefore, we take actions whose aim is to offer a measurable social and environmental value. Among them are a clean, non-polluting production system and a policy to reduce waste which in turn reduces the impact of the activity and helps reduce the environmental challenges, such as the carbon footprint. Additionally, we carry out diverse safety and hygiene tasks and we take actions to contribute with the environmental education.



## Recycling of Materials and Main Inputs

The materials and inputs we use have the following features:

Materials and key inputs	Characteristics	
	Recyclable	Non-Recyclable
Active ingredients		X
Excipients		X
Primary packaging		X
Secondary packaging		X
Tertiary packaging	X	

## Waste Recycling / Compost

Three years ago we started focusing on the recycling of organic solid waste originating in the canteen of our Pilar plant. To that end we work jointly with a company providing waste treatment inputs and advise. After some tweaking in the process, according to the type and quantity of waste, we came up with this solution:

1. Users separate the canteen waste into recyclable and non-recyclable waste in appropriate bins.
2. Once the lunch shifts are over, employees appointed by Hygiene, Safety and Environment collect and transfer the waste to the appropriate collection bins. Organic recyclable waste is placed in the composter behind the canteen.
3. A bag of composting accelerator is emptied into the composter twice a week.
4. After three months of organic waste collection in the composter, Quality Assurance employees coordinate emptying the contents of the composter and placing the material on a plot to complete the degradation process.
5. Three weeks after emptying the composter, the compost is ready for use on the site or to be taken home by the employees.
6. Every month we are audited by the consulting company, who writes reports on the status of the process. Reports are available from a web application designed for the exclusive use of the company.

As of today we fully completed two rounds of this process, where part of the compost made was packed and handed out to the employees of the company, together with seeds of aromatic plants to create awareness in each home.

Additionally, a landscaped area was created in the location of this waste treatment.



## Energy Consumption in the Company

### Power Consumption

Consumption of the Industrial Complex in GJ

2016	2017	2018
15,207	16,190	15,486

### Energy Intensity

The energy intensity is measured with devices installed in the electric panel. The value of the intensity is determined by the incidence of the energy in the electricity bill (KW-h/USD)

2016	2017	2018
0,072	0,075	0,085

**Note:** Values are calculated based on the power consumed in kW/h divided by the electricity bill corresponding to the products of the Pilar Plant expressed in United States dollars. Exchange rate used: annual average source Central Bank of Argentina (BCRA - actual exchange rate (TCR) and monthly average nominal exchange rate (TCNPM).

## Energy Consumption Outside the Organization

We are in the process of implementing an indirect measurement system for the energy consumed outside our premises considering the fuel vouchers of our staff.

## Energy Consumption Reduction

Our plant in the Pilar site recertified for ISO 14001 - 2015 in October 2018.

In line with our commitment towards the environment we implemented different programs to take care of non-renewable resources, for example the program to reduce power consumption. Since the largest source of energy consumption is the heating, ventilation and air conditioning (HVAC) system of the production plant, we evaluated installing solar panels to reduce the consumption from the grid. So far the investment needed to install this system does not have an adequate payoff for the financial sustainability of the company. However, this project is continuously followed up for cost reductions of these technologies.

Within this program, we took strategic decisions during the year. They refer to the investment projects to be made after the implementation of the Initial Public Offering (IPO): the high activity solid forms and the transfer of the Quality Control and Development laboratories. In both cases we decided to prioritize the design and the engineering of environment-friendly installations.

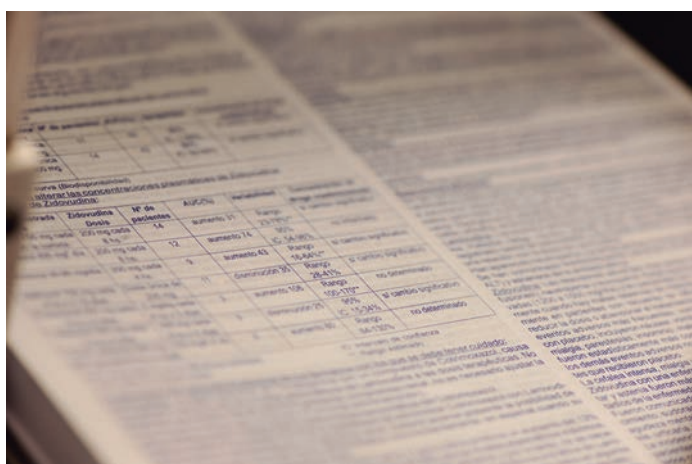


## Specific Measures to Reduce Energy Consumption and Packaging Materials

- We completed the installation of LED light fixtures at our Pilar site.
- At the Pilar site we implemented a policy to shut down the power in offices and social areas completely during weekends, national holidays and night hours, to prevent the impact caused by people forgetting to turn off lights.
- Since the secondary packaging of pharmaceutical products cannot be recycled due to safety reasons, we started a program to reduce the size of boxes and blisters. To that end, we purchased a new boxing machine.



- In turn, we started a program of progressive change of product inserts to reduce paper consumption. We upload the updated physician information to the national official list of drugs and changing the inserts towards a patient's reduced text.
- We reduced the consumption and waste of aluminum used as a primary packaging by the installation of an in line printing system. Consequently there are 95% savings in the waste ratio for this material.



## Water Consumption

### Well Water Extraction

We have two water wells to extract ground water, in compliance with Decree 429/13, Resolutions 734/14, 333/17 and 929/17.

### Sources of water significantly affected by water extraction

None

### Recycled and reused water

The water we reuse is the water discarded from the purified water process, which is obtained by reverse osmosis. This water is used to feed the fire fighting system.

Indicator	Water consumption in m3	Unit	2016	2017	2018
Total water consumption	Absolute in m3	m3	15,699	9,331	12,661
Specific water consumption	x 1000 units	m3 x 1000 un.	5,076	1,564	3,867

### Water discharge according to quality and destination

Our liquid effluent discharge has the following pH values, SS 10 min, SS2h, sulfide, phenolic compounds, SSEE, DBO, DQO, SAAM, HTP, free chlorine, faecal coliforms, within the limits established in Resolution 336/2003 - Annex II. In compliance with Law number 5965 Decree 2009/60 and 3970/90; Resolutions 289/08, 336/03, 335/08, 465/13, 636/14 and 734/14. Destination: rain water collection system, surface water.



## Emissions, Effluents and Waste

Information about the carbon footprint is included below. It represents the quantity direct emissions of greenhouse gases released into the atmosphere originating in the activities of the Pilar Plant.

The carbon footprint is expressed in CO2 equivalent.

Ratio	2016	2017	2018	Conversion factor
Power (Kwh/year)	4,660,626	4,207,686	3,938,341	According to the generation matrix in Argentina: 0.39 KgCO2/Kwh
Natural gas (m3)	334,846	264,681	218,381	1.93 KgCO2/m3
Refrigerant gases (kg)	13	0	0	1.810 KgCO2/Kg gas
Special waste (kg)	44,639	49,671	46,434	0.0262 KgCO2/Kg waste
<b>Total Tn of CO2 equivalent</b>	<b>2,488</b>	<b>2,153</b>	<b>1,959</b>	

Over the last three years we observe a reduction of CO2 emissions owing to the installation of more efficient power and gas equipment.

Indicator	Unit	2016	2017	2018
Emissions of CO2 released to the atmosphere	kg	1,819,593	1,667,380	1,537,591
Emissions released to the atmosphere per production unit	kg / unit	0.588	0.28	0.47



In 2018 although the CO2 emissions released into the atmosphere were reduced, the indicator per production unit increased. This was due to a reduction in the production units as from the second semester, while we needed to keep the energetic base to guarantee the functioning of the plant.

## Waste by Disposal Type and Method

	Indicator	Unit	2016	2017	2018
<b>Total quantity of waste</b>	Absolute in tonnes	t	116,86	127,43	97,37
<b>Specific quantity of waste</b>	$\frac{\text{Total quantity of waste}}{\text{Production}}$	kg/un	0.0378	0.0214	0.0297
<b>Total quantity of hazardous waste</b>	Absolute hazardous waste in t	t	49.7	49.67	46.43
<b>Waste for recycling</b>	Absolute recycled waste in t	t	9.63	10.37	8.00
<b>Regular waste for disposal</b>	Absolute non-recycled waste in t	t	57.53	67.39	42.94
<b>Recycling rate</b>	$\frac{\text{Quantity of recycled waste in t}}{\text{Total quantity of waste in t}}$	%	8.24	8.14	8.22
<b>Disposal rate</b>	$\frac{\text{Quantity of non-recyclable waste (urban waste)}}{\text{Total quantity of waste in t}}$	%	91.76	91.86	91.78
<b>Hazardous waste rate</b>	$\frac{\text{Quantity of hazardous waste in t}}{\text{Quantity of waste in t}}$	%	42.53	38.98	47.69

### Total weight of waste processed, according to treatment type and method

Item	2016	2017	2018
<b>Hazardous waste</b>	49.70 (t)	49.67 (t)	46.43 (t)
<b>Waste for recycling</b>	9.63 (t)	10.37 (t)	8.00 (t)
<b>Regular waste</b>	57.53 (t)	67.39 (t)	42.94 (t)

This decrease in the generation of waste in 2018 is best explained by measures of waste recycling / composting, and by a reduction of packaging materials (see pages 30 and 32).

## Hazardous Waste Sworn Statement

We filed the sworn statement on waste generated in 2018 with the Sustainable Development Authority of the province of Buenos Aires. The key aspects are included below:

The warehousing area is compliant with temporary warehousing conditions.

- No item is stored for longer than one year
- There are records of manifestos and treatment certificates
  - Type Y2: Waste resulting from the production and preparation of pharmaceutical products
  - Type Y3: Waste of medications and pharmaceutical products for human and animal health
  - Type Y8: Waste of mineral oils not fit to be used for the use they were intended
  - Type Y29: Waste of mercury or mercury compounds
  - Type Y41: Waste of halogenated organic solvents
  - Type Y42: Waste of non-halogenated organic solvents
- Disposal method: incineration

### Major leaks

None

### Transportation of hazardous waste.

We comply with the provisions of Law number 11,720, Decree 806/97, Dec 650/11 - Resolution SPA 592/00 - Resolution SPA 344/98 - Resolution OPDS 248/10 and complementary resolutions.

The plant is listed on the Registry of Generators of Special Waste under file

number 2145-08519/98. The special authorization certificate is number (CHE) 2427.

We have a technician representing the company in the Registry OPDS 0111 (Sustainable Development Authority of the province of Buenos Aires)

The transportation and the waste treatment processors are MD S.A. and Trieco S.A., respectively, both authorized by the OPDS.

We use transportation manifestos and treatment certificates in compliance with OPDS.

### Bodies of water affected by water disposal and/or water runoff

Luján River

### Non compliance with environmental laws and regulations

None





***The genetic material of our DNA prompts us to be a good corporate citizen, contributing to the socio-economic progress of the communities we serve.***

In Laboratorios Richmond we take care of our "Grand Homeland" (our Planet) and also our small homeland, the community where we belong. We are part of that and are fully committed. We create skilled jobs, develop productive activities, care for the environment, optimize our value chain, foster therapeutic accessibility and we support the efficiency of the health care system.

We understand that in order to improve the economic and social wellbeing of our community, which in turn boosts the national progress, investments in the development of knowledge are essential. In our case these investments are focused on Science and Technology.

Our main social investment programs and initiatives and their outcomes are as follows:



### **“Dr. Manuel Sadowski” Scholarships**

Starting in 2014 we continue supporting FUNDACEN (Foundation for Exact and Natural Sciences of the Buenos Aires University) so that every year two low-income students complete their university degrees.

### **External Professional Practices**

Eight students of technical secondary schools from the geographical area of our Pilar Plant receive 200 hours of training. This inserts them in the labor and production worlds.

### **Internship Programs**

Six university students participate in our internship program in our Pilar Plant.



## Sponsorship to public research

The anti-tuberculosis drug developed jointly with CONICET was awarded patents in the US and Europe in 2018.

## Sponsoring private research

The studies conducted by Fundación Huésped demonstrated that bi-therapy in HIV is equally effective as the therapy with three separate drugs. This regime is cheaper, has less toxicity and risk of drug interactions, thus facilitating access and treatment adherence.



**LA NACION**  
LA NACION SOCIEDAD  
Podrían usarse dos drogas en lugar de tres en el tratamiento contra el VIH

**Clarín SOCIEDAD**  
CLARÍN SOCIEDAD | POLÍTICA SOCIEDAD DEPORTES ESPECTÁCULOS MUNDO ECONOMÍA OPINIÓN  
Investigadores y becarios del CONICET  
Avance de científicos argentinos en la lucha contra la tuberculosis

# 10

## FOCUS OF THE REPORT

***Our commitment to sustainability is part of our DNA and it cuts across all the areas of the company, and is fully included in the preparation of this report.***

This is our third Sustainability Report covering our operations in 2018. It was prepared in compliance with the guidelines of the "Global Reporting Initiative" (GRI), in its G4 version, the Sustainable Development Goals, the United Nations Global Compact and ISO 26000.

The issues included in this report provide answers to the information expectations of the main audiences with whom we interact. We get input from an internal analysis of the information we receive in the company and from the diverse communication channels established.

The data included are provided by the management systems of the company and are supported by the company.

The scope of the indicators is specified in the charts, data and tables, and they are internal in scope. The data provided are sufficiently comprehensive and accurate and are disclosed as clearly as possible to make them accessible to all our audiences and make our sustainability-centered management accountable with full transparency.

To conclude, although the report does not have an external verification, many of the processes presented have been certified by independent third parties in accordance with recognized international standards.

