

LIVEABLE PLANET



Sustainable packaging model:

Promoting the circularity of
our packaging.

For you,
for all,
for good

LIVEABLE PLANET

Sustainable packaging model

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Context and challenges

The transition towards the circular economic model we're committed to goes hand in hand with a change to the current production model and, consequently, a commitment to innovation with respect to the containers and packaging we put on the market.

One of the key strategies for achieving this is eco-design, which consists of introducing environmental considerations into the product development process with the aim of minimising the environmental impact throughout its life cycle.

Global attention is focused on plastics for obvious reasons: on the one hand, almost 60% of today's plastic waste comes from packaging, and around 30% is collected throughout Europe for recycling. One of the biggest disadvantages is that it loses 95% of its value after a short first-use cycle. These numbers fall far short of the recycling rate of other materials also used in packaging, such as paper and cardboard or aluminium, which have a recycling rate of around 70-80%.

In accordance with the European framework to improve our way of producing and consuming promoted by the new Circular Economy Action Plan (CEAP), at Ferrer we deem it essential to adopt sustainability criteria in order to design packaging that is more committed to protecting and promoting the health of the planet and people.

The "European Strategy for Plastics in a Circular Economy", "The New Plastics Economy" led by the Ellen MacArthur Foundation, or the Single-Use Plastics Directive are key examples of the importance of integrating environmental considerations right from the design stage, taking into account the entire life cycle, without compromising any of product's other properties.



Context and challenges

The pharmaceutical sector uses a significant amount of containers and packaging for the marketing and distribution of products, and some of them generate environmental and social problems, as is the case of blister packs, as it's difficult to recycle them and large quantities are produced worldwide. In fact, the European pharmaceutical packaging market is expected to grow by around 8% a year between 2020 and 2025.

Unlike other sectors focused on the production of consumer goods, the pharmaceutical sector is much more regulated and conditioned by the stability and safety of the drug, so that any change for the better is usually associated with long and costly approval and implementation periods to ensure that safety and regulatory criteria are met. In any case, it is worth noting that trends that appear promising in other sectors will progressively extend to the pharmaceutical sector.

While we're aware of the barriers that the change towards more sustainable production represents for our sector, we're nevertheless convinced that **Ferrer is one of the key players in leading this change and that's why we want to pioneer the adoption of commitments that minimise the environmental footprint of our containers and packaging by implementing a Sustainable Packaging Model in Ferrer**, a dynamic commitment that we will continue to adapt in order to provide new solutions and technologies in the transition towards a circular economy.

Over the last 15 years, the average weight associated with pharmaceutical packaging marketed in Spain has dropped by 23%.





What have we achieved?

14% of Ferrer's carbon footprint is due to our packaging: mainly primary (64%), followed by secondary (30%) and tertiary (6%).

At Ferrer, more than 75% of the carbon footprint of our packaging production is associated with blister packs, boxes, leaflets and bottles.

recycled at the end of its useful life, so it becomes waste destined for incineration or landfill and doesn't become new resources that would close the loop.

To improve this situation, we need to work closely with waste managers, suppliers and stakeholders along the entire value chain.

What are we going to do?

We want to prevent the packaging from our pharmaceutical business ending up in landfills or dumped in the natural environment.

Therefore, by the year 2030 we want to:

- Reduce the carbon footprint of our packaging by 25%.
- Maximize its recyclability, reducing consumption by 10%.
- Incorporate 20% recycled material .
- Eliminate 100% of deforestation due to its production.

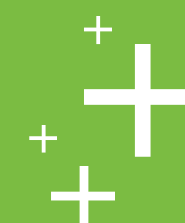
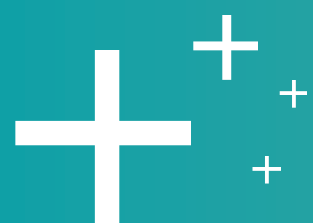
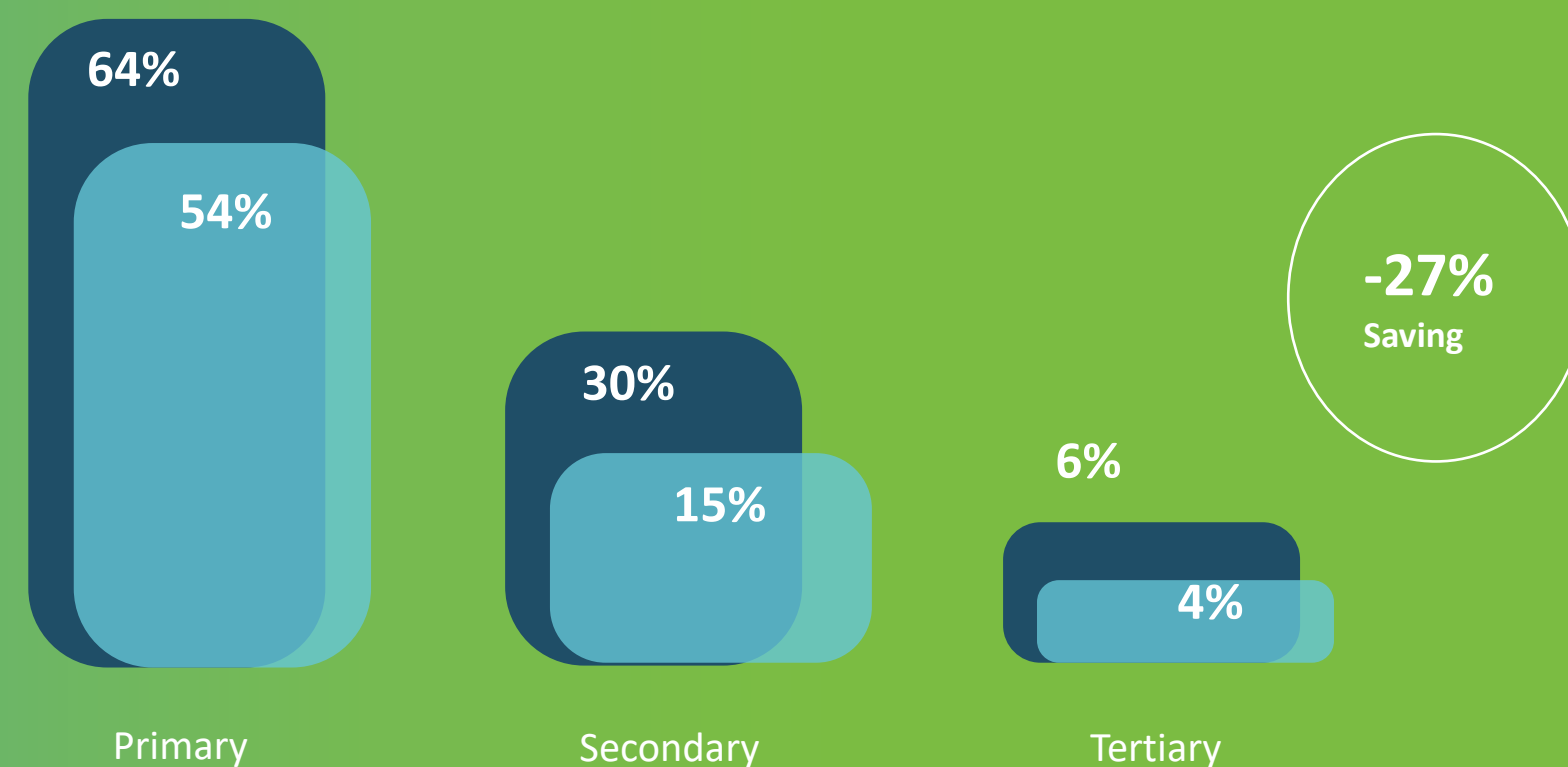
To this end, we want to **define a Sustainable Packaging Model** with the aim of launching containers and packaging on the market that help to create a circular economy and minimise the environmental impact associated with our activity, always ensuring the safety and proper conservation of our products.

This new approach will apply to new product launches as well as to the existing portfolio, and will be a living model that will be continuously updated as new requirements and strategies are integrated.

The current design of this packaging doesn't guarantee that it can be

Carbon footprint packaging: **current scenario**

Carbon footprint packaging: **Eco-design scenario**



How are we going to do it?

With commitments

Ferrer is committed to developing and implementing a Sustainable Packaging Model in order to promote the circular economy of our packaging, in line with our Climate Change Policy, which aims to make us a Carbon Positive company. To this end, we adopt the following commitments and strategies:



- 1.** Drive innovation and development



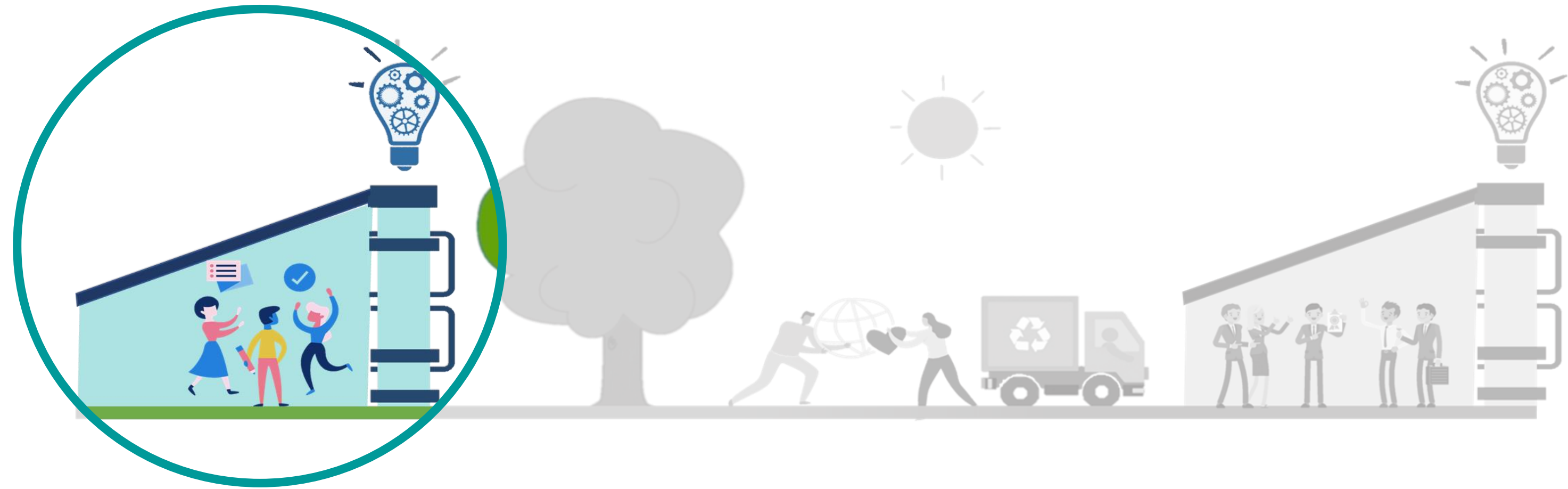
- 2.** Create alliances with our stakeholders



- 3.** Recognise and promote good practices



1 Drive innovation and development



At Ferrer we're committed to finding new solutions in the market that optimise the environmental performance of our containers and packaging.

We want to be at the forefront of new technologies and solutions that are emerging in the market, and we believe that direct and continuous contact with suppliers and the waste treatment sector is essential so that we can commit to new viable and lasting techniques.

2

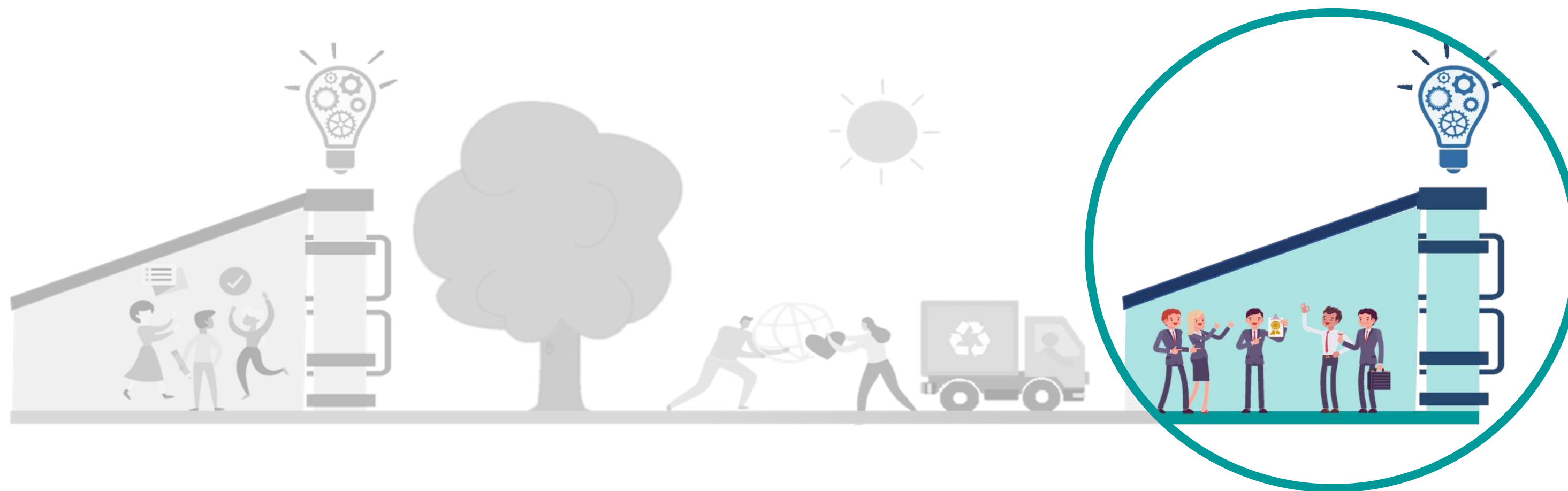
Create alliances with our stakeholders



In order to contribute towards developing a circular economy, Ferrer will establish alliances with pioneering organisations and entities that can help close the loop of the packaging we put on the market.

3

Recognise and promote good practices



We'll work to support and recognise Ferrer containers and packaging that comply with the principles of our Sustainable Packaging Model.

Therefore, we're committed to creating an internal working group to communicate and promote the continuous improvement initiatives implemented and monitored in Ferrer, as well as to identifying new trends and key international working groups where we can position ourselves as leaders of change.

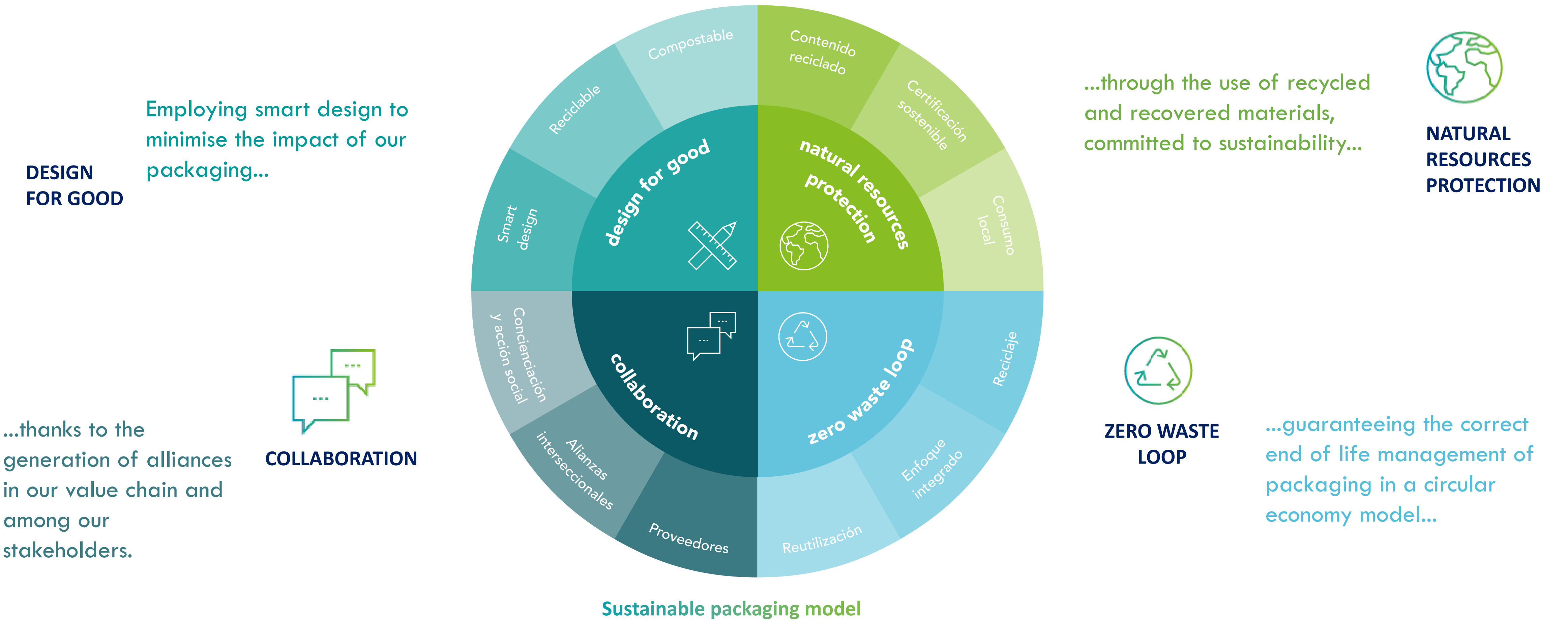
In this way, Ferrer will promote the internal recognition of "**packaging for good**", as a product that incorporates eco-design criteria.

How are we going to do it?

With strategies

At Ferrer, we recognise our responsibility with regards to the packaging we put on the market. That's why we're committed to promoting sustainability and making this commitment a reality through a set of ambitious goals. Our strategy seeks to promote smart design based on the circular economy, as well as including materials from sustainable sources. To this end, we'll work closely with our suppliers and partners to ensure that the most innovative design and production techniques can be employed and that the most advanced materials in terms of sustainability are used.

In order to materialise our commitments and attain the defined objectives, we'll implement our model through 4 strategic axes that are developed through 12 areas of action:



SMART DESIGN PACKAGING

Reducing packaging material by using smart solutions is the best way to minimise waste and the negative environmental effects derived from its use. For this reason, at Ferrer we want to work to implement a design approach throughout the entire product life cycle.

- In order to put more sustainable packaging on the market, the following actions will be taken into account in the design phase of our products:
- We'll dematerialise our containers and packaging, which implies optimising the weight of our packaging (primary, secondary and tertiary) by eliminating unnecessary quantities.
- We'll apply eco-design strategies that promote the use of mono-materials, using as little variety of materials as possible, to facilitate end of life recycling. We're committed to eliminating those containers and packaging that, due to their characteristics, are not recyclable or

make recycling difficult at the end of the container's useful life.

- We'll eliminate materials that contain environmentally hazardous/sensitive substances, such as PVC, PVDC and PS, provided that a viable alternative is available on the market that guarantees the safety and security of the drug.
- We'll remove superfluous elements that do not add value to our products.
- We'll select materials that have the smallest carbon footprint and that are recyclable.
- We'll reduce the generation of post-industrial waste derived from packaging and packing materials.



2030 targets:

- Apply eco-design criteria to 50% of the volume of containers and packaging of our sales.
- Reduce the overall weight by 10%, thus reducing its carbon footprint.
- Distinguish products placed on the market that have been designed using the criteria of this Sustainable Packaging Model.

To this end, at Ferrer we'll promote actions such as:

- Reducing the grammage of the boxes placed on the market to reduce 5% of the carbon footprint associated with this secondary packaging.
- Reducing the weight of tertiary packaging and looking for alternatives to the current cardboard in order to reduce the carbon footprint associated with the consumption of this material by 35% while ensuring adequate strength and quality during the shipment of our medicines.

- Promoting the elimination of PVC from all

our containers and packaging given that it is a material that hinders circularity.

- Change the folding material to reduce the carbon footprint of our packaging boxes by 20%.
- Reduce the volume of materials used in Blister Packs by 10%.
- Continuously seek and evaluate alternatives to plastics to achieve solutions that have a lower environmental impact and are more circular (even though we're aware that not all alternatives to plastic are better).
- And in order to disseminate the commitment and good practices adopted in terms of eco-design and sustainability in our packaging among our stakeholders, we'll create our own "Packaging For Good" brand to promote and identify those containers and packaging placed on the market with sustainability criteria.

Design for good



RECYCLABLE OR COMPOSTABLE PACKAGING

The recyclability potential of any packaging is defined in the design phase. For this reason, and in line with the values we promote to be Zero Waste to Landfill in terms of the waste we generate in our operations, at Ferrer we want to design our products in order to:

Recirculate drug packaging materials and transport packaging as many times as possible through a reuse system, thus maximizing their useful life.

Promote the fact that packaging placed on the market is recyclable by using materials that are easily recyclable in current collection and treatment systems.



2030 targets:

- Maximise 100% recyclable or compostable packaging.

To this end, at Ferrer we'll promote actions such as:

- Maximising the fraction of containers or packaging made with monomaterial or compatible materials, with special attention to blister packs.
- We'll eliminate those materials that are difficult to recycle in the large-scale waste collection and management systems existing on the market, provided that we have viable alternatives that fulfil the same functions at all levels.
- We'll create internal tools in order to assess the recyclability of our current packaging and detect those with the greatest potential for improvement, comparing current scenarios and alternatives by applying a global approach based on different qualitative and quantitative indicators.

At Ferrer we're also developing recommendations with respect to the different packaging elements in order to accelerate the implementation of the Sustainable Packaging Model.

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Natural resources protection

INCORPORATION OF RECYCLED MATERIALS

The success of the circular packaging economy depends in part on our collective ability as producers to drive demand for recycled material. This, in turn, will generate greater demand for collection and recycling systems, helping to create a continuous flow in which material is continually used, recycled and reused, reducing the need to extract and produce new packaging materials.

Although the use of recycled materials is not permitted in most of our *primary packaging that is directly in contact with the medicine*, at Ferrer we want to do our bit by increasing the amount of recycled material we use in our packaging. For this reason we will incorporate materials of recycled origin, thus limiting the content of virgin materials.



2030 targets:

- Achieve 100% recycled material in all of our tertiary cardboard packaging.
- Reach 20% of recycled material in all our packaging.

To achieve these targets, we've proposed actions such as:

- For all leaflets, replace virgin paper with 100% recycled paper, thus reducing 90% of their carbon footprint.
- For all tubes, replace virgin aluminium with 100% recycled aluminium to reduce 60% of the carbon footprint of the tubes.
- We'll work to ensure that 100% of the cardboard fibres incorporated by our tertiary packaging manufacturers are of recycled origin.

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Natural resources protection

MATERIALS FROM CERTIFIED SOURCES

At Ferrer we're committed to using materials obtained from environmentally and socially responsible practices, as well as promoting actions

to decouple economic growth from the consumption of resources, especially fossil resources.

LOCAL CONSUMPTION

At Ferrer we're committed to strengthening local value chains in order to increase resilience and minimise risks in the face of external factors. Currently, around 80% of the suppliers we work with are located in Europe.

In addition, we want to have a good logistics strategy through packing and packaging solutions that facilitate and improve the distribution of our medicines throughout the entire distribution chain. To achieve this, we'll work to optimise transport, prioritising, whenever possible, the selection of

suppliers close to our production centres, thus minimising the environmental impact associated with the transport phase and the consumption of non-renewable natural resources of fossil origin. Furthermore, as our target for 2030 is to reduce the weight of packaging by 10%, this reduction will have a direct impact on transport optimisation, as it allows more units of product to be transported per journey made.



2030 targets:

- Eliminate 100% of the deforestation associated with paper and cardboard from our supply chain.

To achieve these targets, we've proposed actions such as:

- Ensuring that 100% of our paper and cardboard packaging comes from certified sources (FSC/PEFC) that guarantee its origin in sustainably and responsibly managed forests.
- **We'll continue to seek certifications that are aligned with our Sustainable Packaging Model** and to this end we will maintain close contact with our suppliers in order to keep abreast of market developments.
- We'll maximise the use of materials of renewable origin, being committed to a regenerative economy.

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Zero Waste Loop

LARGE SCALE TECHNICAL RECYCLING



It is essential to work with all stakeholders to ensure that reuse, collection and recycling systems are effective at reintegrating waste into the economy and preventing pollution. To do so:

- We'll strive to meet or exceed the collection targets set by regulators worldwide, proactively supporting the most effective formal collection and recycling systems.
- In addition, we'll adhere to and promote public and/or private initiatives that strengthen the collection and circular infrastructure of waste management systems.
- We'll also work in collaboration with our waste managers to analyse new ways of managing waste from the pharmaceutical sector, which will enable us to achieve increasingly higher rates of recyclability of our packaging and promote transparency and proximity in these processes.
- We'll work closely with SIGRE to maximise the fraction of recovered packaging in order to prevent it ending up in landfill or being disposed of in the environment.

The main problem with packaging is the impact it generates once it becomes waste at the end of its useful life. That's why, at Ferrer, we want to prevent our containers and packaging from ending up in landfills or dumped in the natural environment.

In a circular economy model, resource consumption can be reduced if materials are kept within the material cycles of the economy for as long as possible (closing the loop), thus preventing them from becoming waste or polluting the environment. Designing our packaging for recycling, as well as using recycled and sustainably-sourced packaging materials, will make it easier for producers to keep materials in the value chain for longer.



2030 targets:

- We want to undertake or support collection and recycling initiatives in our main markets, prioritising those territories where we operate.
- We'll strive to identify and discard materials that do not have a clear management pathway.

To achieve these targets, we've proposed actions such as:

- Incorporating questions about the most likely end-of-life scenario, choosing from the options that our current or future suppliers propose to us, so that we avoid working with materials that, either on their own or combined with others an item of packaging, would end up in landfill.
- We are and will continue to be on the lookout for any opportunities that enable us to contribute to more efficient collection and management systems, and we will publicise so that other companies in the sector may follow suit.

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Zero Waste Loop

INTEGRATED APPROACH

We will not forget that circularity is all about taking an integrated, whole-system approach, and we will continue striving to ensure that we help to introduce improvements that represent a balanced and wide range of environmental indicators, such as greenhouse gas emissions, efficient use of water resources, scarcity of mineral resources in nature, use of the lowest number of

different materials in one item of packaging, etc., taking into account the targets we want to reach by 2030.

To this end, we will take an integrated approach to environmental issues in any decision-making process.

REUSE

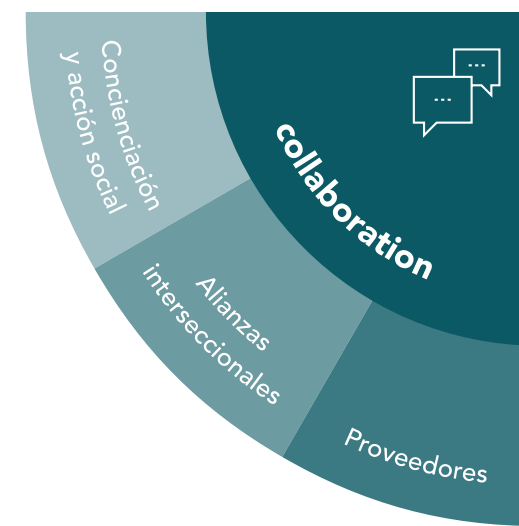
We're committed to recycling our containers and packaging, but we don't forget that, whenever possible, we should prioritise their reuse. Thus, we'll prioritize the use of packaging that can have several use cycles, establishing alliances with our suppliers of tertiary packing and packaging materials, and efficient transport flows with our main logistics operators.

In this way, we'll promote and evaluate



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Collaboration



CLOSE COOPERATION WITH OUR SUPPLIERS

We're committed to involving our supply chain in improving transparency and collaboration, and encouraging them to take part in initiatives that promote the eco-design of packaging and the transition to a circular economy model.

We want to work with initiatives that share our principles and help us accelerate us on the path towards our 2030 goals. That's why Ferrer has launched an initiative to expand our database of responsible suppliers by

obtaining social and environmental information about their materials and products. In this way, we'll gradually expand the environmental and social information we have about our suppliers, by sending them a questionnaire drafted by Ferrer's experts in packing and packaging circularity, to ensure we work with agents who are leaders in the changes we are making.

For this reason, and in line with Ferrer's Climate Strategy, we will also launch the **"For Good Suppliers Programme"**, in which we will work closely with our main strategic suppliers to involve them in improving transparency and collaboration in our "Carbon Positive" commitment. In this way, we'll create the **"Climate for Good" Fund** to identify and finance opportunities within Ferrer's

value chain in order to establish strategies that jointly contribute to climate change mitigation and adaptation. In addition, a **sustainable purchasing policy** will be defined for the selection of new suppliers, in which the selection of suppliers will be prioritised according to their impact on climate change.



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BUILDING CROSS-SECTOR PARTNERSHIPS

At Ferrer, we want to work together with other companies of the sector in order to jointly address the challenge of achieving the objectives set out in our Sustainable Packaging Model.

Therefore, we want to join initiatives that bring key stakeholders together to rethink and reshape the future of packaging and actively participate in conferences, working groups and initiatives aimed at disseminating the roadmap for implementing a true circular economy model.

AWARENESS AND SOCIAL ACTION

Ferrer, in line with all the commitments established in the Sustainable Packaging Model, will work to raise awareness and sensitise the sector and the various stakeholders in our value chain, through communication, awareness-raising and sensitisation campaigns, as well as by sharing best practices and participating in various forums of interest.

- We will work closely with SIGRE to promote user awareness in the waste management of medicines and their packaging.
- We'll run communication campaigns across our social networks and/or other external media to bring our values closer to the user.

Therefore:

Transparency and governance

We're aware that promoting circular design in packaging requires clear, objective and transparent information, both internally and externally. In this context, by publishing this Sustainable Packaging Model, we reaffirm our commitment to contribute to a circular economy for our packaging by acquiring sustainable materials and converting waste into resources.

In this sense, at Ferrer we will actively participate in, work with, and report to other organisations, institutions and initiatives dedicated to curbing the massive use of non-renewable resources in packaging and to promoting sustainability. This will enable us to align ourselves with their lines of action in accordance with the latest international standards, anticipate regulatory and policy changes, identify and address growing risks, find new opportunities for action and report clearly and transparently on our global position on packaging.

We have an internal working group whose objective is to evaluate, manage and approve different environmental management plans. This group works on adequately incorporating the different actions for achieving our

objective into the organisation's planning and decision-making processes.

The Sustainable Packaging Model will be reviewed and renewed every 5 years unless there are significant changes in packaging legislation or in Ferrer's trajectory deriving from the organisation itself.



*Great People, **Liveable Planet** and Social Justice*
Sustainability

Sustainable packaging model



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