

Missionpharma

COMMUNICATION ON PROGRESS 2019

WE SUPPORT



MISSIONPHARMA
cfaogroup.com

A STATEMENT FROM THE CEO

Missionpharma takes an active part in advancing healthcare in emerging countries. We do so by delivering social, environmental and economic value to the people and societies we engage with.

We are happy to confirm our commitment to the principles of responsible business conduct promoted by the UN Global Compact and the broader UN goals, including the Sustainable Development Goals.

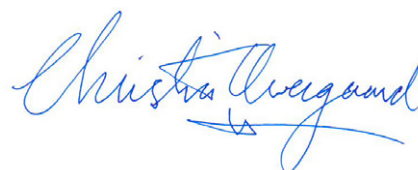
This Communication on Progress summarises our actions in accordance with the requirements as a participant to the Global Compact. In this first report we present our approach to, and results within, human rights, labour, environment and anti-corruption. All figures included in this report cover the period 1/4 - 2018 to 31/3 - 2019, which corresponds to Missionpharma's financial year.

At Missionpharma, we aim for continuous improvement and we work passionately to advance global healthcare.

We run our business with integrity and respect for the communities in which we operate, and we have a long history of supporting our local societies.

Our support for the UN Global Compact encourages us to put sustainability at the heart of our strategies. When we all work with the goals in mind, we are one step further towards addressing the most urgent agendas of today.

In the coming year, we will continue our focus on contributing to the ten principles for human rights, labour, environment and anti-corruption and we will expand our measuring of impact.



CHRISTIAN OVERGAARD
CEO, Missionpharma Group



MISSIONPHARMA AT A GLANCE



WE ARE

A leading supplier of medical products and kit solutions to the public healthcare sector primarily in Africa.



LONG HISTORY

Missionpharma was founded in 1975 and has been a part of Eurapharma and the CFAO Group since 2012.



GLOBAL PRESENCE

Missionpharma is headquartered in Denmark, and has its own facilities in India, China and Zambia plus local representatives in over 30 countries worldwide.



PRODUCTS

Our products include generic pharmaceuticals, medical consumables, hospital equipment and medical kits.



EMPLOYEES

We employ more than 180 employees globally, of which 65 are employed at our headquarters in Lynge, Denmark.



OUR VISION

Missionpharma contributes to progress in Africa by strengthening tomorrow's healthcare with intelligent solutions and trustful partnerships.

OUR BUSINESS MODEL

We are founded on a strong desire to increase access to safe and affordable healthcare in emerging countries and to integrate responsibility in the way we act as a company.

MISSIONPHARMA IN SHORT

Missionpharma is a leading supplier of generic pharmaceuticals, medical consumables and hospital equipment to public and private institutions in emerging countries with particular attention towards African markets. We are headquartered in Denmark and we have our own offices in India, China and Zambia, as well as the support of agents and CFAO offices in most African countries. We employ more than 180 people, who pursue our purpose of taking an active part in advancing healthcare in the countries where we are active.

OUR BUSINESS APPROACH

Africa is a continent on the rise and efficient healthcare is fundamental to realising the potential. Our purpose statement underlines our focus on contributing to driving Africa forward. It also underlines our dedicated efforts to make a positive impact by providing tailored intelligent healthcare solutions built on deep insights and decades of experience.

For more than 40 years, Missionpharma has provided safe and affordable healthcare products to the African population via direct or donor-funded procurement.

Every year our products and services reach millions of people. By delivering solutions with a long-term positive impact, we grow the communities we work in – and we grow Missionpharma.

CREATING LOCAL VALUE

We are today a part of Eurapharma, which is owned by the CFAO Group – a multinational distributor of brands, particularly within technology, healthcare and consumer goods – and ultimately owned by Toyota Tsusho Corporation (TTC) in Japan. This integration enables us to further establish and develop our wholesale operations and to extend our operational reach.

We focus on continuously improving our market position and at the same time developing new business areas through focused strategic initiatives. We are motivated by creating value to all our stakeholders, but our core focus is to secure availability of essential healthcare products in our markets at affordable prices and a consistently high quality.

In addition, we are committed to creating local value by advancing the communities in which we are present through job creation, local competence and capacity building and creating business for local companies.



PURPOSE STATEMENT

WE ACCELERATE THE NEW AFRICA
Missionpharma contributes to progress in Africa by strengthening tomorrow's healthcare with intelligent solutions and trustful partnerships.

OUR SUSTAINABILITY FRAMEWORK

As a member of the UN Global Compact we conduct our business activities with respect for human rights, labour, environment and anti-corruption. Our efforts are targeted towards creating a platform for sustainable growth.

WE CREATE SHARED VALUE

Our leading market position and strong presence in Africa allows us to make an impact on many people's lives, whether they are patients, partners, customers or employees. Making a difference for these people is the core goal of our company. It's why we do what we do.

Contributing to better healthcare in Africa is a bold statement and no simple task. It takes in-depth understanding of the needs of customers, the business environment, and the entire healthcare systems in the markets.

We want to deliver social, environmental, and economic value to the people and communities we engage with. We call this approach our sustainability commitment.

OUR SUSTAINABILITY COMMITMENTS

Our sustainability framework aims to ensure that our business activities are conducted in a way that mitigates the related significant risks and supports the key principles of the UN Global Compact principles and the relevant UN Sustainable Development Goals.

Missionpharma has defined four sustainability commitments – in line with the UN Global Compact principles – which we adhere to and seek to continuously develop and integrate further into our global organisation.

We also work actively to identify, prevent and mitigate any adverse impacts on our sustainability commitments. Through this Communication on Progress, we intend to communicate transparently about how we manage this work on an annual basis, inform about our challenges and evaluate our progress.



As a member of the UN Global Compact, Missionpharma has embraced the UN Sustainable Development goals, as they encourage us to put sustainability in the center of our strategies. We actively contribute to Goal 3, Good health and well-being, and in particular to the targets:

- 3.1: Maternal health
- 3.2: Newborn and child health
- 3.3: AIDS, tuberculosis and malaria treatments
- 3.7: Sexual and reproductive health

The targets directly relate to our focused efforts to strengthen healthcare in Africa.

OUR FOUR SUSTAINABILITY COMMITMENTS

Missionpharma has defined four sustainability commitments - in line with the UN Global Compact principles - which we adhere to and seek to continuously develop and integrate further into our global organisation. We translate our commitments as follows:



**HUMAN RIGHTS
PRINCIPLES 1-2**



COMMITMENT 1

**We create
local value**

by helping to advance
the communities in
which we are present.



**LABOUR
PRINCIPLES 3-6**



COMMITMENT 2

**We empower
people**

by fostering an inclusive
culture where people can
grow and develop.



**ENVIRONMENT
PRINCIPLES 7-9**



COMMITMENT 3

**We reduce our
environmental footprint**

by striving to integrate
environmental responsibility
into all our activities.



**ANTI-CORRUPTION
PRINCIPLE 10**



COMMITMENT 4

**We stand for
integrity**

by aiming for the highest
ethical standards in our
business practices.

HUMAN RIGHTS

Our most significant contribution to society is to ensure that our products reach those who need them. We are proud to contribute to making a difference for millions of people every year.

Missionpharma wants to ensure access to quality-assured and affordable healthcare products in emerging countries and thereby contribute to improving health conditions in the regions. We take an active part in accelerating progress in Africa through supporting local empowerment and creating sustainable solutions. This is very much in line with our purpose statement as well as the principles of the UN Global Compact.

CREATING VALUE

For more than 40 years, Missionpharma has focused on refining our fundamental purpose: To ensure timely supplies of safe and affordable medicine to those who need it. It's easy to say and much harder to do. Over the years we have learned that in order to get healthcare products out to where they are needed, we first and foremost need an in-depth understanding of the local environment and conditions as well as trusted partners who share the same goals. This is the only way to achieve our purpose and run a sustainable business.

We take our position as a leading supplier of healthcare products and medical kits to Africa very seriously. In many countries, supplies from Missionpharma constitute the backbone of local healthcare solutions. We believe that medical kits for Africa should be packed in Africa,

which is why we have invested in state-of-the-art kit assembly facilities in Zambia. We are thus able to serve the population with medical kits manufactured locally on behalf of Missionpharma A/S.

CASES

an **Malaria kits**

Every year nearly 60,000 people die from malaria in DR Congo. With an estimated more than 22 million cases of malaria each year in the country, efforts to ensure accessible treatment for the population are highly needed. Through a USAID-funded project, Missionpharma has supplied 1 million Artesunate kits for treatment of malaria in DR Congo.

Caesarean kits

Every day approximately 800 women die from preventable causes related to pregnancy and childbirth. 90% of all maternal and newborn deaths could have been prevented with access to good quality care. Missionpharma has contributed to the reduction of maternal mortality in Togo by 25% through delivery of Caesarean kits to the country. Products in the kit are pre-packed and thereby readily available, which has led to a reduction of surgery preparation time from 2 hours and 30 minutes to just 30 minutes.



2 MILLION

MEDICAL KITS HAVE BEEN PACKED AND
DISTRIBUTED BY MISSIONPHARMA OVER
THE PAST FIVE YEARS

Medical kits are known to create long-term positive effects, if optimally tailored to fit regional and seasonal needs and medical purposes in the country.

25%

REDUCTION OF MATERNAL
MORTALITY IN TOGO

Missionpharma has contributed to the reduction of maternal mortality in Togo by 25% through delivery of Caesarean kits to the country.

HUMAN RIGHTS

ACCOUNTABILITY

Our main contribution to society is to ensure availability of safe and affordable healthcare products in our markets. We employ comprehensive systems and procedures to support our efforts. We have incorporated stringent QA/QC procedures supported by a comprehensive Quality Management System. Missionpharma works only with pre-qualified manufacturers, whose performance is continuously monitored and evaluated, and who are subject to regular Good Manufacturing Practice (GMP) audits. We maintain a permanent global team of auditors, who perform over 60 GMP inspections of manufacturers every year.

Integrated IT systems support the safety of products throughout the supply chain to last mile delivery, including comprehensive vendor prequalification and approval procedures, product quality compliance and product traceability via GS1 barcoding.

CODE OF CONDUCT

Respect for international human rights is rooted deeply in our fundamental philosophy. Our parent company, Toyota Tsusho Cooperation (TTC), has set up a Code of Conduct & Ethics which applies to all members of the Group and which explicitly addresses group commitments to respect human rights.

GROUP HUMAN RIGHTS POLICIES

The Group has zero tolerance for any human rights abuse, in particular:

- We do not engage or get involved in any business that is against human dignity
- We do not discriminate based on race, colour, gender, religion or national origin
- We do not get involved in any child labour, human trafficking or any other kind of forced or involuntary labour
- We do not tolerate any form of harassment
- We do not deal with any person that engages in or is involved with any human rights abuses

If adverse human rights violations are found, they will be addressed according to their severity, scope and scale. In the years to come, we are planning to grow and consolidate our approach to human rights due diligence within our organisation.



Missionpharma's Quality Management System complies with ISO 9001:2015 and EU GDP regulations. This safeguards control of the global supply chain and consequently maintains the quality, consistency and integrity of products, from the production facilities to the end-customer.

LABOUR

Missionpharma wants to inspire people to share our commitment in Africa. Providing a safe and healthy work environment and fostering an inclusive culture where people can grow and develop is a key factor in achieving this.

OUR PEOPLE

Our employees are our most valuable asset. Our success, development and business efficiency depend on our employees, their well-being and their job satisfaction. Our priority is to be an attractive employer and to foster a culture where employees enjoy their work, take pride in what they do, show respect for each other and develop personally and professionally.

We want to create a healthy and motivating work environment with a high level of engagement and commitment to our purpose across all locations.

We focus on attracting, retaining, and developing capable employees. Fundamentally, we believe in people's ability to act responsibly when provided with the right guidance. In order to secure a high level of employee satisfaction and a constant high performance culture, we encourage ongoing skill development for everyone who works for us and we run extensive training programmes in all our locations.

EMBRACING DIVERSITY

We believe that diversity and inclusion are instrumental in realising our full potential. Further, we believe that diversity among employees contributes to enrichment of ideas that drive innovation and progress. Being a truly international company Missionpharma has many different nationalities represented in our offices.

"We want to make an inclusive working culture a benchmark for all our affiliates across Asia and Africa".

CHRISTIAN OVERGAARD, CEO

We promote social diversity, we fight discrimination and we strive to provide a fulfilling and inclusive environment for every employee. We always seek a fair balance between men and women among our staff, as we believe it benefits our working environment and ability to develop. In particular, we have a policy for striving towards a higher degree of gender diversity within our management teams.



12

DIFFERENT NATIONALITIES
EMPLOYED ACROSS LOCATIONS

1.16%

SICKNESS ABSENCE FOR
DANISH EMPLOYEES

GENDER DISTRIBUTION*

30%

70%



GENDER DISTRIBUTION
AMONG MANAGERS*

18%

82%

*Figures as of 31/3-2019

LABOUR

LABOUR CONDITIONS

Our priority is to provide a safe and healthy work environment for our employees, and we are committed to complying with local health, safety and labour laws at all locations. In 2018, we had no reports of safety-related incidents or incidents of labour rights violations in any of our locations.

Periodical workplace assessments among Danish employees are part of our efforts to ensure a safe and healthy work environment and increase awareness of mental health at work.

We exercise the right to freedom of association and we do not conduct or condone forced, compulsory or child labour. We have a zero tolerance for the use of child labour in any of our affiliates.

EMPLOYEE SURVEY

Every year, Missionpharma conducts a comprehensive employee survey in our Danish headquarters. We have

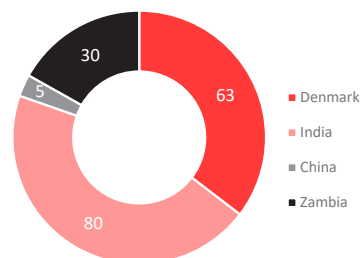
chosen to use the reputable Great Place to Work® global platform to obtain detailed information about the extent to which Missionpharma is considered to be a great workplace by our employees.

We have a history as one of Denmark's best places to work. In 2018, we obtained a position as no. 13 out of 89 companies in the category Best Medium-sized Workplaces in Denmark.

In 2018, 98% of the Danish employees rated Missionpharma to be a great place to work – a rating which we are extremely proud of. Extensive resources are used to translate employee feedback into concrete actions and initiatives to ensure continuous improvement.

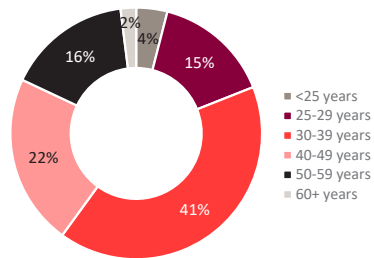
We are planning to extend the survey to include selected ratings from all Missionpharma locations in order to collect a global score.

EMPLOYEE DISTRIBUTION



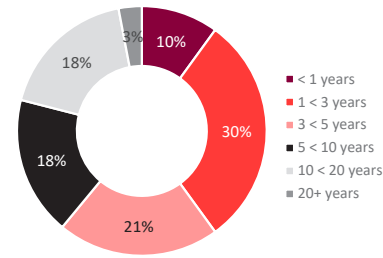
Our largest group of employees is based in India, from where a large range of our logistics and business support services are handled.

AGE DISTRIBUTION



The majority of Missionpharma employees are between 30 and 50 years old.

SENIORITY



Nearly 40% of all employees have been in the company for +5 years.

STATISTICS FROM GREAT PLACE TO WORK® SURVEY 2018*

NO.13 Missionpharma's position among 89 participating companies in our category in Denmark

98% of employees think that Missionpharma is a great place to work

100% of employees think they are treated fairly regardless of their race, ethnicity or sexual orientation.

*Survey covers only Danish employees



ENVIRONMENT

We strive to integrate environmental responsibility into all our activities and to continuously improve the environmental performance of our company.

ENVIRONMENTAL AWARENESS

We want to reduce our environmental footprint every year. We pay special attention to the consumption of electricity and fuel in all of our locations worldwide and we focus on minimizing waste. We actively share and encourage best practices among our affiliates and with our partners.

To limit the negative environmental impacts of pharmaceutical manufacturing and ensure constant improvements, we keep manufacturers' social and environmental responsibility top of mind at all times. This is particularly addressed during periodical GMP audits, and we are planning to intensify requirements to manufacturers going forward.

OPTIMISING TRANSPORTATION

Transportation of goods constitutes by far the biggest environmental impact within our part of the supply chain. That's why we always plan for the most environmentally effective mode of transportation, given the circumstances. As a project-oriented company, we are often subject to a range of external factors on which we have limited influence. Where at all possible, we seek to influence our customers' and suppliers' transportation preferences towards the method with the lowest possible environmental impact.

Packing medical kits in India and shipping healthcare products directly from facilities in China and India to Africa – and thereby avoiding passage through Europe – helps reduce emissions and reinforces our commitment to environmental responsibility.



TRANSPORTATION VOLUMES FOR PERIOD 1/4-2018 - 31/3-2019

22,000 m³



SEAFREIGHT

343 tons



AIRFREIGHT

10,500 m³



INLAND TRANSPORTATION

To limit our environmental impact, our medical kits are designed to optimally fit the contents as well as the inside measurements of containers. The compact design provides safety, optimises transportation and limits our environmental footprint.

ENVIRONMENT

RECYCLING OF PACKING MATERIAL

As a consequence of the considerable volumes of healthcare products handled by Missionpharma, in particular at our logistics premises in India, our consumption of packing material is high. Therefore, particular attention is always paid towards securing the lowest possible waste in our packing processes and the highest possible level of material recycling.

Shipper cartons constitute by far the biggest part of the packing material used. We segregate scrap cartons, and use them for recycling to form pulp. The pulp is utilised to

produce cardboard separator sheets, which are widely used in connection with kit packing and for protection of cartons against dirt and humidity in the containers.

We minimise product repacking, also in our kit packing processes, and we only apply plastic shrink-wrapping of pallets when required by our customers or airline companies. Our pallets are reusable and made of biodegradable wood. We are currently looking for biodegradable plastic bags, since bags are used as an important protective layer inside the cartons.

Missionpharma's shipper cartons are of very high quality, strength and durability and are proven to be re-used by the customers for various purposes at the final destination, which extends the lifetime of the packing material.

DESTRUCTION OF MEDICINE

Expired or damaged medicines constitute the majority of hazardous waste generated by Missionpharma. Strict inventory management procedures limit quantities sent for destruction. Destruction strictly follows regulations from public authorities.

SOLAR ENERGY

Missionpharma Kandla has installed a 100 kW solar power system, which generates enough power to maintain all office equipment, light and approximately 30% of the total air conditioning energy consumption. This results in a reduction of more than 100 tons CO₂ emissions per year.

CONCRETE INITIATIVES

Meatfree lunch

Missionpharma Denmark has recently introduced one meatfree lunch per week for its employees. This equals a reduction of CO₂ emission of nearly 10 tons per year.

Refurbishment of IT equipment

Every year, we donate IT equipment for refurbishment to public schools and local societies in Africa via FAIR Denmark, thus contributing to bridging the gaps in educational opportunities as well as ensuring reuse of functional IT equipment.

Upgrade of video conference equipment

We have significantly invested in technical upgrades of our video conference equipment and setup in all our locations. This highly encourages the daily interaction with colleagues globally and further reduces the need for CO₂ burdening flight travels across continents.



1,072,000 kWh

ANNUAL ELECTRICITY CONSUMPTION
ACROSS LOCATIONS

100 kW

SOLAR POWER INSTALLED
IN KANDLA

9,929 kg

EXPIRED PHARMACEUTICALS
DESTRUCTED ACROSS LOCATIONS

ANTI-CORRUPTION

We stand for integrity, respect and transparency in all aspects of our activities, and we aim for the highest ethical standards in our business practices.

BUSINESS WITH INTEGRITY

Missionpharma is known and respected for dealing honestly and fairly with our business partners. We believe that conducting business with honesty and transparency boosts competitiveness. Our Code of Conduct and supporting compliance policies define an elaborate set of guidelines that everyone in our organisation must learn and commit to. The policies guide employees to make responsible business decisions and act ethically and according to the highest standards of integrity. Basically, this means that our employees should never compromise their integrity for the sake of business.

ANTI-CORRUPTION

We believe that corruption and other unethical practices are incompatible with our vision and undermine the support and confidence of our business environment. Therefore, we have implemented policies to counteract corruption in all possible forms and to ensure compliance with key international anti-corruption legislation and sanctions. Missionpharma has recently introduced a comprehensive anti-bribery and anti-corruption policy as well as a whistleblowing procedure, which employees, agents and selected business partners are trained in and commit to adhere to in writing.

ANTI-CORRUPTION INITIATIVES INTRODUCED

- Communication and training for all employees and selected business relationships on new anti-corruption and whistleblowing commitments
- Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice
- Management responsibility and accountability for implementation of anti-corruption commitments
- Internal periodical audits to ensure consistency with commitments

AREAS STRENGTHENED IN NEW COMPLIANCE POLICIES

- Reinforced policies on donations and gifts
- Strengthened policies on facilitation payment
- Addition of no-go areas for off-shore payments and payments on behalf of third party
- Formalised whistleblowing procedure with confidentiality terms and response times
- Compliance Committee responsible for setting directions and investigating larger reported concerns



3

NEW COMPLIANCE POLICIES
INTRODUCED

180

PEOPLE TRAINED IN
MISSIONPHARMA'S COMPLIANCE
POLICIES IN Q1 2019

100%

OF EMPLOYEES ARE TRAINED IN
MISSIONPHARMA'S COMPLIANCE
POLICIES

ANTI-CORRUPTION

VETTING OF BUSINESS RELATIONS

Our approach to compliance is very much risk-based, which means that we conduct assessments of the compliance-related risks we face as a company on a regular basis. We realise that failures of compliance can occur throughout the entire value chain and that an act or an omission on our part can result in the risk of complicity.

CERTIFICATIONS

- ISO 9001:2015-certified by Bureau Veritas and audited for compliance on an annual basis
- Good Distribution Practice (GDP) license from the Danish Medicines Agency
- Indian warehouse is WHO-GDP certified by Bureau Veritas and we have Indian FDA licenses for storage, packing and export of wholesale drugs
- Missionpharma Zambia is approved by the Zambia Medicines Regulatory Authority (ZAMRA) for Pharmaceutical Wholesale as well as for kit packaging and labelling
- We have obtained international certifications and approvals and are today collaborating with several UN Agencies as well as the WHO. Furthermore, we operate as an approved certified wholesaler for USAID
- Missionpharma is TRACE certified and has completed a comprehensive due diligence process administered by TRACE International

Therefore, we have implemented comprehensive vetting procedures, which our business relations must pass through to ensure compliance with Missionpharma standards of integrity. All business partners are screened for critical information on persons and entities through the Dow Jones Risk & Compliance database, and agents, in particular, go through a rigorous due diligence process and approval procedure.

We are planning to introduce digital training programmes and increasingly automated processes in our compliance work, which will allow us to further expand our coverage, efficiency and quality of work.

COMPLIANCE COMMITTEE

In accordance with group policies, Missionpharma has recently established a Compliance Committee, headed by a Compliance Officer, that analyses and processes any alerts on corrupt practices submitted by employees or third parties. Upon identification of a potential non-compliance, the Compliance Committee may conduct an audit to gather additional information or verify the truthfulness of the allegations. Our comprehensive internal control environment is our tool to monitor adherence to commitment and minimize risks in all parts of our operation.



We do not tolerate corrupt or fraudulent practices in any of our activities. Special provisions prohibiting such practices and authorising strong remedial actions, including termination, are included as part of our business procedures.

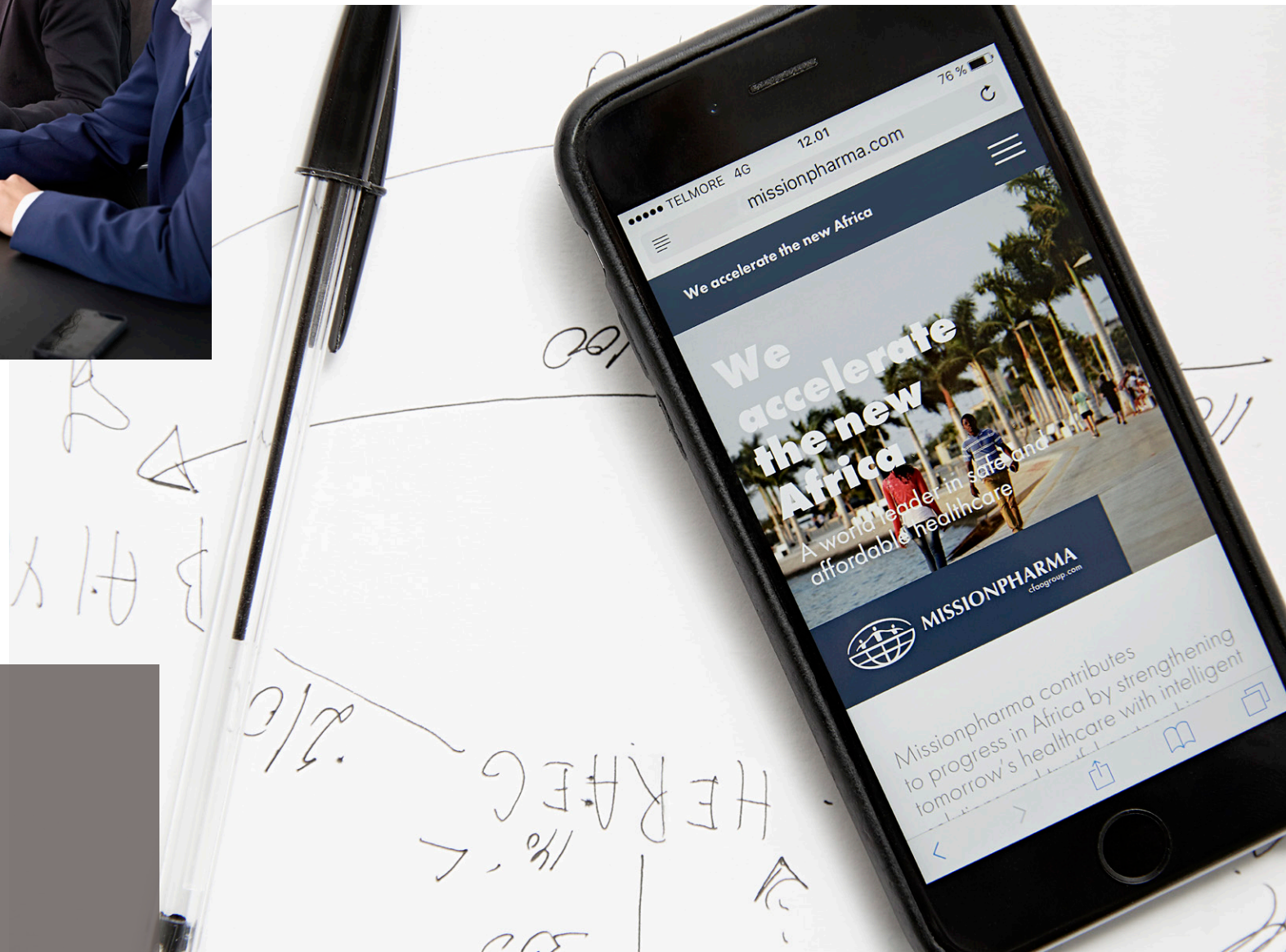
OUR SUSTAINABILITY OUTLOOK

The ten principles of the UN Global Compact constitute an important guidance for Missionpharma in our process to maintain positive and honest business practices, while at the same time delivering social, environmental and economic value to the people and societies we engage with. In addition to this overall commitment, the table below summarizes specific future targets that are already today guiding continuous improvement actions of our management teams and the entire organisation.

AREA	PERFORMANCE 2018/19	FUTURE TARGET
HUMAN RIGHTS		
GMP audits of manufacturers	50-60	Minimum 50-60
Child labour	Observed but not a formal requirement during GMP audits	Integrated part of every GMP audit
LABOUR		
Employee satisfaction	98% of Danish employees believe that "Missionpharma is a great place to work"	Condensed employee survey launched globally. Target is that minimum 90% of all global employees believe that "Missionpharma is a great place to work"
Gender distribution among managers	18% female • 82% male	We strive towards a higher degree of gender diversity within our management teams
Annual personal development talks coverage	100% (DK location). Global % not yet measured	Minimum 80% (global target)
ENVIRONMENT		
Destruction of expired pharmaceuticals	9,900 kg	Continuous focus on reducing destruction levels. Target to be decided based on changes in corporate stockkeeping strategies
Electricity consumption	1,072,000 kWh	930,000 kWh
Solar power	100 kW	200 kW
Recycling of packing material	Initiated packing material recycling efforts	Measure impact with improvement target
ANTI-CORRUPTION		
Training in new compliance policies	100% of Missionpharma employees trained	Compliance training completed for agents and suppliers
Tailored case-based training for exposed groups	Country Manager training in progress	Category Managers and Agents
Digital compliance training tools	Currently not used	Incorporated towards relevant internal and external stakeholders
Due diligence screening of third parties	Systems and procedures incorporated in SOPs	Increased due diligence screening of suppliers



Missionpharma contributes to progress in Africa by strengthening tomorrow's healthcare with intelligent solutions and trustful partnerships.



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