



SUSTAINABILITY REPORT

ENHANCING SUSTAINABLE ACCESS TO MEDICINE



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OUR VISION

To become the leading regional healthcare supply chain business, that aims to enhance people's quality of life.



DISCLAIMER

This document contains information as of the report release date. It is intended for stakeholders to learn more about Ibnsina Pharma (ISP) and how it manages its impact on the environment and the communities in which it operates. The information in this report may be subject to change, and ISP does not undertake to revise or update any information included in the report. This report will consist of forward-looking statements, including goals, plans, and commitments that reflect our strategy and expectations. Due to uncertainties, risks, and factors that may cause economic or business environment changes, actual results may differ from expectations. This report is not intended for financial decisions regarding the company and its performance; our financial statements contain finance-related information.



MESSAGE FROM THE CEO



“

Since the establishment of Ibsina Pharma, we have prided ourselves in our reliable delivery of medicines and services to our customers. The patient's well-being is our priority. ISP's role as a corporate citizen expanded as we grew into an industry leader. The company's robust corporate governance structure and oversight ensure its operations are conducive to sustainable development and social wellbeing. Our firm belief that high-quality, accessible healthcare services should be the cornerstone of any effort to enhance sustainable development has anchored our contributions to the advancement of our surrounding communities. Over the years, ISP viewed its corporate citizenship endeavors to ensure patient health and safety and protect the environment as core components of its social responsibility ethos.

”

Dr. Mahmoud Abdel Gawad

CO-CEO

ISP does not manufacture medicine, but we are a vital link in the pharmaceutical supply chain that links the manufacturer to the pharmacies, healthcare providers, and ultimately patients. We aim to be the leaders in safe storage, secure handling, and speedy delivery. With this mindset, we dedicate our resources to research and innovation as integral to our continued and sustainable growth. The global COVID-19 pandemic brought about many truly unprecedented challenges in the pharmaceutical and logistics sectors, which opened windows of opportunity for innovation and creative problem-solving. Transparency, accountability, and agility were crucial pillars that kept the business world together during an unprecedented event, but it was the power of communication technology enabling us to communicate accurate information and data efficiently when the sound of chaos and uncertainty was amplified.

We harnessed technology and explored emerging digital solutions; thus, we could control our supply chain to better serve our partners, suppliers, and customers. We developed a digital platform that facilitated communication along the supply chain, enabled access to accurate, reliable data, and thus helped with more informed decision-making. Furthermore, we used our expertise and know-how, worked closely with the Unified Procurement Authority, and contributed to the

national project The Egyptian Pharmaceutical Track and Trace System' that plans to reduce counterfeiting and increase supply chain efficiency. We adopted a diversification strategy to ensure we drive growth and continue delivering future value. We diversify our portfolio, suppliers, customers, products, and services. This way, we can add more value to the supply chain, achieve higher yields for our stakeholders and investors, and most importantly, best serve our clients and their customers; the patients. To continue to do so, we remain flexible, agile, and open to new ideas. We continually engage with our stakeholders; we work together to overcome challenges, protect the supply chain, and guarantee patients' access to medicine. We maintain an open, interactive communication channel with our stakeholders to help orchestrate a better vision of how to best shape our future.

Regarding the environment, we are aware of the challenges to business sustainability and growth presented by climate change. The magnitude of the effects of climate change is substantial. ISP took conscious steps toward achieving its vision for sustainability and protecting the environment. We launched multiple initiatives simultaneously in 2021 to reduce our carbon footprint and protect the environment. Those initiatives aim to reduce our consumption of non-renewable energy and shift toward cleaner energy, including solar panels for our warehouses, electric vehicles for our fleet, and exploration into recycling our packaging materials. Identifying risks and challenges is essential for the development of our business strategy. We based our approach on numerous factors related to business sustainability and responsible management. The regulatory environment, rise in medication prices globally, and climate change are serious issues we must address carefully and with a whole-of-business outlook. Identifying risks and challenges reduces the margin of business errors and opens new avenues of business opportunities, investments, and solutions that respond to future needs and demands. Enhancing our business infrastructure and advancing technology in all our operations are strategic business growth engines that yield tangible operational and financial results while mitigating identified business risks and challenges that we see as fundamental to ISP build-out. The global community seeks to address humanity's most pressing issues, such as poverty, education and well-being, by setting the Sustainable Development Goals and its sub-goals as its own.

At ISP, we believe we should be part of the collective effort to address these crucial issues and contribute to shaping a more sustainable future. We seek to align our ESG initiatives and management policies with the SDGs to benefit both business and society. We are committed to enhancing the quality of life for patients while engaging our stakeholders, protecting our shareholders' investments, and preserving the environment. Essentially, this set of goals is what has resulted in this report. We are eager to report on our environmental, social, and governance performance. Using a globally unified language constructed by the Global Reporting Initiative (GRI), we want to share our footprint and deliver our message, speak about our achievements and progress, showcase our journey, present our challenges and opportunities, and thread our plans. Equally important, we want to use the power of this communication tool to help us evolve and continue to grow sustainably. We are proud to play an integral role in the patient's well-being journey. We will continue to grow and evolve to meet our stakeholders' expectations. We foresee the opportunities ahead and work tirelessly to stay focused on our mission, sparing no effort to best serve. Thanks to all our stakeholders. Your feedback and continuous support are and always will be valued.

Co-Chief Executive Officer

Mahmoud Abdel Gawad



ABOUT THE REPORT

This report is our first annual standalone report. We are using the GRI G4 Standard Guidelines to report the impacts of our business activities and relationships on the economy, environment, and community for 2021.

We are fully aware that those effects significantly impact sustainable development and our stakeholders, and they are the focus of our sustainability report. We believe that sustainability reports are essential tools of communication that allow us to keep track of our sustainability progress while engaging our stakeholders in sustainability management and development. We believe the most definite aim of sustainability reporting is to provide a reliable interactive communication channel where sustainability factors are discussed and addressed thoroughly amongst community stakeholders.

Scope and Boundary

This report is prepared by the reporting principles set in the GRI G4 guidelines for defining report quality and content. The ISP sustainability team identified the material topics, scope and boundaries of the report. The team also identified ISP's stakeholders most affected by our activities and those most likely to affect ISP's ability to carry out its operations and achieve its goals. The report is prepared to ensure accuracy, clarity and reliability of information per GRI reporting principles.

Reporting Framework

ISP used the Global Reporting Initiative (GRI-G4 2016) framework for sustainability reporting. The report has been prepared in accordance with the GRI Standards: Core option and considering the ESG Standard of the Egyptian Financial Regulatory Authority.

REACH US

For further inquiries regarding the report and its content, please forward inquiries to:

Mohamed Shawky

Investors Relations and Corporate Communication Director

 mohamed.shawky@ibnsina-pharma.com

 +20 100 085 2771

 Building number 234, North Teseen St., 5th Settlement, New Cairo, Cairo 11835

ABOUT IBNSINA PHARMA

- **OVERVIEW**

Established in 2001, Ibnsina Pharma S.A.E. has become Egypt's second-largest and fastest -growing pharmaceutical distributor. In 2017, ISP became a listed joint-stock company on the EGX. We offer a portfolio of services: distribution, warehouses and logistics, importation and packaging, commercial support and digital applications. Our distribution centers are located across Egyptian governorates. We purchase and distribute a competitive portfolio of pharmaceutical products from more than 350 international and local pharmaceutical manufacturers to more than 46,000 customers, including pharmacies, hospitals, wholesalers, and health-care units across Egypt. Our reliable and extensive distribution system makes 97% of medications available and accessible to patients in Egypt. Our fleet of 750 vehicles makes 25,000 deliveries each day to our customers.

- **REPORT HIGHLIGHTS**
- **REPORTING YEAR 2021**
- **DRIVERS, RISKS AND OPPORTUNITIES**

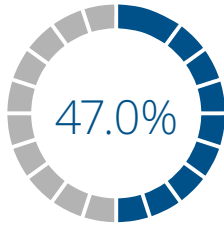

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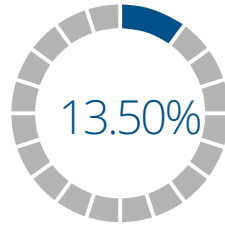
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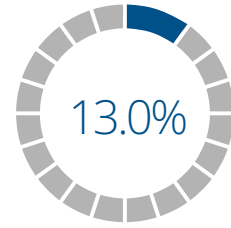
OWNERSHIP STRUCTURE



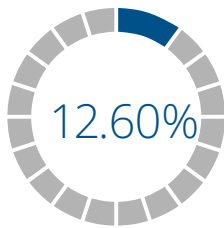
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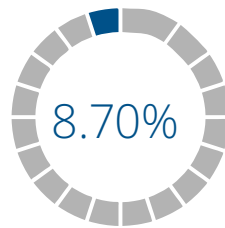
Abdel Gawad Family



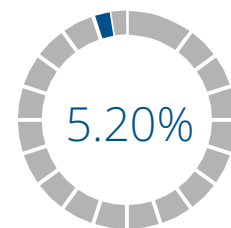
Mahgoub Family



Faisal Islamic Bank



European Bank for Reconstruction and Development (EBRD)



Pre-IPO Shareholders and Senior Management

WHERE WE ARE

- 📍 Cairo
- 📍 Damietta
- 📍 Ismailia
- 📍 Port Said
- 📍 Suez
- 📍 Alexandria
- 📍 Beheira
- 📍 Matrouh
- 📍 Dakhahlia
- 📍 Gharbia
- 📍 Asyut
- 📍 Sohag
- 📍 Aswan
- 📍 Luxor
- 📍 Qena
- 📍 Red Sea Governorate
- 📍 Kafr El-Sheikh
- 📍 Qalyubia
- 📍 Fayoum
- 📍 Monufia
- 📍 Beni Suef
- 📍 Minya





NEW PARTNERSHIPS & INVESTMENTS

RAMP LOGISTICS TO INVEST EGP 440 MILLION

Growing demand for third-party logistics (3PL) urged the establishment of a pure 3PL service provider. Our investment arm 'AIM' established Ramp Logistics with 99% ownership to meet the growing demand for warehousing, transportation, and other 3PL services. Ramp Logistics invested EGP 440 million in a new mega-warehouse to double its storage capacity as part of its expansion plans.

IMPORTATION AND DISTRIBUTION PARTNERSHIP WITH BAYER

ISP signed an importation and distribution agreement with Bayer Limited Egypt, LLC. The deal involves importing and distributing Bayer's consumer health and pharmaceutical products. This strategic partnership will strengthen our product offering and offer patients access to the latest pharmaceutical treatments across Egypt.



IBNSINA PHARMA TURNS TO SOLAR POWER FOR SUSTAINABLE AND AFFORDABLE ENERGY

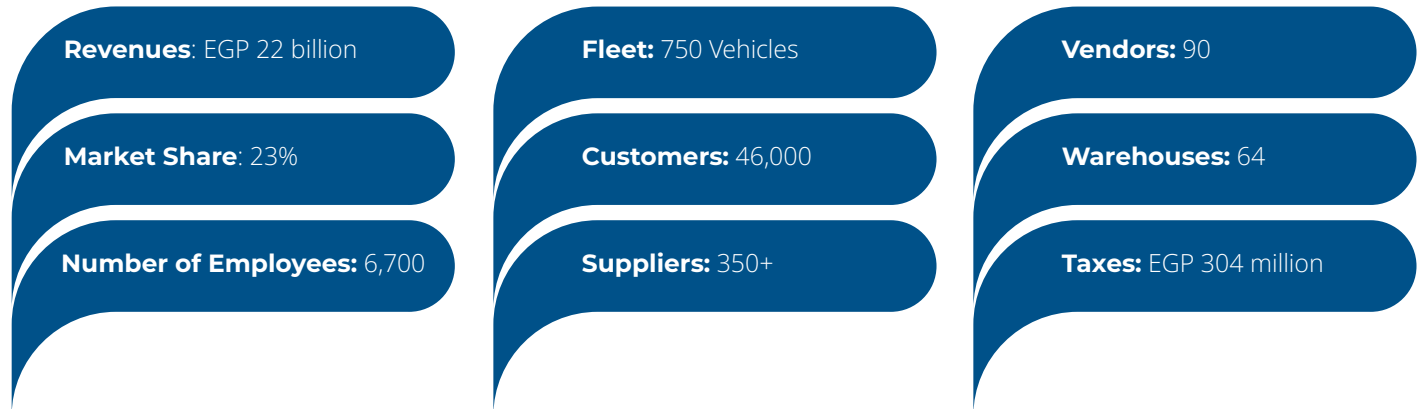
As part of its energy optimization plan, ISP has turned to solar energy for a clean and reliable energy source at a lower cost, supporting Ibsina Pharma's sustainability objectives and reducing its carbon footprint.

Ibsina Pharma installed solar panels at one of its sites as a first step in changing all its eligible warehouses into solar-powered facilities, projecting at least a 45% savings on energy use.



REPORT HIGHLIGHTS

Reporting year 2021



DRIVERS, RISKS & OPPORTUNITIES

Risks

Regulatory Environment

The regulatory environment is essential for promoting an attractive business environment. The country is presently undergoing a transformation to boost economic growth and expansion to become a stronger actor in the international market. Many new regulations have been enacted to achieve this, especially in the exports and imports sectors. These new policies impact the business environment. We keep an open line of communication with regulatory bodies, discussing new regulations, means of their implementation, meeting the required standards, and aligning ISP processes with new policies and regulations. ISP is very active in submitting comments and feedback on regulatory changes. We cooperate with government authorities to enhance the performance of the pharmaceutical sector in Egypt.

Global Increase in the Price of Medicine

Another critical challenge is the current global increase in the price of medications. Technology intervention is transforming the pharmaceutical industry; the world of medicine is witnessing an unprecedented advancement giving hope to patients worldwide; however, accessibility is still a major setback despite the progress. The high cost of medication creates a supply and demand gap. Knowing how sensitive this industry is, ISP constantly emphasizes the importance of accessibility, focuses on responding to the public's needs, finding solutions to providing access and attaining equality of that access to medicine. We continually seek ways to provide Egyptians with affordable medicine through our network and the economy of scale.



Climate change

The impact of global warming on medicine storage and transportation is a crucial concern. Medicine is a sensitive commodity. We must handle it with utmost care and caution. To ensure the medicine's safety, we must store it in a climate-controlled and secured environment. We must keep it in a dry place away from heat and humidity. As weather temperatures change due to climate change, high temperatures directly impact our operations. We developed a contingency plan to tackle such risk; it covers all our warehouses and vehicles as a preemptive step to respond to any potential material issue.

OPPORTUNITIES

Enhanced Infrastructure

Improvements to Egypt's infrastructure and road network positively affects access to medicine and market opportunities. Through advanced technology, infrastructure, and extensive road networks in Egypt, ISP capitalized on business expansion opportunities and demonstrated market penetrations. New roads created access points to communities that were very hard to reach. This outreach positively impacts access to medicine for patients and enhances business growth.

Technological Advancement

Technological advancement in the sector improved the interface of parties in the supply chain. Advances in, and operational implementation of, new technologies have enhanced ISP's overall operating performance and opened new waves of business potential and ventures that absorb innovative solutions and intelligent integrated systems. The technology setup allows small and medium start-ups to penetrate the market with a well-founded technical and technological base. Technology integration enhanced operational accountability and information accessibility. Furthermore, digital solutions improve the performance of small and medium pharmacies by equipping them with the specialized expertise and skills needed to manage their business. We played a vital role in upgrading those pharmacies and took the accessibility of medicine to an unprecedented level, especially in impoverished areas.

Believing in the power of technology, we signed a cooperation protocol with the General Authority of Healthcare. We will support the government's digitalization of its healthcare services in hospitals, clinics, and warehouses. In addition, ISP will assist in developing applications of an international standard that can provide virtual healthcare consultations besides other applications that will upgrade and regulate Egypt's healthcare system, aiming primarily to ensure a better patient experience.



ibnsinapharma

ابن سينا فارما



**EXPERIENCE
THE DIFFERENCE**



ibnsinapharma

ابن سينا فارما

OUR MANAGEMENT APPROACH

Health is a basic human need; we believe every patient should have access to medicine. ISP's core commitment as the second largest distributor of medicine in Egypt is to guarantee that medication reaches the patients safely and promptly. We ensure that treatments and medications are securely handled, stored and delivered to healthcare providers nationwide. Our vision, mission and values define who we are and keep us focused on our objectives and where we are headed. We adopt an operational approach to management, where we develop a set of systems and processes to ensure the various organizational functions are carried out as planned, our human and material resources are optimally utilized, and staff are well-equipped to realize our vision and accomplish our mission.

Vision:

To become the leading regional healthcare supply chain business, enhancing people's quality of life.

Mission:

As a leader in the healthcare supply chain business, we commit to delivering a competitive portfolio of products and reliable services to pharmacies, hospitals and retailers. Our team of professionals create innovative business solutions that aim to fulfill customers' needs and build long-term partnerships with suppliers while applying ethical business practices and maximizing the rate of return on investment.

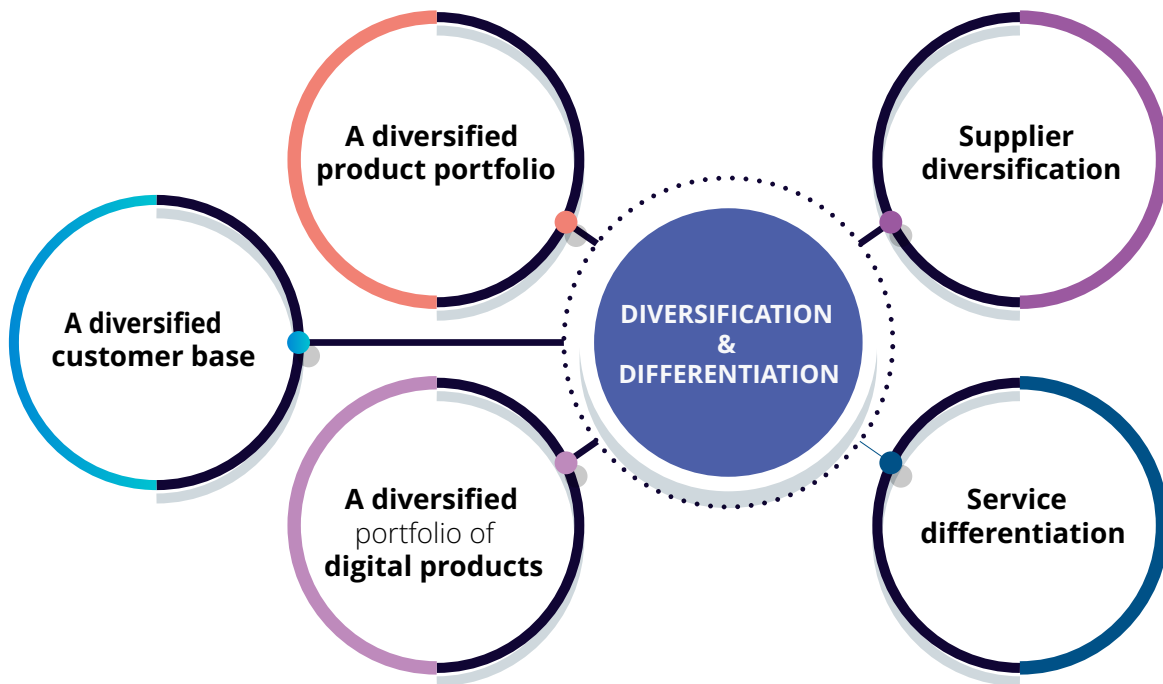
-
- BUSINESS STRATEGY
 - SUSTAINABILITY MANAGEMENT
 - SUSTAINABLE DEVELOPMENT GOALS





BUSINESS STRATEGY

Since the establishment of ISP in 2001, the company has gone through various growth strategies, from a turnaround strategy where ISP sought to restructure the company and stabilize its performance and turn the company profitable to an expansion strategy that witnessed substantial investments in our warehouses and distribution centers to enhance performance and increase profitability. Today, our multifaceted approach increases our competitive advantage, optimizes our resources, and helps us grow steadily and efficiently. Our access to technology and innovative mobile apps helped us quickly adapt to business needs, especially during the COVID-19 pandemic, which allowed for further improvement in performance and sales.





SUSTAINABLE MANAGEMENT

At ISP, we are driven by our mission to enshrine responsible practices throughout our operations and supply chain. We aim to meet the increasing demands of stakeholders such as employees, customers, suppliers, and investors who want to see the companies in which they invest and who operate in their communities to do so sustainably. Sustainability is not simply meeting regulatory requirements; we believe a sustainable company will create value for the wider stakeholder community. From this stance, we have engaged in a series of sustainable operations, starting with compliance and governance, from employee relations and occupational health and safety, to supply chain management, customer relations, and consumer safety. We aim to create value for our clients and their customers through technology and innovative solutions.



Ibnsina Pharma's sustainability approach has stemmed from a belief that today's actions determine tomorrow's prospects. ISP embraces a dynamic, proactive, scalable, and inclusive sustainability approach that the company seeks to embed into the business's day-to-day operations landscape. Sustainability involves a series of activities interlaced with disciplinary and ethical codes to govern the process of its operations. With complete comprehension of the magnitude of sustainability's influence on our business growth and continuity, ISP is investing heavily to develop a strong foundation of sustainability. We started with building a proficient and dedicated team capable of producing a sustainability structure that optimizes ISP's social and environmental efficiency.

The world around us is changing continually. Ibnsina Pharma tirelessly works toward business decisions that prevent and minimize adverse effects, address pressing matters, and provide environmental, economic, and social solutions to global challenges. Just as we would evaluate a profit and loss report, ISP treats its sustainability goals as key performance indicators for the growth and longevity of the business, avoiding the trap of stagnation. Evolution is an integral part of ISP's business objectives. In this regard, we consciously outline our sustainability endeavors with a scalable approach that would allow it to grow, expand, and develop with purpose and direction.

SUSTAINABLE DEVELOPMENT GOALS

To support sustainable development goals, we aim to create social and economic value through our business model and community initiatives while preserving the environment. Our primary focus is poverty reduction, health and well-being, clean energy, responsible consumption, economic growth, and industry innovation. ISP strives to convert sustainability discussions into actions to generate opportunities and mutually beneficial gains in the future. This commitment entailed a broad understanding of the Sustainable Development Goals and urgent issues globally and locally.



NO POVERTY:

ISP contributes to eradicating extreme poverty in various ways. We are improving access to basic needs such as healthcare and medicine, making it available to everyone, including disadvantaged and remote population groups, while maintaining a minimal markup to keep the price of medicine manageable for a diverse customer base. We aim to create value through improving people's health, employment (6,700 employees), training and development.



GOOD HEALTH AND WELL-BEING:

Poor health affects people's lives and futures; it negatively affects children's education, adult's physical and mental capabilities, limits economic opportunities, and increases poverty. ISP addresses this SDG by making medicine more accessible than it has ever been, to the widest swathe of Egyptian society to date. We do not manufacture the medication, but we are the second largest distributor in Egypt. Our fleet of 750 vehicles distributes medicine to more than 46,000 healthcare institutions and pharmacies, serving millions of people. Inside our operations, our occupational health and safety policies and procedures ensure that our employees (6,700) remain safe and healthy.



AFFORDABLE AND CLEAN ENERGY:

ISP supports this SDG by managing its consumption, reducing its reliance on nonrenewable energy, and exploring alternative energy sources. We have adopted clean energy technology and infrastructure in our warehouses.



We invested in our warehouses to make them more energy efficient, including:

- Installing ACs that are environmentally friendly,
- Reducing our electricity consumption using LED bulbs,
- Installing ACs that consume less power,
- Fleet management optimization,
- Performing regular maintenance for our vehicles to reduce petrol consumption,
- Piloting an electric vehicle program, and
- Piloting a program to shift from petrol to natural gas.



DECENT WORK AND ECONOMIC GROWTH:

ISP contributes to job creation and national economic growth. We have created thousands of job opportunities across the country, currently employing 6,700 people and providing them with a work environment that upholds human rights standards and decent labor practices. We help develop their technical expertise and acquire the skills they will need to advance their careers.



INDUSTRY, INNOVATION AND INFRASTRUCTURE:

Strong infrastructure allows for a healthier and more productive business. ISP is investing in new warehouses that are cleaner and more environmentally friendly, built to the best industry standards. For our existing warehouse operations, we are continually upgrading our warehouses and their systems to optimize our storage, accessibility, and handling of goods. ISP promotes innovation and technology; we developed digital solutions to serve our customers promptly, increase sales, and benefit our suppliers. The tech solutions we have adopted benefit the entire supply chain.

OUR STAKEHOLDERS

-
- STAKEHOLDER ENGAGEMENT
 - STAKEHOLDER MATRIX
 - STAKEHOLDER MANAGEMENT APPROACH
 - RESPONSIVENESS & ADAPTABILITY
 - MATERIALITY
 - MATERIALITY VALIDITY AND STAKEHOLDER CONSULTATION



03



STAKEHOLDER ENGAGEMENT

Our stakeholder approach outlines our commitment to creating an engaging environment where all our stakeholders are heard, engaged, and aligned through identified channels that facilitate communications. Our key objective is to open a two-way dialogue with our stakeholders. Engaging stakeholders is a crucial practice we commit ourselves to sustain and extend. Direct communication with our stakeholders is a valuable asset and enhances our overall performance. We learn more about our stakeholder's perceptions of our performance, investment ventures, and the financial and non-financial effects of our day-to-day operations. We strongly consider their insights when making business decisions to achieve our goals and objectives effectively. Their input highlights potential risks and opens doors for new ideas and innovative solutions. Gaining our stakeholders' support and trust raised ISP's confidence to achieve its targets. We believe stakeholder engagement is fundamental to identifying and prioritizing vital issues, addressing them ahead of time, and setting a mitigation plan to improve business operations and deliver our services in the most efficient, accountable, and ethical way possible.

STAKEHOLDER MATRIX

We designed a stakeholder engagement matrix, identified and prioritized our stakeholders, and set a framework to determine engagement method and frequency for each stakeholder group according to their role and level of impact. This matrix is regularly reviewed and amended to reflect changes in our stakeholder map.

STAKEHOLDER MANAGEMENT APPROACH

Effective management of our stakeholders is crucial to sustaining the stakeholder engagement process. Consistency, transparency, interactivity, and level of responsiveness play a pivotal role in ensuring the effectiveness of this exercise. Our approach to managing stakeholder engagement varies significantly according to stakeholder presence and level of interaction. We encourage interactive participation of our stakeholders, which is an integral component of our stakeholder management approach. We employ flexible and straightforward communication channels, appreciate the input of our stakeholders, and value transparency and accountability throughout our communications. We continually seek to integrate innovative methods of communication to ensure broader coverage of stakeholders; ISP invests extensively in innovation and technology to improve responsiveness and enhance communication. Our digital platform has positively impacted the accuracy and accessibility of information. It enhanced our communication and reporting systems; improved data gathering, analysis, and evaluation serving as the basis for identifying and prioritizing our stakeholder engagement methods.

RESPONSIVENESS AND ADAPTABILITY

Transparency and accountability are crucial pillars for establishing proper stakeholder engagement processes. To assess our stakeholder management approach, we continually monitor and evaluate the outcome of our communications, respond to concerns, measure responsiveness rate, track stakeholder coverage, and assess the value of the qualitative and quantitative data.



ISP seeks to implement its stakeholder engagement activities by building a platform to conduct in-depth discussions of topics of interest to all stakeholders involved. The effectiveness of the stakeholder engagement relies much on the nature of the questions posed and the information requested. We aim to improve our engagement process and effectively use the feedback and recommendations to create value, reduce adverse impact, and build a cohesive understanding of future demands and business potentials. ISP records stakeholder engagement for further study and analysis, gathers feedback from the consultation exercises, puts it on the table for discussions, and addresses concerns raised. A dedicated team from ISP classifies data for analysis. After data analysis, the team translates the raw data into business goals, targets, and KPIs. The stakeholder consultation processes are taken seriously and help refine our strategies and policies.

Stakeholder	Engagement Strategy	Methods of Engagement	Key Sustainability Concerns Raised During the Engagement	Response	Frequency of Engagement
Shareholders/ Investors	Engagement	Meetings/ calls /visits	Profitability Inflation Return on investment Income Changes in legislation.	Financial disclosures Financial KPIs in place and are an integral part of our management reviews Annual financial reports Quarterly reviews Financial releases Press releases Digital Disruption	Daily
Financial Institutions	Engagement	Meetings/ calls /visits	Liquidity Credit score Profitability Inflation Return on	Management reviews and KPIs are set to monitor matters as inflation and liquidity, measure and analyze financial performance	Monthly



Stakeholder	Engagement Strategy	Methods of Engagement	Key Sustainability Concerns Raised During the Engagement Process	Response	Frequency of Engagement
			investment Income Changes in legislations	Communicate through annual financial reports Quarterly reviews Financial releases Press releases Reporting on ESG	
Customers	Engagement	Surveys / Grievances / Calls	Customer care Deliveries Quality Product safety	Standard operation procedures in place to deal with all grievances Formed an internal committee responsible for reviewing and analyzing survey results B2B Customer Application Mobile Pharmacy Management System Customer Dashboard Complaint Dashboard Transportation Management System	Daily



Stakeholder	Engagement Strategy	Methods of Engagement	Key Sustainability Concerns Raised During the Engagement Process	Response	Frequency of Engagement
				Customer mechanism grievance First-call resolution (FCR) Outbound call center metrics	
Suppliers	Engagement	Due diligence – Contracts – business reviews	Compliance Non-conformance with guidelines Payments	Suppliers' relationship is part of Commercial and Sales departments KPI's. Established KPIs for the commercial and sales departments to monitor and enhance our supplier relationship Supplier portal Automation of orders Supplier Field-Force Mobile Application Supplier Digital Platform Electronic Data Interchange Digital Disruption	Monthly



Stakeholder	Engagement Strategy	Methods of Engagement	Key Sustainability Concerns Raised During the Engagement Process	Response	Frequency of Engagement
Local Authorities	Engagement	Audits – Licenses meetings	Taxation Product quality Product safety Reporting	Our compliance and audit departments monitor performance and report to the Audit Committee Mitigation process in place Quality Management System Good Distribution Practices	Monthly
Workers & Employees	Involvement	Reports/ meetings	Salaries and wages Working conditions Human rights issues Safety Communication Recognition Appreciation Job security	Integral part of executive committee and Board meetings All concerns are looked into, addressed and monitored through the management reviews Employee grievance procedures in place There is an employee handbook for every employee Health and Safety Manual in place Learning Management System	Quarterly



Stakeholder	Engagement Strategy	Methods of Engagement	Key Sustainability Concerns Raised During the Engagement Process	Response	Frequency of Engagement
				<p>We have an award system in place</p> <p>Career development practices</p> <p>The employee of the month Awards and recognitions system in place</p>	
Consultants	Engagement	Due Diligence/ contractual agreements / performance monitoring	<p>Terms of Agreement</p> <p>Terms of payment</p> <p>Contractual terms</p>	<p>We build strong relationships with our consultants that instil values alignment and achieve mutually beneficial agreements</p> <p>Building trust</p> <p>Long-term commitment</p> <p>Clear communication channels</p>	Quarterly
Local community	Engagement	Surveys, awareness sessions, grievance mechanisms	<p>Involvement</p> <p>Job creation</p> <p>Environmental concerns</p> <p>Innovative and creative philanthropic</p>	ISP decided to report on sustainability topics and communicate our vision and mission, our efforts and outcomes to the public	Quarterly



Stakeholder	Engagement Strategy	Methods of Engagement	Key Sustainability Concerns Raised During the Engagement Process	Response	Frequency of Engagement
			activities	<p>Efforts to grow the business and expand has indeed resulted in creating job opportunities over the years</p> <p>Actively seeking to conduct community projects that will benefit our community</p> <p>We are reporting on our ESG performance and communicating our vision and mission as well as our social, environmental and financial performance</p>	
Media	Engagement	Awareness session reports	Transparency and responsiveness	<p>ISP decided to report on Sustainability to communicate its mission, efforts, and outcomes to the public</p> <p>We are reporting on our ESG performance and communicating our values, vision, and mission as well as our social, environmental and financial performance</p>	Regularly



MATERIALITY

Identifying what matters to us is crucial to understanding the magnitude of ISP's impact on its stakeholders and the markets in which we operate. Our understanding of materiality is based on research and observation. We first defined the scope and boundaries of the business elements, actions, and operations to identify and evaluate material topics. A comprehensive understanding of the internal and external factors affecting us was essential when addressing materiality. Next, we considered our social, environmental, and governance impact on our stakeholders. We incorporated financial and non-financial components to cover a wide range of data gathering in our materiality assessments. In addition, our risk assessments were fundamental to understanding what topics are material to ISP. This evaluation and observation process generated our approach to prioritizing material issues concerning ESG aspects. ISP's materiality index essentially reflects the company's management approach.

MATERIALITY VALIDITY AND STAKEHOLDER CONSULTATION

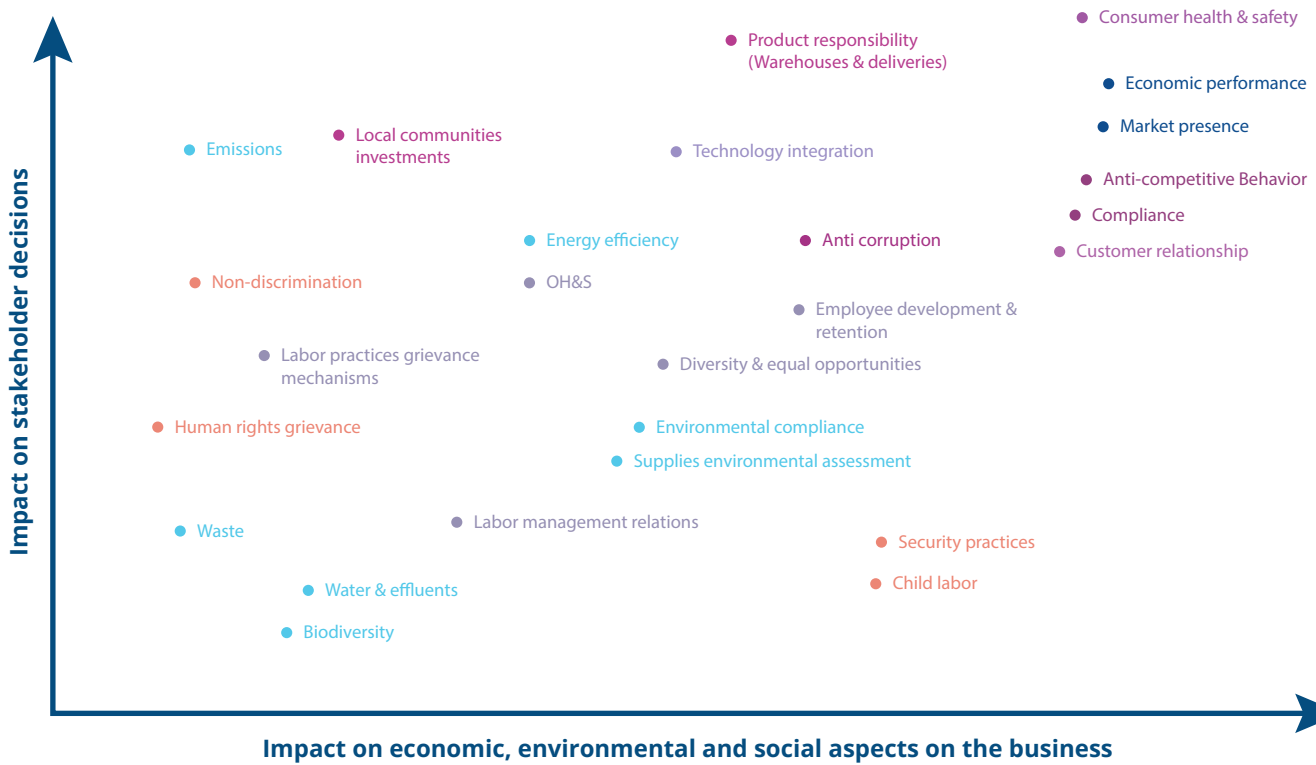
Engaging our stakeholders is an effective way to understand matters significant to the company more thoroughly. Through stakeholders' discussions, we gather valuable insights that we incorporate into our management approach, business objectives, and plans. We also learn about our stakeholders' perceptions of ISP's strengths and weaknesses. We welcome all feedback, segmenting and circulating it to relevant business departments; it serves as a guiding base for the data analysis and prioritization of material topics.

Our stakeholder consultation concerning material aspects gave us an overview of the stakeholders' perception of our business impact and the specific external and internal issues related to our operations. Those were: local and global market behaviors, economic risks, the wider pharmaceutical industry, community, COVID-19 pandemic and its mitigation, accessibility of medication, occupational health and safety, technology integration, gender equality, global challenges and risks, issues, and trends, and numerous other topics. Feedback from stakeholders with varied knowledge and expertise broadens our views about critical issues and significant matters that are pivotal to our business continuity and growth.





We actively seek out discussions that offer innovative and creative solutions to enhance our day-to-day business performance, better allocate our resources, mitigate risks, maximize resilience, and generate ideas and opportunities that utilize the business' potential. Ibsina Pharma considers its stakeholders partners; in light of this, we observe transparency in all our engagements. This report is designed to communicate information about our environmental, social, and governance impact on this valuable human resource.



CORPORATE RESPONSIBILITY

-
- ETHICS AND INTEGRITY
 - VALUES
 - PRINCIPLES
 - COMPLIANCE
 - WHISTLE BLOWING
 - RISK MANAGEMENT
 - ANTI-CORRUPTION
 - ANTI-COMPETITIVENESS



04

CORPORATE RESPONSIBILITY



ETHICS AND INTEGRITY

ISP operates under a code of conduct that guides our actions and promotes our employees' integrity. The code of conduct outlines our values and principles, reflecting our culture and defining how all employees should act and carry out their responsibilities ethically and reliably.

Ibnsina Pharma was founded on the fundamental principles of trust and accountability that spurred its initial growth early via its value creation and sound impact objective. Materializing the core principles of our business was a huge investment, and the company has persisted in this endeavor since its establishment. ISP provides its new employees with training on the code of conduct and an annual refresher course for existing employees to ensure all employees fully comprehend what is expected from them. The code is available in Arabic and English. The human resources director oversees that all employees receive the necessary training.

VALUES

- We are very committed to dealing with every customer, supplier, external party, or employee with integrity, respect, fairness, and compliance with all preset regulations. We stand up for what's right and encourage others to do so.
- We strive to do things right the first time. We do our work passionately and based in the scientific method while maintaining best practices. We encourage and reward our employees for innovating and developing extraordinary ideas.



- We believe that we cannot expand or grow unless we develop and empower our leaders and employees and focus on continuous process improvement.
- We are especially keen to serve our stakeholders and offer them comprehensive business solutions that place ISP as their first choice and exceed their expectations.
- We encourage an open-door policy that facilitates communication, strengthens team dynamics and assures harmony and connectedness at all levels.

PRINCIPLES

Patients: The safety of patients is at the heart of everything we do.

Employees: We treat all employees fairly and respectfully.

Investors: We are committed to outstanding and sustainable performance with integrity.

Partners in Healthcare: We strive to be a trusted and reliable partner in the Healthcare supply chain in Egypt.

Community: We seek to play an active role in serving and protecting communities.



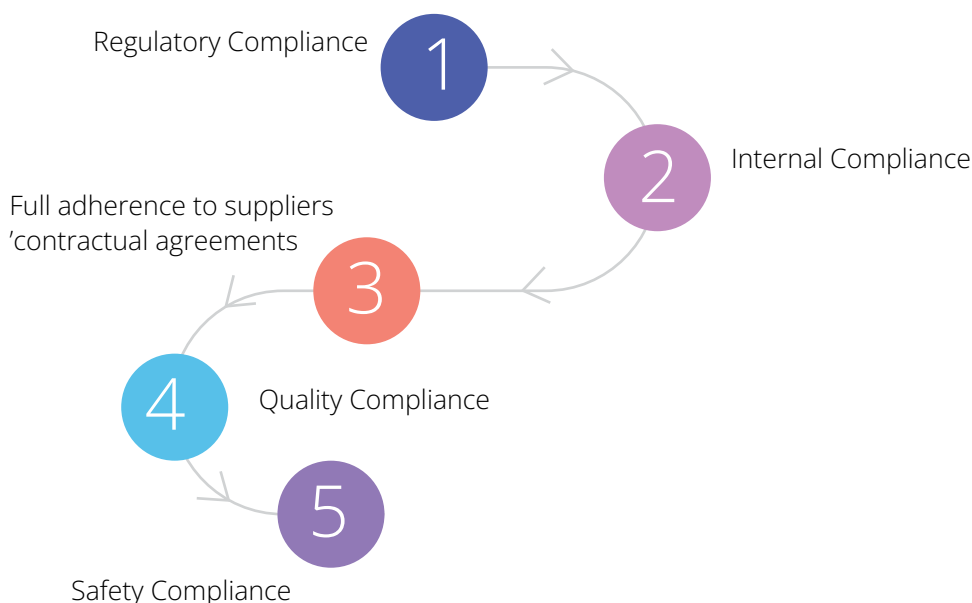
COMPLIANCE

From development and innovation to storage and delivery, medicine is a strategic sector, encompassing some of the world's most vital industries and, as such, is highly regulated. The pharmaceutical industry is meticulous in governance and reporting and requires multiple auditing bodies to ensure quality control and compliance. It imposes rigorous regulations that obligate distributing companies to operate with utmost accountability, transparency, and agility.

ISP is a leader in providing medicine to patients promptly and safely. We take compliance seriously. At ISP, we consider the trust of our suppliers and customers as our main asset. We work hard to obtain this trust and maintain our credibility; in doing so, we focus on acting ethically and incorporating ethical considerations into our business strategy. We achieve this by designing systems, setting processes, and implementing controls to ensure adherence to national laws and regulations and compliance with internal codes and procedures.



When we speak of compliance in ISP, we refer to:



Regulatory changes in the pharmaceutical industry are constantly changing. ISP ensures that it stays ahead of any updates and is tuned to new legislation and changes in regulations to remain compliant. We continually review new government regulations and changes through the official channels, monitoring the websites of regulatory bodies and government agencies, and enrolling in the public relations agencies' newsletters that provide critical regulatory updates.

The compliance manager's primary responsibility is to protect the company and its employees against any repercussions from non-compliance with laws and regulations and encourage employees to abide by its values and code of ethics.

To ensure compliance, we provide employees training on company values, policies, codes, procedures, internal policies, and applicable laws and regulations. ISP management believes that full compliance and ethical behavior reveal growth opportunities, and in that spirit, it continuously urges employees to operate responsibly and to do what is right. Our internal controls include, but are not limited to, policies on anti-bribery, anti-corruption, fair competition, standard operating procedures (SOPs), management of third party and social media guidelines, ISO Standards, and suppliers' quality standards. Our policies, guidelines, and procedures are available for all employees electronically on ISP HR System and in hard copy. All new employees receive training on company policies and procedures upon entry; existing employees receive a yearly refresher. Human Resources evaluates the effect of this activity by assessing employees' knowledge of the policies and procedures, and a reward system has been established

Goals and Targets

ISP established corporate excellence department in 2021 to be responsible for designing a system that links employee levels of compliance to their goals and KPIs.

The employee award system will be directly related to their performance in that matter.

'Corporate Excellence' is meant to ensure employee adherence and full compliance.

In 2022, the 'Corporate Excellence' initiative will become effective, and HR will communicate it to all department heads.

To ensure 'Corporate Excellence' achieves its target, the initiative's progress will be regularly communicated and reported to the Ex Com guidelines, committee and other monthly committees.



to create positive reinforcement. Employee performance reports evaluate employee integrity and compliance, but each employee must adhere to company rules and regulations.

ISP created auditing processes that ensure internal compliance of all departments and operations with a mandate to maintain financial accountability and business transparency.

Therefore, the company's organizational structure required a permanent internal audit department that reports functionally to the Audit and Governance Committee, independent of Executive Management. Internal Audit performs its responsibilities independently as per The International Professional Practices Framework (IPPF). The department created a set of rules and regulations to delineate roles and responsibilities and manages conflicts of interest, working in conjunction with the Audit and Governance Committee. In addition, the department reviews the compliance level of different business functions to ensure proper implementation of company policies and procedures and take the necessary corrective actions where required. The department issues quarterly reviews and presents periodic assessment reports on company policies and procedures. Its members are appointed based on qualifications and technical expertise, specifically in auditing, finance and accounting.

WHISTLE BLOWING

All employees are required to report any suspected misconduct or malpractice. Our internal reporting mechanism allows employees to raise concerns outside line management without fear of reprisal. ISP's whistle blowing mechanism respects the whistle blower's confidentiality and ensures comprehensive protection and support. HR provides notice regarding the procedures of our internal reporting mechanism and communicates it in writing to all employees. As per company codes and applicable national laws, incidents reported are investigated thoroughly, and management takes action, where deemed necessary.



RISK MANAGEMENT

Risk management is the function of our Compliance Manager. ISP defines risk management as an essential tool to ensure business sustainability and, more importantly, to avoid or reduce the potential adverse effects on our stakeholders, people in the supply chain, and the environment.

According to risk assessment and identification processes, our most conspicuous risks are compliance, operational, financial, reputational, quality and environmental risks, which can impact business continuity. We conduct a risk assessment for each of these risks where we identify the risk, understand it, determine its probability of occurrence, and identify its consequences and impact. We do this based on our internal incidents, violations, and external audit reports. We formulate a plan for avoiding such risks or mitigating their impact. In the Compliance Committee meeting, the Compliance Manager assesses and prioritizes each potential risk and presents it to Executive Committee for resolution. A mitigation plan is then designed and endorsed by the Executive Committee.



We utilize our various resources such as training employees, raising awareness, drafting procedures, building new warehouses and upgrading existing ones to avoid or mitigate adverse impacts.

Our most crucial risk is a quality risk; the priority that is of utmost importance to us is to bring the medicine to patients promptly and appropriately. The nature of the business involves risks associated mainly with the storage and distribution of medication. It is a complex process with multiple challenges that may require permitting, closure of warehouses, handling techniques, temperature control, storage mechanisms, transportation, expiration of products, and damages to products. ISP created a set of Standard Operating Procedures to avoid such risks and guarantee business continuity.

Management is highly responsive to any risks that may impact the quality of products. Risk management prioritizes issues, designs a business continuity plan assessing possible scenarios and provides potential solutions, and takes the necessary measures to allocate resources to address critical issues directly.

Department heads, together with the quality manager and the risk management team, are responsible for the effectiveness of the risk management process. Together, they present the challenges and potential risks to the Executive Committee to discuss with the CEO and approve actions to avoid or mitigate impacts. Department heads are responsible for the effective implementation of the action plan, and the compliance department follows up on results through set qualitative measures that determine the system's effectiveness.

ANTI-CORRUPTION

Our anti-corruption policy is binding on all employees; it reiterates our values and work ethics and governs matters such as bribery, conflict of interest, insider trading, third-party involvement, and social media usage. We have a well-established system that assesses the likelihood of unethical behavior, its impact, and the mitigation process. ISP in no way tolerates violations of its policy. To eliminate corruption, we have implemented a comprehensive risk management process including tools, techniques, records, a risk register, reporting and documentation procedures, identified roles and responsibilities, scaling and categorizing risks, and a risk budget. Our anti-corruption policy addresses interactions with government bodies and public officials. It also addresses gifts, entertainment, grants, and donations; it clearly defines what is accepted and what is not while giving real examples and stating how an employee should act when in doubt. ISP provides training to all new employees on its anti-corruption policies and regular training once a year to all employees and the board of directors. We also offer the training to third parties to disseminate to their teams. In all of its contractual agreements, ISP specifies that adherence to ISP regulations is essential to the continuity of the business relationship. We conduct risk assessments with a specific focus on corruption across our operations; bribery of government employees is the most significant risk. ISP has a strict approval process for payments made to governmental bodies. The Investigations Manager from Human Resources promptly investigates any policy violation, identifies the root cause, addresses it, and takes the appropriate disciplinary actions where deemed necessary.





ANTI-COMPETITIVENESS

Our Fair Competition Policy governs our marketing practices and reflects our commitment to free and fair competition. ISP conforms to all national laws and regulations stipulated by the Egyptian Competition Authority. Our policy and code of conduct define what may be considered anticompetitive practice, govern the relationship with trade associations, and encourage employees dealing with these associations to familiarize themselves with the association's antitrust compliance guidance. The policy states the principles of dealing with trade associations, competitors, suppliers, and purchasers and the principles of conducting transactions. The approach guides what an employee should do in case of doubt, and training sessions are offered to all employees to familiarize themselves with the policy, its provisions, and potential consequences of its breach.



CORPORATE GOVERNANCE

-
- GOVERNANCE MANAGEMENT APPROACH
 - BOARD OF DIRECTORS
 - BOARD EXPERTISE
 - BOARD COMMITTEES
 - REMUNERATION COMMITTEE
 - INVESTMENT COMMITTEE
 - SUSTAINABILITY COMMITTEE
 - GENERAL ASSEMBLY
 - DISCLOSURE AND INTERNAL CONTROLS



05



CORPORATE GOVERNANCE

With the founders' vision to accelerate growth, ISP explored opportunities to increase capital and strengthen its equity. The founders considered institutionalizing the business from a governance and continuity perspective. They opted for an IPO in 2017, instituting good governance practices with a succession plan a crucial action. Establishing a high-performance governance structure that reflects our values, captures our founder's vision, and supports effective decision-making.

Before the company was listed on the Egyptian Stock Exchange (EGX), ISP recognized the importance of governance and compliance. The company was established with the potential and vision to grow, and ISP chased that goal fervently, reaching new horizons of development and advancement. This approach has set the platform for establishing a resilient governance culture that grew as the company matured. ISP developed a governance structure that ensured the company's best practices and helped ISP realize its potential.

Since the company's establishment, ISP's founders have decided on the company's direction. Building a solid governance structure was not an auxiliary objective; it was a strategic one, which supported its transformative growth and ensured sustainable development. The venture with EBRD was crucial to the growth of the business; it drove the company forward, emphasized its strength, and upscaled performance.

The turnaround phase was a learning experience; understanding the rationale behind it and embracing the complexity of the process laid the foundation for a solid governance structure comprising an involved board of directors and influential committees. This exercise resulted in a fundamental shift that drove ISP toward sustainable growth. A good governance framework enhances internal cohesion, ensures transparency, aligns with business objectives, and maintains the confidence of the stakeholders. It framed the foundational values of the company and its culture—that initial framework embedded a robust corporate structure at ISP, creating value and propelling the company forward. Ibsina Pharma designed a governance management approach that enabled it to operate responsibly, improve performance, minimize operational errors, maximize accessibility, attract talent, and promote diversity of its business portfolio to bring forth integrated innovative solutions, increasing productivity and profitability.

GOVERNANCE MANAGEMENT APPROACH

Our management approach is built on fostering an environment of respect, trust, transparency, and accountability. In this regard, we built independent, effective structures to ensure the resilience of this spirit. Setting the mechanisms and tools that provide effective governance and creating the facilities necessary to govern ISP's operations and performance were essential to building the company's credibility. Through different approaches, we managed to keep the governance structures, laws, mechanisms, and processes simple to minimize non-compliance and increase clear communication between our Board of Directors and the Executives. The

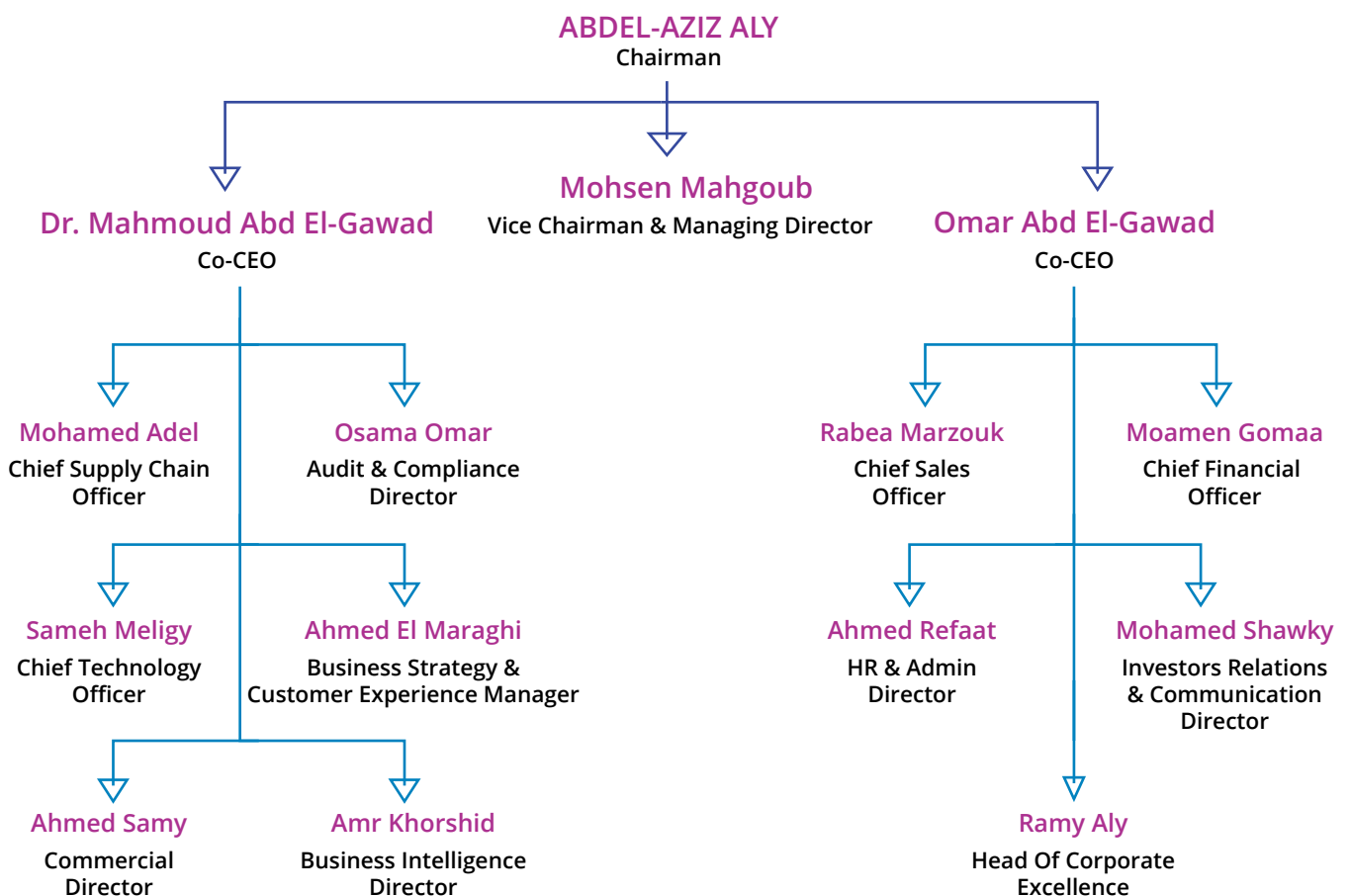




governance framework that Ibsina adopted ensures a proper communication mechanism is set in place to guarantee transparency across its departments, affairs, and day-to-day operations. A system that establishes good governance practices is highly valued and protected by the Board of Directors and is crucial when evaluating Ibsina's performance. The committees play an integral role in ensuring operational compliance. Active committees are composed of members with a high level of expertise that qualifies them to provide direction, keep track of the business performance, implement legal obligations and maintain the company's performance in alignment with its primary mission. Such an approach is applied to maintain proper business control, manage business risks, define roles and responsibilities, manage and channel the flow of information most effectively and transparently, and uphold the discipline to allow Ibsina Pharma to grow ethically and professionally.

BOARD OF DIRECTORS

The Board consists of 11 members, two independent, six non-executives, including the chairman, and the rest executive members, including the Vice Chairman and the Managing Director. The board has one female representative, but ISP's governing board wishes to increase that number. The board's composition exhibits a balance of competency and expertise amongst its members that guarantees the highest level of transparency, accountability, and diversity that would guide the company toward success. The criteria for selecting board members are essentially based on experience and knowledge, covering financial and non-financial elements, and is the paramount duty of the board. The board orchestrates the affairs of the company, sets the business strategy and overall direction, oversees operational, financial, and ethical performance, sets the policy for the company's ethics and integrity, manages the implementation of compensation policies, and reacts promptly and swiftly to the concerns of the shareholders and stakeholders at large.





BOARD OF EXPERTISE

EXPERTISE	MEMBERS
Healthcare	2
Fast moving consumer goods	4
Business leadership and operations	1
Financial and accounting	7
Pharmaceutical sales and marketing	2
Human capital management	1
Consulting and social services	1



Abdel Aziz Ali - Non-Executive Chairman

Abdel Aziz Ali currently serves as the Chairman of the Egyptian Agricultural Production Company. Abdel Aziz has 38 years of experience across various industries, including healthcare, agriculture, fast-moving consumer goods, and financial services. He co-founded various successful businesses in Egypt including Chipsy (later acquired by PepsiCo), Al Shorouk Hospital (later acquired by Abraaj Group), and Al-Masreyin Dairy (later acquired by Citadel Capital).



Mohsen Mahgoub - Vice-Chairman and Managing Director

Mohsen Mahgoub has over 40 years of experience across various industries including healthcare, fast-moving consumer goods, and financial services. He co-founded numerous successful businesses in Egypt including Chipsy (later acquired by PepsiCo), Al Shorouk Hospital (later acquired by Abraaj Group), Al-Masreyin Dairy (later acquired by Citadel Capital), and Incolase Egypt's largest leasing company, where he currently Chairs its board. Moshen is also the Chairman of the Arab International Investment Group. Further to that, he currently serves on the boards of Faisal Islamic Bank of Egypt, Dar El Eyoun Hospital. In the past, Mohsen sat on the board of SAIB Bank.



Mahmoud Abdel Gawad - Executive Director and co-CEO

Mahmoud Abdel Gawad is co-founder and co-CEO of Ibsina Pharma overlooking commercial, operations, IT, quality assurance, and administration activities. Prior to founding Ibsina Pharma, Mahmoud held several senior-executive positions at companies in Egypt and abroad; he has a proven executive-management track record spanning 30 years.



Omar Abdel Gawad - Executive Director and co-CEO

Omar Abdel Gawad is co-founder and co-CEO of Ibsina Pharma. Mr. Gawad, through a variety of executive-level positions, has helped guide Ibsina Pharma since its inception, and played a crucial role in helping the company go from a private to a publicly traded entity. His management skill set includes sales, marketing, finance, and HR activities.



Ahmed Abdel Gawad - Non-Executive Director

Ahmad Abdel Gawad has over 30 years of experience in the pharmaceutical industry with a particular focus on pharmaceutical sales. Ahmed held various sales positions at multinational companies including Glaxo Smith Kline and Bristol Myers Squibb.



Mohamed Mahgoub - Non-Executive Director

Mohamed Mahgoub is the Founder and Managing Director of Sky Supplies and Managing Partner in Tanmeya Capital Ventures (TCV). He has over 15 years of experience across multiple industries including financial services, consulting, and consumer products. Mohamed is also a non-executive board member in several companies, including Tamweel Investment Holding, and is a Board Trustee in the NGO, Misr El Kheir. In addition, Mohamed is an angel investor in various emerging start-ups in Egypt.



Hany Badr - Non-Executive Director

Hany Badr has an extensive, four-decade career in the finance and banking industry, serving most recently as Head of Treasury at Faisal Islamic Bank until 2016. Prior to that, he held the position of Assistant General Manager at Delta Bank.



Abdel Rehim Omar - Non-Executive Director

Abdel Rehim Omar held the post of General Manager at Faisal Islamic Bank, where he has faithfully spent his entire 35-year career financial career. He also headed the bank's Internal Audit.

The Board of Directors of Ibsina Pharma announced with sympathy that Mr Abdel Rehim Omar passed away in November 2021. Mr Omar acted as a non-executive director of the company from 2008 to 2021 as a representative of Faisal Islamic bank. The Board would like to thank the late Mr Omar and his family for his invaluable contribution to the company during his tenure of service and express the deepest condolences to his family during this difficult time.

AS OF FEBRUARY 2022, THE BOARD WELCOMED MR RAAFAT MOKBIL AS A NON-EXECUTIVE MEMBER.



Mohamed Zaki - Non-Executive Director

Mohamed Zaki is currently a research analyst at the United Nations Migration Agency and has over 10 years of experience in consulting and social services. Prior to that, he was a consultant at Price-waterhouseCoopers.



Ahmed Elnawawi - Independent Non-Executive Director

Ahmed Elnawawi has a decades-long track record of success in brand building and strategy development. He held prominent posts at Procter & Gamble (PG) Company and Reckitt Benckiser (RB), leveraging both companies' superior consumer insight, strategic thinking, business and market understanding. He currently holds the role of Director, Consumer & Market Insight, Developing Markets at RB, having previously held the position of Regional Business Unit Associate Director at P&G since 2010, after many roles of escalating responsibility, beginning in 1997.



Hoda Wally - Independent Non-Executive Director

Hoda Wally has thirty-five years of extensive experience in the banking sector with Commercial International Bank (CIB) . She held different positions in CIB including heading the retail banking and the women's banking. Hoda served on the boards of different companies including El Sheikh Zayed Hospital and Experts for Food Industries. In 2010, she also started her entrepreneurship journey by founding the renowned chocolate brand "Choco Chocola".



BOARD OF COMMITTEES

Audit and Governance Committee

The Committee convenes at least quarterly and comprises six members, out of which, three are dependent non-executive members and three are independent non-executive members.

Roles and Responsibilities

- Reviews the company's internal controls procedures and ensures compliance;
- Examines accounting policies and changes resulting from applying new accounting standards;
- Analyses and reviews internal audit plan, its mechanism and procedures;
- Analyses and reviews drafting of periodic reports presented to the different managerial levels;
- Examines the methods followed in drafting and reviewing the following:
 - o Routine and annual financial statements,
 - o Releases of public and private offerings, and
 - o Projected balance sheets, including cash flow and income statements.
- Examines initial financial information before presenting it to the board of directors and the financial auditor;
- Responsible for the appointment, compensation and oversight of the work of the auditor and matters related to resignation or dismissal in a manner that does not violate the provisions of the law;
- Assigns tasks to auditors other than reviews of financial statements and gives recommendations on fees in a fashion that safeguards their independence;
- Reviews the auditor's report and follows up on comments and remarks, and settles disputes between the management and the auditor;
- Ensures the submission of a report by an independent advisor on the nature of transactions and acquisitions executed with intended parties and the extent of its harm to the interest of the company or its shareholders;
- Ensures the application of the necessary controls to preserve the company's assets;
- Conducts periodic evaluation of administrative procedures to ensure compliance with the rules and regulations; and
- Prepares reports for the Board of Directors.
ISP created auditing processes that ensure internal compliance of all departments and operations with a mandate to maintain financial accountability and business transparency.
- Developing research and promoting innovative solutions to increase productivity, protect the environment, generate income, and optimize consumption.
- Identifying strategic environmental, social, and governance goals.
- Evaluating the company's long-term ESG performance and contributing to the achievement of its goals.
- Ensuring strategic planning.



- Evaluating the company's long-term ESG performance and contributing to the achievement of its goals.
- Ensuring strategic planning.

REMUNERATION COMMITTEE

The Committee convenes annually and comprises two dependent non-executive members. The Committee recommends the remunerations and fees of the directors, executives, and non-executive directors.

INVESTMENT COMMITTEE

The Investment Committee convenes at least quarterly and comprises four members; three dependent executive members and one dependent non-executive member. The Committee works in conjunction with the Board of Directors.

Roles and responsibilities of the Investment Committee:

- Assists the Board of Directors in executing its obligations related to financial and investment policies and regulations;
- Reviews and evaluates investment opportunities and their alignment with the company's investment strategy;
- Monitors and assesses existing and future holdings and submits its recommendations to the board of directors;
- Supervises the advisory work related to the mandate of the committee, in addition to the tasks assigned by the board of directors;
- Submits audit evaluation reviews of company policies, investments, and funding criteria;
- Conducts studies on core business-related investments;
- Monitors and reviews new investment agreements and offers recommendations for potential investment opportunities;
- Oversees and evaluates the investment portfolio on behalf of the Board of Directors and presents the findings; and
- Monitors investment operations within its work scope.





Sustainability Committee

The Sustainability Committee convenes annually and comprises five members, of which, two are dependent executive members, two are dependent non-executive members and one is an independent non-executive member.

Sustainability matters are discussed at the board level, and substantial measures and decisions have been taken to minimize the company's environmental footprint. Many initiatives were enacted to make necessary changes in the interest of the business. ISP is committed to reporting on its ESG initiatives and their impact on the community, environment and business performance, outlining its financial and non-financial results. The road to business sustainability entails learning, commitment, engagement, research and innovation. It is essential to keep track of the company's progress toward sustainability, stay focused on its objectives, create sound impact, and assess the effectiveness of our initiatives.

As we aspire to become a responsible business and show our commitment to the environment and the community, we opted to create a sustainability committee to manage our impact. We believe it's an essential step toward steady and sustained growth. In addition, sustainable practices will encourage us to conscientiously and wisely utilize our resources and discover previously unimaginable opportunities for innovation and progress.

In publishing our first sustainability report, the committee members were responsible for outlining our first standalone sustainability report and it is also responsible for formally reviewing and approving our sustainability report and ensuring that all material topics are covered.

Members of the committee were selected based on their qualifications, innovative skills, and level of expertise.

General Assembly

All shareholders are invited to attend the General Assembly. Essential and material topics are raised during the annual General Assembly Meeting to ensure honest disclosure and effective decision-making that primarily benefits the company's and stakeholders' interests. The General Assembly rigorously complies with the rules and regulations of the Egyptian Stock Exchange and the Financial Regulatory Authority.

Disclosure And Internal Controls

ISP enforces policies and procedures to cover the company's transparency and disclosure. The Investor Relations Department (IR) is responsible for disclosing accurate and timely information to the shareholders and stakeholders on the stock exchange disclosure portals and through local and international conferences.

Our disclosure policy ensures ISP's commitment to providing information on its environmental, social, and governance activities transparently and comprehensively. In addition, the policy guarantees prompt and accountable information about the company's ESG performance, strategic direction, and business endeavors to enable investors to make informative decisions.

To better serve our investors, we created an investor relation section on our website specifically designed to provide updated information about the company's ESG performance and make it readily accessible for the investors and shareholders.



Disclosure And Engagement Methods

- Press Releases
- Quarterly Earnings Releases
- Annual reports
- Annual Board of Directors' Report
- Sustainability reporting
- Meetings and investor conferences



INVESTOR RELATIONS



06



Many of Ibnsina Pharma's recent investments are technology-based, providing a platform for sector transformation. Expanding and diversifying ISP's business portfolio has become a fundamental pillar in ensuring our business's sustainability. We could maximize shareholders' returns with operational expansions, business differentiation, and strong investor presence.

Our investors play a vital role in the success, development, and growth of Ibnsina Pharma. ISP maintains strong and transparent relations with its investors. We are committed to providing investors with accurate financial and non-financial information about the company. Shareholders are a crucial asset that the company accounts for along its journey. In many ways, our interaction with our shareholders and their feedback and recommendations provide shrewd business insights valuable to the decision-making process and potential ventures that may create value and support the company's core mission. Their insights have optimized the company's financial and non-financial decision-making process and aided ISP in achieving its benchmarks. We strive to create an investment vehicle that realizes our investors' aspirations and goals. Additionally, we focus on opening new venues for unique investments that will pave the way for ISP to become a leader in the pharmaceutical logistics industry.

Business accountability is an undeniable element of our business as a publicly listed company, and we communicate this to our investors. Our transparency and openness have strengthened our lines of communication with shareholders, garnered investors' trust, and maintained their confidence. Ibnsina Pharma is committed to protecting the interests of the investors by persistently working to advance and expand the business and build an effective governance model that records top-rank performance.



Our shareholders comprise high calibers respected for their notable works and efforts. With the consistent engagement of our investors, we have become the fastest-growing distribution company maintaining a multi-year record of market-beating, top-line performance. Moreover, our continuous growth and increasing customer base allowed us to upscale and broaden our services and ventures. These ventures help inspire new ideas that generate integrated solutions enhancing business performance and increasing company value.

Our shareholders include the Mahgoub family (13%), Abdel Gawad family (13.5%), the European Bank for Reconstruction and Development (8.7%), and Faisal Islamic Bank (12.6%). Pre-IPO shareholders include members of Ibsina senior management team collectively representing 5.2%, and private shareholders account for 47%.

Investor Relations manages communications with the shareholders and carries out administrative activities and logistical issues in a reliable and compliant manner. Our communications mainly comprise regularly timed meetings with shareholders, conferences, financial releases, and one-on-one meetings. In addition, we are now committed to publishing an annual sustainability report to disclose our financial and non-financial performance, giving our shareholders a comprehensive understanding of our management approach, corporate strategies, and risk profile.



ECONOMIC IMPACT

-
- ECONOMIC VALUE GENERATED
 - ECONOMIC VALUE DISTRIBUTED
 - ECONOMIC RISKS AND IMPACTS
 - TAX STRATEGY



sinapharma



07

Ibnsina Pharma prides itself on showcasing a unique model linking growth, impact, and bottom line awareness in a sophisticated industry like pharmaceutical logistics. This balance is created by our focus on ensuring the quality of our service while optimizing business processes. In parallel, we are gradually transforming our static business model to a progressive one that embraces asset-light models and digitalization functions, rising to meet the industry's future.

This business ethos has demonstrated its long-term potential through ISP's successful labor force, supply chain, and value chain linkages, creating sustainable double-digit growth. For every bottom-line increase, there is a multiplier of economic impact on our suppliers, labor force, clients, and asset partners, widening the sphere of our economic influence in Egypt.

In addition to our direct impact, our business acumen has a trickle-down effect creating various indirect economic benefits to our community. Access to more affordable medicine through reduction of distribution and logistical costs saves community members' money; knowledge transfer on digitalization and optimization improves the quality and efficiency of the service of Egyptian pharmacies and medical professionals across the medical profession in Egypt; government partnerships and support programs enhance the regulatory ecosystem of the industry and benefit all involved stakeholders. These are a few strategies Ibnsina Pharma uses to ensure economic value is created directly and indirectly for all our stakeholders.

Our business and customer base have grown exponentially over the years. Today, we benefit from an economy of scale, generating a higher return on equity, strengthening our position in the market, and making us less vulnerable to financial risks and external threats.



ECONOMIC RISKS

Our risks are strategic and financial. One of the most common risks is a customer payment default or delay and credit ceilings. We mitigate this by diversifying our customer portfolio and applying trade insurance and collaterals. The internal credit committee conducts thorough credit assessments and evaluations to set safe credit ceilings and minimize exposure and associated risks. ISP has well-established policies and practices to guarantee credit decisions and reduce the risk of financial loss. We maintain excellent records and documentation to ensure comprehensive assessments of customers' financial positions. In addition, the risk of counterfeiting is a primary concern; our legal approach and ethical compliance require us to deal only with licensed manufacturers and registered medicines approved by the regulatory authorities; this minimizes the probability of receiving counterfeit goods.

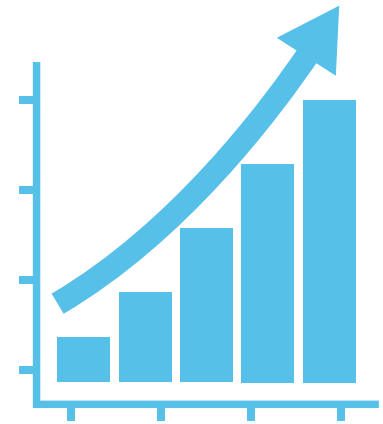


ECONOMIC VALUE GENERATED

Total revenues: EGP 22 billion
Net Sales: EGP 21,706,541,845

ECONOMIC VALUE DISTRIBUTED

Total operating costs: EGP 849 million
Employee wages and benefits: EGP 551 million
Total payroll: EGP 521 million
Total employee benefits: EGP 30 million (medical insurance & transportation)
Dividends to shareholders: no cash dividends happened in 2021, but the GA approved free stock dividends by issuing 160 million shares for the stockholders.
Interest on loan or borrowing: EGP 284 million
Taxes paid directly to government: EGP 190 million
Taxes paid indirectly to the government: EGP 114 million
Community donations: EGP 3 million in 2021 & EGP 9 million in 2020



ECONOMIC RISKS AND IMPACTS

The global temperature increase due to climate change poses a real risk for the pharmaceutical logistics industry. It is leading to higher energy consumption and causing rocketing capital expenditure. We took initiatives in 2021 to mitigate this risk and reduce our energy consumption by shifting to solar power in our warehouses (currently pilot program installed in 2 branches). In our attempts to minimize the impact of GHG emissions and reduce our fuel costs, we are shifting from using petrol in our vehicle fleet and generators to natural gas.

Creating economies of scale is a critical element of the pharmaceutical logistics and distribution sector, given that the fixed operation cost represents 60% - 70% of the total cost, and the market compound annual growth rate (CAGR) has been rising by 14% since 2002. With pharmaceutical market growth steady at around 8%, the negative impact of climate change on our business is not yet financially significant. Additionally, our initiatives to reduce energy consumption and introduce innovative digital solutions should decrease operational costs in the medium term. The increasing demand, market growth, and sustainability initiatives would offset costs incurred to mitigate risks associated with climate change.

Such costs are:

Solar energy: EGP 10 million (for two branches as a pilot scheme).
Call center solution: EGP 8 million
Other digital solutions: EGP 12 million

ISP boosts economic growth by generating employment and introducing innovative technological and digital products into the pharmaceutical sector. This modernization of the sector is a value-added service for both our suppliers and customers, increasing their revenue streams and enhancing their economic performance, while lowering cost and increasing accessibility to wider market sectors.

Employees: 6,700
Suppliers: +350
Customers: +46,000

Benefit plan liabilities: EGP 30 million ISP observes the national social insurance law, but has enacted plans to establish a private company pension scheme for employees.



Currency devaluation: Currency devaluation presents a real and direct threat to businesses, affecting the company's budgets, operating capital, ability to get loans, pay suppliers and contractors, and decrease local demand. However, this risk can be mitigated through contractual agreements that specify that the supplier would incur the risk of devaluation.

Regulatory risks: Regulations are constantly changing; we continuously monitor the directions of the regulatory authorities and take a precautionary approach in preparation for any changes. We mitigate risks of noncompliance by rigidly complying with the anti-corruption policy, free-competition policy, and internal ISP procedures, in addition to providing employees with regular training on policies, procedures, and code of ethics.

As the population increases and ages, market demand is continuously growing, sales increased as wider pharmaceutical market grew by 7% in 2020 and 18% in 2021, despite pandemic restrictions.

The pandemic opened a window of opportunity; it compelled us to explore innovative solutions, optimize our network and explore the potential expansion of our warehouses to provide for the entire region. It further urged management to optimize OPEX and reduce CAPEX. Our CAPEX planning process follows a bottom-up workflow. All department managers in Ex Com, operations, commercial, supply chain, human resources, and sales discuss and identify the opportunities, carry out cost analysis and feasibility studies, and collectively decide in the business's best interest. The Board of Directors approves the budget plan, and after six months of implementation, it is reviewed and updated accordingly.

TAX STRATEGY

ISP's tax strategy, formally reviewed and approved by the CFO and an external tax consultant, is based on three principles: transparency, compliance, and efficiency. It dictates full adherence to rules and regulations stated by the Egyptian tax authority. Our tax approach is embedded in the company's financial systems and controls and is reflected clearly in our code of ethics and anti-bribery policy. We commit to applying good tax practices and managing our tax affairs responsibly. Our financial controls and tax consultants monitor our affairs and regularly report to the tax authority. We cooperate with the tax authority and maintain good relations to avoid any risks; ISP holds regular communications and meetings with the tax authority to stay updated on any changes in regulations. ISP was the first to adhere to the new tax regulations and applied the electronic invoice system that directly links its tax payments with the tax authority system. The Egyptian Tax Authority recognized our efforts to be prompt at complying with new regulations and setting an example to the rest of the industry. The CEO, CFO and the BOD are responsible for our tax strategy compliance.



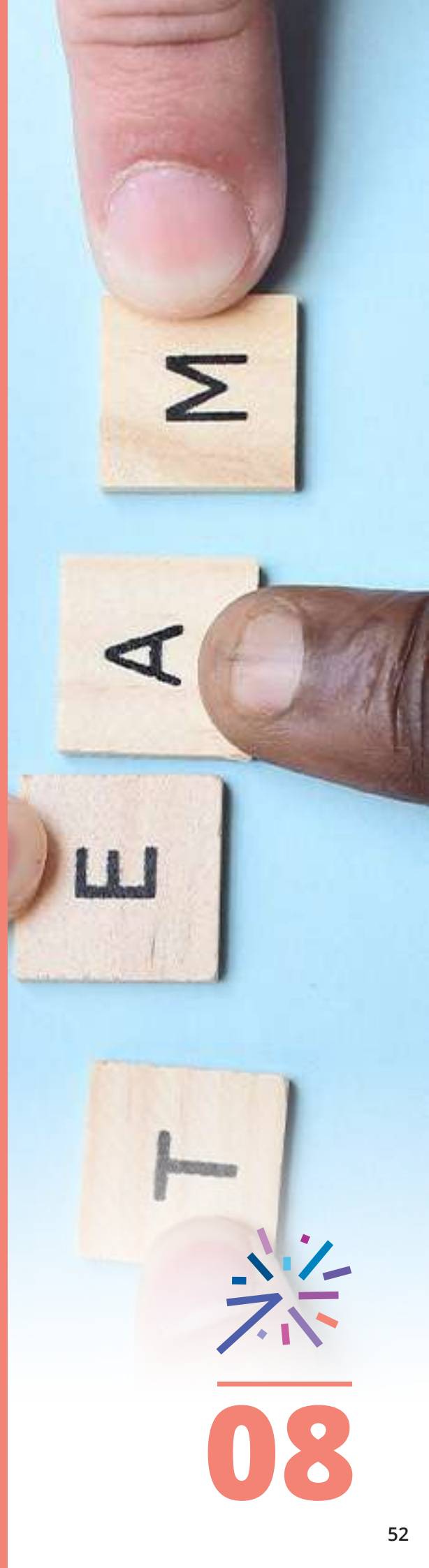
Any significant concern or incident involving unethical or unlawful behavior or the company's integrity concerning tax is reported to the audit committee and the tax authorities; however, this has yet to happen. ISP discloses relevant tax information in its annual report and answers tax-related inquiries by any shareholder in the annual General Assembly Meeting.

ONE TEAM WITH ONE VISION



OUR EMPLOYEES

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- OUR PEOPLE
 - OUR WORKPLACE
 - EMPLOYEE ENGAGEMENT
 - OCCUPATIONAL HEALTH AND SAFETY
 - TRAINING AND DEVELOPMENT
 - EMPLOYEE GRIEVANCE
 - DIVERSITY AND EQUAL OPPORTUNITY





OUR PEOPLE

Our employees are our most valuable asset. We are proud to employ 6,700 employees with a wealth of knowledge, skills, and expertise. Every company has a public image, but there is no image more authentic than the faces of our employees to reflect ISP's core values. Our employees are not just stakeholders; they are the backbone of this company and the engine that gives life and power to such a foundation. We believe we cannot create value without understanding the value of our employees, acknowledging their efforts, building their capabilities, recognizing their talents and responding to their needs. It's a symbiotic relationship in which one cannot succeed without the other; with this at the core of our belief, our corporate culture was founded.

All ISP employees, including senior management, hail from Egyptian communities. All employee contracts define the terms and conditions of legally binding agreements. Employees receive two copies, one in English and the other in Arabic. Ibnsina Pharma's employee handbook specifies the workers' accommodation and amenities entitlements. All employees receive a minimum of a one month notice before implementing significant operational changes that could affect them. Reemployment of employees after a project has ended or after an occupational injury is a commitment that Ibnsina Pharma handles through its social responsibility program.

EMPLOYEE CATEGORY	MALE	FEMALE	TOTAL
Total number of employees (Including contractors & subcontractors)	6373 (95.3 %)	319 (4.7 %)	6692
Full-time Employees	6356 (95.3 %)	308 (4.7 %)	6664 (99.6 %)
Part-time Employees	17 (60.7 %)	11 (39.3%)	28 (0.4 %)



NUMBER OF EMPLOYEES BY PROFESSION

IBNSINA TEAMS	BRIEF	MALE	MALE %	FEMALE	FEMALE %
Cosmetics Sales Team	Make a deal with customer via phone	16	41%	23	59%
Medical Rep	Promote medical items Face To Face	21	50%	21	50%
Telesales Team	Make a deal with customer via phone	734	85%	132	15%
Head Office Employee	Provide all needed support to Ibsina operations Branch's	393	92%	32	8%
Admin Staff	Provide all needed support to Ibsina operations Branch's	1143	96%	44	4%
Retail Staff	Handel all retails deals with the customers	865	97%	23	3%
Warehouses Staff	Prepare orders (Loading, unloading & standing for long hours)	2415	100%	7	0%
Distribution Staff	Deliver orders on time through driving different kind of cars (Jumbo - Truck ...)	692	100%	0	0%
TOTAL		6279		282	

The ratio of the standard entry-level wage for males and females compared to the local minimum salary based on Korn Ferry Global organizational consulting firm is equal (1:1).



EMPLOYEE TURNOVER

The employee turnover rate in 2021 was 11.5%.

REGION	TURNOVER RATE
Alexandria	9.9%
Cairo	15.4%
Canal	10.6%
Delta	15.3%
Upper Egypt	5.7%

OUR WORKPLACE

The workplace significantly impacts employee performance, productivity, and personal motivation. We seek to provide a healthy and safe workplace where employees can interact with their peers and create a positive environment that enables them to build valuable relationships and engage in beneficial interactions.

Collaboration

Collaboration increases innovation, enhances problem-solving and increases company potential. ISP fosters a collaborative culture that promotes effective communication, builds an inclusive team culture and encourages employee engagement. Collaborative efforts contribute to advancing individual capabilities and substantially benefit the company.

Work-Life Balance

We encourage a work-life balance culture; our employees have flexible working hours and a schedule that allows them to complete personal and social commitments freely.

SAFE WORKPLACE

During the pandemic, we offered flexible work arrangements, and employees were allowed to work from home to prevent spreading of the virus and to maintain everyone's safety.





WORKFORCE CULTURE

Our Culture Pillars (CRAFT)

CRAFT was created as a way of underscoring our core competency, our craft, is logistics, an organizational function at its core. ISP's CRAFT focuses on establishing an organizational culture through a long and involved process of learning how to create and implement corporate behavioral norms that will benefit the company in the short and long term.

Care
Respect
Accountability
Fairness
Transparency

Establishing an organizational culture is a long and involved process of learning how to create and implement corporate behavioral norms that will benefit the company in the short and long term. Building a solid organizational culture profoundly impacts employees' performance and productivity. Reinforcing this culture brought tangible positive outcomes, significantly decreasing employee-related conflicts and enhancing employee productivity. As a side benefit, employee satisfaction also increased, as reflected in the sense of contentment demonstrated at the workplace. Our deep-rooted corporate culture helped us build a resilient and motivated team ready to mobilize its efforts for the good of the company and the community it serves. We demonstrate our values in many ways; messages are sent consistently reiterating company policies and principles. A strong culture of awareness is in place; creating the internal cohesion needed to drive everyone forward is critical. Employees receive periodic training on topics that enforce corporate culture and workplace best practices. Human Resources offers workshops to align and inform employees of our code of ethics while strengthening their sense of belonging. A reward and recognition system motivates employees to maintain their behavioral integrity and workplace etiquette.

We Promise A Safe Working Environment.

We are committed to treating our employees with utmost respect and fairness, urging them to act responsibly and make the workplace safe and secure for everyone.

Workplace Core Competencies

Performance | Accountability | Transparency | Adaptability The pharmaceutical industry is very delicate and highly regulated. It is highly dynamic and complex in nature and demands operational excellence. Knowing the crucial role we play in the pharmaceutical value chain; we work hard to build a reputation and develop a dedicated and reliable team fully aware of their critical role in patients' safety. Patients are at the core of everything we do. Our people understand the complexity and the sensitivity of their jobs, which inspire their enthusiasm in carrying out their roles. With this focus, we strive to give our employees a workplace that enhances their agility and competency.

We offer a workplace that embraces diversity and inclusion. Our premises are built to accommodate disabled team members and provide employees with a comfortable working experience.

EMPLOYEE ENGAGEMENT

At Ibsina Pharma, we are eager to maintain a friendly and transparent work environment to allow our employees to unleash their potential. We encourage an open-door policy to ensure beneficial collaboration amongst employees, improve communication across business departments and address issues proactively.

Our employee evaluations are based on targets, performance, work quality, and level of compliance. Human Resources discusses the reviews with the employees and sets individualized improvement targets.

OCCUPATIONAL HEALTH AND SAFETY

The years 2020 and 2021 were successful in terms of safety performance despite the impact of COVID-19. Employee health and safety are essential to ISP; we take the necessary measures to safeguard employee health and safety in whatever we do. We adhere to Egyptian labor laws and international health and safety standards. We conduct H&S training and awareness programs to ensure employees receive the knowledge they need to avoid occupational health and safety hazards. ISP constantly reviews and evaluates health and safety standards across all operations to ensure consistent compliance. We encourage our employees to adhere to safety regulations on-site and off-site alike. Furthermore, we conduct health and safety risk assessments and ensure risk control measures are set in place.

We adopt a preemptive approach for managing employee health and safety. We constantly seek to raise our employees' 'sense of responsibility and awareness regarding their health and safety. We address potential risks, set mitigation strategies, and widen our employees' understanding of their health and safety compliance obligations to enhance their preparedness and response to emergencies.

Our H&S policies build on ISO 45001 and ISO 39001. Our H&S manual lists relevant policies and procedures, incident handling mechanisms, and escalation processes. Occupational health and safety protocols, standards, and policies are strictly implemented across all operations. H&S policies, guidelines and standards are circulated and highlighted across all departments. Employees engage in open discussions on occupational health and safety.

The quality assurance department monitors and evaluates our health and safety management procedures. In addition to ISO audits and supervision by the regulators, this ensures complete adherence to H&S laws and regulations. Health and safety incidents are recorded and reported for proper investigation and mitigation.



Zero Fatalities

We are embedding a zero-fatality and injuries mindset and developing KPIs for health and safety performance and management approaches.

Training on H&S

The health and safety officer develops a training plan to cover health and safety issues according to the nature of each job. Employees understand more about the importance of health and safety compliance and get to recognize, anticipate, evaluate, and reduce potential risks.

- Handling goods safety procedures
- Forklift safety Hazards
- Health and safety risk prevention
- Emergency control
- Road safety
- Occupational hygiene
- Environmental protection
- Fire fighting

Work-related injuries and fatalities (2021)

Incidents	Number of Incidents	Rate of Incidents (%)
Fatalities	0	0
Injuries (first aid, return to work in the same shift)	3	Negligent (Less than 0.05%)
Falling and sliding off a vehicle box	1	Negligent (Less than 0.05%)
Slip during loading and unloading of goods	2	Negligent (Less than 0.05%)
Injury to the head because of a crash	3	Negligent (Less than 0.05%)

Medical Care

Ibnsina Pharma provides medical care to all employees; this commitment spurred Ibnsina Pharma to contract insurance providers to offer its employees medical services, whether work-related or not. ISP carries out regular health and safety awareness sessions to provide its employees with in-depth insights about health and safety issues and concerns surfacing locally and globally.



Human Resources Automation

All HR processes are digitized to facilitate information accessibility, connectivity and active interaction across the company and its operations. Digitalizing our internal systems eliminated communication barriers and the need for intermediaries, which enhances accountability. Our commitment has constantly revolved around creating an open and transparent system across the company. We want to create a system that ensures inclusion and diversity.

We encourage our employees to communicate their thoughts and concerns freely. Customized mobile applications facilitated employee interaction and increased their level of engagement. Now more than ever, our front-line workers feel more engaged and empowered.

TRAINING AND DEVELOPMENT

As part of our commitment to excellence, building capacities is imperative for achieving lasting success. Enhancing the knowledge and skills of our employees is an investment Ibnsina Pharma continues to upscale its business portfolio. Advocating employee training and proficiency is fundamental to our human resource development program. Setting an environment conducive to learning and exposing our employees to new business ideas and technologies enables them to help us improve these tools and ideas, strengthening ISP as a whole. Training is allocated based on the employee evaluation's recommendations and current business requirements. Ibnsina Pharma provides in-house training; however, ISP recorded the lowest in-person training activity to date in 2020-2021 due to the pandemic and associated social restrictions. To meet this challenge, ISP provided online training on quality control and safety. The number of trainees reached 2,140 in 2021 and included all departments. All our employees must join the induction training covering the company's internal policies, code of ethics, and safety regulations. Specialized technical training is determined based on the nature of the work and the job requirements.

TRAINING	2020	2021
Average cost spent on training per employee	Provided in-house training	Provided in-house training amounting to a cost of EGP 100,000
Average training hours per employee related to occupational health and safety, environmental and social compliance	2.09 hours per employee	2.17 hours per employee
Total hours spent in annual training among full-time employees	13,600	14,540



Training Programs Conducted (2020-2021)

- Driving and road safety
- Telesales skill-building and compliance training
- Quality control and safety
- Induction training that covers internal policies, safety procedures, and ISP's code of ethics.
- Health and safety
- Risk and prevention
- Security

Security and Training

All internal ISP security personnel (100%), as well as all security personnel provided by a third-party organization (100%), receive formal training about human rights policies and specific security procedures.

Spotting Talents

The company applies a talent identification program to identify and nurture talented employees, support them and provide training to advance their careers.

Human Rights Approach

Human Rights is a foundational pillar of our commitment to social responsibility. We require our employees to refrain from actions that violate the company's code of ethics and our human rights policies that prohibit discrimination, child labor, nepotism, favoritism, forced labor, and the infringement on the right of others. Ibsina Pharma applies a zero-tolerance approach to abuse of authority. The company commits to protecting its



employees' rights and ensuring a safe environment free from violence, abuse, harassment, marginalization, and bullying. Our code of ethics lists all company policies related to human rights with a thorough description of the 'Dos and Don'ts. It monitors these processes to prevent violations, emphasizing whistle-blowing and grievance procedures. Furthermore, it incorporates complete step-by-step instructions on how employees can report incidents that have caused them concern.

We had zero incidents of discrimination and zero incidents of child labor.



EMPLOYEE GRIEVANCE

Ibnsina Pharma has an open-door policy, a key part of which is a grievance mechanism designed to address employees' concerns or dissatisfaction and ensure fair treatment of all employees. The employee handbook details its procedures to ensure employees are aware of these communication channels. Human Resources handles complaints with respect and confidentiality; the efficacy of our grievance management is evaluated by the speed and quality of the response and the aggrieved party's level of satisfaction. We keep records of all grievances for follow-up. Employees can also file complaints on the company grievance portal if they choose to do so.

In 2021, Human Resources received 76 complaints, all of which have been recorded, addressed, and resolved or are in the settlement process. Of these complaints, 53% were for behavioral misconduct, 37% for operational noncompliance, and 10% were fraud or illegal actions.

Collective Bargaining

ISP team members are not unionized, and all complaints and concerns are filed through the company grievance mechanism and are handled by human resources on a case-by-case basis.

Benefits and Compensations

- Health insurance program that covers occupational health-related issues
- Social insurance
- A two-million-pound medical fund is dedicated to employees and their families to cover health issues
- Notable deals in a wide range of hospitals, medical clinics, restaurants, shops, and airline companies
- Loan facilitation
- Recreational activities
- Ramadan gatherings
- Football tournaments
- Career paths
- Work-life balance

Recognition and Rewards

Employees of the months receive financial compensation in recognition of their efforts and outstanding performance.

Employee Benefits

The main objective of our Total Rewards Strategy is to attract, retain and motivate our employees. Ibnsina Pharma provides many programs based on varied criteria, including prior experience, geographic location, and talent pool availability, to support our employees' physical, mental and social well-being and help them maintain and promote optimum health and wellness.



Benefits

- Medical insurance
- Discount medical services
- Annual individual bonus
- Dependent educational assistance
- End-of-service benefit
- Company car
- Car loans
- Seasonal bonuses (Eid bonus and schooling bonus)
- Travel allowance and expenses
- Premium Card
- Ramadan boxes
- Wellness and fitness programs
- The employee of the month
- Flexible working hours
- Micro-finance facility
- Employee Discount Program
- Employee education assistance
- Telecommunications assistance

Retention Program

Our employee retention programs are vital in attracting and retaining key employees and reducing staff turnover and its related costs. All of these contribute to the organization's productivity and overall business performance. Retaining talented employees is more efficient than recruiting, training, and orienting a replacement.

Retention Practices

- Life Insurance Program: provide financial support and security to families of deceased employees
- Competitive and attractive packages
- Talent acquisition practices
- Grants and loans for other purposes
- Career development practices
- The employee of the month
- Awards and recognitions
- Practices encouraging and supporting innovation and creativity

In 2021, there were 92 rehire cases in different departments and 1,633 new hires.

Parental leave

Fifteen female employees were entitled to maternity leave in 2021, and all 15 took it. Six female employees returned to work, while the rest were still on leave at the time of writing this report.



DIVERSITY AND EQUAL OPPORTUNITY

We believe in equality and fair opportunities. Women's basic salary and remuneration across all employee categories are equal to men in all our operations and departments. ISP applies one unified salary scale for all employees, males and females alike. Our code of ethics dictates equal opportunities for all employees, including benefits and rewards regardless of age, religion, gender, nationality or ethnic group.

Employee Involvement

Ibnsina Pharma appreciates the positive effects of community engagement. Our community initiatives are linked to our core business; all employees are engaged in the process at some level. Ibnsina recognizes its employees' efforts and passion for their community. Many employees perceive our community engagement as a moral responsibility that underscores ISP's place as a responsible corporate actor.

EMPLOYEE	RATE
Male	95%
Female	5%

AGE	RATE
Under 30	31%
30-50	68%
Over 50	1%

COVID-19 Response (2020 – 2021)

Ibnsina Pharma took necessary precautions to keep the workplace safe during the pandemic. The products and services ISP offers are lifesaving but, if disrupted, could lead to severe implications for the broader medical industry and patient health in the country. Understanding our position and the magnitude of possible implications urged us to take extreme controls and measures to curb the spreading of the virus while maintaining operations. Unlike many services and businesses in Egypt that were required to shut down their operations and offices, ISP had no choice but to keep operations up and running 24 hours a day to ensure patients across Egypt had access to medicine. In light of this, ISP implemented a rigorous emergency plan to work around the difficulties presented by the pandemic. The integration of our operational software systems facilitated the process of connecting our employees during the lock-down, managing operations, and securing accessibility of data and information round-the-clock. All measures undertaken to maintain normal operations prioritized our employees' health and safety and were implemented with utmost professionalism. During the pandemic's peak, ISP intensified its work, fully committed to delivering medicine where it had to be; our employees worked with total dedication to delivering orders efficiently.

Balancing the need for heightened operational performance and the increased need to keep employees distant and safe during the pandemic, Ibnsina Pharma adopted a rotating 60/40 rule, mandating that 60% of the employees worked from home and 40% worked from the office and on-site. Employees were required to take full protective measures on-site as well as off-site. We mandated social distancing, required daily self-check-ups, and continuously sanitized our facilities. Employees were required to wear masks at all times. In the case of an infection, that employee had to isolate immediately, and the department was closed. Protocols to prevent the spread of the virus and guide self-isolation were disseminated to all employees. At the end of 2021, Ibnsina mandated a vaccine policy for all its staff; we offered the vaccine to all employees and their families and dedicated three premises in Tagamoa, Obour City, and Kalyoub for that purpose. We encouraged all employees to maintain caution and to take protective measures even if vaccinated.



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We do not have to engage in grand, heroic actions to participate in change. Small acts, when multiplied by millions of people, can transform the world.

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INNOVATION

-
- OUR PEOPLE
 - OUR WORKPLACE
 - EMPLOYEE ENGAGEMENT
 - OCCUPATIONAL HEALTH AND SAFETY
 - TRAINING AND DEVELOPMENT
 - EMPLOYEE GRIEVANCE
 - DIVERSITY AND EQUAL OPPORTUNITY



09



INNOVATION BOOSTS PERFORMANCE

Technology is transforming the global pharmaceutical industry, and mobile applications, particularly, have become crucial tools in the supply chain. ISP purchases medicine from manufacturers and distributes it to hospitals, pharmacies, and healthcare units. Since the onset of the pandemic, the pharmaceutical market and supply chain have been forced to adapt and change. ISP used technology to enhance our services, boost sales and improve performance. ISP has undergone a crucial transformation in the past two years; we fully digitized the supply chain cycle, significantly improving our performance and the quality of service for our customers. Digital transformation benefited our suppliers and customers and greatly affected our bottom and top line.

Supplier Digital Platform

The platform is split into two primary services. The first service is the digital reporting portal which has become the official communication platform linking ISP with its suppliers in a two-way dynamic digital communication system. The reporting platform enhanced supplier forecasting by providing live, spontaneous digital reports and dashboards that support monitoring and decision-making processes. The second service on the platform is the Field-Force Mobile Application to facilitate the communication between the suppliers and their Field-Force teams; 340 suppliers subscribed to the digital reporting portal, of whom 272 are active. The portal is time-saving and provides accurate, timely data. Field-Force also allows the suppliers to access different offers, reports, invoices, make sales requests, receive feedback, and other services that add new revenue streams to ISP. The Field-Force App enhanced the approvals cycle between ISP commercial and sales teams and the suppliers, positively impacting return on investments and enhancing efficiency.

Electronic Data Interchange (EDI)

EDI reduces inefficiency of time and labor in completing a purchase order, delivery time, and accessing information. The portal provided real-time data integration, efficient supplier account management, and order tracking. We brought our customers online by developing our mobile application to serve them promptly. We introduced innovative solutions to our marketing activities that facilitated customer communication.

B2B Customer Mobile Application

In line with global market trends, we developed ISP's dynamic self-service mobile application, allowing us to better serve more of our customers: 60,000 pharmacies subscribed to the application, 110,400 of which used it during the year (an activation success rate of 74% exceeding the B2B App benchmark with more than double). Moreover, 9,200 subscribers used the App. regularly (59%, surpassing the B2B App benchmark of 30%). This remarkable achievement grew our Net Promoter Score (NPS) by 92% in less than one year. We plan to offer this service to wholesalers, hospitals and chain pharmacies in 2022; after running performance, security, and pressure tests, this should increase our sales significantly.



Supplier Field-Force Mobile Application

The application benefits suppliers and customers; the entire process is automated. The app provides an array of services and data; a live GPS location service, viewing of orders at all times, lost sales, stock availability at any time at any warehouse, and application training. Moreover, the suppliers, especially multinationals, appreciated it due to its high compliance parameters and non-human interface, ensuring accuracy and live readings. The use of the mobile application significantly reduced operational costs.

Digital Disruption

As digital disruption became inevitable in the pharma sector, we transformed our business into an industry leader by early adoption of, and innovation in, the Egyptian digital Pharma sector. We designed a web portal and built mobile applications that provide the users (pharmacists and suppliers) information and data on regulatory changes, market updates, the latest news in the pharma world, publications and findings, and newsletters published by the Egyptian Drug Authority. Through the app, the pharmacists can also check their dashboards and learn all about their accounts at any point in time, review their invoices, check their credit limit, and view their transactions.

We conducted market research to identify our market position and gather data from various resources to help design solutions and proposals. Although we were third in the market to use digital applications, we surpassed our competitors in the number of customers that registered on our apps, those that are active, and those that perform financial transactions on the app.

Pharmacy Management System

boosts workflow efficiency, enhances customer satisfaction and improves medicine accessibility. Our user-friendly ERP system covers e-invoices, inventory management, finance, purchases, returns, expiries, personnel, and employee management. This system allows us to provide our suppliers with a window to interact with pharmacies, giving us a 24/7 communication tool with our customers.



Learning Management System (LMS)

LMS enables human resources to create dynamic interactive courses and provide digital training to pharmacists. LMS is economical, scalable, flexible, and time-saving, significantly reducing OPEX. This remote learning has the added benefit of removing geographical barriers and allows ISP to benefit a greater number of users.





Transportation Management System (TMS)

This transportation logistics system helps us optimize our routes, monitor our fleet, and track deliveries and returns in real-time, enhancing efficiency and increasing customer satisfaction.



Ramp Logistics

Paperless Project

Paper consumption is a major concern to us, and reduction of paper usage is a major goal for 2022. In 2021, we consumed 77,598 kilograms of paper for use in our business activities, but we were able to take positive new steps toward finalizing an initiative to allow us to use digital signature and receipts in our services. We are expecting to initiate a pilot phase in 2022 and early indicators predict in its first year a potential paper reduction of 25%.



Track and Trace

Track and Trace is a national project; a digital solution that protects and safeguards the pharmaceutical supply chain, prevents counterfeiting, and protects the patient's health. It makes it possible to track and recall medicines throughout the supply chain, from the manufacturer to the distributor, and later, the pharmacies, retailers, and patients.



The Egyptian Ministry of Health and Population, leading this initiative, announced decree number 29 - 2016 mandating that all companies operating in the pharmaceutical supply chain, manufacturers, distributors, wholesalers, hospitals, and pharmacy retailers, apply GS1 Global Standards in preparation for launching the Track and Trace initiative. Ibnsina Pharma contributed to developing the program, collaborated with government experts, and led and hosted workshops with the ministry of health and other stakeholders to simulate the new process. ISP offered its services to the ministry and contributed to developing this national project. Meanwhile, we upgraded our infrastructure (software and hardware) in preparation for immediate implementation once the ministry launched the initiative.



We also signed a protocol with the Egyptian Healthcare Authority to help digitalizing its healthcare system as part of the new universal healthcare act. The protocol involves launching digital applications for health insurance and ERP integration to enhance efficiency, improve transparency and improve quality of services.



VALUE CHAIN

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- OUR CUSTOMERS
 - PATIENT SAFETY
 - OUR SUPPLY CHAIN
 - SUPPLY CHAIN MANAGEMENT
 - DIGITAL SUPPLY CHAIN



10

OUR CUSTOMERS



Our customers are our partners; we listen attentively to their needs and offer numerous programs and solutions that are economical and time-efficient. We have a dedicated team fully qualified to provide quality services with high standards. Medicine accessibility, income generation, and value creation are vital day-to-day motivating factors. Effective inclusion and active listening are key factors in building a respectful and trustworthy relationship with our customers. Ibsina Pharma combines multiple practices to establish an engaging environment that ensures an ongoing interaction.

Customer Experience

We believe excellence in our customer experience is crucial to our business. To ISP, customer service is not just a service; it's an experience. Our customer experience entails activities including, but not limited to, welcoming, inquiries, handling complaints, conducting customer satisfaction surveys, making timely deliveries, and designing digital applications.

Digital applications: our mobile apps increased our ability to resolve 80% of customer concerns on the spot. Collaboration with departments using the apps resulted in a significant reduction in complaints; a 9% decrease in Q1, 24% in Q2, 26 % in Q3, and 49 % in Q4 of 2021.

Customer Care

Customer Retention Program: The program reaches out to customers who have stopped engaging with ISP for 2-6 months. The program helped ISP regain 662 customers. Our retention program has to date, resulted in a 20% re-engagement rate in of customers.

Net Promoter Score (NPS): Our market research surveyed 10,000 customers to ascertain loyalty. Outcomes of customer satisfaction surveys produced a 72% approval rating (NPS) for ISP's general services and 81% positive approval rating (NPS) for ISP's mobile applications.

Complaint dashboard: We designed a complaint dashboard to improve data visibility and insight into how our teams perform and improve service.

Customer Relation Management

ISP is committed to nurturing healthy business relationships that promote customer satisfaction and loyalty. ISP has a customer relations management system that ensures customer grievances are handled and addressed efficiently. This system applies standards and practices to drive high performance, monitor customer service, and ensure quality.



This system is comprised of:

- Customer Operations Performance Center (COPC)
- Customer Excellence Standard
- First-call resolution (FCR)
- Outbound call center metrics
- At least 80% of complaints received are handled and resolved by our call center agents

In the pipeline: In 2022, we plan to launch a Customer Satisfaction Score Program (CSAT) to measure our customers' satisfaction with their ISP experience.

Customer Diversity

Our diverse customer base enables us to innovate and grow from the input of unique data and problems communicated to us by this multifaceted group of people. Diversification opens the gates of innovation and creativity. Our years of experience and exposure in the market allowed us to build a diverse pool of services to meet customers' needs and build long-term relationships that create a high level of loyalty. Ibnsina Pharma is proud to serve more than 46,000 private and public-sector customers, including retail, chains, independent pharmacies, wholesalers, hospitals, and other healthcare providers. ISP's diverse customer base has expanded exponentially over the years, increasing our revenues remarkably. A diverse customer base requires agility and innovative solutions to address a broader range of customer needs. The diversity of our customer base has created a dynamic working environment and an experienced and creative customer service team that brought stability and enhanced ISP's customer care excellence.

Customer Grievances

Feedback from our customers drives business excellence and directs our attention to fulfilling our customers' needs. We have 600 qualified professional telesales personnel who carry out more than 42,000 calls daily to take orders and collect feedback. We handle complaints with utmost respect and confidentiality and conduct proper investigation and analysis. We have a consistent, transparent, and accountable grievance mechanism that records and analyses complaints, collects all the facts, and takes action to resolve the problem. In the case of recurring complaints, management is quick to act and discuss the issue with concerned parties. Management unwaveringly takes swift measures to apply the necessary corrective actions, including a change in policy or amendment of internal regulations if necessary.

Grievance Mechanism Cycle

All complaints and concerns go through our grievance cycle. Human Resources identifies the person responsible for resolving a specific complaint according to the nature of the complaint. Customer Relations will record all incidents and follow up to ensure all complaints are resolved to the satisfaction of the aggrieved party in the specified time frame and according to the strictures of the complaint management system.

- Problem identification
- Data recording
- Definition of the grievance scope and magnitude
- Investigation and evaluation
- Consultation
- Mitigation
- Monitoring and evaluation



Grievance Response

ISP implements a product return policy based on feedback received from our customers. Data gathered from customer grievance reports help Customer Relations analyze recurring problems and introduce radical solutions. In response to a concern raised by our customers regarding the return of products, Ibnsina Pharma developed an effective return policy that reassures its customers, reduces their concerns about making large orders, ensures product safety and prevention of counterfeiting.

PATIENT SAFETY

Our internal policy and legal obligations compel us to take the most stringent measures to protect the safety of the end-users of our products, patients. The proper handling of medicine and the correct environment is essential to safeguard the product and deliver it to the consumer in perfect condition.

ISP implements stringent measures to ensure the safety of the product and the patient, including:

- Implementing quality management systems,
- Conducting risk management processes to mitigate potential risks that may affect the quality of the product or the safety of the end-user,
- Dealing directly and only with licensed suppliers to avoid the risk of counterfeit products,
- Applying Good Storage Practices (GSP),
- Applying Good Distribution Practices (GDP),
- Implementing a First Expiry First Out system (FEFO) to facilitate product traceability and minimize waste,
- Applying special handling procedures for product recall or complaints,
- Applying special handling procedures for expired or damaged products,
- Performing thermal mapping studies,
- Installing data loggers in warehouses and vehicles to monitor key metrics like ambient temperature,
- Internal audit controls in place to monitor operational efficacy in general, and conduct specific audits and take corrective action where indicated.

Data Loggers: ISP developed a plan to install data loggers (monitoring devices which help ensure temperature control) in its entire fleet to guarantee medicine is delivered correctly and safeguard the patient's wellbeing. We completed the installation in our inbound fleet (for transportation between sites) consisting of 160 vehicles in 2021 and plan to complete installation in the outbound fleet (for distribution to customers).

State-of-the-Art Warehouses: ISP designed its state-of-the-art warehouses to guarantee proper storage and handling of products and ensures all products leave the warehouse in perfect condition. We fit our warehouses with a carton-flow system, long-span shelving system, Euro shelving system, pallet racking, and drive-in systems; when combined, they improve workflow, enhance preparation and delivery processes, and allow for proper handling and safe storage of products.

Safe Warehouses: we paint the walls inside our warehouses with anti-microbial/anti-bacterial paints that are safer for our employees, our inventory, and the health of our retail clients and their customers.

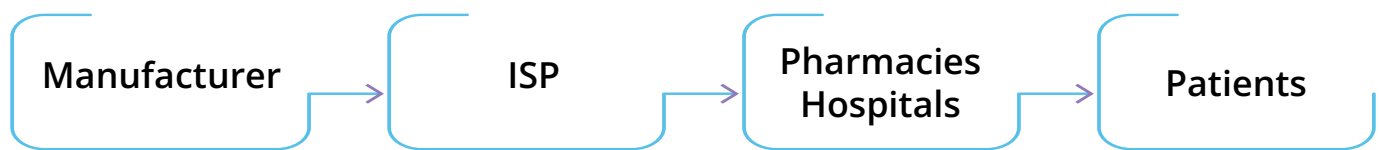


OUR SUPPLY CHAIN

ISP is in the middle of the pharmaceutical supply chain; we are the vital link between pharmaceutical manufacturers and retailers. We connect over 350 manufacturers to more than 46,000 pharmacies, hospitals, and medical institutions, and complete 25,000 orders daily to large urban pharmacies, small pharmacies in remote areas and hospitals across the country. This means that Ibsina Pharma is able to connect 97% of the government's list of medicines—those used by patients and doctors everyday—with the people who need it, via our vast distribution network.

Four primary companies in the pharmaceutical distribution market contribute to 80% of the pharmaceutical market in Egypt, ISP being the second largest in this group.

We purchase pharmaceutical products from our suppliers and distribute them to our customers. Aware of the many challenges the supply chain in the pharmaceutical sector faces, we face those challenges the best we can. We build solid relationships with our suppliers and design a customer relations management program to ensure the medicine reaches the patient in its best condition. Patients' health is of the utmost importance, so a disruption in the supply chain may cost a supplier their reputation, time, or money, but the most significant risk with supply chain disruption in the delivery of medicines and medical products is the adverse health effects this delay may cause the patient. Our responsibility is to ensure that medication is securely stored, handled, delivered, and made available and accessible to patients properly and promptly.



SUPPLY CHAIN MANAGEMENT

We aim to foster our relationship with our suppliers and vendors. We have a set of procedures and requirements to ensure a healthy and strong relationship with our suppliers.

Our supply chain management consists of three teams:

- 1) supplier relationships,
- 2) demand, planning and procurement, and
- 3) supply chain and deliveries.

They aim to manage inventory, keeping low stock levels without lost opportunities.

We created Vendor Procurement Practices to best manage vendors' expectations and activities. These processes allow us to manage the activities of selecting vendors, negotiating contractual agreements, controlling quality, specifications, and timely deliveries, and minimizing disruption to the business. In addition, these processes help us manage challenges and risks such as compliance, delivery, and payment default.

ISP's annual purchases total 200 million EGP in goods from 89 vendors and a further 20 billion EGP of medicines from more than 350 suppliers. We ensure our vendors operate per national laws and regulations and comply with the environmental laws and regulations.

Our Vendors' Experience

Our vendors are our business partners; ISP is motivated to establish and maintain solid relationships with vendors. We build relationships based on trust. We work with vendors to find solutions and address problems, resulting in strong, healthy relationships reflected in our longterm partnerships with our vendors. The size of our business, the frequency of our orders and the way we conduct business with our partners means our vendors are keen to maintain a strategic and prosperous relationship with ISP.

Link Misr

Vendor of warehouse racks and shelves
Partners since 2006

ISP has been working with Link Misr for many years. Link Misr previously imported its products, unable to manufacture locally. Active collaboration with ISP enabled Link Misr to grow by building local production facilities and developing its products.

ICM

Contractor of solar panels

Our experience with ICM was mutually beneficial and rewarding for both sides. ISP is delighted with its services, and after its experience with Ibnsina, ICM expanded its business and its customer base and grew in the market.

Alfa Press

Vendor of prints and papers

Based on our long-term relationship built on mutual trust, ISP supported Alfa Press's decision to invest in upgrading its production lines. We offered favorable contractual terms that support sustained cash flow to help protect the investment.

New Sherry

Vendor of furniture

Our ongoing partnership with New Sherry extends back to 2007 and has broadened since then. As ISP grew over the years, our demand increased, and New Sherry grew with us; they developed their products and increased their production capacity to meet our needs.

DIGITAL SUPPLY CHAIN

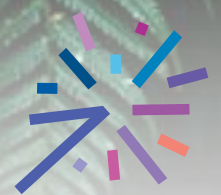
Track and Trace: Track and Trace is a digital solution that protects and safeguards the pharmaceutical supply chain, prevents counterfeiting and protects the safety of the patient by making it possible to track medicines throughout the supply chain from the manufacturer to the distributor, from the distributor to the pharmacies, and retailers to the patient.

The Egyptian Ministry of Health and Population announced decree number 29 - 2016, mandating that all material stakeholders in the pharmaceutical supply chain, the manufacturers, distributors, wholesalers, hospitals, and pharmacy retailers, apply GS1 Global standards in preparation for the launch of the Track and Trace Initiative. Ibnsina Pharma hosted multiple workshops with the Ministry of Health and other stakeholders to simulate the new process. ISP assisted the ministry and contributed to developing the Track and Trace system. Meanwhile, we upgraded our infrastructure (software and hardware) in preparation for immediate implementation once the ministry rolled out the initiative.



OUR ENVIRONMENT

-
- CLEANER FLEET
 - ELECTRIC CARS
 - GREENER WAREHOUSES
 - SOLAR PANELS
 - AIR CURTAINS
 - COOLING SYSTEM
 - PVC ALTERNATIVES
 - CARBON FOOTPRINT
 - A PAPERLESS ENVIRONMENT
 - WASTE DISPOSAL
 - RECYCLING



11



OUR ENVIRONMENT

In 2016, ISP established its environmental management systems, designing internal policies, applying international quality standards and standard operating procedures to enhance our environmental performance, and in 2017 we acquired an ISO14001 certification in recognition of our efforts. Our Environmental Manual outlines our vision and details our plans of action and mitigation to protect the environment and avoid non-compliance. We identified our operations' risks on the environment, pinpointed the causes, effects, associated second-tier risks, and longterm impacts on communities, and developed procedures to mitigate or avoid such events. Our environmental audits ensure compliance with environmental regulations and suppliers' guidelines, while the Ministry of Environment inspects and approves all ISP warehouses and distribution centers.

The reliance on fossil fuels and their impact on climate change and the environment is one of the world's most significant challenges. Nevertheless, energy is required to achieve development and economic growth. The logistics sector is a significant energy consumer from non-renewable sources such as diesel, petrol, and natural gas for transportation, generators, and warehouse cooling systems. Our ambition is to protect the environment, reduce our impact, and operate sustainably. With Egypt's development goals to achieve economic growth within the sustainability framework and its integrated sustainable energy strategy, we were encouraged to explore alternative energy sources and identify opportunities to reduce our consumption of nonrenewable energy, operating costs, and control rising energy bills. We want to reduce our dependence on oil and move toward cleaner alternative energy solutions that are renewable and cost-effective, so in 2021 we began to explore opportunities for cleaner energy.

Such initiatives included immediate corrective actions to reduce our impacts, such as route adjustments for fuel and time efficiency, regular maintenance of our fleet of 750 vehicles, and using LED lights in our warehouses. As for our longer-term initiatives, in 2021, we initiated two pilot programs in our fleet and warehouses to reduce carbon emissions and energy consumption, where most of our impact on the environment lies.

CLEANER FLEET

Natural gas replacing petrol: we started converting our fleet to natural gas instead of petrol and diesel as a safer, cleaner, and cheaper option. We began in October 2021 with two vehicles as a pilot project, we are testing, checking, and measuring results. Hopefully, we will expand this project to more vehicles in the future.

ELECTRIC CARS

we aim to reduce our fossil fuel consumption and explore the feasibility of using electric vehicles. We started in 2021 with one electric car and are currently in the testing phase; we evaluate performance, assess impact, identify problems, address challenges, calculate benefits, and check maintenance and charging stations.



GREENER WAREHOUSES

LED lights

We are replacing traditional light bulbs with energy-efficient LED bulbs that save up to 90% of the energy used by the conventional bulb and reduce the harmful impact of toxic fluorescent lights on the environment. LEDs are eco-friendlier and cost-efficient. To date, we have changed the bulbs in 72% of our warehouses (42 warehouses), which reduced our energy consumption by 20%.

Palette wrapping

ISP is now using more environmentally-friendly reusable pallet wrapping instead of the regular one-time-use stretch plastic; this will reduce waste, cut waste disposal costs, and improve product and consumer safety. This initiative reduced our consumption of stretch plastic by 70%.



SOLAR PANELS

In Egypt, where the sun shines almost every day of the year between 9-11 hours, solar energy seems like an obvious source of cheap, renewable energy. Solar panels are pollution-free, do not emit greenhouse gases, and are cost-efficient. We are in the process of installing solar panels in our warehouses. In the first phase, the watt-peak of the installed solar panels will be 379.5 kWp, which will cover our offices and our Obour warehouse (total area of 3,700 m²). It should reduce carbon emissions by nearly 281 metric tonnes annually. We will implement Phase II in our 6 th October City warehouse (total area of 8,200 m²) to generate 485 kWp. Solar panels should reduce our energy consumption by 45%, increasing as we expand this model to the rest of our warehouses.



AIR CURTAINS

We installed industrial heavy-duty air curtains in 10 warehouses (17% of our warehouses) to prevent the outflow of cool air and the inflow of external air, preserving indoor temperatures needed to safeguard the medicine. This installation avoids temperature loss, optimizes our cooling system, and reduces energy consumption and electricity bills.

COOLING SYSTEM

- We installed air conditioners in our warehouses using eco-friendly, efficient technology and reduced energy consumption by 40%.
- We installed air conditioners with cooling agent R404/R410 in 26 branches (44% of our warehouses).
- We installed air conditioners with a VRF cooling system (variable refrigerant flow) in 5 branches (9% of our warehouses).
- We installed inverter air conditioners in our warehouses, saving up to 50% on energy.

PVC ALTERNATIVE

We use four tonnes of plastic in our warehouses monthly; we are exploring an eco-friendly, more cost-effective option.



CARBON FOOTPRINT

The transportation sector is one of the largest sources of greenhouse gas from burning fossil fuels in vehicles. With our substantial fleet for transporting medical products and making them accessible to the patient, especially in remote areas, we are contributing negatively to climate change. We cannot avoid GHG emissions, but we can reduce our carbon footprint through many small initiatives. We do that by performing regular maintenance and improving the state of our vehicles, optimizing our routes, improving fleet management, and constantly measuring emissions from our generators and cars. If the recorded measurements exceed the accepted limits, we take immediate action to identify the cause, fix the problem, and re-measure to ensure the efficiency of the vehicle or the generator. In addition, we are exploring the switch to cleaner energy options with our two vehicle pilot programs.

In The Pipeline

We are looking into two solutions for cleaner energy; converting our vehicles from petrol to natural gas and replacing petrol by going electric.

A PAPERLESS ENVIRONMENT

We consume paper worth 18 million EGP annually, but have actively taken steps toward applying online ordering, electronic signatures, and receipts to reduce consumption.

Consumption

Material: A4 paper 80 GSM: 38,754 reams.

Invoice booklets 80 GSM: 57,079 books.

Packaging cartons: 28,594 cartons.

Manual stretch 23-micron plastic: 95,108 kgs.

Electricity Consumption: 21,500,000 kw

Gasoline Consumption: 650,000 liters

Solar Oil Consumption: 4,660,000 liters

Water Consumption: 127,500 m³

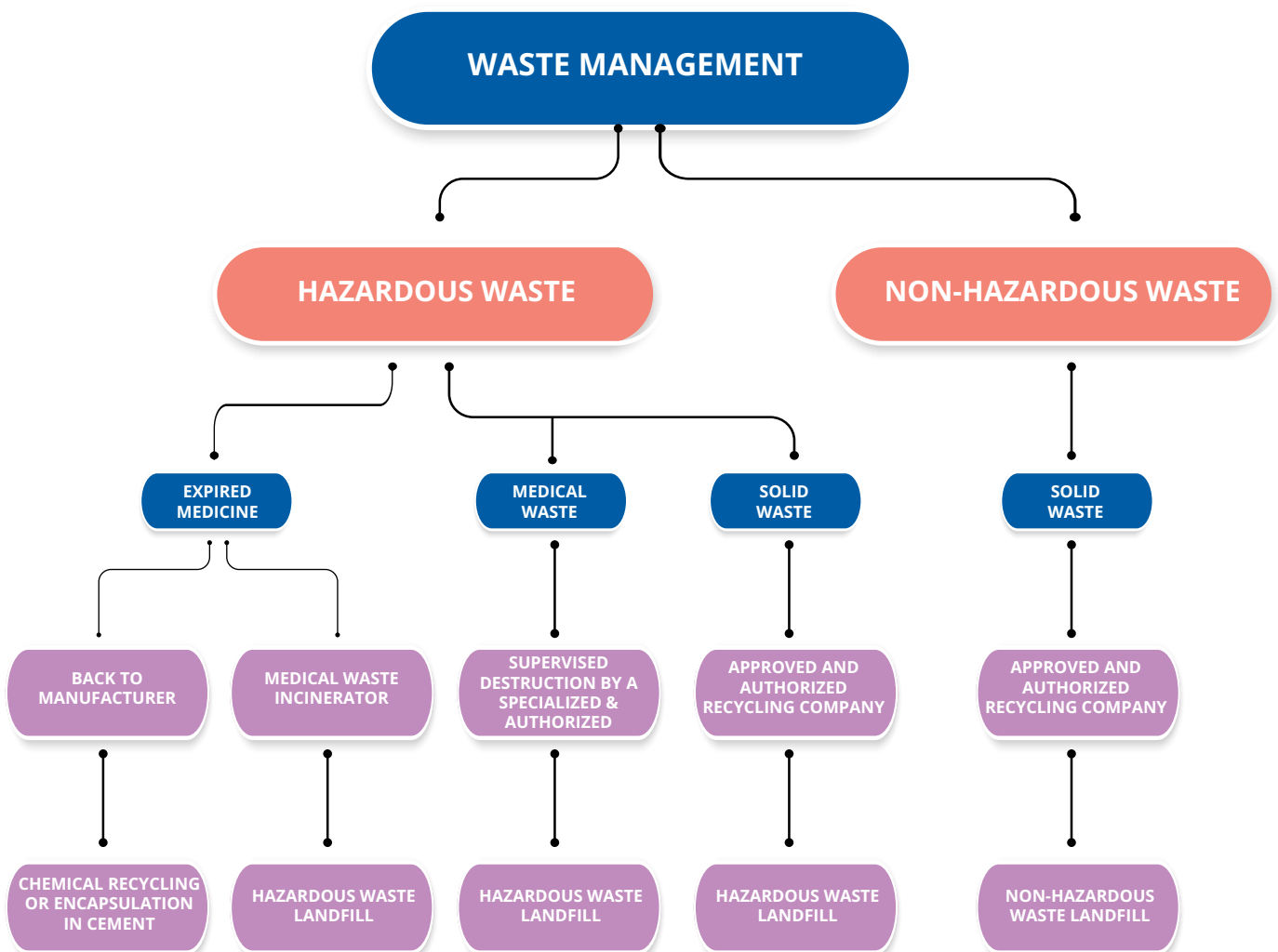


WASTE DISPOSAL

Disposal of Hazardous Waste

A) Medical waste is labeled as such, collected and stored in a designated area; it is then disposed of either by incineration or by destruction as per a strict set of procedures, and under the supervision of representatives from the regulating bodies, by an approved and authorized company specialized in the disposal of medical supplies.

B) Hazardous non-medical waste is labeled as such, collected and stored in a designated area, and is disposed of by a company approved and authorized by regulating bodies. The total weight of hazardous waste is 111,649 kg (10 pharmaceutical products: 102,314 kg, used oils: 9,335 kg), all treated as per national regulations and international standards.



Disposal of Non-Hazardous Waste

Disposal of Non-hazardous Waste: approved recycling companies that operate under the national laws and regulations collect non-hazardous waste and dispose of it according to the law.



RECYCLING

Wooden Pallets

We repair damaged or broken wooden pallets for reuse, or, if it is beyond repair and will not serve their purpose safely, we send them for recycling; this is eco-friendly reduces the space it takes in landfills, and saves money. It is also safer for our workers and the proper handling of products.

Goals & Targets

We aim to have new warehouses built to the highest specifications with energy-saving technologies by 2025.

Used Oils

Used oil is sold to an environmentally certified company to process it into usable oil in other products like the petroleum industry.

Goals and Targets

High-specification warehouses: We plan to build seven new warehouses with a total area of 55,000 m² by 2025, all built to the highest specifications with energy-saving technologies.

- Baniswaif R.D.C (7,000 m²)
- Orchid 10th of Ramdan warehouse (23,500 m²)
- Tanta R.D.C (6,500 m²)
- Sohag warehouse (5,500 m²)
- Delta R.D.C (5,000 m²)
- 10th of Ramdan 3PL warehouse (2,500 m²)
- Giza R.DC (5,000 m²)

Solar Warehouses

ISP plans to invest EGP 10 million in the initial phase of converting our warehouses to solar energy.

Cleaner Vehicles

We are currently testing two of our vehicles converted to natural gas instead of petrol.





Saving Environment

OUR COMMUNITY

-
- LOCAL COMMUNITY DEVELOPMENT
 - OUR SOCIAL ENGAGEMENT APPROACH
 - COMMUNITY INITIATIVES
 - MEDICAL ACCESSIBILITY
 - COMBATING COVID-19
 - ACCESS TO CLEAN WATER
 - EMPOWERING WHEELCHAIR USERS
 - CORPORATE CITIZENSHIP
 - INNOVATION & TECHNOLOGY ROLES
 - GENDER EQUALITY



12



LOCAL COMMUNITY DEVELOPMENT

We want to grow with our communities. Ibsina is weaving together its experience and expertise to foster large-scale change to create sustainable communities. Healthcare, education, gender equality, and access to clean water are at the center of our commitment to local community development. Long-term value creation emerges from our longstanding commitment. We believe that the communities in which we operate are essential stakeholders in our business. When setting, assessing, and tackling our sustainability objectives, we thoroughly consider their concerns, engage with them and work toward their development. Ibsina Pharma established its local community development approach with a complete understanding of its impact. We conducted research, community screening, and data analysis to create a meaningful plan that effectively responds to sustainability gaps in neighboring communities. Utilizing our core competencies, know-how, and experience increased the depth and effectiveness of the programs we instituted in communities. We believe our presence will be an asset to the communities where we operate.

Establishing good relations with communities surrounding our operations has consistently yielded positive outcomes. We believe success is incomplete if it does not create a positive ripple effect in the lives of vulnerable communities and future generations. This belief drove ISP to fulfill its social role in the most effective manner that can be measured, evaluated, and upscaled.

With a profound belief in the value of collaboration, Ibsina Pharma is always eager to partner with reliable institutions and organizations to improve and implement sustainable and robust developmental programs. We partner with government entities, NGOs, and private companies to present tangible solutions that will create meaningful differences in Egyptians' lives. To ensure accountability, we obey national laws and international standards in our community activities and partnerships. We endeavor to improve the technical management of our projects to ensure our work meets our rigorous standards of corporate responsibility. However, we do not engage in religious or political activities, and we don't collaborate or engage with unregistered entities. Ibsina Pharma invested more than 9 million EGP in 2020 -2021 in works related to community engagement.

OUR SOCIAL ENGAGEMENT APPROACH

Ibsina Pharma adopts an action-oriented approach. We observe, listen, and act to create value.

Our engagement with the community entails a series of steps:





COMMUNITY INITIATIVES (2020-2021)

A FOCUS ON HEALTHCARE

Misr El Kheir Medical Caravans

Ibnsina Pharma has a longstanding and fruitful relationship with Misr El Kheir Foundation and invests in areas where many patients struggle to afford medical procedures and treatments.

Since 2016, Ibnsina Pharma and Misr El Kheir have been operating medical caravans for impoverished areas in many governorates, including Fayoum, Kafr El-Sheikh, Qena, Aswan, and Siwa, providing medical checkups, examinations, diagnostic and radiology analysis. Together, we provided essential medicines and surgeries to over 3,650 patients. Many of ISP's employees volunteered in the caravans and contributed to the management and organization of the initiative. The caravans performed over 290 corneal and cataract operations, distributed medical equipment, including over 450 pairs of eyeglasses, and provided 100 general treatments.

ISP is also working with the Misr El-Kheir Foundation to bring water to villages in Upper Egypt and build a rehabilitation center for the blind.





Blood Donation Campaigns

Ibnsina Pharma prefers to undertake initiatives that align with its commitment to providing accessible healthcare services. Accordingly, the company hosts blood donation campaigns across all branches twice a year to provide critical support to local hospitals and medical centers.

Qena Rooya Visual Development Center

In line with its commitment to providing support services to underserved communities across the country, Ibnsina Pharma established the Rooya Visual Development Center in Qena, Upper Egypt, to serve patients from Qena and neighboring governorates such as Luxor and Aswan.

Rooya Center has provided multiple educational activities, entertainment programs, and technological services to over 800 beneficiaries.

The center offers a wide range of educational programs and entertainment services. It provides braille courses, language courses, and academic support for students enrolled in public schools. In addition, the center's library features a selection of braille and audio books. The center hosts entertainment activities, such as art courses, music programs, and other activities in collaboration with local schools and vocational training centers.

The Center also provides training programs, customized programs for young children, and basic information on androids and computers in addition to specialized technologies for visual disabilities. The Center aims to raise awareness and integrate visually impaired children into their local communities.



MEDICINE ACCESSIBILITY

Ibnsina Pharma works with total dedication to finding sustainable means of access to medicine in poor areas in Egypt. Remote regions of Sinai, Toshki and Siwa suffer from medication shortages and inadequate health services. Ibnsina Pharma tailored a support program that secures access to medicine in these areas in response to popular demand. We provided financial and technical assistance to health providers in these areas to ensure the availability of medicine despite the high logistical costs and delivery risks due to road inaccessibility. This program is a non-profit intervention dedicated to supporting specific communities in need. The program offers a set of incentives that relieve financial pressure from healthcare providers. These incentives do not apply any eligibility criteria or restrictive purchase limits; they facilitate payment terms and reduce the prices of critical medications related to chronic illnesses such as cancer, diabetes, cardiovascular, and autoimmune diseases to ensure access to medicine for patients across Egypt.

COMBATING COVID-19

In 2020, Ibnsina Pharma donated EGP 4 million to the Egyptian Authority for Unified Procurement (EAUP) and 5 million to the Welfare Fund to combat COVID-19. During the pandemic and spread of the COVID-19 virus, ISP supported the Ahalena campaign and worked hard to supply and distribute essential pharmaceutical products, including antibiotics, anticoagulants, and cardiac and pulmonary medications, to the government's network of COVID-19 quarantine hospitals.

The company deployed its extensive network of distribution facilities and its fleet to quickly respond to the needs of the communities in which it operates. Simultaneously, part of the fund was allocated to support day workers - in the informal sector - affected by the economic setback and help them avert financial calamity and keep their families out of poverty.

In collaboration with the Information and Decision Support Center (IDSC), Ibnsina Pharma rolled out 500,000 COVID-related awareness messages directed to the pharmaceutical sector. To ensure wide-range coverage, we used our networks that comprise more than 46,000 clients, including public and private hospitals and clinics around Egypt. In addition, we dedicated Ibnsina Pharma's social media platforms to creating the necessary awareness to fight the pandemic.

ACCESS TO CLEAN WATER

Access to clean water is a human right. One crucial issue directly affecting people's health is the lack of access to safe drinking water. In response, Ibnsina Pharma built water treatment units, planted public standpipes, and improved sanitation facilities.

EMPOWERING WHEELCHAIR USERS

Ibnsina is collaborating with Al Hassan Foundation to empower wheelchair users to achieve physical and financial independence through offering 14 micro-finance projects that cater to the needs of different groups. In addition, Ibnsina Pharma provides therapeutic, customized, and adjustable wheelchairs for children.



CORPORATE CITIZENSHIP

Ibnsina Pharma demonstrates its commitment to its stakeholders by showcasing its environmental, social, economic, and governance performance. The dynamic of sustainable development demands a mindset that can expand beyond its boundaries, create opportunities, and open new avenues for development that respond to community needs and bring a return on investments while allowing a value creation chain. Corporate citizenship is a comprehensive terminology that reflects our commitment to, and advocacy of, collective strategies that present opportunities for community advancement and support of individuals' needs. Our corporate citizenship is a commitment that goes beyond legal compliance and the fundamentals of ethical practice to embrace innovative solutions aligned to our core business. To achieve this, Ibnsina Pharma aligned its business objectives, resources, and expertise to practice citizenship in a manner that would guide the company toward investments in the best interest of the communities where we operate—contributing to the welfare of the community while maintaining profitability for our shareholders. Investments such as supporting small and medium pharmacies are a business model we intend to expand across Egypt. Innovation and technology are integral in transferring knowledge and remodeling existing structures to fit tomorrow's market requirements and create cost and time-efficient solutions.

INNOVATION AND TECHNOLOGY PLAY AN ESSENTIAL ROLE

The General Authority of Healthcare and Ibnsina Pharma signed a cooperation protocol according to which Ibnsina Pharma will support the Authority's plans to digitize its health services in hospitals and other health centers that will serve the Universal Healthcare Program participants. The protocol is a cooperative effort related to digitalizing the General Authority of Healthcare supply chain, including its warehouses. The development of mobile applications that can provide health consultation virtually, alongside other initiatives that will add efficiency to the Universal Healthcare Program, ensuring it will be equivalent to international health standards. The primary aim of this transformational intervention is to develop, upgrade and regulate the public healthcare service providers.

GENDER EQUALITY

Ibnsina Pharma values the role of women in society. Gender inclusion is one issue we aim to address in our company. Although the culture in Egypt, particularly in rural governorates, may present a barrier to female participation in the workforce where societal expectations and gender norms may deter women from applying for particular jobs, such as ones requiring strenuous physical activities or late working shifts. ISP analyzed the gender ratio in its head office and warehouses, looked into our employment and hiring strategy and sought to encourage more female participation in its workforce. We have started applying employment policies and procedures that promote an inclusive culture and a diverse workplace to foster female participation. Ibnsina Pharma offers job opportunities with no gender-specific criteria and engenders a discrimination-free culture. We are updating our policies to promote diversity, support work-life balance, allow generous maternity leaves, and educate the workforce on gender equality; we are building a mentoring culture. We want to encourage female applicants and make hired ones feel confident, included, and comfortable in the workplace.

CERTIFICATES



13



Certificate EG20/4381



The management system of

Ibsinsa Pharma

Head Office & El-Salam branch: Plot No. 2&3, Block 12015, 1st industrial zone, Obour city, Egypt

has been assessed and certified as meeting the requirements of **ISO 45001:2018**

For the following activities

Storage, distribution, logistics & service storage of pharmaceuticals and Para pharmaceutical goods.

This certificate is valid from 03 March 2023 until 03 March 2026 and remains valid subject to satisfactory surveillance audits.

Issue 3. Certified since 03 March 2020

This is a multisite certification, multiple certificates have been issued for this scope, the main certificate is numbered EG20/4381

Certified activities performed by additional sites are listed on subsequent pages.

Jonathan M. Hill

Authorised by
Jonathan Hill
Global Head - Certification
Services

SGS United Kingdom Ltd
Rosemore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
t +44 (0)151 350-6666 - www.sgs.com



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Certificate EG16/3835



The management system of

Ibsinsa Pharma

Head Office & El-Salam branch: Plot No. 2&3, Block 12015, 1st industrial zone, Obour city, Egypt

has been assessed and certified as meeting the requirements of

ISO 39001:2012

For the following activities

Storage, distribution, logistics & service storage, of pharmaceuticals and Para pharmaceutical goods.

This certificate is valid from 20 December 2022 until 20 December 2025

and remains valid subject to satisfactory surveillance audits.

Issue 4. Certified since 20 December 2016

This is a multisite certification, multiple certificates have been issued for this scope, the main certificate is Numbered EG16/3835

Certified activities performed by additional sites are listed on subsequent pages.

Ahmed Hossam

Authorised by
Ahmed Hossam
SGS Egypt LTD
9G Ahmed Kamel St. (off Lasbeky St.), New Maadi, Cairo.
t (+20) 1000055076 - www.sgs.com



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Certificate EG16/3823



The management system of

Ibsinsa Pharma

Head Office & El-Salam branch: Plot No. 2&3, Block 12015, 1st industrial zone, Obour city, Egypt

has been assessed and certified as meeting the requirements of

ISO 14001:2015

For the following activities

Storage, Distribution, Logistics & Service Storage of Pharmaceuticals and Para Pharmaceutical Goods

This certificate is valid from 28 November 2022 until 28 November 2025 and remains valid subject to satisfactory surveillance audits.

Issue 4. Certified since 28 November 2016

This is a multisite certification, multiple certificates have been issued for this scope, the main certificate is numbered EG16/3823

Certified activities performed by additional sites are listed on subsequent pages.

Jonathan M. Hill

Authorised by
Jonathan Hill
Global Head - Certification
Services

SGS United Kingdom Ltd
Rosemore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
t +44 (0)151 350-6666 - www.sgs.com



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Certificate EG16/3822



The management system of

Ibsinsa Pharma

Head Office & El-Salam branch: Plot No. 2&3, Block 12015, 1st industrial zone, Obour city, Egypt

has been assessed and certified as meeting the requirements of

ISO 9001:2015

For the following activities

Storage, Distribution, Logistics & Service Storage of Pharmaceuticals and Para Pharmaceutical Goods

This certificate is valid from 28 November 2022 until 28 November 2025

and remains valid subject to satisfactory surveillance audits.

Issue 4. Certified since 28 November 2016

This is a multisite certification, multiple certificates have been issued for this scope, the main certificate is numbered EG16/3822

Certified activities performed by additional sites are listed on subsequent pages.

Jonathan M. Hill

Authorised by
Jonathan Hill
Global Head - Certification
Services

SGS United Kingdom Ltd
Rosemore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
t +44 (0)151 350-6666 - www.sgs.com



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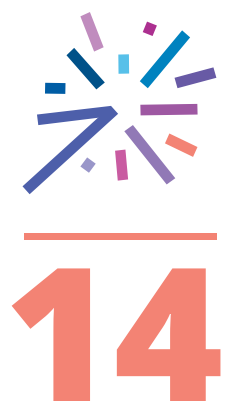


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MEMBERSHIPS & AWARDS



- Pharma Chamber of Commerce
- Chemical Chamber of Commerce
- Industrial Chamber of Commerce
- Food Chamber of Commerce
- Engineering Industries Chamber of Commerce
- Amwal Al Ghad Annual Awards



GRI INDEX

GRI G4 DISCLOSURES 2016

This report has been prepared in line with the Global Reporting Initiative's (GRI) Sustainability Standards.

The GRI Standards allow companies to report their material impacts on economic, environmental, and social issues. The table below summarizes ISP's position related to each GRI Standard.


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MATERIALITY

- Represents an indicator that is not material to ISP
- Represents an indicator that is material to ISP

COVERAGE

- Not reported (indicates cases that are not relevant to ISP, Confidential cases, and cases where ISP lacks relevant information at the moment and is committed to addressing this deficiency in future reporting)
- Partially Reported (indicates issues where only part of the indicator may be applicable, and cases where ISP compiles partially, but not wholly, relevant information and is working toward reporting fully on them in the future)
- Fully Reported

DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
GRI 102: GENERAL DISCLOSURES					
102-1	Name of the organization	●	7		●
102-2	Activities, brands, products and services	●	7,8,9		●
102-3	Location of headquarters	●	6		●
102-4	Location of operations	●	8	Ibnsina Pharma operates only in Egypt and the governorates it operates in are depicted on the map shown in page 8	●
102-5	Ownership and legal forms	●	7,8		●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
102-6	Markets served	●	8		●
102-7	Scale of the organization	●	7, 8, 9, 10, 49, 50, 54, 55, 58		●
102-8	Information on employees and other workers	●	10, 53, 54, 55		●
102-9	Supply chain	●	73, 74		●
102-10	Significant changes to the organization and its supply chain	●		No changes in the location of, or changes in, operations, including facility openings, closings, and expansions	●
102-11	Precautionary principle or approach	●	28, 29, 30, 31, 32		●
102-12	External initiatives	●	29, 32, 35, 66, 67, 77, 82, 87, 91, 94	ISO Suppliers' Codes National laws and regulations	●
102-13	Membership of associations	●	91		●
102-14	Statement from senior decision-maker	●	4, 5		●
102-15	Key impacts, risks, and opportunities	●	4, 5, 10, 11, 31, 32, 48, 49, 50		●
102-16	Values, principles, standards, and norms of behavior	●	13, 28, 29, 31, 56	All employees receive regular training on our code of ethics and sign an acknowledgment that they received the training and comprehend what is expected from	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
				<p>them. The HR manager and compliance manager are responsible for the code, mechanism, its implementation and understanding. The code is available in English and Arabic.</p>	
102-17	Mechanisms for advice and concerns about ethics	●	31, 32, 33, 62	<p>Any employee may seek advice anonymously when in doubt about a specific behavior from a direct manager, human resources manager, or compliance manager. This is treated with confidentiality. The HR and compliance managers are responsible for the mechanism and its implementation.</p> <p>Concerns reported are forwarded to and investigated by human resources. Compliance department reviews the outcome and take the necessary actions for substantiated cases.</p>	●
102-18	Governance structure	●	35, 36, 37, 38, 39, 40, 41, 42, 43		●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
102-19	Delegating authority	●	36, 37		●
102-20	Executive-level responsibility for economic, environmental, and social topics	●	42, 43		●
102-21	Consulting stakeholders on economic, environmental and social topics	●	19, 20, 21, 22, 23, 24, 25, 26	In progress, ISP is in the process of preparing for a comprehensive stakeholder consultation exercise to solidify its commitment to stakeholder's engagement	●
102-22	Composition of the highest governing body and its committees	●	35, 36, 37, 38, 39, 40, 41, 42, 43		●
102-23	Chair of the highest governing body	●	36, 37, 38, 39,40		●
102-24	Nominating and selecting the highest governance body	●	36, 37	Nominated and selected according to expertise and diversity	●
102-25	Conflict of interest	●	28, 29, 30, 31, 32, 33	Board members are requested to declare to the board any potential conflict of interest in the General Assembly Addressed in our policy on conflict of Interest	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
102-26	Role of highest governance body in setting purpose, values and strategy	●	38, 42, 43		●
102-29	Identifying and managing economic, environmental and social impact	●	19,20,21,22, 23,24,25,26, 27,28,29,30, 31,32,33		●
102-30	Effectiveness of risk management processes	●	31, 32		●
102-31	Review of economic, environmental and social topics	●		The highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities quarterly through the Audit Committee	●
102-32	Highest governance body's role in sustainability reporting	●	42		●
102-33	Communicating critical concerns	●		Critical concerns expressed during stakeholders' engagement, by the auditors, highlighted in General Assembly meetings are compiled, reviewed and communicated to the BOD through its various committees,	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
102-34	Nature and total number of critical concerns	●		<p>Critical environmental, social or economic concerns are recorded and documented for monitoring and reviewing. We hold various mechanisms in place to address concerns and those include but not are not limited to policy reviews, risk assessment, contingency plans, restructuring, and readjustments of manuals and protocols.</p> <p>We do not have an aggregate figure as of today, however, we are in the process of consolidating all figures drawn from various departments and business divisions for future reporting purposes.</p>	●
102-35	Remuneration policies	●		There is a remuneration policy in place in our policy manual	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
102-36	Process for determining remuneration	●		Board remuneration is decided on by bylaws and approved by the General Assembly on annual basis.	●
102-37	Stakeholders' involvement in remuneration	●		The stakeholder consultation in progress is addressing this material topic	●
102-40	List of stakeholder groups	●	15, 18, 19, 20, 21, 22, 23, 24, 25, 26,		●
102-41	Collective bargaining agreements	●	61		●
102-42	Identifying and selecting stakeholders	●	18,19		●
102-43	Approach to stakeholder engagement	●	18		●
102-44	Key topics and concerns raised	●	19,20,21,22, 23,24,25,26		●
102-45	Entities included in the consolidated financial statements	●		All financial activities of the company are included in the consolidated financial statements	●
102-46	Defining report content and topic boundaries	●	6		●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
102-47	List of material topics	●	25, 26		●
102-48	Restatements of information	●		This is our first sustainability report, hence, no restatements of information in previous reports	●
102-49	Changes in reporting	●		This is our first sustainability report, hence, no changes from previous reporting periods	●
102-50	Reporting period	●	6		●
102-51	Date of most recent report	●		This is our first sustainability report	●
102-52	Reporting cycle	●		This is our first sustainability report, and we intend to make biannual sustainability reports in the future	●
102-53	Contact point for questions regarding the report	●	6		●
102-54	Claims of reporting in accordance with the GRI Standards	●	6		●
102-55	GRI content index	●	94 - 118		●
102-56	External assurance	●		This is our first report, it was extensively verified internally; we used internal controls to assure liability and	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
				and credibility. External assurance is to be considered in future reports.	
GRI 103: MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	●	13,14,18,19, 25,26,35,36, 48,53,56,57, 61,62,69,77		●
103-2	The management approach and its components	●	34,35,36,42, 49,53,59		●
103-3	Evaluation of the management approach	●	18,30,31, 32,33	Through our internal audit, management reviews and stakeholders' feedback, we continue to enhance our management approaches to meet our business targets and achieve KPIs	●
GRI 201: ECONOMIC PERFORMANCE					
201-1	Direct economic value generated and distributed	●	49,50		●
201-2	Financial implications and other risks and opportunities due to climate change	●	49,50		●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
201-3	Defined benefit plan obligations and other retirement plans	●	49		●
201-4	Financial assistance received from government	●		ISP does not receive financial assistance from the government	●
GRI 202: MARKET PRESENCE					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	●	54		●
202-2	Proportion of senior management hired from the local community	●	53		●
GRI 203: INDIRECT ECONOMIC IMPACTS					
203-1	Infrastructure investments and services supported	●		There are no substantive indirect economic impacts related to infrastructure investments and supported services	●
203-2	Significant indirect economic impacts	●	16,49,50,53	Changes in the performance of pharmacies, and the sector as a whole through greater adoption of information technology	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
GRI 204: PROCUREMENT PRACTICES					
204-1	Proportion of spending on local suppliers	●		The nature of the industry requires that we use international suppliers for medicine, however, all our vendors are local	●
GRI 205: ANTI-CORRUPTION					
205-1	Operations assessed for risks related to corruption	●	32	Our risk assessment related to corruption is comprehensive and covers all activities of the company	●
205-2	Communication and training regarding anti-corruption policies and procedures	●	32		●
205-3	Confirmed incidents of corruption and actions taken	●		Zero	●
GRI 206: ANTI-COMPETITIVE BEHAVIOUR					
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	●		There is one pending case that was filed by the ECA in 2015 for anti-competitive practice. The preliminary hearing reached a decision that the ISP pays a maximum fine, which was reduced by EGP 1.88 billion in the court of appeal. ISP filed for	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
				the case with the court of cassation but a final decision is not yet made and the case is still open.	
GRI 207: TAX					
207-1	Approach to tax	●	50		●
207-2	Tax governance, control, and risk management	●	50		●
207-3	Stakeholder engagement and management of concerns related to tax	●	50		●
207-4	Country-by-country reporting	●			●
GRI 301: MATERIALS					
301-1	Materials used by weight or volume	●	77, 78, 79, 80		●
301-2	Recycled input materials used	●		ISP does not manufacture	●
301-3	Reclaimed products and their packaging materials	●		ISP collects products (expired medical products) at the end of their useful lives and disposes of them as per national rules and regulations	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
GRI 302: ENERGY					
302-1	Energy consumption within the organization	●	80		●
302-2	Energy consumption outside of the organization	●			●
302-3	Energy intensity		79, 80	<p>The main stream of electricity consumption is the cooling of our warehouses, and the main stream of fuel consumption is transportation</p> <p>Thus, energy intensity ratio is not applicable</p>	●
302-4	Reduction of energy consumption	●	78, 79, 80	Initiatives in progress	●
302-5	Reductions in energy requirements of products and services	●	79, 80		●
GRI 303: WATER AND EFFLUENTS					
303-1	Interactions with water as a shared resource	●		Water consumption is minimal, limited to employee normal day to day consumption in offices	●
303-2	Management of water discharge-related impacts	●			●
303-3	Water Withdrawal	●		Government System	●
303-4	Water Discharge	●		Normal sewage system	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
303-5	Water Consumption	●	80		●
GRI 304: BIODIVERSITY					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●		The nature of the business does not impose threats on habitats and biodiversity	●
304-2	Significant impacts of activities, products and services on biodiversity	●		No significant impact	●
304-3	Habitats protected or restored	●		No impact	●
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	●		No impact	●
GRI 305: EMISSIONS					
305-1	Direct (Scope 1) GHG emissions	●		Our contribution to carbon emissions is mainly derived from our fleet and cooling systems. The recently established sustainability committee has taken gas emissions as a priority, and we are currently setting new requirements for gas consumption, and we are working on developing the	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
				methodology for calculating our carbon emissions that will be reflected in the upcoming report.	
305-2	Energy indirect (Scope 2) GHG emissions	●			●
305-3	Other indirect (Scope 3) GHG emissions	●			●
305-4	GHG emissions intensity	●		Our contribution to carbon emissions is mainly derived from our fleet and cooling systems. The recently established sustainability committee has taken gas emissions as a priority, and we are currently setting new requirements for gas consumption, and we are working on developing the methodology for calculating our carbon emissions that will be reflected in the upcoming report.	●
305-5	Reduction of GHG emissions	●		Reported on initiatives, the figures and data will be presented in our upcoming report	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
305-6	Emissions of ozone-depleting substances (ODS)	●			●
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	●			●
GRI 306: WASTE					
306-1	Water generation and significant waste related impacts	●			●
306-2	Waste by Type and Disposal method	●	80,81,82		●
306-3	Significant spills	●			●
306-4	Transport of Hazardous Waste	●	81,82		●
306-5	Water bodies affected by water discharges and/or runoff	●		None	●
GRI 307: ENVIRONMENTAL COMPLIANCE					
307-1	Non-compliance with environmental laws and regulations	●		The company has not identified any non-compliance with environmental laws or regulations	●
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT					
308-1	New suppliers that were screened using environmental criteria	●	73,74	All suppliers are screened before contracting to ensure their compliance with environmental requirements.	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
308-2	Negative environmental impacts in the supply chain and actions taken	●	73,74	In case negative environmental impact in the supply chain is flagged, our contractual agreements with the supplier/vendor states that the supplier/vendor shall take the necessary actions to mitigate those effects	●
GRI 401: EMPLOYMENT					
401-1	New employee hires and employee turnover	●	53,54,55		●
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	●	62	The majority of our employees are full-time employees. We provide equal benefits to part-time employees.	●
401-3	Parental leave	●	62		●
GRI 402: LABOR/MANAGEMENT RELATIONS					
402-1	Minimum notice period regarding operational changes	●	53		●
GRI 403: OCCUPATIONAL HEALTH & SAFETY					
403-1	Occupational health and safety management system	●	57,58	Detailed processes are listed in the H&S Manual	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
403-2	Hazard identification, risk assessment and incident investigation	●	29, 57, 58	Detailed processes are listed in the H&S Manual	●
403-3	Occupational health services	●	57, 58, 59, 61, 67, 68		●
403-4	Worker participation, consultation and communication on occupational health and safety	●	22	We will apply worker participation and consultation on occupational health and safety as part of our stake holder consultation exercise planned to start in 2022	●
403-5	Worker training on occupational health and safety	●	57, 58		●
403-6	Promotion of worker health	●	58, 59		●
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	●	58, 59, 60		●
403-8	Workers covered by an occupational health and safety management system	●		Our occupational health and safety management system covers all workers and employees of ISP	●
403-9	Work-related injuries	●	58	The nature of our work does not entail work-related hazards of high consequence	●
403-10	Work-related ill health	●			●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
GRI 404: TRAINING & EDUCATION					
404-1	Average hours of training per year per employee	●	58, 59, 60		●
404-2	Programs for upgrading employee skills and transition assistance programs	●	58, 59, 60, 62, 74		●
404-3	Percentage of employees receiving regular performance and career development reviews	●		All employees receive regular performance reviews and career development	●
GRI 405: DIVERSITY & EQUAL OPPORTUNITY					
405-1	Diversity in governance bodies and employees	●	37, 53, 54, 55		●
405-2	Ratio of basic salary and remuneration of women to men	●		Basic salary in ISP of male to female is a 1:1 ratio	●
GRI 406: NON-DISCRIMINATION					
406-1	Incidents of discrimination and corrective actions taken	●	56, 63	There were no incidents of discrimination during the reporting period	●
GRI 407: FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	●		Workers are not members of a union; however, all ' complaints and concerns are filed through the company grievance	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
				mechanism and are handled by human resources on a case-by-case basis	
GRI 408: CHILD LABOUR					
408-1	Operations and suppliers at significant risk for incidents of child labor	●	56, 60, 61		●
GRI 409: FORCED OR COMPULSORY LABOUR					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	●		ISP does not practice any form of forced or compulsory labor.	●
GRI 410: SECURITY PRACTICES					
410-1	Security personnel trained in human rights policies or procedures	●	60	All security personnel are trained in human rights policies and procedures	●
GRI 411: RIGHTS OF INDIGENOUS PEOPLES					
411-1	Incidents of violations involving rights of indigenous peoples	●			●
GRI 412: HUMAN RIGHTS ASSESSMENT					
412-1	Operations that have been subject to human rights reviews or impact assessments	●		All our warehouse and branches are subject to human rights reviews	●
412-2	Employee training on human rights policies or procedures	●	29, 31, 32, 33, 53, 59, 60, 61	All employees receive regular training on company code of	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
				ethics that includes human rights issues	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	●		None	●
GRI 413: LOCAL COMMUNITIES					
413-1	Operations with local community engagement, impact assessments and development programs	●	86, 87, 88, 89	Due to Covid-19 our efforts were redirected towards pandemic related initiatives to curb the spreading of the virus. Meanwhile, community initiatives continued as planned but at a slower pace due to covid-19 restrictions. New initiatives will target community needs and impacts will be monitored and assessed for sustainable results.	●
413-2	Operations with significant actual and potential negative impacts on local communities	●		The nature of our business does not pose significant impact on the local communities.	●
GRI 414: SUPPLIER SOCIAL ASSESSMENT					
414-1	New suppliers that were screened using social criteria	●		ISP is currently in the process of screening suppliers and vendors for social criteria. Meanwhile	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
				all our contractual agreements incorporate clauses to encourage suppliers and vendors to adhere to human rights standards and inhibits them from social malpractices.	
414-2	Negative social impacts in the supply chain and actions taken	●		ISP does not perform a formal social assessment; however, our precautionary approach urges us to consider social and environmental aspects during the process of vendor selection prior to any contractual agreements. In addition, all contractual agreements stipulate that suppliers and vendors should adhere to national laws and regulations and human rights standards. Accordingly, ISP discontinues to work with vendors that do not show ethical social compliance and do not adhere to national laws and	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
				and regulations. We commit to conduct social impact assessment in the future.	
GRI 415: PUBLIC POLICY					
415-1	Political contributions	●	85	None	●
GRI 416: CUSTOMER HEALTH & SAFETY					
416-1	Assessment of the health and safety impacts of product and service categories	●		ISP does not manufacture medicine; we purchase and distribute medicine to health facilities and pharmacies. We carry out risk assessments to eliminate any risks associated with the storage and transportation of medicine and medical products. In addition, we adopt best practices and standards to ensure compliance.	●
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	●		No incidents have been reported in 2021. ISP adopts international standards and guidelines to ensure medicine is safely and securely stored and	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
				delivered to medical facilities and pharmacies.	
GRI 417: MARKETING & LABELLING					
417-1	Requirements for product and service information and labelling	●		Our input in labelling is minimal and restricted by pharma rigorous procedures and regulations. We must obtain approvals from the supplier and the government authorities before we add any marketing content to the medicine boxes. Our input in labelling is limited to adding a logo, adding ingredients and expiry dates. We adhere vigilantly to relevant procedures to avoid noncompliance.	●
417-2	Incidents of non-compliance concerning product and service information and labelling	●		There were no incidents of noncompliance concerning labelling.	●



DISCLOSURE NUMBER	DISCLOSURE TITLE	MATERIALITY	PAGE #	COMMENTS	COVERAGE
417-3	Incidents of non-compliance concerning marketing communications	●		There were no incidents of noncompliance concerning marketing activities	●
GRI 418: CUSTOMER PRIVACY					
418-1	Substantiated complaints concerning breaches of customer privacy & losses of customer data	●		There were no complaints concerning breaches of customer privacy and losses of customer data in 2021	●
GRI 419: SOCIO-ECONOMIC COMPLIANCE					
419-1	Non-compliance with laws and regulations in the social and economic area	●		There is one pending case that was filed by the ECA in 2015 for anti-competitive practice. The preliminary hearing reached a decision that the ISP pays a maximum fine, which was reduced by EGP 1.88 billion in the court of appeal. ISP filed for the case with the court of cassation but a final decision is not yet made and the case is still open.	●



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