



Environmental,
Social, &
Governance
Report

2022



Global Respect is a guiding principle at Colorcon, which means we are citizens of a diverse world and respect the communities in which we operate. This Colorcon Environmental, Social and Governance Report (ESG) is a summary of the work done in 2022 and our current strategy. It represents a general, qualitative approach, as our baseline data collection is ongoing. For greenhouse gas emissions, the focus is on our manufacturing sites and our use of electricity, natural gas and water, plus waste generation. We have also included our plans for the near future.

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About Colorcon

Colorcon is a world leader in the design and development of specialty excipients for the pharmaceutical and nutritional industries. We deliver superior product quality, unparalleled technical support, extensive regulatory assistance, and reliable supply from multiple locations. We are committed to investing in enhanced dosage forms and advanced technology solutions.

From concept to commercialization, our innovative solutions shorten time to market and support our customers in the design, development and production of highly effective formulations.

Message from the CEO



Simon Tasker

Global Respect is a key corporate value at Colorcon and a guiding principle. As the CEO of this company, I have always believed that businesses have a critical role to play in creating a sustainable future. Our company adheres to this principle, and we are committed to continuing to lead the charge when it comes to sustainable business practices.

We also value the richness and diversity of the communities in which we operate and always treat them with respect. Our success is bound up with our ethical business practices, diverse workforce and global reach. We are committed to and have ongoing initiatives to support Diversity, Equity and Inclusion (DEI) and employee safety and health.

Throughout 2022 we dealt with ongoing disruptions due to the Covid pandemic, war and supply chain challenges, and helped our customers to meet their goals by continuing to supply high quality materials, vital to the manufacture of medicines, and provide service support around the world.

We are continually exploring new ways to reduce our environmental footprint, minimize waste, and support sustainable sourcing and production. We are also committed to promoting social and economic development in the communities where we operate. Leadership will be provided by our new Director of Global Sustainability who will align regional initiatives and drive our goals and objectives, delivering a single reporting format. This will strengthen our organization and improve communication internally and externally.

I am proud of the progress we have made so far, and I am excited about the possibilities that lie ahead. Our commitment to sustainability is not just good for the planet; it is good for our business. By embedding sustainable practices into everything we do, we are creating long-term value for our stakeholders and ensuring that our business will thrive in the years to come.

Message from the Global Director of Sustainability



Catherine Sorace

As Colorcon's first Director of Sustainability, I am excited to make a direct contribution to helping the company become more transparent and accountable in its global sustainability commitment. At Colorcon, we challenge ourselves to reduce environmental impact, be more energy efficient and have a safe and inclusive working environment.

Although this is our first official ESG report, sustainability as a priority is not new at Colorcon. In the years leading up to 2022, we have had local greenhouse gas (GHG) reductions goals and ISO 14001 (environmental management) certifications and are certified as a Great Place to Work.

Global sustainability goals and objectives will help us to embed a sustainability culture into everything we do, and to share our challenges and success in an open manner. With sustainability as one of our main strategic business pillars, our employees are already bringing their energy and ideas to projects that improve the way we operate.

We understand that there is much work ahead to reduce our impact on the planet, improve our working practices and make a positive impact through our supply chain. Colorcon is up to the challenge.



Colorcon's **Mission**

Our **Purpose**

To improve health and wellness through the convenience, compliance, and safety of our products.

Our **Promise**

Our ability to achieve our vision is built around a promise to excel. That promise is to ourselves and to our stakeholders.

Our **Core Values**

These are the foundation for Colorcon's culture, performance, reward systems, employment programs and standards of conduct. Our values create a framework with which we align our corporate sustainability goals and objectives.



Platinum Rule

We treat others the way they want to be treated



Customer Focus

We put our customer's needs at the heart of everything we do



Empowerment

We trust colleagues with responsibility and decision making



Keep Getting Better

We create an environment for constant improvement to be the best we can



Teamwork

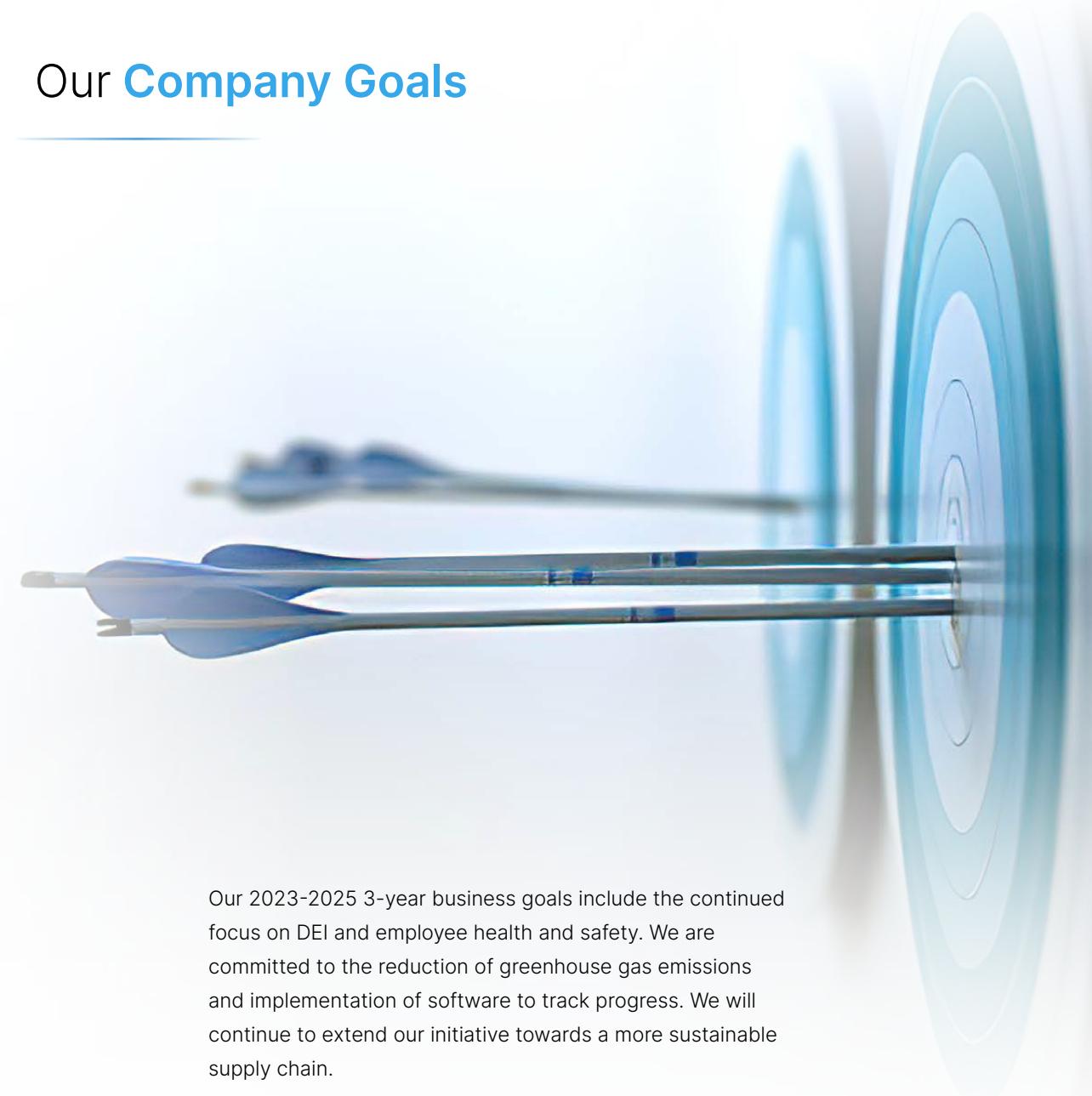
We embrace the value of collaboration: work together to exceed what is possible as individuals



Global Respect

We are citizens of a diverse world and behave with respect for the communities in which we operate

Our **Company Goals**



Our 2023-2025 3-year business goals include the continued focus on DEI and employee health and safety. We are committed to the reduction of greenhouse gas emissions and implementation of software to track progress. We will continue to extend our initiative towards a more sustainable supply chain.

As part of Colorcon's business plan we identified core goals that will help to drive sustainability across the organization.

These include:

- Strengthen our platform to address our customers' supply and sustainability goals
- Add production capacity ahead of demand and implement this close to our customers' locations
- Strengthen and leverage our global and regional supply networks
- Deliver a digitally enabled customer experience

Our Purpose

In 2022, Colorcon was awarded a bronze medal through the EcoVadis reporting platform, showing that we are making good progress towards our sustainability goals. We continue to collect data and develop key progress indicators (KPIs) so we can set specific targets and measure progress.

This report is a combination of the results of our materiality assessment as well as our year-end ESG report. Working together with our employees, customers and neighbors, we continue our dedication to people, planet and processes.

Stakeholder Priorities

The first step for our sustainability journey was to survey and interview stakeholders to identify environmental, social, and governance priorities for our employees, our customers and the communities in which we operate. The results have contributed to the development of Colorcon's Materiality Assessment (see Appendix); this is a tool that combines key topics and prioritizes them to guide strategy, improve communication, and enhance our ability to succeed.

Below is a summary of the issues identified as important to our stakeholders:

- Carbon reduction, energy management, tracking GHG emissions
- Environmental impact (air, water, waste, ecosystems)
- DEI, safe work practices, employee engagement and training
- Product quality and safety
- Sustainable procurement in the supply chain
- Personal strategies to become more sustainable

We also compared these priorities to the United Nation's Sustainable Development Goals (SDGs). [Take Action for the Sustainable Development Goals - United Nations Sustainable Development.](#)

These are a set of 17 global goals adopted by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development. The goals aim to end poverty, protect the planet, and ensure peace and prosperity for all people.

The table on the right details the SDGs which align strongly to Colorcon's stated priorities. These concerns apply throughout our supply chain.

Good Health & Wellbeing

3b: Support the research and development of vaccines and medicines for the communicable and non-communicable diseases.

How

We provide support and products to our customers for life-saving medications. We make sure our products are high quality and safe.

Quality Education

4.7: Ensure that all learners acquire the knowledge and skills needed to promote sustainable development.

How

Employee engagement and training, leading discussions on personal strategies for sustainability.

Clean Water & Sanitations

6.4: Substantially increase water-use efficiency, ensure sustainable withdrawals and supply of freshwater to address water scarcity.

How

Evaluate environmental impact and lead water treatment projects at our sites.

Decent Work & Economic Growth

8.8: Protect labor rights and promote safe and secure working environments for all workers.

How

Safe work practices and employee training.

Responsible consumption & production

12.5: Substantially reduce waste generation through prevention, reduction, recycling, and reuse.

How

Evaluate waste impacts and integrate waste programs and sustainable procurement in our supply chain.

Climate Action

13.2.2: Reduce total greenhouse gas emissions per year.

How

Carbon reduction plans, tracking our GHG emissions, and sustainable procurement.

Life on Land

15.2: Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and increase afforestation and reforestation globally.

How

Understand our ecosystem impact, sustainable procurement, tree planting campaigns.



EcoVadis is a reliable global assessor of CSR ratings. The company provides scorecards and the ability to monitor the sustainable performance of their supply chain partners. The scoring system is based on the EcoVadis Corporate Social Responsibility (CSR) methodology, which measures the quality of the company through its policies, actions, and results.

For the reporting year 2022, Colorcon completed our first full EcoVadis assessment, resulting in a bronze medal. EcoVadis scores the company in four categories: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement, with each category weighted and scored differently. For Colorcon, as a global supplier, our customers should receive accurate and transparent insights from us. EcoVadis allows us to share our performance and demonstrate improvement.



Carbon Disclosure Project (CDP)

CDP provides another way to report progress on reducing our greenhouse gas (GHG) emissions. CDP assesses a company across four consecutive levels, Disclosure, Awareness, Management, and Leadership. We received a D score following submission of our first CDP report, indicating we are at the beginning of our intentional journey for carbon reduction. In the past we have had local carbon reduction targets and are expanding these targets to all sites.

Greenhouse Gas Emissions

Colorcon has 11 manufacturing sites and 25 technical laboratories around the world. It's important that we understand emissions related to each site and work to reduce them. We will implement software to track our progress, analyze our choices and create goals for carbon reduction.

For 10 years we have tracked electricity and natural gas use at our Global Headquarters building in Harleysville, PA, USA and at all eleven manufacturing sites.

We continue to collect data for refrigerants and fuels to ensure that in the future our Scopes 1 and 2 reporting is more complete. We are also collecting data for waste and water use.

A Scope 3 survey has been started and more data will be available in 2023. In general, the major contributors to Scope 3 emissions will be from suppliers, capital goods, waste and transportation.

GLOBAL HEADQUARTERS AND MANUFACTURING SITES DATA			
	2021	2022	Units
Scope 1 Greenhouse Gas Emissions (Natural Gas)	3,454	1,748	Metric Ton
Scope 2 Greenhouse Gas Emissions (Electricity)	21,895	22,690	Metric Ton
Waste	Haz:	74.1	87.5
	Non-Haz:	1870.7	1,531.4
Water	Input:	64,286,238	62,419,341
	Output:	62,024,266	59,939,723



Planet

Renewable Energy (RE)

With the urgent need for more sustainable practices across all business sectors, the discussion on renewable energy is becoming more prevalent. The reduction of GHGs is key for our sustainability agenda, and incorporating renewable energy into our business strategy will accelerate our ability to achieve this goal. We are working towards adding RE to our manufacturing sites and technical centers worldwide.

The Colorcon site in Dartford, England, has operated on RE for the past three years, and our site at Indaiatuba in Brazil also operates with 100% RE.

Gas Powered Equipment

Through data collation on the use of natural gas-powered equipment, across all sites, we will determine the use and develop a plan to decrease dependence on natural gas. This will include evaluation of capital requirements, performance, biogas investment and possible payback periods. If successful, this project will cut the amount of gas used by Colorcon and contribute to reaching our sustainability goals.

Energy Efficiencies

We continue to work on decreasing electricity usage; examples include:

Inverter and pressure sensors fitted on the plant vacuum and dust extract system in Dartford, UK allow the motor speed to vary depending on the systems' ports. This saves electricity and decreases wear and tear on the equipment. The site has also made savings through a plant override switch and auto cut-off for out-of-work hours, which means that the system cannot be left on for long periods of time.

Improvements have been made in the production of Starch products in Indianapolis, IN, reducing the need for heat treatment and saving over **1,000,000 kWh/year**.

In Goa, India, solar panels currently generate **20 MWh/year**, and the installation of more panels during 2023 and 2024 will generate up to **800 MWh/year**. There are plans to expand the use of solar panels to our sites in China during 2023.

Natural Gas


2,000
metric tons



Water

Referencing analysis through the World Resources Institute Aqueduct Water Risk Atlas we identified that sites in India and China are at higher risk of physical and/or economic water scarcity. We will continue to monitor our water use and increase water efficiencies focusing the highest priority on sites located in areas of water scarcity.

In China, a Clean In Place (CIP) water conservation system is being implemented to reduce water use. During a cleaning cycle CIP systems pump cleaning solution through the machine, rather than requiring the equipment to be disassembled for cleaning. Currently 17.4% of water is recycled by the CIP recycling system/designation. We plan to install two further units and increase water recycling by 10%. Validation is ongoing, and the aim is completion in early 2023.

We continue to increase water savings in Goa, India, where 21 kL/year of rainwater is harvested. This water has been utilized for a HVAC system process and ground water recharge. Water use has been decreased through optimization in CIP systems using four low volume jet nozzle heads, without affecting the cleaning efficiency; this has helped to save **2000 KL/year**.

Waste

Colorcon's waste system is categorized by non-hazardous waste and hazardous waste. There are 4 sub-categories: recycled, landfill, incinerated, and other; through this categorization we can track our usage and make adjustments.

Colorcon **has increased recycling of non-hazardous waste by 35% from 2020 to 2021**. Sites in our Latin South America region have recently reduced the amount of waste which is co-processed, and our Brazil site has increased recycling of non-hazardous waste by 60% from 2020 to 2022.

Across Europe use of plastic is decreasing with plastic batch covers changed to sugarcane covers, and laboratories switching from **Tyvek disposable suits to laundered coveralls, saving 6.5 MT /year in plastic waste**

People

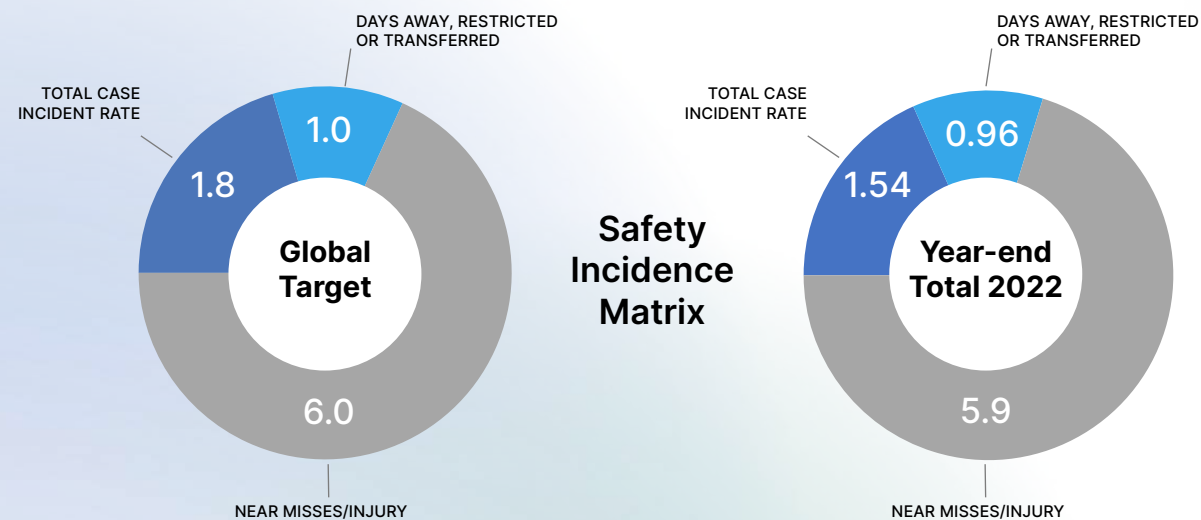
Diversity Equity & Inclusion programs continue to evolve through the following actions:

Employee Education: <ul style="list-style-type: none"> • Unconscious Bias Training • Working Well with Others 	Feedback & Development: <ul style="list-style-type: none"> • Mid-Level Manager Training • 2022 & 2023 Mentorship Programs
Recruiting: <ul style="list-style-type: none"> • Circa Platform for Diversity Recruiting • Virtual Career Fairs with Universities 	Compensation: <ul style="list-style-type: none"> • Internal Equity Analyses Completed for all Departments
Rewards & Recognition: <ul style="list-style-type: none"> • Peer to Peer Feedback & Service Awards 	

Data collection for these initiatives is ongoing and will be included in the 2023 report.

Health and Safety

Health and safety of our employees is a top priority and we track important metrics including total case incident rate (TCIR), Days Away - Restricted or Transferred (DART), and Near Misses. TCIR is a measure of work-related incidents per 100 employees and DART measures the severity of incidents that do occur. Near Misses are classified as unplanned events which could have ended in injury or damage. Metrics are collated by site, then consolidated globally for comparison to the annual target.



Colorcon Employees Making a Difference

Care and Respect are a way of life at Colorcon, and we are proud to share examples of our Colorcon community coming together to make a positive contribution to their communities.



Mexico

Volunteers took part in a stream clean-up to remove trash from the canals and chinampas in Xochimilco, Mexico. During 75 hours of volunteering, they removed 452 kilos of rubbish from the water and surrounding areas.



Puerto Rico

A Breast Cancer Awareness Program in Puerto Rico was conducted to equip employees to better support colleagues and friends both in the workplace and at home.



Europe

Our Dartford, UK office participated in an initiative to help refugees from Ukraine through donations. They worked with the support hubs in Sittingbourne and Swale, donating warm clothes and coats for families and children in the area.



India

Colorcon in Goa completed multiple community outreach programs with projects focused on the provision of healthy drinking water facilities for people in remote villages in the region. Colorcon water reservoirs and wells, and rainwater harvesting pits were constructed around wells to help recharge the groundwater levels, resulting in 47 households directly benefiting.

Colorcon will continue to take part in helping our neighbors obtain access to clean water.

Process

Working with our customers towards common sustainability goals

In addition to assessing our own sustainability goals, we need to understand how we can help our customers work towards their targets. We are meeting with strategic customers to gain an understanding of their goals and identify ways to help.

Developing more sustainable processes

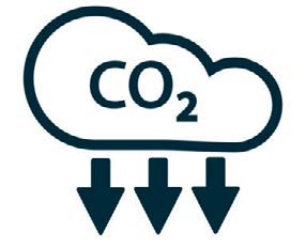
Colorcon is replacing drums for storage and shipment of Starch 1500® products to a new process utilizing poly pouches. The poly pouches have multiple benefits, such as improved ergonomic handling, reduction in GHG emissions in their manufacture and transport, and a peel-off window for infrared testing.

The replacement of drums with pouches improves Colorcon's environmental footprint and shows that all Colorcon employees, sites and technical labs are an integral part of accomplishing our full sustainability potential. The improvements were made in the confines of the regulated pharmaceutical and food processes under which we operate. All sustainability improvements must meet the highest quality standards for protecting our product and ensuring its quality.



#STARCH POUCH SAVES

- 64 MT of CO₂ emissions
- 547 MT of virgin resources
- 190 MT of non-recyclable waste
- 79% less energy to manufacture packaging
- 33% less pallets used



GHG Emission Data

Our goal, over the next 3 years, is to provide GHG emission data for our products and begin to calculate individual product categories. This will ensure that our customers have the information they need to calculate their Scope 3 supplier emissions. The calculation will utilize the GHG Protocol calculation method.

ISO Certifications

Our goal is to ensure a healthy and safe workplace for employees and visitors. As part of our quality commitment, we aim to meet ISO standards:

ISO 45001 is an international standard used for designing and implementing an environmental management system focusing on occupational health & safety. ISO 14001 certification displays our commitment to reducing our environmental impacts.

While not every site is currently certified, Colorcon has a Global Environmental Health and Safety team which provides leadership and support to ensure we maintain a safe workplace and reduce our environmental impact. These standards help build a better relationship with our customers, the public and the community.

Our Supply Chain

As part of our Supplier contracts, we now require they have an ESG policy and show continual improvement. We have begun to survey our larger suppliers to determine their commitment and progress in sustainability. Through new software we will begin to collect data to incorporate GHG calculations into ESG assessments of our suppliers. We will work to help our smaller suppliers in their sustainability journey through knowledge sharing.



Keep Getting Better

What's next for Colorcon? Continual improvement is an integral part of Colorcon's values.

Colorcon has signed a 3-year 100% renewable electricity contract for our Pennsylvania, USA sites beginning on January 1, 2023. 13 million kilowatt hours per year will be sourced through renewable electricity. We currently source 49% of the electricity used by our manufacturing sites from renewable sources.

Targets for 2023:

1. Launch sustainability software to all of our sites, create tracking dashboards for GHG emissions
2. Improve Ecovadis certification score to silver or better
3. Improve CDP score to C or better
4. Create an energy roadmap

Three-year plan (2023-2025) for Sustainability

1. Achieve Gold Ecovadis and align with commitments made
2. GHG intensity calculations for each class of product - Lake, PVAP, Opadry, Wet Dispersions, Suglets, Starch, Surelease and No-Tox
3. Collect 50% of Scope 3 data and work towards reducing the GHG emissions associated with applicable categories







Appendix

Materiality Assessment 2022

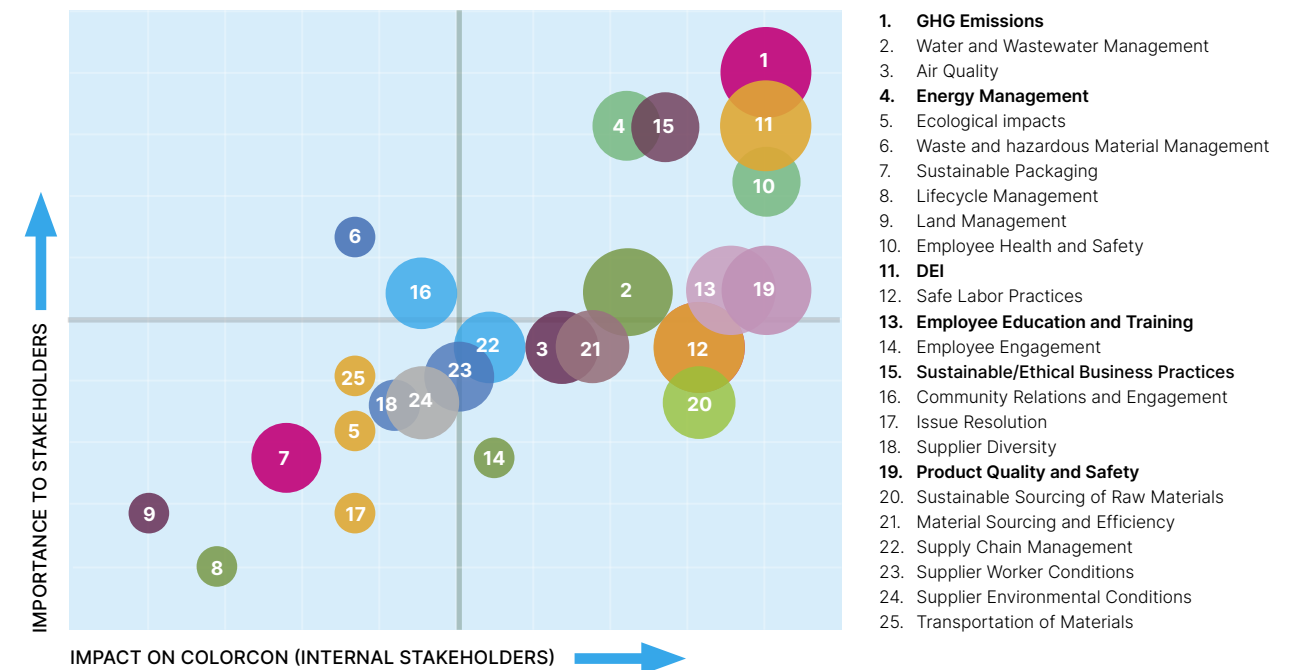
To understand the concerns and expectations with respect to the sustainability of both our internal and external stakeholders we conducted a materiality assessment. Results will be used as a baseline for future assessments and to help set goals and objectives for the future. The results highlight topics over which Colorcon has a significant degree of control and that our stakeholders believe to be important.

Using the Sustainable Development Goals, EcoVadis, Carbon Disclosure Project, we developed topics to review and identified 25 topics, as shown in the figure below, as having potential impact for both internal and external stakeholders.

The top 7 priorities can each be connected to one of the Colorcon values:

-  **Global Respect**
GHG emissions (1)
Energy Management (4)
-  **Empowerment:**
Employee Health & Safety (10)
Employee Education and Training (13)
-  **The Platinum Rule:**
Diversity, Equity, Inclusion (DEI) (11)
Employee Health & Safety (10)
-  **Customer Focus:**
Product Quality and Safety (19)

Colorcon Materiality Assessment





Colorcon is a global company located in North America, Europe, Middle East, Africa, Latin America, India, and China.

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