



Environment, Social and Governance

2024

ENVIRONMENT, SOCIAL AND GOVERNANCE

As we move towards mandatory climate related disclosure standards in Australia, Acrux is closely evaluating the way our business activities impact the environment and society, the associated risks and opportunities and seeks to put in place strategies to not only ensure we are well prepared for changes in mandatory reporting standards and frameworks but to also identify and implement initiatives which can improve our performance and fulfill new and emerging stakeholder expectations.

At the heart of Acrux's Environment, Social and Governance (ESG) framework is our commitment to economic and environmental sustainability and conducting business in a responsible and ethical manner. We consider this commitment to be fundamental to how we interact with our stakeholders and the manner in which we develop and commercialise our range of topically applied generic medicines which are both affordable and meet the highest possible product safety and regulatory standards. Our purpose and strategy are clear and consistent and are closely aligned with our culture, values and behaviours.

Acrux's commitment to conducting business in a socially responsible manner is considered through three key operational tenets:

1. **Environmental Tenet** – includes the implementation of sustainability initiatives to measure and reduce Acrux's greenhouse gas emissions, to lower our carbon footprint and to preserve our natural environment,
2. **Social Tenet** – considers Acrux's relationships with its employees, investors and the broader community including the way we conduct business, employee diversity, equity and inclusion programs as well as the safety and wellbeing of our employees and other stakeholders, and
3. **Governance Tenet** – practising good corporate governance and conducting business ethical and socially accountable manner.

Through our Code of Conduct, corporate values and policies we prioritise activities and initiatives to achieve high standards in each of these tenets.

Environmental Tenet

Acrux is committed to conducting operations in an environmentally responsible manner, to manage its climate related risks and opportunities and to adopt practices to achieve sustainable outcomes through minimising waste, energy usage and emissions which are associated with our building operations, laboratory and office equipment.

Acrux occupies leased premises located at 103-113 Stanley Street, West Melbourne. These premises are 1,735 square meters, plus 365 square metres of open air car parking comprising spaces which are used as a laboratory, offices and warehousing. The building owner has not installed infrastructure to harness solar energy or to divert and recover rainwater. Our environmental strategies are focussed on the minimisation of energy usage and effective waste management through minimisation, recycling, and safe disposal.

We have identified and implemented a number of sustainability initiatives in order to reduce greenhouse gas emissions, including:

- Expanded company policies and standard operating procedures to include sustainability objectives;
- Introduced energy savings measures to reduce energy consumption and accelerate waste reduction;
- Considered climate-related risks and opportunities within in our broader risk management processes with each identified risk assessed for its impact, likelihood, detectability and the existence of mitigating factors;
- Identified and evaluated waste reduction initiatives in our laboratory and office following on site audits and workshops; and
- Digitised financial and operational records to minimise the use of paper records.

Strategies applied to minimise waste include avoiding single use products, purchasing more recycled, recyclable and biodegradable materials, reusing office supplies and adopting digital document management and shareholder communication strategies to reduce our reliance on paper based products. We have successfully implemented digitisation projects including contract management and transactional finance processes, such as Accounts Payable and Payroll. We are progressively digitising our employee training records and are exploring enhancements which can be made in our Quality systems. This includes electronically signed documents and our Vendor Assurance program to ensure our suppliers also adopt sustainable practices in their manufacturing and sourcing cycles. Across our laboratory, office and staff kitchen recycling bins facilitate the recycling of waste which could otherwise become landfill.

TENETS



Environmental
includes preservation
of our natural
environment



Social
consideration of the
safety and wellbeing
of patients and
our employees



Governance
practising good
corporate governance

Acrux's employees are trained in standard operating procedures to practice safe handling and manage the types of materials which are utilised in our laboratory. Documented procedures ensure waste, including hazardous, controlled and non-hazardous waste, is handled safely and disposed of in accordance with environmental regulations, standards and codes. Acrux is licenced to store and use hazardous and controlled substances and an agreement is in place with City West Water under the *Water Industry Act 1994* and *Water Industry Regulations 2006* to ensure trade water waste is managed effectively and responsibly. All waste, including laboratory waste, is recycled where possible and where it needs to be disposed of it is safely collected and transported. To ensure compliance with the *Environment Protection Act 1970* we use an external waste management consultant with ISO 14001:2015 Certification for Environmental Management and an EPA Transport Certificate is issued for each hazardous or controlled waste collection.

The Directors consider Acrux has complied with all applicable environmental laws and regulations throughout the year ended 30 June 2024 and no issues have arisen since the end of the financial year to the date of this report.

Social Tenet

Acrux deeply values its highly skilled and specialised team and is committed to providing a stimulating, healthy and safe work environment for all employees, contractors and visitors. Our Code of Conduct documents our expected behaviours and ethical standards and guides and empowers our employees to make good decisions and act responsibly.

Health, safety and wellbeing is a key priority as is ensuring our employees have the skills and resources required to perform their roles to a high standard. Practising safe systems of work is ingrained into Acrux's company culture and we have proactive and well developed processes to capture occupational health and safety data, including near misses. Should a near miss be reported it is thoroughly investigated and, if necessary, corrective measures are implemented. Our internal audit programme helps us assess health and safety standards in our laboratory, warehouse and offices at our West Melbourne site, including potential risks and hazards. Safety audits are conducted at regular intervals throughout the year by occupational health and safety team members who report their findings, including corrective action for any issues identified, to the Leadership Team. We have not recorded a Lost Time Injury since 2016.

Diversity and Inclusion supports our employees to be valued, respected and to experience fair treatment and merit based access to remuneration and employment opportunities. We prioritise our inclusive culture to ensure our workplace is safe for and attractive to a diverse range of people. Diversity is valued across gender, ethnicity, sexual orientation, disability, religious beliefs, family status and age. Diversity is embraced and celebrated as we believe this not only promotes wellbeing, productivity and safety but also enhances our ability to attract and retain skilled employees. We seek to attract and retain a workforce which is representative of our broader community and to remove unconscious biases from our behaviours, policies and processes.

Acrux is proud of its diverse workforce. Our team is comprised of more than 30 employees having family backgrounds from more than 20 different countries and we regularly share important cultural celebrations.

In our workplace Acrux achieves gender equality of participation and remuneration with slightly more female staff members than male and the average hourly remuneration of female employees is almost 1% higher than that of male employees. Our Leadership Team comprises five members, three of whom are female whilst our Board comprises five members, all of whom are male.

Acrux's Diversity and Inclusion Policy is integral to our talent management and recruitment strategies and can be viewed in the Investor Relations section of our website, <https://investors.acrux.com.au/investor-centre> and this policy.

Within our corporate and governance policy training programs regular online and compulsory training events are conducted for all staff to reinforce our policies and expectations on topics such as harassment, bullying, bribery, corruption, diversity, inclusion, whistleblowing and Code of Conduct.

ENVIRONMENT, SOCIAL AND GOVERNANCE (CONTINUED)

Stakeholders

Understanding the needs and expectations of our stakeholders is fundamental to the achievement of our Goals. We are committed to engaging with our stakeholders in Australia and internationally to improve our performance and to understand their priorities and objectives.

- **Patients:** With an increasing number of marketed products, the number of patients using our products has grown and will continue to do so with future product launches.
- **Customers:** Our licensees sell our products into more than 40 countries. We expect our licensees to uphold behaviours which are consistent with our Code of Conduct.
- **People:** Our employees are at the heart of Acrux. We engage regularly with our team, holding bi-monthly 'All Staff' meetings and frequent social activities embracing our diversity. We review employee performance at least a twice a year including written feedback and quantifiable performance measurement.
- **Suppliers:** We source materials from a large number of qualified global suppliers for the 15 products in our portfolio. We have eight contracted Contract Manufacturing Organisations ('CMO'), each of which is qualified to manufacture commercial products for the US market. We audit our CMOs to ensure they meet both our standards and the standards set by regulators for the country the product they manufacture is intended to be sold.
- **Investors:** We engage with current and potential investors in a number of ways. We regularly communicate through ASX announcements. We convene public webinars after each half year result is announced and attendees have the opportunity to ask questions. Webinar details are published in advance on the ASX platform and may be attended by any shareholder or interested party. We regularly meet individual shareholders outside closed reporting periods and presented at numerous investor forums including the MST Financial Hidden Gems in Life Sciences Forum, the 18th Bioshares Biotech Summit, Proactive Investors webinar, 3AW Money Talks program and others. New investor presentation decks are released around the time of results announcement and are updated for specific presentations at conferences or industry forums to keep shareholders abreast of our progress. We maintain an active LinkedIn account featuring occasional job openings and to highlight various events and news from the company.
- **Government:** We access funding through the Australian Federal Government's Research and Development Taxation Incentive program for which we are grateful. We are regulated by and licensed by the Australian Therapeutic Goods Administration allowing us to manufacture certain products in our laboratory to clinical trial stage. We had 94 separate engagements with the FDA during FY24 including Controlled Correspondence, teleconferences, video meeting and responses to questions on the products we have submitted for review.

- **Environment:** To ensure we prepared for changes in mandatory reporting standards and to implement initiatives to improve our performance and satisfy new and emerging stakeholder expectations.

Governance Tenet

Acrux is committed to good corporate governance, including ethical conduct, to ensure compliance with prevailing laws and regulations and to effectively manage risk. The Board is responsible for the effective leadership of Acrux and maintaining high standards of Governance. The Board leads by setting our strategy and values and oversees the implementation by management. Directors must act with integrity and promote the Acrux's culture and values. The Board also ensures there are appropriate processes in place to manage risk, including the Company's risk appetite and monitors financial and operational performance against objectives.

Acrux's corporate governance policies are published on the Company's website, <https://www.acrux.com.au> and the Company's RIOS – Together Anything is Possible model articulates our Company Values and the core behaviours expected of all employees. The core RIOS Company Values are: Round the clock, Innovation, Openness and Standout. Commitment to these Values underpin how our employees work together to solve problems and make decisions and must be demonstrated in order for an employee to be invited to participate in short and long term incentive programs.

GOVERNANCE STRUCTURE

Ethics and Values

Acrux maintains high standards of corporate governance and employees are expected to act responsibly and with integrity at all times. Our corporate governance program is aligned with our strategy and purpose and is well established and mature. All Directors, employees and other parties representing the Company are required to follow the Company's principles, legal and ethical standards as consistent ethical behaviour promotes both inclusion and trust.

Our Code of Conduct documents and communicates the framework for the way Acrux conducts business and relates to stakeholders including shareholders, employees, business partners and suppliers as well as the wider community and the environment in which the Company operates. We expect third parties with whom we work to comply with the principles outlined in our Code of Conduct which can be viewed in the Investor Relations section of our website, <https://investors.acrux.com.au/investor-centre>.

It is important that Acrux's employees and other stakeholders feel safe and empowered to report concerns about behaviour which may appear to be inconsistent with our Code of Conduct or other company policies. Our Whistleblower Policy ensures such reports can be made in good faith with the confidence they will be investigated fairly and confidentially whilst protecting the person who made the report. Our Whistleblower Policy can be viewed in the Investor Relations section of our website, <https://investors.acrux.com.au/investor-centre>.

During the past 12 months compulsory on line training and quizzes have been delivered to all employees to reinforce Acrux's Code of Conduct and educate staff on Whistleblower rights and protections, equal employment opportunities, the benefits of diversity and inclusion and outlining expected conduct in order to avoid sexual harassment, work place bullying and bribery, corruption and fraud.

The Code of Conduct Policy, Whistleblower Policy, Security Trading Policy, Diversity and Inclusion Policy and Anti-Bribery, Corruption and Fraud Policy, are all reviewed annually by the Board of Directors and published on our public internet and staff intranet sites.

Structure of the Board and Board Committees

Acrux's corporate governance and risk and compliance framework reflects and supports the Company's values and culture and stands alongside the legislative requirements of the *Corporations Act 2001* and the guidance in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition).

All governance practices recommended by the ASX have been implemented by Acrux, unless otherwise stated in the Corporate Governance Statement. Our Corporate Governance Statement is considered and approved by the Board annually and can be viewed in the Investor Relations section of our website, <https://investors.acrux.com.au/investor-centre>.

The Board Charter is central to Acrux's corporate governance framework as it lays out the responsibilities and duties of the Board of Directors and can be viewed in the Investor Relations section of our website, <https://investors.acrux.com.au/investor-centre>. Key responsibilities include overseeing management, providing strategic direction, capital planning, risk management, monitoring performance, human resource strategies and approval of budgets and business plans. Day-to-day management including implementation of approved strategies and business plans, is delegated to the CEO and Managing Director and the leadership team.

The Board maintains a breadth of skills in its membership, which considers individual experience and background in the pharmaceutical industry, leadership and strategy, international business, legal, finance and accounting, risk management, corporate governance, organisation and talent development as well as team fit and balance within the Board. Directors are required to demonstrate commitment to the Company's RIOS – Together Anything is Possible values.

Details of the members of the Board, their experience and personal qualifications are stated in this Annual Report.

The Audit and Risk Committee has been established to assist the Board fulfil its corporate governance and oversight responsibilities relating to financial accounting practices, internal control systems, risk management, external financial reporting and audit. This Committee is responsible for the evaluating Acrux's risk profile and to assess risks and mitigation strategies which have been identified and implemented by management. The Audit and Risk Committee Charter can be viewed in the Investor Relations section of our website, <https://investors.acrux.com.au/investor-centre>.

The Human Capital and Nominations Committee has been established by the Board to ensure the Board is comprised of individuals who can best discharge the responsibilities of Directors and to ensure the Company recruits and retains employees of high quality and motivation to drive long term growth. Responsibilities of the Human Capital and Nomination Committee include recruitment, establishment of the short and long term remuneration framework and other people related policies. The Human Capital and Nominations Committee Charter can be viewed in the Investor Relations section of our website, <https://investors.acrux.com.au/investor-centre>.

Where appropriate, these Board Committees make recommendations for consideration by the Board.



RISK MANAGEMENT

Managing risk is essential to operating and growing our business safely, effectively, and sustainably. We identify, assess and monitor risks through our Risk Management Framework with consideration of each risk's potential impact, probability, detectability and the existence of mitigating factors. The Board has ultimate oversight over risk management and the Audit and Risk Committee monitors the overall effectiveness of our risk management and internal controls framework.

Our most material risks relate to potential delays to obtaining regulatory approval for new products which may be due to project timeline delays or extended review times of regulators due to dossier deficiency or new and emerging regulations, our capacity to financially support the progression of our pipeline and the ability of our commercial partners to achieve projected price and volumes following launch. Emerging risks associated with sustainability and environmental concerns as well as cyber and artificial intelligence have been identified and are also managed through the Risk Management Framework.