

TerraMeds Inc.

2022 Comprehensive Annual and Sustainability Report

Introduction: TerraMeds' Sustainability Mission

TerraMeds Inc. is dedicated to producing accessible healthcare solutions with minimal environmental impact. As a pioneer in sustainable pharmaceuticals, we strive to meet evolving regulatory and ecological standards, aligning our practices with the EU Taxonomy framework. Our vision is to lead the industry in green healthcare, reducing emissions, waste, and environmental footprint while advancing public health.

1. EU Taxonomy-Aligned Activities and Compliance Overview

Our commitment to sustainability is demonstrated by TerraMeds' extensive alignment with EU Taxonomy guidelines, supporting eco-friendly pharmaceutical production, energy-efficient facilities, and waste reduction technologies. The EU Taxonomy eligibility of our activities, CapEx, and OpEx reflects these efforts and sets the stage for significant advancements in 2023 and beyond.

Narrative Summary of EU Taxonomy-Aligned Contributions

Turnover

In 2022, 52% of TerraMeds' total revenue was classified as EU Taxonomy-eligible, deriving from products developed with eco-friendly sourcing and manufacturing. Of this, 40% of turnover is aligned with EU Taxonomy standards, supporting projects certified as low-emission or waste-reducing. We aim to increase this alignment through expanded investment in environmentally certified facilities and green R&D.

Capital Expenditure (CapEx)

Of our total CapEx in 2022, 60% was EU Taxonomy-eligible, as it was allocated to eco-friendly infrastructure and technology to improve manufacturing efficiency. Notably, 45% of CapEx aligned directly with EU standards, including investments in renewable-powered production facilities and low-carbon transportation for our supply chain.

Operating Expenditure (OpEx)

TerraMeds' operational expenditures also demonstrate a strong commitment to sustainable practices. Approximately 50% of OpEx qualified as EU Taxonomy-eligible, with 30% of this aligned to EU standards. Our aligned OpEx includes spending on R&D for eco-conscious pharmaceuticals, sustainable sourcing practices, and initiatives that improve energy efficiency across our facilities.

2. Financial and Operational Highlights

This year, TerraMeds achieved significant milestones in both financial performance and sustainability initiatives. Below is a summary of key financial metrics, illustrating our growth and re-investment in sustainable infrastructure.

Financial Metric	2022 (€M)	2021 (€M)	Change (%)
Total Revenue	6,500	6,200	+4.8%
Gross Profit	2,000	1,900	+5.3%
Capital Expenditure (CapEx)	1,500	1,300	+15.4%
Operating Expenditure (OpEx)	2,400	2,200	+9.1%
Research & Development (R&D) Spend	800	750	+6.7%
Net Profit	950	900	+5.6%

3. Sustainability Initiatives and Achievements in 2022

Eco-Friendly Manufacturing Expansion

In line with our goal to minimize emissions, we constructed a new solar-powered manufacturing facility in France. This facility is expected to reduce our carbon footprint by 20% and increase our production capacity of eco-friendly pharmaceuticals by 15%.

Green Logistics Program

We introduced an environmentally optimized logistics system across Europe, utilizing electric vehicles and low-emission transport solutions. This program decreased emissions from logistics by 25% and improved operational efficiency by 10%, positively impacting our OpEx alignment.

Circular Economy in Healthcare

Through a pioneering initiative, TerraMeds began using recycled materials in product packaging, significantly reducing single-use plastics. As a result, our packaging division alone achieved a 30% waste reduction, meeting a core EU Taxonomy target.

4. Detailed EU Taxonomy Compliance

To provide a comprehensive view of our EU Taxonomy alignment, the following table offers a breakdown of our eligible and aligned metrics by category, highlighting the progress of our CapEx and OpEx commitments.

EU Taxonomy Category	Metric Type	Eligible (%)	Aligned (%)
Turnover	Revenue	52	40
Capital Expenditure (CapEx)	Investment	60	45
Operating Expenditure (OpEx)	Expenses	50	30
R&D for Sustainable Pharmaceuticals	R&D Spend	40	35
Energy-efficient Production	Infrastructure	70	50

5. Strategic Roadmap and Future Goals

TerraMeds’ strategy for the coming years centers on increasing the alignment of our activities with EU Taxonomy standards. Our target for 2023–2025 is to boost our EU Taxonomy-aligned turnover to 55% by expanding the portfolio of green pharmaceuticals and eco-certified manufacturing practices. Key goals include:

- **Achieving 100% Renewable Energy** for all manufacturing sites by 2025, significantly increasing our CapEx alignment.
 - **Developing Sustainable Supply Chains** by transitioning 50% of logistics operations to low-emission alternatives by 2024.
 - **Enhancing Sustainable R&D** by allocating 50% of our R&D expenditure to green technologies and eco-friendly drug development processes by 2025.
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6. Corporate Social Responsibility and Community Involvement

Beyond compliance, TerraMeds actively participates in community outreach programs to support environmental education and healthcare access. In 2022, we invested €20 million in these programs, reaching over 150,000 individuals. Initiatives included free health camps in underserved areas, educational campaigns on sustainable health practices, and support for environmental preservation projects in local communities.

Appendix: EU Taxonomy and Compliance Details

The appendix provides a breakdown of TerraMeds’ EU Taxonomy eligibility and alignment at the granular level, covering individual projects and expenditures within each reporting category.

A.1 Turnover by EU Taxonomy Category

- Renewable Pharmaceuticals: €2,000M (40% aligned)
- Eco-certified Packaging and Logistics: €400M (10% aligned)

A.2 CapEx by EU Taxonomy Category

- Renewable Infrastructure: €900M (45% aligned)
- Waste Reduction and Recycling: €600M (15% aligned)

A.3 OpEx by EU Taxonomy Category

- Sustainable Sourcing: €1,200M (25% aligned)
 - Energy Efficiency Programs: €500M (5% aligned)
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7. Forward-looking Statements and Compliance Note

This report includes forward-looking statements that reflect TerraMeds' plans to increase its sustainability and EU Taxonomy alignment in the coming years. Future performance and compliance are contingent on regulatory changes and technological advancements.

For complete details, visit our report online at <https://www.terrameds.com/annualreport2022>.