

# Sustainability Report 2019

03

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Sustainability  
at Siegfried

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Quality Compliance and  
Sustainable Supply Chain

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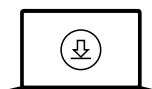
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Corporate  
Social Responsibility

# Sustainability Report

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This is an excerpt of Siegfried's Annual Report 2019.  
All chapters of Siegfried's Annual Report 2019 can be  
downloaded at **[report.siegfried.ch](https://report.siegfried.ch)**.

Within the range of relevant sustainability issues, the Siegfried Group focuses on compliance and quality, on Safety, Health and Environmental Protection (SHE), and on its responsibility as an employer.

## 1. Sustainability at Siegfried

In the life sciences industry, sustainability is a key issue. The activities of each individual market participant are monitored critically by the authorities, customers and consumers. The energy-intensive chemical production processes require special (precautionary) measures for employees, society and the environment. Because our products are used in the pharmaceutical industry, they have to meet the highest product safety standards so as not to endanger anybody's health. This is why sustainability at Siegfried is a fundamental part of the Group's corporate strategy (see Corporate Values in the Management Model on p.10) and it is integrated into our daily work. We regard the consistent integration of sustainability into our business model as an investment in the future, as only those companies that act with responsibility and are socially accepted will continue to be economically successful. Corporate growth must be sustainable by showing responsibility toward society and the environment and in respect of human rights.

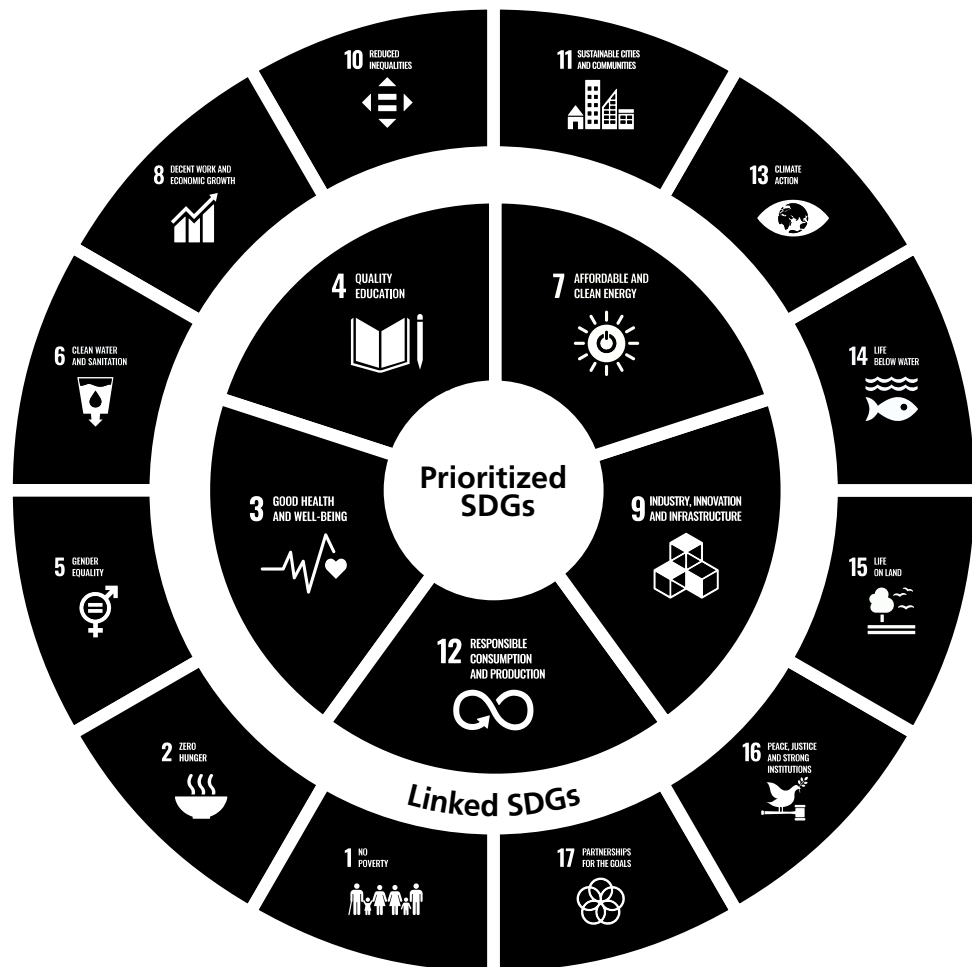
For Siegfried, sustainability is a key element concerning competition and reputation, and has a high priority. We acknowledge the concerns and needs of all stakeholders for transparency and honesty and take them seriously. The Board of Directors and the Executive Committee play an active role in reporting activities (including sustainability) and are open to improvements that will support a high standard of quality. Important sustainability issues are addressed by Siegfried in various key guidelines and documents. René Imwinkelried (Head Global Technical Operations) is the ExeCom member responsible for issues concerning ESG (Environmental, Social, Governance).

### 1.1 Goals for Sustainable Development

On September 25, 2015 the member states of the United Nations adopted the 2030 Agenda for Sustainable Development. The 2030 agenda specifies international guidelines and priorities for sustainable development. The international community recognizes that answers to the global challenges in connection with worldwide, socially equitable and environmentally compatible growth of prosperity must be jointly found. The core of the 2030 agenda consists of 17 global Sustainable Development Goals (SDG) and 169 targets.

In addition to the member states, non-state actors are also called upon to contribute to the economic development, promote human welfare and protect the environment. We accept this responsibility and will do our share to promote sustainable development. In a first step, to prioritize the SDG to which we primarily contribute, we have connected the SDG with our sustainability issues (see the






Materiality Matrix). In a second step, we have identified five SDG on which we have a particularly positive or negative impact, considering our business and sustainability activities. In this Sustainability Report we address our intent to reduce the negative and enhance the positive effects.



The following five prioritized SDG will be addressed in more detail below:

- SDG 3: Ensure healthy lives and promote wellbeing for all at all ages
- SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 9: Build resilient infrastructure, promote inclusive sustainable industrialization and foster innovation
- SDG 12: Ensure sustainable consumption and production patterns

While SDG 9 “Industry, Innovation and Infrastructure” is not a part of the Materiality Matrix, it is a key component of our business model. An important strategic value driver for Siegfried is technology and process innovation to cover the entire range of services from active ingredient to the finished medicinal product with our chemical and pharmaceutical capabilities. This contributes particularly to SDG 9 as the purpose of target 9.5 is to encourage innovation and increase private and public spending for research and development. In 2019, our R&D investments amounted to CHF 33.3 million, i.e. 4 percent of sales and 21 percent more than in 2018. Significant developments in 2019 are the further expansion of our global production network and the intensification of cross-functional cooperation across the sites.

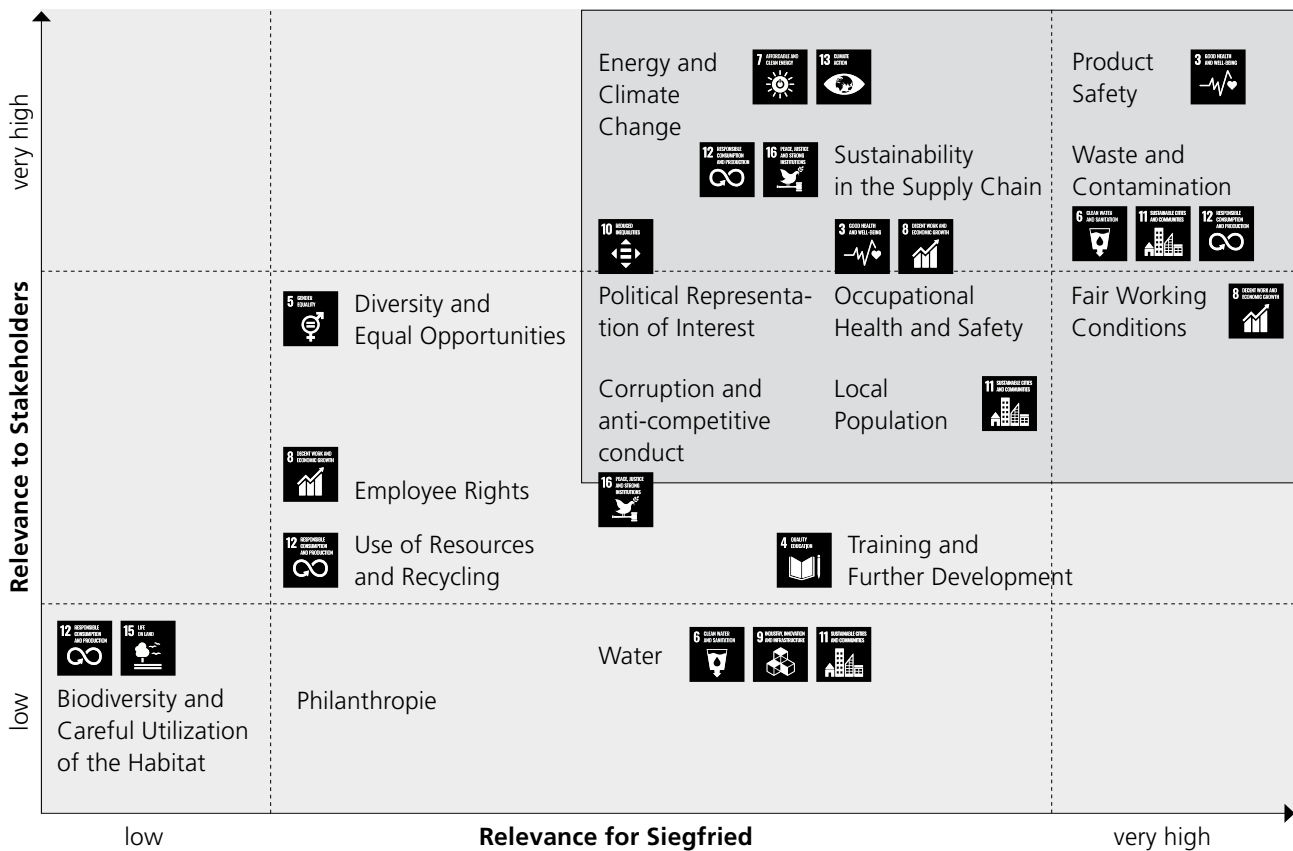
Goal	Potential Effects	Status	Future Activities
<b>3</b> GOOD HEALTH AND WELL-BEING 	<p>+ Our products are used for a wide variety of illnesses. They support the recovery process or relieve negative symptoms. With our products, we reach approx. 40 million patients per year.</p> <p>– Negative effects may occur in production, such as occupational accidents or chemical incidents. In extreme cases, the population at our production sites may be at risk, in addition to our employees.</p>	<p>We consistently invest in our network to ensure uninterrupted supply by applying the dual sourcing strategy.</p> <p>We pay particular attention to matters of compliance und SHE to protect our employees and the population. To do so, we are internally using DuPont’s STOP™ program to prevent any accidents.</p>	<p>We are strengthening our network with specific investments and with training programs designed to improve the tech transfer capabilities.</p> <p>We are setting clear goals with regard to plant safety. Safety is also a bonus-relevant criterion regarding the annual objectives of our executives.</p>
<b>4</b> QUALITY EDUCATION 	<p>+ We offer an extensive training and education program to our employees and trainees. It is not only intended for trainees and junior staff. It also promotes lifelong learning in the pharmaceutical and chemical field.</p>	<p>With Siegfried Academy Siegfried has established an extensive training and education program, which also makes Siegfried a more attractive employer.</p>	<p>We plan the continued expansion of the Siegfried Academy offers.</p> <p>Implementation of the “Great Workplace” initiative starting in 2020</p>
<b>7</b> AFFORDABLE AND CLEAN ENERGY 	<p>+ We are increasing the use of renewable energies as well as our energy efficiency to contribute to the use of clean energy.</p> <p>– In effect, we depend on the use of energy. However, the consumption of fossil energy sources causes greenhouse gas emissions. The challenge for Siegfried is to completely disengage operational growth from emissions.</p>	<p>Siegfried strives to consistently reduce the use of fossil energy sources by increasingly relying on renewable energies. The revenue normalized emission values are pointing in the right direction.</p>	<p>Sustainability is an integral component of the Group Management agenda.</p> <p>We set goals or reduction targets in the areas of energy efficiency and a decrease in the carbon footprint for all our sites.</p>
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<p>+ We continuously develop new products and improve our processes to offer the best possible products to our customers. Our R&amp;D activities contribute to the innovative strength at our sites.</p>	<p>Siegfried invests in a high-performance global production network. Due to tech transfers the products are manufactured at the most appropriate sites. The “Center of Excellence” of our R&amp;D activities is located in Zofingen.</p>	<p>The further expansion of our production network and the close cooperation between the sites will be further intensified.</p>
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<p>– Chemical and pharmaceutical additives are subject to negative upstream effects which are based on petrochemical products.</p> <p>– As a result of the complex, multi-step manufacturing processes for active pharmaceutical ingredients, Siegfried incurs a certain amount of waste.</p>	<p>We have launched various projects to sustainably reduce the amount of waste and to increase the share of regenerated solvents. Initial results are promising. Additionally, we also intend to further decrease our dependence on petrochemical products.</p>	<p>We are consistently working on further minimizing the amount of waste at all sites. Hazardous waste is thereby one of our priorities.</p>

## 1.2 Materiality Analysis GRI 102-46

Within the reporting for relevant topics, in a multilevel process through a materiality workshop in 2016, Siegfried identified the following topics as being central and consequently prioritized them for this report:

- Product Safety GRI 102-47
- Waste and Contamination
- Fair Working Conditions
- Sustainability in the Supply Chain
- Occupational Health and Safety
- Local Population
- Energy and Climate Change
- Political Representation of Interest
- Corruption and anti-competitive conduct.

## Materiality Matrix GRI 102-46



Siegfried attaches great importance to regular contact and ongoing dialog with its stakeholders at both the local and the global level. We consider the close involvement of our stakeholders to be an important element in our corporate behavior and we thus pursue the goal of creating a better mutual understanding and a basis of trust to enhance our partnership regarding Siegfried's work and products. The aim is to closely link the stakeholders' interests with the company's business strategy and to recognize trends early so that they can be incorporated into the strategy process.

We use a stakeholder map for a targeted and systematic stakeholder dialog. The categories of people listed therein are not complete. We have defined them based on their relevance and possible influence on our company. Regular stakeholder mapping further allows us to recognize attitudes and interests in order to adjust topics, messages and communication platforms to these.

Our stakeholder activities include targeted dialogs on the local, national and international levels, involvement in committees and professional panels, comprehensive information programs, and participation in international initiatives and collaborations. Global stakeholder engagement is of great importance for us. Stakeholder dialog includes both communication and active interaction with individual target groups as well as issue-related multi-stakeholder events. We want to understand the different perspectives held by our stakeholders and to address them effectively.

### 1.3 Stakeholderdialog GRI 102-42 GRI 102-43

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GRI 102-40  
GRI 102-42  
GRI 102-43  
GRI 102-44

# Siegfried in Dialog

	Topics	Platforms
Media	News and results	Media conferences, Media releases, direct contact with CorpCom
Capital market	News and results, business models / offering	Financial analyst conference, direct contact with CEO and CFO, roadshows
Customers	Business model / services, — technological innovations, — sustainability	Meetings, visits, symposiums, trade fairs
Local stakeholders	Jobs, safety and environmental protection	Direct contact with site managers, sponsorships
Employees	Working conditions and course of business, safety and environmental protection	Information / town hall meetings, “Insight” employee magazine, Intranet, Internet, internal memos, information cascade via line management
Trade unions	Working conditions	Information meetings with HR, direct contact with line management
Supervisory and regulatory authorities	Compliance, safety and environmental protection	Direct contact, audits, training events, information letters
Political decision makers	Economic framework and specific concerns of the company	Company visits, seats on the board of professional associations (chambers of commerce, etc.), involvement of site management
Suppliers	Order security	Visits, supplier audits, trade fairs
Science	Technological innovations and development of trainees	Direct contact with universities and advanced technical colleges, symposiums
Associations	Economic framework and specific concerns of the company	Seat on leadership committees, professional and knowledge sharing groups



## 1.4 Leadership and Values at Siegfried

The Board of Directors and the management of the company are the highest responsible bodies for the implementation of and adherence to all sustainability-relevant policies and guidelines, especially the Code of Business Conduct. Responsible for the implementation of the Compliance and Quality Standards as well as for the area of Safety, Health and the Environment (SHE) is the Chief Compliance Committee or, respectively, the Chief Compliance Officer.

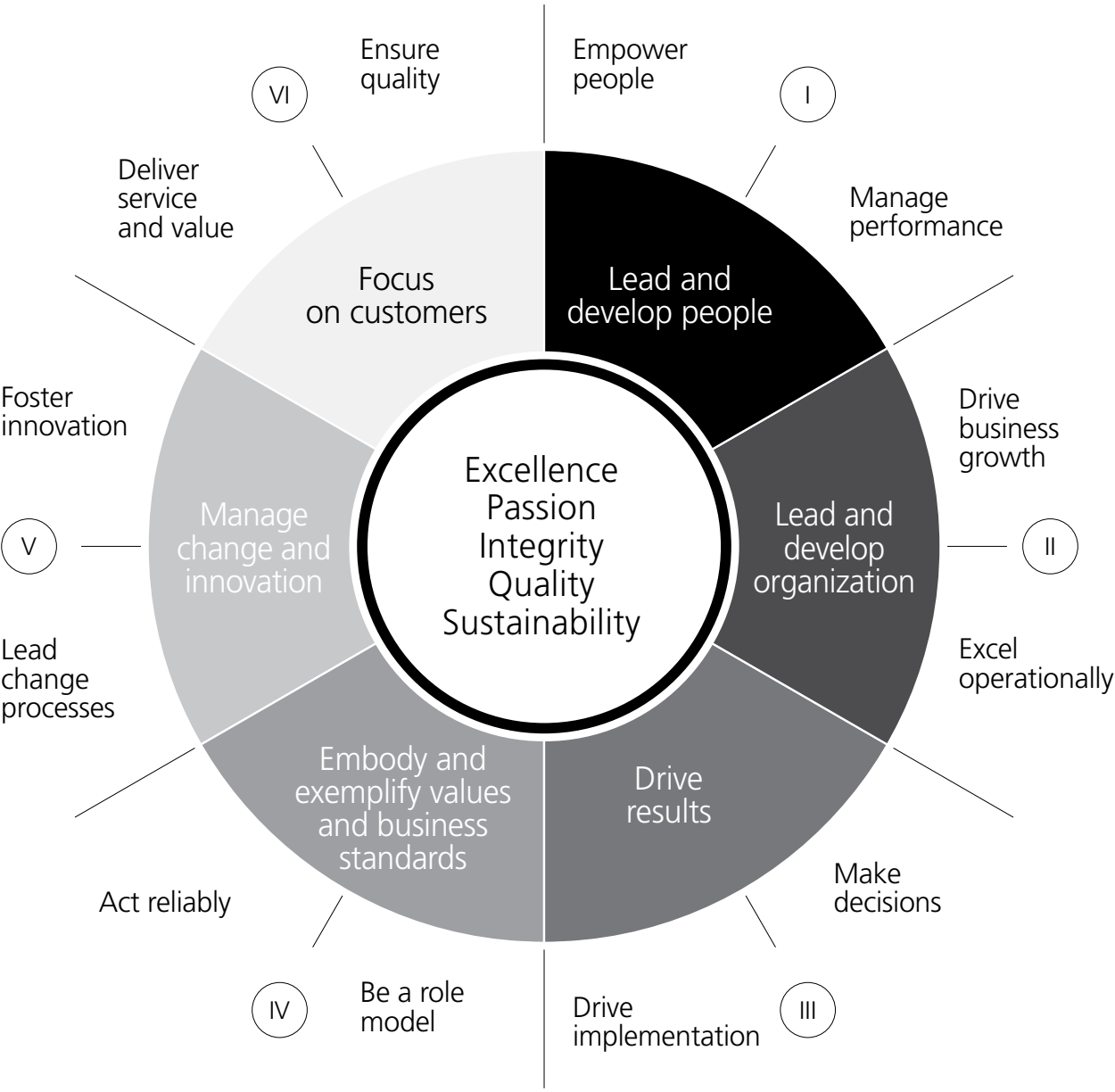
Since 2016, Siegfried has rolled out new guidelines for all sites concerning “Leadership and Values”. The corporate values of excellence, passion, integrity, quality and sustainability represent the core of the leadership model. By creating a shared basis for action and bringing life to corporate culture beyond national borders, these five core values form the basis that connects Siegfried with all its stakeholders. They provide clarity and commitment to our dealings with each other and form a basis for understanding cultural differences and for our entrepreneurial success. These five core values help to translate our strategy and our brand into concrete behavior and they should serve as an internal compass. The management principles were worked out and defined jointly with the managers of all sites. To this end, workshops were held at all sites, through which the topic was presented interactively to the staff. The focus was placed on the individual characteristics, which, together, are able to build a diverse, high-performance, dynamic team and, in this way, to advance the success of the company. The management model is intensified annually at each site with a training program in which practical content is taught in specific sequences and directly applied to daily working life. The program is to be systematically extended in the future, so that all our sites achieve the same quality standard.

In the course of the reporting year, the new CEO Wolfgang Wienand visited every site and, in the process, the corporate values were addressed in detail.

Structural embedding of sustainable behavior in the company is complemented by various memberships in professional associations and organizations connected with sustainability, especially in relation to the membership in the “scienceindustries” business association and its “Responsible Care” program.

In the context of the external perception of our corporate social responsibility, Siegfried decided in 2017 that all sites would undergo a Corporate Social Responsibility (CSR) assessment. EcoVadis was chosen as our partner. The analysis encompasses 21 criteria from the four thematic areas: environment, social issues, ethics and sustainable procurement. The method of the CSR assessment by EcoVadis is based on international standards, such as the Conventions of the International Labor Organization (ILO), the ten principles of the UN Global Compact, the GRI standards, and the ISO 26000 standards. The Zofingen, Minden, St. Vulbas, and Malta sites achieved the “GOLD” rating, the remaining sites were awarded “SILVER”.





## 1.5 Legal Compliance

Siegfried's Board of Directors and company management are firmly convinced that strict compliance with all applicable laws and refusal of any form of unfair and unethical business behavior should be essential and represent key elements of Siegfried's business conduct. This understanding is also set down in the corporate value "Integrity". This is why we strive to meet the high standards concerning performance and corporate responsibility in all our business activities. Siegfried's employees and suppliers are notified of the applicable legal regulations and they undertake to act in compliance with the law, ethically and responsibly.

### Reference Framework

Siegfried's Code of Business Conduct, available in the four company languages German, English, French and Chinese, provides employees and suppliers a clear frame of reference to understand and strengthen the awareness of the most important critical legal regulations. In particular, it addresses the legal fields of bribery and corruption, cartel and competition law, insider trading, fraud and other offenses against property as well as data integrity, confidentiality and data protection, conflicts of interest, trade controls and bans, as well as discrimination and harassment. The Code can be accessed on our website ([www.siegfried.ch](http://www.siegfried.ch)).

The Code is the basis for the Legal Compliance program implemented at all Siegfried sites in the last few years. The purpose of this program, on the one hand, is the sensitization and harmonization of the understanding of the lawful and ethical conduct of business activities within Siegfried and, on the other hand, the creation of measures for efficient and effective prevention of violations of the law and their damaging consequences. The Legal Compliance Office coordinates the implementation and communication of the Legal Compliance program and investigates and penalizes possible violations. Questions about the program, about compliance with the legal provisions and potential violations of the Code of Conduct can be reported by Siegfried employees to the Legal Compliance Office via an external reporting site in the four company languages.

### Corruption and Anti-competitive Behavior

Siegfried prohibits all forms of corrupt business behavior, such as the active and passive bribery of public and private officials and decision-makers. All Siegfried employees and suppliers must adhere to all applicable laws concerning bribery and corruption, in particular to the OECD Anti-Bribery Convention, the US Foreign Corruption Practices Act 1977, the UK Bribery Act 2010, and the relevant provisions of national law, in particular the Swiss Criminal Code on bribery of public officials and the Federal Act against Unfair Competition in conjunction with Private Bribery, as most recently amended.

Furthermore, Siegfried prohibits its employees and suppliers from having any involvement in breaching applicable supranational and/or national laws that protect free and fair competition. Siegfried's employees and suppliers must perform their activities for Siegfried within the boundaries of European competition law, of US antitrust law, of Chinese anti-monopoly law, as well as all other applicable competition regulations. Neither the Siegfried Group nor any of its companies has ever been involved in any administrative or legal proceedings regarding anti-competitive conduct or violations of cartel and monopoly law either during the reporting year or in any other year of the company's history.

During the reporting year, a few cases of probable misconduct were reported group-wide to the Legal Compliance Office, which were investigated through internal proceedings.

### **Outlook**

The Legal Compliance program will continue to be expanded and enhanced in 2020 according to the latest industry standards. In particular, we will define the basis for a comprehensive status analysis of all Siegfried locations. The results thereof will serve the further development of the program as well as represent the basis for risk-based employee training. We will report on the progress of this initiative in the future reports.

## 2. Quality Compliance and Sustainable Supply Chain

### 2.1 Quality Compliance and Product Safety

In developing and manufacturing active substances for the pharmaceutical industry, it is essential that the products do not pose a health risk due to contamination. Product safety must be guaranteed under all circumstances along the entire value chain so as not to endanger any patients who rely on Siegfried's products. To this end, Siegfried commits to quality-conscious corporate leadership and the constant improvement of all processes and activities. Important elements of this are, first and foremost, well-trained staff. It is also important to ensure quality through validated and robust processes, storing and shipping materials consistent with their requirements, preventing adulterations, and certifying the quality of the purchased materials and services. Quality is therefore an important and necessary part of corporate policy and is reflected in the daily work processes. Siegfried conducts its business activities responsibly and in conformity with the legal regulations of the countries in which we operate.



#### SDG Contribution

Our products and services are beneficial for pharmaceutical use in various areas: non-transmittable diseases, such as diabetes, respiratory and cardiovascular diseases, up to mental illnesses, such as depression and bipolar disorder. We believe that our products are used by approximately 40 million patients. To ensure that the patients can rely on the active ingredients and pharmaceuticals produced by us, we have to ensure the quality, safety and effectiveness of our products. This is how we contribute to SDG 3 ("ensure healthy lives and promote wellbeing for all at all ages") and target 3.4 ("[...] promote mental health and wellbeing").

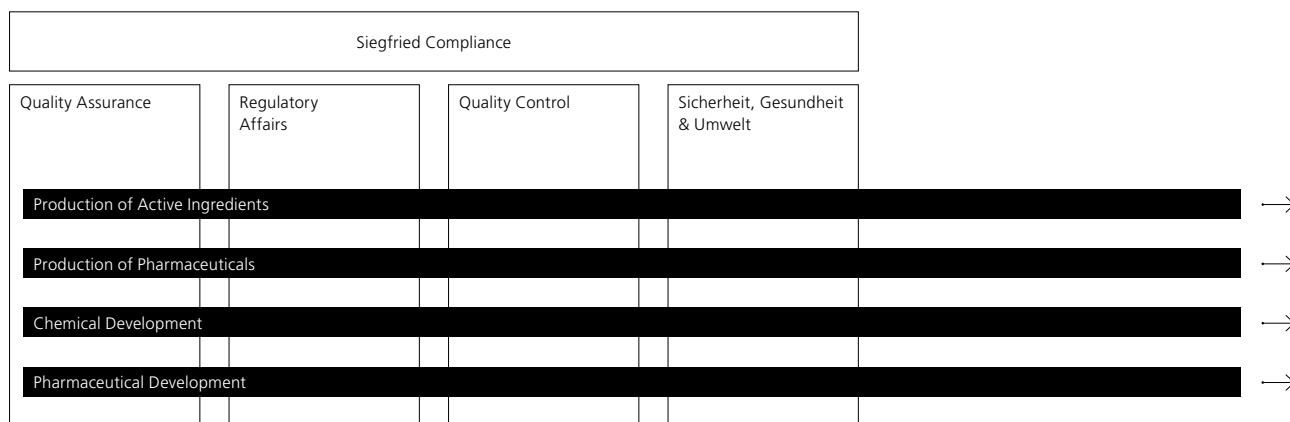
#### Quality Compliance Management System

Siegfried established a comprehensive management system for quality compliance along the entire value chain. Siegfried's management system stipulates that we produce in accordance with cGMP standards, act responsibly in compliance with economic and environmental standards, and evaluate new technologies based on their contribution to sustainability. Both national and international standards and guidelines represent the benchmark for the further development of our systems, be it concerning environmental awareness, occupational safety or other socially relevant issues. Siegfried's management system is based on the process orientation of ISO 9001 for quality management and fully covers the following internationally applicable guidelines:

- Good manufacturing practice GMP (current Good Manufacturing Practice) ([https://ec.europa.eu/health/human-use/quality\\_en](https://ec.europa.eu/health/human-use/quality_en))
- The guidelines of the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), with which the regulatory authorities and the pharmaceutical industry bodies of America, Europe and Japan as initiators, and meanwhile also including the authorities of Switzerland, China, Taiwan, Brazil, South Korea and Singapore, define the standards in the pharmaceutical industry ([www.ich.org](http://www.ich.org))
- Guidelines of the World Health Organization (WHO) ([www.who.int](http://www.who.int))

## Siegfried's Compliance Model

The compliance model of Siegfried is based on the four pillars of quality assurance, regulatory affairs, quality control and safety, health and the environment (SHE). All four pillars are consistently taken account of in the overall value chain during product development and manufacture.



Siegfried established an internal Compliance Committee (ComCom) responsible for worldwide compliance, standardization and harmonization along our value chains for active ingredients and pharmaceutical finished products. Under the leadership of the Chief Compliance Officer, the ComCom meets once a month to address topics with relevance to quality and safety. It establishes targets, management systems, initiatives and measures of relevance to quality and adopts applicable guidelines for Siegfried. In its work, it follows international GMP standards while taking account of national standards as far as they are relevant for exporting our products, such as special standards issued by the US Food and Drug Administration, the European Union, etc.

By using a management system for quality compliance across the board, we support the ongoing consideration to the quality concerns of our internal and external customers. Our record of compliance covers many years and reflects our core competencies as well as the strong values from which our customers benefit in a partnership with Siegfried.

We control the relevance and applicability of our guidelines at regular intervals. At the end of 2019, 38 such provisions were in force. They relate mainly to aspects of quality, but also refer to the areas of finance, safety, health and the environment as well as communications and the conduct of the employees (Code of Business Conduct).

### Quality Requirements and Quality Certificates

Triggered by a rising quality awareness and the consequently higher demands made on quality by the customers, but also by accidents, counterfeits and adulteration, the number of inspections and certificates generally required from the pharmaceutical industry is growing steadily. Today, in addition to the standard analysis certificates, which have long been required, regarding appearance, content, purity, physical characteristics and the production of our products conforming to GMP, data and certificates are now required about genotoxic impurities, freedom from heparin adulteration, freedom from genetically modified components, freedom from TSE/BSE, melamine, benzene, etc. Siegfried works in close cooperation with the US-FDA regarding product piracy to combat counterfeiting and to ensure end-user safety.

The issue of nitrosamine contamination (classified as a probable human carcinogenic) in pharmaceutical ingredients and finished medicinal products, which first occurred in 2018 in connection with Valsartan from China for Novartis, was cause for concern for all manufacturers in 2019. This is because the health authorities require that all active ingredients and finished medicinal products are tested for the presence or the absence of nitrosamines. Currently, this is done by risk assessment, and in case of higher risks, through analytical laboratory processes. To date, no nitrosamine contamination has been found in any of Siegfried's products. The tests will continue far into 2020, because not all necessary information is available so far and some of the analytical processes have yet to be developed.

### **Integration of All Sites**

No new sites have been added to the Siegfried Group in 2019. Preparations started in 2019 for the introduction of GMP-relevant IT systems, such as

- Trackwise® for change notifications, deviations, investigations, observations, etc.
  - LabWare LIMS™ as a modern laboratory information and management system
- at all sites to achieve greater harmonization and standardization of the Siegfried processes. This ensures maximum compliance at all sites.

Meanwhile, Trackwise has been successfully introduced at all sites. LabWare LIMSTM was introduced at the Zofingen, Evionnaz and St. Vulbas sites. Concentrated efforts are underway at the other sites and in the project team for an introduction in 2020 or 2021.

### **Inspections and Audits**

The focus of inspections by the authorities and audits by customers is on the quality of the goods produced and supplied by Siegfried to, ultimately, protect patients from any risk. Therefore, the inspections and audits examine compliance with the regulations for production, quality inspections and logistics procedures.

Open and continuous communication with the authorities, customers and suppliers is essential for well-functioning cooperation. Results of customer audits and of inspections by the authorities make Siegfried's performance and capabilities transparent. As is typical in the pharmaceutical industry, all of Siegfried's sites are constantly monitored. We differentiate between inspections (by the authorities), audits (by customers or by Siegfried at suppliers' facilities) and internal audits. Customer audits and audits at suppliers' facilities and manufacturers are announced in advance. Inspections by the authorities and internal audits can be carried out without prior notice. (For more information on the topic of audits at suppliers, please see the section "Sustainability in the Supply Chain", page 45).

As a rule, inspections by the authorities are carried out:

- in the USA by the Food and Drug Administration (US-FDA), and for narcotics by the Drug Enforcement Administration (DEA)
- in Switzerland by Swissmedic, which delegates the inspections to the "Regionale Heilmittelinspektorat NordwestSchweiz" (RHI) and Suisse Occidentale (ISOPTh), and by the US-FDA
- in Malta by the Medicines Authority Malta (MAM) and the US-FDA
- in Germany by the regional councils or the Trade Supervisory Board and the US-FDA
- in France by the national French authority (ANSM) and the US-FDA
- in China by the national authority CFDA (City, Province FDA), EDQM (Europe) and the US-FDA.

Except for our subsidiary in Pennsville/NJ, all subsidiaries were inspected by national or international authorities in 2019 (see [www.siegfried.ch](http://www.siegfried.ch)). The three inspections by the US-FDA in Evionnaz, Zofingen and Nantong deserve special mention, because they were completed without observations, which is not a frequent occurrence as far as US-FDA inspections are concerned. We should particularly highlight our Chinese manufacturing site for active ingredients in Nantong. It passed the US-FDA inspection without any observations on the very first attempt. For a Chinese company manufacturing active ingredients, this is very rare.

In respect of several hundred successful inspections and audits in recent years – close to 30 in Zofingen alone in 2019 – Siegfried had a good opportunity to measure itself against the systems of other companies and against the requirements of the authorities and to draw conclusions as to its own interpretation of the guidelines. This created a sense of security for our quality management system. Moreover, this system serves to convince customers of our performance.

### **Customer Dialog**

Siegfried operates a formal customer complaint system. We follow up on all external question or complaints, be they justified or not. The type and number of complaints are recorded systematically. The individual cases are evaluated in quality assurance meetings run by the local quality manager. If necessary, changes will be initiated. In cases of a critical or strategic nature the Compliance Committee will be involved. Within the shortest time possible, but no later than 30 days, customers receive the results or, at least, an interim report on the investigations.

### **Quality Agreements with Customers**

Customer requirements are extremely varied. On the one hand, they increase consistently and, on the other hand, deadlines are becoming shorter or production must be carried out in line with specific customer standards. The prescribed quality agreements between Siegfried and its customers represent a big challenge for the company. With an active customer base of over several hundred, multiple parallel customer-specific quality management systems cannot be handled in daily operations. Therefore, Siegfried's own quality management system must be sophisticated enough to satisfy a wide range of customer requirements. In 2019, over 200 quality agreements for the Siegfried sites were concluded again with our partners. Over 100 quality agreements are in the pipeline and must be reviewed or negotiated in 2020. The new Siegfried sites have been completely integrated into the Siegfried system so that agreements are frequently reached between our customers and several sites.

### **Outlook**

The high cGMP standard (current Good Manufacturing Practice) and Siegfried's quality image enjoy international recognition. Siegfried knows it is better to maintain the standard than to restore a damaged reputation. As the industry guidelines and the customers make ever increasing demands on us, we must keep an eye on the situation at all times, assess it and take appropriate action, if necessary. Similar to all other pharmaceutical companies, the case of nitrosamine will be uppermost in our minds at all sites in 2020.

In 2020, Siegfried must continue to persistently work on implementing and maintaining the high international standards to continue compliance and to remain competitive and thus attractive for our customers.



## 2.2 Sustainability in the Supply Chain

Our suppliers play a decisive role in our sustainability performance, and that is why the cooperation with them must be based on the principles that we share. A shared understanding of quality, reliability of supply, ethical, social and ecological standards, competitive prices and the consistent integration of our sustainability claim in all production and business processes represents an enormous challenge in view of the complex global supply chains and the large number of suppliers and sub-suppliers, but at the same time it is indispensable. Our partners should fulfill the same ecological and social standards as we do when it comes to respecting internationally recognized human rights and labor laws, the prohibition of any type of discrimination and harassment, compliance with environmental standards, the strict prevention of any form of bribery and the sustainable use of raw materials. Maintaining sustainability standards in the supply chain represents an elementary value-adding factor and, at the same time, an important lever in the implementation of our “Code of Business Conduct” and for risk minimization. This requires a joint effort and long-term, value-oriented action to ensure product quality and social and environmental compatibility. We are convinced that sustainability in the supply chain can be obtained only by means of clear rules regarding the selection and qualification of our suppliers and in close cooperation with established suppliers.

We view the cooperation with our suppliers as an opportunity to integrate sustainability into the entire value-added process. Siegfried purchases primarily raw materials, pharmaceutical additives, packaging materials and components of active agents from its suppliers. The manufacturers of this group of suppliers are particularly relevant to our business. Most are located in Europe (excluding Switzerland), India, China and Taiwan. In addition, Siegfried works with local service providers in logistics.

In the areas of logistics and distribution, responsible action also enjoys a high priority. The safe transportation of materials and products is essential; product safety is guaranteed throughout the supply chain and thus meets national and international standards and, especially, the Good Distribution Practice (GDP) widely used in the pharmaceutical industry.



### SDG Contribution

Since we purchase pharmaceutical additives and active agent components from our suppliers, they are essential for our contribution to SDG 3. Other than the high quality we request from our suppliers, we also expect them to comply with environmental and social standards and to contribute to SDG 12 (“ensure sustainable consumption and production patterns”) by using resources and raw materials efficiently and consistently continue to develop resource-conserving production methods to manufacture the products they supply.

### Collaboration with Suppliers

Audits of suppliers, where Siegfried examines their quality management system as well as the social and environmental effects along the supply chain and identifies any possible risks, are carried out at regular intervals. In doing so, defects are addressed, and measures derived. Non-compliance with minimum standards results in the imposition of a delivery block or the initiation of a change of supplier. Most of the audits are carried out by group-internal auditors and a small number of audits are conducted by independent external auditors.

### **Qualification of Suppliers and Service Providers**

Often, raw materials, pharmaceutical excipients, packaging material, active agent components and occasionally also active agents are purchased from manufacturers and suppliers abroad and used by Siegfried for the synthesis of pharmaceutical active agents or the manufacture of finished medicinal products. In such cases, Siegfried is responsible for the qualification of these manufacturers/suppliers. This qualification is carried out by questioning the manufacturers/suppliers, the continuous inspection of the quality of the materials received, and by audits of the suppliers' production plants. More than 40 audits of suppliers and service providers were carried out again in 2019.

Significant quality defects or violations of compliance are repeatedly found, particularly concerning manufacturers of intermediate or active pharmaceutical ingredients located in India and China, which may result, e.g. in the ban of imports of the products of such manufacturers. This may cause supply bottlenecks for us, unless another manufacturer has previously been established and qualified.

### **Good Distribution Practices (GDP) in Distribution**

GDP is a topic of increased significance since the introduction of new international guidelines in 2013. This should guarantee that the entire supply chain of materials from manufacturers via suppliers to Siegfried and from Siegfried to our customers is safeguarded against incorrect transportation and storage conditions as well as fraudulent attempts at counterfeiting. In doing so, an increasing number of new requirements of measurement and documentation of transportation and storage conditions need to be fulfilled. Furthermore, Siegfried must ensure that products are delivered only to the authorized recipients. To meet these requirements, the processes in SAP had to be adjusted and the transportation companies needed to be more closely monitored. Also, embargoes to nations such as Iran have to be consistently followed. The authorities regularly examine this in their inspections.

In distribution, our aim is to offer our customers high-quality products and services and thus build up long-term relationships with them.

Distribution at Siegfried is strictly regulated and subject to the relevant laws. The group-wide Code of Conduct, which does not permit any violations of the law and which requires strict adherence to anti-corruption guidelines and cartel law applies (for more on the topic of corruption at Siegfried, see the section on Legal Compliance on page 11). So that our products and services may be distributed successfully, specific communication and addressing the manifold needs of our customers are of particular importance. Owing to the great diversity of this group, individual measures must be taken to enter into a dialog with customers and to gauge their satisfaction. Siegfried therefore operates an effective customer complaints management system (for more on the topic of customer complaints management see the section on "Quality Compliance", page 13ff).

### **Outlook**

All of Siegfried's suppliers will continue to undergo our qualification processes. In addition to the obligatory review of the quality systems and processes of the suppliers, service providers and logistics providers, they will increasingly be assessed for their sustainability, environmental compatibility and social responsibility in the coming years. In the future, our inspection criteria will be strengthened through self-assessments or onsite audits.

### 3. Safety, Health and Environmental Protection (SHE)

Safety, health and environmental protection are top priorities at Siegfried and are firmly anchored in its corporate mission statement. According to this principle, our employees and teams of specialists are committed every day to the continuous improvement of safety and to minimizing negative impacts on the environment. The costs and risks regarding work and production interruptions decrease as the result of accident prevention.

As a chemical-pharmaceutical company and a leading provider of controlled substances, Siegfried attaches great importance to plant safety, and the company works closely with professional service partners. Specialists control and monitor the situation on the company's premises around the clock and monitor the company's own central alarm system. Every year, expenditures and investments in safety, health, environmental protection and plant security amount to millions of Swiss francs in the double digits. Approximately 3% of Siegfried's global workforce is engaged full-time in the areas of safety, health and environmental protection.

Site	Number of employees working in SHE
Zofingen	9
Pennsville	7
Malta	1
Irvine	1
Nantong	6
Hameln	1
Minden	21
Evionnaz	15
St. Vulbas	8
Total	69

#### Policy Guidelines and Key Figures

Siegfried Zofingen und Evionnaz are members of the industry association Chemie Pharma Biotech ("scienceindustries Switzerland"), and have co-signed the Responsible Care® program. The Responsible Care program has also been implemented in the French production plant of St. Vulbas.

This worldwide initiative signifies the determination of the chemical-pharmaceutical industry to strive for continuous improvement in the areas of safety, health and environmental protection, irrespective of the legal requirements, and to publicly present its progress on a regular basis. This initiative establishes this as a precautionary principle in the form of the voluntarily imposed regulations. The Responsible Care® program has defined six principles:

- The protection of people and the environment are a top priority.
- Plants are operated to ensure safety, health and environmental protection. Products are safely manufactured, transported, used and disposed of with a lower impact on the environment.
- The possible impact of processes, products and waste on people and the environment is known. Ensure collaboration with the authorities and third parties to implement measures for the protection of employees, society and the environment.
- Supporting business partners in the safe transportation, safe handling and the safe and environmentally compatible use and disposal of products.

- Dialog with society is maintained, which includes communication about products, processes, equipment and their impact on people and the environment as well as precautionary protective measures.
- Products, processes and equipment are operated in such a way so that they are ecologically, socially and economically sustainable.

In 2006, Siegfried signed the ChemStewards® program of SOCMA (Society of Chemical Manufacturers and Affiliates), which is applied at the sites in the USA. The program focuses on the primary goals of stakeholder communication, product responsibility, the implementation of "Safety, Health and the Environment and Security" (SHE & S) from planning to operations, training and the commitment of employees as well as resource management and waste minimization.

The Siegfried Pharma Chemikalien Minden site has been certified according to ISO 50001 (Energy Management) since 2014, focusing on the sustainable handling of energy resources. This also includes reductions in the greenhouse gases. The energy management system therefore makes a significant contribution to environmental and climate protection.

The principles and contents of these various programs and systems are summarized in a global SHE policy, which was bindingly introduced in 2006 for all sites. This policy describes Siegfried's philosophy of safety, health and environmental protection towards employees, suppliers, business partners, customers, shareholders, the authorities and the public.

The management of Siegfried determines the SHE business policy and ensures that it is understood and practiced at all levels. The goals and programs concerning safety are developed within the medium-term planning process and reviewed on a regular basis.

The implementation of our safety and environmental policies and compliance with regulations are primarily in the hands of our employees. They are responsible for their own safety-conscious and environmentally compatible conduct. The leadership at every level of the organization is responsible for promoting safety and environmental awareness through relevant framework conditions and implementation measures.

In addition to global SHE campaigns, the various Siegfried sites also have the option to roll out site-specific initiatives. In 2016, the Continuous Improvement (CI) program was launched in Pennsville to heighten safety awareness, which is to achieve improvements across the site by taking a variety of different approaches with cross-departmental teams. This program has shown results: the accident figures have been significantly reduced compared to those of the previous years (see the table on accident statistics on page 49). The DuPont™ STOP program regarding safety precautions was introduced at Siegfried in 2017.

Siegfried uses Key Performance Indicators (KPI) to control management processes and performance evaluations; they are also used for purposes of SHE and define any corrective action that may be necessary. Based on established accident and environmental parameters, we report on our activities and provide an extensive overview of any accidents. Additional information is available on our website ([www.siegfried.ch](http://www.siegfried.ch)).

Based on the area development at the Zofingen site, the environmental risks were comprehensively assessed through an Environmental Impact Assessment (EIA) in 2014 and revised in 2016 due to the construction of the Logistics Centre. The report confirms that the requirements of the environmental protection legislation can be adhered to in all respects. The evidence of this report continues to be valid for 2019.

### 3.1 Energy and Climate Change

The production of active pharmaceutical ingredients and intermediates is energy-intensive because, as a rule, it includes several chemical and physical stages. In addition to the many manufacturing stages, the temperatures, which range from very low to very high, required for many chemical reactions and physical processes, are responsible for the considerable use of energy. The higher consumption of energy compared to that of the previous year is based on increasingly higher-cost energy processes, i.e. more products were manufactured with a specific need for heating or cooling.



#### **SDG Contribution**

Many of the resources we use completely or partially come from the petrochemical industry. We depend on these raw materials to manufacture pharmaceuticals and this is why the careful handling of these resources is very important to us to contribute to SDG 12 ("ensure sustainable consumption and production patterns"). Above all, we intend to contribute to target 12.2, which strives for the management and efficient use of natural resources. However, this is not only about the availability of raw materials. Siegfried is also interested in controlling global warming and minimizing the related negative effects. Therefore, it is important to us to contribute to SDG 7 ("affordable and clean energy"). We pursue this to increase both our share in renewable energies as well as our energy efficiency. With this we support targets 7.2 and 7.3 of the SDG.

#### **Our Performance**

Compared to the prior year, the numbers have not changed the way we had hoped: energy and water consumption have increased as has the volume of waste and some of the emissions. Siegfried also believes that process optimization and the shutdown of old equipment and outdated, energy-inefficient buildings offers additional potential for improvement.

Siegfried has already implemented various measures. For example, natural gas, which is relatively environmentally friendly, is used as the main source of energy. Heating oil is used only to a limited extent, above all where natural gas is not available. Siegfried stopped using heavy fuel several years ago. Regenerated solvents, which can no longer be used in production, serve as an alternative energy source. The use of these so-called alternative fuels decreased by 4.8% compared to the previous year's consumption and cover only about 3.5% of the total energy requirement. The consumption of electrical and thermal energy is to be reduced based on optimization and partially through system upgrades, e.g. the mode of operation of ventilation.

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#### **Minden**

In 2018, the Minden site identified an energy savings target based on 2017 of at least 4% for the 2018-2022 period. In 2018 and 2019, measures were introduced such as renovation of the steam condensate network, automatic control of desalination in boiler feed water, and the replacement of apparatuses / heat exchangers / pumps / and ventilators to provide higher energy efficiency. In the first half of 2019, total energy consumption adjusted to sales was reduced by 8.1% compared to the first half 2018.

The goal set for 2019 to reduce the volume of standard energy consumption was achieved. The decrease over the previous year was 2.6%. This goal was not reached for electric energy. Standard consumption increased by 1.4%, while CO<sub>2</sub> emissions just achieved the goal. Although the absolute emissions were higher, the standard CO<sub>2</sub> emissions have decreased by 0.7%.

Siegfried's total energy consumption of 1634 terajoules (TJ) was 2.2% higher than that for the 2018 reporting year. The Evionnaz (+5.4%), Irvine (+2.7%), Malta (+14.2%), Minden (+3.5%), Pennsville (+1.6%) and St. Vulbas (+11.5%) plants used more energy than in the prior year. This is primarily a result of the higher capacity utilization in these plants. However, the additional consumption was almost compensated by considerable savings in the Hameln (−4.0%), Nantong (−6.3%) and Zofingen (−2.3%) plants. The energy consumption in Nantong was reduced, although the production volume nearly doubled. The total standard energy consumption was 2.7% lower than a year ago.

In respect of natural gas, consumption was slightly below that of the previous year, but the difference came to less than 0.1%, whereas heating oil decreased significantly (−4.0%). These savings are largely attributable to the Evionnaz plant where heating oil is primarily used. Natural gas is not available at this plant. The externally provided volume of steam increased somewhat (+1.4%) over the prior year and the consumption of electricity was markedly higher than in 2018 (+6.4%).

In 2019, Siegfried used no fuels which were generated from renewable energy sources. Wherever possible, Siegfried replaced mineral oil by natural gas, which has a lower impact on climate and resources. Together with the federal authorities, Siegfried defined a CO<sub>2</sub> reduction target by 2020, which is planned to be achieved by means of site modernization. The details on energy consumption include all CO<sub>2</sub> emissions (Scope 1) directly incurred by the company and CO<sub>2</sub> incurred for the production of purchased energy (Scope 2). This also includes the diesel consumption of company-owned vehicles. The energy consumption used for business travel and other Scope 3 emissions is not included.

The energy content of the fuels follows the BAFU [Swiss Federal Office for the Environment FOEN] report "Climate and CO<sub>2</sub> – CO<sub>2</sub> Tax Exemption without Emission Trading," 3<sup>rd</sup> updated edition of May 2019.

The total consumption of electric power at all Siegfried sites amounted to 495.9 terajoule (TJ). The additional use of 6.4% is due to an increase in almost all the plants. Only Pennsville and Zofingen achieved a slight reduction in the power consumption. The increase is also related to the climate conditions in the summer of 2019. 39.8% of the electric power consumption were drawn from renewable energy sources. The electricity produced by means of photovoltaics in the Malta plant of 1083 GJ was significantly higher than in the previous year (+13.4%).

CO<sub>2</sub> emissions in Scope 1 (direct emissions from operations) were mainly due to the use of fossil fuels. Also included are CO<sub>2</sub> emissions in Scope 2, i.e. emissions from the production of purchased energy (electricity, steam). The CO<sub>2</sub> emissions into the atmosphere increased by 4080 tons, or 4.2% compared to the prior year. The CO<sub>2</sub> emissions of most plants, except for Zofingen, were somewhat higher than a year ago. The above-average increase in Nantong was caused by higher electricity purchases. The standard CO<sub>2</sub> emissions, however, decreased by 0.7%. The GWP (Global Warming Potential), expressed as CO<sub>2</sub> equivalent, amounted to 101 900 tons. For the conversion of other greenhouse gas emissions into CO<sub>2</sub> equivalents, the GWP values for a 100-year time horizon in accordance with the IPCC Assessment Report 5 (AR 5), Chapter 8 ("Anthropogenic and Natural Radiative Forcing") were used. The company's direct emissions (Scope 1) and Scope 2, the CO<sub>2</sub> emissions caused by purchased energy, were taken into account. The CO<sub>2</sub> emissions from biogenic sources were not included.

The VOC volume emitted amounted to 260 tons, a plus of 168 tons compared to the previous year. The VOC emissions in the St. Vulbas plant increased significantly, while the VOC emissions in the other plants were at a similar level as year earlier. Siegfried Zofingen has established a VOC action plan with the responsible authorities for the period from 2018 to 2020, which has been approved by the latter. The plan is expected to further reduce VOC emissions.

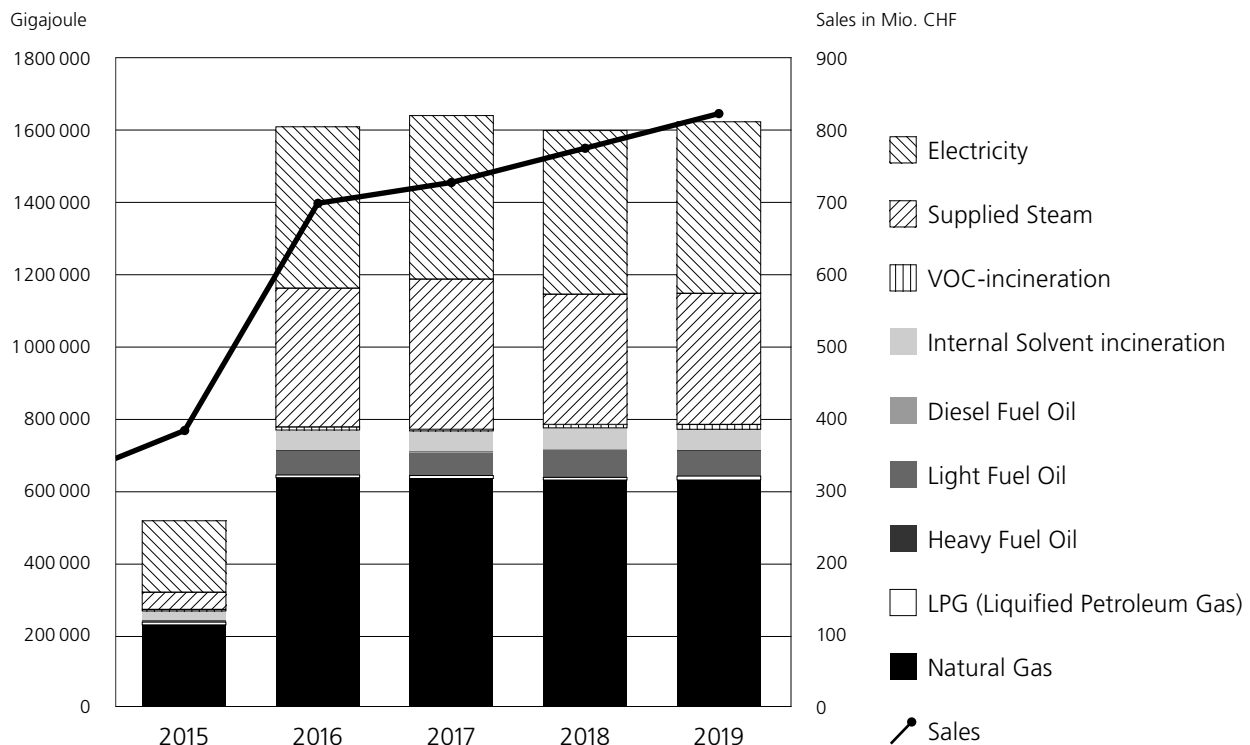
The 49-ton emission of carbon nitrous gases (NOX) was 12 tons higher than that of the previous year. An increase was recorded in the Pennsville, Evionnaz and Nantong plants. The NOX emissions in the other plants remained at last year's levels. Sulphur oxide emissions to the environment have been at a low level for quite some time. In 2019, it amounted to 2.0 tons and thus it decreased by 50% compared to the previous year. The carbon monoxide emissions of 9.0 tons at all Siegfried sites remained about the same as the year before. The reported greenhouse gas emissions (VOC, NOx, SO2 und CO) are those of Scope 1 (direct GHG emissions).

### Outlook

The volume of standard energy consumption is intended to be further reduced. The same applies to the consumption of electricity. We also aim to further reduce the volume of standard CO<sub>2</sub> emissions.

An extensive set of measures has been implemented at the Minden plant, which includes the replacement of instruments and heat exchangers with inadequate energy efficiency. The replacement of steam jet ejectors for vacuum generation is scheduled for 2020. These steps will help reduce the energy consumption in the Minden plant.

## Energy Consumption



## Key environmental protection figures<sup>1</sup>

	Unit	2019	2018	2017	2016	2015
<b>Energy consumption</b>						
Total energy	GJ	1 634 100	1 599 000	1 643 000	1 609 700	531 900
Natural gas	GJ	599 600	599 600	603 900	605 800	234 000
LPG	GJ	11 200	9 400	9 000	8 200	7 300
Heating oil	GJ	74 500	77 700	65 300	68 737	7 200
Diesel		2 300	1 800	3 100	3 500	500
Alternative fuels (solvents)	GJ	56 700	59 600	58 300	56 700	23 900
VOC incineration	GJ	14 000	10 300	5 600	8 600	4 000
Supplied steam	GJ	379 900	374 600	428 700	399 300	49 900
Electricity	GJ	495 949	466 200	469 100	460 800	205 200
<b>Emissions</b>						
CO <sub>2</sub> emissions	Tons	101 100	97 000	96 800	95 600	16 300
VOC emissions	Tons	260	92	59	65	17
CO emissions	Tons	9.0	9.0	8.5	8.7	n.e.
NO <sub>x</sub> emissions	Tons	49	37	40	37	n.e.
SO <sub>2</sub> emissions	Tons	2.0	4.0	3.3	6.0	n.e.
GWP, 100-year time horizon	Tons	101 900	97 000	96 600	95 610	n.e.
<b>Water /wastewater</b>						
Water consumption	m <sup>3</sup>	5 776 000	5 590 000	6 493 000	6 871 000	2 456 000
TOC emissions	Tons	125	117	109	1445	536
Nitrogen emissions	Tons	67.5	55.3	73.0	66.7	n.e.
Phosphorous emissions	Tons	2.0	1.7	2.7	1.9	n.e.
<b>Waste</b>						
Total waste	Tons	65 238	53 550	47 985	50 400	16 200
Hazardous waste	Tons	53 774	40 424	39 918	47 600	13 800
Incineration	Tons	32 115	33 866	34 055	n.r.	n.r.
Recycling	Tons	3 845	1 931	842	n.r.	n.r.
Reclamation, incl. energy	Tons	17 688	4 494	4 927	n.r.	n.r.
Landfill	Tons	126	110	94	n.r.	n.r.
Non-hazardous waste	Tons	11 464	13 125	8 067	2 800	2 400
Incineration	Tons	5 141	3 602	402	n.r.	n.r.
Recycling	Tons	1 989	1 729	1 670	n.r.	n.r.
Landfill		597	338	510	n.r.	n.r.
Reclamation, incl. energy	Tons	1 689	2 477	1 451	n.r.	n.r.
Reutilization	Tons	32	42	28	n.r.	n.r.
Disposal to external wastewater plant	Tons	2 017	4 938	4 007	n.r.	n.r.
<b>Recycling</b>						
Regenerated solvents (internal and external)	Tons	22 000	23 800	23 500	15 100	6 400

n.r. = not recorded

<sup>1</sup> From 2016, the three former BASF production sites in Minden, Evionnaz and St.Vulbas acquired in 2015 have been included.

The figures for CO<sub>2</sub> emissions and the GWP 100-year time horizon contain Scope 1 and Scope 2. Earlier reports only included Scope 1. The figures have been retrospectively adjusted up to 2016.



## Standardized key figures

	Unit	2019	2018	2017	2016
<b>Revenue Normalization</b>					
Sales	Mio. CHF	833	794	750	717
Total energy	GJ / Mio. CHF	1 962	2 014	2 191	2 245
Electricity	GJ / Mio. CHF	595	587	625	643
Water consumption	m <sup>3</sup> / Mio. CHF	6 934	7 040	8 657	9 583
Total Waste	t / Mio. CHF	78.3	67.4	64.0	70.2
Greenhouse gas emissions (CO <sub>2</sub> equivalents)	t / Mio. CHF	121.4	122.2	129.1	133.3
GWP (Global Warming Potential)	t / Mio. CHF	122.3	122.2	128.8	133.3

The retrofitting of the pumps is already underway at the Minden plant and expected to be completed in 2020 to meet the requirements of the Technical Instructions on Air Quality Control.

At the Nantong plant the consumption of natural gas and external steam is reduced by using waste solvents for the generation of steam.

A program is in progress in Zofingen with the goal of reducing the consumption of electricity.

## 3.2 Waste and Contamination

By its very nature, the production of active pharmaceutical ingredients results in the accumulation of large quantities of waste as the manufacturing processes are complex and lengthy. The waste contains by-products of a synthesis which can be harmful to human health and the environment. Therefore, Siegfried is committed to minimizing waste. Handling waste with care is of great importance to prevent negative influences on the eco-systems. Siegfried meets all requirements of the authorities and is in possession of the necessary licenses.



### SDG Contribution

Handling natural resources with care and reducing waste contributes significantly to SDG target 12.5 ("reducing waste generation through prevention, reduction, recycling and reuse"). Because we work with chemical and pharmaceutical additives, it is particularly important that we prevent any emissions into the environment and the wastewater and thus, according to SDG target 12.4 "[...] minimize their adverse impacts on human health and the environment". We ensure this with our extensive waste and wastewater management program.

### Waste and Wastewater Management

Siegfried meets the defined environmental standards and cultivates regular dialogue and an exchange of ideas with the responsible environmental authorities. For the parent in Zofingen, a cooperation agreement was signed in the summer of 2016 with the applicable environmental authority of the Canton Aargau. The agreement focused on the topic of waste water and an exchange of data was stipulated. Siegfried undertook to actively report all irregularities with a potentially negative influence on the environment.

The reduction of discharge from active pharmaceutical ingredients and intermediate products into the wastewater at the Zofingen site was continued in 2019. Tests were carried out for several manufacturing processes and, where necessary, wastewater treatment was implemented. The production sites in Pennsville and Evionnaz have their own wastewater treatment plants which remove trace contaminants by means of activated carbon treatment. Minden also has a company wastewater treatment plant. The operation of the newly introduced downstream denitrification stage is stable. To reduce the AOX impact, a wastewater pre-treatment system will be installed in 2020 in one of the production plants.

Water consumption in 2019 was higher than in the previous year. The increase of all plants combined was 3.3%. A comparison of water consumption with sales resulted in a decrease of 1.5%. At most of the production sites water consumption was slightly higher than in the prior year. The Zofingen plant used 9% less water compared to the year before. This was achieved through the efforts of a special project group. In Pennsville the water consumption also decreased by 4%. However, the result for the Siegfried Group overall was an increase. While the goal of reducing the revenue normalized water consumption was achieved, additional savings in water consumption are necessary and planned.

Across all Siegfried sites, total organic carbon (TOC) emitted through the wastewater amounted to 125 tons, i.e. 7.7 tons or almost 6.7% more than in the previous year. At all sites, the TOC emission after wastewater treatment, i.e. the actual TOC emission into the environment has been recognized. The same is true for the key wastewater indicators of nitrogen and phosphorous emissions, where the values were also measured after wastewater treatment. The Nitrogen emissions into the water increased by 22% to 67.5 tons. The Minden site is the main emitter of nitrogen as it produces large quantities of products containing nitrogen, which results in emissions into the wastewater. Phosphorous emissions into the environment were 35% higher than a year ago, but with 2.1 tons the level continues to be low.

The volume of total waste at all nine Siegfried sites amounted to 65 238 tons, or 21.8% more than a year ago. Normalized to revenues, waste increased by 16.1%. The volume of waste increased at all sites, except for Evionnaz where savings were achieved because the wastewater, which previously went to incineration, can now be disposed via the company's wastewater treatment plant. The increase in the total waste is related to the higher production quantities and to the fact that manufacturing processes with a less favorable product to waste ratio are used. The waste is divided into 53 774 tons hazardous and 11 646 tons non-hazardous waste. The reason for the considerable share of hazardous waste is that chemical production incurs a large volume of waste solvents classified as hazardous. A positive element is the fact that the share of recycling increased substantially. The volume of regenerated solvents was slightly lower than a year ago. There are two possibilities for solvent regeneration: plant-internal regeneration or regeneration by external partners. A total of 22 000 tons of solvents was regenerated in 2019. At 53% the share of regenerated solvents in relation to solvent disposals was also lower than a year earlier.

## **Outlook**

Additional savings in terms of waste are planned for 2020. Siegfried will primarily focus on optimizing waste solvents, the main waste category. An interdisciplinary project group was set up for this, consisting of employees from the Business Excellence, Product Chemistry, Disposal, and Safety and Environmental Protection Departments. The goal is to increase the proportion of regenerated solvents. This applies particularly to solvents used to clean equipment. This initiative will reduce the volume of waste solvents to be disposed. Waste reduction projects are also underway at other sites, such as Minden, St. Vulbas and Malta.

Water consumption was reduced significantly in 2018, but increased again slightly in 2019. Additional savings and optimizations are foreseen for 2020. The interdisciplinary project group will further pursue this goal in 2020. In addition to the efforts of reducing the water consumption, the discharge of pollutants into the water must also be continuously reduced, as exemplified by the emission of active pharmaceutical ingredients. These processes are constantly being optimized. At the Evionnaz site, activated carbon treatment was installed in the site's own wastewater treatment plant to reduce the emission of micro-impurities. In Zofingen, a study concerning the municipal wastewater treatment plant into which Siegfried feeds its wastewater looks into improving the purification of biological wastewater.

In 2018, the Zofingen plant participated in a feasibility study concerning the fermentation of industrial wastewater, which is co-financed by the Swiss Federal Office for Energy. The result was favorable. The fermentation of industrial wastewater is technically feasible and will be studied in-depth by means of a pilot plant in 2020.

At the Nantong site, a waste solvent incinerator was installed in 2019. This step will reduce the volume of purchased energy.

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## **Evionnaz**

The Evionnaz site identified the reduction of waste at source to be the most effective. Within the parameters of the Greenbelt project, 253 tons of water with a low pollution level flowed through the site's own waste-water treatment plant with an active filter installed in 2017. In 2020, a total of 1,800 tons of water will pass through this process instead of the waste incineration. As a result, large quantities of energy and CO<sub>2</sub> can be saved. In addition, the process contributes toward cost reduction at the site and, therefore, raises competitiveness.

A request for proposals for the “pump & treat” installation for decontamination of the Evionnaz site’s underground went out in 2019. The budget for the next two years was approved, and start-up is expected to take place in the first quarter of 2021.

### 3.3 Safety and Health

An efficient and safe chemical process is central to process development. As a rule, all chemical processes undergo extensive environmental and safety tests during their development. The goal is to protect the health and safety of our employees and our neighbors. Our internal safety laboratories employ well-trained professionals and state-of-the-art measuring instruments for the physical and thermal testing of materials. In experiments, the flammability, the risk of explosion, as well as the response in normal operation and in the event of emergency are simulated and evaluated. The findings are summarized in a safety and environmental report and assessed in a subsequent process risk analysis.



#### **SDG Contribution**

SDG 3 (“ensure healthy lives and promote wellbeing for all at all ages”) is not only relevant to us with regard to the patients and users of our products, but also to safeguard the safety and health of our employees and our neighbors. In addition to preventing occupational accidents, we intend to contribute “to substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination”, as specified in SDG target 3.9.

#### **Failure Prevention**

As part of our failure prevention plan, failure scenarios in the production, storage and internal transportation of chemical substances are subjected to a comprehensive risk analysis. The results are summarized in a report and reviewed by the authorities during an annual inspection. For emergency situations, such as explosions, fires or chemical incidents, Siegfried maintains its own emergency teams in the production facilities. Thus, the chemical and firefighting team in Zofingen and the Minden firefighting team each have more than one hundred members, consisting of professional firefighters and volunteers from all departments. Additionally, at the behest of the authorities, these groups also respond to incidents involving hazardous materials outside the area of the plants. The sites in Evionnaz and St. Vulbas also have their own emergency units

How do I respond properly in the event of an emergency? These and similar questions about fire-fighting and first aid are discussed in regular training sessions and simulated in practical evacuation drills.

In addition, Siegfried employees are required to participate regularly in training with fire extinguishers. In these training sessions with small extinguishers, the employees learn to handle a fire in a wastebasket, a PC on fire, or even burning solvents by using different extinguishing methods. What they learn there is useful both in their professional environment as well as their personal life.

#### **Focus on Workplace Safety**

It is Siegfried’s intention to create a corporate culture that tolerates no accidents. The Siegfried safety program was launched worldwide in 2006 based on this vision. The objective of the program is to raise the safety awareness of every employee. To reach this, the Executive Committee decided in 2013 to introduce a global safety program, which was rolled out at every site together with experts from DuPont Sustainable Solutions. The key elements are the established STOP™ program and the five cardinal rules.

All employees are required to develop a greater awareness of safety and to take responsibility for safety at work – their own and the safety of their coworkers. The goal of this safety initiative was an 80% reduction in the accident rate by 2018 compared to the 2012 reference year, then stabilize it at this low level. Based on the 2012 accident rate, 38 occupational accidents per one thousand full-time employees, this parameter was intended to be reduced to less than 5 occupational accidents per one thousand employees within a period of seven years. The target has not yet been reached at all sites, but there has been a reduction in accidents since 2012 (see the table on accident statistics on page 49). In Minden, Evionnaz, St. Vulbas and Zofingen most third-party companies are also actively participating in this safety program.

In 2014 and 2015, close to 200 employees received training as part of the STOP™ program at the Hameln, Malta, Pennsville, Irvine and Zofingen sites. With the integration of the Evionnaz and St. Vulbas production sites into the Siegfried Group, the STOP™ program was also mandatorily introduced at these sites in 2017/18 and in the process dozens of new “STOP auditors” have been trained. In the newest production plant in Nantong the STOP™ program was implemented in 2018. At the Minden site, the STOP™ program will be introduced in 2020.

Several hundred STOP auditors have completed their training, which sharpens their own safety awareness, and the STOP auditors have been enabled to engage in structured dialogues with their colleagues and co-workers on the topic of safety. These dialogues are the actual core of the initiative, because safety is a recurring topic. It is not only about monitoring and identifying deficiencies. It also means recognizing and commending good conduct and good conditions.

### Stop Initiative

In 2019, several thousand STOP dialogs took place at the various sites. The evaluations of the feedback from the STOP activities at the Zofingen plant for 2017–2019 showed that most of the employees by far work with an awareness of safety.

	2019	2018
Number of reported safety dialogs	1 640	1 380
Individual observation points	52 000	44 000
Observations evaluated as “safe”	51 000	43 000
Observations evaluated as “unsafe”	1 000	1 000

The observations are focusing on the actions of the employees, e.g. the handling of tools and machinery, the use of personal protection equipment, ergonomics, contact with chemicals or hot surfaces as well as order and cleanliness. Unsafe handling is discussed and corrected by means of a safety dialog. The observations are performed on a continuous basis and analyzed by a work specialist. Safety campaigns are launched or specific training is provided where required.

In addition to the STOP initiative, a company-wide campaign for workplace safety was launched in 2014 with five cardinal rules describing the significant risks. These cardinal rules have been applied globally in 2017. Compliance is mandatory for all employees; failure to comply will result in disciplinary action.

Our five cardinal rules applicable worldwide are:

- Consistent use of personal protection equipment;
- Completion of the required safety training for new employees prior to performing work;
- Protection against falling while working at or above a height of two meters;
- Safeguarding equipment prior to maintenance work;
- No removal or overriding of safety devices.

To permanently promote safety awareness while working, various activities and campaigns were initiated. In the context of clarifying accidents, brief information was drawn up which was sent internally to all employees and also used for training purposes. This information is also shared between the sites to sustainably promote work safety at Siegfried worldwide. Furthermore, on a monthly basis, SHE publishes key topics on work safety, such as, correct grounding, maintenance and care of personal protection equipment, tripping/falling, the dangers and handling of hose lines, preparation and delivery of process equipment to the maintenance team, and providing proper emergency alarms.

Further training on safety concerning various topics is offered to the site employees. For example:

- Internal training for logistics personnel, waste disposal service providers and employees in dispatch on the transportation of hazardous materials and air freight safety training (known shippers)
- Introductory course on “correct packaging” for production chemists
- Introductory event on the classification of chemicals (hazardous materials/exposure) and correct emergency alarms/conduct in the event of emergencies for new trainees
- Information event and sharing experiences for those responsible for building security
- Training for production employees on the topic of “weighing correctly”, “keeping correct records” and on the hygiene of face masks
- Training in the handling and use of small-fire extinguishers for site employees
- Safety training for construction site personnel
- Workshops for production personnel to prevent leaks of substances in the production plants.

### **Audits**

The authorities, insurance companies and customers have inspected all facilities during the reporting year. Inspectors and customers confirmed that Siegfried has an effective and integrated risk and environmental management system in place. In an industry comparison, the risk assessment by the HDI Global insurance company revealed no irregularities. All Siegfried sites meet the requirements for operational safety and fire protection and are listed among the top 10% in the insurance company’s risk benchmark rating. Following the inspections in 2015, the production plants in Hameln and Minden were inspected again, and once more a good safety system and adequate fire prevention was attested.

The system of internal audits and safety inspections tours has been well established at the various sites, in some for years already. In Nantong, several dozen internal safety and environmental audits were carried out and over 304 observations were recorded. 93% of the defects have already been corrected. In Zofingen, 93 internal safety and environmental audits were performed. The audit teams submitted some 270 suggestions for improvement, more than 80% of which were successfully implemented in 2019. Concerning the control of hazardous materials, 373 internal transportations by truck and rail were inspected. Defects and complaints were reported in about 2% of the inspections, which represents another considerable improvement over last year.

The implementation and compliance with the global SHE guidelines and with the local SHE requirements is periodically examined by corporate audits. This means that audit specialists from the Zofingen headquarters are inspecting the other sites and conduct multi-day safety audits. Last year the plants in Hameln, Irvine, Malta and Zofingen underwent a SHE inspection.

### Plant Safety

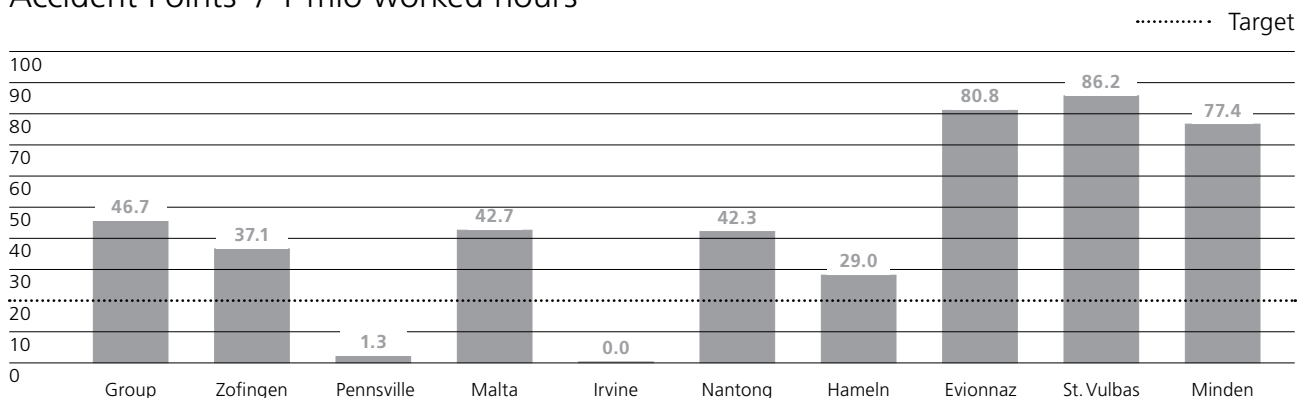
As a chemical-pharmaceutical company, plant security is priority for us. The company property is secured with a fence or a wall. Additionally, cameras are provided for monitoring. Pedestrian and vehicle access routes are watched and controlled (reception). All visitors are registered and introduced to the specific regulations of conduct and security. The presence on company property requires a visitor's pass. Employee vehicles may not be parked inside the plant property. The property is monitored outside of the working hours by periodic inspections performed by the security service.

### Incidents, Occupational Accidents and Occupational Illnesses

As part of Siegfried's integral risk assessment, in addition to the accident ratios, incidents with property damage or environmental impact have been shown under the parameter "accident points" since 2013. These accident points are determined as follows: 1 point for each day lost, 1 point per accident/occupational illness without days lost, 0.5 points per incident with significant property damage or environmental impact. This system allows Siegfried to be more transparent in reporting events. For occupational accidents with long-term absences (several months) the time lost is limited to 20 working days for purposes of site comparison.

At the Evionnaz, Minden, St. Vulbas and Zofingen sites, occupational accidents of third parties on plant property (workmen, service providers) are also included in the accident statistics. Such third-party companies have a contractual relationship with Siegfried. They must comply with work safety rules and therefore are treated as if they were internal employees.

## Accident Points / 1 mio worked hours



The chart is a cross-comparison between the plants in 2019. The very ambitious goal – less than 20 accident points per 1 million hours worked – was only achieved by two production sites, while seven sites did not meet the target. In Evionnaz, Minden, St. Vulbas and Zofingen, there were several occupational accidents which led to multiple weeks of lost working hours. The injuries affected hands and arms (cuts caused by cleaning, fractured thumb while lifting a heavy weight, broken arm caused by a fall) as well as knees and feet (knee injury caused by a fall, heavy weight falling on the foot resulting in a broken bone). These accidents were caused by improper behavior and miscalculation of danger. Due to the high accident rates various measures were taken, such as safety workshops, daily safety inspection tours and weekly meetings with the shift workers on the topic of safety. As part of the ongoing improvement process the concept “Safety Culture Flywheel” was introduced in Minden in 2019 with the goal of strengthening the safety culture and avoiding unsafe activities to prevent accidents. In workshops, safety meetings, department meetings and employee information, the events and accident reports are addressed, analyzed, and safety-related improvements are initiated. In addition, the awareness of the STOP™ program was raised again in Zofingen by training 10 new STOP inspectors. The approximately 100 STOP inspectors were sensitized and advised of their responsibilities and duties in 24 events regarding work safety.

Although the safety target was not achieved by the Siegfried Group in 2019, the management teams of all sites continue to support it in 2020.

No occupational illnesses or work-related deaths were recorded in 2019. Two production sites were able to reduce the number of occupational accidents (with and without lost days) compared to those of 2018. No accidents occurred in Irvine and Pennsville. In Evionnaz and St. Vulbas, the accident rate at least remained stable.

The opposite was the case in the pharmaceutical production plants in Malta and Hameln and in the chemical production plants in Nantong, Minden and Zofingen where the rate of occupational accidents worsened. At the Malta and St. Vulbas plants, the occupational accident rate was approximately 2.5%, in Minden and Zofingen approximately 1.5% and below 1% in all other plants. A multi-year comparison shows that the accident rate across all sites was moderate in 2019.

For the first time in several years, no occupational accident occurred in Pennsville. After a positive year, the number of accidents in Zofingen increased again. With 17 occupational accidents per one thousand employees, the accident rate in Zofingen is clearly below the long-term average in the Swiss chemical and pharmaceutical industry (2018: 20 accidents / 1000 full-time employees).

Most of the injuries were caused by tripping and falling. For half of the occupational accidents, no absences from the workplace were recorded. Care was given at the site's own first-aid stations, and the employees were able to return to their workplace. Due to the excellent cooperation between patient and treating physician on the one hand and between the accident insurance company and the employer on the other hand, a special workplace was made available to the injured employees in two cases at the Zofingen site. This resulted in a positive effect on the time lost and the costs of the accidents for all concerned.

At the Group level, Siegfried was successful in further lowering the number of occupational accidents on average. The occupational accident rate over the last five years is 13 occupational accidents per one thousand employees. Viewed across all sites, apart from Minden and Zofingen, most of the accidents, such as tripping, falling, cuts, and lifting heavy loads, resulted in minor injuries with no or short absences of a few days from the workplace.



### **Ensuring Health**

Siegfried maintains process technologies with various containment systems for the development and production of highly active substances and finished dosage forms. Closed handling of substances protects the employees from excessive exposure. At the Minden plant, over one million euros will be invested in processing systems starting in 2019 to allow closed substance handling or enclosed equipment. Where necessary, protective clothing with respirators is additionally available to ensure the safety of the employees at all times. To minimize the risks of contamination, Siegfried has installed decontamination stations, airlocks and designated changing areas.

For the assessment of the risks of substances at the workplace, Siegfried introduced a system with five exposure categories. Based on factors, such as toxicity or pharmacological activity each substance is assigned to an exposure category and a maximum workplace threshold is determined. Compliance with this threshold and the effectiveness of the technical equipment are periodically monitored by SHE.

An internal workplace hygienist is available to address questions and problems of hygiene at work. Workplaces have been assessed and production equipment has been classified by means of monitoring. The production equipment is combined in a system evaluation register. Based on this information, the equipment operator or product chemist can assess in advance whether additional steps must be taken regarding exposure when the product is changed. If necessary, the monitoring is repeated. In 2019, for example, approximately 75 such workplace exposure evaluations have been carried out in St. Vulbas and Zofingen.

Training and testing in the use of the correct personal protective equipment at work is ongoing. The on-site trainers are supported by SHE. The internal department for workplace safety evaluates new personal protective items for a variety of applications, tests skin-care products and compiles the information in a company catalog for body protection.

In 2019 the annual flu shot was offered again in the form of a vaccination campaign at no cost to the employees. As part of the medical care, about 100 employees in Zofingen were examined by the Institute for Occupational Medicine (ifa Baden) and assessed for their capacity to work. These medical check-ups were performed at the direction of SUVA (Swiss Council for Accident Prevention). In relation to the promotion of health, the Nantong site offers all employees the possibility of undergoing a medical check-up.

Ideas and suggested improvements submitted by employees are evaluated and implemented, if possible.

Company sports clubs are available to promote fitness.

### **Outlook**

Siegfried continues to make the reduction of incidents and workplace accidents a priority by optimally using the STOP™ safety program which has been rolled out worldwide by now. Local initiatives and campaigns, such as the "Safety Culture Fly Wheel" in Pennsville are supporting the awareness of safety at work.

To quickly reintegrate employees in the work process after an occupational accident, the provision of alternative workplaces is intended to optimize operational health management. Steps have been taken and are individually updated on an ongoing basis. Individual solutions for injured employees are sought in close cooperation between insurance company, physician and employer to reintegrate the employees in the work process as quickly as possible.

All sites are encouraged to continue sharing information on SHE issues. The purpose is to further harmonize health and safety standards and to implement the global SHE philosophy across all sites. Initial meetings and the exchange of knowledge among SHE specialists have already taken place and will continue.

In the practical implementation of the Responsible Care Program Siegfried makes every effort to continue promoting the cooperation with the authorities regarding safety and environmental protection. In addition to project-based interaction, periodic meetings between representatives of the authorities and Siegfried's management are taking place.

The 2019 accident statistics of all sites are as follows:

<b>Incidents/1000 FTE</b>	<b>2019</b>	2018	2017	2016	2015	2014
Zofingen	17	7	33	24	16	18
Pennsville	0	16	17	11	34	37
Malta	24	6	14	7	14	30
Irvine	0	7	0	8	0	8
Nantong	7	0	3	0	5	1
Hameln	8	0	8	17	24	n. a.
Minden	12	8	12	16	n. a.	
Evionnaz	9	9	9	11	n. a.	
St. Vulbas	26	27	35	13	n. a.	
Group	12	7	16	15	15	14

<b>Accident points/1 million working hours</b>						
Zofingen	37	15	146	49	24	60
Pennsville	1	8	17	87	159	42
Malta	43	3	19	4	42	70
Irvine	0	7	0	82	0	22
Nantong	42	2	4	1	5	2
Hameln	29	0	63	20	65	n. a.
Minden	77	39	21	20	n. a.	
Evionnaz	81	44	29	46	n. a.	
St. Vulbas	86	189	228	50	n. a.	
Group	47	25	63	36	40	33

The country and gender-specific accident rate of occupational accidents/occupational illnesses for 2019 is as follows:

	<b>Occupational accidents without days lost</b>		<b>Occupational accidents with days lost</b>		<b>Days lost</b>	
	Men	Women	Men	Women	Men	Women
Switzerland	6	1	9	0	87	0
USA	0	0	0	0	0	0
Malta	0	0	3	1	10	2
China	1	0	1	0	20	0
Germany	8	0	7	0	103	0
France	2	0	2	0	18	0

## 4. Employees

According to our Mission and Vision statements we strive for “mastery” in science and technology by means of strong leadership and excellent team work. The foundation of this is our staff of 2486 competent and motivated employees worldwide and their outstanding performance at all sites.



### SDG Contribution

In view of SDG 4 (“ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”) Siegfried contributes significantly by purposely fostering and developing its own employees and the next generation, from trainee to executive. The professional training and continuing education and training offered by Siegfried provide an important foundation for this. It is focused on the necessary core competencies to master the changes in the working environment.

We produce high-quality medicinal products and active ingredients on a daily basis. They have a favorable effect on the life of many patients and thus on the global society as a whole. During the past year we have invested much time to explain our mission, vision and values to our employees and generate a shared understanding of the company we strive to be and what we have to do to achieve it. In these discussions, it is obvious that our employees are inspired by the meaningful and beneficial work we perform day-in and day-out and that they work with great passion, commitment and know-how and help us realize our mission and our vision.

To enable our employees to provide outstanding work every day and that they are comfortable, we cultivate lively interaction across all levels, for example through roundtable meetings with the management, which are held at regular intervals at every site.

In the past year, the Siegfried Academy established the basis for individual continuing training and education at all levels. The available choices will be developed and expanded, as needed, at all sites over the coming months and years. Special emphasis will be given to the newly created leadership programs, which will be carried out for the first time in 2020,

Well trained junior staff is an indispensable aspect for us, particularly because the demographic change will lead to extensive age-related outflows in some occupations in the coming years. This is why Siegfried is investing in the future by training 101 trainees worldwide and increasingly including lateral recruits from other industries. The specific recruitment of university graduates for the company’s own management trainee program is also gaining in importance.

Site	Number of Trainees	Anteil am Gesamtpersonalbestand
Zofingen	33	6.1 %
Evionnaz	15	5.2 %
Hameln	17	3.9 %
Minden	18	5.4 %
St. Vulbas	8	7.2 %
Nantong	6	2.9 %
Malta	3	2.0 %

### Attractive and Responsible Employer

One question that the Human Resources Department consistently contemplates is how employer attractiveness and the working conditions can be enhanced at all our sites. This is an increasingly important success factor in a continuously more competitive labor market with more and more heterogeneous demands from different generations. Priorities include the need for flexible work models to make family and work compatible, but also activities concerning health and wellbeing, such as sports activities, flu vaccination campaigns, smoking cessation programs and much more.

In addition to attractive employment conditions with a market-oriented base salary and performance-related variable compensation elements and participation plans (for detailed information see the Remuneration Report, available at [report.siegfried.ch](http://report.siegfried.ch)), Siegfried places high priority on a discrimination-free working environment, in which employees develop personally and professionally, advance innovation and deliver superior performance. We do not tolerate any form of discrimination based on sex, race, ethnic background, religion or ideology as well as physical or mental disabilities. We consider our corporate culture, which is based on the values of excellence, passion, integrity, quality and sustainability, and our Code of Business Conduct to be an important and binding foundation of our interactions.

An open and solution-based social partnership has a long tradition at Siegfried. Siegfried respects the right of each employee to join an employee representation or a union. We cultivate direct, transparent and constructive dialog with all representatives of employees and unions. Joint information meetings and discussions concerning Siegfried's business development and workplace-related decisions and participation in employee-relevant aspects take place at regular intervals. Collective labor agreements are available to substantial groups of employees in Switzerland, Germany, France, Malta, China and the USA. Overall, 1125 employees, or 46.2%, are subject to a collective employment agreement.

GRI 102-41

At all sites we unconditionally respect the local statutory regulations concerning labor and the international standards of the International Labor Organization (ILO). The salaries Siegfried pays its employees are above the legal minimum wage at all sites and the company does not employ minors. With respect to the employment conditions, Siegfried's part-time employees and employees with a fixed-term work contract are treated the same as full-time employees.

### **Staff Development**

As of December 31, 2019, the Siegfried Group employed 2486 employees worldwide (2018: 2364). The number has increased slightly compared to the previous year due to the growth in business. The group-wide fluctuation rate decreased to 10.7% in the reporting year (2018: 12.4%). It includes all terminations of contract (either on the part of the employee or the employer), outsourcing as well as retirements and deaths.

Siegfried employs approximately 324 external staff worldwide. They are mainly employed in production and production-related fields such as laboratory and warehouse, to cover for production peaks and long-term absences. All of Siegfried's partners relating to external employees comply with the legal regulations and minimum wage requirements. The basic salaries of external employees are comparable to those of Siegfried's own employees.

### **Outlook**

We are planning to further increase the effectiveness of our HR activities and the performance of our leadership within the coming months. To this aim, we will offer internal leadership seminars for the first time jointly with an external provider. To support the network strategy and cultural networking the seminars will be cross-functional and take place across the sites, where possible.

Under the heading "Great Workplace to Grow" we will increasingly determine internal and external priorities in the coming year to enhance employer and workplace attractiveness. Various activities are planned in connection with this to heighten the employees' wellbeing. Depending on the progress of the planned activities, a related employee survey will be carried out, but not before the end of the year.

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### **Malta**

In 2019, the HR department at the Malta site continued its efforts to implement fair working conditions. Based on employee inputs in previous staff surveys, various initiatives were started in the fields of training and teamwork activities. Furthermore, in 2019, an additional staff survey was carried out to collect feedback on topics such as company performance and employee satisfaction. The response rate of 71% is considered high, and the survey results will help improve the site's performance in the future.

# Sustainability Figures

Employees as of 31 December <sup>1</sup>		2019		2018	
<b>Permanent employees</b>					
Zofingen, Switzerland	Number/total	545		504	
Evionnaz, Switzerland	Number/total	290		287	
St. Vulbas, France	Number/total	115		111	
Pennsville, USA	Number/total	166		169	
Irvine, USA	Number/total	128		122	
Malta	Number/total	146		150	
Nantong, China	Number/total	227		202	
Hameln, Germany	Number/total	453		435	
Minden, Germany	Number/total	364		333	
Siegfried Pharma, Zofingen, Switzerland	Number/total	52		51	
Group	Number/total	2486		2364	
Full-time employees	Number/%	2273	91.4%	2161	91.4%
Part-time employees	Number/%	213	8.6%	203	8.6%
Apprentices / number of apprentices based on total employment	Number/%	101	4.1%	104	4.4%
<b>Temporary employees</b>					
Zofingen, Switzerland	Number/total	66		71	
Evionnaz, Switzerland	Number/total	38		28	
St. Vulbas, France	Number/total	16		21	
Pennsville, USA	Number/total	3		3	
Irvine, USA	Number/total	10		3	
Malta	Number/total	2		0	
Nantong, China	Number/total	4		3	
Hameln, Germany	Number/total	93		88	
Minden, Germany	Number/total	80		83	
Siegfried Pharma, Zofingen, Switzerland	Number/total	3		2	
Group	Number/total	315		302	
<b>Diversity<sup>2</sup></b>					
Female employees	Number/%	715	28.8%	695	29.4%
Male employees	Number/%	1771	71.2%	1669	70.6%
Women in upper management	Number/%	7	0.3%	4	0.2%
Men in upper management	Number/%	45	1.8%	40	1.7%
Women in middle and lower management	Number/%	106	4.3%	95	4.0%
Men in middle and lower management	Number/%	262	10.5%	240	10.2%
Female full-time employees	Number/%	534	74.7%	517	74.4%
Female part-time employees	Number/%	181	25.3%	178	25.6%
Male full-time employees	Number/%	1738	98.1%	1644	98.5%
Male part-time employees	Number/%	33	1.9%	25	1.5%
<b>Demographics</b>					
Employees up to age 30	Number/%	385	15.5%	354	15.0%
Employees between age 31 and 50	Number/%	1347	54.2%	1292	54.6%
Employees above age 50	Number/%	754	30.3%	718	30.4%
Average age of employees	Age	42.2		42.3	
<b>Fluctuation</b>					
Exits/fluctuation women		77	3.1%	86	3.6%
Exits/fluctuation men		184	7.4%	208	8.8%
Total fluctuation rate		261	10.5%	294	12.4%
<b>Lost working days due to accidents and illnesses</b>					
Lost working days due to work-related illness	Number of days /%	15.0	0.1%	75.0	0.3%
Lost working days due to illness <sup>3</sup>	Number of days /%	25702.3	90.2%	21591.3	90.4%
Lost working days due to work-related accidents/ quota of days lost in %	Number of days /%	360.4	1.3%	261.4	1.1%
Lost working days due to non-work-related accidents/ quota of days lost in % <sup>3</sup>	Number of days /%	2415.7	8.5%	1950.0	8.2%
Total lost working days	Number of days /%	28493.4	100.0%	23877.7	100.0%
Lost working days per employee	Ø days per employee /%	11.5	5.2%	10.1	4.6%

<sup>1</sup> Source: Siegfried ERP System (SAP HR), as per 31.12.

<sup>2</sup> related to permanent employees

<sup>3</sup> Hameln and Minden sites: non-work-related accidents are included in "lost working days due to illness"

## 5. Corporate Social Responsibility

### 5.1 Local Population

In connection with corporate social responsibility Siegfried maintains contact with the authorities and other responsible parties and also directly with the population at the various sites. Since Siegfried is considered and valued as an important employer at most of the sites all parties are interested in doing so. The contacts are primarily maintained by the site management, but the top management of the Siegfried Group also periodically meets with the regional and local political leadership.

The key component of such communication is the topic of education and training. Siegfried provides internal training positions and internships and is willing to support primarily science-oriented educational institutions in various ways, based on the respective professional training systems and/or academic educational institutions. Where gaps exist, Siegfried also provides internal training or retraining. Furthermore, Siegfried supports institutions where students are exposed to the sciences at an early age. An example is the initiative "simply science" in Switzerland ([www.simplyscience.ch](http://www.simplyscience.ch)).

Other vital topics discussed in close communication with the authorities concern the subject of safety and environmental protection. Siegfried is doing its utmost to meet all corresponding rules and regulations. As a result, it maintains sizeable firefighting and chemical disaster units at all sites. If the authorities wish, these units are prepared to also serve outside the company, especially in cases concerning chemical substances.

Other engagements take place in the social and cultural environment. Related activities by the employees are also supported by the company at many sites. They include the participation of company teams at charity events such as "Race for life" or "Powerman Charity". The company also grants financial support to social engagements and engagements volunteered by employees for disabled people. The same is true for volunteer engagement in the field of sports and youth sport. The sites have a budget item available for this.

#### **Outlook**

The Siegfried Group will continue to fulfill its social responsibility, e.g. in the form of various memberships, and will cultivate the contact with the local population at all sites. The goal is to increasingly establish such engagements across the sites to make better use of the resulting synergies between the various sites, countries and regions.

Overview of the memberships of the Siegfried Group  
and the companies at each individual site:

Group		European Fine Chemical Group (EFCG); Sektorgruppe des European Chemical Industry Council (Cefic) scienceindustries Wirtschaftsverband Chemie Pharma Biotech Switzerland Swiss-American Chamber of Commerce Swiss-Chinese Chamber of Commerce Vereinigung Schweizerischer Unternehmen in Germany (VSUD) Avenir Suisse DCAT Drug, Chemical, & Associated Technologies Association, USA
Zofingen	Switzerland	Aargauische Industrie- und Handelskammer (AIHK) Verband Wirtschaft Region Zofingen (WRZ) Park InnovAARE
Evionnaz	Switzerland	Chambre Valaisanne de Commerce et d'Industrie Groupement Romand Industrie Pharma Union Industriels Valaisans
Hameln	Germany	AdU (Arbeitgeberverband der Unternehmen im Weserbergland) Industrie- und Handelskammer Hannover ChemNord (Arbeitgeberverband für die Chemische Industrie in NordGermany) BME (Bundesverband Materialwirtschaft, Einkauf und Logistik) Weserbergland AG (Unternehmensnetzwerk)
Minden	Germany	Arbeitgeberverband für die Chemische Industrie Ostwestfalen-Lippe e.V. Industrie- und Handelskammer (IHK) Ostwestfalen Verband der Chemischen Industrie (VCI)
St. Vulbas	France	France Chimie Auvergne Rhône-Alpes Mouvement des entreprises de France (MEDEF) Syndicat Mixte du Parc Industriel de la Plaine de l'Ain (SMPIPA)
Hal Far	Malta	Malta Chamber of Commerce Malta Employers Association Foundation for Human Resources Development
Pennsville	USA	SOCMA Society of Chemical Manufacturers and Affiliates NJBIA (New Jersey Business & Industry Association) Salem County Chamber of Commerce Employers Association of New Jersey
Irvine	USA	International Society of Pharmaceutical Engineers (ISPE) Parenteral Drug Association (PDA) American Society of Quality (ASQ) California Chamber of Commerce
Nantong	China	SwissCham Shanghai Nantong Pharmaceutical Association Nantong Biopharmaceutical Industry Union



## 5.2 Political Representation of Interests

For Siegfried, the purpose of communicating with political bodies and decision-makers is to establish beneficial conditions for business in general and the chemical-pharmaceutical industry in particular. We make every effort to achieve a competitive site, an innovative environment as a basis for research and development, and an excellent educational system, both work-related and academically. Free market access worldwide is of great importance to Siegfried.

Important current topics include the following:

- Research and innovation
- Education
- Free movement of people and thus the possibility for Siegfried to acquire employees with the greatest capabilities
- Free movement of goods
- Comparable conditions for all manufacturers worldwide, also with regard to the regulatory environment.

These are the issues that Siegfried supports worldwide, at the company's headquarters in Switzerland and at every site.

At the European level Siegfried is actively involved in EFCG (European Fine Chemical Group), a sector group within CEFIC (European Chemical Industry Council).

In Switzerland, Siegfried occasionally supports – primarily in connection with popular votes – political parties or candidates who share the company's political goals. During the reporting year, Siegfried spent approximately CHF 5000 for popular votes in Switzerland relating to the interests of business in general and companies in the chemical and pharmaceutical industries in particular. Siegfried's direct support of pro-business parties amounted to about CHF 5000. Several business-oriented candidates were supported during the reporting year with a total of approximately CHF 15 000.

Furthermore, Siegfried is a member of "scienceindustries", the Swiss economic umbrella organization Chemie Pharma Life Science, the Swiss Society for Chemistry (SCU), and the Swiss Society for Health Policy. Siegfried is also a member of Park InnovAare, an organization which brings business and science together in the Canton Aargau where Siegfried is located. In addition, the head of Pharmapark Zofingen has a seat on the Board/Board Committee of the Swiss economic umbrella organization economiesuisse (as a representative of "scienceindustries"), and on the Board of "scienceindustries", the economic association Chemie, Pharma, Life Science. He is also the Vice President of the Aargau Chamber of Industry and Commerce AIHK.

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### St. Vulbas

The St. Vulbas site supports local sustainable programs such as the installation of birdhouses on the site serving the creation of nesting places and the establishment of a settlement of bees by sponsoring a bee hive. The produced honey is distributed among employees and the surplus donated to a local charity organization.



## About this Annual Report

In addition to highlighting Siegfried's business performance and its position concerning assets, finances and earnings, this report throws light on the company's commitment concerning sustainability and its interaction with society and the various stakeholders.

They are to gain a comprehensive and differentiated understanding of how Siegfried incorporates these issues into its corporate strategy and of progress achieved in this regard in the course of the year. The report appears in English and German language.

### Scope

We report on the 2019 financial year ending 31 December 2019. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in March 2019, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2021.

### Governance

Our statement concerning Governance describes the principles of management and the control of the Siegfried Group. Essentially, the Siegfried Group's corporate governance follows the Swiss Code of Best Practice and is subject to regular reviews and further development by the Board of Directors. Any deviations from these guidelines find mention in the report.

### Principles of accounting

The Siegfried Group's financial reporting is carried out in accordance with the entire guidelines of Swiss GAAP FER and the provisions of the Swiss law.

### External validation

PricewaterhouseCoopers AG (PwC) as auditors reviewed Siegfried Holding AG's Compensation Report (tables with remark "Audited") for the financial year ending 31 December 2019 and came to the conclusion that it corresponds with the law and with article 14 to 16 of the Ordinance against excessive remuneration for listed stock corporations. The process of sustainability reporting was supported by BSD Consulting, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Accordance with GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option. Furthermore, for the present annual report, the GRI Materiality Disclosures Service was carried out and the accuracy of the GRI references 102-40 to 102-49 confirmed. Please refer to the detailed GRI content index on the Internet at [report.siegfried.ch](http://report.siegfried.ch).

## Publisher's Note

This Annual Report is also available in German, being the original version.

### Editor

Peter A. Gehler, Christa Brügger, Nathalie Häfliger

### Concept, layout, realization

Hej GmbH, Zurich

### Fotografie

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