

# Annual Report 2022

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# Contents

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## Progress Report



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## Corporate Governance



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## Remuneration Report



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## Sustainability Report



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## Financial Report





# Progress Report 2022



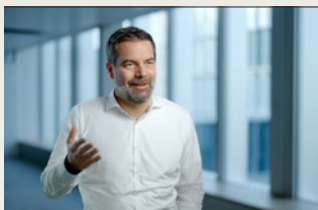
On the  
Move since  
150 Years

expect  
more



# Table of Contents

## Report Highlights



### CEO Interview

Chief Executive Officer Dr. Wolfgang Wienand about Siegfried's journey in 2022 and its priorities in the year to come.



### Sustainability: Sustainable API Production

With our expertise in process optimization, we make the production of APIs more sustainable.



Visit our Investor Relations Portal for more information  
[www.ir.siegfried.ch](http://www.ir.siegfried.ch)

<b>Letter to the Shareholders</b>	<b>3</b>
-----------------------------------	----------

<b>The Year in Review</b>	<b>6</b>
---------------------------	----------

<b>Financial Summary</b>	→
--------------------------	---

<b>Financial Overview</b>	<b>9</b>
---------------------------	----------

<b>CFO Commentary</b>	<b>10</b>
-----------------------	-----------

<b>Business, Strategy and People</b>	→
--------------------------------------	---

<b>Our Global Network</b>	<b>13</b>
---------------------------	-----------

<b>Business Model</b>	<b>14</b>
-----------------------	-----------

<b>CEO Interview</b>	<b>16</b>
----------------------	-----------

<b>150 Years on the Move</b>	<b>18</b>
------------------------------	-----------

<b>Global Value Awards</b>	<b>20</b>
----------------------------	-----------

<b>Sustainability</b>	→
-----------------------	---

<b>Our Sustainability Journey</b>	<b>23</b>
-----------------------------------	-----------

<b>Sustainability Highlights</b>	<b>25</b>
----------------------------------	-----------

<b>Sustainable API Production</b>	<b>26</b>
-----------------------------------	-----------

# Letter to the Shareholders



**Dr. Andreas Casutt**  
Chairman

**Dr. Wolfgang Wienand**  
Chief Executive Officer

Dear Shareholders

**2022 was another year of strong profitable growth for the Siegfried Group. In a once more challenging environment, the company demonstrated its resilience and delivered another record result. Sales growth remained strong and profitability raised to a new level. We also continued to invest in the Siegfried network, laying the foundation for further profitable growth. In 2023, the company will celebrate its 150<sup>th</sup> anniversary and the stage is set for Siegfried to continue its success story in the years to come.**

The challenges in 2022 were manifold. In particular, the war in Ukraine had a strong impact on the global economy. Together with the aftermath of the coronavirus pandemic, this led to disruptions in global supply chains and sharply rising raw material and energy costs. This was coupled with uncertainties about the macroeconomic outlook after central banks began raising interest rates to address strongly rising inflation.

Thanks to its resilient business model and forward-thinking management, Siegfried held up well in this challenging environment and achieved another record result. Full-year sales reached an all-time high of 1.229 billion Swiss francs (CHF), an increase of 15.6 percent in local currencies (2021: CHF 1.102 billion) supported by both, Drug Substances and Drug Products. Core EBITDA grew from CHF 207.2 million to now CHF 272.5 million, 31.5 percent higher than 2021. This resulted in a core EBITDA margin of 22.2 percent (2021: 18.8 percent), exceeding the 20 percent mark for the first time on a full-year basis. Core net profit grew by 34.1 percent to CHF 127.8 million (2021: CHF 95.3 million). Net profit according to Swiss GAAP FER was higher than the core net profit and amounted to CHF 156.5 million. The Board of Directors will propose to the Annual General Meeting an increase of the payout to the shareholders to 3.40 Swiss francs per share (2021: CHF 3.20). As in the previous year, the payout will be made by reducing the nominal value of the shares by way of a capital reduction.

At CHF 142.3 million, the Siegfried Group delivered a strong result for cash flow from operating activities after changes in net working capital (2021: CHF 119.7 million). Free cash flow amounted to CHF 27.2 million (2021: CHF 6.5 million).

At year-end, Siegfried had cash and cash equivalents of CHF 91.5 million (2021: CHF 72.6 million). Net debt amounted to CHF 418.5 million, a ratio of 1.54 to core EBITDA, and the equity ratio was 44.1 percent. Siegfried is well capitalized and has sufficient capacity to fund further organic and acquisitive growth.

### Integration of the two Spanish Drug Product Sites successfully completed

The two pharmaceutical manufacturing sites acquired from Novartis at the beginning of 2021, Barberà del Vallès and El Masnou, have been fully integrated into the Siegfried network in the year under review and contributed to the substantial profitable growth in the reporting period. For both sites, Siegfried was successful in acquiring new projects and products in 2022 and expects further intake of new business in 2023 and 2024.

### Vaccine projects opened new market segments

Starting in the second half of 2021, Siegfried has supported the global efforts against the coronavirus pandemic with development and manufacturing services in the field of aseptic fill & finish of Covid-19 vaccines. At our site in Hameln we were filling BioNTech's COVID-19 mRNA vaccine Comirnaty as well as Novavax' protein-based COVID-19 vaccine Novavaxoid. In September 2022, Siegfried announced the extension of the collaboration with Novavax until the end of 2023, whereas the collaboration with BioNTech for their vaccine concluded at the end of 2022 in line with the original contractual terms. Through these projects, Siegfried demonstrated its ability to solve technologically demanding tasks even on short notice as well as to quickly ramp up capacities as required. With the investments in competencies and multi-purpose capacities in Hameln, Siegfried has established itself in the field of biologics and has already been able to support a number of customers with development and manufacturing services beyond vaccines.

### Expanding our capabilities and capacities to support long-term profitable growth

In 2022, Siegfried continued to invest in its global network to further strengthen its innovation and technological capabilities and capacities, enhance flexibility and become even more relevant to its customers. In Minden, we started the construction of a new world-class large-scale production plant for inno-

**“Thanks to its resilient business model and forward-thinking management, Siegfried held up well in this challenging environment and achieved another record result.”**

Dr. Andreas Casutt

vative Drug Substances, a total investment of up to CHF 100 million. At the same time, we further strengthened our footprint in the biologic fill & finish market segment by launching an additional filling line in Hameln. In Barcelona, the installation of our new Center of Excellence for pharmaceutical formulation development has been completed and will be inaugurated in the first half of 2023. Here, Siegfried will offer its customers a wide range of development services and differentiating pharmaceutical production technologies and in state-of-the-art laboratories and flexible pilot capacities. Also in 2023, we will start the construction of our new Center of Excellence for Drug Substances in Evionnaz.

### On track in a challenging environment

Macroeconomic challenges such as Russia's attack on Ukraine, the energy crisis in Europe and ongoing supply chain disruptions have put a burden also on Siegfried. However, with a steady focus on operational and commercial excellence, we were able to respond to them by closely managing our supply chains, applying strict cost discipline including broad energy saving measures and to find solutions together with our customers. As a result, we have been able to protect the interests of our customers as well as of our company and of our other

**“With our expertise in process optimization, we help our customers to develop greener production processes for their products and to achieve their ambitious sustainability targets.”**

Dr. Wolfgang Wienand

stakeholders. In addition to the benefit from these defensive measures, the positive development of our overall business including vaccines plus the active management of our entire product portfolio contributed to the increase in profitability to well above 20 percent core EBITDA margin.

### Strong commitment to sustainability

Sustainability represents one of our five corporate values and is at the core of our business. With our expertise in process optimization, we help our customers to develop greener production processes for their products and to achieve ambitious sustainability targets. We introduce second-generation processes, apply green chemistry, and continuously search for opportunities to apply new sustainable technologies. With these efforts, we reduce energy consumption, produce less waste, and, at the same time, often save costs and increase the safety of our products. Our efforts and initiatives have been recognized by external parties and independent institutions: In 2022, we were again rated positively by ISS ESG, MSCI ESG and Sustainability, and were for the second time included in the Dow Jones Sustainability Index Europe. All our sites also scored well in the EcoVadis Rating.

### Change in the Board of Directors

In October 2022, Siegfried announced that, after 10 years of service, board member Colin Bond has decided not to stand for re-election at the 2023 Annual General Meeting. We thank him for his valuable contribution to the positive development of the company in recent years and wish him all the best for his future endeavors. The Board of Directors has nominated Elodie Cingari as a new member for election. Elodie Cingari has been holding the position as Chief Financial Officer of the Landis+Gyr Group since 2020 and will bring extensive professional experience and a profound knowledge to the team.

### Continuing to deliver long-term profitable growth

Siegfried's business model is well proven, and we have consistently and effectively implemented our strategy over the last years. Based on this, we expect to deliver continuous profitable growth in the years to come through the continued introduction of attractive new business from existing and new customers, the active management of our portfolio of projects and products and by execution of organic investments in our network as well as value-adding M&A. Through these activities, we will continue to expand our capabilities and capacities and play an active role in the further consolidation of the CDMO industry.

### Outlook for 2023

Siegfried expects a sales growth in the low to mid single-digit percentage range at constant exchange rates for the current year. In addition, Siegfried expects the core EBITDA margin to be at 20 percent or above, subject to unforeseen geopolitical and macroeconomic events or trends. In the medium-term, Siegfried expects a further increase in sales and profitability. Over the cycle, the company plans for average annual capital expenditures in low teens percentages of sales.

### Celebrating 150 years “on the move”

In 2023, Siegfried celebrates its 150<sup>th</sup> anniversary. Going back on time to the year 1873, the two pharmacists Samuel

Benoni Siegfried and Johann Wilhelm Dürselen founded “Siegfried & Dürselen, Fabrik Chemisch-Pharmazeutischer Präparate sowie Handel mit Drogen”. In the 150 years of its existence, Siegfried had to reinvent and fundamentally transform itself several times. What has remained are the entrepreneurial mindset of our people and the fundamentals of our business: chemistry and pharmaceuticals – and the passion to develop and manufacture safe drugs for patients. We are pleased to celebrate the anniversary together with customers, partners, shareholders and employees around the world at various occasions.

In the name of the Board of Directors and the Executive Committee, we would like to thank our more than 3'600 employees at our eleven sites worldwide for their passion and commitment to our ambitious targets for the future. They have once again demonstrated their ability to perform and withstand in a challenging environment on our way to build the strongest team in the industry.

We would also like to thank you, dear shareholders, for your loyalty towards our company and your support and we look forward to seizing the many opportunities available to us.

**Dr. Andreas Casutt**  
Chairman



**Dr. Wolfgang Wienand**  
Chief Executive Officer





# The Year 2022 in Review

# 1102.4

in million CHF

## Publication of 2021 annual results

For the first time, Siegfried reports sales of more than one billion Swiss francs and a 35% sales growth.



## Two new board members

Dr. Alexandra Brand and Dr. Beat Walti were elected in April to the Board of Directors of Siegfried Holding AG.



## New production plant in Minden, Germany

The construction of a new large-scale production plant of up to CHF 100 million investments has begun. The plant will be equipped with state-of-the-art technology and highly sustainable standards.

## Integration of two new Spanish sites

Barberà del Valles and El Masnou, located in the Barcelona region, have been successfully integrated into the Siegfried landscape.



January

April

August





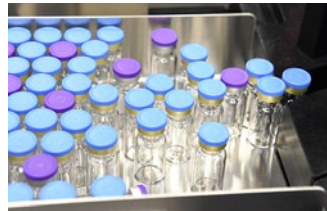
# 586.7

in million CHF

## Half-year results

Net sales increased by 29.9% to CHF 586.7 million in the first half year. Profit margin expanded to 20.2% vs 17.3% last year.

## Support vaccine filling for Novavax



Novavax and Siegfried extended their collaboration for the commercial filling of Novavax's protein-based Coronavirus vaccine at Siegfried's manufacturing site in Hameln, Germany.

## Dow Jones Sustainability Index Europe

Siegfried was confirmed in the Dow Jones Sustainability Index Europe (DJSI) for the second consecutive year. Our company is the only Contract Development and Manufacturing Organization in DJSI Europe.

# 1229.5

in million CHF

## End-year results

In a very challenging environment, Siegfried reported an increase of net sales by 15.6% in local currencies supported by strong demand in both Drug Substances and Drug Products.

August

September

December



# Financial Summary

**Financial Overview**  
**CFO Commentary**



# 1229.5


  
+11.5%

## Net sales (in million CHF)

Net sales in 2022 reached CHF 1229.5 million.

# 127.8


  
+34.1%

## Core net profit (in million CHF)

Core net profit in 2022 amounts to CHF 127.8 million.

# 272.5


  
+31.5%

## Core EBITDA (in million CHF)

Core EBITDA in 2022 reached CHF 272.5 million.

# 3564


  
+3.8%

## Employees

The number of employees reached 3564 FTEs.

	2022	2021	Change CHF (LC)
<b>Net sales (million CHF)</b>	<b>1 229.5</b>	<b>1 102.4</b>	+11.5% (+15.6%)
<b>Core gross profit (million CHF)</b>	<b>318.9</b>	<b>239.3</b>	33.3%
Core gross profit margin (%)	25.9	21.7	
<b>Core EBITDA (million CHF)</b>	<b>272.5</b>	<b>207.2</b>	31.5%
Core EBITDA margin (%)	22.2	18.8	
<b>Core EBIT (operating result) (million CHF)</b>	<b>190.8</b>	<b>124.4</b>	53.3%
Core EBIT margin (%)	15.5	11.3	
<b>Core net profit (million CHF)</b>	<b>127.8</b>	<b>95.3</b>	34.1%
Core net profit-margin (%)	10.4	8.6	
Non-diluted core earnings per share (CHF)	30.28	22.66	33.6%
Diluted core earnings per share (CHF)	29.63	21.95	35.0%
<b>Cash flow from operating activities (million CHF)</b>	<b>142.3</b>	<b>119.7</b>	18.9%
<b>Free cash flow (million CHF)</b>	<b>27.2</b>	<b>6.5</b>	320.0%
Investment in property, plant and equipment and intangible assets (million CHF)	115.2	113.4	1.6%
	31.12.2022	31.12.2021	Change
<b>Equity (million CHF)</b>	<b>790.9</b>	<b>688.2</b>	14.9%
<b>Total assets (million CHF)</b>	<b>1 793.2</b>	<b>1 669.2</b>	7.4%
Equity ratio (%)	44.1	41.2	
Employees (number of FTEs)	3 564	3 432	3.8%

# Financial Commentary 2022

## Profitable growth and increase in margins

Despite continued macro challenges, Siegfried continued to grow profitably in 2022, increasing net sales to 1229.5 million Swiss francs, an increase of 11.5% in Swiss francs. The euro and the US dollar moved strongly during the year. The euro, which accounts for 55% of net sales depreciated by more than 7% against the Swiss franc, while the US dollar, accounting for 14% of net sales appreciated by more than 4%. The growth at constant currencies was 15.6%. Both the Drug Substances (+14.9%) as well as Drug Products (+6.6%) cluster contributed to the growth. After the acquisition of the two Drug Products plants in Spain, the Drug Products cluster has a significantly higher EUR net sales portion compared to the group as a whole, resulting in a significantly stronger currency headwind in 2022.

Core gross profit increased to 318.9 million Swiss francs, a significant improvement in the core gross profit margin from 21.7% in the previous year to 25.9% in the year under review.

Core EBITDA (272.5 million Swiss francs, +31.5%), Core EBIT (190.8 million Swiss francs, +53.3%) and Core net profit (127.8 million Swiss francs, +34.1%) again developed very positively. This was reflected accordingly in an increase in margins: the core EBITDA margin was 22.2% (previous year: 18.8%). The core EBIT margin (15.5%) also increased compared to the previous year (11.3%).

The core results exclude extraordinary expenses and income in a transparent and easy to understand way enabling the market participants to better understand the company's operational performance and allowing a better comparison across periods. In 2022, Swiss GAAP FER results were significantly affected by a strong increase of interest rates in the euro area, leading to reduction of the pension obligations from foreign pension plans and a technical and non-cash increase of the operating income. The core results have been corrected for that effect (–47.2 million Swiss francs). In addition, 1.2 million Swiss francs of interest expenses on these foreign pension plans were reclassified to financial expenses, and 6.0 million Swiss francs of non-recurring restructuring



**Dr. Reto Suter**  
Chief Financial Officer

**“Despite the macroeconomic uncertainties, we were able to continue our journey of profitable growth in 2022.”**

cost enhancing the operational performance on selected sites were adjusted. In 2022, no transaction or integration cost were adjusted.

## Operating expenses under control

Operating expenses are each year affected by extraordinary or non-recurring events; an analysis on the basis of core figures is appropriate.



In total, core operating expenses amounted to 128.1 million Swiss francs in 2022, or 10.42% of net sales, at exactly the same level relative to net sales as in 2021.

Core marketing and sales costs were slightly higher than in the previous year at 18.1 million Swiss francs, but on the same level in relative terms. For core research and development, an important client facing area for Siegfried, costs of 43.2 million Swiss francs were incurred, which means a slight decrease in relative terms. Administration and general costs at core level amounted to 71.1 million Swiss francs, a slight increase in relative terms, resulting amongst other effects from higher share based compensation and a higher provision for the STIP.

Other income was slightly higher than the previous year at 4.3 million Swiss francs.

#### Higher financial expenses on some, but not all funding layers

Financial expenses were higher than in the previous year at 7.8 million Swiss francs (prior year 4.2 million Swiss francs). The higher interest rate environment did affect funding from the revolving credit facility, but not interest expenses from the senior bonds (200 million Swiss francs) and the two hybrid convertible bonds (total 80 million Swiss francs).

#### Operating cash flow, free cash flow and cash flow from financing activities

At 276.1 million Swiss francs, operating cash flow before changes in net working capital was significantly above the previous year's level (210.7 million Swiss francs). In the area of net working capital, there was an increase in inventories, again from supply chain de-risking activities. In total, cash flow from operating activities amounted to 142.3 million Swiss francs, a significant increase of 18.9% compared to the previous year.

Investments in property, plant and equipment and intangible assets were slightly higher than in the previous year at 115.2 million Swiss francs (previous year 113.4 million Swiss francs). This results in a free cash flow of 27.2 million Swiss francs, significantly up from 6.5 million Swiss francs in the last year.

#### Other financial key figures

At year-end, Siegfried had 91.5 million Swiss francs in cash and cash equivalents. Non-current financial liabilities amounted to 510 million Swiss francs. Thus, net debt amounted to 418.5 million Swiss francs, resulting in net debt in relation to core EBITDA of 1.54, down from 1.97 at the end of 2021. The equity ratio was 44.1%. Thus, comparing to last year, the debt capacity of the Siegfried Group has substantially improved, providing the capacity to finance further growth steps.

#### Proposal of par value repayment to the General Assembly

At the Annual General Meeting on April 20, 2023, the Board of Directors will propose to the shareholders to reduce the par value of a share from 18.00 Swiss Francs by 3.40 Swiss Francs to 14.60 Swiss Francs and to distribute the amount of the reduction in par value of 3.40 Swiss Francs instead of a dividend.

#### Dr. Reto Suter

Chief Financial Officer



# Business, Strategy & People

**Our Global Network**  
**Business Model**  
**CEO Interview**  
**150 Years on the Move**  
**Global Value Awards**

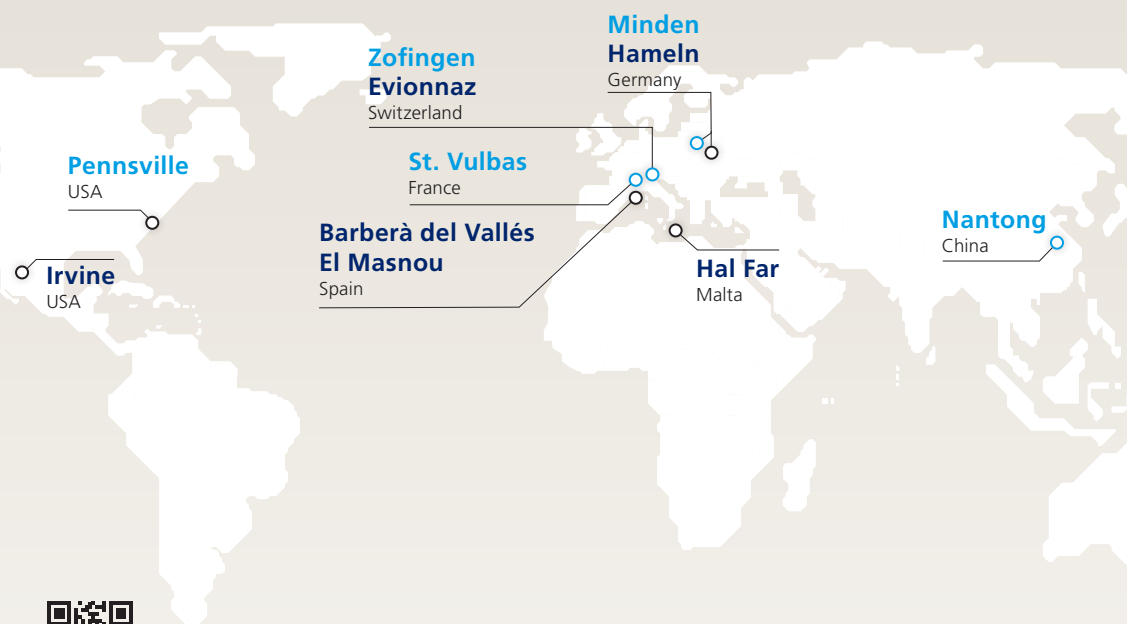


# Our Global Network

As a leading CDMO, the Siegfried Group builds on a finely tuned global development and production network of eleven sites in seven countries on three continents, both in the area of Drug Substances and Drug Products.

**DS** Drug Substances

**DP** Drug Products



More information about our sites  
[www.siegfried.ch/locations](http://www.siegfried.ch/locations)

			Siegfried since	Employees	Competencies
<b>Zofingen</b> <sup>HQ</sup>	Switzerland	DS	1873	650	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
<b>Pennsville</b>	USA	DS	1928	183	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
<b>Hal Far</b>	Malta	DP	2007	141	Solid oral dosage forms
<b>Irvine</b>	USA	DP	2012	133	Sterile filling
<b>Nantong</b>	China	DS	2013	274	Active pharmaceutical ingredients (API), Intermediates
<b>Hameln</b>	Germany	DP	2014	513	Sterile filling
<b>Evionnaz</b>	Switzerland	DS	2015	353	Active pharmaceutical ingredients (API), Intermediates
<b>Minden</b>	Germany	DS	2015	409	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
<b>St. Vulbas</b>	France	DS	2015	140	Active pharmaceutical ingredients (API), Intermediates
<b>Barberà del Vallès</b>	Spain	DP	2021	522	Solid oral dosage forms
<b>El Masnou</b>	Spain	DP	2021	362	Sterile filling

# Our Business Model



## Products

### – APIs and Intermediates

Siegfried's chemical expertise centers on the development and production of active pharmaceutical ingredients and intermediates. Our global network in this field includes sites in North America, Europe and Asia.

## Services

### – Exclusive Synthesis

Our services in the field of exclusive synthesis comprise process and chemical development, analytical development, pilot manufacturing and scale-up, and commercial manufacturing.

### – Portfolio Offering

Siegfried offers a wide portfolio of APIs no longer protected by patents, focusing on anesthetics, pain and addiction treatment applications, central nervous & respiratory diseases as well as caffeine for human health and nutrition.

## Products

### – Solid oral dosage forms

Siegfried offers a specific range of pharmaceutical development and production of solid dosage forms (tablets and capsules) for the global market.

### – Sterile und aseptic filling – Injectable

Siegfried's capabilities include filling of small molecules, biologics and vaccines in formats like vials, ampoules and pre-filled syringes.

### – Ophthalmics

Siegfried is an expert in filling sterile ointments, gels, suspensions and solutions into tubes, pre-filled syringes, cartridges and vials.

### – Inhalative products

Siegfried manufactures capsules for inhalation applications for medical devices for the treatment of respiratory diseases

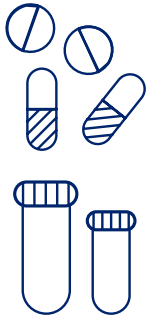
## Services

### – Contract Development and Manufacturing

Siegfried's services comprise pharmaceutical development, analytical development, scale-up and clinical trial material production, process and analytical transfer, and commercial manufacturing an packaging.

### – Licensing

Siegfried has selected oral solid and sterile products commercially available, assembles complete registration dossiers and offers a Common Technical Document (CTD) for all products



Drug Substances

### Active Pharmaceutical Ingredients (API), the Key to Healing

Active pharmaceutical ingredients (APIs) are used in the production of a medication. APIs are the key ingredient of a finished product that is ready for administration with a direct effect concerning treatment.

### Drugs Deliver the API into the Body

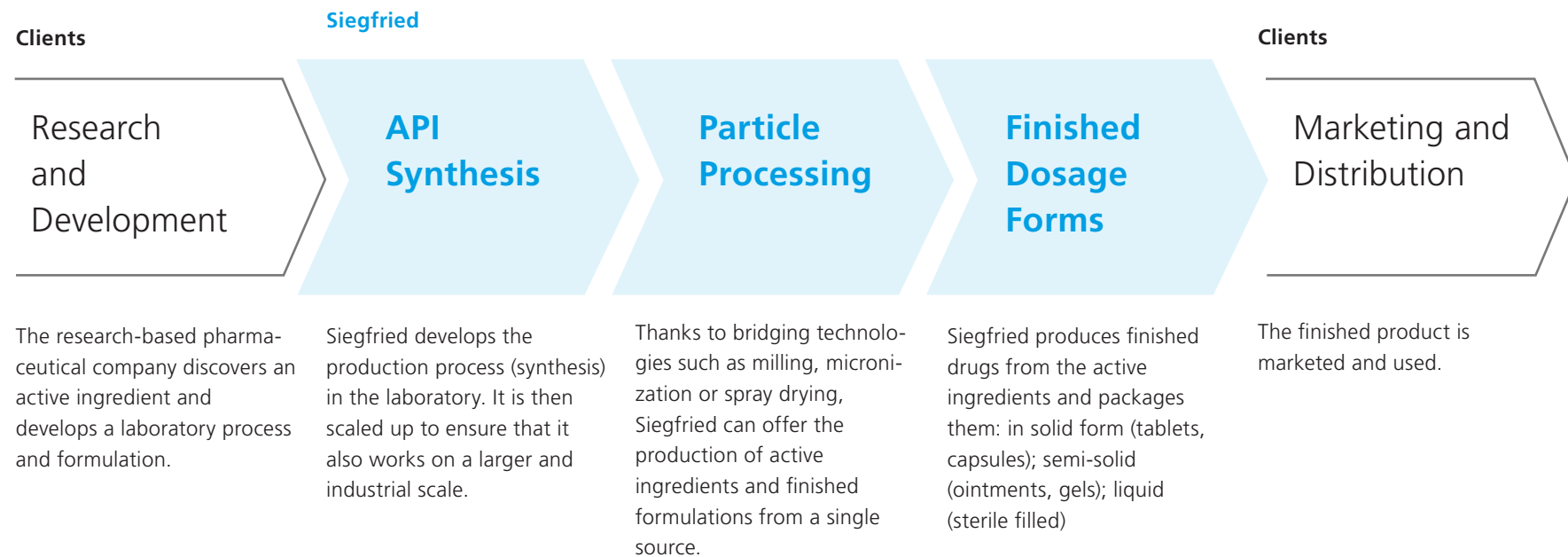
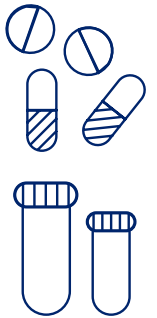
A drug is a pharmaceutical product which, in a certain dosage and dosage form, serves to recognize, prevent or heal an illness. Since ancient times, certain plants and parts of plants and animal-based substances serve as drugs and, more recently, also synthetic preparations and biological substances.

Drug Products



## From the API to the finished product

As a fully integrated pharmaceutical company, Siegfried is today one of the few suppliers that can carry out both the development of active ingredients and finished formulated drugs under one roof. This combination of experience and know-how is unique in the CDMO market.



Drug Substances

Drug Products

# CEO Interview



**Dr. Wolfgang Wienand**  
Chief Executive Officer

Chief Executive Officer Dr. Wolfgang Wienand about Siegfried's journey in 2022 and its priorities in the year to come.

**2022 was another successful year for Siegfried.  
How would you summarize it?**

It was another intense and challenging year due to the macroeconomic uncertainty caused by the war in Ukraine, which led to supply chain disruption, inflation, and an energy crisis. In the face of these circumstances, we once again demonstrated our resilience and acted proactively based on our robust business model, close customer relations, foresight and strategic planning. All that put us in the position to deliver significant sales growth to well above CHF 1.2 billion and an increased core EBITDA margin of 22.2%. Equally important besides numbers: We again made important steps forward in building the strongest team in our industry, ready to tackle the challenges ahead of us and translate the many opportunities available to us into future growth.

**“We again made important steps forward in building the strongest team in our industry, ready to tackle the challenges ahead of us and translate the many opportunities available to us into future growth.”**

**How do you see the CDMO market, and how will you capture the opportunities in 2023 and beyond?**

The CDMO market is growing steadily across all business segments for both small and large molecules. With a wide range of projects and products from small and mid-sized to large pharmaceutical companies, we saw and will continue to see a very attractive pipeline of opportunities, which we will seize for our future growth. I am confident that we are on the right track to fulfill our vision of being the leading CDMO in our space and becoming the most trusted partner of the pharmaceutical industry.

To ensure long-term profitable growth, we invest in our network, develop new technologies, and expand our capabilities and capacities. This will strengthen our core business. But we also continuously look for opportunities to enter attractive adjacent market segments, be it through organic investments or value-adding M&A.

In 2022, we broke ground at our Minden site with an up to CHF 100 million investment into a new world-class Drug Substances production plant. Our Center of Excellence for Drug



**“To ensure long-term profitable growth, we invest in our network, develop new technologies, and expand our capabilities and capacities.”**

Products at our Barcelona sites will soon be inaugurated. In 2023, the construction of a research and development center for Drug Substances in Evionnaz will start. These strategic projects will ensure that Siegfried remains a strong partner for the pharmaceutical industry and will keep its edge in the future.

**Sustainability is gaining more importance. What does your ESG journey look like?**

Sustainability represents one of our five corporate values and is at the core of our business. With our expertise in process optimization, we help our customers to develop manufacturing processes for their products with a smaller footprint and to support their ambitious sustainability targets. We introduce second-generation processes, apply green chemistry, and continuously search for opportunities to apply new technologies with less use of resources. With these efforts, we reduce energy consumption, produce less waste, and at the same time, can often save costs.

Our efforts and initiatives resulted in good progress for Siegfried in the area of sustainability, which external parties and independent institutions also recognized: In 2022, we were again rated positively in the ISS ESG and the MSCI ESG ratings and were for the second time included in the Dow Jones Sustainability Index Europe. All our sites also scored well in the EcoVadis Rating.

**You are celebrating the 150<sup>th</sup> anniversary this year. What does that mean to you?**

From conversations with members of the Siegfried founding family, employees, and my own experience over the past 12 years, it's exciting to see how far our company has come. This heritage is an obligation for all of us to make sustainable decisions every day so that, in another 150 years from now, another person will be standing here in my place celebrating the 300<sup>th</sup> anniversary of our company with his or her team.

# 150 years Siegfried: Important Milestones

150  
years

Siegfried has had to reinvent and fundamentally change itself several times in the 150 years of its existence. What has remained are the fundamentals of the business: chemistry and synthesis.

1873



Foundation of the company "Siegfried & Dürselen, Fabrik Chemisch-Pharmazeutischer Präparate sowie Handel mit Drogen" by Samuel Benoni Siegfried – together with his brother-in-law and partner Johann Dürselen Wilhelm

1904



Transformation of his sole proprietorship into the "Aktiengesellschaft vormals B. Siegfried" by Benoni Siegfried.

1927



First subsidiary in the US, founded together with the Ganes family.



1973



Listing on the stock exchange on the occasion of the 100<sup>th</sup> anniversary.

2001

Focus on outsourcing and split into two divisions: Siegfried and Sidroga

2005



Acquisition of Penick Corporation in New Jersey, USA

2007



Launch of own pharmaceutical production site in Malta

B. SIEGFRIED  
ZOFINGEN

Siegfried-Logo around 1879

B. Siegfried.

Siegfried-Logo around 1879



Siegfried-Logo around 1940



Siegfried-Logo around 1948



## 2010

Definition of the “Transform” growth strategy, with which Siegfried aims to reach critical size. New investors and share capital increase.

## 2012



Acquisition of Alliance Medial Products (AMP) in Irvine (CA, USA) and thus entry into sterile filling.

## 2013



Start of construction of a new production site in Nantong (China) and a new production building in Zofingen (CH).

## 2014



Acquisition of Hameln Pharma GmbH in Hameln, Germany, specialized in sterile filling.

## 2015



Acquisition of three BASF production sites in Minden (DE), Evionnaz (CH) and St. Vulbas (FR). At the same time, preparation of the follow-up strategy of “Transform”: “Evolve” is focused on further growth, both in terms of sales and profitability.

## 2021



Acquisition of two Novartis pharmaceutical manufacturing sites in Spain: Barberà del Vallès (founded in 1994 by Ciba-Geigy) and El Masnou (founded in 1925 as Farmàcia Cusí).

## 2021

Establishment of a Center of Excellence in Barcelona

## 2022

Groundbreaking ceremony for a new large-scale production plant in Minden, Germany



Siegfried-Logo around 1955



Siegfried-Logo around 1973



Siegfried-Logo around 2001

# Global Value Awards

At Siegfried, recognizing talent and celebrating success is an integral part to our culture. We created the Global Value Awards to highlight outstanding initiatives that embody our core values, fostering an environment that values innovation, collaboration, and continuous improvement. Employees are encouraged to nominate colleagues for exceptional work related to our corporate values.

**Our values and leadership principles are the basis to build the strongest team in the industry.**



## Excellence

"We excel in everything we do"



## Passion

"We deeply care about what we do and how we do it"



## Integrity

"We act responsibly, reliably, respectfully and live up to our own standards"



## Quality

"We do it right first time"



## Sustainability

"We do not only think about tomorrow, but far beyond"



**Angelika Rublack**

Head of Sales Office Drug Product Sterile

**"The extended collaboration confirms the trust placed in our team to deliver high-quality products consistently and reliably."**

 Hameln, Germany

## With passion against Covid

Novavax, a US-based biopharmaceutical company, extended its collaboration with Siegfried for the aseptic fill and finish of Novavax's protein-based coronavirus vaccine Nuvaxovid at our site in Hameln, Germany. This result was possible only thanks to the dedication, extensive planning and hard work of the team in Hameln. With investments in competencies and multi-purpose capacities in Hameln, Siegfried has established itself in the field of biologics and has already been able to support several customers with development and manufacturing services beyond vaccines.

**Horacio Comas**

Head of Project Management Drug Substance,  
Evionnaz

**Yolanda Pascual**

Process Support Team, Ointments

**Mònica Gallifa**

Engineering Services Facilitator

**“Excellence is cultivated  
through deliberate actions  
and honest intentions.”**

🌐 Evionnaz, Switzerland

## 2<sup>nd</sup> Generation Team

An American pharmaceutical company has been one of our customers for many years. Siegfried solidified this partnership by transferring and validating the 2<sup>nd</sup> Generation manufacturing process to our drug substance site in Evionnaz. Through close collaboration with the customer partner, our team in Evionnaz succeeded in expanding the network capacity. In addition, the global team is further developing our collaboration with this respective customer for drug products at El Masnou, bringing an investment opportunity into the non-sterile production of the same product.

**“Our work has paid off  
and we have achieved a  
27% improvement in  
its production capacity.”**

🌐 El Masnou, Spain

## Sequential Filling & Reduced Set Up

The multidisciplinary team at the ointment plant in El Masnou successfully implemented a project that improved the design of their filling machine and increased its capacity. This was done by establishing a sequential filling process with reduced intermediate setup in aseptic manufacturing without compromising the current quality standards of the products. The improvements brought by this project allowed for increased performance and stability of the ointment filling line, thus increasing its production capacity by 27%.

**“Sustainability is a living  
philosophy that must be  
actively pursued for us to  
truly achieve our goals.”**

🌐 Barbera de Valles, Spain

## Equipo de Infraestructuras

The infrastructure team identified strategies to reduce our carbon footprint, such as investing in renewable energy sources. They assessed the current activities and their environmental impact, as well as evaluated options for energy efficiency. In addition, our Spanish team found ways through which existing initiatives can be adapted or scaled up to maximize their environmental impacts – such as the optimization of the water and steam installation and the efficient use of the HVAC control system. All these initiatives led to a saving of 6.7% in energy and a 7% gas reduction at the site.



# Sustainability



**Our Sustainability Journey**  
**Sustainability Highlights**  
**Sustainable API Production**





# Our Sustainability Journey

## **Sustainability is one of Siegfried's corporate values. How does this manifest itself in daily business?**

Siegfried celebrates its 150<sup>th</sup> birthday this year and in order to ensure the company's success in the coming decades, it is imperative that our company produces sustainably and acts wisely. Today, this is more important than ever.

Sustainability is a cross-functional and cultural issue. As such, it is crucial that the whole organization, each department and each employee, not only supports the various initiatives, but also internalizes the value of "sustainability" as such. For that purpose, we have – with the setup of a Sustainability Board in 2021 – created a committee that includes all relevant internal stakeholders representing the diverse areas of sustainability, including environmental experts, ethics&compliance, EHS, and of course human resources. The Sustain-

ability Board directly reports to the "Strategy & Sustainability Committee" of the Board of Directors, which defines the strategy, governance and risk management of the Siegfried Group in the area of sustainability. This setup ensures that the topic gets the attention required.

By means of many concrete projects across our different sites, we constantly strive to improve our sustainability performance. ESG topics have enjoyed priority for many years already. For instance, for a long time at all sites we have recorded and actively managed relevant environmental data in the areas of energy management, CO<sub>2</sub> emissions, water consumption and waste management. Our activities in all areas of sustainability are summarized every year in a comprehensive sustainability report, which is composed in accordance with the recognized international GRI guidelines.

## **What were the key achievements related to sustainability at Siegfried in 2022?**

We continued along the path taken and moved on with many projects to improve our sustainability performance in all areas of ESG. Of course, the macroeconomic environment caused the Ukraine war made us focus even more on supply chain topics and energy consumption. In the latter regard, we were able to achieve significant savings.

In 2022, we launched a broad and interdisciplinary project to challenge and reassess our company's material sustainability topics. Together with more than 150 members of the management across all departments and all Siegfried sites, we identified those issues for which we believe Siegfried as a company can have a significant positive impact on the environment, its employees and its customers and – ultimately – the patients. A total of eight material core areas that Siegfried will continue to proactively manage were defined. In addition,



**Luca Dalla Torre**  
General Counsel,  
Chairman of the Sustainability Committee

we also evaluated the impact of the various sustainability issues on the business of Siegfried, and for the first time evaluated our climate-related risks and opportunities in accordance with the TCFD guidelines.

It must be noted that many of the sustainability initiatives, in particular in the field of energy savings and reduction of our CO<sub>2</sub> footprint, were launched and implemented locally, on the level of our sites. For that, my thanks go to all the local colleagues and their great ideas and efforts, which will allow Siegfried to achieve its ambitious targets by way of many little steps and initiatives

On a global level, we also implemented various new global policies, namely

- Supplier Integrity Commitment
- Human Rights & Labor Standards Commitment
- Diversion Inclusion & Equality Policy
- Donations & Sponsorship Policy

In addition, we reorganized our ESG supplier risk management, which will allow us to assess and actively manage the ESG performance of our global suppliers based on certain risk criteria.

## What are the plans for 2023?

The extensive analysis of our material topics and our climate-related risks and opportunities conducted in 2022 helped us to identify those areas in which Siegfried, through its sustainable business conduct, may have a real impact. This allows us aligning our sustainability strategy with the corporate strategy. It does not come as a surprise that the reliable supply of safe medicines is and continues to be our top priority. However, a strong focus will also be set on the other areas that we identified as material to the business of Siegfried.

With respect to the reduction of our CO<sub>2</sub> footprint, the target remains unchanged: Siegfried aims to cut its CO<sub>2</sub> emissions (scope 1 and 2) in half, adjusted for revenue by 2030. However, this requires continues efforts, both with respect to energy efficiency as well energy sourcing. Last but not least, a specific focus will be on the scope 3 emissions, i.e. the assessment of our suppliers' emissions.



# Sustainability Highlights

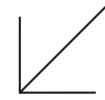
–5%



## Energy Consumption

Total energy consumption was reduced by 103 terajoules (TJ) compared to last year. This is equivalent to the amount of energy Niagara Falls produces in the span of a week.

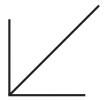
–15.7%



## Carbon Emissions

Total carbon emissions were reduced by 12 140 tons CO<sub>2</sub>eq compared to last year. This reduction is equivalent to 5 full flights around the world.

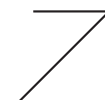
–43%



## Total Lost Time Accidents

Total lost time accidents were reduced by 43% compared to last year.

73%



## Renewable Electricity

454 Terajoules (TJ) electricity consumption came from renewable energy sources. This is the equivalent to powering 27 000 households in Switzerland for a year.

# Sustainable API Production



With our expertise in process optimization, we make the production of APIs more sustainable

Sustainability plays an important role in our industry – it is central to Siegfried's purpose and the value we create for our stakeholders. With our expertise in process optimization, we help our customers to develop greener production processes for their products and to achieve their ambitious sustainability targets.

We introduce second-generation processes, apply green chemistry, and continuously research new sustainable technologies. With these efforts, we reduce energy consumption, produce less waste, and at the same time, maximize our products' safety.





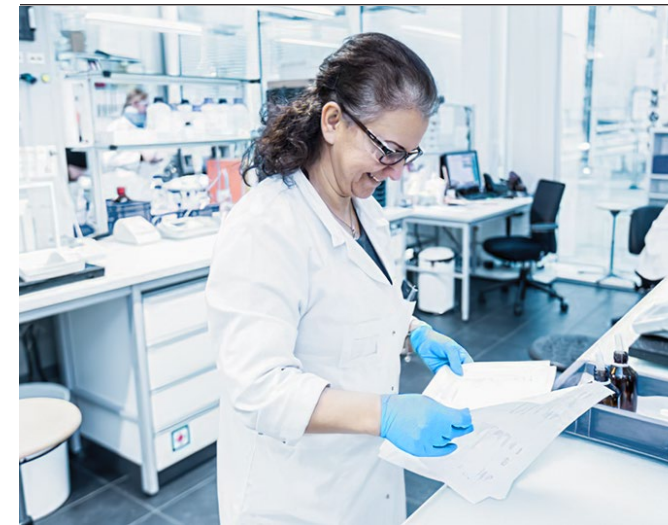
## **Saving up to 50% raw materials with second-generation processes**

Siegfried implemented second-generation processes for selected multi-client products by rethinking the API synthetic route and redesigning manufacturing processes. This new process replaces the original API synthesis with more efficient approaches, e.g. shorter synthetic routes, more selective catalytic processes and flow chemistry. This greener chemistry has a lower environmental impact, as shown at our site in Minden. For one of our multi-client products, the synthesis route was shortened from 17 to 9 production steps. The raw material and energy consumption was also reduced by half. At the same time, the process generated 50% less waste and thus had a smaller environmental impact. Ultimately, all these benefits lead to higher product yields for our customers.



## **Enhancing API production through distillation**

At Siegfried, distillation is used in numerous process steps of an API synthesis. Enhanced distillation techniques enable higher product quality, yield, and a more efficient process while reducing waste. In addition, we are able to distill organic solvents from wastewater so that it can be sent to a water treatment plant, thereby reducing the amount of incinerated waste. Furthermore, our subject matter experts use computer simulations to identify sustainability opportunities such as solvent consumption reduction, solvent recycling or energy savings. Siegfried recycles solvents extensively for large-volume products e.g. in Minden, Nantong and Zofingen, and plans to expand it further.



## **Reducing waste up to 15 times with membranes**

Pervaporation is a sustainable solution for removing water and methanol from solvents during API manufacturing. This method uses semi-permeable membranes that allow water or methanol molecules to pass through them. Through this process, we can reduce the waste produced by up to 15 times compared even to distillation. In addition, this approach has a smaller carbon footprint than incinerating the waste created in traditional methods. The use of pervaporation membranes offers an environmentally responsible way of managing solvent drying with lower energy consumption requirements. At the moment, Siegfried is testing this technology to deploy it in the near future.

## Annual Report 2022



Visit our Investor Relations Portal for more information

[www.ir.siegfried.ch](http://www.ir.siegfried.ch)

### Corporate Governance



### Remuneration Report



### Sustainability Report



### Financial Report



## About this 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 2022 financial year ending 31 December 2022. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in March 2022, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2024.

### 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 2022 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 Elevate, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in reference with GRI Standards

This report has been prepared in reference with the GRI Standards. Please refer to the detailed GRI content index on our website.

## Publisher's Note

This Annual Report is available in German and English

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# Corporate Governance 2022



expect  
more

# Corporate Governance

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03	Group Structure and Shareholders
06	Capital Structure
10	Board of Directors
20	Executive Committee
23	Remuneration, Investments and Loans
25	Shareholder Rights
26	Change of Control and Defensive Measures
27	Auditors
27	Information Policy and Restricted Periods



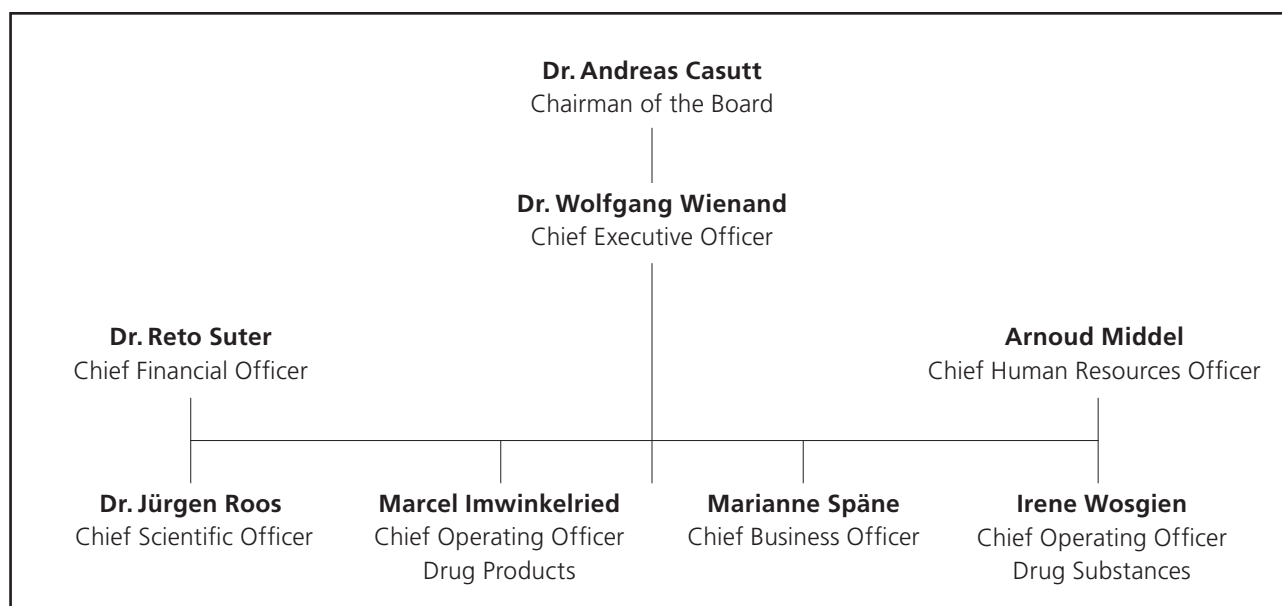
This is an excerpt of Siegfried's Annual Report 2022.  
All chapters can be found on our Investor Relations portal:  
**[www.ir.siegfried.ch](http://www.ir.siegfried.ch)**



Good and transparent Corporate Governance allows Siegfried to develop and strengthen its long-term relationships with shareholders, customers and employees, thereby creating value for both the company and its stakeholders.

## 1. Group Structure and Shareholders

### 1.1 Group Structure



## 1.1.1 Operational Group Structure (as of 31.12.2022)

## 1.1.2 Legal Group Structure

Siegfried Holding AG, with registered office in Zofingen (Switzerland), is the parent company of the Siegfried Group. As of December 31, 2022, the Siegfried Group comprised 18 consolidated operating and holding companies worldwide. Siegfried Holding AG is listed on the SIX Swiss Exchange (valor symbol: SFZN, ISIN: CH0014284498). On December 31, 2022, the market capitalization of Siegfried Holding AG amounted to approximately CHF 2 584 million.

Siegfried Holding AG is the only listed company of the Siegfried Group. The Siegfried Group operates a total of eleven manufacturing sites through the following operational group companies:

	Currency (LC)	Capital in LC	Holdings in %
<b>Group Parent Company</b>			
Siegfried Holding AG, Zofingen	CHF	79 776 000	
<b>Operational Companies</b>			
<b>1. Switzerland</b>			
Siegfried AG, Zofingen	CHF	20 000 000	100.00%
Siegfried Evionnaz SA, Evionnaz	CHF	1 000 000	100.00%
<b>2. Europe</b>			
Siegfried Hameln GmbH, Hameln	EUR	750 500	100.00%
Siegfried PharmaChemikalien Minden GmbH, Minden	EUR	50 000	100.00%
Siegfried St. Vulbas SAS, St. Vulbas	EUR	15 200 000	100.00%
Siegfried Malta Ltd, Valletta	EUR	100 000	100.00%
Siegfried Barbera, S.L.	EUR	503 000	100.00%
Siegfried El Masnou, S.A.	EUR	10 099 778	100.00%
<b>3. USA</b>			
Siegfried USA, LLC, Pennsville	USD	500 000	100.00%
Alliance Medical Products, Inc., Irvine	USD	116 521	100.00%
<b>4. Asia</b>			
Siegfried (Nantong) Pharmaceuticals Co., Ltd., Nantong	CNY	422 296 722	100.00%

## 1.2 Significant Shareholders

As of December 31, 2022, the shareholders listed in the following table originally reported holdings of 3% or more of the voting rights of Siegfried Holding AG. The detailed disclosure notifications pursuant to article 120 Swiss Financial Market Infrastructure Act (FMIA) can be found under <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=SIEGFRIED>. The actual current shareholdings may deviate from the latest publicly disclosed holdings.

	Reported shares	Reported holdings in %
Ernst Göhner Stiftung, Zug, Switzerland	324 983 <sup>1</sup>	7.3
Swisscanto Fondsleitung AG, Zürich, Switzerland	132 977 <sup>2</sup>	3.0
Credit Suisse Funds AG, Zürich, Switzerland	129 258 <sup>3</sup>	3.0
René Braginsky, Susanne Braginsky, David Braginsky; Zurich/Tel Aviv	128 000 <sup>4</sup>	3.0
Siegfried Holding AG (own shares)	127 824 <sup>5</sup>	3.0
Dimensional Holdings Inc., Wilmington, USA	126 587 <sup>6</sup>	3.0
<b>Total</b>	<b>969 629</b>	<b>22.3</b>

<sup>1</sup> According to the disclosure notification of May 17, 2022; including a purchase position of 98 983 shares, representing a shareholding of 2.23% (see also section 2.6).

<sup>2</sup> According to the disclosure notification of May 3, 2022.

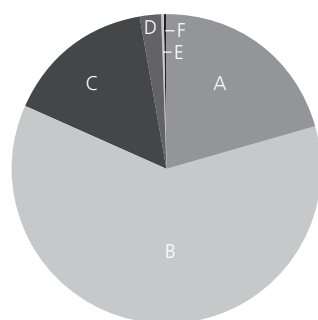
<sup>3</sup> According to the disclosure notification of April 2, 2019.

<sup>4</sup> According to the disclosure notification of December 12, 2018.

<sup>5</sup> According to the disclosure notification of December 12, 2018.

<sup>6</sup> According to the disclosure notification of March 3, 2018.

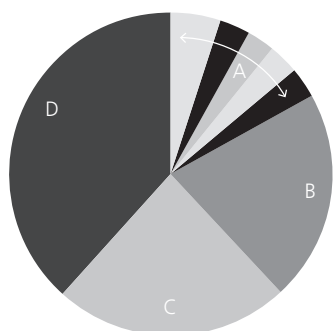
As of December 31, 2022, 7578 shareholders (excluding Siegfried Holding AG) were registered in the share register of Siegfried Holding AG, or known on the basis of the disclosure notifications pursuant to article 120 FMIA, representing a shareholding of 58.9% of the total share capital. The distribution of the shares among the shareholders was as follows:



A: 1 577	<b>1 – 10 shares</b>
B: 4 612	<b>11 – 100 shares</b>
C: 1 192	<b>101 – 1 000 shares</b>
D: 166	<b>1 001 – 10 000 shares</b>
E: 22	<b>10 001 – 100 000 shares</b>
F: 9	<b>100 001 – 1 000 000 shares*</b>

\* incl. nominees without voting rights

Shareholdings by segment as of December 31, 2022, were as follows:



A: 17.1%  
5.1%  
3.0%  
3.0%  
3.0%  
B: 21.2%  
C: 23.6%  
D: 38.1%

#### Significant shareholders (>3%\*)

Ernst Göhner Stiftung, Zug, Switzerland  
Swisscanto Fondsleitung AG, Zurich, Switzerland  
Credit Suisse Funds AG, Zurich, Switzerland  
René Braginsky, Susanne Braginsky, David Braginsky; Zurich/Tel Aviv  
Dimensional Holdings Inc., Wilmington, USA

#### Individuals

#### Institutional investors

#### Own shares and non-registered shares

\* Shareholdings according to latest SIX disclosure notifications.  
Excluding own shares.

## 1.3 Cross Shareholdings

The Siegfried Group has not entered into any capital- or share-based crossholdings with other companies.

# 2. Capital Structure

## 2.1 Share Capital

The share capital of Siegfried Holding AG recorded in the commercial register as of December 31, 2022 amounted to CHF 79 776 000.00 , divided into 4 432 000 fully paid-in registered shares with a par value of CHF 18.00 each. All registered shares (with the exception of own shares) authorize the holder to exercise one vote at the General Meeting of Shareholders, and grant the right to receive dividends (subject to the dividend resolution of the General Meeting of Shareholders). There are no preferred rights attached to any Siegfried shares.

The shares are issued as uncertificated securities within the meaning of article 973c of the Swiss Code of Obligations and registered as intermediated securities within the meaning of the Swiss Federal Intermediated Securities Act. Shareholders have no right to request the printing and delivery of share certificates or the conversion of the form in which shares are issued into another form. Shareholders may, however, at any time request from Siegfried Holding AG a written confirmation as to the registered shares listed under his/her name in the share register.



## 2.2 Authorized and Conditional Share Capital

### 2.2.1 Authorized Share Capital

The 2021 Annual General Meeting of Shareholders of Siegfried Holding AG approved an authorized share capital of CHF 10 648 000, divided into 440 000 shares of CHF 24.20 par value each. Upon implementation of the decrease of the par value of the shares by CHF 3.00 and CHF 3.20 as resolved by the 2021 Annual General Meeting of Shareholders and the 2022 Annual General Meeting of Shareholders, respectively, the authorized share capital was reduced to CHF 7 920 000, divided into 440 000 shares of CHF 18.00 par value each. This corresponds to approx. 10% of the outstanding share capital. As of December 31, 2022, no shares had been issued out of the authorized share capital.

According to article 3ter of the Articles of Incorporation, the Board of Directors shall determine the issue price, the type of contribution, the date of issue, the conditions governing the exercise of subscription rights and the commencement of the dividend entitlement of the shares issued out of authorized share capital. The Board of Directors may issue new shares which are underwritten by a bank or another third party and subsequently offered to the existing shareholders. The Board of Directors is authorized to restrict or to prohibit trading in the subscription rights to the new shares. In the event of subscription rights not being exercised, the Board of Directors may, at its discretion, either allow such rights to expire without compensation, or place them or the shares to which they are entitled either at a market price or in some other manner in furtherance of the interests of the Company.

In addition, the Board of Directors is empowered to withdraw or restrict shareholders' subscription rights and to allocate such rights to individual shareholders or third parties in the event:

- a) of the new shares being used to acquire companies, parts thereof or equity participations, or for the financing or refinancing of such transactions, or for the financing of new investment projects undertaken by the Company.
- b) of the new shares being used either for the extension of the shareholder base in conjunction with the listing of shares on a Swiss stock exchange or for investments by strategic partners.
- c) of the new shares being placed nationally and internationally at market conditions for the purpose of raising equity in a swift and flexible manner that would be difficult to arrange or only at significantly less favorable conditions if the subscription rights to the new shares were not restricted or withdrawn.

### 2.2.2 Conditional Share Capital

The 2019 Annual General Meeting of Shareholders of Siegfried Holding AG approved to increase the number of registered shares of the conditional capital from 60 000 to 215 000 shares with a par value of CHF 27.00 each, at the time representing a conditional share capital of CHF 5 805 000.

As per December 31, 2022, a total of 132 000 shares had been issued out of said conditional share capital in accordance with the purpose set forth in article 3bis of the Articles of Incorporation. Hence, conditional share capital of Siegfried Holding AG amounted to CHF 1 494 000, divided into 83 000 registered shares with a par value of CHF 18.00 each. This corresponds to approx. 1.9% of the outstanding share capital.

The conditional share capital is reserved for the issuance of Siegfried shares to members of the Board of Directors and/or the employees of Siegfried Holding AG and/or its group companies. Pre-emptive rights as well as advanced subscription rights of company shareholders are excluded. The issuing

of shares or related pre-emptive rights to members of the Board of Directors and/or employees of Siegfried Holding AG and/or its group companies shall take place in accordance with one or more regulations to be issued by the Board of Directors, taking into account such criteria as performance, functions, responsibility levels, and profitability. Shares or pre-emptive rights may be issued to members of the Board of Directors and/or employees of Siegfried Holding AG and/or its group companies at a price below the market price.

## 2.3 Changes in Share Capital

In the financial year 2022, Siegfried Holding AG issued a total of 46 000 shares out of conditional share capital approved by the 2019 Annual General Meeting of Shareholders. All shares were issued to the members of the Board of Directors and/or employees of Siegfried Holding AG and/or its group companies in accordance with article 3bis of the Articles of Incorporation. No shares out of the authorized share capital were issued in 2022.

In addition, the 2022 Annual General Meeting of Shareholders of Siegfried Holding AG resolved to reduce the share capital of the Company by reducing the par value of the registered shares from CHF 21.20 to CHF 18.00 per share. The number of shares remained unchanged and the reduction amount of CHF 3.20 per share was distributed to the shareholders. As a result, as per December 31, 2022 the share capital of Siegfried Holding AG amounted to CHF 79 776 000.00 divided into 4 432 000 registered shares with a par value of CHF 18.00 each.

In the financial year 2021, a total of 45 000 shares were issued out of conditional share capital. In the same year, the Annual General Meeting of Shareholders resolved to reduce the share capital of the Company by reducing the par value of the issued registered shares from CHF 24.20 to CHF 21.20 per share. As a result, as per December 31, 2021 the share capital of Siegfried Holding AG amounted to CHF 93 195 200 divided into 4 396 000 registered shares with a par value of CHF 21.20 each.

In the financial year 2020, a total of 45 000 shares were issued out of conditional share capital. In the same year, the Annual General Meeting of Shareholders resolved to reduce the share capital of the Company by reducing the par value of the issued registered shares from CHF 27.00 to CHF 24.20 per share. As a result, as per December 31, 2020 the share capital of Siegfried Holding AG amounted to CHF 105 294 200 divided into 4 351 000 registered shares with a par value of CHF 24.20 each.

## 2.4 Participation Certificates and Dividend-right Certificates

As of December 31, 2022, Siegfried Holding AG had no participation certificates or dividend-right certificates outstanding.

## 2.5 Limitations on Transferability and Registration of Nominees

For as long as the shares of Siegfried Holding AG are in uncertificated form and registered as intermediated securities, any transfer and collateralization of shares must be made in accordance with the Swiss Federal Intermediated Securities Act.

Voting rights may be exercised only after a shareholder has been registered in the share register of Siegfried Holding AG as a shareholder with voting rights. Registration in the share register is subject to the following statutory restrictions:

- Registration requests are considered granted if Siegfried has not denied them within 20 days after receipt.
- Petitioners must expressly declare that they have acquired the shares in their own name and for their own account.

Individual persons, who refrain from explicitly declaring in the registration application that they hold the shares for their own account ("nominees") may be entered into the share register with voting rights, provided the nominee enters into a corresponding agreement with the Board of Directors, and is subject to a recognized bank or financial market supervision. As of December 31, 2022, no such agreements existed and all nominees were registered in the share register without voting rights.

## 2.6 Convertible Bonds and Options

On December 28, 2020, Siegfried Holding AG issued two private, non-transferable hybrid convertible bonds with a nominal value of CHF 40 million each, or CHF 80 million in total. The hybrid convertible bonds are subordinated bonds with a perpetual duration, carrying interests of 0.65% and 1.15% respectively. The issuer has a first call date five years after issuance. If it is not exercised, the interest rates increase (step up). Additionally, the holder of the bonds has a conversion right at formulaic conversion price, exercisable in the five years after issuance, until December 28, 2025. According to the latest disclosure notification relating to the hybrid convertible bonds of May 17, 2022, the holder of the convertible bonds has the right to convert the nominal amount of the bonds into 98 983 shares of Siegfried Holding AG, representing a stake of 2.23%. The conversion price and, hence, the total number of shares to be issued to the holder of the convertible bonds may be subject to changes in accordance with the terms of the convertible bonds, in particular in the case of payment of dividends by Siegfried. It is expected that the shares required for the conversion of the bonds will be provided from own shares currently held by Siegfried Holding AG without issuance of new shares.

With respect to performance share units granted to the members of the Executive Committee and upper and middle management under the Long Term Incentive Plan of Siegfried Holding AG, please consult the Remuneration Report (page 12 et seq.).

As per December 31, 2022, Siegfried Holding AG had not issued any other convertible bonds or options for Siegfried shares.

## 3. Board of Directors

The Board of Directors holds the ultimate responsibility for supervising and monitoring the management of the Siegfried Group. It is responsible for all matters vested to it by the law or the Articles of Incorporation of Siegfried Holding AG. In particular, the Board of Directors decides on the strategy, the allocation of resources and the structure of the Siegfried Group. It is also responsible for defining the principles of Group organization, accounting, financial control, internal control, risk management and financial planning.

Unless otherwise provided for by law or the Articles of Incorporation of Siegfried Holding AG, the Board of Directors delegates the operational management to the CEO, who is assisted by the Executive Committee. The extent to which competencies are delegated by the Board of Directors to the Chairman, the Board Committees or the CEO and their cooperation are defined in the Siegfried Group Board Regulations (see <https://www.siegfried.ch/organisationsreglement>).

### 3.1 Diversity and Independence

In accordance with the Siegfried Group Board Regulations (see <https://www.siegfried.ch/organisation-sreglement>), the Chairman of the Board of Directors and the majority of the members of the Board of Directors must be non-executive and independent. In line with the Swiss Code of Best Practice, the Board members are considered non-executive and independent if they (i) are currently not members of the Executive Committee and have not belonged to the Executive Committee in the last than three years, and (ii) have no or only relatively minor business relations with Siegfried.

The Board of Directors aims to achieve and maintain an appropriate balance of skills and knowledge, taking into account the core and adjacent business fields of the pharmaceutical industry in which Siegfried is active, its international orientation, the accounting and legal requirements of listed companies, as well as the growing need for Board level expertise in the fields of compensation, digitalization and sustainability. Hence, when members are proposed for election to the Board of Directors, a variety of criteria is taken into consideration, including industry experience, experience in executive and management functions, knowledge in finance and accounting, governance, compliance and law, expertise in ESG and information technology, as well as gender and other diversity criteria in accordance with Siegfried's Diversity,

Inclusion & Equality Policy (see <https://www.siegfried.ch/pages/mod/getMedById.cfm?medId=15388>). In accordance with said Diversity, Inclusion & Equality Policy, Siegfried strives to achieve a gender diversity with women representing no less than 30% of its Board members.

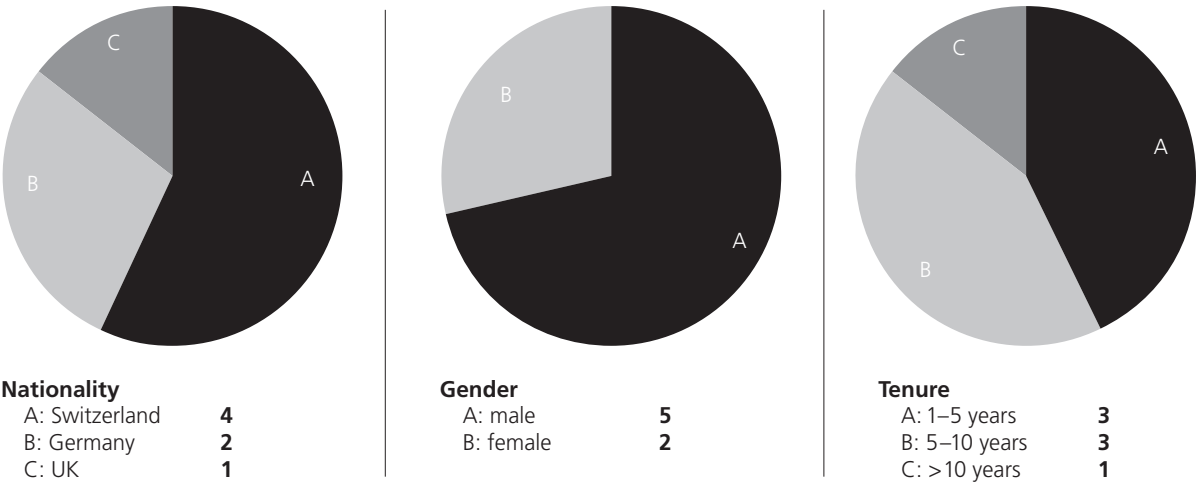
The Board regularly conducts a self-assessment of the performance of its members as well as its processes and organization, with the target to improve the governance, enhance efficacy, identify gaps in the skill sets and diversity and define future priorities.

The Board of Directors of Siegfried Holding AG currently consists of seven non-executive members from four different countries. Currently, two of the seven members of the Board of Directors are female (quota of 29%). With the proposed election of Ms. Elodie Cingari by the 2023 Annual General Meeting of Shareholders as successor of Mr. Colin Bond, the quota of female board members is expected to increase to 43%.

All members of the Board of Directors of the current term of office 2022/2023 qualify as non-executive and independent within the meaning of the Swiss Code of Best Practice for Corporate Governance. None of the current members ever held a position in the Executive Committee of Siegfried or any other company of the Siegfried Group, nor did they, or the companies or organizations they represent, ever have any significant business relationship with Siegfried.



Siegfried Board of Directors Diversity



Siegfried Board of Directors Expertise

	Healthcare Industry Experience	Finance / Accounting	Governance / Legal / Compliance	Executive Leadership / Management	Human Resources / Compensation	Corporate Sustainability / ESG	Information Technology / Digitalization
Total							

### 3.2 Members of the Board of Directors

For the current term of office 2022/2023, the Board of Directors of Siegfried Holding AG consists of the following members:

Name	Birth year	Position	Member since	End of term
Andreas Casutt	1963	Chairman, non-executive and independent	2010	2023
Martin Schmid	1969	Vice Chairman, non-executive and independent	2016	2023
Colin Bond	1961	Non-executive and independent member	2013	2023*
Alexandra Brand	1971	Non-executive and independent member	2022	2023
Wolfram Carius	1961	Non-executive and independent member	2014	2023
Beat Walti	1968	Non-executive and independent member	2022	2023
Isabelle Welton	1963	Non-executive and independent member	2020	2023

\* Colin Bond will not stand for reelection at the upcoming 2023 Annual General Meeting of Shareholders of Siegfried Holding AG. All other current members of the Board of Directors will stand for reelection.

The Board of Directors will propose to the 2023 Annual General Meeting of Shareholders of Siegfried Holding AG to elect Ms. Elodie Cingari as new member to the Board of Directors.

**Ms. Elodie Cingari** has been the Chief Financial Officer of the Landis+Gyr Group since 2020. Previously, she held the position of Chief Financial Officer of the Hoerbiger Group. Prior to that, Elodie Cingari spent 11 years with Alstom and later General Electric following the Alstom acquisition, where she held several CFO positions of global businesses in the Energy and Grid sectors. She spent the first 10 years of her career with Hewlett-Packard where she held different finance leadership roles. Elodie Cingari holds a Master of Business Administration from Bocconi University in Milan, Italy. She is a French citizen.

Ms. Elodie Cingari never belonged to the Executive Committee of Siegfried and has no or only relatively minor business relations with Siegfried. She hence qualifies as independent member of the Board.

### 3.3 Profiles of Current Members of the Board of Directors 2022/2023

#### **Dr. Andreas Casutt, Chairman**

Andreas Casutt (1963) joined the Board of Siegfried Holding AG in 2010 and was elected Chairman in 2014. Since 2002, Andreas Casutt has been a partner of the law firm Niederer Kraft Frey AG in Zurich, for which he also serves on the board of directors and held office as managing partner from 2006 to 2014. Andreas Casutt specializes in corporate law, Contract law, Mergers & Acquisitions, and Stock Exchange law. In addition, he is a board member of Mikron Holding AG, maxon international AG, and various privately held companies, including Horizon21 AG, Dextra Rechtsschutz AG, SO Holding AG, Allwinden Holding AG and Belleview AG. Andreas Casutt studied law and received his Ph.D. at the University of Zurich and completed an LL.M. program at the University of Michigan, Ann Arbor. Andreas Casutt is a Swiss citizen.

#### **Dr. Martin Schmid, Vice Chairman**

Martin Schmid (1969) has been a member of the Board of Directors of Siegfried Holding AG since 2016. Martin Schmid is an attorney-at-law, co-founder and partner in the law firm Kunz Schmid, Chur. He was elected State Councillor of the Canton of Graubünden in 2011. From 2003 to 2011 he was a member of the government of the Canton of Graubünden, where he headed the Department of Justice, Security and Health and subsequently the Department of Finance. Martin Schmid is a member of the board of directors of Swiss Life Holding AG and Repower AG, and holds various other seats as a director in the energy sector (EKW AG, ELIN AG and Swiss AG) and the construction sector (Calanda Holding AG). He also chairs the Swiss Gas Industry Association (VSG ASIG), the Swiss Development Association, the Graubünden Cantonal Hospital Foundation and the Institute of Finance and Financial Law at the University of St. Gallen (IFF-HSG). He is also a member of the board of economiesuisse, the umbrella organization of the Swiss economy, and a member of the advisory board of ExpertSuisse, the Swiss expert association for audit, tax and fiduciary. He studied law at the University of St. Gallen, where he received his doctorate in 2005. Martin Schmid is a Swiss citizen.

#### **Dr. Alexandra Brand, Member of the Board**

Alexandra Brand (1971) joined the Board of Siegfried Holding AG in 2022. Alexandra Brand has been holding various senior management positions with Syngenta since 2015. In 2021, she was appointed Regional Director for EAME Crop Protection. In prior functions, she served as Syngenta's Chief Sustainability Officer and as Regional Director, Europe, Africa & Middle East. Prior to joining Syngenta, Alexandra Brand held various positions with increasing importance and responsibility with BASF for more than 15 years. In 2019, Alexandra Brand was elected to the board of directors of Azelis, a public listed leading global distributor of specialty chemicals and food ingredients. Alexandra Brand studied Chemistry at the University of Darmstadt, where she also received her Ph.D. in inorganic chemistry in 1998. Alexandra Brand is a German citizen.

#### **Colin Bond, Member of the Board**

Colin Bond (1961) joined the Board of Siegfried Holding AG in 2013. He has been Chief Financial Officer of Sandoz AG since May 2022. Previously Colin Bond held positions as Chief Financial Officer of Vifor Pharma AG in Zurich (2016–2021) and of Evotec AG in Hamburg (2013–2016). Following career stations as a pharmacist, chartered accountant and management consultant, he worked for 25 years as Chief Financial Officer for several international companies in various industries, of which 11 years for Great Lakes Chemical Corporation, today Lanxess, a US-based global specialty chemicals company. He is a board member at BioPharma Credit PLC. Colin Bond holds a university degree in pharmacy from the University of Aston, Birmingham, and a MBA degree from London Business School. He is a citizen of Great Britain and Switzerland.

#### **Prof. Dr. Wolfram Carius, Member of the Board**

Wolfram Carius (1961) joined the Board of Siegfried Holding AG in 2014. In October 2020 he was appointed Executive Vice President Pharmaceuticals having created the new Cell and Genetherapy unit at Bayer. Since September 2016, he served as Executive Vice President Pharmaceuticals Product Supply at Bayer and member of the Executive Committee at Bayer Pharma. From 2013 to 2016, Wolfram Carius worked for Sanofi, a French healthcare company, as Senior Vice President Biopharma Biologics and member of the Global Leadership Team. From 1987 to 2013, he held various positions with the pharma company Boehringer Ingelheim. In 2009, he was appointed to the company's Board of Managing Directors, initially with responsibility for Human Resources and Technical Operations, and from 2012 for Biopharma and Operations. Before that, he was responsible for the development and expansion of the biopharma unit. He managed the company's production site in Japan and worked later in Brazil as technical director before being appointed member of Boehringer Ingelheim's Board of Managing Directors in Germany. Wolfram Carius serves at the board of the privately held Uhlmann Group in Germany as well as on the boards of Südpack Medica AG and Ferring Ventures in Switzerland. Wolfram Carius holds a Ph.D. in Pharmaceutical Biology and Analytical Phytochemistry from the University of Saarland, Germany. In 2009, the Biberach University of Applied Sciences awarded him the title of honorary professor in recognition of his long and exceptional service. Wolfram Carius is a German citizen.

#### **Dr. Beat Walti, Member of the Board**

Beat Walti (1968) was elected to the Board of Siegfried Holding AG in 2022. Beat Walti has been an attorney-at-law, partner and member of the board of directors of Wenger Vieli, a Zurich-based law firm since 2007, specializing in matters of commercial and corporate law and governance issues. From 1999 to 2013, Beat Walti was a member of the Cantonal Council of Zürich. In 2014, Beat Walti became a member of the Swiss National Council, where he sits on the Economic Affairs and Taxation Committee and also presided over the parliamentary group of "FDP/the liberals" from 2017–2022. Beat Walti chairs the Foundation Board of the Ernst Göhner Foundation. He is a member of the board of DSV A/S in Denmark and holds various positions as chairman or member of the board or the advisory board of privately held companies, including PricewaterhouseCoopers AG, Rahn AG, Zurzach Care AG and Pure Holding AG. In addition, Beat Walti is chairman of the board of OSPITA (Association of Swiss Enterprises in the Healthcare Sector) and member of the board of the Commercial Chamber of the Canton of Zürich, the advisory board of ExpertSuisse, the Swiss expert association for audit, tax and fiduciary, as well as of other private foundations and associations. Beat Walti studied law at the Universities of Neuchâtel and Zurich and received his Ph.D. in 1998. Beat Walti is a Swiss citizen.

#### **Isabelle Welton, Member of the Board**

Isabelle Welton (1963) was elected to the Board of Siegfried Holding AG in 2020. Isabelle Welton is the owner of a consulting company focusing on corporate culture and change processes, which she founded in 2018. From 2013 to 2017, she was as member of the Group Executive Board of the Zurich Insurance Group with responsibility for Human Resources & Corporate Culture. Isabelle Welton started her career with Citibank in Tokyo and subsequently changed to IBM, where she held various positions in marketing and communications before being appointed country general manager of IBM in Switzerland. Isabelle Welton serves on the boards of directors of NZZ Media Group (where she will take over the Chair in April 2023), the Avobis Group and the Swiss Institute of International Studies as well as on the foundation boards of Swisscontact, SOS Children's Village Switzerland and the Lucerne Festival. Isabelle Welton is a Swiss citizen.



### 3.4 Permitted Activities in the Managing or Administrative Body of Other Companies

Members of the Board of Directors of Siegfried Holding AG may not assume more than twenty additional mandates, of which no more than five for publicly listed companies. This applies to any mandate in the managing or administrative body of a legal entity that is subject to the obligation to be entered in the Swiss commercial register or a corresponding register abroad. Mandates in different legal entities under common control or owned by the same beneficial owner shall be deemed to constitute a single mandate.

Not subject to these limitations are (i) mandates in companies that are controlled by, or which control, Siegfried Holding AG; (ii) mandates that a member of the Board of Directors assumes at the direction of Siegfried Holding AG or a group company, provided that no member of the Board of Directors may assume more than ten such mandates at companies that are not controlled by, or do not control, Siegfried Holding AG; (iii) mandates in associations, non-profit foundations, and pension benefit foundations, provided that no member of the Board of Directors may assume more than ten such mandates.

### 3.5 Election and Term of Office

The members of the Board of Directors of Siegfried Holding AG as well as the Chairman of the Board and the members of the Remuneration Committee are elected by the General Meeting of Shareholders. Apart from that, the Board of Directors constitutes itself.

The term of office of the members of the Board of Directors is one year and ends with the conclusion of the next Annual General Meeting of Shareholders. Re-election is permitted. According to the Board Regulations, members of the Board of Directors must retire at the next Annual General Meeting of Shareholders after reaching the age of 72. The Board of Directors may decide on exceptions for the Chairman and the Honorary Chairman.

### 3.6 Internal Organization

The Board of Directors is responsible for the supervision of the Siegfried Group and its business. The Board determines the Group strategy, the allocation of resources, and the management structure of the Siegfried Group. It is also responsible for setting the organizational structure, accounting, financial control, and financial planning. To the extent it does neither exercise these duties itself nor delegate them to the Chairman of the Board, the Board of Directors has delegated the management of the business to the CEO of the Siegfried Group. Decisions are taken by the entire Board of Directors. The Board Regulations setting forth the Board's powers, duties, and internal organization may be found under <https://www.siegfried.ch/organisationsreglement>.

During the business year 2022, the Board of Directors met for three one-day ordinary meetings, two half-day ordinary meetings and a strategy meeting of two days. In addition, numerous teleconferences were held. All Board members were present at all ordinary meetings.

	Board Meetings				
	18.02.2022	13.04.2022	07.–08.07.2022	15.08.2022	24.11.2022
Andreas Casutt	x	x	x	x	x
Martin Schmid	x	x	x	x	x
Colin Bond	x	x	x	x	x
Wolfram Carius	x	x	x	x	x
Reto Garzetti*	x				
Ulla Schmidt*	x				
Isabelle Welton	x	x	x	x	x
Alexandra Brand**		x	x	x	x
Beat Walti**		x	x	x	x

\* Reto Garzetti and Ulla Schmidt did not stand for reelection at the 2022 Annual General Meeting.

\*\* Alexandra Brand and Beat Walti were elected to the Board at the 2022 Annual General Meeting.

For its internal organization and, in particular, the election to and composition of its committees, the Board takes into account the experience and expertise of its members, such as industry experience, experience in executive and management functions, knowledge in finance and accounting, governance, compliance and law, expertise in ESG and information technology. The following three Board Committees assist the Board of Directors:

- Audit Committee
- Remuneration Committee
- Strategy and Sustainability Committee

Committee	Chair	Members
Audit Committee	Colin Bond	Wolfram Carius, Martin Schmid
Remuneration Committee	Isabelle Welton	Martin Schmid, Beat Walti
Strategy and Sustainability Committee	Wolfram Carius	Alexandra Brand, Beat Walti

The responsibilities and competencies of the Board Committees are set forth in more detail in article 16 paragraph 4 of the Articles of Incorporation (Remuneration Committee, see <https://www.siegfried.ch/articlesofincorporation>) and Section 3.3.3 of the Board Regulations (see <https://www.siegfried.ch/organisationsreglement>). The Board Committees review and discuss important matters in their relevant field of responsibility prior to Board meetings. The Board Committees have a comprehensive right to information and submit recommendations to the Board, but do not have decision-making authority. They may request that an item be included on the agenda of the next meeting of the Board of Directors and the Chairmen of the relevant committees report on their activities at the meetings of the Board of Directors.

As a rule, each committee consists of three members of the Board of Directors, one of whom chairs the committee. In addition, the Chairman of the Board, the CEO and the CFO, and the responsible members of the Executive Committee regularly attend these meetings.

In the business year 2022, the Audit Committee and Strategy and Sustainability Committee each met four times and the Remuneration Committee as well as the Strategy and Sustainability Committee each met three times for ordinary half-day meetings. All committee members as well as the Chairman of the Board of Directors participated in the ordinary meetings. In addition, various telephone conferences on specific issues were held.

	Audit Committee			
	11.02.2022	06.05.2022	12.08.2022	21.11.2022
Colin Bond (Chair)	X	X	X	X
Reto Garzetti*	X			
Martin Schmid	X	X	X	X
Wolfram Carius**		X	X	X
Andreas Casutt	X	X	X	X

\* Did not stand for reelection at the 2022 Annual General Meeting.

\*\* Elected to the Audit Committee after the 2022 Annual General Meeting.

	Remuneration Committee		
	11.02.2022	12.08.2022	21.11.2022
Isabelle Welton (Chair)	X	X	X
Reto Garzetti*	X		
Martin Schmid	X	X	X
Beat Waliti		X	X
Andreas Casutt	X	X	X

\* Did not stand for reelection at the 2022 Annual General Meeting.

\*\* Elected to the Remuneration Committee at the 2022 Annual General Meeting.

	Strategy and Sustainability Committee			
	11.03.2022	23.05.2022	11.11.2022	05.12.2022
Wolfram Carius (Chair)	X	X	X	X
Reto Garzetti*	X			
Ulla Schmidt*	X			
Alexandra Brand**		X	X	X
Beat Waliti**		X	X	X
Andreas Casutt	X	X	X	X

\* Did not stand for reelection at the 2022 Annual General Meeting.

\*\* Elected to the Strategy and Sustainability Committee after the 2022 Annual General Meeting.

## 3.7 Information and Control Instruments

The internal information and control system of the Board of Directors and the Executive Committee is based on the following monthly reporting instruments: Revenues and other financial results of the Siegfried Group are presented in detail and compared with the budget and the previous year's results – including a financial forecast for the entire year. Quarterly reports focus on budget deviations, important business incidents, and the most important key performance indicators. A five-year plan outlines the financial planning for the next five business years. The Internal Control System (ICS) and a comprehensive risk management procedure (described in detail on page 20 et seq. of the Financial Report) further add to the Board's information and control instruments. In addition, in 2022 Siegfried has implemented a new Internal Audit department, the head of which reports directly to the Chairman of the Audit Committee.

The results of the reportings are discussed and evaluated with the CEO, the CFO and other members of the Executive Committee at the meetings of the Board of Directors. Furthermore, the Chairman of the Board discusses the course of business and other important topics with members of the Executive Committee on a regular basis.

## Board of Directors



Dr. Andreas Casutt  
Chairman



Dr. Martin Schmid  
Vice Chairman



Colin Bond  
Member of the Board



Alexandra Brand  
Member of the Board



Prof. Dr. Wolfram Carius  
Member of the Board



Beat Walti  
Member of the Board



Isabelle Welton  
Member of the Board

Detailed portraits of the Members of the Board of Directors  
can be found on the pages 13–14 or on [www.siegfried.ch](http://www.siegfried.ch)



## Executive Committee



Dr. Wolfgang Wienand  
Chief Executive Officer



Dr. Reto Suter  
Chief Financial Officer



Marcel Imwinkelried  
Chief Operating Officer  
Drug Products



Arnoud Middel  
Chief Human Resources  
Officer



Dr. Jürgen Roos  
Chief Scientific Officer



Marianne Späne  
Chief Business Officer



Irene Wosgien  
Chief Operating Officer  
Drug Substances

Detailed portraits of the Members of the Executive Committee  
can be found on the pages 20–22 or on [www.siegfried.ch](http://www.siegfried.ch)

## 4. Executive Committee

The Chief Executive Officer (CEO) is responsible for the operative and results-oriented management of the Siegfried Group. Subject to the competencies and directives of the Board of Directors and its Chairman, the CEO is responsible for the definition and achievement of the corporate goals as well as the management of the Siegfried Group companies (results and balance sheet responsibilities). The detailed responsibilities and functions of the CEO are described in the Siegfried Group Board Regulations (see <https://www.siegfried.ch/organisationsreglement>).

### 4.1 Members of the Executive Committee

As per December 31, 2022, the Executive Committee of Siegfried comprised the following persons:

Name	Birth year	Position	Member since	In current function since
Wolfgang Wienand	1972	Chief Executive Officer	2010	2019
Reto Suter	1971	Chief Financial Officer	2017	2017
Marcel Imwinkelried	1967	Chief Operating Officer Drug Products	2021	2021
Arnoud Middel	1971	Chief Human Resources Officer	2011	2011
Jürgen Roos	1968	Chief Scientific Officer	2019	2019
Marianne Späne	1962	Chief Business Officer	2004	2010
Irene Wosgien	1973	Chief Operating Officer Drug Substances	2021	2021

As per December 31, 2022, two out of seven members of the Executive Committee were female (quota of 29%). Members of the Executive Committee may hold office until they reach the age of ordinary retirement under Swiss law. As of December 31, 2022, the age of ordinary retirement is 64 years for women and 65 years for men.

### 4.2 Profiles

#### Dr. Wolfgang Wienand, Chief Executive Officer

Wolfgang Wienand (1972) joined the Siegfried Group in 2010 and was appointed CEO as per January 1, 2019. When joining Siegfried, Wolfgang Wienand first served as Chief Scientific Officer, responsible for Siegfried's global Research & Development activities, before taking over the function as Chief Strategy Officer with responsibility for Strategy, Mergers & Acquisitions, Legal and Intellectual Property Management and Regulatory Affairs in December 2011. From May 2017 until December 2018, he held in parallel both functions, Chief Scientific Officer and Chief Strategy Officer. Before joining Siegfried, Wolfgang Wienand held senior management positions at Evonik Industries AG with a focus on fine chemicals and custom development & manufacturing for the pharmaceutical industry. Wolfgang Wienand studied chemistry at the University of Bonn and subsequently obtained a Ph.D. in organic and bioorganic chemistry from the University of Cologne. In addition, he holds an Executive Master's Degree in International Finance of HEC in Paris. Wolfgang Wienand is a German citizen.

#### Dr. Reto Suter, Chief Financial Officer

Reto Suter (1971) joined Siegfried on May 1, 2017, as Chief Financial Officer, additionally responsible for Cyber Security and Risk Management. He is a member of the Board of Directors and Chairman of

the Audit Committee of Inficon Holding AG. Over the last 16 years, he held a range of responsible positions in industry as well as in finance and private equity. In his last function as COO, CIO and Board Member of Lonrho, a long-established company headquartered in London (UK) and Johannesburg (SA), Reto Suter was responsible for overseeing the public takeover and subsequent delisting and restructuring. Reto Suter studied economics at the University of Zurich and the University of Washington in Seattle and took his doctorate in banking and finance at the University of Zurich. Reto Suter is a Swiss Citizen.

**Marcel Imwinkelried, Chief Operating Officer Drug Products**

Marcel Imwinkelried (1967) joined the Siegfried Group in January 2021 as Multi-Site Head for the Drug Products sites in Barberà del Vallès and El Masnou (Spain) as well as Irvine (California) and was appointed Chief Operating Officer Drug Products with effect as per October 2021. Previously, he held various management positions at Novartis with increasing responsibility and, from 2018, was appointed Global Head Technical Operations Solids. Marcel Imwinkelried graduated in mechanical engineering from the Lucerne University of Applied Sciences and holds a degree in business administration from the University of St. Gallen. Marcel Imwinkelried is a Swiss citizen.

**Arnoud Middel, Chief Human Resources Officer**

Arnoud Middel (1971) joined the Siegfried Group in September 2011 as Chief Human Resources Officer. Previously, he worked for various companies in the field of HR. From 2004 to 2006, he held a leading position in the Human Resources department of the Baloise insurance Switzerland. From 2006 to 2008, he was Head HR for the region Continental Europe and Asia of the American industry- and reinsurance group XL-Insurance (today XL-Catlin). From 2008 to 2011, he worked as Head of HR Switzerland and Global Headquarters for Syngenta in Basel. He completed his studies in biology and biochemistry at the University of Basel. Arnoud Middel is a Dutch citizen.

**Dr. Jürgen Roos, Chief Scientific Officer**

Jürgen Roos (1968) joined the Siegfried Group in April 2019 as Chief Scientific Officer. Before joining Siegfried, Jürgen Roos was working for Evonik Industries AG as Vice President for Innovation Management of the Animal Nutrition business line. Jürgen Roos started his professional career at Evonik (formerly Degussa-Hüls and Degussa AG) in 1999 as laboratory team leader in chemical research in the field of fine chemicals. After various functions within the R&D organization of Evonik, including several years in Canada and the United Kingdom, Jürgen Roos was appointed head of process development in the field of exclusive synthesis in 2008, and subsequently took over the global responsibility for research and development of Evonik's Health Care division. Jürgen Roos was elected to the Board of Directors of the European Fine Chemicals Group (EFCG), the industry association of European fine chemical manufacturers, where he chairs the Innovation Committee. Jürgen Roos studied chemistry at the University of Stuttgart and subsequently obtained a Ph.D. in organic chemistry. Jürgen Roos is a German citizen.

**Marianne Späne, Chief Business Officer**

Marianne Späne (1962) joined the Siegfried Group in 2004 and was appointed Chief Business Officer in March 2010. She headed the Siegfried Generics Division from 2008 to 2010. From 2004 to 2008, Marianne Späne managed the Business Development Department and the Supply Chain for Generics. Prior to joining Siegfried, she worked in logistics, business development and as site manager for Boucheron, a cosmetics company. Later, Marianne Späne moved to the pharmaceutical industry and joined the pharma division of Schweizerhalle as Head of the Sales and Marketing department. Subsequently, she joined Aceto, a US-based company, where she developed European expansion strategies. Marianne Späne holds degrees in finance, business administration and marketing from the

Business Management School (KFS) in Basel and the Marketing & Business School in Zurich (MBSZ). Marianne Späne is a German citizen.

**Irene Wosgien, Chief Operating Officer Drug Substances**

Irene Wosgien (1973) joined Siegfried in 2019 and was appointed Chief Operating Officer Drug Substances in January 2021. Before joining Siegfried, Irene Wosgien held various senior management positions at the DSM Group, most recently as Vice President Operations Human Nutrition & Health. She holds a Master's degree in chemical engineering from Eindhoven University and a Master's degree in Management of Safety, Health and Environment from the Technical University of Delft. Irene Wosgien is a Dutch citizen.

### 4.3 Permitted Activities in the Supreme Managing or Administrative Body of Other Companies

Members of the Executive Committee of Siegfried Holding AG may not assume more than five additional mandates, of which no more than one may be for a publicly listed company. This applies to any mandate in the supreme managing or administrative body of a legal entity that is subject to the obligation to be entered in the Swiss commercial register or a corresponding register abroad. Mandates in different legal entities under common control or owned by the same beneficial owner shall be deemed to constitute a single mandate.

Not subject to these limitations are (i) mandates in companies that are controlled by, or which control, Siegfried Holding AG; (ii) mandates that a member of the Executive Committee assumes at the direction of Siegfried Holding AG or a group company, provided that no member of the Executive Committee may assume more than ten such mandates at companies that are not controlled by, or do not control, Siegfried Holding AG; (iii) mandates in associations, non-profit foundations, and pension benefit foundations, provided that no member of the Executive Committee may assume more than ten such mandates.

### 4.4 Management Contracts

Siegfried Holding AG and its group companies have not entered into any management contracts with third parties.



## 5. Remuneration, Investments and Loans

### 5.1 Content and Method of Determining the Remuneration and the Equity Participation Plans

For details regarding the remuneration and shareholdings of the members of the Board of Directors and the Executive Committee as well the principles and elements of remuneration and the equity participation plans of members of the Board of Directors and the Executive Committee, together with a description of the authorities and procedures in connection therewith, please refer to the Remuneration Report on page 10 et seq. of this Annual Report.

### 5.2 Statutory Provisions regarding Remuneration

#### 5.2.1 Performance-Related Remuneration and the Allocation of Equity Securities

Pursuant to article 23 of the Articles of Incorporation and subject to approval by the General Meeting of Shareholders, the remuneration of the members of the Board of Directors consists of a fixed base remuneration, an individual functional remuneration and a lump-sum expense allowance in cash, as well as a fixed number of shares of Siegfried Holding AG. The Board of Directors determines the number of shares as well as the relevant terms and conditions, including the time of their allocation and any restrictions on transferability. Absent exceptional circumstances, the members of the Board of Directors do not receive any performance-based remuneration; any such remuneration would be measured against predefined performance targets only.

Pursuant to article 24 of the Articles of Incorporation and subject to approval by the General Meeting of Shareholders, remuneration for members of the Executive Committee consists of a fixed base remuneration in cash as well as performance-based remuneration, which comprises a short-term performance-based remuneration in cash as well as a multi-year employee share ownership plan. The Board of Directors determines the targets, target levels, and target achievement for both the short- and the long-term performance-based remuneration in accordance with the principles set forth in the Articles of Incorporation (see <https://www.siegfried.ch/articlesofincorporation>).

In the event of a change of control of Siegfried Holding AG, or in case of other extraordinary events, the Board of Directors may during the course of an ongoing performance period adapt, shorten or eliminate the targets for performance-based remuneration, exercise conditions and periods as well as vesting periods and the relevant performance-based remuneration may be forfeited or paid out under the assumption that targets would have been achieved.

### 5.2.2 Statutory Provisions regarding Payments to Members of the Executive Committee Appointed after the Shareholders' Vote on Pay

Pursuant to article 25 of the Articles of Incorporation, Siegfried Holding AG or any group company may, with respect to any member of the Executive Committee who joins the Executive Committee or is promoted during a period for which the General Meeting of Shareholders has already approved remuneration for the Executive Committee, pay out remuneration for such period(s) if the amount already approved is insufficient. The amount per remuneration period may not exceed 40% for the CEO and 25% for each other member of the Executive Committee of the most recently approved total remuneration.

In addition, Siegfried Holding AG may compensate a newly appointed member of the Executive Committee for any losses suffered in connection with assuming the new position as a result of forfeited vested benefits from his previous position. Such compensation may not exceed CHF 1 000 000 for the CEO and CHF 500 000 per person for the other members of the Executive Committee.

### 5.4 Statutory Provisions regarding Loans, Credit Facilities and Post-Employment Benefits

Pursuant to article 27 of the Articles of Incorporation, Siegfried Holding AG may grant loans and credits to members of the Board of Directors and the Executive Committee up to a maximum of the total of their respective individual fixed base remuneration in cash. In addition, Siegfried Holding AG may pay advances on attorney fees, court costs, and the like, up to a maximum of CHF 1 000 000 per member, in order to defend against liability and similar claims by third parties in connection with its activities performed for the company.

### 5.5 Statutory Provisions on the Vote on Pay at the General Meeting of Shareholders

Pursuant to article 16 of the Articles of Incorporation, the General Meeting of Shareholders resolves annually on the approval of the motions of the Board of Directors with regard to:

- the maximum total amount of remuneration for the Board of Directors for the term of office expiring at the next Annual General Meeting of Shareholders;
- the maximum total amount of fixed remuneration for the Executive Committee for the following financial year;
- the total amount of short-term performance-based remuneration for the Executive Committee for the most recent financial year;
- the total amount of long-term performance-based remuneration for the Executive Committee for the current financial year.

Resolutions on the approval of remuneration for the Board of Directors and the Executive Committee, respectively, are taken separately. The Board of Directors may submit the elements of remuneration for approval either separately or combined. In addition, the Board of Directors may submit proposals to the General Meeting of Shareholders regarding (i) the total amounts and/or remuneration elements for other periods and/or (ii) supplementary amounts for certain remuneration elements. If the General Meeting of Shareholders declines to approve a motion of the Board of Directors, the Board of Directors may submit new motions at the same General Meeting of Shareholders, at an extraordinary General Meeting of Shareholders, or at the next Annual General Meeting of Shareholders.

## 6. Shareholder Rights

### 6.1 Voting Rights and Proxy

Each share registered in the share register with voting rights grants to its holder one voting right at the General Meeting of Shareholders. A shareholder may be represented at the General Meeting of Shareholders by a natural person duly authorized in writing, or by the independent voting proxy.

The General Meeting of Shareholders passes its resolutions by a simple majority of the votes cast, unless a qualified majority is required by applicable law or the Articles of Incorporation. If no absolute majority is reached, the chairman casts the deciding vote.

The approval of at least two-thirds of the votes represented is required for resolutions of the General Meeting of Shareholders with respect to:

- a change to the Company's purpose;
- the consolidation of shares, unless the consent of all the shareholders concerned is required;
- a share capital increase out of equity capital, by way of contributions in kind or by way of offsetting with a claim, and the granting of special privileges;
- the restriction or cancellation of the subscription right;
- the introduction of contingent capital or the introduction of a capital band;
- any restriction on the transferability of registered shares;
- the introduction of shares with preferential voting rights;
- any change in the currency of the share capital;
- the introduction of a casting vote for the person chairing the meeting of the shareholders;
- a provision of the articles of association on holding the meeting of the shareholders of the abroad;
- the delisting of the equity securities of the Company;
- the relocation of the seat of the Company;
- the introduction of an arbitration clause in the articles of incorporation;
- the dissolution of the Company.

### 6.2 Calling a General Meeting of Shareholders and Setting the Agenda

The General Meeting of Shareholders is called and the agenda therefore is set in accordance with the applicable provisions of the Swiss Code of Obligations.

Shareholders representing no less than 0.5% of the shares outstanding or more may request that an item be added to the agenda of the General Meeting of Shareholders. Any such request must be made in writing at least 45 days prior to the meeting, setting forth the requested additional agenda item and the motion thereto. No previous request or notification is required for motions concerning items included on the agenda and for debates as to which no vote is taken.

### 6.3 Entry into the Share Register/Invitation to the Annual General Meeting of April 20, 2023

The Board of Directors has determined that the share register for the Annual General Meeting 2023 will be closed on Friday, April 14, 2023. All Shareholders wishing to attend the Annual General Meeting of April 20, 2023, must submit their application for registration of shares in the share register no later than said date. No entries into the share register will be made from Monday, April 17, 2023, until Thursday, April 20, 2023. Shareholders who sell their Siegfried shares prior to the Annual General Meeting forfeit their voting rights.

## 7. Change of Control and Defensive Measures

### 7.1 Mandatory Take-Over Offers

There are no provisions in the Articles of Incorporation of Siegfried Holding AG regarding opting out or opting up (article 125 and 135 of the FMIA).

### 7.2 Change of Control Clauses

The Long Term Incentive Plan of the Siegfried Group (see Remuneration Report, page 12 et seq.) provides that in the event of a change of control of Siegfried Holding AG, plan participants, under the condition that they have not given and/or received notice of termination prior to the date of a change of control, will receive on the date of the change of control, or on a date defined by the Board, a certain number of Siegfried shares for each outstanding PSU. The number of shares will be calculated on the basis of a valuation method to be determined at the sole discretion of the Board and must adequately reflect and preserve the economic value of the benefits or potential benefits due to the plan participants for the PSUs of all outstanding performance periods. For shares allocated as a result of a change of control event, the restriction periods to which the shares may be subject after grant will no longer apply.



## 8. Auditors

### 8.1 Contract Duration and Lead Auditor Term Length

PricewaterhouseCoopers AG (PwC), Basel (or its predecessor companies) has been the statutory auditor of Siegfried Holding AG since 1920. For the business year 2022, the lead auditor, Thomas Illi, carried out the audit for the sixth time. The auditor is annually elected by the Annual General Meeting of Shareholders.

### 8.2 Audit Fees

PwC billed the Siegfried Group for services in connection with auditing of the annual financial statement of Siegfried Holding AG and of the Siegfried Group companies, the consolidated 2022 financial statement of the Siegfried Group and related auditing services CHF 872 300 (2021: CHF 863 000).

### 8.3 Additional Fees

For tax consulting and other services in the financial year 2022, PwC billed the Siegfried Group CHF 100 227 (2021: CHF 191 000).

### 8.4 External Audit Informational Instruments

The Audit Committee evaluates and discusses the performance, fees, and independence of the auditor every year. It reports to the Board and proposes a motion at the Annual General Meeting on the election (or reelection) of the auditor. The contract is awarded based on a budget presented to the Audit Committee by the auditor.

The auditor regularly attends the meetings of the Audit Committee; there were four meetings in 2022. During such meetings, the auditor presents detailed audit reports, which are also distributed to the Board. Assignments for PwC that go beyond the auditing mandate are subject to approval by the head of the Audit Committee.

## 9. Information Policy and Restricted Periods

The Siegfried Group is committed to an open and consistent information policy. The media, financial analysts and other interest groups are continuously informed about important developments and events.

Shareholders are informed semi-annually on the state of the business and receive the annual report and the semi-annual report upon request. The annual reports, the minutes of previous General Meet-

ings of Shareholders, media releases, important information and the current share price can be found at [www.siegfried.ch](http://www.siegfried.ch). A news conference is held semi-annually for the media and financial analysts.

Siegfried Holding AG strictly observes the mandatory disclosure rules of the SIX Swiss Exchange (“ad hoc disclosure”) regarding potentially price sensitive facts.

In each financial year, prior to the publication of the financial results, Siegfried imposes two regular trading restriction periods during which the members of the Board of Directors, the members of the Executive Committee and Senior Management as well as selected members of the Corporate Finance Department are prohibited from trading in Siegfried shares or related securities. As per Siegfried’s Insider Trading Regulations, these restriction periods start two weeks prior to the end the relevant financial reporting period (i.e. mid-June and mid-December) and expire at the end of the day following the date on which the relevant financial results are published. In addition, the Board of Directors, and the CEO in consultation with the Chairman of the Board, may in their discretion and upon consultation with the General Counsel impose ad-hoc restriction periods from time to time where they consider it necessary or appropriate, including (without limitation) when Siegfried is involved in a strategic project or when such restrictions are required or appropriate to comply with legal or regulatory requirements.

In 2023, the Siegfried Group will inform about the course of business as follows:

- February 22, 2023: publication of the financial results for the business year 2022
- April 20, 2023, 10:00 a.m.: Annual General Meeting of Shareholders
- August 17, 2023: publication of 2023 half-year financial results

## 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 2022 financial year ending 31 December 2022. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in February 2022, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2024.

### 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 2022 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 Elevate, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Reference with GRI Standards

This report has been prepared in reference with the GRI Standards. Please refer to the detailed GRI content index on our website.

## Publisher's Note

This Annual Report is published in German and English.

This is an excerpt of Siegfried's Annual Report 2022. All chapters of Siegfried's Annual Report 2022 can be downloaded on our website.

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# Remuneration Report 2022

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# Remuneration Report

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05	Introduction by Chair of Remuneration Committee
06	Competencies and Tasks of Remuneration Committee
07	Procedures for Setting and Approving Remuneration
09	Principles of Remuneration Policy and Remuneration Elements
16	Remuneration of Board of Directors
19	Remuneration of Executive Committee
22	Shareholdings of Board of Directors and Executive Committee at End of Reporting Year
24	Contractual Agreements, Loans, Credits, and Additional Contributions
25	Report of the Statutory Auditor on the Remuneration Report



This is an excerpt of Siegfried's Annual Report 2022.  
All chapters can be found on our Investor Relations portal:  
**[www.ir.siegfried.ch](http://www.ir.siegfried.ch)**

The Remuneration Report describes Siegfried Group's (Siegfried) remuneration principles and defines the competencies and responsibilities associated with setting remuneration for members of its Board of Directors and Executive Committee. The report also contains information about remuneration plans and remuneration paid to the members of the Board of Directors and the Executive Committee in the 2022 financial year.

This Remuneration Report was drafted in accordance with Siegfried Holding AG's articles of incorporation and with SIX Swiss Exchange's Directive on Corporate Governance, and contains all the information required as per former article 663b<sup>bis</sup> and article 663c paragraph 3 of the Swiss Code of Obligations (CO), as well as articles 13 to 17 of the former "Ordinance Against Excessive Compensation at Public Companies" (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV), which continue to be applicable to the 2022 reporting period.

The Remuneration Report is structured as follows:

- Introduction by Chair of Remuneration Committee
- Competencies and tasks of Remuneration Committee
- Procedures for setting and approving the remuneration
- Principles of remuneration policy and remuneration elements
- Remuneration of Board of Directors
- Remuneration of Executive Committee
- Shareholdings of Board of Directors and Executive Committee at end of reporting year
- Contractual agreements, loans, credits, and additional contributions

In this report, details pursuant to articles 14 to 17 VegüV, as applicable for the 2022 reporting period, are provided in the following sections:

VegüV Article	Text/Figure/Table	Page
Art. 14: Remuneration paid to the Board of Directors and Executive Committee	Remuneration paid to the Board of Directors in the 2022 reporting year (audited)	17
	Remuneration paid to the Board of Directors for the 2022/2023 term of office (projection)	18
	Remuneration paid to the Board of Directors in the 2021 reporting year (audited)	18
	Remuneration paid to the CEO and Executive Committee in the 2022 reporting year (audited)	19
	PSUs allocated to the CEO and Executive Committee in the 2022 reporting year	21
	Remuneration paid to the CEO and Executive Committee in the 2021 reporting year (audited)	21
Art. 15: Loans and credits granted to the Board of Directors and Executive Committee	As of December 31, 2022, Siegfried Holding AG and its Group companies do not have any outstanding securities, loans, advances or credits to members of the Board of Directors or the Executive Committee of Siegfried Holding AG (audited)	23
Art. 16: Remuneration, loans and credits to affiliated persons	Further, no securities, loans, advances or credits were granted at non-market rates to persons affiliated with current members of the Executive Committee or Board of Directors or to former members of the Executive Committee or Board of Directors in 2022; nor are any such commitments outstanding as at December 31, 2022 (audited)	23
Art. 17: Audit of the remuneration report by statutory auditor	Report of the Statutory Auditor on the Remuneration Report	24

# Introduction by Chair of Remuneration Committee

Dear Shareholders

I am pleased to present our Remuneration Report for the 2022 financial year.

This report describes the remuneration policies, principles and elements applying to the senior management of the Siegfried Group and contains details about the remuneration paid to the members of the Board of Directors and the Executive Committee. Furthermore, the report provides an overview of the key activities and decisions of the Remuneration Committee during the 2022 reporting year. All the information disclosed in the report relates to the financial year ended December 31, 2022.

2022 was again a remarkable year with a lot of external challenges. As announced in last year's Remuneration Report, the Remuneration Committee completed the review of Siegfried's equity-based compensation plans and re-designed the performance management process and Short-Term Incentive (STI) framework.

After the implementation of the new Long Term Incentive Plan (LTIP) for senior management in 2022 (for the details see page 13), it was necessary to also review the equity-based remuneration elements for middle management and employees. The purpose of the review was to propose changes to maintain market attractiveness, but also to ensure that key elements such as retention are consistently embedded in all equity-based remuneration elements. The Remuneration Committee, together with the Executive Committee, has developed a new Share Matching Plan (SMP) for middle management and revised the current Employee Share Purchase Plan. Starting 2023, members of middle management will be able to annually invest up to 10% of their annual base salary in Siegfried shares and will after three years, subject to still being employed, receive for each share purchased one share for free. All employees not participating in the LTIP or SMP will have the possibility to participate in the Employee Share Purchase Plan (ESPP) and invest up to 10% of their annual base salary into Siegfried Shares. After a two-year holding period and subject to still being employed with Siegfried, they will receive for two (2) shares bought one (1) share for free. The new Employee Share Purchase Plan (ESPP) will be implemented in 2024.

The review of the performance management process and STI framework were the other focus areas in 2022. The features of the new performance management process are an increased focus on continuous individual feedback, employee development and more flexible ongoing target setting. The basic principles of the STI framework with corporate, functional and individual targets remain unchanged however, the KPIs for the corporate and functional targets have been revised to better align with the company strategy and sustainability targets. The new process will be rolled-out in the course of 2023.

As every year, the remuneration committee followed up on important people and organizational initiatives such as talent management, culture and leadership development and employee engagement. Good progress has been made in all areas. The talent management process has been fully implemented for all Siegfried sites and revealed a healthy overall talent structure. In some areas, initiatives will be launched to further strengthen the internal and external talent pipelines. The specific development of an effective talent pipeline in all fields and at all sites will continue to be a priority for us, as this is the foundation for the company's future growth. Furthermore, a new tool and process have been implemented to conduct quarterly employee engagement surveys. I am looking forward to report first results and trends in next year's annual report. The search and selection of a new member of the

Board of Directors to replace Colin Bond, who will retire at the next Annual General Meeting, was another important focus of the Remuneration Committee's activities in the reporting year 2022.

In the coming year, the Remuneration Committee – together with the Executive Committee – will focus on talent-related topics. We firmly believe that securing talent and with that long-term organizational stability is a fundamental prerequisite for sustainable growth of Siegfried. In addition, the Remuneration Committee will follow up on the roll out of the new performance management process and continue to evaluate how performance management and measurement can be further developed to include ESG (Environmental, Social, and Governance) elements on all levels of the organization.

The Board of Directors firmly believes that this Remuneration Report will provide you, valued Shareholders, with a clear and complete presentation of the remuneration of Siegfried Group's senior leadership as well as the most important issues we have addressed and those that are forthcoming.



Isabelle Welton  
Chair of Remuneration Committee

## 1. Competencies and Tasks of Remuneration Committee

In accordance with the articles of incorporation, the Remuneration Committee is composed of at least two members of the Board of Directors, who are each elected by the Annual General Meeting for a one-year term of office. Isabelle Welton (Chair), Martin Schmid and Beat Walti were elected to the Remuneration Committee for the 2022/2023 term of office. The Remuneration Committee constitutes itself and appoints a chair from among its members.

The Remuneration Committee supports the Board of Directors in

- defining and reviewing the remuneration policy and principles
- defining and reviewing the targets and target levels for short- and long-term performance-based remuneration elements and evaluating target achievement
- preparing recommendations on the remuneration of the members of the Board and the Executive Committee for the attention of the Annual General Meeting

Depending on the agenda, the Chairman of the Board, the Chief Executive Officer (CEO), and the Chief Human Resources Officer (CHRO) may also join meetings of the Remuneration Committee. The Chairman of the Board, the CEO, and/or the CHRO must withdraw during consideration of agenda items relating directly to them. After every Remuneration Committee meeting, a set of minutes and a summary of topics discussed, decisions taken and recommendations made is sent to the Board of Directors.

The Remuneration Committee convenes at least twice annually. During the reporting year, the Remuneration Committee convened three times for ordinary meetings and also held other discussions.



## Topics considered per Remuneration Committee meeting in 2022

Topics	Winter	Summer	Autumn
<b>General subjects</b>			
Personnel changes in Senior Management group and Board	•	•	•
Update HR projects	•	•	•
Update pension funds	•	•	•
Talent review			•
<b>Governance</b>			
Preparation of remuneration report (incl. analysis on remuneration disclosure)		•	•
Approval of remuneration report	•		
Preparation "Say-on-Pay" vote for upcoming GM	•		
<b>Remuneration of Board of Directors</b>			
Setting remuneration for next term of office (incl. amount to be approved at GM)	•		
<b>Remuneration of Executive Committee</b>			
Determining target achievement for previous year and approving short-term, performance-based remuneration (STI) (incl. amount to be approved at GM)	•		
Setting grant date for long-term, performance-based remuneration (LTI)	•		
Setting LTIP remuneration amount for current financial year (incl. amount to be approved at GM)	•		
Setting target remuneration for following financial year (incl. amount to be approved at GM)	•		
Setting STI target values for next financial year			•
Setting LTIP target values for next performance period			•

## 2. Procedures for Setting and Approving Remuneration

### Regular Benchmarking and External Consultants

To ensure competitiveness and attractiveness of Siegfried as an employer, internal remuneration data for the entire workforce at all locations are regularly compared with those at other relevant companies in accordance with standard practice. As a rule, this is based on a broad "General Industry" index, and in the case of specialist positions on comparative data from companies in the same industry. Our goal is to ensure that employees who meet the academic, performance and behavioral criteria associated with a given position receive a total remuneration package that is in line with the benchmark market median for similar positions in comparable companies. For this purpose, Siegfried works with independent external remuneration specialists as appropriate.

The remuneration of the Board of Directors and the members of the Executive Committee is reviewed regularly – generally every two to three years – and compared with data from executive studies, specifically obtained benchmark data, and on the basis of the disclosures of companies of

similar size and structure, comparable business mix, business model, and geographic set up. In 2022 benchmark data were not updated as the last review was done in 2021. The last review was carried out on the basis of a study commissioned from Mercer (Executive Remuneration Audit). The executive remuneration study was based on the broad “General Industry” index, which includes comparative data from over 350 internationally active companies headquartered in Switzerland with global business activity/customer base. In the comparison group, 26% are companies from the pharmaceutical/chemical and medtech sectors. The remaining 74% correspond to an industry cross-section of companies of comparable size and activity radius (17% consumer goods, 3% banking/insurance, 54% other manufacturing and non-manufacturing industrial companies).

## Process for Setting and Approving Remuneration

Remuneration is set and approved as follows:

Process for defining and approving remuneration	CEO	Remuneration Committee	Board of Directors	General Meeting
Principles of remuneration for the Board of Directors in the articles of incorporation		Makes proposal	Proposes a motion	Enacts
Principles of remuneration for the Executive Committee in the articles of incorporation		Makes proposal	Proposes a motion	Enacts
Remuneration model for CEO (incl. short- and long-term, performance-based remuneration in the form of cash or shares) and terms of employment contract		Makes proposal	Enacts	
Remuneration model for the Executive Committee (incl. short- and long-term, performance-based remuneration in the form of cash or shares)	Makes proposal	Recommends	Enacts	
Maximum total remuneration for the Board of Directors for the term of office lasting until the next Ordinary General Meeting		Makes proposal	Enacts	Approves
Maximum total remuneration for the fixed remuneration of the Executive Committee (incl. the CEO) for the following financial year	Makes proposal	Recommends	Enacts	Approves
Maximum total short-term, performance-based remuneration of the Executive Committee (incl. the CEO) for the previous financial year	Makes proposal	Recommends	Enacts	Approves
Maximum total long-term, performance-based remuneration of the Executive Committee (incl. the CEO) for the current financial year	Makes proposal	Recommends	Enacts	Approves
HR and remuneration policy		Makes proposal	Enacts	
Nomination and selection for appointments/reappointments of Board members as well as succession planning		Makes proposal	Enacts	Approves
Nomination and selection of Executive Committee members as well as succession planning		Makes proposal	Enacts	

In line with applicable Swiss corporate laws, the shareholders of Siegfried have the right to annually vote on the fixed and variable performance-based compensation elements of the Board of Directors as well as of the Executive Management. In accordance with the Articles of Incorporation of Siegfried, the following remuneration elements are subject to separate approval votes by the Annual General Meeting of the Shareholders:

- Total compensation of the Board of Directors for the then starting term of office
- Fixed remuneration of the Executive Committee for the next financial year
- Short-term variable remuneration of the Executive Committee for the past financial year
- Long-term variable remuneration of the Executive Committee for the current financial year

The following remuneration elements/amounts were approved at the Annual General Meeting of the Shareholders on April 13, 2022:

- Maximum total for overall remuneration of the Board of Directors for the 2022/2023 term of office (CHF 1 875 000) with 95.2% of the votes cast
- Maximum total for the fixed overall remuneration of the Executive Committee for the 2023 financial year (CHF 4 000 000) with 98.7% of the votes cast
- Short-term, performance-based remuneration for the Executive Committee for the 2021 financial year (CHF 1 703 268) with 96.0% of the votes cast
- Long-term, performance-based remuneration for the Executive Committee for the 2022 financial year (CHF 4 300 000) with 86.1% of the votes cast

Likewise, the proposals relating to the structure described above will be put before the Annual General Meeting on April 20, 2023.

## 3. Principles of Remuneration Policy and Remuneration Elements

### Principles of Remuneration Policy

Recruiting, developing, and retaining diverse, qualified and talented managers and specialists is a crucial factor for Siegfried's success. The remuneration structure and its elements are aimed at achieving this goal and are based on the following objectives:

- ensure an effective link between individual performance and sustainable enterprise value creation for Siegfried's shareholders
- reward individual performance, competence, and desired behaviors in line with Siegfried's corporate values and leadership principles
- create a sustainable performance culture by implementing performance-related remuneration that is contingent on the Group's success

- set effective incentives by balancing performance-based long- and short-term remuneration elements
- act fairly and transparently when making and communicating remuneration-related decisions
- ensure market competitiveness
- comply with all legal and regulatory requirements relating to remuneration including, in particular, those regarding minimum wages, equal pay for men and women, and provisions linked to the disclosure and approval of remuneration for Siegfried's most senior decision-making bodies
- ensure that dilution resulting from performance/share-based remuneration does not exceed 1.0% per year (long-term average)
- ensure appropriate recognition and incentives for actions in the area of sustainability, i.e. the impact of Siegfried's business on the environment and people

## Remuneration Elements

Siegfried's remuneration model is a package consisting of fixed and performance-based elements.

An employee's total remuneration mix is contingent on his/her functional level, position, responsibilities, qualifications/experience, and place of work. In the reporting year, employee remuneration was composed of the following elements:

1. Fixed remuneration – annual base salary
2. Performance-based remuneration
  - i. Short-term, performance-based remuneration (Short Term Incentive Plan, STIP)
  - ii. Long-term, performance-based remuneration (Long Term Incentive Plan, LTIP)
3. Additional remuneration elements
  - i. Additional benefits, in line with market practice
  - ii. Share Matching Plan (SMP) available in all markets for middle management
  - iii. Employee Share Purchase Plan (ESPP); available in most markets for employees not participating in the LTIP and SMP

	Element	Instrument	Purpose	Criteria	Target Group
Fixed remuneration	Annual base salary	Monthly cash payment	Attracting and retaining employees	Requirements of the job, employee experience and ability, job performance, local market conditions	All employees
	Short-term, performance-based remuneration (STIP)	Annual cash payment	Rewarding employees' performance and contribution to enterprise value	Achieving corporate, functional, and individual targets in a given financial year	All employees (excluding Board members)
Performance-based remuneration	Long-term, performance-based remuneration (LTIP)	Annual grant of performance share units (PSUs)	Ensuring a sustainable increase in enterprise value; aligning the interests of shareholders and senior management	Achieving corporate targets at the end of the three-year performance period	Senior Management (excluding Board members)
	Additional benefits	Pension plan and fringe benefits	Safeguarding employees and their dependents in old age or in the event of illness	Local market conditions, laws and other regulations	All employees
Additional remuneration elements	Share Matching Plan (SMP)	Employee participation plan, which allows employees of middle management who are not participating in the LTI to purchase Siegfried shares up to a maximum of 10% of their annual base salary and receive – subject still being in an active employment relationship – after 3 years for each share purchased one share for free (1:1 matching)	Sustainable increase in company value, alignment of interests between plan participants and shareholders, and promotion of commitment and retention of middle management to the company	Amount of initial investment, share price development	Middle Management
	Employee Share Purchase Plan (ESPP)	Employee participation plan, which allows employees not participating in the LTI or SMP to purchase Siegfried shares up to 10% of their annual base salary at a discount. The shares are blocked for 3 years.	Strengthening employees' interest in and loyalty to the company; enabling employees to take a stake in the company's success via a potential share price increase	Amount of initial investment, share price development	Employees below management (excluding LTIP/SMP participants and Board members)

#### Level of participation in ESPP

	Number of participants	Number of purchased/ issued shares	Discounted purchase price per share	End of restriction period
2022	246	1 865	CHF 574.29	30.04.2025
2021	540	2 993	CHF 355.75	30.04.2024
2020	211	4 000	CHF 277.28	30.04.2023



## Fixed Remuneration – Annual Base Salary

Each employee receives an annual base salary that is linked to the requirements of the position, the individual's experience, capabilities, qualifications and performance, as well as local market conditions. Siegfried aims to ensure that the base salary of employees who meet the expected performance, behavioral, and academic parameters in full corresponds to the market median for comparable positions in the chemical/pharmaceutical industry. Annual adjustments are made individually in light of internal and external benchmarks regarding the competitiveness of salaries, employee performance, and the overall economic health of the company. Salary adjustments only occur automatically in cases where they are required by law or stipulated in sectoral collective agreements.

## Short-Term, Performance-Based Remuneration (Short Term Incentive Plan, STIP)

Our Short Term Incentive Plan (STIP) aims to incentive employees across all functional levels based on company, functional and individual performance and value creation.

The performance-based remuneration paid out under the STIP is contingent on the achievement of corporate, functional, and individual targets. A personal target bonus assuming 100% target achievement ("target STI") is defined for each plan participant (if eligible for participation in the plan). The target STI and the applicable target categories depend on the plan participant's functional level. The payout is capped at 165% (employees), 170% (Management), 175% (Executive Team) and 190% (CEO).

Under the STIP, targets are set and communicated annually for one financial year (performance period). Responsibility for defining STIP targets depends on the functional level of the employee and is assigned as follows:

Level	Corporate targets Setting and approval of targets and target achievement	Functional targets Setting and approval of targets and target achievement	Individual targets Setting and approval of targets and target achievement
CEO		n. a.	Chairman of the Board of Directors
Executive Committee	Board of Directors	CEO	CEO
Senior Management			
Management		Executive Committee	Line Manager
Employees			

The corporate targets used at Group level are Core EBITDA and Core ROCE (return on capital employed). The target values for the relevant reporting year are set by the Board of Directors. The annually defined Core EBITDA and Core ROCE targets are aimed at the achievement of the long-term Core EBITDA and Core ROCE targets, which, in addition to Total Shareholder Return, also underlie the current LTIP relevant for the reporting year as operational targets.

Functional targets are derived from Siegfried's strategy, operational priorities, and corporate targets and are based on the overall performance of a given function or site. They are defined annually by the Executive Committee in a top-down process and are broken down incrementally into individual departments, sites, and teams. Functional targets are, for the most part, key performance indicators (KPIs) relevant to steering the operational business and achieving corporate targets. Typical KPIs include safety statistics per location (measurand correlating with the number of notifiable events as per international OSHA [Occupational Safety and Health Administration] standards), operational performance

per location (OTIF [on time in full], contribution margin, Non-Material Cost), and the generation of new business (New Product Leads).

Individual targets are agreed bilaterally between the line manager and the employee. They are linked to the performance of the employee and usually take the form of project- or task-related goals.

At the end of the performance period, target achievement of the corporate, functional, and individual targets is assessed. The achievement scale ranges from 0 to maximum 200% for corporate targets, and from 0 to maximum 150% for functional and individual targets. An individual's overall target achievement is derived from the weighted sum of target achievements. The individual STI is calculated by multiplying the target STI amount by the overall target achievement.

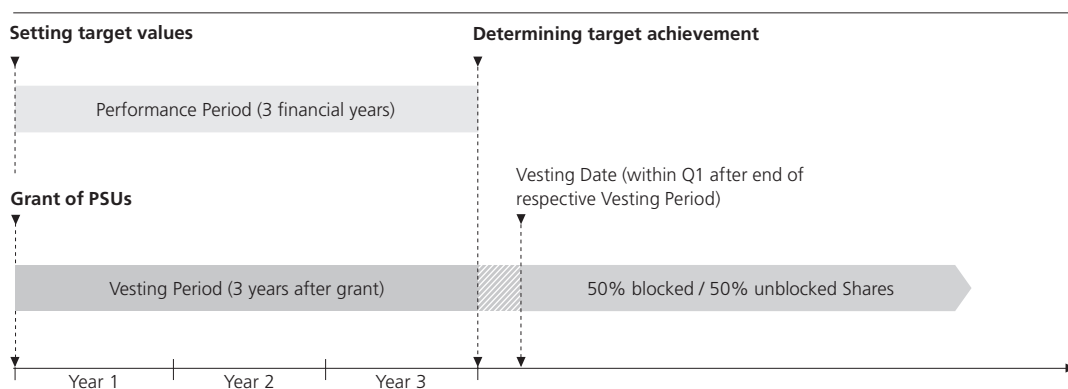
As per 2023 a revised set of KPIs will be implemented details of which will be explained in the 2023 remuneration report.

## Long-Term, Performance-Based Remuneration (Long Term Incentive Plan, LTIP)

The LTI program, a performance-based remuneration element, is designed for the Executive Committee, Senior Management, and other key employees. The plan and participation are determined by the Board of Directors. The plan was introduced in 2014 and was revised in 2021 to make appropriate adjustments to take account of the significant growth of the company and the strong increase in the share price. It is designed to offer an attractive variable compensation element that aligns participants' interests with those of the shareholders. The plan uses Performance Share Units (PSUs), which are granted to eligible plan participants with specific performance and service conditions that result in a potential vesting into Siegfried shares after a three-year performance period.

PSUs are granted annually at the beginning of the year. The number of PSUs granted is equal to the plan participant's LTI fixed amount divided by the reference share price which is the volume weighted average share price over a twelve-month period prior to the grant date. No cash investment is required from participants.

Each PSU grant will vest at the end of a three (3) year performance period and will be converted into shares, subject to performance and service conditions being met. 50% of the shares allocated will be blocked (selling restriction) for a period of three (3) years.



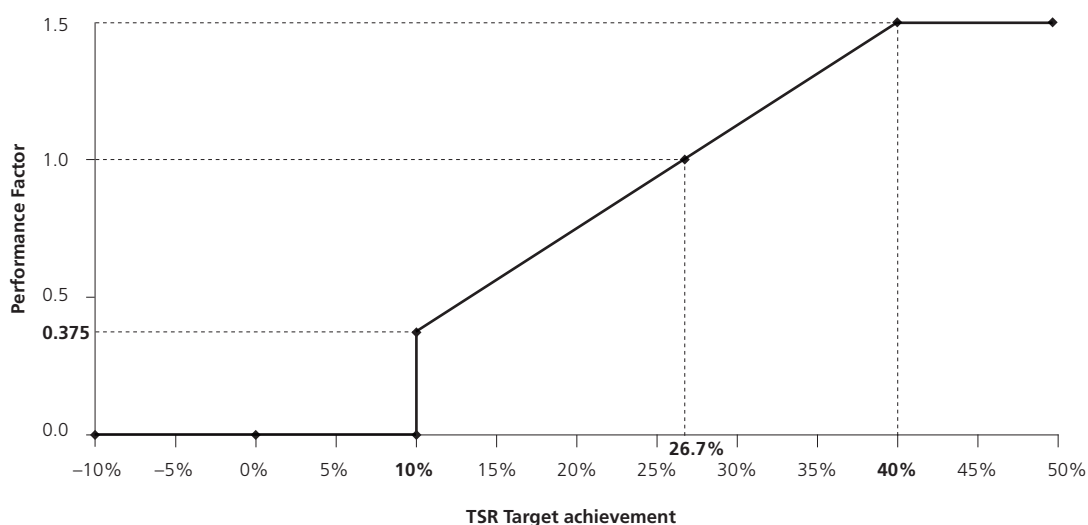
The number of shares allocated per PSU depends on the achievement of a performance condition and fulfillment of the service condition:

- Absolute TSR aims to link the LTI value at vesting directly with the absolute value created by the company for its shareholders
- In order to ensure retention of key people, plan participants must be in an active employment relationship at the date shares are allocated

TSR is the profit (or loss) realized by an investment at the end of a year or specific period. It includes capital gains or losses from changes in the share price as well as gross dividends. Capital gain is calculated using the volume weighted average share price (VWAP) over the last twelve months' stock trading days up to the inception date of the relevant Performance Period and the VWAP over the last twelve months' stock trading days up to the closing date of the relevant Performance Period.

The targets are set and evaluated by the Board of Directors.

Absolute TSR to be achieved over a three-year period and resulting performance factor/vesting curve:



For LTI grants prior to 2022 (grant 2020 and 2021) with a vesting in 2023 and 2024, the LTI is determined by Total Shareholder Return (TSR) with a 70% weight and cumulated EBITDA and ROCE each with a weight of 15%. The vesting conditions for those grants remain unchanged.

In March 2022, shares for the performance period 2019–2021 were allocated. Target achievement (and hence the performance factor) for the 2019–2021 performance period was 162.9%. The detailed breakdown of target achievement was as follows: TSR CAGR: 200%, Core EBITDA: 153%, and Core ROCE: 0%. 1.628 shares were thus allocated per PSU. On March 1, 2022, based on a total of 30 192 PSUs originally granted, 36 805 shares were allocated. During the vesting period, 5471 PSUs lapsed without compensation due to participants exiting the company and 1301 PSUs had, as per internal regulations, been transferred early in the form of shares on the relevant employee's exit date (due to retirement or redundancy).

	Number of granted PSUs 2019	Number of vested shares 2022 <sup>2, 3, 4</sup>
CEO	2 800	4 561
Executive Committee	6 391	7 884
Senior Management	10 242	11 942
Management	9 279	10 927
Discretionary Group <sup>1</sup>	1 480	1 491
<b>Total</b>	<b>30 192</b>	<b>36 805</b>

<sup>1</sup> Each year, the Board of Directors and Executive Management at their discretion jointly nominate staff members below management level to participate in the plan.

<sup>2</sup> Excluding shares which have already been converted into shares during the vesting period based on Art. 8.3. of the regulations (retirement / termination for economic reasons).

<sup>3</sup> Excludes 1260 shares for participants at the Nantong site, who received an equivalent cash amount instead of shares due to regulatory restrictions.

<sup>4</sup> Number of vested shares based on outstanding PSUs at the time of transfer.

The following table provides an overview of granted and outstanding entitlements (PSUs) from the LTIP.

## Overview of Outstanding PSUs

	Grant 2020 (Vesting period 2020–2023)	Grant 2021 (Vesting period 2021–2024)	Grant 2022 (Vesting period 2022–2025)
<b>Number of PSUs granted<sup>1</sup></b>	<b>30 761</b>	<b>29 910</b>	<b>18 220</b>
CEO	2 800	2 800	1 740
Executive Committee	6 450	5 600	4 351
Management	21 511	21 510	12 129
<b>Outstanding PSUs as per December 31, 2022</b>	<b>23 199</b>	<b>25 576</b>	<b>16 717</b>
CEO	2 800	2 800	1 740
Executive Committee	4 900	5 600	4 351
Management	15 499	17 176	10 626
<b>Lapsed PSUs as per December 31, 2022<sup>2</sup></b>	<b>6 526</b>	<b>4 131</b>	<b>1 493</b>
CEO	0	0	0
Executive Committee	1 034	0	0
Management	5 492	4 131	1 493
<b>Shares granted from PSUs due to termination as per December 31, 2022<sup>3</sup></b>	<b>1 036</b>	<b>203</b>	<b>10</b>
CEO	0	0	0
Executive Committee	516	0	0
Management	520	203	10

<sup>1</sup> Reported number of PSUs per employee category refers to the grant date and is not corrected for organizational changes.

<sup>2</sup> Entitlement lapsed due to termination of employment relationship by employee or Siegfried.

<sup>3</sup> Share transfer according to regulation due to termination of employment (e.g. retirement).

## Benefits

Our benefit programs are designed to support our employees' professional and personal well-being and enable Siegfried to attract and retain talent. All programs are structured to support our overall business strategy and are aligned with local market practices and legislation. Examples of benefits include, depending on location and work level, pension plans, Employee Share Purchase Plan (ESPP), Share Matching Plan (SMP), public transport passes, lunch vouchers, the use of company cars, mobile phones and discounts with defined partners.

Specifically Siegfried's retirement and insurance plans fulfill and, in some respects, exceed local legal requirements. The form and amount of these plans are governed by local market conditions and legislation.

In Switzerland, a supplementary defined-contribution pension plan is available for individuals whose income exceeds a given threshold. All members of the Executive Committee and some members of Senior Management are enrolled in this pension plan.

Both employee and employer contribute to the aforementioned pension plans. The assets in these segregated plans are held in separate foundations or by insurers and cannot flow back to the employer.

Moreover, accrual funded direct commitments are in place in Germany; these are recognized on the balance sheet as pension liabilities. The relevant accruals are revalued each year. Plans also exist for anniversaries or other benefits linked to years of service.

## 4. Remuneration of Board of Directors

The remuneration model for members of the Board of Directors is designed to recruiting experienced and motivated individuals to carry out the duties of a Board member for Siegfried. Board members' remuneration comprises a fixed cash component and a share-based component; the number of shares is determined annually and approved by the Annual General Meeting. By incentivizing Board members to further the success of the company and increase enterprise value over the long term, the share-based component ensures that the interests of Siegfried's directors and shareholders are aligned. Members of the Board of Directors do not receive any performance-based remuneration.

The cash component consists of a base fee for the Board mandate, and fees for individual functions as per the table below. In addition, for each term of office, Board members receive an expense allowance covering all incidental expenses relating to their professional duties.

Shares are granted at the beginning of a Board member's term of office following the approval of directors' remuneration by the Annual General Meeting. From the date of grant, these shares are subject to a three-year restriction period. Should a Board member give notice during the current term of office, he/she undertakes to transfer the shares back to Siegfried on a pro rata basis.



The following table shows remuneration rates for the 2022/2023 term of office:

Base Fee	Cash component	Lump sum expense allowance	Actual number of restricted shares allocated for 2022/2023 term of office
Chairman of the Board of Directors	180 000	20 000	336
Vice-Chairman of the Board of Directors	90 000	10 000	168
Other members of the Board of Directors	60 000	10 000	168
Fees for individual functions			
Chair of Committee	15 000		
Member of Committee	5 000		

The following tables show remuneration paid/allocated in the reporting year and the prior year.

Remuneration of the Board of Directors is shown by financial year. The share component of the remuneration is valued according to Swiss GAAP FER.

## Remuneration Paid to Board of Directors in 2022 Reporting Year (Audited)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration 2022 <sup>1</sup>	Employer contributions to social security <sup>2</sup>	Total remuneration financial year 2022
Andreas Casutt (Chairman)	180 000	20 000	200 000	262 192	23 286	485 478
Martin Schmid (Vice-Chairman)	100 000	10 000	110 000	131 096	12 678	253 774
Colin Bond (Member; Chair of Audit Committee)	75 000	10 000	85 000	131 096	11 183	227 279
Wolfram Carius <sup>3</sup> (Member; Chair of Strategy Committee)	78 333	10 000	88 333	131 096		219 429
Isabelle Welton (Member; Chair of Remuneration Committee)	75 000	10 000	85 000	131 096	11 228	227 324
Alexandra Brand (Member)	43 333	6 667	50 000	87 136	7 257	144 393
Beat Walti (Member)	46 667	6 667	53 333	87 136	7 456	147 925
<b>Total (serving members on December 31, 2022)</b>	<b>598 333</b>	<b>73 333</b>	<b>671 667</b>	<b>960 848</b>	<b>73 088</b>	<b>1 705 603</b>
Reto Garzetti <sup>4</sup> (Member)	25 000	3 333	28 333	43 960	3 464	75 757
Ulla Schmidt <sup>3,4</sup> (Member)	21 667	3 333	25 000	43 960		68 960
<b>Total (on December 31, 2022 including former members)</b>	<b>645 000</b>	<b>80 000</b>	<b>725 000</b>	<b>1 048 768</b>	<b>76 552</b>	<b>1 850 320</b>

The remuneration figures shown in the table are gross amounts and were booked according to the accrual principle (4/12 for the 2021/2022 term of office; 8/12 for the 2022/2023 term of office).

<sup>1</sup> Fixed number of shares as part of Board of Directors remuneration; value per share as approved by the General Meeting (CHF 840 for the 2021/2022 term of office; CHF 778 for the 2022/2023 term of office).

<sup>2</sup> Incl. social security deductions on the tax value of the pro rata share component of the fixed Board of Directors remuneration (allocated in 2022) for the 2022/2023 term of office.

<sup>3</sup> Exempted from Swiss social security obligation (fulfills social security obligations in principal country of employment).

<sup>4</sup> Reto Garzetti and Ulla Schmidt did not put themselves up for re-election as members of the Siegfried Board of Directors for the 2022/2023 term of office.

In 2022, no remuneration was paid to the members of the Board of Directors other than that shown above. During the 2022/2023 term of office, total Board of Directors remuneration is projected to be CHF 1.853 million; the figure approved at the 2022 Annual General Meeting was CHF 1.875 million.

## Remuneration Paid to Board of Directors for 2022/2023 Term of Office (Projection until end of 2022/2023 Term of Office)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration term of office <sup>1</sup>	Employer contributions to social security <sup>2</sup>	Total remuneration term of office 2022/2023
Andreas Casutt (Chairman)	180 000	20 000	200 000	261 408	24 113	485 521
Martin Schmid (Vice-Chairman)	100 000	10 000	110 000	130 704	13 081	253 785
Colin Bond (Member; Chair of Audit Committee)	75 000	10 000	85 000	130 704	11 631	227 335
Wolfram Carius <sup>3</sup> (Member; Chair of Strategy Committee)	80 000	10 000	90 000	130 704		220 704
Isabelle Welton (Member; Chair of Remuneration Committee)	75 000	10 000	85 000	130 704	11 631	227 335
Alexandra Brand (Member)	65 000	10 000	75 000	130 704	10 885	216 589
Beat Walti (Member)	70 000	10 000	80 000	130 704	11 184	221 888
<b>Total (term of office 2022/2023, serving members)<sup>4</sup></b>	<b>645 000</b>	<b>80 000</b>	<b>725 000</b>	<b>1 045 632</b>	<b>82 525</b>	<b>1 853 157</b>
<b>Approved by the Annual General Meeting for 2022/2023 term of office</b>						<b>1 875 000</b>

The remuneration figures shown in the table apply to the 2022/2023 term of office (May 2022–April 2023).

<sup>1</sup> Fixed number of shares as part of Board of Directors remuneration; value per share as approved by the Annual General Meeting 2022 (CHF 778).

<sup>2</sup> Incl. social security deductions on the tax value of the share component of the fixed Board of Directors remuneration (allocated in 2022) for the 2022/2023 term of office.

<sup>3</sup> Exempted from Swiss social security obligation (fulfills social security obligations in principal country of employment).

<sup>4</sup> Projected total until the end of the 2022/2023 term of office.

## Remuneration Paid to Board of Directors in 2021 Reporting Year (audited)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration 2021 <sup>1</sup>	Employer contributions to social security <sup>2</sup>	Total remuneration financial year 2021
Andreas Casutt (Chairman)	166 667	20 000	186 667	264 840	21 459	472 966
Martin Schmid (Vice-Chairman)	93 334	10 000	103 334	132 420	11 798	247 552
Colin Bond (Member; Chair of Audit Committee)	70 000	10 000	80 000	132 420	10 457	222 877
Wolfram Carius <sup>3</sup> (Member; Chair of Strategy Committee)	70 000	10 000	80 000	132 420		212 420
Isabelle Welton (Member, Chair of Remuneration Committee)	68 333	10 000	78 333	132 420	10 263	221 016
Reto Garzetti (Member)	73 333	10 000	83 333	132 420	10 595	226 348
Ulla Schmidt <sup>3</sup> (Member)	61 666	10 000	71 666	132 420		204 086
<b>Total (serving members on December 31, 2021)</b>	<b>603 333</b>	<b>80 000</b>	<b>683 333</b>	<b>1 059 360</b>	<b>64 572</b>	<b>1 807 265</b>

The remuneration figures shown in the table are gross amounts and were booked according to the accrual principle (4/12 for the 2020/2021 term of office; 8/12 for the 2021/2022 term of office).

<sup>1</sup> Fixed number of shares as part of Board of Directors remuneration; value per share as approved by the General Meeting (CHF 445 for the 2020/2021 term of office; CHF 840 for the 2021/2022 term of office).

<sup>2</sup> Incl. social security deductions on the tax value of the pro rata share component of the fixed Board of Directors remuneration (allocated in 2021) for the 2021/2022 term of office.

<sup>3</sup> Exempted from Swiss social security obligation (fulfills social security obligations in principal country of employment).

## 5. Remuneration of Executive Committee

The Executive Committee's remuneration is comprised of a fixed base salary, a short-term, performance-based component (STI), a long-term, performance-based component (LTI), and additional benefits. As part of the regular review, and in view of the significant increase in the size of the company and management responsibilities in the recent years, the remuneration of the Executive Committee was reviewed in 2021 on the basis of a specially prepared external salary comparison by Mercer in order to ensure appropriate and competitive remuneration. The cross-comparison revealed a need for adjustments for some Executive Committee members to reflect performance and to remain competitive. In 2022, the remuneration of the CEO was not increased.

The ratio for the annual total compensation of the highest-paid individual (CEO) compared to the average annual compensation for all employees in Switzerland (excluding CEO) is 26.

The following table summarizes the Executive Committee's remuneration in 2022 and indicates the highest individual remuneration for services rendered in the reporting year (CEO). The performance-based components STI and LTI are explained in detail below. In 2022, the ratio of fixed to performance-based components in the CEO's remuneration was 27% to 73% (previous year 17%/83%) while the ratio for the Executive Committee averaged 37% to 63% (previous year 30%/70%).

### Remuneration Paid to CEO and Executive Committee in 2022 Reporting Year (audited)

	Fixed remuneration in cash <sup>1</sup>	Short-term, performance-based remuneration (STI) in cash <sup>2</sup>	Total cash payments	Long-term, performance-based remuneration (LTI) in PSUs <sup>3</sup>	Employer contributions to social security <sup>4</sup>	Employer contributions to pension fund	Total remuneration 2022 <sup>5</sup>
CEO and Executive Committee							
Highest individual remuneration: Wolfgang Wienand <sup>6</sup>	800 000	1 047 200	1 847 200	1 132 461	231 415	88 979	3 300 055
Other Executive Committee members	2 313 500	1 138 757	3 452 257	2 831 148	448 792	310 144	7 042 341
<b>Total (at December 31, 2022)</b>	<b>3 113 500</b>	<b>2 185 957</b>	<b>5 299 457</b>	<b>3 963 609</b>	<b>680 207</b>	<b>399 123</b>	<b>10 342 396</b>

The remuneration figures shown in the table are gross and are based on the accrual principle.

<sup>1</sup> Incl. contractual remuneration in Siegfried shares for two members of the Executive Committee in the amount of CHF 248 500.

<sup>2</sup> To be paid out in April 2023 after approval at Annual General Meeting.

<sup>3</sup> Includes PSUs granted in 2022 for plan period 2022–2024; PSUs are valued as per external consultant ALGOFIN (CHF 650.72 per PSU).

<sup>4</sup> Includes an assumed social insurance contribution on both the 2022 STI (7.7%) and PSUs granted in 2022 (7.7%).

<sup>5</sup> Not including fringe benefits (REKA money, child and family allowances, employer contributions to BU/NBU) in the amount of approximately CHF 24 000.

<sup>6</sup> The reported fixed remuneration of Wolfgang Wienand excludes an out-of-period compensation payment of CHF 280 914 to correct an error in the allocation of Performance Share Units (PSUs) under the LTIP that occurred in 2018. The shares to be transferred were settled in cash during the reporting year. Including this cash payment, the total compensation for all members of the Executive Committee in 2022 amounts to CHF 4.02 million.

In 2022, no remuneration was paid to the Executive Committee members other than that shown above. The amount of fixed remuneration for the reporting year 2022 approved at the 2021 Annual General Meeting was complied with in accordance with the Articles of Incorporation (Art. 25).

## Overview of 2022 STI Calculations

CEO and Executive Committee	Target STI as % of fixed base salary	Target STI in CHF	Actual 2022 STI in CHF <sup>1, 2</sup>	Actual STI as % of target STI	Actual 2022 STI amount incl. social security deductions <sup>2</sup> to be approved at the Annual General Meeting
CEO	100%	800 000	1 047 200	130.90%	1 127 834
Other Executive Committee members	40–50%	939 500	1 138 757	121.21%	1 226 441
<b>Total</b>		<b>1 739 500</b>	<b>2 185 957</b>	<b>125.67%</b>	<b>2 354 275</b>

<sup>1</sup> To be paid out in April 2023 after approval at Annual General Meeting.

<sup>2</sup> Assuming 7.7% social security contributions.

For the reporting year 2022, the following targets were relevant for the CEO and the Executive Committee (EC):

Target Category	Target	Weighting
Corporate Targets	Core EBITDA	CEO 40%, EC 25%
	Core ROCE	CEO 40%, EC 25%
Operational/Functional Targets	Safety, OTIF, CM1, Non Material Cost, Sales targets	EC 30%
Individual Targets	Function and role related targets	CEO 20%, EC 20%

The average target achievement of the entire Executive Committee for the reporting year 2022 was 125.67% (2021: 101.88%).

## PSUs granted to CEO and Executive Committee in 2022 Reporting Year

The value of the PSUs granted to the CEO and other members of the Executive Committee for the three-year performance period January 1, 2022–December 31, 2024 under the LTIP is reported once and in full as Executive Committee remuneration in the respective reporting year. In 2022, the CEO and the Executive Committee were granted a total of 6 091 PSUs (previous year 8400 PSUs). As in the past, an external valuation company was used to determine the fair value of a PSU as of the grant date of the reporting year using a best-practice method which then served as a calculation parameter for determining the value of the long-term remuneration and social security contributions payable on it. For the reporting year 2022, the value was set at CHF 650.72 per PSU.

In order to ensure transparency, the PSUs allocated in the reporting year are shown as totals in the following table of remuneration paid to the Executive Committee. In the Consolidated Financial Statements, however, LTIP expenses are distributed over the three-year performance period. The effective income at the end of the vesting period may differ from the fair value determined at the grant date of PSUs and is depending on the target achievement of the LTIP (amount of the performance factor) and hence possible allocation of shares and the share price at the time of the allocation of shares.

Plan period	Executive Committee	PSU grant date	Performance period	Vesting period	Vesting date	Value at 100% target achievement			
						PSUs allocated	Value of allocated PSUs <sup>1</sup>	Social insurance contributions on value of PSUs <sup>2</sup>	Potential target achievement
2022–2024	CEO					1 740	1 132 253	87 183	
	Other members of the Executive Committee	01.01.2022	01.01.2022–31.12.2024	01.01.2022–01.01.2025	01.01.2025				0%–200%
						4 351	2 831 283	218 009	
<b>Total</b>						<b>6 091</b>	<b>3 963 536</b>	<b>305 192</b>	
<b>Total cost to enterprise</b>							<b>4 268 728</b>		
<b>Approved sum by Annual General Meeting<sup>3</sup></b>							<b>4 300 000</b>		

<sup>1</sup> PSUs are valued as per external consultant ALGOFIN (CHF 650.72 per PSU).

<sup>2</sup> Includes an assumed 7.7% social insurance contribution.

<sup>3</sup> Approval of PSUs allocated in the financial year 2022 for the performance period 2022–2024 at the 2022 Annual General Meeting.

## Remuneration Paid to CEO and Executive Committee in 2021 Reporting Year (Audited)

CEO and Executive Committee	Fixed remuneration in cash <sup>1</sup>	Short-term, performance-based remuneration (STI) in cash <sup>2</sup>	Total cash payments	Long-term, performance-based remuneration (LTI) in PSUs <sup>3</sup>	Employer contributions to social security <sup>4</sup>	Employer contributions to pension fund	Total remuneration 2021 <sup>5</sup>
Highest individual remuneration: Wolfgang Wienand <sup>6</sup>	646 667	832 000	1 478 667	2 255 456	276 130	88 979	4 099 232
Other Executive Committee members	2 231 208	749 493	2 980 701	4 510 912	539 815	257 785	8 289 213
<b>Total (at December 31, 2021)</b>	<b>2 877 875</b>	<b>1 581 493</b>	<b>4 459 368</b>	<b>6 766 368</b>	<b>815 945</b>	<b>346 764</b>	<b>12 388 445</b>

The remuneration figures shown in the table are gross and are based on the accrual principle.

<sup>1</sup> Incl. contractual remuneration in Siegfried shares for two members of the Executive Committee in the amount of approximately CHF 327 400 as well as employer contribution to share purchase (ESPP) for purposes of meeting LTIP investment requirements for one member of the Executive Committee.

<sup>2</sup> Paid out in April 2022 after approval at General Meeting.

<sup>3</sup> Includes PSUs granted in 2021 for plan period 2021–2023; PSUs are valued as per external consultant ALGOFIN (CHF 805.52 per PSU).

<sup>4</sup> Includes an assumed social insurance contribution on both the 2021 STI (7.7%) and PSUs granted in 2021 (7.7%).

<sup>5</sup> Not including fringe benefits (REKA money, child and family allowances, employer contributions to BU/NBU) in the amount of approximately CHF 24 000.



## 6. Shareholdings of Board of Directors and Executive Committee at End of Reporting Year

### Shareholdings of Board Members

The following table lists shareholdings of Board members and affiliated persons.

	December 31, 2022		December 31, 2021	
	Total shares	of which restricted	Total shares	of which restricted
Board of Directors				
Andreas Casutt (Chairman)	20 000	1 250	19 914	1 618
Martin Schmid (Vice-Chairman)	2 274	625	2 106	809
Colin Bond (Member)	3 774	625	3 606	809
Wolfram Carius (Member)	3 274	625	3 106	809
Isabelle Welton (Member)	740	625	572	457
Alexandra Brand (Member)	168	168		
Beat Walti (Member)	168	168		
<b>Total (active Board Members)</b>	<b>30 398</b>	<b>4 086</b>	29 304	4 502
Reto Garzetti (Member) <sup>1</sup>			8 640	809
Ulla Schmidt (Member) <sup>1</sup>			2 071	774
<b>Total (including former Board Members)</b>	<b>30 398</b>	<b>4 086</b>	40 015	6 085
<b>In % of share capital</b>	<b>0.69%</b>	<b>0.09%</b>	0.91%	0.14%

<sup>1</sup> Reto Garzetti and Ulla Schmidt did not put themselves up for re-election as members of the Siegfried Board of Directors for the 2022/2023 term of office.

### Shareholdings of Executive Committee Members

The following table lists shareholdings of Executive Committee members and affiliated persons.

	December 31, 2022		December 31, 2021	
	Total shares	of which restricted	Total shares	of which restricted
Executive Committee				
Wolfgang Wienand (CEO)	24 583	0	20 772	0
Reto Suter (CFO)	11 126	0	9 517	0
Irene Wosgien (Chief Operating Officer DS)	750	0	500	0
Marcel Imwinkelried (Chief Operating Officer DP)	328	0	100	0
Arnoud Middel (Chief Human Resources Officer)	3 897	0	4 802	0
Marianne Späne (Chief Business Officer)	30 780	0	28 632	0
Jürgen Roos (Chief Scientific Officer)	2 082	980	1 400	980
<b>Total (serving Executive Committee members)</b>	<b>73 546</b>	<b>980</b>	65 723	980
<b>In % of share capital</b>	<b>1.66%</b>	<b>0.02%</b>	1.50%	0.02%

## 7. Contractual Agreements, Loans, Credits, and Additional Contributions

The employment contracts of Executive Committee members and the CEO are open-ended and provide for a notice period of six months. Board mandates are not subject to notice periods and terminate ordinarily at the end of the one-year term of office. There are no contractual agreements or undertakings in place with respect to severance payments or special clauses for members of either the Executive Committee or the Board of Directors.

The Long Term Incentive Plan, which entered into effect on January 1, 2014 (see section 3), in its current version, stipulates that:

In the event of a change of control of Siegfried, Plan Participants, subject to not having given and/or received notice of termination prior to the date of a change of control, will receive on the date of the change of control, or on a date defined by the Board, a number of Shares for each outstanding PSU. The number of Shares to be distributed per PSU is calculated on the basis of a valuation method to be determined at the sole discretion of the Board and shall adequately reflect and preserve the economic value of the benefits or potential benefits due to Plan Participants from all ongoing Performance Periods.

As of December 31, 2022, Siegfried Holding AG and its Group companies do not have any outstanding securities, loans, advances or credits to members of the Board of Directors or the Executive Committee of Siegfried Holding AG. Further, in the reporting year, no securities, loans, advances or credits were granted at non-market rates to persons affiliated with current members of the Executive Committee or Board of Directors or to former members of the Executive Committee or Board of Directors; nor are any such commitments outstanding as at December 31, 2022.

# Report of the Statutory Auditor

to the General Meeting of Siegfried Holding AG, Zofingen

## Report on the audit of the remuneration report

### Opinion

We have audited the remuneration report of Siegfried Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on pages 17 to 21 and page 23 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (pages 17 to 21 and page 23) complies with Swiss law and article 14 to 16 of the Ordinance.

### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

## Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG



Thomas Illi  
Licensed audit expert  
Auditor in charge



Andreas Kägi  
Licensed audit expert

Basel, 16 February 2023



## 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 2022 financial year ending 31 December 2022. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in February 2022, both in a printed version and as PDF on our corporate website. The next report will come out in spring 2024.

### 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 2022 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 Elevate, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Reference with GRI Standards

This report has been prepared in reference with the GRI Standards. Please refer to the detailed GRI content index on our website.

## Publisher's Note

This Annual Report is published in German and English.

This is an excerpt of Siegfried's Annual Report 2022. All chapters of Siegfried's Annual Report 2022 can be downloaded on our website.

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Christa Brügger, Alexandra Keller

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**expect  
more**

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# Sustainability Report 2022



expect  
more

# Table of Contents

Siegfried continuously reinforces its commitment to sustainability across all three dimensions: social, environmental and economic. Sustainability represents one of our five corporate values and builds the basis for our daily work and our entrepreneurial activity.

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## Our Sustainability Journey

- 04 Letter from CEO
- 06 Highlights
- 07 Distinctions
- 09 Statement CSR
- 10 Projects
- 12 Process Optimization

---

## Report

- 16 Sustainability at Siegfried
- 28 Integrity
- 32 Information and Cyber Security
- 35 Quality Compliance
- 44 Safety, Health & Environment (SHE)
- 67 Employees
- 74 Corporate Social Responsibility
- 78 Contacts
- 79 GRI Content Index



This is an excerpt of Siegfried's Annual Report 2022. All chapters can be found on our Investor Relations portal: [www.ir.siegfried.ch](http://www.ir.siegfried.ch)

# Summary 2022

# Dear Stakeholders and Friends of Siegfried



**Dr. Wolfgang Wienand**  
Chief Executive Officer

**In 2022, Siegfried reinforced its commitment to sustainability across all three dimensions: social, environmental and economic. In alignment with the United Nations Sustainable Development Goals for 2030, we prioritize people, the environment and our business. We support the UN Global Compact Initiative with a mission to better the world and care for our customers, patients, and society.**

“Sustainability” and “Integrity” represent two of our five corporate values and build the basis for our daily work and our entrepreneurial activity. We are thus expressly committed to sustainable corporate management. In 2022 despite a challenging macroeconomic climate with more stringent energy requirements, we established an energy crisis team that initiated various initiatives at different sites, such as reducing water usage, saving energy or gas, or introducing new safety measures.

Our expertise in process optimization helps customers to develop more efficient and greener production processes for their products and reach ambitious sustainability goals. We employ second-generation processes and green chemistry, while researching various sustainable technologies to reduce energy consumption and waste production whilst ensuring the maximum safety of our products.

All these numerous efforts and initiatives resulted in progress and successes in the area of sustainability. This has been recognized by external parties and independent institutions. In 2022, we were again rated positively in the ISS ESG and the MSCI ESG Ratings, and were, for the second time in a row, included in the Dow Jones Sustainability Index Europe. All our sites also scored well on EcoVadis Rating with GOLD or SILVER ratings.



Organizationally, we make sure that the topic of sustainability gets the required attention through the Strategy and Sustainability Board at the highest management level (Board of Directors). In addition, dedicated positions, such as the one of Global Head SHE, were created.

In 2023, Siegfried will be celebrating its 150<sup>th</sup> anniversary, and we want our company to be active for at least another 150 years. With this in mind, we are determined to keep our focus on sustainability with the goal of reducing our carbon footprint by 50% by 2030. We recognize our responsibility and are aware of the expectations from our stakeholders. Thus, we are pleased to confirm that Siegfried continues to support the aims of the UN Global Compact as set out by the United Nations in 2000, namely environmental protection, human rights promotion, compliance with labor standards and fighting bribery and corruption. As of 2022, Siegfried's Communication on Progress qualifies as "GC Advanced".

We are proud of what we have achieved so far, while we acknowledge that there is still a long way to go.

With kind regards

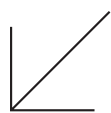
**Dr. Wolfgang Wienand**

Chief Executive Officer

A handwritten signature in dark ink, appearing to read 'W. Wienand', written in a cursive style.

# Sustainability Highlights

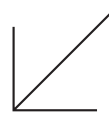
–5%



## Energy Consumption

Total energy consumption was reduced by 103 terajoules (TJ) compared to last year. This is equivalent to the amount of energy Niagara Falls produces in the span of a week.

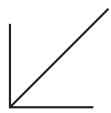
–15.7%



## Carbon Emissions

Total carbon emissions were reduced by 12 140 tons CO<sub>2</sub>eq compared to last year. This reduction is equivalent to 5 full flights around the world.

–43%



## Total Lost Time Accidents

Total lost time accidents were reduced by 43% compared to last year.

73%



## Renewable Energy

454 Terajoules (TJ) electricity consumption came from renewable energy sources. This is the equivalent to powering 27 000 households in Switzerland for a year.

# Our most Important Distinctions

## Dow Jones Sustainability Index S&P



### Confirmed in the Dow Jones Sustainability Index Europe

Siegfried has been confirmed as a member of the Dow Jones Sustainability Index (DJSI) Europe for the second consecutive year. The DJSI is a widely recognized standard for measuring corporate environmental, social, and governance (ESG) progress across industries. Siegfried is currently the only CDMO (Contract Development and Manufacturing Organization) in the DJSI Europe.

## Morgan Stanley Capital International ESG Rating



### Joined the leader percentile

In 2022, our company was promoted to "leader" status ('AA') in the MSCI index. The MSCI ESG Index grants institutional investors effective tools to integrate ESG considerations into their investment process and portfolios. The ratings have been developed to measure a company's resilience in relation to long-term, industry-specific ESG criteria and compare it against its competitors.

## Carbon Disclosure Project



### First time disclosure of information to the CDP

As Siegfried is new to the CDP index, the company has received the Rating D (Disclosure), a typical rating for CDP newcomers. CDP is a widely recognized non-profit organization that assesses and scores companies on their climate change strategies, with higher scores indicating a greater corporate commitment to tackling climate change risks. This independent information helps investors evaluate how well companies are managing their climate change-related risks and opportunities.

## EcoVadis Rating



### Annual assessment of the sites via the EcoVadis rating

A few years ago, Siegfried decided to undertake a Corporate Social Responsibility (CSR) assessment every year across all sites and use a recognized label to show its commitment and the work it does as a company in the field of sustainability. EcoVadis was chosen as the partner. This rating evaluates 21 sustainability criteria, divided into four categories: environment, labor, human rights, ethics and sustainable procurement. The methodology applied by EcoVadis for the CSR rating is based on international standards issued, e.g. by Global Reporting Initiative (GRI), United Nations Global Impact and the International Labour Organization. Our most recent results reflect "GOLD" for 4 Siegfried sites and "SILVER" for the other seven sites.

## Science-Based Target Initiative



### On the 2 years journey to be validated

In 2022, Siegfried joined the Science-based Target Initiative (SBTi) and was automatically rated with the status "Committed", a mandatory step for the first two years in the index while our climate targets are validated. SBTi provides companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. More than 4,000 businesses around the world are already working with SBTi. By joining, businesses demonstrate that they are committed to reducing their environmental impact and achieving climate neutrality. Being part of the SBTi also ensures companies have access to guidance, tools and support to meet their climate goals.

## Sustainalytics/ Morningstar



### Low investment risk

This year, Siegfried was included on the Sustainalytics index and rated with low risk. This certification demonstrates that our company has low environmental and social impacts, as well as robust corporate governance practices in place. Sustainalytics and Morningstar have partnered to provide comprehensive research and assessment of ESG-related investments. The two companies combine Sustainalytics' expertise in ESG analysis with Morningstar's financial data analysis, offering investors an integrated view of potential ethical considerations associated with each investment.

# Our Sustainability Journey



**Luca Dalla Torre**  
General Counsel, Chairman of  
the Sustainability Committee

## **Sustainability is one of Siegfried's corporate values. How does this manifest itself in daily business?**

Siegfried celebrates its 150<sup>th</sup> birthday this year and in order to ensure the company's success in the coming decades, it is imperative that our company produces sustainably and acts wisely. Today, this is more important than ever.

Sustainability is a cross-functional and cultural issue. As such, it is crucial that the whole organization, each department and each employee, not only supports the various initiatives, but also internalizes the value of "sustainability" as such. For that purpose, we have – with the setup of a Sustainability Board in 2021 – created a committee that includes all relevant internal stakeholders representing the diverse areas of sustainability, including environmental experts, ethics&compliance, EHS, and of course human resources. The Sustainability Board directly reports to the "Strategy & Sustainability Committee" of the Board of Directors, which defines the strategy, governance and risk management of the Siegfried Group in the area of sustainability. This setup ensures that the topic gets the attention required.

By means of many concrete projects across our different sites, we constantly strive to improve our sustainability performance. ESG topics have enjoyed priority for many years already. For instance, for a long time at all sites we have recorded and actively managed relevant environmental data in the areas of energy management, CO<sub>2</sub> emissions, water consumption and waste management. Our activities in all areas of sustainability are summarized every year in a comprehensive sustainability report, which is composed in accordance with the recognized international GRI guidelines.

## **What were the key achievements related to sustainability at Siegfried in 2022?**

We continued along the path taken and moved on with many projects to improve our sustainability performance in all areas of ESG. Of course, the macro-economic environment caused the Ukraine war made us focus even more on supply chain topics and energy consumption. In the latter regard, we were able to achieve significant savings.

In 2022, we launched a broad and interdisciplinary project to challenge and reassess our company's material sustainability topics. Together with more than 150 members of the management across all departments and all Siegfried sites, we identified those issues for which we believe Siegfried as a company can have a significant positive impact on the environment, its employees and its customers and – ultimately – the patients. A total of eight material core areas that Siegfried will continue to proactively manage were defined. In addition, we also evaluated the impact of the various sustainability issues on the business of Siegfried, and for the first time evaluated our climate-related risks and opportunities in accordance with the TCFD guidelines.

It must be noted that many of the sustainability initiatives, in particular in the field of energy savings and reduction of our CO<sub>2</sub> footprint, were launched and implemented locally, on the level of our sites. For that, my thanks go to all the local colleagues and their great ideas and efforts, which will allow Siegfried to achieve its ambitious targets by way of many little steps and initiatives

On a global level, we also implemented various new global policies, namely

- Supplier Integrity Commitment
- Human Rights & Labor Standards Commitment
- Diversion Inclusion & Equality Policy
- Donations & Sponsorship Policy

In addition, we reorganized our ESG supplier risk management, which will allow us to assess and actively manage the ESG performance of our global suppliers based on certain risk criteria.

## What are the plans for 2023?

The extensive analysis of our material topics and our climate-related risks and opportunities conducted in 2022 helped us to identify those areas in which Siegfried, through its sustainable business conduct, may have a real impact. This allows us aligning our sustainability strategy with the corporate strategy. It does not come as a surprise that the reliable supply of safe medicines is and continues to be our top priority. However, a strong focus will also be set on the other areas that we identified as material to the business of Siegfried.

With respect to the reduction of our CO<sub>2</sub> footprint, the target remains unchanged: Siegfried aims to cut its CO<sub>2</sub> emissions (scope 1 and 2) in half, adjusted for revenue by 2030. However, this requires continues efforts, both with respect to energy efficiency as well energy sourcing. Last but not least, a specific focus will be on the scope 3 emissions, i.e. the assessment of our suppliers' emissions.





# Stories from the Sites

## St. Vulbas

### Optimizing Water Use

The St. Vulbas site has successfully optimized its cooling cycle process replenishing the cooling cycle more precisely. By introducing temperature-sensitive flow control, the new cold-water pumps are designed to kick in only when the cooling cycle exceeds a specific temperature level – resulting in a 20% water reduction on site by 2022. In addition, mindful behaviors related to vessel cleaning and proactive tracking contributed to a further 36% city water reduction across the French site.



## Hameln

### Increasing Safety Awareness

Our commitment to safety and accident reduction is integral to our strategy. In 2022, Hameln increased the visibility of safety topics by boosting management support, monthly communications, and enticing awareness campaigns. As a result, Hameln achieved substantial reductions in work accidents from 19 to 7 (–63%) compared to the previous year. In addition, accident-related absenteeism was also reduced by 90%. The severity of related accidents remained low, similar to last year.

## Group

### Enhancing Our Cybersecurity

Siegfried partnered with InfoGuard to enhance our cybersecurity operations to ensure continuous monitoring and incident response on a 24x7 level. As a result, external consulting services were contracted, leading to the successful implementation of system and organization controls (SOC) and the roll-out of a monitoring system. Furthermore, Siegfried con-

ducted a comprehensive cyber risk assessment across 32 areas with cyber defense specialists from AON, an international risk mitigation company. Based on this review, Siegfried received a score above the median result of the pharmaceutical industry while granting Siegfried a cybersecurity insurance policy.



## Minden

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# Reducing Gas Consumption

Our site in Minden has decreased its gas consumption by optimizing the standby management of its two steam boilers. After an extensive engineering study conducted internally, the new standby mode separates one of the boilers from the steam distribution grid on demand. Such a technical change led to a 15-fold decrease in the energy consumption of the two boilers, or 4 GWh per year. This decrease amounted to 5% of the overall gas consumption at the site, while maintaining flexibility and not affecting business needs.

## Group

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# Tackling the Energy Crisis

In October 2022, Siegfried formed an energy crisis team in response to the energy crisis occurring across Europe. The team set out to reduce energy consumption and has implemented 60 projects throughout the Siegfried network. Thanks to these initiatives, global energy savings of 4% were achieved in 2022.

The primary initiative was optimizing HVAC systems in controlled areas by adjusting the settings during productive and non-productive hours without compromising GMP regulations. Additionally, lighting and heating levels were reduced at all Siegfried premises.

# Sustainable API Production

With our expertise in process optimization, we make the production of APIs more sustainable



Sustainability plays an important role in our industry – it is central to Siegfried's purpose and the value we create for our stakeholders. With our expertise in process optimization, we help our customers to develop greener production processes for their products and to achieve their ambitious sustainability targets.

We introduce second-generation processes, apply green chemistry, and continuously research new sustainable technologies. With these efforts, we reduce energy consumption, produce less waste, and at the same time, maximize our products' safety.





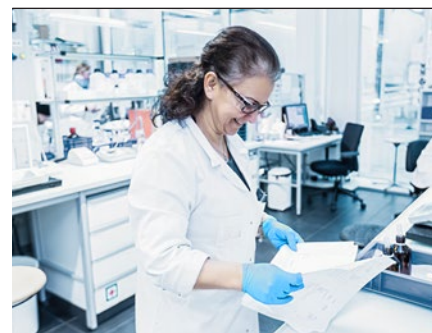
### **Saving up to 50% raw materials with second-generation processes**

Siegfried implemented second-generation processes for selected multi-client products by rethinking the API synthesis route and redesigning manufacturing processes. This new process replaces the original API synthesis with more efficient approaches, e. g. shorter synthetic routes, more selective catalytic processes and flow chemistry. This greener chemistry has a lower environmental impact, as shown at our site in Minden. For one of our multi-client products, the synthesis route was shortened from 17 to 9 production steps. The raw material and energy consumption was also reduced by half. At the same time, the process generated 50% less waste and thus had a smaller environmental impact. Ultimately, all these benefits lead to higher product yields for our customers.



### **Enhancing API production through distillation**

At Siegfried, distillation is used in numerous process steps of an API synthesis. Enhanced distillation techniques enable higher product quality, yield, and a more efficient process while reducing waste. In addition, we are able to distill organic solvents from wastewater so that it can be sent to a water treatment plant, thereby reducing the amount of incinerated waste. Furthermore, our subject matter experts use computer simulations to identify sustainability opportunities such as solvent consumption reduction, solvent recycling or energy savings. Siegfried recycles solvents extensively for large-volume products e. g. in Minden, Nantong and Zofingen, and plans to expand it further.



### **Reducing waste up to 15 times with membranes**

Pervaporation is a sustainable solution for removing water and methanol from solvents during API manufacturing. This method uses semi-permeable membranes that allow water or methanol molecules to pass through them. Through this process, we can reduce the waste produced by up to 15 times compared even to distillation. In addition, this approach has a smaller carbon footprint than incinerating the waste created in traditional methods. The use of pervaporation membranes offers an environmentally responsible way of managing solvent drying with lower energy consumption requirements. At the moment, Siegfried is testing this technology to deploy it in the near future.

# Report 2022

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16	Sustainability at Siegfried
28	Integrity
32	Information and Cyber Security
35	Quality Compliance
44	Safety, Health & Environment (SHE)
67	Employees
74	Corporate Social Responsibility
78	Contacts
79	GRI Content Index

# 1. Sustainability at Siegfried

## **Current status of sustainability activities**

Siegfried has advocated for sustainable development for many years and takes responsibility for the impact of its business activities on the ecological, social and economic environment. Due to the significant burden that Siegfried and other pharmaceutical companies bear to ensure patient safety, as well as scrutiny from politicians, society, authorities and customers – sustainability is more pressing now than ever. Siegfried remains compliant with the international regulations and legal requirements that allow us to maintain our reputation as a safe and reliable producer of energy-intensive chemical products. Siegfried takes its obligations toward all stakeholders seriously, particularly regarding transparency and integrity. To maintain our high-quality standards, the Board of Directors and Executive Committee are actively involved in preparing the report, thus embodying our dedication to sustainability and integrity at the highest level.

## **Siegfried's sustainability report complies with Global Reporting Initiative (GRI) Standards**

The 2022 Sustainability Report provides an in-depth look into our commitment and performance on key sustainability topics. This report builds on the work done for previous sustainability reports, including the materiality analysis. The materiality analysis defines the priorities, topics, initiatives, and focus areas that best support Siegfried's sustainable development. The Board of Directors reviews and approves the reported information, including the material topics.

## **Long-term binding obligations for climate targets**

Siegfried accepts its responsibility as a manufacturing company and commits to binding sustainability goals: we will reduce our CO<sub>2</sub> footprint (scope 1 and 2) by 50 percent by 2030. The basis for this is the sales-normalized value of 2020. Furthermore, Siegfried is taking long-term actions consistent with the net-zero target of 2050 to limit global warming to 1.5°C through reduced greenhouse gas emissions.

## 1.1 Organization of Sustainability Management Strategy & Sustainability Committee (Board Level)

The ultimate responsibility for the definition of the strategy, the governance and the risk management of the Siegfried Group in the area of sustainability, in particular on the topics of "Environment, Social and Governance" ("ESG"), lies with the Board of Directors. The Board has delegated the preparatory work in the field of ESG to its "Strategy & Sustainability Committee", but retains all decision-making authority. The Strategy & Sustainability Committee comprises three members of the Board of Directors, one of whom chairs the Committee. The Committee meets as often as necessary, but at least three times a year.

In particular, the Strategy & Sustainability Committee and, ultimately the Board of Directors, is responsible for the following matters;

- Environmental and social impacts of Siegfried's business activities, including climate change, human rights, ethics & compliance, responsible sourcing and employee issues;
- Assessing the impact, both in terms of opportunities and risks, of environmental and social developments on the Siegfried Group's business, financial position and strategy in the medium and long term,
- Monitoring regulatory developments regarding environmental and social issues and their applicability to implementation by the Siegfried Group;



- Monitoring of management incentives and performance of the company concerning sustainability goals based on internal metrics and external sustainability indices;
- Sustainability reporting and its accuracy, completeness and conformity with respect to financial and non-financial disclosures.

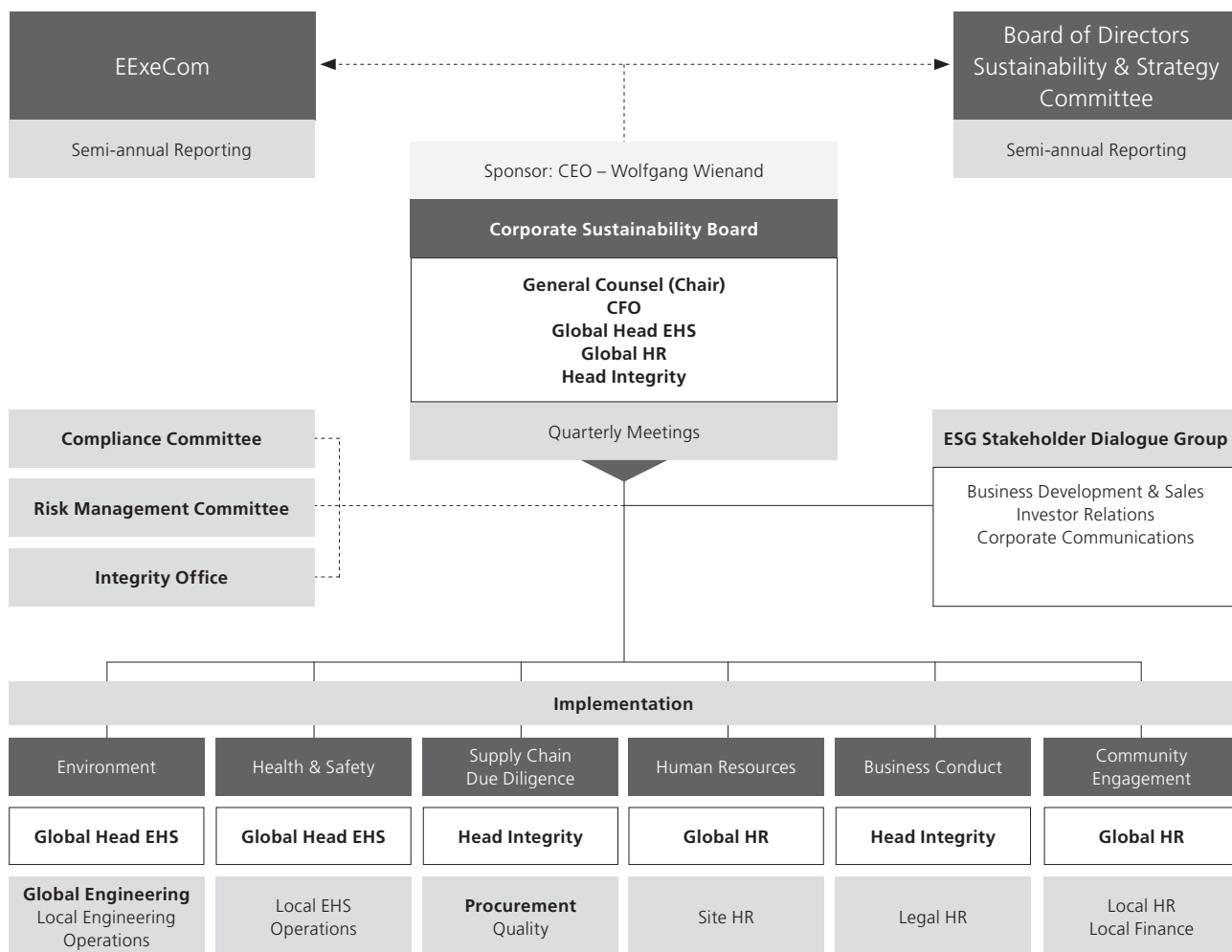
## Sustainability Board (Senior Management Level)

Siegfried strives to standardize further and professionalize its sustainability management (see Outlook on page 13). In the past, individual divisions held responsibility for implementing and fulfilling activities and projects, with their performance reported to the Executive Committee. To provide further support for this important topic, Siegfried introduced the Sustainability Board in 2022. The General Counsel of the Siegfried Group chairs the Sustainability Board. It is further composed of representatives of the relevant Siegfried departments with direct responsibility for ESG issues, including the CFO, the Global Head SHE, the Head of Integrity, and the Global Head of HR Drug Substances. The Sustainability Board oversees six main ESG Working Groups: Environment, Health & Safety, Supply Chain Due Diligence, Human Resources, Business Conduct as well as Community Engagement. Each of these ESG Working Groups is headed by one of the Sustainability Board members. In addition, the Sustainability Board closely interacts with the ESG Stakeholder Dialogue Group, consisting of representatives of Siegfried's BD & Sales Department, Investor Relations and Communications, bridging the work of Siegfried in the field of sustainability with its external stakeholders.

The Sustainability Board meets at least four times annually. The Chairman of the Sustainability Board communicates regularly with the CEO, the sponsor of the Sustainability Board, to discuss strategic sustainability issues. In addition, the chairman and/or other members of the Sustainability Board regularly report to the Executive Committee on operational ESG issues and to the Board of Directors or the Strategy & Sustainability Committee on ESG strategical and governance issues.

As a leading global service provider to the pharmaceutical industry, we strive to meet our customers' demanding standards through an established and fully integrated quality management system geared towards continuous improvement. The Compliance Committee and the Chief Compliance Officer are responsible for implementing compliance standards in quality and safety, health and environment (SHE). The Compliance Committee meets monthly and is chaired by the Chief Compliance Officer.

## Organizational structure with regard to sustainability at Siegfried



### 1.2 Leadership and Values

Siegfried has implemented globally standardized guidelines for “Leadership and Values”. The corporate values of excellence, passion, integrity, quality and sustainability form the core of the leadership model, creating the basis of our actions and connecting all stakeholders. They bridge cultural divides between our 11 sites, fostering understanding throughout the Siegfried Group. These values are a tool to embody our strategy and brand in everyday conduct, serving as an internal compass.

The leadership principles were created jointly with the executives from all sites. Workshops were held at each site to explain the leadership principles using different interactive modules. The objective was for everyone to apply the leadership principles within their teams, working together more effectively. The leadership model will be conveyed annually in each site through a training program, practical content and selected learning sequences to ensure successful day-to-day implementation. This

program will continue to be expanded over time. It is especially beneficial for new locations to establish another high-quality site.

#### Intensive interaction within the Group

During the reporting year, CEO Wolfgang Wienand and the other Executive Committee members had intensive interaction with all sites, discussing and delving deep into our corporate values to cement their understanding of Siegfried's leadership philosophy.

### Our Values: we strive for top performance

"Our values and leadership principles are the basis for being the best team in our industry."



#### Excellence

"We excel in everything we do"



#### Passion

We deeply care about what we do and how we do it



#### Integrity

We act responsibly, reliably, respectfully and live up to our own standards



#### Quality

We do it right first time



#### Sustainability

We do not only think about tomorrow, but far beyond"

## 1.3 Materiality Analysis

### **Sustainability Materiality Assessment 2022**

In 2022, under the leadership of the Sustainability Board, Siegfried conducted a comprehensive group-wide sustainability assessment with the target of identifying and evaluating those sustainability issues and fields (i) in which Siegfried's business activities have the most significant impact on the economy, environment, and people, including effects on human rights ("inside-out impact"); and/or (2) that are necessary for an understanding of Siegfried's development, performance and position and thereby affecting its long-term ("outside-in impact").

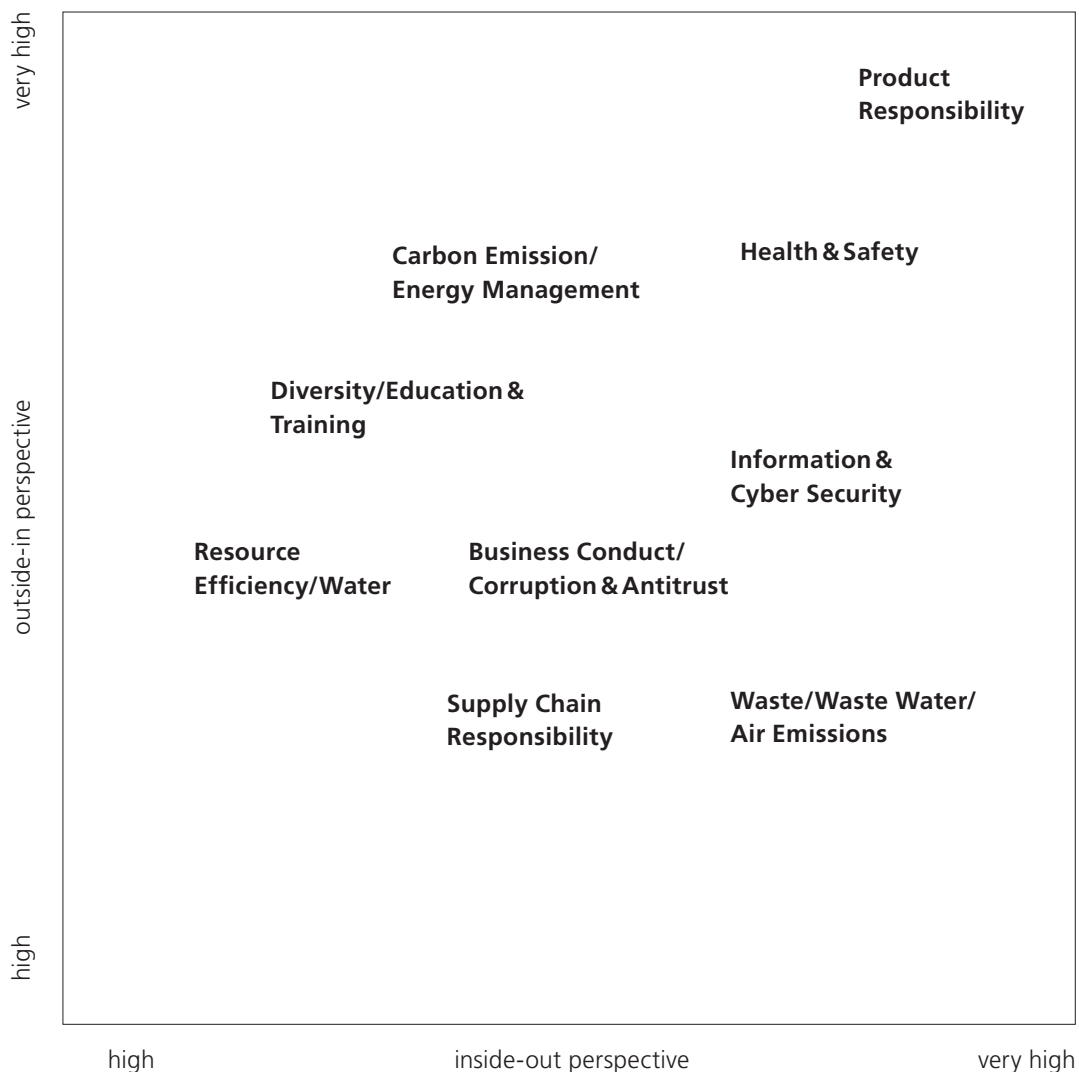
In the first step, a long list of potential ESG issues was prepared with external specialists and approved by the Sustainability Board to identify and evaluate the most relevant fields of action. Based on such a long-list, a comprehensive web-based survey was rolled out to a total of 150 members of Siegfried's middle and top-level management with corporate and site management functions at one of the eleven Siegfried sites across the globe. The participants of the survey included not only employees with primary (local or global) responsibilities in the field of sustainability, such as EHS, HR or Integrity & Compliance, but also members of the Business Development & Sales department, representing the view of the customers, the Quality department, expressing the view of patients, the engineering and operations department, representing Siegfried's core business activities, as well as other global or local departments and functions. Each member of the management was asked to rate and comment on the two materiality dimensions, the inside-out impact of Siegfried's business activities and the outside-in impact of the relevant issues on Siegfried's business.

Based on the result of the survey and the raw data so generated, in a subsequent step, the Sustainability Board discussed, grouped, assessed and rated each single ESG issue on both dimensions in a full-day workshop. The results of the survey and the further evaluation of these results were then presented to, and approved by, the Board of Directors of the Siegfried group during the Board's Strategy Retreat 2022.

The following topics were identified as key material ESG issues in the 2022 double-materiality assessment (listed according to relevance):

- Product Responsibility
- Health & Safety
- Carbon Emission/Energy Management
- Information and Cyber Security
- Diversity/Education & Training
- Business Conduct/Corruption & Antitrust
- Resource Efficiency/Water
- Waste/Waste Water/Air Emissions
- Supply Chain Responsibility

## Double Materiality Matrix



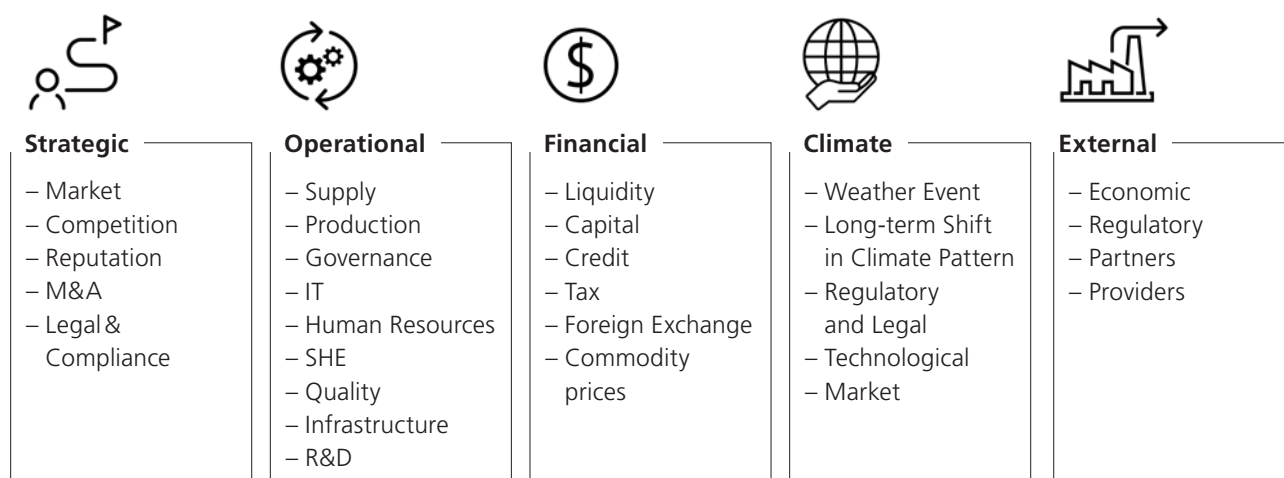
### Outlook:

In 2023, Siegfried will further increase its positive impacts on sustainability issues. For such purpose, Siegfried focuses on the following points:

1. In the field of Supply Chain and Product Responsibility, Siegfried will continue on its mission to supply safe and affordable drugs for patients worldwide.
2. Focusing on the eight material topics will translate them into specific actions, collect corresponding data and set meaningful targets. A particular focus will be on Scope 3, energy consumption, and resource efficiency.
3. Siegfried will strengthen its offering for our pharmaceutical customers concerning R&D activities, green chemistry, energy and resource-efficient processes, and the reduction of waste and solvents.

## 1.4 Climate-Related Risks and Opportunities

Identifying, assessing and managing climate-related risks forms an integral part of the Siegfried Risk Management System. Together with strategic, operational, financial and external risks, climate-related risks are one of the five pillars of Siegfried's Risk Management. All these risks are regularly assessed and monitored during Siegfried's annual risk management process.



As part of its commitment to follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Siegfried conducted a thorough assessment of its main climate-related risks and opportunities in 2022.

## Assessment Process of Climate-related Risks and Opportunities



The assessment was done through a two-staggered approach: In the first phase, a comprehensive questionnaire was filled out by risk owners in the senior and mid-level management of the organization to obtain broad feedback. In a second phase, the Sustainability Board evaluated and compiled this data to create a heat map and risk register of climate-related risks and opportunities that could be used for future monitoring efforts and possible mitigation actions. The climate-related risk register is subject to the review and approval of the Extended Executive Committee and the relevant bodies on the level of the Board of Directors.



In line with TCDF, Siegfried divided its climate-related risks into two major categories:

- **Transition Risks:** Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.
- **Physical Risks:** Physical risks resulting from climate change can be event driven or longer-term shifts in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption.

Siegfried identified the following climate-related risks as material for its future business (Tier I – Tier III risks in accordance with their materiality):

## Climate-related Risks (mid-term 2030)

Risk	Tier	Potential Impact on Siegfried	Mitigation Measures
Availability and increased costs of raw materials	I	<ul style="list-style-type: none"> <li>— Supply chain disruptions may delay or interrupt manufacturing</li> <li>— Higher raw material cost leads to increase in COGS</li> <li>— Supply chain management may require additional resources</li> </ul>	<ul style="list-style-type: none"> <li>— Offer dual or triple sourcing of critical raw materials to customer</li> <li>— Build-up of safety stock in alignment with customers</li> <li>— Long-term supply agreements with critical suppliers</li> </ul>
Acute Physical Risks – Extreme weather events, such as hurricanes, or floods	I	<ul style="list-style-type: none"> <li>— Extreme weather events may lead to production interruptions</li> <li>— Danger to employees and/or assets</li> </ul>	<ul style="list-style-type: none"> <li>— Multi-site offering to customers</li> <li>— Site- and risk-specific business continuity planning</li> <li>— CAPEX in preventive measures such as fire protection, flood protection</li> <li>— Insurance risk engineering/property &amp; business interruption insurance policies</li> </ul>
Costs to transition to lower emissions technology	II	<ul style="list-style-type: none"> <li>— Manufacture of products may become subject to tighter environmental/regulatory framework that requires replacement of existing or investment in new manufacturing assets</li> <li>— Changes in technology may trigger additional approval requirements under GMP regulations</li> </ul>	<ul style="list-style-type: none"> <li>— Long-term CAPEX planning process</li> <li>— Green engineering for expansion CAPEX and replacement CAPEX</li> <li>— Enhanced focus on operational excellence</li> <li>— R&amp;D in circular economy</li> </ul>
Changing customer and shareholder behavior and priorities	II	<ul style="list-style-type: none"> <li>— Customers' focus on environmental footprint may lead to customer expectations beyond regulatory or legal requirements</li> <li>— Customer may require substitution of services with lower emissions options</li> <li>— Additional internal resources for management of customer requirements with respect monitoring and reporting on ESG issues</li> </ul>	<ul style="list-style-type: none"> <li>— Enhanced focus on environmental footprint in line with customer expectations in order to stay ahead of competition</li> <li>— Offering of (optional) sustainable sourcing and low emission manufacturing services</li> <li>— Development of second and third generation processes for eco-friendly and efficiency enhanced manufacturing of products</li> <li>— Transparent long-term ESG dialogue with key customers, shareholders and other stakeholders</li> </ul>
Increased pricing of GHG emissions	III	<ul style="list-style-type: none"> <li>— Increase in manufacturing costs</li> <li>— Increase in raw material costs</li> <li>— Additional internal resources for management of GHG monitoring, reporting and verification may become necessary</li> </ul>	<ul style="list-style-type: none"> <li>— Reduction of Scope 2 GHG emissions through purchase of green/ renewable energy and certified energy management system</li> <li>— Green engineering for expansion CAPEX and replacement CAPEX</li> <li>— Active participation in emission trading systems</li> </ul>
Chronic Weather Risks – Longer-term shifts in climate patterns that may cause sea level rise or chronic heat waves	III	<ul style="list-style-type: none"> <li>— Rise in sea levels may expose sites close to the shore to flooding</li> <li>— Permanent increase in temperatures could lead to quantitative limits on water consumption for cooling</li> </ul>	<ul style="list-style-type: none"> <li>— Long-term investment in preventive measures, in cooperation with local authorities</li> <li>— Water consumption reduction programs</li> </ul>
Enhanced emission-reporting obligations	III	<ul style="list-style-type: none"> <li>— Increased costs to comply with national and international reporting obligations</li> <li>— Risk of non-compliance with complex regulatory framework</li> </ul>	<ul style="list-style-type: none"> <li>— Early adaption and compliance with Swiss and EU reporting standards</li> <li>— Introduction of technology based data analytics and reporting capabilities</li> </ul>

Risk Type: ■ Legal & Regulatory ■ Technology ■ Market ■ Physical

In addition, and in line with the TCFD recommendations, Siegfried identified the following climate-related opportunities as material for its future business:

## Climate-related Opportunities (mid-term 2030)

Issue	Opportunity for Siegfried
Resource Efficiency	<ul style="list-style-type: none"> <li>— Pro-active energy management, improvement of recycling of high-volume waste streams (e.g. solvents) and additional research &amp; development focus on circular economy may lead to lower manufacturing costs and higher margins</li> </ul>
Energy Sourcing	<ul style="list-style-type: none"> <li>— Pro-active management of energy sourcing activities and long term power purchase agreements may lead to a more sustainable sourcing at lower manufacturing costs and higher margins</li> </ul>
Products and Services	<ul style="list-style-type: none"> <li>— Focus on environmental footprint of manufacturing activities in line with pharma customer expectations may lead to competitive advantage</li> <li>— Offering of additional services such as development of more sustainable second or third generation manufacturing processes may lead to additional business (sales) and positive perception in the markets</li> <li>— Offering of risk minimized sourcing options (dual/triple sourced raw materials) may lead to additional business (sales) and competitive advantage</li> <li>— Offering of sustainable and eco-friendly options (e.g. in the field of sourcing) to customer may strengthen customer relationship and improve customer retention</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>— Demonstrating resilience in the field of climate-related and other risks (e.g. cyber risks) and offering site-specific or multi-site business continuity plans may allow for differentiation against competitors and higher reliability and resilience of services provided</li> <li>— Siegfried's multi-site strategy allows customer to mitigate risks by double-sourcing from different Siegfried sites, and hence, allows for better customer retention and competitive advantage</li> </ul>

## 1.5 Sustainable Development Goals

As part of its sustainability management, Siegfried aims to contribute globally to sustainable development. Therefore, it also refers to the 17 global goals and 169 targets of SDG (Sustainable Development Goals). To prioritize the SDG to which we contribute in particular, we have already linked the SDG with our relevant topics in the 2019 fiscal year. In the 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 and enhance the negative effects (see explanation on page 14).

An SDG, which is not part of our relevant topics, but a key component of our business model, is SDG 9 “Industry, Innovation and Infrastructure”. 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.

### **Important developments in 2022**

In 2022 Siegfried focused on expanding our global production network, and completed the integration of the El Masnou and Barberà del Vallès sites near Barcelona, Spain, which joined Siegfried in 2021. The two sites are now fully integrated into the Siegfried system landscape. At the same time, Barberà del Vallès became the first Siegfried site to receive the SAP S/4 HANA ERP system, which has been updated to include all business processes. This project, which began in 2020 to replace the previous ERP standard SAP R/3, will be rolled out to all other Siegfried sites in the coming years. At the beginning of the year, dealing with the effects of the COVID-19 pandemic still played a significant role. However, the situation has almost returned to normal with the gradual lifting of specific rules and travel restrictions. Furthermore, the company faced major challenges regarding the energy crisis, shortages in global supply chains, inflation, and handling the effects of the COVID-19 pandemic.

## 1.6 Stakeholder Dialog

Siegfried attaches great importance to regular contact and ongoing dialog with its stakeholder groups at both the local and the global level. The close involvement of our stakeholders is an essential element of our corporate conduct. 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 early trends so they can be incorporated into the strategy process.

We use a stakeholder map for a specific and systematic stakeholder dialog (see “Siegfried in Dialog” below). The categories of people listed therein are not final. They were selected based on their relevance and possible influence on our company. Regular stakeholder mapping further allows us to recognize changes in expectations and interests to adjust the relevant topics, messages and communication platforms accordingly.

Our stakeholder activities include specific 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, therefore, of great importance to us. The stakeholder dialog includes communication and active interaction with individual target groups and issue-related multi-stakeholder events. We want to understand our stakeholders’ different perspectives and address them effectively.

Goal	Our Contribution	Potential Effects	Status	Future Activities as of 2023
<b>3</b> GOOD HEALTH AND WELL-BEING 	Ensure healthy lives and promote well-being for all at all ages.	<ul style="list-style-type: none"> <li>+ Our products can help people, support the recovery process or relieve negative symptoms. With our products, we reach approx. 1 billion patients per year.</li> <li>- 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.</li> </ul>	<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 STOPTM 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 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> <li>+ 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.</li> </ul>	<p>With Siegfried Academy Siegfried has established an extensive training and education program, which also makes Siegfried a more attractive employer.</p> <p>Since 2020 we have implemented a range of activities in connection with the "Great Workplace" initiative to make Siegfried a more attractive employer. The campaign continued in the reporting year with various activities, including the Global Value Awards, which were awarded for the first time in 2021, Value Kudos were introduced and the #everystepmatters initiative was conducted to connect employees.</p>	<p>We are planning to continue expanding the Siegfried Academy program for the benefit of our employees.</p>
<b>7</b> AFFORDABLE AND CLEAN ENERGY 	Ensure access to affordable, reliable, sustainable and modern energy for all.	<ul style="list-style-type: none"> <li>+ We are increasing the use of renewable energies as well as our energy efficiency to contribute to the use of clean energy.</li> <li>- 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.</li> </ul>	<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 	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	<ul style="list-style-type: none"> <li>+ 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.</li> <li>- Age of the infrastructure</li> </ul>	<p>Siegfried invests in a high-performance global production network. Due to tech transfers the products are manufactured at the most appropriate site. The "Centers of Excellence" for our R&amp;D activities are located in Zofingen, Evionnaz, and Barcelona.</p> <p>Siegfried includes energy-reducing opportunities already in the planning phase for new production and development buildings to save even more energy in their operation (Green Engineering).</p>	<p>The further expansion of our R&amp;D and production network and the close cooperation between the sites will be further intensified.</p>
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	Ensure sustainable consumption and production patterns.	<ul style="list-style-type: none"> <li>- Chemical and pharmaceutical additives are subject to negative upstream effects which are based on petrochemical products.</li> <li>- As a result of the complex, multi-step manufacturing processes for active pharmaceutical ingredients, Siegfried incurs a certain amount of waste.</li> </ul>	<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 one of our priorities.</p>

# Siegfried in Dialog

Stakeholder Group	Topics	Platforms
Media	News and results	Media conferences, media releases, direct contact with CorpCom
Capital market	Results, business models/ product range, news	Financial analyst conference, direct contact with CEO and CFO, roadshows
Customers	Business model/product range, technological innovations, sustainability	Meetings, visits, symposiums, trade fairs
Local stakeholders	Jobs, safety and environmental protection	Direct contact with site managers, advertisements, social media and 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 (industry 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 of various associations as well as professional and knowledge sharing groups

## 2. Integrity

### Classification of Integrity in Siegfried's Canon of Values

As a supplier to the pharmaceutical industry and a group company that is active worldwide, Siegfried is committed to the highest legal and ethical standards in all business relationships. In the context of these standards, Siegfried ensures that employees and intermediaries comply with all legal provisions when carrying out business activities. Compliance with all applicable legal requirements and rejecting unfair and unethical business conduct are the basis of our daily work. Our commitment to integrity is essential to Siegfried. It is shared by all stakeholders to such a high degree that "integrity" has been selected as one of our five company values: We set the highest standards and are committed to acting ethically, lawfully and responsibly.



#### Siegfried article

Our commitment to integrity is in line with another SDG that has high relevance for Siegfried: SDG 16 means the promotion of peaceful and inclusive societies for sustainable development, to give all people access to legal assistance and provide effective support at all levels. Building accountable and inclusive institutions.

Among the sub-objectives of SDG 16, two are particularly relevant for Siegfried: 16.5 "Significantly restrict corruption and bribery in all its forms", and 16.10 "Ensure public access to information and protect fundamental freedoms in accordance with national law and international agreements".

Reaffirmation of our Commitment to Human Rights and New Diversity, Inclusion & Equality Policy In addition to the guidelines in our Code and to reaffirm our commitment to these standards, we have published our Commitment to Human Rights and Labor Standards" and a new Diversity, Inclusion and Equality Policy. Our Code and policies are endorsed at the highest level by our Board of Directors and our Executive Committee and are publicly available at <https://www.siegfried.ch/sustainability>. All employees and business partners of Siegfried are informed through periodical information campaigns.

### Enhanced Due Diligence on Child Labor and Conflict Minerals

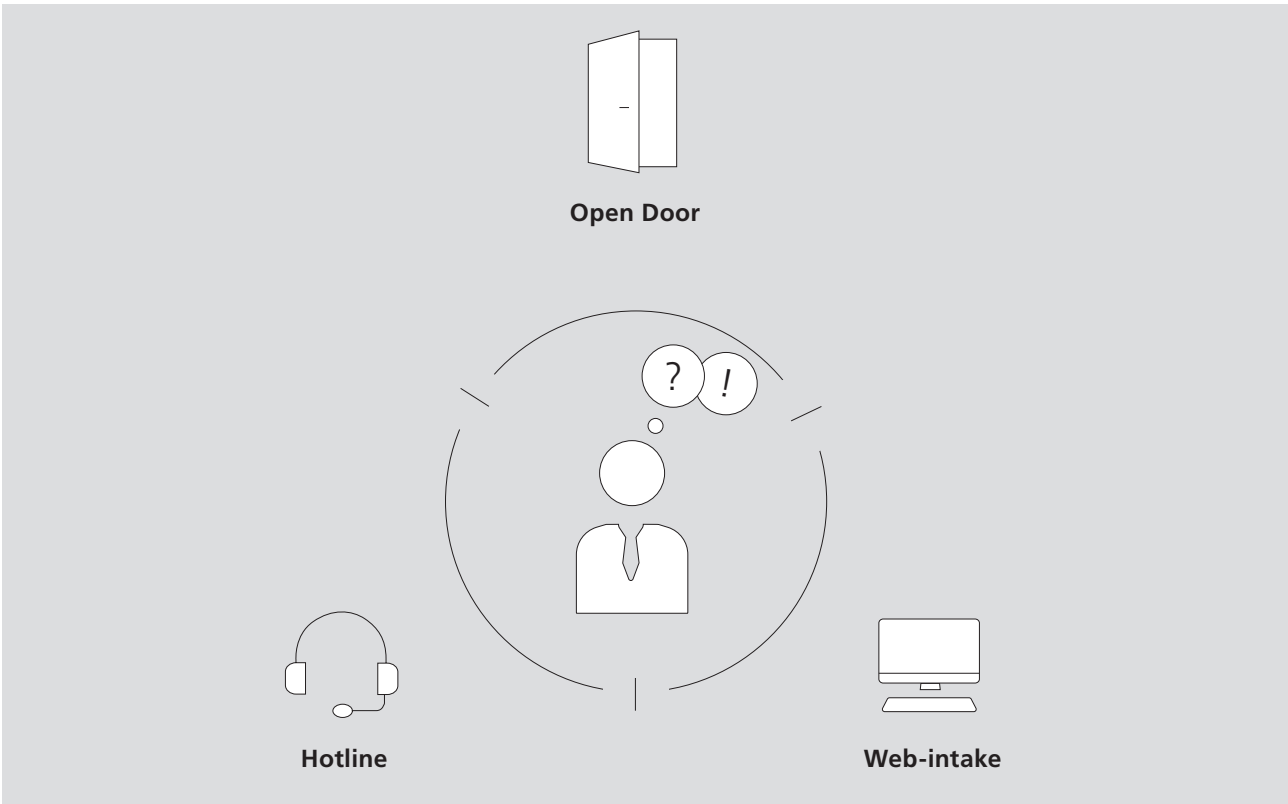
To comply with the new due diligence and transparency standards relating to conflict minerals and child labor (Art. 964j et seq. of the Swiss Code of Obligations), the supplier onboarding and qualification process has been comprehensively revised. A risk-based approach to supplier due diligence/supplier management has been implemented. In the reporting year, all major Siegfried suppliers were informed of the Siegfried Supplier Integrity Commitment (available at <https://www.siegfried.ch/sustainability>). This supplier code defines our expectations to suppliers relating to (i) human rights & labor, (ii) ethics, (iii) health & safety and (iv) environment. All suppliers were required to confirm adherence to the principles in the Supplier Integrity Commitment or to acknowledge receipt. In addition, all high-risk suppliers are required to complete a questionnaire covering the four areas described. A cross-functional team of sustainability experts evaluates these questionnaires. Where necessary, follow-up actions are addressed and discussed with the supplier. In case of non-response or violation of any of the principles defined in the questionnaire, Siegfried reserves the right to terminate the business relationship with the supplier.

#### Siegfried Integrity Office

The Siegfried Integrity Office is responsible for measures to prevent, detect and enforce our integrity program. The integrity office consists of three permanent members (Chief Human Resources Officer, General Counsel, Head Integrity), and it is committed to creating an environment where anyone can



# Integrity Helpline



The Integrity Helpline is a fixed contact point for Siegfried employees and third parties

speak up in good faith without and fear of retaliation. The integrity office is the first point of contact for Siegfried employees and third parties to raise questions or concerns using one of the various reporting channels (physical or virtual meeting, e-mail, phone, and letter). All reports are treated confidentially. In addition, employees and third parties are encouraged to use our web-based and third-party-operated reporting channel to submit concerns or reports and receive follow-up on an anonymous basis and in the reporter's preferred Siegfried language.

### **Integrity Training Program and Speak Up Process**

Based on the Code of Business Conduct, the integrity office has established a comprehensive integrity training program to raise awareness and harmonize understanding of legal and ethical business conduct among all Siegfried employees. All members of (i) the senior management and (ii) the local site leadership teams receive specific integrity training that includes our Code.

### **Grievance Mechanism and Cases of Violations against the Code**

By complying with all applicable laws and legislations, Siegfried strives to avoid any negative impacts. When facing any negative impact, Siegfried is committed to mitigating such impact by strictly adhering to all applicable laws and regulations. Various reporting channels are open to internal stakeholders and third parties (see "roles and responsibilities of the Siegfried Integrity Office"). All reports are discussed among the permanent members of the integrity office, and where necessary, internal and/or external experts are consulted on an ad hoc basis as required. The speak-up communication channels are embedded in Siegfried's corporate risk management system. Siegfried endeavors to avoid negative effects by regularly reviewing and, if necessary, adapting the grievance mechanisms to the needs of the stakeholders. The effectiveness of the grievance mechanisms is monitored through regular checks and reviews in various areas.

In the reporting year, twenty-five cases of suspected misconduct were reported to the Siegfried Integrity Office. Two cases resulted in the termination of an employment contract due to a violation of our Code (discriminatory or harassing behavior by Siegfried employees toward colleagues in violation of principle no 9 of the Code). No cases resulted in monetary fines and/or other non-monetary sanctions against Siegfried.

### **Review of the Reporting Year and Outlook**

During the business year 2022, we conducted specific competition law training sessions for all business development & sales employees and the procurement organization. In addition, activities for a new web-based integrity training tool for integrity trainings have started, allowing us to offer tailor-made training in all Siegfried languages. The tool is expected to be fully operational in 2023.

### **Material Topic: Business Conduct/Corruption & Antitrust**

As a supplier to the pharmaceutical industry and a group company that is active worldwide, Siegfried positively impacts society to secure the supply of medicines. Our Code of business conduct provides the framework for our business operations in our five company languages Mandarin, German, English, French and Spanish. The Code is designed to address all areas important for the comprehension and strengthening of awareness regarding our integrity program. The Code is freely accessible on the Siegfried website at <https://www.siegfried.ch/corporate-governance-de?acc=4920>. It provides guidelines to nine principles: lawful business conduct, bribery and corruption, antitrust and competition law, insider trading prohibition, fraud and other property crimes, as well as data integrity, secrecy and data protection, trade controls and trade bans, conflicts of interest and discrimination and harassment.

Siegfried manages a globally active company with eleven sites in six countries on three continents. We conduct a variety of business relationships, regionally, nationally and internationally. Siegfried employees and suppliers are familiar with the legal framework concerning corruption and anti-competitive behavior and are obliged to comply with them.

### **Legal principles for prohibiting corruption**

Siegfried explicitly prohibits any form of corrupt business conduct, particularly the active and passive bribery of public and private officeholders and decision-makers.

This specifically includes:

- The OECD Anti-Bribery Convention
- US Foreign Corrupt Practices Act 1977
- UK Bribery Act 2010, and
- the relevant provisions of national law, in particular, the Swiss Criminal Code on the bribery of public officials and the Federal Act against Unfair Competition for private individuals (in each case in its valid and current version)
- Protection of free and fair competition

Any conduct that violates national and/or supranational legislation protecting free and fair competition is prohibited for Siegfried's suppliers and employees. Their actions must obligatorily be within the limits of European competition law, US antitrust law, Chinese antitrust law and all other competition rules that apply according to the effects doctrine.

Siegfried actively monitors any relevant development related to anti-corruption and antitrust laws. We conduct periodical training sessions for the employees.

During the reporting period, no company of the Siegfried Group was involved in administrative or legal proceedings for anti-competitive behavior or violation of antitrust law in the year under review or in any other year in the company's history.

### 3. Information & Cyber Security

Information & Cyber Security have become major topics in recent years, as the threat of cyber-attacks has grown exponentially. According to the National Cyber Security Center of Switzerland, reported incidents rose by more than 56% to 34 000 in 2022. Phishing, CEO frauds, spoofing, and ransomware are all on the rise and have caused various issues for companies from all industries, including breaches of confidentiality, data loss and outages of core IT systems.

#### Governance and responsibility

At Siegfried, the responsibility for cyber security and data protection is assigned to the Chief Financial Officer. The Information Security Board, headed by Siegfried's Chief Information Officer, proactively oversees these matters and provides regular reports to the Executive Committee.

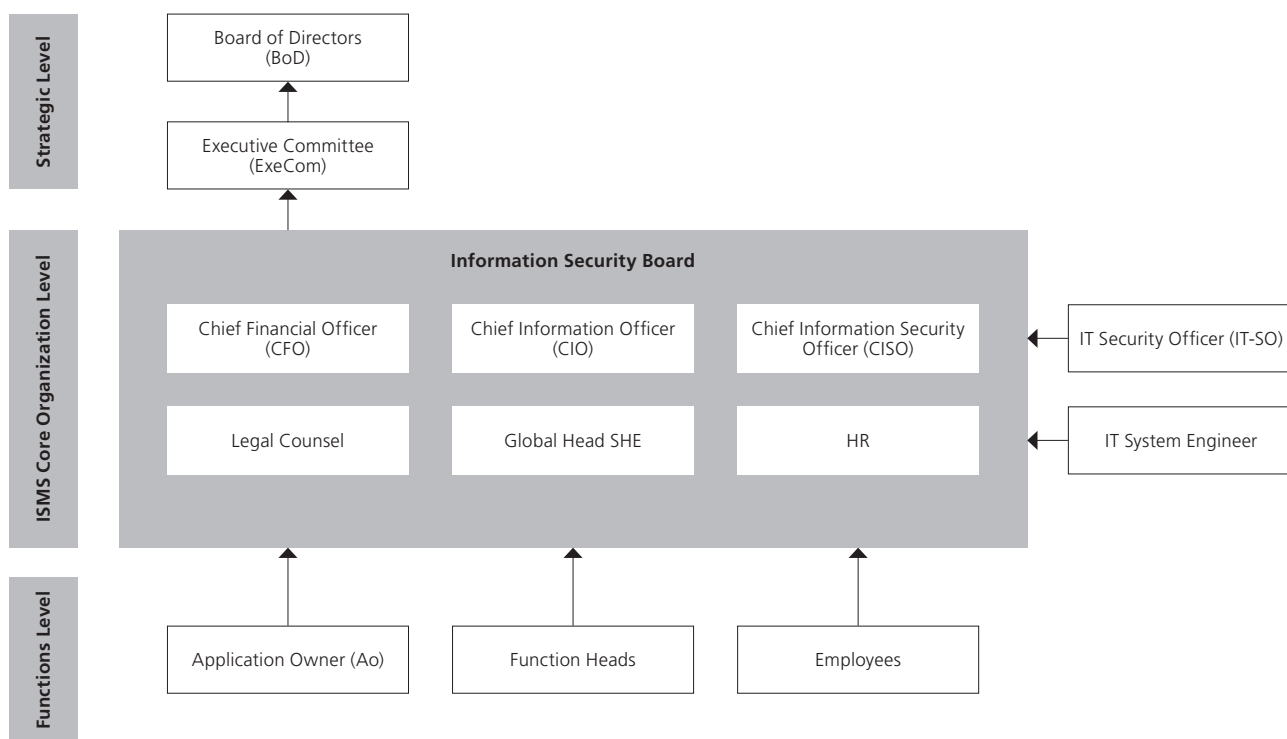


Figure 1: Information Security Board is embedded in Siegfried's Governance Structure

Human Resources, Legal and Safety Health and Environment departments have worked together to build an Information Security Management System (ISMS) to define and manage data protection across the board. This system was implemented at Siegfried in 2022, providing a comprehensive approach to protecting sensitive data.

### **Information Security Management-Framework**

Drawing upon the NISTE and ISO 27001 frameworks, and with the help of expert consultants in cyber security and data protection, a data classification system was established to delineate various levels of privacy and protection. An information security manual was created to provide standards and guidelines for implementing processes and systems that form a multi-layer security architecture. Furthermore, the information security manual lays out how to comply with all legal regulations, such as Swiss DSG/DSV, European DSGVO, and GDPR, through the presence of ISMS (Information Security Management System) guidelines.

Periodic reviews by external auditors and investigations conducted by multiple strategic customers in the pharmaceutical industry, together with continual testing by internal and external experts, ensures that Siegfried's standards incorporated in the ISMS meet industry best-practice and comply with regulations specified by authorities such as the Swiss National Center for Cybersecurity (NCSC).

Besides the Information Security Management System and Data Classification, Siegfried has implemented a Cloud Strategy that outlines explicit standards for selecting potential outsourcing partners for IT services and onboarding Cloud Service Providers (CSPs). Before any new CSP is onboarded, it must undergo an individual assessment. Decisions to host Siegfried IT systems on-premises or in the cloud are driven by business cases. As part of Siegfried's Quality Management System, which meets GxP requirements, all relevant IT processes are outlined in Standard Operating Procedures (SOPs). This ensures that not only IT security principles are upheld, but also that processes are properly implemented, and all Siegfried employees and their strategic partners are trained.

### **Continuous improvement and projects completed in 2022**

Increased cyber-crime activities powered by geopolitical changes, quickly changing threat vectors, and new cyber-attack and defense technologies, have caused a continuous effort to improve cyber security and data protection. In 2022, Siegfried invested in advancing their Security Operations Center (SOC), which included procuring external SOC services. The SOC constantly monitors all critical network activities, reviews all kinds of log files and assesses all critical access activities, resulting in faster qualification and handling of incidents. Additionally, the capacity, management level, and priority of the CISO role were increased while expanding the cyber operations capabilities.

After undergoing an IT security assessment conducted by an independent cyber assurance broker, Siegfried acquired a cyber risk insurance policy. As part of this assessment, we have reviewed the implementation of governance and management processes and security architecture and systems to protect Siegfried's perimeter. The audit results concluded an above-average security level for the pharma industry benchmark, allowing for a lower-than-market average insurance premium. In addition to audits, external penetration testing continued, and several initiatives were launched to improve security architecture constantly. We have successfully completed various projects to enhance conditional access, modern authentication, privileged account management, and network monitoring based on artificial intelligence. Audits and assessments are a constant source for lessons learned and adaptation of security architecture, standard operating procedures as well as information security management systems are profiting from this kind of dialog with external professionals.

Awareness training remained a priority for all Siegfried employees, with bimonthly training campaigns being held to educate them on the fundamentals of cyber risk and any current threat patterns Siegfried might be exposed to.

Efforts to improve cyber security in 2022 resulted in improved KPIs to monitor the effectiveness and efficiency of cyber defense processes. Successful implementation of initiatives to enhance security architecture, lead-time for mitigation of newly identified cyber-risks, reaction time to deploy vulnerability updates, the completion rate of awareness training, the occurrence of minor and major incidents, and appearance and remediation of audit findings are closely monitored and reported.

Going forward, Siegfried will maintain excellence in architecture, processes, and behavior of IT security, ensuring that sensitive information remains secure and protected from malicious acts. Regular monitoring of the system and staff training for best practices are essential steps toward this end goal. In addition, rigorous testing of new or existing systems must be regularly performed to guarantee the protection of users' data. With regular updates and implementation of the latest security standards, Siegfried is dedicated to upholding its high cyber security standards.

In 2022 no substantiated complaints or incidents concerning breaches of privacy or data losses have been reported, including but not limited to customer-related data.



## 4. Quality Compliance

### 4.1 Quality Compliance and Product Safety

Compliance with quality compliance and all product safety regulations along the entire value chain is crucial in developing and manufacturing active ingredients for the pharmaceutical industry to avoid contamination that is hazardous to health. Our greatest asset is the health of the patients who depend on Siegfried products. With this goal in mind, Siegfried works continuously to improve processes and actively and successfully manages the company based on the defined quality policy. In order to achieve this, we invest in our employees' training and further education. On the other hand, we ensure that the defined quality policy is put into practice and implemented every day: This is how we ensure that we store and ship our raw materials and materials correctly, carry out careful quality checks on the materials and services we purchase, and thus avoid counterfeiting and thus quality defects. Siegfried conducts business responsibly and in accordance with the legal regulations of the countries where we operate. We can prove this based on our excellent history regarding the quality of our products and the outstanding performance we have had for many years in official inspections, customer audits (see chapter "Regular inspections and audits testify to high-quality standards") and our self-inspections. The quality policy is, therefore, an important and necessary part of corporate policy.

#### **Siegfried Contribution**

Our products and services are used in various pharmaceutical areas: in non-communicable diseases such as diabetes, respiratory and cardiovascular diseases, mental illnesses such as depression and bipolarity, and as vaccines to combat the COVID-19 pandemic. We assume that this will reach around 300 million patients worldwide. In this way, we contribute to Development Goal 3, "Ensure healthy lives and promote well-being for all people of all ages," and Target 3.4 "[...] promote mental health and well-being".

#### **Quality Compliance Management System**

Siegfried has implemented a comprehensive management system for quality compliance along the entire value chain. The elements of Siegfried's management system include that we produce in compliance with GMP quality standards, act economically and ecologically responsibly, and evaluate new technologies according to their contribution to sustainability. Both national and international standards and guidelines are benchmarks 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 thinking of ISO 9001 for quality management and fully covers the following internationally valid guidelines:

- Good manufacturing practice GMP (current Good Manufacturing Practice): [https://ec.europa.eu/health/documents/eudralex/vol-4\\_en](https://ec.europa.eu/health/documents/eudralex/vol-4_en)
- Guidelines of the "International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use" (ICH), in which the authorities and pharmaceutical industry associations of America (FDA and PhRMA), Europe (EC and EFPIA), Japan (MHLW/PMDA and JPMA) as initiators and also the authorities (regulatory members) of Switzerland, Canada, China, Brazil, Mexico, Saudi Arabia, South Korea, Taiwan, Turkey and Singapore define the standards in the pharmaceutical industry
- Guidelines of the "World Health Organization" (WHO, [www.who.int](http://www.who.int))

Siegfried has a Compliance Committee (ComCom) responsible for all global compliance, standardization and harmonization along our value chains for APIs and finished pharmaceutical products. This

meets monthly under the direction of the Chief Compliance Officer. ComCom defines quality and safety-related goals, management systems, initiatives and measures and adopts the guidelines that apply to Siegfried. Its work is based on the international GMP standards but also considers national specifications if they are relevant to the export of our products, e.g., particular specifications from the US Food and Drug Administration, the EU, and the World Health Organization.

The use of a comprehensive management system for quality compliance ensures that the quality concerns of our internal and external customers are harmonized and standardized at all subsidiaries and that the relevant international guidelines are taken into account. Our long-standing compliance certificate shows that this concept works and that our customers benefit from a partnership with Siegfried.

Regularly, we check that our guidelines are up-to-date and relevant and check compliance using corporate audits. These regulations mainly deal with quality aspects but also affect the areas of finance, safety, health and the environment, legal compliance issues, communication and employee behavior (code of conduct in business transactions).

### Siegfried's Compliance Model

Siegfried's compliance model is based on four parts: Quality Assurance, Regulatory Affairs, Quality Control and Safety, Health and Environment (SHE). During the production development and manufacturing all four components are consistently taken into account in the value chain.



### Quality Requirements and Certifications

Triggered by an increasing quality awareness and thus increasing quality requirements on the part of customers, but also counterfeiting and sub-mixtures, the number of tests to be carried out and certificates required by the pharmaceutical industry is constantly increasing. In addition to the long-established analysis certificates with statements on the appearance, content, purity, physical properties and the GMP-compliant manufacture of our products, data and certificates on genotoxic impurities, sub-mixtures in heparin, freedom from genetically modified components, TSE/BSE Freedom, freedom from melamine, freedom from benzene required. Regarding product piracy, Siegfried works closely with the US FDA to combat product counterfeiting and ensure safety for the end consumer.

The issue of nitrosamine impurities (classified as probably carcinogenic in humans) in active pharmaceutical ingredients and finished medicinal products, which first appeared in 2018 in connection with the active substance valsartan, has occupied all manufacturers since then: the health authorities are demanding that all active ingredients and finished medicinal products are on – or to check the absence of nitrosamines. This is initially done through risk assessments and if the risks are estimated to be higher, through analytical procedures in the laboratory. The range of nitrosamines to be addressed in the reviews has grown steadily over the past 2 years.

Substances with so-called “vulnerable amine groups” must be checked for corresponding nitrosamine compounds. Such vulnerable amine groups occur in various substances that can be processed into a drug. Accordingly, many affected active pharmaceutical ingredients and finished medicinal products were reported to the authorities. At Siegfried, nitrosamines have only been found in 5 products, and only those that are derived from substances with vulnerable amine groups. The corresponding reports were sent via the approval holder to the responsible authorities. The quantities found were below the amounts permitted by the authorities, so there were no restrictions in the supply chain for these products. The evolving requirements mean, on the one hand, that further investigations will be necessary for the Siegfried products and, on the other hand, that the authorities have set additional deadlines for examinations in the 2022 reporting year. So far, Siegfried has met all official requirements and deadlines.

### Integration and harmonization of all locations

In 2021, two former Novartis pharmaceutical production sites in the Barcelona region of Spain joined the Siegfried Group: Barberà del Vallès and El Masnou. The integration activities were completed as planned in August 2022. From a quality compliance perspective, the following activities were central in 2022:

- The integration of the locations into Siegfried's quality management system by reviewing, harmonising, further developing if necessary and implementing our global guidelines (Quality Integration Project) was successfully completed. To realize this project 45 working groups were defined to cover all different topics. An 18-month plan was drawn up involving experts from different parts of the organization and other locations under the direction of a steering committee. 25 Siegfried policies were revised and made valid for all Siegfried locations, 105 local SOPs in the Spanish locations were revised and implemented. The Novartis quality system has been completely replaced. The project goals were achieved in June 2022 and thus in good time before the locations were integrated into the Siegfried system world. For the more than 100 participants from the new and existing Siegfried locations, in addition to the project goals, this was, above all, an opportunity to get to know the new colleagues, expand their personal network, get to know each other's work processes and then carry out harmonization.
- Integration of IT applications and data migration into Siegfried's IT landscape. From a quality compliance perspective, these are primarily

- Siegfried's Trackwise® for change notifications, deviations, investigations, observations, follow-up actions, etc.
- LabWare LIMST™ is a modern laboratory information and laboratory management system
- Introduction of SAP S/4 in Barberà del Vallès: Siegfried has converted its previous SAP R/3 system to SAP S/4 HANA. At the same time, the new locations had to be integrated into Siegfried's SAP landscape. The new SAP S/4 system was introduced in Barberà del Vallès in August 2022 and the data from the Novartis SAP system was migrated there. The SAP S/4 system will later be rolled out at all other Siegfried locations. Interfaces were developed for the interaction of SAP with many other applications (including LabWare LIMST™), via which many quality-related transactions (e.g., releases) are carried out, and much information is exchanged. The opportunity from this new system landscape is improved and more efficient processes. At the same time, this new draft also required proper validation that meets all the requirements of regulations and authorities.
- Siegfried's SharePoint solution for managing and using documents has been greatly expanded in terms of functionality so that the paperless document process is still possible. These extensions will also be available for all other Siegfried locations from 2023.
- SAP qualification management system for the assignment and documentation of training courses

Trackwise® has already been introduced at all locations. LabWare LIMST™ has been introduced at the Evionnaz, St. Vulbas, Zofingen, Nantong, Irvine, Minden, Malta and Barberà del Vallès locations. The launch of LabWare LIMST™ for El Masnou, Pennsville and Hameln will now occur in 2023.

### **Regular inspections and audits attest to the high quality standard**

As is usual in the pharmaceutical industry, all Siegfried locations are continuously checked, and compliance with all regulations is checked. Official inspections and customer audits focus on the quality of all products manufactured and supplied by Siegfried to ensure the highest protection of consumer health. The inspections and audits, therefore, check compliance with the binding rules for manufacturing, quality control and logistics processes.

A distinction is made between inspections (by authorities), certification and surveillance audits by notified bodies for obtaining ISO certifications, audits (by customers or by Siegfried at suppliers) and internal audits. Customer audits and audits at suppliers and manufacturers are announced in advance. Official inspections and internal audits can also take place unannounced. Open and continuous communication with authorities, notified bodies, customers and suppliers is essential for a functioning cooperation. The results of customer audits and official inspections make Siegfried's performance transparent.

Official inspections usually take place:

- 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 commissions the regional therapeutic products inspectorates Northwestern Switzerland (RHI) and Suisse Occidentale (ISOPTh) with the inspections, and the US-FDA
- In Malta by the Malta Medicines Authority (MMA) and the US FDA
- in Germany by the regional councils or the trade inspectorate and the US-FDA
- in France by the French national authority ANSM and the US FDA
- in China by the national authority CFDA (City, Province FDA), the EDQM (Europe) and the US FDA
- in Spain by the national agency Agencia Española de Medicamentos y Productos Sanitarios (AEMPS), the local authority Generalitat de Catalunya and the US FDA.

Inspection authorities from other countries also inspect our sites more or less regularly.

With the elimination of less restrictive measures due to the COVID-19 pandemic, authorities and customers have started to conduct on-site inspections and audits again. Siegfried has also intensified supply chain monitoring through supplier audits. Physical inspections by authorities took place as follows:

- Barberà del Vallès: Korean FDA, Russian GMP Inspection, ISO Audit (Medical Devices)
- El Masnou: AEMPS inspection (remote), ISO Audit (Medical Devices)
- Evionnaz: ANVISA (Brazil), Swissmedic
- Hameln: GAA Hanover, ANVISA, (Brazil), Russian GMP Inspection
- Irvine: ANVISA (Brazil)
- Zofingen: Swissmedic
- Minden, Malta, Nantong, Pennsville, St. Vulbas: no GMP inspection

All inspections were successful and without critical observations. The same applies to the customer audits, which increasingly took place on-site. The videos created at some locations were a great help during the virtual audits to offer the auditors a better impression of the situations, premises and equipment. All feedback from such inspections and audits is formally recorded in TrackWise™ and accompanied by an action plan. Not only the individual case is considered. The same improvement measures are also defined for similar or analogous cases and processes to improve the entire system.

### **Customer dialogue and complaints system**

Siegfried has a formal customer complaint system. All external questions and complaints are followed up, systematically recording the type and number of complaints. The individual cases are examined and evaluated under the leadership of the local quality managers. If necessary, changes are initiated. Critical or strategic issues are escalated to the Chief Compliance Officer and the global heads of Drug Substance and Drug Product operations. The customers receive the results or interim reports of the tests as quickly as possible, by 30 days at the latest.

### **Quality contracts with customers**

Siegfried is proud of its high-quality standard, especially since the demands made by customers are diverse and continuously increasing. The company also goes into adopting specific standards requested by the customer as far as possible. It is typical for the prescribed quality agreements between Siegfried and its customers to pose a challenge for the company. Several customer-specific quality management systems running in parallel with several hundred active customers cannot be implemented in day-to-day operations. For this reason, Siegfried's quality management system must be of such a high level that it satisfies customer requirements. In 2022, around 200 new quality contracts were concluded or revised with our partners for the Siegfried locations. Around 300 quality contracts are in the pipeline and must be reviewed or negotiated. All Siegfried locations are fully integrated into the Siegfried system, so contracts are often concluded between our customers and multiple locations.

### **Outlook**

Siegfried's high cGMP standard (current Good Manufacturing Practice) is internationally recognised. Siegfried will continue the efforts associated with maintaining this high level because we are very aware of the importance of our good reputation and the responsibility for the patients who rely on our products. Since guidelines and customers are constantly increasing demands on us, we carefully monitor and evaluate our performance and are always ready to take all necessary measures. We have integrated the two new Spanish locations with their very high-quality standards into Siegfried. Maintaining this standard is also measurably reflected in the continuously collected quality indicators.

With the adjustment of many Siegfried policies, we have also adopted the improvements for the existing locations.

Adjustments to organizational and reporting structures are also associated with the growth of Siegfried. A position for the global management of the SHE area (Corporate Head SHE) was therefore created in Corporate Compliance. For the functional management of the quality departments at the individual locations, two positions were created for Global Quality Management and filled internally with people with many years of experience.

## 4.2 Supply chain responsibility

Siegfried has many years of experience in manufacturing active ingredients and finished products, while looking back on a proven, independent pharmaceutical and chemical tradition. As a result, the customer can count on a partner who combines service areas under one roof and offers real added value through synergies and comprehensive knowledge along the value chain. This means a reduced complexity of the supply chain and simplified communication with only one interface to the provider as well as reduced external and internal time requirements.

In addition, the Siegfried project management creates synergies between the service areas and supports optimal project progress and adherence to schedules, optimal performance in formulation through combined and coordinated access from analytics and production, creative life cycle management from the development of optimized active ingredient processes to efficient cost-optimized formulations. In addition to these positive effects on expenses, the energetic optimization of the developed processes plays a special role. In the context of new projects, but also when improving existing processes, the added value for the customer and us as a supplier includes ecological components in addition to the economic ones.

Our suppliers play a key role in the sustainability of Siegfried's business, which is why working with them must be based on shared beliefs. A common understanding of quality, security of supply, ethical, social and ecological standards as well as competitive prices and also the consistent integration of our sustainability claim in all production and business processes represents an enormous challenge given the global, complex supply chains and the large number of suppliers and sub-suppliers but at the same time essential. Our partners should meet the same ecological and social standards as we do, be it compliance with internationally recognized human and labor rights, the prohibition of any discrimination or harassment, compliance with environmental standards, the consistent prevention of any bribery or the sustainable use of raw materials. Compliance with sustainability standards in the supply chain is an elementary value-added factor and, at the same time, an important lever for implementing our "Code of Conduct in Business Transactions" and for minimizing risk. It requires joint efforts 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 only be achieved through clear rules when selecting and qualifying our suppliers and in close cooperation with established suppliers.

Working with our suppliers is an opportunity to integrate sustainability into the entire value-added process. Siegfried primarily purchases raw materials, pharmaceutical excipients, packaging materials and active ingredient components from its suppliers. Manufacturers from this group of suppliers are particularly relevant to our business. They come mainly from other European countries, as well as India, China and Taiwan.

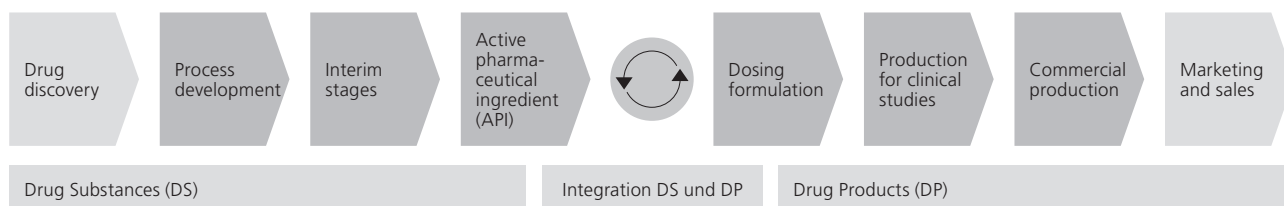
Responsible action also enjoys high priority in the areas of logistics and sales. The safe transport of materials and products is central; Product safety is guaranteed along the entire value chain and thus meets national and international standards and, in particular, the Good Distribution Practice (GDP) guidelines that are widespread in the pharmaceutical industry.



## Siegfried contribution

Because we purchase pharmaceutical excipients and active ingredient building blocks from our suppliers, we must contribute to Development Goal 3. In addition to the high-quality standards that we place on our suppliers, we also expect them to comply with ecological and social norms and to con-

## The CDMO value chain



tribute to Development Goal 12 ("Ensure responsible consumption and production patterns") by using resources and raw materials efficiently and are constantly developing further resource-saving production methods to produce their supplier products.

### Binding Supplier Code of Conduct at Siegfried

In addition, a binding supplier code was published with the "Siegfried Supplier Integrity Commitment" (available at <https://www.siegfried.ch/sustainability>). Based on the code, Siegfried's suppliers are also committed to integrity and sustainability and, in this way, seamlessly support Siegfried's efforts in the area of integrity and sustainability in our supply chains. The on-site quality audits (see below) have meanwhile provided corresponding feedback on compliance with the basic standards, which is included in the assessment of the suppliers.

### Qualification of suppliers and service providers

Raw materials, pharmaceutical excipients, packaging materials, active ingredient components, and active ingredients are often purchased from manufacturers and suppliers worldwide and used at Siegfried for synthesizing active pharmaceutical ingredients or manufacturing finished medicinal products. In such cases, Siegfried is responsible for the qualification of these manufacturers/suppliers following the applicable GMP guidelines and has implemented its Vendor Qualification Policy for this process, which applies to all locations. This qualification takes place regularly using surveys of the manufacturers/suppliers, continuously checking the quality of the materials received and audits of the suppliers' production plants. Deficiencies are addressed and measures are derived from them. These measures are tracked by Siegfried using TrackWise™ and checked at the latest at the end of the requalification period, e. g., during a re-audit. Non-compliance with minimum standards leads to the imposition of a supply block or the initiation of a supplier change.

Siegfried has defined qualification levels for suppliers based on various criteria. For example, a reduced incoming goods inspection at a supplier is only possible if he has been successfully audited, we have certified the consistently high quality of the goods delivered and he meets specific other criteria. Since Siegfried's radius of action for auditing suppliers of goods and services was significantly restricted during the pandemic, the most urgent supplier audits began in 2022, and 91 such audits have already been carried out again. While that's still lower than before the pandemic, it's still a further improvement from last year. To bridge the gap, audits were again carried out virtually or as

## Siegfried's Integrity Commitment

The Supplier Integrity Commitment shall be applicable to all our suppliers, contractors, service-providers, agents and distributors ("Suppliers") and covers the following four areas of responsibility:



We carefully monitor the adherence to the Supplier Integrity Commitment and the implementation is a key criterion in our selection and evaluation of our Suppliers. In the event that we become aware of any actions or conditions not in compliance with the Supplier Integrity Commitment, we reserve the right to request corrective actions and the right to terminate any agreement with any Supplier who does not comply with the Supplier Integrity Commitment.

so-called “paper audits” with questionnaires. However, the backlog of postponed audits is still significant and will still have to be processed in 2023. The audits are mainly carried out by internal auditors, supplemented by a small number of audits carried out by independent external auditors.

### **Good Distribution Practice (GDP) in sales**

In sales, our goal is to offer our customers high-quality products and services and build long-term customer relationships. The Good Distribution Practice (GDP) guidelines introduced a few years ago are intended to ensure that the entire supply chain for materials from the manufacturer to the supplier to Siegfried and from Siegfried to our customers is protected against improper transport and storage conditions and fraudulent counterfeiting attempts. Since then, Siegfried has fulfilled these guidelines and the associated requirements for the measurement and documentation of transport and storage conditions. In addition, Siegfried must ensure that the delivered goods only reach authorized recipients. Embargoes against countries such as Iran must also be consistently taken into account. The requirements mentioned are regularly checked during inspections by the authorities. No violations of legal regulations were found, nor have goods been rejected or blocked since then. In disputed cases, effective complaints management would also come into play (you can discover more about customer complaints management at Siegfried in the Quality Compliance chapter, page 26).

### **Outlook**

All of Siegfried's suppliers will continue to be subjected to our qualification processes. In the coming years, in addition to the obligatory review of the quality systems and processes of suppliers, service providers and logisticians, their sustainability, environmental compatibility and social responsibility will also be increasingly evaluated. The COVID-19 pandemic has shown the importance of a robust supply chain and that, if possible, in cooperation with our customers, alternative suppliers, service providers and logisticians must be identified, qualified and registered with the authorities to compensate for failures and ensure quality at all times.

## 5. Safety, Health & Environment (SHE)

### 5.1 General

Safety, health and environmental awareness have the highest priority at Siegfried and are firmly anchored in the company's mission statement. Following this guiding principle, our employees and teams of specialists are committed daily to improving safety, minimizing negative effects on the environment and meeting the constantly increasing expectations of customers, society and investors. For us, avoiding accidents is not only an obligation towards our employees, it also reduces the costs and risks of work and production interruptions and increases the availability of our systems. As a chemical-pharmaceutical manufacturer, we are aware of our joint responsibility for making our processes as resource-saving and climate-neutral as possible. In addition to energy consumption and CO<sub>2</sub> emissions, we continuously monitor production-related water consumption and the type and amount of waste.

There are more than 80 full-time employees in safety, health and environmental protection. They are supported in their function by global and local HSE and safety committees, with employee representatives, also involved. For the further development and harmonization of the company's programs, a new global HSE department with direct access to the management is available.

#### Workforce in the SHE Field

Site	Number of employees in the SHE field in 2021	
	Zofingen (9)	Evionnaz (17)
Switzerland		
China	Nantong (7)	
Germany	Hameln (1)	Minden (22)
France	St. Vulbas (9)	
Malta	Hal Far (1)	
Spain	Barberà del Valles (5)	El Masnou (3)
USA	Pennsville (8)	Irvine (1)
<b>Total</b>	<b>83</b>	

#### Policy guidelines and approach to SHE at Siegfried

The concept of the Siegfried HSE management system is not only based on legal requirements, e. g., introduced in the Spanish plants) or ISO 50001 (energy management, introduced in the German production plants), we had our sustainability efforts in 2022 assessed by leading external ESG platforms. The principles and content of the various programs and systems at our locations are summarized in a global HSE policy that is binding for all sites. This policy describes Siegfried's safety, health and environmental philosophy towards employees, suppliers, partner companies, customers, shareholders, authorities and the public.

Siegfried's management determines the SHE corporate policy and ensures that it is understood and practiced at all levels. The goals and programs relating to safety and environmental protection are regularly developed and reviewed as part of the medium-term planning process.

Implementing our safety and environmental policy and compliance with regulations is primarily in the hands of our employees and their local management. They are responsible for their own safety-conscious and environmentally friendly behavior. Managers at all levels of the organization are responsible for ensuring that safety and environmental awareness is promoted through appropriate framework conditions and specific measures. In addition to global HSE campaigns, the individual Siegfried locations also have the opportunity to roll out location-specific initiatives or carry out certifications.

### **External Standards and Applied Programs**

- ISO 50001 certification in the field of energy management: The Minden and Hameln locations are certified according to ISO standard 50001 (energy management). The focus here is on continuous improvement in the sustainable use of energy resources and reducing greenhouse gases. Thus, the energy management system significantly contributes to environmental and climate protection. The Minden site was successfully re-certified in 2022, and a periodic control audit was carried out in Hameln.
- ISO 14001 and ISO 45001 certification: The pharmaceutical production sites in Barberà and, since 2022, the El Masnou site are certified according to ISO 14001 (environmental management). The Barberà site is certified in ISO 45001 (occupational health and safety management). The two management systems ensure that the performance in terms of safety and health at work as well as operational environmental protection, are implemented and continuously improved in accordance with recognized and standardized rules. ISO 45001 aims to create a safe and healthy work environment for employees. For this goal to be achieved, it is necessary to minimize all aspects that can lead to illness, injury or, in extreme cases, death. Likewise, the risk of harmful effects on the physical, mental and emotional state of a person should be prevented. ISO 45001 takes all these factors into account. By applying the ISO 14001 standard, we already consider environmental requirements during development. Furthermore, we optimize and improve the operational procedures regarding energy and resource efficiency and thus minimize the waste streams. ISO 14001 helps us minimize our operations' impact on the environment.
- Responsible Care program (Zofingen, Evionnaz and St-Vulbas sites) is an initiative of the chemical-pharmaceutical industry to strive for constant improvement in safety, health and the environment, independently of legal requirements, and to regularly publicize this progress. The initiative enshrines this as a precautionary principle in the form of voluntarily imposed regulations. The Responsible Care program defines six principles: the protection of people and the environment, plant and product safety, and the possible effects of processes, products and waste on people and the environment. Close cooperation and dialogue with authorities and third parties is just as important as supporting our business partners in complying with high safety and environmental standards in transporting, handling, using and disposing raw materials, intermediate and finished products.
- SOCMA (Association of Chemical Industry) ChemStewards® program: For many years, Siegfried has participated in the ChemStewards® program, which is used at the US sites. The program focuses on the key objectives of stakeholder.
- Communication, product responsibility, implementation of "Safety, Health and Environment & Security": from planning to operational activities, training and employee engagement, resource management, and waste minimization.
- Continuous Improvement (CI) program: In Pennsville, the Continuous Improvement (CI) program to raise safety awareness was launched in 2016, and has achieved site-wide improvements to date through various solutions by cross-departmental teams.

### **Determination of key figures and corrective measures**

In determining key figures and corrective measures, Siegfried also uses key performance indicators (KPI) in the SHE area to steer the management processes, review targets, and define corrective actions. In 2022, so-called "Leading Safety Indicators" were introduced. Based on established accident and environmental parameters, we report on our activities and thus provide a comprehensive overview of accident occurrence. Additional information can be found on our website ([www.siegfried.ch](http://www.siegfried.ch)).

## 5.2 Health & Safety



### Siegfried's contribution

Development goal 3, "Ensure a healthy life for all people of all ages and promote their well-being," is relevant to us concerning the patients and users of our products and to ensure the safety and health of our employees and neighborhood. In addition to avoiding accidents at work, we also want to contribute, as set out in SDG sub-goal 3.9, to "significantly reducing deaths and illnesses due to hazardous chemicals and pollution and contamination of air, water and soil."

### 2022 Safety Performance

43

Lost Time Accidents –43% vs. 2021

30

Accident Points (per 1 Mio hours)  
–20% vs. 2021

9.3

Accidents per 1000 employees  
–43% vs. 2021

### Fourfold focus on occupational safety: Passion for Zero

To further promote the safety culture and sustainably reduce the number of accidents, the global safety campaign "Passion for Zero" was introduced in 2022. The program consists of four elements that all interlock and thus make an important contribution to an even better safety culture:

#### 1) Shape

This rollout started in late 2022 and will continue in 2023. As an important element of standardization, globally harmonized "Leading Key Performance Indicators" were introduced to proactively provide teams with relevant information before an accident or incident occurs.

#### 2) Share

The core of this part of the program is the fast and largely standardized sharing of events or other security-related findings. A collaboration platform based on MS TEAMSTM was set up for this purpose. The platform was already being actively used by the sites in 2022 to share new security-related findings with the other sites.

#### 3) Care

The aim here is to expand other safety programs launched earlier and are aimed at safe behavior, such as the STOP program from dssTM/DuPontTM, to give them a new impetus and sustainably strengthen awareness of unsafe behavior through innovative approaches. In addition to training new STOP auditors at all locations, the two Spanish sites Barberà and El Masnou have launched an innovative communication campaign based on co-creation and "gamification."



#### 4) **Comply**

This part of the program is about supporting the locations in eliminating any deficiencies identified by authorities, customers or the internal SHE audit program even faster than before. Targeted “deep dives” at the sites, the introduction of a specific parameter, “SHE Compliance” at a global level, and a regular exchange on the status of the measures decided are part of this activity.



#### **Behaviour Based Safety/STOP Program**

The STOP™ program was established in 2013 and the enforcement of the five binding cardinal security rules continued in 2022.

All employees, including people with a contractual relationship with Siegfried or who have this stipulated in a contract, should develop increased safety awareness and feel responsible for safety when carrying out an activity – both for their protection and that of their colleagues. This safety initiative aims to significantly and sustainably reduce the accident rate compared to the reference year 2020. As a benchmark, Siegfried uses the accident rate for 2012 – 38 occupational accidents per 1000 full-time positions – this indicator should be reduced to less than five occupational accidents per 1000 full-time positions over seven years. The target has not yet been reached at all locations. However, there has been a significant decrease in accidents since 2022 (see accident statistics table on page 38).

With the integration of the Evionnaz and St. Vulbas production sites into the Siegfried Group, the STOP™ program was also introduced in these plants in 2017/18 and dozens of new “STOP auditors” were trained at the same time. The STOP™ program was implemented at the production plant in Nantong in 2018. At the Minden site, the introduction of the STOP™ program started in 2021. However, due to the COVID pandemic, the training of the STOP trainers was only completed in 2022. There are also plans to introduce the STOP™ program at the two Spanish sites in Barbera and El Masnou. In El Masnou, safety-conscious behavior in the workplace is already being promoted and checked with a separate program.

In addition, the STOP™ program was pushed further in Zofingen by training 12 new STOP patrol officers. Around 90 STOP tourers were made aware of occupational safety in 23 events and trained in their tasks and duties. Several hundred "STOP auditors" have completed their training, which sharpens their safety awareness and enables the auditors to conduct structured dialogues with colleagues and employees on safety. These dialogues are the actual core of the initiative since security is always an active topic. It is not just about observing and naming deficiencies but also about pointing out and emphasizing good behavior and good conditions.

### **Pandemic management and handling of COVID-19 at Siegfried**

Based on the business continuity plan, part of the pandemic plan, Siegfried immediately formed a task force when the COVID-19 pandemic broke out in January 2020: the Corporate Crisis Team (CCT) made up of members of the executive board and senior management, supported by external specialists (e. g. occupational medicine), continuously analyzes the influence of the pandemic on political, health and economic developments, both globally and nationally. Based on this, a COVID-19 guideline was also developed.

In consultation with the local Corona Crisis Subteams (CCS), the rules of conduct from the guideline were adopted locally and communicated to the employees at the locations. In addition, newsletters from the CEO and the CCT and information and assistance from the SSHE managers (e. g., correct hand disinfection) were sent to all employees and made available on the intranet.

As part of the 2021/22 pandemic management, the protection concepts were further developed and adapted to the locations depending on the situation. Office workplaces were redesigned and, for example, provided with partitions. All employees were also provided with protective masks and disinfectants free of charge at their workplace. The option of working from home was offered and implemented. Siegfried also actively supported and organized participation in COVID vaccination campaigns and mass tests for its employees. A general certificate requirement based on the 3G rule (recovered, vaccinated or tested) was introduced in autumn 2021 for entering the factory premises to protect employees. Employees without a Covid certificate had the opportunity to take a quick test on-site and, if the result was negative, to enter the company premises.

### **STOP™ program during the COVID-19 pandemic**

Due to the COVID situation, the number of security dialogues conducted in 2022 was reduced compared to previous years. Nevertheless, several thousand STOP™ dialogues took place at various locations, considering the protective measures against the pandemic. An evaluation of the reported STOP™ activities for 2022 shows that the vast majority of employees work in a safety-conscious manner.

	Zofingen	Nantong	Hameln	Evionnaz	Pennsville	St. Vulbas	Minden
Number of reported safety dialogs	1 710	1 480	1 480	380	330	48	500
Individual observation points	37 500	1 480	18 700	3 580	6 000	500	13 600
Observations evaluated as "safe"	36 600	40	18 500	3 270	5 900	430	12 700
Observations evaluated as "unsafe"	900	1 440	200	310	100	70	900
Number of STOP auditors	85	11	14	48	28	3	69

The observations focus on the employees' actions, such as the handling of tools or machines, the use of personal protective equipment, ergonomics, contact with chemicals or hot surfaces, and order and cleanliness. Unsafe actions are discussed and corrected in a safety dialog. The observations are continuously recorded and evaluated by work specialists. Security campaigns are launched or targeted training courses are carried out where necessary.

In addition to the STOP™ initiative, five cardinal rules on occupational safety were launched as part of a company-wide campaign describing significant risks. These cardinal rules have been global-

ly valid since 2017. Compliance is mandatory for all employees; non-compliance will result in disciplinary consequences.

### **Cardinal Safety Rules**

Our globally applicable cardinal rules are:

- Consistent use of personal protective equipment
- Completion of required pre-employment safety training for new employees
- Fall protection when working from a height of two meters
- Securing the system before starting maintenance work
- No removal or bridging of safety devices.

Various activities and campaigns were launched to promote safety-conscious work in the long term. For example, in the context of accident investigations, short information is written that is sent to all employees internally and also used for training. This brief information is also exchanged between locations to promote occupational safety at Siegfried worldwide sustainably. Furthermore, the SGU department in Zofingen and Hameln publishes monthly key topics on occupational safety, such as maintenance and care of personal protective equipment, safe driving in winter by car and on foot, stumbling/falling, working at height, using stairs/ladders correctly, internal transport with load securing, preparation and transfer of process equipment to maintenance or dangers of electricity and nitrogen.

### **Safety training and workshops for Siegfried employees**

The need for training results from the job requirements (e. g., the introduction of new employees), at the request and suggestion of employees (new processes) or in the event of errors in the execution of the work (accidents). The training activities are defined in consultation and cooperation with the HR department, the internal in-house training department and SSHE. The in-house training courses on safety and environmental protection are free of charge for the participants and run during working hours. The quality of the training is monitored using questionnaires.

Safety training courses and workshops on various topics were offered to company employees. For example:

- Safety day for trainees in laboratory occupations and chemical and pharmaceutical technologists (CPT)
- SSHE introductory course for new skilled workers (CPT) in production and new employees from “non-chemical professions” (lateral entrants)
- Workshops with the production staff to avoid material spills in the production plants, using the example: How do I transfer correctly? As well as correct behavior when entering narrow spaces
- Multi-day introductory and refresher courses on the safe operation of industrial trucks for around 70 employees
- Workshop with over 200 production employees on the subject of safety and quality
- Multi-day training for supervisors on the topic of management and leadership in production operations
- Mandatory training courses in the handling and use of small extinguishing devices for over 2000 employees
- Safety training for construction site personnel
- Information events and exchange of experiences for those responsible for building security

- Introductory event “Chemical classification” (hazardous substances/exposure) and correct alarming/behavior in the event of an alarm for new learners
- Training water and wastewater cycle in the chemical plant “What do I have to pay attention to?”

Information event maternity “What do supervisors need to know? What special protection is needed at the workplace?”

Over the past six years, more than 200 production employees (67 percent) have been trained in workshops in Minden to increase safety awareness and reduce product leakage.

### **Audits**

Authorities, insurance companies and customers inspected all locations in the year under review. However, due to the ongoing COVID-19 pandemic, the number of audits was limited. Alternatively, telephone or video conferences continued to be used. The inspectors and customers attested to Siegfried's good and integrated risk management system.

#### **Individual assessments during audits**

The production plants in Hameln, Minden, Malta and Zofingen were inspected for the third time in 2022, after 2019, by the property insurance company Swiss Re. A sound security system and adequate fire protection were again certified. In the insurance benchmark, the plants inspected are classified in the top 10%. The pharmaceutical production plants in Spain, Barberà del Vallès and El Masnou, which were newly added to Siegfried in 2021, were subjected to a comprehensive external risk analysis with regard to fire, explosion and natural hazards for the first time in 2021. The locations have very good, preventative fire protection and a comprehensive business continuity management system.

The international audit specialists from Intertek checked the Zofingen site for compliance with social standards in 2021. In a multi-day CSR (Corporate Social Responsibility) inspection, environmental, social and employee concerns, as well as respect for human rights and the fight against corruption and bribery, were checked. The auditor did not find a deviation from the standard specifications for any test points. The audit report states that in a benchmark comparison with over 700 companies, the Zofingen location is assigned to the top percentile in terms of CSR management. More than ten internal safety and environmental audits were carried out in Zofingen. The audit teams formulated several dozen measures to improve occupational safety. More than 90 percent of these was already successfully implemented in 2022. Over 500 internal truck and rail transports were inspected as part of hazardous goods controls. Deficiencies and complaints were expressed in less than 2 percent of the controls, corresponding to the previous year's result.

In Nantong, 24 internal or agency audits on safety or environmental issues were conducted in 2022. 136 observations were recorded, over 98 percent of which have already been resolved.

#### **Review of global and local SHE guidelines via corporate audits**

The implementation of and compliance with both global and local SHE guidelines is regularly checked through corporate audits. Internal audit specialists inspect the individual locations in security audits lasting several days. In 2022, the focus was placed on the implementation of the audit action plans of the respective sites. In addition, a new global performance indicator, “% SHE Compliance” was introduced in the second half of 2022, which helps management and the locations to keep track of the implementation of audit measures from corporate and authority audits. On average, almost 87% of all actions were completed on time. For 2023, the corporate SHE audit program will be carried out with a clear priority on the locations with the most significant inherent risks.

### Safety on the factory premises is continuously monitored

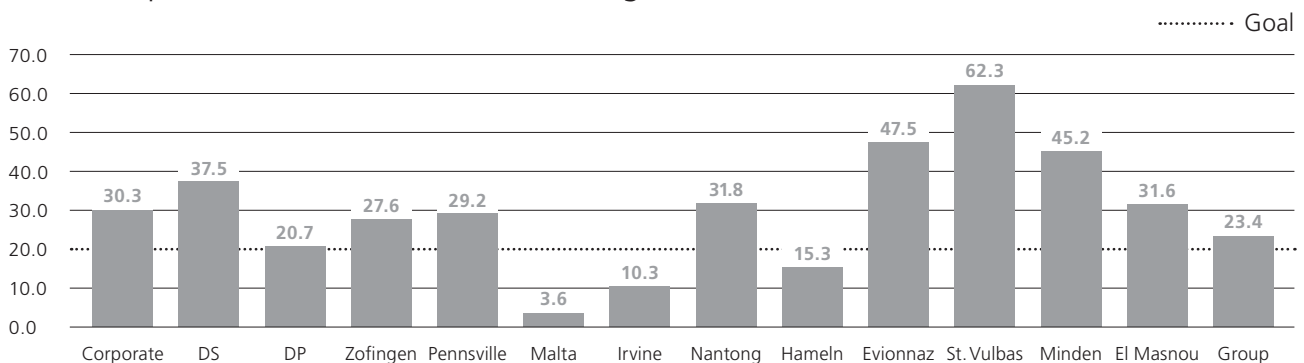
As a chemical and pharmaceutical company, Siegfried attaches great importance to comprehensive plant security. The factory premises are secured with a fence or a wall, and surveillance is carried out with cameras. Access to people and vehicles is monitored and controlled (registration). All visitors are registered and introduced to the specific rules of conduct and safety. A stay on the factory premises is only possible with a visitor pass. Employees' vehicles may not be parked on the company premises. Outside of working hours, regular inspection rounds are carried out by security services.

### Incidents, occupational accidents and occupational diseases

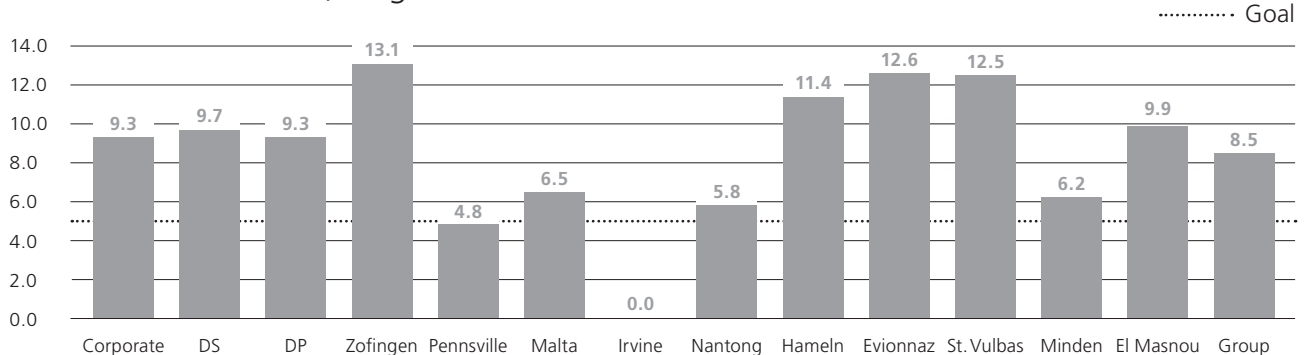
As part of a holistic risk assessment, since 2013, Siegfried has taken into account not only the accident figures but also events with property damage or environmental influences in the "accident points" parameter. The "accident points" are calculated as 1 point per lost day, 1 point per accident/occupational disease without lost days and 1 point per event with significant property damage or environmental impact. With this system, Siegfried can report on events more transparently. In the case of occupational accidents with long-term absences – lasting several months – the downtime is limited to a maximum of 10 working days for the location comparison.

The employer has a legal obligation to investigate all occupational accidents and derive measures from this to reduce accidents permanently. Internal specialists from occupational safety are deployed to investigate these incidents, who carry out an investigation together with the people concerned and derive improvement measures from this. At the Zofingen plant, for example, over 250 improvement measures were defined in 2022, and most of them have already been implemented.

### Accident points/1 mio worked hours, Target Line: 20



### Accidents/1000 FTEs, Target Line: 5



## Accident Statistics from the Individual Plants from 2016 to 2022

<b>Incidents /1000 FTE</b>	<b>2022</b>	2021	2020	2019	2018	2017	2016
Zofingen	12	17	18	17	7	33	24
Pennsville	5	27	10	0	16	17	11
Malta	14	26	0	24	6	14	7
Irvine	7	21	13	0	7	0	8
Nantong	7	3	9	7	0	3	0
Hameln	12	33	23	8	0	8	17
Minden	24	12	12	12	8	12	16
Evionnaz	24	18	14	9	9	9	11
St. Vulbas	24	0	38	26	27	35	13
Barbera	45	11	n. a.				
El Masnou	30	13	n. a.				
Group	9	16	16	12	7	16	15

### Accident points /1 million working hours

Zofingen	28	50	39	37	15	146	49
Pennsville	29	38	26	1	8	17	87
Malta	4	21	0	43	3	19	4
Irvine	10	35	70	0	7	0	82
Nantong	32	8	15	42	2	4	1
Hameln	15	85	70	29	0	63	20
Minden	45	40	38	77	39	21	20
Evionnaz	48	35	121	81	44	29	46
St. Vulbas	62	0	160	86	189	228	50
Barbera	23	10	n. a.				
El Masnou	32	47	n. a.				
Group	30	37	54	47	25	63	36

The country and gender-specific accident record for occupational accidents/occupational diseases break down as follows in 2022:

	<b>Personal accidents without lost days</b>		<b>Personal accidents with lost days</b>		<b>Lost days</b>	
	Men	Women	Men	Women	Men	Women
Switzerland	7	0	8	2	55	11
USA	1	0	1	0	3	0
Malta	1	0	1	0	1	0
China	0	0	2	0	20	0
Germany	5	1	9	4	216	137
France	2	0	2	0	16	0
Spain	14	8	7	6	83	29



At the Evionnaz, Minden, St. Vulbas and Zofingen sites, occupational accidents involving third parties on the factory premises (craftsmen, service providers) are also included in the accident statistics. These third-party companies have a contractual relationship with Siegfried, must comply with the rules on occupational safety and are therefore treated as the company's own employees.

The chart on p.52 shows a cross-comparison of the plants in 2022. The very ambitious target – fewer than 20 “accident points per 1 million working hours” – was undershot at three production sites, and eight areas were unable to reach the target. Misconduct and misjudgment of possible hazards were the leading causes of these accidents. Siegfried reacted to the accident figures, and various local countermeasures such as safety workshops, daily safety tours or weekly meetings on the shifts on the subject of safety were taken as part of the new global safety program “Passion for Zero”.

Although the accident target of 2022 was not reached in the Siegfried Group, the number of accidents in individual plants was reduced significantly in some cases. In 2023, too, the management teams at all locations are fully committed to the goal of further sustainably reducing occupational accidents. The production sites in Hameln, Malta, Irvine, Pennsville and Zofingen were able to reduce the number of occupational accidents (with and without days lost) compared to 2021.

The opposite trend was observed in the Spanish pharmaceutical production plants in Barbera and El Masnou and the chemical production plants in Evionnaz, Minden, Nantong and St. Vulbas. The rate of occupational accidents worsened. In Barbera and El Masnou the accident rate for occupational accidents was over 3 percent; in Evionnaz, Minden and St. Vulbas it was 2.5 percent; in all other plants, it was below 1.5 percent. A multi-year comparison across all locations has shown a slightly positive trend since 2020.

With 12 occupational accidents per thousand employees, the long-term average accident rate in Zofingen is below that of the Swiss chemical and pharmaceutical industry (2021: 19 accidents/1000 full-time employees).

### **Occupational diseases and work-related deaths**

No occupational diseases or work-related deaths were recorded in 2022.

### **Reason for and handling of occupational accidents**

Most injuries are due to trips and fall, chemical exposure, lacerations and the like. Around half of the accidents at work did not result in absenteeism.

Viewed at the Group level, Siegfried managed to slightly reduce the number of occupational accidents on average. The occupational accident rate in 2022 was nine occupational accidents per thousand employees. Across all locations, except Barberà, Evionnaz, El Masnou, Minden, Nantong, St. Vulbas and Zofingen, the majority of occupational accidents such as trips, falls, chemical contact and lacerations only resulted in minor injuries, which resulted in no or only short-term absences from work of a few days.

### **Measures to increase safety at work at individual locations**

- In Pennsville, the “Safety Culture Flywheel” concept was introduced in 2019 as part of the continuous improvement process to strengthen the safety culture, avoid unsafe actions and thus prevent accidents. Incidents and accident reports are discussed and evaluated in workshops, safety talks, department meetings and employee information, and safety-related improvement measures are initiated.
- The ENHANCE program 2020 was started in Zofingen. The focus is on processes such as production planning, plant cleaning, quality & GMP (Right First Time) and occupational safety. In several employee workshops with over 200 participants, problems and opportunities for improvement on the topics of quality and safety were discussed in depth, and solutions were worked out.

In 2022, the “Occupational safety must become an issue” campaign was launched in Hameln. A catalog of measures such as a monthly safety newsletter, campaigns by the workforce together with the employers' liability insurance association, instruction for managers after accidents, or the offer of alternative jobs for people involved in accidents was implemented over the course of the year. All of these actions can be classified as a success because the goal of fewer accidents at work was achieved. Compared to the previous year, the accident rate fell by more than 60%.

The LAUF program (learning from accidents works) was initially set up in Minden. The program is intended for employees from operational and laboratory units to meet in groups (5–7 participants) at regular intervals and to discuss accidents and the resulting measures. This is intended to ensure in the long term that employees are continuously concerned with the topic of “occupational safety” and that it is discussed. The program started in December 2021.

### **Safety day in Zofingen**

Plant Manager Klaus Stingl and Walter Fiechter, Head of Safety, Health & Environmental Protection, opened the first Safety Day at the Siegfried site in Zofingen on the 18<sup>th</sup> of July 2022, under the motto “Experience a different working day”. Around 180 employees from production, logistics and quality assurance took part. The Safety Day was an event that brought employees together, let them experience safety and made it visible. Exciting stations awaited the mixed groups of participants on the following topics: healthy nutrition at work, safety in production operations, without injury over the hill and dale, or security on the Internet and in e-mail traffic. The participant feedback was consistently positive, with a broad and exciting choice of topics. In the evening, all participants could say goodbye according to the safety motto “My aim: I return home safe and healthy every day”.

### **Ensuring health through the use of containment systems**

Siegfried has process technologies with various containment systems for developing and manufacturing highly active ingredients and finished medicinal products. The closed fabric handling protects employees from excessive stress. At the Minden plant, around two million euros have been invested in process systems since 2019 to enable closed material handling or enclosed systems. Where necessary, protective suits with breathing air systems are also available to ensure the safety of employees at all times. There are decontamination points, locks and defined changing areas to minimize the risk of material being carried over.

### **Hazard classification across five exposure categories**

Siegfried has introduced a system with five exposure categories to assess material hazards at the workplace. The substance is assigned to an exposure category based on factors such as toxicity or pharmacological activity, and a maximum occupational exposure limit is set. Compliance with the workplace limit values and the effectiveness of the technical equipment is periodically checked by SSHE using monitoring.

An internal occupational hygienist is available for occupational hygiene questions and problems. Based on monitoring investigations, workplaces are assessed, and production facilities are classified. The production facilities are summarized in a facility exposure register. With the help of this information, the plant operator or product chemist can assess in advance whether additional measures are required concerning exposure when changing products. If necessary, monitoring is carried out again.

### **Accident prevention**

As part of accident prevention, accident scenarios in chemical substances' production, storage, and internal transport are subjected to a comprehensive risk analysis for each location. The results are summarized in a report and checked by the authorities during an annual inspection. For emergencies such as explosions, fires or chemical incidents, in-house emergency organizations are available in Siegfried's production plants. The chemical and plant fire brigade in Zofingen and the plant fire brigade in Minden each have more than one hundred members, comprised of professional firefighters and volunteers from all departments. As an additional task, these organizations take on the function of a chemical defense base for operations outside the plant area on behalf of the authorities. The sites in Evionnaz and St. Vulbas also have their emergency organization.

### **How do I behave appropriately in an emergency?**

These and similar questions about firefighting or first aid are dealt with in regular training courses and practiced using evacuation exercises.

In addition, Siegfried obliges its employees to regularly attend to manual fire extinguisher instructions. In these training courses with small extinguishing devices, the experience can be gained with the various extinguishing agents, from the wastepaper basket to the PC to solvent fires. What you learn can be put to good use in both your professional and private life.

In connection with preventive fire protection, the project to modernize the fire and gas detection system was launched at the Zofingen plant in 2021. In the first stage, hundreds of fire detectors were replaced in four production buildings, and several new-generation fire alarm control panels were installed. With this investment of around 800 000 Swiss francs, security in buildings and infrastructure will be sustainably improved. In 2022, another stage in the handling of around 1 million Swiss francs was tackled. In addition to the modernization of gas detection systems, the complete alarm visualization in the internal alarm center was also replaced. This enables faster and more targeted intervention in the event of an alarm.

### **New PPE protection concept in Zofingen**

A new PPE protection concept was introduced at the Zofingen plant in 2021. All work steps in the chemical production environment, for example pumping liquids or unloading solids from a centrifuge, were included in a risk catalog. Specialists in occupational safety and supervisors and chemists assessed the risks of the work steps for the operating personnel. Then they specified the necessary work and protective clothing in a PPE concept. This PPE protection concept is now being continuously integrated into the manufacturing specifications; the employees are trained to use the partly new PPE. SGU supports the company trainers on site. The internal occupational safety department evaluates new personal protective items for various applications, tests skin care products, and compiles this information in an in-house body protective equipment catalog.

The employees in production 2022 were made aware of the importance of keeping the respiratory tract healthy. The correct use and care of the personal protective mask were trained in flyers and monthly safety topics. As an alternative to the classic respiratory protection filter masks, new respiratory protection fan units will be available to company employees in 2022, which also represents a significant gain in comfort.

### **Promoting health care through easy access to vaccination campaigns at the locations**

In 2022, the annual flu prophylaxis was carried out in the form of a vaccination campaign. In addition, several COVID-19 vaccination campaigns were also offered. All vaccinations were free for employees. In Zofingen, over 100 employees took part in flu prevention. Through targeted vaccination appeals during the COVID-19 pandemic, Siegfried achieved an above-average vaccination rate among employees of >85 percent for COVID vaccinations. As part of the medical check-up, the Institute for Occupational Medicine examined around 140 employees in Zofingen and assessed their ability to work. These check-ups are carried out by order of Suva. To promote health, the Nantong plant offers all employees the opportunity to have a medical check-up. No diseases were diagnosed.

### **Sports clubs for Siegfried employees**

The company's sports clubs are available to employees to promote their fitness.

### **Outlook**

In the future, we will continue to attach great importance to reducing incidents and occupational accidents through optimal use of the STOP™ safety program that has been rolled out worldwide. Local initiatives and campaigns such as the "Safety Culture Fly Wheel" in Pennsville or the "Occupational safety must become an issue" campaign in Hameln support safety-conscious work.

To be able to quickly return employees to the work process after an occupational accident, alternative workplaces are to be made available, which means that company health management can be optimised. Measures have been taken in this regard and are continuously being individually adapted. In close cooperation between accident insurers, doctors and employers, individual solutions are sought for employees who have had an accident to be able to integrate them back into the work process in a targeted manner.

The exchange of information on SGU topics between the locations is to be further promoted. It is essential to harmonize safety and health standards further and to implement the global SHE philosophy even more strongly across the sites. Meetings and exchanges of experience among HSE specialists take place and are continuously continued. Aids such as video conferences or TEAMS meetings are also actively used for this purpose.

In the practical implementation of the Responsible Care program, Siegfried endeavors to further promote cooperation with the authorities about safety and environmental protection. In addition to project-related collaboration, there are regular meetings between the authorities' representatives and those responsible for operations.

5.3 Environment

5.3.1 General

Active pharmaceutical ingredients and intermediates require energy because it usually involves several chemical and physical stages. In addition to the many production steps, the temperatures needed for many chemical reactions and physical processes, which range from very low to very high, are also responsible for the considerable energy requirement.

From 2020 to 2021, energy consumption skyrocketed because two production plants in Spain joined the Siegfried Group. In 2022, the total energy consumption decreased by 5.0% compared to the previous year.

2022 Safety Performance

-16%

CO<sub>2</sub> Emission Reduction vs. 2021

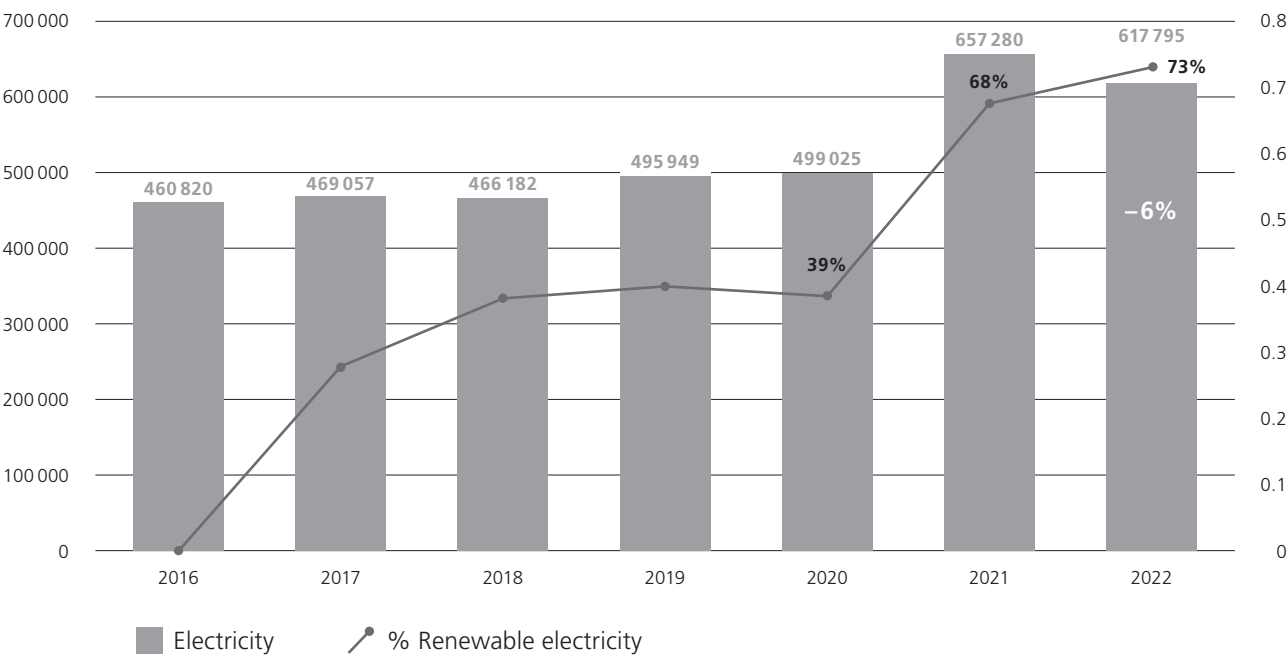
-15%

Total Energy Use vs. 2021

73%

Renewable vs. Total  
Electricity Use (2022)

Total Electricity Consumption (GJ) vs. Renewable Electricity (%)



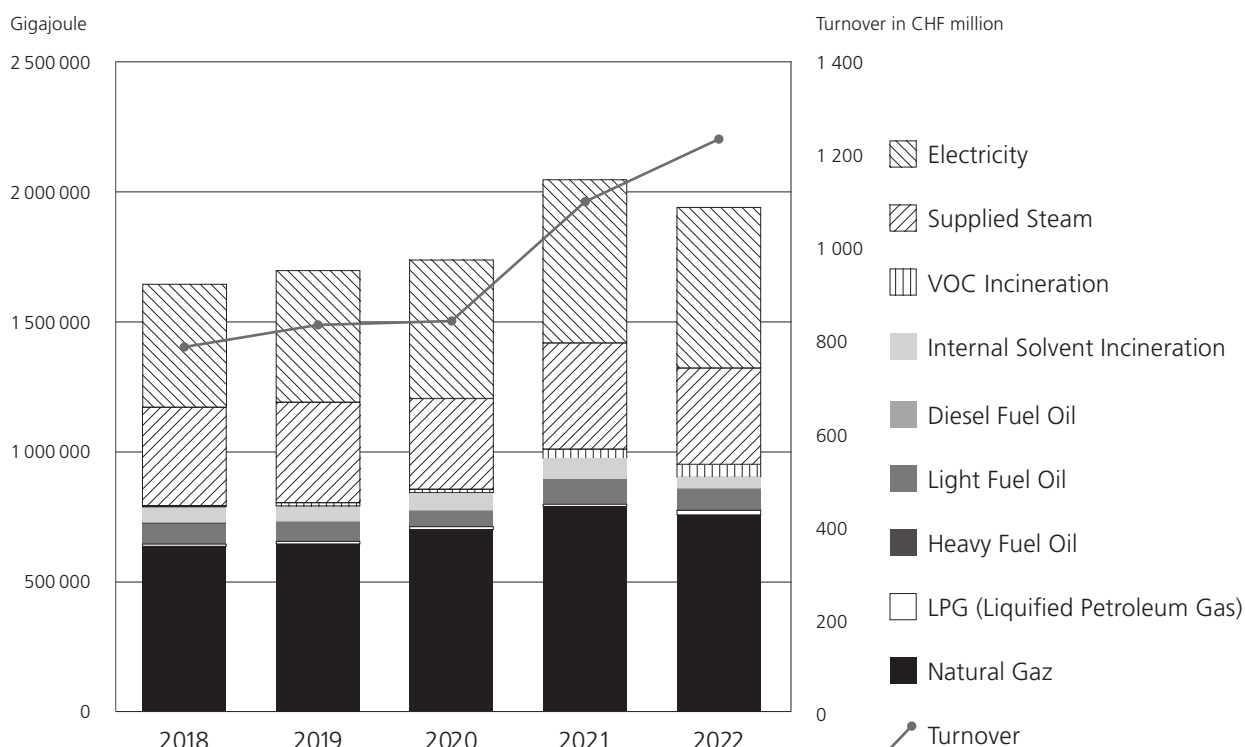
### 5.3.2 Carbon Emission/Energy Management

#### Our Approach

The production utilization in 2022 was comparable to the previous year. Nevertheless, the total energy consumption decreased by 5.0%. The water consumption and the amount of waste were also reduced by approx. 1%. The CO<sub>2</sub> emissions even decreased by 15.7%.

Siegfried is already on the right track and has already implemented various measures. Natural gas, which is comparatively more environmentally friendly, is the primary energy source. Heating oil is used only to a small extent and, above all, where natural gas is unavailable. Heavy fuel oil has not been used at Siegfried for a long time. Used solvents that can no longer be used in production also serve as alternative sources of energy. The use of these so-called alternative fuels fell by 43 percent compared to the previous year; this covers around 2.2 percent of the total energy requirement. The consumption of electrical and thermal energy is to be reduced by optimizing processes and systems and increasing the equipment's energy efficiency.

### Energy consumption





### Commitment to reducing the carbon footprint

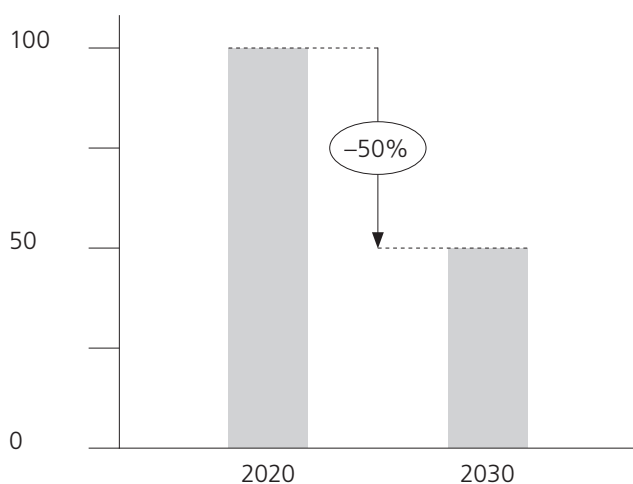
For the period up to 2030, the management committed itself in 2021 to significantly reducing the carbon footprint. Wherever possible, this should be done in close cooperation with customers, especially those pursuing similar initiatives. The goal is to be achieved by conducting a comprehensive analysis of all Siegfried locations concerning CO<sub>2</sub> emissions, combined with a list of suitable measures that have been effective since the 2021 financial year.

Based on the values from 2020, the company is aiming for a 50% reduction in its CO<sub>2</sub> emissions (in CO<sub>2</sub> equivalents, normalized to sales) by 2030 and is also planning long-term measures to meet the so-called Net Zero Target, which has a net balance of Zero all greenhouse gases emitted by its operations and greenhouse gases removed from the atmosphere by company actions.

## Reduction of the CO<sub>2</sub> footprint by 2030 and the 2050 commitment

### 1 Reduction of the CO<sub>2</sub> equivalent by 50% by 2030

CO<sub>2</sub> equivalence/revenue-normalized (equals 100 in the index)

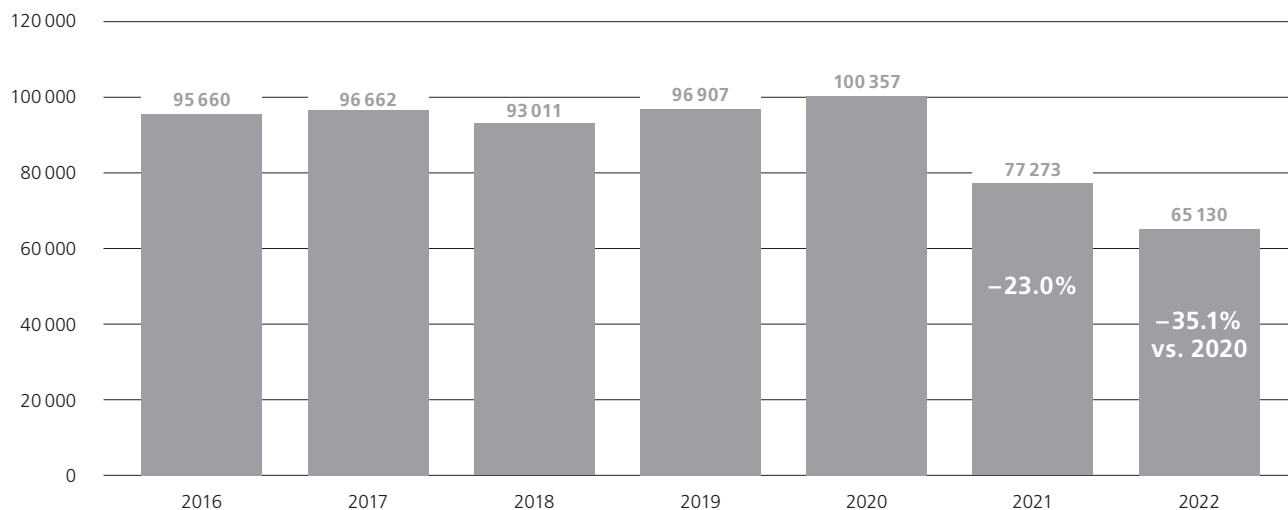


### Objectives with regard to the CO<sub>2</sub> footprint

- 1 Specific reduction objective:
- Reduce Siegfried's CO<sub>2</sub> footprint by 50% by 2030 in comparison with 2020 (normalized to revenues)

- 2 Overall commitment:
- Implementation of long-term measures in keeping with the GHG net zero target for 2050 and limiting global warming to 1.5° Celsius

## Scope 1 & 2 CO<sub>2</sub> emissions (t CO<sub>2</sub>eq)



### 2022 lower energy consumption (absolute and normalized to sales)

The goal set to reduce sales-standardized energy consumption was achieved in 2022; it was 14.9 percent less than in the previous year. The absolute energy consumption was also decreasing; it was 5.0 percent lower. The development looked different depending on the energy source, the most striking being the decrease in natural gas and electricity consumption.

Sales-normalized electricity consumption fell by 15.7 percent. Absolute CO<sub>2</sub> emissions were 15.7 percent lower, and an even more significant decrease (-24.4 percent) was recorded for sales-normalized CO<sub>2</sub> emissions. This drastic decrease has to do with the fact that in 2022, even more CO<sub>2</sub>-neutral electricity was purchased, but also with implemented energy-saving measures. Of the Siegfried Group's total electricity consumption, 73 percent was produced from renewable energy sources.

The electricity consumption at all Siegfried locations totaled 617.8 terajoules (TJ). At 2131 GJ, the amount of electricity produced with photovoltaic systems (Barberà, El Masnou, Malta) was slightly lower than in the previous year (-5.5 percent),

### Total energy consumption normalized for sales is down 14.4 percent overall to 2021

At 1942 terajoules (TJ), Siegfried's total energy consumption in 2022 was 5.0 percent below that of the 2021 reporting year, which means it has fallen significantly. The total energy consumption normalized to sales was 4.9 percent lower than in the previous year.

Most of the 11 plants have contributed to the reduction in energy consumption, except Malta, where 18 percent more energy was used. The most significant percentage declines were registered at the St. Vubas (-19 percent) and Nantong (-13 percent) plants.

### Natural gas consumption fell across the group in 2022

Consumption of natural gas was below that of the previous year; the decrease was 5.4 percent. There was also a decrease in heating oil (-4.4 percent). Most of the heating oil is used in the Evionnaz plant, as natural gas is not available in this plant. The amount of steam supplied externally was almost the same (0.2 percent) as in the previous year.

### **CO<sub>2</sub> emissions are down overall**

The CO<sub>2</sub> emissions in Scope 1 (direct emissions from operations) are based on the use of fossil fuels. The CO<sub>2</sub> emissions in Scope 2 are also taken into account, i. e., emissions caused by the production of purchased energy (electricity, steam). The emission of CO<sub>2</sub> into the atmosphere decreased compared to the previous year, it amounted to 65 130 tons (-15.7 percent). This massive reduction was achieved by purchasing CO<sub>2</sub>-neutral electricity at several locations since 2021 and increasing this in 2022. The energy-saving measures initiated in 2022 also contributed to this. The CO<sub>2</sub> emissions in most plants were below those of the previous year. The GWP (Global Warming Potential), expressed as CO<sub>2</sub> equivalent, was 65 498 tons. For the conversion of other greenhouse gas emissions into CO<sub>2</sub> equivalents, the GWP values for a 100-year time horizon according to IPCC Assessment Report 5 (AR 5) Chapter 8 ("Anthropogenic and Natural Radiative Forcing") were used. The direct emissions of the company and the CO<sub>2</sub> caused by purchased energy (Scope 1 and Scope 2) were taken into account. The CO<sub>2</sub> emissions from biogenic sources were not included.

### **5.3.3 Air Emissions**

#### **VOC emissions are to be further reduced**

The amount of VOC emitted was 139 tons, an increase of 41 tons compared to the previous year. In the Evionnaz and St. Vulbas plants, VOC emissions were considerably higher than in the last year. In the other Drug Substance plants, VOC emissions were almost unchanged compared to the previous year. Siegfried Zofingen has drawn up a VOC action plan for 2018–2022 with the authorities. This is intended to reduce VOC emissions further.

#### **Scope 1-inconsistent picture of emissions**

At 30 tons, the emission of nitrous gases (NO<sub>x</sub>) was 8 tons lower than in the previous year. This decrease is due to reductions in the works in Evionnaz and Nantong. In the other plants, the NO<sub>x</sub> emissions were more or less stable. Sulfur dioxide emissions into the environment have been low for a long time. In 2022, the output was 1.3 tons and thus decreased by 23 percent compared to the previous year. The carbon monoxide emissions of all Siegfried plants were 8.2 tons, slightly higher than last year's. The reported emitted greenhouse gases (VOC, NO<sub>x</sub>, SO<sub>2</sub> and CO) are Scope 1 emissions (direct GHG emissions).

### **Outlook**

The total energy consumption normalized to sales should be reduced. The same applies to the consumption of electricity. Siegfried also sets ambitious targets for CO<sub>2</sub> emissions normalized to sales.

Electricity from renewable sources has been purchased for the plants in Evionnaz, Hameln, Malta, Minden, Nantong and Zofingen since the beginning of 2021. This will continue and help significantly reduce the Siegfried Group's CO<sub>2</sub> emissions. The Nantong plant aims to reduce the consumption of natural gas and external steam by using waste solvents to generate steam. In addition, sodium vapor lamps are constantly being replaced by LEDs.

A program is running at the Zofingen plant to reduce electricity consumption. The Hameln plant started systematic energy management by ISO 50001 in 2021. In addition, a cooling system that was operated with R1234ze will be replaced by one with ammonia.

In Nantong, a central VOC treatment plant for the T1 tank farm is planned for 2022, which will reduce VOC emissions at this plant.

## Important Key Performance Indicators for Environmental Protection<sup>1</sup>

	Unit	2022	2021	2020	2019	2018
<b>Energy consumption</b>						
Total energy	GJ	1 942 100	2 045 000	1 725 800	1 663 600	1 629 700
Natural gas	GJ	754 500	797 400	712 300	629 100	630 200
LPG	GJ	20 500	8 600	12 300	11 200	9 400
Heating oil	GJ	80 000	82 800	62 400	74 500	77 700
Diesel		1 900	1 500	6 000	2 300	1 800
Alternative fuels (solvents)	GJ	43 100	75 600	65 100	56 700	59 600
VOC combustion	GJ	52 800	49 500	9 300	14 000	10 300
Steam supplied	GJ	371 500	372 300	356 700	379 900	374 600
Electricity	GJ	617 800	657 300	499 025	495 900	466 200
<b>Emissionen</b>						
CO <sub>2</sub> emissions	Tons	65 130	77 273	100 354	96 900	93 000
VOC emissions	Tons	139	99	284	260	92
CO emission	Tons	8.2	7.9	8.1	9.0	9.0
NO <sub>x</sub> emission	Tons	30	38	29	49	37
SO <sub>2</sub> emission	Tons	1.3	1.4	0.8	2.0	4.0
GWP, 100 years horizon	Tons	65 498	77 316	101 800	97 700	93 000
<b>Water /wastewater</b>						
Water consumption	m <sup>3</sup>	5 985 000	6 052 000	5 791 000	5 776 000	5 590 000
TOC load	Tons	123	124	127	125	117
Nitrogen load	Tons	70.9	54.8	52.8	67.5	55.3
Phosphorous load	Tons	1.9	1.9	1.5	2.0	1.7
<b>Waste</b>						
Total waste	Tons	75 989	76 710	75 178	65 238	53 550
Hazardous waste	Tons	62 623	65 050	57 906	53 774	40 424
Combustion	Tons	18 791	33 517	30 000	32 115	33 866
Recycling	Tons	5 535	4 575	5 044	3 845	1 931
Recovery including energy	Tons	38 217	26 892	22 782	17 688	4 494
Landfill	Tons	80	80	80	126	110
Non-hazardous waste	Tons	13 366	11 660	17 272	11 464	13 125
Combustion	Tons	6 095	5 870	6 612	5 141	3 602
Recycling	Tons	2 726	2 895	2 226	1 989	1 729
Landfill		3 196	940	672	597	338
Recovery including energy	Tons	867	1 866	1 787	1 689	2 477
Recycling	Tons	483	89	43	32	42
Disposal at external wastewater plant	Tons	0	0	5 933	2 017	4 938
<b>Recycling</b>						
Regenerated solvents (internal and external)	Tons	19 345	20 500	22 100	22 000	23 800

The figures for CO<sub>2</sub> emissions and the "GWP 100-year time horizon" include Scope 1 and Scope 2. In previous reports, only Scope 1 was reported. The figures have been adjusted retrospectively to 2016. The steam delivered to the Minden plant is officially confirmed to be CO<sub>2</sub>-free, which is why the figures have been adjusted retrospectively to 2016.

## Revenue-normalized Key Performance Indicators

	Einheit	2022	2021	2020	2019	2018
<b>Turnover normalization</b>						
Turnover	CHF million	1229	1 102	845	833	794
Total energy consumption	GJ/CHF million	1 580	1 855	2 042	1 962	2 014
Electricity	GJ/CHF million	502	596	591	595	587
Water consumption	m <sup>3</sup> /CHF million	4 868	5 490	6 853	6 934	7 040
Total waste	t/CHF million	61.8	69.7	89.0	78.3	67.4
Greenhouse gas emissions (CO <sub>2</sub> equivalents)	t/CHF million	53.0	70.1	118.8	121.4	122.2
GWP (Global Warming Potential)	t/CHF million	53.3	70.1	120.2	122.3	122.2

### 5.4 Waste/Waste Water/Air Emissions

Large amounts of waste are generated during the manufacture of active pharmaceutical ingredients since the manufacturing processes are complex and usually multi-stage. The waste also contains by-products that occur with every synthesis. These by-products can be harmful to humans and the environment. That is why Siegfried does everything in its power to minimize this waste. Careful handling is of great importance in order to avoid negative effects on ecosystems. When disposing of waste, Siegfried adheres to all the authorities' regulations and possesses the appropriate licenses.

The table "Key figures for environmental protection" lists the waste quantities according to hazardous and non-hazardous waste, and for both types of waste broken down by disposal method (e. g., incineration, recycling).

#### 5.4.1 Waste Water

Water is an important commodity for the Siegfried company. On the one hand, it is used as a starting material, in most cases as a solvent, and also as a cleaning agent. In addition, water is also required for cooling purposes, to cool motors and compressors, and to dissipate heat released directly in the processes. Above all, groundwater, self-pumped water, and drinking water obtained from the local waterworks are used. At specific locations, there is a proportion of spring water in the drinking water obtained from waterworks.

After the quality has been checked, uncontaminated cooling wastewater can be fed into the local watercourses. The polluted sewage is treated in wastewater treatment plants to be discharged into local waters. The situation differs depending on the plant. All chemical sites, except Zofingen, operate their wastewater treatment plant for industrial wastewater. At some plants, the wastewater goes directly into the receiving water; at others, it goes through the municipal wastewater treatment plant. The wastewater from the Zofingen plant is pre-cleaned in a separate biological stage before it is mixed with municipal sewage. The wastewater from the drug product plants is cleaned in municipal wastewater treatment plants.

The wastewater treatment plants, whether self-operated or operated by the municipality, are of a good technological standard, so that the pollutant input into the water is at a low level, which always fulfills all legal requirements.

### **Siegfried contribution**

Many of the raw materials used by Siegfried have their origin in whole or in part in the petrochemical industry. We depend on these raw materials in the manufacture of medicinal substances, which is why careful use of these resources is of great importance for the company to contribute to development goal 12 "Ensure responsible consumption and production patterns". Above all, we want to contribute to sub-goal 12.2, which strives for managing and efficiently using natural resources. It's not just about the availability of raw materials, Siegfried is also interested in limiting global warming and the associated negative effects.

### **Dialogue with local authorities on wastewater management**

Siegfried follows the specified environmental standards and regularly engages with the responsible environmental authorities. For the parent company in Zofingen, there has been a cooperation agreement with the responsible cantonal environmental protection authority for many years. This agreement focuses on the topic of wastewater, which regulates the exchange of data, for example. Siegfried has undertaken to report any irregularities that could impact the environment actively.

The reduction in the discharge of active pharmaceutical ingredients and intermediates into the wastewater at the Zofingen site continued in 2022. Tests were carried out on various manufacturing processes, and where necessary, wastewater treatment was introduced. The Pennsville and Evionnaz manufacturing plants have proprietary wastewater treatment plants incorporating activated carbon treatment to remove trace contaminants. There is also an in-house wastewater treatment plant in Minden. The downstream denitrification stage runs stably. Isopropanol produced during operation, which would otherwise have been incinerated, could be used as a carbon source for nitrification. This combination made it possible to meet the requirements for product-internal environmental protection.

Cooling water that is not contaminated can be fed into a watercourse after it has been checked. All wastewater that shows contamination is cleaned by the company's or municipal wastewater treatment plants, sometimes both. This ensures that the entry of pollutants into the water bodies is low.

### **Group-wide water consumption slightly reduced in 2022**

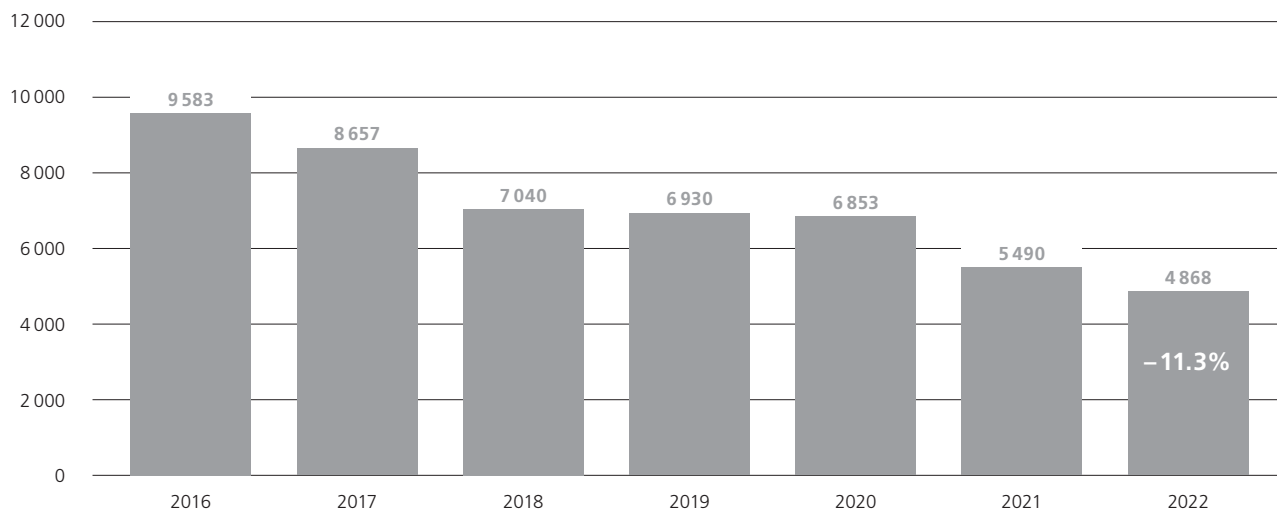
Water consumption was slightly lower in 2022 than in the previous year. Across all plants, there was a decrease of 1.1 percent. If the water consumption is normalized to the sales figures, a reduction of 11.3 percent was recorded. The water-saving project at the Zofingen plant also stagnated in 2022, and water consumption increased by 8.9 percent in 2022. However, the project will be continued so that further savings are possible. The goal of reducing sales-normalized water consumption was achieved. However, the plan – additional savings in water consumption – remains and will be pursued further.

### **Total TOC emissions slightly decreased in 2021**

At all Siegfried sites, 123 tons of total organic carbon (TOC) were emitted via the wastewater into the water. That is 0.4 tons or 0.3 percent less than in the previous year. The TOC emissions in Evionnaz, Nantong and Zofingen were higher than last year, but reductions at the other chemical sites compensated for this. The TOC emissions after the wastewater treatment, i.e. the effective TOC emissions into the environment, were balanced at all plants. The same applies to the wastewater parameters nitrogen and phosphorus load; here, too, the values were measured downstream of the wastewater treatment plant. Nitrogen emissions into water increased by 29 percent; it was 70.9 tons. The largest emitter of nitrogen is the plant in Minden, since large quantities of products containing nitrogen are manufactured there, which is reflected in the nitrogen load in the wastewater. The increase in nitrogen emissions into the waste water is mainly due to emissions from the Evionnaz, Minden and Nantong plants. The emission of phosphorus into the environment was 2.4 percent below the previous year's value. However, at just under 1.9 tons it is still at a low level. At the Evionnaz plant, activated carbon



## Water consumption m<sup>3</sup>/Mio. CHF



treatment was installed on the plant's wastewater treatment plant in 2019 to reduce the emission of micropollutants.

### Outlook

Siegfried's efforts to continuously reduce water consumption have been going in the right direction since 2017: it was reduced significantly in 2017 and 2018; in 2021, the consumption of groundwater was reduced by around 40 percent compared to the previous year. The consumption of drinking water became 60 percent. From 2019 to 2021, water consumption stabilized at this significantly lower level. Further water-saving projects are planned for 2022. In addition to efforts to reduce water consumption, the discharge of pollutants into water bodies is also to be reduced on an ongoing basis. In particular, the emission of active pharmaceutical ingredients is an issue. These processes are constantly being optimized. In Zofingen, a study was carried out at the municipal wastewater treatment plant, where Siegfried discharges the wastewater, to clarify how biological wastewater treatment can be improved. This study was successful and showed why the optimization of the wastewater treatment plant is currently in progress and why it can probably be put into operation in mid-2023.

### 5.4.2 Waste

In 2022, the total amount of waste from all eleven Siegfried plants was 75 989 tons, 0.9 percent less than the previous year. If the drop is normalized to sales, the decrease is –11.2 percent. A heterogeneous picture emerged, with acceptance tests at the DS plants in Minden and Zofingen, in particular, contributing to the improvement in the result.

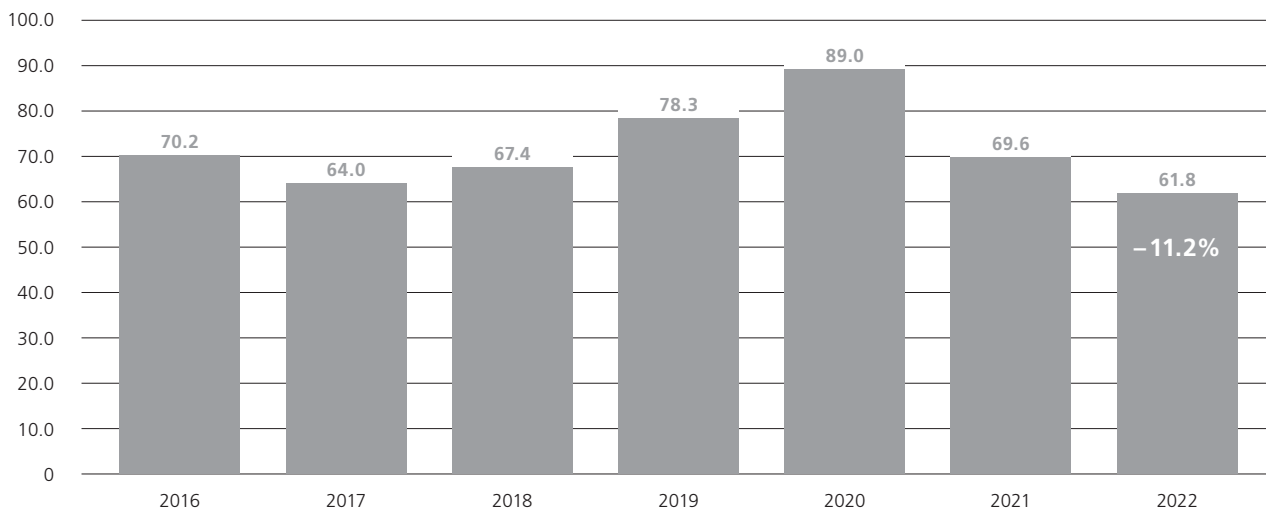
The amount of waste is related to the production volumes and manufacturing processes, which have different product ratios to waste. The waste is divided into 62 623 tons of hazardous waste and 13 366 tons of non-hazardous waste. The high proportion of dangerous waste is due to the fact that chemical production generates large amounts of waste solvents that are classified as hazardous. A positive aspect is that the proportion of waste that can be recycled or reused has increased. In 2022 it was 63 percent (the previous year: 47 percent) concerning the total waste. There are two options for regenerating solvents: in-house solvent regeneration or regeneration by external partners. A total of 19 345 tons of solvents were regenerated in 2022. The proportion of regenerated solvents among the disposed of solvents was higher than in the previous year and amounted to 59 percent.

By using natural resources carefully and reducing the amount of waste, we could make an active contribution to SDG sub-goal 12.5, which aims to “significantly reduce the generation of waste through avoidance, reduction, recycling and reuse.” Because we work with chemical and pharmaceutical excipients, we must prevent any discharge into the environment and wastewater and thus, according to SDG sub-goal 12.4, “minimize their adverse effects on human health and the environment [...] restrict”. We ensure this with comprehensive waste and wastewater management.

### Outlook

Further measures to reduce waste in the waste sector are planned for 2023. Optimizations are primarily planned for the main waste category, waste solvents. To this end, interdisciplinary project groups are set up at various locations, which are made up of employees from the Business Excellence, Chemical Production, Waste Management and Safety and Environmental Protection departments. The proportion of regenerated solvents is to be increased, particularly for the solvents used for plant cleaning. This initiative will reduce the number of waste solvents to be disposed of.

Total waste t/Mio. CHF



## 6. Employees

Based on our mission and vision statements, we strive to be champions in science and technology, provide leadership that values personal growth and achievement, and foster teamwork at local and cross-functional levels within the group. The foundation for this is our workforce of nearly 3700 talented and motivated employees and their outstanding performance worldwide, every day and at all our sites.

### Company mission, vision, values and strategy

The result and purpose of our daily work are high-quality active ingredients and finished drug products. They have a favorable effect on the life and health of many patients worldwide and thus on the global society as a whole. Over the past year, we have continued to spend a great deal of time explaining our mission, vision, values and strategy to our employees so that they have a shared understanding of the company we want to be and what we need to do to achieve our goals. It is clear from these discussions that our people recognize the purpose and value of the work we do every day, and that they work with passion, commitment and expertise to help us achieve our mission and vision.

In addition, the so-called pool of ideas allows all employees to get involved and consistently develop the organization. Our goal is to encourage all employees to consider possible improvements and make suggestions. As part of their responsibility, the supervisors are expected to motivate the employees to submit proposals, enhance the conditions to strengthen the teamwork within the group, assist in developing suggestions for improvement, implement improvements quickly, and recognize creative work.



### Siegfried's contribution at various levels

Concerning Development Goal 4, "Ensuring inclusive, equitable and high-quality education and lifelong learning opportunities for all", Siegfried makes a significant contribution using promoting and developing employees and junior staff, both at the level of apprentices through apprenticeships in various job profiles, the trainee program for university graduates and, at the employee level, with the offer of ongoing continued education at the professional and personal level of our managers and executives. Significant pillars of this are Siegfried's professional training and the offer of continued education oriented toward the company's need for core competencies. The offer aims to ensure that employees will successfully master the current and future changes in the work environment and secure their capability to deal with their future and the employment market. Using the "Spot Learning" initiative introduced during the pandemic, employees can take advantage of an available budget and one workday per year to participate in an online course. The aim was and remains to make available a low-threshold offering that simplifies access to knowledge, does more justice to individual needs, and strengthens employees' responsibility for their personal development.

### Employee engagement

To enable our employees to provide outstanding work every day and that they are comfortable, we cultivate lively interaction across all levels through roundtable meetings with the management, which are held at regular intervals at every site. They allow an open exchange across all hierarchies where we listen and learn from each other. We are convinced that listening carefully is an essential part of our culture and our values. To increase reach, standardize interaction and measure employee engagement, we have implemented a global employee engagement platform in 2022. We plan to conduct

quarterly pulse surveys to gather insights and comments from our employees to learn how we can further improve our work environment and make Siegfried a great and valued place to work.

### **Employee qualification and education**

We believe that great leadership on all levels is a key element to creating a great workplace. This is why we have continued to invest in our leadership training LEAP (Leadership Education Advancement Program) in 2022. LEAP programs have been developed for shop floor management, first-level leaders and senior management and are offered at all our sites globally. Since the start of implementation in 2020, 184 leaders have been trained. In connection with the performance management process, the managers are obligated to hold individual development and feedback meeting with every employee. In these meetings, development goals and progress are discussed, and specific actions are defined and documented. On average, the employees of the Siegfried Group attended about two days of internal and external continuing training and education in the reporting year.

### **Global talent management**

Well-trained junior staff is an indispensable aspect for us, mainly because the demographic change in some jobs will lead to many retirements in the coming years. As a result, globally, a new global talent management process was developed and rolled out in 2022 at all sites. This process aims to systematically build our junior staff at all levels to be more independent of the labor market.

The aggregated results of the talent Management Process show an overall healthy internal talent pipeline. Specific action plans for some identified hot spots – mainly smaller functions or smaller sites – will be developed in the coming months. Talent Management reviews are planned to take place once a year on-site and functional level. Overall results, action plans, and talent pipeline for critical business positions are reviewed globally by the Executive Committee and the Board.

An important element of building a strong talent pipeline is and will continue to be, the training of apprentices and the development of young people in our graduate programs, particularly in the production and laboratory areas. In 2022, Siegfried had 110 active apprentices and trainees at all locations. We have also established a new Talent Acquisition function to strengthen our ability to attract good talent at all levels. Important aspects we are currently working on are refreshing our Employee Value Proposition (EVP), our employer branding and the efficiency of our recruitment processes.

### **Attractive and responsible employer: Our Great Place to Work initiative**

The aim of our “Great Place to Work” initiative, launched three years ago, is to improve the attractiveness of Siegfried as an employer and the working conditions for our employees. On the one hand, this is an important competitive and success factor for recruiting in an increasingly competitive labor market with more and more heterogeneous requirements from different generations. On the other hand, it is also essential that employees feel secure in the long term and can perform their jobs sustainably.

Our priorities continue to include the need for flexible work models to make family and work compatible, flexibility in working from home, and activities involving health and well-being, such as a variety of sports, flu vaccination campaigns, smoking cessation programs, and much more.

The key initiative in 2022 was the launch of an Employee Engagement Survey Platform with quarterly pulse surveys.

We continued our social engagement by launching the second edition of our program “#Everystempmatters”. This year Siegfried employees ran and cycled 33 000 KM. The company donated roughly CHF 30k, which was donated to a local charity organization selected by local employees at all sites. This is the third year Siegfried has presented its global Value Awards at the site and global levels. With this initiative, we honor the great achievements and initiatives of our employees who exemplify our corporate values.

In addition to the initiatives mentioned, we place a high value on ensuring the compatibility of work, family and leisure time. It is important for our employees to find a balance and to be and remain healthy, productive, creative and successful. The possibility for flexible work hours and part-time work, using a home office and the ability to take unpaid leave are key elements of this. Additionally, we support our employees when important events happen in their lives and careers (such as important professional developments, personal crises, illness in the family, maternity/paternity, and other events of consequence).

### **An inclusive, non-discriminatory work environment encouraging diversity**

Siegfried is not only committed to offering attractive work conditions with a competitive base salary as well as performance-based variable compensation elements and profit-sharing plans (detailed explanations are provided in the Remuneration Report), but also greatly values a work environment with equal opportunities, where the employees are comfortable to grow personally and professionally, advance innovation and are able to deliver a top performance. We communicate clearly and ensure that all Siegfried employees have equal rights in terms of wages, social benefits, recruitment, work assignments, promotion, continuing education and training, disciplinary action, retirement rules, access to services, etc. We do not tolerate any form of discrimination based on gender, age, nationality, ethnicity, race, skin color, physical and psychological characteristics/limitations, faith, caste, language, physical disability, membership in an organization, health condition, civil status, maternity, sexual orientation, religion, union membership or political affiliation. The principle of “non-discrimination” is defined in our Code of Conduct and our new Siegfried's Diversity, Inclusion and Equality Policy (both documents are publicly available at <https://www.siegfried.ch/sustainability>).

As an employer, Siegfried promotes equality of all genders and supports compatibility between family and work. In this context, the legally established compliance with equal pay in Switzerland was systematically reviewed and confirmed for the first time in 2020 by an external audit company (PwC). At all other sites, equal pay was examined based either on legal or internal analyses. These analyses have not resulted in any statistically relevant discrimination based on gender-specific characteristics at any of the Siegfried sites.

As a globally active company and employer, we consider diversity concerning gender, age, education, nationality and cultural background, etc., to be an enrichment in the interactions between the employees and a prerequisite for innovation and positive, balanced and suitable solutions and results. Since we firmly believe that diversity makes us a better company, these aspects are a significant criterion of relevant personnel decisions.

We consider our corporate culture, which is based on the values of excellence, passion, integrity, quality, and sustainability, and our Business Code of Conduct to be a valuable and binding foundation of our teamwork.

In case of complaints or for a report of violations of our values, Code of Business Conduct, internal instructions or laws, employees have a variety of channels available, such as their supervisors, the employee representatives, ombudspersons, or the Integrity Officer via an external speak up line. All reports concerning violations are systematically handled by the integrity office consisting of the Head of Integrity, General Counsel and CHRO. The safe and confidential handling of sensitive matters and the personal protection of the informant are guaranteed at all times.

### **Social partnership at Siegfried**

An open and solution-based social partnership has a long tradition at Siegfried. Siegfried respects the right of every employee to join an employee representation or a union without suffering any negative consequences, such as termination, discrimination or retaliation. New employees will be contacted and informed by the applicable employee representation or unions. We cultivate a direct, transparent

and constructive dialog with all employee and union representatives. Joint information meetings and discussions concerning Siegfried's business development and workplace-related decisions and participation in employee-relevant aspects occur at each site regularly. Collective labor agreements are available to substantial groups of employees in Switzerland, Germany, France, Malta, Spain, China, and the USA. Overall, 2736 employees, or 72%, are subject to a collective labor agreement. The rights of co-determination of each employee representation are defined in the respective contracts and regulate the participation rights relevant to the applicable negotiations. All employees not covered by a collective agreement – mainly middle, upper and senior management will benefit from working conditions in line with collective agreements and market practice. In 2022, good progress was made in establishing a contract for Siegfried's first European Workers Council. We are confident that the agreement will be finalized in the course of 2023. The European Workers Council will be an important forum to exchange and consult on transnational topics within the European Community.

At all sites, we unconditionally respect the local statutory regulations concerning labor and the universal international standards of the International Labor Organization (ILO). The salaries Siegfried pays its employees are above the legal minimum wage at all sites. The company does not employ minors and prohibits forced labor. Regarding the employment conditions, Siegfried's part-time employees and employees with a fixed-term work contract are treated the same as full-time employees. Details can be found in our Human Rights and Labor Standard Commitment.

### **Staff development**

As of December 31, 2022, the Siegfried Group had 3680 employees worldwide (prior year: 3637). The number has slightly increased compared to the previous year due to business growth. In addition to the staff reduction related to the shutdown of the pharmaceutical development in Zofingen (transfer of activities to our new site in Barcelona) and the reduction in the workforce due to declining COVID vaccine production in Hameln. For both events, only a very limited number of employees were laid off. The majority of the 20 employees in Zofingen were transferred to new positions within Siegfried or found new employment outside Siegfried. The headcount reduction in Hameln mainly affected temporary employees whose contracts expired and were not renewed. Details can be found in the tables below.

### **Personnel structure**

Siegfried employs external staff mainly to compensate for fluctuations in production, in connection with projects or to cover absences. Typical areas of deployment are production, laboratory, maintenance, facility management or IT. Over the year, an average of approximately 200 FTEs of external resources are deployed at Siegfried. All partners of Siegfried concerning external employees comply with legal regulations and minimum wage requirements. The basic salaries of external employees are comparable to those of Siegfried's employees. If qualified, external employees working for Siegfried are given preference when internal positions become available. Details can be found in the tables below.

# Sustainability Figures

Employees as of 31 December

		2022		2021	
<b>Permanent employees</b>					
Zofingen, Switzerland	Number/total	650		634	
Evionnaz, Switzerland	Number/total	353		343	
St. Vulbas, France	Number/total	140		136	
Pennsville, USA	Number/total	183		205	
Irvine, USA	Number/total	133		133	
Hal Far, Malta	Number/total	141		155	
Nantong, China	Number/total	274		250	
Hameln, Germany	Number/total	513		495	
Minden, Germany	Number/total	409		394	
Barberà del Vallès, Spain	Number/total	522		515	
El Masnou, Spain	Number/total	362		377	
Siegfried Group	Number/total	3 680		3 637	
Full-time employees	Number/%	3 411	93%	3 338	91.8%
Part-time employees	Number/%	269	7%	299	8.2%
Temporary employees based on total employment	Number/%	288	8%	373	10.3%
Apprentices/number of apprentices based on total employment	Number/%	110	3%	94	2.6%
<b>Temporary employees</b>					
Zofingen, Switzerland	Number/total	32		32	
Evionnaz, Switzerland	Number/total	24		19	
St. Vulbas, France	Number/total	27		23	
Pennsville, USA	Number/total	3		6	
Irvine, USA	Number/total	11		11	
Hal Far, Malta	Number/total	0		0	
Nantong, China	Number/total	2		8	
Hameln, Germany	Number/total	88		117	
Minden, Germany	Number/total	51		69	
Barberà del Vallès, Spain	Number/total	17		70	
El Masnou, Spain	Number/total	33		18	
Siegfried Group	Number/total	288		373	



### Promoting the proportion of women

It is Siegfried's ambition to continuously increase the proportion of women in the company. Therefore, this development is specifically monitored and women are promoted in the company, especially in management positions. While the proportion of women grew only slightly compared to the previous year, an increase in this proportion is expected in the coming years. The following table shows the percentage of female employees per site, comparing 2021 and 2022:

Site	2022 (%)	2021 (%)	Change (%)
Zofingen	26.0%	25.9%	0.1%
Evionnaz	23.5%	23.6%	-0.1%
St. Vulbas	32.1%	31.6%	0.5%
Malta	24.8%	24.5%	0.3%
Hameln	45.0%	43.6%	1.4%
Minden	14.9%	15.0%	-0.1%
Barberà	38.9%	39.4%	-0.5%
El Masnou	55.8%	56.2%	-0.4%
Pennsville	18.6%	19.5%	-0.9%
Irvine	46.6%	45.1%	1.5%
Nantong	20.4%	18.8%	1.6%
<b>Group</b>	<b>32.1%</b>	<b>32.0%</b>	<b>0.1%</b>

Permanent employees

Site	2022			
	# of male EEs	# female EEs	Total	% female
Zofingen	481	169	650	26.0%
Evionnaz	270	83	353	23.5%
St. Vulbas	95	45	140	32.1%
Malta	106	35	141	24.8%
Hameln	282	231	513	45.0%
Minden	348	61	409	14.9%
Barberà	319	203	522	38.9%
El Masnou	160	202	362	55.8%
Pennsville	149	34	183	18.6%
Irvine	71	62	133	46.6%
Nantong	218	56	274	20.4%
<b>Group</b>	<b>2 499</b>	<b>1 181</b>	<b>3 680</b>	<b>32.1%</b>

Permanent employees

Site	2021			
	# of male EEs	# female EEs	Total	% female
Zofingen	470	164	634	25.9%
Evionnaz	262	81	343	23.6%
St. Vulbas	93	43	136	31.6%
Malta	117	38	155	24.5%
Hamel	279	216	495	43.6%
Minden	335	59	394	15.0%
Barberà	312	203	515	39.4%
El Masnou	165	212	377	56.2%
Pennsville	165	40	205	19.5%
Irvine	73	60	133	45.1%
Nantong	203	47	250	18.8%
<b>Group</b>	<b>2 474</b>	<b>1 163</b>	<b>3 637</b>	<b>32.0%</b>

## 7. Corporate Social Responsibility

### 7.1 Local Population

Siegfried is an active member of the communities in which it operates, engaging with local governments and populations alike. Through direct contact with regional and local authorities, as well as the population in those areas, Siegfried fosters a positive relationship that values it both as an important employer and stakeholder in the community. The contacts are primarily cultivated by the site management, but the top management of the Siegfried Group also periodically meets with the regional and local political leadership.

Our company has long been committed to actively supporting educational institutions and students. Through our internal training positions and internships, we offer an opportunity for students to gain experience in a professional environment while developing their knowledge of the sciences. Additionally, where gaps exist in our own training systems or those of other academic institutions, Siegfried is willing to provide retraining. We are also passionate about giving students the chance to explore science in the corporate world – opening possibilities for future career paths and academic discovery. To this end, we are proud supporters of “simply science” in Switzerland ([www.simplyscience.ch](http://www.simplyscience.ch))

Moreover, Siegfried is committed to regular and proactive monitoring of its safety and environmental protection measures. The company's compliance program includes both internal audits that evaluate the effectiveness of prevention systems, as well as external inspections by independent organizations to provide further reassurance. In addition, Siegfried runs a system of early-warning indicators to detect any potential health or environmental hazards. As such, Siegfried strives for the highest standards of responsibility and compliance both within its own operations and beyond.

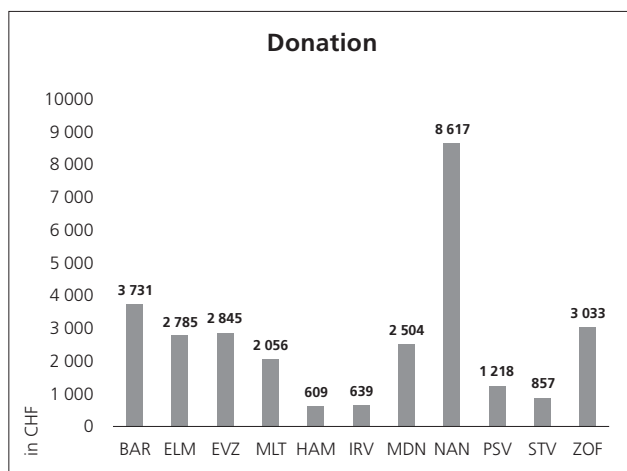
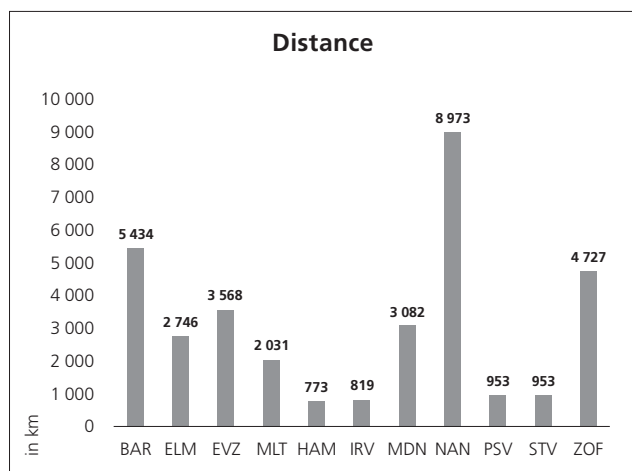
We make financial contributions in support of employee activities and charitable events at many of our sites. This includes sponsoring teams as well as providing funding for employee volunteering initiatives to aid people with physical disabilities, and support sports and junior sports programs. Local contacts play a key role in the successful coordination of activities onsite. Every site has allocated an individual budget specifically for local engagements. This ensures that resources and obligations are balanced, enabling us to maintain high standards at every location we operate in.

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

Group		European Fine Chemical Group (EFCG) (Sector group of the European Chemical Industry Council (CEFIC)) scienceindustries Chemie Pharma Biotech, Swiss economic umbrella organization Swiss-American Chamber of Commerce Swiss-Chinese Chamber of Commerce The Association of Swiss Enterprises in Germany (VSUD) Avenir Suisse UN Global Compact Network Switzerland & Liechtenstein DCAT Drug, Chemical, & Associated Technologies Association, USA
Zofingen	Switzerland	Aargau Chamber of Commerce and Industry (AIHK) Zofingen Regional Economic Association (WRZ) Park InnovAARE
Evionnaz	Switzerland	Chambre Valaisanne de Commerce et d'Industrie Groupement Romand Industrie Pharma Union Industriels Valaisans Groupement d'Entreprises du Chablais Association Valaisanne des Industries chimiques(AVIC)
Hameln	Germany	AdU Chemie Nord Arbeitgeberverband Creditreform Hameln Bolte KG IHK Hannover Weserbergland Aktiengesellschaft BME e. V. Bundesverband der Energie-Abnehmer Heacon Service GmbH (pharmaplace AG) DGRA-Dt.Ges.für Regulatory Affairs Europäisches Patentamt VPP-Geschäftsstelle Allgemeine Arbeitgebervereinigung HSW (Hochschule Weserbergland)
Minden	Germany	Arbeitgeberverband für die Chemische Industrie Ostwestfalen-Lippe e. V. East Westphalia Chamber of Industry and Commerce (IHK) Association of the Chemical Industry (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 Chemical Council of New Jersey
Irvine	USA	International Society of Pharmaceutical Engineers (ISPE) Parenteral Drug Association (PDA)

Nantong	China	American Society of Quality (ASQ)
		California Chamber of Commerce
		SwissCham Shanghai
		Nantong Pharmaceutical Association
Barberà	Spain	Nantong Biopharmaceutical Industry Union
		Col.legi de Farmacèutics (Pharmacists College)
		COASHIQ
		AEFI Asociación española de farmacéuticos de la industria (Spanish Association of Pharmacists from the Industry)
El Masnou	Spain	Spanish Commercial Codification Association (Asociación Española de Codificación Comercial -AECOC-)
		AEFI Asociación española de farmaceuticos de la industria (Spanish Association of Pharmacists from the Industry)
		Collegi de Farmacèutics (Pharmacists College)
		COASHIQ
		Parental Drug Association (PDA)

We are pleased that our employees have again successfully completed the global charity run, “#everystepmatters” with a total distance covered of 34 060 km, which is equivalent to 44 698 163 steps. Our efforts and dedication have resulted in CHF 29 600 being raised for local charities around the world.



34 060 km

CHF 28 893

## **Outlook**

The Siegfried Group will continue to engage with the local communities at its sites, upholding its social responsibility. To this end, we continuously strive to strengthen our ties with the organizations in the regions, countries, and cities where the company is represented. We believe these efforts will create valuable synergies between our sites.

## **7.2 Political Representations of Interests**

Siegfried makes it a priority to communicate with stakeholders and decision-makers in order to create the best conditions for our businesses, both general and within the chemical-pharmaceutical industry. To meet these goals, Siegfried puts a lot of effort into that our sites are competitive, our working environment is innovative and conducive towards research and development, as well as providing an excellent education system. By doing so, we strive to provide solutions for better healthcare solutions globally. We are committed to creating sustainable change through collaboration between public authorities and industry partners.

Important current topics include the following:

- Research and innovation
- Education
- Free movement of people and thus the possibility for Siegfried to acquire employees with top capabilities
- Free movement of goods
- Comparable conditions for all manufacturers worldwide, including 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).

## 8. Contacts

For general questions regarding sustainability

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# GRI Content Index

GRI 1 used	GRI 1: Foundation 2021		
Statement of use	Siegfried Holding AG has reported the information cited in this GRI content index for the period 1.1.2022 – 31.12.2022 in reference with the GRI Standards.		
GRI Standard	Disclosure	Location	Omission
<b>General disclosures</b>	<b>The organization and its reporting practices</b>		
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	AR p. 13–15 SR p. 83	
	2-2 Entities included in the organization's sustainability reporting	FR p. 24	
	2-3 Reporting period, frequency and contact point	SR p. 83	
	2-5 External assurance	SR p. 83	
<b>GRI 2: General Disclosures 2021</b>	<b>Activities and workers</b>		
	2-6 Activities, value chain, and other business relationships	AR p. 13–14, SR p. 41	
	2-7 Employees	SR p. 67ff	
	2-8 Workers who are not employees	SR p. 71	
<b>GRI 2: General Disclosures 2021</b>	<b>Governance</b>	FR 24	
	2-9 Governance structure and composition	SR p. 16–18 CG p. 10–18	
	2-10 Nomination and selection of the highest governance body	SR p. 17 CG p. 15	
	2-11 Chair of the highest governance body	CG p. 12	
	2-12 Role of the highest governance body in overseeing the management of impacts	CG p. 18–19	
	2-14 Role of the highest governance body in sustainability reporting	SR p. 18	
	2-20 Process to determine remuneration	RR p. 7–10	
	<b>Strategy, policies and practices</b>		
<b>GRI 2: General Disclosures 2021</b>	2-22 Statement on sustainable development strategy	SR p. 20ff	
	2-23 Policy commitments	SR p. 10, 30–33	
	2-24 Embedding policy commitments	SR p. 30–33	

AR = Annual Report (Progress Report)  
CG = Corporate Governance  
RR = Remuneration Report  
FR = Financial Report  
SR = Sustainability Report

GRI Standard	Disclosure	Location	Omission
	2-25 Processes to remediate negative impacts	SR p. 28	
	2-26 Mechanisms for seeking advice and raising concerns	SR p. 29–30	
	2-27 Compliance with laws and regulations	SR p. 38	
	2-28 Membership associations	SR p. 75–76	
	<b>Stakeholder engagement</b>		
<b>GRI 2: General Disclosures 2021</b>	2-29 Approach to stakeholder engagement	SR p. 25–27	
	2-30 Collective bargaining agreements	SR p. 70	
<b>Material topics</b>			
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	SR p. 20	
	3-2 List of material topics	SR p. 20–21	
<b>Business Conduct/ Corruption &amp; Antitrust</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR p. 28–31	
<b>GRI 206: Anti-competitive behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SR p. 31	
<b>Information and Cyber Security</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR p. 32–34	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR p. 34	
<b>Product Responsibility</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR p. 35–40	
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	SR p. 37	
<b>Supply Chain Responsibility</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR p. 40–43	
<b>Health and Safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR p. 44–57	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	SR p. 44	
	403-2 Hazard identification, risk assessment, and incident investigation	SR p. 50–55	
	403-3 Occupational health services	SR p. 47–50	
	403-4 Worker participation, consultation, and communication on occupational health and safety	SR p. 53–55	
	403-5 Worker training on occupational health and safety	SR p. 49–50	
	403-6 Promotion of worker health	SR p. 56	
	403-9 Work-related injuries	SR p. 51–53	

GRI Standard	Disclosure	Location	Omission
<b>Carbon Emission/Energy Management</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR p. 57–63	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	SR p. 62	
<b>Waste/Waste Water/Air Emissions</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR p. 63–66	
<b>GRI 306: Waste 2020</b>	306-3 Waste generated	SR p. 66	
<b>Diversity/Education &amp; Training</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	SR p. 68–73	
<b>GRI 405: Diversity and Equal Opportunity</b>	405-1 Diversity of governance bodies and employees	CG p. 11–14	

## The 10 Principles of Global Compact

<b>Human Rights</b>	
1.	Businesses should support and respect the protection of internationally proclaimed human rights.
2.	Businesses should make sure that they are not complicit in human rights abuses.
<b>Labor Standards</b>	
3.	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4.	Businesses should uphold the elimination of all forms of forced and compulsory labor.
5.	Businesses should uphold the effective abolition of child labor.
6.	Businesses should uphold the elimination of discrimination in respect of employment and occupation.
<b>Environmental Protection</b>	
7.	Businesses should support a precautionary approach to environmental challenges.
8.	Businesses should undertake initiatives to promote greater environmental responsibility.
9.	Business should encourage the development and diffusion of environmentally friendly technologies
<b>Prevention of Corruption</b>	
10.	Businesses should work against corruption in all its forms, including extortion and bribery.

## 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 2022 financial year ending 31 December 2022. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in February 2022, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2024.

### 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 2022 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 Elevate, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Reference with GRI Standards

This report has been prepared in reference with the GRI Standards. Please refer to the detailed GRI content index on our website.

## Publisher's Note

This Annual Report is published in German and English.

This is an excerpt of Siegfried's Annual Report 2022. All chapters of Siegfried's Annual Report 2022 can be downloaded on our website.

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Christa Brügger, Alexandra Keller

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In 1000 CHF (for the years ended December 31)

	2022	2021
<b>Core results<sup>1</sup></b>		
Net sales	1 229 518	1 102 423
Cost of goods sold	–910 628	–863 138
<b>Core gross profit</b>	<b>318 890</b>	<b>239 285</b>
Marketing and sales costs	–18 124	–16 288
Research and development costs	–43 175	–40 370
Core administration and general overhead costs	–71 063	–62 220
Other operating income	4 259	4 058
Income of associated companies	–	–35
<b>Core EBIT (operating result)</b>	<b>190 787</b>	<b>124 430</b>
Financial income	57	86
Core financial expenses	–8 941	–4 928
Exchange rate differences	–4 286	–1 351
<b>Core profit before income taxes</b>	<b>177 617</b>	<b>118 237</b>
Core income taxes	–49 810	–22 959
<b>Core net profit</b>	<b>127 806</b>	<b>95 277</b>
Depreciation	81 748	82 816
<b>Core EBITDA</b>	<b>272 535</b>	<b>207 246</b>
Non-diluted core earnings per share (CHF)	30.28	22.66
Diluted core earnings per share (CHF)	29.63	21.95

<sup>1</sup> For more information and reconciliation of Swiss GAAP FER to Core results see Financial Report «Investor Information», pages 61-63.



# Financial Report 2022

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# Financial Report

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## 03 Consolidated Financial Statements of Siegfried Holding AG

- 03 Key Figures Overview
- 04 Financial Commentary 2022
- 07 Consolidated Balance Sheet
- 08 Consolidated Income Statement
- 09 Consolidated Statement of Cash Flows
- 10 Consolidated Statement of Changes in Equity
- 11 Notes to the Consolidated Financial Statements
- 42 Report of the Statutory Auditor

---

## 47 Financial Statements of Siegfried Holding AG

- 48 Balance Sheet of Siegfried Holding AG
- 49 Income Statement of Siegfried Holding AG
- 49 Notes to the Financial Statements of Siegfried Holding AG
- 56 Proposal of the Board of Directors regarding Appropriation of the Retained Earnings and the Repayment of Par Value from Share Capital
- 57 Report of the Statutory Auditor

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## 60 Information for Investors

- 60 Key Figures Overview 2018–2022, Consolidated Figures
- 61 Core Results
- 64 Stock Market Data
- 64 Share Price Development
- 65 About this Annual Report



This is an excerpt of Siegfried's Annual Report 2022.  
All chapters can be found on our Investor Relations portal:  
**[www.ir.siegfried.ch](http://www.ir.siegfried.ch)**

# Key Figures Overview

	2022	2021	Change CHF (LC)
Net sales (million CHF)	1 229.5	1 102.4	+11.5% (+15.6%)
Core gross profit (million CHF)	318.9	239.3	33.3%
Core gross profit margin (%)	25.9%	21.7%	
Core results <sup>1</sup>			
Core EBITDA (million CHF)	272.5	207.2	31.5%
Core EBITDA margin (%)	22.2%	18.8%	
Core EBIT (operating result) (million CHF)	190.8	124.4	53.3%
Core EBIT margin (%)	15.5%	11.3%	
Core net profit (million CHF)	127.8	95.3	34.1%
Core net profit-margin (%)	10.4%	8.6%	
Non-diluted core earnings per share (CHF)	30.28	22.66	33.6%
Diluted core earnings per share (CHF)	29.63	21.95	35.0%
Cash flow from operating activities (million CHF)	142.3	119.7	18.9%
Free cash flow (million CHF)	27.2	6.5	320.0%
Investment in property, plant and equipment and intangible assets (million CHF)	115.2	113.4	1.6%
	December 31, 2022	December 31, 2021	Change
Equity (million CHF)	790.9	688.2	14.9%
Total assets (million CHF)	1 793.2	1 669.2	7.4%
Equity ratio (%)	44.1%	41.2%	
Employees (number of FTEs)	3 564	3 432	3.8%

<sup>1</sup> For more information and reconciliation of Swiss GAAP FER to Core results see Financial Report "Investor Information", pages 61–63.

# Financial Commentary 2022

## Profitable growth and increase in margins

Despite continued macro challenges, Siegfried continued to grow profitably in 2022, increasing net sales to 1 229.5 million Swiss francs, an increase of 11.5% in Swiss francs. The euro and the US dollar moved strongly during the year. The euro, which accounts for 55% of net sales depreciated by more than 7% against the Swiss franc, while the US dollar, accounting for 14% of net sales appreciated by more than 4%. The growth at constant currencies was 15.6%. Both the Drug Substances (+14.9%) as well as Drug Products (+6.6%) cluster contributed to the growth. After the acquisition of the two Drug Products plants in Spain, the Drug Products cluster has a significantly higher EUR net sales portion compared to the group as a whole, resulting in a significantly stronger currency headwind in 2022.

Core gross profit increased to 318.9 million Swiss francs, a significant improvement in the core gross profit margin from 21.7% in the previous year to 25.9% in the year under review.

Core EBITDA (272.5 million Swiss francs, +31.5%), Core EBIT (190.8 million Swiss francs, +53.3%) and Core net profit (127.8 million Swiss francs, +34.1%) again developed very positively. This was reflected accordingly in an increase in margins: the core EBITDA margin was 22.2% (previous year: 18.8%). The core EBIT margin (15.5%) also increased compared to the previous year (11.3%).

The core results exclude extraordinary expenses and income in a transparent and easy to understand way enabling the market participants to better understand the company's operational performance and allowing a better comparison across periods. In 2022, Swiss GAAP FER results were significantly affected by a strong increase of interest rates in the euro area, leading to reduction of the pension obligations from foreign pension plans and a technical and non-cash increase of the operating income. The core results have been corrected for that effect (- 47.2 million Swiss francs). In addition, 1.2 million Swiss francs of interest expenses on these foreign pension plans were reclassified to financial expenses, and 6.0 million Swiss francs of non-recurring restructuring cost enhancing the operational performance on selected sites were adjusted. In 2022, no transaction or integration cost were adjusted.

## Operating expenses under control

Operating expenses are each year affected by extraordinary or non-recurring events; an analysis on the basis of core figures is appropriate.

In total, core operating expenses amounted to 128.1 million Swiss francs in 2022, or 10.42% of net sales, at exactly the same level relative to net sales as in 2021.

Core marketing and sales costs were slightly higher than in the previous year at 18.1 million Swiss francs, but on the same level in relative terms. For core research and development, an important client facing area for Siegfried, costs of 43.2 million Swiss francs were incurred, which means a slight decrease in relative terms. Administration and general costs at core level amounted to 71.1 million Swiss francs, a slight increase in relative terms, resulting amongst other effects from higher share based compensation and a higher provision for the STIP.

Other income was slightly higher than the previous year at 4.3 million Swiss francs.

## Higher financial expenses on some, but not all funding layers

Financial expenses were higher than in the previous year at 7.8 million Swiss francs (prior year 4.2 million Swiss francs). The higher interest rate environment did affect funding from the revolving credit facility, but not interest expenses from the senior bonds (200 million Swiss francs) and the two hybrid convertible bonds (total 80 million Swiss francs).

## Operating cash flow, free cash flow and cash flow from financing activities

At 276.1 million Swiss francs, operating cash flow before changes in net working capital was significantly above the previous year's level (210.7 million Swiss francs). In the area of net working capital, there was an increase in inventories, again from supply chain de-risking activities. In total, cash flow from operating activities amounted to 142.3 million Swiss francs, a significant increase of 18.9% compared to the previous year.

Investments in property, plant and equipment and intangible assets were slightly higher than in the previous year at 115.2 million Swiss francs (previous year 113.4 million Swiss francs). This results in a free cash flow of 27.2 million Swiss francs, significantly up from 6.5 million Swiss francs in the last year.

## Other financial key figures

At year-end, Siegfried had 91.5 million Swiss francs in cash and cash equivalents. Non-current financial liabilities amounted to 510 million Swiss francs. Thus, net debt amounted to 418.5 million Swiss francs, resulting in net debt in relation to core EBITDA of 1.54, down from 1.97 at the end of 2021.

The equity ratio was 44.1%. Thus, comparing to last year, the debt capacity of the Siegfried Group has substantially improved, providing the capacity to finance further growth steps.

### Proposal of par value repayment to the General Assembly

At the Annual General Meeting on April 20, 2023, the Board of Directors will propose to the shareholders to reduce the par value of a share from 18.00 Swiss Francs by 3.40 Swiss Francs to 14.60 Swiss Francs and to distribute the amount of the reduction in par value of 3.40 Swiss Francs instead of a dividend.

A handwritten signature in black ink, appearing to read 'R. Suter', with a stylized, cursive script.

Dr. Reto Suter  
Chief Financial Officer

# Consolidated Balance Sheet

In 1000 CHF (as of December 31)	Notes*	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	779 901	770 724
Intangible assets	3	35 853	25 570
Investments in associated companies and joint ventures	4	–	327
Financial and other non-current assets		591	592
Employer contribution reserves	18	9 018	9 979
Deferred tax assets	5	22 950	35 800
<b>Total non-current assets</b>		<b>848 313</b>	<b>842 992</b>
<b>Current assets</b>			
Inventories	6	405 782	364 655
Trade receivables	7	337 767	267 028
Other current assets	8	62 605	65 930
Accrued income and prepaid expenses	9	43 737	49 583
Current income taxes		3 120	5 543
Securities		135	345
Derivative financial instruments	10	258	460
Cash and cash equivalents		91 483	72 621
<b>Total current assets</b>		<b>944 887</b>	<b>826 166</b>
<b>Total assets</b>		<b>1 793 200</b>	<b>1 669 158</b>
<b>Liabilities and equity</b>			
<b>Equity</b>			
Share capital	12	79 776	93 196
Treasury shares	11	–102 112	–78 696
Capital reserves		109 532	85 594
Hybrid capital		80 000	80 001
Retained earnings		623 732	508 122
<b>Total equity</b>		<b>790 928</b>	<b>688 217</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	13	510 000	480 000
Non-current provisions	14	27 884	28 618
Deferred tax liabilities	5	12 579	10 970
Other non-current liabilities	15	52 701	59 584
Non-current pension liabilities	18	81 514	130 977
<b>Total non-current liabilities</b>		<b>684 678</b>	<b>710 149</b>
<b>Current liabilities</b>			
Trade payables		114 065	119 932
Other current liabilities	17	86 007	63 689
Accrued expenses and deferred income	16	51 196	52 645
Derivative financial instruments	10	1	–
Current pension liabilities	18	473	456
Current provisions	14	10 311	14 199
Current income tax liabilities		55 541	19 871
<b>Total current liabilities</b>		<b>317 594</b>	<b>270 792</b>
<b>Total liabilities</b>		<b>1 002 272</b>	<b>980 941</b>
<b>Total liabilities and equity</b>		<b>1 793 200</b>	<b>1 669 158</b>

\* The Notes on pages 11–41 are an integral part of the Group Financial Statements.



# Consolidated Income Statement

In 1000 CHF (for the years ended December 31)	Notes*	2022	2021
Net sales	29	1 229 518	1 102 423
Cost of goods sold		–910 628	–862 853
<b>Gross profit</b>		<b>318 890</b>	<b>239 570</b>
Marketing and sales costs		–18 124	–16 288
Research and development costs		–43 175	–40 669
Administration and general overhead costs		–31 073	–54 683
Other operating income	20	4 259	4 058
Income of associated companies		–	–35
<b>Operating result</b>		<b>230 777</b>	<b>131 953</b>
Financial income	21	57	86
Financial expenses	21	–7 774	–4 161
Exchange rate differences	21	–4 286	–1 351
<b>Profit before income taxes</b>		<b>218 774</b>	<b>126 527</b>
Income taxes	5	–62 284	–30 928
<b>Net profit</b>		<b>156 490</b>	<b>95 600</b>
Non-diluted earnings per share (CHF)	23	37.07	22.73
Diluted earnings per share (CHF)	23	36.28	22.03

\* The Notes on pages 11–41 are an integral part of the Group Financial Statements.

# Consolidated Statement of Cash Flows

In 1000 CHF (for the years ended December 31)	Notes*	2022	2021
<b>Net profit</b>		<b>156 490</b>	<b>95 600</b>
Depreciation and impairment of PP&E and intangible assets	2,3	81 748	82 816
Change in provisions	14	- 1 110	- 247
Other non-cash items <sup>1</sup>		-45 543	- 17 646
Share-based payments	18	10 342	13 756
Exchange rate differences	21	4 286	1 351
Financial income	21	-57	-86
Financial expenses	21	7 774	4 161
Income taxes	5	62 284	30 928
Income of associated companies	4	-	35
Net result on disposal of property, plant and equipment		-67	6
<b>Cash flow from operating activities before change in NWC</b>		<b>276 147</b>	<b>210 674</b>
Change in net working capital:			
Trade receivables		-72 823	8 262
Other current assets and accruals		-6 459	-42 060
Inventories		-51 462	-60 334
Trade payables		-9 771	32 840
Other current liabilities and accruals		25 265	-11 573
Payments out of provisions and pension liabilities		-8 799	-10 189
Income taxes paid		-9 758	-7 870
<b>Cash flow from operating activities</b>		<b>142 340</b>	<b>119 749</b>
Purchase of property, plant and equipment	2	-103 585	-113 100
Proceeds from disposal of property, plant and equipment		115	135
Purchase of intangible and other assets	3	-11 623	-297
Sale of associated companies		231	-
Acquisition of Group companies	22	11 155	-136 529
Investments in financial fixed assets		-8	-309
Interest received		57	19
Dividend received		3	68
<b>Cash flow from investing activities</b>		<b>-103 655</b>	<b>-250 013</b>
<b>Free cash flow</b>		<b>27 246</b>	<b>6 487</b>
Capital increase		1 071	1 065
Decrease of hybrid capital	12	-	-160 000
Increase of non-current financial liabilities	13	475 000	755 032
Decrease of non-current financial liabilities	13	-445 000	-415 000
Change in other non-current liabilities		-4 140	-2
Purchase of treasury shares		-24 101	-12 660
Disposal of treasury shares		22	437
Interest paid and bank charges		-7 895	-7 479
Distribution to the shareholders of Siegfried Holding AG		-13 535	-12 630
<b>Cash flow from financing activities</b>		<b>-18 578</b>	<b>148 763</b>
<b>Net change in cash and cash equivalents</b>		<b>20 105</b>	<b>18 497</b>
Cash and cash equivalents 1/1/		72 621	54 413
Net effect of exchange rate changes on cash		-1 243	-292
Cash and cash equivalents 31/12/		91 483	72 621

\* The Notes on pages 11–41 are an integral part of the Group Financial Statements.

<sup>1</sup> Other non-cash effective changes include mainly the effect of the discount rate change on foreign pension plan obligations and derivative financial instruments.

# Consolidated Statement of Changes in Equity

In 1000 CHF	Share capital	Treasury shares	Capital reserves	Hybrid capital	Value fluctuations of financial instruments <sup>1</sup>	Accumulated profits <sup>1</sup>	Offset Goodwill/Badwill <sup>2</sup>	Cumulative translation adjustments <sup>1</sup>	Total equity
<b>As of January 1, 2021</b>	<b>105 295</b>	<b>-66 257</b>	<b>55 251</b>	<b>237 530</b>	<b>2 670</b>	<b>652 388</b>	<b>-159 200</b>	<b>-94 493</b>	<b>733 183</b>
Net profit	-	-	-	-	-	95 600	-	-	95 600
Distribution	-13 188	-	-	-	-	558	-	-	-12 630
Change in hybrid capital	-	-	-	-157 529	-	-5 987	-	-	-163 516
Changes in financial instruments	-	-	-	-	-1 963	-	-	-	-1 963
Employee share plan	-	-	-	-	-	-16 611	-	-	-16 611
Purchases of treasury shares	-	-12 660	-	-	-	-	-	-	-12 660
Sale of treasury shares	-	221	-	-	-	216	-	-	437
Capital increase	1 089	-	30 343	-	-	-	-	-	31 432
Goodwill / Badwill allocation	-	-	-	-	-	-	40 225	-	40 225
Currency translation differences	-	-	-	-	-	-	-	-5 280	-5 280
<b>As of December 31, 2021</b>	<b>93 196</b>	<b>-78 696</b>	<b>85 594</b>	<b>80 001</b>	<b>707</b>	<b>726 163</b>	<b>-118 975</b>	<b>-99 773</b>	<b>688 217</b>
Net profit	-	-	-	-	-	156 490	-	-	156 490
Distribution	-14 182	-	-	-	-	647	-	-	-13 535
Change in hybrid capital	-	-	-	-	-	-720	-	-	-720
Changes in financial instruments	-	-	-	-	-2 242	-	-	-	-2 242
Employee share plan	-	-	-	-	-	-14 337	-	-	-14 337
Purchases of treasury shares	-	-24 101	-	-	-	-	-	-	-24 101
Sale of treasury shares	-	685	-	-	-	384	-	-	1 069
Capital increase	763	-	23 938	-	-	-	-	-	24 701
Goodwill / Badwill allocation	-	-	-	-	-	-	1 054	-	1 054
Change in consolidation scope associated companies	-	-	-	-	-	-328	-	-	-328
Currency translation differences	-	-	-	-	-	-	-	-25 339	-25 339
<b>As of December 31, 2022</b>	<b>79 776</b>	<b>-102 112</b>	<b>109 532</b>	<b>80 000</b>	<b>-1 535</b>	<b>868 300</b>	<b>-117 921</b>	<b>-125 112</b>	<b>790 929</b>

<sup>1</sup> In the Consolidated Balance Sheet these items are disclosed as retained earnings.

<sup>2</sup> For details refer to Note 3 Intangible Assets.

The share capital of Siegfried Holding AG decreased due to repayment of par value to the shareholders in the amount of CHF 14.2 million and partially offset by the issue of shares under the employee benefit programmes of CHF 0.8 million, resulting in a net decrease of CHF 13.4 million. It is divided into 4 432 000 registered shares each with a par value of CHF 18.00 (2021: 4 396 000 registered shares each with a par value of CHF 21.20), see note 12.

In 2021, in accordance with Art. 3.2.a. of the bond terms and conditions, Siegfried Holding AG has repaid its public hybrid bond, issued in 2016, in the amount of CHF 160 million, see note 12.

All fully consolidated investments are held 100% by the Group. Therefore, at year end, as in the previous year the Group had no minorities of third parties.

# Notes to the Consolidated Financial Statements

## General Information

### Financial Statements

The financial reporting of the Siegfried Group complies with Swiss GAAP FER and the provisions of Swiss law. The Consolidated Financial Statements are based on historical costs, except for the revaluation of specific financial assets and liabilities, such as derivative financial instruments. As described in the following policies, they are valued at actual value or market value, respectively. The Consolidated Financial Statements are prepared on a going concern basis. The Consolidated Financial Statements of the Siegfried Group are presented in Swiss francs and were approved by the Board of Directors on February 16, 2023, for presentation to the General Meeting held on April 20, 2023.

### Information about the Group

The Siegfried Group is a worldwide pharmaceutical supplier with production sites in Switzerland, the USA, Malta, China, Germany, France and Spain. Under contract to the pharmaceutical industry Siegfried develops manufacturing processes for active pharmaceutical ingredients and their intermediates and produces them (Drug Substances). The Siegfried Group also produces finished pharmaceutical products (Drug Products). Siegfried Holding AG (head office in Zofingen, AG) is listed on the SIX Swiss Exchange.

### Method and Scope of Consolidation

The Consolidated Financial Statements include the financial statements of all Swiss and foreign companies, in which Siegfried Holding AG controls (generally over 50% of the voting interest) directly or indirectly the financial and operating activities. Assets and liabilities, income and expenses are included according to the full consolidation method. Minority interests in the net assets and income of consolidated companies are recorded separately both in the Consolidated Balance Sheet and the Consolidated Income Statement. At year end there are no minority interests in the Group.

Investments in associated companies are accounted for using the equity method. These are companies, over which the Group exercises significant interest, but not control. This is generally the case with a voting rights share of 20% to 50%. Investments in joint ventures are also accounted for using the equity method.

Group companies acquired or disposed of during the reporting period are included in or excluded from the Consolidated Financial Statements from the date of acquisition or disposal. The individual financial statements, on which the Consolidated Financial Statements are based, are drawn up in accordance with accounting principles applied consistently throughout the Group. All intercompany transactions, including receivables and payables, income and expenses, unrealized intercompany profits are eliminated in the consolidation. The annual reporting period for all Group companies ends on December 31.

## Accounting Principles

### Business Combinations

Acquisitions of subsidiary companies are reported according to the purchase method. The goodwill or badwill from business combinations corresponds to the difference between the purchase price incl. acquisition costs and the proportional actual value of the net identifiable assets of the acquired company at the time of the purchase. Potentially existing non-capitalized intangible assets such as brands, user rights or client lists are not recognized separately in the context of acquisitions, but remain in goodwill.

Purchased goodwill and badwill is eliminated against equity. If the initial accounting for a business combination is incomplete by the end of the reporting period, in which the combination occurred, the combination is accounted for using provisional amounts. Adjustment of the provisional amounts and the recognition of additionally identified assets and liabilities must be undertaken within the measurement period, if new information about facts and circumstances is obtained that existed at the acquisition date.

### Segment Reporting

The Siegfried Group consists of one "reportable segment". The decision takers measure the performance of the company based on the financial information at the level of the Siegfried Group as a whole.

### Foreign Currency Translation

The positions of the individual financial statements are valued on a functional currency basis. The Consolidated Financial Statements are denominated in Swiss francs. The functional currency of the Group companies is the respective local currency. Balance Sheets stated in foreign currencies are translated at the year-end exchange rates, the corresponding Income Statements at the average annual exchange rates, which should not differ significantly from the exchange rates prevailing on the transaction dates. The exchange rate differences arising from the translation of the Financial Statements are recognized directly in the Consolidated Equity. Exchange rate differences arising on intercompany loans that, in substance, form part of the net investment in that subsidiary, are also recognized in equity. Intercompany loans are regarded as part of a net investment in a subsidiary, if the settlement of these loans is neither planned nor likely to occur in the foreseeable future. All other exchange rate differences are included in the Income Statement.

The exchange rates applied to the Group's most important foreign currencies are as follows:

## Balance Sheet

Year-end rates	2022	2021
1 USD	0.923	0.912
1 EUR	0.985	1.033
100 CNY	13.382	14.359

## Income Statement

Average rates	2022	2021
1 USD	0.955	0.914
1 EUR	1.005	1.081
100 CNY	14.203	14.171

## Property, Plant and Equipment

Property, plant and equipment are valued at acquisition or production cost less accumulated depreciation. Land is not depreciated. Depreciation is charged on a straight-line basis over the following estimated useful life of the assets:

Buildings and leasehold improvements	10–30 years
Machinery and equipment	5–15 years
Vehicles	5–10 years
IT-Hardware	3–5 years

If parts of a fixed asset have different useful lives, they are recognized and depreciated as separate assets. The useful lives of assets are evaluated at least once a year at the reporting date and, if necessary, amended. Property, plant and equipment are excluded from the Balance Sheet upon retirement, or when no value in use can be expected. Maintenance and repair costs are recognized in the Income Statement. Subsequent purchase and production costs are capitalized, only if a future economic benefit is expected and the costs of the asset can be reliably determined.

## Leasing

Leased property, plant and equipment for which the significant risks and rewards are transferred to the Group are disclosed as Financial Leases respectively as asset and liability. All other lease agreements are classified as Operating Leases. Leasing liabilities from Operating Leases, which cannot be terminated within one year, are disclosed in the Notes to the Consolidated Financial Statements. Currently the Siegfried Group has entered only into Operating Leases and no Financial Leases.

## Intangible Assets

Intangible assets consist of licenses, patents, trademarks, software and land use rights in China. If there are indications of impairment, intangible assets are tested for recoverability. Intangible assets are accounted for at cost of acquisition or of production plus costs of placing it in a usable condition less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the estimated useful life. All intangible assets are amortized over the shorter of their following legal and economic lives:

Land use rights China	50 years
Licenses, patents and trademarks	The shorter of economic or legal life, as a rule 5–20 years
Software	3–5 years

## Impairment of Non-Financial Non-Current Assets and Intangible Assets

An assessment whether the value of non-financial non-current assets (PPE) and intangible assets with finite useful life may be impaired is undertaken if as a result of events or changed circumstances it appears possible that the carrying amounts are not recoverable. If the carrying amount exceeds the recoverable amount, then an impairment is recorded to this amount. The recoverable amount is the higher of the asset's net recoverable value and the value in use. When an impairment loss arises the useful life of the asset in question is reviewed and, if necessary, the future depreciation charge is accelerated.

An impairment loss recognized in a previous period should be partially or fully reversed if the factors determining the recoverable amount improved significantly. In such cases, the new carrying amount is the lower of the new determined recoverable amount and the carrying amount less depreciation as if an impairment loss had never been recognized. The reversal of an impairment is recognised in the operating result.

## Securities/Financial Assets

Securities are a part of the current assets and are valued at actual values. If no actual value is available the securities are valued at acquisition cost less any impairment. Financial assets are carried at acquisition cost less impairment, if any.



## Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods and trading goods. Raw materials are measured at the lower of acquisition or production cost and net recoverable value. Acquisition or production cost are measured using the moving weighted average price method. Production costs comprise all manufacturing costs including an appropriate share of production overheads. They are measured at standard costs. Appropriate valuation allowances are made for obsolete and slow-moving inventory items as well as for Q-blocked goods. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Settlement discounts are treated as reductions in the purchase price.

## Trade Receivables

Trade receivables are included initially at nominal value and subsequently at net realizable value; this is equal to the amounts invoiced after deducting allowances for doubtful accounts. Indications for possible impairment are given if the payment is delayed, the customer is experiencing financial difficulties, or recapitalization or bankruptcy is likely. Allowances for doubtful accounts are established based on the difference between the net present value of the nominal amount of the receivables and the estimated net collectible amount. The expected loss is recognized in the Income Statement in the line item "marketing and sales". When a trade receivable becomes uncollectible, it is derecognized against the allowance for doubtful accounts.

## Other Receivables

This caption includes mainly VAT receivables and other receivables. They are recorded at net realizable value.

## Accrued Income and Prepaid Expenses

Accrued income is valued at nominal value and contains payments made for the following financial year and accrued income which will be received in the next period.

## Cash and Cash Equivalents

Cash consists of cash, balances held in bank accounts and short-term deposits with a maturity of three months or less from the reporting date and are carried at current value. Cash is the defined fund of the Consolidated Cash Flow Statement.

## Equity/Treasury Shares

A purchase of treasury shares by a Group company, including all costs, is recorded against equity, until the shares are redeemed, reissued, or sold. If treasury shares are issued or sold at a later date, the net consideration less directly attributable transaction costs and income taxes is recorded in equity.

## Equity/Hybrid Bonds

The hybrid bonds are subordinated bonds with an infinite duration. Siegfried Holding AG can suspend the payment of interest if the business is achieving negative results. The hybrid bonds have a first call date after five years. If this is not exercised, the interest to be paid increases (step up). The privately placed hybrid bond has an optional conversion right to shares in Siegfried Holding AG. The hybrid bonds are classified as equity and interest payments thereon are treated as reductions in equity.

## Financial Liabilities

All financial liabilities are recorded under current or non-current financial liabilities. The non-current financial liabilities include all liabilities with a residual duration of more than one year. The current financial liabilities include all liabilities with a duration of less than one year, including the current portion of non-current liabilities. If at the reporting date there is a binding commitment to extend a maturing loan, it is classified according to the new duration.

## Other Liabilities

Other liabilities are valued at nominal value and contain mainly VAT liabilities and personnel commitments.

## Accrued Expenses and Deferred Income

Accrued expenses are valued at nominal value and contain mainly payments which are due in the following financial year but should be expensed in the current financial year and accrued revenue.

## Provisions

Provisions are recorded if, as a result of a past event, there is a justified probable obligation, the amount and/or due date of which is uncertain but can reasonably be estimated. The calculation of the provision is based on the estimate of the cash outflow to settle the obligation. If time is a significant factor, the amount of the provision is discounted.

## Employee Benefits

### Pension Plans

The Group operates various employee benefit plans in and outside Switzerland for employees who satisfy the participation criteria. The pension benefits paid are governed by the legal requirements in the respective countries. The employees of the Swiss companies in the Siegfried Group are insured in its own pension fund, the Pensionskasse Siegfried, Zofingen, legally autonomous foundation. The pension fund is financed by employee and employer contributions. In addition, there is an affiliation to a collective foundation. Abroad, there are separate pension solutions in Germany for Siegfried PharmaChemikalien Minden GmbH, in France for Siegfried St. Vulbas SAS, in Spain for Siegfried Barbera, S.L. and Siegfried El Masnou, S.A. as well as for the companies in the USA.

The effective economic effects of all Group pension plans are calculated annually at the reporting date and the resulting liability or economic benefit is recognized in the Balance Sheet. Pursuant to Swiss GAAP FER 16, economic liabilities and benefits of Swiss pension plans are determined on the basis of accounts drawn up in accordance with Swiss GAAP FER 26. For the valuation of foreign pension obligations, actuarial reports are obtained that are based on dynamic models in line with the international accounting standards.

Employer contribution reserves are recognized as assets, provided they are not covered by a waiver of use. Changes in value of employer contribution reserves or liabilities are recognized as personnel expenses.

### Share-Based Payments

For the members of management a Long Term Incentive Plan (LTIP) exists. At the beginning of a vesting period of three-years the plan participants acquire a defined number of Performance Share Units (PSU). The valuation of the PSU is undertaken by an external company, which is specialized in the valuation of option and equity plans. The expenses are recognized as personnel expenses on an equal basis over the vesting period. After the three-year vesting period the plan participants are allocated between 0 and 2 or between 0 and 1.5 shares per acquired PSU.

Further an Employee Share Purchase Plan exists that allows employees, which can not participate in the LTIP, to buy shares at a discounted rate of 30% below market value. The share plan is considered an equity-settled share-based payment plan. The fair value of the shares corresponds to the fair value at grant date. Costs for the employee share plan are recorded as personnel expenses in the period in which the employee performed his/her services. The costs for the shares are adjusted to fair value on the grant date and also recorded as personnel expenses.

BASF operated an employee share purchase plan, under the terms of which employees were able to acquire rights to future bonus shares by purchase with their own funds. In order to be able to offer the employees suitable compensation for the future rights existing at the date of the sale, a share plan limited to ten years was launched, under which the employees will receive Siegfried shares free of charge in the years 2016–2025.

### **Profit Sharing / Bonus Plans**

The Group operates a Short Term Incentive Plan (STIP), which is compensated annually in cash. These bonus entitlements in cash are recognized on an accrual basis as a liability and expense, if there is a contractual commitment or past business practice that constitutes a de facto commitment. The amount of the performance-based remuneration paid under the STIP is linked to the achievement of corporate, functional and individual targets. At the end of the one-year performance period it is determined whether the corporate, functional and individual goals have been achieved. The achievement scale for the corporate targets stretches from 0% to a maximum of 200%, for functional and individual targets from 0% to a maximum of 150%.

### **Taxes**

The tax expense for the period comprises current and deferred taxes. Current income taxes are calculated on the basis of the taxable result and the tax rate applicable locally. Provisions are made for deferred taxes on all temporary differences between amounts determined for tax purposes and those reported for Group accounting purposes at the actual local tax rates likely to be applied. Deferred tax assets arising from temporary timing differences and tax loss carryforwards are recognized if it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. Management analyzes on an annual basis the financial situation and the expected profits of the concerned companies. Changes in deferred taxes are recognized against net profit unless the tax relates to an item recognized directly in equity. No provisions are made for deferred income taxes on potential future dividends out of retained earnings, as these sums are deemed permanently reinvested.

### **Net Sales, Services and Long-Term Contracts**

Net sales represent amounts received and receivable for goods and services supplied to customers after deducting discounts and volume rebates and excluding sales and value-added taxes. Revenue from the sale of goods is recognized when the benefits and risks as well as the authority of ownership have passed to the buyer. Income from services is recognized on an accrual basis in accordance with the underlying service agreements.

Development projects and other long-term projects are recognized in accordance with Swiss GAAP FER 22 as long-term contracts. If all the conditions for the application of the PoCM are fulfilled, revenues and profit are realized in line with the progress of the contract; otherwise they are realized on completion of the contract (CCM – Completed Contract Method). The degree of completion is determined using the cost-to-cost method.

### **Cost of Goods Sold**

The production costs of the goods sold and services rendered include the direct production costs and the production overheads.

## Other Operating Income

The other operating income includes gains on the sale of fixed assets and income from activities that are not part of the Siegfried Group's core business.

## Research and Development

Research and development costs include wages and salaries, development costs, costs of materials and overheads and are directly expensed.

## Dividends

Dividends to shareholders are recorded as liabilities at the time the resolution to pay a dividend is made.

## Government Grants

In connection with investment projects some subsidiary companies in the Siegfried Group receive government grants. Government grants are recognized at fair value, only if there is a high probability that the conditions will be met. The grants are recognized in income in the periods, in which the company recognises the related expenses. If the government grants relate to fixed assets, they are deducted in determining the carrying amount of the fixed assets. The grant is recognized as reduced depreciation over the useful life of the depreciable fixed assets.

## Transactions with Related Parties

Transactions with related parties are defined as a business relationship with shareholders of the Group, with companies which are fully consolidated and other related parties as defined under Swiss GAAP FER 15.

## Commitments and Contingencies

The operations of the Group companies continue to be exposed to risks from political, legal, fiscal and regulatory developments, including those related to environmental protection. The nature and frequency of these developments and events, which are not covered by any insurance, are not predictable. Possible obligations that are dependent on future events are disclosed as contingent liabilities.

# Company-wide Risk Management

The company-wide risk management is based on the ISO 31000 standard for risk management and is adjusted to the specific situation of the Siegfried Group. The risk management concept is assessed annually and, if necessary, adjusted and improved.

## Core Targets of Company-Wide Risk Management

With this risk management concept, a well-established risk culture firmly anchored in the company, and clearly defined risk processes, we strive to increase transparency about the risks in the company, which allows us to avoid, transfer or, if worthwhile, carry risks.

## Identification, Evaluation and Management

A risk register is used to assess and classify risks according to strategic, operational, financial and external effects. There is also an estimate of the likelihood of occurrence with the possible financial consequences. From this, the measures for the management of the identified risks are derived and also evaluated. The Corporate Risk Committee monitors the aggregated risks for compliance with internal guidelines and processes and is in regular contact with the respective risk managers. The consolidated risk assessment is submitted to the Executive Committee, the Audit Committee and the Board of Directors for review. Reporting is accelerated in the event of new or changing risks.

At its strategy meeting on July 6 to 8, 2022, the Board of Directors considered in depth the strategic projects and their inherent risks. When there were significant changes, it also requested relevant information at other meetings about risks associated with strategic projects and approved the implementation of any required actions. Operating risks were discussed and assessed by the Board of Directors at its regular meetings. The most important operational risks per area were defined on November 24, 2022.

The Annual Report on the Internal Control System, including its assessment, was also approved at the meeting on November 24, 2022. The risk management and the ICS reports were also pre-discussed in the Audit Committee on November 21, 2022.

# Financial Risk Management

Financial risk management within Siegfried Group is governed by policies and guidelines approved by Management. These policies cover foreign exchange risk, interest rate risk, market risk, credit risk and liquidity risk. Group policies also cover the investment of excess funds and the raising of debts. Both the investment of excess funds and the raising of current and non-current debts are centralized. Risk management strives to minimize the potential negative effects on the Group's financial position.

## Market Risks

Siegfried is exposed to market risks which consist mainly of foreign exchange risk, interest rate risk and market value risk.

### Foreign Exchange Risks

Siegfried operates across the world and is therefore exposed to movements in foreign currencies affecting its reporting in Swiss francs. Foreign exchange risks arise on business transactions that are not conducted in the Group's functional currency. Siegfried continues to monitor its currency exposures. The Group seeks to reduce the foreign exchange risk with natural hedges. If necessary, the Group will also take forward contracts, swaps or currency options into consideration.

The Siegfried Group is principally exposed to currency risk with respect to the USD and the EUR and to a lesser extent the CNY.

### Interest Rate Risks

Interest rate risks arise from movements in interest rates, which could have adverse effects on the Group's net profit or financial position. Interest rate movements can result in changes in interest income and expense on interest bearing assets and liabilities. In addition, they can also, as described under the market value risks below, impact specific assets, liabilities and financial instruments. Within the Siegfried Group, interest rate management is centralized.

### Market Value Risks

Changes in the market value of financial assets and derivative financial instruments can affect the financial position and net profit of the Group. The Siegfried Group does not hold financial investments for speculative purposes. Non-current financial investments, such as investments in subsidiaries, are held for strategic reasons. Risks of loss in value are minimized by thorough analysis before purchase and by continuously monitoring the performance and risks of the investments.



## Liquidity Risks

The Group companies need to have sufficient access to cash to meet their obligations. The treasury department manages the raising of current and non-current debt centrally. Cash flow forecasting is performed by the operating entities of the Group and aggregated and monitored by Group Treasury.

## Credit Risks/Counterparty Risks

Credit risks arise from the possibility that the counter-party to a transaction may be unable or unwilling to meet their obligations, causing a financial loss to Siegfried. Trade receivables are subject to active risk management focusing on the monitoring and controlling of risks.

The credit risks on other financial assets are limited by the policy of restricting them to institutional partners. Where possible, the latter are controlled by an ongoing review of the classification of their creditworthiness and the limitation of aggregated individual risks. In addition, the investment of liquid funds with a single credit institution is limited.

## Capital Risk

The capital of the Siegfried Group is managed with a view to ensuring the continuation of operations, to earning an adequate yield for the shareholders and to optimizing the capital structure in order to reduce the cost of capital.

The Siegfried Group monitors its capital structure by reference to the net debt ratio and the equity ratio. The net debt ratio is defined as net debt (cash balances less bank borrowings) divided by EBITDA (operating result plus depreciation of property, plant and equipment and impairment of intangible assets). The equity ratio is defined as equity divided by total assets.

## Derivative Financial Instruments

To manage currency and interest rate exposure, Siegfried may use forward exchange contracts as well as interest rate and currency swaps or put options. Derivatives used to hedge changes in value of an existing underlying transaction are recognized applying the same valuation principles that are applied to the underlying hedged transaction. A derivative is derecognized as soon as it matures (or an early option is exercised) or as soon as, following a sale or default by the counterparty, no further claim on future payments exists.

## Estimates, Assumptions and Accounting Judgments

The compilation of Consolidated Financial Statements in accordance with Swiss GAAP FER requires estimates, assumptions and accounting judgments. The most important forward looking assumptions, from which a substantial risk may arise that could lead to a material adjustment to assets and liabilities within a year, are outlined on the following page.

### **Impairment Test of Non-Financial Non-Current Assets**

In compliance with the above accounting principles the recoverability of the net assets is tested if there is any indication of impairment. The recoverable amount of the cash-generating unit is calculated using the Discounted Cash Flow method, based on approved mid-range plans. These calculations require management to make forward looking assumptions and estimates.

In the year under review, no indications were found that would impair the fair value of the net book values.

### **Deferred Tax Assets**

Deferred tax benefits from unused tax losses and deductible temporary differences are considered to the extent to which it is probable that future profits will be earned, against which they can be used. Management assesses the capitalization of deferred tax assets on tax losses and tax credits on an annual basis based on the taxable profits expected for the next 5 years. The tax rates are based on the effective and expected tax rates applicable for the relevant companies.

### **Environmental Provisions**

Provisions relate to obligations to eliminate environmental pollution. Future decontamination costs depend on the regulatory status and management decisions on future construction projects. Depending on the nature and scope of the construction projects realized, the obligation to eliminate detrimental effects on the environment is increased or reduced. The environmental provision would as a consequence be higher or lower (see note 14).

### **Restructuring Provision**

The provision relates to restructuring measures and expected costs in connection with the decision to reorganise business activities. These estimates are based on the best knowledge and belief of the Executive Committee about the Group's current and future activities.

### **Pension obligations for foreign pension plans**

Foreign pension obligations are valued by means of external actuarial reports, unless they are contribution plans. The parameters on which the actuarial report is based, such as discount rate, pension adjustment, increase in income and others, are subject to a certain degree of judgement, as bandwidths exist. The management can define respectively adjust these parameters within these bandwidths.

# 1. Scope of Consolidation GRI 102-45

The consolidation includes the following companies:

Group companies	in LC	Participation	Share capital 2022	Share capital 2021
<b>Operating</b>				
Alliance Medical Products Inc., Irvine (USA)	USD	100.00%	116 521	116 521
Siegfried AG, Zofingen (Switzerland)	CHF	100.00%	20 000 000	20 000 000
Siegfried Evionnaz SA, Evionnaz (Switzerland)	CHF	100.00%	1 000 000	1 000 000
Siegfried Hameln GmbH, Hameln (Germany)	EUR	100.00%	750 500	750 500
Siegfried Malta Ltd., Valletta (Malta)	EUR	100.00%	100 000	100 000
Siegfried (Nantong) Pharmaceuticals Co. Ltd., Nantong (China)	CNY	100.00%	422 296 722	422 296 722
Siegfried PharmaChemikalien Minden GmbH, Minden (Germany)	EUR	100.00%	50 000	50 000
Siegfried St. Vulbas SAS, Saint Vulbas (France)	EUR	100.00%	15 200 000	15 200 000
Siegfried USA, LLC, Pennsville (USA)	USD	100.00%	500 000	500 000
Siegfried Barbara S.L., Barberà del Vallès (Spain)	EUR	100.00%	503 000	503 000
Siegfried El Masnou, S.A., El Masnou (Spain)	EUR	100.00%	10 099 778	10 099 778
<b>Finance and administration</b>				
Siegfried Deutschland Holding GmbH, Hameln (Germany)	EUR	100.00%	1 790 000	1 790 000
Siegfried Deutschland Real Estate GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Hameln Real Estate GmbH + Co. KG, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Holding AG, Zofingen (Switzerland)	CHF	100.00%	79 776 000	93 195 200
Siegfried Hong Kong Ltd., Hong Kong (China)	HKD	100.00%	1 000	1 000
Siegfried USA Holding Inc., Pennsville (USA)	USD	100.00%	3 000	3 000
<b>Joint venture</b>				
Alpine Dragon Pharmaceuticals Ltd., Huangyang, Gansu Province (China)	CNY	49.00%	–	10 542 708

The share in Alpine Dragon Pharmaceuticals Ltd., Huangyang was sold as of September 30, 2022.

The par value per share of Siegfried Holding AG was determined by resolution of the general meeting from April 13, 2022 from CHF 21.20 each to CHF 18.00 each. The share capital as at December 31, 2022 amounts to CHF 79.8 million and is divided into 4 432 000 registered shares with a par value of CHF 18.00 each (2021: 4 396 000 registered shares with a par value of CHF 21.20 each), see note 12.

All participations that are fully consolidated are 100% participations. As a result, there were no minorities from third parties at the end of the period as in the previous year.

## 2. Property, Plant and Equipment

In 1000 CHF	Land	Buildings and leasehold improvements	Machinery and equipment	Assets under construction <sup>1</sup>	Total
<b>Acquisition costs</b>					
As of January 1, 2021	26 926	356 597	1 136 004	78 899	1 598 426
Translation differences	-1 177	-5 683	-18 410	-1 545	-26 815
Change in scope of consolidation	20 560	65 436	137 822	8 580	232 398
Additions	139	947	31 186	71 513	103 786
Disposals	-	-266	-14 128	-14	-14 408
Reclassifications	177	1 912	33 613	-35 929	-227
<b>As of December 31, 2021</b>	<b>46 625</b>	<b>418 943</b>	<b>1 306 087</b>	<b>121 504</b>	<b>1 893 158</b>
Translation differences	-1 195	-9 990	-33 024	-3 386	-47 595
Change in scope of consolidation	-	-	-	-	-
Additions	68	1 521	25 946	83 523	111 058
Disposals	-	-398	-9 682	-	-10 080
Reclassifications	-	3 652	50 529	-54 655	-474
<b>As of December 31, 2022</b>	<b>45 498</b>	<b>413 728</b>	<b>1 339 856</b>	<b>146 986</b>	<b>1 946 067</b>
<b>Accumulated depreciation and impairments</b>					
As of January 1, 2021	-	218 897	853 313	-	1 072 210
Translation differences	-	-3 482	-13 297	-	-16 779
Depreciation charge	-	14 549	66 468	-	81 017
Disposals	-	-266	-13 747	-	-14 013
<b>As of December 31, 2021</b>	<b>-</b>	<b>229 698</b>	<b>892 737</b>	<b>-</b>	<b>1 122 435</b>
Translation differences	-	-5 072	-21 440	-	-26 512
Depreciation charge	-	13 921	66 308	-	80 229
Disposals	-	-397	-9 590	-	-9 987
<b>As of December 31, 2022</b>	<b>-</b>	<b>238 150</b>	<b>928 015</b>	<b>-</b>	<b>1 166 165</b>
<b>Net book value 31/12/2022</b>	<b>45 498</b>	<b>175 577</b>	<b>411 840</b>	<b>146 986</b>	<b>779 901</b>
<b>Net book value 31/12/2021</b>	<b>46 625</b>	<b>189 245</b>	<b>413 349</b>	<b>121 504</b>	<b>770 723</b>

<sup>1</sup> In 2021, software developments were reclassified from assets under construction to a separate class in intangibles assets.

At December 31, 2022, Land included CHF 2.6 million (2021: CHF 2.6 million) undeveloped property.

As of December 31, 2022, commitments for the purchase of property, plant and equipment amounted to CHF 15.4 million (2021: CHF 14.5 million).

### 3. Intangible Assets

In 1000 CHF	Licenses, patents	Trademarks	Software	Others	Software in development <sup>1</sup>	Total
<b>Acquisition costs</b>						
As of January 1, 2021	10 674	6 046	15 892	5 941	8 412	46 965
Translation differences	350	221	-96	312	-	787
Change in scope of consolidation	-	-	1 291	-	-	1 291
Additions	-	-	177	120	10 186	10 483
Disposals	-	-	-185	-	-	-185
Reclassification	-	-	227	-	-	227
<b>As of December 31, 2021</b>	<b>11 024</b>	<b>6 267</b>	<b>17 306</b>	<b>6 373</b>	<b>18 597</b>	<b>59 567</b>
Translation differences	120	76	-179	-419	-	-402
Change in scope of consolidation	-	-	-	-	-	-
Additions	-	-	497	22	11 104	11 623
Disposals	-	-	-917	-	-	-917
Reclassification	-	-	475	-	-	475
<b>As of December 31, 2022</b>	<b>11 144</b>	<b>6 343</b>	<b>17 182</b>	<b>5 976</b>	<b>29 701</b>	<b>70 346</b>
<b>Accumulated amortization and impairments</b>						
As of January 1, 2021	9 139	5 847	15 320	1 587	-	31 893
Translation differences	293	214	-56	39	-	490
Amortization charge	398	33	925	442	-	1 798
Disposals	-	-	-185	-	-	-185
<b>As of December 31, 2021</b>	<b>9 830</b>	<b>6 094</b>	<b>16 004</b>	<b>2 068</b>	<b>-</b>	<b>33 996</b>
Translation differences	92	73	-133	-138	-	-106
Amortization charge	416	34	849	220	-	1 519
Disposals	-	-	-917	-	-	-917
<b>As of December 31, 2022</b>	<b>10 338</b>	<b>6 201</b>	<b>15 803</b>	<b>2 150</b>	<b>-</b>	<b>34 492</b>
<b>Net book value 31/12/2022</b>	<b>806</b>	<b>142</b>	<b>1 379</b>	<b>3 826</b>	<b>29 701</b>	<b>35 853</b>
<b>Net book value 31/12/2021</b>	<b>1 194</b>	<b>173</b>	<b>1 302</b>	<b>4 305</b>	<b>18 597</b>	<b>25 570</b>

<sup>1</sup> In 2021, software developments were reclassified from assets under construction to a separate class in intangibles assets.

The goodwill which arose upon the acquisition of Alliance Medical Products Inc. (AMP), the Hameln companies and the BASF sites Evionnaz, St. Vulbas and Minden and the badwill which resulted from the acquisition of the Novartis locations Barberà del Vallès and El Masnou were set off against the consolidated equity at the date of purchase. If the goodwill and badwill had been capitalized, the effect on the financial statements would have been as follows:

In 1000 CHF (for the years ended December 31)	2022	2021
<b>Theoretical goodwill/(badwill)</b>		
As of January 1	118 975	159 200
Badwill allocation	- 1 054	- 40 225
<b>As of December 31</b>	<b>117 921</b>	<b>118 975</b>
<b>Accumulated amortization</b>		
As of January 1	80 608	72 675
Amortization	7 860	7 933
<b>As of December 31</b>	<b>88 468</b>	<b>80 608</b>
<b>Theoretical goodwill/(badwill) December 31</b>	<b>29 453</b>	<b>38 367</b>

The theoretical useful life applied for straight-line amortization is 15 years as the acquisitions are regarded as long-term investments for Siegfried. The goodwill/badwill from business combinations is translated into Swiss francs at the rate prevailing at the date of acquisition. This procedure avoids foreign exchange adjustments to the theoretical goodwill and badwill movements.

In 1000 CHF (for the years ended December 31)	2022	2021
Operating result according to income statement	230 777	131 953
Amortization of goodwill	- 7 860	- 7 933
<b>Theoretical operating result incl. amortization of goodwill</b>	<b>222 917</b>	<b>124 020</b>
Net profit according to income statement	156 490	95 600
Amortization of Goodwill	- 7 860	- 7 933
<b>Theoretical net profit incl. amortization of goodwill</b>	<b>148 630</b>	<b>87 667</b>
Equity according to balance sheet	790 928	688 217
Theoretical capitalization of goodwill (net book value)	29 453	38 367
<b>Theoretical equity incl. net book value of goodwill</b>	<b>820 381</b>	<b>726 584</b>

## 4. Investment in Associated Companies and Joint Ventures

Alpine Dragon Pharmaceuticals Ltd. was incorporated during 2007 as a joint venture with the Chinese company Gansu Medical Alkaloids, Inc. The impact on the Financial Statements is not material. There are no contingent liabilities or payment commitments in connection with this joint venture.

The investments in associated companies and joint ventures include no goodwill at the reporting date.

The share in Alpine Dragon Pharmaceuticals Ltd., Huangyang was sold as of September 30, 2022.

## 5. Income Taxes

In 1000 CHF	2022	2021
Current tax expense	48 626	24 196
Deferred tax expense	13 658	6 732
<b>Total income taxes</b>	<b>62 284</b>	<b>30 928</b>
Profit before income tax	218 774	126 527
Group's effective income tax rate	28.5%	24.4%

In 1000 CHF	2022	2021
<b>Average expected tax rate</b>	<b>25.7%</b>	<b>21.8%</b>
<b>Average expected income taxes</b>	<b>56 067</b>	<b>27 550</b>
Non-recognition of tax loss carry-forwards	7 380	-177
Effect of unrecognized tax loss carry-forwards used against taxable profits	-	-416
Income taxes from prior periods, net	-2 419	999
Other effects	1 256	2 972
<b>Group's effective income taxes</b>	<b>62 284</b>	<b>30 928</b>
Group's effective income tax rate	28.5%	24.4%

In 2022, the Group's average expected tax rate is 25.7% (2021: 21.8%). The effective tax rate based on earnings before taxes is 28.5% (2021: 24.4%). The increase in the tax rate is mainly influenced by the significant interest rate effect on liabilities of foreign pension plan in Germany, where the related deferred tax asset release is calculated with a 30% tax rate, see note 18.

The privileged taxation of Siegfried Holding AG was transferred to ordinary taxation on January 1, 2020. In this context, Siegfried Holding AG made use of the old law from the transitional regulation to the step up (existing law) by capitalizing its trademark rights in the tax balance sheet at the end of 2019.

In 1000 CHF	December 31, 2021	Change	December 31, 2022
<b>Deferred tax assets</b>	<b>35 800</b>	<b>-12 850</b>	<b>22 950</b>
<b>Deferred tax liabilities</b>	<b>10 970</b>	<b>1 609</b>	<b>12 579</b>



Deferred tax assets of about CHF 23.0 million (2021: CHF 35.8 million) consist of temporary differences and tax loss carry-forwards from individual subsidiaries. As of December 31, 2022, deferred tax assets were capitalized of CHF 5.8 million on tax loss carry-forwards (2021: CHF 5.8 million). The other deferred tax assets of CHF 17.2 million are mainly due to temporary differences on liabilities of foreign pension plans and the step up of trademark rights (2021: CHF 30.0 million).

Deferred tax assets and liabilities are calculated using the tax rates currently applicable and applied to future taxation (CH 11.4% – 16.9%, CN 25.0%, DE 30.0%, FR 25.9%, MT 35.0%, US 21.0%, ES 25.0%).

In 1000 CHF	2022	2021
<b>Expiry of unrecognized tax losses and tax credits</b>		
Within one year	3 506	16 199
Between one and five years	9 280	28 018
More than five years	38 363	40 604
<b>Total unrecognized tax losses and tax credits</b>	<b>51 149</b>	<b>84 821</b>

In addition, the Group has available CHF 51.1 million unrecognized tax loss carry-forwards and tax credits (2021: CHF 84.8 million).

## 6. Inventories

In 1000 CHF	2022	2021
Raw materials	164 552	142 916
Semifinished goods	200 338	160 228
Finished goods and trading goods	70 737	81 670
Valuation allowances for inventory	-29 845	-20 159
<b>Total inventories</b>	<b>405 782</b>	<b>364 656</b>

Produced intermediates are reported together with the work in process as semifinished goods.

As of December 31, 2022, there are CHF 5.7 million semifinished goods from PoCM orders booked in inventory (2021: CHF 3.1 million).

## 7. Trade Receivables

In 1000 CHF	2022	2021
Trade receivables	339 862	268 177
Allowances for doubtful accounts	- 2 096	- 1 149
<b>Total trade receivables</b>	<b>337 767</b>	<b>267 028</b>

The allowances for doubtful accounts are calculated using the difference between the nominal amount of the receivables and the estimated net amount collectible. The net amount collectible is estimated on the basis of experience.

In 1000 CHF	2022	2021
Not yet due	317 904	241 410
Due 0–3 months	22 159	20 062
Due >3 months	- 2 296	5 556
<b>Total trade receivables</b>	<b>337 767</b>	<b>267 028</b>

## 8. Other current assets

Other current assets of CHF 62.6 million (2021: CHF 65.9 million) are primarily composed of VAT receivables of CHF 44.5 million (2021: CHF 38.4 million) and from receivables from social insurance, advance payments to suppliers, receivables from environmental duties and precious metal deposit balances totalling CHF 7.3 million (2021: CHF 7.9 million). Furthermore, in 2021 a receivable of CHF 10.1 million from a provisional purchase price adjustment in connection with the acquisition of the Novartis companies has been recorded, which was received in 2022 (see note 22).

## 9. Accrued income and prepaid expenses

Deferred income amounts to CHF 43.7 million (2021: CHF 49.6 million) and mainly includes periodic accruals for future services already paid. Furthermore, an accrual of CHF 19.6 million (2021: CHF 25.2 million) was recognized for contractual receivables from the supply contract with Novartis.

## 10. Derivative Financial Instruments

The guidelines on financial risk management are described in the accounting principles. Within the framework of these guidelines the Siegfried Group uses derivative financial instruments to hedge foreign exchange and interest rate risks. The contract value provides information about the volume of outstanding transactions. At the reporting date foreign exchange and interest hedging contracts were open. Foreign currency forward contracts were used to hedge net payment flows in the financial year 2022 aggregating USD 45.0 million (2021: USD 56.6 million and EUR 40.0 million). The changes in fair value of these foreign exchange contracts are recognized in the financial result and in equity depending on the underlying instrument.

In 1000 CHF	Contract value		Positive fair value		Negative fair value	
	2022	2021	2022	2021	2022	2021
Foreign currency swaps	41 544	92 964	258	460	1	–
<b>Total</b>	<b>41 544</b>	<b>92 964</b>	<b>258</b>	<b>460</b>	<b>1</b>	<b>–</b>

## 11. Treasury Shares

Treasury shares are deducted at transaction value directly from equity. At December 31, 2022, the book value of the treasury shares was CHF 102.1 million (2021: CHF 78.7 million). In 2022, Siegfried held 220 527 shares at year end which is an increase by 35 060 shares (2021: increase by 16 078 shares). The shares are valued at the average rate.

CHF	Number of shares	Average prices
<b>At January 1, 2021</b>	<b>169 389</b>	<b>391.20</b>
Purchases 2021	16 599	762.70
Sales 2021	– 521	838.00
<b>At December 31, 2021</b>	<b>185 467</b>	<b>424.30</b>
Purchases 2022	36 618	658.20
Sales 2022	– 1 558	686.50
<b>At December 31, 2022</b>	<b>220 527</b>	<b>463.04</b>

## 12. Share Capital – Hybrid Capital – Conditional Capital

As of December 31, 2022 the share capital amounts to CHF 79.8 million and it is divided into 4 432 000 registered shares each with a par value of CHF 18.00 (2021: 4 396 000 registered shares each with a par value of CHF 21.20). The nominal value per share was reduced from CHF 21.20 each to CHF 18.00 each by resolution of the general assembly on April 13, 2022.

The two private hybrid convertible bonds issued by Siegfried Holding AG are subordinated bonds with an infinite maturity and interest payments by coupon. The hybrid convertible bonds have a first call date after five years. If it is not exercised, the interest payable is increased (step up). Additionally, there exists an optional right of conversion at a conversion price mathematically fixed, which can be exercised during the duration. The conversion price can change in accordance with the terms of the convertible bonds, in particular if the company makes dividend payments. The conversion is fully covered by treasury shares, i.e. without share capital increase (see Note 11).

Title	Issue Date	Nominal Value in 1000 CHF	Interest Rate	Call Date
Private Convertible Hybrid Bond 2020	28/12/2020	40 000	0.650%	28/12/2025
Private Convertible Hybrid Bond 2020	28/12/2020	40 000	1.150%	28/12/2025

In 2022, Siegfried Holding AG has conditional capital of CHF 1 494 000 for the creation of 83 000 shares (par value of CHF 18.00) to serve the Long Term Incentive Plan (LTIP) and other employee benefit plans (2021: CHF 2 522 800 for 119 000 shares with a par value of CHF 21.20).

In 2022, 36 000 shares were allocated for participation programs from conditional capital (2021: 45 000 shares).

Conditional capital (number of shares)	December 31, 2021	Change	December 31, 2022
Long Term Incentive Plan (LTIP) and other employee benefit plans	119 000	–36 000	83 000
<b>Total</b>	<b>119 000</b>	<b>–36 000</b>	<b>83 000</b>

## 13. Financial Liabilities

The existing syndicated loan agreement in the amount of CHF 400 million was amended due to the discontinuation of Libor in October 2021.

Interest is based on SARON (CHF), SOFR (USD) and Euribor (EUR, as before), plus an interest margin that depends on a financial covenant of a maximum debt ratio. The Siegfried Group fulfilled this covenant at the year end. At December 31, 2022, the syndicated loan was utilized in the amount of CHF 310.0 million (2021: CHF 280.0 million).

On May 19, 2021, Siegfried Holding AG placed a senior bond in the amount of CHF 200.0 million on the Swiss capital market. The bond was issued with a term of 5 years and a coupon of 0.20%. The bond was settled on June 15, 2021. The net proceeds were used for general corporate purposes, including the refinancing of the CHF 160 million hybrid bond.

## 14. Provisions

In 1000 CHF	Environmental provisions	Restructuring provisions	Other provisions	Total
As of January 1, 2021	20 181	525	202	20 908
Costs incurred	-3 887	-1 847	-	-5 734
Additions, interest	284	299	-	583
Change in scope of consolidation	-	27 685	1 483	29 168
Releases of unused provisions	-801	-	-28	-829
Currency translation	1	-1 207	-73	-1 279
<b>As of December 31, 2021</b>	<b>15 778</b>	<b>25 455</b>	<b>1 584</b>	<b>42 817</b>
Thereof current	3 834	8 835	1 530	14 199
Thereof non-current	11 944	16 620	54	28 618
As of January 1, 2022	15 778	25 455	1 584	42 817
Costs incurred	-1 567	-3 106	-	-4 673
Additions, interest	215	0	60	275
Releases of unused provisions	-	-	-1 385	-1 385
Currency translation	-	1 207	-46	1 161
<b>As of December 31, 2022</b>	<b>14 426</b>	<b>23 556</b>	<b>212</b>	<b>38 194</b>
Thereof current	2 944	7 205	162	10 311
Thereof non-current	11 481	16 352	51	27 884

### Environmental provisions

The Siegfried Group produces chemical products at various locations. The production process is such that undesirable incidents may also arise, which result in an obligation to remedy pollutant effects on the environment. Possible remediation obligations of CHF 14.4 million have been provided for (2021: CHF 15.8 million). The liabilities are recognized in the accounting period, in which the obligation becomes evident. A provision is recorded if it is expected that the obligation results in an outflow of

economic resources in the medium term and if a reasonable estimate of that obligation can be made. By their nature the amounts and timing of any outflows are difficult to predict.

Environmental assessments were prepared in connection with planned construction projects. In the reporting period costs for remediation incurred to CHF 1.6 million (2021: 3.9 million). The start of the planned construction projects is anticipated within the next 15 years. The environmental provision was discounted with 2% (2021: 2%) to the present value of the expected expenditures. The compounding amounted to CHF 0.2 million (2021: discount CHF 0.3 million). Management reviews the provisions annually, based on regulatory changes or changes in planned investments. In the reporting year, the review result in no changes of the provision (2021: release of CHF 0.8 million).

### Restructuring provisions

In prior year, the remaining restructuring provision of CHF 0.5 million at Siegfried Pharma AG, Zofingen has been used.

With the recording of the net assets of the two Spanish production sites in 2021, due to decreasing needs of the seller and measures already initiated before the acquisition, restructuring provisions of CHF 27.7 million had to be recognised. It is not assumed that this can be compensated by new business. At the end of the reporting period the provision amounted to CHF 23.6 million (2021: 25.5 million). In 2022, CHF 3.1 million have been used (2021: CHF 1.3 million).

### Other provisions

Other provisions of CHF 0.2 million (2021: 1.6 million) include product warranties and legal claims. A possible tax liability of CHF 1.5 million was released in the reporting period.

## 15. Other Non-Current Liabilities

Other non-current liabilities of CHF 52.7 million (2021: CHF 59.6 million) contains in addition to obligations for long-service awards a liability of CHF 50.2 million (2021: CHF 56.8 million) in connection with the acquisition of the Novartis companies on January 1, 2021 (earn-out), see Note 22.

## 16. Accrued Expenses and Deferred Income

Accrued expenses and deferred income amount to CHF 51.2 million (2021: CHF 52.6 million) and include mainly periodic accruals for personnel costs and social security charges and various expense and income accruals.

## 17. Other Current Liabilities

Other current liabilities of CHF 86.0 million (2021: CHF 63.7 million) primarily consisting of VAT liabilities, precious metal obligations and current employee liabilities in the amount of CHF 53.2 million (2021: CHF 26.5 million), customer advance payments of CHF 7.6 million (2021: CHF 12.7 million), a liability of CHF 3.9 million (2021: CHF 4.1 million) in connection with the acquisition of the Novartis companies on January 1, 2021 (earn-out), see note 22 and a liability of CHF 9.8 million (2021: CHF 8.0 million) from the MSA with Novartis.

## 18. Employee Benefits and Personnel Expenses

In 1000 CHF	2022	2021
Wages and salaries	279 875	266 117
Share-based payments	10 342	13 756
Pension expense	-27 618	769
Expenses for other long-term employee benefits	331	947
Social and other personnel expenses	65 093	68 040
<b>Total personnel expenses</b>	<b>328 022</b>	<b>349 629</b>

In the year under review, the average number of employees (in full-time positions) was 3 564 (2021: 3 432).

The discount rate for the interest on pension liabilities in Siegfried PharmaChemikalien Minden GmbH (DE) increased by 280 basis points (2021: increased by 40 basis points).

Pension liabilities and economic benefits are as follows:

	Excess/insufficient cover <sup>1</sup>	Economic part for the company		Change vs. PY or taken to the Income Statement in the FY <sup>2</sup>	Contributions limited to the period	Pension expenses (personnel) <sup>3</sup>	
In 1000 CHF	31/12/2021	31/12/2022	31/12/2021	31/12/2022	2022	2022	2021
Pension institutions with surplus (CH)	88 457	–	–	–	10 041	11 002	9 808
Pension plans without own assets (DE)	-123 037	-80 358	-129 085	-48 727	3 613	-39 953	-11 227
Pension plans without own assets (FR)	-1 547	-1 156	-1 623	-467	10	-389	-72
Pension plans without own assets (USA)	-462	-473	-456	17	1 456	1 467	1 520
Pension plans without own assets (SP)	-222	122	-233	-355	606	255	740
<b>Total</b>	<b>-36 811</b>	<b>-81 865</b>	<b>-131 397</b>	<b>-49 532</b>	<b>15 726</b>	<b>-27 618</b>	<b>769</b>

<sup>1</sup> For domestic institution, the reported value corresponds to the previous year's SWISS GAAP FER 26 financial statements, for foreign pension plans without own assets (DE, FR, SP & USA), the reported value corresponds to the economical part for the company of the previous year converted using the 2022 year-end balance sheet rate.

<sup>2</sup> Currency effects adjusted.

<sup>3</sup> Including result from ECR.



The employer contribution reserves are as follows:

	Nominal value	Waiver of usage	Other value adjustments		Balance Sheet asset	Result from ECR in personnel expenses	
In 1000 CHF	31/12/2022	31/12/2022	31/12/2022	31/12/2022	31/12/2021	2022	2021
Pension schemes (CH)	9 018	–	–	9 018	9 979	961	–398
<b>Total</b>	<b>9 018</b>	<b>–</b>	<b>–</b>	<b>9 018</b>	<b>9 979</b>	<b>961</b>	<b>–398</b>

## 19. Share-Based Payments

For members of management a Long Term Incentive Plan (LTIP) exists. The plan participants receive at the beginning of a three-year vesting period a defined number of Performance Share Units (PSU). At the end of the three-year vesting period the plan participants are allocated, depending on the extent to which they have attained the targets, a certain number of shares per PSU acquired. The plan was introduced in 2014 and was revised in 2021 to make appropriate adjustments to take account of the significant growth of the company and the strong increase in the share price.

Between 0 and 2 shares can be allocated per PSU for LTIP grants prior to 2022 (grant 2020 and 2021) with a vesting in 2023 and 2024. The plan defines a target amount for the growth in total shareholder return, compound annual growth rate (CAGR) on total shareholder return (TSR weighting 70%) and two operating targets (EBITDA and ROCE weighting each 15%). After allocation, the shares are at the free disposal of the plan participants and are not subject to a restriction period.

Between 0 and 1.5 shares can be allocated per PSU for LTIP grants after 2022 (grant 2022) with a vesting in 2025. The plan defines a target amount for the growth in total shareholder return, compound annual growth rate (CAGR) on total shareholder return (TSR weighting 100%). Absolute TSR is the plan target and aims to link the LTI value at vesting directly with the absolute value created by the company for its shareholders. After allocation, 50% of the shares remain restricted for a three year restriction period starting on the vesting date.

The valuation of the PSU is undertaken at the beginning of the relevant vesting period by an external company, which is specialized in the valuation of option and equity plans. The recognition of personnel expenses for the current plan periods is based on a performance factor of 1.

For the three current plan periods, the following personnel expenses, including social security charges, were recognized in 2022 and 2021:

Plan period	Numbers of PSU	Fair Value (CHF)	2022 Personnel expense (in 1000 CHF)
2020–2022	23 199	193.83	1 268
2021–2023	25 576	805.52	6 628
2022–2024	16 717	650.72	3 916
<b>Total</b>			<b>11 812</b>

Plan period	Numbers of PSU	Fair Value (CHF)	2021 Personnel expense (in 1000 CHF)
2019–2021	23 470	200.63	1 120
2020–2022	25 706	193.83	1 519
2021–2023	28 295	805.52	8 205
<b>Total</b>			<b>10 844</b>

In March 2022, the shares were transferred for the performance period 2019–2021. The target achievement and thus the performance factor was 162.9%, i.e. 1.628 shares were allocated per PSU, see Remuneration Report.

In addition to the Long Term Incentive Plan (LTIP) an equity plan exists for employees that are not able to participate in the LTIP (Employee Share Purchase Plan – ESPP). In 2022, total 1 865 shares (2021: 2993 shares) were bought by employees. The total expense for Siegfried (share 30%) for the ESPP amounted in the reporting year to CHF 1.1 million (2021: CHF 1.0 million).

## 20. Other Operating Income

The Other Operating Income of CHF 4.2 million (2021: CHF 4.1 million) includes mainly revenues from the sale of side products amounting to CHF 1.3 Mio. (2021: CHF 2.4 million), income from insurance payments of CHF 1.8 million and miscellaneous other incomes.

## 21. Financial Result

The Financial Result of CHF 12.0 million (2021: CHF 5.4 million) comprises CHF 7.8 million financial expense (2021: CHF 4.2 million), financial income of CHF 0.1 million (2021: CHF 0.1 million) and foreign exchange differences of CHF 4.3 million loss (2021: CHF 1.4 million loss).

The financial expense includes CHF 7.6 million (2021: CHF 3.9 million) for debt interest and fees and CHF 0.2 million for the compounding of the environmental reserve (2021: CHF 0.3 million).

## 22. Acquisitions

As of January 1, 2021 Siegfried has acquired from Novartis two pharmaceutical manufacturing facilities in Spain. The two sites located in the province of Barcelona with around 1000 employees are specialized in the production of sterile ophthalmic (El Masnou) as well as oral solid dosage forms (OSD) and capsules for inhalation devices (Barberà del Vallès).

The acquisition was financed in 2020 with the issuance of two privately placed hybrid convertible bonds totalling CHF 80 million and with the increase of existing credit facilities. There was no increase in the share capital.

The purchase price was calculated as follows:

In 1000 CHF	Final December 31, 2022	Provisional January 1, 2021
Purchase price paid	135 812	135 812
Purchase price adjustment (Other accounts receivable)	-11 155	-10 101
Earn-out	63 702	63 702
Transaction costs	3 073	3 073
<b>Purchase price</b>	<b>191 431</b>	<b>192 485</b>

In the coming years, further volume- and performance-related payments to the seller in the amount of up to CHF 54.1 million will be due. This earn-out will possibly take place in the period up to 2028 and is divided into a current liability of CHF 3.9 million (see note 17) and a non-current liability of CHF 50.2 million (see note 15). It is Siegfried's intention to finance these liabilities from current operating cash flow.

In 1000 CHF	Final December 31, 2022	Provisional January 1, 2021
Purchase price	191 431	192 485
Net assets acquired	232 710	232 710
<b>Badwill</b>	<b>-41 279</b>	<b>-40 225</b>

The badwill of CHF 41.3 million resulting from the transaction was offset against equity.

In 1000 CHF	2022	Provisional 2021
Purchase price paid	11 155	-135 812
Transaction costs		-3 073
Cash acquired		2 356
<b>Cashflow acquisition Group companies</b>	<b>11 155</b>	<b>-136 529</b>

The fair value of the identifiable assets and liabilities (purchase accounting) did not change to prior year. Net assets are as follows:

In 1000 CHF		January 1, 2021
Cash		2 352
Inventories		38 254
Accounts receivables trade		17 596
Other current assets		718
Non-current assets		236 182
Current liabilities		-44 555
Non-current liabilities		-17 837
<b>Net Assets</b>		<b>232 710</b>

## 23. Earnings per Share

For the calculation of earnings per share, net profit is divided by the weighted average number of shares outstanding, deducting treasury shares.

	2022	2021
Net profit attributable to Siegfried shareholders (in 1000 CHF)	156 490	95 600
Weighted average number of shares outstanding	4 221 042	4 205 433
<b>Non-diluted earnings per share</b>	<b>37.07</b>	<b>22.73</b>
Net profit attributable to Siegfried shareholders (in 1000 CHF)	156 490	95 600
Weighted average number of shares outstanding	4 221 042	4 205 433
Adjustment for assumed exercise of share-based payments, where dilutive	92 374	134 661
<b>Diluted earnings per share</b>	<b>36.28</b>	<b>22.03</b>

Earnings per share are calculated excluding interest on hybrid bonds. Including interest expense attributable to hybrid equity holders, basic earnings per share are CHF 36.95 (2021: CHF 21.85) and diluted earnings per share are CHF 36.16 (2021: CHF 21.17).

## 24. Distribution per Share

At the Annual General Meeting on April 20, 2023 the Board of Directors will propose to reduce the par value from CHF 18.00 per share by CHF 3.40 to CHF 14.60 per share and to distribute the amount of the par value reduction of CHF 3.40 per share instead of a dividend (2021: par value reduction CHF 3.20 per share).

The repayment of the par value reduction is expected to take place in early July 2023 in accordance with capital reduction procedure in Switzerland under Swiss law.

## 25. Contingent Assets

Siegfried has potential claims from contracts for payments in the maximum amount of CHF 34.4 million (2021: CHF 45.1 million) over the years 2022–2028. These claims are due upon achievement of certain agreed target values and will be settled once a year for a completed business year.

## 26. Commitments and Contingencies

In connection with the syndicated loan, there is no guarantee at the end of the year (2021: none). At December 31, 2022, guarantees had been given by Siegfried Holding AG in favor of banks in the amount of CHF 20.0 million and EUR 3.8 million (2021: CHF 20.0 million and EUR 3.8 million).

In 2015 a demand for claims for alleged unpaid work amounting to CNY 51.7 million on the construction of the site in Nantong was submitted to the Chinese Arbitration Court CIETAC by a construction company. Siegfried has submitted a counterclaim on the construction company in the amount of CNY 73.2 million. Siegfried contests the claims of the construction company. The procedure was commenced in 2016 and is still pending. The outcome is currently open and the probability of an out flow of funds is considered to be low.

## 27. Maturity of Rental and Lease Liabilities

	Operating Leases	Operating Leases
In 1000 CHF	2022	2021
Due under 1 year	7 094	6 676
Due between 1 and 5 years	23 982	23 136
Due after 5 years	32 183	36 264
<b>Total lease liabilities</b>	<b>63 259</b>	<b>66 076</b>

Of these liabilities CHF 50.1 million (2021: 52.8 million) relate to the new administration buildings in Zofingen, as well as the other production sites as follows: Malta CHF 1.6 million (2021: CHF 1.8 million), Minden CHF 2.4 million (2021: CHF 2.7 million), Hameln CHF 0.5 million (2021: CHF 0.6 million) and Irvine CHF 8.6 million (2021: CHF 8.2 million).

## 28. Transactions with Related Parties

As in prior year no transaction with related parties took place in 2022 and at the reporting date there were no receivables from or payables to related parties.

Siegfried has its own pension funds in Switzerland.

The remuneration of the members of the Board of Directors and the Executive Management is described and presented in detail in the Remuneration Report in sections 4 and 5.

## 29. Net Sales

### Net Sales by Product Group

In CHF million	2022	2021
Drug Substances	753.7	656.0
Drug Products	475.8	446.4
<b>Total net sales</b>	<b>1 229.5</b>	<b>1 102.4</b>

## Net Sales by Foreign Currency

In CHF million	2022	2021
in CHF	377.1	322.4
in EUR	677.3	615.0
in USD	175.7	165.0
in other currencies	-0.6	0.1
<b>Total net sales</b>	<b>1 229.5</b>	<b>1 102.4</b>

The Net Sales of CHF 1 229.5 million include CHF 15.3 million (2021: CHF 10.3 million) from long-term contracts under the PoCM.

## 30. Segment Reporting

The Siegfried Group consists of one "reportable segment". Financial information is regularly reported to the Board of Directors at the level of the Siegfried Group as a whole. Based on this financial information the Siegfried Group is managed and their performance is measured.

The Siegfried Group provides its customers with comprehensive and integrated solutions for services in the development and production of active pharmaceutical ingredients, intermediates, complex dosage forms and products from its own portfolio. In principle, the companies in the Siegfried Group provide all the services mentioned above.

## 31. Fraudulent Payments

Subsequent to period end of the Half Year 2021, fraudulent payments were detected at a subsidiary. An internal investigation has been launched and the case has been reported to the respective law enforcement authorities.

The internal investigation has been concluded in the meantime. Based thereon, a number of measures, including personnel measures, have been implemented.

The financial impact of the case is fully included in the financial statements 2021. The damage is, as reported in the Half Year Report 2021, in the high single digit CHF million range. Some proceedings, e.g. relating to reclaim procedures and insurance are still ongoing.

## 32. Post Balance Sheet Events

There are no significant events after the balance sheet date.

# Report of the Statutory Auditor

to the General Meeting of Siegfried Holding AG, Zofingen

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Siegfried Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated income statement, consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 7 to 41) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### Basis for Opinion

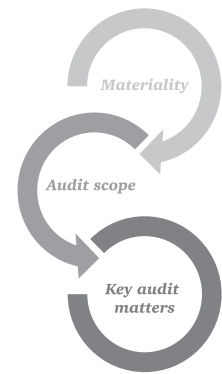
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Our Audit Approach

### Overview



Overall Group materiality: CHF 9 000 000

We concluded full scope audit work at nine Group companies in five countries.

Our audit scope addressed 93% of the sales revenue and 92% of the assets of the Group.

Additionally, either specified audit procedures or a review were concluded at a further three group companies in two countries, which addressed a further 6% of the sales revenue and 4% of the assets of the Group.

As key audit matter the following area of focus has been identified:

Recoverability of Inventories

## Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 9 000 000
Benchmark applied	Profit before taxes
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

## Audit Scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the component auditors in the PwC network. PwC audited all of the Group’s subsidiaries. Where audits were performed by component auditors, we ensured that, as Group auditor, we were sufficiently involved in the audit to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor included telephone conferences with the component auditors to discuss essential and relevant audit issues.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Recoverability of Inventories

Key audit matter	How our audit addressed the key audit matter
<p>As of December 31, 2022, the net carrying value of inventories amounted to CHF 406 million. This corresponds to around 23% of total assets.</p> <p>We consider the valuation of inventories to be a particularly important audit matter due to the amount of the balance sheet item and the discretion in determining the necessary value adjustments for inventories.</p> <p>We refer to page 15 (accounting principles) and page 29 (appendix to the consolidated annual financial statements, note 6, inventories) in the 2022 annual report.</p>	<p>We assessed the appropriateness of the processes in the area of the valuation of the inventories. In doing so, we identified the key controls and checked their effectiveness using random samples.</p> <p>We compared the acquisition costs with the last purchase prices on a random basis.</p> <p>We checked the standard cost calculation on a sample basis. We also assessed the variances between the standard and actual costs.</p> <p>We checked randomly whether the calculation of the valuation allowances for non-curable inventories was mathematically correct and appropriate. We assessed whether the principle of loss-free valuation was complied with for inventories.</p> <p>Our audit results support the valuation of inventories made by management as of December 31, 2022.</p>

## Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Illi  
Licensed audit expert  
Auditor in charge



Andreas Kägi  
Licensed audit expert

Basel, 16 February 2023



# Financial Statement of Siegfried Holding AG

# Balance Sheet of Siegfried Holding AG

In CHF (as of December 31)	2022	2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	77 118 407	49 665 574
Securities	106 139	315 984
Other current receivables due from third parties	534 063	11 056 054
Other current receivables due from Group companies	68 136 940	56 855 481
Accrued income and prepaid expenses	1 458 193	1 738 251
<b>Total current assets</b>	<b>147 353 742</b>	<b>119 631 343</b>
<b>Non-current assets</b>		
Loans to Group companies	740 003 277	722 462 916
Investments	402 106 344	403 160 539
<b>Total non-current assets</b>	<b>1 142 109 621</b>	<b>1 125 623 455</b>
<b>Total assets</b>	<b>1 289 463 363</b>	<b>1 245 254 798</b>
In CHF (as of December 31)	2022	2021
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Other short-term liabilities due from third parties	6 099 145	5 475 567
Other short-term liabilities due from Group companies	94 794 522	61 459 368
Accrued expenses and deferred income	16 127 352	24 557 324
Short-term provisions	6 905 951	9 090 184
<b>Total short-term liabilities</b>	<b>123 926 970</b>	<b>100 582 444</b>
<b>Non-current liabilities</b>		
Long-term interest-bearing liabilities third parties	510 000 000	480 000 000
Long-term financial liabilities due from Group companies	–	5 372 120
Other long-term liabilities to third parties	50 192 128	56 791 573
Long-term provisions	16 351 530	17 272 953
Long-term hybrid capital	80 000 000	80 000 000
<b>Total long-term liabilities</b>	<b>656 543 658</b>	<b>639 436 646</b>
<b>Total liabilities</b>	<b>780 470 628</b>	<b>740 019 090</b>
<b>Shareholders' equity</b>		
Share capital	79 776 000	93 195 200
Legal reserves	3 869 000	3 869 000
Reserves from capital contribution	76 502 760	52 564 970
Voluntary reserves	434 950 675	427 828 576
Treasury shares	–102 112 402	–78 697 043
Statutory retained earnings	16 006 703	6 475 005
<b>Total shareholders' equity</b>	<b>508 992 735</b>	<b>505 235 707</b>
<b>Total liabilities and shareholders' equity</b>	<b>1 289 463 363</b>	<b>1 245 254 798</b>

# Income Statement of Siegfried Holding AG

In CHF	2022	2021
<b>Income</b>		
Financial income	22 982 200	12 857 521
Service income	28 327 295	28 110 840
<b>Total income</b>	<b>51 309 495</b>	<b>40 968 361</b>
<b>Expenses</b>		
Personnel expense	18 995 895	19 096 732
Administrative expense	4 744 585	4 088 228
Financial expense	9 296 960	10 393 362
Taxes	2 265 354	915 035
<b>Total expenses</b>	<b>35 302 793</b>	<b>34 493 357</b>
<b>Net profit</b>	<b>16 006 703</b>	<b>6 475 005</b>

## Notes to the Financial Statements of Siegfried Holding AG

### General Information

Siegfried Holding AG holds directly or indirectly all subsidiaries of the Siegfried Group. The Financial Statements of Siegfried Holding AG are prepared in accordance with the Swiss Code of Obligations. These financial statements have been drawn up in accordance with the provisions governing commercial accounting of the Swiss Code of Obligations (Art. 957–963b CO).

The number of full-time equivalent employees for the year remains unchanged from the previous year and ranges between 10 and 50.

### Guarantees and Securities

In connection with the syndicated loan, there is no guarantee at the end of the year (2021: none). At December 31, 2022, guarantees had been given by Siegfried Holding AG in favor of banks in the amount of CHF 20.0 million and EUR 3.8 million (2021: CHF 20.0 million and EUR 3.8 million).



# Balance Sheet

## Investments

As of December 31, 2022, Siegfried Holding AG held the following direct or significant indirect investments:

Group companies	in LC	Participation	Share capital 2022	Share capital 2021
<b>Operating</b>				
Alliance Medical Products Inc., Irvine (USA)	USD	100.00%	116 521	116 521
Siegfried AG, Zofingen (Switzerland)	CHF	100.00%	20 000 000	20 000 000
Siegfried Evionnaz SA, Evionnaz (Switzerland)	CHF	100.00%	1 000 000	1 000 000
Siegfried Hameln GmbH, Hameln (Germany)	EUR	100.00%	750 000	750 000
Siegfried Malta Ltd., Valletta (Malta)	EUR	100.00%	100 000	100 000
Siegfried (Nantong) Pharmaceuticals Co. Ltd., Nantong (China)	CNY	100.00%	422 296 722	422 296 722
Siegfried PharmaChemikalien Minden GmbH, Minden (Germany)	EUR	100.00%	50 000	50 000
Siegfried St. Vulbas SAS, Saint Vulbas (France)	EUR	100.00%	15 200 000	15 200 000
Siegfried USA, LLC, Pennsville (USA)	USD	100.00%	500 000	500 000
Siegfried Barbara S.L., Barberà del Vallès (Spain)	EUR	100.00%	503'000	503'000
Siegfried El Masnou, S.A., El Masnou (Spain)	EUR	100.00%	10 099 778	10 099 778
<b>Finance and administration</b>				
Siegfried Deutschland Holding GmbH, Hameln (Germany)	EUR	100.00%	1 790 000	1 790 000
Siegfried Deutschland Real Estate GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Hameln Real Estate GmbH + Co. KG, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Hong Kong Ltd., Hong Kong (China)	HKD	100.00%	1 000	1 000
Siegfried USA Holding Inc., Pennsville (USA)	USD	100.00%	3 000	3 000
<b>Joint venture</b>				
Alpine Dragon Pharmaceuticals Ltd., Huangyang, Gansu Province (China) *	CNY	49.00%	–	10 542 708

\* The share in Alpine Dragon Pharmaceuticals Ltd., Huangyang was sold as of September 30, 2022.

## Non-Current Assets

Investments in subsidiaries and affiliates include those companies in which Siegfried Holding AG has a direct interest of more than 20%. The investments are valued at acquisition cost less valuation allowances.

The non-current loans to Group companies were granted to finance investments in fixed assets and in other operating projects and activities and increased in 2022 by CHF 17.5 million (2021: increased by CHF 48.3 million).

## Current Assets

Cash and cash equivalents are valued at the rate prevailing on the reporting date. Accrued income and prepaid expenses are recognized at nominal amount and include for the most part payments made for the following year and accruals of receipts, which will not be collected until the following year.

## Shareholder's Equity

The share capital of Siegfried Holding AG decreased due to repayment of par value to the shareholders in the amount of CHF 14.2 million and partially offset by the issue of shares under the employee benefit programmes of CHF 0.8 million, resulting in a net decrease of CHF 13.4 million. It is divided into 4 432 000 registered shares each with a par value of CHF 18.00 (2021: 4 396 000 registered shares with a par value of CHF 21.20).

The capital contribution reserve increased as a result of the capital increase of conditional capital by CHF 23.9 million to CHF 76.5 million (2021: CHF 52.6 million).

The treasury shares are shown as a negative balance in equity.

## Conditional Capital

The conditional capital to serve the Long Term Incentive Plans (LTIP) and other employee share plans amounts to CHF 1 494 000 for 83 000 shares (2021: CHF 2 522 800 for 119 000 shares), after the creation of 36 000 shares.

## Treasury Shares

In the reporting year Siegfried Holding AG has made purchases and sales of Siegfried shares. On balance Siegfried held 220 527 shares at year end which is an increase by 35 060 shares (2021: increase by 16 078 shares). The shares are valued at the average rate.

CHF	Number of shares	Average prices
<b>At January 1, 2021</b>	<b>169 389</b>	<b>391.20</b>
Purchases 2021	16 599	762.70
Sales 2021	- 521	838.00
<b>At December 31, 2021</b>	<b>185 467</b>	<b>424.30</b>
Purchases 2022	36 618	658.20
Sales 2022	- 1 558	686.50
<b>At December 31, 2022</b>	<b>220 527</b>	<b>463.04</b>

## Liabilities

The existing syndicated loan agreement in the amount of CHF 400 million was amended due to the discontinuation of Libor in October 2021.

Interest is based on SARON (CHF), SOFR (USD) and Euribor (EUR, as before), plus an interest margin that depends on a financial covenant of a maximum debt ratio. The Siegfried Group fulfilled this covenant at the year end. At December 31, 2022, the syndicated loan was utilized in the amount of CHF 310.0 million (2021: CHF 280.0 million).

On May 19, 2021, Siegfried Holding AG placed a senior bond in the amount of CHF 200.0 million on the Swiss capital market. The bond was issued with a term of 5 years and a coupon of 0.20%. The bond was settled on June 15, 2021. The net proceeds were used for general corporate purposes, including the refinancing of the CHF 160 million hybrid bond.

The two private hybrid convertible bonds issued by Siegfried Holding AG are subordinated bonds with an infinite maturity and interest payments by coupon. The hybrid convertible bonds have a first call date after five years. If it is not exercised, the interest payable is increased (step up). Additionally there exists an optional right of conversion at a conversion price mathematically fixed, which can be exercised during the duration. The conversion price can change in accordance with the terms of the convertible bonds, in particular if the company makes dividend payments. The conversions are fully covered by treasury shares, i.e. without share capital increase.

	Issue date	Nominal value in 1000 CHF	Interest	Call date
Private convertible hybrid bond 2020	28/12/2020	40 000	0.650%	28/12/2025
Private convertible hybrid bond 2020	28/12/2020	40 000	1.150%	28/12/2025

Accrued expenses and deferred income include the deferrals and accruals of various income and expense items, mainly unrealized exchange profits.

## Income Statement

In the reporting year and in the prior year no dividend distributions were received from subsidiary companies. Financial income includes interest income on receivables from Group companies, exchange gains and income from securities. The proceeds of charging services to Group companies are reported in service income.

Financial expense includes interest on loans from third parties and Group companies as well as exchange losses.

## Loans and Share Ownership of the Board of Directors and the Executive Management

### Loans to Members of Executive Bodies

The members of the Board of Directors or of the Executive Management and persons closely related to them are, or were, in the current or preceding financial year not involved in transactions beyond the normal business activity of Siegfried Holding AG or of one of its Group companies or in other transactions that in form or substance were unusual, but important for Siegfried Holding AG.

At December 31, 2022, Siegfried Holding AG and its Group companies have not granted any securities, loans, advances or credits to the members of the Board of Directors or the Executive Management or to persons closely related to them (2021: none).

### Share Ownership of the Board of Directors and the Executive Management

In 2022, 1344 shares with a value of CHF 0.9 million were distributed to the members of the Board of Directors (2021: 1221 shares with a value of CHF 0.9 million). On December 31, 2022, the non-executive members of the Board of Directors and persons closely related to them owned 30 398 (2021: 40 015) registered shares of Siegfried Holding AG. This represents 0.7% (2021: 0.9%) of the entire share capital of Siegfried Holding AG.

The members of the Executive Management (including persons closely related to them) owned at the same date 73 546 (2021: 65 723) registered shares, i.e. 1.7% (2021: 1.5%) of the share capital of Siegfried Holding AG.

December 31, 2022

	Function	Number of shares	of which blocked
Board of Directors			
Andreas Casutt	Chairman	20 000	1 250
Martin Schmid	Vice-Chairman	2 274	625
Colin Bond	Member	3 774	625
Wolfram Carius	Member	3 274	625
Isabelle Welton	Member	740	625
Alexandra Brand	Member	168	168
Beat Walti	Member	168	168
<b>Total</b>		<b>30 398</b>	<b>4 086</b>

Executive Management

Wolfgang Wienand	CEO	24 583	–
Reto Suter	CFO	11 126	–
Irene Wosgien	Chief Operating Officer DS	750	–
Marcel Imwinkelried	Chief Operating Officer DP	328	–
Arnoud Middel	Chief Human Resources Officer	3 897	–
Marianne Späne	Chief Business Officer	30 780	–
Jürgen Roos	Chief Scientific Officer	2 082	980
<b>Total</b>		<b>73 546</b>	<b>980</b>

December 31, 2021

	Function	Number of shares	of which blocked
Board of Directors			
Andreas Casutt	Chairman	19 914	1 618
Martin Schmid	Vice-Chairman	2 106	809
Colin Bond	Member	3 606	809
Wolfram Carius	Member	3 106	809
Reto Garzetti	Member	8 640	809
Ulla Schmidt	Member	2 071	774
Isabelle Welton	Member	572	457
<b>Total</b>		<b>40 015</b>	<b>6 085</b>

Executive Management

Wolfgang Wienand	CEO	20 772	–
Reto Suter	CFO	9 517	–
Irene Wosgien	Chief Operating Officer DS	500	–
Marcel Imwinkelried	Chief Operating Officer DP	100	–
Arnoud Middel	Chief Human Resources Officer	4 802	–
Marianne Späne	Chief Business Officer	28 632	–
Jürgen Roos	Chief Scientific Officer	1 400	980
<b>Total</b>		<b>65 723</b>	<b>980</b>

## Major Shareholders

According to the disclosure notifications, the following shareholders are considered significant shareholders of Siegfried Holding AG:

	Reported number of shares 2022	Reported participa- tion in % 2022	Reported number of shares 2021	Reported participa- tion in % 2021
Ernst Göhner Stiftung, Zug, Switzerland	324 983 <sup>1</sup>	7.3	286 019 <sup>7</sup>	6.6
Swisscanto Fondsleitung AG, Zurich, Switzerland	132 977 <sup>2</sup>	3.0		
BlackRock, Inc., New York, USA			141 538 <sup>8</sup>	3.3
Credit Suisse Funds AG, Zurich, Switzerland	129 258 <sup>3</sup>	3.0	129 258 <sup>3</sup>	3.0
René Braginsky, Susanne Braginsky, David Braginsky; Zurich/Tel Aviv	128 000 <sup>4</sup>	3.0	128 000 <sup>4</sup>	3.0
Siegfried Holding AG (own shares)	127 824 <sup>5</sup>	3.0	127 824 <sup>5</sup>	3.0
Dimensional Holdings Inc., Wilmington, USA	126 587 <sup>6</sup>	3.0	126 587 <sup>6</sup>	3.0
<b>Total</b>	<b>969 629</b>	<b>22.3</b>	<b>939 226</b>	<b>21.9</b>

<sup>1</sup> According to the disclosure notification of May 17, 2022; including a purchase position of 98 983 shares, representing 2.3%.

<sup>2</sup> According to the disclosure notification of May 3, 2022.

<sup>3</sup> According to the disclosure notification of April 2, 2019.

<sup>4</sup> According to the disclosure notification of December 12, 2018.

<sup>5</sup> According to the disclosure notification of December 12, 2018. For current holdings as of December 31, 2022 see section Treasury Shares.

<sup>6</sup> According to the disclosure notification of March 3, 2018.

<sup>7</sup> According to the disclosure notification of October 6, 2020; including a purchase position for 98 759 shares, representing 2.3%.

<sup>8</sup> According to disclosure notification on November 14, 2020.

## Net dissolution of hidden reserves

In the reporting period, hidden reserves in the amount of CHF 10.6 million were dissolved (2021: no dissolution of hidden reserves).

## Post Balance Sheet Events

There are no significant events after the balance sheet date.

# Proposal of the Board of Directors to the Annual General Meeting of April 20, 2023, regarding Appropriation of the Retained Earnings and the Repayment of Par Value from Share Capital

In CHF	2022
Balance brought forward	–
Profit for the year	16 006 703
Statutory retained earnings	16 006 703
Appropriation of retained earnings to voluntary reserves	– 16 006 703
<b>Balance to be carried forward</b>	<b>–</b>

At the Annual General Meeting on April 20, 2023 the Board of Directors will propose to reduce the par value from CHF 18.00 per share by CHF 3.40 to CHF 14.60 per share and to distribute the amount of the par value reduction of CHF 3.40 per share instead of a dividend.

The repayment of the par value reduction is expected to take place in early July 2023 in accordance with capital reduction procedure in Switzerland under Swiss law.

# Report of the Statutory Auditor

to the General Meeting of Siegfried Holding AG, Zofingen

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Siegfried Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 47 to 56) comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.



Overall materiality	CHF 6 000 000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a generally accepted benchmark for holding companies.

## Audit Scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

## Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Illi  
Licensed audit expert  
Auditor in charge



Andreas Kägi  
Licensed audit expert

Basel, 16 February 2023



# Information for Investors

## Key Figures Overview 2018–2022

### Consolidated Figures

		2022	2021	2020	2019	2018
Net sales	CHF million	1 229.5	1 102.4	845.1	833.5	794.3
Growth in CHF	in %	11.5	30.5	1.4	4.9	5.8
Growth in LC	in %	15.6	30.3	4.5	6.9	4.4
Core EBITDA	CHF million	272.5	207.2	149.4	140.7	126.5
Growth	in %	31.5	38.8	6.2	11.3	13.6
Core EBITDA margin	in %	22.2	18.8	17.7	16.9	15.9
Core EBIT (operating profit)	CHF million	190.8	124.4	94.3	89.2	76.9
Growth	in %	53.3	32.0	5.8	16.0	24.2
Core EBIT margin	in %	15.5	11.3	11.2	10.7	9.7
Core net profit	CHF million	127.8	95.3	72.5	65.7	55.4
Core net profit margin	in %	10.4	8.6	8.6	7.9	7.0
Net debt	CHF million	418.5	407.4	85.6	109.6	70.1
Net debt / Core EBITDA		-1.5	-2.0	-0.6	-0.8	-0.6
Net Working Capital <sup>1</sup>	CHF million	621.9	506.6	424.4	419.7	373.0
As % of net sales		50.6	46.0	50.2	50.4	47.0
Total assets	CHF million	1 793.2	1 669.2	1 242.3	1 168.7	1 103.1
Equity	CHF million	790.9	688.2	733.2	691.7	678.8
Equity ratio	in %	44.1	41.2	59.0	59.2	61.5
Average capital employed <sup>2</sup>	CHF million	1 349.6	1 276.4	916.1	895.9	880.5
Return on capital employed (average) ROCE <sup>3</sup>	in %	20.2	16.2	16.3	15.7	14.4
Cash flow from operating activities	CHF million	142.3	119.7	114.8	65.6	106.0
As % of net sales		11.6	10.9	13.6	7.9	13.3
Free cash flow <sup>4</sup>	CHF million	27.2	6.5	45.7	3.8	46.0
Investments in PPE and intangible assets	CHF million	115.2	113.4	69.1	61.9	60.1
As % of net sales		9.4	10.3	8.2	7.4	7.6
Employees (number of FTEs) <sup>5</sup>	Number	3 564	3 432	2 532	2 407	2 294

<sup>1</sup> Calculation of Net Working Capital: Trade Receivables + Inventories – Trade Payables – Customer Prepayments.

<sup>2</sup> Calculation of Capital Employed over twelve months: PPE + Intangible Assets + Net Working Capital.

<sup>3</sup> Calculation ROCE: Core EBITDA in relation to average capital employed over twelve months.

<sup>4</sup> Calculation Free Cashflow: Operating Cashflow +/- Investment in PPE +/- Investment in Intangible Assets.

<sup>5</sup> Year-end values.

## Core Results

Siegfried believes that the disclosure of core results enables financial markets a better understanding of the company and allows a better comparison over the years.

The core results do exclude extraordinary expenses and income. Siegfried uses the core results in addition to Swiss GAAP FER as important indicators for the internal assessment of the performance of the Group.

Siegfried defines the effects of changes in the interest rate (discount rate for actuarial reports) and extraordinary inflation effects of foreign pension plans, restructuring, transaction and integration costs as well as impairments on non-financial and intangible assets as extraordinary expenses and income. Such effects can vary significantly from year to year and distort the presentation of results.

The current interest on foreign pension liabilities is reclassified in the core results and not shown in personnel expenses but outside the operating result in financial expenses.

Due to the recent tax reform in Switzerland, Siegfried Holding AG has used the transitional measure of the step up (existing law) end of 2019. The trademark rights were capitalized in the tax balance sheet and will be depreciated over the next 5 years. The deferred tax assets under Swiss GAAP FER will be reduced yearly and will be zero latest end of 2024. This effect from the step up is shown separately as a core adjustment in the income taxes.

Any other possible extraordinary effects are shown in the category "other" and explained separately.

## Reconciliation 2022 Results Swiss GAAP FER to Core

In 1000 CHF (as of December 31)	Swiss GAAP FER	Interest effect on pension liabilities	Restructuring	Transaction and integra- tion costs	Impairments	Step up	Others	Core
Net sales	1 229 518	–	–	–	–	–	–	1 229 518
Cost of goods sold	–910 628	–	–	–	–	–	–	–910 628
<b>Gross profit</b>	<b>318 890</b>	–	–	–	–	–	–	<b>318 890</b>
Marketing and sales costs	–18 124	–	–	–	–	–	–	–18 124
Research and development costs	–43 175	–	–	–	–	–	–	–43 175
Administration and general over- head costs	–31 073	–46 026	6 035	–	–	–	–	–71 063
Discount rate change and extraor- dinary inflation effects on foreign pension liabilities	–	–47 192	–	–	–	–	–	–
Current net interest on foreign pension liabilities	–	1 167	–	–	–	–	–	–
Other operating income	4 259	–	–	–	–	–	–	4 259
<b>Operating result (EBIT)</b>	<b>230 777</b>	<b>–46 026</b>	<b>6 035</b>	–	–	–	–	<b>190 787</b>
<b>Financial result</b>	<b>–12 003</b>	<b>–1 167</b>	–	–	–	–	–	<b>–13 170</b>
<b>Profit before income taxes</b>	<b>218 774</b>	<b>–47 192</b>	<b>6 035</b>	–	–	–	–	<b>177 617</b>
<b>Income taxes</b>	<b>–62 284</b>	<b>13 829</b>	<b>–1 355</b>	–	–	–	–	<b>–49 811</b>
<b>Net profit</b>	<b>156 490</b>	<b>–33 364</b>	<b>4 680</b>	–	–	–	–	<b>127 806</b>
<b>EBITDA</b>	<b>312 525</b>	<b>–46 026</b>	<b>6 035</b>	–	–	–	–	<b>272 535</b>

### Interest effect on pension liabilities

According to Swiss GAAP FER, the effects of interest on pension liabilities and inflation effects are to be reported as non-cash personnel expenses. The effects of changes in interest rates (discount rate) are neutralized for the core results. The increase in the discount rate of 280 basis points for the interest on pension liabilities in Siegfried PharmaChemikalien Minden GmbH, Germany, accounts for the majority of the approximately CHF 40.0 million core adjustment. Also, capitalized inflation impacts were neutralized, as linked to the increase of interest rates and likely to change in the following periods.

The current net interest on pension liabilities in the amount of CHF 1.2 million is reclassified from personnel expenses to financial expenses for the core results. Deferred taxes must be corrected accordingly in order to present the core net profit.

### Transaction costs

The core adjustment under “transaction costs” relates to expenses in connection with acquisition activities, which did not lead to a transaction.

### Step up

The deferred tax assets posted under Swiss GAAP FER from the step up with regard to trademark rights of Siegfried Holding AG is not included in the core result.

### Restructuring

With the acquisition of the two Spanish production companies, competencies will be bundled and activities relocated from Zofingen to Spain.

## Reconciliation 2021 Results Swiss GAAP FER to Core

In 1000 CHF (as of December 31)	Swiss GAAP FER	Interest effect on pension liabilities	Restructuring	Transaction and integra- tion costs	Impairments	Step up	Others	Core
Net sales	1 102 423	–	–	–	–	–	–	1 102 423
Cost of goods sold	–862 853	–285	–	–	–	–	–	–863 138
<b>Gross profit</b>	<b>239 570</b>	<b>–285</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>239 285</b>
Marketing and sales costs	–16 288	–	–	–	–	–	–	–16 288
Research and development costs	–40 669	–	299	–	–	–	–	–40 370
Administration and general over- head costs	–54 683	–12 507	895	4 075	–	–	–	–62 220
Discount rate change on foreign pension liabilities	–	–13 274	–	–	–	–	–	–
Current net interest on foreign pension liabilities	–	767	–	–	–	–	–	–
Other operating income	4 058	–	–	–	–	–	–	4 058
Income of associated companies	–35	–	–	–	–	–	–	–35
<b>Operating result (EBIT)</b>	<b>131 953</b>	<b>–12 793</b>	<b>1 194</b>	<b>4 075</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>124 430</b>
<b>Financial result</b>	<b>–5 426</b>	<b>–767</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–6 193</b>
<b>Profit before income taxes</b>	<b>126 527</b>	<b>–13 560</b>	<b>1 194</b>	<b>4 075</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>118 237</b>
<b>Income taxes</b>	<b>–30 928</b>	<b>3 975</b>	<b>136</b>	<b>453</b>	<b>–</b>	<b>3 405</b>	<b>–</b>	<b>–22 959</b>
<b>Net profit</b>	<b>95 600</b>	<b>–9 585</b>	<b>1 330</b>	<b>4 528</b>	<b>–</b>	<b>3 405</b>	<b>–</b>	<b>95 278</b>
<b>EBITDA</b>	<b>214 770</b>	<b>–12 793</b>	<b>1 194</b>	<b>4 075</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>207 246</b>

### Interest effect on pension liabilities

According to Swiss GAAP FER, the effects of interest on pension liabilities are to be reported as non-cash personnel expenses. The effects of changes in interest rates (discount rate) are neutralized for the core results. The increase in the discount rate of 40 basis points for the interest on pension liabilities in Siegfried PharmaChemikalien Minden GmbH, Germany, accounts for the majority of the approximately CHF 7.5 million core adjustment.

The current net interest on pension liabilities in the amount of CHF 0.8 million is reclassified from personnel expenses to financial expenses for the core results. Deferred taxes must be corrected accordingly in order to present the core net profit.

### Transaction costs

The core adjustment under “transaction costs” relates to expenses in connection with acquisition activities, which did not lead to a transaction.

### Step up

The deferred tax assets posted under Swiss GAAP FER from the step up with regard to trademark rights of Siegfried Holding AG is not included in the core result.

### Restructuring

With the acquisition of the two Spanish production companies, competencies will be bundled and activities relocated from Zofingen to Spain.

## Stock Market Data

			2022	2021	2020	2019	2018
Registered shares nom. CHF 18.00 <sup>2</sup>			4 432 000	4 396 000	4 351 000	4 306 000	4 256 748
Share capital		CHF million	79.8	93.2	105.3	116.3	8.5
Distribution per registered share <sup>2</sup>		CHF	3.40	3.20	3.00	2.80	2.60
Total distribution <sup>2</sup>		CHF	15 068 800 <sup>1</sup>	14 067 200	13 053 000	12 056 800	10 686 699
Market prices registered share	high	CHF	879.5	934.5	689.0	469.0	469.5
	low	CHF	573.0	618.0	313.5	321.5	304.0
	31/12	CHF	613.5	889.5	651.5	469.0	336.0
Distribution yield per registered share		%	0.6	0.4	0.5	0.7	0.8
Non-diluted core earnings per share (CHF) <sup>3,7</sup>		CHF	30.28	22.66	17.50	15.88	12.81
Diluted core earnings per share (CHF) <sup>4,7</sup>		CHF	29.63	21.95	16.90	15.48	12.49
Consolidated operating cash flow per registered share <sup>3</sup>		CHF	33.7	28.1	26.4	15.1	25.4
Consolidated equity and reserves per registered share <sup>3</sup>		CHF	187.4	163.6	168.5	160.6	162.7
P/E ratio (year-end) <sup>5</sup>			21	41	39	30	27
Market capitalization at year-end <sup>6</sup>		CHF million	2 584	3 745	2 724	1 940	1 363

<sup>1</sup> Repayment of par value, proposal to the general assembly of April 20, 2023.

<sup>2</sup> Repayment of par value or distribution from CCR, in accordance with the corresponding general assembly resolution.

<sup>3</sup> Calculated on the weighted average number of shares outstanding, deducting treasury shares.

<sup>4</sup> Adjustment for assumed exercise of share-based payments, where dilutive.

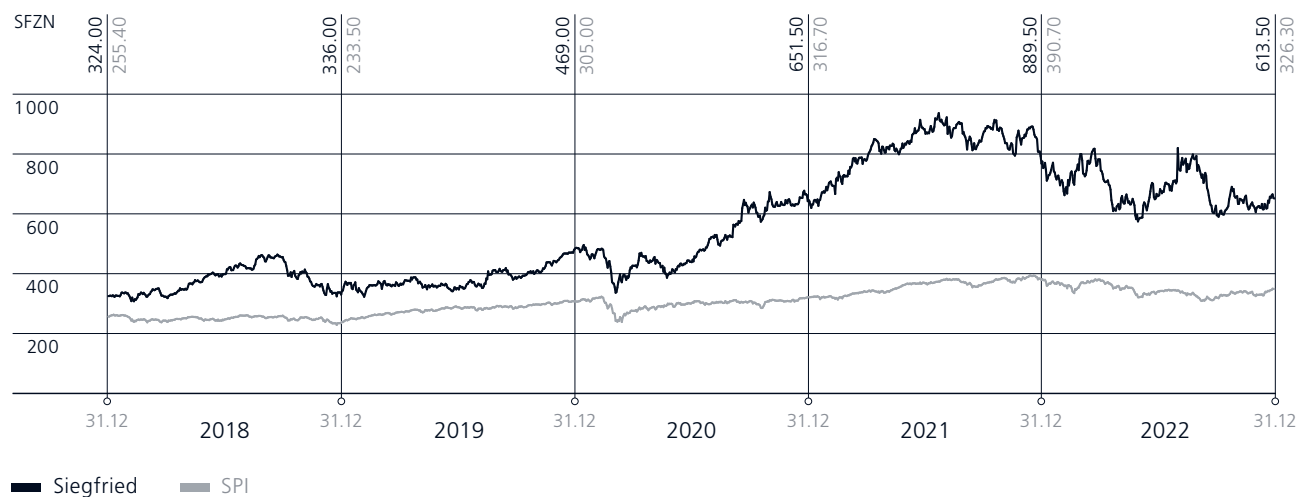
<sup>5</sup> Calculated on the basis of year-end share price and diluted EPS.

<sup>6</sup> Calculated on the number of listed shares, net of treasury shares.

<sup>7</sup> Core EPS upon 2018, prior years not adjusted.

## Share Price Development

from January 1, 2018, to December 31, 2022



## Cautionary Statement regarding Forward-Looking Statements

This Annual Report contains certain forward-looking statements identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward looking statements contained in this Annual Report, among others: (1) pricing and product initiatives of competitors; (2) legislative and regulatory developments and economic conditions; (3) delay or inability in obtaining regulatory approvals or bringing products to market; (4) fluctuations in currency exchange rates and general financial market conditions; (5) uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate protection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity and news coverage. The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Siegfried's earnings or earnings per share for 2023 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Siegfried.

## 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 2022 financial year, ending 31 December 2022. The future-oriented topics dealt within the report represent an exception. Siegfried's Annual Report appears annually and was last published in February 2022 as PDF on our corporate website. The next report will come out in spring 2024.

### 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 2022 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 Elevate, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Reference with GRI Standards

This report has been prepared in reference with the GRI Standards. Please refer to the detailed GRI content index on our website.



## Publications

The Siegfried Group is committed to an open and consistent information policy. The media, financial analysts and other interest groups are continuously informed about important developments and events. Shareholders are informed semi-annually on the state of the business and receive the annual report and the semi-annual report upon request.

The annual report, minutes of the previous General Meeting, media releases, important information and the current share price can be found at [www.siegfried.ch](http://www.siegfried.ch). A news conference is held annually for the media and financial analysts.

Siegfried Holding AG consistently complies with the disclosure requirements (ad hoc publicity) of the SIX Swiss Exchange in the case of events relevant to the share price.

## Calendar

In 2023, the company will inform about:

### **February 22, 2023**

Publication of results for the 2022 business year at a media and analyst conference in Zurich

### **April 20, 2023**

Annual General Meeting of Shareholders  
10 a.m., Stadtsaal Zofingen

### **August 17, 2023**

Publication of 2023 half-year financial results

## Publisher's Note

This Annual Report is published in German and English.

This is an excerpt of Siegfried's Annual Report 2022. All chapters of Siegfried's Annual Report 2022 can be downloaded at [report.siegfried.ch](http://report.siegfried.ch).

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The Siegfried Group is a leading supplier in the global CDMO market with production facilities in Switzerland, the USA, Malta, China, Germany, France and Spain. Siegfried employs a workforce of around 3600 employees at eleven sites in seven countries. Siegfried Holding AG is headquartered in Zofingen (Switzerland) and is listed on the Swiss Stock Exchange (SIX: SFZN).