

Sustainability Report 2022



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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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This is an excerpt of Siegfried's Annual Report 2022. All chapters can be found on our Investor Relations portal: 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 150th 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

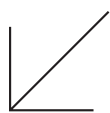
Dr. Wolfgang Wienand

Chief Executive Officer

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

Sustainability Highlights

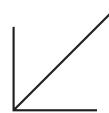
–5%



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.

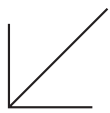
–15.7%



Carbon Emissions

Total carbon emissions were reduced by 12 140 tons CO₂eq 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 150th 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, CO₂ 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 CO₂ 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 CO₂ footprint, the target remains unchanged: Siegfried aims to cut its CO₂ 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

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

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.



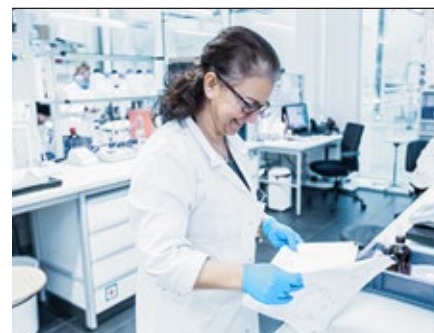
Saving up to 50% raw materials with second-generation processes

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.

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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 CO₂ 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.

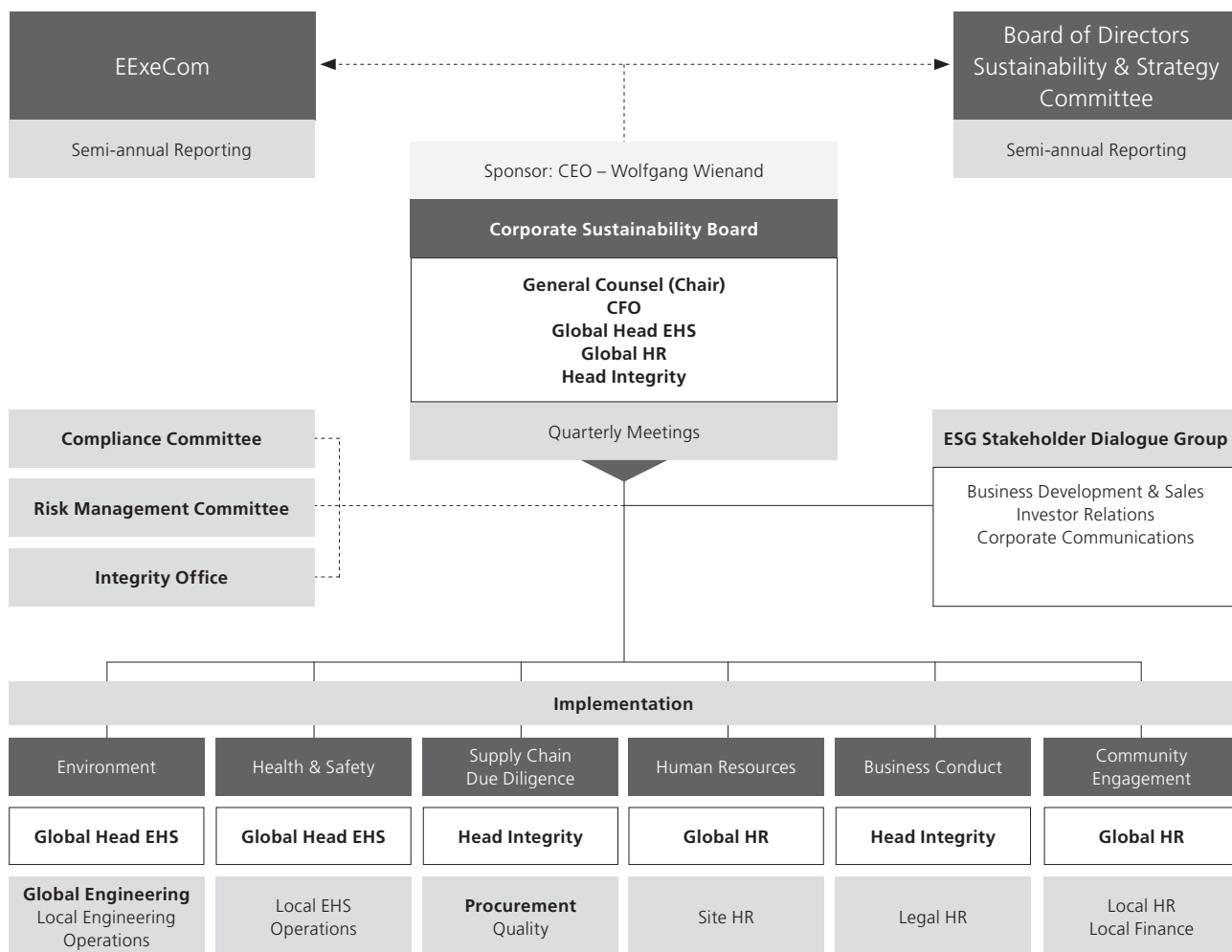
Sustainability Board (Senior Management Level)

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").

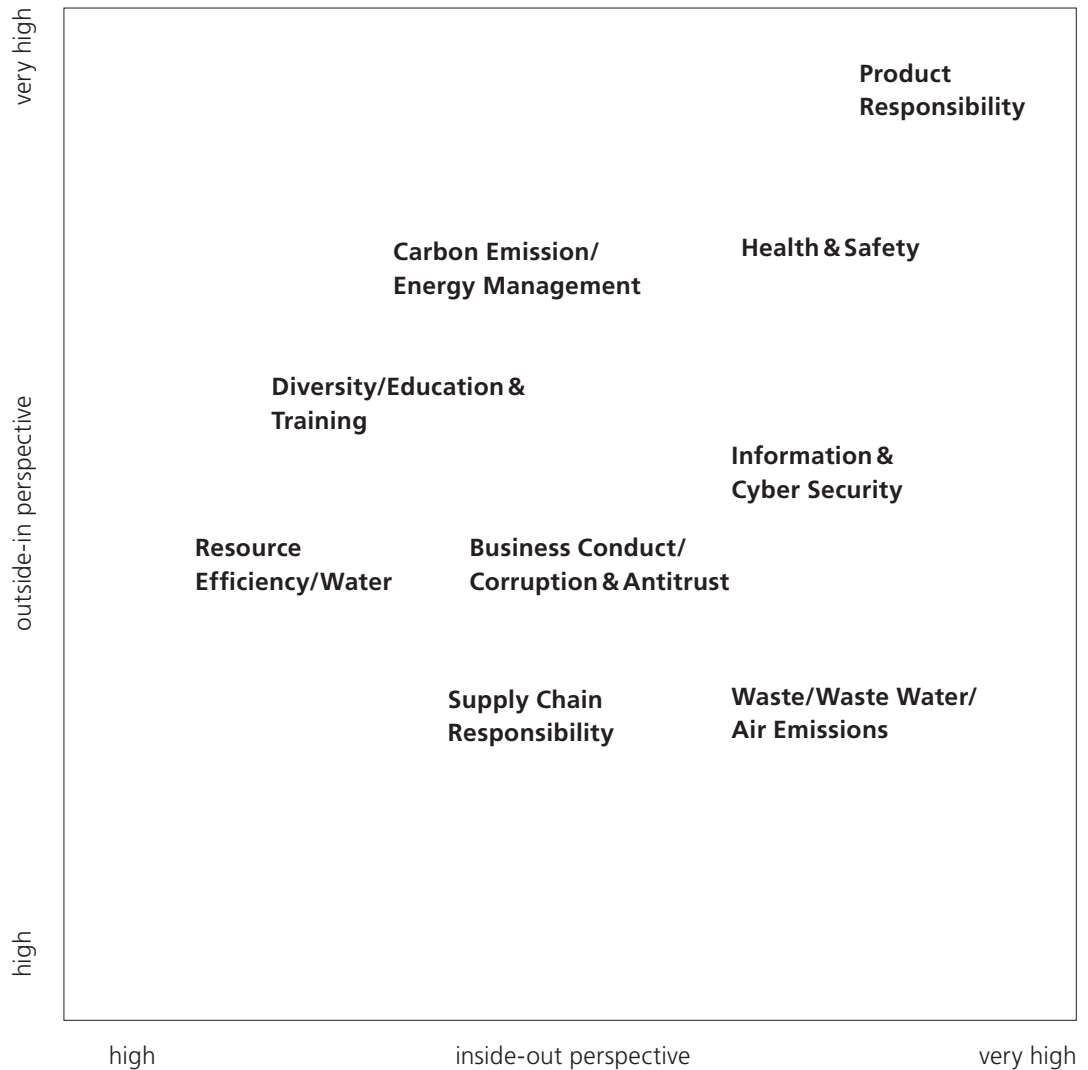
In the first step, a long list of potential ESG issues was prepared with external specialists and approved by the Sustainability Board to identify and evaluate the most relevant fields of action. Based on such a long-list, a comprehensive web-based survey was rolled out to a total of 150 members of Siegfried's 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



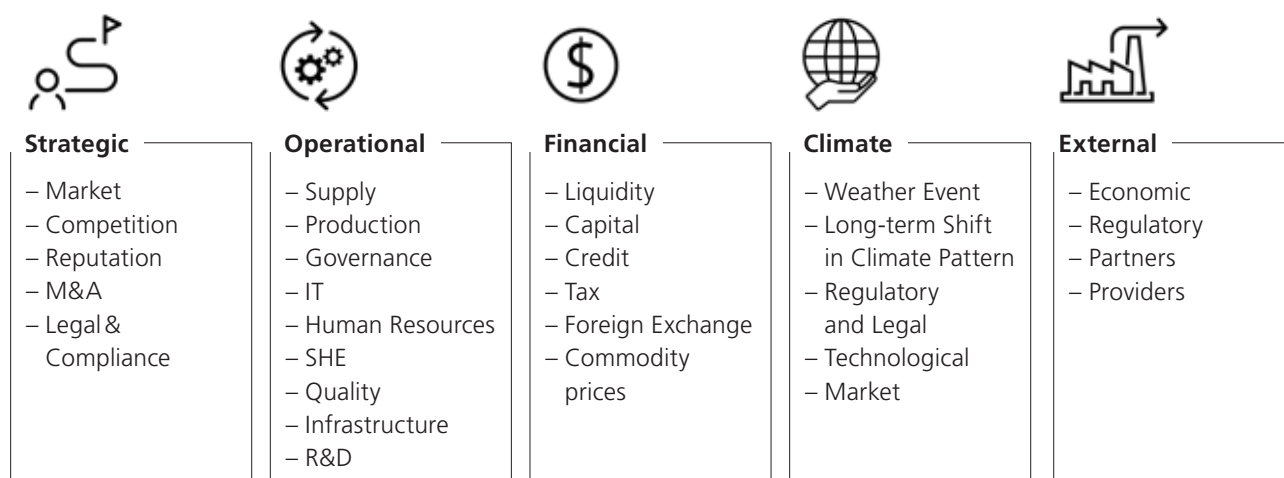
Outlook:

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

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"> — Pro-active energy management, improvement of recycling of high-volume waste streams (e.g. solvents) and additional research & development focus on circular economy may lead to lower manufacturing costs and higher margins
Energy Sourcing	<ul style="list-style-type: none"> — 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
Products and Services	<ul style="list-style-type: none"> — Focus on environmental footprint of manufacturing activities in line with pharma customer expectations may lead to competitive advantage — 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 — Offering of risk minimized sourcing options (dual/triple sourced raw materials) may lead to additional business (sales) and competitive advantage — Offering of sustainable and eco-friendly options (e.g. in the field of sourcing) to customer may strengthen customer relationship and improve customer retention
Resilience	<ul style="list-style-type: none"> — 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 — 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

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
3 GOOD HEALTH AND WELL-BEING 	Ensure healthy lives and promote well-being for all at all ages.	<ul style="list-style-type: none"> + Our products can help people, support the recovery process or relieve negative symptoms. With our products, we reach approx. 1 billion patients per year. - Negative effects may occur in production, such as occupational accidents or chemical incidents. In extreme cases, the population at our production sites may be at risk, in addition to our employees. 	<p>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>
4 QUALITY EDUCATION 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> + We offer an extensive training and education program to our employees and trainees. It is not only intended for trainees and junior staff. It also promotes lifelong learning in the pharmaceutical and chemical field. 	<p>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>
7 AFFORDABLE AND CLEAN ENERGY 	Ensure access to affordable, reliable, sustainable and modern energy for all.	<ul style="list-style-type: none"> + We are increasing the use of renewable energies as well as our energy efficiency to contribute to the use of clean energy. - In effect, we depend on the use of energy. However, the consumption of fossil energy sources causes greenhouse gas emissions. The challenge for Siegfried is to completely disengage operational growth from emissions. 	<p>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>
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	<ul style="list-style-type: none"> + We continuously develop new products and improve our processes to offer the best possible products to our customers. Our R&D activities contribute to the innovative strength at our sites. - Age of the infrastructure 	<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&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&D and production network and the close cooperation between the sites will be further intensified.</p>
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Ensure sustainable consumption and production patterns.	<ul style="list-style-type: none"> - Chemical and pharmaceutical additives are subject to negative upstream effects which are based on petrochemical products. - As a result of the complex, multi-step manufacturing processes for active pharmaceutical ingredients, Siegfried incurs a certain amount of waste. 	<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.

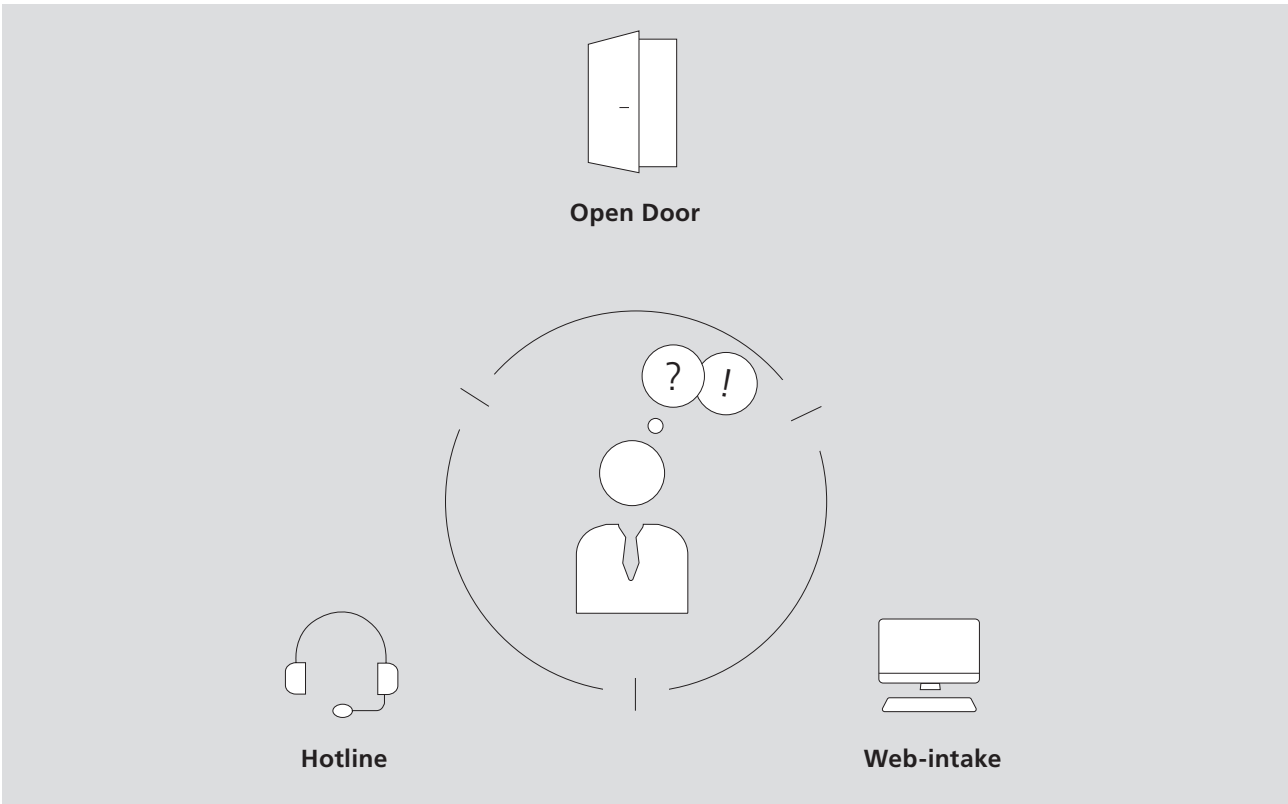
Enhanced Due Diligence on Child Labor and Conflict Minerals

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 Corruption 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.

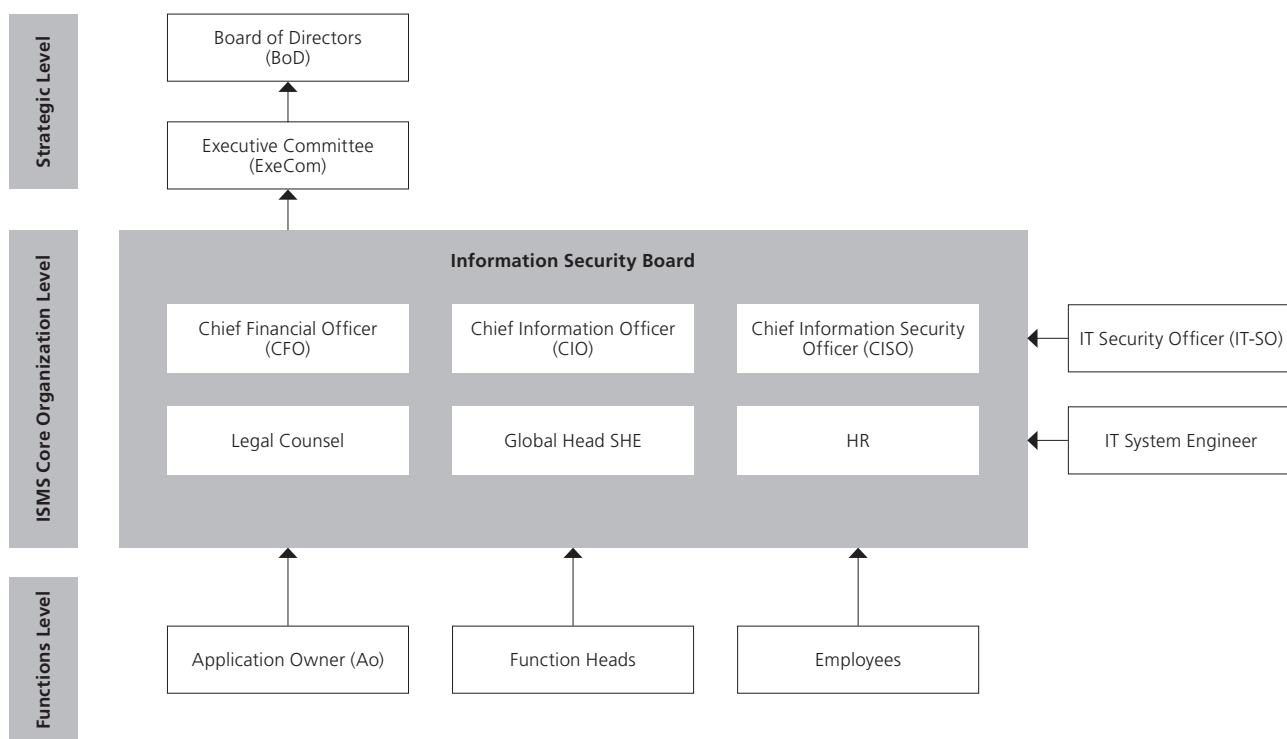


Figure 1: Information Security Board is embedded in Siegfried's Governance Structure

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
- 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)

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.

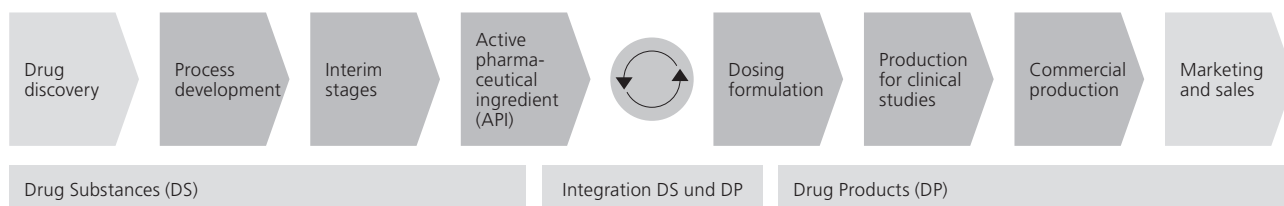
Working with our suppliers is an opportunity to integrate sustainability into the entire value-added process. Siegfried primarily purchases raw materials, pharmaceutical excipients, packaging materials and active ingredient components from its suppliers. Manufacturers from this group of suppliers are 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 CO₂ 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)
Total	83	

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).

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

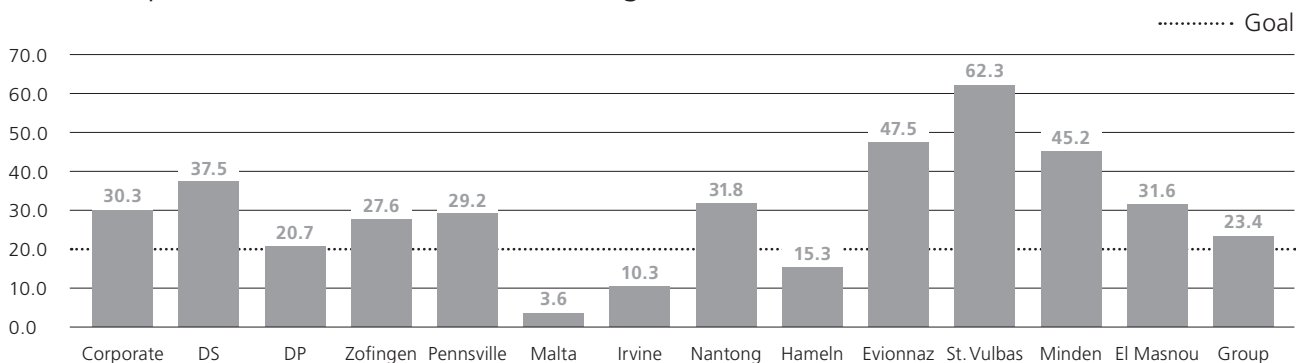
As a chemical and pharmaceutical company, Siegfried attaches great importance to comprehensive plant security. The factory premises are secured with a fence or a wall, and surveillance is carried out with cameras. Access to people and vehicles is monitored and controlled (registration). All visitors 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

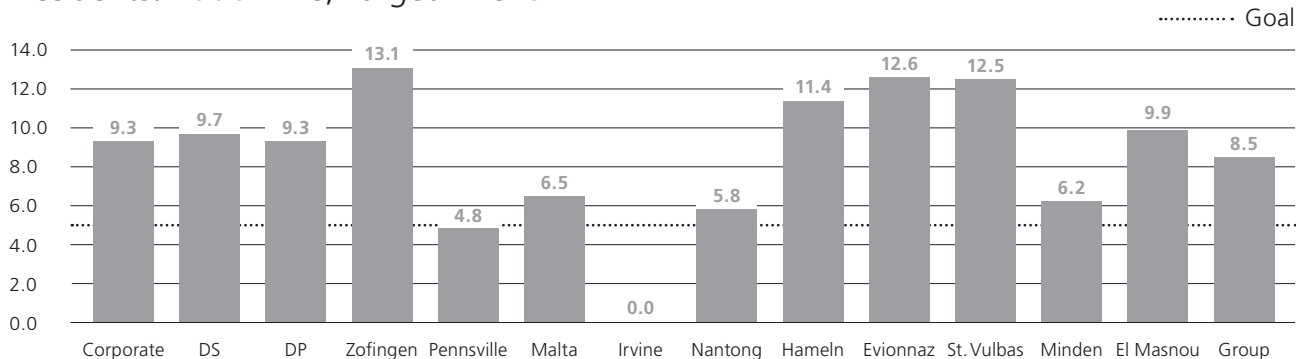
As part of a holistic risk assessment, since 2013, Siegfried has taken into account not only the accident figures but also events with property damage or environmental influences in the "accident points" parameter. The "accident points" are calculated as 1 point per lost day, 1 point per accident/occupational 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

Incidents /1000 FTE	2022	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:

	Personal accidents without lost days		Personal accidents with lost days		Lost days	
	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 18th 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%

CO₂ Emission Reduction vs. 2021

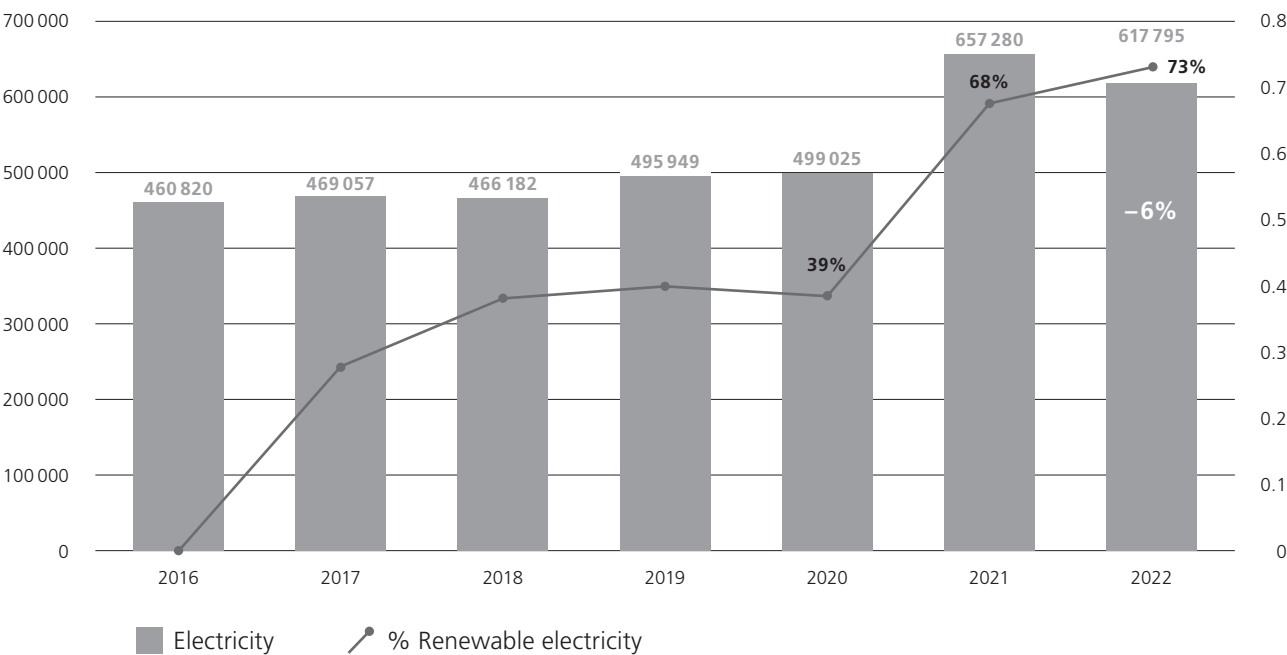
-15%

Total Energy Use vs. 2021

73%

Renewable vs. Total Electricity Use (2022)

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



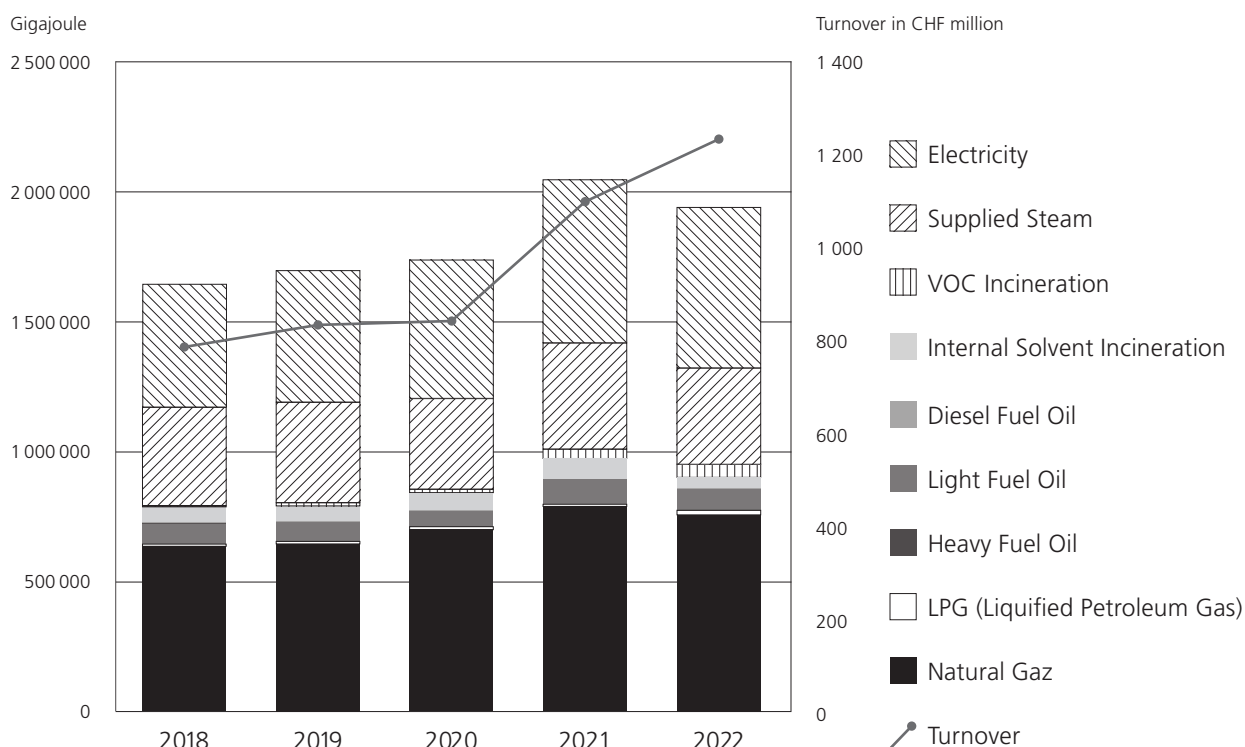
5.3.2 Carbon Emission/Energy Management

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 CO₂ 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 CO₂ emissions, combined with a list of suitable measures that have been effective since the 2021 financial year.

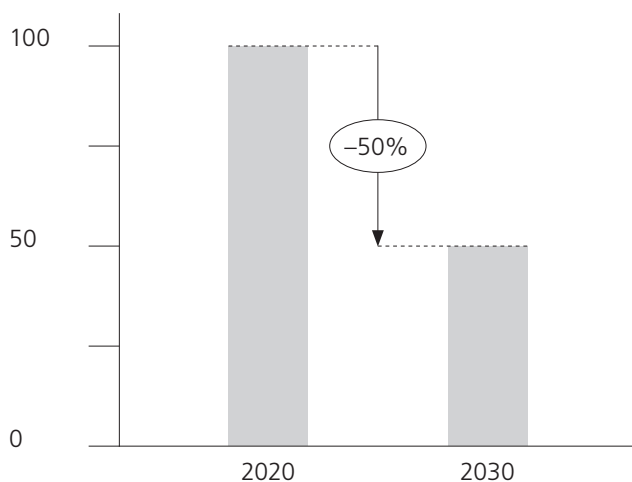
Based on the values from 2020, the company is aiming for a 50% reduction in its CO₂ emissions (in CO₂ equivalents, normalized to sales) by 2030 and is also planning long-term measures to meet the so-called Net Zero Target, which has a net balance of Zero all greenhouse gases emitted by its operations and greenhouse gases removed from the atmosphere by company actions.

Reduction of the CO₂ footprint by 2030 and the 2050 commitment

1

Reduction of the CO₂ equivalent by 50% by 2030

CO₂ equivalence/revenue-normalized (equals 100 in the index)



Objectives with regard to the CO₂ footprint

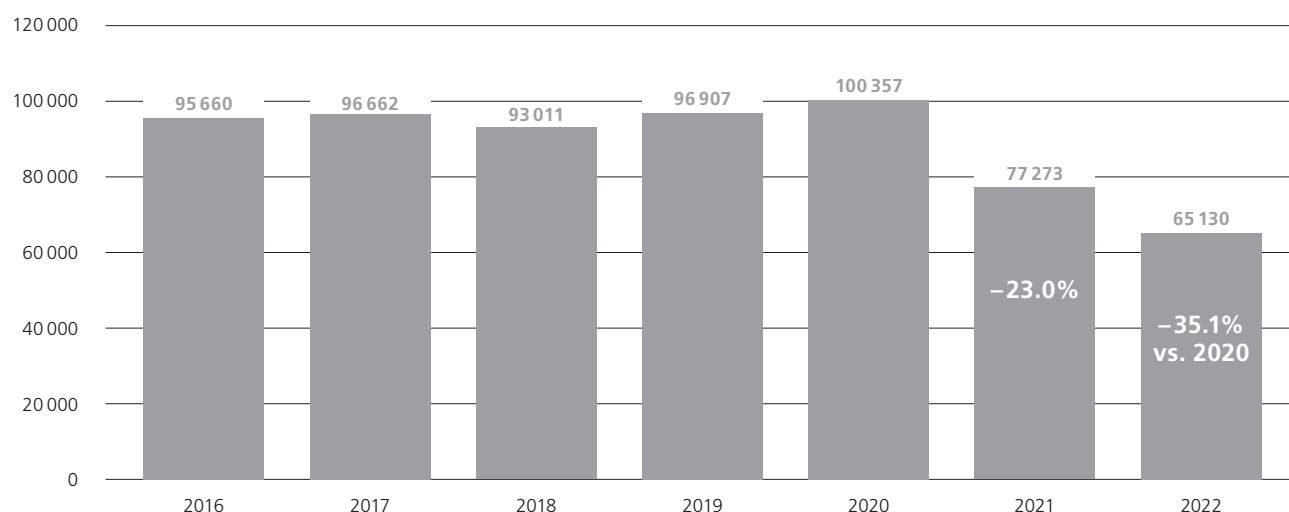
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Specific reduction objective:
– Reduce Siegfried's CO₂ footprint by 50% by 2030 in comparison with 2020 (normalized to revenues)

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 CO₂ emissions (t CO₂eq)



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 CO₂ emissions were 15.7 percent lower, and an even more significant decrease (–24.4 percent) was recorded for sales-normalized CO₂ emissions. This drastic decrease has to do with the fact that in 2022, even more CO₂-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. Vulbas (–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.

CO₂ emissions are down overall

The CO₂ emissions in Scope 1 (direct emissions from operations) are based on the use of fossil fuels. The CO₂ emissions in Scope 2 are also taken into account, i. e., emissions caused by the production of purchased energy (electricity, steam). The emission of CO₂ 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 CO₂-neutral electricity at several locations since 2021 and increasing this in 2022. The energy-saving measures initiated in 2022 also contributed to this. The CO₂ emissions in most plants were below those of the previous year. The GWP (Global Warming Potential), expressed as CO₂ equivalent, was 65 498 tons. For the conversion of other greenhouse gas emissions into CO₂ 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 CO₂ caused by purchased energy (Scope 1 and Scope 2) were taken into account. The CO₂ 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_x) 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_x 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_x, SO₂ 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 CO₂ 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 CO₂ 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 Protection¹

	Unit	2022	2021	2020	2019	2018
Energy consumption						
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
Emissionen						
CO ₂ 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 _x emission	Tons	30	38	29	49	37
SO ₂ 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
Water /wastewater						
Water consumption	m ³	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
Waste						
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
Recycling						
Regenerated solvents (internal and external)	Tons	19 345	20 500	22 100	22 000	23 800

The figures for CO₂ 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 CO₂-free, which is why the figures have been adjusted retrospectively to 2016.

Revenue-normalized Key Performance Indicators

	Einheit	2022	2021	2020	2019	2018
Turnover normalization						
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 ³ /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 ₂ 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.

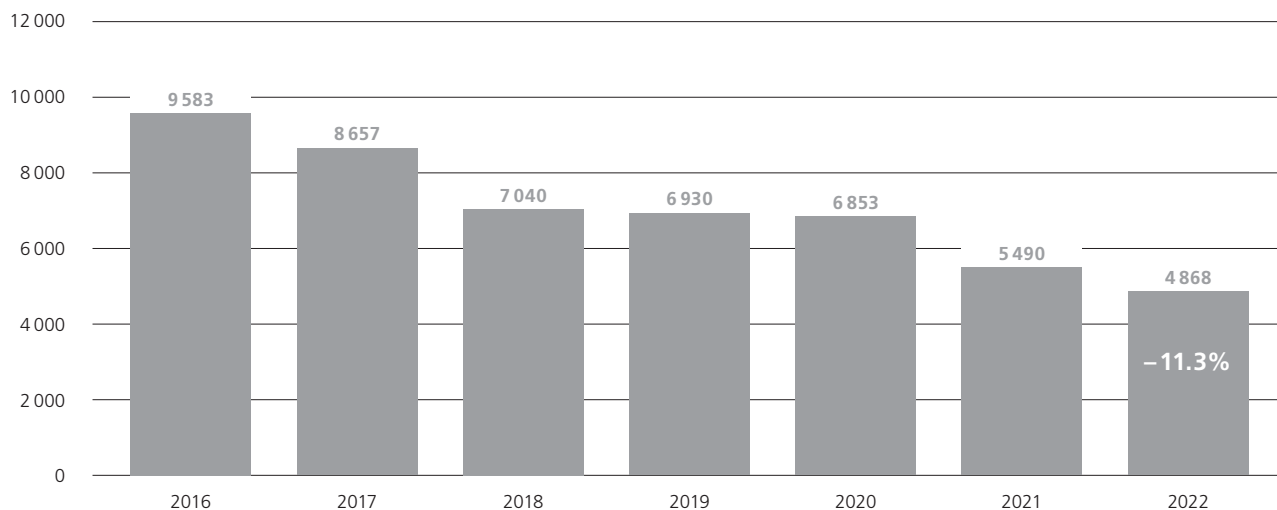
Group-wide water consumption slightly reduced in 2022

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 m³/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.

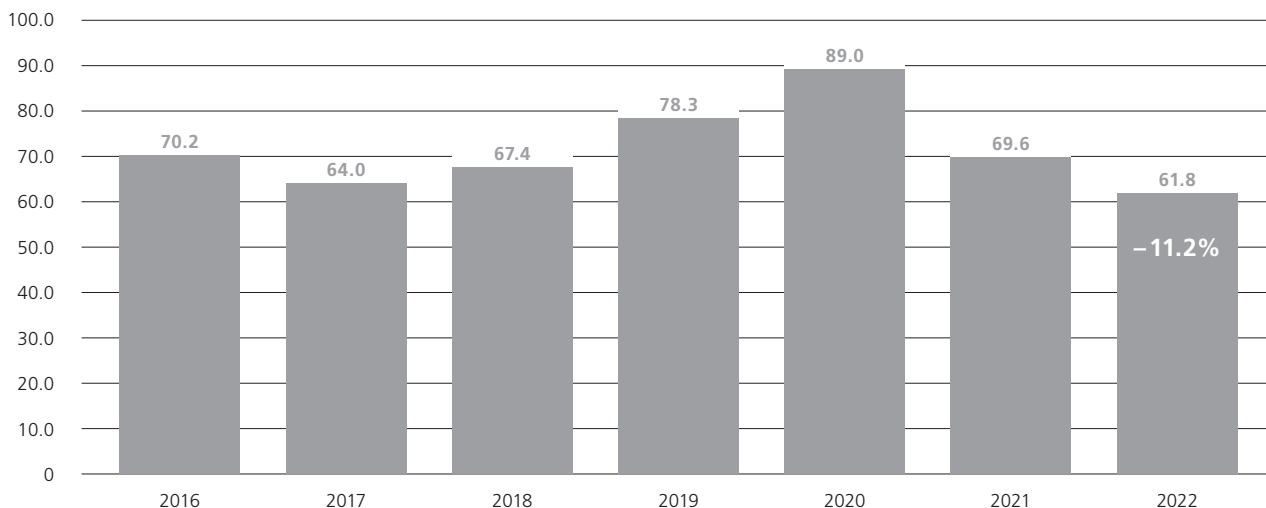
The amount of waste is related to the production volumes and manufacturing processes, which have different product ratios to waste. The waste is divided into 62 623 tons of hazardous waste and 13 366 tons of non-hazardous waste. The high proportion of dangerous waste is due to the fact that chemical 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 “#Everysteptmatters”. 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	
Permanent employees					
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%
Temporary employees					
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%
Group	32.1%	32.0%	0.1%

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%
Group	2 499	1 181	3 680	32.1%

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%
Hameln	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%
Group	2 474	1 163	3 637	32.0%

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)

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.

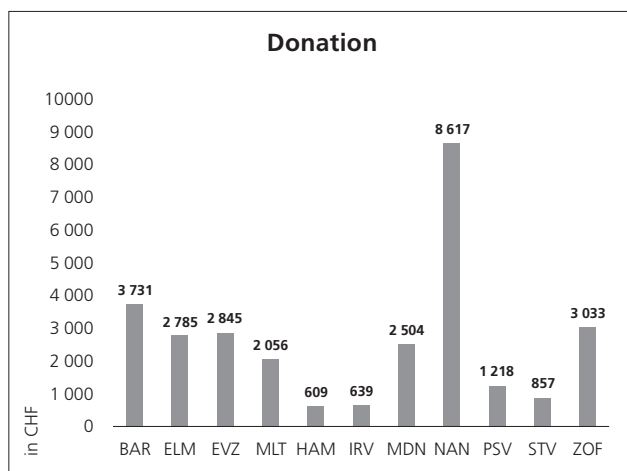
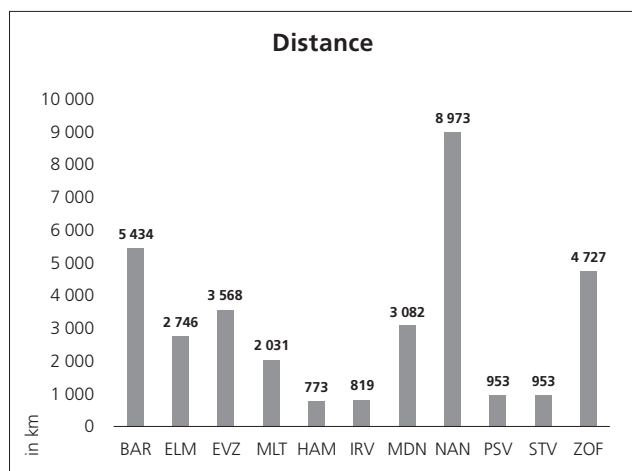
We make financial contributions in support of employee activities and charitable events at many of our sites. This includes sponsoring teams as well as providing funding for employee volunteering initiatives to aid people with physical disabilities, and support sports and junior sports programs. Local 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 (CEPIC)) 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
Zofingen	Switzerland	DCAT Drug, Chemical, & Associated Technologies Association, USA 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
General disclosures	The organization and its reporting practices		
GRI 2: General Disclosures 2021	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	
GRI 2: General Disclosures 2021	Activities and workers		
	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	
GRI 2: General Disclosures 2021	Governance	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	
	Strategy, policies and practices		
GRI 2: General Disclosures 2021	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	
	Stakeholder engagement		
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	SR p. 25–27	
	2-30 Collective bargaining agreements	SR p. 70	
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SR p. 20	
	3-2 List of material topics	SR p. 20–21	
Business Conduct/ Corruption & Antitrust			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR p. 28–31	
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SR p. 31	
Information and Cyber Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR p. 32–34	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR p. 34	
Product Responsibility			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR p. 35–40	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	SR p. 37	
Supply Chain Responsibility			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR p. 40–43	
Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR p. 44–57	
GRI 403: Occupational Health and Safety 2018	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
Carbon Emission/Energy Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR p. 57–63	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	SR p. 62	
Waste/Waste Water/Air Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR p. 63–66	
GRI 306: Waste 2020	306-3 Waste generated	SR p. 66	
Diversity/Education & Training			
GRI 3: Material Topics 2021	3-3 Management of material topics	SR p. 68–73	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	CG p. 11–14	

The 10 Principles of Global Compact

Human Rights	
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.
Labor Standards	
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.
Environmental Protection	
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
Prevention of Corruption	
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

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