CHEPLAPHARM

ESG REPORT
2024

Achieve more

Contents

Dear Readers,

In the 2024 financial year, we made further progress with our sustainability efforts. In this report, we would like to show you transparently and comprehensively how CHEPLAPHARM has made further progress in the environmental and social areas through consistent commitment, not only to adapt to regulatory requirements in good time, but also to proactively shape our sustainable development.

Ecological impact

In the area of environmental sustainability, we were able to build on the progress made in previous years. The conversion of our entire electricity consumption in Germany to renewable energies represents a milestone for us. At the same time, we were able to reduce our district heating consumption and reduce our Scope 2 emissions by an overwhelming 81 % compared to the previous year. Thanks to additional photovoltaic systems installed at our headquarters, we were able to generate around 40 MWh of electricity independently in 2024 and use it directly on site. We were able to increase the share of renewable energy in our total energy consumption by 9.6 percentage points to 67.1 %. Particularly pleasing: while our organization has continued to grow both in terms of personnel and infrastructure, our energy intensity remained stable at a low level of 0.79 MWh per mEUR in turnover.

An important step towards holistic climate responsibility was the first systematic survey of our Scope 3 emissions. We have comprehensively analyzed the carbon footprint of our upstream and downstream value chain - a complex but necessary process to obtain a realistic picture of our indirect climate impact. Due to our business model, the area of purchasing goods and services represents the largest single item, accounting for well over 90 % of our total CO_2 emissions. This clearly shows that the majority of emissions are generated outside our direct sphere of influence - which is why we want to work with our business partners to tackle this issue in the future. The aim is to obtain even better data on CO_2 consumption, identify potential reductions and integrate our supply chain even more closely into our climate strategy in the future. The fact that the majority of our suppliers are based in Europe is another helpful contributor. Over two thirds of the suppliers we surveyed are already pursuing specific CO_2 targets and around 80 % have already set themselves the goal of reducing their electricity consumption.

Social impact

We also provided important impetus in social responsibility in 2024 and laid key foundations for a sustainable corporate culture. As part of our "CP 2025" transformation program, we have introduced a new, transparent remuneration system that focuses on fairness, fair performance and appreciation. The aim is to make individual performance visible and at the same time promote a strong sense of belonging and motivation within the workforce. These measures are already proving effective - our staff turnover rate was just 8.2 % over the course of the year, well below the average of previous years.

In addition, we have continued to invest specifically in the personal and professional development of our employees. In addition to a comprehensive mandatory training program, we are increasingly focusing on individual training formats, management programs and support for externally organized qualifications. Our aim is to create an environment that enables development, promotes talent and creates long-term loyalty. I am therefore very pleased with the positive feedback from our annual satisfaction survey as confirmation of our approach.

Corporate management

Last year, we responded consistently and proactively to the changing regulatory framework. With a view to the EU Taxonomy Regulation, we carried out an initial test-based assessment of our business activities. However, only very few of the EU Taxonomy activities apply to our specific business model, so we have determined that the results of the regulation are of little significance for CHEPLAPHARM.

At the same time, we prepared our internal reporting processes specifically for the requirements of the future Corporate Sustainability Reporting Directive (CSRD). The focus here was not only on technical implementation, but above all on the strategic integration of sustainability into our internal management logic. A central component of this process was the implementation of a detailed ESG materiality analysis, through which we identified the most important ESG topics for our future reporting and strategy development. Our progress in this area underlines our efforts to consistently embed sustainable principles in our business processes.

This progress is the result of the commitment of many people involved. Our thanks go to our employees, who contribute to the implementation of our financial and sustainability goals every day with their ideas, professionalism and sense of responsibility. We would also like to thank our partners, suppliers and stakeholders who share our sustainability ambitions and play an active role in shaping them.

Our claim remains: to be a reliable, transparent and responsible partner - in healthcare, as an employer, in the supply chain and towards society.

Sebastian Braun
Co-CEO

Edeltraud Lafer
Co-CEO

About this ESG report

As an international company, we are aware of our responsibility for the social and environmental impact of our business activities. Our aim is therefore to make our business activities as sustainable as possible and to provide regular information on the development of environmental and social aspects in our company.

This report is based on **established ESG standards and frameworks**: As in previous years, we are guided by the ESG criteria of the **Global Reporting Initiative (GRI)** and show the results transparently in a GRI index in the appendix to the report. From the 2024 financial year, the **CSRD reporting obligation** will apply throughout the EU, which will gradually oblige companies to publish sustainability information in accordance with precisely defined criteria. CHEPLAPHARM would initially have been subject to this reporting requirement from the 2025 financial year onwards, but this is no longer the case due to the adjustment of the scope of the CSRD. Under current legislation, CHEPLAPHARM would no longer be required to publish an ESG report in accordance with the CSRD. However, at the time of preparing this report, it has not been conclusively clarified whether and when CHEPLAPHARM will be required to report in accordance with CSRD provisions.

Despite the regulatory uncertainty, we are already reporting on **selected ESRS indicators that are material for us** for the past year 2024 in preparation for the future EU requirements (see ESRS index in the appendix to the report). We also take into account the cross-industry core metrics of the **World Economic Forum (WEF)** from the WEF white paper **"Measuring Stakeholder Capitalism"**, the industry-specific indicators of the **Sustainable Accounting Standards Board (SASB)** and the UN's **Sustainable Development Goals (SDGs)**, for which an SDG index can be found in appendix to this report.

In our ESG strategy, we set out the fundamental cornerstones for the areas E (=Environment), S (=Social) and G (=Governance). The basis for this is our updated materiality analysis in accordance with CSRD requirements and double materiality for 2024.

There is a particular focus on the **supply chain**: due to our asset-light business model, we rely on cooperation with a large number of partner companies and ensure that they comply with minimum social and environmental standards. As in previous years, we have also collected informative data for 2024 as part of a survey of our suppliers and show what influence the companies have on various sustainability issues.

In addition, we provide in-depth insights into our ESG work and report on relevant key figures and the progress we have made compared to the previous year. The **"Environment and Climate Protection"** section contains CHEPLAPHARM's key environmental indicators and their development. Under **"Product, Society and Social Topics"**, we show how we ensure the highest quality standards for our products and their manufacture, how we are committed to patients and our employees and how we implement data security.

Finally, in the **"Compliance and Corporate Governance"** section, we describe our systems and specific measures to ensure the principles of our ethical corporate governance and refer to further guidelines on the subject.

As in the previous year, a glossary with explanations of key terms and abbreviations used in this report can also be found in the appendix.

About CHEPLAPHARM

CHEPLAPHARM is a global leader in the acquisition of established branded medication from major pharmaceutical companies and their life cycle management. We have a broadly diversified and attractive portfolio of more than 140 different pharmaceuticals. As a result, we are often the only provider of vital medicines and make an important contribution to the **security of supply** and thus the **health and quality of life** of our patients.

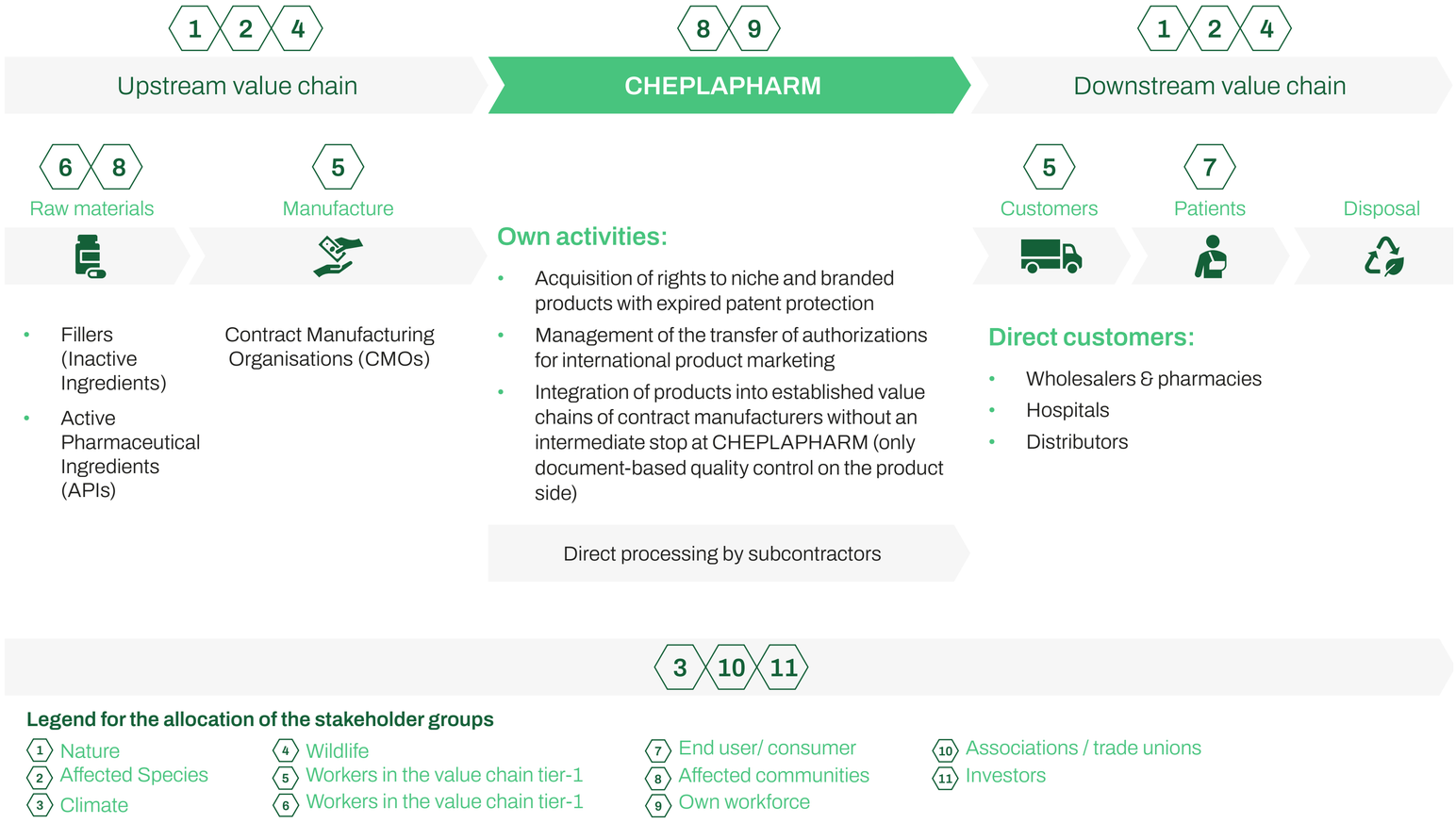
With a highly scalable platform, CHEPLAPHARM operates an **asset-light business model**, combining in-house expertise in critical functions with a global network of external partners. We are non-research based and have outsourced the manufacturing of our products to more than **125 CMOs** ("Contract Manufacturing Organizations") and **API suppliers** ("Active Pharmaceutical Ingredients"), mainly located in Europe.

Our products are largely distributed through an extensive global network of more than 100 **distribution partners in over 145 countries**, most of whom we have been working with on a basis of trust for many years. While we only have a small direct ecological footprint, high environmental, social and corporate governance standards in our value chain are very important to us, which is why, among other initiatives, we have made them binding in our Supplier Code of Conduct.

Our ESG strategy

Our core **corporate values of reliability, responsibility, integrity and transparency** form the foundation of our ESG strategy. We put these into practice by relying on strong and resilient partnerships and a close exchange with our stakeholders who have close points of contact with our specific business model - for example suppliers, investors and our own workforce (see Fig. 1).

Fig. 1: CHEPLAPHARM's value chain (schematic diagram)



Materiality analysis

A materiality analysis helps companies to identify the most important sustainability issues - both from the company's perspective and from the perspective of society and relevant interest groups. It shows which environmental and social aspects are particularly relevant for the company and what positive or negative effects these may have. This analysis forms the basis of our sustainability strategy and reporting.

In 2024, we updated the materiality analysis we first conducted in 2021/2022. While the previous analysis was still largely based on the voluntary international framework of the Global Reporting Initiative (GRI), we have now carried out the updated analysis in accordance with the current requirements of the European Sustainability Reporting Standards (ESRS).

A central component of this analysis is the principle of double materiality. This means that we look at two perspectives:

1. **How does our company influence the environment and society?**
   This includes positive or negative effects of our direct business activities as well as those of our entire value chain. This perspective is referred to as impact materiality.

2. **What financial risks and opportunities arise from sustainability issues for our company?**
   This is about how environmental and social factors can have a positive or negative impact on our business results. This is called financial materiality.

In addition to the legal requirements of the ESRS (Delegated Regulation (EU) 2023/2772), we have also referred to EFRAG's „Implementation Guidance EFRAG IG1 Materiality Assessment“ for methodological details worthy of interpretation when carrying out the materiality analysis. To ensure that the materiality analysis remains up to date, it will be subject to regular review in future.

Procedure for the analysis

The starting point for the materiality analysis was the list of subtopics from ESRS 1 - Appendix A (AR 16). This was supplemented by findings from the previous materiality analysis 2021/2022 as well as industry-specific aspects based on an analysis of the material topics of relevant peers, ESG ratings and standards.

We then consolidated the topics into a longlist in order to summarize ESG topics of little relevance for CHEPLAPHARM and to eliminate topics that have no connection to CHEPLAPHARM's business model and value chain. We presented the topics on this longlist to relevant internal and external stakeholders in a survey to assess the relevance of the individual topics and to give them the opportunity to add missing topics or aspects. We took the results of the survey into account in the process of materiality analysis, in particular in subsequent comparison with the assessments of internal experts described below.

In addition to the stakeholder survey, the longlist served as the basis for identifying relevant impacts, risks and opportunities (known as IROs). In our ESG core team, we identified relevant positive and negative, actual and potential impacts of CHEPLAPHARM's corporate activities on the environment and society and comprehensively considered the consequences for

internal and external stakeholders. Potential risks and opportunities were derived both from the identified impacts and through an internal analysis of potential future challenges and growth areas.

In subsequent IRO workshops, we invited internal experts for each of CHEPLAPHARM's sustainability topics to assess the pre-identified impacts, risks and opportunities for the company in detail and amend or supplement them as necessary.

Assessment of the impacts

When assessing our impacts, we followed the guidelines of the European Sustainability Reporting Standards (ESRS) and the Implementation Guidance of the European Financial Reporting Advisory Group (EFRAG). The relevant impacts were assessed using the following criteria:

- Extent - How serious is the impact for those affected?
- Scope - How many people or environmental areas are affected?
- Irreversibility (only for negative impacts) - To what extent can the impact be reversed or remedied?
- Probability (only for potential impacts) - How likely is it that the impact will actually occur?

In the case of actual impacts, the first three criteria were weighted equally in accordance with the recommendations of the EFRAG guidelines. In the case of potential impacts, an average value was calculated for the first three criteria and weighted equally against the probability factor.[1]

Assessment of risks and opportunities

The assessment of financial ESG risks and opportunities was carried out in accordance with the specifications and assessment logic of internal risk management. For the assessment of potential risks and opportunities in the area of climate change (ESRS E1 standard), climate risk analyses were also considered, taking into account various climate scenarios.

1 With the exception of negative potential human rights impacts, where the assessment of scale, scope and irreversibility took precedence over the assessment of likelihood.

IRO assessment and determination of materiality thresholds

The IROs discussed and assessed in workshops with experts at CHEPLAPAHRM were finally validated with the CHEPLAPHARM Executive Board. The average value of 3.0 was set as the quantitative threshold for the materiality of an IRO - on a rating scale of 1-5 for each IRO.

As a result of the materiality analysis process, 20 IROs were assessed as material, which could be assigned to 12 ESRS sub-themes (see Fig. 2).

Fig. 2: Key ESG issues for CHEPLAPHARM

	ESRS Code	ESRS Standard	Key topics for CHEPLAPHARM
E	E1	Climate change	Climate protection
	E5	Resource use and circular economy	Resource inflows & outflows
S	S1	Own workforce	Working conditions
			Diversity and inclusion
	S2	Workers in the value chain	Working conditions
			Diversity and inclusion
	S4	Consumers and end-users	Information-related effects for consumers and/or end users
			Personal safety
			Social inclusion
G	G1	Business conduct	Protection of whistleblowers
			Management of relationships with suppliers, including payment practices
			Corruption and bribery

In preparation for the potential future CSRD reporting requirements, we have based this ESG report on the ESRS data points that are relevant for CHEPLAPHARM's material topics. The corresponding cross-references can be found in the appendix on p. 48 in our ESRS index.

Current strategy definition and outlook

Specific ESG measures for the coming years were defined in 2022 as part of strategy workshops with the Management Board and various specialist departments. These ESG measures should primarily reflect the interests of patients, employees and the capital market, but should also take into account the anticipated increase in regulatory requirements. Upon completion of the 2024 materiality analysis, the topics defined as material in the previous analysis were re-evaluated and combined with the ESRS sub-topics that have now become material:

1. Product quality and safety; ethical marketing

Key ESRS sub-themes: S4 - Information-related impacts for consumers; Personal safety; Social inclusion

Strict quality and safety criteria apply to our products, which are monitored through numerous internal and external procedures. The aim is to further increase the transparency of the specifications, measures and statistics already in place at CHEPLAPHARM (see the section on product quality and safety, p. 21–22) and to maintain a low recall rate of 0.12 % of all batches. It is also important to us that our sales partners comply with ethical marketing criteria for medicinal products - we have already integrated corresponding requirements in line with the WHO's **"Ethical criteria for medicinal drug promotion"** into our Code of Conduct for suppliers since 2023.

2. Attractiveness as an employer

Key ESRS subtopics: S1 - Working conditions; Diversity and inclusion

As part of our **"CP 2025" transformation program**, we have implemented various measures to ensure that we are in the best possible position to compete for the best talent in the future. Based on an initial **satisfaction survey** among our employees in 2022, we **significantly improved our internal communication once again in 2023** and are currently implementing an extensive **remuneration project**. More detailed information on our internal communication, the remuneration project and our flexible and individually tailored working models (e.g. remote working or part-time options) can be found on pages 29–30 of this report.

3. Good corporate governance

Key ESRS subtopics: G1 -Corruption and bribery; whistleblower protection; managing relationships with suppliers

As a company, we want to meet the highest ethical standards and have therefore established robust structures and mechanisms to prevent misconduct as far as possible. For example, every employee must complete mandatory and regular compliance and anti-corruption training. **There were no incidents of corruption in the company in 2024** either. If something does happen, we protect whistleblowers with an anonymous whistleblower system. And we agree on **fair payment terms** with our business partners and settle invoices on time. Further information can be found in the chapter "Compliance and corporate governance" (p. 32–35).

4. Social and environmental supply chain

Key ESRS sub-themes: E1 - Climate change, E5 - Resource inflows and outflows and S2 - Working conditions; diversity and inclusion

For the 2024 financial year, we again conducted a **survey of our suppliers** to better understand the impact of our supply chain on environmental and social issues - more information on this can be found on p. 14. In 2023, we also introduced a **risk management software** to further strengthen standards in our supply chain. This makes it possible to assess ESG risks along the supply chain even more comprehensively than before. In 2024, we also integrated ESG criteria into the selection of new CMOs and suppliers in order to take sustainability aspects into account at an early stage. In the current financial year, we will continue to update our existing training and audits for suppliers and add selected ESG criteria to keep an even better eye on sustainability aspects in our supply chain.

Our Key Values

RELIABILITY AND INTEGRITY

RESPONSIBILITY

TRANSPARENCY

In focus: our supply chain

The manufacturing processes of our products are outsourced to a broad network of more than **125 CMOs and API suppliers**. Our supply chain includes companies that supply precursors - e.g. for active pharmaceutical ingredients, other pharmaceutical components or packaging - as well as the contract and toll manufacturers of our medicines. Around 125 companies are currently Tier 1 suppliers to CHEPLAPHARM, while just under 20 other companies are Tier 2 supply partners.

The companies in our supply chain range from small, local contract service providers to large, international pharmaceutical groups. A **diversified, adaptable and resilient supply chain** is essential for us to ensure the continuous care of our patients. We currently source the majority of our purchased goods and services from companies based in Europe. These are subject to **strict quality and sustainability requirements**, which we also make sure that companies and partners outside of Europe comply with. As in the previous year, we are **not aware of any violations of applicable environmental or social regulations** at the time of reporting.

By regularly reviewing our supply chain, we not only gain transparency regarding compliance with sustainability standards and human and labor rights in this essential area but also create an additional mechanism for ensuring the highest product quality and safety.

A particular milestone in this context is our **Supplier Code of Conduct**, which we introduced in 2022 and further optimized in 2023, wherein we define clear guidelines for our suppliers, which they are obliged to recognize and comply with. The Code places a particular focus on our overarching "License to Operate" and underlines the outstanding importance of product safety and the continuous availability of medicines.

99 %

of our suppliers were asked (measured by purchasing volume)

2/3

coverage of our supply chain (measured by purchasing volume)

Survey of supply partners

We view the review of our supply chain as an ongoing process that we actively drive forward. Since 2023, we have taken important steps to improve transparency in our supply chain by establishing a regular analysis that is as comprehensive as possible. In order to assess and control the risks within our supply chain, we again surveyed our partner companies this year using standardized questionnaires on environmental and social aspects. In addition to basic information on size, field of activity and company structure, data was also collected in compliance with relevant sustainability standards and existing sustainability measures and targets.

As part of the latest supplier survey, we contacted almost 150 companies that accounted for almost our entire purchasing volume for directly used materials in 2024. Overall, we were able to process analyzable data for almost two thirds of this purchasing volume and thus create a solid data foundation that enables us to make reliable statements about our business partners' environmental and social performance indicators.

In order to create such a data foundation that is as comparable as possible for the entire supply chain, we have set the absolute values of the companies in relation to both their turnover and the purchasing volume of CHEPLAPHARM from these suppliers. As in the previous year, the calculation was carried out according to the following scheme: intensity values were determined for each company that provided data on its consumption, for example CO_2 emissions per mEUR in turnover. In order to obtain average intensity values for various factors such as CO_2 emissions or waste generation, the individual intensities of the companies were added together and divided by the number of responses. However, as CHEPLAPHARM has different purchasing volumes from the respective suppliers, individual intensity values were additionally weighted in relation to our purchasing volume from the respective companies. This method was used for all intensity indicators relating to our supply chain mentioned in the following chapters.

Use of assessment tools

Since 2023, we have been **using software to monitor risks** along our supply chain. This analyses available data on various risk factors such as geographical location, political environment and business activities and makes the processed results available to CHEPLAPHARM. This gives us a real-time overview of potential risks and enables us to react to changes at short notice.

However, the software is not only used to monitor our existing supply chain, but also to evaluate potential new suppliers.

Before entering a business relationship, potential partners undergo a comprehensive environmental and social assessment. For example, reduction targets for energy consumption and emissions have a positive influence on the assessment of a company. In addition, environmental impact assessments are carried out where necessary, depending on the location and business area of the company in question.

Environmental and climate protection

Tackling man-made climate change and its negative consequences is one of the greatest challenges of our time. Although CHEPLAPHARM's asset-light business model with outsourced production and distribution processes only has a low direct environmental impact, **protecting the environment is a top priority for us**. We are committed to using natural resources and energy as efficiently and responsibly as possible. At the same time, we aim to continuously reduce our own emissions and waste and encourage our suppliers to act in an environmentally conscious manner.

Our central **energy management system in accordance with ISO 50001** forms the basis for efficient and sustainable energy use. By regularly evaluating our energy-related performance, we can identify optimization potential and implement appropriate measures. This topic is also becoming increasingly important in our supply chain: **over 20 %** of the companies covered have already introduced an energy management system that is certified in accordance with ISO 50001 or a comparable standard.

Our aim is to combine dynamic and profitable growth with the most efficient use of energy possible. One example of this is the solar panels on our company premises, which also feed our charging stations for electric vehicles. As far as regulatory requirements allow, we do without paper and rely on digital processes instead. Documents such as invoices, contracts and orders are always stored in digital form. In addition, we do not send out paper catalogues in order to conserve resources and make our business processes more efficient and sustainable.

Energy consumption and efficiency

CHEPLAPHARM's energy consumption includes both electricity consumption for general purposes and gas consumption for thermal applications. As in previous years, our report includes all consumption and greenhouse gas data from our German sites, where almost 90 % of our employees worked in 2024.

As part of our energy management, we continuously implement measures to **improve energy efficiency**. This includes replacing less efficient office space with particularly energy-efficient new buildings. We are also modernizing our air conditioning technology by replacing old systems with more efficient ones that run on more environmentally friendly refrigerants. Conventional cooling machines have been replaced by a modern water chiller, which has recently reduced both the use of refrigerants and the associated energy consumption.

We achieve further increases in efficiency by systematically checking and optimizing the switch-on times of **automatic lighting systems** and replacing the remaining incandescent and energy-saving lamps with **LED technology**. We are also improving the energy efficiency of our heating systems by optimizing switching times and flow temperatures and installing new, particularly energy-efficient heating systems.

In 2024, electricity consumption rose by 19.3 % year-on-year to 817 MWh (2023: 685 MWh). This increase is a result of employee growth and newly acquired technical equipment in our data centers. Since 2023, our entire electricity consumption has been

switched to renewable sources - and this year, almost 40 MWh of self-generated, renewable energy was produced by our own PV systems on our office buildings. At **0.54 MWh per mEUR in turnover**, electricity consumption intensity remains at a low level thanks to our asset-light business model. By comparison, the electricity consumption intensity of the companies included in our supply chain is significantly higher at **60.8 MWh per mEUR** of our purchasing volume. However, we expect this figure to fall over the next few years, as almost 80 % of the suppliers we surveyed have already set targets for reducing their electricity consumption.

The trend of decreasing energy consumption of fossil fuel sources is particularly positive. In 2024, our energy consumption of natural gas and district heating for heating purposes **fell by 32 % and 83 % respectively compared to the previous year**, due to more efficient heating systems and increased heating with renewable electricity. Energy consumption for fuels also fell significantly, partly due to the increased use of more energy-efficient and electrified company vehicles.

While total energy consumption rose slightly by +2.3 % in 2024, **energy intensity remained unchanged compared to the previous year at 0.79 MWh per mEUR of turnover** - with a significantly **higher share of renewable energies in energy consumption** of 67.1 % (previous year: 57.5 %). This effect was reflected in a significantly lower CO_2 footprint in our own company, as the following section shows.

Table 1: Energy consumption at CHEPLAPHARM

	Unit	2023[2]	2024	Change
Energy consumption	MWh	1,191	**1,218**	+2.3 %
Including: Fuels	MWh	126	**86**	–31.8 %
Including: District heating	MWh	54	**9**	–83.3 %
Including: Gas	MWh	317	**297**	–6.3 %
Including: Heating oil	MWh	9	**9**	-
Including: Electricity	MWh	685	**817**	+19.3 %
Share of renewable energies in electricity consumption	%	100	**100**	-
Share of renewable energies in total energy consumption	%	57.5	67.1	+9.6 %p.
Energy consumption intensity	MWh per mEUR sales	0.79	**0.79**	-

2 The figures for the 2023 financial year from the last ESG report have been adjusted to include the "Fuels" category this year. Further changes for 2023 compared to the previous year's report result from the adjustment of estimated data, which was adjusted when actual data became available.

Greenhouse gas emissions and climate protection

For 2024, we can again report CO_2 emissions[3] for Scope 1 (directly controlled emission sources) and Scope 2 (emissions from purchased energy) based on our German locations.

Table 2: Greenhouse gas emissions according to Scope 1 and 2 of the GHG Protocol

	Unit	2023	2024
Scope 1 Total	**t CO_2**	131	112
Natural Gas	t CO_2	95	89
Fuels for company vehicles[4]	t CO_2	34	21
Heating oil	t CO_2	2	2
Scope 2 Total	**t CO_2**	**16**	3
District heating	t CO_2	16	3
Electricity (market-based)	t CO_2	0	0
GHG intensity from Scope 1+2	t CO_2 per mEUR turnover	0.09	0.07

Our Scope 1 emissions in 2024 were made up of natural gas consumption for heating purposes at 89 t CO_2, 2 t CO_2 from heating oil for emergency power systems and the consumption of our company vehicles at 21 t CO_2. In total, this resulted in around 112 t CO_2 emissions in Scope 1, **almost 15.5 % less** than in 2023.

There were almost no emissions in Scope 2 in 2024. By using completely renewable electricity and reducing our district heating consumption at the same time, only 3 t CO_2 were produced here - a decrease of almost **81 % compared to the previous year** (2023: 16 t CO_2). This further reduced our CO_2 intensity from our own business activities to a very low **0.07 t CO_2 per mEUR turnover** (2023: 0.09 t CO_2).

In comparison, the picture in our supply chain is very different: the CO_2 intensity of the companies included in Scope 1 and 2 is **28.1 t CO_2 per mEUR of our purchasing volume** due to production. A positive aspect here is that over two thirds of our supply partners have already set specific CO_2 reduction targets - and almost as many have implemented a certified environmental management system in accordance with ISO 14001 or a comparable standard.

3 To improve readability, all CO_2 emission values stated in this report are CO_2 equivalents, which also include the warming potentials of other greenhouse gases converted into CO_2 equivalents.

4 Approximate values based on partially extrapolated mileages and WLTP manufacturer specifications.

Scope 3 emissions

For the 2024 financial year, we also recorded the CO_2 emissions of CHEPLAPHARM's upstream and downstream value chain for the first time - the **so-called Scope 3 emissions** in accordance with the GHG Protocol. In line with the materiality provisions of the CSRD, we have focused on those categories that can occur in the CHEPLAPHARM value chain as a significant amount.[5] In these categories, we see a realistic potential for future management and a reduction of CO_2 emissions in consultation with our business partners.

Due to the complexity of the numerous business partner relationships that we maintain and the associated, often deep value chains, the calculation of Scope 3 emissions described below is partly based on estimates and extrapolations as well as isolated omissions. The respective limitations are noted in the corresponding footnotes. Unless otherwise noted, an approach based on CHEPLAPHARM's financial expenditure was initially selected for the emissions calculation (so-called **spend-based method in accordance with the requirements of the GHG Protocol**). In order to obtain values that are as meaningful as possible for our company, we have also used the emission factors for pharmaceutical products relevant to the pharmaceutical industry from the **"Scope 3 Greenhouse Gas Emissions Calculation Guidance"** of the Pharmaceutical Supply Chain Initiative (PSCI) and the "Conversion Factors per £ " of the British government, in the absence of German emission factors for pharmaceutical products

Table 3: Overview of Scope 3 emissions 2024

	Unit	2024
Scope 3 Total	**t CO_2**	**362,229**
3.1 Purchase of goods and services[6]	t CO_2	**354,171**
3.4 and 3.9 Upstream and downstream transportation and distribution[7]	t CO_2	**7,195**
3.6 Business trips[8]	t CO_2	**590**
3.7 Commuting of employees[9]	t CO_2	**284**
Intensity of Scope 3 emissions	t CO_2 per mEUR turnover	**236**

5 The following Scope 3 categories were therefore excluded due to immateriality in accordance with the GHG Protocol: fuel and energy-related activities (Scope 3.3), waste in the business area (Scope 3.5), leased facilities (Scope 3.8), processing of products sold (Scope 3.10), use of products sold (Scope 3.11), disposal of products sold (Scope 3.12), leased facilities (Scope 3.13), franchises (Scope 3.14) and investments (Scope 3.15).

6 Due to the almost exclusive procurement of pharmaceuticals, their ingredients and the associated packaging materials by business partners, estimates and extrapolations had to be used to calculate this emissions category. Emissions from indirect product groups were not yet considered in more detail for 2024.

7 Due to the almost exclusive upstream and downstream transportation of pharmaceuticals by business partners, estimates and extrapolations had to be used to calculate these emission categories. This category includes business trips by air, rail and car.

8 This category includes business trips by air, rail and car.

9 As we were not yet able to collect reliable company data on commuting distances and vehicles used for 2024, we used publicly available data on commuter behaviour in Germany from the Federal Statistical Office as a substitute.

By far the largest share of emissions in our value chain is caused by the **purchase of goods and services** (Scope 3.1). Due to the purely expenditure-based extrapolation of emissions in this area, more precise calculation methods may result in significant adjustments to the emissions figure in the coming years. Irrespective of the exact amount, this emissions category is by far the most decisive in CHEPLAPHARM's value chain. Scope 3 emissions are mainly caused by production-related emissions from the manufacturing of our medicines by external contract manufacturers (CMOs), from the extraction of ingredients and the production of packaging materials for our medicines by companies further up the value chain.

Transport categories 3.4 and 3.9 already make a significantly lower contribution to our Scope 3 emissions.

Emissions from **investments in capital goods** (Scope 3.2) and mobility-related emissions (Scope 3.6 for **business travel** and Scope 3.7 for **employee commuting**) were even lower in 2024 compared to the total emissions in Scope 3. The latter three categories are potentially the easiest for us to positively influence in the future, however, we are largely dependent on the efforts of our business partners when it comes to emissions from upstream production and transportation. We would like to enter into constructive dialog on this in the future in order to obtain more precise emissions data and learn more about possible CO_2 reduction options in our value chain.

Waste volumes and water consumption

In 2024, the amount of waste collected at CHEPLAPHARM remained at a low level in relation to turnover and amounted to **0.09 t per mEUR in turnover** (2023: 0.05 t). The total amount of waste generated (excluding residual waste) increased to 140.7 tons, compared to 76.2 tons in the previous year. Of this quantity, 15.8 tons could be recycled. The significant increase was primarily the result of a one-off increase in the volume of the waste type "overstocked pharmaceuticals".

To keep the amount of waste as low as possible in the long run, we focus on various measures. An important part of our strategy is to raise awareness among our employees, who are trained to handle waste consciously at regular town hall meetings and via our company network.

At **42.4 tons per mEUR of purchasing volume**, the amount of waste generated within our surveyed supply chain is significantly higher than the amount generated within our own business operations. However, more than two thirds of the companies surveyed have already set specific waste reduction targets.

Table 4:Waste generation at CHEPLAPHARM in [t/year]

	Unit	2023	2024	Change
Total amount of waste	t	76.2	**140.7**	+84.6%
Superimposed overstocked pharmaceuticals	t	59.5	**124.9**	+119.9%
Cardboard and paper	t	14.0	**12.2**	–14.8%
Files and data carriers	t	2.7	**3.6**	+33.3%
Municipal waste disposal	t	98.8	**1,248**	+26.3%
Waste intensity	t per mEUR turnover	0.05	**0.09**	+80.3%

A particularly relevant issue in the pharmaceutical industry is the responsible handling of toxic pharmaceutical residues in wastewater that can arise during production processes. As at CHEPLAPHARM we do not carry out any production ourselves, no such emissions are generated in our direct business operations. Within our supply chain, more than one in five of the companies surveyed have set targets for reducing toxic emissions. More than half of the companies surveyed are guided by official guidelines, such as the **HAZWOPER standards**, or implement specific measures as part of certified environmental management systems in accordance with ISO 14001. In addition, around 85% of the companies surveyed have already implemented systems to **prevent pharmaceutical residues in wastewater**.

As CHEPLAPHARM does not have its own production facilities, the amount of wastewater discharged generally corresponds to the amount of fresh water purchased - the water is used but not consumed. In 2024, our water withdrawal increased by 53.3% to 3,183 m^3 compared to the previous year (2023: 2,076 m^3). At 2.07 m^3 per mEUR in sales, water intensity also increased compared to the previous year's figure of 1.39 m^3. This increase is primarily due to the growth in our workforce and the commissioning of two new buildings (Building 6 and the Berlin office).

Table 5: Water consumption at CHEPLAPHARM

	Unit	2023[10]	2024	Change
Water withdrawal	m^3	2,076	3,183	+53.3%
Water withdrawal intensity	m^3 per mEUR turnover	1.39	2.07	+48.9%

10 The figures for the 2023 financial year from the last ESG report have been adjusted, as information that was still based on estimates in the previous year could be recorded in full retrospectively.

Product, society and social issues

CHEPLAPHARM offers a diversified and attractive portfolio of over **140 established branded medicines**. Our aspiration to reliably supply numerous vital medicines forms the basis for the trust that millions of patients place in us.

Trust through quality

In order to fulfil the trust placed in us, we subject our products to **regular and thorough quality control**. During the onboarding process, we teach new employees the key applications of our company. In addition, the entire workforce is trained once a year in accordance with legal requirements on the procedural instructions of a pharmaceutical company. The focus here is on topics such as **pharmacovigilance, including the reporting of side effects and export control**. Additional training requirements arise individually from the respective areas of activity of the employees. The relevant training documents are stored in our internal document management system and can be accessed at any time. Employees also have the opportunity to take advantage of external training courses.

At CHEPLAPHARM, we also carry out regular **safety audits for pharmaceutical products** - both as part of internal inspections and as part of GMP audits, which include environmental, health and safety aspects. We also attach great importance to product safety within our supply chain: our API suppliers and CMOs are obliged to prepare annual product-related quality reports and provide these to CHEPLAPHARM.

Safety through appropriate standards for transportation and handling

The transportation and safe storage of pharmaceutical products are of crucial importance. CHEPLAPHARM and all partner companies are committed to the **Good Distribution Practices (GDP)** of the pharmaceutical industry. These guidelines define minimum standards to ensure the quality and integrity of medicinal products for human use along the entire supply chain. In this context, CHEPLAPHARM has also introduced binding **Standard Operating Procedures (SOP)** that clearly define the standardized procedure for the distribution of our medicinal products.

The entire history of each delivery can be tracked seamlessly using documentation, records, such as batch protocols, and special IT systems. This makes it possible to identify potential counterfeit medicines and to remove them from circulation at an early stage.

As CHEPLAPHARM does not conduct its own marketing, there are no complaints regarding (un)ethical marketing.

If clinical studies are commissioned by CHEPLAPHARM, they are subject to strict standards. We have committed ourselves and our partners to the **"Good Clinical Standards"** and to compliance with the **"Declaration of Helsinki"** (declaration of ethical principles for medical research involving human subjects, including research on identifiable human material and data) and always have an independent ethics committee review commissioned studies.

Before our products are delivered to patients, they are carefully prepared for transportation. In the respective production or distribution centers, our employees, as well as employees of our partners pack the medicines according to clearly defined specifications to protect them from external influences and

potential fraud attempts. Special control mechanisms are also used for particularly temperature-sensitive medicines. Before shipping, CHEPLAPHARM uses risk assessments to determine suitable **measures for proper handling** to ensure optimal conditions throughout the entire distribution process. These include, for example, the definition of temperature-controlled transport conditions and the selection of suitable packaging methods, such as the use of temperature-insulated boxes or temperature data loggers. The latter enables detailed tracking of the temperature profiles during transportation and ensures continuous compliance with the prescribed conditions.

CHEPLAPHARM places particular emphasis on the comprehensive training of all persons involved in the distribution of temperature-sensitive products. The specific responsibilities are clearly defined in written procedures and in corresponding customer contracts. In addition, persons who come into contact with hazardous substances receive appropriate training on handling and correct behavior in emergencies.

CHEPLAPHARM also uses an established GMP-certified **quality management system** for the monitoring and control of outsourced activities, which is anchored in the quality assurance agreements of the contracts with partner companies. For 2024, suppliers, who account for around three quarters of the purchasing volume recorded, stated that they have a certified quality management system in accordance with ISO 9001 or a comparable standard. In 2024, there were deviations in our defined quality processes in 1.7 % of cases in relation to the number of approved batches (2 % deviations in 2023[11]).

Auditing and control

Our measures to ensure product quality also include auditing the processes at our contractual production manufacturers and partners every three years or more frequently non-compliance or violations are suspected. These audits are carried out either by our trained specialist staff or by external qualified auditors. Currently, around two thirds of CHEPLAPHARM's supply partners who are subject to audits audit themselves, while the remaining third are audited by qualified partners. In addition, qualified internal personnel check each individual delivery. As a result, there were **recalls of four products in the 2024 financial year, resulting in a recall rate of 0.12 %** (2023: 0.0001 %). The number of complaints in relation to the total number of batches released was 12.7 % in 2024 (2023: 10.7 %) and has therefore increased slightly.

4
Recalls in 2024 (0.12 %)

11 The number of deviations was corrected as part of internal data adjustments.

Access to medicine

As a global company, we are represented internationally and sell our products in around 145 countries. We are often the only supplier of certain essential medicines and thus make a decisive contribution to the security of supply - and therefore to the health and quality of life of our patients. Around a third of our medicines are currently on the WHO's **Model List of Essential Medicines**, which includes medicines that meet the most urgent needs of global healthcare. We are, in some cases, the only company that guarantees the **availability of vital pharmaceutical products**. In this way, we also ensure the supply of smaller patient groups. Our niche products in particular are aimed at rare diseases where patients urgently need our solutions. One example of this is **Vesanoid® (tretinoin), which is used to treat acute, potentially life-threatening promyelocytic leukemia** - a disease with an incidence of just 1 in 1,000,000 in the EU.

Our portfolio also includes a large number of proven antibiotics that are used to treat various bacterial infections. These include preparations such as Flemoxin, Suprax and Unidox Solutab, which are often prescribed for respiratory, urinary tract or skin infections. We also offer specialized medications such as Fungizone and Pimafucin for the treatment of fungal infections as well as Sofradex and Zineryt for local application in eye, ear and skin diseases. This diversity makes it possible to respond specifically to different clinical pictures and ensure effective patient care.

In order to ensure access to medicines for patients in developing countries, we cooperate with **non-governmental organizations (NGOs)**. If a country does not have regular approval, CHEPLAPHARM works closely with the relevant local authorities to obtain special permits. In this way, we can meet the often vital medical needs of patients who would otherwise not have access to these treatments.

Ensuring IT security

The global increase in cyber-attacks on IT systems and infrastructures poses considerable risks for companies. CHEPLAPHARM addresses these challenges through systematic **monitoring of IT systems** and a comprehensive set of **IT, information and data security policies and training** for all employees. These measures help to avoid business interruptions and ensure data security for our stakeholders. In addition to the secure use of IT systems, our concept also includes regulated access management for systems and buildings. All employees are required to regard the relevant guidelines and measures, while training certificates are recorded in our central document management system. The focus here is on IT awareness training in particular, which is carried out annually by external service providers and is mandatory for all employees.

In addition, CHEPLAPHARM has established **emergency plans and response procedures for IT and data security incidents**. Particularly noteworthy are a comprehensive business continuity plan and a policy for dealing with security incidents. The effectiveness of these mechanisms is regularly reviewed: While the recovery procedures are subject to an annual review, tests of back-ups and network emergency equipment (NEA) are carried out monthly.

Our service providers also undergo a structured qualification process that includes self-disclosure and background checks based on sanctions lists. To ensure the security of the software used as early as the procurement process, detailed requirements are defined and checked by our specialists. We also rely on strict password guidelines, close monitoring of digital identities and well-thought-out authorization management for user roles. We are guided by the current recommendations of the German Federal Office for Information Security (BSI).

The **protection of personal data** of all stakeholders is also a top priority for CHEPLAPHARM. We strictly adhere to the requirements of the European General Data Protection Regulation (GDPR) and ensure that confidential information is only processed, passed on and stored with consent. This is done, for example, by means of cookie banners on our company website or by obtaining consent directly, for example during telephone calls, which is documented accordingly. If personal data has been collected in paper form and needs to be destroyed, this is done in accordance with data protection regulation in designated containers.

Regular internal **risk assessments on information security and audits of control mechanisms** to prevent security breaches supplement our security concept. For example, we carry out data protection impact assessments together with our external data protection officer when personal data is processed. We also commission external service providers to carry out annual "red teaming exercises" - simulated hacking attacks - and phishing tests in order to maintain a high level of IT security and awareness.

The internal data protection department and our externally appointed data protection officer monitor data protection breaches and ensure that they are reported in a timely manner. Thanks to comprehensive measures to protect our IT infrastructure and systems, CHEPLAPHARM **once again had no information security incidents in the 2024 financial year**.

Our Whistle-blower system

- 24/7 Availability
- Access for Employees and Third Parties
- Full Anonymity
- Usable in all company langagues

Workforce and corporate culture

In 2024, we continued our development into an international group of companies and further expanded our existing sites. At the end of the 2024 financial year, the **CHEPLAPHARM Group employed 785 people**. Of these, 684 were employed in Germany, 18 in France, 5 in Russia, 37 in Japan and 41 in Switzerland. Compared to the previous year, the headcount has thus increased by almost **18 %** (2023: 666 employees).

Table 6: Number of employees by location

Country	Number of employees (headcount)	Number of employees (FTE)	Number of employees (average)
Germany	684	649.5	653
France	18	18	17.4
Russia	5	5	5
Japan	37	37	32.3
Switzerland	41	39	28.1

In terms of the age structure of our workforce in Germany, the age group of 30- to 39-year-olds accounts for the largest share at 43.5 %, followed by the ages group between 40- to 49-years old at 28 %. Around 15.7 % of our employees are between 20 and 29 years old, while the proportion of employees over 50 is 12.6 % (out of our total workforce, 10.8 % are between 50 and 60 years old and 1.8 % are aged over 60). Employees under the age of 20 make up a very small proportion at around 0.3 %. The average age of our workforce in 2024 was 38.5 years. Around one percent of our workforce reported a disability in 2024.

Table 7: Age structure of employees (German locations)

Age	Under 20	20–29	30–39	40–49	50–60	Over 60
Employees absolute	2	123	341	220	85	14
In % of the total workforce	0.3 %	15.7 %	43.4 %	28 %	10.8 %	1.8 %

The fluctuation rate (calculated using the BDA formula) at our German sites rose to 8.2 % in 2024 compared to the previous year (2023: 5.2 %) but remains well below the average of previous years (13.0 % in 2022 and 13.7 % in 2021). To once more reduce the fluctuation rate in the future, CHEPLAPHARM continues to implement annual salary adjustments that are above the industry standard and relies on stringent communication across all hierarchical levels. This includes a newly established intranet, regular virtual town hall meetings, an annual summer party and an annual employee satisfaction survey.

Table 8: Fluctuation rate according to BDA formula (German locations)

	2023	2024
Average headcount	582	653
Total voluntary departures	30	46
Fluctuation rate for the period under review	5.2%	8.2%

As a medium-sized company we maintain a corporate culture that is characterized by a **strong team spirit, sound expertise, professional methodology and a pragmatic approach**. We treat our employees as well as our patients, partners and all other stakeholders with **responsibility, integrity and reliability**. We place great value on trusting cooperation and a motivating and healthy working environment. We provide our employees with modern offices at all our locations while also enabling our employees to work remotely at least three days a week to ensure the greatest flexibility possible. Employees who regularly work from home are provided with comprehensive IT equipment. At the Greifswald site, it is also possible to charge e-vehicles at the existing charging stations, which are powered by photovoltaic systems on our roofs. In addition, our meeting zones with playful elements enable creative breaks, increase motivation and promote mental well-being.

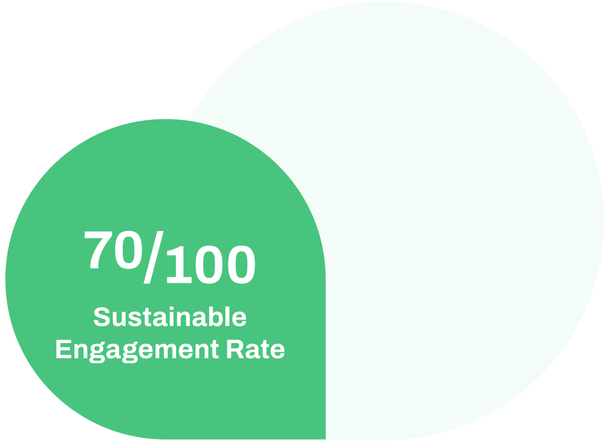
Focus on employee satisfaction: our EX-based survey 2024

In 2024, we once again conducted our annual and comprehensive satisfaction survey among our employees. The participation rate remains at a high level with a participation rate of 79 % (compared to 86 % in the previous year). The survey is based on the **Employee Experience (EX) model**. This model considers the entire work experience of employees - from corporate culture to the working environment and development opportunities - and focuses on their influence on commitment, satisfaction and productivity.

A key indicator in our analysis is the **Sustainable Engagement Rate (SER)**. This indicator not only measures how committed our employees are, but also whether this commitment can be maintained in the long term. It takes three key factors into account:

- **Energy**: Do our employees have the physical and mental energy to stay motivated at work?
- **Commitment**: Do they feel connected to our values and are they willing to get actively involved?
- **Effectiveness**: Do they experience their working environment as supportive of productive and sustainable performance?

The Sustainable Engagement Rate was 70 out of 100 possible points in 2024, the same rate as the previous year. The results of this survey provide us with valuable insights that allow us to continuously improve our work culture and create an environment in which our employees can thrive and grow in the long term. Based on the findings, we develop targeted measures to further strengthen the long-term satisfaction and motivation of our teams.



Career and further training

CHEPLAPHARM offers its employees diverse and varied career opportunities. Our aim is to continuously encourage and develop our employees and to retain them in the company for the long term. We support our employees in developing their individual potential to the best of their ability and achieving their personal career goals. Our average training costs per employee amounted to around 1,000 EUR in 2024.

As part of qualification agreements, we provide our employees with targeted professional and personal training. Based on the competency model developed in 2023, a training catalog with soft skills training courses was introduced to further develop specific skills. In addition, we offer the opportunity to take a personality test using the LINC tool to tailor their individual development to their specific needs even more.

To ensure targeted promotion and long-term retention, CHEPLAPHARM generally offers career paths in both specialist and management roles. We also link variable salary components to clearly defined company and departmental targets. In addition, we have a combined digital and analogue training program for managers, offer supplementary training for employees in new roles and support our female employees with a mentoring program for women in business in Mecklenburg-Vorpommern.

Wherever possible, we refrain from using fixed-term or short-term employment contracts. In the 2024 financial year, only 0.1% of our workforce was employed on fixed-term contracts. The use of irregular forms of employment such as temporary work or contract work also remains limited to exceptional cases. The rate of these types of employment was only 3.2% in 2024.

CHEPLAPHARM maintains **close cooperation with the renowned universities in Greifswald and Rostock** in order to continue to attract talented specialists in the future. For example, we sponsor the Deutschlandstipendium scholarship at the University of Rostock and offer students internships at various stages of their studies. In the 2024 financial year, we took on three trainees and one dual student as part of corresponding programs to provide them with the best possible support in their professional and personal development and, ideally, to employ them after their training. In addition, we present ourselves as an attractive employer for talented young people through offers such as working student positions, thesis supervision and various events targeted at students.

CHEPLAPHARM attaches great importance to equal opportunities in the recruitment process, training opportunities and long-term retention of talent and is actively committed to a family-friendly working environment. Flexible working models such as part-time (part-time ratio 2024: 10.71%) and trust-based working hours are an integral part of our corporate culture to ensure a good work-life balance. We completely avoid shift work and do not expect our employees to be on call. Employees are entitled to at least three days of mobile work per week, although further flexibility is also possible in consultation with their respective managers. We also offer the option of working from other European countries for up to 60 days per year.

Our aim is to support our employees beyond the legal requirements. We therefore offer our employees, most of whom are based in Germany, **30 days of vacation per year** as well as additional benefits such as special leave or financial benefits to mark events such as the birth of a child, a wedding or several years of service. In addition, all employees have the opportunity to take additional days of leave for family reasons - in 2024, 13.6% of female employees and 13.9% of male employees took advantage of this offer.

In 2023, we reached an agreement with our workers' council for our German sites on how to record working hours and how to

proceed with overtime and weekend work. To provide parents with the best possible support, we offer assistance in finding suitable childcare on request. In addition, we organize an annual summer or winter party to thank our employees for their dedication, commitment and motivation and at the same time create an opportunity for informal exchange outside of their day-to-day work.

Regular communication between management and employees is also ensured by our workers' council. Since its foundation in 2022, the workers' council has implemented numerous agreements for the benefit of employees in close and trusting cooperation with management. In 2024, 87 % of our global workforce was represented by the workers' council - this includes all employees at our German locations with the exception of senior managers. In 2023, we also established a European SE workers' council to ensure exchange at Group level.

We are convinced that an open and constructive dialog can only take place at eye level. We therefore conduct feedback meetings with all employees at the end of the probationary period as well as regularly in the middle and at the end of the year. These are based on a four-tiered competency model that reflects the fulfilment of expectations. This feedback culture enables both sides to identify specific areas for development and to develop further in the following year.

Our benefits

min. 3 days
remote work per week possible

up to 60 days
possibility to work from foreign EU countries

30
vacation days

Commitment to the community - locally and globally

As a company, we bear responsibility for the communities in which we operate. Which is why we regularly support local clubs and sports associations with donations in kind to strengthen local unity and solidarity.

We are also committed to a hospital in Togo that is dependent on donations. Every year, we organize donation appeals in which our employees volunteer to collect urgently needed goods. Many of them even invest their free time to fill in the containers and make a direct contribution. We are particularly pleased that our Supervisory Board also actively supports this commitment - the entire Supervisory Board remuneration of our Chairwoman was donated to the hospital.

Health and safety

Occupational health and safety is a key priority at CHEPLAPHARM. Not only important do we want to prevent accidents at work and avoid immediate dangers, we also want to promote a healthy lifestyle in the workplace, for example with ergonomically designed workstations. In order to offer our employees an optimal working environment, specially appointed officers in each department are tasked with developing suitable solutions while receiving support from external experts. We also carry out regular workplace risk assessments - both by independent external auditors and by our trained internal specialists from the HSE and Facility Management departments.

Our overarching occupational health and safety management is closely aligned with the guidelines of the Joint German Occupational Health and Safety Strategy (GDA), an initiative of the federal and state governments and accident insurance institutions in Germany. We set clear safety targets, provide our employees with comprehensive information and **train all employees in occupational health and safety once a year**.

If violations of occupational health and safety regulations occur, we diligently investigate these and take appropriate measures. To prevent such incidents from happening in the first place, we expect our employees to familiarize themselves with the applicable internal guidelines and to strictly adhere to them. This is based on our Code of Conduct and detailed standard operating procedures, which are binding for all employees. The Code of Conduct and its values are also part of mandatory compliance training.

Our measures are proving effective: in 2024, the absenteeism rate of our employees in Germany fell further to 7.5 % (2023: 7.9 %). Of this, 3.3 % were due to sick leave and 2.6 % due to parental leave, while the remaining absences were due to maternity leave, employment bans or caring for sick children. In terms of sickness-related absences, for which reliable figures are available, we were again well below the average sickness rate for people with statutory health insurance in Germany in 2024, which was 5.8 % (2023: 6.8 %). The LTI (Lost Time Injury) rate was 5.9 in 2024. The LTI severity rate was very low at 0.2.[12] Same as in previous years, there were no deaths in connection with work at CHEPLAPHARM in 2024.

Thanks to our numerous measures, **once again no human rights violations** were recorded in the 2024 financial year. As a result, there were also no fines in connection with violations of social or human rights requirements.

Diversity

Our corporate culture is based on the **principle of equal opportunities for all employees** - regardless of ethnic origin, gender, sexual identity or other individual characteristics. We are convinced that diversity strengthens our team, enables us to master challenges more effectively and therefore makes a significant contribution to our success. For this reason, responsibility for promoting diversity at the highest level of the company lies directly with our CEO Edeltraud Lafer.

At the end of 2024, CHEPLAPHARM employed people from 40 different countries (2023: 39). The diversity of our workforce is reflected not only in its international composition, but also in the gender distribution. Based on the average headcount, almost 57 % of our employees were female in 2024 - the same proportion as at our German sites. Outside of Germany, the proportion fluctuates due to a smaller workforce at each location and ranges from at least 40 % to just over 80 %.

Table 9: Average headcount

	Average headcount	Proportion of women
Germany	653	57 %
France	17	82 %
Russia	5	80 %
Japan	32	43 %
Switzerland	28	49 %
	735	**57 %**

The proportion of women in management positions at CHEPLAPHARM is also above average. **At the first two management levels (Management Board level E0 and management level E-1), the proportion of women was 40 % each**, which is significantly higher than the proportion of women on the management boards of the 100 largest German companies in terms of value added (2024: 21 %)[14]. This trend is also reflected in central corporate divisions: in the Sales division, the proportion of women in management positions was 50 % in 2024, while in the STEM division, almost 60 % of managers were female.

12 **Definition of LTI rate**: frequency of reportable occupational accidents with lost time per million working hours
Definition of LTI severity rate: severity of reportable accidents at work, measured on the basis of lost working days per million working hours

13 Source: Boston Consulting Group (2024): Gender Diversity Index 2024 (Short Deck). accessed from: https://web-assets.bcg.com/0b/75/0647663a4593a816cbaf7584a87b/20241209-gdi-shortdeck-final.pdf

The unadjusted gender pay gap increased slightly year-on-year to 10.0 % in 2024 (2023: 7.0 %), while the median gender pay gap was –0.4 % (previous year: 1.0 %) - i.e., the median female employee at CHEPLAPHARM earned slightly more than her male counterpart. Although the unadjusted gender pay gap at CHEPLAPHARM is well below the German average of 16 % (2024)[14], our goal to reduce this difference – mainly caused by a slightly lower proportion of women at management level – remains. To achieve this, we rely on transparent remuneration structures with defined salary ranges that are consistently applied during the salary negotiation process. And, of course, we also ensure that no employees are paid less than the statutory minimum wage.

Social standards in the supply chain

We cooperate with a large number of international companies, which is why **full respect for universal human rights** along our entire value chain is of central importance to us. We firmly reject any form of exploitation, especially forced and child labor, and are committed to humane working conditions and fair pay. We expect the same from our suppliers. Therefore, we subject all our suppliers to an annual review of their compliance with social standards, which includes aspects such as occupational safety and remuneration. Suppliers who prove to be particularly reliable and sustainable are given preference for follow-up projects. From the very first contact with potential new suppliers, we ensure that they comply with our required social standards. In addition, location- and development-related risks are included in the assessment of our supply chain - an analysis that is carried out by specially trained colleagues. We also follow up on possible indications of misconduct in the supply chain, which are reported via our anonymous whistleblower website.

If deficits in compliance with social standards are identified along our supply chain, CHEPLAPHARM will initially seek a joint solution to improve the situation. However, if there is no interest in a corresponding adjustment or if agreed measures are not implemented, we reserve the right to reassess the business relationship and, if need be, to terminate the contract.

Compliance with local laws on employee rights by our suppliers is non-negotiable for us. In addition, we attach great importance to ensuring that more extensive employee rights, such as those defined in **the standards of the International Labor Organization (ILO)**, are implemented. The protection of employees and product safety are particularly important in the manufacture of pharmaceutical products - a requirement that we also expect from our suppliers.

Our central Codes of Conduct underline our commitment to ethical and compliant behavior: The **Code of Conduct** and the **Supplier Code of Conduct** summarize the key values of CHEPLAPHARM and define clear requirements for conduct that comply with the law and guidelines. Both documents are publicly accessible on our website and are binding for our employees, suppliers, sales partners and all other stakeholders. CHEPLAPHARM also reserves the right to conduct in-depth on-site audits of suppliers every three years and to arrange for an external audit.

14 Source: https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/03/PD24_097_621.html

Compliance and corporate governance

To ensure responsible and sustainable corporate governance, CHEPLAPHARM relies on effective supervisory structures and a comprehensive and effective compliance management system. We are convinced that long-term success is only possible with the trust of our internal and external stakeholders. Therefore, we continuously strive to further develop our supervisory and compliance structures in order to strengthen and secure this trust in the long term.

To ensure an appropriate supervisory structure, CHEPLAPHARM has implemented a two-tier system at SE level. This **two-tier system** consists of an Executive Board, which is responsible for the management of the company, and a Supervisory Board, which acts as a supervisory body. The Supervisory Board monitors the work of the Executive Board and reviews the accounting and annual financial statements. This ensures that all decisions made by the Executive Board are in the best interest of the company and its shareholders. In the 2024 financial year, the Supervisory Board of CHEPLAPHARM consisted of five members, 40 % of whom were women. In the period from January 1 to November 30, 2024, Sebastian Braun, former CEO, was part of the Supervisory Board of CHEPLAPHARM SE. On December 1, 2024, he moved back to the Executive Board of CHEPLAPHARM SE as co-CEO. The members of the Supervisory Board have in-depth expertise in the areas of healthcare, M&A, finance and accounting and contribute experience from other Supervisory Board mandates.

A central element of responsible corporate governance at CHEPLAPHARM is the **Compliance Management System (CMS)**, which ensures compliance with all internal and external regulations. It serves to protect the company and its employees from legal sanctions and reputational risks and helps maintain the trust of our stakeholders. The CMS primarily aims to prevent compliance violations. Should violations occur, despite comprehensive measures, the focus is on identifying them at an early stage and pursuing them consistently - in line with the **prevent-detect-respond model**.

In principle, the focus is on the early identification and consistent handling of compliance risks. CHEPLAPHARM's CMS focuses on the following key risk areas:

- Money laundering
- Corruption and bribery
- Fraud and infidelity
- Foreign trade law and customs and export control
- Data protection law
- IT security
- Compliance culture

Compliance culture in particular is a valuable tool for CHEPLAPHARM to maintain integrity and ethical corporate governance. The status quo of our compliance culture is discussed in regular meetings between our management and the compliance team and adjusted if necessary. The compliance team ensures the involvement of all employees through training, employee surveys and targeted communication measures following any incidents.

As CHEPLAPHARM has outsourced numerous processes within the value chain, **corruption and bribery** pose potentially significant risks for our company. The ultimate responsibility for avoiding these lies with the Executive Board. The CMS was established based on the values agreed with the Executive Board, management and supervisory bodies and is continuously developed and optimized.

Thanks to extensive professional experience in the area of compliance as well as regular training and exchanges with the compliance team, managers have the necessary specialist knowledge to ensure that the company is managed ethically and with integrity.

We have **implemented a series of targeted measures** to prevent corruption and bribery:

- Training to raise awareness among our employees
- Due diligence audits by external third parties
- Risk analyses to assess potential corruption risks
- Audits of internal control mechanisms, e.g. in accounting and purchasing
- Application of the two-person rule when concluding contracts
- Integration of anti-corruption clauses in contracts

Violations of the law, corruption, bribery - including facilitation payments - and fraud are absolutely unacceptable to us. This is reflected not only in the measures described above, but also in a large number of internal and external compliance guidelines and standards aimed at preventing unlawful behavior. These guidelines apply throughout the Group and are binding for all employees and - where relevant - for all business partners. Compliance with these is not only assumed but actively practiced. **The central guidelines include**:

- Anti-Money Laundering and Terrorist Financing Directive
- Anti-corruption policy
- Code of Conduct
- Supplier Code of Conduct
- Anti-bribery directive
- Privacy policy

All guidelines are reviewed annually, and if necessary, adapted to changing conditions and then approved by the Management Board.

No confirmed cases of corruption were recorded at CHEPLAPHARM in the 2024 financial year, **nor were any charges or fines imposed** for violations of anti-corruption and bribery laws.

The compliance management system defines the basis for compliant behavior for all CHEPLAPHARM employees. A central component is comprehensive compliance training, which is mandatory for all employees - including all management and supervisory functions. The training content is selected according to the risk profile and current developments and adapted as necessary. In addition, all employees must complete mandatory anti-corruption training that covers all risk-related processes at CHEPLAPHARM. Both training courses must be held every two years.

In addition, management, as well as the Finance, IT, Legal and General Service departments receive special training on dawn raids (searches by antitrust authorities).

In principle, corruption and bribery can pose a risk for all employees. However, the Sales, Quality and Supply departments are particularly affected, as they are more exposed due to their frequent travel and direct customer contact. We therefore attach particular importance to strict compliance with all guidelines in these departments. However, we generally keep the risk in these areas at a low level through proven measures such as the two-person rule and the targeted sensitization of our business partners to anti-corruption guidelines. Employees always have access to the relevant compliance guidelines (see above). We also regularly carry out

various awareness and communication measures, including those on the topic of harassment in the workplace.

A central element of our compliance management system is the **Code of Conduct, which applies throughout the entire Group**. This protects the integrity of our company by clearly defining and summarizing the key values of CHEPLAPHARM as well as conduct that complies with the law and guidelines. We expect our employees and business partners to act in accordance with these principles.

In addition to that, our primary goal is to avoid potential harm to CHEPLAPHARM, our employees, customers, business partners, investors and other stakeholders. This includes the protection of intellectual property rights and the prevention of insider trading and corruption.

The Code of Conduct is also an integral part of the mandatory compliance training so that **all employees are familiar with its contents**. It is available in German and English on our corporate website https://www.cheplapharm.com/investor-relations/esg-information/downloads/.

Compliance with relevant laws and internal guidelines is monitored by our **Compliance Officer Anna Rautenberg under the direction of Pierre Lüders** in close cooperation with the designated compliance officers in the respective departments.

Our Compliance Officers prepare a comprehensive report biannually to keep the Management Board and Supervisory Board regularly informed about current developments relating to compliance at CHEPLAPHARM.

Compliance with legal requirements and internal guidelines requires the attentiveness of all stakeholders and their willingness to report possible breaches and violations of guidelines. For this reason, we rely on a **multilingual, electronically secured whistleblower system** that is available in all languages spoken in the countries in which CHEPLAPHARM operates sites.

This system enables both our employees and external parties within our value chain to report potential breaches anonymously or in combination with providing their contact details. The fully digital whistleblower system is accessible via our corporate website at any time from any device that has access to the internet. Regardless of whether a report is submitted anonymously or with a real name, we guarantee confidential treatment, an investigation independent from management and the protection of both the whistleblower and the person concerned.

It is also possible to submit reports directly to our Compliance Officer (see above) in German or English - anonymity can also be maintained here if desired. Our whistleblower system is an integral part of the mandatory compliance training for all employees. We also offer special training courses on the correct use of the system.

Comprehensive information on compliance issues in general and on our whistleblower system in particular is available to our employees and all other stakeholders on our corporate website in German and English. Further information can be found at https://www.cheplapharm.com/en/about-cheplapharm/unsere-verantwortung/.

In the 2024 financial year, **a total of six suspicious activity reports** were received via the whistleblower system. After a thorough review, one of these cases was confirmed as well-founded. This case was systematically investigated, processed and successfully concluded. Subsequently, targeted measures were taken to prevent a recurrence.

No confirmed cases of discrimination were identified at CHEPLAPHARM in the 2024 financial year, nor were any complaints submitted to the Organization for Economic Cooperation and Development (OECD) contact point for multinational enterprises.

In principle, possible cases of discrimination or harassment at CHEPLAPHARM are investigated and systematically dealt with. The responsible specialists use various investigation methods, while strictly maintaining confidentiality and clear communication channels is central. These are based on both legal requirements and internal company guidelines.

In one of the final phases, the process includes the **determination of suitable sanctions and the definition of follow-up measures, such as adjustments to processes or additional training measures**. If a case of discrimination is confirmed, CHEPLAPHARM has various remedial measures at its disposal, including compensation payments, paid leave or transfers. The results of investigations of this kind are regularly communicated to the members of the supervisory bodies in an appropriate form.

Transparency and integrity also have the highest priority for us with regard to the proper payment of taxes. **Furthermore, we do not make political donations or engage in lobbying activities**. In the reporting period, CHEPLAPHARM did not receive any direct government support, such as short time work allowances. Neither does the German state exert indirect influence over CHEPLAPHARM, as it does not hold any ownership rights in the company and no person with supervisory duties held a similar position in the public sector prior to their appointment at CHEPLAPHARM.

CHEPLAPHARM is also registered in the transparency register as required in Germany.

Payment Conditions

In accordance with industry standards, the number of days between the start of the calculation of the contractual payment term and the actual payment of invoices by CHEPLAPHARM is 12 days for finance invoices and 25 days for material management invoices. As CHEPLAPHARM maintains a very diverse network of over 125 suppliers, there are no applicable standard terms of payment. The terms of payment are agreed upon individually with the supply partner and adjusted as required, e.g. in the case of stock takeovers. Accordingly, no information can be provided on the percentage of contracts with standard payment terms. There were no outstanding legal proceedings against CHEPLAPHARM in the reporting year due to unpaid invoices.

To anchor sustainable action at management level, the variable remuneration of the two CEOs in the 2024 financial year was once again linked to various financial performance criteria of CHEPLAPHARM and thus to the economic success of the company.

The ratio of the average total remuneration of the CEOs, including variable remuneration components, to the average salary of all employees (excluding CEO salaries) was 9.1 in the 2024 financial year (2022: 7.9).

Information on the EU Taxonomy Regulation

The EU taxonomy is a classification system that categorizes economic activities based on clearly defined environmental criteria. It was introduced with Regulation (EU) 2020/852 in order to steer investments towards sustainable economic sectors and increase transparency with regard to the environmental impact of corporate activities. Since then, reporting on the EU taxonomy has been legally mandatory for all capital market-oriented companies with more than 500 employees.

CHEPLAPHARM is not required to report for the past financial year 2024. As there are potential plans to extend the EU Taxonomy Regulation to non-capital market-oriented companies, we have nevertheless carried out an initial taxonomy review on a test basis using financial data for 2023. We present the results of this initial review below.

Objectives and scope of application

The EU taxonomy defines six environmental objectives:

1. Climate Change Mitigation
2. Climate Change Adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Prevention and reduction of environmental pollution
6. Protection and restoration of biodiversity and ecosystems

Over 100 different economic activities are catalogued in these six environmental goals and assigned a code. If one of these activities is part of a company's own sales, CapEx or OpEx activities, it is considered potentially sustainable or taxonomy eligible. In order to be considered effectively sustainable within the means of the Taxonomy Regulation - i.e. taxonomy aligned - an economic activity must meet criteria for a significant contribution to the assigned environmental objective without causing significant harm to the other objectives ("Do No Significant Harm" criteria = DNSH). In addition, minimum social standards ("minimum safeguards") must be complied with.

Methodology for determining taxonomy classification

The evaluation is carried out in several steps:

1. **Identification of taxonomy-relevant accounts**:

   In order to determine the respective denominators of the three taxonomy KPIs Sales, CapEx and OpEx, it is necessary to preselect the relevant accounts. Potentially relevant accounts are all accounts that meet the description of the components of OpEx or CapEx according to the Taxonomy Regulation (see Regulation (EU) 2021/2178).

2. **Identification of taxonomy-eligible activities**:

   To determine the taxonomy eligibility KPI, the content of all taxonomy-relevant items is checked for possible compliance with one or potentially several taxonomy codes.

3. **Assessment of taxonomy alignment**:

   Identified activities are analyzed to determine whether they make a significant contribution to an environmental goal, meet DNSH criteria and comply with minimum social standards.

4. **Disclosure of the relevant key figures**:

   Once the calculations of the taxonomy KPIs have been completed, these are disclosed as part of the ESG report. In deviation from the official disclosure templates (EU) 2021/2178 (updated in (EU) 2023/2485), the KPIs for the 2023 test run are presented in simplified form in this report.

Checking the taxonomy eligibility

Sales

There are currently only two codes in the EU taxonomy that may be relevant for companies in the pharmaceutical industry. Both are assigned to the environmental objective of pollution prevention and control (PPC).

The first code is "1.1 Manufacture of active pharmaceutical ingredients". As CHEPLAPHARM itself does not manufacture any medicinal products or components thereof, only purchases and sells already manufactured, finished products from business partners (e.g. CMOs), this code does not apply to CHEPLAPHARM's business activities.

The second pharmaceutical code is "1.2 Manufacture of pharmaceutical products". The corresponding NACE code C21.2 explicitly excludes "Wholesale of pharmaceutical products". This activity is the closest match to CHEPLAPHARM's business model - however, as this is explicitly excluded, CHEPLAPHARM's sales cannot be considered taxonomy eligible. As a result, CHEPLAPHARM's share of taxonomy eligible sales were zero in 2023. As long as the EU taxonomy does not define any further applicable codes for CHEPLAPHARM's sales activities, this share of CHEPLAPHARM’s taxonomy eligible sales will not change in the future.

CapEx

In the CapEx area, we have identified the following activities in 2023 that match a taxonomy code:

- **CCM 4.10 Storage of electricity** (EUR 2,150)
- **CCM 6.5 Transportation by motorcycles, passenger cars and light commercial vehicles** (EUR 136,849)
- **CCM 7.2 Renovation of existing buildings** (EUR 30,626)
- **CCM 7.3 Installation, maintenance and repair of energy-efficient equipment** (EUR 19,327)
- **CCM 8.1 Data processing, hosting and related activities** (EUR 144,938)
- **CCM 8.2 Data-driven solutions for GHG emissions reductions** (EUR 810,455)

The total taxonomy-eligible CapEx items in 2023 amounted to 1,144,345 EUR and account for 8.5 % of total CapEx. A similarly low ratio is expected in the future, as these items are not material capitalized costs for CHEPLAPHARM.

OpEx

In the review of CHEPLAPHARM's OpEx in 2023 for taxonomy eligible items, it was found that the denominator of the OpEx KPI according to the EU taxonomy definition is very low at 1,052,934 EUR compared to CHEPLAPHARM's turnover (2023: approx. 1.5 bn EUR) at less than 1 % - an indication of the low materiality of the OpEx KPI for CHEPLAPHARM's business activities. Nevertheless, an initial screening of the potentially taxonomy eligible items within this denominator was carried out. An examination of the content of the OpEx KPI also revealed that it does not contain any activities that are material to CHEPLAPHARM's business model, meaning that a taxonomy eligibility check of the OpEx was not carried out.

CHEPLAPHARM

Annex

Glossary

API
An Active Pharmaceutical Ingredient (API) is the active ingredient of a medicinal product. It produces the biological effect and can occur in one or more parts of the medicinal product. The quality and safety of a medicinal product depend on the quality of the API.

BDA formula
The BDA formula of the Confederation of German Employers' Associations is one way of calculating the fluctuation rate in a company. The calculation formula is fluctuation rate (in %) = voluntary departures / average headcount for the period x 100.

CMO
Contract Manufacturing Organizations (CMOs) are manufacturing companies in contractual relations to distributors in the pharmaceutical industry that produce various intermediate products or the final product on behalf of their partners.

CO_2
Carbon dioxide is the most important greenhouse gas and is produced, among other things, by burning fossil fuels such as coal or natural gas. Greenhouse gases are measured in a global and standardized framework, the Greenhouse Gas Protocol (GHG Protocol).

Code of Conduct
A code of conduct is a collection of behaviors that apply to a company's employees but can be extended to apply to suppliers as well. A code of conduct contains guidelines on how employees and/or suppliers should behave in a socially, ethically and legally correct manner.

Compliance-Officer
A compliance officer oversees and manages compliance with regulations within an organization.

CSRD
The Corporate Sustainability Reporting Directive (CSRD) was developed on the basis of the European Sustainability Reporting Standards (ESRS) and represents reporting requirements for European companies, which will take effect for the first companies in replacement of the CSR-RUG will apply for the first time from 2024. For CHEPLAPHARM, a postponement of the reporting obligation by two years to 2027 is being discussed at the time of preparing the report.

CSR-RUG
The CSR Directive Implementation Act requires the disclosure of information on non-financial aspects, at least on environmental, employee and social issues, respect for human rights and the fight against corruption and bribery.

ESG
The abbreviation "ESG" stands for environmental, social and governance. ESG refers to non-financial factors that are primarily used by investors to assess potential investments. They also refer to the sustainability impacts and contributions of a particular company and the associated risks and opportunities for the company. Companies are increasingly expected to report on these ESG factors.

Global Reporting Initiative (GRI)
GRI is an international standardization organization for sustainability reports. It is internationally

Good Distribution Practices (GDP)
The European Commission's Good Distribution Practices provide guidelines for the good distribution practice of medicinal products for human use and define minimum standards for the

quality and integrity of medicinal products throughout the supply chain.

Good Manufacturing Practices (GMP)

The World Health Organization's Good Manufacturing Practices are intended to ensure that products are manufactured and controlled uniformly according to quality standards. The aim is to minimize risks in the manufacture of medicinal products that would not be detected during testing of the end product.

HAZWOPER-Standards

HAZWOPER stands for "Hazardous Waste Operations and Emergency Response" - these are guidelines for handling hazardous waste and instructions for dealing with emergencies. The guidelines were developed by the US Occupational Safety and Health Administration (OSHA) and also include regulations on training, equipment and procedures relating to the handling of hazardous substances. The objectives of the HAZWOPER standards include risks to the health and safety of workers and preventing environmental pollution, particularly in emergency scenarios.

International Labour Organization (ILO)

The International Labour Organization is the oldest specialized agency of the United Nations. It is the only organization of the United Nations that is not exclusively made up of states. In addition to the governments of the member states, it also includes employee and employer organizations.

List of essential medicines

The World Health Organization (WHO) list of essential medicines includes medicines that are considered essential for healthcare in countries with limited resources. The list currently includes over 600 medicines for adults and children. Only medicines with proven benefits that are available, safe and considered cost-effective are included. The selection of medicines is based on ethical principles and takes into account the underlying diseases and health needs of the population. The list also serves as a guide for governments, healthcare organizations and healthcare providers to improve healthcare worldwide.

LTI frequency rate

The Lost Time Injury (LTI) frequency rate is a metric that companies can use to measure their safety performance over a specific period of work time., for example, per one million hours worked. The LTI frequency rate can be calculated as: LTI Frequency Rate = (Total Hours Worked/Number of Lost Time Injuries) × 1,000,000. A high frequency rate would signify that injuries at the respective workplace occur more frequently, which might require improved training or preventative action.

LTI Severity Rate

The Lost Time Injury (LTI) Severity rate measures the average severity of the injuries that occurred at the workplace. This can be done by calculating how many workdays were lost due to the LTIs per, e.g., one million hours worked. This is calculated as: LTI Severity Rate = (Total Number of Lost Days/Total Hours Worked) × 1,000,000. The severity rate can be used to evaluate safety program effectiveness over time.

Materiality analysis

A materiality analysis is a process for identifying the most important (material) economic, environmental and social issues and challenges facing a company. In principle, a materiality analysis has several functions. It helps to identify the relevant stakeholders and therefore the addressees of sustainability reporting. In addition, a materiality analysis makes it possible to prioritize areas of responsibility and fields of action, thereby reducing complexity. It also helps with the selection of suitable strategic goals, policies, certifications, key figures or rating priorities. In the best-case scenario, the process also provides input for operational optimization, organizational restructuring or systemic changes with the aim of increasing sales, reducing costs, increasing brand value or optimizing risk management.

Scope 1, 2 and 3 emissions

SScopes 1, 2 and 3 describe the different categorizations of a company's CO_2 emissions.

Scope 1 includes emissions from sources that are directly attributable to or controlled by the company in question. This includes emissions from energy sources at the company location such as natural gas and fuels, coolants and emissions from the operation of boilers and ovens. Scope 1 also includes emissions from the company's own vehicle fleet (e.g. cars, delivery vans, trucks or helicopters for hospitals, for example).

Scope 2 emissions are indirect CO_2 emissions from purchased energy, such as electricity, steam, district heating or cooling, which are generated outside the company but consumed within company.

Scope 3 includes all emissions generated along a company's value chain. A distinction is made between upstream emissions and downstream emissions. Upstream emissions are indirect CO_2 emissions associated with purchased goods and services. Downstream emissions are indirect CO_2 emissions that are associated with goods and services sold and only arise after the sale.

Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board is a non-profit organization that has developed industry-specific ESG indicators. The organization is part of the IFRS Sustainability Disclosure Standards and provides standards for almost 80 different industries.d provides standards for almost 80 different industries.

Stakeholder

Stakeholders are generally all parties (groups or individuals) who are involved in or affected by the company's activities, have an interest in them or may be able to influence them. The term "stakeholders" or "interest groups" is also frequently used.

SDGs

The United Nations Sustainable Development Goals (SDGs) are a collection of 17 global goals intended to be "a blueprint to achieve a better and more sustainable future for all by 2030". They were published under the title "Transforming our world: The 2030 Agenda for Sustainable Development" (Agenda 2030 for short). The call for companies to get involved comes primarily from the international community, in Europe primarily from the EU member states and the EU Commission, from individual initiatives such as the UN Global Compact, the Global Reporting Initiative (GRI) and the World Business Council for Sustainable Development (WBCSD), but also from investor groups, and is reflected in legal requirements and corresponding standards.

Whistleblower system

A whistleblower system helps employees and others associated with the company to report misconduct and unethical or illegal behavior in the workplace.

World Health Organization (WHO)

The World Health Organization is a specialized agency under the umbrella of the United Nations and focuses on global public health issues.

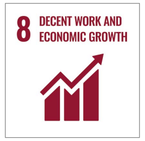
World Economic Forum (WEF)

The World Economic Forum is an international organization for public-private cooperation. The Forum brings together leaders from politics, business, culture and other sectors of society to shape global, regional and industry agendas on ESG.

SDG Index

SDG 3: Good health and well-being

SDG 3 focuses on ensuring healthy lives and promoting well-being for all—an essential priority for any pharmaceutical company. CHEPLAPHARM plays a vital role in supporting global health, particularly through its commitment to supply security. Going beyond regulatory requirements, CHEPLAPHARM ensures uninterrupted access to medicines by maintaining a diverse network of over 125 CMOs and suppliers, establishing secondary sourcing options, and implementing advanced storage strategies. All products meet stringent safety and quality standards. When integrating new products, we match or enhance existing quality levels, including aspects such as ease of use. These efforts are supported by a robust complaints management system, reinforcing our dedication to patient well-being.



SDG 8: Decent work and economic growth

As one of the largest employers in Greifswald, CHEPLAPHARM recognizes its responsibility to the region and its people. We prioritize long-term employee development through continuous training, support, and retention initiatives. Our collaboration with the universities of Greifswald and Rostock includes offering internships, engaging in joint initiatives, and supporting the Deutschlandstipendium scholarship program. Beyond our workforce, we actively contribute to the local community by sponsoring and donating to regional projects—reinvesting part of our success into the area we call home.

SDG 12: Sustainable consumption and production

With global consumption on track to require resources equivalent to three Earths by 2050, companies play a critical role in driving sustainable transformation. Although CHEPLAPHARM operates with an asset-light model—outsourcing production and sales—our indirect environmental impact remains significant. We actively promote sustainability across our value chain by setting clear targets for CMOs and suppliers to improve energy and resource efficiency, and to reduce emissions and waste. We regularly assess our key suppliers on their sustainability performance, and we plan to expand this evaluation to all partners. A major step forward was the introduction of our Supplier Code of Conduct in 2022, which outlines specific environmental and ethical standards for our supply network.

SDG 13: Climate action

Effective climate protection requires a sustained, long-term commitment. CHEPLAPHARM contributes meaningfully through its supply chain by integrating climate-conscious practices and requiring all suppliers to meet defined climate-related standards—further detailed in our Supply Chain section. At our Greifswald headquarters, we regularly assess and optimize operations to reduce our environmental footprint. A key milestone is our ISO 50001-certified energy management system, which drives continuous improvements in energy efficiency. Our commitment is also evident in our new ultra-low-energy office building, completed in late 2023. Designed to meet the EG40EE standard, it consumes less than 40% of the legally allowed primary energy. The building now accommodates over 300 new workspaces and generates more than 55% of its energy needs through environmental heat and an on-site photovoltaic system. This solar energy also powers employee charging stations, which are available free of charge.electricity through its own photovoltaic system. The electricity generated by the building’s own solar system also supplies the EV charging stations employees can use free of charge.

GRI Index

GRI Standard	Indicator	Source
GRI 2: General Disclosures 2021		
2-1	Organisational details	p. 40
2-2	Entities included in the organisation's sustainability reporting	whole CHEPLAPHARM Group
2-3	Reporting period, frequency and contact point	p. 40
2-4	Correction or restatement of information	n/a
2-5	External audit	p. 11, 22–24, 29
2-6	Activities, value chain and other business relationships	p. 7, 13–14, 18–19
2-7	Employees	p. 25–28
2-8	Employees who are not salaried employees	n/a
2-9	Management structure and composition	p. 32–35
2-10	Nomination and selection of the highest supervisory body	n/a
2-11	Chairman of the highest supervisory body	n/a
2-12	Role of the highest supervisory body in overseeing the management of impacts	p. 32
2-13	Delegation of responsibility for managing the impact	n/a
2-14	Role of the highest governance body in sustainability reporting	n/a
2-15	Conflicts of interest	n/a
2-16	Transmission of critical concerns	p. 31, 34
2-17	Collected knowledge of the highest supervisory body	n/a
2-18	Evaluation of the performance of the highest governance body	n/a
2-19	Remuneration policy	n/a
2-20	Procedure for determining the remuneration	n/a
2-21	Ratio of total annual remuneration	n/a
2-22	Declaration of application of the sustainable development strategy	p. 3–4

GRI Standard	Indicator	Source
2-23	Declaration of commitment to principles and practices	p. 32–35
2-24	Inclusion of political commitments	n/a
2-25	Procedure for eliminating negative effects	n/a
2-26	Procedure for obtaining advice and reporting concerns	p. 34
2-27	Compliance with laws and regulations	p. 31–34
2-28	Membership in associations and interest groups	n/a
2-29	Approach to stakeholder involvement	p. 7–9, 34
2-30	Collective agreements	n/a
GRI 3: Material Topics 2021		
3-1	Procedure for determining material topics	p. 8–9
3-2	List of key topics	p. 10
3-3	Management of material topics	n/a

GRI Standard	Indicator	Source
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	p. 15–16
302-2	Energy consumption outside the organization	p. 15–16
302-3	Energy intensity	p. 15–16
302-4	Reduction in energy consumption	p. 15–16
GRI 303: Water and effluents 2018		
303-1	Water as a shared resource	p. 19–20
303-3	Water withdrawal	, p. 19–20
303-5	Water consumption	p. 19–20
GRI 305: Emissions 2016		
305-1	Direct GHG emissions (Scope 1)	p. 17
305-2	Indirect greenhouse gas emissions from energy (Scope 2)	p. 17
305-4	Intensity of greenhouse gas emissions	p. 17
305-5	Reduction of greenhouse gas emissions	p. 17

GRI Standard	Indicator	Source
GRI 306: Waste 2020		
306-3	Accumulated waste	p. 19
GRI 308: Supplier environmental assessment 2016		
308-1	New suppliers that have been screened using environmental criteria	p. 13
308-2	Negative environmental impacts in the supply chain and measures taken	p. 13–14
GRI 401: Employment 2016		
401-1	Newly hired employees and employee turnover	p. 25
401-2	Company benefits that are only offered to full-time employees, but not to temporary or part-time employees	p. 26–27
401-3	Parental leave	p. 28, 30

GRI Standard	Indicator	Source
GRI 403: Occupational health and safety 2018		
403-2	Hazard identification, risk assessment and incident investigation	p. 29
403-3	Occupational health services	p. 29
403-4	Employee participation, consultation and communication on health and safety in the workplace	p. 29
403-5	Employee training on health and safety in the workplace	p. 29
403-6	Promoting the health of employees	p. 29
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	p. 29
403-9	Work-related injuries	p. 29–30
403-10	Work-related illnesses	p. 29–30

GRI Standard	Indicator	Source
GRI 404: Education and training 2016		
404-2	Programs to improve employee skills and transition assistance	p. 27
GRI 405: Diversity and equal opportunity 2016		
405-1 D	Diversity in supervisory bodies and among employees	p. 30
GRI 408: Child labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	p. 31
GRI 409: Forced or compulsory labour 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 31
GRI 413: Local communities 2016		
413-1	Operating sites with local community involvement, impact assessments and support programs	p. 23

GRI Standard	Indicator	Source
GRI 414: Supplier social assessment 2016		
414-1	New suppliers that have been screened using social criteria	p. 13, 31
GRI 415: Public policy 20166		
415-1	Political contributions	p. 35
GRI 416: Customer health and safety 2016		
416-1	Assessment of the impact of different product and service categories on health and safety	p. 21–22
416-2	Violations in connection with the impact of products and services on health and safety	p. 22
GRI 417: Marketing and labelling 2016		
417-1	Requirements for product and service information and labeling	p. 21–22
GRI 418: Customer privacy 2016		
418-1	Substantiated complaints regarding breaches of customer data protection and loss of customer data	p. 23–24

ESRS Index

ESRS Standard	Indicator	Source
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ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	p. 8–10
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E1-3	Actions and resources in relation to climate change policies	p. 15–17
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E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	p. 17–19
E5-4	Resource inflows	p. 19–20

ESRS Standard	Indicator	Source
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ESRS2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	p. 8–10
S1-1	Policies related to own workforce	p. 29–35
S1-2	Processes for engaging with own workers and workers' representatives about impacts	p. 8–10, 26–28
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	p. 8–10, 32–35
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	p. 8–11, 26–29, 33

ESRS Standard	Indicator	Source
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S1-8	Collective bargaining coverage and social dialogue	p. 28
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S1-10	Adequate wages	p. 30–31
S1-12	Persons with disabilities	p. 25
S1-13 (not material)	Training and skills development metrics	p. 27
S1-14 (not material)	Health and safety metrics	p. 29–30
S1-15	Work-life balance metrics	p. 27–28
S1-16	Compensation metrics (pay gap and total compensation)	p. 31, 35
S2-1	Policies related to value chain workers	p. 31
S2-2	Processes for engaging with value chain workers about impacts	p. 31
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	p. 31, 34–35
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	p. 31, 34–35
S4-1	Policies related to consumers and end-users	p. 21–23
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	p. 34–35

ESRS Standard	Indicator	Source
Governance		
G1-1	Business conduct policies and corporate culture	p. 32–35
G1-2	Management of relationships with suppliers	p. 13–14
G1-3	Prevention and detection of corruption and bribery	p. 33–34
G1-4	Confirmed incidents of corruption or bribery	p. 33
G1-5 (not material)	Political influence and lobbying activities	p. 35
G1-6	Payment practices	p. 35

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