CHEPLAPHARM

ESG REPORT 2025

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Dear readers,

In the financial year 2025, we continued to develop and transparently document our sustainability activities at CHEPLAPHARM. As an internationally active pharmaceutical company, we bear responsibility for the impact of our actions on the environment, society and the economy. Our aim is to fulfil this responsibility throughout the entire value chain whilst making a reliable contribution to global healthcare provision.

Our business model focuses on acquiring established medicines and ensuring their long-term availability to patients worldwide. In doing so, we make an important contribution to the security of supply within the healthcare system. At the same time, our asset-light approach, with outsourced production, enables a very lean operational structure and thus a comparatively small direct environmental footprint. A large proportion of the environmental and social impacts of our business arise in our upstream value chain. For this reason, collaboration with our partner companies is a central focus of our ESG strategy.

Environmental impact

In the financial year 2025, we further deepened our analyses, particularly along the supply chain. For the second time, greenhouse gas emissions from our upstream and downstream value chains (Scope 3 emissions) were systematically recorded and further specified. This is giving us an increasingly better understanding of our partners' emissions profiles and will enable us to develop more targeted measures to reduce CO_2 emissions in collaboration with them in the future.

We are also continuously refining our own environmental indicators. Whilst energy consumption rose moderately, we were able to further improve our energy efficiency: energy consumption intensity fell compared with the previous year to **0.76 MWh per million euros of turnover** (cf. 2024: 0.79 MWh per million euros of turnover). Furthermore, we continue to source **100 % of our electricity from certified renewable sources**, meaning that our electricity consumption did not result in any market-based Scope 2 emissions in 2025 either.

Social Impact

Alongside environmental aspects, social issues and good corporate governance remain central components of our sustainability strategy. We continue to invest specifically in the development of our employees, promote an open corporate culture and rely on transparent and fair remuneration structures. Particularly noteworthy is the near-complete pay parity between women and men within the company. The **gender pay gap**[1] was reduced **to around 0.05 % in the financial year 2025** and is thus well below the national average. Furthermore, we continue to invest specifically in the development of our employees and ensure, through flexible working models and extensive training opportunities, that CHEPLAPHARM remains an attractive employer in the long term.

1 Defined here as the unadjusted gender pay gap. The unadjusted gender pay gap measures the difference in average pay between women and men without considering differences in job position, working hours or professional experience.

Corporate Governance

Through robust compliance and governance structures, we ensure that our business always meets the highest ethical and regulatory standards.

There have been significant developments in the regulatory environment during the reporting year. With the amendment of European sustainability regulations as part of the so-called Omnibus Package, the scope of the Corporate Sustainability Reporting Directive (CSRD) has been redefined. Based on the current legal situation, CHEPLAPHARM is not currently subject to mandatory CSRD reporting. Regardless of this, we will continue to report on our ESG matters transparently and align ourselves with international standards as well as selected requirements of the European Sustainability Reporting Standards.

This report provides a comprehensive overview of our sustainability strategy, our progress in the financial year 2025, and the key figures and developments in the areas of environment, social issues and corporate governance.

We would like to extend our special thanks to our employees and our business partners worldwide, who contribute to responsible corporate development through their daily commitment.

Our goal remains to continuously develop our sustainability work and, together with our partners along the value chain, to contribute to a long-term sustainable healthcare system.

Sebastian Braun
Co-CEO

Edeltraud Lafer
Co-CEO

About this ESG Report

As an internationally active company, we are aware of our responsibility for the social and environmental impacts of our business activities. Our aim is to conduct our business as sustainably as possible and to provide regular updates on the development of environmental and social aspects within our company.

This report is based on established international ESG standards and frameworks. As in previous years, we adhere to the reporting principles of **the Global Reporting Initiative (GRI)** and present the relevant content transparently in a **GRI index in the appendix to this report**.

With the introduction of the **Corporate Sustainability Reporting Directive (CSRD)**, the European Union has created a new regulatory framework for sustainability reporting. Under the directive's original provisions, CHEPLAPHARM could have been subject to this reporting obligation from the financial year 2025 onwards.

With the amendment to European sustainability regulations adopted in 2025 as part of the so-called Omnibus Package – which has since been adopted by the Council of the European Union and published in the Official Journal of the European Union – the scope and timelines for sustainability reporting have been revised. Based on this updated legal situation, CHEPLAPHARM is currently **not subject to the CSRD reporting obligation**.

Regardless of any legal obligation, CHEPLAPHARM continues to pursue the goal of creating transparency regarding the company's key sustainability issues and aligning its own reporting structures with international best practices. Against this backdrop, we use selected **indicators from the European Sustainability Reporting Standards (ESRS)**, which we present in an **ESRS index in the appendix to this report**.

Furthermore, we follow the **cross-sectoral core metrics of the World Economic Forum (WEF)** from the white paper *"Measuring Stakeholder Capitalism"*, the **sector-specific standards of the Sustainable Accounting Standards Board (SASB)**, and the **United Nations Sustainable Development Goals (SDGs)**. The alignment of our activities with the relevant sustainability goals is presented in an **SDG index in the appendix to this report**.

In our ESG strategy, we set out the fundamental cornerstones for the action fields of E (Environment), S (Social) and G (Governance). This is based on our materiality analysis, conducted in 2024 in accordance with CSRD guidelines and the principle of double materiality.

A particular focus is placed on the **supply chain**: due to our asset-light business model, we rely on collaboration with a large number of partner companies and ensure that they adhere to social and environmental standards. As in previous years, we have carried out a structured data collection exercise with our suppliers for 2025 and illustrate the impact these companies have on various sustainability issues.

Furthermore, we provide in-depth insights into our ESG work and report on relevant key performance indicators and the progress we have made compared to the previous year. The chapter **"Environment and Climate Protection"** contains key environmental indicators for CHEPLAPHARM and their development. Under **"Product, Corporate and Social Issues"**, we demonstrate how we ensure the highest quality standards for our products and their manufacture, how we support patients and our employees, and how we implement data security.

Finally, in the chapter **“Compliance and Corporate Governance”**, we describe our systems and targeted measures to ensure ethical corporate governance and refer to further company declarations on the subject.

The appendix contains a glossary with explanations of key terms and abbreviations used in this report.

About CHEPLAPHARM

CHEPLAPHARM is one of the world’s leading companies in the acquisition of established branded medicines from major pharmaceutical companies and their lifecycle management. We have a broadly diversified portfolio of approximately 160 medicines. As a result, we often act as the sole supplier of essential medicines, making an important contribution to **the security of supply** and thus to **the health and quality of life** of our patients.

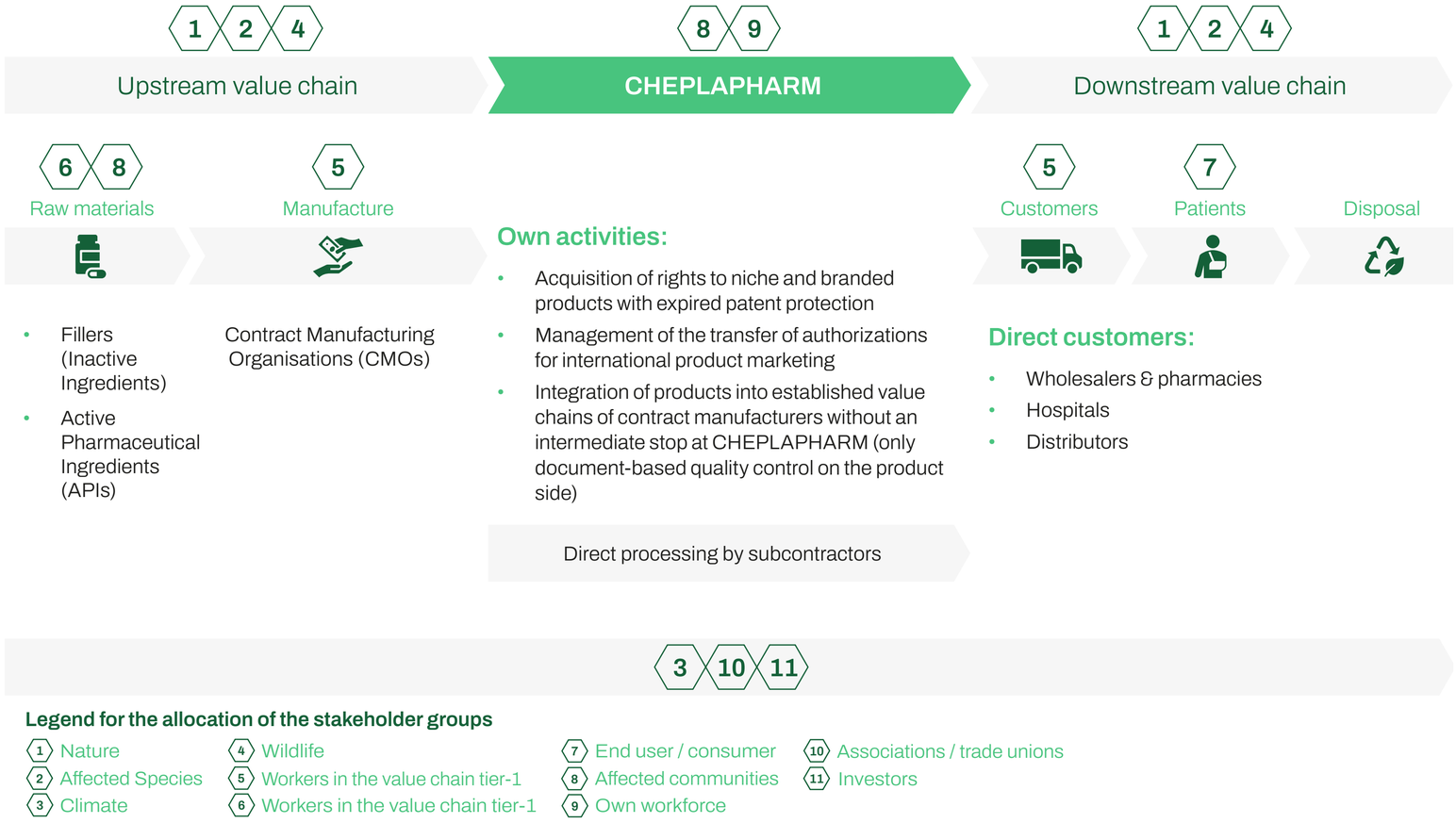
Using a scalable platform, CHEPLAPHARM operates an **asset-light business model** that combines our in-house expertise in critical functions with a global network of external partner companies. We do not conduct research and have outsourced the manufacturing of our products to more than **180 CMOs** (Contract Manufacturing Organizations) and **API suppliers** (Active Pharmaceutical Ingredients), the majority of which are based in Europe.

Our products are distributed largely through a comprehensive global network of more than **100 distribution partners** in **approximately 150 countries**, with whom we have usually enjoyed a trusting working relationship for many years. Whilst our direct environmental footprint is small, high environmental, social and corporate governance standards throughout our value chain are very important to us, which is why we have enshrined these in our Supplier Code of Conduct, amongst other measures.

Our ESG strategy

Our ESG strategy is founded on our core corporate values of reliability, responsibility, integrity and transparency. We put these into practice by focusing on strong and resilient partnerships and close dialogue with our stakeholders who have direct links to our specific business model – for example, suppliers, investors and our own workforce (see Fig. 1).

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



Materiality Analysis 2024

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

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

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

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

2. **What financial risks and opportunities arise for our company from sustainability issues?**
   This concerns how environmental and social factors can positively or negatively impact our financial performance. This is referred to as 'financial materiality'. In addition to the legal requirements of the ESRS (Delegated Regulation (EU) 2023/2772), we have also drawn on the EFRAG's "Implementation Guidance EFRAG IG1 Materiality Assessment" for methodological details open to interpretation when conducting the materiality analysis.
   To ensure the materiality analysis remains up to date, it will be subject to regular review in future.

Procedure for the materiality analysis

The starting point for the materiality analysis was the list of sub-themes from ESRS 1 – Appendix A (AR 16). This was supplemented by findings from the previous 2021/2022 materiality analysis, as well as industry-specific aspects based on an analysis of the material issues of relevant peers, ESG ratings and standards. We then consolidated the topics into a longlist in order to group together ESG topics of little relevance to CHEPLAPHARM and to remove, with justification, topics that have no connection whatsoever 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 any missing topics or aspects. We took the results of the survey into account in the subsequent materiality analysis process, particularly in the later 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 (so-called IROs). Within our core ESG team, we identified relevant positive and negative, actual and potential impacts of CHEPLAPHARM's business 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 areas of growth.

In subsequent IRO workshops, internal subject matter experts assessed the pre-identified impacts, risks and opportunities for the company in detail for each of CHEPLAPHARM's sustainability themes and supplemented them where necessary.

Assessment of impacts

In assessing our impacts, we adhered to 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 significant 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 occur?

For actual impacts, the first three criteria were given equal weighting in accordance with the recommendations of the EFRAG guidelines. For potential impacts, an average value was calculated for the first three criteria and given equal weighting against the probability factor.[2]

Assessment of risks and opportunities

The assessment of financial ESG risks and opportunities was carried out in accordance with the guidelines and assessment methodologies of the internal risk management framework. Furthermore, climate risk analyses incorporating various climate scenarios were considered when assessing potential risks and opportunities in the area of climate change (ESRS E1 standard).

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

IRO assessment and determination of materiality thresholds

The IROs discussed and assessed during the workshops with subject matter experts from CHEPLAPHARM were subsequently validated by the CHEPLAPHARM Executive Board. An 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 assessed as material remained, 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 this ESG report, we have based our analysis on the ESRS data points relevant to CHEPLAPHARM's material topics. The corresponding cross-references can be found in the appendix on p. 53 in our ESRS index.

Current strategy definition and outlook

Following strategy workshops with the Executive Board and various specialist departments, our 2022 ESG strategy was approved by the Executive Board. An update has been made as part of the 2024 materiality analysis and specific ESG measures for the coming years were defined. These ESG measures should primarily reflect the interests of patients, employees and the capital market, but also consider the expected increase in regulatory requirements. With the completion of the 2024 materiality analysis, the topics defined as material in the previous analysis were re-evaluated and harmonised with the ESRS sub-topics that have now become material:

1. Product quality and safety; ethical marketing

Material ESRS sub-themes: S4 Consumers and end-users – Information-related impacts; Personal safety; Social inclusion

Our products are subject to strict quality and safety criteria, which are monitored through numerous internal and external procedures. The aim is to further increase the transparency of the guidelines, measures and statistics already in place at CHEPLAPHARM (see the section on Section on Quality Management and regulatory compliance, p. 23) and to maintain a low recall rate of less than one percent of all batches. In addition, it is crucial to us that our distribution partners adhere to ethical marketing criteria for medicinal products – we have already integrated relevant guidelines 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 sub-themes: S1 Own Workforce – Working conditions; Diversity and inclusion

As part of our HR work, we are constantly reviewing measures to ensure we remain in the optimal position to compete for the best talent in the future. To this end, we regularly conduct employee satisfaction surveys and continuously develop our internal communication through appropriate formats. In addition, we implemented a comprehensive remuneration project in 2024. 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 29–33 of this report.

3. Good corporate governance

Key ESRS sub-themes: G1 Business Conduct – Corruption and bribery; protection of whistleblowers; management of supplier relationships

As a company, we aim to meet the highest ethical standards and have therefore established robust structures and mechanisms to prevent misconduct. For example, every employee is required to complete mandatory and regular compliance and anti-corruption training. In 2025, there were again no incidents of corruption within the company. Should an incident nevertheless occur, we protect whistleblowers through an anonymous whistleblowing system. Further information can be found in the chapter 'Compliance and Corporate Governance' (pp. 36–39).

4. Social and environmental supply chain

Key ESRS sub-themes: E1 – Climate action, E5 – Resource inputs and outputs, and S2 – Labour practices; diversity and inclusion

We again conducted a survey of our suppliers for the financial year 2025 to better understand the impact our supply chain has on environmental and social issues – more information on this can be found on p. 13-15 and p. 34–35. Furthermore, in 2023 we introduced a risk management software to further strengthen standards within our supply chain. This enables us to assess ESG risks along the supply chain even more comprehensively than before. In addition, since 2024 we have integrated ESG criteria into the selection of new CMOs and suppliers to take sustainability aspects into account at an early stage. In the current financial year, we will continuously update our existing training programs and audits for suppliers and expand them to include selected ESG criteria, so that we can keep an even closer eye on sustainability aspects in our supply chain.

Our Key Values

RELIABILITY AND INTEGRITY

RESPONSIBILITY

TRANSPARENCY

In focus: our supply chain

The manufacture of our products is outsourced to a broad network of **more than 180 Contract Manufacturing Organizations (CMOs) and API suppliers**. Our supply chain includes both companies that supply intermediate products – for example, active pharmaceutical ingredients, other medicine components or packaging – as well as contract and toll manufacturers of our medicines. CHEPLAPHARM currently has around 130 Tier 1 suppliers.

The companies in our supply chain range from small local contract service providers to large, internationally active pharmaceutical groups. A diversified, adaptable and resilient supply chain is essential for us to ensure the continuous supply of medicines to our patients. The majority of the goods and services we purchase come from companies based in Europe, which are subject to strict regulatory quality and sustainability requirements. We ensure that suppliers outside Europe also adhere to comparable standards. At the time of writing, as in the previous year, we are not aware of any significant environmental or social breaches of applicable regulations within our supply chain.

By regularly reviewing our supply chain, we gain transparency regarding compliance with sustainability standards and human and labor rights in our supply chain, which is essential to us. At the same time, this creates an additional mechanism for ensuring the highest product quality and safety.

An important component of our supply chain management is the **Supplier Code of Conduct**, which we introduced in 2022 and further developed in 2023. It sets out clear guidelines for our suppliers, which they are required to acknowledge and comply with. The Code places particular emphasis on our overarching ‘License to Operate’ and underlines the central importance of product safety, regulatory compliance and the continuous availability of medicines.

Survey of our suppliers

We view the monitoring of our supply chain as an ongoing process. To systematically assess and manage risks within our supply chain, we regularly conduct analyses of our key suppliers. In the financial year 2025, we again surveyed our key Tier 1 partner companies using standardized questionnaires on environmental and social topics. In addition to basic information on size, field of activity and corporate structure, details on existing sustainability measures as well as environmental and resource data were also collected.

In the financial year 2025, **31 strategically relevant suppliers** (targeted suppliers), which together account for **78 % of our purchasing volume**, were assessed using questionnaires and publicly available information.

To create a database for our supply chain that is as comparable as possible, we rely on intensity metrics when evaluating supplier data. The absolute values of the companies are set in relation to both their turnover and CHEPLAPHARM’s purchasing volume from these suppliers.

For each company that has provided data on its consumption, intensity values are calculated, for example, CO_2 emissions per million euros of turnover. The companies’ individual intensity values are then aggregated and divided by the number of responses to determine average intensities. As our purchasing volume varies across the respective suppliers, these values are additionally weighted according to our purchasing volume with each company. This methodology is applied to all intensity indicators presented in connection with our supply chain.

Environmental indicators and management structures in our supply chain

The survey provides valuable insights into environmental management and resource efficiency along our value chain. A significant proportion of our procurement volume comes from suppliers who have already implemented specific measures to reduce their environmental footprint. For instance around half of our procurement volume from surveyed suppliers comes from companies with **reduction targets for thermal energy**.

Established structures for environmental management are also in place within our supply. More than half of the suppliers under review have a **certified environmental management system in accordance with ISO 14001**, whilst 24 % have **energy management systems in accordance with ISO 50001**.

These key figures provide important insights for the further development of our sustainability strategy along the supply chain. Through continuous dialogue with our business partners, we aim to create an even better data foundation in the future and want to identify additional potential for reducing emissions and resource consumption.

Using the methodology described, we were also able to determine reliable intensity metrics and structural information on environmental management measures for some of our suppliers. These metrics provide an overview of key environmental aspects along our upstream value chain and, at the same time, enable a comparison between companies of different sizes.

The analysis shows that the average **CO_2 emission intensity** of the suppliers under review stands at around **34.6 tons of CO_2 per million euros of turnover** (2024: 28.1 tons of CO_2 per million euros of turnover) (weighted according to our purchasing volume from the respective suppliers). The emissions arise predominantly from energy-intensive production processes in pharmaceutical manufacturing, as well as from the supply of intermediate products and packaging materials.

There are also significant differences in energy consumption between our partners' individual production sites and business models. The **average electricity consumption intensity** of the suppliers under review is **around 100.7 MWh per million euros of turnover**, whilst the thermal energy intensity averages **73 MWh per million euros of turnover**. These figures reflect the sometimes energy-intensive production processes required for the manufacturing of active pharmaceutical ingredients and chemical synthesis processes.

In addition to energy and emissions, the volume of toxic emissions along the supply chain was also analyzed. The average intensity of toxic emissions among the suppliers under review is **approximately 5.4 tons per million euros of turnover**. A significant proportion of these emissions arises in connection with chemical production processes.

Climate protection and energy

A large part of our supply chain has strategic measures in place to reduce greenhouse gas emissions and energy consumption. Around **86 %** of the suppliers surveyed have **defined specific CO_2 reduction targets**, whilst just under **84 %** are pursuing **targets to reduce their electricity consumption**.

The use of renewable energy is also becoming increasingly important within our supply chain.

Management of pharmaceutical residues

In pharmaceutical manufacturing, the responsible management of active ingredient residues also plays a key role in environmental protection. Around 77 % of the suppliers surveyed have **systems** in place **for monitoring and treating pharmaceutical residues**, for example through specialized wastewater treatment processes or monitoring programs.

Waste management and resource efficiency

Well-established structures for waste management are also in place within our supply chain. Around 77 % of the suppliers surveyed have defined **targets for reducing their waste generation**. Furthermore, around 65 % of the companies surveyed have **guidelines for handling hazardous waste**, whilst around 51 % have **certified waste management systems** or comparable formalized structures for managing waste streams.

Overall, these results show that many of our key suppliers already have established environmental management structures in place. At the same time, the key performance indicators collected serve as a basis for further dialogue with our business partners to increase transparency and identify additional potential for reducing emissions, energy consumption and waste volumes along our value chain.

Use of risk tools

Since 2023, we have been using software to monitor risks along our supply chain. This software 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 provides us with a near real-time overview of potential risks and enables us to react quickly if necessary.

The software is used not only to monitor our existing supply chain, but also to assess potential new suppliers. Before entering a business relationship, potential partners undergo a comprehensive assessment covering environmental, governance and social aspects. For example, existing emissions and energy efficiency targets, management systems or measures to improve working conditions are viewed positively in the assessment. Depending on the location and business sector of the respective company, additional risk analyses or environmental impact assessments are carried out.

31
Surveyed Suppliers

78 %
Coverage of purchasing volume

84 %
Surveyed Suppliers providing regular safety training

86 %
Surveyed Suppliers with CO_2 reduction targets

1.6
Average LTIR

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, entails only a minimal direct environmental impact, **protecting the environment** is a **high priority for us**. We are committed to using natural resources and energy as efficiently and responsibly as possible. Additionally, we aim to continuously reduce our own emissions and waste and to encourage our suppliers to act in an environmentally conscious manner.

One example for the efficient use of resources and energy is the solar panels on the company premises, which also supply power to the charging stations for electric vehicles on site. Where regulatory requirements permit, we avoid using paper and rely instead on digital processes. Documents such as invoices, contracts and orders are always stored in digital form. Furthermore, we do not send out catalogues to conserve resources and make our business processes more efficient and sustainable.

Our environmental performance indicators are systematically collected by the Facility Management department using an in-house tool that is continuously being refined. Consumption figures are determined through our own meter readings, reconciled with the bills from utility and waste management providers, and documented in an audit-proof manner. This ensures transparency and data quality for our sustainability reporting.

Energy consumption and efficiency

CHEPLAPHARM's energy consumption comprises both electricity used for general purposes and gas consumption for heating and cooling. As in previous years, our report includes all consumption and greenhouse gas data from our German sites, where over 85% of our employees were based in 2025.

As part of our energy management, we continuously implement measures to improve energy efficiency. This includes, in particular, the modernization of our building infrastructure: less efficient office spaces are gradually being replaced by energy-efficient new buildings. Furthermore, we are continuously optimizing our air-conditioning systems. Older systems are being replaced by more efficient ones using more environmentally friendly refrigerants. The use of a modern chiller helps to further reduce both energy consumption and potential environmental impacts caused by refrigerants. In 2025, no halogenated refrigerants were replenished, meaning no additional emissions resulted from this.

We achieve further efficiency gains through the systematic optimization of lighting and heating systems. This includes adjusting the operation times of automatic lighting, the consistent use of LED technology, and the optimization of flow temperatures and runtimes for our heating systems.

In the financial year 2025, electricity consumption rose moderately to 853 MWh (2024: 817 MWh; +4.4%). This corresponds to an electricity consumption intensity of 0.53 MWh per million euros of turnover, which therefore stays the same to last year. Since 2023, we have sourced all the electricity for our business sites from certified renewable sources. Another positive highlight is our own electricity generation via photovoltaic systems on our business premises: in 2025, we managed to generate just over 100 MWh. Of this, around 51 MWh was used directly by us, and a further 50 MWh was fed into the public grid. At the same time, the use of our charging infrastructure for electric vehicles also increased significantly, and the separately recorded electricity consumption for charging private electric vehicles rose to 46,083 kWh.

Gas consumption rose to 336 MWh in 2025 (2024: 297 MWh; +13.1%). Taking climatic influences into account, this results in an adjusted increase of around 9%. Energy consumption from fuels for vehicles and emergency power generators, however, fell to 72 MWh (2024: 88 MWh; –18.2%). This decline is primarily due to the increasing use of electric vehicles.

Overall, total energy consumption rose slightly in 2025 to 1,293 MWh (2024: 1,211 MWh; +6.9%). The share of renewable energies in total energy consumption stood at 65.9% (previous year: 67.6%). Energy consumption intensity – measured as energy consumption per million euros of turnover – decreased minimally from 0.79 MWh per million euros of turnover in 2024 to 0.78 MWh per million euros of turnover in the financial year 2025.

Overall, this indicates a stable trend for 2025, with a continued high share of renewable energy, ongoing efficiency measures in building and plant technology, and a further reduction of fossil fuels in the vehicle fleet.

Table 1: Energy consumption at CHEPLAPHARM

	Unit	2024[3]	2025	Change in %
Energy consumption	MWh	1,211	1,293	+6.9%
Of which: Fuels	MWh	88	72	–18.2%
Of which: District heating	MWh	9	32	+255.6%
Of which: Natural gas	MWh	297	336	+13.1%
Of which: Electricity	MWh	817	853	+4.4%
Share of renewable energy in electricity consumption	%	100	100	-
Share of renewable energy in total energy consumption	%	67.6	65.9	–1.7%p.
Energy consumption intensity	MWh per mEUR turnover	0.79	0.78	–1.3%

3 Note on energy consumption: Due to more accurate recording of energy consumption in 2025, some figures from 2024 have been corrected retrospectively.

Greenhouse gas emissions and climate protection

For 2025, we are once again reporting transparently on our CO_2 emissions from Scopes 1 to 3, which thus include directly controlled emission sources, emissions from purchased energy, and our emissions from the upstream and downstream value chain. Emissions from Scopes 1 and 2 are calculated based on data from our German sites.

Our Scope 1 emissions in 2025 comprised natural gas consumption for heating purposes (101 t CO_2e), the use of heating oil for emergency power generators (1 t CO_2e) and fuel consumption by our company vehicles (18 t CO_2e; petrol and diesel). In total, this resulted in around 120 t CO_2e in Scope 1. Compared to 2024 (approx. 112 t CO_2e), this represents a moderate increase, which is primarily attributable to higher gas consumption, whilst emissions from fuels fell slightly.

In the Scope 2 category, as in the previous year, there were no emissions resulting from the electricity consumption of our company sites in 2025, as this is covered entirely by certified renewable sources. Emissions here result solely from district heating consumption (1 t CO_2e) and the external charging of our electric vehicles in our fleet (7 t CO_2e; 2024: 5 t CO_2e), which could be measured for the first time for 2025 and retrospectively for 2024. Although a total of 32 MWh of district heating was procured – more than last year (2024: 9 MWh) – a new supplier was used this year whose CO_2 emissions are demonstrably lower. Despite higher energy consumption, Scope 2 emissions have therefore remained unchanged at 8 t CO_2e compared to the previous year.

Despite the slight overall increase in Scope 1 and 2 emissions, our carbon footprint from our own business activities remains at a very low level compared to the industry average and stands intensity-based at 0.08 t CO_2e per million EUR of turnover. This is due to our asset-light business model and a high proportion of renewable energy in our total energy consumption.

By comparison, our supply chain continues to show a markedly different emissions profile: the Scope 1 and 2 CO_2 intensity of the companies included remains many times higher due to production-related factors (34.6 t CO_2 per million EUR in turnover). On a positive note, however, almost 90 % of our supply partners have already defined specific CO_2 reduction targets, and half have a certified environmental management system in accordance with ISO 14001 or a comparable standard. This underscores the increasing integration of climate protection measures throughout our value chain.

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

	Unit	2024	2025	Change in %
Scope 1 Total	**t CO_2**	112	120	+7.1%
Natural gas	t CO_2	89	101	+13.5%
Fuels for company vehicles[4]	t CO_2	21	18	–14.3%
Heating oil	t CO_2	2	1	–50%
Scope 2 Total	**t CO_2**	**8**	8	-
District heating	t CO_2	3	1	–66%
Electricity from external charging (market-based)	t CO_2	5	7	+40%
GHG intensity from Scope 1+2	t CO_2 per mEUR turnover	0.08	0.07	-

4 Approximate values based on mileage figures that have been partially extrapolated and WLTP manufacturer specifications.

Scope 3 Emissionen

For the financial year 2025, we have, for the second time, recorded the GHG emissions of CHEPLAPHARM's upstream and downstream value chain – the so-called Scope 3 emissions – in accordance with the GHG Protocol. In doing so, in line with the materiality provisions of the CSRD, we have focused on those categories that may occur in significant quantities within CHEPLAPHARM's value chain. We see realistic potential for future management and reduction of GHG emissions in these categories, in consultation with our business partners.

Due to the complexity of our numerous business partner relationships and the associated, often deep value chains, the calculation of Scope 3 emissions described below is partly based on extrapolations and occasional omissions. The respective limitations are noted in the corresponding footnotes. Compared to the previous year, however, data quality has already improved in some respects, e.g. in categories 3.4 and 3.9, which can now be reported separately for the first time, and in category 3.7, where more precise primary data could be collected for the first time through an employee survey.

Unless otherwise stated, an approach based on CHEPLAPHARM's financial expenditure was initially chosen for the emissions calculation (the so-called spend-based method in accordance with the guidelines of the GHG Protocol). In order to obtain the most meaningful figures possible for our company, we have also drawn on the emission factors relevant to the pharmaceutical industry for pharmaceutical products from the "Scope 3 Greenhouse Gas Emissions Calculation Guidance" of the Pharmaceutical Supply Chain Initiative (PSCI) and the "Conversion Factors per £" of the UK government, in the absence of German emission factors for pharmaceutical products.

Table 3: Overview of Scope 3 emissions for 2024 and 2025

	Unit	2024	2025	Change in %
Total Scope 3	**t CO_2**	362,229	**383,260**	**+5.8%**
3.1 Purchased goods and services[5]	t CO_2	339,649	**369,700**	+8.8%
3.2 Capital goods	t CO_2	-[6]	**9416**	n/a[7]
3.4 Upstream transport and distribution[8]	t CO_2	7,195	**1043**	n/a[7]
3.9 Downstream transport and distribution	t CO_2		**2705**	n/a[7]
3.6 Business travel	t CO_2	590	**211**	–64.3%
3.7 Employee commuting[9]	t CO_2	284	**185**	–35%
Intensity of Scope 3 emissions	t CO_2 per mEUR turnover	236	**231**	–2.1%

5 As the procurement of medicines, their ingredients and the associated packaging materials is almost exclusively handled by business partners, estimates and projections had to be used to calculate this emissions category.
6 Emissions in this category were recorded for the first time in 2025, which is why no figure can be reported for 2024.
7 These values are not comparable.
8 As the upstream transport of medicines is carried out almost exclusively by business partners, estimates and extrapolations had to be used to calculate this emissions category.
9 As we have not yet been able to collect reliable company data on commuting distances and vehicles used for 2024, we have instead used publicly available data on commuting behaviour in Germany from the Federal Statistical Office. For 2025, more precise figures were calculated based on an employee survey.

As in the previous financial year, by far the largest proportion of emissions in our value chain in 2025 results from the purchase of goods and services (Scope 3.1). Emissions here are mainly production-related and arise during the manufacture of our medicines by external contract manufacturers. In addition, emissions arise from the extraction of ingredients and the production of packaging materials for our medicines by companies in the upstream value chain. A significant proportion of the increase in emissions in this category is due to the inclusion, for the first time in 2025, of non-product-related goods expenditure.

This year, we were able to quantify emissions from the capital goods category (Scope 3.2) for the first time. These arise from the manufacture of durable assets used by CHEPLAPHARM, in particular from the production of our medicines by external contract manufacturers, as well as from the manufacture of production facilities and other capital goods along our value chain.

By comparison, transport categories 3.4 and 3.9 (upstream and downstream transport and distribution) make a significantly smaller contribution to our Scope 3 emissions. The reduction in emissions from these categories compared with the previous year is largely due to an improved calculation methodology.

Mobility-related emissions from business travel (Scope 3.6) and our employees' commuting (Scope 3.7) turn out to be even lower.

Whilst we can directly influence mobility-related emissions or investment-related decisions to some extent, we are largely dependent on the climate protection measures of our business partners when it comes to emissions from upstream production and transport. We therefore aim to further expand our dialogue with our partners along the supply chain in order to obtain more accurate emissions data in the future and to better identify potential CO_2 reduction opportunities within our value chain.

Waste volumes and water consumption

In 2025, the recorded waste volumes at CHEPLAPHARM – relative to the size of the company – remained at a moderate level. This year, we were able to improve our data methodology, which we also applied to our figures from the previous year, leading to a general increase in the recorded waste volume. The total volume of waste generated amounted to 233 tons (2024: 265 tons), which was 12.1% below the previous year's figure.

As in previous years, a significant proportion of the waste volume was accounted for by the waste category 'expired medicines'. The volume of this category fell to 108 tons in

2025 (2024: 125 tons; –13.6 %). Declines were also recorded for cardboard and paper at 73 tons (–15.1 %) and for the destruction of files and data storage media at 2 tons (–50 %). Waste from cardboard and paper was predominantly generated by packaging and office waste and 100 % of it was sent for recycling. Thanks to improved data collection, it is now possible for the first time to break down municipal waste disposal into individual waste categories. Consequently, the following table lists the categories of light packaging and residual waste, which could not yet be specified in the previous report. The volume of light packaging waste amounted to 7 tons (2024: 8 tons), whilst 43 tons (2024: 43 tons) of residual waste was generated. This enabled us to reduce our waste intensity from 0.65 tons per million euros of turnover in the previous year to 0.14 tons per million euros of turnover in 2025.

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

	Unit	2024	2025	Change in %
Total waste volume	t	265	233	–12.1 %
Expired medicines	t	125	108	–13.6 %
Cardboard and paper	t	86	73	–15.1 %
Files and data storage media	t	4	2	–50 %
Lightweight packaging	t	8	7	–12.5 %
Residual waste	t	43	43	-
Waste intensity	t per mEUR turnover	0.65	0.14	–78.5 %

Following a one-off increase in the volume of expired medicines in 2024, which led to a significant rise in the total volume, waste volumes returned to normal in the reporting year.

To keep waste volumes as low as possible in the long term, we continue to focus on targeted measures for prevention and reduction. A key component is raising awareness among our employees, for example through regular internal information sessions and via our corporate network, to promote a conscious and resource-efficient use of materials.

A particularly relevant issue in the pharmaceutical industry remains the responsible handling of toxic pharmaceutical residues in wastewater, which can arise during production processes. As CHEPLAPHARM does not operate any production facilities itself, no such emissions are generated in our direct business operations. Information about our supply chain can be found in the relevant section of this report.

Table 5: Water withdrawal at CHEPLAPHARM in [m³/year]

	Unit	2024	2025	Change in %
Water abstraction	m³	3,183	2,367	–25.6%
Water withdrawal intensity	m³ per mEUR turnover	2.07	1.43	–30.9%

As CHEPLAPHARM does not operate its own production facilities, the volume of wastewater discharged generally corresponds to the volume of drinking water sourced – the water is used but not consumed in the production context.

In 2025, our water withdrawal amounted to 2,367 m³ (2024: 3,183 m³), which was 25.6% below the previous year's figure. Following an increase in consumption in 2024, driven in particular by the commissioning of additional building space, water demand returned to a lower level in the reporting year.

26%
less water withdrawal

12%
less waste

Product, society and social issues

CHEPLAPHARM offers a diversified portfolio of around 160 established branded medicines, thereby making a significant contribution to international supply security. The continuous provision of numerous essential medicines forms the basis for the trust of millions of patients worldwide.

Quality management and regulatory compliance

To ensure the highest quality standards, we subject our products to regular, thorough quality controls. Our established quality management system complies with the Good Manufacturing Practices (GMP) and the Good Distribution Practices (GDP). Together, these form the core quality and safety standards for medicines. Whilst GMP ensures that medicines are manufactured under controlled conditions to a consistently high standard, GDP guarantees that their quality and integrity are maintained during storage, transport and distribution. Together, these two sets of regulations ensure that human medicines are handled reliably, safely and traceably throughout the entire value chain.

No regulatory warnings were issued against CHEPLAPHARM in the 2025 reporting year.

To ensure the highest standards, all new employees are systematically introduced to quality and compliance-related processes as part of the onboarding process. In addition, all staff undergo mandatory annual training on regulatory requirements and internal procedures in accordance with our Standard Operating Procedures (SOPs), which clearly define the procedures for the handling of our medical products. The training content covers, in particular:

- Pharmacovigilance
- Export control
- Reporting of adverse reactions
- GDP and GMP-related processes

These basic training courses, which are mandatory for all employees, are supplemented by role-specific additional training, with external training courses also available where required. Employees responsible for temperature-sensitive or hazardous substances receive specific training on proper handling and on how to act in emergency situations. Specific responsibilities are clearly defined in written procedures and in relevant contracts. All training materials are stored in the internal document management system and documented in an audit-proof manner.

At CHEPLAPHARM, we regularly conduct safety audits for pharmaceutical products. These take place both as part of our internal inspections and during GMP audits, which take environmental, health and safety aspects into account.

Supplier management and auditing

We also attach great importance to product safety within our supply chain: our API suppliers and Contract Manufacturing Organizations (CMOs) are required to prepare product-specific quality reports annually and make these available to CHEPLAPHARM.

In the financial year 2025, 338 API suppliers and CMOs were subject to the defined quality requirements (2024: 366). 71% of partners subject to audit are audited directly by qualified internal specialists. The remainder are audited by external, qualified auditors. Audits are carried out on a regular basis at least every three years or on an ad hoc basis in the event of anomalies. In addition, every single delivery is checked internally at CHEPLAPHARM by qualified personnel prior to release.

The monitoring of our CMOs and API suppliers is carried out on a risk-based foundation in accordance with GMP and GDP requirements and within the framework of legal obligations by externally and internally trained experts. The resulting obligations for CHEPLAPHARM's indirect or sub-suppliers are defined in the respective quality assurance agreements.

Out of our surveyed suppliers, 95 % have a certified quality management system in accordance with ISO 9001 or a comparable standard.

Recalls, deviations and complaints

During the financial year 2025, seven product recalls were carried out of a total of 11,223 approved batches. This corresponds to a recall rate of 0.76 %. By comparison, the recall rate in 2024 was 0.12 %.

The increase in the reporting year was investigated as part of structured root cause analyses and addressed via the established CAPA[10] process.

The identified deviations in relation to the number of released batches remained at a low level in 2025 and are systematically documented, evaluated and – where necessary – addressed through preventive or corrective measures.

Distribution, product safety and traceability

Transport and storage are carried out strictly in accordance with Good Distribution Practices (GDP). Binding Standard Operating Procedures (SOPs) are in place for all distribution processes.

Every delivery is fully traceable – including batch documentation, release protocols and electronic IT systems. This comprehensive documentation enables the early identification of potentially counterfeit medicines.

For temperature-sensitive products, risk-based measures are defined, including:

- Validated temperature-controlled transport conditions
- The use of suitable temperature-insulated packaging
- The use of temperature data loggers for continuous monitoring

Clinical trials and ethical standards

As CHEPLAPHARM does not carry out its own marketing activities, there are consequently no complaints relating to ethical or unethical marketing.

Where clinical trials are commissioned, these are conducted in compliance with Good Clinical Practice (GCP) and the 'Declaration of Helsinki'. The latter stipulates that all medical research involving human subjects must adhere to fundamental ethical principles. Each trial is reviewed by an independent ethics committee prior to commencement.

Overall, the financial year 2025 demonstrates a continued robust quality and compliance system with transparent monitoring of recalls, clearly defined audit structures, and a comprehensive training and documentation framework across the entire value chain.

10 CAPA stands for 'Corrective and Preventive Actions'. CAPA processes are an established quality management tool, particularly in the pharmaceutical industry. They serve to systematically analyze identified deviations, errors or risks, determine their causes and implement appropriate measures to rectify them (corrective actions) and to prevent similar occurrences in the future (preventive actions).

Access to Medicine

As an international company, we currently operate in **150 countries**, thereby contributing to the continuous supply of proven medicines to patients worldwide. A central component of our business model is to keep established medicines available in the long term and to ensure their supply throughout the entire product's lifecycle. In this way, we make an important contribution to **the security of supply in the global healthcare system** and help ensure that patients continue to have access to proven therapies.

CHEPLAPHARM's portfolio currently comprises **around 160 medicine**s whose patent protection has expired. A significant proportion of this product portfolio consists of medicines of high medical relevance to global healthcare. Currently, **28.4% of our medicines** are included **on the World Health Organization's (WHO) 'Model List of Essential Medicines'**. This list comprises medicines which, in WHO's assessment, are among the most important medicines for basic healthcare worldwide.

Through our portfolio, we also help to meet the needs of patient groups with specific medical requirements. One example of these niche indications is our product **Vesanoid (tretinoin)**, which is used to treat acute promyelocytic leukemia – a rare, potentially life-threatening form of leukemia with an incidence of approximately **1 in 1,000,000 people in the European Union**.

In addition, our portfolio includes a wide range of **proven antibiotics** used to treat various bacterial infections. These include products such as Flemoxin, Suprax and Unidox Solutab, which are frequently prescribed for respiratory, urinary tract or skin infections. We also offer specialized medicines such as Fungizone and Pimafucin for the treatment of fungal infections, as well as Sofradex and Zineryt for topical use in eye, ear and skin conditions. This diversity enables us to respond specifically to different disease patterns and ensures effective patient care.

In addition to the long-term availability of our products, the **safety of medication use** is also a central component of our contribution to healthcare. Through our pharmacovigilance structures, we continuously monitor the benefit-risk profile of our medicines and ensure that new safety-related findings are assessed promptly and, where necessary, incorporated into product information and risk minimization measures.

To improve access to essential medicines for patients, even in countries with limited regulatory or infrastructural capacity, we collaborate with **non-governmental organizations (NGOs) and local authorities**. Where a country lacks standard regulatory approval, CHEPLAPHARM works closely with the relevant local authorities to obtain **special authorizations or import permits**. In this way, we help to bridge gaps in medical care and facilitate access to vital treatments.

28.4%

of our medicines are included on the WHO's "Model List of Essential Medicines"

Ensuring IT security

The global rise in cyber-attacks on IT systems and infrastructure poses significant risks to businesses. CHEPLAPHARM addresses these challenges through systematic **monitoring of the entire IT landscape**, as well as a comprehensive set **of binding guidelines and training on IT, information and data security for all employees**. These measures play a key role in preventing business interruptions and ensuring the integrity of sensitive company and stakeholder data.

In addition to the secure use of IT systems, our security concept includes clearly regulated access and authorization management for IT systems and buildings. All relevant guidelines must be acknowledged by all employees and the corresponding training records are documented centrally in the document management system. A central role plays the annual mandatory IT awareness training, which is conducted by external service providers and is aimed at all employees.

In the reporting year 2025, comprehensive awareness-raising measures, including phishing simulations, were once again carried out to maintain security awareness at a consistently high level.

In addition, CHEPLAPHARM has **clearly defined contingency plans** and response procedures for IT and data security incidents. These include, in particular:

- A comprehensive Business Continuity Plan (BCP),
- An internal guideline for our employees on how to handle security incidents,
- Documented incident response processes,
- Regular testing of recovery procedures,
- Monthly checks of backup systems and emergency power generators (EPG).

The effectiveness of these mechanisms is continuously reviewed and documented.

Our service providers also undergo a structured qualification process. This includes self-declarations and checks against sanctions lists. Detailed IT security requirements are defined and validated by internal specialists as early as the procurement process for new software solutions. In addition, there are:

- Binding password policies,
- Close monitoring of digital identities,
- Role-based access management based on the ‘need-to-know’ principle.

In doing so, CHEPLAPHARM follows the current recommendations of the German Federal Office for Information Security (BSI).

The **protection** of all stakeholders’ **personal data** remains a top priority. CHEPLAPHARM strictly complies with the requirements of the European General Data Protection Regulation (GDPR). The processing, storage and disclosure of personal data takes place exclusively based on lawful consent or a corresponding legal basis. This is ensured, amongst other things, by documented consent processes (e.g. cookie banners, documented consent during telephone calls or written consents). Physical documents containing personal data are

destroyed in accordance with data protection regulations in specially designated secure containers.

Regular internal **risk assessments regarding information security** are carried out as part of risk management. Audits of the implemented control mechanisms complement the security concept. Data protection impact assessments are carried out – where necessary – in conjunction with the externally appointed data protection officer. In addition, external 'red teaming exercises' and penetration tests are commissioned annually to identify potential vulnerabilities at an early stage.

The internal data protection function and the external data protection officer monitor any data protection breaches and ensure they are reported in a timely manner.

In the financial year 2025, there were **no reportable incidents concerning information or data security**.

Overall, this underscores the effectiveness of the established IT security and data protection management system, as well as the consistent further development of protective mechanisms in line with regulatory and technical requirements.

Workforce and corporate culture

At the end of the financial year 2025, the **CHEPLAPHARM Group** employed **799 staff worldwide** (headcount). Compared with the previous year, the workforce has thus increased by around 2% (2024: 785). Germany remains the Group's largest location.

The breakdown by country is as follows:

Table 6: Number of employees by location

Country	Headcount (31 December 2025)	FTE (31 December 2025)	Average headcount 2025
Germany	691	642.4	683.8
Austria	2	1,8	2
France	17	17	17.7
Russia	5	5	5.7
Japan	37	37	36.8
Switzerland (incl. regions)	47	46.1	47.3

Age structure (total workforce)

The average age of our workforce was 39.4 years in 2025. The age structure continues to show a strong core in the 30 to 49 age group.

The age distribution (based on 799 employees as of 31 December 2025) is as follows:

Table 7: Age structure of employees (German locations)

Age	Under 20	20–29	30–39	40–49	50–60	Over 60
Total number of employees	2	103	329	255	95	15
As percentage of total workforce	0.3%	12.9%	41.2%	31.9%	11.9%	1.9%

Inclusion

In the financial year 2025, 8 employees (≈1% of the total workforce) were registered as people with disabilities.

Staff turnover

The staff turnover rate (calculated using the BDA formula) stood at:

- 7.8% overall
- 4.8% employee-initiated departures

This puts the rate below the previous year's figure for 2024 (8.2%) and is therefore at a solid level.

Corporate culture and working environment

As a medium-sized company with flat hierarchies, CHEPLAPHARM continues to embody a corporate culture characterized by team spirit, high levels of professional expertise and a pragmatic approach. Transparent communication and employee retention are central elements of our HR strategy. We act **responsibly, with integrity and reliability** towards employees, patients, partners and other stakeholders. A trusting working relationship and a motivating and healthy working environment are central to us.

In the financial year 2025, the following measures, amongst others, were continued or further developed:

- Regular feedback and development reviews for all employees,
- Management training for new and existing managers
- Expansion of the benefits package (including meal and gift vouchers),
- Continuation of flexible working time models,
- Training budgets for 2–4 training courses per year per employee.

At all sites, we offer modern office spaces and allow up to three days of remote work per week to ensure a high degree of flexibility. Employees who regularly work from home are provided with comprehensive IT equipment. At the Greifswald site, electric vehicles can be charged at charging stations powered by photovoltaic systems on the roofs. In addition, social areas with playful elements encourage creative breaks, motivation and mental wellbeing.

Furthermore, the workforce regularly gets involved in social initiatives. In 2025, employees supported a relief effort for the Hôpital Braun in Cinkassé (Togo), during which donations of any kind, such as bed linen, clothing and medical supplies, were collected. These were transported to Togo in a container, together with technical equipment and hospital beds, and made available for use in the hospital. Numerous employees took part in both collecting the donations and loading the container.

Local charitable projects are also regularly supported. In 2025, for instance, staff once again organized a bake sale in aid of the ‘Wünschewagen’ (Wish Car) in Mecklenburg-Western Pomerania, which fulfils the final wishes of seriously ill people. Thanks to the high level of participation from the workforce, donations totaling around €1,800 were raised. The management doubled this amount and rounded it up to a total of €4,000, which was made available for the project.

Focus on employee satisfaction: Our EX-based survey 2025

In 2025, we once again conducted our annual, comprehensive employee satisfaction survey. The response rate remained high at 73 % (compared to 79 % in the previous year). The survey is based on **the Employee Experience (EX) model**. This model considers the entire work experience of employees – from the corporate culture and the working environment to development opportunities – and and aims to understand its impact on engagement, satisfaction and productivity.

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

- **Energy**: Do our employees have the physical and mental energy to work with motivation?
- **Engagement**: Do they feel connected to our values and are they willing to get actively involved?
- **Effectiveness**: Do they perceive their working environment as supportive of productive and sustainable performance?

The Sustainable Engagement Rate stood at **69 out of a possible 100 points** in 2025, virtually unchanged from the previous year (70 points). The results of this survey provide us with valuable insights to continuously improve our working culture and create an environment in which our employees can feel at home and thrive in the long term. Based on these findings, we are developing targeted measures to further strengthen the continuous satisfaction and motivation of our teams.

Career and professional development

CHEPLAPHARM offers its employees a wide range of development opportunities. Our aim is to continuously support and develop our workforce and retain them within the company in the long term. We, therefore, provide each employee with two to four targeted training courses per year.

As part of individual development agreements, we support both professional and personal development. This is underpinned by our established competency model, based on a structured training catalogue featuring soft skills training. In addition, we use the LINC tool for personality analysis, which – combined with coaching and training programs – enables targeted individual development.

We also generally open career paths for our employees in both specialist and management roles within the company via an internal job portal. For managers, we offer a combined digital and analogue training program, whereas employees in new roles receive additional training measures. Furthermore, we support female employees through a mentoring program for women in business in Mecklenburg-Western Pomerania.

Fixed-term contracts and part-time work

Wherever possible, we avoid fixed term or short-term employment contracts. In the financial year 2025, an average of 3.2 employees were on fixed-term contracts, which – relative to the total workforce – corresponds to a proportion of around 0.4 %. The use of external employment arrangements (e.g. agency work) also remains limited to exceptional cases and stood at an average of 21.7 people in 2025, or around 2.7 % of the workforce.

The proportion of part-time staff in 2025 averaged 82.3 employees, which corresponds to around 10 %. Flexible working models, trust-based working hours and at least three days of remote work per week are an integral part of our corporate culture. In addition, subject to agreement with the superior, there is the option to work from another European country for up to 60 days per year. We do not use shift work at all and do not expect on-call duty.

Our aim is to support and encourage our employees beyond the legal requirements. In Germany, where most of our employees are based, we grant 30 days of annual leave. In addition, we offer supplementary benefits, including special leave and financial allowances for special occasions such as the birth of a child, a wedding or long-term service. All employees also have the option of applying for additional days' leave for family reasons. In 2025, 5.28 % of female and 3.33 % of male employees made use of this offer.

We are also committed to the long-term development of young talent: in 2025, four apprentices and one dual-study student were undergoing training at CHEPLAPHARM. Furthermore, we offer internships, working student positions and supervision for final-year projects, and maintain close partnerships with the universities in Greifswald and Rostock, as part of the Germany Scholarship scheme.

Feedback culture and dialogue

Our feedback culture is a central component of staff development. We hold structured feedback sessions with all employees at the end of their probationary period, as well as regularly at mid-year and year-end. These are based on our four-level competency model and enable transparent performance assessment and the identification of individual areas for development.

Regular dialogue between management and staff is ensured by the work council. In 2025, around 96 % of the global workforce was represented by employee representatives. Since the establishment of the European SE Works Council, we have also ensured group-wide dialogue.

Our benefits

min. 3 days
remote work per week possible

up to 60 days
possibility to work from foreign EU countries

30
vacation days

As one of the largest employers in Greifswald, we also feel a sense of responsibility beyond our own workforce. We therefore regularly support local projects through donations and sponsorship, thereby contributing to the local community.

Health and Safety

Occupational health and safety continue to be a top priority at CHEPLAPHARM. Our commitment goes beyond simply preventing accidents at work: we actively promote a healthy and safe working environment that contributes to the long-term well-being of our employees. This includes, among other things, ergonomically designed workstations and clearly defined responsibilities across all departments. Specially appointed representatives work with external experts to develop appropriate measures and solutions. In addition, we regularly carry out risk assessments – both by independent external experts and by our trained internal specialists from the HSE and Facility Management departments.

Our occupational health and safety management system is based on the guidelines of the Joint German Occupational Safety and Health Strategy (GDA). We define binding safety targets, provide our workforce with transparent information on relevant requirements, and conduct **mandatory occupational health and safety training** at least **once a year**.

Breaches of occupational health and safety regulations are systematically investigated and addressed. Our actions are guided by our **Code of Conduct** and binding standard operating procedures. The values and guidelines set out therein form part of our **mandatory compliance training** for our employees in Germany.

The effectiveness of our measures is also reflected in the key figures for the financial year 2025: the absence rate in our German locations stood at around 10 %, remaining at the previous year's level. Of this, around 4.3 % was attributable to sickness-related absences. Other absences resulted, among other things, from parental leave, maternity leave or caring for sick children. Absences due to illness thus remained below the national average for those with statutory health insurance[11]. The LTI frequency[12] rate stood at around 4.1 in 2025 (2024: 6), whilst the LTI severity[13] rate was approximately 0.01 (2024: 0.2), representing a year-on-year decrease in both rates. As in previous years, no fatalities related to employment at CHEPLAPHARM were recorded.

Furthermore, there were **no confirmed human rights violations** within the company's own operations in the financial year 2025. Accordingly, no fines were imposed in connection with breaches of labor law, social or human rights regulations.

11 The national average for sickness-related absenteeism among those with statutory health insurance stood at 5.83 % in 2025, source: BKK Dachverband, URL: https://tinyurl.com/5625z7mr, (accessed on 05/03/2026).

12 The Lost Time Injury Frequency Rate (LTIFR) measures the number of work-related accidents resulting in lost time per million hours worked and serves as an important safety indicator. A lower rate indicates better safety performance.

13 The Lost Time Injury Severity Rate (LTISR) measures the severity of workplace accidents by calculating the total number of lost working days in relation to the total number of hours worked. A higher rate indicates more severe, long-term injuries, whilst a lower rate indicates better safety.

Diversity and Inclusion

Our corporate culture is based on **equal opportunities for all employees** – regardless of ethnic origin, gender, sexual identity or other individual characteristics. We are convinced that diversity strengthens our performance, promotes innovation and contributes significantly to our corporate success. Overall responsibility for diversity is anchored at the highest level with our CEO, Edeltraud Lafer.

At the end of 2025, CHEPLAPHARM employed **staff from 45 nations** (2024: 40). The diversity of our workforce is evident both in its international composition and in the gender distribution. At our German sites, the proportion of women stood at around 56 %. Internationally, the proportion of female employees was as follows: France 94 %, Russia 80 %, Switzerland 57 % and Japan 46 %. This brings the **proportion of women across the entire CHEPLAPHARM Group to around 67 %**.

The proportion of women in management positions is also above average. At the top management level we count 40 %, remaining well above the proportion of women on the executive boards of DAX 40 companies (2025: approx. 25 %). At the second management level, the proportion of women was 20 %, and at the third level 50 %. This trend is also evident in key business areas: in sales, the proportion of women in management positions stood at 50 % in 2025, whilst in the STEM sector, almost 60 % of management roles were held by women.

Gender-equitable pay

CHEPLAPHARM has achieved great success in achieving gender-equitable pay through the implementation of its remuneration project. The unadjusted gender pay gap has fallen to 0.045 % (2024: 10 %), whilst the median gender pay gap has decreased further from an already very low level to –0.04 % (2024: –0.4 %). We have thus achieved almost **complete pay parity**. By comparison, the unadjusted gender pay gap across Germany stands at 16 % (2025). We are committed to transparent remuneration structures with defined salary bands, which are consistently adhered to during the salary-setting process. Naturally, we also ensure that no employee is paid below the statutory minimum wage.

Executive Board remuneration and remuneration ratios

In the area of Executive Board remuneration, too, we pursue a performance- and market-based remuneration structure that is internally consistent. The remuneration of the Executive Board comprises a fixed basic salary and additional remuneration components that are linked to the company's performance and the achievement of defined targets. In this way, we ensure that corporate responsibility, sustainable value creation and long-term corporate success are appropriately taken into account.

In the financial year 2025, the annual basic salary of the Executive Board ranged from approximately €337,000 to €420,000. Considering additional remuneration components, total remuneration amounted to approximately €498,000 to €507,000.

0.045 %
unadjusted gender pay gap

In line with the ESRS requirements regarding **the 'annual total remuneration ratio'**, we also report the ratio of the highest-paid individual to the average annual total remuneration of employees. For the financial year 2025, this ratio stands at approximately 14.7:1. Compared with the previous year (approximately 9.1:1), this figure has increased. We continuously monitor this development in the context of company growth, scope of responsibility and market comparison.

Our remuneration system is based on a standardized remuneration process that is applied across the Group. Variable remuneration components are linked to clearly defined corporate and departmental targets. The aim is to achieve a **transparent, non-discriminatory remuneration structure based on clear criteria** across all hierarchical levels.

Human rights and social standards in the supply chain

We work with a wide range of international companies, which is why the **full respect for universal human rights** throughout our entire value chain is of paramount importance to us. We firmly reject any form of exploitation, in particular forced and child labor, and are committed to decent working conditions and fair pay. We expect the same from our suppliers.

Compliance with local labor laws by our business partners is a matter of course for us and is enshrined in our **Supplier Code of Conduct**. Furthermore, we attach great importance to the implementation of broader labor rights, such as those defined in the **standards of the International Labor Organization (ILO)**. In the manufacturing of pharmaceutical products in particular, the protection of employees and product safety are of paramount importance – a standard we also require from our suppliers.

Review and assessment of our suppliers

To ensure compliance with these standards, we regularly audit our suppliers against key social and governance criteria, including occupational health and safety, working conditions and remuneration structures. We ensure that potential new suppliers meet our requirements right from the initial contact.

In addition, location- and development-related risks are factored into the assessment of our supply chain – an analysis carried out by specially trained colleagues. Any indications of potential misconduct in the supply chain can be reported at any time via our anonymous whistleblower tool and would then be thoroughly investigated.

Should any shortcomings in compliance with social standards be identified, CHEPLAPHARM will first seek a joint solution to improve the situation. If agreed measures are not implemented, we reserve the right to reassess the supplier, up to and including the termination of the business relationship.

Results of the supplier assessment

In the financial year 2025, **31 strategically relevant suppliers**, accounting **for 78 % of our procurement volume**, were assessed using questionnaires and publicly available information. The analysis covered, amongst other things, governance structures, occupational health and safety, and guidelines on the protection of workers' rights.

The evaluation shows that a large proportion of our procurement volume is already covered by suppliers with established social and compliance structures. Assessed suppliers representing around 95 % of our procurement volume have **policies** in place **to prevent corruption and bribery**, as well as **regulations to prevent child labor and forced labor**.

Furthermore, many of these suppliers operate **complaint or whistleblower systems** through which potential breaches of compliance or social standards can be reported.

A further significant proportion of our procurement volume is accounted for by suppliers with **certified quality management systems, for example ISO 9001**, which also cover aspects of product safety and process quality.

Occupational safety and product safety at our suppliers

Our analysis also shows that many of our key suppliers have implemented structured measures to promote occupational safety and product safety. Of the suppliers who together account for 78 % of our procurement volume, 84 % regularly **conduct training for their employees on topics such as product safety and occupational safety**. This is particularly important in pharmaceutical manufacturing, as both the safety of employees and the quality and integrity of the manufactured products are closely interlinked.

Where relevant figures are publicly available, these suppliers also report comparatively low accident rates. The average **Lost Time Injury Rate (LTIR) of the suppliers under review stands at 1.6**, which indicates a generally well-established safety management system in production and operational processes.

Codes of Conduct and Audits

Our core codes of conduct underline our commitment to ethical and compliant behavior. The **Code of Conduct** and the **Supplier Code of Conduct** summarize CHEPLAPHARM's core values and define clear guidelines for behavior that complies with laws and regulations. Both documents are publicly available on our website and are binding for our employees, suppliers, distribution partners and other stakeholders.

Compliance and corporate governance

To ensure responsible, ethical and sustainable corporate governance, CHEPLAPHARM has effective supervisory and compliance structures in place. We are convinced that long-term business success is inextricably linked to compliance with legal requirements, internal guidelines and ethical principles. We therefore continuously develop our governance and compliance system and adapt it to regulatory, organizational and risk-related requirements.

Corporate Governance and Supervisory Structure

CHEPLAPHARM is organized as a European Company (SE) and operates under a **two-tier system** comprising the Management Board and the Supervisory Board. The Management Board is responsible for the operational management of the company, whilst the Supervisory Board oversees the management and reviews the correctness of the accounting and the annual financial statements.

The Supervisory Board comprises professionally qualified members with many years of experience, particularly in the healthcare sector, finance and accounting, and in the field of M&A. The composition of the board also takes diversity into account, including an equal proportion of women. In the financial year 2025, CHEPLAPHARM's Supervisory Board comprised four members, with women accounting for 50 % of the board and two members classified as independent.

Compliance-Management-System

A key element of responsible corporate governance at CHEPLAPHARM is the Group-wide **Compliance Management System (CMS)**. It serves to ensure compliance with all relevant legal requirements and internal guidelines, and protects the company, its employees and business partners from legal, financial and reputational risks. Our CMS also helps to maintain the trust of our stakeholders and, above all, to prevent compliance breaches.

The CMS follows the recognized **Prevent-Detect-Respond approach**:

- **Prevent**: Preventing compliance breaches through clear rules, training and checks
- **Detect**: Early identification of potential breaches
- **Respond**: Thorough investigation, review and implementation of appropriate measures

The compliance risk assessment focuses on the following risk areas:

- Money laundering and terrorist financing,
- Fraud and embezzlement,
- Foreign trade law, customs and export controls,
- Data protection and IT security,
- Corruption and bribery.

Responsibility for the effectiveness of the CMS lies with the Executive Board. Its establishment, implementation and further development take place in close consultation with management and the relevant specialist departments. Above

all, the lived compliance culture represents a key control instrument for CHEPLAPHARM in ensuring integrity and responsible, ethically sound corporate governance on a long-term basis. The current state of the compliance culture is assessed and further developed during annual meetings between senior management and the Head of Compliance. In addition, the Compliance Team ensures that all employees are appropriately involved through targeted training programs and communication measures tailored to the relevant audience following any incidents.

Corruption Prevention

As CHEPLAPHARM handles a significant part of its value chain through external partners and service providers, there are potentially increased compliance risks, particularly regarding corruption and bribery. To effectively prevent corruption and bribery, CHEPLAPHARM has **implemented a series of targeted measures**. These include:

- Mandatory training and awareness-raising measures for employees,
- Due diligence checks when selecting and working with external third parties,
- Regular risk analysis to identify and assess potential corruption risks.
- Review of internal control mechanisms, particularly in the areas of accounting and procurement
- Consistent application of the dual-control principle, particularly when concluding contracts
- Inclusion of anti-corruption clauses in relevant contracts with business partners

Thanks to their in-depth professional expertise in the field of compliance, as well as continuous professional development and regular dialogue with the compliance team, managers possess the necessary technical expertise to ensure responsible and ethical corporate governance. Legal violations, corruption, bribery – including so-called ‘acceleration payments’ – and fraud are not tolerated in any form at CHEPLAPHARM. This stance is reflected both in the preventive measures implemented and in the Group-wide compliance guidelines. These are binding on all employees and – where applicable – on business partners and form a central basis for conduct characterized by integrity and compliance with regulations throughout the entire value chain.

Guidelines and Standards

CHEPLAPHARM has a range of Group-wide **compliance guidelines** and standards of conduct that are binding on all employees and, where relevant, also on business partners. These include in particular:

- Code of Conduct
- Supplier Code of Conduct
- Anti-Corruption and Anti-Bribery Policy
- Anti-Money Laundering and Counter-Terrorist Financing Policy
- Data Protection Policy

All policies are reviewed at least once a year, updated as necessary and subsequently approved by the Board of Directors.

Training and Awareness

The dissemination of compliance knowledge and the promotion of a corporate culture of integrity are integral parts of the CMS. All employees, including executives and those in supervisory and management roles, regularly attend **mandatory compliance training**. In addition, a separate anti-corruption training course is provided. Both training formats are conducted on a two-year cycle.

Established control mechanisms such as the dual control principle, as well as targeted awareness-raising among our business partners regarding applicable anti-corruption requirements, help to keep the existing risk at a low level, even in high-risk areas. Furthermore, we implement various awareness-raising and communication initiatives at regular intervals.

Code of Conduct

A key pillar of our compliance management system is the Group-wide Code of Conduct. It serves to uphold the integrity of our company by clearly defining and bringing together CHEPLAPHARM's core values and the principles of acting in accordance with laws and guidelines. We expect our employees and business partners to align their conduct with these standards.

Our primary concern is to prevent potential harm to our patients, employees, customers, business partners, investors and other stakeholders. This includes the protection of intellectual property and the prevention of insider trading and corruption.

The Code of Conduct forms an integral part of the compliance training programs, which will be mandatory across the Group in the future, and ensures that all employees are familiar with its contents. It is also publicly available in German and English on our corporate website.

Whistleblowing Tool

CHEPLAPHARM operates a Group-wide, electronically secured whistleblowing tool (EQS) that is open to both employees and external stakeholders within the value chain. Reports can be submitted anonymously or by providing contact details, and in all languages spoken in the countries where CHEPLAPHARM has sites. In addition, reports may be submitted directly to our Head of Compliance in German or English, anonymously if desired. The protection of whistle-blowers, the confidentiality of reports and the independence of

Our Whistle-blower system

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

investigations from operational management are guaranteed at all times.

In the financial year 2025, a total of 13 reports were received via the whistleblowing system. Seven reports were found to be unfounded following investigation. The remaining reports were investigated and addressed with appropriate measures.

The whistleblowing system is an integral part of the compliance management system and is regularly published as part of mandatory training and internal communication initiatives.

Monitoring and reporting

Compliance with legal requirements and internal guidelines is monitored by the Compliance function in close cooperation with the specialist departments. The Head of Compliance reports annually to the Executive Board and Supervisory Board on relevant developments, identified risks and measures taken.

During the reporting period, **no confirmed cases of corruption or bribery** were recorded, **nor** were there **any fines or charges arising from such legal violations**. Likewise, **no confirmed cases of discrimination were identified**.

Equal treatment, integrity and responsible business practices

At CHEPLAPHARM, potential cases of discrimination or harassment are investigated and systematically addressed in accordance with a structured investigation process. Key principles guiding these investigations include **strict confidentiality**, the presumption of innocence until misconduct can be proven, the principles of proportionality and equal treatment, and the prohibition of retaliation against whistleblowers.

Once the investigation has been concluded, **appropriate sanctions** are imposed and **follow-up measures** defined where necessary. These may include, amongst other things, adjustments to existing processes or additional training measures. Should a case of discrimination be confirmed, CHEPLAPHARM has various **remedial measures** at its disposal, including, for example, compensation payments, paid leave of absence or transfers. The relevant supervisory authorities are informed of the key findings of such investigations in an appropriate manner.

Transparency and integrity are also top priorities at CHEPLAPHARM regarding tax matters. The company engages in neither tax avoidance nor other practices that could be classified as ‘profit shifting’. CHEPLAPHARM makes no political donations and does not engage in lobbying activities. Furthermore, no direct state support such as subsidies or short-time working allowances was utilized during the reporting period. There is also no indirect influence by state bodies, as the state holds no ownership rights in the company and no persons with supervisory functions held comparable positions in the public sector prior to their appointment. CHEPLAPHARM is registered in the transparency register, as required by law.

In its dealings with suppliers, CHEPLAPHARM adheres to industry standards. During the reporting period, there were no pending legal proceedings relating to unpaid invoices.

To embed responsible and sustainable conduct at management level as well, the **variable remuneration of the Executive Board** is linked to defined financial performance criteria and to CHEPLAPHARM’s financial success.

Annex

Information on the EU Taxonomy Regulation

The EU Taxonomy is a classification system established by the European Union that assesses economic activities against clearly defined environmental criteria. It was introduced by Regulation (EU) 2020/852 to steer capital flows towards sustainable economic activities and to increase transparency regarding the environmental impacts of companies. Companies subject to the relevant reporting requirements must disclose the extent to which their economic activities can be classified as taxonomy-eligible or taxonomy-compliant.

With the introduction of the Corporate Sustainability Reporting Directive (CSRD), EU taxonomy reporting has been extended to cover a wider range of companies. According to the original regulatory plans, CHEPLAPHARM could potentially have been subject to these reporting requirements from the 2025 financial year onwards.

However, following the amendments to European sustainability regulations adopted in 2025 as part of the so-called Omnibus Package – which has since been adopted by the Council of the European Union and published in the Official Journal of the European Union – the scope of sustainability reporting has been adjusted. Based on the current legal situation, CHEPLAPHARM is not currently subject to mandatory reporting under the EU Taxonomy Regulation.

Regardless of any legal obligation, CHEPLAPHARM had already carried out an initial internal taxonomy analysis based on the financial data for the 2023 financial year. The aim of this analysis was to develop a better understanding of the requirements of the EU Taxonomy at an early stage and to assess the potential relevance of the taxonomy criteria to the company's business model.

The results of this analysis show that, due to the specific structure of our business model, only a very small proportion of our economic activities fall within the scope of the taxonomy-relevant economic activities currently defined. Most of our business activities – in particular the acquisition and marketing of established medicinal products – are not defined as taxonomy-eligible activities under the current EU Taxonomy framework.

The results of this initial analysis are presented as follows for transparency purposes.

Objectives and scope

The EU taxonomy defines six environmental objectives:

1. Climate action
2. Adaptation to climate change
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 categorized under these six environmental objectives and assigned a code. If any of these activities form part of a company's own operations in terms of revenue, Capex or Opex, they are considered potentially sustainable or taxonomy eligible. To be considered effectively sustainable within the meaning of the Taxonomy Regulation – i.e. taxonomy-compliant – an economic activity must meet the criteria for making a significant contribution to the associated 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 observed.

Methodology for taxonomy assessment

The assessment is carried out in several steps:

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

   To determine the respective denominators of the three taxonomy KPIs – revenue, Capex and Opex – a preliminary selection of the relevant accounts is first required. Potentially relevant accounts are all accounts to which the description of the components of Opex or Capex according to the Taxonomy Regulation (see Regulation (EU) 2021/2178) applies.

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

   To determine the taxonomy eligibility KPI, all taxonomy-relevant items are reviewed for content to identify potential alignment with one or potentially several taxonomy codes

3. **Assessment of taxonomy compliance**:

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

4. **Disclosure of relevant metrics**:

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

Assessment of taxonomy readiness

Revenue KPI

There are currently only two codes in the EU Taxonomy that may be relevant to companies in the pharmaceutical sector. Both are assigned to the environmental objective ‘Prevention and reduction of pollution’ (PPC).

The first code is ‘1.1 Manufacture of active pharmaceutical ingredients’.

As CHEPLAPHARM does not manufacture medicines or their components, but exclusively sources and resells ready-made products from business partners (such as CMOs), this code does not apply to CHEPLAPHARM’s business activities.

The second pharmaceutical code is “1.2 Manufacture of medicinal products”. The corresponding NACE code C21.2 explicitly excludes “wholesale of pharmaceutical products”.

This activity most closely matches CHEPLAPHARM’s business model – as it is explicitly excluded, CHEPLAPHARM’s turnover should not be considered relevant. Accordingly, the proportion of CHEPLAPHARM’s revenue eligible for taxonomy classification stood at 0 in 2023. Unless the EU Taxonomy establishes further applicable codes for CHEPLAPHARM’s revenue activities, this revenue share for CHEPLAPHARM will remain unchanged in the future.

Capex

In the area of Capex, we have identified the following activities in 2023 that correspond to a taxonomy code:

- **CCM 4.10 Electricity Storages** (EUR 2,150)
- **CCM 6.5 Transport by motorcycles, passenger cars and light commercial vehicles** (EUR 136,849)
- **CCM 7.2 Renovation of existing buildings** (EUR 30,626)

- **CCM 7.3 Renovation of existing buildings** (EUR 19,327)
- **CCM 8.1 Data processing, hosting and related activities** (EUR 144,938)
- **CCM 8.2 Data-based solutions for reducing greenhouse gas emissions** (EUR 810,455)

The total of taxonomy-eligible Capex items in 2023 amounts to EUR 1,144,345, representing 8.5% of total Capex. A similarly low proportion is expected in the future, as these items constitute immaterial capitalized costs for CHEPLAPHARM.

Opex

Upon reviewing CHEPLAPHARM's Opex for 2023 for taxonomy-eligible items, it was found that the denominator of the Opex KPI, as defined by the EU Taxonomy, amounts to EUR 1,052,934. Compared to CHEPLAPHARM's revenue (2023: approx. EUR 1.5 billion), is very low 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. A substantive review of the Opex KPI also revealed that it does not include any activities material to CHEPLAPHARM's business model, so a taxonomy eligibility assessment of the Opex was not carried out.

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.

CMS
A Compliance Management System (CMS) is a structured framework comprising principles, processes and measures designed to help organisations comply with legal requirements, internal policies and ethical standards. The aim of a CMS is to prevent breaches of regulations, identify risks at an early stage and ensure that the organisation is managed in accordance with the rules.

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 behavioral standards 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.

Corporate Sustainability Reporting Directive (CSRD)
The Corporate Sustainability Reporting Directive (CSRD) was developed on the basis of the European Sustainability Reporting Standards (ESRS). It represents reporting requirements for European companies, which took effect for the first companies in replacement of the CSR-RUG in 2024.

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.

European Sustainability Reporting Standards (ESRS)
The European Sustainability Reporting Standards (ESRS) are EU reporting standards that set out the sustainability information companies must disclose on environmental, social and governance issues. They were introduced under the Corporate Sustainability Reporting Directive.

Good Clinical Practices (GCP)

Good Clinical Practice (GCP) refers to internationally recognised ethical and scientific quality standards for the planning, conduct and documentation of clinical trials. These standards are designed to ensure that the rights, safety and well-being of trial participants are protected and that the trial results are reliable.

GHG

A greenhouse gas (GHG) is a gaseous component of the atmosphere that can absorb and re-emit thermal radiation. As a result, it traps some of the heat radiated from the Earth's surface within the atmosphere and contributes to the so-called greenhouse effect.

The most important greenhouse gases include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and fluorinated gases.

GHG Protocol

The GHG Protocol is an internationally recognised standard for the measurement and reporting of greenhouse gas emissions. It sets out how organisations should measure, categorise (e.g. Scope 1, 2 and 3) and transparently disclose their emissions.

Global Reporting Initiative (GRI)

GRI is an international standardization organization for sustainability reports. It is internationally recognized and represents the de facto standard for sustainability reports worldwide.

Good Distribution Practices (GDP)

The European Commission's Good Distribution Practices provide guidelines for the good distribution practice of medical products for human use and define minimum standards for the quality and integrity of medical 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.

International Labour Organization (ILO)

The International Labor 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 includes employee and employer organizations.

List of essential medicines

The World Health Organization's (WHO) list of essential medicines includes medicines that are considered essential for healthcare in countries with limited resources. The list currently includes almost 700 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 assessment

A materiality assessment is a process for identifying the most important (material) economic, environmental and social issues and challenges facing a company. In principle, a materiality assessment has several functions. It helps to identify the relevant stakeholders and therefore the addresses of sustainability reporting. In addition, a materiality assessment 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, brand value or optimizing risk management.

Pharmaceutical Supply Chain Initiative

The Pharmaceutical Supply Chain Initiative (PSCI) is an industry initiative within the pharmaceutical sector that promotes responsible supply chains. Its aim is to improve environmental, social and governance (ESG) standards among suppliers and to promote common standards for sustainable and ethical business practices.

Scope 1, 2, and 3 emissions

Scopes 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 the 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.

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.

In addition to meeting legal requirements, CHEPLAPHARM ensures a continuous supply of medicines. This is achieved, amongst other things, through a broad network of more than 180 contract manufacturers and suppliers, the development of alternative supply sources, and advanced warehousing and stock management 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— we don't want to neglect our indirect environmental impact. 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.

GRI Index

GRI Standard	Indicator	Source/reference
GRI 2: General Disclosures		
2-1	Organizational profile	p. 36
2-2	Entities included in the organization's sustainability reporting	entire CHEPLAPHARM Group
2-3	Reporting period, reporting frequency and contact point	p. 55
2-4	Correction or restatement of information	n/a
2-5	External audit	p. 23, 24
2-6	Activities, value chain and other business relationships	p. 7, 13–15, 34, 35
2-7	Employees	p. 27–33
2-8	Employees who are not salaried employees	n/a
2-9	Management structure and composition	p. 36
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. 11, 12
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. 38, 39
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	p. 33, 34
2-22	Declaration of application of the sustainable development strategy	n/a

GRI Standard	Indicator	Source/reference
2-23	Declaration of commitment to principles and practices	p. 36, 37
2-24	Inclusion of political commitments	p. 36, 37
2-25	Procedure for eliminating negative effects	n/a
2-26	Procedure for obtaining advice and reporting concerns	p. 39
2-27	Compliance with laws and regulations	p. 36–39
2-28	Membership in associations and interest groups	n/a
2-29	Approach to stakeholder involvement	p. 8–9
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/reference
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	p. 16, 17
302-2	Energy consumption outside the organization	p. 16, 17
302-3	Energy intensity	p. 17
302-4	Reduction in energy consumption	n/a
GRI 303: Water and effluents 2018		
303-1	Water as a shared resource	p. 22, 23
303-3	Water withdrawal	p. 22, 23
303-5	Water consumption	p. 22, 23
GRI 305: Emissions 2016		
305-1	Direct GHG emissions (Scope 1)	p. 18
305-2	Indirect greenhouse gas emissions from energy (Scope 2)	p. 18
305-4	Intensity of greenhouse gas emissions	p. 18–20
305-5	Reduction of greenhouse gas emissions	p. 18–20

GRI Standard	Indicator	Source/reference
GRI 306: Waste 2020		
306-3	Accumulated waste	p. 20, 21
GRI 308: Supplier Environmental assessment 2016		
308-1	New suppliers that have been screened using environmental criteria	p. 12
308-2	Negative environmental impacts in the supply chain and measures taken	n/a
GRI 401: Employment 2016		
401-1	Newly hired employees and employee turnover	p. 28
401-2	Company benefits that are only offered to full-time employees, but not to temporary or part-time employees	n/a
401-3	Parental leave	p. 31

GRI Standard	Indicator	Source/reference
GRI 403: Occupational health and safety 2018		
403-2	Hazard identification, risk assessment and incident investigation	p. 32
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