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S U S T A I N A B I L I T Y
report

About this Report



Vetter is a successful partner to global pharmaceutical companies for the manufacture of drugs, some of which are essential to life. As such, our goal is to act in a responsible manner economically, socially, and ecologically. To this end, we have defined specific sustainability goals in our corporate strategy. Our actions are in line with the seventeen Sustainable Development Goals (SDGs) of the United Nations and thus contribute to the achievement of global goals.

To make it easier to identify the SDGs to which a given measure contributes, the individual SDGs are illustrated on the relevant page below. No additional explanation is provided.

This report's structure is based on the requirements of the German Sustainability Code (GSC). It lists twenty criteria, which are further subdivided into separate aspects. It also lists additional performance indicators against which the criteria are measured. The individual chapters and subsections are numbered according to the outline of the Code. The performance indicators are identified if so required.

Furthermore, when selecting content, we were guided by the internationally recognized Sustainability Reporting Standards (SRS) of the Global Reporting Initiative (GRI), the principles of completeness, materiality, and stakeholder engagement. To avoid disrupting the flow of reading, the specifications of the respective criteria and aspects are not included in the report itself. However, they are listed in the appendix. The key figures and information provided refer to our German sites.

Where used, abbreviations are explained once per chapter. The complete list of abbreviations can be found in the appendix.

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Information on the performance indicators for each criterion can be found on the following pages:

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The statement has been prepared in accordance with the following reporting standards: GRI SRS

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GENERAL INFORMATION

As a service provider to the pharmaceutical and biotech industries, we manufacture drugs of the highest quality for patients the world round. We are leaders in what we do and we take responsibility for this trailblazing position. Our social commitment also goes well beyond the legal requirements.

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2,327,244
kWh

of renewable energy generated
from our own plants in 2021

Foreword

Dear Reader,

The term sustainability has steadily evolved over the years. The focus used to be on ecology, but today's definition of sustainable development also covers economic, ecological, and social aspects. The aim of sustainable development is to deal responsibly with finite resources and with society generally. The issue of sustainability is not new to us. For years we have been implementing a comprehensive program with our company-wide EHS management. In addition to occupational safety, environmental protection, and energy efficiency measures, our program has also included the use of resource-saving manufacturing processes and the recycling of waste. Since 2014, all our German sites have been powered by ecological hydropower.

However, our most important milestone to date was reached in 2021: Thanks to our long-term efforts to reduce our carbon footprint to a minimum, all Vetter sites worldwide are CO₂ neutral. This report represents another highlight for us: It is the first sustainability report in Vetter's corporate history. And although we are proud of the results so far, we see it as an incentive and motivation to set further ambitious goals. Goals that we are certain we will achieve together with our employees, customers, and partners.



Thomas Otto



Peter Sölkner

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Managing Directors
Thomas Otto
and Peter Sölkner

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>70 years

of experience as an independent, family-owned business

80 %

of our active customer projects involve complex biologics

24

clean rooms in US and European manufacturing facilities



>150

customers trust us



104

commercial products are manufactured by us

>40

years of experience in aseptic filling and packaging

7 countries

We have manufacturing sites in Germany, Austria and the U.S., and sales organizations in South Korea, Japan, China and Singapore



223 million

units of injectable drugs filled in 2021

Status: 12/2021

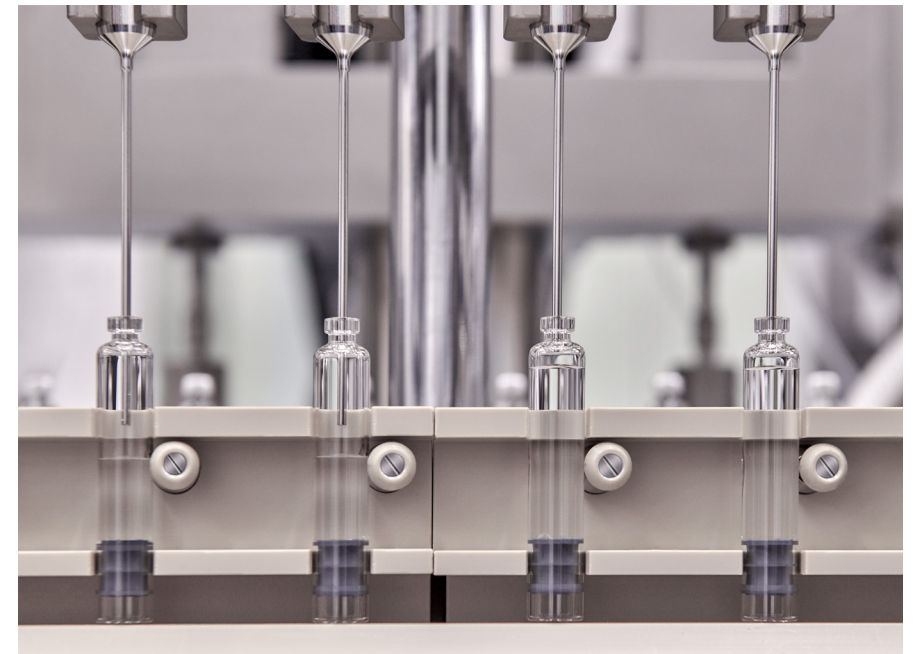
From Ravensburg to the World at Large

A comprehensive service portfolio

Vetter is a globally active Contract Development and Manufacturing Organization (CDMO). Our customers are many small and large companies in the pharmaceutical and biotech industries for whom we fill active substances into syringes and other injection systems. These are used to treat diseases such as multiple sclerosis, severe rheumatoid arthritis, and cancer. Support for our customers in developing drugs and filling them for clinical trials begins even before the approval process. To do this, we employ a wide range of testing and analytical methods. After approval, we manufacture the drugs for our customers, performing all steps from preparation and aseptic filling to final optical inspection and secondary packaging. In all projects, our clients benefit from our many years of experience in dealing with international regulatory authorities.

International family-run enterprise

Over the past seventy years, Vetter has developed into a global market leader. It began as a small pharmacy rented by the company's founder, Senator h.c. Helmut Vetter. And it gradually evolved into an internationally active family business. We currently employ around 5,700 people. Our headquarters are in Ravensburg. In addition, we have a U.S. development site and a U.S. subsidiary in the greater Chicago area, as well as a clinical manufacturing site in Rankweil, Austria. Our sales offices in Singapore, Japan, South Korea and China enable close contact with customers and partners in the Asia-Pacific region.



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Vetter Awards in 2021



FAIR COMPANY AWARD

The Handelsblatt newspaper acknowledged Vetter as a “Fair Company” for our excellent working conditions and development prospects, especially for young people. »»



GREAT PLACE TO WORK

Ninety-two percent of our colleagues in Chicago named Vetter a “Great Place to Work” company! This puts us well above the American average. By comparison, an average of 59 percent of employees give their employer in the United States the coveted seal of approval. »»



GLOBAL CUSTOMER VALUE LEADERSHIP AWARD

The renowned consulting firm Frost & Sullivan has recognized Vetter for the second time. Since 2001, Frost & Sullivan has been identifying companies around the world that demonstrated excellence in customer service, innovation, and leadership. »»



BEST BIOPROCESSING SUPPLIER AWARD: ASEPTIC MANUFACTURING (APAC)

We were recognized with the “Best Bioprocessing Supplier: Aseptic Manufacturing 2021” award for our outstanding performance in a septic filling. »»



AXIA BEST MANAGED COMPANIES AWARD

For the second time in a row, Vetter was voted one of the best-managed medium-sized companies. The jury’s decision was based on the following criteria: the handling of Covid-19, the current corporate strategy and the purchase of the Austrian site in Rankweil. The distinguished jury presents the award to companies in over 30 countries. »»



CMO LEADERSHIP AWARDS

Vetter was recognized in five key categories: quality, service, expertise, compatibility and capabilities. The award, which is based on customer feedback, shows that we provide our customers with high-quality solutions through state-of-the-art development and manufacturing resources. »»



DRUG DELIVERY INNOVATION AWARD OF THE PARENTERAL DRUG ASSOCIATION (PDA)

Vetter broke new ground in a partnership with Syntegon in the filling of small batches using a production cell. For this successful collaboration, the PDA honored us in the “Partnership” category. »»

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Dealing with the Coronavirus as a Corporate Factor

In 2021, the Covid 19 pandemic continued to be one of the most dominant challenges. To cope with this unprecedented situation, Vetter relied on a flexible and proactive approach. After the first cases appeared in Europe, we launched the Pandemic Coordination Group as part of Vetter's emergency management and hazard prevention scenario. It plans and controls all measures in cooperation with management and using a set of relevant guidelines.

Top priorities: safety and health

The safety and health of all employees and the maintenance of patient care worldwide are our top priorities. We therefore implemented a crisis management system that involves all departments throughout the company. Further measures include a "corona hotline," set up to answer employee inquiries, and an in-house PCR test laboratory. Employees with confirmed symptoms of the disease and people they had contact with can go there to be tested. The aim is to ensure that chains of infection can be interrupted at an early stage to maintain production and delivery capability.

As one of only a few companies in Baden-Württemberg, Vetter was awarded the contract for company Covid 19 vaccinations at an early stage. We initially administered a total of 1,200 doses in summer 2021 with up to 130 vaccinations per day. We used Moderna and BioNTech/Pfizer vaccines. In November and December, we were also able to offer our employees first, second and booster shots at the company, thus administering around 5,000 vaccinations.

Structural changes

The new situation required application of effective hygiene and social distancing rules, a comprehensive sensitization of the workforce and the adoption of protective measures. As a central organ, we extended management communication to

all employees as well as to our clients, suppliers, and partners, especially with regard to monitoring and providing information on the pandemic and its impact on the company.

We managed to maintain the stability of our supply chains thanks to our second-sourcing strategy, i. e., the use of at least two manufacturers or suppliers for a product, and the establishment of permanent monitoring of safety stocks. As a result, the measures taken allowed us to continue our business processes and thus maintain the supply of patients and our markets.

Reliability

Currently, we expect to be able to continue supplying drugs to patients around the world reliably together with our customers, given the preventive measures taken and the way we reacted to the pandemic.

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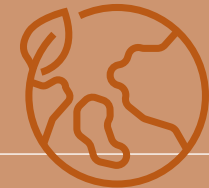
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CO₂-neutral

worldwide
since 2021



2,327,244 kWh

of renewable energy generated from our own plants, exactly as much as photovoltaic modules the size of two soccer fields produce in a year



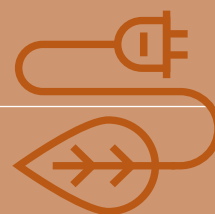
10%

- less energy used
- reduced emissions overall
- lower environmental impact from commuters

These are our goals for 2029

>31 million kWh

energy savings since 2012, corresponding to what 7,000 four-person households use in a year



1,562 m³

of water saved per year, equivalent to 9,700 filled bathtubs



Status: 12/2021

5.700 employees from

61

nations

STRATEGY

Vetter is a globally active company with a long tradition of being family run. As such, it attaches great importance to sustainable development. Our efforts go far beyond the deeply legal requirements. We feel strongly committed to issues such as ecology, economy, and social responsibility. They form the basis of our corporate actions.

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–neutral since
2020 at all German
facilities and
worldwide since 2021

1. Strategic Analysis and Action

Sustainability as a separate element of the "Vetter NExT 2029" corporate strategy

Sustainability is firmly anchored in our corporate philosophy. So, we identified it as an important building block within the framework of the corporate strategy titled "Vetter NExT 2029," which was developed in 2021 as a matter of course and we defined and assigned content and areas of action. We set ourselves the goal of thinking outside the box and analyzing how our actions as a company affects others. Our stakeholders, that is, patients

and their families, customers, employees, partners, suppliers, the media and the general public, play a vital role in this. After all, each of these groups plays a separate part and provides impetus for Vetter's actions. All measures are aligned with the Sustainable Development Goals (SDGs) of the United Nations and thus contribute to the achievement of global goals (for more details, see page 16).

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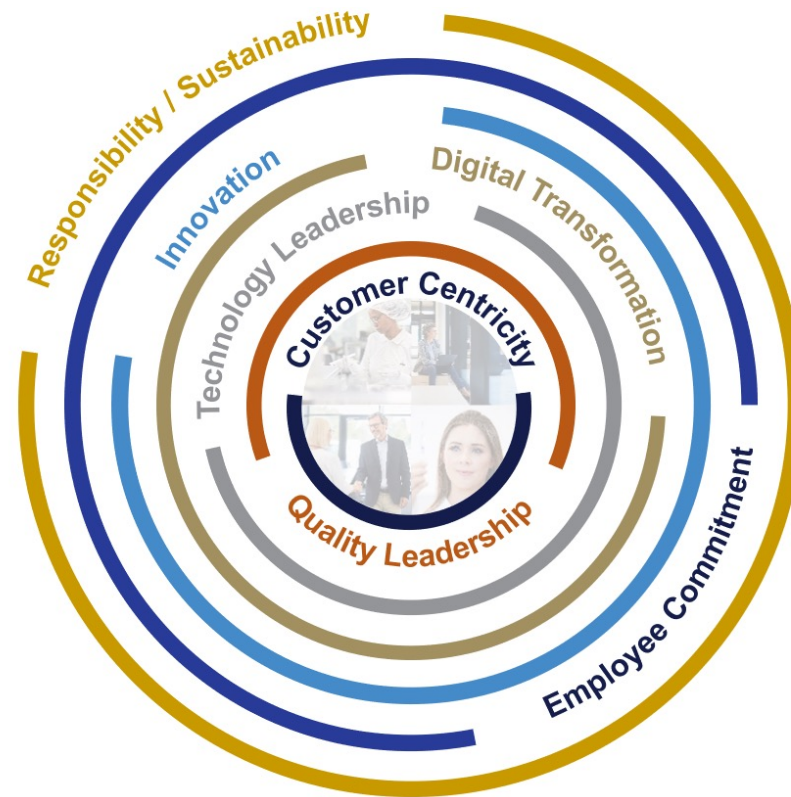
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*The strategic focus of
"Vetter NExT 2029"*

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Support for the United Nations objectives

Vetter's sustainability concept, like Germany's sustainability strategy, is also based on the seventeen Sustainable Development Goals of the United Nations (UN). Back in 2015, the UN adopted the SDGs. These enshrine sustainability in seventeen objectives in the areas of ecology, economy and social affairs and are thus intended to help master the central political challenges of our time. Basically, these stipulate that sustainable development can only succeed as an interplay of environmental, social, and economic goals. With our corporate activities and the individual measures, we are making our own individual contribution to the various SDGs.

Applying DIN ISO 26000 as a guideline

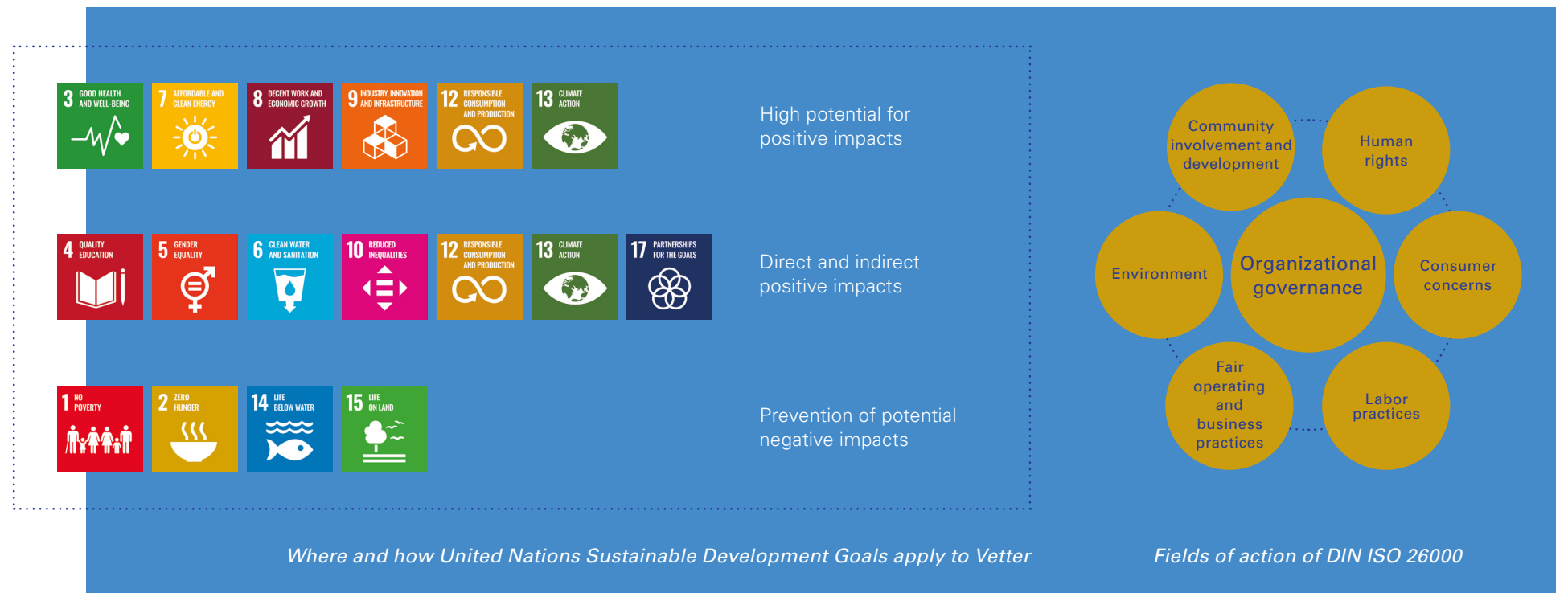
DIN ISO 26000 represents the second basis for Vetter's sustainability concept. It is designed as a guideline to facilitate strategic planning and implementation of social responsibility for companies and organizations in the broadest sense. It has seven core areas: Organizational Governance, Labor Practices, En-

vironment, Fair Operating and Business Practices, Consumer Concerns, Community Involvement and Development, and Human Rights. Our contribution to sustainable development is guided by the areas of action and recommendations identified in those seven areas.

A strong framework for a successful sustainability concept

Our EHS management system is certified according to DIN ISO 45001 Occupational Health and Safety Management, DIN ISO 14001 Environmental Management and DIN ISO 50001 Energy Management certification. This, in combination with the principles of DIN ISO 26000 and the SDGs of the United Nations, forms a strong framework for the successful and effective sustainability concept that is part of the "Vetter NExT 2029" corporate strategy. In addition, we are consciously oriented towards the internationally recognized standards for sustainability reporting of the Global Reporting Initiative, the principles of materiality and the inclusion of stakeholders.

Vetter's sustainability concept



2. Materiality

Taking our service provider role seriously

Our corporate activities focus on sustainably improving the quality of life of millions of people worldwide. As a service provider, we must comply with regulatory requirements. We can exert less influence on some issues with high sustainability potential than is in line with our corporate philosophy, such as the selection of materials or products. On the other hand, we are glad when we can find more efficient and sustainable ways of doing things when we are in partnerships. In addition, we are vigorously advocating for our own diverse company-wide sustainability initiatives.

Materiality analysis

We conducted our first materiality analysis in 2021 to identify our principal issues. A total of twenty-two key topics were evaluated. They were drawn from a compilation of sustainability topics from various guidelines – primarily the SDGs and the fields of action of DIN ISO 26000. For perspective from the outside, company stakeholders were asked how they rated each topic. The inside-out perspective was generated by an internal workshop involving the relevant departments, which dealt with their importance for Vetter as a company. This produced the following topics that were considered particularly important by Vetter and its stakeholders: Legal compliance and conformity,

climate protection, economic success, technological innovation, renewable energy, and water and wastewater. The materiality analysis conducted thus confirmed the objective of our strategy.

Opportunities and risks in an economic context

The global pharmaceutical industry is continuously expanding. Its outstanding economic success is leading to further investment in research and development, and more and more resources are being devoted to the development of innovative substances and dosage forms. From a social standpoint, this represents a great opportunity for the pharmaceutical industry as a whole and for Vetter in particular. Indeed, the continuing power of innovation can have a positive impact on the quality of life of people who depend on new drugs and dosage forms. The new Supply Chain Act, which comes into force on January 1, 2023, will add to the momentum. It requires companies to meet far-reaching new obligations to protect human and environmental rights along supply chains. For the pharmaceutical industry with its global supply chains, the law can be considered an opportunity and a challenge at the same time. The provision requiring that companies address the composition of the supply chain early on can set the course when it comes to sustainably supplying the market.

Expanding digitalization, accelerated by the Covid-19 pandemic, represents yet another economic opportunity. Due to given regulations governing social distancing and hygiene, we developed a marked preference for on online meetings and variants of

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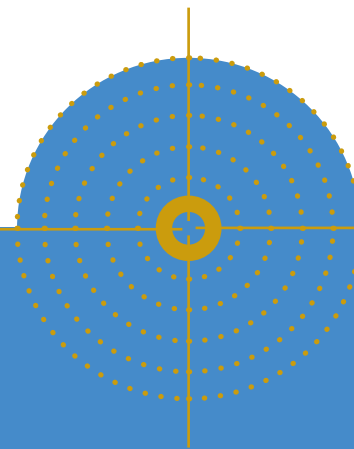
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Key topics at Vetter

Legal conformity and compliance
Climate protection
Economic success
Technological innovation
Renewable energies
Water and wastewater

mobile working. This has led to a reduction in company-related mobility and is reflected in a decrease in occupational accidents and a reduction in environmental impact.

Opportunities and risks in the social context

In recent years, our company has grown enormously and with it processes and systems requiring lots of personnel. This development is ongoing, as witnessed by a continuous rise in the number of employees. We are aware that we can only achieve our ambitious corporate goals with the support of our employees. Therefore, we prioritize measures to increase employee satisfaction.

Recruiting and attracting skilled workers and managers in the Lake Constance region is becoming increasingly difficult and costly. This is partly due to the high concentration of small and medium-sized enterprises (SMEs), that is, the number of SMEs per 1,000 inhabitants. On the other hand, it is also due to the labor market which has reached full employment. The work needed to attract junior staff is becoming more intense. The reasons for this are, for example, a lower level of apprenticeship qualifications and the trend towards academization. Thanks to proper recruitment and retention measures, we aim to minimize the risk of a shortage of skilled and junior staff. In addition, we are expanding the recruitment radius. To grow sustainably, we have incorporated these aspects into our new "Vetter NEXt 2029" corporate strategy. A diverse staff, after all, will be fundamental in generating even more ideas and thereby improving the innovative strength and performance of the entire company.

Opportunities and risks in an ecological context

Our strategy when it comes to ecology is preventive. We act with foresight and assess the opportunities and risks in this context annually. We anticipate any legal obligations and already rely on a sustainable energy concept. Thanks to our strategic focus on gaining energy from renewable resources, we are re-

ducing our CO₂ output from 39,545 tons to 17,770 tons. The process- and technology-related CO₂ our company cannot avoid producing is being compensated for by CO₂ certificates. The cost for these compensation activities will rise significantly in the future due to increasing demand, but we do not see any long-term risk emerging. This is an intermediate step until technological solutions can be deployed on an industrial scale to cover the primary energy demands in a largely climate-neutral way.

We have implemented a wide range of measures to reduce our environmental impact. To counter the risk of exceeding thresholds for particulate matter and nitrogen oxide concentrations, we have developed energy efficiency measures, modern facilities for natural gas combustion technology and a mobility strategy. We have assessed the risk of unintentional substance leaks and minimized potential threats to the environment by implementing various protective measures. Waste containers are sealed and continuously monitored while being transported to prevent unintentional environmental entry of waste materials or misuse by third parties. As a CDMO, we do not produce any active pharmaceutical ingredients (API), but merely process them, so the risk of wastewater pollution from Vetter is low.

Peter Sölkner, Managing Director

»

WE ASPIRE TO ACT,
GROW AND OPERATE
SUSTAINABLY.«

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3. Objectives

Our current corporate strategy involves developing new sustainability goals comprehensively in three specific areas: economy, ecology, and social affairs. Each of our objectives will contribute to the United Nations SDGs. The resulting sustainability actions will be bundled with the help of the EHS (Environment Health and Safety) program. This important tool helps connect and evaluate company objectives on an annual basis. On the one hand, we have set long-term strategic goals, and on the other hand defined short-term measures. Together with the business units, we review the extent to which each objective has been reached and what new areas of action and measures have surfaced. Prioritizing goals depends on factors such as legal conformity, recommendations for action from changed framework conditions, and corrective actions for existing operational and strategic goals.

Our strategic goals will extend until 2029 and beyond for achieving the goals. They have been defined both quantitatively and qualitatively. Data from 2019 will be used as a basis to verify the success of the implemented measures. The individual targets are as follows:

Resources and emissions

We achieved our strategic goal of extending the CO₂ neutrality of Vetter's German sites to all sites worldwide in 2021. We are also resolutely pursuing our other goals. For example, we want to reduce our total energy consumption and emissions in relation to gross value added by 10 % and make our energy consumption even more transparent through supporting software solutions. We also want to continue the positive trend of reducing our annual paper consumption by 1 %.

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> 30
million
kWh

savings since 2012



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10%

reduction of environmental impact from commuting by the year 2029

We left out the year 2021 with respect to other strategic goals, such as the lowering of our environmental impact from commuting by 10 %. The data is not representative due to pandemic-related restrictions and measures such as mandatory work from home. We will conduct the environmental impact survey as soon as the figures are representative again. Chapter 12 of this report contains more detailed information on individual measures such as the mobility concept and alternative mobility.

Work safety

As to work safety, our goal is to reduce the 1,000-man rate for commuting accidents by 10 % by 2029. We collect data on this annually. Other goals include improving ergonomics in the work environment and reducing potential hazards.

Sustainability rating by EcoVadis

We use the independent rating platform of the EcoVadis agency to register our continuous sustainability actions. It is the world's largest provider of sustainability ratings for companies. We received a silver medal for a score of 58 out of 100 points and performed well compared with the benchmark. We also achieved an average score of 78 %, which means that our overall score is higher than or equal to the score achieved by 78 % of the companies rated by EcoVadis. We aim to continue improving in this area as well.

4. Depth of the Value Chain

Raw materials: packaging and substances

Vetter is a service provider specializing in the aseptic filling of drugs including all quality-assurance checks. If the customer wishes, we can extend the value chain to include secondary packaging of products we offer. Ultimately, they make the decision on the packaging materials and their ecological impact. Vetter will thereby adopt an advisory role in the selection of packaging materials and make not of, among other things, the ecological aspects.

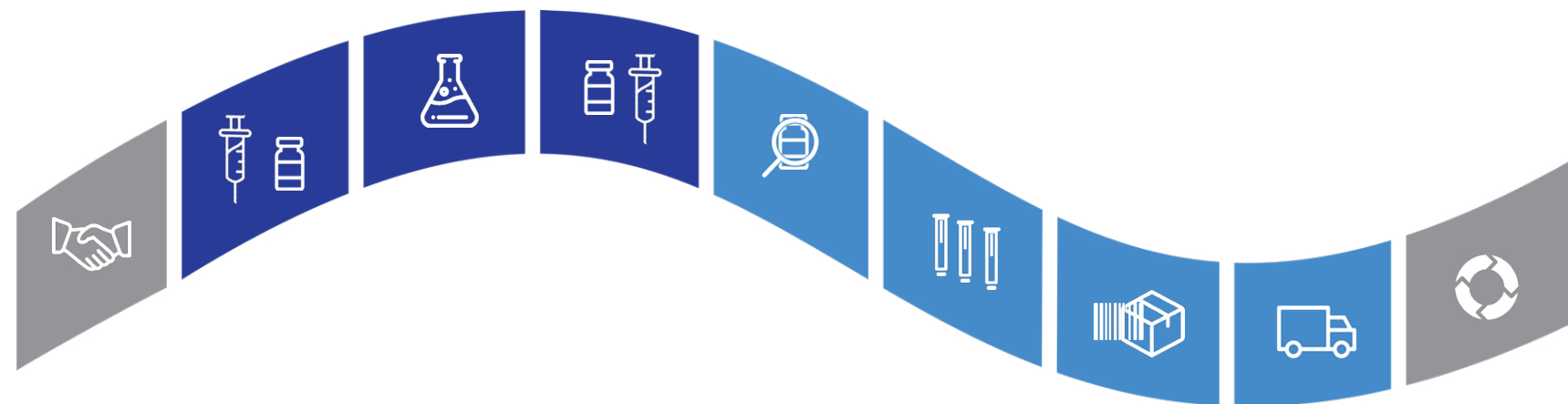
The value chain begins with our suppliers and the raw materials. These are divided into two groups. The first group consists of the suppliers of packaging materials, whose products are made of materials such as glass, synthetic rubber (so-called elastomers), plastic and paper and are required for primary and secondary packaging. Here, Vetter works exclusively with highly specialized pharmaceutical suppliers who have been qualified by Vetter and are established on the world market, and who are each among the market leaders in their respective fields.

This area accounts for 85 % of our purchases for aseptic drug filling. Packaging materials and supplier selection are carried out in close coordination with the customer as part of the official drug approval process. We have contracts with all suppliers, some of which have been in place for many years. The Vetter Code of Conduct, which deals with the ecological and social aspects of the supplier relationship, is an integral part of these relationships. More details on the Code of Conduct can be found in Chapter 15 of this report.

Customers form the second group of raw material suppliers. They provide the core product of the pharmaceutical value chain, namely the active ingredient itself. It is supplied to us either as a finished product or in the form of components, including the formulation. We then process it into a ready-to-fill batch. Accordingly, the production of the active ingredient is outside our sphere of influence.

The high quality standards of pharmaceutical regulations currently prevent us from fully implementing the ecological fields of action in our value creation. However, we do aim to exploit our possibilities in this area through our energy and waste management. The requirements of the Due Diligence Act will also imply taking social and ecological aspects more intensely into account in the future.

The Vetter value chain



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Safety and logistics

Our main goal is to produce safe drugs for our customers and ultimately for millions of patients around the world. We do everything in our power to achieve this. We are responsible for ensuring that the products we manufacture meet the highest quality standards along the entire value chain. The basis for this is a uniform quality management system across all sites and the establishment of processes and structures in accordance with cGMP regulations. In addition, we constantly monitor the regulatory environment. This is crucial for prompt initiation of programs in the event of new developments and requirements. The quality management system and the established processes and structures are reviewed and audited annually by way of up to twenty inspections made by international agencies and more than fifty customer audits.

We stay in regular and close contact with the suppliers of our primary and secondary packaging materials. They play an important role in the supply chain and are therefore a focal point of our supplier management system. They are qualified accordingly and audited regularly in different categories. EHS aspects are also examined here next to other aspects related to quality, thus highlighting social and ecological fields of action. Any anomalies and deviations from specifications are also discussed in regular meetings. We agree on improvement and optimization measures and track how they are being implemented. This ap-

proach benefits our suppliers, our customers, and our company. A constructive exchange with our partners based on trust ensures that we have continuous improvement and further development in this area. When materials arrive at the incoming goods process, they are checked with regard to specifications and regulatory requirements. Once the incoming materials inspection meets the required specifications, they can be transferred to the appropriate process for further processing. For materials that do not meet the requirements, an investigation is launched as part of our deviation management system. These materials remain blocked or are conditionally released to the corresponding process until final clarification of the issue. The materials may not be used if the deviation remains and is assessed as critical for product safety. It is sent to the controlled and documented destruction process. Once the pharmaceutical production has been completed and everything has been properly packed using the secondary packaging requested by the customer, the final product will be prepared for pick-up at Vetter. The customer shall be responsible for the delivery of incidental goods, customer materials and the collection of finished goods. By the same token, the customer will be responsible for transport, including means of transport and transport routes, as well as transport expenses and import and export handling. The responsibility in this process changes hands at the loading ramp at the Erlen logistics site.



PROCESS MANAGEMENT

Sustainability is a core pillar of our corporate strategy and an integral part of our business model. For us, thinking and acting sustainably means monitoring our impact as a company in the long term. The implementation of processes supports us in achieving our goals.

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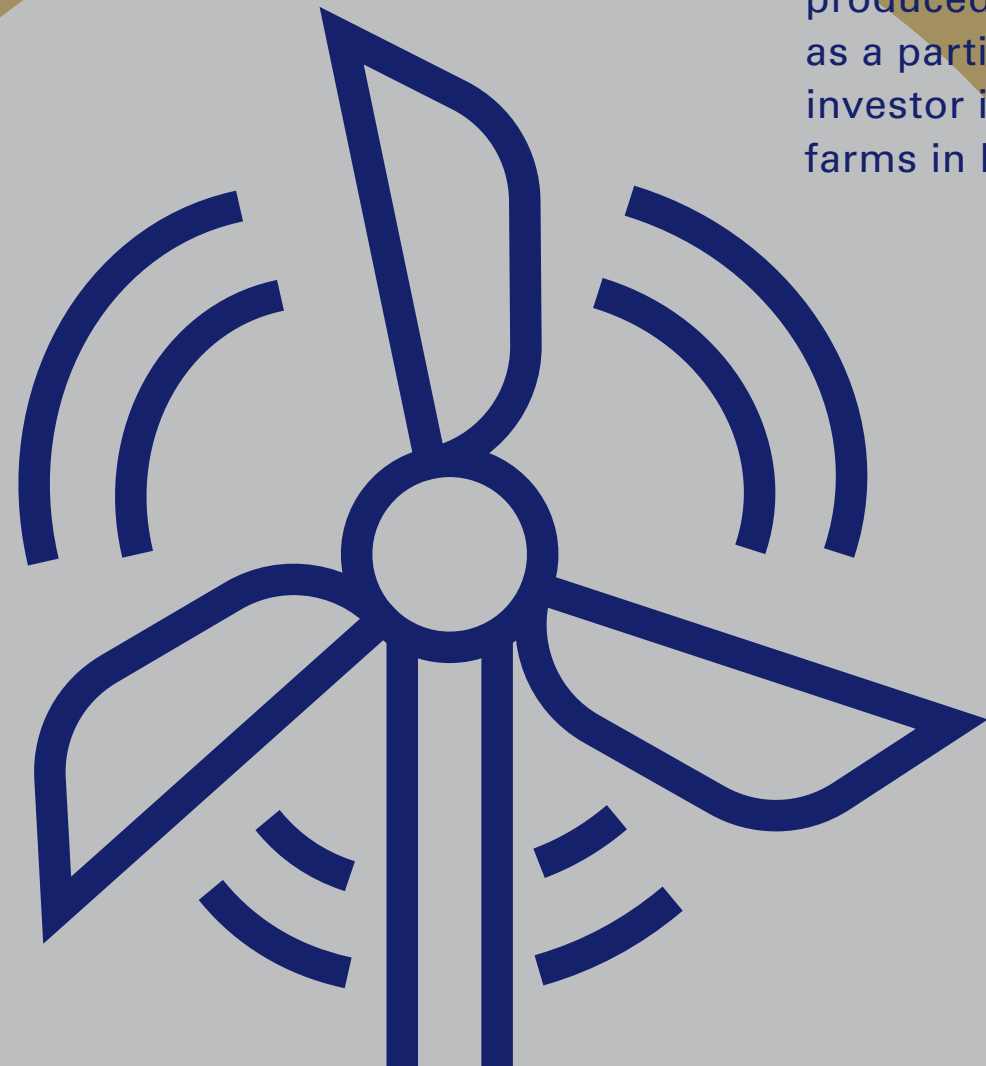
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413 million kWh

produced in 2021
as a participating
investor in wind
farms in Mexico



5. Responsibility

Our corporate goal is sustainable value creation. Management itself oversees implementation of the sustainability strategy and serves as a steering body for operations. In terms of organization, all sustainability endeavors and measures at Vetter are coordinated centrally by the Environment, Health and Safety (EHS) department by certified sustainability managers and led at the highest level by Henryk Badack, Senior Vice President Technical Services and Internal Project Management, and Benjamin Walter, Vice President Internal Project Management and EHS.

In addition, there is the Sustainability Circle that meets regularly to discuss current topics, and to determine, evaluate and coordinate new measures if a decision is made to implement them. To ensure the most comprehensive sustainability management possible in many different areas, all sustainability issues at Vetter are imbedded in many different specialized departments with permanent representation. These include Occupational Health Management (OHM), EHS, Human Resources, Treasury, Technical and Pharmaceutical Procurement, Legal, Plant and Site Development, and Vetter Optimization Systems (VOS).

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Paula Wund, Certified Sustainability Manager



Benjamin Walter, Vice President Internal Project Management and EHS



Henryk Badack, Senior Vice President Technical Services and Internal Project Management

6. Rules and Processes

For us, harmonizing economic, environmental and social issues has a high priority in our corporate philosophy and in our daily work, in every area and process. We operate internationally in the pharmaceutical and biotech industries, so we must obey many country-specific laws and regulations governing occupational health and safety, environmental protection, and energy use.

Comprehensive management system for process implementation

Our company-wide EHS management helps us effectively introduce and implement rules and EHS processes. The program encompasses the design of ergonomic working conditions as well as the use of production processes that are as environmentally friendly and energy-efficient as possible, and the recycling of waste. We have implemented an EHS “Plan, Do, Check, Act” (PCDA) cycle to guarantee continuous improvement. Using this four-step method, we avoid recurring errors and improve existing processes.

A consolidated understanding of responsibility

Our Sustainability Circle determines and implements new sustainable measures for the company and informs colleagues of the individual topics. A compendium of rules for all employees and suppliers ensures that the understanding of responsibility extends beyond company boundaries. These include the EHS Policy, the Vetter Code of Conduct and the Supplier Code. Regular, mandatory training courses on compliance and EHS topics also support the internalization of Vetter standards within the workforce.

Applied ISO norms

Our EHS policy is based on DIN ISO 45001 and defines strategic goals for maintaining and continuously improving EHS performance in the company. The potential impact of the EHS policy comes from linking of opportunities and risks with the goals, which makes it an essential basis for action. EHS awareness in the company is constantly growing. In addition, we have introduced other standards, such as DIN ISO 14001 Environmental Management, DIN ISO 50001 Energy Management and DIN ISO 45001 Occupational Health and Safety Management.

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PLAN, DO, CHECK, ACT



7. Control

We monitor the efficiency of the individual measures for our sustainability goals using a variety of indicators. These are derived from the recommendations of various standards such as DIN ISO 14001, DIN ISO 50001 and DIN ISO 45001. Our EHS program helps monitor the evolution towards achieving the sustainability goals, which include reducing energy consumption, CO₂ emissions and the 1,000-man quota, as well as increasing commuter mobility while reducing environmental impact. The corresponding key figures are reported to management and evaluated in the annual management review.

A foundation of stable key figures

The reliability of the data is ensured by an internal compendium of key figures, which specifies how a key figure is determined. The data is then checked and visualized using an integrated management system with automated data. We make sure different sites and years are comparable by means of various indicators such as key energy figures, gross value added (GVA) or the

number of units filled. Our energy monitoring system connects over 500 meters that continuously supply information on energy performance. We also maintain sustainability indicators that are compared externally with a benchmark. These include the 1,000-man rate for occupational accidents, which has been reported to and compared by the trade association for years.

The data collected for our EHS management are reviewed using regular internal and external audits by property insurers, customers, and certifiers. Transparency is our top priority and the basis for a continuous improvement process.

We take our responsibility towards our employees and the environment seriously and have introduced an appropriate EHS structure in the company. A steering committee is made up of experts from relevant areas, who make key decisions regarding occupational safety, health, and environmental protection. If necessary, the committee can define preventive and corrective measures.

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CONTINUOUS REDUCTION OF WORK ACCIDENTS

Accident rate is better
than the industry average*

** German Social Accident Insurance Institution for Raw Materials and the Chemical Industry (BG RCI)*

WHICH VALUES AND PRINCIPLES SHOULD GUIDE OUR ACTIONS?

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The Vetter corporate mission statement provides answers to this question. It is our self-understanding and a model to which we aspire. In 2016, management principles were also derived from the strategy at that time and installed in the company. Because a community needs values that hold it together and by which it acts.

For Vetter, responsible corporate governance is very important, whether it be while expanding into new markets, recruiting skilled employees or meeting new challenges. Our corporate actions and thinking are based on the following seven values and principles:

QUALITY IS OUR NUMBER ONE PRIORITY.

EACH INDIVIDUAL COUNTS.

WE WORK TOGETHER IN TRUST.

WE ARE PARTNERS.

OUR COMMUNICATION IS OPEN.

WE THINK AND ACT AS ENTREPRENEURS.

OUR TEAM SPIRIT IS OUR STRENGTH.

* Sustainability Reporting Standards of the Global Reporting Initiative

8. Incentive Systems

Target interviews for personal development

The professional and personal development of our employees is very important to us. In an annual interview, employees and their managers reflect on their collaboration in the past year. These discussions are based on the Vetter competence model which rests on four complementary pillars:

Where applicable, professional and personal development goals for the following year are agreed upon and systemically documented in the second part of the interview. The professional goals are derived from the corporate goals and cascaded accordingly. Crucial here is the "Vetter NExT 2029" strategy, which contains key sustainability goals. Thus, the sustainability goals, which are an integral part of the corporate strategy, can be cascaded to the individual areas. Furthermore, the Vetter Sustainability Circle tracks the processing of the sustainability targets throughout the company. Their implementation is checked and documented as well. The implementation of sustainability and EHS targets, which are the result of a specialized department's work or are part of a department's line function, can be managed by the relevant specialized department and independently of the annual target resolution process. For example, EHS targets are discussed by the EHS Steering Committee. Implementation of the targets is then monitored and documented by the relevant specialist departments in parallel. The EHS targets and their implementation status are rated in the annual management review. These are also part of management and senior management's target resolution process.

- Personal and social competencies
- Design competencies
- Leadership competencies
- Vetter-specific competencies



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Involving employees in process improvements

An important incentive system that has been established for years is the Vetter V³ idea management system. It stands for “Suggestion – Improvement – Advance” and was designed to motivate all employees to suggest process improvements of any kind. A suggestion for improvement is one made by employees for an action which, if implemented, will sustainably improve the status quo. An improvement can aim to

- increase product quality
- increase capacity
- reduce lead times
- reduce costs
- simplify work processes
- increase safety for people and company property
- Maintain the health of employees
- improve working conditions
- use equipment effectively
- improve environmental protection.

The idea must also be new and represent a special achievement. It is then fed into the system and evaluated by a neutral idea board. If it is an innovative idea, it will be forwarded to the innovation management team for processing. If it is an improvement, the idea will be processed in the V³ idea management process. The idea is then assessed by experts. Their verdict will determine whether the improvement measure idea should be pursued further or rejected. An implemented improvement suggestion is awarded a monetary prize.

Employees recruit employees

Vetter employees have the opportunity to support the recruitment process and will receive a bonus for attracting and successfully placing new employees. Once the new hire has passed his or her probationary period, the recruiter will receive an additional bonus. In 2021, a sum of 458,000 euros was paid out by the company as a recruitment bonus.

JobRad

Employees can lease a bicycle of their choice through their employer at very attractive costs. The aim is to motivate employees to make greater use of bicycles as a sustainable means of transport and, in parallel, to invest in their own health by doing physical exercise. As a family business, we have decided to give all employees the option of leasing an additional bicycle for a family member. So each employee can in fact lease two bicycles. In 2021, the company leased 1,337 bicycles for the workforce with a total value of 4,343,440 euros.

TWS rental bikes

Vetter has rental bicycles for its employees at three locations in a cooperation with the local utility and mobility provider TWS. It allows employees to reach other production sites sustainably and reduce CO₂ emissions by avoiding use of company vehicles. In addition, employees can use the rental bicycles to travel privately around the city.

Bicycle infrastructure and E-mobility

We are drastically enlarging our bicycle infrastructure. As part of the plant and site expansions, we are investing in state-of-the-art, covered bicycle stands, charging stations for e-bikes, and repair stations for quick bicycle repairs, including air pumps. Charging columns for e-mobility vehicles have been planned and budgeted accordingly in the plant expansions.



**SUGGESTION,
IMPROVEMENT,
ADVANCE**

Key Performance Indicators for criteria 8

Key Performance Indicator GRI SRS-102-35: Remuneration policy

Remuneration model at Vetter

A company's compensation structure should be externally market-oriented and internally transparent and performance-oriented. Competitive and fair remuneration is essential for our competitiveness, especially in the Lake Constance-Upper Swabia region of our production sites where we have our production sites and almost full employment prevails. The Vetter remuneration system is therefore an important instrument in the sustainable recruitment and retention of employees. At Vetter, this system is divided into two sections, the pay scale section and remuneration in the non-tariff section.

In the pay scale section, all activities are evaluated using a so-called job-value profile method and assigned to one of ten salary groups. Within the salary groups, remuneration develops in an income bracket. The 100-percent benchmark salary in the income bracket is a statistical average derived from market data. In this way, we also ensure gender-neutral compensation. We regularly review market data and compare developments with our income brackets. There are also annual salary adjustments for our employees. In addition, employees in the pay scale receive a pro-rated 13th month's salary and vacation pay. Employees who work unusual hours, such as shifts, receive night-work bonuses and attractive weekend bonuses. In addition to remuneration under collective agreements, there is also a remuneration model for non-tariff employees. This model is supplemented by an annual bonus, which is paid out depending on the company's success. There are also other benefits. For example, Vetter offers support for commuting with a monthly travel allowance, which totaled 1,129,447 euros in 2021. Workers also enjoy discounted prices in the company restaurant.

Employees receive a gift at Christmas and a monetary gift on special occasions like births, weddings, or anniversaries. Vetter also paid out a total of 2.1 million euros in coronavirus bonuses to all employees in 2021.

To improve the compatibility of family and work, Vetter offers childcare places in some Ravensburg daycare centers and pays a kindergarten subsidy for daycare and kindergarten spots. The subsidy amounted to 257,629 euros in 2021. For vacations, Vetter organizes a varied leisure-time program for school children up to the age of twelve. To ensure finances in old age, Vetter has set up its own pension model. It consists of two components, the working time account for near-retirement leave and the company pension plan as a supplement to the statutory pension. Vetter supports both with attractive employer contributions to the entire pension plan (see Chapter 15).

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1,129,447
EURO

travel allowance in 2021

Key Performance Indicator GRI SRS-102-35: Remuneration policies
Key Performance Indicator GRI SRS-102-38: Ratio of total annual remuneration

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Profit-sharing model for the variable pay segment

The profit-sharing model is intended as motivation and incentive to work economically and thereby use and design the operating resources optimally and efficiently towards a positive development of company results. The model is used to calculate the value of a Vetter success point.

We cannot ascertain the other data on the performance indicator GRI 102-38 due to the different accounting methods used. The compensation structure in our companies meets market standards and is transparent and performance-oriented. Therefore, we consider this indicator irrelevant for assessing the fairness of our compensation structures.



9. Stakeholder Engagement

Annual evaluation of our stakeholders

Our corporate governance is based on an integrated management system comprising occupational safety, health protection and environmental and energy management standards. To achieve this, we must understand the requirements and expectations of all interested parties. So, they are evaluated on an annual basis. This evaluation is based on the requirements of the existing management system "Context of the organization – requirements, expectations of interested parties." These requirements have been continuously expanded since 2016. The known stakeholders are recorded in a matrix and their expectations are documented. This matrix is reviewed and adjusted annually. In 2021, over forty stakeholder groups were identified in this way. They include internal stakeholders such as company management, employees, and the works council.

External stakeholders include customers, suppliers, service providers, municipal authorities and infrastructure support institutions, authorities and organizations with security tasks, the main customs office, and the certification company. In total, we were able to identify over 40 expectations from our stakeholders, including the "Green Factory," cleanliness, site loyalty, common good balance, legal compliance, attractive employer, and long-term stability. Each expectation was evaluated in relation to each stakeholder group. This generated a matrix showing the priorities for each. In addition, the materiality analysis based on this system was carried out in 2021. Stakeholders were surveyed on the most important topics and asked to rate them.



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**STAKEHOLDERS
AND
EXPECTATIONS**

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Key Performance Indicators for criteria 9

Key Performance Indicator GRI SRS-102-44: Important issues and concerns

The issues and concerns of our internal and external stakeholders are important to us. That is why we conduct a wide variety of regular employee surveys in addition to annual evaluations. In addition, years ago, Vetter launched the Culture Cockpit, a system allowing employees to anonymously address their concerns to management. Management reviews the concerns, evaluates appropriate corrective measures, implements them, and provides feedback to the employees on the issue via the same platform. Two counselors provide confidential support to employees in case they are having professional or private problems. The same applies to the person of trust. Furthermore, in 2021, we digitized the existing complaints management system, which stakeholders (see figure below) used to communicate

their concerns via a standardized and documented process. The reported issues are now collected, screened and evaluated. And our stakeholders receive immediate feedback. This means that concerns can be resolved quickly and in orderly fashion, follow-up queries raised, and information obtained as quickly as possible to clarify an issue. Customer and supplier complaints are shared and processed using appropriate audits or the supplier management system. To present ourselves as an attractive employer on the market, we actively seek out and communicate with potential employees at trade fairs, information events, and social media platforms. This enables us to register their concerns early on and process information that would be important for us as a company.

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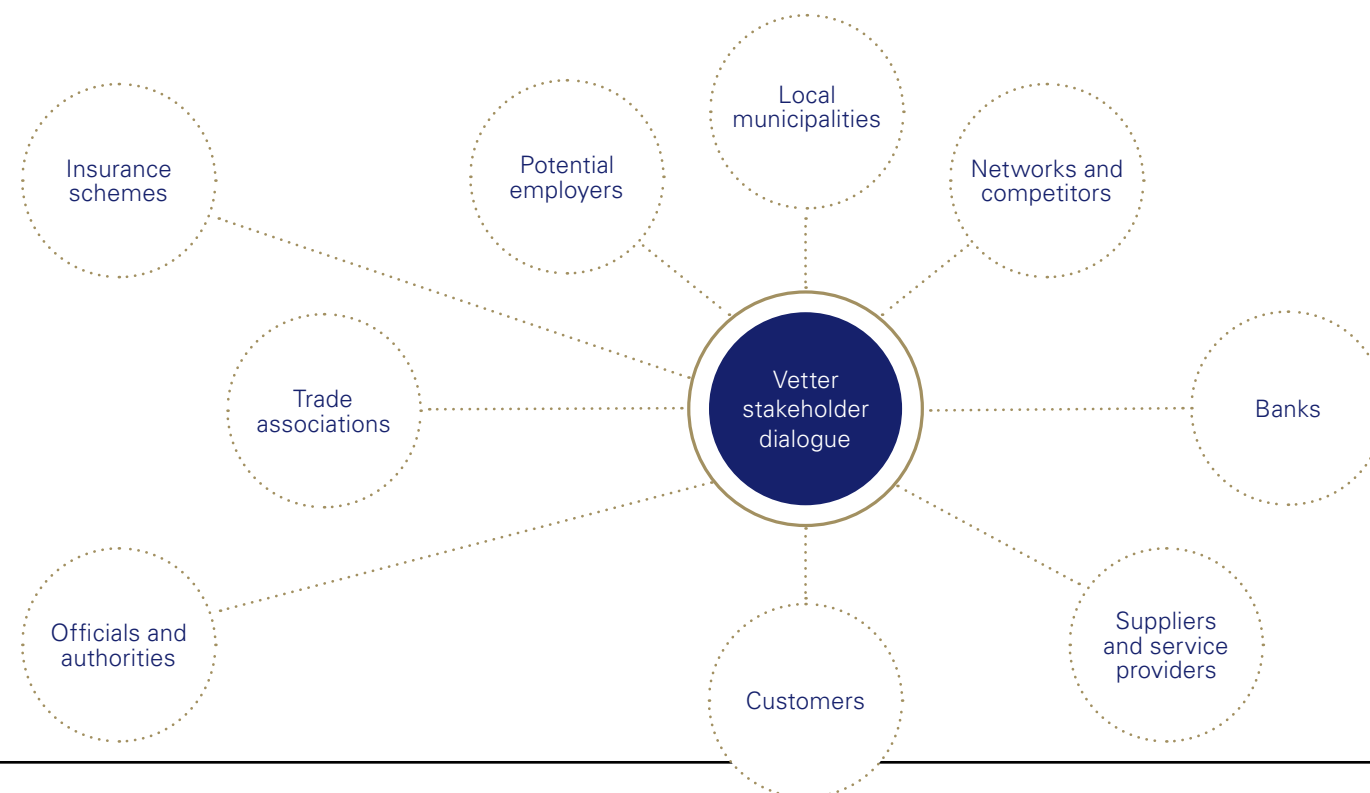
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Vetter stakeholder dialogue



10. Innovation and Product Management

The regulatory manufacturing processes for aseptic products are very energy-intensive. Naturally then, our optimization projects aim for resource efficiency and have been reducing primary energy requirements for years. The non-compensable CO₂ emissions of all Vetter processes have been offset using certificates since 2021. In addition, Vetter has a high recycling rate.

Company-wide innovation

To ensure success in further promoting sustainability in the company requires a high degree of willingness. You must react flexibly, agilely, and creatively to rapidly changing markets and adapt the corresponding measures. At Vetter, a working environment that combines innovation and continuity is the key to success.

Innovation takes place throughout the company in all specialized areas. All employees can spot growth potential in the company and participate in it to lead Vetter successfully into the future. The so-called Innovation Partners is a separate department that acts as an internal service provider for colleagues promoting new ideas and innovation activities. In the core business, the members offer advice, provide impetus, network, make external networks available and train colleagues in innovation methodologies. In the Pioneering Business, new potential outside the core business is explored.

Formats for new ideas

We are also developing various formats to help promote innovation even more strongly from within Vetter. Training courses and workshops, for example, are used to teach methodological knowledge. The Innovation Partners have also initiated the Vetter Innovation Community and are continuing to expand it. The establishment of horizontal networks across departmental and hierarchical boundaries help test new ideas more quickly and thus use resources consciously, which in turn allows new things to surface.

One format that was already implemented at Vetter to promote cross-departmental networking is the "Innovation World Café." It lets employees from different departments meet and discuss various innovation topics, such as personalized medicine, artificial intelligence or learning in the digital environment.

The internal Ideation Night with the Hackathon built upon it is also intended to establish a functional, effective, and agile process of innovation generation. This enables employees to develop and implement forward-looking projects collaboratively, transparently, and effectively.

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Digitalization at Vetter

Digitalization is a major element in making our services more sustainable. In fact, the introduction of digital processes touches on Vetter's core activities. Our broad digitalization strategy includes focusing on various projects in all specialized areas. The various digitalization measures are a great help in saving resources.

Digital systems always play a role for us when they clearly and fathomably lead to further improvements in quality or processes – this, for our clients and, above all, for the millions of patients they work for. For this reason, Vetter relies on a high degree of digitalization, especially for factory processes. This area also includes topics such as sustainable investment in future information technology, which corresponds to the actual state of the art, but also to the highest IT security standards. The strategy also involves efficient design of predictive maintenance, visual remote services or intelligent worker assistance systems to significantly reduce downtime and troubleshooting times.

In the area of artificial intelligence, we have successfully deployed machine learning systems, for example, to detect anomalies in temperature data across the entire production process. In addition, we are working on other projects such as the generation of text from data, so-called natural language generation, and complex forecasting projects in the controlling environment. In the future, too, we will rely on robots and process automation for recurring and clearly definable activities, such as the automatic processing of order confirmations.

On the way to the paperless office

Digitization is also progressing in the administrative departments with a wide variety of projects. For instance, we are continuously working to digitize paper-based processes. Vetter recently introduced two more digital systems to help speed up this transformation: Veeva Quality Docs and DocuSign eSignature. The introduction of these two systems has helped conserve resources, work more effectively, and maintain data consistency. Last year alone, through digitization and the deliberate use of resources, we were able to save 617,000 sheets of paper compared to the previous year.

Digitalization in production

More than 600,000 surface and air samples are taken at our facility each year. We use them to monitor the microbiological environment of production. The documentation of these samples is now being digitized step by step. Currently, this necessitates forms and checklists being filled out by hand. In the future, however, new software will facilitate and accelerate all stages of the processes. We are now cooperating with BioLago, a healthcare network that has set itself the goal of driving innovation and progress in the healthcare sector. Digitalization also takes the latest regulatory requirements regarding data integrity into account and implements them.

In the future, over

600,000

surface and air samples
will be assessed digitally

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



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Vetter wins Drug Delivery Innovation Award from PDA

Vetter has been developing a flexible production cell since 2019 together with the Waiblingen-based company Syntegon. For this collaboration, in 2021, Vetter and Syntegon received the Parenteral Drug Association's Drug Delivery Innovation Award in the "Partnership" category. The flexible production cell was designed as an all-in-one solution to meet the growing demand for small and very small production volumes. The specifications for the flexible production cell are based on Vetter's many years of experience. The new cell is Annex 1 compatible and therefore complies with the most important European regulations for the production of sterile drugs. It is designed to minimize losses of the active ingredients to be filled. This also saves resources.

Further development of the product and service portfolio

From our customers' point of view, sustainability is an increasingly important issue in the selection of a suitable pharmaceutical service provider. More and more, pharmaceutical and biotech companies are working with partners who pursue a similar philosophy to their own on the subject of sustainability and are therefore pulling in the same direction. When selecting our service providers and partners, we, too, look for similar goals and values in this area. This is because we aim for more sustainability while further developing our product and service portfolio based on customer and market requirements. One example: When packaging filled drugs, alternative, more environmentally-friendly materials based on paper or cellulose are being used and are gradually replacing plastics. In the case of injection devices (pens, auto-injectors), there are growing calls for reusable devices or devices made from recycled plastic. Here, Vetter is examining how these could be processed for implementation on its packaging lines.

Key Performance Indicators for criteria 10

Key Performance Indicator G4-FS11:

Percentage of financial assets that are subject to positive or negative screening based on environmental or social factors

Vetter is in a growth phase and is investing in new capacity to continue to serve the growing demand for essential drugs. The investments are financed by external loans in addition to operating cash flow. The result is that Vetter has no significant or relevant fixed financial assets. Temporary financial resources are held as demand deposits at its core banks. In the case of financial investments in the broader sense, such as company pension plans and our working time account model, we use funds with a capital protection. These special investment instruments with low risk for employees' assets are not yet being offered with separate ESG requirements.

Vision for the future:

REUSABLE INJECTION DEVICES



ENVIRONMENTAL MATTERS

Natural resources are finite, and the effects of climate change and environmental pollution are real. As a company, we bear a special ecological responsibility in this context. That is why we contribute to a more efficient use of energy and raw materials and the reduction of CO₂ emissions through various self-defined and ambitious targets. In addition, we contribute to the protection of the environment and climate using green technologies and investments.

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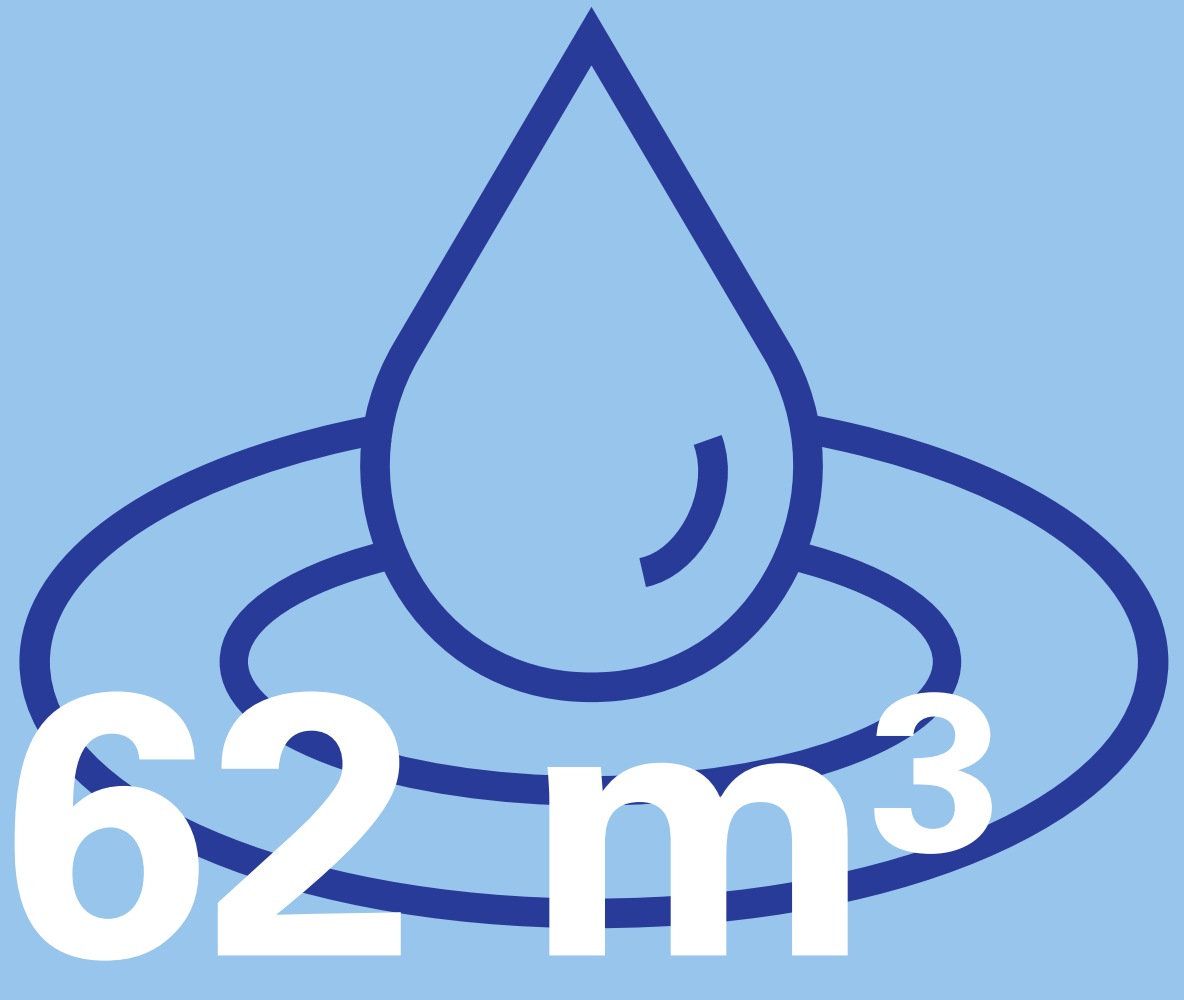
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11. Usage of Natural Resources	35
12. Resource Management	36
13. Climate-relevant Emissions	45



of water saved in 2021, corresponds to the yearly use of 34 people

11. Usage of Natural Resources

One of our main concerns is to reduce our emissions, our energy consumption, and our amount of waste in relation to gross value added (GVA). By the same token, we would like to maintain the high standards of our business activities as a pharmaceutical service provider. Almost 90 % of our total energy requirements go to manufacturing the media needed for pharmaceutical products and to operate and supply the necessary infrastructure. Furthermore, the pharmaceutical waste produced cannot be disposed of in the conventional waste treatment plants. Rather, it must be transferred to specially designated incineration plants. We send non-hazardous waste to a sorting facility.

Overall, we have achieved total energy savings of 8.25 %, measured in terms of gross value added, since 2019. In other words, we are making more efficient use of the energy employed while increasing value added.

Consumption of natural resources (in relation to 2020):

Total energy consumption:	160,992,404 kWh (+1.86 %)
Electricity:	61,860,591 kWh (+ 0.79 %)
Natural gas:	83,305,257 kWh (+ 37.28 %)
Liquid nitrogen:	3,422,342 kWh (+ 23.41 %)
Heating oil:	1,585,957 kWh (+ 23.02 %)
Water:	338,021 m ³ (+ 1.80 %)
CO ₂ emissions:	17,770 t (+ 19.49 %)

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10.6 million kWh self-generated and used renewable energies in 2021. This corresponds to the annual electricity consumption of 2,665 four-person households.



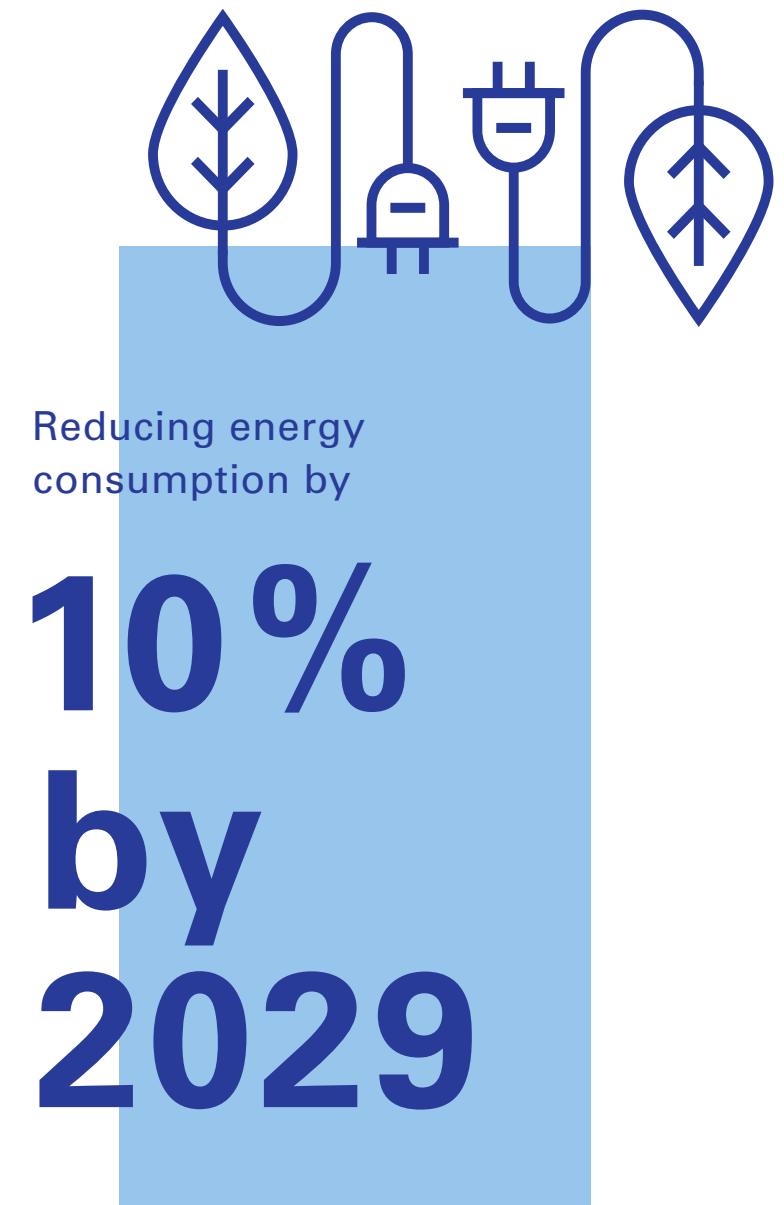
12. Resource Management

Sustainable energy concept

We are keenly aware of the need for sustainable business and the responsible use of natural raw materials. That is why, since 2014, Vetter has set itself the goal of reducing its energy consumption and its emission of greenhouse gases to a minimum. With the ongoing expansion of photovoltaic systems on roofs and façades and the use of geothermal energy and combined heat and power plants (using green gas) at our sites, we now generate our own renewable energy. Purchased electricity has already been generated at the German sites since 2014 and subsequently also in Austria using certified green electricity from hydropower and green gas.

Our goal is to reduce our energy consumption by 10 % by 2029 compared to the base year 2019 – despite increasing capacity utilization and the company growing. To achieve this goal, we have continuously developed and implemented more measures over the past few years. This year alone, eight measures were implemented to improve energy efficiency. For example, upgrading to a range of newer motors in the ventilation systems allowed us to save 45,000 kWh of electricity annually. We also introduced recirculation of water for injection (WFI), which saves 47,196 kWh of electricity, 13,452 kWh of gas and 1,562.5 m³ of water annually. Refrigeration and compressed air systems were also replaced with highly efficient systems.

Another example of the consistent implementation of our sustainability strategy is our Center for Optical Inspection and Logistics in Ravensburg. Here, we combined the an environmentally friendly biogas cogeneration plant with use of geothermal energy and surplus energy plus photovoltaic systems. This sustainable energy concept was awarded, among other things, a prestigious international industry prize as "Facility of the Future" by the ISPE (International Society for Pharmaceutical Engineering).



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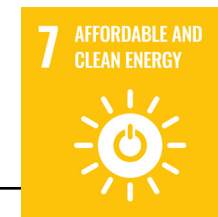
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Modern mobility

We have committed to healthy mobility for our employees and a greener country with leasing offers for e-bikes and bicycles. The JobRad model (Rad in German is short for bicycle) was introduced in 2019 and is proving very popular with the workforce. The leasing sum amounted to 4,343,434 euros for 1,337 bikes in 2021. We also want to help our employees know about bicycles, so we organized a series of workshops on bicycles in 2021 to teach safety training and how to quickly check one's bike with professional cyclist Daniel Gathof. Vetter also provides parking spaces in the bike parking house at Ravensburg train station so that the bike can be safely stored. Vetter has invested in a better bicycle infrastructure by providing special parking spaces with modern equipment and in electric bicycles for use between sites free of charge.

Employees who want to – or must – dispense with their cars for commuting can join carpools via a carpooling portal on our intranet. On top of this, we will contribute 50 % to the purchase of a monthly ticket on public transport in 2022.



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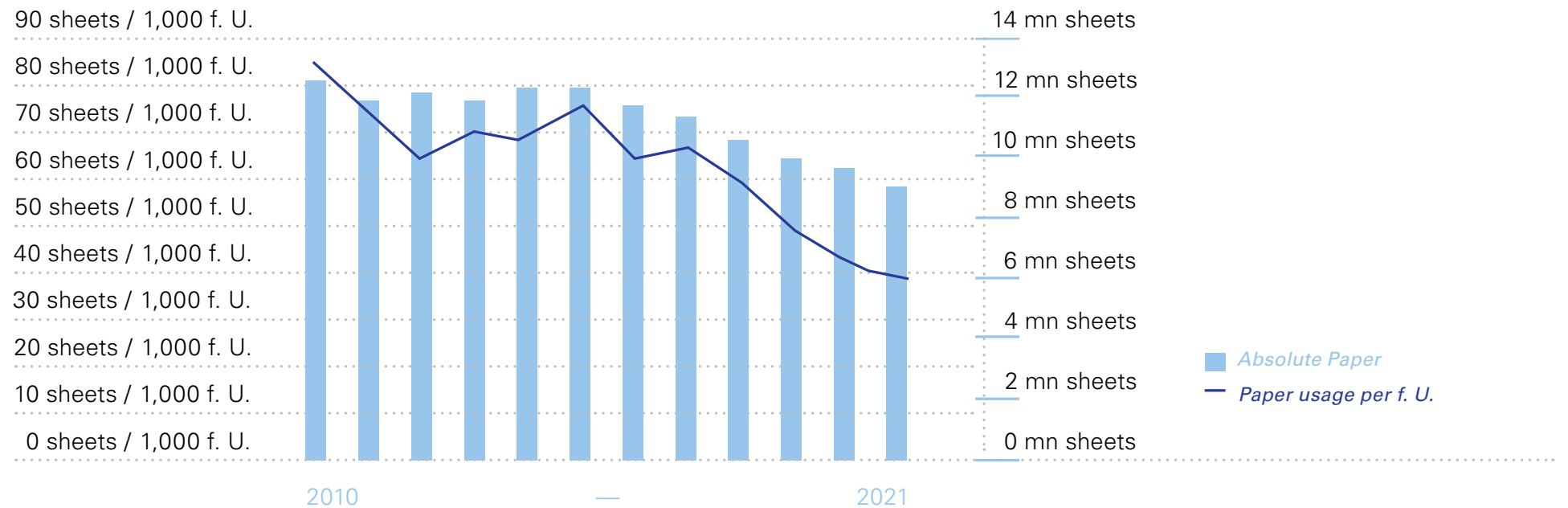
Reducing the use of paper

Vetter is gradually converting to Electronic Batch Record and material tracking systems. These enable electronic – paperless – batch records that are generated automatically, and material tracking. Independently of this, paper consumption has already been significantly reduced since 2010. In 2021, we switched to a purely digital form of payroll as well. Instead of sending out the statements in paper form, they can now be viewed and downloaded by all employees from the internal HR portal. The conventional printer concept is continuously being revised to realize further savings and optimizations. These measures have significantly reduced the number of individual printers throughout the company. Thanks to a variety of measures, we were able to save approximately 1,235 packages of 500 sheets of paper in 2021 compared to the previous year. This corresponds to a paper tower almost 70 meters high.

Keeping wastewater clean

Due to the high demands on our production process, the possibilities for a significant reduction of the current wastewater volume are limited. However, the wastewater analysis voluntarily commissioned by Vetter and carried out by the Alpha Institute confirms that the wastewater for all three production sites can be described as completely average. Keeping wastewater clean and preventing potential contamination are important concerns for us. We are therefore currently examining the installation of shut-off bladders that could prevent potential substance leaks into our wastewater channels. We are also currently conducting a detailed analysis of the composition of our wastewater to identify any API (active pharmaceutical ingredient) groups that may be present.

Paper usage per year, given in absolute numbers and sheets per filled unit (f. U.)



Opportunities and risks

The risks in resource consumption are above all in the rising CO₂ price and the corresponding inflation in energy costs. The opportunity lies in continuously improving efficiency and working towards a change of energy supply. We do not have complete control over the use of resources and the consideration for ecosystems due to the requirements of customers when it comes to materials, and of suppliers as well. We do have common objectives with customers, because they are also striving to incorporate sustainability goals into their strategies.

Evaluation of environmental aspects

The targets and measures described above are derived from an annually updated environmental aspect assessment and the need for action identified in the process (see figure below). It reveals any risks that may arise for the environment due to our activities and is also adjusted during the course of the year if necessary.

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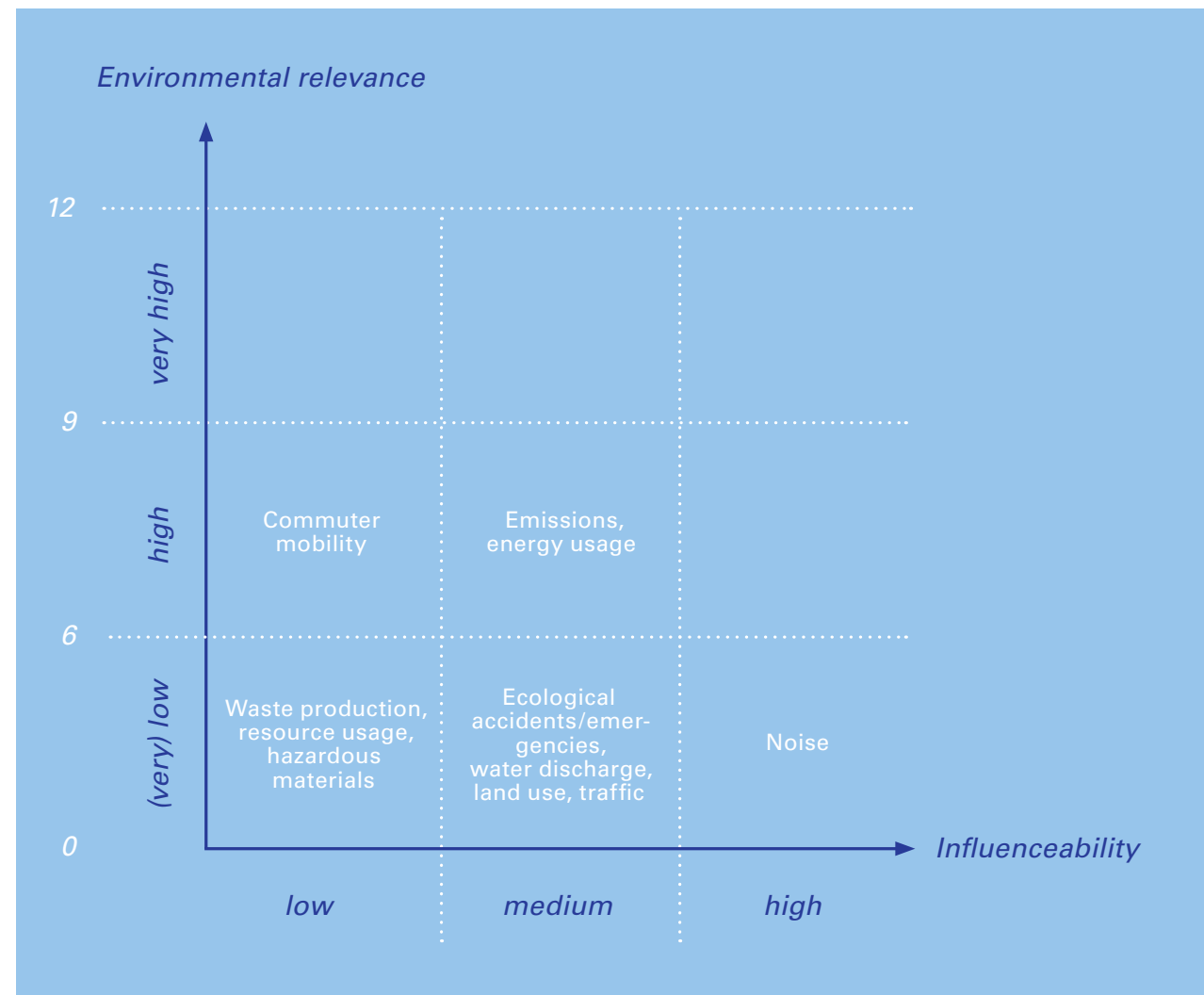
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Portfolio of the significant ecological aspects for Vetter in 2021



Key Performance Indicators for criteria 11 to 12

Key Performance Indicator GRI SRS-301-1: Materials used

As a pharmaceutical service provider (CDMO), we operate in a GMP environment with all the required specifications. Our customers, and not least the patients who use our products, rely on our application of the highest quality standards. So, as things stand today, we simply cannot use recycled materials for our primary packaging.

The raw materials, auxiliary materials and packaging materials listed below were used for production in 2021:

<i>Raw materials / auxiliary materials / packing materials</i>		<i>Wastewater / solid waste</i>	
Rubber parts:	271,824,086 units	Wastewater:	321,119 m ³
Plastic parts:	44,825,785 units	Total waste quantity:	2,053 t
Folding boxes:	10,397,346 units	Non-hazardous waste:	519 t
Glass vessels:	242,467,290 units	Hazardous waste:	65 t
Package inserts:	9,374,209 units	pharm. waste:	806 t
Top film:	859,108 m	Recyclables:	664 t
Bottom film:	914,017 m		
Closure parts:	402,722,672 units		
Auto-injectors:	2,467,327 units		



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Key Performance Indicator GRI SRS-302-1: Energy consumption

Our goal is to reduce our overall energy consumption. We have already achieved considerable successes with this in recent years thanks to special measures in our sustainability strategy. Due to the steady growth of our company, the increasing number of employees and the expansion of our sites last year, the consumption of resources such as electricity, heating oil and water has also increased. Below we have provided an overview of Vetter's absolute energy consumption in 2021 and the development compared to the previous year.

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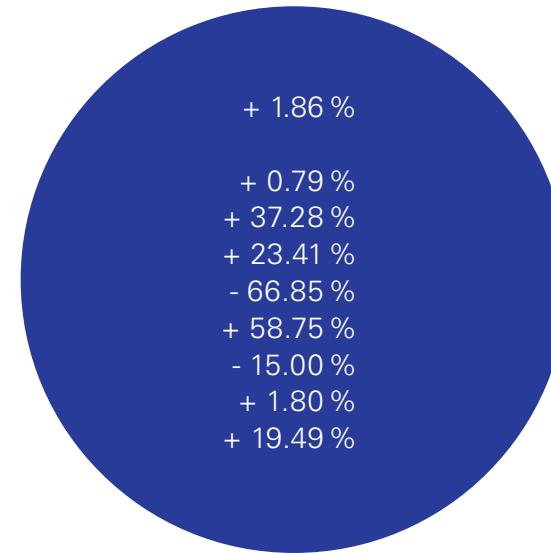
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Total energy consumption:	160,992,404 kWh	+ 1.86 %
Electrical power:	61,860 kWh	+ 0.79 %
Natural gas:	83,305,257 kWh	+ 37.28 %
Nitrogen:	3,422,342 kWh	+ 23.41 %
Heating oil:	159,333 kWh	- 66.85 %
District heating:	744,520 kWh	+ 58.75 %
Geothermal energy:	3,262,029 kWh	- 15.00 %
Water:	338,021 m ³	+ 1.80 %
Emissions:	17,770 t CO ₂	+ 19.49 %



**MORE EFFICIENT
ENERGY USAGE
IN SPITE OF
CONSTANT GROWTH**

Key Performance Indicator GRI SRS-302-4: Reducing energy consumption

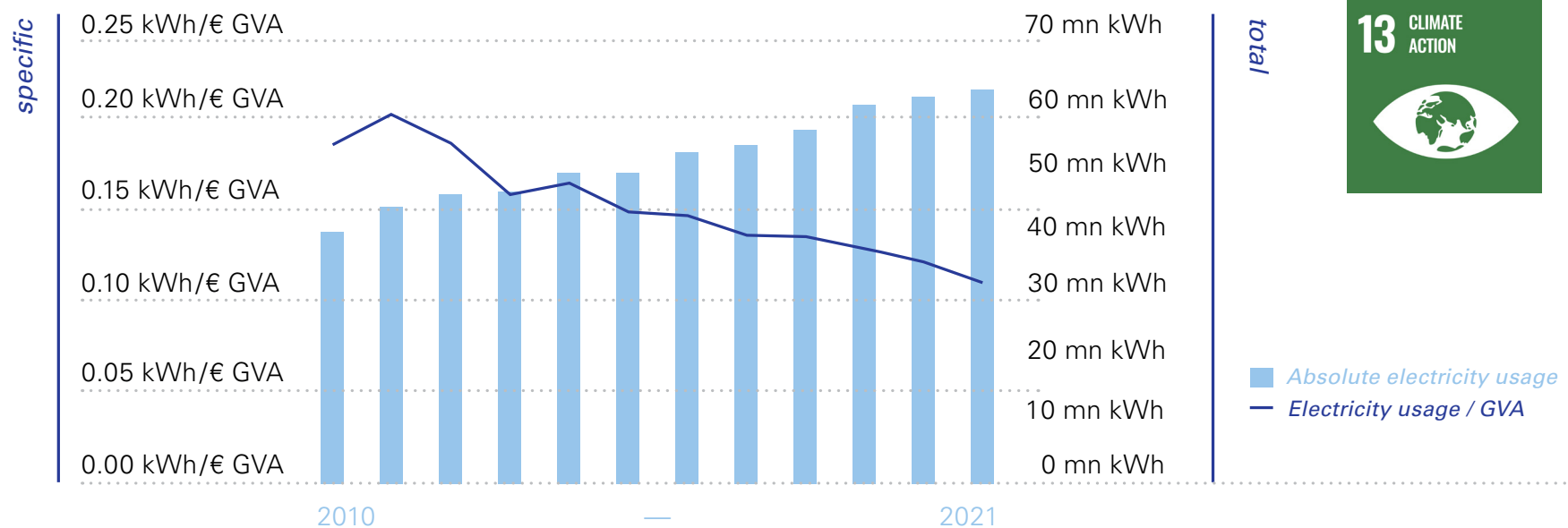
Reducing energy consumption at Vetter is computed using the standard derived from ISO 50001 Energy Management. We are still using the base year 2019 as the energy baseline, but this will be redefined when our new production site RVP II goes into operation. The evolution of our annual electrical power consumption is shown in the following graph. Vetter's steady growth mentioned above and the corresponding increase in production output has seen a proportional increase in absolute electricity consumption. However, in recent years, we have managed to continuously reduce our electricity consumption in relation to gross value added.

We have already addressed some of the measures implemented to improve energy efficiency in the Resource Management section. In addition to its own initiatives, Vetter also actively supports the expansion of renewable energies by purchasing

CO₂ certificates. In 2021, we supported projects in Mexico, Costa Rica and Brazil that contribute to sustainable energy generation and power supply in those countries. We will delve deeper into these projects in the section on climate-relevant emissions.

Since 2012, we have invested more than 7.8 million euros in over 120 efficiency measures. In total, energy savings since 2012 amount to over 31 million kWh. In 2014, Vetter introduced an energy management system that has already resulted in the implementation of ninety-eight optimization projects. This let us achieve CO₂ savings of more than 15,000 metric tons. The retrofitting of our ventilation systems, which involved replacing around 750 AC motors with EC motors, produced annual savings of 900,000 kWh of electricity.

Use of electricity overall / specifically per gross value added (GVA)



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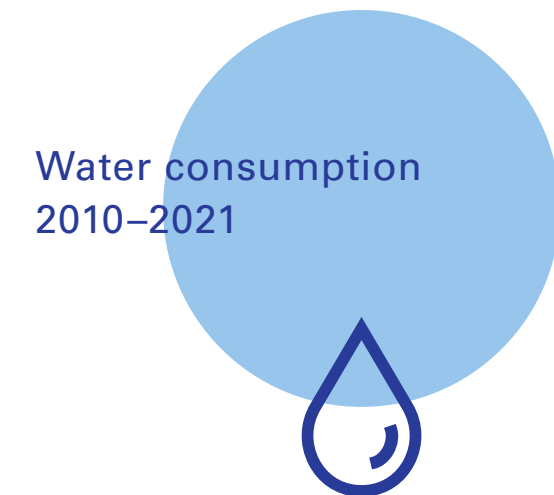
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Key Performance Indicator GRI SRS-303-3: Water withdrawal

In 2020, drinking water consumption totaled 338,021 m³ with wastewater production of 321,119 m³. In addition, we produce so-called WFI (water for injection) for the aseptic filling of drugs. This WFI is prepared using many pharmaceutical processes so that it can be injected directly into the bloodstream. The production of one cubic meter of WFI requires 2.65 m³ of drinking water. The same applies here as it did with the other resources: The steady growth that Vetter has experienced in recent years and the related increase in productivity also means that the absolute water consumption per year is rising. However, in recent years, we have managed to continuously reduce our water consumption in relation to gross value added.



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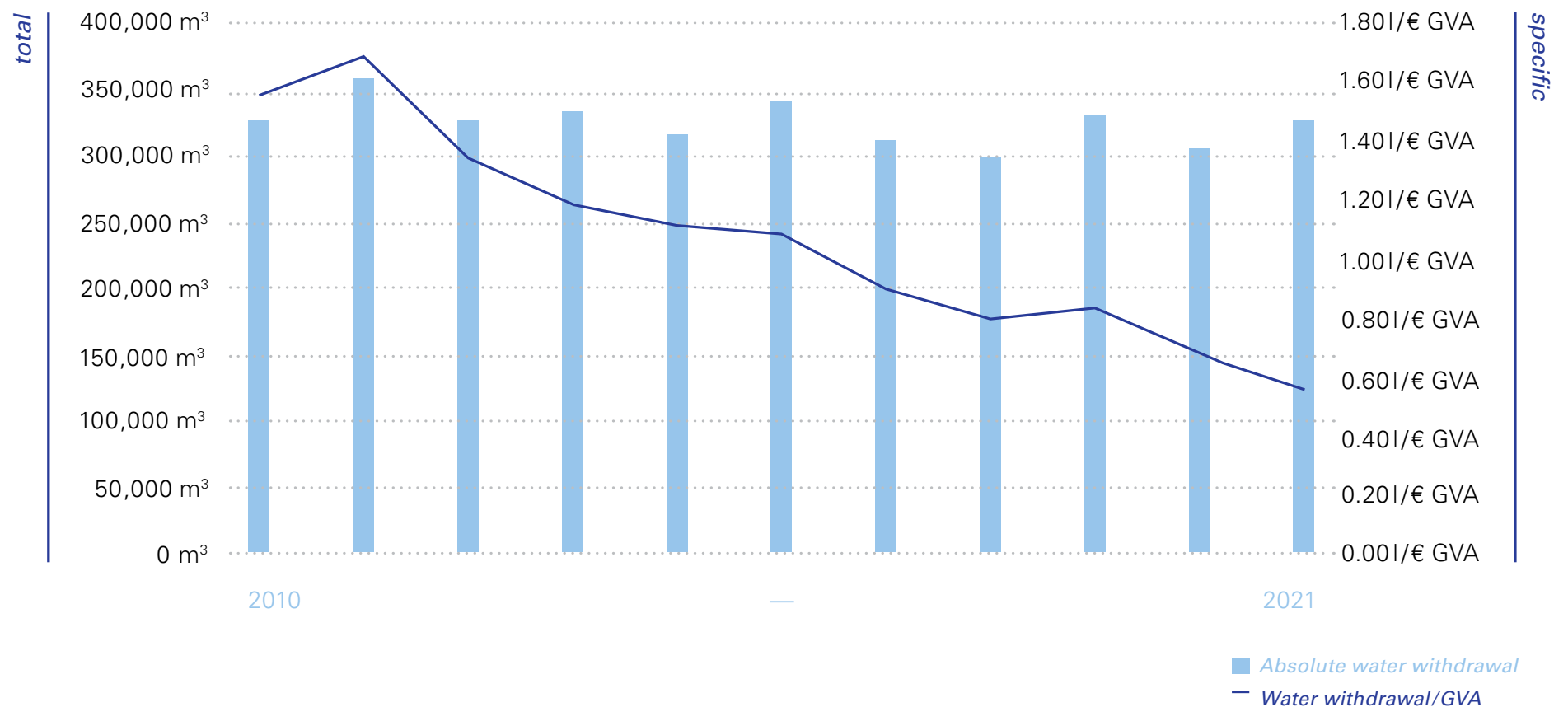
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Total / specific water withdrawal



Key Performance Indicator GRI SRS-306-2: Waste generated

Examining how the waste situation developed over the past few years reveals a similar picture to the situation with our water and electricity consumption: Increasing production and greater employee and the expansion of sites mean a rise in the amount of waste we are generating. By the same token, waste volumes have steadily shrunk in line with other resources in relation to gross value added.

Our total waste volume fell from 2,240 tons to 2,053 tons (- 8 % compared with the previous year). The composition of the waste produced is as follows:

Non-hazardous waste:	519 t
Hazardous waste:	65 t
Pharmaceutically relevant waste:	806 t
Recyclable waste:	607 t

32 % of our waste is currently recycled as unmixed recyclables. For the non-hazardous commercial waste, our disposal company confirms a sorting rate of 100 % and a recycling rate of 30 %.

40% recycling rate*

* Vetter alone 32%, incl. waste disposal service provider 40%

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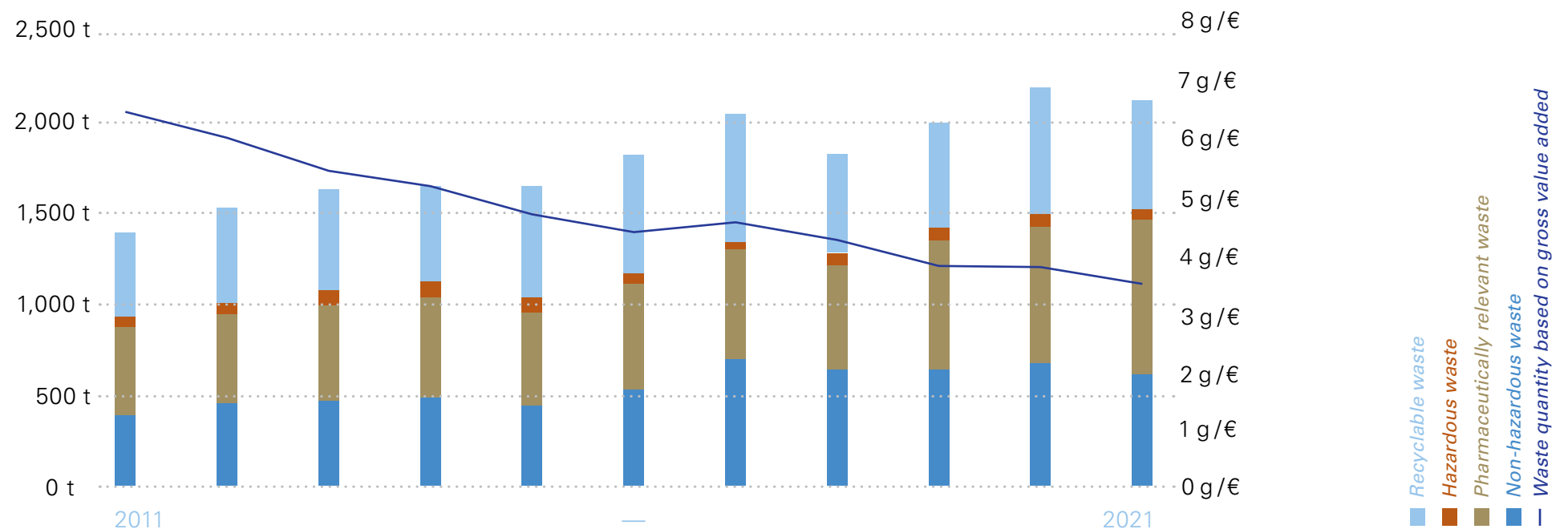
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Vetter waste development



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13. Climate-relevant Emissions

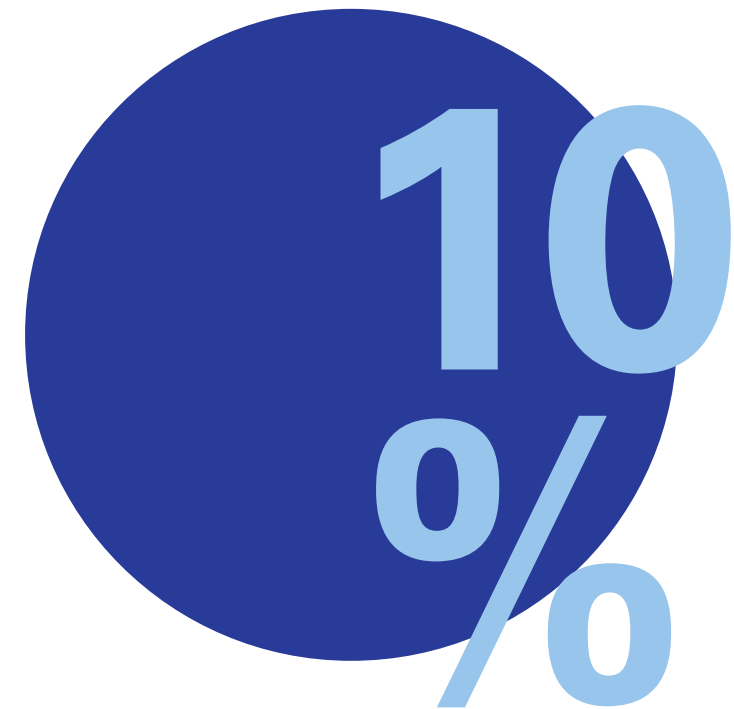
Dealing with emissions in a responsible manner is important to us. We have in fact already been producing CO₂-neutrally in Germany since 2020. This now applies to all Vetter company sites worldwide. Our concern at all times is to continuously reduce the CO₂ emissions and offset them in a way that adds value. Our goal is a 10 % reduction of our total emissions in relation to gross value by 2029. We are currently at 30.7 grams per thousand euros of gross value added. We implemented several supporting measures again in 2021 to reach this target. The main resources we use that cause emissions are diesel, heating oil, natural gas, nitrogen, and business travel.

Purchase of certificates

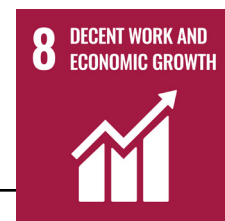
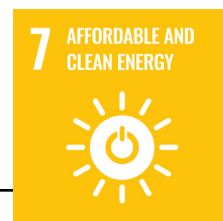
Some emissions cannot be completely avoided. They are brought about by the high-quality standard we strive for, by stringent regulatory requirements in the pharmaceutical sector, and by today's technologies. This makes it all the more important for us to offset them by supporting global climate protection projects. These projects are subject to strict criteria, such as the exclusive production of renewable energy, and are regularly certified. The certificates are designed to reduce emissions in developing countries. They are part of the CDM mechanism, which is one of the three selected Kyoto Protocol standards.

The purchase of emission certificates from the "Oaxaca II Wind Energy Project" alone has already offset 17,200 tons of CO₂. The wind farm, which boasts 68 turbines, is in the Mexican state of Oaxaca. The plant increases the share of renewable energies in the region's power mix and thus reduces the use of fossil energy sources. This wind energy project has a capacity of 102 megawatts and thus saves around 240,160 metric tons of CO₂

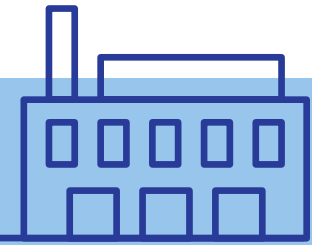
equivalents annually. The project also improves the power supply in isolated regions of the country and meets the growing demand for electricity in a climate-friendly way. We also purchased certificates that support the construction of a micro hydropower plant in Nepal. Micro hydropower plants have a capacity of 5 to 500 kW and use the power of falling water to generate electricity. The plant in Nepal was specifically built to supply poorer regions of the country with electricity and replace fossil fuels previously used. The company also promotes wind farms in Costa Rica and Brazil.



reduction in overall emissions by 2029



Key Performance Indicators to criteria 13



Key Performance Indicator GRI SRS-305-1 (see GHEN15): Direct GHG emissions (Scope 1)

Our greenhouse gas (GHG) emissions reporting is always based on CO₂ equivalence in all areas. Other potential GHG emissions are converted accordingly and integrated into the CO₂ equivalent figure. In all, 17,673 tons of CO₂ equivalent were produced in Scope 1 to meet Vetter's energy needs.

Natural gas:	14,995 t
Heating oil:	466 t
Nitrogen:	1,934 t
Diesel and gasoline:	280 t

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Key Performance Indicator GRI SRS-305-3: Indirect energy-related GHG emissions (Scope 2)

Since we already purchase CO₂-neutral electricity, the value for GHG emissions from electricity does not apply.

Key Performance Indicator GRI SRS-305-3: Other indirect GHG emissions (Scope 3)

We have not yet been able to fully map the emissions covered by Scope 3. However, we measured business trips by rail and air at 97 tons. All other CO₂ emissions occurring in Scope 3 are heavily dependent on our suppliers. As a result, we cannot yet assess when we will be able to map Scope 3 in full.

Key Performance Indicator GRI SRS 305-5: Reduction of GHG emissions

Our goal is a 10 % reduction of our total greenhouse gas (GHG) emissions in relation to gross value by 2029. To reach this goal, we once again implemented supporting measures. We commissioned a new combined heat and power plant and refurbished air dehumidification systems at one of our production sites and equipped it with a cross-flow heat exchanger. Some emissions cannot be completely avoided with the current level of technology due to the high quality standards and stringent regulatory requirements in the pharmaceutical sector. So, it is all the more important for us to offset them by supporting global climate protection projects. These projects are subject to strict criteria, for instance, they must produce renewable energy exclusively, and they are regularly certified. To calculate the reduction in emissions, we use the standard derived from ISO 50001. We are currently still using 2015 as the base year, but this will be redefined when our new RVP II production site goes into operation. Until the end of 2021, we calculated our carbon footprint using a CO₂ equivalent. In 2022, we want to apply ISO 14064 for computations and implementation.

SOCIETY

Society is in a permanent state of change and keeps presenting us with new challenges. We are a globally operating company, so it is our duty to proactively meet these challenges by contributing positively to social coexistence – locally, regionally, and globally.

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926

new employees in 2021

14. Employment Rights

A common foundation

For Vetter, heeding and implementing all applicable employment rights is a matter of course. It is how we live up to our claim of being a very attractive and credible employer. By the same token, this is fundamental to all aspects of "healthy" working. This is reflected, among other things, in the Vetter Code of Conduct, which has been published in digital form and is thus accessible to everyone and is also made available to all employees in a printed version. It helps us act ethically and legally in our daily work. Vetter has committed itself and all its business partners to comply with rules and regulations concerning work. This, specifically, complying with fundamental human rights and labor standards – such as those laid down by the International Labor Organization (ILO). In addition, we reject any form of forced and/or child labor, ensure health protection and guarantee appropriate remuneration that meets the respective national legal standards at the very least. We reject violations of employee rights along the entire value chain. All relevant employee rights are already being observed. We currently have no quantitative targets in this area.

More than statutory and collectively-agreed minimum standards

Vetter's actions and concepts go far beyond statutory requirements. By signing the "Diversity Charter," for example, Vetter has committed to creating a working environment that is free of prejudice towards employees – regardless of gender, nationality, religion or ideology, disability, age, and sexual orientation. In our company, we make sure the working environment is free of discrimination. We offer real equal opportunities and individual opportunities for further development. This is essential for us to retain our existing staff and recruit new employees. In many ways, Vetter guarantees its employees considerably more than the statutory or collectively agreed minimum standards for employee rights and working conditions. These include, specifically, a variety of measures and offers for health maintenance, work-life balance, holidays, and time off, mobility allowances as well as pension benefits and company-owned and -operated restaurants.

Risks

We have not identified any risks relating to labor rights in our direct corporate environment. We are currently reviewing the details of the upcoming Due Diligence Act and how we can implement these, for example by examining employee rights in our supply chain.

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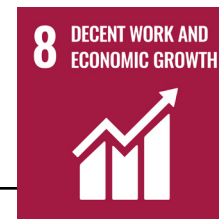
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Communication

Our employees are always being informed of all pertinent working conditions, offers and benefits both in general and through target group-specific formats and events. We actively encourage the sharing of information. The formats include "GF in Dialog," a direct exchange between management and employees, who can receive direct answers to their questions. In the Vetter Management News, line managers are provided with relevant information from the company's senior managers. The company also posts informative videos and reports on anniversary celebrations. Finally, there is the company magazine Vetter Blatt, which is published three times a year. In addition, Vetter receives numerous suggestions and creative ideas from its employees for the continuous improvement of company procedures and processes through the company's own V³ program. This is part of Vetter's sustainability strategy, and it promotes self-responsibility among employees.

Collaboration with the Works Council

Vetter has had a Works Council (Betriebsrat) since 1976. It represents the interests of the employees. Among other things, topics related to employee rights such as working hours or remuneration are discussed and negotiated with the Works Council and are codified in corresponding works agreements. Cooperation with the Works Council is both constructive and based on trust. It is always extensively involved in all company decisions relevant to employees. Regular discussions between representatives of the Works Council and Human Resources take place weekly and between management and the Works Council committee on a quarterly basis.

Reporting options such as the whistleblowing hotline have been implemented in addition to the existing reporting channels. Through this close exchange, we ensure that Vetter is continuously informed of issues concerning employee rights and that any potential violations – even if the risk of such violations is extremely low – are reported immediately.



German standards worldwide

Vetter is headquartered in Ravensburg (Baden-Württemberg, Germany) and has production facilities in Germany, Austria, and the USA as well as sales offices in Singapore, Japan, South Korea and China. German standards are implemented wherever possible, partly to gain an advantage as an employer over local companies and to increase the company's attractiveness as a local employer. German and European standards are in force at the foreign sites and apply to employees there in addition to the local regulations. This applies to regulations and processes, be they internal, company-wide, or even individual, for instance, regarding salaries, benefits and (trust-based) working hours, all the way to data protection.

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15. Equal Opportunities

Vetter is a global company with a diverse workforce. Our goal is to create an inclusive culture of fellowship that lets all employees develop and grow personally in equal measure. Health-related well-being is a basic prerequisite for us in this regard.

Code of Conduct

Our Code of Conduct guides our actions and is binding for all employees worldwide. It calls for respectful and compliant co-operation – within the workforce and in collaboration with partners and suppliers.



Excerpt from the

CODE OF CONDUCT

“We respect the personal dignity, privacy, and personal rights of every individual. We work together with individuals of various ethnic backgrounds, cultures, religions, ages, disabilities, races, sexual identity, world view and gender. Consistent with our values and with the employment laws of the countries in which we operate, we do not tolerate discrimination against anyone on the basis of any of these characteristics or any other comparably offensive behavior. These principles extend to all employment decisions including recruiting, training, evaluation, promotion and compensation.”

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Diversity

Vetter's work environment is colorful and diverse: We employ more than 5,700 people from 61 countries. We are aware of our responsibility and convinced that this diversity is a decisive factor in our company's success. That is why we signed the Diversity Charter in 2017. In doing so, we officially committed to a prejudice-free, respectful working environment in which all employees enjoy equal opportunities – regardless of gender or gender identity, ethnic origin, nationality and age. We had our Diversity Week around Diversity Day on May 18, 2021, and held a number of smaller activities – both analog and digital – at various locations throughout the company.



Integration Initiative of German companies

We also support diversity by means of the Integration Initiative of German companies since 2015. As part of this initiative, more than 30 refugees have already been employed by us or have started training with us. If required, the refugees and displaced persons are also supported by way of German language courses before and after being employed at Vetter.



charta der vielfalt



5,700
employees from
61
COUNTRIES



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18%

of employees work
part-time



Harmonizing family and career

We aim to be an attractive employer that meets the various needs of our employees. It is why we implemented different working time models: from a 9/80 work schedule to trust-based working time as a flexitime model. Our current flexitime model, which has a time frame from 6 a.m. to 9 p.m., for example, is one way of organizing the day for a healthy work-life balance. A range of part-time models, which are possible in both administration and production, create even more flexibility. Those who only want to work part-time temporarily, for example for a limited period of one or two years, can do so with a so-called bridge part-time model. In production, we have also successfully introduced a 38-hour week in the high “gears,” such as the 7/3 working time model, in which our employees work three different shifts (early, late and night shift) within seven days. Our aim is to make shift work even more attractive by offering targeted incentives. In addition to flexible working hours and financial aspects, factors such as health, social contacts, and work-life balance also play an important role for us. Our pilot project on mobile working takes this into account. It offers benefits such

as the “JobRad,” our company health management service (BGM), paid time off, and much more. Our company leave scheme also helps to improve health and well-being. It grants up to ten days more vacation per year than required by law and allows for additional vacation days. For example, one day of vacation after ten years of service, another day after the age of 50, and up to four additional days after the age of 57. Vetter also has representation for disabled employees (SBV). The SBV assists them in applying for their disability ID card, in managing questions about equal treatment, and with any other issue.

8 DECENT WORK AND
ECONOMIC GROWTH



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Retirement

Vetter contributes to the build-up of a company pension plan (bAV), which consists of various components. The goal is to improve financial security in old age. This means that the employer has a share in financing the pension plan. The state also participates in the bAV: the contributions are tax- and social security-free (up to 4 % of the BBG GRV).

In designing the workplace pension scheme, Vetter's main objective was to establish a pension model that is as simple as possible and easy for all employees to understand. Early and continuous involvement of the works council in the design of this scheme proved to be intelligent and effective. It also increased acceptance among employees. We partner with an external company for the technical implementation of the bAV and the smooth handling of all processes. All employees received personal advice on the pension model when it was introduced. It's worth noting that our pension plan, the bAV, received the first prize in the category "small and medium-sized companies." In addition to the bAV, we offer a working-time account model for employees of all age groups. This allows employees to retire early without having to miss out on important financial resources.

**EINFACH.
GUT.
VERSORGT.** !
Die Vetter-Vorsorge.



Company health management

The "Vetter Family" initiative is part of the company's health management strategy (BGM) and supports employees with assorted options: parent-child offices, daycare centers/kindergartens, and organized vacation care under the heading "Vetter Kids." The Viva Family Service is also part of "Vetter Family."



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Viva family service

Since January 2021, we have provided employees with help, counseling, and support by way of the Viva Family Service. All Vetter employees can get free advice there on childcare issues – from organizing a childminder, to advice on parenting. It also offers support in finding a place, for example, to care for parents or a disabled family member, and consulting and help with filling out forms.



Vetter Kids

The BGM organizes vacation care with external service providers for employees' children during the Easter, Whitsun, summer and fall vacations. To ensure that as many employees as possible can take advantage of this offer, Vetter not only organizes the programs, but also supports the parents by paying a larger share of the costs. The parents make a personal contribution per child. The activities range from creative activities to sports. The vacation program has been running for over a decade now and is more than just a place for our children to play, learn, and discover. We also see Vetter Kids as an investment that helps our working parents balance their professional lives and the well-being of their families.



Parent-child offices

Our parent-child offices are each equipped with a laptop workstation and a well-stocked play pen for children aged 0 to 8. Parents can book the offices by the hour or day, and catering is also provided via take-away meals from the company restaurant.

Daycare and kindergartens

Our employees can find places for their offspring at two daycare centers in Ravensburg. Working parents enjoy full support thanks to long childcare hours that include lunches. To ensure that the places are allocated as far as possible in line with social contracts and needs, the company places are allocated according to a company agreement (BV). For daycare and kindergarten places, parents are financially supported by Vetter – this is also regulated in the BV.



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Environment, Health and Safety (EHS)

The company complies with EHS policy, which sets out the principles for action with regard to occupational health and safety as well as environmental protection and resource conservation. The EHS processes are audited yearly. These include external insurance audits, customer audits and recertification audits as well as internal audits. In 2021, a total of four audits and fourteen audit days were conducted on EHS topics. In addition to functional improvements, the new EHS module has also increased legal safeguards. Accident reporting and processing as well as management of hazardous substances and of risk assessments are anchored in a higher-level module. This changeover to digital documentation supports collaboration within the team. But it also produces interdisciplinary advantages, i.e., when collaborating with the employers' liability insurance association and the local government, in that accident reports can be sent directly from the system. These and many other EHS management tools offer Vetter the possibility of sustainably improving both collaboration and documentation.

Controlling target achievement

We track if we are on target for our longer-term goals (2019–2029) using our EHS program:

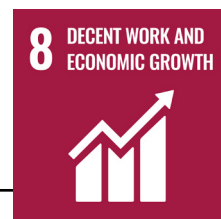
- Reduction of environmental impact from commuting by 10 %: no reliable numbers at present due to the pandemic; the mobility survey has been postponed until 2023.
- Reduction of the 1,000-man commute accident rate by 10 %: on target.
- Reduction of total energy consumption/GVA by 10 %: on target.
- Reduction of total emissions/GVA by 10 %: on target.

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company-wide audits and inspections in

76

days; of these, 4 audits in 14 days of EHS issues



16. Qualifications

Adjustments and risks

Part of the new Vetter strategy involves continuously developing goals and measures in qualification. The strategic corporate fields of new work landscapes, such as employee recruitment and retention, and skills and competence management, deal with employability, in particular further training and dealing with demographic change, but also with digitalization. They were derived from a potential risk that due to the persistent competition for qualified specialists we cannot achieve our planned corporate growth in a highly industrial region.

Vocational programs for employees

Vetter maintains the highest standards in all areas of the company. This is based on knowledge. So, we always pledge to provide our employees, and especially children and young people, with access to education and lifelong learning. We see this as part of our corporate responsibility. Learning is indeed a lifelong process, which is why Vetter supports a wide range of educational initiatives for all ages. We believe that even small efforts can often have a big impact on Vetter and the public. Whether learning or training at our sites, in the region or internationally, education is always worthwhile.

Vetter Academy

Vetter is growing worldwide, and our employees are growing with us. With the Vetter Academy, we therefore focus on qualification programs and individual development opportunities for all employees.



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Vocational training

We have one of the largest training programs in the region, with around 150 apprenticeships in pharmacology, technology and business administration. We have invested 3.5 million euros in construction and high-tech equipment in a state-of-the-art training center at our headquarters in Ravensburg, where our trainees receive comprehensive and practical qualifications for a wide range of professions. Junior staff are continuously extending their digital skills thanks to new curricula and hands-on application of state-of-the-art technologies such as 3-D printing, computer-controlled 3-D design and a dedicated area for pneumatics and robotics. Vetter is currently providing training in eleven different occupations, including machine and plant operators, mechatronics engineers, electrical engineers, pharmaceutical and chemistry lab assistants, IT specialists and industrial clerks. We see today's trainees not only as our future specialists and managers, but also as tomorrow's innovation drivers. That is why we have set ourselves the goal of continuing to increase our training volume in the future.

Trainee Masters Program

Since 2020, Vetter has cooperated with Reutlingen University to offer employees and students the opportunity to get to know the company in all its facets and, at the same time, to obtain a Master of Science degree in Pharmaceutical Science and Business. The two-year trainee program combines theory and practice and offers participants a wide range of opportunities to start their careers and build a network for the future.

Internships and tours

Due to the current pandemic, we are only offering virtual student internships and training events in digital form as an opportunity to experience the working world at Vetter in a practical way. These include, for example, virtual laboratory tours or a 360-degree tour of the training center – coupled with virtually-guided practical exercises and interactive elements. This is also a way to promote digitalization in training.

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apprenticeships and
DHBW study slots in

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apprentice professions
and institutions
of higher learning



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Vetter Care

The Vetter Care program is the BGM's way of offering employees more vital support. The program includes a wide range of services such as company counseling, an external adviser, the addiction prevention working group, an external support network, and the FÜHRsorgeprozess (care process) and company reintegration management (BEM).

Social counseling

We have run a social counseling service since 2017. Our aim is to provide more comprehensive and tailored help for our employees. Issues needing counseling can be private or professional – the company social counselors are available for all employees, no matter what issue is troubling them.

External adviser

The external adviser visits Vetter every month for a day and a half and has a similar function. She acts mainly as a mediator for conflict resolution, but also helps with other problems if employees call on her.

Addiction prevention working group

Another part of Vetter Care is the addiction prevention working group. It is led by the company's social counseling service. Participants include voluntary helpers specialized in addiction, employees of the BGM and representatives of the Works Council. The working group is one optional point of contact for employees – regardless of whether they have an addiction issue themselves or they have witnessed a case and need advice.

The FÜHRsorge care process

The FÜHRsorge care process is another part of Vetter Care. If employees have been absent for more than fifteen days in the past twelve months, a questionnaire will automatically be generated to let management conduct an appreciative discussion with the employee. The aim is to find out whether the absence has operational reasons. The aim of this procedure is to identify and eliminate possible work-related causes of absenteeism early on. The criteria queried range from draftiness in the office or ergonomic issues, to stress or the work climate. The findings can then be used to determine measures for improvement.

Work reintegration

Managing company reintegration is another element of Vetter Care. This process starts automatically if an employee has been absent for forty-two days in the past twelve months. The employee will receive an informal invitation to an informational conversation and can decide voluntarily whether he or she wishes to be included in the process. The BEM, the FÜHRsorge process, and the handling of addiction issues in the company, among other things, are described and regulated in a company agreement.



Vetter Active

The Vetter Active initiative bundles actions around the company health requirement. These include the Vetter Active Club and the Vetter Health Passport.

Vetter Active Club

The Vetter Active Club provides all employees with sports opportunities such as spinning, yoga and aqua fitness. The offers are set up so they can also be combined with shift work.

Vetter's Health Passport

The Health Passport (called Vetter Health) gives access to free monthly programs that can include prevention such as screening for skin cancer, colorectal cancer and thyroid issues, or health education like lectures on nutrition or certain disease patterns. These programs can even include special programs such as cooking workshops and relaxation training. Participants receive a feedback form for each campaign, enabling them to evaluate the campaign anonymously. The feedback is incorporated into the planning of the following Health Passport.

Vetter Work

The shift work performed by many of our employees is exhausting and demands a lot from them. To lighten up the work and prevent potential risks at the workplace, BGM offers shift employees various training courses right from the start and special programs as part of the Health Passport. During breaks, employees can try out exercise programs close to the workplace, such as Fit for Work or Ergoscouts, to help ease any tension.



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Sports courses at the Vetter Active Club (including cooperation partners)

7

days a week



"Ravensburg on the run," October 2021

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EHS-relevant employee trainings

In 2021, a total of 26,623 EHS-relevant employee training sessions were held as e-learning and classroom training. Each employee received an average of 4.48 EHS training sessions. A total of 650 external service providers were actually trained using SuccessFactors, Vetter's internal e-learning system. To ensure on-site safety and provide quick assistance in the event of a medical emergency, building emergency numbers are located on each first-aid kit.

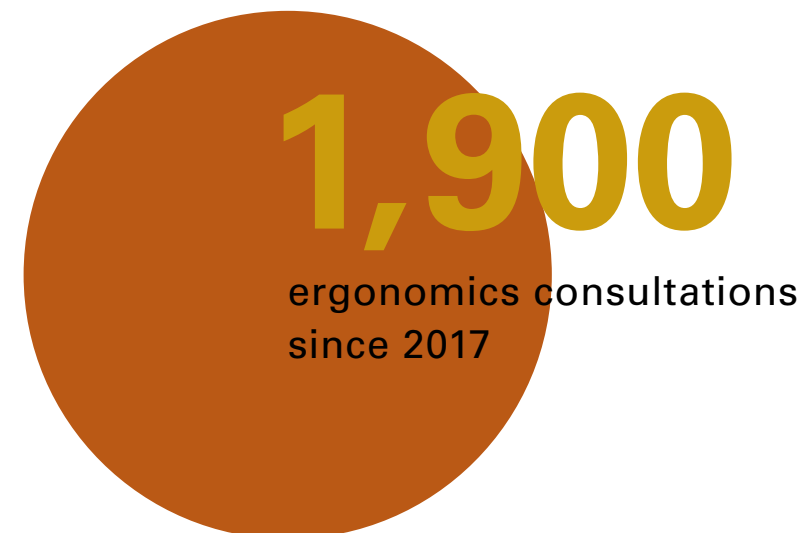
Assessing substances

Avoiding the need to handle hazardous substances also helps protect employees. For example, certain customer requests at Vetter are evaluated by the multidisciplinary High Potent Drug committee and rejected, among other things, if handling these substances poses too great a risk to the employee, the patient or the environment. This committee evaluates active ingredients, pharmacologically active and toxic excipients, and the finished drug with regard to their hazard and risk potential and defines protective measures accordingly. At Vetter, certain substance classes (like cytotoxic substances) are excluded in advance and other substances are rejected based on their low OEL (Occupational Exposure Limit) value. The OEL is an upper limit for the permissible concentration of a substance in the workplace air.



Ergonomics

The Ergonomics department makes sure that technical equipment, auxiliary devices, and the entire working environment are optimally adapted to the employees. Our aim is to ensure that work is carried out efficiently and without errors, while at the same time protecting the workforce from potential damage to their health. We aim to prevent work-related physical and mental complaints as well as mental stress and to reduce unnecessary absenteeism. The ergonomic design of the working environment is already being tackled in all areas at Vetter. For example, employees can take part in an ergonomics consultation, during which they can adjust their office chair, desk, and screen to suit their body proportions. In addition, every employee can request ergonomic equipment such as a mouse, keyboards, or gel pads. All areas and activities are gradually assessed this way and checked against ergonomic criteria. Since the launch of the ergonomics consultation program in 2017, more than 1,900 ergonomics consultations have been completed (excluding approximately 900 follow-up consultations).



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My safe commute

Commuting can involve risks under certain circumstances. Vetter developed a new tool called "My safe way to work" to make employees aware of danger spots and to make the way to work safer. It points out potential hazards on the way to work that employees should be aware of. These hazardous spots have been identified using data from Vetter and accident blackspots registered by the police. They can be seen directly along the route. The EHS program defines the goal of reducing the 1,000-man rate for commuting accidents by 10 % by 2029, relative to the base year 2019. Bicycle workshops held at regular intervals and related driver safety training will also contribute to the goal of reducing commuting accidents. The following figures may have been influenced by the pandemic measures and the resulting reduced number of employees on site.

Accidents while commuting

In 2021, the number of reportable and non-reportable commuting accidents was 59. Commuting accidents therefore accounted for 40.38 % of the total lost time (work and commuting accidents).

Trips, falls, slips

In 2021, there were twenty-eight trip, fall, and slip accidents. This was equivalent to 29.43 % of the total lost time. However, many of our employees were in mobile work situations due to government requirements.

Mechanical hazards

In 2021, there were sixty-seven accidents due to mechanical hazards (e.g., occupational accidents with impact injuries) amounting to a total lost-time injury rate of 20.81 % of the overall lost time. This represents a 26.7 % improvement over the previous year's figures, which totaled 2,272 hours.

Work-related illnesses

Due to data protection, we are only allowed to see that an employee was ill and not the reason for the illness. Diagnoses are not shown and therefore it is not possible to determine whether the illness is work-related or has private causes. We therefore do not have reports of work-related illnesses.



» WE KEEP ON DEVELOPING –
HAND IN HAND – FOR
THE HEALTH OF OUR EMPLOYEES.«

*Benjamin Walter, VP Internal
Project Management / EHS*

Key Performance Indicators to criteria 14 to 16

Key Performance Indicator GRI SRS-403-9: Work-related injuries

For all employees:

- Number and rate of fatalities from work-related injuries: 0
- Number and rate of work-related injuries with severe consequences (excluding fatalities), days lost over six weeks: 4
- Number and rate of documentable work-related injuries, Vetter's definition: number of reportable injuries: 77; non-reportable injuries 66.
- Most significant types of work-related injuries – danger categories: Top 3: 1. commuting accidents, 2. Mechanical dangers, 3. Trip, fall, slip.
- Number of hours worked: 9,373,716.

Accidents suffered by external employees are generally not recorded, as this involves personal data which is not available to us because of data protection. These accidents are processed by the respective partner companies. We do not have a reporting obligation.

Key Performance Indicator GRI SRS-403-4: Employee involvement in occupational health and safety

Employee participation and consultation on EHS issues is recognized by existing EHS committees such as the Steering Committee and the Occupational Health and Safety Committee. The Works Council always sits on these committees. Employees can also proactively address the EHS department with their suggestions via the V³ system. The large quantity of suggestions received confirms that this offer is popular. The health and safety management system focuses on health education and, in particular, the preventive health measures for all employees. That is why employees are asked to also report near misses to the EHS team. The BGM is also represented in the EHS committees and has its own committees with representatives from the specialized departments. The Works Council is also involved in these committees to bolster the employee perspective. As for the employees, they can also express their views on working conditions in the FÜHRsorge care process.

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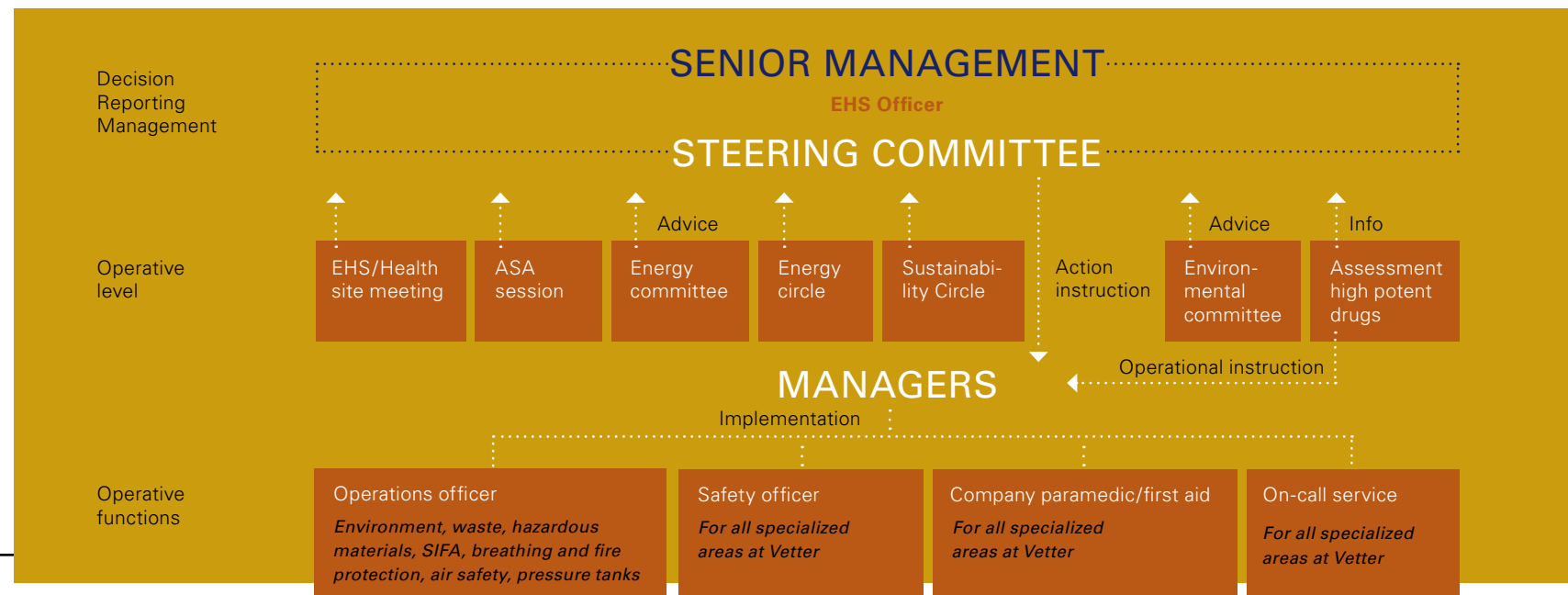
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Key Performance Indicator GRI SRS-404-1
(siehe G4LA9): Number of hours of education and training

Department-specific seminars

Department-specific seminars are mandated by departments and conducted only for that department.

External seminars

External seminars are conducted by external players. They are also attended at their facilities either physically or as virtual seminars. We do not offer these seminars internally.

Process training

Process training is for all employees. The individual departments introduce themselves and their tasks, such as the Customer Service process training. This format is currently being revised.

Internal seminars

Internal seminars with or without process training are seminars that are offered to all employees and can be found in the Vetter Learning Navigator. Internal seminars are offered virtually during coronavirus measures, if possible, otherwise these seminars are cancelled depending on the pandemic situation.

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Volunteer internships or further training given in hours				Obligatory trainings, given in numbers	
Art	Ø hours of training	men	women	Overall at Vetter	
Department-specific seminars	0.39	0.22	0.17	completed trainings	101,572
External seminars	0.72	0.43	0.29	read SOP processes	486,811
Internal seminars	6.64	2.69	3.95	Pharmaceutical production	
Process trainings	0.24	0.07	0.17	completed trainings	59,878
				read SOP processes	283,131
Total	8.00	3.41	4.59		



Key Performance Indicator GRI SRS-405-1: Diversity

Age distribution

Employees without management responsibility
 under 30 years: 27.67 %
 30 – 50 years: 56.97 %
 over 50 years: 15.36 %

Technical management
 under 30 years: 17.26 %
 30 – 50 years: 73.6 %
 over 50 years: 9.15 %

Disciplinary management
 under 30 years: 6.86 %
 30 – 50 years: 68.95 %
 over 50 years: 24.19 %

Gender distribution

Employees without management responsibility
 Female: 62.08 %
 Male: 37.92 %

Technical management
 Female: 57.59 %
 Male: 42.41 %

Disciplinary management
 Female: 44.04 %
 Male: 55.96 %



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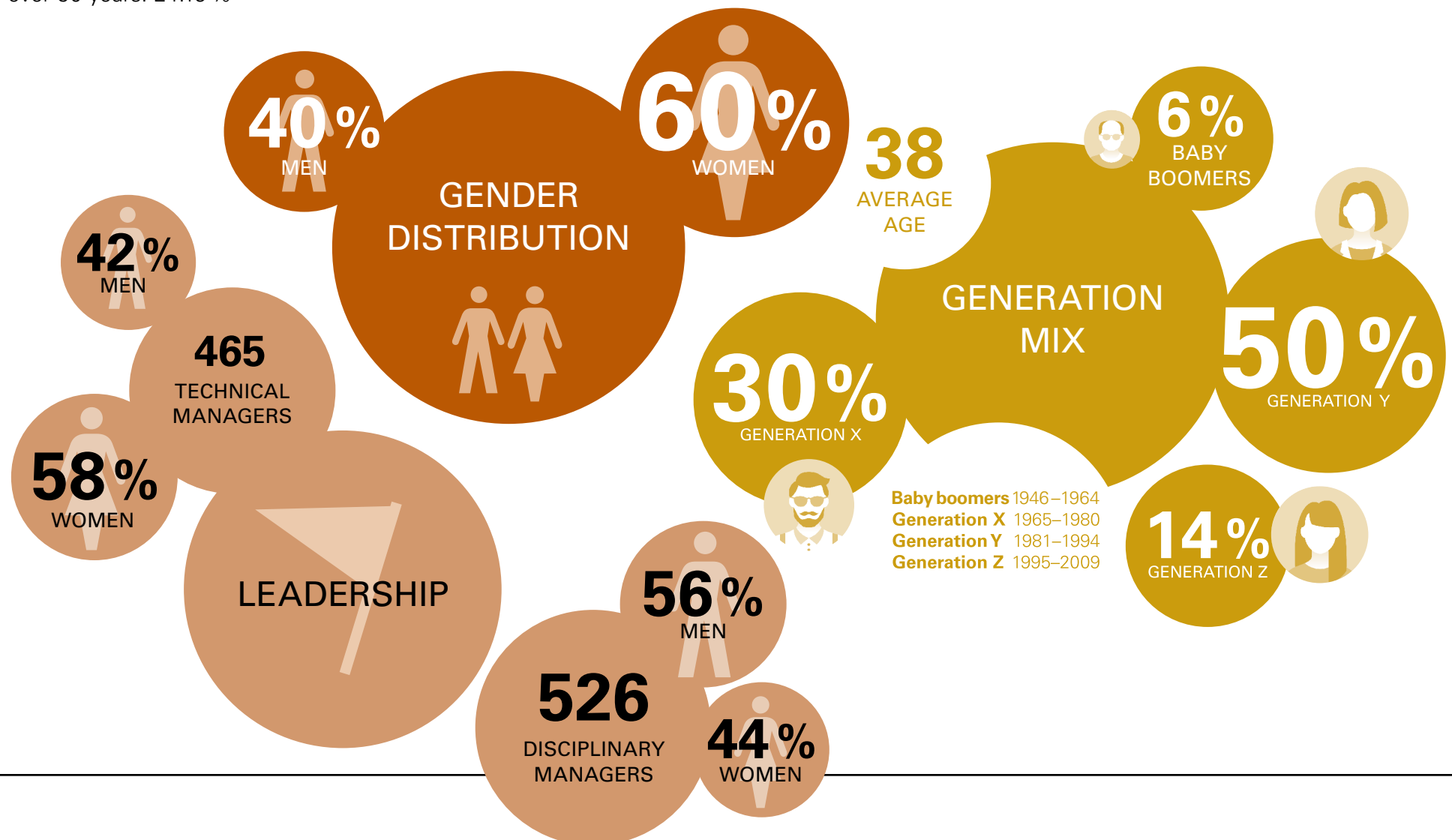
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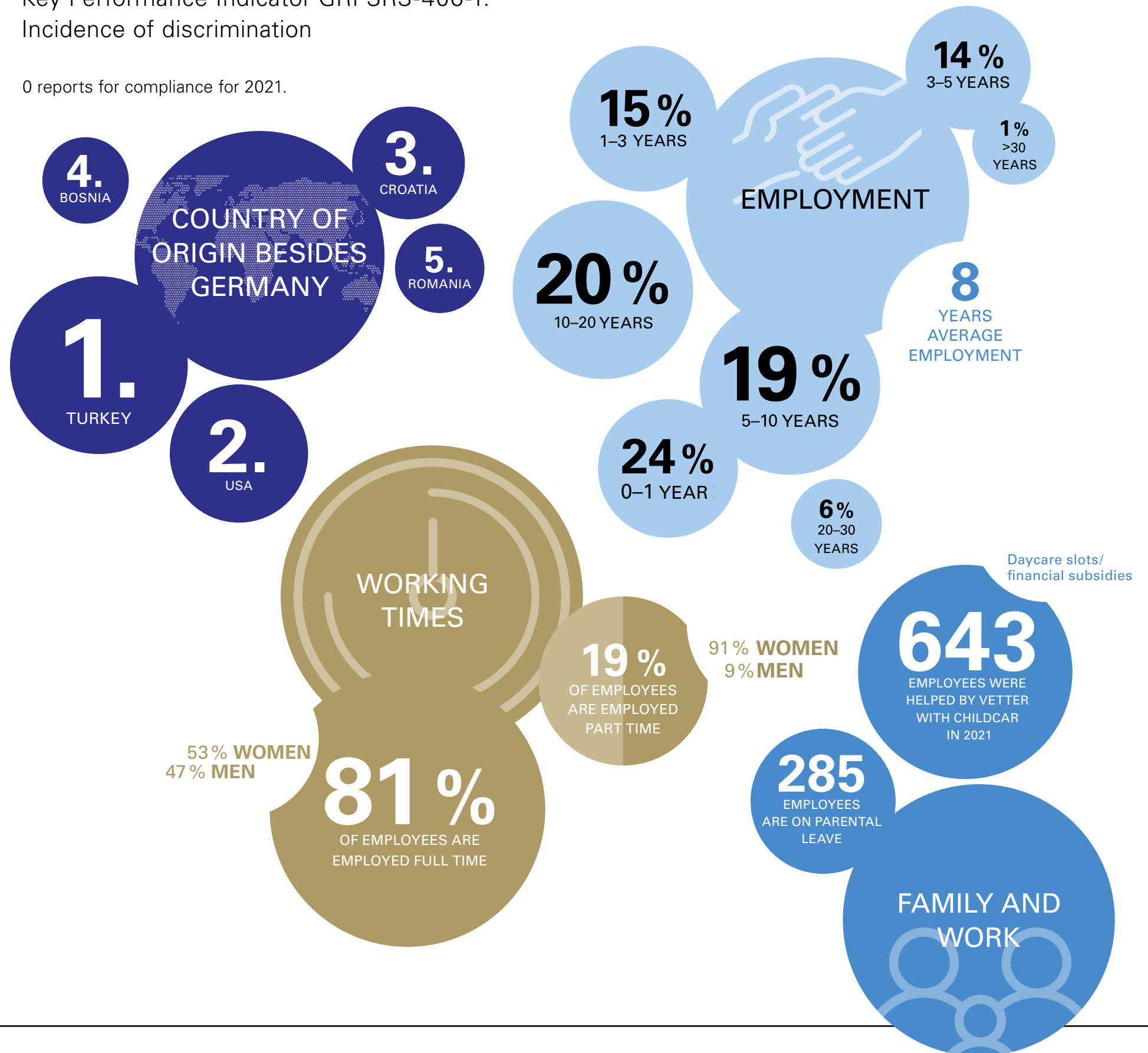
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Key Performance Indicator GRI SRS-406-1:
Incidence of discrimination

0 reports for compliance for 2021.



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17. Human Rights

Vetter is aware that human rights violations can take on many different forms. That is why we are committed to protecting human rights around the world, both at our own sites and within our supply chain.

We developed an integrated compliance approach for the company that also accounts for risks related to modern slavery. The Vetter Code of Conduct and the Vetter Supplier Code of Conduct include our commitment to such issues and compliance in general.

The two Codes also mention our commitment to honesty, integrity, social and environmental responsibility, and to mutual trust and respect in all our relationships. They provide the standards of integrity that Vetter requires of all employees and business partners, such as suppliers and customers. This also refers to standards related to diversity, non-discrimination, and anti-harassment. The Vetter Code of Conduct applies to all Vetter employees worldwide. They are given trainings based on the content.



**SOLIDARITY
EDUCATION
SUPPORT**

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Service providers are required to respect our Supplier Code. This Code addresses issues like child labor, discrimination, forced labor and working hours, as well as wages, freedom of association, prohibition of undeclared work and conduct in the business environment. It requires, among other things, that our suppliers commit to ethical business conduct and fair labor and employment practices and prohibit and refrain from any form of child labor, forced labor, slavery, or servitude in their organization. They must comply with applicable national laws as well as all applicable laws, rules, and regulations of the countries in which they do business. This applies to laws and regulations in general as well as specifically related to labor rights, working hours and wages.

Vetter encourages its suppliers to select their subcontractors in accordance with the principles of the Vetter Supplier Code of Conduct and to require subcontractors to comply with the minimum standards set forth in the Code. In addition, they are encouraged to report concerns regarding compliance. Since its introduction in 2015, the Vetter Supplier Code of Conduct has been negotiated as part of the agreements between Vetter and its service providers.

The Supplier Code of Conduct provides for the right of Vetter to monitor compliance with the Code. To the extent permitted by law and the agreed contract, we reserve the right to terminate relationships with third parties, including service providers, who conduct business in a manner that violates Vetter's Code of Conduct or the Supplier Code of Conduct.

We monitor potential risks of modern slavery based on the geographic locations of suppliers from whom we source needed materials and the economic segment in which we are operating. We do this by reviewing published country risk profiles for corruption and modern slavery and sharing them within our organization.

Vetter has also established a whistleblower hotline so that employees and external partners can report compliance violations that the Vetter Compliance Office can then investigate. Published country risk profiles, for example for corruption and modern slavery, are the basis for conducting due diligence on our business partners. We specifically developed a risk-based process to systematically conduct compliance-business-partner-due-diligence.

Vetter also prepares and publishes an annual "Modern Slavery Statement" in accordance with the California Transparency in Supply Chains Act of 2010 and Section 54 of the UK Modern Slavery Act of 2015. It informs readers on the measures we have taken to proactively prevent modern slavery and human trafficking in our business and our supply chains during the fiscal year. Other quantifiable targets were not yet set in this field.

WHISTLEBLOWER HOTLINE FOR EMPLOYEES AND EXTERNAL PARTNERS



Key Performance Indicators to criteria 17 Key Performance Indicator GRI SRS-412-3: Investment agreements examined for human rights aspects

Regulatory authorities worldwide have set the highest standards for the manufacture and aseptic filling of parenterally administered drugs. To meet the strict responsibility for patients, we rely on good relationships with our suppliers and place high demands on them.

For us, this covers not only performance, quality, and costs, but also ecological, social and ethical concerns such as human rights, working conditions, corruption prevention, environmental protection and sustainability. We take this ecological, social, and ethical responsibility seriously and expect the same from our suppliers. Vetter's goal is to work with suppliers who recognize and comply with the principles of the Vetter Supplier Code of Conduct. In turn, we want to encourage these suppliers to promote compliance with the Code by all their subcontractors that supply materials or services to Vetter.

The Supplier Code of Conduct also determines Vetter's right to audit compliance with the Code. To the extent permitted by law and agreed contract, we reserve the right to terminate relationships with third parties, including suppliers, who conduct business in a manner inconsistent with Vetter's Code of Conduct or the Supplier Code of Conduct. Unless already part of existing master supply agreements, the Supplier Code of Conduct becomes part of the contract for each order through Vetter's General Terms and Conditions of Purchase. This means that we consider human rights aspects in every awarded project and investment decision. For projects exceeding a certain investment sum, an evaluation of environmental, health and safety aspects is also included.

Key Performance Indicator GRI SRS-412-1: Sites audited for human rights aspects

Our sites are mainly located in Europe, where there are clear legal requirements to protect employees, and in the USA. Our Code of Conduct contains a commitment to respecting human rights and applies to all sites throughout the company. We do not currently conduct a special review of human rights aspects at our company. We will address this issue with the implementation of the requirements of the Supply Chain Due Diligence Act.

Key Performance Indicator GRI SRS-414-1: New suppliers screened for social aspects

For primary and secondary pharmaceutical packaging materials, a framework supply and quality assurance agreement within the company is mandatory. All new suppliers must agree to comply with the agreements of the Vetter Supplier Code.

If not already part of existing framework supply agreements, the Supplier Code of Conduct will also become part of the contract for each individual order via Vetter's General Terms and Conditions of Purchase.

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Key Performance Indicator GRI SRS-414-2: Social impact in the supply chain

The procurement market in the highly regulated primary and secondary pharmaceutical packaging materials is highly focused. Vetter works exclusively with highly specialized suppliers who are pharmaceutically qualified by Vetter. An annual cross-functional supplier evaluation is performed for all suppliers of primary and secondary packaging materials. Quality and supply chain performance are examined, as well as whether the respective supplier also has an appropriate EHS system in place. So evidence of certifications carried out for occupational health and safety (DIN ISO 45001), the environment (DIN EN ISO 14001) and energy (DIN EN ISO 50001) is requested. An independent agency for sustainability ratings such as EcoVadis is also hired to assess the CSR (Corporate Social Responsibility) management system.

This supplier rating covers approximately 85 % of Vetter's purchasing volume for materials used in aseptic drug filling. Once a year, EcoVadis also rates Vetter.

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ECO-
VADIS
EVA-
LUA-
TION

18. Corporate Citizenship

We support our customers in the production of pharmaceuticals, and we also strive to give even more back to society. Vetter fulfills its social responsibility by, for example, promoting social projects or supporting various charitable organizations.

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A selection of the initiatives that we contributed to supporting in 2021:



- Radio 7 Drachenkinder: supports children in special family situations
- Humedica: is a global relief organization working in more than 90 countries
- German Red Cross: supports worldwide emergency coronavirus relief efforts
- Malteser Hilfsdienst e. V.: Contribution to financing an ambulance as part of the Romania Aid program
- Clinic Home Interface: Supporting and accompanying cancer patients and chronically ill patients with limited life expectancy
- Hospice Schussental: Supporting and accompanying terminally ill patients
- House of Little Scientists Foundation: Financing and regular implementation of researcher sections in regional kindergartens to awaken children's curiosity in technology and experimentation at a very early age

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International aid projects

In challenging times like these, we want to send a signal expressing global solidarity. For this reason, we participated in international aid projects run by the German Red Cross and the Romanian Aid off the Malteser Hilfsdienst. Our donations went to various initiatives to combat the pandemic. We would like to focus attention on the part of the world's population that has been far more severely affected by the corona pandemic than we are. In Honduras, donations were used to distribute PPE, among other things. In Ethiopia, the Red Cross carried out hygiene projects and awareness campaigns and set up emergency clinics. And in Bangladesh, emergency humanitarian aid was provided for particularly vulnerable population groups.

In addition, Vetter, in cooperation with the Maltese Hilfsdienst, helped the Romanian city of Satu Mare finance an ambulance with a donation of 10,000 euros.

Support for international educational institutions

For years already, we have been supporting an educational institution in Benin, Africa, with donations in kind. We have delivered furniture, heavy-duty shelving, work shoes, battery storage facilities and many more useful items to equip the Centre de Formation Liweitari, where more than one-hundred apprentices receive vocational training.

»

SOCIAL RESPONSIBILITY
GOES BEYOND ONE'S
OWN COMPANY.«

Managing Director Thomas Otto



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Vetter goes social

A new program started in 2021 for our trainees and students: "Vetter Goes Social." Organizations engaged in social work can apply to Vetter with special initiatives. The first measure was launched in December with a city cleaning. A group of ten Vetter trainees spent several hours collecting trash and litter in the city of Ravensburg. In the future, they want to meet once a month to make the city even more beautiful as part of the Common Good initiative.

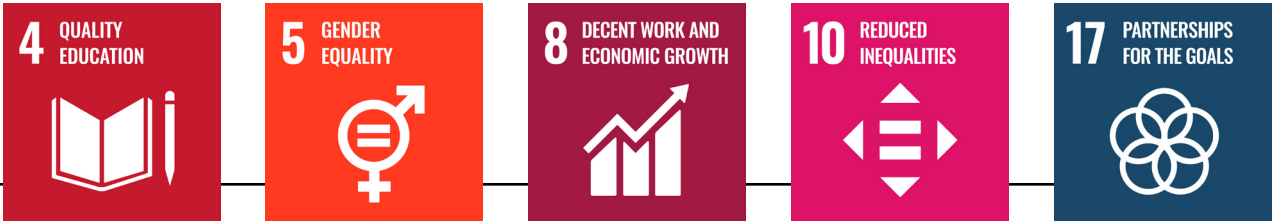
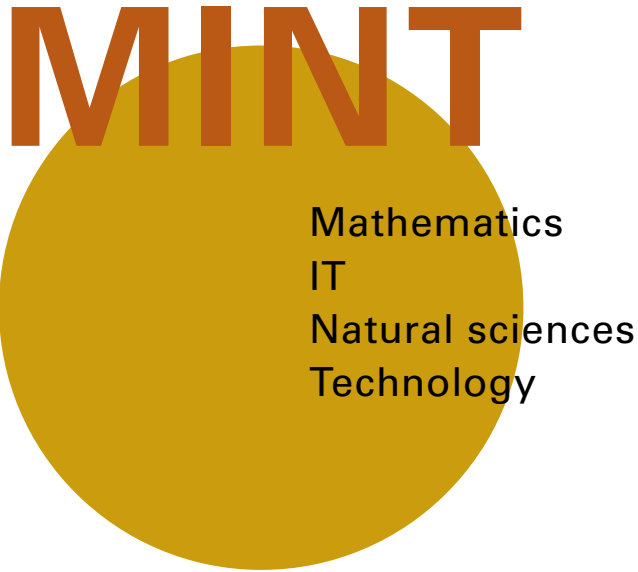
Girls' Day

In 2021, we again invited twelve girls between the ages of 12 and 15 to join in the Girls' Day event. Due to the pandemic, the initiative had to be held virtually. The aim of the annual day of action is to introduce girls to apprenticeships and careers in the fields of technology, IT, crafts and natural sciences. We not only introduce them to Vetter as a company and their career opportunities with us, but also enable the participants to have a personal exchange with trainees and instructors during a joint project.



House of Little Scientists

We are a family-owned company, so demand for young talent and education is very close to our hearts. Every year, therefore, Vetter supports several regional initiatives. For early education in the fields of mathematics, information technology, natural sciences and technology (MINT), for example, we traditionally participate in the initiative "Haus der kleinen Forscher" (House of Little Scientists). Once a year, our trainees organize scientific research days at five kindergartens in the region. The event involves conducting little experiments with the children. Vetter provides all the materials needed for these experiments. 2021 was the first time we were unable to visit the kindergartens due to the pandemic. The experiments were carried out anyway, because we sent the materials, including detailed descriptions of the experiments, to the facilities by regular mail.



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Other initiatives

Last year, Vetter decided to hand over part of its waste recycling to the Upper Swabia Center for the Physically Handicapped (KBZO) as a service provider. This gave us the opportunity to support another training program.

Supporting the regional economy

At the end of 2021, every Vetter employee received a voucher for 100 euros, which could be redeemed in stores in Ravensburg. It was our way of thanking the employees for their work, while at the same time supporting the regional economy. The annual Vetter Christmas gift is also drawn from regional suppliers.

Palliative care service at the Oberschwabenklinik

For many years, we have supported the home interface team of the Oberschwabenklinik in Bad Waldsee, Ravensburg, and Wangen im Allgäu by guaranteeing their mobility: We provide vehicles, fuel, tires, and maintenance.

Ratio of personnel costs

44
%

of total business volume



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Sustainability days

Last year, for the first time, Vetter joined in the Sustainability Days event of the state of Baden-Württemberg. The company set up cell phone boxes at four Vetter locations to give employees the opportunity to donate cell phones they no longer needed for a good cause. The cell phone campaign was part of the sustainability strategy designed by the state of Baden-Württemberg, various church organizations, and aid organizations in cooperation with Telekom. The proceeds went to sustainable education and health projects in Africa. During the event, an information stand toured all Vetter locations in Germany. The aim was to inform employees about what Vetter is doing in terms of sustainability and how everyone could get involved. The topic of sustainability met with great interest throughout the entire workforce.



Sustainable cities and municipalities

How employees commute and get around is an important topic at Vetter. To make sure that mobility is as environmentally friendly as possible, we launched several initiatives. We already mentioned some of these initiatives in chapter 12. There is our carpooling portal, which helps employees form carpools and thereby achieve a better environmental balance. In addition, we took part in the "Stadtradeln" (city cycling) event, in which as many daily commutes as possible had to be driven by bicycle during a period of twenty-one days. Our team, composed of 158 cyclists, came in second in the "absolute kilometers" category, having covered 36,047 kilometers. The 200-euro prize money was donated to the Ravensburg Women's Shelter.

Key Performance Indicators to criteria 18

Key Performance Indicator GRI SRS-201-1:
Generating and distributing direct economic value

The Vetter Group generated sales revenues of 840.4 million euros in 2021 (previous year: 747.7 million euros). In 2021, we employed an annual average of 5,608 employees (previous year: 5,168). Personnel expenses amounted to 375 million euros (previous year: 336.8 million euros), which corresponds to a personnel expense ratio of 43.6 % of total sales (previous year: 43.2 %). In 2021, Vetter invested 171 million euros. The investments will mainly be made in the expansion and new construction of production facilities and in the corresponding equipment of the clean rooms. The aim is to continuously expand capacity and meet rising market demand. The investments meant a total asset increase from 947.8 million euros to 1,093.9 million euros in 2021. Fixed assets accounted for 839.7 million euros out of this figure (2020: 745.3 million euros).



19. Political Influence

Our international business activities mean that we are subject not only to German and European anti-bribery and anti-corruption laws, but also to laws of foreign jurisdictions, such as the U.S. Foreign Corrupt Practices Act (FCPA) or the UK Bribery Act (UKBA). We have a straightforward interpretation of these laws: We will not engage, directly or indirectly, in bribery or acceptance of advantages in any form by or to public officials or private business partners. We do not offer or accept gifts and entertainment or extend invitations that could create the appearance of improper influence. Public officials may not be offered benefits of any kind without prior approval of their immediate supervisor and the Corporate Compliance Office. Vetter is involved in the discussion around new regulatory guidance by industry organizations. These regulatory guidance documents are primarily produced by the EMA (European Medicines Agency) and the FDA (Food and Drug Administration, USA). One example is Annex 1 to the European Good Manufacturing Practice specifications, which regulates the conditions for the manufacturing of sterile medicinal products. Another example is a new FDA draft guideline on the optical inspection of sterile drugs. Vetter has not made any direct or indirect contributions to German legislative procedures.

Vetter is a member of two designated lobbying organizations. One is the PBOA, the Pharma and Biopharma Outsourcing Association. This association of contract manufacturers is based in the USA. The second organization is Pharmig, the Association of the Pharmaceutical.

Industry of Austria. The reason for this is the Vetter production site in Rankweil, Austria. The commentary on the draft law came mostly from the ISPE (International Society of Pharmaceutical Engineering). This is not a lobbying organization, but rather an industry organization with personal memberships. In developing its strategy, Vetter recognized that companies and industry interests needed to be adequately represented. So, we examined the association landscape in Germany, Europe, the USA and Asia and made the appropriate selection of organizations that we felt we should be involved in. The focus here is on pharmaceutical-technical aspects that directly affect production at Vetter.

Issues such as reimbursements and pricing policy are not part and parcel of Vetter's business-to-business model.

Key Performance Indicators to criteria 19

Key Performance Indicator GRI SRS-4151:
Party donations

Vetter donates to social and charitable institutions. However, no donations are made to political parties or individual politicians.

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20. Conduct that Complies with the Law and Policy

Management is in charge of ensuring the application of all relevant laws and regulations within the company and in its business activities. This includes the obligation to introduce and continuously improve a compliance management system (CMS), by which damage to the company can be prevented, non-compliance with rules detected and possible compliance risks reduced. In 2015, an integrated compliance management system was set up at Vetter. The aim was to minimize potential compliance risk, in areas like

- bribery and corruption
- fair competition
- money laundering
- modern slavery
- gifts and hospitality
- patronage and donations.

Various measures were elaborated to ensure implementation. For example, we regularly conduct company-wide compliance risk analyses allowing us to maintain an updated compliance risk profile. This forms the basis for an action plan extending over three years and divided into prioritized time frames. This action plan is one of the goals in the compliance section. Further goals are not defined.

Corruption risks

When it comes to corruption, we focus primarily on prevention, applying, for example, the following measures:

- Internal company regulations (Code of Conduct, Compliance Management Policy, Donations Policy, FAQs)
- Regular training of all employees on compliance
- Guest lectures on select topics at departmental meetings
- Individual consulting
- Internal compliance review of our business partners based on the country risks listed in Transparency International's Corruption Perceptions Index
- Passing on our own compliance values to our business partners through the Code of Conduct for Suppliers and corresponding compliance clauses in templates for customer contracts.

Relevant misconduct can also be reported to the Compliance Office or anonymously using the whistleblower hotline, which has been widely publicized internally to inform all employees of its existence. There is also a process for conducting "Internal Investigations," which takes effect as soon as the plausibility check of the compliance report has been confirmed. The process ends with a recommendation to the department concerned as to how the error can be rectified and the risk of a repetition in the future can be minimized, and if necessary, what sanctions should be imposed. Therefore, thanks to our preventive measures and the inclusion of all participants we don't see any risk of corruption. Same goes for bribery, since all decisions by Vetter are always made by committees made up of several people and on top of that, we favor long-term and reliable contractual relationships with fair conditions.

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Key Performance Indicators to criteria 20

Key Performance Indicator GRI SRS-205-1: Operations audited for corruption risks

As part of the company-wide compliance risk analysis, risks including that of corruption at Vetter sites are identified and assessed every three years. The score from 2019 risk analysis in 2019 on a scale of 1 (low) to 5 (high), was 1.67 for active corruption and 1.56 for passive corruption.

Key Performance Indicator GRI SRS-205-3: Incidents of corruption

No confirmed incidents of corruption were identified.

Key Performance Indicator GRI SRS-419-1: Non-compliance with laws and regulations

There were no compliance-relevant fines, sanctions, or legal settlements.

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ABBREVIATIONS

AND

GSC CRITERIA AND
PERFORMANCE INDICATORS

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PROPER NAMES

API	Active Pharmaceutical Ingredient
bAV	Company pension plan
BGM	Company health management strategy
CDMO	Contract Development and Manufacturing Organization
CO₂	Carbon dioxide
DIN	German Industrial Standard
EHS	Environment, Health, Safety
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
GVA	Gross Value Added
GSC	German Sustainability Code
ISPE	International Society for Pharmaceutical Engineering
ISO	International Organization of Standardization
SDGs	Sustainable Development Goals
SMEs	Small and medium-sized enterprises
SRS	Sustainability Reporting Standards
TWS	Local utility and mobility provider
WFI	Water for Injection

MEASUREMENT UNITS

kWh	Kilowatt-hour
t	Ton
kg	Kilogram
g	Gram
l	Liter
m	Meter
mn	Million
m³	Cubic meter



THE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH THE FOLLOWING GRI SRS REPORTING STANDARDS

STRATEGY

1. Strategic Analysis and Action

The company declares whether or not it pursues a sustainability strategy. It explains what concrete measures it is undertaking to operate in compliance with key recognised sector-specific, national and international standards.

2. Materiality

The company discloses the aspects of its business operations that have a significant impact on sustainability issues and what material impact sustainability issues have on its operations. It analyses the positive and negative effects and provides information as to how these insights are integrated into the company's processes.

3. Objectives

The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals have been set and operationalised and how their level of achievement is monitored.

4. Depth of the Value Chain

The company states what significance aspects of sustainability have for added value and how deep in the value chain the sustainability criteria are verified.

PROCESS MANAGEMENT

5. Responsibility

Accountability within the company's management with regard to sustainability is disclosed.

6. Rules and Processes

The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.

7. Control

The company states how and what performance indicators related to sustainability are used in its regular internal planning and control processes. It discloses how suitable processes ensure reliability, comparability and consistency of the data used for internal management and external communication.

Key Performance Indicators to criteria 5 to 7 (SRS) Key Performance Indicator GRI SRS-102-16: Values

The reporting organization shall report the following information:

a. A description of the organization's values, principles, standards, and norms of behavior.

8. Incentive Systems

The company discloses how target agreements and remuneration schemes for executives and employees are also geared

towards the achievement of sustainability goals and how they are aligned with long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board).

Key Performance Indicators to criteria 8 (SRS)

Key Performance Indicator GRI SRS-102-35: Remuneration policies

The reporting organization shall report the following information:

a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:

- i.** Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;
 - ii.** Sign-on bonuses or recruitment incentive payments;
 - iii.** Termination payments;
 - iv.** Clawbacks;
 - v.** Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.
- b.** How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.

Key Performance Indicator GRI SRS-102-38: Annual total compensation ratio

The reporting organization shall report the following information:

a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

9. Stakeholder Engagement

The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It states whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.

Key Performance Indicators to criteria 9 (SRS)

Key Performance Indicator GRI SRS-102-44: Key topics and concerns

The reporting organization shall report the following information:

- a.** Key topics and concerns that have been raised through stakeholder engagement, including:
 - i.** how the organization has responded to those key topics and concerns, including through its reporting;
 - ii.** the stakeholder groups that raised each of the key topics and concerns.

10. Innovation and Product Management

The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company's utilisation of resources and with regard to users. Likewise, a further statement is made with regard to if and how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.

Key Performance Indicators to criteria 10 (G4)

Key Performance Indicator G4-FS11 (report also in accordance with GRI SRS): Percentage of assets subject to positive and negative environmental or social screening.

(Note: the indicator should also be reported when reporting to GRI SRS)

ENVIRONMENTAL MATTERS

11. Usage of Natural Resources

The company discloses the extent to which natural resources are used for the company's business activities. Possible options here are materials, the input and output of water, soil, waste, energy, land and biodiversity as well as emissions for the life cycles of products and services.

12. Resource Management

The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, in particular its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees there to be risks.

Key Performance Indicators to criteria 11 to 12 (SRS) Key Performance Indicator GRI SRS-301-1: Materials used

The reporting organization shall report the following information:

- a.** Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:
 - i.** non-renewable materials used;
 - ii.** renewable materials used.

Key Performance Indicator GRI SRS-302-1: Energy consumption

The reporting organization shall report the following information:

- a.** Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.
- b.** Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.
- c.** In joules, watt-hours or multiples, the total:
 - i.** electricity consumption

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- ii. heating consumption
- iii. cooling consumption
- iv. steam consumption
- d. In joules, watt-hours or multiples, the total:
 - i. electricity sold
 - ii. heating sold
 - iii. cooling sold
 - iv. steam sold
- e. Total energy consumption within the organization, in joules or multiples.
- f. Standards, methodologies, assumptions, and/or calculation tools used.
- g. Source of the conversion factors used.

Key Performance Indicator GRI SRS-302-4: Reduction of energy consumption

The reporting organization shall report the following information:

- a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.
- b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.
- c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.
- d. Standards, methodologies, assumptions, and/or calculation tools used.

Key Performance Indicator GRI SRS-303-3: Water withdrawal

The reporting organization shall report the following information:

- a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:
 - i. Surface water;
 - ii. Groundwater;
 - iii. Seawater;
 - iv. Produced water;
 - v. Third-party water.
- b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:
 - i. Surface water;
 - ii. Groundwater;
 - iii. Seawater;
 - iv. Produced water;
 - v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.
- c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:
 - i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids);
 - ii. Other water ($> 1,000$ mg/L Total Dissolved Solids).
- d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.

Key Performance Indicator GRI SRS-306-3: Waste generated

The reporting organization shall report the following information:

- a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.
- b. Contextual information necessary to understand the data and how the data has been compiled.

13. Climate-Relevant Emissions

The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions, as well as its results thus far.

Key Performance Indicators to criteria 13 (SRS)

Key Performance Indicator GRI SRS-305-1: Direct (Scope 1) GHG emissions

The reporting organization shall report the following information:

- a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent.
- b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ or all.
- c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.
- d. Base year for the calculation, if applicable, including:
 - i. the rationale for choosing it;
 - ii. emissions in the base year;
 - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f. Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g. Standards, methodologies, assumptions, and/or calculation tools used.

Key Performance Indicator GRI SRS-305-2: Energy indirect (Scope 2) GHG emissions

The reporting organization shall report the following information:

- a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.
- b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.
- c. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- d. Base year for the calculation, if applicable, including:
 - i. the rationale for choosing it;
 - ii. emissions in the base year;
 - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f. Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g. Standards, methodologies, assumptions, and/or calculation tools used.

Key Performance Indicator GRI SRS-305-3: Other indirect (Scope 3) GHG emissions

The reporting organization shall report the following information:

- a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.
- b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.
- d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.
- e. Base year for the calculation, if applicable, including:
 - i. the rationale for choosing it;
 - ii. emissions in the base year;
 - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- g. Standards, methodologies, assumptions, and/or calculation tools used.

Key Performance Indicator GRI SRS-305-5: Reduction of GHG emissions

The reporting organization shall report the following information:

- a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.
- b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- c. Base year or baseline, including the rationale for choosing it.
- d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- e. Standards, methodologies, assumptions, and/or calculation tools used.

SOCIETY

14. Employment Rights

The company reports on how it complies with nationally and internationally recognised standards relating to employee rights as well as on how it fosters staff involvement in the company and in sustainability management, what goals it has set itself in this regard, what results it has achieved thus far and where it sees risks.

15. Equal Opportunities

The company discloses in what way it has implemented national and international processes and what goals it has for the promotion of equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay as well as a work-life balance and how it will achieve these.

16. Qualifications

The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate

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in the working and professional world, and in view of adapting to demographic change, and where risks are seen.

Key Performance Indicators to criteria 14 to 16 (SRS) Key Performance Indicator GRI SRS-403-9: Work-related injuries

The reporting organization shall report the following information:

- a.** For all employees:
 - i.** The number and rate of fatalities as a result of work-related injury;
 - ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
 - iii.** The number and rate of recordable work-related injuries;
 - iv.** The main types of work-related injury;
 - v.** The number of hours worked.
- b.** For all workers who are not employees but whose work and/or workplace is controlled by the organization:
 - i.** The number and rate of fatalities as a result of work-related injury;
 - ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
 - iii.** The number and rate of recordable work-related injuries;
 - iv.** The main types of work-related injury;
 - v.** The number of hours worked.

You will find the remaining numbers c-g of the indicator SRS 403-9 in the GRI standard and may additionally report them here.

Key Performance Indicator GRI SRS-403-10: Work-related ill health

The reporting organization shall report the following information:

- a.** For all employees:
 - i.** The number of fatalities as a result of work-related ill health;
 - ii.** The number of cases of recordable work-related ill health;
 - iii.** The main types of work-related ill health.
- b.** For all workers who are not employees but whose work and/or workplace is controlled by the organization:
 - i.** The number of fatalities as a result of work-related ill health;
 - ii.** The number of cases of recordable work-related ill health;
 - iii.** The main types of work-related ill health.

You will find the remaining numbers c-e of the indicator SRS 403-10 in the GRI standard and may additionally report them here.

Key Performance Indicator GRI SRS-403-4: Worker participation on occupational health and safety

The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:

- a.** A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating

relevant information on occupational health and safety to workers.

b. Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.

Key Performance Indicator GRI SRS-404-1: Average hours of training

The reporting organization shall report the following information:

- a.** Average hours of training that the organization's employees have undertaken during the reporting period, by:
 - i.** gender;
 - ii.** employee category.

Key Performance Indicator GRI SRS-405-1: Diversity

The reporting organization shall report the following information:

- a.** Percentage of individuals within the organization's governance bodies in each of the following diversity categories:
 - i.** Gender;
 - ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
 - iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).
- b.** Percentage of employees per employee category in each of the following diversity categories:
 - i.** Gender;
 - ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
 - iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

Key Performance Indicator GRI SRS-406-1: Incidents of discrimination

The reporting organization shall report the following information:

- a.** Total number of incidents of discrimination during the reporting period.
- b.** Status of the incidents and actions taken with reference to the following:
 - i.** Incident reviewed by the organization;
 - ii.** Remediation plans being implemented;
 - iii.** Remediation plans that have been implemented, with results reviewed through routine internal management review processes;
 - iv.** Incident no longer subject to action.

17. Human Rights

The company discloses what measures it takes, strategies it pursues and targets it sets for itself and for the supply chain for ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented. Information should also be provided on the results of the measures and on any relevant risks.

Key Performance Indicators to criteria 17 (SRS) Key Performance Indicator GRI SRS-412-3: Investment agreements subject to human rights screenings

The reporting organization shall report the following information:

- a.** Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.
- b.** The definition used for 'significant investment agreements'.

Key Performance Indicator GRI SRS-412-1: Operations subject to human rights reviews

The reporting organization shall report the following information:

- a.** Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.

Key Performance Indicator GRI SRS-414-1: New suppliers subject to social screening

The reporting organization shall report the following information:

- a.** Percentage of new suppliers that were screened using social criteria.

Key Performance Indicator GRI SRS-414-2: Social impacts in the supply chain

The reporting organization shall report the following information:

- a.** Number of suppliers assessed for social impacts.
- b.** Number of suppliers identified as having significant actual and potential negative social impacts.
- c.** Significant actual and potential negative social impacts identified in the supply chain.
- d.** Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.
- e.** Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.

18. Corporate Citizenship

The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.

Key Performance Indicators to criteria 18 (SRS) Key Performance Indicator GRI SRS-201-1: Direct economic value generated and distributed

The reporting organization shall report the following information:

- a.** Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are

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presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:

- i.** Direct economic value generated: revenues;
 - ii.** Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
 - iii.** Economic value retained: 'direct economic value generated' less 'economic value distributed'.
- b.** Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

19. Political Influence

All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should be disclosed by country in a differentiated way.

Key Performance Indicators to criteria 19 (SRS) Key Performance Indicator GRI SRS-415-1: Political contributions

The reporting organization shall report the following information:

- a.** Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.
- b.** If applicable, how the monetary value of in-kind contributions was estimated.

20. Conduct that Complies with the Law and Policy

The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, how they are verified, which results have been achieved to date and where it sees there to be risks. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.

Key Performance Indicators to criteria 20 (SRS) Key Performance Indicator GRI SRS-205-1: Operations assessed for risks related to corruption

The reporting organization shall report the following information:

- a.** Total number and percentage of operations assessed for risks related to corruption.
- b.** Significant risks related to corruption identified through the risk assessment.

Key Performance Indicator GRI SRS-205-3: Incidents of corruption

The reporting organization shall report the following information:

- a.** Total number and nature of confirmed incidents of corruption.

- b.** Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- c.** Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- d.** Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

Key Performance Indicator GRI SRS-419-1: Non-compliance with laws and regulations

The reporting organization shall report the following information:

- a.** Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:
 - i.** total monetary value of significant fines;
 - ii.** total number of non-monetary sanctions;
 - iii.** cases brought through dispute resolution mechanisms.
- b.** If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.
- c.** The context against which significant fines and non-monetary sanctions were incurred.

Many Vetter employees contributed to this Sustainability Report 2021. We would be glad to answer any questions you might have and, if necessary, forward them to the relevant department.

SUSTAINABILITY REPORT 2021

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