



Environmental Social Governance

2022

Environmental Social Governance

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Statement from the CEO



At NextPharma we have established a culture of continuous improvement of our management systems governing environment, health and safety as well as corporate governance and social behaviour to help improve the quality of life for all of us.

We have, amongst other measures, made the commitment to be CO₂ neutral by January 2025.

The progress is in a very transparent manner being measured on a site by site level and this initiative has made the whole organisation aware of the importance of achieving the set goals.

As a company, producing high-quality drugs benefitting the health of everyone, we commit to protecting the environment and the health and safety of our staff, customers and communities. As an employer, we do this, besides the CO₂ initiative, through implementation of operating standards with respect to labour, health and safety, the environment and business ethics.

Peter Burema, Chief Executive Officer, NextPharma

NextPharma’s Sustainability Strategy

For many years Environmental Social Governance has been an integral component of NextPharma's business strategy. At C-suite level ESG responsibility is embedded within the roles of the COO, CFO and Global Head of HR (member of our extended EXEC). At our individual sites, it is Site Management who are primarily in charge of implementing the measures specified and of proactively improving our environmental footprint.

Environmental We actively practice a climate protection strategy by sustainably reducing our greenhouse gas emissions (Scope 1 and Scope 2) and improving on our ecological footprint. We support these improvements by continuous investments in energy-efficient machines, facilities and infrastructure. It is our corporate objective to reach carbon neutrality by 2025.

Social In the social sphere, we champion the health of our employees by creating a healthy and diverse work environment. As a responsible employer we observe all applicable laws and act in a fair and reliable manner. We express our social commitment by actively promoting diversity and equal opportunities and commit to our corporate citizenship by supporting public benefit.

Governance Responsible entrepreneurial behaviour is embedded in our corporate values and determines the way we conduct our business. We respect human rights, are committed to promoting gender equality and engage in the protection of the environment. Our dealings with our internal and external stakeholders are based on the following principles: be open in communication, transparent in action, and always act with ethical responsibility.

In the 21st century, the ever-increasing stress exerted on our natural eco-systems is one of the most massive challenges of the global community. As a globally active organisation we rise to that challenge and by our sustainability initiatives strive to contribute to improving the bases of life for human beings as well as animals.

In 2015, the United Nations (UN) adopted the „Agenda 2030“ comprising a total of 17 Sustainable Development Goals (SDGs). These apply to all countries and organisations in the world and should encourage solutions to global challenges such as poverty, hunger, health care, gender equality, and climate change, among many others.

We are aware that, as a globally active CDMO, we are also obliged to support the implementation of the Global Sustainable Development Goals.

Among the 17 Sustainable Development Goals (SDGs) of the UN Agenda 2030 we identified six under which we are able to make a meaningful contribution on the basis of our sustainability strategy.

The SDGs we selected are:



Good Health and Well-Being

Ensure a healthy life for all people of all ages and promote their well-being



Gender Equality

Achieve gender equality and self-determination for all women



Affordable and Clean Energy

Ensure access to affordable, reliable, sustainable and modern energy for all



Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Responsible Consumption and Production

Sustainable production and consumption patterns and the avoidance of waste



Climate Action

Take urgent action to combat climate change and its impacts

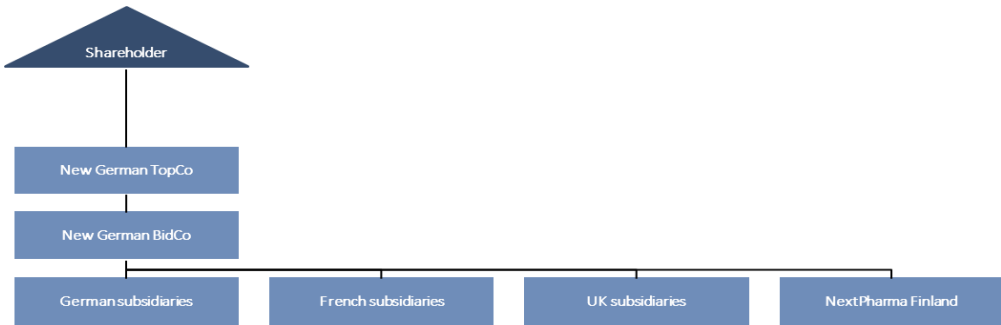
Company Profile

Our vision is to be the leading and best trusted, reliable and innovative Europe-based CDMO through our commitment to the highest industry standards and to exceed customer expectations while driving strong, sustainable growth for the company.

At the end of the financial year 2022, NextPharma had 9 state-of-the-art manufacturing plants to support customers from all over the world in the development and manufacture of high-quality medicinal products. Our logistics division runs logistics centres in Germany, Austria, and Switzerland, supporting our customers in the fields of Logistics and Distribution and also in their Order to Cash Management.

At the end of the financial year 2022 group sales totalled EUR 304 M, and the organisation had 2.107 employees.

- **NextPharma Structure, simplified**



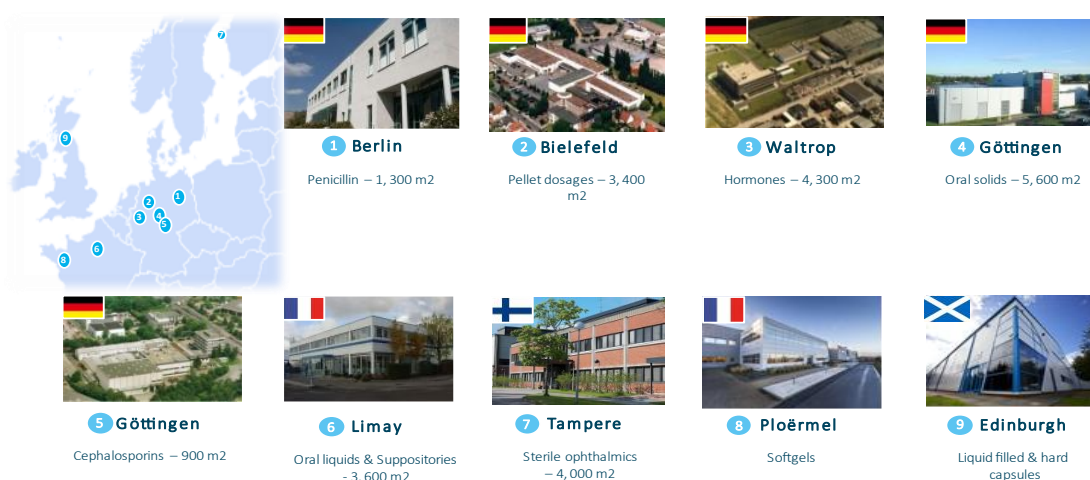
- **NextPharma at a Glance**

<p>MANUFACTURING / SITES</p> <p> 9 Manufacturing facilities</p> <p> 5 Logistics sites</p>	<p>ORGANIC GROWTH</p> <p></p> <p>Constant double digit</p>	<p>ENDS MARKETS SERVED</p> <p></p> <p>60+</p>
<p>EMPLOYEES</p> <p> ~2,000 Employees </p> <p>~25% In Quality roles</p>	<p>PRODUCTS</p> <ul style="list-style-type: none"> • Solids / Pellets • Hormones • Liquids / semisolids • Penicillins/ Cephalosporins • Ophthalmics/ Blow-fill-seal • Softgels/Liquid-filled Hardshells • High potent • Nutritional <p></p>	<p>REGULATED BY</p> <p></p> <p>FDA (USA) EMA (Europe) Anvisa (Brazil) ROW</p>

- **Manufacturing and Development Network**

Our focus on promising technology niches and a strong production platform, underpinned by best-in-class quality, have earned us high appreciation from our customer base.

Centres of Excellence



- **Pharmaceutical Development Services**

Our business division Pharmaceutical Development Services (PDS) is a globally renowned partner in the field of contract development. As a Full Service Provider we offer to our customers a wide spectrum of services in the fields of product development, product optimisation, process development and scale-up. Regulatory Affairs, which are integrated in our PDS Unit, support our customers in all aspects touching on the subject of Marketing Authorisations.

Product development



- Formulation and manufacturing process strategy tailored to individual project requirements
- Quality by design including quality target product profile, gap analysis and risk assessment
- Full characterisation / reverse engineering of related products (if required)

Product optimisation



- Optimisation of composition and manufacturing process
- Scientifically guided setup of product specifications
- Supportive stability and stress studies on prototype formulations
- Analytical method development and method validation

Scale-up and process delivery

- Process development and validation
- Full ICH validation of analytical methods
- Manufacturing of registration batches
- ICH stability studies

- **Clinical Trials Supply Services**

Our division Clinical Trials Supply Services (CTS) provides all essential services in the field of manufacture, blinding and worldwide distribution of clinical samples.



Clinical Trials Supply services

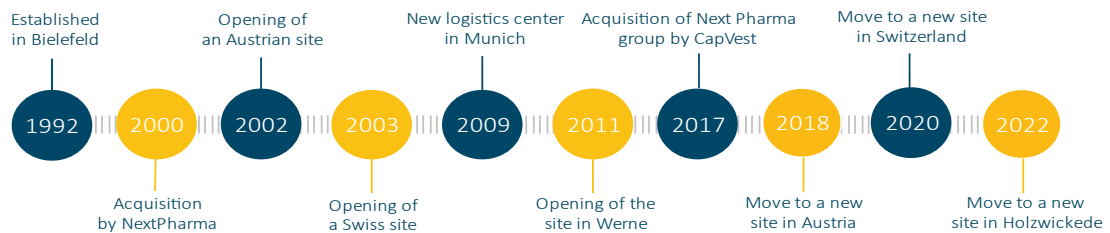
- IMP creation and matching placebo manufacturing
- Packaging and labeling
- Randomisation
- IMPD
- Blinding
- Special label design and printing
- Return, reconciliation, destruction
- Comparator sourcing
- Worldwide distribution

- **Healthcare Logistics Services (HLS)**

Our Healthcare Logistic Service offers state-of-the-art pre-wholesaling logistics services to the pharmaceutical industry. By opening another site in 2022, we were able to successfully continue the track record we started in the year 2000, when taking over the Bielefeld site.

History and milestones

Established in 1992



Our new site in Holzwickede occupies a total area of around 9,000 sqm and within the NextPharma Logistics Platform represents the Veterinary Medicine Competence Centre. Commissioning this site also meant that we were able to offer more employees new and future-proof work places.

HLS footprint

D-A-CH supplychain



Corporate Governance

- **Management Approach**

Responsible entrepreneurship goes without saying for all employees at NextPharma. Observing legal requirements, all companies of the NextPharma Group conduct their business actions in a fair, impartial, and ethically acceptable manner.

Our code of conduct is laid down in 23 policies. They are binding for all sites and all NextPharma employees.

- **Compliance**

To us Compliance means the legally unobjectionable conduct of our employees in their day-to-day operations. NextPharma carries out its business activities responsibly and in accordance with the applicable laws and regulations of the countries in which we are active.

Compliance is essential for the reputation of our Group and ensures our sustained commercial success. We do not tolerate any breach of laws, codes, or of our internal regulations. All NextPharma employees undertake to report any suspected violation of compliance.

In cooperation with an independent service provider, we established the NextPharma Group Ethics & Compliance Portal in 2022.

The NextPharma Whistleblowing Helpline provides employees of all sites and also customers, suppliers and other third parties with the means to anonymously report violations of applicable laws and the NextPharma Compliance regulations.

In the year under report (2022), 3 suspected cases were reported and were investigated in their entirety by NextPharma's corporate Legal & Compliance Team. Adequate measures were initiated according to the prevailing circumstances and were put in place.

- **Transparency**

Keeping up a transparent dialogue with our internal and external stakeholders is an inherent part of our business practice.

In regular department meetings and townhall gatherings our employees are informed on current company topics and about the status of ongoing and planned projects.

Our purchasing department has annual talks with our significant suppliers. This dialogue helps us with the early identification of trends and developments in the procurement market and with considering these in our business activities.

- **Procurement**

Procurement consists of Strategic Purchasing and Operational Purchasing. Essential purchasing materials include pharmaceutical active substances and ingredients, packaging materials, energy source materials, and all kinds of services.

As a global service provider to the pharmaceutical industry we purchase materials from European, American and Far Eastern supply sources. However, applicable regulations governing the pharmaceutical industry and thus our role as a CDMO, limit our influence on the choice of suppliers for active substances and ingredients. These are preselected by our customers, in most cases.

While the majority of active substances required at our sites originate from non-European countries, we have been able to cover all packaging materials we require by suppliers who are resident in the European Union. With the support of the local economy in mind, services needed by the individual sites preferably are procured from local service providers.

Ethical conduct plays a prominent part in our business relations with our suppliers and service providers. Our standards are set out in the NextPharma Code of Conduct for Suppliers. They form the basis for enduring and fair business relations, and adherence is checked as part of regular supplier audits.

In the business year covered by the report 185 suppliers have been inspected by specially trained auditors. No critical deficiencies were determined.

- **Political Donations**

As a matter of principle, we do not make donations in the form of financial contributions or services to political parties or related organisations.

- **Advocacy Groups and Industry Coalitions**

As a further matter of principle, our company acts with utmost reserve when it comes to commenting political issues, and we do not get involved in political decision making processes either directly or indirectly.

We maintain memberships with several professional associations, and as one aspect of our membership we support the positions an association may represent on selected topics of health policy. The following are some examples of key national and international industry associations of which we are members and hold positions:

- National Employers' Organisation
- Chartered Institute of Personnel and Development (Scotland)
- Institute of Chartered Accountants (Scotland)
- Pharmaceutical Learning Centre Finland
- German Medicines Manufacturers Association (BAH)
- International Association for Pharmaceutical Technology
- Society of Finnish Chemists
- Royal Pharmaceutical Society
- Conseil national de l'Ordre des Pharmaciens

- **Foundation and Charity Activities**

When funding projects, we place particular emphasis on our close cooperation with universities in the fields of science and education where some of our senior managers regularly give lectures. In addition, we invite interested students to our sites to show them how the pharmaceutical industry works.



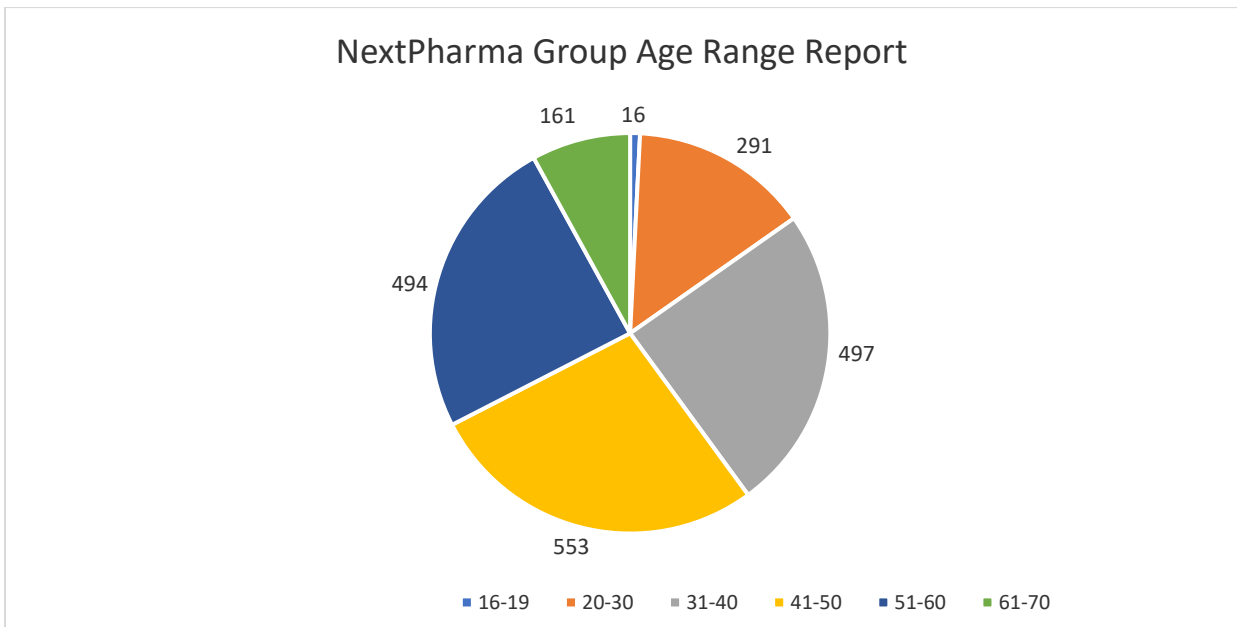
Social Services & Workforce

- **Employee Data and Demographic Change**

With their expertise and commitment our employees contribute essentially to the success of our organisation. As employers we offer our staff attractive general conditions, multiple personal career opportunities and a safe work environment. At the end of the financial year 2022 we had a corporate workforce of 2107 employees from various nations.

In as much as this was necessary in 2022 for operational reasons, the company drew on temporary staff to complement the core workforce. They were mainly hired in times of short-term personnel requirement, projects limited in time, or order fluctuations.

Demographic change in our society has an ever-increasing influence on our strategic personnel planning. We strive to offer to our people an optimal work environment in all stages of life, in an effort to ensure the availability of qualified personnel as well as knowledge transfer across all corporate sectors and for the longest possible time. We assume that the mean age of our workforce will increase continuously over the next years. We adapt to that fact by structuring and designing age-appropriate workplaces and by tuning the company health management system to the individual needs of our employees.



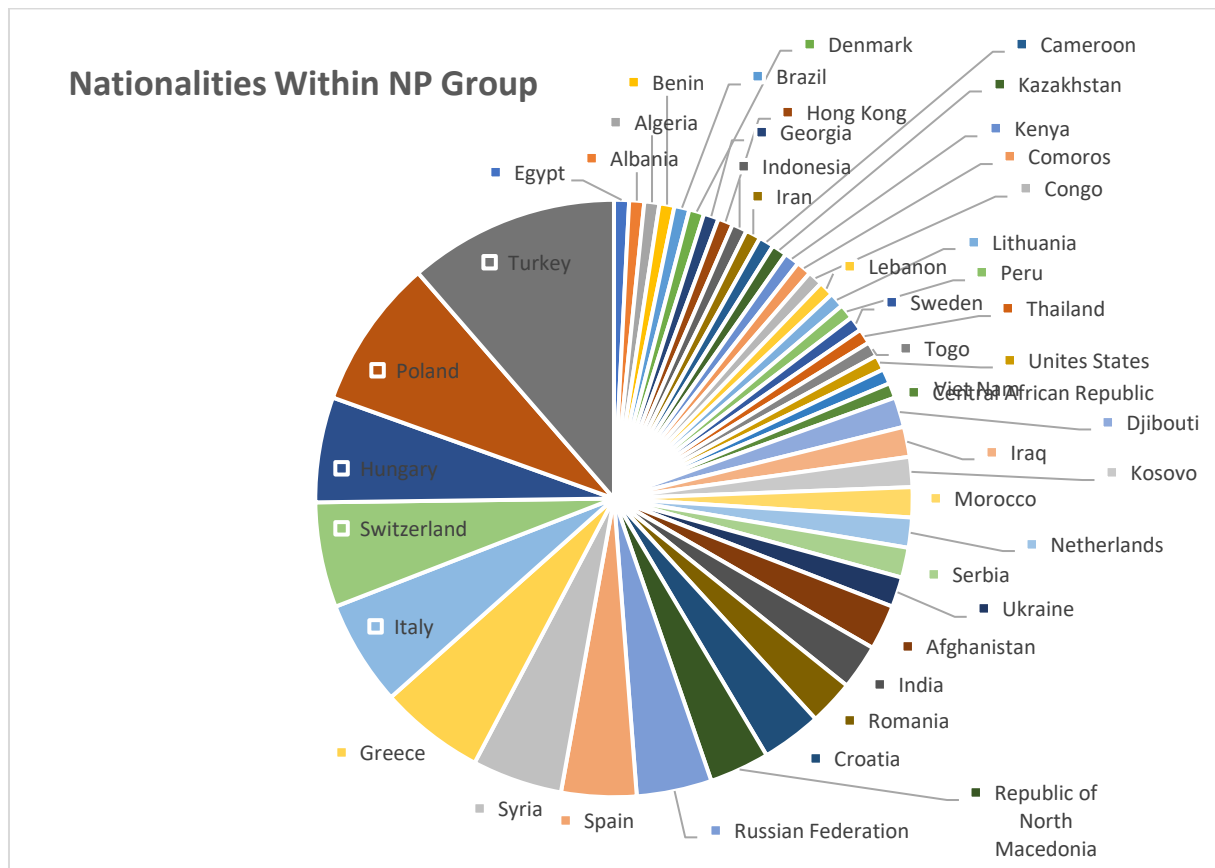
We aim to offer our employees the smoothest possible transition from their active work life into retirement, and, therefore, provide working arrangements that are tailored to an employee's individual retirement planning. And we also support the concept of part-time retirement.

- **Inclusion and Diversity**

As a globally operating Group, an international mindset and diversity is the corporate culture we promote and support. At our sites we set great store by a work environment in which all employees feel equally welcome, respected and treated fairly.

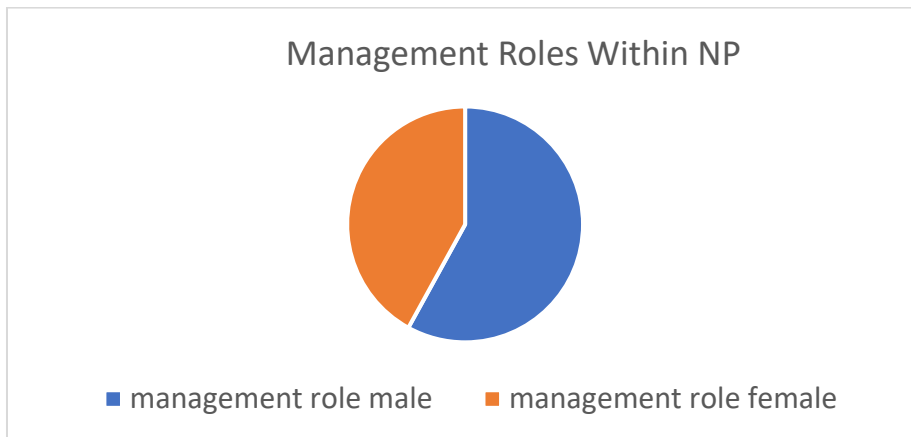
Independent of their race (including their colour, nationality and ethnic or national origin), their religion or world view, gender or sexual orientation, all NextPharma staff have access to the same opportunities and promotion of their potential. It is our credo that diversity is a chance to bring about the development of our society and our economic success.

Since we have sites in Germany, France, Finland and the United Kingdom, it seems obvious that majority of our staff are of these nationalities. But we are proud to say that apart from our French, German, British and Finish employees, there currently are foreign nationals from 47 countries working at NextPharma.



- **Women in Executive Positions**

For us equal opportunities are a matter of course. We aim to attain a quota of 50 % by 2025 for women in executive positions. While in the business year 2021 38 % of our executive positions were held by female employees, we have been able to raise this share to 42 % in 2022.



- **Employee Development**

Trying to provide to our workforce an educational concept designed for all aspects of career growth and personal development, we founded our Next Academy in 2021. Meanwhile Next Academy has developed into a fixed element of our all-sites continuous educational concept and our employees are happy to make use of it.

In 2022 seminars were offered that dealt with the following topics: Human Resources Management, Conflict Management, Communication, Labour Law, IT (MS Office applications), and Business English.

Our employees were able to tailor their continuous educational programmes to their individual needs.

Within the year covered by this report (2022), 47 seminars were offered with 235 NextPharma people participating from different NextPharma sites. All courses were held within regular working hours. The year 2023 will see a further broadening of our educational programme for current topics.

Encouraging young academic talent is an integral part of our future-oriented human resources marketing. In this context we offer a two-year trainee programme for university graduates which addresses different areas.

Upon successful completion of that trainee programme, we were able to offer permanent employment to all participants in the programme.

- **Cyber Security Training**

Cyber-attacks are increasing at a significant pace and for all economic operators constitute a risk that must not be underestimated. The NextPharma SoSafe Cyber Security Awareness Training that was started in the autumn of 2021, also met with high acceptance in 2022. So far 79 % of NextPharma employees have registered to start e-learning on the SoSafe Cyber Security Awareness programme.

- **Remuneration**

As a global company, NextPharma relies on consistent standards to ensure that employees across the Group receive fair pay. Of course, we comply with the legal requirements and pay more than the legally prescribed minimum wage. Every year our remuneration committee reviews our internal salaries and the country-specific salary developments. In all countries, we are in close contact with the unions and cooperate with them to discuss general increases.

NextPharma’s remuneration structures are gender-neutral and rely on detailed criteria such as job specifications and performance. Our Group level analyses evidence the absence of any significant gender-specific compensation inequities.

Results of the professional equality index of the Limay and Ploërmel sites testify to our commitment to ensuring fair treatment between all of our members of staff, regardless the position. We will continue to foster an inclusive and respectful work environment that is provided to all our staff across all positions and salaries.



- **Work-Life Integration**

It goes without saying that, being a modern company, we are considerate of the reconciliation of family and work life. Apart from the option of mobile work, our employees are offered the opportunity of flexibly arranging their working hours as they can choose from different part-time models.

Wherever possible, we adapt our work environments to fit the needs of disabled people. Where technical reasons make this impossible, we pay the equalisation fees in accordance with the German Severely Handicapped Act. By having appointed an

Inclusion Officer we meet the requirements under §181 SGB IX (Vol. IX of the German Social Insurance Code) to their full extent.

- **Health Provision**

During the COVID-19 pandemic, we launched a special fitness training programme for our staff. This programme covers a broad spectrum of physical and mental training and has found great acceptance among our employees. To-date there are more than 50 training units from which to pick, so that people can put together their own fitness programme that is adapted to their own needs.

Our employees decide themselves whether they want to attend the regular online training programmes or would rather like to use the streaming function.

- **Freedom of Association**

Freedom of association is a fundamental human right. Our company is firmly dedicated to appropriate labour and social standards and is doing its best to uphold them.

Our Code of Conduct comprises a non-negotiable set of rules for the entire workforce of our company. It includes human rights principles such as the freedom of association and assembly, collective bargaining, protection against forced labour, child labour, discrimination, and the right to equal opportunities, equal pay and equal working hours, health and safety at work, and the prevention of abuse and harassment.

These general principles mirror our commitment to upholding core labour standards. Their review is an integral part of our internal and external audits conducted to verify compliance at our sites.

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- **Employee Events and Anniversaries**

It is a company tradition to celebrate birthdays and anniversaries. Employees receive a voucher, flowers, and a gift box. Christmas parties, summer barbecues, soccer tournaments, open-door family days and team building workshops are significant contributions to our sense of community. In the financial year 2022 we unfortunately have not been able to carry out on-site attendance events as before, due to the COVID-19 pandemic and the associated restrictions.

From 2023, we will however resume our tradition and once more carry out our company events and staff anniversaries in the form of on-site events.

- **Awards and Honours**

In 2020 and again in 2022, our Göttingen (Germany) site was recognised as a “Top Employer”. The local HR team had passed an official audit by the Chamber of Commerce and Industry after participating in various HR workshops over several months.



Climate Protection

- **Management Approach**

Climate change is one of the most pressing challenges of the 21st century. Climate protection has been a priority at NextPharma for many years.

In July 2021, NextPharma's board took the decision to launch the strategic initiative '*Path to CO₂ Neutrality in the NextPharma Group*' with its completion being scheduled for the beginning of 2025. Key steps, team organisation and a budget have been agreed.

To achieve the target of CO₂ neutrality in the NextPharma Group from materials entry to shipment (scope 1 and scope 2), NextPharma organises its measures in three steps:

- 1) the provision of transparency
- 2) a focus on optimisation and CO₂ reduction in the implementation of its actions, followed by CO₂ substitution and, in a final step, compensation, and
- 3) continuous improvement to minimise emissions so that compensation is no longer required. Our roadmap comprises three stages: preparation, implementation and improvement.

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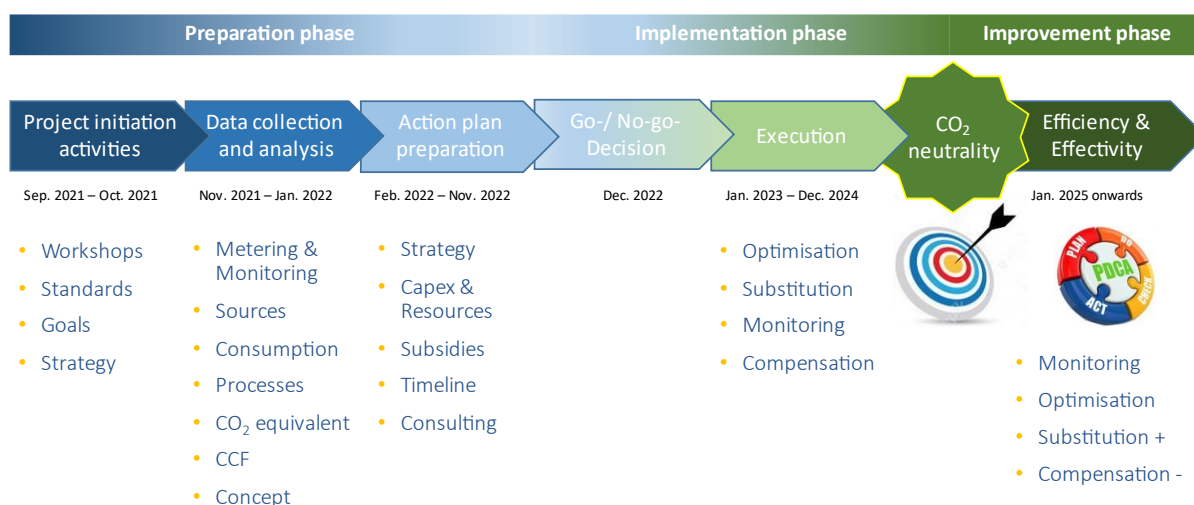
- **Green Status & Roadmap**

The CO₂ neutrality project completed its preparatory phases in the course of the years 2021 and 2022. NextPharma places its trust in the in-house competence of the individual sites and the support provided to them by Global Engineering. This way their profound understanding of the processes and knowledge of the infrastructure will rapidly produce substantial results.

Hence, the emissions and energy supplies to all sites were defined as Baseline 2021 which also included the definition of measures carried out on the infrastructure and processes to reduce the energy sourcing volumes. In 2022 the planned reduction target was already met. And seen against the backdrop of increased production volumes the target even was exceeded.

Path to CO₂ neutrality

Roll out



Further improvements have been evaluated and will be implemented with a view to our continuous improvement shifting from compensation to substitution, optimisation and reduction.

Greenhouse gas reduction

Measures at a glance

			BER	BIE	GOE	WAL	LIM	PLM	EDI	TAM	HLS
• Renewable sources (electricity, district heat, bio fuels)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
• LED and light solutions		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
• PV system		✓	✓	✓	✓	✓	✓	✓			✓
• Compressed air optimization		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
• Control optimization (set points, O-energy band)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
• Energy recovery HVAC (+/ -)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
• HVAC mode (op. / stand by)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
• Eff. boiler setup	✓	✓	✓	✓	✓	✓		✓		✓	✓
• Integrated BMS solution (connected)	✓	✓	✓	✓	✓	✓		✓	✓		
• Energy recovery production	✓	✓	✓	✓	✓			✓			
• Process optimization	✓	✓	✓	✓		✓					
• Solar heating	✓					✓			✓		
• Compensation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

in operation
 defined / planning
 under evaluation

• Greenhouse Gas Emission

NextPharma's air emissions are mainly caused by the generation and consumption of electricity, steam and auxiliary energy in the manufacture of pharmaceutical products. Several projects aimed at reducing greenhouse gas and VOC emissions have been successfully completed and contribute to a significant reduction in consumption. Further projects have already been launched or are in the planning stage.

NextPharma's Carbon Footprint:

	<u>2021</u>	<u>2022</u>
Scope 1 GHG Emissions [to CO ₂]	7.519	6.461
Scope 2 GHG emissions [to CO ₂]	7.740	5.947
Carbon footprint [to CO ₂]	15.259	12.408

While our operating business has grown, we have still managed to reduce our greenhouse gas emissions by 18.7% compared to the previous year. In 2021, we emitted 15.259 metric tons of CO₂ equivalents, and only 12.408 metric tons in 2022.

From 2021 to 2022, we increased our turnover by more than 10 %, which means that our emissions show a significant reduction in relation to turnover.

- **CO₂ Emission Intensity**

NextPharma reports carbon dioxide intensity as the ratio of kg carbon dioxide emission to 1k€ external sales.

kg Carbon dioxide/ 1k EUR external sales

	<u>2021</u>	<u>2022</u>
CO ₂ emission intensity	55.5	40.8

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Compared with 2021, our carbon intensity in relation to turnover has improved.

- **Energy**

The primary energy carriers we mainly source are electricity, gas, and in rare cases light heating oil.

	<u>2021</u>	<u>2022</u>
Total energy use	82984428 kWh	73772424 kWh

In 2022 we purchased around 6.62 GWh from renewable energies. That is about 9 % of our total energy mix.

Following our strategy we intend to achieve decarbonisation by the end of 2024, using about 48 % of renewable energies and saving 34 % of our energy consumption.

- **Energy Efficiency**

NextPharma reports energy efficiency, i.e. the ratio of energy used to external sales. We used 82984428 kWh in 2021, versus 73772424 kWh in 2022.

<u>kWh/ 1k€ external sales</u>	<u>2021</u>	<u>2022</u>
Energy efficiency	281	242

Compared with 2021, our energy efficiency in relation to turnover has improved.

- **Investment in Building Modernisation**

Apart from constructional measures (e.g. insulation), modern Building Management Systems (BMS) contribute to a considerable degree to the energy-efficient operation of our production processes and buildings. The continuous modernisation and maintenance of the BMS systems that are in use at the various sites, is a central task of our Global Engineering unit. In 2022 we invested about 200,000 EUR in the renewal of our building control systems. Further projects at other locations are currently in their preliminary planning stages and will be implemented in the years ahead.

- **Investing in Renewable Energies**

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Bielefeld (Germany)

As part of our programme „Renewable Energy“ we have invested around 0.75 M EUR in a solar-panels/ photovoltaic (PV) system at the Bielefeld site. The system occupies a roof surface of about 3,000 sqm. We expect an electricity yield of 550,000 kWh/year and an annual reduction of the CO₂ site emissions of 150 metric tons.

The commissioning of the system is scheduled for summer 2023.

Waltrop (Germany)

The installation of the PV system planned for 2022 for our site in Waltrop has been delayed. Meanwhile the roof renovation, which was a prerequisite for the installation of the system, could be finished, and thus the way is paved for the unhindered installation of the PV system. We expect that the project will be finalised in the summer of 2023.

The electricity yield is estimated at 400,000 kWh per year which means a reduction in site emissions by about 140 metric tons of carbon dioxide per year.

Tampere (Finland)

Starting in 2022, we switched our complete Finnish site to green electricity. This made it possible to reduce the CO₂ emissions of this location by 1,289 metric tons per year.

Limay (France)

In 2022 we sourced 50 % of our electricity from sustainable sources. For 2023, we plan to switch to 100 % green electricity.

In 2022 we sourced 25 % of our gas demand from sustainable sources. For 2023, we plan to cover 50 % of the increase of our gas demand by biogas.

- **Biodiversity**

In an effort to complement our activities for a continuous reduction of greenhouse gas emissions, it is one of our ambitions as a company to contribute to improving biodiversity. Aiming to live up to this goal, our employees at the Bielefeld site created a 1000 sqm wildflower meadow with fruit trees on the company premises.

- **NextGreen Logistics**

In the course of the past years, sustainability increasingly developed into a central aspect of our corporate activity.

In order to measure up to this important concern, the initiative NextGreen Logistics was launched so as to provide an all-embracing framework for the intended delivery of climate-neutral services by NextPharma Logistics.

Thanks to a variety of provisions included in our NextGreen Logistics programme, we have been able to come close to fulfilling already at this point in time our target of being climate-neutral by 2025. Our primary strategy for this aim is the prevention and reduction of emissions - and we only compensate emissions via selected climate-protection projects where that approach is unavoidable (e.g. in the transport sector).

NextGreen Logistics

by NextPharma Logistics



The sustainability initiative of NextPharma Logistics



Schaffhausen logistic center



PV Module

Size: approx. 4,300

Yield: approx. 830 MWh p.a.

Easily covers the energy needs of the location

Hall Lighting

Top modern LED lighting

Only the necessary places are illuminated

Cooling technology

Energy-efficient coolant used for the 2-8 ° C range

Low GWP coolant R290 (GWP = 3)

Order picking system

Purely electrical system

No compressed air required

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- **LED Lighting at the Logistic Sites**

Switching the lighting of our logistic sites to LED technology has been successfully completed in all locations.



Innovation and Infrastructure

- **Management Approach**

As an innovative service provider of the pharmaceutical industry we pursue a continual and sustained investment strategy. We sustainably invest in machines and plants as well as our site infrastructures so as to be able to offer our customers high-efficiency state-of-the-art manufacturing capabilities.

- **Investments**

Berlin (Germany):

To be able to meet the increasing customer demand for β -lactam antibiotics, we are investing about 1,500,000 EUR in a latest-generation film coater at our Berlin site. Apart from an infrastructure overhaul, our project planning also includes measures for high-efficiency energy recovery. The project is in the process of implementation and its completion is envisaged for the 3rd quarter of 2023.

Another element of our investment strategy, which is oriented towards the long-term, is focused on safeguarding the energy supply at our production sites. At the Berlin site we invested 100,000 EUR in a modern high-efficiency gas-fired boiler, assuming that this investment will bring us a reduction in CO₂ emissions of 109 metric tons/year at this site.

Bielefeld (Germany):

At our site in Bielefeld we invested around 200,000 EUR in a high-efficiency hybrid heat generation plant by which we expect to lower the consumption of fossil energy by about 30%.

Edinburgh (Scotland):

In 2022 we invested 850,000 EUR to increase our production capacities for liquid-filled hard capsules (LFHC technology) at our Edinburgh site.

Göttingen (Germany):

In order to meet the increasing demand in the field of tablet manufacture, we invested 750,000 EUR for another high-performance tablet press. In addition we modernised the sampling area and invested about 220,000 EUR in a new sampling booth.

Limay (France):

At our Liquids site in Limay we invested about 1,400,000 EUR in the development of its infrastructure. Among others, we have been able to successfully complete the setup of two 15,000 L storage tanks and the commissioning of a palletizing robot in the packaging area.

The investment in a new blister packaging line has cleared all approval levels and presently is in the stage of its technical realization. Installing and commissioning the line are scheduled for 2023.

Ploërmel (France)

At the Ploërmel site we invested around 570,000 EUR to introduce SAP and with it the IT infrastructure this requires.

Another forward-looking project was initiated in the Health & Nutrition segment. In this field we are investing about 750,000 EUR in the manufacture of vegetable soft gelatine capsules. This project will be completed in 2023, and will be a sustainable extension of the range we offer, especially in the H&N sector.

Tampere (Finland):

In Tampere we invested around 10,000,000 EUR in a highly automated blow-fill-seal line. All setup and qualification steps were successfully completed in 2022.

Waltrop (Germany):

As a consequence of our infrastructure programme "Sustainable Energy Supplies" we invested around 220,000 EUR in our Waltrop site when exchanging the 400 V low-voltage and 10 kV medium-voltage distribution. The completion of this project is a prerequisite for the installation of a photovoltaic system that is scheduled for mid-2023 (s. page 21, "Investing in Renewable Energies").

Environmental Protection and Safety

- **Management Approach**

NextPharma is committed to protecting the environment, preserving the health and safety of its employees, contractors, visitors and other stakeholders, as well as ensuring appropriate security for all its facilities. This commitment is supported by the management and is the individual and collective responsibility of all NextPharma employees. It is the responsibility of the executive management to ensure, through the encouragement of a philosophy of continuous improvement and risk management, that our EHS requirements are understood, implemented and well maintained. All employees are expected to promote and to assist in their implementation and the resulting commitments.

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- **Air Emissions**

Environmental management at our sites includes the monitoring and reduction of emissions to the atmosphere. In order to respond to this challenge, the process facilities run at our sites have been equipped with special devices for exhaust-air treatment.

As a rule, this means high-efficiency filters for the reduction of particulate emissions, as well as special emission control systems for the elimination of volatile organic solvents (Volatile Organic Compounds, VOCs).

- **Environmental Incidents**

We have issued guidelines and established processes ensuring that materials are handled, transported and stored in compliance with the applicable regulations and their respective hazard potential, and safeguarding that appropriate logistics and warehouse suppliers are commissioned.

No environmentally relevant incidents occurred in the last 5 years.

- **Plant Safety**

The safe operation of all technical facilities, equipment, and processes used at the NextPharma sites as well as an efficient and adequate EHS risk management are the basis for the effective protection of employees and the environment.

Our processes and production facilities are designed and managed in a way that they do not pose avoidable risks to our staff, the environment, or the site municipalities/neighbouring communities.

In order to ensure that our plants benefit from a high safety level, responsibilities are clearly defined throughout our company. The safe operation of production plants falls within the plant management's responsibilities. Together with the plant operators, the experts of Engineering & Technology are accountable for conducting risk analyses and establishing safety concepts.

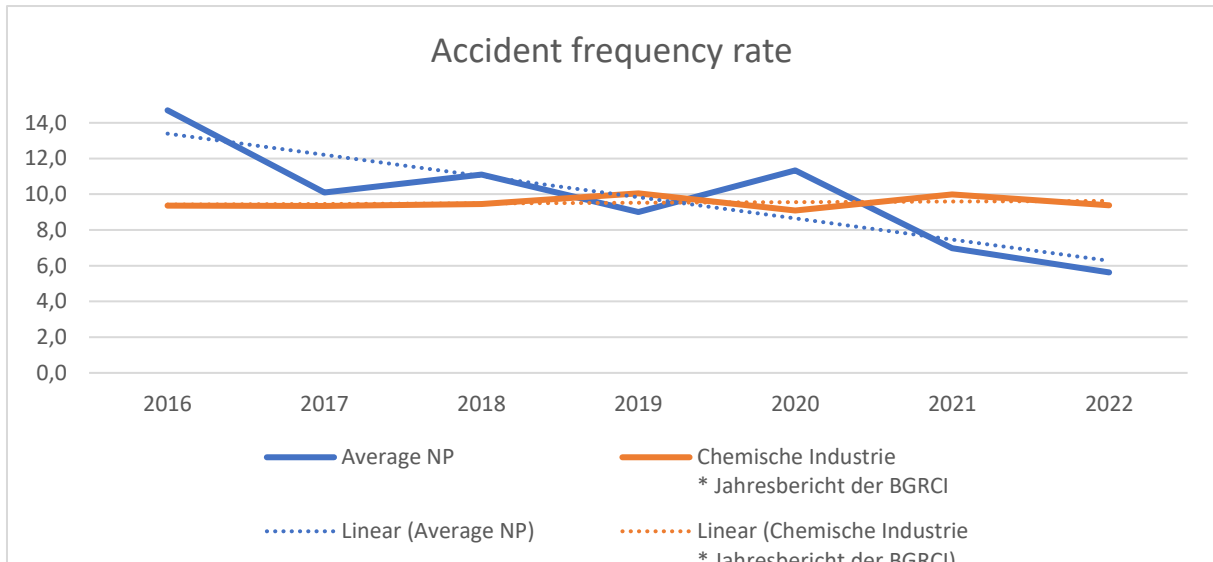
- **Occupational Health and Safety**

We set great store by the health protection of our staff. Workplace-related risks are identified as part of hazard assessments and related health risks are then evaluated. When deciding on the risk-minimising measures to be implemented, we follow the STOP principle, i.e. technical solutions are prioritized over organisational and personal protective measures.

Our Environment, Health & Safety Group function is responsible for our Environment, Health and Safety (EHS) management system. This unit sets targets, monitors global initiatives and conducts internal audits. Local EHS managers ensure that each individual site complies with occupational safety laws and regulations.

We collect data on workplace accidents from our sites on a monthly basis. Every facility is required to immediately report relevant accidents to the CEO, COO and Group EHS function, where the cases are investigated and assessed. If necessary, we implement additional safety measures at our sites.

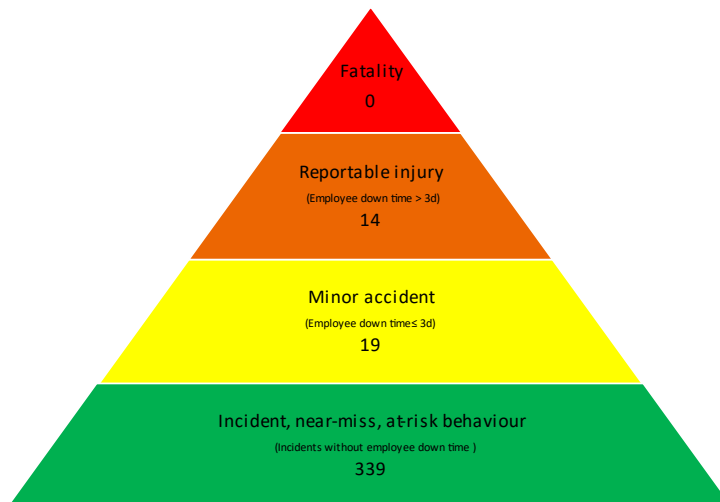
We strive to enhance our employees' good health and maintain their performance in the long term. In 2022, our target was a Lost Time Injury Rate (LTIR) of <10.



Frequency rate = (number of occupational accidents x 1.000.000) / Number of hours worked)

The Frequency Rate (FR) has been reduced from 7.0 to 5.6 against the previous year. This is equivalent to a 20 % reduction and continued outperforming German industry benchmark figures.

Environment, Health & Safety Accidents at work 2022



In the year under report (2022) the number of recordable accidents was 14 across the NextPharma Group (cf. previous year: 17).

Thus, the number of recordable work accidents in 2022 has been reduced by 17.6 % against the previous year).

No fatal accidents occurred in 2022.

- **COVID-19 Pandemic**

In 2022, the COVID-19 pandemic again continued to significantly impact our activities in the fields of work safety and health protection. At regular intervals, the Crisis Team would adapt the protective measures, implemented at NextPharma, to the changing hazard potential and employees received comprehensive information about the country-specific measures that were to be followed.

Thanks to the steps taken we were able in 2022 to keep up the production at all NextPharma sites as before and to ensure that our customers were supplied with high-quality medicinal products without any cutbacks.

In pandemic phases with a high risk potential some of the measures designed to protect our people and keep up production included:

- Working from home/remote work, wherever possible
- “STOP entry”: no access for employees showing symptoms of illness
- 1.5-metre/ 2-metre distancing rule; in areas where this distance could not be kept, plastic dividers were installed, complemented by the mandatory wearing of face masks
- Hygiene rules for hand washing and disinfection as well as the wearing of face masks at all times

Also in 2022, most of our conferences, workshops, training courses, audits and meetings were held in a virtual format.

The challenges resulting from the COVID-19 pandemic made us reconsider and adapt our classical ways of working. By providing virtual media like MS Teams we were able to offer a high number of employees the opportunity of choosing flexible work arrangements.



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