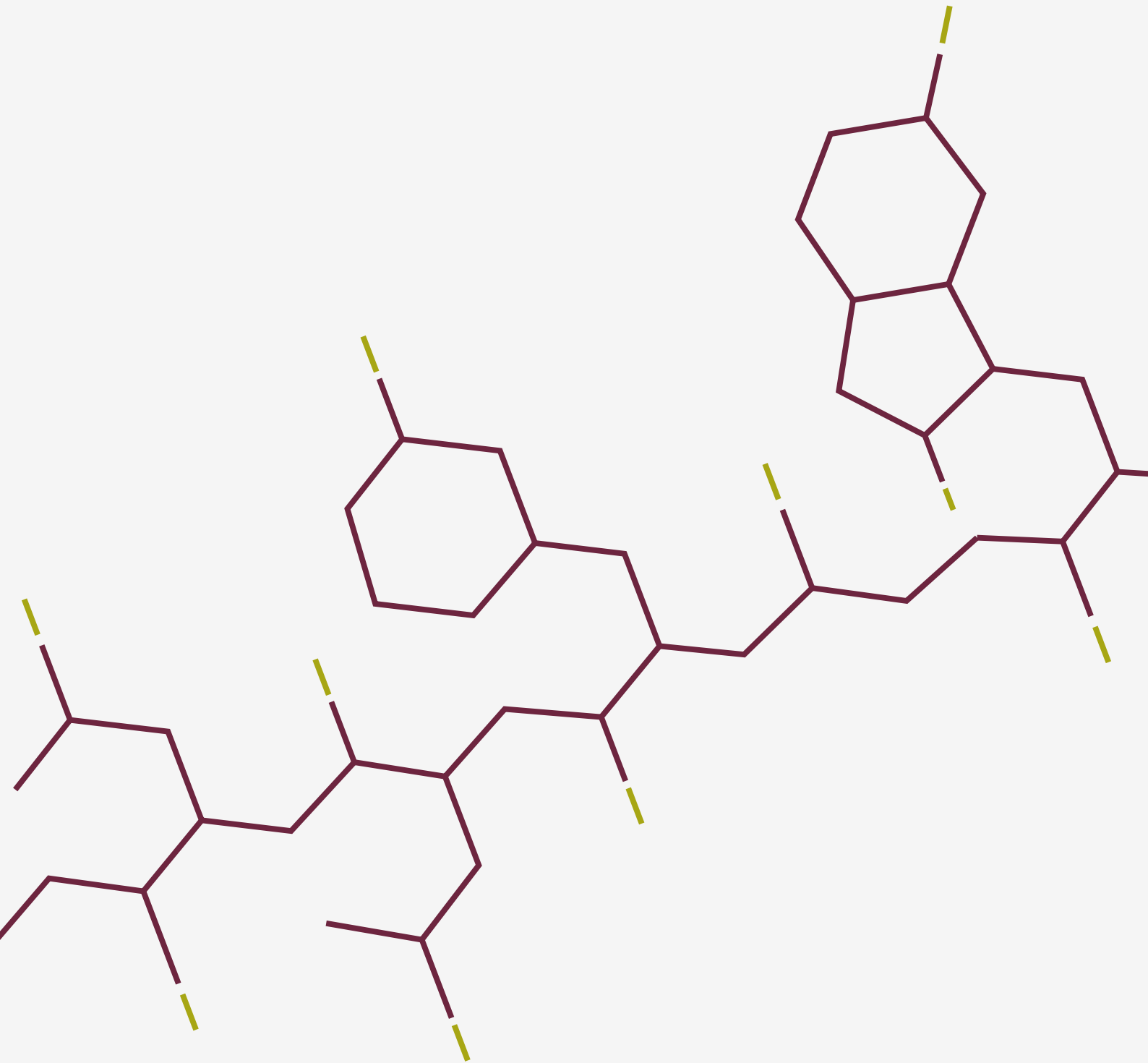


# 22

ANNUAL REPORT

## A focused CDMO for peptides and oligonucleotides

INNOVATION | EXCELLENCE | TRUST



# Corporate Responsibility

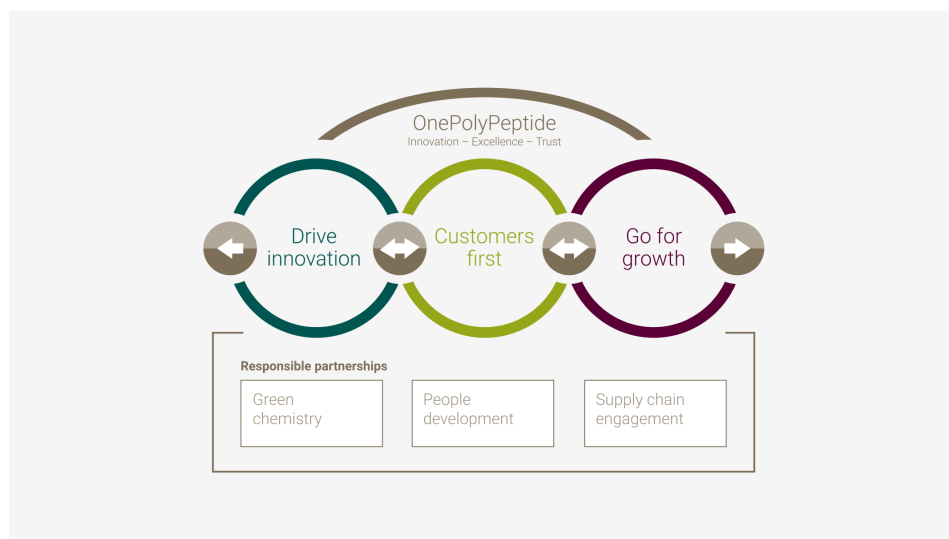
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# Corporate Responsibility

## 1. Integrated approach

PolyPeptide strives to adhere to fundamental principles of business ethics, corporate responsibility and compliance. It pursues an integrated strategy (see chapter [Strategy](#)) to incorporate the material environmental, social and governance (ESG) aspects as part of its strategic priorities. The four priorities: “Customer first”, “Drive innovation”, “Go for Growth” and “Collaboration as OnePolyPeptide” are rounded out by material ESG topics under the theme of “Responsible partnerships”.

### PolyPeptide's integrated strategy



PolyPeptide’s mission is to help customers develop products, secure regulatory approvals and successfully launch and commercialize their products in the market. With the values of “Innovation”, “Excellence” and “Trust”, the aim is to be the preferred partner for its customers, who typically expect their CDMO partners to have deep operational experience and scientific knowledge, coupled with a relentless focus on quality and a high delivery performance.

As a multinational company with 1,219 employees at the end of 2022, PolyPeptide fosters an agile, open and collaborative work environment. The Group’s [Code of Business Conduct and Ethics](#) and the [Supplier Code of Conduct](#) are thereby the foundations to ensuring high ethical standards in compliance with legal and regulatory requirements throughout the organization.

## PolyPeptide's values

### **Innovation**

We are curious and explore new ways.  
We are ambitious and find solutions.

### **Excellence**

We have in-depth technical knowledge and deliver results.  
We deliver quality in everything we do and lead by example.

### **Trust**

We believe in teamwork and collaboration.  
We are transparent and we accept responsibility.

## 2. Materiality and contribution to the SDGs

The last materiality assessment for the Group was conducted in the second half of 2021 with the support of a specialized sustainability advisory firm, following a structured process in a cross-functional working group that included global function heads and selected Executive Committee members.

In a first step, a comprehensive desk research of current and emerging trends and regulations was conducted followed by a peer analysis. The resulting long list of topics was, in a second step, discussed with the working group to incorporate feedback and missing topics. As a third step, and after first gaining initial insight on the outside-in impact of ESG topics on PolyPeptide, the working group reviewed the identified topics for risks and opportunities.

To comply with the concept of double materiality, the fourth step included the assessment of the stakeholder relevance through interviews with internal stakeholders, followed by the last step of assessing both the outside-in impact (financial materiality impact) and the inside-out impact (societal materiality impact).








Further, emerging Swiss legal requirements on the disclosure of non-financial matters (environment, social matters, labor matters, human rights aspects and the fight against corruption) and climate reporting were taken into consideration throughout the process. As a result, a total of twelve ESG topics were identified as material for PolyPeptide, with a clear definition derived from applicable sustainability standards, including the new Swiss legal requirements.




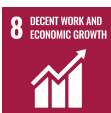
During the course of 2023, PolyPeptide plans to update its double materiality assessment, including the prioritization of its material ESG topics. It thereby strives for a focused and meaningful approach with traceable progress over time, aligned with the implementation of the integrated strategy of the Group.

PolyPeptide endorses the United Nations Agenda 2030 and considers the 17 Sustainable Development Goals (SDGs) as an important reference point for a sustainable future. The Group, through its integrated strategy, aims to contribute to the agenda of the world community, recognizing the comparably limited size and impact of its business.

The following SDG goals<sup>1</sup> where PolyPeptide can contribute have been identified and mapped to the material ESG topics:

**Material ESG topics definition and SDG reference**

Topic	Definition at PolyPeptide	SDG <sup>1</sup>	SDG target
<b>Business ethics and compliance</b>	Complying with applicable laws and conducting business with high ethical standards. This includes topics such as corruption and bribery, political contributions, taxation, transparency, as well as anti-competitive practices.	–	–
<b>Circular waste management</b>	Minimizing waste generation and resulting pollution, such as wastewater discharge, incineration and landfilling. Engaging in circular waste management practices, including by re-designing production processes, using materials more effectively, reducing the use of scarce raw materials and engaging in reuse, recycling, repurposing, remanufacturing, and chemical recovery of waste.		12.4 12.5
<b>Climate change mitigation</b>	Adopting internal procedures to avoid combustion and fugitive emissions to reduce Scope 1 GHG emissions. Sourcing energy from renewable resources to reduce Scope 2 emissions, and reducing Scope 3 emissions such as from suppliers, purchased goods and services and their transportation, as well as work-related travel, leased assets and investments.		13.1 13.2
<b>Data protection</b>	Running a secure and up-to-date digital environment to safeguard the privacy of employees, customers and suppliers, as well as of sensitive intellectual property, product and business information.	–	–
<b>Diversity and inclusion</b>	Hiring, promoting and including individuals from different genders and underrepresented social groups. Enabling every employee to perform at their best by ensuring equal pay for equal work, adopting a zero-tolerance policy towards discrimination and creating a fair, inclusive and mutually respectful working environment.		5.1 5.5
			8.5
<b>Environmental protection</b>	Preventing any form of accidental pollution, such as chemical spills, poisonous fugitive emissions and explosions, that have a damaging effect on the surrounding environment and biodiversity. Assessing the local environment in terms of water scarcity, land use and nearby biodiversity areas when considering site expansions. Conserving water, energy and other local natural resources.		3.9
			7.3
			8.4
			12.2
<b>Employee health</b>	Ensuring the health and safety of employees by providing environment and safety training as well as encouraging employees to report on incidents and near misses to constantly improve safety protocols.	–	–

<b>Green chemistry</b>	Applying the principles of green chemistry to produce process innovations and products with a lower environmental footprint. This includes reducing solvents in production, as well as phasing out hazardous substances and other substances of concern. Partnering with universities, industry organizations and other parties to engage in shared innovation and further advance the industry in a responsible manner.		9.4
			9.5
<b>Product quality</b>	Ensuring high quality and safety of products. This includes following current good manufacturing practices (cGMP), receiving approval from regulatory agencies such as the US FDA, customer audits and internationally recognized certification standards such as ISO.		12.4
<b>People development</b>	Attracting the right talent needed to further grow business operations. Providing employees with training and opportunities for growth, as well as respecting their needs and a healthy work-life balance in order to ensure employee retention.	–	3.8
<b>Stakeholder dialogue</b>	Engaging in a solution-oriented dialogue with stakeholders on a regular basis in order to identify risks and solve issues in advance. Enabling employees to give back to local communities through corporate citizenship programs.	–	–
<b>Supply chain engagement</b>	Actively working with suppliers to ensure responsible environmental and human rights practices as set out in the Supplier Code of Conduct. This includes holding collaborative sessions to identify, monitor and mitigate risks, offering a whistleblower hotline, as well as setting targets and applying due diligence mechanisms to new business relations.		8.7

<sup>1</sup> For details, refer to <https://sdgs.un.org/goals>; icons for informational purpose only.

### 3. ESG governance

The overall responsibility for ESG lies with the Board of Directors and each material ESG topic has been assigned to a Board Committee as set out in the below table. As a newly established Committee in 2022, no material ESG topic was assigned to the Chair's Committee (CC).

<b>Committee</b>	<b>Material ESG topics</b>
Remuneration and Nomination Committee (RNC)	Diversity and inclusion Employee health People development
Innovation and Technology Committee (ITC)	Circular waste management Environmental protection Green chemistry Product quality
Audit and Risk Committee (ARC)	Climate change Data protection Ethics and compliance Supply chain engagement Stakeholder dialogue

For the composition of the Board of Directors, its Committees and their respective responsibilities, please refer to the [Corporate Governance Report](#).

## Corporate Responsibility

The implementation of the ESG agenda as an integrated part of the Group's strategy has been delegated to the PolyPeptide Management Committee and the ESG Steering Committee, where all relevant global functions are represented. Each material ESG topic has been assigned to the manager of the respective global function to make sure that the ESG aspects are adequately reflected within the functional plans and in the day-to-day operations at local level.

Selected ESG-related aspects are part of the Global Balanced Scorecard and linked to the variable compensation of the Executive Committee, as described in the [Remuneration Report](#). Starting in 2023, the risks and opportunities in relation to the material ESG topics will also be evaluated as part of the Group's enterprise risk management framework, with relevant developments reported to the Board of Directors.

### PolyPeptide's ESG governance



## 4. Progress in 2022

### SUSTAINABILITY PARTNER

**Fostering innovation, also through active collaboration, to improve the environmental footprint of products and processes.**

#### Green chemistry

**Definition at PolyPeptide:** Applying the principles of green chemistry to produce process innovations and products with a lower environmental footprint. This includes reducing solvents in production, as well as phasing out hazardous substances and other substances of concern. Partnering with universities, industry organizations and other parties to engage in shared innovation and further advance the industry in a responsible manner.

In general, the manufacturing of peptide-based APIs requires a significant amount of raw materials, including solvents and water. Embracing the global efforts towards a more sustainable industry, and in response to and in anticipation of emerging customer expectations, in 2022 a cross-functional internal working group formalized a green program for PolyPeptide. By promoting more sustainable manufacturing processes, the Group's vision is to position itself at the forefront of environmental sustainability in its area of activity.

To save solvents used in production, in 2022 the Group continued the roll-out of its new washing concept by percolation. The required set-up is now deployed across sites in the relevant production infrastructure and applied as a new standard in new development processes. The green program of PolyPeptide also aims at increased usage of less hazardous solvents and enhanced recycling, also contributing to the reduction of the Group's carbon footprint. The Group defined specific metrics to track progress over the coming years, including the volume and share of less hazardous solvents used in production. A data collection process will be defined to ensure an efficient and consistent reporting as of 2023.

Under the supervision of the Innovation & Technology Committee of the Board of Directors, the implementation of the green program across the manufacturing sites is coordinated by a steering group with the involvement of critical Group functions including Innovation & Technology, Development, Engineering, Procurement and EH&S. Within Global Operations, respective activities will be tracked to systematically document and report the progress with the relevant initiatives.

#### Circular waste management

**Definition at PolyPeptide:** Minimizing waste generation and resulting pollution, such as wastewater discharge, incineration and landfilling. Engaging in circular waste management practices, including by re-designing production processes, using materials more effectively, reducing the use of scarce raw materials and engaging in reuse, recycling, repurposing, remanufacturing and chemical recovery of waste.

The recycling of solvents used in large quantities in production is PolyPeptide's main contribution towards a more circular economy. As part of its green program, in 2022, the Group continued to identify solvent recycling opportunities and to develop analytical methods to ensure the quality of the solvents re-used. Validation tests at industrial scale are planned during 2023.

Concepts for downcycling and recycling depend on the availability of specialized facilities and partners within a reasonable distance from the manufacturing sites and on the volumes to be processed. Additional local providers were identified in 2022 for the manufacturing sites in Europe and are currently being evaluated as potential partners.

Through its efforts, the Group seeks to systematically increase the recycling rate, thereby reducing the disposal of hazardous solvent waste relative to its business volume. Relevant metrics include the consumption of water and energy, both absolute and relative to the level of business activity. Progress will be measured and tracked within Global Operations and reported in context of PolyPeptide's green program.



## Environmental protection

**Definition at PolyPeptide:** Preventing any form of accidental pollution, such as chemical spills, poisonous fugitive emissions and explosions, that have a damaging effect on the surrounding environment and biodiversity. Assessing the local environment in terms of water scarcity, land use and nearby biodiversity areas when considering site expansions. Conserving water, energy and other local natural resources.

PolyPeptide operates its six sites for the manufacturing of peptide- and oligonucleotide-based APIs in compliance with cGMP. These regulations contain minimum requirements for the methods, facilities and controls used in the manufacturing, processing and packaging of drug products.

In 2022, PolyPeptide further formalized its global approach to environment, health and safety matters (EH&S) after the appointment of a global director at the end of 2021, reporting to the Director Global Operations, who oversees the evolving EH&S regulatory landscape and works closely with each site to implement applicable EH&S regulations. An EH&S function is embedded in the local management structure of each manufacturing site. The function is responsible for respective matters, including the maintenance and continuous improvement of suitable measures to protect the environment and to continuously limit the environmental footprint in context of the Group's integrated strategy. In 2022, no reportable environmental incidents occurred.

In 2022, the Group continued to implement a Group-wide environmental management system, working towards an ISO 14001 certification for all sites. Following the certifications of the site in Braine l'Alleud in 2021, the sites in Ambernath and Strasbourg were certified in 2022. The remaining sites continue to address identified gaps in relation to the ISO standard and are targeted to receive their certifications by 2024 building on their current environmental management systems. Malmö and the US sites already have their own environmental management systems (EMS) in place and are working on the integration of the ISO requirements.

## Climate change mitigation

**Definition at PolyPeptide:** Adopting internal procedures to avoid combustion and fugitive emissions to reduce Scope 1 GHG emissions. Sourcing energy from renewable resources to reduce Scope 2 emissions and reducing Scope 3 emissions such as from suppliers, purchased goods and services and their transportation, as well as work-related travel, leased assets and investments.

While striving to continuously enhance its energy efficiency within its established EH&S practices, where possible, the Group covers its needs for electricity from available sustainable energy sources. In Europe, the two main manufacturing sites maintain contracts for renewable energy. In 2022, the Group conducted, with external support, an inaugural carbon footprint assessment under the greenhouse gas (GHG) protocol for its European manufacturing sites in Braine l'Alleud, Strasbourg and Malmö (see text box).

The Group plans to broaden the scope of its carbon footprint assessment to cover the remaining sites and intends to consolidate results for the development of a carbon reduction strategy by 2024, on which it will report within the new mandatory Swiss reporting requirements.

PolyPeptide's respective efforts are coordinated by the Director Global EH&S under the supervision of the Audit and Risk Committee of the Board of Directors and in context of the Group's integrated strategy. As part of its commitment, in 2022, the Group started the participation within the framework of CDP's climate change program, scoring a "C" rating<sup>2</sup>.

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<sup>2</sup> C rating places PolyPeptide in the Awareness band, meaning that the Group has demonstrated knowledge of the impacts on, and of, climate change issues.

### Carbon footprint assessment results for 2021

In 2022, PolyPeptide undertook with external support an inaugural carbon footprint assessment for its three European manufacturing sites, applying the GHG protocol. The Scope 3 category “Capital goods” represent the main source of emissions at all the three sites, followed by “purchased goods”, mainly linked to the volume of solvents used in production. The third relevant category is disposal of the “waste generated in operations”, with differences between the sites mainly emerging from their wastewater management.

The findings in 2022 confirmed the importance of “green chemistry” as part of the Group’s material ESG topics, which include efforts to reduce the usage of hazardous substances relative to the growing production volumes, or even replace or fully avoid them. In addition, they highlight the importance of optimizing the utilization of the Group’s production infrastructure, also by standardizing critical operational processes within its “OnePolyPeptide” strategic initiative.

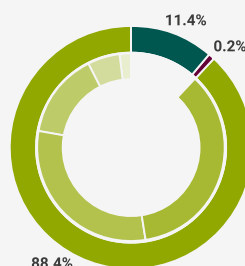
For 2023, PolyPeptide plans to broaden the scope of its efforts to cover the whole Group. While the initial findings from 2022 already provide actionable insights to address the drivers of carbon emissions at local level, a global perspective will allow the formalization of PolyPeptide’s approach to the challenges of climate change and for preparation for its mandatory climate reporting from 2024 onwards.

The total of CO<sub>2</sub> emissions for the European manufacturing sites presented in the table is market-based with a value of zero for the electricity-related emissions, since PolyPeptide sources green electricity at all the three sites. Total emissions under the location-based approach were 47,875 tons.

#### Greenhouse gas emissions for 2021 (in kt CO<sub>2</sub>e/year)

European manufacturing sites – Braine l’Alleud, Malmö and Strasbourg

<b>Scope 1</b>			
Total emissions market-based approach	5,174	11.4%	
<b>Scope 2</b>			
Total emissions market-based approach	78	0.2%	
<b>Scope 3</b>			
Category 1 – 9 included	40,312	88.4%	
● Capital goods	16,791	41.7%	
● Purchased goods & services	13,526	33.6%	
● Waste generated in operations	6,632	16.5%	
● Upstream transportation & distribution	2,458	6.1%	
● Others	905	2.2%	
<b>Total (Scopes 1, 2 &amp; 3)</b>	<b>45,564 Kilotons CO<sub>2</sub>e</b>	<b>100%</b>	



## EMPLOYER OF CHOICE

**Acquiring, developing and retaining the knowledge of employees by ensuring an attractive working environment.**

### People development

**Definition at PolyPeptide:** Attracting the right talent needed to further grow business operations. Providing employees with training and opportunities for growth, as well as respecting their needs and a healthy work-life balance in order to ensure employee retention.

Attracting the right talent and retaining it, also through the appropriate human capital development, is essential for PolyPeptide to grow its business and to implement its integrated strategy. In an increasingly competitive labor market, the Group relies on a qualified and engaged workforce to closely collaborate with customers on new solutions and to ensure a high delivery performance. To support expected growth, in 2022, the Group increased its number of employees (based on average full-time equivalents) by 9.5% to 1,139.

In May 2022, a new Chief Human Resource Officer reporting to the CEO joined the Group to further strengthen the attractiveness of PolyPeptide as an employer of choice and to harmonize HR processes, building on existing local practices. Group-wide HR standards are being developed, where the focus is on attracting, engaging and developing employees as well as strengthening talent management and performance management.

In 2022, the Group conducted for the second time, with external support, an internal global employee engagement survey under full anonymity. On a scale from 5 to 1, with 5 being the highest and 1 being the lowest, the overall engagement score for the Group was 3.7, slightly increasing from the previous year. With a participation rate of 74% of employees, the range of ratings for the main drivers remained within a narrow bandwidth of between 3.9 and 3.4. The specific results of the engagement survey were made available to the respective sites and functions in order to further develop their employees' engagement.

### Employee health

**Definition at PolyPeptide:** Ensuring the health and safety of employees by providing environment and safety training as well as encouraging employees to report on incidents and near misses to constantly improve safety protocols.

As a responsible employer, PolyPeptide aims to provide a work environment that protects the health, safety and wellbeing of all its employees. Safety regulations are made available and apply to all employees, customers, suppliers and visitors. All employees and external resources involved in manufacturing are trained in line with applicable safety standards and procedures. Employees also receive training specific to their workplace from their immediate supervisor. Where appropriate, risk analyses and mitigating measures are conducted in collaboration with external specialists.

In 2022, accident first response training and awareness campaigns for prevention were provided by the local EH&S functions at three sites, with approximately 400 attendees attending globally. In 2022, the Group incurred eleven lost time injuries (LTI), broadly stable versus the previous year, resulting in 0.8 lost working days per employee. The Group also undertook further efforts to protect employee health, including toxicological studies to classify raw materials and final products. Its green chemistry strategy is also expected to further improve working conditions by reducing the usage of toxic or carcinogenic solvents.

After the appointment of a Director Global EH&S at the end of 2021, the Group decided to work towards an ISO 45001 certification on occupational health and safety management systems for all its manufacturing sites by 2025. The first site that received the certification was Ambernath, India in 2022. The objective of ISO 45001 is the reduction of occupational injuries and diseases, including promoting and protecting physical and mental health. The Group is continuing to implement more standardized management systems across the manufacturing sites, which includes plans in 2023 to anchor the Group's ESG aspirations in the local EH&S policies.

## Diversity and inclusion

**Definition at PolyPeptide:** Hiring, promoting and including individuals from different genders and underrepresented social groups. Enabling every employee to perform at their best by ensuring equal pay for equal work, adopting a zero-tolerance policy towards discrimination and creating a fair, inclusive and mutually respectful working environment.

PolyPeptide believes that diversity of all kinds creates a more successful workplace, as the employees' diverse experiences and backgrounds provide different perspectives on business challenges and opportunities. The Group promotes fair and equal employment opportunities free from discrimination in all aspects of the employment relationship, consistent with its [Code of Business Conduct and Ethics](#) and applicable regulations in the jurisdictions it operates. It cares about creating a positive workplace and inclusive working environment that embraces diversity and inclusion.

Line managers are responsible for ensuring the balanced development of their teams with the support of the human resources organization embedded in the local management structure of each manufacturing site. The Group tracks employment trends, including factors such as gender, age, tenure and educational background.

The Group's current composition of employees shows a generally balanced mix across relevant categories, with some differences at site level. PolyPeptide is characterized by an international and cross-generational community, given its geographic footprint as well as the balanced tenure of its workforce. Overall, the gender split is at 65% male and 35% female, with a 79% male representation in Production and an almost balanced gender split in majority of the other functions.

By geographical distribution (FTE)	2022	2021
Total	1,139	1,041
Baar	6	2
Strasbourg	131	124
Torrance	194	177
San Diego	66	71
Ambernath	75	69
Malmö	300	272
Braine l'Alleud	367	326

By job categories (FTE)	2022	2021
Production	618	585
Marketing and sales	19	17
Research and development	176	154
General and administration	89	79
Quality control	130	112
Quality assurance	107	94

By age (HC) <sup>3</sup>	2022	2021
Age 18 – 24	2%	1%
Age 25 – 34	30%	30%
Age 35 – 44	28%	29%
Age 45 – 54	27%	27%
Age 55+	13%	13%

By experience (HC) <sup>3</sup>	2022	2021
<2 years	37%	33%
2 to 10 years	33%	32%
>10 years	30%	35%

By qualification (HC) <sup>3</sup>	2022	2021
PhD	8%	7%
Academic	62%	67%
Non-academic	30%	26%

By gender (HC) <sup>3</sup>	2022		2021	
	female	male	female	male
All employees	35%	65%	35%	65%
Board of Directors	17%	83%	17%	83%
Executive Committee	20%	80%	20%	80%

<sup>3</sup> Data based on headcount as at 31 December 2022.

## BUSINESS EXCELLENCE

**Maintaining close relationships across the value chain and demonstrating responsiveness to customer and other stakeholder needs.**

### Supply chain engagement

**Definition at PolyPeptide:** Actively working with suppliers to ensure responsible environmental and human rights practices as set out in the Supplier Code of Conduct. This includes holding collaborative sessions to identify, monitor and mitigate risks, offering a whistleblower hotline, as well as setting targets and applying due diligence mechanisms to new business relations.

PolyPeptide maintains a diversified global network of several thousand suppliers. To continuously improve the timely availability of supplies in the required quality and quantity, the Group relies on its procurement organization under the leadership of the Director Global Procurement, who reports to the CFO, and with purchasing functions embedded in the local management structure of each manufacturing site.

The Group actively manages and develops its supply chain, also building on its supplier qualification process in compliance with cGMP. The Group's suppliers of raw materials, goods and services are asked to adhere to the [Supplier Code of Conduct](#), which has been in place since 2017 and is available on the corporate website. They are expected to conduct their business responsibly and in line with the ethical standards of the Group, thereby protecting human rights and the environment.

To comply with the due diligence requirements, including the prevention of child labor, additional supply-chain-related procedures were developed in 2022. The scope of the supplier approval process is being broadened to now explicitly address specific aspects related to child labor. The Group thereby pursues, with external support, a risk-based approach, taking into consideration the guidance provided by ISO 26000 Social Responsibility as well as applicable ILO (International Labor Organization) Conventions and OECD (Organization for Economic Co-operation and Development) guidance.

## Product quality

**Definition at PolyPeptide:** Ensuring high quality and safety of products. This includes following current good manufacturing practices (cGMP), receiving approval from regulatory agencies such as the US FDA, customer audits and internationally recognized certification standards such as ISO.

As a CDMO, PolyPeptide adheres to stringent production standards and detailed product quality specifications agreed with customers and for approved products documented in the regulatory drug master files. Product quality is thereby managed in compliance with cGMP under the leadership of the Director Global Quality, reporting to the CEO, and with quality assurance and quality control functions embedded in the local management structure of each manufacturing site. Relevant procedures are built into the entire production process from the quality assurance of raw materials through to the testing, storage and delivery of the final packaged product to customers. All employees and external resources involved in manufacturing process are trained in accordance with the applicable cGMP guidelines, safety standards and procedures. The training requirements are defined and tracked by the Quality department, based on a Standard Operation Procedure.

Following the decision in late 2021 to bring the various quality organizations from the six PolyPeptide manufacturing sites under one leadership, a Group-wide quality plan was approved in early 2022 that defines the priorities and key initiatives for the Group's quality assurance and quality control functions. Based on a detailed analysis with feedback from regulators, customers and internal stakeholders, four focus areas were established: 1) culture of quality, 2) supplier quality, 3) quality systems and compliance and 4) quality process improvement.

In context of the Group's OnePolyPeptide strategic initiative, and within its quality plan, PolyPeptide strives to continue to harmonize and digitize its quality systems as well as to improve problem solving processes with advanced root cause analysis capabilities. Performance metrics related to quality matters are tracked and internally reported quarterly. Consistent with industry practice, PolyPeptide is subject to frequent inspections by regulatory authorities and customers. Throughout 2022, each of the manufacturing sites maintained a good standing with authorities.

## Stakeholder dialogue

**Definition at PolyPeptide:** Engaging in a solution-oriented dialogue with stakeholders on a regular basis in order to identify risks and solve issues in advance. Enabling employees to give back to local communities through corporate citizenship programs.

As part of its culture, the Group fosters a continuously high focus across the organization on the needs of its customers. It maintains close relationships with many of them over many years and at various levels of the organization. The annual customer engagement survey was conducted towards the end of 2022 and resulted in a strong net promoter score (NPS<sup>4</sup>) of 70 (2021: 75) despite the drop of its overall on-time-in-full (OTIF) delivery performance to 92% (95%).

Led by its sales organization, in 2022, the Group resumed its physical marketing activities that were largely suspended in the previous years during the coronavirus pandemic. As a result, the Group participated with its cross-functional delegations in 25 trade shows and industry conferences, mainly in Europe and the United States.

Representatives of the Group are active as members of relevant industry associations and/or collaborate with various research institutions on innovation. An open and ongoing dialogue is maintained with authorities and communities at site level, also through selected local sponsoring activities. PolyPeptide seeks to maintain an engaging and collaborative working environment and considers its relationships with its employees and their representatives to be good. The Group communicates actively on new developments through its corporate reports, media releases and its website, and maintains a targeted equity investor engagement program.

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<sup>4</sup> Based on interviews with over 100 customers in the context of an annual customer survey conducted by a third party on behalf of PolyPeptide in early 2023 with a scale range from -100 (all detractors) to 100 (all promoters).

### Stakeholder engagement

PolyPeptide maintains an open dialogue with all internal and external stakeholders. The table “Stakeholder engagement” displays an overview with examples of the stakeholder engagement as part of the daily business conduct.

Stakeholder group	Examples of stakeholder engagement and interests
Customers	Annual customer satisfaction survey Cultivating a long-term trusted partnership Mantra of "Start here – stay here" and strong customer-centric perspective
Shareholders	Consistent implementation of integrated strategy Active communication through different channels Maintaining and fostering a transparent and open dialogue
Employees	Collaborative, diverse and inclusive international working environment Fostering dialogue via townhalls, internal news and employee events Global employee engagement survey Regular dialogue to discuss individual development plans Focus on employee health and safety Active dialogue and collaboration with applicable unions and freely chosen employee representatives
Suppliers	Long-term collaboration Supplier code of conduct
Industry associations	Collaboration, also to advance innovation and sustainability
Communities	Sponsoring of local activities Charitable contributions and partnerships for civic engagement Engagement with local universities, educational institutions, students, and graduates Collaboration with local communities on employment and training opportunities for job seekers

In 2022, PolyPeptide participated in various sustainability ratings. It expanded the coverage of the sustainability rating by EcoVadis to all of the six manufacturing sites, one year ahead of its ESG agenda communicated in the Annual Report 2021. The site in San Diego (California) was awarded a gold rating, while Malmö, Braine l’Alleud, Strasbourg (France) and Torrance (California) were awarded a silver rating. The site in Ambarnath (India) was rated for the first time in 2022 with a bronze rating. As part of its commitment within the material topic “Climate change mitigation”, in 2022, the Group submitted for the first time the Climate Change questionnaire within the CDP (Carbon Disclosure Program), receiving a “C” rating. Finally, in 2022, the Group participated voluntarily with the manufacturing site in Malmö in the Pharmaceutical Supply Chain Initiative (PSCI).

## Data protection

**Definition at PolyPeptide:** Running a secure and up-to-date digital environment to safeguard the privacy of employees, customers and suppliers, as well as of sensitive intellectual property, product and business information.

As part of innovation efforts, PolyPeptide pursues a holistic digitalization strategy with a comprehensive portfolio of relevant business and support projects. Digital solutions are increasingly used or being developed across functions and along the whole value chain to strengthen the value proposition while improving processes for enhanced productivity. Data protection is thereby managed according to a global information security policy that describes the procedures and rules for an adequate level of information and cybersecurity.

The Group's IT organization is under the leadership of the Director Global IS/IT, who reports to the CFO. In 2022, the Group continued to strengthen its IT organization, also by further reinforcing the cyber security organization and by updating its plans for the evolution of its digital infrastructure, networks and applications.

In 2022, the Group conducted several of its periodic IT security reviews with the manufacturing sites and completed an ISO 27001 gap-analysis on information security that confirmed the general approach to information and cybersecurity, but also revealed areas for improvement. It also continued its mandatory IT security awareness training with 14 topics covered and a participation rate of around 90%, including live tests conducted on internal users. As part of its efforts, the Group strives systematically to ensure that the latest security releases are installed on its computer systems. In 2022, it incurred no major cyber incidents.

## Business ethics and compliance

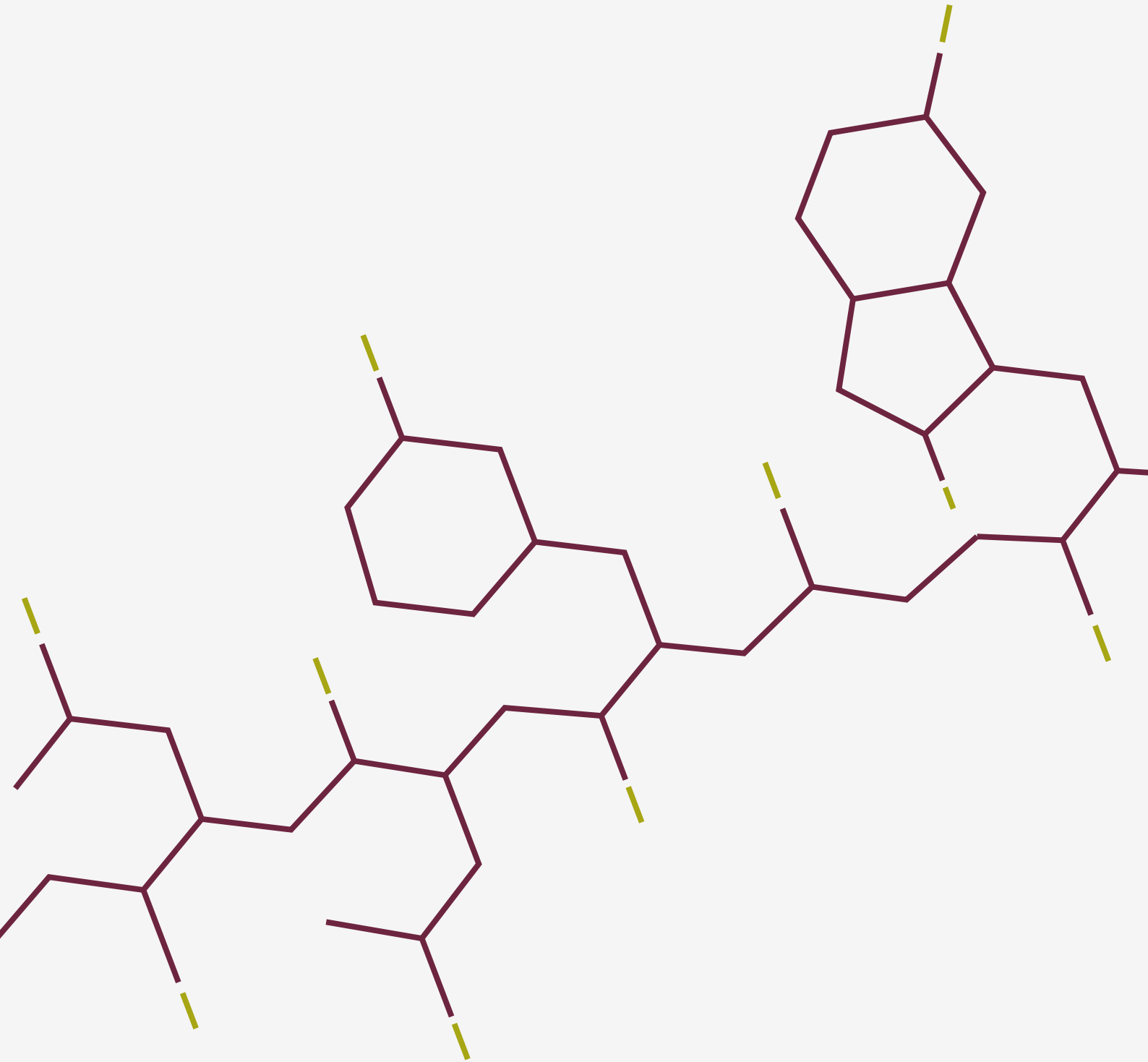
**Definition at PolyPeptide:** Complying with applicable laws and conducting business with high ethical standards. This includes topics such as corruption and bribery, political contributions, taxation, transparency, as well as anti-competitive practices.

Under the leadership of the General Counsel, reporting to the CEO, PolyPeptide maintained comprehensive efforts during 2022 to further develop its compliance programs. A cross-functional Corporate Compliance Committee (CCC) was established to promote compliance across the organization. The Group's efforts in 2022 included an update of its Code of Business Conduct and Ethics and the introduction of an enhanced screening of customers and suppliers under its sanctions and export control program.

The annual mandatory internal online training on the Code of Business Conduct and Ethics was conducted with a participation rate of 87%. In relation to the sanctions and export control program, additional training was conducted for impacted employees. PolyPeptide maintains applicable **whistleblower programs** through which anybody with knowledge or suspicion of illegal activities or irregularities can report observations confidentially and even anonymously, if desired. To ensure confidentiality, PolyPeptide mandated the operation of the hotline (24/7) by an external and independent firm. In 2022, one report was submitted to the Group's whistleblower hotline. Following an internal investigation, which was conducted with the guidance of external experts, the allegations made in the report could not be confirmed. The report was subsequently closed and summarized to the Executive Committee and the Audit and Risk Committee, with modifications made to applicable policies and procedures where opportunities for improvement were identified.

The Group finalized the implementation of an enterprise risk management framework (see further comments in the chapters **Business Review** and **Corporate Governance**). A new Internal Audit function within PolyPeptide was established in the second half of 2022, reporting directly to the Audit and Risk Committee of the Board of Directors.





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