PolyPeptide

20 Annual 24 Report

Creating the future in peptides

Corporate Responsibility Report

1. Introduction

PolyPeptide follows an integrated approach to the management of environmental, social, and governance (ESG) topics that are considered material for its business. As a contract development and manufacturing organization (CDMO) serving pharma and biotech customers, PolyPeptide must adhere to stringent product quality requirements and regulations to protect the safety of patients. The Group seeks to promote corporate responsibility and to follow fundamental principles of business ethics and compliance to drive sustainable value creation for all stakeholders.

PolyPeptide believes that the integration of material ESG topics into its strategy, operations, and enterprise risk management framework is the most effective way to meet its business needs and stakeholder expectations. It uses a set of quantitative metrics to manage relevant ESG impacts, risks, and opportunities, and to track its impact and progress on sustainable development.

For further information regarding PolyPeptide's strategy, market, and business model, see section Strategy.

This Corporate Responsibility Report covers the period from 1 January 2024 to 31 December 2024 (unless otherwise stated) and will be updated annually. It has been prepared in accordance with art. 964b of the Swiss Code of Obligations (CO) concerning transparency on non-financial matters (see section 5 Disclosures in accordance with art. 964b Swiss Code of Obligations) and with reference to the GRI Standards (see section 7 GRI content index). In accordance with the Swiss Ordinance on Climate Disclosure, this report includes the Group's first Climate Report based on the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations (see section Climate Report).

During 2024, PolyPeptide began preparing for the enhanced disclosure requirements for the financial year 2025 under the Corporate Sustainability Reporting Directive of the European Union (CSRD) and the European Sustainability Reporting Standards (ESRS). The preparations for these enhanced disclosure requirements are ongoing at the Group level with the intention of incorporating such requirements in future applicable Corporate Responsibility Reports.

The Group participates in the Carbon Disclosure program (CDP), scoring a "B" rating[1] in 2024, and improving for the third consecutive year versus the "B-" rating achieved in 2023 (2022: C). This is complemented by the EcoVadis ratings, where PolyPeptide received an "Advanced"[2] rating for its carbon management program, in 2024 and a "Bronze" rating for its ESG program.

[1] According to the CDP, the B rating places PolyPeptide in the so-called Management band (B/B- ratings), meaning that the Group is taking coordinated action on climate issues.

[2] The EcoVadis carbon scorecard is an independent assessment of the Group's carbon management system and performance.

2. Sustainability approach

Defined responsibilities, relevant guidelines and policies, the integration of sustainability into strategy and remuneration, and stakeholder engagement form crucial elements of PolyPeptide's approach to managing its material ESG topics.

All direct and indirect subsidiaries that PolyPeptide Group AG consolidates fall under the scope of this Corporate Responsibility Report 2024 and the information presented herein (for a detailed overview of PolyPeptide's consolidated subsidiaries, see section 1.1.3 Non-listed companies belonging to PolyPeptide of the Corporate Governance Report 2024 and note 11 Investments in subsidiaries of the consolidated financial statements in the Financial Report 2024).

2.1 Responsibilities and organization

At PolyPeptide, the Board of Directors is responsible for the overall direction of the Group and oversight of management, including the Group's growth strategy that recognizes the importance of ESG. Moreover, the Board of Directors oversees climate-related risks and opportunities as defined in the Climate Report. As such, the Board of Directors supervises the determination of the ESG topics that are material for PolyPeptide and approves the Annual Report, including this Corporate Responsibility Report. Oversight for sustainability matters is thematically assigned to the Remuneration and Nomination Committee, the Audit and Risk Committee, and the Innovation and Technology Committee of the Board of Directors. For details about the responsibilities and composition of these committees, refer to section 3.5.3 Working methods of the Committees of the Corporate Governance Report.

PolyPeptide ESG governance

ESG Steering Committee coordinates implementation

The responsibility and authority for carrying out operational activities of the Group are delegated to the Executive Committee. This includes the implementation of the Group's ESG activities as an integrated part of its strategy and business plans. The Executive Committee receives support from the PolyPeptide Management Committee and the ESG Steering Committee, where relevant global functions are represented. These functions have been assigned responsibility for material ESG topics, as set out in the table below, to make sure they are adequately reflected within the functional plans and, with the support of local management, in the day-to-day operations.

Assigned oversight and responsibilities for material ESG topics

Material ESG topics	Board Committee oversight	Functional responsibility (as member of ESG Steering Committee)
Product responsibility	Innovation and Technology Committee (ITC)	• Director Global Operations • Director Global Quality, Development & Regulatory Affairs
Green chemistry	Innovation and Technology Committee (ITC)	• Director Global Innovation & Technology • Director Global Quality, Development & Regulatory Affairs
Climate change mitigation	Innovation and Technology Committee (ITC)[1]	• Director Global EHS
Supply chain engagement	Audit and Risk Committee (ARC)	• Director Global Procurement
People	Remuneration and Nomination Committee (RNC)	• Chief Human Resources Officer • Director Global EHS
Business ethics and compliance	Audit and Risk Committee (ARC)	• General Counsel • Director Global IS / IT

[1] The oversight responsibility for climate change mitigation has been transferred from the ARC to the ITC in July 2024.

2.2 Guidelines and policies

PolyPeptide is subject to comprehensive regulations, including current Good Manufacturing Practices (GMP), to ensure the quality of its services and products. The Group runs a network of six manufacturing sites in Europe, the United States of America, and India, with each of the sites subject to regular inspections by regulatory agencies and audits by its customers. All sites are GMP certified, demonstrating suitable processes, methods, facilities, and controls.

The Group maintains a Quality Management System (QMS) with policies and procedures based on the obligation of PolyPeptide's customers to only use drug substances and intermediates that have been manufactured in compliance with GMP. This includes adherence to applicable guidelines, including those from the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH).

At each of its manufacturing sites, the Group strives to adhere to applicable requirements related to the protection of the Environment, Health and Safety (EHS), for which the Group maintains an internal policy.

It has further developed policies and procedures that address, among other things, due diligence and risk management principles as well as the protection of human rights. The Group has issued the following policies and codes, which are available on its corporate website:

- Code of Business Conduct and Ethics,
- Supplier Code of Conduct,
- Global Anti-Corruption and Anti-Bribery Policy,
- Global Supply Chain Policy on Child Labor, and
- Whistleblower Policies.

They are underpinned by fundamental international conventions and guidelines, including, where applicable, International Labor Organization (ILO) Conventions, the United Nations' (UN) Universal Declaration of Human Rights, the UN Global

Compact principles, the Organization for Economic Cooperation and Development (OECD) Guidance for Responsible Business, industry standards, and other relevant statutory requirements.

Furthermore, PolyPeptide has implemented various internal policies to further support compliance and ethical business practices (e.g., Insider Dealing and Market Manipulation Policy, Disclosure Policy, Global Sanctions and Export Control Compliance Policy and Procedure, Risk Assessment and Reporting Procedure, and Enterprise Risk Management Policy).

PolyPeptide endeavors to ensure the implementation of its policies, codes, and procedures. For more details about the implementation of selected policies, see section 4 Reporting on the material ESG topics.

2.3 Integration in strategy and remuneration

To support the implementation of its strategy and operational plans and for executive compensation purposes, PolyPeptide maintains a Global Balanced Scorecard. The Global Balanced Scorecard consists of financial targets as well as quantitative goals for non-financial criteria, including ESG-related aspects.

Through the Global Balanced Scorecard, ESG aspects are also incorporated in the variable compensation of the Executive Committee, as described in section 5.1.3.2 2024 STIP of the Remuneration Report. As part of the Group's Enterprise Risk Management framework (ERM), the Group also evaluates the risks and opportunities in relation to the material ESG topics, with relevant developments reported to the Board of Directors on an annual basis (see section 3.7.3 Enterprise Risk Management Framework of the Corporate Governance Report).

2.4 Stakeholder engagement

PolyPeptide maintains an open dialog with internal and external stakeholders and is a member of various pharmaceutical and industry associations as well as the local and broader business community. Associations may serve a variety of purposes, such as exchanging best practice, advancing innovation and sustainability, and fostering collaboration.

As part of its preparations for the enhanced disclosure requirements for the financial year 2025 under CSRD and ESRS, PolyPeptide conducted an online stakeholder survey during 2024. The survey involved over 200 customers, shareholders, industry associations, communities, suppliers, and employees.

In 2024, PolyPeptide maintained active memberships in various associations, such as the ACS GCI Green Chemistry Institute Pharmaceutical Roundtable, essenscia, France Chimie, Medicon Valley Alliance, Biocom California, and National Safety Council.

Stakeholder engagement

Stakeholder group	Examples of stakeholder engagement
Customers	• Customer feedback • Cultivating a long-term trusted partnership • Mantra of "Start here – stay here" and strong customer-centric perspective
Shareholders	• Consistent implementation of strategy and operational plans • Transparent, integrated corporate reporting • Open dialog and communications through different channels
Employees	• Collaborative, diverse, and inclusive international working environment • Fostering dialog via townhalls, internal news, and employee events • Global employee engagement survey • Regular dialog to discuss individual development plans • Focus on employee health and safety • Active dialog 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 universities, educational institutions, students, and graduates • Collaboration with communities on employment and training opportunities for job seekers

3. Materiality and contribution to the SDGs

In order to identify the material ESG topics and to comply with requirements from applicable regulations and standards, PolyPeptide regularly updates its double materiality analysis (DMA).

3.1 Identification of material topics

PolyPeptide's material ESG topics reported for 2024 are unchanged versus 2023. For a description of the DMA process conducted in early 2023, refer to section 3 of the Annual Report 2023.

As PolyPeptide prepares for the enhanced disclosure requirements for the financial year 2025, it conducted a DMA in line with the requirements under CSRD and ESRS, supported by a specialized sustainability advisory firm. The DMA process consisted of five steps:

1) Project initialization and context analysis.
2a) Set-up and initial assessment of potentially material topics.
2b) Development of a shortlist of material topics, including a description of their impact on society and the environment, risks, and opportunities.
3) Conducting stakeholder and management surveys.
4) Prioritization of the material topics and related impacts, risks, and opportunities.
5) Finalization of a materiality matrix.

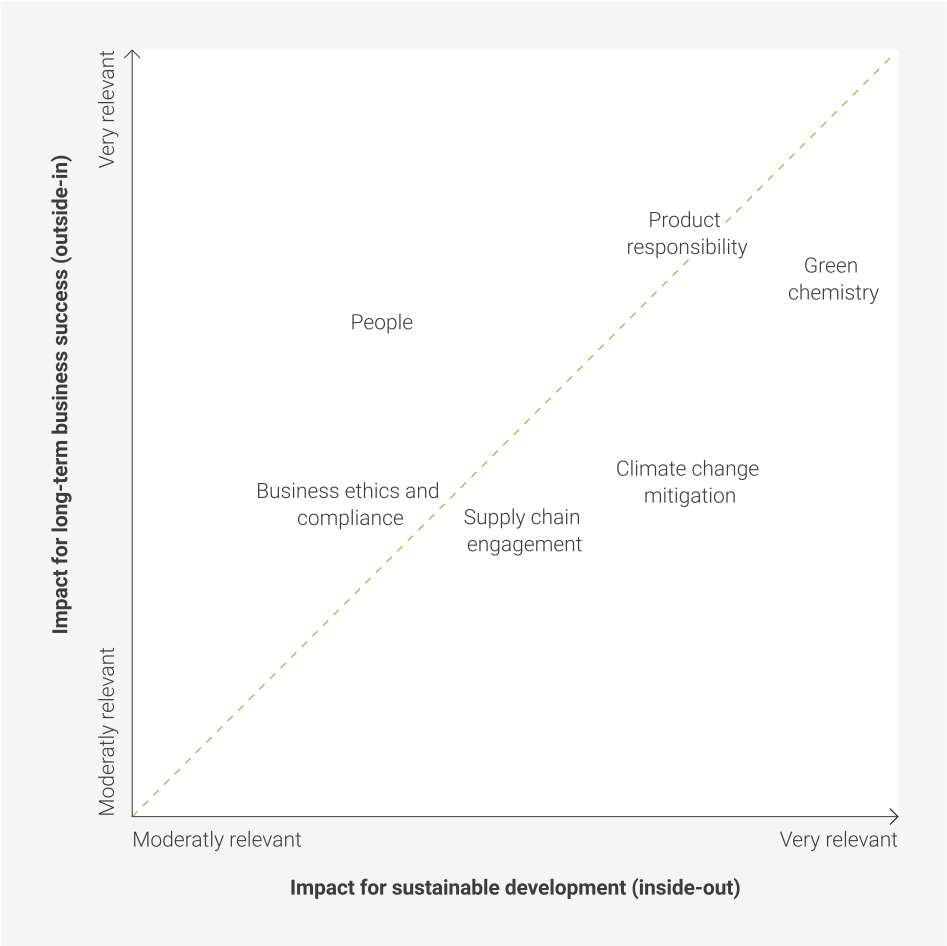
The DMA considered PolyPeptide's entire value chain (i.e., it included the company's upstream and downstream value chain in addition to the own operations).

The results of the updated DMA will be published in the Annual Report 2025. The material topics identified are broadly consistent with the topics reported for 2023 and 2024 and were approved by the Board of Directors in September 2024. PolyPeptide started during 2024 the preparations for data collection to meet the comprehensive disclosure requirements under the European regulations. To that end, the Group evaluated and selected a new data collection tool and launched its implementation.

3.2 Materiality matrix

PolyPeptide's six material ESG topics for 2024 include Product responsibility, Green chemistry, Climate change mitigation, Supply chain engagement, People, and Business ethics and compliance. The relative prioritization of the topics is illustrated in the Materiality matrix graph, ranging from moderately relevant to very relevant.

Materiality matrix



3.3 Contribution to the SDGs

The 17 SDGs with their underlying 169 targets are a shared blueprint for peace and prosperity for people and the planet. The goals were adopted by all UN member states in 2015 and take into account the economic, social, and environmental dimensions of sustainable development. The global partnership between all countries as well as the contribution made by the private sector and non-governmental organizations are crucial for the achievement of the SDGs and the agenda for sustainable development by 2030[1].

PolyPeptide endorses the UN Agenda 2030 and considers the 17 SDGs as an important reference point for a sustainable future.

In line with PolyPeptide's prioritized material topics, the Group has set its sight to contribute to the following SDG goals, recognizing the comparably limited size and impact of its business.

Materiality and contribution to the SDGs

Material ESG topics	Relevant SDGs[1]		Relevant underlying targets
Product responsibility		*Ensure healthy lives and promote well-being for all at all ages*	3.8 Contribute to providing access to quality health care services, as well as to safe, effective, quality, and affordable essential medicines and vaccines.
Green chemistry		*Build resilient infrastructure, promote sustainable industrialization, and foster innovation*	9.4 Upgrade infrastructure, technologies, and processes for sustainable and efficient use of resources.
		*Ensure sustainable consumption and production patterns*	12.4 Ensure management of chemicals and all wastes throughout their life cycle. 12.5 Reduce waste generation through prevention, reduction, recycling, and reuse.
Climate change mitigation		*Take action to combat climate change and its impacts*	13.2 Integrate climate change measures into policies, strategies, and planning.
Supply chain engagement		*Promote inclusive and sustainable economic growth, employment, and decent work*	8.7 Secure the prohibition and contribute to the elimination of child labor.
People		*Achieve gender equality and empower women*	5.5 Ensure participation and equal opportunities for leadership at all levels of decision making.
		*Promote inclusive and sustainable economic growth, employment, and decent work*	8.5 Achieve productive employment, decent work, and equal pay for work of equal value.
Business ethics and compliance		*Promote just, peaceful and inclusive societies, and build effective, accountable, and inclusive institutions*	16.5 Contribute to the reduction of corruption and bribery.

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

For more details on how PolyPeptide contributes to the individual SDG targets, please refer to section 4 Reporting on the material ESG topics of this Corporate Responsibility Report.

4. Reporting on the material ESG topics

To report on its material ESG topics, PolyPeptide pursues a structure that allows for integration of the GRI standards' requirements as well as regulations of applicable jurisdictions. For each material topic, PolyPeptide describes significant risks and opportunities for its business as well as impacts on sustainable development. Moreover, PolyPeptide provides details on its management approach, including selected metrics. For some of these metrics, internal qualitative and quantitative targets have been defined and will be further refined for potential future disclosure, as the Group advances its ESG efforts.

Pursuant to the CO, the Report on Non-Financial Matters must cover environmental matters, in particular the CO2 goals, social issues, employee-related issues, respect for human rights, and combating corruption. As part of the materiality analysis, PolyPeptide identified the material ESG topics, considering their relevance for its business as well as the CO requirements. The six ESG topics identified as material for PolyPeptide can be categorized under the non-financial matters as follows:

Non-financial matters according to the CO	Material ESG topic	Page reference
Environmental matters, in particular the CO2 goals	• Green chemistry	Page 29
	• Climate change mitigation	Page 32
	• Climate Report	Page 40
Social matters*	• Product responsibility	Page 27
	• People	Page 34
Employee-related matters	• People	Page 34
Respect for human rights*	• Supply chain engagement	Page 32
	• People	Page 34
Fight against corruption	• Business ethics and compliance	Page 37

* For PolyPeptide's disclosure pursuant to the Swiss requirements on due diligence and transparency in relation to minerals and metals from conflict-affected areas and child labor, see section 4.4 Supply chain engagement and sections 5 Disclosures in accordance with art. 964b Swiss Code of Obligations and section 6 PolyPeptide's voluntary report on child labor due diligence in its supply chain.

4.1 Product responsibility

PolyPeptide's mission is to help its customers develop products, secure regulatory approvals, and successfully launch and commercialize their products. Through its network of six GMP-certified manufacturing sites on three continents, PolyPeptide strives to meet customer requirements in terms of quality, quantity, and time.

Impact

With its expertise in the development and manufacturing of peptide- as well as oligonucleotide-based active pharmaceutical ingredients (API) and intermediates, PolyPeptide supports the drug innovation efforts of its customers and ensures a reliable supply of material. Its active custom projects and commercial projects portfolio, including generics, covers a broad range of therapeutical areas to the benefit of millions of patients. Its manufacturing and quality processes are designed to protect their safety.

Risks and opportunities

The drug development and manufacturing process contains inherent technical and business risks along the entire life cycle of a product. Flawed operational processes and controls may result in a low delivery performance. Delays in agreed production and delivery schedules and/or lower-than-expected yields from manufacturing can adversely impact the availability of medication for patients.

Advanced process development capabilities, high manufacturing efficiency, and on-time-in-full delivery performance meet customer expectations and support their drug innovation efforts.

Approach

Consistent with applicable regulations, the six GMP certified manufacturing sites of PolyPeptide maintain comprehensive policies and procedures that cover the entire value chain of their operations. In addition, PolyPeptide continuously develops its standards to enhance Group-wide consistency and coordination. Quality is assured at every production stage following the procedures from raw material procurement, testing, and storage through production, packaging, testing, releasing, and finally, delivery of the product to the customer.

Ambition

PolyPeptide aims to be the preferred long-term partner for customers throughout the entire drug life cycle. It seeks to maintain and further develop its pipeline of active custom projects and portfolio of commercial projects, diversified across therapeutical areas. With strong process development capabilities, PolyPeptide seeks to effectively support the development of complex peptide- and oligonucleotide-based API's and to meet the growing manufacturing volume requirements. With a focus on process design, GMP, and product quality, PolyPeptide strives for high manufacturing efficiency and on-time-in-full delivery performance as a driver for customer satisfaction and financial results.

Policies and commitments

The Group's goal is to help customers develop products, secure regulatory approvals, and implement successful market launches to benefit patients around the world. PolyPeptide ensures regulatory compliance through its dedication to strict production procedures and product quality standards. The Group's Quality Manual is the basis for all GMP activities. It defines which regulations are applicable and sets the basis for the policies and procedures to be followed for a specific product or service. An essential element is the Quality Plan, which includes quality performance metrics applicable across the Group.

Responsibilities

The oversight of Product responsibility at the Board level lies with the Innovation & Technology Committee. Responsibilities for implementation and day-to-day management are within the functions of the Director Global Operations and the Director Global Quality, Development, Regulatory Affairs, both reporting to the CEO.

The Director Global Operations is responsible for the Group's manufacturing network. Each manufacturing site is managed by a Site Director, reporting to the Director Global Operations, with a Head Quality Control as a direct report.

The responsibilities of the Director Global Quality, Development, Regulatory Affairs include Quality Assurance, with a Director Global Quality Assurance as a direct report and a Head Quality Assurance at each manufacturing site.

The Director Global Quality, Development, Regulatory Affairs is also responsible for the Group's Quality Management System, which is designed to ensure that PolyPeptide consistently provides products and services that meet customer and applicable regulatory requirements. It includes processes for continuous improvement of the organization, its products, services, as well as the quality system itself.

Management of impacts, risks, and opportunities

Compliance with policies, procedures and regulations is PolyPeptide's main instrument to prevent or mitigate low delivery performance, potentially leading to a lack of availability of medication for patients, and to prevent or mitigate potential adverse impacts of its products. Employees and external partners engaged in the manufacturing process undergo extensive training in compliance with GMP requirements and safety regulations. The individual training includes self-study, classroom teaching, and practical on-the-job training, which is documented. To maintain training levels, PolyPeptide provides regular refresher courses.

PolyPeptide measures and tracks operational performance through a set of metrics, procedures, and internal reports. GMP nonconformities are investigated, including an impact assessment, with reviews and approvals by appropriate individuals in the quality organization. Where needed, the Group takes appropriate corrective and preventative actions. Customers are involved in the process as defined in the respective quality agreements.

With the growing manufacturing volumes from currently strong customer demand, the Group plans to continuously invest to expand its capacities, along with an increase in its workforce. To mitigate potential risks resulting from specific investments, it seeks the active involvement and participation of customers. PolyPeptide is also developing its organization to advance its capabilities.

Achievements and challenges in 2024

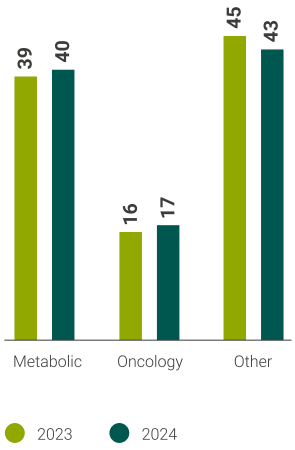
PolyPeptide recorded growth of 5.1% in 2024, reflecting the trend towards commercial revenue as well as the progression within its active custom projects late stage development pipeline. Commercial revenue increased by 31.8% and development revenue declined by 23.5% versus 2023. The revenue shares related to large pharma customers as well as metabolic diseases and oncology slightly increased.

The Group completed during 2024 its capital expenditures investment cycle 2021-2024 with capital expenditures of EUR 87.8 million in 2024. Over that period, it increased its work force by 7.4% average full-time equivalents (FTEs).

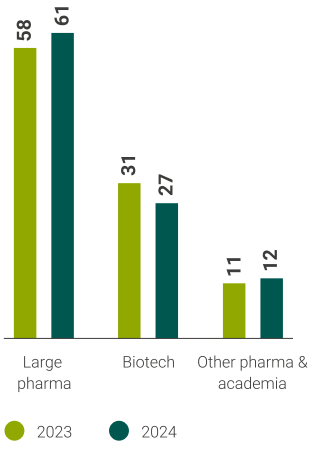
Throughout 2024, PolyPeptide remained committed to meeting the needs of its customers. With 29 (2023: 35) custom projects acquired during 2024 with existing and new customers, and with other projects being completed, discontinued, or paused, the active custom projects pipeline at the end of 2024 included 201 (204) projects, with 32 (29) projects for phase III and 38 (41) projects for phase II of clinical development. The number of the later-stage commercial projects supported during 2024 was 65 (64).

In 2024, the Group also continued to support its customers for maturing peptide-based API's. PolyPeptide submitted three Drug Master Files for Generics (Gx) in new markets (2023: 6) and gained 41 new authorizations for customers to reference PolyPeptide's Gx filings (2023: 14).

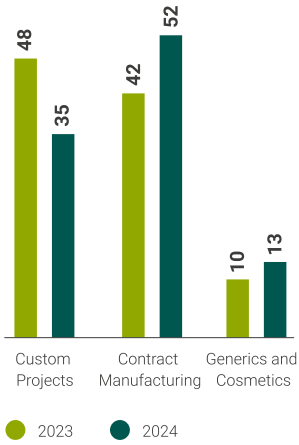
Revenue structure by therapeutical areas in %[1]



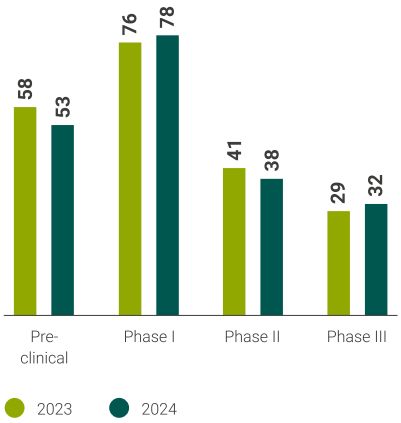
Revenue structure by customer type in %[1]



Revenue structure by business area in %[1]



Number of active custom projects[1]



[1] Approximate splits per 31 December 2023 and 31 December 2024.

PolyPeptide continued its growth journey, which included the scale-up of multiple programs with complex molecules and the start of the ramp-up of new manufacturing assets. In this context, the overall on-time-in-full delivery performance (OTIF) was 83%, comparable to 2023 (85%).

Following industry trends, for 2024 PolyPeptide discontinued reporting on the net promoter score (NPS). Going forward, PolyPeptide will put enhanced focus on individual business reviews with customers to align with their needs and ensure satisfaction.

PolyPeptide has undergone five regulatory and 46 customer GMP audits in 2024, and its audit performance has generally remained strong. Continuous improvement is facilitated by the resolution of audit comments, where appropriate actions are taken in close collaboration with customers and authorities.

4.2 Green chemistry

PolyPeptide is dedicated to applying relevant principles of green chemistry to mitigate the adverse impacts on the environment from its manufacturing activities. The Group pursues comprehensive innovation efforts to reduce, recycle, replace, or avoid hazardous solvents used in production.

Impact

The manufacturing of peptide- and oligonucleotide-based API's requires significant amounts of raw materials, including solvents and water. To improve environmental sustainability, PolyPeptide maintains a comprehensive Green program to reduce, recycle, replace, or even avoid altogether hazardous solvents used in production. The Group's experts regularly publish on the subject in scientific journals and actively collaborate to advance the industry and to make the manufacturing of patient's medications more sustainable.

Risks and opportunities

The use of hazardous chemicals in the manufacturing process could potentially harm employees' health, communities, and the environment. Strict EHS procedures and promoting green manufacturing practices against the backdrop of growing manufacturing volumes help to protect employees, the environment and safeguards communities as well as PolyPeptide's reputation.

Continuously emerging legal and regulatory requirements along with rising costs for raw materials and energy may adversely impact PolyPeptide's competitiveness. Its market position could deteriorate if competitors systematically adopt more sustainable manufacturing practices compared to those implemented at PolyPeptide. Adopting innovative manufacturing practices meets the expectations of PolyPeptide's customers and helps to strengthen the Group's competitive position and protect its profitability.

Approach

PolyPeptide uses its Green program as a fundamental element of its strategy to be the most innovative CDMO with a vision of positioning itself at the forefront of environmental sustainability. Efforts are coordinated by the Group's innovation and technology team with implementation efforts by the manufacturing sites.

Ambition

Spearheaded by the Group's global innovation and technology team, the Green program focuses on the reduction of the quantity of solvents and reagents used relative to manufacturing volumes, the replacement of hazardous chemicals by greener alternatives and the development of solvent recycling opportunities. To promote the use of its innovative technical capabilities, the Group seeks to collaborate with customers in the early product development phase and continues to upgrade its manufacturing infrastructure accordingly.

Policies and commitments

PolyPeptide maintains a Green Master Plan, which was refined during 2023 under the supervision of the Innovation and Technology Committee of the Board of Directors. By striving for the optimized use of chemical substances, the plan also helps to reduce PolyPeptide's impact on climate change (see separate Climate Report).

Also in 2023, the Group updated its global EHS policy, under which it pursues the implementation of an integrated EHS management system at all manufacturing sites. This includes each site's targeted certification under ISO 14001 (environmental management) and ISO 45001 (occupational health and safety) during 2025.

As anchored within its EHS policy statement, the Group is committed to promoting Green chemistry in projects from the early development phase, and to setting up production capacities that enable the use of Green chemistry. Furthermore, it is committed to promoting circular waste management by using processes to reduce waste, optimizing waste flows to enable their recycling and recovery, and developing solutions for solvent recycling.

Responsibilities

The oversight of Green chemistry at the Board level rests with the Innovation and Technology Committee. Responsibilities for implementation and day-to-day management are coordinated by the Green Steering group which includes all the relevant functions, including Innovation and Technology, Development, Technical Operations, Engineering, Procurement, and EHS. The Green Steering group is chaired by the Director Global Innovation & Technology, reporting to the CEO.

Management of impacts, risks, and opportunities

The reduced and optimized utilization of chemicals supports the environmental sustainability of PolyPeptide's manufacturing activities, contributes to the reduction of the Group's carbon footprint, and mitigates chemical risks for communities. Consistent with its strategic aspiration to lead in innovation, PolyPeptide's global innovation and technology team maintains and systematically advances a portfolio of projects to improve sustainability in manufacturing. This includes projects in different stages of development, including those with proprietary and protected technologies as part of the Group's intellectual property portfolio to not only enhance its competitive position, but also to generate benefits for its customers and stakeholders.

Part of the Green chemistry program is the replacement of hazardous solvents by greener substances. Several guidelines can be used to rank the greenness of the selected solvents, based on safety, health, and environmental considerations. As is customary, PolyPeptide used its reasonable discretion for the solvent classification based on its expertise and building on the guidelines published by the Chem21 Consortium. The Group follows local EHS requirements and is in regular contact with authorities.

To save solvents used in production, the Group continues to deploy its patented in-process washing concept by percolation[2], which was developed by the Group's scientists. It pursues projects to advance solvent recovery, recycling and downcycling, both in upstream and downstream processes. However, concepts for recycling or downcycling depend on, among other things, the availability of specialized facilities and service providers within a reasonable distance from the manufacturing sites.

Other efforts to manage impacts, risks and opportunities include the evaluation of disruptive technologies, which, if successful, would allow increased throughput and productivity, coupled with the reduction of solvent consumption relative to the manufacturing volumes.

[2] A percolation wash is a continuous flow wash in which a solid is washed in a continuous way by adding wash solvent at the top while withdrawing wash solvent at the same time from the bottom of the filter. In such a flow wash, the mother liquor and the associated impurities of synthesis are displaced by the wash solvent from the top to the bottom of the filter.

In addition, to progress its innovation efforts, the Group actively collaborates with customers, suppliers, academic institutions, and strategic partners. Where suitable, it shares its innovative concepts and as such helps to advance the industry and local service providers. Concepts for recycling or downcycling depend on, among other things, the availability of specialized facilities and service providers within a reasonable distance from the manufacturing sites.

PolyPeptide tracks the effectiveness of measures to reduce and optimize the utilization of chemicals through a set of metrics, procedures, studies, and collaborations.

Achievements and challenges in 2024

With PolyPeptide's manufacturing sites in Torrance and in San Diego achieving their ISO 14001 certification in 2024, all manufacturing sites are now certified under ISO 14001. Further, in 2024, the Strasbourg manufacturing site achieved the RSPO (Roundtable on Sustainable Palm-Oil) supply chain certification for its development, manufacturing, and service activities carried out for cosmetic peptides production.

In 2024 PolyPeptide continued its efforts to further optimize solvent consumption (particularly dimethylformamide (DMF)) by further developing its washing concept by percolation in the upstream processes. Percolation deployment in 2024 remained high at 82% compared to 84% in 2023, reflecting fluctuations in the product mix.

In 2024, the Group's overall solvent consumption was 3.1 metric tons relative to kilogram manufactured product[3] (2023: 2.6 metric tons/ kilogram). The increase is driven by the evolution of the product mix in 2024 towards more complex peptide sequences that required more solvents.

Efforts to replace DMF continued in 2024 , whereby 3.1% of new development projects were started with green solvents[4] (2023: 12.5%). The use of greener solvents is systematically considered in new development project proposals, subject to technical feasibility and customer preferences, both of which drove the year-on-year development. In 2024, PolyPeptide started the construction of a pilot-scale unit and an industrial manufacturing line specifically designed for the efficient and safe use of green solvents at its Strasbourg site, both planned to be operational in 2025.

In line with the Group's green chemistry program and in anticipation of the future restrictions for the use of PFAS (per/ polyfluoroalkyl substance), PolyPeptide advanced its research efforts for PFAS-free SPPS alternatives during 2024, identifying several viable options for industrial applications within green chemistry over the coming years. These research efforts enhanced the proprietary technology portfolio and selected findings have been shared with the scientific community[5].

[3] Fresh solvents exclude the Group's recycled solvents (i.e., acetonitrile that is recycled at the Braine site) and water. Manufactured products include all finished goods (independent of whether they were released or not), i.e., API, cosmetics, intermediates shipped to customers and toll manufacturing.

[4] New development projects are projects that were won in 2024, or an existing project for which the process was substantially redeveloped in 2024.

[5] See research article "Sustainable PFAS-free alternatives for TFA in SPPS", available at: www.polypeptide.com/news/research-article-sustainable-pfas-free-alternatives-for-tfa-in-spps/.

In addition to its solvent reduction and replacement efforts, the Group also continued its recycling initiatives, including an industrial offsite recycling program for solvent waste with contractors. Solvent waste is either downcycled for reuse in other industries with lower quality requirements or recycled into high-grade solvent reusable at PolyPeptide.

For the recovery of acetonitrile[6], several pilot-scale trials were run at PolyPeptide's site in Torrance, California, during 2024 together with an external partner and are planned to be continued during Q1 2025. If the trials are successful, PolyPeptide is considering designing an on-site recycling solution, complementing its existing off-site recycling practices at the site in Braine-L'Alleud, Belgium.

In 2024, PolyPeptide continued to advance its proprietary manufacturing technology with a research program to increase the throughput of its SPPS infrastructure by increasing the loading capacity of the resin. This included trials to assess the applicability of the concept in an industrial environment for different peptide sequences. In parallel, the academic research collaboration with partner institutions was further pursued.

PolyPeptide continued in 2024 its collaborative efforts, offering customers access to biochemical manufacturing options, complementing its synthetic capabilities.

In 2024, the Group's overall water consumption was 177.3 ML, with the increase versus 2023 (137.6 ML) driven by the higher manufacturing volumes.

Metric name	Definition	2024	2023
Percolation deployment	% of DMF (kg) used during percolation relative to the overall DMF consumption in SPPS projects (kg)	82	84
Solvent consumption	Overall fresh solvent consumption in metric tons relative to kg manufactured products	3.1	2.6
Green solvent projects	% of new development projects started with green solvents	3.1	12.5
Water consumption	Total water consumption in ML	177.3	137.6

[6] Acetonitrile is a key solvent used in the purification of peptides, and, after DMF, the most used solvent at PolyPeptide

4.3 Climate change mitigation

During 2024, PolyPeptide finalized its climate strategy and transition plan, including Greenhouse Gas (GHG) reduction targets which will be submitted for validation by the Science-Based Target initiative during 2025. The Climate Report includes the Group's disclosure on climate-related matters in accordance with art. 946b CO (see section Climate Report).

4.4 Supply chain engagement

PolyPeptide relies on an international network of suppliers for goods and services. The Group actively seeks to work with its suppliers to ensure and promote sustainable business and responsible human rights practices within its supply chain. It has a Group-wide Supply Chain Policy on Child Labor that reinforces its commitment to complying with all applicable laws and regulations on Child Labor.

Impact

PolyPeptide maintains a network of over 430 direct raw material suppliers around the globe. In 2024, the top 100 raw material suppliers together accounted for around 90% of the total material spending. The Group's main raw material categories constitute starting materials, solvents, reagents, and purification resins. Where feasible, PolyPeptide sources these products regionally, which benefits the environment as well as regional economies and communities. PolyPeptide actively assumes its responsibility to respect human rights, including those pertaining to Child Labor, inside its own operations and across its network of commercial partnerships. Insufficient supply chain engagement, including neglecting human rights, could have adverse effects on stakeholders along the supply chain, particularly workers and may harm the communities from which PolyPeptide sources.

Risks and opportunities

The availability of sufficient supplies is critical for PolyPeptide's customer value generation. A lack of sufficient planning and controls within its supply chain, including a lack of procedures to ensure responsible and sustainable business practices, might lead to reputational damage and delays or shortages of critical raw materials, capital goods and services, with adverse impacts on PolyPeptide's delivery performance and consequences for customers and patients.

The adequate diversification of sources, clear specifications and procedures, and direct engagement help PolyPeptide mitigate supply chain risks, ensure operational resilience, and promote ethical behavior and legal compliance along its value chain, ultimately preventing any harm to its reputation.

Approach

Operating within a highly regulated GMP business environment, PolyPeptide maintains procedures to approve and certify critical suppliers. With its Supplier Code of Conduct published on the corporate website, it expects its suppliers to conduct their business in compliance with applicable local, national, and international laws and regulations, contractual agreements, and consistent with internationally recognized environmental, social, and corporate governance standards. The Group commits to providing suitable support, in the event a supplier identifies practices or behaviors that fall short of these expectations.

Ambition

PolyPeptide believes that its suppliers should share its fundamental values and principles related to corporate responsibility. It expects them to conduct their business in compliance with all applicable local, national, and international laws and regulations, contractual agreements and consistent with internationally recognized environmental, social, and corporate governance standards. The Group is committed to safeguarding and promoting responsible human rights practices by implementing and continuously advancing its due diligence approach.

Policies and commitments

With its Supplier Code of Conduct based on the United Nations Global Compact and in force since 2017, PolyPeptide takes a proactive approach to supply chain engagement. The Code is divided into the five core sections Ethics, Labor and Human Rights, Health and Safety, Environment and Management systems. The Group's suppliers are required to observe and comply with the Supplier Code of Conduct and are encouraged to review their adherence regularly.

The Group updated the Supplier Code of Conduct and published a Global Supply Chain Policy on Child Labor in 2024 to reflect developments in Swiss law as well as its continued efforts on corporate responsibility. The supplier approval process requires, *inter alia*, an approach to identify and assess any risk of Child Labor.

Responsibilities

The oversight of Supply chain engagement at the Board level is with the Audit and Risk Committee. Responsibilities for implementation are delegated to the Director Global Procurement, who reports to the Director Global Operations. The Director Global Procurement works with the purchasing departments that are part of each manufacturing site's local management structure.

Management of impacts, risks, and opportunities

PolyPeptide requires its suppliers to acknowledge and comply with its Supplier Code of Conduct and the Global Supply Chain Policy on Child Labor. The instruments that PolyPeptide may use to identify and assess any risks of Child Labor in its supply chain are described in the Global Supply Chain Policy on Child Labor. The Group carries out a risk-based assessment to anticipate, avoid, or mitigate potential or actual adverse impacts associated with its supply chain.

Starting in 2023, with the support of a multinational assurance, inspection, product testing and certification company, PolyPeptide began engaging with selected high-risk tier 1 raw material suppliers through a questionnaire based on ISO 26000. Suppliers are selected using a risk-based approach, focused on any enhanced risks of human rights and Child Labor violations based on, *inter alia*, the UNICEF Children's Rights in the Workplace Index. PolyPeptide may further conduct on-site as well as remote audits on a case-by-case basis to verify compliance. In the event of observations or suspicions of actual or potential violations, PolyPeptide will engage with the supplier to create a remediation plan, and in severe cases terminate the relationship.

PolyPeptide's analysis in 2024 in relation to minerals and metals from conflict-affected areas established that PolyPeptide does not place in free circulation or process minerals containing tin, tantalum, tungsten or gold, or metals from conflict-affected and high-risk areas in Switzerland. PolyPeptide also performed its analysis in 2024 in relation to Child Labor (as defined in its Global Supply Chain Policy on Child Labor). PolyPeptide concluded that it does not offer any products or services for which there are reasonable grounds to suspect that they were manufactured or provided using Child Labor.

For further information on PolyPeptide's analysis in 2024 in relation to conflict minerals and metals from conflict-affected areas and Child Labor, see section 6 PolyPeptide's voluntary report on child labor due diligence in its supply chain.

Achievements and challenges in 2024

In 2024, PolyPeptide strengthened its supply chain engagement by rolling out its updated Global Supply Chain Policy on Child Labor, which was accompanied by internal communications and training.

PolyPeptide maintains a uniform supplier screening and onboarding process, starting with a search on a third-party screening interface. The process contributes to the identification of high-risk suppliers and risk-based prioritization.

As part of its due diligence process, PolyPeptide uses the services of a service provider to ensure the effectiveness of its supplier engagement. In 2023, nine selected high-risk tier 1 raw material suppliers (that are among PolyPeptide's top 100 suppliers) started their participation in assessments, including for human rights and Child Labor issues. As of 31 December 2024, ten selected high-risk tier 1 raw material suppliers have completed the assessments. With regard to human rights and/or Child Labor issues, no violations were detected. Late 2024, five new high-risk tier 1 raw material suppliers were selected to participate in the assessments during 2025. The onboarding process with these newly selected suppliers is ongoing. During 2025, PolyPeptide plans to evaluate options for the next steps with the suppliers that have completed the assessments.

PolyPeptide is committed to expanding and continuously improving the assessment of its supply chain, with a particular focus on any potential new suppliers from high-risk areas before entering into any business relationships. At the same time, PolyPeptide is committed to the ongoing training of relevant employees on the topic of Child Labor to foster awareness within the Group and cooperation with suppliers.

4.5 People

PolyPeptide depends on its employees to run its operations in line with GMP requirements and to develop its project and technology portfolio, and its organization. The Group operates in compliance with EHS regulations and upholds strict principles for a fair, inclusive, and respectful workplace that values safety and work-life balance.

Impact

Through its international manufacturing network, PolyPeptide offers qualified job opportunities, most of which are subject to continued GMP training. The manufacturing process, especially the handling of hazardous substances, entails potential health and safety risks for employees that require specific precautions. In addition, increased production volumes can have an adverse impact on employees' health and well-being. With its commitment to a safe and healthy workplace, the Group strives to enhance overall employee health and well-being and to prevent accidents, sickness, absences, and mental health issues. The Group continuously invests in the maintenance and growth of its local infrastructure and endorses innovation and the sharing of best practices between its manufacturing sites.

Risks and opportunities

PolyPeptide's manufacturing processes are complex with a high level of responsibility for employees on the shop floor. Increased production volumes and associated intensified production schedules without adequate protective measures for employees' health and well-being may lead to more accidents, sickness, absences, and mental health issues. A lack of their technical proficiency may lead to flawed delivery performance, possibly with adverse impacts on the availability of medication for patients. Staff turnover or absences increase operational risks. A lack of compliance with EHS requirements could impact financial performance, result in fines, harm PolyPeptide's reputation, impact turnover. or impact its licenses to operate.

Adherence to GMP requirements ensures the quality of products and services, while market growth and the continued development of PolyPeptide's organization provide individual employment and development opportunities.

Approach

Each of PolyPeptide's manufacturing sites is GMP certified, with established HR and EHS functions as part of the local management organization. Where appropriate, Group-wide procedures ensure global coordination.

Ambition

Attracting and retaining talent with suitable qualifications is critical for PolyPeptide's success. It strives to offer employees an attractive work environment with development opportunities, and to allow them to manage their work-life balance. It upholds strict principles for a fair, inclusive, and respectful workplace and is committed to protecting people's health and safety by eliminating hazards and reducing risks. The Group provides training programs in line with GMP requirements and actively develops its organization to manage the expected business growth.

Policies and commitments

All employees engaged in the manufacturing process go through training in compliance with GMP requirements and health and safety regulations. The individual GMP training includes self-study, classroom teaching, and practical on-the-job training, which is documented and subject to regular refreshers.

The Group follows local EHS requirements with an initiative under way to certify the manufacturing sites under ISO 45001 by the end of 2025. Its EHS Group Policy Statement intends to protect people's health and safety by eliminating hazards and reducing the risks inherent in PolyPeptide's operations, by identifying and managing psychosocial risks and by creating a pleasant and safe workplace environment where people can develop.

PolyPeptide's values and commitments are codified in its Code of Business Conduct and Ethics. While not tolerating harassment, bullying, and discrimination, the Group fosters diversity, equity, and inclusion, provides equal employment opportunities, and defends human rights and freedom of association.

Furthermore, PolyPeptide abides by applicable municipal, state, federal, and local employment regulations, including those that cover pay rates, overtime, workplace health and safety, and equal employment opportunities. Employee contracts and handbooks are provided in the local language to ensure accessibility for all employees.

Responsibilities

The oversight of People at the Board level is with the Remuneration and Nomination Committee. Responsibilities for implementation and day-to-day management are with the Chief Human Resources Officer (CHRO) and the Director Global EHS, with the CHRO reporting to the CEO and the Director Global EHS to the Director Global Engineering. They coordinate and implement Group-wide initiatives in collaboration with their colleagues with functional responsibility at the manufacturing sites.

Management of impacts, risks, and opportunities

In addition to individual GMP trainings, the Group provides employees with trainings in compliance with relevant EHS standards and protocols. Regular training is intended to ensure smooth operations, prevent accidents, and promote the health and well-being of employees, with access to medical services as appropriate.

To manage individual performance and development, the Group maintains annual performance evaluation and employee development processes. Line managers are requested to conduct suitable discussions with their team members, supported by Human Resources.

Complementing the incentive structures for its Executive Committee, the Group provides eligible employees with variable compensation, with realized pay levels subject to company performance and the achievement of individual objectives. The objectives thereby depend on the individual areas of responsibilities and typically include financial and non-financial criteria, linked to preset targets.

PolyPeptide continually monitors staff turnover, employee overtime, and absence, and takes site-specific actions where needed. Lost Time Injuries and reported workplace complaints are monitored and investigated with the appropriate remediation measures being taken. With employees leaving the Group, exit conversations or surveys are offered to collect relevant feedback.

Currently, four of the manufacturing sites have been issued an ISO 45001 certification. The certification of the two manufacturing sites in France and Sweden is expected by the end of 2025.

Occasionally, and subject to the risk assessment of new product development or construction projects, PolyPeptide conducts specific risk studies, collaborating with external specialists as necessary, to proactively identify and minimize potential threats to the health of employees or the environment.

Achievements and challenges in 2024

With continued business growth, PolyPeptide increased its employee base by 7.4% average FTEs in 2024. Significant efforts were deployed to ensure the appropriate training for new employees and to instill technical proficiency and operational best practices among the workforce.

In 2024, the Group incurred 14 Lost-Time Injuries (LTI) (2023: 11), resulting in 0.09 lost working days per employee (2023: 0.14). As part of PolyPeptide's commitment, the Group continued in 2024 its health and safety programs at the manufacturing sites, which included awareness and practical accident trainings. In addition, the sites held practical trainings with emergency responders.

More than 1,000 employees took part in the employee engagement survey 2024, yielding a participation rate of 86% (2023: 89%). The overall engagement score was 3.6, on a scale from 1 to 5, with 5 being the highest and 1 being the lowest (2023: 3.6). The survey revealed "Relationships with Colleagues", "Meaningful Participation" and "Relationship with Manager" as strengths of PolyPeptide's workplace culture, while "Feedback and Communication", "Workplace and Tools", and "Autonomy" scored lower. The specific results of the engagement survey were made available to the respective teams in order to further develop employee engagement.

A Group-wide intranet platform has been in place since 2023, fostering internal communications and cooperation, giving employees instant access to news, information, and tools across the Group.

In 2024, the average number of employees in FTEs was 1,291 compared to 1,202 in 2023. Breakdowns of the employees by geography, job category, site, age, experience, qualification, and gender are presented in the tables below.

The number of employees covered by collective bargaining agreements by the end of 2024 was 72% (2023: 71%), representing all employees in Belgium, Sweden, and France that are covered by collective agreements.

Number of employees (HC)[7]	2024	in %	2023	in %
Total	1,362	100%	1,273	100%
Baar (CH)	11	1%	8	1%
Strasbourg (FR)	152	11%	138	11%
Braine (BE)	454	33%	430	34%
Malmö (SE)	381	28%	333	26%
Ambernath (IN)	110	8%	96	8%
San Diego (US)	65	5%	65	5%
Torrance (US)	189	14%	203	16%

Average number of FTE's	2024	2023
Total	**1,291**	**1,202**
By geography		
Switzerland	10	7
France	139	131
Belgium	430	402
Sweden	350	312
India	101	90
USA	261	260
By job category		
Production	722	665
Marketing and sales	18	19
Research and development	168	177
General and administration	103	99
Quality control	161	135
Quality assurance	119	107

By age (HC)[7]	2024	2023
Age 18 - 24	3%	3%
Age 25 - 34	31%	30%
Age 35 - 44	27%	27%
Age 45 - 54	26%	27%
Age 55+	13%	13%
By experience (HC)[7]		
<2 years	33%	36%
2 to 10 years	41%	36%
>10 years	26%	28%
By qualification (HC)[7]		
PhD	7%	8%
Academic	63%	62%
Non-academic	30%	30%

By gender split m/f (HC)[7]	2024		2023	
	m	f	m	f
Production	76%	24%	78%	22%
Other functions	51%	49%	49%	51%

Gender diversity (HC)[7]		2024			2023		
		m	f	Total (absolute)	m	f	Total (absolute)
Diversity of governance bodies and employees[8]	Board of Directors	83%	17%	6	71%	29%	7
	Executive Committee	75%	25%	4	80%	20%	5
	Management[9]	66%	34%	232	64%	36%	224

[7] Data based on headcount as at 31 December 2024 and 31 December 2023. Number of employees in headcount (excl. apprentices, interns, students, trainees, contract workers, and inactive workers).

[8] PolyPeptide recognizes that gender is not a binary concept.

[9] Management refers to employees in leadership positions, including all team leader roles with at least one direct report, as well as Executive Committee and PolyPeptide Management Committee members.

4.6 Business ethics and compliance

PolyPeptide is committed to ethical behavior and compliance with legal and regulatory requirements. This includes a secure digital environment to protect sensitive data and business information. It requires adherence to its Code of Business Conduct and Ethics, with procedures in place to identify potential wrongdoing and misbehavior.

Impact

PolyPeptide's commitment to ethical behavior and compliance with legal and regulatory requirements is intended to protect its assets and the interests of its stakeholders, including customers, employees, investors, and suppliers. Its efforts to instill a culture of integrity and responsibility thereby cover partners along the supply chain. PolyPeptide is focused on the needs of its customers to the benefit of patients and strives to ensure that its activities have a beneficial impact on the communities in which it operates. Violations of business ethics and compliance may jeopardize fair market structures and distort competition.

Risks and opportunities

Non-adherence to applicable laws, rules, regulations, ethical standards, internal policies and procedures, or the loss of sensitive data, may put the Group at risk of business interruptions and legal prosecution with adverse impacts on financial performance and reputation.

By demonstrating effective controls, compliance, and a strong commitment to ethical practices, PolyPeptide secures its operational performance and positions itself as a reliable, trustworthy business partner. As part of its innovation efforts, PolyPeptide continues to adapt digital solutions to strengthen operational processes, transparency, and efficiency, including a governance framework for artificial intelligence (AI).

To balance the risk of cyber security malicious events, while complying with regulatory requirements and maintaining customer trust, PolyPeptide has initiated certification of all sites according to ISO27001:2022 Information Security Management Systems. The certification process is estimated to be completed during 2025.

Approach

The Group is subject to comprehensive regulations and stringent quality processes. Its approach to business conduct and ethics is codified in its Code of Business Conduct and Ethics, published on the Group's website.

Ambition

By requesting adherence to its Code of Business Conduct and Ethics, and with suitable internal policies and procedures, PolyPeptide seeks to ensure ethical behavior and compliance with legal and regulatory requirements. It has procedures in place to identify potential deficiencies, wrongdoing, and misbehavior, with differentiated procedures to assess and remediate infractions.

Policies and commitments

All employees, including managers and the members of the Board of Directors, are subject to the Code of Business Conduct and Ethics, which emphasizes the Group's commitment to ethics and compliance, sets forth the basic standards of ethical and legal behavior, provides reporting mechanisms for known or suspected ethical or legal violations, and helps to prevent and detect wrongdoing. Supplementing the Code of Business Conduct and Ethics and the Supplier Code of Conduct, the Global Anti-Corruption and Anti Bribery Policy sets out PolyPeptide's principles for integrity and against corruption and bribery. It further provides guidance on how to recognize and deal with potential bribery and corruption issues.

Building on its core values of "Innovation", "Excellence", and "Trust", PolyPeptide fosters an agile, open, and collaborative work environment with an atmosphere of honest and open communication. In addition, its whistleblower policies and procedures allow anyone to voice concerns about a possible wrongdoing confidentially and even anonymously, if desired, and without fear of reprisal.

PolyPeptide maintains a set of internal policies and procedures to ensure good corporate governance, including the Global Sanctions and Export Control Compliance Policy and Procedure, the Enterprise Risk Management Policy, the Risk Assessment and Reporting Procedure, a Disclosure Policy, and an Insider Dealing and Market Manipulation Policy.

During 2024, PolyPeptide introduced its Artificial Intelligence Policy as part of the commitment to ethical business conduct and compliance with AI regulations. The newly established governance framework, aligned with existing data privacy and information security frameworks, aims to foster ethical AI practices, transparency, accountability, and regulatory compliance. Key principles of PolyPeptide's AI governance include ensuring patient safety, ethical application of AI models, transparency, and data security.

The Group maintains an Enterprise Risk Management framework, providing a consistent, Group-wide perspective of identified key risks, presented to, and approved by the Board of Directors. During the 2024 risk assessment process, the Group increased focus on and the integration of sustainability-related topics, ensuring that environmental, social, and corporate governance risks and opportunities as identified in the double materiality assessment process are part of the Company's risk management and strategic planning processes. Regular internal audits focus on areas including the Group's control environment, aligned with the strategic priorities and risks identified.

As outlined under section 4.4 Supply chain engagement, PolyPeptide also expects its suppliers to conduct their business ethically and in compliance with applicable local, national, and international laws and regulations, contractual agreements and consistent with internationally recognized environmental, social, and corporate governance standards.

Responsibilities

The oversight of Business ethics and compliance at the Board level is with the Audit and Risk Committee. Responsibilities for implementation are delegated to the General Counsel, who also holds the position of the Group's Governance, Risk, and Compliance Officer. The Group's IT organization is under the leadership of the Director Global IS/IT, who reports to the CFO.

The cross-functional Corporate Compliance Committee (CCC) is responsible for promoting corporate compliance, including the protection of data privacy and information security, and identifying potential violations to ethical business conduct. The Group maintains a corporate compliance program to continuously prevent and identify infractions of laws, rules, policies, and guidelines.

While the Board of Directors retains the ultimate responsibility for risk management and for determining the appropriate level of risk that PolyPeptide is willing to accept, the PolyPeptide Management Committee (together with the Audit and Risk Committee) is responsible for ensuring that the operation of the Enterprise Risk Management Framework is sound, including risk management of significant risks through the monitoring of specified actions.

Finally, the Group's Head of Internal Audit, reporting to the Audit and Risk Committee, plays an instrumental role in ensuring adequate Board oversight with the instillment of effective, compliant, and responsible business practices. The Head of Internal Audit implements an annual audit plan, presented to and approved by the Audit and Risk Committee, and reports findings with best practice recommendations to the Audit and Risk Committee.

Management of impacts, risks, and opportunities

The Group has differentiated legal and compliance procedures in place to prevent or assess and remediate any identified infractions of applicable laws, rules, policies, and guidelines. Its Code of Business Conduct and Ethics is part of the onboarding of new employees and regular trainings, including annual e-learnings.

The PolyPeptide Management Committee, together with the General Counsel and other internal stakeholders, annually conduct a risk assessment and evaluate strategies to address the risks and opportunities identified. A risk assessment report, including the probability and consequences of identified risks, is presented to the Audit and Risk Committee and the Board of Directors annually for a deep-dive discussion.

Observations and corrective actions resulting from internal audits have defined owners and due dates, with the implementation progress of defined actions being systematically monitored and reported.

The Global IS/IT organization monitors and audits the digital environment to detect and respond to any potential threats or breaches that could compromise the confidentiality, integrity, or availability of sensitive data and business information. By providing the necessary infrastructure, software, and support, Global IS/IT supports and facilitates the digital transformation of PolyPeptide's processes, products, and services.

The Group provides regular digital and, where suitable, on-site trainings on business ethics, compliance, and cybersecurity. Through targeted internal messaging to employees, it seeks to ensure that employees are aware and knowledgeable about relevant standards and procedures, including the whistleblower hotlines operated 24/7 by an independent third party in relevant local languages.

The results of the digital ethics, compliance and cybersecurity awareness trainings are examined for effectiveness and continued improvement. The generally positive feedback and outcomes from the Group-wide e-training efforts demonstrate good acceptance and cultural compatibility of the training programs. Some of the manufacturing sites provide further trainings, for example, in the US, to combat harassment and discrimination.

Achievements and challenges in 2024

In 2024, the Group made continuous progress with its business ethics and compliance programs. Membership of the CCC was expanded to ensure relevant cross-functional representation. PolyPeptide also introduced a governance framework for AI, including the implementation of an Artificial Intelligence Policy, with key principles to ensure an ethical approach to related risks and opportunities. The Group further updated its whistleblower e-learning with active communications. It also updated its Code of Conduct and Ethics with a focus on the topic of conflict of interest and added a new form for reporting potential or actual conflicts of interest. PolyPeptide further updated its Group-wide Supply Chain Policy on Child Labor to reflect its continued efforts to promote corporate responsibility. Further trainings included the Code of Conduct e-learning and the IT-security awareness training.

% of completed e-learning activities by employees	2024	2023
Code of Conduct e-learning	92%	92%
Whistleblower e-learning	90%	91%
IT-security awareness e-learning	93%	93%

In 2024, PolyPeptide had no significant compliance violations. PolyPeptide considers significant compliance violations to be those that must be publicly reported.

During 2024, PolyPeptide continued efforts to promote and raise awareness of its whistleblower programs.

The Group received ten whistleblower reports in 2024 (2023: two). During 2024, the investigation for seven reports has been closed and summarized to the Executive Committee and the Audit and Risk Committee, with a summary to the Board of Directors. Four out of seven closed reports were partially or fully substantiated with appropriate actions taken and three closed reports were not substantiated. The investigation for the remaining three reports is still ongoing.

In 2024, there were no legal actions during the reporting period regarding anti-competitive behavior or violations of anti-trust, pending or otherwise.

Climate report

As previously announced, PolyPeptide finalized its climate strategy and transition plan during 2024, including Greenhouse Gas (GHG) reduction targets which will be submitted to the Science-Based Target initiative for approval during 2025. With the support of a specialized external agency, this Climate report was prepared in accordance with art. 964b of the Swiss Code of Obligations (CO) and is based on the “Recommendations of the Task Force on Climate-related Financial Disclosures” (version June 2017) and the annex “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures” (version October 2021).

As part of its commitment on climate related matters, the Group continued to participate within the framework of CDP’s climate change program, scoring a “B” rating in 2024 and improving for the third consecutive year versus the “B-” rating achieved in 2023 (2022: C).

Governance

The governance of the Group's strategy, including its climate change transition plan and GHG reduction targets, ensures oversight and effective implementation.

The Board of Directors is responsible for the Group's strategic direction and sustainability objectives, aligning financial, business, and ESG interests. This includes assessing climate-related risks and opportunities, ensuring implementation, and regulatory compliance. The Board annually reviews ESG trends and regulations to keep policies aligned with evolving requirements and considers climate-related issues in strategy, risk management, and performance objectives.

In July 2024, the oversight responsibility for the climate change strategy was transferred from the Audit and Risk Committee (ARC) to the Innovation and Technology Committee (ITC).

The implementation of the Group's climate strategy is coordinated by the cross functional Green Steering Committee, which also is responsible for the implementation of the Group's Green Master Plan (see section Green Chemistry). This plan includes initiatives that impact both the optimized use of chemical substances and the Group's carbon footprint.

The Director Global EHS, a member of the Green Steering Committee, develops and deploys the transition plan, oversees GHG emissions assessments, and updates progress toward science-based targets. He ensures clear reporting mechanisms for tracking and managing climate-related matters, to meet the Group's climate targets. The Director Global Operations and site directors execute the transition plan at manufacturing sites.

The ESG Steering Committee ensures that progress on the transition plan implementation is disclosed and that all regulatory requirements are considered. Internally, progress is reported as follows:

- Board of Directors (annually),
- ITC (twice per year),
- Green Steering Committee (quarterly), and
- ESG steering committee (periodically).

Independent third-party assurance verifies data accuracy, see also the Independent practitioner's limited assurance report on selected non-financial information. The transition plan is reviewed every five years, with annual assessments for updates. The Director Global EHS organizes the review and presents it to the relevant governance bodies.

The Group's Enterprise Risk Management (ERM) framework ensures a consistent approach to identifying, assessing, and managing risks and opportunities, also related to climate change. The Board of Directors holds ultimate responsibility for risk management, while the ARC oversees the ERM framework.

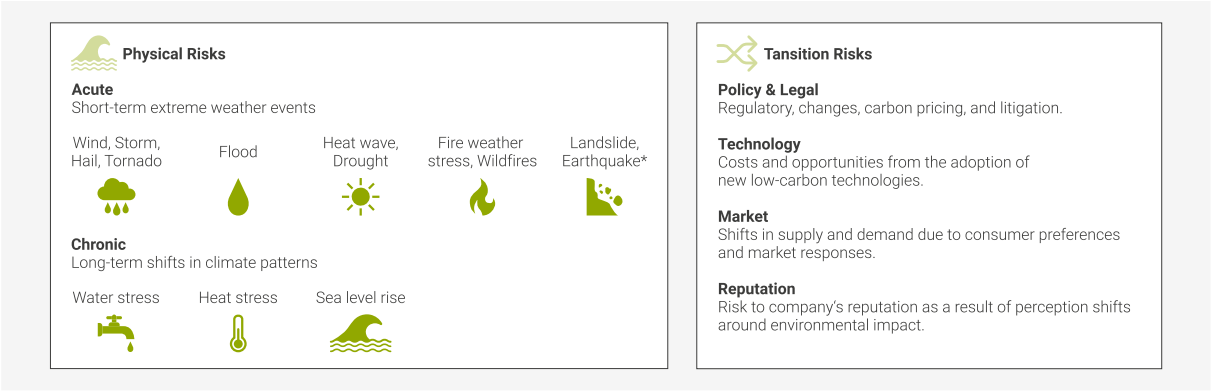
Strategy

Climate-related risks and opportunities

Climate-related risks encompass potential challenges that PolyPeptide may face because of the changing climate and associated environmental, economic, and social responses. These risks can affect operational continuity, financial performance, and strategic positioning.

In line with the TCFD recommendations, climate-related risks are defined as **physical** risks (chronic, acute) and **transition** risks (policy and legal, technology, market, and reputation).

Figure 1: Physical and transitional risks



*) Earthquakes are not related to climate change, but since they can cause substantive damage, they were also included in the analysis

Approach and assessment

Physical risks

For assessing climate-related risks, PolyPeptide used a quantitative as well as qualitative approach including different scenarios also applied by the Intergovernmental Panel on Climate Change (IPCC). For the assessment of physical risks, PolyPeptide used the Munich Re Location Risk Intelligence Tool, which evaluates numerous risks and possesses a high spatial resolution, and the support of external consultants from the Climate&Strategy Foundation.

Scenarios

The IPCC released its 6th assessment report in 2023, which redefined the forefront of climate change modeling. Previously, climate change scenarios primarily focused on the progression of greenhouse gas concentrations, described by Representative Concentration Pathways (RCP). The IPCC has adopted a more comprehensive approach for envisioning the development of the 21st century. It advocates for the use of Shared Socioeconomic Pathways (SSP) in future models. These SSP scenarios incorporate the RCP framework into broader and more tangible narratives that explore potential human responses to the challenges posed by climate change. The Munich Re Location Risk Intelligence Tool facilitates this approach by offering climate risk data across various SSP scenarios, enabling the integration of physical risks into informed decision-making processes.

An essential element of the scenario analysis is choosing a range of scenarios that encompass a broad spectrum of potential future results, including both positive and negative outcomes.

For its physical risk assessment performed in 2024, PolyPeptide used an optimistic, a moderate and a worst-case SSP scenario[1] to facilitate challenging “what if” analyses, encompassing a broad spectrum of assumptions about future developments:

- SSP1-2.6 (Sustainability) representing an expected warming at the end of the 21st century of around 1.0–2.4°C relative to the pre-industrial period (1850–1900)
- SSP2-4.5 (Middle of the road) representing an expected warming at the end of the 21st century of around 2.1–3.5°C relative to the pre-industrial period (1850–1900)
- SSP5–8.5 (Fossil-fueled development) representing an expected warming at the end of the 21st century of around 3.3–5.7°C relative to the pre-industrial period (1850–1900).

Physical risk scenarios: assumptions, uncertainties and constraints

RCP scenarios have the following uncertainties: they do not contain information regarding the socioeconomic conditions (GDP, population, etc.), technology, and regulatory landscape; there are uncertainties in the translation of emissions profiles to concentrations and radiative forcing.
SSP scenarios have the following uncertainties: they do not explore conditions about the types and success of global and national climate policy; they contain only qualitative information about the conditions described above, and may not help to quantify certain outcomes; they are designed to think about the rate of technology development and transfer broadly, thus do not explicitly explore all low-emission or CO2 removal technologies; each SSP provides a narrative and accompanying development assumptions, all of which relate to future uncertainty.

Furthermore, existing climate models mainly focus on predicting averages and totals, like the number of days or total precipitation, rather than offering insights into distribution patterns and extreme events. This presents a significant limitation since understanding extremes is vital for evaluating physical risks. To mitigate this issue, the “unexpectancy index” was introduced in PolyPeptide’s analysis. It integrates trends from various risks across different scenarios and timeframes to more accurately reflect the impact of extreme weather events that may have been missed by the Munich Re Location Risk Intelligence Tool.

[1] Sources: https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf; Munich Re

For each of PolyPeptide’s manufacturing sites, the Munich Re tool reports were reviewed, supplemented by an analysis on a topographic map. Subsequently, flood and sea level rise risks were assessed using national or regional flood risk maps.

The physical risks were categorized as presented in Table 1 and assessed across three scenarios and future time frames (2030, 2050, 2100), based on IPCC key dates. Risks were linked to operational impacts like heat stress, higher energy use, potential blackouts, and reduced working hours, and rated as low, medium, or high.

The Group conducted a vulnerability assessment for its manufacturing sites, considering factors like turnover contribution, asset damage risk, and water-related risks such as drought. For the latter, PolyPeptide extended the analysis by considering the site’s water usage. By tallying the actual business risks associated with physical threats and their projected severity, informed by Munich Re evaluations and supplemented with risk analyses, the Group assigned a rating of likelihood and vulnerability to each location on a five-tier scale (low, medium-low, medium, medium-high, high) across seven distinct risk categories (refer to Table 1).

Table 1: Climate-related physical risks for PolyPeptide's manufacturing sites

Physical risk type	Description	Climate scenario	2030	2050	2100
Chronic - Sea	**Sea Level Rise** locations subject to flooding from the sea	SSP1-2.6	no risk	no risk	no risk
		SSP2-4.5	no risk	no risk	no risk
		SSP5-8.5	no risk	no risk	no risk
Chronic - Temperature	**Heat stress, Water stress** can result in higher electricity demand, blackouts and negative impacts on workforce (e.g., health, safety, absenteeism)	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	**medium**
Acute - Wind/Storm	**Tropical cyclone, Extratropical Storm, Hail, Tornado** can result in damage to property, mobile fleet, supply chain interruptions and increasing insurance prices	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	medium-low
Acute - Water	**Fluvial flood, Pluvial flood, Flash flood (Precipitation Stress Index also considered)** can result in damage to property, mobile fleet, supply chain interruptions and increasing insurance prices	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	medium-low
Acute - Extreme heat	**Heat waves, Droughts** can result in reduced revenue and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism), higher electricity demand, blackouts	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	**medium**
Acute - Fire	**Fire Weather Stress, Wildfires** can result in damage to property, mobile fleet, supply chain interruptions, smoke hazard	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	medium-low
Acute - Solid mass	**Landslide, Earthquake*** can result in damage to property, mobile fleet, supply chain interruptions,	SSP1-2.6	medium-low	medium-low	medium-low
		SSP2-4.5	medium-low	medium-low	medium-low
		SSP5-8.5	medium-low	medium-low	medium-low

* Earthquakes are not related to climate change, but since they can cause substantive damage, they were also included in the analysis.

Legend for risk assessment: no risk - low - medium-low - medium - medium-high - high

The results of the analysis with the Munich Re tool for physical risks are presented for three future time horizons: by 2030, by 2050, and by 2100.

Time horizon is defined by the Munich Re Location Risk Intelligence Tool and aligned with the IPCC scenarios.

The scenario analysis results suggest that PolyPeptide's manufacturing sites are generally not substantially vulnerable to climate-related physical risks. Nonetheless, a detailed examination of individual sites shows that certain risks need to be considered:

- The location in India is potentially exposed to flash floods, currently assessed as medium-low under various climate scenarios by 2030, with the risk possibly escalating to medium by 2050 and 2100 in scenarios of moderate and fossil-fuel intensive development.
- Europe is experiencing an increased frequency of extratropical storms, which can negatively impact operations, albeit typically in the short term.
- Locations in the US are exposed to tornadoes, which could disrupt operations.
- Additionally, California is susceptible to earthquakes. While not connected to climate change, these seismic events can lead to substantial property damage, power outages, and disruptions in the supply chain.
- Climate change signifies a substantial shift in temperatures, affecting all manufacturing locations. The risk of heatwaves can result in blackouts, a surge in electricity demand, and considerable effects on employee health and well-being. Additionally, temperature changes are likely to increase water demand even as global availability diminishes.

To identify priority areas in the Group's upstream value chain that may be vulnerable to climate-related physical risks, a further scenario analysis of its primary suppliers covering over 40% of the total procurement spend was conducted. The findings indicate that supplier locations are at a higher risk of physical threats than PolyPeptide's production facilities. The risks include an increase in the frequency and severity of floods and tropical cyclones in Asia, while suppliers in Europe, particularly from Greece, face the threat of rising average temperatures, heatwaves, and droughts. These conditions may lead to increased costs for goods sourced by the Group and, in certain instances, could result in operational halts and shipment delays. The mitigation strategies determined from this analysis involve: obtaining Supplier Business Continuity Plans, qualifying alternative suppliers, and establishing a program for the systematic evaluation of key suppliers (those in the upstream supply chain of essential materials or with a substantial portion of the Group's expenditures) concerning the impact of climate change.

Transition risks

For the identification of the transition risks, PolyPeptide followed a qualitative multi-step approach, involving its internal specialists from different departments. The process started with a benchmark analysis. This served as basis for an expert workshop with involvement of Internal Audit, Global Engineering and Manufacturing Technology, Global Procurement, Corporate Compliance, Investor Relations, Legal, and Global EHS. The workshop comprised both an educational segment and an assessment phase. Consequently, a revised list of potential transition risks has been compiled for further analysis in an internal stakeholder survey. The survey was used to evaluate the following aspects:

- The perception of risk and its potential impact on the Group,
- Time horizon of the risks (short-, medium-, and long-term),
- The geographic occurrence and financial effects, and
- The likelihood, magnitude, and primary response to each risk.

Consequently, a final list of transition risks was compiled, examined, prioritized, and assessed regarding their potential financial impact and their integration into the ERM framework.

Physical and transition risks: financial impact assessment

Having assessed the physical and transition risks for the Group, the **financial impact** of each risk type was estimated.

Climate-related issues may affect the financial position of the Group, including factors such as:

- Increased direct and indirect operating costs: e.g., energy costs, procurement and transportation costs, and costs of insurance,
- Increased capital investment in low-carbon technologies, R&D, and innovation,
- Potential loss of revenues due to changing customer behavior, and
- Potential fines or penalties.

The financial impact assessment evaluated all the aforementioned factors.

Table 2a: Identified physical climate-related risks

Risk group	Risk name	Potential financial impact: description & assessment	Primary response to risk
Chronic - Temperature	Heat stress, Water stress	**Description** • Higher electricity demand • Reduced number of working hours **Assessment:** LOW	• Energy efficiency and backup power systems • Backup water sources for essential operations • Monitoring of water purifying systems • Installation of equipment to control workplace temperatures
Acute - Extreme heat	Heat waves, Droughts	**Description** • Higher electricity demand • Reduced number of working hours **Assessment:** LOW	• Energy efficiency and backup power systems • Backup water sources for essential operations • Monitoring of water purifying systems • Installation of equipment to control workplace temperatures
Acute - Wind/Storm	Tropical cyclone, Extratropical Storm, Hail, Tornado	**Description** • Damage to property • Supply chain disruptions **Assessment:** LOW	• Increase in stock of critical raw materials • Backup power systems • Scheduled relocation of operations
Acute - Water	Fluvial flood, Pluvial flood, Flash flood	**Description** • Damage to property • Supply chain disruptions **Assessment:** LOW	• Increase in stock of critical raw materials • Scheduled relocation of operations
Acute - Fire	Fire Weather Stress, Wildfires	**Description** • Damage to property • Supply chain disruptions • Reduced number of working hours • Smoke hazard **Assessment:** LOW	• Increase in stock of critical raw materials • Backup power systems • Backup water sources for essential operations • Scheduled relocation of operations
Acute - Solid mass	Landslide, Earthquake	**Description** • Damage to property • Supply chain disruptions **Assessment:** LOW	• Increase in stock of critical raw materials • Backup power systems • Scheduled relocation of operations

Table 2b: Identified transitional climate-related risks

Risk group	Risk name	Potential financial impact: time horizon - description - assessment	Primary response to risk
Policy and Legal	Carbon pricing mechanisms / Increased pricing of GHG emissions	**Time horizon:** Medium-term **Description** • Increased direct costs • Increased indirect [operating] costs **Assessment:** LOW	• Infrastructure, technology, and spending
Policy and Legal	Enhanced emissions-reporting obligations	**Time horizon:** Short-term **Description** • Increased indirect [operating] costs • Fines, penalties or enforcement orders **Assessment:** LOW	• Compliance, monitoring, and targets
Policy and Legal	Non-compliance with regulations	**Time horizon:** Medium-term **Description** • Fines, penalties or enforcement orders **Assessment:** LOW	• Compliance, monitoring, and targets
Market	Changing customer behavior	**Time horizon:** Medium-term **Description** • Decreased revenues due to reduced demand • Increased direct costs **Assessment:** CRITICAL	• Compliance, monitoring, and targets • Infrastructure, technology, and spending
Market	Increased cost of raw materials	**Time horizon:** Medium-term **Description** • Increased direct costs **Assessment:** LOW	• Infrastructure, technology, and spending
Technology	Costs of transition to lower emissions technology	**Time horizon:** Medium-term **Description** • Increased direct costs **Assessment:** LOW	• Infrastructure, technology, and spending
Technology	Transition to increasing recycled content	**Time horizon:** Medium-term **Description** • Increased capital expenditure **Assessment:** CRITICAL	• Infrastructure, technology, and spending

Note on time horizons:

PolyPeptide defines the time horizons as follows: short-term: 0–2 yrs, medium-term:
2–5 yrs, long-term: 5–15 yrs. The result presented in the table above represents the time horizon the transitional risk is expected to surge.

Climate-related opportunities

PolyPeptide also evaluated climate-related opportunities , focusing on enhancing the efficiency of its production processes and using low-carbon energy sources.

In terms of production efficiency, PolyPeptide considers its Green Master Plan as a critical, integral element of its strategy. The Group's innovation and technology team coordinates innovation efforts, while the manufacturing sites handle implementation. The program prioritizes reducing the quantity of solvents and reagents relative to production volumes, substituting hazardous chemicals with greener alternatives, and creating solvent recycling opportunities. The Group collaborates with customers during the initial stages of product development and upgrades its manufacturing infrastructure to support its innovative technical capabilities.

PolyPeptide refined its Green Master Plan in 2023, aiming for the efficient use of chemicals to mitigate its climate change impact. In the same year, the Group revised its global EHS policy statement, committing to an integrated and certified environmental management system at all manufacturing sites in accordance with ISO 14001. With the progress made over the last two years, all manufacturing sites will operate in 2025 with this certification.

Moreover, the EHS policy statement underscores the Group's dedication to green chemistry from the early development stages and establishing production capacities for its application. Additionally, the Group promotes circular waste management by minimizing waste, enhancing waste stream recycling/recovery, and advancing solvent recycling methods. For example, the segregation of water from solvent waste is crucial to decrease the volume of waste requiring incineration at the manufacturing site in Malmö, Sweden. Furthermore, PolyPeptide is steadily transitioning to electricity generated from renewable sources.

Table 3: Climate-related opportunities

Description	Where the opportunity can materialize	Potential financial impact: Time horizon - description - assessment - likelihood	Strategy to realize the opportunity
Increased efficiency of production and/or distribution processes			
Green program, green chemistry, recycling of solvents	Europe, US, India	Time horizon: Short-term Description: Reduced direct costs Assessment: Medium Likelihood: Very likely	• Green program involves departments like Innovation, Development, EHS, and Engineering, and they currently work in close collaboration to define goals, governance, and actions
Segregation of water in waste of solvent to reduce the quantity of incinerated waste	Sweden	Time horizon: Medium-term Description: Reduced direct costs Assessment: Medium-low Likelihood: Likely	• Business case evaluation in progress
Use of low-carbon energy sources			
Switching to electricity from renewable sources	France, US	Time horizon: Short-term Description: Increased revenues resulting from increased demand for products and services Assessment: Medium Likelihood: Likely	• In 2024, an electricity contract in France and San Diego for 100% renewable electricity supply was secured
Use of recycled material for GMP activities			
Recycling of solvent and reuse of recycled solvent for GMP activities	US, Belgium	Time horizon: Medium-term Description: Reduced direct cost Assessment: Medium-term Likelihood: Likely	• Development of partnership with recycle plant

*) PolyPeptide defines the time horizons as follows: short-term: 0 - 2 yrs, medium-term: 2 - 5 yrs, long-term: 5 - 15 yrs.

Climate change resilience

PolyPeptide is committed to implementing green chemistry principles to lessen the environmental impact of its manufacturing processes. The Group is dedicated to advancing green chemistry in projects from the initial development stages and to establishing production capacities that facilitate its application. The production of peptide-based APIs necessitates substantial quantities of raw materials, such as solvents and water. PolyPeptide is committed to enhancing environmental sustainability through a robust green program aimed at reducing, recycling, replacing, or altogether avoiding the use of hazardous solvents in production.

The Group's specialists work with external experts and collaborations, exchanging industry trends in roundtables and with expert groups to push the industry forward and make the production of medications more sustainable for patients. The Group aims to engage with customers during the initial phase of product development and consistently enhances its manufacturing infrastructure to support this collaboration. It recognizes that the ever-evolving legal and regulatory demands, coupled with increasing costs of raw materials and energy, could adversely affect PolyPeptide's financial profile. Therefore, embracing innovative manufacturing techniques not only aligns with customer expectations but also bolsters the Group's market position and safeguards its competitiveness.

Overall, considering the various scenarios assessed in relation to climate-related risks, PolyPeptide believes it has a resilient strategy and business model that thrives across different potential outcomes. This approach focuses on managing supply chain risks, advancing research and development, leveraging technological innovations - particularly in solvent recycling - and engaging stakeholders. A key element of this strategy is maintaining close dialogue with customers to ensure their needs, including those related to climate concerns, are effectively met.

Risk Management

Identification and assessment of climate-related risks and opportunities

For a detailed description of the approach for the identification and assessment of climate-related risks and opportunities and the estimation of the financial impact, see Strategy section of this Climate Report.

Risk Governance and Enterprise Risk Management

PolyPeptide's Risk Governance and ERM cover all sites, functions and individuals employed. The Group has implemented a risk management model to identify opportunities and manage risks. Global functions are responsible for identifying, analyzing, mitigating, and monitoring risks as risk owners.

The PMC is tasked with ensuring the robust operation of the ERM framework, encompassing the management of significant risks and the exploitation of opportunities. It undertakes risk analysis in collaboration with the risk owners. In the event of significant unanticipated risks, the PMC promptly reports these to the ARC and the Chair of the Board of Directors. The ARC and the Board of Directors conduct a deep-dive review of the ERM report once per year. The climate related risks with the mitigating measures and opportunities are shown in Table 2a, 2b, and 3. The structured approach to risk management ensures that PolyPeptide continually monitors and improves its handling of key risks, aligning its strategies to mitigate or exploit them as appropriate. This approach is also applied to future business development activities (see Strategy section of this Climate Report).

The Global Director EHS is responsible for the annual assessment of the climate-related scenario analysis and presents the findings to the ITC. If a significant change to the transition plan is required, the Board of Directors has to approve it as part of the annual review.

In 2024, PolyPeptide introduced specific climate-related risk groups to its ERM framework using the following process:

Step 1: Financial impact assessment: Financial impact was evaluated based on its share of the revenues, from low (up to 0.5% of revenues) to critical (more than 5% of revenues).

Step 2: Likelihood (Probability) evaluation: To evaluate the likelihood, Munich Re results were used for physical risks and internal stakeholder survey data for transition risks (see Section Strategy of this Climate Report).

Step 3: Calculation of the Inherent and Converted Risk Score: The Inherent Risk Score was derived by multiplying the financial impact score by the likelihood score and then converted to a scale from Low to Critical.

Step 4: Assessing the Level of Control: The Level of Control was assessed, depending on, for example, the potential impact of risks managed by PolyPeptide.

Step 5: Final Result – Residual Risk Score: The final risk impact result was calculated by combining **Converted Inherent Risk Score** and **Level of Control**, as defined within the Group's ERM methodology.

The result is presented in Table 4.

Climate-related opportunities are not part of the ERM framework, however, there is an established process for monitoring climate-related opportunities, including an annual action plan, defined opportunity owners, deadlines, and an assessment of the implementation.

Table 4: Summary of climate-related physical and transition risk assessment

Risk Group	Risk Name	Potential financial impact	Likelihood	Inherent Risk Score	Level of Control	Residual Risk Score
Chronic – Temperature	Heat stress, Water stress	Low	Unlikely	Low	Limited	Low
Acute – Extreme heat	Heat waves, Droughts	Low	Possible	Low	Limited	Low
Acute – Wind/Storm	Tropical cyclone, Extratropical Storm, Hail, Tornado	Low	Unlikely	Low	Limited	Low
Acute – Water	Fluvial flood, Pluvial flood, Flash flood	Low	Unlikely	Low	Limited	Low
Acute – Fire	Fire Weather Stress, Wildfires	Low	Unlikely	Low	Limited	Low
Acute – Solid mass	Landslide, Earthquake	Low	Unlikely	Low	Limited	Low
Policy and Legal	Carbon pricing mechanisms/ increased pricing of GHG emissions	Low	Likely	Low	Very Strong	Low
Policy and Legal	Enhanced emissions-reporting obligations	Low	Likely	Low	Very Strong	Low
Policy and Legal	Non-compliance with regulations	Low	Possible	Low	Very Strong	Low
Market	Changing customer behavior	Critical	Possible	Major	Moderate	**Moderate**
Market	Increased cost of raw materials	Low	Possible	Low	Moderate	Low
Technology	Costs of transition to lower emissions technology	Low	Likely	Low	Strong	Low
Technology	Transition to increasing recycled content	Critical	Likely	Critical	Strong	**Moderate**

Additionally, the ERM identifies a range of risk types that may interact with climate-related risks. A summary of these is provided below.

Table 5: Overview of risk categories that correlate with climate change

Risks	Risk owners	Mitigation measures
Customer relationships	Global Sales & Marketing	• Contract with specific requirements in terms of sustainability including greenhouse gas emissions and defined rules if targets are not achieved
Manufacturing delays (operational execution) or interruptions	Global Operations	• Business continuity plans at each manufacturing site, including sharpened sourcing strategy • Insurance
Supply chain	Global Procurement	• Direct engagement with suppliers to mitigate supply chain risks • Supplier contracts with fixed prices
Environmental, health, and safety laws and regulations	Global EHS	• EHS regulation monitoring and compliance assessment • Specific analysis of the regulation in case of important CAPEX projects to identify potential risks and impacts
Hazardous chemicals manufacturing and storage	Global EHS	• Development of emergency and response plan • Business continuity plans at each manufacturing site and facility maintenance plan to anticipate risks • Periodical environmental monitoring

Metrics and Targets

PolyPeptide is committed to setting GHG reduction targets. It has established robust internal processes to track and monitor its GHG emissions, utilizing data-driven insights to assess performance against these targets. The Group is committed to promoting more sustainable manufacturing technologies with a focus on energy efficiency, waste reduction, and renewable energy sourcing.

The Group participates in the CDP Disclosure scoring a "B" rating in 2024, and improving for the third consecutive year versus the "B-" rating achieved in 2023 (2022: C). This is complemented by the EcoVadis ratings, where PolyPeptide received an "Advanced"[3] rating for its carbon management program in 2024 and a "Bronze" rating for its ESG program.

The Group has set science-based targets for Scopes 1, 2 and 3 following the near-term target methodology of the Science-Based Target initiative[4]. Charts 1 and 2 illustrate the reduction targets which will be submitted to the Science-Based Target initiative for approval during 2025. For details on the targets, refer to Tables 6 and 7. Depending on the outcome of the validation procedure, the targets might have to be updated.

Chart 1: PolyPeptide's Scope 1 and 2 GHG emissions 2023–2030, t CO_2e/year

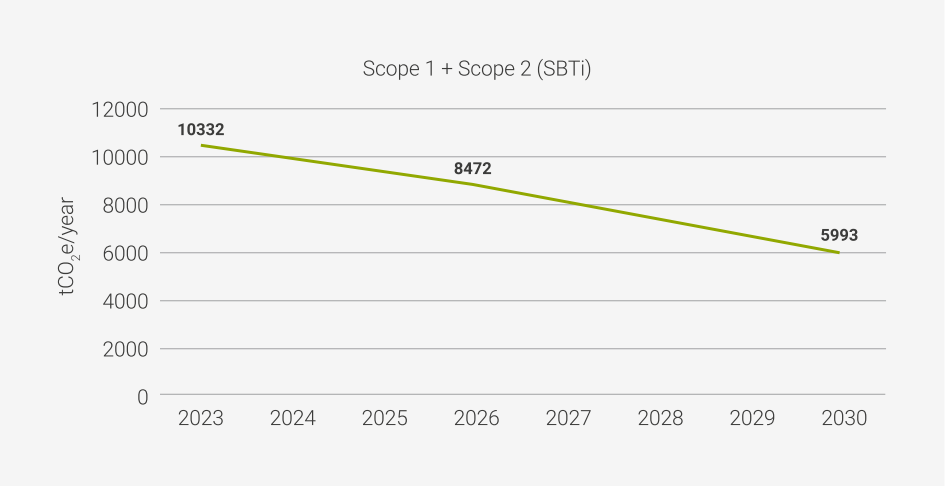
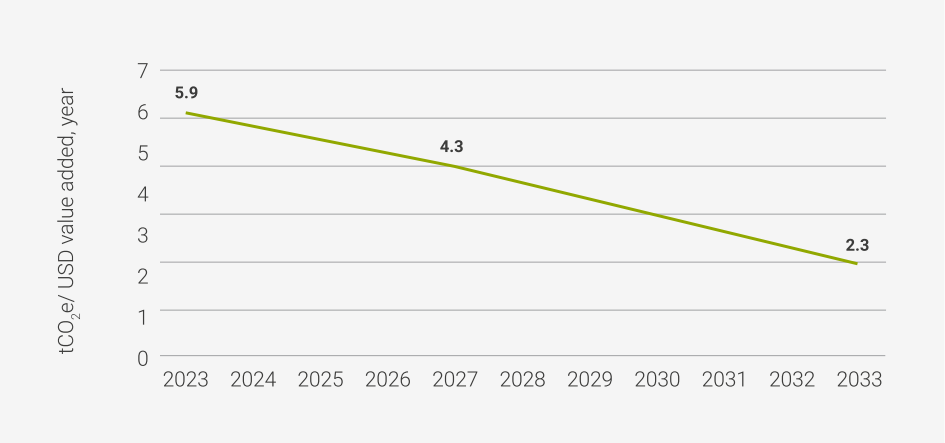


Chart 2: PolyPeptide's Scope 3 GHG emissions per USD value added, 2023–2033, t CO_2e/USD value added, year



[2] B rating places PolyPeptide in the Management band (B/B- ratings), meaning that the Group is taking coordinated action on climate issues.

[3] The Ecovadis carbon scorecard provides an independent assessment of company's carbon management system and performance. Performance levels include **insufficient, beginner, intermediate, advanced, and leader**

[4] Science Based Target initiative (SBTi), Near-Term Setting Tool: Mar 2024, version 2.3

An assessment is currently underway to define potential long-term objectives aligned with the Paris Agreement, as well as to explore the PolyPeptide's involvement in setting net-zero targets.

Table 6: Scope 1 and 2 GHG emission reduction near-term absolute target

GHG emissions reduction absolute target Scopes 1 and 2[5]			
Target ID			
Overall number of active GHG emissions targets:	2		
Target number:	1/2		
Target type:	Absolute near-term target		
Date the target was set:	26.11.2024	Date the target was last revised:	does not apply
Target information			
Scope(s) covered	Scopes 1 & 2 (market-based)		
Percentage of in-scope emissions covered by the target	100%		
Base year:	2023	Base year emissions, t CO2e	10,332
Target year:	2030	Target year projected emissions, t CO2e	5993
Targeted reduction from base year (%):	42%		
Targeted reduction from current year (%):	42%	Current emissions, t CO2e (2023)	10,332
Target methodology			
Verified by an independent party	Yes, BDO will be submitted for validation by SBTi during 2025		
Source that describes transition plan outlining how this target will be met	Climate Report Metrics and Targets		
Indicate the % of the target to be achieved through offsets	0%		

[5] The template used was created by FTSE Russell to encourage clear and concise disclosures regarding corporate GHG emissions reduction targets.

Table 7: Scope 3 GHG emission reduction near-term intensity target

GHG emissions reduction intensity target Scope 3			
Target ID			
Target number:	2/2		
Target type:	Intensity near-term target		
Date the target was set:	26.11.2024	Date the target was last revised:	does not apply
Target information			
Scope(s) covered	Scope 3		
Percentage of in-scope emissions covered by the target	95%	Category 1: purchased goods and services, Category 2: capital goods, Category 3: fuel- and energy-related activities, Category 4: upstream transportation and distribution, Category 5: waste generated in operations	
Base year:	2022	Base year emissions, t CO2e/ USD value added	5.9
Target year:	2033	Target year projected emissions, t CO2e/USD value added	2.3
Targeted reduction from base year (%):	61.07%		
Targeted reduction from current year (%):	Not available due to a negative EBIT in 2023	Current emissions, t CO2e/ USD value added (2023)	Not available due to a negative EBIT in 2023
Target methodology			
Verified by an independent party	Yes, BDO will be submitted for validation by SBTi during 2025		
Source that describes the methodology used to calculate Scope 3 emissions covered by the target	Climate Report Metrics and Targets		
Source that describes transition plan outlining how this target will be met	Climate Report Metrics and Targets		
Indicate the % of the target to be achieved through offsets	0%		

Apart from the Scope 1 and 2 absolute near-term and Scope 3 intensity near-term target (refer to Table 6 and Table 7), the Group has set the following Scope 3 engagement target: “PolyPeptide Group AG commits that suppliers covering 45% of purchased goods and services by spend, will have science-based targets by FY2030 (baseline 2022).”

Greenhouse gas emissions

In 2024, PolyPeptide conducted its second global carbon footprint assessment (based on available numbers for 2023) in accordance with the GHG Protocol. The Group conducted the assessment according to the following parameters:

- Chosen organizational boundary approach: operational control
- Consolidation approach: the same as the financial accounting approach
- Standards applied: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), The Greenhouse Gas Protocol: Scope 2 Guidance, The Greenhouse gas Protocol: Corporate Value Chain (Scope 3) Standard
- Reporting period: calendar year 2023, same period as financial accounting year

For the reporting period 2025, PolyPeptide plans to calculate its 2024 and 2025 global carbon footprint. A digital reporting solution and processes are being implemented to enable PolyPeptide to have a complete 2025 carbon footprint available by the beginning of 2026.

Table 8: Performance KPIs 2023

+ 4.7%	PolyPeptide's absolute Scope 1 and Scope 2 GHG emissions vs 2022
- 8.2%	PolyPeptide's Scope 1 and Scope 2 GHG emissions relative to total revenues vs 2022
- 21.1%	PolyPeptide's absolute Scope 3 GHG emissions vs 2022
- 26.8%	MWh of electricity consumption/ kg of manufactured product vs 2022
54.0%	of sourced electricity from renewable sources 2023

In 2023, the Group decreased the GHG emissions by 18%, from 91,827 metric tons CO2e in 2022 to 75,001 metric tons CO2e in 2023. Thereby, Scope 1 and 2 emissions increased by 4.7%, whereas Scope 3 emissions decreased by 21.1%.

Table 9: Group's greenhouse gas emissions, 2022–2023, in metric tons CO2e

Group's greenhouse gas emissions	2023	2022
Total Scope 1 - direct emissions	**5,834**	**5,766**
Stationary combustion	4,770	4,168
Mobile combustion	223	476
Process emissions	490	352
Refrigerants	351	770
Total Scope 2 - indirect energy-related emissions (market-based)	**4,498**	**4,105**
Purchased electricity (market-based)	4,408	4,021
Purchased hot water	90	84
Total Scope 3 - upstream and downstream value chain emissions	**64,667**	**81,956**
Category 1: Purchased goods and services	20,877	19,655
Category 2: Capital goods	31,687	45,241
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	1,740	1,034
Category 4: Upstream transportation and distribution	3,286	4,446
Category 5: Waste generated in operations	4,742	7,487
Category 6: Business travel	274	485
Category 7: Employee commuting	1,934	3,516
Category 9: Downstream transportation and distribution	126	92
Total: Scope 1, Scope 2 (market-based) and Scope 3	**75,001**	**91,827**
Scope 2 location-based	9,395	8,819

The substantial reduction in Scope 3 emissions primarily reflects the phasing of large capital expenditure projects across the manufacturing network of the Group.

The increase in Scope 1 and 2 GHG market-based emissions was mainly due to the use of diesel generators at one of the manufacturing sites for several months to bridge the interruption of the ordinary energy supply from renewable energies. Taking into consideration the increased manufacturing volumes during the reporting period, the electricity consumption per kilogram of manufactured product decreased by 26.8%, mainly attributable to energy efficiency measures applied by the Group.

Figure 2: PolyPeptide's GHG emissions 2023 (market-based) split by Scope

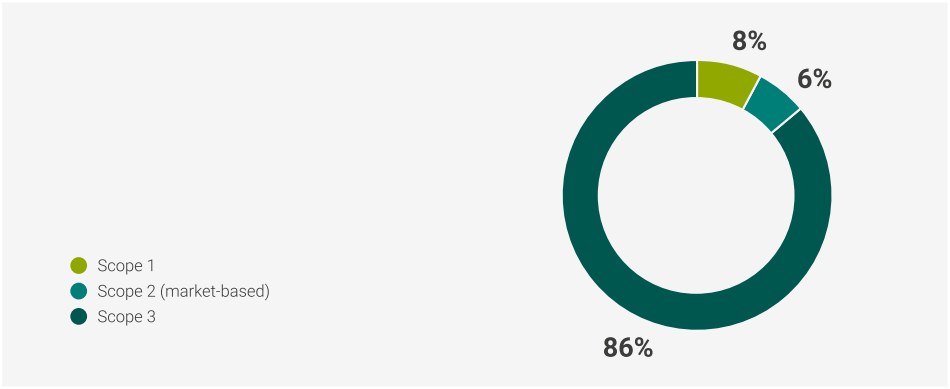


Figure 3: PolyPeptide's GHG emissions 2023 (market-based) split by geography

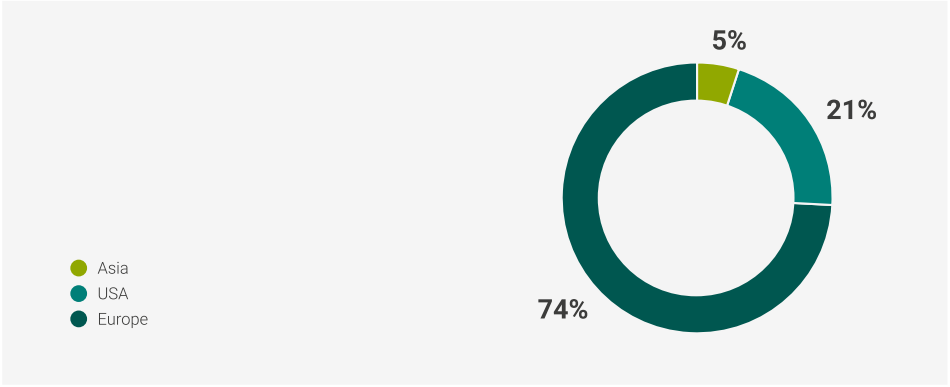
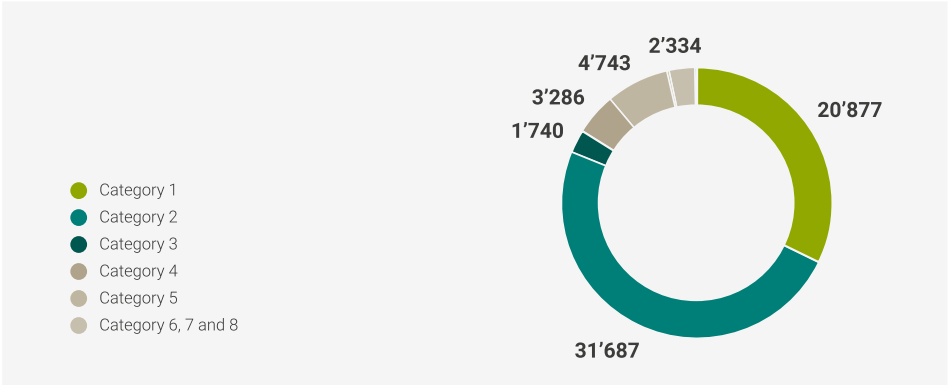


Figure 4 PolyPeptide's Scope 3 GHG emissions 2023 split by category, in metric tons CO_2e



Scope 3 emissions calculation methods for each Scope 3 category are explained in Table 10. In 2023, Category 1 accounted for 32% of PolyPeptide's Scope 3 emissions, with solvents constituting the most significant portion of the Group's purchased goods. PolyPeptide is actively seeking supplier-specific emission factors from its tier 1 suppliers. With its Green Master Plan, the Group focuses on reducing the volumes of solvents and reagents relative to production volumes, substituting hazardous chemicals with more sustainable options, and advancing solvent recycling initiatives. The use and sourcing of recycled solvents instead of fresh solvents and the efforts of key-tier 1 suppliers to utilize renewable electricity favorably impacts emissions in Category 1. PolyPeptide is dedicated to fostering a culture of continuous improvement within its own operations and supply chain, which requires shared commitment of its suppliers and business partners.

Table 10: Scope 3 calculation methods applied in PolyPeptide's corporate carbon footprint

Scope 3 category	Calculation method
Category 1: Purchased goods and services	• Supplier-specific • Average data • Spend-based
Category 2: Capital goods	• Average data • Spend-based
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	• Average data
Category 4: Upstream transportation and distribution	• Distance-based
Category 5: Waste generated in operations	• Waste-type-specific
Category 6: Business travel	• Supplier-specific • Distance-based
Category 7: Employee commuting	• Average data • Distance-based
Category 8: Upstream leased assets	• Does not apply: Due to the chosen approach to organizational boundary, i.e., operational control approach, any consumption and respective emissions from upstream leased assets have already been included in Scope 1 and 2 emissions.
Category 9: Downstream transportation and distribution	• Distance-based
Category 10: Processing of sold products	• Does not apply: Calculating GHG emissions from Scope 3, Category 10 is particularly challenging for a company producing both Active Pharmaceutical Ingredients (APIs) for the pharmaceutical and cosmetic industry due to limited data availability from downstream customers. In both sectors, the final products are processed by external parties - pharmaceutical manufacturers or beauty product formulators - whose operations vary widely in scale, technology, and production practices. This lack of consistent and reliable emissions data, coupled with the fragmented nature of these supply chains, makes it difficult to accurately quantify the emissions associated with processing APIs and peptides after they are sold. Furthermore, small-scale or proprietary operations in the beauty industry add another layer of complexity in tracking emissions, compounding the overall challenge.
Category 11: Use of purchased goods	• Does not apply: PolyPeptide does not manufacture any APIs that make part of medicine in inhalers, which, depending on the model, may require refrigerants for its operation, hence causing emissions in the use phase. Some of APIs manufactured by the Group may need refrigeration, however, it was not evaluated in more detail.
Category 12: End-of-life treatment of sold products	• Does not apply: The emissions calculated within this category would only consider end-of-life treatment of packaging, which is not considered material for our PolyPeptide's carbon footprint, hence, not calculated.
Category 13: Downstream leased assets	• Does not apply: This category does not apply to PolyPeptide.
Category 14: Franchises	• Does not apply: This category does not apply to PolyPeptide.
Category 15: Investment	• Does not apply: This category does not apply to PolyPeptide.

Transition plan

In 2024, PolyPeptide continued to expand the sourcing of renewable electricity for its manufacturing sites. At the end of 2024, the manufacturing sites in Braine-l'Alleud, Malmo, San Diego, and Strasbourg operated with 100% of renewable electricity.

The manufacturing site in San Diego signed up to a local voluntary program to become a "San Diego Community Power100 Champion". This voluntary program is a San Diego specific initiative that allows businesses to transition from utilizing electricity generated by non-renewable energy sources to getting electricity that comes **100% from renewable, less greenhouse gas intensive energy sources**. This means that currently 100% of the electricity purchased to operate the site, comes from renewable sources.

To reach the absolute Scope 1 and 2 near-term targets, PolyPeptide is striving to procure electricity from 100% renewable sources at all sites by 2029, as well as replacing the car fleet with electric cars. These two initiatives are crucial for reaching the 42% reduction target by 2030 versus 2023. Additional initiatives will be required to offset the impact of expected business growth. Consequently, PolyPeptide plans for energy audits across all manufacturing sites to identify and carry out energy-saving measures. During summer 2024, the Ambernath site was awarded an ISO 50001 certification for its energy management system.

In addition, PolyPeptide plans to replace its refrigerants with high Global Warming Potentials (GWPs) with alternatives of lower GWP, where feasible.

PolyPeptide expects that the financial impact for its climate transition plan will be mainly driven by initiatives related to scope 3 emissions reduction as highlighted in Table 11.

Table 11: Summary of initiatives in PolyPeptide's transition plan and KPIs tracked

Initiative	Description of the initiative	Emission reduction in Scope	Expected GHG emission reduction	Expected GHG emission reduction	Base year	Target year	Geo-graphy coverage	KPI de-scription	KPI base year	KPI target year
Initiative 1	Sourcing 100% renewable electricity by 2029 on all sites	2	-43.9%	% reduction of the Group's Scope 1 and 2 emissions 2023	2023	2029	All sites	% of annual externally sourced electricity consumption from renewable sources	54%	100.0%
Initiative 2	Replacement of car fleet (thermic/ hybrid) by an electric one in Belgium	1	-3.7%	% reduction of the Group's Scope 1 and 2 emissions 2023	2023	2028	Belgium	% of electric car in the PolyPeptide car fleet	7.4%	100.0%
Initiative 3	Conducting energy audit on all manufacturing sites to identify potential energy savings	1 & 2	-4.0%	% reduction of the Group's Scope 1 and 2 emissions 2023	2023	2029	All manu-facturing sites	tCO2e Scope 1 + 2 emissions/ kg of final product manufactured	5.2	4.9
								MWh of electricity consumption/ kg of manufactured product	16.1	15.5
Initiative 4	Development of an obsolescence management plan to manage refrigerants with high Global Warming Potential (GWP)	1	-4.0%	% reduction of the Group's Scope 1 and 2 emissions 2023	2023	2030	All manu-facturing sites	tCO2e emissions from refrigerant losses/kg of refrigerant losses	1.9	Under devel-op-ment
Initiative 5	Recycling of solvent and use of recycled solvent for GMP activities	3	See Table 12	See Table 12	2022	2033	Belgium, US	% of recycled solvent used for GMP activities for the reporting year	3.6%	Under devel-op-ment

Initiative 6	Segregation of solvent waste and associated treatment	3	See Table 12	See Table 12	2022	2033	Sweden, France	tCO2e from cat. 5/ t of solvent waste generated during operation for the reporting year	0.8	Under development
Initiative 7	Solvent reduction with the implementation of new technology	3	See Table 12	See Table 12	2022	2033	All manufacturing sites	t of solvent/ kg of final product manufactured for the reporting year	3.4%	Under development
Initiative 8	Science-based target of the Group's main suppliers	3	See Table 12	See Table 12	2022	2030	All manufacturing sites	% of raw material spend for suppliers with science-based targets for the reporting year	8%	45%

As depicted in Figure 4, PolyPeptide's key sources of value chain emissions are primarily found in two categories: purchased goods and services (category 1), and capital goods (category 2). It is crucial to note that emissions from category 2 are rather volatile and can vary significantly over time, influenced by the Group's capital investments and expansion. Currently, PolyPeptide is concentrating on reducing emissions from solvents, which constitute the primary raw material acquired. This approach also goes in line with the two most important climate-related transition risks (changing customer behavior and transition to increasing recycled content). For more detail, refer to the Strategy section. PolyPeptide anticipates a substantial decrease in these emissions through solvent recycling initiatives and by urging its top ten suppliers, in terms of expenditure, to set science-based GHG emission reduction goals.

Table 12: Initiatives for reducing Scope 3 GHG emissions of PolyPeptide, their estimated impact on emissions and forecasted financial investment

Initiatives	Category 1: Purchased goods and services	Category 2: Capital goods	Category 4: Upstream transportation and distribution	Category 5: Waste generated in operations	Financial investment
Recycling of solvent and use of recycled solvent for GMP activities	+++	0	++	+++	€€
Segregation of solvent waste and associated treatment	0	0	0	++	€€
Solvent reduction with the implementation of new technologies	++	0	++	++	€
Modular approach for new buildings	+	++	0	0	€€€
SBT for 10 main suppliers by spend	+++	0	+	0	€

Legend:

- Expected reduction of Scope 3 GHG emissions: +++ > -10% GHG emission reduction within the category; ++ impact > between -5 and -10% GHG emission reduction within the category; + impact < -5% GHG emission reduction within the category; 0 - no identified impact on PolyPeptide's GHG emissions
- Financial investment: € < 1MEUR ; €€ 1–5 MEUR , €€€ > 5MEUR

The Group is currently tracking climate-related metrics (highlighted in bold in Table 13) and is revising and preparing others for potential inclusion in the annual monitoring process (indicated in italics in Table 13).

In alignment with PolyPeptide's sustainability goals, capital deployment metrics focus on investments that drive long-term environmental benefits and support the transition to a low-carbon economy. The Group's capital expenditure is significant, particularly in technologies related to green chemistry and solvent recycling. These investments aim to reduce the environmental impact of PolyPeptide's manufacturing processes by promoting sustainable practices and circularity. Additionally, PolyPeptide is directing capital towards the exploration and adoption of alternative energy sources, further supporting the Group's commitment to reducing greenhouse gas emissions and improving energy efficiency. These strategic investments demonstrate PolyPeptide's proactive approach to embedding sustainability into its operations and ensure that its capital is deployed in a way that fosters both innovation and environmental responsibility.

At this time, PolyPeptide has not set an internal carbon price, as it has not been identified as a priority within the current climate strategy in accordance with the risk and opportunity assessment. The primary focus remains on the implementation of the established transition plan, which allocates resources to key initiatives that drive tangible emissions reductions. Specifically, the Group is prioritizing the sourcing of renewable electricity, fleet electrification, and the discovery as well as execution of energy efficiency measures through detailed energy audits. These actions are seen as the most effective means to reduce carbon emissions in the near term. While internal carbon pricing is a potential future consideration, the current strategy is centered on operational improvements that deliver measurable and immediate impacts on sustainability.

Regarding remuneration, PolyPeptide maintains a Global Balanced Scorecard (GBSC), annually approved by the Board of Directors, to aid the execution of its strategy and operational plans, as well as to determine executive compensation. The scorecard encompasses financial goals for a specified period and quantitative targets for non-financial metrics including ESG performance objectives. The Remuneration and Nomination Committee pledges to fortify the connection between sustainability goals and PolyPeptide's Executive Management's remuneration, aligning with the achievement of these objectives. In 2023, PolyPeptide incorporated the green chemistry program including initiatives with a positive impact on its corporate carbon footprint evaluation into its GBSC. This integration, accounting for 5.1% of the incentives in the GBSC, engaged selected PolyPeptide employees participating in the initiative. The green initiatives in the 2023 GBSC marked a pivotal step for PolyPeptide, initiating the journey towards setting reduction targets and crafting its GHG emissions reduction strategy.

Table 13: Climate-related metrics 2023

Metrics category	Metrics	Metric value 2023
GHG emissions	**1) Absolute Scope 1, 2 and 3 emissions (total, split by geography)**	1) Refer to Table 9 and Figure 3
	2) Emission intensity (Scope 3 emissions per value added; Scopes 1-3 per revenues)	2) Refer to Table 7
Transition risks	*1) Amount and extent of an organization's assets or business activities vulnerable to climate-related transition risks*	*1) Currently in the process of evaluation*
Physical risks	**1) Number of extreme weather events by type and location**	1) 0 days
	2) Number of idle days per site due to supply chain disruption	2) 0 days
	3) Number of suppliers with medium-high and high risk likelihood (2030) by risk type	3) Acute – Water: 1 supplier • Chronic – Temperature: 1 supplier
Climate-related opportunities	*1) Revenues from products that support transition to a low-carbon economy*	*1) Currently in the process of evaluation. Due to the requirements of TCFD, CSRD, and the EU Taxonomy, the Group will use a digital reporting solution to centralize and manage all the necessary metrics in one place, including those mandated by these frameworks.*
Capital deployment	**1) Capital expenditures of the Innovation department, including technologies related to green chemistry/ solvent recycling,**	1) 1.28 MEUR
	2) Investment in alternative energy sources	
Internal carbon prices	*1) Not determined*	*1) Internal carbon pricing has not been identified as a priority for the Group. Given the established transition plan and the allocated budget for its implementation, the Group's focus is on sourcing renewable electricity, fleet electrification, and discovering and executing energy efficiency measures via energy audits.*
Remuneration	**1) Weighting of performance against deployment of initiatives impacting operational emissions' targets for remuneration scorecard**	1) 5.1% of the global scorecard

Glossary

Carbon dioxide equivalent (CO2e or CO2eq) is a metric measure used to compare the emissions from various greenhouse gases based on their global warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide.

Global Warming Potential (GWP) is a term used to describe the relative potency, molecule for molecule, of a greenhouse gas, taking account of how long it remains active in the atmosphere. The global warming potentials (GWPs) currently used are those calculated over 100 years. Carbon dioxide is taken as the gas of reference and given a 100-year GWP of 1.

Greenhouse gases (GHG) constitute a group of gases contributing to global warming and climate change. The Kyoto Protocol (and, consequently, the GHG Protocol) covers seven greenhouse gases: carbon dioxide (CO2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

Greenhouse gas emissions per value added (GEVA) is a method for setting economic intensity targets using the contraction of economic intensity. Targets set using the GEVA method are formulated by an intensity reduction of tCO2e/USD value added.

Greenhouse Gas Protocol is a comprehensive global standardized framework for accounting and reporting GHG emissions.

Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing science related to climate change. It comprises the world's leading scientists and plays a unique role within climate science by policymakers with regular and authoritative scientific assessments based on the work of thousands of scientists worldwide.

Intergovernmental Panel on Climate Change Representative Concentration Pathways (RCPs) are models developed to forecast future carbon dioxide emissions and potential reductions in atmospheric concentration over the course of this century. These pathways offer a range of scenarios, from optimistic to pessimistic, depending on how carbon dioxide emissions might impact various sectors globally.

Intergovernmental Panel on Climate Change Shared Socioeconomic Pathways (SSPs) have been developed to complement the Representative Concentration Pathways (RCPs). They refer to five standard trajectories that represent possible future socioeconomic development for global or regional societies. These pathways, named SSP1 to SSP5, include scenarios such as Sustainability, Middle of the Road, Regional Rivalry, Inequality, and Fossil-fueled Development. They are used to assess and quantify the challenges related to mitigation and adaptation in different socioeconomic contexts.

Near-term science-based targets outline GHG emissions reduction over the coming 5 to 10 years that are in line with what climate science deems necessary to limit warming to 1.5°C above pre-industrial levels.

Net zero emissions are achieved when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period of time.

Science Based Targets initiative (SBTi) is a global initiative that supports companies in setting greenhouse gas (GHG) emissions reduction targets aligned with the latest climate science. It helps businesses establish targets aimed at limiting global temperature rise to well below 2°C above pre-industrial levels, with a preference for limiting it to 1.5°C, as specified in the Paris Agreement. The initiative offers a framework for setting targets based on current scientific data and methods, ensuring that corporate actions contribute to global climate objectives.

Scope 1 emissions are direct GHG emissions that occur from sources owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment.

Scope 2 emissions account for GHG emissions from the generation of purchased electricity, steam, heat or cooling consumed by the company. Purchased electricity, steam, heat or cooling is defined as electricity, steam, heat, or cooling that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity, steam, heat, or cooling is generated. Scope 2 GHG emissions are calculated according to two methods: **location-based** (reflects the average emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data), and **market-based** (reflects emissions from electricity that companies have purposefully chosen, derives emission factors from contractual instruments).

Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. They involve GHG emissions in the value chain of the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased goods; employee commuting; treatment of waste generated in own operations; and transportation of sold products.

Task force on climate-related financial disclosures (TCFD) provides a framework that outlines key principles for how companies and organizations should disclose information related to climate change risks and opportunities. Its recommendations focus on four main areas that are essential to organizational operations: governance, strategy, risk management, and metrics and targets.

5. Disclosures in accordance with art. 964b Swiss Code of Obligations

The following sections comprise the report on non-financial matters in accordance with art. 964b of the Swiss Code of Obligations (the "CO"), which includes an independent practitioner's limited assurance report on selected non-financial information, including a selected set of performance indicators. The consultative vote on the report on non-financial matters for the financial year 2024 at the 2025 annual general meeting is limited to the content of these sections.

Art. 964b CO content requirement	Section	Reference
General information required to understand our business	Introduction	Page 18
	Sustainability approach	Page 19-20
	Overview–Strategy	Page 10-13
	Reporting on the material ESG topics	Page 26-39
Description of the business model	Introduction	Page 18
	Overview–Strategy–Business model	Page 10-13
Description of materiality assessment	Materiality and contribution to the SDGs–Identification of material topics	Page 23
	Materiality and contribution to the SDGs–Materiality matrix	Page 24
	Reporting on the material ESG topics	Page 26-39
Description of governance	Sustainability approach–Responsibilities and organization	Page 19-20
Environmental matters (in particular CO2 goals)	Green chemistry	Page 29
	Climate change mitigation - see Climate Report	Page 40-65
Main impacts, risks and opportunities	Green chemistry–Impact	Page 29-32
	Climate change mitigation–Impact	Page 44-45
	Green chemistry–Risks and opportunities	Page 29
	Climate change mitigation–Risks and opportunities	Page 50
Policies adopted, including the due diligence applied	Green chemistry–Approach–Policies and commitments	Page 30
	Climate change mitigation–Approach–Policies and commitments	Page 52
Measures taken to implement policies and assessment of effectiveness	Green chemistry–Approach–Management of impacts, risks and opportunities	Page 29-31
	Green chemistry–Approach–Achievements and challenges in 2024	Page 31
	Climate change mitigation–Approach–Management of impacts, risks and opportunities	Page 50
	Climate change mitigation–Approach–Achievements and challenges in 2024	Page 59
Performance indicators	Green chemistry–Approach–Achievements and challenges in 2024	Page 31
	Climate change mitigation–Approach–Achievements and challenges in 2024	Page 59
Social issues	Product responsibility	Page 27-29
	People	Page 34-37
Main impacts, risks and opportunities	Product responsibility–Impact	Page 27
	People–Impact	Page 34
	Product responsibility–Risks and opportunities	Page 27
	People–Risks and opportunities	Page 34
Policies adopted, including the due diligence applied	Product responsibility–Approach–Policies and commitments	Page 27
	People–Approach–Policies and commitments	Page 34

Measures taken to implement policies and assessment of effectiveness	Product responsibility–Approach–Management of impacts, risks and opportunities	Page 28
	Product responsibility–Approach–Achievements and challenges in 2024	Page 28-29
	People–Approach–Management of impacts, risks and opportunities	Page 35
	People–Approach–Achievements and challenges in 2024	Page 35-37
Performance indicators	Product responsibility–Approach–Achievements and challenges in 2024	Page 28-29
	People–Approach–Achievements and challenges in 2024	Page 35-37
Employee-related issues	People	Page 34-37
Main impacts, risks and opportunities	People–Impact	Page 34
	People–Risks and opportunities	Page 34
Policies adopted, including the due diligence applied	People–Approach–Policies and commitments	Page 34
Measures taken to implement policies and assessment of effectiveness	People–Approach–Management of impacts, risks and opportunities	Page 35
	People–Approach–Achievements and challenges in 2024	Page 35-37
Performance indicators	People–Approach–Achievements and challenges in 2024	Page 35-37
Respect for human rights	Supply chain engagement	Page 32-33
	People	Page 34-37
Main impacts, risks and opportunities	Supply chain engagement–Impact	Page 32
	People–Impact	Page 34
	Supply chain engagement–Risks and opportunities	Page 32-33
	People–Risks and opportunities	Page 34
Policies adopted, including the due diligence applied	Supply chain engagement–Approach–Policies and commitments	Page 33
	People–Approach–Policies and commitments	Page 34
Measures taken to implement policies and assessment of effectiveness	Supply chain engagement–Approach–Management of impacts, risks and opportunities	Page 33
	Supply chain engagement–Approach–Achievements and challenges in 2024	Page 33
	People–Approach–Management of impacts, risks and opportunities	Page 34
	People–Approach–Achievements and challenges in 2024	Page 35-37
Performance indicators	Supply chain engagement–Approach–Achievements and challenges in 2024	Page 33
	People–Approach–Achievements and challenges in 2024	Page 35-37
Combating corruption	Business ethics and compliance	Page 37-39
Main impacts, risks and opportunities	Business ethics and compliance–Impact	Page 37
	Business ethics and compliance–Risks and opportunities	Page 37
Policies adopted, including the due diligence applied	Business ethics and compliance–Approach–Policies and commitments	Page 38
Measures taken to implement policies and assessment of effectiveness	Business ethics and compliance–Approach–Management of impacts, risks and opportunities	Page 38-39
	Business ethics and compliance–Approach–Achievements and challenges in 2024	Page 39
Performance indicators	Business ethics and compliance–Approach–Achievements and challenges in 2024	Page 39
References to national, European or international regulations	Introduction	Page 18
	GRI content index	Page 72
Coverage of subsidiaries	Sustainability approach	Page 19-21

Art. 964j-l CO requirements	Section	Reference
PolyPeptide's due diligence in relation to minerals and metals from conflict-affected areas	Supply chain engagement–Approach	Page 32
	PolyPeptide's voluntary report on child labor due diligence in its supply chain	Page 69-71
PolyPeptide's due diligence in relation to child labor	Supply chain engagement–Approach	Page 32
	PolyPeptide's voluntary report on child labor due diligence in its supply chain	Page 69-71

The report on non-financial matters for the financial year 2024 was approved for publication by the Board of Directors on 10 March 2025, and will be presented to the General Meeting of shareholders for a consultative vote on 9 April 2025.

Peter Wilden, Chair
Patrick Aebischer, Vice-Chair and Lead Independent Director
Jane Salik, Member
Erik Schropp, Member
Beat In-Albon, Independent Member
Philippe Weber, Independent Member

Baar, 10 March 2025

On behalf of the entire Board of Directors and the Executive Committee,

Peter Wilden
Chair of the Board of Directors

Juan José González
CEO

6. PolyPeptide's voluntary report on child labor due diligence in its supply chain

Re: Art. 964j-l of the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor.

This voluntary report relates to the due diligence and reporting obligations in relation to minerals and metals from conflict-affected areas and child labor required by Art. 964j-l of the Swiss Code of Obligations ("CO") and the Swiss "Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor" ("DDTrO"). It covers the period 1 January 2024 to 31 December 2024. PolyPeptide's analysis in 2024 in relation to minerals and metals from conflict-affected areas established that it does not place in free circulation or process minerals containing tin, tantalum, tungsten or gold, or metals from conflict-affected and high-risk areas in Switzerland. PolyPeptide also performed its analysis in 2024 in relation to Child Labor (as defined in its Global Supply Chain Policy on Child Labor[1]). PolyPeptide concluded that it does not offer any products or services for which there are reasonable grounds to suspect that they were manufactured or provided using Child Labor. However, given that PolyPeptide operates in potential Child Labor risk contexts (e.g., in light of its global sites and international Supply Chain (as defined in its Global Supply Chain Policy on Child Labor)), it has taken the decision to conduct due diligence and is reporting on this matter on a voluntary basis.

Principles

PolyPeptide strives to remain focused on the needs of its customers and its business, while adhering to fundamental principles of ethics and compliance, such as the United Nations Convention on the Rights of the Child[2], the Children's Rights and Business Principles developed by UNICEF, the United Nations Global Compact and Save the Children[3], and UNICEF's Children are everyone's business workbook 2.0[4].

PolyPeptide is aware of the problem of Child Labor in global value chains and takes its responsibility to respect human rights in its own operations and throughout its business relationships seriously, meaning to act with due diligence to avoid infringing on the rights of others and to address any adverse impacts. PolyPeptide is committed to complying with all applicable laws and regulations on Child Labor. Effectively preventing and mitigating adverse impacts may also help PolyPeptide maximize positive contributions to society, improve stakeholder relationships, and protect its reputation.

Policies

The foundation of PolyPeptide's commitment to complying with all applicable laws and regulations on Child Labor is its Global Supply Chain Policy on Child Labor[1], Code of Business Conduct and Ethics[1] and Supplier Code of Conduct[1], which are mandatory for all employees, vendors, consultants, and other business associates across PolyPeptide.

The Global Supply Chain Policy on Child Labor sets out in particular how PolyPeptide will comply with its due diligence and transparency obligations in its Supply Chain in relation to Child Labor. The Group-wide implementation of the principles as set out in the Global Supply Chain Policy on Child Labor helps PolyPeptide to avoid and address any adverse impacts related to Child Labor that may be associated with its Supply Chain.

PolyPeptide's Supply Chain due diligence and reporting management system as described in its Global Supply Chain Policy on Child Labor is an essential element in (i) detecting any products or services in its Supply Chain in relation to which there is a reasonable suspicion that they have been manufactured or provided using Child Labor, (ii) identifying and assessing the risks of adverse impacts in PolyPeptide's Supply Chain, (iii) establishing a risk management plan and taking measures to minimize the risks identified, regularly reviewing the effectiveness of the measures taken, including internal documentation, and (iv) preparing and publishing a yearly report on compliance with the due diligence obligations. The Global Supply Chain Policy on Child Labor further outlines PolyPeptide's Supply Chain Traceability System in relation to Child Labor.

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[1] Accessible at: www.polypeptide.com/company/downloads/.

[2] Accessible at: www.unicef.org/child-rights-convention/convention-text#.

[3] Accessible at: www.unicef.org/documents/childrens-rights-and-business-principles.

[4] Accessible at: www.unicef.org/vietnam/media/2281/file/Children%20are%20everyone's%20business:%20work book%202.0.pdf.

As an integral part of PolyPeptide's Supply Chain management system, its Global Supply Chain Policy on Child Labor is based on and to be read in conjunction with (i) PolyPeptide's Supplier Code of Conduct, (ii) the International Labor Organization (the "ILO") Conventions Nos 138[5] and 182[6], (iii) the ILO-IOE Child Labour Guidance Tool for Business of 15 December 2015[7], and (iv) the OECD Due Diligence Guidance for Responsible Business Conduct of 30 May 2018[8]. The Global Supply Chain Policy on Child Labor further supports PolyPeptide's environmental and human rights sustainability objectives.

The Code of Business Conduct and Ethics serves to (i) emphasize PolyPeptide's commitment to ethics and compliance with the law; (ii) set forth basic standards of ethical and legal behavior; (iii) provide reporting mechanisms for known or suspected ethical or legal violations; and (iv) help prevent and detect wrongdoing. In particular, the Code of Business Conduct and Ethics emphasizes PolyPeptide's efforts to ensure that its activities (directly or through its business relations) respect fundamental human rights, as set out by the United Nations Bill of Rights[9] and the core conventions of the ILO. PolyPeptide rejects any behavior that violates the human rights of any employee or individuals employed on behalf of the Group, especially forced labor or Child Labor, in its Supply Chain. The use of forced, bonded, or indentured labor or involuntary prison labor is strictly prohibited; this applies both to its suppliers and within the Group.

The Supplier Code of Conduct requires suppliers to comply with all applicable national and international laws and regulations, including the ILO and the United Nations' Universal Declaration of Human Rights, industry standards, and all other relevant statutory requirements - whichever requirements impose the highest standards of conduct. The Supplier Code of Conduct sets out PolyPeptide's expectations with regard to ethics, labor, and human rights, health and safety, environment, management systems and how questions or concerns can be reported to PolyPeptide. It states that suppliers must prohibit involuntary labor or work performed under the threat of penalty, including forced, prison, indentured labor, bonded labor, or other forms of slavery and/or servitude. Suppliers must further avoid all use and forms of Child Labor in their business operations and act in accordance with the United Nations Global Compact principles, the ILO labor standards and the OECD Guidance for Responsible Business Conduct. Where local laws are stricter by requiring a higher age for work or compulsory education, they take precedence. The Supplier Code of Conduct further states that suppliers shall publicly declare zero tolerance of Child Labor in their own business operations and prohibit all forms of child or forced labor (including modern slavery and human trafficking) in their own supply chain network. Suppliers must perform the necessary due diligence as specified by the OECD and in accordance with the Swiss regulations, especially when requested by PolyPeptide. The Group commits to provide providing suitable support, should a supplier identify practices or behaviors that fall short of these expectations.

Supply chain risk assessment and management system

PolyPeptide maintains a network of over 430 direct raw material suppliers around the globe. In 2024, the top 100 raw material suppliers together accounted for around 90% of the total material spending. The Group's main raw material categories constitute starting materials, solvents, reagents, and purification resins. Where feasible, PolyPeptide sources these products regionally, which benefits regional economies and communities.

PolyPeptide requires its suppliers to acknowledge and comply with its Supplier Code of Conduct and the Global Supply Chain Policy on Child Labor. The Group carries out a risk-based assessment to anticipate, avoid, or mitigate potential or actual adverse impacts associated with its Supply Chain. The instruments that PolyPeptide may use to identify and assess any risks of Child Labor in its Supply Chain are described in the Global Supply Chain Policy on Child Labor.

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5 Accessible at: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312283.

6 Accessible at: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182.

7 Accessible at: www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/instructional material/wcms_ipec_pub_27555.pdf.

8 Accessible at: mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm.

9 See: www.ohchr.org/en/what-are-human-rights/international-bill-human-rights.

For example, PolyPeptide introduced in 2023 a uniform supplier screening and onboarding process, starting with a search on a third-party screening interface. The process contributes to the identification of high-risk suppliers and the risk-based prioritization. In addition, with the support of a multinational assurance, inspection, product testing, and certification company, PolyPeptide began engaging with selected high-risk tier 1 raw material suppliers through a questionnaire based on ISO 26000. Suppliers are selected using a risk-based approach, focused on any enhanced risks of human rights and Child Labor violations based on, *inter alia*, the UNICEF Children's Rights in the Workplace Index. PolyPeptide may further conduct on-site as well as remote audits on a case-by-case basis to verify compliance. In the event of any observations or suspicions of actual or potential violations, PolyPeptide will engage with the supplier to create a remediation plan, and in severe cases terminate the relationship.

In 2023, nine selected high-risk tier 1 raw material suppliers (that are among PolyPeptide's top 100 suppliers) started their participation in assessments, including for human rights and Child Labor issues. As of 31 December 2024, ten selected high-risk tier 1 raw material suppliers have completed the assessments. With regard to human rights and/or Child Labor issues, no violations were detected. Late 2024, five new high-risk tier 1 raw material suppliers were selected to participate in the assessments during 2025. The onboarding process with these newly selected suppliers is ongoing. During 2025, PolyPeptide plans to evaluate the options for the next steps for the vendors that have completed the assessments. PolyPeptide is committed to expanding and continuously improving the assessment of its Supply Chain, with a particular focus on any potential new suppliers from high-risk areas before entering into any business relationships. At the same time, PolyPeptide is committed to the ongoing training of relevant employees on the topic of Child Labor to foster awareness within the Group and cooperation with suppliers.

For the financial year 2024, PolyPeptide assessed whether it offers any products or services for which there are reasonable grounds to suspect that they were manufactured or provided using Child Labor. As of 31 December 2024, through its risk analysis, information and research based on reasonable investigation, the assessment did not reveal any suspicion of Child Labor related to PolyPeptide's own business activity or that of its selected high-risk tier 1 raw material suppliers. PolyPeptide has internally documented this finding. Furthermore, through its risk analysis conducted in 2024, PolyPeptide did not identify any suspicion of Child Labor beyond its tier 1 Supply Chain. Given the complexity of the Supply Chain beyond tier 1, PolyPeptide will strive to expand its monitoring activities to enhance its diagnostic understanding of those suppliers.

Grievance mechanism

PolyPeptide maintains, as an early warning mechanism for risk identification, a reporting procedure that allows all interested parties to raise reasonable concerns about the existence of a potential or actual adverse impact related to Child Labor.

Anybody with knowledge or suspicion of illegal activities or irregularities at PolyPeptide (including any concerns about Child Labor in PolyPeptide's Supply Chain) can report observations confidentially and even anonymously, if desired, through PolyPeptide's whistleblower programs. Further information about PolyPeptide's whistleblower policies and hotlines can be found at: www.polypeptide.com/investors/corporate-governance/. Anyone who, in good faith, raises a concern about a possible ethics or compliance violation will be supported by PolyPeptide management and will not be subject to any form of retaliation. In addition, PolyPeptide will provide information on reports received to the Audit and Risk Committee or Board of Directors, as appropriate. All reports will be internally documented in writing. In 2024, PolyPeptide did not receive any complaints or reports about Child Labor in its own operations or Supply Chain.

Traceability system

Names and addresses of all PolyPeptide's tier 1 raw material suppliers, as well as the category of the goods or services they provide, are recorded in the Group's ERP systems. PolyPeptide keeps records of its monitoring activities, assessments, and completed third party ISO 26000 questionnaires.

PolyPeptide established and will maintain, as integral part of its Supply Chain management system, a system to document information for each product or service for which there are reasonable grounds to suspect Child Labor, if any ("Supply Chain Traceability System"). The Supply Chain Traceability System consists of internal company documentation and would list, insofar as reasonably possible, the following information for each product or service in the upstream Supply Chain for which there are reasonable grounds to suspect Child Labor: (a) description of the product or service and the trade name (if one exists) and (b) the names and addresses of the vendor and the production sites or the service provider for PolyPeptide. As of 31 December 2023, the Supply Chain Traceability System contained no entries, as PolyPeptide's assessment did not reveal any reasonable suspicion of Child Labor.

Transparency and reporting

PolyPeptide's general communication and reporting in relation to Child Labor are described in the Global Supply Chain Policy on Child Labor. In 2024, PolyPeptide did not receive any complaints or reports about Child Labor in its own operations or Supply Chain.

7. GRI content index

PolyPeptide has produced its report for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.

GRI 1 used	**GRI 1: Foundation 2021**
Applicable GRI Sector Standard(s)	**None**

General Disclosures

GRI Standard	Disclosure		Reference/ information	Omission
The organization and its reporting practices				
GRI 2: General Disclosures 2021	2-1	Organizational details	• PolyPeptide in brief, page 8 • Strategy, page 10 • Group structure and shareholders, page 82 • Notes to the consolidated financial statements, page 174	
	2-2	Entities included in the organization's sustainability reporting	• Sustainability approach, page 19 • Group structure and shareholders, page 82	
	2-3	Reporting period, frequency and contact point	• Introduction, page 18 • Imprint, page 241	
	2-4	Restatements of information	• None	
	2-5	External assurance	• Independent practitioner's limited assurance report on selected non-financial information 2024, page 76	
Activities and workers				
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	• Strategy, page 10	
	2-7 a., c., d., e.	Employees	• People, page 34-37	
Governance				
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	• Board of Directors, page 90	
	2-10	Nomination and selection of the highest governance body	• Election and term of office, page 99 • Remuneration and Nomination Committee, page 137	
	2-11	Chair of the highest governance body	• Members of the Board of Directors, page 91 • Internal organizational structure, page 100	
	2-12	Role of the highest governance body in overseeing the management of impacts	• Responsibilities and organization, page 19	
	2-13	Delegation of responsibility for managing impacts	• Responsibilities and organization, page 19	
	2-14	Role of the highest governance body in sustainability reporting	• Responsibilities and organization, page 19	
	2-15	Conflicts of interest	• Internal organizational structure, page 100	

	2-16	Communication of critical concerns	• Organizational Regulations • Business ethics and compliance, page 37-39 • Information and control instruments vis-à-vis the Executive Committee, page 111
	2-17	Collective knowledge of the highest governance body	• Board of Directors, page 90
	2-18	Evaluation of the performance of the highest governance body	• Remuneration Report, page 134
	2-19	Remuneration policies	• Articles of Association
	2-20	Process to determine remuneration	• Role and activities of the Board of Directors and shareholders, page 135-136 • Role and activities of the Remuneration and Nomination Committee, page 137-138

Strategy, policies and practices

GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	• Editorial, page 4
	2-23	Policy commitments	• Business ethics and compliance, page 38
	2-24	Embedding policy commitments	• Business ethics and compliance, page 38-39
	2-25	Processes to remediate negative impacts	• Compliance controls, page 113
	2-26	Mechanisms for seeking advice and raising concerns	• Compliance controls, page 113
	2-27	Compliance with laws and regulations	• Business ethics and compliance, page 38
	2-28	Membership associations	• Stakeholder engagement, page 21

Stakeholder engagement

GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	• Stakeholder engagement, page 21
	2-30	Collective bargaining agreements	• People, page 35

Material topics

GRI Standard	Disclosure		Reference/ information	Omission
GRI 3: Material Topics 2021	3-1	Process to determine material topics	• Identification of material topics, page 23	
	3-2	List of material topics	• Materiality matrix, page 24	
Product responsibility				
GRI 3: Material Topics 2021	3-3	Management of material topics	• Product responsibility, page 27	
Own indicator	–	Revenue structure	• Product responsibility, page 28	
Own indicator	–	Project pipeline	• Product responsibility, page 28	
Own indicator	–	Generics portfolio	• Product responsibility, page 28	
Own indicator	–	Delivery performance	• Product responsibility, page 29	
Green chemistry				
GRI 3: Material Topics 2021	3-3	Management of material topics	• Green chemistry, page 29	
GRI 303: Water and Effluents 2018	303-5, a.	Water consumption	• Green chemistry, page 31	
Own indicator	–	Solvent consumption	• Green chemistry, page 31	
Own indicator	–	Green solvent projects	• Green chemistry, page 31	
Own indicator	–	Percolation deployment	• Green chemistry, page 31	
Climate change mitigation				
GRI 3: Material Topics 2021	3-3	Management of material topics	• Climate Report, page 40	
GRI 302: Energy 2016	302-1, c.i.	Energy consumption within the organization	• Climate Report, page 52-58	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	• Climate Report, page 52	
	305-2	Energy indirect (Scope 2) GHG emissions	• Climate Report, page 52	
	305-3	Other indirect (Scope 3) emissions	• Climate Report, page 52	
Own indicator	–	Renewable electricity	• Climate Report, page 56, 59	

Supply chain engagement			
GRI 3: Material Topics 2021	3-3	Management of material topics	• Supply chain engagement, page 32
Own indicator	–	Supplier assessment	• Supply chain engagement, page 33
People			
GRI 3: Material Topics 2021	3-3	Management of material topics	• People, page 34
GRI 403: Occupational health and safety 2018	403-9, a. ii.	Work-related injuries	• People, page 35
Own indicator	–	Employee engagement	• People, page 35
Business ethics and compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	• Business ethics and compliance, page 37
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	• Business ethics and compliance, page 39
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• Business ethics and compliance, page 39
Own indicator	–	IT security training	• Business ethics and compliance, page 39
Own indicator	–	Whistleblower training	• Business ethics and compliance, page 39

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

REPORT OF THE INDEPENDENT PRACTITIONER

To the Board of Directors of PolyPeptide Group AG, Baar

Independent practitioner's limited assurance report on selected non-financial information 2024

We have been engaged to perform assurance procedures to provide limited assurance on selected non-financial information (including the Greenhouse Gas (GHG) emissions) of PolyPeptide Group AG and its consolidated subsidiaries (the "Group") for the year ended 31 December 2024 disclosed in the Annual Report 2024 (the "Report").

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.

Scope and subject matter

Our limited assurance engagement focused on selected non-financial information (including the GHG emissions) and the non-financial matters disclosures as referenced in the Art. 964b of the Swiss Code of Obligations (CO) (the "non-financial information") comply, in all material aspects, with the criteria outlined in the report.

The following non-financial information published in the Report is within the scope of our limited assurance engagement:

- The Group's materiality determination process at Group level as disclosed on pages 23-24 of the Report;
- The Group's non-financial report prepared in accordance with art. 964b CO in conjunction with Swiss Ordinance on Climate Disclosures as disclosed on pages 66-68 of the Report;
- The Group's compliance with the due diligence and reporting obligations concerning minerals and metals from conflict regions and child labor as disclosed on pages 69-71 of the Report.
- The correctness of the following consolidated performance indicators:

  Product responsibility performance indicator:
  - On-time-in-full delivery performance (OTIF) on page 29

  Green chemistry performance indicator:
  - Solvent consumption on page 31
  - Green solvent projects on page 31
  - Percolation deployment on page 31
  - Water consumption on page 31

  Climate change mitigation performance indicator:
  - Group greenhouse gas emissions on pages 55

  Supply chain engagement performance indicator:
  - Supplier assessment on page 33

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Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

People performance indicator:

- Number of employees (headcount per site, end of period) on page 36
- Geographical distribution (average number of FTE's per site) on page 36
- Age (headcount, end of period) on page 36
- Gender (headcount, end of period) on page 37
- Gender diversity (headcount, end of period) on page 37
- Lost time injuries, resulting in lost working days per employee on page 35

Business ethics and compliance performance indicator:

- Number of whistleblower reports on page 39
- Number of and nature of confirmed incidents of corruption on page 39

Criteria

The non-financial information was prepared by management under the supervision of the respective responsible Committees of the Board of Directors based on the following criteria (the "applicable Criteria"):

- The Group's materiality determination process at Group level based on the requirements of the "GRI Standards" published in October 2021 by the Global Reporting Initiative (GRI);
- The Group discloses a non-financial report based on the non-financial disclosure requirements regarding transparency on non-financial matters according to art. 964b CO in conjunction with Swiss Ordinance on Climate Disclosures;
- The Group complies with the requirements of art. 964k and 964l CO regarding due diligence and reporting obligations concerning minerals and metals from conflict regions and child labor;
- The Group's disclosure of selected non-financial information, including selected performance indicators, with reference to the "GRI Standards" published by the Global Reporting Initiative (GRI).

Responsibility of the Board of Directors

The Board of Directors is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the non-financial information in accordance with the applicable criteria. This responsibility includes the duty on transparency and accountability on non-financial matters according to art 964b CO and the related preparation of the disclosures as referenced in the Art. 964b CO index table as well as the design, implementation, and maintenance of the internal control relevant to the preparation of the non-financial information that are free from material misstatement, whether due to fraud or error.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 (ISQM 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We remain solely responsible for our assurance conclusion.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

Responsibility of the Practitioner

Our responsibility is to express a conclusion on the non-financial information disclosed in the Report based on the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and in respect of GHG emissions, with ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we plan and perform this engagement to obtain limited assurance about whether the non-financial information is free from material misstatement, whether due to fraud or error.

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria in terms of their relevance, comprehensiveness, reliability, neutrality and understandability and their consistent application;
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management;
- Interviews with the Group's key personnel to understand the non-financial reporting system during the reporting period, including the process for collecting, collating and reporting the disclosures, the performance indicators and non-financial information;
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria;
- Analytical review procedures to support the reasonableness of the non-financial information;
- Identifying and testing assumptions supporting calculations;
- Testing, on a sample basis, underlying source information to check the accuracy of the data;
- Critically reviewing the Report for plausibility and consistency of qualitative and quantitative information related to the performance indicators and non-financial Information;
- Assessing that the Report contains the information required by art. 964b para. 1 and para 2 CO and the completeness of the non-financial information as required by Art. 964b para. 1 and para 2 CO.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial information for the period from 1 January 2024 to 31 December 2024 in the Report of PolyPeptide Group AG have has not been prepared, in all material respects, in accordance with the applicable criteria.

Phone +41 44 444 35 55
www.bdo.ch
zurich@bdo.ch

BDO Ltd
Schiffbaustrasse 2
8031 Zurich

Inherent Limitations

The accuracy and completeness of the non-financial information are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

In addition, the quantification of the GHG emissions indicators is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the emissions factors and the values needed to combine e.g. emissions of different gases. Our assurance report should therefore be read in connection with the Group guidelines, its definitions and procedures as well as third-party guidelines used to present the non-financial information.

Zurich, 10 March 2025

BDO Ltd

Simon Oswald

Roland Z'Rotz

PolyPeptide Group AG
polypeptide.com