



# Sustainability Report

2022



# About this report

With our products, we dedicate ourselves to the well-being of people around the world. In manufacturing them, we strive to act in a socially, economically, and ecologically responsible manner. As a successful partner to global pharmaceutical companies, we align our own sustainability objectives to the United Nations' 17 Sustainable Development Goals (SDGs).

This report is aligned with the German Sustainability Code (GSC) guidelines. The GSC's structure, which comprise of 20 criteria divided into different aspects, correspond to our chapters and subsections. For improved readability, we listed the criteria and aspects in the appendix instead of within the report itself. The performance indicators, which serve to demonstrate how effective our measures are, are featured separately. All key figures and information are in reference to our German sites.

The topics and measures also follow the internationally recognized Sustainability Reporting Standards (SRS) of the Global Reporting Initiative (GRI) standards and their principles of completeness, materiality, and stakeholder inclusiveness.

Abbreviations are explained when they first appear in the report, and a complete list of abbreviations is provided in the appendix.

# Content

Overview.....	4
Foreword.....	5
Vetter at a glance.....	6
From Ravensburg out into the world.....	8
Awards for Vetter in 2022.....	9
Sustainability at Vetter.....	11
<b>Strategy.....</b>	<b>12</b>
Strategic analysis and measures.....	13
Recognizing and assuming responsibility.....	16
Goals.....	19
Depth of the value chain.....	21
<b>Process management.....</b>	<b>23</b>
Responsibility.....	24
Rules and processes.....	25
Controlling.....	26
Incentive systems.....	28
Stakeholder engagement.....	32
Innovation and product management.....	34

# Content

<b>Environment</b> .....	37
Use of natural resources .....	38
Climate-relevant emissions .....	46
<b>Society</b> .....	48
Employee rights .....	49
Equal opportunity .....	51
Qualifications .....	57
Human rights .....	67
Corporate Citizenship .....	71
Political influence .....	74
Conduct in compliance with laws and regulations .....	75
Appendix .....	78
Contact .....	84

Information on the performance indicators for the respective criteria can be found on the following pages:

## Criteria 1–10: Sustainability concept

<b>Key performance indicators 5–7</b> .....	27
(Responsibility, rules and processes, control)	
<b>Key performance indicator 8</b> .....	30–31
(Incentive systems)	
<b>Key performance indicator 9</b> .....	33
(Stakeholder engagement)	
<b>Key performance indicator 10</b> .....	36
(Innovation and product management)	

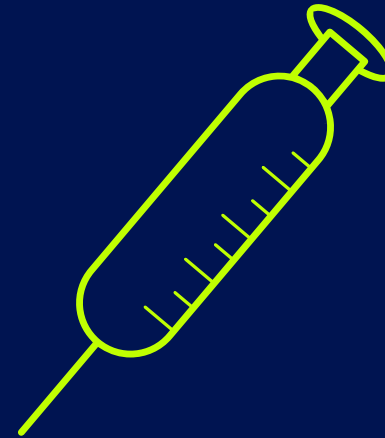
## Criteria 11–20: Sustainability aspects

<b>Key performance indicators 11–12</b> .....	42–45
(Use of natural resources, resource management)	
<b>Key performance indicator 13</b> .....	47
(Climate-relevant emissions)	
<b>Key performance indicators 14–16</b> .....	63–66
(Employee rights, equal opportunities, qualifications)	
<b>Key performance indicator 17</b> .....	69–70
(Human rights)	
<b>Key performance indicator 18</b> .....	73
(Community)	
<b>Key performance indicator 19</b> .....	74
(Political influence)	
<b>Key performance indicator 20</b> .....	76
(Conduct in compliance with laws and regulations)	

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

# Overview

Filling top-quality medicines for people who need them – that is our objective as a leading pharmaceutical and biotech service provider. With our product portfolio, we take responsibility and are pioneers in the industry. Our social commitment as a company goes far beyond our legal obligations.



## 209 million

units filled in 2022

**Rely on us.**

# Foreword

Dear Readers,

Hardly any other subject matter has occupied companies such as Vetter as intensely as sustainability. Though in the past, focus was placed primarily on the environmental effects of corporate activities, the definition of sustainable development has gradually expanded. Sustainability today means keeping an eye on how our actions impact society, the economy, and ecology and refers to the holistic responsibility that a company is prepared to assume in all spheres of life, as it stays mindful of the finite nature of resources.

Through our comprehensive Environment, Health and Safety (EHS) program, we at Vetter have been focusing on how we can contribute to greater sustainability for many years. We are committed to ensuring occupational safety and protecting the environment, implementing energy efficiency measures, operating resource-saving production processes, and ensuring comprehensive waste

recycling. Since 2014, all German sites have been operating with green hydro-power electricity. All Vetter sites worldwide have been carbon neutral since 2021, and we are now ready to present our second sustainability report in 2023. We are proud of the things we were able to move, change, rethink, and implement. However, we also know that sustainability, a topic on which many departments in our company have been working on for many years, remains a core endeavor that we want to push forward – with consistency and motivation – together with our employees, customers, and partners.

Thomas Otto and Peter Sölkner  
Managing Directors



Thomas Otto

Peter Sölkner

Thomas Otto and Peter Sölkner,  
Managing Directors



# Vetter at a glance

As of December 2022

## > 70 years

of experience as an independent family business



## 80 %

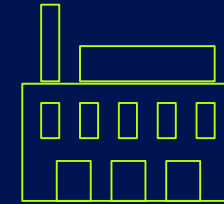
of our projects deal with complex biological active ingredients

## > 125

customers trust us.

## > 40 years

of experience in aseptic filling and packing



## 24

cleanrooms in European and US production facilities

## 110

commercial products are made by us.

## 7 countries

are home to our production facilities (Austria, Germany, US) and sales and marketing organizations (China, Japan, Singapore, South Korea).

## 209 million

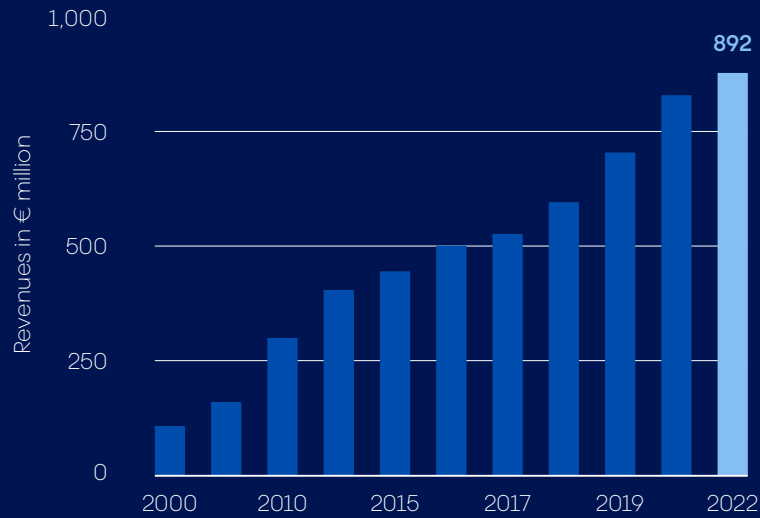


filled units\* of injectable drugs in 2022

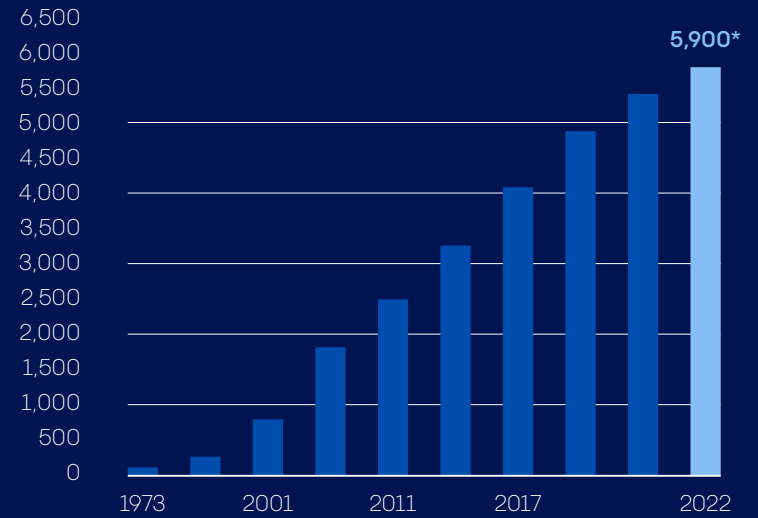
\*These figures refer to Vetter worldwide.

# Growth at Vetter

### Revenue growth



### Employee growth



# From Ravensburg out into the world

In 1950, our company founder Senator h. c. Helmut Vetter leased a small pharmacy in Ravensburg. Over time, it grew into an internationally operating family business, which today employs 5,900 people worldwide. Staying true to its roots, the company is still headquartered in Ravensburg after more than 70 years. In addition to our clinical production facility in Rankweil, Austria, we also operate a development site and a subsidiary in Chicago, US. With sales offices in China, Japan, Singapore, and South Korea, we now also maintain local presence for our customers in the Asia-Pacific region.

## Family business and global player

Vetter is at home all over the world and, as a Contract Development and Manufacturing Organization (CDMO), works for international pharmaceutical and biotech companies of all sizes. We take responsibility for the well-being of numerous patients. We fill active ingredients into syringes and other injection systems to treat diseases such as multiple sclerosis, severe rheumatoid arthritis, and cancer. With many years of experience working with international regulatory authorities, we support our customers in developing new active ingredients and filling them for clinical trials in the run-up to approval. To this end, we offer a diverse range of testing and analytical procedures. Once a drug is approved, we take care of its manufacture, from preparation and aseptic filling to quality control and all the way through to secondary packaging.





# Awards for Vetter in 2022



## Fair Company Award

The German *Handelsblatt* newspaper recognized us as a “Fair Company” for our excellent working conditions and development opportunities, especially for young people.



## Sustainable Impact Award (SIA)

We received first place in the “Social Impact on Employees” category of the Sustainable Impact Awards.



## Great Place to Work

92 percent of colleagues in Chicago consider Vetter a “Great Place to Work.” At other US companies, an average of only 59 percent of employees granted their employer this coveted accolade.



## Top Climate Engagement in Germany

*Focus* and *For Our Planet* magazines awarded us the “Top Climate Engagement in Germany” seal for our outstanding effort in environmental and climate protection.

# Awards for Vetter in 2022

SZ Institut



## Top Digital Company 2023

The Süddeutsche Zeitung Institute, in cooperation with Statista GmbH, named us "Top Digital Company."



## Axia Best Managed Companies Award

For the third time in a row, Vetter is one of the best-managed medium-sized companies.



## "We achieve the mobility turn 2022"

We received an award from the state of Baden-Württemberg in the "Improved and networked bicycle and pedestrian traffic" category.



## Climate Mobility Challenge

Vetter was awarded first place by *Deutsche Bahn* in the "Commuter" category.



## EcoVadis Gold Status

As we are among the top five percent in the industry, our sustainability initiatives were given Gold-medal status by EcoVadis.

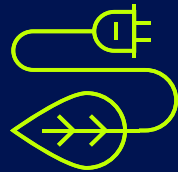


## CMO Leadership Award

We attained champion status in all six categories of the 2022 CMO Leadership Awards.

# Sustainability at Vetter

> 32 million kWh

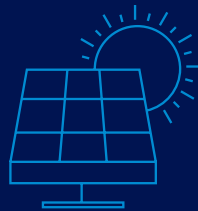


in energy savings since 2012, equivalent to the consumption of 7,000 four-person households in one year

60% women  
40% men

41.04%  
recycling rate

7.3 million kWh



of self-generated renewable energy in 2022. This corresponds to the annual electricity consumption of over 2,000 four-person households.



5,900

employees from all over the world. Countries of origin besides Germany: Bosnia, Croatia, Romania, Turkey, United States, among others

Workers from

61

different countries of origin

# Strategy

Being there for the good of mankind is core to our corporate DNA. We are committed to conducting business in an economically, ecologically, as well as socially responsible manner. As an internationally active company, we are a part of this world that we protect and preserve beyond our legal obligations.



02



**United Nations**  
Global Compact

We joined the United Nations Global Compact in 2022 – the most important global initiative for responsible and sustainable corporate governance.

**Rely on us.**

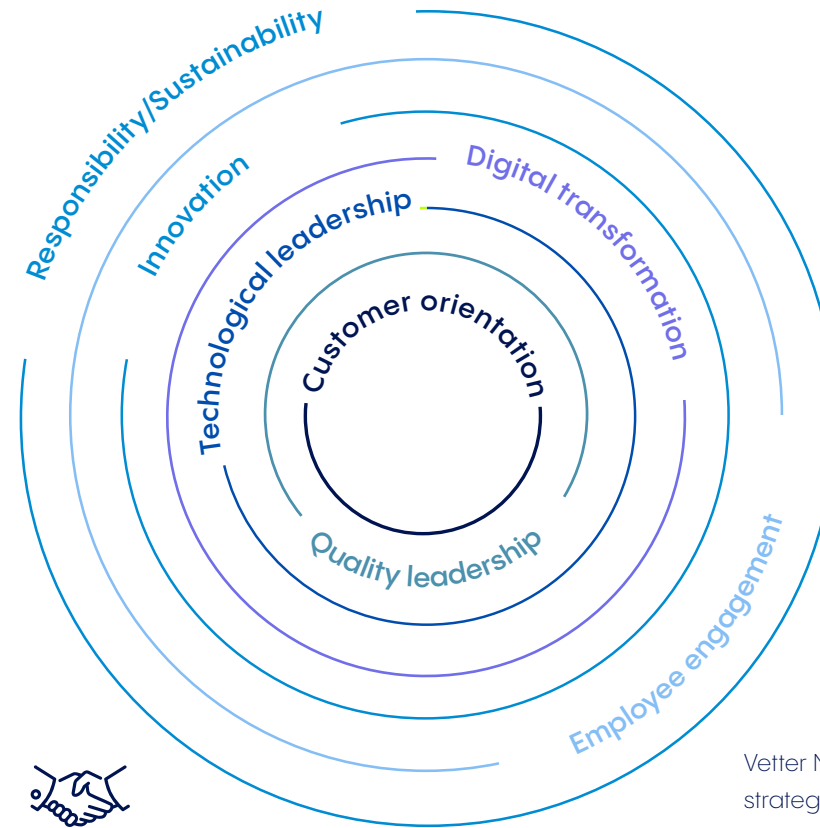
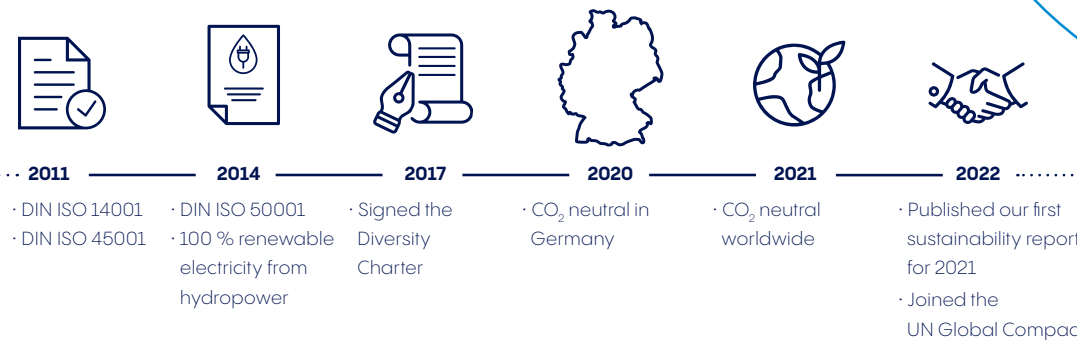
# Strategic analysis and measures

## Sustainability: A corporate mainstay

Sustainability is a vital component of our "Vetter NEXt 2029" strategy program and is firmly embedded in our corporate philosophy. We proactively derive measures from our "Sustainability" plan of action to reduce emissions, find sustainable packaging alternatives, and continue fostering diversity, whose strategic implementation is already underway.

We keep a close eye on the impact of our actions as a company and remain open to input from our partners, patients, employees, and many other stakeholders. Our goal is to consistently and sustainably improve how we do business. We formulate measures and targets at the management level, in active collaboration with different areas of the company.

## Continuous development



Vetter NEXt 2029's strategic focus



### Supporting the United Nations' goals

The United Nations SDGs are absolutely central to our work. We have been a member of the UN Global Compact network since 2022 – an important initiative for sustainable and responsible corporate governance, to whose principles we are committed.

#### Sustainable Development Goals (SDG)

Below an excerpt of our SDG-relevant initiatives:



Direct and indirect positive impact



Preventing potentially negative impact



### Following the DIN ISO 26000

DIN ISO 26000 forms another foundation for our plan of action. Its seven core subjects serve as guidelines for strategic corporate planning and social responsibility. They are:

- Organizational governance
- Labor practices
- Environment
- Fair operating practices
- Consumer issues
- Community involvement and development
- Human rights

# Sustainable Development Goals (SDG)

Below an excerpt of our SDG-relevant initiatives:



- EGYM Wellpass (previously Qualitrain)
- Supplementary corporate health insurance
- Free health checkups for employees
- Viva Family Service
- Donation to the Home Interface Clinic in Ravensburg
- Ergonomic work environment
- "My safe route to work" program
- Corporate social workers
- Reducing commuting accidents



- Training programs
- Vetter Academy
- House of Little Scientists
- Trainee Master Program
- GoodHabitZ online learning platform
- STEM initiatives



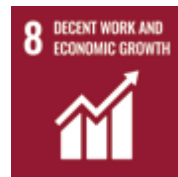
- Vetter Kids
- Parent-child offices
- Part-time managers



- Efficient water usage
- Wastewater testing
- Residue incineration



- Biogas CHP
- CO2 certificates for renewable energy promotion
- Investments in energy efficiency
- Photovoltaic systems on roofs and exterior walls
- Geothermal energy
- Green electricity
- ISO 50001 energy management systems
- E-charging stations



- Meeting the 1000-man quota for work-related accidents
- Supplier Code
- Equal wages
- ISO 45001 Labor and Health Management System
- High corporate growth
- Company retirement plan



- Hackathon & Innovation World Café
- V3
- State-of-the-art technologies
- ISO 14001 Environmental Management System



- German diversity charter (Charta der Vielfalt)
- Germany's Economic Integration Initiative
- Diversity Day



- TWS Rad (e-bike rental)
- Bicycle workshop series
- KfW standard for energy efficiency
- JobTicket public transport subsidy
- JobRad
- Dedicated bike parking spots



- Waste recycling
- Mobile phone collection program
- Supplier evaluation



- CO2 neutrality
- "Climate saver – life saver" program
- Tree planting initiative
- "Sustainability in everyday life" presentation



- Code of Conduct
- Grievance management system
- Modern Slavery Statement



- "Vetter goes Social"
- EnBW Energy Efficiency and Climate Protection Network
- UN Global Compact

# Recognizing and assuming responsibility

In everything we do as a company, we follow one philosophy: We want to improve the quality of life for millions of people around the world. Harnessing our full sustainability potential has eluded us. The industry's strict regulatory requirements has, in many instances, prevented us from doing so. However, we continually search for the most efficient and sustainable way of attaining our goal, such as through collaborative partnerships and various company-wide sustainability initiatives.

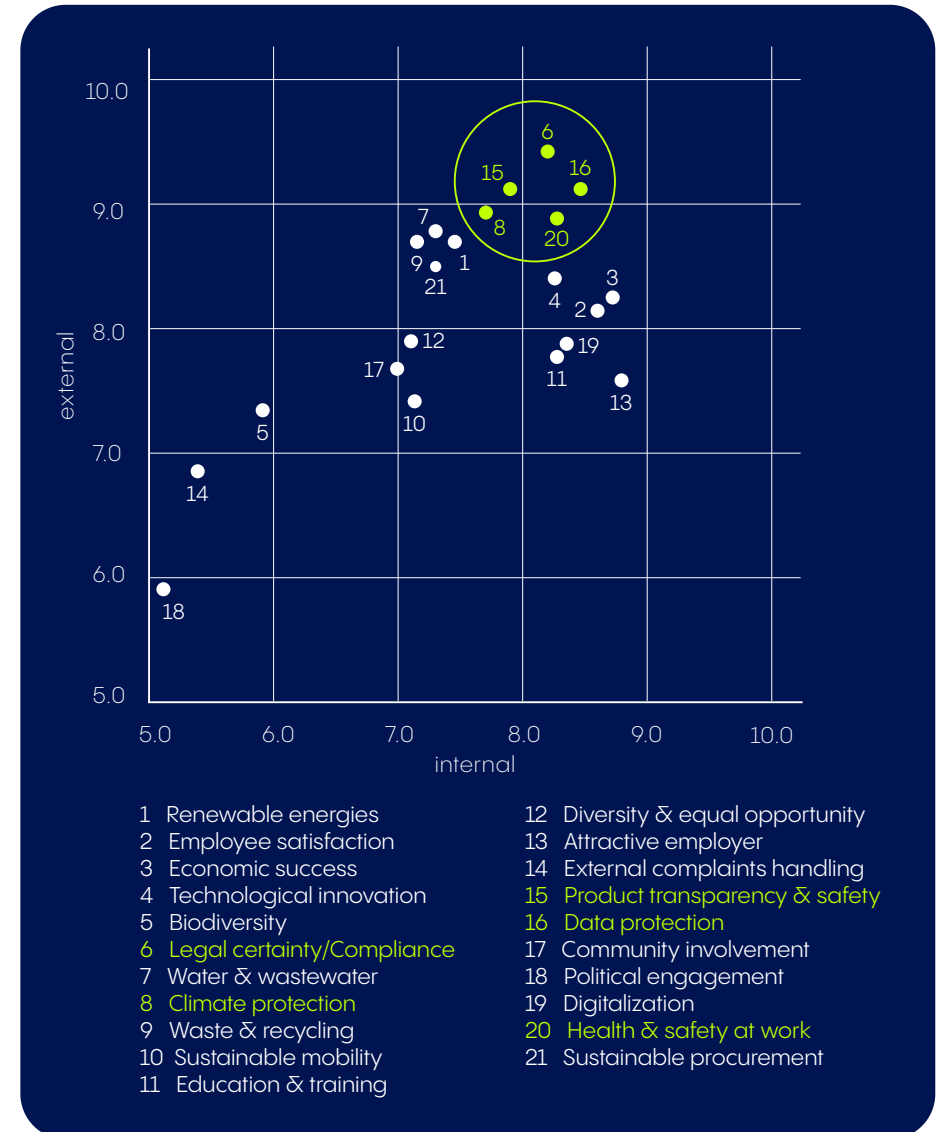
## Materiality analysis

Operating sustainably also means having our finger on the pulse at all times, taking new findings into account, and flexibly aligning the company to changing needs. To meet this objective and identify the most relevant action areas, we continually update our materiality analysis, which we first carried out in 2021.

The most recent survey, which takes into account both the SDGs and the DIN ISO 26000 guidelines on social responsibility, identified 21 core topics.

Also included in this analysis is the external impact our company has, or the outside-in perspective. We surveyed eleven external stakeholder groups, including customers, service providers and suppliers, public authorities and agencies, credit institutions, local communities, educational institutions, and potential employees. To get a reliable picture of the company's internal self-perception, we surveyed management, employees, the Advisory Board and the Works Council.

This is how we keep an overview of the current situation from both within and outside the company and understand the key issues that shape our work and are particularly important to us and our stakeholders (see graph).





## Opportunities and risks in the economic context

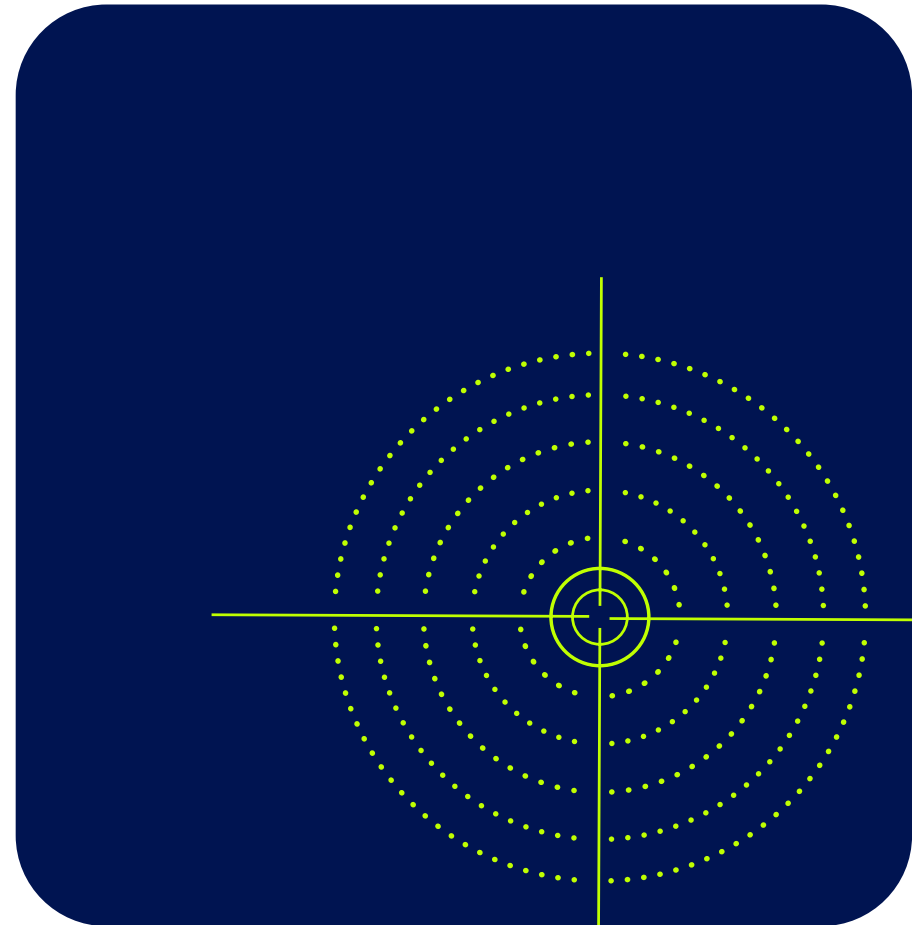
Growing sustainably requires understanding and incorporating different perspectives. We need to ask ourselves how we can meaningfully address external social, ecological, and economic factors – the outside-in perspective. We also need to be aware of how our own actions affect the climate, the economy, and society – the inside-out perspective.

The demand for novel drugs and dosage forms is rising, and the global pharmaceutical industry is rapidly growing. With growth comes demand for more resources. Initiatives such as the new German Supply Chain Due Diligence Act are both an opportunity and a challenge for ensuring sustainable innovation and progress. From January 1, 2023 onwards, companies are legally obligated to protect human rights and the environment across the entire value chain. Global conflicts such as the Ukrainian war create additional risks, impacting companies as well and the international pharmaceutical market.

The disruption of vital supply chains created supply bottlenecks; price levels adjusted to the enormous rise in energy costs. To operate sustainably in such a tense international situation, companies need to be open and willing to take risks and explore new avenues, such as identifying new, alternative energy sources to reduce dependencies.

Processes such as the ever-increasing digitalization, which was further accelerated by the COVID-19 pandemic, similarly pose a challenge. As the danger of cyberattacks increases, the importance of IT security grows.

Growth as an effect of our entrepreneurial activities naturally means a heightened demand for resources. The normalization of working from home and meeting online, on the other hand, sustainably reduce the environmentally harmful effects of commuting, which was so important to work only a short time ago and has become somewhat superfluous today.



## Opportunities and risks in the social context

Among the external influences that affect sustainable development is corporate growth amid shortages of qualified workers; it has become a pronounced source of tension for companies looking to operate a socially sustainable enterprise. In the high-employment region of Lake Constance in Upper Swabia where Vetter is headquartered, people are turning away from vocational degrees towards academic education. It is becoming increasingly difficult to find the type of employees who come with the right training and qualifications and will enable the company to grow. The COVID-19 pandemic and the war in Ukraine war have led to job losses in many sectors. This gives us an opportunity, however, to rise up and live up to our social responsibility.

We give people much-needed security by offering employment in a crisis-resistant company that is ready to help them overcome day-to-day challenges such as the inflation-induced higher cost of living and offer them unbureaucratic assistance through comprehensive measures.

All in all, we have long understood that only by making employment at Vetter attractive can we successfully counteract skilled-labor shortage. Measures that contribute to employee satisfaction are consequently prioritized in the "Vetter NExT 2029" corporate strategy. We are intensifying our efforts to attract and retain employees and minimize the risk of a shortage of specialists and junior staff. We have been expanding and diversifying our candidate pool for some time now. Diversity brings new ideas and innovative power and boosts corporate performance.

## Opportunities and risks in an ecological context

Operating in an ecologically sustainable manner means being proactive and preemptive. We at Vetter are committed to implementing effective measures to reduce emissions and minimize risks. For areas in which the lack of industrially viable technology makes it impossible to effectively save CO<sub>2</sub>, we contribute from within the company, offsetting

through emission-binding projects. These costs will increase in the medium term as the company grows, but they do not present long-term risk.

And even though inadequate technology means emissions are inescapable, every year we proactively assess risks and opportunities and develop in-house initiatives, like our own sustainable energy concept – in anticipation of lengthy legal processes. Moreover, we counterbalance exceeding limits for particulate matter and nitrogen oxide concentrations through our modern natural gas combustion plants as well as our mobility concept.

By systematically monitoring the transport of our sealed waste containers, we also prevent pollutants from escaping. Because we process medicines instead of manufacturing them ourselves, the risk of wastewater pollution from Vetter is likewise very low.

»Our goal:  
to operate, grow and  
manage sustainably.«



Peter Sölkner,  
Managing Director

# Goals

Sustainability moves with the times, presenting us with challenges anew. We likewise forge ahead with our goals and continuously define new standards in sustainability. We also strategically drive the development of new requirements. Our initiatives follow well-known standards such as the Paris Climate Agreement.

In close cooperation with our departments, we regularly assess as to whether we are satisfactorily meeting our qualitative and quantitative goals. We identify new action plans and derive meaningful measures. Our priorities are impacted by factors such as legal compliance, changing framework conditions, and recommendations for action, as well as strategic course corrections. 2029 is the timeline for implementing our strategy. Data and key figures from 2019 provide a reference with which we can evaluate our progress and successes.



## Goals: conserving resources, reducing emissions

One of EHS's program current strategic sustainability objectives is to reduce total energy consumption and emissions by ten percent in terms of gross value added. We are also working hard to minimize the negative environmental impact of commuting by ten percent. More details on the targets and their trajectories are provided in the Environment chapter of this report.

> 32 million  
kWh

of energy saved  
since 2012

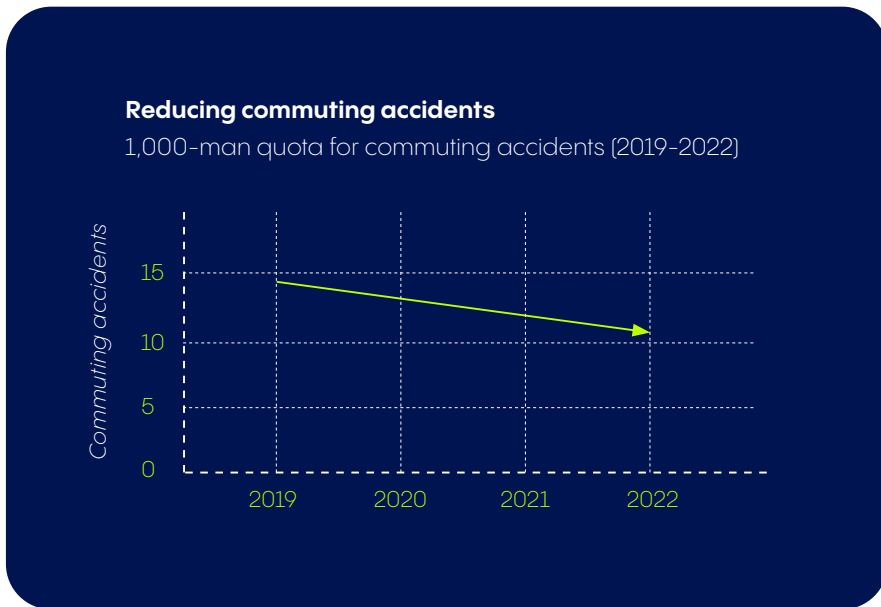
### Improving occupational safety

Vetter assumes responsibility for its employees and works consistently towards the goal that is embedded in the EHS program of reducing the 1,000-man quota for commuting accidents by ten percent by 2029. Every year, we collect data on how occupational safety is developing at Vetter. The current rate stands at 10.94; in 2019, it was significantly higher at 13.93.

We are continually augmenting the information on occupational safety that is available to employees. Better signage that lists the locations of defibrillators and dayrooms, for example, makes it easier for employees to respond properly in case of illness or an emergency.

### Checking for sustainability

Important tools for ensuring the effectiveness of our sustainability measures include successful audits by the German Association for the Certification of Quality Assurance Systems (DQS), customer audits, and conversations with our customers. Furthermore, EcoVadis, one of the world's largest providers of sustainability rankings, independently and transparently reviews our progress on a regular basis. In EcoVadis' latest evaluation, we were able to improve our rating by 14 points. With 72 out of 100 points, we reached gold status, and are among the top five percent of all companies assessed in the industry.



# Depth of the value chain

## Raw materials and packaging

Our added value begins by supporting our customers in the early stages of developing suitable active substances. Together, we create flexible, scalable, reproducible, and efficient clinical manufacturing processes. We also offer comprehensive regulatory support and conduct essential pharmaceutical analyses. After a drug candidate receives approval, we take over its large volume commercial manufacturing – through to the various steps of packaging for different injection systems.

We divide raw material suppliers into two groups. The first are our customers. They supply life-sustaining and life-enhancing active ingredients – the value chain's core product. These are entrusted to us for aseptic filling, either as a finished mixture or as individual components, which are processed in batches according to the respective formulation. We exert no influence over the stability of the active ingredients' composition.

The second group consists of packaging suppliers. Here, we rely on products made of glass, synthetic rubber (elastomers), plastic and paper, which serve as primary or secondary packaging. Customers with no product packaging of their own are given access to our supplier portfolio and a wide selection of packaging material. We collaborate exclusively with highly specialized suppliers who are qualified by Vetter

and established on the world market. Many of these suppliers already have a long-standing contractual relationship with us. They are all committed to our Code of Conduct, which lays down the ecological and social principles of our cooperation.

Packaging materials are selected in close consultation with customers in accordance with the regulatory requirements for drug approval. Adherence to pharmaceutical regulatory requirements and high-quality standards means that not all sustainability goals can be fully attained.

The new German Supply Chain Duty of Care Act also requires us to review our environmental, economic, and social footprint along the entire value chain, while the Supply Chain Act in turn holds us accountable for our suppliers' and cooperation partners' non-compliant behavior. To monitor our supply chains, EcoVadis – a globally renowned provider of sustainability assessments – has been conducting independent audits since 2022. The EcoVadis assessment provides us with invaluable insight for further improving our sustainability efforts.

### The Vetter value chain



## Security and logistics

Behind our customers and the products we manufacture are millions of patients around the world who trust in the safety of their medicines. Ensuring the highest quality standard along Vetter's entire value chain is our goal. A standardized, cross-site quality management systems and established processes and structures that are in line with the continuously updated cGMP regulations build the foundation of our work. We also closely monitor our industry's regulatory environment to translate new developments and requirements into programs that we implement as quickly as possible. Our quality management system and established processes and structures are reviewed in ten to 20 annual inspections by international authorities and more than 50 customer audits.

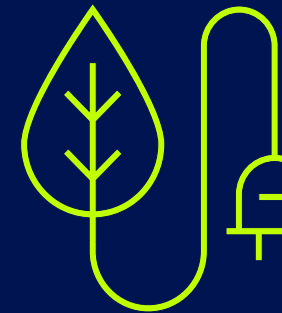
We also maintain an intensive, trusting, and constructive dialog with our packaging materials suppliers who are vital to our supply chain. They are qualified through our supplier management system and also regularly audited in various quality-relevant categories. In the interest of suppliers, our customers, and our own company, we also conduct regular meetings to review the social and ecological frameworks for EHS aspects, discuss aberrations, and decide on the measures that are to be optimized.

Once the product has been successfully manufactured, and the (optional) secondary packaging completed, the final product is available at Vetter for our customers to pick up. At the logistics site's loading ramp, the responsibility for the product – for pickup and transport, including transportation costs, means of transportation and import and export handling – finally goes to the customer.



# Process Management

As a company committed to sustainability, we are not afraid to take a critical look at the heart of our organization: our processes and how they are managed. Our processes are developed with sustainability in mind, and we proactively implement new ones to help serve our purpose.



## 7.3 million kWh

generated from own plants in 2022

**Rely on us.**

# Responsibility

Creating sustainable value – this is our declared strategic goal, the successful implementation and monitoring of which our Management is tasked with.

Vetter's Environment, Health, and Safety (EHS) department is staffed by two certified Sustainability Managers who manage and document all relevant measures. Henryk Badack, Technical Service & Internal Project Management Senior Vice President, and Benjamin Walter, Internal Project Management & EHS Vice President, lead these efforts at the highest levels. Though the measures are initiated and coordinated by individual departments, sustainability is an inherently interdepartmental topic that profits from the constructive cooperation of all involved.

Another strategic institution is our Sustainability Circle, which meets regularly and gives space to discuss current issues, identify new measures, evaluate ideas, and decide on implementations. To fully integrate sustainable development, we ensure that permanently represented departments – each of which is dedicated to specific tasks – cooperate effectively. These include Corporate Health Management, EHS, Human Resources, Legal, Pharmaceutical Purchasing, Plant and Site Development, Technology, Treasury, and Vetter Optimization Systems.



**Henryk Badack**, Senior Vice President  
Technical Service & Internal  
Project Management



**Benjamin Walter**, Vice President  
Internal Project Management & EHS



**Paula Wund**, certified  
Sustainability Manager



**Gabriel Fischer**, certified  
Sustainability Manager



# Rules and processes

Economy, environment, and society in harmony: This is the principle we follow in our day-to-day work, across all areas and processes. As an internationally active company in the pharmaceutical and biotech industry, we comply with numerous country-specific laws and regulations that govern occupational health and safety, environmental protection, and energy use.

## Comprehensive management system for process implementation

Our company-wide EHS management system, which is embedded in the overall process landscape, helps us effectively introduce and implement these rules. It maps a broad range of strategic and operational measures for energy use, environmental protection, and occupational safety. Our cyclic four-step "Plan, Do, Check, Act" (PDCA) method lets us identify and avoid recurring errors and continuously improve existing processes.

## A consolidated understanding of responsibility

Identify, implement, inform – our integrated management system forms the basis of our understanding of where each measure sits within the organization as well as for assessing risks and opportunities and/or providing necessary resources. Cross-functional collaboration and initiatives and employee communication are key to improving the performance of specific EHS activities. Mandatory training on EHS and compliance topics help ingrain sustainability standards in the Vetter workforce.

Various sets of rules – such as the Code of Conduct and the Supplier Code – communicate our understanding of responsibility externally to the customers and partners with whom we cooperate.

## Applied ISO norms

Our EHS policy is based on DIN 45001; it defines strategic objectives for maintaining and continuously improving EHS performance in the company. Awareness for EHS in the company is constantly growing. The EHS policy is a key cornerstone for action; its policy potential comes from the interlink between risks, opportunities, and goals. We also introduced other standards – such as DIN ISO 14001 Environmental Management, DIN ISO 50001 Energy Management, and DIN ISO 45001 Occupational Health and Safety Management – into the company.



PDCA:

PLAN,  
DO,  
CHECK,  
ACT

# Controlling

Sustainability initiatives are only as good as their long-term effects. We rely on various indicators to check the efficacy of individual measures. Common DIN standards such as ISO 14001, ISO 50001, ISO 45001 are helpful monitoring tools. Likewise, our EHS program guides many of our measures, such as those for conserving resources and saving energy.

All key figures form an integral part of a yearly Management Review. The Vetter NEXt 2029 corporate strategy includes plans to involve more departments in the future and to expand the governing body for our sustainability endeavors. We are also continuously working with various departments to develop new targets and key performance indicators (KPIs).

## A foundation of stable KPIs

Successful optimization relies on key figures and their transparency. An internal KPI manual confirms the reliability of our corporate data. All EHS-relevant key figures are checked and displayed by the data-based and integrated management system, or DAIM for short, ensuring that we can quickly detect deviations, risks, and opportunities.

We can, for example, compare energy consumption and productivity over time and across locations by using specific key indicators as well as our energy monitoring system with more than 500 connected meters. Other markers of our progress include the 1,000-man quota for commuting accidents used by the employer's liability insurance. The data we collect is reviewed during regular internal and external audits conducted by property insurers, customers, and certifiers, among others. A steering committee comprising experts from various departments also makes key decisions regarding occupational safety, health, and environmental protection. All the supervisory bodies within our EHS structure are testimony to how seriously we take our responsibility for people and the environment.

## Continuous reduction of occupational accidents

Accident rate lower than industry average\*

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



# Values and principles that guide our actions

## Key performance indicators for criteria 5 to 7 KPIs GRI SRS\*-102-16: Values

Values keep communities together. Our corporate mission statement conveys the principles that define our corporate identity and guide our actions. Responsible corporate governance embodies a core value that we want to live by – as we expand to new markets, recruit new specialists, and conduct all our entrepreneurial activities. Our leadership principles were derived and developed from our corporate strategy. Our corporate mission statement expresses the seven values and principles for which we stand:

\*The GRI SRS are the internationally recognized standards for sustainability reporting.  
(Global Reporting Initiative Sustainability Reporting Standards)

Quality is our top priority.  
Each and every individual counts.  
We work together in trust.  
We are partners.  
We communicate openly.  
We think and act as entrepreneurs.  
Our team spirit is our strength.

# Incentive systems

## Targets and objectives for personal and professional development

Employees who are seen and valued form the foundation of sustainable success. It is crucial to nurture their strengths and give them room to develop. Our annual career development discussions provide employees and managers a platform to reflect and align particular skills to the Vetter competence model:

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

The purpose of these discussions is to document professional and personal goals that are tied to the business objectives that are drawn primarily from the Vetter NExT 2029 strategy. Essential to the strategy are the social, economic, and ecological sustainability goals that are distributed throughout various action plans. Only when personal plans and strategic visions meaningfully come together can sustainability goals come to life throughout the company.





### Involving employees in improving processes

V<sup>3</sup> stands for the three-step Vetter idea-management system: "Suggestion – Improvement – Head Start." For years, it has motivated employees to contribute their ideas and experiences to improve processes in the company long term. Whether it's to increase productivity, reduce costs, simplify processes, improve working conditions, or protect the environment, employees can submit their optimization recommendations and have them assessed by a neutral ideas committee. Proposals that hold innovation potential are reviewed by experts in a subsequent V<sup>3</sup> idea-management step. We reward ideas that are implemented with bonuses.



### Employees recruit employees

Sustainable growth depends on finding the right people. This is why employees who recruit qualified staff for vacant positions receive a bonus. An additional premium is paid out when the new colleague successfully completes their probationary period. In 2022, we distributed a total of €364,000 in bonuses.



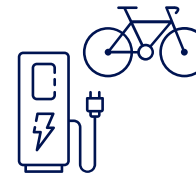
### JobRad and JobTicket: Carbon neutral to work

We foster climate-friendly mobility by offering our employees the opportunity to lease up to two bicycles at favorable conditions. Switching from cars to bikes is not only climate-friendly, but also beneficial to employee health. In 2022, we leased 493 bicycles with a total value of €1,877,500. Vetter also pays employees 50 percent of the cost of either the annual or monthly local public transport ticket – a subsidy that added up to a total of €16,660 in 2022.



### TWS rental bikes: Sustainably mobile between locations

Employees can rent bicycles at three locations to stay sustainably mobile between the production sites in Ravensburg. This is how we – in cooperation with TWS – successfully reduced company-vehicle CO<sub>2</sub> emissions. Using the rental bikes also makes it easy for employees to travel to and from the train station and the city center.



### Bicycle infrastructure and e-mobility

To make a meaningful contribution to the mobility turn, we are heavily investing in expanding our bicycle infrastructure. Functional, covered bicycle stands, e-bike charging stations, and repair stations for quick repairs are included in the plant and site expansions. A sufficient number of electric vehicle charging stations are also in the planning.



# Remuneration at Vetter

## Key performance indicators for criteria 8

### KPI GRI SRS-102-35: Remuneration policies

Outwardly in line with the market, inwardly transparent, and performance-oriented – this is how a company's compensation structure should be. In the Upper Swabian region of Lake Constance, which has almost full employment, it also needs to be competitive. Compensation is one of the most important instruments for recruiting and retaining employees.

Our system of remuneration is divided into the pay-scale and non-tariff groups. Jobs that fall under the collective wage agreement are classified into one of ten groups. Within each salary group, compensation progresses along a salary band; the 100-percent benchmark salary is a statistic average derived from market data. Only the respective job is decisive for the group; within the group, all gender-neutral employee salaries develop according to the same rules. If during the course of our regular salary market review, we see that remuneration for particular roles are out of step with the market, we allocate them to higher salary groups, as was the case in 2022 for a number of functions. Our pay-scale employees also benefit from annual salary adjustments, a pro-rated 13th month's salary, holiday pay, and night and weekend bonuses for shift work.

€ 1,164,912

in travel allowances in 2022

Additional benefits such as a monthly travel allowance – totaling € 1,164,912 in 2022 – and subsidized prices in our company restaurants supplement our compensation system. Employees receive cash gifts on special occasions such as births, weddings, and anniversaries, as well as an additional gift at Christmas. In light of rising inflation, the company also paid its employees a tax- and social security-free inflation compensation bonus of up to € 2,000 in 2022. The payment amount was based on the respective salary grade – the lower the earnings, the higher the compensation. In total, this support amounted to € 8,782,700.

In addition to remuneration, we support employees with a total of 37 corporate spots in two Ravensburg daycare centers. 15 company spots each at six other daycare centers help our workers achieve better work-life balance. We also pay employee subsidies for daycare and kindergarten – totaling € 329,905 in 2022 – and organize a varied vacation program for children of employees based in Ravensburg. Our pension model provides security in old age through a working time account for near-retirement leave as well as through a corporate pension plan, which we support with employer contributions.

# Profit-sharing model for non-tariff pay

**KPI GRI SRS-102-35:** Remuneration policies

**KPI GRI SRS-102-38:** Annual total compensation ratio

We use a profit-sharing model to calculate Vetter success points, which are intended to motivate employees to act efficiently and economically in the interests of the company's success. However, due to varying accounting methods, we do not collect any other key figures for the GRI SRS-102-38 performance indicator. They play no role in assessing the fairness of our compensation structures.



# Stakeholder engagement

## Annual evaluation of our stakeholders

To accurately represent our integrated management system, which comprises occupational safety, health protection, environmental and energy management, we must understand the needs and expectations of all stakeholders at all times. These are surveyed and evaluated annually. We document all stakeholders and their expectations in a matrix that we review and adjust every year.

We engage with our stakeholders all throughout the company. This encompasses one-on-one exchanges with partners, networking events, trade fairs, meetings and audits, as well as indirect dialogue such as surveys, newsletters, social media posts, and other prospective touchpoints.

Over 40 stakeholders are involved. Internal stakeholders include company management, employees, and the works council. External stakeholders include customers, suppliers, service providers, authorities, certification bodies, and many more. Key stakeholder expectations involve aspects such as green factory, cleanliness, local engagement, contribution to the common good, legal compliance, employer attractiveness, and stability.

As we record the stakeholder groups and assess how important certain expectations are to them, specific priorities become apparent in said matrix. The materiality analysis updated in 2022 is also based on this system of detailed stakeholder surveys.





# Key issues and concerns raised

## Key performance indicators for criteria 9

### KPI GRI SRS-102-44: Key issues and concerns raised

What matters to the people we work with is important to us. We regularly conduct employee surveys on various matters to get a better overview. The Culture Cockpit and the "Management in Dialogue" platforms give employees the opportunity to approach management – personally or anonymously – who then assess concerns, initiate improvements where needed, and provide feedback. In addition to the works council, two corporate social workers and the company's confidant are also available support employees manage problems and conflicts. We also set up an online grievance management system to ensure that complaints are handled quickly and in a structured manner.

It is through our audits, the supplier management system, and other platforms for stake-

holder dialogue instituted by the various divisions that we learn where external stakeholders – our customers and suppliers – see improvement potential. To position ourselves as an attractive employer to potential recruits, we take part in trade fairs and informational events and are accessible on our social media platforms. In 2022, for example, external stakeholders reported noise pollution from our refrigerated truck deliveries. We took corrective action by changing from truck refrigeration to electric refrigeration. We also moved the deliveries from nighttime to daytime. Another complaint concerned littering around the perimeters of our sites, which we addressed by placing ashtrays, organizing the "Vetter goes Social" urban cleaning campaign at our sites, and regular clean-ups.

### The Vetter Stakeholder Dialogue



# Innovation and product management

Our area of work – aseptic filling – is energy-intensive per se. The willingness to innovate, in resource efficiency in particular, is essential to our success. For us, promoting sustainability in a rapidly changing market means being consistently agile, creative, and innovative. Where innovation meets continuity – as it does at Vetter – sustainable success is possible. Innovation initiatives and efficiency measures allow us to continuously improve our service, including our rate of recycling (see Environment chapter), our CO<sub>2</sub> reduction, and our energy efficiency (see Environment chapter).

## Innovation prevails when everyone takes part

Every single employee in the company has the know-how to identify growth opportunities and sustainability potential in their area of work. Innovation at our company occurs across the board and with everyone's participation.



The Innovation Partners is a department dedicated to encouraging and supporting employees in coming up with new ideas and innovation processes. They are also tasked with providing guidance, opening up external networks, and training employees in innovation methods. As part of the Pioneering Business, the Innovation Partners also develop other training formats like workshops and explore new potential outside of our core business.

By creating the Vetter Innovation Community, we established a horizontal network that allows us to test new ideas quickly and to purposefully access resources across departments and hierarchies. The "Innovation World Café" format – in which employees from different areas discuss topics of the future – also promotes interdisciplinary networking. Events such as the Hackathon likewise make it possible for employees to initiate and implement forward-looking projects collaboratively, transparently, and effectively.



## Digitalization and automation at Vetter

Our digitalization strategy was effectively implemented in various projects and all divisions, proving that the intelligent digitalization of service offerings is an important driver of sustainability. For us, digitalization and automation are simply a means to an end, however; they are deployed specifically where they demonstrably improve quality or processes for our clients and millions of patients worldwide. This applies first and foremost to so-called factory processes, i.e. solid investment in future-proof information technology that reflects cutting-edge knowledge and also meets the highest IT-security standards. Predictive maintenance, visual remote services, and intelligent worker assistance systems that significantly reduce downtime and troubleshooting times are other effective examples of digitalization and automation. In the interests of sustainability, we are accelerating the digitization of our paper-based processes.

Also helping to conserve resources is artificial intelligence. We are already working with machine learning systems that monitor temperature across entire production processes, and with natural language generation projects, which independently generate text from data, and also with complex forecasting tools in controlling, among others. We also automate recurring processes – like processing order confirmations in a timely manner – using robotic automation.



In October 2022, our digitalization efforts were stamped with the “Top Digital Company” seal, which was awarded to us by the Süddeutsche Zeitung in cooperation with Statista GmbH. 3,000 German companies from 26 industries, their digitization of internal processes, and their digital presence were ranked. With 75.1 points out of a possible 100, Vetter ranked 219th and is among the leaders in the field.

## Data security and IT infrastructure

Securing data within a protected infrastructure is enormously important to companies. Here too, we work with technologies that employ machine learning processes. In 2022, we implemented multifactor authentication to protect data throughout the entire organization. We regularly use external penetration security testing to check all our systems for vulnerabilities. And of course we are armed with IT security systems, comprehensive risk management, and qualified data protection officers. Mandatory training courses raise employee awareness for the principles of data protection; optional training – through formats such as Cyber Security Week, for example – lets employees deepen their IT security knowledge.

## Quality control: digitalized and award-winning

According to a survey by the University of St. Gallen, our quality control laboratory for incoming goods ranks among the top ten percent in the entire industry. Such an outcome pays tribute to our strategic goal of operational excellence and proclaims our work as a benchmark. The university evaluated key figures on quality, cost level, and productivity against a large set of comparative data.



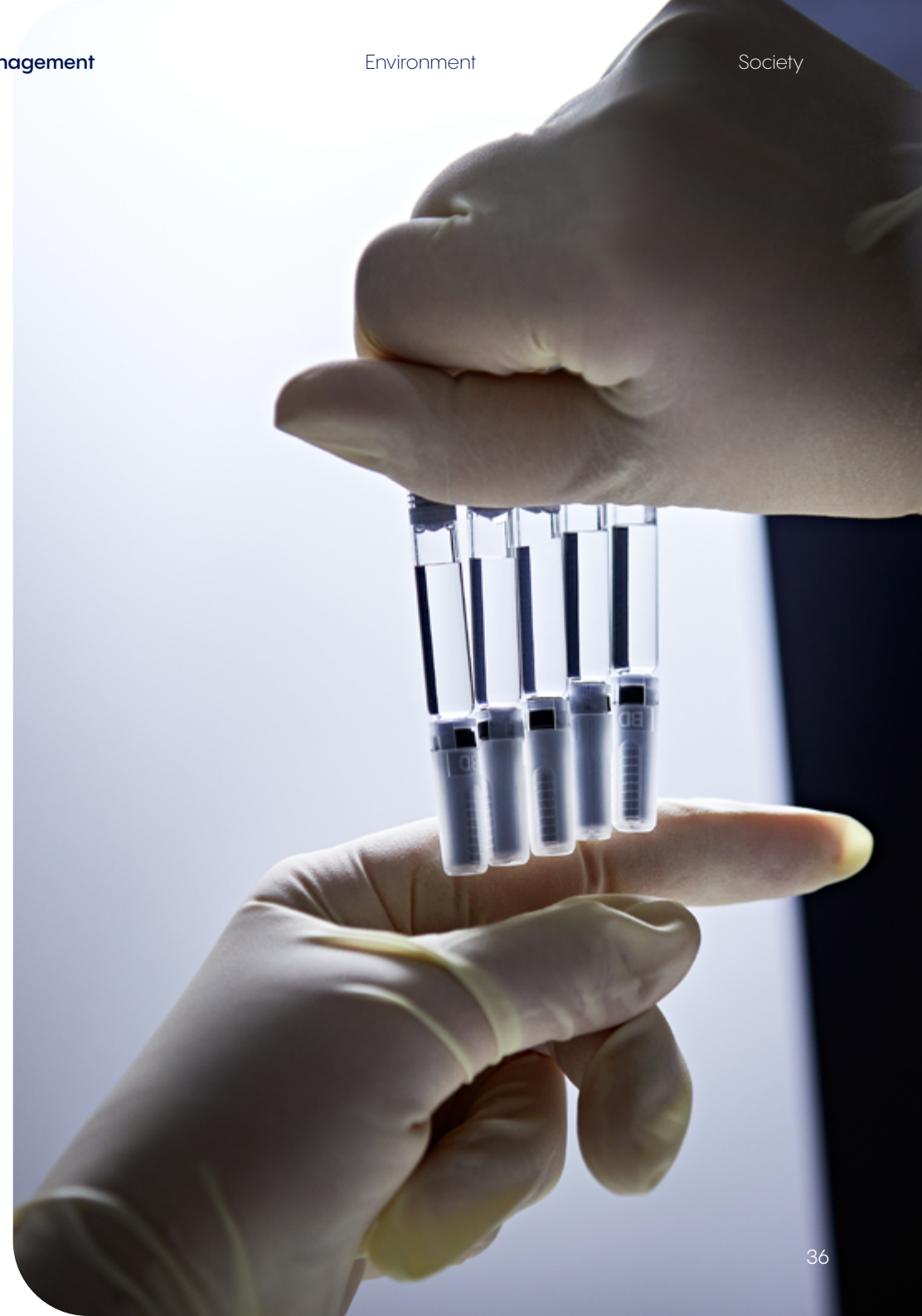
### Key performance indicators for criteria 10

**KPI G4-FS11:** Percentage of financial assets subject to positive or negative screening on environmental or social screening

When it comes to choosing the right pharmaceutical service provider, a company's sustainability is a vital criteria. Clients are specifically looking for service providers who meet their sustainability requirements and speak the same language. We, too, select our partners according to their values and goals, because next to customer and market requirements, sustainability plays a key role in developing our product and service portfolio. We are intensifying our cooperation with suppliers of environmentally friendly materials in the area of secondary packaging. Demand for reusability and recycled materials for injection devices such as pens or auto-injectors is also growing, and we are investigating the possibility of integrating them into our packaging lines. In 2022, we filled 209 million injectable units; and for those whose quality of life we improve, the high quality of our products still plays the most important role. The environmental impact of our business, however, is growing in relevance as well.

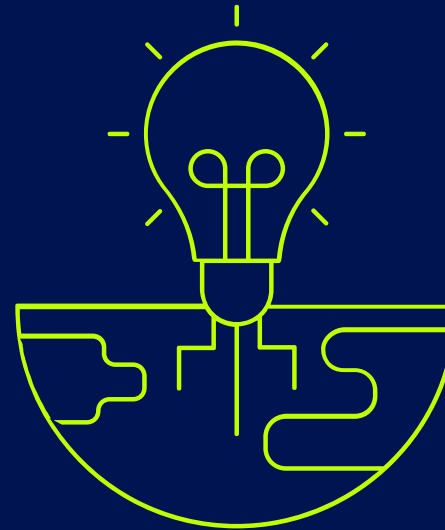
### The continuing development of our product and service portfolio

Vetter is growing and investing in expanding its capacity to meet the growing demand for essential medicines, which is financed by operating cash flow and external loans. Consequently, there are no significant fixed financial assets, and temporary financial resources are held as demand deposits at core banks. We use capital protected funds for additional financial assets like the company pension plan or the working time account model. This means low risk for employee assets.



# Environment

Our planet's natural resources are limited, and the threats posed by climate change and environmental pollution are real. As a company, we bear special responsibility for our contribution to greater sustainability and to the protection of our climate and environment. This is why we set ourselves ambitious ecological goals for using energies and raw materials more efficiently, reducing CO<sub>2</sub> emissions, and deploying green technologies.



## 2.54 million kWh

of geothermal energy generated at our sites in 2022

**Rely on us.**

# Use of natural resources

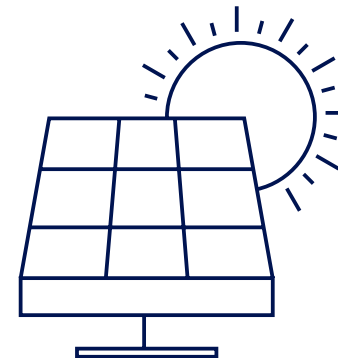
Reducing emissions, saving energy, and avoiding waste are our main concerns, which we as a pharmaceutical service provider need to reconcile with our high-quality standards. Close to 90 percent of our energy requirements are spent on manufacturing product-related media, operations, and infrastructure. We are also required to send pharmaceutical waste to a special waste incinerator. Nevertheless, by consistently replacing inefficient and CO<sub>2</sub>-intensive equipment and by investing in and expanding our use of modern, more efficient technologies, we are succeeding in positively affecting the energy balance in terms of gross value added (GVA). We have reduced our energy consumption by 19.49 percent since 2019.

## Consumption of natural resources [compared to 2021]

Total energy consumption:	156,959,265 kWh	- 2.50 %
Current:	63,274,818 kWh	+ 2.30 %
Natural gas:	80,217,620 kWh	- 3.60 %
Liquid nitrogen:	866,302 kWh	+ 2.10 %
Heating oil:	401,520 kWh	- 74.70 %
Water:	505,949 m <sup>3</sup>	+ 49.70 %
District heating:	639,490 kWh	- 14.11 %
Geothermal:	2,548,810 kWh	- 21.90 %

# 7.3 million kWh

of self-generated renewable energy in 2022, equivalent to the annual electricity consumption of over 2,000 four-person households



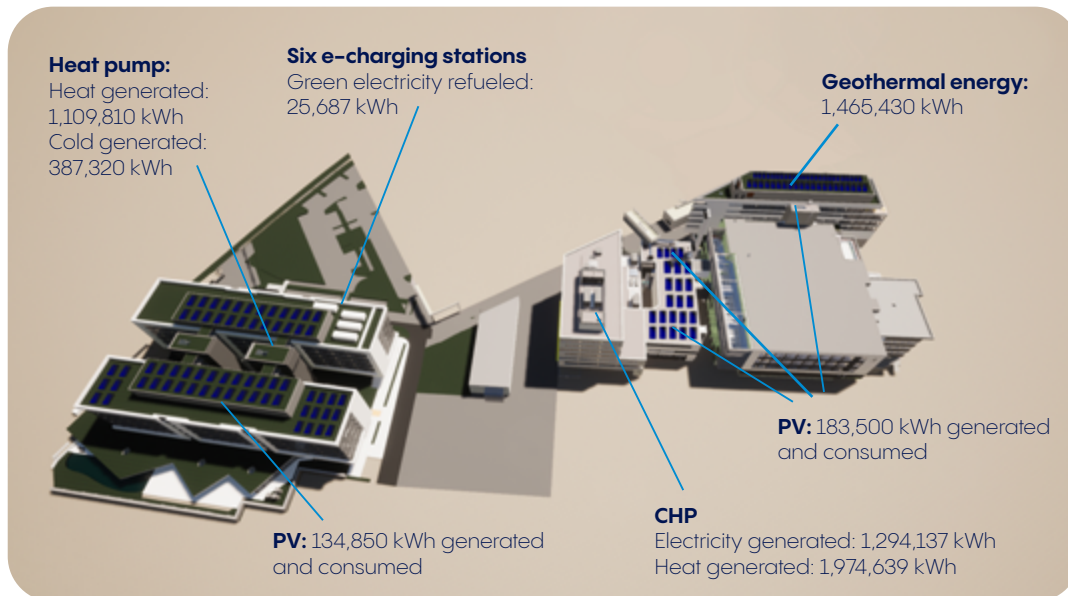
### Sustainable energy concept

Conducting business sustainably and using natural raw materials responsibly are important to us. In 2014, we began continuously improving our energy efficiency and reducing our greenhouse gas (GH) emissions in terms of gross value added. Our sustainable energy concept and its building blocks are essential to achieving our goals.

We have also been procuring the electricity for our sites in Austria and Germany from certified ecological sources since 2014. The renewable geothermal energy that we generate on site, the photovoltaic facades, our biogas cogeneration plants, and ensuring that our new buildings conform to the German KfW 40 energy standard – these all belong to our concept.

Our plan is to further reduce energy consumption in terms of gross value added by ten percent by 2029 (compared to 2019). A growing inventory of measures are propelling this forward. As part of a technological transformation, in 2022 we converted to compressed air generators, switched from AC to EC motors, installed high efficiency pumps in the refrigeration system as well vacuum pumps with heat recovery. We also extended our energy monitoring at the logistics site.

We are continuously developing new strategic goals based on the Paris Agreement. An important component is the EnBW Network Energy Efficiency and Ravensburg Climate Protection initiative, whose goal is to save 20,330 MWh of final energy every year.



Energy concept at the Schützenstraße site

Reducing energy consumption by

10 % until

2029

## The mobility concept

Our employee mobility concept, which we gradually built up and implemented starting in 2018, comprises various elements that both guarantee mobility and support a genuine mobility turn.

Since introducing the JobRad (bicycle leasing program) and Pedelecs models in Germany in 2019, we have leased more than 1,800 bikes for a total volume of over six million euros. Employees who combine biking and taking public transport for their commute have the option of parking their bicycles safely and free of charge at the Ravensburg station bike park garage. Both the modern, well-equipped parking spaces and the provision of rental Pedelecs at our sites enhance the bike infrastructure. We offer a total of 600 covered bicycle parking spaces with battery charging and quick repair stations. Showers are now also standard in our new buildings. A mobility app lets employees rent rental bikes for trips between our sites, look up public transportation schedules, and search for the mix of available connections. We are also planning a ride-sharing portal that offers users the option to buy public transport tickets directly in the mobility app.

To make it easier for people to continue commuting without their cars, we have been paying half of the monthly ticket price for local public transport since 2022 – an investment of € 16,660 to date. We also currently have ten charging stations at our German sites with charging spaces for up to 20 e-vehicles. In total, e-cars have refueled 71,784 kWh of electricity from renewable energies.

Video conferencing applications for internal and external meetings also facilitate mobile working and working from home.

In 2022, our commitment to sustainable employee mobility was recognized by the Deutsche Bahn, who gave us the Climate Mobility Challenge award in the “Commuter Mobility” category, as well as by the State of Baden-Württemberg, who distinguished us with the “We are making a mobility turn” prize. We are also closely cooperating with regional authorities and transportation companies to build and further develop urban and regional transport infrastructure that is safe and environmentally friendly.

~ 200,000 km

daily commute for our employees  
(\*without mobile working)

5.05

earth rotations daily



~ 83 % car/bike\*

\* (incl. carpools, e-cars), 5 % public transit, 8 % bike, 4 % walking (data from 2020 employee survey – new survey to be conducted in 2023).



### Keeping the wastewater clean

As a pharmaceutical service provider working with such strictly regulated production processes, it is difficult to reduce wastewater use. However, the wastewater analysis voluntarily commissioned by Vetter and carried out by the Alpha Institute confirms that the wastewater from all three production sites can be described as innocuous.

### Opportunities and risks

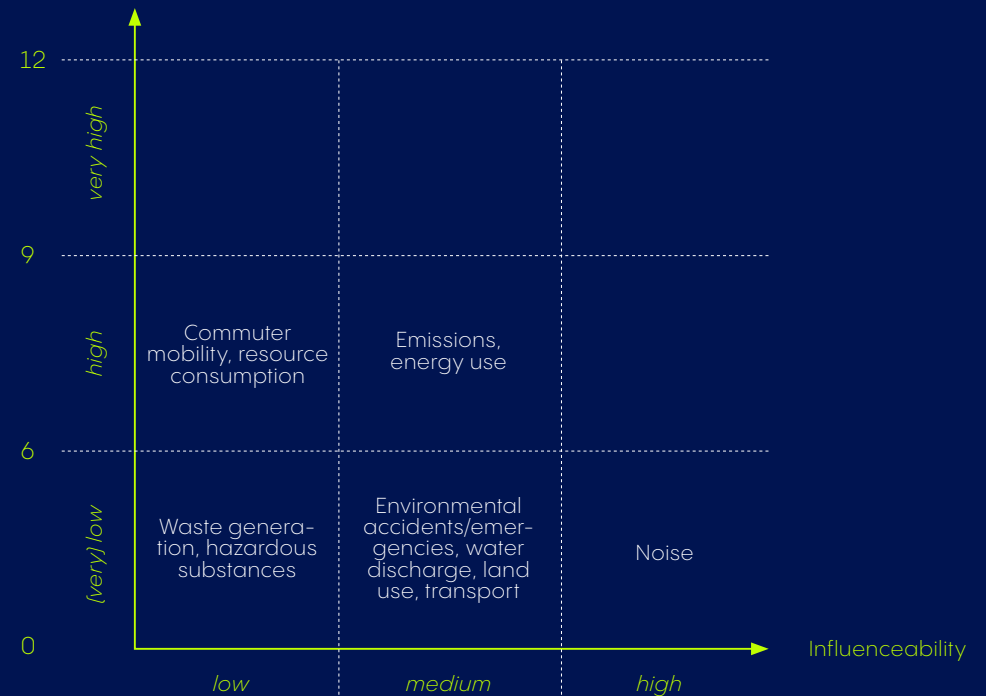
The energy security risk, of gas in particular, is one with which companies are currently faced. It is one we identified early on, however, and which we counteracted through focusing on and investing in expanding a crisis-proof energy infrastructure. In the event of an emergency, critical systems in our natural gas-based processes can run on heating oil – via two oil fired boilers. We are also in close contact with the distribution network operators and developed defensive measures in line with the German Federal Network Agency’s recommendations.

### Environmental aspect assessment

The foundation for all our objectives is the environmental impact assessment, which we update annually. It lets us recognize potential ecological risks that could come from our work at an early stage and allows us to take preventive action. The assessment is adjusted during the year in urgent cases.

Portfolio of significant environmental aspects for Vetter in 2022

Environmental relevance



## Key performance indicators for criteria 11 to 12

### KPI GRI SRS-301-01: Material used

As a pharmaceutical service provider, we are committed to all Good Manufacturing Practice (GMP) regulations. This includes adhering to the highest quality standards for the benefit of patients who entrust their health to our expertise. Technology has yet to allow us to utilize recycled materials for our primary packaging materials in a way that is practical or sufficiently safe and meets our requirements, however. For the production of our auxiliary and packaging materials in 2022, we used the raw materials listed below.

#### Raw materials/auxiliary materials/packaging materials

Rubber parts:	251,938,454 units
Plastic parts:	34,828,101 units
Folding boxes:	10,588,030 units
Glass containers:	225,498,587 units
Package inserts:	9,952,212 units
Top film:	713,464 m
Bottom film:	773,537 m
Closure parts:	377,674,095 units
Auto-injectors:	3,258,784 units
Water:	387,401 m <sup>3</sup>

## KPI GRI SRS-301-02: Energy consumption

Our sustainability strategy measures achieved great success in recent years on their path to reducing total relative energy consumption. It goes without saying, however, that the consumption of electricity, heating oil, and water in a company that is growing, hiring new employees, and expanding its sites also increase grow. The figures below provide an overview of how energy consumption has changed between 2021 and 2022.

#### Energy consumption 2022 (compared to 2021)

Total energy consumption:	156,959,265 kWh	- 2.50 %
Electricity:	63,274,818 kWh	+ 2.30 %
Natural gas:	80,217,620 kWh	- 3.60 %
Nitrogen:	3,485,621 kWh	+ 2.10 %
Heating oil:	401,520 kWh	- 74.70 %
District heating:	639,490 kWh	- 14.11%
Geothermal energy:	2,548,810 kWh	- 21.90 %

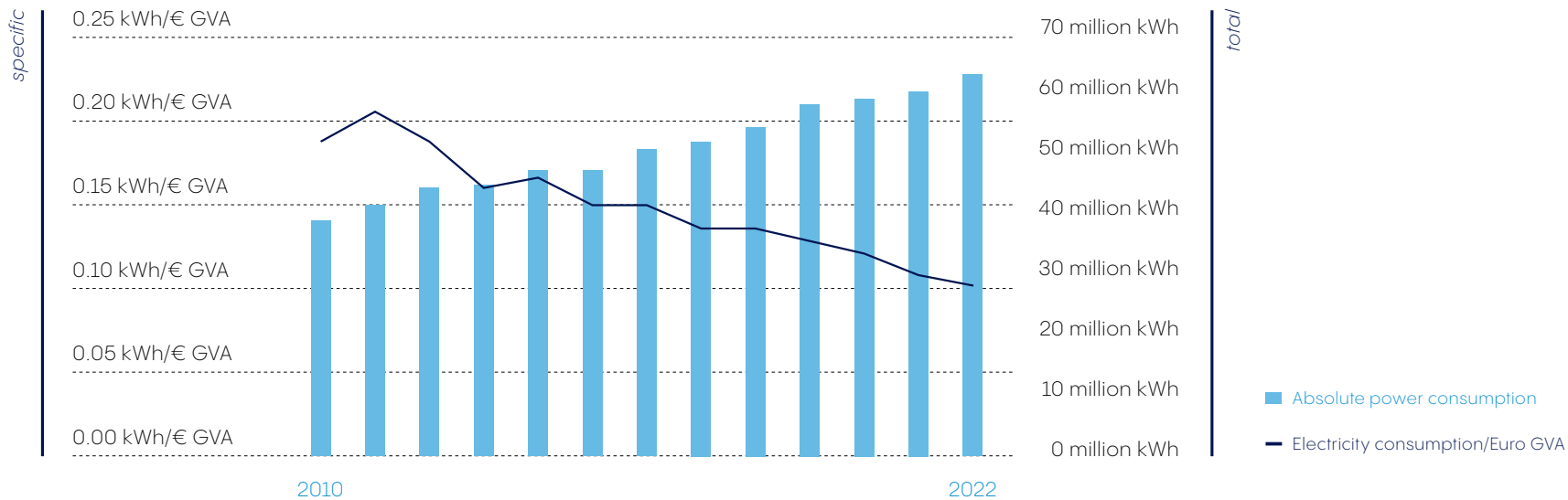
**KPI GRI SRS-302-04:**

Reduction of energy consumption

The standardized DIN ISO 50001 specifications for systematic energy management is what we use to calculate the reduction in our energy consumption. The energy base-line – our reference – is the year 2019. Depicted in the graph below is a proportional increase in absolute electricity consumption, which is attributable to Vetter’s growth and the associated expansion of production. In terms of gross value added, however, we succeeded in continuously reducing electricity consumption these past years.

Since 2012, we have invested more than 8.8 million euros in over 125 efficiency measures, for a total savings of more than 32 million kWh over the same period. The compressed air generators retrofitted in 2022 alone saved 90,499 kWh per year.

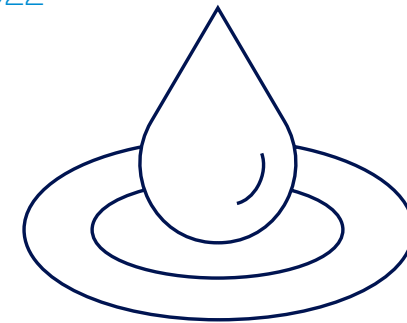
**Total/specific annual electricity consumption per euro of gross value added (GVA)**



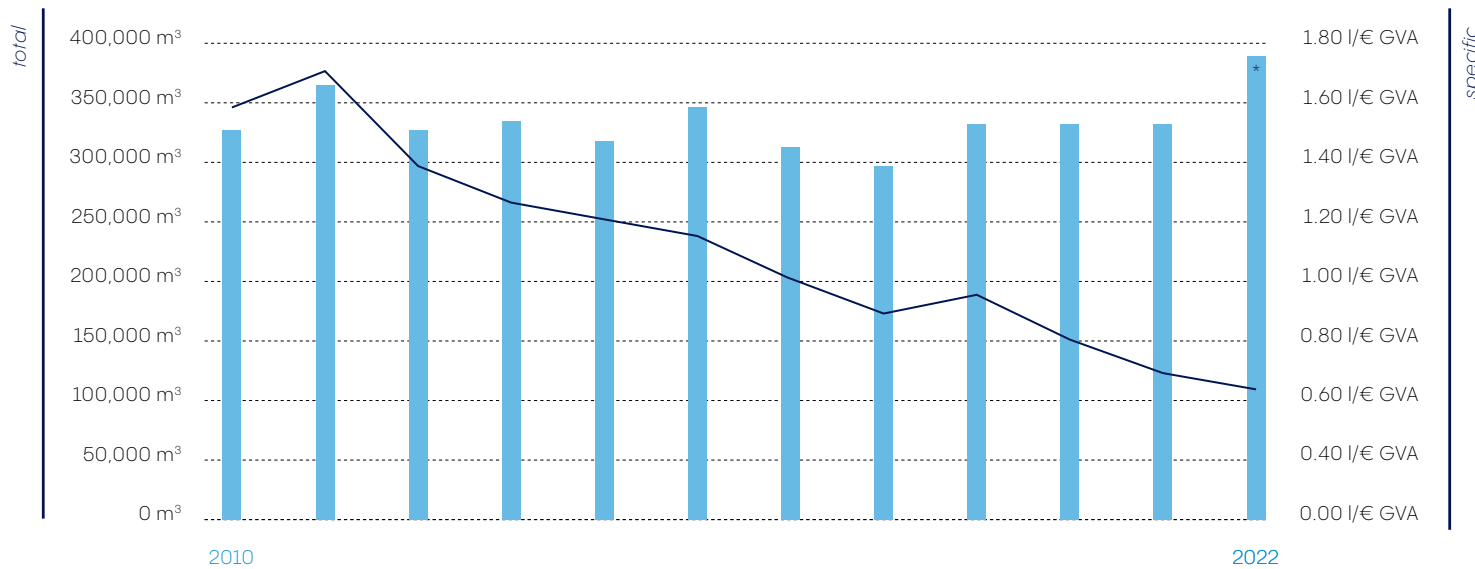
**KPI GRI SRS-303-03:**  
Water withdrawal

In addition to product-specific raw materials and excipients, we exclusively use drinking water to manufacture pharmaceutical products. In 2022, we consumed 505,949 cubic meters of drinking water, 502,358 cubic meters of which became wastewater. For the aseptic filling of medicines, we also produce water for injection (WFI), which is processed to be safe for injection into the bloodstream. One cubic meter of WFI requires 2.65 cubic meters of drinking water. As the company grows, water consumption increases, but in terms of GVA, we also use fewer resources than in previous years.

Water consumption  
2012 – 2022



**Total/specific water consumption**



■ Absolute water consumption  
— Water consumption / GVA

\* Current water consumption forecast  
Delayed reporting due to meters being exchanged

### KPI GRI SRS-306-2: Waste generated

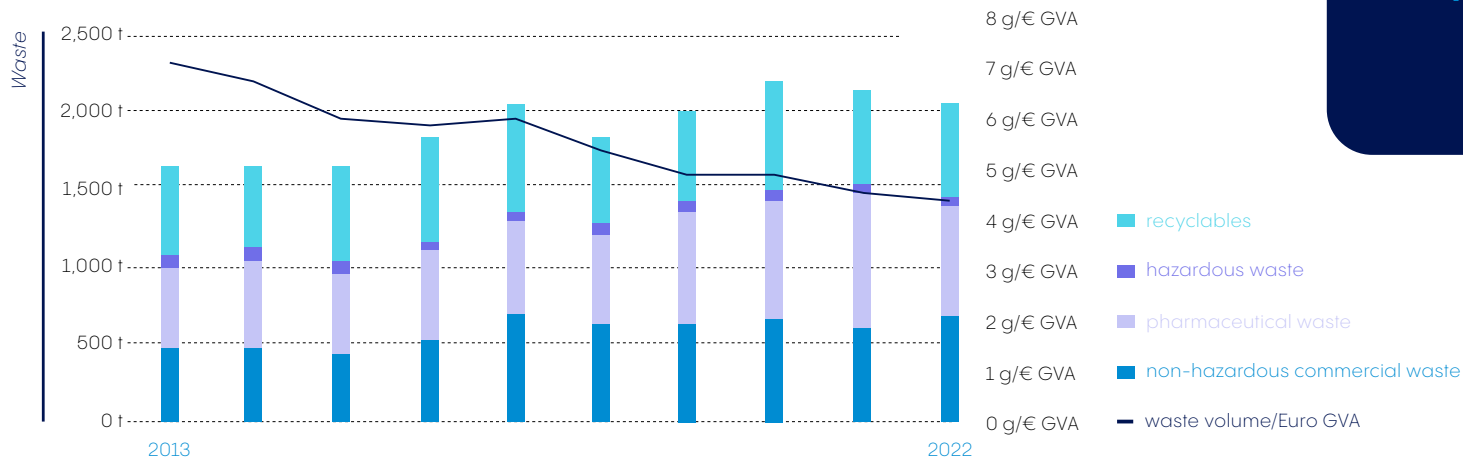
How our waste is developing is comparable to our water and electricity consumption. In absolute terms, Vetter's growth leads to more waste. However, in terms of gross value added, we are able to steadily reduce the amount.

Our total waste decreased from 2,222 metric tons to 2,118 metric tons (down 4.5 percent from the previous year) and is comprised of the following:

- Recyclables: 693.43 t
- Hazardous waste: 59.78 t
- Pharmaceutical waste: 685.62 t
- Non-hazardous commercial waste: 679.60 t

41.04 percent of the total waste volume is recyclable material that we send to recycling. As certified by our disposal service provider, we have a sorting rate of almost 100 percent for non-hazardous waste, 26 percent of which is recycled. Moreover, since 2022, part of our residual waste is forwarded to and sustainably recycled by the Upper Swabian Center for the Physically Disabled.

#### Waste development at Vetter



41.04%\*

of waste recycled

\* 32.7 % Vetter-internal, 41.04 % incl. disposal service provider

# Climate-relevant emissions

Production at all our company sites have been CO<sub>2</sub>-neutral since 2021. We are driving this development responsibly forward, further reducing or offsetting our emissions while adding value. By 2029, we aim to reduce total emissions produced in terms of GVA by ten percent. We currently emit 32.13 grams of CO<sub>2</sub> per gross value added, mainly due to the use of fuel, heating oil, natural gas, and nitrogen, and through business travel.

## Additional purchase of certificates

Despite our ambitious efforts, emitting CO<sub>2</sub> in the regulated pharma industry is unavoidable. We compensate for them by purchasing CO<sub>2</sub> certificates, which are used to support climate-protection projects that generate renewable energy under strict guidelines. By purchasing certificates equivalent to 24,000 metric tons of CO<sub>2</sub>, we were able to offset our emissions in 2022. All certificates meet the internationally recognized Verified Carbon Standard (VCS) and aim to reduce emissions in developing countries. We could offset 20,000 metric tons of CO<sub>2</sub> alone simply by purchasing emission certificates from a solar park in Namibia and a wind farm in South Africa. We also support the construction of micro hydropower plants in Nepal and other countries, as well as additional wind power plants in Brazil, Costa Rica, and Mexico, and by purchasing certificates.

We calculated our 2022 corporate carbon footprint in compliance with the requirements of the Greenhouse Gas Protocol (see page 47).



10%

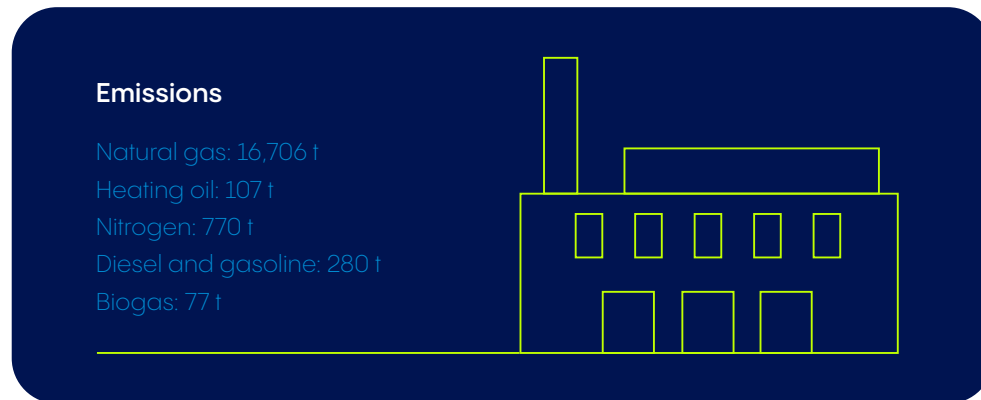
fewer total emissions  
by 2029

### Key performance indicators for criteria 13

Our CO<sub>2</sub> balances for 2021 and 2022 were prepared as per the DIN EN ISO 14064-1 guidelines; the Vetter corporate carbon footprint balance is in line with the Greenhouse Gas (GHG) Protocol. We are currently measuring Scope 3 emissions for primary and secondary packaging and will have these validated by an accrediting agency by the end of 2023.

#### KPI GRI SRS-305-1 (see GH-EN15)

Direct (Scope 1) GHG emissions



#### KPI GRI SRS-305-2:

Energy indirect (Scope 2) GHG emissions

Through our purchase of CO<sub>2</sub>-neutral electricity, GHG emissions from electricity do not apply.

#### KPI GRI SRS-305-3:

Other indirect (Scope 3) GHG emissions



#### KPI GRI SRS-305-5:

Reduction of GHG emissions

Taking 2019 as our reference year, our goal is to reduce total GHG emissions in terms of gross value added by ten percent by 2029. We are currently developing new trajectories – derived from the Paris Climate Agreement – that reflect our level of ambition. In 2022, new steps were taken in support of our goals. We commissioned a new combined heat and power plant, refurbished the air dehumidifiers in one of our production sites, and installed a new cross-flow heat exchanger. At the same time, we lower our thermostat in the non-pharmaceutical areas at night, saving us circa 110 t of CO<sub>2</sub>. Emissions in the industry are unavoidable, given today’s technology and the high-quality standards and stringent regulatory requirements we need to follow. It is all the more important for us to offset emissions by supporting climate protection projects. These are subject to strict criteria – such the need to exclusively produce renewable energies – and are regularly certified.

In the past, we used the ISO 50001 standard to calculate emission reduction. In 2022, we followed ISO 14064 for our calculations and implementation.

# Society

We collectively face immense challenges as a society. As a globally operating company, we see it as our duty to actively address these issues to strengthen community and positively shape the way we live – locally, regionally, nationally, and internationally.



# 1,026

new employees  
in 2022

**Rely on us.**



# Employee rights

## Common principles

We bear responsibility for those who depend on our products and assume responsibility for those with whom we manufacture these products. Respecting and upholding employee rights is an inviolable principle. It's the foundation of a healthy work environment and proof of our credibility as an employer. Our principles are laid down in the Vetter Code of Conduct, which helps us be ethical and lawful in our day-to-day with one another. We are committed to human rights, to acting in accordance with the law, and to following labor standards – including the UN Global Compact's principles and those of the International Labor Organization (ILO). We strictly reject forced or child labor and other violations of individual rights. Guaranteeing employee health and safety and suitable enumeration in line with national standards is par for the course.

We strive to make continuous improvements to guarantee equal opportunity. Our mandatory biannual employee training on the Vetter Code of Conduct – made available through our internal learning platform – is part of this endeavor.

## Beyond legal and collectively agreed standards

We not only comply with the law, but also go above and beyond in the interests of our employees.

As a signatory to the "Diversity Charter", we are committed to creating a prejudice-free work environment in which employees are protected from all discrimination, be it gender, nationality, religion, ideology, disability, age, or sexual orientation. We offer equal opportunity and work that is free of discrimination. We create opportunities for personal advancement for our staff, also to attract new people to the company – because our employees deserve more than minimum standards.

They also have access to individual training and development programs, company fitness programs, mobility offers, initiatives that promote work-life balance, as well as social counselors and work reintegration management programs.

We demonstrate our commitment to promoting health and work-life balance, vacation coverage, mobility allowances, and retirement benefits by providing offerings that extend far beyond any legal obligations.

## Risiks

We have not identified any direct risks in regard to employee rights within our corporate environment. The Supply Chain Due Diligence Act came into force on January 1, 2023. In January of 2022, we began analyzing how to implement the requirements related to employee rights and how we can fully fulfill our obligations.



## Communication

Interaction and communication are key to a good working relationship. Our employees are kept up to date – in general, as well as in specific group formats and events – about all relevant working conditions, offers, and benefits. Through the “In Dialogue with Management” channel, employees can reach out to our management with their concerns; our regular Management News publication keep executives up to date with leadership-relevant info. We also publish the Vetter Blatt, an informative magazine for all employees, three times a year. Intra-company dialogue takes place online on our VetterConnect intranet and via our vConnect app, where important information is communicated to employees through engaging formats such as videos.

## Cooperation with the Works Council

Our Works Council has been representing the interests of our employees since 1976. The cooperation between management and the Works Council with respect to employee rights is constructive, based on trust. The Works Council is actively involved in employee-relevant corporate decisions. Discussions between the Works Council and Human Resources take place weekly, and discussions with management take place quarterly. Programs and services such as our whistleblowing hotline give our employees additional platforms beyond the traditional organizational chart to make grievances public.



## German standards worldwide

In addition to our headquarters in Ravensburg, we also operate production sites in Austria, Germany, and the United States, as well as sales offices in China, Japan, Singapore, and South Korea. At all our sites, we strive to implement employee rights that meet the high German standards. This not only makes us more attractive as an employer, but also ensures that working conditions at Vetter worldwide – as stipulated by with local legislation – meet our standards. These regulations relate to personal matters such as salary, benefits, working hours, and data protection, as well as to internal processes across the company.



# Equal opportunity

We are a globally active company; diversity characterizes our workforce. Our culture is one of inclusivity and solidarity, one in which all employees are given equal opportunity for personal development and fulfillment. Guaranteeing the right to physical and mental wellbeing is our principle.

Our Code of Conduct requires employees worldwide to be respectful when working together and to abide by the rules – both internally as well as with external partners and suppliers.



## Code of Conduct

"We respect the dignity, privacy, and rights of every employee. We work together with people of different origins, cultures, religions, world views, and age groups; with people who are of different genders, of diverse sexual orientations, and have one or more disabilities. Consistent with our values and the employment laws of the countries in which we operate, we do not tolerate discrimination against anyone on the basis of any of the aforementioned characteristics or any other comparably offensive behavior. These principles extend to all employment-related decisions, including hiring, training, evaluation, promotion, and compensation."

## Diversity

More than 5,900 employees from 61 countries of origin to date – that is Vetter diversity. A diversity that is now firmly anchored in our corporate strategy because we are convinced that it is critical to our success. By supporting the Diversity Charter, we are likewise committed to a prejudice-free, equal-opportunity, and appreciative work environment for all employees – regardless of ethnic or social origin, gender identity, religion, ideology, abilities, age, and sexual orientation.

For German Diversity Day on May 31, 2022 – as part of the second Vetter Diversity Week – we organized a company-wide campaign with the motto “Embracing the spectrum and foregoing black and white thinking,” to shed light on the topic and raise awareness.



## Integration Initiative of German Business

We have supported the “We Together” integration initiative of the German industry to promote diversity since 2015. More than 30 refugees have found a job or an apprenticeship with us. Through language courses, among others, our employees receive assistance before and after they are hired.



## Brief portrait: Ahmed Saed Bougha



Syria, Sudan, Ravensburg: Ahmed Saed Bougha (30) has been part of the Vetter family for more than two years. When he left Syria in 2013 to work as a marine technician, Germany was not part of his future plans. In 2017, while Bougha was living in Sudan, his sister who had found work at Vetter informed him about being able to come to Germany as an apprentice. His expertise as a mechanic led to his acceptance as an apprentice at Vetter. On August 1, 2019, he moved to Germany.

To take part in the training, knowledge of German was needed. Bougha enrolled at the adult education center, which shut down soon after because of COVID-19. With Vetter’s support, he found a new language course and was able to start his apprenticeship in the fall of 2020. The training has come and gone, and Bougha has been a mechanic at Vetter since September 2022. When asked about his future plans, he says: “Vetter paved the way for a secure future for me. Today, I feel at home here. My sister lives here with her family, I have made friends, found a shared apartment. I see my future here at Vetter.” Ahmed Saed Bougha’s successful journey proves that immigration can be an effective way of stemming against the shortage of skilled labor.

5,900  
employees from



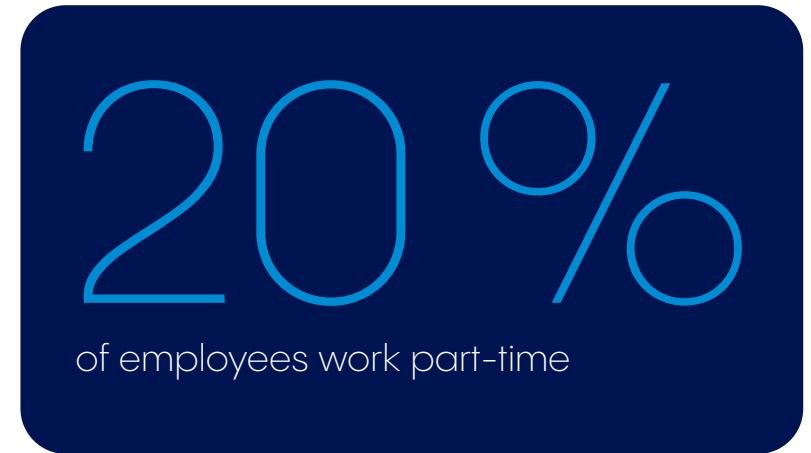
61 countries

## Harmonizing family and career

To continue attracting talent, we offer work that fits people's lives, through different working time models, for example. Our flexible working time models, which vary according to job description, range from our 9/80 schedule to the trust-based flexitime model. Our flexitime model – from six to nine p.m. – offers plenty of room for maintaining good work-life balance. Part-time work in administration and production mean even more flexibility. Switching temporarily to part-time work is also made possible through the "bridge" part-time work.

We introduced the 38-hour week for employees in production. In the "high gears", they work the 7/3 model, i.e. three different shifts (early, late, and night shift) in seven days. We are working on making shift work even more attractive with additional incentives such as flexible working hours and bonuses.

Other aspects such as health, social contacts, and harmonizing family and career likewise play a key role in our employment models. We are breaking new ground with offers such as mobile working, the bike leasing program, a Corporate Health Management (CHM) program, paid time off, and by introducing shift accounts for employees in shift work. Our company vacation scheme, which provides up to ten days more vacation than required by law, similarly helps promote employee health. The number of vacation days also increases with years of service. To support people with disabilities, Vetter has a representation for disabled employees (SBV).



## Retirement

Vetter also supports employees responsibly through its corporate pension plan (bAV). It is important to us to offer a simple pension scheme that provides financial security in old age and is easy for employees to understand. When the workplace pension scheme – which was designed in close collaboration with the Works Council – was introduced, each and every employee was given personal consultation. Our bAV, which comprise of an employer contribution and a state contribution that is exempt from tax and social security contributions, garnered first place in the “Small and Medium Sized Enterprises” category of the German bAV Award. We work with an external service provider that takes care of both technical implementation and processing.

In addition to the corporate pension scheme, we offer employees of all ages a working time account model that enables early retirement without financial sacrifices.

## Occupational health management and bKV

Our Vetter Family initiative is part of our Corporate Health Management; it supports employees by offering parent-child offices, daycare centers, and kindergarten spots, and organized holiday childcare (Vetter Kids). The Viva Family Service (page 55) is likewise part of the Vetter Family program.

Since July 1, 2022, our employees have also benefited from a free supplementary company health insurance policy (bKV), whose comprehensive set of benefits helps us honor our commitment of maintaining and promoting the health of our employees. All employees have access to three free bKV benefit modules: a yearly medical budget of € 900 (for dental treatments, visits to alternative health practitioners, glasses, etc.), a preventive care package with examinations worth a total of € 1,900 for a period of two years, and assistance services (e.g. arranging appointments with specialists) for employees and their families.



### Viva Family Service

In cooperation with Viva Family Service, we offer employees free advice and support for everyday family matters – from finding babysitters to offering parenting advice, from organizing care for relatives in need, to helping fill out forms. Employees have been able to take advantage of the Viva Family Service's wide range of services since 2021.

### Parent-child Offices

Employees with children can book our parent-child offices by the hour or day. The offices are equipped with a laptop workstation and a play pen for children between the ages of zero and eight. Catering is provided by the company restaurant, where children are also welcome.



### Vetter Kids

Vetter Kids – vacation care for employee children – is also part of Corporate Health Management. Not only do we organize childcare for the Easter, Whitsun, summer and fall vacations, but we also give parents support by assuming a larger share of the costs for their children's leisure activities. The programs vary from creative pursuits to sports. The wide range of activities provides parents with respite and gives children space to play, discover, and learn. Helping our employees strike the right balance between their professional and family responsibilities is also an investment in the future.

### Daycare and kindergarten care

Another way in which we support working parents are with company daycare spots in two centers in Ravensburg, which include long childcare hours and meals. The Works Agreement (BV) regulates the pro rata childcare cost support, which is shouldered by Vetter, as well as the needs-based and socially responsible allocation of childcare spots.

## Environment, Health and Safety (EHS)

Our EHS Policy is where our standards of practice with regard to occupational safety, health, environmental protection, and resource conservation are bundled together. Every year, insurers, customers, and certifying bodies audit our processes. Internal audits augment our self-inspections. In 2022, a total of 31 audits on EHS topics took place on 15 audit days.

Furthermore, EHS is continuously improving collaboration and driving the digitalization of documentation. This is a crucial step for ensuring that internal and external communication with partners (e.g., employers' liability insurance associations, district offices) are legally compliant.

### Controlling set targets

Our EHS program is how we assess whether we are continuing our strategic trajectory in the period between 2019 to 2029.

- Reducing the environmental impact of commuters by ten percent:  
Data collected for 2022 do not fully reflect operational reality. Due to the pandemic, the mobility survey will not be conducted until 2023.
- Reducing the 1,000-man quota for commuting accidents:  
We are on track.
- Reducing total energy consumption in terms of GVA by ten percent:  
We are on target.
- Reducing total emissions in terms of GVA by ten percent:  
Here we are on target.

# 144

company-wide audits in the pharmaceutical regulatory environment and inspections in 2022 on

# 209

days, of which 31 audits on 15 days were on EHS topics



# Qualifications

## Risk and adaptation

True to our strategy, we are continuously developing new measures and objectives for qualifying our employees. The fact that – in light of demographic changes and the ongoing competition for skilled specialists – we might not be able to achieve the growth we envisioned for ourselves, need to be taken into our risk assessment approach. Our new strategic plans of action – “New Working Worlds”, “Employee Recruitment and Retention”, and “Skill and Competence Management” – were developed to counteract this scenario early on, through additional training and digitalization, among others.

## Educational programs for employees

Knowledge is the key to meeting our quality standards. This is why we feel it is our corporate responsibility to give employees, children, and young people access to education and lifelong learning. We support a wide range of educational initiatives for every age group. Educating and training people at all our sites benefits not just Vetter, but society as a whole.

## Vetter Academy

Vetter is flourishing around the world, thanks to the expertise of its employees. We rely on the Vetter Academy to offer a comprehensive range of seminars, e-learning tools and other unique, modern, and varied educational content to foster our employees’ professional and personal development. In 2022, we also introduced GoodHabitZ, an online time- and location-independent learning tool that is available to all workers. Our employees invested 2,308 of learning hours on the platform to date.



## Training

Vetter is one of the largest regional training companies, with around 150 apprenticeships in pharmacy, technology, and business administration. We are currently training future specialists and managers – the innovators of tomorrow – in eleven different professions. We are planning to further expand our training program.

### Trainee Master Program

In cooperation with Reutlingen University, we have been offering a two-year trainee master's program since 2020 to guide employees and students to a Master of Science in Pharmaceutical Science & Business. The program closely links theory and practice together and opens up excellent opportunities for an exciting professional future.

### Internships and guided tours

In 2022, circa 140 people completed a six-month internship at Vetter or worked on their dissertation here. 50 student interns also got their first glimpse into the company that year. Added to this are the digital internships that we offered at the beginning of the year, in response to the circumstances surrounding COVID-19.

Our internships and training events offer those who are interested the opportunity to experience the working world at Vetter firsthand. We are driving digital transformation in training with our virtual tours and 360-tours of the training center that are coupled with digitally guided practical exercises and interactive elements.



Johannes Hummel, former Pharmaceutical Production Mechanic trainee

# 143

training and DHBW  
university places in

# 21

apprenticeships  
and degrees

# Health management

## Vetter Care

Vetter Care is care, responsibility, and support in practice. The CHM program offers employees meaningful assistance such as company social counseling, an external confidant, the addiction prevention working group, an external support network, the FÜHRsorge care process and workplace reintegration management (BEM).

## Company social counseling

For more than five years, the company's social counseling services have opened its doors to employees who find themselves in difficult professional and personal situations and are seeking advice.

## Trusted third party

An external confidant, who goes into the company for one and half days every month, serves as a mediator in disputes and provides employees guidance and advice.

## Addiction Prevention Working Group

The working group on addiction prevention is part of the company's social counseling service and is the point of contact for employees seeking advice on addiction-related problems. In 2022, it highlighted co-dependency as part of a week-long campaign to draw attention to the subject of addiction and to the existence of the working group.



## FÜHRsorge care process

In the FÜHRsorge care process, managers are called upon – with the help of an automated form – to conduct appreciative discussions with employees who were absent for more than 15 days within the previous twelve months. The goal of this leadership care process is to identify early on the reasons for absenteeism and determine if any are operative. The forms are evaluated anonymously and taken into account as part of a psychological risk assessment. This gives us a comprehensive picture of workplace conditions and allows us to take appropriate measures if necessary.

## Workplace reintegration management

Workplace reintegration automatically kicks in when employees are absent for 42 days or more within a twelve-month period. Employees receive an offer for an informational conversation and can decide voluntarily whether they want to be involved in the reintegration process.



Christian Scherret, Corporate Social Worker, and Stephanie Vogt, Corporate Social Worker

### Vetter Active

Vetter Active is an initiative to promote health in the workplace, which we are continually refining.

### EGYM Wellpass

The EGYM Wellpass (formerly Qualitrain) replaced the Vetter Active Club in October 2022. The idea remains the same: sports for employees. The EGYM Wellpass gives our employees access to 6,000 sports and wellness facilities throughout Germany. And the offering is growing. For the monthly price of just one membership, employees have the flexibility to visit participating facilities for as often as they want.

### Vetter Health Passport

The Vetter Health Passport is synonymous with a wide range of free activities surrounding disease prevention, information, nutrition, and much more. 49 different events took place in 2022, covering everything from skin and cancer screenings to lectures on a healthy diet and illnesses to special cooking workshops and relaxation training. The focus was on women's and men's health, with special presentations on endometriosis, menopause, testosterone, and heart health. Because feedback is important and valuable, employees are given the opportunity to anonymously evaluate each activity.



### Vetter Work

Many of our employees perform strenuous shift work. As a responsible employer, we regularly offer training on potential risks in the workplace when new recruits join the company and thereafter. Special offers from the Vetter Health Passport – including (Ergoscouts) exercise programs during breaks – promote workplace wellness.

### Company Physician Services

In addition to administering pre-employment health checks and aptitude tests, ensuring employees' enduring health is part of the daily routine at Company Physician Services (CPS). They offer first aid courses and acupuncture, as well as vaccinations, first aid, and many other activities that focus on the health and well-being of our employees.



# Health and safety in the workplace

## EHS-relevant training for employees

A total of 21,023 EHS-related training courses were held both in person and online in 2022, which translates to an average of 3.57 EHS courses per employee. We also provided additional training to 2,179 external service providers through our internal SuccessFactors e-learning system. To facilitate rapid assistance in the event of a medical emergency or a safety hazard, all first-aid kits are labeled with the respective building emergency numbers.

## Assessing substances

Keeping employees safe also means avoiding handling hazardous substances whenever possible. We reject customer inquiries if our High Potency Drug Panel declares drug ingredients as posing too high a risk to our employees and/or the environment. The panel assesses the hazard potential of both pharmacologically active and toxic excipients and the finished drug, and defines effective safety measures. As a rule, we reject working with certain classes of substances, such as cytotoxic substances. We also do not work with substances whose Occupational Exposure Limit (OEL) values are very low, i.e., for which the permissible concentration of the substance in workplace air cannot be safely complied with.

## Ergonomie

Our objectives are to enable employees to work efficiently and without errors, to protect them from potentially damaging their health, and to reduce absenteeism. We take steps to mitigate work-related mental stress and physical discomfort by optimally adapting the working environment. During the onboarding process, all employees have the chance to take part in ergonomics consultations and to modify their working environment (office chair, desk, monitor, etc.) to suit their needs. We have conducted more than 2,100 ergonomics consultations since 2017. We of course also offer our employees ergonomic equipment, such as laptop stands, gel pads, mouse devices, and keyboards. In addition to giving individual consultation, we identify potential stress-inducing elements in all areas of activity and optimize them step by step in line with ergonomic principles.

> 2,100

ergonomics consultations since 2017

## My safe route to work

A goal of the EHS program is to reduce the 1,000-man quota for commuting accidents by ten percent by 2029. Among others, we are conducting regular cycling workshops for our employees to improve bike safety and reduce the risk of accidents on the way to work. Employees also have access to a tool that scans their personal commute for potentially dangerous spots and gives tips on how to avoid them.

## Commuting accidents

In 2022, the total number of reportable commuting accidents among our employees was 81 and non-reportable commuting accidents 94, meaning that commuting accidents accounted for 29.7 percent of the total time lost due to accidents.

## Stumbling, slipping, falling

58 cases in which employees fell, tripped, or slipped were reported in 2022. These accidents accounted for 28.7 percent of total absences. However, it should be noted that because of our remote work policy, many employees were mobile working or working from home.

## Mechanical hazard

In 2022, 76 mechanical hazards accidents (including occupational accidents with impact injuries) occurred. The resulting time lost amounted to 1,855 hours, or 24.3 percent of total time lost.

## Work-related illnesses

Because of privacy protection, we are uninformed as to the causes of employee illnesses or diagnoses. We are therefore unable to determine whether absences were work-related or of a personal nature.

»We are always moving forward – hand in hand, for the health of our employees.«



Henryk Badack,  
Senior Vice President  
Technical Service &  
Internal Project Management

**Key performance indicators for criteria 14 to 16**

**KPI GRI SRS-403-4:**

**Work-related injuries**

The figures for 2022 for all employees are as follows:

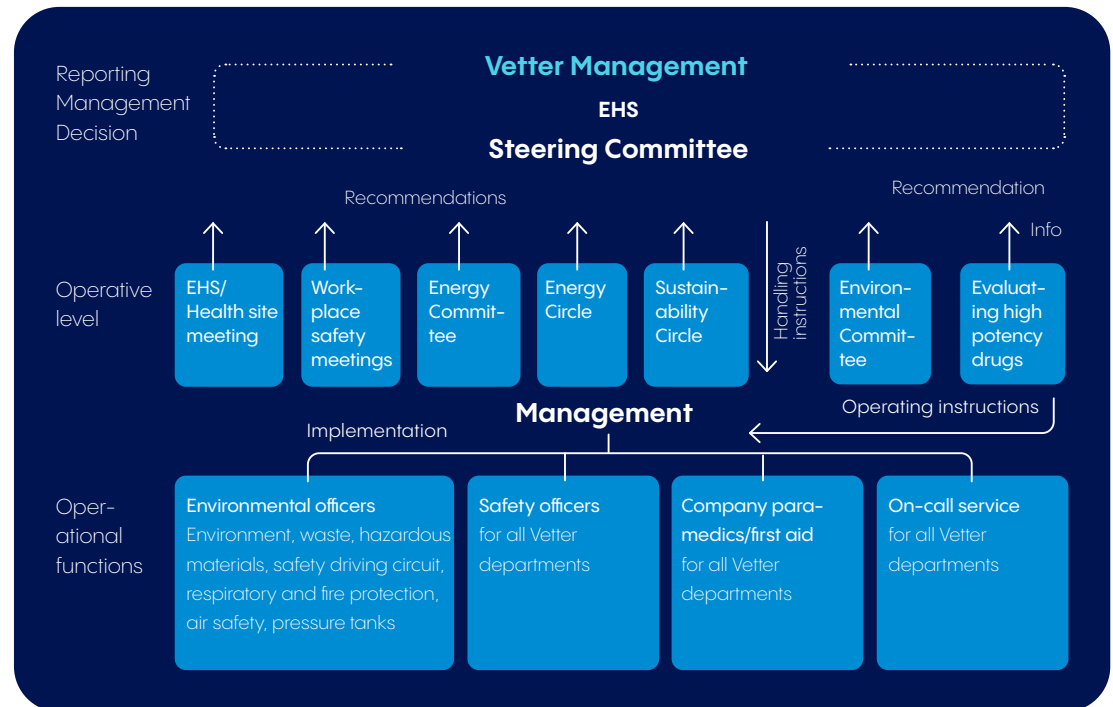
- Number of fatalities from work-related injuries: 0
- Number of work-related injuries with serious consequences (excluding fatalities, days lost over six weeks): 8
- Number of documented work-related injuries:
  - Number of reportable injuries: 113
  - Number of non-reportable injuries: 118
- The main categories of work-related injuries – hazard categories (top 3):  
1. commuting accidents, 2. trips, falls, slips, 3. mechanical hazards.
- Number of hours worked: 9,141,489 hours

We do not record accidents involving external employees as this data is personal and confidential and remain undisclosed to us. Because these accidents are recorded by the respective partner companies, we have no obligation to report.

**KPI GRI SRS-403-4:**

**Worker participation in occupational health and safety**

Established EHS bodies such as the steering and occupational health and safety committees ensure that employees participate in and are consulted on EHS issues. Employees can also contact EHS and offer suggestions for improvement through the frequently utilized V3 system. As part of CHM, which is represented in EHS, we proactively encourage employees to also report near misses to optimize preventive measures. To bolster the employee perspective, the works council is involved in all EHS and BGM committees. The FÜHRsorge care process also gives employees the opportunity to discuss working conditions.



**KPI GRI SRS-404-1 (see G4LA9):**

Hours of training and continuing education

**Department-specific seminars**

These seminars are commissioned by the departments and conducted exclusively for them.

**External seminars**

External seminars are held on site or online by external providers. These are seminars that we do not offer internally.

**Process training**

Process training sessions are aimed at all employees; each department presents itself and its responsibilities (such as Customer Service process training). We are currently revising this format.

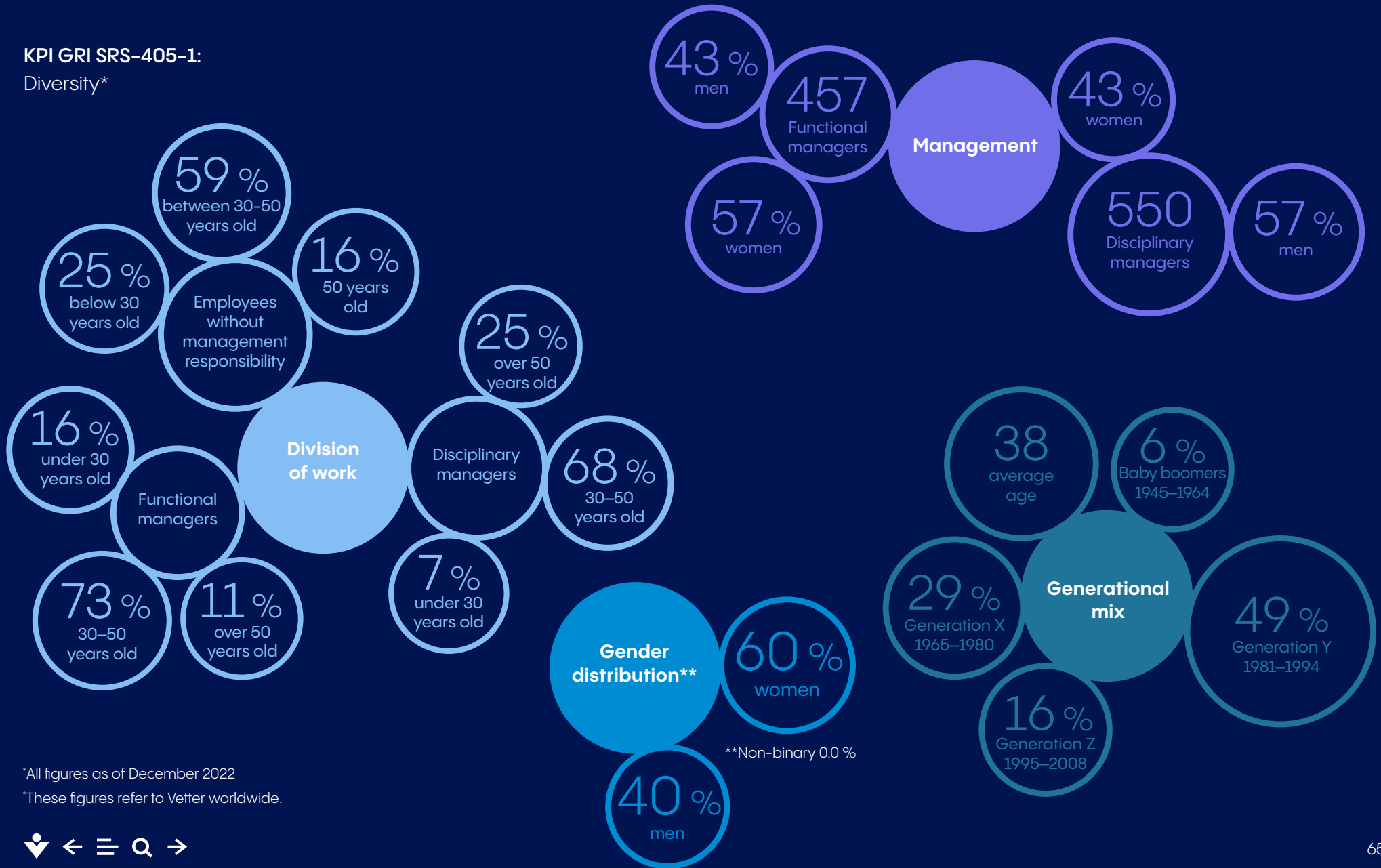
**Internal seminars**

We offer internal seminars, which can be combined with process training as an option, to all employees. They are listed in the Vetter Learning Navigator.

Voluntary training and continuing education, in hours				Mandatory training courses, in units	
Type	Ø hours of training	men	women	At Vetter overall	
Department-specific seminars	0.28	0.49	0.14	Trainings completed	148,138
External seminars	0.79	1.18	0.51	SOP processes read	453,457
Internal seminars	8.38	8.83	8.07	<b>Pharmaceutical production</b>	
<b>Total</b>	<b>9.45</b>	<b>10.50</b>	<b>8.72</b>	Trainings completed	90,770
				SOP processes read	258,626



KPI GRI SRS-405-1: Diversity\*

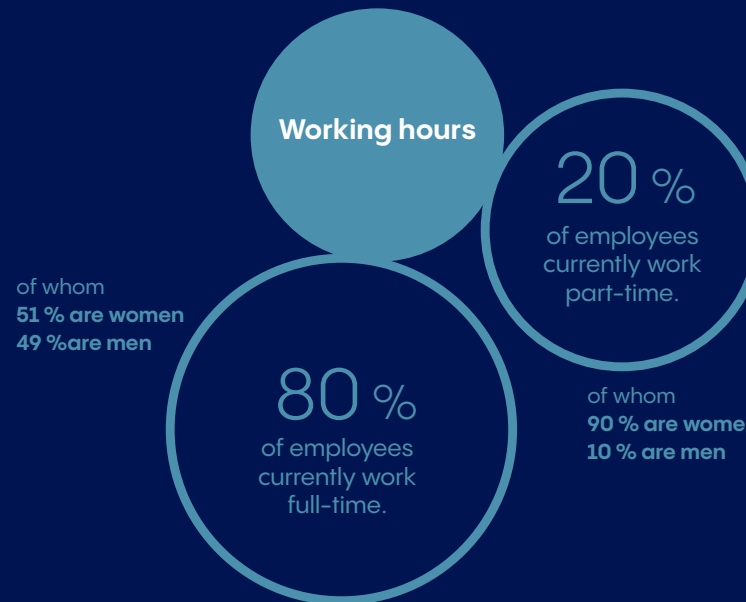
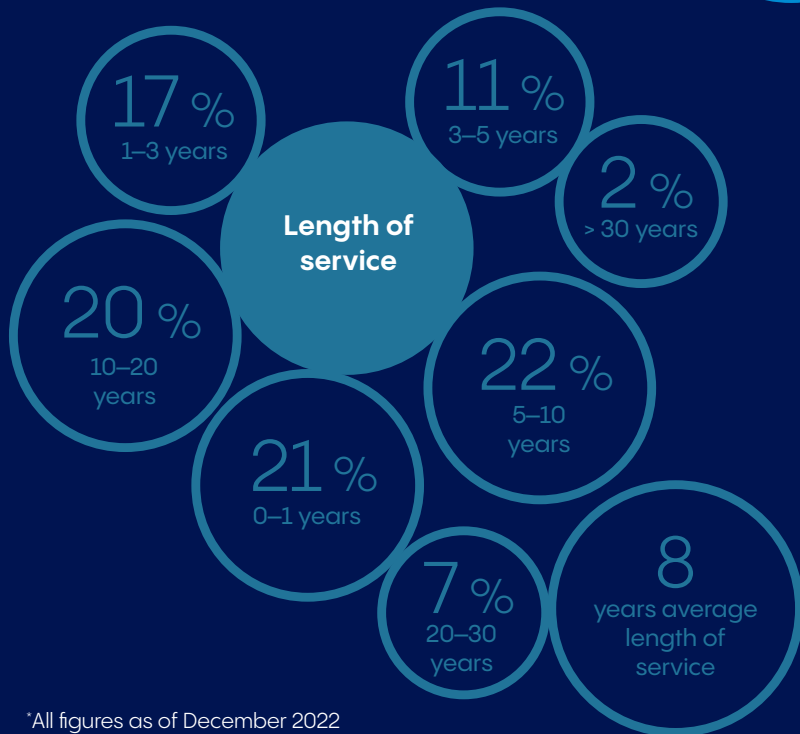
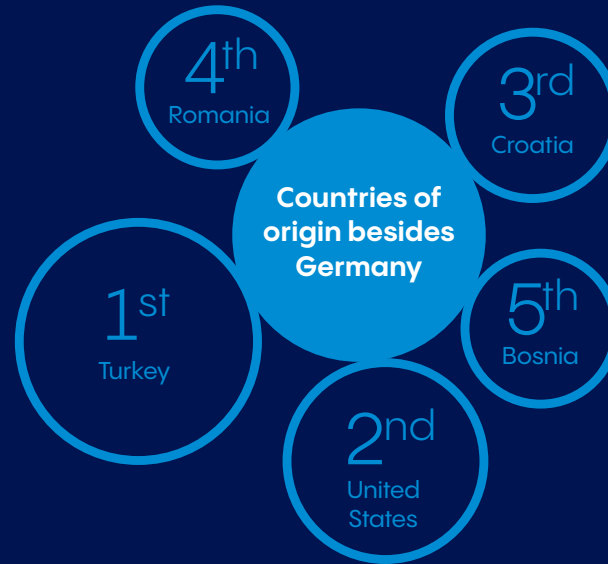


\*All figures as of December 2022  
\*These figures refer to Vetter worldwide.

**KPI GRI SRS-405-6:**

**Incidents of discrimination**

Zero incidents reported to compliance in 2022



\*All figures as of December 2022

\*These figures refer to Vetter worldwide.

# Human rights

We are firmly committed to upholding human rights. This also means that we take responsibility for safeguarding them within our global supply chain. We abide by international conventions and the rule of law, and through our business processes, we effectively prevent human rights violations in the course of our corporate activities. Our Code of Conduct, which applies to all Vetter employees throughout the company, is another way through which we demonstrate our commitment to respecting human rights. We raise employee awareness for this issue through regular training courses and concrete initiatives. We communicate and discuss case studies as part of our day to day.

Solidarity  
Education  
Support



The commitment to respect human rights is a key passage in our Supplier Code, to which we expect our suppliers and service providers to comply. The code also regulates other aspects such as salaries, freedom of association, and conduct in the business environment. Our suppliers commit to fundamentally ethical behavior, fair labor and employment practices, the prohibition of child labor, forced labor, slavery and/or servitude in their organization, and compliance with applicable laws, rules and regulations of the countries in which they do business. Various control mechanisms, such as rights to information and audits, allow us to verify whether our requirements are complied with. If supplier business activities conflict with our Code of Conduct or the Supplier Code of Conduct, we reserve the right to terminate business relationships to the extent permitted by law and contract.

We also encourage our suppliers to likewise select their respective subcontractors in accordance with the principles of our Supplier Code, to require them to comply with these minimum standards, and to report any violations to us.

We continuously monitor the supply chain in our areas of operation for potential risks – with a custom yearly and event-specific risk analysis process for both our own company and direct suppliers. We first identify country- and sector-specific risks. Were risks for certain business areas or suppliers to be revealed, they would be examined in a second

step for specific human rights or environmental risks. The results of the analysis are then incorporated into supplier selection and management processes, providing a solid foundation for describing the appropriate preventive and remedial measures. Based on published country risk profiles – for corruption and modern slavery, for example – as well as on our internal risk-based process, our business partners would also undergo a comprehensive compliance due diligence review when contracts are drawn up.

In addition, we operate a grievance management system that allows company employees and third parties to file complaints – either through a compliance hotline or through our whistleblower hotline for anonymous reporting. In the interests of transparency, we publish an annual Modern Slavery Statement in accordance with the California Transparency in Supply Chains Act (2010) and Section 54 of the UK Modern Slavery Act 2015. In this statement, we communicate all the measures that we have actively taken against modern slavery and human trafficking in our businesses and supply chains within the fiscal year.

To date, no other quantifiable targets have been set in this area.

Whistleblower hotline  
for employees and  
external partners

## Key performance indicators for criteria 17

### KPI GRI SRS-412-3:

Significant investment agreements that underwent human rights screening

With every project awarded and investment decision made, we consider human rights aspects by

- subjecting potential business partners to a compliance due diligence review before entering into a business relationship as well as regularly during the course of the business relationship,
- negotiating contractual clauses that reflect the degree of risk in regard to our business partners' obligations and our rights of control and termination, and
- obligate our suppliers to comply with the Vetter Supplier Code of Conduct.

For projects that exceed a certain investment sum, we also evaluate environmental and health and safety aspects.



### KPI GRI SRS-412-1:

Operations audited for human rights aspects

Our production sites are located in Austria, Germany, and the United States, in countries where clear legal requirements to protect human rights prevail. Our Code of Conduct, which applies to all locations throughout the company, incorporates the commitment to respect human rights. All Vetter employees are likewise sensitized to this topic through regularly run compliance training.

As part an analysis we conducted in 2022, we reviewed our operations with respect to the risk of human rights violations and were unable to identify any significant or specific risks.

### KPI GRI SRS-414-1:

New suppliers that were screened using social criteria

Because creating a framework and quality assurance agreement is mandatory for primary and secondary pharmaceutical packaging materials, we oblige new suppliers to comply with the agreements of our Code of Conduct – either through a clause within an existing supplier framework agreement or through the General Terms and Conditions of Purchase for each individual order.

**KPI GRI SRS-414-2:****Social impacts in the supply chain**

In the highly regulated procurement market for primary and secondary pharmaceutical packaging materials, we work exclusively with highly specialized providers that were qualified to supply for the pharmaceutical industry. An annual cross-functional supplier evaluation guarantees quality and supply chain performance. We also check whether they have appropriate EHS systems in place and require proof of certification for occupational health and safety (DIN ISO 45001), environmental (DIN ISO 14001) and energy management (DIN EN ISO 50001) systems. Independent sustainability rating agencies such as EcoVadis evaluate the corporate social responsibility (CSR) management systems of service providers on our behalf. We also regularly undergo this evaluation ourselves.

The above-mentioned control mechanisms currently cover more than 85 percent of our purchasing volume of materials in aseptic filling. Even before the German Supply Chain Due Diligence Act came into force, Vetter already formed a cross-functional team to implement the new guidelines. We worked together with independent agencies here as well. We subjected all active suppliers to a sustainability screening. Potential risk suppliers were asked to undergo a detailed sustainability rating by independent service providers or were screened by Vetter itself. We are currently fine-tuning the processes that were developed and applying them to all current and new suppliers.



Occupational health  
and safety



Environmental  
management



Energy management

Rated  
by EcoVadis

# Corporate citizenship

We aspire to give back to society over and beyond the supply of vital medicines, which is why we are dedicated to promoting and supporting numerous social projects and charitable organizations.

## A selection of initiatives and projects we supported in 2022:

- Aid for Ukraine, for which Vetter employees collected 60,000 euros in donations as well as donations in kind to assist incoming Ukrainians. We also gave employees with Ukrainian language skills the opportunity to take a fully paid leave of absence to do work as interpreters.
- Malteser Hilfsdienst e.V. – we took part in their aid program for the people in Ukraine
- The Clinic Home Interface initiative, which assists tumor patients and those with chronic illnesses and limited life expectancies.
- The Haus der Kleinen Forscher (House of Little Scientists) Foundation; we regularly finance and install researcher corners in kindergartens in different regions to get children excited about technology and experimentation.

Part of our corporate social responsibility entails providing financial support for numerous local and regional projects and initiatives. Here a select few:

- Radio 7's Drachenkinder project, which supports children and young people with illness, trauma(ta), or disability.
- The Schussental Hospice, which assists people in their final stages of life.
- The Kapuziner Kreativzentrum (Capuchin Creative Center), is a place and platform for creative people to meet and interact.
- The Ravensburg Art Museum, home to one of the largest private collections in southern Germany.
- The Ravensburg Fire Department.
- The Linse e.V Cultural Center in Ravensburg, for which we were able to finance a sound system.
- The Langenargen Catholic Parish church, whose St. Martin's Church renovation we supported.
- The Geburtshaus Hebammerei maternity center in Ravensburg, to which we gave a medicine refrigerator as a donation in kind.
- The Spiegelbild hairstyling project; our "Vetter goes Social" initiative in the Ravensburg evening flea market took in 1,143 euros, all of which were donated to the project to finance free haircuts for those in need.

### Supporting international educational institutions

Education is a human right, which is why we have been supporting international educational institutions for years with donations in kind. For example, we supported the Centre de Formation Liweitari in Benin, Africa, which has trained over 100 people, with donations of furniture, heavy-duty shelving, work shoes, battery storage units, and much more.

### “Vetter goes Social”

Our trainees, students, and interns took part in various social projects in Ravensburg in 2022 through the “Vetter goes Social” initiative. These include sprucing up the city once a month, or volunteering at the Vesperkirche (church), which serves food to people in need. Proceeds from the Ravensburg night flea market event went to the Spiegelbild hairstyling project.

### “House of Little Scientists”

The next generation is the future, which is why their education is close to our hearts and why it is our tradition to be involved in the Haus der Kleinen Forscher (House of Little Scientists). The foundation promotes early education in STEM subjects, and every year our trainees organize researcher days in five kindergartens in the region. We conduct mini experiments to awaken children’s interest in mathematics, information technology, science and technology.



»Social responsibility goes beyond one’s own company.«



Thomas Otto,  
Managing Director



# Engaging employees

## Sustainability Days

In 2022, Vetter once again participated in Baden-Württemberg's Sustainability Days – with the now-familiar cell phone boxes that are distributed at the four sites. Employees could donate cell phones that were no longer needed to good causes. Another initiative was our information booth, which toured from site to site during the Sustainability Days. Here, employees could find out more about our extensive commitment to sustainability and how they themselves can contribute.

The "Climate Savers – Life Savers" initiative gave employees the opportunity to personally tackle the challenges of climate protection and to compete with colleagues. Various presentations such as "Living sustainably in everyday life – how does it work?" or "Saving energy in the home" brought the topic to life.

## Sustainable cities and communities

We took part in Ravensburg's STADTRADELN commuter cycling campaign in 2022 with 277 participants. Vetter employees succeeded in almost doubling the distance covered the previous year, racking up 63,842 kilometers in 21 days, and taking first place in the "Total Kilometers" category. The prize money was donated to the Radzimmer bicycle repair shop.

Our employees also planted 40 fruit trees in the Ravensburg district of Eschach, each of which will bind circa 2,000 kilograms of CO<sub>2</sub> over its lifetime, positively impacting the climate and protecting biodiversity. The joint tree planting project was conducted in partnership with the city of Ravensburg.

## Key performance indicator for criteria 18

### KPI GRI SRS-201-1:

#### Direct economic value generated and distributed

In 2022, the Vetter Group generated €892.1 million (2021: €840.4 million) in sales revenues and employed an annual average of 5,647 employees (2021: 5,493 employees). Personnel expenses amounted to €412.1 million (2021: €375.0 million). This corresponds to a personnel expense ratio of 46 percent (2021: 45 percent). Vetter invested a total of €166.7 million in 2022 (2021: €171.3 million) in capital expenditures. Investments were made primarily in expanding production facilities and constructing new ones, as well as to acquire the respective clean room equipment. The goal of the investments is to continuously expand capacity and meet increasing market demand. As a result, in the course of 2022, total assets increased from €1,093.9 million (2021) to €1,236.5 million. Fixed assets account for €921.1 million of this total (2021: €839.7 million).



# Political influence

Our international business activities oblige us to comply with German and European anti-bribery and anti-corruption laws and other laws of foreign jurisdictions. These are interpreted unambiguously: We do not engage, directly or indirectly, in bribery or the acceptance of benefits by or to public officials or private business partners. We neither offer nor accept gifts, entertainment, or other invitations that could create the appearance of improper influence. No benefits of any kind may be offered to public officials without prior approval from immediate supervisors and the Corporate Compliance Office.

Through our membership in industry organizations, we are involved in discussions around regulatory requirements. These requirements are primarily issued by the European Medicines Agency (EMA) or the US Food and Drug Administration (FDA). The EU GMP Annex 1, which regulates the conditions for the production of sterile medicinal products, is one such example. Vetter has made no direct or indirect contributions to the German legislative process. Vetter is member of two lobbying organizations: the Pharma and Biopharma Outsourcing Association (PBOA, an association of contract manufacturers based in the USA) and – through our location in Rankweil, Vorarlberg – Pharmig, the Austrian Pharmaceutical Industry Association. Commenting on legislation is mainly accomplished through the International Society of Pharmaceutical Engineering (ISPE), which is not a lobbying organization, but an industry organization with personal members.

In developing its strategy, Vetter came to the conclusion that both company and industry interests must be properly represented. To this end, we surveyed the trade association landscapes in Asia, Europe, Germany, and the United States. How we choose the organizations in which we want to be involved depends primarily on the pharmaceutical and technical aspects that directly impact production at Vetter. Neither reimbursements nor pricing policy play a role in Vetter's B2B model.

## Key performance indicator for criteria 19

### KPI GRI SRS-415-1:

#### Political contributions

Vetter donates exclusively to social and charitable institutions and not to political parties or individual politicians.



# Conduct that complies with laws and regulations

Management is responsible for ensuring that all applicable laws and regulations are complied with, both within the company as well as in Vetter's business activities. We implemented a compliance management system in 2015 to safeguard compliance to legal and rule-compliant behavior both internally and in legal business transactions. It minimizes potential compliance risks in the following areas:

- Active and passive corruption
- Competition law
- Money laundering
- Modern slavery
- Export compliance
- Conflicts of interest/insider trading

We derive our current compliance risk profiles from the company-wide compliance risk analyses that is conducted periodically. They outline a three-year plan of action, which is part of our compliance objectives. Further goals have not been defined. However, reports and inquiries to the Compliance Office or changes in regulations may require certain adjustments to the risk profile and/or action plan.

## Corruption risks

With regard to active and passive corruption risks, our emphasis is on preventive education and consultation through the following measures:

- Internal company policies (Code of Conduct, Compliance Management Policy, Donation Policy, Procurement Policy, Contracting Policy, FAQs)
- Giving Vetter employees regular training on compliance topics
- Guest lectures on select topics at department meetings
- Individual consultation
- Processes for reviewing our business partners' internal compliance based on the Transparency International's Corruption Perceptions Index list of countries
- Passing on our compliance values to business partners (by having them commit to the Vetter Code of Conduct and the Supplier Code of Conduct).

Inappropriate conduct can be reported to the Compliance Office or anonymously via the whistleblower hotline, which we actively promote to employees. As soon as the plausibility of a compliance report has been confirmed, an established process for conducting internal investigations come into force. This process concludes with providing the respective department with recommendations on how to rectify the error and minimize the risk of recurrence in the future. If necessary, sanctions become part of the recommendation. Thanks to our wide range of preventive and collective measures, we see no risk of corruption or bribery, in part because decisions for awarding a contract at Vetter always go through multi-member committees and because we are invested in building long-term and reliable contractual relationships on fair terms.

**Key performance indicators for criteria 20****KPI GRI SRS-205-1:**

Operations assessed for risks related to corruption

Our company-wide compliance risk analysis identifies and assesses corruption risk at Vetter sites every three years. On a scale of 1 (low) to 5 (high), the most recent risk analysis conducted in 2019 identified a risk score of 1.67 for active corruption and 1.56 for passive corruption.

**KPI GRI SRS-205-3:**

Incidents of corruption

There are no confirmed corruption incidents in 2022.

**KPI GRI SRS-419-1:**

Non-compliance with laws and regulations

In 2022, no fines were imposed, nor were any sanctions or dispute settlements initiated in the context of compliance.

## A summary list of KPIs

General	2021	2022
Revenues	€840,400,000	€892,000,000
Number of employees	5,700	5,900
Filled units	223,000,000	209,000,000
<b>Environment</b>		
Total energy	160,992,404 kWh	156,959,265 kWh
Power	61,860 kWh	63,274,818 kWh
Natural gas	83,305,257 kWh	80,317,620 kWh
Liquid nitrogen	3,422,342 kWh	3,485,621 kWh
Heating oil	159,333 kWh	401,520 kWh
Water	338,021 m <sup>3</sup>	387,401 m <sup>3</sup>
Total waste volume	2,222 t	2,118 t
Non-hazardous waste	621.83 t	679,6 t
Hazardous waste	65.58 t	59.78 t
Pharmaceutical waste	822.16 t	685.62 t
Scope 1 emissions	19,683 t	18,000 t
Scope 2 emissions	0	0
Scope 3 emissions	/	12,586 t

Society	2021	2022
Number of fatalities due to work-related injuries	0	0
Number of work-related injuries with serious consequences	4	8
Reportable injuries	77	113
Number of non-reportable injuries	66	118
Number of hours worked	9,373,716	9,141,489
<b>Gender distribution</b>		
female	60 %	60 %
male	40 %	40 %
<b>Functional managers</b>		
female	58 %	57 %
male	42 %	43 %
<b>Disciplinary managers</b>		
female	44 %	43 %
male	56 %	57 %

# Appendix

List of abbreviations

German Sustainability Code (DNK) criteria

Key performance indicators

06

## List of abbreviations

### Proper names

<b>bAV</b>	Company pension plan	<b>GHG</b>	Greenhouse Gas (GHG Protocol)	
<b>BEM</b>	Workplace reintegration management	<b>GMP</b>	Good Manufacturing Practice	
<b>CHM</b>	Corporate Health Management	<b>GRI</b>	Global Reporting Initiative	
<b>CHP</b>	Combined heat and power plant	<b>ISPE</b>	International Society for Pharmaceutical Engineering	
<b>bKV</b>	Supplementary occupational health insurance	<b>ILO</b>	International Labour Organisation	
<b>BV</b>	Works agreement	<b>ISO</b>	International Organization of Standardization	
<b>GVA</b>	Gross value added	<b>KPI</b>	Key performance indicator	
<b>CDMO</b>	Contract Development and Manufacturing Organization	<b>m.</b>	Million, millions	
<b>cGMP</b>	Current Good Manufacturing Practice	<b>ÖPNV</b>	Public transport	
<b>CO<sub>2</sub></b>	Carbon dioxide	<b>QMS</b>	Quality management system	
<b>CMS</b>	Compliance Management System	<b>SBC</b>	Representative for severely disabled persons	
<b>CSR</b>	Corporate Social Responsibility	<b>SDG</b>	(United Nations) Sustainable Development Goals	
<b>DAIM</b>	Data-based integrated management system	<b>SOP</b>	Standard operating procedure	
<b>DHBW</b>	Baden-Wuerttemberg Cooperative State University	<b>SRS</b>	Sustainability Reporting Standards	
<b>DIN</b>	German Industry Standard	<b>TWS</b>	Local utility and mobility provider	<b>Units of measurement</b>
<b>DNK</b>	German Sustainability Code	<b>UN</b>	United Nations	<b>g</b> gram
<b>EHS</b>	Environment, Health, Safety	<b>VCS</b>	Verified Carbon Standard	<b>kg</b> kilogram
<b>EMA</b>	European Medicines Agency	<b>VOS</b>	Vetter Optimization System	<b>kWh</b> kilowatt hour
<b>FAQ</b>	Frequently asked questions	<b>WFI</b>	Water for Injection	<b>l</b> liter
<b>FDA</b>	Food and Drug Administration			<b>MWh</b> megawatt hour
<b>MD</b>	Managing Director(s)			<b>m</b> meter
				<b>m<sup>3</sup></b> cubic meters
				<b>t</b> ton

## Criteria and key performance indicators

### THE STATEMENT WAS PREPARED IN ACCORDANCE WITH THE FOLLOWING GRI-SRS REPORTING STANDARDS:

#### STRATEGY

##### 1. Strategic analysis and measures

The company declares whether or not it is pursuing a sustainability strategy. It explains the concrete measures it is taking comply with key industry-specific, nationally and internationally recognized standards.

##### 2. Materiality

The company discloses the aspects of its business operations that significantly impacts sustainability and the aspects of sustainability that have material impact on its business activities. It analyzes positive and negative effects and provides information as to how those insights are integrated into its own processes.

##### 3. Objectives

The company discloses the qualitative and/or quantitative – as well as temporally defined – sustainability goals that were set and operationalized and how it monitors the degree to which they were achieved.

##### 4. Depth of the value chain

The company states how significant sustainability is for added value and the depth to which the sustainability criteria are verified in the value chain.

#### PROCESS MANAGEMENT

##### 5. Responsibility

Management accountability for sustainability is disclosed.

##### 6. Rules and processes

The company discloses how rules and processes are used to implement its sustainability strategy in the operational business.

##### 7. Control

The company discloses which sustainability KPIs it uses and how they are integrated into its regular internal planning and control processes. It discloses how suitable processes ensure the reliability, comparability, and consistency of the data used in internal management and external communication.

##### Key performance indicators for criteria 5 to 7

###### KPI GRI SRS-102-16: Values

The reporting organization shall report the following information:  
**a.** A description of the organization's values, principles, standards, and norms of behavior.

##### 8. Incentive systems

The company discloses how the target agreements and remuneration for their managers and employees are geared towards achieving sustainability goals and how these are aligned with long-term value creation. It discloses the extent to which achieving these goals are part of the evaluation of the top management level (board/managing directors) by the monitoring body (supervisory board/advisory board).

##### Key performance indicators for criteria 8

###### KPI GRI SRS-102-35: Remuneration policies

The reporting organization shall report the following information:

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

###### KPI GRI SRS-102-38: Annual total compensation ratio

The reporting organization shall report the following information:

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

##### 9. Stakeholder engagement

The company discloses how it identifies socially and economically relevant stakeholders and integrates them into the sustainability process. It states whether and how it maintains a ongoing dialog with them and how it integrates those results into the sustainability process.

##### Key performance indicators for criteria 9

###### KPI GRI SRS-102-44: Key topics and concerns raised

The reporting organization shall report the following information:

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

##### 10. Innovation and product management

The company discloses how it uses suitable processes to ensure that innovation in products and services enhance the sustainability of its

own resource use and that of users. It also states whether and how it assesses the current and future impact of key products and services in the value chain and product life cycle.

##### Key performance indicators for criteria 10

###### KPI G4-FS11: Percentage of financial assets subject to positive or negative screening on environmental or social screening

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

#### SUSTAINABILITY ASPECTS: ENVIRONMENTAL CONCERNS

##### 11. Use of natural resources

The company discloses the extent to which natural resources are used for business activities. These include materials and the input and output of water, soil, waste, energy, land, biodiversity, and emissions for the life cycles of products and services.

##### 12. Resource management

The company discloses which qualitative and quantitative targets it has set for resource efficiency, in particular its use of renewable energies, the increase in raw material productivity, and the reduction in the use of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees risks.

##### Key performance indicators for criteria 11 to 12

###### KPI GRI SRS-301-1: Materials used

The reporting organization shall report the following information:

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



#### **KPI GRI SRS-302-1: Energy consumption**

The reporting organization shall report the following information:

- a.** The total fuel consumption within the organization from non-renewable sources, in joules or multiples thereof, including the fuel types used.
- b.** The total fuel consumption within the organization from renewable sources, in joules or multiples thereof, including the fuel types used.
- c.** In joules, watt-hours, or multiples thereof, the total:
  - i.** Electricity consumption;
  - ii.** Heating consumption;
  - iii.** Cooling consumption;
  - iv.** Steam consumption.
- d.** In joules, watt-hours, or multiples thereof, the total:
  - i.** Electricity sold;
  - ii.** Heating sold;
  - iii.** Cooling sold;
  - iv.** Steam sold.
- e.** The total energy consumption within the organization, in joules or multiples thereof.
- f.** Standards, methodologies, assumptions, and/or calculation tools used.
- g.** Source of the conversion factors used.

#### **KPI GRI SRS-302-4: Reduction of energy consumption**

The reporting organization shall report the following information:

- a.** Amount of reduction in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples thereof.
- b.** The types of energy included in the reduction: fuel, electric power, heating, cooling, steam, or all.
- c.** The basis for calculating the reduction in energy consumption, such as base year or baseline, including the rationale for choosing it
- d.** Standards, methodologies, assumptions, and/or calculation tools used.

#### **KPI GRI SRS-303-3: Water withdrawal**

The reporting organization shall report the following information:

- a.** Total water withdrawals from all areas in megaliters, and a breakdown of the total by the following sources, if applicable:
  - i.** Surface water;
  - ii.** Groundwater;
  - iii.** Seawater;
  - iv.** Produced water;
  - v.** Third-party water.
- b.** Total water withdrawals from all areas with water stress in megaliters and a breakdown of the total by the following sources, if applicable:
  - i.** Surface water;
  - ii.** Groundwater;
  - iii.** Seawater;
  - iv.** Produced water;

**v.** Third party water, and a breakdown of the total volume of withdrawal sources listed in i.-iv.

**c.** A breakdown of the total water withdrawal from each of the sources listed in 303-3-a and 303-3-b, in megaliters, by the following categories:

- i.** Freshwater ( $\leq 1,000$  mg/l total dissolved solids (TDS));
- ii.** Other water ( $> 1,000$  mg/l total dissolved solids (TDS)).
- d.** Any contextual information necessary to understand how the data was compiled, such as the standards, methodologies, and assumptions used.

#### **KPI GRI SRS-306-2: Waste generated**

The reporting organization shall report the following information:

**a.** Total weight of hazardous waste, with a breakdown by the following disposal methods, if applicable:

- i.** Reuse;
  - ii.** Recycling;
  - iii.** Composting;
  - iv.** Recovery, including energy recovery;
  - v.** Waste incineration (mass burning);
  - vi.** Saline wastewater injection;
  - vii.** Landfill;
  - viii.** Storage at the site;
  - ix.** Other (to be specified by the organization).
- b.** Total weight of non-hazardous waste, with a breakdown by the following disposal methods, if applicable:
- i.** Reuse;
  - ii.** Recycling;
  - iii.** Composting;
  - iv.** Recovery, including energy recovery;
  - v.** Waste incineration (mass burning);
  - vi.** Saline wastewater injection;
  - vii.** Landfill;
  - viii.** Storage at the site;
  - ix.** Other (to be specified by the organization).
- c.** How the waste disposal method was determined:
- i.** Disposed of or otherwise directly confirmed by the organization;
  - ii.** Information provided by the disposal service provider;
  - iii.** Standard organizational methods of the disposal service provider.

#### **13. Climate-relevant emissions**

The company discloses greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas Protocol or standards based on it and states its self-imposed targets for reducing emissions.

#### **Key performance indicators for criteria 13**

##### **KPI GRI SRS-305-1 (see GH-EN15):**

Direct (Scope 1) GHG emissions

The reporting organization shall report the following information:

- a.** Gross volume of direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.

**b.** Gases included in the calculation, whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.

**c.** Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.

**d.** The base year for the calculation, if applicable, including:

- i.** The rationale for choosing it;
- ii.** Emissions in the base year;
- iii.** The context for any significant changes in emissions that triggered recalculations of base year emissions.
- e.** Source of the emission factors and global warming potential (GWP) rates used, or a reference to the GWP source.
- f.** Consolidation approach for emissions; whether equity share approach, financial control, or operational control.
- g.** Standards, methodologies, assumptions used and/or calculation tools used.

##### **KPI GRI SRS-305-2: Energy indirect (Scope 2) GHG emissions**

The reporting organization shall report the following information:

**a.** Gross volume of energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.

**b.** If applicable, the gross market-based indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.

**c.** If applicable, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.

**d.** Base year for the calculation, if applicable, including:

- i.** The rationale for choosing it;
- ii.** Emissions in the base year;
- iii.** The context for any significant changes in emissions that triggered recalculations base year emissions.
- e.** Source of the emission factors and global warming potential (GWP) rates used, or a reference to the GWP source.
- f.** Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g.** Standards, methodologies, assumptions, and/or calculation tools used.

### **KPI GRI SRS-305-3: Other indirect (Scope 3) GHG emissions**

The reporting organization shall report the following information:

- a.** Gross volume of other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- b.** If applicable, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- c.** Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.
- d.** Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.
- e.** Base year for the calculation, if applicable, including
  - i.** The rationale for choosing it;
  - ii.** Emissions in the base year;
  - iii.** The context for any significant changes in emissions that triggered recalculations base year emissions.
- f.** Source of the emission factors and global warming potential (GWP) rates used, or a reference to the GWP source.
- g.** Standards, methodologies, assumptions, and/or calculation tools used.

### **KPI GRI SRS-305-5: Reduction of GHG emissions**

The reporting organization shall report the following information:

- a.** GHG emissions reduced a direct result of emissions reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.
- b.** Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- c.** Base year or base/reference, including the rationale for choosing it.
- d.** Scopes in which reductions took place; whether in direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- e.** Standards, methodologies, assumptions, and/or calculation tools used.

## **SOCIETY**

### **14. Employment rights**

The company reports on how it complies with national and international standards on employee rights and how it fosters employee participation in the company and in managing sustainability, which goals it has set itself, which results have been achieved to date, and where it sees risks.

### **15. Equal opportunities**

The company reports on how it has implemented processes nationally and internationally and on its goals for promoting equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay and work-life balance, as well as how it implements them.

### **16. Qualifications**

The company discloses the goals it set, and which measures it took to the promote employability of all employees, i.e. the ability of its employees to participate in the world of work, and to adapt these in view of demographic developments, and where it sees risks.

### **Key performance indicators for criteria 14 to 16**

#### **KPI GRI SRS-403-9: Work-related injuries**

The reporting organization shall report the following information:

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

#### **KPI GRI SRS-403-4:**

#### **Worker participation in occupational health and safety**

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

- a.** A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.
- b.** Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.

#### **KPI GRI SRS-404-1 (see G4LA9):**

#### **Hours of training and continuing education**

The reporting organization shall report the following information:

- a.** Average hours of training and continuing education that the organization's employees have undertaken during the reporting period, broken down by:
  - i.** Gender;
  - ii.** Employee category.

### **KPI GRI SRS-405-1: Diversity**

The reporting organization shall report the following information:

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

### **KPI GRI SRS-406-1: Incidents of discrimination**

The reporting organization shall report the following information:

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

### **17. Human rights**

The company shall disclose the measures it takes, strategies it pursues and targets it sets for itself and for its supply chain to ensure that human rights are respected globally and that forced and child labor and all forms of exploitation are prevented. Information on the results of these measures and any relevant risks should also be provided.

### **Key performance indicators for criteria 17**

#### **KPI GRI SRS-412-3: Significant investment agreements that underwent human rights screening**

The reporting organization shall report the following information:

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

#### **KPI GRI SRS-412-1: Operations audited for human rights aspects**

The reporting organization shall report the following information:

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

#### **KPI GRI SRS-414-1:**

##### **New suppliers that were screened using social criteria**

The reporting organization shall report the following information:

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

#### **KPI GRI SRS-414-2: Social impacts in the supply chain**

The reporting organization shall report the following information:

**a.** Number of suppliers assessed for social impact.

**b.** Number of suppliers identified as having significant actual and potential negative social impacts.

**c.** Significant actual and potential negative social impacts identified in the supply chain.

**d.** Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.

**e.** Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.

#### **18. Corporate citizenship**

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

#### **Key performance indicators for criteria 18**

##### **KPI GRI SRS-201-1:**

##### **Direct economic value generated and distributed**

The reporting organization shall report the following information:

**a.** Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:

**i.** Direct economic value generated: revenues;

**ii.** Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;

**iii.** Economic value retained: 'direct economic value generated' less 'economic value distributed';

**b.** Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

#### **19. Political influence**

All significant input to legislative processes, all entries in lobbying lists, all significant membership fee payments, all contributions to governments, and all donations to political parties and politicians are to be disclosed on a country-by-country basis.

#### **Key performance indicators for criteria 19**

##### **KPI GRI SRS-415-1: Political contributions**

The reporting organization shall report the following information:

**a.** Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.

**b.** If applicable, how the monetary value of in-kind contributions was estimated.

#### **20. Conduct that complies with laws and directives**

The company discloses the measures, standards, systems, and processes that are in place to prevent unlawful conduct – and corruption in particular – how they are verified, which results have been achieved to date, and where it sees risks. It describes how it prevents, exposes, and penalizes corruption and other contraventions in the company.

#### **Key performance indicators for criteria 20**

##### **KPI GRI SRS-205-1: Operations assessed for risks related to corruption**

The reporting organization shall report the following information:

**a.** Total number and percentage of operations assessed for risks related to corruption.

**b.** Significant risks related to corruption identified through the risk assessment.

##### **KPI GRI SRS-205-3: Incidents of corruption**

The reporting organization shall report the following information:

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

**b.** Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.

**c.** Total number of confirmed incidents when contracts with business partners due were terminated or not renewed due to violations related to corruption.

**d.** Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

#### **KPI GRI SRS-419-1: Non-compliance with laws and regulations**

The reporting organization shall report the following information:

**a.** Substantial fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:

**i.** total monetary value of significant fines;

**ii.** total number of non-monetary sanctions;

**iii.** cases brought in the context of dispute resolution proceedings.

**b.** If the organization has not identified any non-compliance with the law and/or regulations, a brief statement of this fact is sufficient.

**c.** The context against which significant fines and non-monetary sanctions were incurred.

# Contact

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Numerous Vetter employees contributed to the Sustainability Report 2022. We will be happy to answer any questions you may have and to forward them to the relevant departments if needed.

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