



ENVIRONMENTAL SOCIAL GOVERNANCE

2023

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1. PREAMBLE

Statement from the CEO

At NextPharma, we are deeply committed to the sustainability agenda and have fostered a culture of continuous improvement in our approach to environmental, health, safety, and social well-being matters, with the ultimate goal of enhancing the quality of life for everyone. Our strategy involves actively seeking out and implementing innovative solutions across these important topics, ensuring we never remain stagnant in our efforts. This commitment is firmly rooted in our leadership's approach and is fundamentally supported by responsible corporate governance practices.

This ESG report sets out how we currently see this fast-evolving agenda, which is important to all our stakeholders, and highlights key areas which our Company is focussed on.

A key focus for us over the last years has been our commitment to be CO2 neutral by January 2025. In addition, we have strengthened this commitment further by joining the SBTi initiative which sets ambitious emission reduction targets in line with the latest climate science.

We are well on track to achieve our goals in this area, and I am very pleased with the number of technical solutions implemented, many as part of capital investment, which have resulted in real, material reduction in our CO2 emissions. The progress is very transparent, being measured site by site, and the initiative has made the whole organisation aware of the importance of achieving the target.

As a company, producing high-quality drugs benefitting the health of everyone, we commit to protecting the environment and the health and safety of our staff, customers and communities. As an employer, we do this, through implementation of very robust operating standards with respect to labour, health and safety, the environment and business ethics. We will never compromise on safety or quality standards.



PETER BUREMA, CHIEF EXECUTIVE OFFICER, NEXTPHARMA

ESG and the regulatory environment

While ESG and sustainability topics have long been on NextPharma's agenda, the regulatory landscape for measuring and reporting in this domain has historically been fragmented and often specific to certain sectors or regions, making alignment and comparability challenging. However, a gradual consensus is emerging, which is reinforced by new legislation and regulatory requirements. There is considerable overlap among many of these regulations, and NextPharma aims to streamline its reporting processes wherever feasible. This approach is designed to ensure that data measurement, collection, and monitoring are as efficient as possible while maintaining full compliance with all applicable regulations.

For NextPharma, the following new regulations are relevant for reporting periods in, or after, 2023. Where necessary, the company has implemented changes to its policies, systems, measurement and reporting processes. Where the regulations come into effect in the future, the company is reviewing the same to ensure compliance within the relevant timeline.

- [German Supply Chain Due Diligence Act: \(LkSG\)](#)

The LkSG is effective from January 1, 2023, and requires companies to implement comprehensive due diligence obligations regarding human rights and environmental protection throughout their supply chains. NextPharma is committed to the international principles for the protection of human rights and the environment, which are reflected in Section 2 (2) and (3) of the LkSG. NextPharma submitted its first report in April 2024 and this can be found:

https://nextpharma.com/fileadmin/nextpharma/downloads/bericht_zum_lksg_2023-2024.pdf

- [Corporate Sustainability Reporting Directive: \(CSRD\)](#)

The CSRD, ratified in fiscal year 2024, aims to modernize and strengthen the rules governing companies' social and environmental reporting. This expands the scope of sustainability reporting, requiring detailed disclosures on ESG matters, including the impact of companies' operations on sustainability factors. NextPharma will submit its first report in the second quarter of 2026, covering data from the 2025 fiscal year.

- [Network and Information Security \(NIS\) Directive: \(NIS2\)](#)

The NIS 2 Directive aims to enhance cybersecurity across critical sectors, including pharmaceutical manufacturers such as NextPharma. It mandates the implementation of robust risk management systems, incident reporting protocols, and stringent technical and organizational measures to protect against cyber threats. NIS 2 significantly expands the scope of regulated entities compared to its predecessor, imposing stricter compliance requirements to bolster the European Union's overall cyber resilience. NextPharma has implemented all necessary measures to comply with the NIS 2 directive. The implementation of the directive in Germany is still in progress, and we are prepared to adhere to the directive once it is fully enacted in Germany.

Each of these regulations have aspects which are already relevant to the ESG/Sustainability agenda and important to NextPharma's Sustainability Strategy described in the following pages (which references the UN Sustainable Development Goals) and in future we expect to integrate reporting where possible. However specific policies or statements related to these pieces of regulation are shown on the NextPharma website and these are not detailed in this report.

NextPharma's Sustainability Strategy

For many years Environmental Social Governance has been an integral component of NextPharma's business strategy. In C-suite level ESG responsibility is embedded within the roles of the COO, CFO, CIO as well as within the roles of Global Functional Heads who are members of our extended Executive Management Board. At our individual sites, it is the Site Management team who are primarily in charge of implementing the measures specified and of proactively improving our environmental footprint, supported by our central corporate team.

Environmental

We actively practice a climate protection strategy by sustainably reducing our greenhouse gas emissions (Scope 1 and Scope 2). We achieve these improvements by continuous investment in energy-efficient processes, machines, facilities and infrastructure. It is our corporate objective to reach carbon neutrality by 2025. In addition to our own sustainability actions, NextPharma joined the SBTi initiative in 07/2023 to formalise our commitments in this area.

Social

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

Governance

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

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

As a globally active CDMO, we believe that we must support the implementation of these Sustainable Development Goals as they relate to our business and industry.

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



Good Health and Well-Being

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



Gender Equality

Achieve gender equality and self-determination for all women.



Affordable and Clean Energy

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



Industry, Innovation and Infrastructure

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



Responsible Consumption and Production

Sustainable production and consumption patterns and the avoidance of waste

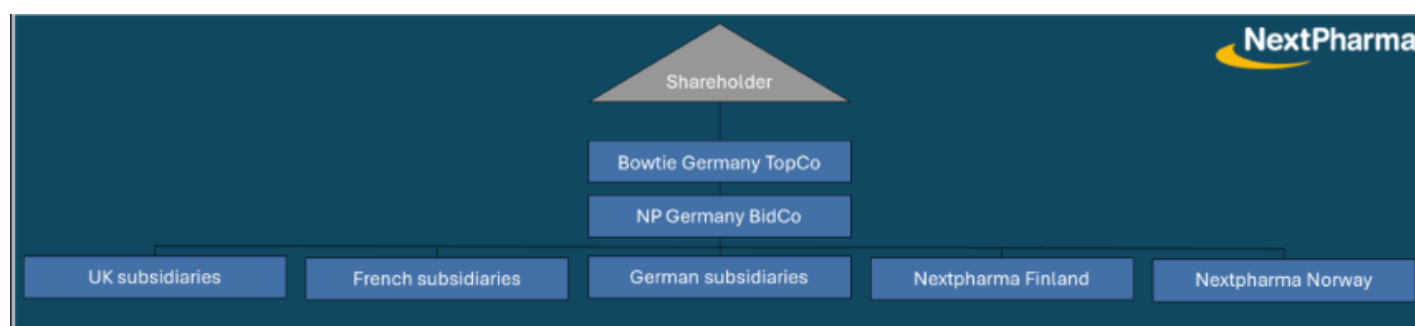
Company profile

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

At the end of the financial year 2023, NextPharma commands 10 state-of-the-art manufacturing plants which support customers all over the world in the development and manufacture of high-quality medicinal products. Our logistics division runs logistics centres in the DACH region, supporting our customers in the fields of Logistics and Distribution.

At the end of the financial year 2023 group sales totalled EUR 375 M, and the organisation had >2.400 employees.

NextPharma Structure



NextPharma at a Glance

<p>MANUFACTURING / SITES</p> <p> 10 Manufacturing facilities</p> <p> 4 Logistics sites</p>	<p>ORGANIC GROWTH</p> <p></p> <p>Constant double digit Growth in revenues</p>	<p>ENDS MARKETS SERVED</p> <p></p> <p>60+</p>
<p>EMPLOYEES</p> <p> 2 400 Employees</p> <p> 25% In Quality roles</p>	<p>PRODUCTS</p> <ul style="list-style-type: none"> • Solids / Pellets • Hormones • Liquids / Semi-solids • Penicillins / Cephalosporins • Ophthalmics / Blow-fill-seal • Softgels/Liquid-filled Hardshells • High potent • Nutritional • Chewable tablets <p></p>	<p>REGULATED BY</p> <ul style="list-style-type: none"> • FDA (USA) • EMA (Europe) • Anvisa (Brazil) • ROW <p></p>

Manufacturing and development services

NextPharma has 10 state of-the-art facilities which operate as centres of excellence in Europe supporting global customers for development and commercial supply.

1 Asker



Chewable Tablets
8, 000 m2

2 Berlin



Penicillin
1, 700 m2

3 Bielefeld



Pellet dosages
3, 400 m2

4 Edinburgh



Liquid filled Hard Capsules
900 m2

5 Göttingen 1



Oral Solids
5, 600 m2

6 Göttingen 2



Cephalosporins
900 m2

7 Limay



Oral Liquids & Suppositories
3, 600 m2

8 Ploërmel



Softgel Capsules &
Microdosing
5, 500 m2

9 Tampere



Sterile Ophthalmics
4, 000 m2

10 Waltrop



Hormones & Semi-Solids
4, 300 m2



[Learn more](#)

Key Facts Commercial

- >10.000 batch releases
- Capable to produce 8 billion tablets per annum
- Diversified dosages forms with Solid, Liquid, Demi Solid and Sterile
- Secondary packaging for full service
- Specialised capabilities as Antibiotics, Hormones, High Potents, Ophthalmics
- World wide supply

Key Facts Development

- Clinical trial services (Goettingen)
- Analytical services (Bielefeld)
- Lipid based formulations and manufacturing of Softgel (Ploermel)
- Strong development capabilities

Pharmaceutical Development Services

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



PRODUCT OPTIMISATION

Optimisation of composition and manufacturing process

Analytical method development and method validation

Scientifically guided set up of product specifications

Supportive stability and stress studies on prototype formulations



PRODUCT DEVELOPMENT

Formulation and manufacturing process strategy tailored to individual project requirements

Quality design including quality target product profile, gap analysis and risk assessment

Full characterisation / reverse engineering of related products (if required)



SCALE-UP AND PROCESS DELIVERY

Process development and validation

Full ICH validation of analytical methods

Manufacturing of registration batches

ICH stability studies

Clinical Trials Supply Services

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

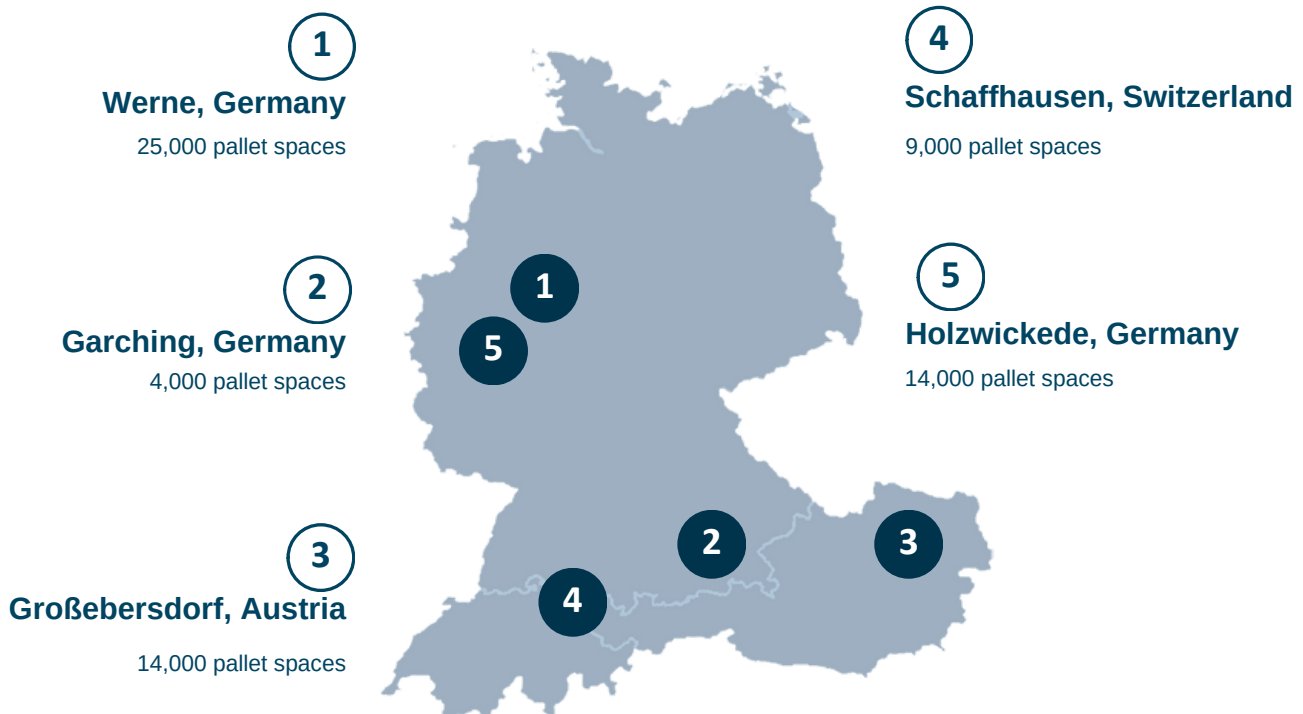
- IMP creation and matching placebo manufacturing
- Packaging and labeling
- Randomisation
- IMPD
- Blinding
- Special Label design and printing
- Return, reconciliation, destruction
- Comparator sourcing
- Worldwide distribution

[Learn more](#)

Healthcare Logistics Services (HLS)

Our Healthcare Logistic Service offers state-of-the-art pre-wholesaling logistic services to the pharmaceutical industry in five location in Germany, Austria and Switzerland.

In 2022, in response to the continued growth of the business, we opened a new location in Holzwickede. This covers a total area of around 9,000 square meters and serves as the center of excellence for veterinary medicine within the NextPharma logistics platform.



Additional information can be found on the NextPharma website:

<https://nextpharma-logistics.com/en/solutions/healthcare-logistics/>

<https://nextpharma-logistics.com/en/nextgreen-sustainability-at-nextpharma-logistics/>



1. ENVIRONMENTAL

Management Approach

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

In July 2021, NextPharma's board took the decision to launch the strategic initiative 'Path to CO2 Neutrality in the NextPharma Group' with its completion being scheduled for late 2024. Key steps, team organisation and budget were agreed.

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

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

Green Status & Roadmap

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

The emissions and energy supplies to all sites in 2021 were measured and defined as Baseline 2021. Alongside this a long list of initiatives and measures to be carried out on production processes and site infrastructure which would reduce the energy sourcing volumes was drawn up.

In 2023 the originally planned reduction target could already be met. And seen against the backdrop of increased production volumes the target even was exceeded.

In addition to our own sustainability actions, NextPharma joined the SBTi initiative in 07/2023, when the Company committed to set a target also to reduce Scope 3 emissions.

Following detailed work within 2024, NextPharma has formalised its SBTi commitment:
<https://nextpharma.com/group/nextgreen-with-nextpharma/sbti-commitment>

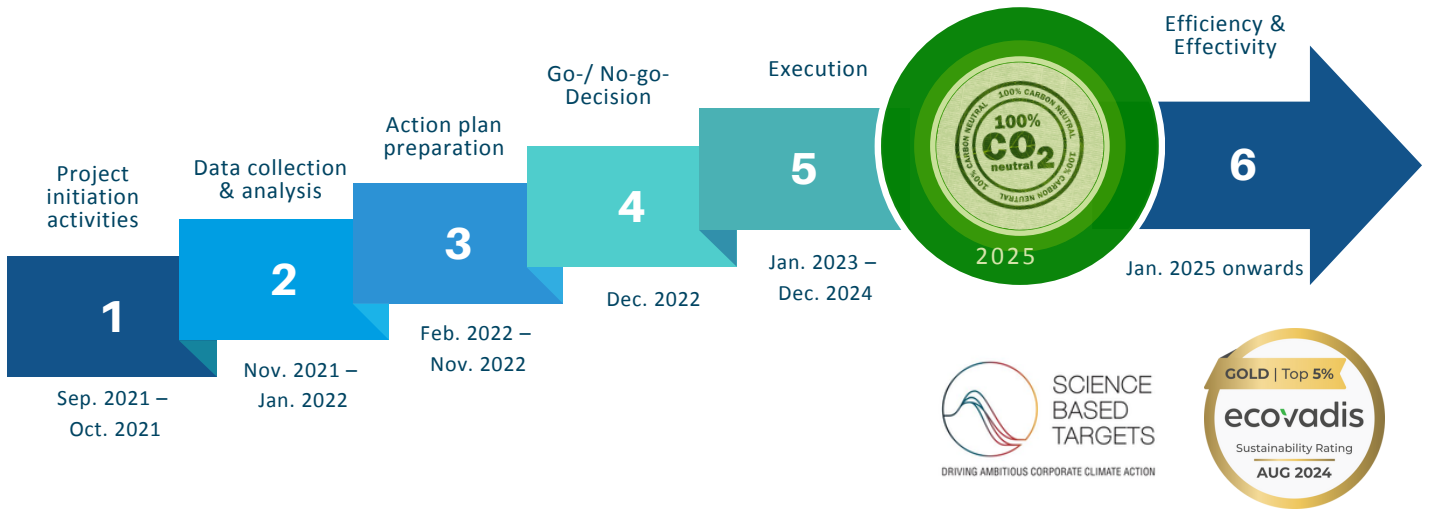
NextPharma commits to reduce absolute scope 1 and 2 GhC emissions by 42% by 2030 from a 2021 base year. NextPharma also commits to reduce absolute scope 3 GhC emissions 25% in the same time frame.



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



Continuous improvement -> new initiatives are always evaluated and will be implemented with an aim to shift more from compensation > substitution > optimisation and ultimately reduction

Greenhouse gas reduction



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

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

✓ in operation
 ✓ defined / planning
 ✓ under evaluation



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

The NextPharma Group's scope 1 and 2 greenhouse gas emissions¹ associated with energy consumption decreased by 17% since 2021. Energy efficiency measures, such as the improvement of heating and cooling systems, air conditioning and compressed air supply have been key contributors to this.

The electricity mix and the purchase of natural gas are the determining factors of the total greenhouse gas emissions Scope 1 and 2. Key measures to further reduce greenhouse gas emissions include the implementation of the ambitious programme of energy efficiency measures at all locations and the continued switch to renewable energy sources.

		NextPharma, total
Scope 1		
Fuel combustion in stationary sources	tCO ₂ e	
Heating fuel oil	tCO ₂ e	1'643
Heating natural gas	tCO ₂ e	4'423
Fuels combustion in mobil sources	tCO ₂ e	
Fleet, Diesel	tCO ₂ e	131
Fleet, Gasoline	tCO ₂ e	15
Fugitive emissions	tCO ₂ e	
Refrigerant losses	tCO ₂ e	152
Scope 2		
Purchase of energy	tCO ₂ e	
Electricity (market based)	tCO ₂ e	5'127
Electricity (location based)	tCO ₂ e	7'947
District heat (market based)	tCO ₂ e	1'130
District heat (location based)	tCO ₂ e	1'265
Scope 1 and 2 (market based)		
Subtotal Scope 1	tCO ₂ e	6'364
Subtotal Scope 2 (market based)	tCO ₂ e	6'257
Total Scope 1 and 2 (market based)	tCO₂e	12'621

While our operating business has grown, we have still managed to reduce our greenhouse gas emissions (Scope 1+2) by 21,2% compared to the baseline (FY21). In 2021, we emitted 15.259 T CO₂ equivalents, and only 12.621 T CO₂ in 2023. Our Balance in 2023 contains 180T from our new site Asker NOR.

From 2021 to 2023, we increased our turnover by more than 37 %, which means that our emissions show a significant reduction in relation to turnover.

CO₂ Emission Intensity

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

kg Carbon dioxide/ 1k EUR external sales	2021	2022	2023
CO ₂ emission intensity	55.5	40.8	33.7

Compared with 2022, our carbon intensity in relation to turnover has improved.



Energy Efficiency

NextPharma reports energy efficiency, i.e. the ratio of energy used to external sales. We used 73.74 GWh in 2023 versus 82.98 GWh in 2021. When considering the turnover growth over the period since 2021 our energy efficiency has improved significantly

kWh/ 1k€ external sales	2021	2022	2023
Energy efficiency	281	242	197



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Management Approach

As an innovative service provider of the pharmaceutical industry we pursue a continual and sustained investment strategy. We sustainably invest in machines and site infrastructures to be able to offer our customers high quality products, made in high-efficiency state-of-the-art manufacturing capabilities. In recent years the capex design phase has included wherever appropriate a core consideration of energy efficiency and emission reduction, and this can be seen in the projects described below.

We estimate that we have invested approximately €4.6m in directly ‘green related’ over the period 2021-23 and anticipate further investment of €4m in the next 3 years. This does not include spend on the many projects which indirectly have positive ‘green’ benefits.

Investment in Building Modernisation

Apart from constructional measures (e.g. insulation), modern Building Management Systems (BMS) contribute to a considerable degree to the energy-efficient operation of our production processes and buildings. The continuous modernisation and maintenance of the BMS systems that are in use at the various sites, is a central task of our Global Engineering unit. Since 2021 we have invested about 200,000 EUR in the renewal of our building control systems. Further projects at other locations are currently in their preliminary planning stages and will be implemented in the years ahead.

Selected Investments in Renewable Energies

Göttingen (Germany)

We have invested 170.000 EUR in the installation of new cold storage warehouse (5°C), with 64 pallet places and 6 shelving racks, each 5 levels, for storage of smaller units. This will be an 100% neutral refrigerant.

We have also invested 250.000 EUR in three new steam boilers, and 140.000 EUR in a new HVAC PLC for the main production building, which will be completed in 2024. We are expecting a reduction of consumption of 10%



Bielefeld (Germany)

We have invested around 0.75 M EUR in a photovoltaic (PV) system at the Bielefeld site. The system occupies a roof surface of about 3,000 sqm. We expect an electricity yield of 550,000 kWh/year and an annual reduction of the CO2 site emissions of 150 metric tons. This is approximately 14% of the site's energy/electricity needs.

Berlin (Germany)

In Berlin we have many smaller investments designed to reduce energy consumption, many linked to the new BMS project. Various projects with an aggregate cost > 430,000 EUR, are expected to save > 850,000 kWh of heat, and >280,000 kWh of electricity, including installation of a new heat pump, replacements of air heat exchanger, and fans in the ventilation system. In addition, the implementation of new equipment which has energy savings modes e.g. €50.000EUR investment in 'decrease mode' HVACs is expected to drive CO2 savings of 123t in 2026.

By installing stationary measuring devices for the BMS, the savings from the mobile measurements are secured which is expected to deliver further savings through continuous energy monitoring.

Waltrop (Germany)

We have invested around 510k EUR in a photovoltaic system, which became operational in January 2024. We expect an electricity yield of 530,000 kWh/year and an annual reduction of the CO2 site emissions of 100 metric tons. The Site consumes 96% of the electricity produced by the photovoltaic system. Overall, we cover around 16% of our total electricity requirements at the site with this photovoltaic system.

In addition, we invested around 182,000 EUR in site energy infrastructure, exchanging the 400 V low-voltage and 10 kV medium-voltage distribution. The completion of this project was a prerequisite for the installation of a photovoltaic system.

Ploërmel (France)

We have invested 210.000 EUR in Hot water loop separation. We are expecting a reduction of 17% of total emission.

Limay (France)

We invested 245,000 EUR in a new metering system on main energy consuming equipment.

In 2023 we also continued the switch to green energy: moving to 100 % green electricity saved 107 tons CO2; and increasing our ratio of Green Gas to 50% saved 431 tons CO2.



Edinburgh (Scotland)

We replaced two vacuum pumps. Costing 60.000 EUR, this project, together with additional controls onto our high vacuum pumps saved us 140kW/h per annum.

LED Programme

Our LED roll-out programme has continued with a further >185,000 EUR invested in Tampere, Ploermel, Limay and Edinburgh to extend the replacement programme with related energy savings and improved fire safety.

NextGreen Logistics (HLS)

Over the course of the past years, sustainability has developed into a central aspect of our corporate activity. To measure up to this important concern, the initiative NextGreen Logistics was launched to provide an all-embracing framework for the delivery of climate-neutral services to our customers.

Our primary aim is the prevention and reduction of emissions, only compensating emissions via selected climate-protection projects where that approach is unavoidable (e.g. in the transport sector).

Thanks to implementation of a variety of initiatives included in our NextGreen Logistics programme, we have already come close to fulfilling our target of being climate-neutral by 2025.

The sustainability initiative of NextPharma Logistics

Sustainability

1. Environment

- e.g.: e-mobility, energy saving infrastructure

2. Economic

- e.g.: use resources efficiently, source regional

3. Social

- e.g.: fair wages, equal opportunities

Initiatives, presence & aims

Zero Emission

- Climate neutrality by 2025!

Reduce, Reuse, Recycle

- e.g. reusable boxes instead of shipping cartons, void filling

Social Hero

- Extension of the code of conduct for suppliers
- Extend training and development opportunities through NextAcademy and external partners

Further measures

- Environmentally friendly design of logistics centres
- Preferential use of sustainable transport companies, such as hydrogen-powered vehicles, CO₂-neutral website and sustainable office management.
- ... and many more!



Schaffhausen logistic center



PV Module

PV Module
Size: approx. 4,300
Yield: approx. 830 MWh p.a.
Easily covers the energy needs of the location

Cooling technology

Energy-efficient coolant used for the 2-8 ° C range
Low GWP coolant R290 (GWP = 3)

Hall Lighting

Top modern LED lighting
Only the necessary places are illuminated

Order picking system

Purely electrical system
No compressed air required

Many of our facilities are state of the art for energy efficiency, such as our Schaffhausen Warehouse shown above. But we also continue to invest efficiency improvements: in our Werne Warehouse we have invested 235.000 EUR in a new cooling technology. So, we are using only R290 Propane Gas as refrigerant. We are expecting a CO2 saving of 115,61t.



Other Selected Investments

Berlin (Germany):

To be able to meet the increasing customer demand for β -lactam antibiotics, we invested approx. 1,500,000 EUR in a latest-generation film coater at our Berlin site. Apart from an infrastructure overhaul, our project also included measures for high-efficiency energy recovery. This project completed end of 2023.

Waltrop (Germany):

We have invested 120,000 EUR for an air flow for primary packaging in the hormone area. The project started in 2023 and will be finished in 2024. This project will secure temperature and humidity conditions for primary packaging of hormone tablets into blister.

A new Uhlmann cartonner has been installed in connection with a blister machine Uhlmann UPS-4. With a cost >440,000 EUR, this project enables us to offer online packaging of hormones blisters as final pack. Installation completed in 2023 and the qualification of several formats is ongoing.

Ploërmel (France)

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

Limay (France):

The investment in a new high-speed blister packaging line has cleared all approval levels and presently is in the stage of its technical realization. Installing and commissioning the line has been rescheduled from 2023 to 2024.

Tampere (Finland):

In Tampere we have invested >1.0m EUR in cleanroom infrastructure. Besides energy saving we are also expecting improving work economics and quality. This is expected to complete in FY24. We completed an investment >250.000 EUR to upgrade the laboratory and the packing area of our new high-speed Blow Fill Seal line. Also here we expect energy savings and improved working conditions.

Information Technology and ERP:

In the past 5 years, the company has heavily invested in IT to enhance resilience, support digitization, and mitigate cybersecurity risks. Investments covered people, hardware, software, and processes.

All legacy ERP systems have been replaced by SAP ERP and advanced solutions operating as an ecosystem, ensuring a sustainable, compliant, and scalable environment to run the core business processes End 2 End.



Management Approach

NextPharma is committed to protecting the environment in which it operates. Endorsed by the Board and led by EHS team reporting to the COO, this commitment is the individual and collective responsibility of all NextPharma employees. EHS requirements must be understood, and this is done via the EHS team (both global and site level roles) which undertake a robust risk management process with appropriate mitigating solutions implemented and well maintained. A continuous improvement approach is adopted to ensure that these solutions remain current best practice. All employees are expected to promote and to assist in their implementation and the resulting commitments.

Environmental Incidents

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

No environmentally relevant incidents occurred in the last 5 years.

Air Emissions

Environmental management at our sites includes the monitoring and reduction of emissions to the atmosphere. To minimise these impacts, our sites have been equipped with special devices or technical solutions for exhaust-air treatment for example: high-efficiency filters for the reduction of particulate emissions; special emission control systems for the elimination of volatile organic solvents (Volatile Organic Compounds, VOCs).

Water Pollution

The responsible use of water is an integral part of our sustainability strategy and is outlined in the NextPharma EHS Key Requirements. Our sites are connected to wastewater treatment plants where wastewater is purified. In specific cases, partial wastewater streams are collected and subjected to proper disposal, such as incineration.

Biodiversity

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



2. SOCIAL

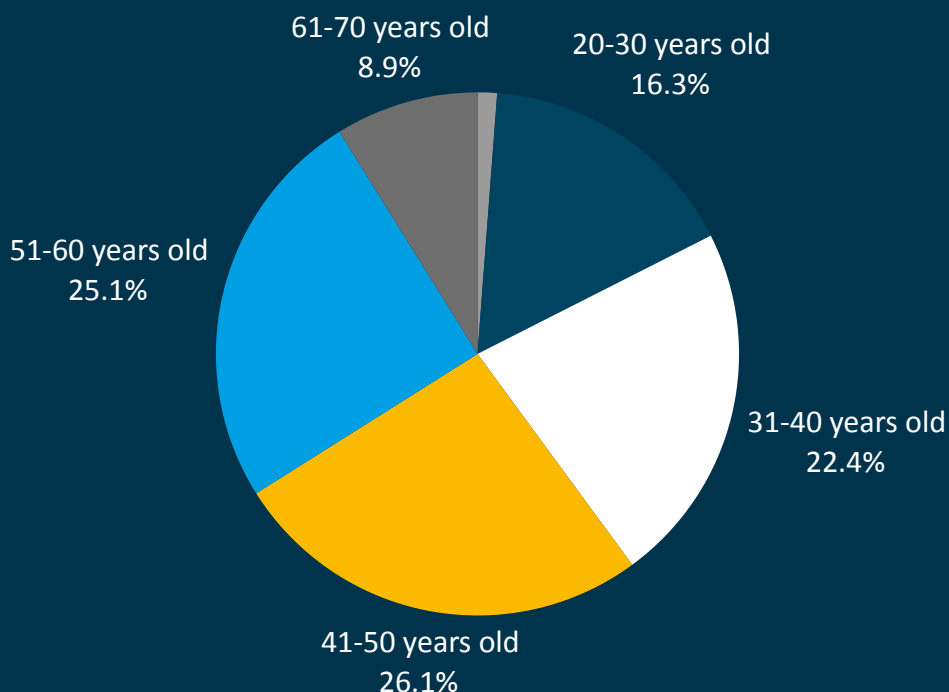
Employee Data and Demographic Change

With their expertise and commitment our employees contribute essentially to the success of our organisation. As employers we offer our staff attractive general conditions, multiple personal career opportunities and a safe work environment. At the end of the financial year 2023 we had a corporate workforce of 2406 employees from various nations.

The company draws on temporary staff to complement the core workforce, and this is an important aspect of our labour pool. Flexibility is essential to management times of peak demand, periods of high absenteeism as well as to provide cover for interim periods such as maternity or paternity leaves and projects. The Company seeks constructive engagement with providers of temporary workers on a recurring basis who get to know the Sites, and this benefits those who prefer the temporary model of employment.

Demographic change in our society has an ever-increasing influence on our strategic personnel planning. We strive to offer to our people an optimal work environment in all stages of life and recognise that a broad range of experience levels is desirable, to ensure the constant availability of qualified personnel, manage knowledge transfers and build resilience. With the mean age of our workforce likely to increase over the next years, we are seeking to structure and design age-appropriate workplaces and by tuning the company health management system to the individual needs of our employees. The mean age in December 2023 was 44,5 years, in December 2024 it is 42,7 years, while the mean age of all newcomers in 2024 is 33,1 years.

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



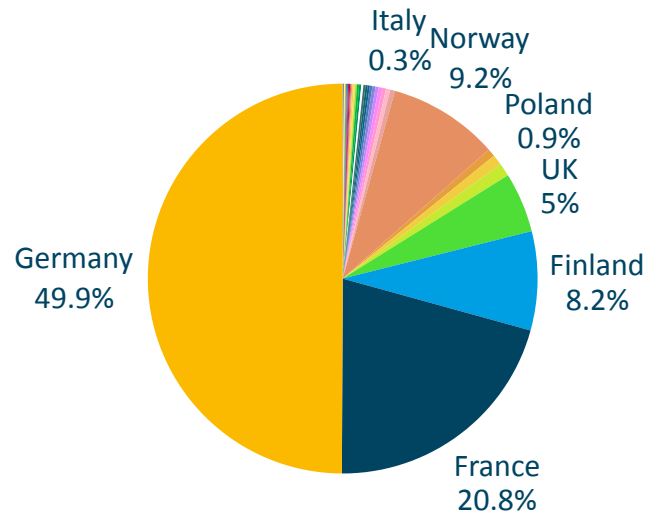


Inclusion and Diversity

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

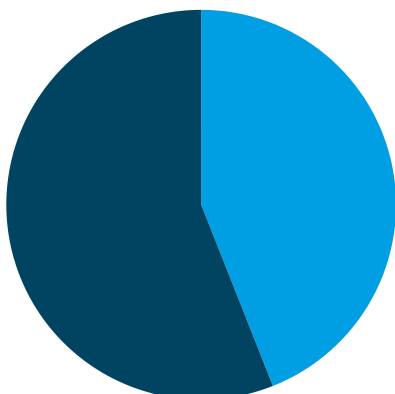
Independent of their race (including their colour, nationality and ethnic or national origin), their religion or world view, gender or sexual orientation, all NextPharma staff have access to the same opportunities and promotion of their potential. It is our credo that diversity is an opportunity and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

Since we have sites in Germany, France, Finland, Norway and the United Kingdom, it seems obvious that majority of our staff are of these nationalities. But we are proud to say that apart from our French, German, British and Finish employees, there currently are foreign nationals from 50 countries working at NextPharma.



Inclusion and Diversity

- Management role female
- Management role male



For us equal opportunities are a matter of course. We aim to attain a quota of 50 % by 2025 for women in executive positions. While in the business year 2022 42 % of our executive positions were held by female employees, we have been able to raise this share to 44 % in 2023.



Employee Development

To provide to our workforce an educational concept designed for all aspects of career growth and personal development, we founded our Next Academy in 2021. Since then this has developed into a fixed element of our continuous educational concept, which is available in all sites, and our employees are happy to make use of it.

In 2023 seminars were offered that dealt with the topics: Leadership, Compliance, Conflict Management, Communication, Labour Law, IT (MS Office applications) and Business English, and our employees were able to tailor their continuous educational programmes to their individual needs. Within the year under report (2023), 61 seminars were offered with 395 NextPharma people participating from different NextPharma sites. All courses were held within regular working hours.

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

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

Cyber Security Training

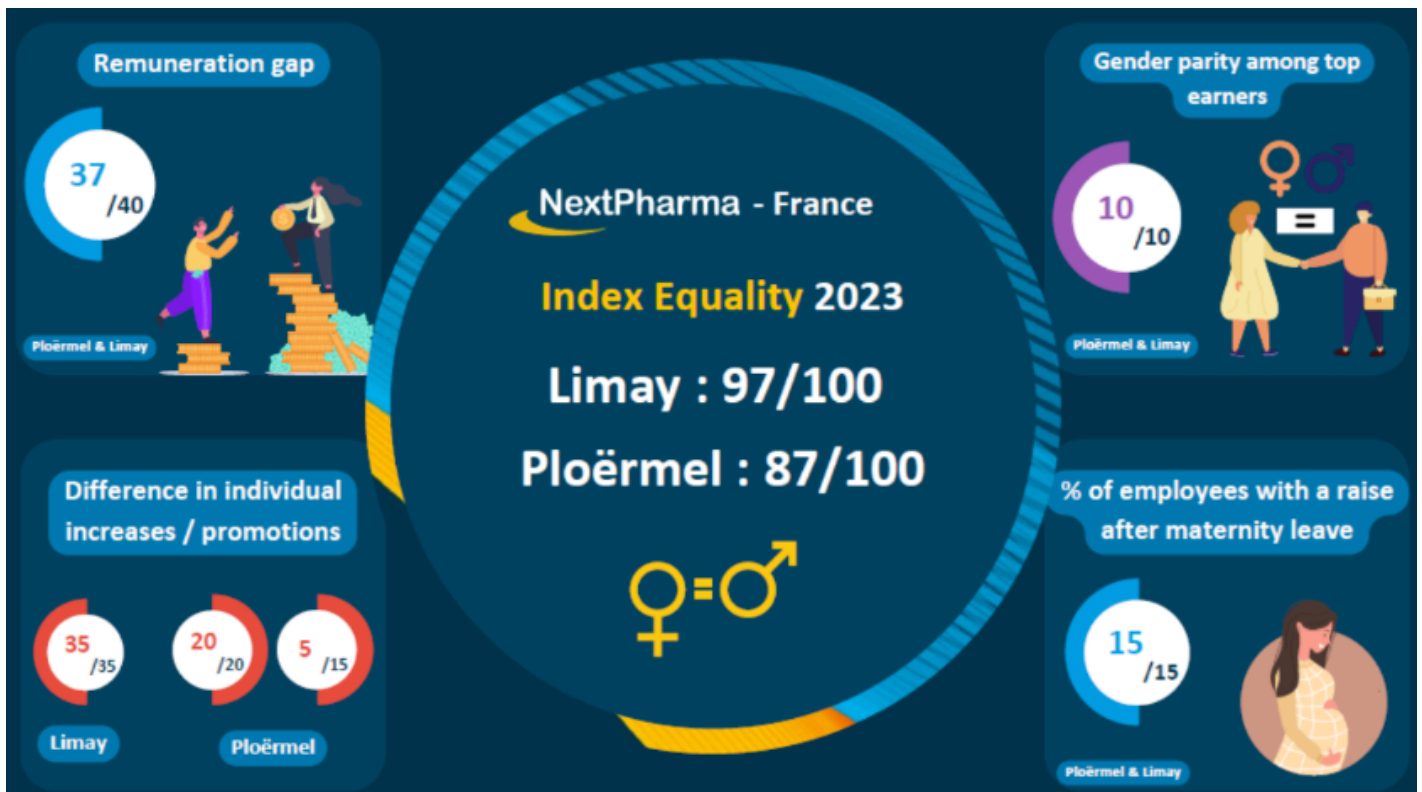
Cyber-attacks are increasing at a tearing pace and for all economic operators constitute a risk that must not be underestimated. The NextPharma SoSafe Cyber Security Awareness Training that was started in the autumn of 2021 is a key part of our IT defence strategy. The programme runs on a rolling basis and is updated to cover the most recent emerging threats. In 2023 79% of NextPharma employees have participated in e-learning on the SoSafe Cyber Security Awareness programme.

Fair and Equal Remuneration

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

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

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



Work-Life Integration

It goes without saying that, being a modern company, we are considerate of the reconciliation of family and work life. Apart from the option of mobile work, our employees are offered the opportunity of flexibly arranging their working hours as they can choose from different part-time models. We have appointed an Inclusion Officer to help us ensure we meet the requirements of all employees and potential employees. (this is in compliance with §181 SGB IX (Vol. IX of the German Social Insurance Code).

Wherever possible, we adapt our work environments to fit the needs of disabled people. Where technical reasons make this impossible, we pay the equalisation fees in accordance with the relevant legislation (for example the German Severely Handicapped Act).

Health Provision

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

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

As the Mental Health of our employees is also key for us, we have implemented a Mental Health platform called Auntie where employees can easily get in touch with a psychologist by booking a consultancy package anonymously. Auntie offers Leadership packages as well as an online portal with a variety of videos, guidelines and information around Mental Health topics.



Freedom of Association

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

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

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

Employee Events and Anniversaries

It is a company tradition to celebrate birthdays and anniversaries. Employees receive a voucher, flowers, and a gift box. Christmas parties, summer barbecues, soccer tournaments, open-door family days and team building workshops are significant contributions to our sense of community. During the period of the COVID-19 pandemic and the associated restrictions we could not carry out on-site attendance events as before. However, from 2023, we have been able to resume our tradition and once more carry out our company events and staff anniversaries in the form of on-site events as well as off-site events.

Awards and Honours

In 2020, 2022 and 2023 our Göttingen (Germany) site was recognised as a “Top Employer”. The local HR team had passed an official audit by the Chamber of Commerce and Industry after participating in various HR workshops over several months.



3 GOOD HEALTH AND WELL-BEING

Management Approach

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

Plant Safety

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

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

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

Occupational Health and Safety

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

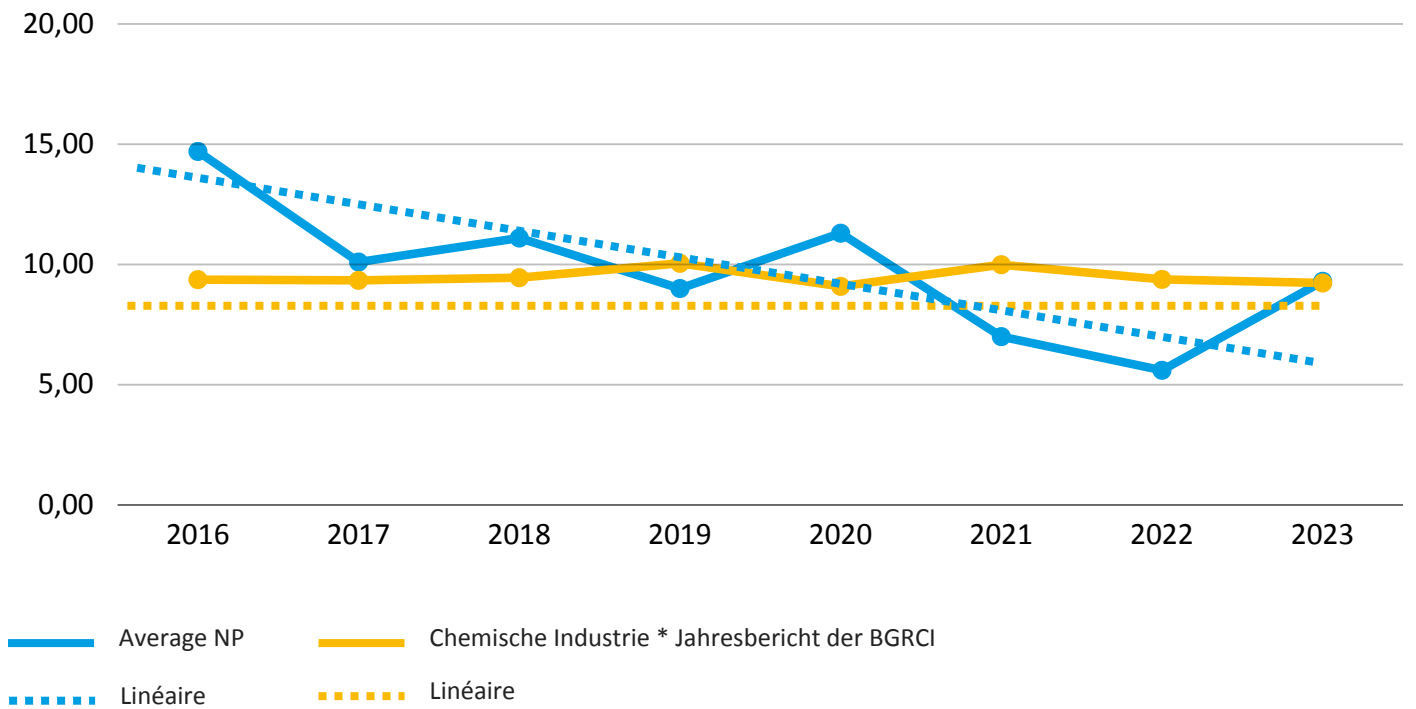
Our Environment, Health & Safety Group function is responsible for our Environment, Health and Safety (EHS) management system. This unit sets targets, monitors global initiatives and conducts internal audits. Local EHS managers ensure that each individual site complies with occupational safety laws and regulations. We collect data on workplace accidents from our sites on a monthly basis. Every facility is required to immediately report relevant accidents to the CEO, COO and Group EHS function, where the cases are investigated and assessed. If necessary, we implement additional safety measures at our sites.

We strive to enhance our employees' good health and maintain their performance in the long term. In 2023, the frequency rate (FR) increased but the Lost Time Injury Rate (LTIR) remained below our 2023 target (<10), consistent with the level seen across the Chemical industry.



3 GOOD HEALTH AND WELL-BEING

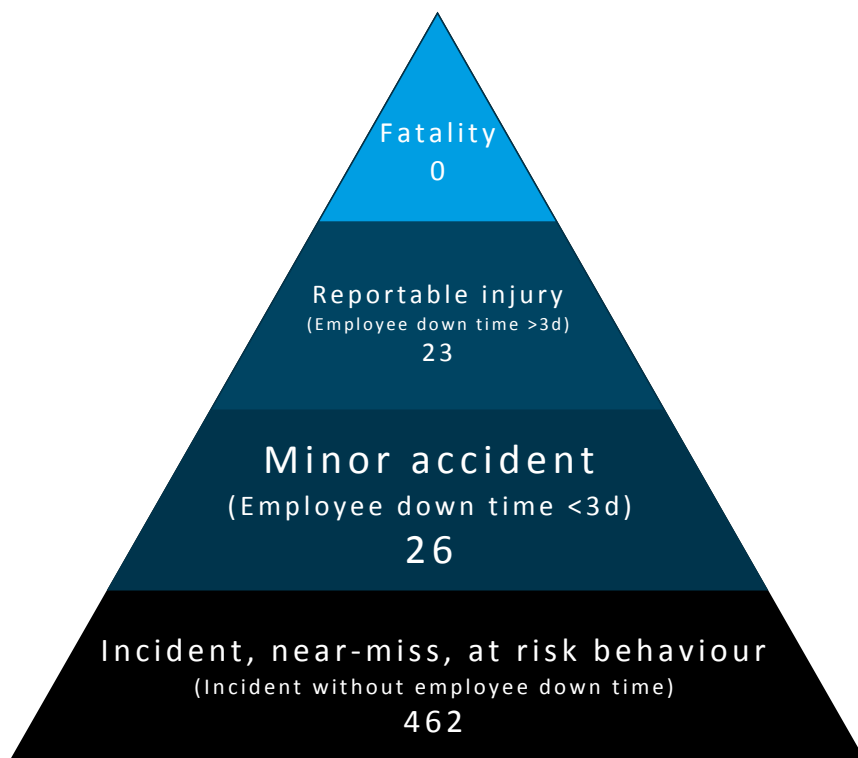
Accident frequency rate



Frequency rate = (number of occupational accidents x 1.000.000) / Number of hours worked; (The data of the BG RCI – Employers' Liability Insurance Association, Raw Materials and Chemical Industry – were not yet available at the time of reporting)

In the year under report (2023) the number of recordable accidents was 23 across the NextPharma Group (cf. previous year: 14). No fatal accidents occurred in 2023. While this adverse movement was disappointing the root cause investigations detected no systemic issues.

Occupational Health and Safety





Pandemic Response

The COVID-19 pandemic significantly impacted our activities in the fields of work safety and health protection. We adapted our working practices to ensure we continued to operate safely with no compromises on production quality. Reported cases of COVID 19 around the world declined significantly since the beginning of FY23, and following the World Health Organisation's (WHO) decision to no longer consider COVID-19 an international health emergency, we lifted all COVID-19 related measures.

Throughout that period NextPharma was able to keep up the production at all sites and ensure our customers were supplied with needed high-quality medicinal products. The response and actions taken during that phase provide a blueprint for handling such a crisis should it arise again.

A Crisis Team was established to ensure appropriate and necessary measures, which fully addressed the risks were implemented throughout the NextPharma group, and to ensure employees received comprehensive information about the country-specific measures that were to be followed.

In addition to the standard operating practices for pharmaceutical development and production, which include many quality standards designed to prevent contamination such as limited access, segregation, cleanliness protocols, air flow-control, specific measures designed to protect our people and keep up production were implemented, including the following examples:

- Working from home/remote work, wherever possible
- Conferences, workshops, training courses, audits and meetings were held in a virtual format.
- Distancing rule and in areas where this distance could not be kept, plastic dividers were installed, complemented by the mandatory wearing of face masks
- Additional hygiene rules for hand washing and disinfection and wearing face masks at all times
- “STOP entry”: no access for employees showing symptoms of illness

We continue to monitor the infection situation so that we can always react promptly and appropriately.

3. GOVERNANCE

Management Approach

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

NextPharma Group has adopted legal and corporate responsibilities consistent with our corporate governance principles. Each of the NextPharma subsidiaries is expected to abide by applicable laws and other regulations in the countries where it conducts business and perceives. The NextPharma Code of Conduct sets binding framework conditions for our worldwide activities and defines the ethical behaviour in terms of the NextPharma Compliance Management System. Within NextPharma we have over 20 policies to ensure that all employees are aware of our moral, economic and ethical standards and apply them in their daily work and reflect them to the outside world. They are binding for all sites and all NextPharma employees. The Policies are available on the company Intranet.

Key policies that are relevant to our employees, partners, suppliers, and stakeholders, including our Anti-Discrimination Statement and Human Rights Policy, are publicly accessible via the following link:
<https://nextpharma.com/csr/np-standards>

Compliance

Compliance is essential for the reputation of our Group and ensures our sustained commercial success.

At NextPharma, we expect all employees to conduct their daily business activities responsibly and in full compliance with the laws and regulations of the countries where we operate. We maintain a zero-tolerance policy for any violations of laws, codes, or our internal regulations. Furthermore, all NextPharma employees are required to report any suspected compliance breaches.

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

NextPharma encourages a culture of open and transparent communication, and fosters a 'speak-up' culture with the goal of promptly identifying and addressing any risks and preserving public trust. To achieve this NextPharma maintains a reliable and effective complaints procedure.

The NextPharma Whistleblowing Helpline provides employees of all sites as well as customers, suppliers and other third parties with the means to anonymously report violations of applicable laws and the NextPharma Compliance regulations. It also enables persons to point out human rights and environment-related risks as well as violations of human rights-related or environment-related obligations that have arisen because of the economic actions of the NextPharma Group in its own business sector or of a direct supplier. This procedure serves as an alert system and enables to implement preventive measures or remedial actions to end, mitigate or prevent risks or violations. Our Whistleblower Helpline process has been reviewed to ensure it meets the requirements of the LkSG.

In the year under report (2023), UPDATE - 5 suspected cases were reported and were investigated in their entirety by NextPharma's corporate Legal & Compliance Team. Adequate measures were initiated according to the prevailing circumstances and were put in place.

Transparency

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

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

NextPharma's purchasing department conducts yearly discussions with our key suppliers. These strategic conversations enable us to proactively identify emerging trends and developments in the procurement market that could impact our business operations. This approach ensures we stay ahead of market shifts and can adapt our strategies accordingly.

Procurement and Supply Chain

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

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

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

Ethical conduct plays a prominent part in our business relations with our suppliers and service providers. Our standards are laid down in the NextPharma Code of Conduct for Suppliers.

NextPharma has implemented the requirements of the law on the Supply Chain Act to prevent human rights violations in supply chains ("LkSG") and has reported to the BaFa. We are committed to the international principles for the protection of human rights and the environment, which are reflected in Section 2 (2) and (3) of the LkSG.

NextPharma has developed a well working Risk Management System and appointed an LkSG Officer as well as a Human Rights Officer. We implemented a risk analysis to determine human rights and environmental risks along our supply chain. The analysis of our industry and country specific risks regarding the identification of high-risk suppliers has shown that there are no significant risks. We have established suitable prevention measures both in our own supply chain and in the supply chain as well as continuously document our activities to effectively implement our due diligence obligations.

Political Donations

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

Advocacy Groups and Industry Coalitions

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

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

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

Foundation and Charity Activities

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