



ESG REPORT 2023

Environment | Social | Governance



Foreword by the CEO and CFO



“Economic growth and sustainability must go hand in hand, we cannot prioritize one over the other”

A handwritten signature in blue ink, appearing to read 'Martti Hedman'.

Martti Hedman
Chief Executive Officer (CEO)



“In order to achieve sustainable development, we must think of the present without compromising the future of the next generations”

A handwritten signature in blue ink, appearing to read 'Clemens Groot Koerkamp'.

Clemens Groot Koerkamp
Chief Finance Officer (CFO)

At DFE Pharma, sustainability is embedded in our strategy and purpose: “Your medicines, our solutions, moving to a healthier world,” we aim to conduct our business sustainably to ensure a positive impact on our environment and society.

Very proudly, in 2023, our sustainability efforts were rated with a Silver medal on EcoVadis, making us one of the top 10% sustainability leaders of our sector. We have taken further steps to strengthen the foundation of our ESG Program. We adapted our organizational setup with even more focus on sustainability. We prepared for compliance with the requirements of the European Corporate Sustainability Reporting Directive (CSRD) by conducting a double materiality assessment and identifying the material topics on which we focus on sustainability strategy. On top of this, we commit to climate in line with the Paris Agreement by submitting our near-term targets to SBTi.

In 2023, all our sites have been certified ISO14001. In transitioning from fossil fuel to renewable energy, we invested and installed a biomass boiler for our Cuddalore production site that will eliminate at least 20 percent of our total greenhouse emissions. In 2024, we expect to have this fully operational. We have collected emission data throughout the entire value chain. This enables us to create product specific carbon footprints following the principles and framework of ISO14040:2006 life cycle assessment. With these insights, we will further detail the roadmap and start initiatives to reduce the carbon impact of our products further.

We also reinforced our social program by selecting the following focus areas: safety, health and well-being, diversity, equity and inclusion (DE&I), child labor, forced labor & human trafficking, career management & training, and working conditions. DFE Pharma continues to encourage its employees toward healthier lifestyles through training, voluntary check-ups, wellbeing, social and sponsoring sports events. As a commitment to community engagement, we launched our volunteering policy to allow every employee to volunteer for up to eight hours annually in a local initiative. We are proud of our diverse workforce, which includes people of multiple nationalities and languages. In 2024, we aim to sharpen our DE&I program by defining focus topics.

Doing good and honest business is crucial for DFE Pharma and our stakeholders. It is critical that DFE Pharma maintains the trust and confidence of all its stakeholders. We do that by conducting business in accordance with the principles of our Compass Code of Conduct. Honesty, transparency, and integrity are its key pillars. We make business decisions on merits and never on personal favors. We consistently ensure that all employees are trained on the principle.

While proud of our progress, we continue strengthening our ESG Program by executing our roadmap. Our planned transition will require massive investments to make this a reality. We will work closely with our suppliers to ensure the total chain approach and responsibly manage the carbon impact of our final products. For 2024, we will prepare to ensure our reporting is in line with the CSRD requirements. With that in mind, we hope you will enjoy reading the report, and we look forward to engaging with you and exchanging ideas (contact: esg@dfepharma.com).

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About this

REPORT

Scope

DFE Pharma Group

Reporting Scope

In this annual ESG Report of DFE Pharma, including its subsidiaries, we present the results concerning sustainability in the areas of environment, society, and governance. We use the integral Environmental, Social & Governance (ESG) framework.

In this way, we assume responsibility for transparent and fair reporting. We also show the steps that we are taking concerning sustainable business, which we hope will contribute to a better world.

This report voluntarily informs our stakeholders about our strategy, commitments, and progress regarding our environmental, social, and governance aspects. Our headquarters are located at Kleverstraße 187, 47574 Goch, Germany.

For a few ESG topics, the scope has been expanded to include DFE Pharma's value chain (from suppliers to customers) if the materiality analysis shows that DFE Pharma has a material impact on these topics within the value chain, or that these have a material impact on DFE Pharma.

This report covers the activities of the year from January 1 to December 31, 2023. Unless otherwise stated, this report includes information and the consolidated figures of DFE Pharma Group. It is published in English on our website. The 2022 and 2021 ESG Report are also available on our website.

Standards

GRI Standards 2021

Standards

DFE Pharma has voluntarily applied the framework of the Global Reporting Initiative (GRI) to report on ESG themes. This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards 2021.

The greenhouse emission figures were produced according to the Greenhouse Gas Protocol (GHG Protocol). A third-party reviewed and assured our emissions reporting standards are in accordance with the GHG Protocol.

DFE Pharma uses EcoVadis to measure the progress of its ESG journey. As such, we participate in an annual assessment.

Starting with the 2025 reporting year, DFE Pharma will report complying with the Corporate Sustainability Reporting Directive (CSRD). Within this ESG report, we prepare for this reporting requirement and take the next step towards a complete annual sustainability report.

The 2023 data are reported in this report's ESG.

Aspects

Environmental | Social | Governance

Materiality

A crucial step in our readiness for CSRD has been achieved by performing a double materiality assessment in 2023 to determine the ESG issues relevant to DFE Pharma and its stakeholders. The materiality analysis was performed according to the double material assessment following the European Sustainability Reporting Standards (ESRS).

Our PURPOSE

About us

We strive to bring value to all our stakeholders by providing premium quality services to our customers and their patients; supporting the communities we live and work in; and creating a great place for our employees to work. We are driven by our purpose - “Your medicines, our solutions. Moving to a healthier world”- every day and everywhere.

Our vision is to continue being a global leader in future-proof and sustainable excipients. We are focused on remaining a formulation and excipients expert with a truly worldwide presence. This approach and leveraging digitalization will allow us to be closer to our customers and deliver even superior customer service. We are ready to lead the delivery of solutions in all our product categories with the highest standards.

A crucial component that breathes life into the strategy and drives its implementation: culture. Recognizing the pivotal role of culture in shaping the organization's destiny, the leadership team set out to define DFE Pharma's values, and behaviors, building upon our purpose: Your medicines, our solutions. Moving to a healthier world. They represent who we are and give guidance on how we collaborate and run our business.

About our market and customers

The pharmaceutical industry needs to accelerate the transition to more socially and environmentally sustainable business models. DFE Pharma aims to ensure collaboration throughout our entire value chain toward better overall environment, social, and governance performance. DFE Pharma welcomes cooperation from all stakeholders toward sustainable change. We have embedded sustainability into our corporate strategy.

About environment and society

By setting our ambitious environmental targets, we aim to reduce our impact on the environment. Additionally, we have improved our social program to maximize our positive contribution to the societies in which we operate.

Customers come first



Respect always



Committed to integrity



Take accountability



Better every day



**Your
medicines,
our
solutions.
Moving to
a healthier
world.**

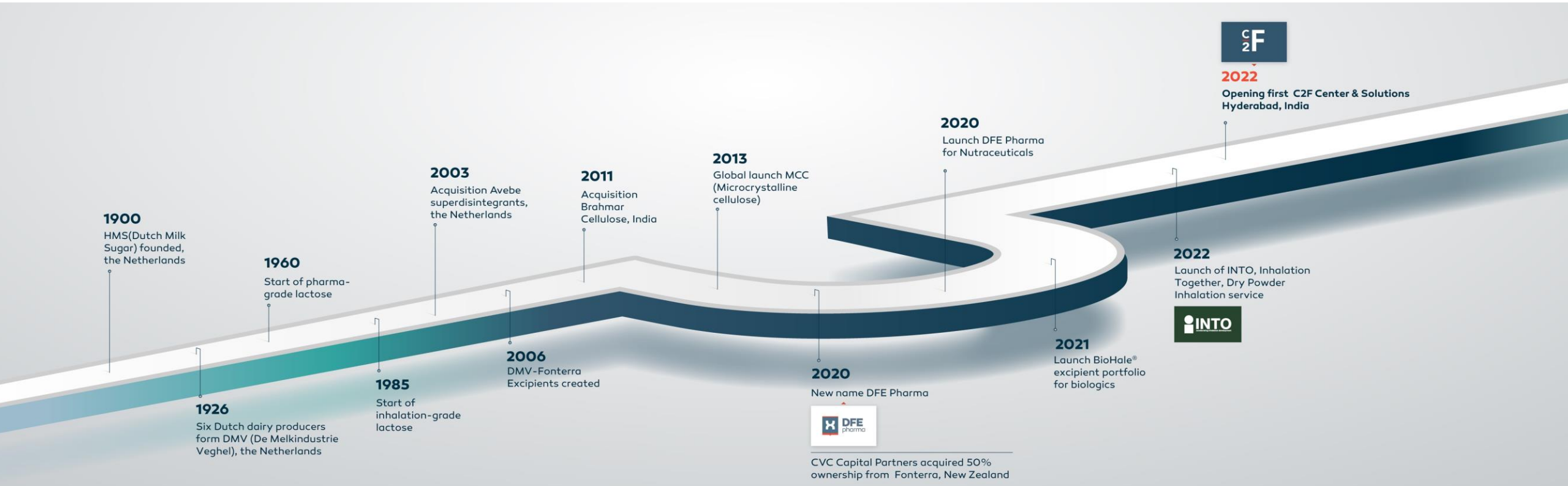
“We have embedded sustainability into our corporate strategy”

Our HERITAGE

Our legacy – dating back more than 100 years

Building on more than a century of heritage, we strive for customer satisfaction from formulation development to excipient delivery, by leading in quality and global supply. We are focused on supporting our customers toward reaching their time-to-market goals.

When it comes to health, patients and consumers deserve nothing but the best solutions. We offer a broad portfolio of more than 200 premium products. Globally, over 80 percent of global dry powder inhalers and almost one of every two lactose excipient tablets use DFE Pharma products. Below, you can see our history.



2023 IN NUMBERS



5000 Customers



450
Employees



25%/75%
Female-Male Ratio
(worldwide)



38
Nationalities



More than
100 years of
experience



More than
200 excipients



Exporting to more
than **100 countries**



2 shareholders
Royal Friesland Campina &
CVC Capital Partners



7
Sales Offices



5
Manufacturing
Sites



Center of Excellence
“Closer to the Formulator”

Our approach to materiality assessment

Our materiality assessment enables us to prioritize and properly manage the ESG risks and opportunities.

Double materiality is a key theme within CSRD. The analysis, guided by the European Sustainability Reporting Standards (ESRS), does not only consider the impact of DFE Pharma's activities on people and the environment (impact materiality) but also the financial impact of these topics on DFE Pharma (either positive or negative; financial materiality).

In 2023, DFE Pharma conducted its first double materiality analysis to provide a solid starting point in preparation for CSRD. The following six phases were completed to prioritize the most relevant topics for DFE Pharma.

01 Current state assessment

Desk research is conducted with the aim identifying relevant sustainability matters for DFE Pharma. This involved analyzing internal documents, international standards, peers' materiality assessments, sector trends, and media. The findings were consolidated into a longlist, checked against CSRD topics, and led to a shortlist of sustainability matters.

02 Value chain mapping

The identified relevant sustainability matters were mapped against DFE Pharma's value chain to see where each matter has the most impact. Simultaneously, the impact, risk, and opportunity (IRO) register was initiated, to serve as a foundation for stakeholder engagement.

03 Stakeholder engagement

Internal and external stakeholders were interviewed to qualitatively assess DFE Pharma's impacts, risks, and opportunities related to sustainability matters. Stakeholders were asked to provide input on the IRO register to identify additional impacts, opportunities, and risks, as well as validate the write-up of the interview.

04 Impact, risk & opportunity review

The IROs identified in previous phases were consolidated, particularly integrating the insights from the stakeholder interviews into the initial IRO register. Potential duplicates were assessed and merged where needed, resulting in a comprehensive final IRO register.

05 Topic prioritization

Internal stakeholders individually scored IROs based on scale, scope, irremediability (together forming severity), likelihood for impact materiality, and the size of potential financial effects and likelihood for financial materiality. The results lead to the final register of scored IROs.

06 Validation

The results of the double materiality assessment were presented to DFE Pharma's Leadership Team. The Leadership Team validated the material topics, marking the conclusion of the double materiality assessment.

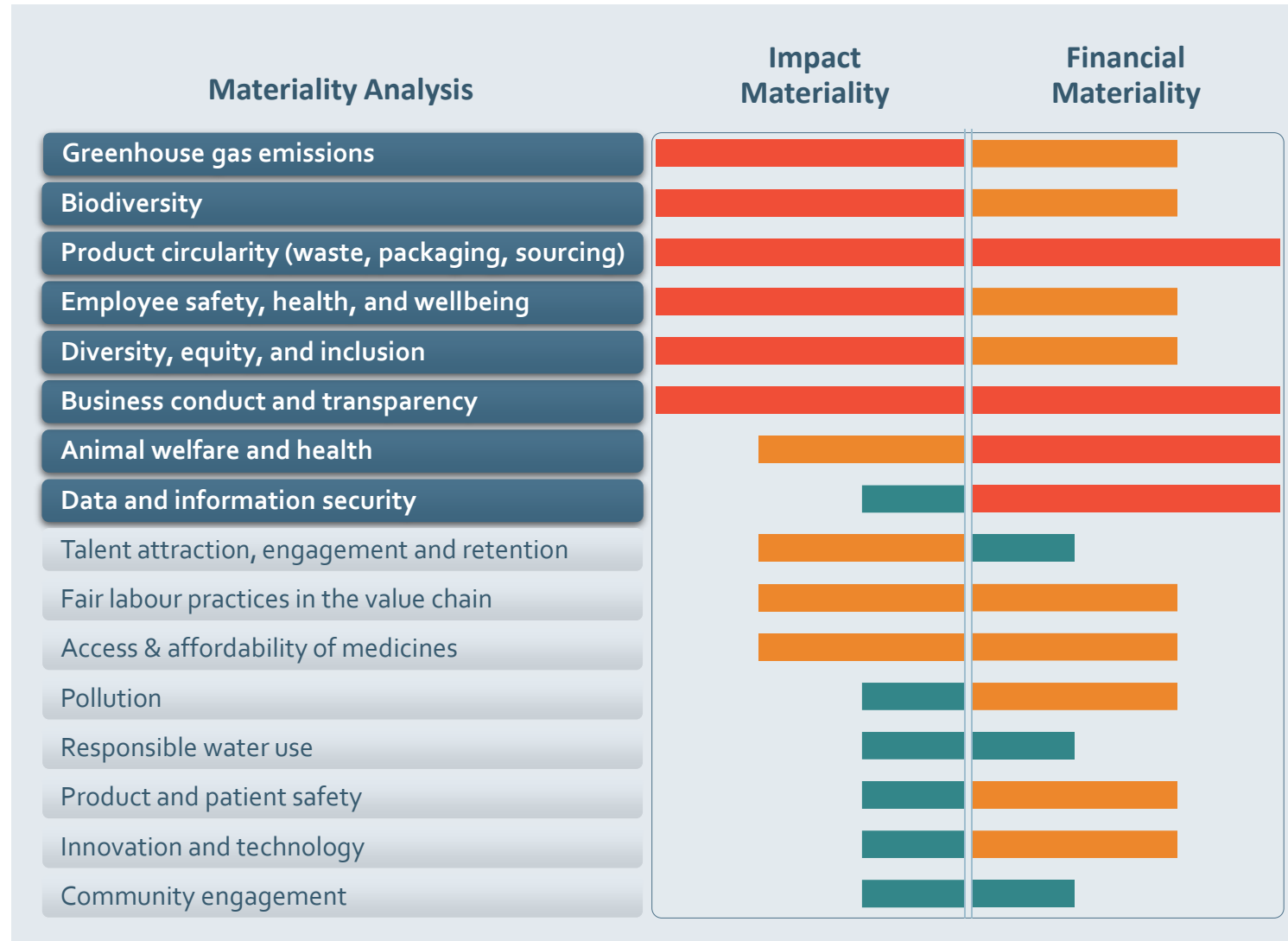
Outlook for our materiality approach

We aim to review and update our materiality assessment at least every three years.

Materiality Results

The results of our materiality assessment are presented below. These topics were established based on the process described in the previous page. The results of this materiality assessment were used to shape DFE Pharma's ESG strategy. According to the 2023 materiality analysis, the material topics that are the most important are greenhouse gas emissions, biodiversity, product circularity, employee safety, health and wellbeing, business conduct and transparency, animal welfare and health, and data and information security.

Those topics were considered more material than responsible water use, product, and patient safety, which were considered material in the previous 2022 limited materiality analysis.



Strategic Framework: Three Focus Areas



'Sustainable excipients'

Focusing on the environmental impact of our lactose and plant-based excipients

Covering materiality topics: Greenhouse gas emissions and product circularity



'Healthy, biodiverse world'

Focusing on the impact of our sourced inputs on biodiversity, animal welfare and health

Covering materiality topics: Biodiversity and Animal welfare & health



'Positive, inclusive and safe culture'

Focusing on the impact of its people within DFE Pharma's internal organization

Covering materiality topics: Safety, health & wellbeing, Diversity, equity and inclusion

Fundamental Themes:

Business conduct & transparency and Data & information security

AMBITIONS

We supply the most sustainable lactose and plant-based excipients

We collaborate with our suppliers to foster nature positive sourcing

We attract and retain diverse talent and create a way of working where employees feel safe, valued and contribute to success

**Your medicines, our solutions.
Moving to a healthier world.**

Governance of ESG at DFE Pharma

Embedding ESG into our corporate strategy

It is of key importance for us to ensure that our ESG strategy is sufficiently linked and embedded in our overall corporate strategy. Our goal to develop and supply sustainable products confirms this.

Governance of the ESG Strategy

The Leadership Team defines the ESG strategy and relevant targets in consultation with the Governance Board.

The ESG Steering Team shapes the ESG Strategy. This team also tracks progress and ensures that the ESG actions and initiatives comply with the overall corporate strategy.

The ESG Team facilitates the overall ESG Program, engages with different stakeholders, and executes the materiality assessments. The team also ensures coordination across different departments and supports ESG-related actions and initiatives.

The ownership and responsibility for driving action on ESG are shared by the different departments.

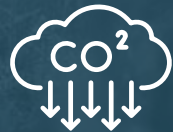




SUSTAINABLE EXCIPIENTS

DFE Pharma takes responsibility for delivering its solutions and products in an environmentally friendly manner.

Decarbonization of our operations, reduction of waste, water conservation, and sustainable packaging all contribute to our efforts to limit our impact on the environment.



Reduction of Greenhouse gas emission

according to SBTi target



Fully recyclable packaging downstream by 2030



Zero waste to landfill by 2025



50% freshwater reduction, 2025 compared to 2020

Our Contribution to Climate

We believe in climate science

Climate change is one of the biggest challenges the planet faces. We believe all businesses must actively create solutions and actions to address change. For future generations, we need to act now to contribute to a future where global temperature increase is limited to 1.5°C.

The Science-Based Targets initiative (SBTi) is the global standard for corporate emissions target setting. Our modelling shows that the targets in this roadmap are aligned with the SBTi's requirements for 1.5°C aligned targets* and we are following the newly introduced Forest Land and Agriculture Guidance (FLAG)

This means we adjusted our 2030 Scope 1, 2, and 3 target ambition to a 42% absolute reduction from a FY21 base year. For our Scope 3 FLAG, we have set the target of a 30.3% absolute reduction.

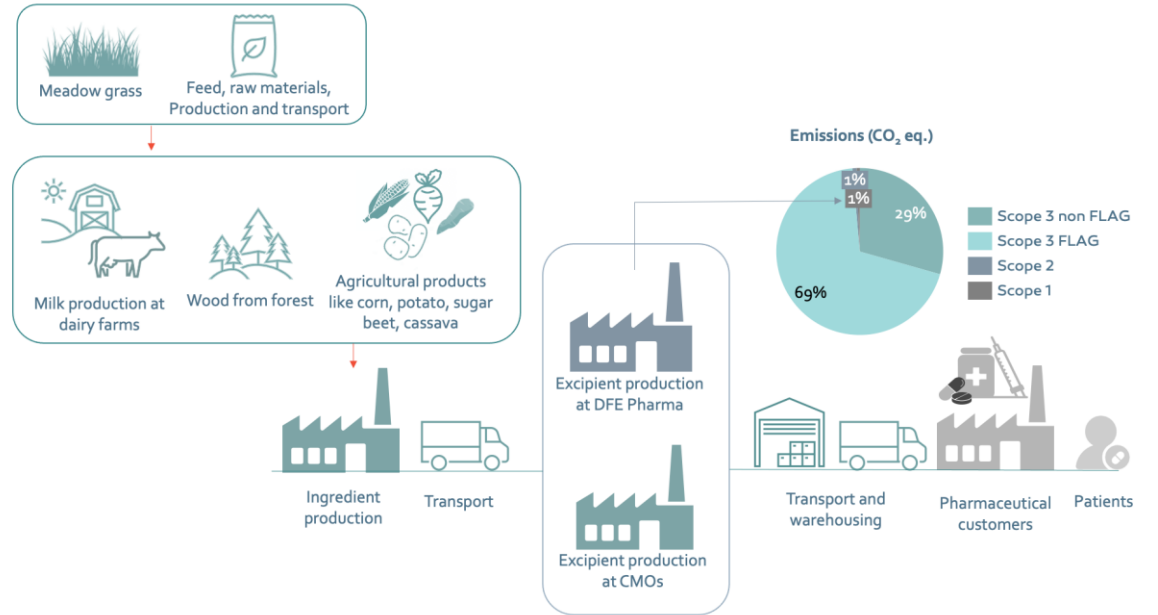
Aligning our reduction targets to SBTi and SBTi FLAG means we are consistent with the science to limit the global temperature increase to 1.5°C emissions from generations of purchased electricity

Our roadmap will adapt and evolve.

We understand that climate science is complex and constantly evolving, and we expect that expert guidance and measurement methodologies will evolve, too. We will continue to work with experts and follow industry best practices in evolving our action plans as needed. We are therefore committed to treating our Climate Roadmap as a living document. In 2024 we will roll out our product carbon footprint based on life cycle assessment (LCA)

Our value chain carbon footprint.

Below, we describe DFE Pharma in the value chain.



Our total emission in 2023 are 964 kTons CO₂ equivalent. The majority (98%) of our emissions are in scope 3.

*We have committed and submitted our near-term company-wide emission targets in line with climate science with the SBTi. We are currently in the process of validating our Scope 1 & 2 & 3 and Scope 3 FLAG targets to SBTi for approval.

Greenhouse Gas Emissions – Scope 1 and 2 Targets

DFE Pharma is committed to a 42% reduction of GHG emissions by 2030 within its Scope 1 and Scope 2 versus the 2021 baseline year

As part of our efforts to increase transparency and align with international standards for reporting and target setting, we re-evaluated our 2030 targets. While it does not change our objectives to become net zero, the near-term targets in line with SBTi definitions are set to a 42% reduction on our scope 1 and 2 in 2030 from our 2021 base year. This is in line with the Paris Agreement to limit the planet’s warming to less than 1.5°C.

In 2023 we focused on green electricity and creating technical roadmaps for our production locations to reduce energy consumption through energy efficiency and replace energy sources with sustainable alternatives

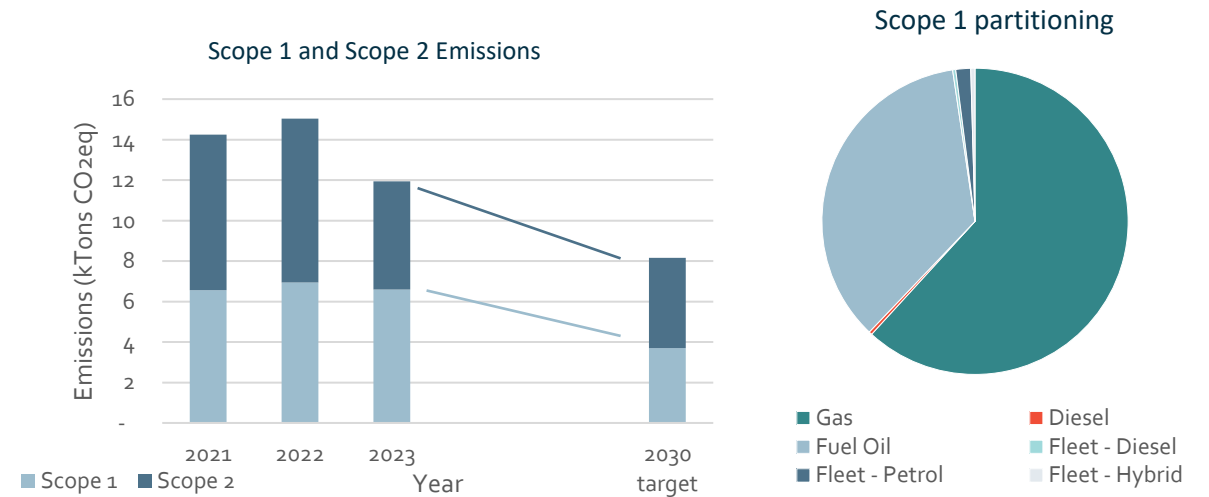
A closer look at 2023:

The following major milestones were completed:

- Creation and validation of the 2030 Carbon reduction roadmap
- Our site in NH scope 2 changed to 100% green energy
- In 2023, DFE Pharma submitted its near-term targets to the Science-Based Target initiative (SBTi)

In 2024 and onwards

In 2024, DFE Pharma will start to operate a biomass boiler for its Cuddalore production location and will start implementation of our technical roadmaps for other production sites



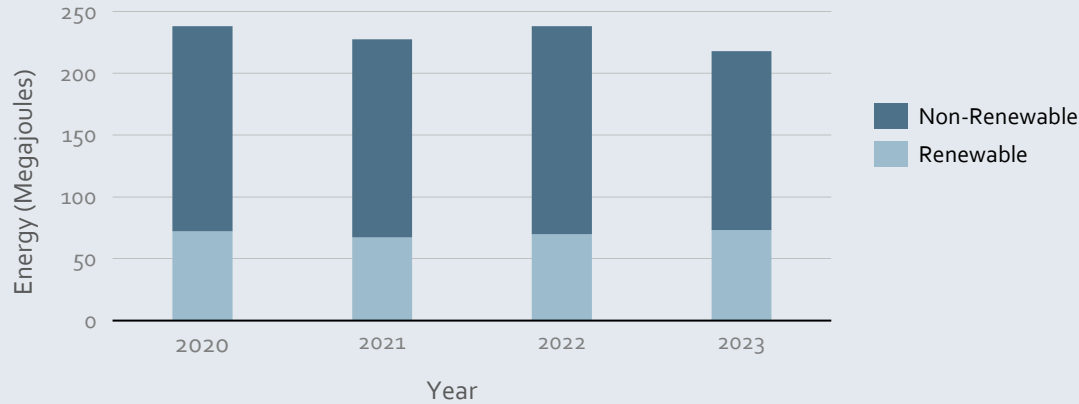
Investments into improvement

In 2023, we installed a biomass boiler at our production site in Cuddalore (India). This biomass boiler will replace the fossil boiler, reducing our greenhouse emissions by at least 20%. We will continue investing in projects within our operations toward greenhouse gas reduction.

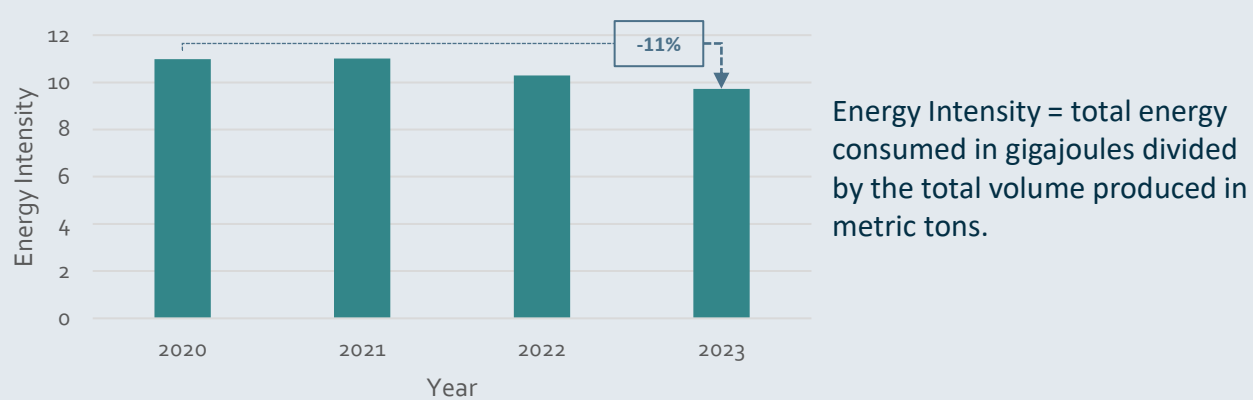
The other focus of our program has been to get green energy into our production sites. All our European sites have been running on green electricity. For our India and NZ operations options are under evaluation to transfer them as soon as possible within the existing local infrastructure and energy rules.

Our Approach to Scope 1 and 2 Reduction

Annual Total Energy



Annual Energy Intensity (EEI)



DFE Pharma aims to reduce 42% by 2030 for Scope 1 and Scope 2. Below, we describe our approach toward this commitment.

How do we aim to achieve the objective?

Two main drivers for Scope 1 and Scope 2 will be which energy (source) we use and how we use it. This means that we will have to reduce the fossil carbon emissions by increasing energy efficiency and switching to renewable sources.



Efficiency

Optimizing manufacturing processes and utilities for energy efficiency by e.g. reducing energy consumption during stand stills and installing energy monitoring systems. Also,, high energy-consuming operations, like distillation columns are evaluated for efficiency.



Sustainable sources

Transition away from fossil-based energy and raw materials sources to more sustainable alternatives, e.g. the biomass boiler in Cuddalore as mentioned on the previous page and/or electrification of processes and installing heatpumps

Current Status

Through our World Class Operations Management (WCOM) and continuous improvement program, we have managed to execute a diverse number of projects which enabled us to reduce our energy consumption. In 2023, we achieved an 11% reduction in our energy intensity compared to 2020 and a 6% reduction versus last year.

Greenhouse Gas Emissions of Scope 3

DFE Pharma aims for a resp. 42% and 30.3% absolute reduction of its Scope 3 and Scope 3 FLAG emissions by 2030 compared to 2021

As part of our efforts to increase the accuracy of data and targets (as mentioned under scope 1 and scope 2) also, our scope 3 data was brought in line with SBTi requirements.

-42%
Scope 3

This means also new baseline and target were also defined for FLAG (Forest, Land and Agriculture) emissions are emissions related to agriculture, land-use change and land management, including forestry. FLAG-related emissions of DFE Pharma are more than 20% of overall emissions across scopes 1,2 and 3 and hence reporting those separately as per SBTi requirement.

-30,3%
Scope 3
FLAG

A closer look at 2023:

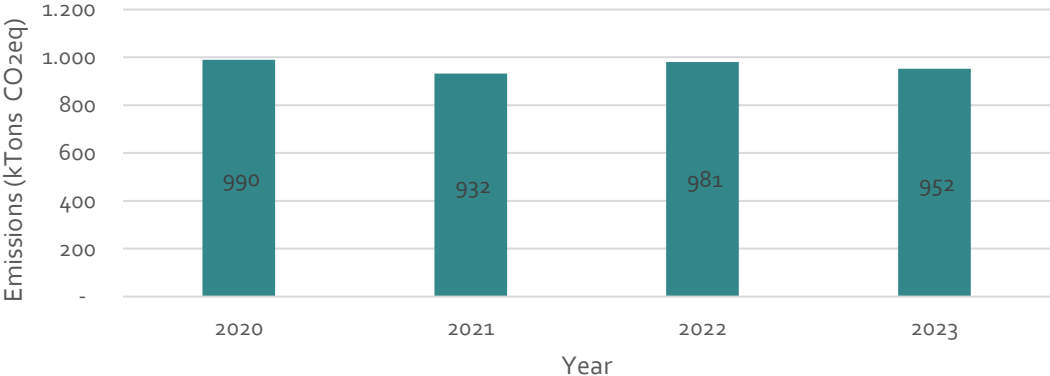
DFE Pharma made progress in the collection of important data for a more accurate Scope 3 calculation. The following milestones were completed:

- Recalculation of Scope 3 emissions using supplier emission factors
- Calculated the remainder of Scope 3 with reference to the Greenhouse Gas Protocol guidelines
- Setting SBTi near-term targets in line with 1,5°C for Scope 3 and Scope 3 FLAG emissions

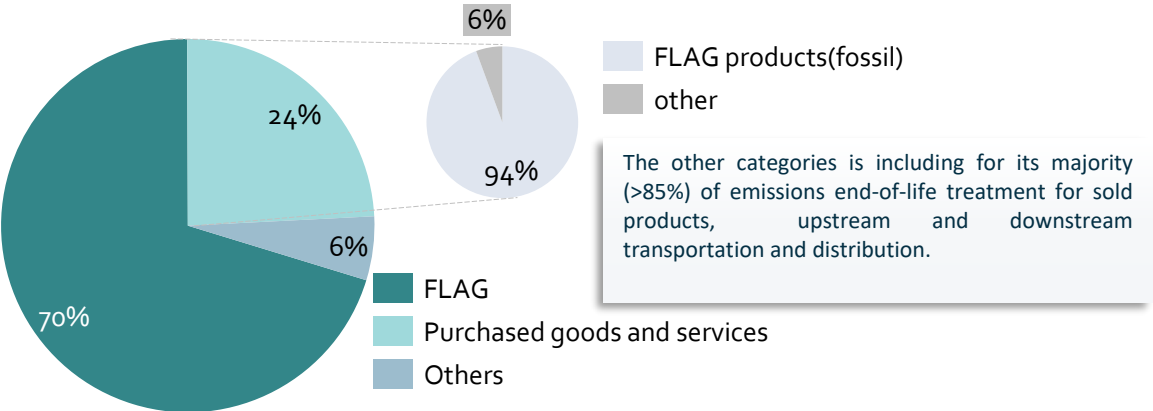
In 2024 and onwards

In 2024, the targets of the Science-Based Target Initiative (SBTI) will be validated. DFE Pharma will further collaborate with its suppliers toward the reduction of Scope 3 emissions.

Scope 3 Emissions



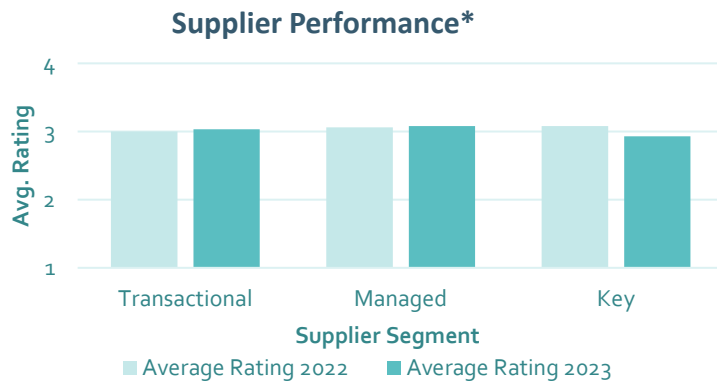
The scope 3 carbon footprint can be divided into 2 main categories: FLAG and Purchased goods and services. From the purchased goods and services, the majority of the emissions are related to the fossil fuels used to produce the FLAG products. Collaboration with the suppliers in those categories is for DFE Pharma of utmost importance to realize the emission reduction ambitions.



Sustainable Sourcing to Achieve Scope 3 Targets

Engagement with suppliers.

Ensuring the achievement of our sustainability goals heavily relies on our connection with suppliers. We diligently assess supplier performance and manage potential risks, actively engage in evaluations and audits. These efforts are integral to meeting both quality and sustainability standards, supported by established procedural frameworks. All our critical raw material suppliers have committed to or validated SBTi targets. Together we are on the joint mission to positively impact the climate.



Our scope 3 strategy:

We have divided our suppliers into various categories to ensure action plans for reduction:

1. Supplier relationship management and engagement
2. Product specification optimization
3. Partner with suppliers to actively reduce emissions level

Addressing GHG emissions through action.

Interacting with suppliers, especially concerning raw materials, plays a pivotal role in mitigating our Scope 3 GHG emissions. We have collaborated with various supplier categories to gather carbon data.

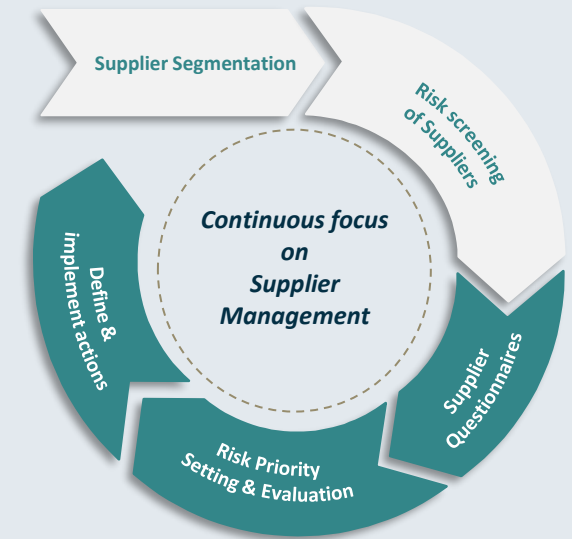
This collaborative effort aims to enhance the accuracy of our lifecycle assessment and facilitates actions geared towards achieving our Scope 3 reduction goals

Category	Data Granularity **
2023 VS 2022	
Raw material	67% improvement
Packaging	15% improvement
Intermediate and finished product	94% improvement

*Supplier performance = overall annual performance of our suppliers (by numbers) based on four criteria: sustainability, product quality, cost, delivery, and responsiveness. The average score on sustainability was 3,0 in 2023

**Data granularity represents the percentage of articles in the category that is based on actual supplier data. In 2022, the data was literature-based. The improvement is visualized in the table

Approach to Responsible Sourcing



Looking Forward

As a supplementary measure to existing conduct policies, we will also aim to include a Responsible Sourcing Policy (RSP) which will further reinforce guiding principles related to ESG for our Business Partners. The granularity of our data will be further increased.

Target: By 2025 RSP signed by critical suppliers
By 2026 RSP signed by 90% spend of DFE

Sustainable Packaging

More sustainable packaging has become increasingly important within our value chain. Our customers and legislative bodies are requesting more sustainable packaging toward 2030. DFE Pharma recognizes sustainable packaging as one of the most important areas for the reduction of climate impact. Therefore, we aim for fully recyclable packaging downstream by 2030.

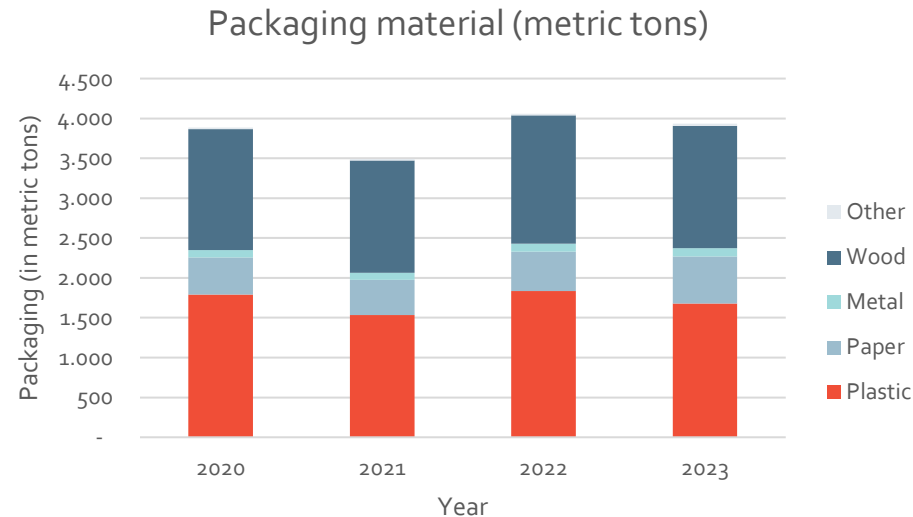
Fully recyclable packaging by 2030 downstream.

The aim is to ensure that all packaging materials used by DFE Pharma are fully reusable or recyclable downstream while complying with the quality and legislative requirements within the market. Close collaboration is required with our suppliers and customers to achieve this ambition.

In 2023, we executed product life cycle assessments.

This assessment was executed in accordance with ISO14040:2006 and executed for DFE Pharma's entire portfolio. The carbon emission equivalent of each product and packaging material is available. With this information, we can identify the hotspots within the products' lifecycle. The scope of the assessment was all upstream activities in our operations until our distribution warehouses.

Gathering this information for all our products enables us to provide accurate data to our customers, thereby increasing the emissions transparency of the entire value chain. Additionally, we will be able to track our progress toward fully recyclable packaging by 2030.



Sustainable Packaging Roadmap

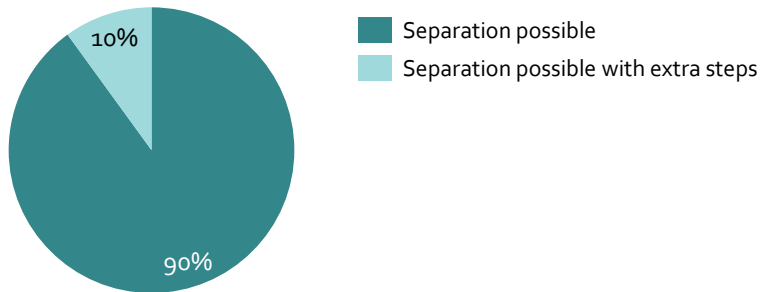
Responsible use of materials

The aim is that by 2030, all packaging will be designed such that it is suitable for recycling or reuse downstream. Together with our stakeholders, we work to ensure that we reach this goal while fully complying with the applicable legislation.

Up to 90% of our packaging already enables convenient separation of materials.

One of the main prerequisites for recycling packaging is material sorting. Therefore, packaging designs that fulfil this requirement are crucial for our goal.

Degree of packaging material separation



Approach to reach our ambition

Collaboration with our suppliers and customers is key to reaching fully recyclable packaging. This cooperation will also enable our different customers to attain their packaging goals.

Key Achievements in 2023

- **Recycle:** An inventory is made of all primary, secondary and tertiary packaging materials used by DFE Pharma. The list is enriched with an indication of the current recyclability possibility of each packaging material. This allows us to prioritize the replacement of those packaging materials that are not recyclable.
- **Recycle:** Setup of return logistics of used drums in Western Europe- allowing recycling of used drums into the manufacturing chain of new drums by our drum supplier.
- **Recycle:** Flexible Intermediate Bulk Containers (FIBCs) used in inter- company shipments will be offered for recycling by the supplier. About 60mt of empty big bags will be recycled this way.
- **Reduce:** The LCA enables us to change packaging material towards more sustainable packaging. We used this LCA information to optimize and change primary packaging specification, reducing the sustainability impact will be visible in the results of 2024.



Water and Waste Roadmap

By 2025, we aim for a 50% reduction of our freshwater intensity compared to 2020.

Building on 2023 roadmaps were made for each DFE production site on water consumption and disposal. Also, for waste overviews were made on various streams and a monthly reporting system was drafted.

Several waste streams were further segregated and/or changed to improve recyclability. Also weighing of separate streams was initiated to improve visibility.

In 2024, action plans for the key water consuming steps will be defined that are identified in the water management plans. Also, an assessment will be made for readiness for 'zero waste to landfill' (see next box)

Project Highlights



27.000 l of freshwater reduction at Cuddalore (India) due to reuse and reduction of process water.



Alignment with university to analyze hazardous waste and option to reduce / or remove the formation of this type of waste in our processes



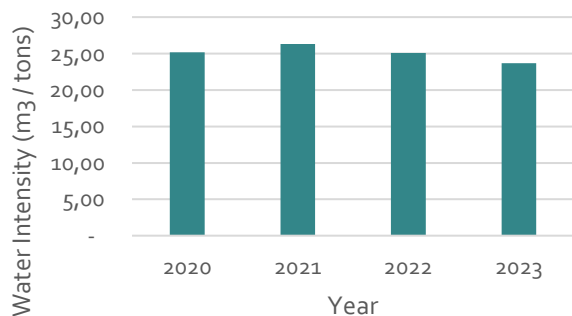
Packaging material analyzed on separability

Zero waste to landfill by 2025

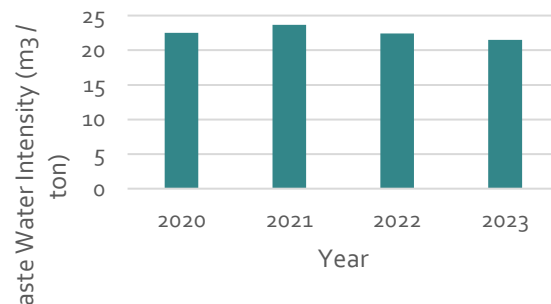
In 2023 an inventory of all waste streams was implemented including quantification of all waste. Also, destination of waste streams was made clear. This enables a classification of all waste streams towards our 'zero waste to landfill' objective. Major part of our waste stream are already being recycled or reused.

In 2024, all sites will perform a pre-assessment on 'zero waste to landfill' readiness and action plan for achieving this in 2025. Next to that improvement and reduction initiatives will continue.

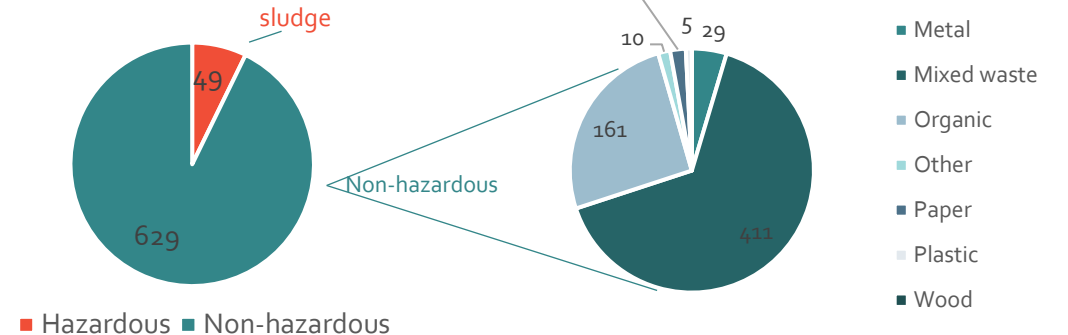
Water Intensity (m3/ton)



Waste water intensity (m3/ton)



2023 Total Waste in Metric Tons



HEALTHY, BIODIVERSE WORLD

DFE Pharma is focusing on the impact of our sourced materials on a healthy and biodiverse world by collaborating with our suppliers



Biodiversity



Animal health
and welfare

Biodiversity and Animal Health and Welfare

In 2023, we completed a comprehensive review of our material topics, following the CSRD requirement of double materiality, which reflects the evolution of many sustainability issues across our industry. We have seen increasing engagement on topics like biodiversity and animal health and welfare, and those have resulted in most material topics for DFE Pharma.

“We collaborate with our suppliers to foster nature-positive sourcing”

Biodiversity

The preservation of biodiversity is an increasingly material topic for us and our stakeholders. We have the potential to impact biodiversity by the materials we source. Better nature by improving biodiversity, this can be done through nature preservation, the fight against deforestation, and conversation.

For our plant-based excipients we source natural products like wood fibers, potato and maize starch, cotton, cassava and sugar beet that all have an impact on biodiversity.

Dairy farmers can have a net positive impact on nature in the future examples of herb-rich grasslands, cows grazing in the pasture are examples of strengthening biodiversity.

Regenerative agriculture is emerging. It concerns a way of farming where climate and biodiversity targets come together and where the soil is central.

We are and will be engaging our suppliers to drive more sustainable practices.

Animal health and welfare

Cows that are healthy and well-cared for live longer, need less medication and produce more and more sustainable milk. Animal welfare and sustainability go hand in hand. That’s why we consider it important to improve the health and welfare of our suppliers members’ cows.

2024 and beyond

Measuring biodiversity is not easy. In 2024 we’ll start collecting information on the biodiversity programmes at our suppliers and we’ll monitor the suppliers that comply with biodiversity-related regulations, standards or agreements. In addition, an assessment will be conducted to determine how to set goals designed to strengthen biodiversity throughout our entire value chain.

We will engage with our suppliers to understand the programs on animal health and welfare better and monitor the suppliers adhering to recognized animal welfare certifications or standards.

POSITIVE, INCLUSIVE AND SAFE CULTURE

At DFE Pharma, we attract and retain diverse talents and create a way of working where employees feel safe, valued and contribute to success

We believe in zero accidents and take care of the health and wellbeing of our employees. We value and encourage the wide diversity of our teams all over the world, and we strive together to make a positive impact on the communities we work and live in.



Safety, health and wellbeing



Diversity, equity and inclusion

Employee Safety

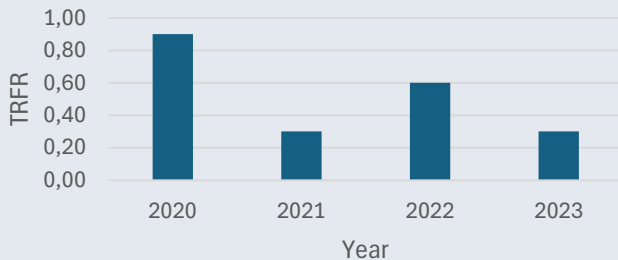
“Nothing is worth an incident” is the slogan used to underline our commitment to safety and to justify all efforts needed to reduce the risk of incidents. We believe that all accidents can and must be avoided and work diligently to create a work environment with the lowest risks possible

Our extensive Safety Program includes risk assessments, policies, procedures, and training for employees. Additionally, a large number of observation rounds are being conducted, both by operators and managers to evaluate and discuss the safety situation at the spot. Toolkits are used to (re)train all employees and open actions from risk assessment are recorded and trended to ensure follow-up.

DFE Pharma regularly measures safety performance through key performance indicators like TRFR rate (see graph below). Also, safety behaviours assessments were conducted by auditors trained in the Organizational Behavior Management methodology. The assessments showed high employee engagement in safety. Something we are of course proud of.



Total Recordable Frequency Rate



TRFR = number of incidents per 200.000 hours worked on DFE Pharma locations (owned and supervised personnel)

In 2023 all DFE Pharma’s production locations are ISO 9001 and ISO 14001 certified.

In 2022 the initiative was launched to get all our sites certified for both ISO 9001 and ISO 14001. The management systems for both norms ensure production and products meet the highest standards for quality and environment. In 2023, all of the production sites passed their qualification audits for their ISO 14001 certification passing another milestone on our journey to make our sites better. In DFE Pharma we believe that good safety is good business. These certificates underline that belief.

Product Range
 Compliance & Speak up
 Open Minded and Dynamic Culture
FREEDOM SAFETY
 QUALITY FOCUS Quality of work
 Nice Colleagues
 Trust, Respect & Reliability **Customer-focused**
 People take ownership
DIVERSE WORK WORK LIFE BALANCE

Priorities for 2024

For 2024, we will continue improvements in our Safety Program. Primary focus will be on execution of our Behaviour Based Safety Program to take our safety performance to the next level. Part of this program will be the role out of Organizational Behaviour Management to encourage strong feedback loops and collective building of a safe work environment. Additionally, we will expand our machine safety assessment and implement follow-up actions as required.

Employee Health & Wellbeing

It is also our responsibility to safeguard employees against work-related illnesses. At DFE Pharma, we take steps to assist our employees by offering different health and well-being activities, such as workshops on stress reduction, and regular medical check-ups. We encourage our employees to implement preventive health actions into their daily routines. Via different channels like town hall, meetings, or our News Flash, we continuously remind our employees of the importance of their health. Since 2023, every location has had the objective of organizing at least one annual health and wellbeing activity.

Health check-ups and vaccination during 2023

To better protect the health and wellbeing of our employees, in 2023 we have organized globally over 10 different activities like health check-ups and vaccination appointments.

Activities 2023

Influenza Vaccinations in Germany	Periodic Medical Check follow up in the Netherlands
Shiatsu session in Brazil	Health and working in shifts activity in the Netherlands
Step challenge in India	Health check in New Zealand
Ergonomic check in Germany and the Netherlands	Mindfulness training in Japan



“Promoting our employees’ well-being is a key target for DFE Pharma”

Association and Collective Bargaining

As DFE Pharma, we know that social dialogue is important, and freedom of association and collective bargaining are fundamental rights that play a crucial role in fostering a fair and productive workplace environment.

At DFE Pharma 37% of our employees are represented by a Collective Bargaining Agreement. In Germany and The Netherlands, all employees (61% of the total workforce) are represented by a Works Council. Besides the Works Councils in Germany, in 2023, the Works Council in The Netherlands was put in place.

For 2024, all Collective Bargaining Agreements are up for renewal.

Works Council/ Trust Representatives		
Location	Number of Representatives	No. of Employees Represented
Goch	5 Works Council Members	115
Nörten Hardenberg	5 Works Council Members	73
Netherlands	5 Works Council Members	80
Global	4 Global Trust Representatives	458
Collective Labor Agreement Representation		
Germany		59 Employees
India		59 Employees
Netherlands		43 Employees
New Zealand		6 Employees



Working Conditions

Our people strategy supports the creation of a high-performance and inclusive environment where the talents and skills of our employees are developed. We believe that all employees can contribute to sustainability. That is why we implemented our volunteering policy in 2023 and as of 2024, we will implement our donations policy, and every employee will have an ESG Objective.

Benefits provided to employees

In 2023, DFE Pharma did an analyses of the benefits of all its global locations. Most benefits are equally eligible for full-time and part-time employees. The analysis showed that DFE Pharma offers a lot of additional benefits in addition to governmental support e.g., company pension, life insurance, travel and accident insurance, disability coverage.

Training

In 2023, DFE Pharma did an analyses of all global registered trainings that had been conducted. In total, 5.147 training hours were completed by 452 employees. This makes an average of 11 training hours per year per employee.

For 2024, we want to implement a training tool to be able to register our training even better, as currently, especially at production locations, the information is only available as hard copies and not digitally.

Performance management

The performance management system was updated with a personal and mandatory ESG objective to stimulate the contribution of all employees to sustainability in 2023. This will be applicable from the talent cycle 2024 onwards. In this way we encourage all employees to contribute to sustainability.

“We supports a high-performance and inclusive environment, where talents and skills of our employees are developed.”



Employee Social & Sports Events

At DFE Pharma, we strongly encourage and enable our employees to have a good work-life balance. Social and sporting events were organized for our employees globally. Apart from fun, the activities also provide additional opportunities for fostering teamwork, relationships, and collaboration among different departments.

In 2023, DFE Pharma took part in 73 various social and sports events in global locations, such as B2B Run in Germany, Canoe tour in Japan, Top Gold in the U.S., as well as organizing events, anniversary celebrations and others.

Since 2023, every location has had the objective of organizing at least one annual sport and one social activity.

Location	Number of Social & Sport Events 2023
Global	3
Brazil	2
China	7
Germany	5
India	35
Netherlands	11
New Zealand	3
USA	4
Singapore	1
Tokyo	2
Grand Total	73



“Participating at sports events gave us an opportunity to bond as a team outside of work”

Diversity at DFE Pharma

We want to promote diversity within our workforce. DFE Pharma has over 35 nationalities among its employees. We aspire to extend a corporate culture where diversity and inclusion are integral.

DFE Pharma recognizes the value of having a diverse workforce and creating an inclusive workplace, where everyone feels valued, respected, and supported. The company believes that Diversity, Equity, and Inclusion (DE&I) initiatives can help drive innovation, improve decision-making, and ultimately lead to better business outcomes.

DFE Pharma has done in 2023 a diversity analysis on gender and age diversity. The governance bodies within DFE Pharma consist of the Leadership Team (Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, Vice President Sales, Global Human Resource Director, and Global Business Director). One person is female (17%) and five males (83%). One LT member is below 50 years, and the rest are above 50 years. The LT group consists of four Dutch, one Finn, and one Briton. Long-term goal is to maintain a balance of diversity regarding age, nationality, and gender within the Leadership Team.

The minimal 0.6% difference in Relative Salary Position (RSP) between genders globally reflects our dedication to fostering diversity and ensuring fair compensation practices throughout our organization.



Our plan for the DE&I Program

As a global company with customers worldwide, we will pursue a holistic diversity, equity, and inclusion approach that encompasses key topics for our stakeholders and us. Our DE&I program intends to promote a fair and inclusive society further. For 2023, our focus is on gender diversity and the pay gap. From 2024 onwards, we will further strengthen our DE&I strategy. DFE Pharma will ensure that all relevant stakeholders are included in the refinement and launch of our DE&I program.

Leadership Team Gender Diversity 2023



Global Gender Diversity 2023



Pay Gap – Comparison of Average RSPs



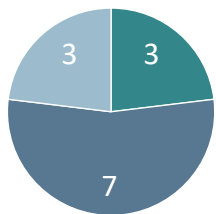
DFE Pharma and our Communities

DFE Pharma recognizes its responsibility to contribute positively to the communities around it.

To go beyond our core daily business and contribute to the communities we work in, we organized different activities in 2023. DFE Pharma made several different donations, such as hospital equipment donated in India and New Zealand, and financial donations to the children's home in Germany.

In 2023, we implemented our volunteer policy, and in 2024, we will launch our donations policy. All employees can volunteer on teams for up to eight hours annually during their work schedule. This is a step toward increasing our community impact by giving our employees flexible choices of organizations where they can volunteer and time.

DFE Pharma will collaborate with non-profit organizations in the different regions where we operate to maximize the impact within our communities.



Community Activities in 2023

- Environment Clean Up
- Equipment Donations
- Financial Donations

In 2023, we made donations of a value sum of more than 50k euros.

DFE Pharma's role in our science and contribution to open science

We believe that open science has the power to drive societal progress and advance the United Nations (UN) Sustainable Development Goals (SDGs). Making knowledge freely accessible to anyone, anywhere can play a fundamental role in achieving a sustainable and equitable future.

DFE Pharma has published 2 articles that were linked to the UN SDGs, helping to tackle some of the world's greatest challenges:

- Evaluation of lactose-based 3D powder bed printed pharmaceutical drug product tablets; Korinde A. van den Heuvel, Myrthe T.W. de Wit, Bastiaan H.J. Dickhoff, Powder Technology, Volume 390, 2021, Pages 97-102
- Impact of excipients on batch and continuous powder blending; Maarten Jaspers, Myrthe T.W. de Wit, Sri Sharath Kulkarni, Bernhard Meir, Pauline H.M. Janssen, Mara M.W. van Haandel, Bastiaan H.J. Dickhoff, Powder Technology, Volume 384, 2021, Pages 195-199



* <https://doi.org/10.1016/j.powtec.2021.05.050>



“We contribute to our communities in as many ways as we can!”

Labor and Human Rights

Human rights policy

In 2019 the new human rights policy has been adopted. With this policy, DFE Pharma respects internationally recognised human rights throughout the value chain, in line with the UN guiding principles on Business and Human Rights and the OECD guidelines for Multinational enterprises. The Policy includes nine areas of focus, based on the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

- Access to water and sanitation facilities
- Right to life and safety
- Freedom of association and collective bargaining
- Child labour
- Forced labour
- Non-discrimination and equality
- Right to privacy
- Environmental impact of activities
- Access to remedy

Risk for incidents of child labor

DFE Pharma has 0% child labor and young workers globally within the employed population (direct and indirect). The long-term goal is to include suppliers in this measurement to become leaders by example and protect children's rights. We regularly check local IDs to make sure our 0% rule is being followed.

DFE Pharma is also aware of high-risk locations in Brazil and India. Brazil has no manufacturing facilities and only employees highly experienced personnel. For India per law, it is an offense to engage child labor in any work. The Indian team highlights the same to the service providers during the vendor selection process. Workers engaged under agency rolls / outsourced activities need to submit their EPF / ESIC (provident fund/insurance) credentials before they enter factory premises.

Check 1: No individual will get an EPF / ESIC membership number when they are less than 18 years old. Check 2: If a contractor does not submit this membership number for their employee, then entry to the factory premises will not be permitted. HR will verify the provided ESIC / EPF number in the EPF / ESIC government portal to ensure authenticity. This process ensures that no child labor is engaged in any work at our factory premises.

Risk for forced or compulsory labor

DFE Pharma has no forced or compulsory labor globally within the employed population (direct and indirect). Within DFE Pharma, we treat the local laws and our internal Compass, including human rights, with respect. Our long-term goal is to include suppliers in this analysis to ensure we do not support forced or compulsory labor. DFE Pharma follows the Compass and Speak-up procedure. If we have an incident reported, we will take immediate action to analyze the case and escalate it to the leadership team, as this would be a breach of our own business policy.

In 2024 and 2025,

All DFE locations will be part of the Human Rights Due Diligence process, including a Human Right Risk Assessment for all locations, a combined digital and on-site assessment.





GOVERNANCE

We believe in respectful, honest business relation and in showing deference for the world in which we operate.

Creating value while maintaining the confidence of stakeholders is the foundation of our reputation, our story and our future success.



Business conduct & transparency



Data & information security

Business Conduct

To be a successful company, it is critical that DFE Pharma maintains the trust and confidence of all its stakeholders over decades.

We conduct our business according to our Compass Principles: behaving with integrity, respect, and transparency.

Our Compass Principles guide every employee on the right ethical behavior. During onboarding, every new employee is required to sign and agree to the principles described in our Compass. We train employees every year on two underlying policies that cover a range of important business conduct topics, such as Doing Honest Business, Fair Competition, Avoiding Conflict of Interest, Data Protection and Trade Sanctions. The purpose of this training is to refresh the Compass Principles and create awareness in the field of compliance through case discussions.

Training and case discussions are crucial for advancing awareness among our employees.

In 2023 three training courses were given to our employees. With these dilemma discussions we encourage employee to think on ethical principles.

Training Details

Training on preventing theft and fraud.

Training on Conflict of Interest.

Refresher on doing honest business and gift register.

A culture of integrity needs an open and transparent environment. Our Speak Up Procedure encourages that.

Our Speak Procedure applies and is available to all our workforce and business partners. It describes when and how to speak up, including protecting identity and guaranteeing confidentiality. The Integrity Committee oversees the processes of this procedure.

All our suppliers and service providers are obliged to adhere to our Code of Conduct for Business

Partners. DFE Pharma contributes to the value chain through selection and collaboration with trustworthy partners. Therefore, we require our suppliers to sign the Code of Conduct. In 2023 100% of our critical suppliers signed the code of conduct.

Transparency: ESG Disclosure and Reporting

DFE Pharma discloses its ESG targets and progress regularly.

Aligned with our transparency targets, we voluntarily release different information on our ESG journey. This enables stakeholders to gather the required information conveniently. Our policies outline the disclosure frequency, target audience, and information.

Once a year, we publish an ESG Report which describes the performance of the previous year.

DFE Pharma is in the top 5% of our sector*.

EcoVadis has grown to become the world's largest and most trusted provider of business sustainability ratings. Since 2015, DFE Pharma has been reporting its sustainability performance to EcoVadis. DFE Pharma executes an EcoVadis assessment annually to track the progress of our ESG journey. In 2022, we were awarded a Bronze medal. Our sustainability efforts have resulted in a Silver medal for 2023. We will use our best efforts to achieve the EcoVadis Gold medal. Our next assessment will be published in 2024.

Standards

Our greenhouse gas emission numbers are calculated in accordance with the Greenhouse Gas Protocol.

Our ESG report is created with reference to the Global Reporting Initiative (GRI).



* EcoVadis ISIC Category 21: Manufacture of basic pharmaceutical products and pharmaceutical preparations

Data and Information Security

Strong data ethics and cybersecurity are essential for us.

As most business operations are increasingly dependent on data and digital technologies, we implement corresponding high data ethics and security. Keeping our data and that of our stakeholders safe and secure is critical.

The Cybersecurity Awareness Program launched 2022, continued focusing on creating employee awareness and training, securing our digital infrastructure and cooperating with stakeholders in the area of cybersecurity.

To assess the maturity level of the IT security, we have executed a penetration test in a selected area of our business. Actions have been taken to reduce and mitigate the identified risks. This process will become an integral part of our Cyber Security Risk management.

We encourage our employees to take responsibility for their role in keeping DFE Pharma secure.

E-learning and phishing tests are executed regularly to create awareness. We hosted a hack talk during which an individual shared his experience during a ransomware attack to inform employees of the potential impact of such an attack. We intend to anchor cybersecurity in our company's DNA permanently.

Stakeholder Cooperation in Cybersecurity

We share and receive data from different external partners regularly. DFE Pharma joins forces with its stakeholders to ensure that all data are kept safe. In 2023, we started to formalize our requirements with regards to IT management, one of them being IT supplier management. The goal is to create an integrated IT management system to ensure continuous service and security.

Data security

Our workforce is regularly trained on our Privacy Policy and how to handle data. This ensures all information is kept secure and that we comply with legislation such as the General Data Protection Regulation (GDPR). All our stakeholders are encouraged to send and receive files only via encryption services.

DFE Pharma also has Local Privacy Officers (LPOs) who are responsible for ensuring that all data processing guidelines are followed as required.

Cybersecurity in 2024

Next to the awareness campaigns we will continue assessing the maturity level of our IT system landscape by executing penetration tests in relevant parts of the business.

DFE Pharma has appointed two Cybersecurity Ambassadors to intensify awareness within the company.





APPENDIX



ESG Performance Data



GRI Table



Glossary

Explanation of the Material Topics

#	Topic	Definitions
1	Greenhouse gas emissions	<ul style="list-style-type: none"> • Climate change mitigation • Scope 1 emissions • Scope 2 emissions • Scope 3 emissions • Energy (efficiency)
2	Pollution	<ul style="list-style-type: none"> • Pollution of air (Air emissions other than GHGs) • Pollution of water • Pollution of soil • Pollution of living organisms and food resources • Substances of concern • Substances of very high concern • Pollution of air, water and soil in the supply chain
3	Responsible water use	<ul style="list-style-type: none"> • Water management (consumption, withdrawal and discharges) in own operations and supply chain • Water efficiency • Water discharges in the oceans from own operations

#	Topic	Definitions
4	Biodiversity	<ul style="list-style-type: none"> • Land-use change • Direct exploitation of biodiversity • Impact on ecosystems • Ecosystem and resource dependency • Natural habitat damage resulting from operations and in the supply chain
5	Product circularity (waste, packaging, sourcing)	<ul style="list-style-type: none"> • Waste reduction, reuse and recycling • Materials with a lower impact • Sustainable packaging • Circular systems • Sourcing raw materials (e.g., lactose) • Sustainable product/process development/innovation

Explanation of the Material Topics

#	Topic	Definitions
6	Employee safety, health and wellbeing	<ul style="list-style-type: none"> Working conditions of own employees (Secure employment / Working time / Adequate wages / Social dialogue / Freedom of association, the existence of works councils and the information, consultation and participation rights of workers / Collective bargaining, including rate of workers covered by collective agreements / Work-life balance / Stress reduction) Health and safety of own employees (health check-ups & vaccination / safety & health measures / avoiding accidents) Work-related rights for own workforce: child labour; forced labour
7	Talent attraction, engagement and retention	<ul style="list-style-type: none"> Training (re-skilling and up-skilling) Education Employer branding Internal growth opportunities People engagement People and talent management

#	Topic	Definitions
8	Diversity, Equity & Inclusion	<ul style="list-style-type: none"> Offering equal treatment and opportunities for all Diverse workforce Inclusive work environment (e.g. measures against discrimination/measures against violence and harassment in the workplace) Gender equality and equal pay for work of equal value
9	Fair labour practices in value chain	<ul style="list-style-type: none"> Work-related rights for the value chain: child labour; forced labour Working conditions of workers in the value chain: (Secure employment / Working time / Adequate wages / Social dialogue / Freedom of association, the existence of works councils / Collective bargaining / Work-life balance / Health and Safety / Gender equality and equal pay for equal work/ Measures against aggression and harassment in the workplace Ethics in the value chain

Explanation of the Material Topics

#	Topic	Definitions
10	Product & patient safety	<ul style="list-style-type: none"> • Hygiene • Health and safety across the life cycle of the product • Customer health and safety • Regulations and voluntary codes • Product excellence and quality
11	Access & affordability of medicines	<ul style="list-style-type: none"> • Social inclusion of consumers and/or end-users • Affordable medicines through efficient processes • Wide range of geographic and community availability
12	Community engagement	<ul style="list-style-type: none"> • Employee volunteering • Corporate sponsorship

#	Topic	Definitions
13	Business conduct and transparency	<ul style="list-style-type: none"> • Corporate culture • Protection of speak up reporters • Conflict of interest • Political engagement • Management of relationships with suppliers including payment practices • Corruption and bribery • Interaction with suppliers and business relationship • Business ethics • Cultural integrity • Supplier transparency (SMP programme) • ESG public disclosure
14	Animal health and welfare	<ul style="list-style-type: none"> • Animal welfare and wellbeing • Five freedoms (freedom from hunger and thirst, from discomfort, from pain, from injury, and disease, to express normal and natural behavior, fear and distress)

Explanation of the Material Topics

#	Topic	Definitions
15	Data and information security	<ul style="list-style-type: none">• Data and information security measures (e.g. Cybersecurity training and awareness)• Data ethics and policies• Stakeholder cooperation for cybersecurity• Compliant with all relevant legislation• Privacy
16	Innovation and technology	<ul style="list-style-type: none">• Sustainable innovation• Leveraging innovative technologies and new technology adaptation

Definition of Key Performance Indicators

KPI	Definitions
Total GHG Emissions	Total GHG emissions are reported as the sum of reported scope 1, scope 2 and scope 3 emissions.
Scope 1 Emissions	Scope 1 emissions include all direct GHG emissions that occur from sources owned by DFE Pharma.
Scope 2 Emissions	Scope 2 emissions include all indirect GHG emissions associated with the generation of electricity, heating, cooling or steam purchased for DFE Pharma's own consumption.
Scope 3 Emissions	Scope 3 emissions are indirect emissions (other than those covered in scope 2) that occur outside DFE Pharma, including upstream and downstream emissions.
Scope 3 FLAG emissions	Scope 3 emissions are indirect emissions (other than those covered in scope 2) that occur outside DFE Pharma, including upstream and downstream emissions. FLAG (Forest, Land and Agriculture) emissions are emissions related to agriculture, land-use change and land management, including forestry.
Total GHG intensity	Total GHG intensity is reported as the ratio of total GHG emissions divided by produced volume.
GHG emission intensity Scope 1 and Scope 2	GHG intensity is reported as the ratio of scope 1 and scope 2 emissions divided by the produced volume
Total Energy Consumption	Total energy consumption is all the energy consumed during operation.
Total Energy Intensity	Total energy intensity is reported as the ratio of total energy consumption divided by produced volume.
Total Water Consumption	Total water consumption is reported as the sum of all water that is consumed.
Total Water Intensity	Total water intensity is reported as the ratio of total water consumption divided by produced volume.
Total Waste water	Total wastewater is reported as the sum of all wastewater released from operation in liquid form.

KPI	Definitions
Total Wastewater Intensity	Total wastewater is reported as the ratio sum of all wastewater divided by produced volume.
Total Waste	Total waste is reported as the sum of all solid waste types collected from premises.
Degree of material separability	The degree of material separability is defined as the effort required to separate different packaging materials from a packaging unit.
Recyclable packaging	Percentage of packaging material that can be recycled
Guarantees of Origin/Green Certificates	Guarantees of origin are certificates issued for each unit of electricity and/or gas from renewable sources: wind, solar, co-fermentation of biomass, and manure fermentation.
Traceable purchases	The percentage of purchased volume of raw materials that is traceable to its source
Suppliers that comply with biodiversity-related regulations, standards, or agreements	The percentage of suppliers that comply to globally recognized regulation, standards or certificates or products for which a plan for sustainable development is created
Lactose sourced from suppliers adhering to recognized animal welfare certification or standards	The percentage of suppliers that adhere to certification or globally recognized standards
Total Recordable Frequency Rate	The ratio of the total number of recordable own personnel multiplied by the number of hours worked divided by 200'000.
Representation of women and men in DFE Pharma's senior roles	Number of women and men in DFE Pharma roles in level Hay 18 and up

KPIs are subject to further insights. In 2024, few output KPIs were added according to the revised strategy. Targets and Steering KPIs will be defined in 2024.

ESG Data: Sustainable Excipients

	Unit	2020	2021	2022	2023	Comments
1. ENVIRONMENT						
1.1 Greenhouse gases						
Total GHG (Scope 1,2, and 3)	[ton CO₂ eq.]	1,004,284	946,028	995,850	964,130	
Scope 1	[ton CO ₂ eq.]	6,566	6,561	6,945	6,601	
Scope 2	[ton CO ₂ eq.]	7,916	7,689	8,103	5,340	
Scope 3	[ton CO ₂ eq.]	989,802	931,778	980,802	952,189	All numbers are calculated using supplier emissions (where available) from the product carbon footprint data received in 2023. Improvements made by suppliers in the 2020-2023 timeframe are currently not part of this dataset
1.2 Energy						
Total Energy Consumption	[GJ]	237,938	227,452	238,090	217,840	
Energy consumption from non-renewable sources	[GJ]	165.617	160.131	168.124	144.468	Numbers update based on evaluation of sources
Energy consumption from renewable sources	[GJ]	72,321	67,321	69,966	73,373	
Total Energy Intensity	[GJ/ton]	10.98	11.01	10.29	9.72	
1.3 Water						
Total Water Consumption	[m³]	542,752	544,545	581,784	531,010	
Total Water Intensity	[m³/ton]	25.19	26.35	25.10	23.69	
Total wastewater	[m³]	487,710	489,330	519,604	482,109	
Total wastewater intensity	[m³/ton]	22.51	23.68	22.41	21.51	

ESG Data: Sustainable Excipients (continued)

	Unit	2020	2021	2022	2023	Comments	
ENVIRONMENT (continued)							
1.4	Waste						
	Total waste			626	690		
	Total hazardous waste			81	61		
	Total non-hazardous waste			545	629		
	Total waste to landfill			98	403	Installation of biomass boiler result in increase in ash	
	Total re-used or recycle waste			270	203		
	Total waste used for incineration			160	15		
1.5	Packaging						
	Total packaging materials		3,888	3,493	4,060	3,935	Numbers updated retrospectively; and a correction issued for the error in the MCC volume calculation for 2020 to 2023.
	Plastics packaging materials		1,791	1,532	1,835	1,679	
	Metal packaging materials		95	90	101	102	
	Wood packaging materials		1,518	1,409	1,607	1,536	
	Paper packaging materials		464	442	495	591	
	Other packaging materials		21	20	22	27	
	Degree of packaging material separability		80	77	87	90	Separability is affected by the product mix

ESG Data: Positive, Inclusive and Safe Culture

	Unit	2020	2021	2022	2023	Comments
2. SOCIAL						
2.1 Employee Safety						
Total Recordable Frequency Rate		0.9	0.3	0.6	0.3	TRFR = [total recordable of own personnel] multiplied by [hours worked] divided by [200'000]
Number of Safety Observation Rounds		442	604	619	673	
2.2 Employee Health and Wellbeing						
Number of Medical and Health check-up campaigns			1	3	3	
Number of Health and Wellbeing Trainings and Webinars			2	2	2	
Influenza vaccination rate	[%]			17	12.5	Only one location reported: Goch, Germany.
Health and Wellbeing activities					10	
2.3 Association and Collective Bargaining						
Number of employee townhall meetings		4	4	4	4	Quarterly employee townhall meetings with Leadership Team.
Number of meetings Leadership Team and Works Council				5	15	Meetings between the Leadership Team and Employee Representatives (Works Councils).
Number of Works Meetings (Betriebsversammlungen)				1	4	Updating the employees on what has been achieved, what is coming and receiving input from the employees
Employees represented by collective bargaining agreements	[%]				37	
Employees in Netherlands and Germany represented by Works Council	[%]				100	

ESG Data: Positive, Inclusive and Safe Culture

	Unit	2020	2021	2022	2023	Comments
2. SOCIAL (continued)						
2.4 Working conditions						
Total training hours					5.147	Currently there is no general training reporting tool in place which makes the reporting difficult. The plan for 2024 is to set up one global tool to be able to report on trainings easier. HAY: F – 309; M – 689. CLA: F – 54; M – 1116
Total training hours per employee					11	
2.5 Social and sports activities						
Events					73	

ESG Data: Positive, Inclusive and Safe Culture (continued)

	Unit	2020	2021	2022	2023	Comments
SOCIAL (continued)						
2.6 Diversity, Equity and Inclusion						
Percentage Women in workforce	[%]		24	24	25	
Percentage of women in the Leadership Team	[%]	0	20	20	17	In 2023 the Leadership team was expanded from 5 member to 6 member. The amount of female in absolute number remained equal with 2022.
Age groups in the Leadership Team					30-50: 1 > 50: 5	
Percentage of women in the workforce	[%]				37	Only HAY employees reported
Age groups in the workforce					<30: 9 30-50: 177 >50: 53	Only HAY employees reported
Number of nationalities			35	35	38	
The difference of Relative Salary Position of men and women	[%]				0.7	Only HAY employees reported
2.7 Communities						
Donations to communities	[k€]				50	
2.8 Forced & Child Labour						
Risk for incidents of child labour within DFE Pharma	[%]				0	
Risk for incidents of young workers exposed to hazardous work within DFE Pharma	[%]				0	DFE Pharma does not employ young workers (age between 15 and 18)

ESG Data: Governance

	Unit	2020	2021	2022	2023	Comments
3. GOVERNANCE						
Number of Compass Code of Conduct Trainings given			2	3	3	
Employees trained on Code of Conduct (%)				60	60	All Hay employees are trained. All employees have signed Code of Conduct as part of contract
Number of Data Protection and Cybersecurity training			1	3	4	3 in the office environment + additionally 1 in the production environment + additional awareness communication
Number of IT audits on third-party suppliers				1	0	Will be embedded in policies in 2024
Suppliers on-site ESG audit				1	1	ESG topics are to be included in the Supplier Qualification Management as of 2023.
Average Supplier performance Score (1 = poor; 4=very good)				3.05	2.93	Rating system is an average score including other elements (such as cost, quality, responsiveness & sustainability), revised in 2023

GRI Content Index

Statement of Use

DFE Pharma has reported the information cited in this GRI content index for the period 01-January 2023 to 31-December 2023 with reference to the GRI Standards.

DISCLOSURE	LOCATION	OMISSION		
		Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021				
2-1 Organizational details	a. DFE Pharma GmbH & Co. KG b. Privately owned c. 2023 ESG Report page 4 d. See the website for an overview of locations: https://dfepharma.com/offices-distributors-overview/			
2-2 Entities included in the organization's sustainability reporting	a. DFE Pharma: Germany, Netherlands, India, Japan, USA, New Zealand, China, Singapore, Brazil	b-c.	Confidentiality constraints	DFE Pharma is a privately owned company and does not publish its financial information on public record. Financial results are reported consolidated in FrieslandCampina Annual Reports
2-3 Reporting period, frequency and contact point	a. 2023 ESG Report page 4; report is published annually b. The financial year is same as the reporting year in (a) c. The publishing date is 17 April 2024 d. esg@dfepharma.com			
2-4 Restatements of information	a-i change is made in methodology for GHG emission calculation, from database/ spend based data to more granular customer specific data a-ii GHG emissions are 23% higher than previously reported	GHG Intensity on total volume not included as products produced from various product streams are not easily comparable		
2-5 External assurance		a-b	Information unavailable/incomplete	No external assurance has not yet been executed for this report. This will be considered for the next annual report.

GRI Content Index

DISCLOSURE	LOCATION	OMISSION		
		Requirement(s) Omitted	Reason	Explanation
2-6 Activities, value chain and other business relationships	a. Pharmaceuticals b. c. See website About Us: https://dfepharma.com/about-us/ d. ESG 2023 Report, page 6			
2-7 Employees	a. 2023 ESG Report page 7; page 29 c. Head count	b, d, e	Information unavailable / incomplete	At the time of compilation of this report, this information was not available. This will be considered for the next annual report.
2-8 Workers who are not employees		a-c	Information unavailable / incomplete	At the time of compilation of this report, this information was not available. This will be considered for the next annual report.
2-9 Governance structure and composition	a. 2023 Annual Report page 11 - Governance Board comprising of members from the two shareholders.	b-c.	Information unavailable / incomplete	At the time of compilation of this report, this information was not available. This will be considered for the next annual report.
2-10 Nomination and selection of the highest governance body		a-b	Confidentiality constraints	DFE Pharma currently does not publicly disclose the composition of its governance board. This information will be considered for the next annual report.
2-11 Chair of the highest governance body	a. Yes.	b	Confidentiality constraints	DFE Pharma currently does not publicly disclose the composition of its governance board. This information will be considered for the next annual report.
2-12 Role of the highest governance body in overseeing the management of impacts	a, c: 2023 ESG Report page 11	b	Information unavailable / incomplete	Information not fully available at the time of publishing this report. This information will be considered for the next annual report.

GRI Content Index

DISCLOSURE	LOCATION	OMISSION		
		Requirement(s) Omitted	Reason	Explanation
2-13 Delegation of responsibility for managing impacts	a. 2023 ESG Report page 11 b. During governance board meetings			
2-14 Role of the highest governance body in sustainability reporting	a. Formal sign off materiality topics by LT b. NA			
2-15 Conflicts of interest	a. Annual risk and control updates b. Yes			
2-16 Communication of critical concerns		a-b	Information unavailable / incomplete	This information will be considered for the next annual report.
2-17 Collective knowledge of the highest governance body		a-b	Information unavailable / incomplete	This information will be considered for the next annual report.
2-18 Evaluation of the performance of the highest governance body		a-b	Information unavailable / incomplete	This information will be considered for the next annual report.
2-19 Remuneration policies		a-b	Confidentiality constraints	DFE Pharma currently does not publicly disclose the composition of its governance board. This information will be considered for the next annual report.
2-20 Process to determine remuneration		a-b	Confidentiality constraints	DFE Pharma currently does not publicly disclose the composition of its governance board. This information will be considered for the next annual report.
2-21 Annual total compensation ratio		a-c	Information unavailable / incomplete	This information will be considered for the next annual report.
2-22 Statement on sustainability development strategy	a. 2023 ESG Report page 2,10, 11, 31, 56			

GRI Content Index

DISCLOSURE	LOCATION	OMISSION		
		Requirement(s) Omitted	Reason	Explanation
2-23 Policy commitments	See website: Governance https://dfepharma.com/our-commitment/governance/ 2023 ESG Report page 31, 33			
2-24 Embedding policy commitments	2023 ESG Report page 9, 31, 33; See code of conduct on website: https://dfepharma.com/media/glhh20ai/dfc-code-of-conduct-business-partners.pdf			
2-25 Processes to remediate negative impacts	2023 ESG Report page 33; See code of conduct on our website: https://dfepharma.com/media/glhh20ai/dfc-code-of-conduct-business-partners.pdf			
2-26 Mechanisms for seeking advice and raising concerns	2023 ESG Report page 33; See code of conduct on our website: https://dfepharma.com/media/glhh20ai/dfc-code-of-conduct-business-partners.pdf			
2-27 Compliance with laws and regulations	Zero			
2-28 Membership associations		a.	Information unavailable / incomplete	Information not fully available at the time of publishing this report. This information will be considered for the next annual report.
2-29 Approach to stakeholder engagement	2023 ESG Report page 8	a	Information unavailable / incomplete	Information not fully available at the time of publishing this report. This information will be considered for the next annual report.
2-30 Collective bargaining agreements	2023 ESG Report page 26	b	Information unavailable / incomplete	Information not fully available at the time of publishing this report. This information will be considered for the next annual report.

GRI Content Index

DISCLOSURE	LOCATION	OMISSION		
		Requirement(s) Omitted	Reason	Explanation
GRI 3: Material Topics 2021				
3-1 Process to determine material topics	2023 ESG Report page 8			
3-2 List of material topics	2023 ESG Report page 9			
3-3 Management of material topics	2023 ESG Report page 10	a-f	Information unavailable / incomplete	This is planned for 2024 following our strategy and roadmap
GRI 302: Energy 2016				
302-1 Energy consumption within the organization	2023 ESG Report page 14, 15			Assumptions and methods will be added in the next annual report.
302-3 Energy intensity	2023 ESG Report page 15			
302-4 Reduction of energy consumption	2023 ESG Report page 15, 16			Standards, methodologies and assumptions will be added in the next annual report.
302-5 Reductions in energy requirements of products and services	2023 ESG Report page 15, 16			Standards, methodologies and assumptions will be added in the next annual report.
GRI 305: Emissions				
305-1 Direct (Scope 1) GHG emissions	2023 ESG Report page 14			
305-2 Indirect (Scope 2) GHG emissions	2023 ESG Report page 14			

GRI Content Index

DISCLOSURE	LOCATION	OMISSION		
		Requirement(s) Omitted	Reason	Explanation
305-3 Other indirect (Scope 3) GHG emissions	2023 ESG Report page 16			
305-4 GHG emissions intensity	2023 ESG Report page 15			
305-5 Reduction of GHG emissions	2023 ESG Report page 14,15,16,17			
GRI 306: Waste 2020				
306-1 Waste generation and significant waste-related impacts	2023 ESG Report page 20			
306-2 Management of significant waste-related impacts	2023 ESG Report page 20			
306-3 Waste generated	2023 ESG Report page 20			
GRI 308: Supplier Environmental Assessment 2016				
308-1 New suppliers that were screened using environmental criteria	See website: Governance https://dfepharma.com/our-commitment/ 2023 ESG Report page 17			

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DISCLOSURE	LOCATION	OMISSION		
		Requirement(s) Omitted	Reason	Explanation
GRI 401: Working Conditions 2016				
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	2023 ESG Report page 27; and website: https://dfepharma.com/our-purpose/safety/	A,b		
GRI 403: Occupational Health and Safety 2018				
403-1 Occupational health and safety management system	2023 ESG Report page 24; and website: https://dfepharma.com/our-purpose/safety/			
403-5 Worker training on occupational health and safety	2023 ESG Report page 24			
403-6 Promotion of worker health	2023 ESG Report page 24,25			
403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	2023 ESG Report page 24,25			
403-8 Workers covered by occupational health and safety management system	2023 ESG Report page 24	a-c	Information unavailable / incomplete	Information currently not shared publicly. This will be considered for 2024.
403-9 Work-related injuries	2023 ESG Report page 24	b-g	Information unavailable / incomplete	Information currently not shared publicly. This will be considered for 2024.
403-10 Work-related ill health	2023 ESG Report page 24	A-f	Information unavailable / incomplete	Information currently not shared publicly due to privacy and confidentiality reasons.

GRI Content Index

DISCLOSURE	LOCATION	OMISSION		
		Requirement(s) Omitted	Reason	Explanation
GRI 404: Career Management & Training 2016				
404-1 Average hours of training per year per employee	2023 ESG report page 27, 45			
GRI 405: Diversity and Equal Opportunity 2016				
405-1 Diversity of governance bodies and employees	2023 ESG report page 29			
405-2 Ratio of basic salary and remuneration of women to men	2023 ESG report page 29			
GRI 407: Freedom of Association and Collective Bargaining 2016				
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	2023 ESG Report page 26,31	b	Information unavailable/incomplete	Information was incomplete when this report was being prepared. This information will be reviewed and will be considered for the next reporting cycle.
GRI 408: Child labor, Forced Labor & Human Trafficking 2016				
408-1 Operations and suppliers at significant risk for incidents of child labor	2023 ESG Report page 26,31	c	Information unavailable/incomplete	Information was incomplete at the time of preparing this report. This information will be reviewed and will be considered for the next reporting cycle.
GRI 409: Forced or Compulsory Labor 2016				
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	2023 ESG Report page 26,31	b	Information unavailable/incomplete	Information was incomplete at the time of preparing this report. This information will be reviewed and will be considered for the next reporting cycle.

Measuring, Reporting, and Assumptions

Measuring emissions.

Our GHG emissions reporting methods follow the GHG Protocol. This provides the best practice guidance and standards when it comes to calculating and reporting emissions. We recognize that GHG accounting and methodologies are frequently being updated, and we are committed to using the best available science, data, and tools. We are transparent about our approach and work with third parties to ensure our methods are inclusive and robust.

Offsets

DFE Pharma is aiming to prioritize emissions reduction through direct abatement, rather than using carbon credits. As such, we plan to avoid the use of offsets to achieve our 2030 emissions reduction targets. We have invested in carbon credits sourced renewable energy projects in intermediate timing, until sufficient renewable sources are available.

Identifying our assumptions and significant sources of uncertainty

The achievement of our 2030 Scope 1 and 2 emissions reduction target depends on our ability to successfully transition via energy efficiency and fuel switching to renewable sources.

The principle that applies to all emission sources is that the base year or other recalculations are based on the Greenhouse Gas Protocol's guidelines. This applies, for example, to changes in methodology.

Our aim is to report as much as possible on actual supplier data. In case actual data is received from our suppliers, industry benchmark data or spend based data will be replaced by actual product carbon footprint data. In our 2023 report the scope 3 data is revised using the actual product carbon footprint data of 2023 available and applied to base year 2021 onwards. Improvements made by suppliers in the 2020-2023 timeframe are currently not part of this dataset

In respect of all our targets, we will continue to assess the relevant risks and review our pathway to emissions reductions.

Process to a Revised and Integrated Sustainability Strategy

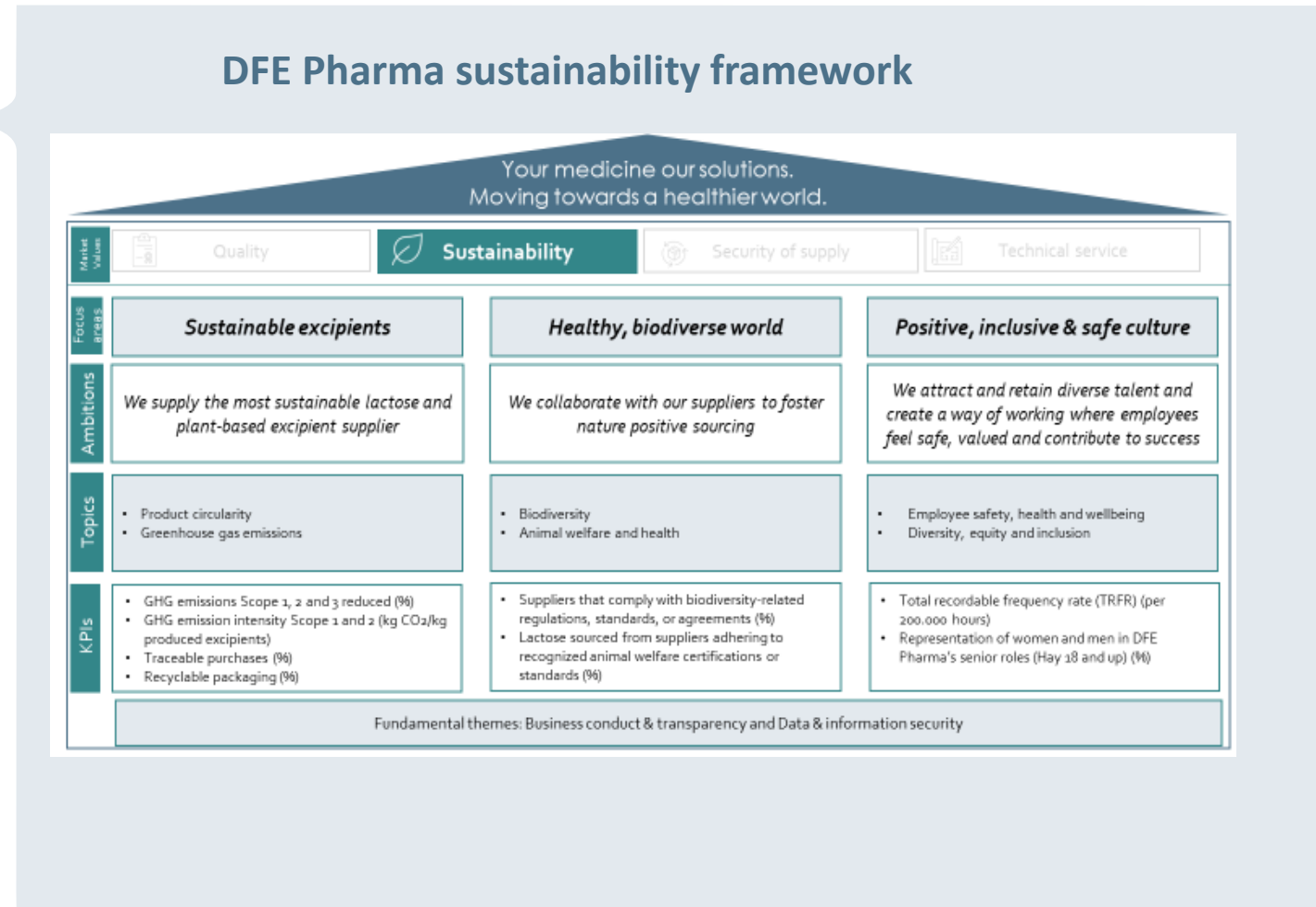
Integrated sustainability strategy. DFE Pharma is taking the next step in our sustainability journey, building forth on the ESG strategy that has been covered in our corporate strategy and purpose “Your medicine our solutions. Moving towards a healthier world”. Preparing for an ultimate integration of sustainability and corporate strategy, signaling the value of sustainability to the organization and stakeholders.

Market value story. DFE Pharma’s strategic differentiators are set out in its value story towards the market and our customers. Sustainability is defined one of those market values.

Focus areas and ambitions. DFE Pharma has three unique sustainability elements with which it can signal its sustainability efforts, structured along: 1) the impact of its products on the environment; 2) the impact of its (sourcing) processes within the value chain on nature; 3) the impact of people arrangements within its own organization. Three focus areas are defined with clear ambitions.

Materiality. Following the double materiality analysis 8 materiality topics have been determined to be most material for DFE Pharma and its stakeholders that are categorized within the focus areas or defined as fundamental to DFE Pharma.

In 2024 the strategy will be further translated into roadmap and key initiatives. On top of the output KPIs, steering KPIs will be set and DFE Pharma will start monitoring on those KPIs.



Glossary

Abbreviation	Meaning
C2F	Closer to the Formulator
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO ₂ e	Carbon dioxide equivalent (multiplying the quantity of a greenhouse gas by the relevant global warming potential)
CSRD	Corporate Sustainability Reporting Directive
DE&I	Diversity, Equity and Inclusion
EC	European Commission
EI	Energy Intensity
ESRS	European Sustainability Reporting Standards
ESG	Environment, Social and Governance
EUR	Euro (currency)
FLAG	Forest, Land and Agriculture guidance for setting science based targets
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GJ	Gigajoule
GRI	Global Reporting Initiative
HR	Human Resources

Abbreviation	Meaning
INTO	Inhalation Together
ISO	International Organization for Standardization
IT	Information Technology
KPI	Key Performance Indicator
LCA	Life Cycle Assessment
LPO	Local Privacy Officer
PMO	Periodic Medical check
RSP	Responsible Sourcing Policy
SASB	Sustainable Accounting Standards Board
SBTi	Science-Based Target Initiative
TRFR	Total Recordable Frequency Rate
PCF	Product Carbon Footprint
UN SDG	United Nations Sustainable Development Goals
WCOM	World Class Operations Management



**YOUR MEDICINES
OUR SOLUTIONS.
MOVING TO A HEALTHIER
WORLD.**

Have ESG questions or ideas?
Please get in touch esg@dfepharma.com

www.dfepharma.com

This report contains forward-looking statements based on DFE Pharma's assumptions and forecasts. Various known and unknown risks, uncertainties and other factors could lead to material differences between the company's actual and future performance or development and the estimates given here. DFE Pharma does not assume any obligation whatsoever to update these forward-looking statements or to adjust them to consider future events or developments.