

Annual Report 2021

Investing in our Global Network:

# Siegfried

## Creates Opportunities for Long-term Growth

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**Online Report** [report.siegfried.ch](https://report.siegfried.ch)



# Dear Shareholders



Siegfried Group's 2021 financial year represents an important milestone in the history of the company. For the first time, the company reports annual sales of more than one billion Swiss francs. In the year under review, the company successfully continued on its strategic path which, for over ten years, has consistently reported profitable growth. At the same time, the Siegfried Group achieved a pleasing operating result in a very demanding environment characterized by the pandemic.

At 1.102 billion Swiss francs, sales increased by 30.5 percent (2020: 845.1 million francs). Despite challenging conditions, core EBITDA grew faster than sales, from 149.4 million Swiss francs in the previous year to 207.2 million Swiss francs, 38.8 percent higher than 2020. The core EBITDA margin improved from 17.7 percent to 18.8 percent and is thus within the preliminary target range of around 20 percent. Core net profit grew by 31.4 percent to 95.3 million Swiss francs (2020: 72.5 million Swiss francs), the highest net profit in corporate history. Net profit according to Swiss GAAP FER amounted to 96.6 million Swiss francs. The Board of Directors will propose to the Annual General Meeting an increase in the payout to the shareholders to 3.20 Swiss francs per share (2020: 3.00 francs). As in the previous year, the payout will be made by reducing the nominal value in the context of a capital reduction.

At 119.7 million Swiss francs, the Siegfried Group also delivered a very good result in cash flow from operating activity (2020: 114.8 million Swiss francs). Free cash flow amounts to 6.5 million Swiss francs, mainly due to significantly higher investments in property, plant and equipment, which increased from 77.1 million Swiss francs in 2020 to 114.0 million Swiss francs.

In the first half of the reporting period, Siegfried placed senior bonds in the amount of 200 million Swiss francs for the first time in the company's history, financing the repayment of the hybrid bond of 160 million Swiss francs. At year-end,

Siegfried had cash and cash equivalents of 72.6 million Swiss francs. Net debt amounted to 407.4 million Swiss francs, a ratio of 1.97 to core EBITDA, and the equity ratio was 41.2 percent. Consequently, even after the latest acquisition, the Siegfried Group still has sufficient capacity to finance further growth steps.

#### Drug Products Division with Critical Size after Acquisition

The two pharmaceutical manufacturing sites acquired from Novartis, Barberà del Vallès and El Masnou, made a significant contribution to the substantial growth in the reporting period. The two sites located near Barcelona have been part of the Siegfried Group since 1 January 2021, and very well complement the global network. They not only provide a significant increase in capacity and an expansion of the technological possibilities for the production of pharmaceutical finished products, but also a more balanced ratio between the two divisions Drug Substances (active pharmaceutical ingredients) and Drug Products (finished dosage forms). The Drug Products sales contribution increased from about 25 percent in 2020 to about 40 percent in the year under review.

The integration of the two sites is proceeding according to plan and making good progress. In the future, Siegfried will concentrate a significant part of pharmaceutical development services in Spain. The establishment of a Center of Excellence for pharmaceutical formulation development,

including extensive investments, began last year and will be completed by the end of 2022.

#### Important Contribution to Coping with the Coronavirus Pandemic

Other sites have also made a contribution toward the success of the Siegfried network. Hameln made a noteworthy contribution:

**“The two pharmaceutical manufacturing sites acquired from Novartis, Barberà del Vallès and El Masnou, made a significant contribution to the substantial growth in the reporting period.”**

Following intensive preparatory work, the filling line for BioN-Tech-Pfizer's COVID-19 vaccine Comirnaty went into operation at Siegfried's Hameln site in the second half of the year. With the rapid provision of the highly specialized line, Siegfried has demonstrated its ability to solve technologically demanding tasks even at short notice and to quickly build up the necessary capacities. In addition to BioNTech, the US biotech company Novavax also relies on Siegfried for the aseptic filling of its protein-based COVID-19 vaccine Nuvaxovid. Next to the commercial significance of these projects, we are proud to be making a significant contribution toward addressing the global pandemic.

#### Sustained Development as the Core of Corporate Strategy

Siegfried achieved a success concerning sustainability in corporate management, for many years an important pillar in strategy and one of the company's five key values. In recognition of many years of commitment and targeted implementation of appropriate business practices and initiatives in all areas and at all corporate sites, Siegfried was included for the first time in the Dow Jones Sustainability Index (DJSI) Europe. Furthermore, at the beginning of 2022, Institutional Shareholder Services Inc. (ISS), a leading global proxy consulting company, confirmed the Prime Status that it had awarded Siegfried with in 2020. In the MSCI ESG rating,

particularly at the beginning and toward the end of the reporting year. Under the leadership of the crisis committee set up in 2020 and thanks to comprehensive action plans, the negative effects remained under control last year. The cyberattack was another significant challenge. It was carried out with a high degree of criminal energy affecting Siegfried at the beginning of May. Thanks

to resolute crisis management and the immediate implementation of measures, the problem was quickly identified and systems were restored. Production downtime and the resulting damage was kept within limits.

#### Changes in the Board of Directors and the Executive Committee

In connection with the scheduled retirement of Dr. René Imwinkelried, Global Head Technical Operations and a member of the Executive Committee since 2012, at the end of 2020 and the acquisition of the two production sites in Spain, responsibility for global Technical Operations in the field of Drug Substances and Drug Products was split. At the beginning of 2021, Irene Wosgien took on responsibility for Drug Substances, and Marcel Imwinkelried at the beginning of October 2021 for Drug Products, which until then had been managed by CEO Wolfgang Wienand on an interim basis. Marcel Imwinkelried joined Siegfried Group from Novartis at the beginning of 2021.

There are also going to be changes in the Board of Directors. Reto A. Garzetti, a Board member since 2011, and Ulla Schmidt, the former German federal minister of health who was appointed to the Board in 2016, will not stand for reelection at the 2022 General Meeting of Shareholders. The Board of Directors decided to propose the election to the Board of Dr. Alexandra Brand and Dr. Beat Walti. Dr. Alexandra Brand, a German citizen and chemist, joined Syn-

Board of Directors and the Executive Committee we would like to thank our nearly 3500 employees at eleven sites worldwide for this. This is an excellent foundation on which to continue our company's success story together.

#### The Success Story Continues

The conditions for this are promising and better than ever before. Contract manufacturing for the pharmaceutical industry is and remains an attractive growth market. By means of the acquisition of the two sites in Spain, the Siegfried Group is now one of the leaders in the CDMO industry. This positions the company well to play an active role in the progressing consolidation of the industry. We are confident and will do everything in our power to grow even closer to our vision in the current year, namely to become one of the global leaders in our industry with the strongest team and the most competitive network.

#### Increase in Sales and Profitability Expected in the Current Year and Ongoing Investments in Future Profitable Growth

Siegfried expects sales growth in the high single-digit to low double-digit percentage range for the current year. In addition, Siegfried expects the core EBITDA margin to exceed the 20 percent threshold in 2022, subject to exchange rate fluctuations and unforeseen consequences of the ongoing coronavirus pandemic. In the medium-term, Siegfried expects a further increase in sales and profitability, and therefore plans to invest in additional development and production capacity in the coming years. Overall, Siegfried expects annual CapEx spend in the low teens percentages of sales.

We would like to thank you, dear shareholders, for your loyalty toward our company and your support, and we look forward to mastering the challenges lying ahead of us and take advantage of our opportunities.

**“Despite the numerous challenges, Siegfried Group looks back on a successful year. This was possible only due to the large commitment and strong cohesion within the Group, and the excellent teamwork among all of our employees.”**

Siegfried was awarded an “A” rating. In order to further advance the implementation of the various ESG initiatives, a cross-functional Corporate Sustainability Board was established in 2021 with CEO Wolfgang Wienand as sponsor, which will report regularly to the Executive Board and the Board of Directors on the status of work and progress.

#### Decisive Crisis Management in Special Situations

2021 was the second year of the global pandemic. COVID-19 posed major challenges for the company and its employees, par-

genta in 2015 and has worked in senior positions there. Dr. Beat Walti is a partner in the Zurich-based firm of lawyers, Wenger & Veli AG. He is chairman of the board of trustees of the Ernst Göhner Stiftung. He was elected to the Swiss Federal Parliament in 2014.

#### Employees as the Basis for Success

Despite the numerous challenges, Siegfried Group looks back on a successful year. This was possible only due to the large commitment and strong cohesion within the Group, and the excellent teamwork among all of our employees. In the name of the

**Dr. Andreas Casutt**  
Chairman

**Dr. Wolfgang Wienand**  
Chief Executive Officer



## Vaccine Filling

Vaccine filling for BioNTech at our Hameln site with effect from mid-2021 represents a significant contribution to the fight against the corona pandemic. Implementation of the project in a tight timeframe was a large organizational and logistical challenge, which we successfully mastered as a global team and in close cooperation with BioNTech. This fills us with pride.

In May 2021, Siegfried also announced support for Novavax in the commercial aseptic filling of their coronavirus vaccine candidate.



## New Sites in Spain

The integration of our new Spanish sites, Barberà del Vallès and El Masnou, into the Siegfried network proceeds according to schedule. The transformation to a CDMO represents a big step with corresponding changes, both culturally and with regard to the business model. Thanks to the close cooperation in project teams across the sites we have already reached some important intermediate goals.

The establishment of the Center of Excellence is an investment in the continued development of both sites and their employees. This is a clear commitment to the two sites in Barcelona and to closer customer proximity and service in the area of Drug Products.



## Online Report report.siegfried.ch



On our Online Report you will find further information on various topics relating to the year 2021.

# The Year 2021 in Review

Share price CHF

800

## 845.1

**Publication of 2020 annual results in million CHF**

The Siegfried Group reports growth in sales and margins for 2020.

700

600



**Addition to the Executive Committee**

With effect from 1 January, Irene Wosgien joins Siegfried Group's Executive Committee as Chief Operating Officer Drug Substances.

500

400

300



**Finalization of acquisition**

Siegfried successfully finalizes the acquisition of two pharmaceutical production sites from Novartis in Spain.

200

100



**Support vaccine filling for Novavax**

Siegfried announces support for Novavax in commercial filling of its innovative coronavirus vaccine candidate NVX-CoV2373.

## 388.1

**Publication of half-year result 2021 in million CHF**

Siegfried increases first-half 2021 sales and earnings.



**Virtual Annual General Meeting**

Siegfried again carries out its annual general meeting in virtual format and decides to distribute CHF 3.00 per registered share.

**Placing of senior bonds**

Siegfried places senior bonds on the Swiss capital market in the amount of CHF 200 million.

**Cyberattack**

Siegfried falls victim to a cyberattack on its IT systems. Following interruptions across the entire network, production was ramped up rapidly and the results of the cyberattack overcome soon.



**Corona**

The corona pandemic kept Siegfried busy throughout the year. Despite the aggravated circumstances and many restrictions, business activities could always be maintained thanks to extensive protective measures.

**Jan – Feb**

**March – Apr**

**May – Jun**

# 1102.4

Sales  
in million CHF

31 December 2021



## Filling BioNTech vaccine

Commercial filling of the innovative mRNA coronavirus vaccine BNT162b2 ("Comirnaty") for the German pharmaceutical company BioNTech at the Hameln site was successfully started on schedule.



## Center of Excellence

Start of establishing the planned Center of Excellence for high-quality development services in the area of Drug Products plus extensive investment in laboratories and pilot plants at both Spanish sites, Barberà del Vallès and El Masnou.

Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA

## Dow Jones Sustainability Index

Siegfried joins the Dow Jones Sustainability Index (DJSI) Europe for the first time, a distinction for its commitment to and implementation of sustainable business practices.



## Addition to Executive Committee

With effect from 1 October 2021, Marcel Imwinkelried is appointed Chief Operating Officer of Technical Operations Drug Products and joins the Executive Committee of the Siegfried Group.



## UN Global Compact

Siegfried announces its membership in Global Compact Network Switzerland & Liechtenstein.

July – Aug

Sep – Oct

Nov – Dec

# Profitable Growth – Sales above CHF 1 Billion

Key Figures Overview	2021	2020
<b>Net sales</b> (million CHF)	<b>1 102.4</b>	<b>845.1</b>
<b>Core gross profit</b> (million CHF)	<b>239.3</b>	<b>177.5</b>
Core gross profit margin (%)	21.7%	21.0%
<b>Core EBITDA</b> (million CHF)	<b>207.2</b>	<b>149.4</b>
Core EBITDA margin (%)	18.8%	17.7%
<b>Core EBIT (operating result)</b> (million CHF)	<b>124.4</b>	<b>94.3</b>
Core EBIT margin (%)	11.3%	11.2%
<b>Core net profit</b> (million CHF)	<b>95.3</b>	<b>72.5</b>
Core net profit-margin (%)	8.6%	8.6%
Non-diluted core earnings per share (CHF)	22.66	17.50
Diluted core earnings per share (CHF)	21.95	16.90
<b>Cash flow from operating activities</b> (million CHF)	<b>119.7</b>	<b>114.8</b>
<b>Free cash flow</b> (million CHF)	<b>6.5</b>	<b>45.7</b>
Investment in property, plant and equipment and intangible assets (million CHF)	113.4	69.1
	31.12.2021	31.12.2020
<b>Equity</b> (million CHF)	<b>688.2</b>	<b>733.2</b>
<b>Total assets</b> (million CHF)	<b>1 669.2</b>	<b>1 242.3</b>
Equity ratio (%)	41.2%	59.0%
Employees (number of FTEs)	3 432	2 532



**Online Report**  
report.siegfried.ch/figures



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## CFO Commentary on the Financial Result

### Profitable growth and increase in margins

Siegfried continued to grow profitably in the 2021 business year, increasing net sales to 1102.4 million Swiss francs. This is the first time in its long history that the Group has achieved sales of more than one billion Swiss francs.

The two important foreign currencies, the euro and the US dollar, moved in different directions against the Swiss franc in the year under review: the euro, which gained in importance with the acquisition in Spain, appreciated slightly against the Swiss franc. The US dollar, on the other hand, depreciated against the Swiss franc. Overall, the effect was small but slightly positive. In local currency, the growth compared to the previous year was +30.3%, in Swiss francs 30.5%.

Core gross profit increased to 239.3 million Swiss francs, corresponding to a slight improvement in the core gross profit margin from 21.0% in the previous year to 21.7% in the year under review.

Core EBITDA (CHF 207.2 million, +38.8%), Core EBIT (CHF 124.4 million, +32.0%) and Core net profit (CHF 93.6 million, +29.0%) developed very positively. Core EBITDA and Core EBIT again grew relatively stronger than sales compared to the previous year. This was reflected accordingly in an increase in margins: the core EBITDA margin was 18.8% (previous year: 17.7%). The core EBIT margin (11.3%) also increased compared to the previous year (11.2%).

Siegfried has introduced the core Metrics with the presentation of the half-year results in 2019. The core results exclude extraordinary expenses and income in a transparent and easy to understand way enabling the market participants to better understand the company's operational performance and allowing a better comparison across periods. Siegfried is using the core results in addition to the Swiss GAAP FER results as important indicators for the internal assessment of the performance of the group. In the current year 2021, the reported results are corrected for technical and non-cash effects from an interest rate change effect on the value of pension obligations from foreign pension plans, extraordinary effects from changes in the Swiss tax law, integration costs related to the acquisition in Spain and restructuring costs. All expenses in connection with the cyber attack and the fraudulent payments were not corrected in the Core figures. These are fully included in the Core figures.

### Strong Growth of core Gross Profit Margin and core EBITDA

Sales of 1102.4 million Swiss francs are composed of 656.0 million Swiss francs Drug Substance and 446.4 million Swiss francs Drug Product sales. Both businesses contributed to the growth, although Drug Products growth was significantly higher due to the acquisition of the two pharmaceutical manufacturing sites in Spain and the vaccines business.

Core gross profit increased to 239.3 million Swiss francs. The core gross profit margin increased to 21.7%.

Core marketing and distribution costs were slightly higher than in the previous

year at 16.3 million Swiss francs. In research and development, an important area for Siegfried, costs of 40.4 million Swiss francs were incurred, an increase in absolute terms compared to the previous year, but practically at the previous year's level in relation to sales. Administration and general costs at core level amounted to CHF 62.2 million, higher than the previous year.

Other income was slightly higher than the previous year at 4.1 million Swiss francs.

In total, Core EBITDA amounted to 207.2 million Swiss francs, which corresponds to a Core EBITDA margin of 18.8% and a significant increase of +38.8% compared to the previous year.

### Higher Core Net Profit

Core financial expenses were slightly higher than in the previous year at 4.9 million Swiss francs. This was due to the new senior bonds placed in May 2021, which are carried as debt in contrast to the repaid hybrid bond, and the syndicated loan, which was more heavily utilized as a result of the acquisition. It results in a significantly higher core net profit of 95.3 million Swiss francs, an increase of 31.4% compared to the previous year.

### Operating Cashflow, Free Cashflow and Cashflow from Financing Activities

At 210.7 million Swiss francs, operating cash flow before changes in net working capital was significantly above the previous

francs. At the end of the year, net debt in relation to core EBITDA was 1.97. The equity ratio was 41.2%. Thus, even after the latest acquisition, the Siegfried Group continues to have the necessary debt capacity to finance further growth steps.

### Proposal of Par Value Repayment to the General Assembly

At the Annual General Meeting on April 13, 2022, the Board of Directors will propose to the Shareholders to reduce the par value of a share from 21.20 Swiss Francs by 3.20 Swiss Francs to 18.00 Swiss Francs and to distribute the amount of the reduction in par value of 3.20 Swiss Francs instead of a dividend.

**Dr. Reto Suter**  
Chief Financial Officer

**“Sales of 1102.4 million Swiss francs are composed of 656.0 million Swiss francs Drug Substance and 446.4 million Swiss francs Drug Product sales.”**

year's level (153.4 million Swiss francs). In the area of net working capital, trade accounts receivable and also trade accounts payable developed favorably in the year under review; there was an increase in inventories, in particular from the build-up of safety stocks. In total, cash flow from operating activities amounted to 119.7 million Swiss francs, a slight increase of 4.3% compared to the previous year.

As announced, investments in property, plant and equipment and intangible assets were higher than in the previous year at 113.4 million Swiss francs. This results in a free cash flow of 6.5 million Swiss francs.

In May 2021, the company successfully placed senior bonds in the amount of 200 million Swiss francs on the Swiss capital market. The bonds were issued with a maturity of 5 years and a coupon of 0.20%. The issuance was for general corporate purposes, including the early refinancing of the hybrid bond of 160 million Swiss francs, which was repaid on October 26, 2021.

### Other Financial Key Figures

At year-end, Siegfried had CHF 72.6 million in cash and cash equivalents. Outstanding loans amounted to CHF 480 million. Thus, net debt amounted to 407.4 million Swiss



### Change CHF (LC)

+30.5% (+30.3%)

34.8%

38.8%

32.0%

31.4%

29.5%

29.9%

4.3%

-85.8%

64.0%

Change

-6.1%

34.4%

35.5%

# Efficient Network around the Globe

As a leading CDMO, the Siegfried Group builds on a finely tuned global development and production network of eleven sites in seven countries on three continents, both in the area of Drug Substances and Drug Products. Within this network, the function/role and core competence as well as the optimal technology portfolio of each site is defined.



			 With Siegfried since	 Number of permanent employees	 Competencies
<b>Zofingen<sup>HQ</sup></b>	Switzerland	<b>DS</b>	1873	634	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
<b>Pennsville</b>	USA	<b>DS</b>	1928	205	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
<b>Hal Far</b>	Malta	<b>DP</b>	2007	155	Solid oral dosage forms
<b>Irvine</b>	USA	<b>DP</b>	2012	133	Sterile filling
<b>Nantong</b>	China	<b>DS</b>	2013	250	Active pharmaceutical ingredients (API), Intermediates
<b>Hameln</b>	Germany	<b>DP</b>	2014	495	Sterile filling
<b>Evionnaz</b>	Switzerland	<b>DS</b>	2015	394	Active pharmaceutical ingredients (API), Intermediates
<b>Minden</b>	Germany	<b>DS</b>	2015	343	Active pharmaceutical ingredients (API), Intermediates, Controlled Substances
<b>St. Vulbas</b>	France	<b>DS</b>	2015	136	Active pharmaceutical ingredients (API), Intermediates
<b>Barberà del Vallès</b>	Spain	<b>DP</b>	2021	515	Solid oral dosage forms
<b>El Masnou</b>	Spain	<b>DP</b>	2021	377	Sterile filling



## Products



### APIs and Intermediates

Siegfried's chemical expertise centers on the development and production of active pharmaceutical ingredients and intermediates. Our global network in this field includes sites in North America, Europe and Asia. This enables our customers to benefit from synergies and flexible solutions tailored to their specific needs.

Active pharmaceutical ingredients (APIs) are used in the production of a medication. APIs are the key ingredient of a finished product that is ready for administration with a direct effect concerning treatment.

Intermediates are created in the course of a multi-step chemical reaction. They are not final products but the result of the previous step and the initial product for the following reaction step.

## Services



### Exklusive Synthesis (Single Client)

Siegfried features expertise in the manufacturing of custom active pharmaceutical ingredients (API) and intermediates. Our services in the field of exclusive synthesis comprise:

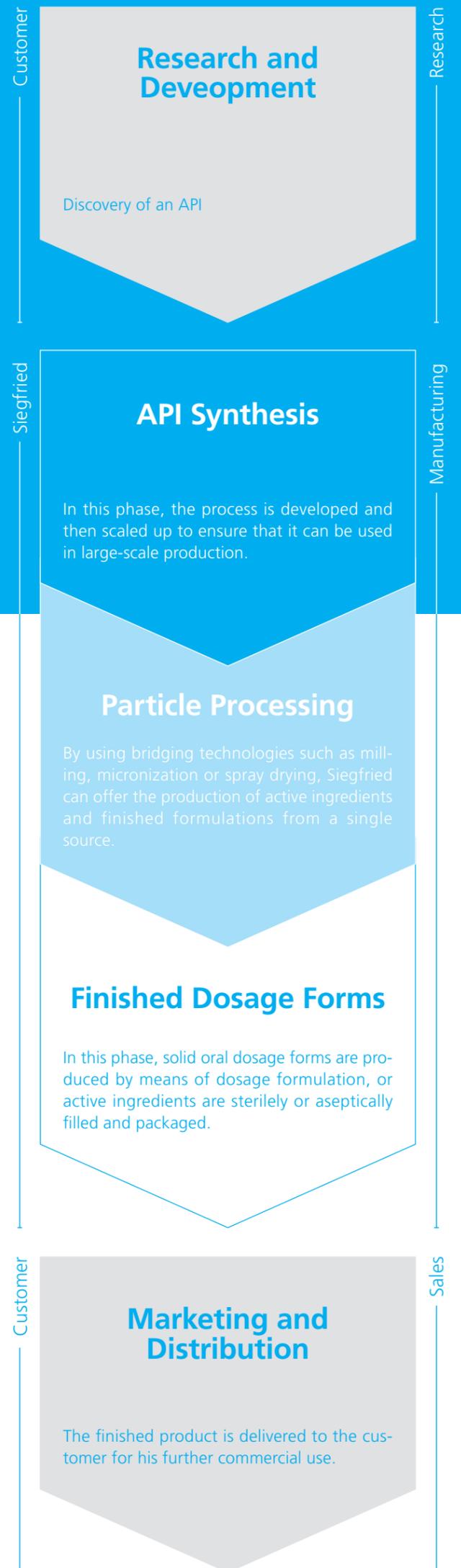
- **Process and chemical development:** We develop genuinely scalable, cost-effective and robust pharmaceutical manufacturing processes, appropriate to our customers' products' market needs.
- **Analytical development:** For effective and robust processes Siegfried applies requisite analytical parameters and controls.
- **Pilot manufacturing and scale up:** Siegfried's core strength is taking a chemical process from development and scaling it up into a cost-effective and robust manufacturing process.
- **Commercial manufacturing:** We provide reliable and consistent commercial supply combined with good quality product and performance. We do this by providing our customer's versatile cGMP manufacturing capability and robust manufacturing processes suitable for specific market needs.

### Portfolio Offering (Multi Client)

Siegfried offers a wide portfolio of APIs no longer protected by patents and controlled substances used amongst others as anesthetics, for pain treatment (e.g. in cancer therapy), and for diseases of the central nervous system and the respiratory tract. Controlled substances are chemicals, whose production, ownership and use are strictly regulated by international conventions and national legislation. Siegfried owns all the know-how and copyrights for their production process and is therefore free to sell individual APIs not only to one customer (single client in exclusive synthesis) but to a large number of pharmaceutical customers (multi client). Our outstanding quality and regulatory track record make Siegfried the ideal partner for active pharmaceutical ingredient needs.

## From the API to the Finished Product

As a fully integrated pharmaceutical company, Siegfried is today one of the few suppliers that can carry out both the development of active ingredients and finished formulated drugs under one roof. This combination of experience and know-how is unique in the CDMO market.



# Drug Substances Drug Products



## Products



- **Solid oral dosage forms:** Siegfried offers a specific range of pharmaceutical development and production of solid dosage forms (tablets and capsules) for the global market. The offer ranges from cGMP-compliant scaling-up and production of clinical trial material to mass production and packaging of finished products. These include highly potent substances used in oncology, for example.
- **Sterile und aseptic filling – Injectables:** Siegfried's capabilities in this area include filling of small molecules, biologics and vaccines, including cold chain management and distribution. Formats offered include vials, ampoules and filled syringes.
- **Ophthalmics:** As an expert in sterile ophthalmic formulations, Siegfried is an expert in filling sterile ointments, gels, suspensions and solutions into tubes, pre-filled syringes, cartridges and vials.
- **Inhalative products:** Siegfried manufactures capsules for inhalation applications for medical devices for the treatment of respiratory diseases under controlled conditions.

## Services



### Contract Development and Manufacturing

Our Services in the area of Drug Products comprise:

- **Pharmaceutical development:** We offer our customers a broad range of pharmaceutical development services, be it in the area of complex oral dosage forms or of standard and complex injectable and ophthalmic formulations.
- **Analytical development:** Our specialists from the drug product analytical development team work closely with their pharmaceutical development counterparts to ensure our customer's product is fully supported at every phase in the development process.
- **Scale up and clinical trial material production:** Siegfried's core expertise lies in scaling up a formulation in development into a cost-effective and robust manufacturing process as well as in supporting the customer's clinical trial material needs.
- **Process and analytical transfer:** From an early development phase, Siegfried plans and designs processes that ensure a successful scale up and transfer to commercial production. Siegfried supports the complete process transfer of a product, either into commercial production or to the client's own location.
- **Commercial manufacturing and packaging:** Both our Malta and Zofingen plants have a multitude of state-of-the-art technologies and equipment at their disposal to manufacture various complex solid oral dosage forms. At its sites in Hameln and Irvine, Siegfried offers specialized contract aseptic manufacturing for both the pharmaceutical and biotechnology industries, thereby supporting the entire value chain for aseptic services from simple to complex formulation.

### Licensing

For our customers wishing to expand their product pipeline, we have selected oral solid and sterile products commercially available. Also, Siegfried assembles complete registration dossiers and offers a Common Technical Document (CTD) for all products.

# “We Shall Continue to Increase Sales in the Coming Years”

## Interview with Wolfgang Wienand, Chief Executive Officer of the Siegfried Group

**Wolfgang Wienand, you consider the 2021 reporting year to be historic. What is so exceptional about the year?**  
 Without a doubt, the 2021 financial year may be described as historic. For the first time, Siegfried Group reports sales of over one billion Swiss francs. This is an important milestone which I set for us when I was appointed CEO in 2019. Of course, this is not only about the numerical threshold as such. It implies, moreover, that we have joined the leading players in our industry earlier than expected.

**This group of leading players includes no more than six companies. What does it mean for the future? What is Siegfried’s potential in this market?**  
 The CDMO market continues to be very fragmented. In my eyes, market consolidation has only just started, and I am convinced that it will pick up in the years to come. If we wish to maintain our position, we must continue to grow, either organically by means of investments in our global network, or by means of acquisition. This is the aim of our “Evolve” strategy which continues to apply. With a view on the strength of our team, I feel confident that this strategy will lead us to success. We aim to play an active role in this consolidation, and we have all of the necessary requirements.

**The growth step in the year under review was made with the acquisition of the two Novartis sites in the vicinity of Barcelona. Both joined the Drug Products division and, as a result, the volume of sales handled by each of Siegfried’s divisions has shifted toward Drug Products. Is that of any significance for you?**

This is less about an improved quantitative balance between the two divisions than about having achieved critical size in Drug Products with a total of five sites worldwide. We can now make our customers a very attractive and flexible offer by means of the newly available differentiating technologies and the additional capacities in Barberà del Vallès and El Masnou while also creating economies of scale. In order to take full advantage of this strength we decided to reinforce our development competencies and development capacity in the field of Drug Products and establish a Center of Excellence for these activities in Barcelona. This is a large investment of great significance to us.



**Siegfried increased its margin in 2021 despite corona, the elaborate and demanding integration of two sites with some 1000 employees, a cyber-attack and an internal fraud case. How did you manage that?**

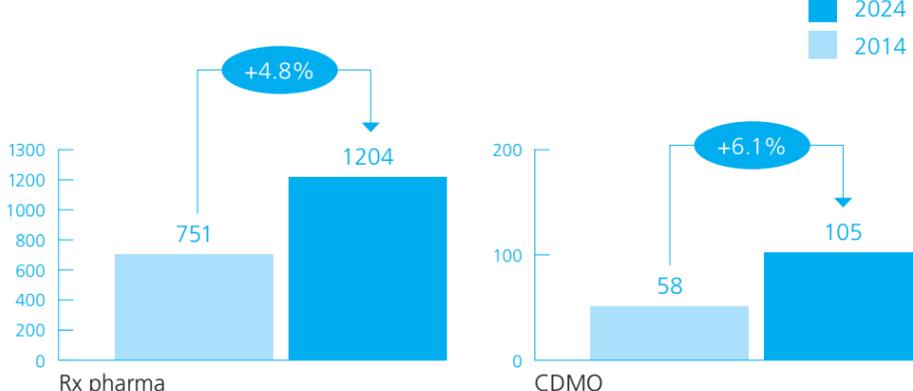
Indeed, expanding our margin under the given assumptions is not a given. Corona remained omnipresent in the year under review, and it complicated our production activity owing to higher absentee rates and some delays in the global supply chain, especially during the first and second quarters. Dealing with the cyberattack made heavy demands on us, including myself. Naturally, the connected production outages and the internal fraud case burdened our income statement. The fact that we grew despite these setbacks, also organically, in other words, without the contribution of acquisitions while increasing our margin, is proof of our attractive and healthy product portfolio and the competitiveness and resilience of our team. This stands for the hard work and discipline shown by our employees.

**It seems that the five values which you identified for Siegfried are well entrenched in the company. How important are they for you?**

Very important! Although Siegfried looks back on a long tradition – we will soon celebrate our 150<sup>th</sup> anniversary – over three quarters of our employees joined the Siegfried family less than ten years ago, and the 1000 colleagues in Spain only one year ago. For us as a company, this means new countries, new languages and new cultural backgrounds in our teams.

In order to successfully cope with such fast growth, a company must be in a position to build identity fast and develop a strong feeling of togetherness. This presupposes clarity concerning who we are, where we are going together, and defining the rules for friendly and successful cooperation. In other words: Mission, Vision and robust shared Values. This is what our five Siegfried values live up to. Moreover, the entire company understands and accepts them. Remember, “Sustainability” is also one of Siegfried’s five key values. With this value we associate the demand on ourselves to take entrepreneurial decisions in such a way that they will stand the test of time and provide success. This encompasses the manner in which we manage our company, take into consideration our social responsibility and handle natural resources. We are making steady progress here.

### Global Pharma Market vs. CDMO Market



# Mission Vision Values



Proof of this is the first-time inclusion of Siegfried in the Dow Jones Sustainability Index Europe.

**At the end of this interview, let us return to sales. Where do you expect further growth, and what is the role of vaccination filling?**

Sales will grow clearly over the coming years. The growth rate will depend on the requirement level for COVID vaccines. And, as always, there are other factors that play a role, such as the exchange rate. Despite the importance and the pride we take in our important contribution in the field of COVID vaccines, I always keep in mind our other fields of business, which are healthy and growing. For the current year, I see our organic growth in local currencies in the high single-digit to low double-digit percentage range at a core EBITDA margin of above 20 percent. And, of course, we will keep our eyes open for attractive acquisition targets and act consistently, if required.

Our mission and vision as well as our corporate values form the foundation for Siegfried’s self-image and thus for the success of the company.

## Our Mission

We do matter to customers, patients and society.

“With mastery of science and technology, we take the precious innovations of our pharmaceutical customers to industrial scale and manufacture safe drugs for patients worldwide.”

## Our Vision

We aim for industry leadership.

“Siegfried is the most trusted partner of the pharmaceutical industry and the global leader in the CDMO space – because we are the strongest team running the most competitive network.”

## Our Values

We strive for outstanding performance.

“Our values and leadership principles are the basis to build the strongest team in the industry.”



The video with CEO Wolfgang Wienand can be found on our Online Report.



Excellence

“We excel in everything we do”



Passion

“We deeply care about what we do and how we do it”



Integrity

“We act responsibly, reliably, respectfully and live up to our own standards”



Quality

“We do it right first time”



Sustainability

“We do not only think about tomorrow, but far beyond”

# Global Value Awards

## Winner of the Global Value Awards 2021



### Global Value Awards

The "Value Awards" as part of the "Great Workplace" initiative represent the new global basis for recognizing and honoring outstanding achievements and exemplary behavior – in accordance with our corporate values. They were awarded for the first time in 2021.

The Value Awards are divided into four categories:

**Value Kudos** allow employees on all levels to personally acknowledge individual accomplishments and contributions of colleagues, inspiring positivity and deeper connections that strengthen our culture and encourage us to live up to our values.

**Value Awards** recognize exemplary individual or team behavior and work throughout the year.

**Site Value Awards** are selected at the end of the year from the Value Awards honored during the year and are of outstanding nature and impact to the entire site.

**Global Value Awards** finally highlight the most outstanding work and behavior with relevance for Siegfried as a group, which are selected from the Site Value Awards and Value Awards honored in the Corporate Functions.

The fact that all 2021 Global Value Awards went to teams and cross-site projects underscores the importance and strength of the Siegfried network.

[#strongestteam](#)  
[#mostcompetitivenetwork](#)



### Excellence

#### Packaging Efficiency Project Malta



**John Jones**  
Head of Operations, Malta

Some years ago, the Malta site started on an improvement journey using the methodology of Mini Business Units (MBU). Through cross-functional engagement and collective team spirit, the entire site worked tirelessly to contribute toward a record revenue achievement. Especially the multidisciplinary Level 2 team accelerated their efforts last year, relentlessly driving focused and aligned implementation by creating an environment, in which they challenged each other, set clear priorities, and shared clear expectations. This resulted in improved plan adherence, on-time and in-full delivery of raw materials and technical material, but also on-time shipments and aligned internal processes. One of the biggest achievements is the fact that our team has almost doubled the output of the packaging lines at the Malta site. All of these efforts eventually led to a site revenue in 2020, which exceeded the budget by about 50%. Thanks to this, we were also able to supply the large quantities of Candesartan that were in demand on the market due to the nitrosamine issue with Valsartan. We had to step up operations in order to supply the market with volumes that seemed unreachable. However, we succeeded, and we are proud of this. Our team has proven that with a multidisciplinary approach, dedication and collaboration we can achieve excellence in our organization, creating value for our customers. This award means a lot for the team and, especially, for me, as we managed to reach and exceed what seemed to be a tough challenge. Recognition of this achievement made the outcome from the project more valuable to all members of the team.



### Passion

#### I-850 Project Minden / Zofingen



**Günter Kirchoff**  
Planning and Maintenance  
Manager, Minden



**Silke Simon**  
Project Manager, Minden

Based on a call for tender for a comprehensive contract manufacturing project concerning an innovative API used in the treatment of hyperkalemia, an interdisciplinary team was formed consisting of R&D Zofingen, Project Management (Minden/Zofingen) and Technical Operations Minden. The team verified the process under laboratory conditions for transfer to Minden for technical trials. As it was about a new technology (large-scale emulsion polymerization), the team had to develop a feasibility study in a short period of time, as well as an extended basic engineering study in Minden, and a basic engineering package for a plant to be erected in Minden including cost estimate and a tight schedule. Simultaneously, corresponding contracts (Construction & Investment Agreement, Manufacturing & Supply Agreement) were negotiated and concluded. Siegfried's solution came out on top against all of its competitors. The challenge was successfully met owing to the close and seamless cooperation between the teams from Zofingen and Minden and the passionate commitment of all team members. The gratifying achievement in the project was that all the specified targets were met in a very short time. This was possible only thanks to the extraordinary commitment shown by our colleagues from Zofingen and Minden and their close cooperation. The challenges of the project forged a close bond between the two teams. We are very proud that this achievement was honored by the Global Passion Award.



## Integrity

### On-Site COVID-19 Testing Evionnaz / Zofingen



**Andreas Kirsch**  
Expert Lab Technician Analytics, Zofingen

When the COVID-19 pandemic hit us at the beginning of 2020, we were unprepared for it. The new situation gave rise to insecurity and, at times, anxiety. We had to adjust to coping with the restrictions while making every effort to protect our employees and maintain operations. Each one of us had to take on responsibility for ourselves, but also for the people in our private and professional surroundings. In Zofingen and Evionnaz, we started at an early stage to train colleagues to implement COVID tests internally and locally. This allowed us to provide our employees with fast and easy access to testing, to recognize potential infections at an early stage, and thereby increasing the level of safety for all of us. Moreover, it relieved the pressure on doctors' offices. Our teamwork was great, characterized by a high willingness to help and extremely high flexibility shown by its members. Each member saw the bigger picture and acted beyond the boundaries of their departments, always keeping in mind the overall aim. Comprehensive testing helped to maintain production and, in insecure times during which one may have felt a little helpless, to provide reassurance for team colleagues and their families. In addition to a high level of commitment, taking on this additional task required willingness, conviction and courage. Although the challenges in terms of organization and logistics were big, they were successfully mastered by the team. The numerous and very grateful responses from our colleagues showed that we were right to take on responsibility. We are happy to have received recognition for the tremendous effort made by our team, and we are proud to have made an important contribution toward coping with the pandemic.



## Quality

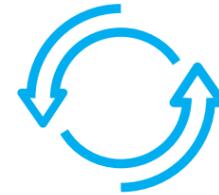
### Nitrosamine Compliance Team



**Enno Schweinberger**  
Head Global Quality Management DS, Zofingen

**Beatrice Harder**  
Head Regulatory Affairs Site Zofingen, Zofingen

In 2018, carcinogenic nitrosamines were discovered in a drug against hypertension developed by a Chinese manufacturer. When similar cases appeared in products by other companies, regulatory authorities – including the European Medicines Agency, EMA – requested all holders of an authorization to market the drug to assess the possibility of nitrosamines in their products. At Siegfried, this triggered a sling of activities. Within a short period of time, a multidisciplinary team of colleagues from all sites and various departments was put together. The challenges consisted in keeping pace with the rapidly changing requirements of the authorities, creating a process, and building up the knowledge to implement risk evaluation within short deadlines. We divided the wide range of tasks among various workstreams, permitting us to implement more than 270 risk assessments within a period of six months while maintaining the ambitious time frame. It was a comprehensive and challenging project with a global effect. The team consisted of over 50 colleagues from each Siegfried site and from 10 different departments. Thanks to the high quality of the risk evaluations and the timely delivery to customers, Siegfried proved to be a reliable partner, which significantly contributed toward customer satisfaction. The award shows a high regard for our large commitment and represents a big motivation for successfully dealing with further challenges in the future. We very much appreciated the internal cooperation as much as the recognition by our customers and the authorities. It was a valuable experience for everyone involved.



## Sustainability

### Blue Sky registration Nantong / Zofingen



**Sara Da Ros**  
Project Manager, Zofingen

The aim of the "Blue Sky Registration Campaign" project between Zofingen and Nantong was the successful introduction of a second generation process for an exclusive product. This is Siegfried Nantong's largest and best-selling product. The global and multidisciplinary team consisting of colleagues from Nantong and Zofingen lived up to its name, "Blue Sky": it grew beyond its limits far into the blue sky. It created a more efficient process with less waste, higher earnings and better performance. The new production process was developed and scaled up in Zofingen followed by the know-how and process transfer to Nantong with a subsequent registration campaign in the Nantong pilot plant. The project has distinguished itself by close cooperation and outstanding communication among the transfer teams and the two sites. The successful introduction of the second generation process ties the product to the company long-term and allows to implement continuing customer management. Consequently, the Nantong site can secure good capacity utilization, which it can expand, if required. As Siegfried's global project manager, I am extremely pleased about the award because we performed as a team and have been awarded jointly. Mastering a project across several sites requires the outstanding commitment by everyone involved. I witnessed closely how the team grew and how each individual was prepared to walk the extra mile in accordance with our slogan "the strongest team".

# Siegfried's Commitment to Sustainability

In 2021, we were again very active in the area of sustainability and also developed further organizationally in addition to other topics. We called into life the Corporate Sustainability Board, an interdisciplinary body that coordinates and pools our sustainability activities. Owing to the significance of the topic of sustainability for Siegfried – sustainability has been one of our company's five core values since 2019 – I am myself a sponsor of this body, which will report to the Board of Directors on its activities and progress made.

Siegfried will soon look back on a 150-year history, which we are committed to and which we aim to continue and develop. Sustainability and sustainable management are not a burdensome duty for us. Rather, "Sustainability" and "Integrity" represent two of our five corporate values and represent the basis for our daily work and our entrepreneurial activity. We are thus expressly committed to sustainable corporate management:

We are pleased to confirm that Siegfried continues to support the aims of the UN Global Compact as set out by the United Nations in the year 2000 and advocates environmental protection, the protection of human rights, compliance with labor standards, and the fight against bribery and corruption. To this effect, we have launched initiatives and projects company-wide to

advance the aims of the UN within our sphere of influence. In this document we describe our annual progress and commit ourselves to continue these efforts in the future.

As reported earlier, Siegfried has in the past years launched numerous efforts and initiatives, resulting in progress and success in the area of sustainability, and which we continued in 2021. And I am very pleased to report that our efforts are being recognized by external parties and independent institutions. In addition to certifications such as the ISS ESG Rating and the MSCI ESG Rating, Siegfried 2021 has also been included in the Dow Jones Sustainability Index Europe. We look upon this as confirmation of our activity and a request to forge ahead. At Siegfried we are well aware of our responsibility and the different expectations of our stakeholders, also and especially in the regulatory area, and we act accordingly.

On this basis, we approach the next steps with confidence: In 2022, in a structured process, we shall review the issues identified as essential for Siegfried in 2016 and integrate internal and external stakeholders. In the area of SHE (Safety, Health & Environment), we adjusted the organization and shall introduce a global function "Global Head SHE" in 2022. This will give due consideration to the significance of the area and the topic at hand for our global organi-

For the Siegfried Group, the focus in the area of sustainability is on compliance and quality, social responsibility, safety, health, and environmental protection, as well as its role as a responsible employer.

Furthermore, we continue to work toward our ambitious goal of reducing Siegfried's CO<sub>2</sub>-footprint by 50 percent by 2030 (compared to 2020, on a revenue adjusted basis).

We are proud of what we have achieved so far while aware that there is still a lot to be done.



**Dr. Wolfgang Wienand**  
Chief Executive Officer



## Highlights



Cross-functional Corporate Sustainability Board set up, sponsored by CEO and supervised by BoD



Joining the United Nations Global Compact



Inclusion in the Dow Jones Sustainability Index Europe



ISO Certification Hameln (Energy management, ISO 50 001)



## Interview with Luca Dalla Torre, General Counsel, Chairman of the Sustainability Committee

### What is the significance of sustainability at Siegfried?

Sustainability is one of Siegfried's five corporate values and an important aspect of its corporate management. Siegfried was founded nearly 150 years ago, and we spare no effort to ensure success for the company in the coming years and continue to play an important role in the production of drug substances and drug products. What we do is important – for our customers, for many patients worldwide and finally also for society as a whole. For this to succeed it is imperative that our company produces sustainably and acts wisely. Today, this is more important than ever.

### How do you aim to accomplish this?

At Siegfried, ESG factors have enjoyed priority for many years. For instance, since a long time at all sites we have recorded data of relevance to the environment in the areas of energy management, CO<sub>2</sub> emissions, water consumption and waste management. Within the parameters of numerous projects we work on improving these indicators with regard to environmental compatibility. We started early to account for our activity in this area in a comprehensive sustainability report in accordance with recognized international GRI guidelines.

In order to do even more justice to sustainability, we took a further step last year

and established a Corporate Sustainability Board. This committee headed by me acts under the patronage of our CEO and is controlled by the Board of Directors. The Corporate Sustainability Board is organized cross-functionally and combines all central functions of the company.

### What are the concrete goals followed by the new organization?

The main concrete goal is the reduction of our CO<sub>2</sub> footprint. Siegfried aims to reduce its CO<sub>2</sub> emissions by 50 percent adjusted for revenue by 2030. Moreover, Siegfried commits to introducing and implementing long-term measures consistent with the net-zero goal concerning greenhouse gas emissions to limit global warming to 1.5°C.

A further goal is the development of a comprehensive sustainability strategy, which we will represent in a new reporting mechanism in the 2022 sustainability report. Toward this goal, a project has already been launched which will discuss the topic of sustainability in greater depth in an interdisciplinary circle of participants.

### Has the new organization had any success yet?

In the year under review, based on a comprehensive deficit analysis, we addressed various topics that have shown initial success. They included, for instance, embed-

ding the sustainability analysis in investment projects, introducing a new integrity codex for suppliers, and joining the United Nations Global Compact Program.

Encouragingly, Siegfried was accepted for the first time in the Dow Jones Sustainability Index Europe. This recognition means a lot to us, and it shows that we are on the right track.



**Luca Dalla Torre**  
General Counsel, Chairman of the Sustainability Committee



Reduction of carbon footprint by 50% until 2030 compared to 2020 (normalized against sales) and implementation of long-term measures in line with the GG net zero target for 2050 to limit global warmth to 1.5° Celsius



Introduction of Siegfried's supplier integrity commitment



**Sustainability Report**  
[report.siegfried.ch](https://report.siegfried.ch)



Net sales  million CHF

# 1102.4

Net sales in 2021 reached 1102.4 million Swiss francs.

Increase: **+30.5%**

# 207.2

Core EBITDA  million CHF

Core EBITDA in 2021 amounts to 207.2 million Swiss francs.

Increase: **+38.8%**

Core net profit  million CHF

# 95.3

Core net profit in 2021 amounts to 95.3 million Swiss francs.

Increase: **+31.4%**

# Visit our Online Report:

[report.siegfried.ch](http://report.siegfried.ch)



Online Report



Corporate Governance



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## About this Annual Report

In addition to highlighting Siegfried's business performance and its position concerning assets, finances and earnings, this report throws light on the company's commitment concerning sustainability and its interaction with society and the various stakeholders.

They are to gain a comprehensive and differentiated understanding of how Siegfried incorporates these issues into its corporate strategy and of progress achieved in this regard in the course of the year. The report appears in English and German language.

### Scope

We report on the 2021 financial year ending 31 December 2021. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in March 2021, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2023.

### Governance

Our statement concerning Governance describes the principles of management and the control of the Siegfried Group. Essentially, the Siegfried Group's corporate governance follows the Swiss Code of Best Practice and is subject to regular reviews and further development by the Board of Directors. Any deviations from these guidelines find mention in the report.

### Principles of accounting

The Siegfried Group's financial reporting is carried out in accordance with the entire guidelines of Swiss GAAP FER and the provisions of the Swiss law.

### External validation

PricewaterhouseCoopers AG (PwC) as auditors reviewed Siegfried Holding AG's Compensation Report (tables with remark "Audited") for the financial year ending 31 December 2021 and came to the conclusion that it corresponds with the law and with article 14 to 16 of the Ordinance against excessive remuneration for listed stock corporations. The process of sustainability reporting was supported by BSD Consulting, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Accordance with GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option. Furthermore, for the present annual report, the GRI Materiality Disclosures Service was carried out and the accuracy of the GRI references 102-40 to 102-49 confirmed. Please refer to the detailed GRI content index on the Internet at [report.siegfried.ch](http://report.siegfried.ch).

## Publisher's Note

This Annual Report is also available in German, being the original version.

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# Corporate Governance 2021

03

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Group Structure and  
Shareholders

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Board of Directors

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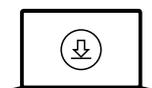
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Executive Committee

# Corporate Governance

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27	Auditors
27	Information Policy and Restricted Periods



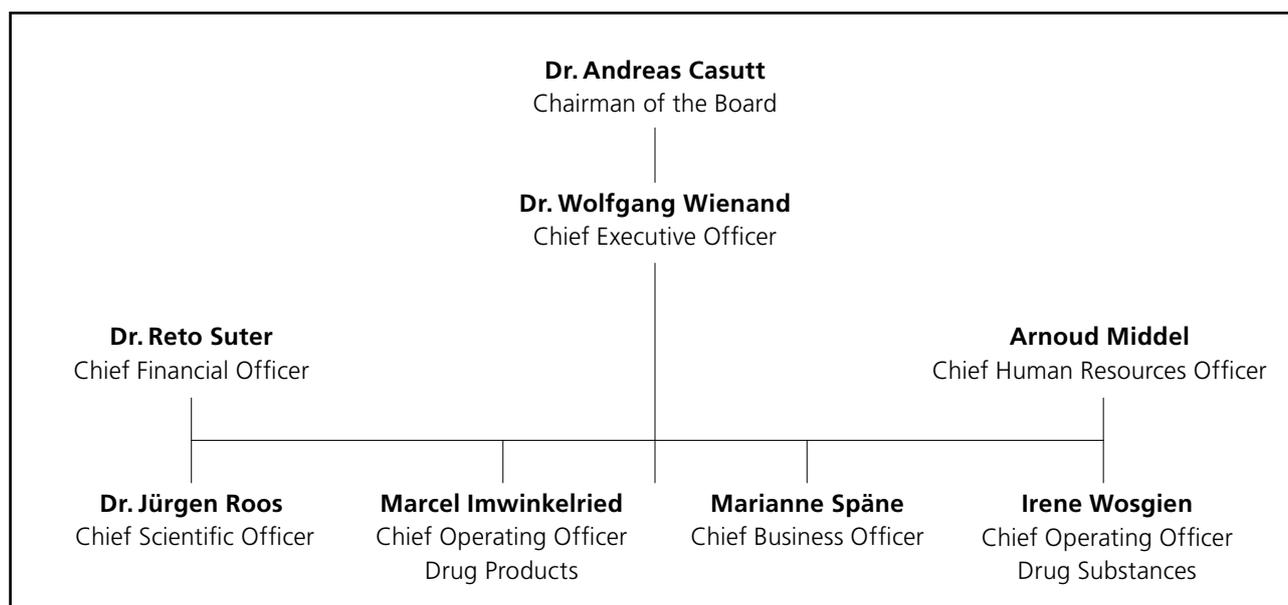
This is an excerpt of Siegfried's Annual Report 2021.  
All chapters of Siegfried's Annual Report 2021 can be  
downloaded at [report.siegfried.ch](https://report.siegfried.ch).

Good and transparent Corporate Governance allows Siegfried to develop and strengthen its long-term relationships with shareholders, customers and employees, thereby creating value for both the company and its stakeholders.

## 1. Group Structure and Shareholders

### 1.1 Group Structure

#### 1.1.1 Operational Group Structure (as of 31.12.2021)



## 1.1.2 Legal Group Structure

Siegfried Holding AG, with registered office in Zofingen (Switzerland), is the parent company of the Siegfried Group. As of December 31, 2021, the Siegfried Group comprised 19 consolidated operating and holding companies worldwide. Siegfried Holding AG is listed on the SIX Swiss Exchange (valor symbol: SFZN, ISIN: CH0014284498). On December 31, 2021, the market capitalization of Siegfried Holding AG amounted to approximately CHF 3745 million.

Siegfried Holding AG is the only listed company of the Siegfried Group which includes the following major group companies:

	Currency (LC)	Capital in LC	Holdings in %
<b>1. Switzerland</b>			
Siegfried Holding AG, Zofingen	CHF	93 195 200	100.00%
Siegfried AG, Zofingen	CHF	20 000 000	100.00%
Siegfried Evionnaz SA, Evionnaz	CHF	1 000 000	100.00%
<b>2. Europe</b>			
Siegfried Hameln GmbH, Hameln	EUR	750 500	100.00%
Siegfried PharmaChemikalien Minden GmbH, Minden	EUR	50 000	100.00%
Siegfried St. Vulbas SAS, St. Vulbas	EUR	15 200 000	100.00%
Siegfried Malta Ltd, Valletta	EUR	100 000	100.00%
Siegfried Barbera, S.L.	EUR	503 000	100.00%
Siegfried El Masnou, S.A.	EUR	10 099 778	100.00%
<b>3. USA</b>			
Siegfried USA, LLC, Pennsville	USD	500 000	100.00%
Alliance Medical Products, Inc., Irvine	USD	116 521	100.00%
<b>4. Asia</b>			
Siegfried (Nantong) Pharmaceuticals Co., Ltd., Nantong	CNY	422 296 722	100.00%

## 1.2 Significant Shareholders

As of December 31, 2021, the shareholders listed in the following table originally reported holdings of 3% or more of the voting rights of Siegfried Holding AG. The detailed disclosure notifications pursuant to article 120 Swiss Financial Market Infrastructure Act (FMIA) can be found under <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=SIEGFRIED>. The actual current shareholdings may deviate from the latest publicly disclosed holdings.

	Reported shares	Reported holdings in %
Ernst Göhner Stiftung, Zug, Switzerland	286 019 <sup>1</sup>	6.6
BlackRock, Inc., New York, USA	141 538 <sup>2</sup>	3.3
Credit Suisse Funds AG, Zurich, Switzerland	129 258 <sup>3</sup>	3.0
René Braginsky, Susanne Braginsky, David Braginsky; Zurich/Tel Aviv	128 000 <sup>4</sup>	3.0
Siegfried Holding AG (own shares)	127 824 <sup>5</sup>	3.0
Dimensional Holdings Inc., Wilmington, USA	126 587 <sup>6</sup>	3.0
<b>Total</b>	<b>939 226</b>	<b>21.9</b>

<sup>1</sup> According to the disclosure notification of October 6, 2020; including a purchase position of 98 759 shares, representing 2.3% (see also section 2.6).

<sup>2</sup> According to the disclosure notification of November 14, 2020.

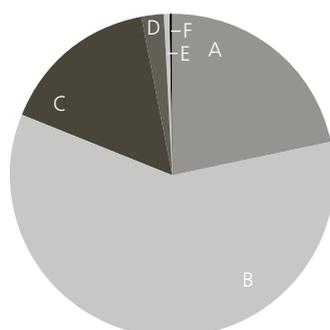
<sup>3</sup> According to the disclosure notification of April 2, 2019.

<sup>4</sup> According to the disclosure notification of December 12, 2018.

<sup>5</sup> According to the disclosure notification of December 12, 2018.

<sup>6</sup> According to the disclosure notification of March 3, 2018.

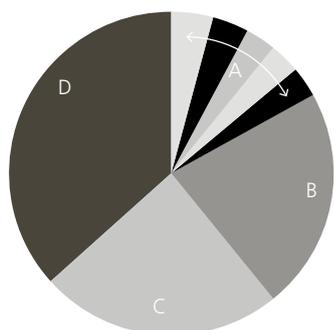
As of December 31, 2021, 7354 shareholders (excluding Siegfried Holding AG) were registered in the share register of Siegfried Holding AG, or known on the basis of the disclosure notifications pursuant to article 120 FMIA. This represents a shareholding of 67.9% of the total share capital. The distribution of the shares among the shareholders was as follows:



A: 1 596	<b>1–10 shares</b>
B: 4 384	<b>11–100 shares</b>
C: 1 171	<b>101–1 000 shares</b>
D: 171	<b>1 001–10 000 shares</b>
E: 24	<b>10 001–100 000 shares</b>
F: 8	<b>100 001–1 000 000 shares*</b>

\* incl. nominees without voting rights

Shareholdings by segment as of December 31, 2021, were as follows:



A: 16.6%  
4.3%  
3.3%  
3.0%  
3.0%  
3.0%

B: 21.5%

C: 29.8%

D: 32.1%

**Significant shareholders (>3%\*)**

Ernst Göhner Stiftung, Zug, Switzerland  
BlackRock, Inc., New York, USA  
Credit Suisse Funds AG, Zurich, Switzerland  
René Braginsky, Susanne Braginsky, David Braginsky;  
Zurich/Tel Aviv  
Dimensional Holdings Inc., Wilmington, USA

**Individuals**

**Institutional investors**

**Own shares and non-registered shares**

\* Shareholdings according to latest SIX disclosure notifications.  
Excluding own shares.

### 1.3 Cross Shareholdings

The Siegfried Group has not entered into any capital- or share-based crossholdings with other companies.

## 2. Capital Structure

### 2.1 Share Capital

The share capital of Siegfried Holding AG recorded in the commercial register as of December 31, 2021 amounted to CHF 93 195 200, divided into 4 396 000 fully paid-in registered shares with a par value of CHF 21.20 each. All registered shares (with the exception of own shares) authorize the holder to exercise one vote at the General Meeting of Shareholders, and grant the right to receive dividends (subject to the dividend resolution of the General Meeting of Shareholders). There are no preferred rights attached to any Siegfried shares.

The shares are issued as uncertificated securities within the meaning of article 973c of the Swiss Code of Obligations and registered as intermediated securities within the meaning of the Swiss Federal Intermediated Securities Act. Shareholders have no right to request the printing and delivery of share certificates or the conversion of the form in which shares are issued into another form. Shareholders may, however, at any time request from Siegfried Holding AG a written confirmation as to the registered shares listed under his/her name in the share register.

## 2.2 Authorized and Conditional Share Capital

### 2.2.1 Authorized Share Capital

The 2021 General Meeting of Shareholders of Siegfried Holding AG approved an authorized share capital of CHF 10 648 000, divided into 440 000 shares of CHF 24.20 par value each. Upon implementation of the decrease of the par value of the shares by CHF 3.00 as resolved by the 2021 General Meeting of Shareholders, the authorized share capital was reduced to CHF 9 328 000, divided into 440 000 shares of CHF 21.20 par value each. This corresponds to approx. 10% of the outstanding share capital. As of December 31, 2021, no shares had been issued out of the authorized share capital.

According to article 3<sup>ter</sup> of the Articles of Incorporation, the Board of Directors shall determine the issue price, the type of contribution, the date of issue, the conditions governing the exercise of subscription rights and the commencement of the dividend entitlement of the shares issued out of authorized share capital. The Board of Directors may issue new shares which are underwritten by a bank or another third party and subsequently offered to the existing shareholders. The Board of Directors is authorized to restrict or to prohibit trading in the subscription rights to the new shares. In the event of subscription rights not being exercised, the Board of Directors may, at its discretion, either allow such rights to expire without compensation, or place them or the shares to which they are entitled either at a market price or in some other manner in furtherance of the interests of the Company.

In addition, the Board of Directors is empowered to withdraw or restrict shareholders' subscription rights and to allocate such rights to individual shareholders or third parties in the event:

- a) of the new shares being used to acquire companies, parts thereof or equity participations, or for the financing or refinancing of such transactions, or for the financing of new investment projects undertaken by the Company.
- b) of the new shares being used either for the extension of the shareholder base in conjunction with the listing of shares on a Swiss stock exchange or for investments by strategic partners.
- c) of the new shares being placed nationally and internationally at market conditions for the purpose of raising equity in a swift and flexible manner that would be difficult to arrange or only at significantly less favorable conditions if the subscription rights to the new shares were not restricted or withdrawn.

Prior to the 2021 General Meeting of Shareholders, Siegfried Holding AG had an authorized share capital of CHF 5 203 000, divided into 215 000 shares of CHF 24.20 par value each.

### 2.2.2 Conditional Share Capital

The 2019 General Meeting of Shareholders of Siegfried Holding AG approved to increase the number of registered shares of the conditional capital from 60 000 to 215 000 shares with a par value of CHF 27.00 each, at the time representing a conditional share capital of CHF 5 805 000.

As per December 31, 2021, a total of 96 000 shares had been issued out of said conditional share capital in accordance with the purpose set forth in article 3<sup>bis</sup> of the Articles of Incorporation. As both the 2020 General Meeting of Shareholders and the 2021 General Meeting of Shareholders resolved to reduce the par value of the shares to currently CHF 21.20, the conditional share capital of Siegfried Holding AG amounted to CHF 2 522 800, divided into 119 000 registered shares with a par value of CHF 21.20 each. This corresponds to approx. 2.7% of the outstanding share capital.

The conditional share capital is reserved for the issuance of Siegfried shares to members of the Board of Directors and/or the employees of Siegfried Holding AG and/or its group companies. Pre-emptive rights as well as advanced subscription rights of company shareholders are excluded. The issuing of shares or related pre-emptive rights to members of the Board of Directors and/or employees

of Siegfried Holding AG and/or its group companies shall take place in accordance with one or more regulations to be issued by the Board of Directors, taking into account such criteria as performance, functions, responsibility levels, and profitability. Shares or pre-emptive rights may be issued to members of the Board of Directors and/or employees of Siegfried Holding AG and/or its group companies at a price below the market price.

## 2.3 Changes in Share Capital

In the financial year 2021, Siegfried Holding AG issued a total of 45 000 shares out of conditional share capital approved by the 2019 General Meeting of Shareholders. All shares were issued to the members of the Board of Directors and/or employees of Siegfried Holding AG and/or its group companies in accordance with article 3<sup>bis</sup> of the Articles of Incorporation. No shares out of the authorized share capital were issued in 2021.

In addition, the 2021 General Meeting of Shareholders of Siegfried Holding AG resolved to reduce the share capital of the Company by reducing the par value of the issued registered shares from CHF 24.20 to CHF 21.20 per share. The number of shares remained unchanged and the reduction amount of CHF 3.00 per share was distributed to the shareholders. As a result, as per December 31, 2021 the share capital of Siegfried Holding AG amounted to CHF 93 195 200 divided into 4 396 000 registered shares with a par value of CHF 21.20 each. The share capital is fully paid-in.

In the financial year 2020, a total of 45 000 shares were issued out of conditional share capital. In the same year, the General Meeting of Shareholders resolved to reduce the share capital of the Company by reducing the par value of the issued registered shares from CHF 27.00 to CHF 24.20 per share. As a result, as per December 31, 2020 the share capital of Siegfried Holding AG amounted to CHF 105 294 200 divided into 4 351 000 registered shares with a par value of CHF 24.20 each.

In the financial year 2019, a total of 53 251 shares were issued out of conditional share capital. The 2019 General Meeting of Shareholders of Siegfried Holding AG approved an ordinary increase of the share capital by increasing the par value of the issued registered shares from CHF 2.00 to CHF 27.00 per share. This resulted in a share capital of CHF 116 262 000, divided into 4 306 000 registered shares with a par value of CHF 27.00 each as per December 31, 2019.

## 2.4 Participation Certificates and Dividend-right Certificates

As of December 31, 2021, Siegfried Holding AG had no participation certificates or dividend-right certificates outstanding.

## 2.5 Limitations on Transferability and Registration of Nominees

For as long as the shares of Siegfried Holding AG are in uncertificated form and registered as intermediated securities, any transfer and collateralization of shares must be made in accordance with the Swiss Federal Intermediated Securities Act.

Voting rights may be exercised only after a shareholder has been registered in the share register of Siegfried Holding AG as a shareholder with voting rights. Registration in the share register is subject to the following statutory restrictions:

- Registration requests are considered granted if Siegfried has not denied them within 20 days after receipt.
- Petitioners must expressly declare that they have acquired the shares in their own name and for their own account.

Individual persons, who refrain from explicitly declaring in the registration application that they hold the shares for their own account (“nominees”) may be entered into the share register with voting rights, provided the nominee enters into a corresponding agreement with the Board of Directors, and is subject to a recognized bank or financial market supervision. As of December 31, 2021, no such agreements existed and all nominees were registered in the share register without voting rights.

## 2.6 Convertible Bonds and Options

On December 28, 2020, Siegfried Holding AG issued two private, non-transferable hybrid convertible bonds with a nominal value of CHF40 million each, or CHF 80 million in total. The hybrid convertible bonds are subordinated bonds with a perpetual duration, carrying interests of 0.65% and 1.15% respectively. The issuer has a first call date five years after issuance. If it is not exercised, the interest rates increase (step up). Additionally, the holder of the bonds has a conversion right at formulaic conversion price, exercisable in the five years after issuance, until December 28, 2025. According to the disclosure notification of October 10, 2020, the holder of the convertible bonds has the right to convert the nominal amount of the bonds into 98 759 shares of Siegfried Holding AG, representing a stake of 2.27%. The conversion price and, hence, the total number of shares to be issued to the holder of the convertible bonds may be subject to changes in accordance with the terms of the convertible bonds, in particular in the case of payment of dividends by Siegfried. It is expected that the shares required for the conversion of the bonds will be provided from own shares currently held by Siegfried Holding AG without issuance of new shares.

With respect to performance share units granted to the members of the Executive Committee and upper and middle management under the Long Term Incentive Plan of Siegfried Holding AG, please consult the Remuneration Report (page 12 et seq.).

As per December 31, 2021, Siegfried Holding AG had not issued any other convertible bonds or options for Siegfried shares.

## 3. Board of Directors

The Board of Directors holds the ultimate responsibility for supervising and monitoring the management of the Siegfried Group. It is responsible for all matters vested to it by the law or the Articles of Incorporation of Siegfried Holding AG. In particular, the Board of Directors decides on the strategy, the allocation of resources and the structure of the Siegfried Group. It is also responsible for defining the principles of Group organization, accounting, financial control, internal control, risk management and financial planning.

Unless otherwise provided for by law or the Articles of Incorporation of Siegfried Holding AG, the Board of Directors delegates the operational management to the CEO, who is assisted by the Executive Committee. The extent to which competencies are delegated by the Board of Directors to the Chairman, the Board Committees or the CEO and their cooperation are defined in the Siegfried Group Board Regulations (see <https://www.siegfried.ch/organisationsreglement>).

### 3.1 Diversity and Independence

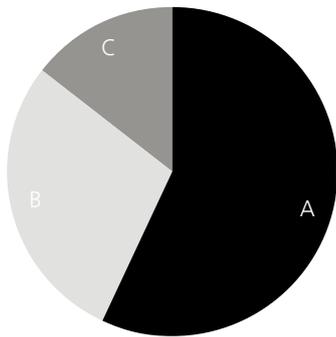
In accordance with the Siegfried Group Board Regulations (see <https://www.siegfried.ch/organisationsreglement>), the Chairman of the Board of Directors and the majority of the members of the Board of Directors must be non-executive and independent. In line with the Swiss Code of Best Practice, the Board members are considered non-executive and independent if they (i) are currently not members of the Executive Committee and have not belonged to the Executive Committee in the last than three years, and (ii) have no or only relatively minor business relations with Siegfried.

The Board of Directors aims to achieve and maintain an appropriate balance of skills and knowledge, taking into account the core and adjacent business fields of the pharmaceutical industry in which Siegfried is active, its international orientation, the accounting and legal requirements of listed companies, as well as the growing need for Board level expertise in the fields of compensation, digitalization and sustainability. Hence, when members are proposed for election to the Board of Directors, a variety of criteria is taken into consideration, including industry experience, experience in executive and management functions, knowledge in finance and accounting, governance, compliance and law, expertise in ESG and information technology, as well as gender and other diversity criteria in accordance with the Board Diversity Policy. In accordance with said Board Diversity Policy, Siegfried strives to achieve a gender diversity with women representing no less than 30% of its Board members.

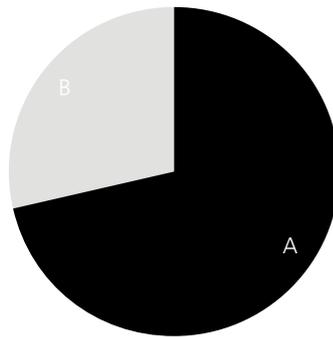
The Board regularly conducts a self-assessment of the performance of its members as well as its processes and organization, with the target to improve the governance, enhance efficacy, identify gaps in the skill sets and diversity and define future priorities.

The Board of Directors of Siegfried Holding AG currently consists of seven non-executive members from four different countries. Two of the seven members of the Board of Directors are female (quota of 29%). All members of the Board of Directors of the current term of office 2021/2022 qualify as non-executive and independent within the meaning of the Swiss Code of Best Practice for Corporate Governance. None of the current members ever held a position in the Executive Committee of Siegfried or any other company of the Siegfried Group, nor did they, or the companies or organizations they represent, ever have any significant business relationship with Siegfried.

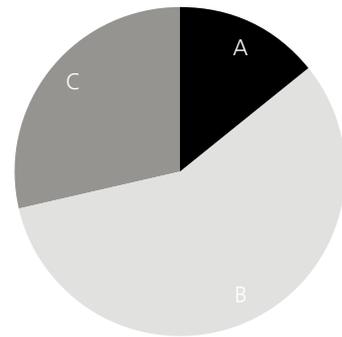
### Siegfried Board of Directors Diversity



**Nationality**  
A: Switzerland **4**  
B: Germany **2**  
C: Great Britain **1**



**Gender**  
A: male **5**  
B: female **2**



**Tenure**  
A: 1–5 years **1**  
B: 5–10 years **4**  
C: >10 years **2**

### Siegfried Board of Directors Expertise



### 3.2 Members of the Board of Directors

For the current term of office 2021/2022, the Board of Directors of Siegfried Holding AG consists of the following members:

Name	Birth year	Position	Member since	End of term
Andreas Casutt	1963	Chairman, non-executive and independent	2010	2022
Martin Schmid	1969	Vice Chairman, non-executive and independent	2016	2022
Colin Bond	1961	Non-executive and independent member	2013	2022
Wolfram Carius	1961	Non-executive and independent member	2014	2022
Reto Garzetti	1960	Non-executive and independent member	2011	2022*
Ulla Schmidt	1949	Non-executive and independent member	2016	2022*
Isabelle Welton	1963	Non-executive and independent member	2020	2022

<sup>1</sup> Ulla Schmidt, due to reaching the age limit set forth in the Siegfried Group Board Regulations, and Reto Garzetti will not stand for reelection at the upcoming 2022 General Meeting of Shareholders of Siegfried Holding AG. All other current members of the Board of Directors will stand for reelection.

The Board of Directors will propose to the 2022 General Meeting of Shareholders of Siegfried Holding AG to elect Dr. Alexandra Brand and Dr. Beat Walti as new members to the Board of Directors. Both Dr. Alexandra Brand and Dr. Beat Walti never belonged to the Executive Committee of Siegfried and have no or only relatively minor business relations with Siegfried, and, hence, qualify as independent.

**Dr. Alexandra Brand** (1971) has been holding various senior management positions with Syngenta since 2015. In 2021, she was appointed Regional Director for EAME Crop Protection. In prior functions, she served as Syngenta's Chief Sustainability Officer and as Regional Director, Europe, Africa & Middle East. Prior to joining Syngenta, Alexandra Brand held various positions with increasing importance and responsibility with BASF for more than 15 years. In 2019, Alexandra Brand was elected to the board of directors of Azelis, a PE-owned leading global distributor of specialty chemicals and food ingredients. Alexandra Brand studied Chemistry at the University of Darmstadt, where she also received her Ph.D. in inorganic chemistry in 1998. Alexandra Brand is a German citizen.

**Dr. Beat Walti** (1968) has been a partner of Wenger Vieli, a Zurich-based law firm since 2007, specializing in matters of commercial and corporate law and governance issues. From 1999 to 2013, Beat Walti was a member of the Cantonal Council of Zürich. In 2014, Beat Walti became member to the Swiss National Council, where he belongs to the Economic Affairs and Taxation Committee and also presided over the parliamentary group of "FDP/the liberals" from 2017 – 2022. Beat Walti chairs the Foundation Board of the Ernst Göhner Foundation. He is a member of the board of DSV A/S in Denmark and holds various positions as chairman or member of the board of privately held companies and foundations. In addition, Beat Walti is chairman of the board of OSPITA (Association of Swiss Enterprises in the Healthcare Sector) and member of the board of the Commercial Chamber of the Canton of Zürich and the advisory board of ExpertSuisse, the Swiss expert association for audit, tax and fiduciary. Beat Walti studied law at the Universities of Neuchâtel and Zurich and received his Ph.D. in 1998. Beat Walti is a Swiss citizen.

### 3.3 Profiles of Current Members of the Board of Directors 2021/2022

#### **Dr. Andreas Casutt, Chairman**

Andreas Casutt (1963) joined the Board of Siegfried Holding AG in 2010 and was elected Chairman in 2014. He has been a partner of the law firm Niederer Kraft Frey AG in Zurich since 2002, and held office as managing partner from 2006 to 2014. Andreas Casutt specializes in Corporate law, Contract law, Mergers & Acquisitions, and Stock Exchange law. In addition, he is a board member of Mikron Holding AG, maxon international AG, Liechtenstein-based Bendura Bank AG and various privately held companies. Andreas Casutt studied law and received his Ph.D. in Zurich and completed an LL.M. program at the University of Michigan, Ann Arbor. Andreas Casutt is a Swiss citizen.

#### **Dr. Martin Schmid, Vice Chairman**

Martin Schmid (1969) has been a member of the Board of Directors of Siegfried Holding AG since 2016. He was elected State Councillor of the Canton of Graubünden in 2011. From 2003 to 2011 he was a member of the government of the Canton of Graubünden, where he headed the Department of Justice, Security and Health and subsequently the Department of Finance. Martin Schmid is an attorney-at-law. He is a member of the Board of Directors of Swiss Life Holding AG, Repower AG and holds various other directorships in the energy and construction sectors. He also chairs the Swiss Gas Industry Association (VSG ASIG), the Swiss Development Association, the Graubünden Cantonal Hospital Foundation and the Institute of Finance and Financial Law at the University of St. Gallen (IFF-HSG). He is also a member of the board of economiesuisse. He studied law at the University of St. Gallen, where he received his doctorate in 2005. Martin Schmid is a Swiss citizen.

#### **Colin Bond, Member of the Board**

Colin Bond (1961) joined the Board of Siegfried Holding AG in 2013. From 2016 until the end of 2021, Colin Bond served as Chief Financial Officer of Vifor Pharma AG. Previously, Colin Bond held the position of Group Chief Financial Officer of Evotec in Hamburg. Following career stations as a pharmacist, chartered accountant and management consultant, he worked for 25 years as Chief Financial Officer for several international companies in various industries, of which 11 years for Great Lakes Chemical Corporation, today Lanxess, a US-based global specialty chemicals company. He is a board member at BioPharma Credit PLC. Colin Bond holds a university degree in pharmacy from the University of Aston, Birmingham, and a MBA degree from London Business School. He is a citizen of Great Britain and Switzerland.

#### **Prof. Dr. Wolfram Carius, Member of the Board**

Wolfram Carius (1961) joined the Board of Siegfried Holding AG in 2014. In October 2020 he was appointed Executive Vice President Pharmaceuticals having created the new Cell and Genetherapy unit at Bayer. Since September 2016, he served as Executive Vice President Pharmaceuticals Product Supply at Bayer and member of the Executive Committee at Bayer Pharma. Previously, Wolfram Carius worked for Sanofi, a French healthcare company, as Senior Vice President Biopharma Biologics and member of the Global Leadership Team. From 1987 to 2013, Wolfram Carius held various positions with the pharma company Boehringer Ingelheim. In 2009, he was appointed to the company's Board of Managing Directors, initially with responsibility for Human Resources and Technical Operations, and from 2012 for Biopharma and Operations. Before that, he was responsible for the development and expansion of the biopharma unit. He managed the company's production site in Japan and worked later in Brazil as technical director before being appointed member of Boehringer Ingelheim's Board of Managing Directors in Germany. Wolfram Carius serves at the board of the privately held Uhlmann Group in Germany as well as on the boards of Südpack Medica AG and Ferring Verntures in Switzerland. Wolfram Carius holds a Ph.D. in Pharmaceutical Biology and Analytical Phytochemistry from the

University of Saarland, Germany. In 2009, the Biberach University of Applied Sciences awarded him the title of honorary professor in recognition of his long and exceptional service. Wolfram Carius is a German citizen.

**Reto A. Garzetti, Member of the Board**

Reto A. Garzetti (1960) joined the Board of Siegfried Holding AG in 2011. Since 1999, he is a partner and Vice President of the board of SE Swiss Equities AG. Reto Garzetti serves on the board of MS Industrie (Vice President), listed on the German stock exchange, the board of Peach Properties AG (President), listed on the SIX Swiss Exchange, as well as on the board of the privately held companies AGI AG, Minivident AG, Südpack Medica AG and Südpack Verpackungen & Co. KG (Advisory Board), and other privately held companies in Switzerland and abroad. Previously, he served for many years on the board of multinational US companies. Reto Garzetti graduated 1986 from the University of Zurich in business administration (lic. oec. publ./MBA) with the main emphasis on banking, trade and securities law. He is a Swiss and Italian citizen.

**Ulla Schmidt, Member of the Board**

Ulla Schmidt (1949) joined the Board of Siegfried Holding AG in 2016. She has been a member of the German Bundestag since 1990 and its Vice President from 2013 to 2017. From 2001 to 2009, she held the position of Federal Minister of Health of the Republic of Germany. She served in several public office functions; among others as City Councillor in Aachen. Ulla Schmidt is Chairwoman of the board of Federal Lebenshilfe Association headquartered in Marburg, Germany as well as of the board of trustees of Hospizstiftung Region Aachen and serves on the board of Aktion Mensch, Bonn. Furthermore, Ulla Schmidt was an expert member on the supervisory board of Charité-University Medicine Berlin until March 2020 and a member of the advisory committee of K&S Sozialbau AG, Sottrum until end of 2019. Ulla Schmidt studied psychology at the Technical University of Aachen until the pre-diploma, and was awarded school teaching degrees from the University of Aachen. She studied and graduated from the Distance University of Hagen, with a degree that qualifies her to teach special education relating to the rehabilitation of children with learning disabilities and children with behavioural disturbances. Ulla Schmidt is a German citizen.

**Isabelle Welton, Member of the Board**

Isabelle Welton (1963) was elected to the Board of Siegfried Holding AG in 2020. Isabelle Welton started her career with Citibank in Tokyo and subsequently changed to IBM, where she held various positions in marketing and communications before being appointed country general manager of IBM in Switzerland. In 2013, Isabelle Welton joined Zurich Insurance Group as member of the Group Executive Board with responsibility for Human Resources & Corporate Culture. Today, she is the owner of a consulting company focusing on corporate culture and change processes. Isabelle Welton serves on the boards of NZZ Media Group, the Avobis Group and the Swiss Institute of International Studies as well as on the foundation boards of Swisscontact, SOS Children's Village Switzerland and the Lucerne Festival. Isabelle Welton is a Swiss citizen.

### 3.4 Permitted Activities in the Managing or Administrative Body of Other Companies

Members of the Board of Directors of Siegfried Holding AG may not assume more than twenty additional mandates, of which no more than five for publicly listed companies. This applies to any mandate in the managing or administrative body of a legal entity that is subject to the obligation to be entered in the Swiss commercial register or a corresponding register abroad. Mandates in different legal entities under common control or owned by the same beneficial owner shall be deemed to constitute a single mandate.

Not subject to these limitations are (i) mandates in companies that are controlled by, or which control, Siegfried Holding AG; (ii) mandates that a member of the Board of Directors assumes at the direction of Siegfried Holding AG or a group company, provided that no member of the Board of Directors may assume more than ten such mandates at companies that are not controlled by, or do not control, Siegfried Holding AG; (iii) mandates in associations, non-profit foundations, and pension benefit foundations, provided that no member of the Board of Directors may assume more than ten such mandates.

### 3.5 Election and Term of Office

The members of the Board of Directors of Siegfried Holding AG as well as the Chairman of the Board and the members of the Remuneration Committee are elected by the General Meeting of Shareholders. Apart from that, the Board of Directors constitutes itself.

The term of office of the members of the Board of Directors is one year and ends with the conclusion of the next Annual General Meeting of Shareholders. Re-election is permitted. According to the Board Regulations, members of the Board of Directors must retire at the next General Meeting of Shareholders after reaching the age of 72. The Board of Directors may decide on exceptions for the Chairman and the Honorary Chairman.

### 3.6 Internal Organization

The Board of Directors is responsible for the supervision of the Siegfried Group and its business units. The Board determines the Group strategy, the allocation of resources, and the management structure of the Siegfried Group. It is also responsible for setting the organizational structure, accounting, financial control, and financial planning. To the extent it does neither exercise these duties itself nor delegate them to the Chairman of the Board, the Board of Directors has delegated the management of the business to the CEO of the Siegfried Group. Decisions are taken by the entire Board of Directors. The Board Regulations setting forth the Board's powers, duties, and internal organization may be found under <https://www.siegfried.ch/organisationsreglement>.

During the business year 2021, the Board of Directors met for three one-day ordinary meetings, three half-day ordinary meetings and a strategy meeting of two days. In addition, numerous teleconferences were held. All Board members were present at all ordinary meetings.

	Board Meetings					
	19.02.2021	22.04.2021	08.-09.07.2021	17.08.2021	29.09.2021	26.11.2021
Andreas Casutt	x	x	x	x	x	x
Martin Schmid	x	x	x	x	x	x
Colin Bond	x	x	x	x	x	x
Wolfram Carius	x	x	x	x	x	x
Reto Garzetti	x	x	x	x	x	x
Ulla Schmidt	x	x	x	x	x	x
Isabelle Welton	x	x	x	x	x	x

The following three Board Committees assist the Board of Directors:

- Audit Committee
- Remuneration Committee
- Strategy Committee

Committee	Chair	Members
Audit Committee	Colin Bond	Reto Garzetti, Martin Schmid
Remuneration Committee	Isabelle Welton	Reto Garzetti, Martin Schmid
Strategy Committee	Wolfram Carius	Reto Garzetti, Ulla Schmidt

The responsibilities and competencies of the Board Committees are set forth in more detail in article 16 paragraph 4 of the Articles of Incorporation (Remuneration Committee, see <https://www.siegfried.ch/articlesofincorporation>) and Section 3.3.3 of the Board Regulations (see <https://www.siegfried.ch/organisationsreglement>). The Board Committees review and discuss important matters in their relevant field of responsibility prior to Board meetings. The Chairman of the Board, the CEO and the CFO, and the responsible members of the Executive Committee regularly attend these meetings. The Board Committees submit recommendations to the Board.

In the business year 2021, the Audit Committee met four times, the Remuneration Committee three times, and the Strategy Committee two times for ordinary half-day meetings. All committee members as well as the Chairman of the Board of Directors participated in the ordinary meetings. In addition, various telephone conferences on specific issues were held.

	Audit Committee			
	12.02.2021	10.05.2021	13.08.2021	22.11.2021
Colin Bond (Chair)	X	X	X	X
Reto Garzetti	X	X	X	X
Martin Schmid	X	X	X	X
Andreas Casutt	X	X	X	X

	Remuneration Committee		
	12.02.2021	13.08.2021	22.11.2021
Isabelle Welton (Chair)	X	X	X
Reto Garzetti	X	X	X
Martin Schmid	X	X	X
Andreas Casutt	X	X	X

	Strategy Committee	
	12.03.2021	31.05.2021
Wolfram Carius (Chair)	X	X
Reto Garzetti	X	X
Ulla Schmidt	X	X
Andreas Casutt	X	X

### 3.7 Information and Control Instruments

The internal information and control system of the Board of Directors and the Executive Committee is based on the following monthly reporting instruments: Revenues and other financial results of the Siegfried Group are presented in detail and compared with the budget and the previous year's results – including a financial forecast for the entire year. Quarterly reports focus on budget deviations, important business incidents, and the most important key performance indicators. A five-year plan outlines the financial planning for the next five business years. The Internal Control System (ICS) and a comprehensive risk management procedure (described in detail on page 20 et seq. of the Financial Report) further add to the Board's information and control instruments.

The results are discussed and evaluated with the CEO, the CFO and other members of the Executive Committee at the meetings of the Board of Directors. Furthermore, the Chairman of the Board discusses the course of business and other important topics with members of the Executive Committee on a regular basis.

## Board of Directors



Dr. Andreas Casutt  
Chairman



Dr. Martin Schmid  
Vice Chairman



Colin Bond  
Member of the Board



Prof. Dr. Wolfram Carius  
Member of the Board



Reto A. Garzetti  
Member of the Board



Ulla Schmidt  
Member of the Board



Isabelle Welton  
Member of the Board

Detailed portraits of the Members of the Board of Directors can be found on the pages 13–14 or on [www.siegfried.ch](http://www.siegfried.ch)

# Executive Committee



Dr. Wolfgang Wienand  
Chief Executive Officer



Dr. Reto Suter  
Chief Financial Officer



Marcel Imwinkelried  
Chief Operating Officer  
Drug Products



Arnoud Middel  
Chief Human Resources  
Officer



Dr. Jürgen Roos  
Chief Scientific Officer



Marianne Späne  
Chief Business Officer



Irene Wosgien  
Chief Operating Officer  
Drug Substances

Detailed portraits of the Members of the Executive Committee can be found on the pages 21–22 or on [www.siegfried.ch](http://www.siegfried.ch)

## 4. Executive Committee

The Chief Executive Officer (CEO) is responsible for the operative and results-oriented management of the Siegfried Group and its divisions. Subject to the competencies and directives of the Board of Directors and its Chairman, the CEO is responsible for the definition and achievement of the corporate goals as well as the management of the Siegfried Group companies (results and balance sheet responsibilities). The detailed responsibilities and functions of the CEO are described in the Siegfried Group Board Regulations (see <https://www.siegfried.ch/organisationsreglement>).

### 4.1 Members of the Executive Committee

As per December 31, 2021, the Executive Committee of Siegfried comprised the following persons:

Name	Birth year	Position	Member since	In current function since
Wolfgang Wienand	1972	Chief Executive Officer	2010	2019
Reto Suter	1971	Chief Financial Officer	2017	2017
Marcel Imwinkelried	1967	Chief Operating Officer Drug Products	2021	2021
Arnoud Middel	1971	Chief Human Resources Officer	2011	2011
Jürgen Roos	1968	Chief Scientific Officer	2019	2019
Marianne Späne	1962	Chief Business Officer	2004	2010
Irene Wosgien	1973	Chief Operating Officer Drug Substances	2021	2021

Members of the Executive Committee may hold office until they reach the age of ordinary retirement under Swiss law. As of December 31, 2021, the age of ordinary retirement is 64 years for women and 65 years for men.

### 4.2 Management Contracts

Siegfried Holding AG and its group companies have not entered into any management contracts with third parties.

### 4.3 Permitted Activities in the Supreme Managing or Administrative Body of Other Companies

Members of the Executive Committee of Siegfried Holding AG may not assume more than five additional mandates, of which no more than one may be for a publicly listed company. This applies to any mandate in the supreme managing or administrative body of a legal entity that is subject to the obligation to be entered in the Swiss commercial register or a corresponding register abroad. Mandates in different legal entities under common control or owned by the same beneficial owner shall be deemed to constitute a single mandate.

Not subject to these limitations are (i) mandates in companies that are controlled by, or which control, Siegfried Holding AG; (ii) mandates that a member of the Executive Committee assumes at the direction of Siegfried Holding AG or a group company, provided that no member of the Executive Committee may assume more than ten such mandates at companies that are not controlled by, or do not control, Siegfried Holding AG; (iii) mandates in associations, non-profit foundations, and pension benefit foundations, provided that no member of the Executive Committee may assume more than ten such mandates.

## 4.4 Profiles

### **Dr. Wolfgang Wienand, Chief Executive Officer**

Wolfgang Wienand (1972) joined the Siegfried Group in 2010 and was appointed CEO as per January 1, 2019. When joining Siegfried, Wolfgang Wienand first served as Chief Scientific Officer, responsible for Siegfried's global Research & Development activities, before taking over the function as Chief Strategy Officer with responsibility for Strategy, Mergers & Acquisitions, Legal and Intellectual Property Management and Regulatory Affairs in December 2011. From May 2017 until December 2018, he held in parallel both functions, Chief Scientific Officer and Chief Strategy Officer. Before joining Siegfried, Wolfgang Wienand held senior management positions at Evonik Industries AG with a focus on fine chemical and custom development & manufacturing for the pharmaceutical industry. Wolfgang Wienand studied chemistry at the University of Bonn and subsequently obtained a Ph.D. in organic and bioorganic chemistry from the University of Cologne. In addition, he holds an Executive Master's Degree in International Finance of HEC in Paris. Wolfgang Wienand is a German citizen.

### **Dr. Reto Suter, Chief Financial Officer**

Reto Suter (1971) joined Siegfried on May 1, 2017, as Chief Financial Officer, additionally responsible for Cyber Security and Risk Management. He is a member of the Board of Directors and Chairman of the Audit Committee of Inficon Holding AG. Over the last 16 years, he held a range of responsible positions in industry as well as in finance and private equity. In his last function as COO, CIO and Board Member of Lonrho, a long-established company headquartered in London (UK) and Johannesburg (SA), Reto Suter was responsible for overseeing the public takeover and subsequent delisting and restructuring. Reto Suter studied economics at the University of Zurich and the University of Washington in Seattle and took his doctorate in banking and finance at the University of Zurich. Reto Suter is a Swiss Citizen.

### **Marcel Imwinkelried, Chief Operating Officer Drug Products**

Marcel Imwinkelried (1967) joined the Siegfried Group in January 2021 as Multi-Site Head for the Drug Products sites in Barberà del Vallès and El Masnou (Spain) as well as Irvine (California) and was appointed Chief Operating Officer Drug Products with effect as per October 2021. Previously, he held various management positions at Novartis with increasing responsibility and, from 2018, was appointed Global Head Technical Operations Solids. Marcel Imwinkelried graduated in mechanical engineering from the Lucerne University of Applied Sciences and holds a degree in business administration from the University of St. Gallen. Marcel Imwinkelried is a Swiss citizen.

### **Arnoud Middel, Chief Human Resources Officer**

Arnoud Middel (1971) joined the Siegfried Group in September 2011 as Chief Human Resources Officer. Previously, he worked for various companies in the field of HR. From 2004 to 2006, he held a leading position in the Human Resources department of the Baloise insurance Switzerland. From 2006 to 2008, he was Head HR for the region Continental Europe and Asia of the American industry- and reinsurance group XL-Insurance (today XL-Catlin). From 2008 to 2011, he worked as Head of HR Switzerland and Global Headquarters for Syngenta in Basel. He completed his studies in biology and biochemistry at the University of Basel. Arnoud Middel is a Dutch citizen.

#### **Dr. Jürgen Roos, Chief Scientific Officer**

Jürgen Roos (1968) joined the Siegfried Group in April 2019 as Chief Scientific Officer. Before joining Siegfried, Jürgen Roos was working for Evonik Industries AG as Vice President for Innovation Management of the Animal Nutrition business line. Jürgen Roos started his professional career at Evonik (formerly Degussa-Hüls and Degussa AG) in 1999 as laboratory team leader in chemical research in the field of fine chemicals. After various functions within the R&D organization of Evonik, including several years in Canada and the United Kingdom, Jürgen Roos was appointed head of process development in the field of exclusive synthesis in 2008, and subsequently took over the global responsibility for research and development of Evonik's Health Care division. Jürgen Roos was elected to the Board of Directors of the European Fine Chemicals Group (EFCG), the industry association of European fine chemical manufacturers, where he chairs the Innovation Committee. Jürgen Roos studied chemistry at the University of Stuttgart and subsequently obtained a Ph.D. in organic chemistry. Jürgen Roos is a German citizen.

#### **Marianne Späne, Chief Business Officer**

Marianne Späne (1962) joined the Siegfried Group in 2004 and was appointed Chief Business Officer in March 2010. She headed the Siegfried Generics Division from 2008 to 2010. From 2004 to 2008, Marianne Späne managed the Business Development Department and the Supply Chain for Generics. Prior to joining Siegfried, she worked in logistics, business development and as site manager for Boucheron, a cosmetics company. Later, Marianne Späne moved to the pharmaceutical industry and joined the pharma division of Schweizerhalle as Head of the Sales and Marketing department. Subsequently, she joined Aceto, a US-based company, where she developed European expansion strategies. Marianne Späne holds degrees in finance, business administration and marketing from the Business Management School (KFS) in Basel and the Marketing & Business School in Zurich (MBSZ). Marianne Späne is a German citizen.

#### **Irene Wosgien, Chief Operating Officer Drug Substances**

Irene Wosgien (1973) joined Siegfried in 2019 and was appointed Chief Operating Officer Drug Substances in January 2021. Before joining Siegfried, Irene Wosgien held various senior management positions at the DSM Group, most recently as Vice President Operations Human Nutrition & Health. She holds a Master's degree in chemical engineering from Eindhoven University and a Master's degree in Management of Safety, Health and Environment from the Technical University of Delft. Irene Wosgien is a Dutch citizen.

## 5. Remuneration, Investments and Loans

### 5.1 Content and Method of Determining the Remuneration and the Equity Participation Plans

For details regarding the remuneration and shareholdings of the members of the Board of Directors and the Executive Committee as well the principles and elements of remuneration and the equity participation plans of members of the Board of Directors and the Executive Committee, together with a description of the authorities and procedures in connection therewith, please refer to the Remuneration Report on page 10 et seq. of this Annual Report.

### 5.2 Statutory Provisions regarding Performance-Related Remuneration and the Allocation of Equity Securities

Pursuant to article 23 of the Articles of Incorporation and subject to approval by the General Meeting of Shareholders, the remuneration of the members of the Board of Directors consists of a fixed base remuneration, an individual functional remuneration and a lump-sum expense allowance in cash, as well as a fixed number of shares of Siegfried Holding AG. The Board of Directors determines the number of shares as well as the relevant terms and conditions, including the time of their allocation and any restrictions on transferability. Absent exceptional circumstances, the members of the Board of Directors do not receive any performance-based remuneration; any such remuneration would be measured against predefined performance targets only.

Pursuant to article 24 of the Articles of Incorporation and subject to approval by the General Meeting of Shareholders, remuneration for members of the Executive Committee consists of a fixed base remuneration in cash as well as performance-based remuneration, which comprises a short-term performance-based remuneration in cash as well as a multi-year employee share ownership plan. The Board of Directors determines the targets, target levels, and target achievement for both the short- and the long-term performance-based remuneration in accordance with the principles set forth in the Articles of Incorporation (see <https://www.siegfried.ch/articlesofincorporation>).

In the event of a change of control of Siegfried Holding AG, or in case of other extraordinary events, the Board of Directors may during the course of an ongoing performance period adapt, shorten or eliminate the targets for performance-based remuneration, exercise conditions and periods as well as vesting periods and the relevant performance-based remuneration may be forfeited or paid out under the assumption that targets would have been achieved.

### 5.3 Statutory Provisions regarding Payments to Members of the Executive Committee Appointed after the Shareholders' Vote on Pay

Pursuant to article 25 of the Articles of Incorporation, Siegfried Holding AG or any group company may, with respect to any member of the Executive Committee who joins the Executive Committee or is promoted during a period for which the General Meeting of Shareholders has already approved remuneration for the Executive Committee, pay out remuneration for such period(s) if the amount already approved is insufficient. The amount per remuneration period may not exceed 40% for the CEO and 25% for each other member of the Executive Committee of the most recently approved total remuneration.

In addition, Siegfried Holding AG may compensate a newly appointed member of the Executive Committee for any losses suffered in connection with assuming the new position as a result of forfeited vested benefits from his previous position. Such compensation may not exceed CHF 1 000 000 for the CEO and CHF 500 000 per person for the other members of the Executive Committee.

#### 5.4 Statutory Provisions regarding Loans, Credit Facilities and Post-Employment Benefits

Pursuant to article 27 of the Articles of Incorporation, Siegfried Holding AG may grant loans and credits to members of the Board of Directors and the Executive Committee up to a maximum of the total of their respective individual fixed base remuneration in cash. In addition, Siegfried Holding AG may pay advances on attorney fees, court costs, and the like, up to a maximum of CHF 1 000 000 per member, in order to defend against liability and similar claims by third parties in connection with its activities performed for the company.

#### 5.5 Statutory Provisions on the Vote on Pay at the General Meeting of Shareholders

Pursuant to article 16 of the Articles of Incorporation, the General Meeting of Shareholders resolves annually on the approval of the motions of the Board of Directors with regard to:

- the maximum total amount of remuneration for the Board of Directors for the term of office expiring at the next Annual General Meeting of Shareholders;
- the maximum total amount of fixed remuneration for the Executive Committee for the following financial year;
- the total amount of short-term performance-based remuneration for the Executive Committee for the most recent financial year;
- the total amount of long-term performance-based remuneration for the Executive Committee for the current financial year.

Resolutions on the approval of remuneration for the Board of Directors and the Executive Committee, respectively, are taken separately. The Board of Directors may submit the elements of remuneration for approval either separately or combined. In addition, the Board of Directors may submit proposals to the General Meeting of Shareholders regarding (i) the total amounts and/or remuneration elements for other periods and/or (ii) supplementary amounts for certain remuneration elements. If the General Meeting of Shareholders declines to approve a motion of the Board of Directors, the Board of Directors may submit new motions at the same General Meeting of Shareholders, at an extraordinary General Meeting of Shareholders, or at the next Annual General Meeting of Shareholders.

## 6. Shareholder Rights

### 6.1 Voting Rights and Proxy

Each share registered in the share register with voting rights grants to its holder one voting right at the General Meeting of Shareholders. A shareholder may be represented at the General Meeting of Shareholders by a natural person duly authorized in writing, or by the independent voting proxy.

The General Meeting of Shareholders passes its resolutions by a simple majority of the votes cast, unless a qualified majority is required by applicable law or the Articles of Incorporation. If no absolute majority is reached, the chairman casts the deciding vote.

The approval of at least two-thirds of the votes represented is required for resolutions of the General Meeting of Shareholders with respect to:

- a change of the company's purpose;
- the creation of shares with preferential voting rights;
- amendments to the provisions governing the transferability of shares;
- the conversion of registered shares into bearer shares;
- an authorized or conditional increase in capital;
- an increase in share capital through the conversion of capital surplus, through an in-kind contribution or in exchange for an acquisition of property and a grant of special benefits;
- the restriction or cancellation of pre-emptive rights;
- the relocation of the company's registered office;
- the dissolution of the company without liquidation.

### 6.2 Calling a General Meeting of Shareholders and Setting the Agenda

The General Meeting of Shareholders is called and the agenda therefore is set in accordance with the applicable provisions of the Swiss Code of Obligations.

Shareholders representing shares with a par value of CHF 500 000 or more may request that an item be added to the agenda of the General Meeting of Shareholders. Any such request must be made in writing at least 45 days prior to the meeting, setting forth the requested additional agenda item and the motion thereto. No previous request or notification is required for motions concerning items included on the agenda and for debates as to which no vote is taken.

### 6.3 Entry into the Share Register/Invitation to the Annual General Meeting of April 13, 2022

The Board of Directors has determined that the share register for the Annual General Meeting 2022 will be closed on Friday, April 8, 2022. All Shareholders wishing to attend the Annual General Meeting of April 13, 2022, must submit their application for registration of shares in the share register no later than said date. No entries into the share register will be made from Monday, April 11, 2022, until Wednesday, April 13, 2022. Shareholders who sell their Siegfried shares prior to the Annual General Meeting forfeit their voting rights.

Due to the uncertainties in connection with the ongoing Covid-19 pandemic, Siegfried will inform the shareholders in due time whether on-site participation at the Annual General Meeting 2022 will be possible and permitted. In case no physical participation will be possible and permitted, Siegfried will provide alternative means for exercising the voting rights. The invitation to the Annual General Meeting, the minutes of the previous Annual General Meeting, and the motions of the Board of Directors are made accessible on the website of the Siegfried Group ([www.siegfried.ch](http://www.siegfried.ch)).

## 7. Change of Control and Defensive Measures

### 7.1 Mandatory Take-Over Offers

There are no provisions in the Articles of Incorporation of Siegfried Holding AG regarding opting out or opting up (article 125 and 135 of the FMIA).

### 7.2 Change of Control Clauses

The Long Term Incentive Plan of the Siegfried Group (see Remuneration Report, page 12 et seq.) provides that in the event of a change of control of Siegfried Holding AG, plan participants, under the condition that she/he has not given or received notice of termination prior to the date of change of control, will receive on the date of the change of control, or on a date defined by the Board, a number of Siegfried shares for each outstanding PSU. The number of shares to be distributed per PSU is calculated on the basis of a valuation method to be determined at the sole discretion of the Board of Directors and shall adequately reflect and preserve the economic value of the benefits or potential benefits due to plan participants from all ongoing performance periods. For Siegfried shares allocated as a result of a change of control event, no further restriction period apply.

## 8. Auditors

### 8.1 Contract Duration and Lead Auditor Term Length

PricewaterhouseCoopers AG (PwC), Basel (or its predecessor companies) has been the statutory auditor of Siegfried Holding AG since 1920. For the business year 2021, the lead auditor, Thomas Illi, carried out the audit for the fifth time. The auditor is annually elected by the General Meeting of Shareholders.

### 8.2 Audit Fees

PwC billed the Siegfried Group for services in connection with auditing of the annual financial statement of Siegfried Holding AG and of the Siegfried Group companies, the consolidated 2021 financial statement of the Siegfried Group and related auditing services CHF 863 000 (2020: CHF 699 000).

### 8.3 Additional Fees

For tax consulting and other services in the financial year 2021, PwC billed the Siegfried Group CHF 191 000 (2020: CHF 110 000).

### 8.4 External Audit Informational Instruments

The Audit Committee evaluates and discusses the performance, fees, and independence of the auditor every year. It reports to the Board and proposes a motion at the Annual General Meeting on the election (or reelection) of the auditor. The contract is awarded based on a budget presented to the Audit Committee by the auditor.

The auditor regularly attends the meetings of the Audit Committee; there were four meetings in 2021. During such meetings, the auditor presents detailed audit reports, which are also distributed to the Board. Assignments for PwC that go beyond the auditing mandate are subject to approval by the head of the Audit Committee.

## 9. Information Policy and Restricted Periods

The Siegfried Group is committed to an open and consistent information policy. The media, financial analysts and other interest groups are continuously informed about important developments and events.

Shareholders are informed semi-annually on the state of the business and receive the annual report and the semi-annual report upon request. The annual reports, the minutes of previous General Meetings of Shareholders, media releases, important information and the current share price can be found at [www.siegfried.ch](http://www.siegfried.ch). A news conference is held semi-annually for the media and financial analysts.

Siegfried Holding AG strictly observes the mandatory disclosure rules of the SIX Swiss Exchange (“ad hoc disclosure”) regarding potentially price sensitive facts.

In each financial year, prior to the publication of the financial results, Siegfried imposes two regular trading restriction periods during which the members of the Board of Directors, the members of the Executive Committee and Senior Management as well as selected members of the Corporate Finance Department are prohibited from trading in Siegfried shares or related securities. As per Siegfried's Insider Trading Regulations, these restriction periods start two weeks prior to the end of the relevant financial reporting period (i.e. mid-June and mid-December) and expire at the end of the day following the date on which the relevant financial results are published. In addition, the Board of Directors, and the CEO in consultation with the Chairman of the Board, may in their discretion and upon consultation with the General Counsel impose ad-hoc restriction periods from time to time where they consider it necessary or appropriate, including (without limitation) when Siegfried is involved in a strategic project or when such restrictions are required or appropriate to comply with legal or regulatory requirements.

In 2022, the Siegfried Group will inform about the course of business as follows:

- February 23, 2022: publication of the financial results for the business year 2021
- April 13, 2022, 10:00 a.m.: Annual General Meeting of Shareholders
- August 18, 2022: publication of 2022 half-year financial results

## About this Annual Report

In addition to highlighting Siegfried's business performance and its position concerning assets, finances and earnings, this report throws light on the company's commitment concerning sustainability and its interaction with society and the various stakeholders.

They are to gain a comprehensive and differentiated understanding of how Siegfried incorporates these issues into its corporate strategy and of progress achieved in this regard in the course of the year. The report appears in English and German language.

### Scope

We report on the 2021 financial year ending 31 December 2021. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in March 2021, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2023.

### Governance

Our statement concerning Governance describes the principles of management and the control of the Siegfried Group. Essentially, the Siegfried Group's corporate governance follows the Swiss Code of Best Practice and is subject to regular reviews and further development by the Board of Directors. Any deviations from these guidelines find mention in the report.

### Principles of accounting

The Siegfried Group's financial reporting is carried out in accordance with the entire guidelines of Swiss GAAP FER and the provisions of the Swiss law.

### External validation

PricewaterhouseCoopers AG (PwC) as auditors reviewed Siegfried Holding AG's Compensation Report (tables with remark "Audited") for the financial year ending 31 December 2021 and came to the conclusion that it corresponds with the law and with article 14 to 16 of the Ordinance against excessive remuneration for listed stock corporations. The process of sustainability reporting was supported by BSD Consulting, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Accordance with GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option. Furthermore, for the present annual report, the GRI Materiality Disclosures Service was carried out and the accuracy of the GRI references 102-40 to 102-49 confirmed. Please refer to the detailed GRI content index on the Internet at [report.siegfried.ch](http://report.siegfried.ch).

## Publisher's Note

This Annual Report is also available in German, being the original version.

This is an excerpt of Siegfried's Annual Report 2021. All chapters of Siegfried's Annual Report 2021 can be downloaded at [report.siegfried.ch](http://report.siegfried.ch).

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more**

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# Remuneration Report 2021

05

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Introduction by  
Chair of Remuneration  
Committee

09

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Principles of  
Remuneration Policy and  
Remuneration Elements

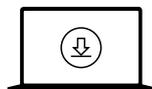
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Shareholdings of  
Board of Directors and  
Executive Committee  
at End of Reporting Year

# Remuneration Report

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This is an excerpt of Siegfried's Annual Report 2021.  
All chapters of Siegfried's Annual Report 2021 can be  
downloaded at [report.siegfried.ch](https://report.siegfried.ch).

The Remuneration Report describes Siegfried Group's (Siegfried) remuneration principles and defines the competencies and responsibilities associated with setting remuneration for members of its Board of Directors and Executive Committee. The report also contains information about remuneration plans and remuneration paid to the members of the Board of Directors and the Executive Committee in the 2021 financial year.

This Remuneration Report was drafted in accordance with Siegfried Holding AG's articles of incorporation and with SIX Swiss Exchange's Directive Corporate Governance, and contains all the information required as per article 663b<sup>bis</sup> and article 663c paragraph 3 of the Swiss Code of Obligations (CO), as well as articles 13 to 17 of the "Ordinance Against Excessive Compensation at Public Companies" (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV).

The Remuneration Report is structured as follows:

- Introduction by Chair of Remuneration Committee
- Competencies and tasks of Remuneration Committee
- Procedures for setting and approving the remuneration
- Principles of remuneration policy and remuneration elements
- Remuneration of Board of Directors
- Remuneration of Executive Committee
- Shareholdings of Board of Directors and Executive Committee at end of reporting year
- Contractual agreements, loans, credits, and additional contributions

In this report, details pursuant to articles 14 to 17 VegüV are provided in the following sections:

VegüV Article	Text/Figure/Table	Page
Art. 14: Remuneration paid to the Board of Directors and Executive Committee	Remuneration paid to the Board of Directors in the 2021 reporting year (audited)	17
	Remuneration paid to the Board of Directors for the 2021/2022 term of office (projection)	18
	Remuneration paid to the Board of Directors in the 2020 reporting year (audited)	18
	Remuneration paid to the CEO and Executive Committee in the 2021 reporting year (audited)	19
	PSUs allocated to the CEO and Executive Committee in the 2021 reporting year	21
	Remuneration paid to the CEO and Executive Committee in the 2020 reporting year (audited)	21
Art. 15: Loans and credits granted to the Board of Directors and Executive Committee	As of December 31, 2021, Siegfried Holding AG and its Group companies do not have any outstanding securities, loans, advances or credits to members of the Board of Directors or the Executive Committee of Siegfried Holding AG (audited)	24
Art. 16: Remuneration, loans and credits to affiliated persons	Further, no securities, loans, advances or credits were granted at non-market rates to persons affiliated with current members of the Executive Committee or Board of Directors or to former members of the Executive Committee or Board of Directors in 2021; nor are any such commitments outstanding as at December 31, 2021 (audited)	24
Art. 17: Audit of the remuneration report by statutory auditor	Report of the Statutory Auditor on the Remuneration Report	25

# Introduction by Chair of Remuneration Committee

Dear Shareholders

I am delighted to be able to present our Remuneration Report for the 2021 financial year.

This report describes the remuneration policies, principles and elements applying to the senior management of the Siegfried Group and also contains details about the remuneration paid to the members of the Board of Directors and the Executive Committee. Furthermore, the report provides an overview of the key activities and decisions of the Remuneration Committee during the 2021 reporting year. All of the information disclosed in the report relates to the financial year ended December 31, 2021.

As announced in last year's Remuneration Report, a comprehensive review of Siegfried's remuneration systems was conducted during the reporting year. It focused on the revision and adjustment of the Long Term Incentive Plan (LTIP) which was introduced in 2014.

The purpose of the review was, on the one hand, to maintain the essential elements of the plan, which has effectively aligned the interests of the shareholders and management since its introduction in 2014 and has been an important prerequisite for the successful development of the company in the recent years, and, on the other hand, to make appropriate adjustments to take account of the significant growth of the company and the strong increase in the share price. The main changes are outlined in this Remuneration Report; a more detailed description of the revised plan will be provided in the Remuneration Report for 2022. The grants for the year 2022 will be made on the basis of the adjusted LTIP and the amounts relevant for the CEO and the Executive Committee will be submitted for approval to the 2022 General Meeting as in the past.

The Board of Directors is convinced that, with the adjusted, competitive and strongly performance-related share component, it has created a good instrument for continuing to incentivize management in a targeted manner ensuring retention and alignment of interests of shareholders and top management with regard to long-term increase in the company's value going forward.

In the process of the revision of the LTIP, the total compensation of the Executive Committee was reviewed and adjusted where appropriate. The review was carried out on the basis of a remuneration comparison prepared by Mercer specifically for the Executive Committee positions. The benchmarking study was based on the broadly defined "General Industry" index.

In addition, the remuneration systems at the new sites in Barberà del Vallès and El Masnou were adjusted to conform to the Siegfried system.

In the past year, the Remuneration Committee again actively monitored and followed the implementation of projects related to corporate culture, employee and leadership development, and talent management because the Board of Directors is convinced that the successful treatment of these projects has a significant influence on the company's performance and success. With regard to talent management, it was found during the annual review that the succession planning has further improved in terms of critical key positions. The specific development of an effective talent pipeline in all fields and at all sites will continue to be a priority for us, as this is the foundation for the company's future growth. The search for and selection of two new members of the Board of Directors to replace the two members Ulla Schmidt and Reto Garzetti who will retire at the next AGM was another important focus of the Remuneration Committee's activities in the reporting year 2021.

In the coming year, the Remuneration Committee will focus, in addition to the usual compensation-related topics, on the revision of the performance management system and the related performance-based Short Term Incentive Plan (STIP). It will also review the Employee Share Purchase Plan (ESPP).

The Board of Directors firmly believes that this Remuneration Report will provide you, valued Shareholders, with a clear and complete presentation of the remuneration of Siegfried Group's senior leadership as well as the most important issues we have addressed and those that are forthcoming.

# 1. Competencies and Tasks of Remuneration Committee

In accordance with the articles of incorporation, the Remuneration Committee is composed of at least two members of the Board of Directors, who are each elected by the General Meeting for a one-year term of office. Isabelle Welton (Chair), Dr. Martin Schmid and Reto Garzetti were elected to the Remuneration Committee for the 2021/2022 term of office. The Remuneration Committee shall constitute itself and appoint a chair from among its members.

The Remuneration Committee supports the Board of Directors in

- defining and reviewing the remuneration policy and principles;
- defining and reviewing the targets and target levels for short- and long-term performance-based remuneration elements and evaluating target achievement;
- preparing recommendations on the remuneration of the members of the Board and the Executive Committee for the attention of the General Meeting.

Depending on the agenda, the Chairman of the Board, the Chief Executive Officer (CEO), and the Chief Human Resources Officer (CHRO) may also join meetings of the Remuneration Committee. The Chairman of the Board, the CEO, and/or the CHRO must withdraw during consideration of agenda items relating directly to them. After every Remuneration Committee meeting, a set of minutes and a summary of topics discussed, decisions taken and recommendations made is sent to the Board of Directors.

The Remuneration Committee convenes at least twice annually. During the reporting year, the Remuneration Committee convened three times for ordinary meetings and also held other discussions.

## Topics considered per Remuneration Committee meeting in 2021

Topics	Winter	Summer	Autumn
<b>General subjects</b>			
Personnel changes in Senior Management group and Board	•	•	•
Update HR projects	•	•	•
Update pension funds	•	•	•
Talent review			•
<b>Governance</b>			
Preparation of remuneration report (incl. analysis on remuneration disclosure)		•	•
Approval of remuneration report	•		
Preparation "Say-on-Pay" vote for upcoming GM	•		
<b>Remuneration of Board of Directors</b>			
Setting remuneration for next term of office (incl. amount to be approved at GM)	•		
<b>Remuneration of Executive Committee</b>			
Determining target achievement for previous year and approving short-term, performance-based remuneration (STI) (incl. amount to be approved at GM)	•		
Setting grant date for long-term, performance-based remuneration (LTI)	•		
Setting LTIP remuneration amount for current financial year (incl. amount to be approved at GM)	•		
Setting target remuneration for following financial year (incl. amount to be approved at GM)	•		
Setting STI target values for next financial year			•
Setting LTIP target values for next performance period			•

## 2. Procedures for Setting and Approving Remuneration

### Regular Benchmarking and External Consultants

To ensure competitiveness and attractiveness of Siegfried as an employer, internal remuneration data for the entire workforce at all locations are regularly compared with those at other relevant companies in accordance with standard practice. As a rule, this is based on a broad "General Industry" index, and in the case of specialist positions on comparative data from companies in the same industry. Our goal is to ensure that employees who meet the academic, performance and behavioral criteria associated with a given position receive a total remuneration package that is in line with the benchmark market median for similar positions in comparable companies. For this purpose, Siegfried works with independent external remuneration specialists.

The remuneration of the Board of Directors and the members of the Executive Committee is reviewed regularly – generally every two to three years – and compared with data from executive studies, specifically obtained benchmark data, and on the basis of the disclosures of companies of similar size and structure, comparable business mix, business model, and geographic set up. In 2021, this was carried out on the basis of a study commissioned from Mercer (Executive Remuneration Audit). The executive remuneration study was based on the broad “General Industry” index, which includes comparative data from over 350 internationally active companies headquartered in Switzerland with global business activity/customer base. In the comparison group, 26% are companies from the pharmaceutical/chemical and medtech sectors. The remaining 74% correspond to an industry cross-section of companies of comparable size and activity radius (17% consumer goods, 3% banking/insurance, 54% other manufacturing and non-manufacturing industrial companies).

## Process for Setting and Approving Remuneration

Remuneration is set and approved as follows:

Process for defining and approving remuneration	CEO	Remuneration Committee	Board of Directors	General Meeting
Principles of remuneration for the Board of Directors in the article of incorporation		Makes proposal	Proposes a motion	Enacts
Principles of remuneration for the Executive Committee in the articles of incorporation		Makes proposal	Proposes a motion	Enacts
Remuneration model for CEO (incl. short- and long-term, performance-based remuneration in the form of cash or shares) and terms of employment contract		Makes proposal	Enacts	
Remuneration model for the Executive Committee (incl. short- and long-term, performance-based remuneration in the form of cash or shares)	Makes proposal	Recommends	Enacts	
Maximum total remuneration for the Board of Directors for the term of office lasting until the next Ordinary General Meeting		Makes proposal	Enacts	Approves
Maximum total remuneration for the fixed remuneration of the Executive Committee (incl. the CEO) for the following financial year	Makes proposal	Recommends	Enacts	Approves
Maximum total short-term, performance-based remuneration of the Executive Committee (incl. the CEO) for the previous financial year	Makes proposal	Recommends	Enacts	Approves
Maximum total long-term, performance-based remuneration of the Executive Committee (incl. the CEO) for the current financial year	Makes proposal	Recommends	Enacts	Approves
HR and remuneration policy		Makes proposal	Enacts	
Nomination and selection for appointments/reappointments of Board members as well as succession planning		Makes proposal	Enacts	Approves
Nomination and selection of Executive Committee members as well as succession planning		Makes proposal	Enacts	

The following remuneration elements/amounts were approved at the General Meeting on April 22, 2021:

- Maximum total for overall remuneration of the Board of Directors for the 2021/2022 term of office (CHF 1 875 000)
- Maximum total for the fixed overall remuneration of the Executive Committee for the 2022 financial year (CHF 3 500 000)
- Short-term, performance-based remuneration for the Executive Committee for the 2020 financial year (CHF 482 591)
- Long-term, performance-based remuneration for the Executive Committee for the 2021 financial year (CHF 8 020 000)

Likewise, the proposals relating to the structure described above will be put before the General Meeting on April 13, 2022.

## 3. Principles of Remuneration Policy and Remuneration Elements

### Principles of Remuneration Policy

Recruiting, developing, and retaining diverse, qualified and talented managers and specialists is a crucial factor for Siegfried's success. The remuneration structure and its elements are aimed at achieving this goal and are based on the following objectives:

- ensure an effective link between individual performance and sustainable enterprise value creation for Siegfried's shareholders
- reward individual performance, competence, and desired behaviors in line with Siegfried's corporate values and leadership principles
- create a sustainable performance culture by implementing performance-related remuneration that is contingent on the Group's success
- set effective incentives by balancing performance-based long- and short-term remuneration elements
- act fairly and transparently when making and communicating remuneration-related decisions
- ensure market competitiveness
- comply with all legal and regulatory requirements relating to remuneration including, in particular, those regarding minimum wages, equal pay for men and women, and provisions linked to the disclosure and approval of remuneration for Siegfried's most senior decision-making bodies
- ensure that dilution resulting from performance/share-based remuneration does not exceed 1.0% per year (long-term average).

## Remuneration Elements

Siegfried's remuneration model is a package consisting of fixed and performance-based elements.

An employee's total remuneration mix is contingent on his/her functional level, position, responsibilities, qualifications/experience, and place of work. In the reporting year, employee remuneration was composed of the following elements:

1. Fixed remuneration – annual base salary
2. Performance-based remuneration
  - (i) Short-term, performance-based remuneration (Short Term Incentive Plan, STIP)
  - (ii) Long-term, performance-based remuneration (Long Term Incentive Plan, LTIP)
3. Additional remuneration elements
  - (i) Additional benefits, in line with market practice
  - (ii) Employee Share Purchase Plan (ESPP); available in most markets

	Element	Instrument	Purpose	Criteria	Target Group
Fixed remuneration	Annual base salary	Monthly cash payment	Attracting and retaining employees	Requirements of the job, employee experience and ability, job performance, local market conditions	All employees
Performance-based remuneration	Short-term, performance-based remuneration (STIP)	Annual cash payment	Rewarding employees' performance and contribution to enterprise value	Achieving corporate, functional, and individual targets in a given financial year	All employees (excluding Board members)
	Long-term, performance-based remuneration (LTIP)	Annual grant of performance share units (PSUs)	Ensuring a sustainable increase in enterprise value; aligning the interests of shareholders and management	Achieving corporate targets at the end of the three-year performance period	Management (excluding Board members)
Additional remuneration elements	Additional benefits	Pension plan and fringe benefits	Safeguarding employees and their dependents in old age or in the event of illness	Local market conditions, laws and other regulations	All employees
	Employee Share Purchase Plan (ESPP)	Employee participation plan, which allows employees to purchase Siegfried shares at a discounted price	Strengthening employees' interest in and loyalty to the company; enabling employees to take a stake in the company's success via a potential share price increase	Amount of initial investment, share price development	Employees below management (excluding LTIP participants and Board members)

The performance-based share of remuneration depends on an individual's functional level; the greater the responsibility assumed within the organization, the larger the share.

## Fixed Remuneration – Annual Base Salary

Each employee receives an annual base salary that is linked to the requirements of the position, the individual’s experience, capabilities, qualifications and performance, as well as local market conditions. Siegfried aims to ensure that the base salary of employees who meet the expected performance, behavioral, and academic parameters in full corresponds to the market median for comparable positions in the chemical/pharmaceutical industry. Annual adjustments are made individually in light of internal and external benchmarks regarding the competitiveness of salaries, employee performance, and the overall economic health of the company. Salary adjustments only occur automatically in cases where they are required by law or stipulated in sectoral collective agreements.

## Short-Term, Performance-Based Remuneration (Short Term Incentive Plan, STIP)

The Short Term Incentive Plan (STIP) aims to incentive employees across all functional levels. The Short Term Incentive (STI) rewards an individual’s performance and contribution to enterprise value, based on a retrospective consideration at the end of each financial year; it is paid in cash (at nominal value) in the following year.

The performance-based remuneration paid out under the STIP is contingent on the achievement of corporate, functional, and individual targets. A personal target bonus assuming 100% target achievement (“target STI”) is defined for each plan participant (if eligible for participation in the plan). The target STI and the applicable target categories depend on the plan participant’s functional level.

Under the STIP, targets are set and communicated annually for one financial year (performance period). Responsibility for defining STIP targets depends on the functional level of the employee and is assigned as follows:

<b>Level</b>	<b>Corporate targets</b> Setting and approval of targets and target achievement	<b>Functional targets</b> Setting and approval of targets and target achievement	<b>Individual targets</b> Setting and approval of targets and target achievement
CEO		n. a.	Chairman of the Board of Directors
Executive Committee	Board of Directors	CEO	CEO
Senior Management			
Management		Executive Committee	Line Manager
Employees			

The corporate targets used at Group level are Core EBITDA and Core ROCE (return on capital employed). The target values for the relevant reporting year are set by the Board of Directors. The annually defined Core EBITDA and Core ROCE targets are aimed at the achievement of the long-term Core EBITDA and Core ROCE targets, which, in addition to Total Shareholder Return, also underlie the current LTIP relevant for the reporting year as operational targets.

Functional targets are derived from Siegfried’s strategy, operational priorities, and corporate targets and are based on the overall performance of a given function or site. They are defined annually by the Executive Committee in a top-down process and are broken down incrementally into individual departments, sites, and teams. Functional targets are, for the most part, key performance indicators (KPIs) relevant to steering the operational business and achieving corporate targets. Typical KPIs include safety statistics per location (measurand correlating with the number of notifiable events as per international OSHA [Occupational Safety and Health Administration] standards), operational performance per location (OTIF [on time in full], contribution margin, Non-Material Cost), and the generation of new business (New Product Leads).

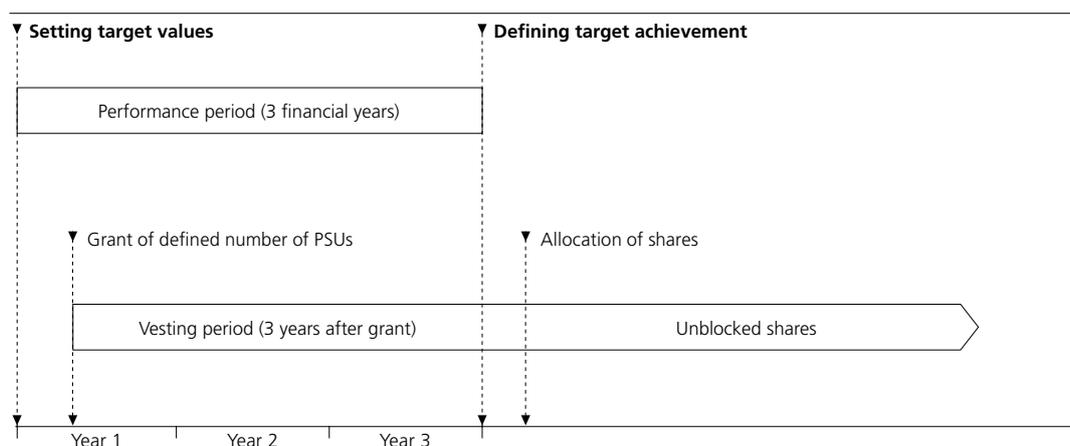
Individual targets are agreed bilaterally between the line manager and the employee. They are linked to the performance of the employee and usually take the form of project- or task-related goals.

At the end of the performance period, target achievement of the corporate, functional, and individual targets is assessed. The achievement scale ranges from 0 to maximum 200% for corporate targets, and from 0 to maximum 150% for functional and individual targets. An individual's overall target achievement is derived from the weighted sum of target achievements. The individual STI is calculated by multiplying the target STI amount by the overall target achievement.

## Long-Term, Performance-Based Remuneration (Long Term Incentive Plan, LTIP)

The Long Term Incentive Plan (LTIP) is a long-term, performance-based remuneration element aimed at ensuring a sustainable increase in enterprise value, an alignment of interests between shareholders and management, and their long-term retention with the company. The plan thus provides for a holding requirement whereby participants must permanently hold a defined number of shares. In addition, all plan participants must make an investment in Siegfried shares using their own funds upon joining the plan. The LTIP is open to members of the Executive Committee and management as well as to employees selected annually by the Board of Directors and Executive Committee whose contribution has a substantial influence on Siegfried's long-term development. The LTIP therefore links a portion of the Executive Committee's and management's annual performance-based remuneration to the long-term development of the Group's enterprise value.

Every year, as part of their total remuneration package, plan participants are granted a fixed number of Performance Share Units (PSUs); the number of PSUs is separately defined for each individual plan member by the Board of Directors. Each PSU is a conditional entitlement to a maximum of two Siegfried shares depending on the company evolving satisfactorily and on the achievement of predefined targets during the three-year performance period. Where applicable, a transfer of shares takes place after a three-year vesting period (three-year period starting on the date of the actual grant of the PSUs and ending on the same day three calendar years later).



For the purposes of Siegfried’s LTIP, long-term growth in enterprise value is gauged according to the compound annual growth rate (CAGR) of the capital market KPI “total shareholder return” (TSR) and the operational KPIs Core EBITDA and Core ROCE.

KPIs	Key performance indicator and definition	Setting target values	Target value	Weighting
Capital market KPI	CAGR of total shareholder return (TSR) over the three-year performance period	The Board of Directors sets target values annually for each new PSU grant	TSR CAGR of 8% (minimum level: 4%, maximum level: 12%)	70%
Operational KPI	Cumulative Core EBITDA over a given three-year performance period		Set annually, taking into account the company’s medium-term planning	15%
	Core ROCE of the last year in the three-year performance period		Set annually, taking into account the company’s medium-term planning	15%

The Board of Directors has set an 8% annual increase in the share value as its long-term TSR target value (100%) which corresponds to an absolute increase in share price of 26% over a three-year performance period. The Board of Directors defines EBITDA and ROCE target values annually for each new PSU grant, taking account of Siegfried Group’s five-year medium-term planning.

The number of shares transferred per PSU to the plan participant at the end of the three-year vesting period depends on the achievement level (performance factor) for TSR CAGR target values and operational targets.

The performance factor may have a value between 0 and 2. If targets are reached (100% achievement) the performance factor is given a value of 1 and the plan participant receives one share per PSU. If the minimum targets are not reached, the PSUs lapse without compensation.

Furthermore, shares may only be transferred following the three-year vesting period provided the plan participant has a valid employment relationship with the company.

The LTIP was revised in the reporting year and will apply in its revised form from 2022 (see p. 22).

In March 2021, shares for the performance period 2018–2020 were allocated. Target achievement (and hence the performance factor) for the 2018–2020 performance period was 162.8%. The detailed breakdown of target achievement was as follows: TSR CAGR: 200%, Core EBITDA: 87.4%, and Core ROCE: 64.7%. 1.628 shares were thus allocated per PSU. On March 5, 2021, based on a total of 31 246 PSUs originally granted, 36 454 shares were transferred to Siegfried’s Executive Committee and senior and middle management. During the vesting period, 6885 PSUs lapsed without compensation due to participants exiting the company and 1162 PSUs had, as per internal regulations, been transferred early in the form of shares on the relevant employee’s exit date (due to retirement or redundancy).

	Number of granted PSUs 2018 <sup>1</sup>	Number of allocated shares 2021 <sup>3, 4, 5</sup>
CEO <sup>1</sup>	2 800	0
Executive Committee <sup>1</sup>	7 225	11 760
Senior Management	10 335	12 563
Management	9 506	10 601
Discretionary Group <sup>2</sup>	1 380	1 530
<b>Total</b>	<b>31 246</b>	<b>36 454</b>

<sup>1</sup> Reported number of PSUs refers to the organizational set-up at the time of PSU allocation (CEO: R. Hanko).

<sup>2</sup> Each year, the Board of Directors and Executive Management at their discretion jointly nominate staff members below management level to participate in the plan.

<sup>3</sup> Excluding shares which have already been converted into shares during the vesting period based on Art. 8.3. of the regulations (retirement/termination for economic reasons).

<sup>4</sup> Excludes 1 144 shares for participants at the Nantong site, who received an equivalent cash amount instead of shares due to regulatory restrictions.

<sup>5</sup> Number of transferred shares based on outstanding PSUs at the time of transfer.

The following table provides an overview of granted and outstanding entitlements (PSUs) from the LTIP.

## Overview of Outstanding PSUs

	Grant 2019 (Vesting period 2019–2022)	Grant 2020 (Vesting period 2020–2023)	Grant 2021 (Vesting period 2021–2024)
<b>Number of PSUs granted<sup>1</sup></b>	<b>30 192</b>	<b>30 761</b>	<b>29 910</b>
CEO	2 800	2 800	2 800
Executive Committee	6 391	6 450	5 600
Management	21 001	21 511	21 510
<b>Outstanding PSUs as per December 31, 2021</b>	<b>23 470</b>	<b>25 706</b>	<b>28 295</b>
CEO	2 800	2 800	2 800
Executive Committee	4 841	4 900	5 600
Management	15 829	18 006	19 895
<b>Lapsed PSUs as per December 31, 2021<sup>2</sup></b>	<b>5 421</b>	<b>4 376</b>	<b>1 590</b>
CEO	0	0	0
Executive Committee	517	1 034	0
Management	4 904	3 342	1 590
<b>Shares granted from PSUs due to termination as per December 31, 2021<sup>3</sup></b>	<b>1 301</b>	<b>679</b>	<b>25</b>
CEO	0	0	0
Executive Committee	1 033	516	0
Management	268	163	25

<sup>1</sup> Reported number of PSUs per employee category refers to the grant date and is not corrected for organizational changes.

<sup>2</sup> Entitlement lapsed due to termination of employment relationship by employee or Siegfried.

<sup>3</sup> Pro rata share transfer based on 100% target achievement due to termination of employment on retirement/redundancy.

## Additional Benefits

In all locations, additional benefits include, first and foremost, retirement and insurance plans to cover staff in the event of loss of earnings, in the event of disability, illness, accident, or death. The form and amount of these additional benefits are governed by local market conditions and legislation.

In Switzerland, a supplementary defined-contribution pension plan is available for individuals whose income exceeds a given threshold. All members of the Executive Committee and some members of Senior Management are enrolled in this pension plan.

Both employee and employer contribute to the aforementioned pension plans. The assets in these segregated plans are held in separate foundations or by insurers and cannot flow back to the employer.

Moreover, accrual-funded direct commitments are in place in Germany; these are recognized on the balance sheet as pension liabilities. The relevant accruals are revalued each year. Plans also exist for anniversaries or other benefits linked to years of service.

## Employee Share Purchase Plan (ESPP)

The Employee Share Purchase Plan (ESPP) allows employees who are not eligible to participate in the LTIP to purchase Siegfried shares at a discounted price. Shares worth up to a maximum of 10% of an employee's annual base salary may be purchased once a year at a discount of 30% versus the defined purchase price. Shares are subject to a restriction period of three years from the date of purchase. The ESPP has been introduced at most locations.

In addition to regular ESPP participants, new members of management may participate, to a limited extent, in the ESPP in order to acquire the number of shares needed to satisfy the LTIP equity participation requirement. Participation over and above this is not permitted, however. A revision of the ESPP is planned for 2022.

	Number of participants	Number of purchased/ issued shares	Discounted purchase price per share	End of restriction period
2021	540	2 993	CHF 355.75	30.04.2024
2020	211	4 000	CHF 277.28	30.04.2023
2019	185	3 009	CHF 265.74	30.04.2022

## 4. Remuneration of Board of Directors

The remuneration model for members of the Board of Directors is geared to recruiting experienced and motivated individuals to carry out the duties of a Board member for Siegfried. Board members' remuneration comprises a fixed cash component and a share-based component; the number of shares is determined annually and approved by the General Meeting. By incentivizing Board members to further the success of the company and increase enterprise value over the long term, the share-based component ensures that the interests of Siegfried's directors and shareholders are aligned. Members of the Board of Directors do not receive any performance-based remuneration.

The cash component consists of a base fee for the Board mandate, and fees for individual functions as per the table below. In addition, for each term of office, Board members receive an expense allowance covering all incidental expenses relating to their professional duties. Following the acquisition, the cash component and the compensation for chairing a committee were adjusted to the new size of the company for the 2021/2022 term of office.

Shares are granted at the beginning of a Board member's term of office following the approval of directors' remuneration by the Ordinary General Meeting. From the date of grant, these shares are subject to a three-year restriction period. Should a Board member give notice during the current term of office, he/she undertakes to transfer the shares back to Siegfried on a pro rata basis.

The following table shows remuneration rates for the 2021/2022 term of office:

Base Fee	Cash component	Lump sum expense allowance	Actual number of restricted shares allocated for 2021/2022 term of office
Chairman of the Board of Directors	180 000	20 000	314
Vice-Chairman of the Board of Directors	90 000	10 000	157
Other members of the Board of Directors	60 000	10 000	157
Fees for individual functions			
Chair of Committee	15 000		
Member of Committee	5 000		

The following tables show remuneration paid/allocated in the reporting year and the prior year.

Remuneration of the Board of Directors is shown by financial year. The share component of the remuneration is valued according to Swiss GAAP FER.

## Remuneration Paid to Board of Directors in 2021 Reporting Year (Audited)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration 2021 <sup>1</sup>	Employer contributions to social security <sup>2</sup>	Total remuneration financial year 2021
Andreas Casutt (Chairman)	166 667	20 000	186 667	264 840	21 459	472 966
Martin Schmid (Vice-Chairman)	93 334	10 000	103 334	132 420	11 798	247 552
Colin Bond (Member; Chair of Audit Committee)	70 000	10 000	80 000	132 420	10 457	222 877
Wolfram Carius <sup>3</sup> (Member; Chair of Strategy Committee)	70 000	10 000	80 000	132 420		212 420
Isabelle Welton (Member; Chair of Remuneration Committee)	68 333	10 000	78 333	132 420	10 263	221 016
Reto Garzetti (Member)	73 333	10 000	83 333	132 420	10 595	226 348
Ulla Schmidt <sup>3</sup> (Member)	61 666	10 000	71 666	132 420		204 086
<b>Total (serving members on December 31, 2021)</b>	<b>603 333</b>	<b>80 000</b>	<b>683 333</b>	<b>1 059 360</b>	<b>64 572</b>	<b>1 807 265</b>

The remuneration figures shown in the table are gross amounts and were booked according to the accrual principle (4/12 for the 2020/2021 term of office; 8/12 for the 2021/2022 term of office).

<sup>1</sup> Fixed number of shares as part of Board of Directors remuneration; value per share as approved by the General Meeting (CHF 445 for the 2020/2021 term of office, CHF 840 for the 2021/2022 term of office).

<sup>2</sup> Incl. social security deductions on the tax value of the pro rata share component of the fixed Board of Directors remuneration (allocated in 2021) for the 2021/2022 term of office.

<sup>3</sup> Exempted from Swiss social security obligation (fulfills social security obligations in principal country of employment).

In 2021, no remuneration was paid to the members of the Board of Directors other than that presented above. During the 2021/2022 term of office, total Board of Directors remuneration is projected to be CHF 1.845 million; the figure approved at the General Meeting was CHF 1.875 million.

## Remuneration Paid to Board of Directors for 2021/2022 Term of Office (Projection until end of 2021/2022 Term of Office)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration term of office <sup>1</sup>	Employer contributions to social security <sup>2</sup>	Total remuneration term of office 2021/2022
Andreas Casutt (Chairman)	180 000	20 000	200 000	263 760	21 632	485 392
Martin Schmid (Vice-Chairman)	100 000	10 000	110 000	131 880	11 872	253 752
Colin Bond (Member; Chair of Audit Committee)	75 000	10 000	85 000	131 880	10 412	227 292
Wolfram Carius <sup>3</sup> (Member; Chair of Strategy Committee)	75 000	10 000	85 000	131 880		216 880
Isabelle Welton (Member; Chair of Remuneration Committee)	75 000	10 000	85 000	131 880	10 422	227 302
Reto Garzetti (Member)	75 000	10 000	85 000	131 880	10 392	227 272
Ulla Schmidt <sup>3</sup> (Member)	65 000	10 000	75 000	131 880		206 880
<b>Total (term of office 2021/2022, serving members)<sup>4</sup></b>	<b>645 000</b>	<b>80 000</b>	<b>725 000</b>	<b>1 055 040</b>	<b>64 730</b>	<b>1 844 770</b>
<b>Approved by the General Meeting for 2021/2022 term of office</b>						<b>1 875 000</b>

The remuneration figures shown in the table apply to the 2021/2022 term of office (May 2021 – April 2022).

<sup>1</sup> Fixed number of shares as part of Board of Directors remuneration; value per share as approved by the General Meeting 2021 (CHF 840).

<sup>2</sup> Incl. social security deductions on the tax value of the share component of the fixed Board of Directors remuneration (allocated in 2021) for the 2021/2022 term of office.

<sup>3</sup> Exempted from Swiss social security obligation (fulfills social security obligations in principal country of employment).

<sup>4</sup> Projected total until the end of the 2021/2022 term of office.

## Remuneration Paid to Board of Directors in 2020 Reporting Year (Audited)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration 2020 <sup>1</sup>	Employer contributions to social security <sup>2</sup>	Total remuneration financial year 2020
Andreas Casutt (Chairman)	140 000	20 000	160 000	266 939	21 014	447 953
Martin Schmid (Vice-Chairman)	73 333	10 000	83 333	133 469	11 148	227 950
Colin Bond (Member; Chair of Audit Committee)	60 000	10 000	70 000	133 469	10 374	213 843
Wolfram Carius <sup>3</sup> (Member; Chair of Strategy Committee)	60 000	10 000	70 000	133 469		203 469
Reto Garzetti (Member; Chair of Remuneration Committee)	70 000	10 000	80 000	133 469	10 952	224 421
Ulla Schmidt <sup>3</sup> (Member)	56 667	10 000	66 667	133 469		200 136
Isabelle Welton (Member)	36 667	6 667	43 334	89 000	6 620	138 954
<b>Total (serving members on December 31, 2020)</b>	<b>496 667</b>	<b>76 667</b>	<b>573 334</b>	<b>1 023 284</b>	<b>60 108</b>	<b>1 656 726</b>
Rudolf Hanko <sup>4</sup>	23 333	3 333	26 666	44 469	3 577	74 712
<b>Total (on December 31, 2020 including former members)</b>	<b>520 000</b>	<b>80 000</b>	<b>600 000</b>	<b>1 067 753</b>	<b>63 685</b>	<b>1 731 438</b>

The remuneration figures shown in the table are gross amounts and were booked according to the accrual principle (4/12 for the 2019/2020 term of office; 8/12 for the 2020/2021 term of office).

<sup>1</sup> Fixed number of shares as part of Board of Directors remuneration; value per share as approved by the General Meeting (CHF 379 for the 2019/2020 term of office, CHF 445 for the 2020/2021 term of office).

<sup>2</sup> Incl. social security deductions on the tax value of the pro rata share component of the fixed Board of Directors remuneration (allocated in 2020) for the 2020/2021 term of office.

<sup>3</sup> Exempted from Swiss social security obligation (fulfills social security obligations in principal country of employment).

<sup>4</sup> Rudolf Hanko did not put himself up for re-election as member of the Siegfried Board of Directors for the 2020/2021 term of office.

## 5. Remuneration of Executive Committee

The Executive Committee's remuneration is comprised of a fixed base salary, a short-term, performance-based component (STI), a long-term, performance-based component (LTI), and additional benefits. As part of the regular review, and in view of the significant increase in the size of the company and management responsibilities in the recent years, the remuneration of the Executive Committee was reviewed in 2021 on the basis of a specially prepared external salary comparison by Mercer in order to ensure appropriate and competitive remuneration. The cross-comparison revealed a need for adjustments in certain areas, in particular for the CEO in terms of base salary and target STI (unchanged since 2011 and 2014, respectively).

The following table summarizes the Executive Committee's remuneration in 2021 and indicates the highest individual remuneration for services rendered in the reporting year (CEO). The performance-based components STI and LTI are explained in detail below. In 2021, the ratio of fixed to performance-based components in the CEO's remuneration was 17% to 83% (previous year 46%/54%) while the ratio for the Executive Committee averaged 30% to 70% (previous year 54%/46%).

The main drivers for the increase in total remuneration of the Executive Committee compared to 2020 is the long-term performance-based remuneration (LTI), the value of which increased significantly compared to the previous year despite unchanged plan conditions and a 9% decrease in the number of PSUs granted. This increase was a result of the exceptionally large share price fluctuations within the evaluation period, in particular due to the significant decline of Siegfried's share price in early 2020 following the general market trend as a result of the coronavirus pandemic and the subsequent strong share price increase as a result of Siegfried's positive business performance, Siegfried's role in the production of coronavirus vaccines and the acquisition of two Novartis sites. In addition, the good performance in 2021 and the resulting higher average target achievement of 101.88% (previous year 36.57%) in the short-term incentive remuneration (STI), the selective adjustments in base salary and the expansion of the Executive Committee by one additional member from previous six to seven contributed to the increase.

### Remuneration Paid to CEO and Executive Committee in 2021 Reporting Year (Audited)

CEO and Executive Committee	Fixed remuneration in cash <sup>1</sup>	Short-term, performance-based remuneration (STI) in cash <sup>2</sup>	Total cash payments	Long-term, performance-based remuneration (LTI) in PSUs <sup>3</sup>	Employer contributions to social security <sup>4</sup>	Employer contributions to pension fund	Total remuneration 2021 <sup>5</sup>
Highest individual remuneration:							
Wolfgang Wienand <sup>6</sup>	646 667	832 000	1 478 667	2 255 456	276 130	88 979	4 099 232
Other Executive Committee members	2 231 208	749 493	2 980 701	4 510 912	539 815	257 785	8 289 213
<b>Total (at December 31, 2021)</b>	<b>2 877 875</b>	<b>1 581 493</b>	<b>4 459 368</b>	<b>6 766 368</b>	<b>815 945</b>	<b>346 764</b>	<b>12 388 445</b>

The remuneration figures shown in the table are gross and are based on the accrual principle.

<sup>1</sup> Incl. contractual remuneration in Siegfried shares for two members of the Executive Committee in the amount of approximately CHF 327 400 as well as employer contribution to share purchase (ESPP) for purposes of meeting LTIP investment requirements for one member of the Executive Committee.

<sup>2</sup> To be paid out in April 2022 after approval at General Meeting.

<sup>3</sup> Includes PSUs granted in 2021 for plan period 2021–2023; PSUs are valued as per external consultant ALGOFIN (CHF 805.52 per PSU).

<sup>4</sup> Includes an assumed social insurance contribution on both the 2021 STI (7.7%) and PSUs granted in 2021 (7.7%).

<sup>5</sup> Not including fringe benefits (REKA money, child and family allowances, employer contributions to BU/NBU) in the amount of approximately CHF 24 000.

<sup>6</sup> Increase in base salary of W. Wienand from CHF 570 000 to CHF 800 000 as of September 1, 2021.

In 2021, no remuneration was paid to the Executive Committee members other than that presented above. The amount of fixed remuneration for the reporting year 2021 approved at the General Meeting 2020 was complied with in accordance with the articles of incorporation (Art. 25).

## Overview of 2021 STI Calculations

	Target STI as % of fixed base salary	Target STI in CHF	Actual 2021 STI in CHF <sup>1,2</sup>	Actual STI as % of target STI	Actual 2021 STI amount incl. social security deductions <sup>2</sup> , to be approved at the General Meeting
CEO and Executive Committee					
CEO	100%	800 000	832 000	104.00%	896 064
Other Executive Committee members	40%–50%	752 352	749 493	99.62%	807 204
<b>Total</b>		<b>1 552 352</b>	<b>1 581 493</b>	<b>101.88%</b>	<b>1 703 268</b>

<sup>1</sup> To be paid out in April 2022 after approval at General Meeting.

<sup>2</sup> Assuming 7.7% social security contributions.

For the reporting year 2021, the following targets were relevant for the CEO and the Executive Committee (EC):

Target Category	Target	Weighting
Corporate Targets	Core EBITDA	CEO 40%, EC 25%
	Core ROCE	CEO 40%; EC 25%
Operational/Functional Targets	Safety, OTIF, CM1, Non Material Cost, Sales targets	EC 30%
Individual Targets	Function and role related targets	CEO 20%; EC 20%

The average target achievement of the entire Executive Committee for the reporting year 2021 was 101.88%, after the target achievement in the reporting year 2020 had been only 36.57%. The amount of CHF 1.70 million to be proposed by the Board of Directors for retrospective approval at the 2022 Annual General Meeting is thus higher than in the previous year (CHF 0.48 million) due to the performance achieved and the resulting significantly higher target achievement, as well as the addition of one person to the Executive Committee and the selective adjustments of base salaries and target STI.

The value of the PSUs granted to the CEO and other members of the Executive Committee for the three-year performance period January 1, 2021 – December 31, 2023 under the LTIP is reported once and in full as Executive Committee remuneration in the respective reporting year. In 2021, the CEO and the Executive Committee were granted a total of 8 400 PSUs (previous year 9 250 PSUs). As in the past, an external valuation company was used to determine the fair value of a PSU as of the grant date of the reporting year using a best-practice method which then served as a calculation parameter for determining the value of the long-term remuneration and social security contributions payable on it. For the reporting year 2021, the value was set at CHF 805.52 per PSU and was thus significantly higher than in the previous year (CHF 193.83 per PSU). With an otherwise unchanged LTIP and a lower total number of allocated PSUs compared to the previous year, this resulted in an approved amount for the long-term performance-related compensation for the year 2021 of CHF 8 020 000 (previous year CHF 2 000 000).

In order to ensure transparency, the PSUs allocated in the reporting year are shown as totals in the following table of remuneration paid to the Executive Committee. In the Consolidated Financial Statements, however, LTIP expenses are distributed over the three-year performance period. The effective income at the end of the vesting period may differ from the fair value determined at the grant date of PSUs and is depending on the target achievement of the LTIP (amount of the performance factor) and hence possible allocation of shares and the share price at the time of the allocation of shares.

## PSUs granted to CEO and Executive Committee in 2021 Reporting Year

Plan period	Executive Committee	PSU grant date	Performance period	Vesting period	Vesting date	Value at 100% target achievement			Potential target achievement
						PSUs allocated	Value of allocated PSUs <sup>1</sup>	Social insurance contributions on value of PSUs <sup>2</sup>	
2021–2023	CEO					2 800	2 255 456	173 670	
	Other members of the Executive Committee	05.03.2021	01.01.2021–31.12.2023	05.03.2021–05.03.2024	05.03.2024	5 600	4 510 912	347 340	0%–200%
<b>Total</b>						<b>8 400</b>	<b>6 766 368</b>	<b>521 010</b>	
<b>Total cost to enterprise</b>						<b>7 287 378</b>			
<b>Approved sum by General Meeting<sup>3</sup></b>						<b>8 020 000</b>			

<sup>1</sup> PSUs are valued as per external consultant ALGOFIN (CHF 805.52 per PSU).

<sup>2</sup> Includes an assumed 7.7% social insurance contribution.

<sup>3</sup> Approval of PSUs allocated in the financial year 2021 for the performance period 2021–2023 at the 2021 General Meeting. Approved value and numbers as of reporting date 2021 General Meeting – no adjustments have been made for organizational changes after previously mentioned reporting date.

## Remuneration Paid to CEO and Executive Committee in 2020 Reporting Year (Audited)

CEO and Executive Committee	Fixed remuneration in cash <sup>1</sup>	Short-term, performance-based remuneration (STI) in cash <sup>2</sup>	Total cash payments	Long-term, performance-based remuneration (LTI) in PSUs <sup>3</sup>	Employer contributions to social security <sup>4</sup>	Employer contributions to pension fund	Total remuneration 2020 <sup>5</sup>
Highest individual remuneration: Wolfgang Wienand	570 000	122 693	692 693	542 724	85 044	88 975	1 409 436
Other Executive Committee members	1 879 768	325 395	2 205 163	1 250 204	234 332	284 480	3 974 180
<b>Total (at December 31, 2020)</b>	<b>2 449 768</b>	<b>448 088</b>	<b>2 897 856</b>	<b>1 792 928</b>	<b>319 376</b>	<b>373 456</b>	<b>5 383 616</b>

The remuneration figures shown in the table are gross and are based on the accrual principle.

<sup>1</sup> Incl. contractual remuneration in Siegfried shares for a member of the Executive Committee in the amount of approximately CHF 62 000 as well as employer contribution to share purchase (ESPP) for purposes of meeting LTIP investment requirements.

<sup>2</sup> To be paid out in April 2021 after approval at General Meeting.

<sup>3</sup> Includes PSUs granted in 2020 for plan period 2020–2022; PSUs are valued as per external consultant ALGOFIN (CHF 193.83 per PSU).

<sup>4</sup> Includes an assumed social insurance contribution on both the 2020 STI (7.7%) and PSUs granted in 2020 (7.7%).

<sup>5</sup> Not including fringe benefits (REKA money, child and family allowances, employer contributions to BU/NBU) in the amount of approximately CHF 21 000.

## Outlook for the main adjustments to the Long Term Incentive Plan (LTIP) from 2022 onwards

As announced, the Long Term Incentive Plan (LTIP) was reviewed in the course of 2021 and adjusted with effect from the reporting year 2022 in line with the articles of incorporation (Art. 24 par. 3). The main change introduced concerns a change from the grant of a fixed number of awards (PSUs) to the grant of a fixed amount (Fixed Value) which is then used to determine the contingent awards (PSUs) to be granted as well as the target achievement being based entirely on the Total Shareholder Return (TSR) to be achieved in the performance period (previously 70% TSR plus 30% operating targets). Furthermore the maximum target achievement will be reduced to 150% (previously 200%), a minimum target to be achieved as well as a blocking period of three (3) years for 50% of any shares allocated will be introduced (previously investment and holding requirement during the performance period). Overall, these changes result in a reduced earning potential of the long-term performance-based remuneration. A more detailed description of the revised LTIP will be provided in the Remuneration Report 2022.

## 6. Shareholdings of Board of Directors and Executive Committee at End of Reporting Year

### Shareholdings of Board Members

The following table lists shareholdings of Board members and affiliated persons.

	December 31, 2021		December 31, 2020	
	Total shares	of which restricted	Total shares	of which restricted
Board of Directors				
Andreas Casutt (Chairman)	19 914	1 618	19 600	2 042
Martin Schmid (Vice-Chairman)	2 106	809	1 949	1 021
Colin Bond (Member)	3 606	809	3 449	1 021
Wolfram Carius (Member)	3 106	809	2 949	1 021
Reto Garzetti (Member)	8 640	809	8 483	1 021
Ulla Schmidt (Member)	2 071	774	1 949	1 021
Isabelle Welton (Member)	572	457	415	300
<b>Total (active Board Members)</b>	<b>40 015</b>	<b>6 085</b>	<b>38 794</b>	<b>7 447</b>
<b>In % of share capital</b>	<b>0.91%</b>	<b>0.14%</b>	<b>0.89%</b>	<b>0.17%</b>

## Shareholdings of Executive Committee Members

The following table lists shareholdings of Executive Committee members and affiliated persons.

	December 31, 2021		December 31, 2020	
	Total shares	of which restricted	Total shares	of which restricted
Executive Committee				
Wolfgang Wienand (CEO)	20 772	0	18 371	0
Reto Suter (CFO)	9 517	0	6 750	3 500
Irene Wosgien (Chief Operating Officer DS) <sup>1</sup>	500	0		
Marcel Imwinkelried (Chief Operating Officer DP) <sup>2</sup>	100	0		
Arnoud Middel (Chief Human Resources Officer)	4 802	0	3 012	0
Marianne Späne (Chief Business Officer)	28 632	0	26 353	0
Jürgen Roos (Chief Scientific Officer)	1 400	980	780	500
<b>Total (serving Executive Committee members)</b>	<b>65 723</b>	<b>980</b>	<b>55 266</b>	<b>4 000</b>
René Imwinkelried (Chief Operating Officer) <sup>3</sup>			12 948	0
<b>Total (including former Executive Committee members)</b>	<b>65 723</b>	<b>980</b>	<b>68 214</b>	<b>4 000</b>
<b>In % of share capital</b>	<b>1.50%</b>	<b>0.02%</b>	<b>1.57%</b>	<b>0.09%</b>

<sup>1</sup> Irene Wosgien was appointed to the Executive Committee as of January 1, 2021.

<sup>2</sup> Marcel Imwinkelried was appointed to the Executive Committee as of October 1, 2021.

<sup>3</sup> René Imwinkelried left the company as of December 31, 2020.

## 7. Contractual Agreements, Loans, Credits, and Additional Contributions

The employment contracts of Executive Committee members and the CEO are open-ended and provide for a notice period of six months. Board mandates are not subject to notice periods and terminate ordinarily at the end of the one-year term of office. There are no contractual agreements or undertakings in place with respect to severance payments or special clauses for members of either the Executive Committee or the Board of Directors.

The Long Term Incentive Plan, which entered into effect on January 1, 2014 (see section 3), in its current version, stipulates that:

In the event of a change of control of Siegfried, Plan Participants, subject to not having given and/or received notice of termination prior to the date of a change of control, will receive on the date of the change of control, or on a date defined by the Board, a number of Shares for each outstanding PSU. The number of Shares to be distributed per PSU is calculated on the basis of a valuation method to be determined at the sole discretion of the Board and shall adequately reflect and preserve the economic value of the benefits or potential benefits due to Plan Participants from all ongoing Performance Periods.

As of December 31, 2021, Siegfried Holding AG and its Group companies do not have any outstanding securities, loans, advances or credits to members of the Board of Directors or the Executive Committee of Siegfried Holding AG. Further, in the reporting year, no securities, loans, advances or credits were granted at non-market rates to persons affiliated with current members of the Executive Committee or Board of Directors or to former members of the Executive Committee or Board of Directors; nor are any such commitments outstanding as at December 31, 2021.

# Report of the Statutory Auditor on the Remuneration Report

We have audited the remuneration report of Siegfried Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled “audited” on pages 17 bis 21 and page 24 of the remuneration report.

## Board of Directors’ Responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

## Auditor’s Responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

## Opinion

In our opinion, the remuneration report of Siegfried Holding AG for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Thomas Illi  
Audit Expert  
Auditor in charge



Andreas Kägi  
Audit Expert

Basel, 18 February 2022



## About this Annual Report

In addition to highlighting Siegfried's business performance and its position concerning assets, finances and earnings, this report throws light on the company's commitment concerning sustainability and its interaction with society and the various stakeholders.

They are to gain a comprehensive and differentiated understanding of how Siegfried incorporates these issues into its corporate strategy and of progress achieved in this regard in the course of the year. The report appears in English and German language.

### Scope

We report on the 2021 financial year ending 31 December 2021. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in March 2021, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2023.

### Governance

Our statement concerning Governance describes the principles of management and the control of the Siegfried Group. Essentially, the Siegfried Group's corporate governance follows the Swiss Code of Best Practice and is subject to regular reviews and further development by the Board of Directors. Any deviations from these guidelines find mention in the report.

### Principles of accounting

The Siegfried Group's financial reporting is carried out in accordance with the entire guidelines of Swiss GAAP FER and the provisions of the Swiss law.

### External validation

PricewaterhouseCoopers AG (PwC) as auditors reviewed Siegfried Holding AG's Compensation Report (tables with remark "Audited") for the financial year ending 31 December 2021 and came to the conclusion that it corresponds with the law and with article 14 to 16 of the Ordinance against excessive remuneration for listed stock corporations. The process of sustainability reporting was supported by BSD Consulting, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Accordance with GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option. Furthermore, for the present annual report, the GRI Materiality Disclosures Service was carried out and the accuracy of the GRI references 102-40 to 102-49 confirmed. Please refer to the detailed GRI content index on the Internet at [report.siegfried.ch](http://report.siegfried.ch).

## Publisher's Note

This Annual Report is also available in German, being the original version.

This is an excerpt of Siegfried's Annual Report 2021. All chapters of Siegfried's Annual Report 2021 can be downloaded at [report.siegfried.ch](http://report.siegfried.ch).

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more**

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# Sustainability Report 2021

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“To survive in a constantly changing market, you have to think ahead and satisfy the requirements of all stakeholders with this in mind. Siegfried is in a very good position for this.”

—  
Andreas Casutt, Chairman  
of the Board of Directors Siegfried

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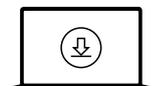
“The sustainable development of our company is the core of our corporate strategy, not an add-on.”

—  
Wolfgang Wienand,  
Chief Executive Officer Siegfried

# Sustainability Report

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07	Sustainability at Siegfried
17	Integrity
21	Quality Compliance
31	Safety, Health and Environment (SHE)
55	Employees
62	Corporate Social Responsibility
66	Contacts
67	GRI Content Index



This is an excerpt of Siegfried's Annual Report 2021.  
All chapters of Siegfried's Annual Report 2021 can be  
downloaded at [report.siegfried.ch](https://report.siegfried.ch).

In terms of sustainability, the Siegfried Group focuses on compliance and quality, corporate social responsibility, safety, health and environmental protection, and on its role as a responsible employer.

Dear Stakeholders  
and Friends of the Company,

In 2021, we were again very active in the area of sustainability and also developed further organizationally in addition to other topics. We called into life the Corporate Sustainability Board, an interdisciplinary body that coordinates and pools our sustainability activities. Owing to the significance of the topic of sustainability for Siegfried – sustainability has been one of our company's five core values since 2019 – I am myself a sponsor of this body, which will report to the Board of Directors on its activities and progress made.

Siegfried will soon look back on a 150-year history, which we are committed to and which we aim to continue and develop. Sustainability and sustainable management are not a burdensome duty for us. Rather, "Sustainability" and "Integrity" represent two of our five corporate values and represent the basis for our daily work and our entrepreneurial activity. We are thus expressly committed to sustainable corporate management:

We are pleased to confirm that Siegfried continues to support the aims of the UN Global Compact as set out by the United Nations in the year 2000 and advocates environmental protection, the protection of human rights, compliance with labor standards, and the fight against bribery and corruption. To this effect, we have launched initiatives and projects company-wide to advance the aims of the UN within our sphere of influence. In this document we describe our annual progress and commit ourselves to continue these efforts in the future.

As reported earlier, Siegfried has in the past years launched numerous efforts and initiatives, resulting in progress and success in the area of sustainability, and which we continued in 2021. And I am very pleased to report that our efforts are being recognized by external parties and independent institutions. In addition to certifications such as the ISS ESG Rating and the MSCI ESG Rating, Siegfried 2021 has also been included in the Dow Jones Sustainability Index Europe. We look upon this as confirmation of our activity and a request to forge ahead. At Siegfried we are well aware of our responsibility and the different expectations of our stakeholders, also and especially in the regulatory area, and we act accordingly.

On this basis, we approach the next steps with confidence: In 2022, in a structured process, we shall review the issues identified as essential for Siegfried in 2016 and integrate internal and external stakeholders. In the area of SHE (Safety, Health & Environment), we adjusted the organization and shall introduce a global function "Global Head SHE" in 2022. This will give due consideration to the significance of the area and the topic at hand for our global organization. Furthermore, we continue to work toward our ambitious goal of reducing Siegfried's CO<sub>2</sub>-footprint by 50 percent by 2030 (compared to 2020, on a revenue adjusted basis).

We are proud of what we have achieved so far while aware that that there is still a lot to be done.

With kind regards

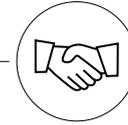
A handwritten signature in black ink, reading "W. Wienand." The signature is written in a cursive style with a large initial 'W'.

Wolfgang Wienand  
Chief Executive Officer

## Our Highlights 2021



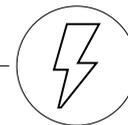
Established a Sustainability Board and set up a regular reporting line



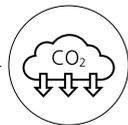
Joined the United Nations Global Impact



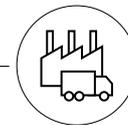
Inclusion in the Dow Jones Sustainability Index



ISO certification Hameln for energy management, ISO 50 001



Clear commitment to reduce the CO<sub>2</sub> footprint and implementation of long-term activities in agreement with the net-zero goal for greenhouse gas emissions by 2050 to limit global warming to 1.5° C



Introduction of the Siegfried supplier code of conduct

## Our most important distinctions

### ISS ESG



### Dow Jones Sustainability Index S&P Global



### MSCI ESG Rating



#### A Further Successful ESG Rating

In 2021, as in the previous year, Siegfried was awarded Prime Status by Institutional Shareholder Services Inc. (ISS), a leading global proxy consulting company. The status is conferred only upon companies that meet demanding criteria and ensure high sustainability performance. Siegfried shares this rating with the best 10 percent of all companies in the life-science industry certified by ISS. The securities issued by Siegfried Holding AG, therefore, fulfil the criteria for responsible investing.

#### Inclusion in Dow Jones Sustainability Index Europe

In 2021, Siegfried was included in the Dow Jones Sustainability Index Europe (DJSI). DJSI is a widely recognized standard used to measure performance of companies in the areas of the Environment, Social and Governance (ESG) in various industries and has for 20 years awarded companies successfully managed in accordance with sustainable principles.

#### MSCI ESG Evaluation

With an "A" evaluation in MSCI's ESG rating, Siegfried in 2021 joined the top 45 percent of evaluated companies. MSCI's ESG rating was developed to measure a company's resilience concerning long-term, industry-specific environmental, social and governance-related risks (ESG) measured and compared to competitors. In this regard, Siegfried holds its ground very well.

# 1. Sustainability at Siegfried

## **Current status of sustainability activities**

Siegfried has been complying with the principles of sustainable management for many years and assumes the responsibility for its economic activities and their effects on the ecological, social and economic environment. Because of the significant responsibilities that Siegfried and other companies in the pharmaceutical and life science industry have, sustainability has been a key issue for a long time. At the same time, the market participants are also under increased scrutiny by politicians, society, the authorities, and customers. Siegfried is already highly regulated due to relevance and complexity and complies with a multitude of different regulations and legal requirements to protect the patients who have confidence in the products we manufacture and the employees who are part of an energy-intensive and chemical production process.

Siegfried takes the needs of all stakeholders seriously, especially where transparency and integrity are concerned. To maintain the high quality claim, the Board of Directors and the Executive Committee are also actively involved in generating the report and are always open to improvements.

## **Siegfried's sustainability report complies with GRI Standards**

The 2021 Sustainability Report provides insight into our engagement and performance with regard to our most important sustainability issues. This report is based on the work completed for earlier sustainability reports, including the materiality analysis. The latter defines the priorities, topics, initiatives, and focal points that best support the sustainable development of Siegfried.

## **Long-term binding obligations for climate targets**

Siegfried accepts its responsibilities as a manufacturing company and commits to binding sustainability targets. By 2030, the company will reduce its CO<sub>2</sub> footprint by 50 percent. The basis for this is the revenue-normalized value of 2020. In addition, Siegfried will introduce long-term activities conforming to the so-called net-zero target 2050 to limit global warming to 1.5°C via the reduction of greenhouse gas emissions.

## **Inclusion in the Dow Jones Sustainability Index**

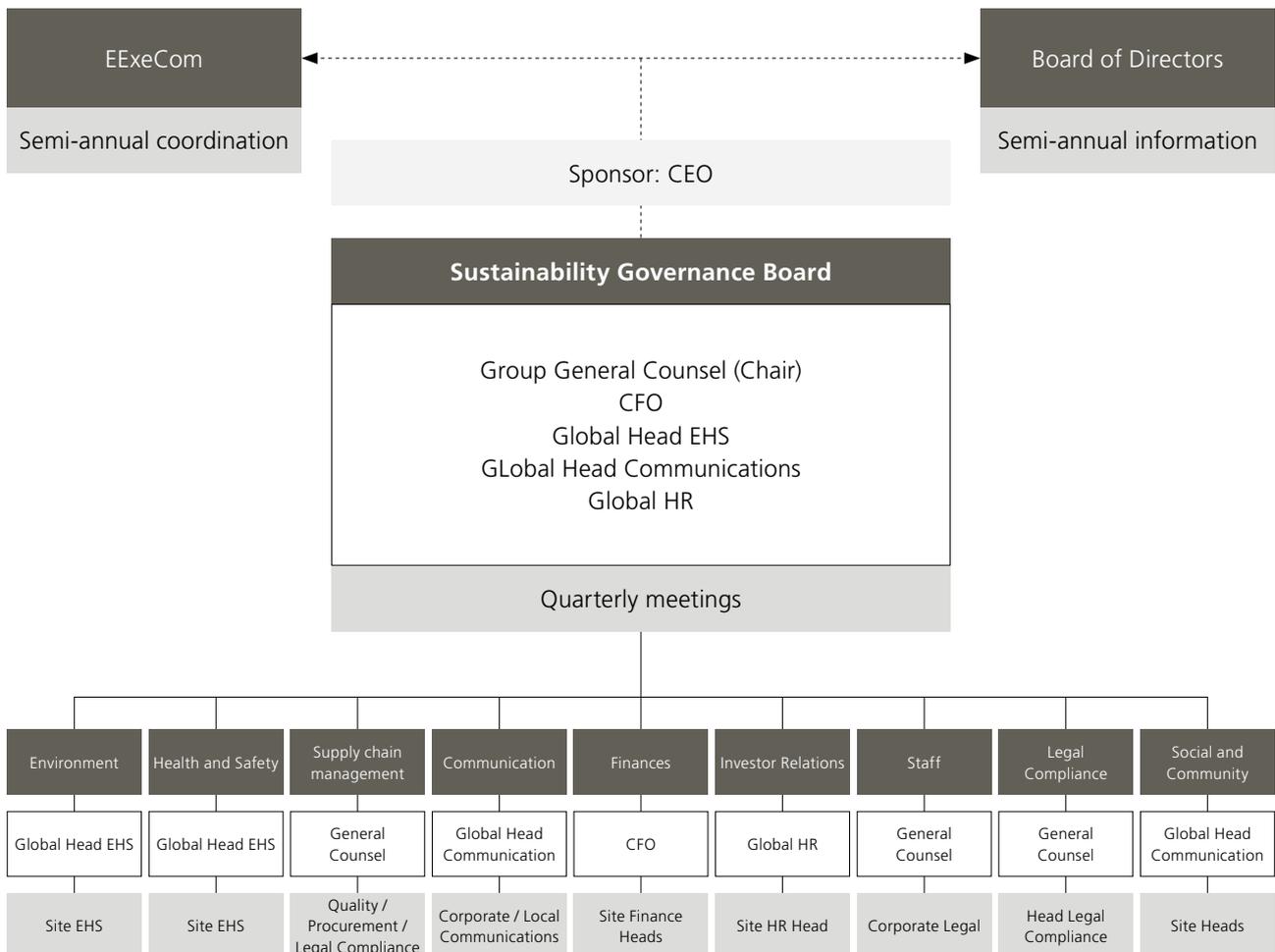
Another milestone and a confirmation of goals already achieved was the inclusion of Siegfried in the Dow Jones Sustainability Index Europe (DJSI) in 2021. The DJSI is a widely recognized standard to measure the progress of companies engaged in the fields of Environment, Social, and Governance (ESG) in various industries. For 20 years it has been honoring companies doing particularly sustainable business.

## 1.1 Organization of Sustainability Management

Siegfried strives to further standardize and professionalize its sustainability management in terms of substance and personnel (see Outlook on page 13). In the past, the implementation and fulfillment of activities and projects have been the sole responsibility of the individual divisions which, in turn, reported to the ExeCom. In 2021, the Corporate Sustainability Board was introduced to add support owing to the increasing importance of this topic for Siegfried. The Corporate Sustainability Board meets at least four times annually and twice a year it reports to the Executive Committee and the Board of Directors. The Chairman of the Corporate Sustainability Board also communicates at regular intervals with the CEO, who is the sponsor of the Sustainability Board, to discuss strategic sustainability issues.

The implementation of compliance and quality standards as well as the Safety, Health and Environment (SHE) division are the responsibility of the Chief Compliance Committee (ComCom) and/or the Chief Compliance Officer (CCO). The ComCom holds monthly meetings chaired by the CCO.

### Organizational structure with regard to sustainability at Siegfried





## Continued Development of Siegfried's Sustainability Organization

Luca Dalla Torre is Group General Counsel at Siegfried and manages the Sustainability Board established in 2021. Read the entire interview in the 2021 Annual Report, pages 12–13.

### What is the significance of sustainability at Siegfried?

Luca Dalla Torre: Sustainability is one of Siegfried's five corporate values and an important aspect of its corporate management. Siegfried was founded nearly 150 years ago, and we spare no effort to ensure success for the company in the coming years and continue to play an important role in the production of drug substances and drug products. What

we do is important – for our customers, for many patients worldwide and finally also for society as a whole. For this to succeed it is imperative that our company produces sustainably and acts wisely. Today, this is more important than ever.

### Has the new organization had any success yet?

Luca Dalla Torre: In the year under review, based on a comprehensive deficit analysis, we addressed various topics that have shown initial success. They included, for instance, embedding the sustainability analysis in investment projects, introducing a new integrity codex for suppliers, and

joining the United Nations Global Compact Program.

Encouragingly, Siegfried was accepted for the first time in the Dow Jones Sustainability Index Europe. This recognition means a lot to us, and it shows that we are on the right track.

## 1.2 Leadership and Values

Siegfried has rolled out globally standardized guidelines on the topic of "Leadership and Values". The corporate values of excellence, passion, integrity, quality, and sustainability form the core of the leadership model contained therein.

These five core values are the joint basis of our actions and connect all stakeholders with each other. They shape Siegfried's corporate culture across national borders at all eleven sites worldwide. They shed light where needed and form a bond between us. They provide the basis for understanding the cultural differences at Siegfried. As such, they contribute significantly to the success of the globally acting Group. The five corporate values are a tool to translate our strategy and our brand into a specific conduct and they serve as an internal compass.

The leadership principles were developed and determined jointly with the executives at all sites. Workshops were conducted at every site to explain the leadership principles to the employees by using different interactive modules. The goal was the individual implementation and application within the teams so as to work even better together. The leadership model will be conveyed annually at every site by means of a training program, practical contents and selected learning sequences to ensure a successful application in the day-to-day work. This program will continue to be expanded in the future. It is especially beneficial for new locations to establish another high-quality site.

### Intensive interaction within the Group

During the reporting year, CEO Wolfgang Wienand and the other members of the ExeCom interacted closely with all sites. Some meetings took place by videoconference. In connection with this, the corporate values were also addressed and discussed in detail. With regard to the two new plants in Spain, all Siegfried sites around the world will introduce themselves in no particular order. A video call

will be held every two to three months, which will be open to all employees in Spain. This also primarily involves the company's values and the understanding of Siegfried's leadership philosophy.

**Memberships in associations and organizations enable Siegfried to network and advance**

The structural basis of the company's sustainable actions is complemented by various memberships in associations and organizations related to sustainability, particularly in connection with the membership in the economic association scienceindustries and its "Responsible Care" program. Responsible Care is the standard global initiative of the chemical and pharmaceutical industry concerning the safe handling of its products across their entire lifecycle. This voluntary initiative of the industry emphasizes its contribution to the improvement of the quality of life and to sustainable development. Additionally, Siegfried is committed to the goals of the UN Global Compact (see Highlights 2021).

Our Values: we strive for top performance

"Our values and leadership principles are the basis for being the best team in our industry."



-  **Excellence**  
"We excel in everything we do"
-  **Passion**  
"We deeply care about what we do and how we do it"
-  **Integrity**  
"We act responsibly, reliably, respectfully and live up to our own standards"
-  **Quality**  
"We do it right first time"
-  **Sustainability**  
"We do not only think about tomorrow, but far beyond"

**Annual assessment of the sites via the EcoVadis rating**

A few years ago Siegfried decided to conduct a Corporate Social Responsibility (CSR) assessment every year at all sites and use a recognized label to acknowledge our commitment and the work we do as a company in the field of sustainability. EcoVadis was selected as our partner. The rating focuses on 21 sustainability criteria, which are grouped into four categories: environment, labor and human rights, ethics, and sustainable procurement. The methodology that EcoVadis applied to the CSR rating is based on international standards, such as the conventions of the International Labor Organization (ILO), the ten principles of the UN Global Compact, the GRI Standards, and the ISO 26000 standard. The rating is updated on an ongoing basis. Therefore, every Siegfried subsidiary submits to an annual rating review. The most recent results are shown in the overview, although the 2021 rating has not yet been completed for every site. The Zofingen, St. Vulbas and Barberà del Vallès sites achieved a GOLD rating, while the other sites were rated “SILVER”.

Site	Ecovadis-Rating
Minden	Silber (2022)
St. Vulbas	Gold (2020)*
Zofingen	Gold (2020)*
Evionnaz	Silber (2020)*
Hameln	Silber (2020)*
Irvine	Silber (2020)*
Malta	Silber (2020)*
Pennsville	Silber (2020)*
Nantong	Silber (2021)
Barberà del Vallès	Gold (2021)
El Masnou	Silber (2021)

\* The annual evaluation process for 2021 is in progress



**Procedure Involved for Certification by EcoVadis Taking St. Vulbas as an Example**

“Since 2016, the SHE department in St. Vulbas has received an annual questionnaire which serves to measure the site’s CSR performance. Questions concerning environment, social, governance, ethics, and responsible purchasing are answered in cooperation with the human resources, purchasing, and supply-chain departments in compliance with the company’s CSR guidelines and confirmed by supporting evidence. EcoVadis experts check the answers supplied and, depending on the number of points achieved between 1 and 100, award a bronze, silver or gold medal. Upon request, the result may be shared with our customers. For our customers, maintaining the standards by the company and, by extension, the certification, is an important criterion. Our site has been awarded a gold medal since 2016, corresponding to between 62 and 69 of a possible 100 points.”

— Fabrice Ogé, Responsable EHS, HSE, St. Vulbas



### 1.3 Materiality Analysis GRI 102-46

#### **The 2016 materiality analysis is the basis for the current relevant topics**

This report is based on the relevant topics defined in 2016, but a reevaluation process is scheduled for 2022 (see Outlook).

In 2016, Siegfried identified nine topics as being relevant according to a multi-level process, in consideration of the effects of Siegfried's activities on environment, society and economy, the UN Sustainable Development Goals and industry-specific sustainability issues. This materiality analysis was based on an environmental analysis which identified all the topics that are potentially relevant for Siegfried. In a next step, a materiality workshop was held to prioritize the topics with the applicable divisions according to two perspectives: relevance for Siegfried and relevance for the stakeholders.

The defined relevant topics form the basis for Siegfried's sustainability report and the company's commitment. For this purpose, sustainability refers to a holistic approach, applied along the entire value chain (also see Siegfried "Topic Boundaries" in the GRI Content Index, page 72).

The following topics were defined as relevant in the 2016 materiality analysis (listed according to relevance): GRI 102-47

- Product Safety
- Waste and Contamination
- Fair Working Conditions
- Sustainability in the Supply Chain
- Occupational Health and Safety
- Local Population
- Energy and Climate Change
- Political Representation of Interest
- Corruption and Anti-competitive Conduct

#### **Outlook:**

##### **Reevaluation of the sustainability strategy in 2022**

The ever growing interest of the public, investors and international institutions in the topic of sustainability shows that Siegfried's approach to establish sustainability as an integral part of its corporate strategy from the outset is paying off. The questions that are justifiably asked today by far exceed the earlier focus on reducing emissions and energy consumption. Siegfried is prepared to accept this new development. In 2022, the company will conduct an extensive reevaluation process to adapt the previous sustainability strategy and align it with the corporate strategy.

In consideration of regulatory developments, trends and conformity with the GRI Standards, Siegfried will carry out an extensive process in 2022 to review and, if necessary, update the relevant topics. We are planning a materiality analysis according to the principle of double materiality. For one, this includes the identification and examination of Siegfried's effects on the economy, the environment and people, including human rights, and for another, the identification of the chances and risks related to sustainability. Possible changes in the relevant topics, adjustments in processes and initiatives will be shown in detail in the 2023 sustainability report.

### **Staff reinforcement at all levels of the sustainability division**

The establishment in 2021 of a cross-functional Corporate Sustainability Board, which meets four times per year, is a further step toward constitutionalizing the sustainability process at Siegfried (see presentation on page 8). In addition, the Board of Directors will increase its capacities in the field of sustainability and propose to elect chemist Dr. Alexandra Brand as a member of the Board of Directors. She has held leadership positions at Syngenta since 2015, first as Chief Sustainability Officer of the Syngenta Group until 2020 and subsequently as Head of Crop Protection EAME of Syngenta. This step again emphasizes and reinforces the importance of the topic for Siegfried. The pertinent division will be expanded and strengthened by additional capacities. Siegfried will also make changes at the management level by establishing the new position of Global Head SHE in February 2022. The operational implementation of sustainability projects and initiatives will be promoted even more than in the past by using local project teams at the site level. Best Practices are shared regularly and made accessible to all employees, including via the internal newsletter Insight and in various staff meetings.

## 1.4 Sustainable Development Goals

As part of its sustainability management, it is Siegfried's aim to make a global contribution to sustainable development. Therefore, it also refers to the 17 global goals and 169 targets of SDG (Sustainable Development Goals). To prioritize the SDG to which we contribute in particular, we have already linked the SDG with our relevant topics in the 2019 fiscal year. In a second step, we have identified five SDG on which we have a particularly positive or negative impact, considering our business and sustainability activities. In this Sustainability Report we address our intent to reduce the negative effects and enhance the positive effects (see explanation on page 14).

An SDG, which is not part of our relevant topics, but a key component of our business model, is SDG 9 "Industry, Innovation and Infrastructure". An important strategic value driver for Siegfried is technology and process innovation to cover the entire range of services from active ingredient to the finished medicinal product with our chemical and pharmaceutical capabilities. This contributes particularly to SDG 9 as the purpose of target 9.5 is to encourage innovation and increase private and public spending for research and development.

### **Important developments in 2021**

In 2021 Siegfried focused on the further expansion of our global production network, the integration of the El Masnou and Barberà del Vallès plants near Barcelona, Spain which recently joined Siegfried, the handling of the effects of the COVID-19 pandemic, and the reinforcement of interdisciplinary collaboration across the sites.

Goal	Our Contribution	Potential Effects	Status	Future Activities as of 2022
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p>Ensure healthy lives and promote well-being for all at all ages.</p>	<ul style="list-style-type: none"> <li>+ Our products can help people, support the recovery process or relieve negative symptoms. With our products, we reach approx. 40 million patients per year.</li> <li>- Negative effects may occur in production, such as occupational accidents or chemical incidents. In extreme cases, the population at our production sites may be at risk, in addition to our employees.</li> </ul>	<p>We consistently invest in our network to ensure uninterrupted supply by applying the dual sourcing strategy.</p> <p>We pay particular attention to matters of compliance und SHE to protect our employees and the population. To do so, we are internally using DuPont's STOPTM program to prevent any accidents.</p>	<p>We are strengthening our network with specific investments and with training programs designed to improve the tech transfer capabilities.</p> <p>We are setting clear goals with regard to plant safety. Safety is also a bonus-relevant criterion regarding the annual objectives of our executives.</p>
 <p><b>4</b> QUALITY EDUCATION</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>	<ul style="list-style-type: none"> <li>+ We offer an extensive training and education program to our employees and trainees. It is not only intended for trainees and junior staff. It also promotes lifelong learning in the pharmaceutical and chemical field.</li> </ul>	<p>With Siegfried Academy Siegfried has established an extensive training and education program, which also makes Siegfried a more attractive employer.</p> <p>Since 2020 we have implemented a range of activities in connection with the "Great Workplace" initiative to make Siegfried a more attractive employer. The campaign continued in the reporting year with various activities, including the Global Value Awards, which were awarded for the first time in 2021, Value Kudos were introduced and the #everystepmatters initiative was conducted to connect employees.</p>	<p>We are planning to continue expanding the Siegfried Academy program for the benefit of our employees.</p>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>	<ul style="list-style-type: none"> <li>+ We are increasing the use of renewable energies as well as our energy efficiency to contribute to the use of clean energy.</li> <li>- In effect, we depend on the use of energy. However, the consumption of fossil energy sources causes greenhouse gas emissions. The challenge for Siegfried is to completely disengage operational growth from emissions.</li> </ul>	<p>Siegfried strives to consistently reduce the use of fossil energy sources by increasingly relying on renewable energies. The revenue-normalized emission values are pointing in the right direction.</p>	<p>Sustainability is an integral component of the Group Management agenda.</p> <p>We set goals or reduction targets in the areas of energy efficiency and a decrease in the carbon footprint for all our sites.</p>
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p>	<ul style="list-style-type: none"> <li>+ We continuously develop new products and improve our processes to offer the best possible products to our customers. Our R&amp;D activities contribute to the innovative strength at our sites.</li> <li>- Age of the infrastructure</li> </ul>	<p>Siegfried invests in a high-performance global production network. Due to tech transfers the products are manufactured at the most appropriate site. The "Centers of Excellence" for our R&amp;D activities are located in Zofingen and Evionnaz.</p> <p>Siegfried includes energy-reducing opportunities already in the planning phase for new production and development buildings to save even more energy in their operation (Green Engineering).</p>	<p>The further expansion of our R&amp;D and production network and the close cooperation between the sites will be further intensified. In 2022 we will build a Center of Excellence in Barcelona for the pharmaceutical R&amp;D.</p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable consumption and production patterns.</p>	<ul style="list-style-type: none"> <li>- Chemical and pharmaceutical additives are subject to negative upstream effects which are based on petrochemical products.</li> <li>- As a result of the complex, multi-step manufacturing processes for active pharmaceutical ingredients, Siegfried incurs a certain amount of waste.</li> </ul>	<p>We have launched various projects to sustainably reduce the amount of waste and to increase the share of regenerated solvents. Initial results are promising. Additionally, we also intend to further decrease our dependence on petrochemical products.</p>	<p>We are consistently working on further minimizing the amount of waste at all sites. Hazardous waste is one of our priorities.</p>

## 1.5 Stakeholder Dialog

Siegfried attaches great importance to regular contact and ongoing dialog with its stakeholder groups at both the local and the global level. We consider the close involvement of our stakeholders to be an important element of our corporate conduct and we thus pursue the goal of creating a better mutual understanding and a basis of trust to enhance our partnership regarding Siegfried's work and products. The aim is to closely link the stakeholders' interests with the company's business strategy and to recognize trends early so that they can be incorporated into the strategy process.

We use a stakeholder map for a specific and systematic stakeholder dialog (see "Siegfried in Dialog" below). The categories of people listed therein are not final. They were selected based on their relevance and possible influence on our company. Regular stakeholder mapping further allows us to recognize changes in expectations and interests in order to adjust the relevant topics, messages and communication platforms accordingly.

Our stakeholder activities include specific dialogs on the local, national and international levels, involvement in committees and professional panels, comprehensive information programs, and participation in international initiatives and collaborations. Global stakeholder engagement is therefore of great importance to us. The stakeholder dialog includes both communication and active interaction with individual target groups as well as issue-related multi-stakeholder events. We want to understand the different perspectives held by our stakeholders and to address them effectively.

- GRI 102-40
- GRI 102-42
- GRI 102-43
- GRI 102-44

# Siegfried in Dialog

Stakeholder Group	Topics	Platforms
Media	News and results	Media conferences, media releases, direct contact with CorpCom
Capital market	Results, business models / product range, news	Financial analyst conference, direct contact with CEO and CFO, roadshows
Customers	Business model / product range, technological innovations, sustainability	Meetings, visits, symposiums, trade fairs
Local stakeholders	Jobs, safety and environmental protection	Direct contact with site managers, advertisements, social media and sponsorships
Employees	Working conditions and course of business, safety and environmental protection	Information / town hall meetings, "Insight" employee magazine, Intranet, Internet, internal memos, information cascade via line management
Trade unions	Working conditions	Information meetings with HR, direct contact with line management
Supervisory and regulatory authorities	Compliance, safety and environmental protection	Direct contact, audits, training events, information letters
Political decision-makers	Economic framework and specific concerns of the company	Company visits, seats on the board of professional associations (industry associations, chambers of commerce, etc.), involvement of site management
Suppliers	Order security	Visits, supplier audits, trade fairs
Science	Technological innovations and development of trainees	Direct contact with universities and advanced technical colleges, symposiums
Associations	Economic framework and specific concerns of the company	Seat on leadership committees of various associations as well as professional and knowledge sharing groups

## 2. Integrity

### Classification of Legal Integrity in Siegfried's Canon of Values

As a supplier to the pharmaceutical industry, Siegfried also views itself as having a special responsibility with regard to the business conduct of employees, managers and suppliers. Upholding all applicable legal provisions and the rejection of any unfair and unethical business conduct are therefore the basis of everyday work. This self-concept and commitment to integrity is so central for Siegfried and is shared by all stakeholders to such a high degree that "integrity" has been selected as one of our five company values: We set high standards and are committed to acting ethically, lawfully and responsibly.



### SDG article

This is in line with another SDG, which we have not selected as essential for us, but which nevertheless has a high relevance for Siegfried: SDG 16 means the promotion of peaceful and inclusive societies for sustainable development, to give all people access to legal assistance and to provide effective support at all levels. Building accountable and inclusive institutions.

Among the sub-objectives of SDG 16, two are particularly relevant for Siegfried: 16.5 "Significantly restrict corruption and bribery in all its forms", and 16.10 "Ensure public access to information and protect fundamental freedoms in accordance with national law and international agreements".

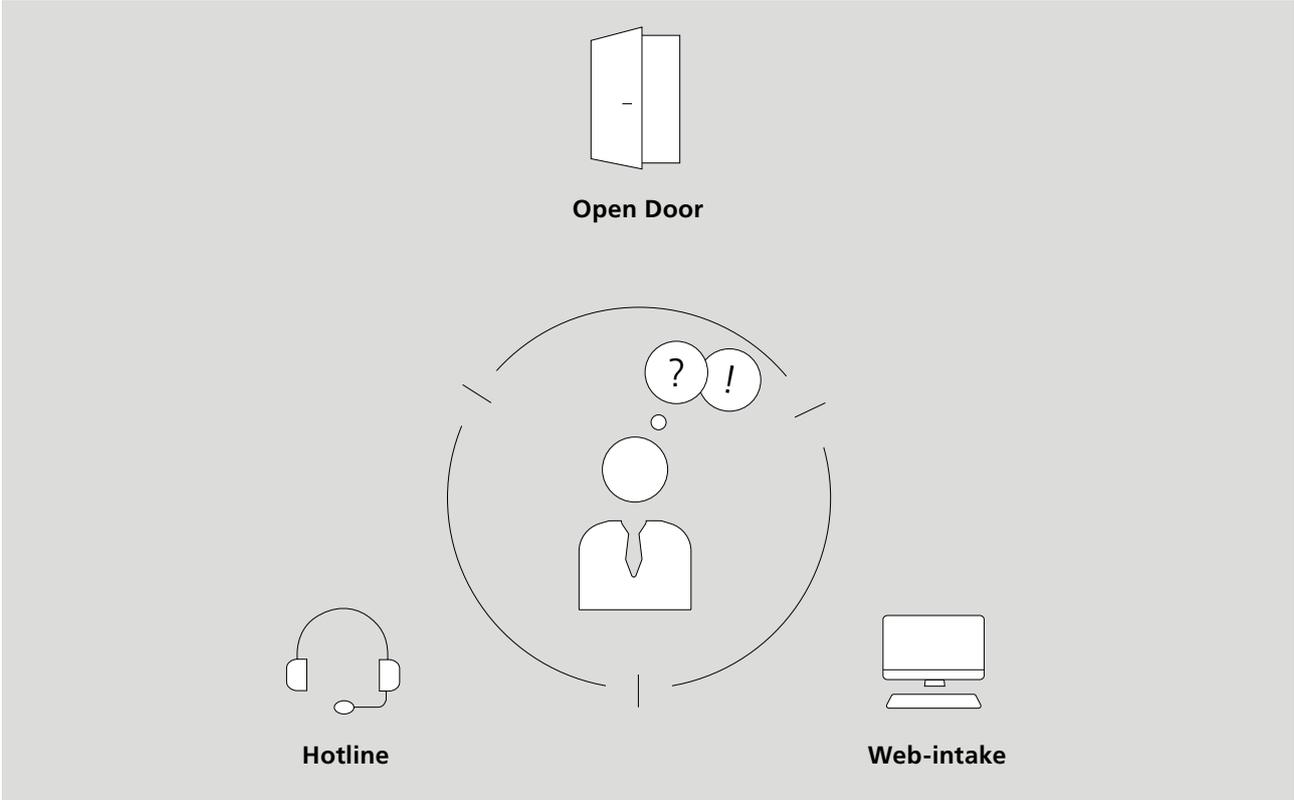
### Code of Conduct as a Frame of Reference and in Accordance with SDG 16

Siegfried's code of conduct provides the framework for conduct in business operations. It is available in the five company languages: Mandarin, German, English, French and Spanish. All topic areas are addressed, which are important for the comprehension and strengthening of awareness with regard to legal compliance. One focus is on the areas of bribery and corruption, antitrust and competition law, insider trading prohibition, fraud and other property crimes, as well as data integrity, secrecy and data protection, conflicts of interest, trade controls and trade bans, in addition to discrimination and harassment. The code is freely accessible on the Siegfried website at <https://www.siegfried.ch/corporate-governance-de?acc=4920>.

As a pharmaceutical supplier and a group company that is active worldwide, Siegfried is committed to high legal and ethical standards in all business relationships. In the context of these standards, Siegfried undertakes to ensure that employees and intermediaries comply with all legal provisions when carrying out business activities.

On the basis of the code of conduct, a legal integrity program has been set up and continuously extended at all Siegfried Group sites in recent years. The aim was to make all employees at Siegfried aware of lawful and honest conduct in business transactions and to harmonize their understanding of this. In addition, the processes and measures implemented efficiently and effectively prevent and punish violations of laws. The Legal Integrity Office has the task of coordinating the application and communication of the Legal Integrity Program and investigating or punishing possible violations. Siegfried employees thus have a fixed point of contact for questions or potential violations. In order to make contact via the legal compliance helpline as easy as possible, notifications and clarification of status may be made in all company languages.

# Integrity Helpline



The Integrity Helpline is a fixed contact point for Siegfried employees and third parties

### **Explicit Prohibition of Corruption and Anti-competitive Behavior**

Siegfried manages a globally active company with eleven sites in six countries on three continents, and conducts a variety of business relationships, regionally, nationally and internationally. Siegfried employees and suppliers are familiar with the legal framework with regard to corruption and anti-competitive behavior and are obliged to comply with them.

- Legal principles on prohibiting corruption  
Siegfried explicitly prohibits any form of corrupt business conduct, in particular the active and passive bribery of public and private officeholders and decision makers.

This specifically includes:

- The OECD Anti-Bribery Convention
- US Foreign Corrupt Practices Act 1977
- UK Bribery Act 2010, and
- the relevant provisions of national law, in particular the Swiss Criminal Code on the bribery of public officials and the Federal Act against Unfair Competition for private individuals (in each case in its valid and current version)
- Protection of free and fair competition  
Any conduct that violates national and/or supranational legislation protecting free and fair competition is prohibited for Siegfried's suppliers and employees. Their actions must obligatorily be within the limits of European competition law, US antitrust law, Chinese antitrust law and all other competition rules that apply according to the effects doctrine.

### **Cases of Violations against the Code of Conduct**

Neither in the reporting year nor in any other year in the company's history was a Siegfried Group company involved in administrative or legal proceedings concerning anti-competitive conduct or a violation of antitrust law.

In the reporting year, ten cases of suspected misconduct were reported to the Legal Compliance Office across the group, which were analyzed as part of the internal investigations. One case resulted in the termination of an employment contract due to a violation of Siegfried's code of conduct.

### **Review of the Reporting Year and Outlook**

First training courses adopted according to the planning basis of the Legal Compliance Office in 2020 and designed for several years were successfully implemented. For example, the members of the Site Leadership Teams of the two new sites of Barberà and El Masnou conducted training courses in the area of the code of conduct and legal compliance reporting channels. In this context, site-specific questions and inquiries from the participants' fields were also addressed. Another point is the regular evaluation of the risk profiles (including corruption risks) for all sites (see the chapter on risk management).



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## Questions to Manuel Cozzolino, responsible for legal integrity at Siegfried

### What is the significance of legal integrity for Siegfried?

Legal integrity means promoting compliance with applicable laws and guidelines in the company and thus avoiding possible misconduct by all parties involved. An effective legal integrity program helps Siegfried employees behave ethically and in line with Siegfried's corporate values in their daily work, or to know who to turn to in the event of uncertainty. This enables us to proactively reduce risks for employees, suppliers and thus the company, and at the same time increase efficiency. This also directly explains the importance for companies: The more clearly the course of action and legal framework conditions are defined and communicated, the easier it is to make ethically correct decisions in the interest of the company, and the faster and more efficiently work can be done.

### What challenges does Siegfried face in the area of legal integrity?

The purpose of legal integrity is to minimize risks to the business while increasing efficiency. In order for us to succeed in this, all those involved in business transactions must be aware of the applicable regulations, laws and guidelines for action. Our challenge is, on the one hand, to promote knowledge of the regulations to be complied with and, with regard to Siegfried, of our code of conduct, i.e. internal communication. We achieve this very well through training and regular information on all company channels. It is important to us to reach all employees so that we have a common understanding throughout the company.

On the other hand, legal integrity has developed and professionalized rapidly in recent years. As a company in the pharmaceutical industry,

integrity is the basis for responsible and sustainable action. However, the demands of stakeholders on companies with regard to compliance with legal integrity and the corresponding reporting have also risen sharply. With this report and through continuous training of our employees, we take this into account and thus make Siegfried fit for the future.

## 3. Quality Compliance

### 3.1 Quality Compliance and Product Safety

The upholding of quality compliance and all provisions on product safety along the entire value-added chain are crucially important in the development and manufacturing of active ingredients for the pharmaceutical industry, in order to avoid impurities that are harmful to health. Our greatest asset is the health of the patients who depend on Siegfried's products. With this objective in mind, Siegfried continuously works to actively improve processes and activities and to successfully manage the company on the basis of the defined quality policy. To achieve this, we invest in the training and further education of our employees. We ensure that the defined quality policy is pursued and implemented practically each day. We therefore guarantee that we store and ship our resources and materials properly, and we carry out a careful quality check of the materials and services purchased, thereby avoiding counterfeits and resulting quality defects. Siegfried conducts business responsibly and in accordance with the legal regulations of the countries in which we operate. The quality policy is therefore an important and necessary part of the company policy.



#### SDG article

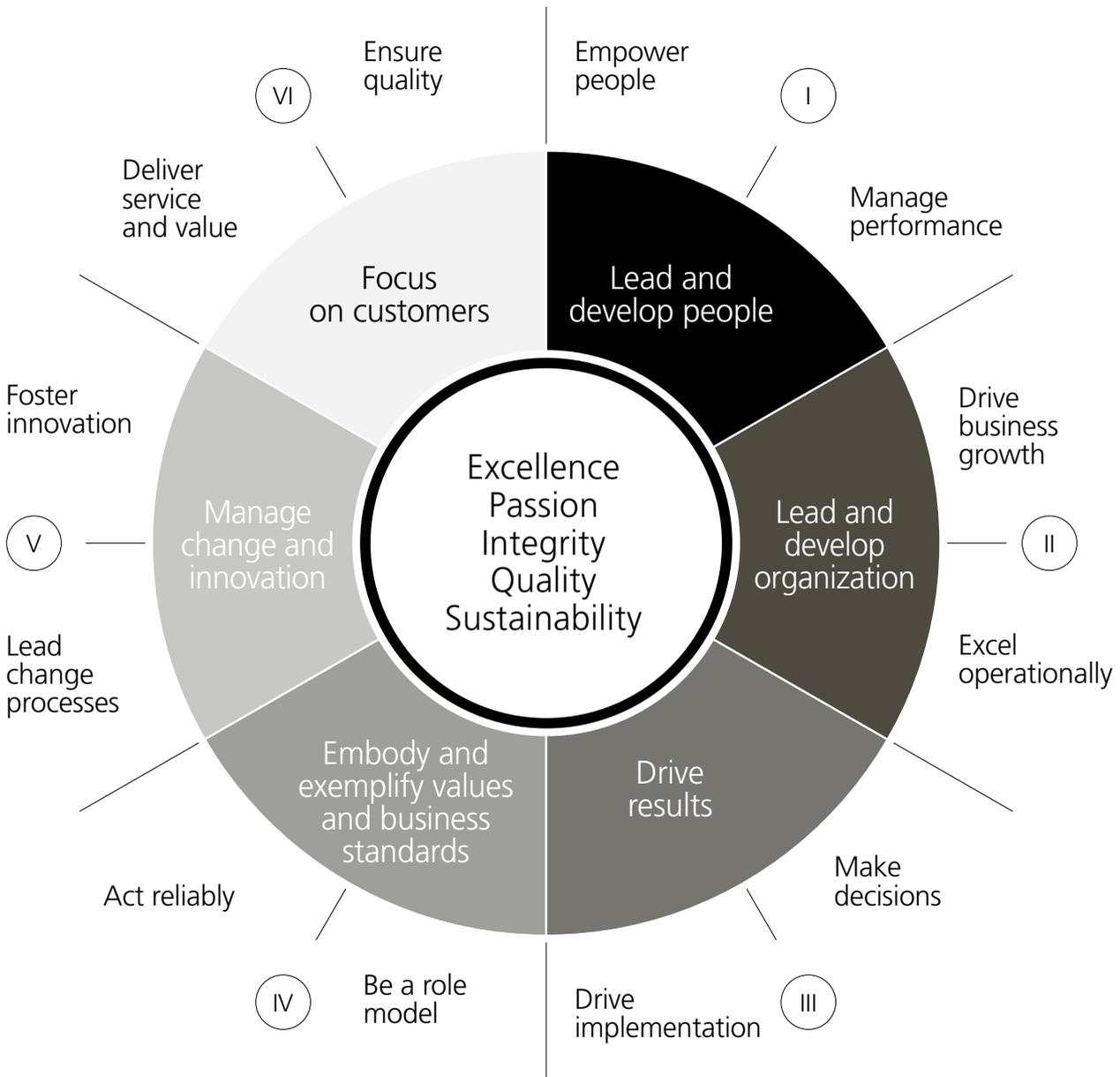
Our products and services are used in various pharmaceutical fields: in non-communicable diseases such as diabetes, respiratory and cardiovascular diseases, mental illnesses such as depression and bipolar disorder, and as vaccines to combat the COVID-19 pandemic. We expect our products to reach approximately 300 million patients worldwide. In this way, we contribute to Development Goal 3 "Ensure a healthy life for all people of all ages and promote their well-being" and sub-goal 3.4 "[...] Promote mental health and well-being".

#### Quality Compliance Management System

Siegfried has implemented an overall management system for quality compliance along the entire value-added chain. Among the elements of Siegfried's management system is that we produce in compliance with GMP quality standards, act in an economically and ecologically responsible way and evaluate new technologies according to their contribution to sustainability. National as well as international standards and guidelines are benchmarks for the further development of our systems, be it with regard to environmental awareness, occupational safety or other socially relevant topics. Siegfried's management system is based on the process thinking of ISO 9001 for quality management and fully covers the following internationally valid guidelines:

- Current good manufacturing practice (GMP):  
[https://ec.europa.eu/health/documents/eudralex/vol-4\\_en](https://ec.europa.eu/health/documents/eudralex/vol-4_en)
- Guidelines of the "International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use" (ICH), for the authorities and pharmaceutical industry associations of America (FDA and PhRMA), Europe (EC and EFPIA), and Japan (MHLW/PMDA and JPMA) as initiators, as well as the authorities (regulatory members) of Switzerland, Canada, China, Brazil, Mexico, Saudi Arabia, South Korea, Taiwan, Turkey and Singapore, which define standards in the pharmaceutical industry
- Guidelines of the "World Health Organization" (WHO, [www.who.int](http://www.who.int))

## Siegfried's quality compliance model



Siegfried has a Compliance Committee (ComCom), which is responsible for all compliance, standardization and harmonization worldwide along our value-added chains for active substances and pharmaceutical finished products. This meets monthly under the direction of the chief compliance officers. The ComCom specifies quality and safety-relevant objectives, management systems, initiatives and measures and adopts the guidelines that apply to Siegfried. In its work, it complies with the international GMP standards, but also takes into account national provisions, provided they are relevant to the export of our products, for example, special provisions of the US Food and Drug Administration, the EU, the WHO, etc.

The application of an overall management system for quality compliance ensures that the quality requirements of our internal and external customers in all subsidiary companies are harmonized and standardized, and that the international guidelines are taken into account accordingly. Our long-standing compliance statement shows that this concept works and that our customers thereby benefit from a partnership with Siegfried.

We check the currency and relevance of our guidelines at regular intervals and verify their compliance by means of corporate audits. These provisions mainly deal with quality aspects, but also concern the areas of finance, safety, health and the environment, legal compliance issues, as well as communication and the conduct of employees (code of conduct in business transactions).

### **Quality Requirements and Quality Certificates**

Prompted by growing quality awareness and the increasing quality requirements on the part of customers, but also by counterfeits and adulteration, the number of inspections and certificates required by the pharmaceutical industry in general is constantly rising. In addition to the longstanding certificates of analysis with statements on appearance, content, purity, physical properties and the GMP-compliant manufacturing of our products, data and certificates are now also required on genotoxic impurities, mixtures in heparin, freedom from genetically modified components, TSE/BSE-free, melamine-free, benzene-free, etc. With regard to product piracy, Siegfried works closely with the US FDA to combat counterfeiting and thus ensure safety for the end user.

The topic of nitrosamine impurities (classified as probably carcinogenic in humans) in active pharmaceutical ingredients and finished drugs, which first arose in 2018 in connection with the active ingredient valsartan, has been a concern for all manufacturers since then. For example, health authorities are required to check all active ingredients and finished drugs for the presence or absence of nitrosamines. This is done initially via risk assessments and, in the case of higher estimated risks, via analytical methods in the laboratory. To date, Siegfried products have not been contaminated with nitrosamines. The tests will continue, as not all the information required is available yet, and some analytical methods still have to be developed. Also, due to the COVID-19 pandemic, the time limits set by the authorities for investigations have been extended beyond the 2021 reporting year. Siegfried has been able to meet all official requirements and initial timings so far.

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### **Initiative for the Quality Culture in Evionnaz**

“In the summer of 2020, a new initiative was launched at the Evionnaz site with the aim of improving the detection and handling of incidents in production which have potential impact on quality. Thanks to this new organization, trends have already been identified and several action plans have been launched. This project pursues several objectives: First of all, to improve our responsiveness in the handling of incidents. The sooner we can intervene, the more likely it is that we can limit the effects of the incident and prevent a major nonconformity. Secondly, it is also about improving the quality of the information collected in the first moments after an incident, so that we can carry out an accurate and correct analysis afterwards, identify the causes and thus better prevent a recurrence. Finally, this project also allows us to strengthen the quality culture and to conduct a direct and regular dialogue between the production teams and QA in order to move from a reactive to a proactive mode in the prevention of quality risks.”

— Florent Trouillet, Head Corporate Quality Systems, Global Quality Systems

### Integration of all Sites

In 2021, two former production sites for Novartis pharmaceuticals in the Barcelona region of Spain joined the Siegfried Group: Barberà del Vallès and El Masnou. The integration activities are proceeding according to plan and are set to be fully completed by August 2022. From the quality compliance perspective, the central activities are:

- Obtaining all the official permits required for the two sites. This was achieved on schedule in 2021, with the receipt of manufacturing permits from the Spanish authority AEMPS and the issuing of GMP certificates by the local Catalan authority Generalitat de Catalunya.
- The integration of the sites into the quality management system of Siegfried through the checking, harmonization and, if required, further development and implementation of our global guidelines (quality integration project)
- Carrying out the necessary modifications and adjustments due to regulation
- Integration of the IT applications and/or data migration into the IT landscape of Siegfried. From a quality compliance perspective, these are, in particular:
  - Siegfrieds Trackwise® for the notification of modifications, deviations, inspections, observations, follow-up measures, etc. This was rolled out at both new sites in January 2021.
  - LabWare LIMS™, a modern laboratory information and laboratory management system
  - Introduction of SAP S/4 at Barberà del Vallès: Siegfried will convert its existing SAP R/3 system to SAP S/4 and thereby continue to update the quality assurance. At the same time, the new sites have to be integrated into the SAP landscape of Siegfried. The new SAP S/4 system will now be introduced in Barberà del Vallès, and the data from the Novartis SAP system migrated into it. The SAP S/4 system will be rolled out to all other Siegfried sites later. The interaction of SAP with many other applications (also with LabWare LIMS™) requires interfaces to be put in place across the many quality-relevant transactions (e.g. releases) and a great deal of information to be exchanged. With this new system landscape there is a prospect of improved and more efficient processes. At the same time, this new design also requires proper validation, which must be in line with all regulatory and official specifications.
  - SAP qualification management system for the allocation and documentation of training

Trackwise® has thus already been introduced at all sites. LabWare LIMS™ has been brought into the sites of Evionnaz, St. Vulbas, Zofingen, Nantong, Irvine, Minden and Malta. Due to the integration of both by January 1, 2021 at the Spanish sites acquired, LabWare LIMS™ will only be introduced at Pennsville and Hameln in 2022 or 2023.

### **Regular Inspections and Audits Attest to a High Quality Standard**

As is the norm in the pharmaceutical industry, all Siegfried sites are continuously monitored and the upholding of all provisions checked. The focus of official inspections and customer audits is the quality of the products manufactured and supplied by Siegfried, to ensure the greatest possible protection of the health of consumers. Compliance with the regulations for manufacturing and quality checking and logistics processes are therefore verified at the inspections and audits.

There is a differentiation between inspections (by authorities), audits (by customers, or of suppliers by Siegfried) and internal audits. Customer audits and audits at suppliers and manufacturers are announced in advance. Official inspections and internal audits may also take place unannounced. Open and continuous communication with authorities, customers and suppliers is essential for well-functioning cooperation. The results of customer audits and official inspections make Siegfried's performance transparent.

Official inspections are usually carried out:

- in the USA by the "Food and Drug Administration" (US-FDA) and for narcotics by the Drug Enforcement Administration (DEA)
- in Switzerland by Swissmedic, which delegates the inspections to the "Regionale Heilmittelinspektorat Nordwestschweiz" (RHI) and Suisse Occidentale (ISOPTh), and by the US-FDA
- in Malta by the Medicines Authority Malta (MAM) and the US-FDA
- in Germany by the regional councils or the Trade Supervisory Board and the US-FDA
- in France by the national French authority (ANSM) and the US-FDA
- in China by the national authority CFDA (City, Province FDA), EDQM (Europe) and the US-FDA.
- in Spain by the national authority Agencia Española de Medicamentos y Productos Sanitarios (AEMPS), and the local authority Generalitat de Catalunya and the US-FDA.

### **The Effects of COVID-19 on Inspections and Audits**

As in 2020, significantly fewer inspections by the authorities and customer audits were conducted in 2021 because of the COVID-19 pandemic. Physical inspections were only carried out by the above-mentioned authorities in Evionnaz (acceptance of the new micronization line), Irvine (on the basis of a GMP and post approval inspection) and Hameln (acceptance of the filling for the COVID-19 vaccination Comirnaty® from BioNtech). A virtual audit by the Spanish authority took place at El Masnou for the acceptance of the new dispensing area. All inspections were successful. The majority of customer audits were carried out virtually. Virtual audits always require more effort from the inspected/audited subsidiary than inspections with on-site auditors, because documents have to be provided digitally. As the possibility of walking through warehouse, production plant, laboratories, etc. is very limited, videos were created at some sites in order to offer auditors a better impression of situations, premises and equipment. At other sites, a headset was used with a camera linked to it via voice control, enabling a better inside view for those taking part in the audit.

Siegfried's radius of action for auditing suppliers of goods and services is also still considerably limited by the pandemic. Numerous planned audits had to be postponed or carried out virtually or replaced by so-called "paper audits" with questionnaires.



### **The Use of Headset Glasses at the Evionnaz Site for Virtual Visits and Audits**

Every year, many customers visit Siegfried's sites and facilities, for example for official audits, but also to follow a specific project phase directly at the plants. In order to be able to serve customers in the best possible way despite the distance, the quality and IT teams have worked on a project that enables virtual visits in real time, thus making up for the on-site attendance that could not take place. In this context, a new tool, a voice-controlled headset, was purchased in the 2021 reporting year. These are smart glasses equipped with a software application. They meet EX safety requirements and enable real-time interaction between the wearer, who is in the factory, for example, and the people connected to the meeting, allowing them to follow what is happening in real time. In view of the very positive results of the first applications, the use of these headset glasses at the Evionnaz site will certainly be further developed and make it possible for remote audits to be carried out smoothly, as well as enabling interaction with our customers and technical support or training.

### **Customer Dialog and Complaints System**

Siegfried operates a formal customer complaint system. We follow up on all external question or complaints. The type and number of complaints are recorded systematically. The individual cases are evaluated at quality assurance meetings run by the local quality manager. If necessary, changes will be initiated. In cases of a critical or strategic nature question, the Compliance Committee will be involved. Customers receive the results or, at least, an interim report on the investigations within the shortest time possible, but no later than 30 days.

### **Quality Agreements with Customers**

Siegfried is proud of its high quality standard, especially since the requirements set out by customers are diverse and are constantly increasing. The company also addresses the adoption of specific standards requested by the customer within the scope of the options. Not infrequently, therefore, the prescribed quality agreements between Siegfried and its customers represent a challenge for the company. With a few hundred active customers, it is not possible for several parallel and at the same time customer-specific quality management systems to be implemented in day-to-day operations. This is why Siegfried's quality management system must be of such a high standard that it meets a wide range of customer requirements. In 2021, around 200 quality contracts were concluded with our partners for the Siegfried sites. Around 250 quality contracts are in the pipeline and need to be reviewed or negotiated. All Siegfried sites are therefore fully integrated into the Siegfried system, so that agreements are often concluded between our customers and several sites.

### **Outlook**

The high cGMP (current good manufacturing practice) standard and Siegfried's quality image enjoy international recognition. Siegfried will continue the efforts associated with maintaining this high level, because we are very aware of the importance of our good reputation and the responsibility for the patients who trust in our products. Since guidelines and customers place constantly increasing demands on us, we observe and evaluate our performance attentively at all times and are always ready to take all necessary measures.

The COVID-19 pandemic continues to be seen as a hurdle, which will go on presenting us with considerable challenges in terms of coordination in 2022, especially when it comes to audit and inspection management.

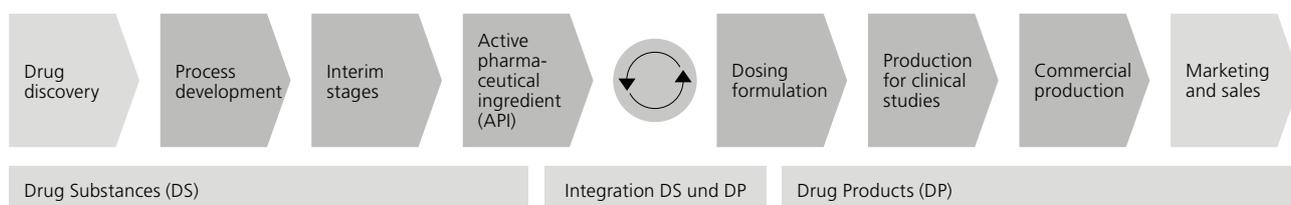
The two new Spanish sites have a very high quality standard. In integrating the two Spanish sites, we strive to align the high quality standards so that we can provide our customers with a consistently good range of products and services.

### 3.2 Sustainability in the Supply Chain

Siegfried has many years of experience in the fields of active ingredients and finished products and can look back on a proven, independent pharmaceutical and chemical tradition. As a result, the customer is able to count on a partner that combines both service areas integrated under one roof, and which offers real added value through synergies and comprehensive knowledge along the value chain. This means reduced complexity of the supply chain and simplified communication, an interface with the provider and reduced external and internal time requirements. In addition, Siegfried project management creates synergies between the service areas and supports optimal project progress and adherence to schedules, the best performance in formulation through combined and coordinated access to analytics and production, and creative life-cycle management from the development of optimized active ingredient processes to efficient cost-optimized formulations.

Our suppliers play a decisive role in the sustainability of Siegfried's business, which is why the cooperation with them must be characterized by common convictions. A shared understanding of quality, security of supply, ethical, social and ecological standards, as well as competitive prices and the consistent integration of our sustainability standards into all production and business processes, represents an enormous challenge in view of the global, complex supply chains and the large number of suppliers and subcontractors, but at the same time it is indispensable. Our partners should attain the same ecological and social standards as we do, be it upholding internationally recognized human and employment rights, the prohibition of any kind of discrimination or harassment, adherence to environmental standards, the consistent prevention of any form of bribery or the sustainable use of raw materials. Compliance with sustainability standards in the supply chain is an elementary value creation factor and at the same time an important lever for the implementation of our "Code of conduct in business transactions" and for risk minimization. This requires joint efforts and long-term, value-oriented action to ensure product quality as well as social and environmental compatibility. We are convinced that sustainability in the supply chain can only be achieved through clear rules in the selection and qualification of our suppliers and in close cooperation with established suppliers.

### The CDMO value added chain



We see cooperation with our suppliers as an opportunity to integrate sustainability into the entire value creation process. Siegfried primarily purchases raw materials, pharmaceutical excipients, packaging materials and active ingredient components from its suppliers. Manufacturers from this supplier group are particularly relevant to our business. They come mainly from other European countries as well as India, China and Taiwan. In the areas of logistics and sales, responsible action is also a high priority. The safe transport of materials and products is crucial; product safety is guaranteed throughout the entire value chain and thus meets national and international standards and, in particular, the good distribution practice (GDP) guideline, which is widespread in the pharmaceutical industry.



### SDG article

Since we purchase pharmaceutical excipients and active ingredient components from our suppliers, they are indispensable for us to contribute to Development Goal 3. In addition to the high quality standards which we place on our suppliers, we also expect them to comply with ecological and social standards and to contribute to Development Goal 12 "Ensure responsible consumption and production patterns" by using resources and raw materials efficiently and constantly developing further resource-saving production methods to manufacture their supplier products.

### Binding Supplier Code at Siegfried

In addition, a binding supplier code of conduct has been published with the "Siegfried Supplier Integrity Commitment" (available at <https://www.siegfried.ch/sustainability>). On the basis of the code, Siegfried's suppliers are also committed to integrity and sustainability and thus seamlessly support Siegfried's efforts in the area of integrity and sustainability of our supply chains.

### Qualification of Suppliers and Service Providers

Often, raw materials, pharmaceutical excipients, packaging material, active agent components and also active agents are purchased from manufacturers and suppliers abroad and used by Siegfried for the synthesis of active pharmaceutical ingredients or the manufacture of finished medicinal products. In such cases, Siegfried is responsible for the qualification of these manufacturers/suppliers. This qualification is carried out by questioning the manufacturers/suppliers, the continuous inspection of the quality of the materials received, and by audits of the suppliers' production plants at regular intervals. Deficiencies are addressed and appropriate action is taken. Non-compliance with minimum standards results in a stoppage to deliveries or it may lead to a change in supplier. Despite COVID-19, eighty audits of suppliers and service providers were carried out in 2021. This is still considerably fewer than before the pandemic but nevertheless a pleasing and necessary improvement compared to the previous year. Where an audit was not possible, paper-based qualifications were carried out. The audits are primarily conducted by internal auditors within the group, in addition to a few that are carried out by independent external auditors.

### Good Distribution Practice (GDP) in Sales

With regard to sales, our aim is to offer our customers high-quality products and services and thus build up long-term relationships with them. GDP (Good Distribution Practices) is a topic of increased significance since the introduction of new international guidelines. This should guarantee that the entire supply chain of materials from manufacturers via suppliers to Siegfried and from Siegfried to our customers is safeguarded against incorrect transportation and storage conditions as well as fraudulent attempts at counterfeiting. In doing so, an increasing number of new requirements of measurement and documentation of transportation and storage conditions need to be fulfilled. Furthermore, Siegfried must ensure that products are delivered only to the authorized recipients. Also, embargoes

## Siegfried's Integrity Commitment

The Supplier Integrity Commitment shall be applicable to all our suppliers, contractors, service-providers, agents and distributors ("Suppliers") and covers the following four areas of responsibility:



We carefully monitor the adherence to the Supplier Integrity Commitment and the implementation is a key criterion in our selection and evaluation of our Suppliers. In the event that we become aware of any actions or conditions not in compliance with the Supplier Integrity Commitment, we reserve the right to request corrective actions and the right to terminate any agreement with any Supplier who does not comply with the Supplier Integrity Commitment.

to nations such as Iran have to be consistently followed. The authorities regularly examine this in their inspections. In addition, there is effective complaint management in the event of disputes (you can find out more about customer complaint management at Siegfried in the chapter on Quality Compliance, page 26).

### **Outlook**

All of Siegfried's suppliers will continue to undergo our qualification processes. In addition to the obligatory review of the quality systems and processes of the suppliers, service providers and logistics providers, they will increasingly be assessed for their sustainability, environmental compatibility and social responsibility in the coming years. The COVID-19 pandemic has shown how important it is to have a robust supply chain, and that alternative suppliers, service providers and logistics experts must be identified and qualified, if possible, in cooperation with our customers. They should also be registered with the authorities in order to be available as replacements.

## 4. Safety, Health and Environment (SHE)

### 4.1 The significance of SHE for Siegfried

Safety, health and environmental awareness are top priorities at Siegfried and are firmly anchored in its corporate mission statement. According to this principle, our employees and teams of specialists are committed every day to the continuous improvement of safety and to minimizing negative impacts on the environment. The costs and risks regarding interruptions to work and production decrease as a result of accident prevention. The production-related consumption of water and the type and quantity of waste is continuously monitored in parallel with energy consumption. The motto here is: avoid - reduce - utilize (reuse, recycle) - dispose of professionally.

As a chemical-pharmaceutical company and a leading provider of controlled substances, Siegfried attaches great importance to plant safety, and the company works closely with professional service partners. Specialists control and monitor the situation on the company's premises around the clock and look after the company's own central alarm system. Every year, expenditure and investments in safety, health, environmental protection and plant security amount to tens of millions of Swiss francs. To carry out these tasks, more than 80 Siegfried employees work full-time in the areas of safety, health and environmental protection.

#### Workforce in the SHE Field

Site	Number of employees in the SHE field in 2021	
	Switzerland	Zofingen (9)
China	Nantong (7)	
Germany	Hameln (1)	Minden (22)
France	St. Vulbas (8)	
Malta	Hal Far (1)	
Spain	Barberà del Valles (4)	El Masnou (3)
USA	Pennsville (8)	Irvine (1)
<b>Total</b>	<b>81</b>	

#### Policy Guidelines and Approach to SHE at Siegfried

The principles and contents of the various programs and systems of our sites are summarized in a global SHE policy that is binding for all sites. This policy describes Siegfried's safety, health and environmental philosophy towards employees, suppliers, partner companies, customers, shareholders, authorities and the public.

Siegfried's management determines the SHE corporate policy and ensures that it is understood and practiced at all levels. The objectives and programs relating to safety are developed within the medium-term planning process and are regularly reviewed.

The implementation of our safety and environmental policy as well as compliance with regulations are primarily in the hands of our employees. They are responsible for their own safety-conscious and environmentally friendly behavior. Managers at all levels of the organization are responsible for ensuring that safety and environmental awareness is promoted through relevant framework conditions and specific measures.

Besides global SHE activities, the individual Siegfried sites also have the opportunity to roll out site-specific initiatives and take out certifications. These are specifically:

### **Responsible Care Program**

The Zofingen and Evionnaz sites are members of the Swiss industry association Chemie Pharma Biotech (“scienceindustries Switzerland”) and have co-signed the commitment to Responsible Care®. The Responsible Care program is also implemented at the St. Vulbas production plant in France.

This worldwide initiative stands for the resolve of the chemical-pharmaceutical industry, regardless of legal requirements, to strive for continuous improvement in the areas of safety, health and the environment and to regularly show this progress publicly. The initiative enshrines this as a precautionary principle in the form of voluntarily imposed regulations.

The Responsible Care program defines six principles:

- The protection of people and the environment is of the highest priority.
- Plants are operated in such a way that safety, health and environmental protection are ensured. Products are made, transported, applied and disposed of safely and in an environmentally friendly manner.
- The possible effects of processes, products and waste on people and the environment are known. It cooperates with authorities and third parties to implement the measures to protect employees, society and the environment.
- Business partners are supported in the safe transport, safe handling as well as the safe and environmentally friendly use and disposal of the products.
- A dialog is cultivated with society. This includes communication about products, processes and plants and their effects on people and the environment as well as about precautionary protective measures.
- Products, processes and plants are operated in such a way that they are ecologically, socially and economically sustainable.

### **ChemStewards® Program from SOCMA (Society of Chemical Manufacturers and Affiliates)**

For many years, Siegfried has participated in the ChemStewards® program, which is applied at the U.S. sites. The program focuses on the key objectives of stakeholder communication, product stewardship, implementation of “Safety, Health and Environment & Security” (SHE&S) from planning to operational activities, the training and commitment of employees as well as resource management and waste minimization.

### **ISO 50001 Certification in the Field of Energy Management**

The site in Minden has been certified for many years, and since 2021 the Hameln site has been accredited according to ISO 50001 (energy management). The focus is on the sustainable handling of energy resources, which is also associated with reducing greenhouse gases. The energy management system thereby makes a significant contribution to environmental and climate protection.

### **ISO 14001 and ISO 45001 Certification**

The pharmaceutical production site at Barberà is certified according to ISO 14001 (environmental management) and ISO 45001 (occupational safety management). The two management systems ensure that performance in terms of safety and health at the workplace as well as operational environmental protection is implemented and continuously improved in accordance with recognized and standardized rules. ISO 45001 aims to create a safe and healthy working environment for employees. In order to achieve this goal, it is necessary to minimize all aspects that can lead to illness, injury or, in extreme cases, death. Likewise, the risk of harmful effects on the physical, mental and emotional state of a person should be prevented. ISO 45001 takes all these factors into account. Through the applications of the ISO 14001 standard, we consider environmental requirements during the development process. In addition, we optimize and improve operational processes with regard to energy

and resource efficiency, thus reducing waste streams. ISO 14001 helps us keep the impact on the environment due to operational activities as low as possible.

### **Continuous Improvement (CI) Program**

The continuous improvement (CI) program to raise safety awareness was launched in Pennsville in 2016. This has achieved site-wide improvements through a variety of solutions from cross-functional teams. Since 2017, the DuPont™ STOP program has been introduced globally at Siegfried.

### **Identification of Key Performance Indicators and Corrective Measures**

Siegfried also uses key performance indicators (KPIs) in the area of SHE for the control of management processes and target review and defines any corrective measures. On the basis of established accident and environmental parameters, we report on our activities and thus provide a comprehensive overview of accident occurrences. Further information is available on our website ([www.siegfried.ch](http://www.siegfried.ch)).

## 4.2 Safety and Health



### **SDG article**

Development Goal 3 “Ensure a healthy life for all people of all ages and promote their well-being” is relevant to us, not only with regard to patients and users of our products, but also to ensure the safety and health of our employees and immediate environment. In addition to the prevention of accidents at work, we also want to contribute to “significantly reducing deaths and illnesses due to hazardous chemicals and the contamination or pollution of air, water and soil”, as stated in SDG sub-goal 3.9.

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### **Safety Day in Minden**

Plant Manager Marco Millies opened the joint safety day at the Siegfried site in Minden on October 6, 2021, together with Bernd Striegel, Site Manager of Bilfinger Engineering & Maintenance. The introductory words described the day-to-day cooperation and close integration of safety work in the course of project, repair and maintenance work. A deep understanding of safety on both sides is a prerequisite for successful team performance. Various exciting stands on the subject of safety and health awaited the participants, including the company health insurance fund, the company 3M and the plant firefighting team. In addition, 70 employees took advantage of the preventive flu vaccination offer. Finally, a training module took place on the “Du Pont STOP program”. The aim of the STOP program is to improve the safety awareness of all employees through observation and communication, so that everyone actively makes the effort to achieve a “zero accidents” culture.

### **Focus on Occupational Safety**

Siegfried wants to create a culture in which accidents are the absolute exception. On this basis, the Siegfried Safety Program was launched worldwide. The aim of the program is to promote the safety awareness of every employee. To achieve this, management decided to initiate a global safety program that has been conducted at all sites since 2013, together with experts from DuPont Sustainable Solutions. Key points are the established STOP™ program and five binding cardinal safety rules.

The aim is for all employees, including persons who are in a contractual relationship with Siegfried or who are retained in a contract, to thereby develop an increased safety awareness and feel responsible for safety when carrying out an activity – both their own and that of their colleagues. The aim of this safety initiative was to reduce the accident rate by 80 percent by 2018 compared to the reference year 2012, and to then keep it at a low level. Based on the accident rate in 2012 – 38 occupational accidents per 1000 full-time jobs – this indicator should be reduced to less than 5 occupational accidents per 1000 full-time jobs over seven years. The target figure has not yet been reached at all sites, but since 2012, there has been a decrease in the number of accidents (see accident statistics table, page 38).

With the integration of the Evionnaz and St. Vulbas production sites into the Siegfried Group, the STOP™ program was also introduced at these plants in 2017/18 and dozens of new “STOP auditors” were trained. The STOP™ program was implemented at the production plant in Nantong in 2018. The STOP™ program launch was introduced at the Minden site in 2021. Due to the COVID pandemic, however, the training of STOP trainers will not be completed until 2022. At the two Spanish sites in Barbera and El Masnou, it is also planned to introduce the STOP™ program in the future. In El Masnou, safety-conscious behavior in the workplace is already being promoted and reviewed with an in-house program.

In Zofingen, and the STOP™ program was also further accelerated by training six new STOP auditors. A total of around 90 STOP auditors were instructed in occupational safety at 23 events and were trained for their tasks and duties. In Minden, the introduction of the STOP™ program had to be postponed to 2022 due to the COVID-19 pandemic.

Several hundred “STOP auditors” have completed their training, which sharpens their own safety awareness and enables the auditors to conduct structured dialogs with colleagues and employees on the subject of safety. These dialogs are the actual core of the initiative, as safety is always actively highlighted. It is not only about observing and naming shortcomings, but also about pointing out good behavior and good conditions and bringing them to attention.

### **Overcoming the Pandemic and Dealing with COVID-19 at Siegfried**

Based on the Business Continuity Plan, part of the Pandemic Plan, Siegfried formed a task force right at the outbreak of the COVID-19 pandemic in January 2020: The Corporate Crisis Team (CCT), consisting of members of the Executive Board and senior management, supported by external specialists (e.g. occupational medicine), continuously analyzes the impact of the pandemic on political, health and economic development, both globally and nationally. Based on this, a COVID-19 guideline was developed, which was continuously adapted to the development and implemented as a global standard in the Siegfried Group.

In consultation with the local Corona Crisis Subteams (CCS), the rules of conduct from the guideline were adapted locally and communicated to the employees of the sites. In addition, newsletters from the CEO and the CCT as well as information and assistance from the SHE managers (e.g. correct hand sanitizing) were sent to all employees and made available on the Intranet

In the context of pandemic management in 2021, the protection measures were further developed and adapted to the situation of the sites. For example, office workplaces were redesigned and fitted with partitions. All employees were also provided with protective masks and sanitizers free of charge at the workplace. Where possible, the option to work from home was also offered and implemented.

Siegfried actively supported and organized the participation of its employees in COVID vaccination campaigns and mass testing as well. To protect employees, a general certificate requirement based on the 3G rule (recovered, vaccinated or tested) for entering the plant premises was introduced in autumn 2021. Employees without a COVID certificate had the opportunity to take a rapid test on site and enter the company premises if the result was negative.

### **STOP™ Program During the COVID-19 Pandemic**

Due to the COVID situation, the number of safety dialogs held in 2021 decreased compared to previous years. Nevertheless, several thousand STOP™ dialogues have taken place at the various sites in accordance with the pandemic protection measures. An evaluation of the reported STOP™ activities for 2021 shows that the vast majority of employees work in a safety-conscious way.

	Zofingen	Malta	Nantong	Hameln	Evionnaz	St. Vulbas	El Masnou
Number of reported safety dialogs	1 200	250	10	425	538	48	69
Individual observation points	34 900	1 900	10	18 300	6 100	500	n.a.
Observations evaluated as "safe"	34 500	1 550	2	18 130	5 420	430	1
Observations evaluated as "unsafe"	400	350	8	170	680	70	68
Number of STOP auditors	90	24	11	35	49	3	44

The observations focus on the actions of the employees, such as the handling of tools or machines, the use of personal protective equipment, ergonomics, contact with chemicals or hot surfaces as well as order and cleanliness. Unsafe actions are discussed and resolved in a safety dialog. The observations are continuously recorded and evaluated by work specialists. Where necessary, safety actions are launched or targeted training is carried out.

In addition to the STOP™ initiative, five cardinal rules on occupational safety were launched as part of a company-wide campaign that describes significant risks. Since 2017, these cardinal rules have been validated globally. Compliance is mandatory for all employees; non-compliance has disciplinary consequences.

- Our cardinal rules, which are applicable worldwide are:
- Consistent use of personal protective equipment
  - Completion of necessary safety training before starting work for new employees
  - Fall protection for work from a height of two meters
  - Securing the system before starting maintenance work
  - No removal or bridging of safety devices.

In order to sustainably promote safety-conscious working, a wide variety of promotions and campaigns have been launched. For example, in the context of accident investigations, brief details are written up and sent to all employees internally, and this is also used for training. This brief information is also exchanged between the sites in order to sustainably promote occupational safety at Siegfried worldwide. In addition, the SHE department in Zofingen publishes monthly key topics on occupational safety, such as correct grounding, maintenance and care of personal protective equipment, personal hygiene and skin protection, proper hand sanitization, tripping/falling, working at a height, preparing and handing over process plants to maintenance, and the dangers of electricity.

### **Safety Training and Workshops for Employees at Siegfried**

Further safety training and workshops on various topics were offered for operational employees. For example:

- A safety day for trainees in laboratory occupations and for chemical and pharmaceutical technicians (CPT)
- A SHE introductory course for new specialist workers (CPT) in production and for new employees in the “non-chemical occupations” (career changers)
- Workshops with production staff on preventing the release of substances in production facilities, for example: How do I transfer correctly? As well as correct behavior when entering narrow spaces
- Multi-day introduction and refresher course on the topic of the safe operation of industrial trucks for around 70 operational employees
- Workshop with more than 200 production employees on the topic of safety and quality
- Multi-day training for plant managers, shift managers and company chemists on the subject of management and leadership in production operations
- Obligatory training in the handling and use of small extinguishing devices for more than 2000 employees
- Safety training for site workers
- Information event and exchange of experiences for building security managers
- Introductory event “Classification of chemicals” (hazardous substances/exposure) and correct alerting/behavior in the event of alarm for new trainees
- More than 200 employees (67 percent) from production have been trained in workshops at Minden over the past six years to increase safety awareness and reduce product leakages.

Due to the COVID-19 pandemic, different SHE training events had to be postponed until 2022.

### **Audits**

Authorities, insurance companies and customers inspected all sites in the year under review. Due to the COVID-19 pandemic, the audits were kept to a minimum and only carried out in compliance with strict protective measures if absolutely necessary. Alternatively, telephone or video conferences were increasingly used. The inspectors and customers attested to Siegfried’s good and integrated risk management system. All Siegfried plants meet the requirements with regard to operational safety and fire protection and are classified in the risk benchmark of the insurance companies in the segment of the best 10 percent.

### **Individual Evaluations at Audits**

In 2021, the St. Vulbas production plant was inspected for the second time since 2016, whereby it was again certified as having a good safety system and adequate fire protection. The pharmaceutical production plants in Spain, Barberà del Vallès and El Masnou, which were acquired by Siegfried in 2021, were subjected to a comprehensive external risk analysis with regard to fire, explosion and natural hazards for the first time in 2021. The sites have very good, preventive fire protection and a comprehensive business continuity management system.

In 2021, the Zofingen site was checked by Intertek's international audit specialists for compliance with social standards. In a CSR (Corporate Social Responsibility) inspection lasting several days, environmental, social and employee concerns, as well as respect for human rights and the fight against corruption and bribery, were monitored. The auditor did not find any deviations from the standard specifications at any of the test points. The audit report states that in a benchmark comparison with over 700 companies, the Zofingen site is assigned to the top percentile with regard to CSR lines. In Zofingen, 14 internal safety and environmental audits were carried out. The audit teams formulated several dozen measures to improve occupational safety. Of these, more than 90 percent have already been successfully implemented in 2021. As part of hazardous goods inspections, more than 500 internal truck and rail transports were inspected. Defects and complaints were reported in less than 2 percent of the inspections, which corresponds to the previous year's result.

Several dozen internal safety and environmental audits were carried out in Nantong, recording over 300 observations. 93 percent of the defect correction has already been completed.

### **Testing of the Global and Local SHE Guidelines via Corporate Audits**

Implementation and compliance with both global and local SHE guidelines is regularly checked by corporate audits. Internal audit specialists inspect the individual sites in safety audits lasting several days. In 2021, due to COVID-19 restrictions, only the Nantong plant in China could not undergo a corporate audit.

### **Safety is Continuously Monitored at the Plant Premises**

As a chemical-pharmaceutical company, Siegfried places great importance upon comprehensive plant security. The plant premises are secured either with a fence or a wall, in addition to surveillance with cameras. Access to persons and vehicles is monitored and controlled (registration). All visitors are signed in and introduced to the specific rules of conduct and safety. It is only possible to visit the plant premises with a visitor pass. Employee vehicles may not be parked within the plant premises. Outside working hours, regular inspection tours are made by security staff.

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### **LAUF Program in Minden**

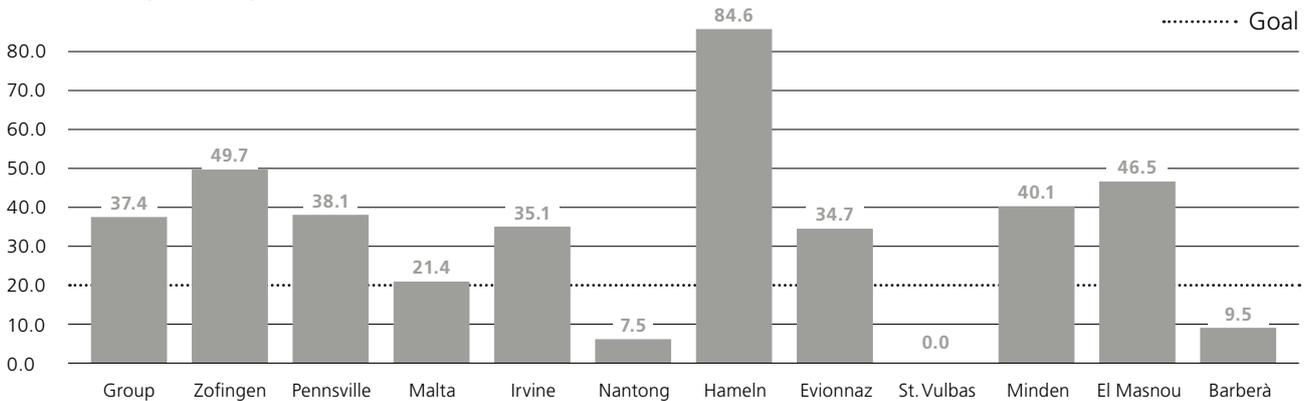
In Minden, the LAUF program (adapted here from the German acronym (English equivalent): Learning from Accidents Works) was launched. The program is intended for employees from operating and laboratory units to meet at regular intervals in groups (5-7 participants) to discuss accidents and the resulting measures. This is intended to ensure in the long term that employees continuously deal with the topic of "occupational health and safety" and that it is discussed. The program began in December 2021.

**Incidents and Occupational Accidents and Illnesses**

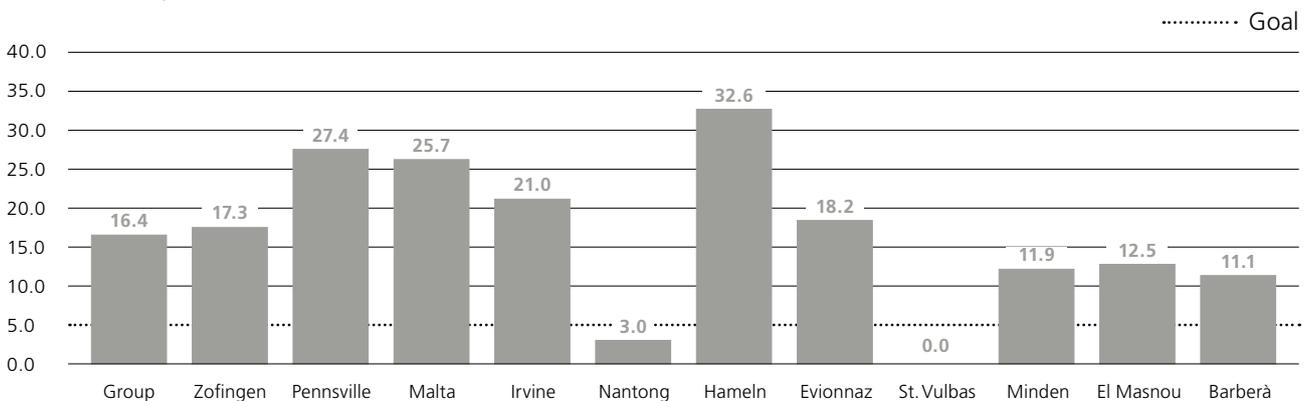
As part of an integrated risk assessment, Siegfried has been taking into account not only the accident indicators but also incidents involving property damage or environmental effects in the “accident points” parameter since 2013. The “accident points” are calculated as follows: 1 point per day of absence, 1 point per accident/occupational illness without lost days and 1 point per event with significant property damage or environmental impacts. Siegfried can use this system to report on incidents more transparently. In the case of occupational accidents with long-term absences – over several months – the downtime is limited to a maximum of 10 working days for the site comparison.

At the Evionnaz, Minden, St. Vulbas and Zofingen sites, occupational accidents involving third parties in the plant area (craftsmen and service providers) are also included in the accident statistics. These third-party companies in a contractual relationship with Siegfried have to comply with the rules on occupational safety and are therefore regarded as the company’s own operating personnel.

Accident points per 1 million hours worked for 2021



Accidents per 1000 FTEs



The graph shows the cross-comparison of the plants in 2021. The very ambitious target figure – fewer than 20 “accident points per 1 million working hours” – was undercut at two production sites, and nine sites were unable to achieve the target figure. Misconduct and the miscalculation of possible hazards were the causes of these accidents. Siegfried reacted to the accident figures and various countermeasures were taken, such as safety workshops, daily safety tours or weekly meetings for the shifts on the subject of safety.

Although the Siegfried Group did not achieve its accident target for 2021, the management teams at all sites will continue to support the goal of consistently reducing occupational accidents in 2022.

The Nantong and St. Vulbas production sites were able to reduce the number of occupational accidents (with and without lost days) compared to 2020. In Minden and Zofingen, the accident rate remained at least stable.

The opposite trend was observed at the pharmaceutical production plants in Irvine, Malta and Hameln, as well as at the Evionnaz and Pennsville chemical production plants. The rate of occupational accidents decreased. In Hameln, Irvine, Malta and Pennsville, the accident rate of occupational accidents was over 2 percent, in Barbera, El Masnou, Evionnaz, Minden and Zofingen it was 1–2 percent, and in all other plants it was below 1 percent. In a multi-year comparison, 2021 is characterized by a slightly worse accident rate across all sites.

In St. Vulbas, for the first time in several years, no occupational accident was registered. After good previous years without occupational accidents, the accident record at the Irvine and Pennsville plants in the USA decreased. With 17 occupational accidents per thousand employees, the accident rate in Zofingen is still just below the Swiss chemical and pharmaceutical industry with regard to the long-term average (2020: 190 accidents / 1000 full-time employees).

### **Occupational Illnesses and Work-related Deaths**

In 2021, no occupational illnesses or work-related deaths were recorded.

### **Reason for and Handling Accident Cases**

The majority of injuries are due to tripping and falling accidents. In about half of the occupational accidents, there were no absences from work. The care was provided in the company’s internal medical assistance center and the persons were able to return to work. Thanks to the good cooperation between the patient and the attending physician on the one hand and the accident insurers and employers on the other, in two cases at the Zofingen plant, a special workplace was made available for the injured employees and thus the downtime and the accident costs for all parties involved were positively influenced.

Viewed at group level, Siegfried was unable to further reduce occupational accidents on average. The occupational accident rate over the last five years has remained at 13 occupational accidents per thousand employees. Across all sites, with the exception of Evionnaz, El Masnou, Hameln, Minden

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### **St. Vulbas article**

Many new production processes have been introduced at the St. Vulbas plant in recent years. For employees, this means increased attention at the workplace and more monitoring of the systems, combined with intensive training. In addition, more production employees became involved in the plant fire department, which led to increased safety awareness, greater consideration and less unsafe work. This resulted in a significant reduction in occupational accidents in 2021 with zero accidents.

### Accident Statistics from the Individual Plants from 2015 to 2021

<b>Incidents /1000 FTE</b>	<b>2021</b>	2020	2019	2018	2017	2016	2015
Zofingen	17	18	17	7	33	24	16
Pennsville	27	10	0	16	17	11	34
Malta	26	0	24	6	14	7	14
Irvine	21	13	0	7	0	8	0
Nantong	3	9	7	0	3	0	5
Hameln	33	23	8	0	8	17	24
Minden	12	12	12	8	12	16	n. a.
Evionnaz	18	14	9	9	9	11	n. a.
St. Vulbas	0	38	26	27	35	13	n. a.
Barbera	11	n.a.					
El Masnou	13	n.a.					
Group	16	16	12	7	16	15	15

### Accident points /1 million working hours

Zofingen	50	39	37	15	146	49	24
Pennsville	38	26	1	8	17	87	159
Malta	21	0	43	3	19	4	42
Irvine	35	70	0	7	0	82	0
Nantong	8	15	42	2	4	1	5
Hameln	85	70	29	0	63	20	65
Minden	40	38	77	39	21	20	n. a.
Evionnaz	35	121	81	44	29	46	n. a.
St. Vulbas	0	160	86	189	228	50	n. a.
Barbera	10	n.a.					
El Masnou	47	n.a.					
Group	37	54	47	25	63	36	40

The country/gender-specific accident balance of occupational accidents/occupational illnesses is broken down as follows in 2021:

	<b>Personal accidents without lost days</b>		<b>Personal accidents with lost days</b>		<b>Lost days</b>	
	Men	Women	Men	Women	Men	Women
Switzerland	3	1	15	1	187	2
USA	5	3	1	3	5	10
Malta	3	1	3	1	4	2
China	1	0	0	0	0	0
Germany	22	6	18	4	279	32
France	0	0	0	0	0	0
Spain	5	2	8	3	39	9

and Zofingen, the majority of occupational accidents such as stumbling, falling, chemical contact and cuts resulted in only minor injuries, leading to no or only short-term workplace absences of a few days.

### **Measures to Increase Safety in the Workplace at Individual Sites**

- In Pennsville, the “Safety Culture Flywheel” concept was introduced in 2019 as part of the continuous improvement process with the aim of strengthening the safety culture, avoiding unsafe actions and thus preventing accidents. In workshops, safety discussions, department meetings and employee information, incidents and accident reports are discussed and evaluated and safety-related improvement measures are initiated.
- In Zofingen, the 2020 ENHANCE program was launched. The focus is on processes such as production planning, plant cleaning, quality & GMP (Right First Time) as well as occupational safety. In several employee workshops with a total of over 200 participants, problems and opportunities for improvement on the topics of quality and safety were discussed in depth and solutions were developed. As a result, a working group was set up in the 2020 ENHANCE program, SHE section. The proposed solutions from the workshop were analyzed and converted into specific improvements.

For example

- the use of personal protective articles (PPE) has been transferred to a new PPE concept, combined with a risk assessment of individual work steps
- the responsibility and management of the roles of plant master and shift leader with regard to occupational safety has been revised and this has been practiced with those affected in training courses lasting several days
- a SHE introductory training for new employees has been implemented at Pharmapark Zofingen on a monthly basis
- as a manager and management process, a SHE council with monthly meetings for the management team has been introduced at the Zofingen plant

### **Ensuring Health Through the Use of Containment Systems**

Siegfried has process technologies with various containment systems for the development and manufacture of highly active ingredients and finished medicinal products. Closed materials handling protects employees from excessive exposure. Since 2019, the Minden plant has invested around two million euros in process plants to enable closed material handling or enclosed plants. Where necessary, protective suits with breathing air systems are also available so that the safety of employees can be guaranteed at all times. In order to minimize the risks of material carry-over, there are decontamination points, locks and defined changing areas.

### **Hazard Classification Across Five Exposure Categories**

Siegfried has introduced a system with five exposure categories for the assessment of material hazards at the workplace. Based on factors such as toxicity or pharmacological activity, the substance is assigned to an exposure category and a maximum occupational exposure limit value is set. Compliance with the occupational exposure limit values and the effectiveness of the technical equipment are periodically checked by SHE via monitoring.

An in-house occupational hygienist is available for work hygiene questions and problems. Workplaces are assessed and production plants are classified on the basis of monitoring studies. The production facilities are grouped together in a plant exposure register. On the basis of this information, the plant operator or product chemist can estimate in advance whether additional measures are required with regard to exposure when changing products. If necessary, monitoring is carried out again.

In 2020, for example, more than forty such occupational hygiene exposure measurements were carried out at St. Vulbas and Zofingen.

### **Prevention of Accidents**

In the context of incident prevention, incident scenarios in the production, storage and internal transport of chemical substances are subjected to a comprehensive risk analysis for each site. The results are summarized in a report and reviewed by the authorities during an annual inspection. For emergency situations such as explosions, fires or chemical incidents, Siegfried's production plants have their own emergency organizations ready for deployment. For example, the Zofingen chemical and plant fire brigade and the Minden plant fire brigade each comprise more than one hundred members, made up of professional firefighters and volunteers from all departments. As an additional task, these organizations take on the function of chemical disaster units for operations outside the factory area on behalf of the authorities. The sites in Evionnaz and St. Vulbas also have their own emergency organization.

How do I behave correctly in an emergency? These and similar questions on the subject of fire-fighting or first aid are dealt with in regular training courses and played out practically on the basis of evacuation exercises.

Siegfried also obliges its employees to regularly participate in hand extinguisher training. In these courses with small extinguishing devices, experience with the various extinguishing agents can be gained from waste bins to PCs to solvent fires. What has been learned can be put to good use in both a professional and private environment.

In connection with preventive fire protection, the modernization of the fire and gas alarm system project was launched at the Zofingen plant in 2021. In a first stage, hundreds of fire detectors were installed in four production buildings to replace several fire alarm panels of the latest generation. With this investment of around CHF 800 000, safety in buildings and infrastructure will be improved over the long term.

### **New PPE Protection Measures in Zofingen**

A new PPE protection concept was introduced at the Zofingen plant in 2021. All work steps in the chemical production environment, such as conveying liquids or unloading solids from a centrifuge, were included in a risk catalog. Specialists in occupational safety, together with company foremen and chemists, assessed the risks of the work steps for the operating personnel and then defined the necessary work and protective clothing in a PPE concept. This PPE protection concept is now continuously integrated into the manufacturing instructions. Employees are trained in the use of the partly new PPE. SGU supports the company trainers on site. The internal occupational safety unit evaluates new personal protection articles for a wide variety of applications, tests skin care products and compiles this information in an in-house personal protection product catalogue.

In 2021, employees in production were made aware on several occasions of maintaining the health of the respiratory tract. In flyers and monthly safety topics, they were instructed in the correct use and care of the personal protective mask. The introduction of respiratory blower units has begun as an alternative to classic respiratory filter masks.

### **Promotion of Healthcare through Easy Access to Vaccination Campaigns at the Sites**

Also in 2021, annual flu prevention was carried out in the form of a vaccination campaign. In addition, there have been several COVID-19 vaccination campaigns. All vaccinations were free of charge for employees. In Zofingen, around 40 percent of employees took part in flu prophylaxis, which is a threefold increase compared to previous years. Through targeted vaccination appeals during the COVID-19 pandemic, Siegfried achieved an above-average vaccination rate among employees of >85 percent for COVID vaccinations. As part of the medical precautions, around 140 employees in

Zofingen were examined by the Institute of Occupational Medicine (Baden Institute of Occupational Medicine) and assessed for their ability to work. These preventive examinations are carried out by order of SUVA (Swiss national accident fund). For health promotion, the Nantong plant offers all employees the opportunity to undergo a medical “checkup”. No diseases have been diagnosed.

### **Sport Clubs for Siegfried Employees**

To promote fitness, on some sites employees have access to the company’s own sport clubs.

### **Outlook**

In the future, we will continue to attach great importance to reducing incidents and occupational accidents through the optimal use of the STOPTM safety program, which has been rolled out worldwide. Local initiatives and campaigns such as the Safety Culture Fly Wheel in Pennsville support safety-conscious working.

In order to be able to quickly return employees to the work process after an occupational accident, alternative workplaces are to be provided, whereby occupational health management can be optimized. Measures have been taken in this regard and are constantly being adapted individually. In close cooperation between the accident insurer, doctor and employer, individual solutions for injured employees are sought in order to be able to integrate them back into the work process in a targeted manner.

The exchange of information on SHE topics between the sites is to be further promoted. It is important to continue to harmonize safety and health standards and to implement the global SHE philosophy even more across the sites. Meetings and exchanges of experience take place among SHE specialists and are conducted on an ongoing basis.

In the practical implementation of the Responsible Care program, Siegfried strives to further promote cooperation with the authorities with regard to safety and environmental protection. In addition to project-related cooperation, there are also regular meetings between representatives of the authorities and those responsible for operations.

## **4.3 Environment**

### **4.3.1 Importance for Siegfried**

The production of active pharmaceutical ingredients and intermediate products is associated with a high energy expenditure, because it usually involves several chemical and physical stages. In addition to the many manufacturing steps, the temperatures required for many chemical reactions and physical processes, ranging from very low to very high, are also responsible for the considerable energy requirement.

For 2021, however, a special factor applies: The higher total energy consumption compared to the previous year is due to the fact that two additional production sites joined the Siegfried Group in January 2021 with the two new acquisitions of Barberà and El Masnou. If this one-off factor were not included in the 2021 calculation, energy consumption at the existing sites would have decreased overall.



**SDG article**

Many of the raw materials used by Siegfried have their origins wholly or partly in the petrochemical industry. We rely on these raw materials for the production of pharmaceuticals, which is why the careful use of these resources is of great importance for the company in order to contribute to Development Goal 12 “Ensure responsible consumption and production patterns”. Above all, we want to contribute to sub-goal 12.2, which aims at the management and efficient use of natural resources. However, it is not only about the availability of raw materials, Siegfried is also interested in reducing global warming and limiting the negative effects associated with it.

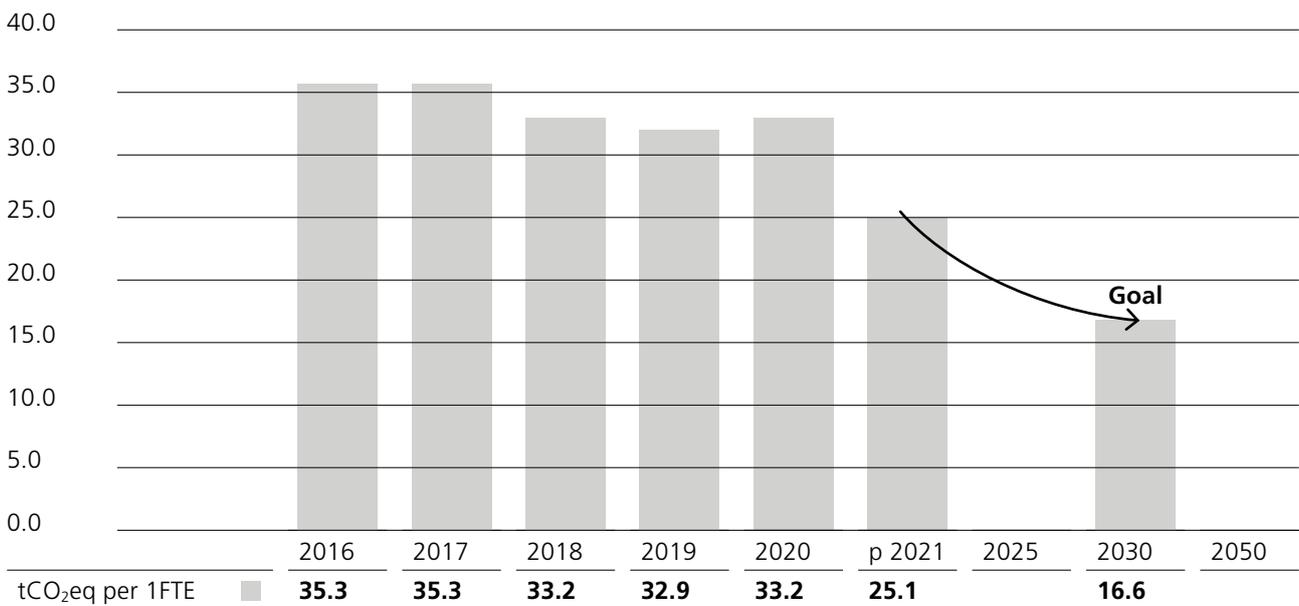
**4.2.2 Energy Consumption and Emissions**

**Our Approach**

Due to higher production capacity utilization and a product portfolio that is less favorable from an energy point of view, i.e. products where more energy is required for production, energy and water consumption increased in 2021, as did the amount of waste and, in some cases, emissions. Siegfried sees potential for improvement in the optimization of processes, but also in the decommissioning of old and therefore non-energy-efficient plants and buildings.

Siegfried is already on the right track and has implemented various measures. For example, the comparatively more environmentally friendly natural gas is used as the main energy source. Heating oil is only used to a small extent and especially where natural gas is not available. Heavy fuel oil has

**CO<sub>2</sub> Footprint Siegfried 2016–2050**



= expected value 2021 after replacement through renewable energy in NAN, MDN, HAM, ZOF, EVZ, MLT (-38%)  
= reduction target 50% of 2020

not been used by Siegfried for a long time. Used solvents that can no longer be deployed in production also serve as alternative energy sources. The use of these so-called alternative fuels increased by 16.3 percent compared to the previous year; this covers about 3.7 percent of the total energy requirement. The aim is for consumption of electrical and thermal energy to be reduced by optimizing processes and systems as well as by increasing the energy efficiency of appliances.

**Commitment to Reducing the CO<sub>2</sub> footprint**

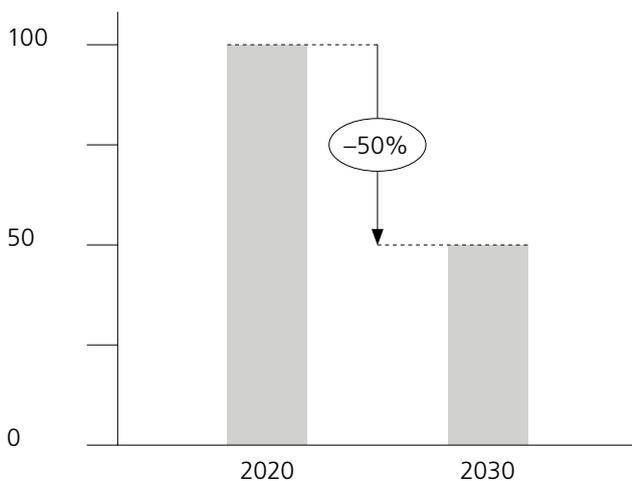
The Executive Board has committed itself in 2021 to significantly reducing the CO<sub>2</sub> footprint for the period up to 2030. Where possible, this should be done in close cooperation with customers, especially those who are pursuing similar initiatives themselves. The goal is to be achieved by carrying out a comprehensive analysis of all Siegfried sites with regard to CO<sub>2</sub> emissions, combined with a list of suitable measures that have been in effect since the 2021 financial year.

Based on the 2020 figures, the company aims to achieve a 50% reduction in its CO<sub>2</sub> emissions by 2030 (in CO<sub>2</sub> equivalents, normalized to sales) and also plans long-term measures to meet the so-called net zero target, which provides for a net balance of zero of all greenhouse gases emitted by its own business activities, and greenhouse gases being removed from the atmosphere through measures taken by the company.

**Our aim**  
Reduction of the CO<sub>2</sub> footprint by 2030 and the 2050 commitment

**1 Reduction of the CO<sub>2</sub> equivalent by 50% by 2030**

CO<sub>2</sub> equivalence / revenue-normalized (equals 100 in the index)



**Objectives with regard to the CO<sub>2</sub> footprint**

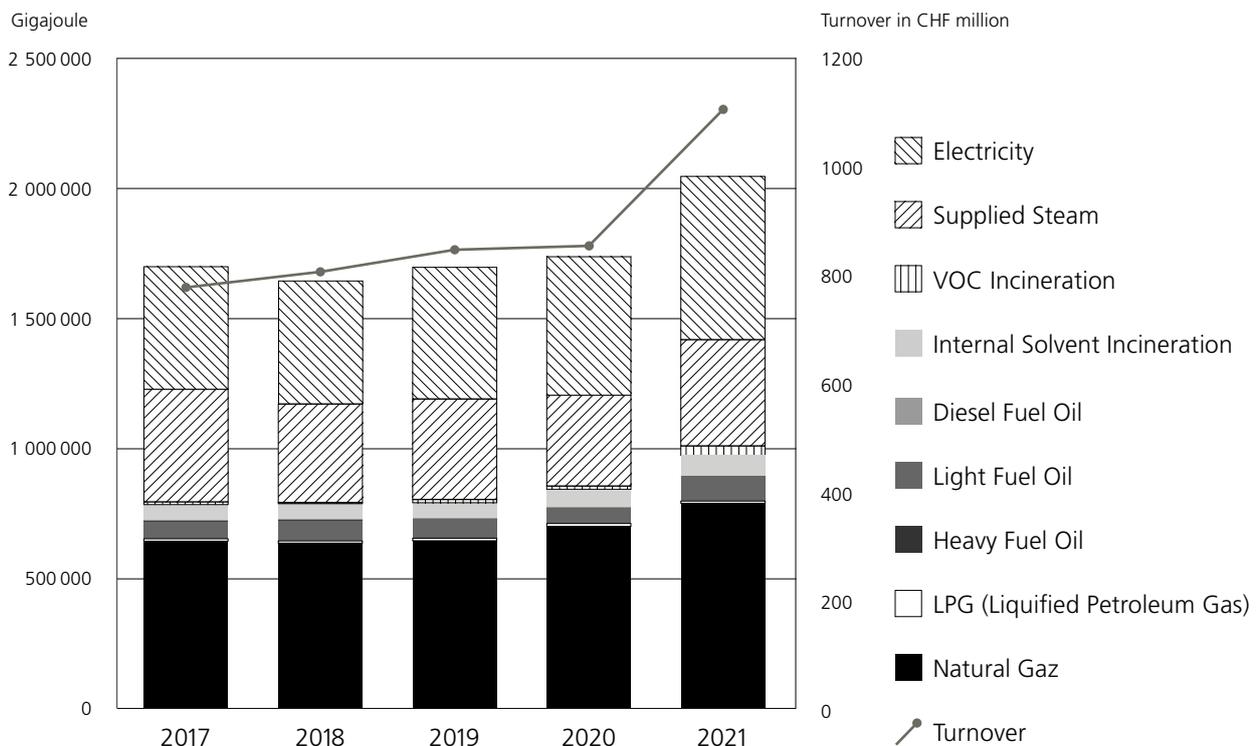
- 1 Specific reduction objective:
  - Reduce Siegfried’s CO<sub>2</sub> footprint by 50% by 2030 in comparison with 2020 (normalized to revenues)
- 2 Overall commitment:
  - Implementation of long-term measures in keeping with the GHG net zero target for 2050 and limiting global warming to 1.5° Celsius

**Lower Energy Consumption in 2021 (Normalized to Revenues)**

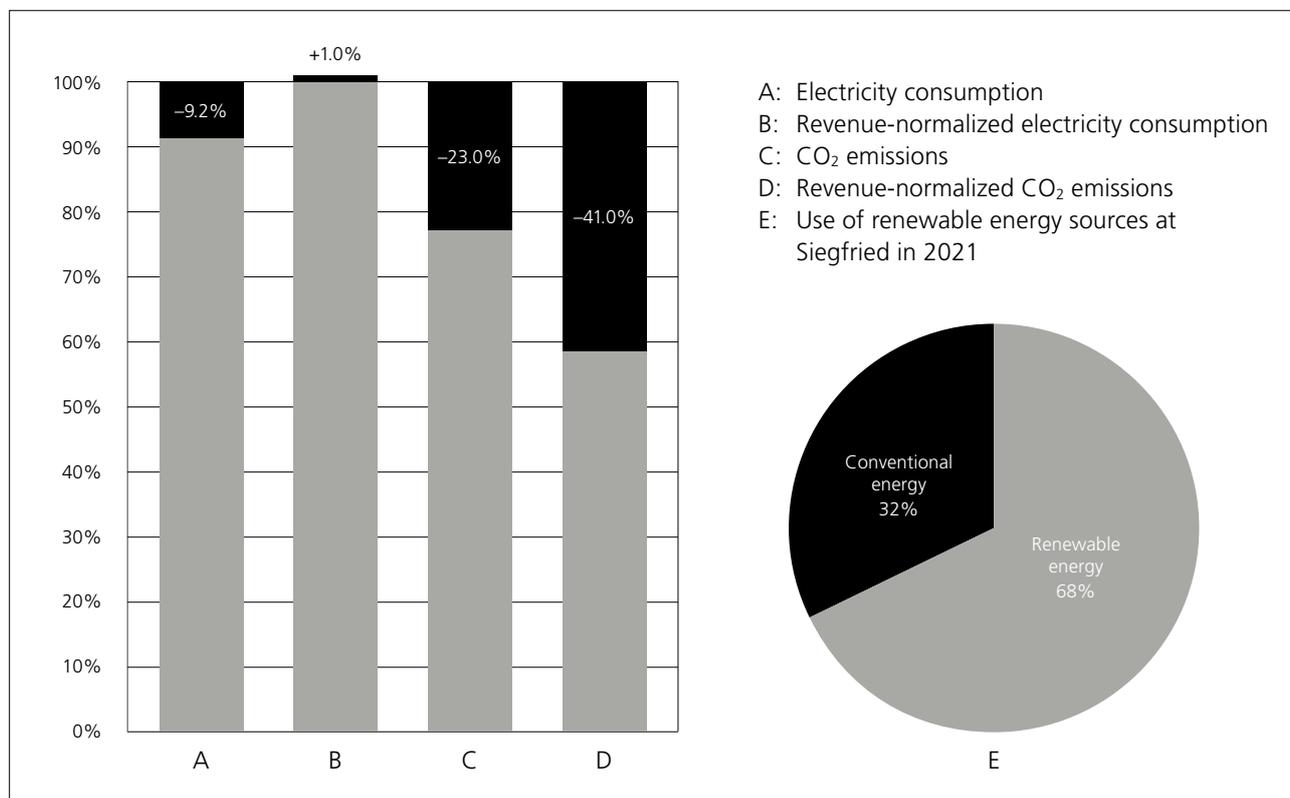
The target set for 2021 of reducing revenue-normalized energy consumption has been achieved, in part thanks to the two new Spanish pharmaceutical formulation production plants acquired by Siegfried in January. Their operation is less energy-intensive than that of the sites that carry out chemical synthesis. The decrease compared to the previous year was 9.2 percent. Revenue-normalized electricity consumption increased by 1.0 percent. Absolute CO<sub>2</sub> emissions were 23 percent lower, while revenue-normalized CO<sub>2</sub> emissions were even lower (-41 percent). This considerable decrease is mainly due to the fact that CO<sub>2</sub>-neutral electricity was purchased at several sites from 2021. Of the Siegfried Group's total electricity consumption, 68 percent was produced from renewable energy sources.

The total consumption of electricity at all Siegfried sites amounted to 657.3 terajoules (TJ). 68.1 percent of the electricity consumed came from renewable energy sources. At 2256 GJ, the amount of electricity produced with photovoltaic systems (Barberà and El Masnou, Malta) was significantly higher than in the previous year (+138 percent), as photovoltaics are now being used to generate electricity at three sites, not just one.

**Energy consumption**



## Energy consumption



A decrease compared to the previous year. 9.2 percent revenue-normalized electricity consumption increased by 1.0 percent. Absolute CO<sub>2</sub> emissions were 23 percent lower, while revenue-normalized CO<sub>2</sub> emissions were even lower (-41 percent).

### Overall Energy Consumption Increased Despite Significant Reductions at Individual Plants

At 2045 terajoules (TJ), Siegfried's total energy consumption in 2021 was 18.5 percent higher than in the 2020 reporting year. The increase is largely attributable to the additional production sites in Spain. At the existing Siegfried plants, the increase in energy consumption was 3.3 percent. The plants in Evionnaz (+11.3 percent), Hameln (+4.6 percent), Minden (+4.9 percent), Nantong (+33.8 percent), St. Vulbas (+14.3 percent) and Zofingen (+2.9 percent) consumed more energy than in the previous year. This is due to the higher capacity utilization of these plants. However, the additional consumption was partially offset by significant savings at the Irvine (-27.1 percent), Malta (-14.4 percent) and Pennsville (-20.0 percent) plants. Overall, total energy consumption normalized to revenues was 9.2 percent lower than in the previous year.

### Natural Gas Consumption Would Have Fallen Across the Group without Particular Influences in 2021

Consumption of natural gas was higher than in the previous year; the increase was 11.5 percent, although without the two new production sites, consumption would have decreased by 5.9 percent. Heating oil recorded a significant increase (+32.6 percent). This increase was mainly due to the Evionnaz plant, where heating oil is largely used for heating, as natural gas is not available at this plant. The amount of steam supplied externally was slightly higher (+4.4 percent) than in the previous year.

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### **Environmental compatibility check in Zofingen carried out successfully**

Based on the site development at the Zofingen site, the environmental risks were comprehensively assessed in 2014 as part of an environmental impact assessment (EIA) and revised in 2016 due to the new logistics center. The report stated that the requirements of environmental protection legislation are complied with in all respects. The statement in this report is still valid for 2021.

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### **Successful ISO 50001:2018 Certification at the Hameln Site**

As part of the initial ISO 50001:2018 certification, a multi-day audit took place at the Hameln production plant in 2021. In this inspection to improve energy use, energy consumption and energy efficiency, there were no deviations or complaints. The certificate was issued in December 2021 with a three-year validity. The system of internal audits and safety tours has been well established in the various plants for years.

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### **Long-term Project for Installing Solar Panels at Irvine**

Siegfried has been working with the Irvine company since 20xx to install solar panels in the production plant. This is a project taking place over several years, with preliminary implementation planned for the end of 2024.

### **CO<sub>2</sub> Emissions Fall Overall**

CO<sub>2</sub> emissions in Scope 1 (direct emissions from operations) are based on the use of fossil fuels. Also taken into account are the CO<sub>2</sub> emissions in Scope 2, i.e. emissions generated during the production of purchased energy (electricity and steam). CO<sub>2</sub> emissions into the atmosphere decreased in comparison with the previous year, amounting to 77 273 tons (-23.0 percent). Considering the existing sites only, the decrease in CO<sub>2</sub> emissions would be -37.3 percent. This huge reduction was achieved by purchasing CO<sub>2</sub>-neutral electricity at several sites since 2021. The CO<sub>2</sub> emissions from all plants, with the exception of St. Vulbas, were below those of the previous year. The GWP (Global Warming Potential), expressed as a CO<sub>2</sub> equivalent, was 77 316 tons. For the conversion of other greenhouse gas emissions into CO<sub>2</sub> equivalents, the GWP values for a 100-year timescale were used, according to IPCC Assessment Report 5 (AR 5) Chapter 8 ("Anthropogenic and Natural Radiative Forcing"). The direct emissions of the company and the CO<sub>2</sub> created by purchased energies (Scope 1 and Scope 2) were taken into account. The CO<sub>2</sub> emissions from biogenic sources were not included.

### **The Aim is for VOC Emissions to be Further Decreased**

The amount of VOC emitted was 99 tons; a decrease of 185 tons compared to the previous year. VOC emissions were below the previous year's level, especially at the Evionnaz and St. Vulbas plants. VOC emissions also went down in Zofingen. At the other plants, VOC emissions were at the level of the previous year. Siegfried in Zofingen has drawn up a VOC action plan for the years 2018–2022 with the authorities. This is intended to further reduce VOC emissions.

### **Scope 1 Emissions are Increasing Overall**

At 38 tons, nitrous gas emissions (NOX) were 9 tons higher than in the previous year. This increase was caused by the Chinese plant in Nantong. NOx emissions decreased in Zofingen and remained at the previous year's level in the remaining plants. Sulphur dioxide emissions into the environment have been at a low level for some time. In 2020, emissions amounted to 1.4 tons, an increase of 81 percent compared to the previous year. This increase was attributable to the Nantong and Zofingen plants. The carbon monoxide emissions from all Siegfried plants amounted to 7.9 tons; 3 percent less than a year earlier. The reported greenhouse gases emitted (VOC, NOX, SO<sub>2</sub> and CO) are Scope 1 emissions (direct GHG emissions).

### **Outlook**

The total energy consumption, which is normalized for turnover, is to be reduced. The same applies to the consumption of electricity. Siegfried is also setting ambitious targets for revenue-normalized CO<sub>2</sub> emissions.

Since the beginning of 2021, electricity from renewable energies has been purchased from the plants in Evionnaz, Hameln, Malta, Minden, Nantong and Zofingen. This will continue and will help to significantly reduce the Siegfried Group's CO<sub>2</sub> emissions. Based on the 2020 consumption figures, the result will be a 37 percent reduction in CO<sub>2</sub> emissions in 2021.

At the Nantong plant, the consumption of natural gas and external steam is to be reduced by using waste solvents for the production of steam. In addition, sodium vapor lamps are being replaced by LEDs on an ongoing basis.

A program is underway at the Zofingen plant with the aim of reducing power consumption. In 2021, the Hameln plant started systematic energy management in accordance with ISO 50001. In addition, a cooling system operated with R1234ze will be replaced by an ammonia-powered one.

In Nantong, the installation of a central VOC treatment plant for the T1 tank farm is planned for 2022, which will reduce VOC emissions at this plant.

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### **Energy-saving target in Minden**

In 2018, the Minden site set a new energy-saving target that provided for savings of at least 4 percent for the period 2018–2022 compared to 2017. Extensive measures have been initiated, such as the renovation of the steam condensate network, the automatic control of desalination in boiler feed water and the replacement of apparatus / heat exchangers / pumps / fans with better energy efficiency. In 2021, the focus was primarily on the generation of compressed air. Leakages, which caused 8 m<sup>3</sup>/h (equivalent to 0.45 GWh/a), have already been fixed. For 2022, the installation of 14 volume flow controllers is planned throughout the area, so that the compressed air network can be maintained in a more targeted manner.

## Important Key Performance Indicators for Environmental Protection<sup>1</sup>

	Unit	2021	2020	2019	2018	2017
<b>Energy consumption</b>						
Total energy	GJ	2 045 000	1 725 800	1 663 600	1 629 700	1 674 300
Natural gas	GJ	797 400	712 300	629 100	630 200	635 200
LPG	GJ	8 600	12 300	11 200	9 400	9 000
Heating oil	GJ	82 800	62 400	74 500	77 700	65 300
Diesel		1 500	6 000	2 300	1 800	3 100
Alternative fuels (solvents)	GJ	75 600	65 100	56 700	59 600	58 300
VOC combustion	GJ	49 500	9 300	14 000	10 300	5 600
Steam supplied	GJ	372 300	356 700	379 900	374 600	428 700
Electricity	GJ	657 300	499 025	495 900	466 200	469 100
<b>Emissionen</b>						
CO <sub>2</sub> emissions	Tons	77 273	100 354	96 900	93 000	96 700
VOC emissions	Tons	99	284	260	92	59
CO emission	Tons	7.9	8.1	9.0	9.0	8.5
NO <sub>x</sub> emission	Tons	38	29	49	37	40
SO <sub>2</sub> emission	Tons	1.4	0.8	2.0	4.0	3.3
GWP, 100 years horizon	Tons	77 316	101 800	97 700	93 000	96 400
<b>Water /wastewater</b>						
Water consumption	m <sup>3</sup>	6 052 000	5 791 000	5 776 000	5 590 000	6 493 000
TOC load	Tons	124	127	125	117	109
Nitrogen load	Tons	54.8	52.8	67.5	55.3	73.0
Phosphorous load	Tons	1.9	1.5	2.0	1.7	2.7
<b>Waste</b>						
Total waste	Tons	76 710	75 178	65 238	53 550	47 985
Hazardous waste	Tons	65 050	57 906	53 774	40 424	39 918
Combustion	Tons	33 517	30 000	32 115	33 866	34 055
Recycling	Tons	4 575	5 044	3 845	1 931	842
Recovery including energy	Tons	26 892	22 782	17 688	4 494	4 927
Landfill	Tons	80	80	126	110	94
Non-hazardous waste	Tons	11 660	17 272	11 464	13 125	8 067
Combustion	Tons	5 870	6 612	5 141	3 602	402
Recycling	Tons	2 895	2 226	1 989	1 729	1 670
Landfill		940	672	597	338	510
Recovery including energy	Tons	1 866	1 787	1 689	2 477	1 451
Recycling	Tons	89	43	32	42	28
Disposal at external wastewater plant	Tons	0	5 933	2 017	4 938	4 007
<b>Recycling</b>						
Regenerated solvents (internal and external)	Tons	20 500	22 100	22 000	23 800	23 500

The figures for CO<sub>2</sub> emissions and the "GWP 100-year timescale" include Scope 1 and Scope 2. In previous reports, only Scope 1 was reported. The figures were adjusted retrospectively up to 2016. The steam delivered to the Minden plant is officially confirmed CO<sub>2</sub>-free, which is why the figures have been adjusted retrospectively to 2016.

## Revenue-normalized Key Performance Indicators

	Einheit	2021	2020	2019	2018	2017
<b>Turnover normalization</b>						
Turnover	CHF million	1 102	845	833	794	750
Total energy consumption	GJ / CHF million	1 855	2 042	1 962	2 014	2 191
Electricity	GJ / CHF million	596	591	595	587	625
Water consumption	m <sup>3</sup> / CHF million	5 490	6 853	6 934	7 040	8 657
Total waste	t / CHF million	69.7	89.0	78.3	67.4	64.0
Greenhouse gas emissions (CO <sub>2</sub> equivalents)	t / CHF million	70.1	118.8	121.4	122.2	129.1
GWP (Global Warming Potential)	t / CHF million	70.1	120.2	122.3	122.2	128.8

### 4.3 Waste and Pollution

Large quantities of waste are generated during the production of active pharmaceutical ingredients, as the manufacturing processes are complex and usually multi-stage. The waste also contains by-products that are produced with each synthesis. These by-products can be harmful to humans and the environment. This is why Siegfried does everything possible to minimize this waste. Careful handling is of great importance in order to avoid negative effects on ecosystems. Siegfried complies with all requirements of the authorities when disposing of waste and holds the corresponding licenses.

In the table "Important key performance indicators for environmental protection", the waste quantities are listed according to hazardous and non-hazardous waste, and for both types of waste are broken down by disposal type (e.g. incineration, recycling, etc.).

#### 4.3.1 Wastewater

Water is an important commodity for Siegfried. It is used on the one hand as a starting material, in most cases as a solvent, and also as a cleaning agent. In addition, water is also required for cooling purposes, for cooling motors and compressors, but also to dissipate heat released directly in the processes. Above all, groundwater, self-pumped water and drinking water obtained from the local waterworks are used. At certain sites, spring water is contained in the drinking water obtained from waterworks.

Uncontaminated cooling wastewater can be fed into the local watercourses after quality control. The polluted wastewater is treated in wastewater treatment plants so that it can be discharged into the local waters. The situation varies depending on the plant. All chemical sites, with the exception

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#### Successful Improvement of the Waste Recycling Quota in Minden

In 2021, 25044 tons of waste were generated. Of this, 18454 tons were recycled (74 percent). The remaining quantity of 6590 tons was properly disposed of. The recycling rate increased from 59 percent (2020) to 74 percent (2021). Through continued consistent implementation of the Commercial Waste Ordinance, the proportion of separately collected commercial municipal waste (paper, metal, electronic waste, plastic, etc.) and construction waste (concrete, wood, bricks, tiles, etc.) was increased and the recycling rate of waste from these areas was improved even further.

of Zofingen, operate an in-house wastewater treatment plant for industrial wastewater. At some plants the wastewater then goes directly into the receiving water, at others via the municipal wastewater treatment plant. The wastewater from the Zofingen plant is pre-purified in a separate biological stage before it is mixed with the municipal wastewater. The wastewater from the Drug Products plants is purified at the municipal wastewater treatment plants.

The wastewater treatment plants, whether self-operated or run by the municipality, are of a good technological standard. This means that pollutants entering the water are at a low level, thereby fulfilling the legal requirements at all times.



### SDG article

By carefully using natural resources and reducing the amount of waste, we can make an active contribution to SDG sub-target 12.5, which aims to “significantly reduce waste generation through prevention, reduction, recycling and reuse”. When working with chemical and pharmaceutical excipients, it is particularly important that we prevent any discharge into the environment and wastewater and thus, according to SDG sub-goal 12.4, “keep their adverse effects on human health and the environment to a minimum [...] limit”. We ensure this through comprehensive waste and wastewater management.

### Dialog with Local Authorities on Wastewater Management

Siegfried complies with the specified environmental standards and maintains a regular dialog with the environmental authorities responsible. For the headquarters in Zofingen, a cooperation agreement with the responsible cantonal environmental protection authority has been in place for many years. The focus of this agreement is on the issue of wastewater, whereby, for example, the exchange of data is regulated. Siegfried is committed to actively reporting any irregularities that might have an impact on the environment.

The reduction in the discharge of active pharmaceutical ingredients and intermediate products into wastewater at the Zofingen site was continued in 2021. Investigations were carried out into various manufacturing processes and, where necessary, wastewater treatments were introduced. The Pennsville and Evionnaz production plants have proprietary wastewater treatment plants that incorporate activated carbon treatment to remove trace contaminants. In Minden there is also an in-house wastewater treatment plant. The newly introduced, downstream denitrification stage is stable. As a carbon source for nitrification, isopropanol produced during operation could be used, which would otherwise have been deployed for combustion. In 2021, this was 151 tons. This combination made it possible to meet the requirements for internal product environmental protection.

Uncontaminated cooling water can be fed into a watercourse after inspection. All wastewater that is contaminated is purified by in-house or municipal wastewater treatment plants; sometimes both together. This ensures that the inflow of pollutants into the waters is at a low level.

### Water Consumption slightly Increased Across the Group in 2021

Water consumption in 2021 was slightly higher than in the previous year. Across all plants, there was an increase of 4.5 percent, although the rise would have been only 1.4 percent without the two new plants in Spain. If water consumption is normalized to revenues, a drop of 19.9 percent was recorded. Of the chemical sites, water consumption was reduced in Minden only compared to the previous year, while water consumption at the Drug Products plants in Hameln and Irvine decreased. The water-saving project at the Zofingen plant stagnated again in 2021, with water consumption increasing by 7.8 percent in 2021. However, the project will continue, so that further savings may be made in the

future. The aim of reducing revenue-normalized water consumption was achieved. However, the goal of further savings in water consumption remains unchanged and will continue to be pursued.

### **TOC Emissions Decreased Slightly Overall in 2021**

At all Siegfried sites combined, 124 tons of organically bound total carbon (TOC) were emitted into the waters via wastewater. This is 3 tons or 2.3 percent less than in the previous year. TOC emissions in Evionnaz and Minden were higher than in the previous year, but this was offset by reductions at the other chemical sites. At all plants, the TOC emissions after wastewater treatment, i.e. the effective TOC emissions into the environment, were balanced. The same applies to the wastewater key performance indicators for nitrogen and phosphorus load; the values were measured according to the wastewater treatment plant here as well. Nitrogen emissions into the water increased by 3.8 percent; this was 54.8 tons. The largest emitter of nitrogen is the plant in Minden, where large quantities of products containing nitrogen are produced, which is reflected in the nitrogen load in the wastewater. The increase in nitrogen emissions into wastewater is mainly due to emissions from the Evionnaz and Minden plants. Phosphorus emissions into the environment were 26 percent higher than in the previous year; however, at 1.9 tons, this is still at a low level. At the Evionnaz plant, activated carbon treatment was installed at the plant's own wastewater treatment plant in 2019 to reduce the emission of micropollutants.

### **Outlook**

Since 2017, Siegfried's efforts to continuously reduce water consumption have been moving in the right direction. In 2017 and 2018 it was significantly reduced, in 2021 the consumption of groundwater was reduced by around 40 percent compared to the previous year, and the consumption of drinking water by around 60 percent. From 2019 to 2021, water consumption was stabilized at this significantly lower level. Further water-saving projects are planned for 2022. In addition to efforts to reduce water consumption, the discharge of pollutants into the waters is to be continuously reduced. In particular, the emission of active pharmaceutical ingredients is an issue. These processes are constantly being further optimized. In Zofingen, a study was carried out at the municipal wastewater treatment plant into which Siegfried discharges the wastewater to clarify how biological wastewater treatment can be improved. This study was successful and showed that the discharge concentrations after the wastewater treatment at the plant can be reduced by adding powdered activated carbon. The realization of this optimization is planned in 2022.

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### **Evionnaz**

A detailed study on the replacement of the sewage pipe system is currently being carried out at the Evionnaz plant. The "Pump & Treat" installation for the decontamination of the subsoil at the Evionnaz site was built and put into operation in 2021.

#### 4.3.4 Waste

In 2021, the total amount of waste from all eleven Siegfried plants amounted to 76 797 tons, which is 2.2 percent more than in the previous year. Comparing the existing sites with the previous year, the amount of waste was slightly lower (–0.4%). If the waste is normalized to revenues, the decrease was –21.7 percent. The amount of waste was reduced, especially at the Minden and Nantong plants, while at the other sites there were larger quantities of waste than in the previous year.

The amount of waste is related to the production quantities and to the manufacturing processes, which have different ratios of product to waste. The waste is divided into 65 077 tons of hazardous and 11 720 tons of non-hazardous waste. The high proportion of hazardous waste is due to the fact that chemical production creates large quantities of waste solvents that can be classified as hazardous. On the positive side, the proportion of waste that could be recycled or reused has been further increased. In 2021, it was 50 percent (previous year, 45 percent) in relation to total waste. The proportion of regenerated solvents in total waste in 2021 was lower than in the previous year. There are two options for the regeneration of solvents, i.e. in-house solvent recycling or regeneration by external partners. A total of 20 500 tons of solvents were regenerated in 2021. The proportion of regenerated solvents in comparison with solvents that were disposed of was lower than in the previous year at a total of 44 percent.

#### **Outlook**

In the waste sector, further measures to reduce waste are planned for 2022. Optimizations are planned above all for the main waste category of waste solvents. For this purpose, interdisciplinary project groups have been set up at various sites, including employees from the departments of Business Excellence, Chemical Production, Waste Management as well as Safety and Environmental Protection. The proportion of regenerated solvents is to be increased, especially for the solvents used for plant cleaning. This initiative will reduce the amount of waste solvents to be disposed of.

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#### **Pilot study on the fermentation of industrial wastewater**

From September 2020 to February 2021, a pilot study on the fermentation of industrial wastewater at the municipal wastewater treatment plant was carried out with support from FOEN (Federal Office for the Environment) and the cantonal environmental department (AfU Aargau). Technically, the anaerobic degradation of the ingredients from industrial wastewater works well, but it is not yet economically viable under the given conditions. It is currently being examined whether there are ways to improve economic feasibility.

## 5. Employees

Based on our mission and vision statements, we strive to be champions in science and technology and aspire to provide leadership that appreciates the value of personal growth and performance and fosters teamwork at the local and cross-functional levels within the group. The foundation of this is our staff of more than 3600 competent and motivated employees and their outstanding performance across the globe, every day and at all our sites.



### **SDG Contribution at Various Levels**

Concerning Development Goal 4, “Ensuring inclusive, equitable and high-quality education and life-long learning opportunities for all”, Siegfried makes a large contribution by means of promoting and developing employees and junior staff, both at the level of apprentices by means of apprenticeships in various job profiles, the trainee program for university graduates and, at the employee level, with the offer of ongoing continued education at the professional and personal level of our managers and executives.

Significant pillars of this are Siegfried’s professional training and the offer of continued education oriented toward the company’s need for core competencies. The aim of the offer is to ensure that employees will successfully master the current and future changes in the work environment and to secure their capability to deal with their own future and with the employment market. By means of the “Spot Learning” initiative introduced during the pandemic, employees can take advantage of an available budget and one workday per year to participate in an online course. The aim was and remains to make available a low-threshold offering which simplifies access to knowledge, does more justice to individual needs, and strengthens employees’ individual responsibility for their personal development.

### **Conveyance of our mission, vision and values**

The results of our daily work are high-quality active ingredients and complete medical products. They have a favorable effect on the life and health of many patients and thus on the global society as a whole. During the past year we again have invested much time to explain our mission, our vision and values to our employees to have a shared understanding of the company we strive to be and what we have to do to achieve our goals. In these discussions, it is obvious that our employees recognize the sense of purpose and the benefits of the work we perform day-in and day-out and that they work with great passion, commitment and know-how to help us realize our mission and our vision.

### **Regular interaction in various formats**

To enable our employees to provide outstanding work every day and that they are comfortable, we cultivate a lively interaction across all levels, for example through roundtable meetings with the management, which are held at regular intervals at every site, even during the pandemic. They allow an open exchange across all hierarchies where we listen and learn from each other. We are convinced that listening carefully is an essential part of our culture and our values. Despite the restrictions related to COVID-19, we have tried to offer virtual interactions because we believe that they are important and beneficial.

In addition, the so-called pool of ideas provides all employees with the opportunity to get involved and consistently develop the organization. The goal of this is to encourage all employees to think about possible improvements and make suggestions. The supervisors – as part of their responsibility – are expected to motivate the employees to submit proposals, enhance the conditions to strengthen the teamwork within the group, assist in the development of suggestions for improvement, implement improvements quickly, and recognize creative work.

#### **Favorable acceptance of continuing education programs**

The development and performance of the leadership program LEAP (Leadership Education Advancement Program) continued to progress in 2021. In addition to the previously established programs for new executives, a global LEAP training was provided for the senior management and local programs were developed and carried out for the executives in the production environment. The plan for 2022 is to offer the programs in the United States for the first time and also at the newly integrated sites in Spain. In connection with the performance management process, the managers are obligated to hold an individual development and feedback meeting with every employee. In these meetings, development goals and progress will be discussed and specific actions will be defined and documented. On average, the employees of the Siegfried Group attended about two days of internal and external continuing training and education in the reporting year.

#### **Development of a global talent management process**

Well trained junior staff is an indispensable aspect for us, particularly because the demographic change in some occupations will lead to extensive age-related outflows in the coming years. As a result of this, a new global talent management process was developed and pilot tested and will be rolled out globally in the course of 2022. The goal of this process is to systematically develop our own junior staff at all levels to be more independent of the labor market. An important aspect of this is and always will be the training of apprentices and lateral recruits from different industries, particularly in the areas of production and laboratory and the specific recruitment of university graduates for the company's own trainee program.

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#### **Offer of Support in the Field of Mental Health in Malta**

In addition to the Employee Assistance Program (EAP), Siegfried Malta launched a program for employees that sharpens awareness for a significant aspect of our wellbeing: "Mental Health". The program was launched on 10 October 2021, the International Day of Mental Health, and continued for 30 days. Every day a practical tip was sent to each employee to strengthen awareness for the issue of mental health and promote positive coping strategies to combat problems concerning mental health.

Site	Number of apprentices	Ratio of total employees
Zofingen	24	3.8%
Evionnaz	9	2.6%
St. Vulbas	3	2.2%
Hal Far	7	4.5%
Nantong	4	1.6%
Hameln	17	3.4%
Minden	30	7.6%
Barberà del Vallès	0	0.0%
El Masnou	0	0.0%
<b>Gesamt</b>	<b>94</b>	<b>2.6%</b>

### Great Place to Work initiative

Our priorities continue to include the need for flexible work models to make family and work compatible, flexibility in working from home, but also activities involving health and wellbeing, such as a variety of sports, flu vaccination campaigns, smoking cessation programs, and much more.

Three programs in connection with the Great Workplace Initiative were launched in 2021.

- Personal Milestones (celebrating, appreciation)
- Everystepmatters (sharing)
- Onboarding (welcoming)

In addition to the new initiatives, we place high value on ensuring the compatibility of work, family and leisure time. It is important for our employees to find a balance and to be and remain healthy, productive, creative and successful. The possibility for flexible work hours and part-time work, using a home office and the ability to take unpaid leave are key elements of this. Additionally, we support our employees when important events happen in their lives and their careers (such as important professional developments, personal crises, illness in the family, maternity/paternity and other events of consequence).

### Attractive and responsible employer

The goal of the “Great Place to Work” initiative launched by Siegfried two years ago is to enhance employer attractiveness and the working conditions for the employees. On the one hand, this is an important competition and success factor for recruitment in an increasingly competitive labor market

### Innovative Employer Branding in Hameln

The manpower requirement for the vaccine project carried out in Hameln triggered creative ideas concerning employer branding. As usual, advertisements for vacancies were shown on billboards and, unusually, also on a public city bus painted in Siegfried colors and displaying a specially developed slogan: A real eye-catcher!



with more and more heterogeneous requirements from different generations. On the other hand, it is also essential that the employees feel secure in the long term and are able to sustainably perform their job.

### **A work environment without discrimination is self-evident at Siegfried**

Siegfried is not only committed to offer attractive work conditions with a competitive base salary as well as performance-based variable compensation elements and profit-sharing plans (detailed explanations are provided in the Remuneration Report, available at [report.siegfried.ch](http://report.siegfried.ch)), Siegfried also greatly values a work environment without discrimination where the employees are comfortable to grow personally and professionally, advance innovation and are able to deliver a top performance. We communicate clearly and ensure that all Siegfried employees have equal rights in terms of wages, social benefits, recruitment, work assignments, promotion, continuing education and training, disciplinary action, retirement rules, access to services, etc. We do not tolerate any form of discrimination based on gender, age, nationality, ethnicity, race, skin color, physical and psychological characteristics/limitations, faith, caste, language, physical disability, membership in an organization, health condition, civil status, maternity, sexual orientation, religion, union membership or political affiliation. With respect to the socially relevant issue concerning the COVID vaccination, we call upon the employees' solidarity and personal responsibility. However, we are of the opinion, that it is appropriate and important to have a dialog to explore the boundaries of individual freedom, the protection of all, and compliance with the applicable laws and regulations, and fulfillment of the economic interest in the best way possible. The principle of "non-discrimination" is also defined in our Code of Conduct and strengthened by the corporate value of "integrity" and actively practiced and required on a daily basis.

As an employer, Siegfried promotes equality of women and men and supports compatibility between family and work. In this context, it should be mentioned that the legally established compliance with equal pay in Switzerland was systematically reviewed and confirmed for the first time in 2020 by an external audit company (PwC). At all other sites, equal pay was examined based either on legal or internal analyses. These analyses have not resulted in any statistically relevant discrimination based on gender-specific characteristics at any of the Siegfried sites.

As a globally active company and employer, we consider diversity with regard to gender, age, education, nationality and cultural background, etc. to be an enrichment in the interactions between the employees and a prerequisite for positive, balanced and suitable solutions and results. Since we firmly believe that diversity makes us a better company, these aspects are a significant criterion of relevant personnel decisions

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### **Campaigns Organized for International Women's Day on 8 May**

Both of our new Spanish sites in Barcelona run a diversity and integration group which actively supported the 2021 International Women's Day on 8 May and participated in the global initiative, #ChooseToChallenge. Our colleagues each shared a video or a message presenting their individual challenges and contribution toward the fight against gender-specific inequalities and subconscious prejudices.



We consider our corporate culture, which is based on the values of excellence, passion, integrity, quality, and sustainability, and our Business Code of Conduct to be a valuable and binding foundation of our teamwork.

### **Social partnership at Siegfried** GRI 102-41

An open and solution-based social partnership has a long tradition at Siegfried. Siegfried respects the right of every employee to join an employee representation or a union without suffering any negative consequences, such as termination, discrimination or retaliation. New employees will be contacted and informed directly by the applicable employee representation. We cultivate a direct, transparent and constructive dialog with all employee and union representatives. Joint information meetings and discussions concerning Siegfried's business development and workplace-related decisions and the participation in employee-relevant aspects take place at regular intervals. Collective labor agreements are available to substantial groups of employees in Switzerland, Germany, France, Malta, Spain, China, and the USA. Overall, 2142 employees, or 58.9%, are subject to a collective labor agreement. The rights of co-determination of each employee representation are defined in the respective agreements and regulate the participation rights which are relevant to the applicable negotiations. In 2022, the process of establishing Siegfried's first European Advisory Board will begin. The goal is to negotiate and complete a collaboration agreement in the coming months and to employ this Advisory Board as a forum for the communication and discussion of transnational topics with the employee representations of the European sites.

In the event of complaints or for a report of violations of our values, internal instructions or laws, the employees have a variety of channels available, such as their supervisors, the employee representatives, ombudspersons or the Integrity Officer via an external reporting office. All reports concerning violations are systematically handled. The safe and confidential handling of sensitive matters and the personal protection of the informant are guaranteed at all times (also see the section on Integrity on page 17–18).

At all sites we unconditionally respect the local statutory regulations concerning labor and the universal international standards of the International Labor Organization (ILO). The salaries Siegfried pays its employees are above the legal minimum wage at all sites and the company does not employ minors and prohibits any type of forced labor. With respect to the employment conditions, Siegfried's own part-time employees and employees with a fixed-term work contract are treated the same as full-time employees.

### **Staff development**

As at December 31, 2021, the Siegfried Group had 3637 employees worldwide (prior year: 2583). The number has increased compared to the previous year due to growth in business. The group-wide fluctuation rate increased to 13.1% in the reporting year (prior year: 9.6%). It includes all terminations of contract (either on the part of the employee or the employer), outsourcing as well as retirements and deaths. In addition to the staff reduction related to the shutdown of the pharmaceutical production in Zofingen, which was announced in December 2019, no extensive staff reductions occurred in the year under review. About half of the approximately 50 employees affected by the reduction were re-assigned to other employment within the Siegfried Group. In every case of unavoidable staff reduction in the past, plans were made early enough to allow affected employees to be retrained and transferred internally, wherever possible.

### Personnel structure

Siegfried employs approximately 972 external staff worldwide, or approximately 27% of all employees. They are mainly employed in production and production-related areas such as laboratory and warehouse to cover for production peaks and long-term absences. All of Siegfried's partners relating to external employees comply with the legal regulations and minimum wage requirements. The base salaries of external employees are comparable to those of Siegfried's own employees. If qualified, external employees working for Siegfried are given preference in the event a job opens up internally.

### Outlook

In the months ahead, we will primarily continue to focus on empowering our employees and the leadership.

Under the heading "Great Workplace to Grow", we will focus on the issue of Employee Engagement in the coming year and introduce a global platform for employee surveys. The purpose is to obtain additional information from within the organization through this anonymous channel, which may provide ideas as to how we can further improve as an employer.

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### Implementation of an Equal-Pay Analysis in Zofingen and Evionnaz

With effect from 1 July 2020, revised federal legislation came into force concerning gender equality in conjunction with the duty to implement a corporate equal-pay analysis for employees. The aim of the analysis is to enforce the constitutional right to equal pay for equal work. Between 1 July 2020 and 30 June 2021, companies with 100 or more employees had to implement an internal equal-pay analysis in accordance with a scientific and legally compliant method and have it validated by an independent body. Siegfried carried out the equal-pay analysis at the Swiss sites of Zofingen and Evionnaz in fall 2020 and had it validated by the PWC firm of auditors. The analysis, for which the standard analysis tool provided by the federal government was used, confirmed that Siegfried complied with the equal-pay guidelines. The result confirms that Siegfried lives and practices the principle of equal pay, which it has always felt an obligation toward. The results were shared and discussed with the human-resources departments. Based on legislation, Siegfried is not obliged to carry out an equal-pay analysis in the coming years. In order to maintain transparency, Siegfried decided to implement voluntary analyses every five years including verification by PWC and to share the result with the employees and shareholders.

# Sustainability Figures

Employees as of 31 December <sup>1</sup>		2021		2020	
<b>Permanent employees</b>					
Zofingen, Switzerland	Number/total	634		594	
Evionnaz, Switzerland	Number/total	343		316	
St. Vulbas, France	Number/total	136		125	
Pennsville, USA	Number/total	205		175	
Irvine, USA	Number/total	133		143	
Hal Far, Malta	Number/total	155		161	
Nantong, China	Number/total	250		241	
Hameln, Germany	Number/total	495		457	
Minden, Germany	Number/total	394		371	
Barberà del Vallès, Spain	Number/total	515		–	
El Masnou, Spain	Number/total	377		–	
Siegfried Group	Number/total	3 637		2 583	
Full-time employees	Number/%	3 338	91.8%	2 368	91.7%
Part-time employees	Number/%	299	8.2%	215	8.3%
Temporary employees based on total employment	Number/%	373	10.3%	326	12.6%
Apprentices/number of apprentices based on total employment	Number/%	94	2.6%	112	4.3%
<b>Temporary employees</b>					
Zofingen, Switzerland	Number/total	32		54	
Evionnaz, Switzerland	Number/total	19		34	
St. Vulbas, France	Number/total	23		38	
Pennsville, USA	Number/total	6		1	
Irvine, USA	Number/total	11		2	
Hal Far, Malta	Number/total	0		1	
Nantong, China	Number/total	8		19	
Hameln, Germany	Number/total	117		98	
Minden, Germany	Number/total	69		79	
Barberà del Vallès, Spain	Number/total	70		–	
El Masnou, Spain	Number/total	18		–	
Siegfried Group	Number/total	373		326	
<b>Diversity<sup>2</sup></b>					
Female employees	Number/%	1 163	32.0%	731	28.3%
Male employees	Number/%	2 474	68.0%	1 852	71.7%
Female employees in upper management	Number/%	6	12.0%	6	11.8%
Male employees in upper management	Number/%	44	88.0%	45	88.2%
Female employees in middle and lower management	Number/%	123	28.9%	111	29.4%
Male employees in middle and lower management	Number/%	302	71.1%	267	70.6%
Female full-time employees	Number/%	922	79.3%	550	75.2%
Female part-time employees	Number/%	241	20.7%	181	24.8%
Male full-time employees	Number/%	2 416	97.7%	1 818	98.2%
Male part-time employees	Number/%	58	2.3%	34	1.8%
<b>Demographics</b>					
Employees up to age 30	Number/%	507	13.9%	422	16.3%
Employees between age 31 and 50	Number/%	2 103	57.8%	1 388	53.7%
Employees above age 50	Number/%	1 027	28.2%	773	29.9%
Average age of employees	Age	42.3		41.7	
<b>Fluctuation</b>					
Exits/fluctuation women		173	4.8%	68	2.6%
Exits/fluctuation men		303	8.3%	181	7.0%
Total exits / total fluctuation rate		476	13.1%	249	9.6%
<b>Lost working days due to accidents and illnesses</b>					
Lost working days due to work-related illness/rate	Number of days/%	82.0	0.2%	0.0	0.0%
Lost working days due to illness <sup>3</sup> /rate	Number of days/%	39 843.8	88.3%	32 175.2	91.1%
Lost working days due to work-related accidents/quota of days lost in %	Number of days/%	1 049.8	2.3%	616.7	1.7%
Lost working days due to non-work-related accidents/quota of days lost in % <sup>3</sup>	Number of days/%	4 128.2	9.2%	2 518.5	7.1%
Total lost working days/quota of days lost in %	Number of days/%	45 103.8	100.0%	35 310.4	100.0%
Total lost working days per employee	Ø days per employee/%	12.4	5.6%	13.7	6.2%

<sup>1</sup> Source: Siegfried ERP System (SAP HR), as per 31.12.

<sup>2</sup> related to permanent employees

<sup>3</sup> Hameln and Minden sites: non-work-related accidents are included in "lost working days due to illness"

## 6. Corporate Social Responsibility

### 6.1 Local population

In connection with corporate social responsibility Siegfried maintains contact with the authorities and other responsible parties and also directly with the population at the various sites. Since Siegfried is considered and appreciated as an important employer at most of the sites all parties are interested in doing so. The contacts are primarily cultivated by the site management, but the top management of the Siegfried Group also periodically meets with the regional and local political leadership.

A key component of such communication is the topic of education and training. Siegfried provides internal training positions and internships and is willing to support primarily science-oriented educational institutions in various ways, based on the professional training systems and/or academic educational institutions involved. Where gaps exist, Siegfried also provides internal training or retraining. Furthermore, Siegfried supports institutions where students are exposed to the sciences at an early age. One example is the initiative “simply science” in Switzerland ([www.simplyscience.ch](http://www.simplyscience.ch)).

Other vital topics discussed in close communication with the authorities concern the subject of safety and environmental protection. Siegfried is doing its utmost to meet all corresponding rules and regulations. Therefore, it maintains sizeable firefighting and chemical disaster units at all sites. If the authorities wish, these units are prepared to also serve outside the company property, especially in cases concerning chemical substances.

Siegfried is also engaged in the social and cultural environment and supports related employee activities with financial contributions at many sites. This includes the participation of company teams in charity events, such as “Race for life” or “Powerman Charity”. The company also grants financial support to social engagements and to activities volunteered by employees for people with physical disabilities. The same applies to volunteer activities in the field of sports and junior sports. In 2021 a separate global position was created specifically for sponsoring, contributions and lobbying. Local contacts are responsible for coordination at the production sites. A separate budget item for local engagements is available at every site.

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#### **Joint Research Project with University of Applied Sciences**

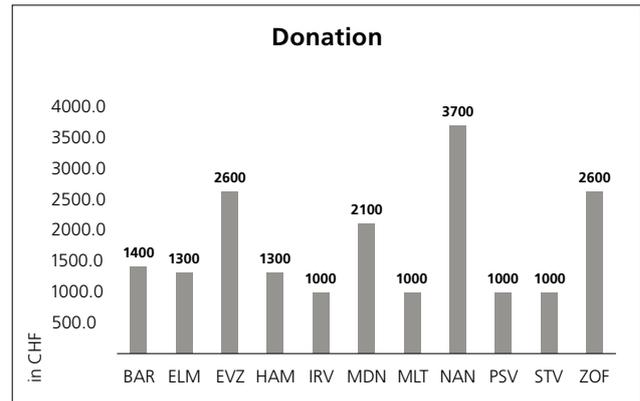
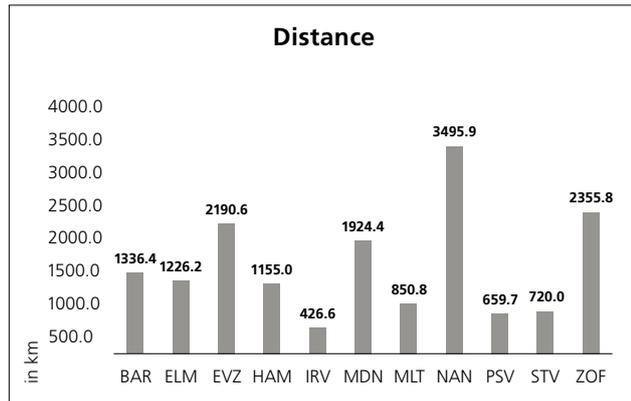
Together with the University of Applied Sciences Northwestern Switzerland, Siegfried won the “Scale up H2” research-fund project and awarded 97 000 Swiss francs. Siegfried’s cooperation with the university within the parameters of bachelor and master’s theses began many years ago. Mid-2020 we entered and won a shared project publicized by the Canton of Aargau Research Fund, which we are all proud of. The project began in February and has made good progress.

Overview of the memberships of the Siegfried Group and its companies at each individual site:

Group		European Fine Chemical Group (EFCG) (Sector group of the European Chemical Industry Council (CEPIC)) scienceindustries Chemie Pharma Biotech, Swiss economic umbrella organization Swiss-American Chamber of Commerce Swiss-Chinese Chamber of Commerce The Association of Swiss Enterprises in Germany (VSUD) Avenir Suisse UN Global Compact Network Switzerland & Liechtenstein DCAT Drug, Chemical, & Associated Technologies Association, USA
Zofingen	Switzerland	Aargau Chamber of Commerce and Industry (AIHK) Zofingen Regional Economic Association (WRZ) Park InnovAARE
Evionnaz	Switzerland	Chambre Valaisanne de Commerce et d'Industrie Groupement Romand Industrie Pharma Union Industriels Valaisans
Hamel	Germany	AdU (Employers' Association of Business in Weserbergland) Chamber of Commerce and Industry of Hannover ChemNord (Employers' Association of the Chemical Industry in Northern Germany) BME (Bundesverband Materialwirtschaft, Einkauf und Logistik) Weserbergland AG (network of businesses)
Minden	Germany	Arbeitgeberverband für die Chemische Industrie Ostwestfalen-Lippe e.V. East Westphalia Chamber of Industry and Commerce (IHK) Association of the Chemical Industry (VCI)
St. Vulbas	France	France Chimie Auvergne Rhône-Alpes Mouvement des entreprises de France (MEDEF) Syndicat Mixte du Parc Industriel de la Plaine de l'Ain (SMPIPA)
Hal Far	Malta	Malta Chamber of Commerce Malta Employers' Association Foundation for Human Resources Development
Pennsville	USA	SOCMA Society of Chemical Manufacturers and Affiliates NJBIA (New Jersey Business & Industry Association) Salem County Chamber of Commerce Employers' Association of New Jersey Chemical Council of New Jersey
Irvine	USA	International Society of Pharmaceutical Engineers (ISPE) Parenteral Drug Association (PDA) American Society of Quality (ASQ) California Chamber of Commerce
Nantong	China	SwissCham Shanghai Nantong Pharmaceutical Association Nantong Biopharmaceutical Industry Union
Barberà	Spain	Col.legi de Farmacèutics (Pharmacists College) COASHIQ AEFI Asociación española de farmacéuticos de la industria (Spanish Association of Pharmacists from the Industry)
El Masnou	Spain	AEFI Asociación española de farmacéuticos de la industria (Spanish Association of Pharmacists from the Industry) Collegi de Farmacèutics (Pharmacists College)

### #everystepmatters

The #everystepmatters charity run was carried out at all sites worldwide. Based on the distance ran by employees, Siegfried made a donation to local charity organizations chosen by employees.



16 341 km

CHF 19 000

#### Two Local Initiatives at the Nantong Site

Siegfried helped local fruit farmers, whose business had suffered from lower sales during the corona pandemic, by purchasing fruit as a present to employees. Moreover, the proceeds from the Charity Run were used to support five poor pupils and some disabled children in the region.

#### Blood Donor Day in Malta

On 17 December, Siegfried Malta organized a Blood Donor Day at the site initiated by the Recreation Committee. Implementation was carried out in cooperation with the Maltese Blood Transfusion Service, which made available a blood-donation vehicle including medical staff at the site. Fifteen Siegfried employees participated and two companies in the industrial park were invited to participate.



## **Outlook**

The Siegfried Group will continue to fulfill its social responsibility, for example in the form of various memberships, and will cultivate the contact with the local population at all sites. The goal is to increasingly establish such engagements across the sites to make better use of the resulting synergies between the various sites, countries and regions.

## **6.2 Political Representations of Interests**

For Siegfried, the purpose of communicating with political bodies and decision-makers is to establish favorable conditions for business in general and the chemical-pharmaceutical industry in particular. We make every effort to develop a competitive site, an innovative environment as a basis for research and development, and an excellent educational system in relation to both work and academics. Free market access worldwide is of great importance to Siegfried.

Important current topics include the following:

- Research and innovation
- Education
- Free movement of people and thus the possibility for Siegfried to acquire employees with top capabilities
- Free movement of goods
- Comparable conditions for all manufacturers worldwide, including the regulatory environment

These are the issues that Siegfried supports worldwide, at the company's headquarters in Switzerland and at every site. At the European level, Siegfried is actively involved in EFCG (European Fine Chemical Group), a sector group within CEFIC (European Chemical Industry Council).

In Switzerland, Siegfried occasionally supports – primarily in connection with popular votes – political parties or candidates who share the company's political goals. Siegfried also participates in popular votes in Switzerland concerning the interests of business in general and companies in the chemical and pharmaceutical industry in particular. Siegfried's direct support of pro-business parties amounted to CHF 5000 in 2021.

Furthermore, Siegfried is a member of

- Avenir Suisse
- "Scienceindustries"
- Chemie Pharma Life Sciences and
- SCS (Swiss Chemical Society)

Siegfried is also a member of Park InnovAare, an organization which brings business and science together in the Canton Aargau, where Siegfried is located.

In addition, the Head of Pharmapark Zofingen has a seat on the Board/Board Committee of the Swiss economic umbrella organization *economiesuisse* (as a representative of "scienceindustries"), and on the Board of "scienceindustries", the economic association *Chemie, Pharma, Life Science Switzerland*. He is also the Vice President of the Aargau Chamber of Industry and Commerce *AIHK* and the President of the Zofingen Regional Economic Association (*WRZ*).

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# GRI Content Index

GRI Standard	Disclosure	Page	Comments	UNGC
<b>GRI 101</b>	101	<b>Foundation (2016)</b>		
		<b>Organizational Profile</b>		
<b>GRI 102</b>		<b>General Disclosures (2016)</b>		
102-1	Name of the organization	SR 74		
102-2	Activities, brands, products, and services	AR 9		
102-3	Location of headquarters	AR 8		
102-4	Location of operations	AR 8		
102-5	Ownership and legal form	FR 49–52		
102-6	Markets served	AR 8, 10–11		
102-7	Scale of the organization	AR 6–7		
102-8	Information on employees and other workers	SR 61		Principle 6
102-9	Supply chain	SR 27–30		Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
102-10	Significant changes to the organization and its supply chain	FR 24		
102-11	Precautionary Principle or approach	FR 20–22, 33		
102-12	External initiatives	SR 13–14, 32		Principles 6, 7, 8, 9
102-13	Membership of associations	SR 10, 63		
		<b>Strategy</b>		
102-14	Statement from senior decision-maker	SR 3–4		
		<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	SR 9–11, 17, 22 AR 11		Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
		<b>Governance</b>		
102-18	Governance structure	CG 3, SR 7–8, 13		

- AR** = Annual Report (Newsletter)
- CG** = Corporate Governance
- RR** = Remuneration Report
- FR** = Financial Report
- SR** = Sustainability Report

For the Materiality Disclosures Service, GRI Services reviewed that the GRI Content Index is clearly pre-sented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. This GRI service was conducted on the German version of this report.

GRI Standard	Disclosure	Page	Comments	UNGC
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	SR 16		
102-41	Collective bargaining agreements	SR 59		Principle 3
102-42	Identifying and selecting stakeholders	SR 15–16		
102-43	Approach to stakeholder engagement	SR 15–16		
102-44	Key topics and concerns raised	SR 16		
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	FR 24		
102-46	Defining report content and topic boundaries	SR 12, 73		
102-47	List of material topics	SR 12, 73		
102-48	Restatements of information		No reformulations were required.	
102-49	Changes in reporting		There were no changes to the material topics and topic boundaries.	
102-50	Reporting period	SR 74		
102-51	Date of most recent report	SR 74		
102-52	Reporting cycle	SR 74		
102-53	Contact point for questions regarding the report	SR 66		
102-54	Claims of reporting in accordance with the GRI Standards	SR 74		
102-55	GRI content index	SR 67	The GRI content index is available on the Internet at <a href="http://report.siegfried.ch">report.siegfried.ch</a>	
102-56	External assurance		We did not have an independent external validation of the Sustainability Report drawn up by a third party.	

## Material Topics

GRI Standard	Disclosure	Page	Further information and omissions	UNGC
<b>Corruption and Anti-Competitive Behavior</b>				
<b>GRI 103</b>	<b>Management Approach (2016)</b>			
103-1	Explanation of the material topic and its boundary	SR 17		Principle 10
103-2	The management approach and its components	SR 17–20		Principle 10
103-3	Evaluation of the management approach	SR 19–20		Principle 10
	<b>Own disclosure</b>			Principle 10
	Cases of violations against the Code of Conduct	SR 20		Principle 10
<b>GRI 206</b>	<b>Anti-competitive behavior (2016)</b>			Principle 10
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SR 20		Principle 10
<b>Product Safety</b>				
<b>GRI 103</b>	<b>Management Approach (2016)</b>			
103-1	Explanation of the material topic and its boundary	SR 21		Principle 9
103-2	The management approach and its components	SR 21–26		Principle 9
103-3	Evaluation of the management approach	SR 25–27		Principle 9
<b>GRI 416</b>	<b>Customer Health and Safety (2016)</b>			
416-1	Assessment of the health and safety impacts of product and service categories	SR 23–25		
<b>Supplier Environmental Assessment</b>				
<b>GRI 103</b>	<b>Management Approach (2016)</b>			
103-1	Explanation of the material topic and its boundary	SR 27		Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
103-2	The management approach and its components	SR 27–30		Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
103-3	Evaluation of the management approach	SR 28–30		Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
<b>GRI 308</b>	<b>Supplier Environmental Assessment (2016)</b>			
308-1	New suppliers that were screened using environmental criteria		For the present, no data is available concerning the systematic examination of new suppliers' social and environmental criteria. Siegfried will examine the establishment of the required processes and data collection systems in the medium term.	
<b>GRI 414</b>	<b>Supplier Social Assessment (2016)</b>			
414-1	New suppliers that were screened using social criteria		For the present, no data is available concerning the systematic examination of new suppliers' social and environmental criteria. Siegfried will examine the establishment of the required processes and data collection systems in the medium term.	

GRI Standard	Disclosure	Page	Further information and omissions	UNGC
<b>Energy and Climate Change</b>				
<b>GRI 103</b>	<b>Management Approach (2016)</b>			
103-1	Explanation of the material topic and its boundary	SR 31, 43–44		Principles 7, 8, 9
103-2	The management approach and its components	SR 31–33, 44–45, 48–49		Principles 7, 8, 9
103-3	Evaluation of the management approach	SR 37, 44–51		Principles 7, 8, 9
<b>GRI 302</b>	<b>Energy (2016)</b>			
302-1	Energy consumption within the organization	SR 46–47, 50–51		
<b>GRI 305</b>	<b>Emissions (2016)</b>			
305-1	Direct (Scope 1) GHG emissions	SR 44		Principles 7, 8, 9
<b>Waste and Pollution</b>				
<b>GRI 103</b>	<b>Management Approach (2016)</b>			
103-1	Explanation of the material topic and its boundary	SR 31, 51–52		Principles 7, 8, 9
103-2	The management approach and its components	SR 31–33, 51–54		Principles 7, 8, 9
103-3	Evaluation of the management approach	SR 50, 52–54		Principles 7, 8, 9
<b>GRI 303</b>	<b>Water and Effluents (2018)</b>			
303-1	Interactions with water as a shared resource	SR 51–53		Principles 7, 8, 9
303-2	Management of water discharge-related impacts	SR 50–53		Principles 7, 8, 9
303-5	Water consumption	SR 50–51		Principles 7, 8, 9
<b>GRI 306</b>	<b>Waste (2020)</b>			
306-1	Waste generation and significant waste-related impacts	SR 50–51, 54		Principles 7, 8, 9
306-2	Management of significant waste-related impacts	SR 51, 54		Principles 7, 8, 9
306-3	Waste generated	SR 50–51		Principles 7, 8, 9

GRI Standard	Disclosure	Page	Further information and omissions	UNGC
<b>Occupational Health and Safety</b>				
<b>GRI 103</b>	<b>Management Approach (2016)</b>			
103-1	Explanation of the material topic and its boundary	SR 31, 33–34, 38		
103-2	The management approach and its components	SR 31–38, 41–43		
103-3	Evaluation of the management approach	SR 34–40, 43		
<b>GRI 403</b>	<b>Occupational Health and Safety (2018)</b>			
403-1	Occupational health and safety management system	SR 32–33, 35, 42		
403-2	Hazard identification, risk assessment, and incident investigation	SR 36–42		
403-3	Occupational health services	SR 34–35, 42–43		
403-4	Worker participation, consultation, and communication on occupational health and safety	SR 34–36		
403-5	Worker training on occupational health and safety	SR 35–36, 42		
403-6	Promotion of worker health	SR 34–35, 41–43, 56–57		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR 34, 38, 41–42		
403-9	Work-related injuries	SR 34, 38–40		

GRI Standard	Disclosure	Page	Further information and omissions	UNGC
<b>Fair Working Conditions</b>				
<b>GRI 103</b>	<b>Management Approach (2016)</b>			
	103-1	Explanation of the material topic and its boundary	SR 55	Principles 1, 2, 3, 4, 5, 6
	103-2	The management approach and its components	SR 55–59	Principles 1, 2, 3, 4, 5, 6
	103-3	Evaluation of the management approach	SR 59–61	Principles 1, 2, 3, 4, 5, 6
<b>GRI 401</b>	<b>Employment (2016)</b>			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employee	SR 55–59	Principles 1, 2, 3, 4, 5, 6
<b>Local Communities</b>				
<b>GRI 103</b>	<b>Management Approach (2016)</b>			
	103-1	Explanation of the material topic and its boundary	SR 62	Principles 6, 7
	103-2	The management approach and its components	SR 62–64	Principles 6, 7
	103-3	Evaluation of the management approach	SR 62–65	Principles 6, 7
<b>GRI 413</b>	<b>Local Communities (2016)</b>			
	413-1	Operations with local community engagement, impact assessments, and development programs	SR 62–64	Principles 6, 7
<b>Public Policy</b>				
<b>GRI 103</b>	<b>Management Approach (2016)</b>			
	103-1	Explanation of the material topic and its boundary	SR 65	
	103-2	The management approach and its components	SR 65	
	103-3	Evaluation of the management approach	SR 65	
<b>GRI 415</b>	<b>Public Policy (2016)</b>			
	415-1	Political contributions	SR 65	

## GRI Standards Material Topics and Topic Boundaries

GRI 102-46, GRI 102-47

### Siegfried's Value Chain

Material Topics	Supply Chain	Siegfried	Products
Corruption and Anti-competitive Conduct			
Product Safety			
Sustainability in the Supply Chain			
Energy and Climate Change			
Waste and Contamination			
Occupational Health and Safety			
Fair Working Conditions			
Local Population			
Political Representation of Interest			

Siegfried Topic Boundaries

## The 10 Principles of Global Compact

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<b>Human Rights</b>	
1.	Businesses should support and respect the protection of internationally proclaimed human rights.
2.	Businesses should make sure that they are not complicit in human rights abuses.
<b>Labor Standards</b>	
3.	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4.	Businesses should uphold the elimination of all forms of forced and compulsory labor.
5.	Businesses should uphold the effective abolition of child labor.
6.	Businesses should uphold the elimination of discrimination in respect of employment and occupation.
<b>Environmental Protection</b>	
7.	Businesses should support a precautionary approach to environmental challenges.
8.	Businesses should undertake initiatives to promote greater environmental responsibility.
9.	Business should encourage the development and diffusion of environmentally friendly technologies
<b>Prevention of Corruption</b>	
10.	Businesses should work against corruption in all its forms, including extortion and bribery.

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### About our Sustainability Report

Siegfried takes the responsibility of a manufacturing company to society and the environment seriously. This Sustainability Report shows our progress and projects between 1.1.2021 and 31.12.2021 according to the principles of the Global Reporting Initiative (GRI). The last sustainability report was published in February 2021. Siegfried will continue to publish an annual sustainability report. This report was prepared in compliance with the GRI Standards, option "Core". Also, the GRI Materiality Disclosures Service was carried out for the current annual report and the correctness of the GRI references 102-40 to 102-49 was confirmed by GRI. The detailed GRI Content Index is available on the Internet at [report.siegfried.ch](http://report.siegfried.ch).

The process of preparing the sustainability report was supported by ELEVATE (formerly: BSD Consulting), a consulting firm specializing in the management of sustainability issues. The Sustainability Report was not examined externally.

## About this Annual Report

In addition to highlighting Siegfried's business performance and its position concerning assets, finances and earnings, this report throws light on the company's commitment concerning sustainability and its interaction with society and the various stakeholders.

They are to gain a comprehensive and differentiated understanding of how Siegfried incorporates these issues into its corporate strategy and of progress achieved in this regard in the course of the year. The report appears in English and German language.

### Scope

We report on the 2021 financial year ending 31 December 2021. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in March 2021, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2023.

### Governance

Our statement concerning Governance describes the principles of management and the control of the Siegfried Group. Essentially, the Siegfried Group's corporate governance follows the Swiss Code of Best Practice and is subject to regular reviews and further development by the Board of Directors. Any deviations from these guidelines find mention in the report.

### Principles of accounting

The Siegfried Group's financial reporting is carried out in accordance with the entire guidelines of Swiss GAAP FER and the provisions of the Swiss law.

### External validation

PricewaterhouseCoopers AG (PwC) as auditors reviewed Siegfried Holding AG's Compensation Report (tables with remark "Audited") for the financial year ending 31 December 2021 and came to the conclusion that it corresponds with the law and with article 14 to 16 of the Ordinance against excessive remuneration for listed stock corporations. The process of sustainability reporting was supported by BSD Consulting, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Accordance with GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option. Furthermore, for the present annual report, the GRI Materiality Disclosures Service was carried out and the accuracy of the GRI references 102-40 to 102-49 confirmed. Please refer to the detailed GRI content index on the Internet at [report.siegfried.ch](http://report.siegfried.ch).

## Publisher's Note

This Annual Report is also available in German, being the original version.

This is an excerpt of Siegfried's Annual Report 2021. All chapters of Siegfried's Annual Report 2021 can be downloaded at [report.siegfried.ch](http://report.siegfried.ch).

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**expect  
more**

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# Financial Report 2021

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# Financial Report

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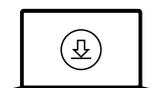
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This is an excerpt of Siegfried's Annual Report 2021.  
All chapters of Siegfried's Annual Report 2021 can be  
downloaded at [report.siegfried.ch](https://report.siegfried.ch).

# Key Figures Overview

	2021	2020	Change CHF (LC)
Net sales (million CHF)	1 102.4	845.1	+30.5% (+30.3%)
Core gross profit (million CHF)	239.3	177.5	34.8%
Core gross profit margin (%)	21.7%	21.0%	
Core results <sup>1</sup>			
Core EBITDA (million CHF)	207.2	149.4	38.8%
Core EBITDA margin (%)	18.8%	17.7%	
Core EBIT (operating result) (million CHF)	124.4	94.3	32.0%
Core EBIT margin (%)	11.3%	11.2%	
Core net profit (million CHF)	95.3	72.5	31.4%
Core net profit-margin (%)	8.6%	8.6%	
Non-diluted core earnings per share (CHF)	22.66	17.50	29.5%
Diluted core earnings per share (CHF)	21.95	16.90	29.9%
Cash flow from operating activities (million CHF)	119.7	114.8	4.3%
Free cash flow (million CHF)	6.5	45.7	-85.8%
Investment in property, plant and equipment and intangible assets (million CHF)	113.4	69.1	64.0%
	<b>December 31, 2021</b>	December 31, 2020	Change
Equity (million CHF)	688.2	733.2	-6.1%
Total assets (million CHF)	1 669.2	1 242.3	34.4%
Equity ratio (%)	41.2%	59.0%	
Employees (number of FTEs)	3 432	2 532	35.5%

<sup>1</sup> For more information and reconciliation of Swiss GAAP FER to Core Results see Financial Report "Investor Information", pages 61-63.

# Financial Commentary 2021

## Profitable growth and increase in margins

Siegfried continued to grow profitably in the 2021 business year, increasing net sales to 1102.4 million Swiss francs. This is the first time in its long history that the Group has achieved sales of more than one billion Swiss francs.

The two important foreign currencies, the euro and the US dollar, moved in different directions against the Swiss franc in the year under review: the euro, which gained in importance with the acquisition in Spain, appreciated slightly against the Swiss franc. The US dollar, on the other hand, depreciated against the Swiss franc. Overall, the effect was small but slightly positive. In local currency, the growth compared to the previous year was +30.3%, in Swiss francs 30.5%.

Core gross profit increased to 239.3 million Swiss francs, corresponding to a slight improvement in the core gross profit margin from 21.0% in the previous year to 21.7% in the year under review.

Core EBITDA (CHF 207.2 million, +38.8%), Core EBIT (CHF 124.4 million, +32.0%) and Core net profit (CHF 93.6 million, +29.0%) developed very positively. Core EBITDA and Core EBIT again grew relatively stronger than sales compared to the previous year. This was reflected accordingly in an increase in margins: the core EBITDA margin was 18.8% (previous year: 17.7%). The core EBIT margin (11.3%) also increased compared to the previous year (11.2%).

Siegfried has introduced the core Metrics with the presentation of the half-year results in 2019. The core results exclude extraordinary expenses and income in a transparent and easy to understand way enabling the market participants to better understand the company's operational performance and allowing a better comparison across periods. Siegfried is using the core results in addition to the Swiss GAAP FER results as important indicators for the internal assessment of the performance of the group. In the current year 2021, the reported results are corrected for technical and non-cash effects from an interest rate change effect on the value of pension obligations from foreign pension plans, extraordinary effects from changes in the Swiss tax law, integration costs related to the acquisition in Spain and restructuring costs. All expenses in connection with the cyber attack and the fraudulent payments were not corrected in the Core figures. These are fully included in the Core figures.

## Strong Growth of core Gross Profit Margin and core EBITDA

Sales of 1102.4 million Swiss francs are composed of 656.0 million Swiss francs Drug Substance and 446.4 million Swiss francs Drug Product sales. Both businesses contributed to the growth, although Drug Products growth was significantly higher due to the acquisition of the two pharmaceutical manufacturing sites in Spain and the vaccines business.

Core gross profit increased to 239.3 million Swiss francs. The core gross profit margin increased to 21.7%.

Core marketing and distribution costs were slightly higher than in the previous year at 16.3 million Swiss francs. In research and development, an important area for Siegfried, costs of 40.4 million Swiss francs were incurred, an increase in absolute terms compared to the previous year, but practically at the previous year's level in relation to sales. Administration and general costs at core level amounted to CHF 62.2 million, higher than the previous year.

Other income was slightly higher than the previous year at 4.1 million Swiss francs.

In total, Core EBITDA amounted to 207.2 million Swiss francs, which corresponds to a Core EBITDA margin of 18.8% and a significant increase of +38.8% compared to the previous year.

## Higher Core Net Profit

Core financial expenses were slightly higher than in the previous year at 4.9 million Swiss francs. This was due to the new senior bonds placed in May 2021, which are carried as debt in contrast to the repaid hybrid bond, and the syndicated loan, which was more heavily utilized as a result of the acquisition. It results in a significantly higher core net profit of 95.3 million Swiss francs, an increase of 31.4% compared to the previous year.

## Operating Cashflow, Free Cashflow and Cashflow from Financing Activities

At 210.7 million Swiss francs, operating cash flow before changes in net working capital was significantly above the previous year's level (153.4 million Swiss francs). In the area of net working capital, trade accounts receivable and also trade accounts payable developed favorably in the year under review; there was an increase in inventories, in particular from the build-up of safety stocks. In total, cash flow from operating activities amounted to 119.7 million Swiss francs, a slight increase of 4.3% compared to the previous year.

As announced, investments in property, plant and equipment and intangible assets were higher than in the previous year at 113.4 million Swiss francs. This results in a free cash flow of 6.5 million Swiss francs.

In May 2021, the company successfully placed senior bonds in the amount of 200 million Swiss francs on the Swiss capital market. The bonds were issued with a maturity of 5 years and a coupon of 0.20%. The issuance was for general corporate purposes, including the early refinancing of the hybrid bond of 160 million Swiss francs, which was repaid on October 26, 2021.

## Other Financial Key Figures

At year-end, Siegfried had CHF 72.6 million in cash and cash equivalents. Outstanding loans amounted to CHF 480 million. Thus, net debt amounted to 407.4 million Swiss francs. At the end of the year, net debt in relation to core EBITDA was 1.97. The equity ratio was 41.2%. Thus, even after the latest acquisition, the Siegfried Group continues to have the necessary debt capacity to finance further growth steps.

## Proposal of Par Value Repayment to the General Assembly

At the Annual General Meeting on April 13, 2022, the Board of Directors will propose to the Shareholders to reduce the par value of a share from 21.20 Swiss Francs by 3.20 Swiss Francs to 18.00 Swiss Francs and to distribute the amount of the reduction in par value of 3.20 Swiss Francs instead of a dividend.



Dr. Reto Suter  
Chief Financial Officer

# Consolidated Balance Sheet

In 1000 CHF (as of December 31)	Notes*	2021	2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	789 321	534 627
Intangible assets	3	6 973	6 660
Investments in associated companies and joint ventures	4	327	340
Financial and other non-current assets		592	582
Employer contribution reserves	18	9 979	9 581
Deferred tax assets	5	35 800	39 483
<b>Total non-current assets</b>		<b>842 992</b>	<b>591 273</b>
<b>Current assets</b>			
Inventories	6	364 655	272 432
Trade receivables	7	267 028	257 122
Other current assets	8	65 930	48 248
Accrued income and prepaid expenses	9	49 583	14 213
Current income taxes		5 543	4 021
Securities		345	30
Derivative financial instruments	10	460	525
Cash and cash equivalents		72 621	54 413
<b>Total current assets</b>		<b>826 166</b>	<b>651 004</b>
<b>Total assets</b>		<b>1 669 158</b>	<b>1 242 277</b>
<b>Liabilities and equity</b>			
<b>Equity</b>			
Share capital	12	93 196	105 295
Treasury shares	11	-78 696	-66 257
Capital reserves		85 594	55 251
Hybrid capital		80 000	237 530
Retained earnings		508 123	401 365
<b>Total equity</b>		<b>688 217</b>	<b>733 183</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	13	480 000	139 968
Non-current provisions	14	28 618	13 527
Deferred tax liabilities	5	10 970	9 130
Other non-current liabilities	15	59 584	1 338
Non-current pension liabilities	18	130 977	151 546
<b>Total non-current liabilities</b>		<b>710 149</b>	<b>315 509</b>
<b>Current liabilities</b>			
Trade payables		119 932	68 962
Other current liabilities	17	63 689	73 065
Accrued expenses and deferred income	16	52 645	36 076
Derivative financial instruments	10	-	233
Current pension liabilities	18	456	440
Current provisions	14	14 199	7 381
Current income tax liabilities		19 871	7 428
<b>Total current liabilities</b>		<b>270 792</b>	<b>193 585</b>
<b>Total liabilities</b>		<b>980 941</b>	<b>509 094</b>
<b>Total liabilities and equity</b>		<b>1 669 158</b>	<b>1 242 277</b>

\* The Notes on pages 11–41 are an integral part of the Group Financial Statements.

# Consolidated Income Statement

In 1000 CHF (for the years ended December 31)	Notes*	2021	2020
Net sales	29	1 102 423	845 062
Cost of goods sold		-862 853	-668 866
<b>Gross profit</b>		<b>239 570</b>	<b>176 196</b>
Marketing and sales costs		-16 288	-15 934
Research and development costs		-40 669	-31 200
Administration and general overhead costs		-54 683	-52 059
Other operating income	20	4 058	2 416
Income of associated companies		-35	-27
<b>Operating result</b>		<b>131 953</b>	<b>79 392</b>
Financial income	21	86	328
Financial expenses	21	-4 161	-3 050
Exchange rate differences	21	-1 351	-2 640
<b>Profit before income taxes</b>		<b>126 527</b>	<b>74 030</b>
Income taxes	5	-30 928	-13 163
<b>Net profit</b>		<b>95 600</b>	<b>60 867</b>
Non-diluted earnings per share (CHF)	23	22.73	14.68
Diluted earnings per share (CHF)	23	22.03	14.18

\* The Notes on pages 11–41 are an integral part of the Group Financial Statements.

# Consolidated Statement of Cash Flows

In 1000 CHF (for the years ended December 31)	Notes*	2021	2020
<b>Net profit</b>		<b>95 600</b>	<b>60 867</b>
Depreciation and impairment of PP&E and intangible assets	2,3	82 816	55 072
Change in provisions	14	-247	-1 317
Other non-cash items <sup>1</sup>		-17 646	12 225
Share-based payments		13 756	8 001
Exchange rate differences	21	1 351	2 640
Financial income	21	-86	-328
Financial expenses	21	4 161	3 050
Income taxes	5	30 928	13 163
Income of associated companies	4	35	27
Net result on disposal of property, plant and equipment		6	-26
<b>Cash flow from operating activities before change in NWC</b>		<b>210 674</b>	<b>153 374</b>
Change in net working capital:			
Trade receivables		8 262	-15 184
Other current assets and accruals		-42 060	-7 531
Inventories		-60 334	-19 417
Trade payables		32 840	-16 798
Other current liabilities and accruals		-11 573	35 564
Payments out of provisions and pension liabilities		-10 189	-6 054
Income taxes paid		-7 870	-9 186
<b>Cash flow from operating activities</b>		<b>119 749</b>	<b>114 767</b>
Purchase of property, plant and equipment	2	-113 100	-68 762
Proceeds from disposal of property, plant and equipment		135	105
Purchase of intangible and other assets	3	-297	-374
Proceeds from disposal of intangible assets		-	11
Acquisition of Group companies	2, 3, 22	-136 529	-
Investments in financial fixed assets		-309	-
Interest received		19	322
Dividend received		68	6
<b>Cash flow from investing activities</b>		<b>-250 013</b>	<b>-68 692</b>
<b>Free cash flow</b>		<b>6 487</b>	<b>45 746</b>
Capital increase		1 065	1 109
Increase of hybrid capital <sup>2</sup>	12	-	80 015
Decrease of hybrid capital <sup>2</sup>	12	-160 000	-100 000
Increase of non-current financial liabilities <sup>2</sup>	13	755 032	421 259
Decrease of non-current financial liabilities <sup>2</sup>	13	-415 000	-416 291
Change in other non-current liabilities		-2	-95
Purchase of treasury shares		-12 660	-3 855
Disposal of treasury shares		437	23 356
Interest paid and bank charges		-7 479	-9 811
Distribution to the shareholders of Siegfried Holding AG		-12 630	-11 622
<b>Cash flow from financing activities</b>		<b>148 763</b>	<b>-15 935</b>
<b>Net change in cash and cash equivalents</b>		<b>18 497</b>	<b>30 139</b>
Cash and cash equivalents 1/1/		54 413	25 443
Net effect of exchange rate changes on cash		-292	-1 168
Cash and cash equivalents 31/12/		72 621	54 413

\* The Notes on pages 11–41 are an integral part of the Group Financial Statements.

<sup>1</sup> Other non-cash effective changes include mainly the effect of the discount rate change on foreign pension plan obligations.

<sup>2</sup> Prior year figures adjusted from net to gross presentation.

# Consolidated Statement of Changes in Equity

In 1000 CHF	Share capital	Treasury shares	Capital reserves	Hybrid capital	Value fluctuations of financial instruments <sup>1</sup>	Accumulated profits <sup>1</sup>	Offset Goodwill <sup>1,2</sup>	Cumulative translation adjustments <sup>1</sup>	Total equity
<b>As of January 1, 2020</b>	<b>116 262</b>	<b>-77 005</b>	<b>48 818</b>	<b>255 985</b>	<b>-1 171</b>	<b>595 796</b>	<b>-159 200</b>	<b>-87 806</b>	<b>691 679</b>
Net profit	-	-	-	-	-	60 867	-	-	60 867
Distribution	-12 183	-	-	-	-	561	-	-	-11 622
Change in hybrid capital	-	-	-	-18 455	-	-7 782	-	-	-26 237
Changes in financial instruments	-	-	-	-	3 841	-	-	-	3 841
Employee share plan	-	-	-	-	-	-5 810	-	-	-5 810
Change in treasury shares	-	10 747	-	-	-	8 755	-	-	19 502
Capital increase	1 216	-	6 433	-	-	-	-	-	7 649
Currency translation differences	-	-	-	-	-	-	-	-6 687	-6 687
<b>As of December 31, 2020</b>	<b>105 295</b>	<b>-66 257</b>	<b>55 251</b>	<b>237 530</b>	<b>2 670</b>	<b>652 388</b>	<b>-159 200</b>	<b>-94 493</b>	<b>733 183</b>
Net profit	-	-	-	-	-	95 600	-	-	95 600
Distribution	-13 188	-	-	-	-	558	-	-	-12 630
Change in hybrid capital	-	-	-	-157 530	-	-5 986	-	-	-163 516
Changes in financial instruments	-	-	-	-	-1 963	-	-	-	-1 963
Employee share plan	-	-	-	-	-	-16 611	-	-	-16 611
Change in treasury shares	-	-12 439	-	-	-	216	-	-	-12 223
Capital increase	1 089	-	30 343	-	-	-	-	-	31 432
Goodwill allocation	-	-	-	-	-	-	40 225	-	40 225
Currency translation differences	-	-	-	-	-	-	-	-5 280	-5 280
<b>As of December 31, 2021</b>	<b>93 196</b>	<b>-78 696</b>	<b>85 594</b>	<b>80 000</b>	<b>707</b>	<b>726 164</b>	<b>-118 975</b>	<b>-99 773</b>	<b>688 217</b>

<sup>1</sup> In the Consolidated Balance Sheet these items are disclosed as retained earnings.

<sup>2</sup> For details refer to Note 3 Intangible Assets.

The share capital of Siegfried Holding AG decreased due to repayment of par value to the shareholders in the amount of CHF 13.2 million and partially offset by the issue of shares under the employee benefit programmes of CHF 1.1 million, resulting in a net decrease of CHF 12.1 million. It is divided into 4 396 000 registered shares each with a par value of CHF 21.20 (2020: 4 351 000 registered shares each with a par value of CHF 24.20), see note 12.

In accordance with Art. 3.2.a. of the bond terms and conditions, Siegfried Holding AG has repaid its public hybrid bond, issued in 2016, in the amount of CHF 160 million, see note 12.

All fully consolidated investments are held to 100% by the Group. Therefore, at year end, as in the previous year the Group had no minorities of third parties.

# Notes to the Consolidated Financial Statements

## General Information

### Financial Statements

The financial reporting of the Siegfried Group complies with Swiss GAAP FER and the provisions of Swiss law. The Consolidated Financial Statements are based on historical costs, except for the revaluation of specific financial assets and liabilities, such as derivative financial instruments. As described in the following policies, they are valued at fair value. The Consolidated Financial Statements are prepared on a going concern basis. The Consolidated Financial Statements of the Siegfried Group are presented in Swiss francs and were approved by the Board of Directors on February 18, 2022, for presentation to the General Meeting held on April 13, 2022.

### Information about the Group

The Siegfried Group is a worldwide pharmaceutical supplier with production sites in Switzerland, the USA, Malta, China, Germany and France. Under contract to the pharmaceutical industry Siegfried develops manufacturing processes for active pharmaceutical ingredients and their intermediates and produces them (Drug Substances). The Siegfried Group also produces finished pharmaceutical products (Drug Products). Siegfried Holding AG (head office in Zofingen, AG) is listed on the SIX Swiss Exchange.

### Method and Scope of Consolidation

The Consolidated Financial Statements include the financial statements of all Swiss and foreign companies, in which Siegfried Holding AG controls (generally over 50% of the voting interest) directly or indirectly the financial and operating activities. Assets and liabilities, income and expenses are included according to the full consolidation method. Minority interests in the net assets and income of consolidated companies are recorded separately both in the Consolidated Balance Sheet and the Consolidated Income Statement. At year end there are no minority interests in the Group.

Investments in associated companies are accounted for using the equity method. These are companies, over which the Group exercises significant interest, but not control. This is generally the case with a voting rights share of 20% to 50%. Investments in joint ventures are also accounted for using the equity method.

Group companies acquired or disposed of during the reporting period are included in or excluded from the Consolidated Financial Statements from the date of acquisition or disposal. The individual financial statements, on which the Consolidated Financial Statements are based, are drawn up in accordance with accounting principles applied consistently throughout the Group. All intercompany transactions, including receivables and payables, income and expenses, unrealized intercompany profits are eliminated in the consolidation. The annual reporting period for all Group companies ends on December 31.

# Accounting Principles

## Business Combinations

Acquisitions of subsidiary companies are reported according to the purchase method. Goodwill from business combinations represents the amount of the purchase price incl. acquisition costs, which exceeds the proportional actual value of the net identifiable assets of the acquired company at the time of purchase. In the case of acquisitions, potentially existing noncapitalized intangible assets such as brands, user rights or client lists are not recognized separately, but remain in goodwill.

Purchased Goodwill is eliminated against equity. If the initial accounting for a business combination is incomplete by the end of the reporting period, in which the combination occurred, the combination is accounted for using provisional amounts. Adjustment of the provisional amounts and the recognition of additionally identified assets and liabilities must be undertaken within the measurement period, if new information about facts and circumstances is obtained that existed at the acquisition date.

## Segment Reporting

The Siegfried Group consists of one "reportable segment". The decision takers measure the performance of the company based on the financial information at the level of the Siegfried Group as a whole.

## Foreign Currency Translation

The positions of the individual financial statements are valued on a functional currency basis. The Consolidated Financial Statements are denominated in Swiss francs. The functional currency of the Group companies is the respective local currency. Balance Sheets stated in foreign currencies are translated at the year-end exchange rates, the corresponding Income Statements at the average annual exchange rates, which should not differ significantly from the exchange rates prevailing on the transaction dates. The exchange rate differences arising from the translation of the Financial Statements are recognized directly in the Consolidated Equity. Exchange rate differences arising on intercompany loans that, in substance, form part of the net investment in that subsidiary, are also recognized in equity. Intercompany loans are regarded as part of a net investment in a subsidiary, if the settlement of these loans is neither planned nor likely to occur in the foreseeable future. All other exchange rate differences are included in the Income Statement.

The exchange rates applied to the Group's most important foreign currencies are as follows:

## Balance Sheet

Year-end rates	2021	2020
1 USD	0.912	0.880
1 EUR	1.033	1.080
100 CNY	14.359	13.465

## Income Statement

Average rates	2021	2020
1 USD	0.914	0.939
1 EUR	1.081	1.070
100 CNY	14.171	13.606

## Property, Plant and Equipment

Property, plant and equipment are valued at acquisition or production cost less accumulated depreciation. Land is not depreciated. Depreciation is charged on a straight-line basis over the following estimated useful life of the assets:

Buildings and leasehold improvements	10–30 years
Machinery and equipment	5–15 years
Vehicles	5–10 years
IT-Hardware	3–5 years

If parts of a fixed asset have different useful lives, they are recognized and depreciated as separate assets. The useful lives of assets are evaluated at least once a year at the reporting date and, if necessary, amended. Property, plant and equipment are excluded from the Balance Sheet upon retirement, or when no value in use can be expected. Maintenance and repair costs are recognized in the Income Statement. Subsequent purchase and production costs are capitalized, only if a future economic benefit is expected and the costs of the asset can be reliably determined.

## Leasing

Leased property, plant and equipment for which the significant risks and rewards are transferred to the Group are disclosed as Financial Leases respectively as asset and liability. All other lease agreements are classified as Operating Leases. Leasing liabilities from Operating Leases, which cannot be terminated within one year, are disclosed in the Notes to the Consolidated Financial Statements. Currently the Siegfried Group has entered only into Operating Leases and no Financial Leases.

## Intangible Assets

Intangible assets consist of licenses, patents, trademarks, technology, software and land use rights in China. If there are indications of impairment, intangible assets are tested for recoverability. Software is accounted for at cost of acquisition or of production plus costs of placing it in a usable condition less accumulated amortization and any accumulated impairment losses. It is amortized on a straight-line basis over the estimated useful life. If there are indications of impairment, the software is tested for recoverability. All intangible assets are amortized over the shorter of their following legal and economic lives:

Land use rights China	50 years
Licenses, patents and trademarks	The shorter of economic or legal life, as a rule 5–20 years
Software	3–5 years

## Impairment of Non-Financial Non-Current Assets and Intangible Assets

An assessment whether the value of non-financial non-current assets (PPE) and intangible assets with finite useful life may be impaired is undertaken if as a result of events or changed circumstances it appears possible that the carrying amounts are not recoverable. If the carrying amount exceeds the recoverable amount, then an impairment is recorded to this amount. The recoverable amount is the higher of the asset's net recoverable value and the value in use. When an impairment loss arises the useful life of the asset in question is reviewed and, if necessary, the future depreciation charge is accelerated.

An impairment loss recognized in a previous period should be partially or fully reversed if the factors determining the recoverable amount improved significantly. In such cases, the new carrying amount is the lower of the new determined recoverable amount and the carrying amount less depreciation as if an impairment loss had never been recognized. The reversal of impairment is to be debited to the operating result.

## Securities/Financial Assets

Securities are a part of the current assets and are valued at market price. If no market value is available the securities are valued at acquisition cost less any impairment. Financial assets are carried at acquisition cost less impairment, if any.

## Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods and trading goods. Raw materials are measured at the lower of acquisition or production cost and net recoverable value using the perpetual weighted average price method. Production costs comprise all manufacturing costs including an appropriate share of production overheads. They are measured at standard costs. Appropriate valuation allowances are made for obsolete and slow-moving inventory items. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Settlement discounts are treated as reductions in the purchase price.

## Trade Receivables

Trade receivables are included initially at nominal value and subsequently at amortized cost; this is equal to the amounts invoiced after deducting allowances for doubtful accounts. Indications for possible impairment are given if payment is delayed, the customer is experiencing financial difficulties, or recapitalization or bankruptcy is likely. Allowances for doubtful accounts are established based on the difference between the net present value of the nominal amount of the receivables and the estimated net collectible amount. The expected loss is recognized in the Income Statement in the line item "marketing and sales". When a trade receivable becomes uncollectible, it is derecognized against the allowance for doubtful accounts.

## Other Receivables

This caption includes mainly VAT receivables and other receivables. They are recorded at net realizable value.

## Accrued Income and Prepaid Expenses

Accrued income is valued at nominal value and contains payments made for the following financial year and accrued income which will be received in the next period.

## Cash and Cash Equivalents

Cash consists of cash, balances held in bank accounts and short-term deposits with a maturity of three months or less from the date of acquisition and are carried at current value. Cash is the defined fund of the Consolidated Cash Flow Statement.

## Equity/Treasury Shares

A purchase of treasury shares by a Group company, including all costs, is recorded against equity, until the shares are redeemed, reissued, or sold. If treasury shares are issued or sold at a later date, the net consideration less directly attributable transaction costs and income taxes is recorded in equity.

## Equity/Hybrid Bonds

The hybrid bonds are subordinated bonds with an indeterminate duration. Siegfried Holding AG can suspend the payment of interest if the business is achieving negative results. The hybrid bonds have a first call date after five years. If this is not exercised, the result is a higher rate of interest payable (step up). The privately placed hybrid bond has an optional conversion right to shares in Siegfried Holding AG. The hybrid bonds are classified as equity and interest payments thereon are treated as reductions in equity.

## Financial Liabilities

All financial liabilities are recorded under current or non-current financial liabilities. The non-current financial liabilities include all liabilities with a residual duration of more than one year. The current financial liabilities include all liabilities with a duration of less than one year, including the current portion of non-current liabilities. If at the reporting date there is a binding commitment to extend a maturing loan, it is classified according to the new duration.

## Other Liabilities

Other liabilities are valued at nominal value and contain mainly VAT liabilities, shift allowances and liabilities from social insurances.

## Accrued Expenses and Deferred Income

Accrued expenses are valued at nominal value and contain mainly payments which are due in the following financial year but should be expensed in the current financial year and accrued revenue.

## Provisions

Provisions are recorded if, as a result of a past event, there is a justified probable obligation, the amount and/or due date of which is uncertain but can reasonably be estimated. The calculation of the provision is based on the estimate of the cash outflow to settle the obligation. If time is a significant factor, the amount of the provision is discounted.

## Employee Benefits

### Pension Plans

The Group operates various employee benefit plans in and outside Switzerland for employees who satisfy the participation criteria. The pension benefits paid are governed by the legal requirements in the respective countries. The employees of the Swiss companies in the Siegfried Group are insured in its own pension fund, the Pensionskasse Siegfried, Zofingen, legally autonomous foundation. The pension fund is financed by employee and employer contributions. In addition there is an affiliation to a collective foundation. Abroad there are separate pension solutions in Germany for Siegfried PharmaChemikalien Minden GmbH, in France for Siegfried St.Vulbas SAS, in Spain for Siegfried Barbera, S.L. and Siegfried El Masnou, S.A. as well for the companies in the USA.

The effective economic effects of all Group pension plans are calculated annually at the reporting date and the resulting liability or economic benefit recognized in the Balance Sheet. Pursuant to Swiss GAAP FER 16 economic liabilities and benefits of Swiss pension plans are determined on the basis of accounts drawn up in accordance with Swiss GAAP FER 26. For the valuation of foreign pension obligations actuarial reports are obtained that are based on dynamic models in line with the international accounting standards.

Employer contribution reserves are recognized as assets, provided they are not covered by a waiver of use. Changes in value of employer contribution reserves or liabilities are recognized as Personnel Expenses.

### Share-Based Payments

For the members of managements a Long Term Incentive Plan (LTIP) exists. At the beginning of a vesting period of three-years the plan participants acquire a defined number of Performance Share Units (PSU). The valuation of the PSU is undertaken by an external company, which is specialized in the valuation of option and equity plans. The expenses are recognized as personnel expenses on an equal basis over the vesting period. After the three-year vesting period the plan participants are allocated between 0 and 2 shares per acquired PSU.

Further an Employee Share Purchase Plan exists that allows employees, which can not participate to the LTIP to buy shares at a discounted rate of 30% below market value. The share plan is considered as an equity-settled share-based payment plan. The fair value of the shares corresponds to the fair value at grant date. Costs for the employee share plan are recorded as personnel expenses in the period in which the employee performed his/her services. The costs for the shares are adjusted to fair value on the grant date and also recorded as personnel expenses.

BASF operated an employee share purchase plan, under the terms of which employees were able to acquire rights to future bonus shares by purchase with their own funds. In order to be able to offer the employees suitable compensation for the future rights existing at the date of the sale, a share plan limited to ten years was launched, under which the employees will receive in the years 2016–2025 Siegfried shares free of charge.

### **Profit Sharing / Bonus Plans**

The Group operates a Short Term Incentive Plan (STIP), which is compensated annually in cash. These bonus entitlements in cash are recognized on an accrual basis as a liability and expense, if there is a contractual commitment or past business practice that constitutes a de facto commitment. The amount of the performance-based remuneration paid under the STIP is linked to the achievement of corporate, functional and individual targets. At the end of the one-year performance period it is determined whether the corporate, functional and individual goals have been achieved. The achievement scale for the corporate targets stretches from 0% to a maximum of 200%, for functional and individual targets from 0% to a maximum of 150%.

### **Taxes**

The tax expense for the period comprises current and deferred taxes. Current income taxes are calculated on the basis of the taxable result and the tax rate applicable locally. Provisions are made for deferred taxes on all temporary differences between amounts determined for tax purposes and those reported for Group accounting purposes at the actual local tax rates likely to be applied. Deferred tax assets arising from temporary timing differences and tax loss carryforwards are recognized if it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. Management analyzes on an annual basis the financial situation and the expected profits of the concerned companies. Changes in deferred taxes are recognized against net profit unless the tax relates to an item recognized directly in equity. No provisions are made for deferred income taxes on potential future dividends out of retained earnings, as these sums are deemed permanently reinvested.

### **Net Sales, Services and Long-Term Contracts**

Net sales represent amounts received and receivable for goods and services supplied to customers after deducting discounts and volume rebates and excluding sales and value-added taxes. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have passed to the buyer. Income from services is recognized on an accrual basis in accordance with the underlying service agreements.

Development projects and other long-term projects are recognized in accordance with Swiss GAAP FER 22 as long-term contracts. If all the conditions for the application of the PoCM are fulfilled, revenues and profit are realized in line with the progress of the contract; otherwise they are realized on completion of the contract (CCM – Completed Contract Method). The degree of completion is determined using the cost to cost method.

### **Cost of Goods Sold**

The production costs of the goods and services sold include the direct production costs and the production overheads related to the goods sold and the services rendered.

## Other Operating Income

The other operating income includes gains on the sale of fixed assets and income from activities that are not part of the Siegfried Group's core business.

## Research and Development

Research and development costs include wages and salaries, development costs, costs of materials and overheads and are directly expensed.

## Dividends

Dividends to shareholders are recorded as liabilities at the time the resolution to pay a dividend is made.

## Government Grants

In connection with investment projects some subsidiary companies in the Siegfried Group receive government grants. Government grants are recognized at fair value, only if there is a high probability that the conditions will be met. The grants are recognized in income in the periods, in which the company receives the grants. If the government grants relate to fixed assets, they are deducted in determining the carrying amount of the fixed assets. The grant is recognized as reduced depreciation over the working life of the depreciable fixed assets.

## Transactions with Related Parties

Transactions with related parties are defined as a business relationship with shareholders of the Group, with companies which are fully consolidated and other related parties as defined under Swiss GAAP FER 15.

## Commitments and Contingencies

The operations of the Group companies continue to be exposed to risks from political, legal, fiscal and regulatory developments, including those related to environmental protection. The nature and frequency of these developments and events, which are not covered by any insurance, are not predictable. Possible obligations that are dependent on future events are disclosed as contingent liabilities.

# Company-wide Risk Management

The company-wide risk management is based on the ISO 31000 standard for risk management and is adjusted to the specific situation of the Siegfried Group. The risk management concept is assessed annually and, if necessary, adjusted and improved.

## Core Targets of Company-Wide Risk Management

With this risk management concept, a well-established risk culture firmly anchored in the company, and clearly defined risk processes, we strive to increase transparency about the risks in the company, which allows us to avoid, transfer or, if worthwhile, carry risks.

## Identification, Evaluation and Management

A risk register is used to assess and classify risks according to strategic, operational, financial and external effects. There is also an estimate of the likelihood of occurrence with the possible financial consequences. From this, the measures for the management of the identified risks are derived and also evaluated. The Corporate Risk Committee monitors the aggregated risks for compliance with internal guidelines and processes and is in regular contact with the respective risk managers. The consolidated risk assessment is submitted to the Executive Committee, the Audit Committee and the Board of Directors for review. Reporting is accelerated in the event of new or changing risks.

At its strategy meeting on July 8 to 10, 2021, the Board of Directors considered in depth the strategic projects and their inherent risks. When there were significant changes, it also requested relevant information at other meetings about risks associated with strategic projects and approved the implementation of any required actions. Operating risks were discussed and assessed by the Board of Directors at its regular meetings. The most important operational risks per area were defined on November 26, 2021.

The Annual Report on the Internal Control System, including its assessment, was also approved at the meeting on November 26, 2021. The risk management and the ICS reports were also pre-discussed in the Audit Committee on November 22, 2021.

# Financial Risk Management

Financial risk management within the Group is governed by policies and guidelines approved by Management. These policies cover foreign exchange risk, interest rate risk, market risk, credit risk and liquidity risk. Group policies also cover the investment of excess funds and the raising of debts. Both the investment of excess funds and the raising of current and non-current debts are centralized. Risk management strives to minimize the potential negative effects on the Group's financial position.

## Market Risks

Siegfried is exposed to market risks which consist mainly of foreign exchange risk, interest rate risk and market value risk.

### Foreign Exchange Risks

Siegfried operates across the world and is therefore exposed to movements in foreign currencies affecting its reporting in Swiss francs. Foreign exchange risks arise on business transactions that are not conducted in the Group's functional currency. Siegfried continues to monitor its currency exposures. The Group seeks to reduce the foreign exchange risk with natural hedges. If necessary, the Group will also take forward contracts, swaps or currency options into consideration.

The Siegfried Group is exposed principally to currency risk in respect of the USD and EUR and to a lesser extent of the CNY.

### Interest Rate Risks

Interest rate risks arise from movements in interest rates, which could have adverse effects on the Group's net profit or financial position. Interest rate movements can result in changes in interest income and expense on interest bearing assets and liabilities. In addition, they can also, as described under the market value risks below, impact specific assets, liabilities and financial instruments. Within the Siegfried Group, interest rate management is centralized.

### Market Value Risks

Changes in the market value of financial assets and derivative financial instruments can affect the financial position and net profit of the Group. Non-current financial investments, such as investments in subsidiaries, are held for strategic reasons. The Siegfried Group holds no financial investments for speculative purposes. Risks of loss in value are minimized by thorough analysis before purchase and by continuously monitoring the performance and risks of the investments.

## Liquidity Risks

The Group companies need to have sufficient access to cash to meet their obligations. The treasury department manages the raising of current and non-current debt. Centrally cash flow forecasting is performed by the operating entities of the Group and aggregated and monitored by Group Treasury.

## Credit Risks/Counterparty Risks

Credit risks arise from the possibility that the counter-party to a transaction may be unable or unwilling to meet their obligations, causing a financial loss to Siegfried. Trade receivables are subject to active risk management focusing on the monitoring and controlling of risks.

The credit risks on other financial assets are limited by the policy of restricting them to institutional partners. Where possible, the latter are controlled by an ongoing review of the classification of their creditworthiness and the limitation of aggregated individual risks. In addition the investment of liquid funds is limited to a single credit institution.

## Capital Risk

The capital of the Siegfried Group is managed with a view to ensuring the continuation of operations, to earning an adequate yield for the shareholders and to optimizing the capital structure in order to reduce the cost of capital.

The Siegfried Group monitors its capital structure by reference to the net debt ratio and the equity ratio. The net debt ratio is defined as net debt divided by EBITDA. The equity ratio is defined as equity divided by total assets.

## Derivative Financial Instruments

To manage currency and interest rate exposure, Siegfried may use forward exchange contracts as well as interest rate and currency swaps or put options. Derivatives hedging changes in value of an existing underlying transaction are recognized applying the same valuation principles that are applied to the underlying hedged transaction. A derivative is derecognized as soon as it matures (or an early option is exercised) or as soon as, following a sale or default by the counterparty, no further claim on future payments exists.

## Estimates, Assumptions and Accounting Judgments

The compilation of Consolidated Financial Statements in accordance with Swiss GAAP FER requires estimates, assumptions and accounting judgments. The most important forward looking assumptions, from which a substantial risk may arise that could lead to a material adjustment to assets and liabilities within a year, are outlined on the following page.

### **Impairment Test of Non-Financial Non-Current Assets**

In compliance with the above accounting principles the recoverability of the net assets is tested if there is any indication of impairment. The recoverable amount of the cash-generating units is calculated using the Discounted Cash Flow method, based on approved mid-range plans. These calculations require management to make forward looking assumptions and estimates.

In the year under review, no indications were found that would impair the fair value of the net book values.

### **Deferred Tax Assets**

Deferred tax benefits from unused tax losses and deductible temporary differences are considered to the extent to which it is probable that future profits will be earned, against which they can be used. Management assesses the capitalization of deferred tax assets on tax losses and tax credits on an annual basis based on the taxable profits expected for the next 5 years. The tax rates are based on the effective and expected tax rates applicable for the relevant companies.

At December 31, 2021, Siegfried had available unrecognized tax losses and tax credits of CHF 84.8 million (see note 5).

### **Environmental Provisions**

Provisions relate to obligations to eliminate environmental pollution. Future decontamination costs depend on the regulatory status and management decisions on future construction projects. Depending on the nature and scope of the construction projects realized, the obligation to eliminate detrimental effects on the environment is increased or reduced.

The environmental provision amounting to CHF 15.8 million would as a consequence be higher or lower (see note 14).

### **Pension obligations for foreign pension plans**

Foreign pension obligations are valued by means of external actuarial reports, except it is a contribution plan. The parameters related to the actuarial expert opinions such as discount rate, pension adjustment, increase in income and others are subject to a certain degree of judgement, as bandwidths exist. The management can define respectively adjust these parameters within these bandwidths.

# 1. Scope of Consolidation GRI 102-45

The consolidation includes the following companies:

Group companies	Share capital	in LC	Participation
<b>Operating</b>			
Alliance Medical Products Inc., Irvine (USA)	116 521	USD	100.00%
Siegfried AG, Zofingen (Switzerland)	20 000 000	CHF	100.00%
Siegfried Evionnaz SA, Evionnaz (Switzerland)	1 000 000	CHF	100.00%
Siegfried Hameln GmbH, Hameln (Germany)	750 500	EUR	100.00%
Siegfried Malta Ltd, Valletta (Malta)	100 000	EUR	100.00%
Siegfried (Nantong) Pharmaceuticals Co. Ltd, Nantong (China)	422 296 722	CNY	100.00%
Siegfried PharmaChemikalien Minden GmbH, Minden (Germany)	50 000	EUR	100.00%
Siegfried St. Vulbas SAS, Saint Vulbas (France)	15 200 000	EUR	100.00%
Siegfried USA, LLC, Pennsville (USA)	500 000	USD	100.00%
Siegfried Barbara S.L., Barberà del Vallès (Spain)	503 000	EUR	100.00%
Siegfried El Masnou, S.A., El Masnou (Spain)	10 099 778	EUR	100.00%
<b>Finance and administration</b>			
Siegfried Deutschland Holding GmbH, Hameln (Germany)	1 790 000	EUR	100.00%
Siegfried Deutschland Real Estate GmbH, Hameln (Germany)	25 000	EUR	100.00%
Siegfried GmbH, Hameln (Germany)	25 000	EUR	100.00%
Siegfried Hameln Real Estate GmbH + Co. KG, Hameln (Germany)	25 000	EUR	100.00%
Siegfried Holding AG, Zofingen (Switzerland)	93 195 200	CHF	100.00%
Siegfried Hong Kong Ltd, Hong Kong (China)	1 000	HKD	100.00%
Siegfried USA Holding Inc., Pennsville (USA)	3 000	USD	100.00%
<b>Joint venture</b>			
Alpine Dragon Pharmaceuticals Ltd, Huangyang, Gansu Province (China)	10 542 708	CNY	49.00%

Siegfried Pharma AG, Zofingen became retrospectively with economic effect from January 1, 2021 merged into Siegfried AG, Zofingen.

As of January 1, 2021 Siegfried acquired from Novartis two pharmaceutical production plants in the Barcelona area, Spain.

The par value per share of Siegfried Holding AG was determined by resolution of the general meeting from April 22, 2021 from CHF 24.20 each to CHF 21.20 each. The share capital as at December 31, 2021 amounts to CHF 93.2 million and is divided into 4 396 000 registered shares with a par value of CHF 21.20 each (2020: 4 351 000 registered shares with a par value of CHF 24.20 each), see note 12.

All participations that are fully consolidated are 100% participations. As a result, there were no minorities from third parties at the end of the period as in the previous year.

## 2. Property, Plant and Equipment

In 1000 CHF	Land	Buildings and leasehold improvements	Machinery and equipment	Assets under construction	Total
<b>Acquisition costs</b>					
As of January 1, 2020	25 681	357 238	1 105 691	68 981	1 557 590
Translation differences	-40	-5 419	-15 537	-837	-21 833
Additions	1 285	1 620	16 902	57 246	77 053
Disposals	-	-123	-5 749	-	-5 872
Reclassifications	-	3 281	34 697	-38 080	-102
<b>As of December 31, 2020</b>	<b>26 926</b>	<b>356 597</b>	<b>1 136 004</b>	<b>87 310</b>	<b>1 606 837</b>
Translation differences	-1 177	-5 683	-18 410	-1 545	-26 815
Change in scope of consolidation	20 560	65 436	137 822	8 580	232 398
Additions	139	947	31 186	81 699	113 971
Disposals	-	-266	-14 128	-14	-14 408
Reclassifications	177	1 912	33 613	-35 929	-227
<b>As of December 31, 2021</b>	<b>46 625</b>	<b>418 943</b>	<b>1 306 087</b>	<b>140 101</b>	<b>1 911 756</b>
<b>Accumulated depreciation and impairments</b>					
As of January 1, 2020	-	213 223	825 989	-	1 039 212
Translation differences	-	-3 285	-11 065	-	-14 350
Depreciation charge	-	9 072	44 057	-	53 129
Disposals	-	-113	-5 668	-	-5 781
<b>As of December 31, 2020</b>	<b>-</b>	<b>218 897</b>	<b>853 313</b>	<b>-</b>	<b>1 072 210</b>
Translation differences	-	-3 482	-13 297	-	-16 779
Depreciation charge	-	14 549	66 468	-	81 017
Disposals	-	-266	-13 747	-	-14 013
<b>As of December 31, 2021</b>	<b>-</b>	<b>229 698</b>	<b>892 737</b>	<b>-</b>	<b>1 122 435</b>
<b>Net book value 31/12/2021</b>	<b>46 625</b>	<b>189 245</b>	<b>413 349</b>	<b>140 101</b>	<b>789 321</b>
<b>Net book value 31/12/2020</b>	<b>26 926</b>	<b>137 700</b>	<b>282 691</b>	<b>87 310</b>	<b>534 627</b>

At December 31, 2021, Land included CHF 2.6 million (2020: CHF 2.6 million) undeveloped property.

As of December 31, 2021, commitments for the purchase of property, plant and equipment amounted to CHF 14.5 million (2020: CHF 16.1 million).

## 3. Intangible Assets

In 1000 CHF	Licenses, patents	Trademarks	Software	Others	Total
<b>Acquisition costs</b>					
As of January 1, 2020	11 612	6 397	16 191	6 026	40 226
Translation differences	-938	-586	-246	-161	-1 931
Additions	-	235	63	76	374
Disposals	-	-	-218	-	-218
Reclassification	-	-	102	-	102
<b>As of December 31, 2020</b>	<b>10 674</b>	<b>6 046</b>	<b>15 892</b>	<b>5 941</b>	<b>38 553</b>
Translation differences	350	221	-96	312	787
Change in scope of consolidation	-	-	1 291	-	1 291
Additions	-	-	177	120	297
Disposals	-	-	-185	-	-185
Reclassification	-	-	227	-	227
<b>As of December 31, 2021</b>	<b>11 024</b>	<b>6 267</b>	<b>17 306</b>	<b>6 373</b>	<b>40 970</b>
<b>Accumulated amortization and impairments</b>					
As of January 1, 2020	9 342	6 397	14 855	1 165	31 759
Translation differences	-776	-572	-226	-27	-1 601
Amortization charge	573	22	898	449	1 942
Disposals	-	-	-207	-	-207
<b>As of December 31, 2020</b>	<b>9 139</b>	<b>5 847</b>	<b>15 320</b>	<b>1 587</b>	<b>31 893</b>
Translation differences	293	214	-56	39	490
Amortization charge	398	33	925	443	1 799
Disposals	-	-	-185	-1	-186
<b>As of December 31, 2021</b>	<b>9 830</b>	<b>6 094</b>	<b>16 004</b>	<b>2 068</b>	<b>33 996</b>
<b>Net book value 31/12/2021</b>	<b>1 194</b>	<b>173</b>	<b>1 302</b>	<b>4 305</b>	<b>6 973</b>
<b>Net book value 31/12/2020</b>	<b>1 535</b>	<b>199</b>	<b>572</b>	<b>4 354</b>	<b>6 660</b>

The goodwill which arose upon the acquisition of Alliance Medical Products Inc. (AMP), the Hameln companies and the BASF sites Evionnaz, St. Vulbas and Minden and the badwill resulted from the acquisition of the Novartis locations Barberà del Vallès and El Masnou was set off against the consolidated equity at the date of purchase. If the goodwill had been capitalized, the effect on the financial statements would have been as follows:

In 1000 CHF (for the years ended December 31)	2021	2020
<b>Theoretical goodwill</b>		
As of January 1	159 200	159 200
Badwill allocation	-40 225	-
<b>As of December 31</b>	<b>118 975</b>	<b>159 200</b>
<b>Accumulated amortization</b>		
As of January 1	72 675	62 061
Amortization	7 933	10 614
<b>As of December 31</b>	<b>80 608</b>	<b>72 675</b>
<b>Theoretical goodwill December 31</b>	<b>38 367</b>	<b>86 525</b>

The theoretical useful life applied for straight-line amortization is 15 years as it is regarded as a long-term investments for Siegfried. The goodwill/badwill out of this acquisition is translated into Swiss francs at the rate prevailing at the date of acquisition. This procedure avoids foreign exchange adjustments to the theoretical goodwill movements.

In 1000 CHF (for the years ended December 31)	2021	2020
Operating result according to income statement	131 953	79 392
Amortization of goodwill	-7 933	-10 614
<b>Theoretical operating result incl. amortization of goodwill</b>	<b>124 020</b>	<b>68 778</b>
Net profit according to income statement	95 600	60 867
Amortization of Goodwill	-7 933	-10 614
<b>Theoretical net profit incl. amortization of goodwill</b>	<b>87 667</b>	<b>50 253</b>
Equity according to balance sheet	688 217	733 183
Theoretical capitalization of goodwill (net book value)	38 367	86 525
<b>Theoretical equity incl. net book value of goodwill</b>	<b>726 585</b>	<b>819 708</b>

## 4. Investment in Associated Companies and Joint Ventures

Alpine Dragon Pharmaceuticals Ltd. was incorporated during 2007 as a joint venture with the Chinese company Gansu Medical Alkaloids, Inc. The impact on the Financial Statements is not material. There are no contingent liabilities or payment commitments in connection with this joint venture.

The investments in associated companies and joint ventures include no Goodwill at the reporting date.

## 5. Income Taxes

In 1000 CHF	2021	2020
Current tax expense	24 196	14 731
Deferred tax expense	6 732	-1 568
<b>Total income taxes</b>	<b>30 928</b>	<b>13 163</b>
Profit before income tax	126 527	74 030
<b>Group's effective income tax rate</b>	<b>24.4%</b>	<b>17.8%</b>

In 1000 CHF	2021	2020
<b>Average expected tax rate</b>	<b>21.8%</b>	<b>15.6%</b>
<b>Average expected income taxes</b>	<b>27 550</b>	<b>11 529</b>
Effects of changes in tax rates	-	-1 810
Non-recognition of tax loss carry-forwards	-177	3 473
Effect of unrecognized tax loss carry-forwards used against taxable profits	-416	-642
Income taxes from prior periods, net	999	233
Other effects	2 972	380
<b>Group's effective income taxes</b>	<b>30 928</b>	<b>13 163</b>
<b>Group's effective income tax rate</b>	<b>24.4%</b>	<b>17.8%</b>

In 2021 the Group's average expected tax rate is 21.8% (2020: 15.6%). The effective tax rate based on earnings before taxes is 24.4% (2020: 17.8%).

The legal adjustments in the location cantons of the Siegfried Group, which results from the Swiss tax reform have an impact on the expected Group tax rate. R&D credits can be deducted at some sites. The privileged taxation of Siegfried Holding AG was transferred to ordinary taxation on January 1, 2020. In this context, Siegfried Holding AG made use of the old law from the transitional regulation to the step up (existing law) by capitalizing its trademark rights in the tax balance sheet at the end of 2019.

In 1000 CHF	December 31, 2020	Change	December 31, 2021
<b>Deferred tax assets</b>	<b>39 483</b>	<b>-3 683</b>	<b>35 800</b>
<b>Deferred tax liabilities</b>	<b>9 130</b>	<b>1 840</b>	<b>10 970</b>

Deferred tax assets of about CHF 35.8 million consist of temporary differences and tax loss carry-forwards from individual subsidiaries. As of December 31, 2021, deferred tax assets were capitalized of CHF 5.8 million on tax loss carry-forwards (2020: CHF 5.9 million). The other deferred tax assets of CHF 30.0 million are mainly due to temporary differences on liabilities of foreign pension plans and the step up of trademark rights (2020: CHF 33.6 million).

Deferred tax assets and liabilities are calculated using the tax rates currently applicable and applied to future taxation (CH 11.4% – 16.9%, CN 25.0%, DE 30.0%, FR 25.9%, MT 35.0%, US 21.0%, ES 25.0%).

In 1000 CHF	2021	2020
<b>Expiry of unrecognized tax losses and tax credits</b>		
Within one year	16 199	5 389
Between one and five years	28 018	41 189
More than five years	40 604	58 334
<b>Total unrecognized tax losses and tax credits</b>	<b>84 821</b>	<b>104 912</b>

In addition the Group has available CHF 84.8 million unrecognized tax loss carry-forwards and tax credits (2020: CHF 104.9 million).

## 6. Inventories

In 1000 CHF	2021	2020
Raw materials	135 341	95 288
Semifinished goods	151 857	112 074
Finished goods and trading goods	77 458	65 071
<b>Total inventories</b>	<b>364 656</b>	<b>272 432</b>

The valuation allowances for inventory amount to CHF 20.2 million (2020: CHF 12.4 million) and are included in the figures above.

Produced intermediates are reported together with the work in process as semifinished goods.

As of December 31, 2021, there are CHF 3.1 million semifinished goods from PoCM orders booked in inventory (2020: CHF 3.2 million).

## 7. Trade Receivables

In 1000 CHF	<b>2021</b>	2020
Trade receivables	268 177	258 186
Allowances for doubtful accounts	-1 149	-1 064
<b>Total trade receivables</b>	<b>267 028</b>	<b>257 122</b>

The allowances for doubtful accounts are calculated using the difference between the nominal amount of the receivables and the estimated net amount collectible. The net amount collectible is estimated on the basis of experience.

In 1000 CHF	<b>2021</b>	2020
Not yet due	241 410	230 669
Due 0 - 3 months	20 062	26 398
Due >3 months	5 556	55
<b>Total trade receivables</b>	<b>267 028</b>	<b>257 122</b>

## 8. Other current assets

Other receivables of CHF 65.9 million (2020: CHF 48.2 million) are primarily composed of VAT receivables of CHF 38.4 million (2020: CHF 29.6 million) and from receivables from social insurance, advance payments to suppliers, receivables from environmental duties and precious metal deposit balances totalling CHF 7.9 million (2020: CHF 11.0 million). Furthermore, in 2021 a receivable of CHF 10.1 million from a provisional purchase price adjustment in connection with the acquisition of the Novartis companies has been recorded (see note 22).

## 9. Accrued income and prepaid expenses

Deferred income amounts to CHF 49.6 million (2020: CHF 14.2 million) and mainly includes periodic accruals for future services already paid. Furthermore, an accrual of CHF 25.2 million was recognized in 2021 for contractual receivables from the supply contract with Novartis.

## 10. Derivative Financial Instruments

The guidelines on financial risk management are described in the accounting principles. Within the framework of these guidelines the Siegfried Group uses derivative financial instruments to hedge foreign exchange and interest rate risks. The contract value provides information about the volume of outstanding transactions. At the reporting date foreign exchange and interest hedging contracts were open. Foreign currency forward contracts were used to hedge net payment flows in the financial year 2021 aggregating USD 56.6 million and EUR 40.0 million (2020: USD 55.0 million and EUR –3.6 million). The changes in fair value of these foreign exchange contracts are recognized in the Financial Result and in equity depending on the underlying instrument.

In 1000 CHF	Contract value		Positive fair value		Negative fair value	
	2021	2020	2021	2020	2021	2020
Foreign currency swaps	92 964	44 512	460	525	–	233
<b>Total</b>	<b>92 964</b>	<b>44 512</b>	<b>460</b>	<b>525</b>	<b>–</b>	<b>233</b>

## 11. Treasury Shares

Treasury shares are deducted at transaction value directly from equity. At December 31, 2020, the book value of the treasury shares was CHF 78.7 million (2020: CHF 66.3 million).

Treasury shares	December 31, 2020	Change	December 31, 2021
<b>Total treasury shares</b>	<b>169 389</b>	<b>16 078</b>	<b>185 467</b>
<b>Total Siegfried shares</b>	<b>4 351 000</b>	<b>45 000</b>	<b>4 396 000</b>
<b>Total outstanding shares</b>	<b>4 181 611</b>	<b>28 922</b>	<b>4 210 533</b>

In 2021, 16 599 shares (2020: 7227 shares) were acquired with an average price of CHF 762.70 (2020: CHF 533.70) and 521 shares (2020: 37 424 shares) sold for an average price of CHF 838.00 (2020: CHF 624.10).

## 12. Share Capital – Hybrid Capital – Conditional Capital

As of December 31, 2021 the share capital amounts to CHF 93.2 million and it is divided into 4 396 000 registered shares each with a par value of CHF 21.20 (2020: 4 351 000 registered shares each with a par value of CHF 24.20). The shares of Siegfried Holding AG increased by 45 000 shares as a result of the issue of shares from conditional capital for employee benefit programs. In addition the nominal value per share was reduced from CHF 24.20 each to CHF 21.20 each by resolution of the general assembly on April 22, 2021.

The two private hybrid convertible bonds issued by Siegfried Holding AG are subordinated bonds with an indefinite maturity and interest payments by coupon. The hybrid convertible bonds have a first call date after five years. If it is not exercised, the interest payable is increased (step up). Additionally there exists an optional right of conversion at a conversion price mathematically fixed, which can be exercised during the duration. The conversion price can change in accordance with the terms of the convertible bonds, in particular if the company makes dividend payments. The conversion is fully covered by treasury shares, i.e. without share capital increase (see Note 11).

Title	Issue Date	Nominal Value	Interest Rate	Call Date
Private Convertible Hybrid Bond 2020, 0.65%	28/12/2020	40 000	0.650%	28/12/2025
Private Convertible Hybrid Bond 2020, 1.15%	28/12/2020	40 000	1.150%	28/12/2025

In accordance with Art. 3.2.a. according to the bond terms and conditions, Siegfried Holding AG has repaid its subordinated public hybrid bond issued in 2016 in the amount of CHF 160 million on its own initiative and on the first repayment date, i.e. October 26, 2021. The repayment build-up corresponded to the nominal value of the bond of CHF 160 million based on the last coupon of 2.125%.

Siegfried Holding AG has 2021 at its disposal conditional capital of CHF 2 522 800 for the creation of 119 000 shares (par value of CHF 21.20) to serve the Long Term Incentive Plan (LTIP) and other employee benefit plans (2020: CHF 3 968 800 for 164 000 shares with a par value of CHF 24.20).

In 2021, 45 000 shares were allocated for participation programs from conditional capital (2020: 45 000 shares).

Conditional capital (number of shares)	December 31, 2020	Change	December 31, 2021
Long Term Incentive Plan (LTIP) and other employee benefit plans	164 000	-45 000	119 000
<b>Total</b>	<b>164 000</b>	<b>-45 000</b>	<b>119 000</b>

## 13. Financial Liabilities

The existing syndicated loan agreement in the amount of CHF 400 million was amended due to the discontinuation of Libor in October 2021.

Interest is now based on SARON (CHF), SOFR (USD) and Euribor (EUR, as before), plus an interest margin that depends on a financial covenant of a maximum debt ratio. The Siegfried Group fulfilled this covenant at the year end. At December 31, 2021, the syndicated loan was utilized in the amount of CHF 280.0 million (2020: CHF 140.0 million).

On May 19, 2021, Siegfried Holding AG placed a senior bond in the amount of CHF 200.0 million on the Swiss capital market. The bond was issued with a term of 5 years and a coupon of 0.20%. The bond was settled on June 15, 2021. The net proceeds were used for general corporate purposes, including the refinancing of the CHF 160 million hybrid bond.

## 14. Provisions

In 1000 CHF	Environmental provisions	Restructuring provisions	Other provisions	Total
As of January 1, 2020	21 644	2 525	306	24 475
Costs incurred	- 1 287	-960	-	-2 247
Additions, interest	143	-	38	181
Releases of unused provisions	-316	-1 040	-142	-1 498
Currency translation	-3	-	-0	-3
<b>As of December 31, 2020</b>	<b>20 181</b>	<b>525</b>	<b>202</b>	<b>20 908</b>
Thereof current	6 710	525	146	7 381
Thereof non-current	13 471	-	56	13 527
As of January 1, 2021	20 181	525	202	20 908
Costs incurred	-3 887	-1 847	-	-5 734
Additions, interest	284	299	-	583
Change in scope of consolidation	-	27 685	1 483	29 168
Releases of unused provisions	-801	-	-28	-829
Currency translation	1	-1 207	-73	-1 279
<b>As of December 31, 2021</b>	<b>15 778</b>	<b>25 455</b>	<b>1 584</b>	<b>42 817</b>
Thereof current	3 834	8 835	1 530	14 199
Thereof non-current	11 944	16 620	54	28 618

### Environmental provisions

The Siegfried Group produces chemical products at various locations. The production process is such that undesirable incidents may also arise, which result in an obligation to remedy pollutant effects on the environment. In connection with planned construction projects, environmental investigations were performed. Possible remediation obligations of CHF 15.8 million have been provided for (2020: CHF 20.2 million). The liabilities are recognized in the accounting period, in which the obligation becomes evident. A provision is recorded if it is expected that the obligation results in an outflow of economic resources in the medium term and if a reasonable estimate of that obligation can be made. By their nature the amounts and timing of any outflows are difficult to predict.

Environmental assessments were prepared in connection with planned construction projects. In the reporting period costs for remediation incurred to CHF 3.9 million (2020: 1.3 million). The start of the planned construction projects is anticipated within the next 15 years. The environmental provision was discounted with 2% (2020: 2%) to the present value of the expected expenditures. The compounding amounted to CHF 0.3 million (2020: discount CHF 0.2 million). Management reviews the provisions annually, based on regulatory changes or changes in planned investments. In the reporting year the review result in a release of CHF 0.8 million (2020: CHF 0.3 million).

## Restructuring provisions

The remaining restructuring provision of CHF 0.5 million at Siegfried Pharma AG, Zofingen was used in the reporting period.

With the recording of the net assets of the two Spanish production sites, provisions of CHF 27.7 million for restructuring measures already initiated before the acquisition, due to decreasing needs of the seller had to be recognised. It will not assumed that this could be compensated for with new business..

## Other provisions

Other provisions of CHF 1.6 million (2020: 0.2 million) include product warranties of CHF 0.1 million and a possible tax liability of CHF 1.5 million was recognised from the recording of the acquisition.

# 15. Other Non-Current Liabilities

Other non-current liabilities of CHF 59.6 million (2020: CHF 1.3 million) contains in addition to periodic accruals for personnel costs and social securities a liability of CHF 56.8 million in connection with the acquisition of the Novartis companies on January 1, 2021 (earn-out), see Note 22.

# 16. Accrued Expenses and Deferred Income

Accrued expenses and deferred income amount to CHF 52.6 million (2020: CHF 36.1 million) and include mainly periodic accruals for personnel costs and social security charges and various expense and income accruals.

# 17. Other Current Liabilities

Other current liabilities of CHF 63.7 million (2020: CHF 73.1 million) primarily consisting of VAT liabilities, precious metal obligations and current employee liabilities in the amount of CHF 26.5 million (2020: CHF 36.9 million), customer advance payments of CHF 12.7 million (2020: CHF 36.2 million), a liability of CHF 4.1 million in connection with the acquisition of the Novartis companies on January 1, 2021 (earn-out), see note 22 and a liability of CHF 8.0 million from the MSA with Novartis.

## 18. Employee Benefits and Personnel Expenses

In 1000 CHF	2021	2020
Wages and salaries	266 117	207 316
Share-based payments	13 756	8 001
Pension expense	769	19 792
Expenses for other long-term employee benefits	947	-90
Social and other personnel expenses	68 040	49 272
<b>Total personnel expenses</b>	<b>349 629</b>	<b>284 291</b>

In the year under review, the average number of employees (in full-time positions) was 3432 (2020: 2532).

The discount rate for the interest on pension liabilities in Siegfried PharmaChemikalien Minden GmbH (DE) increased by 40 basis points (2020: reduction of 30 basis points).

Pension liabilities and economic benefits are as follows:

In 1000 CHF	Excess/insufficient cover <sup>1</sup>	Economical part for the company		Change vs. PY or taken to the Income Statement in the FY <sup>2</sup>	Contributions	Pension expenses (personnel)	
		31/12/2021	31/12/2020			2021	2020
Pension institutions with surplus (CH)	71 344	9 979	9 581	-398	10 205	9 808	9 326
Pension plans without own assets (DE)	-143 253	-129 085	-149 756	-20 671	3 603	-11 227	9 089
Pension plans without own assets (FR)	-1 713	-1 623	-1 791	-168	22	-72	155
Pension plans without own assets (USA)	-456	-456	-440	16	1 520	1 520	1 222
Pension plans without own assets (SP)	-	-268	-	-819	1 548	740	-
<b>Total</b>	<b>-74 078</b>	<b>-121 453</b>	<b>-142 406</b>	<b>-22 040</b>	<b>16 898</b>	<b>769</b>	<b>19 792</b>

<sup>1</sup> For domestic institution, the reported value corresponds to the previous year's SWISS GAAP FER 26 financial statements, for foreign pension plans without own assets (DE, FR & USA), the reported value corresponds to the economical part for the company of the previous year converted using the 2021 year-end balance sheet rate.

<sup>2</sup> currency effects adjusted.

The employer contribution reserves are as follows:

In 1000 CHF	Nominal value	Waiver of usage	Other value adjustments	Balance Sheet asset	Result from ECR in personnel expenses	
					31/12/2021	31/12/2020
Pension schemes (CH)	9 979	-	-	9 581	9 581	-398
<b>Total</b>	<b>9 979</b>	<b>-</b>	<b>-</b>	<b>9 581</b>	<b>9 581</b>	<b>-398</b>

## 19. Share-Based Payments

For members of management a Long Term Incentive Plan (LTIP) exists. The plan participants receive at the beginning of a three-year vesting period a defined number of Performance Share Units (PSU). At the end of the three-year vesting period the plan participants are allocated, depending on the extent to which they have attained the targets, a certain number of shares per PSU acquired. Between 0 and 2 shares can be allocated per PSU. The plan defines a target amount for the growth in total shareholder return, compound annual growth rate (CAGR) on total shareholder return (TSR weighting 70%) and two operating targets (EBITDA and ROCE weighting each 15%). After allocation, the shares are at the free disposal of the plan participants and are not subject to a restriction period.

The valuation of the PSU is undertaken at the beginning of the relevant vesting period by an external company, which is specialized in the valuation of option and equity plans. The recognition of personnel expenses for the current plan periods is based on a performance factor of 1.

For the three current plan periods, the following personnel expenses, including social security charges, were recognized in 2020:

Plan period	Numbers of PSU	Fair Value (CHF)	Personnel expense (in 1000 CHF)
2019–2021	23 470	200.63	1 120
2020–2022	25 706	193.83	1 519
2021–2023	28 295	805.52	8 205
<b>Total</b>			<b>10 844</b>

In March 2021, the shares were transferred for the performance period 2018–2020. The target achievement and thus the performance factor was 162.8%, i.e. 1.628 shares were allocated per PSU, see Remuneration Report.

In addition to the Long Term Incentive Plan (LTIP) an equity plan exit for employees that are not able to participate in the LTIP (Employee Share Purchase Plan – ESPP). In 2021, total 2993 shares (2020: 4000 shares) were bought by employees. The total expense for Siegfried (share 30%) for the ESPP amounted in the reporting year to CHF 1.0 million (2020: CHF 0.3 million).

## 20. Other Operating Income

The Other Operating Income of CHF 4.1 million (2020: CHF 2.4 million) includes revenues from the sale of side products amounting to CHF 2.4 Mio. (2020: CHF 0.6 million) and miscellaneous other income of CHF 1.7 million (2020: CHF 1.8 million).

## 21. Financial Result

The Financial Result of CHF 5.4 million (2020: CHF 5.4 million) comprises CHF 4.2 million financial expense (2020: CHF 3.1 million), financial income of CHF 0.1 million (2020: CHF 0.3 million) and foreign exchange differences of CHF 1.4 million loss (2020: CHF 2.6 million loss).

The financial expense includes CHF 3.9 million (2020: CHF 2.9 million) for debt interest and fees and CHF 0.3 million for the compounding of the environmental reserve (2020: CHF 0.2 million).

## 22. Acquisitions

As of January 1, 2021 Siegfried has acquired from Novartis two pharmaceutical manufacturing facilities in Spain. The two sites located in the province of Barcelona with around 1000 employees are specialized in the production of sterile ophthalmic (El Masnou) as well as oral solid dosage forms (OSD) and capsules for inhalation devices (Barberà del Vallès).

The acquisition was financed in 2020 with the issuance of two privately placed hybrid convertible bonds totalling CHF 80 million and with the increase of existing credit facilities. There was no increase in the share capital.

The provisional purchase price was calculated as follows:

In 1000 CHF	January 1, 2021
Provisionally purchase price paid	135 812
Purchase price adjustment (Other accounts receivable)	-10 101
Earn-out	63 702
Transaction costs	3 073
<b>Provisionally purchase price</b>	<b>192 485</b>

In the coming years, further volume- and performance-related payments to the seller in the amount of up to CHF 65.9 million will be due. This earn-out will possibly take place in the period up to 2028 was divided into a current liability of CHF 4.3 million (see explanation 17) and a non-current liability of CHF 59.4 million (see note 15). It is Siegfried's intention to finance these liabilities from current operating cash flow.

In 1000 CHF	January 1, 2021
Provisionally purchase price	192 485
Net assets acquired	232 710
<b>Badwill</b>	<b>-40 225</b>

The provisional badwill of CHF 40.2 million resulting from the transaction was included in equity offset against goodwill.

In 1000 CHF	January 1, 2021
Provisionally purchase price paid	135 812
Transaction costs	3 073
Cash acquired	-2 356
<b>Cashflow acquisition Group companies</b>	<b>- 136 529</b>

The fair value of the identifiable assets and liabilities (purchase accounting) could not be finally determined as of December 31, 2021. Closing accounts are expected at a later date. From today's perspective, no significant adjustments to the final purchase price are expected.

Net assets as follows:

In 1000 CHF	January 1, 2021
Cash	2 352
Inventories	38 254
Accounts Receivable trade	17 596
Other current assets	718
Non-current assets	236 182
<b>Total assets</b>	<b>295 103</b>
Current liabilities	44 555
Non-current liabilities	17 837
Equity	232 710
<b>Total liabilities and equity</b>	<b>295 103</b>

## 23. Earnings per Share

For the calculation of earnings per share, the number of shares has been reduced by the weighted average shares held by the Group.

	2021	2020
Net profit attributable to Siegfried shareholders (in 1000 CHF)	95 600	60 867
Weighted average number of shares outstanding	4 205 433	4 145 290
<b>Non-diluted earnings per share</b>	<b>22.73</b>	<b>14.68</b>
Net profit attributable to Siegfried shareholders (in 1000 CHF)	95 600	60 867
Weighted average number of shares outstanding	4 205 433	4 145 290
Adjustment for assumed exercise of share-based payments, where dilutive	134 661	147 253
<b>Diluted earnings per share</b>	<b>22.03</b>	<b>14.18</b>

Earnings per share are calculated excluding interest on hybrid bonds. Including interest expense attributable to hybrid equity holders, basic earnings per share are CHF 21.85 (2020: CHF 13.17) and diluted earnings per share are CHF 21.17 (2020: CHF 12.72).

## 24. Distribution per Share

At the Annual General Meeting on April 13, 2022, the Board of Directors will propose to reduce the par value from CHF 21.20 per share by CHF 3.20 to CHF 18.00 per share and to distribute the amount of the par value reduction of CHF 3.20 per share instead of a dividend (2020: par value reduction CHF 3.00 per share).

The repayment of the par value reduction is expected to take place in early July 2022 in accordance with capital reduction procedure in Switzerland under Swiss law.

## 25. Contingent Assets

In Siegfried has potential claims from contracts for payments in the maximum amount of CHF 45.1 million over the years 2022–2028. These claims are due upon achievement of certain agreed target values and will be settled once a year for a completed business year.

## 26. Commitments and Contingencies

In connection with the new syndicated loan, there is no guarantee at the end of the year (2020: none).

At December 31, 2021, guarantees had been given by Siegfried Holding AG in favor of banks in the amount of CHF 20.0 million and EUR 3.8 million (2020: CHF 20.0 million and EUR 3.8 million).

In 2015 a demand for claims for alleged unpaid work amounting to CNY 51.7 million on the construction of the site in Nantong was submitted to the Chinese Arbitration Court CIETAC by a construction company. Siegfried has submitted a counterclaim on the construction company in the amount of CNY 73.2 million. Siegfried contests the claims of the construction company. The procedure was commenced in 2016 and is still pending. The outcome is currently open and the probability of an out flow of funds is considered to be low.

## 27. Maturity of Rental and Lease Liabilities

	Operating Leases	Operating Leases
In 1000 CHF	<b>2021</b>	2020
Due under 1 year	6 676	6 775
Due between 1 and 5 years	23 136	22 035
Due after 5 years	36 264	44 055
<b>Total lease liabilities</b>	<b>66 076</b>	<b>72 865</b>

Of these liabilities CHF 52.8 million (2020: 59.8 million) relate to the new administration buildings in Zofingen, as well as the other production sites as follows: Malta CHF 1.8 million (2020: CHF 0.3 million), Minden CHF 2.7 million (2020: CHF 2.7 million), Hameln CHF 0.6 million (2020: CHF 0.5 million) and Irvine CHF 8.2 million (2020: CHF 9.3 million).

## 28. Transactions with Related Parties

As in prior year no transaction with related parties took place in 2021 and at the reporting date there were no receivables from or payables to related parties.

Siegfried has its own pension funds in Switzerland.

The remuneration of the members of the Board of Directors and the Executive Management is described and presented in detail in the Remuneration Report in sections 4 and 5.

## 29. Net Sales

### Net Sales by Product Group

In CHF million	<b>2021</b>	2020
Drug Substances	656.0	647.8
Drug Products	446.4	197.2
<b>Total net sales</b>	<b>1 102.4</b>	<b>845.1</b>

## Net Sales by Foreign Currency

In CHF million	2021	2020
in CHF	322.4	313.1
in EUR	615.0	364.7
in USD	165.0	166.0
in other Currencies	0.1	1.3
<b>Total net sales</b>	<b>1 102.4</b>	<b>845.1</b>

The Net Sales of CHF 1102.4 million include CHF 10.3 million (2020: CHF 5.2 million) from long-term contracts under the PoCM.

## 30. Segment Reporting

The Siegfried Group consists of one “reportable segment”. Financial information is regularly reported to the Board of Directors at the level of the Siegfried Group as a whole. Based on this financial information the Siegfried Group is managed and their performance is measured.

The Siegfried Group provides its customers with comprehensive and integrated solutions for services in the development and production of active pharmaceutical ingredients, intermediates, complex dosage forms and products from its own portfolio. In principle the companies in the Siegfried Group provide all the services mentioned above.

## 31. Fraudulent Payments

Subsequent to period end of the Half Year 2021, fraudulent payments were detected at a subsidiary. An internal investigation has been launched and the case has been reported to the respective law enforcement authorities.

The internal investigation has been concluded in the meantime. Based thereon, a number of measures, including personnel measures, have been implemented.

The financial impact of the case is fully included in the financial statements 2021. The damage is, as reported in the Half Year Report 2021, in the high single digit CHF million range. Some proceedings, e.g. relating to reclaim procedures and insurance are still ongoing.

## 32. Post Balance Sheet Events

There are no other significant events after the balance sheet date.

# Report of the Statutory Auditor

to the General Meeting of Siegfried Holding AG, Zofingen

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Siegfried Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 7 to 41) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Our Audit Approach

### Overview



Overall Group materiality: CHF 6 000 000

We concluded full scope audit work at nine Group companies in five countries.

Our audit scope addressed 93% of the sales revenue and 91% of the assets of the Group.

Additionally, either specified audit procedures or a review were concluded at a further four group companies in three countries, which addressed a further 7% of the sales revenue and 8% of the assets of the Group.

As key audit matters the following areas of focus have been identified:

Recoverability of inventories

Acquisitions

## Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 6 000 000
Benchmark applied	Profit before taxes
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

## Audit Scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the component auditors in the PwC network. PwC audited all of the Group's subsidiaries. Where audits were performed by component auditors, we ensured that, as Group auditor, we were sufficiently involved in the audit to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor included telephone conferences with the component auditors to discuss essential and relevant audit issues.

## Report on Key Audit Matters Based on the Circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Recoverability of Inventories

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### Key audit matter

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As of December 31, 2021, the net carrying value of inventories amounted to CHF 365 million. This corresponds to around 22% of total assets.

We consider the valuation of inventories to be a particularly important audit matter due to the amount of the balance sheet item and the discretion in determining the necessary value adjustments for inventories.

We refer to page 15 (accounting principles) and page 29 (appendix to the consolidated annual financial statements, note 6, inventories) in the 2021 annual report.

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### How our audit addressed the key audit matter

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We assessed the appropriateness of the processes in the area of the valuation of the inventories. In doing so, we identified the key controls and checked their effectiveness using random samples.

We compared the acquisition costs with the last purchase prices on a random basis.

We checked the standard cost calculation on a sample basis. We also assessed the variances between the standard and actual costs.

We checked randomly whether the calculation of the valuation allowances for non-curable inventories was mathematically correct and appropriate. We assessed whether the principle of loss-free valuation was complied with for inventories.

Our audit results support the valuation of inventories made by management as of December 31, 2021.

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## Acquisitions

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### Key audit matter

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Effective beginning of January, 2021, Siegfried has acquired two pharmaceutical production sites in Spain from Novartis. This is a significant acquisition. The accounting for this acquisition is influenced, among other things, by:

- The valuation of the assets and liabilities acquired at fair value at the date of acquisition
  - The fair value measurement of contingent payments
  - The accounting treatment of goodwill and acquisition costs.
- On these grounds, we consider this acquisition as a key audit matter.

We refer to page 24 (Note 1, Changes of scope of consolidation), Page 37 (Note 22, Acquisition)

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### How our audit addressed the key audit matter

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We mainly performed the following audit procedures: We obtained an understanding of the processes of the acquisition. Further, we analyzed the purchase agreement and further relevant agreements to identify conditions affecting the purchase price allocation and the purchase price.

We audited the opening balance sheets of the acquired businesses and assessed the appropriateness of the fair values for assets, liabilities and contingent payments. With the support of our own valuation specialists, we challenged the assumptions applied by management to identify and measure the fair values of assets.

Additionally, we evaluated the appropriateness of the accounting for this acquisition, of the resulting goodwill positions and of the disclosures in the consolidated financial statement.

Our audit procedures support the purchase price allocation made by management and its accounting as well as the disclosure of this acquisition.

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## Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

## Report on Other Legal and Regulatory Requirements

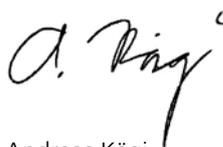
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Illi  
Audit expert  
Auditor in charge



Andreas Kägi  
Audit expert

Basel, 18 February 2022



# Financial Statement of Siegfried Holding AG

# Balance Sheet of Siegfried Holding AG

In CHF (as of December 31)	2021	2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	49 665 574	38 921 845
Securities	315 984	10 003
Other current receivables due from third parties	11 056 054	48 809
Other current receivables due from Group companies	56 855 481	32 083 681
Accrued income and prepaid expenses	1 738 251	4 616 951
<b>Total current assets</b>	<b>119 631 343</b>	<b>75 681 290</b>
<b>Non-current assets</b>		
Loans to Group companies	722 462 916	674 123 540
Investments	403 160 539	182 990 188
<b>Total non-current assets</b>	<b>1 125 623 455</b>	<b>857 113 728</b>
<b>Total assets</b>	<b>1 245 254 798</b>	<b>932 795 017</b>
In CHF	2021	2020
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Other short-term liabilities due from third parties	5 475 567	631 544
Other short-term liabilities due from Group companies	61 459 368	39 501 552
Accrued expenses and deferred income	24 557 324	12 179 284
Short-term provisions	9 090 184	–
Short-term hybrid capital	–	160 000 000
<b>Total short-term liabilities</b>	<b>100 582 444</b>	<b>212 312 381</b>
<b>Non-current liabilities</b>		
Long-term interest-bearing liabilities third parties	480 000 000	139 968 000
Long-term financial liabilities due from Group companies	5 372 120	8 117 040
Other long-term liabilities to third parties	56 791 573	–
Long-term provisions	17 272 953	–
Long-term hybrid capital	80 000 000	80 000 000
<b>Total long-term liabilities</b>	<b>639 436 646</b>	<b>228 085 040</b>
<b>Total liabilities</b>	<b>740 019 090</b>	<b>440 397 421</b>
<b>Shareholders' equity</b>		
Share capital	93 195 200	105 294 200
Legal reserves	3 869 000	3 320 000
Reserves from capital contribution	52 564 970	22 222 033
Voluntary reserves	427 828 576	416 829 524
Treasury shares	–78 697 043	–66 258 159
Statutory retained earnings	6 475 005	10 989 998
<b>Total shareholders' equity</b>	<b>505 235 707</b>	<b>492 397 597</b>
<b>Total liabilities and shareholders' equity</b>	<b>1 245 254 798</b>	<b>932 795 017</b>

# Income Statement of Siegfried Holding AG

In CHF	2021	2020
<b>Income</b>		
Financial income	12 857 521	19 414 135
Service income	28 110 840	25 643 491
<b>Total income</b>	<b>40 968 361</b>	<b>45 057 626</b>
<b>Expenses</b>		
Personnel expense	19 096 732	7 965 840
Administrative expense	4 088 228	3 527 763
Financial expense	10 393 362	20 321 104
Taxes	915 035	2 252 921
<b>Total expenses</b>	<b>34 493 357</b>	<b>34 067 628</b>
<b>Net profit</b>	<b>6 475 005</b>	<b>10 989 998</b>

## Notes to the Financial Statements of Siegfried Holding AG

### General Information

Siegfried Holding AG holds directly or indirectly all subsidiaries of the Siegfried Group. The Financial Statements of Siegfried Holding AG are prepared in accordance with Swiss Code of Obligations. These financial statements have been drawn up in accordance with the provisions governing commercial accounting of the Swiss Code of Obligations (Art. 957–963b OR).

The number of full-time equivalent employees is less than ten.

#### Guarantees and Securities

In connection with the new syndicated loan, there is no guarantee at the end of the year (2020: none). At December 31, 2021, guarantees had been given by Siegfried Holding AG in favor of banks in the amount of CHF 20.0 million and EUR 3.8 million (2020: CHF 20.0 million and EUR 3.8 million).

# Balance Sheet

## Investments

As of December 31, 2021, Siegfried Holding AG held the following direct or significant indirect investments:

Group companies	in LC	Participation	Share capital 2021	Share capital 2020
<b>Operating</b>				
Alliance Medical Products Inc., Irvine (USA)	USD	100.00%	116 521	116 521
Siegfried AG, Zofingen (Switzerland)	CHF	100.00%	20 000 000	20 000 000
Siegfried Evionnaz SA, Evionnaz (Switzerland)	CHF	100.00%	1 000 000	1 000 000
Siegfried Hameln GmbH, Hameln (Germany)	EUR	100.00%	750 000	750 000
Siegfried Malta Ltd, Valletta (Malta)	EUR	100.00%	100 000	100 000
Siegfried (Nantong) Pharmaceuticals Co. Ltd, Nantong (China)	CNY	100.00%	422 296 722	422 296 722
Siegfried Pharma AG, Zofingen (Switzerland) *	CHF	100.00%	–	1 000 000
Siegfried PharmaChemikalien Minden GmbH, Minden (Germany)	EUR	100.00%	50 000	50 000
Siegfried St. Vulbas SAS, Saint Vulbas (France)	EUR	100.00%	15 200 000	15 200 000
Siegfried USA, LLC, Pennsville (USA)	USD	100.00%	500 000	500 000
Siegfried Barbara S.L., Barberà del Vallès (Spain)	EUR	100.00%	503 000	–
Siegfried El Masnou, S.A., El Masnou (Spain)	EUR	100.00%	10 099 778	–
<b>Finance and administration</b>				
Siegfried Deutschland Holding GmbH, Hameln (Germany)	EUR	100.00%	1 790 000	1 790 000
Siegfried Deutschland Real Estate GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried GmbH, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Hameln Real Estate GmbH + Co. KG, Hameln (Germany)	EUR	100.00%	25 000	25 000
Siegfried Hong Kong Ltd, Hong Kong (China)	HKD	100.00%	1 000	1 000
Siegfried USA Holding Inc., Pennsville (USA)	USD	100.00%	3 000	3 000
<b>Joint venture</b>				
Alpine Dragon Pharmaceuticals Ltd, Huangyang, Gansu Province (China)	CNY	49.00%	10 542 708	10 542 708

\* Siegfried Pharma AG, Zofingen, was merged retrospectively as of January 01, 2021 into Siegfried AG, Zofingen.

## Non-Current Assets

Investments in subsidiaries and affiliates include those companies in which Siegfried Holding AG has an direct interest of more than 20%. The investments are valued at acquisition cost less valuation allowances.

The non-current loans to Group companies were granted to finance investments in fixed assets and in other operating projects and activities and increased in 2021 by CHF 48.3 million.

## Current Assets

Cash and cash equivalents are valued at the rate prevailing on the reporting date. Accrued income and prepaid expenses are recognized at nominal amount and include for the most part payments made for the following year and accruals of receipts, which will not be collected until the following year.

## Shareholder's Equity

The share capital of Siegfried Holding AG decreased due to repayment of par value to the shareholders in the amount of CHF 13.2 million and partially offset by the issue of shares under the employee benefit programmes of CHF 1.1 million, resulting in a net decrease of CHF 12.1 million. It is divided into 4 396 000 registered shares each with a par value of CHF 21.20 (2020: 4 351 000 registered shares with a par value of CHF 24.20). The legal reserves are CHF 3.9 million (2020: CHF 3.3 million).

The capital contribution reserve increased as a result of the capital increase of conditional capital by CHF 30.4 million to CHF 52.6 million (2020: CHF 22.2 million).

The treasury shares are shown as a negative balance in equity.

## Conditional Capital

The conditional capital to serve the Long Term Incentive Plans (LTIP) and other employee share plans amounts to CHF 2 522 800 for 119 000 shares (2020: CHF 3 968 800 for 164 000 shares), after the creation of 45 000 shares.

## Treasury Shares

In the reporting year Siegfried Holding AG has made purchases and sales of Siegfried shares. On balance Siegfried held 185 467 shares at year end which is a increase by 16 078 shares during 2021 (2020: increase by 30 197 shares). The shares are valued at the average rate.

CHF	Number of shares	Average prices
<b>At January 1, 2020</b>	<b>199 586</b>	<b>385.80</b>
Purchases 2020	7 227	533.70
Sales 2020	-37 424	624.10
<b>At December 31, 2020</b>	<b>169 389</b>	<b>391.20</b>
Purchases 2021	16 599	762.70
Sales 2021	-521	838.00
<b>At December 31, 2021</b>	<b>185 467</b>	<b>424.30</b>

## Liabilities

The existing syndicated loan agreement in the amount of CHF 400 million was amended due to the discontinuation of Libor in October 2021.

Interest is now based on SARON (CHF), SOFR (USD) and Euribor (EUR, as before), plus an interest margin that depends on a financial covenant of a maximum debt ratio. The Siegfried Group fulfilled this covenant at the year end. At December 31, 2021, the syndicated loan was utilized in the amount of CHF 280.0 million (2020: CHF 140.0 million).

On May 19, 2021, Siegfried Holding AG placed a senior bond in the amount of CHF 200.0 million on the Swiss capital market. The bond was issued with a term of 5 years and a coupon of 0.20%. The bond was settled on June 15, 2021. The net proceeds were used for general corporate purposes, including the refinancing of the CHF 160 million hybrid bond.

The two private hybrid convertible bonds issued by Siegfried Holding AG are subordinated bonds with an indefinite maturity and interest payments by coupon. The hybrid convertible bonds have a first call date after five years. If it is not exercised, the interest payable is increased (step up). Additionally there exists an optional right of conversion at a conversion price mathematically fixed, which can be exercised during the duration. The conversion price can change in accordance with the terms of the convertible bonds, in particular if the company makes dividend payments. The conversions are fully covered by treasury shares, i.e. without share capital increase.

	Issue date	Nominal value	Interest	Call date
Private convertible hybrid bond 2020	28/12/2020	40 000	0.650%	28/12/2025
Private convertible hybrid bond 2020	28/12/2020	40 000	1.150%	28/12/2025

In accordance with Art. 3.2.a. according to the bond terms and conditions, Siegfried Holding AG has repaid its subordinated public hybrid bond issued in 2016 in the amount of CHF 160 million on its own initiative and on the first repayment date, i.e. October 26, 2021. The repayment build-up corresponded to the nominal value of the bond of CHF 160 million based on the last coupon of 2.125%.

Accrued expenses and deferred income include the deferrals and accruals of various income and expense items, mainly unrealized exchange profits.

## Income Statement

In the reporting year and in the prior year no dividend distributions were received from subsidiary companies. Financial income includes interest income on receivables from Group companies, exchange gains and income from securities. The proceeds of charging services to Group companies are reported in service income.

Financial expense includes interest on loans from third parties and Group companies as well as exchange losses.

## Loans and Share Ownership of the Board of Directors and the Executive Management

### Loans to Members of Executive Bodies

The members of the Board of Directors or of the Executive Management and persons closely related to them are, or were, in the current or preceding financial year not involved in transactions beyond the normal business activity of Siegfried Holding AG or of one of its Group companies or in other transactions that in form or substance were unusual, but important for Siegfried Holding AG.

At December 31, 2021, Siegfried Holding AG and its Group companies have not granted any securities, loans, advances or credits to the members of the Board of Directors or the Executive Management or to persons closely related to them.

### Share Ownership of the Board of Directors and the Executive Management

In 2021, 1 221 shares with a value of CHF 0.9 million were distributed to the members of the Board of Directors. On December 31, 2021, the non-executive members of the Board of Directors and persons closely related to them owned 40 015 (2020: 38 794) registered shares of Siegfried Holding AG. This represents 0.9% (2020: 0.9%) of the entire share capital of Siegfried Holding AG. The members of the Executive Management (including persons closely related to them) owned at the same date 65 723 (2020: 68 214 ) registered shares, i.e. 1.5% (2020: 1.6%) of the share capital of Siegfried Holding AG.

December 31, 2021			
	Function	Number of shares	of which blocked
Board of Directors			
Andreas Casutt	Chairman	19 914	1 618
Martin Schmid	Vice-Chairman	2 106	809
Colin Bond	Member	3 606	809
Wolfram Carius	Member	3 106	809
Reto Garzetti	Member	8 640	809
Ulla Schmidt	Member	2 071	774
Isabelle Welton	Member	572	457
<b>Total</b>		<b>40 015</b>	<b>6 085</b>
Executive Management			
Wolfgang Wienand	CEO	20 772	–
Reto Suter	CFO	9 517	–
Irene Wosgien	Chief Operating Officer DS	500	–
Marcel Imwinkelried	Chief Operating Officer DP	100	–
Arnoud Middel	Chief Human Resources Officer	4 802	–
Marianne Späne	Chief Business Officer	28 632	–
Jürgen Roos	Chief Scientific Officer	1 400	980
<b>Total</b>		<b>65 723</b>	<b>980</b>
December 31, 2020			
	Function	Number of shares	of which blocked
Board of Directors			
Andreas Casutt	Chairman	19 600	2 042
Martin Schmid	Vice-Chairman	1 949	1 021
Colin Bond	Member	3 449	1 021
Wolfram Carius	Member	2 949	1 021
Reto Garzetti	Member	8 483	1 021
Ulla Schmidt	Member	1 949	1 021
Isabelle Welton	Member	415	300
<b>Total</b>		<b>38 794</b>	<b>7 447</b>
Executive Management			
Wolfgang Wienand	CEO	18 371	–
Reto Suter	CFO	6 750	3 500
René Imwinkelried	Chief Operating Officer	12 948	–
Arnoud Middel	Chief Human Resources Officer	3 012	–
Marianne Späne	Chief Business Officer	26 353	–
Jürgen Roos	Chief Scientific Officer	780	500
<b>Total</b>		<b>68 214</b>	<b>4 000</b>

## Major Shareholders

According to the disclosure notifications, the following shareholders are considered significant shareholders of Siegfried Holding AG:

	Reported number of shares	Reported participation in %
Ernst Göhner Stiftung, Zug, Switzerland	286 019 <sup>1</sup>	6.6
BlackRock, Inc., New York, USA	141 538 <sup>2</sup>	3.3
Credit Suisse Funds AG, Zurich, Switzerland	129 258 <sup>4</sup>	3.0
René Braginsky, Susanne Braginsky, David Braginsky; Zurich/Tel Aviv	128 000 <sup>5</sup>	3.0
Siegfried Holding AG (own shares)	127 824 <sup>6</sup>	3.0
Dimensional Holdings Inc., Wilmington, USA	126 587 <sup>7</sup>	3.0
<b>Total</b>	<b>939 226</b>	<b>21.9</b>

<sup>1</sup> According to own statements on October 6, 2020; including a purchase position for 98 759 shares, making up 2.3%.

<sup>2</sup> According to own statements on November 14, 2020.

<sup>4</sup> According to own statements on April 2, 2019.

<sup>5</sup> According to own statements on December 12, 2018.

<sup>6</sup> According to own statements on December 12, 2018.

<sup>7</sup> According to own statements on March 3, 2018.

## Net dissolution of hidden reserves

In the reporting as well as in the prior period no dissolution of hidden reserves has been taken place.

## Post Balance Sheet Events

There are no significant events after the balance sheet date.

# Proposal of the Board of Directors to the Annual General Meeting of April 13, 2022, regarding Appropriation of the Retained Earnings and the Repayment of Par Value from Share Capital

In CHF	2021
Balance brought forward	–
Profit for the year	6 475 005
Statutory retained earnings	6 475 005
Appropriation of retained earnings to voluntary reserves	–6 475 005
<b>Balance to be carried forward</b>	<b>–</b>

At the Annual General Meeting on April 13, 2022 the Board of Directors will propose to reduce the par value from CHF 21.20 per share by CHF 3.20 to CHF 18.00 per share and to distribute the amount of the par value reduction of CHF 3.20 per share instead of a dividend.

The repayment of the par value reduction is expected to take place in early July 2022 in accordance with capital reduction procedure in Switzerland under Swiss law.

# Report of the Statutory Auditor

to the General Meeting of Siegfried Holding AG, Zofingen

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Siegfried Holding AG, which comprise the balance sheet as at 31 December 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 47 to 56) as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our Audit Approach

#### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 6 000 000
Benchmark applied	total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a generally accepted benchmark for holding companies.

## Audit Scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

## Report on Key Audit Matters Based on the Circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

## Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTSuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Illi  
Audit expert  
Auditor in charge



Andreas Kägi  
Audit expert

Basel, 18 February 2022



# Information for Investors

## Key Figures Overview 2017–2021

### Consolidated Figures

		2021	2020	2019	2018	2017 <sup>1</sup>
Net sales	CHF million	1 102.4	845.1	833.5	794.3	750.5
Growth in CHF	in %	30.5	1.4	4.9	5.8	4.6
Growth in LC	in %	30.3	4.5	6.9	4.4	3.8
Core EBITDA	CHF million	207.2	149.4	140.7	126.5	111.3
Growth	in %	38.8	6.2	11.3	13.6	6.8
Core EBITDA margin	in %	18.8	17.7	16.9	15.9	14.8
Core EBIT (operating profit)	CHF million	124.4	94.3	89.2	76.9	61.9
Growth	in %	32.0	5.8	16.0	24.2	14.2
Core EBIT margin	in %	11.3	11.2	10.7	9.7	8.2
Core net profit	CHF million	95.3	72.5	65.7	55.4	40.8
Core net profit margin	in %	8.6	8.6	7.9	7.0	5.4
Net debt	CHF million	407.4	85.6	109.6	70.1	65.9
Net debt / Core EBITDA		-2.0	-0.6	-0.8	-0.6	-0.6
Net Working Capital <sup>2</sup>	CHF million	506.6	424.4	419.7	373.0	365.1
As % of net sales		46.0	50.2	50.4	47.0	48.6
Total assets	CHF million	1 669.2	1 242.3	1 168.7	1 103.1	1 071.0
Equity	CHF million	688.2	733.2	691.7	678.8	667.8
Equity ratio	in %	41.2	59.0	59.2	61.5	62.4
Average capital employed <sup>3</sup>	CHF million	1 276.4	916.1	895.9	880.5	833.9
Return on capital employed (average) ROCE <sup>4</sup>	in %	16.2	16.3	15.7	14.4	13.3
Cash flow from operating activities	CHF million	119.7	114.8	65.6	106.0	84.6
As % of net sales		10.9	13.6	7.9	13.3	11.3
Free cash flow <sup>5</sup>	CHF million	6.5	45.7	3.8	46.0	32.3
Investments in PPE and intangible assets	CHF million	113.4	69.1	61.9	60.1	52.8
As % of net sales		10.3	8.2	7.4	7.6	7.0
Employees (number of FTEs) <sup>6</sup>	Number	3 432	2 532	2 407	2 294	2 260

<sup>1</sup> Restatement – Employee benefits.

<sup>2</sup> Calculation of Net Working Capital: Trade Receivables + inventories – Trade Payables – Customer Prepayments.

<sup>3</sup> Calculation of Capital Employed over twelve months: PPE + Intangible Assets + Net Working Capital.

<sup>4</sup> Calculation ROCE: Core EBITDA in relation to average capital employed over twelve months.

<sup>5</sup> Calculation Free Cashflow: Operating Cashflow +/- Investment in PPE +/- Investment in Intangible Assets.

<sup>6</sup> Year-end values.

## Core Results

Siegfried believes that the disclosure of core results enables financial markets a better understanding of the company and allows a better comparison over the years.

The core results do exclude extraordinary expenses and income. Siegfried uses the core results in addition to Swiss GAAP FER as important indicators for the internal assessment of the performance of the Group.

Siegfried defines the effects of changes in the interest rate of foreign pension plans (discount rate for actuarial reports), restructuring, transaction and integration costs as well as impairments on non-financial and intangible assets as extraordinary expenses and income. Such effects can vary significantly from year to year and distort the presentation of results.

The current interest on foreign pension liabilities is reclassified in the core results and not shown in personnel expenses but outside the operating result in financial expenses.

Due to the recent tax reform in Switzerland, Siegfried Holding AG has used the transitional measure of the step up (existing law) end of 2019. The trademark rights were capitalized in the tax balance sheet and will be depreciated over the next 5 years. The deferred tax assets under Swiss GAAP FER will be reduced yearly and will be zero latest end of 2024. This effect from the step up is shown separately as a core adjustment in the income taxes.

Any other possible extraordinary effects are shown in the category "other" and explained separately.

## Reconciliation 2021 Results Swiss GAAP FER to Core

In 1000 CHF (as of December 31)	Swiss GAAP FER	Interest effect on pension liabilities	Restructuring	Transaction and integra- tion costs	Impairments	Step up	Others	Core
Net sales	1 102 423	–	–	–	–	–	–	1 102 423
Cost of goods sold	–862 853	–285	–	–	–	–	–	–863 138
<b>Gross profit</b>	<b>239 570</b>	<b>–285</b>	–	–	–	–	–	<b>239 285</b>
Marketing and sales costs	–16 288	–	–	–	–	–	–	–16 288
Research and development costs	–40 669	–	299	–	–	–	–	–40 370
Administration and general over- head costs	–54 683	–12 507	895	4 075	–	–	–	–62 220
Discount rate change on foreign pension liabilities	–	–13 274	–	–	–	–	–	–
Current net interest on foreign pension liabilities	–	767	–	–	–	–	–	–
Other operating income	4 058	–	–	–	–	–	–	4 058
Income of associated companies	–35	–	–	–	–	–	–	–35
<b>Operating result (EBIT)</b>	<b>131 953</b>	<b>–12 793</b>	<b>1 194</b>	<b>4 075</b>	–	–	–	<b>124 430</b>
<b>Financial result</b>	<b>–5 426</b>	<b>–767</b>	–	–	–	–	–	<b>–6 193</b>
<b>Profit before income taxes</b>	<b>126 527</b>	<b>–13 560</b>	<b>1 194</b>	<b>4 075</b>	–	–	–	<b>118 237</b>
<b>Income taxes</b>	<b>–30 928</b>	<b>3 975</b>	<b>136</b>	<b>453</b>	–	<b>3 405</b>	–	<b>–22 959</b>
<b>Net profit</b>	<b>95 600</b>	<b>–9 585</b>	<b>1 330</b>	<b>4 528</b>	–	<b>3 405</b>	–	<b>95 278</b>
<b>EBITDA</b>	<b>214 770</b>	<b>–12 793</b>	<b>1 194</b>	<b>4 075</b>	–	–	–	<b>207 246</b>

### Interest effect on pension liabilities

According to Swiss GAAP FER, the effects of interest on pension liabilities are to be reported as non-cash personnel expenses. The effects of changes in interest rates (discount rate) are neutralized for the core results. The increase in the discount rate of 40 basis points for the interest on pension liabilities in Siegfried PharmaChemikalien Minden GmbH, Germany, accounts for the majority of the approximately CHF 7.5 million core adjustment.

The current net interest on pension liabilities in the amount of CHF 0.8 million is reclassified from personnel expenses to financial expenses for the core results. Deferred taxes must be corrected accordingly in order to present the core net profit.

### Transaction costs

The core adjustment under “transaction costs” relates to expenses in connection with acquisition activities, which did not lead to a transaction.

### Step up

The deferred tax assets posted under Swiss GAAP FER from the step up with regard to trademark rights of Siegfried Holding AG is not included in the core result.

### Restructuring

With the acquisition of the two Spanish production companies, competencies will be bundled and activities relocated from Zofingen to Spain.

## Reconciliation 2020 Results Swiss GAAP FER to Core

In 1000 CHF (as of December 31)	Swiss GAAP FER	Interest effect on pension liabilities	Restructuring	Transaction and integra- tion costs	Impairments	Step up	Others	Core
Net sales	845 062	–	–	–	–	–	–	845 062
Cost of goods sold	–668 866	–	–	–	–	–	1 326	–667 540
<b>Gross profit</b>	<b>176 196</b>	–	–	–	–	–	<b>1 326</b>	<b>177 522</b>
Marketing and sales costs	– 15 934	–	–	–	–	–	340	– 15 594
Research and development costs	– 31 200	–	–	–	–	–	340	– 30 860
Administration and general over- head costs	– 52 059	11 015	–	483	–	–	1 394	– 39 167
Discount rate change on foreign pension liabilities	–	9 932	–	–	–	–	–	–
Current net interest on foreign pension liabilities	–	1 083	–	–	–	–	–	–
Other operating income	2 416	–	–	–	–	–	–	2 416
Income of associated companies	– 27	–	–	–	–	–	–	– 27
<b>Operating result (EBIT)</b>	<b>79 392</b>	<b>11 015</b>	–	<b>483</b>	–	–	<b>3 400</b>	<b>94 290</b>
<b>Financial result</b>	<b>– 5 362</b>	<b>– 1 083</b>	–	–	–	–	–	<b>– 6 445</b>
<b>Profit before income taxes</b>	<b>74 030</b>	<b>9 932</b>	–	<b>483</b>	–	–	<b>3 400</b>	<b>87 845</b>
<b>Income taxes</b>	<b>– 13 163</b>	<b>– 2 980</b>	–	<b>– 55</b>	–	<b>1 703</b>	<b>– 816</b>	<b>– 15 311</b>
<b>Net profit</b>	<b>60 867</b>	<b>6 952</b>	–	<b>428</b>	–	<b>1 703</b>	<b>2 584</b>	<b>72 534</b>
<b>EBITDA</b>	<b>134 464</b>	<b>11 015</b>	–	<b>483</b>	–	–	<b>3 400</b>	<b>149 362</b>

### Interest effect on pension liabilities

According to Swiss GAAP FER, the effects of interest on pension liabilities are to be reported as non-cash personnel expenses. The effects of changes in interest rates (discount rate) are neutralized for the core results. The reduction in the discount rate of 30 basis points for the interest on pension liabilities in Siegfried PharmaChemikalien Minden GmbH, Germany, accounts for the majority of the approximately CHF 9.9 million core adjustment.

The current net interest on pension liabilities in the amount of CHF 1.1 million is reclassified from personnel expenses to financial expenses for the core results. Deferred taxes must be corrected accordingly by CHF 3.0 million in order to present the core net profit.

### Transaction costs

The core adjustment under “transaction costs” relates to expenses in connection with acquisition activities, which did not lead to a transaction.

### Step up

The deferred tax assets posted under Swiss GAAP FER from the step up with regard to trademark rights of Siegfried Holding AG is not included in the core result.

### Others

A special COVID bonus is shown under “other”. This is unique and not part of it of the existing employee remuneration system.

## Stock Market Data

			2021	2020	2019	2018	2017
Registered shares nom. CHF 21.20 <sup>2</sup>			4 396 000	4 351 000	4 306 000	4 256 748	4 210 915
Share capital	CHF million		93.2	105.3	116.3	8.5	8.3
Distribution per registered share <sup>2</sup>	CHF		3.20	3.00	2.80	2.60	2.40
Total distribution <sup>2</sup>	CHF		14 067 200 <sup>1</sup>	13 053 000	12 056 800	10 686 699	9 942 072
Market prices registered share	high	CHF	934.5	689.0	469.0	469.5	327.0
	low	CHF	618.0	313.5	321.5	304.0	213.3
	31/12	CHF	889.5	651.5	469.0	336.0	324.0
Distribution yield per registered share	%		0.4	0.5	0.7	0.8	0.7
Non-diluted core earnings per share (CHF) <sup>3,7</sup>	CHF		22.25	17.50	15.88	12.81	10.28
Diluted core earnings per share (CHF) <sup>4,7</sup>	CHF		21.56	16.90	15.48	12.49	9.97
Consolidated operating cash flow per registered share <sup>3</sup>	CHF		28.1	26.4	15.1	25.4	21.3
Consolidated equity and reserves per registered share <sup>3</sup>	CHF		163.6	168.5	160.6	162.7	169.3
P/E ratio (year-end) <sup>5</sup>			41	39	30	27	32
Market capitalization at year-end <sup>6</sup>	CHF million		3 745	2 724	1 940	1 363	1 342

<sup>1</sup> Repayment of par value, proposal to the general assembly of April 13, 2022.

<sup>2</sup> Repayment of par value or distribution from CCR, in accordance with the corresponding general assembly resolution.

<sup>3</sup> Calculated on the basis of year-end share price and diluted EPS.

<sup>4</sup> Calculated on the weighted average number of shares outstanding, deducting treasury shares.

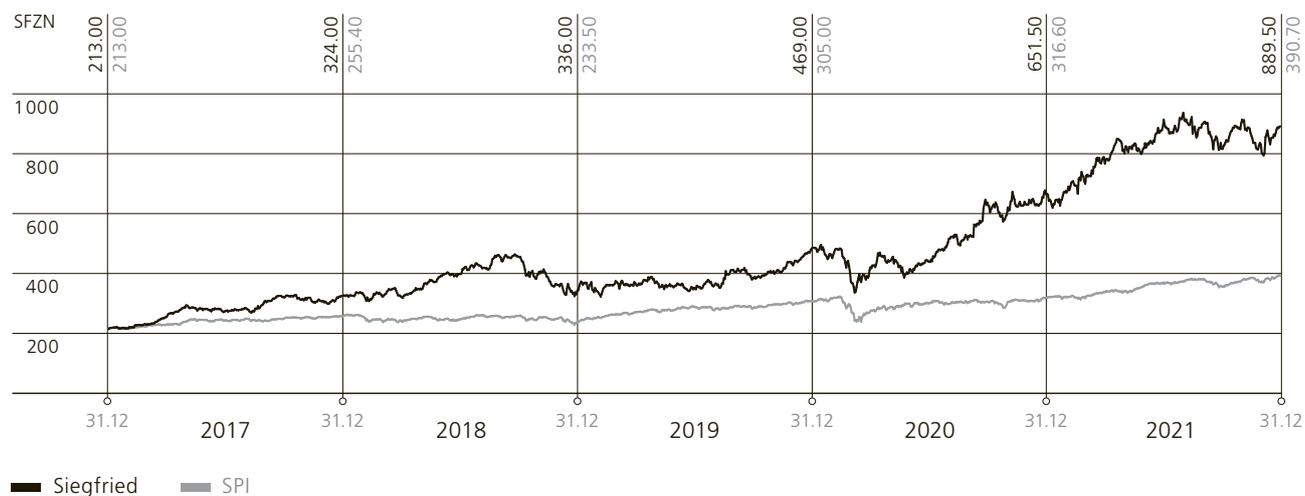
<sup>5</sup> Adjustment for assumed exercise of share-based payments, where dilutive.

<sup>6</sup> Calculated on the number of listed shares, net of treasury shares.

<sup>7</sup> Core EPS upon 2018, prior years not adjusted.

## Share Price Development

from January 1, 2017, to December 31, 2021



## Shareholder Base

As of December 31, 2021, 7354 shareholders were registered in the share registry of Siegfried Holding AG, representing a shareholding of 67.9% of the total share capital.

The distribution of the shares among the shareholders was as follows:

Number of shareholders at December 31, 2021	Shareholders	Shares	%
1–10	1 596	9 764	0.22
11–100	4 384	182 313	4.15
101–1000	1 171	331 941	7.55
1001–10 000	171	489 374	11.13
10 001–100 000	24	697 542	15.87
100 001–1 000 000	8	1 273 950	28.98
	7 354	2 984 884	67.90
Treasury shares and non-registered shares	n.a.	1 411 116	32.10
<b>Total shares</b>		<b>4 396 000</b>	<b>100.00</b>

Shareholdings by segment as of December 31, 2021, was as follows:

Holdings by segment as of December 31, 2021	Shareholders	No. of shares per category	%
Significant shareholders (>3%)	5	729 736	16.60
Individuals	6 895	945 140	21.50
Institutional investors	454	1 310 008	29.80
Own shares and non-registered shares	–	1 411 116	32.10
<b>Total shares</b>	<b>7 354</b>	<b>4 396 000</b>	<b>100.00</b>

<sup>1</sup> According to SIX disclosure notifications; excluding own shares.

## Cautionary Statement regarding Forward-Looking Statements

This Annual Report contains certain forward-looking statements identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future” or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward looking statements contained in this Annual Report, among others: (1) pricing and product initiatives of competitors; (2) legislative and regulatory developments and economic conditions; (3) delay or inability in obtaining regulatory approvals or bringing products to market; (4) fluctuations in currency exchange rates and general financial market conditions; (5) uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate protection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity and news coverage. The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Siegfried’s earnings or earnings per share for 2019 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Siegfried.

## About this Annual Report

In addition to highlighting Siegfried’s business performance and its position concerning assets, finances and earnings, this report throws light on the company’s commitment concerning sustainability and its interaction with society and the various stakeholders.

They are to gain a comprehensive and differentiated understanding of how Siegfried incorporates these issues into its corporate strategy and of progress achieved in this regard in the course of the year. The report appears in English and German language.

### Scope

We report on the 2021 financial year ending 31 December 2021. The future-oriented topics dealt with in the report represent an exception. Siegfried’s Annual Report appears annually and was last published in March 2021, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2023.

### Governance

Our statement concerning Governance describes the principles of management and the control of the Siegfried Group. Essentially, the Siegfried Group’s corporate governance follows the Swiss Code of Best Practice and is subject to regular reviews and further development by the Board of Directors. Any deviations from these guidelines find mention in the report.

### Principles of accounting

The Siegfried Group’s financial reporting is carried out in accordance with the entire guidelines of Swiss GAAP FER and the provisions of the Swiss law.

### External validation

PricewaterhouseCoopers AG (PwC) as auditors reviewed Siegfried Holding AG’s Compensation Report (tables with remark “Audited”) for the financial year ending 31 December 2021 and came to the conclusion that it corresponds with the law and with article 14 to 16 of the Ordinance against excessive remuneration for listed stock corporations. The process of sustainability reporting was supported by BSD Consulting, a consulting company specialized in the management of sustainability issues.

### Sustainability Report in Accordance with GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option. Furthermore, for the present annual report, the GRI Materiality Disclosures Service was carried out and the accuracy of the GRI references 102–40 to 102–49 confirmed. Please refer to the detailed GRI content index on the Internet at [report.siegfried.ch](http://report.siegfried.ch).

## Publications

The Siegfried Group is committed to an open and consistent information policy. The media, financial analysts and other interest groups are continuously informed about important developments and events. Shareholders are informed semi-annually on the state of the business and receive the annual report and the semi-annual report upon request.

The annual report, minutes of the previous General Meeting, media releases, important information and the current share price can be found at [www.siegfried.ch](http://www.siegfried.ch).

A news conference is held annually for the media and financial analysts.

## Calendar

In 2022, the company will inform about

### **February 23, 2022**

Publication of results for the 2021 business year at a media and analyst conference in Zurich

### **April 13, 2022**

Annual General Meeting of Shareholders  
10 a.m., Stadtsaal Zofingen

### **August 18, 2022**

Publication of 2022 half-year financial results

## Publisher's Note

This Annual Report is also available in German, being the original version.

This is an excerpt of Siegfried's Annual Report 2021. All chapters of Siegfried's Annual Report 2021 can be downloaded at [report.siegfried.ch](http://report.siegfried.ch).

### **Editor**

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The Siegfried Group is a leading supplier in the global CDMO market with production facilities in Switzerland, the USA, Malta, China, Germany, France and Spain. Siegfried employs a workforce of around 3600 employees at eleven sites in seven countries. Siegfried Holding AG is headquartered in Zofingen (Switzerland) and is listed on the Swiss Exchange (SIX:SFZN).

**expect  
more**

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