

A young boy with dreadlocks, wearing a green superhero mask and a green cape, is holding a large green megaphone to his mouth. He is standing in a field of tall grass and purple flowers, looking upwards and to the right. The background is a bright, sunny sky with trees and a rainbow visible in the distance. The scene is bathed in warm, golden light.

Declaration of principle on compliance with human rights and environment-related due diligence obligations

September 2024

Policy Statement on Upholding Human Rights and Protecting the Environment in Accordance with the Requirements of the Act on Corporate Due Diligence in Supply Chains (LkSG) dated July 16, 2021

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Preamble

WE CARE. WE CREATE. WE DELIVER. This is the philosophy of LTS Lohmann Therapie-Systeme AG. As a reliable technology partner for the pharmaceutical industry, we develop and produce innovative application systems for medications such as transdermal therapeutic systems (TTS), oral therapy films (OTF), micro array patches (MAP) and wearable injection devices (OBDS) for large bio/pharmaceutical, generics and consumer health companies. LTS's commercial service offer includes more than 20 commercialized

products and more than 40 development projects targeting various medical therapeutic approaches in the pipeline. LTS's innovative upcoming range includes both partner-funded and LTS-funded projects. LTS maintains its leading position thanks to the continuous development of its core TTS and OTF technologies, as well as the development of new drug delivery technologies, including MAPs for transdermal delivery of biologics, large molecules and vaccines. With the Sorrel™ wearable drug delivery platform, LTS provides

patient-friendly solutions for administering complex medications at home.

LTS was founded in 1984 and today operates in four locations: In Andernach, Germany, West Caldwell and St. Paul, United States, and in Netanya, Israel. LTS also has a representative office in Shanghai, China.

We are committed to respecting human rights and our duty to the environment in our own business and within our supply chain, and consider the protection of human rights to be a key element.

In doing so, we implement applicable law, respect internationally recognized human rights and due diligence to the environment, and ensure that human rights violations and environmental pollution are prevented in the course of our business activities.

Procedure for implementing the due diligence obligations of the LkSG

In order to comply with our due diligence obligations set out in the LkSG, we have established the following processes within our own business area and, where necessary, in relation to our direct and indirect suppliers.

Risk management

We have put in place a risk management system to: Identify and minimize human rights and environmental risks and prevent, end or minimize violations of human rights or due diligence to the environment if: We cause these risks or injuries ourselves or through our direct suppliers within our supply chain The risk management system includes risk analysis, prevention and corrective action, complaint procedures, documentation and reporting, as well as regular effectiveness monitoring.

Risk analysis

In order to identify human rights and environmental risks, we carry out an annual and event-related risk analysis, in which we pay special attention to those risks that are prevalent based on our experience in the pharmaceutical sector. As part of the risk analysis, risks in the following areas are considered:

- Own business unit,
- Direct suppliers as well as
- Indirect suppliers
(with substantiated knowledge).

The identified human rights and environmental risks are appropriately assessed and prioritized.

The priority assessment is determined by:

- (i) Nature and scope of LTS's business activities,
- (ii) LTS's ability to influence the direct perpetrator of a human rights or environmental risk or the violation of a human rights or environmental obligation;
- (iii) Typically expected severity of the violation, the reversibility of the violation, and the likelihood of a violation of a human rights or environmental obligation, and
- (iv) Nature of the causal contribution of LTS to the human rights or environmental risk or to the violation of a human rights or environmental obligation.

Prevention measures

We take preventive measures in our own business area and in relation to our suppliers.

The principles outlined in this Policy Statement apply both to our own business, i.e., to all our employees, and to our suppliers in the supply chain.

We have a Code of Conduct for our own business area that is published on the intranet. We expect all our employees to adhere to our Code of Conduct.

In our Procurement Policy, we have defined principles for procurement that also take into account the requirements of human and environmental rights.

We have defined the expectations we place upon our suppliers with regard to human and environmental rights in our Supplier Code. The aim is for our suppliers to commit to our principles and develop appropriate and effective processes to address and mitigate the risks and violations we discover, as well as other potential risks.

Corrective action

If a violation of human rights or duty to the environment that has occurred or is imminent is detected, we will take appropriate corrective action immediately. If immediate termination, prevention or minimization is not possible, we create a concept with a specific schedule and implement it. As a basis, we have drawn up a general corrective action plan, which can be adapted to the specific circumstances if necessary.

Complaints procedure

We have set up a complaints procedure independently of the risk analysis and the risks identified here. Employees and other persons can use this procedure (by name or anonymously) to report human rights and environmental risks, as well as violations of human rights and due diligence to the environment. The complaints procedure is publicly accessible via our homepage.

Details of the complaints procedure can be found on our website under “Rules of Procedure”.

We take into account the findings from the processing of information received via our complaints procedure in our risk analyses and the prevention and corrective action derived from them.

Documentation and reporting

We continuously document our efforts to effectively implement our due diligence obligations. In addition with the 2024 financial year (01.01.2024–31.12.2024), we will publish an annual report about how we fulfill our due diligence obligations. This will be published on our website no later than four months after the end of our financial year and will be available free of charge for a period of seven years. We will publish further details on this in due course.

Our human rights and environmental priorities

The initial risk analysis we carried out led to the following findings:

When we analyzed our locations, the human rights and environmental risks for our own business area are generally insignificant.

No clear issues have emerged from the risk analyses to date. Accordingly, when implementing the due diligence obligations specified in the LkSG, we do not focus on specific risks/risk categories, but are guided by the need for action resulting from the specific risk analyses.

Efficacy tests and outlook

In order to review and continuously improve our risk management system, the complaints procedure, as well as preventive and corrective action, we carry out effectiveness checks and make updates immediately if necessary.

This policy statement is reviewed as needed but at least once per year and, if necessary, revised and communicated in its current version.

Contact

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