



LTS SUSTAINABILITY

CLIMATE TRANSITION PLAN

A large, stylized green leaf graphic that points upwards and to the right, partially overlapping the text.

WE **CARE.**
WE **CREATE.**
WE **DELIVER.**

CLIMATE TRANSITION PLAN

AT A GLANCE



Carbon reduction targets approved by SBTi
Near- term and long-term



Energy efficiency and renewable energy
Measures implemented



Metrics and reporting
For internal and external stakeholders



Governance
Implemented on Executive Board level

1. FOUNDATIONS

1.1 STRATEGIC AMBITION AND CULTURE



- LTS is committed to long-term sustainable transformation through the integration of climate action into its core business strategy, governance, and value creation processes. The foundation of LTS's Climate Transition Plan is rooted in its approved near- and long-term science-based targets (SBTi, April 2025), which are aligned with the company's strategic ambitions to decarbonize operations, drive innovation, and support customers on their own sustainability journeys.
- As part of the LTS Growth Journey, the climate strategy contributes directly to long-term business resilience and operational excellence. Sustainability is embedded in LTS's decision-making processes, guided by the corporate vision and the values expressed in the LTS Key Behaviors.
- LTS is committed to
 - continuously improve the company's energy-related performance and energy management,
 - ensure the availability of information and resources necessary to achieve energy targets and
 - comply with all applicable legal and other requirements relating to energy efficiency, energy use and energy consumption.
- LTS employees are enabled to contribute to the Climate Transition Plan through internal sustainability communication offers, policy training, and regular KPIs updates.

WE CARE. WE CREATE. WE DELIVER.



A blue ink signature of Ulrich Sielaff.

Ulrich Sielaff
Chief Financial Officer

A blue ink signature of Dr. Claudia Schaefer.

Dr. Claudia Schaefer
Chief Operating Officer

A blue ink signature of Bas van Buijtenen.

Bas van Buijtenen
Chief Executive Officer

1. FOUNDATIONS

1.2 BUSINESS MODEL AND VALUE CHAIN

- LTS develops and manufactures advanced drug delivery systems as a Contract Development and Manufacturing Organization (CDMO). The value chain integrates upstream sourcing, internal production, downstream sales, and supporting logistics.
- Upstream activities focus on sourcing raw materials, such as active pharmaceutical ingredients (APIs), adhesives, solvents, and packaging materials from suppliers mainly located in Europe and the USA under strict compliance with the Supply Chain Act. Procurement is supported by long-term supplier relationships, quality assurance, and risk management to ensure continuous supply of critical materials.
- Core production is carried out at four sites: Andernach in Germany, West Caldwell and St. Paul in the USA, and Netanya in Israel. Manufacturing includes transdermal therapeutic systems (TTS), oral thin films (OTF), microarray patches (MAP), and on-body delivery systems (OBDS). Quality control is integrated into every production phase with in-process and final product testing.
- Downstream, LTS supplies to global pharmaceutical companies, who distribute their products via pharmacies, hospitals, and drugstores either as RTx or OTC.
- Waste management is internally coordinated with external certified partners for final disposal and recycling.



1. FOUNDATIONS

1.3 KEY ASSUMPTIONS, EXTERNAL FACTORS & POLICIES



- LTS assumes continued alignment of EU and national regulatory frameworks with the CSRD, EU Taxonomy, and the Supply Chain Act. It is further assumed that policy support for renewable energy expansion and electrification (e.g., incentives for PV, heat pumps, and green electricity procurement) remains stable. Technological feasibility is based on the availability and commercial maturity of low-carbon solutions, including electric heat and steam systems, photovoltaic infrastructure, and heat pumps
- Progress on Scope 3 emissions reductions depends on supplier cooperation and the continued availability of reliable CO₂ emissions data. The plan also assumes that low-carbon alternatives for high-emission materials and packaging are technically viable and commercially scalable.
- Macroeconomic assumptions include stable access to financing for capital expenditures related to energy efficiency and electrification, and that labor market constraints do not materially delay implementation. No major shifts in client demand or production volumes are anticipated that would alter the decarbonization trajectory.
- These assumptions are relevant over different timeframes: short-term (0–3 years) assumptions include implementation of existing technologies and supplier engagement; medium- to long-term assumptions (beyond 2027) relate to structural transitions such as fuel switch, infrastructure investment, and material substitution.
- At present, these assumptions are not directly reflected in LTS's financial statements. However, the company is integrating climate-related capital planning into its investment processes, and climate-related risks and dependencies are reviewed as part of the annual strategic planning and CSRD reporting cycle.

2. IMPLEMENTATION STRATEGY



To achieve its SBTi-validated climate goals, LTS is implementing a structured, multi-level decarbonization strategy. The approach builds on operational improvements, renewable energy sourcing, supplier engagement, and process transformation. Measures are designed for feasibility, scalability, and regulatory alignment under CSRD and EU Taxonomy.

2.1 Energy Efficiency - short-term: 0-3 years

LTS prioritizes the systematic reduction of energy demand across production sites. Energy audits and process optimization are conducted regularly, focusing on:

- HVAC optimization in cleanrooms and laboratory spaces
- Intelligent control of production lines and equipment
- Energy-efficient lighting and building management systems
- Compressed air system modernization
- Process heat optimization

Budgets available and integrated into financial planning process.



2. IMPLEMENTATION STRATEGY



2.2 Renewable Energy - until 2030

LTS is increasing its share of renewable electricity in line with its SBTi commitment:

- Transition to renewable electricity according to emission reduction glidepath
- Evaluation of on-site and off-site PV installation potential at all four manufacturing sites
- Renewable sourcing is aligned with RE100 quality criteria and will be disclosed annually.

2.3 Fuel Switch & Electrification – until 2030

- The company is gradually phasing out fossil-based process fuels (natural gas, diesel) by investing in:
- Further heat pumps integration

2.4 Scope 3 Integration – long term: 5+ years

LTS has defined a targeted Scope 3 reduction strategy for four categories:

- Purchased goods and services
- Fuel- and energy-related activities
- Waste generated in operations
- Employee commuting

Strategic measures include:

- Environmental criteria in supplier onboarding
- CO₂ data refinement and footprint requests via annual supplier surveys
- Further circularity and waste management initiatives

2. IMPLEMENTATION STRATEGY

2.5 PRODUCTS AND SERVICES



- LTS's portfolio consists of contract development and manufacturing services and products for pharmaceutical clients. The Climate Transition Plan does not foresee changes to the core product and service mix. Instead, the focus is on reducing the carbon intensity of existing products through process optimization and material substitution.
- In the short term (0–3 years), actions include the evaluation and introduction of low-carbon packaging and raw material alternatives, alongside supplier engagement to improve the emissions profile of purchased goods. Medium- to long-term measures (3-5 years) target the integration of circularity concepts and the progressive substitution of high-emission components where technically feasible and supported by regulatory bodies. These initiatives are classified under the ESRS SEC1 Manufacturing – Biotechnology & Pharmaceuticals sector and contribute to LTS's SBTi-aligned Scope 3 reduction targets.
- The expected contribution of these actions is to lower the lifecycle emissions of LTS's manufactured products without altering their therapeutic properties or the CDMO service model.

2. IMPLEMENTATION STRATEGY

ACHIEVEMENTS

- EV Chargers enabling electromobility
- Circularity and waste management initiatives
- Evaluation of electric heat and steam boilers
- Heat pumps integration
- RTO on-demand operations
- HVAC optimization, LED and process heat optimization in Andernach



3. ENGAGEMENT STRATEGY



LTS recognizes that the success of its Climate Transition Plan depends not only on internal operational changes but also on active engagement across its value chain and stakeholder network. A systematic engagement approach ensures that climate action is embedded in governance, procurement, employee culture, and external dialogue.

3.1 Internal Stakeholder Engagement

The internal transformation is driven by strong climate governance and employee integration:

- The Sustainability Team leads a cross-functional activities focusing on implementation, tracking, and communication.
- Site-level energy and environmental managers execute measures in coordination with Group targets.
- Climate-related KPIs are included in the objectives of the Executive Board
- Regular training and communication campaigns raise awareness and support behavioral change.

Regular information and communication offers support the rollout of the Sustainability Strategy and the Climate Transition Plan as part of the broader *LTS Growth Journey* and aligns with *LTS Key Behaviors*.



3. ENGAGEMENT STRATEGY



3.2 Supply Chain Engagement

LTS sources a significant share of its upstream emissions from purchased goods and services. Key supplier engagement framework is designed to deliver:

- Annual emission data collection from strategic suppliers via questionnaires
- Integration of climate criteria into supplier evaluation and onboarding
- Pilot projects to substitute high-emission materials with low-carbon alternatives
- Collaboration on packaging, logistics, and circularity initiatives
- These actions are embedded in LTS's compliance with the Supply Chain Due Act and form the basis for Scope 3 decarbonization beyond 2030.

3.3 Industry and Policy Dialogue

LTS supports and contributes to sector-wide decarbonization through:

- Participation in pharma-industry working groups (VCI, BPi) to drive sustainability and emission reduction. LTS contributes to an open dialogue with certification bodies, regulatory authorities, and customers, including contributions to policy consultations.
- Alignment with CSRD, EU Taxonomy, and sectoral roadmaps, integrating best practices into operations.
- Regular review of industry body positions to ensure consistency with LTS's Climate Transition Plan and Strategic Ambition.

Step	Description
Materiality screening	Identification of climate-relevant products and suppliers (hot spots)
Data request	CO ₂ emissions questionnaire and activity-based data
Dialogue and collaboration	Joint identification of reduction potential

3. ENGAGEMENT STRATEGY



Framework	Relevance to LTS
CSRD / ESRS E1	Integration of Climate Transition Plan into sustainability reporting
EU Taxonomy	Alignment of measures with eligible activities
Supply Chain Act	Due diligence across supply chain, incl. environmental risks
SBTi	Formal validation of near- and long-term targets
EcoVadis	Disclosure and performance transparency to stakeholders

LTS Climate Transition Plan is aligned with national and international standards.



4. METRICS & TARGETS

LTS has defined science-based climate targets in accordance with the SBTi Net-Zero Standard. The targets are fully aligned with a 1.5 °C pathway and cover all relevant emission scopes and categories as defined by the GHG Protocol. LTS uses absolute contraction as its methodological basis for reduction.

Target Type	Scope	Reduction	Base Year	Target Year	Status
Near-term SBTi	Scope 1 & 2	–50%	2023	2030	Approved
Near-term SBTi	Scope 3	–25%	2023	2030	Approved
Long-term SBTi	Scope 1 & 2	–90%	2023	2050	Approved
Long-term SBTi	Scope 3	–90%	2023	2050	Approved



4. METRICS & TARGETS



4.2 Baseline and Emission Profile

In 2023, LTS reported a Corporate Carbon Footprint of **89.648 tCO₂e**, with the following scope distribution:

- Scope 1: 16.872 tCO₂e (18,8%)
- Scope 2 (market-based): 12.461 tCO₂e (13,9%)
- Scope 3: 60.315 tCO₂e (67,3%) – dominated by:
 - Purchased goods & services: 36.616 tCO₂e (40,8%)
 - Capital goods: 9.769 tCO₂e (10,9%)
 - Fuel- and energy-related activities: 5.568 tCO₂e (6,2%)

4.3 Tracking and Verification

- GHG data is compiled annually and reviewed externally, according to CSRD requirements.
- Scope 2 emissions are accounted using the market-based approach.
- Emission factors follow the GHG Protocol Corporate Standard and are updated regularly.
- Re-baselining is conducted if the 5% threshold for structural or methodological changes is exceeded.
- CSRD-aligned disclosures are published each year

4.4 Metrics Beyond Emissions

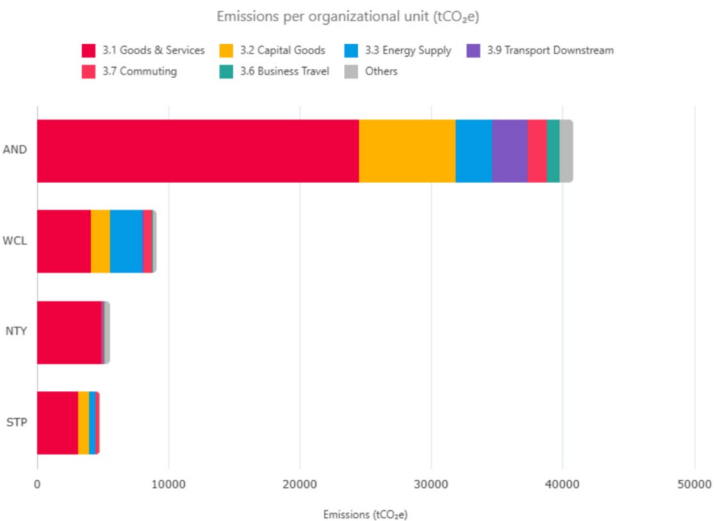
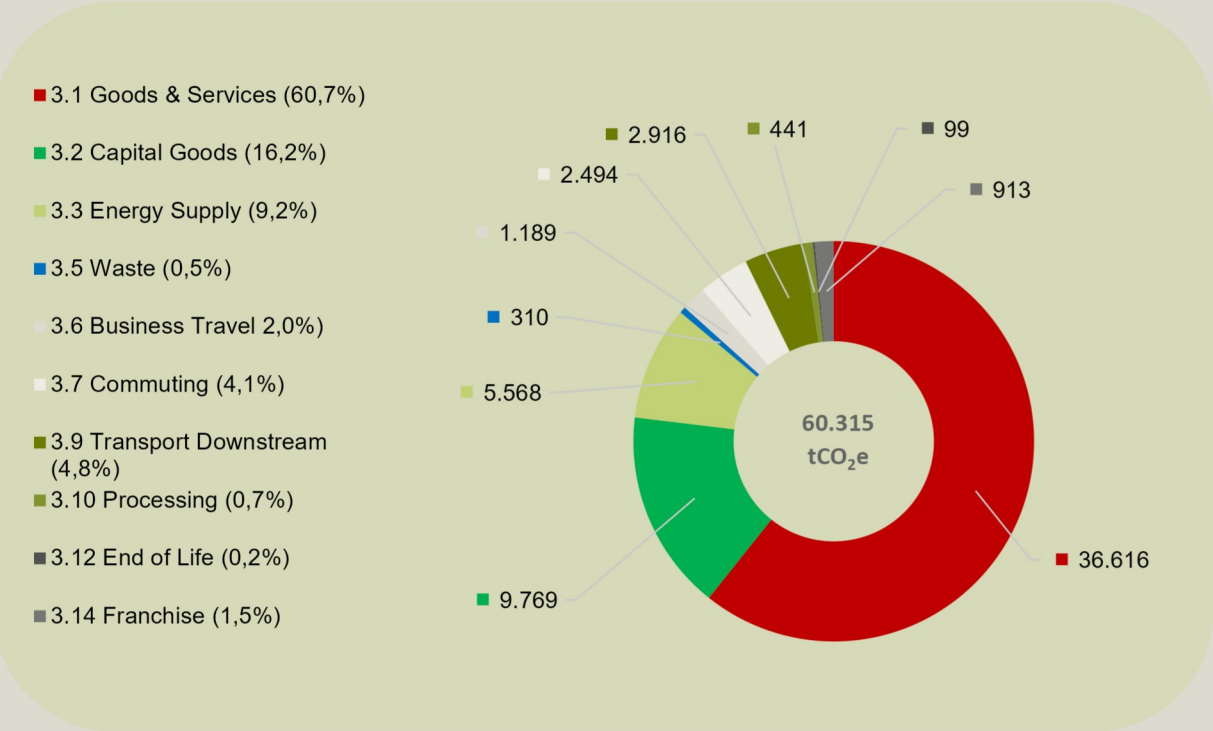
To complement the GHG metrics, LTS also monitors:

- Share of renewable electricity (market-based)
- CapEx share aligned with EU Taxonomy mitigation objectives

These metrics support EU Taxonomy alignment and enable integration of climate data into financial planning and performance management.

4. METRICS & TARGETS

SCOPE 3 EMISSIONS



5. GOVERNANCE



LTS Lohmann Therapie-Systeme AG has implemented a governance framework to ensure the effective planning, execution, monitoring, and reporting of its climate transition strategy. The governance structure enables compliance with CSRD/ESRS and SBTi requirements; and ensures internal accountability across all organizational levels..

5.1 Executive Oversight

The Global Executive Meeting of LTS holds overall responsibility for the Climate Transition Plan and integrates sustainability into strategic business decision-making. This includes:

- Approval of climate targets and decarbonization roadmaps
- Allocation of resources for implementation (e.g., CapEx for energy measures)
- Regular review of progress against climate KPIs
- Oversight of sustainability-related risks and opportunities
- The Global Executive Meeting is informed quarterly about the status of GHG emissions; and yearly about climate risks, and scenario developments through formal CSRD reporting.

5.2 Sustainability Leadership

The Sustainability team leads the implementation and further development of the Climate Transition Plan. Reporting directly to the Executive Board, this team ensures:

- Strategic coordination across departments and sites
- Technical and regulatory alignment of all climate-related activities
- Internal communication and change management
- External stakeholder engagement (e.g., EcoVadis, SBTi, auditors)
- The Sustainability Team includes expertise in climate, energy, ESG reporting, and compliance.

Skill assessment, GAP identification and training coordinated or provided by the Sustainability Team to the organization.

5. GOVERNANCE



5.3 Operational Integration

LTS integrates climate action at the operational level through defined roles and review mechanisms:

- Site-specific environmental officers implement energy and emissions reduction measures based on corporate targets
- KPIs are linked to annual planning cycles and performance review processes
- Functional leads (e.g., procurement, production, engineering) enable climate-related data provision and implementation of measures in their areas
- Responsibilities and workflows are documented in the Corporate Sustainability Policy and embedded in the internal SOP for CSRD reporting

5.4 Internal Controls and Assurance

To ensure data quality, reliability, and compliance, LTS has implemented an internal control system for sustainability data:

- Defined data owners per ESRS/CSRD data point
- Manual validation rules
- Documentation of calculation methods, sources, and assumptions
- Functional review and Executive Board approval of all disclosures
- External validation of core GHG data (Scopes 1–3) by a qualified partner
- The internal control system is designed to withstand third-party assurance as required under the CSRD.

Financial metrics integrated into CSRD reporting and EU Taxonomy



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