LTS Sustainability Report 2024

| LTS Lohmann Therapie-Systeme AG, Lohmannstr. 2, D-56626 Andernach, Germany

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Executive Board Letter

LTS's corporate purpose – WE CARE. WE CREATE. WE DELIVER. – guides our approach to sustainable, profitable growth and expansion. Our sustainability strategy is designed to create value for our customers and patients while benefiting the planet and people, including our employees, workers in the value chain, and local communities. By aligning our processes and performance indicators with both internal and external guidelines, we ensure comparability across the industry, promote fairness, and uphold transparency.

Sustainability is an opportunity to pioneer and innovate. We aim to develop smart, sustainable products and processes that generate positive impacts for people, the planet, and our business. At the same time, we recognize that effective sustainability strategies require a focused and phased approach.

We are committed to responsible business conduct across our operations, within the communities we serve, throughout our supply chain, and across our global business relationships. This includes actively addressing the environmental impact of our operations, upholding and advancing human rights while preventing potential infringements, and ensuring our governance structures are guided by value-driven principles.

LTS Sustainability Framework

We are continuously working to reduce our ecological footprint by lowering carbon dioxide emissions, reducing resource consumption, and implementing circularity principles. Transparency, fairness, and adherence to national and international regulations and industry standards provide credibility to our sustainability efforts, while gender balance and diversity complete our focus areas.

Through our sustainability strategy, we contribute to the United Nations Sustainable Development Goals (SDGs), focusing on areas where we can create the greatest impact. LTS actively supports fair working conditions, ethical sourcing, inclusive workplace practices and diversity. By developing advanced drug delivery systems, we enhance patient outcomes while driving responsible consumption and production patterns. Our commitment to climate action is reflected in our decarbonization strategy, which aligns with the Science-Based Targets initiative. Upholding strong corporate governance ensures we operate responsibly, collaborate effectively, and remain a trusted partner in sustainable development.

Key Sustainability Achievements

In 2024, LTS achieved significant progress in its sustainability initiatives:

Out teams successfully calculated the CO_2e emissions across Scopes 1, 2, and 3 and submitted its Science-Based Targets initiative (SBTi) commitment, aiming for SBTi approval by Q2/2025. As of the latest reporting period, we have reduced Scope 1 emissions by 15,9% and Scope 2 emissions by 3,6%, making significant progress toward our short-term decarbonization targets of a 50% reduction in Scope 1 and 2 emissions and a 25% reduction in Scope 3 emissions by 2030. In the long term, LTS remains committed to achieving a 90% reduction across all scopes by 2050.

Supply chain due diligence processes have been fully implemented in alignment with the German Supply Chain Act (LkSG), reinforcing our commitment to ethical sourcing, human rights protection, and responsible business practices across our global value chain. In waste management, we have maintained a zero-landfill status at our Andernach site, contributing to our goal of sustainable resource management and circularity.

Occupational safety remains a key focus, with a Lost Time Incident Rate (LTIR) of 1,23; LTS aims to bring LTIR below 1 in the short term and below 0,5 in the long term. With Total Recordable Incident Rate (TRIR) of 1,93 – LTS is highly committed to continuing to further improve risk prevention processes and the workplace safety. LTS also continues to foster gender balance in leadership, with 44% of executive and supervisory board positions held by women, strengthening inclusivity and diversity in decision-making.

Challenges and Outlook

As we move forward on our LTS Growth Journey, we acknowledge the evolving challenges of a rapidly changing global landscape.

The regulatory environment remains dynamic, with the introduction of new sustainability requirements around Corporate Sustainability Reporting Directive (CSRD), while existing regulations are being consolidated. This dual development presents both challenges and opportunities, requiring adaptability and a proactive approach to compliance.

Macroeconomic and geopolitical factors continue to impact businesses worldwide. Conflicts placed sustained pressure on supply chains, while inflation and rising energy costs further challenge economic stability. In Germany and global markets, businesses are navigating economic uncertainty, requiring resilience and strategic agility.

Despite these external challenges, LTS remains focused on its commitment to benefiting and serving patients. Our pioneering role in transdermal drug delivery and pharmaceutical innovation drives us to create next-generation solutions, such as Microneedle Array Patch (MAP) technology and On-Body Drug-Delivery Systems (OBDS). These innovations have the

potential to enhance patient convenience, improve therapeutic outcomes, and advance sustainability goals by reducing material use and optimizing drug delivery efficiency.

LTS is further reducing its ecological footprint, progressing toward its SBTi commitment to achieve net-zero emissions. By optimizing energy use, lowering emissions, and implementing circular economy principles, sustainability is embedded across our entire value chain.

Occupational safety remains a priority. To further strengthen our safety culture, LTS is planning to implement the Behavioral-Based Safety (BBS) approach, contributing to proactive risk management and a zero-incident workplace.

Looking ahead, LTS will continue to balance innovation, growth, and sustainability to create lasting value for patients, partners, and society. By embracing technolo gical advancements, operational efficiency, and responsible business conduct, we are well-positioned to navigate challenges and drive sustainable success while remaining fully committed to the LTS Growth Journey.

Sebastiaan M. van Buijtenen
Chairman of the Executive Board

Ulrich Sielaff
Chief Financial Officer

Dr. Claudia S. Schaefer
Chief Operating Officer

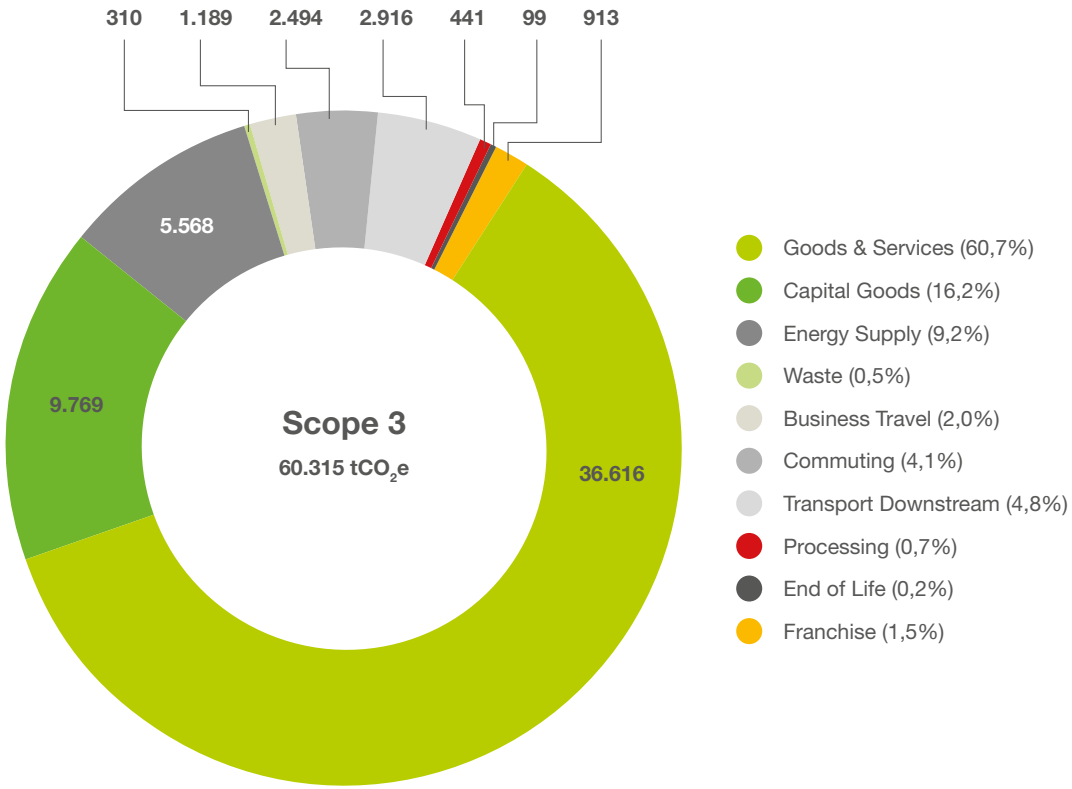
LTS Sustainability at a Glance

- Environment | Reducing our footprint on the Planet
- Social | Creating sustainable value for the People
- Governance | In Fairness and Transparency

Environment | Reducing our footprint on the Planet

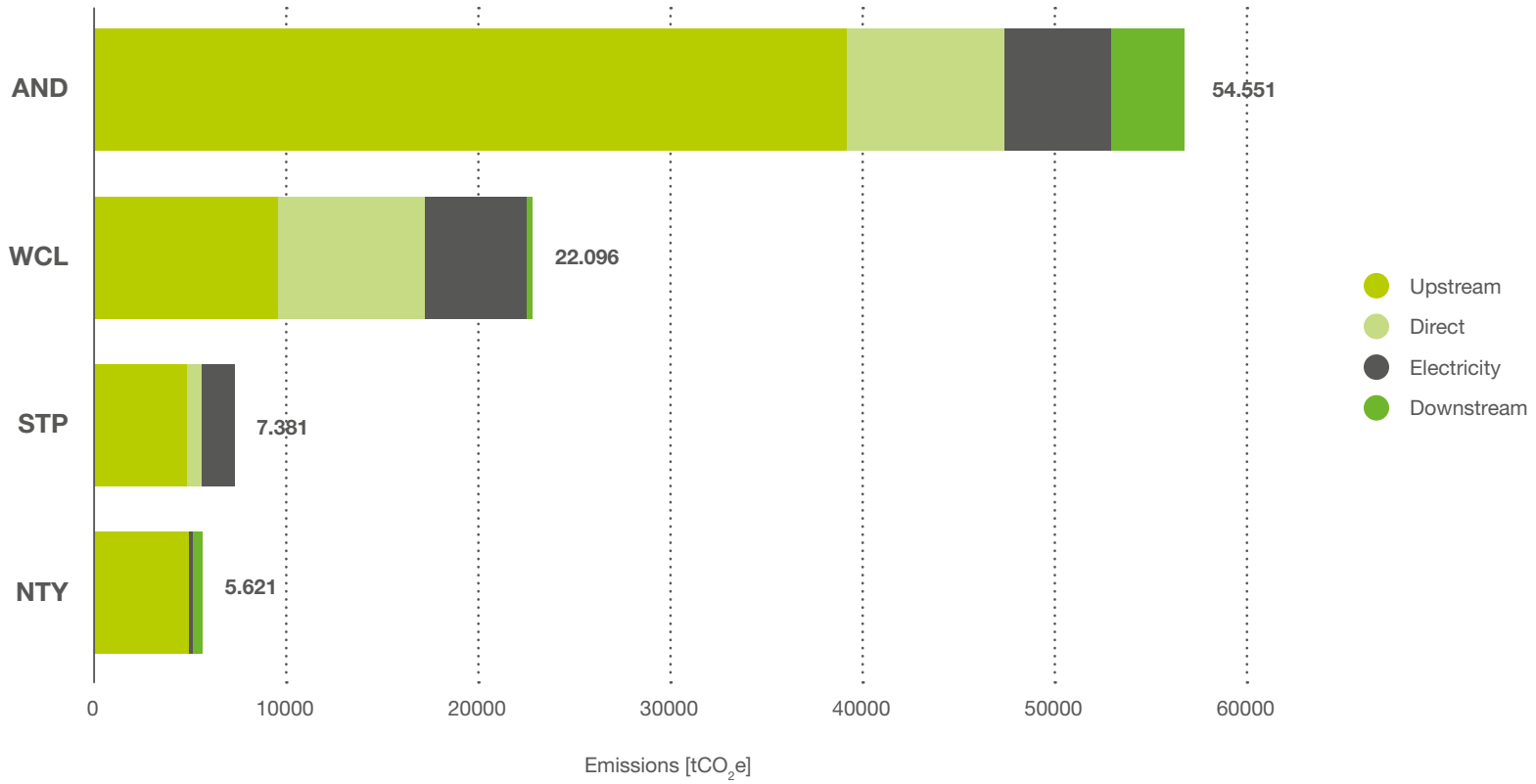
Decarbonization

		2024 [tCO_2e]	2024 [tCO_2e]	Trend
Scope 1	AND	6.956	8.260	–15,8%
	WCL	6.614	7.673	–13,8%
	STP	898	939	–4,4%
	NTY	0	0	
	LTS	**14.468**	**16.872**	**–14,2%**
Scope 2	AND	5.346	5.477	–1,8%
	WCL	5.172	5.330	–3,0%
	STP	1.675	1.614	+3,8%
	NTY	39	41	–4,9%
	LTS	**12.232**	**12.461**	**–1,8%**



Environment | Reducing our footprint on the Planet

Emission per organizational unit [tCO_2e]

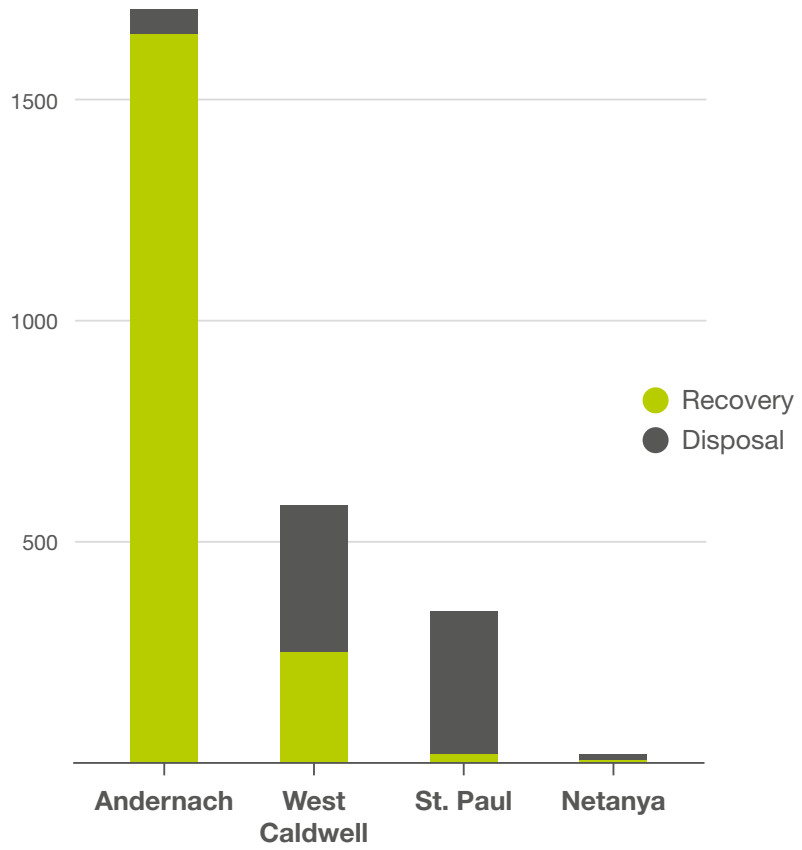


Environment | Reducing our footprint on the Planet

Waste Management

		Recovery	Disposal	Recovery quota
Total weight of **hazardous** waste emitted:	AND	240,0t	48,3t	**83%**
	WCL	0t	24,4t	**0%**
	STP	0t	10,7t	**0%**
	NTY	3,9t	5t	**43%**
Total weight of **non-hazardous** waste emitted:	AND	1.404,3t	10,7t	**99%**
	WCL	259,8t	312,4t	**45%**
	STP	46,4t	307,4t	**13,1%**
	NTY	17,6t	0,2t	**99%**
Total weight of waste emitted:	AND	1644,3t	59,0t	**97%**
	WCL	259,8t	336,8t	**44%**
	STP	46,4t	318,1t	**12,7%**
	NTY	21,5t	5,2t	**81%**

Total waste per site 2024 in t

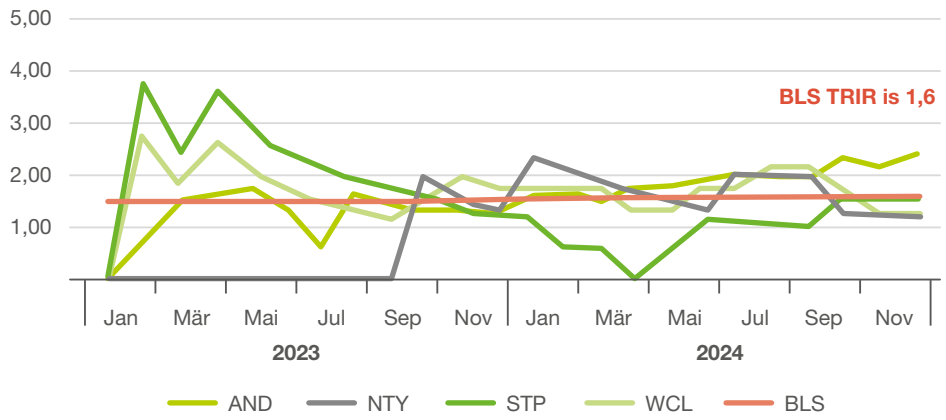


Social | Creating sustainable value for the People

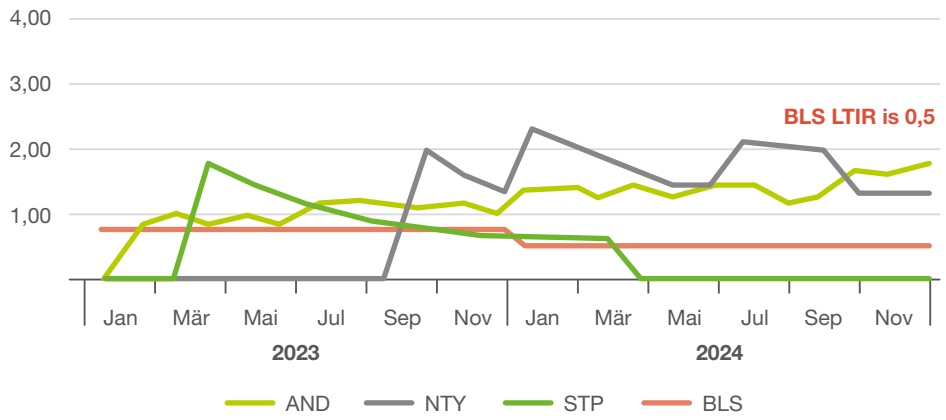
Occupational Safety

	AND	NTY	STP	WCL	LTS
Total Recordable Incident Rate (TRIR)	2,38	1,25	1,57	1,29	**1,93**
TRIR 12-Month Rolling Av.	2,38	1,25	1,57	1,29	**1,93**
Lost Time Incident Rate (LTIR)	1,68	1,25	0,00	0,86	**1,23**
LTIR 12-Month Rolling Av.	1,68	1,25	0,00	0,86	**1,23**

TRIRs - 2023 (Calendar Ave.) & 2024 (12-mth Rolling Ave)



LTIRs - 2023 (Calendar Ave.) & 2024 (12-mth Rolling Ave.)



Social | Creating sustainable value for the People

Sick leave rate

	2024	2023
AND	5,74%	5,53%
WCL	1,97%	1,64%
STP	1,61%	1,15%
NTY	3,42%	/

Unadjusted pay gap

	2023
AND	Analysis conducted in 2023
WCL	Analysis conducted in 2023
STP	Analysis conducted in 2024
NTY	Planned

Governance | In Fairness and Transparency

Gender balance in leadership

		Current (as-is)	Total Number	Target (to-be)
% of women **in senior roles**	AND	26,6%	21/79	30%
	WCL	28,6%	6/21	30%
	STP	33,3%	7/21	30%
	NTY	25,0%	4/16	30%
	LTS	27,7%	39/137	30%
% of women at the **executive & supervisory board**	**LTS**	44.4%	4/9	30%

Partnerships with charities

		2024	Planned	Target
Donations	EMEA/A	66.000€	0	70.000
	NA	17.055$	0	20.000
	DT	/		/

Supply Chain Act

	2024	Managed/ addressed	Percentage 2024
Critical alerts from abstract risk assessment	0	NA	NA

	2024	Managed/ addressed	Percentage 2024
Critical alerts from abstract risk assessment	16	16	100%

- **No critical alert from abstract risk assessment**
- **16 reported alerts (1 internal) managed**
- **For details see HRO 2024 report**

General Disclosures

- Basis for preparation
- Governance
- Disclosure of Reporting on Material Impacts, Risks, and Opportunities, Due Diligence Implementation, and Effectiveness of Policies, Actions, Metrics, and Targets
- Strategy

Basis for preparation

Disclosure of General Basis for Preparation of the Sustainability Statement

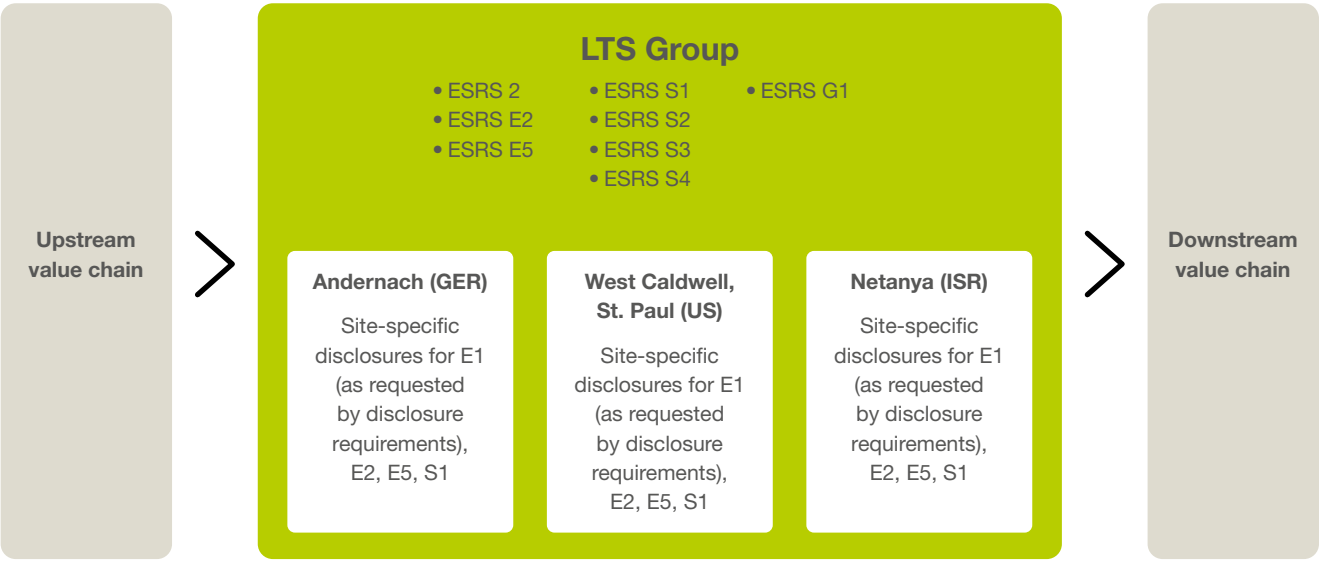
LTS's sustainability statement aligns with the European Sustainability Reporting Standards (ESRS) and the Corporate Sustainability Reporting Directive (CSRD). Sustainability disclosures are consolidated at the corporate level to ensure consistency with financial reporting. Certain topics, such as waste management (ESRS E2), circular economy (ESRS E5), and working conditions (ESRS S1), are disaggregated by site or region when significant variations exist. Estimations are only applied in rare cases and are based on 2023 data and expert interviews, with full disclosure where used. In very rare cases (ESRS E2) and circular economy (ESRS E5), disclosures were omitted, when no data was available.

Indication of Subsidiary Undertakings Included in Consolidated Sustainability Reporting

LTS's sustainability reporting includes data from all operational sites: Andernach (Germany), West Caldwell (USA), St. Paul (USA), and Netanya (Israel). No site is exempted from the reporting framework.

Extent to Which Sustainability Statement Covers Upstream and Downstream Value Chain

LTS covers the upstream and downstream value chain, focusing on materiality-assessed impacts, risks, and opportunities.



Disclosures in Relation to Specific Circumstances

Because some sites have recently joined the LTS network as the result of an acquisition, some processes remain site-specific. Where integration is ongoing, some disclosures are provided at the site or regional level. LTS is actively standardizing processes across locations to ensure consistent and comparable disclosures in future reports.
(See also p.14: Indication of Subsidiary Undertakings Included in Consolidated Sustainability Reporting)

Time Horizons Defined by ESRS 1 Have Been Deviated From

LTS defines short- and mid-term risks within 0–3 years and long-term risks beyond 3 years, differing from ESRS 1, which defines mid-term as 3–5 years and long-term as beyond 5 years. This deviation does not significantly impact financial materiality assessments. LTS plans to align with ESRS definitions in future reporting cycles.

Metrics Include Value Chain Data Estimated Using Indirect Sources

LTS relies on internal and external data sources for value chain metrics. Scope 3 CO_2e data are estimated based on 2023 calculations to meet reporting timelines. Media monitoring tools track human rights and environmental violations in the supply chain. LTS does not use estimated data from indirect sources unless explicitly stated.

Disclosure of Quantitative Metrics and Monetary Amounts Subject to High Level of Measurement Uncertainty

Financial impact estimates are based on historical data, professional judgments, and best practices from Double Materiality Analysis and Risk Management. Areas of uncertainty include long-term risks in the value chain, regulatory changes, and climate adaptation. Assumptions are clearly declared, such as within the Double Materiality Analysis.

Reference to Applied Standards and Frameworks

LTS prepares sustainability disclosures based on applicable standards, including the Greenhouse Gas (GHG) Protocol, Science-Based Target initiative (SBTi), Federal Immission Control Act (Bundes-Immissionsschutzgesetz), Recycling and Circularity Law (Kreislaufwirtschaftsgesetz), Good Clinical Practice (GCP), Good Laboratory Practice (GLP), German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz), and national Bribery Acts. Andernach is ISO 50001 certified; Netanya is ISO 14001 certified.

Material Sustainability Topics Identified

Material topics include

- climate change (ESRS E1)
- pollution (ESRS E2 – air quality and soil contamination)
- waste management & circularity (ESRS E5)
- internal employees (ESRS S1)
- external employees (ESRS S2)
- affected communities (ESRS S3 – informed consent in clinical trials)
- consumers & end-users (ESRS S4 – privacy, health & safety, child protection)
- governance (ESRS G1 – whistleblowing, animal welfare, bribery prevention).

ESRS E3, ESRS E4, and parts of ESRS S3 and S4 were assessed as non-material

Policies Related to Material Sustainability Matters

LTS policies include the Sustainability Policy, Energy Management Handbook, Waste Management Policy, Occupational Safety, First Aid, Health Monitoring, Code of Conduct, Compliance Management, Risk Management, Data Protection, Whistleblower Policy, and CSRD Reporting SOP.

Governance

Composition and Diversity of Administrative, Management, and Supervisory Bodies

LTS ensures that its administrative, management, and supervisory bodies are composed of members with diverse expertise and representation, promoting balanced decision-making and accountability.

Supervisory Board

The Supervisory Board comprises external experts and shareholder representatives; and internal representatives. Chair Dr. Karin Dorrepaal brings executive experience from Schering AG and Booz Allen Hamilton and served on boards including Gerresheimer and Almirall. Other external members have been chosen by the shareholders according to their experience in legal, finance and pharma industry. Internal members include Ms. Anja Brühl (Works Council Chair, formerly in Global Artwork Management) and Mr. Michael Mildner (HR, with prior roles in Finance).

Percentage of Independent Board Members

The percentage of independent members on the Supervisory Board is 33%.

Management Board

The Management Board is responsible for the executive leadership of LTS and consists of CEO Mr. Bas van Buijtenen, CFO Mr. Ulrich Sielaff, and COO Dr. Claudia Schaefer.

Gender Diversity Ratio

The Supervisory Board's composition currently shows a gender ratio of 50% women and 50% men. The Executive Board has a gender ratio of 33% women and 67% men. Across LTS, the percentage of women in senior roles is 28%, with a 44% representation on the Executive and Supervisory Boards combined.

Governance Structure and Policies

Responsibilities are defined in the Corporate By-Laws, LTS Handbook, Business Distribution Plan, and the Sustainability Policy. Quarterly KPI reviews and escalation procedures ensure performance monitoring and corrective action.

Expertise and Alignment Supervisory Bodies

Executive Board-level ESG competence is ensured through regular presentation and reports; external advisors support implementation of initiatives.

Disclosure of Reporting on Material Impacts, Risks, and Opportunities, Due Diligence Implementation, and Effectiveness of Policies, Actions, Metrics, and Targets

The Executive Board defines and monitors sustainability strategy. The CEO ensures strategic integration; the COO manages regulatory and decarbonization aspects; the CFO oversees ESG-related financial risks. The Supervisory Board provides independent oversight. The Sustainability Team reports to the COO and coordinates data collection, compliance, and operational integration. Progress is reviewed quarterly by the Executive Board. The Sustainability Team prepares an annual sustainability report consolidating progress against key targets and identifying challenges. This report is provided to the Supervisory Board, Executive Board, and key stakeholders.

Disclosure of List of Material Impacts, Risks, and Opportunities Addressed by Administrative, Management, and Supervisory Bodies or Their Relevant Committees

A full list of material IROs is available in the enclosed 20240430_CSRD_IROs file and upon request.

Incentive Schemes and Remuneration Policies Linked to Sustainability Matters

LTS has integrated sustainability into its incentive schemes and remuneration policies for the Executive Board. In 2024, the sustainability performance of the Executive Board is assessed based on occupational safety targets and the validation of the SBTi documentation. In order to enable the sustainability goals, related requirements have been integrated into the personal objectives of all LTS employees.

Mapping of Information in the Sustainability Statement on the Due Diligence Process

The sustainability statement outlines the due diligence process in alignment with the requirements of CSRD and the Supply Chain Due Diligence Act (LkSG). It includes a comprehensive risk analysis across operations and the supply chain, focusing on identifying potential human rights and environmental risks. The results of this analysis, which showed no significant risks within LTS's own operations or with suppliers, are disclosed in detail. The process for monitor-

ing, addressing, and mitigating future risks is mapped to ensure transparency and accountability in due diligence efforts.

Impact Identification

Adverse impacts are identified through structured risk assessments covering all supply chain tiers. These assessments combine internal evaluations with external data to ensure comprehensive coverage of environmental and human rights risks.

Mitigation Actions

Corrective actions are initiated upon detection of impacts. These include direct supplier engagement and prevention/remediation plans.

Scope, Main Features, and Components of Risk Management and Internal Control Processes in Relation to Sustainability Reporting

LTS ensures the integrity of its sustainability reporting through established internal processes, which define data quality standards across the dimensions of Accuracy, Completeness,

Consistency, Validity, Timeliness, Uniqueness, and Integrity. Respective SOP to establish detailed procedures for data collection, verification, and reporting is scheduled for 2025.

A functional review is conducted before finalizing the sustainability report to ensure alignment between reported data and actual business operations. Following this, the Executive Board reviews the progress.

Risk Assessment Approach

LTS aligns its sustainability risk assessment approach with its corporate Risk Management Standard Operating Procedure (SOP). A Financial Impact Analysis is conducted to assess potential financial implications, ensuring LTS is prepared to mitigate significant sustainability risks. The integration of sustainability risk management into the corporate framework enables a consistent risk evaluation process across the organization, supporting compliance with the CSRD and the German Supply Chain Due Diligence Act (LkSG).

Identified Risks and Mitigation Strategies

LTS has identified key sustainability-related risks and associated mitigation strategies:

- **Climate Change and Environmental Impact:** High energy consumption from natural gas and electricity contributes to emissions. Transitioning to sustainable raw materials and production technologies may require significant investment. Climate change adaption will also result in additional measures and investments (e.g. rain drain system has been expanded in the recent years and air-conditioning devices renewed)

- **Employees and Workforce:** Risks include work-life balance concerns, and labor market shortages affecting talent acquisition and retention.

- **Upstream and Downstream Value Chain:** Single-source dependency increases supply risks. Ensuring supplier compliance with labor and safety standards and preventing forced or child labor under the LkSG.

- **Financial and Operational Risks:** Increasing global temperatures may necessitate investments in energy-efficient technologies.

- **Regulatory and External Influences:** Stricter compliance requirements and regulatory changes could increase operational costs and complexity.

A full list of identified risks is available in the 20240430_CSRD_IROs table.

Integration of Risk Findings

Risk assessment results, including those from the Double Materiality Analysis, are incorporated into corporate risk reviews. Functional teams (Compliance, HR, Supply Chain, Legal, Quality) address findings within their domains. SOPs are updated accordingly, including LkSG supplier evaluations. Results inform annual reporting to executive bodies, and targeted training supports capacity building in key risk areas.

Strategy

Key Elements of General Strategy Affecting Sustainability

LTS integrates sustainability into its corporate strategy, aligning with its overarching purpose: WE CARE. WE CREATE. WE DELIVER. It is expanding the market for these technologies while delivering breakthroughs in drug delivery, including Oral Bioavailability Enhancement and Microneedle Arrays. Sustainability is embedded in the strategy to strengthen leadership in advanced drug delivery solutions.

Business Model and Value Chain

LTS operates as a CDMO specializing in Transdermal Therapeutic Systems, Oral Thin Films, and advanced drug delivery technologies. The portfolio includes over twenty marketed products and more than forty development projects. LTS advances its core TTS and OTF technologies and invests in innovative drug delivery systems such as Micro-Array Patches and the Sorrel™ wearable drug delivery platform for at-home medication administration.

LTS serves global markets, by supplying pharmaceutical companies, who distribute their products through pharmacies, hospitals, and drugstores. Key therapeutic indications include smoking cessation with brands, hormone replacement therapy, pain management with, opioid-use-disorder therapy and central nervous system disorders.

The average number of employees in 2024 is 1.651, with 1.038 in Andernach, 452 in the United States, and 161 in Israel. LTS does not produce or offer products or services banned in any of its markets. All operations comply with local and international regulations.

Financial Overview

LTS operates within the Manufacturing - Biotechnology & Pharmaceuticals and Medical Equipment & Services sectors under the European Sustainability Reporting Standard SEC1 classification. In 2024 the turnover exceeds 400 m€.

Sustainability-Related Goals

LTS is serving through its business partners the healthcare providers and patients with drug delivery systems, directly supporting UN Sustainable Development Goals. Sustainability measures apply across all operational regions in Germany, Israel, and the USA through energy efficiency, waste reduction, and responsible sourcing. LTS actively engages with suppliers and customers to integrate sustainability across the value chain.

Upstream and Downstream Value Chain

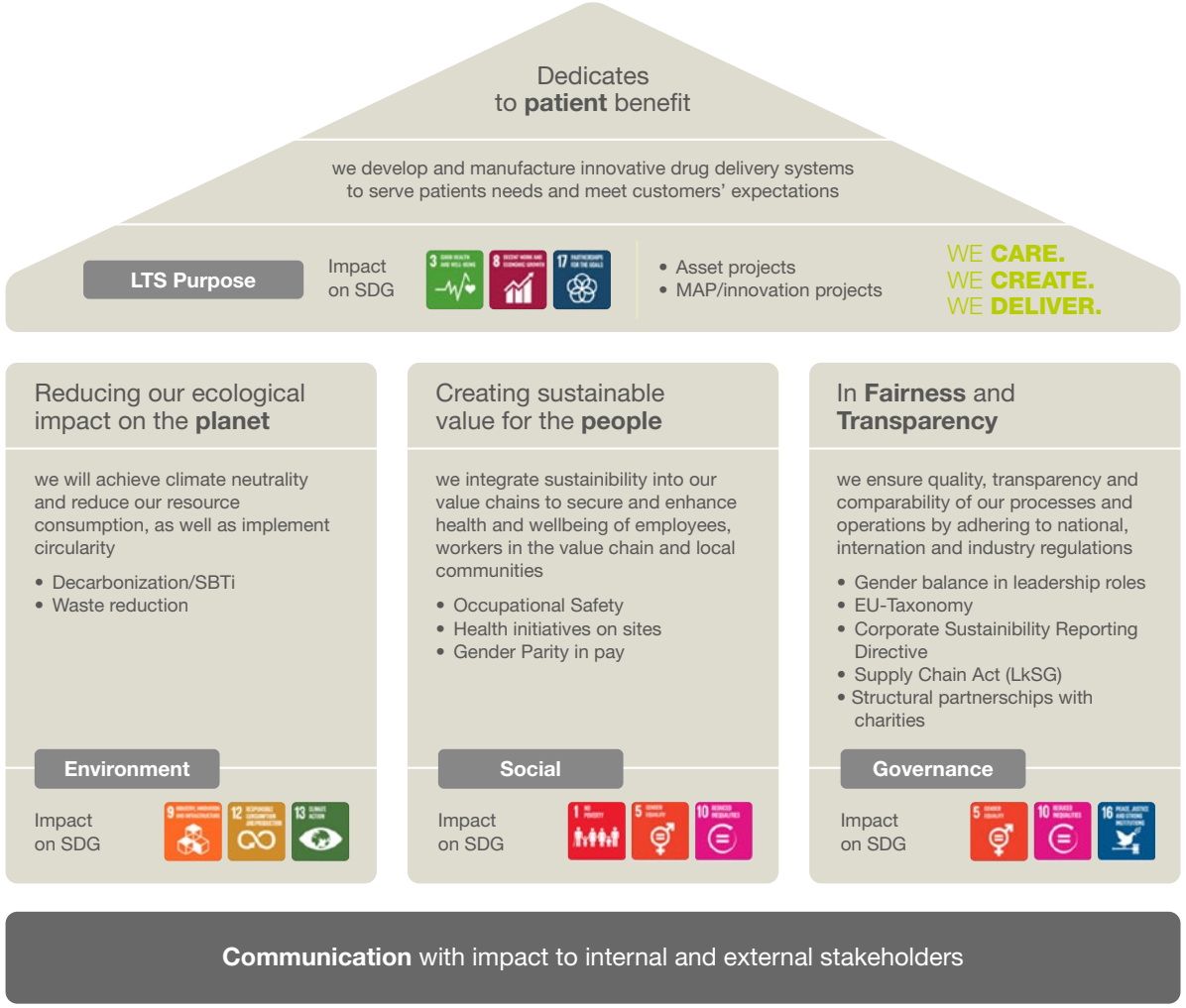
LTS relies on a network of certified suppliers for active pharmaceutical ingredients and specialized components. Supplier partnerships undergo sustainability-oriented due diligence to ensure compliance with environmental and social standards. LTS distributes the products globally to pharmaceutical partners.

Position in the Value Chain

As a Contract Development and Manufacturing Organization, LTS bridges pharmaceutical research and development with production and delivery, operating as B2B partner to the pharmaceutical industry.

Stakeholder Engagement

For the double materiality analysis, LTS engaged with external and internal stakeholders to assess sustainability impacts, risks, and opportunities. External engagement included outreach to various stakeholders, with feedback from customers and suppliers. A digital dialogue platform facilitated input from 21 stakeholders, identifying critical sustainability impacts. Suppli-



er questionnaires addressed specific issues related to compliance with the Supply Chain Act (LkSG), directly informing the ESRS S2 assessment. Internally, three workshops were conducted with key decision-makers across all sites, gathering input for the double materiality assessment. The results of both internal and external assessments were integrated with a financial impact analysis, conducted in accordance with corporate Risk Management guidelines. The findings were presented, discussed, and approved by the Executive Board and Supervisory Board, ensuring alignment with LTS sustainability objectives and strategy.

Core Strategic Pillars

In 2024, LTS updated its sustainability strategy to align with stakeholder expectations and regulatory requirements. These changes reinforce LTS's purpose – WE CARE. WE CREATE. WE DELIVER. – and integrate sustainability across operations, ensuring alignment with SDGs, stakeholder priorities, and global standards.

Reducing Ecological Impact on the Planet: LTS aims to achieve climate neutrality, reduce resource consumption, and implement circular economy principles. Actions include the establishment of carbon emission reduction targets aligned with SBTi and waste reduction initiatives, supporting SDGs 9 (Industry, Innovation, and Infrastructure), 12 (Responsible Consumption and Production), and 13 (Climate Action).

Creating Sustainable Value for People: LTS enhances health, well-being, and safety for employees, value chain workers, and local communities. Actions include strengthening occupational safety programs, and promoting gender parity in pay and leadership roles. These initiatives align with SDGs 1 (No Poverty), 5 (Gender Equality), and 10 (Reduced Inequalities).

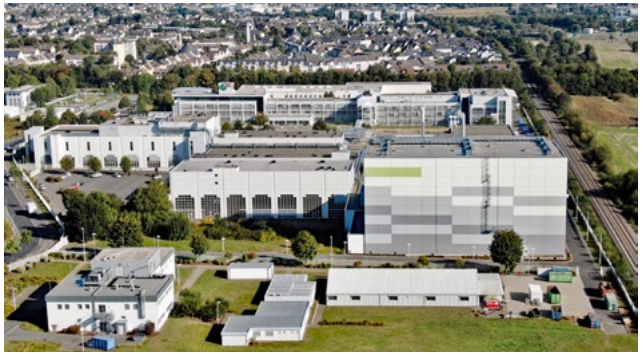
Ensuring Fairness and Transparency: LTS strengthens governance, transparency, and compliance with national and international regulations. Actions include adherence to the EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD), and the Supply Chain Act (LkSG), as well as structural partnerships with nonprofit organizations. These efforts support SDGs 5 (Gender Equality), 10 (Reduced Inequalities), and 16 (Peace, Justice, and Strong Institutions).

Impact on Stakeholder Relations

LTS anticipates that further monitoring and implementation of the Corporate Sustainability Due Diligence Directive (CSDDD) may lead to additional stakeholder engagement, potentially influencing relationships and views.

Material Impacts Identified Through Materiality Assessment

The Double Materiality Analysis identified key impacts across environmental, social, and governance aspects, shaping LTS's strategy for risk management and opportunity maximization.



LTS's environmental impacts include

- Greenhouse gas emissions across Scopes 1, 2, and 3, primarily from energy-intensive manufacturing and supply chain activities (ESRS E1)
- Pollution impacts (ESRS E2) are linked to the use of specific chemicals, with stringent pollutant controls in place
- Waste management (ESRS E5) remains material due to single-use materials in production, presenting opportunities for enhanced circularity.

Social impacts include

- Employment conditions, fair wages, health and safety, and equal opportunities for LTS employees across Germany, the USA, and Israel (ESRS S1)
- Continuous monitoring ensures supply chain worker rights compliance under LkSG, with no significant risks identified (ESRS S2)
- Informed consent in clinical trials (ESRS S3) and patient safety are material impacts (ESRS S4).

Governance impacts (ESRS G1) include

- Maintaining ethical culture, whistleblower protection, responsible payment practices, and animal welfare, with bribery prevention prioritized to uphold transparency.

Material Risks and Opportunities

The assessment identified risks and opportunities across ESRS categories. Climate-related opportunities include new business models and technological advancements, while risks involve inaccuracies in climate adaptation assessments, challenges in modifying production processes in a highly regulated pharmaceutical environment, and potential societal impacts. Pollution risks include health hazards for employees and potential contamination, while opportunities arise from improved local environmental conditions. Circular economy measures present resource efficiency opportunities but face risks from supply constraints. Labor-related risks include talent retention and health and safety issues, counterbalanced by opportunities in talent attraction. Supply chain risks include price increases due to wage adjustments, while governance-related risks include reputational damage and compliance costs, with opportunities in transparency improvements and innovation.

Resilience of Strategy and Business Model

LTS's strategy and business model are structured to manage sustainability risks and capitalize on opportunities: e.g. the 2024 "second site" project targets operational resilience and business continuity by establishing an alternative production location for wearables and devices currently manufactured in Israel, reducing dependency on a single location and mitigating country-specific risks.

ESRS Disclosure vs. Entity-Specific Disclosures

LTS follows ESRS Section 1.4 on Entity-Specific Disclosures to report material impacts beyond standard ESRS requirements. Two specific areas were identified:

1. **Informed Consent in Clinical Trials** – Ensuring ethical standards in clinical research.

2. **Protection of Children** – Addressing unintended exposure risks.

These topics overlap with ESRS S3 (Affected Communities) and ESRS S4 (Consumers and End-Users) and are integrated into the respective ESRS disclosures.

Full description of the Double Materiality Analysis (DMA) methodologies, applied scales and process limitations is available in the annex.

Climate Change

- Integration of Climate-Related Considerations in Remuneration
- Transition Plan for Climate Change Mitigation
- Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model
- Processes to Identify and Assess Material Climate-Related Impacts, Risks, and Opportunities
- Policies Related to Climate Change Mitigation and Adaptation
- Actions and Resources in Relation to Climate Change Policies
- Targets Related to Climate Change Mitigation and Adaptation
- Energy Consumption and Mix
- Gross Scopes 1, 2, 3 and Total GHG Emissions
- GHG Removals and GHG Mitigation Projects Financed Through Carbon Credits
- Internal Carbon Pricing
- Potential Financial Effects from Material Physical and Transition Risks and Potential Climate-Related Opportunities

Integration of Climate-Related Considerations in Remuneration

In 2024, climate-related performance objectives are formally embedded in the variable remuneration of the company's administrative and management bodies.

A central performance target for the year is the fulfillment of our Science-Based Targets initiative (SBTi) commitment, which was established in February 2023. The focus lies on preparing, documenting, and submitting our emission reduction targets for validation by December 2024. Progress on this front is directly linked to incentive structures, particularly for the Executive Board and the Sustainability Team. The remuneration framework rewards timely and complete delivery of the required documentation, reinforcing accountability for climate-related outcomes.

In addition to climate-specific goals, occupational safety remains a key performance indicator across the organization. In 2024 most of the company's administrative and management employees , especially those in leadership roles, safety metrics influence bonus and incentive payments. For 2025 the roll out of that metric to all employees will be completed.

For 2024, 10% of the variable remuneration for relevant personnel is tied to sustainability-related targets. This includes both the SBTi submission milestone and occupational safety performance.

Transition Plan for Climate Change Mitigation

LTS has developed a transition plan to support its long-term climate goals, with a clear focus on decarbonization and alignment with the Paris Agreement. The plan is built around the 3R framework – Reduce, Rebuild, and Replace – which guides operational and strategic decisions across the company.

Progress toward our greenhouse gas (GHG) emission reduction targets is a key performance metric. These targets include a 50% reduction in Scope 1 and 2 emissions and a 25% reduction in Scope 3 emissions by 2030, with the ultimate goal of reaching net-zero by 2050. In 2024, the preparation and submission of validated targets to the Science Based Targets initiative (SBTi) is a central milestone.

The transition plan is already being implemented through a range of decarbonization measures. These include energy efficiency upgrades such as LED lighting replacements and air conditioning optimization, and investments in renewable energy through solar installations and Power Purchase Agreements (PPAs). These actions are supported by operational and capital expenditures between 2025 and 2027, including:

- 82.100€ annually for sustainability services,
- 750.000€ per year for air conditioning system upgrades,
- 50.000€ per year for LED lighting replacements
- 12.000.000€ investment in energy-efficient refurbishment of buildings
- 2.000.000€ over three years for the ESaver electricity reduction program provided that economic viability could be demonstrated during pilot test phase
- >30Mio€ investment in a renovation project of an R&D and QC lab building, thereof around 12 Mio into energy-efficient refurbishment and switch from conventional heating to heat pumps and additional investments in infrastructure, EV charging, and photovoltaic systems.

While these measures are expected to reduce emissions, LTS has identified potential locked-in emissions from fossil fuel-dependent processes at its production sites in Andernach, West Caldwell, and St. Paul. These are primarily related to steam generation, which currently relies on gas. Transitioning these systems to electric alternatives is under evaluation, though implementation may be constrained by regulatory and technical factors specific to pharmaceutical manufacturing.

Despite these challenges, LTS does not currently anticipate significant roadblocks to achieving its targets. The Corporate Carbon Footprint (CCF) assessment has not revealed high-risk emission sources, and ongoing efforts in technology upgrades and renewable energy adoption are expected to support a smooth transition.

The transition plan is fully integrated into LTS's business strategy and financial planning. Sustainability is embedded in the company's strategic pillars and budgeting processes, with each manager responsible for incorporating relevant initiatives into their operational and capital planning. While long-term budgets for infrastructure transitions are still in development, the company has already internally committed to purchasing at least 50% green electricity certificates in 2024.

Governance structures ensure oversight and accountability. The Executive Board approved the transition plan in principle in 2023, and the Supervisory Board has endorsed its goals. The Department Heads oversee implementation, supported by the technical teams. Progress is tracked through internal KPIs and reported externally via platforms such as EcoVadis, with preparations underway to meet CSRD and SBTi reporting requirements.

Full implementation of the transition plan is scheduled to begin in 2025, following the submission of SBTi documentation by the end of 2024.

Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

LTS's materiality assessment has identified a range of climate-related risks that influence both strategic direction and operational planning. These risks are categorized into physical and transition risks, each with distinct implications for the company's resilience and long-term sustainability.

Among the physical risks, flooding poses a threat to LTS's operations, particularly in areas with vulnerable infrastructure. Heavy rainfall and extreme weather events can overwhelm sewer systems, leading to water ingress in production facilities and potential damage to sensitive equipment. These disruptions may result in temporary shutdowns, increased maintenance costs, and delays in production. Because of that we heavily invested in extension of the piping system to drain heavy rain at our site in Andernach. On the energy transition side, adapting energy-intensive manufacturing processes to meet Science-Based Targets initiative (SBTi) goals presents both technical and financial challenges. To prevent misjudgments which could delay progress toward emissions reduction targets the assessment of climate adaption is critical.

To evaluate its resilience, LTS conducted a comprehensive climate scenario analysis in March 2024, applying realistic and "worst case" Representative Concentration Pathways (RCP). This analysis covered acute risks like flooding and heatwaves, chronic risks such as temperature rise and shifting precipitation patterns, and transition and liability risks. The assessment spanned all four primary operational sites and informed a range of adaptation measures – from infrastructure upgrades, optimization of existing infrastructure to strategic supply chain adjustments. One of said measures was the performance reduction of air conditioning while staying in the regulatory limits for room conditions.

The analysis revealed several areas of uncertainty. Under RCP 8.5, for example, the likelihood of extreme weather events increases, potentially disrupting production and increasing cooling demands. Transition risks also vary by scenario: RCP 4.5 anticipates gradual regulatory tightening, while RCP 8.5 suggests a delayed

but more abrupt policy response, which could raise compliance costs and require rapid operational changes. Evolving environmental requirements and potential legal exposure remain under close supervision of our risk and compliance management.

Insights from the resilience analysis are directly integrated into LTS's strategic and investment planning. Infrastructure adaptations, such as flood defenses and enhanced cooling systems, are being considered for high-risk areas. Investments in renewable energy and energy efficiency are also being prioritized to mitigate transition risks and reduce long-term operational costs.

LTS's ability to adapt its strategy and business model is supported by several ongoing initiatives. Infrastructure resilience is being strengthened through the evaluation of electrification of steam boilers and modernization of climate control systems, resulting in less dependence on fossil fuels and less impact of supply and compliance risks.

From a financial perspective, embedding climate resilience into the business model enhances LTS's access to capital, particularly from ESG-focused investors. This strengthens the company's ability to fund sustainability initiatives and maintain competitiveness in a changing regulatory and market environment.

Processes to Identify and Assess Material Climate-Related Impacts, Risks, and Opportunities

The foundation of this process is a comprehensive screening of greenhouse gas (GHG) emissions across Scope 1, 2, and 3, using the GHG Protocol. Emission sources are identified through detailed assessments of fuel use, electricity consumption, and supply chain activities. These insights inform the company's double materiality analysis, which combines internal stakeholder evaluations with external feedback from customers and suppliers to determine the most relevant climate-related topics. Physical risks are assessed through scenario analysis based on RCP 4.5 and RCP 8.5 Climate Scenario Analysis.

Transition risks are evaluated using a scenario aligned with limiting global warming to 1,5°C. This includes regulatory risks (e.g. carbon pricing, emissions limits), market shifts toward sustainable products, and technological developments in energy efficiency and renewables. Opportunities are identified in parallel, focusing on renewable energy adoption, energy efficiency improvements, and sustainable product development.

The process also highlights assets and activities that require significant effort to align with a climate-neutral economy. These include fossil fuel-dependent operations such as exhaust air treatment, steam generation and energy-intensive manufacturing and R&D processes. Transition pathways have been defined, including the option of electrification of boilers, decentralized electrical heating (heat-pumps), infrastructure upgrades (insulation), and supplier engagement to reduce upstream emissions.

Scenario analysis plays a central role in informing both risk and opportunity assessments. It supports long-term planning by modeling potential impacts through 2100, even though LTS does not segment risks by short-, medium-, or long-term horizons.

Policies Related to Climate Change Mitigation and Adaptation

LTS has established policies to manage its material climate-related impacts, risks, and opportunities. These policies are aligned with the company's sustainability objectives and regulatory frameworks, including the Corporate Sustainability Reporting Directive (CSRD) and the Science-Based Targets initiative (SBTi).

The company's climate change mitigation policies focus on reducing emissions and transitioning to a low-carbon operational model. To support LTS' emission reduction goals, including net-zero emissions by 2050, the company is investing in renewable energy through photovoltaic installations and Power Purchase Agreements (PPAs), and is evaluating the phase-out of fossil fuel-based systems in favour of electric alternatives. Energy efficiency measures, such as LED lighting upgrades and the replacement of air conditioning systems in line with ISO 50001 standards, are also central to this strategy.

Adaptation policies are designed to enhance resilience to physical climate risks. Waste management is governed by internal procedures that ensure compliance with disposal regulations and promote recycling and resource efficiency.

Stakeholder engagement supports the implementation of these policies. LTS is willing to collaborate with customers to reduce packaging waste and align product development with sustainability goals. Internally, training programs raise awareness and equip employees with the knowledge needed to contribute to climate-related initiatives.

Actions and Resources in Relation to Climate Change Policies

LTS has defined a set of targeted actions and allocated resources to support its climate change mitigation and adaptation efforts. These actions are aligned with the company's decarbonization strategy and are mostly covered in earlier passages.

As shown in the table (section 5.7) LTS was able to achieve significant reduction through those measures in Scope 1 emissions between 2023 and 2024 by 14,2%. Scope 2 emissions increased slightly in STP, while being decreased in the other three sites, resulting in a total change of 1,8%. Combined Scopes 1 and 2 decreased by 9% to 26.700 tCO_2e, meaning we are ahead of our glidepath to 50% reduction in 2030. Scope 3 emissions decreased in all sites but NTY, due to higher production, showing in the increase of net revenue by 80%. In sum of all sites Scope 3 emissions stayed the same. Emissions over all scopes reduced by 2,9% while the GHG intensity decreased from 217,1 tCO_2e/M€ to 206,5 tCO_2e/M€.

The implementation of these actions depends on the availability of financial and operational resources. Key initiatives – such as electrification, energy efficiency upgrades, and renewable energy integration – require upfront investment and long-term planning.

Targets Related to Climate Change Mitigation and Adaptation

LTS is pursuing a sustainable and consistent climate strategy and has therefore decided to join the Science-Based Targets initiative (SBTi).

The SBTi is a cooperation between the CDP (Carbon Disclosure Project), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It encourages companies to drive their sustainable growth by setting ambitious, science-based emission reduction targets that are in line with the Paris Agreement.

The SBT initiative aims to halve greenhouse gas emissions worldwide by 2030 and reduce them to “net-zero” by 2050. “Net-zero” means that the participants in the initiative commit to reducing their emissions as much as possible and offsetting the rest through neutralization projects.

Our SBTi targets were developed in collaboration with external consultants and are currently undergoing validation by the Science-Based Targets initiative (SBTi).

The targets are based on a linear reduction pathway and apply the operational control approach, ensuring consistency with LTS’s GHG inventory boundaries. Scope 3 targets focus on upstream and downstream categories with the highest impact, while certain categories – such as capital goods and downstream transportation – are excluded from short-term goals due to limited control or data variability. These exclusions are documented and will be addressed in long-term planning.

2023 serves as the first base year with a complete dataset for all three scopes. Prior to this, Scope 3 data was not comprehensively tracked. The baseline was established using validated methodologies, robust data hierarchies, and internationally recognized emission factors. External consultants supported the process to ensure alignment with GHG Protocol principles.

Progress is tracked through internal systems and reported externally via CSRD and EcoVadis. While climate-related CapEx and OpEx are not separately disclosed in financial statements, investments contributing to SBTi targets are integrated into broader modernization and optimization planning.

Activity Group	2023 Emissions [tCO_2e]	2024 Emissions [tCO_2e]	Difference [tCO_2e]	Difference [% base year]
1.1 Stationary Combustion				
AND	8.183,9	6.884,8		
STP	839,8	827,1		
WCL	7673,4	6.614,3		
NTY	0	0		
Sum	16.697,0	14.326,2	–2.370,7	–14,2%
1.2 Mobile Combustion				
AND	11,7	12,0		
STP	0,7	1,0		
WCL	0	0		
NTY	0	0		
Sum	12,4	13,0	0,6	4,8%
1.3 Fugitive Emissions				
AND	64,2	59,2		
STP	98,8	70,2		
WCL	0	0		
NTY	0	0		
Sum	163,0	129,4	–33,6	–20,6%

Activity Group	2023 Emissions [tCO_2e]	2024 Emissions [tCO_2e]	Difference [tCO_2e]	Difference [% base year]
2.1 Electricity				
AND	5.476,6	5.345,5		
STP	1.613,5	1.675,3		
WCL	5.330,3	5.172,0		
NTY	40,7	38,6		
Sum	12.461,1	12.231,4	–229,7	–1,8%
3.1 Goods & Services				
AND	24.498,3	22.658,2		
STP	3.110,4	2.205,0		
WCL	4.126,0	4.087,9		
NTY	4.881,6	8.655,7		
Sum	36.616,3	37.606,8	990,5	2,7%
3.2 Capital Goods				
AND	7.416,2	7.416,2		
STP	857,4	857,4		
WCL	1.495,4	1.495,4		
NTY	0,0	0,0		
Sum	9.769,0	9.769,0	0,0	0,0%

Activity Group	2023 Emissions [tCO_2e]	2024 Emissions [tCO_2e]	Difference [tCO_2e]	Difference [% base year]
3.3 Energy Supply				
AND	2.724,2	2.294,0		
STP	470,6	450,1		
WCL	2.363,1	2.037,2		
NTY	10,2	10,2		
Sum	5.568,1	4.791,5	–776,6	–13,9%
3.5 Waste				
AND	29,9	27,7		
STP	76,1	76,4		
WCL	203,2	203,2		
NTY	1,2	1,7		
Sum	310,4	309,0	–1,4	–0,5%
3.6 Business Travel				
AND	949,4	949,4		
STP	34,3	34,3		
WCL	110,0	110,0		
NTY	95,6	95,6		
Sum	1.189,3	1.189,3	0,0	0,0%

Activity Group	2023 Emissions [tCO_2e]	2024 Emissions [tCO_2e]	Difference [tCO_2e]	Difference [% base year]
3.7 Commuting				
AND	1.462,9	1.463,9		
STP	276,5	276,5		
WCL	632,0	632,0		
NTY	122,1	122,1		
Sum	2.493,5	2.493,0	0,0	0,0%
3.9 Transport Downstream				
AND	2.746,6	2.484,3		
STP	2,4	1,4		
WCL	138,5	136,7		
NTY	28,1	28,1		
Sum	2.915,7	2.650,5	–211,20	–9,1%
3.12 End-of-life of Product				
AND	73,7	68,4		
STP	0,4	0,4		
WCL	24,8	24,8		
NTY	0,1	0,1		
Sum	99,0	93,7	–5,3	–5,4%

Activity Group	2023 Emissions [tCO_2e]	2024 Emissions [tCO_2e]	Difference [tCO_2e]	Difference [% base year]
3.14 Franchises				
AND	912,9	912,9		
STP	0	0		
WCL	0	0		
NTY	0	0		
Sum	912,9	912,9	0,0	0,0%
Total emissions	89.648,4	87.015,7		
	100,0%	97,1%		
Reduction 2023-2024	–2.632,7 tCO_2e			
	–2,9%			

Energy Consumption and Mix

LTS applies a structured approach to energy management that supports its climate objectives and regulatory compliance. Energy consumption is continuously monitored across all operational sites, with data categorized by source to enable targeted efficiency measures and support the transition to renewable energy.

Energy use is tracked across purchased and self-generated sources, including electricity, natural gas, and other fuels. This breakdown enables transparency and supports optimization efforts. The company is actively shifting its energy mix toward renewables, supported by Renewable Energy Guarantees of Origin and on-site photovoltaic installations. These efforts are complemented by the evaluation of electrification of energy-intensive systems, such as steam boilers, which also contribute to Scope 1 emissions reductions as outlined in earlier sections.

Operational efficiency is a key pillar of LTS's decarbonization strategy. These initiatives are designed to reduce overall energy demand and improve sustainability performance.

Due to the gas shortage in Europe, LTS had to temporarily switch to alternative energy sources to ensure the supply of patients. Investments were made here to be able to use oil as an additional source. In 2023 and 2024, oil was burned in addition to gas in the first half of the year due to gas restrictions. From 2025, this will only be used as an emergency backup.

LTS calculates Scope 2 emissions using both the location-based and market-based methods, in line with the GHG Protocol. The location-based method applies country-specific grid averages, while the market-based method reflects emissions from contractually purchased electricity. At the Andernach site, 50% of electricity is sourced from German wind power, verified through Renewable Energy Guarantees of Origin. No market-based instruments are currently used at other sites.

Energy mix 2023

	Total	AND	WCL	STP	NTY
2023 Energy consumption [MWh]					
Total	123.665	55.606	57.731	9.443	885
from fossil sources	86.381	38.956	41.947	4.593	885
from nuclear sources	0	0	0	0	0
from renewable fuels	0	0	0	0	0
from renewable electricity	8.295	8.295	0	0	0
from self-generated non-fuel renewable sources	934	0	934	0	0
2023 Fuel consumption [MWh]					
from coal and coal products	0	0	0	0	0
from crude oil and petroleum products	11.756	11.753	0	3	0
from natural gas	73.799	27.262	41.947	4.590	0
from other fossil sources	0	0	0	0	0
consumption of electricity from fossil sources	29.813	8.295	15.784	4.849	885
2023 Energy production [MWh]					
non-renewable energy	0	0	0	0	0
renewable energy	934	0	934	0	0
2023 Energy intensity					
Net revenue	413,0[M€]				
Energy intensity	299,4MWh/M€				
GHG intensity	217,1tCO_2e/M€				

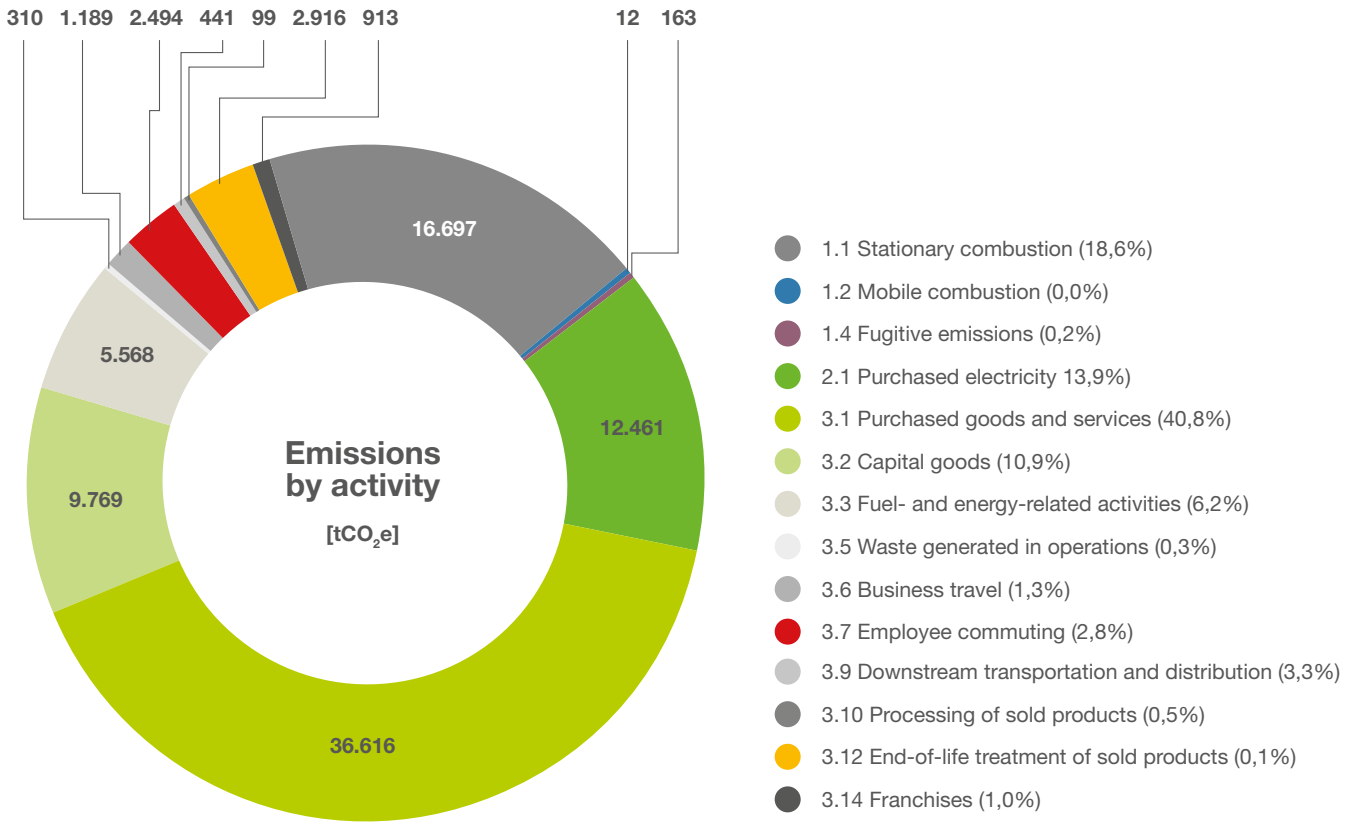
Energy mix 2024

	Total	AND	WCL	STP	NTY
2024 Energy consumption [MWh]					
Total	110.100	48.933	50.865	9.283	1.019
from fossil sources	74.388	32.684	36.164	4.521	1.019
from nuclear sources	0	0	0	0	0
from renewable fuels	0	0	0	0	0
from renewable electricity	8.096	8.096	0	0	0
from self-generated non-fuel renewable sources	944	0	944	0	0
2024 Fuel consumption [MWh]					
from coal and coal products	0	0	0	0	0
from crude oil and petroleum products	9.990	9.987	0	3	0
from natural gas	63.434	22.752	36.164	4.518	0
from other fossil sources	0	0	0	0	0
consumption of electricity from fossil sources	28.579	8.096	14.702	4.762	1.019
2023 Energy production [MWh]					
non-renewable energy	0	0	0	0	0
renewable energy	944	0	944	0	0
2023 Energy intensity					
Net revenue	421,4[M€]				
Energy intensity	261,3MWh/M€				
GHG intensity	206,5tCO_2e/M€				

Gross Scopes 1, 2, 3 and Total GHG Emissions

LTS conducted its first full Corporate Carbon Footprint (CCF) assessment for 2023, establishing a baseline for Scope 1, 2, and 3 emissions. In total a CCF of 89.648 tCO_2e was calculated. As this is the inaugural year of comprehensive reporting, there are no prior changes in reporting scope or value chain definitions to disclose.

The emissions inventory follows the GHG Protocol and applies the operational control approach. It includes all production sites in Germany, the United States, and Israel. Scope 1 and 2 emissions for 2024 were calculated using actual consumption data. Scope 3 emissions were estimated using a combination of activity data and pre-year-based scaling methods.



Scope 3 categories included in the inventory are:

- 3.1 Purchased goods and services
- 3.2 Capital goods
- 3.3 Fuel- and energy-related activities
- 3.5 Waste generated in operations
- 3.6 Business travel
- 3.7 Employee commuting
- 3.9 Downstream transportation and distribution
- 3.10 Processing of products
- 3.12 End-of-life treatment of sold products
- 3.14 Franchises

Categories excluded from the inventory are those deemed immaterial, outside operational control, or lacking reliable data, such as upstream leased assets (3.8), use of sold products (3.11), and investments (3.15). These exclusions are transparently documented and consistent with the GHG Protocol.

Primary data sources – such as utility bills, procurement records, and metered consumption – were prioritized. Where unavailable, secondary data (e.g. spend-based or distance-based proxies) were used. Emission factors were sourced from DEFRA, Ecoinvent, IEA, and Exiobase, depending on the category. All calculations followed the GHG Protocol's hierarchy of data quality.

Scope 2 emissions were calculated using the location-based method. Guarantees of Origin (GOs) were applied only at the Andernach site, where 50% of electricity consumption was covered by German wind power certificates registered with the Federal Environment Agency. No market-based instruments were used at other sites.

The 2023 CCF is based on calendar year data and serves as the baseline for all targets.

Scope 3 emissions were calculated using a structured approach:

- Purchased goods and services: Product-specific and spend-based emission factors
- Transportation: Mode, distance, and load-based calculations
- Commuting: Survey-based estimates extrapolated to the full workforce
- Waste: Default assumptions applied where disposal methods were unknown

GHG emissions per site 2023 and 2024

Emissions		Scope 1 [tCO_2e]	Scope 2 [tCO_2e]	Scope 3 [tCO2e]	Total [tCO_2e]	Net Revenue [M€;M$]	GHG Intensity
AND	2023	8.259,8	5.476,6	40.814,1	54.550,5	260,6	209,3tCO_2e/M€
	2024	6.956,0	5.345,5	38.275,0	51.258,3	258,9	198,0tCO_2e/M€
STP	2023	939,3	1.613,5	4.828,0	7.380,8	41,3	178,7tCO_2e/M$
	2024	898,3	1.675,3	3.901,5	6.475,1	40,5	159,9tCO_2e/M$
WCL	2023	7.673,4	5.330,3	9.093,0	22.096,7	112,5	196,4tCO_2e/M$
	2024	6.614,3	5.172,0	8.727,2	20.513,5	113,0	181,5tCO_2e/M$
NTY	2023	0,0	40,7	5.579,7	5.620,4	14,0	401,5tCO_2e/M$
	2024	0,0	38,6	9.413,5	9.452,1	25,3	373,6tCO_2e/M$
LTS	2023	16.872,4	12.461,1	60.315,0	89.648,5	413,0	217,1tCO_2e/M€
	2024	14.468,6	12.231,4	60.315,7	87.015,7	421,4	206,5tCO_2e/M€

Corporate Carbon Footprint 2023

Activity Group	Emissions [tCO_2e]	Share of total emissions
1.1 Stationary Combustion	16.697	18,6%
1.2 Mobile Combustion	12	0,0%
1.3 Fugitive Emissions	163	0,2%
2.1 Electricity	12.461	13,9%
3.1 Goods & Services	36.616	40,8%
3.2 Capital Goods	9.769	10,9%
3.3 Energy Supply	5.568	6,2%
3.5 Waste	310	0,3%
3.6 Business Travel	1.189	1,3%
3.7 Commuting	2.494	2,8%
3.9 Transport Downstream	2.916	3,3%
3.10 Processing of Product	441	0,5%
3.12 End-of-life of Product	99	0,1%
3.14 Franchises	913	1,0%
Total GHG emissions	**89.648**	**100,0%**

GHG Removals and GHG Mitigation Projects Financed Through Carbon Credits

LTS does not currently engage in greenhouse gas (GHG) removals or carbon storage activities within its own operations or across its upstream and downstream value chain. No internal or value chain-based projects are in place for carbon sequestration or removal.

The company also does not finance climate change mitigation projects outside its value chain through the purchase of carbon credits. The current strategy prioritizes direct emissions reductions through operational measures, including energy efficiency improvements, renewable energy integration, and supplier engagement to address Scope 3 emissions, as outlined in earlier sections.

While carbon credits or certificates of origin may be considered in the future as a bridging measure to address residual emissions – particularly for closing year-end reduction gaps – no such instruments have been adopted or implemented to date.

Internal Carbon Pricing

LTS does not currently apply an internal carbon pricing scheme within its operations. However, the company is actively assessing the feasibility of introducing such a mechanism to support targeted emissions reduction efforts. Specifically, internal carbon pricing is being considered as a tool to incentivize lower-emission procurement practices within the Purchased Goods and Services category (Scope 3.1), which represents a significant share of LTS's overall Scope 3 emissions.

Potential Financial Effects from Material Physical and Transition Risks and Potential Climate-Related Opportunities

LTS has identified assets and business activities at material physical risk in preparation of considering climate change adaptation actions. This conclusion is based on the company's resilience analysis using RCP 4.5 and RCP 8.5 scenarios. All LTS sites were identified as potentially exposed to acute or chronic climate hazards of different orders of magnitude. As a result, measures like flood gates and extended piping systems were implemented to reduce the impact of identified risks. Through risk management further risks will be addressed and adaptation measures put in place or planning where needed.

LTS has identified material transition risks primarily related to climate change mitigation. These risks are linked to regulatory developments, decarbonization commitments (e.g. SBTi), and evolving market expectations. Key areas of exposure include:

- Investments in energy efficiency and renewable energy infrastructure (e.g. solar park)
- Upgrades to achieve climate-neutral operations
- Procurement of green energy and emissions certificates

LTS has not quantified the direct impact of transition risks on revenue or margins. However, the company acknowledges that rising costs associated with emissions reduction and regulatory compliance could affect profitability if not offset by efficiency gains or pricing strategies. No margin erosion figures have been calculated, but the expected financial impact remains high.

LTS estimates annual savings of approximately 400.000–500.000€ in gas expenses and 130.000€ in electricity costs through technical efficiency measures. These savings are expected to partially offset the financial burden of transition investments.

While LTS's decarbonization strategy is expected to result in lower-carbon products and services, no formal evaluation of market size or revenue potential for these offerings has been conducted. The company's role as a contract developer and manufacturer positions it to support customers in achieving their own sustainability goals.

Pollution

- Material Pollution-Related Impacts, Risks and Opportunities
- Policies to Manage Pollution-Related Impacts
- Actions and Resources Related to Pollution
- Pollution of Air, Water and Soil
- Substances of Concern and Substances of Very High Concern

Material Pollution-Related Impacts, Risks and Opportunities

LTS applies a site-specific approach to identifying and assessing pollution-related impacts, risks, and opportunities across its operations and value chain. This process is informed by regulatory requirements, internal risk assessments, and continuous improvement practices.

Across all sites, LTS uses a combination of environmental management systems, regulatory compliance frameworks, and operational data to screen for pollution-related risks. The approach includes:

- Waste segregation tracking and disposal compliance systems
- Emission monitoring
- Periodic risk assessments
- Site-specific regulatory audits and certifications (e.g. ISO 14001)

At the Andernach site, over 90% of waste is utilized in thermal or material recycling in compliance with environmental and GMP standards. Recycling is prioritized, and energy recovery techniques are used to reduce emissions. The site also monitors cost drivers such as transportation and energy prices to manage waste disposal expenses effectively.

At West Caldwell, LTS has implemented a three-year service agreement with an EHS consultant to oversee compliance, conduct quarterly reviews, and support regulatory applications. Pollution prevention measures are regularly evaluated through internal assessments.

The Saint Paul facility operates under Option D for air emissions and maintains zero industrial discharge. Option D registration permits are for facilities that require an air permit and have emissions that are less than 50% of federal thresholds. It holds General Permit and No Exposure status for stormwater and is audited by local and state agencies.

At Netanya, the site is ISO 14001 certified and supported by a full-time EHS manager and a retained consultant. Risk assessments are integrated into all processes.

Internal consultations are conducted at all sites to support pollution control and compliance.

LTS identified the following pollution-related topics as material:

- Air pollution
- Waste
- Substances of concern and substances of very high concern

Water and soil pollution were not considered material, as LTS does not discharge hazardous substances into water bodies or engage in activities that pose a contamination risk to soil.

Policies to Manage Pollution-Related Impacts

LTS has defined policies to manage pollution-related impacts, risks, and opportunities across its operations. These policies are part of the company's environmental and quality management framework. Environmental, health, and safety (EHS) policies are integrated into the quality management system.

LTS complies with local, state, and federal regulations for emissions control, water protection, and waste disposal. Environmental considerations are part of product development and technology use.

LTS manages hazardous substances in line with local hazardous substances regulations and REACH. The EHS departments tracks regulatory updates and maintains a substance register. Internal procedures for evaluating and substituting substances are documented in the hazardous substance management SOP. Substances of concern are replaced with safer alternatives when possible. Compliance with phase-out requirements is monitored, and external audits verify adherence.

LTS has defined procedures to prevent and manage incidents. Emergency protocols are documented in SOPs and supported by inspections, safety training, and equipment maintenance. Incidents are recorded, reviewed, and followed by corrective actions. The company complies with local occupational safety laws. Emergency preparedness includes fire safety, chemical spill response, and first aid training. Emergency response plans outline actions to limit the impact of incidents.

LTS holds permits and approvals that limit emissions to air, water, and soil. These include Air Permits, Stormwater Pollution Prevention Plans, Spill Containment Plans, and Pollution Prevention Plans. At the Saint Paul site, LTS operates under Option D for air emissions and holds a zero-discharge permit. Stormwater compliance is ensured through a General Permit and No Exposure certification.

Actions and Resources Related to Pollution

Ecological thresholds are defined by law and incorporated into site-specific permits. These include pollutant limits for air, water, and soil. Facility Engineering is responsible for air emissions, while environmental management oversees hazardous substances and waste. The EHS departments coordinates monitoring and supports corrective actions when needed. If issues arise, the operating department is responsible for implementing corrective measures.

LTS operates within the limits of the local regulations like the German Federal Immission Control Act. Regenerative Thermal Oxidizers (RTOs) and particulate filters are used to heavily reduce VOC emissions. Air quality is monitored through certified testing for NO_2, SO_2, and other pollutants. Facility engineering oversees emissions control and conducts regular inspections. Investments are made in filtration systems and emissions reduction technologies, with contracts in place for compliance verification.

Water protection measures include the separation and specialized disposal of potentially pharmaceutical-contaminated wastewater. Regular sampling is conducted and unannounced inspections are carried out by local authorities. External labs test for pollutants, and treatment processes are adjusted as needed.

LTS does not discharge contaminated wastewater and prohibits disposal of substances into sinks or sewage systems.

The EHS departments monitor substances of high and very high concern in line with REACH. A substance register is maintained, and substitution assessments are conducted to replace hazardous chemicals where feasible. Supplier screening is used to assess risks in procurement.

Waste is sorted and disposed of according to the waste management on site. Certified contractors handle regulated and hazardous waste. Other waste streams are following local procedures and are optimized where feasible. Additionally, LTS undergoes external audits and regulatory inspections. Internal tracking covers emissions, hazardous substances, and waste.

Upstream, LTS applies the supply chain act (Lieferkettensorgfaltspflichtengesetz LKSG) to assess suppliers for environmental risks. Supplier evaluations include pollution control and responsible sourcing as well as human rights compliance.

Emergency procedures are in place to contain and remediate pollution incidents. These include fire safety, chemical spill response, and first aid training. Incidents are recorded, reviewed, and followed by corrective actions.

Resources are directed toward hazardous substance substitution, emissions monitoring, and waste reduction. Compensation measures are not currently part of the strategy, as LTS focuses on direct reduction rather than offsetting.

Pollution of Air, Water and Soil

LTS monitors and reports pollution-related data in accordance with regulatory requirements. The company's operations do not result in pollution affecting water or soil. Air emissions are the primary focus of pollution control efforts and are tracked through validated methodologies and regulatory reporting.

Air emissions are calculated using site-specific data and standardized emission factors. These are documented in annual air emission reports and submitted to regulatory authorities. Emission estimates are based on energy use, fuel consumption, and chemical inputs. Certified analyzers are used to measure emissions from Regenerative Thermal Oxidizer (RTO) operations. Emissions of VOCs, CO, NO_2, and TOC are monitored and remain well below the Best Available Techniques – Associated Emission Levels (BAT-AELs).

LTS operates under the Industrial Emissions Directive (IED) 2010/75/EU and complies with BAT Conclusions for installations using organic solvents. The RTO system achieves over 99% destruction efficiency for solvent emissions. Emission testing conducted by TÜV SÜD confirms compliance with BAT-AEL thresholds. No derogations or compliance schedules under Article 15(4) of the IED have been granted.

There is no pollution affecting water or soil from production operations. Wastewater is managed through controlled systems, and potentially pharmaceutical-contaminated water is separated and treated. Testing is conducted on cooling tower and reverse osmosis water, with results verified by accredited laboratories. No substances are discharged into sinks or sewage systems.

Substances of Concern and Substances of Very High Concern

LTS tracks and reports the total amount of substances of concern used, generated, or procured during production. Data is categorized by main hazard classes and documented in regulatory reports, including annual emission statement and waste report.

The total amount of substances of concern that leave LTS facilities – whether as emissions, in products, or as part of services – is documented in the same regulatory reports. These figures are based on validated calculation methods and align with applicable environmental regulations.

Key substances of concern include cleaning fluids, ingredients for the manufacturing of pharmaceutical products and batteries.

The total amount of substances of concern that are procured in Andernach are 587,364t and 4.445,2l. For St. Paul the data is put into the table below.

For substances of very high concern (SVHC), LTS reports a total quantity of zero. No SVHCs are generated, used, procured, or released as emissions or in products. This is confirmed through internal tracking and regulatory reporting.

STP Pollutant	Emissions Calculation Method	Source	Total Emissions (TON)
ACETONITRILE	Material Balance		0,3900
AMMONIA	USEPA Emission Factor (no Control Efficiency used)	NATURAL GAS	0,0250
CHLOROFORM	Material Balance		0,8400
FORMALDEHYDE	USEPA Emission Factor (no Control Efficiency used)	NATURAL GAS	0,0006
HEXANE	USEPA Emission Factor (no Control Efficiency used)	NATURAL GAS	0,0141
METHANOL	Material Balance		0,5900
PM	S/L/T Emission Factor (no Control Efficiency used)	NATURAL GAS	0,0041
PM10-PRI	S/L/T Emission Factor (no Control Efficiency used)	NATURAL GAS	0,0041
VOC	Material Balance		1,3100
VOC	USEPA Emission Factor (no Control Efficiency used)	NATURAL GAS	0,0430
ZINC	USEPA Emission Factor (no Control Efficiency used)	NATURAL GAS	0,0001

Waste Management and Circulartiy

- Actions and resources related to resource use and circular economy
- Targets related to resource use and circular economy
- Resource inflows and key products
- Resource outflows

Actions and resources related to resource use and circular economy

LTS implement action plans and allocates resources to enhance resource use efficiency and support circular economy principles across its operations. Dedicated teams at each site oversee waste management, focusing on compliance with regulatory requirements and alignment with sustainability goals. These teams work closely with Production and Sustainability teams to integrate waste reduction strategies into operational processes.

A budget is allocated for tracking, managing, and reporting waste and resource use, supporting continuous improvement in material efficiency. Tools and monitoring systems are in place to assess resource consumption, optimize raw material use, and enhance recycling efforts. The waste management system is structured with clear responsibilities across Management, Production, and Sustainability, ensuring coordination in waste handling, reduction, and process optimization.

Recycling and recovery measures are actively pursued where feasible, ensuring that waste streams are managed in accordance with environmental best practices. Internal assessments help identify further opportunities for circular economy improvements.

Targets related to resource use and circular economy

LTS tracks the effectiveness of its resource use and circular economy policies through the Sustainability KPI Dashboard, ensuring continuous monitoring and strategic oversight. The dashboard is reviewed quarterly and presented to the Executive Board, facilitating data-driven decision-making and alignment with sustainability objectives.

Key performance indicators (KPIs) include recovery and disposal rates for hazardous and non-hazardous waste. Data are collected from waste management systems and tracked to identify trends and enable circular economy initiatives.

Regular evaluations of policy effectiveness help refine waste management strategies and improve resource utilization. Adjustments to action plans are made as needed to ensure LTS meets its sustainability commitments while maintaining operational efficiency.

Resource inflows and key products

LTS ensures the accuracy of its resource use data and prevents double counting through an annual inventory review conducted each December. This review involves SAP supported calculation, completed by physical assessment in specific cases. By systematically reconciling actual inventory levels with recorded data, LTS ensures database accuracy and eliminates discrepancies in material inflows and usage tracking.

In addition to the annual review, ongoing monitoring is conducted throughout the year to verify data consistency and prevent redundant entries in waste reporting and material consumption records.

LTS also follows standardized reporting frameworks and internal guidelines to ensure that sustainability data related to resource use and circular economy is consistently recorded and validated.

Resource outflows

Description of Methodologies Used to Calculate Resource Outflows (Waste)

LTS employs two primary methodologies to calculate the data related to waste outflows, ensuring accuracy and compliance with waste management regulations. These methods are supported by the procedural framework outlined in the Waste Management SOP (2005794) and the Transfer of waste from production Working Instruction (2007132):

1. **Weighing Certificates:**
   - For 95% of the waste outflows, LTS relies on weighing certificates provided by the waste disposal contractor. These certificates serve as the primary data source for tracking quantities and verifying waste disposal records. The process is integrated into the company's waste management workflow, as described in the Waste Management SOP, which ensures proper documentation and compliance with legal requirements.

2. **Statistical Averages for Remaining Waste:**
   - For the remaining 5% of waste, LTS uses statistical averages derived from external references, including:
     - Data from the Statistical State Office,
     - Guidelines from the Commercial Waste Ordinance,
     - Average waste density metrics,
     - Waste codes and classifications specific to the material type.
   - These methods are particularly applied to waste streams where direct weighing is not feasible, such as smaller quantities or waste streams without standardized collection processes.

Disclosure of Waste Streams Relevant to LTS's Sector and Activities

LTS categorizes its waste streams based on material composition and disposal methods, including recycling, energy recovery, hazardous waste treatment, and re-sorting processes. The company generates waste among others from solvents, adhesives, scrap metals, laboratory chemicals, production waste, contaminated packaging, and industrial byproducts. Waste tracking and documentation are maintained through manifests, inventory tracking forms, and the TM Application for scrap work orders, ensuring compliance with environmental regulations and waste management best practices.

Disclosure of Materials Present in Waste

LTS's waste contains various materials relevant to its sector, including paper, plastic films, glass, metals, solvents, adhesives, batteries, laboratory chemicals, industrial byproducts, contaminated packaging, and organic waste. These materials are processed through recycling, energy recovery, hazardous waste treatment, and re-sorting, depending on the type of material. Waste management is documented through manifests, inventory tracking forms, and the TM Application for scrap work orders.

LTS manages waste through a structured sorting process, ensuring proper handling, recycling, and disposal based on material composition. The waste composition at the Andernach site consist of more than 55 different streams that are categorized as follows:

Recycling:

- Cardboard and paper
- Clean stretch films
- Unprinted films (PET, HDPD, BOPP)
- Glass
- Mixed scrap
- Scrap aluminum
- Scrap stainless steel
- Used electrical appliances
- Used cables
- Used printing pads
- Fluorescent lamps
- Non-chlorinated machine oils
- Data carriers, CDs
- Green waste (composting)

Re-sorting:

- Mixed recyclables
- Mixed construction and demolition waste

Energy Recovery and Alternative Use:

- Punching waste from production (substitute fuel)
- Wood (wood-fired power plant)
- Halogen-free solvents (substitute fuel)
- Uncured adhesive waste (substitute fuel and hazardous waste combustion)
- Food waste and frying fat (biogas plant)

Hazardous Waste (Special Treatment or Incineration):

- Used aerosol cans
- Lead batteries
- Halogenated solvents and solutions containing heavy metals
- Nitroderm mass and production waste
- Infectious waste and organ waste
- Aqueous waste containing adhesives
- Laboratory chemicals
- Filters from air conditioning/exhaust systems and masks

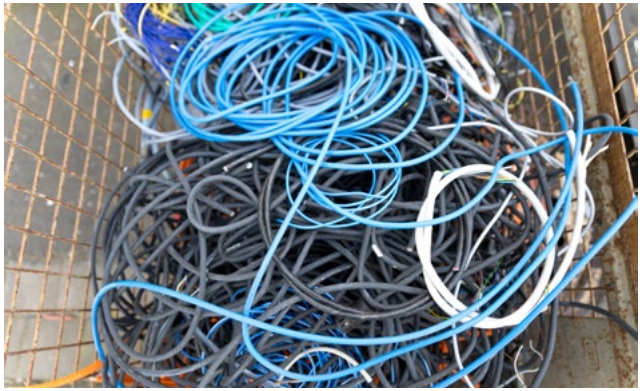
- Insulation materials
- Narcotics (narcotic combustion)
- Cleaning rags, hoses with adhesive or active ingredient residues
- Diapers (combustion)
- Metal containers with harmful residues (cleaning and recycling)

Waste profiles detailing hazardous and non-hazardous waste streams are created and approved by contracted waste vendors, such as Veolia. Waste tracking is documented through manifests, inventory tracking forms, and the TM Application for scrap work orders.

Disclosure of Engagement in Product End-of-Life Waste Management

LTS engages in product end-of-life waste management within the scope of its operations while recognizing its limited influence as a contract manufacturer. The company collaborates with customers to support sustainable waste management practices and reduce environmental impact.

In Germany, residual waste is managed in compliance with local waste regulations. Packaging waste is processed through established recycling systems, with paper waste disposed of via household paper recycling and plastic/mixed-material packaging managed through the “Yellow Bag” system.



As a contract manufacturer, LTS works with customers to identify opportunities to reduce packaging waste, optimize materials, and improve recyclability in alignment with customer sustainability goals.

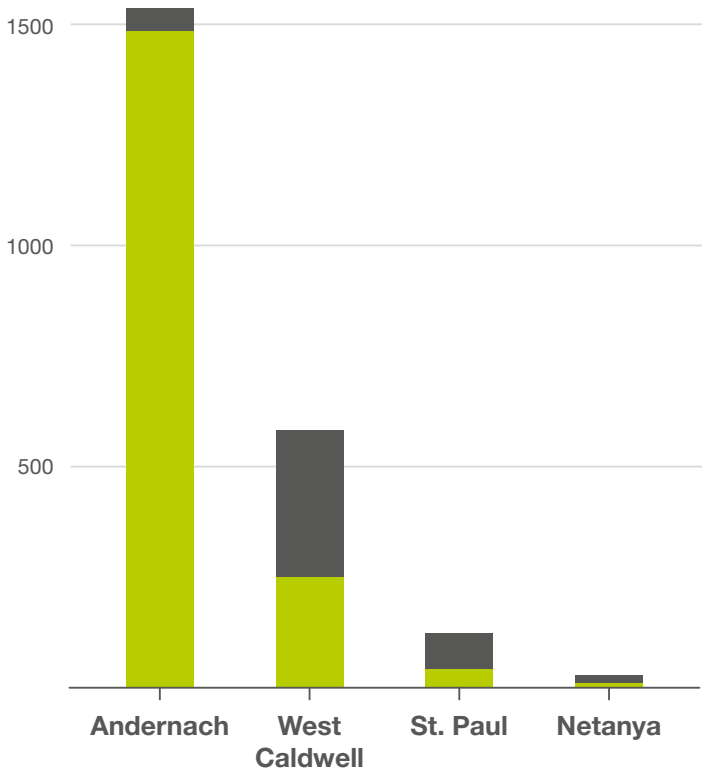
At the West Caldwell site, the contracted waste vendor Veolia picks up expired chemicals for disposal as hazardous or non-hazardous waste.

At the St. Paul site, hazardous waste, including expired chemicals and lab packs, is managed by Best Choice Environmental to ensure proper disposal.

Hazardous and non-hazardous waste per site

		Recovery	Disposal	Recovery quota
Total weight of **hazardous** waste emitted:	AND	240,0t	48,3t	**83%**
	WCL	0t	24,4t	**0%**
	STP	0t	10,7t	**0%**
	NTY	3,9t	5t	**43%**
Total weight of **non-hazardous** waste emitted:	AND	1.404,3t	10,7t	**99%**
	WCL	259,8t	312,4t	**45%**
	STP	46,4t	307,4t	**13,1%**
	NTY	17,6t	0,2t	**99%**
Total weight of waste emitted:	**AND**	**1644,3t**	**59,0t**	**97%**
	WCL	**259,8t**	**336,8t**	**44%**
	STP	**46,4t**	**318,1t**	**12,7%**
	NTY	**21,5t**	**5,2t**	**81%**

Total waste per site 2024 in t



Breakdown of waste for Andernach (pilot site)

Data	Unit	Description	AND 2023	AND 2024
Total waste generated	t		1.717,67	
Hazardous waste diverted from disposal	t		280,37	**240,02**
Hazardous waste diverted from disposal due to preparation for reuse	t		0	**0**
Hazardous waste diverted from disposal due to recycling	t		38,64	**34,08**
Hazardous waste diverted from disposal due to other recovery operations	t		241,73	**205,94**
Non-hazardous waste diverted from disposal	t		1.367,21	
Non-hazardous waste diverted from disposal due to preparation for reuse	t		0	**0**
Non-hazardous waste diverted from disposal due to recycling	t	Paper	318,59	**313,66**
		Plastic film	64,27	**85,96**
		Glass	1,58	**1,3**
		Scrap metal	37,79	**50,88**
		Green waste for compost	8,32	**24,06**
		Cable scrap	1,65	**3,18**
		Total	432,2	**479,04**

Breakdown of waste for Andernach (pilot site)

Data	Unit	Description	AND 2023	AND 2024
Non-hazardous waste diverted from disposal due to other recovery operations	t	Through thermal recycling	935,01	
Hazardous waste directed to disposal	t		59,13	**48,07**
Hazardous waste directed to disposal by landfilling	t		0	**0**
Hazardous waste directed to disposal by other disposal operations	t		59,13	**48,07**
Non-hazardous waste directed to disposal	t		10,96	**10,67**
Non-hazardous waste directed to disposal by incineration	t		10,96	**10,67**
Non-hazardous waste directed to disposal by landfilling	t		0	**0**
Non-hazardous waste directed to disposal by other disposal operations	t		0	**0**
Non-recycled waste	t		1.121,54	**240,02**
Percentage of non-recycled waste	%		65,29	
Total amount of hazardous waste	t		339,5	
Total amount of radioactive waste	t		0	**0**

Own Workforce

- Employees as major stakeholder
- Risks and Opportunities Related to Workforce Conditions
- Policies related to own workforce
- Processes for engaging with own workers and workers' representatives about impacts
- Processes to remediate negative impacts and channels for own workers to raise concerns
- Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
- Characteristics of the Undertaking's Employees
- Characteristics of non-employee workers in the undertaking's own workforce
- Collective bargaining coverage and social dialogue
- Diversity indicators
- Social Protection
- Adequate wages
- Incidents, complaints and severe human rights impacts and incidents
- Annex

Employees as major stakeholder

Workforce Inclusion in Sustainability Reporting

LTS ensures that all employees who may be materially impacted by the company's sustainability initiatives are included in the scope of disclosure under ESRS 2. The latest sustainability strategy updates have been communicated to all employees, emphasizing key areas of impact for the reporting year. LTS remains committed to training, transparency, and engagement to align the workforce with its sustainability objectives.

The company's workforce includes employees across various functions who are directly or indirectly affected by sustainability initiatives. Operational staff involved in production experience changes in processes aimed at reducing waste and energy use. Supply chain managers adapt to evolving supplier criteria and sustainable sourcing practices, while human relations professionals lead personnel performance and evaluation, corporate culture, organizational development and employee engagement initiatives. Marketing and business development teams adjust strategies to reflect LTS's sustainability goals and engage with customers to propose improvements, provide transparency and encourage downstream reductions; finance personnel integrate sustainability investments into budgeting and forecasting, and research and development teams focus on improving product sustainability. Facility management is responsible for implementing energy-efficient systems and reduce the usage of energy.

LTS's sustainability initiatives also affect external stakeholders, including suppliers and vendors, who must align with responsible sourcing practices, and customers, whose demand for sustainability- related data and sustainable products influences development strategies. Local communities benefit from emissions reductions, while regulatory bodies enforce compliance with sustainability regulations, shaping operational costs and reporting obligations.

Risks and Opportunities Related to Workforce Conditions

The company has identified several risks related to workforce conditions, including potential impacts on working conditions, compensation, and health and safety. Internal regulations shape working conditions, and economic requirements may influence employment contracts. Regulated working hours, if not managed effectively, may conflict with employees' personal commitments, affecting productivity and satisfaction. Compensation structures are influenced by collective bargaining agreements and inflation trends, with a risk that mid-term salaries may not align with economic developments. Changes in workplace policies directly impact employee well-being, while shifts in organizational culture or structural adjustments could affect the overall work environment. Employee retention remains a key focus, as inadequate engagement strategies may lead to increased turnover and knowledge loss.

LTS actively mitigates these risks through targeted initiatives designed to improve employee well-being and engagement. Leadership tools, including performance appraisals and talent management initiatives, contribute to career development. Health and wellness programs provide ergonomic workspaces, mental health support, and preventive care, including on-site medical services and access to physiotherapy. Flexible work arrangements improve work-life balance, with remote work policies tailored to different locations. In Andernach, employees can work remotely up to three days per week, while Netanya operates under a hybrid model as well.

Beyond direct workforce impacts, LTS engages in community outreach programs that strengthen relationships with local stakeholders. Economic contributions through sustainable sourcing and job creation support regional economies, while emissions reduction initiatives improve environmental quality.

Workforce Impacts of Transitioning to Climate-Neutral Operations

LTS recognizes both the positive and potentially challenging effects of transitioning to greener operations. Investments in sustainability create new job opportunities in renewable energy, waste management, and sustainability, requiring upskilling programs to prepare employees for evolving roles. Improved facility conditions lead to healthier work environments, boosting morale and productivity. Employee engagement increases as sustainability becomes a central part of corporate culture, strengthening team collaboration and innovation. A strong sustainability reputation enhances the company's attractiveness to employees, customers, and investors.

At the same time, workforce challenges may arise. Some job roles may change due to automation and process changes, requiring reassignments or reskilling efforts. Employees may face increased workloads during transition phases, leading to stress if changes are not managed effectively. Resistance to change is a common challenge in sustainability transformations, necessitating clear communication and training.

Compliance with Human Rights and Labor Laws

LTS ensures full compliance with the German Supply Chain Due Diligence Act (LkSG), which mandates fair wages, safe working conditions, and the prevention of human rights violations such as forced or child labor, also for internal workforce.

The company has determined that there are no significant risks of forced or compulsory labor within its operations in Germany, the United States, or Israel. German labor laws, including the Works Constitution Act (BetrVG), provide worker representation and enforce fair treatment, ensuring compliance with ethical labor standards. U.S. operations adhere to federal and state labor laws, offering additional worker protections. Similarly, no significant risks of child labor exist in LTS facilities, as employment policies prohibit hiring individuals under the age of 18.

To assess potential vulnerabilities, LTS regularly evaluates working conditions through risk assessments, inspections and surveys. Internal workforce reviews have not identified specific groups at heightened risk, and supplier audits confirm compliance with ethical labor standards. However, LTS continues to monitor workforce conditions and maintain robust due diligence practices.

Addressing Diversity, Inclusion, and Workforce Development

LTS recognizes the importance of diversity and inclusion in fostering innovation and operational success. One key risk is the underrepresentation of women in leadership roles, which may limit perspectives in decision-making. To address this, LTS promotes gender diversity and transparent pay reporting to ensure equitable career opportunities. The company has also identified challenges related to an aging workforce, balancing potential health-related concerns with the value of experience and knowledge transfer.

To strengthen workforce development, LTS has introduced “parity in pay” reporting, leadership training, coaching & mentorship programs. Flexible work arrangements and career development initiatives support employees at different stages of their careers. These efforts contribute to workforce motivation, retention, and long-term organizational growth. By investing in training, career development and diversity initiatives, the company fosters a resilient and inclusive work environment, supporting both employee well-being and business success.

Policies related to own workforce

LTS has implemented policies to manage material impacts, risks, and opportunities related to its workforce. These policies are designed to ensure employee well-being, align with sustainability goals, and support the company's long-term success.

Workforce Management Policies

LTS maintains occupational health and safety policies to ensure compliance with industry standards. Measures include training on handling hazardous materials, provision of personal protective equipment (PPE), and regular safety audits to create a secure workplace. The Equal Opportunities policy, as part of the LTS Code of Conduct, promotes equal opportunities, with a focus on increasing the representation of women in leadership roles and fostering an inclusive environment. Talent development is prioritized through the HR Roadmap and a structured talent management process, offering regular training programs, leadership development initiatives, and partnerships with academic institutions.

Work-life balance is supported through flexible work arrangements, parental leave and mental health support initiatives, with wellness offerings such as counseling services and preventive health programs. Employee engagement and feedback mechanisms, including surveys and roundtables, ensure continuous improvement in policies.

Policies for Specific Workforce Groups

LTS ensures all employees benefit from fair and equitable workplace policies. Key policies include

- Occupational Safety procedures defining workplace hazard protocols,
- Health Monitoring policies ensuring regular assessments and preventive health measures,
- Whistleblowing Policy, providing a secure and confidential mechanism to report misconduct,
- Travel Management policies prioritizing employee safety and cost-efficiency,

- Policies covering Training, Personal Protection Equipment, and Employee Development promote workforce safety, training, and career growth.
- Shift work policies, regulating additional salary and vacation.

Health and safety are a priority in pharmaceutical production and research, where safe handling of chemicals and equipment is critical. Employees receive modern protective equipment, regular training, and compliance audits to maintain the highest safety standards. LTS tracks safety indicators and ties them to bonus payments to reinforce a culture of safety.

Workforce Policy Updates and Human Rights Commitments

During the reporting year, LTS updated its occupational health and safety policy to include enhanced protocols for handling hazardous substances and improved training modules. An equal opportunities policy is planned for 2025. The Supplier Code of Conduct was established to align with the German Supply Chain Due Diligence Act (LkSG), ensuring adherence to ethical and sustainability standards.

LTS upholds human rights through its Declaration of Principle on Compliance with Human Rights and Environmental Due Diligence Obligations. A risk management system identifies, assesses, and prioritizes human rights risks, conducting annual and event-related analyses. Preventive measures include a Code of Conduct for employees and suppliers, corrective action plans for detected violations, and an independent complaints mechanism. All measures are documented in an annual report reviewed for effectiveness and continuous improvement.

Respect for Labor Rights and Workforce Engagement

LTS is committed to upholding human and labor rights under internationally recognized frameworks, including the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and Core Labor Standards of the International Labour Organization (ILO). Employees are guaranteed fair working conditions, competitive wages, safe workplaces, and non-discriminatory environments. Compliance monitoring, support for vulnerable groups, and continuous evaluation of processes ensure risks are minimized. Various departments such as HR, the works council, and the Compliance and Sustainability actively promote equal opportunities and ethical workplace practices. LTS conducts due diligence to assess human rights risks within its supply chain and mitigates potential issues through responsible sourcing and supplier engagement. Employee training programs reinforce awareness of human rights and ethical workplace behavior.

Whistleblowing Platform (Grievance Mechanism) and Inclusion Initiatives

LTS has implemented a digital whistleblower system, accessible at https://lts.integrityline.app. Accordingly, LTS complies with legal requirements under the Federal Whistleblowing Law – Hinweisgeberschutzgesetz (HinSchG) and the Supply Chain Act (LkSG), which mandate secure and confidential channels for reporting misconduct. The LkSG further obligates LTS to maintain responsible business conduct throughout its supply chain, reinforcing protections for whistleblowers who report human rights or environmental violations.

LTS's whistleblower system is designed to protect individuals who report misconduct. The system guarantees anonymity and confidentiality, ensuring that employees can raise concerns without fear of retaliation. Strict anti-retaliation (included into the LkSG – Supply hain Chain SOP) policies prohibit any adverse action against whistleblowers, and a secure inbox allows for continued communication while maintaining confidentiality. The system includes features that support full anonymity, including:

- Anonymous submission options that allow workers to report without revealing personal details.
- A secure anonymous inbox for follow-up communication, enabling workers to receive updates, clarify issues, and contribute to remediation efforts while remaining anonymous.

Multi-format submission options, including written and voice-recorded options accommodate different literacy levels. The system is designed to comply with data protection laws such as GDPR. Internal employees, value chain workers and other stakeholders can access the LTS Whistleblowing System online from any device with internet connectivity, free of charge, ensuring unrestricted access regardless of their location or employment level. Multi-language accessibility ensures that non-native speakers can fully participate in reporting processes. Oversight by the local integrity committees assures that reports are handled fairly and objectively.

The company actively promotes equal treatment and opportunities through leadership accountability and company-wide policies. Our recruitment, promotion, and training programs are based on the principle of equal opportunities. Staff training on non-discrimination policies is planned to support implementation and change management.

Workforce Accessibility and Skill Development

LTS is committed to workplace accessibility, ensuring adjustments for employees, customers, and visitors with disabilities. Local teams assess and suggest necessary modifications, ensuring compliance with regulations such as the Americans with Disabilities Act (ADA) in the U.S. and documented medical recommendations in Israel.

The company evaluates job requirements to ensure inclusiveness, avoiding systemic disadvantages for any group. Job descriptions undergo language reviews, role definitions are standardized, and stakeholders engage in periodic assessments to maintain fairness. Up-to-date records on recruitment, training, and promotions are maintained, ensuring transparency in career progression and workforce opportunities. Data-driven decisions are planned to support targeted initiatives for diversity, talent development, and workplace culture enhancements. The company offers flexible work arrangements, ergonomic adjustments, and mental health support to promote employee well-being. Leadership training ensures that managers recognize and respond to the needs of vulnerable employees. Continuous monitoring of key indicators, such as absenteeism rates and employee satisfaction, allows LTS to refine support measures as needed.

Skill development is a priority at LTS, with training programs covering technical expertise, leadership development, and innovation. Employees participate in various learning formats and access to online learning platforms like UDEMY. The company collaborates with universities for early talent development and invests in research and development participation for employees. LTS also offers dual-track education programs for students, who also work at LTS to gain practical experience and apprenticeships for a wide range of job profiles. Programs are designed to foster continuous learning, strengthening both employee growth and LTS's market leadership position.

Processes for engaging with own workers and workers' representatives about impacts

Workforce Engagement in Decision-Making

LTS actively incorporates workforce perspectives into decision-making processes, ensuring that employee insights inform the management of actual and potential impacts. Employees are engaged through structured feedback mechanisms, including employee dialogue, round tables, surveys, town halls, and focus groups. The works council plays a critical role in aligning corporate decisions with workforce perspectives, particularly regarding sustainability and workplace practices. Insights gathered during Development Dialogues, annual goal discussions, and cross-functional workshops shape actions related to environmental, social, and governance impacts. Digital platforms, including the intranet and email communications, provide timely updates. One-on-one meetings enable personalized discussions on sensitive topics.

Collaboration with Employees and Their Representatives

(See p.78: Workforce Engagement in Decision-Making)

Stages, Methods, and Frequency of Workforce Engagement

Engagement occurs at pivotal stages, such as policy development, goal-setting and strategy development, ensuring that employee and line management input is considered in key business decisions. Collaboration with employee representatives, such as the Employee Engagement Survey ensures that workforce concerns are systematically addressed. Employees have direct access to leadership, fostering open dialogue and accountability. Engagement is an ongoing process, occurring through regular town halls (three to four times per year), surveys, annual performance reviews, and leadership circles.

Senior Leadership's Role in Workforce Engagement

Responsibility for ensuring effective engagement with employees and stakeholders lies with the Executive board and site leadership teams, who oversee the corporate strategy. Board members and local leadership collaborate with departments such as internal communications, operations, and the works council to integrate employee feedback into broader corporate strategies.

Assessing the Effectiveness of Workforce Engagement

LTS evaluates engagement effectiveness through performance indicators such as retention rates: low voluntary turnover at LTS Andernach indicates high employee satisfaction and engagement. Sickness-related absenteeism rates are monitored as an indicator of workforce

well-being. Participation in company activities, such as company events, and employee-organized groups, provides further insight into engagement effectiveness. The company also considers employee tenure as a reflection of sustained engagement. Leadership and HR conduct regular reviews to assess whether engagement initiatives meet their objectives and drive employee satisfaction, motivation, and productivity.

Understanding the Needs of Vulnerable Workforce Groups

LTS gains insights into the perspectives of potentially vulnerable employees through HR consultations and works council discussions. Additional insights are gathered from the company doctor and department managers.

Supporting At-Risk or Vulnerable Employees

(See p.77: Workforce Accessibility and Skill Development)

Addressing Barriers to Workforce Engagement

(See p.78: Workforce Engagement in Decision-Making)

Communication Strategies for Workforce Engagement

(See p.78: Workforce Engagement in Decision-Making)

Managing Conflicting Interests in the Workforce

LTS recognizes that differing employee interests may arise and is committed to addressing conflicts constructively. Open communication channels allow employees to voice concerns through team meetings, feedback sessions, and direct discussions with leadership. Mediation processes, involving trained facilitators and the works council, help resolve disputes fairly. The HR department provides guidance and mediation support to ensure equitable conflict resolution. The company doctor offers professional assistance in cases where health-related factors contribute to workplace disagreements. Leadership teams oversee the resolution of complex conflicts, reinforcing a culture of trust and collaboration.

Commitment to Human Rights in Workforce Engagement

(See p.75: Respect for Labor Rights and Workforce Engagement)

First-Time Disclosure Under CSRD

2024 marks the first year that LTS is disclosing sustainability data under the Corporate Sustainability Reporting Directive (CSRD). As a result, no historical data is available on the effectiveness of workforce engagement processes from previous reporting periods. Moving forward, LTS may refine engagement practices to ensure continuous improvement in employee satisfaction, inclusion, and sustainability outcomes.

Processes to remediate negative impacts and channels for own workers to raise concerns

Approach to Remedying Negative Workforce Impacts

LTS is committed to promptly addressing any material negative impacts on its workforce through clear reporting channels, thorough investigation, and targeted remediation processes. Employees can report issues through HR, the works council, or their direct managers, ensuring swift identification of problems. Any reported concerns are thoroughly investigated, with corrective actions such as process adjustments, compensation measures, or additional support services, including counseling and mediation. Professional assistance from the company physician or external experts is available when needed. Continuous improvement remains a key focus, with regular reviews of processes to prevent recurrence and ensure accountability, involving HR, the works council, and relevant leadership teams.

Channels for Raising Workforce Concerns

(See p.76: Whistleblowing Platform)

Access to Third-Party Reporting Mechanisms

(See p.76: Whistleblowing Platform)

Accessibility of Communication Channels for Employees and Representatives

(See p.78: Workforce Engagement in Decision-Making)

Grievance and Complaint Handling Mechanisms

LTS provides structured mechanisms for handling employee grievances, ensuring transparency and accessibility. Employees can raise concerns through the works council, intranet, HR department, Human Rights Officer, their direct supervisors or the Whistleblowing Platform.

Processes for Supporting and Maintaining Whistleblower Channels

The whistleblowing procedure is explicitly outlined in the Whistleblowing Policy and the LkSG operational procedure (Verfahrensordnung).

Monitoring and Effectiveness of Reporting Channels

Concerns raised through the whistleblowing platform are systematically tracked and monitored to ensure accountability and resolution.

The Human Rights Officer oversees the effectiveness of the system by reviewing resolved cases, analyzing trends to identify systemic issues, and ensuring timely responses. Executive board receives regular updates, provided by the Human Rights Officer.

Employee Awareness and Trust in Reporting Structures

While the digital whistleblowing platform has been implemented in late 2023, LTS plans to enhance awareness of the whistleblowing platform through increased intranet communications in 2025.

Protection Against Retaliation for Whistleblowers

(See p.76: Whistleblowing Platform)

Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

Action Plans and Resources for Workforce Management

LTS implements structured action plans and allocates resources to effectively manage material impacts, risks, and opportunities related to its workforce:

- Proactive workplace safety measures
- Employee Engagement Survey
- Equal Opportunities initiative
- Parity in pay reports
- Health and well-being programs include site-specific initiatives such as partnerships with health professionals, yoga and pilates sessions, stress relief days, resilience training

and mental support programs

- insurance benefits
- Physical training, self-defence and workout
- Flexible work arrangements, such as a hybrid work model
- Growth Journey Day
- Team Workshops

Preventing and Mitigating Negative Workforce Impacts

(See p.82: Action Plans and Resources for Workforce Management)

Providing Remedies for Material Impacts

LTS ensures remedies for material workforce impacts

- Workplace safety incidents are monitored and addressed
- Grievance mechanisms
- Systemic corrective actions, including root cause analyses (CAPA), are conducted to identify and mitigate issues contributing to material impacts.

Initiatives for Positive Workforce Impact

(See p.82: Action Plans and Resources for Workforce Management)

Tracking and Assessing Effectiveness of Initiatives

LTS measures the effectiveness of its workforce initiatives directly and indirectly through participation, feedback and metrics such as turnover rates, absenteeism, promotion rates, and health and safety incidents.

Identifying and Responding to Negative Workforce Impacts

(See p.82: Action Plans and Resources for Workforce Management)

Mitigating Material Workforce Risks and Tracking Effectiveness

(See p.82: Action Plans and Resources for Workforce Management)

Pursuing Opportunities to Enhance Workforce Potential

(See p.82: Action Plans and Resources for Workforce Management)

Ensuring Responsible Workforce Practices

LTS ensures its business practices do not contribute to negative workforce impacts by adhering to labor and safety standards, engaging internal stakeholders, and conducting regular risk assessments. Employee feedback mechanisms allow concerns to be raised and addressed promptly.

Resource Allocation for Workforce Management

LTS allocates HR resources strategically to manage workforce impacts. Collaboration between departments and teams ensures effective planning and implementation of workforce initiatives.

Approaches to Addressing Negative Workforce Impacts

(See p.82: Action Plans and Resources for Workforce Management)

Initiatives for Additional Positive Workforce Impacts

(See p.82: Action Plans and Resources for Workforce Management)

Progress and Achievements in Workforce Initiatives

LTS made progress as planned during the reporting period in advancing sustainability and workforce initiatives. Employee engagement programs, including and site-specific health measures, Growth Journey Days, team workshops etc. are enhancing workforce satisfaction. Key projects included hybrid work model implementation, professional development programs before the reporting period.

Aims for Continued Workforce Improvement

LTS remains committed to enhancing workforce sustainability through key focus areas. Employee engagement initiatives will be continued through HR and works council collaboration. Occupational safety improvements will be prioritized with a behavioral-based safety initiative launching in 2025. Targeted health programs aim to reduce absenteeism and improve employee well-being through prevention-focused strategies.

Leveraging Business Relationships to Address Workforce Impacts

LTS collaborates with business partners to manage workforce impacts through ethical labor practices and workplace safety standards. The company ensures compliance with the German Supply Chain Act (LkSG), promoting human rights protections and worker safety for internal and external employees. Contractual agreements incorporate sustainability and labor standards, ensuring responsible business relationships.

Initiatives Addressing Workforce Impacts

(See p.82: Action Plans and Resources for Workforce Management)

Workforce Participation in Decision-Making

At LTS, employee representation is governed by the German Works Constitution Act – Betriebsverfassungsgesetz (BetrVG) –, ensuring active workforce participation in company decisions. The works council represents employee interests, influencing decisions on working conditions, wages, and workplace policies. Employees also contribute through LTS's internal idea management system, encouraging innovation and continuous improvement. This fosters a culture of engagement, fair decision-making, and cooperative problem-solving.

Positive Outcomes of Workforce Programs

(See p.82: Action Plans and Resources for Workforce Management)

Alignment with Sustainable Development Goals (SDGs)

LTS integrates workforce initiatives and processes, contributing to UN Sustainable Development Goals (SDGs) to maximize positive social and environmental impact:

- SDG 3 (Good Health and Well-Being) as core LTS purpose and products,
- SDG 4 (Quality Education) through continuous employee education and training align,
- SDG 5 (Gender Equality) through periodic pay and diversity reviews,
- SDG 8 (Decent Work and Economic Growth) through workplace safety improvements,
- SDG 10 (Reduced Inequalities) through diversity and inclusion efforts,
- SDG 16 (Peace, Justice, and Strong Institutions) through human and labor right due diligence.

Managing Workforce Transitions to a Green Economy

LTS has not identified significant negative workforce impacts resulting from its transition to a greener, climate-neutral economy. The company ensures that employees are supported through continuous communication, sustainability training programs, and collaboration with the works council. Workforce stability and engagement remain priorities as LTS advances its environmental commitments.

Internal Functions Managing Workforce Impacts

LTS relies on cross-functional collaboration to manage workforce impacts effectively.

- HR department leads training and development programs, promoting employee upskilling and well-being initiatives.
- Engineering drives energy efficiency and recycling initiatives, reducing environmental impact.
- Supply Chain team optimizes supply chains to enhance efficiency and regulatory compliance.
- The works council ensures fair policies, resolves conflicts, and advocates for employee rights, contributing to improved working conditions and representation.
- Sustainability-related activities are coordinated and supported by the Sustainability team.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Inclusive target setting

LTS sets targets in key areas including occupational health and safety, employee engagement, diversity and inclusion, and compliance with labor laws. These targets aim to prevent workplace incidents, support employee well-being, and ensure equal opportunities across the organization. Risk management is integrated through ongoing assessments and proactive measures. Various departments ensure that targets are aligned with both regulatory requirements and employee needs. Structured feedback channels and one-on-one discussions align individual career goals with company objectives.

Performance Tracking and Communication

Target achievement is monitored through regular team and individual meetings. Performance data is reviewed in accordance with the company's governance structures. The works council is kept informed of relevant progress, while town halls provide transparency and foster alignment between employees and leadership.

Continuous Learning and Development

LTS incorporates employee feedback into ongoing improvements. Surveys, development dialogues, and performance reviews identify challenges and inform enhancements to workplace programs. This iterative process reinforces a culture of learning, accountability, and responsiveness.

Intended Outcomes for Workforce Well-Being

(See p.86: Inclusive target setting)

Stability and Comparability of Targets Over Time

LTS maintains consistency in target definitions and methodologies to enable comparability in sustainability reporting. Targets are defined based on standardized criteria aligned with internal objectives and industry benchmarks, ensuring they remain measurable and comparable across reporting periods. Data collection, analysis, and reporting follow established methodologies to reflect actual performance changes. Regular reviews ensure that relevant initiatives stay on track.

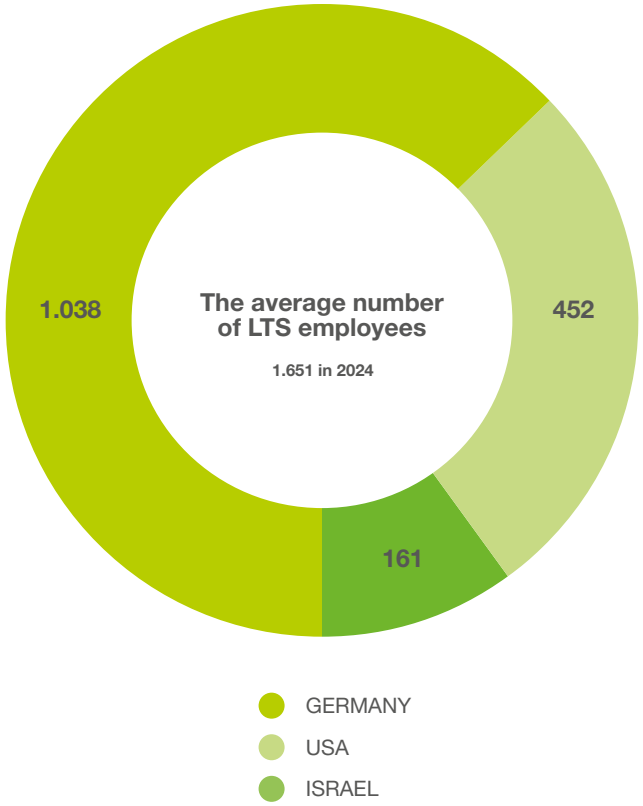
Alignment with Standards and Commitments

LTS aligns its workforce targets with internationally recognized standards, industry-specific regulations, and internal sustainability commitments. The company follows frameworks such as the United Nations Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI) standards to contribute to global sustainability objectives. Compliance with legal frameworks such as the German Supply Chain Act (LkSG) ensures responsible labor practices. Internal commitments foster diversity and inclusion, and enhancing employee well-being, all of which are integrated into LTS's broader operational and sustainability goals.

Characteristics of the Undertaking's Employees

LTS employs a total (permanent and fixed-term) of 1,612 people across its three primary locations: Germany, the United States, and Israel by **31th Dec. 2024**. In terms of gender distribution, the workforce varies by country:

Country	Men%	Women%
Germany	58	42
US	63	37
Israel	48	52
LTS	58	42



Regarding the average number of employees (headcount) for 2024, LTS maintains 1.038 employees in Andernach, 412 employees in the United States, and 161 employees in Israel, bringing the global **average headcount 2024** to 1.611 employees.

As all locations employ 50 or more people – values for this disclosure remain the same as above.

The average headcount for 2024: 518 men and 411 women in permanent roles, and 77 men and 31 women in fixed-term positions, bringing the average workforce to 595 men and 443 women, resulting in an average total of 1.038 employees.

Contract Type cut-off date 31st Dec. 2024 vs 2024 average	**Men**	**Women**	**Total**
Fixed-Term	76 / 77,33	26 / 31,58	102 / 108,92
Permanent	521 / 518,33	413 / 411,67	934 / 930,00
Total	597 / 595,67	439 / 443,25	1.036 / 1.038,92

Please refer to the S1 Appendix for additional employee data.

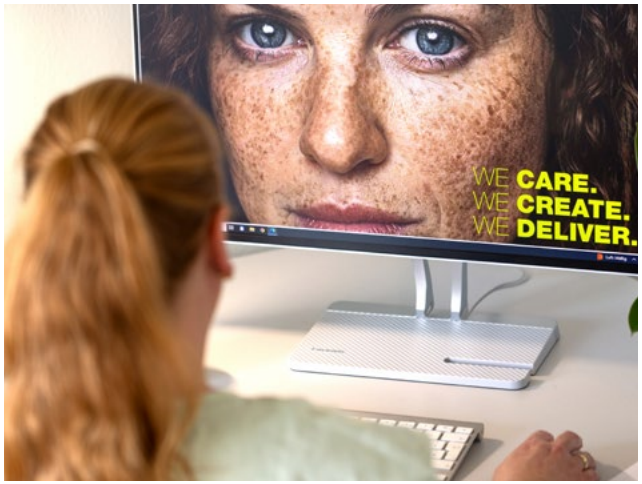
Methodologies and Assumptions Used to Compile Employee Data

LTS employs standardized methodologies across its locations for KPI calculation such as head count, turnover etc.

In Germany, employee data is compiled using the SAP system. The reported figures exclude trainees and student workers. Employee numbers are presented either as headcount or full-time equivalent (FTE), depending on the reporting requirements. Data is provided as of the end of the reporting period or as an annual average, as required.

In the United States, employee data is managed through HRIS systems ADP (New Jersey) and Dayforce (Minnesota). Both full-time and part-time employees are included in the reporting.

In Israel, data is managed through the HR system Bamboo.



Reporting Methodologies and Contextual Information

(See p. 89: Methodologies and Assumptions Used to Compile Employee Data)

Cross-Reference to Financial Statements

The workforce data reported under paragraph 50(a) (Own Workforce Disclosures) is also included in the management report and annex of the annual financial statements, ensuring alignment between sustainability and financial disclosures.

Characteristics of non-employee workers in the undertaking's own workforce

Number of Non-Employees in Own Workforce

LTS engages non-employees (temporary employee, "Temps") in various capacities to support its operations. The total number of non-employees provided by undertakings primarily engaged in employment activities is as follows (2024 average):

Germany	40
United States	38
Israel	3

Common Types of Non-Employees and Their Roles

LTS relies on different types of non-employees to meet operational needs and provide specialized expertise. The most common type:

- Temporary Workers: These individuals are engaged for short-term assignments to manage workload fluctuations and seasonal demands as well as for bridging sickness-related or other temporary absences

Methodologies and Assumptions Used to Compile Data

The number of non-employees is determined based on recorded operating hours and internal workforce calculations.

Reporting of Non-Employee Numbers

Non-employees are reported in headcount to ensure consistency and comparability across all locations. Data is recorded at the end of the reporting period for accurate representation of workforce figures.

Contextual Information for Understanding Non-Employee Data

LTS ensures that all non-employee data is accurately managed through its HR systems. The use of SAP, ADP, Dayforce, and Bamboo HR allows for effective monitoring and compliance with reporting standards.

Collective bargaining coverage and social dialogue

Percentage of Employees Covered by Collective Bargaining Agreements

In Germany, 97% of employees are covered by collective bargaining agreements through an established agreement with the works council, which applies to non-executive employees (no collective bargaining agreements with trade unions). In the United States, no employees are covered by such agreements, as there is no union representation at LTS NA, though 12 employees have individual employment contracts. In Israel, all employees operate under personal agreements in accordance with Israeli labor law, meaning no collective bargaining agreements apply.

Collective Bargaining Coverage Outside the EEA

In regions outside the EEA, LTS does not have collective bargaining agreements with trade unions.

Determination of Working Conditions for Employees Not Covered by Collective Bargaining

In Germany, while not all employees are directly covered by collective bargaining agreements, some working conditions align with the collective wage agreement for the chemical industry. In the United States, employment operates under an “at-will” arrangement, allowing either party to terminate employment at any time, though company policies ensure proper notice and just cause before termination. In Israel, employees work under personal employment contracts (see above)

Influence of Collective Bargaining Agreements on Non-Employees

The working conditions of non-employees, such as temporary workers, are regulated by a combination of legal requirements (e.g. Temporary Employee Act (Arbeitnehmerüberlassungsgesetz), collective agreements, and individual employment contracts. Collective agreements also may apply to temporary workers, setting additional thresholds for minimum wages and working condition standards. Temporary workers typically have employment contracts with temporary employment agencies that outline their rights and obligations. Depending on the country, temporary workers are also entitled to benefits such as vacation days and sick pay.

Percentage of Employees in the EEA Covered by Workers' Representatives

At LTS, 97% of employees in the European Economic Area (EEA) are covered by workers' representatives through the works council structure (see Germany above)

Employee Representation Through a European Works Council

Owning only one site in the EU, LTS does not have an agreement in place for representation by a European Works Council (EWC), Societas Europaea (SE) Works Council, or Societas Cooperativa Europaea (SCE) Works Council. Employee representation is instead managed through local works councils and other country-specific mechanisms.

Collective Bargaining Coverage of Employees Outside the EEA

In non-EEA regions, 0% of LTS employees are covered by collective bargaining agreements. (see above)

Diversity indicators

LTS defines top management as follows:

- In Germany, top management consists of senior executives classified within Hay levels 19 to 21.
- In the United States, top management includes members of the North America Leadership Team (NALT), which consists of the President, Vice Presidents (VPs), and Executive Directors.
- In Israel, the top management team consists of the President and senior roles, including Executive Vice Presidents, Senior Vice Presidents and Vice Presidents.

The number of employees (head count) at the top management level is:

Germany	19 (1,8%)
United States	10 (2%)
Israel	8 (5%)

The number of employees under 30 years old is as follows:

Germany	127 (12%)
United States	108 (27%)
Israel	27 (16%)

The number of employees between 30 and 50 years old is:

Germany	521 (50%)
United States	162 (40%)
Israel	113 (68%)

The number of employees over 50 years old is:

Germany	388 (38%)
United States	135 (33%)
Israel	26 (16%)

Social Protection

LTS ensures that all employees, including non-employees where applicable, have access to social protection as mandated by national laws. The table below outlines the types of events covered and how employees are protected in each country.

Country	Type of Social Protection Event	Coverage & Benefits
Germany	Sickness & Health Insurance	Statutory health insurance (public or private) covers medical expenses. Employer pays wages for up to six weeks in case of illness, after which statutory health insurance provides sick pay.
	Unemployment Insurance	Employees and employers contribute to unemployment insurance, ensuring financial support in case of job loss.
	Work-Related Injury & Disability	Statutory accident insurance covers workplace injuries, medical treatments, rehabilitation, and disability pensions.
	Parental Leave	Employees are entitled to parental leave (up to 3 years), with state-funded parental benefits.
	Retirement	Employees contribute to the statutory pension system, with optional employer-sponsored pension plans available.

Country	Type of Social Protection Event	Coverage & Benefits
United States	Sickness & Health Insurance	LTS provides private health insurance. Employees may take sick leave under state and federal laws.
	Unemployment Insurance	Employees are covered by state and federal unemployment insurance programs funded through payroll taxes.
	Work-Related Injury & Disability	Workers' compensation insurance covers medical costs and lost wages for job-related injuries. LTS also offers long-term disability insurance (60% of salary after six months).
	Parental Leave	Covered under Family and Medical Leave Act (FMLA) and state laws.
	Retirement	Social Security contributions are deducted, and employees may contribute to LTS's 401(k) plan with a 5% employer match.
Israel	Sickness & Health Insurance	Employees are covered under mandatory national health insurance.
	Unemployment Insurance	Employees contribute to the Israeli National Insurance Institute (Bituach Leumi), which provides unemployment benefits.
	Work-Related Injury & Disability	National Insurance covers workplace accidents. Additional employer-provided benefits may apply.
	Parental Leave	Employees are entitled to paid maternity and paternity leave as per Israeli labor laws.
	Retirement	Mandatory pension contributions are deducted for all employees. Severance pay is included in pension plans under Section 14 of the Severance Pay Law.

Adequate wages

Compensation indicators (pay gap and total compensation)

LTS conducts a structured parity-in-pay analysis across all operational locations, ensuring transparency and compliance with local labor regulations. The assessment includes all employees except temporary workers and evaluates both fixed and variable remuneration components such as base salary, bonuses, and employer pension contributions.

Salaries are analyzed based on comparable roles, hierarchical levels, and experience, with part-time employees' salaries normalized to a full-time equivalent basis. The methodology follows the German Equal Pay Act and is benchmarked against industry standards using Korn Ferry's Hay Job Evaluation System.

Key findings indicate no significant systemic disparities in pay for comparable roles across genders, with deviations primarily linked to differences in role distribution and seniority levels. However, LTS continues to focus on increasing female representation in leadership positions, which directly influences pay parity at higher levels.

Breakdown of Gender Pay Gap by Employee Category and Country

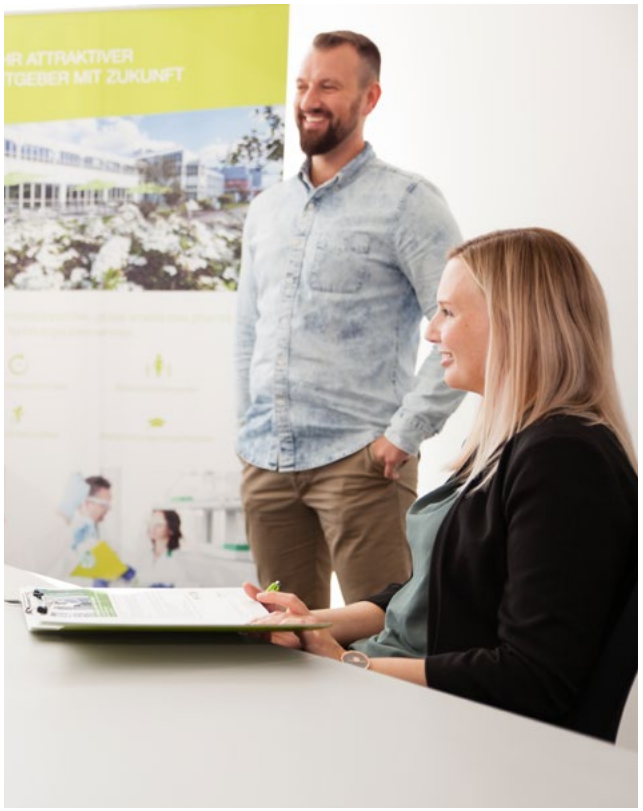
LTS provides a detailed breakdown of gender pay gaps across different employee categories, roles, and locations, ensuring that all analyses align with fair compensation practices.

Currently, LTS does not conduct separate evaluations for ordinary basic salary versus complementary or variable components, instead assessing pay equity holistically across the entire compensation structure.

CEO-to-Average Employee Remuneration Ratio

Based on 2024 data, LTS determined that the ratio of the CEO's annual total remuneration to the average employee's annual total remuneration is 7:1/ 8:1 – depending on the region. This calculation includes employer costs such as gross salary, overtime, commuting expenses, bonuses, employer pension contributions, study funds, and national insurance.

LTS also considers purchasing power differences between countries. According to Germany's Federal Statistical Office (Statistisches Bundesamt), the adjusted remuneration ratio accounts for economic disparities across regions. However, LTS has not applied a purchasing power adjustment in its calculations for 2024.



Expansion of Gender Pay Parity Analysis

Currently, gender pay parity reports include LTS sites in Andernach (Germany), West Caldwell (USA), and St. Paul (USA). To enhance transparency and consistency, the Netanya (Israel) site will be incorporated into the reporting cycle from 2025 onwards.

Incidents, complaints and severe human rights impacts and incidents

Incidents of Discrimination

In 2024, LTS recorded zero reported incidents of discrimination across all locations, including Andernach, St. Paul, West Caldwell, and Netanya.

Complaints and Grievances

One complaint was filed through LTS's established internal reporting channels in 2024, originating from the United States. Three complaints have been investigated in Israel. No complaints were submitted to National Contact Points for OECD Multinational Enterprises.

Material Fines, Penalties, and Compensation Related to Social and Human Rights Violations

A jury awarded a 1 million$ verdict for a claim dating back to 2017 in West Caldwell. This case is currently under appeal and is covered by Employment Practices Insurance, with LTS North America responsible only for a 35.000$ deductible.

Severe Human Rights Issues and Incidents Connected to Own Workforce

One complaint related to a human rights issue was filed in 2024 concerning a case of sexual harassment in the United States. The case has been managed through LTS's internal processes, ensuring compliance with the UN Guiding Principles and OECD Guidelines for Multinational Enterprises.

LTS incurred no material fines, penalties, or compensation payments related to severe human rights issues in 2024. The financial statements reflect no such liabilities, ensuring full transparency in reporting.

Status of Complaints and Actions Taken

In May 2024, LTS received a complaint that led to an internal investigation, resulting in appropriate disciplinary action. Involved person has been coached by HR, in additional all local personal has been trained on anti-harassment/ sensitivity topics (in 2025).

Securing Remedy for Human Rights Cases

LTS ensures compliance with human rights standards by addressing complaints through internal investigations and disciplinary actions. The company remains committed to remedying severe human rights cases and maintaining a fair and transparent workplace environment.

Own Workforce | Annex

- S1 S1-13 83 a AR 77 Training and skills development indicators gender [table]
- S1 S1-13 83 a AR 77 Percentage of employees that participated in regular performance and career development reviews
- S1 S1-13 83 b AR 78 Average number of training hours by gender [table]
- S1 S1-13 84 AR 79 Percentage of employees that participated in regular performance and career development reviews by employee category [table]
- S1 S1-14 88c Number of recordable work-related accidents for own workforce
- S1 S1-14 88c Rate of recordable work-related accidents for own workforce
- S1 S1-14 88d Number of cases of recordable work-related ill health of employees
- S1 S1-14 88e AR 89-91, AR 95 Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health realted to employees
- S1 S1-17 103 a Number of incidents of discrimination [table]
- S1 S1-6 50a AR57 Characteristics of undertaking‘s employees - number of employees in countries with 50 or more employees representing at least 10% of total number of employees [table]
- S1 S1-11 75 AR 75 Social Protection Coverage by Country

S1 S1-13 83 a AR 77 Training and skills development indicators gender [table]

Training and Skills Development Indicators by Gender (2024)

Germany (multifold participation possible)**:**

Category	Total Participants	Male Participants	Female Participants
Total	1.140	703	426
Leadership & Development	151	109	42
Culture Development	754	443*	311*
Technical Skills	215	135	79
Soft Skills / Personal Skills	20	16	4
Environmental Training (Enablement Session – Sustainability)	1.068 (64,8%)	-	-

*Estimated values for Culture Development.

US:

Region	Total Employees Trained	Women (%)	Men (%)	Notes
United States	100% of employees trained	38%	62%	Required annual and quarterly training per FDA regulations (tracked in Veeva & ZenQMS)

Higher Education Assistance Program (LTS NA)

LTS NA provides educational assistance to employees pursuing an advanced degree.

In 2024: 3 employees (2 women; 1 man) are receiving LTS financial support for degree programs.

S1 S1-13 83 a AR 77 Percentage of employees that participated in regular performance and career development reviews

Category	Total Employees	Participants	Percentage
Germany	1.040	638	61,35%
US	400	400	100%
Israel	162	162	100%

Deviations in total employees numbers may occur caused by employees being on sick leave, parental leave, sabbatical, belonging to works council or other bodies etc.

S1 S1-13 83 b AR 78 Average number of training hours by gender [table]

Germany: Average Number of Training Hours by Gender (2024)

Category	Average Training Hours per Participant	Male Participants	Female Participants
Total Participants	6	703	426

Note: Training hours by gender are not recorded separately. Average training hours are calculated based on total participants.

US & Israel: Training hours are not tracked.

S1 S1-13 84 AR 79 Percentage of employees that participated in regular performance and career development reviews by employee category [table]

Percentage of Employees Participating in Regular Performance and Career Development Reviews by Employee Category (2024)

Category	Total Number of Employees	Number of Participants	Percentage
Total	1.040	638	61,35%
Management	23	18	78,26%
Employees Production	426	426	100,00%
Employees Administration	591	194	32,83%

100% - all employees completed performance reviews with managers in 2024 in US
100% - all employees completed performance reviews with managers in 2024 in ISR
TOTAL: 75% of all LTS employees participated in performance reviews in 2024.

Location	Employee Category	Percentage
Andernach	All Employees	2,5%
	Senior Management	5,0%
	Middle Management	1,2%
	Production Employees	0,8%
West Caldwell	All Employees	3,2%
	Senior Management	4,5%
	Middle Management	2,0%
	Production Employees	1,0%
St. Paul	All Employees	1,5%
	Senior Management	2,8%
	Middle Management	0,9%
	Production Employees	0,5%

The percentages represent the average difference in remuneration between male and female employees across each category; case by case to the advantage of men or women, calculated based on the data provided in the gender parity in pay reports.

Gender pay gap analysis in Israel is planned.

S1 S1-14 88c Number of recordable work-related accidents for own workforce

Number of Recordable Work-Related Accidents for Own Workforce (2024)

Location	Number of Accidents
Andernach	17
STP (St. Paul)	3
WCL (West Caldwell)	3
NTY (Netanya)	2
Total	**25**

S1 S1-14 88c Rate of recordable work-related accidents for own workforce

Rate of Recordable Work-Related Accidents for Own Workforce (2024) per 200,000 working hours.

Location	Accident Rate
Andernach	2,38
STP (St. Paul)	1,57
WCL (West Caldwell)	1,29
NTY (Netanya)	1,25

S1 S1-14 88d Number of cases of recordable work-related ill health of employees

Number of Cases of Recordable Work-Related Ill Health of Employees (2024)

Location	Cases of Ill Health
Andernach	0
STP (St. Paul)	0
WCL (West Caldwell)	0
NTY (Netanya)	0

S1 S1-14 88e AR 89-91, AR 95 Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health realted to employees

Number of Days Lost to Work-Related Incidents (2024)

Location	Days Lost
Andernach	232
STP (St. Paul)	0
WCL (West Caldwell)	37
NTY (Netanya)	53

S1 S1-17 103 a Number of incidents of discrimination [table]

Number of Incidents of Discrimination (2024)

Location	Number of Incidents
Andernach	0
STP (St. Paul)	0
WCL (West Caldwell)	0
NTY (Netanya)	0

No incidents of discrimination were reported across all LTS sites in 2024.

S1 S1-6 50a AR57 Characteristics of undertaking‘s employees - number of employees in countries with 50 or more employees representing at least 10% of total number of employees [table]

(See p.88: Characteristics of the Undertaking’s Employees)

S1 S1-11 75 AR 75 Social Protection Coverage by Country

(See p.95: Social Protection)

Workers in the value chain

- Interests and views of stakeholders and Material impacts, risks and opportunities
- Policies related to value chain workers
- Processes for engaging with value chain workers about impacts
- Processes to remediate negative impacts and channels for value chain workers to raise concerns
- Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
- Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Interests and views of stakeholders and Material impacts, risks and opportunities

Value Chain Workers and Material Impacts

Scope of Disclosure for Value Chain Workers

All value chain workers who can be materially impacted by LTS are included in the scope of disclosure under ESRS 2.

Types of Value Chain Workers Subject to Material Impacts

Value chain workers impacted by LTS's operations primarily include Tier-1 suppliers in production, assembly, logistics, and manufacturing roles. These workers face potential risks related to labor rights, human rights, health and safety, fair wages and working conditions.

Types of Value Chain Workers Impacted by Operations or Through the Value Chain

LTS identifies both internal and external value chain workers as subject to material impacts:

Internal Workers:

- Manufacturing Workers face occupational health and safety risks related to machinery and production processes. Compliance with OSHA and local standards and regular safety training, measures, safety initiatives and audits mitigate these risks.
- R&D and Laboratory Staff encounter exposure to hazardous substances and ergonomic risks, addressed through STOP methodology: substitute where possible, provide technical measures, organization measures and PPE (in this sequence) safety protocols, chemical handling training, and protective equipment.
- Warehouse Staff face physical strain and accident risks, managed through ergonomic improvements and routine safety inspections in compliance with workplace regulations
- Administrative Staff are susceptible to mental health challenges and burnout, mitigated by mental health programs, ergonomic workspaces, and flexible working arrangements.

External Workers:

- Tier-1 Supplier Manufacturing Workers face risks related to fair wages and labor law compliance, mitigated through supplier assessments and monitoring.
- Agricultural Workers (where applicable) may be exposed to forced labor risks, addressed through partnerships with certified suppliers and due diligence programs.
- Temporary and Seasonal Workers face job security and fair wage concerns, mitigated through compliance reviews and fair work standards.
- Support Staff, Including Security Personnel face risks related to low wages and job security, addressed through fair work requirements in service agreements.

Geographies with Increased Risk of Child Labor or Forced Labor

LTS's risk assessment, guided by the Global Slavery Index and ILO standards, identifies increased risks in specific non-EU/US regions. Suppliers in these regions undergo enhanced due diligence to ensure compliance with labor standards.

Material Negative Impacts Occurring Among Value Chain Workers

Regular risk analysis has not identified systemic critical findings but has flagged alerts related to unethical labor practices and human rights violations at external organizations, including incidents involving direct suppliers.

Activities Creating Positive Impacts for Value Chain Workers

LTS has implemented processes that enhance labor standards and promote sustainability within its supply chain:

1. Improved Occupational Safety Measures: LTS ensures safety compliance through supplier self-assessments and adherence to the LTS Supplier Code of Conduct.
2. Environmental Impact Monitoring: LTS is monitoring the supplier landscape with regard to environmental compliance.

Material Risks and Opportunities for Value Chain Workers

Material Risks:

- Labor Rights and Compliance Risks: Moderate risks persist in labor rights enforcement and regulatory compliance, which could affect supplier relationships and operational stability.
- Health and Safety Risks: While no critical findings have emerged, ongoing safety compliance remains a priority to prevent workplace injuries and absenteeism.
- Supplier Dependency Risks: Potential regional supply chain disruptions pose moderate operational risks, requiring continuous assessment and alternative sourcing strategies.

Material Opportunities:

- Enhanced working conditions: Promoting fair labor and safety standards improves workforce morale and efficiency. Providing ongoing training and regulatory guidance to suppliers supports operational resilience.
- Strengthening compliance and sustainability: Expanding sustainability initiatives within the supply chain increases regulatory alignment and supply chain transparency, reinforcing LTS's reputation as a responsible employer.

Understanding Risks for Workers with Particular Characteristics

LTS has developed a structured, IT-enhanced approach to identifying workers at higher risk of harm through supplier mapping, country risk evaluations, product-specific risk assessments, and supplier influence evaluations. These assessments allow LTS to tailor interventions and improve working conditions across the supply chain.

Material Risks and Opportunities Affecting Specific Groups of Value Chain Workers

(See p.115: Types of Value Chain Workers Impacted by Operations or Through the Value Chain)

Policies related to value chain workers

Policies Managing Material Impacts, Risks, and Opportunities for Value Chain Workers

LTS has established a structured policy framework supported by Standard Operating Procedures (SOPs) and policies that ensure responsible sourcing and supplier compliance. Key policies include:

- Risk Management LkSG SOP (2017659-cv): Defines processes for identifying and mitigating supply chain risks in alignment with the German Supply Chain Due Diligence Act (LkSG).
- Supplier Code of Conduct (FO1 209230): Defines guidelines for LTS suppliers
- Declaration of Principles (FO1 2018482): Policy on LTS approach for ensuring human rights and environmental topics in the supply chain
- Complaints Procedure (FO1 2019231): Defines the process, roles and responsibilities for complaint management
- Procurement of Raw, Auxiliary, and Operating Materials SOP (2018471-cv): Establishes sourcing standards to ensure responsible supplier practices.
- Technical Procurement SOP (2018472-cv): Provides guidelines for acquiring technical equipment while prioritizing supplier reliability.
- Procurement Policy (POL 2005465-cv): Governs procurement processes to align with ethical and sustainability requirements.
- Whistleblowing Policy (POL 2017643-cv): Ensures a secure channel for reporting unethical practices in the supply chain.

Human Rights Policy Commitments for Value Chain Workers

LTS is committed to respecting human rights and environmental standards within its operations and supply chain. These commitments are outlined in the Declaration of Principle on Compliance with Human Rights and Environmental

Due Diligence Obligations, which focuses on integrating respect for internationally recognized human rights in all business operations, ensuring supplier compliance through procurement policies and risk assessments, and providing accessible and confidential whistleblowing mechanisms to report human rights or environmental concerns. LTS actively monitors supplier compliance and promotes responsible labor practices throughout its value chain.

General Approach to Human Rights in the Value Chain

LTS aligns with the German Supply Chain Due Diligence Act and international human rights standards by conducting risk assessments to identify potential human rights violations and labor risks in the supply chain, implementing the Risk Management LkSG SOP to enforce ethical labor and working conditions among suppliers, and maintaining a whistleblowing platform to allow workers to report violations confidentially.

Engagement with Value Chain Workers

LTS follows a risk-based approach to engaging with value chain workers, prioritizing supplier monitoring and risk analysis to assess labor risks based on industry practices and country-specific factors, due diligence measures that involve data analysis and self-assessments to ensure suppliers adhere to fair labor standards, and corrective action plans that collaborate with suppliers to address any identified risks or violations.

Providing and Enabling Remedy for Human Rights Impacts

LTS ensures remedy for human rights violations through a whistleblowing platform that provides internal and external workers with a secure mechanism to report human rights violations.

Policies on Forced Labor, Child Labor, and Human Trafficking

LTS's Supplier Code of Conduct explicitly prohibits child labor, ensuring that minors under the legal working age are not employed in hazardous conditions, and prohibits forced labor in all forms, aligning with international labor standards such as ILO Convention No. 29. Suppliers are required to adhere to these principles and ensure compliance within their own operations and subcontractors.

Supplier Code of Conduct

LTS's Supplier Code of Conduct establishes standards for fair labor practices to ensure compliance with international labor rights and fair wages, safe working conditions to mandate occupational safety and environmental responsibility, and anti-corruption and ethical business practices to prohibit bribery and unethical business transactions. This code applies to all suppliers, representatives, and subcontractors.

Alignment with International Standards

LTS's policies align with the United Nations Guiding Principles on Business and Human Rights, requiring businesses to protect and remediate human rights risks. They also adhere to International Labour Organization (ILO) conventions, particularly addressing forced labor, fair wages, and workplace conditions. The policies follow the OECD Guidelines for Multinational Enterprises to ensure responsible corporate conduct. Additionally, compliance with environmental conventions such as the Basel Convention on hazardous waste and the Minamata Convention on mercury usage is integrated. Anti-bribery and corruption laws, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act, are strictly enforced.

Cases of Non-Compliance with Human Rights Standards

LTS's due diligence process identified external critical alerts concerning potential non-compliance with human rights guidelines. 15 Suppliers have been approached to clarify or resolve reports of incidents. Among others, there have been reported cases of incompliance with labor rights, human rights; and alert with regard to environmental violations. These are not limited to the activities of LTS suppliers directly related to the supply of products and services to LTS, but may concern any of suppliers operations worldwide, irrespective of their contribution to LTS' supply chain.

Changes to Policies in the Reporting Year

Risk Management LkSG SOP, Supplier Code of Conduct, Declaration of Principles have been issued during the reporting period 2024.

Communication of Policies to Relevant Stakeholders

The LkSG SOP is trained internally among procurement, legal, HR, EHS, Sustainability and compliance teams. The Supplier Code of Conduct is published on the company website and provided to all suppliers. The Whistleblower Procedure is publicly available, ensuring accessibility for external stakeholders. The Code of Conduct is integrated into employee training programs.

Processes for engaging with value chain workers about impacts

Incorporating Value Chain Workers' Perspectives in Decision-Making

LTS is incorporating the perspectives of the value chain workers through structured questionnaires, an alert monitoring system and the whistleblowing platform.

Engagement with Value Chain Workers and Their Representatives

LTS engages with value chain workers either directly, through their representatives, or via credible third-party proxies. Direct engagement is initiated if risk assessments or incident reports indicate significant concerns. In 2024, no direct engagement was required, as no critical risks were identified. Engagement with legitimate representatives such as unions or advocacy groups is prepared for collective

workforce issues, but no such cases arose in 2024. Credible proxies such as independent auditors or NGOs may be used when direct engagement is impractical, but no instances necessitated such involvement in the reporting year. The alerts received in 2024 were managed directly with the relevant companies.

Stages, Types, and Frequency of Engagement

(See p. 121: Engagement with Value Chain Workers and Their Representatives)

Operational Responsibility for Engagement

The Head of Supply Chain oversees supplier relationships and engagement processes. The Head of Compliance Management works alongside supply chain leadership to align engagement with regulatory standards, ensuring due diligence measures are met. The Human Rights Officer, as an internal control function under the Supply Chain Due Diligence Act, safeguards that potential risks and violations are addressed in an effective and timely manner.

Human Rights Agreements and Commitments

(See p.118: Human Rights Policy Commitments for Value Chain Workers)

Assessing the Effectiveness of Engagement

Human Rights Officer evaluates the effectiveness of engagement with value chain workers through monitoring mechanisms. Preventive actions are assessed to verify that policies such as the Supplier Code of Conduct effectively mitigate risks before they materialize. Remedial measures are evaluated based on resolution effectiveness, ensuring that corrective actions are implemented and sustained. The complaints procedure serves as a key metric, with data on response times, resolution quality, and worker feedback informing adjustments to engagement strategies.

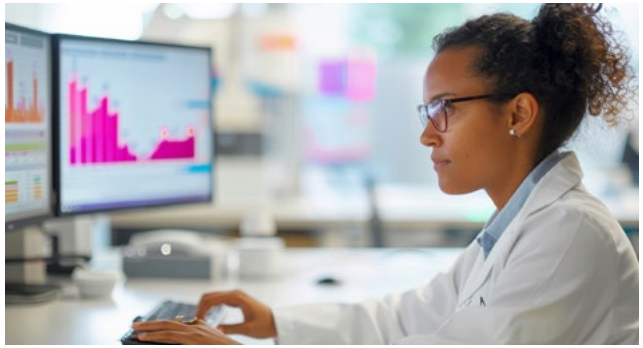
Gaining Insight into Perspectives of Vulnerable or Marginalized Value Chain Workers

LTS gains insights indirectly through engagement with the suppliers and directly.

(See p.76: Whistleblowing Platform)

Processes to remediate negative impacts and channels for value chain workers to raise concerns

LTS has established a Remediation and Escalation Plan to address material negative impacts on value chain workers, in compliance with the Supply Chain Due Diligence Act (LkSG). When a violation is identified, LTS promptly assigns responsibility for corrective actions. Internal violations are managed by the designated risk officer, while supplier-related issues fall under the Head of Supply Chain. The remedial measures taken depend on the nature and severity of the violation. In-house violations are addressed through immediate enforcement of human rights and environmental actions. For supplier violations, LTS works with the supplier to develop a detailed remediation plan, which may include joint corrective actions, participation in industry initiatives, or temporary suspension of the business relationship until



compliance is restored. If violations are severe or unresolved, escalation measures such as warnings, contractual penalties, or termination of business relationships may be applied. The effectiveness of remedial measures is reviewed annually or as needed, incorporating insights from the complaints procedure to improve the remediation process and ensure alignment with human rights standards.

Reporting Channels for Value Chain Workers

(See p.76: Whistleblowing Platform)

Risk Management System: Tracking and Monitoring of Issues Raised

LTS has allocated significant resources to manage material impacts on value chain workers. The Head of Supply Chain and their team engage with suppliers to enforce compliance and implement corrective actions. Compliance Management monitors adherence to human rights and labor policies, while the Human Rights Officer oversees impact assessments and resolution measures. A robust risk analysis infrastructure, including whistleblowing and reporting systems, supports continuous risk monitoring and response.

Processes and analysis are supported by an IT-system to enabled a risk-based approach to manage human rights and environmental concerns:

The regular risk analysis was conducted in May 2024 for the reporting period from January 1, 2024, to December 31, 2024. The risk analysis was carried out with the support of an IT system as follows: the system classifies the suppliers reported by the company into different risk levels. This is done based on a classification of suppliers into risk and non-risk countries ("country risk") (the location of the contracting party is considered) and depending on the delivered goods or services into a risk or non-risk commodity/industry category ("commodity risk") as well as based on a web screening for selected suppliers. Optionally, self-disclosures to be filled out by the suppliers and information provided by the company about individual risk suppliers can also be included in the evaluation.

The country risks are determined based on 11 different publicly available indices and classified into no risk, low risk, mid risk, high risk, critical risk. These indices thematically cover the human rights and environmental risks mentioned in the Supply Chain Act/LkSG, as far as can be seen from the indices.

To determine the commodity risks, data on over 100.000 suppliers are used. These suppliers are classified into industries (ISIC standard) and commodity groups. The system has a history of incidents in the individual industries and commodity groups for the number of over 100.000 suppliers. Based on the frequency of incidents, the system also evaluates no risk, low risk, mid risk, high risk, and critical risk.

In addition, an AI-supported web screening is carried out for the suppliers with the highest risks. This involves checking social media, news, and other online available information based on a supplier keyword and risk keyword search to see if and what reports there are about the individual suppliers. Reports are communicated to LTS as so-called "Risk Alerts".

The risk identification can also be supplemented by the results of supplier self-disclosures, which the risk suppliers have to fill out. For this purpose, own questionnaires were developed within the software on the topics "Working conditions and human rights", "Health and Safety", and "Environment"

Additionally, LTS can name individual risk suppliers, e.g., due to known negative human rights or environmental incidents within the company in the sense of the Supply Chain Act/LkSG, which are then also assigned a certain risk. The results are then combined to form the so-called 360-degree risk score of the supplier. The risk of the individual supplier (result from the 360-degree risk score) is then considered under the criteria of influence and causation contribution. Based on the result of the 360-degree risk score together with the determination of influence and causation contribution, an action priority is assigned to the identified risks (so-called action priority). This prioritization is used by LTS as a basis for deciding when and what preventive and remedial measures to take. The system's recommendations do not replace LTS's own responsibility to examine and decide for itself whether and what preventive and

remedial measures it must take in its specific company under the Supply Chain Act/LkSG. A meaningful weighting and prioritization requires LTS to deal with the adequacy criteria and the accuracy of the data provided. The criterion "influence" is determined by

- as far as known the ratio between the company's order volume and the supplier's total turnover and/or
- by a classification made by the company itself into critical, high, medium, and low influence on the respective supplier (depending, for example, on whether the risk arises with a direct or indirect supplier).

The causation contribution is determined by a classification made by LTS itself, whether a causation contribution exists, e.g., due to unilateral contractual requirements for the supplier. The criteria "nature and scope of business activity", "severity of risk/violation", and "probability of risk occurrence" are taken into account in the prioritization through the result of the 360-degree risk score. "Nature and scope of business activity" are particularly considered in the above-described commodity risks (vulnerability through industry and commodity risks) and through a classification by the company itself (e.g., with regard to its own company size, etc.). The "severity of risk/violation" is particularly considered in the web screening through the type and frequency of alerts (e.g., how many people are affected?) and in the country and commodity risks through the categorization of human rights and environmental risks into different criticalities (see above; example: child labor weighs more heavily than a one-time violation of the right to strike). The "probability of risk occurrence" is particularly considered in the web screening (e.g., are there any indications of poor supplier performance?) and through information provided by the company.

Awareness and Trust in Reporting Structures

As LTS only extended access to its whistleblowing system to value chain workers in 2024, no incoming complaints have been recorded yet. Due to this, a thorough assessment of awareness and trust among external workers has not yet been conducted. LTS plans to evaluate engagement in future reporting cycles to ensure that all workers feel secure in using the system.

Protection Against Retaliation for Whistleblowers

(See p.76: Whistleblowing Platform)

Accessibility of Reporting Channels

(See p.76: Whistleblowing Platform)

Third-Party Reporting Mechanisms

External reporting platforms are offered by e.g. European Commission..

Confidentiality and Data Protection in Grievance Handling

(See p.76: Whistleblowing Platform)

Anonymity in Reporting

(See p.76: Whistleblowing Platform)

Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

(See p.123: Processes to remediate negative impacts and channels for value chain workers to raise concerns)

Prevention, Mitigation, and Remediation of Material Negative Impacts on Value Chain Workers

LTS follows a risk-based methodology for preventing, mitigating, and remediating material negative impacts on value chain workers. Since recent risk analyses did not identify critical risks directly within the supply chain, the company focuses on monitoring and responding to external media alerts related to potential human rights violations or labor abuses. If a validated alert is identified, LTS takes appropriate action, including supplier engagement, corrective discussions, or remedial interventions. The risk management framework remains adaptable, allowing LTS to respond promptly to emerging risks.

Structured Process for Providing Remedies for Material Impacts

(See p.123: Processes to remediate negative impacts and channels for value chain workers to raise concerns)

Initiatives for Delivering Positive Impacts on Value Chain Workers

(See p.116: Activities Creating Positive Impacts for Value Chain Workers)
(See p.117: Material Risks and Opportunities for Value Chain Workers)

Identification and Implementation of Necessary Actions

(See p.123: Processes to remediate negative impacts and channels for value chain workers to raise concerns)

Addressing Specific Material Impacts

(See p.123: Processes to remediate negative impacts and channels for value chain workers to raise concerns)

Mitigation of Material Risks and Risk Monitoring

(See p.123: Processes to remediate negative impacts and channels for value chain workers to raise concerns)

Pursuing Material Opportunities for Value Chain Workers

(See p.117: Material Risks and Opportunities for Value Chain Workers)

Ensuring LTS Practices Do Not Contribute to Negative Impacts

(See p.118: Human Rights Policy Commitments for Value Chain Workers)

Monitoring and Managing Severe Human Rights Issues in the Supply Chain

(See p.123: Risk Management System: Tracking and Monitoring of Issues Raised)

Resource Allocation for Managing Material Impacts

(See p.123: Risk Management System: Tracking and Monitoring of Issues Raised)

General and Specific Approaches to Addressing Material Negative Impacts

(See p.123: Risk Management System: Tracking and Monitoring of Issues Raised)

Initiatives for Additional Positive Impacts

(See p.116: Activities Creating Positive Impacts for Value Chain Workers)
(See p.117: Material Risks and Opportunities for Value Chain Workers)

Progress During the Reporting Period

In 2024, LTS made significant progress in addressing material impacts on value chain workers. The company implemented a risk-based management framework, developed key documentation such as the Supplier Code of Conduct, Supply Chain Act/LkSG SOP and the Declaration of Principles, conducted internal and external risk assessments, and trained employees on human rights and labor standards.

Goals for Continued Improvement

In 2025, regular risk monitoring allows LTS to trigger intensified actions towards targeted suppliers to support their workforce whenever the need arises. Considered options are enhancing engagement with value chain workers and ensuring that their perspectives are integrated into risk management processes.

Leveraging Business Relationships to Address Material Negative Impacts

LTS uses its influence with business partners to manage and address material negative impacts on value chain workers. The Supplier Code of Conduct mandates compliance with human rights and labor standards, while collaborative remediation plans enable LTS to guide suppliers in addressing violations effectively.

Participation in Industry and Multi-Stakeholder Initiatives

LTS collaborates with the German Chemical Industry Association (VCI) and the German Pharmaceutical Industry Association (BPI) to maintain high ethical standards in drug delivery systems, contribute to regulatory advocacy, and promote sustainability and decarbonization efforts.

Role of Value Chain Workers and Their Representatives in Decision-Making

In 2024, no involvement of value chain worker representatives, legitimate representatives, or proxies was required in the design or implementation of programs, as no critical risks were identified. However, LTS remains prepared to engage with worker representatives if necessary.

Alignment with Sustainable Development Goals (SDGs)

(See p.23: ESRS 2: Core Strategic Pillars)

Internal Functions Managing Value Chain Worker Impacts

(See p.121: Operational Responsibility for Engagement)

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

LTS has set specific targets to manage material impacts, risks, and opportunities related to value chain workers, in alignment with the Supply Chain Act. These targets include

- conducting regular supplier risk assessments to identify potential human rights and labor risks,
- addressing and managing risks and
- addressing 100% of reported violations through in the internal and external supply chain, including immediate corrective actions, and ensuring effective response to external alerts and complaints.

Engagement of Value Chain Workers, Representatives, or Proxies in Target Setting

(See p.128: Role of Value Chain Workers and Their Representatives in Decision-Making)

Engagement in Tracking Performance Against Targets

Performance tracking, including supplier risk assessments, monitoring alerts, and addressing violations, was managed internally by designated LTS teams, such as Supply Chain, Compliance Management and the Human Rights Officer. Relevant KPIs a tracked in the Supply Chain Act/LkSG Report 2024 and the Sustainability KPI Dashboard.

Engagement in Identifying Lessons and Improvements

In 2024, value chain workers, their legitimate representatives, or proxies were not involved in identifying lessons or improvements resulting from LTS's performance. Since this was the first year of implementing new targets and processes, insights were evaluated internally. As these processes evolve, LTS may consider involving value chain workers or their representatives to ensure continuous improvement and integration of worker perspectives.

Intended Outcomes for Value Chain Workers

LTS aims to create meaningful positive impacts in the lives of value chain workers through several key outcomes:

- Secure employment is supported by strengthening long-term business relationships with suppliers.
- Health and safety improvements are driven the Supply Chain Act (LkSG), promoting adherence to safety standards.
- Human rights protection measures focus on eliminating child and forced labor, ensuring fair working conditions, and upholding international labor standards.
- Training and skill development initiatives enhance employability and personal growth.
- Inclusion and equity efforts support diversity, particularly through the employment of persons with disabilities within the value chain.

Stability of Targets and Methodologies

LTS commits to consistency in definitions and methodologies for its sustainability targets to enable comparability across reporting periods and to other companies.

Reference to Standards and Commitments

(See p.120: Alignment with International Standards)

Affected Communities

- Interests and views of stakeholders, material impacts, risks and opportunities and their interaction with strategy and business model(s)
- Policies related to affected communities
- Processes for engaging with affected communities about impacts

Interests and views of stakeholders, material impacts, risks and opportunities and their interaction with strategy and business model(s)

LTS has determined that ESRS S3 (Affected Communities) is not material for its operations, considering both its business model and the entire value chain. Below is a detailed explanation of the assessment.

Nature of LTS's Business Model

As a Contract Development and Manufacturing Organization (CDMO), LTS operates in a B2B environment, focusing on research, development, and manufacturing for pharmaceutical clients. LTS does not interact directly with end consumers or communities impacted by the marketing and distribution of its products. The company's core activities are industrial and primarily involve pharmaceutical clients, with no significant direct engagement or impact on local communities.

Impacts Across the Value Chain

Upstream, LTS ensures compliance with environmental and social standards through its adherence to the Supply Chain Act (LkSG). Risks related to suppliers, such as human rights violations, are addressed through risk management mechanisms, with no evidence of significant community-level impacts. Downstream, the end-users of LTS's products are patients, who are served through pharmaceutical business partners. LTS does not directly influence marketing, distribution, or product use, limiting its direct impact on communities in the downstream value chain. Given this value chain structure, the scope of ESRS S3 requirements does not align with LTS's operational reality, as its activities do not involve significant land use, community rights, or other broader societal impacts typically addressed by ESRS S3.

Specific Relevance to Clinical Trials

LTS has identified the handling of clinical trials as a material impact related to affected communities, which it treats as a company-specific disclosure under ESRS 1. Clinical trials are conducted in accordance with strict ethical standards, including Good Clinical Practice (GCP) and the Declaration of Helsinki, ensuring participant safety and informed consent. This focus ensures accountability for clinical trial impacts while distinguishing them from general ESRS S3 topics, as they pertain to specific operational risks rather than broader community engagement.

Policies related to affected communities

LTS has established policies to manage material impacts, risks, and opportunities related to affected communities, according to our materiality assessment with focus on clinical trials. These policies align with the principles outlined in the Clinical Trial SOP and adhere to Good Clinical Practice (GCP) standards.

- Commitment to Ethical Practices: LTS prioritizes the safety, rights, and well-being of trial participants in all clinical research activities. The company follows the ethical guidelines outlined in the Declaration of Helsinki and other international frameworks to ensure the highest ethical standards in clinical trials.

- Risk Management: LTS implements structured risk assessments during the design and execution of clinical trials to identify and mitigate potential negative impacts on affected communities. Measures include regular monitoring, audits, and compliance checks to maintain adherence to ethical and regulatory requirements.

- Informed Consent and Communication: a robust informed consent process ensures that participants are fully aware of trial objectives, risks, and potential benefits. Communication with participants is clear, transparent, and respectful, reflecting LTS's commitment to respecting their autonomy and providing them with necessary information to make informed decisions.

- Stakeholder Engagement: LTS actively involves affected communities in the trial process by incorporating feedback from participants and their representatives into decision-making.

- Continuous Improvement: LTS evaluates the outcomes and processes of its clinical trials to ensure alignment with evolving ethical and regulatory standards. Lessons learned are integrated into future trial designs to enhance their positive impact on affected communities and further strengthen ethical research practices.

Processes for engaging with affected communities about impacts

LTS has identified the handling of clinical trials as a company-specific disclosure in alignment with ESRS 1. Clinical trials are crucial for ensuring the quality, efficacy, and safety of the company's pharmaceutical products, emphasizing LTS's commitment to ethical practices.

- Participant Safety and Welfare: the safety, rights, and well-being of participants are the highest priority. Clinical trials must be conducted in accordance with ethical standards, ensuring that participants are treated with dignity and respect.

- Scientific Integrity: trials must be designed and conducted based on robust scientific rationale. Data collected should meet high-quality standards to support valid and reliable results.

- Compliance with Legal and Ethical Standards: trials must comply with GCP guidelines, applicable national and international regulations, and ethical principles such as those outlined in the Declaration of Helsinki.

- Documentation and Transparency: all aspects of the trial must be thoroughly documented and accessible for review. Regular monitoring and auditing are essential to ensure adherence to protocols and standards.

Consumers and End-Users

- Policies to Manage Material Impacts, Risks, and Opportunities Related to Consumers and End-Users
- Processes for engaging with consumers and end-users about impacts
- Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
- Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
- Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Policies to Manage Material Impacts, Risks, and Opportunities Related to Consumers and End-Users

Actions in Case of Drug Risk (SOP Number 2005832)

LTS has implemented procedures to manage pharmaceutical risks and ensure patient safety. This SOP defines actions to assess and mitigate drug-related risks while maintaining regulatory compliance. The policy includes detailed risk assessment methodologies, procedures for corrective and preventive actions (CAPA), and mechanisms for complaint handling and regulatory reporting. It also governs clinical trial safety by emphasizing sponsor collaboration and compliance with EU and national regulations, including EMA and GxP guidelines.

LTS Sustainability Policy (POL 2005472)

The Sustainability Policy describes the sustainability framework and the integration of sustainability into the LTS corporate strategy. For LTS, sustainability is declared as long-term orientation on patient value, considering the current and future needs of planet, people and patients.

GCP Policy for Conduct of Clinical Trials (POL 2005474)

LTS ensures that clinical trials adhere to Good Clinical Practice (GCP), the Declaration of Helsinki, and all relevant regulatory frameworks. This policy prioritizes participant rights, safety, and data integrity while confirming compliance with international standards. Responsibilities include oversight by qualified personnel, adherence to ethical principles, and continuous monitoring of clinical trials.

Whistleblowing Policy (POL Number 2017643)

LTS has implemented a whistleblowing system to allow employees and third parties to report potential misconduct confidentially.
(See p.76: Whistleblowing Platform)

Policy on Compliance Management (POL 2005470)

This policy establishes the compliance framework to ensure that LTS adheres to legal, regulatory, and ethical standards. It mandates continuous risk assessments, internal auditing, and standardized documentation of compliance procedures. The Compliance Officer oversees implementation, while department heads ensure adherence within their teams. The policy includes regular mandatory training, reporting mechanisms, and corrective action plans for addressing non-compliance issues.

Processes for engaging with consumers and end-users about impacts

LTS acts as a Contract Development and Manufacturing Organization (CDMO) for our partners in the pharmaceutical industry. Marketing authorization holders are accountable for incorporating consumer and end-user perspectives through structured processes with focus on product safety, quality, and compliance.

In case of clinical trials under LTS sponsorship, the key mechanism for integrating these perspectives is the informed consent process in clinical trials, ensuring that participants fully understand the nature, purpose, and potential risks associated with their participation. This aligns with ethical and regulatory requirements, prioritizing consumer safety.

Additionally, our pharma partners conduct consumer studies at their discretion to assess patient needs regarding product usage, satisfaction, and potential usability issues. Relevant findings from these studies are shared with LTS, enabling the company to integrate consumer feedback into its development and decision-making processes.

Engagement with Consumers and End-Users or Their Legitimate Representatives

As a CDMO, LTS engages with consumers and end-users indirectly through marketing authorization holders (see above). From time to time, for the purpose of evaluating ideas for innovation, LTS engages expert or consumer consultation at its own initiative and expense. The insights derived from these flow into product ideas that are then proposed to B2B partners (PharmaCos) for their evaluation and decision making.

Disclosure of Stage, Type, and Frequency of Engagement

(See p.139: Engagement with Consumers and End-Users or Their Legitimate Representatives)

Disclosure of Function and Most Senior Role Within LTS Responsible for Engagement

Head of Quality is responsible for engaging with customers regarding the marketed products. For development projects key roles such as the Head of R&D, Head of Quality / Qualified Person and Head of Production / Operations, hold operational responsibility for ensuring engagement. Potential and actual risks and impacts are managed in compliance with applicable guidelines (e.g. GMP, MDR, CFR).

Disclosure of How Effectiveness of Engagement with Consumers and End-Users Is Assessed

LTS Quality, Business Development, R&D and Key Account Management functions maintain ongoing communication with Marketing Authorization Holders (MAHs), collecting insights that contribute to evaluating the quality and relevance of engagement efforts. This feedback helps refine LTS's approach to product safety, quality improvements, and customer satisfaction.

Disclosure of Steps Taken to Gain Insight into Perspectives of Vulnerable or Marginalized Consumers and End-Users

LTS takes proactive steps to address the needs of vulnerable or marginalized consumer groups. This includes the use of child-protective packaging materials to prevent accidental misuse and formulation approaches for oral thin films to allow ease of use without extra water thus beneficial to treat children, older patients or patients who have difficulty swallowing medicine.

Type of Role or Function Handling Engagement

Marketing and R&D teams at LTS are responsible for managing engagement with partners and clinical trial participants during product life cycles, such as development and clinical testing.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Material negative impacts on consumers and end-users are managed as described in Standard Operating Procedure (SOP) 2005832, “Schedule of Actions in Case of Drug Risk”. (See p.137: Policies to manage Material Impacts)

These processes are also described in the Quality Assurance Agreements (QAAs) with marketing authorization holders (MAHs), ensuring that any concerns raised by consumers or end-users are addressed collaboratively. Additionally, LTS provides a whistleblowing platform. (See p.76: Whistleblowing Platform)

Disclosure of Specific Channels in Place for Consumers and End-Users to Raise Concerns

Consumers generally address their concerns to the marketing authorization holder, which has legal responsibility for managing product-related inquiries.

However, should consumers or end-users wish to contact LTS directly, they can do so via the general contact details available on LTS’s website or through the LTS Whistleblowing System.

Disclosure of Processes to Support or Require the Availability of Channels

LTS supports the availability of secure and professional reporting channels through its Whistleblowing System.
(See p.76: Whistleblowing Platform)

Disclosure of How Issues Raised Are Tracked, Monitored, and Evaluated

Legal obligations require the MAH to document and manage incoming reports and notify LTS if its involvement is necessary under established QAAs.

Disclosure of How Consumer Awareness and Trust in These Processes Are Assessed

Since LTS is not the product owner nor the party that brings the product into circulation, trust in the overall complaint management process is assessed through the feedback received and managed by MAHs.
(See p.141: Processes to remediate negative impacts and channels for consumers and end-users to raise concerns)

Policies Regarding Protection Against Retaliation for Individuals Using Reporting Channels

(See p.138: Whistleblowing Policy and p.76: Whistleblowing Platform)

Disclosure of Whether and How Consumers Can Access Reporting Channels

(See p.139: Processes for engaging with consumers and end-users about impacts)

Availability of Third-Party Reporting Mechanisms

(See p.76: Whistleblowing Platform)

Confidentiality and Data Protection in Grievance Handling

(See p.76: Whistleblowing Platform)

Disclosure of Anonymous Reporting Options for Consumers and End-Users

(See p.76: Whistleblowing Platform)

Number of Complaints Received from Consumers and End-Users in the Reporting Period

In 2024, no complaints were reported via the LTS Whistleblowing System.

Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Collaboration with Marketing Authorization Holders

(See p.139: Processes for engaging with consumers and end-users about impacts)

Product Safety and Design Measures

(See p.139: Processes for engaging with consumers and end-users about impacts)

Regulatory and Quality Framework

LTS adheres to strict regulatory standards, including Good Manufacturing Practice (GMP) and Good Clinical Practice (GCP), to ensure product safety and compliance. Product risk assessments are conducted to evaluate potential consumer safety concerns. The company follows structured Corrective and Preventive Actions (CAPA) processes to address and eliminate risks effectively. Compliance with national and international regulatory frameworks is fundamental to maintaining ethical and legal responsibility in all operations.

Monitoring and Oversight of Consumer and End-User Concerns

(See p.138: Whistleblowing Policy and p.76: Whistleblowing Platform)

Resource Allocation for Product Safety and Compliance

LTS commits qualified personnel to maintaining product quality and consumer safety. Dedicated functional teams, including Compliance Management, Quality Assurance, Quality Control, Production and Research and Development, are responsible for maintaining safety and regulatory standards. Employees receive training to ensure compliance with GMP, GCP, and other applicable regulations. Cross-functional collaboration between Key Account Management, Quality, and R&D ensures that consumer concerns are effectively integrated into business operations.

Clinical Trial Protocols to Ensure Patient Safety and Well-Being

LTS has established Clinical Study Protocols to manage risks and opportunities related to clinical trials. Study objectives are clearly defined to assess safety, efficacy, and therapeutic outcomes. Inclusion criteria ensure that participants meet strict health and demographic requirements, reducing risks and maintaining the scientific integrity of the study. Exclusion criteria prevent individuals with specific health risks from participating, aiming for a controlled and safe trial environment.

LTS follows internationally recognized ethical guidelines, including the International Council for Harmonization (ICH-GCP) and the Declaration of Helsinki.
(See p.137: GCP Policy)

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Quality and Safety Goals

LTS aims at zero major observations in internal and external quality audits. This ensures that all manufacturing processes, product formulations, comply with applicable regulatory and internal quality standards. Any identified observations or deviations trigger corrective and preventive actions to uphold product safety and integrity.

Pharmaceutical Product Safety is one key element to be demonstrated during product development and basis for drug product approval by health authorities. Further aspects like child-proof packaging are described above.
(See p.140: Disclosure of Steps Taken to Gain Insight into Perspectives of Vulnerable or Marginalized Consumers and End-Users)

Timely and Reliable Supply

LTS targets a 95% On Time in Full (OTIF) delivery rate for shipments to marketing authorization holders (MAHs). By maintaining a high OTIF rate, LTS contributes to availability of its products to consumers and end-users, reducing supply chain disruptions that could impact patient access to essential medications.

Compliance with Incident Reporting Timelines

LTS adheres to strict reporting timelines for adverse events and quality-related incidents, as outlined in its Quality Assurance Agreements with MAHs.

Whistleblowing System Effectiveness

While not formalized as a numerical target, LTS continuously monitors the effectiveness of its Whistleblowing System for appropriateness and efficacy, conducted by the Human Rights Officer.

Business Conduct

- The role of the administrative, supervisory and management bodies: Code of Conduct
- Corporate culture and business conduct policies
- Management of relationships with suppliers
- Prevention and detection of corruption or bribery
- Due Diligence
- Political influence and lobbying activities
- Payment practices

The role of the administrative, supervisory and management bodies: Code of Conduct

LTS has established roles and responsibilities within its global administrative, management, and supervisory bodies, ensuring the implementation and oversight of the LTS Code of Conduct.

To foster a culture of ethical business practices, the Code of Conduct is embedded into onboarding training and role-specific training programs across all levels of the organization. All employees are enabled to understand their obligations regarding integrity, compliance, and ethical decision-making in daily operations. The training includes guidance, such as rejecting gifts that could improperly influence business decisions and clarifies when the acceptance or giving of gifts and invitations is permissible and further aspects and corruption, privacy and whistleblowing procedures.

The Executive Board holds ultimate responsibility for approving the Code of Conduct, which is aligned with LTS's ethical standards and regulatory obligations. The Executive Board receives regular reports on business conduct compliance and is informed of violations, including findings from internal audits and whistleblower reports. This reporting mechanisms make sure that any misconduct is promptly addressed and that necessary corrective actions are implemented to uphold corporate integrity.

Disclosure of Expertise of Administrative, Management, and Supervisory Bodies on Business Conduct Matters

LTS's administrative, management, and supervisory bodies possess relevant expertise in business conduct, based on regular presentations and provided reports. The Human Rights Officer and the Head of Supply Chain play an important role in integrating human rights considerations and ethical supply chain management into LTS's corporate practices. Their expertise by training, safeguards that human rights principles and business ethics are effectively applied throughout the company's value chain, from supplier relationships to internal operations. The members of the Executive Board and all senior leadership roles participate in the general anti-corruption and anti-bribery training as part of their Code of Conduct training.

Corporate culture and business conduct policies

LTS fosters its corporate culture through the Growth Journey, an initiative that aligns employee behaviors and values with strategic objectives. This initiative is based on key behavioral principles: leadership, entrepreneurship, teamwork, accountability, and customer orientation. The company promotes these principles through team workshops, internal communication, and team-building events. Leaders and all employees are responsible for integrating these values into daily business.

Mechanisms for Identifying, Reporting, and Investigating Concerns About Unlawful Behavior or Violations of the Code of Conduct

LTS provides multiple channels for employees and stakeholders to report concerns about unethical or unlawful behavior. Employees are encouraged to report issues to their direct supervisors or the Workers' Council. Additionally, an intranet-based feedback form allows anonymous reporting. For more serious concerns, LTS maintains a dedicated whistleblower system. Compliance Management oversees this system. All reports are handled impartially and investigated according to established procedures.

Policies on Anti-Corruption and Anti-Bribery Aligned with the United Nations Convention Against Corruption

LTS has implemented anti-corruption and anti-bribery policies, which are embedded within its Code of Conduct. These policies secure that employees and stakeholders adhere to high ethical standards, prohibiting any form of corruption or bribery.

Safeguards for Reporting Irregularities, Including Whistleblower Protection

(See p.76: Whistleblower Platform)

Commitment to Prompt, Independent, and Objective Investigations of Business Conduct Incidents

LTS adheres to a structured process for investigating business conduct incidents, human rights and environmental complaints as outlined in its Procedural Order (Verfahrensordnung – FO1 2019231): reports are acknowledged within seven days, and investigations are independently conducted. The duration of the process varies based on complexity.

Policies on Animal Welfare

LTS upholds stringent animal welfare policies in its research and development practices, as defined in its Preclinical Study SOP 2005928. The company adheres to ethical and legal standards, including compliance with EU Directive 2010/63/EU, which governs the use of animals in scientific research. LTS follows the 3R principles – Replacement, Reduction, and Refinement – to minimize animal use and improve welfare conditions. All external contract research organizations conducting preclinical studies for LTS must demonstrate compliance with these animal welfare standards.

Functions at Risk of Corruption and Bribery

LTS does not currently classify any internal functions as high-risk for corruption or bribery. No corruption-related incidents were reported in 2024.

Management of relationships with suppliers

LTS does not currently have a formal policy dedicated to preventing late payments, including those to small and medium-sized enterprises (SMEs). Payment terms are managed according to contractual agreements with suppliers, and financial processes are overseen by the finance and supply chain departments. While no specific policy is in place, LTS acknowledges the importance of timely payments, particularly for SMEs, and remains committed to maintaining responsible financial practices.

Approach to Supplier Relationships Considering Supply Chain Risks and Sustainability Impacts

LTS's supplier relationships are governed by the requirements of the Supply Chain Due Diligence Act (LkSG), ensuring responsible sourcing, human rights protection, and environmental sustainability along the supply chain. A risk-based supplier assessment process is in place to evaluate human rights, labor conditions, and environmental risks.
(See p.115: ESRS S2 – External Workforce)

Integration of Social and Environmental Criteria in Supplier Selection

LTS's Procurement Policy mandates the selection of suppliers based on social responsibility, environmental stewardship, and ethical business practices. Supplier selection prioritizes alignment with relevant values, including quality, flexibility, and long-term collaboration. Procurement decisions take into account accountability to customers, suppliers, the environment, and broader societal interests. Adherence to international ethical standards, including the UN Global Compact, ILO core labor standards, the UN Declaration of Human Rights, and UN Conventions on labor rights and anti-discrimination, is required.
(See p.115: ESRS S2 – External Workforce)

Prevention and detection of corruption or bribery

Procedures to Prevent, Detect, and Address Corruption and Bribery

LTS will implement structured procedures for risk assessment and prevention of corruption and bribery in 2025.

Reporting Mechanisms and Whistleblowing Protection

(See p.76: Whistleblowing Platform above)

Independent Investigations and Integrity Oversight

Investigations of corruption or bribery allegations would be conducted independently of the management responsible for prevention and detection. The Integrity Committee consists of representatives from Compliance Management, Legal, and Human Resources.

Regional Roll-Out of Anti-Corruption and Bribery Training

The Code of Conduct training has been systematically rolled out to employees in Andernach and West Caldwell; implemention in St. Paul (US) and Netanya (ISR) by the end of 2024.

Training Completion Rates

- **Andernach (AND):**
  Training assigned: 768 employees
  Training completed: 743 employees
  Completion ratio: **96,7%**

- **West Caldwell (WCL):**
  Training assigned: 233 employees
  Training completed: 229 employees
  Completion ratio: **98,3%**

Due Diligence

Research and Development for Product Safety and Efficacy

LTS applies stringent product development standards, ensuring that all formulations align with regulatory requirements, such as Good Laboratory Practice (GLP) and Good Clinical Pranctice (GCP). The demonstration and validation of Product Safety and Efficacy are key elements for application for a marketing authorization by health authorities. This commitment minimizes potential risks to end-users by incorporating safety measures early in the development process.

Quality Assurance and Risk Mitigation

To prevent quality-related risks, LTS implemented testing and manufacturing validation protocols. All manufactured products meet both regulatory and internal quality standards before reaching the market. Continuous monitoring and adherence to GMP guidelines further reduce potential risks associated with manufacturing defects or inconsistencies.

Compliance and Regulatory Resources

LTS assigns dedicated resources to uphold international regulatory standards, supporting pharmaceutical clients in meeting safety and compliance requirements. This includes investments in internal audits, staff training, and external certifications to reinforce regulatory alignment and mitigate risks that could impact end-users.

Anti-Corruption and Anti-Bribery Compliance in 2024

LTS maintains a zero-tolerance policy for corruption and bribery (see below).

Convictions for Violations of Anti-Corruption and Anti-Bribery Laws

In 2024, LTS recorded **zero** convictions for violations related to anti-corruption and anti-bribery laws.

Fines for Violations of Anti-Corruption and Anti-Bribery Laws

LTS incurred€0 in fines related to anti-corruption and anti-bribery violations during 2024.

Dismissals or Disciplinary Actions for Corruption or Bribery

No employees were dismissed or disciplined for corruption or bribery-related incidents in 2024.

Public Legal Cases Related to Corruption or Bribery

There were no public legal cases brought against LTS or its employees for corruption or bribery in 2024.

Political influence and lobbying activities

Oversight of Political Influence and Lobbying Activities

LTS does not have a specific administrative body or individual designated for overseeing political influence or lobbying activities. However, all external collaborations and related activities are aligned with the respective line manager and, ultimately, with the Executive Board.

Financial and In-Kind Political Contributions

In 2024, LTS did not engage in any financial or in-kind political contributions. No payments or activities were made to support political parties, campaigns, or related entities during the reporting period. The total amount of financial political contributions made by LTS was 0€.

Lobbying-Related Expenses

LTS's lobbying-related expenses in 2024 were primarily associated with membership fees to industry associations, which contribute to policy discussions relevant to the pharmaceutical sector. These expenses were as follows:

- Industrie- und Handelskammer (IHK): 28.500€
- Verband der Chemischen Industrie (VCI): 102.655€

Topics and Positions in Lobbying Activities

LTS engages in lobbying activities indirectly through its membership in the German Pharmaceutical Industry Association (BPI), which is associated with the VCI. This association represents over 260 pharmaceutical companies and more than 78.000 employees, advocating for regulatory and economic interests while maintaining high standards of fairness, transparency, and integrity.

Main Topics Covered:

- Healthcare and Location Policy: Advocating for Germany's competitiveness as a pharmaceutical hub, fostering innovation, productivity, and strong working conditions.
- Supply Security: Promoting measures to ensure a stable and reliable supply of medicines, addressing global challenges affecting the pharmaceutical supply chain.
- Pharmaceutical Legislation: Contributing to regulatory discussions on the marketing, distribution, and production of pharmaceutical products.

LTS's Position on These Topics:

- Supports transparency and ethical practices, aligning with self-regulation codes such as those set by Arzneimittel und Kooperation im Gesundheitswesen e. V. (AKG).
- Advocates for a balance between economic viability and regulatory compliance to benefit patients and support the healthcare professionals.

Transparency and Public Administration Links

LTS is registered in the EU Transparency Register, ensuring openness in its engagement with policymakers. Additionally, none of LTS's administrative, management, or supervisory board members held a comparable role in public administration within the two years preceding their appointment at LTS.

Mandatory Membership in Industry Organizations

LTS is legally required to be a member of a chamber of commerce or other organizations that represent its interests, ensuring its engagement in relevant industry discussions and policy developments.

Payment practices

Payment Practices and Invoice Processing

LTS adheres to structured payment practices to ensure compliance with supplier agreements and financial stability.

Average Payment Time

The average number of days LTS takes to settle invoices, measured as Days Payable Outstanding (DPO) for the period from January to November 2024, is 53 days.

Standard Payment Terms by Supplier Category

LTS applies a range of payment terms based on supplier category and contractual agreements:

- Immediate payment or prepayment is required for certain suppliers.
- Short-term payment terms include 7 or 14 days.
- Medium-term payment terms range from 30 to 60 days.
- Standard payment terms are set at 60 days, calculated from the end of the month.

To incentivize early payments, some suppliers offer a cash discount (Skonto) of 2–3%, which LTS considers when determining payment timing.

Percentage of Payments Aligned with Standard Payment Terms

In 2024, over 95% of payments (estimated) were made within the agreed-upon standard payment terms, reflecting LTS's commitment to fulfilling contractual obligations and maintaining strong supplier relationships.

Outstanding Legal Proceedings for Late Payments

As of 2024, LTS has zero outstanding legal proceedings related to late payments.

Governance and Contextual Information on Payment Practices

LTS ensures transparency and accountability in its payment practices through structured governance mechanisms. Purchases exceeding 50k€ are reviewed and approved by one or more members of the leadership team, ensuring visibility and financial control. The Supply Chain team negotiates supplier payment conditions, with a strategic objective to establish a standard payment term of 60 days after the end of the month, balancing supplier expectations with LTS's financial planning.

Annex

→ LTS Double Materiality Analysis 2024

→ LTS Value Chain

LTS Double Materiality Analysis 2024

- Context for the Double Materiality Analysis
- Methodology for the Double Materiality Analysis
- Final Output and Validation of the Double Materiality Analysis
- Entity-specific disclosures
- Reporting Progress Against the Base Year
- Level of disaggregation
- Use of Data, Estimations, and Industry Averages
- Limitations and Improvement areas in the LTS Double Materiality Analysis

Context for the Double Materiality Analysis

Regulatory Framework

The Double Materiality Analysis at LTS in 2024 has been conducted in accordance with the European Sustainability Reporting Standards (ESRS), particularly ESRS 1. As required by the Corporate Sustainability Reporting Directive (CSRD), the analysis evaluates sustainability-related impacts, risks, and opportunities across two dimensions.

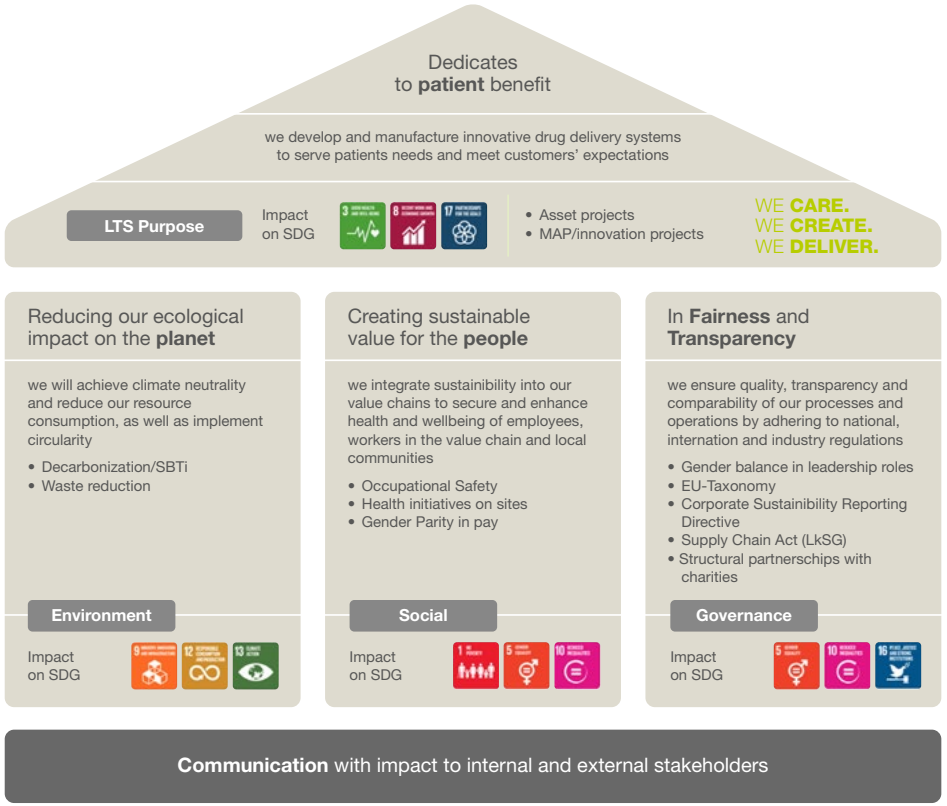
- **Impact Materiality:** For LTS, this focuses on assessing how its business operations, such as the manufacturing of transdermal therapeutic systems (TTS) and oral thin films (OTF), impact people, the environment, and governance systems. Examples include emissions from production processes, waste generated at facilities, and labor conditions across the value chain.
- **Financial Materiality:** This considers how sustainability-related factors affect LTS's financial performance. Examples include potential regulatory changes (e.g., climate change-related activities influencing costs) and supply chain risks tied to raw material availability or compliance issues under the German Supply Chain Due Diligence Act (LkSG).

Integration with LTS Corporate Strategy

LTS has structured its sustainability strategy to address both immediate and long-term challenges while supporting its corporate mission of delivering innovative, sustainable pharmaceutical solutions. The Double Materiality Analysis contributes by identifying areas where the company can have the most impact, such as reducing greenhouse gas emissions, improving workplace safety, and supporting local charities near its facilities in Germany, Israel, and the USA.

The analysis directly aligns with LTS's sustainability framework, which is an integral part of its corporate strategy. Sustainability is embedded in long-term goals, such as achieving net-zero carbon emissions, improving resource efficiency, and promoting fair labor practices.

- LTS views sustainability as an opportunity to innovate, providing advanced drug delivery systems that minimize environmental impact while meeting patient and customer needs.
- Strategic alignment ensures that the analysis informs critical business decisions, from investment in renewable energy to collaborations with suppliers.



Objectives of the Analysis

- **Legal Compliance:** The analysis ensures adherence to CSRD reporting obligations and compliance with frameworks such as the UN Guiding Principles on Business and Human Rights.
- **Strategic Alignment:** By identifying material topics, the analysis helps LTS focus on priority areas such as decarbonization, supply chain transparency, and fostering diversity within its workforce.
- **Stakeholder Value:** It captures the impact on internal employees, external workers in the value chain, customers, and local communities.
- **Risk Mitigation:** The analysis supports proactive management of risks, related to environmental, social and governance topics.

Key Drivers from ESRS 1

- **Sustainability Due Diligence:** As outlined in ESRS 1, the analysis leverages LTS's due diligence processes to assess and address impacts throughout its value chain.
- **Stakeholder Engagement:** The analysis integrates feedback from diverse stakeholders. For example, employees contributed insights on workplace conditions and safety initiatives, while large and small customers and suppliers highlighted sustainability expectations.

Methodology for the Double Materiality Analysis

General Process

First, the process began with a thorough description of the LTS value chain, covering both upstream and downstream activities across the entire organization. This included defining tasks performed internally by LTS and externally by partners or suppliers. This step ensured that the materiality assessment addressed all critical operations and their associated impacts.

Next, internal and external stakeholders were identified to participate in the analysis. Internal workshops were held in March 2024. The participants worked collaboratively to define the most relevant impacts, risks, and opportunities (IROs) according to the topic/sub-topic list provided in ESRS1; and assessed their scale, scope, and irreversibility. The financial impact of these IROs was assessed using LTS's established Risk Management Processes and templates. This process engaged multiple departments, with leaders contributing to discussions on the likelihood and impact of potential risks, opportunities and impact.

For the materiality assessment of negative impacts, LTS adhered to national/international standards such as Supply Chain Act, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The assessment differentiated between actual and potential negative impacts, with actual impacts evaluated based on severity and potential impacts assessed based on both severity and likelihood. Severity was determined using three factors: scale, scope, and irreversibility. For potential human rights impacts, the severity of the impact was prioritized over its likelihood. Positive impacts were assessed based on their scale and scope for actual impacts and on scale, scope, and likelihood for potential impacts. LTS utilized an additive scale ranging from 1 to 5, where 5 indicated the most severe impact.

For financial materiality, the analysis leveraged LTS's established Risk Management Process, which defined probability and impact classes. Probability was categorized into five classes, ranging from "not possible" (0%) to "very high" (75–100%), with associated multipliers for risk calculations. Impact classes were similarly defined, from "no impact" (0€) to "very high" (>5,0€m), with corresponding multipliers.

Thresholds were established to determine materiality, with the impact analysis threshold set at half the maximum scale (7,5) and the financial analysis threshold set at 2,1875. Due to the significant higher level of provided values, the external stakeholder threshold has been set to four.

Any IROs deemed material in either the impact or financial analysis were classified as material topics and incorporated into the company's sustainability report. The results of the Double Materiality Analysis were ultimately used to determine the materiality of ESRS data points for LTS.

Stakeholder	LTS Influence on the Stakeholder	Stakeholder Influence on LTS	Stakeholder Interests
Regulatory Agencies	Limited influence, as LTS is a smaller player and does not have decision-making power. LTS can leverage its expert knowledge in new technologies to influence regulatory discussions, but it holds less sway than its larger customers.	High influence, as regulatory agencies set rules that impact LTS operations significantly. Additionally, large customers like Pfizer have more direct influence with agencies, meaning LTS is indirectly impacted.	Regulating the pharmaceutical industry for safety and efficacy. Interested in how new technologies from companies like LTS can meet regulatory standards and improve healthcare outcomes.
Internal Employees	High, as LTS has a direct impact on internal employees through job security, workplace environment, and career development.	High, as internal employees drive the company's productivity, innovation, and overall performance.	Job security, fair compensation, career growth opportunities, and a safe, inclusive workplace environment.
External Employees	Moderate, as LTS relies on contractors and external labor for specialized tasks or short-term projects.	Moderate, as external employees provide flexibility and scalability for LTS in meeting specific project or operational demands.	Fair wages, timely payments, safe working conditions, and opportunities for further engagement with LTS.

Stakeholder	LTS Influence on the Stakeholder	Stakeholder Influence on LTS	Stakeholder Interests
Small Suppliers	Medium/High influence, as LTS's demand and terms are critical to small suppliers' business. LTS's timely payments and consistency in demand create stability for these suppliers.	High, as many suppliers are specialized on niches, which makes the dependency on them can potentially impactful on LTS's supply chain.	Reliable demand and consistent payments. These suppliers seek stability and growth through long-term contracts with LTS, as well as fair treatment.
Big Suppliers	Limited to moderate influence, as larger suppliers are typically less dependent on any single client like LTS. LTS's influence depends on its order volume relative to the supplier's overall business.	High, as big suppliers are essential for LTS, especially if they provide critical materials. Supplier power can increase with limited alternatives for single-source items, creating dependency risks for LTS.	Stable demand and favorable terms, but with flexibility to negotiate due to their own market strength. Larger suppliers may focus on maintaining strategic relationships while balancing multiple clients and active contribution to their sustainability goals, e.g. SBTi/decarbonization
Local Communities	Moderate influence due to job creation and infrastructure development. LTS contributes to the local economy through employment and tax revenue, which strengthens the community.	Moderate, as LTS is the second-largest employer in Andernach, creating economic and social impact. Community support can enhance LTS's reputation and local goodwill.	Economic growth, job opportunities, infrastructure improvements funded by tax revenue, and community well-being.
NGOs	Limited influence since LTS does not heavily engage with NGOs. However, if LTS provided funding, it could increase its influence on certain NGOs' initiatives.	Moderate, as NGOs could potentially influence regulatory decisions by raising awareness about issues in the pharmaceutical industry, indirectly impacting LTS.	Advocating for social and environmental causes; potentially aligning with LTS on sustainability or social impact goals if funding or partnerships were offered.
Customers	High, as LTS supplies essential products to customers, sometimes as the sole source. The level of influence depends on the size and market power of the customer, with larger customers having more influence on LTS.	High, as customers have significant control over LTS's production requirements and demand. Larger clients, in particular, drive operational and quality expectations for LTS.	Consistent and reliable supply, high product quality, and strong relationships to ensure supply chain stability.

Stakeholder	LTS Influence on the Stakeholder	Stakeholder Influence on LTS	Stakeholder Interests
Media	Low, as LTS perceives minimal interaction or interest from the media in its operations. However, there may be potential for LTS to use social media for brand building or recruitment if desired.	Low to moderate, as media coverage could influence public perception of LTS, although currently, both LTS and the media show little interest in each other.	Reporting on industry news, potential interest in innovative or socially relevant stories. Media could also support LTS in recruitment if it becomes a priority.
Patient Advocacy Groups	Low, as these groups have little interaction with LTS, and there is limited impact or mutual engagement.	Low, as there is currently no strong connection or interest from patient advocacy groups towards LTS.	Advocating for patient welfare, but unlikely to engage with LTS directly unless its products significantly impact patients.
Associations	Moderate, particularly through investor relationships, which can indirectly affect association priorities or actions.	Low/moderate, as industry associations can longterm impact the business LTS landscapes.	Fostering industry collaboration, advocating for favorable regulations, ensuring a stable industry environment.
Banking/Finance	Moderate, as investors like the Hopp family represent a source of influence in the financial and banking sectors, potentially aiding LTS in securing resources or partnerships.	Moderate/High, as investors significantly impact LTS through funding and governance expectations. Financial stability depends on maintaining positive relationships with investors.	Maximizing financial returns, maintaining stability, and supporting business growth, which aligns with LTS's financial needs.
Local Administration/ Government	Moderate, since LTS contributes to local development through job creation and tax payments. Local authorities value LTS's presence in the community.	Moderate, as LTS benefits from infrastructure support, local government services, and goodwill from being a significant employer.	Economic growth, job creation, infrastructure development, and sustaining a positive relationship with local businesses like LTS.
Universities	Low influence, as current engagement is limited. However, potential partnerships in HR and innovation could develop in the future.	Low, though collaboration could increase LTS's access to talent and research if pursued strategically.	Providing educational and research opportunities; potential collaboration for R&D or workforce development.

Stakeholder	LTS Influence on the Stakeholder	Stakeholder Influence on LTS	Stakeholder Interests
Investors	Low, as LTS does not significantly influence its investors' decisions. Investors are more focused on financial outcomes.	Very high, as investors hold considerable sway over LTS's financial and strategic decisions. Investor expectations strongly influence LTS's business direction.	Ensuring company profitability, stability, and growth; meeting return on investment targets.
Environment	Moderate, as LTS's production practices and emissions affect the environment. Actions to reduce environmental impact can contribute to sustainability goals.	Moderate, as environmental regulations and societal expectations increasingly push businesses towards sustainability, indirectly affecting LTS.	Conservation of natural resources, reduction of emissions and waste, sustainable practices that mitigate environmental harm.
Future Generations	Moderate, as LTS's sustainability efforts and environmental impact play a role in shaping future conditions.	Low direct influence, though societal pressures towards sustainability can indirectly influence LTS through regulations and public expectations.	Ensuring a sustainable future, protecting resources, and reducing environmental impact for long-term viability.

To facilitate external stakeholder input, LTS organized a digital dialogue that invited a broad group to assess the severity and importance of topics structured according to ESRS 1. Ultimately, 21 external stakeholders participated, primarily representing customers and suppliers.

The external stakeholders have been provided with a detailed glossary to ensure a shared and consistent understanding of the subtopics/subtopics. While some individual identities remained anonymous, the structured input they provided offered valuable perspectives, often correlating with internal assessments but generally operating on a higher level.

The feedback from external stakeholders was processed and integrated into the materiality assessment by LTS's sustainability team. According to the defined threshold, the result from both stakeholder group were consistent. The ESRS S4 topic "Security of a person" has been reported as material by the external stakeholders and therefore carefully reviewed and added to the S4 "Health and Safety" disclosures.

Final Output and Validation of the Double Materiality Analysis

The final output of LTS's Double Materiality Analysis was the definition of material topics aligned with the European Sustainability Reporting Standards (ESRS). These topics represent areas where LTS's operations, value chain, and external environment intersect with material sustainability risks, opportunities, and impacts.

The material topics include:

ESRS E1 Climate Change: This includes adaptation and mitigation efforts to address LTS's carbon footprint and climate resilience strategies.

ESRS E2 Pollution: Focuses on air quality, impacts on living organisms, and soil or community-level pollution resulting from LTS's manufacturing processes.

ESRS E5 Waste Management & Circularity: Covers the management of resources and waste streams, emphasizing resource efficiency, reduction of material outflows, and integration of circular economy principles.

ESRS S1 Internal Employees: Encompasses themes such as secure employment, fair wages, social dialogue, workers' councils, collective bargaining, work-life balance, health and safety, gender equality, training, inclusion, harassment prevention, and diversity.

ESRS S2 External Employees: Covers topics similar to ESRS S1 but extended to external workers in compliance with the German Supply Chain Due Diligence Act (LkSG).

ESRS S3 Affected Communities: Limited to ensuring informed consent in community engagements where LTS's operations impact local populations.

ESRS S4 Consumers and End-Users: Primarily addressing privacy, health and safety, and child protection concerns related to LTS's pharmaceutical products.

ESRS G1 Governance: Focuses on fostering a strong corporate culture, protecting whistleblowers, ensuring animal welfare in testing or sourcing, maintaining transparent payment practices, and preventing bribery or corruption.

Topics considered "out of scope/not material":

ESRS E2 – Pollution (water and soil)

ESRS E3 – Water & Marine Resources (all: water withdrawals, water use, discharges in water bodies, habitat degradation)

ESRS – E4 Direct impact drivers of biodiversity loss (all: climate change, land use change, pollution, impact on state of species, impact and dependencies on ecosystem services)

ESRS – S3 Communities civil and political rights (freedom of expression, freedom Impacts on human rights defenders, adequate food, water and sanitation , land-related impacts, security-related impacts, adequate housing, self- determination)

ESRS – S4 Customer and End-users: Information-related impacts for consumers and/or end-users: access to quality information, freedom of expression, Security of a person, Non-discrimination, responsible marketing practices

The results of the analysis were reviewed and validated by the Executive Board and the Supervisory Board.

Entity-specific disclosures

LTS has followed the principles outlined in Section 1.4 Entity-Specific Disclosures from ESRS 1 to address specific impacts, risks, and opportunities (IROs) not fully captured within the standard ESRS framework. Through its internal analysis and evaluation of its upstream and downstream value chain, LTS identified two topics of significant materiality due to their specific business context:

1. Informed Consent in Clinical Trials: LTS recognizes the importance of ensuring that informed consent processes in clinical trials adhere to the highest ethical standards. This is a critical area where LTS's operations directly influence patients' rights and trust in medical research.

2. Protection of Children: LTS also identified the risk of unintended use or exposure of fentanyl patches to children as a material concern. Due to the potential health and safety implications, this issue demands targeted oversight and mitigation measures within its supply chain and manufacturing processes.

These topics exhibit overlaps with ESRS S3 (Affected Communities) and ESRS S4 (Consumers and End-Users). Consequently, LTS has integrated the disclosures for these entity-specific material issues into the respective data points under these topical ESRS standards to ensure comprehensive coverage without duplication.

Reporting Progress Against the Base Year

LTS has established 2023 as the base year for tracking progress and developments across its sustainability targets, including its corporate carbon footprint. This baseline was calculated in accordance with the Greenhouse Gas Protocol (GHG) to ensure methodological rigor and alignment with international standards.

The corporate carbon footprint for the base year of 2023 has also been used the Science-Based Targets initiative (SBTi) framework, enabling LTS to monitor and report progress towards its carbon reduction and net-zero targets.

Comparative information for subsequent reporting periods will be presented against the 2023 baseline, providing stakeholders with consistent and transparent insights into LTS's progress over time. Historical milestones between the base year and subsequent reporting periods will also be included, where relevant, to illustrate key achievements in sustainability performance.

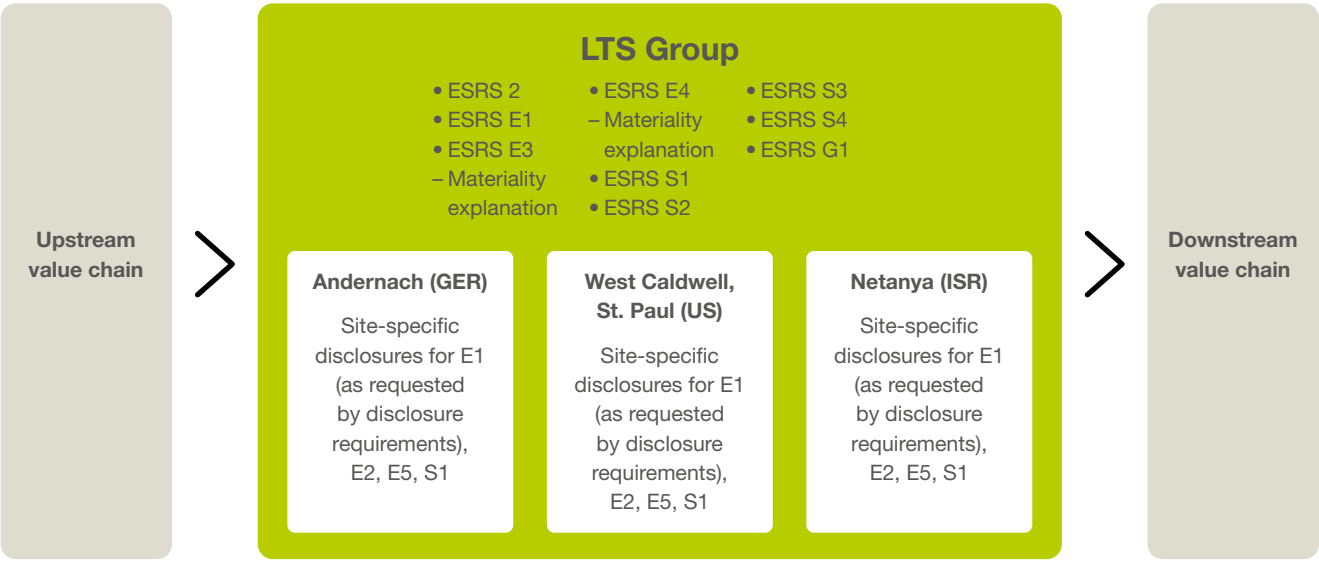
Level of disaggregation

LTS generally consolidates its sustainability disclosures at the corporate level to provide a holistic view of its material impacts, risks, and opportunities. This approach ensures consistency and alignment with its financial data, enabling stakeholders to assess the company's performance comprehensively.

However, specific topics require a disaggregated approach when variations between locations or regions are significant. For example:

- Waste Management (ESRS E2): Data is disaggregated by site or region to reflect differences in waste streams and management practices.
- Resource Use and Circular Economy (ESRS E5): Regional or site-specific data may be required to address the diverse sourcing and recycling practices at different facilities.
- Working Conditions (ESRS S1): Processes and practices may vary across sites due to differing labor market conditions or regional regulatory requirements.

This disaggregation is particularly relevant because some processes and systems have not yet been fully consolidated, owing to inorganic growth during the past two years. Providing disaggregated data in these areas ensures stakeholders gain an accurate and nuanced understanding of the company's sustainability performance, tailored to the specific context of each location or region.



Use of Data, Estimations, and Industry Averages

All disclosures in the LTS Double Materiality Analysis and subsequent sustainability reporting are based on verifiable data unless stated otherwise. LTS prioritizes the use of accurate data collected through its internal systems and reporting mechanisms. These data sources include inputs from across LTS's operations and the supply chain to ensure transparency and reliability.

In cases where actual data are unavailable or incomplete, estimations or industry averages are used to bridge the information gap. Such instances are explicitly declared within the report to maintain full transparency. Estimations are derived using expert and Line Manager interviews. Where industry averages are applied, LTS relies on reputable sectoral benchmarks, peer comparisons, or third-party data sources relevant to the pharmaceutical and biotechnology manufacturing sector.

The use of estimations and industry averages is strictly limited to situations where direct measurements or precise data points cannot be obtained.

Limitations and Improvement areas in the LTS Double Materiality Analysis

Stakeholder Input Bias

While LTS engaged a range of stakeholders, external stakeholder input primarily came from 21 participants, with a focus on customers and suppliers. Their feedback was often aligned and correlated with internal assessments, but on a higher level. The overlap between internal and external assessments also validates the consistency and relevance of the insights gathered, highlighting a shared understanding of LTS's material topics.

Flexible Impact Descriptions (Positive or Negative)

The materiality analysis defines impacts as either positive or negative, depending on whether the goal is to ensure or avoid certain outcomes. For example, ensuring human rights can be seen as a positive impact, while potentially causing human rights violations reflects a negative impact. This flexibility introduces interpretive variability, which may cause inconsistencies when comparing or categorizing impacts. However, this variation does not change the severity of an impact and therefore its materiality.

Assumptions in Impact Quantification

The quantitative frameworks used for impact materiality rely on additive scales to measure severity, including scale, scope, and irreversibility. While useful, these calculations introduce subjectivity and variability, particularly for complex issues such as human rights, where severity often involves qualitative judgments.

Generalization of Financial Materiality

The financial materiality framework relies on established probability and impact classes to quantify risks. However, indirect risks such as reputational damage or secondary financial effects (e.g., customer dissatisfaction or supplier disruptions) may not be adequately captured in these quantitative methods.

Time Horizon Definitions

The definitions for short-, mid-, and long-term risks diverge between LTS's internal framework and ESRS 1. At LTS, short- and mid-term risks are both considered within a 0–3 year timeframe, while long-term risks are defined as beyond 3 years. In contrast, ESRS 1 typically defines mid-term as 3–5 years and long-term as beyond 5 years. This discrepancy will be addressed for the upcoming reporting cycles, however it may not lead to significant different assessment of the financial materiality.

LTS Value Chain

- About LTS
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About LTS

WE CARE. WE CREATE. WE DELIVER. The driving philosophy behind LTS. As a trusted technology partner for the pharmaceutical industry, we develop and manufacture innovative drug delivery systems such as Transdermal Patches (“TTS”) and Oral Thin Films (“OTF”) as well as wearable drug delivery devices (“OBDS”). LTS’ commercial offering encompasses more than 20 marketed products and a diverse pipeline of more than 40 development projects targeting multiple disease indications. LTS’s innovation pipeline contains both, partner-funded as well as proprietary, LTS-funded projects. LTS maintains its leading position through the continuous refinement of its core TTS and OTF technologies and by advancing emerging drug delivery technologies, including Microneedle Array Patches (“MAP”) for the transdermal delivery of small and large molecules, biological actives and vaccines. With its SorrelTM wearable drug delivery platform LTS offers patient friendly solutions for complex drugs delivery at home. Founded in 1984, LTS operates today from four sites: Andernach, Germany, West Caldwell, NJ, USA, St. Paul, MN, USA and Netanya, Israel. LTS has also an office in Shanghai, China. LTS mission is to enable partners to sustainably maximize their business value through respectful consideration of natural resources, human rights, international standards and legal frameworks.

Upstream: major suppliers, goods & services

The value chain of LTS, operating as a Contract Development and Manufacturing Organization (CDMO), features a specialized manufacturing process for active ingredient patches. This process supports responsible production practices while leveraging a robust global network of suppliers and clients.

All raw material procurement is in compliance with the German Supply Chain Due Diligence Act (LkSG), ensuring social and environmental standards are met.

Major suppliers: Germany

#	Company name	Country
1	Company names omitted	Denmark/Belgium
2		Germany
3		Germany
4		Germany/Switzerland/India
5		USA/Germany
6		Austria
7		USA
8		USA
9		Germany
10		Germany

Major suppliers: US

#	Company name	Country
1	Company names omitted	USA
2		Belgium
3		USA
4		USA
5		Cech Republic
6		USA
7		Germany/Switzerland/India
8		USA
9		Germany
10		Austria

Research and Development

The internal R&D process at LTS is governed by a Stage Gate Process for product development, which is an internal process designed to ensure consistent standards and systematic progression from initial feasibility studies to commercialization.

The process consists of the following stages:

Stage 1 involves theoretical feasibility, where the API is initially evaluated for compatibility with LTS delivery systems. Deliverables include preliminary feasibility studies and the creation of the Quality Target Product Profile (QTPP).

Stage 2 covers practical feasibility and formulation development. It is subdivided into prescreening for practical feasibility (Stage 2a), formulation development and testing of preliminary formulations such as in-vitro studies for drug release or permeation (Stage 2b), and preclinical studies using animal models if necessary (Stage 2c). This stage focuses on identifying viable formulations and developing basic analytical methods.

Stage 3 involves explorative stability studies, including informal stability testing and stress studies on selected formulations. Analytical methods are also developed to support formulation stability evaluation.

Stage 4 prepares for clinical studies, which include creating GMP (Good Manufacturing Practice) documentation, regulatory documents, and producing clinical trial materials.

Stage 5 entails conducting and evaluating clinical studies. These studies are typically managed by Contract Research Organizations (CROs) or development partners, and the results are evaluated to guide further development.

Stage 6 focuses on prototype optimization. Prototypes are refined based on clinical data to improve stability, manufacturability, and product performance.

Stage 7 addresses scale-up and process design. This includes process development and pilot-scale manufacturing (Stage 7a), analytical method validation (Stage 7b), and stability studies on primary production batches (Stage 7c). The goal of this stage is to develop a robust production process.

Stage 8 involves submission preparation, where documentation for regulatory submission is finalized, and manufacturing processes are validated.

Stage 9 is the product launch phase, where preparations for and execution of initial commercial deliveries take place.

Stage 10 represents the commercial phase, where full-scale production, lifecycle management, and quality assurance are handled under established operational processes.

R&D is conducted at LTS facilities in Andernach, Germany, and St. Paul, USA, supported by over 150 R&D experts.

LTS also utilizes simulation tools like TrACE for early-stage de-risking, API selection, and predicting in-vivo plasma profiles.

LTS integrates its R&D processes with scalable manufacturing capabilities, ensuring seamless transitions from lab-scale development to full-scale production. This internal process adheres to LTS's quality standards and regulatory compliance, supporting its clients in achieving innovative drug delivery solutions.

Production

The production is managed internally and a typical manufacturing process begins with manufacturing a drug-containing adhesive mass. This involves mixing raw materials, such as adhesives, solvents, excipients, and active pharmaceutical ingredients (APIs), through controlled stirring, homogenizing, and heating steps to ensure complete dissolution and uniformity. Quality checks (IPCs) are implemented at each stage to verify machine speed, dry area weight, temperature profiles, and visual consistency in coating and laminating. LTS employs in-process quality controls (IPCs) and QC testing.

Following the preparation of the adhesive mass, the drug-coated laminate master rolls are slit into narrower rolls with precise width tolerances. These narrow rolls are then stored under controlled conditions up to the limit of a validated holding period before further processing.

After slitting, the rolls progress to the primary packaging stage, where individual patches are punched and placed into pouches. In-process controls verify patch dimensions, appearance, print readability, and pouch seal integrity. Variable data printing, such as batch and expiry dates, is applied to each pouch.

The secondary packaging stage includes assembly of the desired number of primary packaged patches (pouches), with a leaflet or other patient information into a folding box; including a serial code to minimize counterfeit risk in the supply chain.

This controlled production model, coupled with a specialized role as a CDMO, allows LTS to operate with minimal environmental impact. The careful management of processes and compliance with social and environmental standards reinforces LTS's commitment to responsible manufacturing within the pharmaceutical industry, underscoring that its size, product focus, and business model do not materially affect local communities or end-users.

Production facilities offer capacity to produce over 2,5 billion units annually of Transdermal Therapeutic Systems (TTS) and Oral Thin Films (OTF).

Logistics – within the LTS sites

LTS handles its logistics operations internally to ensure efficiently and seamless flow of materials and finished goods across its production facilities. Most forklifts and pallet/lift trucks are electric-powered, reducing carbon emissions and noise levels while enhancing workplace sustainability. A small number of natural gas-powered forklifts are utilized for heavier loads or where additional lifting capacity is required.

Logistics/transportation – outside the LTS sites

Transportation at LTS is organized externally. For upstream logistics, LTS's suppliers are responsible for the delivery of raw materials and components to LTS facilities. These deliveries are typically handled under the DAP (Delivery at Place) terms, where the supplier manages transportation to the agreed location, ensuring materials arrive at LTS facilities ready for processing. This approach allows LTS to focus on its core competencies while relying on its suppliers to handle logistics.

In downstream logistics, LTS transfers the responsibility to its customers under "Free Carrier (FCA) terms. Once products are prepared and made available at LTS facilities, customers assume full responsibility for the transportation of goods to their desired destinations. This arrangement provides customers with flexibility to manage their logistics according to their specific requirements.

Warehouse Management

LTS's warehouse management system is internally managed, ensuring full control over the storage, handling, and movement of materials and finished products. The facilities are designed to support the company's high-capacity production.

The warehouse in Andernach is equipped with high-rack storage systems, enabling efficient use of space and streamlined organization of inventory. The high-rack system is fully automated, incorporating advanced technology for precise storage and retrieval of goods. This automation enhances operational efficiency, reduces manual handling, and minimizes errors.

Temperature-controlled warehouses play a critical role in storing sensitive materials. These specialized zones are designed to maintain the integrity of APIs, semi-finished and finished drug products.

Additionally, LTS operates dedicated storage areas for controlled substances, including narcotics. These facilities comply with regulatory standards for the secure storage of high-risk materials, incorporating robust access controls and monitoring systems to prevent unauthorized access.

Waste Management

The LTS approach combines internal handling and external partnerships to ensure efficient waste processing, minimal environmental impact, and adherence to national and international regulations.

Waste at LTS is categorized based on its type and subsequent treatment requirements, ensuring proper handling from generation to disposal. All sorting, labeling, and initial handling activities are conducted internally. Hazardous waste includes adhesives, solvents, chemical residues, contaminated packaging, infectious waste, and old chemicals. These materials are collected in specialized containers, such as 200-liter steel drums and 120-liter plastic barrels, with proper hazard labeling. Non-hazardous waste consists of solvent-free scrap, paper, food waste, films, and general recyclable materials. These are internally sorted into categories like plastics, cardboard, and metal scrap to facilitate recycling and recovery. Special waste handling is implemented for narcotics, including secure storage, labeling, and controlled transfer to licensed external disposal facilities.

Waste recovery and disposal activities involve a mix of internal management and external partnerships, depending on the nature of the waste. Some solvents and adhesives are recovered through internal processes, reducing the volumes sent for external treatment. Scrap laminates and packaging waste from production are sorted for recycling. Hazardous waste is sent to certified external facilities for high-temperature incineration or chemical treatment. Non-hazardous waste like recyclable packaging is sent to local recycling partners. Mixed waste fractions, such as municipal waste, are treated at certified sorting facilities. External providers handle specialized waste streams, including chemical solvents and infectious materials, to ensure compliance with environmental and safety standards.

LTS employs dedicated storage solutions for waste before transfer to disposal or recycling facilities. Hazardous waste, such as solvents and adhesives, is stored in temperature-controlled areas to maintain safety and stability. Controlled substances, including narcotics, are kept in high-security storage areas under strict regulatory oversight. Semi-finished products and raw material residues are stored in sealed, labeled containers to prevent contamination. Designated handover points within production areas are established for moving waste to storage or loading docks.

LTS exceeds regulatory requirements for waste management over the last years, demonstrating its environmental stewardship. Solvent waste with residual adhesives undergoes post-treatment to remove contaminants, reducing environmental hazards. Dedicated treatment for nicotine-contaminated packaging ensures compliance with controlled substances regulations. Regular audits of waste management processes are conducted internally and by external partners, with waste streams meticulously tracked to ensure proper disposal or recovery.

Despite the already sophisticated system, LTS faces ongoing challenges in waste management, particularly related to cost increases and market availability for waste treatment services. In 2023, waste management costs increased by 31,11%, driven by rising transport costs, energy surcharges, and regulatory fees. For instance, costs for managing hazardous adhesive waste rose by nearly 96% due to exceptional disposal needs. LTS is exploring innovative solutions, such as pyrolysis, for converting waste into refinable oils, which could lower costs and reduce the company's carbon footprint. Projects are also underway to centralize waste collection points within facilities, improving sorting accuracy and employee engagement.

LTS relies on certified external waste management providers for final treatment and recycling. These providers handle high-temperature incineration, solvent recovery, and secure destruction of controlled substances. A secondary vendor is available for solvent waste but often has longer lead times. Non-hazardous waste streams, such as metals, plastics, and paper, are sent to regional recycling centers. LTS ensures all materials are pre-sorted to reduce contamination.

Product End-of-Life and Disposal

Due to its CDMO-role in the pharma supply chain, LTS does not have direct control over the disposal of its products, but based on standard pharmaceutical industry practices Hospitals and Pharmacies often have established take-back programs to ensure the safe disposal of unused or expired medications, including transdermal patches. Household Waste Disposal: In cases where no formal disposal guidance is provided, patients typically discard used patches in their household waste. Some countries provide regulatory guidance on the proper disposal of medicinal products to prevent environmental contamination or accidental misuse.

LTS Locations

LTS Lohmann Therapie-Systeme AG (LTS) operates multiple facilities across Europe, North America, and Asia, each contributing uniquely to the company's global drug delivery solutions.

Andernach, Germany

Established in 1984, the Andernach site serves as LTS's headquarters and primary production facility. It houses a 23.000m² production area and a 14.000-pallet warehouse, enabling the production of over one billion units annually. This location also features a dedicated research and development unit with expertise in high-potency active pharmaceutical ingredients (APIs) and hormones.

West Caldwell, New Jersey, USA

Acquired in 1994, the West Caldwell facility marked LTS's expansion into North America. It includes a 10.200m² production area and a 9.300-pallet warehouse, with a production capacity exceeding one billion units per year. The site specializes in handling high-potency APIs and manufacturing of OTF and TTS products.

St. Paul, Minnesota, USA

In 2022, LTS acquired the St. Paul facility to enhance its production capabilities and offer additional research and development capacities in North America. The site features a 2.500m² production area and a 1.500-pallet warehouse, capable of producing over 300 million units annually. It also specializes in high-potency APIs. The site has an R&D unit including formulation development, process development and analytical lab services.

Netanya, Israel

Acquired in 2023, the Netanya facility is LTS's first dedicated to drug-device combination products, focusing on wearable infusion pumps. It includes a 500m² production area and a 450m² warehouse, with a production capacity of over 1,5million devices per year. The site specializes in large-volume and highly viscous formulations.

Shanghai, China

LTS's business development office in Shanghai was established to pursue pharmaceutical and commercial partnerships throughout East Asia.

Overview of LTS Indications

As a CDMO, LTS exclusively supplies pharmaceutical manufacturers who hold all marketing rights and manage product distribution to end consumers*. The company's business model, focused solely on development and manufacturing, avoids direct consumer interaction, leaving all regulatory, distribution, and consumer-facing responsibilities to its clients. Due to this model, LTS's operations do not materially impact local or indigenous communities, as the structure and scope of its activities are contained within the pharmaceutical supply chain without end-user engagement.

In addition, the Israeli site conducts research on wearable medical devices that perform subcutaneous injections , collaborating closely with pharmaceutical manufacturers. This research aligns with client-driven needs, ensuring all innovations serve therapeutic purposes within the pharmaceutical industry and do not impact biodiversity or ecosystems.

PAIN MANAGEMENT

Pain management is one of LTS's key areas of expertise, offering solutions for mild to severe pain through transdermal patches and oral thin films.

Two main types of active substances are used in pain therapy: opioids and non-opioids. They are used according to the intensity of the pain, which the WHO has classified into a level scheme (Pain ladder). Another group of substances for pain management are the Anaesthetics, which cause a loss of sensation and therefore the absence or reduction of pain. The products from this class are with Lidocaine/ Tetracaine which is used for local analgesia and Capsaicin which is used for neuropathic pain. The Ibuprofen (NSAID: non-steroidal anti-inflammatory drug) topical systems provide local pain relief.

OPIOID DEPENDENCE

Opioids are proven drugs for severe pain. However, they are also abused e.g. as heroin or oxycodone. Buprenorphine/naloxone is a combination medication used in the treatment of opioid use disorder to reduce withdrawal symptoms and cravings while minimizing the risk of misuse. Buprenorphine acts as a partial opioid agonist, while naloxone is included to deter injection abuse by precipitating withdrawal if misused intravenously.

FEMALE HORMONES

Estrogens and progestogens are hormones produced by the female body. Hormonal drugs are based on these hormones. LTS is using combinations of hormonal active substances for hormonal contraception and as hormone replacement therapy for perimenopausal women.

LTS has a > 30 years of experience in handling hormones taking into account the specific containment requirements of highly active drug substances.

It is thanks to LTS that women today can use the birth control pill as a patch. With Evra®, LTS produced the world's first contraceptive patch. The EVRA contraceptive patch offers the advantage of once-weekly application and provides steady drug levels while bypassing the gastrointestinal tract.

HORMONE REPLACEMENT THERAPY: SUPPORT DURING MENOPAUSE

Menopause is often associated with discomfort for women. If they experience hot flashes, sleep disturbances or mood swings, hormone replacement therapy can offer support. Hormone patches compensate for the reduced hormone production of the body.

LTS offers different hormone patches: combination preparations of estrogen and progestin drugs, as well as pure estrogen preparations for women whose uterus has been removed.

SMOKING CESSATION

Smokers are physically and psychologically dependent. If they are deprived of nicotine, they may react with nervousness, concentration and sleep disorders. Psychological withdrawal symptoms also occur. This is where nicotine replacement therapy comes in to facilitate smoking cessation.

Nicotine containing transdermal therapeutic systems deliver low doses of nicotine to the body. By continuously reducing the dose of nicotine, the patch is designed to help relieve symptoms and accustom the body to quit smoking. 1991 – the first nicotine TTS for smoking cessation was introduced in the USA – developed and launched by LTS.

As with the contraceptive patch, LTS has also pioneered smoking cessation. Since 1991, there is the first nicotine TTS in the world – developed by LTS.

DISEASES OF THE CENTRAL NERVOUS SYSTEM

The most common diseases of the central nervous system are Alzheimer's disease and Parkinson's disease. Both diseases cause deposits of certain proteins and the progressive loss of nerve cells in the brain. Alzheimer's is the most common form of dementia and is irreversible, as well as Parkinson's.

Even if there is no way to stop the degeneration of the nerve cells, the symptoms of Alzheimer's and Parkinson's disease can be treated. Among others transdermal patches from LTS are used for this purpose.

While Alzheimer's disease results in a deficiency of the neurotransmitter acetylcholine, Parkinson's disease is primarily affected by a deficiency of dopamine. LTS-TTS compensate or mimic the missing transmitters, leading to an improvement in symptoms.

CORONARY HEART DISEASE

Coronary heart disease is caused by deposits in the blood vessels of the heart. The main symptom is angina pectoris, which is a chest pain, caused by insufficient blood flow. The disease cannot be cured, but the chest pain can be treated – e.g. by dilating the blood vessels.

LTS Nitroglycerin-TTS releases nitric oxide, which dilates the blood vessels of the heart, thus restoring an adequate oxygen supply.

CANCER TREATMENT

During cancer therapy, rapidly dividing tumor cells are destroyed. Along with this, other cells in the body, such as immune cells and hair follicles, are also affected. The reduction in immune cells after cancer treatment can lead to serious infections. To minimize this risk, patients receive after cancer therapy the drug Pegfilgrastim, which stimulates the production of specific immune cells (neutrophil granulocytes) and thus reduces the risk of infection.

Patient-friendly application with the On-body-Device: the SorrelTM OBDS is applied directly to the patient at the doctors office after cancer therapy, but the drug delivery occurs 27 hours later. The delayed administration of Pegfilgrastim shields the newly formed immune cells from the remaining cancer therapy in the bloodstream. A significant advantage of the SorrelTM OBDS is that the patient can comfortably await therapy at home without needing to visit the doctor again. Approximately 27 hours after the device is applied, it inserts a small needle into the body and administers the medication within a few minutes. Subsequently, the needle retracts back into the device, while a beep signals to the patient that the SorrelTM OBDS can be easily and painlessly removed.

CARE ORAL

With mouth refresher OTF, LTS has developed a film that kills up to 99 percent of the germs responsible for bad breath, thus ensuring fresh breath. When placed in the mouth, it emits a pleasant minty scent and develops a refreshing taste. The mouth refresher OTF was the first film produced by LTS and is now one of the best-selling products in the range.

Downstream/Sales

LTS operates as a Contract Development and Manufacturing Organization (CDMO), exclusively producing transdermal patches and oral thin films for pharmaceutical companies that hold the marketing authorizations. These pharmaceutical companies are responsible for distribution, regulatory compliance, and patient communication, ensuring that their products reach hospitals, pharmacies, and end-users. The products manufactured by LTS for the PharmaCos are distributed globally, catering to both prescription (RX) and over-the-counter (OTC) markets, depending on the therapeutic needs and regulatory frameworks.

Product Distribution and End-User Application

Once LTS manufactures the patches, its pharmaceutical clients oversee their shipment and distribution. Hospitals and Pharmacies receive the products and dispense them to patients according to medical prescriptions. End-users (patients) apply the patches as directed by their healthcare providers, ensuring safe and effective treatment.

About LTS Device Technologies

The LTS Sorrel™ platform is a state-of-the-art wearable drug delivery device designed for precision, flexibility, and ease of use. This platform leverages LTS's expertise in drug delivery and integrates advanced technology to meet the needs of both clinical and at-home use.

Upstream

Most suppliers are based in Israel and China, contributing significantly to the supply of key components.

The top three suppliers account for a combined 44% of total expenses for goods and services. While Israel and China dominate, the presence of suppliers from the Philippines and the US adds some geographical diversity to the supply chain.

Major suppliers

#	Company name	Country
1	Company names omitted	Israel
		Israel
2		China
3		Philippines
4		Israel
5		Israel
6		USA
7		China
8		China
9		USA
10		Israel

Internal Operations

The Sorrel™ device is a software-controlled, electro-mechanical platform capable of delivering medications from a variety of vial and cartridge configurations, supporting volumes between 1 and 50 mL. It is designed to be primary container-agnostic, enabling compatibility with a wide range of vial and cartridge types, including sizes like 6R, 8R, 15R, and 25R. This flexibility is a hallmark of the Sorrel™ device, which caters to diverse therapeutic needs.

The device includes a patented UV-C LED disinfection technology that ensures sterility at the point of care, enhancing safety for both patients and healthcare providers. Its pumping mechanism employs low shear forces, which makes it ideal for delivering sensitive biologics without compromising their efficacy. With an accuracy of ±5% and a dose volume of 4 µL per step, the device ensures precise and reliable drug administration.

LTS has a production capacity of 1,5 million devices annually for the Sorrel™ platform, with ongoing efforts to expand this capacity to meet increasing demand. Manufacturing takes place at LTS's Netanya facility, which specializes in drug-device combination products. This facility is designed to support scalable production while adhering to strict quality and regulatory standards.

The Sorrel™ device has been successfully used in clinical trials, including for the Neulasta biosimilar Udenyca®, developed in collaboration with Coherus Biosciences. This project achieved FDA approval in December 2023, with a commercial launch in March 2024. The device supports oncology patients by enabling at-home administration of Pegfilgrastim, reducing the need for additional clinic visits.

The development of the Sorrel™ platform follows an eight-phase design and development process compliant with FDA regulations (21 CFR 820,30). This approach includes design reviews, risk assessments, and rigorous validation to ensure safety and efficacy. LTS maintains close collaboration with its pharmaceutical partners, holding weekly project management meetings, monthly alliance reviews, and quarterly steering committee meetings to align on project goals and milestones.

Sorrel™ represents LTS's commitment to innovation in wearable drug delivery, offering a versatile and patient-centric solution that addresses unmet medical needs across various therapeutic areas. The platform underscores LTS's capabilities in integrating advanced technology with robust manufacturing to deliver high-quality drug-device solutions.

Business Development/Project Management

The process of working with customers follows a structured approach:

1. Introduction and NDA Signing: Initial contact begins with signing a Non-Disclosure Agreement (NDA) to ensure confidentiality.
2. Knowledge Sharing: Both parties engage in an initial exchange of knowledge to evaluate if there is a good fit between the customer's product needs and LTS's capabilities and assets.
3. Feasibility Project: This stage includes further detailed knowledge sharing and testing of the proposed device to determine feasibility.
4. Development Project: If feasibility is established, the collaboration proceeds to a development project aimed at creating a clinical device.
5. Commercialization: After successful clinical trials, the product is commercialized, bringing it to market.

Downstream

Patients receive wearables and devices through a prescription from their healthcare provider, typically after a diagnosis that aligns with the use of the specific medical device. The general process involves the following steps:

1. Prescription: A healthcare professional assesses the patient's condition and prescribes the appropriate wearable or device tailored to their medical needs.

2. Application: Patients receive instructions on how to apply and use the device, either from their healthcare provider or through detailed user guides accompanying the product. Many devices are designed for ease of use, ensuring patients can apply them independently at home.

3. Usage: The wearable or device is used as directed, helping the patient manage their condition or deliver treatment effectively. Patients are often encouraged to follow up with their healthcare provider to monitor progress.

4. Post-Usage Process: Once the device is no longer needed or has completed its lifecycle:
   - The used device is returned to designated collection points or healthcare providers.
   - Devices are then re-assembled and recycled, enabling the recovery and re-use of valuable materials, contributing to sustainability efforts.

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