

It is Bachem's ambition to continuously improve its performance as an attractive employer, in safeguarding the environment, in acting ethically and in guaranteeing the highest quality of products and services.

Values and ambition

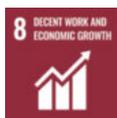
Bachem is committed to its responsibility towards employees and customers, the society and environment. Following the principles described in the Code of Conduct, Bachem stands by the values of integrity, honesty and fairness in running a global business. The Company has upheld its commitment to the Responsible Care® program for over two decades, promoting responsible handling of resources and risks, and making a key contribution to sustainability. This initiative, the only one of its kind in the world, drives continual improvement in the health, safety and environmental performance of chemical companies with global operations, often going well beyond legal requirements.

In order to further improve its performance as an attractive employer, safeguard the environment, act ethically and guarantee the highest quality of products and services, Bachem implemented a Corporate Social Responsibility (CSR) Management System in 2020. Initiated by an in-depth materiality analysis conducted



SDG 3: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

As the Group provides a full range of services to the pharma and biotech industries, specializing in the development of innovative, efficient manufacturing processes and the reliable production of active pharmaceutical ingredients, Bachem enables its customers, in a spirit of partnership, to improve health and increase life expectancy.



SDG 8: PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

Bachem is fully committed to improving its triple bottom line in an accounting framework with social, environmental and economical aspects. However, we are also aware that the economic performance achieved together with the customers is the driving force behind sustainable development. Therefore, the Company puts a strong focus on continuous growth through innovation, creating attractive jobs in a safe and secure working environment, and contributing to the regional economies operated within.



SDG 4: ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

Bachem's performance is predicated on very high educational achievements of the workforce at every level. In addition to the professional qualifications acquired through a vocational apprenticeship or university degree programs, the Company attaches great importance to providing employees with training and continuing education. The Group continuously increases the number of youths and adults who have relevant skills for employment and entrepreneurship.



SDG 12: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Bachem aims to contribute to the overall goal of decoupling economic growth from adverse impacts on human health and the environment. The safety of employees and the surrounding communities is consequently of fundamental interest to the Company. This includes a sound management of chemicals, reducing their release to air, water and soil as well as the reduction of waste generated.

The following table provides an overview of the material topics and how they are related to the SDGs.

MATERIAL TOPICS

AMBITION



BEING AN ATTRACTIVE EMPLOYER

OCCUPATIONAL HEALTH AND SAFETY	Achieve a high level of safety and health for all persons working at Bachem.	●		●	
DIVERSITY UND EQUAL OPPORTUNITY	Provide equal terms of employment to all employees.			●	
LABOR RIGHTS AND FAIR WORKING CONDITIONS	Prevent adverse social impacts by upholding commonly accepted labor standards and refraining from discrimination.			●	
PERSONAL DEVELOPMENT OF EMPLOYEES INCL. VOCATIONAL TRAINING	Promote vocational training and invest in performance and career development.		●		
TALENT MANAGEMENT	Attract, retain and develop talented and committed staff.		●		

SAFEGUARDING THE ENVIRONMENT

ENERGY CONSUMPTION AND THG EMISSIONS	Monitor and reduce energy consumption and GHG emissions.				●
RESOURCE CONSUMPTION	Monitor and reduce resource consumption.			●	●
ENVIRONMENTAL IMPACT	Monitor and reduce impacts on the environment.			●	●
WASTE AND RECYCLING	Manage the transport and disposal of effluents and waste in order to maximize safety and minimize environmental impacts.				●
GREEN CHEMISTRY	Redesign processes to minimize the use and generation of hazardous substances, and reduce the environmental impact.			●	

ACTING ETHICALLY

SUSTAINABLE PROCUREMENT	Establish procurement practices that lessen negative economic, social or environmental impacts in the supply chain.				●
CORRUPTION AND FAIR COMPETITION	Omit corrupt practices, compete fairly and adhere to integrity, governance, and responsible business conduct.				●
RESPECT FOR HUMAN RIGHTS	Respect and comply with the principles expressed in the United Nations Declaration of Human Rights.			●	
LEGAL COMPLIANCE	Comply with all laws and regulations in the social, economic or environmental area.				●
STAKEHOLDER DIALOGUE	Maintain the dialogue with people or groups having an interest in Bachem and can either affect or be affected by our business.				●

GUARANTEEING HIGHEST QUALITY IN PRODUCTS AND SERVICES

PRODUCT SAFETY AND QUALITY	Uphold standards to guarantee that products and services fully satisfy customer's needs and comply with the regulatory requirements.	●			
EFFICIENT ORGANIZATION	Strive for processes or tasks to be carried out using the least resources per output.			●	
INNOVATION A AND CONTINUOUS GROWTH	Continuously expand Bachem's know-how in chemistry and technology, and promote growth through creativity and adaptability.	●		●	
DELIVERY RELIABILITY AS A SUPPLIER	Optimize the number of deliveries made without any error regarding time, place, price, quantity, or quality.	●			
INFORMATION SECURITY	Handle information responsibly and conforming with laws and guidelines to protect customer privacy as well as Bachem's intellectual property.				●

in 2019, involving key stakeholders, and an alignment with the United Nations (UN) Sustainable Development Goals (SDGs) most relevant to its business, the CSR Management System will lead the way for an improved sustainability performance. Bachem understands this as a first step, aiming in 2021 to define further processes, responsibilities and targets in a global Sustainability Strategy.

Being an attractive employer

Bachem is a market leader and relies on the best employees to maintain this position. The Group engages the world's largest workforce of qualified specialists devoted to the field of peptide chemistry, expanding the number of employees to 1529 (in 1475 full-time equivalent positions) in 2020 from 1257 (in 1,209 full-time equivalent positions) in 2019. This workforce requires being passionate to innovate and meet the future needs of customers. The company consequently offers an attractive working environment and compensation model and adheres to its principles of fairness and honesty.

Occupational Health and Safety

It is Bachem's ambition to guarantee a high level of safety and health for all persons working at its premises. This is achieved through appropriate training for new employees that is refreshed addressing all employees at intermittent intervals. New and changing operations are assessed concerning employee health and safety risks. Emphasis is placed on measures for safe handling of chemicals and hazardous substances and the provision of appropriate protective equipment.

According to its Health and Safety Policy Bachem strives to avoid all accidents and injuries. With this maximum target in view the 20% decline in the number of work-related injuries, from 1.33 to 1.07 per 100 employees in 2020, was a welcome result. With only 0.03 lost workday per employee (previous year 0.07), Bachem further ameliorated its excellent safety performance. The number of staff assigned to health, safety and environment (HSE) increased from 10.5 to 15 full-time equivalent positions.

Diversity and Equal Opportunity

Bachem provides equal opportunities and terms of employment to all employees, irrespective of age, sex, religion, ethnic background or nationality. This principle

is not only stated in charters and handbooks but also lived by in hiring and remuneration practices. In particular, this equality of opportunity applies unconditionally with regard to the terms of employment, the principle of equal pay for equal work, performance incentives and the Group's professional development and promotion policies.

Labor Rights and Fair Working Conditions

Bachem is committed to providing a work environment free of harassment, discrimination, retaliation, and disrespectful or other unprofessional conduct. The corresponding principles are put down in Corporate Guidelines and handbooks, and are trained on a regular basis. For that means and in addition to the instructions provided already, a training video "Conduct@Bachem" was launched in 2020 covering the topics information security, corruption and bribery, discrimination and harassment as well as whistleblowing. The training is a global standard, has to be completed annually by each Bachem employee and is publicly accessible through the corporate website.

In accordance with its zero tolerance policy, Bachem cooperates with the authorities in their investigation of an age discrimination complaint filed in 2020 with the State of California Department of Fair Employment and Housing.

Personal Development of Employees and Vocational Training

Bachem's claim to be the "Leading Partner in Tides" is predicated on very high educational attainment of workforce members at every level and high subject area specialization. The growing complexity of the products the Company manufactures and the services it is expected to provide, and even more decisive the increasing requirements of customers and official bodies in terms of production and regulatory processes call for a highly qualified workforce throughout the organization. At the Bachem Group, 30% of the employees have earned a degree from a university and another 21% have earned a degree from a university of applied science. Over 40% of Bachem's employees worldwide have completed a vocational apprenticeship, while this figure stands at 54% for employees in Switzerland.

Vocational apprenticeship training has a high priority at Bachem. The Swiss dual system of education provides young school graduates at the Group's sites in Bubendorf

and Vionnaz with an excellent opportunity to gain specific vocational training once they finish their compulsory schooling and strive to enter the working population. Apprentices acquire theoretical knowledge and general education at a vocational school and gain practical experience working at the Company. In providing these apprenticeships, Bachem is both discharging part of its social responsibility towards society and also making an important contribution to the maintenance of non-academic professional training in Switzerland. At the Bubendorf site, Bachem operates a teaching laboratory with two full-time instructors specifically for the practical instruction and training of qualified chemical lab technicians. At the two Swiss locations operated by Bachem, 46 young people were enrolled in three- or

four-year vocational apprenticeship programs as of the end of 2020; this represented 3.1% of the workforce.

Bachem Americas offer a program of mid- and long-term vocational training and participates in the Bio-Flex Apprenticeship program (www.sbwib.org/bioflex) whereas at Bachem UK vocational training is organized in summer internships for undergraduate students.

In addition to the professional qualifications of its workforce acquired through a vocational apprenticeship or university degree program, the Company attaches great importance to providing employees with training and continuing education. The high level of specialization and increasingly tough requirements pertaining to

PERSONNEL		2020		2019		
		FTE	%	FTE	%	
EMPLOYEE DISTRIBUTION BY JOB CATEGORY						
MARKETING AND SALES		103.6	7.0	91.1	7.5	
ADMINISTRATION		117.0	7.9	99.8	8.3	
SUPPLY CHAIN		59.4	4.0	56.1	4.6	
ENGINEERING AND SERVICES		196.3	13.3	155.4	12.9	
QUALITY ASSURANCE AND REGULATORY AFFAIRS		381.2	25.9	298.8	24.7	
RESEARCH/DEVELOPMENT AND PRODUCTION		617.6	41.9	507.5	42.0	
GEOGRAPHIC DISTRIBUTION						
EUROPE		1 070.6	72.6	872.6	72.2	
USA		400.5	27.1	333.1	27.6	
ASIA		4.0	0.3	3.0	0.2	
EMPLOYEE DISTRIBUTION BY GENDER						
WORKFORCE (TOTAL)		WOMEN	461.9	31.3	367.9	30.4
		MEN	1 013.2	68.7	840.8	69.6
UPPER MANAGEMENT		WOMEN	19.0	22.4	17.0	21.3
		MEN	65.8	77.6	62.8	78.7
REGIONAL EXECUTIVE COMMITTEES		WOMEN	5.0	13.9	5.0	14.7
		MEN	31.0	86.1	29.0	85.3
CORPORATE EXECUTIVE COMMITTEE		WOMEN	1.0	20.0	1.0	20.0
		MEN	4.0	80.0	4.0	80.0
BOARD OF DIRECTORS		WOMEN	2.0	33.3	2.0	33.3
		MEN	4.0	66.7	4.0	66.7
EMPLOYEE DISTRIBUTION BY AGE						
AGE < 26		174.7	11.8	128.2	10.6	
AGE 26-35		462.9	31.4	351.0	29.1	
AGE 36-45		361.1	24.5	310.8	25.7	
AGE 46-55		299.9	20.3	262.3	21.7	
AGE 56-65		168.3	11.4	150.4	12.4	
AGE 65		8.2	0.6	6.0	0.5	

quality and operating procedures call for additional specialist expertise. Bachem provides opportunities for continual professional development to employees as appropriate through internal programs and external providers.

Talent Management

Regularly held employee appraisals help to maintain the dialogue between employees and line managers and systematically check mutual expectations, performance and employee's personal and professional development. For succession planning and development a system is in place where talents are identified and nominated as successors to certain positions. A specialist career path running parallel to the concept of the management career path is currently in implementation. It will offer experts and specialists an alternative career opportunity with less or no management tasks.

These efforts help to attract, retain and develop talented and committed staff. Rate of employee turnover in 2020 was kept at a low 11.9% (2019: 11.1%) whereas the proportion of internal promotions was at 23.2% – a key performance indicator tracked in 2020 for the first time and defined as the ratio of vacancies filled internally to the total number of filled vacancies.

Safeguarding the environment

Bachem takes responsibility for future generations by a careful handling of resources, and avoiding environmental risks. The Group has excellent environmental figures, with a comparatively low environmental impact as well as a level of resource consumption relative to economic output. The Company's goal is to continually improve its ecological performance, and to develop and implement new approaches for enhancing employees' environmental awareness. The environmental parameters are measured at the four largest production sites of the Bachem Group. Here, the company employed 1,469 people in 2020 (compared to 1,200 in the previous year).

Energy Consumption and GHG Emissions

Representing an important environmental impact, energy consumption and greenhouse gas (GHG) emissions are monitored at all major sites, and Bachem UK is committed to do so in 2021. The tracked energy consumption per employee recorded a substantial 11% year-on-year decline to 113 GJ per employee whereas the CO₂ emissions per employee dropped by 13%.

As Bachem is growing fast, an increase in energy consumption and GHG emissions can be expected in coming years. However, adequate measures shall reduce relative values per employee. In 2020, an ambitious multi-year plan at Bachem's Swiss sites was launched to reduce the increase in annual energy consumption by over 10 000 GJ, and in CO₂ emissions by over 600 tons.

RESPONSIBLE CARE KEY FIGURES

	2020	2019	2018	2017	2016
PERSON ACCIDENTS, NUMBER/100 EMPLOYEES	1.1	1.3	1.7	2.2	1.3
LOST WORKING DAYS, NUMBER/EMPLOYEE	0.1	0.1	0.1	0.1	0.1
HEALTH SAFETY ENVIRONMENT STAFF, NUMBER	15.0	10.5	9.5	9.5	9
TOTAL STAFF, NUMBER	1 482	1 200	1 056	1 026	939
ENVIRONMENT KEY FIGURES					
TOTAL ENERGY CONSUMPTION, GJ/EMPLOYEE	113	126	135	129	125
CO ₂ , T/EMPLOYEE	3	4	4	4	4
NO _x , KG/EMPLOYEE	3	4	4	4	4
SO ₂ , KG/EMPLOYEE	0.2	0.4	0.4	0.6	0.5
VOC, KG/EMPLOYEE	16	16	18	21	26
TOC, KG/EMPLOYEE	3	3	2	2	4
HAZARDOUS WASTE DISPOSED OF, KG/EMPLOYEE	9 270	7 470	9 965	7 080	6 262
TOTAL WATER CONSUMPTION, M ³ /EMPLOYEE	106	106	93	107	121

Resource Consumption

The focus in monitoring and reducing resource consumption is on water as a vital natural source. Systematic control and analysis of annual water consumption is in place, and corrective actions are taken in function of results. Moreover, employees are trained to use all resources responsibly. By that means total water consumption per employee could be kept constant at 106 m³ as compared to the previous year's figure.

Environmental Impact

Bachem focuses to safeguard the environment through regular HSE routine inspections and environmental audits. Except at Bachem UK, where peptides are manufactured at small scale using automated equipment and closed processes, emissions are monitored.

All emissions tracked were reduced in relative terms during the reporting period, from a slight 1% decrease in volatile organic compounds (VOC) emission to a reduction by more than half of the SO₂ emissions to 0.21 kg/employee.

Waste and Recycling

It is Bachem's ambition to efficiently and effectively manage the transport and disposal of effluents and waste in order to maximize safety and minimize environmental impacts. Bachem works closely with relevant local authorities where the Group's plants are located. Wastewater is pre-treated to meet regulatory standards and discharged to publicly owned treatment facilities for final treatment that meets all state and federal requirements. Moreover, Bachem works diligently to reduce waste from its facility by using efficient capture and disposal or recycling procedures. Still, after a substantial decline last year, the volume of special waste disposed of per employee rose due to the significantly increased production output by 24% to 9 270 kg, close to the 2018 level of 9 965 kg.

Green Chemistry

Bachem undertakes continuous efforts in redesigning processes to minimize the use and generation of hazardous substances, thereby reducing its environmental impact. The Company develops more environmentally friendly alternatives to established peptide manufacturing technologies to complement and extend its technology platform. In total, 10 processes were under investigation and adjusted in 2020 in order to improve process efficiency and environmental friendliness.

Relevant findings are published and presented at international conferences to support scientific progress. For part of this work, Bachem has partnered with other companies in the industry to join forces. These activities allow Bachem to support customers with the development of efficient and more sustainable manufacturing processes. Further significant progress is expected in the licensing agreement with Jitsubo for a more environmental-friendly technology as an alternative to solid phase peptide synthesis (SPPS, Molecular Hiving TM).

Bachem is an associate member of the American Chemical Society Green Chemistry Institute Pharmaceutical Roundtable (www.acsgcipr.org) to exchange information and ideas with other companies engaged in Green Chemistry, and to contribute to the goals of the American Chemical Society Green Chemistry Institute.

Acting ethically

For Bachem, ethically correct behavior and integrity are essential for lasting business success. The professional and personal integrity of the Group's employees is a prerequisite for meeting the high-quality standards of all stakeholders. Bachem's principles of ethical behavior and integrity are binding on all staff, are set down in writing, and are applied without exception. This applies in particular to staff with customer or supplier facing roles, such as sales and procurement staff.

Sustainable Procurement

Bachem establishes procurement practices that lessen negative economic, social or environmental impacts in the supply chain. To that end suppliers are classified on the basis of risk, taking into account product related quality aspects as well as CSR issues such as the prevention of child labor, forced labor or human trafficking. This work forms the basis for the risk-based assessment, defining in what form the Company assures that suppliers obey the standards set in the Code of Conduct.

All suppliers of quality critical products are assessed or audited. During these audits the supplier is obliged to sign the Code of Conduct. For all others, the orders refer to the General Terms and Conditions, in which the Code of Conduct is listed as a binding document.

Corruption and Fair Competition

In order to omit corrupt practices, to compete fairly as a company, and to adhere to integrity, governance, and responsible business conduct, Bachem employees are trained on employment and regularly in a behavior precluding corruption and bribery.

By that training the Group wants to make sure, that the employees do not encourage or solicit gifts or personal advantages of any kind from any third party, avoid situations where their personal interests may conflict with the interests of Bachem and will inform the responsible line manager if any unsolicited conflict of interest arises. And as a company, Bachem does not grant any advantage or concession if it is not in line with local law or custom or not properly accounted for and financially registered. Bachem does not give nor request nor accept any illegal rebate, kickback payments, any “unofficial” payments or any form of improper gift or favor.

In 2020, no confirmed incidents of corruption were registered and no legal actions were pending or completed regarding anti-competitive behavior or violations of anti-trust and monopoly legislation.

Legal Compliance and Respect for Human Rights

Bachem obliges all employees to obey all laws and regulations applicable to its activities as well as with its internal guidelines. Furthermore, the Company respects and complies with the principles expressed in the United Nations Declaration of Human Rights. To that end all employees are trained on employment and regularly in human rights policies and procedures concerning aspects of human rights that are relevant to the Group's operations. The trainings cover topics like information security, discrimination and harassment as well as whistleblowing.

In 2020, no significant fines and non-monetary sanctions for non-compliance with laws and regulations in the social, economic or environmental area were filed. For environmental laws and regulations and the corresponding training see the according paragraph above.

Stakeholder Dialogue

Maintaining a dialogue with people or groups having an interest in Bachem and that can either affect or be affected by the Group's business is in the Company's own

interest, but also a sign of taking responsibility in and for the surrounding community. Bachem looks and acts beyond company boundaries and involve its key stakeholders in an ongoing transparent, accurate, open and honest dialogue.

Bachem's memberships with organizations for mutual benefit are currently evaluated, taking into account the stakeholder analysis carried out in 2019.

Guaranteeing highest quality in products and services

Bachem offers and delivers highest quality products and services to its customers. As part of its business model, the Group supports the development of new medicines and drugs all the way from early stage inception and development, through their clinical testing and market approval, and finally in their later life cycle as mature or generic products. Bachem ensures absolute quality and safety by comprehensively controlling its manufacturing processes.

Bachem as a public company maintains the goal of being a leading and profitable player in its business. The Company strives to grow continuously and be a reliable supplier by running an innovative, efficient organization. Bachem respects all privacy rules and confidentiality obligations, managed through an information security system.

Product Safety and Quality

Bachem upholds standards to guarantee that products and services fully satisfy customer's needs and comply with the regulatory requirements. At all sites processes are in place ensuring that substances produced and delivered comply with the internal, customer and regulatory requirements specified, thereby also guaranteeing that health and safety impacts for employees and customers are reduced to a minimum. Data generated from product nonconformities and customer feedback are analyzed for trends and reviewed for continuous improvement.

Workplace hygiene is a basic requirement for safe handling of active substances, making it an integral element of employee health and safety protection at Bachem. Bachem's strategy for achieving optimum workplace hygiene consists of three interlinked compo-

nents: personnel hygiene, a basic hygiene concept and control banding. The approach is based on universal principles of personnel hygiene, such as employee apparel and personal care. In addition, the basic hygiene concept seeks to prevent the release of active substances and their subsequent dispersal by deploying technical and organizational measures, the latter addressing analysis and optimization of personnel and material flows, specifications for cleaning procedures as well as waste disposal. The purpose of control banding is to monitor active substance concentrations in the manufacturing environment and hold them to levels low enough to reliably prevent absorption of an effective dose during work processes.

Efficient Organization, Innovation and Continuous Growth

Bachem strives for processes or tasks to be carried out using the least resources per output. For that means, several Bachem sites started initiatives based on 5S principles or continued and expanded such initiatives to include safety, quality and production.

Bachem is a technology-based company that bases its growth largely on innovation and the chemical production of active pharmaceutical ingredients (APIs). Local innovation groups, technology transfer workshops as well as International Chemistry and Technology Meetings (ICTM) lead to a continuous expansion of the Group's know-how in chemistry and technology and promote growth thanks to creativity, openness, trust and courage.

Delivery Reliability as a Supplier

As a contract manufacturer, outstanding quality of its products and services together with full good manufacturing practice (GMP) compliance is the basis for the Group's commercial success. Bachem constantly maximizes the number of deliveries made without any error regarding time, place, price, quantity, or quality. This is ensured by targeted investments, well trained and qualified personnel and supported by the quality system in place. The current track record with customers and authorities indicates excellent standing.

Continuous surveillance and improvement is achieved by external & internal audits, the corrective and preventive action (CAPA) system, and regular quality system management reviews. Quality events like batch rejects,

customer complaints and deviations are reported on a monthly basis to facilitate senior management oversight. No withdrawal of a prescription or over-the-counter (OTC) drug batch from the market due to Bachem's failure to meet quality standards was reported in 2020.

Information Security

In order to handle information responsibly and conforming with laws and guidelines to protect customer privacy as well as Bachem's intellectual property, the Group enters into Confidential Disclosure Agreements (CDA) with all key customers and vendors. Internal and external confidentiality is secured by a framework of corporate and local regulations. These include the Code of Conduct, the Information Security Management Policy, the IT Security Guideline, and the Information Security User Guideline. Further standard operating procedures (SOPs) and guidelines specify implementation and maintenance of IT infrastructure, hardware, software, and electronic data as well as the handling and storage of paper documentation. Systems are in place to recognize, track and correct deviations and breaches to information security. Furthermore, all employees are trained in the respective regulations at the appropriate level.

These efforts have led to the positive result that again no substantiated complaints received concerning breaches of customer privacy were filed in 2020.

About the Sustainability Reporting

For Bachem it is a matter of course to take responsibility for its products and financial figures as well as towards society and the environment with the same graveness. The Company thereby takes an active role in making the world more sustainable.

This is Bachem's first sustainability report following the principles of the GRI. The Group expects to continue to report on an annual basis. The GRI Content Index can be found under www.bachem.com/company/corporate-social-responsibility.

This report has been prepared in accordance with the GRI Standards: Core option. It has not been externally assured.