Sustainability Report 2023

MERZ THERAPEUTICS GMBH

MERZ
THERAPEUTICS
Better outcomes for more patients.

Content

Dear Reader,

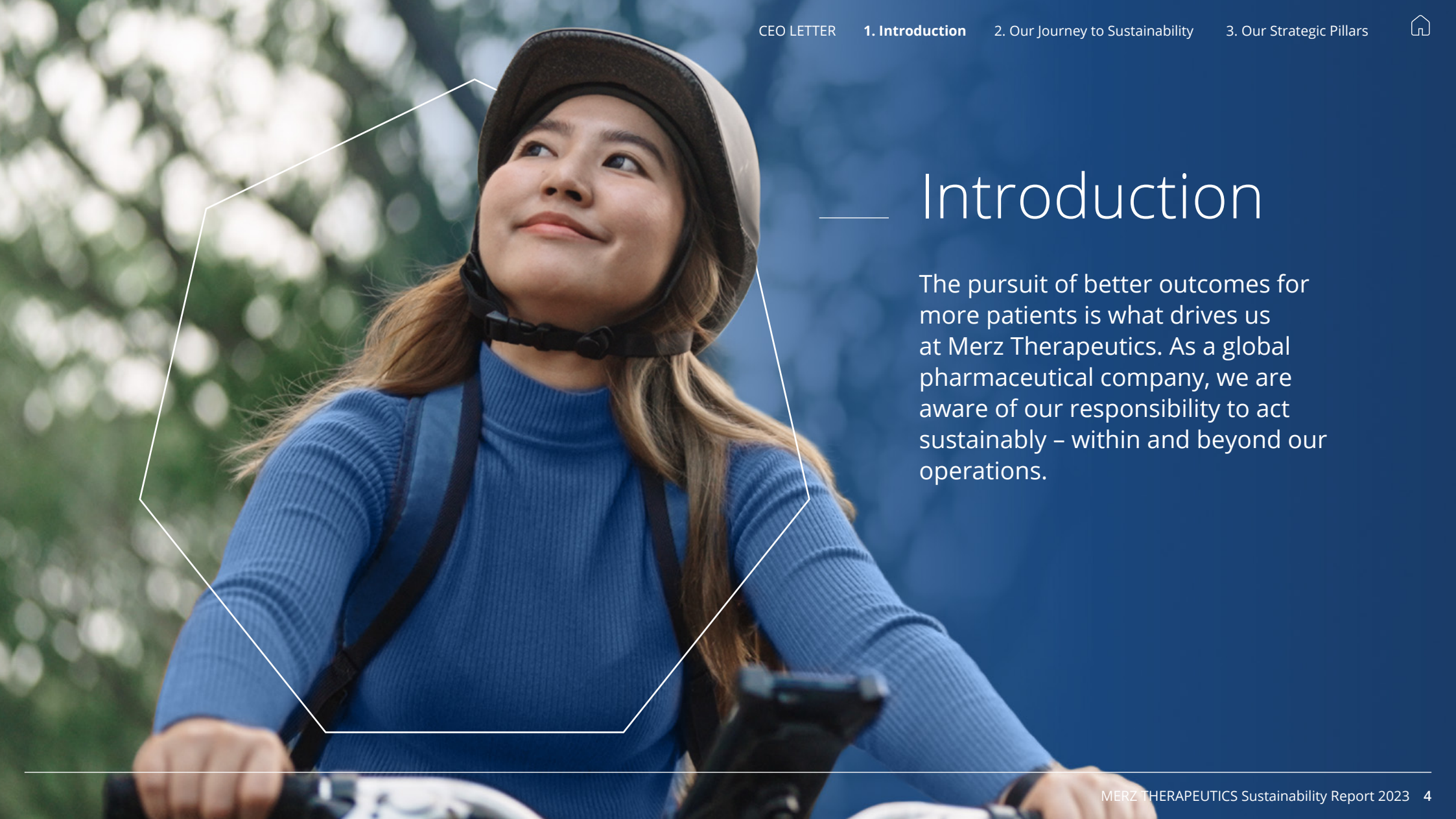
The world we live in has an immediate impact on our well-being. As a provider of innovative treatment solutions for patients from all over the world, the continuous improvement of their health is our day-to-day mission. We do not take this responsibility lightly and hold ourselves to the highest standards in everything we do – from researching new therapeutic solutions to how we interact with our partners, and beyond. We are therefore committed to conducting our business in a way that preserves and protects the earth's ecosystems, biodiversity, and natural resources for the benefit of present and future generations. Ultimately, we are all working towards one goal: better outcomes for more patients – today and tomorrow.

In this ambitious quest, creating impact to ensure progress is our highest priority and a maxim we apply to all fields of action. Last year, we took an important step in this direction by joining the United Nations Global Compact on human rights, labor, environment, and anti-corruption, committing ourselves to its ten principles. The UN Global Compact and its principles have influenced our company's Pivot for Growth strategy, culture, and day-to-day business. Our Sustainability strategy refers to the UN Agenda 2030 for sustainable development and the Sustainable Development Goals defined therein. We firmly stand by our commitment to sustainable practices. This is why I am especially proud to present the first-ever Merz Therapeutics Sustainability Report, which will be published annually.

The four overarching pillars of our Sustainability Strategy – Mindful Treatment of the Environment, Attractive & Future-Proof Employer, Working Together for the Good of the Patients, and Impact-Driven Responsible Business – form the heart of this Sustainability Report.

As sustainability is our responsibility, we follow a solid strategy with ambitious goals. I, for one, am proud of how far we have already come – but there is a lot we still want to achieve. And I am sure we will get there.

Sincerely,
Stefan König , CEO Merz Therapeutics



Introduction

The pursuit of better outcomes for more patients is what drives us at Merz Therapeutics. As a global pharmaceutical company, we are aware of our responsibility to act sustainably – within and beyond our operations.

1.1. About Merz Therapeutics

Merz Therapeutics* is a part of the family-owned **Merz Group**, a global, diversified company in the healthcare sector founded in Germany in 1908. The Merz Group includes the businesses Merz Aesthetics, Merz Therapeutics, Merz Lifecare as well as Merz Real Estate and Merz Financial Investments.

At Merz Therapeutics, we are dedicated to developing innovative medicines to improve patient outcomes. Our proud history of delivering high-quality treatments is a testament to our commitment to advancing the field of neurology through specialty medicines.

Merz Therapeutics Key Facts

Global infrastructure with 12 affiliates and sales in 80+ countries

2 production sites in Germany

~ 800 employees around the world (headquarters in Frankfurt a.M., Germany)

13
recent approvals of new marketing authorizations**

5
R&D projects in partnership

17 %
of 22/23 Sales are reinvested in R&D

>150
professionals in R&D roles

* Merz Therapeutics GmbH and other entities (see page 63)
** Between January 2020 to December 2023; botulinum neurotoxin-related approvals only.

OUR MISSION

Driven by our passion to bring better outcomes to more patients, we relentlessly pursue unmet needs and engage all stakeholders to deliver meaningful value. In the spirit of our founder, Friedrich Merz, the first question we ask ourselves when developing new products, technologies, or services is “What is needed?”. We have made it our mission to make a real difference for patients and healthcare professionals.

WHAT WE STAND FOR

At Merz Therapeutics, our fundamental values focus on achieving better outcomes for patients. We are dedicated to meeting unmet needs through innovative solutions, engaging all stakeholders to deliver substantial value. Our commitment to these values ensures that we remain focused on creating advancements that benefit both patients and society, establishing us as a trusted leader in pharma.

1.2. Our Portfolio

Our portfolio is designed to meet the unique and pressing needs of patients suffering from chronic conditions that severely impact their daily lives.

We are striving to become a leading player in neurology-focused specialty pharma, with a specialty in innovative treatment solutions for movement disorders and neurological conditions.

Our dedication to improving patient outcomes drives us to continually expand our portfolio, empowering individuals affected by various debilitating conditions globally.

We cover a wide range of treatment options, many of which have few alternatives, and seek to address the unique needs of patients with the following conditions. This product range enables us to respond to the individual needs in patients' everyday lives. Our core product is a highly purified botulinum neurotoxin for patients with movement disorders. We are among the first companies to successfully develop a botulinum neurotoxin treatment free from complexing proteins.

NEUROMUSCULAR DISORDERS AND CONDITIONS

such as cervical dystonia, upper limb spasticity and blepharospasm

CHRONIC SEVERE DROOLING

in children and adults with neurological conditions (sialorrhea)

MOTOR DYSFUNCTION

resulting from neurodegenerative processes in Parkinson's disease

NEUROCOGNITIVE DYSFUNCTION

caused by neurodegenerative processes in Alzheimer's disease

CHRONIC LIVER DISEASES,

including fatty liver, and severe neurological complications such as hepatic encephalopathy

VOCAL FOLD INSUFFICIENCY

causing dysphonia, which is an impairment of the vocal part of the articulation

HAIR LOSS PROBLEMS

caused by various factors, addressing the full spectrum of alopecia that often result in psychological strain

DERMATOLOGICAL CARE FOR SCAR HEALING, SCAR PREVENTION

and related physical stress such as tension, redness and itching of scar tissue

Our Journey to Sustainability

With operations in 12 countries and sales in over 80 countries worldwide, our business has a significant impact on the global environment and society. We are still at the beginning of our sustainability journey – and excited to keep doing better.

2.1. Our Ambition

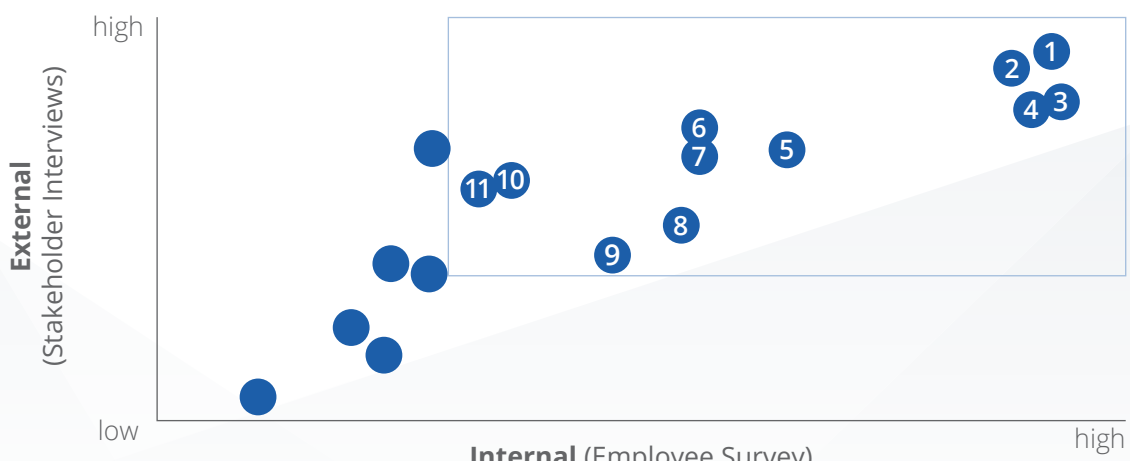
At Merz Therapeutics, we began our sustainability journey in 2021 with the establishment of the Sustainability Task Force. This group analyzed the most important issues for our business and developed our Sustainability Strategy. This step was accompanied by an important paradigm shift: the realization that our business has an impact on the environment and society.

Therefore, we see sustainability as an important value-adding factor essential for long-term success. For this reason, we have taken sustainability into account in all our core processes.

By joining the UN Global Compact in 2023 and by initiating the EcoVadis Sustainability Rating in the same year, we have opened ourselves up to the outside world. With the UN Global Compact, we have aligned our strategy with global sustainability principles. The submission of EcoVadis and ultimately our good rating in 2024 ensure a high level of transparency towards our trade partners. We will continuously drive the implementation of our Sustainability Strategy through tangible and impactful actions and diligently report on our success, for better outcomes for more patients, people, and the world.

2.2. Materiality Analysis & Map

How do our actions impact the environment and people? Which sustainability issues will affect our future business continuity and financial stability? We asked our most important stakeholders – both internal and external – in the materiality analysis. This analysis was carried out in a multi-stage process. The internal stakeholders represented all divisions and hierarchy levels of Merz Therapeutics – from employees to the Executive Team. The external stakeholders represented the corporate environment. To this end, we spoke to business partners as well as patient organizations. We interviewed customers such as hospitals and healthcare professionals (HCPs) as well as key payors and sustainability experts from other pharmaceutical companies and job applicants. The analysis was conducted online and via qualitative interviews with external stakeholders and selected internal stakeholder groups. One key outcome: Sustainability has a major influence on the evaluation of our company. Only 5 percent of internal respondents rated this influence as low or non-existent, while none of the external stakeholders shared this assessment. Finally, we narrowed down the number of topics to achieve the best possible impact on people and the environment with the resources available, leading to the list of our 11 material topics:



1 Innovation and R&D
2 Access to health for patients
3 Customer satisfaction
4 Product quality
5 Fair business practices
6 Climate-relevant emissions
7 Diversity, inclusion and equal treatment
8 Employee development
9 Employee engagement
10 Waste generation & packaging
11 Patient organization & health education

2.3. Our Sustainability Strategy

As an impact-driven company, Merz Therapeutics strives to translate its Sustainability Strategy into concrete actions. Based on the results of the materiality analysis, we therefore developed our Strategy in a way that benefits internal and external stakeholders. The 11 topics that received the highest ratings form the core of our Strategy. It is built on four overarching pillars. In order to link these pillars to a global context, they are based on the targets provided by the UN Sustainable Development Goals (UN SDGs).

MINDFUL TREATMENT OF OUR ENVIRONMENT

- Climate-relevant emissions
- Waste generation, recycling and packaging

Ambition: We always consider positive and negative ecological impacts of our actions and conduct our business in a resource- and climate-friendly manner.

ATTRACTIVE & FUTURE-PROOF EMPLOYER

- Employee development
- Employee engagement
- Diversity, inclusion and equal treatment

Ambition: We promote a sustainable work-life balance and create an engaging place of work that encourages employees to be who they are so that they can perform at their best.

WORKING TOGETHER FOR THE GOOD OF PATIENTS

- Product quality
- Patient organizations and health education
- Access to health

Ambition: We use our skills to address patients' unmet needs and improve access to healthcare professionals and other key stakeholders to promote health equity and deliver meaningful value.

IMPACT-DRIVEN RESPONSIBLE BUSINESS

- Innovation and R&D
- Customer satisfaction
- Fair business practices and transparency

Ambition: Innovation is the lifeblood of our company. We strive to be genuinely customer-centric and are fully commited to the highest business ethics toward all our stakeholders.

In the next step, we developed specific measures as well as associated evaluation criteria, allowing positive promotion and assessment of sustainability topics. The evaluation was based on the 3P (planet, people, profit) analysis, which assessed the measures using the following criteria:

- impact on the planet
- impact on people
- impact on the corporate Pivot for Growth strategy

Based on this evaluation process, Merz Therapeutics was able to derive a set of measures by means of which the company can make a real contribution to a more sustainable and better tomorrow. For Merz Therapeutics, the Sustainability Strategy and the associated ESG (Environmental, Social, Governance) criteria influence the corporate Pivot for Growth strategy and play a role in all our corporate decision-making.

2.4. Transparency and Openness

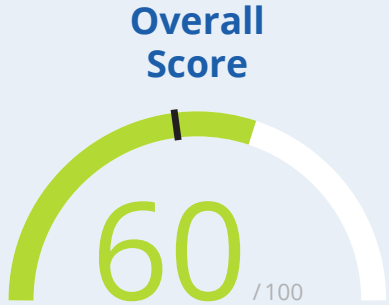
In July 2023, Merz Therapeutics joined the UN Global Compact Initiative and thus communicated its sustainability commitment transparently to the public. With the signing of the letter of commitment by Stefan König, CEO of Merz Therapeutics, our company's Pivot for Growth strategy, culture, and day-to-day business are aligned with the ten principles of the UN Global Compact.

In 2023, we took the next step toward transparency, starting the submission for the EcoVadis Sustainability Rating. This initiative made our sustainability efforts publicly visible. Our initial result is impressive: We have been awarded the EcoVadis bronze medal, placing us in the 74th percentile of all rated companies. This is confirmation of our course and an incentive to do even better in the next rating.

The EcoVadis Sustainability Rating clearly and publicly identifies our strengths and areas for improvement. In the four categories assessed, our sustainability performance was rated as "good" in each of the three categories of Environment, Labor & Human Rights and Sustainable Procurement, and rated as "advanced" in the category of Ethics.

The EcoVadis Sustainability Rating

The result of the EcoVadis Sustainability Rating recognizes our sustainability efforts and measures to date. However, it also serves as motivation and guidance for us to improve and consistently pursue our path toward sustainability, increasing our impact for a more sustainable world.



2.5. Our Governance

The strategic importance of Merz Therapeutic's Sustainability Strategy is clearly reflected in its ESG governance structure: The CEO and his executive team of 9 people approve the ambitious Sustainability Strategy and the budget available in line with the business strategy. To ensure that it is implemented operationally in all business areas, the Sustainability Management Team is responsible for putting the Strategy into practice.

To safeguard this, a sustainability management process has been anchored in the company and is supported by a Code of Conduct and strong policies. These provide a binding framework for how the Sustainability Strategy can be implemented in everyday business operations.

Merz Therapeutics Executive Team | **CEO Merz Therapeutics**

Sustainability Strategy & Budgeting Approval

Merz Therapeutics Leadership Team

Sustainability Program Approval | Sustainability Budgeting Decisions
Environmental Risk Management

Sustainability Management

Sustainability Project Management | Environmental Risk & Data Management
Reporting

Facility Management

Environmental Health & Safety Management

Merz Therapeutics Executive Team

STEFAN KÖNIG
CEO Merz Therapeutics
& Interim Head of Region
North America

MARK ALTMEYER
Non-Executive Director

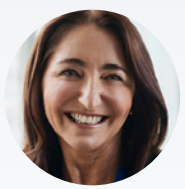
MARCUS GOLLUB
President
Region Europe

OLGA STEPANOVA
Vice President
Region Russia

DR. STEFAN ALBRECHT
Chief Scientific and
Medical Officer

ANDREA VON DER LIPPE
Head of Region
International Markets
Partner Management

MICHAEL PFEIL
Head of
Therapeutics
Operations



CORNELIA KELLER
General Counsel & Interim
Head of Business Strategy
and Portfolio Innovation

FLORIAN MARQUARDT
Head of Global
Human Resources

MICHAEL SCHWANINGER
Chief Financial Officer

CLAUDIA CRAMER
Head of Global
Asset & Commercial
Strategy

2.6. Our Challenges & Opportunities

To remain resilient to a rapidly changing business environment and maintain a focused approach to sustainability, we continuously identify and assess the risks and opportunities across sustainability topics and beyond. This ongoing process allows us to continuously refine and improve our processes as well as enhance long-term business resilience.

Identified Key Challenges

OPERATIONAL CHALLENGES

Challenge: Our business activities contribute to negative environmental impacts, including greenhouse gas emissions and the generation of non-recyclable or difficult-to-recycle hazardous and non-hazardous waste.

Response: We have identified and are continuously developing programs to minimize our negative operational impacts. These initiatives include a gradual transition to green energy, implementing renewable energy solutions, improving product packaging to reduce plastic and general waste, and enhancing the recyclability of our packaging.

REGULATORY CHALLENGES

Challenge: All products require necessary regulatory approvals in each country where they are sold. Merz Therapeutics operates under stringent regulatory requirements across several areas, including the marketing and sale of pharmaceutical products, country-specific pharmaceutical regulations, and strict patient and product safety rules.

Response: We maintain robust compliance and ethics policies, along with comprehensive management systems, to ensure regulatory adherence. Our global regulatory and compliance teams, supported by local championship networks, ensure compliance across all regions. Additionally, our global Pharmacovigilance team is dedicated to patient safety. We conduct thorough due diligence, provide an ethics helpline, investigate potential violations, and maintain strong risk management practices.

SUPPLY CHAIN CHALLENGES

Challenge: Climate change-related hazards, such as sea level rise and extreme weather events, can disrupt the material supply chain critical for pharmaceutical products and research. Human rights violations and exposure to hazardous chemicals in the supply chain pose risks to workers and may cause severe disruptions.

Response: We address these challenges by enforcing our Third-Party Code of Conduct, conducting supplier risk assessments, and actively engaging with our suppliers. We uphold Good Manufacturing Practice (GMP) standards with our manufacturing partners. Future initiatives will focus on climate mitigation and human rights advocacy within our supply chain.

Key Opportunities

INNOVATION AND R&D OPPORTUNITIES

Opportunity: Research and development offer potential breakthroughs in therapeutics, significantly reducing pain or mortality risks for large populations and providing substantial societal benefits. R&D innovations also position the company competitively, potentially leading to financial advantages.

Action: We continually enhance clinical and non-clinical development practices to ensure sustainability and business resilience. Our R&D efforts prioritize addressing unmet patient needs and driving innovation to improve healthcare outcomes.

SOCIAL OPPORTUNITIES

Opportunity: Fostering diversity and inclusion within the organization can significantly enhance performance. Training and professional development opportunities improve workforce skills and competencies, positively impacting company productivity. Supporting employee satisfaction and productivity through flexible workplace design, remote work capabilities, and an emphasis on work-life balance while nurturing a continuous feedback culture further enhances organizational success.

Action: We actively enhance employee development through ongoing opportunities, promoting a diverse and inclusive workplace focused on equity. Our commitment to a feedback culture characterized by honesty and transparency through compassionate candor practices strengthens employee engagement. Regular employee satisfaction surveys aligned with the Great Place to Work Initiative further drive engagement and continuous improvement efforts.

PARTNERSHIP OPPORTUNITIES

Opportunity: Cultivating meaningful and enduring partnerships with diverse stakeholders, including patient organizations, industry alliances, associations, and global sustainable business networks, accelerates core operations and amplifies positive impact on the world through collaboration.

Action: We prioritize establishing enduring partnerships that prioritize patient benefits, exemplified by collaborations with organizations such as Stroke Alliance for Europe, Parkinson's Europe, and Dystonia Europe as well as North American organizations such as Parkinson's Foundation and Dystonia Medical Research Foundation. Our commitment to sustainability through participation in the UN Global Compact and engagement with industrial associations upholds best practices. Our pursuit of partnerships is driven by a commitment to achieving robust business outcomes while contributing positively to the environment and society.

Strategic Pillar: Mindful Treatment of Our Environment

We always consider positive and negative ecological impacts of our actions and conduct our business in a resource- and climate-friendly manner.

EMPOWERING EMPLOYEES

We continuously assess and raise awareness among our employees about the environmental impact of our business activities.

FOCUSED EFFORTS ON KEY ENVIRONMENTAL AREAS

Our programmatic approach focuses on two main areas: reducing climate-relevant emissions and managing waste generation, recycling, and packaging. This strategy ensures that our efforts are both impactful and financially viable. We closely monitor other environmental topics, and our robust management processes equip us for a swift response to any environmental issue that arises. With our Environmental Stewardship framework, we have developed the key principles that serve as a guideline for our environmental management and governance:

Conservation: We prioritize responsible resource management in product development and sourcing. Utilizing biotechnological processes allows us to reduce emissions compared to standard chemical manufacturing practices.

Materiality: We focus our investments on reducing carbon emissions and waste generation, as well as increasing recyclability, in alignment with the double materiality concept. We also carefully attend to non-material topics, closely monitoring their status to prevent any potential negative impacts.

Biodiversity and Responsible Land Use: Our manufacturing is confined to established industrial and commercial zones, avoiding biodiversity-sensitive areas and ensuring responsible land use. All major suppliers are Good Manufacturing Practice certified, ensuring industry best practice, for instance when it comes to facility design and layout preventing risk of contamination.

Pollution Prevention: We maintain our facilities to strict regulatory standards, carefully select waste management partners, and conduct audits to monitor and reduce emissions. Our R&D departments work continuously to minimize product waste.

Education and Outreach: We provide sustainability training to all employees, promoting awareness of environmental stewardship and global best practices.

Continuous Assessment: We integrate environmental impact assessments in the planning and development of projects and conduct due diligence on new acquisitions both before and after deals are finalized.

Advocacy and Policy: As a member of the UN Global Compact, we align our business activities with its environmental principles, focusing on precaution, education and environmentally friendly technologies.

3.1.1. Scope 1,2, and 3 Emissions

Energy consumption and the generation of greenhouse gas (GHG) emissions are among Merz Therapeutics' most significant environmental impacts. We can therefore achieve the greatest impact if we succeed in significantly reducing these emissions across Scopes 1, 2, and 3.

TACKLING CLIMATE-RELEVANT EMISSIONS

Our materiality analysis identified the reduction of greenhouse gas emissions as the area with the greatest impact on our environmental performance. Therefore, we have placed a particular focus on these topics. By systematically collecting data, we have obtained a fact-based picture of our status quo and identified measures to improve our environmental impact along the entire value chain.

39,640 t CO_2e

EMISSION OF MERZ THERAPEUTICS IN 2023

7.4 t CO_2

AVERAGE CO_2 EMISSION OF ONE PERSON PER YEAR IN 2023[1]

1 Source: World Emission Clock, World Data Lab, https://worldemissions.io/ (retrieved 06/20/2024)

In 2023, we expanded and refined our emission category analysis based on the GHG Protocol, improving our data accuracy. This detailed analysis supports our sustainability goals, enabling us to develop and implement reduction programs. Our ambition is to reduce our carbon footprint by 90% across Scopes 1 and 2 by 2035.*,**

TAILORED REDUCTION PROGRAMS

Calculating and classifying our emissions allows us to design specific reduction programs for different categories and processes, enabling us to effectively track our progress. In 2023, we focused on reduction programs for Scopes 1 and 2 emissions across all locations. For our top two carbon-emitting locations – our headquarters in Frankfurt and our North American office in Raleigh – we established detailed reduction roadmaps. These roadmaps were developed using a scenario planning tool that helps us balance our reduction efforts with economic growth and operational scaling. By quantifying our efforts, we ensure that our investments are aligned with our target reductional potential. We plan to expand the use of these scenario

* Please note, this is not a Science-Based Target yet; we plan to set Science-Based Targets for Scopes 1 and 2 in 2024 and for Scope 3 in 2025.

** Please note that the chosen baseline year is 2022. However, there is a risk that the baseline will be recalculated or changed based on the professional recommendation or new reporting standards or regulations.

FIG. 1 CO_2e emissions categorised by scope 1, 2, and 3

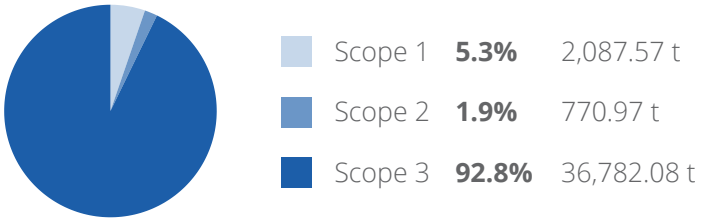
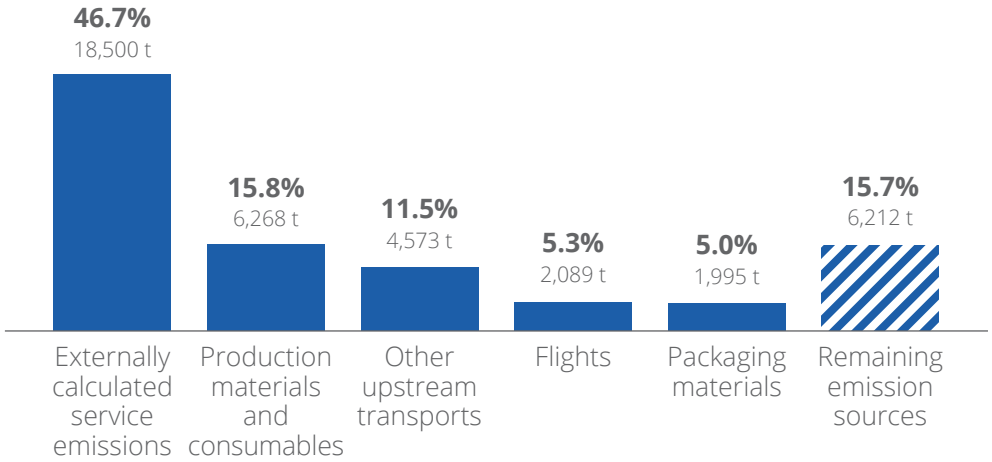


FIG. 2 The largest CO_2e emission sources



Note: The complete data can be found in the appendix.

planning tools to other locations. By implementing these measures, we aim to significantly reduce our carbon footprint and align our operations with our long-term sustainability goals.

Top Measures for a Scope 1 and 2 Emissions Reduction by 90%:

- Transitioning to green energy.
- Implementing energy efficiency measures.
- Electrifying our vehicle fleet.

EMPOWERING LOCAL ACTIONS

To support our global offices, we developed a Carbon Reduction Catalogue that enables local sustainability champions and country managers to self-evaluate their current status and implement tailored reduction measures. This catalogue outlines accessible carbon footprint initiatives and provides guidance for more challenging actions, such as transitioning to green energy, implementing office energy-saving programs, optimizing HVAC scheduling, and raising employee awareness. By empowering local actions, we aim to enhance our carbon footprint reduction efforts across all locations.

SUSTAINABLE OFFICE SPACES

Several offices, including our headquarters, are currently undergoing reconstruction. We have integrated environmental sustainability criteria and energy efficiency considerations to ensure we provide sustainable office spaces for our employees.

SCOPE 3 EMISSIONS REDUCTION

Our Scope 3 initiatives involve collaborating with manufacturing partners within the Merz Group to establish reduction roadmaps for operational sites where our products are manufactured and warehoused. Moving forward, we aim to expand our engagement to include contract manufacturers, with the goal of reducing the carbon footprint of both our manufacturing processes and purchased goods and services.

Additionally, we are intensifying efforts to reduce emissions from upstream and downstream logistics by optimizing order quantities, shipment regularity, and forming partnerships with sustainable logistics providers. Business travel, a significant source of emission, increased in 2023 due to heightened global activities. To promote more sustainable travel practices, we are encouraging the use of train travel, adopting omnichannel client engagement strategies, and digitalizing clinical trials.

FIG. 3 Overall results 2023 – Merz Therapeutics

SCOPE 1

2,088 t CO_2e

TOTAL

SCOPE 2

771 t CO_2e

TOTAL

Note: The complete data can be found in the appendix.

FIG. 3 Overall results 2023 – Merz Therapeutics

SCOPE 3

36,782 t CO_2e

TOTAL

Note: The complete data can be found in the appendix.

3.1.2. Waste Generation

In 2023, understanding our global waste footprint became a priority. We concentrated on gathering comprehensive waste data from all Merz Therapeutics locations, with the goal of quantifying annual waste generation, categorizing waste types, and determining their end fate methods.

Identifying gaps in our waste data flow and management practices was crucial. We aimed to assess our reduction potential, recycling ratios, and waste-to-landfill amounts. This initiative provided invaluable insights, enabling us to develop more effective waste management strategies and enhance our sustainability efforts.

308.2 t

GLOBAL WASTE FOOTPRINT[1,2]

40.7%

AVERAGE WASTE RECYCLING RATE[1,2]

56.2%

AVERAGE WASTE RECOVERY RATE[1,2]

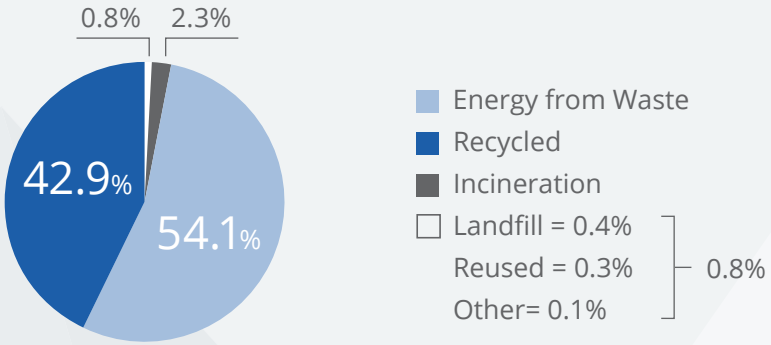
96%

OF OUR WASTE COMES FROM MANUFACTURING AND PACKAGING[1,2]

1 That is only for waste calculated by weight (we also have categories by volume), generated by participating global locations, and not including the waste of our Contract Manufacturers.
2 The figures are provided by the SLR Consulting CORE report.

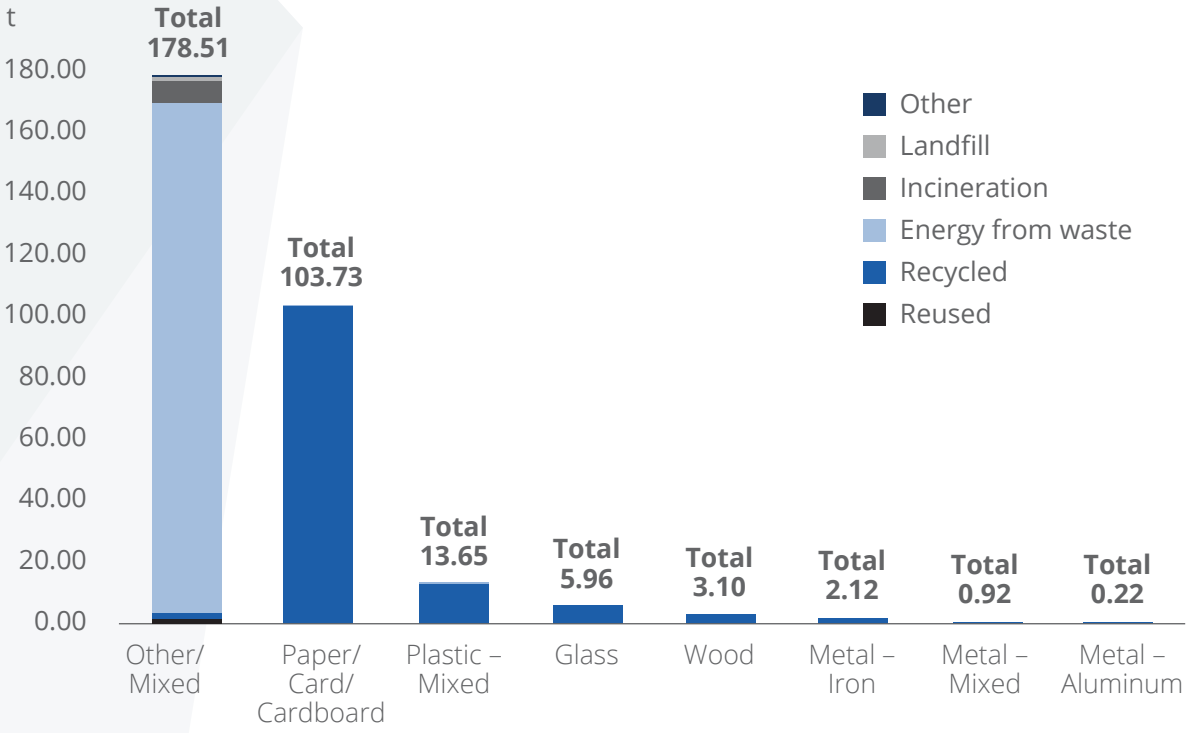
While 56.2% of waste is diverted from landfill, at Merz Therapeutics, we are committed to further improving our recycling efforts and shifting to energy recovery as a last option. Our comprehensive waste management approach highlights high recycling rates for materials like glass, paper, wood, metal, and mixed plastic. However, optimizing recycling practices for more complex materials remains a key focus.

FIG. 4 Waste generation analysis
Percentage end fates by weight



Note: The complete data can be found in the appendix.

FIG. 5 Waste generation analysis
Amount produced per material by weight



Note: The complete data can be found in the appendix.

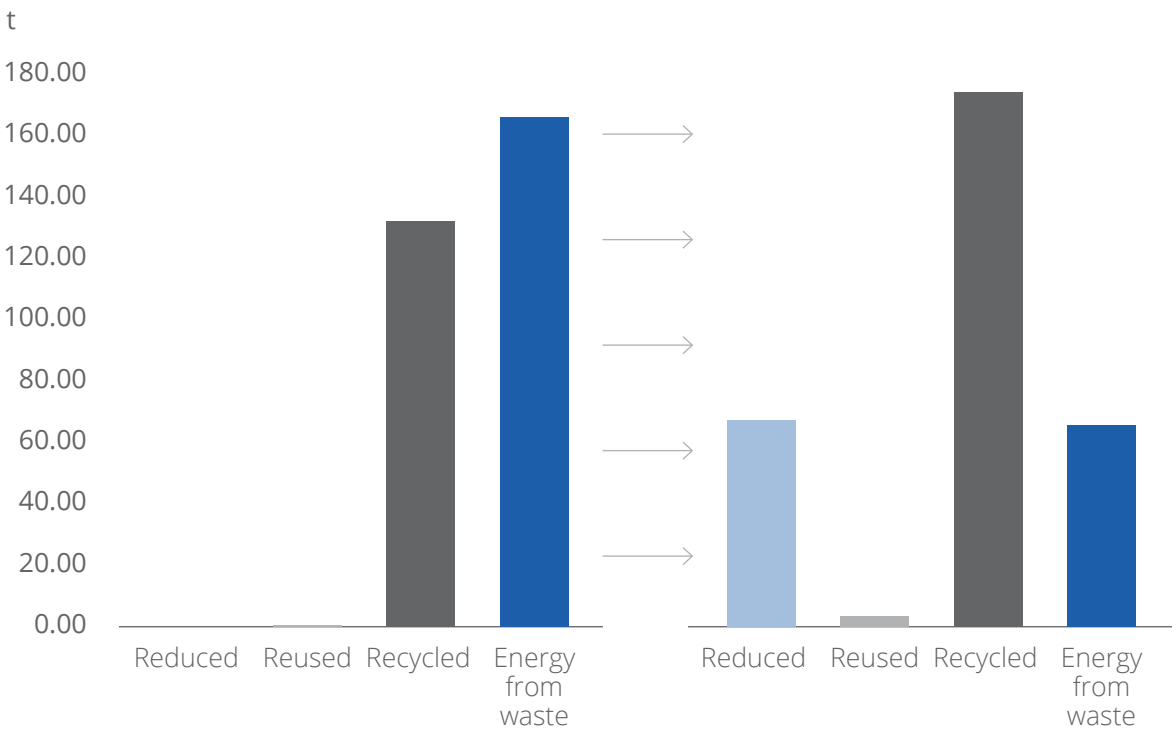
At our major sites, we conducted waste management audits and interviews to pinpoint areas where we can enhance product recyclability and achieve significant waste reduction.

WASTE REDUCTION MEASURES:

- Optimizing autoclaving times to minimize energy and steam usage.
- Introducing sustainable food and water containers.
- Implementing reusable PPEs and improving PPE recycling, where feasible.
- Enhancing waste segregation and bin labeling.
- Reducing product scrap and IT waste.
- Minimizing single-use plastic packaging.

By implementing these measures, we aim to reduce overall waste and enhance our circularity metrics. Our goal is to achieve a 24% reduction in total waste and a 76% recycling rate of the remaining amount by 2035, using 2023 as our baseline. By focusing on these key areas and continuously innovating, we are committed to reducing our environmental footprint and promoting a sustainable future.

FIG. 6 Waste generation analysis – current circularity metrics & aspired circularity metrics



Note: The complete data can be found in the appendix.

Strategic Pillar: Attractive & Future-Proof Employer

We promote a sustainable work life balance and create an engaging place of work that encourages employees to be who they are so that they can perform at their best.

3.2.1. Employee Development

Employee development is a fundamental principle at Merz Therapeutics. We are committed to creating an environment where individuals can thrive both personally and professionally. We ensure our employees are equipped with the skills needed for success through:

- Mentorship programs
- Specialized training opportunities
- Clear career advancement pathways

"The Skyline Leadership Development Program not only expanded my professional network but also deepened my understanding of global healthcare challenges."

Natalia Kulakova,
Senior Manager, International Markets

A flagship initiative is our Skyline Leadership Development Program. Held every two years, this program assembles top talent from around the world to form an international and cross-functional team. Participants immerse themselves in a rigorous learning experience, gaining insights into different cultures and business areas within Merz Therapeutics. One recent participant, Natalia Kulakova, Senior Manager, International Markets, remarked, "The Skyline Leadership Development Program not only expanded my professional network but also deepened my understanding of global healthcare challenges."

We also offer sustainability in our training with the Sustainability Learning Path. This course, available in six languages, introduces employees to Merz Therapeutics' four sustainability pillars and is a mandatory part of our onboarding. Geena Toepfer, Global Communications Manager, shared, "The Sustainability Learning Path gave me a fresh perspective on how our daily actions contribute to Merz's long-term goals."

"The Sustainability Learning Path gave me a fresh perspective on how our daily actions contribute to Merz's long-term goals."

Geena Toepfer,
Global Communications Manager

To support continuous learning and ensure all employees are equipped for career transitions, Merz Therapeutics provides comprehensive access to digital learning platforms such as LinkedIn Learning. These tools help maintain employability and manage career endings. Additionally, we offer specialized leadership training for employees stepping into people management roles, ensuring they have the necessary skills to succeed.

3.2.2. Focusing on Employee Engagement

Employee engagement is the central element of our company culture. We recognize that engaged employees are the driving force behind our success. Regular feedback from our team members is crucial for us to continually improve. Our internal digital channels, such as Viva Engage and the Global One Intranet, facilitate global communication and collaboration. These platforms include groups like the Sustainability Community, where employees can share ideas and best practices. Additionally, routine employee pulse surveys help us measure satisfaction and identify areas for improvement. Our dedication to employee satisfaction is reflected in our recognition as a **Great Place to Work®**. All ten of our participating affiliates – Germany, the USA, Switzerland, Canada, Austria, Spain, Sweden, the UK, Italy, and France – have earned this prestigious certification. This achievement underscores our commitment to creating outstanding workplaces globally.

MERZ THERAPEUTICS – A GREAT PLACE TO WORK

CERTIFIED IN

10 COUNTRIES

3.2.3. Celebrating Uniqueness and Fostering Inclusion

Diversity, Equity and Inclusion are not just buzzwords at Merz Therapeutics but an integral to our success. We celebrate the uniqueness of our people and strive to create an inclusive and supportive workplace. Diversity for us is not just about representation but about harnessing the wealth of ideas and perspectives that come from different life experiences. By embracing this diversity, we build a resilient workplace ready for future challenges.

We aim to cultivate a working environment where everyone's voice matters, and everyone feels supported, valued, and respected. The backbones of our culture are openness, trust, and collaboration. We actively seek out diverse voices, encourage participation, and foster a strong sense of belonging. By nurturing our employees' potential to the fullest, we inspire creativity and innovation.

Equality is central to our values, ensuring a supportive working environment with equal access to resources, rewards, and recognition. Our gender balance is a testament to our inclusive policies and dedication to providing equal opportunities for all.

By maintaining these high standards in employee development, engagement, and inclusion, Merz Therapeutics continues to build a supportive and dynamic workplace, continuously making sure we remain an attractive and future-proof employer.

45%

OF EXECUTIVE ROLES ARE HELD BY WOMEN

68%

OF MERZ THERAPEUTICS EMPLOYEES WERE WOMEN IN 2023

55%

OF LEADERSHIP ROLES ARE HELD BY WOMEN

Strategic Pillar: Working Together for the Good of Patients

We use our skills to address patients' unmet needs and improve access to healthcare professionals and other key stakeholders to promote health equity and deliver meaningful value.

3.3.1. Product Quality

INNOVATION AND CONTINUOUS IMPROVEMENT

At Merz Therapeutics, we are dedicated to providing high-quality, science-backed products and services. Our well-thought-out products are known worldwide for their stability and quality. To remain successful, Merz Therapeutics must be responsive to changing market situations and strive for outstanding and excellent products through efficient manufacturing and business processes. Therefore, innovation and quality management are essential to our vision and values. This focus on the continuous improvement of processes and products ensures that we maintain our high standards and adapt to evolving market demands, keeping our products at the forefront of the industry.

PRODUCT QUALITY ASSURANCE

Ensuring the highest standards of product quality is fundamental to our mission of improving patient outcomes. At Merz Therapeutics, we adopt a rigorous approach to quality management in line with high legislative standards at every stage of our product lifecycle – from research and development to manufacturing and distribution. Quality assurance is embedded in every process at Merz Therapeutics. Regular checks, conducted either internally or by health authorities, ensure adherence to our rigorous standards. Our objective is clear: to produce products that not only improve patients' lives but also guarantee public safety. Recognizing the severe implications of compromised quality, we emphasize the need for all employees to be aware of the potential impact on patients. Comprehensive training in quality assurance techniques and requirements is essential across the entire value chain, including purchasing, manufacturing, and release testing. This training ensures that our commitment to quality permeates every level of our organization. We use enterprise quality management platforms to track quality compliance and train our employees regularly. The trainings are administered online or in-person, based on the role specifications.

PHARMACOVIGILANCE

We have established a Global Product Safety Department to maintain the highest standards of product safety. It is dedicated to the collection of safety information and ensuring that all employees receive global pharmacovigilance training. This training equips our staff to recognize and report safety information promptly. Our commitment to safety extends to our contractual agreements with global partners and affiliates, ensuring they understand the importance of collecting and reporting safety information.

Pharmacovigilance Training internally and externally:

- 14 SOPs with 42 attachments rolled out in Learning Management System
- 54 face-to-face or video conference trainings for defined risk group
- Quarterly refresher and onboarding trainings for the Pharmacovigilance teams in affiliates
- 55 trainings for distribution partners

We regularly monitor scientific and medical literature, as well as publications from regulatory authorities, to keep our safety profiles up-to-date.

GOALS OF PRODUCT SAFETY AND QUALITY

Our overarching goal is to ensure the safe and efficient use of all high-quality standard products, ultimately aiming for better patient outcomes. This commitment to product safety and quality contributes to our holistic concept of sustainability by providing safe medicinal products, addressing our legal obligations (regulated by the European Union and local legislation worldwide), fostering trust in Merz Therapeutics products, and engaging with our customers and patients.

PATIENT HEALTH AND SAFETY

Commitment to Customers: We are committed to ensuring that the commercialization of our products complies with all applicable medical, legal, and regulatory standards. To maintain high standards of integrity in our interactions with healthcare professionals, employees must coordinate with their Compliance Officer when arranging interactions with healthcare professionals.

Commitment to Patients: We prioritize the well-being of patients in all our healthcare-related businesses. Our focus is on enabling better patient outcomes and providing innovative solutions to meet patient needs globally. Compromising patient safety is never an option. In all our research and development activities, we strive to ensure participants' rights, safety, and well-being. Whenever possible, we use alternatives to animal research. We collect and review information about product-related side effects and technical defects experienced by users of our approved or investigational products, and report this information to the relevant health authorities. It is imperative that all employees report any product-related side effects and technical defects. We are committed to ensuring optimal scientific communication and education to make our innovations accessible to patients. We provide communication tailored to laypersons in many instances. By maintaining these rigorous standards in product quality and patient health and safety, we continue to build trust with our customers and patients, ensuring we provide effective and safe medicinal products that meet the highest standards of care.

3.3.2. Patient Organizations & Health Education

Merz Therapeutics is deeply committed to working closely with patient organizations. Our approach focuses on collaboration with key patient organizations for each of our major therapeutic areas. Furthermore, we have developed platforms for patient information and education and implemented various initiatives to enhance health education.

Collaboration with Patient Organizations – Europe

SAFE (STROKE ALLIANCE FOR EUROPE)

One significant partnership is with the Stroke Alliance for Europe (SAFE), a nonprofit organization representing numerous stroke support organizations across Europe. Together with SAFE, we have developed "Life With Spasticity", an educational online platform providing comprehensive information and motivational support for stroke survivors experiencing post-stroke spasticity. This platform exemplifies our dedication to improving patients' lives by increasing awareness and accessibility to effective treatments for spasticity patients.

DYSTONIA EUROPE

Another key collaboration is with Dystonia Europe, the international platform that benefits patients and their families by promoting interest in dystonia, stimulating research, and working towards more effective treatments. As a platinum sponsor, we support Dystonia Europe financially and support their expertise in developing information materials and awareness campaigns. MyDystonia is a prominent initiative from this partnership, dedicated to increasing information and awareness about dystonia management and helping patients and their families navigate the complexities of this condition.

EPDA (PARKINSON'S EUROPE)

We also collaborate with Parkinson's Europe (EPDA), which has been advocating for the global Parkinson's community for over 30 years. Our partnership focuses on raising awareness about sialorrhea, a common but often underdiagnosed and undertreated symptom of Parkinson's Disease. We collaborate on a burden-of-disease survey and awareness campaigns, so the prevalence and impact of sialorrhea is highlighted, which ultimately improves the quality of life for Parkinson's patients.

Collaboration with Patient Organizations – North America

PARKINSON'S FOUNDATION

The Parkinson's Foundation makes life better for people with Parkinson's disease by improving care and advancing research toward a cure.

DYSTONIA MEDICAL RESEARCH FOUNDATION

Since 1976, the DMRF has grown from a small family-based foundation into a dynamic, membership-driven organization led by a Board of Directors and network of volunteers with personal connections to dystonia. Because dystonia hits so close to home for our directors and volunteers, the DMRF leadership is motivated by an unrelenting drive to find a cure and an unwavering commitment to serving people affected by dystonia.

THE MICHAEL J. FOX FOUNDATION FOR PARKINSON'S RESEARCH

The Michael J. Fox Foundation is dedicated to finding a cure for Parkinson's disease through an aggressively funded research agenda and to ensuring the development of improved therapies for those living with Parkinson's today.

CEREBRAL PALSY ALLIANCE RESEARCH FOUNDATION

Cerebral Palsy Alliance Research Foundation (CPARF) is the foremost nonprofit organization in the world focusing on research and innovation for people with cerebral palsy.

HEALTH EDUCATION

Our efforts in health education extend beyond collaborations with patient organizations. The Medical Affairs team at Merz Therapeutics serves as a strategic partner, leveraging medical knowledge to benefit both internal and external stakeholders. We provide training and education programs to healthcare professionals, such as the EXPERT Training program, which includes various levels from basic virtual training to advanced anatomical and ultrasound courses. At our stand-alone event in Berlin, the Merz Expert Connect Summit, we hosted close to 300 participants, out of which 39 were speakers.

These programs ensure that healthcare professionals (HCPs) are well-informed and equipped to provide the best possible patient care. Additionally, the international exchange helps elevate healthcare standards across regions.

We create publications based on Merz Therapeutics data and insights from advisory boards and deliver content through educational events like symposia, scientific conferences, and webinars. In 2023, we participated in three congresses (the CONy, MDS, and IDS congresses) as well as an expert exchange meeting. We further sponsored the International Society of Physical and Rehabilitation Medicine (ISPRM) in Columbia. Our initiative, Toxnet, brings together a group of movement disorder specialists (HCPs). The EXPERT Virtual training program is a prime example of how we leverage virtual to reach a wider audience sustainably. Our virtual training sessions, which attract 150–400 participants per session, significantly reduce the need for travel, contributing to environmental sustainability.

We are proud of our ongoing commitment to patient organizations and health education. By fostering close relationships with organizations like SAFE, Dystonia Europe, and Parkinson's Europe as well as North American organizations such as Parkinson's Foundation and Dystonia Medical Research Foundation and by providing comprehensive training and educational resources, we strive to improve patient outcomes and promote a holistic approach to healthcare. Our efforts ensure that more HCPs are aware of the latest treatment opportunities, leading to better patient care.

Our global events in 2023

- 6 live trainings with 86 HCPs (Valencia, Barcelona, Oxford, Lübeck, Fribourg and Munich)
- 1 Expert Exchange Advisory Board with 12 relevant experts in the field
- 2 virtual trainings with 563 participants

Our local training programs in 2023

- 6,782 trainings worldwide: Each country offers local training programs to ensure local HCP needs are met.

3.3.3. Access to Health

We recognize the importance of equitable access to healthcare and are dedicated to contributing to its realization. Traditionally, access to health has been addressed through pricing strategies. But, as a neurology-focused specialty pharma company, we face unique challenges in enhancing access through discounts and pricing policies alone. Patients need access to robust healthcare infrastructure to benefit from our products, a resource that remains scarce in many regions worldwide. This is why we have chosen to focus on addressing healthcare access inequalities to make a meaningful impact.

We believe that everyone should benefit from the medical and healthcare advancements achieved in recent decades. Therefore, in 2023, Merz Therapeutics launched the Access to Health Initiative to tackle healthcare access inequalities in low- and middle-income countries. Our goal is to support the global fight against these disparities.

Stroke remains one of the leading causes of death worldwide. Stroke prevention, acute care, and post-stroke rehabilitation are expensive and require substantial infrastructure. Leveraging our extensive experience with stroke patients, our ambition is to implement a program that aims to bridge the stroke care gap for underserved patients by expanding patient care and upskilling healthcare professionals.

We plan to employ a multi-pronged approach, including healthcare professional training, patient education, partnerships, and employee volunteering, to maximize our impact. For our program's launch, we have chosen Sub-Saharan Africa, a region facing a severe stroke crisis characterized by younger patients, high mortality and disability rates, limited public awareness, and a lack of specialists and rehabilitation facilities.

In 2024, we aim to establish our first institutional partnership and initiate the program in at least two countries within this target region. Our long-term vision for the Access to Health Initiative is to create sustainable healthcare improvements that can be replicated and scaled globally.

Strategic Pillar: Impact-Driven Responsible Business

Innovation is the lifeblood of our company. We strive to be genuinely customer-centric and are fully commited to the highest business ethics towards all our stakeholders.

3.4.1. Innovation and R&D

CLINICAL DEVELOPMENT

Meaningful clinical trials are essential in the pursuit of new and improved treatment solutions, and sustainability considerations have become an important part of their preparation and conduction. To ensure the use of resources generated by clinical trials are directed as efficiently as possible, we meticulously design our studies to optimize success, first and foremost ensuring the feasibility of a trial for both patients and study sites.

The patient and their well-being are central to all our activities. We continuously evaluate what benefits the patient and the study site. We engage with patients early – during the design phase at the very beginning of a clinical trial. This engagement helps us understand the patient's journey, expectations, disease characteristics, limitations, needs, and the outcomes which resonate most deeply with them. If sensible, we incorporate decentralized and digital methods into clinical trials to reduce the burden on both patients and study sites, thereby enhancing the feasibility of the study. This approach, combined with early engagement and the use of modern methods, forms the cornerstone of sustainable clinical trials at Merz Therapeutics.

ADDRESSING UNMET PATIENT NEEDS

An example of our commitment to supporting patients with conditions inadequately served by current treatment options is our focus on Peripheral Neuropathic Pain (PNP), expanding beyond the therapeutic area of movement disorders.

The Peripheral Neuropathic Pain (PNP) project at Merz Therapeutics: We initiated the PNP project for our botulinum neurotoxin treatment in summer 2022. In November 2023, we launched the Phase II study (PaiNT), officially enrolling patients. The study targets patients with postsurgical/post-traumatic PNP and postherpetic neuralgia.

We adopt a patient-centered approach involving extensive patient surveys, interviews, and advisory boards to understand the needs and experiences of study participants. Additionally, the PaiNT study incorporates innovative digital tools such as electronic clinical outcome assessments (eCOA), a smartphone app, and video call visits. These tools streamline data collection, reduce on-site visits, and ease the burden on patients. By expanding this therapeutic area for botulinum neurotoxin treatment, Merz Therapeutics aims to deliver better outcomes for more PNP patients and set a new benchmark in chronic pain management.

REDUCING ENVIRONMENTAL IMPACT IN CLINICAL TRIALS

Travel: Clinical trials generate carbon emissions, especially through travel and shipment activities. We are working on employing digital methods to optimize resource usage. For instance, we are introducing virtual visits for patients to eliminate the need for travel, thus reducing logistical burdens and carbon emissions and creating a mutually beneficial situation. Study monitors are provided with remote access to study documents, reducing on-site visits. We are exploring the possibility of conducting investigator meetings remotely, enabling broader participation while minimizing travel.

Paper: Paper wastage is another issue in clinical trials, with traditional methods generating between 10,000 to 20,000 paper documents per trial. Our trials are now almost fully digitized, significantly reducing paper use. Electronic signatures further decreas the need for printed documents, eliminating the need for courier services to collect physical signatures worldwide.

PROMOTING DIVERSITY AND INCLUSION IN CLINICAL TRIALS

The social aspect of sustainability, particularly the diversity of the study population, is a paramount focus area. We are committed to inclusivity in our clinical trials, aiming to bring better outcomes to a broader range of patients. Our study protocols are designed with gender-neutral requirements, and we seek trial sites that represent diverse populations. We aim to include all willing participants who meet the medical criteria, regardless of age, gender, ethnicity, or geographic origin. This inclusive approach ensures that everyone can make a meaningful contribution to our research efforts.

NON-CLINICAL DEVELOPMENT

R&D Commitment to Sustainability: In Research and Development (R&D), sustainability encompasses both the creation of value for our products and the long-term sustainable growth of the company. This dual focus necessitates the development of innovative products, new indications, advanced methods, and cutting-edge technologies. Sustainability drives us, both as a corporation and the individuals that make it up, to prioritize the well-being of future generations by selecting technologies and products that adhere to sustainable principles, such as responsible raw material sourcing.

Reducing Carbon Footprint, Energy Consumption and Waste in Non-Clinical Development: By understanding our considerable energy and resource consumption, waste generation, and emissions resulting from our non-clinical activities, we gradually transform our processes to minimize negative effects of our operations.

Good Manufacturing Practice (GMP) Pilot Plant: A good example of a sustainability initiative in non-clinical development is the implementation of the energy efficiency measures for our Good Manufacturing Practice (GMP) Pilot Plant. While currently under construction, this plant will soon employ isolator technology to produce clinical trial materials for our botulinum neurotoxin product. The GMP Pilot Plant will support our operational site in Dessau by alleviating capacity constraints. Operating under stringent Good Manufacturing Practice standards, the GMP Pilot Plant requires significant energy resources for ventilation, HVAC systems, and sterilization processes. To meet these requirements in a sustainable manner, we have come up with the Energy Efficiency Action Plan, which will be implemented upon the launch of the plant. By implementing this Energy Efficiency Action Plan, energy savings of 42% can be achieved, compared to the "business-as-usual" scenario, through optimizing technology and operational practices. Other initiatives to reduce our carbon footprint from non-clinical development as well as office waste are, where permissible in adherence to regulation, the digitization of paper archives using modern software and the replacement of wet-ink with digital signatures.

SUSTAINABLE AND ETHICAL TESTING METHODS

As a research-driven pharmaceutical company, we are required by regulatory agencies to carry out product safety and efficacy testing on animals. We understand our ethical responsibility and are fully committed to the responsible and ethical treatment of animals. Since we execute such testing through external providers, we focus on selecting the best suitable partners to carry out the required assessments in the most diligent and ethical way and are committed to the minimization of animal testing overall.

To achieve the latter, we introduced a cell-based potency assay for our botulinum neurotoxin product and drug substance, which has allowed us to significantly reduce the number of mice used in LD50 assays. This advancement not only reduces animal testing but also waste that is otherwise generated in this context. The next step, an automated cell-based assay, will further enhance reproducibility, thereby reinforcing our sustainable practices in analytical methods.

Our R&D division is steadfast in its commitment to sustainability. By reducing our carbon footprint, pursuing innovative testing methods, and laying a strong foundation with sustainable products, we are not only meeting current standards but also paving the way for a sustainable future. Our initiatives reflect our dedication to both environmental stewardship and the advancement of scientific research, ensuring that our products and practices are aligned with the principles of sustainability.

3.4.2. Customer Satisfaction

At Merz Therapeutics, we pride ourselves on our approach to interacting with healthcare professionals (HCPs). By closely collaborating with healthcare systems and patients, we aim to support patient outcomes in a meaningful way. Engaging stakeholders in a regular dialogue allows us to understand their challenges and co-create solutions that advance healthcare systems and therapies.

We have integrated our compliance principles into our business processes, establishing a robust framework for HCP and patient interaction. This ensures that our work and communication with our key external stakeholders, including our patients, reflect our unwavering commitment to ethical behavior. We actively consult HCPs and patients on business decisions to ensure our strategy and pipeline address pressing healthcare issues effectively. This dialogue encompasses the following areas:

Involving the Patient Voice in Clinical Trial Design

We have implemented a three-phase approach to ensure our clinical trial design aligns with the needs and preferences of our patients:

Online Survey: conducting a 20-minute survey in the local language to gauge the disease burden and general perceptions of clinical trials.

Qualitative Interviews: performing in-depth interviews to map the patient journey from pre-diagnosis to ongoing management.

Clinical Trial Design Focus Group: hosting advisory boards to gather detailed insights on our planned clinical trial design.

PATIENT JOURNEY

Through market research, we engage with healthcare professionals and patients to identify pain points throughout the patient journey. These insights help us to uncover opportunities to enhance patient care holistically, beyond merely delivering therapy. Recently, these insights have driven updates to our patient website, lifewithspasticity.com, and spurred our internal digital innovation hub (DIH).

ADVISORY BOARDS

To ensure our services, education, and products optimally support physicians to address their patients' most pressing challenges, we regularly convene advisory boards. These boards evaluate training needs, product development, and guideline requirements, ensuring we stay attuned to the evolving landscape of patient care and respond accordingly.

TRACKING CUSTOMER SATISFACTION

Our commitment to providing sustainable products and exceptional services underpins our efforts to support HCPs to improve patients' lives. Customer feedback and satisfaction mirrors our sustainability efforts and helps us to ensure we are upholding the highest standards expected from our customers. This is especially relevant in the following areas:

Quality assurance: helping us meet and exceed quality standards in the industry.

Innovation: providing feedback which can support us to develop our product or data to better meet the needs of patients.

Regulatory compliance and safety: to ensure adverse events or quality issues are adequately reported, thereby building our safety profile.

Environmental impact: customers expect waste reduction and sustainable resource management.

Social responsibility: Our fair business practices and strict sourcing policies align with customer values and are thus also mirrored in our satisfaction.

By engaging in the efforts below and setting up standardized tracking to measure satisfaction annually, we ensure our business practices meet the high standards of both our customers and the industry best practices in ethical business.

STRATEGIC INITIATIVES

To ensure we are always listening to and reflecting the needs of patients and our customers, Merz Therapeutics invests in several strategic initiatives:

Co-Creation: partnering with customers to develop tailored products and solutions which reflect patients' unmet needs.

Customer satisfaction reporting: establishing continuous feedback channels to inform ongoing product and service improvements.

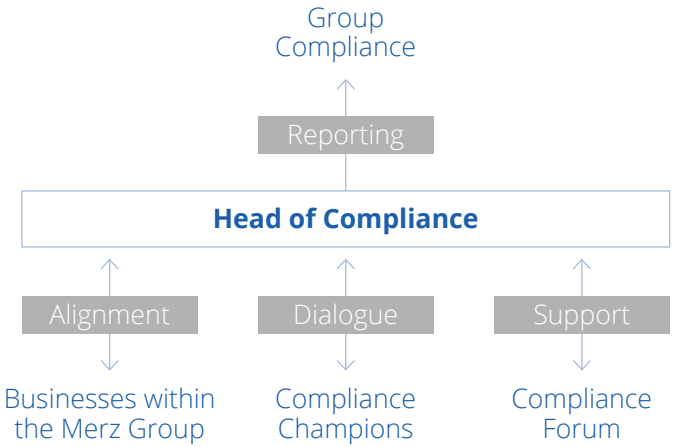
Annual brand tracking: We are planning to establish an annual research to track customer satisfaction across multiple aspects, including our approach to "behaving as an ethical business". By measuring this annually, we will identify effective business practices that help our customers deliver outstanding patient care and pinpoint areas for further enhancement.

By embedding sustainable principles into our business practices and continually investing in understanding our customers, Merz Therapeutics not only elevates customer satisfaction but also fosters long-term sustainable partnerships.

3.4.3. Fair Business

THE MERZ THERAPEUTICS COMPLIANCE, ETHICS AND PRIVACY PROGRAM

Compliance is the prerequisite and overarching principle for all our activities. It goes beyond adhering to laws and internal regulations, rooted deeply in our Code of Conduct. “Doing the right thing” is fundamental to our decisions and actions, fostering integrity and trust in stakeholder relationships.



Our Governance Structure: Our Compliance, Ethics and Privacy Program is embedded in our business operations and led by the Head of Compliance. Our implemented governance structure in Compliance, Ethics and Privacy ensures that our values and commitment to the highest ethical standards are consistently upheld. The Head of Compliance regularly reports to Group Compliance, aligns across the other Businesses within the Merz Group and convenes the network of local Compliance Champions. Additionally, our cross-functional Compliance Committee supports the implementation of our risk-based, business-centered Compliance, Ethics and Privacy Program.

Our Code of Conduct: For us, it is of the utmost importance to ensure highest ethical standards in our Business Conduct. Especially as a family-owned company with a long-term focus, certain values form the basis for how we run our business. Our Global Code of Conduct is directly linked to our value of Delivering Trusted Results. It defines and explains our expectations for ethical business practices in our international and evolving business environment.

Our Code of Conduct aims to:

- Foster compliance with company policies and applicable laws, rules, and regulations
- Promote honesty and transparency in communications about our products
- Drive employee accountability for adherence to our values
- Protect the privacy of personal information
- Encourage internal reporting and resolution of any potential violations of the Code and policies

Our Third-Party Code of Conduct: Our Code of Conduct is complemented by our Third-Party Code of Conduct, ensuring that our partners that we conduct business with uphold the same ethical standards we do. Merz Therapeutics expects ethical practices throughout its supply chain, and partners must also conduct their business in an ethical manner and act with integrity. It is imperative for all partners to adhere to this Third-Party Code of Conduct. It is designed to promote trust and maintains high ethical standards in our business practices.

Our Policies: Our Compliance, Ethics and Privacy Program includes policies provided by the Merz Group (Merz Group Compliance Policies, MGCP). These bring the Code of Conduct to life in our daily work and address the compliance risks identified for Merz Therapeutics. We plan to consolidate and update these policies for Merz Therapeutics in 2024 and 2025 to enhance our business-centric approach.

Our 16 Merz Group Compliance Policies:

- Implementing Guidelines
- Promotional Guidelines
- Interacting with Healthcare Professionals
- Charitable Donations and Sponsorships
- Transparency
- Free Product and Samples
- Evaluating Complaints
- Distributors
- Vendors, Suppliers, Third Parties
- Anti-Corruption and Anti-Bribery
- Antitrust and Fair Competition
- Privacy and Data Protection
- Money Laundering
- Political Contributions
- Record Retention and Deletion
- Trade Control

Our Ethics Helpline:

Merz Therapeutics is committed to providing an environment where colleagues feel safe to speak up and share their ideas and concerns. Open, honest communication is the expectation, not the exception. We have zero tolerance for retaliation against any employee who reports suspected or known violations in good faith.

Various channels are available for voicing concerns, including discussions with supervisors, the compliance officer and the human resources department as well as the Ethics Helpline. Recognizing that there may be situations where a direct approach is challenging, employees may also use our website to confidentially file concerns, report violations of our standards and policies, or seek guidance on compliance and ethics matters.

Our Trainings and Awareness measures:
A well-structured and risk-based training and awareness program is vital for an effective compliance program. The Merz Group provides a comprehensive training and awareness plan that serves as a foundation for each business to develop tailored training schedules. Affiliates customize training plans based on specific risk profiles, ensuring relevance and applicability. Internal training also fosters a culture of integrity and accountability. By regularly updating and delivering these training programs, Merz Therapeutics mitigates risks, ensures adherence to regulatory requirements, and enhances its reputation among stakeholders. Ultimately, well-trained employees are better equipped to identify and address compliance issues, contributing to the overall health and sustainability of the business.

Training methods are diverse and engaging, including interactive eLearnings and videos. New joiners complete mandatory training covering essential compliance topics, ensuring they are well-versed in company policies and procedures from the outset. Compliance training programs cover a broad range of subjects, including data protection, the Code of Conduct, business partner compliance, and interaction with healthcare professionals. This comprehensive approach ensures that employees are aware of the legal and ethical standards expected of them, which is crucial for maintaining a culture of compliance. The Code of Conduct training is rolled out annually to all employees. In 2023, Merz Therapeutics achieved a completion rate of ≥ 99% in its affiliates in Germany, Austria and in Switzerland as well as in the Netherlands, the United Kingdom and Sweden.

HIGHLIGHTS OF OUR COMPLIANCE, ETHICS AND PRIVACY PROGRAM

We recognize the importance of efficient processes for our success. We continually seek innovative solutions to streamline operations and ensure compliance. Recent advancements in technology have led to the development of two essential tools: the Business Partner Compliance Tool and the Transparency Tool, exemplifying our commitment to efficiency, accountability, and integrity in all aspects of our operations.

With our ongoing commitment to developing and implementing new tools, we aim to uphold Merz Therapeutics' position as a leader in the pharmaceutical industry, setting high standards for compliance and transparency.

Business Partner Compliance Tool: The Business Partner Compliance Tool is an essential component of our compliance management system. It enables us to perform thorough due diligence on our business partners, mitigating risks associated with legal and regulatory compliance. While our internal processes ensure adherence to standards, breaches by business partners can pose significant threats to our company. By implementing this tool, we can proactively identify and address potential issues, safeguarding our reputation and financial well-being.

Transparency Tool: Similarly, the Transparency Tool represents a significant step forward in promoting openness and accountability within our organization. Transparency reporting is essential for disclosing our financial relationships with healthcare professionals and institutions where legally required. This practice combats corruption, ensures compliance, and maintains public trust. With our new Transparency Tool, we have automated and streamlined the reporting process, saving time and reducing the risk of errors. As we continue to leverage technology to enhance efficiency and transparency, we remain committed to fostering a culture of compliance and integrity. The Business Partner Compliance Tool and the Transparency Tool are just the beginning of our journey toward digital transformation.

OUR RISK ASSESSMENT PROTOCOL

Operations: Every two years all our operations are assessed for identification of any compliance risks including: Interacting with Healthcare Professionals, Transparency, Distributor Relations, Money Laundering and Anti-Corruption and Anti-Bribery, and other potential compliance topics covered by our compliance policies. Each department is assessed by filling out a detailed questionnaire on activities. The results are then further mapped back to the aforementioned compliance topics and the actions are rated according to the traffic-light scale where green means low risk and red, high risk.

In case any risks are identified, further engagement is required. Additionally, continuous internal audit is performed on all compliance sensitive operations at the Group level. Any findings lead to immediate actions to minimize risks and implement compliance measures.

Compliance incident resolution procedure and incident reporting: When a Compliance incident is reported through available channels such as our Ethics Helpline, it is assigned a minor-, medium-, or high-risk status according to our internal policy. All incidents are regularly reviewed by the Investigation Committee (previously, Compliance Committee), and the action plan is decided upon on a case-by-case basis, especially for high-risk incidents.

Incident reporting is done for any compliance incident on a regular basis. The reporting is steered by Merz Group Compliance and cascaded to Compliance Officers, Team Leads, as well as the Teams themselves.

3.4.4. Health, Safety, Security & Environment

Merz Therapeutics is committed to protecting the health of its employees and promoting occupational safety and environmental protection at all company locations. Economic success, quality, health protection, occupational safety, and environmental protection are equally important corporate objectives.

OUR HEALTH & SAFETY MEASURES

We systematically consider Health, Safety, Security & Environment (HSSE) issues in our economic decisions. The implementation of and compliance with HSSE requirements is everyone's responsibility within our company. Occupational safety and preventive health protection along the entire value chain are taken very seriously. One managerial task is to identify, assess, and eliminate potential health and safety hazards in the workplace. Where this is not possible, appropriate protective and qualification measures must be taken for our employees, and the correct handling of risks must be communicated. Our employees are instructed by their supervisors and managers and are aware of their own responsibility for their health and safety at work. They understand the relevant requirements of their activities and follow their supervisors' instructions.

The minimum standard across all locations is to fulfill the legal requirements applicable at the site. We comply with the respective national laws and regulations on HSSE globally. Our managers must apply systematic development processes that consider compliance with all relevant safety and environmental regulations. However, we believe that a responsible approach to the environment and the safety of our customers, employees, and local residents should not be restricted to mere compliance with relevant laws. Therefore, we apply our own HSSE guidelines where regulations are either lacking or not required and monitored by local authorities. We instruct external companies and suppliers working at our sites to comply with our HSSE requirements. We inform our business partners about environmental protection, healthcare, and occupational safety aspects relevant to us. Our employees' behavior is crucial for successfully implementing our measures and achieving our HSSE goals. We systematically train, inform, and motivate our employees so that they act with caution and environmental consciousness. We work together to identify and eliminate health, safety, and environmental risks in the workplace. Every employee is encouraged to be vigilant for potential HSSE risks in their daily work and report them as needed. We actively involve our employees in developing our HSSE principles and corresponding measures by encouraging them to proactively contribute ideas and suggestions for improving our HSSE systems and our employee idea management system Clever@Merz.

Merz Therapeutics regularly reviews health and safety statuses and compliance with external and internal standards through inspections and audits. Deficiencies and deviations are corrected as part of a continuous improvement process. We commit to reporting on the number of health and safety incidents starting next year.

Supply Chain

As a global company, we are committed to the enforcement of sustainable and ethical practices along our supply chain – for planet and people alike.

At Merz Therapeutics, we recognize that our responsibility extends beyond our own operations and includes the entire value chain. Our commitment to sustainability is reflected in our efforts to build a supply chain that is ethical, resilient and characterized by strong environmental practices to minimize negative impacts.

In 2023

- 1,523 of our suppliers have undergone an abstract ESG risk screening based on the fixed criteria set by our digital software according to the German Supply Chain Due Diligence Act.
- 6% of our suppliers have been selected for further engagement based on the results of the initial risk assessment.*

COMMITMENT TO SUSTAINABLE PROCUREMENT AND SUPPLIER ENGAGEMENT

Our procurement practices are designed to ensure that we source materials and services responsibly. We utilize digital software to assess the ESG risk profiles of our suppliers and engage with those evaluated at medium and high levels of ESG risk.

We value the relationships with our suppliers and are committed to engaging with them to improve their sustainability practices if required. In 2024 and 2025, we plan to accelerate efforts to engage with our largest suppliers by conducting interviews and creating joint sustainable improvement plans in line with our sustainability targets.

When selecting new business partners, we pay close attention to conducting compliance due diligence, focusing on the topics of Governance and Ethics. Every new supplier is then onboarded onto the digital software that performs an ESG risk screening according to the type of service and country of registration. In this process, supplier engagement is flagged via a questionnaire as green, yellow or red, green meaning low risk (no engagement), and yellow and red meaning medium and high risk. When setting up a contract we require our business partner to adhere to the Merz Third Party Code of Conduct that outlines our Sustainability Principles including general environmental sustainability, waste management, efficient use of resources, handling chemicals and other dangerous substances, as well as labor rights, prohibition of child and forced labor, workplace health and safety, freedom of association and the right to collective bargaining, prohibition of discrimination, fair remuneration, and protection of livelihoods.

In the event of an actual or imminent violation of the Third-Party Code of Conduct, the partner in coordination with Merz Therapeutics will take appropriate remedial action suitable to prevent, end, or minimize the extent of such violation or risk.

* Were marked as medium- or high-risk based on the initial assessment.

Our partners are required to set up and implement, without undue delay, a concrete timetable to prevent further violations, end or minimize the violation or risk. If the partner's efforts fail to prevent, end, or minimize the violation of the Third-Party Code of Conduct or associated risks, Merz Therapeutics at its sole discretion can suspend the business relationship until appropriate action has been taken. We have the right to terminate the contractual relationship with the partner with immediate effect if a severe violation is evident and no other means to reconcile are available.

Our Sourcing Specialists as well as country Compliance Champions are trained on supplier risk assessments as well as practices of further engagements such as questionnaires. This ensures a unanimous approach to supplier risk screening as well as supplier engagement practices.

ENVIRONMENTAL IMPACT OF OUR SUPPLY CHAIN

Decarbonization of our supply chain: We understand that it takes collaborative effort to achieve carbon footprint reduction, especially within our Scope 3 categories. We are committed to engage with our suppliers and other business partners to reduce emissions within our supply chain in line with our ambitious plan of reaching 90% reduction of our Scope 1, 2, and 3 emissions by 2035.*,** To this end, we are planning green energy transition engagement campaigns, switching to more sustainable logistics practices, and optimization of order quantities.

Efficient use of resources: Merz Therapeutics is committed to engaging with our suppliers and other business partners to increase the resource efficiency of materials used and to minimize the environmental impact of their business activities related to our operations. Resources such as water, fossil fuels, minerals, and other natural resources must always be handled responsibly by testing new technologies and using sustainable recycling methods.

Waste management: Merz Therapeutics is committed to collaborating with its suppliers and other business partners to comply with the procedures and standards for waste management of chemicals, other hazardous materials, and packaging that are legally applicable in the country where the suppliers or business partner operates, particularly concerning the transboundary shipment of hazardous waste. Additionally, we are dedicated to working collaboratively with our suppliers and other business partners to reduce overall waste generation where feasible.

* Please note, this is not a Science-Based Target yet; we plan to set Science-Based Targets for Scopes 1 and 2 in 2024 and for Scope 3 in 2025.
** Please note that the chosen baseline year is 2022. However, there is a risk that the baseline will be recalculated or changed based on the professional recommendation or new reporting standards or regulations.

SOCIAL IMPACT

Prohibition of Child Labor: We commit to working only with partners who strictly prohibit any form of child labor. Employees must be of legal working ages as defined by ILO convention 138, with a minimum age of 15 years, or the age of completion of compulsory education, whichever is higher. As per the Commitment to Human Rights Statement in the Merz Group Code of Conduct, we pledge ourselves to protect human rights and to ensure that our business operations do not contribute directly or indirectly to human rights abuses. We expect all partners and suppliers to adhere to the respective human rights principles laid out therein and in our Third-Party Code of Conduct.

Prohibition of Forced Labor: Merz Therapeutics commits to eliminating all forms of modern slavery and forced labor within our supply chain. This includes any situation where individuals are exploited and cannot leave due to threats, coercion, or deception. Practices such as forced labor, debt bondage, human trafficking, and forced marriage are strictly forbidden.

Employees must have the right to leave their workplace after completing their standard workday and must be able to terminate their employment without facing penalties, given reasonable notice. Withholding of identification documents, wages, or benefits by partners is strictly prohibited. Partners must ensure a workplace free from corporal punishment, mental or physical coercion, and verbal abuse.

Workplace Health and Safety: We commit to partnering with suppliers who comply with all national health and safety laws to minimize work-related risks. Partners must provide a safe and healthy work environment, take effective measures to prevent accidents and injuries, and ensure adequate safety standards are met. This includes providing access to protective equipment and safety training. Work organization should mitigate excessive physical and mental fatigue, complying with national regulations on working hours and paid leave. Partners must ensure that all overtime is voluntary and within acceptable limits to maintain humane working conditions.

Freedom of Association and Collective Bargaining: Merz Therapeutics commits to respecting and supporting the rights of employees and supply chain workers to freely associate and bargain collectively, in accordance with national laws. Employees should be able to form and join unions or similar organizations without fear of discrimination or retaliation. The right to strike and collectively bargain should be recognized and protected.

Prohibition of Discrimination: Merz Therapeutics commits to ensuring equal opportunities in employment, hiring, and compensation based on professional qualifications and supports its supply chain business partners that prohibit any type of discrimination in the workplace. Discrimination based on national origin, social origin, health status,

disability, sexual orientation, age, gender, political opinion, religion, or ideology is prohibited, except where specific job requirements justify such distinctions.

Fair Remuneration: Merz Therapeutics commits to ensuring that partners pay employees fairly and appropriately, recognizing that minimum wages are essential to meet basic needs. Any illegal, unauthorized, or disciplinary deductions from wages are prohibited.

Protection of Livelihoods: Merz Therapeutics commits to partnering with suppliers who operate in an environmentally responsible manner, minimizing adverse impacts on the environment. This includes avoiding harmful soil alterations, water and air pollution, excessive noise, and water consumption that could impair natural resources essential for food production, access to drinking water, sanitation, and health.

Partners must proactively prevent environmental impacts that could lead to human rights violations and must not engage in unlawful evictions or deprivation of natural resources. In cases where business activities impact local livelihoods, partners must ensure compliance with applicable procedural guarantees and national laws.

About This Report

This sustainability report marks the beginning of Merz Therapeutics' annual sustainability reporting. It reflects our commitment to sustainable development that is in line with our business objectives and stakeholder expectations.

REPORTING STANDARDS AND FRAMEWORK

This report has been prepared with reference to the Global Reporting Initiative 2021 Standards (GRI). The GRI Standards provide a globally recognized framework for reporting on economic, environmental, and social performance. Starting in 2026, Merz Therapeutics will report in accordance with new reporting standards (European Sustainability Reporting Standards, ESRS). Our aim is to further strengthen the trust and satisfaction of our stakeholders through a transparent presentation of our sustainability performance. In alignment with our ongoing commitment to the 10 principles of the UN Global Compact, this report will support our communication on our progress. The Merz Therapeutics Executive Team has approved the report and its purpose.

REPORTING PERIOD AND CYCLE

This report covers the sustainability performance of Merz Therapeutics for the period of January 1, 2023 to December 31, 2023, unless stated otherwise. We will report annually on our sustainability performance to ensure continuous assessment and improvement of our practices.

ORGANIZATIONAL SCOPE

All global locations and affiliates of Merz Therapeutics are covered in this report. The identified material ESG topics not only impact our internal structure, but demand responsible action beyond our own operations, e.g. along our supply chain. They apply to all subsidiaries and locations unanimously. We acknowledge that our sustainability data is not yet complete, in particular regarding greenhouse gas emissions across scopes 1 (direct emissions), 2 (indirect emissions) and 3 (indirect emissions caused by our value chain) and waste generation data. We are working diligently to complete our database to offer the most transparent reporting insights possible.

OBJECTIVE AND TARGET GROUP

This sustainability report is aimed at all stakeholders, including customers, employees, investors, communities, suppliers, and partners, as well as other interested parties. It serves to provide a comprehensive understanding of our Sustainability Strategy and actions and demonstrates our commitment to making a positive impact on society and the environment. We believe that transparency, accountability, and ongoing commitment to sustainability will create long-term value for all our stakeholders.

Appendix

Overall results 2023 – Merz Therapeutics

EMISSION SOURCES	kg CO_2	%
SCOPE 1	2,087,569	5.3
Direct emissions from company vehicles	1,861,010	4.7
Vehicle fleet	1,861,010	4.7
Direct emissions from company facilities	226,559	0.6
Heat (self-generated)	163,451	0.4
Refrigerant leakage	63,108	0.2
SCOPE 2	770,965	1.9
Purchased electricity for own use*	468,685	1.2
Electricity (stationary)	468,685	1.2
Purchased heating, steam, and cooling for own use	302,281	0.8
Heat (purchased)	302,096	0.8
Purchased cooling	185	0.0
SCOPE 3	36,782,081	92.8
Purchased goods and services	27,347,593	69.0
Externally calculated service emissions	18,500,809	46.7
Production materials and consumables	6,268,220	15.8
Packaging materials	1,995,898	5.0
Print products	347,685	0.9
Electronic devices	137,551	0.3
Food and drink	86,083	0.2
External data center	6,539	0.0
Office paper	3,266	0.0
Water	1,543	0.0
Upstream transportation and distribution	5,130,068	12.9
Other upstream transports	4,573,462	11.5
Upstream storage	489,172	1.2
Inbound logistics	67,433	0.2
Business travel	2,253,970	5.7
Flights	2,089,916	5.3
Hotel nights	131,812	0.3
Rental and private vehicles	23,608	0.1
Rail	8,634	0.0
Employee commuting	1,039,937	2.6
Employee commuting	895,929	2.3
Home office	144,008	0.4
Fuel- and energy-related activities	880,273	2.2
Upstream emissions vehicle fleet	474,936	1.2
Upstream emissions electricity	207,521	0.5
Upstream emissions heat	195,915	0.5
Upstream emissions cooling	1,901	0.0
End-of-life treatment of sold products	109,833	0.3
Product disposal	107,573	0.3
Product waste transport to disposal facility	2,260	0.0
Waste generated in operations	20,406	0.1
Operational waste	19,875	0.1
Transport to disposal facility	532	0.0
OVERALL RESULTS	**39,640,615**	**100.0**

* Calculated using the market-based method. Emissions calculated using the location-based method are 640,145.68 kg CO_2.

Waste Generation Analysis – Percentage end fates by weight

END FATE	Weight (t)	%
Reused	0.85	0.3
Recycled	132.21	42.9
Energy from Waste	166.66	54.1
Incineration	7.02	2.3
Landfill	1.29	0.4
Other	0.16	0.1
TOTAL	**308.2**	**100.0**

Waste Generation Analysis – Amount produced per material by weight

MATERIAL	Reused	Recycled	Energy from Waste	Incineration	Landfill	Other	Total Weight (t)
Other/Mixed	0.85	2.70	166.49	7.01	1.29	0.16	178.51
Paper/Card/Cardboard	0	103.71	0.00	0.02	0	0	103.73
Plastic – Mixed	0	13.47	0.17	0	0	0	13.65
Glass	0	5.96	0	0	0	0	5.96
Wood	0	3.10	0	0	0	0	3.10
Metal – Iron	0	2.12	0	0	0	0	2.12
Metal – Mixed	0	0.92	0	0	0	0	0.92
Metal – Aluminum	0	0.22	0	0	0	0	0.22
TOTAL							**308.2**

Waste Generation Analysis – Current circularity metrics

CATEGORY	Reduced	Reused	Recycled	Energy from Waste	Incineration	Landfill	Other	Total
Fluorescents	0	0	0.03	0	0	0	0	0.03
Paper/Card/Cardboard	0	0	101.43	0	0.02	0	0	101.45
Glass	0	0	6.31	0	0	0	0	6.31
Tetrapak	0	0	0	0	0.09	0	0	0.09
Chemical – Ink	0	0	0	0	0	0	0	0
Fire extinguisher	0	0.85	0	0	0	0	0	0.85
Residual waste	0	0	0	36.67	1.04	0	0	37.71
Mixed plastic	0	0	13.47	0.17	0	0	0	13.65
Food	0	0	0	0	0	0	0	0
Chemical – Organic	0	0	2.28	20.53	0.18	0	0	23.00
Wood	0	0	3.10	0	0	0	0	0
Mixed packaging	0	0	0	59.74	0	0	0	59.74
Mixed packaging (contaminated)	0	0	1.15	0	0	0	0	1.15
Metal – Aluminum	0	0	1.14	0	0	0	0	1.14
Medicinal products	0	0	0	43.83	5.14	0	0.16	49.13
Chemical – Inorganic	0	0	0	5.25	0.21	0	0	5.46
Rubber	0	0	0.03	0	0	0	0	0.03
Construction	0	0	0	0	0	1.29	0	1.29
WEEE	0	0	1.11	0	0	0	0	1.11
Batteries	0	0	0.04	0	0	0	0	0.04
Chemical – Lubricants	0	0	0	0.02	0	0	0	0.02
Absorbents	0	0	0	0.44	0.34	0	0	0.78
Infectious wastes	0	0	0	0.01	0	0	0	0.01
Metal – Iron	0	0	2.12	0	0	0	0	2.12
Insulation	0	0	0	0.01	0	0	0	0.01
CFCs	0	0	0.01	0	0	0	0	0.01
Metal – Mixed	0	0	0	0	0	0	0	0
TOTAL								**308.2**

Waste Generation Analysis – Aspired circularity metrics

CATEGORY	Reduced	Reused	Recycled	Energy from Waste	Incineration	Landfill	Other	Total
Fluorescents	0.03	0	0	0	0	0	0	0
Paper/Card/Cardboard	20.29	0	81.16	0	0	0	0	81.16
Glass	1.89	0	4.41	0	0	0	0	4.41
Tetrapak	0	0	0.09	0	0	0	0	0.09
Chemical – Ink	0	0	0	0	0	0	0	0
Fire extinguisher	0	0.85	0	0	0	0	0	0.85
Residual waste	7.54	0	9.05	21.12	0	0	0	30.17
Mixed plastic	4.09	0	9.55	0	0	0	0	9.55
Food	0	0	0	0	0	0	0	0
Chemical – Organic	0	0	16.10	6.90	0	0	0	23.00
Wood	0	1.55	1.55	0	0	0	0	3.10
Mixed packaging	17.92	0	41.82	0	0	0	0	41.82
Mixed packaging (contaminated)	0.35	0	0.81	0	0	0	0	0.81
Metal – Aluminum	0	0	1.14	0	0	0	0	1.14
Medicinal products	14.74	0	0	34.39	0	0	0	34.39
Chemical – Inorganic	0	0	4.37	1.09	0	0	0	5.46
Rubber	0	0	0.03	0	0	0	0	0.03
Construction	0	0	1.04	0.26	0	0	0	1.30
WEEE	0	0	1.11	0	0	0	0	1.11
Batteries	0	0.01	0.02	0.01	0	0	0	0.04
Chemical – Lubricants	0	0	0.02	0	0	0	0	0.02
Absorbents	0	0	0	0.78	0	0	0	0.78
Infectious wastes	0	0	0	0.01	0	0	0	0.01
Metal – Iron	0	0	2.12	0	0	0	0	2.12
Insulation	0.01	0	0	0	0	0	0	0
CFCs	0	0	0.01	0	0	0	0	0.01
Metal – Mixed	0	0	0	0	0	0	0	0
TOTAL								**308.2**

GRI content index

Statement of use	Merz Therapeutics has reported the information cited in this GRI content index for the period January 1, 2023–December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Disclosure Title		Reporting Requirements	Section/Note(s)
GRI 2: GENERAL DISCLOSURES 2021			
2–1	Organizational details	a. Report its legal name.	Merz Therapeutics GmbH, Georg Simons GmbH, Merz Pharma Austria GmbH, Merz Therapeutics Iberia SL, Merz Therapeutics Nordics AB, Merz Pharma France S.A.S., Merz Pharma Italia S.r.l., Merz Pharma UK Ltd., Merz Pharma (Schweiz) AG, Merz Pharmaceuticals LLC, Merz Pharma Canada Ltd.
		b. Report its nature of ownership and legal form.	Section 1.1
		c. Report the location of its headquarters.	Merz Therapeutics GmbH, Eckenheimer Landstraße 100, 60318 Frankfurt am Main, Germany
		d. Report its countries of operation.	Countries with affiliates are: Germany, UK (UK and Ireland), France, Italy, Spain (Merz TX Iberia – Spain and Portugal), Sweden (Merz TX Nordics), Netherlands (Merz Tx Benelux), Austria, Switzerland, Russia, USA, Canada.
2–2	Entities included in the organization's sustainability reporting	a. List all its entities included in its sustainability reporting.	12 Locations worldwide: Germany, the UK, Spain, Benelux, France, Italy, Switzerland, Austria, Sweden, Russia, USA and Canada. Merz Therapeutics GmbH, Georg Simons GmbH, Merz Pharma Austria GmbH, Merz Therapeutics Iberia SL, Merz Therapeutics Nordics AB, Merz Pharma France S.A.S., Merz Pharma Italia S.r.l., Merz Pharma UK Ltd., Merz Pharma (Schweiz) AG, Merz Pharmaceuticals LLC, Merz Pharma Canada Ltd.
		b. If the organization has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting.	No additional entities are included in the sustainability reporting that are not included in its financial reporting.
		c. If the organization consists of multiple entities, explain the approach used for consolidating the information, including: ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities; iii. whether and how the approach differs across the disclosures in this Standard and across material topics.	Section 1.1 If we acquire from 51% to 100%, we assume operational control and therefore we incorporate the entities into our sustainability strategy. We excluded locations from waste footprint that were not generating any material waste footprint (some offices), as our goal was to understand the impact of the biggest contributors.

2–3	Reporting period, frequency and contact point	a. Specify the reporting period for, and the frequency of, its sustainability reporting.	First publication of sustainanbility reporting with reference to GRI 2021. Reporting Period: January 1, 2023–December 31, 2023. Frequency: from now on annually.
		b. Specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this.	Current reporting period does not align with fiscal due to environmental data like CCF being reported per calendar year. Starting 2025, we will change it to harmonize with financial year.
		d. Specify the contact point for questions about the report or reported information.	Tatiana Kalashnikova, Global Sustainability Manager; tatiana.kalashnikova@merz.com
2–6	Activities, value chain, and other business relationships	a. Report the sector(s) in which it is active.	Private sector; GRI Sector Program: Group 2 (Industrial); Pharmaceuticals
		b. Describe its value chain, including: i. the organization's activities, products, services, and markets served ii. the organization's supply chain iii. the entities downstream from the organization and their activities.	Section 1.1 and 1.2 Markets: Merz Therapeutics in North America, Europe and Asia; Distribution Partners in LATAM, EMEA and APAC 1. Research and Development (R&D) 2. Raw Material Procurement 3. Manufacturing: The production phase includes the formulation of drugs into final dosage forms such as tablets, capsules, or injections. This stage involves stringent quality control and adherence to Good Manufacturing Practices (GMP). We have two production sites in Germany and strong relationships with Contract Manufacturing Partners. 4. Packaging: We have a packaging site in Germany. 5. Distribution 6. Regulatory Compliance: Throughout the supply chain, companies must comply with regulations from agencies such as the FDA (U.S. Food and Drug Administration) and EMA (European Medicines Agency) to ensure the safety and efficacy of drugs. 7. Pharmacy and Healthcare Providers: Pharmaceuticals are dispensed to patients through pharmacies, hospitals, and clinics. Pharmacists and healthcare providers ensure the correct medication is given and provide necessary patient counseling. 8. Patient: The final step involves the patient receiving the medication. Ensuring accessibility and affordability is crucial for effective treatment outcomes. Chapter 3.5
		c. Report other relevant business relationships.	see above; Chapter 3.5

2–7	Employees	a. Report the total number of employees, and a breakdown of this total by gender and by region.	Headcount as of December 2023: 797 employees. EMEA – 649, North America – 148 In 2023, 68% of these employees were women and 32% men.
2–9	Governance structure and composition	a. Describe its governance structure, including committees of the highest governance body.	Section 2.5
		b. List the committees of the highest governance body that are responsible for decisionmaking on and overseeing the management of the organization's impacts on the economy, environment, and people.	Section 2.5
2–22	Statement on sustainable development strategy	a. Report a statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development to the organization and its strategy for contributing to sustainable development.	Section 2.3
2–23	Policy commitments	a. Describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: i. how it allocates responsibility to implement the commitments across different levels within the organization; ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures.	Section 3.4.3; Section 3.5 Merz Therapeutics has developed and implemented the following policies to date in order to anchor the implementation of the sustainability strategy within the company: Code of Conduct and Third-Party Code of Conduct; Environmental Stewardship; Climate Change Policy; HSSE Guideline; Policy Statement Of The Human Rights Strategy; Compliance policy as well as Merz Group policies. Additionally, there are internal Human Resources Policies ensuring the well-being of our employees.
2–24	Embedding policy commitments	a. Describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships.	Section 3.4.3 (Trainings and Awareness Measures)
2–25	Processes to remediate negative impacts	a. Describe its commitments to provide for or cooperate in the remediation of negative impacts that the organization identifies it has caused or contributed to;	Section 3.4.3 (Ethics Helpline); Section 3.4.3 (Governance structure); Section 3.4.4 (Health & Safety); Section 3.5 (Supply Chain)
		b. Describe its approach to identify and address grievances, including the grievance mechanisms that the organization has established or participates in;	Section 3.4.3 (Ethics Helpline); Section 3.4.3 (Governance structure); Section 3.4.4 (Health & Safety); Section 3.5 (Supply Chain)
		c. Describe other processes by which the organization provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to.	Section 3.4.3 (Ethics Helpline); Section 3.4.3 (Governance structure); Section 3.4.4 (Health & Safety); Section 3.5 (Supply Chain)

2–26	Mechanisms for seeking advice and raising concerns	a. Describe the mechanisms for individuals to: i. seek advice on implementing the organization's policies and practices for responsible business conduct; ii. raise concerns about the organization's business conduct.	Section 3.4.3 (Ethics Helpline)
2–29	Approach to stakeholder engagement	a. Describe its approach to engaging with stakeholders.	Section 2.2
2–30	Collective bargaining agreements	a. Report the percentage of total employees covered by collective bargaining agreements.	Section 3.5
GRI 3: MATERIAL TOPICS 2021			
3–1	Process to determine material topics	a. Describe the process it has followed to determine its material topics, including: i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships; ii. how it has prioritized the impacts for reporting based on their significance; iii. specify the stakeholders and experts whose views have informed the process of determining its material topics.	Section 2.2
3–2	List of material topics	a. List its material topics.	Section 2.2
3–3	Management of material topics	a. Describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; d. Describe actions taken to manage the topic and related impacts, including: i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts.	We have built our strategy based on our material topics. Our Global Sustainability Manager is responsible for delivering the strategy through implementation of comprehensive E, S and G programs. Environmental topics are manged solely by the Sustainability Management, Social and Governance topics are shared with Human Resources and Legal and Compliance, respectively. Oversight over budgeting and performance controls is produced by our Executive Team and aligned with Merz Pharma. Through our policies, we anchor material topics in our day-to-day business. We developed specific measures and corresponding evaluation criteria that enable the positive promotion and evaluation of sustainability issues. The evaluation was based on the 3P analysis (Planet, People, Profit). Thanks to our detailed database for GHG and waste. We can also identify specific measures to adress issues (Section 3.1.1 and 3.1.2).

GRI 205: ANTI-CORRUPTION 2016

205–1	Operations assessed for risks related to corruption	a. Total number and percentage of operations assessed for risks related to corruption.	Section 3.4.3 Every two years, all our operations are assessed for identification of any compliance risks including money laundering and anti-corruption and anti-bribery.
205–2	Communication and training about anti-corruption policies and procedures	a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.	Section 3.4.2 (Our Training and Awareness measures, Highlights of our Compliance, Ethics and Privacy Program)
		b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.	Section 3.4.2 (Our Training and Awareness measures, Highlights of our Compliance, Ethics and Privacy Program)
		c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.	Section 3.4.2 (Our Third-Party Code of Conduct) Section 3.5
		d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.	Section 3.4.2 (Our Training and Awareness measures)
		e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.	Section 3.4.2 (Our Training and Awareness measures)

GRI 305: EMISSIONS 2016

305–1	Direct (Scope 1) GHG emissions	a. Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent.	Section 3.1.1 Appendix (page 59)
		b. Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all.	carbon dioxide (CO_2), methane (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6), nitrogen trifluoride (NF_3)
		d. Base year for the calculation, if applicable.	The chosen baseline year is 2022. However, there is a risk that the baseline will be recalculated or changed based on the professional recommendation or new reporting standards or regulations.

		e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.	Proprietary data base of ClimatePartner.
		f. Consolidation approach for emissions; whether equity share, financial control, or operational control.	We use operational control as a method.
		g. Standards, methodologies, assumptions, and/or calculation tools used.	CO_2 emissions were calculated using the company's consumption data and emission factors researched by ClimatePartner. Wherever possible, primary data were used. If no primary data were available, secondary data from highly credible sources were used.
305–2	Energy indirect (Scope 2) GHG emissions	a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent.	Section 3.1.1 Appendix (page 59)
		b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent.	Section 3.1.1 Appendix (page 59)
		c. If available, the gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all.	carbon dioxide (CO_2), methane (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6), nitrogen trifluoride (NF_3)
		d. Base year for the calculation, if applicable.	The chosen baseline year is 2022. However, there is a risk that the baseline will be recalculated or changed based on the professional recommendation or new reporting standards or regulations.
		e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.	Proprietary data base of ClimatePartner.
		f. Consolidation approach for emissions; whether equity share, financial control, or operational control.	We use operational control as a method.
		g. Standards, methodologies, assumptions, and/or calculation tools used.	CO_2 emissions were calculated using the company's consumption data and emission factors researched by ClimatePartner. Wherever possible, primary data were used. If no primary data were available, secondary data from highly credible sources were used. Emission factors were taken from scientifically recognized databases such as ecoinvent and DEFRA. Emissions for electricity were calculated using both the market-based method and the location-based method. For the market-based method, the company provided specific emission factors for the electricity they purchased, if available. If not available, factors for the residual mix in the country of operation were used, or, if this was unavailable, the average grid mix of the country was used. In the location-based method, the average electricity grid mix or the country was calculated.

305–3	Other indirect (Scope 3) GHG emissions	a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO_2 equivalent.	Section 3.1.1 Appendix (page 59)
		b. If available, the gases included in the calculation; whether CO_2 CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all.	carbon dioxide (CO_2), methane (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6), nitrogen trifluoride (NF_3)
		d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.	Purchased goods and services (production materials and consumables, electronic devices, print products, food and drink, office paper, external data center, water); upstream transportation and distribution (inbound logistics); business travel (flights, hotel nights, rental and private vehicles, rail); employee commuting (employee commuting, home office)
		e. Base year for the calculation, if applicable.	The chosen baseline year is 2022. However, there is a risk that the baseline will be recalculated or changed based on the professional recommendation or new reporting standards or regulations.
		f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	Proprietary data base of ClimatePartner
		g. Standards, methodologies, assumptions, and/or calculation tools used.	CO_2 emissions were calculated using the company's consumption data and emission factors researched by ClimatePartner. Wherever possible, primary data were used. If no primary data were available, secondary data from highly credible sources were used. Emission factors were taken from scientifically recognized databases such as ecoinvent and DEFRA.
GRI 306: WASTE 2020			
306–2	Management of significant waste-related impacts	a. Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.	Section 3.1.2 (Waste Reduction Measures)
		c. The processes used to collect and monitor waste-related data.	The data were collected via data acquisition forms, so were the end fates. These forms were sent out to those locations where we find waste generation to be material, and data was possible to be collected. Interviews and site visits were conducted to confirm and clarify waste generation and assess circularity practices applied. Parts of data were modelled due to annual data not being available.
306–3	Waste generated	a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.	Section 3.1.2

		b. Contextual information necessary to understand the data and how the data has been compiled.	The data were collected via data acquisition forms, so were the end fates. These forms were sent out to those locations where we find waste generation to be material and data was possible to be collected. Interviews and site visits were conducted to confirm and clarify waste generation and assess circularity practices applied. Parts of data were modelled due to annual data not being available. By systematically collecting data, we have obtained a fact-based picture of our status quo and identified measures to improve our environmental impact along the entire value chain.
306–4	Waste diverted from disposal	a. Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste.	Section 3.1.2 Appendix (pages 60–61)
		b. Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations: i. Preparation for reuse; ii. Recycling; iii. Other recovery operations.	Section 3.1.2 Appendix (pages 60–61)
		c. Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations: i. Preparation for reuse; ii. Recycling; iii. Other recovery operations.	Section 3.1.2 Appendix (pages 60–61)
		e. Contextual information necessary to understand the data and how the data has been compiled.	The data were collected via data acquisition forms, so were the end fates. These forms were sent out to those locations, where we find waste generation to be material, and data was possible to be collected. Interviews and site visits were conducted to confirm and clarify waste generation and assess circularity practices applied. Parts of data were modelled due to annual data not being available.
306–5	Waste diverted from disposal	a. Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste.	Section 3.1.2 (308.2 tonnes)
		b. Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations: i. Incineration (with energy recovery); ii. Incineration (without energy recovery); iii. Landfilling; iv. Other disposal operations.	Section 3.1.2 Appendix (pages 60–61)

		c. Total weight of non-hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations: i. Incineration (with energy recovery); ii. Incineration (without energy recovery); iii. Landfilling; iv. Other disposal operations.	Section 3.1.2 Appendix (pages 60–61)
		e. Contextual information necessary to understand the data and how the data has been compiled.	The data were collected via data acquisition forms, so were the end fates. These forms were sent out to those locations, where we find waste generation to be material, and data was possible to be collected. Interviews and site visits were conducted to confirm and clarify waste generation and assess circularity practices applied. Parts of data were modelled due to annual data not being available.
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403–1	Occupational health and safety management system	a. A statement of whether an occupational health and safety management system has been implemented.	Section 3.4.4
403–4	Worker participation, consultation, and communication on occupational health and safety	a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.	Section 3.4.4
GRI 404: TRAINING AND EDUCATION 2016			
404–2	Programs for upgrading employee skills and transition assistance programs	a. Type and scope of programs implemented and assistance provided to upgrade employee skills.	Section 3.2.1
		b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	Section 3.2.1
404–3	Percentage of employees receiving regular performance and career development reviews	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	100% of employees.

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

405–1	Diversity of governance bodies and employees	a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender.	Section 3.2.3

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