

# Declaration of conformity 2022

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## BRAIN Biotech AG

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Indicator set

GRI SRS

Contact

BRAIN Biotech AG

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## Indicator set

The declaration was drawn up in accordance with the following reporting standards:

GRI SRS

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Date: 2022, source: company data.  
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# General

## General Information

Describe your business model (including type of company, products / services)

BRAIN Biotech AG is a leading European specialist in industrial biotechnology. The business model is based on the identification, development and utilization of biological knowledge and natural resources for various applications in the fields of health, nutrition, chemistry and the environment. With these bio-based solutions, BRAIN seeks to contribute to a more sustainable economy. BRAIN Holding, based in Zwingenberg (Germany) is the mother company of the BRAIN Group.

The company pursues an approach known as the "bioeconomy." This means that it uses biological resources, such as microorganisms, enzymes and other biological components, to develop innovative solutions for a wide range of industries. BRAIN Biotech AG works with partners from various industries to develop tailored solutions for their specific needs. This may involve the development of new enzymes for industrial processes, the production of ingredients for food and cosmetics, or the discovery of new active ingredients for the pharmaceutical industry.

The business of the BRAIN Group is formed by three pillars: (1) the BioScience, (2) the BioProducts and (3) BioIncubator segment. BioScience comprises contract research for renowned industrial partners. The BioScience segment is mainly served by the Zwingenberg site in Germany. In the BioIndustrial segment, the company focuses on the specialty business in the production and refinement of enzymes, microorganisms and bioactive natural products and the corresponding distribution. This is covered by five additional proprietary production sites in continental Europe, the UK and the USA. These production sites, together with the associated biotechnological production know-how, complete the value chain within the Group. The BioIncubator segment marks the development of our own highly innovative products. In the incubator, we develop breakthrough products and services with high economic potential and a positive impact on the environment.

The BRAIN Group maintains its own diverse collection of natural resources: the BRAIN Bioarchive comprises microorganisms, genetic material and natural substances. Based on this collection and with a comprehensive technology portfolio, BRAIN takes on technological challenges and develops biobased

products and solutions that are already being successfully used in industry.

In summary, BRAIN Biotech AG generates revenues through various business activities, including:

1. research and development services for industry partners.
2. licensing of developed technologies, enzymes or active ingredients.
3. sale of products resulting from the company's own research findings, such as enzymes for industrial applications or ingredients for food and cosmetics.

In the financial year 2021/22, BRAIN Biotech AG generated revenues of EUR 49.5 million with an adjusted EBITDA loss of EUR 0.1 million, representing a 29% increase in revenues compared to the financial year 20/21. While our underlying business segments BioScience and BioIndustrial are both profitable, we continue to invest more in our incubator pipeline, our future growth and value driver, than we currently generate in our operating business. Since its IPO in 2016, BRAIN Biotech AG has been listed in the Prime Standard of the Frankfurt Stock Exchange (ISIN DE0005203947 / WKN 520394).

#### Additional remarks:

**BRAINimpact** Today we directly address at least five of the UN Sustainability Development Goals by our products and services. We really can make a difference with solutions for the SDGs 2, 3, 6, 9 and 12. Most of our impact services and products are developed within our incubator pipeline. In our incubator we currently have eleven programs at different stages of maturity. All of them address big societal topics in the areas of nutrition, health and environment. By this our products and services directly contribute to a more sustainable lifestyle, better health, the preservation of primary resources and, with our genome engineering platform, offer a basis technology also applicable to the important biologization of industrial processes.

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# CRITERIA 1–10: SUSTAINABILITY POLICY

## Criteria 1–4 concerning STRATEGY

### 1. Strategic Analysis and Action

The company declares whether or not it pursues a sustainability strategy. It explains what concrete measures it is undertaking to operate in compliance with key recognised sector-specific, national and international standards.

#### **Sustainability and impact strategy**

At BRAIN, we pursue a sustainability strategy based on the three pillars of sustainability: (1) Ecology, (2) Economy and (3) Social. We believe that no pillar will work without the other.

As a listed company, we are of course also significantly concerned with ESG, which is why corporate governance (G) is important in addition to the topics mentioned above.

In fiscal year 2021/22, we already prepared an initial materiality analysis (<https://www.brain-biotech.com/investors/esg>, p.6) in our first own sustainability report, which will now be updated on a regular basis to accompany a continuous sustainable transformation. After careful analysis and discussion with our stakeholders, we decided in 2022 to base our sustainability reporting on ESG Plus. In addition to environmental, social and governance issues, we also consider economic and impact goals in our strategy for responsible Group management, combining ESG and the general pillars of sustainability as mentioned at the beginning. Solid economic performance forms the basis for achieving our other objectives. Our BRAINimpact products and services can have a real positive impact for our B2B customers, for consumers and for patients. Our sustainability and impact strategy is therefore based on four strategic pillars for long-term value creation:

- (E) Natural resource protection strategy (Ecology).
- (S) Strategy for a healthy and satisfied life for our employees and people in the supply chain (Social)
- (G) Efficient corporate management (Governance)
- (+) Long-term economic performance through economic growth (Economy)

Our ESG Plus goals form an integral part of our corporate strategy, planning and risk assessment. Our ESG objectives aim to reduce the environmental footprint of our operations, thereby reducing long-term energy costs through the use of more efficient technologies, and to be a company that acts fairly, protects its employees and thus also further enhances its reputation and employer attractiveness.

### **Standards and norms used in the company**

We develop products and services that change the way industry produces. Our natural and sustainable biobased processes are accelerating the economic shift towards a circular economy. *Our current products and solutions are already directly addressing at least five UN Sustainable Development Goals.*

SDG 2, Zero Hunger: alternative protein sources; natural compounds for food preservation; enzymes for more efficient and natural industrial food processing.

SDG 3, Good health and well-being: natural sugar substitutes; salt substitutes and salt flavor enhancers; natural flavors, bioactive plant cosmetics; treatment of chronic wounds; PHA121 as an active pharmaceutical ingredient for the treatment of hereditary angioedema (HAE)

SDG 6, Clean water and sanitation: green mining solutions to replace chemical hazards

SDG 9, Industry, innovation & infrastructure: enzymes as natural catalysts; biotech production, improving production efficiency to conserve resources; fermented foods from side streams; microbial CO<sub>2</sub> utilization

SDG 12, Responsible Consumption & Production: green and urban microbial mining (bio-based recycling) In addition, we incorporate sustainability issues and good corporate governance into our daily management.

As part of our business and environmental initiatives, we also address the following SDGs:

SDG 4, Quality Education: Training of apprentices and students; lifelong learning is an important aspect in a knowledge-based company like BRAIN, for which regular meetings are offered on a scientific basis as well as for management soft skills.

SDG 8, Decent Work and Economic Growth: Growth and profitability form the basis for ESG Plus. Our growth ambitions also take into account the health and safety of our employees and our supply chain.

SDG 13, Climate action: ESG environmental goals aim to reduce our

environmental footprint, conserve primary resources and avoid unnecessary pollution.

Furthermore, we are setting up processes to operate in accordance with the internationally recognized DIN ISO 9001 standard in our day-to-day business. Although we are not ISO 9001 certified, we already setting up our processes according to it in order to increase and standardize the quality and repeatability. In addition, should our customers require certification, we aim to be able to obtain certification quickly, as our processes than already follow this standard.

In our sustainability reporting, we adhere to common EMAS or GRI standards.

## 2. Materiality

The company discloses the aspects of its business operations that have a significant impact on sustainability issues and what material impact sustainability issues have on its operations. It analyses the positive and negative effects and provides information as to how these insights are integrated into the company's processes.

A materiality analysis with the impact of our business activities on sustainable development was published in our first sustainability report in 2022. BRAIN has not yet conducted a dual materiality analysis and considered the aspects of sustainability or risks on its own business activities, but would like to do so in the coming fiscal year.

### **Impact on the environment:**

BRAIN Biotech AG is a leading European specialist in industrial biotechnology with a focus on nutrition, health and the environment. As a technology and solutions provider, the company supports the biologization of industries with biobased products and processes. From contract research with industrial partners to the development of its own disruptive incubator projects and customized enzyme products. Enzymes, for example, can be used to replace toxic and complex chemical syntheses. Or proteins can be synthesized as a substitute for food of animal origin, with the help of microorganisms. In this way, we support a company that promotes sustainable nutrition. More details about BRAIN can be found in our first sustainability report (page 18 and following): <https://www.brain-biotech.com/investors/esg>.

### **A stable economic situation:**

In order to strive for continuous improvement in our sustainable business



activities, we must start from a solid economic basis. Therefore, increasing revenues, a higher EBITDA margin and a positive cash flow are part of our journey to becoming a responsible company. To this end, BRAIN in 2021 has already set ambitious medium-term targets in to double our revenues and achieve an average EBITDA margin of 15%. In fiscal year 21/22 it was already possible to increase BRAIN group total operating performance about 30% to € 53.1 million. This stable business situation enabled us to:

- secure employment
- fund our pioneering incubator projects with a strong sustainability contribution: (#BRAINimpact)
- fund our corporate growth and future incubator projects
- create sustainable value for our community and shareholders

#### **Impacts of our corporate activities on social sectors:**

In addition to the material economic and environmental issues we have identified, our ESG analysis has led to the following material issues that are of great importance to our stakeholders and on which our business has a strong impact, or in some cases, a strong impact on our business. These are:

- Strong corporate governance and business ethics
- Occupational health and safety
- Intellectual property protection
- Talent management
- Supply chain standards
- Product safety

## 3. Objectives

The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals have been set and operationalised and how their level of achievement is monitored.

From the result of our materiality and stakeholder analysis, we have prioritized the following targets in 2022: Reduce greenhouse gas emissions from our own operations, promote a higher proportion of women in leadership positions, fully comply with regulatory requirements and own values. We also aim to increase the share of recurring revenue from royalties and successfully launch lounge or impact products that provide a stable economic base to grow the business and support our ESG goals.

In detail, our goals are listed here according to the relevant categories:

#### **A) Environment:**

- By 2032, reduce Scope 1-2 GHG emissions by 30% relative to 2022 baseline.
- By 2050, reduce Scope 1-2 GHG emissions to net zero.

## **B) Social:**

- By 2032: Proportion of women in leadership positions above 30% in total
- By 2032: Lost time injury frequency rate (LTIFR) per 1 million hours worked < 3

## **C) Corporate governance:**

- By 2032: No fines due to violations of regulations and operational procedures
- Continued, significant increase in BioScience royalty income as a percentage of sales

## **D) Economy (impact products & services)**

- By 2032, successful launch of impact products and services from current incubator
- By 2050, launch of additional impact products from the incubator.

## **Monitoring/control of sustainability goals:**

### *Control by management board and supervisory board*

The CFO of BRAIN Biotech AG, Michael Schneiders, is responsible at the Management Board level for the overall implementation of our sustainability strategy. Dr. Anika Scholtissek is responsible for the operational implementation of the sustainability strategy. The full Supervisory Board advises and monitors ESG implementation in the business as well as strategic planning. Non-financial KPIs that include sustainability targets are part of the variable compensation of executives. As such, the general compensation system is approved by the Annual General Meeting, monitored by the Supervisory Board and disclosed in the Annual Report. In addition, we will publish regular updates on our first sustainability report and an annual UN Global Compact COP.

### *Control by CSRD reporting requirement from 2025:*

According to the new CSRD guideline, BRAIN Biotech AG with revenues > € 50 million and more than 250 employees will be subject to non-financial CSRD reporting starting in fiscal year 2025. All data stated therein will then also be reported by external auditors as it will be done for the financial reporting.

### *Contributing to United Nations SDGs:*

Our natural and sustainable bio-based processes accelerate the economic transformation to a circular economy. With our current products and solutions (#BRAINImpact), we already directly address at least five UN sustainability goals (SDG 2, SDG 3, SDG 6, SDG9 and SDG 12). For further information on these and other SDGs we target in our company, see our sustainability report on page 7: [https://www.brain-biotech.com/content/files/financial\\_publications/2021-22/BRAIN\\_Biotech\\_Sustainability\\_Report\\_2022.pdf](https://www.brain-biotech.com/content/files/financial_publications/2021-22/BRAIN_Biotech_Sustainability_Report_2022.pdf)

## 4. Depth of the Value Chain

The company states what significance aspects of sustainability have for added value and how deep in the value chain the sustainability criteria are verified.

The BRAIN Group offers many different products and services, ranging from contract research services and its own development incubator for impact products to end products such as enzymes. These products and services are generated within different entities with their individual supply and value chains.

We purchase laboratory and raw materials, use them to create our services and for the manufacturing process up to the finished product.

In our science business, we purchase laboratory materials and sell scientific services as well as solutions to our customers. Here, supply chain management only directly impacts BRAIN. Wherever possible, we try to use products with multiple uses and bundle purchases to reduce logistical impacts.

In our product business, we formulate, mix, blend and ferment enzyme formulations on a larger scale. Here, the products we supply also become components of our customers' supply chain. Wherever possible and permitted by law, delivery is made in reusable containers.

BRAIN Group's material sourcing is mainly focused on highly developed markets and established market players. Therefore, while we keep a close eye on our supply chain, we do not consider supply chain monitoring to be a very important issue for the Group. In addition, we constantly strive to achieve higher productivities in our production process in order to produce the same amounts for the benefit of our customers with less resource input.

We strive to build sustainable and stable relationships with our suppliers. We give preference to partners and suppliers with high environmental and social standards of their own.

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Information about specific supplier violations is reported directly and investigated. If confirmed, an action plan is created to mitigate the issues or seek alternative sources.

Most purchasing decisions are made at the level of the individual operating units, but the intention is to increasingly centralize purchasing, particularly in the BioIndustrial segment. This will not only unify standards, but also increasingly allow economies of scale to be exploited.

Almost 90% of the BRAIN Group's products are purchased in the EU, Great Britain, the USA and other industrialized countries with high labor and social standards. Most of this comes from large or multinational suppliers. Only about 10% of the products we source come from emerging markets (mainly China), and the relative share of these purchases has decreased in recent years.

Sources from emerging markets require our special attention when it comes to supply chain standards.

Our largest Group site, Biocatalysts, uses a standardized Supplier Approval Questionnaire (SAQ) for all its suppliers. The SAQ is also used for SEDEX (Supplier Ethical Data Exchange) or equivalent certifications. In addition, Biocatalyst enforces supplier risk assessment, approval and monitoring procedures. These procedures are now rolled out for the entire BioProducts segment.

WeissBiotech uses the EcoVadis rating for its supply chain analysis and scorecard.

In addition to our single-supplier dialogue, we engage on general supply chain topics with our industry associations and industry business partners. For more information, see our Sustainability Report, page 29. <https://www.brain-biotech.com/investors/esg>

## Criteria 5–10 concerning PROCESS MANAGEMENT

### 5. Responsibility

Accountability within the company's management with regard to sustainability is disclosed.

#### **ESG/Sustainability Task Force**

We have formed a group-wide ESG/Sustainability Task Force consisting of employees across different functions and representing all group company members. There has been a strong commitment by our employees to participate and it has been great to see that many volunteered to be part on our journey to publish our inaugural sustainability report. The overall sustainability effort is headed by our CFO, Michael Schneiders, and in the operational lead is Dr. Anika Scholtissek, Manager for Sustainability & ESG.

Non-financial KPIs build part of the variable executive compensation.

At BRAIN Zwinaenbera, we started with a pilot project, which is a project team from all the different units, that identifies processes in the lab with respect to reduce resources, to make processes more efficient or to recycle the used materials. With this Task Force we are going to map a holistic approach to make our entire processes in Zwinaenbera more sustainable. We started this pilot project for the upcoming FY 23/24. If this is going to be successful, we will apply this approach to the entire BRAIN group.

### 6. Rules and Processes

The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.

On the one hand, our requirements for sustainable corporate governance are derived from legal and external requirements; on the other hand, as a biotechnology company with a focus on white biotechnology, it is a particular concern of ours to make as many areas as possible sustainable. Within the BRAIN Group, we therefore work with the following norms and standards regarding sustainable production and corporate governance, which are listed below:

- ISO 9001
- ISO 14001
- ISO 45001

- FSSC 22000
- ISO 22716:2007
- SMETA (4 pillar)

## 7. Control

The company states how and what performance indicators related to sustainability are used in its regular internal planning and control processes. It discloses how suitable processes ensure reliability, comparability and consistency of the data used for internal management and external communication.

As a listed company, we will also be subject to CSRD reporting requirements from fiscal year 2024/2025. Our reporting will then also be examined by external auditors from 2026, so that we will be subject to external monitoring. We are already preparing ourselves for these requirements with assistance of a specialized ESG software tool. So far, we have chosen the following KPIs to measure and monitor our sustainability targets:

- 1) Realized decarbonization effects until 2032
- 2) Employee satisfaction and retention
- 3) Share of women in management positions
- 4) Lost time injury frequency rate (LTIFR) per 1 Million hours worked
- 5) Fines for compliance & operational breaches, target zero
- 6) Share of License & royalty income

Non-financial KPI`s which include sustainability targets are part of the variable executive compensation and long-term incentive plans. As such, the general compensation system is approved by the annual general meeting, monitored by the supervisory board and reported within the annual report. In addition, we will publish regular updates to our inaugural sustainability report and an annual UN Global Compact COP.

Our supervisory board advises and monitors our sustainability processes as part of the business and strategic planning.

## Key Performance Indicators to criteria 5 to 7

Key Performance Indicator GRI SRS-102-16: Values

The reporting organization shall report the following information:

- a. A description of the organization's values, principles, standards, and norms of behavior.

The entire BRAIN Group subscribes to the following values:

- Collaboration
- Safety
- Accountability
- Creativity & Innovation
- Integrity & Respect
- Sustainability

Our values are part of our corporate codex which is enforced by the supervisory board, our executive management, the operational management team and compliance. The BRAIN Sustainability report builds an integral supplement which dives deeply in our five key focal points for long-term value creation:

1. Profitable top-line growth to support and sustain our operations
2. Successfully launching our Impact Products & Services, targeting 5 SDGs directly
3. Minimizing the ecological footprint of our organization
4. Strong social performance (occupational health & safety, employee development, promoting women in management)
5. Efficient corporate governance

## 8. Incentive Systems

The company discloses how target agreements and remuneration schemes for executives and employees are also geared towards the achievement of sustainability goals and how they are aligned with long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board).

A group wide sustainability task force which is led by Anika Scholtissek (Manager of Sustainability & ESG) defines, implements and monitors the milestones on the way to reach our sustainability goals. This group directly reports to the CFO, Michael Schneiders. We report on the progress annually within our updated Sustainability Data Sheet and the UN COP.

Non financial targets including our ESG targets and the milestones on the way

to reach these targets are built into the revised executive board remuneration system, which we got approved by our shareholders at Annual General Meeting (AGM) in March 2023.

At this year's AGM, with the resolution of TOP7 (Resolution on the approval of the remuneration system for the members of the Management Board), the performance-based, variable remuneration was restructured, among other things, with regard to both the short-term, one-year variable remuneration (Short Term Award, STI) and the long-term, multi-year variable remuneration (Long Term Award, LTI). In order to determine the non-financial and ESG targets, the Supervisory Board will take into account BRAIN's ambitious medium-term sustainability targets, which are provided for and defined in the respective applicable ESG+ roadmap. In this respect, the Supervisory Board will set the non-financial targets at its due discretion in coordination with the annual planning of the Management Board in such a way that they are as quantifiable as possible and thus objectively measurable to reach our stated 2032 and 2050 sustainability goals.

The detailed system for compensation can be found at:

[https://www.brain-biotech.com/content/files/annual\\_general\\_meeting/2021-22/System-zur-Verguetung-der-Vorstandsmitglieder-zu-TOP-7\\_DE.pdf](https://www.brain-biotech.com/content/files/annual_general_meeting/2021-22/System-zur-Verguetung-der-Vorstandsmitglieder-zu-TOP-7_DE.pdf)

## Key Performance Indicators to criteria 8

Key Performance Indicator GRI SRS-102-35: Remuneration policies

The reporting organization shall report the following information:

**a.** Remuneration policies for the highest governance body and senior executives for the following types of remuneration:

**i.** Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;

**ii.** Sign-on bonuses or recruitment incentive payments;

**iii.** Termination payments;

**iv.** Clawbacks;

**v.** Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.

**b.** How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.

The detailed compensation report for BRAIN's executive management and supervisory board is published:



[https://www.brain-biotech.com/content/files/corporate\\_governance/Brain-Biotech-AG-Verguetungsbericht-2022-elekt.pdf](https://www.brain-biotech.com/content/files/corporate_governance/Brain-Biotech-AG-Verguetungsbericht-2022-elekt.pdf)

We pay all of our employees industry standard salaries.

Key Performance Indicator GRI SRS-102-38: Annual total compensation ratio

The reporting organization shall report the following information:

**a.** Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

The BRAIN group tries to balance industry level and fair compensation with its ambition to stay competitive on the level of personnel costs.

The ratio of average monthly compensation in the AG for executive board members was compared after GRI Standard 102-38 to the median of the total annual compensation of all employees (excluding the members of the executive board). Therefore the factors were calculated for the following compensations of the executive board: (A) average of annual fixed compensation, (B) average of the annual compensation (inclusive short term boni) and (C) average of the annual compensation (inclusive long-term boni +stock options).

	FY 20/21	FY21/22
<b>A</b> Ratio of the total annual compensation of the Executive Board to the median of the total annual compensation of all employees (excluding the highest paid individual) in the same organization		
Average annual <b>fixed</b> Compensation of the Executive Board	353,000.00	365,500.00
Average annual compensation of all employees	57,257.40	55,993.00
Factor	6.17	6.53
<b>B</b> Ratio of the total annual compensation (incl. short term bonus) of the Executive Board to the median of the total annual compensation of all employees (excluding the highest paid individual) in the same organization		
Average annual <b>compensation (inclusive short term bonus)</b> of the Executive Board	419,500.00	498,500.00
Average annual compensation of all employees	57,257.40	55,993.00
Factor	7.33	8.90
<b>C</b> Ratio of the total annual compensation (incl. all boni + stock options) of the Executive Board to the median of the total annual compensation of all employees (excluding the highest paid individual) in the same organization		
Average annual <b>compensation (inclusive all boni + stock options)</b> of the Executive Board	739,500.00	714,500.00
Average annual compensation of all employees	57,257.40	55,993.00
Factor	12.92	12.76
<b>Additional explanatory data:</b>		
Average monthly compensation Executive Board without boni	29,416.67	30,458.33
Average short-term boni per FY (Executive Board)	66,500.00	133,000.00
Average long-termn boni (including stock options) per FY (Executive Board)	386,500.00	349,000.00
Average monthly compensation employees	4,771.45	4,666.08

## 9. Stakeholder Engagement

The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It states whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.

Identifying our key stakeholders is also the first topic within our materiality analysis. We have conducted an internal analysis and cross referenced it with our equity analysts analyzing which stakeholders have at the same time a high interest in BRAIN and can exercise high influence on the company.

We have identified employees, customers and shareholders as our most important stakeholders.

### Employees

Many of our employees are scientists and contribute daily to a more sustainable economy by the products and services they develop. BRAIN has been founded on the faith that the biologization of industrial processes and the creation of a circular economy are prerequisites for sustainable living. Our employees develop biotechnology as the primary tool to achieve these targets. In addition, our employees are invited to bring in their best ideas in order to identify all the processes in the lab with respect to reduce resources, to make processes more efficient or to recycle the used materials. Therefore, we created a special project team.

### Customers

We enable many of our customers to create more sustainable processes and products. With our scientific services and largely enzyme based products we replace chemical processes (often using heavy-metal based catalysts) and contribute to more sustainable customer products with a focus on health, nutrition and environment.

### Shareholders

The equity market has been the main source of financing for BRAIN since the IPO in 2016. Many of our shareholders already share our vision of a more sustainable economy. We are in a constant dialogue with our main shareholders and by publishing our inaugural ESG and Sustainability Report in 2022 we are providing ESG and Impact investors with the relevant information.

## Key Performance Indicators to criteria 9

Key Performance Indicator GRI SRS-102-44: Key topics and concerns

The reporting organization shall report the following information:

- a.** Key topics and concerns that have been raised through stakeholder engagement, including:
  - i.** how the organization has responded to those key topics and concerns, including through its reporting;
  - ii.** the stakeholder groups that raised each of the key topics and concerns.

Our main stakeholders are customers and employees and shareholders. Within our materiality analysis we have analyzed which are the most material topics for our main

stakeholders:

1. Secure & grow employment
2. Successfully launch our impact products
3. Strong corporate governance & business ethics
4. Workplace health & safety
5. IP Protection
6. Talent management
7. Supply chain management
8. Product safety

We are in constant dialogue with our main stakeholder groups:

- **Employees:** open door policy, intranet, townhall meetings, employee survey
- **Customers:** Business developers, sales force and management; questionnaires
- **Shareholders:** IR department and executive management team, webpage and social media activities

The topics within our materiality analysis are all addressed in detail within our inaugural ESG & Sustainability Report 2022. <https://www.brain-biotech.com/investors/esg>

The company is constantly working on the identified material topics. For instance: For employees, talent management is a major topic. In 2022 we started a new company-wide 2-day workshop on project management, communication and strategy, where all employees were able to attend. Furthermore talents get the chance to study part-time while working at BRAIN. They are supported with flexible working times and also financially. Another approach in our company group is the internationalization. Therefore the company language was changed to English and also the chance to change company within the group was given to employees who wanted to do this for shorter and longer terms. English courses are offered for German employees as a support for current meetings and discussions.

For shareholders, the launch of our impact products, IP protection and of course growth is are major topics. Therefore, we can proudly say, that our spin-off in founding Akribion Genomics is developing ground-breaking CRISPR-Cas technologies, which are very promising for various therapeutic approaches. Akribion Genomics therefore received the patent approval for its nuclease G-dase E® and won the Hessian Founder Award for its innovative approach to a new cancer therapy. Furthermore, BRAIN is following its growth strategy, showing an increase of the group's consolidated revenue to € 55.3 million in the 2022/23 financial year. Compared with the previous year, this represents growth of 11.8 %. For IP protection we have one responsible person in the headquarter in Zwingenberg controlling the regulations and working together with the different project teams. Furthermore each company has a health and safety manager, offering regular courses on laboratory and workplace safety, which are mandatory for all employees. They also take care of regular visits by

the company doctor, who is available to all employees during their working hours. Courses on ergonomic working are also offered.

## 10. Innovation and Product Management

The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company's utilisation of resources and with regard to users. Likewise, a further statement is made with regard to if and how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.

Our product innovations are targeted to improve life on the aspects of nutrition, health and environment.

### **How our innovation processes drive a sustainable economy**

Enzymes will play a key role on the way to more sustainable industrial processes. At BRAIN we see it as our task to take the evolution of enzymes in nature as a starting point and adapt them for industrial purposes. Enzymes are proteins produced by all living organisms for their metabolic processes, for example for respiration or for the breakdown of fatty acids. The greatest advantage of these enzymatically acting proteins is that they represent organic material derived from renewable sources and are therefore biodegradable. In addition, due to these properties a lot of energy and water is saved in all enzyme-based processes, as proteins do not have to be elaborately purified from reaction vessels or containers. Identifying and developing novel enzymes is one of the BRAIN Group's contribution to our sustainability efforts. Our mission is to use our innovative strengths to develop tailored enzyme solutions that enable our industrial customers to make their processes and products more sustainable. This is what we do, day by day. Innovation is key at BRAIN.

### **Positive Impact Products & Services**

How can we as the BRAIN Group contribute to a more sustainable living? Where can we make a real positive impact on society? With our technologies, solutions and products we contribute to more sustainable industrial processes and products. We learn from nature and apply biology to industrial processes. Our application fields are nutrition, health and the environment. BRAIN Group's business is based on enzymes, microorganisms and bioactive natural compounds. Each of these can help drive the move toward more bio-based products and processes, but enzymes are by far the most important product within our toolset for a biobased future.

SDG 2, Zero Hunger: **alternative protein sources**, natural compounds for food preservation, enzymes for more efficient and more natural industrial food processing.

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SDG 3, Good Health & Well-Being: natural **sugar replacement, salt replacement** and salt taste enhancers, natural aromas, bioactive plant cosmetic, **chronical wound treatment and PHA121 an active pharmaceutical compound to treat hereditary angioedema (HAE)**

SDG 6, Clean Water & Sanitation are green mining solutions to **replace chemical hazards**.

SDG 12, Responsible Consumption & Production: green and urban microbial mining (bio-based recycling); enzymes for **efficient food processing and enzymes for reuse of side-/waste streams**.

SDG 9, Industry, Innovation & Infrastructure: **enzymes as natural catalysts**, biotechnological production, improving production efficiencies for resource conservation, fermented food from side-streams, microbial CO2 usage for chemical building blocks.

For a deeper dive into our Impact Products please review the Impact Chapter of our Sustainability Report at: <https://www.brain-biotech.com/investors/esg>.

## Key Performance Indicators to criteria 10

### Key Performance Indicator G4-FS11

(report also in accordance with GRI SRS): Percentage of assets subject to positive and negative environmental or social screening. (Note: the indicator should also be reported when reporting to GRI SRS)

BRAIN Biotech AG is a research and industrial company. We invest all of our financial resources into the development of our own group

G4-FS11 is of no relevance to BRAIN as we do not invest into external financial assets.

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## Criteria 11–20: Sustainability Aspects

### Criteria 11–13 concerning ENVIRONMENTAL MATTERS

#### 11. Usage of Natural Resources

The company discloses the extent to which natural resources are used for the company's business activities. Possible options here are materials, the input and output of water, soil, waste, energy, land and biodiversity as well as emissions for the life cycles of products and services.

The main resources used are electricity, natural gas, heating oil, diesel fuel, gasoline, drinking water, liquid nitrogen, refrigerants and specialty gases. These are consumed for production as well as refrigeration and air-conditioning systems, for heating and lighting, for systems generating steam and compressed air, for water treatment and a small vehicle fleet.

Most material are electrical energy and primary resources for heating and cooling purposes. We consider water as less relevant as we operate in areas of no water stress and strong waste water treatment. Our main water consumer is Biocatalysts with more than 70% of our total water withdrawal. This is due to up to 10 m<sup>3</sup> fermenters enzyme production. However, Biocatalysts (location: Cardiff) is neither located in an area with water stress nor it is not known for fluctuating water qualities, making this not a material topic to us.

We continuously aim to minimize waste to landfill and hazardous wastes. Our environmental concept is characterized by the fact that we try to minimize the use of natural resources wherever possible, provided this does not impair our central objective of "maximum product and process reliability". Our largest industrial entity Biocatalysts Ltd. has a zero waste to landfill policy.

Please have a look on our ESG Data Sheet, which shows how much energy, water, natural gas, heating oil and gasoline was exactly consumed in 2022: [https://www.brain-biotech.com/content/files/financial\\_publications/2021-22/BRAIN\\_Biotech\\_Sustainability\\_Report\\_Data-sheet\\_2022.pdf](https://www.brain-biotech.com/content/files/financial_publications/2021-22/BRAIN_Biotech_Sustainability_Report_Data-sheet_2022.pdf)

Chemicals like sugars or alcohols, which are consumed in our fermentation processes to grow the cells and express the genes for the respective enzymes, were so far not quantified.

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## 12. Resource Management

The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, in particular its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees there to be risks.

While many of our industrial products like enzymes or our incubator projects have a clear positive sustainability impact for our customers we still strive to minimize the ecological footprint of our own operation. Here the most material areas from our operations to focus on are:

- Energy efficiency
- Reduced travel footprint
- Water management
- Waste management

Here we aspire to reduce the primary resource consumption of our production, reduce our CO<sub>2</sub> footprint and avoid unnecessary waste to landfill. For our inaugural ESG & sustainability report in 2022 we have focused on Scope 1 and Scope 2 emissions. We aspire to incorporate Scope 3 emissions at a later stage in time.

We have issued our inaugural ESG and Sustainability Report in 2022. Hence, no previous environmental targets were communicated and can be measured for achievement.

Future targets to minimize the environmental impact from our operations:

By 2032, reduce Scope 1-2 GHG emissions by 30% in relation to current revenue base  
By 2050, Scope 1-2 GHG emissions to net zero  
Detailed Actions •Switch to regenerative sourcing of primary energy •Building renovation and change of cooling/heating design •Electrification of processes and transport •Establish employee best idea contest on cost, energy savings and process optimization

The BRAIN Group uses a limited amount of primary resources for its own production and service generation. Most of our products directly contribute to a biological production and, hence, lower primary resource consumptions at our customers. While we aim to further reduce our own ecological footprint by lowering GHG emissions we view ourselves having a net positive contribution. It is our aim for future ESG reporting to incorporate a Scope 3 analysis.

As we did a lot of actions to reduce energy and GHG emissions just within this year, are unfortunately unable to provide any information on targets achieved/not achieved in the past at this time point, but next year.

As a B2B supplier most of the work within the group does not relate to the production of a final product. We develop biotechnology-based solutions to solve our customers' problems. So while we can control who we work with and what materials we use in development, the use case of the final product is in the control of our customer.

So far we have not conducted a Scope 3 analysis.

We currently see an extremely low risk in the availability of natural resources that we use for our business. This is because we produce our products (enzymes) ourselves by growing the microorganisms that produce them. To grow microorganisms on a large scale, we need water, energy (electricity) and some chemicals such as sugars or alcohols. We obtain the chemicals from German or European manufacturers such as Merck, Sigma-Aldrich etc., which produce them regionally and therefore supply chains rarely play a role. Water plays a major role, but none of our production sites are located in water stress areas. And we take a proactive approach to energy by monitoring high energy consumers such as freezers and switching off modules that are not needed more often. At the same time, a photovoltaic system is currently being installed at the Zwingenberg headquarter and is also being examined at other locations where we own the buildings. In this way, we can keep our prices constant despite rising energy costs by reducing our energy consumption and through our own production.

## Key Performance Indicators to criteria 11 to 12

Key Performance Indicator GRI SRS-301-1: Materials used

The reporting organization shall report the following information:

**a.** Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:

**i.** non-renewable materials used;

**ii.** renewable materials used.

**a.** Total weight of

*i. non-renewable materials used for packaging: 57.7 tons*

*ii. renewable materials used for packaging: 29.3 tons*

BRAIN is mainly a B2B manufacturer and supplier. Most of our packaging material is hence of professional nature like special purpose containers, which



are employed in a circular way. The non-renewable materials used for packaging are mainly IBC`s (industrial bucket containers), made from HDPE. Those can be re-used for many years.

For shipping of smaller quantities we use almost entirely recycled cardboard or re-use packaging material.

Since packaging weights are rather small, this is not a material topic for the BRAIN Group.

Key Performance Indicator GRI SRS-302-1: Energy consumption  
The reporting organization shall report the following information:

**a.** Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.

**b.** Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.

**c.** In joules, watt-hours or multiples, the total:

- i.** electricity consumption
- ii.** heating consumption
- iii.** cooling consumption
- iv.** steam consumption

**d.** In joules, watt-hours or multiples, the total:

- i.** electricity sold
- ii.** heating sold
- iii.** cooling sold
- iv.** steam sold

**e.** Total energy consumption within the organization, in joules or multiples.

**f.** Standards, methodologies, assumptions, and/or calculation tools used.

**g.** Source of the conversion factors used.

**a+b.** Within the BRAIN-Group we used a total of 2,690 litre diesel, 2,780 litre gasoline and 13,911 kWh electricity for our company cars. In summary, the company has 11 cars (6 cars at their Holding in Zwingenberg (gasoline and hybrid), 2 cars at the production site WeissBiotech (hybrid cars) and 5 cars at the production site Breatec (all fully electric)).

Diesel (9.7 kWh/Liter) = 9.7 kWh/L \* 2690 L = 26,093 kWh

Gasoline (8.5 kWh/Liter) = 8.5 kWh/L \* 2780 L = 23,630 kWh

Electricity = 13,911 kWh

**This amounts to 63,634 kWh in total resulting in 229,082.40 MJ in total using the calculation factor 1 kWh = 3.6 MJ.**

**c.**

<b>i.</b> electricity consumption	2,845,126.00 kWh
<b>ii.</b> heating energy consumption	
gas	2,145.854.00 kWh
heating oil	0 kWh
<b>iii.</b> cooling consumption	155.00 kWh
<b>iv.</b> steam consumption	NA

**d.** BRAIN does not sell energy in any form.

**e.** The total energy consumption of the whole BRAIN group amounts to 5,054,759.11 kWh.

### Key Performance Indicator GRI SRS-302-4: Reduction of energy consumption

The reporting organization shall report the following information:

**a.** Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.

**b.** Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.

**c.** Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.

**d.** Standards, methodologies, assumptions, and/or calculation tools used.

**a.** So far, we could only measure a small amount of energy reduction (82,000 kWh). This was due to repairs to the central ventilation system, replacement of volume flow controllers & installation of modern control technology in some laboratories at one subsidiary. However, these are numbers for the fiscal year 2021/2022. Meanwhile, we have planned and partially even implemented further measures to reduce energy consumption (see b.)

**b.** At our Holding in Zwingenberg, the implementation of a photovoltaic system is in advanced planning, we reduced the amount of our -80°C freezers and fridges, all fluorescent materials were replaced with LED lamps this year, and electric or hybrid cars

were purchased to replace older company cars.

In all other subsidiaries we are about to look into the possibility of additional photovoltaic installations and ways to save energy.

Key Performance Indicator GRI SRS-303-3: Water withdrawal  
The reporting organization shall report the following information:

- a.** Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:
  - i.** Surface water;
  - ii.** Groundwater;
  - iii.** Seawater;
  - iv.** Produced water;
  - v.** Third-party water.
  
- b.** Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:
  - i.** Surface water;
  - ii.** Groundwater;
  - iii.** Seawater;
  - iv.** Produced water;
  - v.** Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.
  
- c.** A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:
  - i.** Freshwater ( $\leq 1,000$  mg/L Total Dissolved Solids);
  - ii.** Other water ( $> 1,000$  mg/L Total Dissolved Solids).
  
- d.** Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.

**a.** The total water withdrawal in the fiscal year 2021/22 within the BRAIN group was 14.22 ML. We only use groundwater in drinkwater quality. The water withdrawal increased by over 40% compared to the fiscal year 2010/2021. This is due to the subsidiary "Biocatalysts" becoming a fully member of the BRAIN group in 2021. Biocatalysts producing enzymes in a fermenter of 1000 L scale, is withdrawing 70% of the total water withdrawing of the whole BRAIN group.

i. Surface water	0.00 ML
ii. Groundwater	14.22 ML
iii. Seawater	0.00 ML
iv. Produced water	0.00 ML
v. Third party water	0.00 ML

**b.** We do not have production sites or any other company location in areas known for water stress.

**c.** Our groundwater used, is all classified as freshwater.

**d.** The data collection consists of queries to our subsidiaries as well as water bills and water analysis from the water supply providers from each subsidiary.

**Key Performance Indicator GRI SRS-306-3: Waste generated**  
The reporting organization shall report the following information:

**a.** Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.

**b.** Contextual information necessary to understand the data and how the data has been compiled.

**a.** The total amount of waste generated for the reporting period is **132.61 tons**. This figure is based on the following waste types:

Type of waste	t
Non-hazardous waste	107.39
Hazardous waste	25.22

**b.** The data collection was carried out via queries to the subsidiaries and invoices from the respective waste management companies. In addition, we have one subsidiary, which is certified as a zero waste to landfill site, where all non-hazardous waste is recycled.

## 13. Climate-Relevant Emissions

The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions, as well as its results thus far.

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In 2022, we presented our very first Sustainability Report. Prior to this, no previous GHG emissions reduction targets were communicated. To reduce complexity and have a feasible starting point for us as a company, we are currently focusing solely on our Scope 1 and Scope 2 emissions, but aim to include Scope 3 emissions at a later date. We have set the following targets for reducing GHG emissions by 2032/2050:

- Reduce GHG emissions in Scope 1 and 2 by 30% (by 2032).
- Reduce GHG emissions in scopes 1 and 2 to net zero (by 2050)

We are already actively implementing some action plans and are certain that we will be able to record improvements in Scope 1 and 2 as early as the coming reporting period. The following actions are today active projects to reduce THG emissions within the BRAIN group:

- Increased share of renewable primary resources (currently we plan the installation of photovoltaic systems where the statics of the buildings allow this)
- Replacing all conventional light sources with LEDs
- Building renovation
- Rethink, reduce & renew deep-freeze capacities for Bioarchive
- Electrification of processes % transportation

So far, our main GHG emissions result from used electricity and from heating. Challenges lie in general energy reduction, because microorganisms, genes and enzymes must be stored at very low temperatures down to  $-80^{\circ}\text{C}$ ) and for growth they must be cultivated at  $30^{\circ}\text{C}$  or  $37^{\circ}\text{C}$  in fermenters or other temperatur chambers. Both, cooling and heating needs a lot of energy and is a process over several days. Also the gas consumption (normally used for room heating) is used in big amounts for our fermenters which run 24/7 due to the described needs of microorganisms. Gas replacement is therefore of a bigger challenge.

The calculations of the indicators listed under 13. (key indicators) apply to the 2021/22 financial year and are total numbers from the sum of the Zwingenberg headquarter and all subsidiaries in Germany, the Netherlands, the UK and the USA.

## Key Performance Indicators to criteria 13

Key Performance Indicator GRI SRS-305-1: Direct (Scope 1) GHG emissions

The reporting organization shall report the following information:

**a.** Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.

**b.** Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub> or all.

**c.** Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.

**d.** Base year for the calculation, if applicable, including:

**i.** the rationale for choosing it;

**ii.** emissions in the base year;

**iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.

**e.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

**f.** Consolidation approach for emissions; whether equity share, financial control, or operational control.

**g.** Standards, methodologies, assumptions, and/or calculation tools used.

Category	Energy Source	CO <sub>2</sub> emission	Unit	Amount	Emission Factor*	CO <sub>2</sub> equivalent emissions (In tons)	Total CO <sub>2</sub> equivalents in tons		
Mobility	Electricity	direct	KWh	13,911.46	0.000485	6.75			
	Gasoline (Benzin)	direct	Liter	2,779.13	0.00303	8.42			
	Diesel	direct	Liter	1,689.70	0.00341	5.76		20.93 Mobility	
Heating	Natural gas (Erdgas)	direct	KWh	2,145,854.00	0.000244	523.59		523.59 Heating (Natural gas)	
Power/Electricity	Electricity	indirect	KWh	2,845,126.00	0.000485	1,379.89		1,379.89 Electricity	
							<b>Scope 1 (direct emissions)</b>	<b>544.52</b>	
							<b>Scope 2 (indirect emissions)</b>	<b>1,379.89</b>	
							<b>Total CO<sub>2</sub> emissions in tons</b>	<b>1,924.40</b>	tons

**a.**

In the reporting year the direct (**Scope 1**) GHG emissions count **544.52 tons of CO<sub>2</sub> equivalent**.

**b.**

The gases which has been used in our calculation are the gases resulting from the use of heating oil, natural gas and fuel (mainly CO<sub>2</sub>).

**c. Methan**

We have no direct methan emissions in measurable quantities.

**d.**

**i.** We have published our inaugural ESG report in 2022. 2020 has been the most appropriate base year as it was the first year with full availability of audited and non-audited data.

**ii.** The emissions in the base year amounted to **543.86 tons of CO2 equivalent**.

**iii.** There are no significant changes to name.

**e.**

The following websites and emission factors have been used for the calculation:

[https://www.umweltpakt.bayern.de/energie\\_klima/fachwissen/217/berechnen-sie-ihre-treibhausgasemissionen-mit-co2-rechner](https://www.umweltpakt.bayern.de/energie_klima/fachwissen/217/berechnen-sie-ihre-treibhausgasemissionen-mit-co2-rechner)

[Excel Sheet: IZU: CO2 Rechner für Scope 1 und Scope 2 \(Stand September 2023\)](#)

[Applied emission factors: UBA 2022: Emissionsbilanz erneuerbarer Energien](#)

[Standard emission factors for german energy mixture was used to calculate GHG emissions over all subsidiaries.](#)

**f.** We have employed the same consolidation scope as for our financial reporting. All group companies are part of our emission reporting with the exception of financial participations below 50% of equity holding. In the scope of our financial participations are only science service or clinical development firms with very limited own emissions.

Key Performance Indicator GRI SRS-305-2: Energy indirect  
(Scope 2) GHG emissions

The reporting organization shall report the following information:

- a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- c. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- d. Base year for the calculation, if applicable, including:
  - i. the rationale for choosing it;
  - ii. emissions in the base year;
  - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f. Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g. Standards, methodologies, assumptions, and/or calculation tools used.

**a.**  
In the reporting year the direct (**Scope 2**) GHG emissions count **1379.89 tons of CO<sub>2</sub> equivalent**.

**b.**  
N/A

**c.**  
The gases which has been used in our calculation are the gases resulting from the use of heating oil, natural gas and fuel (mainly CO<sub>2</sub>).

**c. Methan**  
We have no direct methan emissions in measurable quantities.

**d.**  
**i.** We have published our inaugural ESG report in 2022. 2020 has been the most appropriate base year as it was the first year with full availability of audited and non-audited data.



ii. The emissions in the base year amounted to **971.79 tons of CO2 equivalent**.

iii. There are no significant changes to name.

e.

The following websites and emission factors have been used for the calculation:[https](https://www.umweltpakt.bayern.de/energie_klima/fachwissen/217/berechnen-sie-ihre-treibhausgasemissionen-mit-co2-rechner)

[://www.umweltpakt.bayern.de/energie\\_klima/fachwissen/217/berechnen-sie-ihre-treibhausgasemissionen-mit-co2-rechner](https://www.umweltpakt.bayern.de/energie_klima/fachwissen/217/berechnen-sie-ihre-treibhausgasemissionen-mit-co2-rechner)

[Excel Sheet: IZU: CO2 Rechner für Scope 1 und Scope 2 \(Stand September 2023\)](#)

[Applied emission factors: UBA 2022: Emissionsbilanz erneuerbarer Energien](#)

[Standard emission factors for german energy mixture was used to calculate GHG emissions over all subsidiaries.](#)

f. We have employed the same consolidation scope as for our financial reporting. All group companies are part of our emission reporting with the exception of financial participations below 50% of equity holding. In the scope of our financial participations are only science service or clinical development firms with very limited own emissions.

Key Performance Indicator GRI SRS-305-3: Other indirect (Scope 3) GHG emissions

The reporting organization shall report the following information:

**a.** Gross other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.

**b.** If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.

**c.** Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.

**d.** Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.

**e.** Base year for the calculation, if applicable, including:

**i.** the rationale for choosing it;

**ii.** emissions in the base year;

**iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.

**f.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

**g.** Standards, methodologies, assumptions, and/or calculation tools used.

We have not measured our Scope 3 emissions for our inaugural ESG reporting but are planning to do so in the future.

Key Performance Indicator GRI SRS-305-5: Reduction of GHG emissions

The reporting organization shall report the following information:

- a.** GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.
- b.** Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- c.** Base year or baseline, including the rationale for choosing it.
- d.** Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- e.** Standards, methodologies, assumptions, and/or calculation tools used.

There are no nameable reductions in GHG emissions in the FY 21/22. However, starting in 2022 all our light sources were changed to LEDs, cars were partially converted to electric and hybrid cars. A photovoltaic system is currently being installed in Zwingenberg in order to produce some of our electricity sustainably ourselves. In addition, the very energy-intensive freezers and cold storage rooms are being reorganized and reduced to a necessary level in order to save further energy.

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## Criteria 14–20 concerning SOCIETY

### Criteria 14–16 concerning EMPLOYEE-RELATED MATTERS

#### 14. Employment Rights

The company reports on how it complies with nationally and internationally recognised standards relating to employee rights as well as on how it fosters staff involvement in the company and in sustainability management, what goals it has set itself in this regard, what results it has achieved thus far and where it sees risks.

BRAIN operates in accordance with all legal requirements in Germany and the EU when it comes to employee rights. In addition, we have introduced several measures to foster employee engagement and sustainability aspects.

Our employees are crucial for our success. BRAIN Biotech is a science based business and our employees build the decisive factor to compete globally. It is important that we continuously hire and retain the best people for the job, inspire them to stay with us long term, and support their lifelong development. BRAIN desires to create an attractive, fair, and trusting work environment for all its employees. We employ local people strategies at all of our group subsidiaries and within our headquarter to acknowledge the different requirements of the individual business operations. Responsibility for defining and implementing group wide people initiatives lies with our Head of Human Resources (HR) at the headquarter in Zwingenberg, Germany, who directly reports to the CEO. Our Global People Strategy is built around the following pillars:

- (1) Engage employees,
- (2) Make the right resources available to support our business goals,
- (3) Continuously advance the BRAIN organization and
- (4) Foster excellent people practices.

In line with these priorities, we have launched the “BRAINway program” to support intra-company exchange, enhance our corporate identity and internalize common goals.

Group-wide we have formed an ESG/Sustainability Task Force consisting of employees across different functions and representing all group company members. There has been a strong commitment by our employees to participate and it has been great to see that many volunteered to be part on our journey to publish our inaugural sustainability report. There is a strong inherent believe within the organization that BRAIN really can make a positive impact. Within internal workshops the ESG/Sustainability Task Force has developed common themes which are material to our key stakeholders throughout the group.

At our bio-science location in Zwinaenbera (Germany) we are currently building a team consisting of employees from all departments to identify the most material processes in the laboratory and the needed resources therefore. We will then check within the team, where energy and resources can be reduced in these processes e.g. by switching from single-used plastics to reusable glass lab wear where possible or by reducing our amount of used freezers. In the last year, another team developed and implemented a new room concept dealing with new work concepts, digitalization and needs-oriented work. The concept was launched by the end of August this year and will support our employees to distinguish between concentrated and collaborative work. Those two examples show, how we integrate all of our employees into our sustainability management.

BRAIN is always open-minded for great employee ideas e.g. for energy savings and process optimization. We strongly believe that the best contributions for resource conservation will be generated by our own people. One concept, which we already have realized is a "Job Bike" offering for many of our employees.

In its different entities the BRAIN group is either focusing on breakthrough innovations, contract research or the production of innovative customer solutions. In all areas it is of high importance for us to protect our employees and the environment from any potential hazards which might relate to our business activities.

The BRAIN group is internationally active in Continental Europe, UK, US and complies with all local labor regulations. We have identified almost no material risks from our business activities in terms of compliance with employee rights because we adhere to national legislation in our production countries Germany, the Netherlands, the UK and the USA. One issue where we are nevertheless coming up against limits is working hours and compliance with rest periods for our management in connection with distant business travel destinations. We have therefore set ourselves the goal of implementing a digital time recording system in 2024, at least in the German subsidiaries, in order to better document compliance with working hours.

We have defined the following social targets which incorporate employment related targets:

- By 2032, share of women in management positions above 30%
- By 2032, lost time injury frequency rate (LTIFR) per 1 Million hours worked <3

Therefore, we are going to take the following actions:

- Attract and retain talent by flexible work options, employee participation and programs
- Actively promote female career developments to management positions
- Promote safe work environment

## 15. Equal Opportunities

The company discloses in what way it has implemented national and international processes and what goals it has for the promotion of equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay as well as a work-life balance and how it will achieve these.

The BRAIN group is an equal opportunity and equal pay employer. We are about to develop a higher share of female employees into management positions. Female and male employees can take parental leave, financial support for childcare, generous leave arrangements in case of illness of children or care of

relatives. We do support flexible working models and mobile working arrangements. Part-time workers are involved in the same way as full-time workers.

To increase diversity, BRAIN Biotech is within an internationalization process. At our location in Zwindaenberg (Holdina), we hired several Non-German employees in the last year (before we mainly hired German employees) and the official company language was changed to English. For our German employees we therefore offer English language training to adjust to the new official company language.

Until recently, we did not establish any cross-group control mechanisms that captured employee diversity and equal opportunity. This has changed with the publication and work on our sustainability report and also the DNK reporting. In this context, a team was formed to monitor and document parameters such as the share of women in management positions in order to review this in the future and achieve the targets set.

Our social targets dealing with equal opportunities and occupational health have already been mentioned under point 14 (employment rights).

In our first ESG Report 2022, we set ourselves the goal of having more women in management positions by 2032, at least 30% to be precise. In our ESG Factsheet 2023 (for the financial year 21/22), we have followed the GRI Standard 405-1 and divided women in management into the various categories of management positions. One category contains positions with general management responsibility, e.g. through personnel and/or budget responsibility. The second category are senior management positions, in which strategic decisions on company development are also made. In general management positions, we already have a female quota of 45% thanks to our many innovation projects and have already achieved our target. In senior management positions, we are currently at 21% and need to increase this by at least 9% by 2032 in order to achieve our targets. See page 14 in: [https://www.brain-biotech.com/content/files/financial\\_publications/2021-22/BRAIN\\_Biotech\\_Sustainability\\_Report\\_Data-sheet\\_2023.pdf](https://www.brain-biotech.com/content/files/financial_publications/2021-22/BRAIN_Biotech_Sustainability_Report_Data-sheet_2023.pdf)

## 16. Qualifications

The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate in the working and professional world, and in view of adapting to demographic change, and where risks are seen.

We consider the BRAIN group to be a knowledge driven enterprise. Our employees build the key differentiating factor for our competitiveness. Hence, talent recruiting and management play a key role in our corporate development. We have embedded a people strategy into our strategic planning process. Within our people strategy, we set out the strategic direction of our employee development. It sets out the interventions that are required to ensure we develop as a company that is continuously fit for purpose, lives its values and delivers its objectives. It aims to systematically deliver on our vision & mission

for BRAIN, create a high performance organization and lead this great workplace into a successful future. Our people strategy consists of five key elements, which are built around BRAIN's core values of collaboration across the group, safety & health, accountability, creativity & innovation, integrity & respect and sustainability. These five key elements are:

1. Performance Management: incentivize innovation, retain and attract talent, continuously develop leadership skills
2. Innovation Management: encourage pioneering ideas and commercialize the incubator pipeline
3. Organizational Efficiency: lean management, flexible work arrangements and effective internal communication
4. Personal Development: foster key training as well as development needs, efficient succession planning
5. Corporate Culture: act around core values, great place to work

The group employs a very high proportion of skilled labor and promotes lifelong learning. Hence, we see a positive impact from our operations on employee qualification.

For a detailed breakdown of our staff by skill level, please refer to the Sustainability Data Sheet, Page 11: <https://www.brain-biotech.com/investors/esg>.

Health management: We plan to integrate the use of a digital tool (app) into our employees' everyday lives in 2024, which should lead to more exercise and a healthier diet. The app will also be available for private use. Further training: We have already achieved a partial goal here with the implementation of our #BRAINway program. This internal training brings all employees up to the same level in terms of communication, project management and corporate strategy. Our aim is to implement the content and expand the individual modules on a permanent basis. As a research-based and innovative company, we also offer all employees further training in the desired areas. We support the goals of our employees both financially and in terms of time. We want to maintain this flexible concept, adapted to the needs of our employees, and have not set ourselves any further static goals. Digitalization: We switched completely to Microsoft365 in 2023 and use Teams for smooth communication between our employees on site and remote working. We also introduced room booking software in 2023, which enables us to book meeting rooms and company cars quickly and from anywhere. Another goal for the coming year is to introduce digital time recording in order to better document working hours and strengthen employee rights.

We do not see any major risks with respect to demographic change at our current locations as we are in progress with our digitalization processes. We allow all employees to continue their education and we support those with flexible working times and financial support. Also internally we offer the #BRAINway program.

## Key Performance Indicators to criteria 14 to 16

Key Performance Indicator GRI SRS-403-9: Work-related injuries  
The reporting organization shall report the following information:

**a.** For all employees:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

**b.** For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

**You will find the remaining numbers c-g of the indicator SRS 403-9 in the GRI standard and may additionally report them here.**

Key Performance Indicator GRI SRS-403-10: Work-related ill health

The reporting organization shall report the following information:

**a.** For all employees:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

**b.** For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

**You will find the remaining numbers c-e of the indicator SRS 403-10 in the GRI standard and may additionally report them here.**

#### **GRI SRS 403-9: Work related injuries**



**a.**

- i.** There have been no fatalities as a result of work related injuries.
- ii.** There have been no high-consequence work-related injuries.
- iii.** There have been 15 recordable work related injuries.
- iv.** Most injuries were skin irritations due to small cuts in the laboratory work or bumping injuries with plant structures and equipment. One injury was an ankle sprain due to stairs.
- v.** The total number of hours worked in the fiscal year 21/22 amounted to **497,373.00 hours.**

**b.**

- i.** There have been no fatalities as a result of work related injuries.
- ii.** There have been no high-consequence work-related injuries.
- iii.** There have been no recordable work related injuries.
- iv.** Not available due to i.-iii. **v.** N/A.

**GRI SRS 403-10: Work related ill health**

**a+b.**

- i.** There have been no fatalities as a result of work related ill-health.
- ii.** There have been no cases of recordable work-related ill-health.
- iii.** Not available due to i. + ii.

Key Performance Indicator GRI SRS-403-4: Worker participation on occupational health and safety

The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:

**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.

**b.** Where formal joint management–worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.

**a.**

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Type	Description
Health & Safety Management	Implemented in the company organigram, Board responsibility, Qualified, responsible pe technical subareas (occupational safety, laboratory safety, infection control, genetic engir chemical safety, occupational medicine), Staff unit for coordination, regular reports & me
Occupational Safety Committee	Participation: Occupational safety specialist, company physician (both independent, exter Health & Safety coordinator, Safety representatives (Laboratory, office), Laboratory mana HR as required
Safety Instructions for employees	general operational instructions, escape & rescue plan instruction according to infection protection law instruction according to genetic engineering safety regulation instruction according to Chemicals Ordinance all instructions mandatory once a year Other as <a href="#">required:workplace-related</a> instructions activity-related instructions
Risk assessments	project specific and general
Healthcare	voluntary health care offerings by the company medical department for all employees, va offers, mandatory preventive medical checkups for individual activities
Information & Employee participation	announcement of operating instructions and risk assessments in team meetings and on c intranet Personal interaction with the responsible persons possible on demand, group email addre safety team

**b.**

In the fiscal year 21/22, we have continued our special task force with respect to the corona pandemic. The task force met once a week and shared the latest news and decisions with the employees (via Intranet and Newsletter).The Covid task force consisted of both management and employees from various groups. With the beginning of the year 2023, this task force was been disbanded.

For more detailed statistics please refer to our ESG data sheet at: <https://www.brain-biotech.com/investors/esg>.

Key Performance Indicator GRI SRS-404-1: Average hours of training

The reporting organization shall report the following information:

**a.** Average hours of training that the organization's employees have undertaken during the reporting period, by:

- i.** gender;
- ii.** employee category.

**a.**

**i.**

All male employees have undertaken an average of 32.73 hours training per person. All

female employees have undertaken an average of 38.42 hours training per person.

ii.

Average hours per employee category	
Administration	6.00
Accounting/Finance	1.62
Laboratory training	18.15
IT	0.81
Human Resources	3.04
Legal	0.24
Management	9.94
Employees with personnel responsibility	11.35
Employees without personnel responsibility	6.01

#### Key Performance Indicator GRI SRS-405-1: Diversity

The reporting organization shall report the following information:

**a.** Percentage of individuals within the organization’s governance bodies in each of the following diversity categories:

- i.** Gender;
- ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
- iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

**b.** Percentage of employees per employee category in each of the following diversity categories:

- i.** Gender;
- ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
- iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

#### GRI SRS-405-1

a. In the financial year 21/22, the Management Board of BRAIN Biotech AG consisted of 2 persons: i. 100% male, 0% female ii. 50% under 30 years of age; 50% older than 50 years of age

b.

i.

Senior Management: 79.5 % men; 20.5 % women

Management/Project Lead: 58.7 % men; 41.3% women

With 41%, we already reached the target of 30% women in management positions. Also in senior management we have 20.5% women and are heading in the direction of 30%.

ii.

Average age of all employees amounted to 42.67 years. We did not differentiate ages of different categories of employment.

Key Performance Indicator GRI SRS-406-1: Incidents of discrimination

The reporting organization shall report the following information:

**a.** Total number of incidents of discrimination during the reporting period.

**b.** Status of the incidents and actions taken with reference to the following:

**i.** Incident reviewed by the organization;

**ii.** Remediation plans being implemented;

**iii.** Remediation plans that have been implemented, with results reviewed through routine internal management review processes;

**iv.** Incident no longer subject to action.

**a.-b.**

The company is not aware of any incidents of discrimination during the reporting period

## Criterion 17 concerning RESPECT FOR HUMAN RIGHTS

### 17. Human Rights

The company discloses what measures it takes, strategies it pursues and targets it sets for itself and for the supply chain for ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented. Information should also be provided on the results of the measures and on any relevant risks.

The BRAIN Group is a member of the UN Global compact, with an active CoP status, which includes an ethics codex on human rights which we follow.

The BRAIN group generally has a low risk on misconduct in respects to human rights as:

- our service and production operations are all located within the developed world: Europe (Germany and Netherlands), UK and the US.
- around 90% of our supply chain is located within the developed world and mostly with large or global partners
- we have established additional supply chain standards on the individual entity levels
- we employ almost entirely highly skilled and skilled labor

Due to the above facts, we view the risks to affect human rights negatively from our operations as to be very low and to be not material for our business.

As 2022 marks the first year of our sustainability reporting no previous targets have been communicated.

BRAIN considers the risk of human rights violations in our company to be very low. This applies for our labor practises as well as for our products. Hence, this is a sustainability topic, which is not in our focus. Hence, no goals have yet been formulated in this context.

## Key Performance Indicators to criteria 17

Key Performance Indicator GRI SRS-412-3: Investment agreements subject to human rights screenings

The reporting organization shall report the following information:

**a.** Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.

**b.** The definition used for ‘significant investment agreements’.

The BRAIN Group is an active member of the UN Global compact and follows the UN Code of Conduct in regards to human rights.

As mentioned before, we have in general a low risk of human rights violations as all of our production assets and the vast majority of our business activities is centered around the developed and highly industrialized world. Our business activities as well as operations are focused on Continental-Europe, UK and US.

To our best knowledge, there have been **no direct violations in the reporting year** on human rights issues.

However, at our locations in the developed countries, **digital security and privacy was identified as a material topic**. Therefore we follow different guidelines regarding handling with privacy data and security in the different locations. In Germany we follow the EU GDPR and the BDSGneu as well as internal guidelines regarding handling with personal data, dealing with social media, etc. We also provide specific training of employees, who are in contact with personal data as well as restricted access to personal data according to the EU GDPR.

### On the supply chain

We buy laboratory and raw materials, utilize these to create our services and

manufacturing process up to the finished product.

We aspire to build sustainable and stable relationships with our suppliers. We prefer partners and suppliers with high own environmental and social standards. Information regarding specific supplier violations is reported and investigated directly. If confirmed, an action plan is prepared to mitigate the topics or to search for alternative sources.

Most purchasing decisions are done at the level of the individual operating unit but it is intended to increasingly centralize purchasing especially in the BioIndustrial segment. This will not only unify standards but also allow to increasingly harvest economies of scale. **Close to 90% of our BRAIN Group product sourcing is executed within the EU, UK, US and other developed countries with high labor and social standards.**

Most of this from large or multinational suppliers. Only around 10 % of our sourced products originate from emerging markets (mostly China) with the relative share of these purchases decreasing during the last years. Emerging market sources require our special attention when it comes to supply chain standards, especially on human rights.

Biocatalysts, our enzyme production company in Cardiff (UK) utilizes a standardized Supplier Approval Questionnaire (SAQ) for all of its suppliers. The SAQ is also employed for SEDEX (Supplier Ethical Data Exchange) or equivalent certifications. In addition, Biocatalysts enforces supplier risk assessment, approval and monitoring procedures.

WeissBiotech utilizes the EcoVadis rating for its supply chain analysis and scorecard.

## Key Performance Indicator GRI SRS-412-1: Operations subject to human rights reviews

The reporting organization shall report the following information:

**a.** Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.

As our operations are taking part in the developed world, human rights audits are not material for BRAIN and have not been conducted.

Within the supply chain we have taken the measures mentioned above.

## Key Performance Indicator GRI SRS-414-1: New suppliers subject to social screening

The reporting organization shall report the following information:

**a.** Percentage of new suppliers that were screened using social criteria.

Due to the diverse nature of our business, each of our entities has its own supplier management. We have taken the following precautionary measures:

Close to 90% of our BRAIN Group product sourcing is executed within the EU, UK, US and other developed countries with high labor and social standards. Most of this from large or multinational suppliers.

Biocatalysts utilizes a standardized Supplier Approval Questionnaire (SAQ) for all of its suppliers. The SAQ is also employed for SEDEX (Supplier Ethical Data Exchange) or equivalent certifications. In addition, Biocatalyst enforces supplier risk assessment, approval and monitoring procedures.

WeissBiotech utilizes the EcoVadis rating for its supply chain analysis and scorecard.

Key Performance Indicator GRI SRS-414-2: Social impacts in the supply chain

The reporting organization shall report the following information:

- a. Number of suppliers assessed for social impacts.
- b. Number of suppliers identified as having significant actual and potential negative social impacts.
- c. Significant actual and potential negative social impacts identified in the supply chain.
- d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.
- e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.

This statistic has not been conducted in the past.

We are currently planning to carry out the double materiality analysis in accordance with CSRD in 2024. We do not yet know whether supply chains will become a material topic for us as a research-based company. If so, we will develop the relevant guidelines over the next two years, as we will be required to report in accordance with CSRD from 2026.

## Criterion 18 concerning SOCIAL MATTERS

### 18. Corporate Citizenship

The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.

The different entities of the BRAIN Group support their local communities via various fundraising and social activities.

BRAIN Zwingenberg is a founding member of the "Kulturstiftung Bergstrasse" and grants to local Youth Fire Department as well as to the local group of the DRK (Deutsches Rotes

Kreuz). Due to the innovative business in the fields of molecular biology, genetics, microbiology and biotechnology (fermentation), we employ a number of undergraduate and graduate students from Universities (TU) and technical colleges (FH) and develop their skills in the mentioned platforms. **This enlarges and strengthens the biotechnology network between academics and industry in the area and attracts young talents for a career in the BRAIN company.**

Analyticon Discovery furthermore donats to regional associations with a focus on biodiversity and social youth programs.

Biocatalysts: engagement into ad-hoc fund raising, for example, "jeans for genes." Offering charity giving salary sacrifice opportunities.

## Key Performance Indicators to criteria 18

Key Performance Indicator GRI SRS-201-1: Direct economic value generated and distributed

The reporting organization shall report the following information:

**a.** Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:

- i.** Direct economic value generated: revenues;
- ii.** Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
- iii.** Economic value retained: 'direct economic value generated' less 'economic value distributed'.

**b.** Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

For a convenient overview, please view our Sustainability Data Sheet 2023 for the fiscal year 21/22, page 3 - 6, [https://www.brain-biotech.com/content/files/financial\\_publications/2021-22/BRAIN\\_Biotech\\_Sustainability\\_Report\\_Data-sheet\\_2023.pdf](https://www.brain-biotech.com/content/files/financial_publications/2021-22/BRAIN_Biotech_Sustainability_Report_Data-sheet_2023.pdf)

## Criteria 19–20 concerning ANTI-CORRUPTION AND BRIBERY MATTERS



## 19. Political Influence

All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should be disclosed by country in a differentiated way.

The group does not directly support any political parties but engages in different lobby activities via the participation in industry associations and lobbying organizations. Our focus is built around the important social topics of the biologization of industrial processes, bioeconomy, biotechnology, enzymes, CRISPR Cas technology, circular economy and, in addition, local or national industry associations.

The mother company BRAIN Biotech AG is member of:

- DECHEMA
- Bio Deutschland
- NatLife 2020
- ZeroCarb FP

## Key Performance Indicators to criteria 19

Key Performance Indicator GRI SRS-415-1: Political contributions  
The reporting organization shall report the following information:

**a.** Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.

**b.** If applicable, how the monetary value of in-kind contributions was estimated.

The group does not directly support any political parties, so there is no value of party donations we could report.

The BRAIN Biotech AG participates as member in different industry associations as the IW Bio e.V. or BIO Deutschland e.V., where we pay the standard membership fees.

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## 20. Conduct that Complies with the Law and Policy

The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, how they are verified, which results have been achieved to date and where it sees there to be risks. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.

Good Corporate Governance involves responsible, value-based and sustainable corporate management and control. This includes the efficient cooperation between the Management Board and the Supervisory Board, respect for the interests of employees and shareholders, open and transparent communication as well as an appropriate approach to risk. BRAIN is targeting full operational alliance with all legal requirements and its own values. In addition, it is absolutely key for our business success to protect our Intellectual Property. To achieve this, we have defined in our ESG Objectives Roadmap 2032:

### Detailed Actions

- Further evolution of Financial Control Framework (FCF)
- Pro-active IP filing & trade secret strategy to enhance and manifest IP position

### Goals

- By 2032, Target zero fines from compliance & operational breaches
- Ongoing, significantly increase share of milestone and royalty income in BioScience in relation to revenues

The group engages in regular training sessions for all of its employees on compliance topics, data protection laws, digital security and workplace safety. All new employees have to complete an initial training and have to complete a standardized onboarding procedure. Our goals so far could be reached in parts for the fiscal year 21/22 as we had zero fines from compliance & operational breaches. The significantly increase of share of milestone and royalty income in BioScience in relation to revenues was not reached. There was a small increase from royalties from € 1,008 thousand (year 20/21) to € 1,157 thousand (year 21/22), but also the revenue increased, so that the ratio didn't change significantly but is still our goal until 2032.

### Compliance

BRAIN has a legally trained internal compliance officer who conducts regular compliance trainings, monitors all compliance relevant processes and interacts with the respective authorities. The company has also established a whistle blower framework and adjusted this to the new legal requirements. The compliance officer advises the board in coordination with investor relations on all potentially insider related matters. In addition, for science

topics the company has established educational measures and checks to comply with laboratory and genetic regulations.

#### Tax Strategy

BRAIN Biotech believes its obligation as a responsible taxpayer is to comply with the tax legislation of the countries in which it operates and pays the right amount of tax at the right time. BRAIN does not only aim to comply with the letter of the law, but also with its spirit. BRAIN uses business structures that are aligned with business activities and that are driven by commercial considerations. BRAIN only makes use of tax incentives where they are (i) aligned with business activities and operational objectives, (ii) generally available to all market participants and (iii) specified by law. As such, tax strategy always follows the business decision. BRAIN pays tax on profits according to where value is created within the normal course of its business activities. BRAIN does not use aggressive tax planning strategies or tax havens to minimize its tax burden. The transfer pricing of intercompany transactions is done in accordance with the arm's length principle developed by the OECD and is applied consistently throughout the group. BRAIN maintains an open and constructive dialogue with tax authorities based on transparency and trust. BRAIN engages with them in honesty, integrity and respect.

#### Corruption

As we only act in markets in central Europe, UK and USA, corruption and risks thereof, are not a material topic yet. We will check this again in our double materiality analysis after CSRD in 2024.

## Key Performance Indicators to criteria 20

Key Performance Indicator GRI SRS-205-1: Operations assessed for risks related to corruption

The reporting organization shall report the following information:

- a.** Total number and percentage of operations assessed for risks related to corruption.
- b.** Significant risks related to corruption identified through the risk assessment.

We follow a strict no bribery policy.

The BRAIN Group has established efficient internal compliance and financial controlling with its BRAIN Financial Control Framework and BRAIN Red Book as mandatory guidelines for all group companies. Compliance is controlled by our finance department, our compliance officers, external audit as well as monthly and/or quarterly monitoring meetings.

A whistleblower process has been established.

A strict four-eye principal is applied to all financial payments.

In the reporting year we have not identified any major risks in this area. All group companies were monitored for corruption risk.

## Key Performance Indicator GRI SRS-205-3: Incidents of corruption

The reporting organization shall report the following information:

- a.** Total number and nature of confirmed incidents of corruption.
- b.** Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- c.** Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- d.** Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

We had no incidents in the categories a.-d.

## Key Performance Indicator GRI SRS-419-1: Non-compliance with laws and regulations

The reporting organization shall report the following information:

- a.** Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:
  - i.** total monetary value of significant fines;
  - ii.** total number of non-monetary sanctions;
  - iii.** cases brought through dispute resolution mechanisms.
- b.** If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.
- c.** The context against which significant fines and non-monetary sanctions were incurred.

We had no material fines for the non-compliance with law and/or regulation in the reporting year. Within our ESG targets we target a zero material fine rate also for the future.

# Overview of the GRI indicators in the Sustainable Code declaration

In this Sustainable Code declaration, we have reported according to the "comply or explain" principle on the GRI indicators listed below. This document refers to the GRI Standards 2016, unless otherwise noted in the table.

Areas	Sustainable Code criteria	GRI SRS indicators
STRATEGY	1. Strategic Analysis and Action	
	2. Materiality	
	3. Objectives	
	4. Depth of the Value Chain	
PROCESS MANAGEMENT	5. Responsibility	GRI SRS 102-16
	6. Rules and Processes	
	7. Control	
	8. Incentive Systems	GRI SRS 102-35 GRI SRS 102-38
	9. Stakeholder Engagement	GRI SRS 102-44
	10. Innovation and Product Management	G4-FS11
ENVIRONMENT	11. Usage of Natural Resources	GRI SRS 301-1
	12. Resource-Management	GRI SRS 302-1 GRI SRS 302-4 GRI SRS 303-3 (2018) GRI SRS 306-2 (2020)*
	13. Climate-Relevant Emissions	GRI SRS 305-1 GRI SRS 305-2 GRI SRS 305-3 GRI SRS 305-5
SOCIETY	14. Employment Rights	GRI SRS 403-4 (2018)
	15. Equal-Opportunities	GRI SRS 403-9 (2018)
	16. Qualifications	GRI SRS 403-10 (2018) GRI SRS 404-1 GRI SRS 405-1 GRI SRS 406-1
	17. Human Rights	GRI SRS 412-3 GRI SRS 412-1 GRI SRS 414-1 GRI SRS 414-2
	18. Corporate-Citizenship	GRI SRS 201-1
	19. Political Influence	GRI SRS 415-1
	20. Conduct that Complies with the Law and Policy	GRI SRS 205-1 GRI SRS 205-3 GRI SRS 419-1

\*GRI has adapted GRI SRS 306 (Waste). The revised version comes into force on 01.01.2022. In the course of this, the numbering for reporting on waste generated has changed from 306-2 to 306-3.