




Sustainability Report 2023



FETTE
COMPACTING

Sustainability Report 2023

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Foreword



Dear Readers,

The year 2023 marked a significant milestone in the history of Fette Compacting. We celebrated our 75th anniversary and proudly look back on a dynamic and successful past. Since our founding, we have continuously developed and are today the world leader in developing and manufacturing integrated solutions for industrial tablet production in the pharmaceutical, food, and chemical industries.

The anniversary year was characterized by significant developments and successes. Our corporate strategy for 2026, introduced last year, defines our long-term goals and measures to further ensure the future viability of Fette Compacting. This strategy ensures that we continue to develop and expand our leading market position. Our transformation from a traditional machine manufacturer to a comprehensive process partner demonstrates how we are addressing the challenges of the modern market. Through innovations and sustainable solutions, we not only support our customers in tablet manufacturing but also offer holistic and forward-looking solutions along the entire value chain.

As part of our sustainability strategy, we have set concrete goals aimed at creating long-term value for our stakeholders while minimizing the negative impacts of our business activities on people and the environment.

The action areas of Economy, Ecology, and People & Society provide the framework for value-based corporate governance. In these areas, we strive for continuous improvement through targeted projects and strategic measures to meet the challenges of the future. In view of increasing legal requirements and regulations, such as the German Supply Chain Due Diligence Act and the EU regulations on taxonomy and sustainability reporting, companies must play their part.

We are particularly proud of receiving the Silver Medal from EcoVadis, the world's leading platform for sustainability ratings, for the second time, where we improved our overall score to 67 points. This places us among the top five percent of companies evaluated by EcoVadis in the specialized machine construction sector and confirms our continuous commitment and progress in the areas of environmental protection, labor, human rights, ethics, and sustainable procurement.

This recognition motivates us to continue our efforts and pursue our sustainability goals even more ambitiously.

We thank all employees, customers, partners, and stakeholders who accompany and support us on our journey. Together, we are working towards a sustainable future and continuously strive to improve our environmental, economic, and social performance.

We hope that our report provides valuable insights and inspiration. Let us work together towards a more sustainable future.

Joachim Dittrich and Anke Fischer

Fette Compacting in 2023



million euros:
Annual turnover of
the LMT Group



employees worldwide
(including apprentices and students)



locations



Sales network in 50 countries
across 5 continents



thousand euros:
Donations for charitable
causes



million euros:
Investments in research
and development



Energy consumption reduction
compared to 2022



Patents and
patent applications



percent: Training quota



apprentices and dual students
at the headquarters

Business Activities and Organizational Structure

Fette Compacting, with over 6,000 installed machines, is the world's leading provider of integrated solutions for the industrial production of tablets. The offerings include not only machines and systems but also tablet tooling, format parts, process equipment, as well as service, training, consulting, and digital applications for optimizing tablet production technology. For over 75 years, the company has specialized in high-performance machines for the pharmaceutical, food, and chemical industries.

The Fette Compacting Group employs 1,040 people worldwide (including apprentices and students), the vast majority of whom are employed domestically by Fette Compacting GmbH. The company's headquarters is located in Schwarzenbek near Hamburg.

Fette Compacting is part of the LMT Group, an internationally active family-owned corporate group, and operates as an independent division within the LMT Group. The LMT Group is managed as a holding company by LMT GmbH & Co. KG. Globally, the LMT Group employs 1,800 people across more than 20 locations. In the 2023 fiscal year, the group generated revenue of 380 million euros.

The companies of the LMT Group share a location in Schwarzenbek near Hamburg. While the members are legally, economically, and organizationally independent, they share resources and pursue common goals at the group level regarding social, societal, and environmental responsibility. Therefore, some of the information in this report refers to activities of the LMT Group.

Network and Locations

In addition to Fette Compacting GmbH, the Fette Compacting Group includes twelve operating subsidiaries that serve Fette Compacting's most relevant markets.

Fette Compacting is represented in more than 50 countries worldwide and distributes its products and services through a customer-centric network of subsidiaries and sales representatives.

In addition to its headquarters in Schwarzenbek, Fette Compacting has a second technology and production site in Nanjing (China) and a development site in Mechelen (Belgium).

As the only manufacturer of tablet presses, Fette Compacting offers its customers a global network of fully equipped and digitally connected competence centers located in Germany, Brazil, China, India, and the USA.

Corporate Strategy

In 2023, Fette Compacting further developed its corporate strategy to drive the company's forward-looking transformation. As part of this strategic concept, the company sharpened its profile to strengthen its market position and maintain its leading role as a provider of solutions for oral solid dosage (OSD) production worldwide. In September 2023, the Supervisory Board approved the corporate strategy, which is subject to regular updates.

From Traditional Machine Manufacturer to Process Partner

Fette Compacting sees itself as a partner to its customers. This partnership approach is designed to jointly develop innovative solutions that position Fette Compacting as both a process and development partner. Through close collaboration and continuous dialogue, Fette Compacting ensures that the solutions it offers meet the actual needs and challenges of its customers. The increasing complexity of technology fields, such as continuous manufacturing and containment, requires early cooperation between producers and machine manufacturers. Particularly with new developments, close partnerships are essential to meet the demands of a highly regulated market environment and to tackle challenging active ingredient formulations.

The shift from a pure machine manufacturer to a provider of process technology for powder formulation and tablet production demonstrates how Fette Compacting has strategically positioned itself to meet the demands of the modern pharmaceutical market while simultaneously delivering greater value to its customers.

Optimization of the Sales and Service Organization

To meet these expectations, the sales and service organization has been restructured. This enables better utilization of synergies between the new machinery business and the service business and strengthens comprehensive customer support. At the same time, the network is being expanded, particularly through local-for-local structures. For example, the Chinese plant primarily produces products for Asian and price-sensitive markets, ensuring supply security and optimally meeting regional customer needs.

These strategic adjustments ensure the future viability of Fette Compacting and support the continuous development of innovative and sustainable solutions in the tablet production industry. By consolidating all activities under the „Roadmap 2026“ initiative, the transformation of Fette Compacting is not only being driven forward but synergies are being promoted and efficiency improvements supported.

Introduction of the New Corporate Strategy

Fette Compacting presented the new corporate strategy to all employees during global information sessions. These events served to transparently communicate our strategic goals and the associated measures, ensuring that all employees worldwide have a unified understanding of the new direction. The involvement and feedback of the employees play a crucial role in the successful implementation of the strategy and in achieving our long-term corporate objectives.



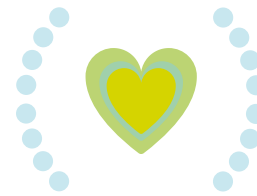
Our Guiding Principle: Together – for quality of life

The machines and systems from Fette Compacting make an important contribution to the health and quality of life of people all around the world. Our entire corporate activity is focused on this goal. This is reflected in our values. They determine our behavior and our standards, which we as a company set for ourselves and our partners: Together – for quality of life.

Clear Values: The Basis for Working Together

Common values to which everyone at Fette Compacting is committed form the foundation of our daily actions. We respect one another, communicate openly and fairly, deliver the best performance we can, and take on leadership responsibility. These values form the foundation of our corporate culture and serve as the basis for pursuing our goals.

Our Values



Passion

We pursue our goals with our heart and soul.

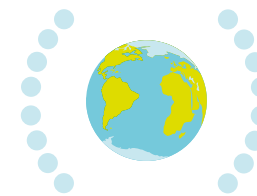
We are just as enthusiastic about outstanding technology as much as the good we can achieve with it.



Appreciation

Enthusiasm shown by customers is the result of teamwork.

Our cooperation is characterized by mutual understanding and trust: respectful, open and fair.



Integrity

Our word is our bond – always and everywhere.

In our relationships with each other and with our customers and partners: 100 % authentic – 360° reliable.



Zukunftsfreude

Diversity makes us strong.

Where knowledge, curiosity and courage work together, innovation and progress are born – for generations to come.



Strategy and Management

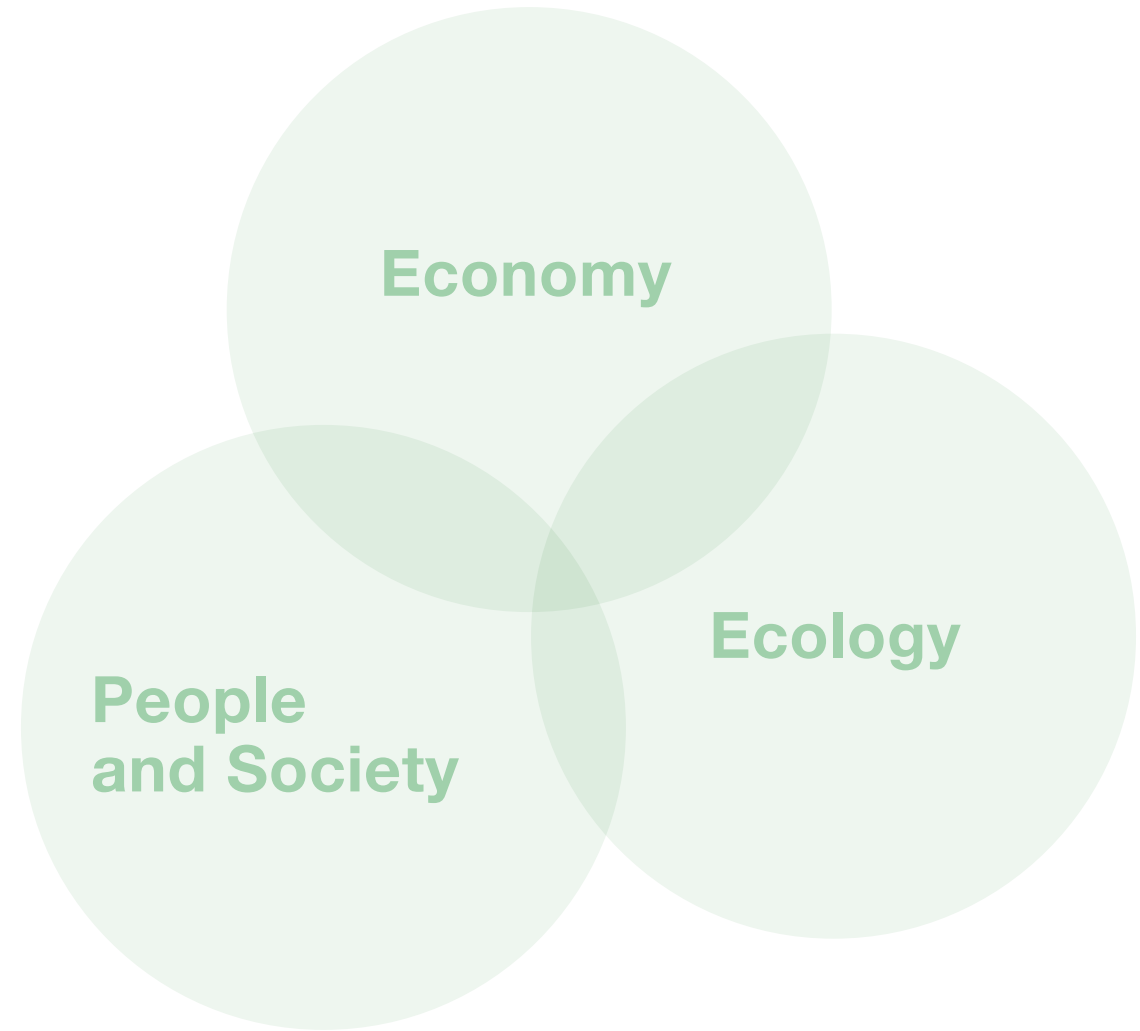
Sustainability Strategy Long-Term Values

Sustainability is a fundamental part of our corporate philosophy. Our long-term corporate success can only be ensured if our corporate strategy considers ecological and social aspects alongside economic factors. The mutual reinforcement of economic goals and sustainability is becoming increasingly important in today's world. Without a commitment to a sustainable future, long-term success is not possible.

Our sustainability strategy aims to create long-term value for our stakeholders while minimizing the negative impacts of our business activities on people and the environment. We strive to maximize our positive contribution to sustainable transformation through our products and services. Sustainability is therefore an integral part of our corporate strategy for 2026.

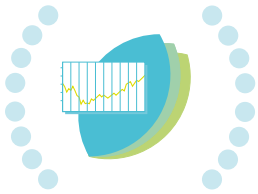
By embedding sustainability topics into our strategy, we can identify dependencies and interactions with other strategic issues early on and address them. This ensures that sustainability is promoted in all our business processes. Currently, sustainability strategy is being even more closely integrated with corporate strategy.

Our sustainability activities demonstrate that we take a holistic approach to sustainability. The areas of Economy, Ecology, and People & Society form the framework for value-based corporate governance. In these areas, we strive for continuous improvement through targeted projects and strategic measures.



Sustainability Strategy

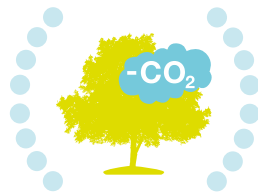
Key aspects of our sustainability strategy



Economy

With innovative products and services, we are working to continuously make tablet production more sustainable.

Energy-efficient innovations in new developments contribute to the conservation of resources just as much as the continuous modernization of existing systems. With our service and consulting offers, we also help to reduce energy consumption and keep material losses as low as possible. We also focus on sustainability across all processes and the entire supply chain in our own production.



Ecology

We are reducing our ecological footprint by focusing on energy, climate protection, materials, waste and water.

As a manufacturing company, we have a special responsibility to act ecologically. By paying strict attention to the careful use of natural resources, we make an effective contribution to environmental and climate protection at all our sites.



People and Society

Corporate success is achieved when all those who contribute to it experience equal respect, appreciation and excellent working conditions.

Highly qualified, motivated employees and managers are the foundation of our success. For this reason – and as part of our social responsibility – we do a lot to create attractive, safe and fair conditions for people to work for Fette Compacting. Our cooperation is one of the most important reasons why we can be pleased about our very low fluctuation rate.



Responsible Corporate Governance

Our values, national and international laws determine the integrity of our actions, as do generally recognized ethical principles.

We ensure our values-based corporate governance through an overarching, binding guideline for all employees. This Code of Conduct covers 100 percent of our locations. It is safeguarded throughout the company by an established compliance management system.

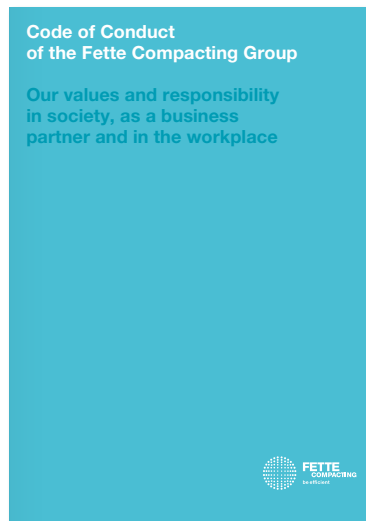
Sustainability Strategy Principles of Sustainability

The principles of sustainability at Fette Compacting are based on the following guidelines and processes, forming the foundation of the sustainability strategy at Fette Compacting. They contribute to ensuring responsible conduct in all business areas.

New Code of Conduct for the Fette Compacting Group

To be successful together, trust among our employees, customers, and business partners, as well as society at large, is a fundamental requirement for us as a company. We are aware of this responsibility.

In June 2023, the revised Code of Conduct for Fette Compacting was introduced. Our new Code of Conduct translates our values into standards and behavioral guidelines. It ensures compliance with norms and internal guidelines, providing employees with clear direction and creating a work environment characterized by integrity, respect, and fair and responsible conduct. It applies globally to all employees and entities of the Fette Compacting Group.



We expect from our management, our leadership, and all employees that the integrity of decision-making and business practices aligns with national and international laws, as well as recognized ethical standards. We expect the same from our business partners.

Our new Code of Conduct is supplemented by special guidelines and training for specific areas, such as anti-corruption, anti-trust law, data protection, and cybersecurity. It is available on our website and in our company intranet for employees and business partners. Further details can be found on page 103.

New QHSE Policy from Fette Compacting

In 2023, Fette Compacting introduced a comprehensive update to its Quality, Health, Safety, and Environment (QHSE) policy. The new corporate policy aligns with our values and aims to ensure that Fette Compacting fulfills its obligations to its employees, customers, and the environment while maintaining the highest standards in quality, health, safety, and environmental protection. This policy is binding for all employees and entities of the Fette Compacting Group worldwide.

The QHSE policy defines our strategic goals and provides the framework for sustainable management. All objectives outlined in this policy are focused on employee and customer satisfaction. With continuous improvement in quality, we work to enhance the health and safety of our employees and improve the environmental and resource-efficient performance of our operations. Raising awareness of these important issues is a key goal.

Our employees play a crucial role in achieving our sustainability goals and principles. Every employee in the Fette Compacting Group contributes to our efforts by following our core standards for quality, health, safety, and environmental protection.

The management of QHSE topics is carried out in collaboration between various departments and functions, both at the headquarters and at the domestic and international subsidiaries. QHSE performance indicators and goals are defined annually in coordination with management and are reviewed through regular internal and external audits to ensure the effectiveness of the measures.

We regularly review and improve our QHSE policy to respond to new requirements. Internal and external audits, along with annual management reviews, help assess the effectiveness of our measures and identify areas for improvement.

[Download the „Corporate Policy of the Fette Compacting Group“ brochure for more information](#)



Sustainability Strategy Certification of Management Systems

Sustainable business practices require functioning management systems. The established management systems at our production sites help us successfully implement the corporate strategy for the benefit of the environment, our employees, and our company.

Regular certifications and internal audits according to ISO 9001 (Quality), ISO 14001 (Environment), ISO 45001 (Occupational Health and Safety), and ISO 50001 (Energy) standards ensure that we maintain the high internal standards we aim for.



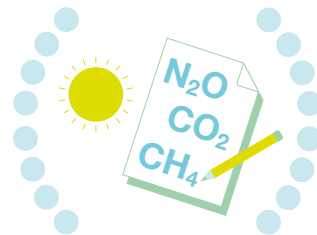
Expansion of the Global Management System

In 2023, Fette Compacting China intensively prepared for certifications in ISO 14001 (Environment), ISO 45001 (Occupational Health and Safety), and ISO 14064 (Greenhouse Gas Accounting and Verification). Corresponding audits will be completed by early 2024.

Fette Compacting China has also been certified according to ISO 9001 (Quality) since 2008. In August 2023, Fette Compacting China established a new department for quality and continuous improvement management (QM & CIP).



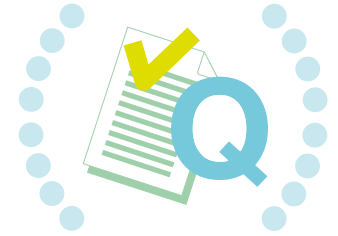
Occupational Health and Safety Management
DIN EN ISO 45001: 2018



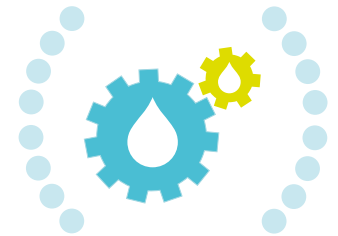
Greenhouse Gas Accounting and Verification
DIN EN ISO 14064: 2018

Maintaining High Quality Standards in Pharmaceutical Production

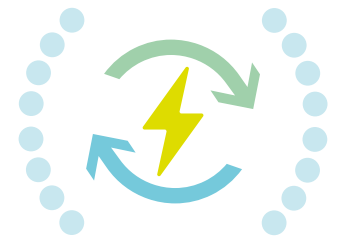
As a manufacturer of machinery for the pharmaceutical industry, Fette Compacting produces computer-controlled systems that are used in environments operating under GMP (Good Manufacturing Practice) standards. In addition to these classical management systems, Fette Compacting is also committed to the high international standards and recommendations of ISPE (International Society for Pharmaceutical Engineering) and the GAMP5 guideline (Good Automated Manufacturing Practice Version 5). This guideline serves as a framework for the validation of computer-controlled systems in the pharmaceutical industry (for manufacturers and suppliers).



Quality Management System
DIN EN ISO 9001: 2015



Environmental Management System
DIN EN ISO 14001: 2015



Energy Management System
DIN EN ISO 50001: 2018

Sustainability Management Interests and Expectations

Fette Compacting focuses its sustainability management on the critical topics that contribute to corporate success and address global challenges. Our goal is to report on all key sustainability topics transparently and based on facts. The report covers all areas where our actions have social, ecological, or economic impacts.



The systematic collection and evaluation of relevant sustainability topics are based on our experience and knowledge. We report on relevant topics that highlight our corporate values, strategy, and identified risks, opportunities, and goals. This process also takes into account the interests and expectations of our key stakeholders. It helps us identify the topics that are particularly important to these groups. Additionally, external stakeholder analyses regularly monitor changes in the areas of legislation, economy, politics, technology, energy, environment, and society to identify current trends and challenges. Based on this foundation, we regularly review our strategic direction as well as our sustainability goals and measures.

Joint Project: Sustainability Reporting at the LMT Group Level

The LMT Group is committed to implementing the new sustainability reporting requirements according to the Corporate Social Responsibility Directive (CSRD) and the EU taxonomy. At the end of 2023, the operational divisions of Fette Compacting and LMT Tools launched a joint project to meet the new requirements. This initiative aims to transparently and uniformly report on our sustainability activities, beginning with the 2026 fiscal year for the 2025 reporting period.

Corporate Social Responsibility Directive (CSRD)

In the first quarter of 2024, the focus will be on updating the materiality analysis according to the concept of double materiality. This revision expands the disclosure obligations in the field of sustainability reporting and further enhances the transparency of the entire corporate group. It underscores our commitment to responsible corporate governance in line with current standards.

The CSRD, which will be implemented in phases starting in 2024, requires companies to provide detailed reports on their ecological and social impacts, in addition to governance aspects. This directive replaces the Non-Financial Reporting Directive (NFRD) and increases both the number of companies obligated to report and the scope of the information to be disclosed. The aim of

the CSRD is to improve the transparency and comparability of sustainability reporting in the EU, providing investors, customers, and other stakeholders with solid information.

As part of the materiality analysis, the LMT Group project team, together with representatives of relevant corporate divisions such as Environment and Occupational Safety, Human Resources, Legal, and Compliance, evaluates which sustainability topics are of significance for the LMT Group. This analysis focuses on the real and potential impacts of business activities on the economy, environment, and society. The management team reviews and confirms the selection of topics.

Fette Compacting is particularly focused on the key topics identified during the materiality analysis, which are highlighted annually in the sustainability report. The LMT Group aims to continuously improve its sustainability performance through these comprehensive reporting measures.

Sustainability Management EU Taxonomy

The EU taxonomy regulation is an essential part of the European Green Deal and the European Union's sustainable finance strategy. Its goal is to achieve net-zero greenhouse gas emissions in Europe by 2050 and decouple economic growth from the use of limited resources.

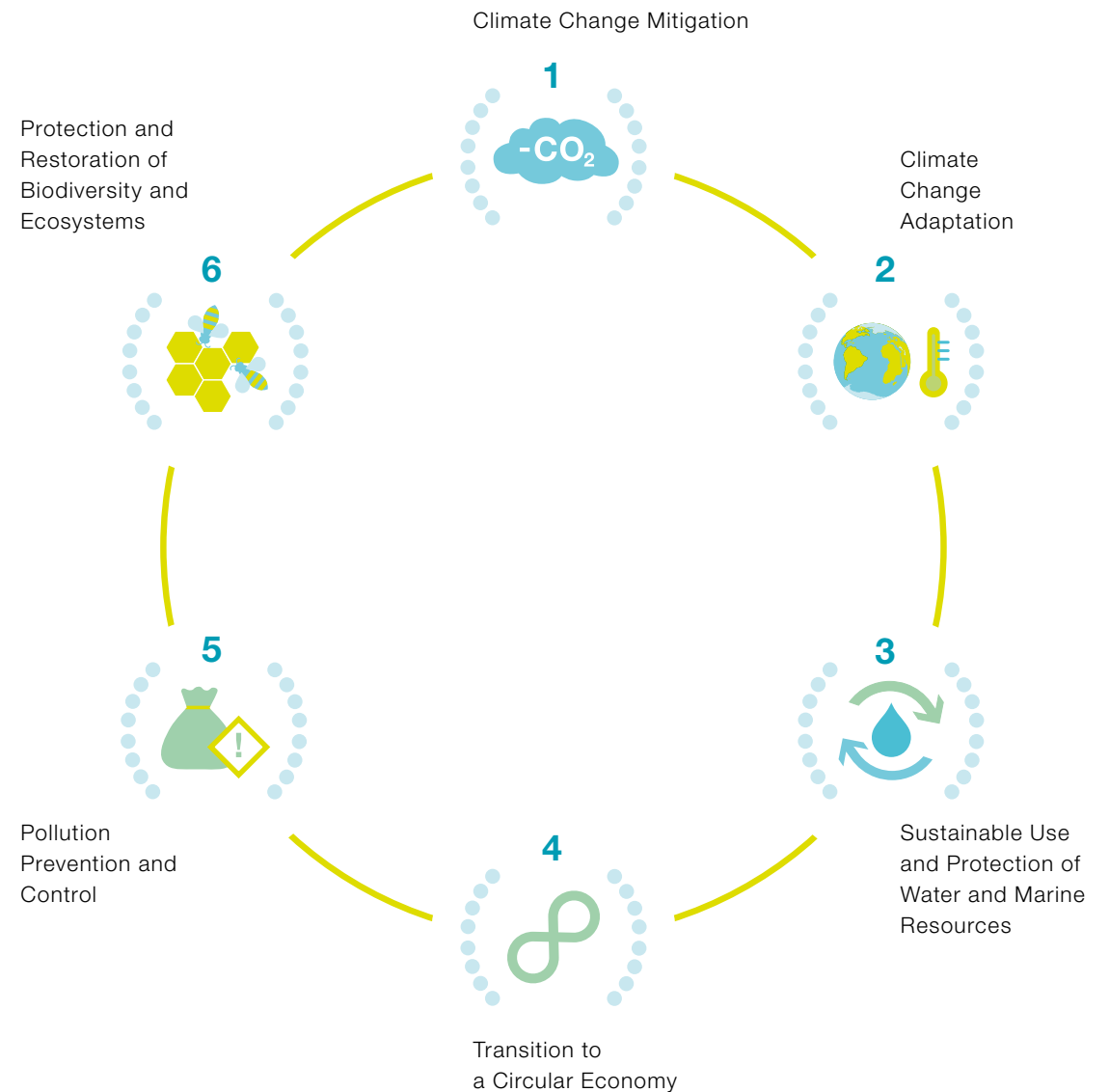
To achieve this goal, measures have been taken to direct investments towards sustainable economic activities that make a significant contribution to the EU's environmental goals. This includes a unified and legally binding classification system for categorizing economic activities as ecologically sustainable (taxonomy-compliant).

Companies required to submit non-financial declarations are obliged to report whether their economic activities are in line with the taxonomy. This applies to the LMT Group and its two operational divisions, LMT Tools and Fette Compacting. The LMT Group supports the taxonomy regulation as an important step towards a sustainable transformation of the economic system. By the year 2026, the LMT Group will be identifying and reporting the proportion of its taxonomy-eligible and taxonomy-aligned activities for the 2025 reporting period.

As part of the project, the two operational divisions must first determine which activities are taxonomy-eligible and taxonomy-aligned.

Economic activities that are taxonomy-eligible must be described in the delegated legal acts of the European Commission and potentially contribute to at least one of the EU's environmental goals. Activities classified as taxonomy-aligned make a significant contribution to at least one environmental goal, avoid significant harm to the environment (Do No Significant Harm, DNSH), and meet minimum safeguards (according to the Regulation [EU] 2020/852). Companies must also disclose taxonomy-compliant revenue, capital expenditures (CapEx), and certain operational expenditures (OpEx) associated with sustainable economic activities. Additionally, relevant qualitative information must be disclosed under Annex 1 of the Delegated Regulation (EU) 2021/2178.

Environmental Objectives of the EU Taxonomy Regulation



Sustainability Management Engagement of Our Stakeholders

Sustainability management at Fette Compacting includes regular exchanges with various stakeholder groups involved in the development of our company.

Our key stakeholders include our employees, customers, business partners, shareholders, supervisory board, authorities, and suppliers. Through dialogue with our stakeholders, we address strategically important topics, trends, and developments in society and in our business fields. We derive requirements for Fette Compacting from this exchange and integrate them into our decisions. Our goal is to align diverse interests, build trust, and maintain long-term relationships.

A key focus is on the growing demands of our customers regarding sustainability in our products and processes. Important topics in the pharmaceutical industry include ecological footprints, sustainable value creation in product development, and sustainable science and technology along the supply chain.

Our success depends on knowing, understanding, and integrating the needs of our customers and market demands into our daily work. We meet these needs through consistent customer focus, innovative developments, and the highest quality standards throughout the entire process chain. That is why we train our customers on the optimal use of our machines and provide transparent information about developments within our company.

Continuous Exchange

We use various opportunities for regular exchanges, including expert discussions, conferences, trade fairs, and events. Communication with our internal stakeholders occurs through regular information sessions, employee surveys, feedback meetings, and annual employee and skills development talks. Our employees are also involved in various committees, while Fette Compacting is actively represented in numerous initiatives, industry associations, and on different platforms.



Anchoring Sustainability in the Corporate Structure

Fette Compacting views sustainability as a cross-functional responsibility that is relevant across all business areas.

Since 2022, the Corporate Sustainability staff department has coordinated the planning, coordination, evaluation, and (strategic) development of our sustainability activities. The focus is on the comprehensive implementation of an international, practice-oriented sustainability management system within the strategy and structure of the Fette Compacting Group. This also includes coordinating and preparing annual reports according to legal and internal corporate standards.

By positioning the staff department as a cross-functional role, it fosters dialogue and collaboration between business units and management, enabling the continuous exchange of progress in sustainability-related topics and projects.

Management is regularly informed about the overall development of sustainability management and ensures the relevance and acceptance of the topic within the company. In addition, regular reporting is provided to the owners and the supervisory board.

Operational implementation of sustainability-related topics and measures is the responsibility of the respective (central) departments and functions. This ensures the continuous improvement of sustainability performance.

By integrating sustainability into our business processes, we establish the necessary processes, metrics, and standards that are anchored in daily operations and support the company's sustainable transformation.

Sustainability Management Stakeholder Management and Memberships

To promote a shared understanding of sustainability, Fette Compacting participates in various initiatives and associations with the goal of standardizing measures and processes to contribute to effective sustainability management. Through our commitment, we are convinced that sustainability can only be tackled and advanced together with internal and selected external stakeholders. The following is a selection of our memberships and partnerships.

VDMA

Fette Compacting has been a member of the VDMA (Mechanical Engineering Industry Association) for many years. The association represents the common economic, technical, and scientific interests of the mechanical engineering industry in Germany, Europe, and globally.

Blue Competence

We are a partner of the sustainability initiative Blue Competence. Blue Competence is an initiative of the VDMA, which promotes sustainability in mechanical and plant engineering and publicizes sustainable solutions within the industry. With our partnership, we commit to complying with the twelve sustainability guidelines of mechanical and plant engineering.

DICO

Fette Compacting GmbH joined the German Institute for Compliance (DICO) in December 2022. DICO is a network of compliance practitioners developing recognized standards and best practices as working tools for compliance departments.

DGQ e.V.

Since 2017, Fette Compacting GmbH has been involved in one of the largest quality management networks in Germany, the DGQ (German Society for Quality). In network events and through expert exchanges on quality management topics, companies can contribute to shaping the future of quality management.

BME (Bundesverband Materialwirtschaft, Einkauf und Logistik e.V.)

Since 2018, Fette Compacting has been a member of the BME, which is the leading professional association for purchasing, supply chain, and logistics managers in Germany and Europe.

EcoVadis

Through our membership with EcoVadis, a platform for sustainability ratings, we provide our customers with the highest possible transparency and commit to continuously improving ethical, social, and environmental behavior along our supply chain. This is confirmed through our regular participation in sustainability ratings.

CyberVadis

With the Cybersecurity rating from CyberVadis, we create a comprehensive picture of our IT security. The assessment shows where companies are particularly at risk and what impacts they may have. Based on this, we continuously improve our IT security.

Research Cooperation with the University of Hamburg

Fette Compacting promotes collaboration between science and industry. Together with the University of Hamburg, Fette Compacting explores new research topics and ensures that knowledge transfer to the next generation is practical and based on experience, thus integrating science into our own development activities.

Rat für Formgebung

The Foundation „Rat für Formgebung“ (German Design Council) has been a globally leading institution for communication and knowledge transfer in the fields of design, brand, and innovation since 1953. Currently, more than 330 companies, including Fette Compacting, are part of its network.

Carbon Disclosure Project (CDP)

Membership in the Carbon Disclosure Project (CDP) enables Fette Compacting to transparently document its environmental performance, identify risks and opportunities in climate protection, and develop targeted measures to reduce greenhouse gas emissions.

Science Based Targets Initiative (SBTi)

By joining the Science Based Targets Initiative (SBTi), we are committed to setting science-based climate targets that align with the Paris Agreement to reduce our CO₂ emissions and contribute to sustainable climate action.




Sustainable Products and Services Technologies that Conserve Resources

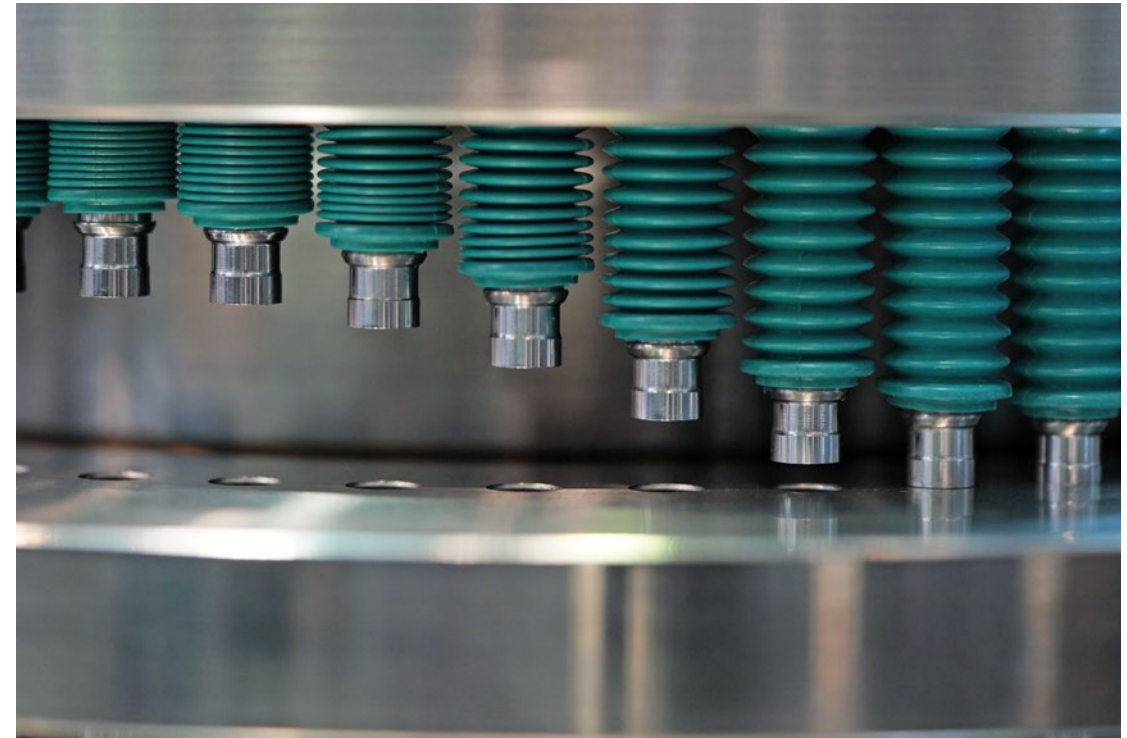
Our goal at Fette Compacting is to support our customers on their way to greater sustainability through sustainable products and services. A key factor is to not only align our sustainability efforts with our own manufacturing but also with tablet production. Sustainability criteria are already considered in product development to ensure that our machines and systems operate in an environmentally friendly and efficient manner.

At this point, Fette Compacting can build on proven innovations in all performance classes. These range from energy-efficient drive systems in new designs to modernization in older machine generations. In addition, we offer service and consulting options as further levers to improve the overall performance of our machines, reduce energy consumption, and minimize material losses.

Research and Development

In the „Technology“ division, around 100 employees are engaged in innovation. In 2023, the company filed 13 patents with the German Patent and Trademark Office. In total, Fette Compacting has filed around 700 individual patents and patent applications. Employees at Fette Compacting submitted nine internal invention disclosures in 2023.

 **~700**
*individual patents and
patent applications*



Innovative product developments contribute to sustainable tablet production.

Sustainable Products and Services

Research and Development

Launch of the F20i

In May 2023, Fette Compacting presented the latest innovation in the i Series, the F20i. This development is the result of close collaboration with our customers, understanding their specific requirements, and providing targeted solutions. The F20i expands on the already established F10i and F30i models and is an important component of our evolving technology platform. This platform integrates mechanical and electronic components tailored to the needs of manufacturers in the pharmaceutical and nutritional product sectors.

Some of the features of the new i Series include:

+ Sustainability:

The models feature intelligent energy monitoring that records energy consumption and provides precise forecasts of future energy demand. This leads to an energy savings of around 15 percent.

+ Digitalization:

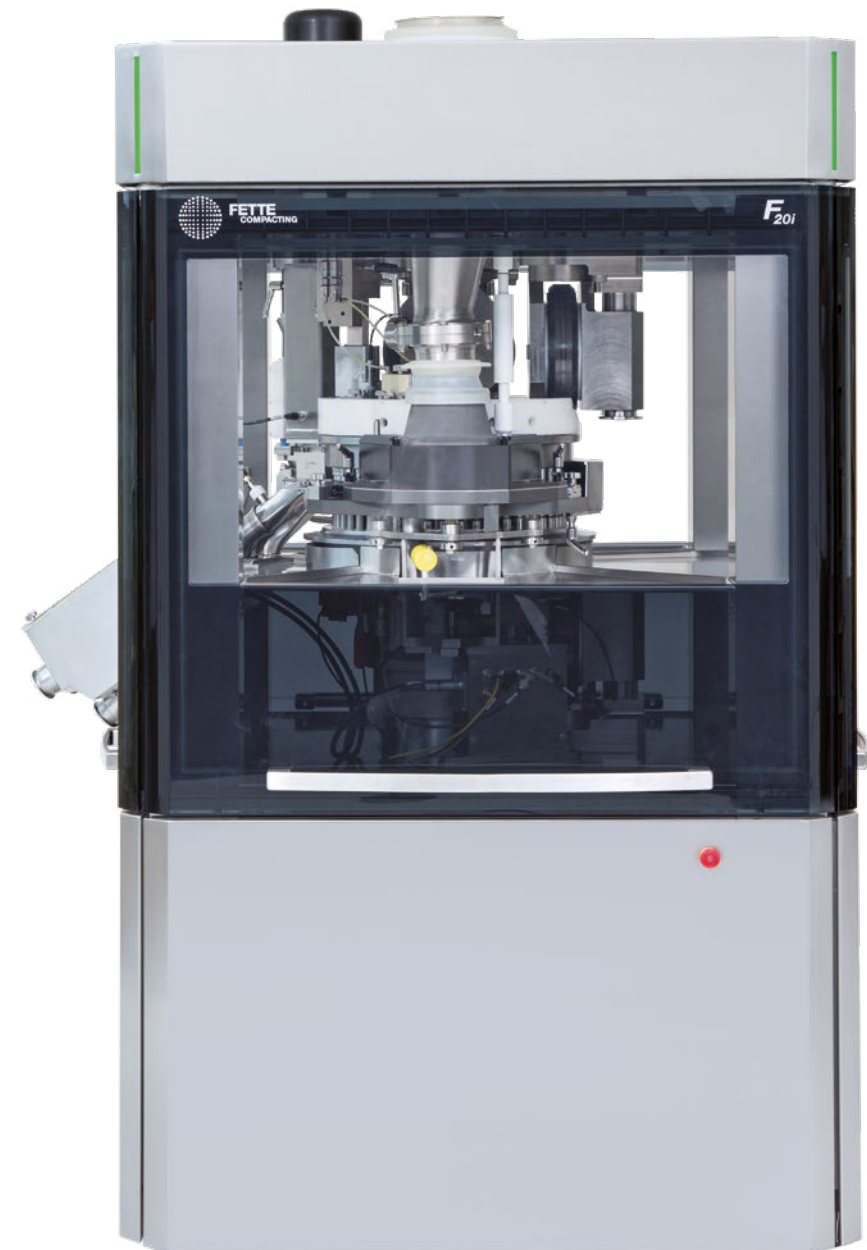
The i Series is „digital ready“ and offers the latest technical connectivity for Pharma Production 4.0. The components of the platform are aligned with Manufacturing Execution Systems (MES) and the Internet of Things (IoT). This is complemented by apps that enable mobile and remote monitoring of production.

+ Innovative Construction:

The platform is based on a highly flexible multi-format tableting system with optimized rotary presses and a stable basic structure for enhanced operator ergonomics.

The intuitive user interface and new Human Machine Interface (HMI) of the new i Series make controlling, monitoring, and documenting tablet production easier than ever before. A digital „Workflow Operation Wizard“ guides users step-by-step through the process, minimizing risks and operating errors. The optional Radio-Frequency Identification (RFID) function allows for automatic identification of components and alignment with preset recipes.

With these innovations, the new i Series not only offers higher energy efficiency and process security but also provides a future-proof solution to the challenges faced by modern pharmaceutical and nutritional product produc.



Sustainable Products and Services

Research and Development

Efficient Cleaning with EasyCare: Combining Sustainability and Performance

Fette Compacting offers the EasyCare system, a modular handling and care system for tablet tools. Fully automatic cleaning systems from partner ARUNA significantly reduce cleaning cycles and conserve valuable resources. A key element is the patented TRI.EASY design, which allows punches, segments, and dies to be transported, stored, and cleaned together in a tool case. In addition, Fette Compacting's PartSite® tool management system enables simple, systematic management of tools and machine components. With these Good Manufacturing Practice (GMP)-compliant components, Fette Compacting offers a complete solution for the safe and efficient handling of tablet tools, ensuring an extended product lifespan.

Innovative Anti-Sticking Coating for Tablet Tools

To address the increased stresses and adhesion tendencies in tableting, Fette Compacting has developed a new anti-sticking coating. This coating minimizes product adhesion and simultaneously reduces tool wear. Featuring an unparalleled fine and uniform microstructure, the „Chrome Nitride Super Smooth (FCG-SCR)“ coating offers outstanding anti-stick and wear-resistant properties. Through tailored coatings and high-performance materials, Fette Compacting ensures the efficiency and durability of tablet tools, leading to higher productivity and reduced downtime in solid production.



Punches, segments, and dies must withstand increasingly higher loads. A new anti-sticking coating offers double resistance.

It minimizes the adhesion of products on tablet tools and counteracts wear in the long term.

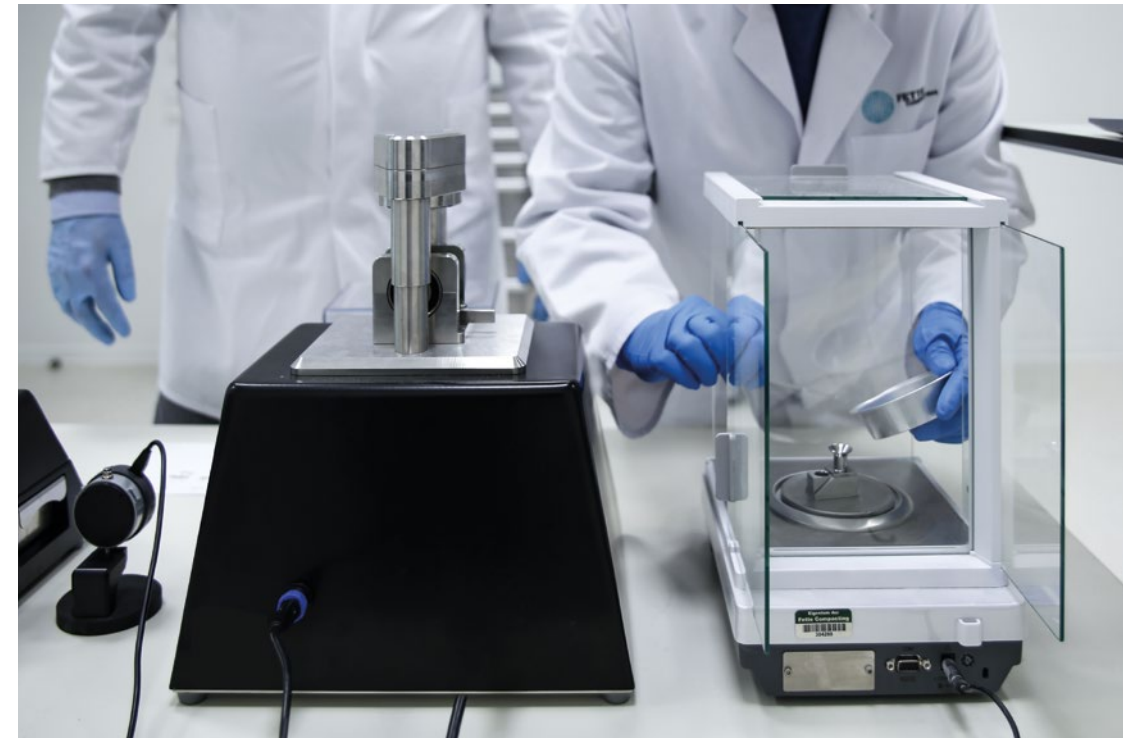
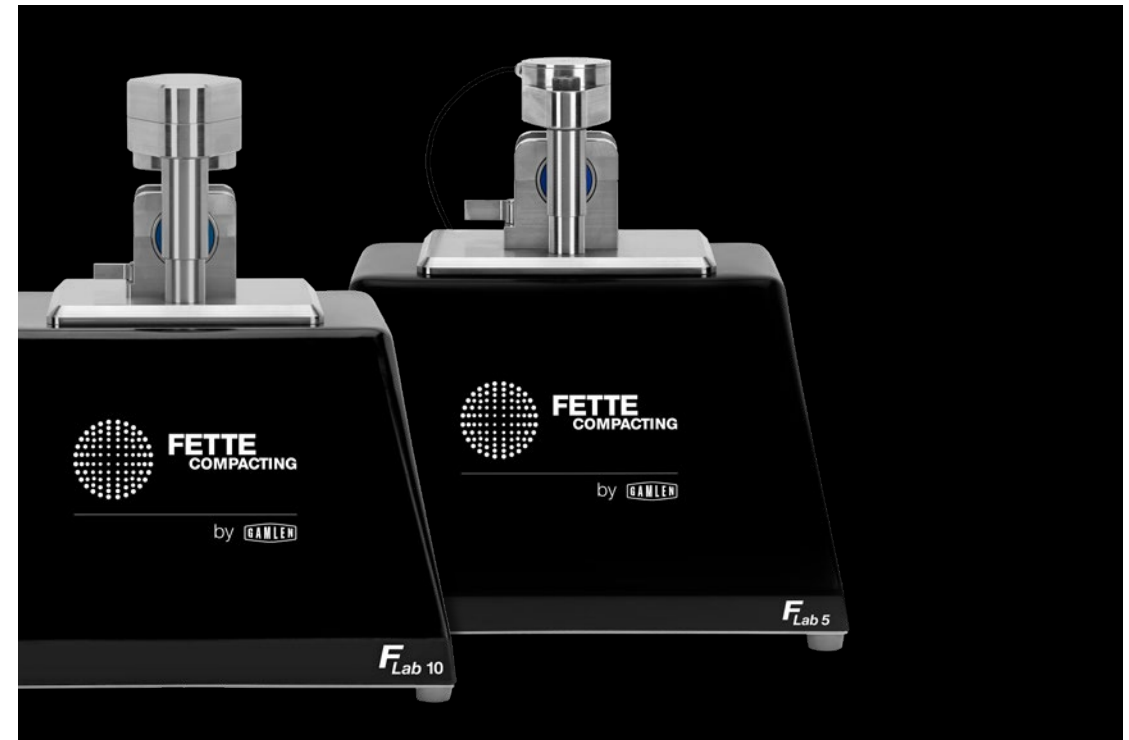
Sustainable Products and Services

Research and Development

Sustainable Innovation in Powder Compaction: The F Lab Series

The introduction of the F Lab series by Fette Compacting represents a significant advancement in the analysis of powder compaction. This versatile analysis device, available in two versions (F Lab 5 and F Lab 10), allows for a detailed investigation of formulations regarding their compaction process. Users benefit from

the fully automatic, resource-saving operation, which enables easy handling and quick training for operators. The automatic data evaluation and presentation support the early optimization of formulation developments, shorten the time to market, and reduce material costs as well as production errors. The F Lab series plays a crucial role in sustainable product development and quality control.



Powder compaction is an important and often critical process in tablet production. Users analyzing their formulations in detail ensure

the long-term quality of their products and prevent inefficiencies or failures during production.

Sustainable Products and Services

Research and Development

Outlook: New Generation of the p Series

The new generation of the p Series from Fette Compacting stands for PURE productivity: productive, universal, robust, efficient. The F10p, F20p, and F30p models are based on a technology platform for all standard applications. They combine high-performance tableting with maximum flexibility and a modern operating concept.

The first machine in the new p Series, the F30p, will be launched by Fette Compacting in 2024. Like the upcoming machines in the p Series, the F30p is designed with cross-generational process and system compatibility in mind.

The F30p embodies the concept of PURE productivity, characterized by the following features:



Productive

- + High output capacity: The F30p can produce up to 1.14 million tablets per hour, significantly increasing efficiency and productivity in tablet manufacturing.
- + Reduction of product loss: With up to a 50% reduction in product loss due to the implemented segment technology, material efficiency is optimized, and waste is reduced.

Efficient

- + Energy savings: Thanks to its efficient torque drive, the F30p can reduce energy consumption by up to 40%.
- + Optimized user-friendliness: The intuitive user interface and ergonomic design simplify machine operation and maintenance, improving operational efficiency.
- + Digital integration: Compatibility with modern MES and IoT systems enables realtime monitoring and control, further enhancing process efficiency and allowing easy adjustments to production changes.

Universell

- + Compatibility: The machine is compatible with existing systems, allowing seamless integration and transfer of existing product recipes.
- + Flexibility: The F30p can be quickly adapted to different product formulations, making it ideal for a wide range of applications in the pharmaceutical industry.

Robust:

- + Durability: The optimized construction ensures a long service life and high load capacity, maximizing machine availability and minimizing downtime.



Sustainable Products and Services

Research and Development

Modernization: Extending the Life Cycle

Fette Compacting extends the life cycle of its tablet presses through regular maintenance, servicing, and targeted modernization measures. With upgrade kits and general overhauls, we offer our customers the opportunity to bring older machines up to the latest safety and technology standards. This not only increases performance and energy efficiency but also conserves ecological and financial resources by extending the product's lifespan.

A central tool in this process is the Upgrade Cockpit, which provides a quick overview of the condition of the machines and timely notifications of necessary updates. Modernization includes components such as the Fill-O-Matic drive or the operational system upgrade, minimizing downtime and increasing efficiency.

New technologies, such as the ConditionMonitor, support predictive maintenance through real-time data analysis, contributing to smooth and energy-efficient operation. This holistic approach enables sustainable, efficient, and modern tablet production that meets the challenges of the energy transition and rising energy prices.

25 years
*of machine use
at the customers*



The ConditionMonitor collects all information from production machines and summarizes the key parameters in one dashboard.

Sustainable Products and Services

Research and Development

Sustainability and Digitalization Hand in Hand

Sustainability and advanced digitalization are fundamentally linked at Fette Compacting. Digitalization of our workflows and business processes is a central part of our strategic development and drives numerous process innovations.

Digital tools are key success factors for the future of the pharmaceutical industry. Even in the primary processes of tablet production, accompanying digital solutions are accelerating, making them faster, more efficient, and safer, as well as more environmentally friendly.

Through the increased use of new collaboration methods, such as live chats, video conferencing, and augmented reality applications, Fette Compacting makes remote maintenance and monitoring of machines not only efficient but also sustainable.

The digital ecosystem of Fette Compacting consists of a series of databased applications that allow users to sustainably improve the

performance of their machines. These tools provide real-time data and analyses to optimize processes, reduce downtime, and maximize overall equipment efficiency, ultimately reducing costs over time and improving machine availability.

With tools like the ConditionMonitor, which provides realtime analyses, and Predictive Maintenance, which optimizes maintenance cycles, Fette Compacting helps its customers make their production processes more efficient and reduce downtime. Additionally, Fette Compacting relies on innovative training solutions such as the „alva“ app, which offers interactive learning modules and keeps employees up to date with the latest knowledge at all times.

Thus, digitalization is not only a key part of internal efficiency improvements but also offers Fette Compacting's customers significant advantages through optimized and connected production solutions.

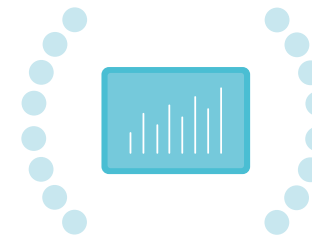
New Digital Tool: ConditionMonitor

The ConditionMonitor from Fette Compacting is an innovative, web-based application that captures real-time and historical machine data from connected tablet presses. It visualizes this data, providing a constant and independent overview of machine and live production data. Additionally, it offers insights into wear and upcoming maintenance needs.

This technology allows deviations and potential problems to be detected early, optimizing the maintenance process and extending machine service life. It reduces energy consumption, material waste, and operational downtime.

By monitoring parameters like Overall Equipment Effectiveness (OEE) and yield, the ConditionMonitor also helps users improve production sustainability. This digital solution helps minimize environmental impacts and increase resource efficiency in tablet production.

The app serves as the foundation for integrating additional digital applications, allowing future predictions of production and machine data. This enables customers to shift their maintenance strategy – from fixed-time maintenance, where maintenance is performed at predetermined intervals, to condition-based maintenance, which is based on the actual condition of the machines. The ConditionMonitor thus becomes the key to a digital ecosystem of various data-driven applications that enable users to sustainably improve their machine performance and maintenance strategies.



Product Safety and Quality

High Quality and Safety of our products

The Fette Compacting Group constantly strives to develop innovative and high-quality products for its customers. Our goal is to eliminate any form of product defect and address complaints early and sustainably. Quality is not only a factor in long-term business success but also a central pillar of our sustainability strategy.

Quality forms the foundation of trust in our services. Therefore, our quality is not limited to our products and services but encompasses the continuous improvement of our business processes and ensures long-term competitive advantages.

By establishing a quality management system and continuously monitoring and improving processes, our products, processes, and services are continually enhanced and aligned with the highest standards.

The implementation of key metrics helps us build a comprehensive monitoring system, allowing us to increase the quality of our entire production process. Our management system is based on DIN EN ISO 9001, supporting us in meeting our goals and continually improving our quality standards.

It contributes to raising awareness of quality throughout the company and motivates our employees to continuously improve processes and products. This ensures that our products and services are produced in compliance with applicable legal requirements and meet the highest standards in terms of quality and safety.

The quality of our work is framed by our process-oriented management system. In our digital, company-wide management handbook, iPaQ (integrated Processes and Quality), the structure and organization of our operations are recorded and organized through a process landscape, along with comprehensive documentation.

Our management system has been certified to DIN EN ISO 9001 since 1993 and to DIN EN ISO 14001 since 2022. Since 2017, we have been a member of the German Society for Quality (DGQ).

ISO 9001
*Since 1993, our QMS
has been certified
to DIN EN ISO 9001*

Customer Satisfaction

Customer satisfaction is a central part of Fette Compacting's corporate philosophy and a crucial factor for our competitiveness and market success. To ensure that our products and services meet the high expectations and demands of our customers, we regularly conduct customer surveys. These surveys are typically carried out immediately after various customer interactions to obtain timely and authentic feedback. Through these measures, we can continuously improve the quality and safety of our products and services, which in turn increases customer satisfaction. Fette Compacting is always focused on its customers and can respond to their needs and wishes in a targeted manner.



Product Safety and Quality

Product Safety

Safety for People and the Environment

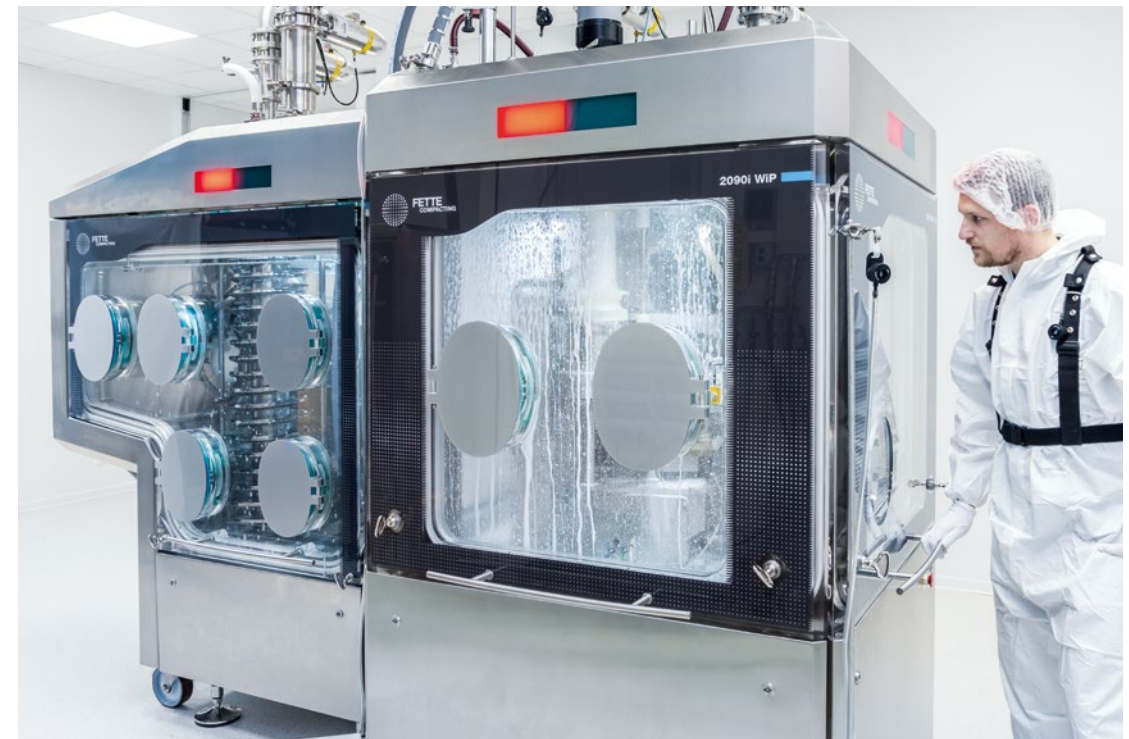
Product safety is a top priority for Fette Compacting. Our machines and systems are characterized by the highest safety and quality standards, which are continuously improved and optimized.

Process technology machines and systems used in pharmaceutical production and in the food industry must meet the highest hygiene standards. Once active substances are processed, protecting personnel and the environment becomes crucial. Especially in the production of highly potent pharmaceutical ingredients, as well as in the chemical industry, employees must be protected from contact with intermediate and end products that can have health-threatening effects if handled incorrectly.

Even during the development phase of our products, we work closely with our customers to ensure that their requirements influence product development. This ensures that our systems meet the highest international standards and provide protection for personnel and the environment.

Especially in the production of highly potent active pharmaceutical ingredients (HPAPI), absolutely reliable containment is essential. The use of containment and wash-in-place (WIP) systems provides the highest level of protection. These technologies not only enable quick and safe product changeovers but also ensure reliable protection for operators from hazardous substances.

By using state-of-the-art technologies, such as the innovative rotor change system, and high-quality materials, our machines meet all requirements according to cGMP and FDA standards. This ensures that all parts in contact with the product stream are made of stainless steel or FDA-approved materials, allowing for fast and efficient cleaning.



Tablet press systems for the highest safety requirements: Example installation of a 2090i WIP with isolation technology for

process equipment and the patented air management system by Fette Compacting.

Product Safety and Quality

Awards for the Quality Brand

Brand Awareness and Brand Strength

In 2023, Fette Compacting received numerous prestigious awards, recognizing its commitment to innovation, design, and sustainability.

Here is an overview of the most important awards:



German Innovation Award

- + F20i: Recognition for outstanding innovation and efficiency.
- + FE CPS: Highlighted for advanced technologies in continuous manufacturing.

These awards reflect Fette Compacting's ongoing efforts to set the highest standards in the machinery industry through innovative and sustainable solutions.



German Brand Award:

- + Fette Compacting (Brand): Awarded for strong and consistent brand management.
- + FE CPS: Recognition of the brand and product for outstanding product design and brand integration.



German Design Award:

- + FE CPS: Winner in the category „Excellent Product Design/Industry“ for its outstanding design and user-friendliness.
- + Employer Branding: Recognized for innovative approaches in employer brand building.
- + Website Relaunch: Awarded for modern and user-friendly web design.
- + Acoustic Branding: Recognized for innovative acoustic brand identity.

Energy and Climate Protection Environmental Management System

As a manufacturing company, we understand it is our special responsibility to contribute to environmental and climate protection through the careful handling of natural resources. When reducing our environmental impact, we focus on the essential areas of energy, climate, materials, and waste as well as water.

Our environmental and energy management system helps us continuously improve our environmental services and meet legal and regulatory obligations to achieve our environmental and climate protection goals.

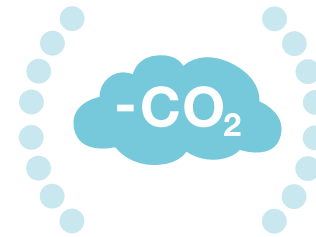
We take the necessary precautions to prevent environmental impacts and are committed to informing and involving employees extensively. Sustainability considerations are part of all our actions, and we focus on continuously improving these processes.

Systematic Approach to the Environment

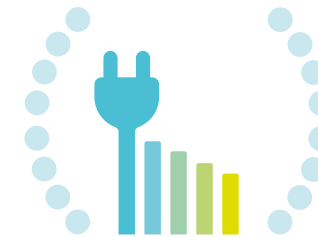
Since 2022, Fette Compacting has been operating an ISO 14001-certified environmental management system at its Schwarzenbek site. As part of the environmental management system, environmental impacts are systematically recorded and reduced. The standard defines the requirements for our environmental management system, ensuring that Fette Compacting improves its environmental performance while meeting legal and regulatory requirements. Based on this, we have established a continuous improvement process to meet our environmental and climate goals.

In March 2023, Fette Compacting revised its policy for quality, health, safety, and environment (QHSE). The new environmental principles are anchored in the updated corporate policy, which was established in December 2023. This policy is binding for all employees and governing bodies of Fette Compacting Group worldwide and replaces the environmental policy in effect since 2022.

Main Environmental Protection Objectives at Fette Compacting



Continuous reduction of CO₂ emissions: Striving for climate neutrality through systematic measures.



Reduction of energy consumption: Implementation of measures for the continuous reduction of total energy consumption and increased use of renewable energy sources.



Prevention of environmental damage: Active measures to prevent environmental pollution.

Energy and Climate Protection Main Environmental Protection Objectives at Fette Compacting



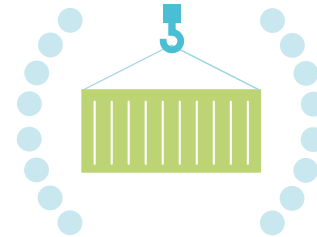
Responsible use of resources:
Careful handling of natural
resources, including the involvement
of our partners and stakeholders.



Waste management: Systematic
reduction of waste generation
and optimization of sorted material
and waste management.



Resource-efficient products: Devel-
opment and promotion of
resource-conserving products and
services, including the use of
environmentally friendly technologies.



Sustainable procurement: Promo-
tion of responsible procurement,
including avoiding conflict
materials from conflict regions.



Raising environmental awareness:
Strengthening the responsibility
for environmental protection
and energy efficiency within the
company and encouraging
employees to contribute to the
improvement of these areas.



Supporting climate protection
projects: Commitment to climate
protection projects and initiatives.

Fette Compacting has no violations of environ-
mental regulations to report for the 2023
reporting year, and there have been no
complaints or imposition of fines related to
ecological impacts.

Energy and Climate Protection Energy Management

Improving climate protection requires proactive energy management, which plays a crucial role at Fette Compacting. The company is committed to reducing energy consumption in the long term and continuously increasing energy efficiency.

Regular internal audits help to check and optimize processes. Monthly reports on the most important energy indicators support management in decision-making.

Legal requirements and our own energy goals form the framework of the QHSE policy. Since 2015, our production site in Schwarzenbek has been certified according to the DIN EN ISO 50001 energy management system. This system enables us to systematically record and reduce energy consumption, which allows us to continuously improve our energy efficiency. We research and invest in innovative technologies, modern systems, and efficient processes while also making energy savings.

As part of energy management, energy consumption is systematically recorded, evaluated, and reduced. This provides the company with the right tools to monitor energy efficiency closely over the long term. The current focus is on classifying energy consumption more precisely, particularly by analyzing production processes and differentiating between them based on process chains and product families. This allows us to continuously build our database, laying the groundwork for further optimization measures.

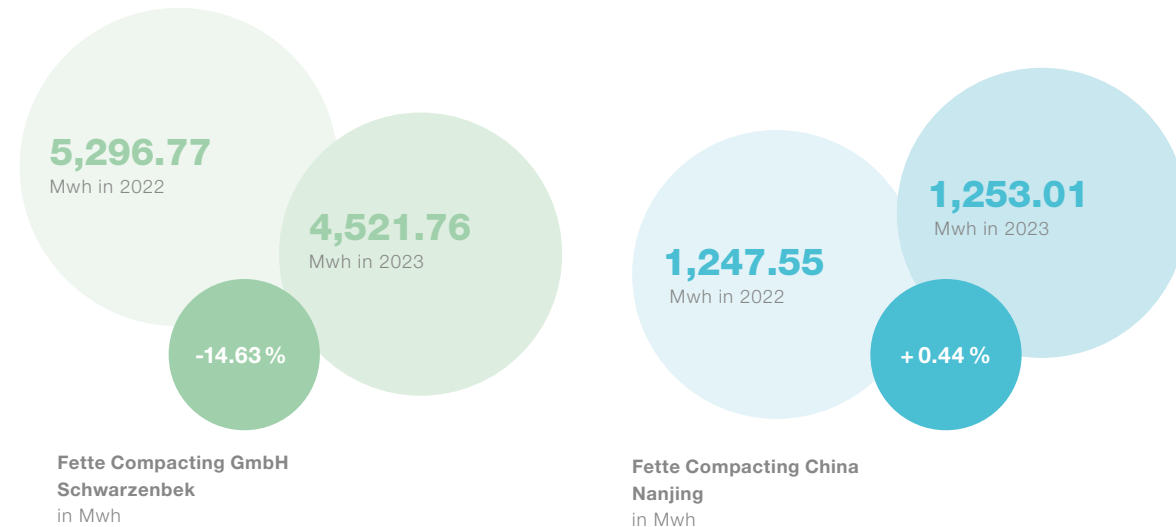
Responsibility for the development and operational implementation of measures and projects for energy efficiency lies with various areas and functions in the respective business units. At the Schwarzenbek site, an energy management officer has been appointed, who regularly reports to management and monitors the effectiveness of efficiency measures.

Reduction in Energy Consumption

Energy consumption at the production site in Schwarzenbek has steadily decreased in recent years. In 2023, energy demand was 4,521,76 megawatt-hours (MWh), lower than the previous year (5,296,77 MWh). This value is based on the energy used for electricity and fossil heating. Compared to the previous year, consumption was reduced by approximately -14.63 %.

ISO 50001
Fette Compacting
has been ISO 50001
certified since 2015.

Total Energy Consumption

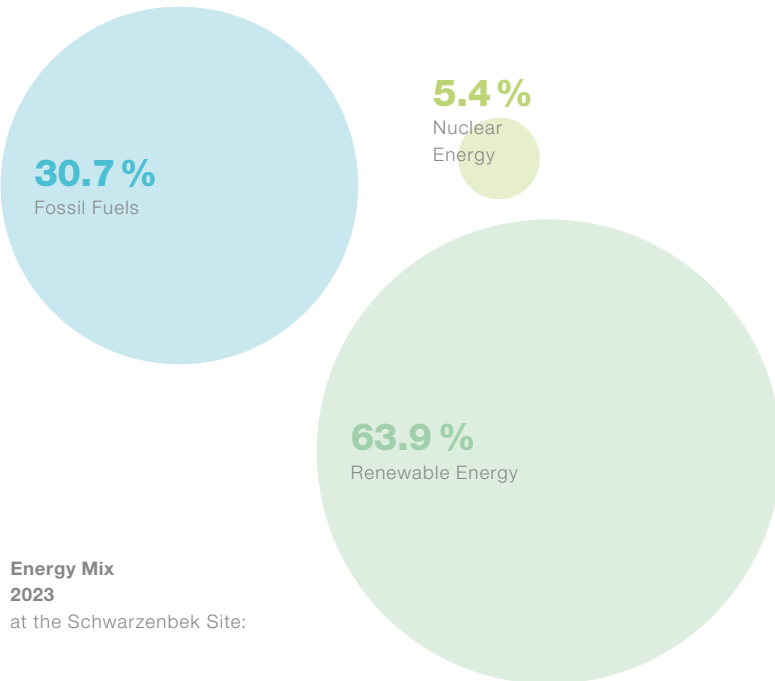
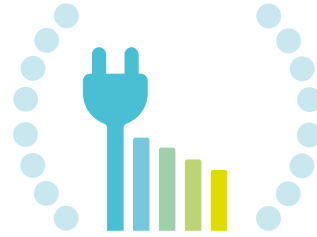


Energy and Climate Protection Measures to Increase Energy Efficiency

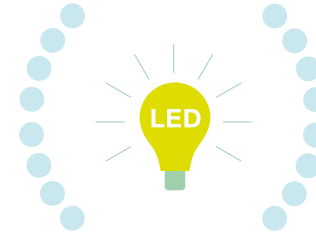
Through various measures, we were able to achieve energy savings in the areas of electricity, heat energy, and fuel at the Schwarzenbek site.

Electricity:

Our electricity currently doesn't fully come from renewable sources. However, a larger portion of our energy mix has shifted to renewable energy sources. Our goal is to transition to 100 % green electricity by 2026, which will help reduce our Scope 2 emissions. Additionally, Fette Compacting continuously works on reducing electricity consumption through measures such as LED lighting installations, automation of hall lighting, and tracking energy consumption in production areas.



Energy Mix
2023
at the Schwarzenbek Site:

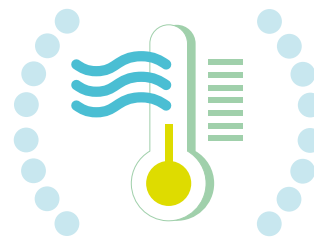


Conversion to Efficient LED Lighting Successfully Completed

In June 2023, Fette Compacting completed the transition to LED lighting in its production halls, reducing energy consumption by approximately 50 % and improving lighting levels. Office spaces are also gradually being converted to LED lighting.

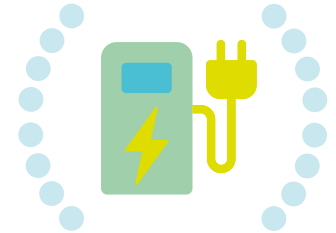
Heat Energy:

The heating of our buildings and the supply of hot water at the Schwarzenbek site is based on natural gas. The heat metering systems provide data, helping us analyze consumption and optimize it through targeted measures. Additionally, our hot water is heated using waste heat from compressed air systems.



Fuel:

The use of fossil fuels (diesel or gasoline) is largely limited to our vehicle fleet. In 2023, this consisted of five pool vehicles and 16 company vehicles (three of which were hybrid and one fully electric). Fette Compacting supports commuters, for example, by financing tickets for regional transport. Employees who drive electric cars can charge their vehicles at the company's own charging stations.

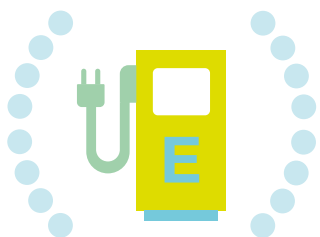


Energy and Climate Protection

Measures to Increase Energy Efficiency

Expansion of Electric Charging Stations at the Schwarzenbek Site

In December 2023, Fette Compacting completed the expansion of the electric charging stations at the Schwarzenbek site. A total of six charging stations, each with two charging points, were installed. These charging stations were successfully put into operation by mid-January 2024 to further promote electromobility for our employees.



Introduction of Leasing for Company Vehicles

Starting March 1, 2024, Fette Compacting offers employees the opportunity to lease vehicles through a partnership with Deutsche Dienstrad. This program promotes employee health and contributes to environmental protection.

Raising Employee Awareness of Energy Efficiency

We focus on climate protection and on the personal commitment of our employees. We regard their engagement as an essential part of our responsible handling of energy. Regular training sessions sensitize employees to energy-saving practices and empower them to actively contribute to reducing the company's energy consumption. In production facilities, employees are given tips for improving energy efficiency and taught to utilize idle times more effectively, significantly lowering the energy consumption of machinery.



Climate Protection

The global climate change is one of the greatest challenges of our time. As a manufacturing company, Fette Compacting assumes a particular responsibility for reducing industrial emissions to limit global temperature increases and to curb climate change.

Comprehensive Approach and Membership in Climate Protection Programs

As part of its sustainability strategy, Fette Compacting takes a comprehensive approach to climate protection, aiming to continuously reduce CO₂ emissions. This is achieved through regular improvements to organizational and technical measures. Efficient and conscious use of energy, both from an environmental and economic perspective, is a key goal for Fette Compacting.

This goal will become increasingly important within our sustainability strategy leading up to 2026, during which time we have committed to setting scientifically based climate targets for 2025. Fette Compacting also joined one of the strictest and most ambitious climate protection programs for companies worldwide. Our Corporate Sustainability team continuously works to align with regulatory requirements, such as the Corporate Sustainability Reporting Directive (CSRD) and EU taxonomy.

Climate Risk Analysis

In 2024, Fette Compacting will conduct a comprehensive climate risk analysis for the first time. The goal of this analysis is to identify and assess the most significant climate-related risks and opportunities for the company. By conducting this analysis, we will be able to develop targeted measures to enhance the resilience of our company against climate-related risks while also seizing the opportunities presented by climate change. This not only contributes to the long-term stability and competitiveness of Fette Compacting but also supports our commitment to sustainable and responsible actions.

Science Based Targets Initiative (SBTi)

The Science Based Targets Initiative (SBTi) is a global organization that assists companies in setting science-based climate targets. These goals are aligned with the latest climate research findings and aim to limit global warming to 1.5 °C through a net-zero strategy.

By joining the SBTi, Fette Compacting commits to setting specific targets for internal emissions (Scopes 1 and 2) as well as for emissions along the supply chains (Scope 3). These CO₂ reduction targets are reviewed and approved by the SBTi.

Energy and Climate Protection

Steps to reduce emissions

Create transparency

In 2024, we will begin creating transparency over the entire greenhouse gas balance of the Fette Compacting Group, including its subsidiaries. To meet the SBTi criteria, we will expand the previous accounting boundaries from „cradle-to-gate“ to „cradle-to-grave.“ While „cradle-to-gate“ focuses on the environmental impact from raw material extraction to the production of a product, „cradle-to-grave“ considers the entire life cycle of a product, including use, disposal, and recycling.

For 2021 and 2022, we have already started calculating the Corporate Carbon Footprint for our production sites in Schwarzenbek and Nanjing, though not yet under the expanded SBTi framework. These initial results can be found in the sustainability report starting on page 66.

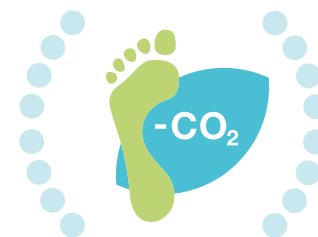
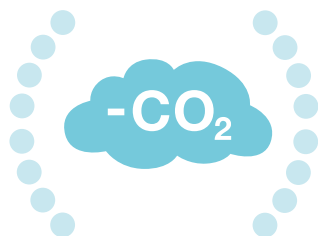
Setting Emission Reduction Targets

In 2025, we will set our emission reduction targets for Scope 1, 2, and 3, taking into account SBTi requirements.

This will include:

- + Determining emission reduction potentials based on greenhouse gas balances.
- + Defining measures for reducing and avoiding greenhouse gas emissions throughout the company and along the value chain.
- + Setting science-based climate targets based on the overall CO₂ balance.
- + Implementing measures to reduce Scope 1, 2, and 3 emissions at our sites.

In the third step, the targets will be submitted to SBTi for verification.



CO₂ Footprint and Continuous Improvement

Since 2021, we have been analyzing our corporate carbon footprint according to the standards of the Greenhouse Gas Protocol and DIN EN ISO 14064-1. This analysis covers the entire operational resource consumption from material procurement up to the factory gate (cradle-to-gate). Based on this, we were able to identify key action areas for avoiding or reducing greenhouse gases.

Evaluating the GHG emissions of the Fette Compacting Group is a key requirement for understanding and sustainably improving the company's climate impact. The GHG emissions are distributed across the following three areas:

Scope 1 covers the direct emissions caused by the Fette Compacting Group. These are calculated based on fuel consumption from transport or utility vehicles, as well as direct consumption of oil, gas, and diesel fuel for energy generation.

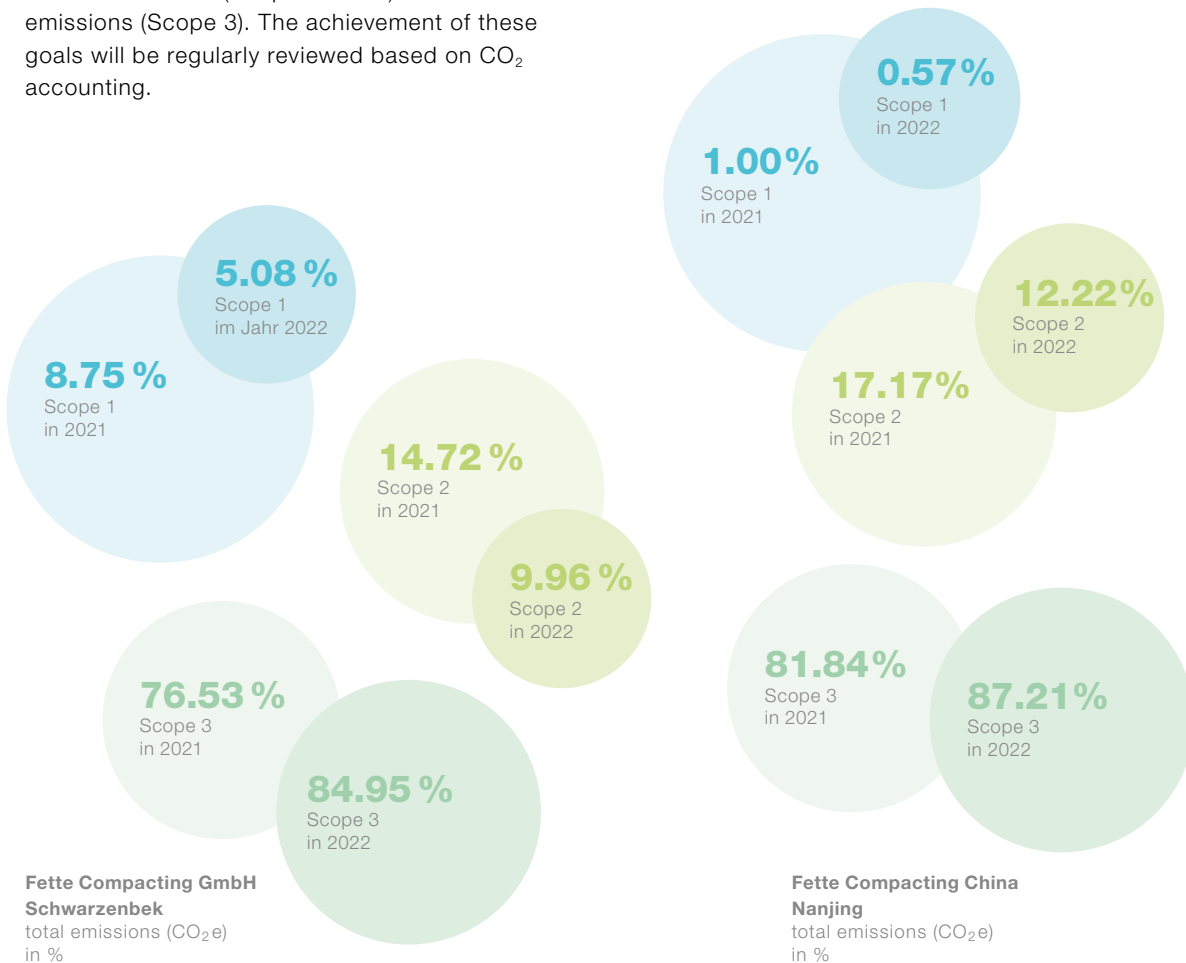
Scope 2 includes emissions resulting from the consumption of indirect (externally sourced) energy. These indirect emissions are calculated based on consumption values for electricity and district heating.

Scope 3 covers emissions caused by third parties in the context of services provided. This mainly includes the climate impacts from business trips, the commuting of our employees, and emissions resulting from procured goods and services.

Energy and Climate Protection Steps to reduce emissions

Our accounting shows that Scope 3 emissions from the upstream and downstream supply chains represent a key element. Therefore, we are developing concrete measures to gradually reduce our greenhouse gas emissions over the coming years, aiming to cut emissions from both our own activities (Scope 1 and 2) and indirect emissions (Scope 3). The achievement of these goals will be regularly reviewed based on CO₂ accounting.

Fette Compacting is determined to make its contribution to climate protection and continuously work on improving its environmental and climate performance.



Materials and Waste Material & Resource Conservation

Waste prevention and the resource-efficient use of materials are top priorities for Fette Compacting. These aspects are critical for the environmental friendliness of our production processes and contribute significantly to the sustainability of our machines and systems. High-quality and durable materials extend the lifespan of our products and reduce the need for raw materials and energy. An efficient waste management system further minimizes environmental impacts.

Materials Used

The machines and systems from Fette Compacting are used in the pharmaceutical, food, and chemical industries. Our tablet presses mainly consist of stainless steel or FDA-approved materials. Stainless steel meets the high demands for durability, precision, and sterility that are required for tablet production. FDA-approved materials are specifically tested for use in the food, drug, and cosmetic industries to ensure they have no harmful effects on human health.

Resource Conservation and Efficiency

The production of our machines and systems requires the use of steel, aluminum, and other resources, leading to the release of greenhouse gases and other environmental impacts. Our Corporate Carbon Footprint analysis shows that the materials used have a significant influence on our Scope 3 emissions.

Despite the high demands on our machines, steel remains an indispensable material. Therefore, we strive to minimize steel usage to the necessary amount and to use materials efficiently.

We are continuously working to improve our product portfolio and our production processes to reduce material waste. Through recycling and reusing materials, we aim to conserve natural resources and reduce the environmental impacts of our production. Our goal is to optimize raw material consumption and reduce waste.

Materials and Waste

Material & Resource Conservation

Fette Compacting places great importance on the responsible disposal of production and industrial waste generated at the Schwarzenbek site. Our focus is on waste prevention.

Through efficient production processes and optimized material usage, we strive to avoid waste from the outset. Where this is not possible, we focus on reduction and recycling.

Unavoidable waste is recycled wherever possible. The majority of waste is sent for energy recovery or thermal utilization. Recycling processes are also used to return construction materials, biologically degradable waste, and scrap metal to the circular economy as valuable resources.

Only when all options for recycling are exhausted is waste disposed of properly by certified disposal specialists, in accordance with EU guidelines and German waste law. Our goal is to permanently keep the proportion of non-recyclable waste low.

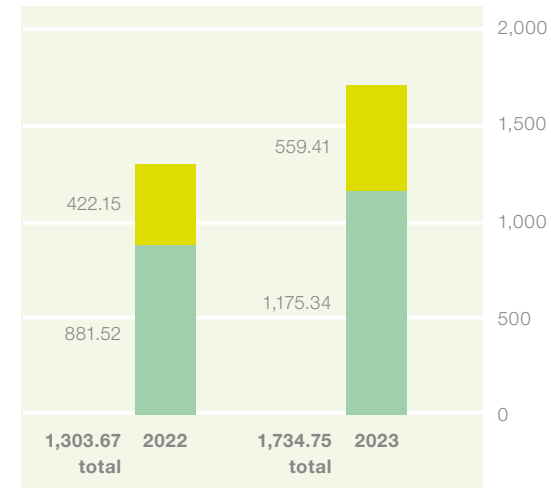
A key component of our strategy is raising employee awareness. Through training and informational campaigns, we promote awareness of waste prevention and the importance of proper recycling.

We are continuously working on further developing our environmental management system. This includes regular reviews and adjustments to our waste and recycling processes to ensure the highest standards are met and our environmental goals are achieved.

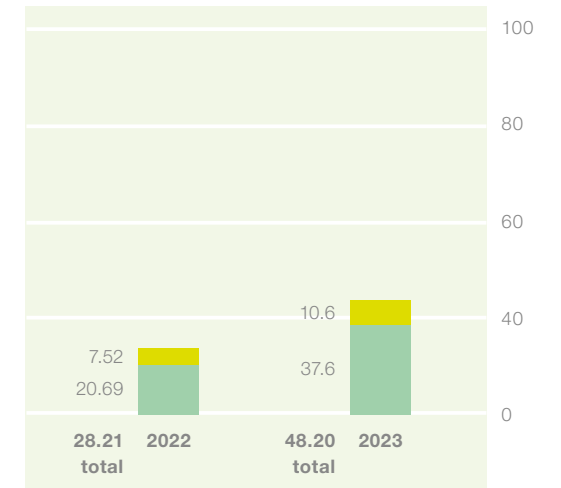
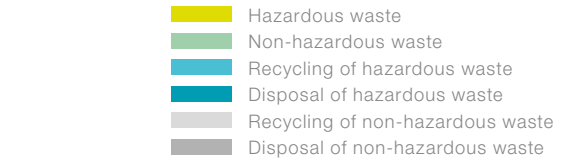
Through these measures, Fette Compacting actively contributes to environmental protection and promotes the circular economy.

The increase in waste volumes from 2022 to 2023 at the LMT Group in Schwarzenbek was mainly due to the remediation of asphalt surfaces, with over 200 tons of asphalt being disposed of. Additionally, 36 tons of green waste were disposed of. Another increase was due to the switch to water-based cooling lubricants in the operational division of LMT Tools, where oily wastewater (emulsion) was disposed of in 2023.

Waste Volume

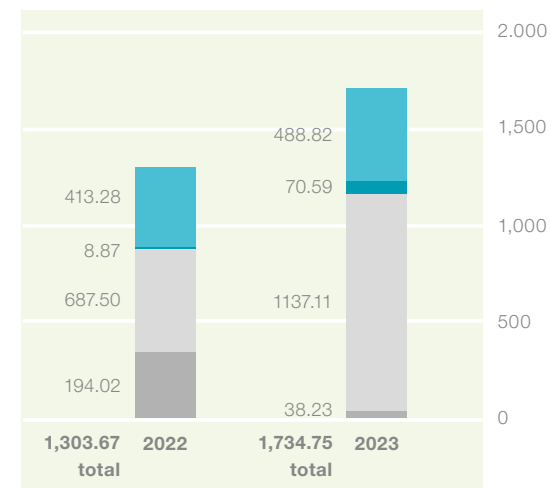


LMT Group
Schwarzenbek
waste volume in t

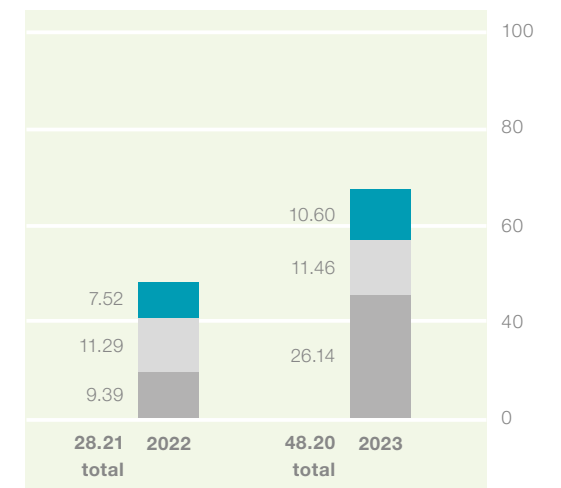


Fette Compacting China
Nanjing
waste volume in t

Waste Recycling



LMT Group
Schwarzenbek
waste volume in t



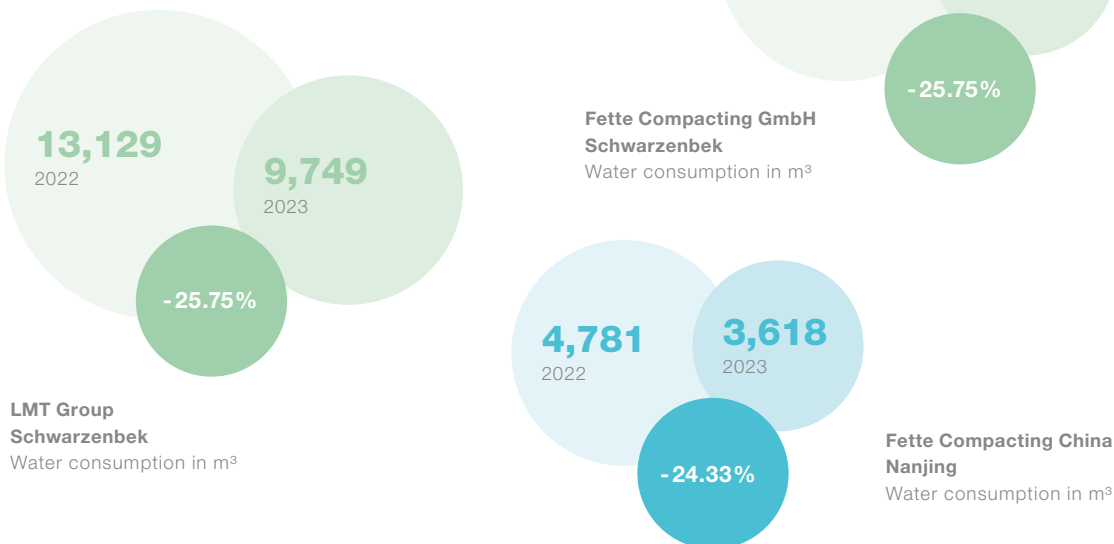
Fette Compacting China
Nanjing
waste volume in t

Water Consumption and Savings Potential

Water is an indispensable resource that absolutely must be protected. Globally, access to clean water is limited. Climate change and the growth of the world population are increasingly linking water scarcity with global challenges. Therefore, it is crucial to treat water as a precious resource and use it responsibly.

At Fette Compacting, production processes are largely designed to minimize water use. Water is mainly used as an auxiliary material, for example, in cooling and cleaning processes. Thus, Fette Compacting's water consumption is primarily focused on consumption areas such as sanitary and kitchen facilities as well as operational requirements.

Water Consumption

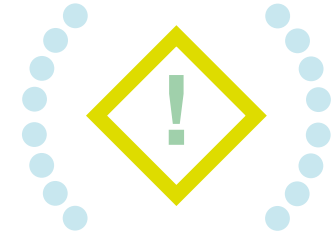


-25.75%
reduction in water consumption in 2023 compared to 2022

Fette Compacting strives to keep water consumption as low as possible, despite the comparatively minor significance of water consumption for the company.

At the Schwarzenbek site, the main water supply system was renewed and equipped with water meters to identify water savings potential. This measure enabled Fette Compacting to record water consumption for each hall and implement targeted measures to reduce water consumption.

Reducing the Environmental Impact of Hazardous Substances



At Fette Compacting, the handling of hazardous substances is clearly regulated. All hazardous substances are recorded in a hazardous substance register. This register systematically includes all relevant information, such as the designations, risks, storage locations, and uses of the substances. The hazardous substances register is regularly reviewed and updated. New substances are added, and outdated information is removed. This enables an efficient risk analysis and the identification of potential hazards, helping to minimize workplace accidents, environmental risks, and health hazards. The process (handling, labeling, storage, and transport) is standardized. When procuring new hazardous substances, we apply the strictest criteria and thoroughly evaluate each new substance and supplier in advance with the utmost care.

A special focus is placed on substances classified under Water Hazard Class 3. The water hazard classes, as defined by the German Water Resources Act, describe the potential danger of materials to groundwater. We categorize materials into four classes, ranging from 0 (non-hazardous to water) to 3 (highly hazardous to water). Currently, the hazardous substance register includes 564 active substances, of which 86 are classified as „non-hazardous to water,“ 330 as „slightly hazardous to water,“ 132 as „hazardous to water,“ and 16 as „highly hazardous to water.“

In line with legal requirements, we regularly assess whether hazardous substances can be replaced with alternative materials. This aims to reduce the number of hazardous substances and their water hazard class, thereby minimizing potential environmental damage. Such substitutions facilitate the development of measures in occupational, environmental, and health protection, simplify logistics processes, and reduce both costs and administrative efforts.

Fette Compacting takes responsibility for ensuring that production activities do not contaminate water sources. To minimize risks arising from production, preventive measures are implemented. For example, water-hazardous substances are only transferred or stored in areas equipped with suitable containment systems. These measures help prevent potential accidents and protect the environment.

In the event that water-hazardous substances are released, a clearly defined procedure is in place, and our employees are trained to handle the situation appropriately. All these measures are reviewed during our external ISO 14001 audits and are essential for a successful audit outcome. No harmful substances were released during the reporting period.

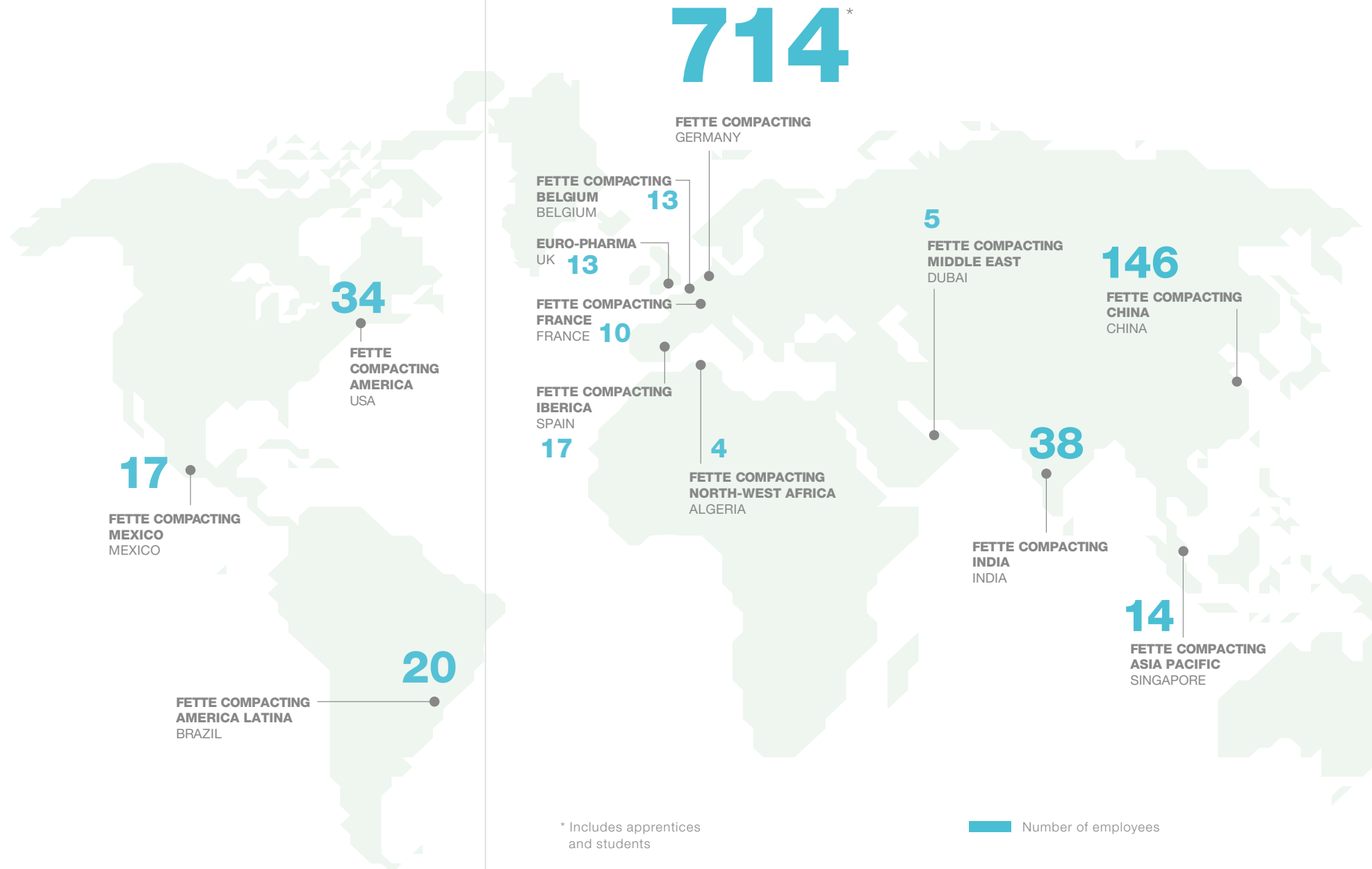


**People &
Society**

Fair and Attractive Employer Taking Social Responsibility

The foundation for our long-term corporate success lies in highly qualified, motivated employees and leadership staff. Through various measures, we create appealing working conditions and strengthen our reputation as an attractive and fair employer. Fette Compacting promotes personal development and health, values equal opportunities, and supports the balance between work and private life.

A culture of mutual respect and a shared value base form the foundation of our work. This is reflected in Fette Compacting's internal Code of Conduct, which applies worldwide and establishes a binding policy for all employees.



Fair and Attractive Employer Fair Working Conditions

Fette Compacting Group considers it its duty to treat its employees worldwide with respect and fairness. From this, we derive the obligation to comply with all applicable occupational safety regulations to ensure the safety of employees in the workplace.



Employee Rights

Currently, we do not see any significant risks to employee rights that may arise from our business activities, our business relationships, or our products and services.

We ensure a high level of co-determination and participation by our employees and comply with both national and international labor law standards in each country.

If significant risks are identified, we systematically assess them within our risk management system and implement measures for risk prevention.



Compensation and Benefits

We honor our employees' contributions to our company's success through a modern compensation system. This includes collectively agreed special payments (such as vacation and Christmas bonuses) as well as additional payments like profit-sharing bonuses and payments for transportation allowances and anniversary bonuses for longterm service.

Fette Compacting GmbH has been a long-standing member of the Northern Association of the Metal and Electrical Industry (Nordmetall) and is a tariff-bound company. We apply the collective bargaining system in accordance with the IG Metall tariff agreement from the coastal region's Hamburg district.

As a result, employees' employment relationships are subject not only to statutory framework conditions but also to a variety of collective bargaining-specific individual regulations. In general, employees are classified according to the pay structure tariff agreement (ERA TV) based on the requirements of the respective work task. This ensures that all employees receive appropriate, fair, and transparent remuneration. We also ensure equal treatment when compensating temporary workers.

Should we enter economically critical phases, we work in coordination with the tariff parties to develop viable solutions that best meet the interests of all parties involved. We respect our employees' right to unionize and recognize their right to collective bargaining.



9.95%
of employees worked
part-time in 2023

Fair and Attractive Employer Work-Life Balance

As a responsible employer, we respect the personal situations of our employees and take their wishes into account, within the possibilities of a medium-sized family business. Whenever possible, we support our employees with flexible working hours to help them find a meaningful balance between work and private life.



Flexible Employment Conditions

Based on the collective agreement for mobile work (TV MobA), Fette Compacting GmbH implemented flexible arrangements for mobile work at the Schwarzenbek site in July 2022, allowing employees flexible working hours and locations. In total, employees can apply to work up to eight days per month remotely (usually two days per week).

The reconciliation of family and work is also facilitated by part-time offers. In 2023, 65 of the 653 employees worked part-time.

Various company agreements further enhance work-life balance.



Support for Parents and Caregivers

Fette Compacting supports employees with children or those caring for relatives through a variety of solutions.

With the current collective agreement and an additional allowance (TV T-ZUG), employees with children or caregiving responsibilities have been able to benefit from this allowance since 2019. This allowance can also be used for additional vacation days under certain conditions.

In addition, employees can take advantage of parental leave arrangements in Germany, extending the legally entitled parental leave up to three years.



In 2015, Fette Compacting, together with the Workers' Samaritan Federation (ASB), the LMT Group, and the city of Schwarzenbek, opened the company-affiliated daycare „Knöpfchen“ at the Schwarzenbek site. The employees of the LMT Group benefit from reserved daycare slots. The daycare focuses on natural sciences and technology, offering children the opportunity to explore and develop their curiosity through engaging activities.

Fair and Attractive Employer Diversity, Equal Opportunities, and Inclusion

We are committed to diversity: Diversity makes us strong. Fette Compacting is a company shaped by diversity. We are aware that our company can only remain successful if we continue to create an environment that fosters equal opportunities and lives inclusion.

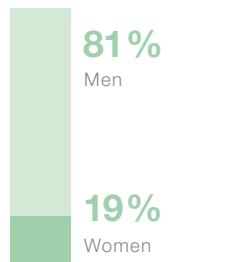
We want to preserve our diversity and further promote it in the future. For this reason, we take a clear stance against any form of discrimination and actively ensure that fair working conditions prevail across the globe, with equal opportunities for everyone at our company.

We expect our employees and supervisors to treat each other with respect. This means that we respect the cultural customs of different countries and the personal integrity of each individual. We reject any form of harassment, including sexual harassment, and discrimination based on personal characteristics.

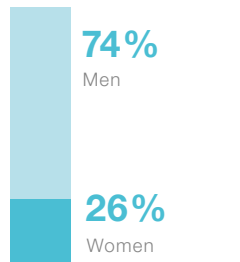
The principle of fair working conditions excludes any form of discrimination against employees based on their gender, sexual orientation, origin, skin color, or other personal characteristics. Lived diversity also means inclusion. We place great importance on integrating people with disabilities equally into the professional life of our company.

As a traditional mechanical engineering company, we have a typically low proportion of women in our workforce. We are convinced by what labor research has found: Diverse teams can achieve even better work results. Therefore, and in light of our diversification efforts, we see it as a crucial task to address this structural imbalance appropriately in the coming years.

An equal opportunities officer further raises awareness for equal opportunities.



Gender Distribution
Fette Compacting GmbH
Schwarzenbek



Gender Distribution
Fette Compacting China
Nanjing

10.87%
of leadership positions
are held by women
(in relation to the
overall leadership
team).

5.97%
of our workforce is
classified as severely
disabled under the law

34
employees returned
to the company
after parental leave

Company Integration Management (BEM)

Since 2013, our Company Integration Management (BEM) has been supporting employees who have been ill for an extended period in returning to their everyday work. Together with the affected employees, we develop a step-by-step reintegration plan, which may include changes to the workplace or adjustments to work organization and duties. In collaboration with the affected employees, we work to identify opportunities for preventing longterm illness or disability.

Representation for Severely Disabled Employees

Living diversity means inclusion. Fette Compacting places great value on integrating people with disabilities equally into the daily work life of the company. In November 2022, the election of the Representative for Severely Disabled Employees at Fette Compacting GmbH at the Schwarzenbek site took place once again.

This representation acts as an advocate for the severely disabled, ensuring equal treatment and receiving the necessary support. The representative ensures that laws, regulations, and guidelines for supporting disabled employees are followed and helps implement measures to protect the health of disabled employees.

Currently, 5.97 % of our workforce is classified as severely disabled under the law, thereby exceeding the legally required rate of five percent.

Since 2018, this inclusion representation has been promoting participation by the disabled in our company's processes. The inclusion representative works closely with the management, the human resources department, and the Representative for Severely Disabled Employees to strengthen the integration of disabled employees into company processes and to ensure inclusion is realized through agreed-upon implementation measures.

Leadership and Collaboration Employee Satisfaction

True sustainability must be a lived part of the company culture. It is focused not only on products and processes but always on the well-being of employees. At Fette Compacting, we strive to ensure that our employees feel respected, represented, and valued. Our efforts are aimed at retaining employees long-term and binding them to the company. For this reason, employee turnover is seen as an important measure of success for our company.

Culture Journey: What Makes Us Successful

In 2022, we began a global series of workshops on company culture called Culture Journey Workshops. These workshops allow employees to actively participate in shaping the company culture by sharing their ideas and integrating their personal expectations and wishes. The goal is to bring diverse perspectives into the process, accompany various functional areas with Culture Journey messages, and support leadership through the process. These workshops serve as a platform for our employees to express their opinions and answer questions raised during the workshops and throughout the process.

The Culture Journey Went Global

The Culture Journey took on global significance in 2023 with 29 global workshops across major international locations. Since the end of February 2024, all subsidiaries worldwide have been on board and actively participating in the Culture Journey, fostering ongoing exchange and continuous development. Subsidiaries report on their activities and progress as part of the Culture Journey via the Intranet, Fette Connecting.

Initiatives and Measures to Promote Corporate Culture

Through comprehensive initiatives and measures, Fette Compacting continuously works on establishing an employee-oriented corporate culture that promotes both the wellbeing of employees and the company's long-term success and innovation.

New Position: Culture & Change Manager

Since August 2023, a global Culture & Change Manager has been responsible for the Culture Journey. The main task is to sustainably establish and support the improvement and transformation process and to embed company culture into the daily lives of employees. With her dedication, she ensures that the values and principles of the Culture Journey are lived and thus lays the foundation for an innovative and successful future.

Brutal Facts Manager

Wherever people work together, teams must overcome challenges in content and relationships. These challenges can sometimes be uncomfortable. That's why we talk about Brutal Facts. At Fette Compacting, we overcome challenges by addressing them directly and openly within a set framework: openly, respectfully, and constructively. The Brutal Facts Manager keeps an eye on these „Brutal Facts“ so that they do not get lost in everyday work.

Onboarding Workshops for the Culture Journey

In the onboarding workshops at Fette Compacting, new employees are given the opportunity to dive deep into the contents of the Culture Journey and establish cross-functional connections. These workshops combine an introduction to the Brutal Facts and practical exercises in which the team works together to make the company culture tangible and build a common foundation.

Introduction of the Team Charter

Our goal is to make our company values visible and develop a shared understanding. This creates a binding foundation for future collaboration and helps our culture react to new challenges in a meaningful way. By introducing the Team Charter, all teams have the task of developing the formulated values together and visualizing them in their workplaces. The Team Charter was rolled out to subsidiaries in 2023, creating a common company culture.

Leadership and Collaboration Leadership Guideline

Our company culture is based on the values of passion, integrity, appreciation, and Zukunfts-freude. Each employee should be able to continue developing and unfold their full potential in accordance with our shared values. This requires leadership figures who understand the influence of leadership culture and behavior on working atmospheres, productivity, and sustainable company success. At the same time, leadership must build trusting relationships with their employees.

Fette Compacting has anchored its shared values in a new leadership guideline. This serves as a guide for the actions of all leadership figures and should contribute to establishing clear and targeted feedback that strengthens the company culture and promotes the further development of employees.

Advanced Leadership Program

In 2024, a comprehensive training program for all leadership figures will be launched. This program, developed in collaboration with the Kempten University of Applied Sciences, focuses on strengthening leadership and management skills, empowering employees, and connecting them with the company's values. It provides a platform for the exchange and deepening of knowledge and experiences within the organization.

Community Events at Fette Compacting

In a sustainable corporate culture, personal exchange and appreciation play a key role. At Fette Compacting, we promote regular community events for employees, such as summer festivals and Christmas celebrations, as well as gatherings for children and retirees. Anniversary events for 25, 40, or 50 years of service before retirement are also important traditions that emphasize the social bond between the employer and the workforce.

Employee and Qualification Discussions on Equal Terms

At Fette Compacting, we place great value on the continuous development of our employees. Their knowledge and skills are our most valuable resource. As early as 2019, the LMT Group introduced a format for employee and qualification discussions.

Employee and qualification discussions are held annually and are a key part of personnel development. Employees and leadership engage in discussions on an equal footing to explore qualifications and needs and to exchange feedback. In these discussions, the development potential of employees is assessed, and leadership highlights individual strengths and areas for development. The goal of these talks is to provide employees and leadership with an opportunity for self-reflection.

Employee and qualification discussions enable us to specifically strengthen and promote employees' skills, both professionally and personally, in line with the company's needs and the success of the organization. We emphasize the development of a management culture that is based on dialog and convinced that these discussions provide a significant contribution to employee satisfaction and retention.

In our company, all training and development measures are specifically promoted. We want to ensure that our employees are always up to date and can continuously develop further. This not only serves individual career development but also enhances the competitiveness of our company.

Overall, employee and qualification discussions at Fette Compacting are an important part of our personnel development and significantly contribute to the promotion of our employees. We are convinced that these discussions strengthen our corporate culture and secure the long-term success of our company.



Leadership and Collaboration

Fette Connecting: Central Communication Platform

Interaction and dialogue are crucial for efficient knowledge exchange and strengthening our corporate culture. At the same time, they are a prerequisite for improved communication and networking within our company.

Since 2021, we have provided our employees with the „Fette Connecting“ platform through our social intranet. It serves as a central information and exchange platform and has been available globally since March 2022. Since then, it has become established as the central communication platform worldwide.

We have created a platform that enables employees to access and share all the necessary company information and communication across departments and hierarchical levels, facilitating integrated and interactive collaboration.

With a reach of 72.70 % of over 1,000 active users, „Fette Connecting“ records an average of 215 visits per user per year.

72.70%
*reach among
over 1,000 active users*

Co-Determination and Works Council Activities

Every four years, our employees elect a works council representing their interests. Fette Compacting GmbH held successful elections for the works council in 2022. The elected representatives perform general tasks such as monitoring compliance with laws, regulations, accident prevention measures, collective agreements, and company agreements, as well as participating in committees and specialized working groups.

Fette Compacting maintains a strong relationship with the works council through continuous information exchange, participation, and co-determination. This trust-based collaboration also extends to the economic committee, which is regularly informed about the company's economic matters. The works council operates based on Section 106 (1) of the Works Constitution Act (BetrVG).



Promotion of Our Employees

Our goal is to safeguard our company's innovation and competitiveness by providing our employees with the best possible personal development opportunities.

Professional and personal qualification and continuing education are a top priority at Fette Compacting. Many employees take advantage of the opportunities to continuously develop their skills and knowledge throughout their careers, benefiting both themselves and the company.

95%
*of employees
were trained on
data protection*

Online Portal for Company Training

Since May 2022, safety training related to occupational health, safety, and environmental protection has been conducted through electronic learning units on the SAM learning platform by secova GmbH & Co. KG. Custom learning units, specifically tailored to Fette Compacting GmbH at the Schwarzenbek site, are used.

The learning units are created by the respective experts within the company, covering all topics related to occupational health, safety, and environmental protection as required by legislation, trade associations, or company management. Job-specific training for employees is also taken into account. In addition, we promote and subsidize extracurricular continuing education for employees.

97.16%
*training
completion
rate in 2023*

Learning and Development Global Training Program

The tablet presses from Fette Compacting work with more than 300 parameters to optimally execute each manufacturing process. On one hand, this allows the control and refinement of specific pressing processes. On the other hand, it requires continuous updating of technical knowledge and practical skills among employees. To ensure this, Fette Compacting has developed a global, modular training program. Employees in production, technology, maintenance, development, and other production-relevant departments are specifically trained. Additionally, Fette Compacting offers tailored customer-related training.

International „Train the Trainer“ Courses

Fette Compacting implements a global training concept to systematically train its customers in both content and delivery methods. In „Train the Trainer“ courses, we teach trainers how to design and deliver effective training. After completing the course, the trainers are able to train and certify their own customers.

Trainings are conducted both at customer locations and at training machines in Competence Centers in Germany, Brazil, China, India, and the USA. Skilled employees improve machine availability, output, and product quality while reducing product loss. At the same time, failures can be identified and rectified faster, reducing downtime and minimizing wear and tear. All training sessions conclude with a performance review. Upon completion, participants receive a certificate according to 21 CFR.

Digital Learning Platform

alva is our digital learning platform that contains training content for products and applications from Fette Compacting. All employees worldwide access a wide range of training content, including interactive 3D graphics, animations, and detailed instructions for various product types. In addition to foundational training on functional principles, interactive modules explain the tablet pressing processes and convey advanced product and quality information. One module even allows users to test their knowledge with interactive comprehension checks.

Securing the Future through Education and Study

At Fette Compacting Group, we view our commitment to education as a sustainable investment in the future of our employees, our company, our industry, and our economic location. We ensure that all our trainees and students are well-prepared from the start and are seen as full members of the company.

Fette Compacting offers two paths into the workforce: an apprenticeship or a dual study program in six different technical and commercial fields (dual studies in electrical engineering, mechanical engineering, business informatics, business administration, industrial engineering, and applied computer science). We collaborate with Nordakademie in Elmshorn and the Technical University of Lübeck.

Additionally, we offer students the opportunity to enter professional life through vocational training in fields such as machining, industrial

Training Start 2023 at Fette Compacting

The Fette Compacting family is growing: the start into a professional future began in 2023 for many young men and women who chose a qualified technical or commercial apprenticeship or study program at Fette Compacting.

61

*trainees and students
were employed at
the Schwarzenbek site
at the end of 2023*

mechanics, mechatronics, logistics, industrial clerkship, and technical product design.

Specially qualified trainees even have the opportunity to complete part of their training at one of our foreign subsidiaries. After successfully completing their training, trainees and students have good chances of being taken on.

To introduce young people to work at Fette Compacting, we offer a variety of insights into our company and the different professions. Early exposure to work, such as student internships, school programs („taster days“), and participation in national „Girls‘ Day“ and „Boys‘ Day,“ are encouraged.

Our trainees and students are supported by youth and trainee representatives who represent their interests.

Learning and Development Dealing with the Current Skilled Labor Shortage

As a traditional family-owned company, Fette Compacting is in an attractive market position due to its global reach and contributions to health progress. However, many medium-sized companies in Germany, especially in niche markets, face difficulties in attracting skilled labor. This challenge is particularly acute for Fette Compacting, as it produces technologically demanding products in a highly specialized field. The growing shortage of skilled workers necessitates more intensive activities to retain and develop existing employees while attracting new skilled workers, students, and apprentices.

The increasing shortage of skilled labor requires intensified activities, both to train and develop our existing employees and to recruit new qualified employees, as well as students and apprentices. Dual study programs and apprenticeships will only fill part of our skilled labor needs. The risk is increasing that some important positions may remain unfilled in the long term.

Further Development of the Employer Branding Campaign

At the beginning of 2024, we will further develop our Employer Branding Campaign to address the skilled labor shortage. This campaign is aligned with our motto „Together – for quality of life“ and our core values. The goal is to strengthen our employer brand, increase visibility among potential applicants, and attract young, qualified employees, both students and trainees.

Through the campaign, we expect to see stronger employee retention and development while ensuring successful recruitment of new talent. We will benefit from long-standing partnerships with universities and student networks.



Health and Safety Occupational Safety and Health Protection

Safety and health in the workplace are top priorities at Fette Compacting. As an employer, it is our highest duty to protect our employees from risks and dangers while they work. A safe working environment contributes significantly to the health of our employees and to the quality of our products, which in turn leads to customer satisfaction.

Our goal is to create and continuously improve healthy and safe working conditions for our employees, with a focus on preventing workplace accidents and work-related illnesses.

To achieve this goal, we focus on leadership, monitoring, and improving our health and safety standards in accordance with guidelines from the occupational health and safety organization (ISO 45001). We actively pursue the identification of hazards and follow up with measures to prevent incidents and effectively handle emergencies when they occur.

A key goal for Fette Compacting is to continuously develop and enhance our health protection programs, ensuring the well-being of our employees and establishing a sustainable health and safety culture within the company. This includes implementing company health measures that promote a safety culture and employee well-being.

In 2023, Fette Compacting launched a comprehensive update to its quality, health, safety, and environmental protection (QHSE) guidelines. These updates were enacted in December 2023 and apply worldwide for all employees and organizations of Fette Compacting Group.



The new guidelines replace the Safety Statement of the LMT Group, which has been in place since 2019.

The updated guidelines take into account safety standards at workplaces worldwide and include regular safety analyses and consultations. These measures are implemented to support a strong safety culture for our employees at various locations.

Our intranet, Fette Connecting, provides all relevant regulations and information related to occupational health and safety, ensuring employees can access them at any time.

The safety officer advises and supports management in implementing and improving safety measures. Several positions, such as the safety officer, fire protection officer, and emergency response officers, support these initiatives at the Schwarzenbek site. Additionally, the role of the explosion protection officer and external health and safety specialists contribute to ensuring a safe working environment.

31
safety officers were active in 2023 at the Schwarzenbek site

Health and Safety Occupational Safety Committee

The Occupational Safety Committee (ASA) provides regular advice on the various issues of occupational safety and accident prevention at Fette Compacting and initiates appropriate measures based on its findings. In this committee, occupational safety officers, representatives of the company, safety specialists, and external occupational health physicians come together with the works council and the external works council.

Accident Statistics

We consider occupational safety and health protection holistically with a preventive management approach. One of our primary goals is the safety and health of our employees. To this end, the safety committee regularly reviews all incidents in the company to analyze the causes of workplace accidents and derive recommendations for action. In doing so, we focus on minimizing physical, psychological, and organizational stress factors.

Together with the occupational safety specialists, management annually reviews the recorded incidents and their causes to identify trends and draw up an annual summary. The results are then assessed by the Occupational Safety Committee (ASA) in their meetings.

Measures for Training and Awareness Building

Our experience shows that most workplace accidents can be avoided through correct behavior and awareness. The focus of our health and safety program is to ensure that our employees are well qualified and trained in all health and safety-related areas. Annually, employees participate in mandatory health and safety training. The safety training takes place through digital learning units on the SAM platform and is documented.

Risk Assessments

Regular risk assessments help our health and safety specialists identify potential safety and health risks. This allows them to take protective measures to prevent accidents and raise employees' motivation.

12.71
lost-time accidents per 1 million hours worked

8.62%
first-aider rate in 2023

Occupational Health Services

The health of employees and occupational medical care are of great importance to Fette Compacting, as they significantly contribute to employee motivation, satisfaction, and performance, thereby securing the long-term success of the company. At the Schwarzenbek site, occupational medical care is provided by an external company, B·A·D occupational physicians. This company supplies the company doctor and manages the health data of our employees.

The tasks of the company doctor include individual consultations during occupational health office hours as well as the implementation of occupational health screenings. The occupational health service is available to all employees via telephone and email, and regular on-site appointments are held in accordance with legal requirements.

39
risk assessments at the Schwarzenbek site in 2023

Company Sports and Leisure Groups at Fette Compacting

Employees can participate in various company sports groups, from soccer and fitness to triathlons and tennis, and even participation in the Hamburg Marathon. All of these groups are financially supported by the company.

Regular sports activities not only improve physical health but also promote a sense of community and teamwork. These activities are an important component of our company's health and safety efforts and help maintain a healthy and balanced work environment.

8
company sports and leisure groups in 2023

Social Commitment Social Engagement and Cultural Promotion at Fette Compacting in 2023

It is self-evident for us that, as a company, we are socially engaged not only within but also beyond our own business activities. The LMT Group shareholders provides funds annually for donations and sponsorship activities through the operational business units Fette Compacting and LMT Tools.

The business units submit proposals for fund allocation. The society then decides in dialogue with the supervisory board and company management on the allocation of funds for donations and sponsorships.

The basis for our social engagement is the donation and sponsorship guidelines of the LMT Group, which have been in place since November 2021. The guidelines define what social engagement Fette Compacting pursues and the objectives it wants to achieve. In all activities, we ensure that our actions are aligned with our corporate values and that our engagement brings added value to society.



Our sponsorship focus areas are „Social Purposes,“ „Technology, Science, and the Environment,“ „Sports,“ and „Culture.“ The coordination and implementation of all sponsorship activities is the responsibility of the operational business units. All donation applications must be documented in writing. The responsible parties maintain an annual donations log for audit purposes, detailing the recipient, donation amount, reason for the donation, and acknowledgment of receipt.

As a socially responsible company, we not only care for our employees but also engage in a variety of social projects and initiatives in our region.

In 2023, Fette Compacting further expanded its social and cultural support. The most important initiatives include:

+ Social Purposes: Donations to nonprofit organizations, including the DRK Ortsverein Schwarzenbek (food bank and neighborhood help), Viva con Agua de Sankt Pauli e.V. (support for so-called „WASH clubs“ in Uganda – Water, Sanitation & Hygiene), the ASB KiTa Knöpfchen Schwarzenbek (playground equipment for the outdoor area), and the Kinder-Hospiz Sternenbrücke in Hamburg (music therapy), the Klinik Clowns Hamburg e.V. (weekly visits by „Pizza and Arthur“ in the Asklepios Klinik Nord), and the Welcome Center Schwarzenbek (supporting young families).


- + Technology, Science, and the Environment: Support for doctoral students at the University of Hamburg and TU Dresden in their research projects and conference participation.
- + Sports: Sponsorship of TSV Schwarzenbek’s teams, with a focus on youth development and support for disadvantaged youth.
- + Culture: Support for the Museum für Kunst und Gewerbe Hamburg (implementation of the digital project „Blicks hinter die Kulissen“) and the Theater Schiff e.V. (supporting cultural events and small-scale theater).

These initiatives underscore Fette Compacting’s commitment to supporting projects that positively impact society in areas such as science, culture, sports, and social causes.

New Sustainability Project: Ecosystem at the Schwarzenbek Site

At the Schwarzenbek site, a vibrant ecosystem with honeybees, wildflowers, and old fruit trees will be established in early 2024. This project is aimed at promoting biodiversity and making a sustainable contribution to environmental protection. By integrating nature into our site, we are not only enhancing our sustainability efforts but also creating a valuable habitat for various plants and animals.

Fette Compacting does not exert direct political influence and does not make political donations. Our involvement is limited to participation in industry associations. This includes the German Engineering Federation (VDMA), which represents the common economic, technical, and scientific interests of the mechanical engineering industry in Germany, Europe, and worldwide.

 **62,000**
euros were donated
by Fette Compacting
in 2023 for charitable
purposes.



**Responsible
Corporate
Governance**

Governance

Structured Leadership

Fette Compacting emphasizes value-based corporate governance that promotes efficiency, accountability, sustainability, and long-term success at all levels. The management of Fette Compacting is responsible for the global corporate strategy. It sets financial and non-financial performance indicators and promotes sustainable business development. The highest governing body is the Supervisory Board of the LMT Group.

Fette Compacting's corporate activities are based on clear task assignments, rights, and responsibilities, as well as transparent communication both internally and externally, and a responsible approach to risks. Effective risk management is an essential component of the comprehensive Compliance Management System (CMS) and one of the key components of our corporate governance. These systems ensure that risks are properly assessed and controlled, while the integrity and values of our company are protected.

Our governance structure supports decision-making processes, promotes ethical behavior, and ensures that we meet the needs of our stakeholders. Regular reviews and adjustments of our governance practices address current challenges and standards to continuously improve and sustain our responsible actions.

The Supervisory Board

The Supervisory Board of the LMT Group consists of eight members and is represented by two employee members, three external members, and three shareholders. The percentage of women on the Supervisory Board during the reporting period is 37.5%. The Supervisory Board oversees and advises the management of the company and regularly discusses business development, planning, strategy, and risks with the management. The Supervisory Board also undertakes the task of auditing the company independently. The term of office for Supervisory Board members is five years. The appointment and election of the external members of the Supervisory Board are decided by the shareholders.

To increase efficiency, the Supervisory Board has established an audit committee and a personnel committee. The respective committee chairs regularly report to the Supervisory Board on the work of their committees. Members of the Supervisory Board are appointed by resolution of the shareholders.

Details and criteria for the nomination and selection of the highest controlling body and its committees are governed by the Articles of Association of LMT GmbH & Co. KG from 2010 and the supplementary agreement to the Articles of Association from September 6, 2021.

 **37.5%**
*of Supervisory Board
members are women*

Governance Opportunity and Risk Management

For the sustainable success of the LMT Group and its business units, LMT Tools and Fette Compacting, it is crucial to recognize, assess, and take appropriate action regarding risks and opportunities at an early stage. The LMT Group has a globally implemented and integrated risk management system anchored in corporate governance. This system is used to identify, quantify, and monitor risks and utilizes the IT-based risk management system RIMIKSX. The system is reviewed annually and adjusted to address specific global risk situations. The Risk Manager is responsible for coordinating the entire risk management process. Annual risk workshops support the continuous assessment and management of risks.

Risk Management Process

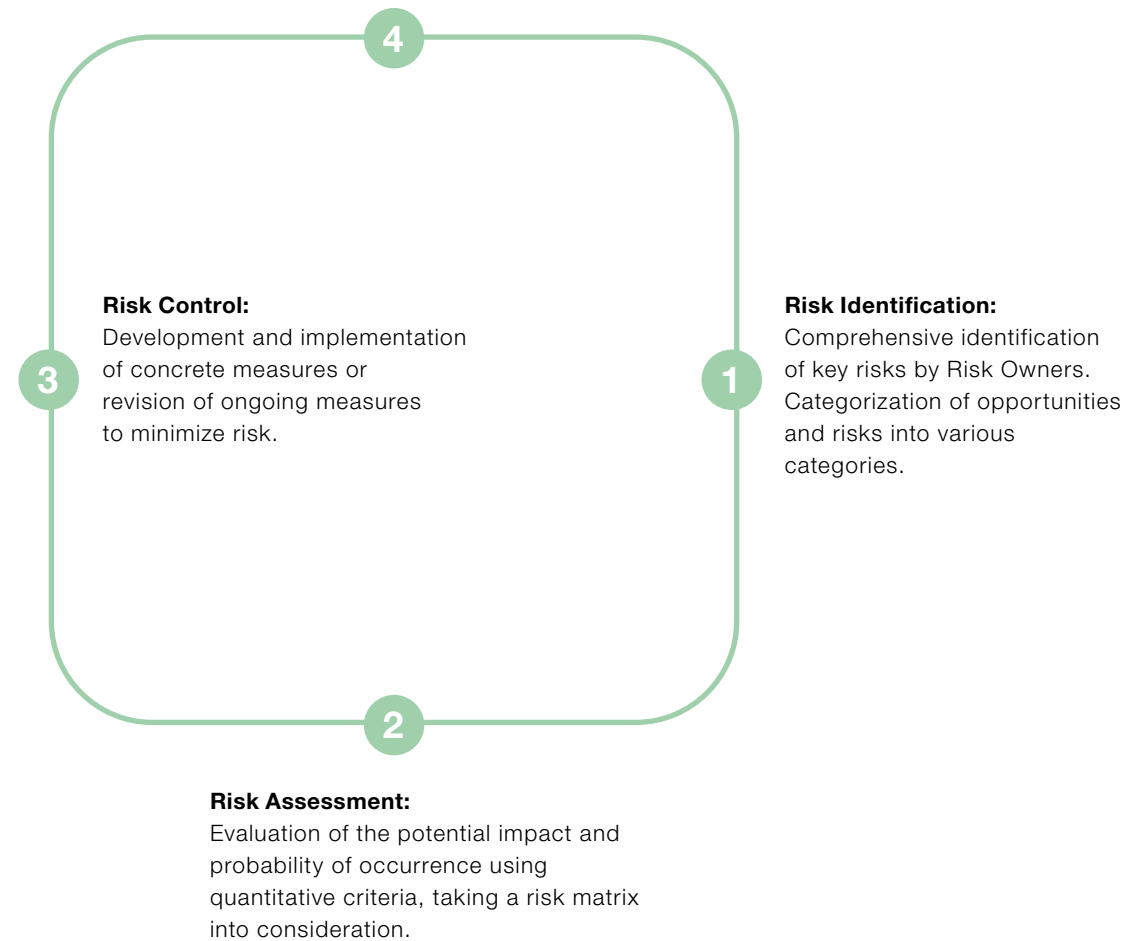
The opportunity and risk management system is a concentrated, continuous, and active process that identifies, evaluates, and monitors both opportunities and risks. The process is based on the Plan-Do-Check-Act (PDCA) cycle and is an integral part of our value-oriented corporate governance.

The operational business units are required to review the status of their risk situation annually (adjustments, changes, new additions, removal of risks). The Risk Owners are responsible for identifying, assessing, and managing risks within their respective areas of responsibility.

The Risk Manager reports annually on the risk landscape, including top risks, the status of risk management measures, and significant risk occurrences as needed. Ad-hoc risks are reported immediately if necessary. The Management Board is informed about significant risks at least annually, and, in the event of significant risks, additional ad-hoc reporting is conducted.

Monitoring and Improvement:

Ongoing monitoring of established risks (risk control measures) and identification of new risks.



Governance

Sustainable Securing of Our Business Processes

Fette Compacting's Business Continuity Management (BCM) is designed to maintain business operations even in emergency situations. This comprehensive approach follows the Plan-Do-Check-Act (PDCA) cycle and is based on ISO 22301 requirements. An essential component of BCM is the annual execution of Business Impact Analysis (BIA). This process identifies critical processes, systems, and infrastructure to detect possible risks early and take preventive measures.

New Business Continuity Management Handbook

Fette Compacting introduced a BCM handbook in January 2023, establishing clear rules and measures for dealing with disruptions and emergencies. This includes the organization of crisis teams and communication protocols to quickly and effectively manage unexpected events. Through regular training sessions and exercises, employees are prepared for emergencies, strengthening the company's resilience and ensuring the continuity of business processes.

In crisis situations, the BCM enables operational planning to mitigate or reduce negative consequences, minimize downtime, and restore business operations as quickly as possible. This not only protects the company but also ensures the continuous delivery of goods and services to customers.

The BCM applies to all Fette Compacting locations and employees worldwide. Responsibility for the BCM lies with company management, supported by BCM coordinators who ensure that all measures are effectively implemented and regularly reviewed. The handbook is accessible to all employees at any time via the Fette Connecting intranet.

Compliance

Integrity as a Central Concern

To be successful together, the trust of our employees, customers, and business partners, as well as society as a whole, is an essential prerequisite for our company. We are aware of our responsibility and recognize that responsible and sustainable business practices are essential for long-term success. We conduct our business in compliance with national and international laws as well as generally accepted ethical standards. We also expect the same from our business partners.

New Code of Conduct for Fette Compacting Group

Compliance refers to adherence to applicable laws, regulations, internal norms, and guidelines as the foundation of our business conduct. Since January 2023, compliance has not only been firmly anchored at the LMT Group level but also in the operational business units of LMT Tools and Fette Compacting. In this context, the previous LMT Group code of conduct was revised and transferred to the operational companies, including Fette Compacting.

The new code of conduct was published in June 2023 and establishes a comprehensive, binding guideline that reflects our self-image and the expectations of our stakeholders. Our new code of conduct translates shared values into standards and rules of conduct. It supports our employees in adhering to laws and internal regulations, providing clear guidance and creating a work culture characterized by integrity, respect, and fair and responsible behavior. The code of conduct is binding for all employees and entities within the Fette Compacting Group.

The code of conduct is complemented by special guidelines and training sessions on specific legal areas and is available on our website and intranet for all employees and business partners.

Compliance

Compliance Organization of Fette Compacting Group

All employees and leaders of the Fette Compacting Group are responsible for complying with applicable laws and internal guidelines. Over-arching compliance responsibility lies with management, ensuring that all legal regulations are adhered to and violations of the law are prevented.

The Legal and Compliance department is responsible for developing, monitoring, and continuously improving the group-wide compliance program in relevant areas such as corruption prevention, handling conflicts of interest, fair competition, antitrust law, respect for human rights, and environmental protection according to the German Supply Chain Due Diligence Act (LkSG), as well as for managing the whistleblower system. It supports the leadership and local compliance officers and serves as a point of contact for all employees regarding compliance matters.

In the subsidiaries, the respective management is responsible for appointing compliance officers. The compliance officers coordinate the implementation of applicable laws and guidelines and ensure compliance with internal regulations. They also serve as points of contact for employees in compliance matters and work closely with the Legal and Compliance department.

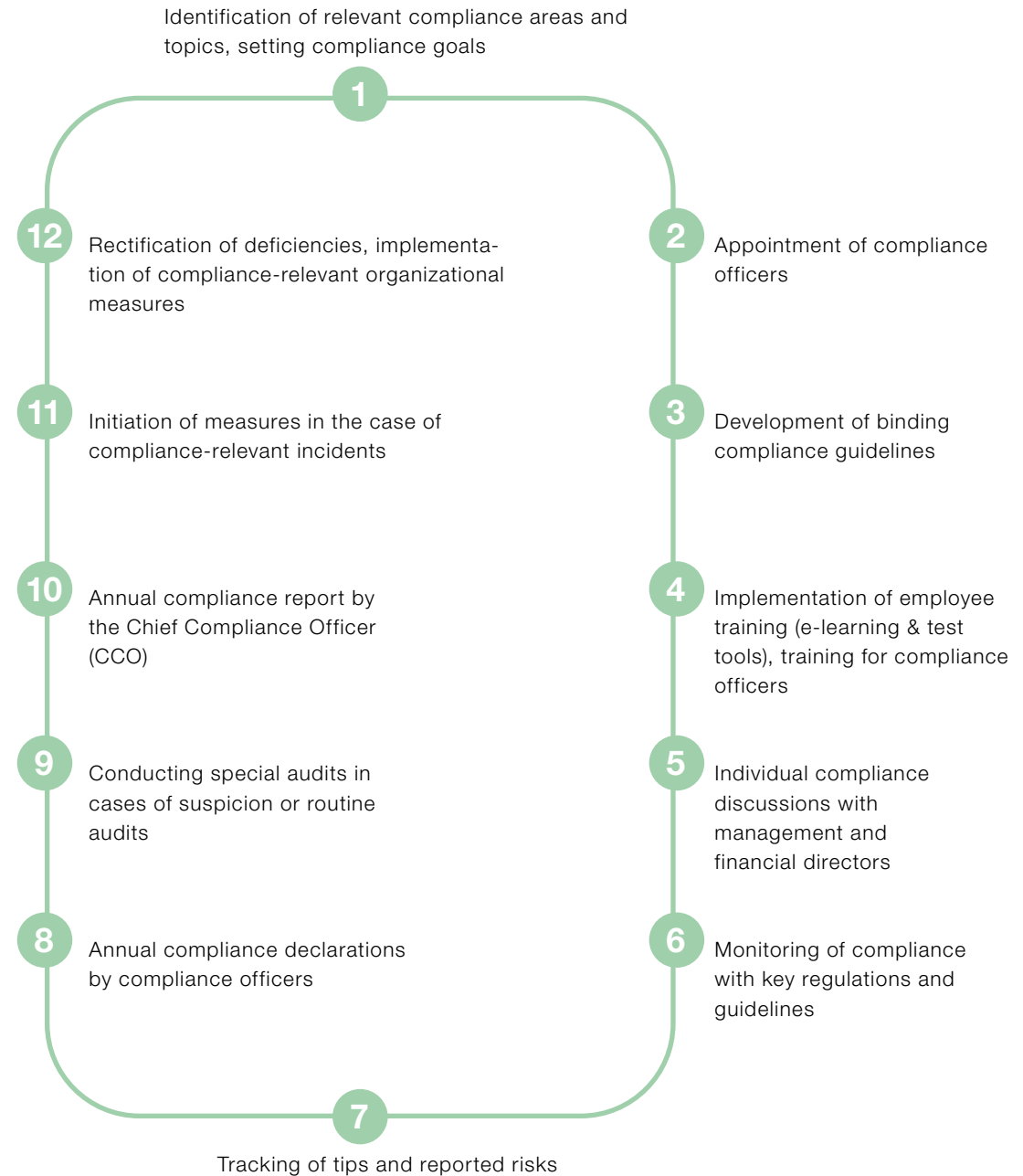
The Legal and Compliance department regularly reports to management, at least annually, on its activities. The annual compliance report includes, among other things, the focus areas of the current reporting year, the status of the

compliance program, compliance incidents, government investigations, and an outlook on relevant activities for the following year. In the event of significant compliance violations or at the request of the supervisory board, additional direct reporting is provided to the supervisory board.

Company-wide Compliance Management System (CMS)

The establishment of an active, holistic compliance management system (CMS) that covers all legal compliance areas is a key factor for ensuring the company's success. It is an integral part of the Corporate Governance of the Fette Compacting Group. Due to changing legal, social, and corporate conditions, the CMS is regularly reviewed and adjusted as necessary.

100 %
of all locations are covered by an established Compliance Management System

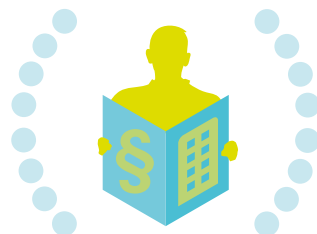


Compliance Prevention

A central component of the Compliance Organization is raising awareness among our employees, creating attention for critical compliance issues, and advising leadership and employees on compliance topics in day-to-day operations.

A targeted training program provides all employees and leadership with the necessary compliance understanding and raises awareness of compliance risks in business operations. Online training sessions, as well as individual compliance discussions, familiarize employees with the Fette Compacting Group's Code of Conduct and relevant guidelines. They are also informed about the whistleblower system and the correct handling of issues. The training sessions are continuously developed and adjusted to the responsibilities of the employees.

In the reporting year, new „Compliance Basics“ training was introduced on the online learning platform SAM (for Germany) and iPrendo (for the rest of the world). This training must be completed annually by all employees and leadership to ensure that compliance risk awareness remains high in everyday business.



Detection and Reporting Procedures

The effectiveness of the CMS is regularly reviewed through interviews with the compliance officers in the subsidiaries and through regular compliance audits as part of revisions. These measures help identify potential for improvement and ensure that all guidelines and regulations are adhered to.

Fette Compacting has established a „Speak-Up“ culture that encourages honest and transparent reporting within the group and to government authorities. Unethical, illegal, or improper conduct that could harm the company or its stakeholders – such as customers, shareholders, suppliers, partners, and employees – must be reported. All employees and management are required to report violations truthfully and fully.

Employees, leadership, and business partners, as well as all external stakeholders, can report suspected violations or suspicion of misconduct. They can contact their superiors, management, compliance officers, or the Legal and Compliance department. They can also anonymously use the „Speak-Up“ compliance hotline or send an email to compliance@fette-compacting.com. Anonymity and protection for the reporting person are guaranteed, and data protection regulations under the General Data Protection Regulation (GDPR) are observed.

In the reporting period, five indications about possible legal violations were received through various channels. Two of these tips were found to be substantial, and investigations were initiated. One case is still in the process of being clarified. Measures to improve processes and minimize compliance risks are being continuously followed up.

5
*indications of
compliance violations
in 2023*

Compliance

Response to Compliance Violations

An effective CMS (Compliance Management System) requires consistent measures in response to confirmed violations. Proven compliance violations at Fette Compacting are not tolerated and may result in disciplinary as well as legal consequences.

The Legal and Compliance department works closely with the HR department and the works council to ensure the proper handling of compliance violations. In addition, root cause analyses are conducted to identify the reasons behind the violations. Internal processes, guidelines, and work methods are systematically reviewed to detect systemic errors, and appropriate improvement measures are initiated.

Compliance Declarations

Each year, members of the Fette Compacting Group's management, as well as management of foreign subsidiaries, sign a compliance declaration. This obligation is stipulated in the new „Legal and Compliance“ guideline of the Fette Compacting Group.

New Compliance Guidelines for the Fette Compacting Group

As part of the revision and adjustment of the Code of Conduct for the operational business unit Fette Compacting, new compliance guidelines were developed and published simultaneously with the new Code.

Legal & Compliance Guidelines

The Legal and Compliance Guidelines of Fette Compacting Group regulate the general compliance requirements and expectations for the company. They help ensure adherence to internal regulations worldwide. The guidelines sensitize employees to legal compliance topics and demonstrate how the Legal and Compliance department can assist. These guidelines are annually reviewed within the CMS and provide clear instructions for employees on how to report concerns or potential compliance violations.

Combating and Preventing Corruption

To ensure fair dealings with business partners and to avoid violations of the law, Fette Compacting prohibits any form of corruption. The sustainable success of our company is based on the trust of our employees, customers, suppliers, and business partners. We are committed to operating in compliance with laws and regulations in all matters of the business.

This includes a proactive approach to preventing corruption cases. Within compliance management, specific behavioral guidelines for preventing corruption are developed and implemented in cooperation with the anti-corruption guidelines of Fette Compacting. The goal is to identify corruption risks and develop preventive measures. The compliance team conducts annual Compliance Risk Assessments.

New Anti-Corruption Guideline Adopted

In June 2023, Fette Compacting Group adopted an updated Anti-Corruption Guideline, which applies globally to all subsidiaries and employees. This guideline aims to prevent corruption and ensure fair dealings with business partners and public officials. It provides clear rules for all employees and leaders to guide their actions and avoid activities that could lead to conflicts of interest. The guideline also outlines concrete actions to take in cases of corruption-related risks and describes behaviors to recognize and handle potential critical situations.



Compliance

Our Responsibility as a Business Partner

Fair Competition

The sustainable success of our company is based on the trust of our employees, customers, suppliers, and business partners. We compete on performance, customer orientation, and the quality of our products and services.

We observe all applicable antitrust laws and laws governing fair competition, avoiding any kind of unfair competition. Price and condition agreements with competitors or discussions with competitors regarding customers and markets are strictly prohibited. Antitrust law prohibits any restriction on competition, and violations can lead to high penalties for the company and the individuals involved. This means that we must always act fairly in our dealings with customers and competitors.



New Antitrust Guidelines Adopted

In June 2023, Fette Compacting Group adopted an updated antitrust guideline to ensure that all business activities comply with the applicable competition and antitrust laws. This guideline applies to all domestic and foreign subsidiaries and employees, including senior management and executive leadership. The guideline contains clear dos and don'ts, as well as scenario-based behavioral guidelines to help employees make practical decisions in competitive situations. Special guidance is provided for fair dealing with competitors, suppliers, and customers.

The managing directors of Fette Compacting Group are responsible for ensuring compliance and adherence to these new guidelines within their respective companies. Compliance with the guidelines is monitored by the Legal & Compliance department, either as part of the audit plan or through special audits in case of suspected violations. The guidelines are always accessible to our employees via the Fette Connecting intranet.

Standards for Information Security and Data Protection

Information Security

New technologies dominate all areas of the company, from communication to product manufacturing. The use of IT systems not only enables more efficient organization and business operations but also introduces risks. With the increasing interconnection of devices, the risk potential in the machine-to-machine domain rises. The spread of Artificial Intelligence, Cloud Computing, Big Data, and the Internet of Things makes greater efforts in information security indispensable. Security risks such as cyberattacks and the global efforts of companies to protect trade secrets and business processes are on the rise.

The IT infrastructure, systems, and processes are centrally coordinated and managed from Schwarzenbek. The companies of the Fette Compacting Group largely utilize shared IT systems and infrastructure. Management is continuously informed about the status of information security by the responsible Chief Information Security Officer (CISO).

Various coordinated technical, legal, and organizational measures ensure information security and the protection of our company. The implemented security measures primarily have a preventive effect. Since most technical measures only reach their full effectiveness when combined with organizational regulations, employees receive regular training on information security.

New IT Guidelines at Fette Compacting

In February 2023, new IT guidelines were published in the areas of Identity and Access Management, as well as a Business Continuity Plan for IT. These guidelines enhance information security by setting requirements for multi-factor authentication and password length, as well as providing a documented plan for IT emergencies. With these new guidelines, we also meet the requirements of our customers in the area of information security and continuously improve our IT security standards. All relevant regulations and information on IT guidelines and processes are available to our employees at any time via the Fette Connecting intranet.



Compliance

Standards for IT Security and Data Protection

Business Continuity Plan for IT

Fette Compacting has developed a comprehensive Business Continuity Plan (BCP) for IT to ensure business operations during disruptions or emergencies. The BCP includes measures for identifying and assessing potential risks, such as physical damage to data centers, cyberattacks, and natural disasters. It contains detailed procedures for quickly restoring critical IT functions and minimizing downtime. Central components include crisis teams, communication channels, and the prioritization of IT infrastructure recovery. The plan is regularly reviewed and tested to ensure all employees are up-to-date and can act effectively in an emergency.

0
complaints in 2023
regarding breaches of
information security

IT Security Board Function

The IT Security Board is a permanent committee responsible for defining and monitoring the guidelines and standards for information security. In a crisis, it acts as a crisis team, evaluating threats and conducting risk analyses, and implementing necessary measures. It includes representatives from management, IT, personnel, legal, and data protection departments, as well as the Chief Information Security Officer (CISO). The board ensures that IT disruptions are quickly and effectively managed to maintain business continuity. It continuously assesses and addresses risks with IT, making information security a critical part of internal risk management.

CyberVadis

At the beginning of 2023, we underwent an external cybersecurity assessment by CyberVadis for the first time. The assessment focused on information security measures. The results provide a comprehensive picture of our information security, showing which risks impact our business and their effects. Based on the results, Fette Compacting is taking steps to improve information security measures and processes.



Data Protection

The protection of personal data of customers, suppliers, business partners, and employees is very important to us. The processing of personal data has become increasingly widespread, and the risks for those affected have increased due to automated data processing. Meanwhile, the international exchange of personal data in the globalized and interconnected world has become self-evident and necessary. This challenge requires compliance with applicable data protection laws. Our employees are trained regularly on the importance of protecting personal data.

Measures to Protect Personal Data

In January 2023, the „Data Protection Policy for Employees“ was introduced, setting out the measures and processes for collecting, processing, and using personal data in accordance with legal requirements. Employees are required to protect personal data by following these rules. The policy outlines how the company implements data protection management, and all employees in Germany receive mandatory training on data protection at the start of their employment.

Fette Compacting's Group Data Protection Officer supports and monitors compliance with national data protection regulations.

Confidentiality Obligation

The protection of know-how is one of the key value-creating assets of a company. From an economic perspective, the effective protection of trade secrets is therefore indispensable. To ensure this, confidential information at Fette Compacting has been identified, categorized, and provided with appropriate and effective technical, legal, and organizational measures in a confidentiality protection plan.

Among the legal measures is the obligation of employees and business partners to maintain confidentiality.

The technical measures include IT infrastructure and electronic access restrictions for the intranet, firewalls, and encryption, which are complemented by access controls to physical spaces. Responsibilities within the protection plan have been clearly defined. In the future, regular checks will be conducted to ensure the protection plan is implemented effectively.



Respect for Human Rights Compliance with Human Rights

At Fette Compacting Group, we fully adhere to the guiding principles of the international framework and human rights as established in the Universal Declaration of Human Rights of the United Nations, particularly with regard to the elimination of all forms of forced labor, the abolition of child labor, and promoting sustainability while protecting the environment, animals, and human life. This commitment applies to all our business activities and to all our business partners. The obligation to respect human rights is firmly anchored in our code of conduct.

All employees of Fette Compacting Group are required to act with free will and in compliance with the law. Fette Compacting is engaged in the protection of human rights both internally and externally and promotes the observance of child labor laws. Special emphasis is placed on the selection and hiring of trainees and apprentices, particularly with regard to compliance with national and international guidelines regarding youth protection, labor, and education.

Human Rights in the Supply Chain

We not only demand high standards in our own business sector but also communicate these expectations along our entire supply chain to our business partners.

In light of the German Supply Chain Due Diligence Act (LkSG), which comes into force in January 2024, Fette Compacting and LMT Tools are committed to greater transparency in our value chain. The law aims to improve the observance of internationally recognized human rights by establishing clear due diligence obligations for corporate action. Fette Compacting supports this legislation and is working intensively on its implementation in close collaboration between the Compliance and Supply Chain Management departments to ensure these requirements are effectively and legally integrated into our processes.

LMT Group's Declaration of Principles

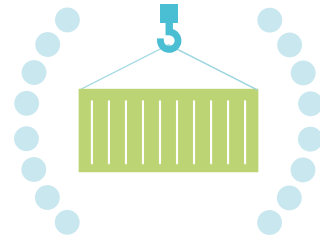
In January 2024, the LMT Group published a Declaration of Principles reaffirming our commitment to protecting human rights and adhering to environmental obligations along our entire value chain. The declaration emphasizes the integration of human rights and environmental protection into existing management systems and the implementation of a comprehensive risk management system for identifying, assessing, and managing these risks.

Preventive and corrective measures are implemented based on risk analysis findings. Additionally, a whistleblower system („Speak Up“) has been established, enabling employees and business partners to report violations. The risk management system is regularly monitored, and the results are communicated to the executive management and the supervisory board as needed. The Declaration of Principles, along with the procedural guidelines, is published on the official website of LMT Group and can be accessed by all employees via the Fette Connecting intranet.

Supplier Code of Conduct

Building on the existing purchasing guidelines, a Supplier Code of Conduct has been created and will be published in 2024 by Fette Compacting Group. This code sets clear expectations for suppliers regarding their obligations under the Supply Chain Due Diligence Act (LkSG) as well as the expectations of our customers.

The code serves as the foundation for responsible management of our global supply chain and establishes binding rules and requirements in the areas of human rights, environmental protection, and anti-corruption for our suppliers.



Respect for Human Rights Human Rights Officer

The Supply Chain Due Diligence Act (LkSG) establishes the human rights and environmental due diligence obligations of a company, from which the responsibilities of the Human Rights Officer at Fette Compacting Group derive. The Human Rights Officer monitors compliance with these obligations and checks the measures taken to implement and execute risk management across the company. Beginning in January 2024, the Human Rights Officer will also support the company in fulfilling its documentation obligations, keeping track of the measures taken according to the LkSG and preparing the annual report. Additionally, the Human Rights Officer informs the management annually about the necessary adjustments to the company's activities.

Sustainable Procurement

As a manufacturing company, we are aware of the importance of working with suppliers. We see it as part of our social and ecological responsibility to select partners in the supply chain based on standards that promote sustainable business practices. This includes making sure that our suppliers engage in economic practices that ensure the protection of people and the environment while avoiding negative environmental impacts.

Fette Compacting fosters a partnership-based relationship with suppliers, engaging in close dialogue and collaboration to ensure continuous improvement and development of sustainability standards. This close cooperation ensures product quality and security of supply.

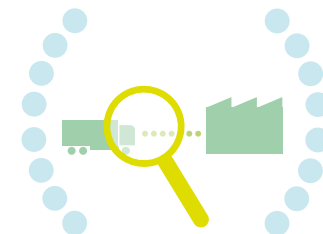
A sustainable supply chain is fundamental to our business, and we are always ready to provide transparency regarding our social and ecological standards throughout the production process. Our goal is to establish a sustainable and responsible supply chain that aligns with our customers' requirements and supports environmental and social protection.

Review of Sustainability Risks in the Supply Chain

Fette Compacting continuously reviews its suppliers to ensure they meet the sustainability standards required of them. All suppliers are subject to the general purchasing conditions and the Fette Compacting Group's Code of Conduct for suppliers.

As part of targeted audits, Fette Compacting assesses suppliers to verify compliance with fundamental standards, working conditions, and environmental requirements. Where necessary, improvement suggestions are developed, and measures for implementing the sustainability standards are agreed upon, promoting sustainable business practices throughout the supply chain.

Furthermore, we continuously optimize our supplier network to minimize possible procurement risks.



Fewer Emissions in Supply Logistics

Wherever possible, Fette Compacting works with regional suppliers near the Schwarzenbek production site. Short transport routes contribute to reducing climate emissions in our supply chain while ensuring high quality. Fette Compacting is building a global supplier network that includes both local and non-local suppliers. We define „local“ as sourcing within the country's regional economic area. In 2024, we will continue our „local for local“ strategy, which aims to shorten lead times in the supply chain and reduce transport distances. Our goal is to increasingly source goods from countries where production occurs.



**Supplementary
Information**

About this report

Fette Compacting's commitment to sustainability is an essential part of the company's operations. This report presents the ecological and social impacts of our corporate activities through figures and data, offering an overview of our progress regarding sustainability in the past year of 2023.

Reporting Boundary

All the information, figures, and data presented in this report relate to Fette Compacting GmbH at the Schwarzenbek site. For some key figures, the production site in Nanjing is also considered. Since resources are shared at the Schwarzenbek location, some information also applies to activities of the LMT Group. Deviations from this report boundary are marked accordingly. In this reporting period, key figures for Nanjing were collected for the first time. However, not all key figures meet our desired scope. It is noted in each case as to which sites the data relates to.

This report was prepared with reference to the standards of the Global Reporting Initiative (GRI).

The scope of consolidation of the Fette Compacting Group for financial reporting purposes includes, in addition to Fette Compacting GmbH based in Schwarzenbek, the parent company as well as all fully-consolidated subsidiaries and affiliates, and thus differs from sustainability reporting.

Reporting Period

The business year at Fette Compacting GmbH runs from January 1 through December 31. The period under review for this report concerns the financial year 2023. To facilitate comparison and to visualize development of the key figures, the previous financial year 2022 is also shown.

Reporting Cycle

Fette Compacting will now publish a sustainability report annually for each financial year. The previous report for fiscal year 2022 was published on September 18, 2023.

Other Information

The sustainability report is published annually in both German and English. The German version is the authoritative one. For better readability, gender-specific differentiations are avoided in the report. Naturally, the corresponding terms and formulations apply to all genders.

This report is available on Fette Compacting's website. If you need further information or have questions or suggestions regarding topics in this report, please contact us at sustainability@fette-compacting.com.

Fette Compacting made no corrections or updates to previous reports, except for the adjustment of values for water consumption and heating (natural gas) at the Schwarzenbek site, which were corrected due to revised area allocation keys. The total energy consumption is now reported accordingly in the appendix.

The report was not subject to external auditing.

GRI Content Index Statement of Use

Fette Compacting GmbH has reported the information cited in this GRI index for the reporting period (from January 1, 2023, to December 31, 2023) with reference to the new universal GRI standards. The GRI Index provides an overview of all relevant information needed to meet the GRI indicators.

This table provides an overview of Fette Compacting's GRI disclosures, detailing the standards, related topics, and corresponding page references within the report.

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Data attachment Emissions

Emissions ⁽¹⁾	Fette Compacting GmbH Schwarzenbek		Fette Compacting China Nanjing		
		2021 ⁽²⁾	2022	2021 ⁽²⁾	2022
Scope 1	t CO₂	895.78	743.37	39.73	28.15
	%	8,75	5.08	1.00	0,57
Scope 2	t CO₂	1,506.75	1,457.24	688.63	604.41
	%	14.72	9.96	17.17	12.22
Scope 3	t CO₂	7,835.29	12,425.54	3,282.03	4,312.14
	%	76.53	84.95	81.84	87.21
Total emissions Scope 1+2	t CO₂	2,402.53	2,200.61	728.36	632.56
Biogenic CO ₂ emissions		not relevant	not relevant	not relevant	not relevant
Total emissions Scope 1-3	t CO₂	10,237.82	14,626.15	4,010.39	4,944.70

(1) Based on GHG Protocol GHG: CO₂, CH₄, N₂O, HFC, PFC, SF₆, NF₃

(2) Base year

Energy

Energy	Fette Compacting GmbH Schwarzenbek			Change from previous year in %
		2022	2023	
Energy used				
Electricity consumption	MWh	5,293.63	4,518.81	-14.64 %
Heating energy consumption	MWh	3.14	2.95	-6.05 %
Total energy consumption				
Energy intensity	MWh	5,296.77	4,521.76	-14.63 %
Energy consumption in relation to the number of full-time employees (FTE)	MWh	8.03	6.51	-18.93 %

Energy	Fette Compacting China Nanjing			Change from previous year in %
		2022	2023	
Energy used				
Electricity consumption	MWh	1,247.55	1,253.01	0.44 %
Heating energy consumption	MWh	-	-	-
Total energy consumption				
Energy intensity	MWh	1,247.55	1,253.01	0.44 %
Energy consumption in relation to the number of full-time employees (FTE)	MWh	9.04	8.58	-5.07 %

Data attachment

Waste volume

Waste volume		LMT Group Schwarzenbek		Fette Compacting China Nanjing	
		2022	2023	2022	2023
Waste volume					
Total	t	1,303.67	1,734.75	28.21	48.20
of which hazardous waste	t	422.15	559.41	7.52	10.60
as % of total	%	32.38	32.25	26.66	21.99
of which non-hazardous waste	t	881.52	1,175.34	20.69	37.60
as % of total	%	67.62	67.75	73.34	78.01
Waste recycling/disposal					
Hazardous waste	t	422.15	559.41	7.52	10.60
of which recycling	t	413.28	488.82	0	0
as %	%	97.90	87.38	0	0
of which disposal	t	8.87	70.59	7.52	10.60
as %	%	2.10	12.62	100.00	100.00
Non-hazardous waste	t	881.52	1,175.34	20.69	37.60
of which recycling	t	687.50	1,137.11	11.29	11.46
as %	%	77.99	96.75	54.57	30.48
of which disposal	t	194.02	38.23	9.40	26.14
as %	%	22.01	3.25	45.43	69.52

Water

Water		LMT Group Schwarzenbek		Fette Compacting China Nanjing	
		2022	2023	2022	2023
Water consumption					
LMT Group	m ³	13,129	9,749		
Fette Compacting	m ³	8,765	6,508	4,781	3,618
Water recycling (waste water)					
LMT Group	m ³	13,129	9,749		
Fette Compacting	m ³	8,765	6,508	3,825	2,894

Employees

Employees		Fette Compacting GmbH Schwarzenbek		Fette Compacting China Nanjing	
		2022	2023	2022	2023
Total number of employees (excluding apprentices, students, temporary workers)		648	653	138	150
thereof men		527	532	104	111
percentage of total	%	81.37	81.47	75.36	74.00
thereof women		121	121	34	39
percentage of total	%	18.63	18.53	24.64	26.00
Total number of newly hired employees		47	55	17	17
thereof men		31	42	15	11
thereof women		16	13	2	6
Minorities (severely disabled)		39	39	2	2
percentage of total	%	5.51	5.97	1.45	1.33
Non-German nationality		16	20	136	147
percentage of total	%	2.47	3.06	98.55	98.00
Staff turnover rate	%	3.71	6.43	9.03	3.53
Employees covered by collective bargaining agreements		573	587	136	146
percentage of total	%	88.43	89.89	98.55	97.00

Data attachment

Employees

Employees	Fette Compacting GmbH Schwarzenbek		Fette Compacting China Nanjing	
	2022	2023	2021	2022
Employees represented by employee representatives	638	650	-	-
percentage of total	% 98.46	99.54	-	-
Number of works council members	11	11	5	5
thereof men	8	9	3	3
thereof women	3	2	2	2
Frequency of works council elections	4 years	4 years	-	-
Employees in permanent positions/ employment	626	651	-	-
percentage of total	% 96.61	99.69	-	-
Part-time employees	47	65	-	-
percentage of total	% 7.25	9.95	-	-
Number of apprentices and students	47	61	1	3
Total number of employees on parental leave	47	46	2	5
thereof women	11	12	0	2
thereof men	36	34	2	3
Returning parental leave	24	34	2	5
Ratio of female executives in relation to all executives	% 8.00	10.87	30.77	30.77
Ratio of female executives to total workforce	% 0.59	0.76	2.90	2.67

Employees

Employees	LMT Group Schwarzenbek	
	2022	2023
Structure of the LMT Group Supervisory Board		
Women	3	3
Men	5	5
< 30 years	0	0
30-50 years	2	2
> 50 years	6	6

Employee training

Employee training Electronic learning units / learning platform „SAM“	Fette Compacting GmbH Schwarzenbek 2023	
	Ratio	Quote in %
Training status (total)		97.16
Number of managers trained on occupational safety	46	93.00
Number of employees trained on occupational safety	700	98.00
Number of employees trained on data protection	174	95.00
Number of employees trained on data security	190	95.00
Number of employees trained on energy management	191	95.00
Number of employees trained on environmental management	129	95.00

Data attachment Occupational safety

Occupational safety and health protection	Fette Compacting GmbH Schwarzenbek	
	2022	2023
Total rate of incidents (TRI)	17	20
of which work accidents	16	15
of which on the way to/from work	1	5
Fatal Accident Rate (FAR)	0	0
Fatality rate / Fatal Accident Rate (FAR) Number of accident-related fatalities per 1 million hours worked	0	0
Number of near misses	-	-
Number of lost days	292	100
Number of working hours	1,205,484	1,258,824
Lost Time Injuries (LTI)	0.24	0.14
Lost Time Injury Frequency Rate (number of lost time accidents / hours worked * 1 million hours worked)	10.78	12.71
1000 man rate (reportable workplace accidents / employees*1000)	16.22	21.19
Accident Severity Rate (number of days lost /LTIFR)	27.09	7.87
Accident-free days (number of days on which no occupational accidents occurred)	238	251

Occupational safety

Occupational safety and health protection	Fette Compacting GmbH Schwarzenbek	
	2022	2023
Hazard identification, risk assessment and investigation of incidents		
Number of workplace evaluations / hazard assessments	34	39
Fulfillment rate	% 79.40	76.92
Occupational health services		
Occupational health service	B·A·D company physicians	B·A·D company physicians
First aider quote	% 6.78	8.62
Fire safety assistant quote	% 4.13	4.10
Employee participation, consultation and communication on occupational safety and health protection		
Occupational safety committee (ASA) meetings	4	4
Number of safety officers	24	31

Data attachment Corporate Governance

Corporate Governance	Fette Compacting Group (worldwide)		Fette Compacting GmbH Schwarzenbek		Fette Compacting China Nanjing	
	2022	2023	2022	2023	2022	2023
Number of violations of the Code of Conduct and internal compliance guidelines of the Fette Compacting Group	0	2	0	0	0	1
Number of employees trained on the Fette Compacting Group Code of Conduct	489	947	259	694	58	63
Locations covered by an established compliance management system %	100	100	100	100	100	100
Number of compliance risk assessments conducted	14	15	2	2	1	1
Number of compliance trainings conducted (e-learning & testing tools)	489	947	259	694	58	63
thereof number of training sessions conducted for compliance officers	19	33	1	14	3	2
Sites covered by an established whistleblower system %	100	100	100	100	100	100
Number of incidents reported through the whistleblower management system	1	5	0	2	1	1
Sites where a human rights compliance audit was conducted	0	0	0	0	0	0
Number of human rights violations	0	0	0	0	0	0
Number of reported cases of discrimination	0	1	0	1	0	0
Number of employees trained on discrimination	0	0	0	0	0	0
Sites assessed for corruption risks on an event-driven basis	0	0	0	0	0	0
Confirmed incidents related to corruption	0	0	0	0	0	0
Number of legal proceedings related to corruption	0	0	0	0	0	0
Number of official penalties, settlements related to corruption	0	0	0	0	0	0
Number of employees trained in prevention of corruption and bribery	489	947	259	694	58	63
Number of employees trained on data protection	652	174	652	174	0	0
Sites assessed for business ethics on an event-driven basis	0	0	0	0	0	0
Number of employees trained on business ethics	489	947	259	694	58	63
Confirmed incidents of anti-competitive practices	0	0	0	0	0	0
Sites with a certified quality management system	2	2	1	1	1	1
Sites for which an environmental impact assessment has been conducted	-	-	1	1	-	-
Sites with a certified environmental management system	1	1	1	1	-	-
Sites with a certified energy management system	1	1	1	1	-	-



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