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# Supervisory Board Chair Letter 2024

**Dear Shareholders,**

## **Navigating in a challenging year**

2023 was a particularly challenging year. The successful start of the year underscored that co-creation of pipelines through strategic and integrated collaborations enjoyed a strong growth momentum. We extended and expanded our two collaborations with BMS in the fields of Neurodegeneration and Targeted Protein Degradation and added Janssen as a new partner in immunology.

While the start to the year was very promising, the focus had to change completely in the second quarter. A criminal cyber-attack was discovered on 6 April and for the most part of the second quarter, we were not able to conduct our business. We are very grateful to all colleagues in Evotec who ensured with exemplary commitment that our more than 500 partners received all the information needed to sustain trust in our collaborations. With 93% of our partners engaging repeatedly in business with us, the Evotec team successfully laid the foundation to compensate for some of the lost business in subsequent quarters.

The Supervisory Board and in particular the Audit and Compliance Committee monitor Evotec's risk and compliance management and have immediately been involved after the cyber-attack had been detected. The entire Supervisory Board was informed daily about the recovery process, supporting the implementation of adequate measures in this challenging situation. Following the incident the Supervisory Board reinforced the monitoring of risk and compliance by broadening even more the consideration of IT and cyber security, to further improve our response time to such incidents in the future.

Apart from the cyber-attack, global challenges such as the lasting impact of the pandemic, geopolitical conflicts, socio-economic pressure, inflation, climate crisis and supply chain vulnerability, emphasize the importance to create a sustainable business to master current and future challenges. Despite these factors, Evotec managed to grow by four percent, which we consider a strong achievement under these exceptional circumstances.

While recovery efforts and catch-up effects compensated for a weaker market in 2023, Evotec could not stay immune to a more challenging environment. Considering lower demand and changes in market dynamics, our management has initiated a programme to reset the company for profitable growth. In the



first half of 2024 our transactional business remains affected by a mismatch of capacity and weaker demand while we see strong momentum for our subsidiary Just – Evotec Biologics. Alignment of structures with demand are anticipated to result in a significant improvement of profitability in the second half of 2024 and the years to come.

## Progress on our Sustainability Roadmap

Our ambition is well aligned with several of the UN Sustainable Development Goal, of which SDG 3 is the one, where we make the biggest contribution. Evotec's mission is to discover medicines that matter together with partners and to improve access to medicines everywhere. Unmet medical needs are increasing, with thousands of conditions lacking viable treatment. Through scientific collaboration and partnerships, we strive for solutions. Our goal: align patients' healthcare needs with the industry's demand for efficient R&D. Together, we will innovate to transform lives.

The second focus among social topics is the creation of a working environment of psychological safety. The first weeks after the cyber-attack confirmed that our people are a key factor for building a resilient business. Their energy is our biggest asset. We are committed to build an environment where they can thrive. Therefore, we conducted a group-wide survey, called *EVOvoice*, and listened carefully to the feedback of our people. The survey was conducted in Q4, and actions derived from the outcome will be put in place in 2024.

In the field of environmental topics, Evotec made further progress. After completing our Greenhouse gas (GHG) inventory in 2022, we submitted short-term science-based targets to the Science based Target initiative on 2 January 2023. The targets were validated and approved in October. Evotec's pledge is to reduce absolute Scope 1 and 2 GHG emissions by 50% by 2032 from a 2021 base year. Evotec also commits to increase annual sourcing of renewable electricity from 25% in the base year to 100% by 2026. Evotec commits to reduce Scope 3 GHG from purchased goods and services and capital goods by 72% per revenue over the same period. Finally, Evotec commits that 80% of its suppliers by emissions covering purchased goods and services and capital goods will have science-based targets by 2027. We are pleased to report that our efforts have delivered results ahead of schedule. In 2023, Evotec reduced its Scope 1&2 emissions by 29% versus 2022.

In our ambition to strive for a stronger top-down and bottom-up implementation of site-specific sustainability topics we nominated sustainability champions at each of our 17 sites and further strengthened our sustainability governance structures. This group of passionate colleagues supports the transfer of sustainability initiatives between sites and plays an important role in implementing global projects in alignment with site heads. The first global project targets the certification of labs at all sites under the framework of the *My Green Lab* initiative ([My Green Lab](#)).



## **Change in Management Board composition to support reset for profitable growth**

On 3 January, Dr. Werner Lanthaler stepped down as Chief Executive Officer (CEO). We are thankful that Dr. Mario Polywka agreed to step in as interim CEO until the nomination of a new CEO. His Supervisory Board mandate has been inactive since. In the meantime, we succeeded in appointing a new CEO. As of 1 July 2024, Dr. Christian Wojczewski will serve as the Company's new CEO. Mario Polywka will retire from his position at the end of June and will also not seek re-election for his dormant Supervisory Board mandate, which expires with the 2024 Annual General Meeting. With high sense of urgency, the Supervisory Board conducted a comprehensive and thorough search process for the new CEO. We are confident that Christian Wojczewski brings the leadership skills, expertise and experience needed to evolve and implement Evotec's strategy for the next stage of its evolution while driving operational excellence and profitable growth.

Considering the size of the Evotec workforce with around 5,000 people, we expanded the management board with the newly created position of a Chief People Officer (CPO). We are excited to welcome Aurélie Dalbiez as the Company's new CPO, effective 15 June 2024. In her role as CPO, Aurélie will oversee the development and implementation of Evotec's people strategy, focusing on fostering a culture of innovation, collaboration, and belonging. The creation of a CPO role in the Management Board underscores Evotec's commitment to investing in its people and fostering a supportive and inclusive work environment.

## **Constructive discussions of Supervisory Board with investors**

As the Chairperson of the Supervisory Board I have continued to support the important dialogue with financial analysts and investors by our Management Board and the Investor Relations team. Following an analysis of shareholder votes at the Annual General Meeting (AGM) in 2021, we have established the format of a Governance Roadshow with the Chairperson of the Supervisory Board in the beginning of every year.

In early 2023, I had the opportunity to engage directly with some of our largest institutional investors as well as all relevant proxy advisors for the third time. Institutional investors represent more than 30% of our share capital, in addition to our core shareholders Novo A/S and Mubadala Investment Company, representing more than 15%.

After having refined our remuneration scheme based on the feedback received at former Governance Roadshows, we discussed potential areas of further improvement and our sustainability strategy. We explained our competence profile for the composition of our Supervisory Board and introduced our plans to shorten and stagger terms of supervisory board mandates. The presentation slide deck used during the governance roadshow is available to all our shareholders. Please find the presentation [here](#)



## Consistency in unstable times

Stability and consistency in a period of refocusing, while facilitating a smooth start of two new management board members, are key for opening a new chapter of Evotec's success story. I will dedicate my full capacity to this task and offer to be available to the Supervisory Board as Chair for a third term (abbreviated to maximum 2 years) to accompany Christian Wojczewski and the Management Board in this important and unique phase of resetting Evotec for profitable growth.

My engagement for Evotec has been my core focus. I always have devoted sufficient time to perform my function, including attendance to all board and committee meetings and availability to connect with internal and external stakeholders. That said, I am aware that the topic of a potential "over-boarding" has been a concern for some of you, based on my roles as member of the supervisory board of Fresenius SE and as Executive Vice President and Chief Medical Officer of UCB. This should no longer be a source of uncertainty: On 25 April, UCB announced that after 20 years of service I will be retiring from UCB. Since the announcement, I have ensured a seamless transition, and I can confirm that my time as member of UCB's Executive Committee will end on 1 July 2024.

Subject to the speed of resetting Evotec and the management transition, an orderly handover to my successor in the role of the Chairperson of the Supervisory Board is a clear priority for me and I will serve only for as long as it is necessary to secure the best outcome for Evotec.

## Supervisory Board elections

As part of the Annual General Meeting on 10 June 2024, all six Supervisory Board members have to be elected. We will propose two new members and I would like to express my sincere gratitude to Mario Polywka, who has served as interim CEO since January, and Elaine Sullivan for their dedication, valuable contributions, and strong engagement during their time as Supervisory Board members.

More details on the election of Supervisory Board members are available in the invitation to the Annual General Meeting and in the information document on the Supervisory Board elections. Both documents are available on our website at <https://www.evotec.com/en/investor-relations/annual-general-meeting>.

The selection of the two new candidates was guided by the competency profile and the skills matrix for the Supervisory Board that were developed in 2022 with due consideration of the statutory provisions, the recommendations of the German Corporate Governance Code, and investor expectations.

We see no case of over-boarding or lack of independency and will introduce a new scheme regarding the terms of Supervisory Board members at Evotec. New members are set to be elected for an initial term of



2 years, while re-elected members will serve for 3 years to facilitate a staggering of terms, as requested by investors.

In accordance with the recommendations of its Nomination Committee, the Supervisory Board proposes for election the current members Iris Löw-Friedrich (until 2026), Roland Sackers (until 2027), Constanze Ulmer-Eilfort (until 2027), Camilla Macapili Languille (until 2027), and as new members for the first time Duncan McHale (until 2026) and Wesley Wheeler (until 2026).

### **Resetting together for profitable growth**

I trust that you agree with us that measures to reset Evotec for profitable growth are necessary and appropriate to create a sustainable and resilient business for the future. We appreciate your feedback and I look forward to staying closely connected with you also in 2024/2025. The dialogue with you is an essential enabler of our evolution. On behalf of the entire Supervisory Board, I would like to thank you for your continued support, engagement, and investment in Evotec.

**Prof. Dr Iris Löw-Friedrich**

Chairperson of the Supervisory Board