

*Evotec SE*  
**SUSTAINABILITY  
REPORT 2020**

## TABLE OF CONTENT

P. 3 Foreword by the Management Team

### OUR SUSTAINABILITY MANAGEMENT FRAMEWORK

P. 4 Executive summary  
 P. 5 About this report  
 P. 5 Business model  
 P. 7 Stakeholder analysis  
 P. 7 Materiality analysis  
 P. 9 Sustainability strategy  
 P. 10 Risks in connection with non-financial matters

### SOCIAL

P. 11 Employee matters  
 P. 11 Human Resources  
 P. 15 EHS – Health, Safety & Wellbeing  
 P. 18 Innovation/R&D: Our contribution to SDG3  
 P. 19 Innovation/R&D: Personalised medicine – diversity in drug discovery  
 P. 19 Supporting communities within our ecosystem

### ENVIRONMENTAL

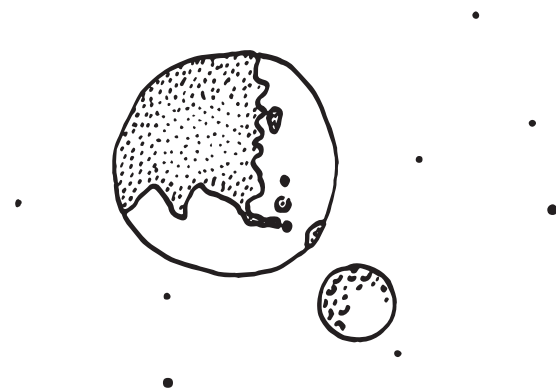
P. 20 Commitment to science-based targets  
 P. 21 Report on emissions

### GOVERNANCE

P. 23 Human rights  
 P. 23 Responsible handling of human tissue samples  
 P. 23 Top standards in animal protection  
 P. 25 Compliance as core element of our corporate culture  
 P. 25 Institutionalisation of whistleblowing platform  
 P. 26 Combating corruption and bribery  
 P. 26 Supply chain surveillance

P. 27 OUTLOOK

# Dear Stakeholders and Friends of Evotec



*#researchneverstops* – this truth will not change until effective treatments and cures have been found for every last one of more than 3,300 diseases that are undruggable today. With this time horizon, our mission to develop first-in-class or best-in-class treatments in an unbiased and efficient manner is nothing less than a sustainable approach to drug discovery and development. Our strategy of leveraging long-term leadership in external, collaborative early-stage drug discovery & development to build the industry's largest co-owned pipeline is perfectly aligned with our purpose to contribute to a better quality of life of individual patients.

By integrating environmental, social and governance values into our corporate strategy, we have aligned Evotec's best interests with the best interest of society and our planet. Disruptive technologies and efficient processes help us to develop more precise, accessible and affordable therapies for uncured diseases, underserved patients and a vast number of people who have no access to modern and affordable medicine today. This is our greatest contribution to the global community.

The number of assets in our pipeline has doubled in the last five years, and the number of patients who stand to benefit has quadrupled. In this context, our activities in the field of infectious diseases are highly relevant. We are targeting treatments against tuberculosis, HBV, and communicable diseases, which are specific targets of the UN Sustainable Development Goal 3, and numerous microbials ranking high on the WHO's Priority Pathogen List. Our most advanced infectious diseases asset is an antibody therapy for the treatment of Chikungunya virus infections. We are excited that a phase I trial started in December 2020.

The 2020 review inevitably also leads us to review the effects of the COVID-19 pandemic on our business. It certainly had far-reaching effects on all aspects of our lives. First and foremost, we should like to point out the dedication of our people. Thanks to their entrepreneurial, collaborative and innovative management of utterly new challenges, we were able to keep high levels of service quality and customer satisfaction and at the same

time keep our people safe. Not a single employee-to-employee transmission event has been recorded so far.

The economic effects resulting from lockdowns around the globe may have serious consequences, including higher poverty, inequalities, and mid-term effects on the level of education. We will need to be better prepared in future. Against this backdrop, we see chances for our industry to be given more support by decision makers in future. This could lead to improved infrastructures for basic research and scientific education, an area we have been actively supporting via our "Academic BRIDGES" for more than ten years.

In our role as an operational venture capitalist, we also make valuable contributions to society and the prosperity of future generations, bridging funding gaps and helping to generate reproducible results in the very early stages of academic research by granting access to a reliable industrialised platform.

We intend to further intensify our dialogue with our relevant stakeholders. We hereby invite all of our friends and stakeholders to engage with us and join us on an exciting journey. Our goals are ambitious, and the closer we work together, the faster we will be. Any questions, suggestions and feedback are always very welcome.

With best regards,

**Werner Lanthaler**  
Chief Executive Officer

# Our sustainability management framework

## EXECUTIVE SUMMARY

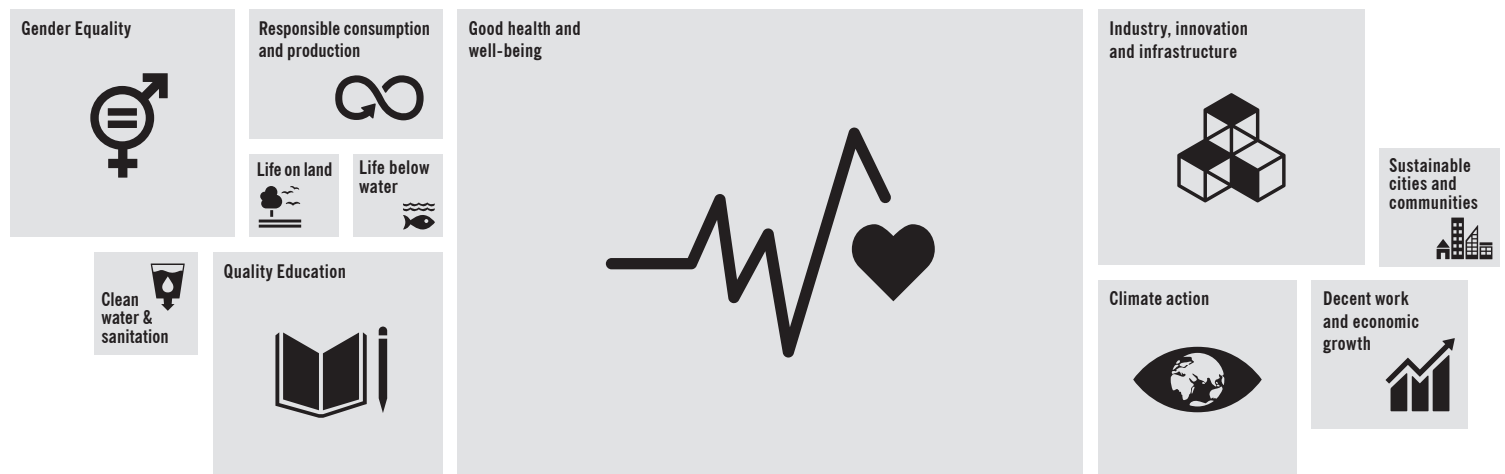
At Evotec, corporate strategy and sustainability strategy have the same underlying direction and goals. Our claim *#researchneverstops* will hold until effective treatments and cures have been found for every last one of more than 3,300 diseases that are undruggable today. It is therefore only natural for Evotec to pursue a strategy of very long-term, sustainable growth, which inevitably calls for the consideration of Environmental, Social and Governance (ESG) values.

For this reason, the implementation of the sustainability strategy lies with the Executive Board. Led by the Chief Executive Officer, we took the first steps in 2020 and established new organisational structures to support a deeper integration of our corporate and sustainability strategies. In a systematic approach, we analysed our current ESG performance, the relevance of ESG

factors, the structure and influence of our stakeholders and expanded the scope of our reporting significantly in this sustainability report.

Driven by science and trusting in data, we started by defining performance indicators and collecting key data. These are outlined in this report and will be further refined in future. Current state analysis, data collection and interpretation may seem like a slow start, but the process is very robust and will gain momentum rapidly in the coming months. We will set ourselves ambitious targets and define appropriate measures to make a visible contribution to some of the 17 UN Sustainable Development Goals (SDG), the blueprint to achieve a better and more sustainable future for all. We already support SDG 3, Good Health and Well-being, by pursuing related targets such as the fight against tuberculosis and numerous infectious diseases. In addition, with unbiased research based on science and data, driven by efficiency and innovation, we contribute to other SDGs, too.

## EVOTEC'S CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS




Size of respective SDG square correlates with importance for Evotec and its stakeholders

Aside from setting up the framework for collecting relevant data, the basis for our sustainability management, first steps were taken in all ESG areas in 2020. We made a commitment to set science-based climate targets in December (E), signed the Diversity Charter in spring, rolled out a group-wide people

information system and started to roll out a health and safety information system (S), introduced systematic supplier surveillance in summer, and launched our whistleblowing platform *EVOwhistle* in January (G). So as in many other areas of our activities **“This is just the beginning ...”**

## ABOUT THIS REPORT

This is Evotec's first sustainability report. We provided non-financial reports for the three years prior to this report and have now expanded the scope of environmental, social and governance (ESG) issues and related parameters, which have a material impact for Evotec. We intend to further refine our sustainability reporting in the next few years. So as in many other areas of our activities "This is just the beginning ..."

We have aligned the contents of our sustainability report with the disclosure requirements according to sections 315b and 315c in conjunction with sections 289b to 289e of the German Commercial Code (HGB). These regulations require the two-fold analysis of materiality ("double materiality"). First, we are required to disclose non-financial information when the information is necessary to understand our business performance, business results and financial situation. In addition, disclosure of non-financial information is necessary if the information is required to understand how the company's business activities affect non-financial aspects. The sections of this report which are relevant to the requirements according to the German Commercial Code are marked with a symbol .

In a comprehensive sustainability assessment project in November/December 2020, we determined the ESG topics relevant to the Group and its stakeholders. The findings were reviewed and validated by experts from our business sectors and relevant Group functions. This sustainability report is based on the project outcomes, which are described in detail in the *Materiality Analysis* and *Stakeholder Analysis* sections. Based on these observations, we have analysed gaps versus best practices and based on the results we will refine our *Sustainability Strategy* for the coming years.

Where considered appropriate, the information provided herein goes beyond legal requirements in order to provide a more comprehensive overview of Evotec's sustainability strategy and its position in the context of ESG-relevant factors. We intend to improve disclosures over the course of the year and will set up a dedicated section of our website to foster a constant flow of information. We will choose metrics suitable to reflect our business model and meet the requirements of our stakeholders.

This report is published in parallel with the Annual Report in order to support investors' assessment process with an expanded set of non-financial performance metrics. The reporting period corresponds to Evotec's 2020 financial year, i.e. the period from 1 January 2020 to 31 December 2020. This report pertains to the entire Evotec Group including our 14 sites in six countries. Any information included herein that deviates from these parameters is identified accordingly.

This sustainability report was reviewed and approved by the Executive Board of Evotec SE. It was subsequently reviewed by the Supervisory Board, who fulfilled its obligation to review the content according to the German Commercial Code. The report was adopted on 17 March 2021.

## BUSINESS MODEL

### The shared economy of drug discovery

Evotec is a global provider of drug discovery and development solutions. By leveraging its state-of-the-art multimodality research platform, Evotec enters into discovery and development alliances and partnerships applying

innovative, modality-agnostic methods for the development of new or better pharmaceutical products for the treatment of currently more than 3,300 undruggable diseases. Its network of alliances includes leading pharmaceutical companies, small and large biotechnology companies, academic institutions, patient advocacy groups, venture capitalists as well as foundations and not-for-profit organisations, often dedicating their work to specific orphan indications or diseases affecting a large number of patients in large parts of the world with little to no access to sufficient care.

Evotec creates and connects innovative, proprietary technology platforms to identify and develop best-in-class and first-in-class therapeutics both for the development pipelines of collaborators and increasingly more often for its own alliance-based pipeline, designed to become the largest royalty-generating, co-owned pipeline in the industry over the course of the next decade.

In addition, Evotec promotes new, innovative methods by spinning off novel treatment approaches and platforms whilst retaining an equity interest. In this scenario, Evotec acts as operational venture capital provider. Aside from capital, it mainly provides infrastructure that generates reproducible, high-quality data on an industrialised platform from day one.

Aside from spinning off its own developments in order to promote new, innovative approaches, Evotec also uses its BRIDGE model as a starting point for participations. As part of this co-ownership strategy, Evotec participates in financing rounds of companies and start-ups that originate from academic research.

Further information on Evotec's business model can be found in the section "Corporate objectives and strategy" on page 28 of the Annual Report.

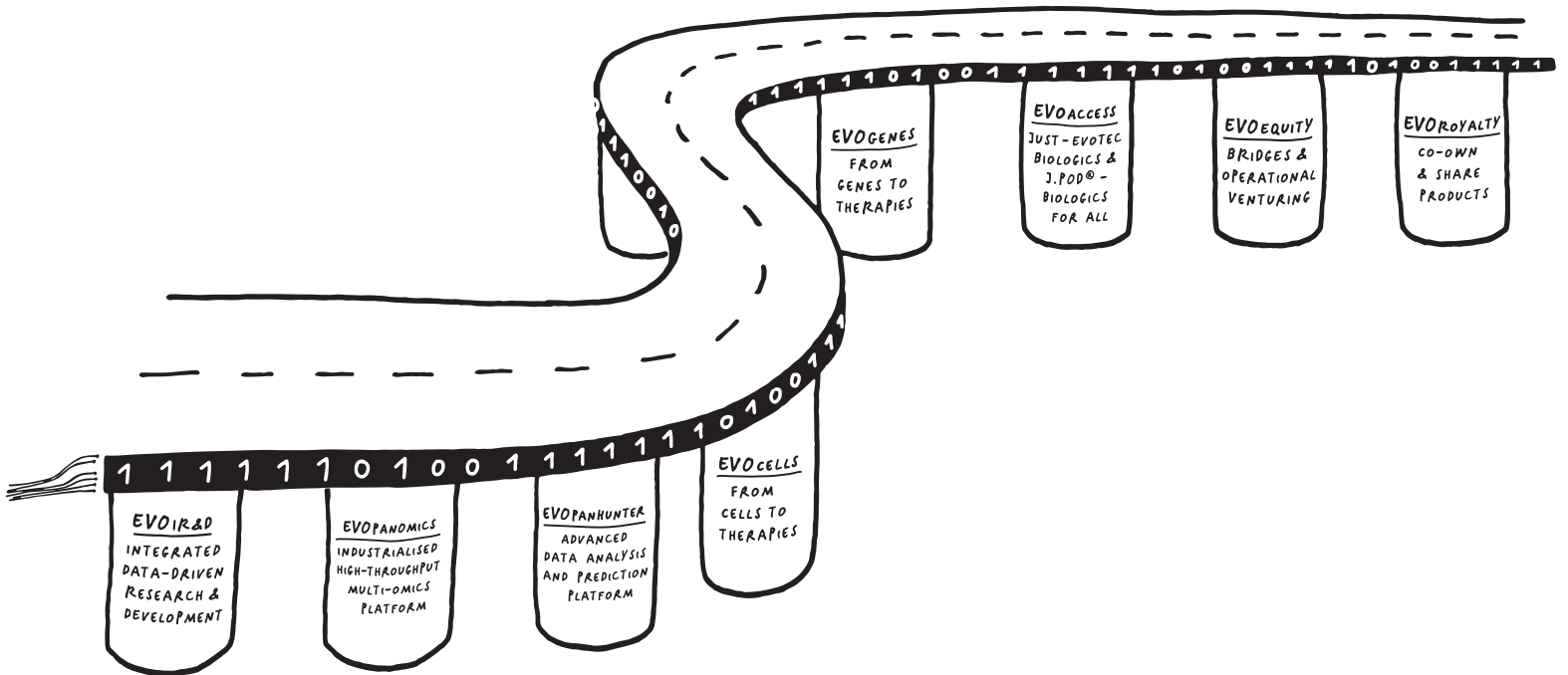
### Patient-focused

In its research activities, Evotec helps to fight not only the symptoms of diseases, but also their causes. Key expertise has been built in the following core therapeutic areas:

- ▶ *Diabetes and its complications, e.g. kidney diseases*
- ▶ *Fibrosis*
- ▶ *Infectious diseases*
  - *Global health (e.g. Tuberculosis, Malaria)*
  - *Virology (e.g. Chikungunya Virus, HBV)*
  - *Anti-microbial resistances (AMR)*
- ▶ *CNS diseases*
- ▶ *Oncology*
- ▶ *Pain and inflammation*
- ▶ *Immunology*
- ▶ *Rare diseases*
- ▶ *Respiratory diseases*
- ▶ *Women's health*

The broad range of diseases demonstrates that patients are in the centre of our daily efforts. Projects (partnered and unpartnered) range from orphan diseases and personalised medicine, which will result in rather small patient numbers, to diseases with endemic or even pandemic reach.

With Evotec's Action Plan 2025, the "R&D Autobahn to Cures", we are setting new standards and creating value in a changing life science industry. We will address the drivers of the future with personalised, preventive and



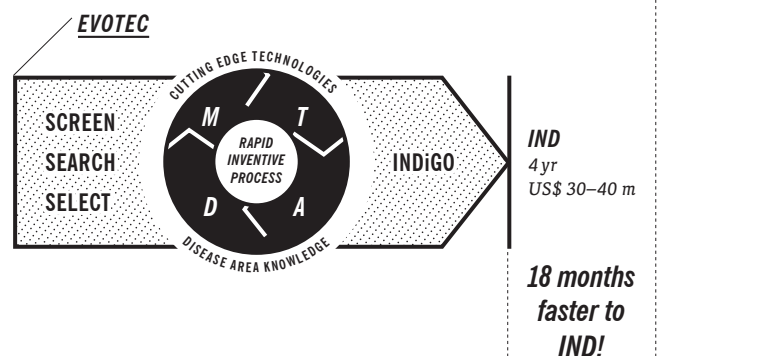
predictive approaches, using new, intelligent, data-driven technologies and platforms. In a joint effort with our partners, we aim to accelerate broad access to more precise, effective and affordable medicines.

Please refer to the Annual Report for further details on the eight building blocks of the Action Plan 2025.

**Most efficient**

We address real shortfalls of drug discovery & development and of healthcare systems today. More than 80% of drugs work in only 50% (or less) of patients. This is not just economic waste, it is also not in the interest of patients and humanity. Showing disease relevance at the very beginning of the drug discovery cascade rather than in phase II clinical trials will improve outcomes of drug discovery and development processes in the future. Molecular levels are the right access point – not the search for symptomatic treatments. Patient relevance is the guiding principle of every experiment we conduct and multi-modality is the most efficient use of resources to foster an unbiased choice of the best suitable modality to address patients’ needs.

Our fully integrated drug discovery offering is based on sharing innovative technologies with our partners and granting them access to fast learning platforms. We thereby make efficient use of resources and reach inflection points faster, at lower costs and with better quality than conventional in-house discovery efforts in the industry. While savings from avoiding redundant infrastructures are not necessarily recognised in our own accounts, the benefits for the industry as a whole are obvious. Compared to conventional in-house processes, external innovation efficiency helps to considerably reduce time (30%) and costs (50%).

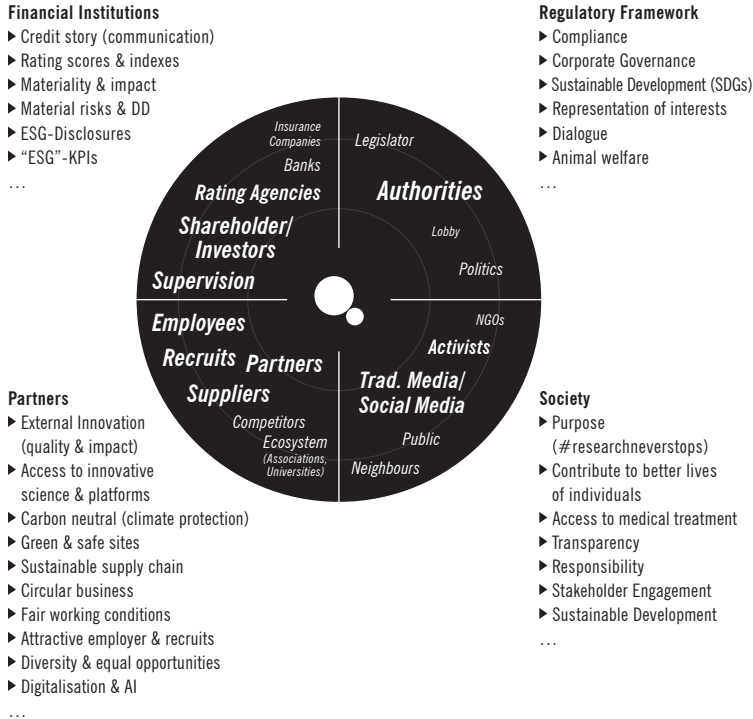


As a result, our services significantly increase the chances of patients around the globe to get access to better and – due to better cost structures – more affordable medicine. Our long-term goal to build the largest pool of royalty streams in our industry will also result in improved living conditions and life expectancies of patients. The focus on patient relevance should help to reduce inequalities and eventually also increase prosperity.

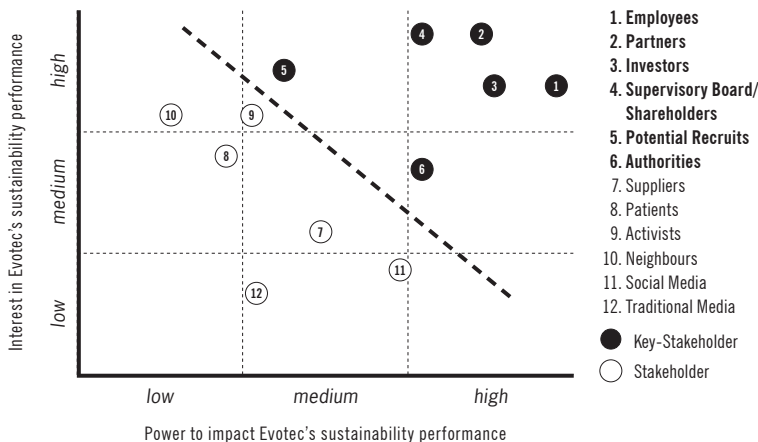
## STAKEHOLDER ANALYSIS

In a first step to advance our stakeholder engagement, we defined a broad universe of parties with an interest in and/or an impact on the sustainable development of Evotec. As outlined in the chart below, we created four clusters and defined various relevant aspects. In a next step we allocated respective stakeholder groups accordingly.

### STAKEHOLDER UNIVERSE



In a second step, we clustered stakeholders and built two groups by drawing a line through the mix of their interests in Evotec's sustainability performance and their power to influence it. Investors, partners and employees are the most important stakeholder groups for Evotec. We therefore have an absolute, intrinsic obligation to take account of their particular requirements.



In order to improve engagement of our stakeholders, we will focus in the first place on the dialogue with employees, partners and investors. We believe that by focusing on the three key stakeholder groups and by providing more comprehensive information starting today, we are also addressing the requirements of the remaining stakeholders. Sustainability management as an integral part of our organisation is an invitation to all interested parties to participate in the constant dialogue on Evotec's sustainable development.

We intend to generate systematic feedback from employees on topics they consider to be most relevant. The overarching goal is to provide the best possible environment for creative and innovative work, with minimum distraction, inefficiency and stress.

Audits and questionnaires already foster our constant dialogue with a large number of partners. In future, we will approach our customers more pro-actively and systematically in order to better understand their ESG-related needs and requirements. We expect this to positively influence customer retention and possibly result in the expansion or extension of existing collaboration agreements in the long run.

Based on a more comprehensive set of ESG-related metrics as published in this report, we will intensify our dialogue with investors, rating agencies and banks to further increase transparency. We will not wait until March 2022 but start to report relevant ESG-related developments in a timely manner throughout 2021.

## MATERIALITY ANALYSIS

In a systematic approach in the final quarter of 2020, we identified our strengths and needs in environmental, social and governance matters to refine our sustainability strategy. This CEO-sponsored project was based on interviews with more than 20 EVOleaders and led us to a longlist of 24 significant ESG topics. These were then narrowed down to 12 by considering external and internal stakeholder requirements and prioritised in a materiality workshop.

The shortlist of 12 topics most likely to impact Evotec's ESG strategy is open for modifications. We encourage our stakeholders, in particular our employees, to help develop the list.

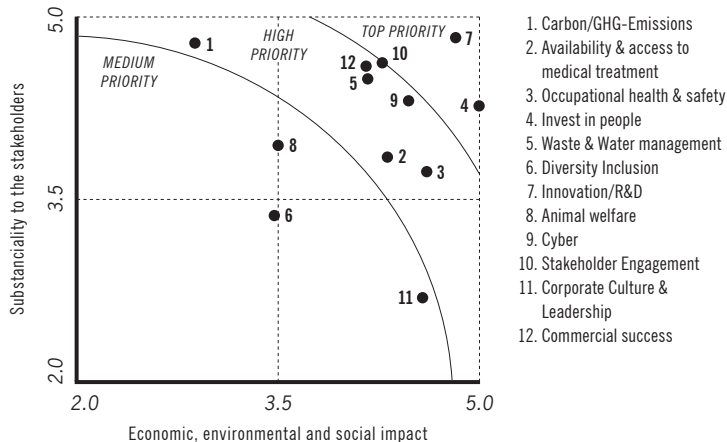


#	SHORTLIST TOPIC	CONTENT/DESCRIPTION (SELECTION)
1	CARBON/GHG-EMISSIONS	Resource efficiency; Climate Change Strategy; Commitment to set Science-based climate targets (SBTi).
2	AVAILABILITY & ACCESS TO MEDICAL TREATMENT	Find cures for currently more than 3,300 uncured diseases; Make modern drugs affordable and accessible for everyone.
3	OCCUPATIONAL HEALTH & SAFETY	Working conditions; Health and safety at work; Digitalisation.
4	INVEST IN PEOPLE	People strategy; Employee satisfaction, engagement, development & retention; Talent attraction, development & retention. Pay equality.
5	WASTE & WATER MANAGEMENT	Waste management / recycling / disposal; Chemicals & hazardous substances; Resource circularity (circular economy); Impact of freshwater consumption and withdrawal.
6	DIVERSITY & INCLUSION	Diversity in age, gender, nationality; Women in leadership positions; Addressing diversity in the drug discovery process (Research at molecular levels and account for patient relevance).
7	INNOVATION/R&D	Social Responsibility; Patient-centric approaches; Precision technologies (“-omics” technologies); AI & machine-learning tools; 3R.
8	ANIMAL WELFARE	Authorities & audits; Legal requirements; Client requirements; iPSC-based drug discovery; 3R.
9	CYBER	Patient data integrity; Protection of Intellectual property; Cyber security.
10	STAKEHOLDER ENGAGEMENT	Addressing material issues impacting stakeholders; Transparent communication; Employer Branding; Supply Chain Initiative.
11	CORPORATE CULTURE & LEADERSHIP	ONE Evotec Corporate Culture; Leadership; Communication; People Development; Succession planning.
12	COMMERCIAL SUCCESS (SHORT & LONG-TERM)	Long-term value creation requires sustainable strategy; Agility & flexibility; Global governance structure and governing purpose.

The materiality matrix developed by the project participants revealed the following top priorities: *Innovation/R&D*, *Invest in People* and *Stakeholder Engagement*.

We understand Evotec’s first materiality analysis as a starting point for a recurring process. The idea is to regularly assess and update the materiality of ESG topics and adjust our sustainability strategy and management when needed.

**EVOTEC’S MATERIALITY MATRIX**



As a result of the materiality process, we reviewed our previous assessment of ESG topics according to the so-called principle of double materiality as laid down in the German Commercial Code (HGB) and the CSR Directive Implementation Act (CSR-RUG). Until 2019, employee matters (including work safety and health), human rights (including animal welfare) and anti-corruption were considered to be material under German law. Based on the observations of the in-depth analysis of our materiality workshop in 2020, we added environmental and social matters to the list of material topics according to CSR-RUG.

The overlap of material topics according to CSR-RUG and our own materiality analysis is outlined in the table below. Criteria marked with a symbol are also relevant under German standards.



**MATERIAL TOPICS ACCORDING TO CSR-RUG**

CSR-RUG CRITERIA	SHORT-LIST OF MATERIAL TOPICS	CRS-RUG RELEVANCE
ENVIRONMENTAL MATTERS	Carbon /GHG-Emissions	🔍
	Waste & Water Management	
EMPLOYEE MATTERS	Invest in people	🔍
	Occupational health & safety	🔍
	Diversity Inclusion	🔍
SOCIAL MATTERS	Corporate Culture & Leadership	
	Innovation / R&D	🔍
	Availability & access to medical treatment	
	Cyber	🔍
ANTI CORRUPTION	Stakeholder Engagement	🔍
	Commercial success	
HUMAN RIGHTS	Animal welfare	🔍

**SUSTAINABILITY STRATEGY** 🔍

Our project revealed that our sustainability strategy is closely interwoven with our corporate strategy. Sustainability is the underlying principle guiding our business. We want to ease the pressing need to develop cures for currently more than 3,300 diseases that are currently untreatable. For as long as even a single disease remains untreated, our claim #researchneverstops will hold. It is at the core of our sustained corporate development.

**Responsibilities**

At Evotec, the responsibility for the implementation of sustainability activities and standards across the group lies with the Executive Team, led by the Chief Executive Officer. Achieving ESG related goals is part of short- and long-term incentive plans. While commitment of management is key, success will depend on anchoring sustainability in our corporate culture and establishing responsibilities within the organisation. *EVOleaders* are encouraged to implement ESG goals in the reward schemes of their teams.

The structural integration of sustainability management within Evotec has made visible progress. In line with the announcement made in last year's non-financial statement, Evotec created the new function *Head of Global ESG* in 2020, which reports directly to the CEO. For 2021, additional headcount is budgeted for the coordination of relevant ESG topics, and the position was filled shortly after the reference date of this report. In addition, we are expanding the infrastructure to support Evotec's sustainability management within the Environmental, Health & Safety division. We reviewed strategically important sustainability issues in a workshop in December 2020 (for details, please refer to *Materiality Analysis*), and we intend to refine this process and regularly review our sustainability management in future.

Our corporate goals for 2021 now include a *Sustainability Goal*. In this context, each functional area of the organisation is required to define and implement

specific scientific ESG goals that resonate with their respective sphere of influence. Among the various aspects to be covered, the promotion and roll-out of a long-term diversity strategy will be in focus in 2021.

Our strategy addresses a broad range of sustainability factors. Aside from fostering education and efforts to create the most innovative environment (in-house and in collaboration with academia), it focuses on molecular phenotypes and patient relevance (see section *Personalised Medicine – Diversity In Drug Discovery*). The use of patient-derived samples and induced pluripotent stem cells (iPSC) helps to dramatically reduce the number of animal models in the discovery process (see *Animal Welfare*), and state-of-the-art technologies help to preserve resources, reduce waste and energy consumption, and protect employees by reducing contact with hazardous materials.

**Understanding ESG as a holistic approach to fulfil our purpose**

In order to fulfil our *purpose to contribute to better lives of individuals* long-term, we are obliged to act responsibly in our interaction with stakeholders of various kinds and to respect their needs and requirements with regard to environmental, social and governance issues. The analysis of materiality leads to a strong focus on social factors in particular.

Our *social responsibility* has two dimensions. First, current and future employees should enjoy the best possible environment to unfold their creativity. The improvement of processes to avoid unnecessary inefficiencies and stress as well as the security not to be measured by the outcome of an experiment but by the quality of work should also help to create an environment of trust (for further details, please refer to *Employee Matters*).

Process adjustments, which we were forced to implement due to COVID-19 in 2020, have kept employees safe and capable to maintain business continuity at high quality standards. As a result, the high level of customer satisfaction and loyalty indicates that our sustainability strategy supports above-average growth even in a difficult environment (examples are outlined in *Health and Safety*).

The second dimension of social responsibility is the care for patients. While our direct contribution typically covers the period from discovery to investigational new drug status (IND) and the manufacture of therapeutic agents, we typically do not finance clinical trials, nor do we intend to build an infrastructure for marketing and distributing drugs. We do not limit our activities to specific modalities, indications or commercial opportunities. The patient is at the centre of our daily work (for examples, please refer to *Infectious Diseases – Our Contribution to SDG3* as well as *Personalised Medicine – Diversity In Drug Discovery*).

Our *environmental engagement* is more than good citizenship, and we have revised our materiality assessment of this area, also according to the requirements of German law. The responsibility to limit global warming lies with every individual and every company, regardless of size and business model. Moreover, an increasing number of large pharmaceutical companies have defined or committed to define climate goals. By committing to develop science-based climate targets in the next two years, we are proactively assuming our fair share of responsibility and at the same time limiting the total cost of ownership for our partners. In a simplified way, our own Scope 1 and 2 emissions are the Scope 3 emissions of our partners. Addressing this issue might have a positive impact on our business relations (for details see *Commitment To Science Based Targets*).

Good *governance* is the basis for an environment where our employees can exercise their creativity and develop innovative ideas. At the same time, diligence and governance are essential for our partners, who have built trust in our integrity over the last ten years since the modification of Evotec's business model in 2010. While getting access to a platform with a much steeper learning curve than in-house discovery and development units in the industry, they can rely on the full protection of the target-related intellectual property used and developed in strategic drug discovery alliances.

In an environment where the protection of intellectual property is a key competitive factor, the Company's good reputation will hinge upon the security, quality and integrity of its data. The retention rate is a key performance indicator we track very closely to measure customer satisfaction and trust, which we believe reflect the Company's reputation.

### CUSTOMER RETENTION

	2016	2017 <sup>1)</sup>	2018	2019	2020
Number of customers <sup>2)</sup>	270	760	707	769	<b>829</b>
Number of customers > € 1 m revenues	22	38	61	79	<b>86</b>
Repeat business <sup>1)</sup>	94%	80%	92%	92%	<b>90%</b>
New customers during the year <sup>2)</sup>	158	611	263	283	<b>315</b>

<sup>1)</sup> percentage of revenues with customers that the Company already had the year before numbers diluted in 2017 due to Aptuit acquisition

<sup>2)</sup> 2016: thereof 69 related to Cyprotex acquisition  
 2017: thereof more than 500 related to Cyprotex and Aptuit acquisition  
 2019: thereof 8 related to Just Biotherapeutics acquisition

We believe that a 90% retention rate very clearly indicates integrity and quality. We will keep these values high on our priority list, as an integral part of our corporate culture, a source of recurring revenues and a strong basis for sustainable growth.

#### Next steps

The next steps to improve the transparency and traceability of progress in our efforts to further align our corporate and sustainability strategies are outlined in the table below.

2019 2020 **Plan 2021**

Conduct Materiality Assessment to Identify Material ESG Business Considerations	✓	✓	✓
Map Business Activities to the UN SDGs	x	✓	✓
Formulate a Climate / Sustainability Strategy	x	✓	✓
Consider Setting a Climate Target Approved by the Science-Based Target Initiative	x	✓	✓
Actively engage ESG Rating agencies / ESG Contact	x	✓	✓
ESG section on website	x	x	✓
Include ESG materials in investor updates	x	x	✓
Adhere to internationally accepted standard for non-financial reporting	x	x	✓
ESG Webinar to investors	x	x	✓
ESG-Themed Financing to highlight Financial Commitments to Sustainability	x	x	tbd

### **RISKS IN CONNECTION WITH NON-FINANCIAL MATTERS**

Evotec sees the management of risks and opportunities as the permanent task of identifying, analysing and mitigating risks, including the initiation of countermeasures suitable to address potential and actual developments within the company and in its operating environment. This also includes material circumstances for Evotec that fall within the statutory standards for non-financial reporting, such as Employee Matters, Anti-corruption or Human Rights risks. We have also not identified any significant risks related to Environmental matters or Social issues. Conversely, we could not identify any risks that our activities could cause for the five aspects, according to the CSR-RUG Directive. Information on material risks arising from Evotec's business activities can be found in the *Management of Risks and Opportunities* section in the Group Management Report of the Annual Report 2020.

# Social

## EMPLOYEE MATTERS

Employee matters are the most important ESG factor for Evotec, which is why they account for the largest section of our sustainability report. The relevance of our most valuable asset, our people, is assessed in two areas: Human Resources and EHS (Environment, Health & Safety).

### 1. HUMAN RESOURCES

Our success hinges upon our employees' skills and dedication. On a fast track to growth, Evotec therefore strives to offer fair, respectful and attractive working conditions that allow growth for and with our employees.

#### Management approach

Global Human Resources (HR) is an enabling function at Evotec that since 2018 reports directly to the CEO. Global HR is responsible for the company-wide people strategy, approaches, policies, processes and regulations for all people matters. Aside from the global HR team, local HR teams are established in all countries.

The dynamic growth of Evotec requires a scalable organisation, and Global HR was therefore the first fully digitalised division, employing Workday as a global people information system. Workday ensures that people processes are globally aligned and consistent within the Evotec Group (for further details, please refer to section 1.3 Growth via digitalisation and system support).

#### SE European works council

With the transformation of Evotec AG into Evotec SE (Societas Europaea), which was agreed at the Annual General Meeting in 2018, a SE Works Council was established for the European sites. It consists of employee and union delegates from each European country with at least 70 employees as well as employer representatives (HR). The SE Works Council functions as a European information and consultation body and supports a constructive relationship between the European employees and the European employer side.

#### 1.1. Sustainable growth enabled by our corporate culture & values

Due to the steady increase in headcount, adapting the organisational structure and successfully integrating new staff is essential. The on-boarding of our new employees is a central strategic goal in cultural and operating terms for each and every leader at Evotec, supported by HR. Evotec's three core values – innovation, entrepreneurship and collaboration – represent the heart of the corporate culture and give guidance to develop and achieve commercially relevant best-in-class solutions together.

We have identified three areas that require action in order to enable sustained growth. They are derived from our people strategy and based on our three core values:

#### 1. ORGANISATION FIT FOR GROWTH

- ▶ Define the global organisational set up, related organisation principles and governance model to accompany Evotec's growth with a high-performance culture, flexibility and efficiency

#### 2. ENABLE GROWTH THROUGH PEOPLE

- ▶ Translate the Evotec Values into leadership behaviours and anchor them through a tailor-made global Evotec leadership approach
- ▶ Design and roll-out a globally aligned people development approach incl. succession planning and learning culture
- ▶ Define and implement a global people acquisition strategy and strengthen an attractive employer reputation
- ▶ Define a global mobility framework

#### 3. COMPETITIVE REWARD FOR GROWTH

- ▶ Implement an internally and externally competitive compensation & benefits strategy and framework
- ▶ Regularly monitor the effectiveness of our applied reward strategy



**1.2. Growth in numbers**

Across all sites and functions both in Europe and the USA, new employees were hired to further increase the Company’s capacity to provide best-in-class services to its partners and clients.

**Overall headcount**

As of 31 December 2020, the Evotec Group had a total of 3,572 employees worldwide. This is a total increase of 17.9% compared with the prior year’s end (2019: 15.8%). Overall, Evotec grew by 542 employees in 2020 (2019: 413), or 516 employees when excluding acquisitions/divestments (2019: 315).

The average FTE1 rose by 18.2% from 2,638 FTEs in 2019 to 3,121 FTEs in 2020.

**HEADS\* AS OF 31 DECEMBER**

	2019	2020
Austria	-	29
France	649	766
Germany	720	862
Italy	666	703
UK	727	839
USA	268	373
<b>Total Evotec Group</b>	<b>3,030</b>	<b>3,572</b>
Execute	2,425	2,874
Innovate	161	209
Sales & Enabling functions	444	489
<b>Total Evotec Group</b>	<b>3,030</b>	<b>3,572</b>

\* Heads: (including permanent, fixed-term contracts, apprenticeship, students, paid interns, employees on leave (maternity, parental, sabbatical, etc.) and not time pro-rated)

**Retaining and recruiting the best people**

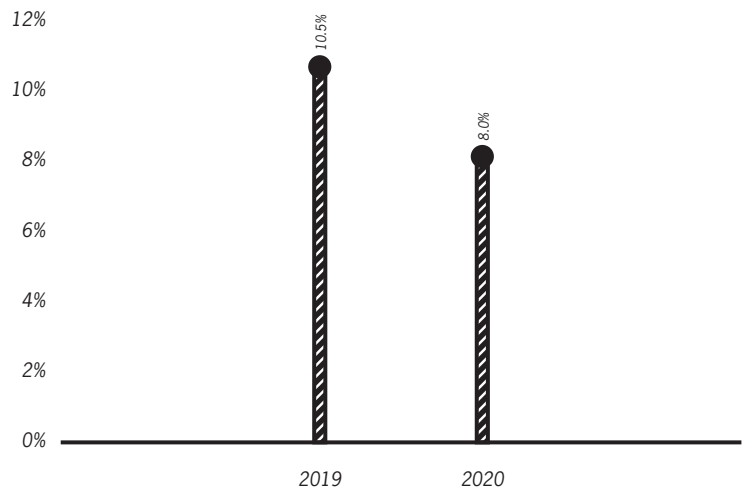
Evotec’s corporate and revenue growth are highly correlated with the growth of its workforce – in terms of number and skills. The company’s rate of growth is therefore determined to a large extent by its ability to attract motivated and qualified employees, and to develop and retain them.

One instrument that has become increasingly important is the posting of employees to international sites. Experience shows that such postings have a significantly positive effect on both the personal development of the employees and the collaboration within Evotec. As soon as safe travelling is possible again, we will revitalise and even intensify the international rotation of staff members in all areas of the Company.

We believe that our initiatives to commit to setting science-based climate targets, to comply with the Diversity Charter and to build a group-wide learning platform under the roof of EVOacademy in Workday will positively influence people retention and future recruitment.

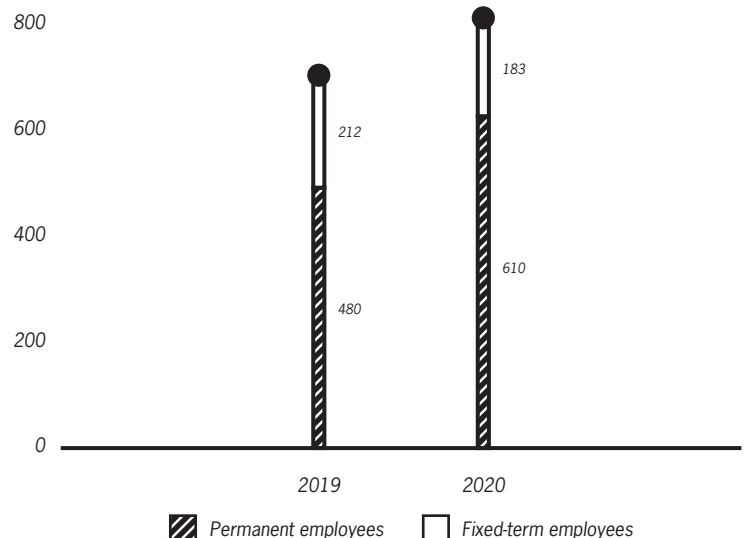
Employee retention improved in 2020. Our workforce turnover rate decreased from 10.5% in 2018 and 10.5% in 2019 to only 8% in 2020. We constantly analyse the reasons for people leaving and strive for improvements to better balance the ratio. We accept a certain level of turnover as this can result in adding know-how. However, we are keen to keep experienced employees within Evotec for as long as possible. We are aware that the positive trend in employee retention seen in 2020 might be related to the COVID-19 crisis.

**WORKFORCE TURNOVER RATE**



In total, 793 new employees were recruited worldwide in 2020 (48 via acquisitions), which corresponds to an increase by 14.5% versus 692 in 2019 (114 via acquisition).

**RECRUITMENTS INCL. ACQUISITIONS & DIVESTMENTS**



To develop contacts with talented students at an early stage, Evotec attends career fairs and has always maintained good relations with universities – not only via its BRIDGE initiatives. For example, as part of a partnership with the University of Bath, Evotec gives young academics in the UK the opportunity to complete a doctorate in cooperation with the Company. A cooperation between King’s College in London and the Verona site further highlights the importance of international exchange and experience. In addition, graduates can attend a wide range of scientific training courses within Evotec. The company also gains access to young academics by participating in publicly funded programmes for research and innovation, such as “Horizon 2020”, which was initiated by the EU.

Social media is becoming an ever more important channel to address potential employees, e.g. LinkedIn. If needed, we also employ agencies to hire and attract the most suitable candidates. At this stage, social media account for 49.3% of first contacts with Evotec.

Alongside traditional contact points such as our website or job boards, Evotec employees play an important role as ambassadors when it comes to approaching and attracting potential new colleagues. As part of the Refer-a-Friend programme, they are explicitly incentivised to make vacant positions and career perspectives at Evotec known within their personal networks. While in 2019 up to 100 candidates applied and suitable candidates for several vacancies were found globally via the Refer-a-Friend programme, the number amounted to 40 in 2020. The number for 2020 might be distorted due to COVID-19, but we still intend to intensify the promotion of the Refer a Friend programme internally.

The programme is also a valuable indicator for satisfaction levels within our workforce, which is an interesting side effect.

**Diversity & inclusion**

Evotec is committed to be an inclusive employer, and we strive to reflect the diversity of the population. We believe that by embracing diversity in all its aspects, we can best nourish diversity of thought irrespective of gender, gender identity, ethnicity, sexual orientation, age, religion, disability or other characteristics. This creates the best mix of skills, talent, ideas, creativity and dedication, which makes us strong as ONE for further growth. To underline this, Evotec publicly committed itself to be an attractive and diverse employer by signing the German Diversity Charter as a first step in 2020. As part of our company goals, we plan to roll out and foster a long-term diversity strategy in 2021. The cornerstones of the strategy are:

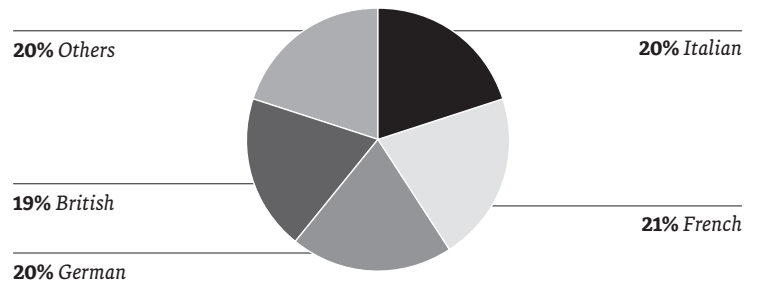
1. Raise awareness of diversity and inclusion and its benefits at ALL levels of the organisation
2. Commit to efforts that create a diverse and inclusive work environment, both internally and publicly (e.g. German Diversity Charter)
3. Analyse all current and future HR processes and ensure they comply with our belief in diversity and inclusion
4. Celebrate unity in diversity together as one company

Our working environment is defined by respect, cooperation, openness and flexibility in the way we think and act. Whether in recruiting, staff development, promotion or pay – Evotec practices equality. In 2020, we

launched a project to analyse our pay structure at the group level, including factors such as gender, seniority, performance, position level, and others. With this broad range of factors, the analysis is more comprehensive than legally required in some countries (UK, F), and it is still ongoing.

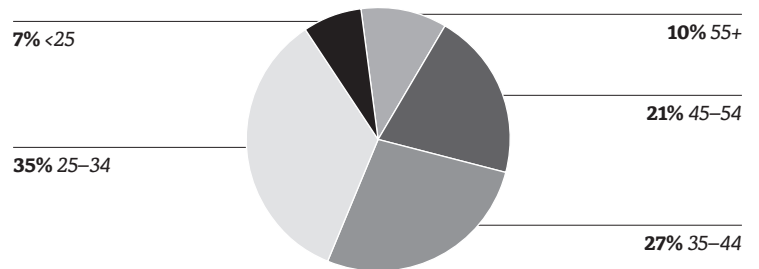
At the end 2020, Evotec’s workforce represented 75 different nationalities (2019: 69 nationalities). The average age of Evotec’s employees at the end of 2020 was 38.8 years. 1.2% of our employees have a recognised disability.

**NATIONALITY SPLIT\***



\* The charts exclude the USA for legal reasons

**AGE GROUPS\***



\* The charts exclude the USA for legal reasons

With regard to gender diversity, 54.1% of our global workforce are women. Our corporate gender goal for senior management below the board is a 30% proportion of women by 2022 (unchanged versus previous years). In 2020, the share of women in senior management amounted to 26.5% after 25.8% in 2019. In recent years, as part of our people development efforts and recruitment, we put our focus on developing the ratio of women on level 2. This will help us to feed a pipeline that will be ready to increase our ratio on level 1 in the coming years.



**OVERALL GENDER SPLIT BY COUNTRY**

	2019		2020	
	FEMALE	MALE	FEMALE	MALE
Austria	-	-	<b>55.2%</b>	<b>44.8%</b>
France	64.4%	35.6%	<b>63.1%</b>	<b>36.9%</b>
Germany	62.2%	37.8%	<b>61.1%</b>	<b>38.9%</b>
Italy	50.8%	49.2%	<b>51.9%</b>	<b>48.1%</b>
United Kingdom	43.2%	56.8%	<b>42.4%</b>	<b>57.6%</b>
United States of America	50.8%	49.2%	<b>50.1%</b>	<b>49.9%</b>
<b>Evotec Group</b>	<b>54.6%</b>	<b>45.4%</b>	<b>54.1%</b>	<b>45.9%</b>

Our countries with a focus on biology have a positive correlation to the ratio of women. Countries with a focus on chemistry/manufacturing have a positive correlation to the ratio of men.

**GENDER SPLIT BY MANAGEMENT LEVEL**

	2019		2020	
	<b>Senior Management*</b>			
Female	25.8%		<b>26.5%</b>	
Male	74.2%		<b>73.5%</b>	
<b>Level 1*</b>				
Female	23.1%		<b>17.9%</b>	
Male	76.9%		<b>82.1%</b>	
<b>Level 2*</b>				
Female	26.4%		<b>28.0%</b>	
Male	73.6%		<b>72.0%</b>	

\* Before 2020, our ratios were based on people actually reporting to the board whereas now those ratios are based on our senior management grading structure. We have adjusted 2019 data accordingly.

**1.3. Growth via digitalisation and people system support**

We decided to implement Workday as the global people information system to ensure that respective processes are globally aligned and consistent within the Evotec Group. It will also help Evotec to support growth, as Workday is a scalable solution that can be applied efficiently to new entities or locations. Since 2019, all Evotec sites have been using Workday, and additional Workday will be implemented in 2021. Changes in the work design (i.e. work from home, flexible working hours), triggered by the Coronavirus pandemic may lead to adjustments with an increasing use of digital technologies in the coming years.

**Efficiency gains**

At Evotec we apply a globally aligned reward strategy with a related worldwide compensation policy. The respective annual cycle of performance-based salary increases (so-called merit increases) as well as short-term and long-term incentive plans (STIP, LTIP) are managed through Workday. In 2020, we

integrated our latest acquisitions into these concepts and for the first time we were able to process the merit planning phase within Workday globally. This allowed our leaders to have a full overview of their multinational teams.

In addition to the merit planning, in 2021 we will also manage and calculate our short-term incentive plans within Workday globally.

**Reporting and analytics**

In 2020, we also started to develop standard HR analytics within our people system to enhance decision-making and track actions. The first results are outlined in the table below. Providing further granularity will rank high on our agenda for 2021.

**KEY PEOPLE FIGURES FOR THE EVOTEC GROUP**

	2019	2020
Average FTE (FTE*)	2,638	<b>3,121</b>
Year-end FTE (FTE*)	2,841	<b>3,376</b>
Average total workforce (heads**)	2,822	<b>3,311</b>
Total workforce at the end of the financial year (heads**)	3,030	<b>3,572</b>
Permanent workforce at the end of the financial year (heads**)	2,714	<b>3,265</b>
Non-permanent workforce at the end of the financial year (heads**)	316	<b>307</b>
Number of permanent employees hired (heads**)	366	<b>562</b>
Number of permanent employee departures (heads**)	239	<b>188</b>
Like-for-like increase of workforce, i.e. excluding acquisitions / divestments (net job creation, heads**)	283	<b>512</b>
Number of non-permanent employees hired (heads**)	212	<b>183</b>
Heads increase by acquisition	114	<b>48</b>
Heads decrease due to restructuring	(16)	-
Share of total workforce located in the country of the company headquarters (Year end; Heads**)	24%	<b>24%</b>
Average age of the workforce (year-end; heads**)	38.8	<b>38.6</b>
Share of non-permanent staff	9.90%	<b>8.70%</b>
Labour turnover rate	10.50%	<b>8%</b>
Existence of profit-sharing systems (free shares, stock options, saving plans, etc.) for employees going beyond legal requirements	Yes	<b>Yes</b>
Share of the workforce operating under a collective bargaining agreement	60%	<b>58%</b>
Share of employees who benefited from an annual individual interview (at least one per year)	No data	<b>97%</b>
Share of women in the workforce	54.6%	<b>54.1%</b>
Share of women in management positions (senior leaders; heads**)	25.8%	<b>26.5%</b>
Share of employees with disabilities	1.40%	<b>1.20%</b>

\* FTE: (including permanent, fixed-term contracts, excluding employees on leave (maternity, parental, sabbatical, etc.) and time pro-rated)

\*\* Heads: (including permanent, fixed-term contracts, apprenticeship, students, paid interns, employees on leave (maternity, parental, sabbatical, etc.) and not time pro-rated)

**1.4 Invest in people: dialogue, learning & development**

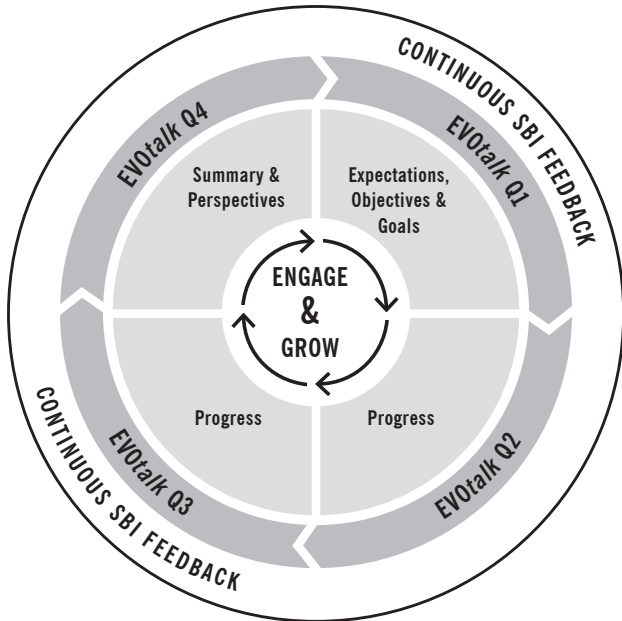
Growth is only possible through continuous collaboration and feedback, which allow constant learning and development. After the successful implementation of a regular and constructive dialogue between line managers and their employees, the so-called *EVOtalks*, the next layer of fostering people development will now be rolled out with the *EVOlead* programmes and the *EVOacademy*, our global learning platform.

**Feedback culture & *EVOtalks***

Evotec regards feedback as a vital part of continuous development. We encourage feedback in all directions using our easy-to-understand approach to give and receive meaningful and on-going feedback. An open dialogue between line managers and their direct reports four times a year (*EVOtalks*), on specific expectations, objectives and development goals supports this feedback culture and drives our performance.

To keep the concept’s momentum, over 250 training sessions (mostly virtual) on feedback and *EVOtalks* with more than 2,000 participants have been conducted globally. Line managers and employees received targeted training to focus on their specific roles.

97% of our employees used our people system to document the outcome of these conversations in the last quarter of 2020.



**Organisational evolution fostering leading and learning**

Evotec launched a new centre of excellence on global people development that will allow our people to grow. This centre of excellence will provide tailor-made global learning and people development approaches based on our business needs.

We strive for people development solutions that will benefit all Evotec employees. With our learning culture we encourage our employees to take ownership of their own development.

**Global leadership development approach**

Accountable leaders who give clear direction, communicate transparently and develop their people are the basis of our success. Evotec therefore pays specific attention to increasing leadership capabilities at all levels. As part of our global leadership development approach, the fundamental module of a leadership development programme will be implemented in early 2021. The programme will cover 35% of our middle management as a target group. Additional programmes for senior management will be designed and rolled out in 2021. We expect the participation rate of *EVOleaders* in our leadership programmes to reach 22% by the end of 2021.

The programmes will enable an *EVOlead* community based on global networking, inspiration and mutual support.

In addition, a global coaching approach with an external coach pool was established in 2020 to support leaders in better mastering their leadership challenges.

***EVOacademy* – learning opportunities**

Evotec offers a broad range of technical and behavioural skills trainings. To bundle our trainings, we will launch a global learning platform, the *EVOacademy* in H2 2021. This will create ONE integrated learning platform in Workday, where learning content will be published and managed. By doing this, we will be able to display our learning offer transparently to all employees, manage learning initiatives more effectively and report on them. For the first time, we will be able to report back globally on trainings delivered and on training budget spent.

***EVO*succession**

We will start with a global succession planning approach in 2021. This will allow us to maintain global business continuity in a complex and dynamic environment.

**2. EHS – HEALTH, SAFETY & WELLBEING**

**2.1. Health and safety structures proved resilient in a challenging year**

First and foremost, 2020 was marked by the need to rapidly implement measures to manage the effects of the COVID-19 pandemic. As a result of good management, the pandemic did not have a material negative impact on Evotec’s operations in 2020, which is a fantastic achievement. All Evotec locations continued operations without interruptions. This is all the more impressive because Northern Italy was among the regions hardest hit in Europe in spring 2020, and our site in Verona found itself at the centre of the pandemic.

New health and safety regulations were introduced shortly after the outbreak, and pandemic readiness programmes were developed by local leadership teams at the site level for each individual location. Verona served as a blueprint for these plans, which have been constantly reviewed, and funding for additional control measures and PPE has been available without barriers. A two-shift system between March and May and again from November to increase the lab space per scientist and allow social distancing and mandatory face masks within the entire organisation since shortly after the outbreak are only some of the new health and safety measures. Employees worked from home where possible, which provided



additional office space. However, most of our work is done at the labs, and hygienic measures on site needed to meet the highest possible standards. During peak times, rapid antigen testing was put in place in Verona.

Our employees dealt with the situation in a very responsible manner. Employees who showed symptoms of a potential COVID-19 infection isolated themselves immediately. Overall, we recorded 115 COVID-19 infections across all sites, and not a single employee-to-employee transmission event was identified. No quarantining of teams was necessary.

Against the backdrop of national levels of transmission and of entire workplaces closing (including some in our own industry), this was an achievement that gives our core value a special meaning: *#researchneverstops*.

### 2.2. Targets for 2020 achieved despite the pandemic

In 2020, Evotec announced that it intends to reach a leading position in its sector in terms of occupational health and safety by 2025. Health and safety matters across the group are treated with just as much competence and professionalism as the core operating business. As a first measure completed in 2020, organisational structures were aligned under the new leadership function *Global Head of Environment, Health & Safety*, which reports directly to the Management Board. National EHS leaders support the global EHS team and are responsible for the operational implementation of activities at their sites in accordance with local rules and regulations.

In order to adapt to Evotec’s dynamic growth in recent years, the Global EHS Team grew by ten new members to 27 full-time equivalents (FTEs) in 2020, which underlines our commitment to safe working conditions. The additional hires brought special expertise in the areas of compliance, construction management, project management (safety by design), health coordination, chemical hygiene and risk management.

In parallel to the organisational adjustments, one of the core tasks of the structural change was the harmonisation of guidelines and processes and the implementation of a robust reporting system for accidents, near-accidents and other notifiable events, or the safe handling of chemicals. The ISO 45001 standard for health and safety management systems published in March 2018 served as a guideline for designing the standards. We are now able to report reliable data and take preventive measures to avoid or reduce harmful events in future.

Across the territories we recorded 21 so-called lost time accidents (LTA) in 2020 that resulted in Evotec SE employees and contractors losing working time. Of the 21 accidents, eight were due to employees suffering harm on their commute to or from the workplace\*. 13 LTAs occurred within the workplace. During 2020 a total of 175 working days were lost due to accidents, of which 48 occurred when our employees were travelling to and from work. During 2021, preventative safety campaigns will be focusing on the following main areas.

**TABLE 1: BREAKDOWN OF GLOBAL LTAS IN 2020**

CAUSAL AGENT	NO OF ACCIDENTS	NO OF DAYS LOST
Slip, Trip or Fall (STF)	5	50.5
Chemical Exposure (CE)	2	48
Manual Handling (MHA)	2	13.5
Contact with machinery (CMA)	2	9
Exposure to Radiation (REX)	1	2
Needle Stick Injury (ISS)	1	4
Way To Work* (WTW)	8	48

\* Note – Only Germany, France and Italy have a legal requirement to record accidents that occur during the employees’ commute. No data is currently available for UK and US employees.

Moving forward, the AIR will be captured as a key performance indicator for the organisation. Refer to the calculation below:

$$\text{Accident Incident rate (AIR)} = \frac{(\text{No. of subjects to report (amount)} * 1,000)}{\text{employee (number)}}$$

$$\text{Global AIR} = \frac{13 * 1,000}{3,376} = 3.85$$

Further measures will be taken in 2021 to develop a better understanding of our occupational health offerings in the territories. With active case management, we intend to reduce the length of time employees are absent following a workplace accident. Studies show that getting employees back into the workplace improves mental health outcomes ([https://www.mentalhealth.org.uk/sites/default/files/returning\\_to\\_work.pdf](https://www.mentalhealth.org.uk/sites/default/files/returning_to_work.pdf)).

In February, the EHS Leaders met in Oxford. At this meeting, the casual agents (accident categories) and the definitions relating to safety observations/incidents and accident (First Aid) events were agreed. All sites submit weekly data. In addition, data is now being actively submitted from all territories to the same definitions, enabling meaningful year-over-year comparison. The table below describes the relationship between the tiers of accident/incident reporting.

	ACCIDENTS REPORTING			YOY	YOY
	2018	2019	2020	2018/19	2019/20
Lost Time Accidents (incl Way to Work)	8	27	21	237.5%	(22.2%)
Lost Working Days	n/a	275	175	n/a	(36.4%)
Accidents	202	232	248	14.9%	6.9%
Incidents	92	203	216	120.7%	6.4%
Near Misses / Safety Observations	291	419	926	44.0%	121.0%

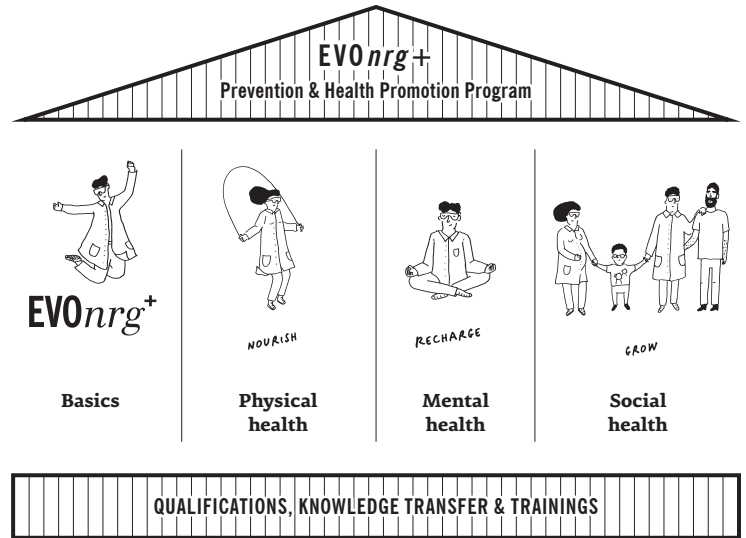
Year-on-year the number of near-miss reports / safety observations in 2020 more than doubled versus 2019, which is in fact an encouraging sign as it demonstrates that awareness has improved materially and that sites are embracing the “learning without loss” proactive safety approach, including the sharing of investigation summaries.

During 2020, we recorded a total of 269 accidents that caused harm (accidents + LTA). The increase by 5% versus 2019 was significantly lower than the headcount growth of 18%. Even more encouraging is the fact that the severity of events was significantly lower, leading to a reduction of lost working days from 275 in 2019 to 175 last year.

**2.3. Mental health in focus**

Systematic tracking and reporting of physical health aspects is now in place, and we have also introduced programmes supporting the mental health of our employees. These focus on preventive measures based on experiences made with the Health@work programme in Germany and Austria.

The Health@work programme is embedded in our holistic EVO $nrg+$  (read EVOenergy plus) programme, which covers all aspects of prevention and health promotion. Nutrition, physical exercise, mental health and social health are the four pillars of the programme. In 2020, which brought unusual challenges for everyone, we identified mental health as an area that deserves more attention. The idea is that learnings from the Health@work programme will be adopted and implemented in an appropriate way at all Evotec sites.



The Health@work programme stands for a comprehensive evaluation of the working environment especially in terms of risks to the mental health of employees. An interdisciplinary team of managers, health and safety experts, the company doctors and members of the Works Council identifies potential stress factors and develops countermeasures. So with Health@work Evotec is taking action to address the fact that in today’s world, occupational health risks increasingly have psychological causes.

**ACTIONS 2020 – GERMANY/AUSTRIA**

GOAL	MEASURE	DATE
Promote employee health	– Development of occupational health and safety programmes for all sites	2020
	– Setup of digital offerings as part of company health promotion	continuous development
	– Provide app for all staff with a focus on mental health	since 2019 continuous development
Promote mental health	– Step 1: Increase transparency and communication (e.g. Info screens)	continuous development
	– Step 2: Establishment of a mental health network (safety delegates health and EVO $nrg+$ ) and holistic structures	2019–2020
Training and awareness	– Safety relevant training is provided to all employees in face-to-face classes, online drop-in sessions and workshops	continuous development 2021–2025
Event and emergency preparedness	– Performance of first aider and fire delegate training	2020, continuous development
Risk assessment and preventive measures	– Workplaces are regularly subjected to health-related risk assessments	continuous development
	– Targeted implementation of measures derived from the risk assessment	continuous development
	– Design attractive working conditions and environment	continuous development

Further to this, Evotec has given all its employees a three-year pass to the mental health awareness app Headspace for their individual use. The response was strong. At the end of 2020, the uptake of the app stood at about 50% of the 2,300 available licenses.

#### 2.4. Digitalisation in EHS

Furthermore, works have continued to promote the implementation of a group-wide health and safety management software to generate transparency in Evotec's EHS activities and risk management. In Germany and Austria, the EHS software solution Quentic, a web-based software that supports the documentation, organisation and evaluation of all health and safety topics went live on 27 July 2020, facilitating accurate reporting going forward. The rollout of accident, incident and near-miss reporting has been completed, as well as the rollout of risk assessment for managers, lab managers & safety delegates. EHS leaders agreed on the rollout concept for the reporting of use of CMR hazardous chemicals, which is set to be implemented in 2021. After completion of the rollout in the German-speaking countries, the next step is the rollout at Evotec's international sites.

In addition, the subscription of a compliance tool (Croner-i) will help sites to keep up to date with local legislation and compliance requirements. An update of the progress will be provided over the course of 2021.

### INNOVATION / R&D: OUR CONTRIBUTION TO SDG3

Apart from the mentioned social factors that are of relevance to the materiality assessment according to the German Commercial Code, our main purpose – the quest for therapies for uncured diseases – is a material social matter of highest relevance.

In 2020, Evotec contributed to efforts to find vaccines and treatments against COVID-19 and participated in a number of projects.

- ▶ Evotec has become a member of the Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV) consortium, a private public partnership launched by the NIH on 17 April, with the aim to speed up COVID-19 vaccine and treatment options.
- ▶ Evotec provided the platform to coordinate repurposing assessments for the COVID R&D crowdsourcing initiative.
- ▶ In July, Evotec won an order from the U.S. Department of Defence to develop and manufacture monoclonal antibodies (mAbs) for the treatment and/or the prevention of COVID-19.
- ▶ In October, Evotec received a grant from the Bill & Melinda Gates Foundation as part of the COVID-19 Therapeutics Accelerator to enable the development and production of monoclonal antibody (mAb) candidates for the prevention of severe COVID-19 in vulnerable populations in low-and-middle-income countries

At the same time, we have not lost focus and continued to progress all projects set up in the seven core treatment areas we are focusing on. The need to find new cures in these areas has not changed and it would have been irresponsible and against the principles of long-term, sustainable business conduct to reallocate resources.

#### Our purpose is of highest social relevance

The area of infectious diseases resonates with the UN Sustainable Development Goal No 3 “to ensure healthy lives and promote well-being for all at all ages”. Since the integration of Sanofi's infectious disease unit in Lyon in June 2018 and in-licensing most of Sanofi's infectious disease research portfolio, our R&D infrastructure in the field of infectious diseases

consists of three segments: Global Health (e.g. tuberculosis, malaria), Virology (e.g. curative approaches in Chikungunya, hepatitis B) and Antimicrobial Resistances (AMR).

The resources allocated to infectious diseases R&D account for more than 30% of our EVT Innovate headcount, focusing on the generation of proprietary intellectual property for new therapeutic approaches.

The most advanced programme is an anti-Chikungunya monoclonal antibody, EVT894, which entered the clinical trial stage in December 2020. EVT894 was derived from a patient who was infected with the Chikungunya virus. It achieved potent neutralising activity *in vitro* and *in vivo* in therapy and prophylaxis models and demonstrated efficacy against all circulating Chikungunya genotypes. EVT894 is a first-in-class anti-viral therapeutic agent against Chikungunya and might also work as a prophylactic solution for immediate protection of people at risk during Chikungunya outbreaks. The aim is to establish that EVT894 is sufficient as a single injection for therapy and prophylaxis.

While EVT894 is the most advanced asset within Virology, the scope of activities in this field doubled from four to eight programmes within two years.

In the field of tuberculosis, Evotec is a member of a global collaboration of philanthropic, non-profit and private sector organisations, which work together to accelerate the development of novel TB treatment regimens for all TB patients. The aim is to create treatment regimens comprised of medicines to which there is limited or no drug resistance and that are ready for phase 3 development. The regimens could be an important step toward addressing the current global challenges around TB treatment complexity, and the diagnosis and treatment of drug-resistant TB.

The members of the *Project to Accelerate New Treatments for Tuberculosis* (PAN-TB collaboration) are Evotec, GSK, Johnson & Johnson, Otsuka Pharmaceutical Co., Ltd., based in Japan, the Bill & Melinda Gates Medical Research Institute and the Bill & Melinda Gates Foundation. All members have committed to leveraging their assets, resources and scientific expertise to advance the development of novel regimens. It is the largest global collaboration in the field of tuberculosis, which is again proof of Evotec's strategy to share knowledge and to provide access, and it is set to accelerate progress as fast as possible in order to make a visible contribution to the United Nations target of curing TB by 2030.

The contribution to this network has resulted in a re-assessment of in-house projects. The number of projects has receded from twelve to six, but our contribution in the fight against TB has increased due to the participation in the aforementioned consortium.

In Antimicrobial Resistances (AMR), all our projects are meant to address the WHO priority pathogens that affect developing countries in particular. Drug-resistant bacterial infections already contribute to at least 700,000 deaths a year worldwide. Given the current trajectory, it is estimated that antibacterial drug resistance could lead to ten million deaths annually and plunge 24 million people into extreme poverty by 2050.

AMR is an emerging theme that has attracted investors' attention in recent years. However, up until recently, the industry failed to take concrete action. In March 2019, Evotec entered into a public-private partnership with

The Global Antibiotic Research and Development Partnership to develop novel antibiotics. The research is expected to focus on Gram-negative infections, identified as a global public health priority by the WHO. As a result, the number of projects doubled in 2019 and prioritisation has led to a reduction from twelve to ten active projects in 2020. Evotec has also launched an open innovation initiative that will include approximately 180 scientists in order to focus on superbug infections and AMR.

**SUMMARY OF PROJECTS AND ALLOCATED HEADCOUNT  
IN THE FIELD OF INFECTIOUS DISEASES**

NO OF PROJECTS	2018	2019	2020
Global Health	8	12	6
Virology	4	6	8
AMR	6	12	10
<b>Total</b>	<b>18</b>	<b>30</b>	<b>24</b>
<i>allocated FTE (in % of total Innovate R&amp;D)</i>	30%	38%	34%

**INNOVATION / R&D:  
PERSONALISED MEDICINE – DIVERSITY  
IN DRUG DISCOVERY**

Diversity as a social matter in drug development has received greater awareness in the more recent past. The U.S. Food & Drug Administration’s (FDA) released its final guidance in November 2020 and proposed adaptive studies as one of several ways to enhance the diversity of clinical trial populations. The goal was set to reduce disparities in health outcomes and to enhance diversity of clinical trial populations. We sense that this framework will result in a change in drug discovery and development paradigms, which resonates with our patient-centric approach.

Measures proposed by the FDA encompass

- a) enrolment adjustments after interim analysis, based on pre-specified criteria
- b) broader eligibility criteria in order to include populations in trials that are often excluded without strong clinical or scientific justification
- c) characterisation of drug metabolism and clearance across groups in early-stage trials to enable dose optimisation across populations and as a way to avoid exclusions at a later stage during clinical trials
- d) trial sponsors should have a plan for the inclusion of clinically relevant populations no later than the end-of-Phase II meeting

The FDA acknowledged that the different safety, pharmacokinetic (PK) and efficacy responses to medical products could be caused by intrinsic factors such as genetics, extrinsic factors such as environmental exposures and sociocultural issues, or interactions between factors. The agency stated that analyses based on race or ethnicity could reveal population-specific signals. We fully agree with these arguments and appreciate the acknowledgement of the importance of -omics factors, which are at the centre of our drug discovery efforts.

**SUPPORTING COMMUNITIES  
WITHIN OUR ECOSYSTEM**

**Targeted donations**

Our group-wide community outreach is aligned with our scientific purpose. Donations are prioritised along our scientific efforts and dedicated to disease-related congresses and educational events.

**Tax transparency – we pay taxes where they occur**

Our commitment to play an active role in the communities where we are located is underlined by the fact that we pay taxes where they occur. Subject to location and history, the contribution may still be minor due to existing tax loss carry forwards, but we have no tax optimisation programme in place, and we intend to pay taxes when they are due.

**We acquire companies to create jobs**

Double-digit revenue growth can only be generated with job creations, organic as well as via acquisitions. Our M&A transactions undertaken in recent years underline that we acquire with the clear goal to grow rather than to generate cost synergies. The site in Toulouse grew from about 200 employees in 2015 to more than 700 today. Aptuit has increased its capacity by more than 20% since the acquisition in 2017. Just – Evotec Biologics has doubled the number of employees within 18 months since July 2019, and in 2020 we added a team of 29 gene therapy specialists in Austria who previously worked for Shire and Takeda. This group is at the core of a dynamically growing unit, dedicated to finding innovative treatment options in the field of gene therapy.

While the immediate effects of creating new jobs are obvious, our growth also has positive implications for our neighbours. In particular, our Toulouse site plays an important role here as COVID-19 has had a significant impact on the industrial infrastructure of the region. The takeover of the infrastructure of the former Biopark by Sanofi in 2020 underlines our commitment to continue the expansion, which should result in continuing job creation in the south of France as well as higher tax income for the region over time.

**We have a voice in the political sphere**

In January 2021 – after the end of the reporting period – Evotec’s CSO, Dr Cord Dohrmann, was appointed to the German Council of Science and Humanities (German: Wissenschaftsrat) for a term of three years. Cord joins the German Council of Science and Humanities as one of eight public figures.

The German Council of Science and Humanities plays an instrumental role in developing internationally leading science, research and universities in Germany. The appointment is an acknowledgement of Cord’s work in the biotech industry, which is well aligned with these goals. Moreover, it is an opportunity to make a positive contribution to society and to positively influence the public policy environment towards a sustainable framework that supports a thriving science ecosystem in both Germany and Europe.

# Environmental

## COMMITMENT TO SET SCIENCE-BASED TARGETS

In December, Evotec’s management signed the pledge to the Science Based Targets initiative (SBTi), committing itself to set targets aligned with the goals of the Paris Agreement: to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

SBTi reviewed and accepted our pledge in January, and we are listed on their website (<https://sciencebasedtargets.org/companies-taking-action>) as one of about 1,200 companies taking action currently and as one of about 400 that are committed to the 1.5° target and determined to become net carbon neutral by 2050 at the latest.



Source: <https://sciencebasedtargets.org>

Our commitment is more than a contribution to society, and it goes beyond good citizenship, which we take seriously anyway. It also supports sustainable dynamic growth. And it is simply a matter of consistency. The commitment to science-based targets consistent with our unbiased and data-driven business model. A report by a global assembly of leading climate scientists under the leadership of the Intergovernmental Panel on Climate Change (IPCC) suggests measures to prevent the worst effects of climate change and limit warming to <1.5°C.

We are convinced that preparing for a low carbon economy ahead of time will turn out to be a competitive advantage. An increasing number of our large collaboration partners have joined the SBTi already. In simple terms, our Scope 1 and Scope 2 emissions are the Scope 3 emissions of our partners and future customers. As a result, by observing environmental protection targets we are observing the interests of our partners, sparing them the effort to make provisions for compensation measures. Our commitment to the SBTi may therefore turn out to be a competitive factor. It may well cause our partners to expand their collaboration agreements, or extend them to include additional disease areas.

The table below lists partners and competitors which have defined or have committed to define science-based climate targets, many of which are relevant to Evotec, too. Due to the nature of our business relations, we are considered to affect Scope 3 emissions of our customers and intend to be part of the solution.

### PHARMACEUTICAL COMPANIES TAKING ACTION

<p><b>ASTRA ZENECA</b></p> <p>Reduce scope 1 GHG emissions by 20%, scope 2 by 95%, scope 3 by 25% until 2025</p> <p><i>Targets set in Oct 2016</i></p>	<p><b>BAYER</b></p> <p>Reduce scope 1 &amp; 2 GHG emissions 42% by 2029 from a 2019 base; scope 3 12% by 2029</p> <p><i>Committed since Nov 2019</i></p>	<p><b>SANOFI</b></p> <p>Reduce scope 1 &amp; 2 GHG emissions 55% by 2030. Reduce scope 3 emissions 14% by 2030</p> <p><i>Targets set in Jul 2020</i></p>	<p><b>NOVARTIS</b></p> <p>Reduce scope 1, 2 &amp; 3 GHG emissions 35% by 2030</p> <p><i>Targets set in Jul 2019</i></p>	<p><b>PFIZER</b></p> <p>Reduce GHG emissions by 60–80% by 2050</p> <p>All suppliers must commit</p> <p><i>Targets set in Dec 2015</i></p>	<p><b>ASTELLAS</b></p> <p>Reduce scope 1 &amp; 2 emissions by 30% by 2030, scope 3 by 20%</p> <p><i>Targets set in Nov 2018</i></p>	<p><b>GSK</b></p> <p>Reduce scope 1 &amp; 2 emissions 34% by 2025 from 2017 base year; scope 3 16%</p> <p><i>New 1.5° C targets set in Sep 2020</i></p>	<p><b>J&amp;J</b></p> <p>Reduce scope 1 &amp; 2 emissions 60% by 2030 from 2016 base; scope 3 by 20%</p> <p><i>Targets set in Nov 2020</i></p>
<p><b>NOVO NORDISK</b></p> <p>Reduce scope 1 &amp; 2 GHG emissions by 100% by 2030</p> <p><i>Targets set in May 2018</i></p>	<p><b>BIOGEN</b></p> <p>Reduce scope 1 &amp; 2 emissions 55% by 2032 and 100% by 2040 from a 2019 base; 80% of suppliers to have science-based targets by 2025.</p> <p><i>New targets set in Aug 2020</i></p>	<p><b>TAKEDA</b></p> <p>Reduce scope 1 &amp; 2 emissions 40% by 2025; 67% of suppliers to have science-based targets by 2024.</p> <p><i>Targets set in Apr 2020</i></p>	<p><b>LUNDBECK</b></p> <p>Reduce scope 1 &amp; 2 emissions by 45% between 2010 and 2020</p> <p><i>Targets set in Aug 2016</i></p>	<p><b>ONO</b></p> <p>Reduce scope 1, 2 emissions 55% by 2030 and 100% by 2050, scope 3 30% by 2030</p> <p><i>Committed since Aug 2017</i></p>	<p><b>SERVIER</b></p> <p>Reduce scope 1, 2, 3 emissions by 25% by 2030</p> <p>Key suppliers need to set targets</p> <p><i>Targets set in May 2020</i></p>	<p><b>GILEAD</b></p> <p>Committed</p> <p><i>Committed since Sep 2020</i></p>	<p><b>CHARLES RIVER</b></p> <p>Committed</p> <p><i>Committed since Oct 2020</i></p>

Source: Company data



— REPORT ON EMISSIONS —

In a first effort to reduce our CO<sub>2</sub> footprint, we have started to collect emissions data from all sites. As 2020 was affected by an external shock, we believe that 2019 may be a more suitable reference year for our climate targets. A decision will be made after diligent assessment in the course of 2021. A first indication with regard to Evotec's global GHG emissions (CO<sub>2</sub> Scope 1 and Scope 2 related to consumption of electricity and natural gas) points to a volume > 33,000 t of CO<sub>2</sub> per year.

Our Scope 1 emissions are largely related to cell incubators and the use of dry ice. We do not operate a fleet and therefore Scope 1 emissions account for less than one percent of our emissions profile.

By far the largest share of emissions is related to Scope 2. Although the absolute numbers are rising due to a significant expansion in business volumes, base revenues, headcount and lab space, our energy consumption reflects our overall approach to efficiency. While Scope 1+2 emissions related to the consumption of electricity and natural gas for heating in particular increased by only about two percent to 33,300 ton of CO<sub>2</sub> year-over-year in 2020, CO<sub>2</sub> intensity, measured as tCO<sub>2</sub> per EURm revenues, decreased by 9%. The trend was even more pronounced when measuring tCO<sub>2</sub> per employee (-13% vs. 2019).

**SELECTED SCOPE 1 & 2 EMISSIONS FROM  
USE OF ELECTRICITY AND HEATING**

	Total CO <sub>2</sub> emissions (t CO <sub>2</sub> )		Total t CO <sub>2</sub> per EURm revenues		per Employee (t CO <sub>2</sub> /avg. employee)	
	2019	2020	2019	2020	2019	2020
<b>GREENHOUSE GAS EMISSIONS</b>						
Total Scope 1 and 2 CO <sub>2</sub> emissions (t CO <sub>2</sub> )	32,728	<b>33,344</b>	73.4	<b>66.8</b>	11.6	<b>10.1</b>
– yoy change		<b>1.9%</b>		<b>(9.0%)</b>		<b>(13.2%)</b>
Total Scope 1, 2 and 3 CO <sub>2</sub> emissions (t CO <sub>2</sub> )	33,491	<b>33,553</b>	75	<b>67</b>	12	<b>10</b>
– yoy change		<b>0.2%</b>		<b>(10.5%)</b>		<b>(14.6%)</b>
Scope 1 GHG emissions – cell incubator CO <sub>2</sub> and dry ice (tCO <sub>2</sub> eq)	28	<b>28</b>	0.1	<b>0.1</b>	0.0	<b>0.0</b>
– yoy change		<b>1.5%</b>		<b>(9.3%)</b>		<b>(13.5%)</b>
Scope 2 GHG emissions – Energy consumption (tCO <sub>2</sub> eq)	32,701	<b>33,316</b>	73.3	<b>66.7</b>	11.6	<b>10.1</b>
– yoy change		<b>1.9%</b>		<b>(9.0%)</b>		<b>(13.2%)</b>

Data sources used for calculating energy mixes:

Germany: [https://www.umweltbundesamt.de/sites/default/files/medien/1410/publikationen/2020-04-01\\_climate-change\\_13-2020\\_strommix\\_2020\\_fn.pdf](https://www.umweltbundesamt.de/sites/default/files/medien/1410/publikationen/2020-04-01_climate-change_13-2020_strommix_2020_fn.pdf);

Italy: AXPO Italia; UK: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/877047/Press\\_Notice\\_March\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/877047/Press_Notice_March_2020.pdf);

France: <https://www.rte-france.com/eco2mix>; Seattle/Redmont: Seattle City Light; U.S. East Coast: <https://www.eia.gov/electricity/data/state/>

In order to calculate emissions of selected electricity supply technologies we have chosen to adopt lifecycle CO<sub>2</sub> equivalent emissions per energy source. The multipliers represent median values calculated by Intergovernmental Panel on Climate Change (IPCC; [https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc\\_wg3\\_ar5\\_annex-iii.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_annex-iii.pdf))

The process of setting targets will be conducted in the course of 2021/2022. We will adhere to the recommendations of the SBTi, which requires emissions reporting and tracking according to the internationally accepted GHG Protocol Corporate Accounting and Reporting Standard.

A first assessment of Scope 3 emissions is so far limited to business-related air travel. Setting up a robust reporting system for a reliable analysis of upstream and downstream activities – commute travel, supply chain and inter-site logistics, in particular – is on the agenda for 2021.

Air travel data for Europe covers flights by employees in the years 2019 and 2020. Emissions receded by almost 70% due to COVID-19-related flight restrictions. Given the exceptional circumstances in 2020, it is evident that a year-over-year comparison has no material explanatory value. Taking 2019 as a reference point for future analyses therefore appears reasonable. Emissions data for the US are based on estimates due to a lack of actual data. Emissions related to US air travel is based on an estimate of 0.5 t of CO<sub>2</sub> per head in 2019 and a significant reduction in line with the emissions of the European sites. Based on these assumptions, CO<sub>2</sub> emissions related to air travel amounted to about 1,500 tonnes in 2019 and some 450 tonnes in 2020.

**SCOPE 3 EMISSIONS – AIR TRAVEL**

	Europe		US*		Total*	
	2019	2020	2019	2020	2019	2020
Miles	2,731,764	<b>1,145,290</b>	n/a	<b>n/a</b>	n/a	<b>n/a</b>
– yoy change		<b>(58.1%)</b>		<b>nm</b>		<b>nm</b>
t CO <sub>2</sub>	1,330	<b>420</b>	134	<b>37</b>	1,464	<b>457</b>
– yoy change		<b>(68.4%)</b>		<b>(72.2%)</b>		<b>(68.7%)</b>
Heads	2,762	<b>3,199</b>	268	<b>373</b>	3,030	<b>3,572</b>
– yoy change		<b>15.8%</b>		<b>39.2%</b>		<b>17.9%</b>
tCO <sub>2</sub> /Head	0.48	<b>0.13</b>	0.5	<b>0.1</b>	0.48	<b>0.13</b>
– yoy change		<b>(72.7%)</b>		<b>(80.0%)</b>		

\*estimate based on average tCO<sub>2</sub>/Head

Calculation is based on methodology applied by myclimate.org

The data we provide on environmental factors is still limited, and we are aware that the scope needs to be expanded in future as not only electricity and heating account for Scope 1+2 emissions. Planned refinements of data also encompasses a broader Scope 3 coverage. We also intend to set up a comprehensive framework of data that should help analyse the structure of water consumption and waste management.

With regard to water and waste management, we consider the necessity to track and reduce our impact to be material. However, group-wide reporting structures do not provide a coherent picture at this stage. Efforts in 2021 will focus on improving data quality, which will facilitate the same unbiased, data-driven decision-making in our water and waste strategy that we pursue in all areas of our business.



# Governance

## HUMAN RIGHTS

Traditional aspects of human rights such as working and social conditions are outlined in the *Employees Matters* section. In addition, Evotec's activities as a drug discovery and development company entail specific challenges. They relate particularly to the use of human tissue and cells, as well as to the use of animals in experiments. Supply Chain Surveillance is part of good corporate governance, too.

### Responsible handling of human tissue samples

Evotec considers induced pluripotent stem cells (iPSCs) as a highly valuable resource for human disease modelling and regenerative medicine, thereby substantially potentiating the possibility to discover new drugs in screening formats and to treat life-threatening diseases through cell therapy-based strategies. With the ability to reprogram somatic cells from any healthy or diseased person into iPSC, we generated a platform that is capable of comparing different disease severities and genetic backgrounds. Milestone generations in the collaboration with Bristol Myers Squibb in 2020 provide evidence of the progress of these activities (for details please refer to our Annual Report).

iPSCs do not exist naturally and are instead generated ('induced') in culture from somatic cells through co-expression of defined transcription factors. Unlike embryonic stem cells (ESC), they do not require destruction of preimplantation embryos, but are derived from ethically approved, fully consented human patient material. Evotec collaborates with authorised partners who specialise in donor recruitment from clinical sites, and the consenting process is conducted by a clinical team. Patients are informed about research activities in a blinded fashion prior to signing the consent form. If a patient agrees to signing the consent form, Evotec's partner will proceed and collect a tissue sample. From this point onwards samples are handled under a unique sample ID number and no personal information is shared with Evotec for protection of patient rights. Should a patient decide to withdraw consent, they can contact the clinical site or partner and, as a consequence, Evotec will destroy the respective samples and all derivatives thereof. Importantly, most iPSC lines created by the partner are obtained in a non-exclusive manner to enable open access for the entire research community.

iPSC reprogramming is performed at the partner's site or at Evotec according to standardised procedures. For rare diseases that affect a small percentage of the population as well as specific mutations for which patients are hard to find, Evotec uses genetic engineering to introduce disease-specific mutations to iPSC lines. This methodology is applied when the overall patient population is too small for the patients to become pseudonymised. iPSC lines are stored at Evotec's cryostorage facilities. A mirror bank

holding a smaller quantity of each cell line has been established across several Evotec sites to ensure the security and consistency of all iPSC lines long term.

### Top standards in animal protection

Evotec also undertakes to apply the principle of the 3Rs when using animals for research. The goal of the 3R Principle is to avoid animal experiments altogether (Replacement), to limit the number of animals (Reduction) and their suffering (Refinement). The 3R principle aims to ensure the welfare of laboratory animals and is an integral part of Evotec's research and development processes. We see ourselves as industry leaders when it comes to efforts to reduce animal testing. Animal protection is always employee protection at the same time as it helps to avoid psychological stress, which, as outlined, is a focus area of our EHS department. In order to encourage our people to improve procedures, an internal award recognises lab personnel for initiatives to adopt the 3R principle.

In aiming to minimise the use of animals in research and development as far as possible, the Company already uses a broad range of *in vitro* pharmacological experiments as part of its drug discovery process. These experiments, which are conducted in test tubes, test a wide range of parameters in human cell lines and tissues. Using the latest technologies, such as imaging and increasingly also non-invasive methods (e.g. light sensors), refined techniques and advice from biostatisticians are also in the spirit of the 3R principle.

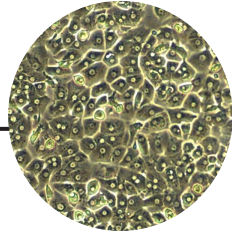
We see great potential in enforcing the "Replace" guideline of the 3Rs. Within Evotec, we use a number of methods (*in vitro*, *in silico*, computational) that replace animal experimentation on a routine basis. In the highly scientific context of our work, we constantly strive to use the latest and best methods to fulfil our goals.

Already today, many procedures i.e. in cellular sciences deliver superior results and successfully replace animal experiments, especially experiments that would otherwise require the use of vast number of animals. It is difficult to capture our progress numerically because we usually start out with the replacement method wherever possible and thereby already avoid usage of animals from the beginning.

When it comes to toxicity tests, an area highly regulated and potentially worth reconsidering by lawmakers, we generate data with much higher predictive value than mandatory animal tests already today. Here we can prove superiority with numbers. In the field of drug-induced liver injury (DILI), predictive accuracy amounts to 82% and compares favourably with a rate of 50% generated with animal models. Meanwhile the entire industry has replaced animal tests for assessing DILI.

**EVOTEC'S NEW DILI PREDICTION PLATFORM**

- ▶ Primary human hepatocytes
- ▶ One (1) read-out – Transcriptomics



**PanOmics**  
Data generation



**PanHunter**  
Data analysis

**ACCURACY OF DILI PREDICTION:**

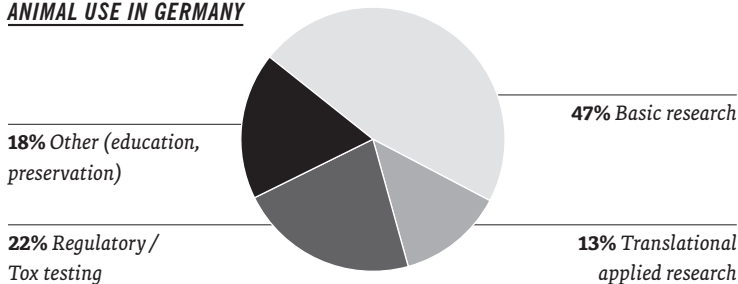
**82%** vs. **50%** in animal models



**INSIGHTS INTO MECHANISM OF TOX**

Disease modelling, which accounts for twice the amount of animal usage in toxicity testing, has even more potential to reduce the number of animal tests. As outlined further above, precision medicine based on patient-derived data holds the promise to yield more predictive disease models. These disease models address refinement as well as replacement as parts of the 3R principles. In Germany, almost half of the animals used in drug discovery are used in disease modelling (classified as basic research). We suspect that data for other countries show a similar distribution. The potential for replacing animal tests in this part of the discovery process therefore appears even bigger than in toxicity testing.

**ANIMAL USE IN GERMANY**



Source: Federal Ministry of Food and Agriculture

As part of its research activities at several European sites, Evotec carries out experiments on animals that are mandatory by law or scientifically necessary. Experiments that cannot be conducted in-house are outsourced to specialised, carefully selected and tested contract research institutes. The animals used in experiments are mostly rodents (e.g. mice and rats), but also non-rodents (e.g. non-human primates).

All animal experiments are performed exclusively with regulatory approval and on the basis of European standards defined in Directive 2010/63/EU and applicable national legislation, which is mostly even stricter (e.g. the German Animal Protection Act, Laboratory Animals Protection Regulation, Medical Products Act). As a result, Evotec is required to justify in every individual case why a project cannot be carried out without

resorting to animal experiments. Furthermore, the number of animals used must be kept to the minimum consistent with achieving the aim of the experiment. The competent national authorities consult an expert commission when evaluating applications, which is made up of specialised experts with experience of animal experiments as well as representatives of animal rights associations. Evotec's work is also regularly reviewed by the competent local veterinary authorities. Internal committees have been established at all sites, which meet regularly to discuss animal welfare aspects and adapt them to the current legislation and best practice for animal experimentation. All sites also have employees designated as animal welfare officers as well as veterinarians, who advise, support and audit the research departments and provide instructions on animal rights compliance.

To ensure that best practice for animal testing is followed, Evotec in Germany implements recommendations from laboratory animal science associations (GV-SOLAS, FELASA) and the German Veterinary Association for Animal Welfare (TVT). In addition, all research sites have applied for accreditation by the internationally acknowledged animal protection organisation AAALAC International (Association for Assessment and Accreditation of Laboratory Animal Care International) and have been accredited successfully. The exhaustive accreditation took place after an in-depth review of the conditions and programmes for keeping and using the laboratory animals, as well as the professional qualifications of their keepers and the scientific staff. A re-accreditation of the sites takes place every three years and was obtained for the Goettingen site in 2019 and for Hamburg in 2018. The Lyon site also carries an AAALAC accreditation which had been obtained while still in possession of Sanofi. This accreditation is valid until 2020 and will not be renewed due to the relocation of animal facilities to Toulouse. After a first accreditation visit in November 2019, the Manchester site received accreditation in 2020 as well. Evotec's goal of having all six relevant sites accredited according to AAALAC standards was reached by the end of 2020.

Alongside its ethical obligation for the animals' welfare, Evotec is interested in achieving best quality of the data generated by animal experiments. Only when the animals feel comfortable, are subjected to as little stress as possible and are kept in good, standardised conditions, can high-quality experimental results be obtained and the number of necessary experiments can be limited to a minimum. Since 2016 a global team of veterinarians on permanent employment contracts has worked on the improvement and harmonisation of standards between the different sites. In 2019, an updated version of our Global Animal Welfare Policy was issued. The vet team also introduced new guidelines concerning the maintenance of a high level of animal hygiene. Evotec stands out from many other companies in the industry by employing a total of twelve in-house vets. The advantages of this practice include the unlimited prompt availability of experts on site, much more efficient communications and the methodical accumulation of knowledge about company-specific interfaces and processes.

Animal welfare is enshrined in the German constitution as a national objective and regulated by the Animal Welfare Act. Unsurprisingly, the area is subject to a dense network of regulatory requirements, and audits occur regularly. Evotec is open for any requests or spontaneous audits at any time, not only in Germany but at all of its sites. During the last three years, ten audits or visits by various regulatory bodies were conducted at six Evotec sites. None of the observations were material, and they were corrected within a few weeks or even a few days.

**AUDITS & VISITS OF IN-VIVO UNITS BY REGULATORY BODIES 2018–2020**

<b>YEAR OF REPORT ISSUANCE</b>	<b>COUNTRY</b>	<b>SITE</b>	<b>DATE</b>	<b>AGENCY</b>
<b>2018</b>	Germany	Hamburg	June 20 <sup>th</sup>	Veterinary Pharmacy audit by local authorities (Behörde für Gesundheit und Verbraucherschutz, Freie und Hansestadt Hamburg)
	Italy	Verona	June 21 <sup>st</sup> –22 <sup>nd</sup>	AAALAC
	France	Toulouse	November 19 <sup>th</sup>	AAALAC
<b>2019</b>	Germany	Göttingen	June 28 <sup>th</sup>	AAALAC
	England	Manchester	November 22 <sup>nd</sup>	AAALAC
<b>2020</b>	Germany	Hamburg	June 3 <sup>rd</sup>	Legal authorities animal welfare act §16 (Behörde für Gesundheit und Verbraucherschutz, Freie und Hansestadt Hamburg)
	Germany	Göttingen	July 15 <sup>th</sup>	Veterinary Pharmacy audit by LAVES
	Austria	Orth	November 5 <sup>th</sup>	AAALAC
	Germany	Hamburg	November 9 <sup>th</sup>	Veterinary Pharmacy audit by local authorities (Behörde für Justiz und Verbraucherschutz)
	Italy	Verona	December 14 <sup>th</sup>	Italian Ministry of Health

### COMPLIANCE AS CORE ELEMENT OF OUR CORPORATE CULTURE

Evotec's corporate culture is committed to the highest standards of transparency, integrity and accountability. One key aspect of integrity is compliance with applicable legislation and internal company guidelines. Evotec does not tolerate any infringement of applicable law or internal policies.

The compliance programme at Evotec SE is monitored by the Company's compliance officer and the compliance department reporting to her or him; an independent and objective function that reviews and assesses compliance matters within the group. Training is provided regularly using a group-wide electronic compliance training programme, which is tailored to the Company's specific compliance requirements and the associated risks. In order to improve the system, Evotec started to roll out a new electronic data protection training in the final quarter of 2020. The global roll-out is expected to be completed in the first quarter of 2021. It is mandatory for all members of the Management Board and for all employees. The aim of the training programme is to achieve permanent awareness of compliance aspects in all business processes, to ensure that every decision meets Evotec's compliance obligations and to minimise compliance risks and deviations. The Company's compliance officer monitors participation in this training programme at regular intervals.

As required by Italian law, the compliance programme of the group company Aptuit (Verona) S.r.l. is also monitored by the Surveillance Board, which is made up of employees and independent external advisers. The compliance model for Aptuit (Verona) S.r.l. is regularly adapted to the Company's business and applicable legislation. Compliance training for the Aptuit staff has been integrated with the Group's electronic compliance training since 2019.

Evotec's commitment to a compliance-oriented corporate culture is manifested in the Company's code of conduct, which defines binding ethical principles such as integrity and professionalism that apply equally to members of the Management Board and Supervisory Board and to all employees. Evotec's code of conduct is published in the Invest section of Evotec's website ([www.evotec.com](http://www.evotec.com)). The version in effect throughout the 2019 financial year covered topics such as the use of company funds, correct accounting, dealing with personal conflicts of interest and insider trading, compliance with the provisions of anti-corruption and anti-trust law, the working environment, occupational health and safety, minimising adverse environmental effects, and the confidential treatment of intellectual property and company secrets. In December 2019, the Supervisory Board of Evotec SE approved an updated version of the code, which was rolled out in January 2020. It now also includes sections on money laundering, animal welfare, personal data, global trade and whistleblowing.

#### **Institutionalisation of whistleblowing platform**

Another important aspect of accountability and transparency is the opportunity for employees to express their misgivings responsibly and effectively. Potential breaches of compliance obligations can be reported to the relevant manager, the Company's compliance officer. Until 2019 this was done via a compliance hotline, but no reports of active or passive corruption were received via this route. Neither were any cases of active or passive corruption detected by any other means.

As announced in our 2019 non-financial report, we have improved the system in order to reduce hurdles and implemented a new web-based whistleblowing platform in 2020, *EVOwhistle*, which went live on 29 January 2020. Under the URL <https://evotecgroup.integrityline.org/> Evotec provides employees and external stakeholders with a channel to report compliance-related concerns such as suspected or observed

misconduct, violations of the Evotec Code of Conduct or other legal violations. EVOwhistle is Evotec's dedicated and secure website hosted outside the company network. It aims to create a trusted system with protection for both the whistle blower and the person which may be the subject of an addressed concern.

Over the course of 2020, the system recorded nine reports, of which four were functionality tests. The remaining five reports were related to two cases (one with three related reports and one with two related reports). Both cases were solved and closed in 2020.

Arguably, the number appears relatively low for a company of the size of Evotec. We sense that this could be related to distraction by COVID-19 related challenges. We therefore took the first anniversary of EVOwhistle in January 2021 as an opportunity to remind and invite our people to raise their voice and identify or prevent violations of compliance regulations, the Evotec Code of Conduct or other legal issues in our joint work environment. Whistleblowing plays an important role in identifying risk-related issues, and a good-faith reporter is protected against retaliation even if the report is found to be unsubstantiated or a misconduct is not confirmed by subsequent investigation. We would appreciate active engagement as a sign of a good corporate culture.

## COMBATING CORRUPTION AND BRIBERY

The Company's target in terms of corruption is zero incidents, and we have not recorded any case of corruption this far. No company representative in their capacity as an Evotec employee may sign a contract or enter into an agreement on the basis of a commission obtained, a kick-back, a consultancy or service contract, a bribe or the extortion of a payment. This is also forbidden if the person is aware or can assume that an unreasonable

direct or indirect payment is expected for decisions or actions in Evotec's favour.

The term unreasonable payment or compensation includes money or other gifts from third parties in excess of a certain value, which have not been approved by the manager. For instance, certain products, especially if they are free, as well as services, travel or holiday accommodation at the expense of another company, are just as much unlawful compensation as a direct cash payment. An action which is otherwise dubious is not allowed simply because it is customary in a particular place or in a particular area of commercial activity.

Another aspect of anti-corruption law is the avoidance of transactions with individuals or organisations on international sanction lists. Since year-end 2017 Evotec has followed a systematic approach intended to ensure that such individuals or organisations are identified and verified before any transactions are completed.

### Supply chain surveillance

In 2019 a total of 82 supplier entities were evaluated (the top 20 of each site, accounting for about 80% of purchased goods). The scope of supplier surveillance made significant progress in 2020. In order to improve the monitoring of the sustainability performance of our suppliers, we implemented Integrity Next in the third quarter of 2020. We invited more than 2,300 suppliers to collaborate on the Integrity Next platform and provide their input on environmental protection, human rights and labour, anti-bribery and anti-corruption, health and safety as well as supply chain responsibility. We have complete profiles for about 950 suppliers today, which corresponds to roughly 90% of Evotec's expenditures. The next step is to get the remaining active suppliers onto the platform, analyse the profiles of suppliers which do not fully meet our requirements, and recommend corrective action.

### SUPPLIER ASSESSMENT

	Fully compliant		Partly compliant		Insufficient data/on watch		No Info	
	2019	2020	2019	2020	2019	2020	2019	2020
<b>Environmental Protection</b>	53	<b>535</b>	18	<b>348</b>	-	<b>55</b>	11	<b>1,381</b>
- in %	64.6%	<b>23.1%</b>	22.0%	<b>15.0%</b>	0.0%	<b>2.4%</b>	13.4%	<b>59.6%</b>
<b>Anti-Bribery and Anti Corruption</b>	56	<b>529</b>	17	<b>310</b>	-	<b>47</b>	9	<b>1,433</b>
- in %	68.3%	<b>23%</b>	20.7%	<b>13%</b>	0.0%	<b>2%</b>	11.0%	<b>62%</b>
<b>Human rights and labour</b>	53	<b>661</b>	19	<b>241</b>	-	<b>3</b>	10	<b>1,414</b>
- in %	64.6%	<b>29%</b>	23.2%	<b>10%</b>	0.0%	<b>0%</b>	12.2%	<b>61%</b>
<b>Health &amp; Safety</b>	n/a	<b>723</b>	n/a	<b>156</b>		<b>9</b>	n/a	<b>1,431</b>
- in %		<b>31%</b>		<b>7%</b>		<b>0%</b>		<b>62%</b>
<b>Supply Chain Responsibility</b>	n/a	<b>280</b>	n/a	<b>561</b>		-	n/a	<b>1,478</b>
- in %		<b>12%</b>		<b>24%</b>		<b>0%</b>		<b>64%</b>

Sustainability topics 2019: Environmental, Anti-bribery, Human rights (n = 82)

Sustainability topics 2020: Environmental, Anti-bribery, Human rights, Health & Safety, Supply Chain Responsibility (n=2,319)

\* Start of assessment by Integrity Next: Aug 2020

Of the suppliers currently classified as active in our ERP system, 99.1% (2019: 98.5%) originate from OECD countries. Seven of the remaining 26 suppliers outside the OECD sphere have already filed information via Integrity Next, and their self-assessment implies full compliance. The remaining 19 companies have not returned their answers as yet. Based on our own assessment, we have no evidence of any breaches of regulations regarding forced labour or conflict minerals.

In order to deploy our principles of ethical behaviour systematically along the value chain, we have expanded the monitoring of our suppliers significantly in 2020 and undertaken steps to expand our Code of Conduct by a Supplier Code of Conduct. In 2021, we will publish renewed conditions of purchase for the different Evotec companies. Along with the renewal, we will issue a Supplier Code of Conduct which ensures that our suppliers comply with the social, environmental and corporate governance standards of the ten principles of the UN Global Compact guide to corporate sustainability. It will also contain guidelines for a cascade of actions to be taken in case of non-compliance.

# Outlook

While sustainability is inherent in our business model and has always been an intrinsic part of our corporate culture, we have made significant progress in setting up structures for a systematic sustainability management going forward. An increasing degree of digitalisation for measuring and reporting material ESG-related KPIs will support management decisions in a holistic approach to align corporate and sustainability strategy with our stakeholders' requirements and the planet's needs. Unbiased decisions based on science and data are our guiding principle, which we will apply

when implementing the findings of our Sustainability workshop, too. We intend to intensify our dialogue with key stakeholder groups and understand sustainability management as a dynamic and flexible process. 2021 will set the stage for a comprehensive, holistic ESG reporting scheme, which should help to support and protect our employees, to derive science-based climate targets and to prepare and publish our first audited sustainability report according to internationally accepted reporting standards in March 2022.

**For further enquiries please contact**

**Volker Braun**

SVP, Global Head of  
Investor Relations & ESG  
+ 49.(0)40.56081-755  
[volker.braun@evotec.com](mailto:volker.braun@evotec.com)

---