

Sustainability Report 2021/22



FETTE
COMPACTING
be efficient

Sustainability Report 2021/22

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Foreword by the Management Board



Dear Readers,

As members of the Management Board of Fette Compacting, we are delighted to present our Sustainability Report for the past business year. We regard sustainability as a central component of our corporate strategy, as we are very much aware of our responsibility for the environment and society.

We are of the opinion that sustainability is the result of a holistic approach to economic, environmental and social aspects. Only companies that internalize this and are prepared to act consistently can successfully meet the challenges of the future. This is particularly true against the backdrop of increasing legal requirements and regulations, such as the Supply Chain Sourcing Obligations Act in Germany or the regulation on taxonomy and sustainability reporting at EU level. Companies need to do their part.

Our report shows the challenges associated with our business activities and the strategies and solutions we are using to meet them. Certified energy, environmental and quality management systems help us to successfully implement our strategy to the benefit of the environment, our employees and our company.

Last year, we focused intensively on how we can make our products and processes even more sustainable. We concentrated on the areas of energy efficiency and climate protection as well as leadership and cooperation in particular. We have made progress in many areas and are now on a good path toward achieving our sustainability goals. This is something we are proud of.

Our employees are the key to implementing sustainable goals and principles. Thinking and acting in a sustainable manner must be an integral component of our everyday work routines and cannot be prescribed by law or decree.

That is why we want to include our employees even more in our sustainability activities in the years to come. After all, their actions shape our corporate culture. Their knowledge, their commitment, and their creativity are what help Fette Compacting to develop and transform our abstract goals into measurable success stories. For Fette Compacting, sustainability is a continuous improvement process, which we will strive to anchor as a firm component of our corporate culture in the years to come.

Our goal is to create a sustainable future while simultaneously safeguarding the economic success of our company. We are convinced that this is only possible through close collaboration with our customers, suppliers, employees and other stakeholders.

Our Sustainability Report provides you with an insight into our activities in the areas of environment, climate and social commitment. We look forward to constructive discussions on how we can join forces to contribute to a more sustainable future.

Joachim Dittrich and Anke Fischer

Fette Compacting: Who we are

Fette Compacting is the leading international supplier of integrated solutions for industrial tablet production. Apart from machines and plants, the range also includes tableting tools, format parts and process equipment as well as service, training and consulting offers and digital applications for optimizing the tableting technology used. The company specializes in high-performance machinery for the pharmaceutical industry and its products are also used in food manufacturing and in the chemical industry.

Fette Compacting is based in Schwarzenbek near Hamburg. A second technology and production site is operated by Fette Compacting in Nanjing (China).



Anke Fischer and Joachim Dittrich in the production area at the Schwarzenbek site

Fette Compacting is the only manufacturer of tablet presses to operate its own global network with fully-equipped and digitally-networked Competence Centers in Germany, Brazil, China, India and the USA.

Fette Compacting is represented in more than 50 countries worldwide and distributes its products and services close to its customers through a network of subsidiaries and sales representatives.

Apart from Fette Compacting GmbH, the Fette Compacting Group also includes twelve operational subsidiary companies in markets of most relevance for Fette Compacting.

Since the opening a branch in Algeria in July 2022, Fette Compacting has been strengthening its presence in Northwest Africa. The new location in the capital Algiers will provide existing customers in the Maghreb states with more intensive support and expand business relationships in the regional growth markets.

The Fette Compacting Group has 970 employees worldwide, the majority of whom are employed in Germany at Fette Compacting GmbH.

Fette Compacting is subject to the legal form of a limited liability company (GmbH).

The company is part of LMT Group, an internationally active family-owned group of companies, and operates as an independent business unit within LMT Group. LMT Group is managed as a management holding by LMT GmbH & Co. KG.

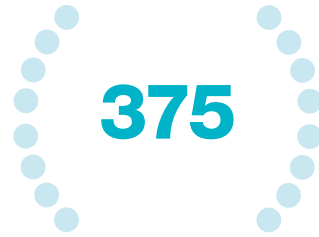
1,800 people work for LMT Group companies at over 20 locations worldwide. The Group achieved sales of 375 million euros in fiscal 2021.

The companies in LMT Group share a site in Schwarzenbek near Hamburg. The members are legally, financially and organizationally independent but have joint use of resources, which means that they pursue common goals at consortium level in terms of their social, societal and ecological responsibility. Accordingly, some of the details in this report refer to the activities of LMT Group.

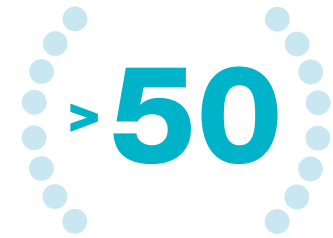
**Fette Compacting:
Who we are
Company figures 2022**



Employees (worldwide)



Sales by LMT Group
in millions of euros
(fiscal 2021)



Branch offices
worldwide



Headquarters:
Schwarzenbek,
Germany



Competence Centers



Installed plants



Production sites



Sales locations



Subsidiaries
worldwide



International agencies



**Sustainability
is an investment
in the future**

Our understanding of sustainability

“together – for quality of life”

Sustainability is an elementary component of our corporate identity and has also been firmly anchored in our corporate strategy and organization since 2022.

Machines and plants from Fette Compacting help to improve the health and quality of life of people all over the world. This is also reflected in our mission statement “**together – for quality of life.**” Doing good is one of our corporate priorities.



Our long-term corporate success can only be secured by a corporate strategy which takes equal consideration of environmental and social aspects and economic factors. The fact that economic goals and sustainability are mutually beneficial is now clearer than ever before. Long-term success is not possible without commitment to a good future.

The focus of our sustainability activities shows that we have a comprehensive understanding of sustainability. The areas of activity of economy, environment, people and society provide an orientation framework for value-based corporate governance. In these areas, we want to improve continuously by way of targeted projects and strategic measures.

The foundations on which our corporate culture is built form our values: passion, integrity, appreciation and Zukunftsfreude.

Living our values

Shared values are the basis for our responsible actions. They shape how we perform and pursue our goals. They influence how we work together, respect each other, communicate and assume leadership responsibilities.

Our values

Passion

We pursue our goals with our heart and soul.

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

Integrity

Our word is our bond – always and everywhere.

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

Appreciation

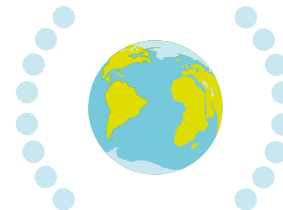
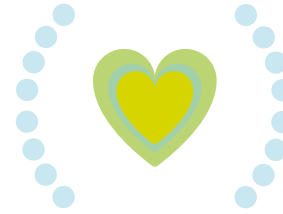
Enthusiasm shown by customers is the result of teamwork.

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

Zukunftsfreude

Diversity makes us strong.

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



Our understanding of sustainability

Culture journey – on the trail of corporate culture

As part of our commitment, we are working to establish an employee-oriented corporate culture. To this end, Fette Compacting has been organizing so-called Culture Journey workshops with all employees worldwide since September 2022. These workshops give them the opportunity to help shape Fette Compacting and contribute their personal ideas and requests. By the end of 2022, almost 300 employees had already taken part in the Culture Journey workshops.

Our goal is to make our values visible and develop a common understanding of them. This helps us to create a binding basis for our future collaboration. After all, our corporate values shape our culture and are decisive for how innovative and agile we are in meeting new challenges.

Several colleagues are already supporting the process as cultural ambassadors. To include as many perspectives as possible, these cultural ambassadors come from different functional areas and hierarchical levels and act as contacts for our employees. They take feedback and answer questions during the workshops and the process as a whole.

Economy

Sustainable products and services

Product responsibility

Sustainability in the supply chain

People & society

Attractive employer

Leadership and cooperation

Learning and development

Health and safety

Social commitment

Sustainability management at Fette Compacting

Process for determining of materiality

Fette Compacting focuses its sustainability management on topics which are decisive for corporate success and overcoming global challenges.

Our aim is to report on all material sustainability issues in a transparent and fact-based manner. This report covers all topics where our actions have a social, environmental or economic impact.

These topics are selected on the basis of our experience and knowledge. We report on essential topics arising from our corporate values, strategy, risks, opportunities and goals. They also reflect the interests and expectations of our closest stakeholders.

Environment

Energy and climate protection

Materials and waste

Water

The EU directive on CSR reporting is undergoing a fundamental revision in the form of the Corporate Sustainability Reporting Directive (CSRD). The proposed directive introduces binding European sustainability reporting standards (ESRS), which are currently under development. A double materiality is to be anchored, which changes the principle of materiality applying in Germany in particular up to now. Matters are to be classified as essential if they are essential either for the success of the business or from an environmental or social point of view.

In preparation for the CSRD, we are working to ensure that the identification, prioritization and validation of essential topics in the future follow the principle of dual materiality, taking into account financial relevance (“financial materiality”) and sustainability relevance (“impact materiality”). On this basis, we can develop a sustainability strategy that takes into account the requirements of different global standards.

Corporate leadership

Corporate governance

Compliance

Organizational structure

Sustainability management at Fette Compacting

Our key topics as focal points for action

For fiscal 2022, we are reporting for the first time on our sustainability performance with reference to the new standards of the Global Reporting Initiative (GRI). We are also applying specific standards, such as ISO 14001 as an environmental management standard and the Greenhouse Gas (GHG) Protocol as a framework for balancing our greenhouse gas emissions.

We have anchored sustainability within our organization.

Fette Compacting understands sustainable action as a cross-section topic, which is of relevance in all areas of the company.

Since late 2022, the newly-created Corporate Sustainability staff unit has been responsible for the planning, coordination, evaluation and (strategic) further development of our sustainability activities. On the one hand, the focus is on comprehensive implementation of international, practice-oriented sustainability management in the strategy and structures of the Fette Compacting Group. Secondly, on the coordination and preparation of annual reporting in accordance with statutory and internal corporate standards.

Implementation as a staff unit clarifies the cross-sectional function and promotes dialog and cooperation between the business units and executive management in order to exchange information on the progress of sustainability-related topics and projects.

Executive management is regularly informed about the overall development of sustainability management and ensures the relevance and acceptance of this topic within the company. In addition, regular reports are submitted to the owners and the Supervisory Board.

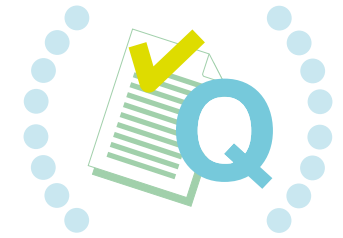
The various (central) divisions and functions are responsible for operational implementation of sustainability-related topics and measures. This way, they ensure the continuous improvement of sustainability performance.

The aim is for CSR to become part of the overall structure of the company and to take place equally in all processes. By integrating sustainability into our business processes, we are establishing processes, parameters and standards in everyday operations.

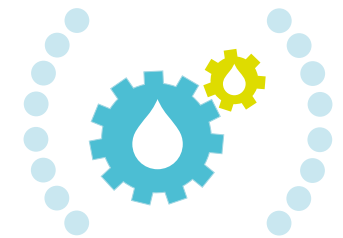
Management systems in use

Sustainable management requires management systems that work. The management system at Fette Compacting GmbH at the Schwarzenbek site supports us in successfully implementing our corporate strategy for the benefit of the environment, our employees, and our company. Regular certifications and internal audits of the ISO 9001 (quality), ISO 14001 (environment) and ISO 50001 (energy) standards guarantee the high internal standard we strive for.

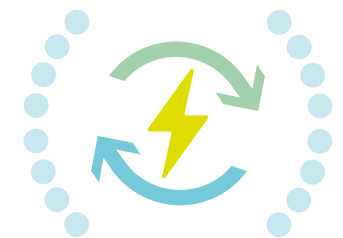
As a manufacturer of machines for the pharmaceutical industry, Fette Compacting produces computer-controlled systems that are used in environments with GMP (Good Manufacturing Practice) standards. In addition to these classic management standards, Fette Compacting therefore also follows the high international standards and recommendations of the ISPE (International Society for Pharmaceutical Engineering) and thus the GAMP5 (Good Automated Manufacturing Practice, version 5) guideline. This is regarded as a guideline and has become the standard set of rules for the validation of computerized systems in the pharmaceutical industry (manufacturers and suppliers).



Quality management system
DIN EN ISO 9001: 2015



Environmental management system
DIN EN ISO 14001: 2015



Energy management system
DIN EN ISO 50001: 2018

Sustainability management at Fette Compacting Initiatives and partnerships

Fette Compacting is a member of various associations, interest groups and external initiatives. With our commitment, we live our conviction that sustainability can only be managed and advanced together with all internal and selected external stakeholders. The overview includes a selection of our memberships and partnerships.

VDMA

Fette Compacting has been a member of the VDMA (German Mechanical and Plant Engineering Association) industry network for many years. This association represents the joint economic, technical and scientific interests of machine and plant engineering in Germany, Europe and worldwide.

Blue Competence

Fette Compacting also supports the VDMA's Blue Competence sustainability initiative and is committed to its twelve sustainability principles.

DICO

Fette Compacting GmbH joined the Deutsches Institut für Compliance e.V. (DICO) in December 2022. DICO is a network of compliance practitioners that develops recognized standards and best practices as tools for compliance departments.

DGQ e.V.

Since 2017, Fette Compacting GmbH has been active in one of Germany's largest quality management networks, the DGQ (German Society for Quality). In network events and specialist circles involving QM experts, companies can help to shape the future of quality management.

BME (German Association for Materials Management, Purchasing and Logistics)

Since 2019, Fette Compacting has been a member of the Bundesverband Materialwirtschaft, Einkauf und Logistik e.V., the leading professional trade association and network agency for purchasing, supply chain and logistics managers in Germany and Europe.

EcoVadis

Through our membership of EcoVadis, a platform for sustainability ratings, we create the highest possible transparency for our customers and are committed to ethically and environmentally responsible behavior along our supply chain. We confirm this by regularly participating in the sustainability rating.

CyberVadis

The cybersecurity rating by CyberVadis provides us with a comprehensive image of our IT security. This assessment identifies the risks affecting companies in particular and the impacts such risks can have. We use it as a basis for improving our IT security.

Research cooperation with the University of Hamburg

Fette Compacting promotes cooperation between science and business. Together with the University of Hamburg, Fette Compacting dedicates itself to new research questions and thus not only ensures practical training for the next generation, but also integrates experience and ideas from science into its own development activities.

German Design Council

Strong brands need strong design – sustainable profits can only be achieved and new markets conquered when these two factors interact. Based on this shared conviction, Fette Compacting is a member of the "Designinstanz Deutschland" (German Design Council Foundation).



Sustainability management at Fette Compacting Exchanges with internal and external stakeholders

Sustainability management at Fette Compacting includes regular exchanges with various stakeholders who have an interest in the company's development.



The Competence Center at the Schwarzenbek site

Our stakeholders

Our most important stakeholders include our employees, customers and business partners, our shareholder family and the Supervisory Board, the authorities, competitors and suppliers.

In dialog with our stakeholder groups, we incorporate topics, trends and developments in the company and our areas of business which are of strategic relevance. We use them to derive requirements for Fette Compacting and integrate them in our decisions. Our goal is to unite various interests, develop trust and retain it over the long term.

The focus here is on our customers' increasing requirements for the sustainability of our products and processes. Important topics in the pharmaceutical industry include the ecological footprint, sustainable value chains (in product development and in the supply chain), and sustainable science & technology (product development).

We can only be successful if we know, understand and incorporate the needs of our customers and the requirements of the market into our daily work. We meet the needs of our customers with the help of consistent customer orientation, forward-looking, innovative developments and the highest quality standards throughout the entire process chain. As a consequence, we train our customers for an optimal use of our machines and provide information as openly and transparently as possible about developments in our company.

We use various opportunities for regular exchange, such as technical discussions, meetings, conferences, trade fairs and events. Communication with our internal stakeholders takes place in regular information events, via employee surveys and feedback (including Culture Journey workshops), and via the annual employee and qualification reviews. Our employees can participate in various committees (e.g. as employee representatives).



Interview with CEO Joachim Dittrich Focus on sustainability

Mr. Dittrich, what importance do you attribute to the topic of sustainability for tablet production?

Improving the health and quality of life of people around the world is the shared goal of all technologies and services associated with tablet production. Therefore, sustainability plays an important role in our company, as we are convinced that sustainable management is necessary to achieve this goal.

This is not only about manufacturing machines for health-promoting solid products, but also about responsibility for our environment and a future worth living in. Sustainability is a central benchmark for all economic activity and presents us with challenges as a globally positioned company in the special machinery sector.

We are being driven by climate change in particular, as we increasingly feel the consequences. That is why there are more and more political programs and regulatory provisions that make binding requirements for manufacturing companies. For us as a supplier, this means saving resources, producing more efficiently, and documenting sustainability measures.

Our customers have high expectations of us to achieve their own ambitious sustainability goals. We are committed to providing the best possible solutions and actively working toward a sustainable future.

And what does that mean for Fette Compacting?

Fette Compacting has firmly anchored the topic of sustainability in its corporate philosophy and strategy. This is also reflected in our shared corporate goal of “together – for quality of life,” which both unites and drives our employees.

We are convinced that long-term success can only be achieved by a corporate strategy that gives equal consideration to ecological, social and human aspects as it does to economic factors.

Fette Compacting is a family-owned company and the long-term impacts of company decisions are given careful consideration. The goals for our own production and for our customers' operations are considered to be of equal value, as they all contribute to creating a future worth living in.

As a leading supplier of integrated solutions for the industrial production of tablets, Fette Compacting strives toward healthy and independent growth in order to sustainably strengthen its market position.

Where does Fette Compacting stand in terms of sustainability?

In the past year, we at Fette Compacting not only set an important strategic course, but were also very successful in implementing it. We were able to realize numerous projects and activities that have set new standards in the area of sustainability.

At the Schwarzenbek site, we had our environmental management system certified according to the DIN EN ISO 14001:2015 standard for the first time in 2022. Environmental management enables us to systematically record and reduce our environmental impact in order to achieve our environmental and climate targets. In doing so, we are not only concerned with meeting standards, but also exceeding them. This enables us to protect the environment while reducing our costs for waste, materials and energy, as well as potential accident and liability risks.

Last year, Fette Compacting conducted a corporate carbon footprint analysis for the Schwarzenbek site for the first time, based on the current reporting standard of the Greenhouse Gas Protocol Initiative (GHG Protocol) and DIN EN ISO 14064-1. The aim was to evaluate our operational consumption of resources in terms of its climate impact. The production site in Nanjing is also working with comparable systems on its carbon footprint.

We know that reducing industrial emissions plays a key role in limiting the global increase in temperature and slowing climate change. That is why we are currently working on developing and implementing an environment and climate strategy with the aim of reducing our greenhouse gas emissions and emissions incurred by our own activities (Scope 1 and 2) as well as indirect emissions (Scope 3).

The energy management system established at the Schwarzenbek site has also enabled us to reduce our energy consumption. For example, we have carried out LED lighting installations, implemented optimized compressed air lines, reduced machine idle times and made new energy-efficient purchases. We have also sensitized our employees for the topic through training.

We will also continue to consistently pursue our sustainability activities in 2023. We are very much aware of the fact that we will face many challenges. Nevertheless, we are confident that with our know-how and experience, we can be economically successful while simultaneously making the world a better place, one step at a time.

The focus is always on the person as an individual. Each and every one of us contributes with his or her attitude to sustainably protecting the environment and climate and shaping our future in a positive way.

What we have achieved in the past year is primarily thanks to our colleagues around the world. They give their best every day and seek ever better solutions with curiosity and inventiveness.

Are there other developments in the area of sustainability which you would like to highlight for fiscal 2022?

Our clear commitment to sustainability is regularly confirmed by ratings. The ratings by external platforms illustrate our development as a company in the area of sustainability.

By regularly reassessing our sustainability performance, we gain a better understanding of our strengths – but also, in particular, our potential for improvement. By sharing and discussing the assessment results with our customers, we learn about the key sustainability issues on the customer side. The aim is to continuously improve our sustainability performance and therefore our future customer ratings.

Since 2017, we have been undergoing regular sustainability assessments by the internationally renowned assessment platform EcoVadis. EcoVadis reviews the sustainability efforts of companies with global supply chains and focuses on the topics of environmental protection, labor and human rights, ethics and sustainable procurement.

In 2019, we completed this external assessment with silver status and 55 points. For the 2021 reporting year, we were able to increase our sustainability performance rating to 58 points. Fette Compacting is thus in the top 11% of the mechanical engineering companies assessed by EcoVadis.

Thank you for talking to us, Mr. Dittrich.

Sustainable products and services

Technologies that conserve resources

Sustainability also includes the development of innovative products and services in an effort to design our customers' value-added processes more sustainably and efficiently. The decisive factor here is to focus our sustainability efforts centrally on tablet production in addition to our own manufacturing operations. Sustainability criteria are increasingly incorporated into product development as well as decisions concerning the launching and continuation of products.

At this point, Fette Compacting can build on proven innovations in all performance classes, starting with energy-efficient motor cooling systems in new plants and extending to modernizations in older machine generations. In addition, with the help of service and consulting offerings, numerous other levers can be used to improve the overall performance of our machines, reduce energy consumption, and minimize material losses.

Smart energy monitoring in the i Series

The maximum energy efficiency during regular operation of our machines is suitable for effectively reducing the carbon footprint of our production. The new i Series, for example, has set a new benchmark for saving energy. With the F10i, F20i and F30i models, we have succeeded in reducing energy requirements by up to 15 percent compared with similar machines.

This is supplemented by smart energy monitoring, which allows power consumption to be recorded in real time and saved in the batch log. On this basis, users can determine the kilowatt hours required for each batch and derive precise forecasts for future energy consumption. Such monitoring is both an effective sustainability measure and an important factor in cost analysis.

60
employees are currently working on technological developments at Fette Compacting



Innovative product developments contribute to more sustainable tablet production.

Sustainable products and services

Technologies that conserve resources

Reinventing Continuous Manufacturing (FE CPS)

In the summer of 2022, Fette Compacting presented its ultra-compact solution for continuous direct compression for the first time. The system consists of continuous dosing-blending-conveying system FE CPS, combined with a tablet press and an Human Machine Interface (HMI). Thanks to integrated processes, the FE CPS sets new standards in efficiency, process reliability and simplicity, thereby facilitating optimal utilization of materials.

The process duration is shorter compared to batch processes while the specific production output is increased. Thanks to its lower technological complexity, direct compression also offers more flexibility and allows faster product changes. Market launches can be realized faster and production is generally more flexible.

The entire plant can be integrated on a single level in existing production areas. The plant's space requirement can be reduced to up to 5 x 6.5 meters through flexible installation, so that building investments are reduced to a minimum.

The focus was also on operator safety when developing the FE CPS: the process units are designed to be dust-tight. A further barrier is formed by the closed design with sealed glass panels. The process chamber is under negative pressure, which keeps potentially generated dust inside the machine.

For easier cleaning, the number of system components has been drastically reduced. The separate process and technical areas are easily accessible. Components such as the blender and its funnel can be easily removed and cleaned.

Efficient process control (Process Analytical Technology, PAT)

To monitor the critical quality attributes, the FE CPS system features a novel technique of in-line process analysis technology: "embedded Process Analytical Technology," or ePAT. This is a single central control system for simultaneous machine, process and quality control. Sophisticated sensors are integrated into the process units. They monitor the relevant production parameters. This enables swift reactions to fluctuations in quality and direct adjustment of the production process to avoid product losses.



Sustainable products and services

Technologies that conserve resources

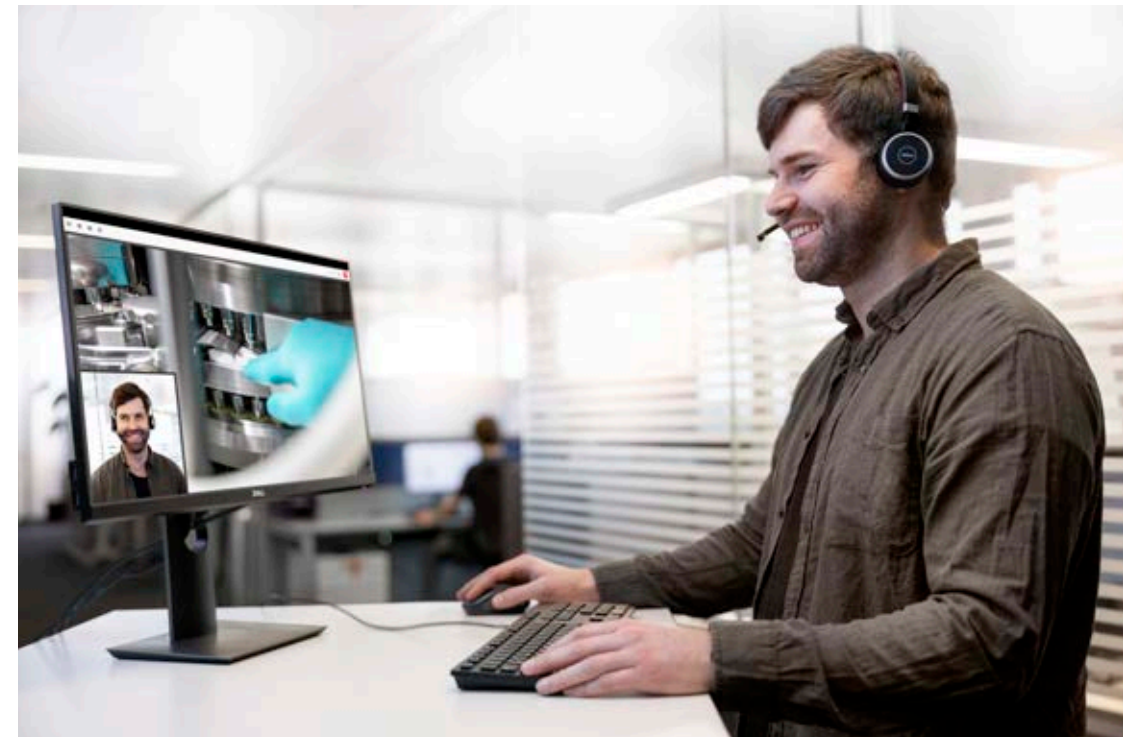
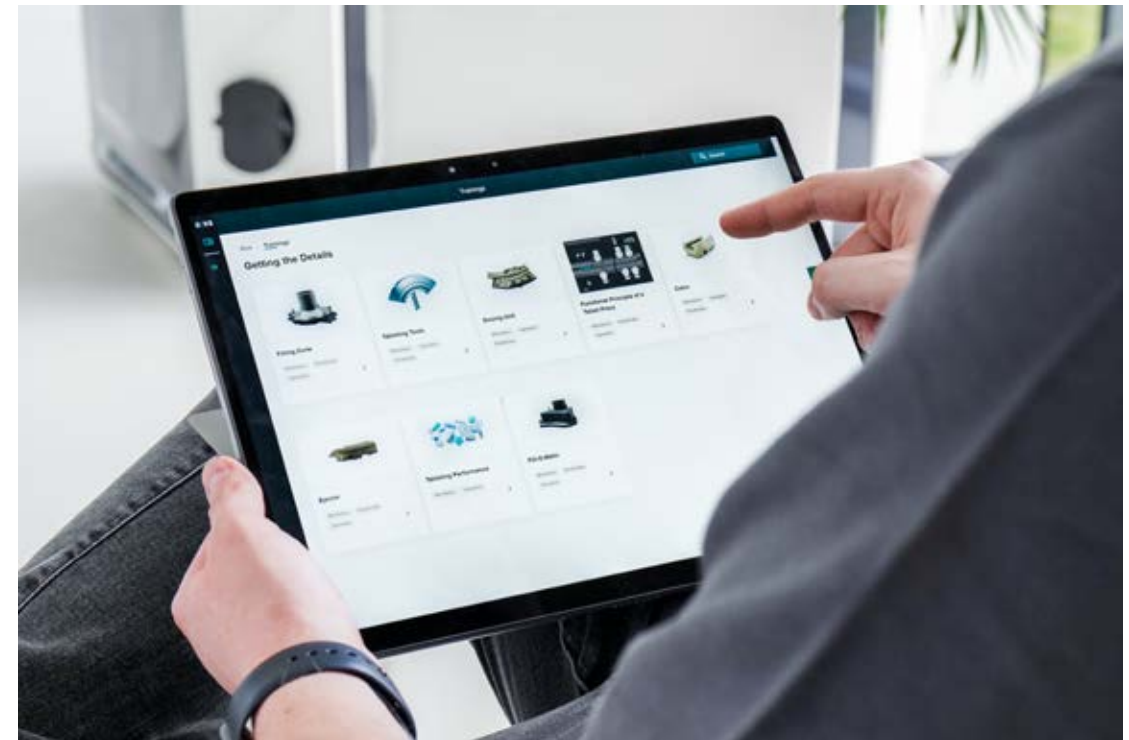
Sustainability and digitization hand in hand

Sustainability and advancing digitization are inextricably linked. The digitization of our operating and business processes is an important cornerstone in our strategic development and the basis for numerous process innovations. New digital forms of collaboration also conserve resources, for example by reducing travel or business trips.

In exceptional times such as the corona pandemic, it becomes apparent just how fast and comprehensively pharmaceutical manufacturers need to react to changing production conditions. Such requirements on agility can be organized more efficiently using digital tools. Customers benefit in particular from the apps in our digital OSDi Solutions (Oral Solid Dosage intelligent) business unit, which are now more data-secure and user-friendly.

Even before the spread of Sars-CoV-2, it was clear that digital tools are decisive factors for the success of future pharmaceutical production. Corona has significantly increased the necessity of such aids. It is now more important than ever to be able to use live chats and video conferences for fast remote maintenance as well as augmented reality applications. Machine acceptance is increasingly taking place via video call and livestream, reducing travel and consequently the environmental footprint.

Agile methods are particularly helpful when it comes to acting more flexibly and deploying resources in a targeted manner. Even if the main processes associated with tableting remain mechanical for the foreseeable future, digital solutions will mean that all associated processes will, however, become more efficient, faster, and safer.



Digital training offers (top) and remote support (bottom) save on travel and thus directly CO₂.

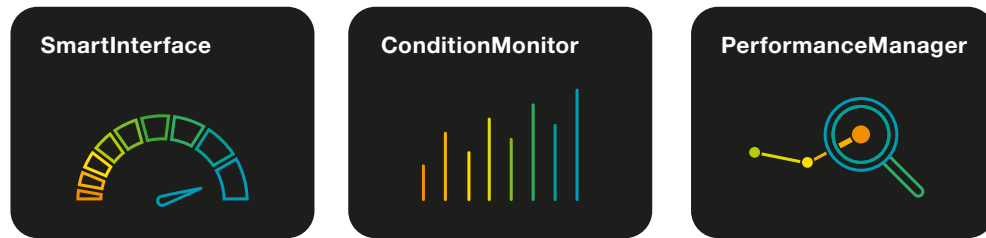
Sustainable products and services

Technologies that conserve resources

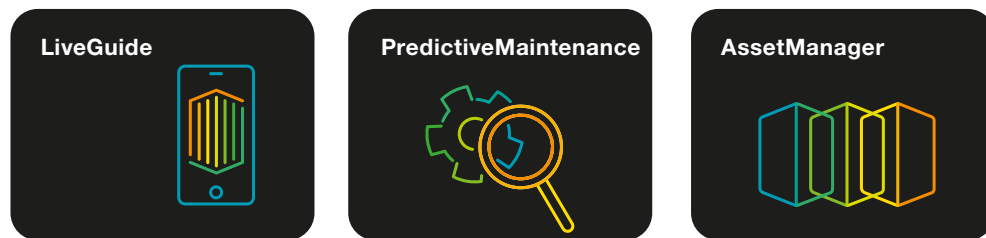
Overview of OSDi solutions

The OSDi team at Fette Compacting is also working on apps which offer support in training and troubleshooting, managing performance, cleaning and maintenance in a data-based manner and allowing mobile access to all machine data.

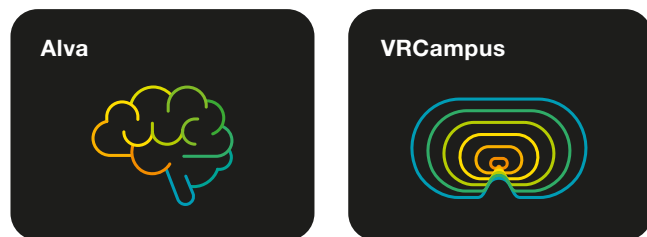
Operate



Maintain



Train



alva learning app (“always available”)

The *alva* learning app was launched in April 2022 and uses the current knowledge of experienced full-time trainers from Fette Compacting to help train new machine operators quickly and easily and to qualify them for work on the tablet presses.

Digital pilot projects with customers: PredictiveMaintenance

In parallel, OSDi is working on further digital tools for the production of solid formulation products. The PredictiveMaintenance app aims to help minimize unplanned machine downtimes through forward-looking cleaning, maintenance and inspection. To do this, it combines a reliable database with comprehensive knowledge from the past and thus measures the life cycle of wear parts. The tool uses this information to calculate the optimal time for replacing or maintaining components, thereby reducing machine downtimes. In addition, storage costs are reduced and components remain in use longer. This in turn conserves resources and and improves the environmental footprint.

ConditionMonitor

The new ConditionMonitor digital tool is currently in the beta phase. It records and visualizes the condition of each connected tablet press, thereby providing an overview of machine and live production data – at all times and in any location. It also makes statements about wear and upcoming maintenance. Real-time data is visualized on an intuitive dashboard, making it particularly easy to access.

The app forms the basis for integrating further digital applications for predicting production and machine data in the future. This enables customers to change their maintenance strategy – away from fixed-time maintenance to condition-based maintenance. The Condition-Monitor is therefore the key to a digital ecosystem comprising various data-based applications, with which users can sustainably improve their machine performance and maintenance strategy.

Ø 25
years of machine use
at the customers

Sustainable products and services Technologies that conserve resources

Modernization: renewing the life cycle

The typical investment cycle of around 10 to 15 years can be significantly increased by regular maintenance and servicing of the tablet presses. With upgrade kits and general overhauls, we offer our customers extra options for upgrading older systems to the current state of the art. Retrofitting the latest technology not only improves performance and energy efficiency – environmental and financial resources are also conserved by extending the product life cycle.

Segment technology turns 20

Fette Compacting revolutionized tableting in the early 2000s when segments replaced the conventional die plates of the rotor and the dies themselves. This makes it possible to minimize product loss, increase output volumes and significantly reduce conversion times. This technology is meanwhile one of the most successful in pharmaceutical and nutrition production.

40%
increase in output
(maximum)

50%
reduction of product
loss (maximum)



Tableting tools can make an important contribution toward optimizing the entire value chain.

Product responsibility High quality and safety of our products

The Fette Compacting Group is constantly striving toward developing even more innovative products of even higher quality for its customers. Our goal is to eliminate any form of product defect, avoid complaints, or to at least detect them at an early stage and avoid them in the long term.

The quality of our products is not only a factor for the long-term success of our company, but also a key sustainability factor: quality is the basis for our customers' trust in our performance. For us, quality therefore means not only product and service quality, but also the continuous improvement of our business processes along the entire value chain.

Our quality policy sets out our company's goals and principles in this area. It helps to create an awareness of quality throughout the company and motivate our employees to work toward the continuous improvement of processes and products.

This ensures that our products and services are manufactured in compliance with applicable legal requirements and meet the highest standards of quality and safety.

Continuous improvement of internal processes

The ISO 9001:2015 standard refers to a company's quality management system (QMS) and specifies requirements concerning planning, implementing and monitoring processes safeguarding the effectiveness of the QMS.

By establishing a quality management system and continuously monitoring and improving the processes, we ensure that our products, processes and services are improved and comply with the highest standards. The management system based on DIN EN ISO 9001 supports us in achieving our goals and continuously improving our quality standards.

Management manual (iPaQ)

The quality of our work is organized by our process-oriented management system. In our digital iPaQ (integrated Processes and Quality) management manual, which is binding for all employees, our structural and process organization is recorded and structured by means of a process landscape as well as the entire documentation.

ISO 9001
*Our QMS has been
certified to DIN EN
ISO 9001 since 1993.*



State-of-the-art measuring techniques are an important component of our quality management system.

Product responsibility Customer satisfaction



A high degree of quality and safety of our products and services is also a key factor for our competitiveness and our success on the market. We want to ensure that our products and services meet the expectations and requirements of our customers – and increase their satisfaction with us.

That is why Fette Compacting regularly carries out customer satisfaction surveys. Such surveys are usually conducted immediately after various customer contacts.

EasyCare

Systematic tableting tools

If you want to produce efficiently, you need to consider the entirety of all manufacturing technologies and processes. In the area of tableting, in addition to the tablet presses, a significant contribution is made to the overall performance by tableting tools, for example. Accordingly, high-quality punches, segments and dies are equally necessary for the production of high-quality tablets.

To ensure that these tools are in top condition at all times, Fette Compacting has joined forces with several partner companies to develop EasyCare: a standardized system solution for tool management and for cleaning and polishing tools. EasyCare aims to maximize the degree of automation in the handling of tools and to keep

the number of manual interventions as low as possible. The system has been ready for the market since the beginning of 2022.

As part of EasyCare, the TRI.EASY toolbox, the ARUNA AG (model SDC800) cleaning system with integrated drying unit, and the Nortec polishing machine (model PA500 pharma) are used.

All modules meet the standards of Good Manufacturing Practice (GMP). With such a GMP-compliant quality management system, manufacturers ensure product quality and fulfill the requirements of the health authorities.

Product safety

Safety for people and the environment

The machines and systems offered by Fette Compacting are not only used in companies in the pharmaceutical industry, but also in the nutrition and in the chemical industry. In communication with our customers, we attach great importance to incorporating their requirements in terms of product safety as early as the development phase of our products.

Process machines and plant components in pharmaceutical production or in food production must meet the highest hygienic standards. Depending on the substances being processed, the protection of personnel and the environment can also play a key role. Particularly in the production of active pharmaceutical ingredients, but also in sectors such as the chemical industry, employees need to be protected from contact with intermediate and end products which can be harmful to health if used incorrectly or in excessive doses.



Product responsibility Product safety

Highly-active ingredients require particularly safe production processes.

In today's pharmaceutical production of highly-potent active pharmaceutical ingredients (HPAPI), absolutely reliable containment is increasingly gaining in importance. The aim is both to reliably protect patients from the dangers of cross-contamination and to eliminate any risk to machine operators when handling highly-active substances.

The use of containment and Wash-in-Place systems safeguards the health of operators. Product changes can be carried out much faster thanks to WiP. Equipping a WiP machine with a containment package also allows entirely new possibilities when processing highly-active granulates.

In an effort to meet these challenges while simultaneously safeguarding their efficiency during manufacturing, we developed the Containment Guard in 2018.

Containment solutions (Containment Guard)

The system comprises a test process in line with the measurement criteria of the SMEPAC (Standardized Measurement Particulate Airborne Concentration) guideline. It forms the basis for the technical development of containment solutions in tableting. Our Containment Guard solution is the first quality certificate which establishes the retention efficiency of containment tableting systems even before the conclusive risk test conducted by the operator. It is both a test process and the basis for technical development of containment solutions in tableting. The Containment Guard also offers comprehensive service, training and consultation services, precisely matched to the needs of production under containment conditions.



Awards for the quality brand

Brand awareness and brand strength



German Innovation Award

2021: F10i
2022: F30i



German Design Award

2021: F10i
2022: F30i



German Brand Award

2021: Fette Compacting (brand)
2022: Fette Compacting (brand),
Accoustic Branding,
Employer Branding,
Website Relaunch

1,629
total number of
suppliers in 2022

Sustainability in the supply chain

Responsible supply chains

The quality and sustainability of our supply chain are key factors for our competitiveness. In particular, this involves the demonstrable compliance with ecological and human rights due diligence obligations. A sustainable supply chain is a basic prerequisite for us to be able to provide information at any time on how we ensure social and environmental standards at our own production sites and at our suppliers.

As a producing company, Fette Compacting is reliant on collaboration with suppliers. To ensure that our suppliers meet our standards for sustainable corporate leadership, LMT Group has defined clear positions on sustainable

procurement in its purchasing guidelines. In addition to complying with applicable laws and regulations, this also includes respecting and upholding human rights and social standards and avoiding negative environmental impacts.

Fette Compacting's goal is to ensure a sustainable, responsible and secure supply chain that meets customer requirements and supports the protection of the environment and society.

Code of Conduct for Suppliers

In view of the German Act on Corporate Due Diligence in Supply Chains (LkSG), which will become binding for LMT Group and its two operating divisions Fette Compacting and LMT Tools from January 2024, we want to ensure even more transparency in our value chain. The law serves to improve international human rights by setting requirements for responsible supply chain management. Fette Compacting supports the objective of the new law and is preparing intensively for implementation of the new regulations.

Building on the existing purchasing guidelines, a Code of Conduct for Suppliers is currently being drawn up, which will be adopted worldwide in

2023 and subsequently incorporated into the contractual framework of the Fette Compacting Group. This is intended to meet both our own self-image, the requirements of the German Supply Chain Sourcing Obligations Act (LkSG), and the demands of our customers.

The Code forms the basis for responsible management of our global procurement processes and contains fundamental rules and obligations in the areas of human rights, labor standards, environmental protection and corruption prevention.



In the future, a Code of Conduct for Suppliers will form the basis for our sustainable actions in global procurement processes.

Sustainability in the supply chain Monitoring sustainability risks in the supply chain

Fette Compacting continuously reviews its suppliers to ensure that they meet the requirements of a sustainable and responsible supply chain. As a general rule, all suppliers are referred to the general purchasing conditions and the code of conduct of LMT Group.

We have our suppliers audited on an ad hoc basis for compliance with ethical principles, working conditions and environmental impact. If necessary, suggestions for improvement are made and measures for implementing sustainability standards are developed in order to raise standards along the entire supply chain and to promote sustainable business practices.

In addition, we are continuously optimizing a network of alternative suppliers in order to reduce potential procurement risks.

Fette Compacting maintains a partnership relationship with its suppliers and relies on continuous dialog and close cooperation to achieve constant further development and improved sustainability standards. Close collaboration also enables us to ensure high product quality and security of supply.

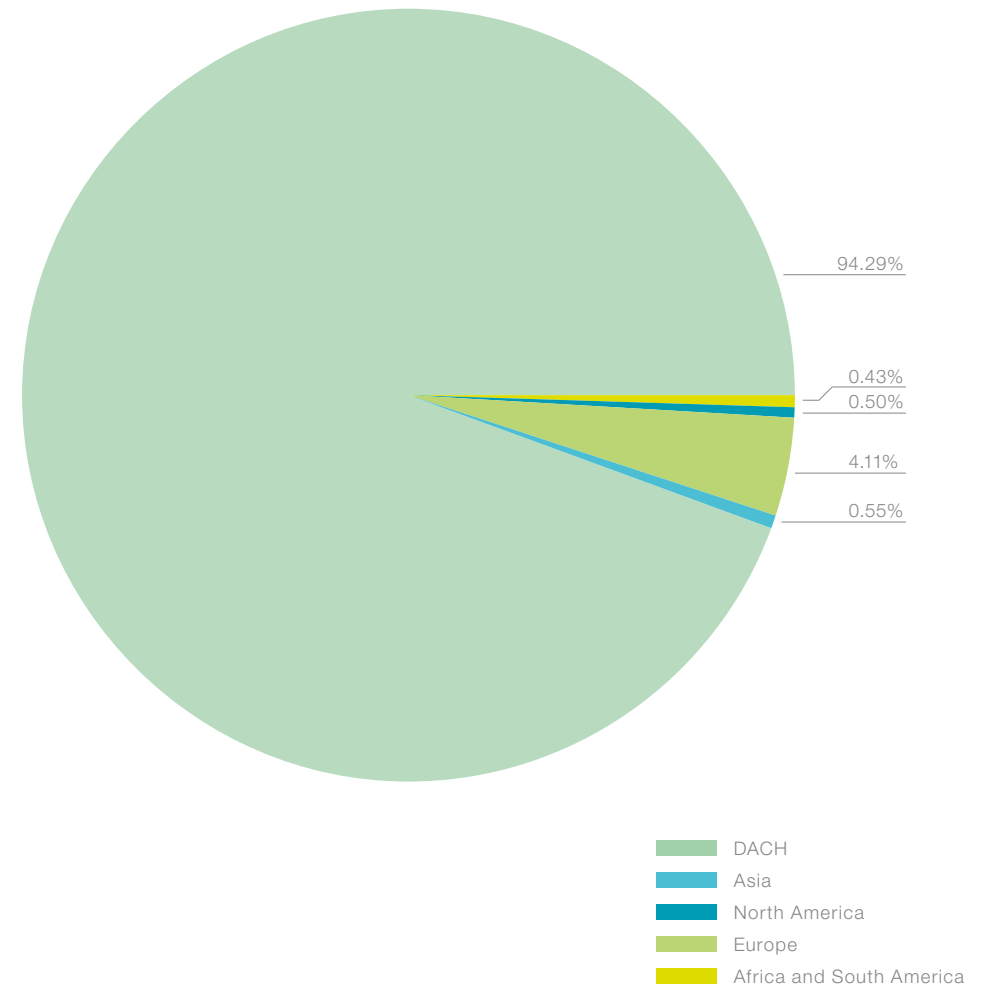
Fewer emissions in supply logistics

Wherever possible, Fette Compacting works with regional suppliers at its production site in Schwarzenbek. In the reporting year 2022, we sourced 86.74% of our production material from Germany, a further 7.40% from Europe and only 5.82% from outside Europe.

By keeping transport distances short, we help reduce climate emissions in our supply chain while ensuring the highest quality.

87%
of our production
materials are
procured from
suppliers in Germany

Share of suppliers by region (by purchasing volume), Schwarzenbek site





**Area of activity –
Environment**

Energy and climate protection Systematic for the environment

Fette Compacting is a manufacturing company. Therefore, we see it as our special responsibility to make an active contribution to the environment and climate protection through the careful use of natural resources. In reducing our environmental impact, we concentrate on the essential issues of energy, climate protection, materials, waste and water.

Systematic for the environment

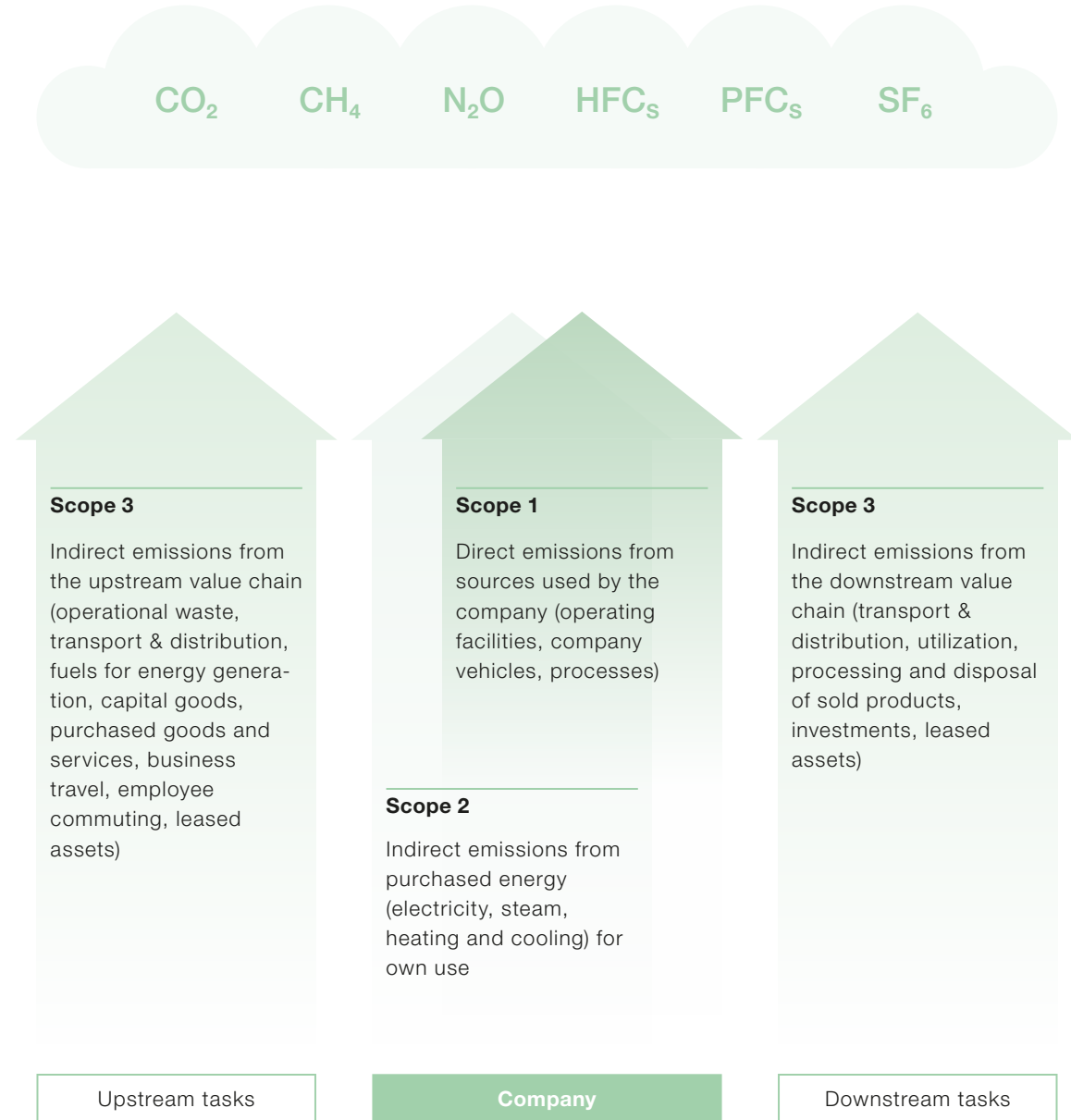
Fette Compacting has been operating an environmental management system certified to DIN EN ISO 14001 at its Schwarzenbek site since 2022. Within the framework of environmental management, environmental impacts are systematically recorded and reduced. The standard sets out the requirements for our environmental management system, which enables Fette Compacting to improve its environmental performance, meet legal and other obligations, and reach environmental targets. On this basis, we have established a continuous improvement process with which we will achieve our environmental and climate goals. The environmental policy pursued by

Fette Compacting forms the basis for environmental protection and conservation of resources in the company and is reviewed in annual audits. Fette Compacting has no environmental non-compliance to report for the 2022 reporting year, and there were no complaints or fines imposed related to environmental impacts. LMT Immobilien GmbH & Co. KG has taken over environmental damage from the former owner of the land and is remediating the environmental damage in close collaboration with the responsible authorities.

Fette Compacting's carbon footprint

Global climate change is one of the greatest challenges of our time. Reducing industrial emissions is very important when it comes to limiting global temperature rise and mitigating climate change.

We want to make our contribution to climate protection – and therefore prepared for the first time for fiscal year 2021 a report based on the current reporting standard of the Greenhouse Gas Protocol Initiative (GHG Protocol) and DIN EN ISO 14064-1 on the corporate carbon footprint for Fette Compacting GmbH at its Schwarzenbek site. The production site in Nanjing is already working on its carbon footprint using a comparable system.



Energy and climate protection

Reducing greenhouse gases

The aim was to evaluate the operational consumption of resources in terms of their climate impact. The purchase of production materials, transport thereof, the proportionate gas and electricity consumption, and other possible process emissions are taken into account – from the origin of the materials to the factory gate (cradle-to-gate).

According to the GHG Protocol, emissions are divided into three scopes. In principle, the most important greenhouse gases are recorded and balanced in accordance with the Kyoto Protocol. These are carbon dioxide as the reference gas as well as methane, nitrous oxide, hydro fluorocarbons, per fluorocarbons, nitrogen trifluoride and sulfur hexafluoride.

Scope 1 includes direct greenhouse gas emissions from combustion processes in stationary and mobile facilities directly at the production site. This includes heating systems or motor vehicles, among others. In addition, emissions from physical or chemical-physical processes (for example, leakage and diffusion of refrigerants from cooling systems) also fall into this category.

Scope 2 includes indirect greenhouse gas emissions from the purchase of grid-based energy. These mainly include emissions associated with the generation and transport of electricity and district heating.

Scope 3 includes further indirect emissions from upstream and downstream activities that are related to the company's operations but are not generated by Fette Compacting.

These are primarily the climate impacts from business travel, employee commuting, and emissions caused by procured goods and services.

Finally, to calculate the volume of greenhouse gases, the determined activity data are converted into CO₂ equivalents using emission factors according to their climate impact. The emissions factors can be taken from various databases. CO₂ equivalents are the common international unit of measurement used to standardize the climate impact of various greenhouse gases: the emissions are converted into CO₂ equivalents and summarized in an overall balance sheet.

Fette Compacting GmbH generated a total of 14,626 tons of CO₂ equivalents in direct (Scope 1) and indirect (Scope 2 and 3) greenhouse gases (GHG) for the 2022 financial year at the Schwarzenbek site. Due to the medium to high data quality, a safety buffer of 10 percent was taken into account. This gives rise to a total emissions value of 16,088 tons of CO₂ equivalents.

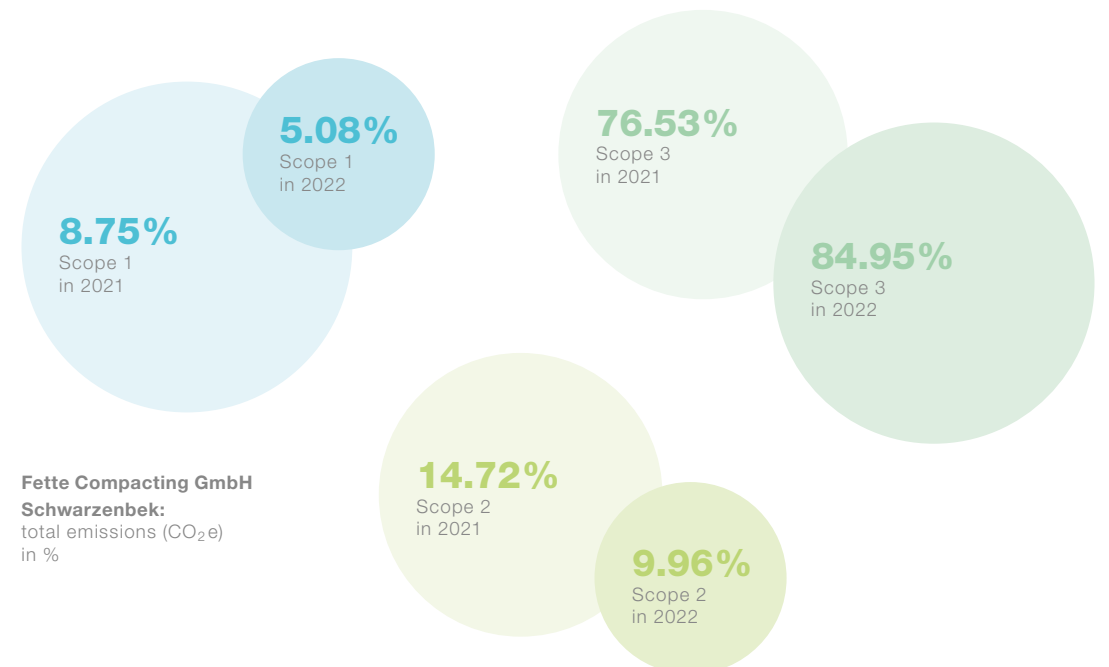
CO₂
*balance in 2021, for
 the first time in accordance with the GHG
 Protocol*

Based on the climate balance, relevant areas of activity for effective avoidance or reduction of greenhouse gases could be identified.

Great potential for reducing emissions in the supply chain

The accounting of our greenhouse gas emissions revealed that Scope 3 emissions from the upstream and downstream value chain represent a key element. Accordingly, around **85 percent** of our total emissions occur in our upstream supply chain. A significant proportion of this is attributable to the category "Purchased goods / production materials."

We know that reducing industrial emissions plays a key role in limiting the global increase in temperature and slowing climate change. That is why we are currently working on specific measures for gradually reducing our greenhouse gas emissions in the years to come and reducing emissions incurred by our own activities (Scope 1 and 2) as well as indirect emissions (Scope 3). The achievement of targets is to be reviewed annually on the basis of a CO₂ balance sheet.



Energy and climate protection Energy management

Fette Compacting is committed to reducing energy consumption by the company over the long term and improving energy efficiency within the framework of a continuous improvement process. This entails researching innovative technologies, investing in modern equipment and efficient processes and initiating energy-saving measures.

This is documented in the energy policy and Code of Conduct of LMT Group. Legal requirements and our own energy targets form the framework for the energy policy of LMT Group and the two operating divisions Fette Compacting and LMT Tools. At our production site in Schwarzenbek, we also established an energy management system certified in accordance with DIN EN ISO 50001 in 2015.

As part of our energy management concept, energy consumption is systematically recorded, analyzed and reduced. This equips us with decisive tools to closely monitor our energy efficiency and significantly improve it over the long term. We are also currently working on classifying the energy use even more precisely by differentiating analyses specifically by process chains and product families. This way, we are continuously refining the data on the basis of which further optimization measures can be developed.

Various areas and functions in the individual business units are responsible for the development and operational implementation of energy efficiency measures and projects. An energy management officer and an energy management team have also been appointed at the Schwarzenbek site, who report regularly to the management and monitor the effectiveness of our efficiency measures.

Since 2015, we have been committed to effectively reducing energy consumption year on year. We also want to reduce our consumption in 2023 by 5% compared to the previous year.

ISO 50001
*Fette Compacting has
been DIN EN ISO 50001
certified since 2015*

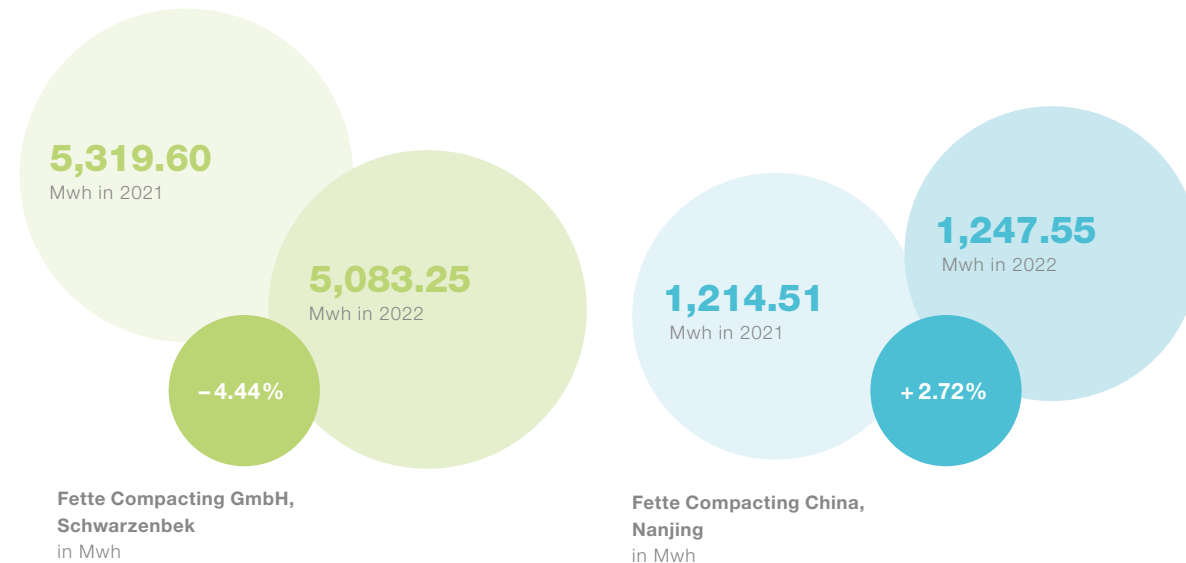
Reducing energy consumption

Total energy consumption at the production site in Schwarzenbek has been steadily declining in recent years. Energy requirements totaled **5,083.25** MWh in 2022 and **5,319.60** MWh in 2021. This figure comprises energy used for electricity and heating with fossil fuels. Requirements were reduced by 4 percent over the previous year.

Energy consumption outside the organization

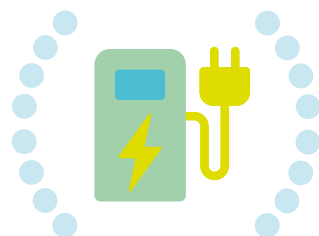
Currently, no primary data is available from the upstream and downstream value chain that provides information on energy consumption.

Total energy consumption



Energy and climate protection

Energy management



Measures for improving energy efficiency

Various measures have enabled us to realize energy savings in the areas of electricity, thermal energy, and fuels at the Schwarzenbek site.

Electricity

Our electricity does not yet come entirely from renewable sources. However, we have switched to an electricity provider with a higher share of renewable energy. In addition, Fette Compacting is focusing on continuously reducing electricity consumption, for example through LED lighting installations, the automation of our hall lighting, and the expansion of energy meters to record and control the specific equipment consumption in production.

Thermal energy

Natural gas is used to heat our buildings and supply hot water at the Schwarzenbek site. The data obtained via heat meters provides us with an effective means of regularly analyzing the gas quantities consumed and further reducing consumption with targeted measures. Our hot water is heated with waste heat from our compressed air center. In the year under review, compressed air leaks were analyzed and investments made in the refurbishment of buildings and roofs, including additional insulation.

Fuels

The use of fossil fuels (diesel or gasoline) is essentially limited to the vehicle fleet. In 2022, it comprised six pool vehicles and 15 company cars. We are currently extending the range of mobility options for environmentally-friendly commuting: Fette Compacting supports commuters, for example in financing a ticket for regional transportation. Employees who drive to work in an electric car can charge their vehicle at one of the charging points provided by the company.

We also rely on our employees' personal commitment to climate protection. We encourage our employees to act responsibly when it comes to energy. Regular training courses are designed to contribute to raising awareness and increasing energy-conscious behavior, enabling our employees to play an active role in reducing energy consumption. Wherever it makes sense, there are signs on the production machines indicating energy-saving potential, for example. After all, energy consumption can be significantly reduced simply by consistently using the idle mode when the machine is not in use.



Materials and waste

Conserving materials & resources

Avoiding waste is a top priority at Fette Compacting. The resource-saving use of materials is a crucial environmental aspect that the company takes into account in the manufacture of its machines and systems. The use of high-quality and durable materials not only pays off in terms of the service life of the products, but also reduces the need for raw materials and energy. In addition, Fette Compacting relies on efficient waste management to minimize its impact on the environment.

Materials

The machines and systems offered by Fette Compacting are not only used in companies in the pharmaceutical industry, but also in the nutrition and in the chemical industry.

Tablet presses are generally made of stainless steel or FDA-approved materials: stainless steel meets the high requirements for durability (resistance to corrosion and wear), precision and sterility required for tablet production. FDA-approved materials are materials which are approved by the American Food and Drug Administration (FDA) for use in the food, pharmaceutical and cosmetics industry. These materials are subject to stringent tests to establish their suitability and to eliminate any harmful impacts on human health.

The use of steel in the manufacture of machines and plants requires energy and resources and leads to emissions of greenhouse gases and other substances harmful to the environment. An analysis of the corporate carbon footprint has shown us that the materials used for production (steel, aluminum) have a significant influence on our Scope 3 emissions.

However, due to the high demands placed on our machines, steel in particular is an indispensable material. Fette Compacting therefore strives to keep the use of steel to the necessary minimum. We are continuously improving our product portfolio and our production processes in an effort to use materials efficiently and to keep waste to a minimum. In addition, Fette Compacting promotes the circular economy in order to use natural resources responsibly.

Materials and waste

Efficient waste management

Waste

Fette Compacting attaches great importance to the responsible disposal of materials and substances no longer required that are incurred as production or industrial waste at the Schwarzenbek site.

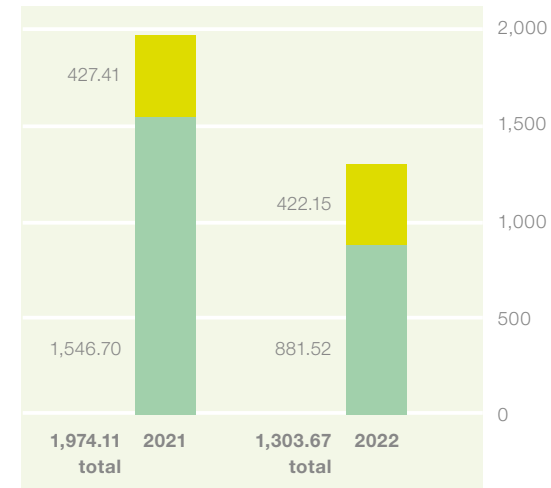
Our focus in the area of waste and raw materials management is on avoiding waste in the first place. Wherever possible, we reduce it. If however waste is unavoidable, we make every effort to recycle it in different ways. The majority of the waste is sent for material or thermal recycling. In addition, recycling processes are used to treat construction waste, biodegradable waste and metal residues in line with the principles of the circular economy and to recover resources.

Only when all options have been exhausted and further recycling is not possible do we dispose of waste properly and safely. Our goal is to keep this proportion permanently low in relation to recyclable materials. We are therefore continuously working on reduction measures and further developing our environmental management system.

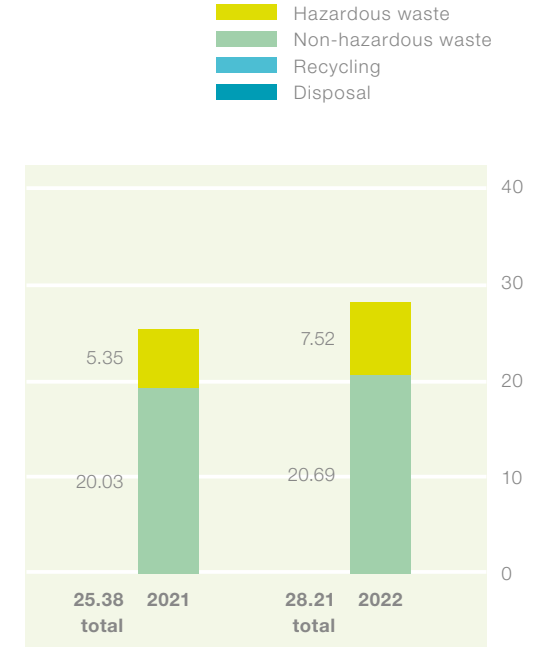
Raising the awareness of our employees for the avoidance of unnecessary waste and professional recycling plays an important role in this.

The total volume of waste at the Schwarzenbek site is only disposed of by certified waste disposal companies in accordance with EU regulations and the German Waste Management Act.

Waste volume

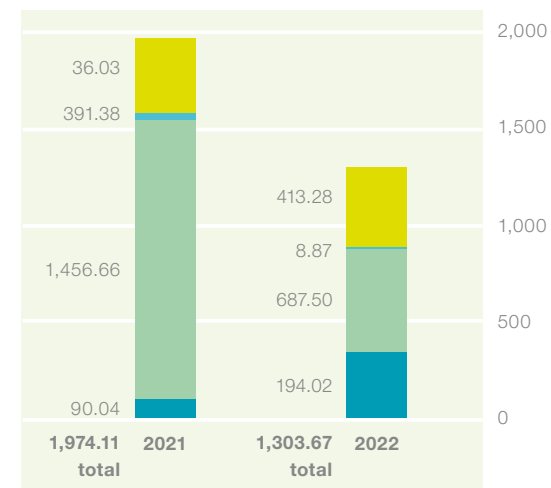


LMT Group, Schwarzenbek
Waste volume in t

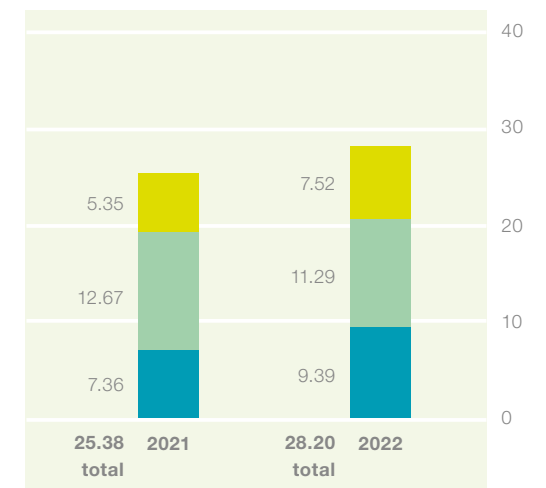


Fette Compacting China, Nanjing
Waste volume in t

Waste recycling



LMT Group, Schwarzenbek
Hazardous waste in t



Fette Compacting China, Nanjing
Waste volume in t

Water

Identifying water-saving potentials

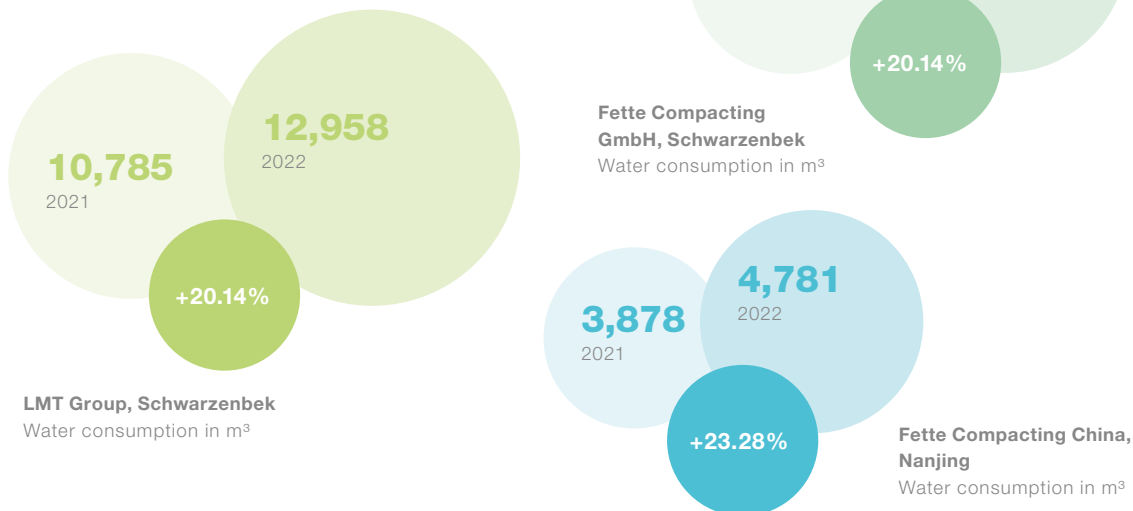
Water is an indispensable resource that must be protected at all costs. The availability of clean water is limited all over the world. Climate change and global population growth are contributing to the increasing scarcity of this resource. This makes it all the more important to regard water as a precious commodity and to use it responsibly.

At Fette Compacting, production processes run largely without the use of water. Water is mainly used as an auxiliary, for example in cooling or cleaning processes. Water requirements at Fette Compacting are therefore mainly concentrated at consumption points such as the sanitary and kitchen areas and the canteen.

Despite the comparatively low importance of this issue, Fette Compacting strives to keep absolute water consumption as low as possible.

In order to identify potential water savings, we have plans to retrofit water meters as part of the renewal of our main water supply at the Schwarzenbek site. This measure will enable Fette Compacting to precisely record and monitor water consumption for each hall and to take targeted measures to reduce water consumption.

Water consumption

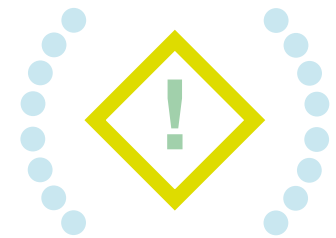


Handling hazardous substances

The handling of hazardous substances is clearly regulated at Fette Compacting. All hazardous substances used in the company are documented. The process (handling, labeling, storage and transport) is standardized and specified. When procuring new hazardous substances, we apply the strictest criteria and subject each new substance and the supplier to maximum scrutiny in advance.

It is our responsibility to ensure that our production activities do not pollute water sources. We strive to minimize risks arising from our production activities as far as possible. We take preventive measures to avoid possible accidents. For example, substances hazardous to water may only be decanted or stored in areas equipped with suitable collection facilities.

In the event of a leakage of water-polluting substances, the procedure is precisely defined and our employees know what actions to take. All of these measures are checked in our external ISO 14001 audits and are a prerequisite for a successful audit result. No harmful substances leaked during the period under review.





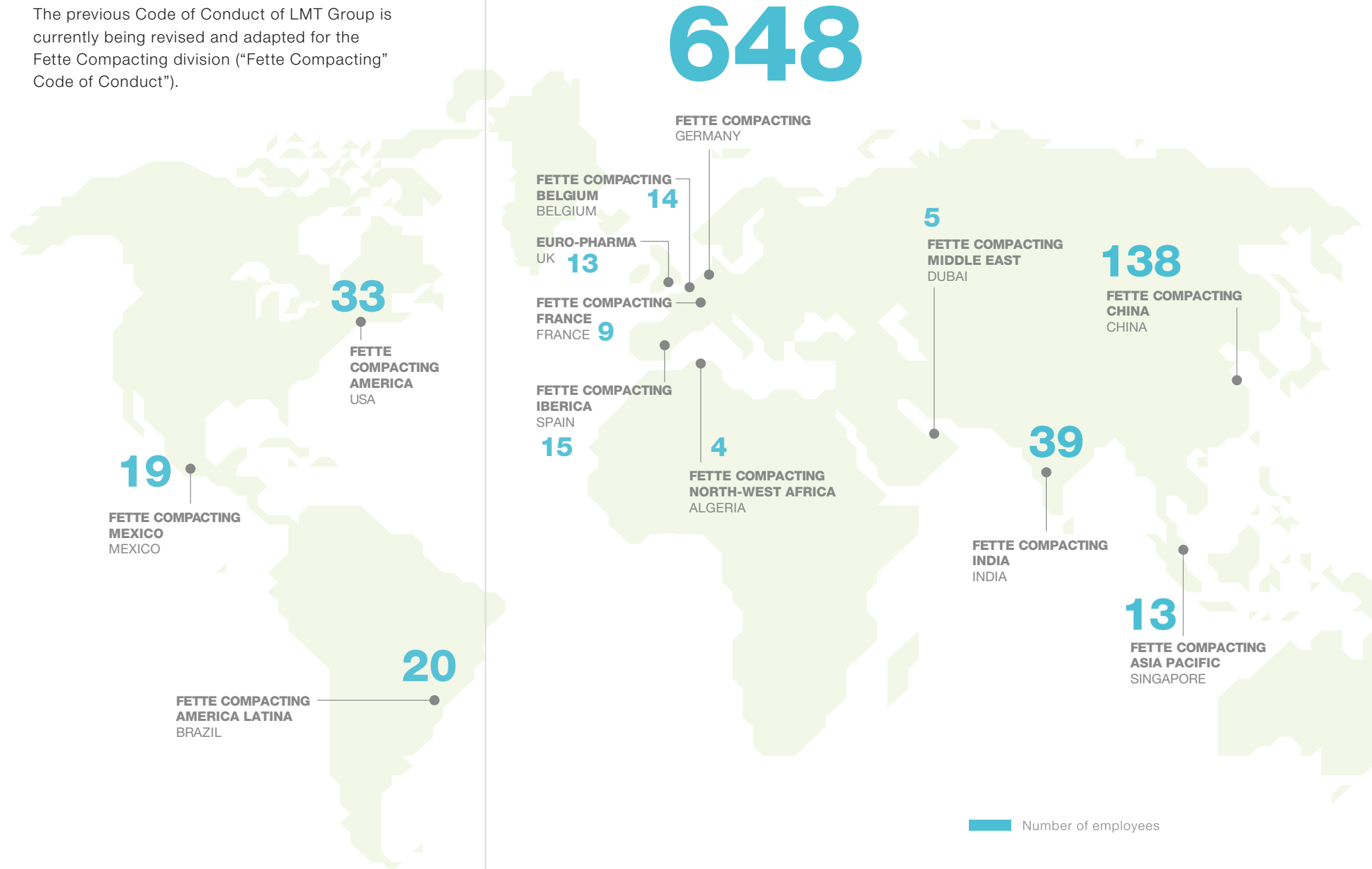
**Area of activity –
People and society**

Attractive employer Assuming social responsibility

The foundation for our long-term corporate success is highly-qualified, motivated employees and managers. Through various measures, we create appealing framework conditions and strengthen our reputation as an attractive and fair employer. Fette Compacting promotes development and health, attaches importance to equal opportunities, and supports employees in achieving a good work/life balance.

Appreciative interaction and a shared set of values form the basis for our work. Since 2017, this has also been set out in LMT Group's own Code of Conduct, which applies to all employees worldwide and creates a binding guideline.

The previous Code of Conduct of LMT Group is currently being revised and adapted for the Fette Compacting division ("Fette Compacting" Code of Conduct").



Attractive employer Fair working conditions

The Fette Compacting Group considers it an obligation to treat its employees with respect and fairness all over the world. From this, we derive our intention to comply with all applicable occupational health and safety regulations in order to ensure the safety of our employees in the workplace.

The Fette Compacting Group expects its employees and managers to treat each other with respect. In addition to consideration of the social customs of a country, this includes unconditional preservation of the personal integrity of others and refraining from insults, degradation or sexual harassment. Such behavior will not be tolerated.



Workers' rights

At present, we do not see any significant risks to employee rights arising from our business activities, our business relationships, or our products and services.

We ensure a high level of co-determination and participation by our employees and comply with all applicable and international labor law standards in the respective countries.

If risks are identified, we record them systematically as part of the risk management system and initiate risk prevention measures.



Remuneration and social security

We reward the contribution made by our employees to our corporate success with a modern compensation system. This includes collectively-agreed special payments (vacation and Christmas bonuses) as well as non-tariff payments in the form of profit-sharing, travel allowances and anniversary payments for many years of service.

As a long-standing member of Nordmetall-Verband der Metall- und Elektroindustrie e.V., Fette Compacting is bound by collective bargaining agreements and applies the collectively-agreed remuneration system in accordance with IG Metall, Bezirksleitung Küste (coastal district management), Hamburg region. Accordingly, all employment relationships are covered by a variety of individual collective-agreement regulations as well as statutory framework conditions. As a general rule, employees are grouped according to the collective wage agreement (ERA TV) on the

basis of the requirements placed on their respective tasks. As a result, all employees receive task-related, fair and transparent remuneration. We also ensure equal treatment in the remuneration of temporary workers.

Should economically critical phases occur, we develop sustainable solutions – often in coordination with the collective bargaining parties – which best comply with the respective interests. We respect our employees' rights to unionize and recognize their right to collective negotiations.



88.43%
*of our employees at
the Schwarzenbek site
are covered by our
collective wage agree-
ment*

Attractive employer Good work/life balance

As a responsible employer, we respect the personal situation of employees and take consideration of their requests within the scope of what is possible in a medium-sized, family-run company. Wherever possible, we support our employees through flexible working hours in an effort to help them find a practical work/life balance.



Flexible working conditions

On the basis of the collective agreement on working remotely (TV MobA), Fette Compacting GmbH created framework conditions for mobile working at the Schwarzenbek site in July 2022 to enable flexible organization of working hours and location. In total, employees can apply to work remotely for up to eight days per month (usually two days per week).

A good work/life balance also facilitates part-time opportunities. In 2022, 47 of the total of 648 employees worked part-time.

Various company agreements also increase the compatibility of work and personal life.

7.25%
*of employees
worked part-time
in 2022*

Support for parents and care-giving relatives

Fette Compacting supports employees with children or dependents in need of care with versatile solutions.

With the applicable collective agreement on a collectively-agreed supplementary allowance (TV T-ZUG), employees with children or dependents in need of care, as well as shift workers, have been able to convert a collectively-agreed additional allowance into eight extra days of vacation under certain conditions since 2019.

In addition, our employees in Germany can take company parental leave and thus extend their statutory parental leave by up to three years.

In 2015, the Arbeiter-Samariter-Bund (ASB), LMT Group and the town of Schwarzenbek opened the “Knöpfchen” daycare center (Kita) near the company’s Schwarzenbek site. This enables employees of LMT Group to use existing contingents of on-site childcare. The Kita focuses on the topics of science and technology. The exciting premises housing the Kita offer the children an opportunity to tap into their thirst for knowledge and curiosity.



Compliance with human rights

At Fette Compacting Group, we are committed to the guiding principles of international frameworks and human rights as outlined in the United Nations Universal Declaration of Human Rights, in particular the elimination of all forms of forced labor, the abolition of child labor, and the principle of sustainability with regard to the environment, in order to protect the planet’s ecosystems and thus the basic needs of people and animals. This applies in our own area of business and is also a requirement for our business partners. Our commitment to respect human rights is also anchored in our Code of Conduct.

All employment relationships at Fette Compacting are based on voluntariness and are the result of a free negotiating process. Fette Compacting does not tolerate child labor of any kind. Structured selection methods during the hiring process for trainees, interns, and temporary vacation workers – at both national and international level – ensure that child labor does not take place in our company. We take great care to ensure that the stipulations of laws protecting adolescents are observed in detail, in particular the Children and Young Persons Act, the Working Hours Act, and the Law for Vocational Training.



Attractive employer Diversity, equal opportunity and participation

We are convinced that diversity makes us strong. Fette Compacting is a company that is characterized by diversity.

The requirement for fair working conditions excludes any form of discrimination against employees based on their gender, sexual orientation, origin, skin color, or other personal characteristics. Diversity in practice also means inclusion. We attach great importance to integrating people with disabilities into everyday working life at the company and on an equal footing.

We are aware that our company can only be and remain successful if we continue to create an environment that promotes equal opportunities and practices inclusion.

We aim to retain our diversity in the future and to encourage it even more strongly. For this reason, we take a decisive stand against any form of discrimination and do everything we can to create fair working conditions for all people in our company all over the world.

We expect our employees to treat each other with respect. In addition to consideration of the social customs of a country, this includes unconditional preservation of the personal integrity of others. Insults, degradation, sexual harassment, or similar harmful behavior will not be tolerated.

As a classic mechanical engineering company, our workforce is typically marked by a low percentage of women. We are convinced of what labor research has discovered: diverse teams can achieve even better work results. Against the backdrop of our diversification efforts, that is why we regard it as a decisive task to appropriately tackle this structural disparity in the years to come.

An Equal Opportunities Officer also raises awareness of equal opportunities.

Representative for severely disabled persons

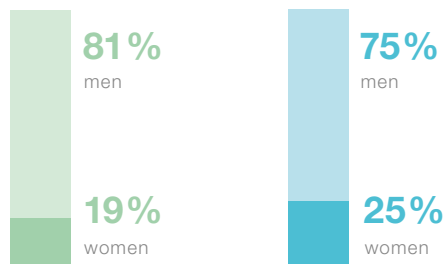
Diversity in practice also means inclusion. Fette Compacting attaches great importance to integrating people with disabilities into everyday working life at the company and on an equal footing. In November 2022, an election was held again for the representative for severely disabled persons for Fette Compacting GmbH at the Schwarzenbek site.

This representative utilizes targeted integration measures to ensure that severely disabled employees, their peers, and colleagues at risk of disability receive the necessary support. It oversees regulations, agreements and laws applicable for supporting severely disabled employees, and supports measures which promote the health of severely disabled employees.

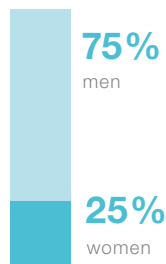
5.51 percent of our workforce is currently severely disabled within the meaning of the law. Accordingly, we comply with the statutory rate of five percent.

The inclusion agreement in place since 2018 between LMT Group and the Group representative for severely disabled persons is intended to ensure that the management, the works councils, the HR departments, and the representatives of the severely disabled promote the inclusion of disadvantaged people in our operational processes. An inclusion team at the Schwarzenbek site controls and monitors the implementation processes for agreed integration measures.

0
discrimination
cases in 2022



Share of men and women at
**Fette Compacting GmbH,
Schwarzenbek**



Share of men and women at
**Fette Compacting China,
Nanjing**

8%
*of management are
female (in relation
to management as a
whole)*

5.51%
*of the workforce is se-
verely disabled within
the meaning of the law
(share of total)*

Leadership and cooperation Employee satisfaction

Real sustainability must be an integral part of the corporate culture. It not only concentrates on products and processes but also always has the goal of employee well-being. At Fette Compacting, we strive toward our employees feeling respected, represented and appreciated. Our efforts aim to contribute to our employees remaining loyal to our company in the long term. For this reason, we see the fluctuation rate as an important metric for our company.

In 2022, we assessed the level of satisfaction in employee surveys (dialog with executive management) and in so-called Corporate Journey Workshops on corporate culture. We use the feedback to further develop our HR policy.

3.71%
fluctuation rate
in 2022 at
Fette Compacting
GmbH



Our employees are our greatest asset. With shared values, we want to create a corporate culture enabling interaction which is based on respect and mutual appreciation.

Leadership and cooperation Management profile

Fette Compacting has been undergoing a transformation process since 2022. But change is only possible if the corporate culture changes, too. Against this backdrop, management and collaboration need to be redefined and unambiguous and target-oriented feedback is the key to improvement.

Our corporate culture is based on the values of passion, integrity, appreciation and Zukunfts-freude. Every employee should be able to develop and flourish in the best possible way in line with our shared values so that we can realize our full potential. This requires managers who are aware of the influence of leadership culture and behavior on the working atmosphere, productivity, and sustainable corporate success. At the same time, leaders must be able to establish genuine relationships of trust with their employees.

At Fette Compacting, we have therefore set ourselves the goal of bundling our shared values in a new leadership mission statement in 2023, which will be used to determine the actions of all managers.



Our new leadership mission statement promotes trusting cooperation between employees and managers.

Leadership and cooperation Works council

Every four years, our employees elect a works council which represents employee interests. Fette Compacting GmbH has had a works council comprising eleven members since the last election in 2022. The elected representatives are responsible for the general tasks of monitoring laws, ordinances, accident prevention regulations, collective bargaining agreements and works agreements, as well as participation and co-determination, and devote themselves to special technical topics in committees.



Fette Compacting involves the works council in all information, participation and co-determination matters. Within the framework of this trusting collaboration, employer and employee issues are jointly regulated by means of regular works agreements. The works councils were involved in the current organizational changes as well as in special projects.

In addition, the works council is regularly informed about the economic affairs of the company by the economic committee formed in accordance with Section 106 (1) sentence 1 BetrVG.

Promotion of our employees

Our goal is to ensure the innovation and competitiveness of our company in the long term and to offer our employees the best possible personal development.

Fette Compacting attaches great importance to professional and personal qualification and training. A great many employees take advantage of the opportunities for lifelong training within the framework of their profession. They benefit from this in their daily work and in their long-term development. This also benefits the company. After all, employees who gain further qualifications and are supported in doing so represent an important competitive factor.

Employee and qualification appraisals on an equal footing

At Fette Compacting, we attach great importance to the continuous further training of our employees, as their knowledge and skills are our most important resource. In 2019, LMT Group introduced a Group-wide format for employee and qualification appraisals.

These employee and qualification appraisals take place annually and are a key component of our HR. Here, employees and managers meet on an equal footing to discuss skill levels and needs and to exchange feedback. Within the scope of such meetings, specific employee strengths and development potentials are discussed. The appraisal sheet developed for this purpose encourages employees and management alike to engage in self-reflection.

Employee and qualification appraisals enable us to deploy strengths specifically, thereby promoting personal and professional development to the benefit of the corporate culture and corporate success. We attach great importance to an open and honest culture of discussion and are convinced that employee and qualification appraisals at eye level make an important contribution to employee satisfaction and retention.

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

All in all, employee and qualification appraisals at Fette Compacting are a key component of our HR and make a significant contribution toward promoting our employees. We are convinced that these appraisals strengthen our corporate culture and safeguard the success of our company over the long term.



Leadership and cooperation Launching the Fette Connecting intranet

Interaction and dialog are increasingly gaining in importance for the efficient exchange of knowledge and the strengthening of our corporate culture. At the same time, they are a prerequisite for improved communication and networking within our company.

In late 2021, we made our “Fette Connecting” social intranet available to our employees – a modern, central information and exchange platform, which has also been available in all national companies worldwide since March 2022.



We have created a platform for merging all information and communication within the company. This facilitates exchanges across departments and hierarchies, thus strengthening cross-divisional and international cooperation.

Learning and development New online portal for operational training courses

Instructions and safety demonstrations

Since May 2022, safety demonstrations on occupational safety, health and environmental protection have been carried out in the form of electronic learning units on the SAM learning platform managed by secova GmbH & Co. KG. Self-created learning units are used, which are specifically adapted to Fette Compacting GmbH at the Schwarzenbek site.

The learning units are created by the responsible specialists in the company – on all topics relating to occupational safety, health and environmental protection that are specified by the legislator, the employers' liability insurance association, or management. Job-related instructions for employees are also taken into account. Furthermore, we also promote and subsidize the part-time training of employees.

93%
of employees were trained on the topic of data protection, energy management, occupational safety, data security, and environmental management

Learning and development International “Train the Trainer” courses

Fette Compacting systematically implements its global training concept for the training of its customers worldwide, using the same content and methods. In so-called “Train the Trainer” courses, we teach how to develop and conduct training. After completing the course, the trainers are able to train and certify our customers.



Global training offers

The tablet presses offered by Fette Compacting work with more than 300 parameters in order to optimally execute the respective manufacturing processes. On the one hand, this enables the control and refinement of specific pressing processes. On the other hand, it requires continuous updating of the technical knowledge and practical skills availed of by employees.

To ensure this, Fette Compacting has developed a global, modular training program. Employees in production, engineering, maintenance, development and also in interdisciplinary departments are trained in areas relevant to production. Training is carried out both at our customers' sites and on training machines in the Competence Centers in Germany, Brazil, China, India and in the USA.

Trained employees increase machine availability, output and quality with reduced product losses. At the same time, they can find and correct faults more quickly, reduce changeover times, and thus reduce wear and downtimes.

Safeguarding the future through training and study

At Fette Compacting Group, we consider our commitment to training as a sustainable investment in the future of our company.

Fette Compacting offers two paths to a career: on the one hand, we offer dual courses of study in six different fields (studies with integrated apprenticeship (StudiLe) Electrical Engineering, Mechanical Engineering, Industrial Engineering, Business Informatics, Business Administration, Applied Informatics). Here we cooperate with the Nordakademie in Elmshorn and the Technical University in Lübeck.

On the other hand, we make it possible to kick off a professional career through vocational training in professions such as cutting machine operator, industrial mechanic, mechatronics technician, warehouse logistics specialist, industrial clerk and technical product designer.

In an effort to inspire young people to work at Fette Compacting, we offer a wide variety of insights into our company and the different professions. We approach young people at an early stage through internships, cooperations with schools (“taster days”), and participation in nationwide future days for girls (“Girls Day”) and boys (“Boys Day”).

Trainees at Fette Compacting protect their interests through a youth and trainee representative committee elected by them.

47
*trainees and students
were employed at the
Schwarzenbek site at
the end of 2022*



Learning and development Dealing with the current shortage of skilled workers

As a traditional family-owned company, global player and co-creator of international advancements in health, Fette Compacting enjoys an attractive position on the market. However, there are many medium-sized companies, especially in Germany, that are world leaders in their respective fields and manufacture technologically sophisticated products. This is why it is becoming increasingly difficult for Fette Compacting to recruit and retain good employees.



Digital employer branding campaign Be #FCglobalfamily

The increasing shortage of skilled workers calls for more intensive activities to retain and develop our employees and attract young qualified staff – students as well as apprentices.

Dual courses of study and our apprenticeship program only cover a portion of our skilled workers requirements. This increases the risk of being unable to fill key positions as planned.

That is why we reinforced our employer brand in 2022 in the form of a digital employer branding campaign, thereby improving our popularity among applicants. The campaign in print and digital media has underlined our visibility as an employer and made it easier for us to fill vacant positions faster. Furthermore, we also benefit from our long-standing partnerships with third-level education facilities and student networks.



Health and safety Safety and health protection

Health and safety in the workplace are a top priority for Fette Compacting. As an employer, we are obliged to protect our employees from risks and hazards in the workplace. A safe working environment makes a decisive contribution toward the productivity of our workforce and the quality of our products – and therefore to the satisfaction shown by our customers.

Focal areas include the assessment of hazards as well as training and sensitizing all employees in the area of targeted occupational safety. Our LMT Group Safety Statement, applicable throughout the Group since 2019, forms the basis for our internal management system in the area of occupational safety. This guideline is substantiated by further specifications and operating instructions. These include all activities required for compliance with the national occupational safety regulations – for example, risk assessments of workplaces and regular analyses concerning occupational safety. They also include health offers for our employees on site.



All relevant guidelines and information on occupational safety and health protection at Fette Compacting are available to our employees at all times via the Fette Connecting intranet.

The occupational safety specialist (FaSi) advises and supports management in leading, monitoring and continuously improving health and safety standards at the Schwarzenbek site. Several people (employees with additional training) support this activity: the safety officers and first aiders, the fire protection officer, the fire protection and evacuation assistants, the explosion protection officer and the external company physician.

24
safety officers were appointed at the site in 2022

Occupational Safety Committee

The Occupational Safety Committee (ASA) regularly convenes to discuss the various concerns of occupational safety and accident prevention and derives appropriate measures from the results. In addition to the occupational safety specialist and management representatives, the committee also includes members of our works council, safety officers, and the company medical service.

Training and awareness-raising measures

In our experience, most occupational accidents can be prevented through correct behavior. Therefore, it is decisive for our occupational health and safety that our employees are qualified and trained on relevant topics.

Obligatory annual training courses on topics of relevance for health and safety are held for all employees. Safety instructions are carried out and documented in the form of electronic learning units on the SAM learning platform.

Risk assessments

Regular risk assessments help us identify potential health hazards as early as possible and initiate appropriate protective measures. This enables us to prevent accidents, avoid stress, improve working conditions, and thus increase the motivation of our employees.

34
risk assessments were carried out at the Schwarzenbek site in 2022

4
ASA (Occupational Safety Committee) meetings in 2022

Health and safety Accident figures

We regard occupational safety and health protection as a comprehensive and preventive management task. One of our most important concerns as a company involves the safety and protection of our employees. That is why we are continuously working toward further minimizing the number of annual accidents.

To this aim, we analyze our processes regularly for potential hazards and avoidable problems, taking consideration of technical, organizational, and personnel factors.

Together with the occupational safety specialist, management annually evaluates the events and accident history of the respective year. The incidents that occur are summarized in an annual report and presented and evaluated in the meetings of the Occupational Safety Committee (ASA).

10.78
*lost-time accidents
per 1 million hours
worked*



Company physician (B·A·D company physicians)

Individual health is of decisive importance for the motivation and satisfaction of our employees and for us as a company.

Occupational health care is provided at the Schwarzenbek site with the help of an external company. This company provides the company physician and manages the health data of Fette Compacting employees.

The tasks of our company physician include individual consultation during company medical consultation hours as well as occupational medical check-ups. The company medical service is available to all employees by telephone and email and is on site at fixed intervals in accordance with legal requirements.

6.78%
*first-aider rate
in 2022*

Successful health management during the pandemic

Health is our top priority. During the corona crisis, infection control represented an additional special challenge.

Since the beginning of the pandemic, LMT Group has had its own corona task force, which swiftly implemented comprehensive hygiene and safety measures for the protection of our workforce and to ensure continued operability. For example, the consistent wearing of face masks and maintaining minimum distance at the sites were made mandatory at an early stage, flanked by additional options for mobile working and virtual collaboration. The company's own employee test center and obligatory antigen self-tests helped to limit the impact of the pandemic.

In addition to continuation of these measures, the focus on 2021 was primarily on establishing a vaccination program for the workforce. To this aim, LMT Group launched a vaccination campaign at the Schwarzenbek and Lahr sites in June 2021, offering Covid-19 vaccinations to employees. Vaccination lines were set up at both company sites, enabling a smooth vaccination process in compliance with all company medical regulations. Plans were put in place in 2022 to continue the vaccination offer (initial and booster vaccinations). Thanks to the strong commitment of our employees to the vaccination campaign, we were able to gradually reduce the protective measures at our sites.

In addition to our Covid-19 vaccination campaign, we also conduct an annual flu vaccination campaign in collaboration with our company medical service.

Operational Integration Management (BEM)

Since 2013, our Operational Integration Management (BEM) has been supporting employees suffering from long-term illness in returning to everyday work. To this aim, we collaborate with those concerned to plan step-by-step reintegration, which can be supported by changes to the workplace as well as adaptations to work organization and working hours, for example. Furthermore, we also help those who have been ill to find possibilities for preventing a renewed incapacity to work.

Social commitment

Donations & sponsoring LMT Group activities

It goes without saying for us that, as a company, we are socially committed beyond the boundaries of our own business activities. To this end, the shareholders of LMT Group provide the operating divisions Fette Compacting and LMT Tools with annual funds for donations and sponsoring activities.

The business units submit proposals for the use of funds. The shareholders then decide, in dialog with the Supervisory Board and the Management Board, on the allocation of the funds as donations and for sponsoring activities.

Since November 2021, the basis for social commitment has been our Donations and Sponsorship Guideline (LMT Group Donations and Sponsorship Guideline). The guideline defines what social commitment means to us and what goals we pursue. In all our activities, we ensure that the topics are related to our corporate activities and that this commitment generates added value for society.

Our sponsorship priorities are in the areas of: “Social causes,” “Technology, science and the environment,” “Sport” and “Culture.” All funding activities are coordinated and implemented by the operative business units. All donation transactions must be documented in writing. Those responsible also maintain an annual list of donations that can be viewed for auditing purposes. This states the recipient group, the amount of the donation, the reason for the donation, and the receipt of acknowledgment.



As a socially responsible company, we not only care about the people who are employed by Fette Compacting, but are also committed to a variety of social projects and initiatives in our region. One focus of our social commitment is our partnership with the DRK local association Schwarzenbek e.V. The local association of the German Red Cross organizes, among other things, the operation of the Schwarzenbek food bank and neighborhood assistance. We donate money to Sternenbrücke, a children’s hospice in Hamburg, and Viva con Agua de Sankt Pauli, a non-profit association in Hamburg that works to ensure that as many people as possible worldwide have access to clean drinking water. We also donate to various charitable organizations, including Klinik Clowns Hamburg and the Hamburg street magazine Hinz & Kunzt.

We promote culture by supporting the Hamburg Museum of Arts and Crafts in the implementation of a digital “look behind the scenes.” And we support cultural events and projects through our cooperation with the Freundeskreis Hamburger Theaterschiff (Friends of the Hamburg Theater Ship), among others.

Our involvement with the TSV Schwarzenbek sports club also underscores our role as a sponsor in the sports sector.

In 2022, we began supporting doctoral students at the University of Hamburg in their research tasks for Fette Compacting.

Fette Compacting does not exert any direct political influence nor do we engage in any political donations. Our involvement is limited to participation in industry associations. These include the German Engineering Federation, which represents the common economic, technical and scientific interests of the engineering industry in Germany, Europe and the world.

60,000
*euros were donated
by Fette Compacting
for charitable purposes
in 2022*



**Area of activity –
Responsible corpo-
rate leadership**

Organizational structure

New organizational structure at Fette Compacting

Fette Compacting is positioned as a process and development partner. We are currently undergoing a transformation process and have been implementing a new organizational structure in line with the motto “Together to the Next” since October 2022. The new organization and the associated improvement of processes is an important cornerstone for the future alignment of our company.

We want to strengthen our market position and continue to be the world’s leading provider of solutions for OSD production. To achieve this, we will focus even more on our customers and their needs in order to develop new innovative solutions in closer cooperations in the future. This will make us even more visible to our customers as a partner and problem-solver, and not just as a machine supplier.

To meet this requirement, the sales and service organization is being restructured, allowing us to make even better use of synergies from the new machine business and service business, and strengthen our comprehensive customer support.

The Sales and Service department will focus on order acquisition and commercial project management. The new Customer Development Center will combine all technical and process-related customer support functions.

With these changes, we also want to establish a new start-up mentality and a focus on projects, which will give our employees the opportunity to work on new, exciting and inspiring topics.

The Supervisory Board as an independent central body


The Supervisory Board of LMT Group consists of eight members and is composed of two employee representatives, three external members, and three shareholders (of whom two members are statutory and one is a member through birth).

The Supervisory Board controls, monitors and advises the Management Board in its management of the company and regularly discusses business development, planning, strategy and risks with the Management Board. In this context, the Supervisory Board has the task of conducting an independent audit.

The term of office of the members of the Supervisory Board is five years (with the exception of statutory and natural members). The external members of the Supervisory Board are generally appointed and elected by the shareholders.

To increase the efficiency of its work, the Supervisory Board has formed an Audit Committee and a Personnel Committee. The respective committee chairs report regularly to the Supervisory Board on the work of the committees. The Shareholders’ Meeting appoints the Chair of the Supervisory Board by resolution.

Details and criteria for the nomination and selection of the highest supervisory body and its committees are set out in the Articles of Association of LMT GmbH & Co. KG of 2010 and in the Addendum to the Articles of Association of LMT GmbH & Co. KG dated September 6, 2021.

 **37.5%**
percentage of female members of the Supervisory Board

Corporate governance Integrity as a key topic

Fette Compacting is committed to responsible and sustainable corporate governance and conducts its business operations in compliance with national and international legislation as well as generally recognized ethical principles. We expect the same from our partners.

Our shared values are the basis for responsible actions. Binding guidelines and processes translate our values into standards and codes of conduct, provide our employees with clear orientation, and support them in acting in an ethically and legally reliable manner.

Our compliance management system, our whistleblower system, and technical and organizational measures for data protection and IT security make risks visible and avert possible damage. Through these preventive measures, we avoid potential follow-up costs associated with handling violations or restoring trust and reputation.

0
violations of the internal compliance guidelines in 2022

Company-wide Compliance Management System (CMS)

The establishment of an active, holistic and, above all, legal Compliance Management System (CMS) is an important factor in ensuring the success of the company. It is an integral component of implementing the task of corporate governance at Fette Compacting Group.

To ensure compliance, LMT Group created its Code of Conduct in 2017, an overarching, binding guideline for all employees, which summarizes all compliance principles, rules of conduct and guidelines. The Code applies to all LMT Group employees and governing bodies worldwide. It ensures compliance with standards and internal guidelines throughout the company and creates a working environment characterized by integrity, respect and fair and responsible conduct. The Management Board and the Supervisory Board are guided by the main provisions of the German Corporate Governance Code. The Code of Conduct is available to the entire workforce on the Fette Connecting intranet.

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



Corporate Governance Chief Compliance Officer

LMT Group has appointed a Chief Compliance Officer to monitor the principles laid out in the Code of Conduct. This CCO is responsible for developing Group-wide compliance guidelines, monitoring the applicable legal regulations and guidelines, dealing with compliance issues, and coordinating the compliance officers. The CCO supports the compliance officers in their activities and is available to employees of LMT Group as a contact for all compliance issues. The Chief Compliance Officer regularly reports its activities to the Management Board at LMT Group and the Supervisory Board.

Changing the compliance organization

Since January 2023, compliance has no longer been at the level of LMT Group, but rather in the two operating business units LMT Tools and Fette Compacting. Fette Compacting has already employed a Senior Compliance & Risk Manager at the Schwarzenbek site since October 1, 2022. The previous Code of Conduct of LMT Group is currently being revised and adapted for the Fette Compacting division (Fette Compacting Code of Conduct).

Annual compliance declarations by compliance officers

In addition to ongoing information and reporting obligations, the members of the Management Board of LMT Group, management of the subsidiaries of LMT Group and the Supervisory Board make an annual compliance declaration. Details are laid out in the “Law and Compliance” guideline of LMT Group, which was updated in January 2022.

No major violations of the compliance guidelines or relevant laws were reported in the Fette Compacting division during the period under review. Activities to improve the processes and minimize compliance risks were further pursued.

Compliance officers

The global compliance officers monitor compliance with the respective legal regulations and guidelines. They also deal with compliance issues in the area of their companies. They support the Chief Compliance Officer in their tasks and coordinate with them, in particular, in dealing with compliance issues with suspicions of violations of corruption and antitrust regulations. They are also available to the employees of their company as contacts for compliance issues.

Implementation of the binding compliance requirements is reviewed by the central corporate audit department (legal department) in internal audits, among other things.

Due to the constantly changing legal, social and economic environment, the orientation of the CMS is regularly reviewed and adjusted if necessary.

Compliance training

Compliance training regularly sensitizes all employees and management personnel as well as all compliance officers for the topic at hand. It is supplemented by individual compliance meetings with Management Board and the financial directors.

DICO

Fette Compacting GmbH joined the Deutsches Institut für Compliance e.V. (DICO) in December 2022. DICO is a network of compliance practitioners that develops recognized standards and best practices as tools for compliance departments.

 **489**
employees trained
on the topic of
compliance in 2022



Corporate governance Whistleblower system

Honest and transparent reporting is indispensable for Fette Compacting Group. Unethical, illegal and irresponsible actions would damage the company and its stakeholders, i.e. customers, shareholders, suppliers, partners and employees. All employees and governing bodies of Fette Compacting Group are therefore obliged to report conscientiously, completely, loyally and in a timely manner within the Group.

For this reason, the whistleblower system established at LMT Group represents a key component of the Compliance Management System. This gives all outsiders, as well as employees, the opportunity to report violations and point out circumstances that indicate a violation of a law or internal company policies. Supervisors, management, compliance officers or the “Legal & Compliance” department are available as contacts.

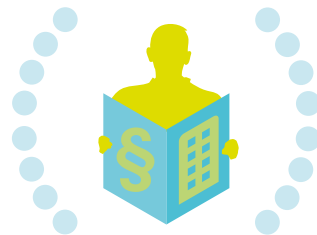
In addition, it is possible to send corresponding tips to the compliance mailbox at compliance@fette-compacting.com or to report anonymously via the LMT Group “Speak-up” compliance hotline.

Anonymity ensures the protection of the whistleblower and thus implements the requirement of freedom from sanctions for whistleblowers.

Data storage and deletion is organized in compliance with the General Data Protection Regulation (GDPR).

In the year under review, there were no reported violations of internal compliance guidelines and applicable law by the compliance officers, employees of Fette Compacting Group, or by business partners.

In 2023, we plan to expand the whistleblower system to include the requirements of the German Supply Chain Due Diligence Act as well as the legally required communication with stakeholders.



0
indications of compliance violations in 2022

Business Continuity Management

We are exposed to a variety of risks within the scope of our business activities. In order to be able to respond to these risks at short notice, Fette Compacting is currently working on the further development of a Business Continuity Management system.

Business Continuity Management (BCM), also referred to as Crisis Management, is concerned with making provisions for emergency situations and the safeguarding of business operations in emergency situations. It is therefore a strategy securing business operations with foresight.

One essential element is represented by a risk analysis of the critical and sensitive business processes and infrastructure on the basis of a business impact analysis (BIA). This takes into account availability requirements, interdependencies, potential damage in the event of business interruptions, including downtime and restart times.

The Business Continuity Management System of Fette Compacting Group is based on the Plan-Do-Check-Act (PDCA) cycle, which is in turn based on the “ISO 22301 – Safety and Resilience – Business Continuity Management System Requirements,” and basically refers to the entire Fette Compacting Group. It applies to all employees of Fette Compacting and its subsidiaries.

Corporate governance

Fighting and preventing corruption

To ensure fair dealings with business partners and to avoid legal violations, Fette Compacting prohibits any form of corruption. The sustainable success of our company is based on the confidence of our employees, customers, suppliers and business partners. We are a reliable partner; we expect and convey that applicable laws and regulations are observed in all aspects of the business.

This includes a proactive approach to prevent cases of corruption. Within the framework of Compliance Management, appropriate principles of conduct have been drawn up to prevent corruption, which are implemented with the help of the LMT Group Code of Conduct and the anti-corruption guideline. In order to identify corruption risks, the Compliance Team at Fette Compacting Group carries out annual compliance risk assessments.



The managing directors of the companies in LMT Group are the persons responsible for compliance and for adherence to this policy within their company. Compliance is monitored as part of the audit review plan and through special audits in the event of suspicious circumstances.

The previous anti-corruption guideline of LMT Group is currently being revised and adapted for the Fette Compacting division (“Anti-corruption guideline for the domestic and foreign subsidiaries of the Fette Compacting Group”).

Data protection

Respect for the individual’s right to self-determination regarding information includes the protection of personal data. Fette Compacting therefore ensures strict compliance with the applicable legal requirements regarding data protection and data security. We encourage our employees to actively support us in protecting their data.

Measures protecting personal data

The data protection policy of Fette Compacting GmbH, adopted in January 2023, specifies the rules to be applied when collecting, processing and using personal data. The aim and purpose of this policy is to ensure a uniform data protection standard and an effective data protection management system. The basis is formed by the legal requirements of the EU General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG). All employees must observe and comply with the regulation and, if applicable, with the specific national obligations under data protection law. A privacy policy for our employees abroad is currently in progress.

An external data protection officer (Datenschutz Nord in Germany and First Privacy for foreign companies) monitors compliance with data protection regulations. This person is to be involved in relevant data privacy-related decision-making and information processes at an early stage.

Any risks relating to information security as well as data protection are incorporated into our company’s risk management system.

All employees in Germany receive basic training in data privacy law at the start of employment and complete mandatory data privacy training once a year.



652
*employees trained
on the topics of data
protection and data
security in 2022*

Corporate governance

Information security

Information technology dominates all areas of the company – from communication through to product manufacturing. But IT systems not only permit more efficient organization and business transactions, they are also associated with risks. With the increasing networking of objects, the risk potential is also rising in the machine-to-machine area. The proliferation of artificial intelligence, cloud computing, Big Data and the Internet of Things makes more efforts in the area of information security essential. Security risks such as cyberattacks and corporate efforts to protect trade secrets and their own business operations are on the increase worldwide.

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

Various coordinated technical, legal and organizational measures ensure information security and the protection of our company. The security measures primarily have a preventive effect, in that security risks can be minimized and attacks successfully averted. Since information security affects every employee, most technical measures can only develop their full force in combination with organizational regulations. For this reason, employees receive regular training with regard to information security.

In the reporting year 2022, we created IT guidelines in the area of Identity and Access Management as well as a business continuity plan to increase our information security. With the new guidelines, we are also meeting some of our customers' requirements in the area of information security. In 2023, we aim to implement and create additional guidelines to further improve our information security.



IT Security Board

The IT Security Board is a fixed and permanent body that deals with the definition of the safeguards and guiding principles for information security. Its essential tasks are:

- assessing threat and risk analyses,
- monitoring and evaluating security incidents, and
- reviewing and assessing reported violations.

This means that it is the responsibility of the Board to assess an event and initiate the necessary initial steps to remedy it. In this way, IT-related risks are analyzed and remedied regularly and at an early stage. The protection of information is thus an important component of internal risk management.

CyberVadis

In 2023, we will conduct a cybersecurity assessment for the first time by CyberVadis. The assessment identifies the risks affecting companies in particular and the impacts such risks can have. Based on these results, Fette Compacting will improve its IT security and IT processes.

0 complaints in 2022 with regard to violations of the protection of customer data in terms of information security



**Supplementary
information**

About this report

For Fette Compacting, commitment to sustainability is a fundamental component of entrepreneurial activity. This report shows in facts and figures the environmental and social impact of our corporate activities and provides an overview of our progress with regard to sustainability in the past year 2022.

Reporting limit

All information, facts and figures disclosed in this report relate to Fette Compacting GmbH at the Schwarzenbek site. When collecting some key figures, our production site in Nanjing was also included. Since resources are used jointly at the Schwarzenbek site, some information also relates to activities of LMT Group. Deviations from this reporting framework are indicated where appropriate. The non-financial indicators collected for Nanjing for the first time in this reporting period do not yet cover the complete set of indicators we are aiming for. It is noted in each case as to which sites the data relates to.

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

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

Period under review

The business year at Fette Compacting GmbH runs from January 1 through December 31. The period under review for this report concerns the financial year 2022. To facilitate comparison and to visualize development of the key figures, the previous financial year 2021 is also shown.

Other information

The Sustainability Report is published annually in German and English. The German version is authoritative. For the sole purpose of better readability, we have not differentiated between the genders in this report. It goes without saying that the relevant terms and phrases apply to all genders.

This report is available on the Fette Compacting website. If you would like more detailed information on individual topics in this report, or if you have any questions or suggestions, please contact us at the following address: sustainability@fette-compacting.com.

Reporting cycle

From now on, Fette Compacting will publish a Sustainability Report every financial year. The previous report for financial year 2020 was published on June 24, 2021.

During the period under review, Fette Compacting did not make any corrections or restatements of information from previous reporting periods.

The report has not been subject to an external audit.

GRI content index

Application explanation

Fette Compacting GmbH has prepared the information stated in this GRI Index for the reporting period (January 1, 2022 through December 31, 2022) with reference to the new universal GRI standards.

The GRI Index provides an overview of all relevant information regarding the fulfillment of the GRI indicators.

GRI standard	GRI standard	Information	Page(s)
GRI 2: General Disclosures	The organization and its reporting practices	2-1 Organizational details	6, 7, 8, 9, 64, 65
GRI 2: General Disclosures	The organization and its reporting practices	2-2 Entities included in the organization's sustainability reporting	106, 107
GRI 2: General Disclosures	The organization and its reporting practices	2-3 Reporting period, frequency and contact point	107
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GRI 2: General Disclosures	The organization and its reporting practices	2-5 External assurance	107
GRI 2: General Disclosures	Activities and workers	2-6 Activities, value chain and other business relationships	6, 7, 8, 9
GRI 2: General Disclosures	Activities and workers	2-7 Employees	64, 65, 66, 68, 122
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GRI 2: General Disclosures	Governance	2-10 Nomination and selection of the highest governance body	93
GRI 2: General Disclosures	Governance	2-11 Chair of the highest governance body	93
GRI 2: General Disclosures	Governance	2-12 Role of the highest governance body in overseeing the management of impacts	93
GRI 2: General Disclosures	Strategy, policies and practices	2-22 Statement on sustainable development strategy	4, 5, 12, 16, 17, 23, 24, 25
GRI 2: General Disclosures	Strategy, policies and practices	2-23 Policy commitments	16, 17, 64, 94, 95, 96, 97, 98, 99
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GRI 2: General Disclosures	Strategy, policies and practices	2-27 Compliance with laws and regulations	98
GRI 2: General Disclosures	Strategy, policies and practices	2-28 Membership associations	18, 19
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GRI content index

Application explanation

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GRI 205: Anti-corruption	Anti-corruption	205-1 Operations assessed for risks related to corruption	100, 126, 127
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GRI 205: Anti-corruption	Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	126, 127
GRI 206: Anti-competitive behavior	Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	126, 127
GRI 301: Materials	Materialien	301-1 Materials used by weight or volume	57
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GRI 302: Energy	Energy	302-3 Energy intensity	119
GRI 302: Energy	Energy	302-4 Reduction of energy consumption	54, 55, 56
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GRI 303: Water and Effluents	Water and Effluents	303-1 Interactions with water as a shared resource	60
GRI 303: Water and Effluents	Water and Effluents	303-4 Water discharge	60, 121
GRI 303: Water and Effluents	Water and Effluents	303-5 Water consumption	60, 121
GRI 305: Emissions	Emissions	305-1 Direct (Scope 1) GHG emissions	50, 51, 52, 53, 118
GRI 305: Emissions	Emissions	305-2 Energy indirect (Scope 2) GHG emissions	50, 51, 52, 53, 118
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GRI 305: Emissions	Emissions	305-5 Reduction of GHG emissions	52, 53, 118
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GRI 306: Effluents and Waste	Waste	306-2 Management of significant waste-related impacts	57, 58, 59
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GRI 401: Employment	Employment	401-3 Parental leave	69, 122
GRI 402: Labor-Management Relations	Labor-Management Relations	402-1 Minimum notice periods regarding operational changes	76
GRI 403: Occupational Health and Safety	Occupational Health and Safety	403-1 Occupational health and safety management system	84, 85, 86, 87, 79

GRI content index

Application explanation

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GRI 403: Occupational Health and Safety	Occupational Health and Safety	403-3 Occupational health services	86, 87, 125
GRI 403: Occupational Health and Safety	Occupational Health and Safety	403-4 Worker participation, consultation, and communication on occupational health and safety	84, 85, 123
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GRI 403: Occupational Health and Safety	Occupational Health and Safety	403-6 Promotion of worker health	84, 85, 86, 87
GRI 403: Occupational Health and Safety	Occupational Health and Safety	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	85, 125
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GRI 405: Diversity and Equal Opportunity	Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	70, 71, 93, 121, 122, 123
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GRI 406: Non-discrimination	Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	70, 71
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GRI 408: Child Labor	Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	69
GRI 409: Forced or Compulsory Labor	Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	69
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GRI 414: Supplier Social Assessment	Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	44
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GRI 418: Customer Privacy	Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	101, 102, 103

Data attachment

Procurement

Procurement	Fette Compacting GmbH, Schwarzenbek		
		2021	2022
Total number of suppliers		1,330	1,629
Share of suppliers by region (by purchasing volume)			
Total share of DACH	%	93.98	94.29
Total share of Europe	%	4.14	4.11
Total share of North America	%	0.23	0.43
Total share of Asia	%	0.68	0.55
Share of other regions (Africa, South America)	%	0.60	0.50
Most important procurement region (by purchasing volume)			
Total share of Germany	%	85.21	86.74
Total share of European Union	%	8.69	7.40
Total share of non-European countries	%	6.10	5.82

Emissions

Emissions	Fette Compacting GmbH, Schwarzenbek		Fette Compacting China, Nanjing	
		2021 ⁽²⁾	2022	2021 ⁽²⁾
Scope 1	t CO ₂	895.78	743.37	39.73
	%	8.75	5.08	1.00
Scope 2	t CO ₂	1,506.75	1,457.24	688.63
	%	14.72	9.96	17.17
Scope 3	t CO ₂	7,835.29	12,425.54	3,282.03
	%	76.53	84.95	81.84
Total emissions Scope 1+2	t CO ₂	2,402.53	2,200.61	728.36
Biogenic CO ₂ emissions		not relevant	not relevant	not relevant
Total emissions Scope 1-3	t CO ₂	10,237.82	14,626.15	4,010.39
Total emissions Scope 1-3 plus safety tolerance (+10%)	t CO ₂	11,261.60	16,088.76	4,411.43

(1) Based on GHG as per GHG Protocol: CO₂, CH₄, N₂O, FKW, PFKW, SF₆, NF₃

(2) Base year

Energy

Energy	Fette Compacting GmbH, Schwarzenbek			Change from previous year in %
		2021	2022	
Energy used				
Electricity consumption	MWh	5,316.15	5,080.71	- 4.43%
Thermal energy consumption	MWh	-	-	-
of which heating (natural gas)	MWh	3.45	2.54	- 26.30%
Cooling energy consumption	MWh	0.00	0.00	0.00%
Steam consumption	MWh	0.00	0.00	0.00%
Total energy consumption				
Energy intensity	MWh	5,319.60	5,083.25	- 4.44%
Energy consumption in relation to the number of full-time employees (FTE)	MWh	8.76	7.70	- 12.12%

Energy	Fette Compacting China, Nanjing			Change from previous year in %
		2021	2022	
Energy used				
Electricity consumption	MWh	607.26	623.77	2.72%
Thermal energy consumption	MWh	0.30	0.31	2.72%
of which heating (natural gas)	MWh	-	-	-
Cooling energy consumption	MWh	0.30	0.31	2.72%
Steam consumption	MWh	0.00	0.00	0.00%
Total energy consumption				
Energy intensity (302-3)	MWh	1,214.51	1,247.55	2.72%
Energy consumption in relation to the number of full-time employees (FTE)	MWh	9.06	9.04	- 0.26%

Data attachment

Waste volume

Waste volume LMT Group	LMT Group, Schwarzenbek		Fette Compacting China, Nanjing		
	2021	2022	2021	2022	
Waste volume					
Total	t	1,974.11	1,303.67	25.38	28.21
of which hazardous waste	t	427.41	422.15	5.35	7.52
as % of total	%	21.65	32.38	21.07	26.66
of which non-hazardous waste	t	1,546.70	881.52	20.03	20.69
as % of total	%	78.35	67.62	78.93	73.34
Waste recycling/disposal					
Hazardous waste	t	427.41	422.15	5.35	7.52
of which recycling	t	391.38	413.28	0	0
as %	%	91.57	97.90	0	0
of which disposal	t	36.03	8.87	5.35	7.52
as %	%	8.43	2.10	100.00	100.00
Non-hazardous waste	t	1,546.70	881.52	20.03	20.69
of which recycling	t	1,456.66	687.50	12.67	11.29
as %	%	94.18	77.99	63.24	54.57
of which disposal	t	90.04	194.02	7.36	9.40
as %	%	5.82	22.01	36.76	45.43

Water

Water	LMT Group, Schwarzenbek		Fette Compacting China, Nanjing		
	2021	2022	2021	2022	
Water consumption					
LMT Group	m ³	10,785	12,958		
Fette Compacting	m ³	5,824	6,997	3,878	4,781
Water recycling (waste water)					
LMT Group	m ³	10,785	12,958		
Fette Compacting	m ³	5,824	6,997	3,878	3,825

Employees

Employees	Fette Compacting GmbH, Schwarzenbek		Fette Compacting China, Nanjing		
	2021	2022	2021	2022	
Total number of employees (except trainees, students, temporary workers)	597	648	134	138	
of whom men	491	527	99	104	
Share of total	%	82.24	81.37	73.88	75.36
of whom women	106	121	35	34	
Share of total	%	17.76	18.63	26.12	24.64
Total number of new hires	58	47	10	17	
of whom men	46	31	7	15	
of whom women	12	16	3	2	
Minorities (severely disabled)	34	39	2	2	
Share of total	%	5.69	5.51	1.49	1.45
Non-German nationality	14	16	132	136	
Share of total	%	2.35	2.47	98.51	98.55
Fluctuation rate	%	4.37	3.71	6.19	9.03
Employees covered by collective wage agreements	537	573	132	136	
Share of total	%	89.32	88.43	98.51	98.55

Data attachment

Employees

Employees	Fette Compacting GmbH, Schwarzenbek		Fette Compacting China, Nanjing	
	2021	2022	2021	2022
Employees represented by employee representatives	587	638	-	-
Share of total	% 99.67	98.46	-	-
Number of employee representatives	11	11	5	5
of whom men	10	8	3	3
of whom women	1	3	2	2
Frequency of works council elections	4 years	4 years	-	-
Full-time employees	594	626	-	-
Share of total	% 99.50	96.61	-	-
Part-time employees	48	47	-	-
Share of total	% 8.04	7.25	-	-
Number of trainees and students	33	47	1	1
Total number of employees on parental leave	30	47	7	2
of whom women	10	11	2	0
of whom men	20	36	5	2
Employees returning after parental leave	20	24	7	2
Rate of female management personnel in relation to total number of management personnel	% 8.51	8.00	28.57	30.77
Rate of female management personnel in relation to total workforce	% 0.64	0.59	2.99	2.90

Employees

Employees	LMT Group, Schwarzenbek	
	2021	2022
Structure of the LMT Group Supervisory Board		
Women	3	3
Men	5	5
< 30 years old	0	0
30–50 years old	2	2
> 50 years old	6	6

Employee training courses

Employee training courses Electronic learning units / Learning platform "SAM"	Fette Compacting GmbH, Schwarzenbek, 2022	
	Number	Rate in %
Training status (total)		90.90
Management personnel trained on the topic of occupational safety	47	94.00
Employees trained on the topic of occupational safety	653	93.00
Employees trained on the topic of data protection	652	93.00
Employees trained on the topic of data security	652	93.00
Employees trained on the topic of energy management	632	93.00
Employees trained on the topic of environmental management	641	93.00

Data attachment

Occupational safety

Occupational safety and health protection	Fette Compacting GmbH, Schwarzenbek	
	2021	2022
Total rate of incidents (TRI)	15	17
of which work accidents	14	16
of which on the way to/from work	1	1
Fatal accident rate (FAR)	0	0
Number of accidental deaths per 1 million hours worked	0	0
Number of near misses	-	-
Days lost	93	292
Hours worked	1,114,302	1,205,484
Lost-time injuries (LTI)	0.08	0.24
Lost-time injury frequency rate (number of lost-time injuries / hours worked *1 million hours worked)	11.76	10.78
1000-man rate (occupational accidents subject to reporting / employee*1000)	16.21	16.22
Severity rate (days lost / LTIFR)	7.91	27.09
Accident-free days (number of days on which no occupational accidents occurred)	248	238

Occupational safety

Occupational safety and health protection	Fette Compacting GmbH, Schwarzenbek	
	2021	2022
Hazard identification, risk assessment, and incident investigation		
Number of workplace evaluations / risk analyses	23	34
Fulfillment rate	% 79.30	79.40
Occupational health services		
Company physician	B·A·D company physicians	B·A·D company physicians
First-aid rate	% 7.41	6.78
Fire safety helper rate	% 4.51	4.13
Employee participation, consultation and communication on occupational safety and health protection		
Occupational Safety Committee (ASA) meetings	4	4
Number of safety officers	21	24

Data attachment

Corporate leadership

Corporate leadership	Fette Compacting Group (worldwide)		Fette Compacting GmbH, Schwarzenbek		Fette Compacting China, Nanjing	
	2021	2022	2021	2022	2021	2022
Number of violations of the LMT Group Code of Conduct	1	0	1	0	0	0
Number of employees trained on the LMT Group Code of Conduct	23	489	9	259	1	58
Facilities covered by an established Compliance Management System %	100	100	100	100	100	100
Number of compliance risk assessments performed	11	14	1	2	1	1
Number of compliance training courses carried out (e-Learning & test tools)	23	489	9	259	1	58
of which number of training courses carried out for compliance officers	14	19	1	1	1	3
Number of violations of the internal compliance guidelines	0	0	0	0	0	0
Facilities covered by an established whistleblower system %	100	100	100	100	100	100
Number of incidents reported by whistleblower management	0	1	0	0	0	1
Facilities at which a review of compliance with human rights was performed	0	0	0	0	0	0
Number of human rights violations	0	0	0	0	0	0
Number of reported incidents of discrimination	0	0	0	0	0	0
Number of employees trained on the topic of discrimination	0	0	0	0	0	0
Facilities audited for corruption risks on an ad hoc basis	0	0	0	0	0	0
Confirmed incidents related to corruption	0	0	0	0	0	0
Number of legal proceedings related to corruption	0	0	0	0	0	0
Number of regulatory fines, settlements related to corruption	0	0	0	0	0	0
Number of employees trained in corruption and bribery prevention	23	489	9	259	1	58
Number of employees trained on the topic of data protection	0	652	0	652	0	0
Facilities audited for business ethics on an ad hoc basis	0	0	0	0	0	0
Number of employees trained on the topic of business ethics	23	489	9	259	1	58
Confirmed incidents of anti-competitive practices	0	0	0	0	0	0
Facilities with a certified Quality Management System	2	2	1	1	1	1
Facilities for which an environmental impact assessment has been carried out	-	-	-	1	-	-
Facilities with a certified Environmental Management System	-	1	-	1	-	-
Facilities with a certified Energy Management System	1	1	1	1	-	-



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