

Safe. Secure. Sustainable.

SkyCell Sustainability Report

Safe Medicine for All.





Contents

- About SkyCell03
 - Our Values and Principles05
 - Our Vision06
 - Our Products and Services07
- About this Report10
 - A Message from our Chairman of the Board11
 - Reporting Practices13
- Sustainability Focus Areas15
 - Climate16
 - Uncertainties and Methodological Changes20
 - Life Cycle Assessment21
 - Circularity23
 - Cooperation27
 - Investing in Employees27
 - Being a Reliable Partner30
 - Supplier Engagement30
- Key Performance Indicators and Goals32
- GRI Content Index 202136

About SkyCell

At SkyCell AG our main goal is to provide a service that enables the safe delivery of temperature-sensitive medicine worldwide. By combining hardware, software and risk management services we reduce the risk of damage to vital medicines and vaccines.

We continue to innovate by combining Swiss engineering and logistical solutions to make the global pharmaceutical supply chain safe, secure and sustainable beyond international compliance standards.

WE SUPPORT



SkyCell is committed to implementing the Ten Principles of the United Nations Global Compact. In addition, SkyCell has validated science-based targets and is thus committed to the Paris Climate Goals.

SkyCell is a privately owned company, established in 2012 by Richard Ettl and Nico Ros. Richard Ettl holds the position of CEO and is responsible for the commercial side of the business. Nico Ros is SkyCell’s CTO and oversees SkyCell’s technical departments. In addition, he is also the director of the board.

SkyCell is managed by four C-level executives, who govern the company. A simplified version of the governance structure is shown in the chart below.

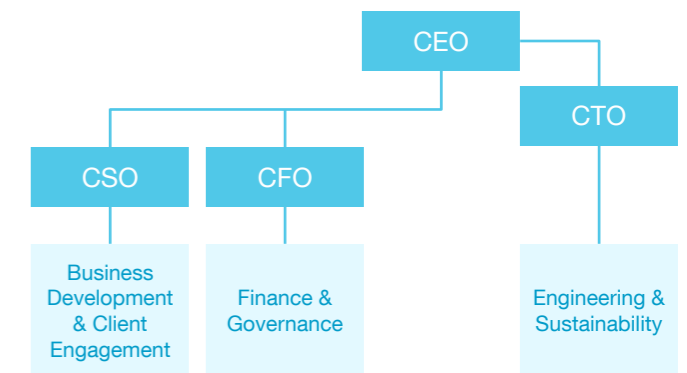


Figure 1: Simplified organization chart showing the managerial structures of SkyCell

Reliability

Sustainability

Innovation

Our Values and Principles

SkyCell's core values of Sustainability, Reliability and Innovation drive our operations and our mindset every day. We are an important part of the pharmaceutical supply chain and are striving to make a difference for our stakeholders.



We conduct our business according to a defined set of values, which are laid out in our Code of Conduct and our Employment Regulations. Thanks to this, our employees are assured that they will be treated in a certain way, while at the same time they have an instrument at hand on how to treat others.

In our partners we look for similar principles that help us in our journey to create a greener supply chain. This journey includes the roll-out of a Supplier Code of Conduct and the inclusion of sustainability audits in the supplier onboarding process.

Our goal is to continue our record of having no violations of our Code of Conduct, and we will continue to do our best to ensure we live up to our high standards. Compliance with our ethical guidelines is the responsibility of our entire team and is reflected in our culture and processes.

Our Internal Control System is an essential component of our governance system. It safeguards financial transactions against fraud and errors. Additionally, it increases compliance with legal and ethical guidelines. The Internal Control System and our financial statement are audited on a yearly basis according to Swiss law and Swiss Auditing Standards. During our most recent review, the auditors found that SkyCell's financial statements for 2021 comply with Swiss law and the company's articles of incorporation.

Our responsibility toward society, our employees and our partners continues to grow as our business activities expand. Meeting these principles and demonstrating our integrity is our top priority.



Our Vision

“No loss in the pharma supply chain, worldwide.”



Our Vision

At the end of every supply chain is a patient waiting for their medicine to arrive safely and efficiently. Nevertheless, pharma products worth approximately 35 billion US dollars¹ are destroyed every year due to temperature excursions in the supply chain. The spoiling and delay of medicines puts patients in serious danger.

Those living in regions with less advanced cold chains are especially vulnerable to these risks. By developing high-quality products, we aim to reach currently underserved regions.

Furthermore, medicine spoilage leads to a significant waste of resources as medicines must be remanufactured and reshipped, resulting in entirely avoidable pressure on the supply chain and creating an impact on the environment.

¹ IATA from Clyde & Co, Handling Air Pharma, 2020

SkyCell's vision is to eliminate losses in the pharma supply chain and to make medicines safely accessible throughout the world. To reach this goal, SkyCell has developed and is consistently improving its hybrid containers, which offer a unique combination of hardware, software, and services that protect precious life-saving medicines.

To assure safe delivery, SkyCell is GDP certified and provides unique risk management services. Our production and R&D facilities are located in Switzerland to ensure quality and precision engineering. With an audited temperature excursion rate of less than 0.1% since 2018 and a growing customer base, we are on track to make our vision a reality.



Our Products and Services

SkyCell's journey began with a simple question: can a pharma container maintain its inner temperature when exposed to +60°C? Since our foundation in 2012, we are now a major manufacturer of temperature-controlled, door-to-door, container solutions, which allow pharma companies to optimize their supply chain by reducing, and even predicting, the risk of delivering sensitive pharmaceuticals.

Over the last several years, SkyCell has further improved its technology and combined software with hardware to achieve a failure rate of less than 0.1%. On top of this achievement, our hybrid containers reduce greenhouse gases by up to 50%.

At SkyCell we are focused on designing, developing, and implementing hybrid pharma containers for temperature-controlled air freight. By implementing the Precautionary Principle into our process, we have identified products and services to ensure the protection of medicine.

We have come a long way from our first product. From our own insulation material and our shock and vibration-absorbing technology, to the challenges of developing a product to transport COVID-19 vaccines. In 2021, we reacted swiftly to the industry demand and ameliorated the design and usability of our product. As a result of thousands of engineering hours, we recently launched the 1500X container, an innovation in pharma logistics that will disrupt the pharmaceutical cold chain industry. In combination with the SECURE digital platform, the 1500X enables the safe transport of medicine with up to 270 hours of independent runtime — visibility and supply chain transparency included.



1500X
COL: +2°C to +8°C
CRT: +15°C to +25°C

1500C / CRT
+2°C to +8°C
+15°C to +25°C

2500C / CRT
+2°C to +8°C
+15°C to +25°C

1500F
-15°C to -30°C

1500DF
-60°C to -80°C

SkyCell's product portfolio consists of multiple container solutions, which enable the transport of life saving products at a variety of internal temperatures:

- COL (+2°C to +8°C)
- CRT (+15°C to +25°C)
- F (-15°C to -30°C)
- DF (-60°C to -80°C)

Our products go beyond the hybrid design. We have developed shock-absorbing feet and established a new industry standard for energy distribution systems. Furthermore, the exclusively licensed double-door system prevents temperature excursions and condensation. Our products do not need additional packaging to protect them as they are humidity resistant.



With the use of state-of-the-art IoT sensors and the data-driven SECURE platform, clients can accelerate product release and automatically detect counterfeit and theft of goods. This significantly increases their workflow efficiency, allowing the safe transport of medicine from production to patient.

To further increase our reach in the pharma supply chain, SkyCell has expanded its partnerships and introduced new service centers in strategic locations around the globe. These developments facilitate the safeguarding of life-saving medicine, benefiting both patients and the planet.

Through our business model of leasing pharmaceutical containers to clients, we ensure the high reusability of our products, which helps reduce landfill waste, resource depletion and energy use. Because of this advanced circularity approach, we oversee our products' life cycle and reduce their environmental footprint.

Thanks to our valuable partnership with the Hope Consortium — a collective of industry related partners — we successfully enabled the safe delivery of COVID-19 vaccines across the globe. This cooperation reinforces our commitment to facilitate the most secure and sustainable cold chain worldwide.

About this Report

Our vision of eliminating loss in the pharma supply chain is closely linked to our value of sustainability, therefore this report is dedicated to the sustainability of our global operations. It provides a comprehensive overview of the most important sustainability initiatives that SkyCell is pursuing for the planet and its stakeholders. SkyCell invests its resources primarily in the three focus areas of circularity, climate and cooperation to align itself with the UN Sustainable Development Goals.

Also included in the report are the targets that we have set ourselves, the most important actions we are taking, and the results of our efforts towards advancing the sustainable development of SkyCell, its partners, and stakeholders.

The content of this report is framed in reference to the Global Reporting Initiative (GRI). It is intended as a guide to learn about the organization's most significant impacts on the economy, environment and people, including human rights.

The report begins with a letter from our CTO and Chairman of the Board and is then followed by a short description of our reporting principles and process. Also included is an outline of our focus areas of sustainability and our Key Performance Indicators, which enable us to track our progress.

The data considered for this report was gathered from our facilities and operations for the reporting period from January to December 2021.



Nico Ros
Chairman of the Board

A Message from our Chairman of the Board

Dear readers,

Sustainability remains a key aspect and motivation for SkyCell's operations. In our second report on our sustainability efforts, we have detailed the major milestones we've achieved that showcase our efforts towards a more sustainable pharma supply chain.

As we are heading into a post-pandemic world, our mission stays the same: To bring safe medicine to all, while upholding our responsibility to preserve our planet and protect it from the devastating effects of climate change.

2021 was a year of growth and expansion for SkyCell. We opened our production site in Basel, Switzerland, incorporated nine new service centers into our portfolio and further developed our products. In addition, our efforts on corporate social responsibility were positively recognized by EcoVadis.

Our primary strategy to achieve zero loss in the pharma supply chain while reducing the impact on the planet remains. This sustainability report outlines our efforts in the three focus areas we identified in our last materiality assessment.

SUSTAINABLE DEVELOPMENT GOALS



Sustainable Development Goals of the UN



Climate

We are proud to announce that we achieved our goal of running solely on renewable electricity. This approach reduces our electricity-based Scope 2 emissions to nearly zero and highlights our commitment to our validated science-based targets.

We have set a goal to become net-zero by 2040, including within our entire value chain. Thus, we are heavily engaged in advancing our roadmap towards achieving this goal.

The transport of our products in their use phase is our main driver of carbon emissions. SkyCell's primary efforts thus revolve around reducing these emissions. In 2021, we were successful in reducing the carbon intensity of our shipments, which is an important step in our journey. However, there is still much to do on our path towards net-zero emissions.

We also have unavoidable emissions, and thus continue to pursue investments in high-quality carbon sequestration projects. By optimizing our operations and purchasing carbon offsets, we have once again reached climate-neutral production and operations. Amongst others, this compensation includes emissions from our entire business travel, the internal movements of our containers, and the production of the raw materials we need.



Circularity

Reusability is a crucial aspect of the circular economy. By reusing a product, the life cycle of the needed resources is extended, and resource depletion is decreased. In addition, increased reusability helps to create less waste and reduces our energy needs, which then helps to minimize the environmental footprint of a product.

Furthermore, utilizing reusable products allows for the implementation of high-performance materials, which reduces CO₂ emissions as well.

Our strategy, which includes the amelioration of the reusability, repairability, and recyclability of our containers, helps the industry advance the circular economy.



Cooperation

Achieving a sustainable business is a collective responsibility. Our employees are vital on our road to success, therefore, we strive to create an environment in which they can continue to innovate. We are proud that SkyCell has been certified for the second consecutive year by "Great Place to Work".

As we grow, our partner network is expanding as well, so it is crucial that they share our sustainability vision. We have continued strengthening our sustainable procurement practices and have recently established our supplier code of conduct.

In 2021, we joined the UN Global Compact to align our business with the 10 UN principles in the areas of environment, human rights, labour rights and anti-corruption.

Final Note

As our business grows, we will broaden the involvement of our sustainability vision in our activities, identify additional improvement opportunities, and take on new challenges. Hopefully, this report will give you insights into our initiative to make pharma logistics greener and safer for all.

Kind regards,

Nico Ros



Reporting Practices

This report is written with reference to the Global Reporting Initiative (GRI). The reporting is focused on the areas where SkyCell contributes most significantly to the sustainability impact, both positive and negative.

SkyCell consolidated the available data from 2021 to create this report. The data was gathered from our products' shipments and the facilities under our operational control.

The Greenhouse Gas (GHG) inventory was performed in line with the GHG Protocol and is calculated based on the European Standard EN 16258 as well as the Global Logistics Emission Council (GLEC) Framework. Carbon emissions were calculated considering standard emission factors for the different activities.

Following our initiative to foster transparency, we will report on our yearly progress in our focus areas.

Our Chairman of the Board, Nico Ros, is responsible for SkyCell's sustainability strategy. He is the chair of our internal sustainability committee and oversees the sustainability department, which grew in size in 2021. With the extension of our dedicated sustainability personnel, our aspirations to make the pharma cold chain more sustainable expanded as well.

Furthermore, an independent Swiss consulting company has provided guidance and assessed the correctness of this report and its underlying greenhouse gas calculations. Should you have any questions or feedback, please contact our sustainability department at sustainability@skycell.ch.



Sustainability Focus Areas

In 2020 we revised our sustainability strategy and defined our focus areas by involving our major stakeholders in this process. To accomplish this, we conducted a workshop and prepared questionnaires for our investors, key clients, and employees. In addition, we included feedback and opinions from internal and external stakeholders. The primary reason for conducting this process was to better understand the perspectives of our stakeholders regarding our sustainability strategy and material topics. Our main goal was to identify the areas in which SkyCell has a major impact and how much this can be influenced through the companies' actions. On the materiality matrix shown here, we present the results of this process. It shows 10 sustainability topics rated according to impact (y-axis) and influence (x-axis) of SkyCell on them.

As a result of this materiality assessment, we identified three Focus Areas: Climate, Circularity and Cooperation. These focus areas are centred around our overall strategy to provide safe medicines for all.

To ensure these topics are still up-to-date and aligned with our business goals, we reviewed them as part of our sustainability committee meeting in 2021.

This committee involves representatives from various departments and hierarchies. The aim of these discussions were to identify new developments within the company and to define new strategies to further advance our sustainability vision.

The main outcome of this committee meeting was that we should ameliorate the engagement with our suppliers and partners regarding their social and environmental practices. As we expand our business, involving our value chain becomes increasingly more relevant.



Figure 2: Materiality matrix



Climate

Committed to the Paris Climate Agreement

In 2015, 196 parties committed themselves to pursuing efforts to limit global warming to 1.5°C. To achieve this goal, greenhouse gas emissions must reach net-zero by mid-century.

The global healthcare industry emits two gigatons of CO₂ emissions annually, which is the equivalent of being the fifth-largest emitting country in the world². At SkyCell we embrace our responsibility in reducing the emissions of the healthcare industry and the global cold chain.

We believe that the health of patients is tied to the health of the planet, and the healthcare industry should not be exempt from its role in the climate crisis.

² Health Care Without Harm & Arup, Health Care's Climate Footprint, 2019.

Our Policies and Goals

We have validated science-based targets regarding the reduction of greenhouse gas emissions and are committed to these goals. In line with this initiative, we will reduce our Scope 1 and 2 emissions by 50% until 2030. Since we have net-zero Scope 1 emissions, our goal is to keep them that way, regardless of our growth.

Furthermore, we have set a goal of becoming net-zero by 2040, including our upstream and downstream emissions.

In 2020, we committed to switching our operations to renewable electricity and successfully reached this goal. We achieved this by purchasing a green tariff for our headquarters in Zurich and through unbundled Guarantees of Origin in Basel. Our unbundled Guarantees of Origin are Naturemade star and Ekoenergy certified, ensuring high quality and environmental sustainability. As a next step, we aim to ensure that our service centers follow our approach by encouraging them to use renewable electricity for their operations as well.

Our Actions

We have focused our efforts on the improvement of our container design, material use, and production process. By strengthening these approaches, our hybrid containers reduce emissions by up to 50% compared to other pharma containers³. Amongst others, we achieved these results through the following measures:



Reducing temperature excursions to a rate of less than 0.1%. This reduces the spoilage of medicines and thus the need for additional production and logistics.



Optimizing the cargo volume per aircraft, with an optimal internal-external volume ratio of our hybrid containers. This measure reduces the number of airplanes needed to transport the goods due to more efficient packaging.

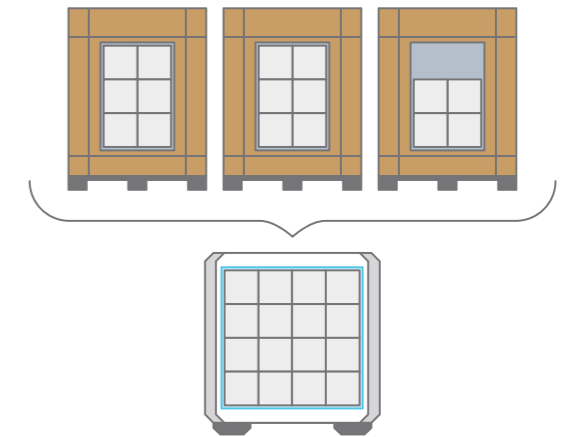


Decreasing the weight of our containers. This action reduces the fuel that the transport vehicles need.



Transporting empty containers, if needed, by ocean freight. This action reduces CO₂ emission by a factor of about 100.

³ MyClimate, 2019, SkyCell-the CO₂-efficient alternative to Medicine Deliveries by Air Freight



More than 95% of our emissions are due to the transport of our products in the use phase (Scope 3.9 – Downstream transport & distribution). Reducing these emissions is challenging since they are outside of our operational control. However, by ameliorating our container designs and defining more efficient transport routes, we can influence these emissions as well.

Many of our current emissions, such as from the procurement of our production and IT materials, are challenging to avoid at the moment. We are thus dependent on carbon offsets to achieve a short-term balancing of our negative impact. Therefore, we have acquired carbon dioxide removal and offset certificates from the following projects:

- Climeworks: Carbon dioxide removal via direct air capture.
- FirstClimate: REDD+ forest protection and reforestation projects:
 - Rimba Raya Biodiversity Reserve, Indonesia.
 - Kariba Preservation, Zimbabwe.

To reach our net-zero goal, investment in the development of alternatives to fossil-based kerosene is essential. Since the supply of these sustainable aviation fuels is still limited, we have continued to explore collaborations with innovative industry stakeholders.

Guarantees of Origin (GO)

Energy certificate to prove the origin of renewable electricity. They enable the traceability of green energy from the producer to the final consumer.

Our Results

We have again managed to remain at zero Scope 1 emissions, for example, due to the purchase of electric forklifts. Our Scope 2 emissions occur due to the use of electricity and heat in our Swiss headquarters and assembly hall. However, with 19t of CO₂e, our Scope 2 emissions are insignificant compared to our overall emissions.

In 2021, our overall Scope 3 emissions intensity decreased by 8% compared to 2020. Among others, we achieved this through optimizing our reverse logistics, which account for about 25% of our emissions. The improvement of routes, the minimization of empty transports, and the shift toward less carbon-intensive modes of transport are other reasons that we've seen this decrease.

In 2021, we internalized the production and repair of our containers. The result of this activity was increased emissions in the categories Purchased Goods and Services, Capital Goods, Heat, and Waste. However, having operational control of our production will allow us to better steer our sustainability efforts in the future. The emissions of upstream transportation and distribution decreased, which was caused among others, by optimized transports. A direct comparison with the 2020 emissions can be seen in Figure 3.

As we move past the COVID pandemic, business travel is increasing, and so too are the emissions related to this activity. We thus deemed it necessary to review our current employee travel policy and define actions to avoid unnecessary travel. In addition, we will encourage the advanced use of electric cars and railways to counteract this development.

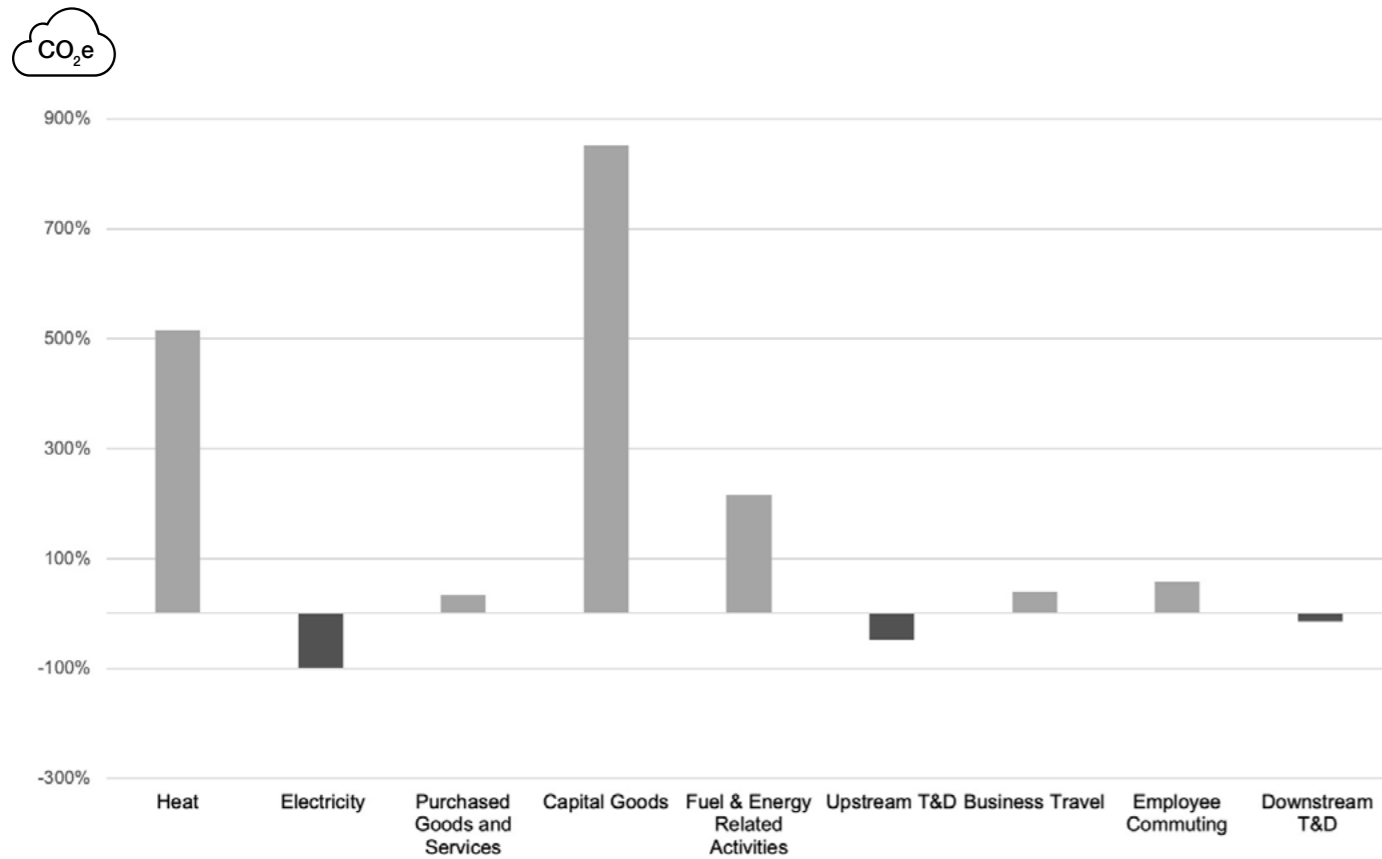


Figure 3: Breakdown of SkyCell's greenhouse gases compared to base year 2020. Waste not included due to measurement start in 2021.

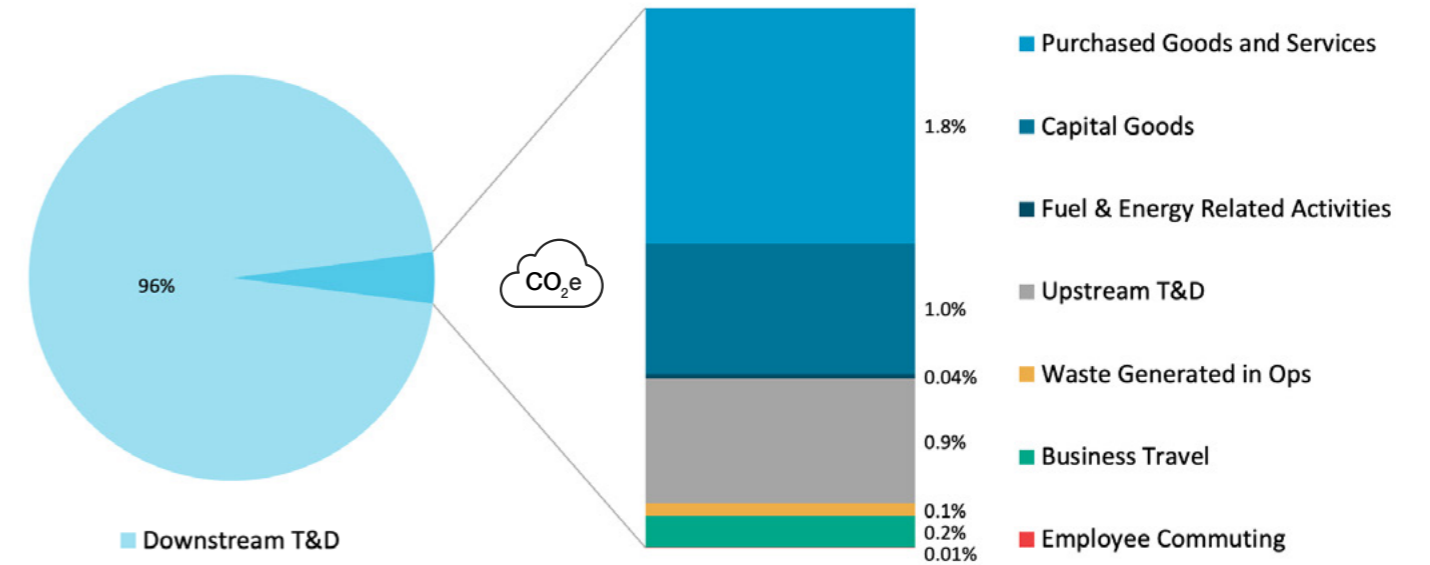


Figure 4: Breakdown of SkyCell's 2021 Scope 3 emissions.

As shown in Figure 4, SkyCell has the largest potential for future reductions and efficiency measures in the downstream transportation and distribution. The remaining Scope 3 categories account together for four percent of the CO₂ emissions.

SkyCell's activities are climate neutral, excluding the downstream transport of our products. Since the sources of our emissions are not under our operational control, the fastest way to balance them is by purchasing carbon sequestration services. As these projects are not the adequate solution to limit global warming in the long run, we aim to progressively reduce our dependency through different projects in line with our roadmap to net-zero emissions.



In addition, we will follow the strategy to expand our current container fleet. This approach will allow us to transport even more containers by ocean freight, which leads to longer journeys, but also substantially lower CO₂ emissions.

Greenhouse Gas Protocol

Greenhouse gas inventories are categorized into three Scopes according to the Greenhouse Gas Protocol.

Scope 1: Direct emissions.

Scope 2: Indirect emissions due to the purchase of electricity and heat.

Scope 3: Emissions occurring in the value chain.

Climate neutrality

It is achieved by calculating all the emissions a company/person/product has, reducing these emissions to a minimum, and offsetting the remaining emissions through carbon sequestration services.

Uncertainties and Methodological Changes

As we do not operate transport infrastructure ourselves, we are dependent on methodologies and emissions factors to define our transport emissions. When using these methods, it must be considered that they calculate emissions based on the weight of the products. This can lead to an error since the volume of the transported cargo is also essential in determining CO₂ emissions. In addition, temperature excursion rates should be factored in for comprehensive CO₂ analysis as well.

Furthermore, the emissions are strongly influenced by the precise routing and technology used by the freight forwarder. SkyCell only has limited availability of this data.

The distances for our transport data are defined using the great-circle distance approach. This method considers a spherical distance between two coordinates, and thus underestimates the actual distance. For air travel, we thus add 95km to each trip as defined by the GLEC framework. In addition, we add a multiplier of 6.5% to incorporate stop-overs as demonstrated by GLEC.

To receive more accurate results for road and sea transport in 2021, we conducted a case study based on our most frequent lanes. As a result, we increased the distances by 49% and 121% for road and sea transport respectively. We included this for the first time in 2021, thus leading to higher emissions compared to 2020 for the same lanes.

Our current system does not allow for the tracking of all reverse logistics in detail. We have thus created a statistical model to apply the most likely scenario to the unknown characteristics of the reverse transports.

Furthermore, we have changed the inflation factor for our spend-based data from the US to the Swiss factors. This leads to a vast increase of our emissions in Scope 3.1 & 3.2.

The major source of uncertainty is regarding radiative forcing indexes from air transport. The used greenhouse gas calculation standards do not factor in this information. By applying the scientifically recommended factor of two⁴, our emissions would roughly double. However, other experts even recommend using a factor between two and three. The used standards thus have to be adapted to include the newest scientific recommendations.

⁴ Cox & Althaus, How to include non-CO₂ climate change contributions of air travel at ETH Zurich, 2019

Life Cycle Assessment

SkyCell commissioned a life cycle assessment from an independent Swiss climate foundation. Its goal was to identify improvement potential and to compare our products with the ones from our competitors. The scope of the life cycle assessment includes cradle-to-grave greenhouse gas emissions as well as radiative forcing of air transport (with a factor of 2). The results show the excellent performance of SkyCell's hybrid containers, which save more than 50% CO₂e per transport of 1m³ of product, compared to conventional containers⁵.

The main reasons for this performance are the light materials, as well as the optimized internal volume compared to the external volume. SkyCell's hybrid containers are being used for dozens of shipments before being recycled at the end of their lifetime. The climate impact of the production and the end-of-life treatment is thus only a minor contributor to the overall emissions.

⁵ MyClimate, 2022, SkyCell – Carbon Footprint

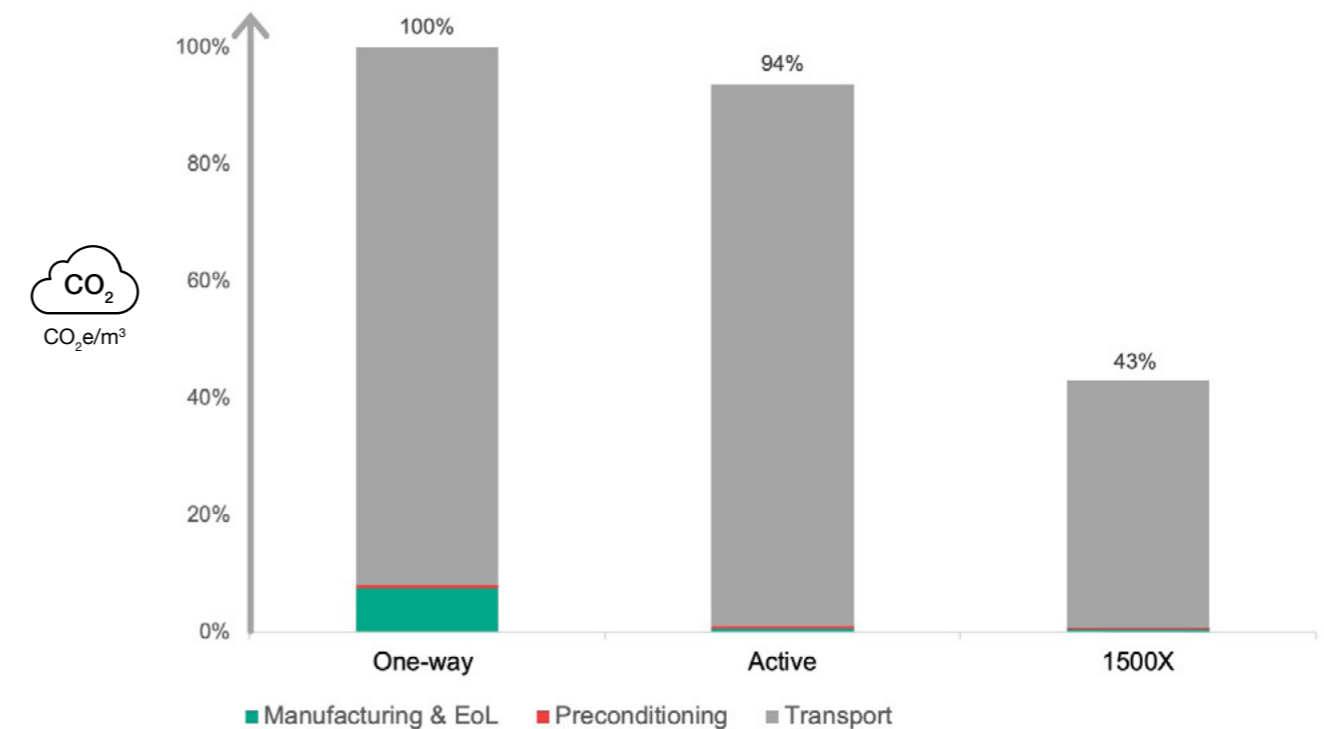


Figure 5: CO₂e emitted by transporting 1m³ of goods with different container types by air freight.

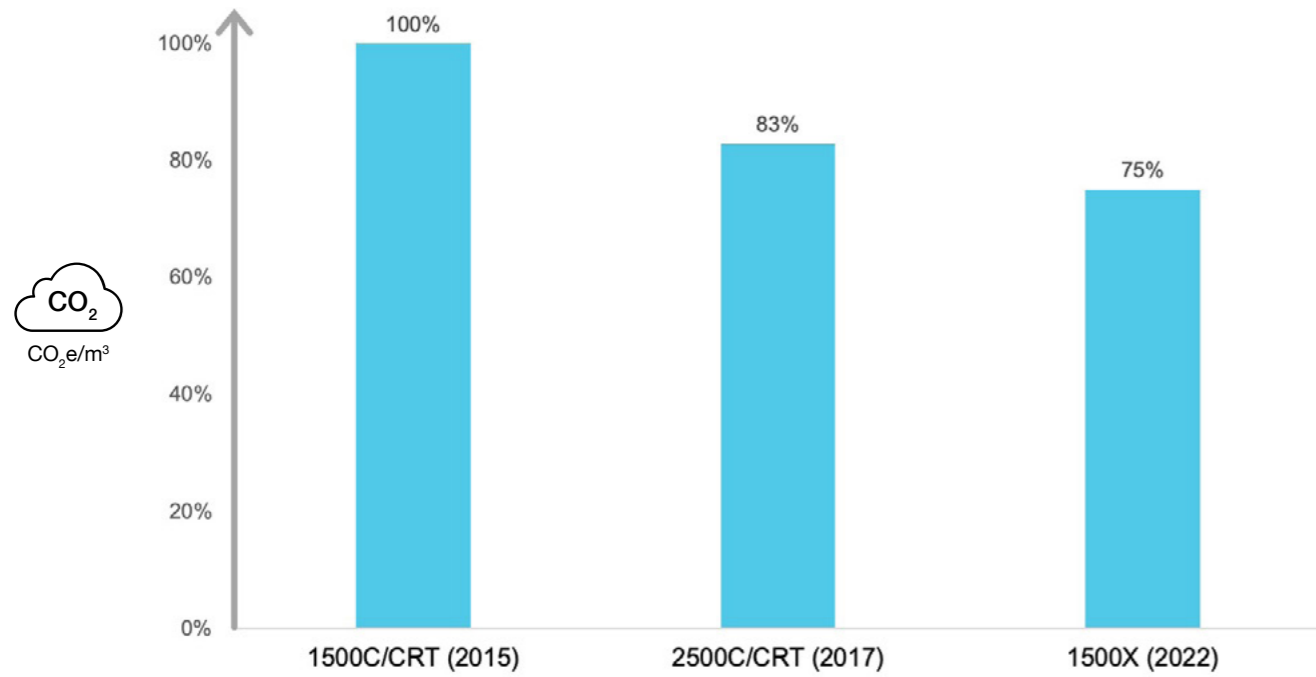


Figure 6: Continuous product innovation leads to reduced greenhouse gas emissions

Since the foundation of SkyCell, one of our goals has been to reduce the environmental footprint of the pharma industry. In 2015, we launched the 1500C/CRT, which showed a substantial improvement compared to active and passive containers. However, we did not stop there and launched our 2500C/CRT models in 2017. This container series decreased the life-cycle emissions by another 17% compared to our previous models.

When designing our newest container, the 1500X, we incorporated our knowledge and learnings to reach yet another milestone in environmental performance. Due to the additional reduction of weight and the improvement of the volume, the 1500X achieved CO₂ savings of 25% compared to the 1500C/CRT. Furthermore, the life-cycle emissions are even lower compared to our two-pallet solution (Figure 6) released in 2017.

Circularity

Embracing the Circular Economy

The linear take-make-dispose principle used by many pharma packaging providers is outdated. The new global economy heads towards a circular approach, as the European Green Deal outlines prominently⁶. Since the very beginning of SkyCell, we have designed our products according to the principles of the circular economy. Our approach, outlined in Figure 7, thus strengthens the industry's efforts to transition to a circular economy.

⁶ First Circular Economy Action Plan, European Commission, 2020

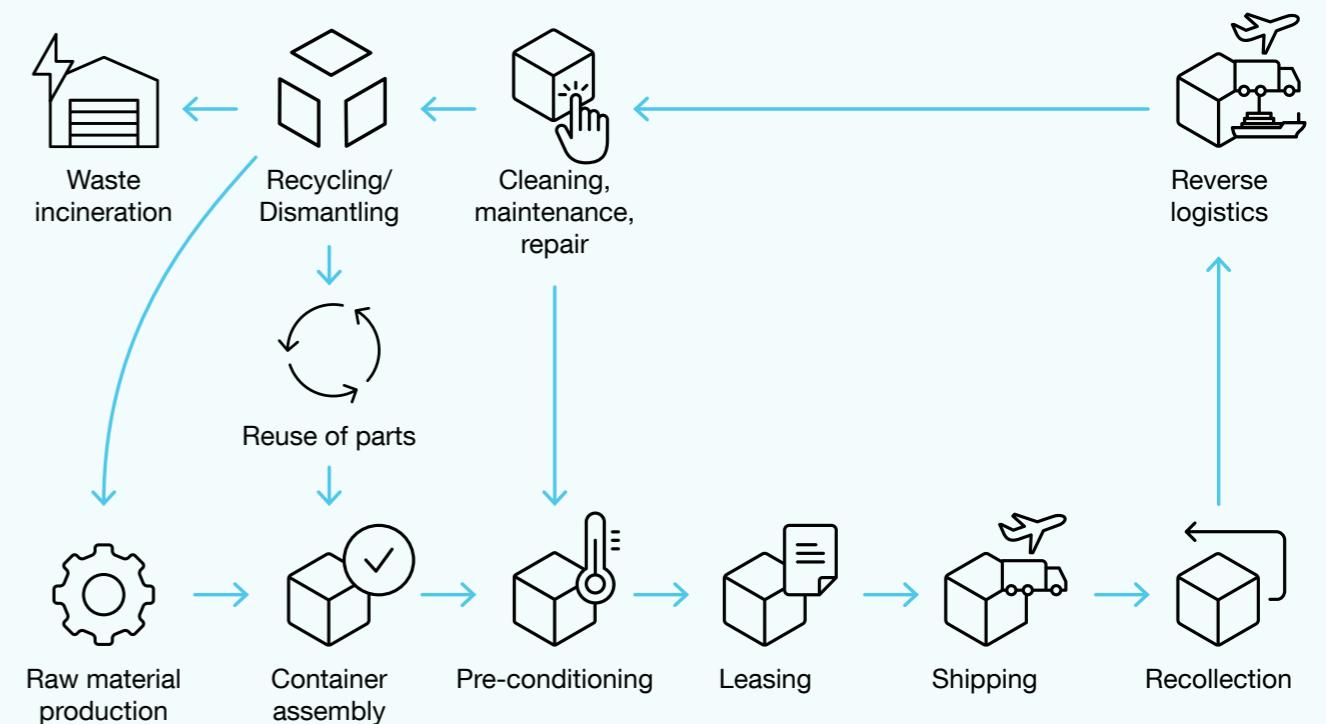


Figure 7: SkyCell's approach to circularity



Our Policy and Goals

With our circular business model, we take ownership of our products. This model allows us to take back our containers to reuse, repair, refurbish, and recycle them to minimise our environmental footprint.

Furthermore, applying this circular business model enables us to use high-performance materials and construction methods, which we depreciate over a prolonged lifetime. These advanced designs reduce the weight, the outer volume, and improve the security of our hybrids. These aspects lead to lower life cycle emissions, fewer materials and energy needs, and minimized waste. In addition, taking ownership of our products allows us to reuse our containers for dozens of shipments, easily repair them when necessary, and reuse whole parts to build new products.

Our goal is to consistently use more than 90% of reusable and recyclable materials in our containers. The materials we cannot reuse are easily treated through recycling and/or incineration in strictly regulated Swiss plants. These incineration plants produce heat and electricity for the Swiss energy system and thus reduce the need for fossil fuels. This approach allows us to minimize resource depletion and ensures that no land-fill is created by our own operations.

Our aim is to consistently use our products for as long as they comply with our strict safety guidelines — they are thus designed to last. However, the transport of cargo in this fast-paced environment sometimes takes a toll on our products. In 2021, we established our first in-house repair centre in Switzerland. SkyCell's capabilities to repair damages have hence been strengthened, enabling even longer lifetimes and reducing the need for energy intensive recycling. To bring damaged containers to Switzerland, we use ocean freight whenever possible, to ensure minimal CO₂ emissions of the transports.

Our Actions

We work on the development of our products to increase their durability and reduce the need for repairs. Also, we ensure that the majority of our products' materials are recyclable, whenever possible, we use recycled materials to manufacture them. Our main action is to ensure our products come back to us and are reused as much as possible.

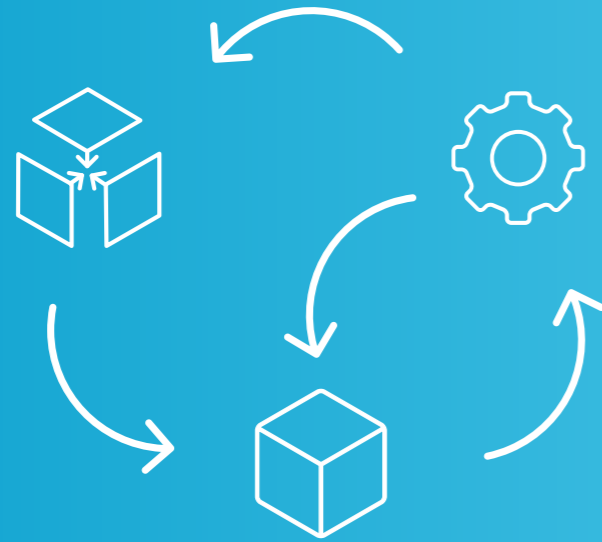
Furthermore, we have launched an exploratory project in 2021 to use upcycled ocean plastic in our products. The supply and suitability of these materials are still challenging. However, we will continue to scout the market to be able to use more environmentally friendly materials in the future.

In addition, we have prepared several RnD projects internally, as well as with external partners. These projects aim, amongst others, at ameliorating our energy storage technology and to decrease the weight of our products even further. Optimizing these factors will lead to an improved environmental performance.

Besides product development, we have defined measures to optimize efficiency in our operations. For example, we reuse temperature sensors and send old ones back to the manufacturer for recycling.

Furthermore, we continued our digitization efforts to decrease the need for paper within our partners' service centers by developing apps, and whenever possible, we use electronic signatures to minimize energy-intensive paper.

Manufacturing



Maintenance and reuse

Rental



Our Results

Our products are durable and repairable, which leads to an extensive reusability rate. Most importantly, the use of high-performance circular materials allows us to optimize the following four parameters: volume-efficiency, weight, security, and durability. These are arguably the most important aspects to increase the sustainability of the pharma cold chain.

Our engineers and scientists are consistently improving the durability, efficiency, and easy handling of our products. In addition, our RnD & Production teams have also assessed and ameliorated the upstream logistics of our production. As a result, we reduced the number of pallets needed to produce the same amount of containers by approximately three-quarters.

Thanks to our circularity approach and our Swiss based repair and recycling facility, SkyCell again achieved zero landfill.

Cooperation

Working together to achieve our goals

At SkyCell, we are proud of our diversity. We have continued to advance our strategy, which is based on the following three pillars: investing in employees, being a reliable partner, and supplier engagement.

Investing in Employees

SkyCell's employees are the heart of our business. It is their dedication and commitment that ensures we can live up to our values and move towards fulfilling our mission. Therefore, we are committed to stimulating a vibrant and cultural work environment, where employees feel valued and safe, knowing full well that feeling comfortable in their workplace will allow them and their innovative ideas to thrive.

Our Policy and Goals

Our goals are thus to continually increase employee engagement and development as well as ensuring equity and the health and safety of our team members. An important instrument for developing our HR strategy and a way of measuring the satisfaction of our employees is the annual Great Place to Work Survey. In this audit, we aim to be consistently certified as a "Great Place to Work" and attempt to reach a Trust Index result of at least 80%. Based on the results of this survey, we will then decide on key points to focus on in the upcoming year, ensuring an HR strategy that is close to the needs of the team members.

SkyCell employs several contractors around the world to advance our global goals. These contractors are crucial to the success of our mission and are part of the SkyCell team, thus whenever possible, we will treat them as equal to our employees.



Our Actions

A leading consulting agency conducted a salary study for our Swiss employees, creating salary bands based on the job descriptions of the different positions. Those salary bands are our main instrument when it comes to salary adjustments and compensation for new hires. Providing fair and equal pay is important to us, which is why our salary bands are based on experience and responsibility and are regularly reviewed by the external consulting firm.

At SkyCell, work-life balance is not just a buzzword. We grant our employees a hybrid work model (in our HQ in Switzerland), flexible working hours and the option to work fully remote, if the position allows it. Our global team stays up to date with the companies' new developments in regular catch-up meetings. Annual SkyCell parties and after-work events, as well as occasional virtual games foster regular social gatherings between people from different teams.

SkyCell also supports its employees during big life events. We pay employees' full salary during maternity leave instead of reducing it to 80%, and extend the legally required paternity leave from two weeks to four weeks. In case of an accident or a long illness, our employees receive a full salary for three months before it is reduced to 80% for another 21 months. Our senior employees can also request part-time retirement.

In addition, we have rolled out a yearly training budget for all employees and are continuously strengthening our Learning Management System.

We also renewed our health & safety policy and started a respective committee to discuss necessary adjustments on a regular basis.

SkyCell's career mobility procedure gives its employees the opportunity to switch to different positions via an internal application. Furthermore, it allows them to move to a different country while keeping their current job, if SkyCell has a well running set-up there. In 2021, our Code of Conduct was revised and several policies and training courses were established regarding topics such as remote working, social media usage, and data privacy.

To quickly react to possible misconduct, we extended our Whistle Blowing procedure in 2021. The current procedure allows our employees and external stakeholders to report any irregularities contradicting our values on ethics, human rights, governance, and environmental protection anonymously and in a straightforward way.

Our Results

In 2021, we reached our goal of having zero violations of our Code of Conduct, and no incidents were reported through the Whistle Blowing mechanism. Through consistent training, we ensure that our values and rules are known to all our employees.

For the second year in a row, we conducted an external audit to measure employee engagement and their wellbeing. We are proud of our re-certification as a "Great Place to Work". This certification measures workplace culture by conducting an anonymous employee survey, resulting in a Trust Index of the audited company. Furthermore, we are once again part of the top ten medium workplaces of Switzerland and were awarded one of Europe's best workplaces in September 2021.

Our team expanded by 30% in 2021 and at the end of the year, 33% of our employees identified themselves as women. This number is up from 30% in 2020, thus we are continuously working towards employing more female team members. 22% of those women are line managers, while 28% of all men are leading people. Diversity is of great importance to us: 51% of our employees are non-German speakers and our entire team consisted of people from 34 different nationalities at the end of 2021. In addition, 29 different languages are spoken by our employees, and 38% of them speak three languages or more. We strongly believe that people with different backgrounds are more innovative when working together in teams.

The health of our employees is important to us, which is why we launched the fitness challenge "Sweat for Trees" in 2021. In this challenge, we planted a tree for every 10 000 calories burned during physical activities completed by our employees. The trees are planted in the Amazon region, coordinated by our partner Almighty Tree. In the first three months of this program, our employees managed to plant 38 trees while working on their general fitness.



Being a Reliable Partner

It is essential that others can rely on us as only by creating mutual trust can we realize our vision to eliminate losses in the pharma supply chain.

Patients are our predominant stakeholders, and we flourish when they can count on us as a trustworthy partner that delivers safe and secure medicine in a sustainable fashion. To strengthen this trustworthiness, we pursue external certifications in strategic areas.

Therefore, we have a certified Quality Management System (ISO 9001) and are certified with Good Distribution Practices (GDP); a standard to adhere to specific pharma-related requirements. When it comes to our products' performance, SkyCell consistently achieved its quality target of less than 0.1% temperature excursion. This performance, measured using our built-in temperature sensors, was officially certified by an external auditor. Finally, we applied for the first time for the sustainability rating EcoVadis, and received their Gold Medal in Q1 2022.

We aim to work with integrity and by respecting human rights. Our principles are defined in our Anti-bribery policy and our Code of Conduct, which is known to all employees. Furthermore, we have established a whistleblowing mechanism to ensure that violations will be dealt with appropriately and promptly.

Supplier Engagement

SkyCell's containers are deployed globally by a network of service centers using selected airline partners and forwarders. Furthermore, we rely on technical partners to provide state of the art production of parts and services. Our worldwide operations are fully supported by a qualified network of global suppliers.

A substantial part of our environmental impact is generated through our suppliers and partners. Our efforts and vision of sustainability thus have to reach our entire supply chain to achieve the most positive impact.

Starting in 2021, our new strategic suppliers were required to sign our Supplier Code of Conduct, committing themselves to uphold human rights, ethical behaviour, and good environmental practices. No deviations from these principles were reported. In addition, we started to include sustainability questions in our strategic supplier audits and to include sustainability clauses in our new contracts.

We have also performed a first sustainability risk assessment of our critical suppliers, and we aim to analyse all our critical suppliers by 2023.

Furthermore, we conducted sustainable procurement training for our procurement personnel. In this training, the topics of conflict minerals, labor conditions, human rights, ethics, governance and social & environmental responsibility were discussed.



For these and many other efforts conducted in 2021 and the years prior, we have received the Gold Medal in our first ever EcoVadis assessment.

This rating analyzes the topics environment, ethics, labor and sustainable procurement. In these four topics, our policies, actions, and results were assessed. SkyCell received 72 out of 100 points and is thus classified in the top 3% of all the companies assessed by EcoVadis.



Our goal is to increase our score even further by advancing our sustainability management system.

Even though our direct impact on biodiversity is modest, we understand the importance of restoring forests and the enrichment of the gene pool. Through our partnership with WeForest, we are involved in the protection and restoration of biological corridors in the south of Brazil. With each shipment order we receive, we contribute to the restoration of the Atlantic Forest. WeForest, together with the NGO Instituto de Pesquisas Ecológicas (IPÊ), have restored over a thousand hectares of land in this region since 2017.

Key Performance Indicators and Goals

Safe Medicine for all

Related to SDG



Goals

- Zero temperature excursions from production to patient
- No loss in the pharma supply chain
- Safe medicine for all

Measures

- Continuous product innovation
- Improvement of temperature tracking systems

Indicator

	Reporting year	
	2020	2021
0.0% Product loss (e.g. medication, vaccines, APIs)	✓	✓
Less than 0.1% temperature deviations (EY Audited)	✓	✓

Circularity

Related to SDG



Goals

- Increase the usability of our containers by 10% per year
- Zero landfill
- Recycle and reuse >90% of container parts by 2025
- Decrease the CO₂e-footprint of our materials 50% by 2030

Measures

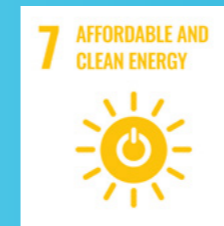
- Steady quality and durability performance of present and future products
- Oversee the entire life cycle of the present and future products
- Scaling up the inhouse refurbishing capabilities for future products
- Analysis of the waste treatment process for our HQ and production site in Switzerland
- Replace CO₂e-intensive materials

Indicator

	Reporting year	
	2020	2021
% container models that are part of our take-back program	100%	100%
Waste generation in production facility and headquarters [ton]		
Incineration (with energy recovery)	-	21.6
Landfill	-	0
Recycling (Carboard)	-	1.2
Recycling (Metals)	-	2.6
Recycling (E-waste)	-	0.3
Total amount of non-hazardous waste	-	25.8
Total amount of hazardous waste	-	0

Climate

Related to SDG's



Goals

- Decrease CO₂e-emissions per transport km and transported volume >10% per year
- 50% reduction of Scope 2 emissions without the use of offsets by 2030
- Keep Scope 1 emissions at zero
- Net-zero by 2040
- 100% renewable electricity from 2021 onwards

Measures

- Increasing transport logistics efficiency throughout our operations
- Increase renewable energy use throughout our operations
- Continuous reduction of Scope 3 emissions (with minimal use of offsets)
- Purchasing high-quality offsets from sequestration projects during this transition phase
- Use of renewable electricity in our own operations through direct procurement and purchasing electricity certificates

Indicator

	Reporting year	
	2020	2021
Environmental advocacy		
% of key clients addressed on their carbon footprint	83%	67%
Sustainability awareness posts	-	14
Emissions [tCO ₂ e]		
Scope 1 — Direct emissions	0	0
*Scope 2 — Indirect energy emissions	12	19
Scope 3 — emission intensity	100%	92%
Energy Consumption		
Within the organization		
Fuel consumption [J]	0	0
Electricity consumption [MWh]	114	292 (100% renewable)
Heat consumption [MWh]	24	104
Total energy consumption [MWh]	138	396
% Renewable Energy	41%	74%
Outside the organization		
Energy consumption servers [MWh]	85	102
Carbon compensation [tCO ₂]		
Climeworks, Switzerland (direct air capture)	5	2
Rimba Raya biodiversity reserve, Indonesia (REDD+)	570	1533
Madre de Dios biodiversity reserve, Peru (REDD+)	560	-
Pará forest protection, Brazil (REDD+)	560	-
Kariba preservation, Zimbabwe (REDD+)	-	475
Total	1695	2010

*Market based approach

Cooperation

Related to SDG's



Goals

- Increase employee engagement
- Increase diversity, equal opportunity & inclusion
- Increase employee health & safety
- Get consistently certified as “Great Place to Work”
- Strengthen trustworthiness & reliability towards partners
- Assess 100% of critical suppliers based on sustainability by the end of 2023

Measures

- Team building activities
- Workshops/Trainings
- Salary study and revise employee benefits
- Development of career mobility policy
- Health & safety management system, including risk assessment
- Flexible working hours and overtime compensation
- Continuation of employee fitness challenge
- Continuous quality and reliability improvements
- Supplier assessment framework
- Cooperate with suppliers to improve value chain sustainability

Indicator

	Reporting year	
	2020	2021
Investing in employees		
Great Place to Work Certified (Trust Index)	83%	86%
Additional leave granted beyond standard vacation	√	√
Number of town hall meetings	0	1
Amount of employees (head count)		
Permanent	84	110
Temporary	2	2
Infrastructure workers	33	55
Total	119	167
Amount of internal employees by region (head count)		
APAC	4	8
AME	9	9
EMEA	73	95
Amount of internal new employees by age		
Under 30 years	-	11
30-50 years	-	21
Over 50 years	-	6
Total	-	38
Turnover rate	4%	11%
Absenteeism	-	0.4%
% Of employee reviewed on performance and career development	100%	100%
% Women	35%	33%
% Management positions held by women	36%	28%
Different nationalities of employees	27	34
Languages spoken by employees	32	29
Average internal training hours (SkyCell Academy) per employee	-	4
% of employees trained in business ethics	-	69%
% of employees trained in equality and diversity	-	20%
Lost time injury (LTI) frequency rate	-	0
Lost time injury (LTI) severity rate	-	0
Employees entitled to parental leave		
Women	-	1
Men	-	3
Total	-	4
# Trees planted fitness challenge	-	38
Being a reliable partner		
Confirmed corruption and bribery incidents	-	0
Confirmed whistle blower incidents	-	0
% Procurement team trained in social and environmental procurement	-	100%
% of approved suppliers with a CSR audit	0%	5%
% of infrastructure partners with signed CSR-Clauses	0%	5%
% of infrastructure partners with a signed Supplier Code of Conduct	0%	5%
Production suppliers		
% Swiss	70%	71%
% European (non-Swiss)	28%	24%
% Outside EU	1%	5%
Management certifications		
ISO 9001 (Quality)	√	√
GDP (Quality)	√	√
EcoVadis	-	Gold (72/100)

GRI Content Index 2021

The Global Reporting Initiative, is an independent, international organization that helps businesses and other organizations take responsibility for their impacts by providing them with a guidance on how to communicate those impacts, with the aim of systematic, transparent and comparable sustainability reporting.

The disclosures presented are based on the 2021 GRI Standards edition, and its reference to the most recent versions. For more information regarding the GRI reporting visit the [GRI website](#).

To identify this disclosures use the present index as a guideline for their location within the sustainability report.

Statement of use

SkyCell AG has reported the information cited in this GRI content index for the period from 01 January 2021 to 31 December 2021 with reference to the GRI Standards.

GRI Used

GRI 1:Foundation 2021

Location/Response

GRI 2: General Disclosures (2021)

The organization and its reporting practices

2-1. Organizational Details	
a. Legal Name	03
b. Nature of ownership and legal form	03
c. Location of headquarters	09
d. Countries of operation	09
2-2. Entities included in the organizations sustainability reporting	05, 10
2-3. Reporting Period, frequency and contact point	10, 13
2-4. Restatements of information	20
2-4. External assurance	13

Activities and workers

2.6. Activities, value chain and other business relationships	05–09
2.7. Employees	29, 35
2.8. Workers (Not employees)	27, 35

Governance

2.9. Governance structure and composition	03
2.10. Nomination and selection of the highest governance body	-
2.11. Chair of the highest governance body	03
2.12. Role of the highest governance body in overseeing the management of impacts	03
2.13. Delegation of responsibility for managing impacts	-

2.14. Role of the highest governance body in sustainability reporting	13
2.15. Conflicts of interest	-
2.16. Communication of critical concerns	-
2.17. Collective knowledge of the highest	-
2.18. Evaluation of the performance of the highest governance body	-
2.19. Remuneration policies	-
2.20. Process to determine remuneration	-
2.21. Annual total compensation ratio	-

Strategy, policies and practices

2.22. Statement on sustainable development strategy	06, 11
2.23. Policy commitments	16, 24, 27
2.24. Embedding policy commitments	17, 25, 28, 30
2.25. Processes to remediate negative impacts	-
2.26. Mechanisms for seeking advice and raising concerns	29, 30
2.27. Compliance with laws and regulation	-
2.28. Membership associations	03, 09, 16, 29, 31

Stakeholder engagement

2.29. Approach to stakeholder engagement	05, 15
2.30. Collective bargaining agreements	-

GRI 3: Disclosures Material Topics (2021)

3-1 Process to determine material topics	15
3-2 List of material topics	15

GRI 204: Procurement Practices (2016)

3-3 Management of material topics (2021)	30
204-1 Proportion of spending on local suppliers	35

GRI 301 Materials (2016)

3-3 Management of material topics (2021)	23–25
301-1 Materials used by weight or volume	-
301-2 Recycled input materials used	-
301-3 Reclaimed products and their packaging materials	32

GRI 302: Energy (2016)

3-3 Management of material topics (2021)	16–18
302-1 Energy consumption within the organization	33
302-2 Energy consumption outside of the organization	33
302-3 Energy intensity	-
302-4 Reduction of energy consumption	16, 18
302-5 Reductions in energy requirements of products and services	-

Location/Response

GRI 305: Emissions (2016)

3-3 Management of material topics (2021)	16, 17
305-1 Direct (Scope 1) GHG emissions	18, 33
305-2 Energy indirect (Scope 2) GHG emissions	18, 33
305-3 Other indirect (Scope 3) GHG emissions	17–19, 33
305-4 GHG emissions intensity	33
305-5 Reduction of GHG emissions	18, 19
305-6 Emissions of ozone-depleting substances (ODS)	-
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-

GRI: Waste (2020)

3-3 Management of material topics (2021)	24, 25
306-1 Waste generation and significant waste-related impacts	25, 26
306-2 Management of significant waste-related impacts	23–25
306-3 Waste generated	32
306-4 Waste diverted from disposal	26, 32
306-5 Waste directed to disposal	32

GRI 308: Supplier Environmental Assessment (2016)

3-3 Management of material topics (2021)	05, 30
308-1 New suppliers that were screened using environmental criteria	35
308-2 Negative environmental impacts in the supply chain and actions taken	-

GRI 401: Employment (2016)

3-3 Management of material topics (2021)	05, 27, 28
401-1 New employee hires and employee turnover	35
401-2 Benefits provided to full-time employees	28, 29, 35
401-3 Parental leave	28, 35

GRI 404: Training and Education (2016)

3-3 Management of material topics (2021)	27–29
404-1 Average hours of training per year per employee	35
404-2 Programs for upgrading employee skills and transition assistance programs	28, 35
404-3 Percentage of employees receiving regular performance and career development reviews	35

Location/Response

GRI 405: Diversity and Equal Opportunity (2016)

3-3 Management of material topics (2021)	27, 29
405-1 Diversity of governance bodies and employees	29, 35
405-2 Ratio of basic salary and remuneration of women to men	-

GRI 414: Supplier Social Assessment (2016)

3-3 Management of material topics (2021)	05, 30
414-1 New suppliers that were screened using social criteria	35
414-2 Negative social impacts in the supply chain and actions taken	-

GRI 416: Customer Health and Safety

3-3 Management of material topics (2021)	06, 07, 09, 30
416-1 Assessment of the health and safety impacts of product and service categories	07–09, 32
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-



Safe. Secure. Sustainable.

Driven by our mission to provide safe, secure and sustainable pharmaceutical supply chains for temperature-sensitive, life-saving medicines, SkyCell is changing the face of global pharmaceutical supply chains through a combination of hybrid containers, tracking software and risk management service.

Get in touch with us

sales@skycell.ch

sustainability@skycell.ch

Learn more about our products

www.skycell.ch

Stay up to date

Subscribe to our newsletter

www.skycell.ch/newsletter/