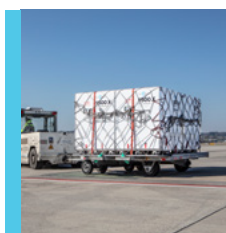




Sustainability Report

2023

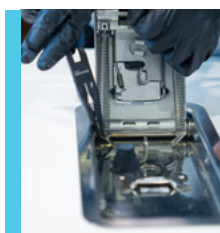
Table of Contents



Page 03

About SkyCell

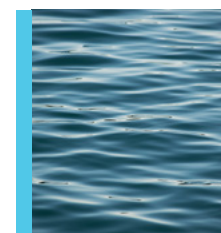
Values & Principles
Vision
Products & Services



Page 28

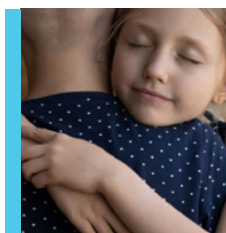
Circularity

Policies & Goals
Our Actions
Our Results



Page 50

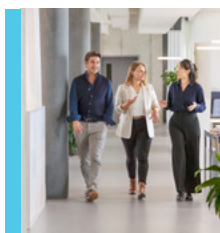
Index



Page 11

Context

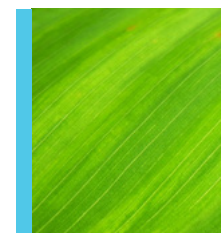
About this Report
Message from Chairman
Sustainability Focus Areas



Page 33

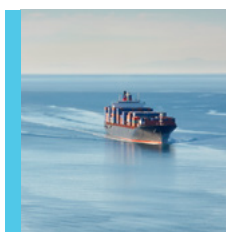
Cooperation

Investing in Employees
Being a Reliable Partner
Supplier Engagement



Page 56

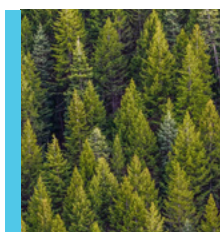
Glossary



Page 16

Climate

Policies & Goals
Actions & Results
On track to 2040



Page 41

Performance

Circularity
Climate
Cooperation



About SkyCell

About SkyCell

At SkyCell, our dedication lies in transporting medications to millions of patients globally while also advancing sustainable logistics practices.

Our innovative cold-chain packaging solutions combine Swiss engineering expertise with proprietary software to keep temperature-sensitive pharmaceuticals safe and secure during transport, whilst also minimizing the carbon emissions associated with medicine transportation.

Established in 2012, SkyCell is a privately owned company headquartered in Switzerland. With offices in Zürich and Zug and a production hub in Basel, we operate a network of over 30 service stations globally. Our unique model relies on delivering containers directly to customer loading sites, eliminating the need for airport pickups. This reduces the number of service stations required compared to traditional container providers, as our trucks can reach loading points more efficiently.

The oversight of SkyCell's interests and overall responsibilities is entrusted to 4 C-level executives and a Board of Directors. Richard Ettli, co-founder, serves as CEO and oversees all commercial aspects of the business. Nico Ros, co-founder, holds the position of CTO leading all technical departments and serving as Chairman of the Board of Directors. Figure 1 is a simplified representation of the governance structure at SkyCell.

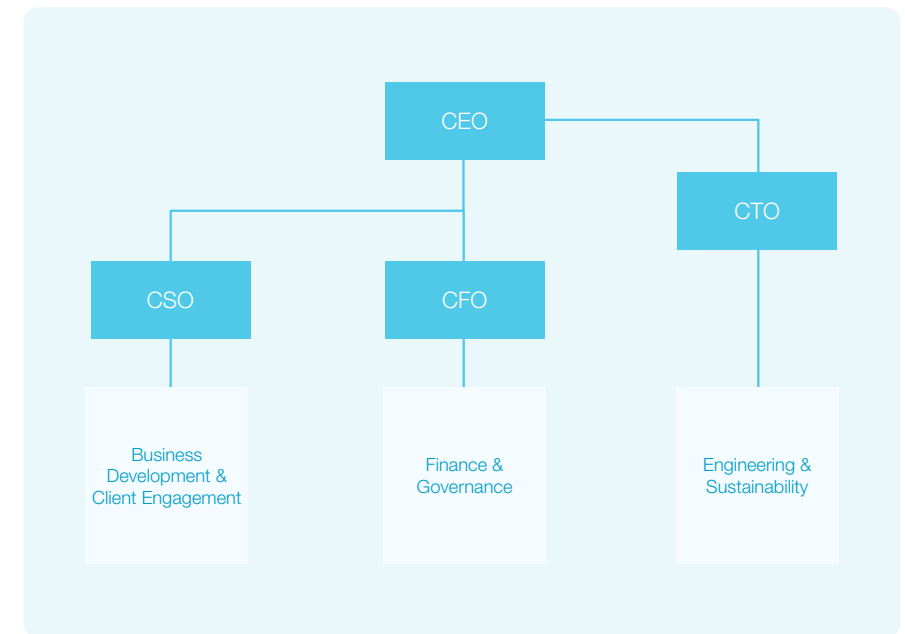


Fig. 1
A simplified organization chart showing the managerial structures of SkyCell

WE SUPPORT



– Continued

About SkyCell

We are a climate-neutral company, by reducing and removing our Scope 1 and 2 emissions, and we are committed to being end-to-end net-zero by 2040, an ambitious journey we started in 2021. Our emission reduction targets are validated by the Science Based Targets Initiative (SBTi), and our climate strategy goes in line with the Paris Climate Agreement. In addition, we are committed to implementing the Ten Principles of the United Nations Global Compact.

We have developed a range of services beyond our cold chain container solutions, to double down on our commitment to sustainability. Our new AI-powered proprietary software platform, SkyMind, can simulate the CO₂ impact of shipments, and optimize routes to minimize their environmental impact.

2023 Highlights

Climate-neutral since 2021

in own direct operations
(Scopes 1&2 reduced and removed)

19%

Scope 3 carbon intensity already
reduced compared to base year 2020

Net0 by 2040

on track to achieving Net0
in our entire supply chain

>60,000 tCO₂

avoided by a typical
SkyCell customer

ISO 27001

information security
certification obtained

<0.05%

temperature excursions
and <0.0% product loss

32%

of management positions
held by women

EcoVadis Platinum

medal achieved





Society



Pharma



Partners



Employees



Suppliers

Our Values & Principles

At SkyCell, our commitment to sustainability, reliability, and innovation forms the foundation of our operations. We persistently venture to foster a positive impact on society and the pharmaceutical supply chain. Our commitment to fairness and clarity is articulated in our company's array of Policies, Code of Conduct, and Employment Regulations. These documents are designed to ensure equitable treatment of our employees and establish clear guidelines for interpersonal interactions within the organization.

With one of our core priorities being sustainability, we actively seek partners who share similar goals for creating a more sustainable pharmaceutical supply chain. With this in mind, we have established a Supplier and Partner Code of Conduct, and we also integrate sustainability considerations into our onboarding process for any new strategic suppliers.

Additionally, we have implemented a robust Internal Control System as a fundamental component of our governance structure. This safeguards financial transactions against fraud while also strengthening our compliance with legal and ethical standards. Our financial statements, along with the Internal Control System, undergo annual external audits in line with the Swiss Code of Obligations and Swiss Auditing Standards.

“Lead the pharmaceutical supply chain by assisting pharma companies to achieve zero medicine loss and zero CO₂ emissions”

Our Vision

The Biotech and Pharma industry is expected to reach a market size of \$3.9 trillion by 2030¹. While this growth is exciting, it raises uncertainty about the industry's capacity to meet its mid-century carbon reduction targets. One significant contributor to the industry's environmental footprint is the loss of pharmaceuticals due to inadequate temperature control during transportation. According to the IQVIA Institute for Human Data Science, the biopharma industry loses approximately \$35 billion annually as a result of failures in temperature-controlled logistics, leading to wasted resources and additional emissions from remanufacturing and reshipping.

SkyCell initially emerged as a research project focused on enhancing recycling practices and minimizing waste and emissions. Subsequently, we've pioneered cutting-edge hardware and software solutions to ensure the secure transportation of temperature-sensitive pharmaceuticals globally.

Our containers demonstrate a temperature excursion rate of less than 0.05% and avoid emissions with each shipment. We have remained steadfast in our commitment to sustainability and safety. We further this commitment with our proprietary software platform,

SkyMind, which optimizes shipments and asset management through automation, real-time end-to-end visibility, and predictive analytics. This empowers supply chain stakeholders to make better decisions.

Sustainability isn't just an internal priority at SkyCell — it's a core value we share with our customers. By leveraging our expertise in logistics analysis, we guide them towards achieving their net-zero emissions goals. We remain firmly committed to intensifying our efforts in this critical area.

¹ MyGreenLab & Intercontinental Exchange (ICE), The Carbon Impact of Biotech & Pharma, 2023



Our Products & Services

It's been over a decade since we developed our first container. We are now one of the world's leading manufacturers of temperature-controlled, door-to-door container solutions, and we are continuing to expand our services by designing our end-to-end visibility platform to aid the pharmaceutical industry on its road to net-zero.

Pharma Cold-Chain Packaging

We developed our hybrid container to address the challenge of maintaining temperature and protecting shock-sensitive pharmaceutical products during transport. These innovative containers feature an insulation system that reflects heat radiation, allowing them to automatically recharge when in cold zones like refrigerated trucks or storage areas. This ensures consistent inner temperatures ranging from -80°C to 25°C, depending on the specific container model.

it significantly reduces resource consumption and CO₂ emissions. It represents the perfect blend of efficiency, reliability, and sustainability.

In addition, through our business model of leasing our containers to clients, we ensure the reusability of our products. This circular approach allows us to reduce landfill waste, resource depletion, and energy consumption.

Our latest model, the 1500X, has 270 hours of independent runtime and maximizes volume efficiency, occupying only 1.5 times the volume of the product it secures. With a tare weight of 379 kg,

– Continued

Our Products & Services

SkyMind Better Decisions

SkyMind is our neutral platform, designed to empower supply chains across their entire operation. It offers functionalities like lane risk assessment, lane management, and CO₂ tracking. By leveraging a combination of simulated and operational data (S+O Data), SkyMind empowers AI and machine learning algorithms to optimize the supply chain. It reduces the risk of losing products or assets while simultaneously boosting operational efficiency and effectiveness.

SkyMind collects operational data from historic and ongoing shipments in real time. Pulling this high-quality data from a wide variety of sources, creates simulations that can help our clients control their operations and take corrective and preventative actions.

Real-time visibility and tracking allow our clients to predict the CO₂ impact of shipments, plan routes to minimize environmental impact and oversee shipments worldwide. This leads to enhanced efficiency and reduced losses.





Context



About this Report

SkyCell's commitment to sustainability is more than just a statement – it's a key component of our vision. This report, now in its fourth year, goes beyond a simple recap, it is a testament to our commitment. We've delved deeper into our strategic priorities – circularity, climate, and cooperation – to showcase how we're evolving and making a tangible impact. We've also enhanced our transparency by aligning our reporting framework with the Global Reporting Initiative (GRI) standards and securing independent approval for our carbon calculations.



While navigating through this report, readers will come across a message from our Chairman of the Board, Nico Ros, providing insights into the company's vision and progress. Following this, the report offers an opportunity to delve into each key focus area in detail, exploring specific goals, actions taken, and measurable results achieved. Finally, we included Key Performance Indicators (KPIs) aligned with the UN Sustainable Development Goals to track our progress further.

We believe in continuous improvement and transparency. This report is more than a document; it's a prompt for further action. Readers are encouraged to explore its contents, discover our progress, and share any questions or feedback by reaching out to us at sustainability@skycell.ch.

A Message from our Chairman of the Board



Nico Ros
CTO

Dear readers,

At SkyCell, we deeply value the journey that led us to become a leader in sustainable pharmaceutical logistics. Our commitment to innovation remains strong, and we're constantly striving to disrupt the industry and make it less carbon-intensive.

For over a decade, we have been at the forefront of the pharmaceutical supply chain, helping companies achieve zero medicine loss and zero CO₂ emissions. Now, we're expanding our reach beyond the pharma industry, empowering stakeholders across all supply chain industries to make better decisions and reduce costs.

With this objective in mind, we introduced our AI-powered platform SkyMind. This product enhances operational control and saves costs by streamlining processes, maximizing utilization, and minimizing unnecessary expenses associated with handling and storing Unit Load Devices (ULDs).

We successfully delivered hundreds of millions of doses of vaccines, cancer treatments, testing solutions, and diabetes treatments worldwide. This accomplishment fills us with satisfaction as we contribute to a business dedicated to saving lives globally. In 2023, MIT's CTL (Lehmann et al., 2023) pub-

lished a sustainability tool and analysis for temperature-controlled pharmaceutical logistics. This study demonstrates the significant sustainability advantages of multi-use pharma containers over one-way solutions, even when positioned by airplane. Specifically, this benefit is particularly prominent when provisioning with ocean freight, where SkyCell containers have the potential to reduce carbon emissions by up to 50% compared to single-use pallet containers.

Based on these findings, SkyCell adapted its strategy, aiming to use ocean freight for 95% of provisioning transports for its 1500X containers. To achieve this, we're making significant investments in expanding our container fleet. This expansion is crucial for a sustainable turnaround. It brings us closer to our goal of achieving net-zero emissions by 2040.

Additionally, our continued efforts to advance our ESG (environmental, social, and governance) management earned us the EcoVadis Platinum medal. Alongside this great achievement, we were also recertified by Great Place to Work and received the ISO 27001 certification in information security.

We believe this report provides valuable insights into our ongoing efforts to create a more environmentally friendly and secure pharmaceutical logistics for all stakeholders.

Kind regards,

Nico Ros

A stylized, handwritten signature in blue ink, appearing to read 'Nico Ros'.

Sustainability Focus Areas

In 2021, we initiated a process to refine our sustainability strategy and we identified our key focus areas, actively engaging our valued stakeholders: investors, clients, and employees. Through insightful workshops, questionnaires, and ongoing conversations, we gained invaluable perspectives on our ESG (environmental, social and governance) performance and material topics. Our primary objective was to pinpoint areas where SkyCell demonstrably creates an impact and can have a positive influence.

The resulting ESG Materiality Matrix, Figure 2, reflects the combined influence and impact of ten key sustainability topics, serving as a road-map for our actions. Based on this assessment, we've identified three core focus areas.

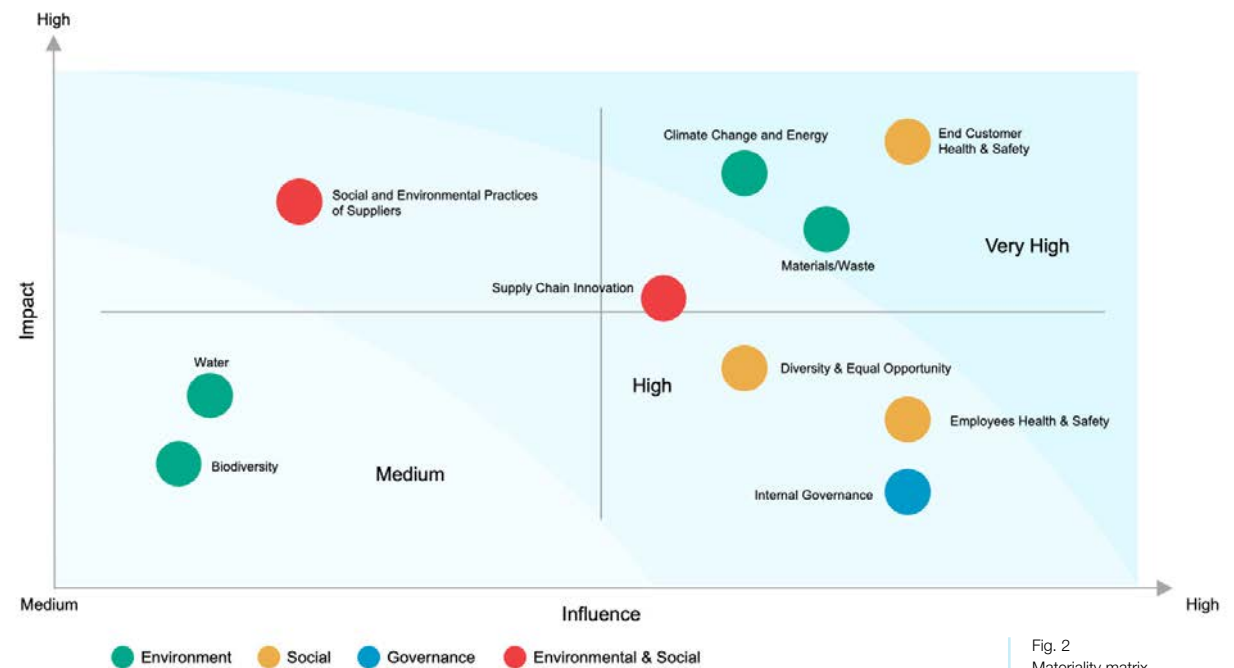


Fig. 2
Materiality matrix

– Continued

Sustainability Focus Areas

These focus areas align with our commitment to providing safe medicines for all and maintaining responsible business practices throughout the pharmaceutical supply chain. To ensure we consistently target these objectives, we conduct an internal review of our focus areas within the framework of our annual Sustainability Committee meeting, which includes representatives from various departments.

The 2023 review emphasized the critical importance of growing our engagement with suppliers and partners on social and environmental practices. We are dedicated to fostering transparency and collaboration throughout our network. Additionally, the review reaffirmed that sustainability remains a core priority, independent of our growth and expansion. This unwavering commitment guides our long-term vision and ensures that responsible practices are embedded in every aspect of our business.

Looking forward, we remain committed to continuously enhancing our sustainability performance and collaborating with stakeholders, as we strive for a more sustainable industry.

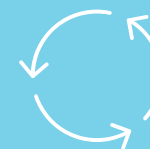


Safe Medicine for All



Climate

We are committed to mitigating our carbon footprint and developing solutions that help our pharma customers reduce their Scope 3 emissions. This entails implementing innovative solutions to reduce our environmental impact across our operations and supply chain.



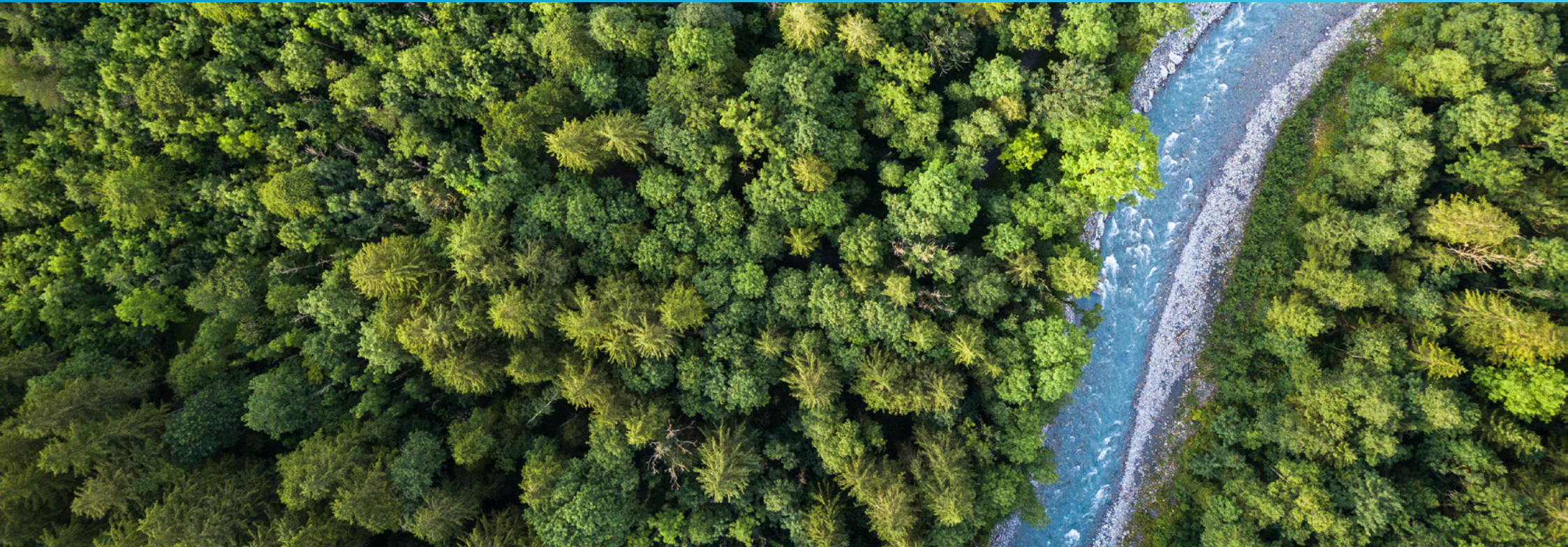
Circularity

Embracing circular economy principles, we strive to minimize waste and maximize resource efficiency. This translates into exploring innovative materials, promoting responsible product lifecycle management, and collaborating with partners to close the loop.



Cooperation

We recognize that collaboration is key to driving positive social and environmental change. We are committed to fostering strong relationships with suppliers, partners, and communities to share best practices, address shared challenges, and collectively create a more sustainable future.



Climate

Climate

Committed to the Paris Agreement

The latest IPCC assessment report reiterates the urgency of climate action to limit global warming to 1.5°C². Achieving this goal requires a cross-dimensional effort to both reduce and avoid emissions while enhancing resilience. The biggest challenge remains to cut emissions by nearly half by 2030.

The Biotechnology and Pharmaceutical industry, due to its significant global impact and carbon-intensive nature, saw a continued rise in emissions in 2022, total emissions reached up to 193 million tCO₂³. Notably, the supply chain, including production and transport, accounts for 71% of the emissions in the healthcare industry.⁴ We acknowledge our contributions to the industry's emissions and integrate global commitments into our business practices.

Our Policies and Goals

At SkyCell, we align ourselves with global sustainability initiatives and have established validated science-based targets to reduce greenhouse gas emissions by 50% by 2030 for Scope 1&2 without the use of CO₂ certificates. In addition, we aim to achieve complete net-zero emissions by 2040, encompassing all sources of Scope 3 emissions.

Overall, we have the goal to help the industry reduce emissions by more than 1 million tons yearly.



² IPCC, AR6 Synthesis Report: Climate Change, 2023

³ MyGreenLab & Intercontinental Exchange (ICE), The Carbon Impact of Biotech & Pharma, 2023

⁴ Trinity, the pharmaceutical Industry's Carbon Footprint and Current Mitigation Strategies: A literature Review, ISPOR Annual, 2023

Our Actions

The pharmaceutical supply chain relies on air transport to swiftly and securely deliver medicines to their destinations, contributing significantly to its carbon footprint due to logistical operations.

Our main action to reduce this impact relies on the design of our products which have been developed with emission reduction in mind. Over the years, we have improved the design of our hybrid containers and services to significantly help reduce emissions throughout the logistics lifecycle.

This emission reduction is achieved through:

1

Improving packaging and transportation efficiency by maximizing the volume-to-weight ratio of our containers. This reduces the required number of airplanes or trucks needed for transporting goods, thereby cutting down emissions.

2

Investing in expanding our container fleet. By doing this, we can position empty pharma containers by ocean freight where needed. This measure reduces emissions by more than factor 100 and it requires significant capital investments.

3

Reducing medicine losses as a direct result of SkyCell's temperature excursion rate of less than 0.05%.



– Continued

Our Actions

Locations controlled by SkyCell run on renewable electricity. Swiss locations run on renewable electricity via green tariffs, and for our regional operational sites outside of Europe, we purchased renewable energy certificates equivalent to their annual consumed electricity.

To counterbalance our Scope 1 & 2 emissions, we secured carbon removal certificates in a Pyrolysis project, a process that converts biogenic carbon into biochar — a solid carbon compound — to permanently remove CO₂ from the atmosphere, achieving climate neutrality in our own operations for our direct emissions.

Additionally, we compensated 18% of our 2023 business travel emissions, via the purchase of sustainable aviation fuel certificates. This aligns with our long-term strategy to achieve net-zero and address emissions across the supply chain by creating demand for sustainable solutions in the aviation sector.

Our Results

At SkyCell, we have opted to insource critical activities to monitor our crucial processes. Consequently, we are now responsible for direct emissions (Scope 1) from our in-house refrigeration systems, amounting to 11 tons in 2023. Nevertheless, internalizing these essential activities allows us to seamlessly integrate engineering solutions and explore alternatives to minimize our footprint, surpassing the benefits of outsourcing.

Considering a market-based approach, our energy emissions constitute less than one percent of our overall emissions. We emitted 41 tons of CO₂e in Scope 2 from the consumption of purchased electricity and heat. The majority of these emissions come from the heating of our production site in Basel, Switzerland.

Our key emission source, Scope 3.9 Downstream Transport & Distribution, largely stems from direct client shipments (Leg 2), which remain primarily outside of our operational control. Nevertheless, we remain committed to reducing these emissions in the pharma supply chain.

– Continued

Our Results

However a typical client avoids up to 60,000 tons of CO₂ by switching to hybrid in its leg 2 shipments — the equivalent to the emissions of 13,000 gasoline-powered cars driven for a year.

Analyzing the overall transport emissions, we've achieved a significant 19% reduction in carbon intensity per transported kilometer since our base year of 2020. This improvement is achieved through a multi-pronged approach. We optimized repositioning transports, by strengthening our operational capabilities, increasing the number of containers available and using more ocean freight for our reverse logistics. However, the most significant factor is the efficient design of our containers.

Emissions from other transports, such as upstream pooling, constitute 2% of our total emissions. Within the category of Use of Sold Products, we also incorporate transport and preconditioning emissions from our monthly container rentals, primarily used in medical trials. These emissions amount to 1% of the total emissions.

The growth of our container fleet and production of loggers and gateways for SkyMind services doubled our emissions from purchased goods and services. However, expanding our container fleet allows us to reduce empty transports and utilize more ocean freight for reverse logistics, ultimately lowering our overall emissions. These internal production operations and the preconditioning of our containers account for 3% of the emissions as presented in Figure 3. In addition, our business travel emissions increased, which can be linked to our business expansion but also as a result of optimized data compilation.

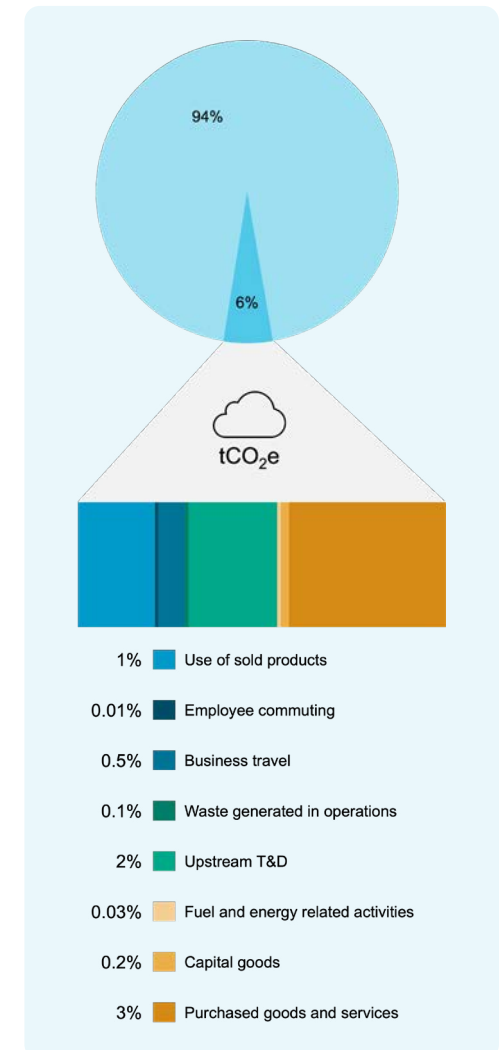


Fig. 3: Breakdown of SkyCell's 2023 Scope 3 emissions

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Our Results

Greenhouse Gas Emission Inventory Considerations

When calculating our transport emissions, it's crucial to acknowledge that we don't directly operate transport infrastructure. Most transport is organized by our airline and logistic partners or by pharma clients directly limiting our access to detailed shipment information. Therefore, we depend on approximation methodologies and standard emissions factors to estimate our transport emissions, like the GLEC Framework.

However, it's important to note that these methods typically calculate emissions based on the weight of the products transported. This can introduce a margin of error since the volume of the cargo being transported also plays a significant role in determining carbon emissions. In addition, temperature excursion rates should also be factored in for comprehensive CO₂ analysis.

We used the great-circle distance (GCD) approach to estimate the traveled distance of our shipments, but, since this methodology

calculates the shortest distance between two points, it underestimates the actual distance. We therefore consider an additional distance of 95 kilometers and a multiplier of 6.5% to incorporate stop-overs for air travel as described by GLEC. For road and ocean freight, we adjusted distances by 49% and 121%, respectively, based on past assessments of the most frequent lanes. Despite an increase in available information for reverse logistics, full tracking remains challenging. To fill the information gaps, we have created a statistical model to apply the most likely scenario to the unknown characteristics of reverse transports.

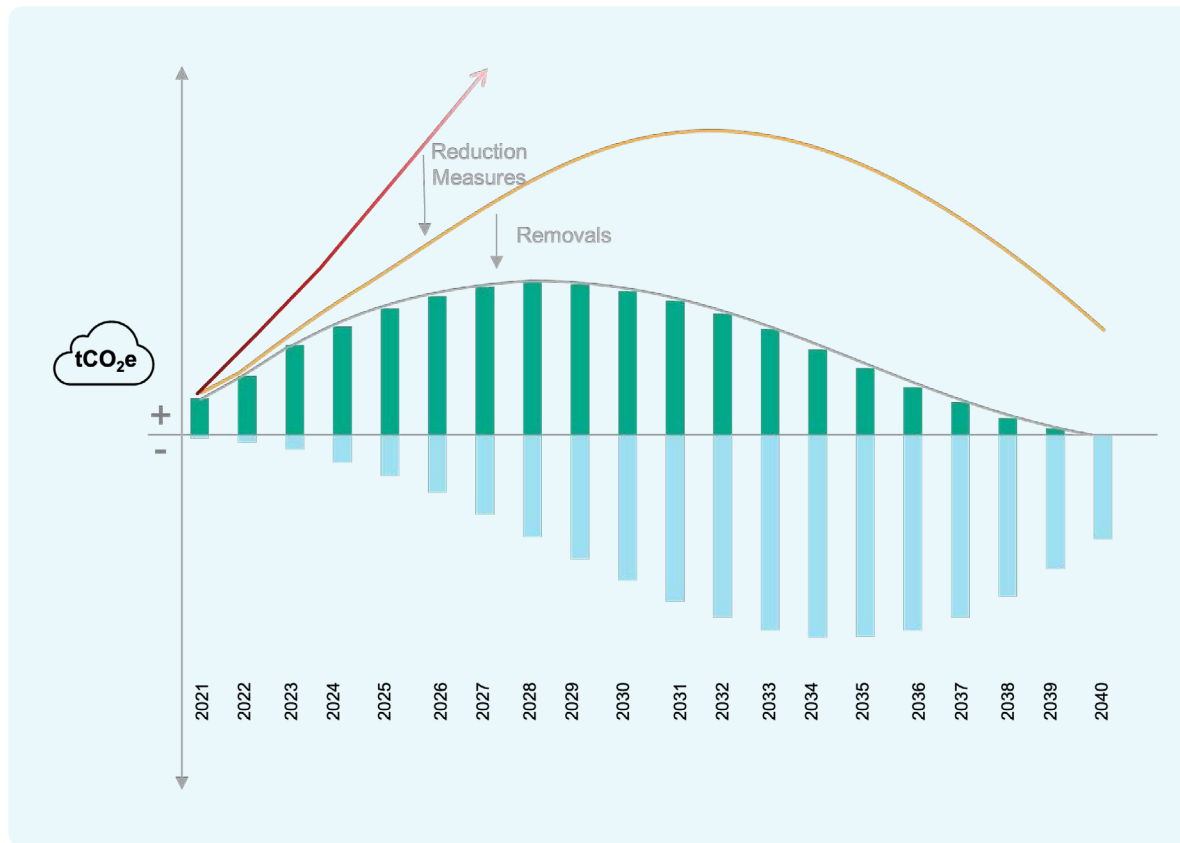
One significant source of uncertainty arises from radiative forcing indexes associated with air transport, which are not typically factored into conventional greenhouse gas calculation standards. Incorporating the scientifically recommended factor of three would approximately triple our emissions.

In this assessment, we integrated emission calculations from all sources into Pelt8, a platform to collect and report on sustainability data. Our container shipments were accounted for manually. This platform allows us to leverage the latest emission factors and boost the efficiency of our data collection, monitoring, and traceability.

Furthermore, the overall reporting of carbon emissions underwent an external analysis conducted by a third party. They reviewed its alignment with the GHG Protocol, as well as its accuracy and credibility, providing a limited level of assurance verification statement.

On track to 2040

Roadmap to net-zero emissions



In 2023 we published a roadmap that outlines our steps to achieve net-zero emissions by 2040, including the most important measures for decoupling growth from greenhouse gas emissions. This roadmap, still current, underscores SkyCell's commitment to becoming a market leader in the supply chain, recognizing the importance of disassociating growth from CO₂ emissions. The following key measures are instrumental in ensuring our success:

– Continued

On track to 2040

Roadmap to net-zero emissions

1 Pharma container optimization

We consistently strive to optimize the weight and volume of our containers, to minimize what is important: fuel use during transportation. With the launch of the 1500X, we have already made great progress and introduced the new industry standard. Nevertheless, our R&D team is always striving to develop the next innovation.

2 Logistics optimization

We set the goal to reverse 95% of our 1500X containers via ocean freight, thus drastically reducing emissions in a network that is globally imbalanced due to centralized pharma production. This endeavor requires significant capital investment but it's a crucial step towards sustainability. Additionally, we are powering our internal operations with renewable energy and are consistently on the lookout for logistics optimization measures.

3 Fuel switch

We are dedicated to continually optimizing our products and operations. But to reach our climate targets, we are also dependent on sustainable aviation fuel, methanol, biodiesel, electricity, and potentially other low-CO₂ fuels to reduce emissions. To foster these technologies, we have engaged with partners to deploy sustainable aviation fuel.

4 CO₂ removals

As the final measure, the remaining emissions will need to be removed. To remove currently unavoidable emissions and to support the growth of the sector, we have proactively purchased high-quality removals in pyrolysis projects, as well as carbon shares from reforestation.

Partnerships for net-zero

Mitigating climate change requires strong partnerships, collaboration across industries and a shared commitment to sustainability. SkyCell actively seeks innovative partners and consistently looks for new change-makers. In this section, we highlight two of our many partnerships to advance sustainability.

23,437

liters of Sustainable
Aviation Fuel



Sustainable aviation fuel with Air France KLM Martinair Cargo

High-value pharma products will always depend on airfreight to be transported from centralized production to patients globally. The potential to optimize these emissions is still vast, as shown in the chapter on our roadmap to net-zero. Nevertheless, after all optimization potentials are reached, the only remaining option is to use Sustainable Aviation Fuel (SAF) to reduce emissions even further. To be able to scale this promising technology, industry players need to show demand for this fuel, which will ultimately advance

economies of scale. SkyCell has committed to purchasing a minimum of 23,437 liters of SAF from Air France KLM Martinair Cargo's SAF Program.

Last year's purchase managed to reduce corresponding emissions by 91.7% compared to using the same amount of fossil Kerosene. As a result, SkyCell and Air France KLM Martinair Cargo decided to continue this fruitful collaboration to drive down costs, future-proof air transport, and reduce emissions where they occur.

– Continued

Partnerships for net-zero

267

carbon shares acquired by
SkyCell in reforestation project
in Colombia



El Veraneo Farm, Vichada, Colombia. Source: Recarb

Reforestation with Recarb

In efforts to reduce CO₂, a certain percentage inevitably remains in the atmosphere. If we look at the above example, Air France KLM managed to reduce emissions by more than 90%. Even though this is a fantastic achievement, it means that the remaining 10% needs to be removed from the atmosphere to achieve net-zero emissions. Reforestation provides a promising solution to remove these remaining emissions.

To tackle challenges within existing certification schemes, the German start-up Recarb has launched a certification system known as "carbon shares". This system assigns an equity value to each potential captured carbon and incorporates a science-based approach to evaluate and monitor the success factors of reforestation and afforestation projects. SkyCell has acquired 267 carbon shares, representing approx-

imately 24,000m² of reforestation in Colombia with a potential CO₂ sequestration of up to 1,335 tons. This innovative approach offers real-time tracking of CO₂ values in reforestation projects, enhancing transparency and accountability.



Advancing transparency and sustainable supply chains

Sustainable products and services have become a unique selling point for many corporations. However, transparency regarding environmental benefits is not always a given, and misleading claims have negatively disrupted the industry. As a consequence, the European Union has put forward the Green Claims Directive, aimed at preventing false environmental claims.

One of the reasons for false environmental claims in pharma logistics is the lack of a CO₂ calculations standard, to accurately and transparently calculate emissions of pharma transports. Several initiatives and a new ISO standard have tried to bridge this gap. However, they mostly lack specific applications for pharma transport. As an example, most of these standards ignore the volume of the transport, which is a crucial aspect when considering CO₂ emissions. These standards also do not consider temperature excursions of pharma containers

and ignore the non-CO₂ impact, which can account for 2/3 of global warming, according to the German Environment Agency.⁵ As a result, transport emissions are often understated and ignored.

Addressing this gap, a study by MIT's Center for Transportation and Logistics, titled "Operational and tactical levers to reduce carbon emissions in temperature-sensitive freight transportation for pharmaceuticals" by MIT CTL's Lehmann, Winkenbach, and Janjevic, provides an open-source calculation tool tailored to pharma transports.

⁵ German Environment Agency,
Climate Impact of Aviation, 2023

– Continued

Advancing transparency and sustainable supply chains

Released in August 2023, this tool includes volumetric-weight calculations, non-CO₂ impacts, failure rates, and assessments of various transport legs, including crucial reverse logistics. It also incorporates emissions from the production and end-of-life of pharma containers, offering a holistic view of transport emissions.

The analysis explored various scenarios for reverse transportation along a designated route, as depicted in Figure 4. In this context, a hybrid container transported back via air freight emits nearly the same amount as a one-way solution using pallet-size containers. Notably, the study highlights potential emission reductions achievable by combining reusable solutions with reverse transports via ocean freight. Inspired by this finding and our commitment to reducing emissions, SkyCell has embraced this approach. By investing in additional containers, we aim to facilitate more shipments via ocean freight, thereby reducing our carbon footprint.

This strategic shift not only aligns with our broader mission of making the industry less carbon-intensive but also supports our goal of achieving net-zero emissions by 2040.

We encourage the readers of this report to download the study and use this tool to compare and make decisions on how to improve CO₂ emissions of pharma transports.

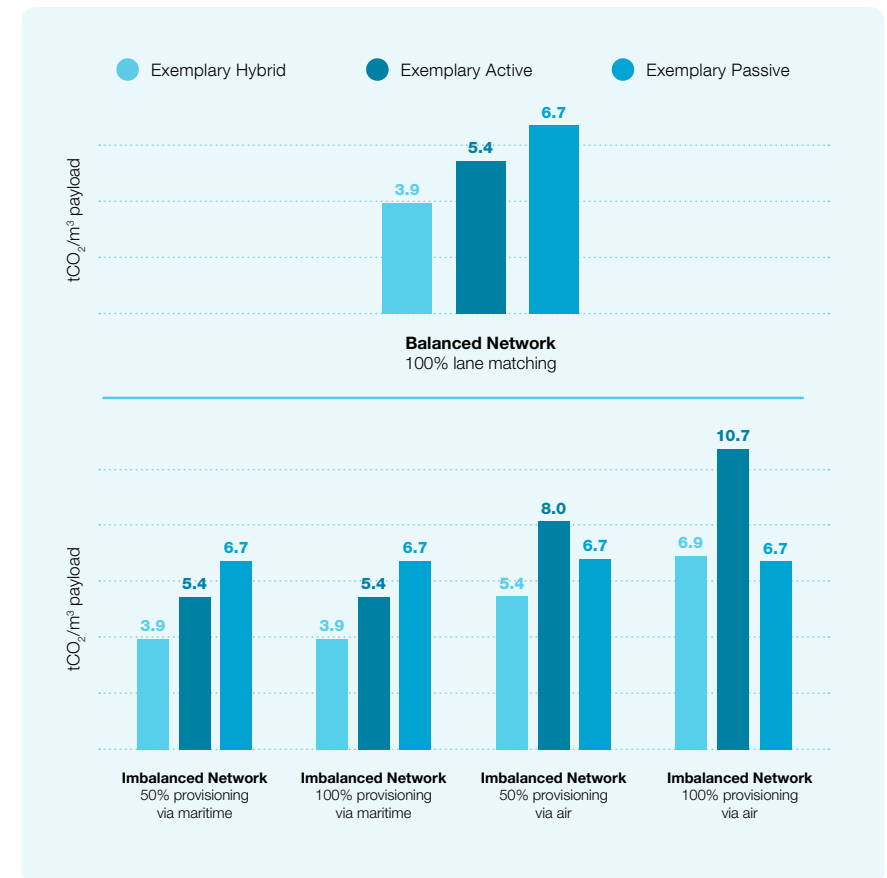


Fig. 4 | CO₂ emissions to transport one cubic meter of pharma product from Frankfurt to Philadelphia (and back). The result shows the importance of ocean freight capabilities of pharma containers. (Lehmann, Winkenbach, & Janjevic, MIT CTL, 2023).



Circularity

Circularity

Embracing the Circular Economy

Since SkyCell's inception, we have been committed to designing our products following the principles of the circular economy. This does not only apply to our containers but also to the hardware used for our SkyMind services and to our daily operations. SkyCell's decade-long commitment to reducing single-use packaging is now becoming a global trend. We strongly support the growing movement towards bans on single-use packaging in various countries and jurisdictions.

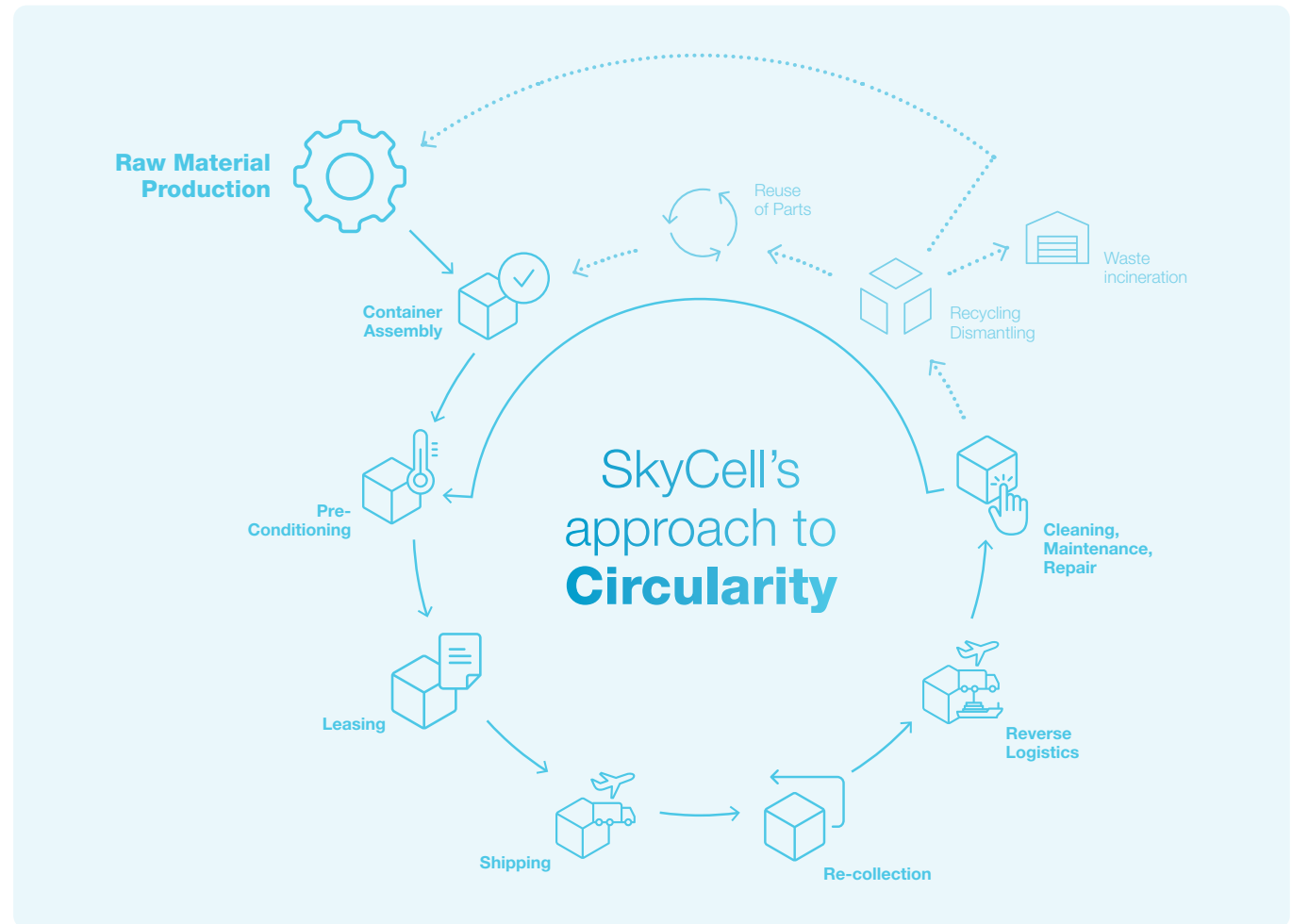


Fig. 5
SkyCell's approach to circularity



Our Policies and Goals

This year, we continue our commitment to a circular economy by taking full ownership of our hybrid containers lifecycle. This shift empowers us to minimize our environmental footprint through a multi-pronged approach:

- We actively reclaim used containers for further use, extending their lifespan through repairs, refurbishments, and integration into new products.
- Our containers are constructed with high-performance materials and methods to ensure prolonged use, reducing both resource consumption and waste throughout their lifecycle. Through optimized weight, volume, and safety features, our advanced designs further contribute to lower life cycle emissions, decreased material demand, and minimized waste generation.

The goal is to consistently recycle and reuse more than 90% of the container parts. Currently, any remaining non-reusable materials are processed in highly regulated Swiss incineration plants, generating energy for the national grid.

We aim to steadily improve our in-house repair and dismantling processes to maximize efficiency while minimizing environmental impact. Whenever possible, damaged containers are transported back to Switzerland via ocean or road freight to avoid air transport emissions.

Our Actions

With the hybrid container, we created a product that is durable and reliable, minimizing the need for repairs. The same philosophy is applied to the loggers and gateways, key components of our SkyMind services. All hardware used within these products must be compliant with Swiss electrical equipment restrictions. Similar to our approach with the containers, we oversee the entire life cycle of these products, enabling us to repair, refurbish and recycle them.

We also continue to collaborate with external research partners to further develop our products, exemplified by our ongoing work with the University of Applied Sciences Lucerne, to improve the energy storage and distribution system of our containers.

To reduce and avoid waste generation in our daily operations, we continue using digital solutions with service centers and logistic partners to avoid paper consumption. With the same purpose, we also introduced the use of electronic business cards. In line with our efforts to reduce waste, we also added new recycling stations in our Zürich office and Basel production site, facilitating the recycling process for our workforce.





Our Results

In 2023, our business expenditure led to an increase in container production. This was accompanied by a rise in refurbishment and repair processes, as a result, we generated a total of 71 tons of waste. Committed to responsible waste management, we recycled or incinerated the vast majority (70 tons) of this waste. Notably, only one ton was landfilled, and this originated from our locations outside of Europe.

Our engineers and scientists continuously work on enhancing the durability, efficiency, and user-friendliness of our products. In addition to product development, our R&D and production teams have evaluated and improved the upstream logistics of our assembly process. As a next step we aim to further increase the recyclability of our containers and make our downstream processes more efficient around this topic.



Cooperation



Working together to achieve our goals

We balance our strategy in three areas: investing in employees, being a reliable partner and supplier engagement.

Investing in Employees

At the core of our organization are our people. Their drive and dedication to our core principles means we can collectively strive towards our goals. We endeavor to make our work environment diverse and vibrant, where all of our employees feel recognized as valued members of our team.

– Continued

Investing in Employees

Our Policies and Goals

One of our goals for this year is to continue increasing our employee engagement, particularly as we are expanding to new geographic locations. We measure our employees' satisfaction via an annual Great Place to Work Survey. Since we first started this survey in 2020, we have had great success, and our objective is to maintain these results as we continue to grow.

Our Actions

We are consistently evolving our corporate culture, fostering a diverse, innovative, and motivated team. As part of this initiative, we regularly organize online team-building activities and host cultural gatherings at our office HQ, where team members share diverse foods from their respective home countries.

We champion a work-life balance for our global workforce by facilitating flexible hybrid work arrangements. To ensure productivity and comfort,

we equip employees with all the essential tools they need to thrive in their home office environment.

Our global team stays up to date with the companies' progress in regular catch-up meetings, where projects and new developments of the company are presented. Since 2022, we have implemented "Ask the C-Level" town hall meetings at least twice a year. These meetings allow our employees to anonymously send questions to the company's leaders, with topics ranging from salary to strategic investments. There are no limitations to the topics that can be asked.

Regular catch-up sessions are conducted within each department, accompanied by the recent adoption of the OKR (Objectives and Key Results) framework. This framework enables us to track critical targets and evaluate the progress of our various teams in reaching them. Such

an initiative promotes engagement and alignment throughout the organization, providing employees with clearer insights into how their efforts contribute to the company's success.

SkyCell prioritizes the socioeconomic well-being of its employees during significant life events. For example, our employees are entitled to their full salary during maternity leave (compared to the legal standard of 80%), and we have also extended the mandated paternity leave from two to four weeks. In the event of illness or accident, SkyCell's employees are guaranteed to receive their full salary for three months, before transitioning to 80% salary for an additional 21 months. A benefit for senior employees is the option to request part-time retirement - giving them the flexibility to transition into a new phase of life.



– Continued

Our Actions

Yearly performance appraisals are conducted to foster an ongoing dialogue between our employees and the company, ensuring an alignment with both the company's overarching goals and individual performance objectives. New employees undergo comprehensive induction training, during which they gain valuable insights into the daily operations of all departments and are introduced to various SkyCell projects. Additionally, employees have access to our learning management system (LMS), which offers regular mandatory training sessions covering topics such as business ethics, diversity, and healthy work habits.

Furthermore, a wide range of optional training is available on the LMS platform to enhance knowledge and skills as needed.

Our policies and code of conduct are revised regularly. In 2023, they were updated with the new Speak-Up System description and alignment to our Integrated Quality Management System. These documents are shared with the employee as part of their initial documents package but are also available in the intranet.

– Continued

Investing in Employees



40

trees to be planted thanks to our fitness initiative

32%

of management positions are held by women

40

languages spoken by employees

Our Results

We are committed to ensuring our employees have a healthy and safe work environment. We continuously have improved our overall trust index score from the Great Place to Work employee satisfaction survey, and in 2023 we were accredited as one of the Best Medium Workplaces in Switzerland.

In 2023, we had zero incidents of discrimination or unethical behavior reported through our Speak-Up System and no violations to our Code of Conduct were identified.

Of our management positions, 32% are occupied by women, while 31% of our total workforce are women. SkyCell boasts a diverse team hailing from 40 different countries and various backgrounds. As a consequence of this diversity, 38% of our line managers are non-German speakers.

Furthermore, we have continued our initiative to plant trees for every 10,000 calories burned by employees - aiming to promote overall fitness and alleviate stress. Through this program, 40 trees were planted in Swiss forests.

Being a Reliable Partner

Our software platform offering means that we are compiling more data and information for our clients. To ensure the safety and security of this information, our platform is ISO 27001 certified, which enhances the protection of sensitive data, making it more resilient against cyber threats and compliant with regulations.

To further demonstrate our dedication to efficiency and enhance customer satisfaction, we maintain compliance with ISO 9001 Quality Management and have been recertified in Good Distribution Practices (GDP). Additionally, our external reviews consistently revealed a temperature excursion rate of less than 0.05%.

Our goal is to operate with integrity while upholding human rights. Our commitment is outlined in our updated Ethics policy and three different Codes of Conduct, which apply to employees, suppliers, and partners. Via our Business Partner Code of Conduct, we communicate our expectations on labor and human rights, health and safety, environmental, and ethical practices to collaborators. Whenever a new business

partnership is initiated, this document is shared and signed by the respective parties, ensuring that all our partners are committed to sharing our values. Of our infrastructure partners, 30% have signed this Partner Code of Conduct already.





– Continued

Being a Reliable Partner

Our commitment to advancing as a sustainable business encompasses environmental impact, labor and human rights, ethics, and sustainable procurement practices integrated into our management processes. This dedication has been recognized with the EcoVadis Platinum Medal rating, placing our company among the top 1% of all assessed businesses globally. Additionally, a new separate evaluation focusing on carbon management practices has been introduced. Through transparent reporting and comprehensive analysis of all emissions including Scope 3, SkyCell has attained the Advanced level. Our aim is to continually enhance our greenhouse gas (GHG) reporting and extend such initiatives to our suppliers and partners.

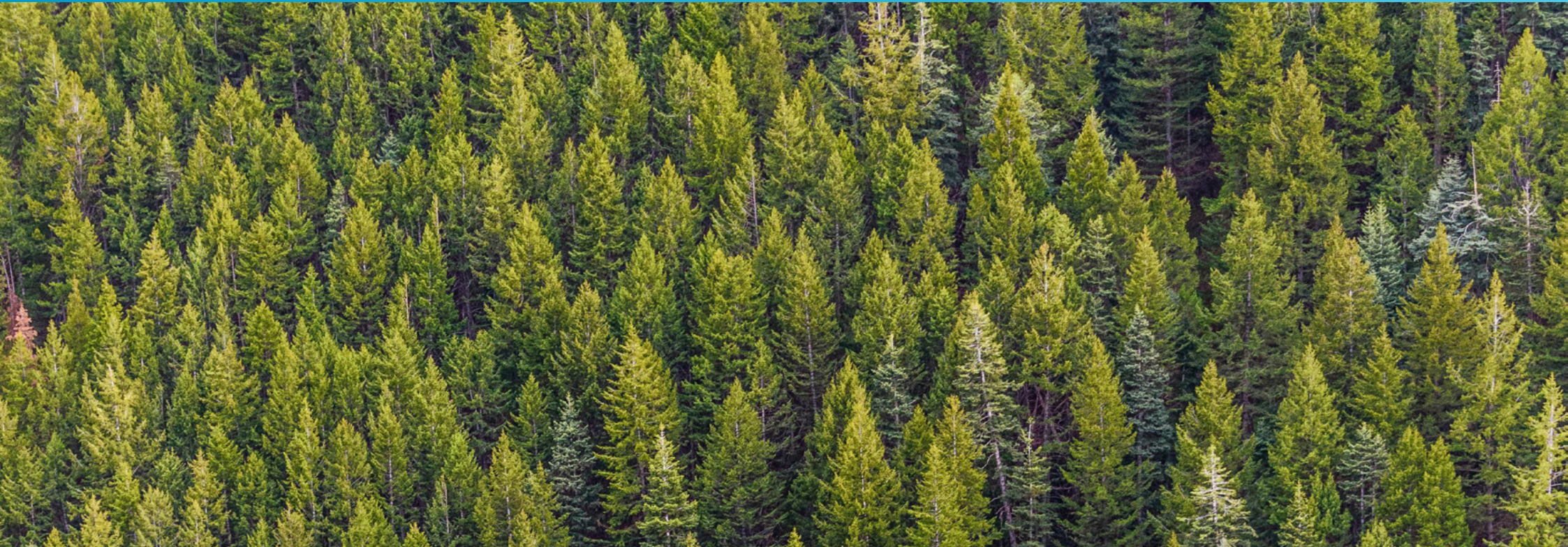
Our new reporting tool, the Speak-Up system, enables anonymous reporting on various topics including discrimination, environmental issues, anti-competitive practices and data security. As part of this initiative, we have appointed a Compliance Officer, and an online Speak-Up Hotline has been established, to allow all stakeholders to anonymously report any concerns.



Supplier Engagement

From manufacturing container parts to pre-conditioning and pooling hybrid containers, we depend on our technical and logistics partners at every stage of product development to ensure seamless operations. Since 2021, all our new strategic suppliers are required to sign a Supplier Code of Conduct. This is a pledge to uphold human rights, ethical behavior and environmentally responsible practices.

A significant portion of our environmental footprint stems from our suppliers and partners. To maximize our positive impact, our sustainability efforts and vision must extend throughout our entire supply chain. We consistently integrate sustainability inquiries into strategic supplier audits and embed corporate social responsibility clauses into new contracts.



Performance

SUSTAINABLE
DEVELOPMENT **GOALS**

Key Performance Indicators and Goals



Safe Medicine for All

Goals

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

End customer health and safety

<0.0% Product loss (e.g. medication, vaccines, APIs)

Less than 0.1% temperature deviations

End customer health and safety risks reviewed with key clients

2020	2021	2022	2023
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓

– Continued

Key Performance Indicators and Goals



Circularity

Goals

- Increase the usability of our containers by 10% per year
- Zero landfill
- Recycle and reuse >90% of container parts by 2025

Environmental services and advocacy

	2020	2021	2022	2023
% of recyclable and reusable materials within the containers	90%	90%	90%	90%

Materials, chemicals and waste [ton]

Total of waste incinerated (with energy recovery)	-	22	29	56
Total of waste disposed of in landfill	-	0	0	1
Total of recycled cardboard	-	1	5	11
Total of recycled metals	-	3	5	2
Total of recycled e-waste	-	0.3	0.4	0.5
Total of recovered (recycled) waste	-	4	11	14
Total of non-hazardous waste	-	26	40	71
Total of hazardous waste	-	0	0	0

– Continued

Key Performance Indicators and Goals



Climate

Goals

- Decrease the CO₂e-emissions per transported km compared to base year 2020 by 35% until 2025
50% until 2030
65% until 2035
90% (net-zero) until 2040
- 50% reduction of Scope 1 & 2 emissions without the use of carbon certificates by 2030 compared to base year 2020
- 100% renewable electricity from 2021 onward

	2020	2021	2022	2023
Environmental services and advocacy				
% of key clients addressed on their carbon footprint	83%	67%	100%	100%
Emissions [tCO₂e]*				
Scope 1 — Direct emissions	0	0	0	11
Scope 2 — Indirect energy emissions	12	19	32	41
Scope 3 — Transport emission intensity (Base year 2020)	100%	94%	86%	81%
* Market-based approach				
Energy consumption				
Fuel consumption [J]	0	0	0	0
Electricity consumption [MWh]	114	292	307	534
Heat consumption [MWh]	24	104	168	214
Total energy consumption [MWh]	138	396	474	748
% Renewable Energy	41%	72%	65%	71%

– Continued

Key Performance Indicators and Goals



Climate – Continued

Carbon compensation & removal [tCO₂]

Direct air capture (DAC) technology

Biodiversity reserve and forest conservation projects (REDD+)

Pyrolysis/Biochar

Total tonnes of CO₂

	2020	2021	2022	2023
Direct air capture (DAC) technology	5	2	3	-
Biodiversity reserve and forest conservation projects (REDD+)	1690	2008	-	-
Pyrolysis/Biochar	-	-	33	60
Total tonnes of CO ₂	1695	2010	36	60

– Continued

Key Performance Indicators and Goals



Cooperation

Goals

- Increase employee engagement
- Increase diversity, equal opportunity & inclusion
- Increase employee health & safety
- Get consistently certified as “Great Place to Work”
- Strengthen trustworthiness & reliability toward partners

Investing in Employees

Working conditions

	2020	2021	2022	2023
Overall score in Great Place to Work Certification (Trust Index)	83%	86%	90%	-
Additional leave granted beyond standard vacation	✓	✓	✓	✓
Employees covered by accident and occupational insurance	✓	✓	✓	✓
Total hours worked company-wide	166,000	216,000	282,000	308,000
Turnover rate	4%	11%	10%	8%
Absenteeism	–	0.4%	1%	1.4%

Diversity, equality and inclusion

Number of employees (head count)				
Permanent	84	110	143	164
Temporary	2	2	3	0
Infrastructure workers	33	55	68	63
Total	119	167	214	227

– Continued

Key Performance Indicators and Goals



Cooperation – Continued

Investing in Employees

Diversity, equality and inclusion

Number of permanent employees by region (head count)

APAC

AME

EMEA

Number of internal employees by age

Under 30 years

30-50 years

Over 50 years

Total number of new employee hires

% of women employed relative to the whole organization

% of management positions held by women

Number of employees that took maternity leave

Number of employees that took paternity leave

% of non-German speakers relative to the whole company

% of non-German speakers as line managers

Different nationalities of employees

Languages spoken by employees

% of employees newly trained in equality and diversity

2020 2021 2022 2023

4 8 19 29

9 9 10 11

71 93 114 124

- - 39 38

- - 88 111

- - 16 15

- 38 45 39

35% 33% 32% 31%

36% 28% 26% 32%

- 1 1 5

- 3 1 6

- 51% 57% 58%

- - 44% 38%

27 34 39 40

32 29 43 40

0% 20% 31% 38%

– Continued

Key Performance Indicators and Goals



Cooperation – Continued

Investing in Employees

Employee health and safety

	2020	2021	2022	2023
Lost time injury (LTI) frequency rate	-	0	0	0
Lost time injury (LTI) severity rate	-	0	0	0
Health and safety risk assessment conducted	-	✓	✓	✓
Number of trees planted in the employee fitness challenge	-	38	82	40

Career Management

Total skills development training hours in our LMS	-	114	139	203
% of employees who have undergone skills development training in our LMS	-	91%	67%	32%
Employees reviewed on performance and career development	✓	✓	✓	✓

Social Dialogue

Number of town hall meetings	0	1	2	4
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Being a Reliable Partner

Compliance

Number of confirmed corruption and bribery incidents	-	0	0	0
Number of confirmed whistle blower incidents	-	0	0	0
% of employees newly trained in business ethics (corruption and bribery)	0%	69%	49%	0%
% of employees newly trained in IT Security (fishing)	-	-	22%	30%
% of employees newly trained in data protection	-	26%	49%	-
% of employees newly trained in social policies	-	26%	48%	15%

– Continued

Key Performance Indicators and Goals



Cooperation – Continued

Investing in Employees

Procurement

Procurement team trained in social and environmental practices

- ✓ - -

% of approved suppliers with a corporate social and environmental responsibility assessment

0% 5% 11% 80%

% of infrastructure partners with signed corporate social and environmental responsibility clauses in their contracts

0% 9% 22% 30%

% of infrastructure partners with a signed Supplier Code of Conduct

0% 9% 22% 30%

Management certifications

ISO 9001 (Quality)

✓ ✓ ✓ ✓

GDP (Quality)

✓ ✓ ✓ ✓

EcoVadis

- ✓ ✓ ✓

ISO 27001 (IT Security)

- - - ✓



Index

GRI Content Index

The Global Reporting Initiative is an independent, international organization that helps businesses and other organizations take responsibility for their impacts by providing them with 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 these disclosures use the present index as a guideline for their location within the sustainability report.

GRI 2: General Disclosures (2021)

Location/Response

The organization and its reporting practices

2-1. Organizational Details

a. Legal Name	04
b. Nature of ownership and legal form	04
c. Location of headquarters	04
d. Countries of operation	03

2-2. Entities included in the organizations sustainability reporting 12

2-3. Reporting Period, frequency and contact point 12

2-4. Restatements of information 21

2.5 External assurance 21

Activities and workers

2.6. Activities, value chain and other business relationships 04, 05, 09, 10

2.7. Employees. 46

2.8. Workers (Not employees) 46

Governance

2.9. Governance structure and composition 04

2.10. Nomination and selection of the highest governance body .-

2.11. Chair of the highest governance body 04

2.12. Role of the highest governance body in overseeing
the management of impacts 04

2.13. Delegation of responsibility for managing impacts .-

2.14. Role of the highest governance body in sustainability reporting 12

2.15. Conflicts of interest .-

2.16. Communication of critical concerns. .-

2.17. Collective knowledge of the highest. .-

– Continued

GRI

Content

Index

GRI 301: Materials (2016)

Location/Response

3-3 Management of material topics (2021)		29-32
301-1 Materials used by weight or volume		–
301-2 Recycled input materials used		43
301-3 Reclaimed products and their packaging materials.		32, 43

GRI 302: Energy (2016)

3-3 Management of material topics (2021)		19
302-1 Energy consumption within the organization		19, 44
302-2 Energy consumption outside of the organization		19
302-3 Energy intensity		–
302-4 Reduction of energy consumption		19, 44
302-5 Reductions in energy requirements of products and services		–

GRI 305: Emissions (2016)

3-3 Management of material topics (2021)		17-19
305-1 Direct (Scope 1) GHG emissions		19, 44
305-2 Energy indirect (Scope 2) GHG emissions		19, 44
305-3 Other indirect (Scope 3) GHG emissions		19, 20, 44
305-4 GHG emissions intensity		20, 44
305-5 Reduction of GHG emissions		20, 44
305-6 Emissions of ozone-depleting substances (ODS)		–
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		–

GRI 306: Waste (2020)

3-3 Management of material topics (2021)		29-31
306-1 Waste generation and significant waste-related impacts.		30-32
306-2 Management of significant waste-related impacts		30-32
306-3 Waste generated		43

– Continued

GRI

Content

Index

GRI 306: Waste (2020)

Location/Response

306-4 Waste diverted from disposal	43
306-5 Waste directed to disposal	43

GRI 308: Supplier Environmental Assessment (2016)

3-3 Management of material topics (2021)	40
308-1 New suppliers that were screened using environmental criteria	49
308-2 Negative environmental impacts in the supply chain and actions taken	–

GRI 401: Employment (2016)

3-3 Management of material topics (2021)	34-37
401-1 New employee hires and employee turnover	46
401-2 Benefits provided to full-time employees	35, 36
401-3 Parental leave.	35, 47

GRI 404: Training and Education (2016)

3-3 Management of material topics (2021)	35, 36
404-1 Average hours of training per year per employee	48
404-2 Programs for upgrading employee skills and transition assistance programs	36
404-3 Percentage of employees receiving regular performance and career development reviews	36, 48

GRI 405: Diversity and Equal Opportunity (2016)

3-3 Management of material topics (2021)	35, 37
405-1 Diversity of governance bodies and employees	37, 47
405-2 Ratio of basic salary and remuneration of women to men	–

– Continued

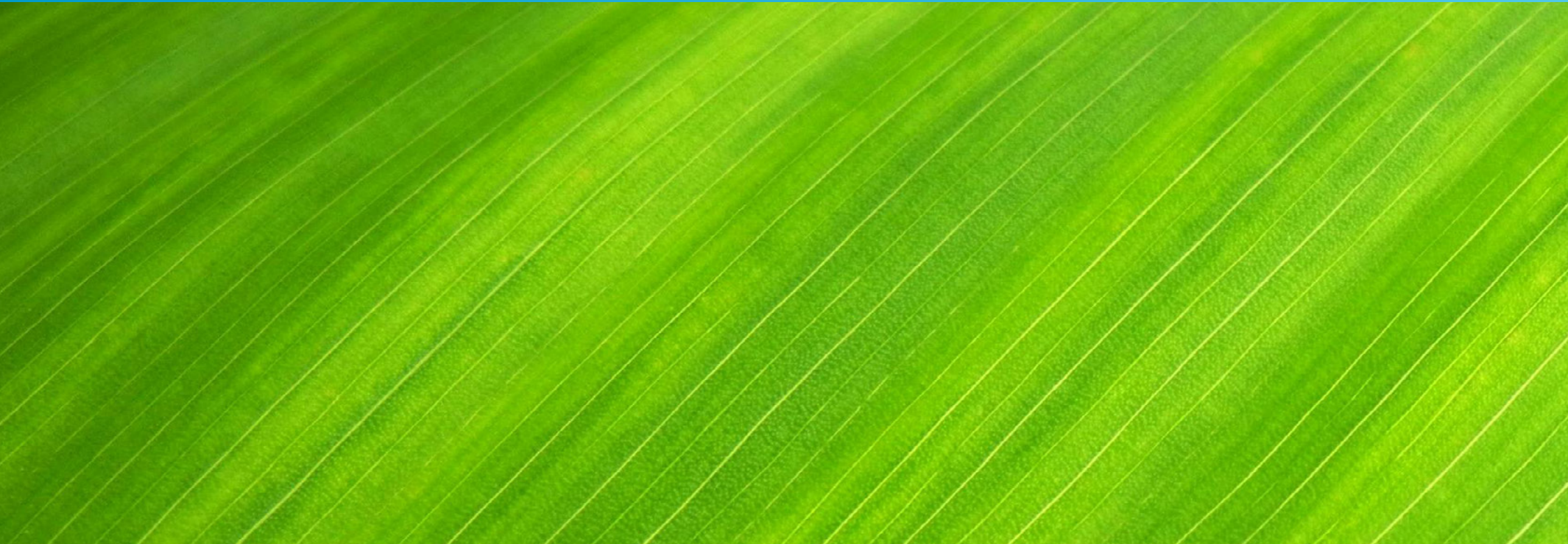
GRI Content Index

GRI 414: Supplier Social Assessment (2016) **Location/Response**

3-3 Management of material topics (2021)		. 38, 40
414-1 New suppliers that were screened using social criteria		49
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)		. 08-10
416-1 Assessment of the health and safety impacts of product and service categories		42
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		. 38, 42



Glossary

Glossary

Circular Economy

In a circular economy, resources are used in a way that allows them to be recovered and reused. The goal of a circular economy is to reduce waste and pollution, conserve natural resources, and create economic growth that is sustainable over the long term.

CO₂ compensation

Also referred to as CO₂ offsetting. Avoiding or reducing CO₂ emissions outside of a company's or country's value chain, which would not occur without the support of the entity claiming the compensation. Compensation projects can either be avoidance (e.g. switching to renewable electricity) or removal (e.g. tree planting).

CO₂ handprint

The CO₂ reduction achieved by using one product or service compared to another product. The difference between old and new is the handprint if resulting in a reduction.

Corporate Social Responsibility (CSR)

Contribution to sustainable development made by companies. Responsibilities of a company towards the effects of their activities on society and the environment.

EcoVadis

Rating platform to assess corporate social responsibility and sustainable procurement of companies. EcoVadis rates the sustainability management system of a company on the topics of environment, labor and human rights, ethics, and sustainable procurement.

GHG Protocol - Scope 1

Direct emissions from company facilities and vehicles, e.g. due to burning of oil and gas - defined by the GHG Protocol.

GHG Protocol - Scope 2

Indirect emissions from the procurement of electricity, heat, steam, and cooling - defined by the GHG Protocol.

GHG Protocol - Scope 3

Indirect emissions from all upstream and downstream activities of a company - defined by the GHG Protocol.

Global Reporting Initiative (GRI)

A non-profit organization that has developed a widely used framework for sustainability reporting. Sustainability reporting refers to the practice of publicly disclosing the economic, environmental, and social impacts of a company's operations.

– Continued

Glossary

Great Place to Work

Company that conducts, amongst others, employee surveys and a culture brief to rate the performance of employers. Employers exceeding a certain benchmark will get certified as “Great Place to Work”.

Greenhouse Gas (GHG) Protocol

A widely used accounting and reporting standard for greenhouse gas emissions.

Good Distribution Practices (GDP)

Guideline that outlines the standards that pharmaceutical products should meet when being stored, transported, and handled.

Pyrolysis

Pyrolysis with biochar production is a process where organic material is heated to create biochar, a type of charcoal rich in carbon. When added to soil, biochar stores carbon for a long time, effectively removing it from the atmosphere and helping to fight climate change.

Sustainable Aviation Fuels (SAF)

Eco-friendly alternative to traditional aviation fuels, derived from renewable sources like plants, algae, waste oils, or recycled materials. It emits fewer greenhouse gases and reduces reliance on non-renewable resources.

Renewable energy certificates (REC)

Also referred to as Guarantees of Origin or Energy Attribute Certificates. A way to track and trade the environmental attributes of renewable energy, used to foster the development of renewable energy sources.

A REC represents the environmental attributes of one megawatt-hour (MWh) of electricity generated from a renewable energy source. When a renewable energy facility generates one MWh of electricity, it can also generate one REC, which can be traded separately from the electricity itself.



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.

Contact us

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Our Products

www.skycell.ch

Our Newsletter

www.skycell.ch/newsletter/