

Vetter

Modern Slavery Statement 2016

Pursuant to the California Transparency in Supply Chains Act of 2010 and Section 54 of the UK Modern Slavery Act of 2015, the Vetter group of companies (“Vetter”) provides the following statement to set out the steps taken by Vetter during the fiscal year ending 31st December 2016 to prevent modern slavery and human trafficking in its business and supply chains:

As a premier contract development and manufacturing organization (CDMO), Vetter is a global leader in the pharmaceutical fill & finish business and, as a family-owned, independent company with facilities in Germany and the US, as well as offices in Singapore and Japan, we are fully committed to establishing, maintaining and improving systems and processes to prevent modern slavery both in our own operations and our supply chain.

Vetter realizes that today modern slavery can occur in many different forms such as coerced, forced or compulsory labor, child labor, domestic servitude, human trafficking, sex trafficking and workplace abuse. Therefore, throughout this statement we use the term "[modern slavery](#)"¹ to encompass these various forms of coerced labor.

Vetter believes in the protection of human rights globally both in our own facilities as well as within our supply chain. To this end, we have established an integrated approach to compliance across our business also comprising risks related to modern slavery. Our commitment to these issues and to compliance in general is outlined in our [Vetter Code of Conduct](#) and in our [Vetter Supplier Code of Conduct](#). We have invested significant time and resources in creating an effective and efficient compliance management system and strive to collaborate with our customers and suppliers to support industry-wide improvements.

1. Corporate Policies

a) Vetter Code of Conduct

Our general commitment to compliance is outlined in our Vetter Code of Conduct that sets forth our code of ethics and covers the values and principles by which we conduct business worldwide. Our Code of Conduct confirms our commitment to honesty, integrity, social and environmental responsibility and to mutual trust and respect in every relationship of which we are part of. It provides information about the integrity standards that Vetter requires all employees and business partners, such as suppliers and customers, to follow, including standards relating to diversity, non-discrimination and anti-harassment. The Vetter Code of Conduct is applicable to, and complied by, every Vetter employee worldwide. We aim to extend the reach of our Code's main principles to our trusted business partners as well.

b) Vetter's Supplier Code of Conduct

¹ A definition of modern slavery according to Transparency in Supply Chains Act can be found online under https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471996/Transparency_in_Supply_Chains_etc__A_practical_guide__final, Annex A page 18.

Our expectation of our suppliers is for them to fully comply with all applicable laws, rules and regulations of the countries in which they do business as set out in our Supplier Code of Conduct. This includes, but is not limited to, the requirement that our suppliers commit to ethical business conduct and fair labor and employment practices such as prohibiting and refraining from any kind of child labor, forced labor, slavery or bondage in their organization and compliance with the applicable national laws regarding labor rights, work hours and wages. Since its implementation in 2015, the Vetter Supplier Code of Conduct is negotiated as part of Vetter's agreements with suppliers.

2. Risk Awareness

In 2015, as a fundamental first step to identify general compliance risks, Vetter conducted a thorough compliance risk analysis comprising of more than three dozen interviews of Vetter's senior management team covering all company functions and the leadership of Vetter's supply chain management. The results of this exercise were used to design and implement a risk-based compliance management system.

Based on the [Global Slavery Index](#), which comprises risk profiles of individual countries regarding estimated prevalence of modern slavery, we assessed our major suppliers in 2016 by purchase volume for our supply chains' exposure to modern slavery risks. This assessment has shown that Vetter currently sources from suppliers based in countries with a low slavery prevalence.

Furthermore, we conducted due diligence of our major suppliers by purchase volume with specific compliance online tools and based on publicly available information related to legal and ethical practices. In the future, Vetter intends to further develop the processes for business partner due diligence.

3. Accountability Standards

Vetter's goal is to work with suppliers who embrace and comply with the principles of Vetter's Supplier Code of Conduct, and in turn, to have these suppliers encourage compliance from any sub-supplier with whom they work in the delivery of any materials or services for Vetter.

Vetter employees who do not comply with the provisions of Vetter's Code of Conduct may be subject to disciplinary action. Unless otherwise prohibited by law, disciplinary action may include termination of employment. To the extent permitted by law and contractual provisions governing termination rights, we reserve the right to terminate relationships with third parties, including suppliers, who conduct business in a manner that conflicts with Vetter's Code of Conduct or Vetter's Supplier Code of Conduct.

4. Training

a) General Compliance Training

In 2016 we conducted in-classroom compliance training sessions for Vetter's leadership, including the entire leadership of Vetter's supply chain management, on our Code of Conduct.

Furthermore, all other Vetter employees, including new hires, are trained on our Code of Conduct. All Vetter employees receive periodically refresher compliance training. The Code of Conduct, as well as our Compliance e-learning, is available in English and German, and employee training sessions incorporate real case scenarios derived from the compliance risk analysis exercise. Employees are encouraged to raise questions and concerns.

b) Training aimed at prevention of modern slavery in supply chains

Vetter intends to train all key supply chain staff with dedicated compliance training including modern slavery, particularly with respect to mitigating risks within our own supply chain in the near future.

5. Monitoring

Vetter monitors modern slavery risks based on the geographic locations in which we source materials from suppliers necessary to provide products and services to our customers as well as based on the business segment in which we operate by reviewing published country risk profiles for corruption² and modern slavery³ and sharing these within our organization.

Handwritten signature of Udo J. Vetter in blue ink.

Udo J. Vetter

Handwritten signature of Oliver Albrecht in blue ink.

Oliver Albrecht

Handwritten signature of Thomas Otto in blue ink.

Thomas Otto

Handwritten signature of Peter Sölkner in blue ink.

Peter Sölkner

² See Transparency International's Corruption Perceptions Index which measures the perceived levels of public sector corruption worldwide under <http://www.transparency.org/cpi2015#map-container>

³ See <http://www.globalslaveryindex.org/index/#>