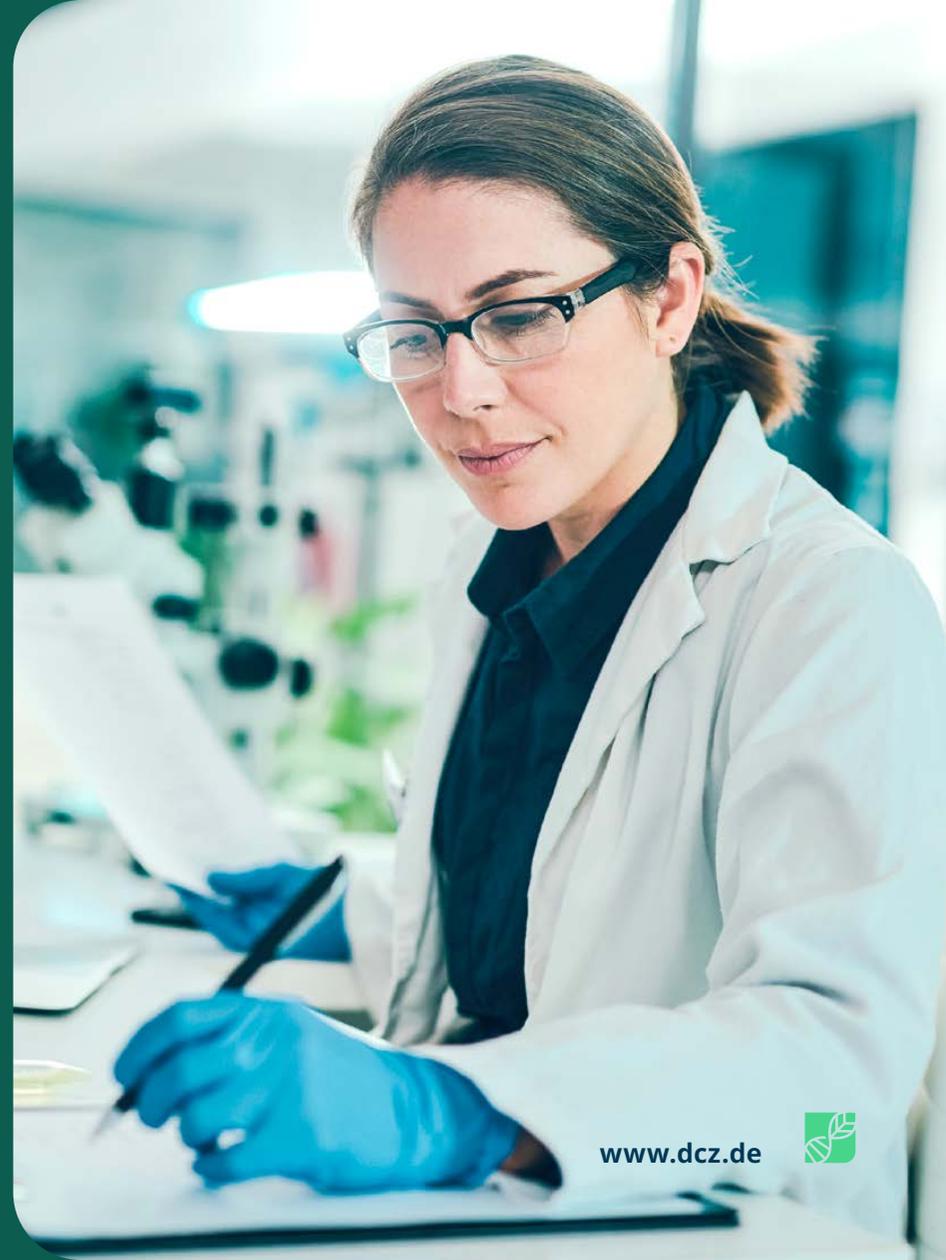


Sustainability in Biotechnology



Where do German biotech companies stand in terms of ecological and social responsibility?

Sustainability touches many aspects of our lives and is becoming increasingly important in both our personal and professional lives. Companies in all industries are confronted with this topic. It is also becoming increasingly important in the **German biotechnology scene** and requires a rethinking of the ecological, social, and economic aspects of **Corporate Social Responsibility (CSR)**.

But where exactly do German biotechnology companies stand in terms of their **Corporate Sustainability (CS)**, which means changes on the business strategy level? **The strategic requirements include ethical, social, ecological, economic, and cultural aspects** in order to create long-term value. Has there really been a shift in thinking? What has been changed in the companies and what are the motives behind it?

The results of the **DCZ Sustainability Report 2022** provide us with exciting insights into these questions. The signs of a transformation are already clearly visible. But where do we still need to improve?



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Corporate sustainability as a necessity and an opportunity

We are facing huge challenges. We need to stop the overstressing of our planet by global warming, the loss of biodiversity, the depletion of fossil fuels and an irreversible damage to the atmosphere. We need to ensure that life is also guaranteed for future generations. This requires **profound transformations** and not only each of us, but also companies have a responsibility to shape this transformation.

The **EU's Green Deal** is increasing political pressure on companies to act. However, those who do not wait for legal deadlines, but instead proactively implement a shift towards sustainability demonstrate that they have recognized the signs of the times and are taking responsibility.

The successful business models of the future will be **climate-neutral, fair and circular**. They will be based on sustainable corporate management that protects the environment, conserves resources and at the same time has a positive impact on society. This includes responsible financial policies, consideration of environmental and social aspects in the development and production of services and products tailored to customers' needs, as well as supporting supply chains based on fair conditions for people and the environment.

In addition, it is essential for companies today to treat the "human resource" with care and appreciation. Companies can only be successful in the long term if they attract new employees through **sustainable recruiting and human resources management** and then retain them in the long term through a positive corporate culture.



Objectives of the study

- What is the current status of sustainability in German biotechnology companies?
- What are the reasons for companies to address this topic?
- What are companies doing to fulfil their social responsibility towards their employees?
- Who is responsible for developing and implementing a sustainability strategy within companies?
- What are the advantages and disadvantages of implementing a sustainable corporate culture from the companies' point of view?

These and other questions led us to explore the current situation in the **DCZ Sustainability Report 2022**.

The results of the study provide an overview of the current state of implementation of sustainable corporate management within the German biotechnology industry. Additionally, they can support companies in assessing their own progress and provide **incentives and ideas** on how to improve their strategy and the transformation process towards sustainable and forward-thinking corporate management.



Participants

DCZ invited a total of **250 executives from small and medium-sized German biotechnology companies** to participate in this survey from early September to the end of November 2022. The **response rate** was 39%.

The following **industries** were represented in the results:

46% red biotechnology

28% diagnostics

13% white biotechnology

12% other (technology transfer, services, and suppliers for biotech, etc.)

Participants included were both well established companies as well as young companies and start-ups with between 1 and 500 employees.



What does sustainability mean to companies?

Sustainability...

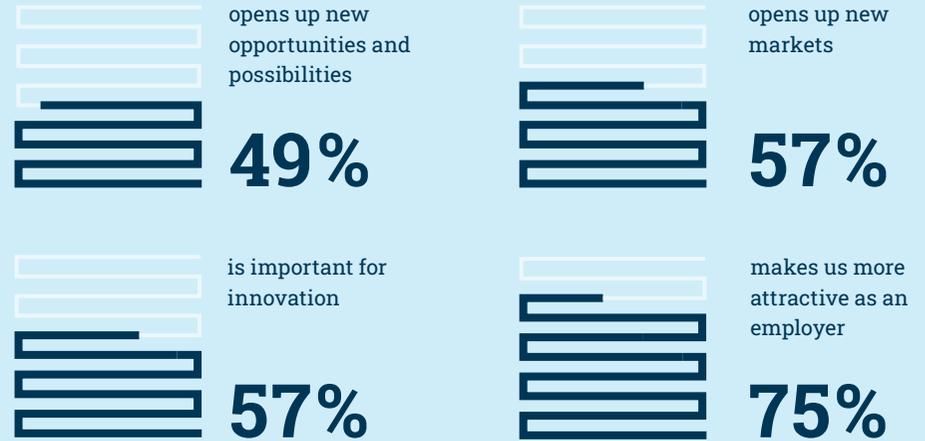


Fig. 1: Relevance of sustainability

Sustainability has many dimensions, and its importance is viewed from different perspectives within companies. The majority of companies see it as an opportunity to become more attractive as an employer and to be perceived positively in the market by potential candidates.

Furthermore, sustainable corporate management means opening up new markets and is important for innovation, competitiveness and new opportunities.



RESULTS

Ecologic
sustainability

How important is sustainability in the company and is it part of the corporate culture and strategy?

More than half of the companies recognise the urgency of implementing a sustainability strategy. 63 % give the topic a high to very high priority.

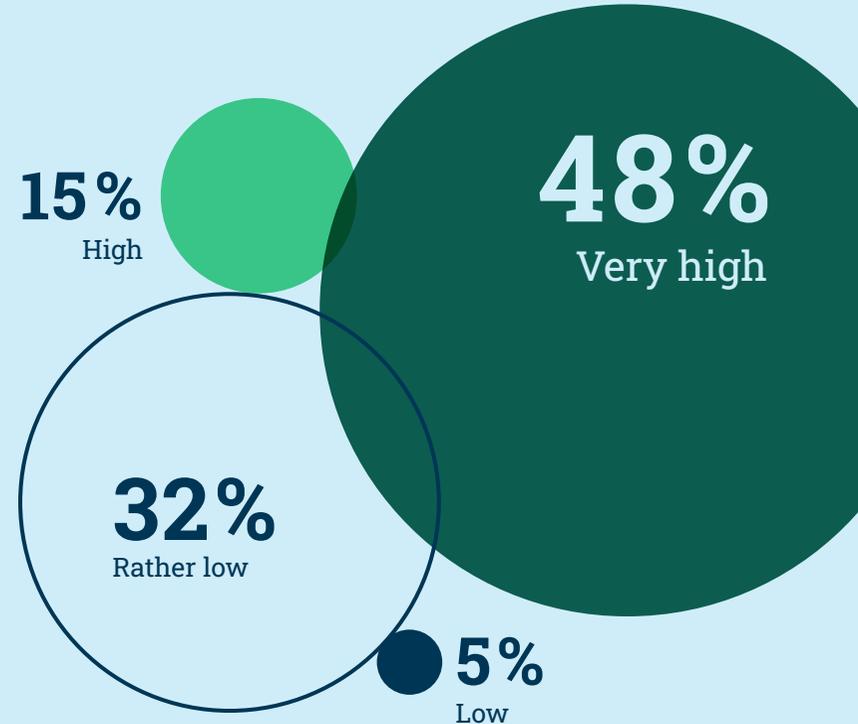


Fig. 2: Importance of sustainability



RESULTS

Ecologic
sustainability

20% have made significant progress in integrating a sustainability strategy into their corporate culture, while another 56% are addressing the topic. 24% of the participating companies are still in the early stages of establishing a sustainable corporate culture.

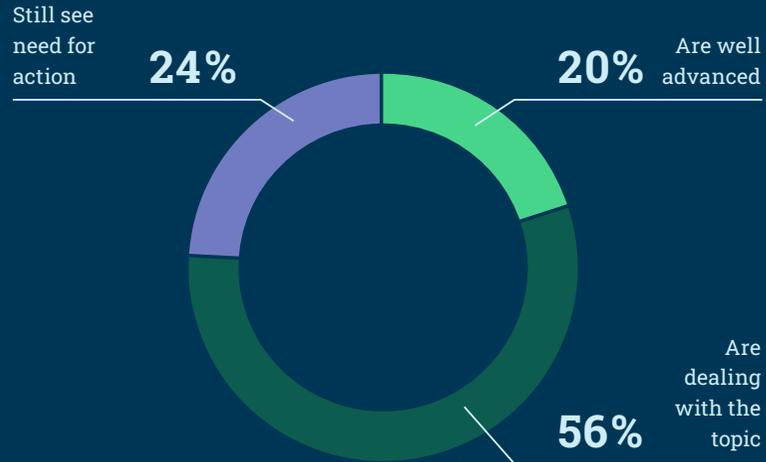


Fig. 3: Sustainability as a part of corporate culture

Despite the high level of interest, only 29% of the companies surveyed have a sustainability strategy embedded in their business objectives. Meanwhile, 71% have not yet fixed these values in writing in their policies.

In two thirds of the companies surveyed, the responsibility for the topic of sustainability is located at the management level [66%]. Only 8% have appointed a CSR expert. In 16% of the companies, various departments deal with sustainability issues, and in 4% it is in the responsibility of HR. The percentage of companies in which no one deals with this issue is 6%.

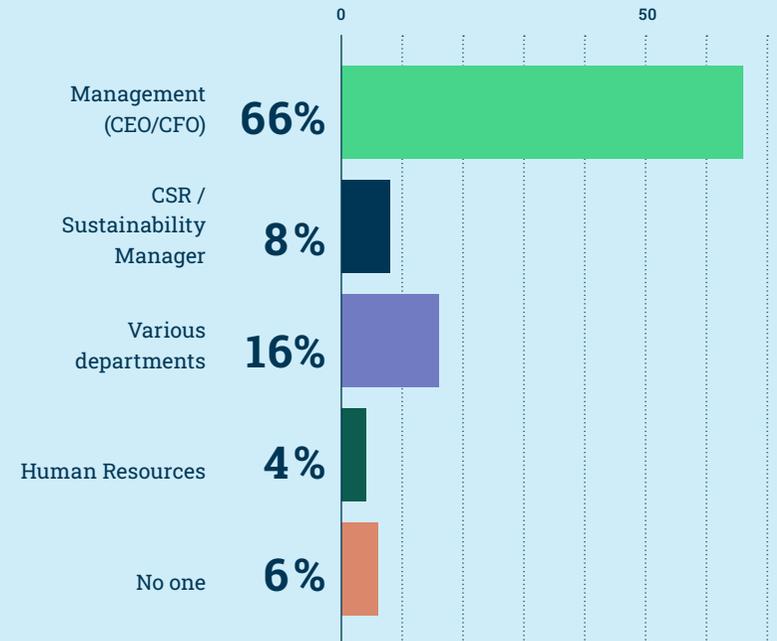


Fig. 4: Persons responsible for corporate sustainability in the companies



RESULTS

Ecologic
sustainability

What are the reasons for companies to address sustainability?

For most of the companies [90 %], dealing with sustainability is a social responsibility to implement corresponding values and ideals in a professional context.

At the same time, a large proportion of respondents [68 %] also see a positive impact coming from the external perception of their company in the form of an improved image and a competitive advantage.

66 % of respondents cited internal pressure from employees' demands as a reason to engage with sustainability, or to increase their attractiveness as an employer. In contrast, only a quarter [25 %] of companies cited pressure from customers, politics, and investors as a motivation for action.

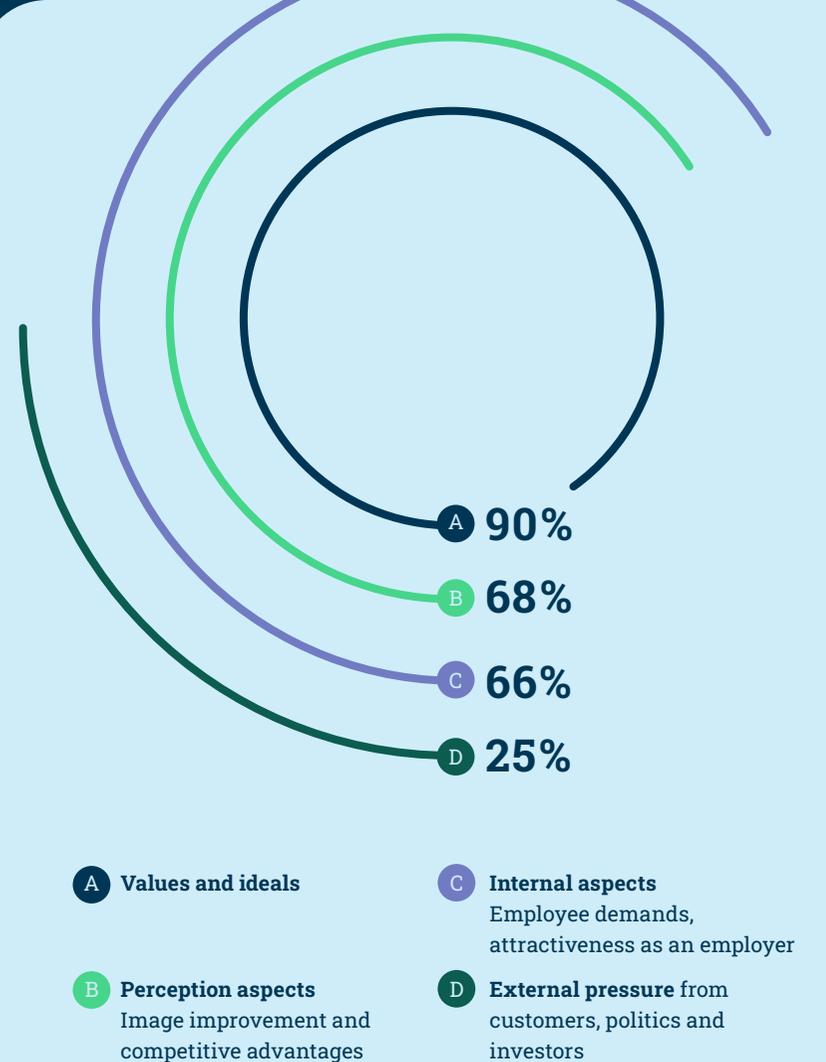


Fig. 5: Key reasons for companies to engage with sustainability



RESULTS

Ecologic
sustainability

What measures are already being implemented by companies?

No company is currently pursuing all of the measures surveyed in the study.

The majority of companies pay attention to effective waste separation [73%] and changes in mobility behavior [64%]. Avoiding plastics [52%], using recycled materials [47%] and supplier qualification [41%] play a role for almost half of the companies. About one third focuses on using renewable energy [36%], the optimization of transport routes [33%] and the use of renewable raw materials [26%].

The easy-to-implement measure of green web hosting, on the other hand, is used by only 5%.

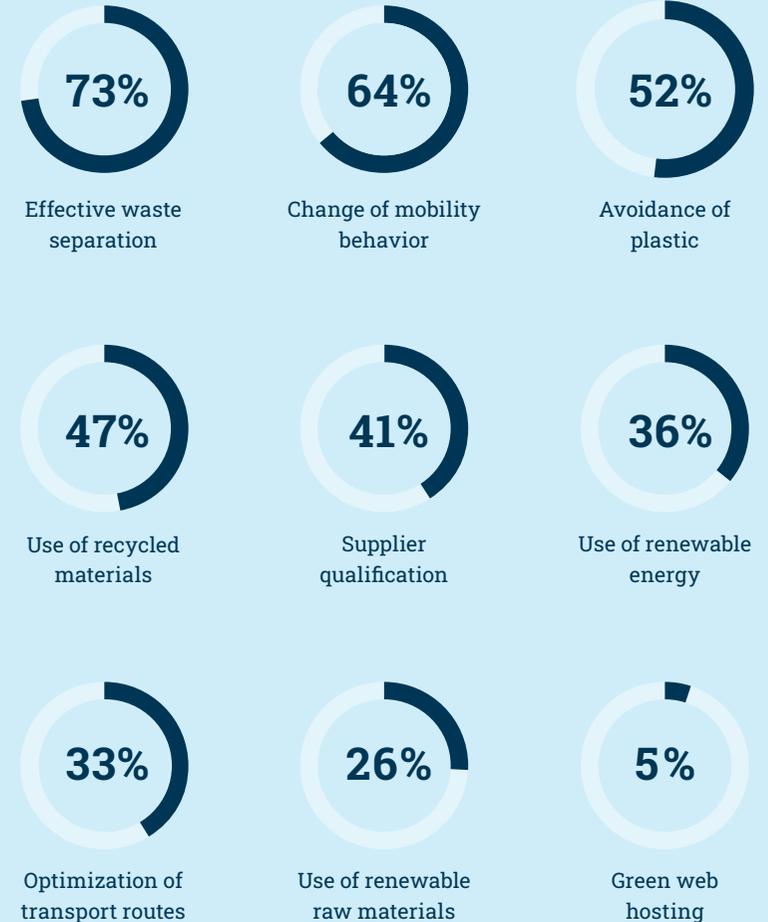


Fig. 6: Actions taken by companies



RESULTS

Ecologic
sustainability

What are the main challenges in implementing sustainability strategies in the company?

Products cannot or only poorly be recycled

58%



Too much effort to redesign production processes

46%



Too high costs, products become more expensive

55%



Employees show no interest

11%



Fig. 7: Main internal challenges

Although many companies have the knowledge and willingness to make their business more sustainable, active implementation is often difficult or fails.

The main reasons given are high costs, too much effort to redesign production processes, and the poor recyclability of products. About one-tenth of the respondents cited lack of employee interest.



RESULTS

Social sustainability

What sustainable social measures are used to attract and retain employees in the long term?

Sustainability is not only an ecological issue. In order for companies to meet their responsibilities towards the environment and society, they need employees who recognize developments and bring innovation into the company. Employees' identification with and commitment to the company's values are essential and provide the required foundation.



74% of the companies surveyed are addressing the topic of sustainability in order to **remain or become attractive** as an employer.

To remain attractive and retain employees over the long term, almost all companies offer **flexible working hours** [94 %] and the opportunity to **work from home or in a hybrid model** [89 %]. Part-time programs are available in 69 % of the companies.

Further **education opportunities** [68 %], a **pension plan** [44 %], regular **feel-good events** [44 %], and **health promotion** [33 %] are used as additional ways to make the workforce feel comfortable and valued. **Subsidies for public transportation** are only granted in one-third of the companies [33 %].

Loyalty bonuses [13 %] and **childcare services** [11 %] play a minor role.*

*It should be noted that some of the surveyed companies have only recently been founded and have a small number of employees.



RESULTS

Social sustainability

What impact does the implementation of a sustainability strategy have on the team and, thus, the employer branding?

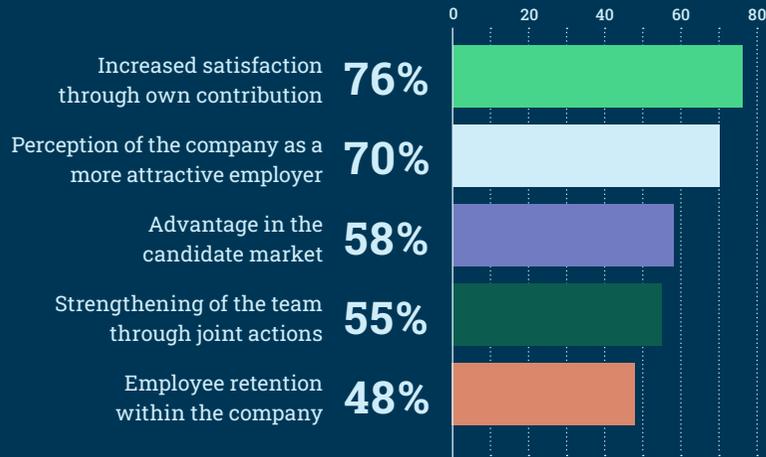


Fig. 8: Impact of a sustainability strategy

The high importance of sustainable corporate management is reflected in the responses to this question. Around three quarter of respondents stated that employees are more satisfied because they are also making their own contribution to sustainability in their professional lives [76 %]. As a result, the company is also perceived as a more attractive employer [70 %] and has an advantage in the candidate market [58 %].

About half of all respondents are convinced that joint sustainability actions strengthen the team [55 %] and that a sustainable corporate strategy binds employees to the company in the long term [48 %].

Concrete measures such as workshops and regular updates to raise awareness and educate employees on the topic are only implemented by 19 % of the companies.



Companies are under pressure to act

Due to the growing awareness of the finite nature of our resources and the need to actively counteract the endangerment of our planet, the concept of sustainability is becoming increasingly important. Many people feel the urgency to live more sustainably because they are aware of the lack of alternatives in the face of global change. Companies have to play a decisive role in this development and use this criterion to evaluate their attractiveness as employers.

Furthermore, the ESG laws of the **EU Commission**, such as the **European Green Deal** or the **Supply Chain Act**, require concrete implementation to achieve sustainability goals. In addition, **capital and credit providers, customers, and suppliers** are incorporating sustainability aspects into their contracts, so that companies are also called upon to take action. Although some of these points have so far only affected larger companies from a legal perspective, many small companies already have the desire to implement their own goals

and strategies. We deliberately focused this study on small and medium-sized enterprises, as they differ in terms of personnel and financial resources from the possibilities of large corporations.

Integrating sustainability into business strategy for long-term success

The results of our survey show that small biotechnology companies are becoming increasingly aware of the need for sustainable best practices and the positive impact they can have. To be successful in the long term, companies must increasingly address these tasks and act accordingly. Not only external requirements, but also internal reasons such as the expectations of employees force companies to shape transformation processes. However, the desire to take over social responsibility act comes first, ahead of the pressure to act from other factors.



Employer branding and talent acquisition

Our research clearly shows that employees increasingly value the stance of companies on sustainability. Company values have become an important **attraction** for employers across all age groups. Employees want employers who are committed to sustainable goals at all levels. Both entry-level and experienced professionals pay attention to their employer's values and use them as an important criterion to assess its attractiveness.

Thus, even smaller companies can have a **competitive advantage** and attract top talents by demonstrating social and ecological responsibility. Motivated and highly qualified employees ensure **innovation** in the company and, thus, the long-term maintenance of competitiveness.

Companies that fail to transform into a sustainable corporate culture will find it difficult to attract and retain top talents in the future and keeping them motivated in their company.



Setting sustainability goals, implementing them internally, and communicating them effectively is an **investment in the future** and therefore a key to long-term success. Even if some contributions may be small at first, every single step counts and can develop into a solid foundation on which to build continuously.

Our study results show that the German biotechnology industry is in a phase of rethinking as well as a beginning transformation. However, some companies are still in the early stages of implementation and it is now up to all of them to further develop strategies and put ideas into practice in order to achieve a real change, be responsible and meet the requirements of the present and the future.



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