

euROAPI

Active Solutions for Health



Chapter 5 of 2023

Universal Registration Document

5

CORPORATE SOCIAL RESPONSIBILITY NFPS

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5.1 EUROAPI CSR STRATEGY

As a major player in the pharmaceutical industry with diverse stakeholders, an ambitious Environmental Social and Governance (ESG) strategy aligned with our vision, strategy and culture, is key to our performance and growth.

Published in 2022, the strategy is based on a large stakeholders consultation of more than 1,200 participants, a materiality matrix and relies on 4 key commitments:

- 1) Safe products and a resilient & sustainable supply chain
- 2) Innovation for environmental sustainability
- 3) A safe and diverse workplace
- 4) Best-in-class corporate governance

In 2023, the positive feedback from rating agencies on its program objectives and disclosure practices has proven its good alignment with stakeholder expectations.

The main ratings gained in 2023 include:

- A silver medal from EcoVadis, the world leader in business sustainability ratings. That brings

EUROAPI amongst the top 16% of companies rated by EcoVadis in the Manufacture of basic pharmaceutical products and the pharmaceutical preparations industry. More specifically, as far as the environment is concerned, EUROAPI is in the top 3% of companies rated by EcoVadis in this industry.

- A “B” score by the Climate CDP (Carbon Disclosure Project) for 2023, disclosed in February 2024. The scoring methodology of the CDP is fully aligned with regulatory boards and standards, and provides comparability in the market. It indicates that we are, as a company, addressing the environmental impacts of our business and ensuring good environmental management. It is a good foundation for our road toward operating in line with a 1.5 degree Paris Agreement.

More details and rating available on our website [here](#).

In February 2024, we announced a strategic review ([Press release February 28th 2024](#)) which may result in adaptation to programs, projects, investments and our decarbonization road map.

5.1.1 The Group's business model

As a key player in the pharmaceutical medicine value chain, the Group's business model illustrates the resources it uses, the added value provided by its technology and its know-how, as well as the impact of its business activities on society at large.

Great care and thought was put into the development of the Group's vision and mission, in the process of creating and promoting its new identity.

Once these key elements were established, the next step was to define what values and behaviors would be essential to enable the Group to fulfill its vision and mission.

Our business model centers on the people, resources expertise and technology that are essential to EUROAPI's success to fulfill its mission.

It is intended to be sustainable and climate-resilient and presents also our societal and environmental impact.

A decarbonization road map supports the Group's business model. It is presented in Section 5.1.5 CSRD compliance: update and readiness action plan and in more details in Section 5.3.2 Minimize the Group's environmental impact.

The Group's business model's resilience relies also on the Group's risk mitigation as described in Section 3.2 Risk Factors.

Our Resources

People

- ≈ 3,650 employees from 45 different nationalities
- 415 scientists including 45% of PhDs or engineers
- Experienced with 15 years of seniority on average

6 industrial sites

- 100% in compliance with GMP standards
- 100% of the sites are ISO 14000 and ISO 50001 certified
- The Saint-Aubin-lès-Elbeuf factory is the only Western API manufacturing site of vitamin B12

Planet

- 2023 Carbon footprint (Scopes 1 & 2): 91,700 tCO₂e (-20% vs 2020)
- Energy consumption: 604,472 MWh (-8.8% vs 2020)
- Water consumption in thousand m³: 19,127 m³ (-10% vs 2020)
- Waste generated in metric tons: 100,605 (-1% vs 2020)
- Solvent consumed in metric tons: 87,595 (-19% vs 2020)
- Climate CDP Score: B (Carbon Disclosure Project)

Partnerships

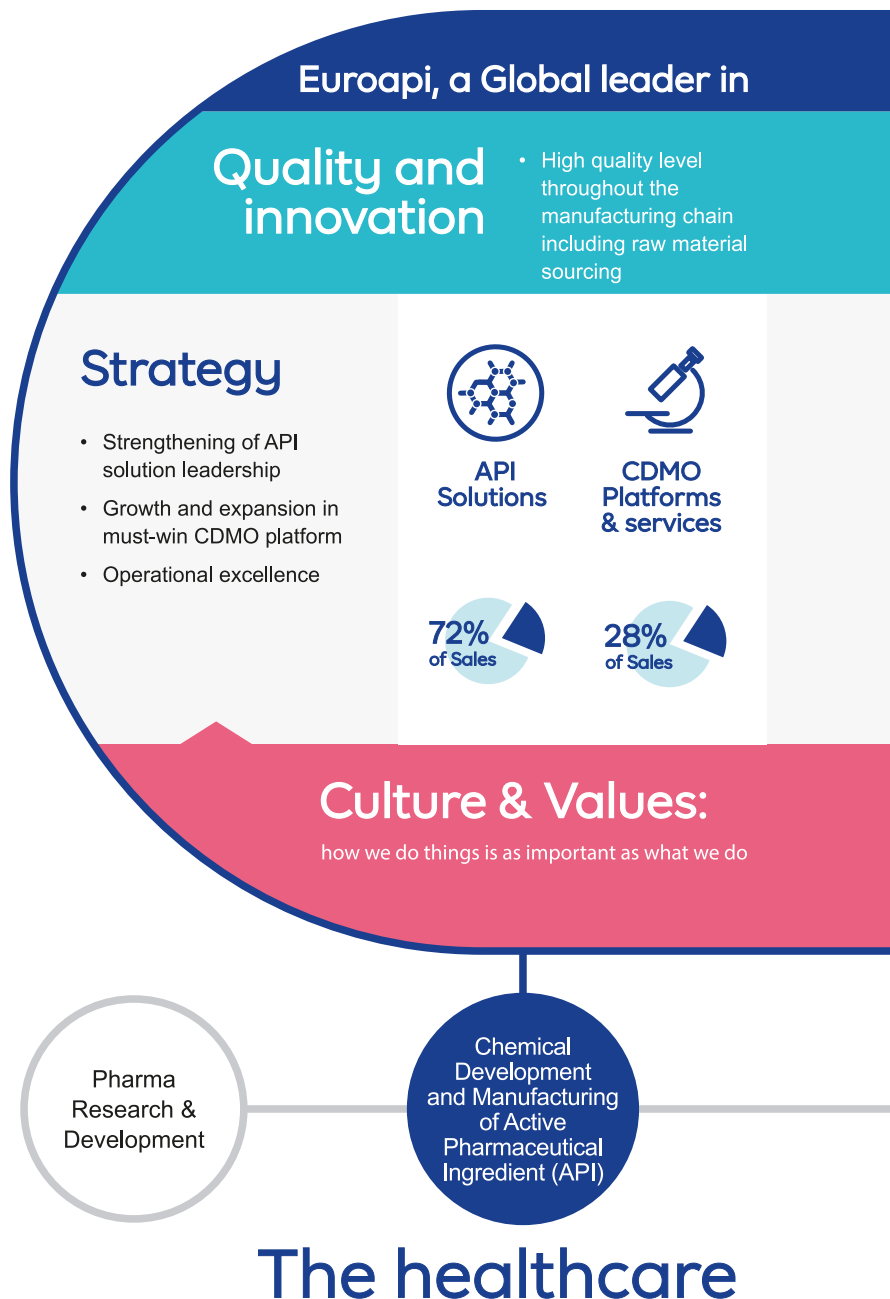
- 500+ clients with a loyalty of more 20 years of collaboration
- More than 20 R&D partnerships and 2 patents
- 69 CDMO projects
- 4,000 Suppliers

Finance

- €1,013 million in revenue in 2023
- 9.2% core EBITDA margin in 2023
- €510 million in planned investments in 6 plants (between 2022 and 2025)
- Two major shareholders: Sanofi and EPIC Bpifrance

Our Mission

Our core business is to develop, manufacture and supply active-ingredient solutions for our healthcare partners around the world. We combine our scientific excellence with industrial expertise and a wide range of technologies to deliver solutions that meet the highest quality, social and environmental standards



GMP: Good Manufacturing Practice

API: Active Pharmaceutical Ingredient

CDMO: Contract Development and Manufacturing Organisation

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

BPI: Banque Publique d'Investissement (the French Public Investment Bank)

Our Impacts

What we do

CDMO and API solutions

- Quality and regulatory support services
- Numerous Innovation projects

4 ESG commitments

- 1 Offer safe products and a resilient & responsible supply chain
- 2 Accelerate innovation for environmental sustainability
- 3 Create a safe & multicultural workplace
- 4 Uphold best in class corporate governance

TAKING OWNERSHIP
CARING FOR ALL

ACHIEVING TOGETHER
DRIVEN BY OUR CLIENTS

Drug Product manufacturing

Patient

value chain

EMA (European Medicines Agency) inspections are performed by local agencies

IPCEI: Important Projects of Common European Interest

UNGC: United Nations Global Compact

*As compiled by WHO (Jul 2023), EU (Dec 2023), BfArM (Jun 2023), ANSM (Jun 2023)

Society

- 46% of sales from APIs used in medicines with acknowledged therapeutic interest*
- 1 EMA inspection without remarks
- Contributes to EU and national health sovereignty initiatives
- Partnerships with ~20 schools in 3 countries

People

- Reached LTI and TRI of 2.1 and 2.8 respectively
- Reached our objective of 30% of leadership positions held by women
- 9.6 hours training per employee on average in 2023
- Est. 4.9% of employees in France have a disability

Planet

- 75% of innovation projects of the Group are driven by environmental impact containment
- 25% of energy consumed coming from renewable sources
- 25% of water consumption is recycled or reused water
- 33% of plants are "zero waste to landfill"
- 71% of solvent consumed is recycled

Partnerships

- 100% successful inspections for client
- Positioned on six IPCEI projects, including three in France
- 87% of new suppliers of raw material signed Supplier Code of Conduct
- Member of UNGC and Responsible Care® initiatives
- 95% of employees were trained on the Code of Ethics

Finance

- Acknowledged ESG strategy by rating agencies and EcoVadis' Silver Medal
- ESG part of remuneration package of CEO and senior management (10%)

Our contribution to 5 sustainable Objectives



5.1.2 The Group's corporate culture and its four core values

Our core values are:

Taking
ownership



Achieving
together



Driven by
our clients



Caring
for all



Taking
ownership

The Group believes that by taking ownership, its employees are accountable for their work and for always acting with the Group's interest in mind.

Achieving
together

The Group believes that by achieving together, it empowers its people for greater positive impact.

Driven by
our clients

We believe that being client-driven, the Group creates value by putting its clients at the heart of its activities.

Caring for all

The Group believes that caring for all means valuing and respecting its stakeholders, people, clients and patients, its partners and the planet.

These values underpin everything we do, driving decision-making, employee relations and stakeholder engagement at every level. Under the Chief Executive Officer's leadership, with the support of the Executive Committee and a network of ambassadors, they have been communicated to internal and external stakeholders and embedded across the organization.

They are reflected in our policies and standards and in our Code of Ethics, available on our [website](#).

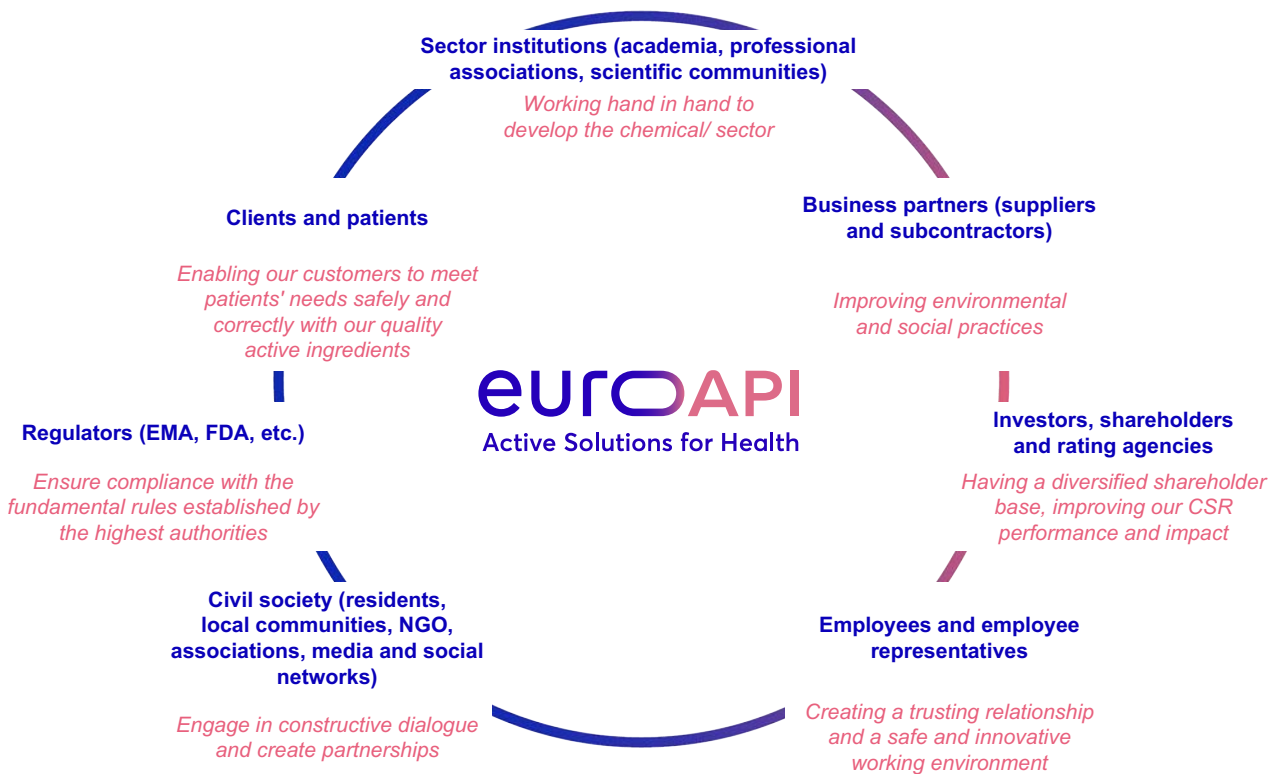
5.1.3 Dialogue with the Group's stakeholders

The Group began the consultation phase of its ESG strategy in 2021 by sending a survey to its various internal and external stakeholders through an outside agency, in order to produce a robust materiality analysis.

The survey was sent to all stakeholder groups: clients, suppliers, civil society and industry, key opinion leaders, and financial partners.

In addition to this strategic exercise, we consulted employees both directly and through employee representatives.

The stakeholder map below shows the specific topics associated with different stakeholder groups and our engagement strategy for each one. More detail on stakeholder engagement is presented in the table below.



Open, respectful communication is one of our core values and is at the heart of our relationship with clients. We proactively and systematically seek their views through a range of channels, including regular surveys and feedback requests. The data is used to measure customer satisfaction and constantly review and improve our performance.

Lobbying

Our lobbying activities are aimed at promoting the manufacture of active ingredients and pharmaceutical intermediates at facilities in France and Europe.

These activities are subject to national, European and international legislation as well as our own stringent standards, as set out in our [lobbying](#) charter.

No political contributions were made to political parties, elected representatives or related institutions in 2023.

Community

We are committed to working with local stakeholders including municipal authorities, businesses and residents to support local economies and communities. We draw on the local insight and expertise of staff at our 6 European sites to deliver on this commitment.

The direct and indirect environmental, social, societal and economic impacts of our operations are discussed at regular meetings of senior management from across the company.

Our local community strategy is based on 3 pillars:

◦ Supporting local economies

- We take an active role in economic initiatives and contribute to regional development agendas locally, including through our membership to local chambers of commerce.
- We are committed to providing opportunities for graduates and job-seekers to enter skilled employment and regularly attend recruitment events and careers fairs. At remote sites we work with other employers, pooling our vacancies to have a wider reach.
- We work with a number of local community organizations.

◦ Safety and risk prevention

- 5 of our 6 SEVESO sites⁽⁶⁾ have emergency response capabilities including on-site emergency vehicles, water reserves, fire-fighting equipment and fire engines. All equipment is subject to regular safety inspections.
- We also work with local fire services and police departments to offer training in crisis response to local schools, government, businesses and other stakeholders.
- We conduct community impact assessments as part of our business continuity plans and have site-specific crisis response procedures in place.

◦ Minimizing our environmental impact

- We are upgrading our infrastructure and processes to reduce our consumption of local natural resources. In 2023 we installed a €3M state-of-the-art resource-efficient cooling unit at our site in Vertolaye.
- We have conducted detailed analysis of our water footprint and produced an impact assessment with a view to improving our existing remediation plan from 2023.
- We conduct regular reviews of local transport provision in order to promote the use of public transport by employees and implement our own transport schemes where there are gaps.

⁽⁶⁾ Four SEVESO "High-Threshold" facilities in Vertolaye, Frankfurt, Budapest and Brindisi and one SEVESO "Low-Threshold" facility in Saint-Aubin-lès-Elbeuf.

The table below illustrates the number and type of interactions the Group has with all its stakeholders.

Stakeholders	Topic addressed	Actions in 2023	Examples
Industry institutions (academia, professional associations, scientific communities)	Technological innovations, development of trainees Economic and environmental framework and specific topics for the Group	The Group partners with a large number of industry associations and scientific universities (>30), at local or national level. This includes PhD co-fundings and contributions to scientific events such as the Japanese Society for Process Chemistry symposiums. In the context of numerous career events and site visits, the Group offers the opportunity to students to benefit from employees' experience with mock interviews, real-world experience and help prepare them for their future.	MEDEF Paris Syndicat de l'Industrie Chimique Organique de Synthèse et de la Biochimie (SICOS) France Chimie Suffolk Chamber of Commerce German Chemical Industry Association (VCI) University of Bari (Italy) Initiative Gesundheitsindustrie Hessen (IGH) with the Max Planck Institute for Polymer Research (MPI-P) and the Max Planck Institute for Chemistry (MPI-C)
Business partners (suppliers and subcontractors)	Quality, order security, innovation, cost, risks and compliance with the Code of Ethics and its ESG roadmap	The Group has a supplier portal, allowing timely interactions with all its suppliers and sharing of updated information. In addition, the Group's procurement team organizes regular business reviews, suppliers premises visits and, for important events, sends direct letters from the CPO. The Group's quality and supply chain teams are also key contacts for suppliers, with quality audits and registration documentation updated on an ongoing basis.	The deployment of a supplier evaluation system and the responsible purchasing program is increasing the number of interactions between the Group and its suppliers. Procurement teams attended the CPhI in Barcelona, where they met hundreds of suppliers, and had almost 60 face-to-face meetings during business reviews and visits (internal and external).
Investors, shareholders and ratings agencies	Results, business models/product range, news	The Company's Executive Committee members participated in broker conferences and regular investor roadshows. The Group's investor relationship department organized two semi-annual financial and non-financial results conference calls for investors and interacts with numerous ESG ratings agencies and banks.	The information is available on the Company's website: For investors communication: link here For ESG ratings : link here
Employees and employee representatives	Working conditions, business reviews, safety and environmental protection	Social Dialogue: agreements, employee representatives elections took place in France. A European Works Council held regular meetingsemployee representative elections (pluriel). A European Works Council held regular meetings with a view to facilitating information sharing between the countries. In 2023, numerous actions and events took place at site levels such as: • Diversity & Inclusion training • Environment awareness • Safety culture awareness • Quality culture awareness An internal program to promote health and well-being is offered to employees at local or Group level. It includes flu vaccination campaigns, mental health, and breast cancer awareness sessions.	Election of employee representatives First aid' training, inclusion training, people management organized by the HR team, People Management session, deaf languages initiation, energy sobriety awareness, etc. Quality and Safety culture are organized annually in all sites and run by the relevant functions. Group walking challenge – Global. Several "Bring Your Child to Work" days took place in 2023.

Stakeholders	Topic addressed	Actions in 2023	Examples
Civil society (residents, local communities, NGOs, non-profits, media and social networks)	Jobs, safety and environmental protection	<p>In line with its Local Communities Strategy, the Group is a partner of numerous local NGOs and hospitals that are addressing needs of the local communities. It includes blood donation, clothing and meal donation and fundraising events.</p> <p>The Company's CEO and Executive Committee Members participated in various events with journalists, and the Group published 21 press releases, resulting in several hundred articles in the international press.</p> <p>More than 14K people have followed the Group's LinkedIn account since its creation in May 2022.</p>	Several site visits and meetings with journalists were organized locally, such as TV interaction in Germany or online newspaper director meetings in Italy.
Authorities and Regulators (EU, EMA, FDA, etc.)	Compliance, safety and environmental protection	<p>EUROAPI participated in the Important Project of Common European Interest (IPCEI). Its application is currently under review by the European Commission. EUROAPI has submitted sustainable innovative projects to help cover the need for currently imported critical medicines such as macrolide antibiotics and corticosteroids, by 2030.</p> <p>In line with its Responsible Lobbying Charter EUROAPI carries out lobbying activities with the aim of promoting the localization in France and Europe of the production of active ingredients and pharmaceutical intermediates.</p> <p>Audits by authorities : the Budapest site was audited in November 2023.</p>	Visits of national or regional authorities were organized locally, such as visits of Members of Parliament to the Frankfurt site, meetings at ministries and with Members of parliaments in other countries.
Clients and patients	Product offering, technology innovation, supply, quality of products, sustainability, regulatory services, pricing, etc.	<p>The Group's sales teams attended more than 20 trade fairs and scientific events in Europe, North America and Japan.</p> <p>The Group conducts regular ad hoc pulse surveys and requests feedback after sales visits/calls.</p> <p>Clients and prospective clients regularly audit the Group's sites, a standard in its industry. A total of 56 audits from clients were conducted on EUROAPI's sites.</p>	<p>The Group's sales teams attended the CPhI in Barcelona, ChemOutsourcing in North America, etc.</p> <p>PSCI Audits took place in 2023 on 3 sites: Elbeuf, Harverhill and Brindisi.</p>

5.1.4 The Group's ESG Strategy

In developing our ESG strategy, we have produced a single materiality matrix, drawing on the findings of a survey conducted in March 2021 which garnered over 1,200 responses from a wide range of internal and external stakeholder groups. On the basis of emerging trends and observations, the 17 topics identified were identified as material and classified as High, Very High or Critical.

This materiality matrix, combined with a strategic risk assessment, formed the basis of our ESG strategy and the framework of our extra-financial performance declaration.



Thus, our ESG strategy meets the needs of stakeholders, fuels our growth, and helps to mitigate risk in a number of areas. In it we make four commitments:



Offer safe products and a resilient & responsible supply chain

We provide high quality products and strive to be a reliable partner in the pharmaceutical supply chain.



Accelerate innovation for environmental sustainability

We propose innovative processes and services sustainable by design.



Create a safe & multicultural workplace

We ensure our employees' safety and a fulfilling environment for all.



Uphold best in class corporate governance

We work continuously with our internal and external stakeholders to promote compliance and fair practices.











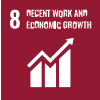


The material non-financial targets set out in our ESG roadmap are the subject of specific priorities, each of which is overseen by a member of the Executive Committee.

The table below illustrates the relationships between our ESG strategic priorities, the various ESG priorities and the associated material topics as well as our targets and commitments.

“Values and stakeholder engagement”, the cornerstone of the Group’s strategy applies at every level of the organization, and is the subject of Section 5.1.6.

ESG commitments

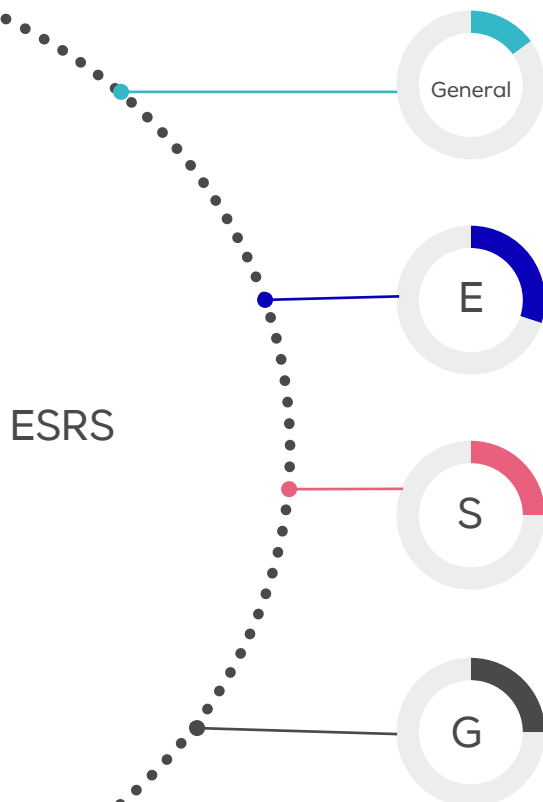
Commitments	Programs	Material Topics	Policies
Offer safe products and a resilient & responsible supply chain		Product quality & safety	Our certifications by Health Authorities Quality Policy
	Responsible Procurement	Responsible procurement	Sustainable Procurement Factsheet Supplier Code of Conduct
		Positive impact on society	Human Rights Factsheet Ethics and Business Integrity Factsheet
	Responsible supply chain	Supply Chain resilience	Supplier relationships charter
Accelerate innovation for environmental sustainability	Towards responsible Innovation	Responsible Innovation	Environmental Sustainability Factsheet
	Environmental Footprint and Waste Reduction	Fight against climate change	
		Environmental footprint production	HSE EUROAPI Policy
Responsible waste management			
Create a safe & multicultural workplace	Safety and Wellbeing	Occupational health and safety	HSE EUROAPI Policy
		Social dialog	Human Rights Factsheet
		Quality of worklife and compensation	Right to disconnect
	Internal Development	Talent management and personal development	DE&I and Talent Management Factsheet
Diversity & Equal Opportunity	Diversity & equal opportunity		
Uphold best in class corporate governance	Compliance and Business Ethics	Corporate Ethics & Compliance	Code of Ethics
			Ethics and Business Integrity Factsheet
			Supplier relationships charter
			Supplier Code of Conduct
			Human Rights Factsheet
	Euroapi Ethics Line		
	Shared Value and stakeholder engagement	Responsible Lobbying Charter	

ODD	Objectives	Realization Rate 2023
		
	<p>100% sites ISO 14001/50001 certified by 2023</p>	<p>100 %</p> 
	<p>100% sites purchase electricity from renewable sources by 2025</p>	<p>83 %</p> 
	<p>-30% reduction in CO² emissions (vs. 2020) by 2030 (scope 1 & 2)</p>	<p>65 %</p> 
	<p>LTI (Lost Time Injury) to 1.5 per 1,000,000 hours worked by 2025</p>	<p>60 %</p> 
	<p>TRI (Total Recordable Injury) to 2.5 per 1,000,000 hours worked by 2025</p>	<p>88 %</p> 
	<p>30% women in leadership position by 2025</p>	<p>100 %</p> 
	<p>100% of Code of Ethics training Completion</p>	<p>95 %</p> 
	<p>100% of GDPR training Completion</p>	<p>94 %</p> 

5.1.5 CSRD compliance: update and readiness action plan

From January 1, 2024, the Corporate Sustainability Reporting Directive, “CSRD” (EU 2022/2464), will enter into force, replacing the Non-Financial Reporting Directive (NFRD) and extending its scope. Part of the European Commission Green Deal action plan, the first set of European Sustainability Reporting Standards (ESRS) was published by the European Commission on July 31, 2023 and were transposed into French law in December of that year (JO RF 7 Dec. 2023, text 19). The new rules are intended to improve the quality, consistency, comparability and transparency of sustainability reporting.

Companies will now be required to apply the “double materiality” principle and disclose material sustainability risks, opportunities and impacts.



ESRS 2

General, strategy, governance and materiality assessment

ESRS E1

Climate change

ESRS E2

Pollution

ESRS E3

Water & Marine Resources

ESRS E4

Biodiversity and Ecosystems

ESRS E5

Resource use and circular economy

ESRS S1

Own Workforce

ESRS S2

Workers in the value chain

ESRS S3

Affected communities

ESRS S4

Consumers and end-users

ESRS G1

Business conduct

As a large public-interest company with more than 500 employees and over €40 million in turnover, EUROAPI is classed as a large company under NFRD requirements and, as such, must publish its CSRD report for the 2024 reporting period in 2025.

As a first step toward CSRD compliance, we have begun carrying out a number of assessments including a double materiality assessment and gap analysis.

Double Materiality Assessment

In 2023, we performed a double materiality assessment to gain insight into our environmental impact and sustainability risk factors. The findings will inform our CSR reporting going forward.

Double materiality is based on:

- **Impact materiality:** Information on the reporting company's impact on the economy, environment and people for the benefit of multiple stakeholders, such as investors, employees, customers, suppliers and local communities.
- **Financial materiality:** Information on economic value creation at the level of the reporting company for the benefit of investors (shareholders).

The assessment involved a 4-step process:

1- Identification of topics

Identifying potentially relevant sustainability issues to add to a long list for materiality analysis.

2- Pre-assessment of Impact and Financial Materiality

Drawing on on EUROAPI's knowledge of its activities, existing studies, market research, etc., the ESG and Risk Management teams produced an initial draft Double-Materiality matrix on which to consult stakeholders.

3- Interviews with Stakeholders to challenge pre-assessment

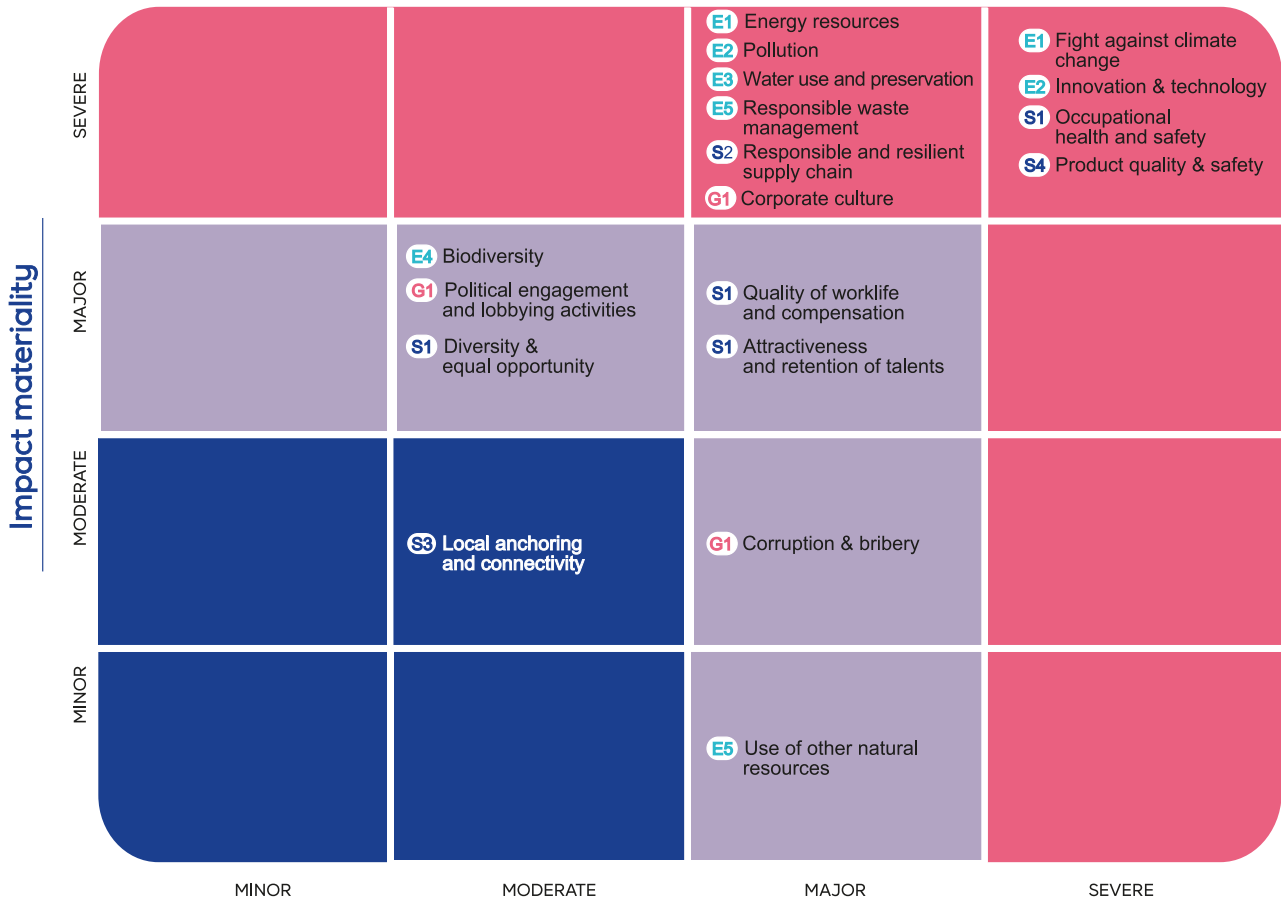
Internal stakeholders were consulted on the draft through one-to-one interviews and in panels.

4- Review and validation by EUROAPI's ESG Steering Committee

An exploratory double materiality assessment was conducted in 2023 in preparation for the CSRD.

The draft was presented to the ESG Steering Committee who reviewed it from a financial perspective. The matrix was then approved before being presented to the ESG Committee.

The results of this assessment and consultation process are set out below.



Financial materiality on Euroapi

EX ESRS Environment SX ESRS Social GX ESRS Governance

The results of this assessment will support our preparation for the new European Corporate Sustainability Reporting Directive (CSRD) and will help to inform our ESG strategy going forward.

CSRD Readiness Action Plan

In order to prepare for compliance with the future CSRD directive, a gap analysis of the company's current post-2025 reporting practices was carried out for each indicator of each ESRS.

The key output was a detailed action plan for each function, incorporating the disclosure requirement:

- metric or target;
- priority and time frame;
- resources;
- phase-in;

The CSRD readiness action plan for EUROAPI is overseen by the ESG team, in collaboration with the Finance team and other relevant departments. In 2024 regular updates of its deployment will be presented to the ESG Steering Committee.

A decarbonization roadmap aligned with the Paris Agreement is a one of the requirements of the CSRD.

In 2023 the Group decarbonization road map was finalized. It was based on internal consultation of existing investments, scopes 1,2,3 published in 2022 and external support for the methodology expertise. Decarbonization levers and a clear set of actions were identified. Some programs were launched.

In light of the recently announced strategic review ([Press Release](#)), assumptions concerning business growth, business perimeter and company expansion may have to be revised. An updated version might have to be reviewed and validated in 2024.

The key objectives and timescales set out in the roadmap aligned with the short-term targets of the Paris Agreement included:

- A 42% reduction in emissions from sites (Scopes 1 & 2) by 2030 (vs 2022)
 - Detailed forecasts up to 2030 for Scopes 1 & 2
 - Emission reduction plan based on projected investments (CAPEX and OPEX)

- 25% reduction in Scope-3 emissions (materials, waste treatment and transport) by 2030 (vs 2022)
 - Scope 3 emissions forecasts up to 2030
 - Reduction based on actions and program performance.
- A 90% reduction in Scope 1,2 & 3 emissions by 2050 (vs 2022)
 - Based on expected emission mitigation strategies from 2030 to 2050

The neutralization of residual emissions in order to reach Net Zero was not addressed at this stage.

The table below presents an overview of underlying outcomes. The roadmap is set out in more detail in Section 5.3.2 Minimizing the Group's environmental impact.

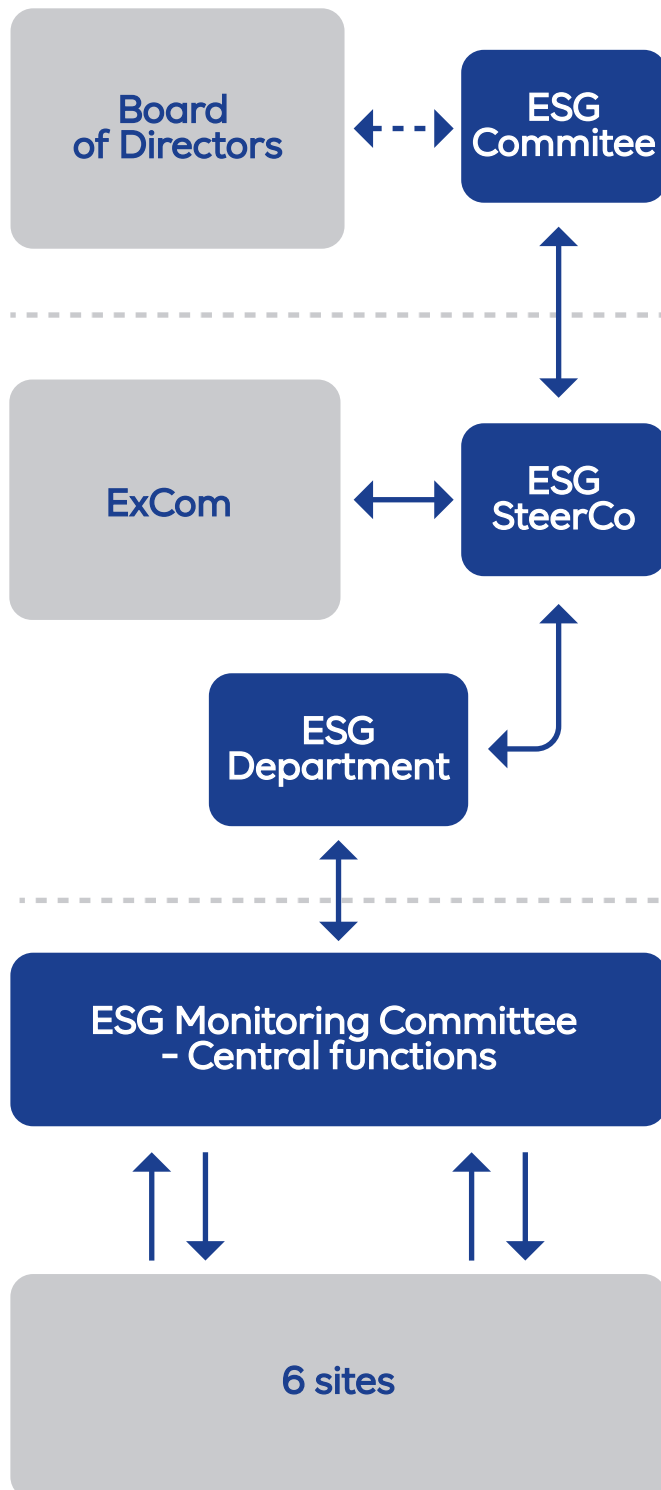
Governance and actions for Scope 1, 2 & 3 emission reduction targets for 2050 are under review.

Targets	Governance	Actions	CAPEX (M€)
Scopes 1 & 2 emissions reduction by 42% by 2030 (vs 2022)	Validation by ESG SteerCo Objective endorsement at site level	11 actions (5 main actions contributing to 83% of decarbonization potential) were implemented in 2023, in the implementation process or in the evaluation process	€41M
Scope 3 emissions reduction by 25% by 2030 (vs 2022)	Validation by ESG SteerCo Objective endorsement at function level	10 actions identified. The highest contributors are the solvent regeneration program, the sustainable purchasing and the cleaning optimizations programs, in addition to Responsible innovation	<i>Not addressed at this stage</i>
Scope 1, 2 & 3 emission reduction by 90% by 2050 (vs 2022)	<i>Not addressed at this stage</i>	<i>Not addressed at this stage</i>	<i>Not addressed at this stage</i>

5.1.6 The Group's ESG governance

ESG governance is embedded across the organization and delivered through work strands on specific topics and objectives.

The ESG collective performance criterion was one of the criteria of the annual variable compensation package within the short-term incentive plan of the Extended Leadership Team (ELT). The ELT includes the Executive Committee and senior corporate positions.



Policy validation

ESG Committee members

- Examine the orientations, objectives and issues linked to the Company's corporate social responsibility policy
- Ensure that ESG topics are taken into account in the Group's strategy and its implementation
- Ensure the monitoring and control of the Group's main environmental, social and societal risks
- Examine the Group's commitments in terms of sustainable development, with regard to the challenges specific to its activity and its objectives.

Strategy and performance monitoring

ESG SteerCo

- Excom Program sponsors
- Allocate resources and influence strategy
- Assign the Program Heads

ESG Department

- Present performance updates to ExCom & ESG Committee
- Consolidate KPIs and lead the ESG Monitoring Committee
- Manage rating agencies, external publications, OTI, Stakeholders' Committee, Client questionnaires

Deployment

ESG Monitoring Committee of Program Heads

- Quarterly update on program performance, based on presentations by Program Heads

Central functions - Program Heads

- Build and deploy program's action plans
- Liaise with functions on sites to adapt programs locally
- Collect Performance and KPIs monitoring

Sites

- On-site deployment
- Operational feedback

5.1.7 Contribution to the United Nations Sustainable Development Goals

We are aware of the challenges facing the world and take responsibility for contributing to a better society and a more sustainable future.

That is why one of the first commitments made by the Group was to become a signatory of the 10 universal principles of the United Nations Global Compact initiative (UNGC) on human rights, labor, the environment and anti-corruption.

WE SUPPORT



The United Nations Global Compact is the world's largest voluntary corporate sustainability and corporate responsibility initiative.

In signing up to it we have joined forces with thousands of companies worldwide, who share in a commitment to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption, and to contributing to the UN targets embodied in the Sustainable Development Goals (SDGs).

We see the 17 SDGs as a framework for achieving future sustainability ambitions and have embedded them in the Group's ESG road map. The Group's ESG roadmap incorporates the 17 SDGs. As a key player in the pharmaceutical industry, 5 of the SDGs (see below) are particularly relevant. In November 2023 our impact in these areas was reinforced when we acquired Bianco, a player in the oligonucleotide CDMO market focused on small-scale, early-stage (pre-clinical to phase 1), complex and customized projects ([press release](#)).



Ensuring healthy lives and promoting global well-being for all at all ages

With a portfolio of more than 200 APIs, the Group addresses a broad range of medical needs, covering each of the 14 anatomical therapeutic classifications defined by the World Health Organization. About 46% of the Group's revenue in 2023 is derived from APIs that are included in a list of essential medicines or medicines with major therapeutic interest⁽¹⁾. As an example, EUROAPI produces Rifampicin which is one of the most commonly used antibiotics to treat tuberculosis and is on the World Health Organization's (WHO) list of essential medicines.

EUROAPI participated in the Important Project of Common European Interest (IPCEI). Its application is currently under review by the European Commission. EUROAPI has submitted innovative projects to help cover the need for currently imported critical medicines such as macrolide antibiotics and corticosteroids, by 2030.

The quality of medicines and the resilience of the pharmaceutical supply chain are key topics for public health. The past years' events such as COVID-19, drug shortages, energy costs and the geopolitical context have strongly enhanced the importance of drug availability in our societies.

This is the reason why EUROAPI committed to supporting the supply of specific selected essential medicines to France and Europe. This will be done thanks to the increase of production capacity of opioid pain relievers through innovative processes, the re-launch project of antibiotic production and anti-inflammatory manufacturing ([press release](#)).

The Group strives constantly to be a reliable supplier. On top of repatriation projects, it has a mono-sourcing exit program and safety stocks in order to ensure back-up of critical raw material purchasing. The Group also has a Business Continuity Plan to address unforeseeable events and adapt its stock to regulatory requirements. It is deploying a Responsible Purchasing Program.

In addition, thanks to its Contract Development Manufacturing Organizations (CDMOs) and the recent acquisition of Bianco, the Group supplies its clients with APIs during their clinical trial phases, and guarantees supply once the patent is obtained, facilitating patient access to innovation.

⁽¹⁾ WHO, EU, France and Germany



Achieving gender equality and empowering women and girls

As part of its ESG policy, the Group is committed to diversity and intends to create an inclusive workplace for all its employees. The objective is to improve the representation of diversity within the Group's HQ and local workforce, both at the hiring stage and in developing professional careers.

The Group also intends to encourage a balanced representation of women and men at all levels of seniority within the hierarchy, as well as to promote equal opportunities for under-represented employees.

A Diversity, Equity and Inclusion network was created and launched in 2023. Since January 1, 2022, minimum 14 weeks of paid parental leave is granted to all employees welcoming a new child, providing the employee is recognized as the child's parent on the basis of local legislation or practice.

Also, regarding the Group's governance, the Board of Directors is composed of 12 members including seven women as at December 31, 2023, which conforms to the combined provisions of Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code providing for a balanced representation of women and men on the Board of Directors.

8 DECENT WORK AND ECONOMIC GROWTH



Promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

The safety of the Group's employees and subcontractors comes first:

- The Group has a safety prevention program including Management Safety Visits and mandatory training sessions on all of its sites. This is why by 2025, the Group is committed to reaching a lost-time injury frequency rate (LTI⁽¹⁾) of 1.5 or less and a total occupational injury frequency rate (TRIF⁽²⁾) of 2.5 or less.
- The Group also promotes its employees' health and well-being through its Wellness4All programs. It organized in October 2023 the first Group Wellness program, consisting in a walking challenge for the whole month, on all sites and in all countries.

As a member of the United Nations Global Compact initiative, the Group commits to supporting and respecting the protection of internationally proclaimed human rights and takes measures not to be complicit in human rights abuses from our business partners.

Consequently, the Group collaborates continuously with its external stakeholders to promote decent work for all. The Group's suppliers are expected to comply with its Supplier Code of Conduct (the "Supplier's Code of Conduct") with respect to child labor, forced labor, violence and harm, discrimination, and health and safety. The Group's suppliers must build a management system and train their people in order to:

- implement and comply with the Group's Supplier Code of Conduct;
- ensure compliance with local and national laws and regulations.

By respecting the Group's Code of Conduct, suppliers determine both the onboarding and continuing commercial relationship with the Group.

The Group and their suppliers must comply with regulatory human rights obligations, in particular international standards such as the United Nations Guiding Principles on Business and Human Rights. The [Group's human rights fact sheet](#) can be found on the corporate website.

(1) For EUROAPI employees per 1,000,000 hours worked.

(2) For EUROAPI employees per 1,000,000 hours worked.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation

The Group is the largest Europe-based small molecules API producer, with more than 150 years of experience in API production. Its six production sites operate in compliance with GMP standards and are certified by health authorities:

- France, in Vertolaye since 1939 and Saint-Aubin-Lès-Elbeuf since 1946;
- Germany, in Frankfurt since 1863;
- Hungary, in Budapest since 1910;
- Italy, in Brindisi since 1996;
- United Kingdom, in Haverhill since 1981.

These sites offer a wide variety of state-of-the-art technologies in Europe, and have strong track records, including:

- spray drying;
- micronization;
- solid phase chemistry (peptides and oligonucleotides);
- large-scale fermentation and downstream processing;
- flow chemistry;
- complex organic synthesis;
- high potency product manufacturing;
- development center: from kilo-lab to large pilot industrial.

This expertise, along with its very broad industrial footprint, allows the Group, for example, to be the sole Western manufacturer of vitamin B12 and the world's leading supplier of prostaglandins for large-scale commercial pharmaceutical production. It invested €40 million in France and €50 million in Budapest in 2023, in order to enhance the processes for both improving its productivity and its environmental impact of 2 types of APIs. The Group finalized the last quarter 2023 the acquisition of Bianco, a German start-up specialized in the R&D and sales of oligonucleotide APIs.

Most of these technologies are unique in Europe and in order to maintain its technological advantage and expand its production capacity to meet clients' needs, the Group is also working on a repatriation plan and on improving manufacturing processes.

All manufacturing sites are now ISO 14001 (Environmental management systems) and ISO 50001 (Energy management systems) certified.



Responsible consumption and production:

The Group recognizes its role in addressing climate change and is committed to minimizing the environmental footprint of its activities by conserving water and energy, and to lessening its residual impact by reducing emissions, effluents and waste. Its environmental goals include:

- 100% of sites with electricity from renewable sources by 2025;
- 30% reduction in Scope 1 and 2 carbon emissions by 2030 (vs. the 2020 baseline);
- carbon neutrality of its operations by 2050.

The Group has started to reduce its CO₂ emissions through the decarbonization of its energy supply, notably with increasing consumption of renewable energies since 2022 and the study of new technologies to implement.

To reinforce this trend and improve chemical process efficiency, a Responsible Innovation Program was launched to develop existing projects and boost green chemistry projects, such as:

- the development of green chemistry;
- the implementation of biocatalysis technology to improve manufacturing processes;
- continuous chemistry process to be more energy efficient;
- waste management, by setting up a recycling process for toxic compounds.

In line with regulations, all substances used and produced by the Group presenting an environmental risk are identified, labeled, stored, handled, and shipped in a manner that prevents and mitigates accidental spills or releases into the environment. Prevention and emergency preparedness plans are in place to treat any chronic or accidental event presenting an environmental risk (air, soil, water, and groundwater) on- or off-site.

5.1.8 Evaluation and ratings

In order to guide and assess ESG strategy deployment, EUROAPI has solicited several independent third parties. Regular dialog with external stakeholders is key for evaluating EUROAPI sustainable performance and laying the groundwork for our future development.

2023 has shown good momentum for external positive recognition. Here are some of the main current ratings. See our website for more details: [here](#).

Ecovadis silver medal



We have been awarded a silver medal by the ratings agency Ecovadis in July 2023.

Overall, EUROAPI ranks among the top 16% of manufacturers of basic pharmaceutical products and preparations rated by EcoVadis

and in the top 3% in terms of our environmental performance.

EcoVadis is a world leader in business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chains.

CDP B Score



A “B” score was granted in February 2024 by the Climate CDP (Carbon Disclosure Project) for 2023. The

scoring methodology of the CDP is fully aligned with regulatory boards and standards, and provides comparability in the market.

It indicates that EUROAPI is, as a company, addressing the environmental impacts of its business and ensures good environmental management. This relies on our efficient governance and strong HSE information management systems.

The CDP is an international non-profit organization based in the United Kingdom, Japan, India, China, Germany, Brazil and the United States that helps companies, cities, states, regions and public authorities disclose their environmental impact.

Other ESG Ratings for Investors

ESG rating providers offer a range of tools for assessing a company’s performance and business model against ESG factors in terms of risks and opportunities.

ESG scores can be used to identify companies with strong ESG performance relative to their peers.

Agency	MSCI	ISS Quality Score	ISS ESG Corporate Rating	ecovadis	EthiFinance	SUSTAINALYTICS	CDP
Rating	BBB	Governance: 3 Social: 1 Environment: 1	C-	Silver Medal	Silver Medal	Low Risk (20)	B
Year	2022	2023	2023	2023	2023	2023	2023
Scale	From AAA to CCC	From 1 to 10	From A+ to D-	From Platinum (top 1%) to Bronze (top 50%)	From Platinum (above 80/100 and no ESG controversies identified) to Bronze above 50/100 and no significant ESG controversies identified)	From Negligible to Severe risk	From A to D-

5.2 COMMITMENT No.1: OFFER SAFE PRODUCTS AND A RESILIENT AND RESPONSIBLE SUPPLY CHAIN



Commitment 1

Level of progress

Programs	Material Topics	
<ul style="list-style-type: none"> • Responsible procurement • Responsible supply chain 	<ul style="list-style-type: none"> • Product quality & safety • Responsible procurement • Positive impact on society • Supply chain resilience 	

Main achievements

<p>56 successful client inspections</p>	<p>Increase our offer with a catalog of 30 intermediates and reagents</p>	<p>46% of sales from APIs used in medicines with acknowledged therapeutic interest*</p>	<p>For its first submission, EUROAPI received a silver medal from Ecovadis</p>
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*As compiled by the WHO (Jul 2023), the EU (Dec 2023), the ANSM (Jun 2023) and the BfArM (Jun 2023)



In a geopolitical context that affects the availability and prices of raw materials, drug supply has increasingly become difficult, in many part of the world,

Our portfolio accounts for over 200 APIs and 46% of the company's sales concerns APIs with an acknowledged therapeutic interest⁽¹⁾.

To reinforce its reliability as a supplier of the pharmaceutical industry, the Group set several initiatives to secure its medicine supply chain.

The Group has a good track record in quality and regulatory management and most of the molecules in our portfolio are used in long-established standard-of-care treatment guidelines.

Through its CDMO capabilities, the Group plays an active role in giving patients access to innovative medicines. Its service offering includes the manufacture of active pharmaceutical ingredients for use in pre-market clinical trials.

⁽¹⁾ As compiled by the WHO (Jul. 2023), the ANSM (June 2023), the BfArM (June 2023) and the EU list of critical medicines (Dec.2023)

5.2.1 Ensure product quality

Product safety is a key factor in being a reliable API supplier and thus in improving patient health and well-being.

In the healthcare industry, product quality is non-negotiable and as such is the cornerstone of our manufacturing process, which meets the most stringent standards. As a global exporter of medicines including to countries subject to strict regulatory frameworks, we have a strong track record in transparent communication, both with health and quality authorities and with our six manufacturing sites located in Europe.

In order to improve access to markets, we assist clients with the drug registration process and advise them on other regulatory matters in their respective countries.

Quality governance

To ensure up-to-date quality standards and regulatory compliance, Good Manufacturing Practices (GMP) regulations, pharmacopoeia, and other regulatory matters are closely monitored both centrally and locally. Reporting to the Chief Quality Officer, the Heads of Quality assist local quality assurance managers and sales teams across the network in communicating and delivering the Group's quality assurance process and oversee its implementation. An estimated 15% of our workforce are employed in quality assurance.

The quality management system is designed to offer flexibility and incorporates both the standards specific to each product range and client expectations. It is frequently updated to take into account anticipated regulatory changes.

Quality Management System

As an API manufacturer for the pharmaceutical industry, we are subject to stringent regulations designed to protect patient and employee health.

Our quality assurance processes meet industry standards including:

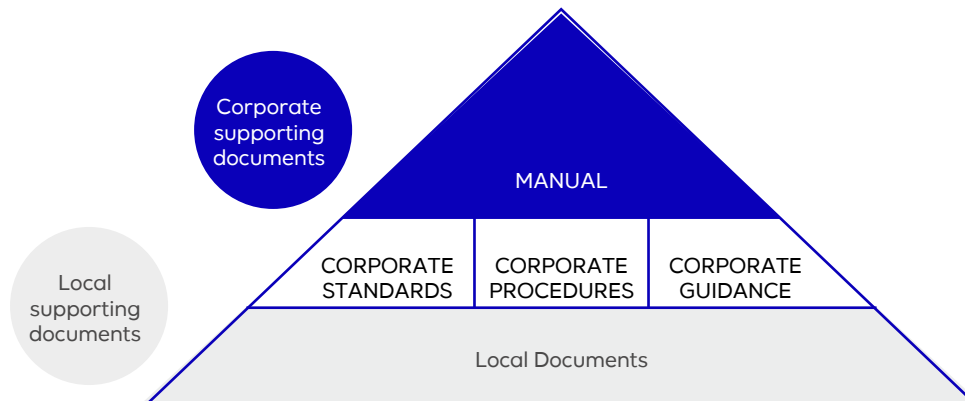
- The GMP, GLP and GDP and other international standards;
- FDA, MHRA, EMA, EDQM and other national guidelines;
- Guidelines published by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) which set out standards for pharmaceutical industry associations and authorities in the United States (FDA and PhRMA), Europe (EC and EFPIA), and Japan (MHLW/PMDA and JPMA), Switzerland, China, Brazil and Mexico;
- WHO guidelines.

Internal policies

The Group has also developed internal good practice documentation to ensure quality standards are applied consistently across the organization.

The documentation is aligned with regulations and Good Practice Guidelines (GxP) applicable to manufacturing processes.

They are categorized according to the relevant quality process and incorporate GxP regulated activities as well as other health regulations. The following chart illustrates the hierarchy of the Group's quality management system documentation:



The process to establish, review, approve and distribute internal standards as well as any supporting documents is detailed in a dedicated corporate procedure.

There is also a specific process to ensure compliance with national regulations in respect of pharmacopoeia, the standards governing products intended for medicinal human or veterinary usage. A specific Standard Operating Procedure (SOP) sets out the respective roles and responsibilities of the various stakeholders and how they relate to each other.

The Group publishes its GxP policies which are available for inspection by regulatory authorities.

At the top of the pyramid, the Group's quality assurance policy represents the cornerstone of our commitment to regulatory compliance and our clients. This policy sets out our aims and direction in terms of quality assurance. Our quality policy is overseen by the Chief Quality Officer, reporting to the Chief Executive Officer. It is communicated to employees across the organization.

Regular inspections and audits

Regular inspections of the Group's sites are conducted by both internal and external auditors, including government health inspection agencies, clients and suppliers.

Outcomes of the audits generally fall under two main categories:

- critical that requires immediate action and requires immediate CAPAs. These are observations representing
- A situation of serious violation of the applicable legislation, guidelines or quality documents.

- A situation that may make the product unfit for use or likely to present a risk for patient health, a missing quality system, an occurrence of fraud e.g. falsification of a product or a piece of information.

and

- other, including major or minor observations requiring the implementation of corrective action within a specific time-frame.

As illustrated in the following table, each of our sites has EMA and FDA approval, attesting to our quality standards. In 2023, an EMEA inspection took place in our Budapest site with no critical findings, a total of 56 client inspections took place at our sites, with no critical deficiencies identified.

	🇺🇸 Last FDA inspection ⁽¹⁾		🇪🇺 Last EMA ⁽²⁾ inspection		👤 Client audits	
	Date	# of critical findings	Date	#of critical findings	# of audits 2023	% success ⁽³⁾
🇫🇷 Vertolaye	2019	No warning letter No 483 form (no observations)	2022	0	12	100%
🇫🇷 Saint-Aubin-lès-Ebeuf	2016	No warning letter No 483 form (no observations)	2021	0	7	100%
🇩🇪 Frankfurt	2019	No warning letter No 483 form (1 observation, closed)	2022	0	10	100%
🇭🇺 Budapest	2019	No warning letter No 483 form (no observations)	2023	0	19	100%
🇮🇹 Brindisi	2014	No warning letter No 483 form (no observations)	2022	0	6	100%
🇬🇧 Haverhill	2017	No warning letter No 483 form (2 observations, closed)	2022 ⁽⁴⁾	0	2	100%

(1) Since 2019, Mutual Recognition Agreement applies between FDA and Local European Health Authority

(2) EMA inspections are performed by local agencies (ANSM, AIFA, RP Darmstadt, OGYEII & NEBIH)

(3) A client audit is considered a success if it did not lead to client loss

(4) MHRA for UK

Note: All sites have a Japan FMA accreditation

EUROAPI products were not used in any of the products recalled from the market by the authorities in 2023.

Compliance with reinforced rules

Our manufacturing processes comply with official guidelines on the control of mutagenic impurities.

In order to limit the potential carcinogenic risk of selected APIs, we have evaluated all of our APIs to identify the risk of nitrosamine formation or (cross-)contamination. Therefore a multi-year program was developed to identify risks of mutagenic impurities in accordance with the guideline M7(R1) on the assessment and control of DNA reactive (mutagenic) impurities in pharmaceuticals published by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH). We have put remediation plans in place in accordance with official recommendations. Indeed, in October 2023 we announced that validation of a new process for our rifampicin API is in progress in order to meet the acceptable nitrosamine impurity limit. Rifampicin is among the most commonly used antibiotics in tuberculosis treatment and features on

the World Health Organization's (WHO) list of essential medicines. We plan to implement new manufacturing processes at our Brindisi site (Italy) so as to offer our customers a premium quality rifampicin API with low levels of nitrosamine in line with official guidance.

In 2022, an internal assessment at our Budapest site highlighted deviations from good documentation practices, related to the preparation of production batch logs for a specific prostaglandin. A corrective action plan was defined and production resumed in January 2023. ([Press release](#))

The Hungarian Health Authority carried out an inspection of our Budapest site on November 23-24, 2023 and confirmed that the plan is appropriate with no critical observations.

Animal welfare

As an API manufacturer, we do not manufacture drugs and therefore do not run clinical trials. As such, no

animals are used in our manufacturing process nor in our quality assurance testing. We have no plans to test on animals in the future.

5.2.2 Secure continuity of supply

As a major supplier of healthcare products, EUROAPI plays a key role in the contribution to the health and well-being of patients.

In 2022, EUROAPI conducted a detailed risk analysis of our supply chain contributing to upskilling our workforce. In 2023, the Group recruited staff to logistical planning roles in an effort to streamline our logistical network and reduce our reliance on airfreight and make a shift towards maritime transport solutions in order to improve the resilience of our distribution network.

As a means of relieving the supply-chain pressures enhanced by the current geopolitical climate, we are improving our processes for sourcing raw materials. To achieve this, we have embarked on a number of major projects:

- The repatriation projects:
 - They are aimed at reprocessing in our own production sites the key raw materials identified as critical for EUROAPI. One intermediate for Ketoprofen manufacturing was successfully relocated at the end of 2022;

Reinforcing health sovereignty

Promoting health sovereignty is a key CSR mission and initiatives to improve the security of supply of essential medicines to France and Europe represents a major component of this. In 2023, these initiatives included:

- plans to invest in our production capabilities and maintain strategic stocks of morphine and its derivatives, as well as the antagonists used as antidotes. From 2026, we expect to commit €70 million in capital expenditure, of which approximately 15% on R&D and 85% on CAPEX. This will be partially funded through the French state's recovery plan, France 2030 ([press release](#)). Our position as France's biggest supplier of morphine-based medicines makes this especially important;

- They include the launch of a catalog ([here](#)) of over 30 intermediaries intended for our clients who want to have new potential suppliers of small molecules, as well as prostaglandins, macrolides, reagents and excipients.

- Business Continuity Plan: The aim of our business continuity plan is to mitigate risks that may affect our ability to supply APIs. In 2023, a number of sites completed a process of risk analysis and began to draw up response plans and implement risk mitigation measures;

- The Mono-Sourcing Exit Program (MSEP): The aim of the MSEP is to increase the resilience of our supply chain, by reducing our reliance on the sole-sourcing of raw materials for a selection of critical APIs. The process involves an annual review of our product pipeline to assess which of our critical APIs are the most exposed to potential shortages and maintaining a safety stock of 55 critical raw materials. In 2023, the MSEP leads worked with the procurement team to roll this process out across all sites.

- €18 million in capital spending commitments at St-Aubin-lès-Elbeuf site between 2024 and 2027. As the only Western supplier of vitamin B12, boosting our manufacturing capabilities is vital and will go a long way to reducing our environmental impact;

- €31 million in capital investment at our Budapest facility between 2024 and 2027, thereby doubling our prostaglandin production capacity. Plans include a new workshop, a modern, energy-efficient air-conditioning system, solar panels and the introduction of a closed-loop waste management system. As the only Western supplier offering a full portfolio of prostaglandins and fully integrated production capabilities, in making these improvements we will go a long way to meeting increased demand and reducing our environmental impact;

- Our proposals to deliver innovative health infrastructure projects aimed at ensuring security of supply of critical medicines like macrolide antibiotics and corticosteroids. They have been submitted to the European Commission for review under the Important Project of Common European Interest (IPCEI) scheme ([See press release](#)).

The Group keeps paying attention to the sourcing of its raw materials through the follow-up of its suppliers' location. Therefore in 2023 we maintained the rate of our expenses to suppliers based in Europe to 71% vs. 29% based outside Europe.

In 2023, no product shortages were identified upstream or downstream of our value chain.

5.2.3 Ensure data and information system security

In a world where cyberattacks are becoming increasingly common, EUROAPI understands the importance of data security. Our cybersecurity strategy is built on four pillars:

- **protecting** our IT infrastructure using antivirus software and endpoint detection and response (EDR) solutions, as well as security patch management;
- **monitoring** the security of Company terminals and workstations;
- **detecting** threats, using various security measures to detect and classify security alerts and take appropriate actions via a security operations center (SOC);
- cybersecurity **Responsibility** awareness is led by the senior management, but as the first line of defense, and potential sources of infection are employees, they are expected to take personal responsibility. For this reason, we place a heavy emphasis on raising awareness and delivering training across the organization.

Under the responsibility of the Chief Digital Officer, the Head of Cybersecurity is managing the security team to ensure the effective implementation and management of the IT Cybersecurity roadmap. The cybersecurity roadmap is defined and deployed at Group level and with local teams on each manufacturing facility (involving Site Head responsibility) and ensuring site-level compliance with the roadmap and strategy.

The IT team, which is trained in cybersecurity crisis response, commissions external auditing firms to assess the security of sites from the perspective of IT infrastructure and operations, and performs its own security checks, particularly on the most commonly used software.

A set of documents (standards, policies, procedures) applies to IT support functions users and to IT system administrators. They are enforced by local site managers who are responsible for implementing the road map at their facility.

Our network security implementation was drawn up in 2023 with the purpose of protecting our systems, detecting threats and maintaining the sovereignty of our network. An initial cybersecurity risk mapping was carried out to align the cybersecurity roadmap with the main risks identified. A cybersecurity business line has been adapted to the Group context, within a global cybersecurity organization and relayed on each site. In addition, to develop protection at employee level, a cybersecurity awareness program was put in place, via a specific platform, providing a library of activities to reinforce the understanding of cyber risks amongst the employees. Different resources are available: cyber training, questionnaires, poster templates, videos, simulated phishing templates (as we make more exercises), etc.

5.2.4 Implement responsible procurement

Procurement practices are a key factor in supply chain security. Supplier selection and cooperation are vital if we are to be seen as reliable partners in the pharmaceutical value chain and achieve future success as a company.

The Procurement Department is overseen by our new Chief Procurement Officer (CPO), who joined EUROAPI in 2023, bringing with her a background in responsible procurement practices. The team works both out of head office and at local sites and is responsible for performing due diligence checks and ensuring the new suppliers of raw material have signed all documents requested for the qualification process.

Given our large portfolio of APIs, we rely on a wide range of suppliers. To ensure operational continuity, we source raw materials, products and services from some 4,000 suppliers, either through a process of direct procurement (raw materials such as solvents, organic intermediates, natural resources, mineral products, acids and bases, etc.) or indirect procurement (IT, professional services, consultancy, CAPEX, maintenance and repair, etc.).

Following a risk mapping exercise conducted in 2022, raw material suppliers were categorized according to their impact on manufacturing processes and prices.

In the past year:

- European suppliers accounted for over 71% of our total raw material expenditure (vs suppliers in China and India: 24% vs. other countries in the world 5%).

Qualification process

At each site, buyers are responsible for getting the feedback for the qualification process of our suppliers, that is subject to Group oversight. The process has included processing survey responses since January 2023, signing suppliers up to our Code of Conduct and Code of Ethics.

The procedures put in place have for objective to ensure compliance of our suppliers' standards regarding sustainability, labor rights and working conditions.

All new suppliers of raw materials are subject to our Supplier Code of Conduct and Code of Ethics and are expected to complete the ESG survey. In 2023, 61%

- Our 10 biggest raw material suppliers accounted for approximately 32% of our total raw material expenditure and 51% of that raw material has at least a dual sourcing.

Our Procurement Department also plays a key role in delivering our Mono-Sourcing Exit Program (MSEP), collaborating with our operational teams on business continuity planning (see chap.5.2.2 - Secure continuity of supply).

Our Supplier Code of Conduct sets out the basic principles we expect our suppliers to follow, including in respect of human rights, working conditions, environmental protection and anti-corruption measures and is published on our [website](#). Our suppliers are also required to sign up to our Code of Ethics. Both of these policies are a mandatory part of the onboarding process for new suppliers.

Our Supplier Relationships Charter is also available on our [website](#) and sets out the rules of conduct to be observed by all employees in their dealings with suppliers. The Charter is intended to raise awareness of our ethical standards, promote respectful relationships with our suppliers and discourage unethical conduct.

In addition to these company-wide policies, since 2023, all suppliers of raw materials have been asked to fill out an ESG survey as part of the qualification process.

of them completed our ESG questionnaire, 87% responded to the Code of conduct and 87% to the Code of Ethics, though our objective is to achieve 100% feedback on a yearly basis.

The questionnaire will enable us to calculate a score for our suppliers based on five key topics:

- Ethics;
- Finance;
- Corporate Social Responsibility (CSR);
- Health, Safety & Environment (HSE);
- Cybersecurity.

These scores will be used to improve our supplier qualification in 2024.

Once the Procurement Department has identified a potential supplier, the Quality Assurance Department carries out compound screening on the product.

Audits, third-party assessment and GMP validation may also be used, the ultimate goal being to conduct a thorough assessment of the compliance and sustainability of any potential suppliers.

Responsible procurement program

The Group is committed to upholding human rights, occupational health and safety and environmental standards both in its own operations and throughout its supply chain. It considers cooperation with its suppliers as a means of embedding sustainability across the whole value chain.

As such, plans are in place for new policies and procedures aimed at incentivizing suppliers across our value chain to strengthen working conditions and employment rights.

The Group keeps paying attention to the sourcing of its raw material through the follow-up of its suppliers' location. Therefore in 2023 we maintained the rate of our expenses to suppliers based in Europe to 71% vs. 29% based outside Europe.

As part of our responsible procurement commitments, we have plans to join forces with industry peers to develop joint policies for shared suppliers. In early 2023, we submitted an application to join the Pharmaceutical Supply Chain Initiative (PSCI), a non-profit membership organization that brings together pharmaceutical companies and API manufacturers, with the aim of promoting responsible supply chain practices and joint supplier audits. Our application is currently ongoing.

5.3 COMMITMENT No.2: ACCELERATE INNOVATION FOR ENVIRONMENTAL SUSTAINABILITY



Aware of the environmental challenges that society is facing, the Group has established, on the one hand, programs that are incrementally improving existing processes in terms of water consumption, CO₂ emissions, energy consumption and waste management, and on the other hand, a program and partnerships that are significantly changing the process of producing APIs.

This twofold approach allows for both a mid-term and long-term vision, enabling sustainable growth for the Group as environmental, physical and transition risks are addressed.

All of the Group's sites were certified ISO 14001 (environmental management) and ISO 50001 (energy management) in 2023.

We intend to reduce our absolute scope 1 and 2 CO₂ emissions by 30% by 2030 (compared to 2020) and have begun working with suppliers and clients to reduce scope 3 emissions. Further external partnerships and assessments will help us to deliver an environmental strategy that is aligned with the Paris Agreement decarbonization agenda and to reach the goal of Net Zero by 2050.

In October 2023, we announced a strategic review ([Press release October 9, 2023](#)) which may result in the adaptation of investments and programs from 2024.

5.3.1 Toward responsible innovation

EUROAPI's ability to provide clients and patients with adapted active-ingredient health solutions is driven by our capacity to innovate. With a long history in active ingredient manufacturing, the Group is aware that responsible innovation is critical for sustainable growth and manufacturing performance.

New Global R&D organization

In May 2023, EUROAPI announced a new, global R&D structure aimed at improving processes, extending our API portfolio enabling Contract Development and Manufacturing Organization (CDMO) growth and driving responsible innovation ([Group news](#)).

It enables the Group to become a more flexible, agile and science-driven organization with project delivery and customer satisfaction, EUROAPI is moving from a regional to a functional model.

As a step towards our goal of becoming a global leader in process research and development, Euroapi's organizational structure will be overhauled, with the six regional departments set to give way to five technological platforms:

- Small Molecules Early stage;
- Small Molecules Late stage;
- Peptides & Oligonucleotides;
- Biotechnology;
- Particle Engineering & Unit Operation Design.

In order to reinforce the Group's R&D sustainable innovation, a position of Head of Innovation was created in 2023. The Chief Research and Development Officer is supervising a team of project managers and coordinators as well as the R&D innovation portfolio manager. Local deployment is ensured at site level through the dedicated R&D Teams.

The innovation strategy will be driven by improved chemical-process efficiency and economics. Improved chemical-process efficiency and economics are based on the 12 well-defined "principles of green chemistry that will remain central to the new strategy⁽¹⁾".

A number of internal innovation projects were implemented and developed in 2023. As of November 2023, over 75% of these were aimed at reducing the Group's environmental impact. The main projects are based on the following technologies:

- biocatalysis technology: in order to reduce our environmental impact, this technology has been implemented for intermediates and with partners specialized in enzyme engineering, especially at the Frankfurt and Budapest sites. We expect this technology to be rolled out to other sites;
- flow chemistry (continuous chemistry): our first initiative at the Haverhill site is expected to be rolled out to the Frankfurt site. This technology is more energy-efficient and offers better real-time analysis. It generates less hazardous waste and uses greener solvents and reagents, helping us to design chemical products that are more eco-friendly;
- biochemistry intensification: this biotechnology is relevant for our fermentation sites in Brindisi and Saint-Aubin-lès-Elbeuf. The chemical processes involve fewer steps, since they are based on fermentation with micro-organisms for the synthesis of active molecules.

EUROAPI is a key partner in several IPCEI programs (Important Project of Common European Interest). Its application is currently under review by the European Commission.

For the French IPCEI, the Group has submitted innovative projects to help meet the demand for critical medicines that are currently imported such as macrolide antibiotics and corticosteroids. These projects present disruptive environmental innovations ([press release](#)).

Finally, providing staff training is crucial in order to develop these new technologies and a number of courses are currently available for R&D teams.

As an example, in 2023, the Brindisi's site team expanded its skillset to include the production of active enzymes through bio catalysis by fermentation. A white paper was published in January 2024 ([link](#)).

⁽¹⁾ 12 Principles of Green Chemistry - ACS Green Chemistry Institute®: <http://www.acs.org/content/acs/en/greenchemistry/what-is-green-chemistry/principles/12-principles-of-green-chemistry.html>

Next steps

PMI (Process Mass Intensity) and E factor (CDMO, PI/PE, innovation) are currently being rolled out as metrics to track the Group's environmental performance. We aim to train staff across the organization in the use of these metrics in 2024.

This will enable teams to implement new evaluation criteria on a routine basis. The implementation of these metrics will help the Group to document and reduce the environmental impact of its activities.

We continue to collaborate with external research groups to improve our environmental footprint via more effective and greener processes; including by leveraging new technologies..

In the medium and long term, we aim to take these successful sustainability initiatives out of the lab and roll them out to production plants based on agreed objectives and time-frames.

5.3.2 Minimize the Group's environmental impact

The Group is driving constant improvement in industrial practices, using all available means to limit the direct and indirect environmental impact of its activities.



















The manufacture of active pharmaceutical ingredients is energy-intensive and involves numerous stages that often require extremely low or high temperatures and products made of petrochemicals or minerals, and the Group operates in a restrictive legislative and regulatory environment with respect to environmental protection, public health and safety.

As part of our responsible manufacturing commitment, we are working on improving our practices, including by optimizing energy and water consumption and reducing waste and emissions. As such, we have set short-term (2025-2030) and long-term (2050) objectives to reduce our carbon emissions and drawn up associated action plans. €40.5 million is provisioned for this remediation plan.

Under the responsibility of the Chief Operating Officer, the HSE Department is overseen by the Head of HSE who is responsible for delivering the Group's environmental strategy and overseeing the implementation and management of associated programs.

The measurement and monitoring of environmental indicators is managed at site level by HSE Site Managers. The Environment Team's remit includes energy, water, waste and emissions management. It is also responsible for consumption programs and initiatives across all operations. These initiatives form an integral part of the Group's global HSE Policy and its Environmental Fact sheet which are available on the Company's [website](#). Environmental metrics and performance are reported and reviewed regularly by the Board of Directors' ESG Committee (see Section 5.1.6 "The Group's ESG governance" for further details).

As a first step towards optimizing both energy and water consumption, in addition to reducing waste and emissions, all manufacturing sites of the Group are now certified ISO 14001 (environmental management systems) and ISO 50001 (energy management systems). Those certifications ensure that the Group is constantly working on improving its practices regarding the management of energy (reducing the use of energy per unit produced) as well as for the ISO 14001 to constantly optimize water use, waste reduction and air emissions quality.

	ISO 14001		ISO 50001	
	Environmental Best practice		Energy management Best practice	
 Vertolaye		Since 2000		Since 2023
 Elbeuf		Since 2022		Since 2017
 Frankfurt		Since 1999		Since 2012
 Budapest		Since 2006		Since 2016
 Brindisi		Since 1999		Since 2023
 Haverhill		Since 2023		Since 2023

ISO 50001 certification granted to Haverhill site in 2024 based on Oct. 2023 audit.

In 2023, in order to address client requests, three of the Group's sites were audited according to PSCI principles. Audits can be shared with the Group's clients that are member of PSCI on request.

Evaluating the Group's Environmental Impact

The Group measures and monitors its GHG (Greenhouse gases) emissions and reports them in line with the GHG Protocol methodology. We monitor and control such emissions to comply with statutory requirements and to reduce them beyond regulatory requirements.

GHG emissions are categorized into three groups: Scope 1 and Scope 2 cover emissions from our operations and energy use, while Scope 3 includes all other indirect emissions that occur in our value chain.

In order to improve reporting accuracy and to have indicators closer to reality, the Group has significantly evolved its calculation method in 2023. That is affecting:

- the perimeter covered: it now includes Francopia activities and trading activities emissions such as Reverse Manufacturing and Supply Agreements, as well as an exhaustive calculation of upstream transportation and distribution not covered previously
- the methodology used, that has been updated, in order to include:
 - a) the latest World Business Council for Sustainable Development (WBCSD) guidelines for Chemicals concerning sales of energy and to be aligned with GHG Protocol guidelines for the purchase of indirect goods and services
 - b) the latest and up to date emission factors and emissions sources.

In order to be able to identify trends that are closer to reality, emissions changes were calculated between last year's methodology and last year's perimeter 2023 emissions (2023 LY metho.) and corrected 2022 emissions. More details on calculation methods are available in Section 5.7.1 "Methodology note on non-financial reporting".

Results for direct emissions show that in 2023:

- a) Scope 1 emissions growth was contained to a 2% increase vs 2022 due to reductions in energy consumption and increases in refrigerant liquids consumption;
- b) Scope 2 emissions (market-based methodology), were reduced by 12% vs 2022 due to the increase of sold energy.
- c) The Group has taken the commitment to reduce its direct emissions (scopes 1 & 2) by 30% by 2030 compared to 2020. In 2023, the Group's direct emissions decreased by 20%⁽¹⁾ compared to 2020, which puts the company on track to meet its 2030 objectives.

⁽¹⁾ Change is calculated between 2023 new methodology (notably alignment with WBCSD for Chemicals guidelines concerning sales of energy) and 2020.

Scopes 1 & 2 emissions (in metric tons of CO ₂ e)	2023	2022 corrected	2021	2020	Change due to Euroapi activity (2023 LY metho and LY perimeter** vs 2022 corrected)
Scope 1 GHG emissions	63,086	61,250	73,582	74,043	2% *
Scope 2 GHG emissions	28,614	30,061	27,371	40,003	-12% *
Total Scopes 1 & 2 GHG emissions	91,700	91,311	100,953	114,046	-2% *

* Rolling year Q4 2022 - Q3 2023 for energy and waste.

Results for indirect emissions show that Scope 3 emissions growth was stable in 2023 vs 2022 due to a decline of purchased goods and services.

Scope 3 emissions are calculated for each category outlined in the GHG Protocol.

These calculation method improvements identify action levels for the decarbonization road map that will be focusing on waste management and transportation (upstream transportation, distribution, business travel and employee commuting).

Scope 3 GHG emissions (in metric tons of CO ₂ e)	2023	2022 corrected*	2021	Change due to Euroapi activity (2023 LY metho and LY perimeter** vs 2022 corrected)
1. Purchased goods and services	397,812	280,661	313,117	-6%
2. Capital goods	16,086	35,031	22,219	-6%
3. Fuel and energy-related activities	29,648	24,698	23,650	-8% ***
4. Upstream transportation and distribution	23,719	22,906	22,906	+4% **
5. Waste generated in operations	144,505	136,287	132,665	+6% ***
6. Business travel	996	526	2,000	+89%
7. Employee commuting	6,237	5,445	4,873	+15%
8. Upstream leased assets	N/A	N/A	N/A	/
9. Downstream transportation and distribution	N/A	N/A	N/A	/
10. Processing of sold products	76,235	78,138	117,448	-2% **
11. Use of sold products	N/A	N/A	N/A	/
12. End-of-life treatment of sold products	9,828	6,885	6,554	+43% **
13. Downstream leased assets	N/A	N/A	N/A	/
14. Franchises	N/A	N/A	N/A	/
15. Investments	N/A	N/A	N/A	/
Total Scope 3 GHG emissions	705,065	590,577	645,432	-2%

* Error in calculations that does not qualify as a methodology change: error of unit, error in calculation formulas.

** When "2023 LY metho and LY perimeter" is not available, evolution is calculated between 2023 and 2022 corrected. See Section 7.7.1 Methodology note on non-financial reporting for LY data.

*** Rolling year Q4 2022 - Q3 2023 for energy and waste.

Fighting climate change

The Group is aware that companies have a crucial role to play in contributing to the fight against climate change. Since 2020, the Group has set itself an ambitious target of reducing direct CO₂ emissions from owned or controlled operations (Scope 1) and indirect CO₂ emissions from the generation of purchased or acquired energy consumed by the Group (Scope 2), by 30% by 2030 vs. 2020.

In addition to its global policies, the HSE Department has developed a set of internal standards outlining the procedures for monitoring, measuring and reporting the environmental indicators required to calculate Scope 1, 2 and 3 emissions and products' carbon footprints. The standards are regularly reviewed and updated when necessary to ensure compliance with applicable laws and regulations, as well as to incorporate any specific risks associated with EUROAPI's activities.

In 2023 the Group decarbonization road map was finalized and presented to the ESG SteerCo. It was based on internal consultation of ongoing investments, scope 1,2,3 data published in 2022 and external expertise for the methodology and the modeling of reduction potentials. Decarbonization levers and a clear set of actions were identified to allow alignment with the Paris Agreement.

However, in light of the recently announced strategic review ([Press Release](#)), assumptions concerning business growth, portfolio perimeter and company expansion might have to be revised, depending of the outcome of this review. As a result, an updated version of the decarbonization road map of the Company might have to be reviewed and validated in 2024.

Consequently, the decarbonization road map presented below is not aligned anymore with overall business strategy and financial planning. However, it is this analysis and methodology that will be used for review in 2024.

Roadmap for reducing the Group's direct GHG emissions (Scopes 1 & 2)

In 2023, Scopes 1&2 represented 11 % of EUROAPI's carbon footprint.

It includes 8% of direct CO₂ emissions from owned or controlled operations (Scope 1) and 3.5 % of indirect CO₂ emissions from the generation of purchased or acquired energy such as electricity, steam, heating and cooling consumed by the Group (Scope 2).

Absolute reduction targets for scope 1 and scope 2 are aligned with the Paris Agreement when, at a minimum, scope 1 and scope 2 near-term targets are consistent with the level of decarbonization required to keep the global temperature increase to 1.5°C compared to pre-industrial temperatures.

Therefore, the Group's minimum ambition was -42% by 2030 from baseline year (2022) for its decarbonization road map. It could have been reached with a total of 33 actions totaling an investment of € 41 million in addition to a business-as-usual scenario.

5 main actions (existing or to be developed) were identified as representing 84% of the decarbonization potential from 2022 to 2030:

5 Main Actions	Decarbonization potential	Description
Biomass Boiler in Elbeuf	55%	New generation biomass boiler, the equipment would use waste wood (Grade B). It could also allow the production of green electricity by using cogeneration technology.
Green electricity purchase at the Frankfurt site	12%	EUROAPI has a commitment to have 100% of its sites use electricity from renewable sources. It is the case for all its sites, except for the Frankfurt site that will purchase green electricity from 2025.
Hot water network in Brindisi site	7%	Create a hot water network and recover heat waste from chillers and waste heat (condensates).
Fatal heat recovery from Incinerator in Vertolaye site	7.5%	Reinstall a heat exchanger on incinerator Create a steam network from the incinerator to the site for connection to the existing steam network
Photovoltaic panels at the Haverhill site	2.5%	Solar farm generating renewable energy to sustain the manufacturing facility for the next 30 years.

More data on energy efficiency and renewable energies are available in the next section.

Roadmap for reducing the Group's indirect GHG emissions (scope 3)

In 2023, Scope 3 represented 88.5% of EUROAPI's carbon footprint.

In order to be aligned with the Paris Agreement, near-term scope 3 targets (covering the entire value chain or individual scope 3 categories) must be aligned at a minimum, with methods consistent with the level of decarbonization required to keep the global temperature increase well-below 2°C compared to

pre-industrial temperatures. Therefore, the Group's minimum ambition was -25% by 2030 from baseline year (2022) for its decarbonization road map.

This objective could have been reached from an estimated business as usual assumption, with a set of 3 categories of actions, existing or to be developed. The CAPEX required has not been estimated. Most of the actions address the decrease of purchased goods and waste treatments emissions as they represented 49% of the Group's carbon emissions in 2023.

3 categories of actions	Decarbonization potential	Examples of KPI
Solvents regeneration and selection	27%	Internal recycling rate (%), Total bio solvents used compared to 2022 baseline (%)
Sustainable purchasing, Process Improvement and Transportation Optimization	30%	Acids, bases and alcohol used compared to 2022 baseline (%); Diatomous earth consumption reduction compared to 2022 baseline (%); Resin reduction compared to 2022 baseline (%), Volume switched from air to sea freight among candidates compared to 2022 baseline (%); Trucks switched to ecofuel (%); Total air business trips reduced (%); carpooling rate.
Responsible Innovation	43%	Product /processes carbon footprint

An updated version of the decarbonization road map of the company might have to be reviewed and validated in 2024 in light of the strategic review outcome.

Set long-term (2050) targets is the second step on the road to Net Zero

EUROAPI has initiated in 2023 discussions about the long-term target's actions.

In the long-term, emissions in the Science Based Target initiative cross-sector pathway must be reduced by at least 90% and most sector-specific pathways also reduce CO₂ emissions by 90% or more from 2020 levels.

Consequently, long-term targets for the Company should be equivalent to at least a 90% absolute reduction across scopes.

Identified preliminary results for the Group showed that it would necessitate at least sustaining the near-term very ambitious decarbonization pace after 2030. Further investigations will be done after the strategic review outcome.

Improving energy efficiency and increasing use of renewable energies

To address the challenges of reducing fossil fuel resources and positively impact climate change, the Group has adopted an approach that combines energy efficiency (consume less and consume smarter) with the decarbonization of energy supplies (consume differently).

With 100% of the sites certified ISO 51001, and within the framework of its ESG Policy, the Group has developed a strategy for improving energy efficiency across its operations and increasing its use of energy derived from renewable sources.

The strategy is centered around the following elements:

- integrating energy efficiency in the design and choice of energy consuming equipment;
- choosing carbon-neutral designs for all new buildings;
- implementing energy recovery processes;
- producing renewable energy on Company sites (self-generation); and
- increasing purchases of electricity from renewable sources.

In 2023, solar photovoltaic panels have been installed in Haverhill and the same project is planned for Brindisi. Several projects are being assessed in the continuity of 2022 such as the biomass boiler in Elbeuf, the hot water network in Brindisi site and the fatal heat recovery from incinerator at the Vertolaye site.



Haverhill solar farm operational in 2023

The Group's energy consumption was stable with an increase of the renewable energy consumption, representing 25% of our total consumption in 2023.

Energy consumption by source (MWh)		2023	2022	2021	Change vs 2022 (%)
Renewable	Renewable electricity (purchased)	148,891	143,646	163,553	+3.7%
	Renewable electricity (generated on-site)	8.4	8.0	12.0	+5.0%
	Total renewable energy consumption	148,899	143,654	163,566	+3.7%
	% Total renewable energy consumption	25%	24%	27%	
Non-renewable	Non-renewable electricity	21,489	21,392	3,734	+0.5%
	Natural gas	326,569	332,470	327,047	-1.8%
	Waste-to-energy	7,071	6,775	5,809	+4.4%
	Other non-renewable energies (steam, chilled water, compressed air, etc.)	100,444	97,646	98,764	+2.9%
	Total non-renewable energy consumption	455,573	458,283	435,354	-0.6%
Total energy consumption		604,472	601,937	598,920	+0.4%

Optimizing water management

The Group is committed to the responsible management of water in order to have environmentally sustainable and socially equitable usage of this essential resource. The Group's industrial activity requires significant use of water, an essential element in the production of APIs and necessary for the operation of industrial sites and equipment.

Water usage is necessary at 3 different steps of the manufacturing processes: for the synthesis of APIs, for heating or cooling some processes and for the cleaning of the production unit.

Mindful of the water-dependent nature of API production and in line with its Environmental Factsheet, the Group encourages sites to set up a water efficiency program, such as recycling methods. Several sites have implemented a closed loop water system, for reuse of recycled water.

As a result, in 2023, in the context of the climate-related risk assessment, water stress analysis was conducted for all EUROAPI sites. The risk mitigation efforts will be pursued in 2024. More details in Section 3.2 Risk Factors.

In 2023, however, total water withdrawal of the Group increased by 11%. This is due to fermentation activities development, that requires a higher amount of water.

<i>Water withdrawal by source (in thousand m³)</i>	2023	2022	2021	Change vs 2022 (%)
Public supply	1,330	1,411	1,377	-5.7%
Other supplier	10	19	31	-48.2%
Surface water	4,220	4,216	4,903	0.1%
Groundwater	14,009	11,915	14,692	17.6%
Total water withdrawal	19,570	17,561	21,004	11.4%

On average, an estimated 23% of the water consumed on the Group's sites has been recycled or reused over the three years presented.

<i>Water consumption (in thousand m³)</i>	2023	2022	2021	Change vs 2022 (%)
Water recycled / reused on site	4,442	4,885	4,809	-9.1%
Total water consumption	19,127	18,352	16,806	4.2%

An illustration of the sites' commitment to water management is the Responsible Care® "Environment" Trophy won by the Vertolaye site, in the category for the management of water resources. A new process enabling the site to return 97% of the water to nature after internal treatment was appreciated.



Responsible Care® Trophy - ChimieAURA

The difference between total water consumption and total water withdrawal is explained in the methodology note (see Section 5.7.1 "Methodology note on non-financial reporting").

In 2024, a detailed water stewardship roadmap will be developed. It will consider evolving climate-related challenges and changing legislation. It will include:

- implementation of a water efficiency program at each industrial site, adapted to site-specific requirements;
- prioritization of industrial sites presenting higher water-related risks;
- continuous assessment of water-related risks; and
- consideration of water use at product level (product water footprint).

Improving waste management and promoting responsible consumption

The synthesis of APIs is dependent on chemical processes that generate waste as a by-product. The Group generates, through its industrial activity, hazardous and non-hazardous waste classified according to the legislation in force.

The reduction of waste arising from its operations, especially through greener chemistry, is one of the Group's environmental sustainability priorities, since emissions related to waste account for approximately 20% of the Group's total Scope 3 emissions.

Amongst the set-up actions (see Section 5.3.1 "Toward responsible innovation"):

- the introduction of green chemistry in our processes contributes to reducing our environmental impact;

- overall particular care is provided in reducing the consumption of non-renewable raw materials used in manufacturing processes.

The HSE Department set up a waste management policy (see our [Environmental Factsheet](#)) and outlined the procedures for monitoring, measuring and reporting environmental indicators related to waste production and raw material consumption.

The initiatives put in place have enabled a slight reduction of -1% of hazardous waste between 2022 and 2023. However, total waste produced in 2023 at the Group's industrial sites increased by 2% versus 2022, due to operational issues with several waste water treatment plants. Operational amendments such as oxygenation systems are under investigation in order to increase the management of the water treatment processes in the future.

<i>Waste produced (in metric tons)</i>	2023	2022	2021	Change vs 2022 (%)
Hazardous waste	54,938	55,307	53,414	-0.7%
Non-hazardous waste	45,667	43,361	42,780	+5.3%
Total waste produced	100,605	98,668	96,194	2.0%

The difference between hazardous and non-hazardous waste is explained in the methodology note (see Section 5.7.1 "Methodology note on non-financial reporting").

It is the result of higher production volumes and product mix changes, which does not systematically enable recycling, as possibilities differ from product to product. In 2024 we plan to identify the best available waste treatment options.

The rate of material recycled (quantity of waste recycled as a percentage of total waste produced) achieved has increased for hazardous waste by 5%, while it decreased by 3% for non-hazardous waste.

<i>Waste recycled (in metric tons)</i>	2023	2022	2021	Change vs 2022 (%)
Hazardous waste	8,276	7,883	7,924	+5.0%
Non-hazardous waste	25,344	26,180	25,794	-3.2%
Total waste recycled	33,620	34,063	33,718	-1.3%
Rate of material recycled	33.4%	34.5%	35.1%	-3.2%

The increase in landfill disposal is due to the interruption of an energy recovery partner. Alternative partners and back-up for waste treatment for energy recovery are under investigation.

Two of its six industrial sites have maintained “zero waste to landfill” in 2023.

<i>Waste sent to authorized landfills (in metric tons)</i>	2023	2022	2021	Change vs 2022 (%)
Hazardous waste	1,425	1,539	1,359	-7.4%
Non-hazardous waste	7,782	3,656	5,035	+112.9%
Total waste to landfill	9,207	5,195	6,394	77.2%
Rate of landfill disposal	9.2%	5.3%	6.6%	+73.8%

<i>Waste incinerated with energy recovery (in metric tons)</i>	2023	2022	2021	Change vs 2022 (%)
Hazardous waste	17,846	19,085	16,613	-6.5%
Non-hazardous waste	388	2,118	2,450	-81.7%
Total waste incinerated with energy recovery	18,234	21,203	19,063	-14.0%
Rate of energy recovery	18.1%	21.5%	19.8%	-15.7%

Other waste treatment methods are used at the Group’s industrial sites depending on the specific nature of the waste to be treated and the most appropriate method available. Total waste treated with other methods is calculated as a percentage of total waste produced.

<i>Waste treated with other methods (in metric tons)</i>	2023	2022	2021	Change vs 2021 (%)
Hazardous waste ⁽¹⁾	27,391	26,801	27,518	+2.2%
Non-hazardous waste ⁽²⁾	12,153	11,407	9,500	+6.5%
Total waste treated with other methods	39,544	38,208	37,019	3.5%
% total waste	39.3%	38.7%	38.5%	+1.5%

(1) Includes the treatment of water containing chemical agents via incineration.

(2) Includes the off-site treatment of brine water.

Following an increasing demand for certain products and therefore a higher need for solvents, the Group has launched a program broken down into different steps for solvent recovery.

One of our most effective projects in 2023 was to successfully recover toluene used in the antihistamine fexofenadine production, implemented at the Frankfurt site. This project has internally recycled 1,100 tons of toluene, resulting in a reduction of 1,780 t CO₂ emissions.

EUROAPI is working on a roadmap for 2030, that will contribute to minimizing our environmental footprint and our decarbonization process.

<i>Solvent consumption (in metric tons)</i>	2023	2022	2021	Change vs 2022 (%)
Solvents consumed	87,595	83,275	79,117	+5.2%
Solvents regenerated	62,246	56,213	50,581	+10.7%
Rate of solvent recycling	71.1%	67.5%	63.9%	+5.3%

Reducing emissions into air, water, soil and subsoil

Solvents are required for API production and are highly regulated due to their volatile nature and associated emissions factor. They are used by the Group, either purchased or regenerated on site, and they are used in compliance with the recommendations for proper use established at the Group level.

The Group encourages the optimization of processes, and regeneration, where possible, in order to reduce the quantity of solvents consumed (see Section 3.2.2 (b) "Risks related to supply difficulties, raw material and energy costs, and relationships with certain suppliers and subcontractors" of the Universal Registration Document).

The Group keeps on working on the reduction of the emissions of volatile organic compounds (VOCs) resulting from the synthesis of APIs. To achieve this objective, it promotes an integrated approach at each stage of product development, from research to production, which is designed to:

- limit the use of solvents by substituting biological processes for chemical ones;
- promote the recycling of solvents;
- select the least toxic solvents;
- reduce emissions at source by adapting manufacturing processes accordingly and implementing maximum containment of solvent use; and
- capture and appropriately treat any residual VOC emissions through the implementation of abatement technologies such as cryogenic capture, gas scrubbers, thermal oxidizers or activated carbon.

The Group is also committed to controlling wastewater discharge at its industrial sites. It proactively pursues programs that are designed to:

- monitor and control water discharged into the environment according to requirements defined by local permits;
- reduce the quantities of wastewater discharged at source; and

- employ advanced treatment methods at site level, such as ozone or activated carbon, where appropriate.

With respect to soil and subsoil, the Group has implemented a systematic multi-year program of monitoring and studying soil and shallow and deep aquifer water at its sites. The Group continuously reviews any necessary remediation work and implements appropriate rehabilitation work in collaboration with national and local authorities.

In addition to its global policies, the HSE Department has developed a set of internal standards which outline the procedures for monitoring, measuring and reporting environmental indicators related to VOC emissions and other releases into the air, water, soil or subsoil at each site. For example at Saint-Aubin-lès-Elbeuf's manufacturing site the manufacturing process was improved with the objective to reduce the quantity of wastewater discharged.

At the Vertolaye site, the pilot initiated for decreasing VOC emissions was not conclusive and the Group maintains efforts to look for alternatives to reduce VOC emissions.

In line with its solvent recovery program, the Group has an internal standard for banned solvents (such as diethyl ether, benzene, propionitrile, etc.) with which all industrial facilities comply.

Environmental analysis of the Group's sites is carried out periodically to identify any actual or potential impact on the environment, and to define priorities in terms of environmental protection action plans and monitor progress.

VOC emissions have continued to decrease thanks to initiatives at the Group's sites. In particular, VOC emissions of the Group decreased by 14% as a benefit of the investments in our some of our incineration systems. However, the Group's Ozone Depleting Substance (ODS) emissions for 2023 increased by 37% due to equipment failures. Equipment is to be replaced and early detection for leaks will be put in place.

<i>Air emissions</i>	2023	2022	2021	Change vs 2022 (%)
VOC emissions (in metric tons)	1,219	1,413	1,338	-13.7%
ODS emissions (in kilograms)	358	261	545	+37.2%

The larger quantity of water that was used for our production also impacted the quantities of wastewater discharged (+ 10%).

Wastewater discharged (in thousand m ³)	2023	2022	2021	Change vs 2022 (%)
Wastewater discharged (in thousand m ³)	23,900	21,786	25,492	+9.7%

Due to the sanitary authorities' different requirements for each of its sites, the Group does not report indicators related to the quality of water discharge. However, water quality parameters, notably chemical oxygen demand (COD), are tracked at site level and follow the limits applicable by the local permits.

Mobilizing employees for environmental protection and awards

In order to continuously improve its environmental performance, as well as act as a responsible employer, the Group promotes environmental awareness and mobilization among its employees.

In 2023 environmental and climate change awareness workshops took place to increase the level of awareness regarding environment issues.



Climate Fresk in Frankfurt, December 2023

Protecting biodiversity

The Group is well aware that biodiversity is vital to maintaining the balance of life on the planet and that the world's natural ecosystems are deteriorating at an unprecedented level in human history.

Through the diverse projects in optimizing chemical product use and water use (see section "Reducing emissions into air, water, soil and subsoil" in chap.5.3.2: Minimize the Group's environmental impact), the Group aims to limit its impact on biodiversity.

It also promotes awareness of employees, by increasing the green space accessible to the employees (in Haverhill for example), where they can enjoy the place for activities, and also help maintaining the garden (once a month with professionals). The garden benefits from wild growth, enabling employees to better observe biodiversity, learn to protect it, while having a positive impact on their well-being.

5.4 COMMITMENT No. 3: CREATE A SAFE AND MULTICULTURAL WORKPLACE



Spread across 10 countries, our workforce of some 3,670 highly qualified people represent our most valuable asset.

We are committed to ensuring their health and safety and offering an inclusive and fulfilling work environment. We will build on our excellent track record in health and safety and have made a commitment to reducing our Lost Time Injury frequency rate to 1.5 and our Total Recordable Injury frequency rate to 2.5 for employees at all sites by 2025.

A number of employee engagement and development initiatives are currently in the pipeline. These are based on feedback obtained through regular employee consultations and surveys conducted throughout 2023 and will include improved recruitment processes, better talent retention and more professional development opportunities.

In 2022, women made up 30% of our Extended Leadership Team (ELT) and in 2023, the figure was 36%. We will continue to promote gender equality and diversity at every level of the organization.

5.4.1 Human capital, a key asset for the Group

At EUROAPI we are convinced that the Group's employees are one of the most important sources for generating added value. The way a company attracts, retains and develops its people determines company success. Human capital is one of the primary components of intellectual capital, which, in addition to tangible assets, comprise the entire value of a company.

With the entire company, Human Resources function is in charge to oversee and manage the employees' lifecycle. Under the leadership of the Chief Human Resources Officer, Corporate HR teams

(Compensation & Benefits, Talent and Organization development) and Sites teams, define and deploy EUROAPI People strategy.

The Diversity, inclusion and talent development function is endorsed at the central function by the Head of Talent Management & Transformation. Her role is to define EUROAPI Group Strategy in Diversity and Inclusion field as well as in the Talent and organization development and to ensure the deployment of these approaches within the different sites of the Group.

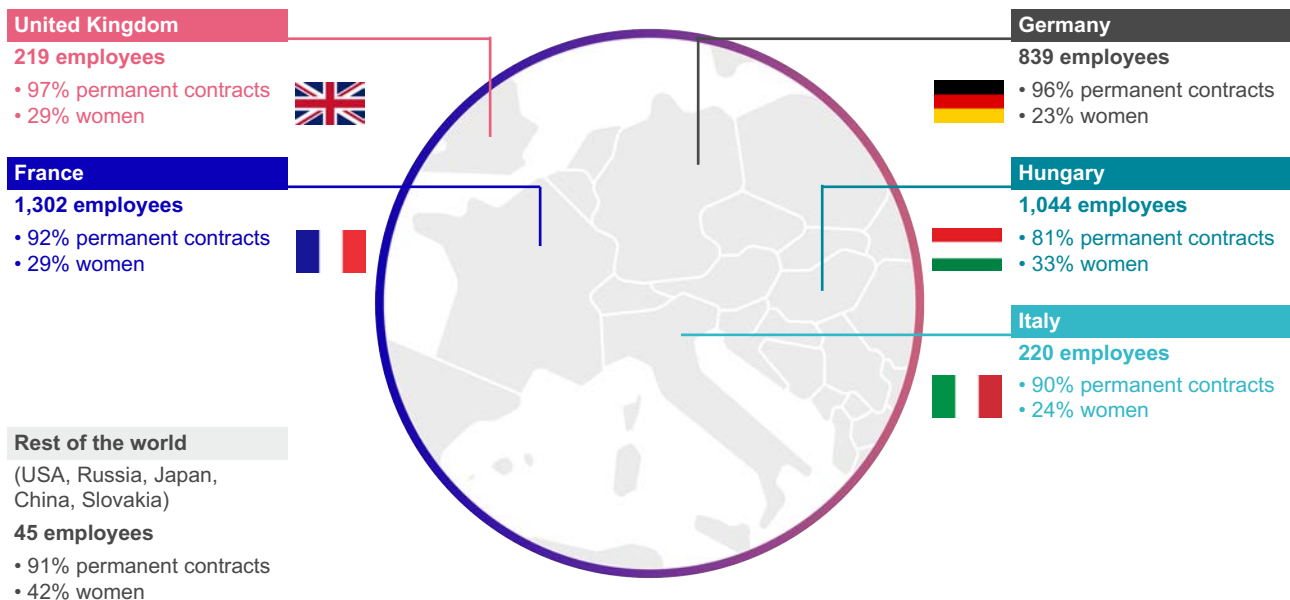
Working conditions and human resources policy

At EUROAPI, our people are our top priority and our commitment to employee welfare is embedded across the organization (Group and sites levels) through our ESG strategy. In practice, this takes the form of an unwavering commitment to health and safety, employee consultation and engagement, excellent working conditions and a diverse and inclusive workplace.

Working hours are organized to meet the needs of the Group's clients taking into account the production capacity of our industrial sites. Employees are working in shifts in the production area. In France, some collective agreements about the working time organization are in place. The Group plans to review these agreements with the Works Council to simplify, harmonize and have working time organization more flexible.

Number and distribution of employees

As of December 31, 2023, Euroapi employed some 3,670 people (excluding temporary workers), of which approximately 1,300 were based in France.



The tables below present headcount statistics for the last three reporting periods.

Headcount breakdown by country:

Country	Employees at December 31						
	2023			2022			2021
	Women	Men	Total	Women	Men	Total	
France	379	923	1,302	341	894	1,235	1,175
Hungary	342	702	1,044	319	616	935	919
Germany	193	646	839	169	602	771	735
United Kingdom	64	155	219	79	177	256	245
Italy	53	167	220	47	161	208	228
Other	19	26	45	18	26	44	40
Total	1,050	2,619	3,669	973	2,476	3,449	3,342

Headcount breakdown by employment contract:

Breakdown of the workforce by type of contract	Employees at December 31						
	2023			2022			2021
	Women	Men	Total	Women	Men	Total	
Permanent contracts	25%	65%	90%	24%	66%	90%	88%
Fixed-term contracts	4%	6%	10%	4%	6%	10%	12%
Total	29%	71%	100%	28%	72%	100%	100%

Breakdown of the workforce by type of contract	Employees at December 31		
	2023		
	Women	Men	Total
Permanent contracts	917	2,385	3,302
Fixed-term contracts	133	234	367
Total	1,050	2,619	3,669

Headcount breakdown by country and employment contract:

Country	Employees at December 31, 2023		
	Employees	Permanent (%)	Fixed-term (%)
France	1,302	32.8%	2.7%
Hungary	1,044	23.0%	5.5%
Germany	839	21.9%	0.9%
United Kingdom	219	5.8%	0.2%
Italy	220	5.4%	0.6%
Other	45	1.1%	0.1%
Total	3,669	90.0%	10.0%

Headcount breakdown by age:

Reinforcing Multigenerational approach is one of the focus of Group Diversity & Inclusion strategy described in Section 5.4.5 "Foster diversity and equal opportunity".

Some results can be seen through the evolution of the % of less-than-30-years-old employees within the Group: 13,5% in 2021 to 14,4% in 2023.

Age distribution	Employees at December 31					
	2023		2022		2021	
<30	530	14,4%	489	14,2%	451	13,5%
30 to 50	1,966	53,6%	1,841	53,4%	1,801	53,9%
>50	1,173	32,0%	1,119	32,4%	1,090	32,6%
Total	3,669	100%	3,449	100,0%	3,342	100,0%

Headcount breakdown by business function:

Business function	Employees at December 31, 2023	
	Employees	%
Sales	123	3.4%
Production	2,793	76.1%
R&D	427	11.6%
Support functions	326	8.9%
Total	3,669	100%

Absenteeism rate by country:

The absenteeism rate is calculated as follow : total number of absences for sickness / total number of hours worked. Absenteeism rates are presented by country and are in line with the best practices in the labor market.

Country	2023
France	4.5%
Hungary	5.5%
Germany	5.6%
United Kingdom	2.2%
Italy	2.8%
Total	4.9%

5.4.2 Ensure the health and safety of employees and subcontractors

Our people are key to our performance and their health and safety is paramount. Furthermore, as a chemical company with multiple SEVESO-classified sites, accident prevention is a top priority. Health and safety culture plays a critical role in reducing the incidence of diseases and injuries.

The HSE Team is overseen by the Head of HSE, who reports directly to the Chief Operation Officer (COO). The Head of HSE's role is to implement robust occupational health and safety culture and programs designed to meet or exceed the latest health and safety regulatory requirements. The team works closely with shop-floor staff to monitor their exposure

to hazardous substances. A network of 50 full-time, in-house HSE specialists continuously monitors the effectiveness of risk control procedures on the plant premises.

Every site holds a monthly HSE governance meeting attended by on-site experts (environment, health and safety officers etc.) to identify any improvement action plans and any new regulatory standards to be implemented. In parallel, the Executive Committee also receives a monthly briefing and proposed actions to inform their decision-making on a timely manner.

Compliance, policies and audits

We are currently updating our HSE Policy with a view to further reducing and eliminating occupational health, safety and environmental risks, strengthening governance and securing increased buy-in from Site Heads in terms of the implementation of HSE priorities.

In addition to regular inspections by insurance companies (such as AXA Insurance) and clients, annual safety audits are conducted to ensure compliance with health and safety and fire safety standards.

In addition, facilities at the 5 SEVESO sites are regularly inspected by national authorities.

We are compliant with Regulation (EC) 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH Regulation"). Under REACH any company manufacturers or importers of chemicals are required to register the chemical substances used in their production. They must also assess their potential impact on human health and the environment, and implement procedures to minimize risk including limiting exposure to such chemicals.

We are a member of national chemical industry associations in France, Italy and the UK and in 2022 we signed up to the Responsible Care® Global Charter (see press release). The members make a commitment to safely manage chemicals throughout their lifecycle, particularly in 6 key areas including continuous improvement with respect to workplace health and safety, public safety, process safety, environmental performance and the security of the company's facilities and products (see the RCGC [website](#)).

Actions

In order to achieve our goal of zero accidents across EUROAPI's sites, our HSE experts and management are constantly striving to prevent workplace accidents and injuries, raise awareness among employees and subcontractors of health and safety issues and promote healthy habits.

Reduce workplace accidents and injuries

Our approach to health and safety is using a risk-based safety management system to effectively identify and prevent risk. Risk assessments are carried out at site-level and reviewed by local Health and Safety committees on a regular basis as well as in response to operational changes.

The approach involves a number of steps:

- identifying workplace hazards stemming from jobs, tasks and working conditions;
- reviewing workplace prevention practices and regulations;
- identifying residual risk; and
- implementing risk control measures factoring in all scenarios, processes and activities.



Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Two of our sites, Brindisi and Budapest, are ISO 45001-certified, attesting to their health and safety standards.

In 2023 external auditors were brought in to assess our compliance. The audits were conducted mainly through on-site inspections and enabled us to document and disseminate examples of good practice within the network. As a result, new Lifesaving Rules and delivered and workplace trainings were deployed at 5 of our 6 sites.

In order to better target the types of actions to be implemented, potential events are classified based on international standards according to their severity. Using this classification, potentially serious events (PSE) are targeted as a priority, and human and organizational factors are factored into the in-depth analysis.

Risk minimization methods can include minimizing exposure to chemicals, radiation and biological agents, as well as physical and ergonomic constraints.

Occupational hygiene programs are also run by HSE departments in order to maintain good knowledge of all potential exposure to agents hazardous for employees' health.

Health and safety scenarios are included in its Business Continuity Plans and crisis management framework (see Section 5.2.2 "Ensure continuity of supply"). This allows operations to promptly return to business as usual in the event of business disruption.

Regarding business travel protection, it is worth noting that the Group's business travel assistance program provides expanded protection covering all travel, medical and security needs that may arise around the world. Doctors, security experts and assistance coordinators are available to provide advice in the user's preferred language, and to support in case of emergency.

Increase safety awareness

Training aims to promote the HSE safety culture among all employees, together with the Human Resources Department and managers. Safety is the responsibility of each and every employee and awareness and training programs on prevention and protection are organized on a regular basis.

Mandatory legal training is routinely provided to all where required, and refresher training is provided in line with the legal framework. A total of 30 modules are available online.

Managers at all levels of the organization are responsible for promoting a safety culture through both statutory and non-statutory measures. To encourage the inclusion of safety topics in routine

Indicators

In order to move toward zero accidents we aim to keep the frequency rate of accidents resulting in lost time for its employees and contractors (Lost Time Injuries – LTI) at a level less than or equal to 1.5 per 1,000,000 hours worked, and the rate of recordable work accidents (Total Recordable Injuries – TRI) at a level less than or equal to 2.5 per 1,000,000 hours worked by 2025.

In 2023, we had an LTI rate of 2.1 and a TRI rate of 2.8, both inline with our internal targets.

However, two incidents took place in 2023, across various industrial sites.

exchanges with managers, the MSV (Managerial Safety Visits) program, consisting in "shop-floor" visits, has become mandatory for most managers. All managers trained must have at least eight MSV per year. An additional training was set-up in 2023 about life saving rules.

In order to learn from experience and reap the rewards of continuous improvement, HSE investigations are held when potential serious events occur. The people involved analyze the events, what went wrong and what can be learned for further improvement. The root cause and action plans are shared between sites during quarterly HSE Forums in the event of any serious or potentially serious events.

Each new employee receives initial health and safety training appropriate for their job profile so that they can perform their work in strict compliance with the rules.

Regular awareness initiatives are conducted throughout the year. The "One Hour Stop for Safety" event was held on 26th September, when all 6 plants halted production for a focussed health and safety session with staff.

Detailed evaluation of the root causes and the associated risks resulted from the incidents. This led to the reinforcement of our continuous improvement process and remediation plan has been defined.

All the incidents were managed in a timely-manner with no longer term impact on our employees, local communities nor the environment. Staff drew on their training and responded appropriately and safely, paying close attention to the safety of their colleagues and the local communities.

According to plan, the official launch of the Lifesaving Rules program to promote consistent levels of safety across all sites and activities took place in 2023.

This led to Total Recordable Injury frequency rate decline for employees and temporary workers.

Per 1,000,000 hours worked		2023	2022	Change vs 2022 (%)
Lost Time Injury frequency rate	Group's personnel	1.7	1.6	+4.2%
	Subcontractors	3.3	2.2	+49.7%
	Temporary workers	3.0	2.9	+2.6%
	Total personnel	2.1	1.8	+17.7%
	Number of recordable LTI	16.0	/	/
Total Recordable Injury frequency rate	Group's personnel	2.4	2.5	-3.6%
	Subcontractors	3.9	3.3	+18.2%
	Temporary workers	3.0	5.7	-47.4%
	Total personnel	2.8	2.9	-4.1%
	Number of recordable RTI	21.0	/	/

The accident severity rate of incidents significantly increased in 2023 for employees, subcontractors as well as for temporary workers, due to the two specific events that occurred in the past year. No fatal injuries took place in 2023.

Per 1,000,000 hours worked		2023	2022*	Change vs. 2022 (%)*
Accident severity rate	Group's personnel	42.3	16.5	+156.4%
	Subcontractors	18.7	9.3	+101.1%
	Temporary workers	116.1	37.1	+212.9%
	Total personnel	39.9	15.7	+154.1%
Fatality rate	Total	0.0	0.0	

* An error in published data last year has been corrected here. More detail is available in Section 5.7.1 Methodology note on non-financial reporting.

Promote healthy lifestyles

Continuous medical surveillance is made available to all employees at the Group sites by a designated clinician or physician. All personnel are monitored under medical surveillance programs that are based on the results of occupational risk assessments linked to their duties. Designated clinicians or physicians also evaluate occupational injuries or illnesses.

In 2023 most of our sites offered free flu vaccinations and staff at our Frankfurt site were also offered the COVID-19 booster vaccine.

We regularly organize events and initiatives aimed at preventing chronic illness and promoting mental health across the organization under Wellness4All, a company scheme that was rolled out at all operational, administrative and commercial sites in 2023.

This scheme promotes:

- physical activity such as small lifestyle changes aimed at increasing activity levels, enjoying the outdoors and socializing with others;
- actions that can be taken to reduce the likelihood of lifestyle-related diseases such as lung cancer due to smoking or type-2 diabetes;
- strategies to boost mental health and advice on maintaining work-life-balance;
- good nutrition through healthy choices, such as incorporating vitamin-rich foods into the diet.

To promote fitness, some sites offer employees access to gyms and sport facilities.

Examples of wellness initiatives offered by our sites include:

- a staff table tennis tournament in Budapest in July 2023;
- menopause training in Haverhill in September. 2023;
- anti-smoking campaigns during the World No Tobacco Day at the end of May;
- an intranet post offering 10 mental health tips for and encouraging people to talk during the World Mental Health day, on 10 October 2023;
- in Germany, 2 days of healthy eating recommendation shared with the employees in November 2023;
- a testicular cancer campaign held in the UK at the end of November.

And in October 2023 we held our first Global Healthy Challenge with teams made up of staff from across the organization competing in a walking challenge. 256 participants from 7 countries and 16 divisions walked a total of 56 million steps.



5.4.3 Create a constructive social dialogue

The Groups aims to uphold local legislation at all times in every country where the Group operates, and to develop the highest labour standards for its employees.

Our Code of Ethics is our main standard that applies to employees worldwide. This Code of Ethics is based on the 10 principles of the UN Global Compact, the Universal Declaration of Human Rights and international labor standards, particularly those concerning forced and child labor.

Social dialogue is overseen at country level by local and human resources managers working alongside employee representative bodies and trade unions. Most of our sites belong to the European Works Council (EWC), a transnational representative information and consultation body with its own powers and a remit that is separate from, but complementary to that of the national representative bodies.

Ordinary plenary meetings are held twice a year.

The European Works Council is informed and, if necessary, consulted on all cross-border issues that have an impact on Group employees.

The European Works Council met regularly in 2023 and was attended by the two employee representatives who have been elected to sit on our Board of Directors until the end of 2026.

The EWC is composed of members from Germany, France, Hungary and Italy. The United Kingdom is represented as a permanent guest member.

Coverage Rate	2023		
	Collective Bargaining Coverage		Social dialogue
	Employees - EEA (for countries with >50 empl. Representing >10% total empl.)	Employees - Non-EEA (for countries with >50 empl. Representing >10% total empl.)	Workplace representation (EEA only) (for countries with > 50 empl. Representing >10% total empl.)
0-19%	/	/	/
20-39%	/	/	/
40-59%	/	/	/
60-79%	/	/	/
80-100%	France, Hungary and Germany	/	France, Hungary and Germany

In France, 11 ordinary and extraordinary Central Works Council meetings were held in addition to a number of collective bargaining meetings, which testifies to active social dialogue. The first Social Policy and Working Conditions's expertise was carried out and contributed to constitute a regulatory and documentary basis. We have successfully renegotiated 33 of the 89 collective agreements signed by Sanofi with securing unanimous agreement for 32 of these. Our objective was to offer employees collective agreements in line with those that existed at Sanofi, adjusted for the EUROAPI's size, scope and financial resources.

The reporting period saw positive social dialogue within the Group which is laying the foundations of a robust company with a strong social conscience.

In the UK, employee engagement is through an Employee Forum made up of a group of elected employee representatives from each division. The forum meets every three months to share information, news and company announcements, discuss topical issues and promote open dialogue on matters such as:

- Employee Engagement;
- Wellness4All;
- Compensation & Benefits;
- Community and Social, Health & Safety;
- Improvement Programs;
- Site Facilities and Policies.

The group canvasses constituents for any issues they wish to put to the management team. In addition to the standard meeting schedule, in 2023, we met with the Forum to discuss changes to employee benefits and the impact of broader company announcements.

As mentioned above, a Forum representative attends European Work Council meetings as a guest to promote inclusivity across the Company.

In Germany, the Chair of the Works Council, general manager and Head of HR meet regularly and the HR department holds monthly meetings with representatives of the works council in which company-level agreements are revised, amended and redrafted. The works council has held four meetings (vs the one meeting per quarter is mandatory), each of which was attended by around 300 employees.

Representatives of senior/exempt employees: there are regular meetings attended by the general manager, HR manager and representatives of exempt/senior employees. In addition, the HR department, including compensation and benefits representative, held a workshop on working methods and work content with representatives of exempt/senior managers.

Women's and Equal Opportunities Officer: in September, a position of Women's and Equal Opportunities Officer was created in Frankfurt.

In Italy, the reporting period saw intense discussions with employee representatives punctuated by a number of Works Council meetings, around half of which were called to discuss low sales figures.

In Italy the board held multiple meetings to maintain positive relations with social partners despite the difficult economic situation.

Some meetings were attended by national union representatives due to the regional significance of the Brindisi site and the influence exerted by trade unions in Italy.

Relations remain positive as confirmed by agreements on the following topics:

- HC Redundancy management & voluntary redundancy plan;
- Flexibility on employment contracts;
- Smart working practices;
- Company benefits and budget;
- Collective Production bonus.

The company has been supported through this period by the Italian employer association CONFINDUSTRIA, who also represented EUROAPI at a national level in relation to social dialogue and in resolving a number of procedural issues with various public bodies. With their help the Group managed to secure agreements with the trade unions..

In Hungary, the Site Director held monthly meetings with trade union representatives to discuss strategy, the company's future, workload, working conditions, topical issues. Salary negotiations ended with an agreement in January 2023.

5.4.4 Promote talent management and personal development

The purpose of talent management is to ensure that we have the right people with the right skill set, at the right time, and in the right place to help deliver our EUROAPI's strategy. It means identifying gaps as well as, attracting, recruiting, developing and retaining employees while embedding a high-performance culture within the organization.

Talent management is overseeing by managers in collaboration with a dedicated human resources network.

Culture

Values and behaviors

As a recently-listed entity, the Group aims to develop a new corporate culture centered on entrepreneurship, agility, empowerment, and customer focus. As a first step on this journey, in 2022, the Group defined its core values: Taking Ownership, Achieving Together, Driven by its Clients, and Caring for All. These values are communicated to all employees through a range of communication campaigns and have been promoted at site level at a number of several workshops. The Group's values have been broken down into behaviors, enabling it to reinforce the organization's new culture.

Leadership competencies model

In keeping with our Group's transformation strategy, we are developing a management competency framework to promote agile, inspiring and inclusive leadership. It sets out a set of standard competencies and behaviors aimed at embedding a consistent management culture across the organization.

The framework places an emphasis on essential leadership skills and encourages everyone to reach their own leadership potential. It will be used as the basis of personal development plan for employees.

Country	2023		
	Women	Men	Total
France	96%	98%	97%
Hungary	100%	100%	100%
Germany	98%	100%	100%
UK	100%	99%	100%
Italy	100%	100%	100%
Other	100%	100%	100%
Total	99%	99%	99%

Diversity, Equity and Inclusion

EUROAPI operates in an international and multicultural environment. Creating an inclusive and diverse environment is a key pillar of our culture. This means promoting diversity in recruitment and development and ensuring that all employees feel respected and have the same opportunities for development irrespective of gender, nationality, age or background.

In 2023, governance arrangements for delivering our diversity and inclusion strategy were agreed by the board. A Diversity, Equity & Inclusion committee was set up, formed of representatives from across the organization (Group and sites) and of which the priorities are:

- gender;
- multi-generational topics;
- disability.

Talent management

As a new company, we place particular emphasis on the development of our employees as one of the main drivers of our performance and transformation. Our ambition is to anticipate human capital requirements, strengthen key competencies and develop the leaders of the future while ensuring our employees reach their full potential and employability.

Annual performance appraisal

Annual performance reviews are held to assess performance against objectives and set new ones for the coming year in accordance with strategic priorities.

In 2023, 99% of employees eligible to short-term incentive had appraisals.

Annual Talent review

Each year the Group conducts annual reviews (“Talent Review”) at all levels: sites, Functions and Group. Talent Reviews are a core feature of talent management.

Aligned with our strategy it implies to identify skills gaps by anticipating business continuity, robust succession planning, identifying future leaders and build collective and individual action plans.

- The Executive Committee conducts an annual talent review in order to identify high-potential employees, with a particular focus on potential executive managers.
- Once a year, Executives’ succession plan is presented to the Board of Directors.

In 2023, the Group improved its Talent Review process, reinforcing its definition of high-potential employees, critical roles and training for senior management and the HR community. Significant progress has been made in identifying potential leaders as part of our succession planning.

After each Talent Review, personal development plans will be drawn up for high-potential employees.

Learning and development

At EUROAPI we are committed to supporting our employees in their learning and development. Like most scientific and pharmaceutical companies, our future success relies on hiring, developing and retaining committed, highly skilled people.

The Group will develop our employees’ skills through challenging position and development opportunities. Our development policy is based on the 70/20/10 model (70% challenging experiences and assignments, 20% informal learning and exposure, 10% coursework and training) and is employee-led, with support from both the Human Resources department and the line manager.

In the context of a rapid and ambitious transformation, the aim of our learning and development policy is to reflect our strategic priorities, anticipate future skill requirements, address skills gaps and generally support the development of employees and managers.

We place a particular attention to emerging skills to support our business strategy. In 2023, a Strategic Workforce Planning analysis was initiated for R&D. In 2024, depending on the new Strategy to be defined, the Group may conduct further Strategic Workforce Planning analysis in other areas such as CDMO, Sales, and Supply Chain. Based on the needs to be identified, additional training will be offered to address any skills gaps identified.

Career opportunities

The Group’s internal promotion policy is based on evaluating successful employees through:

- annual performance reviews;
- annual talent and succession reviews; and
- personal development plans.

Although we are a newly established company, we want to promote diverse career pathways by offering our employees the opportunity to develop their skills through new experiences. We will achieve this through mobility across the organization and between sites temporary assignments and international secondments.

It is also designed to adapt in the event of future organizational or operational changes. Any changes arising from our new culture and core values and the upcoming leadership competencies model will be gradually integrated into the Group’s training program.

In the field, managers are responsible for identifying the requirements of their teams, sharing learning opportunities and implementing their learning and development plans with the support of the Group’s human resources network.

Training offer is overseen by both at central and country level, with a significant input from Heads of Department.

Improving the leadership skills of our managers is a top priority, – especially in the area of change management –.

We also encourage the development of financial literacy and a more customer-focused culture.

Learning offer

In 2023, the Group's digital learning platform "iLearn" was rolled out to all employees. It contains over 9,000 courses on a range of topics from job-specific skills to leadership & management, and Diversity, Equity and Inclusion.

We also offer employees to improve their language skills – particularly English – so they gain confidence in working in an international environment.

This year, the Group has also rolled out a new course aimed at developing women and high-potential employees within the organization.

In addition to company-wide trainings, each site offers its own catalog courses (digital, face-to-face or blended).

Through these different approaches we aim to provide our workforce, particularly managers, with the skills that are vital to the Group's transformation:

- successfully adopting its new values and culture;

- reinforcing the importance of Diversity, Equity and Inclusion;
- developing management and leadership skills;
- developing new skills.

The Group will continue developing its learning and development provision and catalog of courses aimed at embedding our culture and fueling our transformation.

In 2023 we outperformed our target of 7 hours of training on average per employee and placed a particular emphasis on compliance and statutory training.

A two-year observation phase is advisable in order to set reasonable targets for the group in terms of the number of training hours per employee.

To reflect our general skills development policy and in keeping with our commitment to develop our workforce and support our transformation, in 2024, we will place an emphasis on change management with provision focused on developing job-specific skills, soft skills like leadership and transferable skills.

	2023		
	Women	Men	Total
Number of employees who took at least 1 training course	1,067	2,715	3,782
Total number of training hours	11,599	26,631	38,230
Percentage of employees trained	93%	96%	95%
Average number of hours per person trained	10.15	9.41	9.62

Coaching and mentoring

High-potential employees have access to coaching and mentoring opportunities.

In 2023, we launched a company-wide mentoring program with a standardized approach across the organization. In particular the Group pays attention on attracting women onto these programs, that are to help them raise their profile and kick-start their careers. We have plans to offer training in unconscious bias to our mentors.

In addition, in order to unearth the pool of talent in our company, we have launched a series of "Digital Coffees with the CEO" where employees from different sites can meet and chat with the CEO.

Attract and retain the best talents

Our employees are key to our success. In order to maintain a competitive edge, anticipate future trends, remain agile and invest in innovation, all of our teams must be of the highest caliber.

To achieve this we will:

- emphasize diversity and inclusion in our talent acquisition policies: the Group is convinced that employee commitment and the promotion of diversity are major drivers of performance, representing considerable competitive advantages for the Group;
- developing the employability of its employees throughout their professional lives through learning, mobility, and training;
- attracting and developing talent; and
- supporting employee engagement.

Talent attraction and recruitment

The Group wants to make sure the Company is attractive and able to retain the talent of tomorrow.

To reinforce its attractiveness and be able to attract the best candidates, the Group is committed to constantly improving its employer branding.

Recruitment

In 2023, the Group recorded 614 permanent and fixed-term contract hires. The site teams worked intensively to attract the best candidates in a context of tight labour markets in most countries and despite recruitment challenges.

	2023	2022
Hiring rate ^(*)	16.7%	14.3%

(*) Hiring rate is calculated taking all employees in permanent contracts or fixed-term contracts in 2023 divided by the number of employees at 31 December of the report year.

Hiring rate	New hires in 2023		
	Permanent	Fixed-term	%
France	110	82	31.3%
Hungary	89	163	41.0%
Germany	86	24	17.9%
United Kingdom	18	3	3.4%
Italy	15	18	5.4%
Other	6	0	1%
Total	324	290	100%

The Group is also onboarding interns, apprentices and International Volunteering in company (VIE) across its sites.

Sponsorship and patronage

The Group encourages sponsorship and patronage, especially with targeted schools and universities. For example, since 2021, the Group decided to sponsor "Promotion 2024" of Chimie Paris Tech school and in 2022, a partnership was created with the Petrik High School (Chemistry faculty) in Budapest and the Ecole d' Ingénieurs SIGMA from Clermont-Ferrand. The site in Brindisi, Italy, has also created a strong partnership with local schools and universities.

Through strong exchanges on study themes, courses given by the Group's leaders, the sponsorship also includes student visits to the Group's sites, career advice, project management skills reinforcement and interview skills development for future employment research.

At the same time, different events will continue to be organized to boost recruitment of young graduates in all countries and make EUROAPI industry and jobs better known. For instance, the Group has participated in the "Village de la Chimie", animating a conference and exchanging with students.

Talent engagement and retention

Employee engagement survey

At the end of 2022, the Group conducted its first annual engagement survey of all employees – "EUROAPI&me".

This survey measured and collected employees' feedback from several perspectives.

Based on this survey, the Group measured the level of employee engagement through a global index of several criteria:

- whether respondents would recommend the Group as a good place to work;
- whether respondents have the means to do their jobs effectively;
- respondents' level of energy;
- respondents' sense of personal accomplishment.

In 2023, "EUROAPI&me" results have been shared at all levels of the organization. Sites and functions communicated their own results and worked on specific action plans at local or function level.

At Group level, three priorities were identified: strategy and customer focus, career and development and work-life balance.

For each work stream, the Group has worked on an action plan and implemented new initiatives such as:

- internal events to present its strategy and customers, and answer questions from employees;
- development initiatives to expose Talents (“Digital Coffee with CEO”) and support their career;
- [right to disconnect policy](#) and meeting charter to run effective meetings, and strong awareness through the digital learning platform (iLearn) to better manage work-life balance.

These actions are combined with the ones identified and deployed at site or function level.

Through a Pulse survey launched mid-year globally, the Groups keeps a close contact and listening system to collect employees’ feedback at key moments in their professional career.

The next Employee Engagement Survey EUROAPI&me is planned for 2024.

Talent retention

In 2023, the turnover rate of the Group was at 14.7%, including permanent and fixed-term contracts. The turnover is a workforce renewal indicator that includes both entries and departures. The table below shows the turnover rate per country (including entries and departures).

The turnover increase in 2023 is also the consequence of an increased hiring rate, from 14,3% in 2022 to 16,7% in 2023. The Group has reinforced the recruitment of critical skills in some of its sites.

Country	Turnover in 2023	Turnover in 2022
France	12.9%	12.4%
Hungary	20.9%	14.5%
Germany	10.7%	9.9%
United Kingdom	14.6%	18.9%
Italy	12.9%	9.2%
Other	13.6%	26.2%
TOTAL	14.7%	12.9%

At the same time, the Group place a particular attention to retaining its Talents.

The Group will reinforce its Individual Development Plan process by training Human Resources department and Managers. Development of leadership career opportunities, but also training, coaching and mentoring, help to retain high-potential talent. Retention is also increased by developing the Group’s leaders’ skills and their capacity to develop and engage their teams.

A strong reward policy and regular studies are also conducted to ensure our alignment with local market and best practices.

	Departures in 2023			Departures in 2022		
	Permanent contract	Fixed Term contract	%	Permanent contract	Fixed Term contract	%
France	79	47	31.7%	71	43	32%
Hungary	84	53	34.4%	73	46	33.4%
Germany	33	22	13.8%	41	11	14.6%
United Kingdom	39	15	13.6%	23	19	11.8%
Italy	16	4	5.0%	12	8	5.6%
Other	6	0	1.5%	7	2	2.5%
Total	257	141	100%	227	129	100%

	Departures in 2023	Departures in 2022
Voluntary resignation (fixed-term contracts)	33	38
Voluntary resignation (permanent contracts)	140	102
Mutual agreement	51	48
Involuntary dismissal	27	19
Expiration of fixed-term contracts	75	76
Retirement	43	43
Other	29	30
Total departures	398	356

5.4.5 Foster diversity and equal opportunity

Diversity, Equity and Inclusion

Diversity, Equity and Inclusion (D,E&I) is one of our strengths and convictions. It is both a source of motivation for employees and a source of innovation.

It has a positive impact on our performance and on the development of our employees.

Our workforce is made up of employees of 45 different nationalities and is spread across 11 countries.

We are committed to promoting diversity as a strength and asset, to taking action on inclusion, and to combating all forms of discrimination. Within the Human Resources team, the Head of Talent Management coordinates the diversity and inclusion policy, reporting to the Chief Human Resources Officer.

They define, lead and coordinate initiatives and implement training and awareness-raising actions centrally.

All diversity policies and initiatives are approved, sponsored and monitored by both the Board of Directors and the Executive Committee.

In 2023, an internal Diversity, Equity and Inclusion network was established to promote diversity and inclusion across all businesses, countries and sites, and to coordinate the different actions.

Our aim is for all members of our Executive Committee, Extended Leadership team and senior leaders to be trained in unconscious bias by 2024, as well as to raise manager awareness of inclusive culture. A communication plan as well as a learning journey has been drafted to be deployed in 2024.

In addition to Group's actions, sites are implementing local initiatives (such as D,E&I training for the Site Leadership team in Brindisi, Italy, and a prevention campaign to fight against harassment and sexism, in Vertolaye, France).

Gender equality

We are committed to gender equality. Since 2022, the Group has been a signatory of the United Nations Global Compact, a principle of which is the elimination of discrimination.

Equal parental leave

One of the first steps we took in 2022 was to introduce a global standard for inclusive and equal parental leave which has been implemented worldwide. Since 1 January 2022, any employee welcoming a new child, has been entitled to 14 weeks of parental leave, providing they are recognized as the child's parent on the basis of local legislation or practice.

Country	2023					
	% of employees entitled to take family-related leave			% of entitled employees that took family-related leave		
	Women	Men	Total	Women	Men	Total
France	100%	100%	100%	—%	1%	1.50%
Hungary	100%	100%	100%	1%	—%	0.98%
Germany	100%	100%	100%	—%	1%	0.93%
UK	100%	100%	100%	—%	—%	0.27%
Italy	100%	100%	100%	—%	—%	0.11%
Other	100%	100%	100%	—%	—%	0.03%
Total	100%	100%	100%	2%	2%	3.82%

Gender balance

The Group has set itself the goal of boosting the recruitment and internal promotion of women in order to increase representation at all levels of the Group.

Proportion of women	Employees at December 31		
	2023	2022	2021
Proportion of women in the Group's salaried workforce	28.8%	28.2%	27.1%

The Group continued to increase the representation of women on its Extended Leadership Team (ELT) with the result that in 2023 36% of its members were women, compared to 30% in 2022.

At Executive Committee level, the representation of women increased from 15% in 2022 to 36% in 2023.

	Women	Men	Total	% women
Board of Directors	7	5	12	58.3%
Executive Committee	4	7	11	36.4%
Extended Leadership Team	14	25	39	35.9%
Senior leadership position	63	122	185	34.1%

In addition, we aim to launch women's networking initiatives to promote communication and the sharing of experiences.

In our recruitment process, we encourage talented women to apply for positions and take proactive steps to appeal to women, particularly female engineering students, through regular attendance at school and college events.

We encourage recruitment managers and any recruitment agencies we work with to consider diversity in their recruitment practices and to ensure women make up at least 50% of shortlisted candidates.

	New hires in 2023		%
Women	209		34%
Men	405		66%
Total	614		100%

In 2023, the result of the index for professional equality between females and males in France (Index Pénicaud) is 83/100.

Support women in leadership development

In 2023, we rolled out leadership training for women in both the “young talent” and “experienced” groups. Delivered by diversity experts, these training courses are aimed at women who have the potential and the ambition to grow within the Group.

In addition to Group initiative, Brindisi site, Italy, has participated into a round table in cooperation with the University of Bari around female empowerment and successful entrepreneurship.

The Group will continue to be particularly attentive to the implementation of coaching and mentoring for female talent, to encourage communication and co-development, and to guide them in their career journey within the Group.

Multi generation

Valuing and taking into consideration people of all ages and generations is important to the Group and is valued as a source of performance and productivity, bringing together people with complementary abilities, skills, information and networks. This should lead to better decision-making, productive collaboration and *in fine*, improved overall performance.

At EUROAPI, every employee has their place, regardless of age or experience. We achieve this by aligning key talent management processes across all sites, including recruitment to learning and development and our leadership framework.

To meet these objectives, the Talent Management Group will propose awareness-raising sessions on the topic as well as a dedicated digital pathway reinforcing the topic.

Disability

At most of the Group’s sites, employees with disabilities are offered the support of a number of internal and external professionals to ensure job suitability and workplace adaptations when necessary.

All disability initiatives are overseen at site level by designated Disability Committees.

Awareness campaigns targeting all employees at site-level ensure people with disabilities are well integrated and successful in their job function.

In 2023, a French sign language (LSF) awareness workshop was proposed to employees at Headquarters.

In addition, as part of the Duo Day event in France, two people with disabilities were invited to shadow two employees at Headquarters, to learn about what they do and what a typical working day looks like for them. This French initiative is an opportunity to share experiences, demystify disability at work, and give people a taste of a work environment, job or new skills.

In the same vein, for the European Week for the Employment of People with Disabilities, the Vertolaye site played host to a French fencer with a disability. The event was an opportunity to raise awareness of disabilities, showing that disability and success can go hand in hand, whilst giving employees with disabilities access to advice and support.

In addition, the Haverhill site in the United Kingdom has signed up to the government’s Disability Confident scheme and are at stage 1 - disability committed.

	2023	2022
Percentage of employees with disabilities/average workforce ^(*)	4.9%	6.9%

(*) Data are presented for France only. Given the applicable legislation in other countries in which the Group operates, the corresponding data are not available or are calculated using different methods. The Group considers that France, which represents its largest pool of employees, constitutes a homogeneous and reliable basis for the presentation of this data.

Country	2023	
	Number of disabled employees	Number of disabled employees hired in 2023
France	69	/
Hungary	/	/
Germany	63	/
UK (*)	Unknown	Unknown
Italy	9	1
Other (*)	Unknown	Unknown
Total	141	1

(*) This data is not collected in the UK and in the other countries

5.4.6 Ensure fair employee compensation and benefits

The overall goals of our compensation policy are to boost employee engagement, reward skills acquisition and incentivize individual and collective performance.

Compensation policy

Our compensation policy is based on principles of competitiveness in local markets, fairness within the organization and differentiating compensation based on performance to attract, motivate and develop the skills of our employees. By regularly consulting compensation surveys and taking into account the Group's financial resources and local market trends in each country, the policy is intended to ensure that our entities offer fair and competitive compensation packages and effectively define salary increases. The policy is adapted in every country where the Group operates, in line with local legislation (collective bargaining, application of industry-wide collective agreements on compensation).

As a group, we have opted to use the WTW's Global Grading System.

Adopted in 2022, this system was rolled out across the organization in 2023.

In accordance with the Group's policy, the compensation structure may include fixed and variable components.

The Group has implemented short-term variable compensation (for managerial and specialist staff) based on performance against personal and company objectives. See section 2.3. of the Universal Registration Document, "Remuneration and benefits".

Individual pay rises are based on a set budget and benchmarked against both the market and in-house practices. They also take into account assessments of employees' actual and potential performance as well as the skills they have acquired and demonstrated.

Total payroll and changes in payroll information is available in the statutory financial statements (wages and salaries) presented in Section 4.7 "Statutory financial statements" of the Universal Registration Document.

Our long-term compensation policy is aligned with our three-year strategic objectives. It is based on the attribution of performance shares, the vesting and payment of which are contingent on the Group's share performance and financial performance as well as on the introduction of free share and/or stock option plans, the characteristics of which are determined by the shareholders' meeting and by the Board of Directors of the Company. In this context, on the occasion of the admission of its shares to trading on the regulated market of Euronext Paris, the Company granted free shares of the Company, in the form of an exceptional allocation, and is planning to establish recurring performance share plans. See section 2.3. "Remuneration and benefits" of the Universal Registration Document.

Employee benefits

Employee benefits are an essential component of the Group's compensation system and reflect the different needs of its employees.

Employee benefit plans can vary significantly from one country to the next, as the Group tailors its employee benefits programs to each country to take into account the different levels of legal and tax regulations.

All compensation and employee benefit policies comply with local regulations and collective agreements. They also include employee savings plans (see "Group savings plans and similar plans" hereafter).

Profit-sharing plans

In France, the Group plans to set up a profit-sharing agreement to collectively associate eligible employees with the results of the Group. The profit-sharing agreement will be calculated on the basis of performance indicators (related to the employees' activities), under the conditions provided for by law or negotiated between employees and management in 2023.

Group and other savings plans

In France, under an agreement dated 25 February 2022, a Group Savings Plan (*plan d'épargne groupe* or PEG) was set up allowing eligible employees to participate, if necessary with the help of the Company or its participating subsidiaries, in the constitution of a collective portfolio of securities benefiting from tax and social advantages attached to

this form of collective savings, in return for the temporary unavailability of the amounts invested. This scheme also allows eligible employees to participate in any employee stock ownership opportunities offered by the Company. The Group's foreign subsidiaries may also participate, under the conditions provided for by the Group Savings Plan (PEG).

In France, the Group plans to set up:

- a Time Savings Account;
- a collective retirement savings plan (*plan d'épargne retraite d'entreprise collectif*, or PERCOL), which allows eligible employees to invest, including through payments from the equity-interest agreement and the incentive agreement for their retirement. This scheme offers eligible employees the option of benefiting from certain tax and other benefits in return for a lock-up period ending at retirement.

Employee stock ownership plans

In 2023, the free share plan issued in 2022 for French employees vested in June and each beneficiary was offered the possibility of reinvesting these shares in the Group Savings Plan which has been done for 88% of them.

Due to the particular context for the company, it has been decided not to launch a shareholding plan in 2023.

At 31 December 2023, 48% of employees held shares in the Company, representing 1.6% of the share capital at that date.

5.5 COMMITMENT No.4: UPHOLD BEST IN CLASS CORPORATE GOVERNANCE



Commitment 4

Level of progress

<p>Programs</p> <ul style="list-style-type: none"> • Compliance and business ethics 	<p>Material Topics</p> <ul style="list-style-type: none"> • Corporate ethics & compliance • Shared value and stakeholder engagement 	<p>Target Achievement Rate</p> <p>95% of code of ethics and compliance training completion reached</p> <p>95% of GDPR training completion reached</p>	
<h3 style="margin: 0;">Main achievements</h3>			
<p>Safety line fully operational, with a compliance champions network of 50 coordinators</p>	<p>Launch of the full ethics and compliance training curriculum (7 modules for all employees in 7 languages)</p>	<p>Acculturation to companies' values with organization of 3 awareness days</p> <ul style="list-style-type: none"> • International whistleblowing day • Global ethics day • Global anti-corruption day 	

Ethical values are embedded into our day-to-day activities in order to set robust standards, protect our employees, maintain the trust of stakeholders, and safeguard our image and reputation.

We are committed to upholding the highest standards of ethics and integrity in our business conduct, internally and with our business partners, and have implemented a dedicated program to ensure risks related to ethics and compliance are properly managed. The program includes corruption risk identification and mitigation, due diligence, a whistleblower procedure, a Code of Ethics, Supplier Code of Conduct and other policies as well as mandatory training for all employees.

Additional trainings were put in place in 2023 such as anti-corruption, that is gathering 2 sessions on fighting corruption and gifts. Response rates remained rather stable in 2023: 95% of our employees took the training in our Code of Ethics and Compliance, 95% the anti-corruption and gift and 94% on General Data Protection Regulation (GDPR). Our ambition remains to offer this training to 100% of our employees every year.

	Training rate 2023
Employees trained on Code of Ethics and Compliance (%)	95%
Employees trained on Anti-Corruption (%)	95%
Employees trained on GDPR (General Data Protection Regulation) (%)	94%

5.5.1 Put ethics and compliance at the heart of the Group's business relationships

We are committed to upholding the highest ethical standards and behaving with the utmost integrity in our business dealings. We understand that ethical values must be embedded in all our interactions, everywhere in order to maintain the trust of our stakeholders, safeguarding our image and reputation, and protecting our employees.

To comfort our strategy, a risk mapping exercise was carried out in 2022 with the purpose of identifying, assessing and prioritizing any corruption risks to which the Group may be exposed.

We also developed and implemented a comprehensive Ethics and Compliance program in line with the requirements of the Sapin II law requirement and structured around the following pillars:

- dedicated organizational structure, including a compliance network;
- Code of Ethics, policies, and standards;
- education and training;
- active monitoring;
- dedicated whistleblowing system ("Ethics Line") to collect and manage alerts; and
- internal investigation, corrective or disciplinary sanctions.

Events were held around specific awareness days, enabling us to remind to the employees of the importance of particular topics, such as:

- International Whistleblowing Day (23 June);
- Global Ethics Day (17 October);
- Global Anti-corruption day (9 December).

Governance

The Ethics and Compliance Department's core mission is to embed integrity in our corporate culture at every level of the organization. Its role is to partner with the functional teams and employees to drive progress towards our business objectives while ensuring compliance with laws, regulations and industry codes of practice, as well as with the Group's ethics, values and policies. In 2023, the Ethics and Compliance Department, led by the Chief Legal, Compliance and IP Officer, supported by the Head of Ethics, Compliance and Data Privacy, set up an Alert Committee made up of the CEO, CFO and

representatives from the HR and Ethic and Compliance Departments) in order to provide a collegial decision on an action plan to be set up in case of alert management.

The Ethics and Compliance Department leads a global network of around 50 coordinators – "Compliance Champions" – that supports all functions including corporate teams, sales sites and manufacturing facilities. These coordinators are represented across all the required departments within the Group, in order to ensure that compliance is embedded across the organization especially in the most exposed departments.

The Global Quality Organization supported by the HSE Department, the Internal Control Department, the Risk Management, the Internal Audit Department and the Procurement Department, they all contribute to the success of the Ethics and Compliance program.

Policies and standards

The rules of conduct and compliance with the Group's values and principles are set out in the Group's [Code of Ethics](#), which serves as a guide for taking appropriate decisions that helps to establish trustful relationships and to achieve sustainable growth. The Code of Ethics applies to all employees and contractors of the Group and anyone conducting business on its behalf. In addition to the Code of Ethics, other procedures and policies on other topics related to business ethics including anti-bribery, entertainment of third parties, sponsorship contribution to third party events, conflicts of interest, gifts and invitations, donations and contributions to organizations, responsible lobbying and whistleblowers alert management.

These policies and standards are continuously reviewed, updated and supplemented if necessary, in order to ensure they reflect applicable laws and regulations, as well as with the risks associated with the Group's activities.

To reinforce the effectiveness of the Group's policies and standards and to ensure their application, the Ethics and Compliance Department runs a dedicated training program. The Group's employees are required to complete mandatory training sessions that address fundamental topics in the areas of compliance and business integrity.

With ethics and compliance being core components to long-term success, the Group sets the objective of training all its current employees as well as all new employees in the basics of ethics and compliance in order to raise awareness across the whole organization and maintain a high level of compliance.

Despite an ambitious objective of 100% e-learning completion by employees, EUROAPI managed to maintain its rate of 2022 with 95% of employees trained in the code of Ethics and Compliance, by year-end 2023.

Alert management

The Group has introduced an alert management system to ensure employees understand when and how to report a concern. If employees have a concern or believe in good faith that there has been or is about to be a breach of a law, a regulation, an industry code, company policy or standard or any of the principles in the Group's Code of Ethics, they have the duty to report it through one of the channels available.

Employees who raise concerns will not be subject to disciplinary action or discrimination, provided they act in good faith and without malicious intent, even if the facts reported turn out to be inaccurate and no further action is taken. The procedure for raising a concern and the protection afforded to anyone raising a concern are set out in the Group's Code of Ethics which is accessible to all employees and contractors as well as anyone conducting business on behalf of the Group. Employees can also consult the Group's global alert management procedure which describes the steps to be followed when reporting a concern.

The Group's Ethics Line is a secure helpline that is open 24/7 accompanied by a dedicated web page and toll-free numbers. The helpline allows users to raise concerns anonymously should they choose to do so. A link to the Group's Ethics Line is available on its intranet site. External stakeholders are also encouraged to report any information that might constitute a breach of the Code of Ethics or of applicable rules or regulations. The EUROAPI [Ethics Line](#) and telephone numbers can be accessed via the Company [website](#).

In case of effective violation, it is reviewed and investigated under the supervision of the Ethic Committee. The Group will address it with corrective or disciplinary action, and if appropriate, legal proceedings.

Fight against tax evasion

As a multinational entity, the Group must apply the laws and regulations in force in the countries where it operates including in matters of taxation. Its primary responsibility is to pay its taxes and file the corresponding tax returns within the time limits set by the various tax authorities, in compliance with laws and regulations.

We use professional care and judgment to ensure decisions are well-considered and documented. It ensures proper compliance with all taxes and ensure all returns are reported accurately and on time.

The Group complies with both the letter and spirit of tax law in a responsible manner and align the tax strategy with the business strategy. The Group carefully balances its obligation to comply with tax laws in a responsible manner with the need to support competitive business growth. The Group uses business structures that are driven by commercial considerations, aligned with business strategy and have genuine substance (*i.e.* essentially in Europe, the US, Japan and China). The Group does not engage in aggressive tax arrangements, nor have any companies in countries identified as tax havens on the EU list of non-cooperative jurisdictions, nor in jurisdictions which enable tax base erosion or profit shifting.

Our transfer pricing policies and methodologies are based on the arm's length principle and OECD guidelines. We do not transfer or allocate value or income to a low-tax jurisdiction or group entities unless such transactions have economic substance or are based on functional analysis evidencing and supporting the decision.

5.5.2 Ensure respect for human rights

Since its beginnings, the Group has committed to upholding the principles of the United Nations Global Compact and other international standards concerning human rights. With employees on several continents and relationships with suppliers and subcontractors across the globe, the Group understands and assumes its responsibility to conduct its business ethically (see chapter 5.5.1: Put Ethics and Compliance at the Heart of the Group's Business Relationships) and uphold human rights for all workers across its value chain, including those employed by third parties (such as subcontractors and suppliers) and within its own operations and supply chain. Therefore the Purchasing Team is setting up procedures that have for objective to ensure compliance of our suppliers' standards on labor rights and working conditions (See chapter 5.2.4 "Implement responsible purchasing").

The Group upholds and promotes the five principles and rights outlined in the 2022 International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. These include freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor, elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment.

To ensure human rights are upheld across its operations, we have taken a structured approach which includes:

- global policies and dedicated internal policies;
- due diligence procedures;
- grievance mechanisms;
- monitoring of policy implementation; and
- education and training.

Governance

At EUROAPI, responsibility for our human rights agenda is lead and supported at the top management, with the support of several functions : the Human Resources; Procurement; Ethics and Compliance; HSE Team and ESG (Environmental, Social, and Governance) departments.

Policies

EUROAPI is committed to upholding the following international standards:

- UN Guiding Principles on Business and Human Rights;
- UN Global Compact;
- Children's Rights and Business Principles;
- Universal Declaration of Human Rights;
- OECD Guidelines for Multinational Enterprises;
- ILO Declaration on Fundamental Principles and Rights at Work.

EUROAPI's human rights commitments are detailed in our Code of Ethics and Supplier Code of Conduct, available on our [website](#) and therefore available to all at any time.

These policies set out the human rights responsibilities for all internal and external stakeholders and partners. More specifically, we expect our suppliers to meet the basic standards set out in EUROAPI's Supplier Code of Conduct, including on:

- human rights and labor practices;
- worker health and safety;
- protecting the population from environmental pollution;
- upholding ethical standards by combating corruption, fraud and bribery; and
- privacy and data protection.

EUROAPI's Supplier Code of Conduct, as part of the human rights and labor practices respects, solely prohibits child labor, forced labor, violence and harm and discrimination among the organization the Group work with (either employees or subcontractors). It also mentions the freedom of association and collective bargaining, H&S guarantees and training, across all the suppliers' organization.

We recently introduced a [right to disconnect policy](#) for all employees, with the aim of promoting work-life balance, considered in our modern society as a basic Human Right and essential for mental well-being.

To ensure that our own suppliers are delivering on their human rights commitments and to encourage them to strengthen them, we ask all of them to sign our Supplier Code of Conduct to confirm their compliance with human rights values. The process includes extra vigilance and enhanced checks when dealing with suppliers based in countries where the risk of human rights violations is considered high.

For more information on procedures and actions taken to ensure a safe and healthy working environment and eliminate discrimination in the workplace, see 5.4.2 "Ensure the health and safety of employees and subcontractors" and 5.4.5 "Foster diversity and equal opportunity", respectively.

Diligence process

As mentioned, grievance mechanisms are also in place, notably the Group's Ethics Line, a secure compliance helpline, available 24/7 with a dedicated web page ([here](#)) accessible via the Company's

5.5.3 Promote data protection

With the evolution of information and communication technologies, data privacy regulations are increasing and becoming an important factor to consider in the Group's day-to-day business activities. Protecting the privacy and personal data of our employees, clients and business partners is of the utmost importance to us. Our role is to ensure that data is securely stored and processed, in line with the European General Data Protection Regulation (GDPR) and applicable regulations.

Therefore the Group has adopted a number of initiatives to enhance data protection within the organization including the introduction of:

- a designated organizational structure including a data protection team;
- policies and standards;
- education and training;
- a dedicated intranet page with employee resources;
- a detailed process for handling rights exercise, questions and complaints.

website and intranet with toll-free numbers available in multiple languages. The compliance helpline system is equipped to manage human rights concerns, including those related to health and safety (including discrimination, harassment and violence), freedom of association and collective bargaining, the prohibition of child labor and forced or compulsory labor, and business ethics. The compliance helpline system is available to all of the Group's employees and external stakeholders should they have concerns related to any human rights issues.

In order to fulfil its commitment to upholding human rights across our operations, the Group has implemented awareness raising initiatives and delivered human rights training for employees. Online training modules have been developed to promote a better understanding of issues around human rights in all business activities and to promote consideration of human rights as an integral part of doing business.

Finally, in order to ensure the declarations of our suppliers are aligned with their commitments, the Group plans to set up the conduction of audits among our suppliers by the end of 2025.

The Group has a designated Data Protection Team (made of members belonging to other departments), whose role is to support employees and functional teams in understanding and applying corporate data protection policies to ensure compliance with all data protection regulations applicable to the Group.

The Data Protection Team is overseen by the Data Protection Officer who is responsible for the compliance and efficiency of the data protection program. He also oversees a global network of local coordinators who support local teams in the understanding and application of data protection laws and regulations applicable in their given jurisdiction.

The Data Protection Officer and local coordinators are responsible for handling questions and complaints concerning the processing of personal data by the Group. They may be assisted, as necessary, by the Legal Department, the IT Department or any other relevant department within the Group, in the evaluation and management of any incidents concerning personal data.

The Global Data Privacy Policy sets out standards in place for the processing of personal data in accordance with applicable data protection laws, notably the European General Data Protection Regulation (GDPR). As some of the Company's subsidiaries are located in countries outside Europe and are subject to different privacy and data protection rules, the Global Data Privacy Policy may be supplemented as appropriate to comply with applicable laws and regulations.

Our privacy and personal data commitments and the rules and procedures, which apply to every employee, contractor and anyone conducting business on behalf of the Group are also set out in our Code of Ethics.

To ensure that all applicable standards and rules are easily accessible, a dedicated intranet site has been created on which employees can find relevant corporate resources to familiarize themselves with data privacy rules that apply to the Group as well as related procedures to follow in case of any data privacy concerns.

Concerning the protection of third-party data, the Privacy and Cookies Policies on the Company's website are updated to offer the Group's clients and any visitors greater choice and security in full compliance with applicable standards. Moreover, any of the personal data of our commercial partners is collected and processed in compliance with the applicable standards, in full transparency in order to build a sustainable trust.

Among the global training programs addressing key compliance subjects launched in the reporting period was a training program on Personal Data Protection (GDPR compliance). The session was mandatory for all employees in Europe and had a completion rate of 94% by the end of 2023.

5.6 EU GREEN ENVIRONMENTAL TAXONOMY

The European Union (EU) has adopted European Regulation 2020/852 of June 18, 2020 (the "Taxonomy Regulation") establishing a framework to promote and facilitate sustainable investment in the EU.

This regulation establishes an EU-wide classification system for economic activities considered to be environmentally sustainable.

In June 2023, the delegated acts on sustainable activities of the 4 environmental objectives complementary to the climate mitigation and adaptation objectives were published.

Full disclosure of "alignment" information under the 6 environmental targets is required by 2025 (financial year 2024). As such, for this financial year 2023, the "eligibility" and "alignment" information relating to the two climate objectives and the information relating to eligibility for the four environmental objectives are published. Only the "eligibility" is published relating to the 4 other environmental objectives (Water, Pollution, Biodiversity, Circular Economy).

The Group is required to publish indicators highlighting the proportion of its taxonomy-eligible and taxonomy-aligned turnover, capital expenditure

(CapEx) and operating expenditure (OpEx) resulting from products and/or services associated with economic activities defined as sustainable in the Annexes to the delegated acts.

With regards to the two climate-related environmental objectives, the Group, along with the Taxonomy with the Euroapi experts and the support of external consultants, analyzed the technical screening criteria to determine whether these taxonomy-eligible activities are aligned with the Taxonomy.

To date, the scope of taxonomy-aligned activities mainly concerns individual assets related to the activities described in section 7 of Annex I - Climate Change Mitigation. Regarding eligibility on the 4 environmental objectives published in 2023, the activities identified concern Annex 1 – Sustainable use and protection of aquatic and marine resources, Annex 2 – Transition to a circular economy and Annex 3 – Pollution prevention and control.

In the evolving regulatory context, EUROAPI's approach may need to evolve as regulations stabilize and data becomes more available, particularly with regard to technical criteria.

Evaluation and methodology

In the light of the regulatory framework described above, the Group has identified the taxonomy-eligible activities within the Group for all environmental objectives and has analyzed the taxonomy-alignment of the activities described in the two climate objectives.

The Group does not have any eligible activities under the activities listed in Delegated Act 2022/1214 related to gas and nuclear activities.

The financial information used to establish the eligibility and alignment indicators comes from EUROAPI's information systems that track the Group's revenue, OPEX and investments and which have enabled the consolidation of the Group's figures at the end of the 2023 financial year.







They have been analyzed jointly by the local and central teams, in order to ensure their consistency with the consolidated revenue, CapEx and OpEx for the 2023 financial year and to avoid any double counting of eligible activities in the numerator of the Taxonomy indicators.

Analysis of taxonomy-eligible and taxonomy-aligned activities:

EUROAPI's activities (turnover and investments, including individual investments) were analyzed to determine their eligibility under the activities set out in the Taxonomy Regulation.

The analysis was conducted jointly by the Group's sustainability, operations and finance teams, based on the Group's financial elements and information systems.

The taxonomy-eligible activities identified in 2023 relate to the following activities:

Environmental Objective	Taxonomic activity
 Climate Change Mitigation	a) 4.25 Heat/cold production by using waste heat b) 6.5 Transport by motorcycles, passenger cars and light commercial vehicles c) 7.3 Installation, maintenance and repair of energy efficiency equipment d) 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings e) 7.6 Installation, maintenance and repair of renewable energy technologies f) 7.7 Acquisition and ownership of buildings
 Adaptation to climate change	-
 Sustainable use and protection of aquatic and marine resources	a) 1.1 Manufacturing, installation, and associated services for leak control technologies to reduce and prevent leaks in water supply systems
 Transition to a circular economy	a) 2.2 Production of new water resources for purposes other than human consumption b) 2.4 Hazardous Waste Treatment
 Pollution Prevention and Control	a) 1.1 Manufacture of Active Pharmaceutical Ingredients (PAPs) or Active Substances
 Protection and restoration of biodiversity and ecosystems	-

For the climate change mitigation objective, a detailed analysis of the investments was carried out in order to assess the compliance with the technical criteria and the 'DNSH' ('Does not significantly harm') in order to qualify the alignment of the activities. Only individual investments have been identified as eligible for the climate change mitigation objective and the technical and DNSH criteria have therefore been reviewed on a project-by-project basis:

- a) Activity 6.5. Transport by motorcycles, passenger cars and light commercial vehicles: the entire Euroapi fleet was analyzed against the technical criteria, and only investments in vehicles meeting the technical criteria and the DNSH in Europe were qualified as aligned;
- b) Activity 7.3. Installation, maintenance and repair of equipment to promote energy efficiency: the Group has carried out several projects at its sites in Europe to insulate and install new equipment (compressors, traps, lighting) to reduce energy consumption;
- c) Activity 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings: the Group has carried out several projects at its sites in Europe for the installation of energy consumption monitoring, meters and leak detectors to optimize consumption;
- d) Activity 7.6. Installation, maintenance and repair of renewable energy technologies: the Group has carried out projects at its sites in Europe for the maintenance and repair of photovoltaic panels;
- e) Activity 7.7. Acquisition and ownership of buildings: only Euroapi's headquarters located in Paris were considered aligned, as the rest of the Group's real estate portfolio did not meet all the alignment criteria.

Regarding climate change adaptation (Annex A), Euroapi's approach to climate change adaptation consists of several local initiatives in terms of site resilience, several of which have already committed preventive investments to secure assets and adapt production processes.

Revenue key performance indicators

The consolidated revenue, which constitutes the denominator within the meaning of the Taxonomy, amounts to €1,013.2 million (see section 4.2.1 "Analysis of the Group's income statement"), the eligibility ratio amounts to 89%.

Analysis of Aligned Activities – Minimum Safeguards

As defined in Article 3 of the Taxonomy Regulation, an activity can only qualify as environmentally sustainable if it is carried out in compliance with the specific minimum safeguards detailed in the Regulation.

The assessment of compliance with the minimum safeguards was carried out on a Group-wide basis.

Euroapi's ESG strategy is aligned with and complies with the United Nations Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the principles and rights set out in the eight fundamental conventions mentioned in the International Labour Organization declaration. The Group has put in place the Code of Ethics and Human Rights Policies which are set out in paragraph 5.5.2 Ensuring respect for human rights.

Regarding the procedures in place to fight corruption, the Group has deployed an Ethics and Compliance program in accordance with the eight pillars of the Sapin II law in France. Euroapi is also subject to the Bribery Act of 2010 in the United Kingdom and the Foreign Corrupt Practices Act (FCPA) in the United States. With regards to taxation, the Group respects the letter and spirit of tax legislation responsibly and aligns its tax strategy with its business strategy.

A mapping of compliance and ethical risks is drawn up by the Group, which includes legal and corruption risks. Euroapi's teams undergo training on ethical and compliance standards, in order to promote compliance with legal frameworks.

The eligible turnover (€901.6 million) corresponds in its entirety to activity 1.1 Manufacture of active pharmaceutical ingredients (APIs) or active substances, which is part of Annex 3 – Pollution prevention and control. This eligible turnover corresponds to the manufacture of active pharmaceutical ingredients or active substances for human use, the manufacture of active pharmaceutical ingredients and substances for veterinary purposes was not considered eligible.

CapEx key performance indicators

In accordance with the Taxonomy Regulation, the denominator of CapEx includes the acquisition of property, plant and equipment (IAS 16) and intangible assets (IAS 38), the acquisition of right-of-use (in accordance with IFRS 16, the right-of-use being recognized at the beginning of the lease). In 2023, the denominator amounts to €173 million.

In 2023, the amount of eligible activities amounts to €141.7 million, i.e. 82% of CapEx, in connection with individual investments identified as eligible for the climate mitigation objective and CapEx related to the activity of manufacturing active pharmaceutical ingredients. The amount of CapEx related to aligned activities amounted to €9.4 million.

Scope of eligible activities (M€s)	2023 CAPEX
Transport by motorbikes, passenger cars and light commercial vehicles	0.3
Installation, maintenance and repair of equipment promoting energy efficiency	2.6
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	0.1
Installation, maintenance and repair of renewable energy technologies	3.7
Acquisition and ownership of buildings	2.6
Production of heat/cool using waste heat	0.5
Transport by motorbikes, passenger cars and light commercial vehicles	1.1
Acquisition and ownership of buildings	1.8
Manufacture of active pharmaceutical ingredients (API) or active substances	125
Production de ressources en eau alternatives à des fins autres que la consommation humaine	3.4
Treatment of hazardous waste	0.6
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	0
Grand total	141.7

OpEx key performance indicators

In accordance with the Taxonomy Regulation, the denominator of OpEx is composed of direct non-capitalizable R&D costs as well as equipment maintenance and servicing costs, building renovation costs, repair costs, rents presented in the income statement and any other expenses related to the daily maintenance of assets.

The eligible Opex (€58.3 million, i.e. 65% of OPEX) relates directly to activity 1.1 Manufacture of active pharmaceutical ingredients (APIs) or active substances, which is part of Annex 3 – Pollution prevention and control and has been established by reference to the eligible turnover of the sites or directly to the R&D project to which they relate.

This OpEx denominator represents an absolute amount of €89.3 million.

Scope of eligible activities (M€s)	2023 OPEX M€s
Manufacture of active pharmaceutical ingredients (API) or active substances	58.3
Grand total	58.3

Eligibility and alignment results for 2023

The results of the Taxonomy KPIs for 2023 are summarized below. More details can be found in the Taxonomy tables at the end of the sections.

In 2023, Taxonomy-eligible CapEx amounted to €141.7 million, or 81.9% of total CapEx in the denominator.

Investments related to (M€s)	2023
Eligible and aligned investments	9.4
Share of aligned investments in TOTAL CAPEX	5.4%
Share of investments aligned with eligible investments	6.6%
Eligible and non-aligned investments	132.3
Eligible investments	141.7
Share of eligible investments	81.9%
Non-eligible investments	31.3
Total CAPEX Denominator	173.0

Taxonomy-eligible OpEx amounted to €58.3 million or 65% of the total OpEx in the denominator

Operating expenses related to (M€s)	2023
Taxonomy-eligible and Taxonomy-aligned OpEx	0
Taxonomy-aligned OpEx as a proportion of total OpEx	0
Taxonomy-aligned OpEx as a proportion of Taxonomy-eligible OpEx	0
Taxonomy-eligible but not Taxonomy-aligned OpEx	58.3
Taxonomy-eligible OpEx	58.3
Proportion of Taxonomy-eligible OpEx	65%
Taxonomy non-eligible OpEx	31
Total OPEX Denominator	89.3

Regulatory Tables

Economic activities	Codes	Rotation k€	Proportion of turnover %	Substantial contribution criteria						DNSH criteria						Minimum safeguards	Taxonomy-aligned proportion of turnover year 2022 %	Category (enabling) E/T	Category (transitional)
				Climate change mitigation %	Climate change adaptation %	Water %	Pollution %	Circular economy %	Biodiversity %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water Y/N	Pollution Y/N	Circular economy Y/N	Biodiversity Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned activities) (A.1)		0	0%															0%	
Of which enabling		0	0%																—%
Of which transitional		0	0%																—%
A.2. Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	901,568	89%	N/EL*	N/EL	N/EL	EL	N/EL	N/EL									0%	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		901,568	89%	0%	0%	0%	89%	0%	0.0									0%	
A. Turnover of Taxonomy eligible activities (A.1+A.2)		901,568	89 %	0 %	0 %	0 %	89 %	0 %	0.0									0 %	
B. Taxonomy non-eligible activities																			
Turnover of taxonomy non-eligible activities (B)		111,651	11%																
Total A + B		1,013,219	100%																

Proportion of Turnover / Total turnover

	Taxonomy aligned per objective	Taxonomy eligible per objective
Climate Change Mitigation (CCM)	0 %	0 %
Climate Change Adaptaion (CCA)	0 %	0 %
Water (WTR)	0 %	0 %
circular Economy (CE)	0 %	0 %
Pollution (PPC)	0 %	89 %
(Biodiversity) BIO	0 %	0 %

N/EL: Non-eligible

CapEx Table

Codes	CapEx	CapEx proportion	Substantial contribution criteria						DNSH criteria						Minimum safeguards	Taxonomy-aligned proportion of turnover year	Category (enabling)	Category (transitional)	
			Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity					
	In Mn €	%	%	%	%	%	%	%	%	O/N	O/N	O/N	O/N	O/N	O/N	O/N	%	E/T	
A.TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1.Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	338	0,2%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%		T
Installation, maintenance and repair of equipment promoting energy efficiency	CCM 7.3	2644	1,5%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	109	0,1%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	3682	2,1%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%	E	
Acquisition and ownership of buildings	CCM 7.7	2613	1,5%	Y	N	N/EL	N/EL	N/EL	N/EL	N	O	O	O	O	O	O	0,0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	9387	5,4%	5,4%	0 %	0 %	0 %	0 %	0 %	N	O	O	O	O	O	O	0,0%		
Of which Enabling		6436	3,7%	3,7%	0 %	0 %	0 %	0 %	0 %	N	O	O	O	O	O	O	0,0%	E	
Of which Transitional		338	0,2%	0,2%						N	O	O	O	O	O	O	0,0%		T

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)													
Production of heat/cool using waste heat	CCM 4.25	454	0,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,067	0,6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL				
Acquisition and ownership of buildings	CCM 7.7	1,810	1,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL				
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	125,019	72,3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL				
Production of alternative water resources, for other use than human consumption	CE 2.2	3,401	2,0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL				
Treatment of hazardous waste	CE 2.4	572	0,3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL				
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	2.00	0,0%	N/EL	N/EL	EL	N/EL	N/EL	N/EL				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		132,325	76,5%	1,9%	0 %	0,0%	72,3%	2,3%	0,0%				1%
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		141,712	81,9%	7,4%	0 %	0,0%	72,3%	2,3%	0,0%				1%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
CapEx of taxonomy-non-eligible activities		31,269	18%										
TOTAL		172,981	100%										

N/EL: Non-eligible

	Proportion of Turnover / Total turnover	
	Taxonomy aligned per objective	Taxonomy eligible per objective
Climate Change Mitigation (CCM)	5,4%	7,4%
Climate Change Adaptaion (CCA)	0%	0%
Water (WTR)	0%	0,0%
circular Economy (CE)	0%	2,3%
Pollution (PPC)	0%	72,3%
(Biodiversity) BIO	0%	0,0%

OpEx Table

Economic activities

Codes	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria							DNSH criteria							Minimum safeguards	Taxonomy-aligned proportion of turnover year 2022	Category (enabling)	Category (transitional)
			Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity						
	K€s	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T		
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	0.0	0%																		
Of which enabling	0.0	0%																		
Of which transitional	0.0	0%																		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1 58,329	65%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									0%			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	58,329	65%	0%	0%	0%	65%	0%	0%									1%			
A. OpEx of Taxonomy-eligible activities (A.1+A.2)	58,329	65%	0%	0%	0%	65%	0%	0%									1%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of taxonomy-non-eligible activities (B)	31,007	35%																		
Total A + B	89,337	100%																		

Proportion of Turnover / Total turnover

	Taxonomy aligned per objective	Taxonomy eligible per objective
Climate Change Mitigation (CCM)	0 %	0 %
Climate Change Adaptaion (CCA)	0 %	0 %
Water (WTR)	0 %	0 %
circular Economy (CE)	0 %	0 %
Pollution (PPC)	0 %	65 %
(Biodiversity) BIO	0 %	0 %

N/EL: Non-eligible

5.7 METHODOLOGY NOTE AND THIRD-PARTY VERIFICATION

The Group's ESG performance will be closely monitored and assessed, both internally and externally. It follows a detailed reporting framework that is available to all contributors.

The reporting framework and key performance indicators used in this statement are governed by the following regulations:

- European Directive 2014/95/EU on the disclosure of non-financial and diversity information (the "Non-financial Reporting Directive" (NFRD)) and the upcoming Corporate Sustainability Reporting Directive (CSRD), which amends the existing reporting requirements of the NFRD;
- French Ordinance 2017-1180 of July 19, 2017 and Decree 2017-1265 of August 9, 2017, implementing European Directive 2014/95/EU in France, and requiring companies to set out a Statement of Non-financial Performance, incorporating criteria on climate change;
- Regulation (EU) 2020/852 (the "Taxonomy Regulation") of July 12, 2020 that standardizes definitions and processes to be used when determining whether an activity is environmentally sustainable for disclosure under the NFRD;
- Article 173 of Act 2015-992 of August 17, 2015, on energy transition for green growth; and
- Law 2021-1774 of December 24, 2021, concerning the annual publication of differences in gender representation among senior executives, and members of governing bodies.

The Group Global Operating Procedure describes the different indicators that must be reported and the related deadlines.

These frameworks specify the methods to be used for reporting indicators throughout the Group, including definitions, methodological principles, calculation formulae, and emission factors. The resulting indicators provide:

- a comprehensive overview of the different reporting indicators associated with environmental, social and governance criteria that are measured and monitored by the Group; and
- a basis for reporting key performance indicators (KPIs), and related trends, to executive management and to external stakeholders.

These various indicators are published in the Statement of Non-financial Performance prior to the Company's Annual General Meeting, and can be used by external rating agencies and stakeholders.

As the disclosure of these main indicators is mandatory, the supporting data are audited by an independent third party. The list of key performance indicators reported may evolve over time in line with new laws and regulations.

5.7.1 Methodology note on non-financial reporting

This Universal Registration Document includes all elements of the statement of non-financial performance as listed in Articles R. 225-102-1 and R. 225-105 of the French Commercial Code.

LEGISLATION	REQUIRED ITEMS	SECTION
DECREE NO. 2017-1265 FOR THE TRANSPOSITION OF EUROPEAN DIRECTIVE 2014/95/EU	Consequences of the Group's activity on climate change and the use of the goods and services it produces. The information shall include the direct and indirect greenhouse gas emissions linked to the upstream and downstream transport activities of the activity and shall be accompanied by an action plan to reduce these emissions,	See Section 5.3.1 "Towards responsible innovation" and Section 5.3.2 "Minimize the Group's environmental impact"
	Circular economy commitments	
	Societal commitments in favor of sustainable development	See Section 5.1.5 "The Group's ESG Strategy"
	Commitments to combat food waste	This information, mentioned in Article L. 225-102-1 of the French Commercial Code, is not presented in this chapter because it was considered not applicable to the activity of the EUROAPI group. The Group's activity does not generate food waste beyond employee meals.
	Collective agreements concluded in the Group and their impact on the economic performance of the Group as well as on the working conditions of employees	See Section 5.4.3 "Create a constructive social dialogue" and Section 5.4.4 "Promote talent management and personal development"
SUSTAINABLE FOOD LAW OF OCTOBER 30, 2018	Actions aimed at combating discrimination and promoting diversity and measures taken in favor of people with disabilities	See Section 5.4.5 "Foster diversity and equal opportunity" and Section 5.5.2 "Ensure respect for human rights"
	Actions aimed at promoting the Nation-Army link and support enlistment in the human reserves	This information, mentioned in Article L. 225-102-1 of the French Commercial Code, is not presented in this chapter because it was considered not applicable to the activity of the EUROAPI group.
	Commitments to combat food insecurity	This information, mentioned in Article L. 225-102-1 of the French Commercial Code, is not presented in this chapter because it was considered not applicable to the activity of the EUROAPI group. The Group's activities do not have an impact on consumers' access to food.
LAW NO. 2022-296 OF MARCH 2, 2022 AIMED AT MAKING SPORT MORE ACCESSIBLE	Commitments to respect animal welfare and responsible, fair and sustainable food	This information, mentioned in Article L. 225-102-1 of the French Commercial Code, is not presented in this chapter because it was considered not applicable to the activity of the EUROAPI group.
	Actions aimed at promoting physical activity and sports	See Section 5.4.2 "Ensure the health and safety of employees and subcontractors"

Non-financial performance indicators

Indicator	2023	2022	2021	2020	Section
ENVIRONMENT					
Energy					
Total energy consumption in MWh	604,472	601,937	598,920	662,754	
Energy intensity (total energy consumption per net revenue) in MWh / € m	604		/	/	
Renewable energy consumption in MWh	148,899	143,654	163,566	51,776	
Non-renewable energy consumption in MWh	455,573	458,283	435,354	610,978	5.3.2
Fuel consumption from coal and coal products	0	/	/	/	Improving energy efficiency and increasing use of renewable energies
Fuel consumption from crude oil and petroleum products	561	/	/	/	
Fuel consumption from natural gas	326,570	/	/	/	
Fuel consumption from other fossil sources	0	/	/	/	
% of renewable energy	25%	24%	27%	8%	
Sites with 100% electricity from renewable sources (% Group sites)	83%	83%	/	/	
GHG emissions* (see methodological note)					
		2022 corrected			
Total GHG emissions in metric tons CO₂e	796,765	681,955	746,385	/	
Total GHG intensity	796	/	/	/	5.3.2
Scope 1 GHG emissions in metric tons CO ₂ e	63,086	61,317	73,582	74,043	Fighting climate change
Scope 2 GHG emissions in metric tons CO ₂ e (Market based)	28,614	30,061	27,371	40,003	
Scope 1 + 2 GHG emissions in metric tons CO ₂ e	91,700	91,378	100,953	114,046	
Scope 3 GHG emissions in metric tons CO ₂ e	705,065	590,577	645,432	/	
Other emissions					
VOC (volatile organic compound) emissions in metric tons	1,219	1,413	1,338	2,092	5.3.2
ODS (ozone-depleting substances) emissions in kilograms	358	261	545	1,696	Reducing emissions into air, water, soil and subsoil
Wastewater discharge in thousand m ³	23,900	21,786	25,492	22,101	
Water					
Water consumption in thousand m ³	19,127	18,352	16,806	21,256	5.3.2
Water consumption intensity in m ³ / € m	19,117	/	/	/	Optimizing water management
Water withdrawal in thousand m ³	19,570	17,561	17,737	21,004	
Water recycled in thousand m ³	4,442	4,885	4,809	6,049	
Waste					
Total waste produced in metric tons	100,605	98,668	96,194	101,669	
Total waste intensity in metric tons / € m	101	/	/	/	
Hazardous waste produced in metric tons	54,938	55,307	53,414	57,259	
Non-hazardous waste produced in metric tons	45,667	43,361	42,780	44,410	
Waste recovered in metric tons	51,854	55,266	52,781	35,836	5.3.2
Recycled	33,620	34,063	33,718	/	Improving waste management and promote responsible consumption
Recovery operation	18,234	21,203	19,063	18,623	
Waste incinerated with energy recovery in metric tons	18,234	21,203	19,063	18,623	
Non-recycled waste in metric tons	48,751	43,402	43,413	65,833	
Non recycled waste in %	48%	44%	45%	65%	
Waste sent to landfill in metric tons	9,207	5,195	6,394	7,393	
Waste treated with other methods in metric tons	39,544	38,208	37,019	39,817	
Zero waste to landfill sites (% Group sites)	33%	33 %	/	/	

Indicator	2023	2022	2021	2020	Section
ENVIRONNEMENT					
Solvents					5.3.2
Total solvents consumed in metric tons	87,595	83,275	79,117	107,500	Improving waste management and promote responsible consumption
Solvents regenerated in metric tons	62,246	56,213	50,581	78,624	
Solvent recycling rate (%)	71.1%	67.5%	63.9%	73.1%	
Certifications					
ISO 14001 certification (% Group sites)	100%	100%	67%	67%	5.3.2
ISO 50001 certification (% Group sites)	100%	50%	50%	50%	
ISO 14001 and ISO 50001 certification (% certification)	100%	75%	58%	58%	

Indicator	2023	2022	2021	2020	Section
SOCIAL					
General					
Number of employees by country					
France	1,302	1,235	1,175	1,139	
Hungary	1,044	935	919	794	
Germany	839	771	735	582	
United Kingdom	219	256	245	194	
Italy	220	208	228	214	
Other	45	44	40	43	
Total	3,669	3,449	3,342	2,966	
Breakdown of workforce by contract type (%)					
Permanent contracts	90%	90%	88%	91%	5.4.1 Human capital, a key asset for the Group
Fixed-term contracts	10%	10%	12%	9%	
Total	100%	100%	100%	100%	
Breakdown of workforce by age (%)					
< 30	14,4%	14,2%	13,5%	/	
30 to 50	53,6%	53,4%	53,9%	/	
> 50	32,0%	32,4%	32,6%	/	
Total	100%	100%	100%	/	
Breakdown of workforce by business function (%)					
Sales	3.4%	2.7%	/	/	
Production	76.1%	79.0%	/	/	
R&D	11.6%	10.4%	/	/	
Support functions	8.9%	7.9%	/	/	
Total	100%	100%	/	/	

Indicator	2023	2022	2021	2020	Section
SOCIAL					
Changes in workforce					
Hiring rate	16.7%	14.3%	14.4%	/	
New hires by country					
France	192	177	/	/	
Hungary	252	143	/	/	
Germany	110	93	/	/	
United Kingdom	21	50	/	/	
Italy	33	18	/	/	
Other	6	13	/	/	
Total	614	494	/	/	
Turnover rate	14.7%	12.9%	/	/	
Departures by country					
France	126	114	/	/	
Hungary	137	119	/	/	
Germany	55	52	/	/	
United Kingdom	54	42	/	/	
Italy	20	20	/	/	
Other	6	9	/	/	
Total	398	356	/	/	
Departures by motive (share)					
Voluntary resignation (fixed-term contracts)	33	38	/	/	
Voluntary resignation (permanent contracts)	140	102	/	/	
Mutual agreement	51	48	/	/	
Involuntary dismissal	27	19	/	/	
Expiration of fixed-term contracts	75	76	/	/	
Retirement	43	43	/	/	
Other	29	30	/	/	
Total	398	356	/	/	
Health and Safety (employees temporary contractors)					
Lost Time Injury frequency rate per 1,000,000 hours worked	2.1	1.8	/	/	
Number of recordable LTI	16.0	/	/	/	
Total Recordable Injury frequency rate per 1,000,000 hours worked	2.8	2.9	/	/	
Number of recordable RTI	21.0	/	/	/	
Accident severity rate per 1,000,000 hours worked*	39.9	15.7	/	/	
Fatality rate	0.0	0.0	0	/	
Employee development					
Number of training hours completed	38,230	/	/	/	
Average number of training hours per employee	9.6	/	/	/	
Number of employees who took at least 1 training course	3,782	/	/	/	
Employees provided training (% total employees)	95%	/	/	/	
Employee engagement					
Share capital held by employees (%)	1.6%	0.6%	/	/	
Proportion of employee shareholders (%)	48%	67%	/	/	
Employees participating in performance reviews (%)	99%	/	/	/	
Employee engagement survey participation rate (%)	N/A	68%	/	/	
Employee engagement rate (%)	N/A	63%	/	/	
Absenteeism rate (%)	4.9 %	/	/	/	

5.4.4
Promote talent
management and
personal
development

5.4.2
Ensure the health
and safety of
employees and
subcontractors

5.4.4
Promote talent
management and
personal
development

5.4.6
Ensure fair
employee
compensation and
benefits

Indicator	2023	2022	2021	2020	Section
SOCIAL					
Diversity and inclusion					
Women in total workforce (%)	28.8%	28.2%	27.1%	24.3%	
Women members of Board of Directors (%)	58.3%	53.8%	/	/	
Women members of Executive Committee (%)	36.4%	15.4%	/	/	
Women in Extended Leadership team (%)	35.9%	30.0%	/	/	
Women in senior leadership positions (%)	34.1%	33.9%	/	/	
Women in new hires (%)	34%	39.6%	/	/	5.4.5
Gender equality index: Index Pénicaud, for France	83/100	76/100	/	/	Foster diversity and equal opportunity
Employees with disabilities/average workforce, for France (%)	4.9%	6.9%	6.9%	/	
Number of disabled employees	141	/	/	/	
Number of disabled employees hired	1	/	/	/	
Rate of entitled employees who took family related leave	4%	/	/	/	
Number of nationalities in the Group	45	45	/	/	

* An error in published data last year stated very low severity rate, it has been corrected here.

Indicator	2023	2022	2021	2020	Section
ETHICS + COMPLIANCE					
General					
Employees trained on Code of Ethics and Compliance (%)	95%	95%	/	/	5.5.1
Employees trained on Anti-Corruption (%)	95%	/	/	/	Put ethics and compliance at the heart of the Group's business relationships
Personal data protection					
Employees trained on GDPR (General Data Protection Regulation) (%)	94%	95%	/	/	5.5.3
Promote data protection					
Product quality + client satisfaction					
Number of product recalls	0	0	/	/	5.2.1
Number of regulatory inspections ⁽¹⁾	1	4	/	/	Ensure product quality
Number of client audits ⁽²⁾	56	56	/	/	
Responsible supply chain					
Raw material expenditure: Europe vs non-Europe	71% vs 29%	71% vs 29%	/	/	5.2.4
Implement responsible purchasing					
Responsible procurement					
Response rate of new suppliers of raw material who have signed the supplier code of conduct	87%				

(1) Inspections conducted by the European Medicines Agency and/or the US Food and Drug Administration.

(2) Inspections conducted at Group sites.

Indicator	2023	2022	2021	2020	Section
GOVERNANCE					
General					
Number of members of the Board of Directors at December 31	12	13	/	/	
Independent members* of the Board of Directors at December 31 (%)	50%	63%	/	/	
Women on the Board of Directors (%)	58.3%	54%	/	/	Chapter 2
Women on the Executive Committee (%)	36.4%	15%	/	/	Sections 2.1 and 2.2
Number of meetings of the Board of Directors held during report year	9	4	/	/	
Directors present at Board meetings held during report year (%)	93%	98%	/	/	

*A member of the Board of Directors is considered "independent" when she/he has no relationships of any kind with the Company, its Group or its Management, which could impair the free exercise of her/his judgement.

Procurement Indicators

New suppliers of raw material response rate to the qualification process

The indicator relative to the respondents rate compliant with our qualification process (response to the ESG questionnaire, signature of the Code of Ethic and of the Code of conduct) includes only new suppliers of raw material in 2023. 100% of them were asked to respond to those 3 documents available on a platform EUROAPI shares with its suppliers.

Raw material expenditure

This indicator includes effective products purchased and paid. It excludes products in transit, freight, accounting adjustment and custom duties.

Ethics & Compliance Data

Scope of consolidation

Data cover all employees of the Group companies, excluding employees counted as missing for reason such as medical leave, maternity leave, explaining why they were unable to complete the training session.

These data are reported for the year ended December 31, 2023.

Indicators

Ethics and Compliance Indicator

It includes 2 training sessions:

- Code of Ethics;
- Alert Management.

In 2022 those 2 training sessions were rated separately, they both had a response rate of 95%, while in 2023 they are considered as one indicator completed when the 2 sessions are accomplished.

Anti-corruption indicator

This indicator introduced in 2023 includes 3 training sessions:

- Fighting corruption;
- Anti-bribery and due diligence;
- Gift and invitations.

GDPR (General Data Protection Regulation) indicator

GDPR training is mandatory for all European employees and consist in one e-learning training of 20 minutes.

Social data

Scope of consolidation

Workforce data are consolidated for all of the Group's companies that are also fully consolidated for financial reporting purposes. The scope of workforce reporting covers all Group activities (industrial, sales and administrative) and all site locations (including Bianco, our last acquisition).

Workforce data is reported for all Group employees with a fixed-term or permanent employment contract, as of December 31, 2023.

Reporting methods

Three reporting methods are used to collect workforce data:

- most workforce data indicators are collected and consolidated using the Workday Global HR platform, which is used to record workforce numbers and movements for all site locations;
- certain indicators (notably the gender pay gap and absenteeism rate) are collected via the payroll systems used in each country where the Group has operations and are consolidated for reporting purposes; and
- certain indicators (participation in programs and events, etc.) are collected by the department concerned at individual sites and are consolidated for reporting purposes.

These data are reported for the year ended December 31, 2023.

Indicators

Employee distribution by country

Indicates the number of employees by country of work: France, Hungary, Germany, United Kingdom, Italy and Other. Other includes countries with commercial operations only and proportionally fewer employees: United States, Slovakia, Russia, China and Japan.

New hires and departures

New hires and departures for the Group excludes all intragroup movements such as international, inter-company or inter-site transfers. It includes new hires and departures for companies that were consolidated for the first time or acquired during the year. Conversions of fixed-term contracts into permanent contracts are not included unless there is a gap of more than one day between the two contracts, in which case they are counted as a departure and a new hire.

Turnover

Indicates the turnover rate for the Group distributed by country of work: France, Hungary, Germany, United Kingdom, Italy and Other. Other includes countries with commercial operations only and proportionally fewer employees: United States, Slovakia, Russia, China and Japan.

Women in extended leadership team and senior leadership positions

The extended leadership team includes Executive Committee members, Country Heads and key senior leadership positions. A senior leadership position is defined based on grading. Persons in these positions have an impact on the attainment of financial objectives.

Gender pay gap

The data are effective as of December 31, 2023 and include all employees in France. The data exclude temporary workers and members of the Executive Committee.

Gender equality index for France (Pénicaud index)

This gender equality index is a requirement under French law. The main indicators are: gap in basic and variable pay plus personal bonuses, gap in distribution of pay rise, gap in distribution of promotions, % of female employees given a pay rise. You can find further details on the methodology on the [French Government website \(in French only\)](#).

Health and safety data

Scope of consolidation

Health and safety data are consolidated for all companies within the Group that are also fully consolidated for financial reporting purposes. Reporting covers all Group activities (industrial, sales and administrative) and all site locations.

Health and safety data are reported for all Group employees, as well as for subcontractors and temporary workers, for the year ended December 31, 2023.

Reporting methods

The Group applies reporting standards for health and safety information to ensure the consistency and reliability of indicators monitored across all operations. These standards specify the methodologies, definitions and calculation methods to be used. The Group also uses standard data collection tools.

The SHERPA system is used to collect and consolidate health and safety data for all sites.

The data are reported for the full year ending December 31, 2023.

Indicators

Lost Time Injury frequency rate

Lost Time Injury (LTI) frequency rate refers to the number of accidents resulting in lost time of one day or more during the reporting year, per one million hours worked.

Hours worked refers to the time during which any employee, subcontractor or temporary worker is exposed to occupational risks. Accidents occurring during a home-workplace commute are not included in this indicator; however, they are included for travelling medical representatives, in accordance with internal reporting rules. Work accidents occurring when working remotely are included in this indicator.

Total Recordable Injury frequency rate

Total Recordable Injury (TRI) frequency rate is the number of occupational injuries with or without lost time during the reporting year, per one million hours worked.

Accident severity rate

Accident severity rate refers to the number of lost days per one million hours worked. Lost days are the number of calendar days during which a person does not work following a work-related injury.

An error in published data last year (stated very low severity rate) has been corrected this year.

Environmental data

Scope of consolidation

Environmental data are consolidated for all Group companies with an industrial activity, specifically the six industrial sites located in Europe, that are also fully consolidated for financial reporting purposes.

In order to assess environmental impact at group level, the scope of environmental reporting also includes sales and administrative sites for certain indicators when feasible. Certain sites share their premises with other companies and are unable to obtain the information required for the Group's reporting purposes. Data pertaining to the Group's sales and administrative sites were factored into the calculation of Scope 3 GHG emissions.

Reporting methods

The Group applies environmental reporting standards to ensure the consistency and reliability of indicators across operations. These standards set out the methodologies, definitions, calculation methods and emission factors to be used. The Group also uses standard data collection tools.

The SHERPA system is used to collect and consolidate environmental data for the Group's six industrial sites. Most environmental data are collected on a quarterly basis with the exception of wastewater discharge, solvent consumption and VOC emissions which are collected annually.

The data are reported for the full year ending December 31, 2023 with the an exception for the environmental data.

All environmental indicators are on a rolling year from 01/10/N-1 to 30/09/N except for solvents, VOC and ISO certifications.

GHG emissions (Scope 1, Scope 2, and Scope 3), energy data, water data and wastewater discharge that are reported for the 12-month period from October 1 of the previous year to September 30 of the reported year.

Certain environmental data, notably data required for the calculation of Scope 3 GHG emissions, are collected by the department concerned using different systems, and are consolidated for reporting purposes.

Indicators

Greenhouse gas emissions

CO₂ emissions associated with the Group's activities are calculated in accordance with the concepts defined by the GHG Protocol. The GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. The data are reported for the 12-month period from October 1 of the previous year to September 30 of the current year.

Improvement in the perimeter and methodology were made in 2023, in order to fine tune the accuracy of GHG data.

Direct emissions (Scope 1) include emissions from the use of natural gas, fuels and refrigerants at the

Group's six industrial sites. Emissions of energy sold are subtracted from the Group's emissions. Scope 1 does not currently include emissions from chemical processes, such as fermentation, which are deemed to be negligible, given that the Group is an organic chemistry company rather than one active in the areas such as cement, aluminum, or ammonia.

Indirect emissions (Scope 2) are those from the generation of energy such as electricity or steam by external suppliers, purchased by the Company and are calculated using relevant emission factors. Emission factors are obtained from databases published by the International Energy Agency (IEA), and the Department for Environment, Food and Rural Affairs (DEFRA), and are updated annually for our six industrial sites. Emissions generated by the production of steam are calculated based on site-specific factors or estimated using the Group's own internal standards.

Indirect emissions (Scope 3) that occur in the Group's value chain primarily include emissions associated with purchased goods and services, waste disposal and the processing of sold products. Scope 3 emissions are not directly tracked in the SHERPA system but are calculated using standard calculation methods and emission factors:

- purchased goods and services (category 1) is calculated based on quantities purchased;
- waste generated in operations (category 5) is calculated based on quantities and type of waste generated and type of treatment; and
- processing of sold products (category 10) is calculated based on quantities sold.

Emission factors used to calculate Scope 3 emissions are obtained from official databases including those published by EcoInvent, the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the Department for Environment, Food and Rural Affairs (DEFRA).

Although the Group has made continuous efforts to improve the reliability of the data related to its Scope 3 emissions, a certain degree of uncertainty remains. Unlike Scope 1 and 2 emissions, changes in Scope 3 emissions from one year to the next could be attributed to the methods of calculation employed or to the quality of the data available and not necessarily to a variation in performance.

According to the GHG protocol, certain Scope 3 categories do not apply to the Group's business activity or are accounted for under other emissions categories. These categories include:

- Category 8 (Upstream leased assets): associated emissions are included in Scope 1 and 2 calculations for energy use;
- Category 9 (Downstream transportation and distribution): the Group does not sell products directly to consumers; all transportation and distribution are included in Category 4;
- Category 11 (Use of sold products): the Group does not sell products directly to consumers;
- Category 13 (Downstream leased assets): this category is not relevant to the Group's business activities;
- Category 14 (Franchises): the Group does not operate franchises; and
- Category 15 (Investments): associated emissions are included in other categories where relevant.

The change to improve the reporting accuracy and to have indicators closer to reality, the Group has evolved its methodology:

- The perimeter now includes Francopia activities and trading activities emissions such as Reverse Manufacturing and Supply Agreements, as well as exhaustive calculation of upstream transportation and distribution;
- The methodology is aligned with the latest World Business Council for Sustainable Development (WBCSD) guidelines for Chemicals concerning sales of energy and aligned with GHG Protocol guidelines for the purchase of indirect goods and services. It also includes review of the emissions factors and emissions sources.

In order to be able to monitor evolution, historical data has been updated accordingly (see table below). The % change in the following tables are calculated between 2023 emissions with last year methodology and perimeter and corrected 2022 emissions. The growth rates between 2022 and 2023 were calculated on the perimeter of 2022 for more consistent comparison with 2022 corrected data.

Scopes 1 & 2 emissions (in metric tons of CO ₂ e)	2023	2023 LY metho. & LY perimeter	2022 corrected	2022 published	2021	2020	Change due to EUROAPI activity (2023 LY metho. & LY perimeter** vs. 2022 corrected)
Scope 1 GHG emissions	63,086	62,606	61,250	61,317	73,582	74,043	2%***
Scope 2 GHG emissions	28,614	26,450	30,061	30,061	27,371	40,003	- 12%***
Total Scopes 1 & 2 GHG emissions	91,700	89,056	91,311	91,378	100,953	114,046	- 2%***

Scope 3 GHG emissions (in metric tons of CO ₂ e)	2023	2023 LY metho. & LY perimeter	2022 corrected	2022 published	2021	Change due to EUROAPI activity (2023 LY metho. & LY perimeter** vs. 2022 corrected)
1. Purchased goods and services	397,812	263,943	280,661	280,661	313,117	-6%
2. Capital goods	16,086	32,875	35,031	24,355	22,219	-6%
3. Fuel and energy-related activities	29,648	22,605	24,698	24,698	23,650	-8% ***
4. Upstream transportation and distribution	23,719	N/A*	22,906	22,906	22,906	+4% **
5. Waste generated in operations	144,505	144,505	136,287	128,621	132,665	+6% ***
6. Business travel	996	993	526	1,159	2,000	+89%
7. Employee commuting	6,237	6,237	5,445	5,445	4,873	+15%
8. Upstream leased assets	N/A	N/A	N/A	N/A	N/A	/
9. Downstream transportation and distribution	N/A	N/A	N/A	N/A	N/A	/
10. Processing of sold products	76,235	N/A*	78,138	78,138	117,448	-2% **
11. Use of sold products	N/A	N/A	N/A	N/A	N/A	/
12. End-of-life treatment of sold products	9,828	N/A*	6,885	6,885	6,554	+43% **
13. Downstream leased assets	N/A	N/A	N/A	N/A	N/A	/
14. Franchises	N/A	N/A	N/A	N/A	N/A	/
15. Investments	N/A	N/A	N/A	N/A	N/A	/
Total Scope 3 GHG emissions	705,065	580,940	590,577	572,868	645,432	-1.6%

* Error in calculations that does not qualify as a methodology change: error of unit, error in calculation formulas.

** When "2023 LY metho and LY perimeter" is not available, evolution is calculated between 2023 and 2022 corrected.

*** Rolling year Q4 2022 - Q3 2023 for energy and waste.

Carbon neutrality

Carbon neutrality can be achieved through the use of renewables, by generating energy directly or by purchasing energy from suppliers that can provide zero emissions energy. The carbon-neutral objective covers Scope 1, 2 and 3 emissions and includes production sites, R&D sites and tertiary sites. Other local specific emissions factors can also be used in line with the statements of suppliers.

Water consumption and withdrawal

The difference between our total water consumption and total water withdrawal is due to differences in data collection equipment. Certain sites have closed water loop systems that are not included in water withdrawal data.

Waste

The distinction between hazardous and non-hazardous operational waste corresponds to that made in European regulations, in the case of European Union member states, or in local regulations, in the case of other countries. Radioactive and medical waste, as well as waste containing solvents, is reported as hazardous waste.

Hazardous waste is defined as any waste having one or more of the hazardous properties listed in Annex III of European Directive 2008/98/EC and US CFR part 261 subpart C.

Waste arising from soil decontamination, construction and deconstruction operations (one-time waste) is reported separately in the SHERPA system, only for generated quantities and is not included in the published total for the Group's operating activities.

Recovery rate concerns operational waste only and corresponds to waste (both hazardous and non-hazardous) that is recycled (material recovery) or incinerated off-site using waste-to-energy technology (energy recovery).

A site is considered to be "zero waste to landfill" when its landfill disposal rate is less than 1%.

Wastewater discharge

The data presented correspond to effluents at the discharge point of the industrial sites. The data reported cover all Group sites (other than tertiary and logistics sites, which contribute only marginally to COD (Chemical Oxygen Demand) releases). The data are reported for the 12-month period from October 1 of the previous year to September 30 of the current year.

Energy, GHG, Water and Waste Intensities

Refers to the quantity used / wasted for each category according to the revenue (net turnover) of the company, expressed as follows:

$$\frac{\text{Mwh (Energy)/t CO}_2 \text{ Eq. GHG/ M3 (Water and Waste)}}{\text{Turnover (Monetary Unit)}}$$

The environmental data disclosed in this report are for the 12-month period from October 1 of the previous year to September 30 of the current year, therefore the referenced turnover for the calculation of the ratio is from the same time period.

5.7.2 Independent third-party report

EUROAPI

Year ended December 31, 2023

Independent third party's report on consolidated non-financial statement

To the General Assembly,

In our quality as an independent third-party organization, accredited by the COFRAC (COFRAC Accreditation Inspection No. 3-1681, scope available on www.cofrac.fr) and as a member of the network of one of the statutory auditors of your company (hereinafter "Entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended December 31, 2023 (hereinafter the "Statement") with the provisions set out in Article R. 225-105 of the French Commercial Code and the sincerity of the historical information (recorded or extrapolated) provided pursuant to 3° of I and II of Article R. 225105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the procedures of the Entity (hereinafter the "Reference Framework"), presented in the management report pursuant to the provisions of Articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures performed, as described in the "Nature and scope of work" section, and the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to rely to evaluate and measure the Information allows for the use of different, but acceptable, measurement techniques that may affect comparability across entities and over time.

Therefore, the Information should be read and understood with reference to the guidelines, the material elements of which are presented in the Statement.

Limitations in the Preparation of Information

The Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of the external data used. Certain information is subject to the methodological choices, assumptions and/or estimates used for its preparation and presented in the Statement.

Entity's Responsibility

It is the responsibility of the Board of Directors to :

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and, in addition, the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);

- prepare the Declaration by applying the Entity's Repository as mentioned above;
- as well as to put in place the internal control it deems necessary to establish Information that does not contain material misstatement, whether due to fraud or error.

The Declaration was prepared by the Board of Directors.

Responsibility of the independent third part

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code;
- the sincerity of the historical information (observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225105 of the French Commercial Code, i.e. the results of the policies, including key performance indicators, and the actions, relating to the main risks.

As it is for us to make an independent conclusion about the Information as prepared by management, we are not permitted to be involved in the preparation of such Information, as this could compromise our independence.

It is not for us to pronounce on:

- the Entity's compliance with other applicable legal and regulatory provisions (in particular with regard to the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the vigilance plan and the fight against corruption and tax evasion);
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- compliance of products and services with applicable regulations.

Regulatory provisions and applicable professional doctrine

Our work described below has been carried out in accordance with the provisions of Articles A. 2251 et seq. of the French Commercial Code, our audit program consisting of our own procedures (Verification Program for the Statement of Non-Financial Performance, of July 7, 2023), and the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes relating to this intervention, in particular the technical opinion of the Compagnie Nationale des Commissaires aux Comptes, Intervention of the Statutory Auditor - Intervention of the OTI - Declaration of Non-Financial Performance, and the international standard ISAE 3000 (revised)[1].

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Means and resources

Our work mobilized the skills of 5 people and took place between September 2023 and March 2024 over a total duration of intervention of eleven weeks.

To assist us in carrying out our work, we have called on our specialists in sustainable development and social responsibility. We conducted a dozen interviews with the people responsible for preparing the Declaration, representing in particular the Procurement, Supply Chain, Health and Safety, Environment, Research and Development, Quality, Business Ethics, Human Resources and Industrial Operations departments.

Nature and extent of work

We planned and performed our work taking into account the risk of material misstatement of the Information.

In our opinion, the procedures we have conducted in the exercise of our professional judgment allow us to reach a limited level of assurance:

- a) we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- b) we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- c) we verified that the Statement covers each category of information set out in III of Article L. 225-102-1 of the French Commercial Code in social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion and includes, where applicable, an explanation of the reasons justifying the absence of the information required by the 2nd paragraph of III of Article L. 225-102-1 of the French Commercial Code;
- d) we verified that the Statement presents the information set out in II of Article R. 225-105 of the French Commercial Code when it is relevant to the main risks;
- e) we have verified that the Statement presents the business model and a description of the main risks related to the business of all entities included in the scope of consolidation, including, where relevant and proportionate, risks created by its business relationships, products or services as well as policies, actions and results, including key performance indicators (KPIs) related to key risks;
- f) We consulted literature sources and conducted interviews to:
 - assess the process of selection and validation of the main risks as well as the consistency of the results, including the key performance indicators selected, with regard to the main risks and policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. For certain risks (Product Quality and Safety, Continuity of Supply, Data Protection, Responsible Procurement, Responsible Innovation, Business Ethics, Human Rights, Human Resources), our work was carried out at the level of the consolidating entity, for the other risks, work was carried out at the level of the consolidating entity and in a selection of entities listed below: the Brindisi site (Italy) and the Saint-Aubin-lès-Elbeuf (France) site;
- g) we have verified that the Statement covers the consolidated scope, i.e. all the entities included in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code;
- h) we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- i) For the key performance indicators and other quantitative results that we considered most important presented in Annex 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected as well as the consistency of their evolution;
 - detailed tests on the basis of sample tests or other means of selection, consisting of verifying the correct application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities listed above and covers between 49% and 75% of the consolidated data selected for these tests (49% of VOC emissions, 51% of total energy consumption and 75% of water withdrawals);
- j) we assessed the overall consistency of the Disclosure in relation to our knowledge of all the consolidated entities.

The procedures used for a limited assurance engagement are less extensive than those required for a reasonable assurance engagement conducted according to professional doctrine; a higher level assurance would have required more extensive audit work.

Paris-La Défense, February 29, 2024

The Independent Third Party Organization
EY & Associates
Christophe Schmeitzky
Sustainability Associate

Appendix 1: The most important information

Social Information

<i>Quantitative Information (including key performance indicators)</i>	<i>Qualitative Information (actions or results)</i>
Turnover (%)	
Share of women in the Group's salaried workforce (%)	Employment (attractiveness, retention)
Share of women on the Board of Directors (%)	Employee health and safety
Share of women on the Executive Committee (%)	Social relations (social dialogue, collective agreements), talent management and personal development
Share of women in the Extended Leadership Team (%)	Diversity and equal opportunities, fight against discrimination
Share of women in the Senior leadership position (%)	
Frequency rate of accidents at work with lost time	
Severity rate of accidents at work	

Environmental Information

<i>Quantitative Information (including key performance indicators)</i>	<i>Qualitative Information (actions or results)</i>
Scope 1, 2 GHG emissions (tCO ₂ e)	
Scope 3 GHG emissions (Category 1, 2, 3 and 5) (tCO ₂ e)	
Total energy consumption (MWh)	
Share of renewable energy (%)	Results of environmental policy
Percentage of ISO 14001 and ISO 50001 certified sites (%)	Measures to reduce waste (water, air, soil, etc.)
Quantity of hazardous and non-hazardous waste produced (t)	Climate change (significant sources of emissions due to activity, reduction targets) and energy efficiency
Percentage of waste landfilled (%)	Waste management
Percentage of waste recycled (%)	Water management
Water withdrawals (m ³)	
Quantity of wastewater discharged (m ³)	
Quantity of organic solvents consumed (t)	
Percentage of recycled solvents (%)	
Volatile Organic Compound Emissions (t)	

Societal Information

<i>Quantitative Information (including key performance indicators)</i>	<i>Qualitative Information (actions or results)</i>
Share of Employees trained on the Code of Ethics and Compliance (%)	
Share of Employees trained in GDPR (%)	Responsible procurement
Share of Employees trained in anti-corruption (%)	Actions in favor of human rights, in particular respect for the fundamental ILO Conventions
Number of customer quality audits (Nb)	Measures implemented to promote responsible innovation
Number of product recalls (No.)	Actions taken to combat corruption
Raw Material expenditure: Europe vs. non-Europe (%)	
Response rate of new suppliers of raw material who have signed the supplier code of conduct (%)	

French joint-stock company (Société anonyme)
with a share capital of €94,549,488

Registered office:

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Active Solutions for Health