

# ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) ROADMAP

## EXECUTIVE SUMMARY

At the heart of EUROAPI's Environmental, Social and Governance (ESG) roadmap is the conviction that the success of our company lies in our capacity to adapt to the sustainability challenges of today and tomorrow. Our responsibility as a company is to promote sustainable practices and resiliency in the pharmaceutical value chain, to build trust with our stakeholders and to take accountability for the impact we have on society and the environment.

To build our ESG strategy, we sought input from more than 1,200 internal and external stakeholders in 30 countries through a survey and via face-to-face interviews. We leveraged their insights to define priority issues using a materiality analysis and to shape our key commitments. Through this process, we identified a range of priorities for our ESG roadmap which are aligned along the following four key commitments:

- 1. 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.
- 2. Accelerate innovation for environmental sustainability**  
We propose innovative processes and services sustainable by design.
- 3. Create a safe & multicultural workplace**  
We ensure our employees safety and a fulfilling environment for all.
- 4. Uphold best in class corporate governance**  
We work continuously with our internal and external stakeholders to promote compliance and fair practices.

EUROAPI's ESG roadmap is aligned with the United Nations Sustainable Development Goals (SDGs) framework. As a key player in the pharmaceutical medicine value chain, our contribution is particularly relevant for the following SDGs: SDG 3 (Good health and well-being); SDG 5 (Gender equality); SDG 8 (Decent work and economic growth); SDG 9 (Industry, innovation and infrastructure); and SDG 12 (Responsible consumption and production).

A strong ESG governance model is in place, integrated at all levels of the Group, to oversee the deployment of the ESG roadmap. We have implemented an ESG reporting framework including indicators associated with environmental, social and governance criteria that are measured and monitored by the Group. Our performance on these criteria is reported annually in our Statement of Extra-Financial Performance which is audited by an independent third party.

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# 1. INTRODUCTION

## 1.1. EUROAPI's business model

As a key player in the pharmaceutical medicine value chain, EUROAPI's business model illustrates the resources it is using, 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 resources

#### People



- ~3,450 employees from 45 different nationalities
- ~330 scientists incl. 45% PhDs or engineers
- 99% of our employees are based in 5 European countries (France, Germany, Hungary, Italy, UK)
- 15 years of seniority on average
- 80+ countries covered by our commercial teams based in 11 countries and a network of agents

### Products & Services

EUROAPI offers a large portfolio of approximately 200 APIs and CDMO services covering a wide range of therapeutic areas:

- Anti-infectives
- Prostaglandins
- Corticoids and hormones
- Vitamin B12
- Controlled substances
- Oligonucleotides and peptides
- Particle engineering
- Microbial fermentation
- Drug delivery solutions

### Energy and raw materials



We consume energy and natural resources such as water, oxygen, and other raw materials like minerals and solvents. They are key for the manufacture and the delivery of our products.

We continuously keep on optimizing our processes and closely monitor their use in accordance with environmental regulations and health authorities.

### Robust partnerships base

- 20+** years of relationship  
Most of our 500+ clients are pharmaceutical and biotech companies with a client loyalty of more than 20 years of collaboration.
- 59%** Of our raw material spent is sourced in Europe  
**Our Supplier Code of Conduct** ensures their compliance to our ethics, human rights and environmental principles.

### Financials

Strong financials sustaining future innovation and growth

- €976.6 million in revenue and 12.3% core EBITDA margin in 2022
- 79 CDMO projects (at December 31, 2022)
- €510 million in planned investments at our 6 plants (between 2022 and 2025)
- Strong balance sheet
- Independent company with a stable and diversified shareholder base
- Two major shareholders: Sanofi and Bpifrance

### Our positioning

#### Healthcare value chain



#### 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.

#### Culture & values

At EUROAPI, how we do things is as important as what we do

- Taking ownership
- Caring for all
- Achieving together
- Driven by our clients

#### Strategy

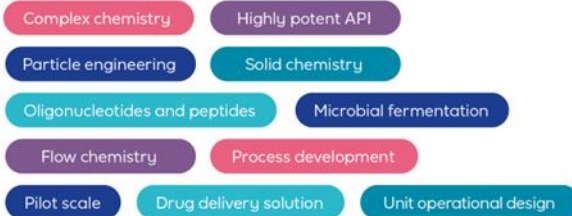
A historical leader in the small molecules APIs market, EUROAPI wants to accelerate its development in more complex molecule segments and CDMO activities.

#oligonucleotides #peptides #HighlyPotentAPI #lipids #enzymes

# Our assets

## Technology platforms & fundamentals

Our know-how in mastering technology platforms



Our fundamentals



# Our impacts

## Society, people, healthcare, employees

**High therapeutic value**  
 Our API catalog covers multiple therapeutic areas addressing a wide variety of patients' needs.  
**~55%** of the Group's sales come from APIs included in the WHO list of essential medicines.

**Contributing to EU Health sovereignty**  
 Candidate to several public repatriation initiatives, we have an established dialogue with national authorities and trade associations.

### Responsible economic & social development

**14 weeks** Our employees can benefit from 14-week parental leave.

**67%** participated in the 2022 employee shareholding plan.



We target **diversity and gender-balanced** representation and opportunities. We aim to have 30% of leadership positions held by women by 2025.

We ensure our **employees' safety** with a Company-wide commitment to a zero-accident goal.

### Local communities and the planet



**Local communities**  
 We have 14 partnerships with universities and schools in 3 countries. All our industrial sites maintain regular dialogue and collaboration with local stakeholders.



**Mitigated impact on the planet**  
 We perform continuous improvement programs by reducing water, solvent and energy consumption to mitigate our environmental impact across the entire value chain. We promote **green chemistry**, eco-designed and the circular economy in our production processes.

**5 Sustainable Development Goals driving our actions**  
 We support the United Nations Sustainable Development Goals.



**-30%** CO<sub>2</sub> emissions (Scopes 1 and 2)

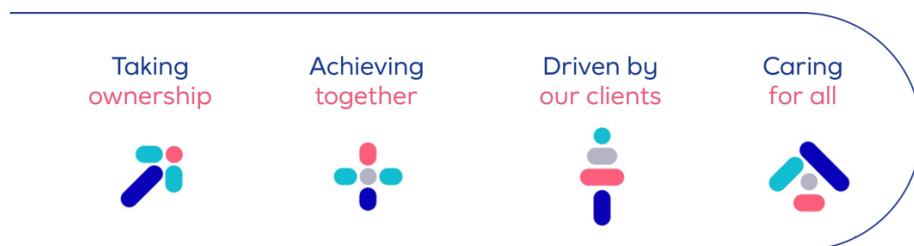
We aim to decrease our CO<sub>2</sub> emissions by 30% by 2030 compared to 2020.

**100%** of our sites will be certified ISO 14001 and 50001 by 2023 and will use electricity from renewable sources by 2025.

## 1.2. Bringing our corporate culture to life through our four core values

Defining EUROAPI's values was a collaborative process, first initiated in 2021, involving an internal team comprising members representing the Group's various countries and job functions. Workshops were held to brainstorm and gather different points of view, and ultimately define a list of values that are both meaningful and specific to the Group.

As a result of this process, four core values were defined:



### **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.

### **Driven by our clients**

The Group believes that by being client-driven, it creates value by putting its clients at the heart of its activities.

### **Achieving together**

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

### **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 have been communicated internally and externally, and they define how our employees interact together and with our stakeholders, and how we make decisions and drive our business.

Led by EUROAPI's Chief Executive Officer and championed by the members of the Executive Committee, these four core values have been instilled throughout the Group with the support of a network of ambassadors.

Our employees' behavior towards their stakeholders, and how they conduct business, is determined by these four core values.

EUROAPI's Code of Ethics, inspired by our values and principles, is available on our [website](#).

The Group's policies and standards are also aligned with the values and the culture it wishes to promote.

## **2. DEVELOPING OUR ESG STRATEGIC APPROACH**

### **2.1. Engaging with our stakeholders and identifying priority issues**

Engaging with our stakeholders, and consulting with them and mapping their expectations, adds genuine value as it helps us to ask the right questions: What is the impact of the Group's activities on this stakeholder? What expectations do they have of the Group's activities? What are the risks and opportunities of these expectations for the Group?

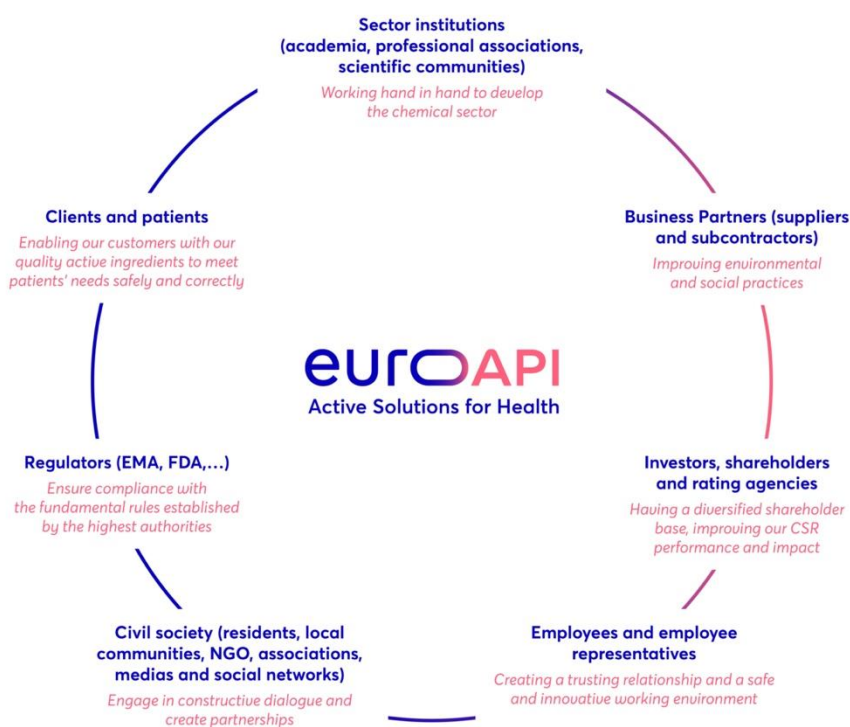
EUROAPI started developing its ESG strategy in 2021 by sending a survey to its different internal and external stakeholder groups through an outside agency with the objective of obtaining a robust materiality analysis.

The survey was sent to all categories of external stakeholders: clients, suppliers, civil society, industry key opinion leaders, and financial partners. With respect to internal stakeholders, in



In addition to conducting interviews with the Board of Directors and senior management, we interviewed and surveyed employees and employee representative bodies.

The stakeholder map below shows the specific concerns brought forward by EUROAPI's stakeholders and the different ways we can engage with them.



In 2022, EUROAPI continued to invest in maintaining a strong two-way communication with its stakeholders, as it became important for them to learn more about the Group as a new stand-alone entity.

The Group pays special attention to maintaining dialogue with its clients, conducting regular client surveys and general inquiries, and systematically obtaining feedback after sales visits. EUROAPI collects data on several indicators such as satisfaction rate and net promoter score, and takes corrective action where needed in a spirit of continuous improvement.

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

Stakeholders	Topic addressed	Actions in 2022	Examples
<b>Industry institutions (academia, professional associations, scientific communities)</b>	Technological innovations, development of trainees Economic and environmental framework and specific topics for the Group	The Group has partnerships with more than 30 industry associations and scientific universities.  The Group's employees were contributors at several scientific events such as the International Symposium on Green Chemistry (La Rochelle, France) and the RNA Leaders World Congress (Basel, Switzerland).	MEDEF Paris  SICOS - Synthetic Organic Chemistry and Biochemistry industry  France-Chimie  Chimie Paris Tech University

Stakeholders	Topic addressed	Actions in 2022	Examples
<b>Business partners (suppliers and subcontractors)</b>	Quality, order security, innovation, cost, risks and compliance with the Code of Ethics and ESG roadmap	<p>The Group has a supplier portal, allowing timely interactions with all its suppliers and sharing of updated information.</p> <p>In addition, the Group's procurement team organizes regular business reviews, supplier premises visits and, for important events, sends direct letters from the CPO.</p> <p>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 Group is also open to suppliers visiting its own premises.</p> <p>Special attention is given to new and high-risk suppliers in the context of the Group's Responsible Procurement Program.</p> <p>An internal supplier evaluation system is under construction.</p>	Procurement teams attended CPhI WW Frankfurt, where they met hundreds of suppliers, and had almost 60 face-to-face meetings during business reviews and visits (internal and external).
<b>Investors, shareholders and rating agencies</b>	Results, business models/product range, news	<p>The Company's Executive Committee members participated in broker conferences and regular investor roadshows.</p> <p>The Group's investor relations department organized two semi-annual financial and non-financial results conference calls for investors and interacts with numerous ESG ratings agencies and banks.</p>	The information is available on the Company's website.
<b>Employees and employee representatives</b>	Working conditions, business reviews, safety and environmental protection	<p>The Group launched its first employee survey with a participation rate of 68%.</p> <p>The Group has widely used internal communication channels (Yammer with 3,500 followers from several communities (corporate, countries and internal programs)).</p> <p>Several health and safety campaigns including vaccination and awareness days were organized during the year.</p> <p>Constructive social dialogue generated through 11 workshops since the Company's stock market listing, and the creation of a European Works Council for employee representatives of all Group sites.</p>	<p>The Group offers opportunities for employees to learn about or have access to health services. For example, numerous sites ran flu vaccination campaigns for employees, provided sessions on mental health and ran breast cancer awareness campaigns.</p> <p>In 2022, strong emphasis was placed on environmental awareness with more than 250 employees spending at least one hour on the topic, through participation in energy-saving programs and workshops on the origin and consequences of climate change.</p>

Stakeholders	Topic addressed	Actions in 2022	Examples
<b>Civil society (residents, local communities, NGOs, non-profits, media and social networks)</b>	Jobs, safety and environmental protection	<p>The Group organized site visits for local schools, employees' families and local non-profits.</p> <p>The Group's employees participated in local non-profit events such as fundraising sports events.</p> <p>The Company's CEO and Executive Committee Members participated in 10 media events with journalists, and the Group published 12 press releases, resulting in articles in the international press.</p> <p>7,500 followers have followed the Group's LinkedIn account since May 2022.</p>	<p>In Vertolaye, regular surveys are carried out by external associations regarding potential disturbances on local communities caused by the site.</p> <p>At the Group's Frankfurt site, regular tree and species inventories, inspection and replanting have been organized since 2009 and 2008, respectively.</p> <p>In Brindisi, the site organizes solidarity lunches, open-air cinema sessions with patient associations and local NGOs.</p>
<b>Regulators (EMA, FDA, etc.)</b>	Compliance, safety and environmental protection	<p>The European Medicines Agency (EMA) audited the Group's Haverhill site in 2022.</p> <p>Three Pharmaceutical Supply Chain Initiative (PSCI) audits were carried out at the Group's sites.</p>	NR
<b>Clients and patients</b>	Product offering, technology innovation, supply, quality of products, sustainability, regulatory services, pricing, etc.	<p>The Group's sales teams attended more than 16 trade fairs and scientific events in Europe and North America.</p> <p>The Group conduct regular client surveys (most recently in 2021), ad hoc pulse surveys and request feedback after sales visits/calls.</p> <p>Clients and prospective clients regularly audit the Group's sites, as is standard in its industry.</p>	The Group's sales teams attended CPhI WW Frankfurt, ChemOutsourcing in North America, etc.

## 2.2. Materiality assessment

Our materiality assessment consisted of identifying, refining, and assessing numerous potential environmental, social and governance issues that could affect our business and our stakeholders, and prioritizing them into a short list of topics that will guide our strategy, targets, and reporting.

As part of our work to lay the foundations of our ESG strategy, we conducted a survey in March 2021, collecting over 1,200 responses from a broad array of internal and external stakeholders: clients, suppliers, employees and subcontractors, scientific partners, financial partners and influential members of civil society, including NGOs, public institutions, and journalists.

The survey gathered data from 30 countries, and 19 face-to-face interviews were conducted with senior management and employee representatives.

The 17 material topics listed below are ranked by relative importance (or materiality).





The Group used this materiality matrix, supplemented by the analysis of its strategic risk mapping, to construct its ESG strategy.

As a result, the ESG strategy aims to meet stakeholders' expectations, to contribute to the Group's performance, and to help mitigate a number of risk categories.

The Group's ESG strategy is based on 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.

In order to ensure its non-financial performance, the Group's ESG roadmap is implemented through purpose-oriented dedicated programs that are sponsored by Executive Committee members. Most programs are managed by a dedicated Program Head with specific objectives and performance indicators. Certain programs are still under finalization due to the recent creation of the Group.

To support the company initiatives and provide access to additional know-how and resources to the teams responsible for the programs, external commitments have been made with relevant partners on specific ESG topics. For example, in 2022, the Group became a signatory to the United Nations Global Compact and to the Global Responsible Care® Charter.





Communication with our employees, to promote their interest and engagement with respect to relevant ESG issues for the Group, is carried out regularly by the internal communications department.

To make sure that the ESG roadmap remains relevant and in line with expectations, regular dialogue with our stakeholders is organized throughout the year (see paragraph 2.1).

When communicating externally, EUROAPI aims at adopting best practices for the disclosure of relevant performance indicators.

The table below illustrates the link between the Group's ESG strategic pillars, the coverage of material topics and its qualitative commitments and quantitative objectives.

The “Shared value and stakeholder engagement” topic is covered in the introductory part of this roadmap because it is cross-functional, and one of the foundations of the entire Group strategy. This explains why only 16 material topics are presented vs. 17 described in paragraph 2.2.

Commitments	Objectives (Statement of Non-financial Performance)	Material Topics (stakeholder survey)	Programs	Targets	Contribution to SDGs
Offer safe products and a resilient & responsible supply chain	Ensure product quality	<ul style="list-style-type: none"> <li>Highest product quality, safety and traceability</li> <li>Positive impact on society</li> </ul>	Supply Chain Resilience	N/A	 Goal 3: Ensure healthy lives and promote well-being for all at all ages
	Secure continuity of supply	<ul style="list-style-type: none"> <li>Supply chain resilience</li> </ul>			
	Ensure data and information system security	<ul style="list-style-type: none"> <li>Data security</li> </ul>	Sustainable and Responsible Procurement		
	Implement responsible purchasing	<ul style="list-style-type: none"> <li>Responsible procurement</li> </ul>			
Accelerate innovation for environmental sustainability	Towards responsible innovation	<ul style="list-style-type: none"> <li>Responsible innovation</li> </ul>	Responsible Innovation	<ul style="list-style-type: none"> <li>-30% CO<sub>2</sub> emissions (vs. 2020) by 2030 (scope 1 &amp; 2)</li> <li>2050: Net zero emissions target</li> </ul>	 Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
	Minimize the Group's environmental impact	<ul style="list-style-type: none"> <li>Fight against climate change</li> <li>Environmental footprint of production</li> <li>Responsible waste management</li> </ul>			
Create a safe & multicultural workplace	Ensure the health and safety of employees and subcontractors	<ul style="list-style-type: none"> <li>Occupational health and safety</li> </ul>	Safety and Well-being	<ul style="list-style-type: none"> <li>LTI (Lost Time Injury) to 1.5 per 1,000,000 hours worked by 2025</li> <li>TRI (Total Recordable Injury) to 2.5 per 1,000,000 hours worked by 2025</li> <li>30% women in leadership position by 2025</li> </ul>	 Goal 5: Achieve gender equality and empower all women and girls
	Create a constructive social dialogue	<ul style="list-style-type: none"> <li>Social dialogue</li> </ul>			
	Promote talent management and personal development	<ul style="list-style-type: none"> <li>Talent management and personal development</li> </ul>	Internal Development Program		
	Foster diversity and equal opportunity	<ul style="list-style-type: none"> <li>Diversity and equal opportunity</li> </ul>	Diversity & Equal Opportunity		
Uphold best in class corporate governance	Put ethics and compliance at the heart of the Group's business relationships	<ul style="list-style-type: none"> <li>Corporate ethics and compliance</li> </ul>	Compliance and Business Ethics	<ul style="list-style-type: none"> <li>100% completion rate for Code of Ethics and compliance training in 2022</li> <li>United Nations Global Compact commitment in 2022</li> </ul>	 Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	Ensure respect for human rights	<ul style="list-style-type: none"> <li>Responsible governance, transparency and shared CSR culture</li> </ul>			
	Promote data protection				

### 2.3. Our ESG governance

ESG governance is integrated at all levels of the Group. It ensures that the ESG strategy is deployed fully via programs on specific topics and dedicated objectives.

In 2022, to further highlight the importance of our ESG strategy in the Group's overall performance, a specific ESG collective performance criterion was included among the criteria of

the annual variable compensation package for the short-term incentive plan of the Extended Leadership Team (ELT), which includes the Executive Committee. This is expected to be maintained in 2023.

The ESG governance model at EUROAPI consists of four levels, each with its own responsibilities, as outlined below.

#### **The Board of Directors' ESG Committee**

- Reviews and monitors the Group's corporate social responsibility commitments and orientations and assists the Board in its decision-making.
- Ensures that ESG issues are taken into account when developing and implementing the corporate strategy.

#### **ESG Steering Committee with Executive Committee members**

- Validates the strategy, sponsors the programs supporting the strategy and appoints Program Heads.
- Allocates resources and influences strategy based on performance assessments.

#### **Head of ESG**

- Proposes the strategy and supports the Program Heads deploying the strategy.
- Presents performance monitoring updates to the ESG Steering Committee and consolidates key performance indicators.
- Is responsible for ESG disclosure, interactions with rating agencies, external partnerships and ratings, and ESG audits.

#### **Corporate Affairs network on sites**

- Creates and deploys mobilization plans to drive ESG program performance and to reinforce employees' sense of belonging.

As a newly listed company with a new ESG strategy, the main activities of the ESG Committee in its first year were the following:

- examining the Group's ESG commitments and the extent to which those commitments meet stakeholders' expectations;
- approving the new ESG organization to ensure the implementation of key programs supporting the ESG roadmap;
- monitoring the rollout of ESG roadmap and its integration into the Group's strategy; and
- examining draft company reports on governance and ESG matters (and ensuring all information required according to current legislation has been properly prepared).

### **3. CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS**

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EUROAPI is keenly aware of the challenges the world is facing and we recognize our share of responsibility in contributing to a better and more sustainable future and in demonstrating our positive contribution to society.

That is why one of the first external commitments taken by the Group was to become signatory to the 10 principles of the United Nations Global Compact initiative (UNGC) in 2022.

## WE SUPPORT



The United Nations Global Compact is the largest voluntary leadership platform for the development, implementation and disclosure of responsible business practices.

The Group has decided to join forces with thousands of companies worldwide, which are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption, and to contribute to the UN targets embodied in the Sustainable Development Goals (SDGs).

The Group sees the SDGs as a common and consistent framework that will help to achieve future sustainability ambitions.

The Group's ESG roadmap supports the United Nations' 17 SDGs. As a key player in the pharmaceutical medicine value chain, its contribution is especially impactful on the selected five key SDGs described below:



### Ensuring healthy lives and promoting global well-being for all age groups

The quality of medicines and the resilience of the pharmaceutical supply chain are key factors for public health. This became more visible with the Covid-19 crisis as it halted or reversed progress in healthcare, especially in the supply of essential medicines.

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. An estimated 55% of the Group's revenue in 2022 is derived from APIs that are included in the list of essential medicines or medicines with major therapeutic interest.

Located exclusively in highly regulated markets, the Group's industrial sites are certified by the EMA<sup>1</sup>, FDA<sup>2</sup> and PMDA<sup>3</sup> and the Group operates in compliance with Good Manufacturing Practices (GMP) standards. One of the Group's main priorities is to maintain the highest quality standards for its large-scale assets, production capacity, and range of innovative technologies.

The Group strives constantly to be a reliable supplier. The Group has a mono-sourcing exit program in order to ensure that it has a diversified raw material purchasing strategy, focusing on critical intermediate availability and product shelf life. The Group has a Responsible Purchasing program to ensure sustainable supply and a sound Business Continuity Plan to address unforeseeable events and adapt its stock to regulatory requirements.

<sup>1</sup> European Medicines Agency – except the Haverhill site which is certified by the MHRA (Medicines & Healthcare products Regulatory Agency)

<sup>2</sup> US Food and Drug Administration

<sup>3</sup> Pharmaceuticals and Medical Devices Agency – except the Saint-Aubin-Lès-Elbeuf site which has not yet been inspected



**5 GENDER EQUALITY****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 underrepresented employees.

The Group's objective is to promote diversity and a balanced representation of women and men in its extended leadership team (ELT), including the Executive Committee and managers in key positions, with the aim of achieving a 30% representation of women by 2025.

One of the Group's first actions in 2022 was to introduce a global standard for inclusive and equal parental leave that has been implemented worldwide. Since January 1, 2022, 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, not including its two employee representatives, is composed of 11 members including six women as at December 31, 2022, 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<sup>1</sup>) of 1.5 or less and a total occupational injury frequency rate (TRI<sup>2</sup>) of 2.5 or less.
- The Group also promotes its employees' health and well-being through its Wellness4All programs. In order to monitor the quality of its employees' work life and their engagement rate, an employee survey was conducted in 2022 by an independent external provider.

By becoming a signatory of the United Nations Global Compact initiatives in 2022, the Group has committed to support and respect the protection of internationally proclaimed human rights and make sure that it is not complicit in human rights abuses.

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 complying with the Group's Supplier 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 United Nations Guiding Principles on Business and Human Rights. The Group's human rights fact sheet can be found on the corporate website.

<sup>1</sup> For EUROAPI employees per 1,000,000 hours worked.

<sup>2</sup> For EUROAPI employees per 1,000,000 hours worked



## 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. The Group offers the largest corticoid portfolio on the market and a comprehensive suite of anti-infective APIs. The Group is also able to supply approximately 60 small- and complex-molecule API references that span a highly diverse range of therapeutic uses for both humans and animals.

Most of these technologies are unique in Europe, so in order to maintain its technological advantage and expand its production capacity to meet clients' needs, the Group has decided to invest €500 million in its six European sites between 2022 and 2025.

Thanks to this industrial investment, coupled with an efficiency lifecycle assessment, the Group will benefit from efficient production sites meeting high environmental and sanitary standards. The Group expects all its sites to be compliant with ISO 14001 (Environmental management systems) and ISO 50001 (Energy management systems) by the end of 2023.



## 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;
- a 30% reduction in scope 1 and 2 carbon emissions by 2030 (vs. the 2020 baseline);
- carbon neutrality of its operations by 2050.

The Group seeks to reduce its CO<sub>2</sub> emissions through the decarbonization of its energy supply. It began its transition to renewable energies in 2022 with the initiation of a project to install a 17 MW biomass boiler at its industrial site in Saint-Aubin-lès-Elbeuf.

The Group also implements innovative technologies to reduce its overall environmental footprint. Some examples include:

- micropollutants by a charcoal unit in Vertolaye;
- a Volatile Organic Compound burner in Frankfurt;
- production of one of the largest marketed APIs with continuous process and all solvents replaced by water (Sevelamer on Haverhill site).

To reinforce this trend and improve chemical process efficiency, a Responsible Innovation Program is in the process of being set up to develop existing projects and boost the number of green chemistry projects.

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.

## 4. ESG PERFORMANCE MONITORING AND REPORTING

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Our ESG performance is 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 monitored and reported at EUROAPI 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.

Our 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 the 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.

## Table of non-financial performance indicators

<i>Indicator</i>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>ENVIRONMENT</b>			
<b>Energy</b>			
Total energy consumption in MWh	601,937	598,920	662,754
Renewable energy consumption in MWh	143,654	163,566	51,776
Non-renewable energy consumption in MWh	458,283	435,354	610,978
Sites with 100% electricity from renewable sources (% Group sites)	83%	/	/
<b>GHG emissions</b>			
Scope 1 GHG emissions in metric tons CO <sub>2</sub> e	61,317	73,582	74,043
Scope 2 GHG emissions in metric tons CO <sub>2</sub> e	30,061	27,371	40,003
Scope 1 + 2 GHG emissions in metric tons CO <sub>2</sub> e	91,378	100,953	114,046
Scope 3 GHG emissions in metric tons CO <sub>2</sub> e	572,868	645,432	/
<b>Other emissions</b>			
VOC (volatile organic compound) emissions in metric tons	1,413	1,338	2,092
ODS (ozone-depleting substances) emissions in kilograms	261	545	1,696
Wastewater discharge in thousand m <sup>3</sup>	21,786	25,492	22,101
<b>Water</b>			
Water withdrawal in thousand m <sup>3</sup>	17,561	17,737	21,004
Water consumption in thousand m <sup>3</sup>	18,352	16,806	21,256
Water recycled in thousand m <sup>3</sup>	4,885	4,809	6,049
<b>Waste</b>			
Total waste produced in metric tons	98,668	96,194	101,669
Hazardous waste produced in metric tons	55,307	53,414	57,259
Non-hazardous waste produced in metric tons	43,361	42,780	44,410
Waste recycled in metric tons	34,063	33,718	35,836
Waste sent to landfill in metric tons	5,195	6,394	7,393
Waste incinerated with energy recovery in metric tons	21,203	19,063	18,623
Waste treated with other methods in metric tons	38,208	37,019	39,817
Zero waste to landfill sites (% Group sites)	33%	/	/
<b>Solvents</b>			
Total solvents consumed in metric tons	83,275	79,117	107,500
Solvents regenerated in metric tons	56,213	50,581	78,624
Solvent recycling rate (%)	67.5%	63.9%	73.1%
<b>Certifications</b>			
ISO 14001 certification (% Group sites)	100%	67%	67%
ISO 50001 certification (% Group sites)	50%	50%	50%
ISO 14001 and ISO 50001 certification (% certification)	75%	58%	58%

<i>Indicator</i>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>SOCIAL</b>			
<b>General</b>			
Number of employees by country			
France	1,235	1,175	1,139
Hungary	935	919	794
Germany	771	735	582
United Kingdom	256	245	194
Italy	208	228	214
Other	44	40	43
<b>Total</b>	<b>3,449</b>	<b>3,342</b>	<b>2,966</b>
Breakdown of workforce by contract type (%)			
Permanent contracts	90%	88%	91%
Fixed-term contracts	10%	12%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Breakdown of workforce by age (%)			
<25	4.8%	5.2%	4.4%
25 to 40	35.2%	33.4%	32.0%
41 to 55	42.3%	43.7%	44.4%
56 to 60	13.5%	13.4%	14.8%
>60	4.2%	4.3%	4.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Breakdown of workforce by business function (%)			
Sales	2.7%	/	/
Production	79.0%	/	/
R&D	10.4%	/	/
Support functions	7.9%	/	/
<b>Total</b>	<b>100%</b>	<b>/</b>	<b>/</b>
<b>Changes in workforce</b>			
<b>Hiring rate</b>	<b>14.3%</b>	<b>14.4%</b>	<b>/</b>
New hires by country			
France	177	/	/
Hungary	143	/	/
Germany	93	/	/
United Kingdom	50	/	/
Italy	18	/	/
Other	13	/	/
<b>Total</b>	<b>494</b>	<b>/</b>	<b>/</b>
<b>Turnover rate</b>	<b>12.9%</b>	<b>/</b>	<b>/</b>
Departures by country			
France	114	/	/
Hungary	119	/	/
Germany	52	/	/
United Kingdom	42	/	/
Italy	20	/	/
Other	9	/	/
<b>Total</b>	<b>356</b>	<b>/</b>	<b>/</b>
Departures by motive			
Voluntary resignation (fixed-term contracts)	38	/	/
Voluntary resignation (permanent contracts)	102	/	/
Mutual agreement	48	/	/
Involuntary dismissal	19	/	/
Expiration of fixed-term contracts	76	/	/
Retirement	43	/	/
Other	30	/	/
<b>Total</b>	<b>356</b>	<b>/</b>	<b>/</b>



Indicator	2022	2021	2020
<b>SOCIAL</b>			
<b>Health and Safety</b>			
Lost Time Injury frequency rate per 1,000,000 hours worked	1.8	/	/
Total Recordable Injury frequency rate per 1,000,000 hours worked	2.9	/	/
Accident severity rate per 1,000 hours worked	0.1	/	/
<b>Employee development</b>			
Number of training hours completed	Consolidated data	/	/
Average number of training hours per employee	unavailable. To be	/	/
Employees provided training (% total employees)	disclosed in 2023.	/	/
<b>Employee engagement</b>			
Share capital held by employees (%)	0.63%	/	/
Proportion of employee shareholders (%)	67.0%	/	/
Employee engagement survey participation rate (%)	68.0%	/	/
Employee engagement rate (%)	63.0%	/	/
Absenteeism rate (%)	Consolidated data unavailable. To be disclosed in 2023.	/	/
<b>Diversity and inclusion</b>			
Women in total workforce (%)	28.2%	27.1%	24.3%
Women members of Board of Directors (%)	53.8%	/	/
Women members of Executive Committee (%)	15.4%	/	/
Women in Extended Leadership team (%)	30.0%	/	/
Women in senior leadership positions (%)	33.9%	/	/
Women in new hires (%)	39.6%	/	/
Gender equality index: Index Pénicaud, for France	76/100	/	/
Employees with disabilities/average workforce, for France (%)	6.9%	6.9%	/
Number of nationalities in the Group	45	/	/

Indicator	2022	2021	2020
<b>ETHICS + COMPLIANCE</b>			
<b>General</b>			
Employees trained on Code of Ethics (%)	95%	/	/
Employees trained on Alert Management (%)	95%	/	/
<b>Personal data protection</b>			
Employees trained on GDPR (personal data protection) (%)	95%	/	/
<b>Product quality + client satisfaction</b>			
Number of product recalls	0	/	/
Number of regulatory inspections <sup>(1)</sup>	4	/	/
Number of client audits <sup>(2)</sup>	56	/	/
<b>Responsible supply chain</b>			
Raw material expenditure: Europe vs non-Europe	71% vs 29%	/	/

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

(2) inspections conducted at Group sites

Indicator	2022	2021	2020
<b>GOVERNANCE</b>			
<b>General</b>			
Number of members of the Board of Directors at December 31	13	/	/
Independent members* of the Board of Directors at December 31 (%)	63%	/	/
Women on the Board of Directors (%)	53.8%	/	/
Women on the Executive Committee (%)	15.4%	/	/
Number of meetings of the Board of Directors held during report year	4	/	/
Directors present at Board meetings held during report year (%)	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.

## 5. SOME OF OUR KEY ACHIEVEMENTS TO DATE

### 5.1. Ensuring the health and safety of employees and subcontractors

The health and safety of our employees and subcontractors is of paramount importance for EUROAPI. As a chemical company with several SEVESO-classified sites, accident prevention is foremost among the Group's priorities. By limiting the occurrence of disease and injuries, health and safety rules have a critical impact on productivity and costs, preventing interruptions to production, repeated absences, medical expenses and insurance premiums.

The Group's objective is to achieve zero accidents across all its sites. It therefore aims to maintain the frequency rate of accidents resulting in lost time for its employees and contractors (Lost Time Injury – LTI) at a level  $\leq 1.5$  per 1,000,000 hours worked, and the rate of recordable work accidents (Total Recordable Injury – TRI) at a level  $\leq 2.5$  per 1,000,000 hours worked by 2025.

In 2022, the Group had an LTI rate of 1.8, (in line with its 2022 target to be  $< 2$ ), and a TRI rate of 2.9 (in line with its 2022 target to be  $< 3.5$ ).

The main focus going forward will be on operational activities with high potential for harm, with the introduction of the Group's Lifesaving Rules in 2023. In 2022, all sites were asked to identify lifesaving rules that are specific to their activities. From 2023, the focus will be on rolling out these rules; each year, an independent auditor will assess the impact of the program at the Group's facilities.

In parallel, the emphasis in 2023 will be on each site to increase the number of reports of Potentially Serious Events (PSEs) as well as on analyzing how to improve safety culture and guarantee a consistent level of safety across all sites and throughout the Group's activities.

### 5.2. Promoting environmental sustainability

EUROAPI's environmental sustainability priorities are focused on responsible innovation, GHG emissions reduction, conservation of resources (especially water stewardship, improving energy efficiency and use of cleaner energy sources), the reduction of waste arising from our operations and on the responsible management of our products.

In 2022, our site at Haverhill was ISO 14001-certified (environmental management systems), bringing our total number of manufacturing sites which are ISO 14001-certified to six (100%). With ISO 50001 certification (energy management systems) in progress for the Haverhill, Vertolaye and Brindisi facilities, the Group is on track to meeting its target of 100% of sites ISO 14001 and ISO 50001-certified by the end of 2023.

With a 19.9% reduction between 2020 and 2022 of its scope 1 and 2 greenhouse gas emissions, the Group is on the right track to meet its 30% reduction target by 2030, and ultimately carbon neutrality by 2050.

Energy efficiency has also improved with a 9.2% reduction in total energy consumption in 2022 versus 2020. In 2022, 87% of the electricity consumed in the Group's industrial facilities was from renewable sources, and the objective of using 100% electricity derived from renewable sources at all our industrial facilities by 2025 is within reach.

Total waste produced in 2022 at the Group's industrial sites was reduced by 3% versus 2020. Water management has also been optimized: total water withdrawal (groundwater, surface water, public supply, etc.) has been reduced by 16.4% between 2020 and 2022, and approximately 25% of the water consumed at the Group's sites over that period was recycled or reused water.

The rate of solvent recycling (quantity of solvents recycled as a percentage of total solvents consumed) has been between 64 and 68% over the last two years.

EUROAPI is proud to have joined the United Nations Global Compact (UNGC) initiative - a voluntary leadership platform for the development, implementation and disclosure of responsible business practices and to contribute to the UN targets embodied by the Sustainable Development Goals (SDGs).

EUROAPI has also signed the Responsible Care® Global Charter, the global chemical industry's unifying commitment to the safe management of chemicals throughout their life cycle, while promoting their role in improving quality of life and contributing to sustainable development.

*For additional information please refer to our [Environmental Sustainability Factsheet](#).*

### **5.3. Driving diversity, equity and inclusion**

At all hierarchical levels of EUROAPI, and across all departments and sites, our new company culture, mission and values, together with our renewed focus on talent acquisition, development, and retention, aims to drive diversity, equity and inclusion through employee learning and development and through offering equal career opportunities.

With employees from 45 different nationalities in 11 countries, at EUROAPI we believe that cultural diversity has a positive impact on our performance and on the development of our employees.

We are committed to achieving a balanced representation of women and men across all seniority levels at the company as well as to promoting equal opportunities for underrepresented employees.

Our goal is to promote diversity and balance representation of women and men in senior management. EUROAPI's initial target of reaching 30% women in our Extended Leadership Team by 2025 was achieved within just one year thanks to the promotion and recruitment of women in executive positions. With respect to our Board of Directors, it now includes six women among the eleven members who are not employee representatives (55%).

One of the most emblematic initiatives implemented in our first year was the introduction of a global standard for inclusive and equal parental leave which grants 14 weeks of paid parental leave to any EUROAPI employee who becomes a parent, including those who become a parent through adoption or surrogacy. This policy was implemented worldwide starting from January 1, 2022.

*For additional information, please refer to our [DE&I and Talent Management Factsheet](#).*

### **5.4. Ensuring sustainable procurement**

We expect our suppliers to meet the standards in terms of human rights, labor, health and safety, environmental protection, anti-corruption and data privacy set out in the EUROAPI [Supplier Code](#)

[of Conduct](#) and their compliance may be a decisive factor in their future commercial relationships with EUROAPI.

In 2022, our efforts were focused on developing our Responsible Procurement Program which involved creating an ESG questionnaire for suppliers, conducting a supplier risk mapping and setting up an interactive supplier platform. We also implemented initiatives to secure continuity of supply. We notably managed to accelerate our mono-sourcing exit program for raw materials which is designed to secure business continuity and prevent operating shutdowns. Despite several challenges throughout the year related to raw material and energy price increases, shortages and freight issues, business continuity was maintained.

In 2023, signing our Supplier Code of Conduct will be mandatory for all new suppliers, and the ESG questionnaire will have to be completed by all suppliers classified as “higher risk”. In view of the current global geopolitical tensions and environmental impacts affecting its supply chain, EUROAPI will continue to prioritize supply chain continuity with programs aimed at relocating to Europe the production of certain raw materials, intermediates and APIs as well as at reinforcing our competencies and resources to optimize transportation and distribution.

*For additional information, please refer to our [Sustainable Procurement Factsheet](#).*

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