

The background of the entire page is a photograph of a woman with long, dark, curly hair holding a young child. The woman is wearing a light-colored jacket and a white knit beanie. The child is wearing a pink jacket and a white knit beanie. They are standing in a field of green plants, possibly corn, under a bright, hazy sky at sunset or sunrise. The sun is low on the horizon, creating a warm, golden glow and long shadows. The child's right hand is raised, pointing towards the sky.

**SUSTAINABILITY
REPORT
2022**

AGC Pharma Chemicals Europe, S.L.U.

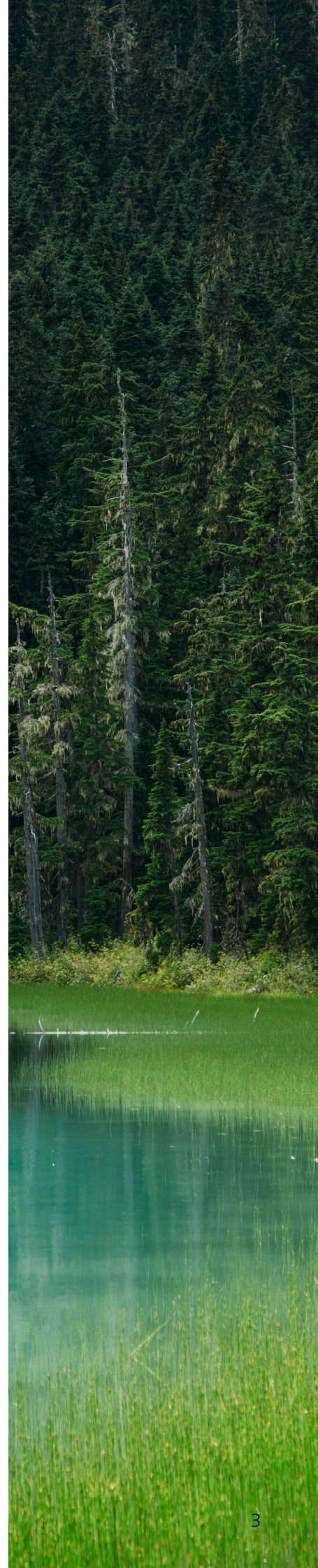
AGC Pharma Chemicals

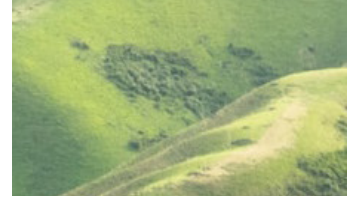
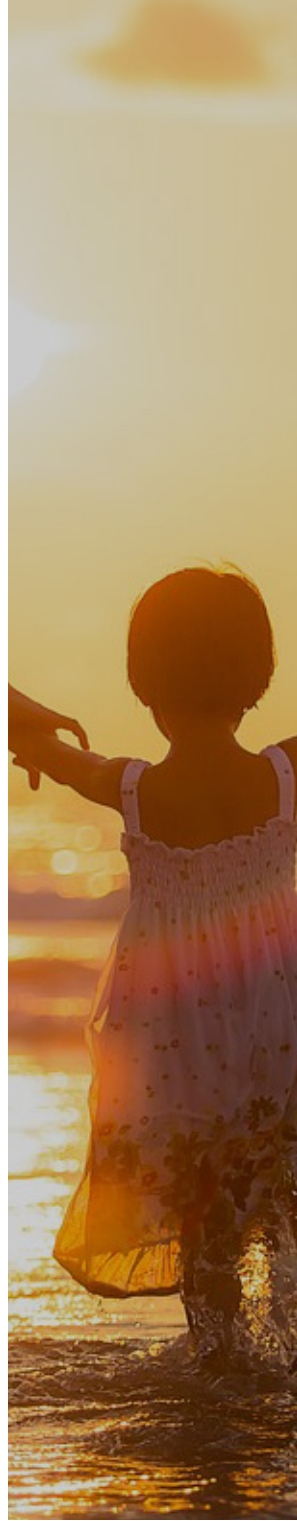
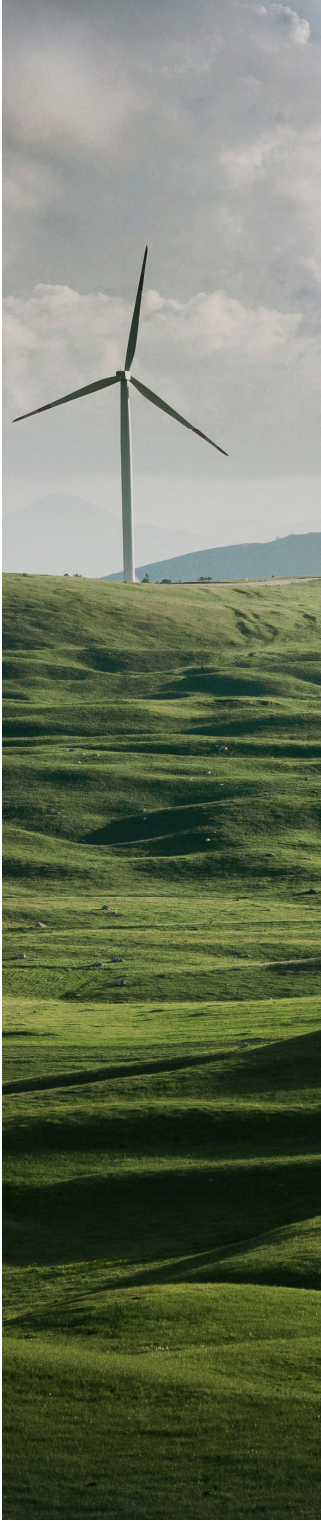


TABLE OF CONTENTS

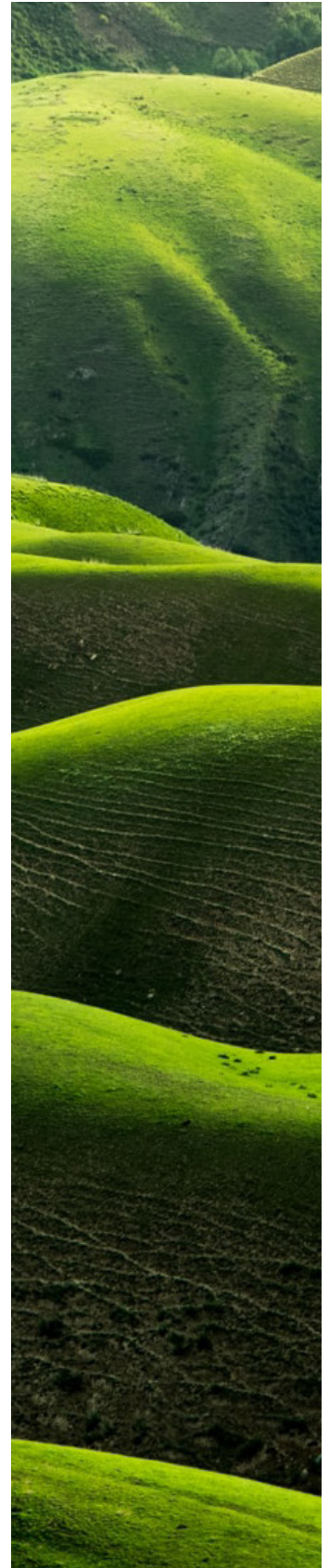
1/	Our first Sustainability Report.....	4
2/	A message from Akihiro Kadokura, our CEO.....	6
3/	Who we are and what we do, our business model.....	8
	3.1 / Our business	
	3.2 / Company	
	3.3 / Objectives and strategies	
	3.4 / Governance	
	3.5 / Our commitment to quality	
	3.6 / Innovation	
	3.7 / Membership of industry and environmental associations	
4/	Our approach to sustainability.....	16
	4.1 / Our contribution to the Sustainable Development Goals	
	4.2 / Materiality analysis and stakeholders	
	4.3 / Risk management	
	4.4 / Our commitments and acknowledgements	
5/	Ethics and Good Governance.....	26
	5.1 / Compliance Procedures	
	5.2 / Good Corporate Governance	
	5.3 / Tax obligations	
	5.4 / Supply chain management	

6/	Commitment to the environment	36
	6.1 / Objectives of the management system. Environmental protection expenditure	
	6.2 / Responsible production and consumption	
	6.3 / Responsible management of waste, emissions and effluents	
	6.4 / Protection of biodiversity	
7/	Commitment to people	54
	7.1 / Labour and human rights	
	7.2 / People management	
	7.3 / Equality and non-discrimination	
	7.4 / Safety, health and well-being at work	
8/	Commitment to health and society	90
	8.1 / Social contribution	
	8.2 / End consumer health	
9/	Table of contents of Law 11/2018	98
10/	Table of contents of the GRI standards	108
11/	Glossary of acronyms	118
12/	External verification	122



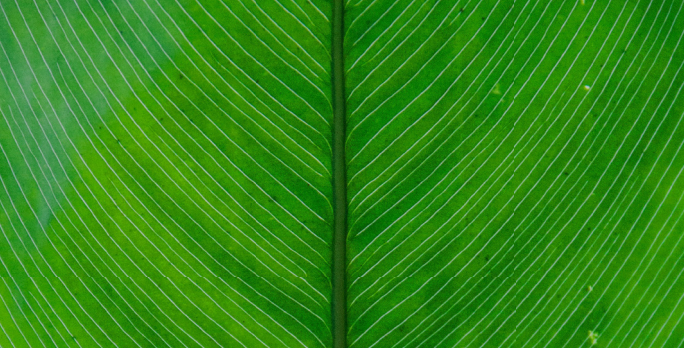


AGC
AGC Pharma Chemicals



1/

Our first Sustainability
Report



We want to let our stakeholders know how we approach sustainability



For the first time in early 2022, AGC Pharma Chemicals Europe, S.L.U. produced a document containing the Non-Financial Information Statement (NFIS) as part of the annual accounts and management report for the year ended 31 December 2021, in line with the requirements set out in Law 11/2018 of 28 December, which transposed into Spanish law Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial and diversity information.

We want to go further this year by presenting a **Sustainability Report** for the first time. This Report will not only form an integral part of the company's annual accounts in response to legal requirements but it will also provide our stakeholders (including business partners and the general public) with information on how we approach sustainability at AGC.

This report does not provide consolidated information for the AGC Group but focuses on the activities of AGC Pharma Chemicals Europe. More detailed information on the activities of the AGC Group is available on the corporate website <https://www.agc.com/en/sustainability/index.html> and in the "AGC Sustainability Data Book 2022", also accessible online.

When producing this report, we followed the guidelines of the GRI Global Sustainability Reporting Initiative, as well as the indications of our business group, without forgetting the provisions of the Non-Financial Information Law regarding the principles of comparability, reliability, materiality, and relevance.

Comparability Criterion:

"The reporting organisation shall select, compile, and report information consistently. The reported information shall be presented in a manner that enables stakeholders to analyse changes in the organisation's performance over time, and that could support analysis relative to other organisations."

Reliability Criterion:

"The reporting organisation shall gather, record, compile, analyse, and report information and processes used in the preparation of the report in a way that they can be subject to examination, and that establishes the quality and materiality of the information."

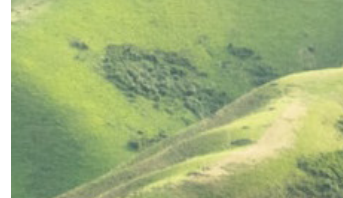
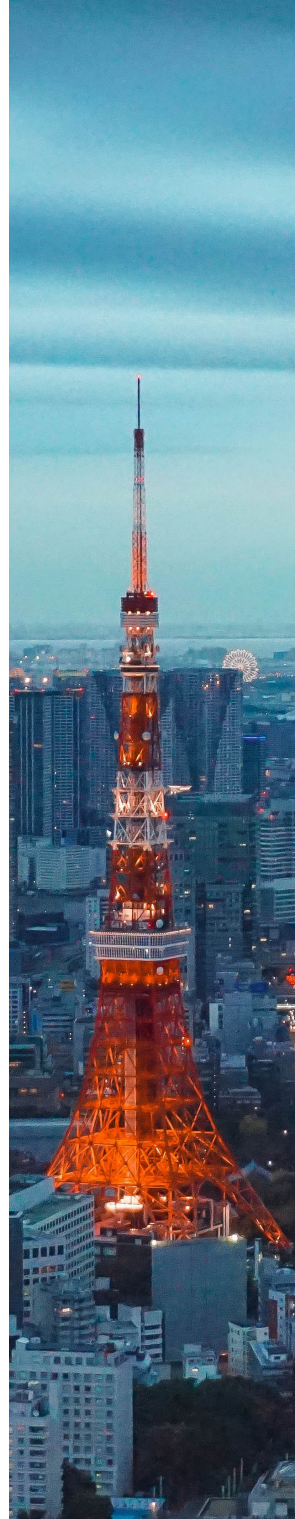
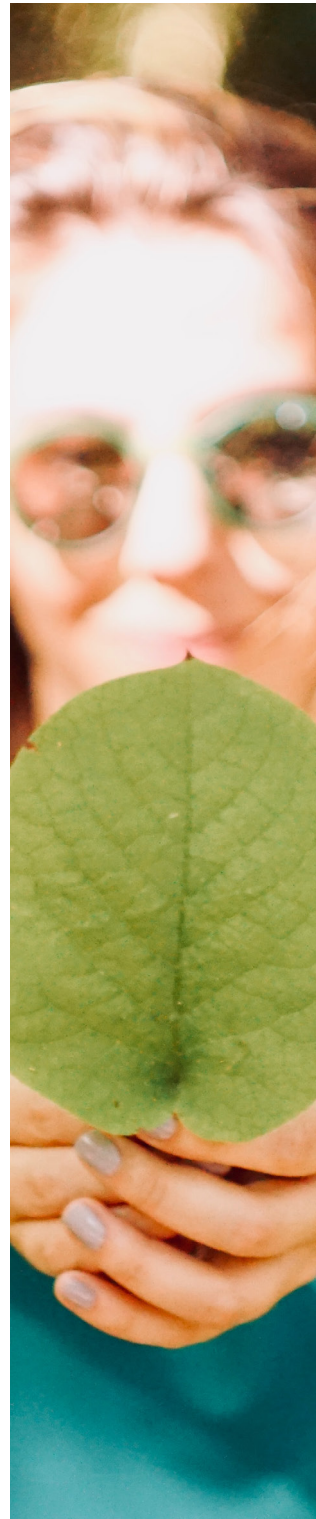
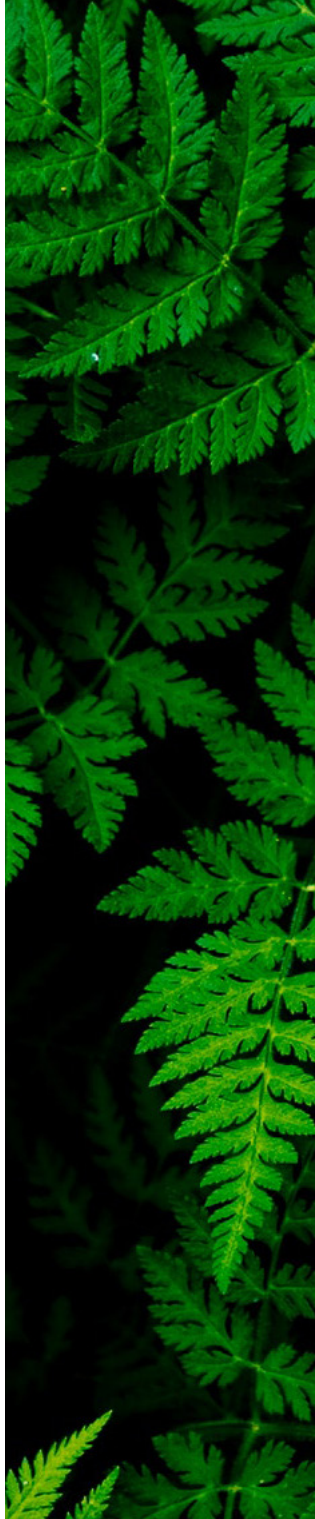
Materiality and Relevance Criterion:

"The report shall cover topics that: reflect the reporting organisation's significant economic, environmental, and social impacts; substantively influence the assessments and decisions of stakeholders."

We hope this Report will be the first of many. Our goal is to publish it annually, adapting each year to reporting trends, updating data, and incorporating contents relevant to our stakeholders.

If you have any suggestions, please contact us at apce.malsm.comunicacion@agc.com.

Thank you in advance for your cooperation.



AGC
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2/

A message from
Akihiro Kadokura, our CEO



“

Our brand statement, “Your Dreams, Our Challenge”, reflects the commitment of the AGC Group

”

The AGC Group is committed to sustainable management, with the aim of creating not only economic but also social value. The company has a long-term strategy: “By providing differentiated materials and solutions, AGC strives to help realise a sustainable society and become an excellent company that grows and evolves continuously.” As a member of the AGC Group, AGC Pharma Chemicals Europe also contributes to this strategy.

At AGC Pharma Chemicals Europe, our mission is to improve people’s lives by offering products of the highest quality. As a Contract Development and Manufacturing Organisation (CDMO), we provide pharmaceutical companies with active pharmaceutical ingredients (APIs). All our services must meet the highest standards, as they have a direct impact on people’s lives.

Sustainability is a core value at AGC Pharma Chemicals Europe, and is embedded in our strategic planning. We have identified this as one of our four key strategic lines, along with customer focus, operational excellence, and innovation. We believe that focusing on sustainability is not only the right thing for the planet and society but is also essential to fulfilling our company’s mission. That is why we take a comprehensive approach to sustainability that includes environmental, social, and economic factors.

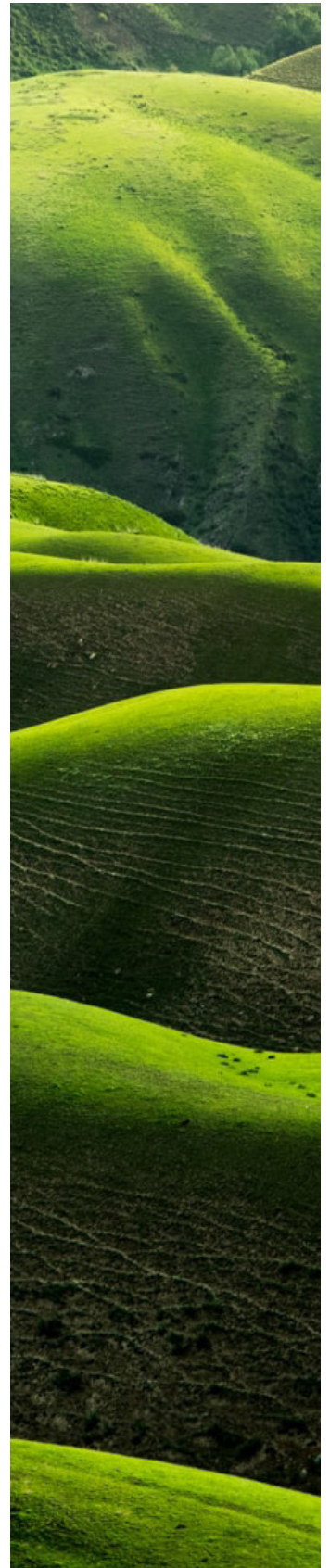
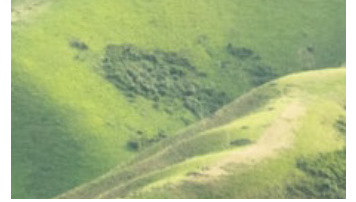
Our commitment is reflected in all aspects of our operations, from the selection of raw materials to the manufacturing process and the delivery of our products. We are constantly working to reduce our environmental impact and protect the beautiful surroundings in which our Malgrat de Mar plant is located, right in front of the Mediterranean Sea. We take strict measures to minimise waste and control resource consumption. We also ensure that our emissions into the water and the atmosphere are treated appropriately so as not to harm the environment.

In 2022, AGC Pharma Chemicals Europe received the platinum medal from EcoVadis, the world’s most trusted provider of corporate sustainability ratings. This recognition was given to the top 1% of companies with excellent standards in Ethics, Human Resources Management, and Environmental, Health and Safety Practices. It reflects the daily efforts of all our employees to make our company more sustainable.

Our brand statement, “Your Dreams, Our Challenge”, reflects the commitment of the AGC Group to create a sustainable society and to continuously evolve to become an excellent company. By contributing to sustainable development, our goal is to ensure a bright future for our planet and future generations. We know that sustainability is a shared responsibility, and at AGC Pharma Chemicals Europe we are proud of our contribution.



Akihiro Kadokura, CEO



3/

Who we are and what we do,
our business model



In all our activities, we are committed to the highest quality, safety and environmental standards



Founded in 1907, the AGC group is a global business conglomerate present in over 30 countries. It consists of more than 200 companies grouped into four main business lines: Glass, Electronics, Chemicals, and Ceramics. Most noteworthy within the Chemicals line is the Life Sciences business, to which AGC Pharma Chemicals Europe belongs together with AGC Biologics.

The AGC life sciences business has over 40 years of experience as a CDMO (Contract Development & Manufacturing Organisation) and has state-of-the-art research and development centres in Japan, Europe and the United States, as well as multi-purpose production facilities with a wide variety of technologies.

On 1 March 2019, AGC acquired Malgrat Pharma Chemicals (now AGC Pharma Chemicals Europe) from its former owner, the German parent company Boehringer Ingelheim España, S.A., with the aim of strengthening its CDMO business within the pharmaceutical sector.

The AGC Pharma Chemicals Europe business now covers the entire life cycle of the development and manufacturing of active pharmaceutical ingredients (APIs). We provide comprehensive services, providing innovative solutions to our customers' projects, from the initial clinical phases I, II and III (Developmental, preclinical and clinical phase) to the commercial phase. In all our activities, we are committed to the highest quality, safety and environmental standards.

3.1 Our business

Our business is primarily aimed at the pharmaceutical industry and can be divided into three main lines of work:



Development and manufacturing of active pharmaceutical ingredients (APIs) and contract intermediates (CDMOs)



Manufacturing and supply of our existing portfolio of APIs and intermediates



Distribution of raw materials manufactured within the AGC Group

Our customers are pharmaceutical and biotech companies around the world, our main areas of coverage being Europe, the USA, and Japan.

The range of products and services for our customers includes:

- **CDMO services, i.e.**
 - Development of R&D processes;
 - Process optimisation and scaling up
 - Customised production (using pilot plant or production facility)
- **Manufacture of APIs and intermediates**
- **Analytical services**
- **Regulatory services, such as the preparation of regulatory documents or risk assessments**
- **Distribution of raw materials manufactured in other group companies**

Our products are organic active pharmaceutical ingredients packaged in Krafft-type cardboard drums that are distributed by logistics operators from our warehouses to our customers' facilities.

3.2 Company

AGC Pharma Chemicals Europe S.L.U. was established in Spain on October 20, 2017 as a single-member limited liability company and its registered office is at Camí de la Pomereda, 13 in Malgrat de Mar, Barcelona, Spain.

The company is part of a larger group whose direct parent company is AGC Inc. with registered office at 1-5-1 Marunouchi Chiyoda-ku, 100-8405 Tokyo, Japan. The company is a sole proprietorship.

The company is taxed under the consolidated tax regime in the consolidation group headed by AGC Pedragosa, S.A.

3.3 Objectives and strategies

AGC improves the lives of people around the world every day through its products, whether these are pharmaceutical substances, glass, special materials or electronic components.

This mission is based on the corporate values of innovation and operational excellence, diversity, environment and integrity that govern all the actions of our daily lives, and in the spirit of our founder Toshiya Iwasaki "never take the easy way out, but confront difficulties".


The group's 2030 vision "Look Beyond" is to create sustainable economic and social value, improve the competitiveness of each business, and establish a strong and stable long-term revenue basis. The pursuit of excellence in business processes is embedded into the culture of AGC.

In 2019, after joining the AGC group, AGC Pharma Chemicals Europe started a process of transformation and definition of the vision, mission and strategy, defining a 5-year plan.

Our mission is to make people's lives better by manufacturing and supplying the pharmaceutical industry with high-quality products and reliable services. **Our vision** is to be a first choice as a manufacturing and development centre in Europe.


To achieve our vision, we rely on the values that define how we want to be as a company, our culture.

Our Values




Customer orientation

We work hard to understand the customer and meet their needs.




Challenge

We challenge ourselves to get better results and meet our goals.




Operational Excellence

We ensure that our activities and processes are conducted to the highest standards of excellence.




Team Excellence

We work together to meet common goals by creating a positive, innovative, and learning work environment.



Flexibility

We quickly adapt our approach to successfully cope with new situations.



Innovation

We seek new perspectives and implement creative solutions and different ways to meet our goals.

These values define how we interact, communicate and collaborate internally and externally.

With the strong foundation of our business culture, we aspire to realise our vision by working on four main lines:

OUR VISION

To be the first choice as a manufacturing and development centre in Europe.

Our lines of action

Customer orientation:

We work to build long-term relationships with our customers, transparently share knowledge and experience, and provide support throughout the life cycle.

Operational excellence:

Our priority is to serve customers efficiently in the areas of safety, quality, delivery, and cost, while ensuring compliance with all applicable regulatory standards.

Sustainability:

We constantly assess our impact on both people and the natural environment to create more efficient and environment-friendly manufacturing processes. We make decisions that consider impact on society and the ecosystem.

Innovation:

We continually seek to expand our services and manufacturing capabilities by introducing new technologies and processes.

Our commitment is to be a valued, trusted company for patients and our customers, our stakeholders and our collaborators, as well as for the community with which we live.

This sustainability report contains many examples of how AGC Pharma Chemicals Europe understands and undertakes this commitment.

3.4 Governance

The AGC group has established a Basic Corporate Governance Policy that aims to strengthen and improve governance within the group so that the company and its subsidiaries achieve sustainable growth by improving the group's corporate value in the medium and long term.

This policy provides for a clear separation between supervisory and enforcement functions to ensure speedy decision-making while strengthening control.

The supervisory role rests with the Board of Directors, which currently consists of 7 people/individuals elected by the meeting of shareholders. Within the Board, the Nominating and Compensation Committees have been defined. In addition, there is an Audit Board and an accounts auditor.

The executive function is performed by the Management Committee, which consists of the president, vice-presidents and managing directors of the companies and strategic business units of the group, as well as other executive officers. The Management Committee is supported by various units such as the Internal Audit division and the Compliance Committee to ensure the proper functioning and control of the Subsidiaries.

3.5 Our commitment to quality

We do not understand the mission of improving people’s lives without providing our customers and their patients with quality products that meet all the standards of our industry.



Quality is in our DNA,
and this is demonstrated by the good results in
internal, customer, and governmental department audits



Based on our quality policy, we have implemented quality management systems based on Good Manufacturing Practice (cGMP) for Active Ingredients (APIs) defined by the Health Authorities in markets where medicines containing our active ingredients are marketed, such as the FDA (US Food & Drug Administration), EMA (European Medicines Agency) or the Japanese PMDA (Pharmaceuticals and Medical Devices Agency). This enables us to meet high standards while implementing continuous improvement processes.

We are regularly audited by the Health Authorities, with excellent results. Since 2004, we have received no FDA audit observations or critical or major findings in EMA or PMDA audits.

Health Authority Audits

 USA, FDA	 EMA, Europe	 Japan, PMDA
<p>2004</p> <p>2009</p> <p>2015</p> <p>2017</p>	<p>2004</p> <p>2012</p> <p>2015</p> <p>2018</p>	<p>2004 2013</p> <p>2010 2014</p> <p>2011 2015</p> <p>2012 2017</p>

In 2022, we received a customer audit that we passed with excellent results (with no critical or major deviations).

The quality management system has been designed and implemented to meet the following basic objectives:

- To ensure the supply to the market of products that meet the quality standards required by patients, health authorities and customers.
- To establish and maintain a state of continuous control through systems that monitor our product processes and quality. This enables us to continually adapt to new regulations. We have a system of indicators that allow us to monitor our performance, and each year we review the quality system and all its elements (change control, deviations, audits, supplier qualification, etc.) at the highest organisational level, thus ensuring adherence to our quality and continuous improvement policy.
- To facilitate continuous improvement and enable the use of tools to measure risk based on knowledge and scientific criteria.

Our management system is deployed in different processes and procedures that allow us to maintain the high standards achieved while adapting to the specific needs of each customer.

Every year we set targets and have established a system of indicators to monitor our performance.

3.6 Innovation

Innovation is one of our strategic lines of action because we know that only by offering innovative solutions to our customers will we be able to realise our vision and become the benchmark CDMO in Europe. With the collaboration of our Yokohama research centre in Japan, we are able to develop new processes and test new technologies, such as continuous flow reactions. In Malgrat de Mar, we have a Development laboratory with highly qualified personnel. In 2022, we also launched a Kilo laboratory (equipped to work with high activity compounds – OEB 4) which will enable us to develop and scale processes before bringing them to production plants by improving knowledge of reaction conditions.

In terms of production areas, we have set up a new micronisation plant. The active ingredients of some therapeutic categories or pharmaceutical forms require a particle size that can only be achieved through the micronisation of the finished product, a step that we can now offer at AGC Pharma Chemicals Europe after having validated the first.

We are implementing a digital transformation programme that covers all areas of the company and that has already paid off with the integration of the electronic batch record and digital control system, where we have been the first in Spain in our sector.

3.7 Membership of industry and environmental associations

Our involvement with different associations and organisations enables us to join forces and contribute our knowledge and experience to the economic and social development of the sector.

In 2022, we formed part of the following associations/initiatives:



AFAQUIM
Spanish Association of Fine Chemical Products.


RESPONSIBLE CARE®
A voluntary initiative by the chemical industry to continuously improve the performance of its production activity and all its operations in accordance with the principles of Sustainable Development and CSR led by FEIQUE, the Business Federation of the Spanish Chemical Industry.

COASHIQ
Business association of the chemical and related sectors, the main activity of which is the management of Industrial Safety, Occupational Health, and the Environment.

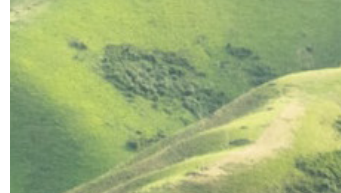
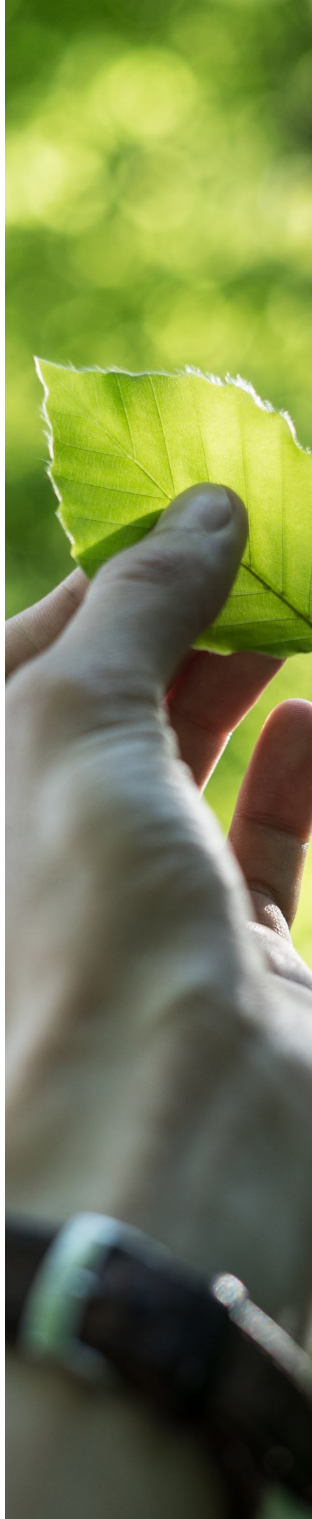
CEJE
Japan-Spain Business Circle that groups together the main Japanese companies established in Spain with the aim of establishing relations with public, social and communication institutions.

We actively participate in these associations on the board (AFAQUIM and COASHIQ) and in the different sectoral or thematic groups. In COASHIQ, we also head the Fine Chemicals committee.

We are an associate company of IQS (Institut Químic de Sarrià) Business Foundation. In addition, we collaborate with different entities, associations or foundations (Adecco Foundation, Invincible Association for Inclusion, La Noche, etc.) as part of our Social Contribution programmes.



Our involvement with different entities enables us to join forces and contribute our knowledge and experience to the economic and social development of the sector



AGC
AGC Pharma Chemicals



4/

Our approach
to sustainability



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The group’s 2030 vision
“Look Beyond”
defines what we want
to become

”

The group’s 2030 vision “Look Beyond” defines what we want to become and states that “by providing innovative materials and solutions, AGC will help create a sustainable society and become an excellent company that grows and evolves continuously.”

LOOK BEYOND

“Look Beyond” is the AGC Group’s philosophy underpinning all our activities.



In order to accomplish this mission and realize our vision, we have three basic tools that define how we want to do business:

“AGC plus 2.0”
management
policy

Code of
conduct

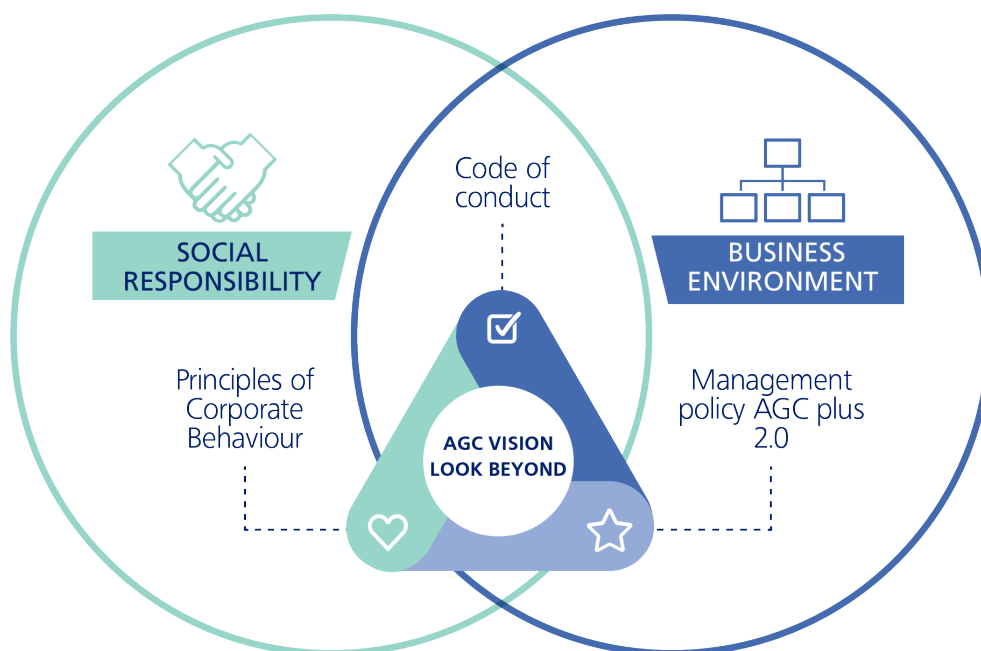
Principles of
corporate
behaviour

The “AGC plus 2.0” management policy defines social and business guidelines for the AGC Group to achieve sustainable growth while providing value to our customers and stakeholders by:

- Providing safety, security, and comfort to society.
- Creating new value and functions for customers and business partners and building trust with them.
- Enhancing job satisfaction among employees.
- Increasing the Group’s corporate value for investors.
- Building a better future for the coming generations.

The code of conduct and the principles of corporate behaviour establish guidelines to be followed by all individuals belonging to the business group, who must behave with integrity and give due consideration to safety and the environment, respecting the diversity of people and ensuring harmony with society.

All these interrelated elements ensure the growth of AGC in the business environment while taking into account our responsibility within society.



4.1 Our contribution to the sustainable development goals

At AGC Pharma Chemicals Europe, we follow corporate guidelines and have identified, as part of our strategy, the main lines of action aligned with the SDGs (Sustainable Development Goals).

Ethics and good governance

- We conduct our production, business and R&D activities in an ethical and responsible manner.
- We work with governments, customers, suppliers, and other companies in the industry to reduce and control the impact of our activities on people and the environment.
- Our responsibility as a company extends beyond the confines of our facilities and throughout our supply chain.

Committed to the environment



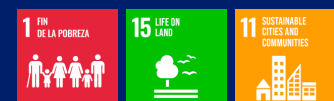
- We design, operate, and control our processes so that we do not waste resources or create unnecessary impacts.
- We purify waste water, treat air emissions, and manage the waste we generate by continuously seeking to reduce our environmental footprint.
- We reduce our energy consumption and greenhouse gas emissions.
- Given our location, we are particularly concerned about the Tordera aquifer and the marine ecosystem, and we apply means to ensure our activities do not affect it.

Committed to people



- Our corporate culture encourages the personal and professional development of employees, supporting teamwork while acknowledging individual contributions.
- We provide social and employment benefits that provide a work-life balance.
- We offer a safe and healthy working environment for collaborators.
- We work for gender equality, diversity and inclusion.
- We strive to attract, nurture and retain talent by ensuring the excellence of our teams.

Committed to health and society



- We operate in the pharmaceutical industry and help improve people's lives through our products.
- We have identified priority lines of action (environment, community, health, and future generations) on which to focus our social contribution.
- We take into account the needs and expectations of our stakeholders, especially those identified in the towns where our production centres are located.

Our commitment to the sustainable development goals is embodied in the vision of AGC Chemicals and its Health Sciences Division, “Chemistry for a Blue Planet”.

Our mascot, “Kemmy,” symbolises our certainty that business growth is possible without compromising the well-being of the planet.



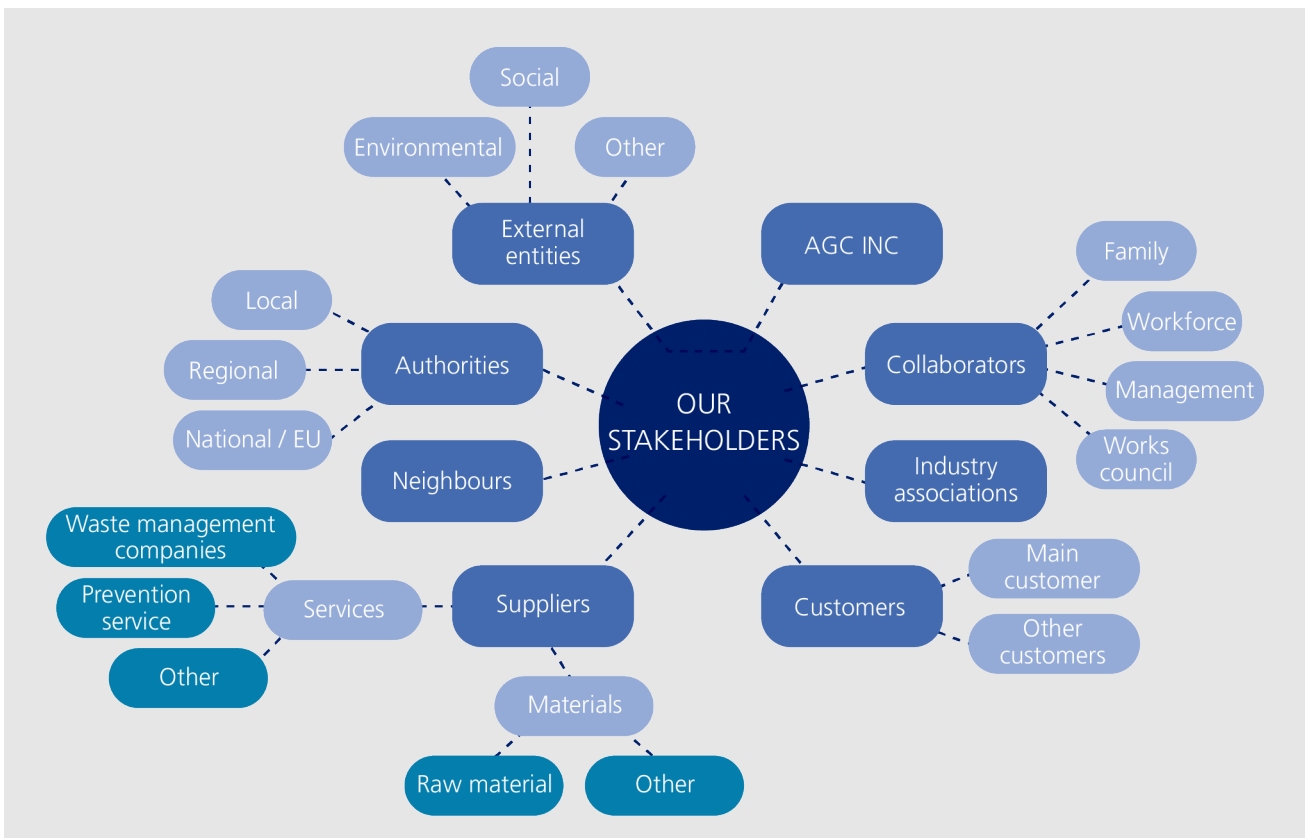
**Chemistry
for a Blue Planet**
AGC Chemicals

4.2 Materiality analysis and stakeholders

We conducted the first materiality analysis at AGC Pharma Chemicals Europe in 2021. This analysis enables us to determine the relevant topics that are considered important in reflecting the economic, environmental, and social impact of the organisation and that substantially influence the assessments and decisions of stakeholders.

“ Materiality determines the topics on which the organisation should focus its management and the information it offers its stakeholders ”

In 2022, we reviewed the identification of stakeholders, taking into account the feedback received during the management system audits. The current map of stakeholders is as follows:



The methodology used to perform the materiality study is in line with the GRI Standards and with Standards AA1000 APS 2998 and AA1000SES 2015.

Stakeholder inclusion principle: this states that the reporting organisation must identify its stakeholders and explain how it has responded to their reasonable expectations and interests.

Materiality principle: this indicates that sustainability reports must address topics that reflect the significant economic, environmental and social impact that substantially influence the assessments and decisions of stakeholders.

For the materiality definition process, we reviewed the relevant topics defined according to the main standards and sectoral benchmarks. We also assessed the different trends in sustainability, considering those topics that have become more relevant as a result of changes in the global environment and that respond to global challenges, as included in the Sustainable Development Goals (SDGs) or the Paris Agreements, among others.

In 2022, we reviewed the first materiality study conducted in 2021. To do so, we took into account the materiality studies of the AGC group, customers, and other companies in the sector. The 21 topics identified were grouped into four categories according to the sustainability strategy (ethics and good governance, commitment to the environment, commitment to people, and commitment to health and society). The topics were reviewed by assessing their relevance to both the company and the stakeholders. The Management committee validated the review conducted by the the Environment, Health and Safety (EHS) area.. The results are shown below.

Ethics and good governance

- 1 Anti-corruption and business integrity
- 2 Good corporate governance
- 3 Responsible supply chain management
- 4 Partnerships for the goals
- 5 Respect for human rights

Commitment to the environment

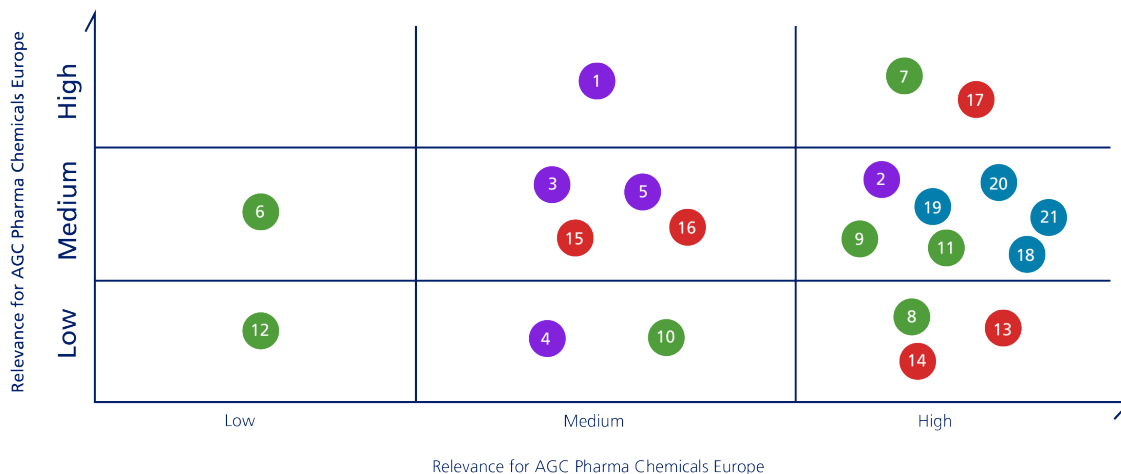
- 6 Water consumption
- 7 Energy consumption and efficiency, and fighting climate change
- 8 Waste management
- 9 Waste water management
- 10 Emissions management
- 11 Protection of the aquifer and the marine ecosystem
- 12 Environmental impact of the product / Life cycle

Commitment to people

- 13 Personal and professional development
- 14 Talent attraction and loyalty
- 15 Fair and equitable employment
- 16 Diversity and equal opportunities
- 17 Occupational health and safety

Commitment to health and society

- 18 Commitment to local towns
- 19 Commitment to society
- 20 Product quality and safety
- 21 Innovation



Once the process was complete, and the topics had been classified according to their level of importance, all topics of high importance for both AGC Pharma Chemicals Europe and its stakeholders were considered material, as well as the topics of high-medium and medium-medium importance for both groups. These topics are:



- High relevance for stakeholders and AGC:
7: Energy consumption and efficiency, and fighting climate change
17: Occupational health and safety
- High relevance for stakeholders and medium for AGC:
1: Anti-corruption and business integrity
- Medium relevance for stakeholders and medium for AGC:
3: Responsible supply chain management
5: Respect for human rights
15: Fair and equitable employment
16: Diversity and equal opportunities
- Medium relevance for stakeholders and high for AGC:
2: Good corporate governance
9: Waste water management
11: Protection of the aquifer and the marine ecosystem
18: Commitment to local towns
19: Commitment to society
20: Product quality and safety
21: Innovation

4.3 Risk management

The AGC group has Enterprise Risk Management Basic Policies which requires group companies to identify and manage business risks. This management seeks to adopt measures so that these risks do not materialise or to mitigate their effects and to define action plans where their materialisation cannot be avoided.

Examples of risks managed by the AGC group include natural disasters such as earthquakes, resource provision, business development abroad, serious infringements of the law, environmental regulations, market conditions with respect to product demand, accidents at work, etc.



Following the corporate crisis management guidelines, risk prevention measures, business continuity plans, and continuous improvement measures have been defined in all cases with the aim of increasing the capacity of the group to quickly restore the damage caused and rapidly resume operations.



AGC Pharma Chemicals Europe annually reviews the identification of risks to the business as well as the preventive measures taken.

RISK	DESCRIPTION	PREVENTIVE ACTIONS
Infringement of the law	Risks related to infringement of the law, regulations, and industry codes: Antitrust, anti-corruption, export control, chemicals, licences, permits, etc	<ul style="list-style-type: none"> • Corporate policies and procedures • Multidisciplinary legal compliance assessments
Product or service non-conformities	Risks related to product responsibility, breach of customer agreements, falsification of technical data, etc.	<ul style="list-style-type: none"> • Quality Management System and EHS • Quality risk analysis for all products • Data integrity procedures
Business interruption	Business interruption due to fire, explosion, supply chain interruption, pandemic, climate change, natural disasters, natural resource crises, etc.	<ul style="list-style-type: none"> • Business continuity plan • Self-protection plan • Insurance policies
Environment and Safety	Poor preventive measures. Accident or serious incident. Inadequate response to unexpected events.	<ul style="list-style-type: none"> • Certified EHS management system (ISO 14001 and 45001) • Self-protection plan
IT risks	Suspension and shutdown of IT systems (including information leakage, cyber attacks, etc.). Loss of availability of OT systems.	<ul style="list-style-type: none"> • Cyber-security measures • System Continuity Plan
Outsourcing	Lack of supply. Reputational risk where suppliers do not respect the environment, safety or human rights.	<ul style="list-style-type: none"> • Obligations for the supplier included in general terms of purchase • Supplier qualification system

For long-term risks, the AGC group has identified the main opportunities and risks that may affect both business management and its corporate values in the future as material topics. The main opportunities and risks identified are shown below.

OPPORTUNITIES	RISKS
Tackling climate change Making efficient use of natural resources	
<ul style="list-style-type: none"> • Developing social infrastructure • Ensuring comfortable and safe mobility • Tackling food crises • Building an information-oriented society, based on the Internet of Things • Contributing to improved health and longevity 	<ul style="list-style-type: none"> • Creating supply chains with social and environmental awareness • Ensuring fair and equitable employment and job security • Consider relationships with local communities and the environment

These risks and opportunities have been taken into account when defining the sustainability strategy of both the group and AGC Pharma Chemicals, aligning it with the sustainable development goals.

4.4 Our commitments and acknowledgements

4.4.1 Responsible Care®

Since 1993, our Malgrat de Mar site has been part of Responsible Care®, the global and voluntary initiative of the global chemical industry to advance in the continuous improvement of Safety, Health and Environmental Protection in all operations in this sector through a sustainable and socially responsible approach.

The Responsible Care® programme of the Business Federation of the Spanish Chemical Industry (FEIQUE) commits member companies to go beyond legal and regulatory compliance, taking into account the following objectives:

-  To continuously improve environmental, health, safety, and security knowledge and performance of our technologies, processes and products throughout their different life cycles to avoid a negative impact on the environment and/or people.
-  To use resources efficiently and minimise waste.
-  To report transparently on performance, accomplishments, and management deficiencies.
-  To listen, interact, and work with people to understand and address their concerns and expectations.
-  To cooperate with public authorities and organisations of different kinds in the development and implementation of effective regulations and standards.
-  To provide assistance and advice to encourage responsible management of chemicals by all those who manage and use chemicals throughout the value chain.

As members of the programme, we are committed to the Global Charter and have implemented management systems, regularly conduct performance self-assessments, and report performance indicators that enable FEIQUE to aggregately report on member company data.

For the first time in 2015 we received the Responsible Business Certificate, which we have regularly renewed to date.



4.4.2 EcoVadis

For the first time in 2020, we subjected our environmental, social and ethical performance to a sustainability assessment using the EcoVadis® methodology. This rating assesses performance in environmental protection, labour and human rights, ethics and responsible purchasing, and is based on international sustainability standards such as the Global Reporting Initiative, the United Nations Global Compact or ISO 26000.

In 2020, we received a score of 68% and earned a gold medal. Two years later, in 2022, we improved the rating to 79%, ranking among the top 1% of companies to earn a platinum medal.



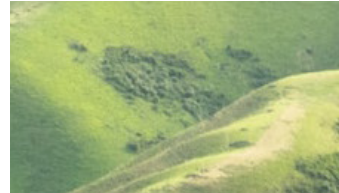
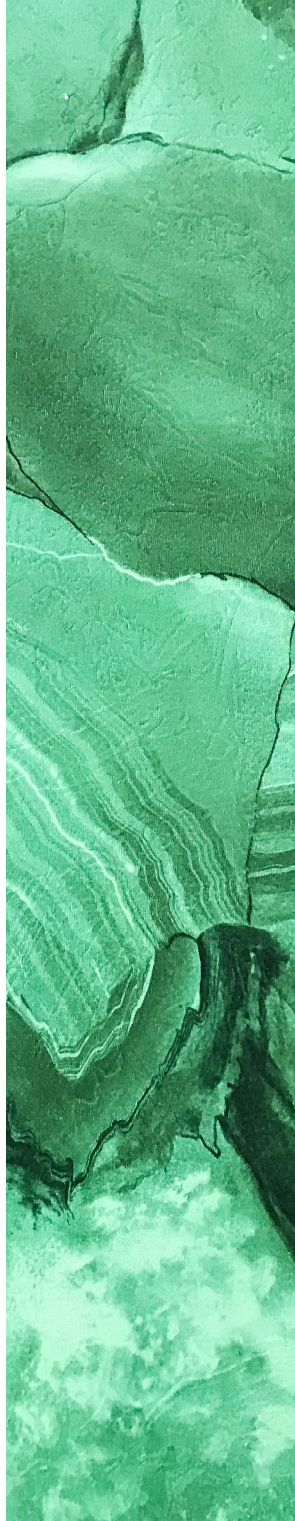
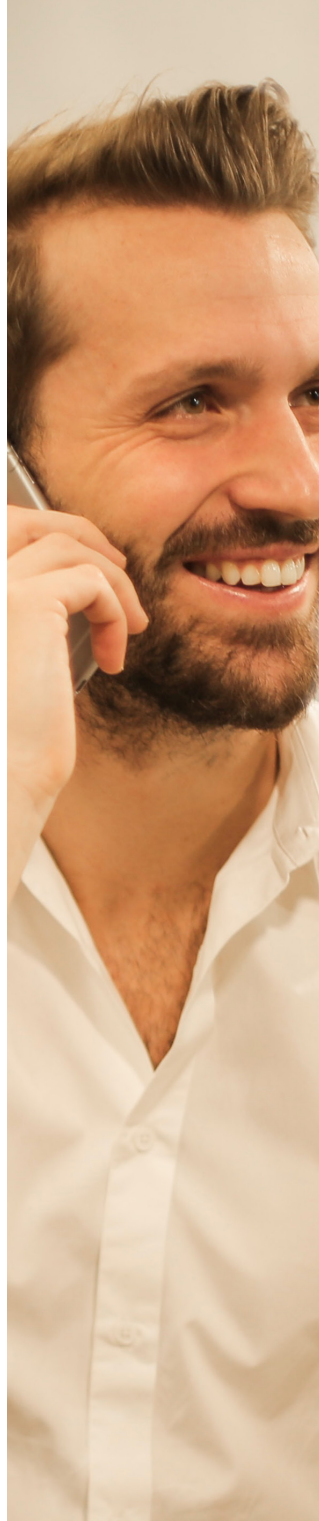
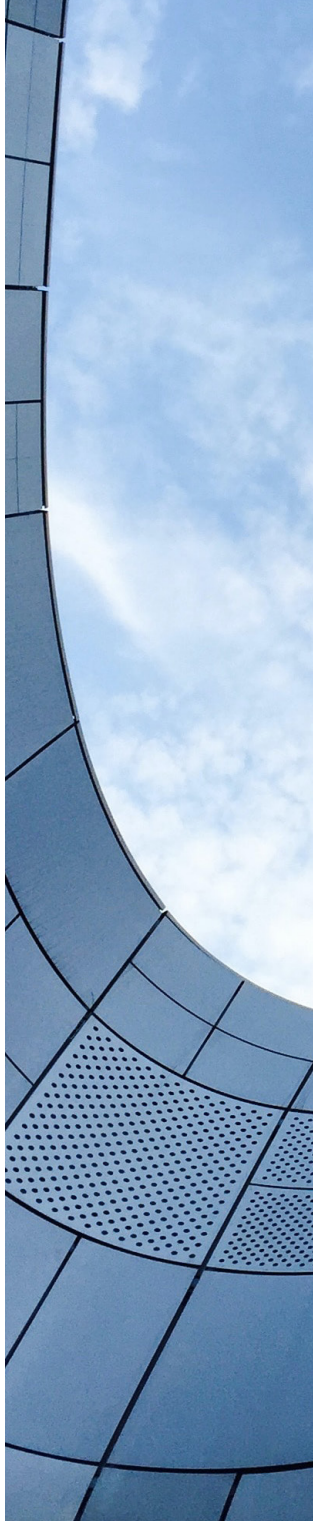
4.4.3 ISO 14001 and 45001 certifications

For the first time in 2009, we certified our environmental management system in accordance with the requirements of ISO 14001:2004. One year later, we obtained certification for our occupational health and safety management system according to OHSAS 18001:2007. Since then, we have audited our management systems every year and renewed the certifications every three years, adapting to new versions of standards wherever necessary.

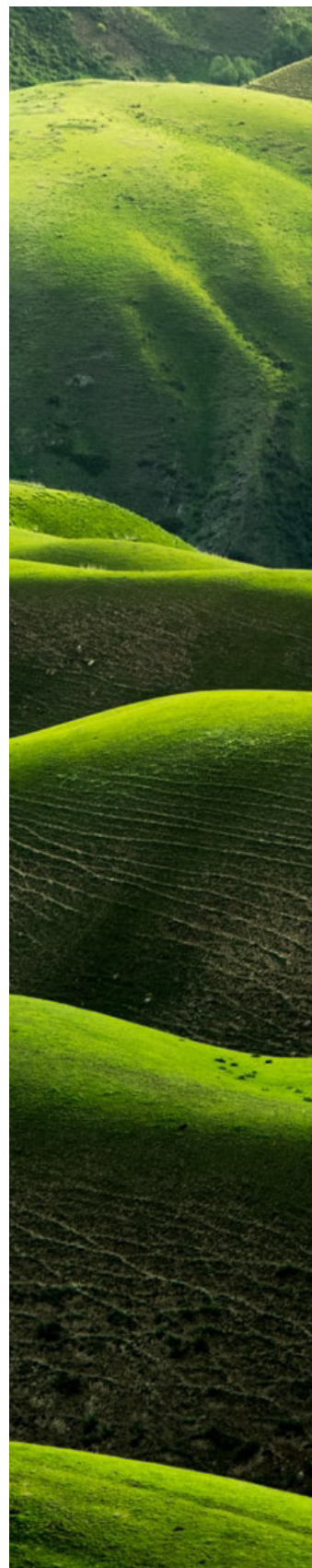
Our latest certification was in 2021, following adaptation to the new ISO 45001:2018 Standard and the integration of the environmental management and occupational health and safety systems to form the integrated management system covering environmental and occupational health and safety aspects, as well as the prevention of serious accidents (Seveso regulations).

Having management systems in place enables us to reduce and keep our impacts under control, define improvement goals, and monitor our progress.





AGC
AGC Pharma Chemicals



5/

Ethics and
good governance



“

The Code of Conduct is a reflection of our shared value, “integrity”, and defines how we act and relate to others inside and outside AGC

”

5. Ethics and good governance



We conduct our production, business and R&D activities in an ethical and responsible manner

Legal compliance is a fundamental premise for all AGC Group activities. To ensure this is the case, we have drawn up a Code of Conduct setting out the requirements that all collaborators must take into account in their jobs. This code defines how we negotiate and how we interact internally and externally.

The Code of Conduct establishes the principles of our action based on three pillars:

 <p>We act honestly and fairly in our business</p>	 <p>We ensure a safe and decent workplace</p>	 <p>We care about our neighbouring communities</p>
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The code covers both global group requirements and specific regional requirements in each part of the world, and all those people forming part of the AGC Group must be familiar and comply with it.

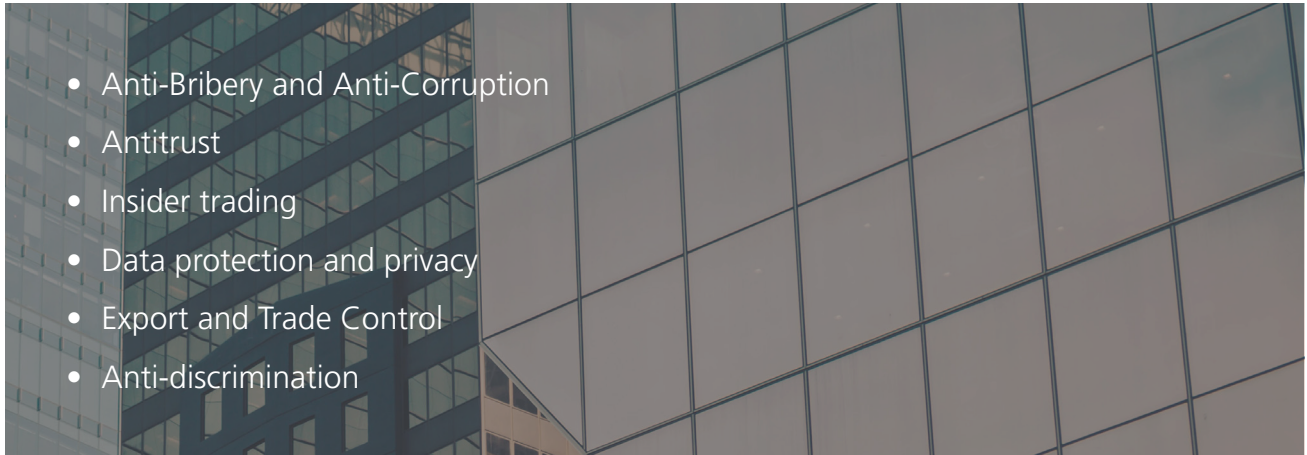
We have people responsible for compliance at local, regional and corporate levels (Compliance Officers) who have established procedures for action and training plans to promote an organisational culture based on ethical values and fair standards.

We have also established local and corporate hotlines to report any non-compliance (whether confirmed or merely suspected) to streamline the detection and investigation of all types of event, as well as the implementation of corrective and preventive measures. Retaliation against individuals who report any type of non-compliance is strictly prohibited.

We are regularly audited by the Corporation to ensure that our compliance policies and procedures meet the requirements of the AGC Group and are correctly applied.

5.1 Compliance Procedures

Our compliance procedures cover the following areas:



In addition, we have established rules that ensure that all personnel are aware of how to report infringements of the code of conduct or breaches of procedures through internal and external channels.

We use document management and training IT systems to ensure those for whom the procedures are relevant are familiar with them. If necessary, we also organise specific online or face-to-face training sessions.

Every year, we organise reinforcement training sessions with a focus on selected specific topics of the Code of Conduct. In 2022, two reinforcement training sessions were held on risks working with third parties and on complaints and the anti-retaliation policy. All employees took part in the refresher courses. In 2021, we organised courses on the proper use of company assets and the correct use of social media.

We have a Compliance dashboard that enables us to monitor our progress.

KPI	2022	2021	2020
People trained in the Code of Conduct	100%	100%	0
Non-compliances reported	0	0	0
Non-compliances investigated	0	0	0
Non-compliances confirmed	0	0	0
Non-compliances not confirmed	0	0	0
Corrective / preventive action implemented	NA	NA	NA

Furthermore, it should be added that, as a publicly traded company in Japan, the AGC Group must comply with the Japanese version of the U.S. Act. Sarbanes-Oxley, commonly known as "J-SOX." As a result, AGC Pharma Chemicals Europe conducts an annual assessment of internal control systems in order to comply with these regulations.

During 2022, actions were taken to adapt our systems to current data protection regulations. At AGC Pharma Chemicals Europe, a new privacy structure has been established and articulated through the external Data Protection Officer (DPO), the Security Officer/Data Protection Coordinator, and the Privacy Committee.

The Privacy Committee meets monthly. Specific meetings are also held with the departments to address issues related to the protection of personal data.

The DPO draws up a report each year, the purpose of which is to demonstrate the work carried out in compliance with current data protection regulations throughout the year and the action plan for the following year. This is reported to the highest level of the organisation.

In 2022, the DPO was not notified of the receipt of any request to exercise personal data protection rights nor has he been notified of any security breaches affecting personal data protection.

As of the date of this report, there are no requests for AGC Pharma Chemicals Europe to provide information to the Spanish Data Protection Agency, nor have any disciplinary proceedings been opened.

Personal data protection training was carried out for all personnel during 2022.

5.2 Good Corporate Governance

As in the corporation, AGC Pharma Chemicals Europe has a Board of Directors and a Management Committee to ensure the separation between supervisory and enforcement functions.

The Board of Directors consists of the following people:

- Akihiro Kadokura, director and president of the Board of Directors.
- Tomoko Miyagawa, director.
- Hideki Iwata, director.
- Satoshi Takamatsu, director.
- Noriyuki Komuro, director.
- Jun Kurihara, director.
- Albert Garrofé, non-board member secretary.

Of the six board members, one is a woman (17%). None of the directors is independent.

The members of the Board of Directors receive no remuneration, allowance or insurance premiums from AGC Pharma Chemicals Europe.

The board of directors meets four times a year. The non-board member secretary is responsible for drafting the minutes of meetings.

The AGC Pharma Chemicals Europe Management Committee(*) consists of:

- Akihiro Kadokura, Chief Executive Officer
- Ana Pilar González, Chief Operating Officer
- Yutaka Maeda, Chief Technology Officer and Director R&D
- Akihiro Wada, Executive Technical Advisor
- Francesc Benjumea, Director Production Operations & Logistic
- Tom De Geyter, Director Sales and Business Development
- Manel Doménech, Director Information Technology
- Juan Carlos Flecha, Director Technical Department
- Montse Magarzo, Director Quality & Technical Affairs
- Carmen de Rosendo, Director Environment, Health and Safety
- Przemek Sabat, Director Finance & Purchasing
- Joan Vélez, Director Human Resources



Of the 12 members of the Management Committee, 3 are women (25%). As regards their origin, the Committee includes people from Spain (7), Japan (3), Poland (1), and Belgium (1). 3 of its members reside in Malgrat de Mar. The Management Committee usually meets once a month. The Strategic Planning & Marketing Manager is responsible for drafting the minutes of the meetings.

The Management Committee is responsible for implementing the corporate guidelines, must report to the Life Science unit within AGC Chemicals, and is subject to regular audits by the Corporate Internal Audit Division. The Board of Directors primarily interacts with the sole shareholder, AGC Inc., represented by its president Mr Yoshinori Hirai.

In addition, the Management Committee is responsible for reviewing the management systems.



The COVID 19 pandemic drove businesses towards the new era of digitalization. In 2022, following the digitisation strategy of AGC Pharma Chemicals, we implemented SAP, the new ERP (Enterprise Resource Planning). The system is a benchmark in the market and in our industry. It is also integrated into other IT software used in the company



As businesses become more technology dependent, the risk of cybersecurity breaches increases. The implementation of SAP has improved data security and integrity by eliminating multiple media for business processes and reducing process duplication.

Additionally, the system allows for the real-time auditing of all transactions in the same system.

5.3 Tax obligations

AGC Pharma Chemicals Europe meets its commitments regarding the payment of taxes and transparency.

The corporate code of conduct sets out principles and values governing the ethical behaviour of our Company and apply to all AGC employees.

We comply with financial, accounting and tax laws, as well as the Company's accounting policies and rules, to prepare and properly file financial records and tax returns.

KPI	2022	2021	2020
Profits in Spain (€)	9 369 739	14 383 921	15 188 999
Income taxes (€)	(828 516)	(3 541 309)	(3 683 924)

In 2022, we received subsidies from the General Social Security Treasury amounting to 74,919 euros.

5.4 Supply chain management

17 PARTNERSHIPS
FOR THE GOALS



We work with governments, customers, suppliers, and other companies in the industry to reduce and control the impact of our activities on people and the environment

As described in our Charter of Corporate Conduct, the AGC Group works to establish mutually beneficial and appropriate relations with its business partners. In this way, the Group seeks to promote good supply chain management.

Our Purchasing Department plays the main role in the supply of raw materials and other materials, and does so following the AGC Group Purchasing Policy published in 2009 and revised in 2020, which clearly sets out our responsibility to help achieve a sustainable society.

1. Basic procurement principles

- Fair and equitable transactions. We are constantly looking for innovative technologies, products and services in a way that is fair and equitable globally.
- Working with business partners to build and improve trusted relationships.
- Legal compliance regarding safety, the environment, and human rights.
- Protection of the information, intellectual property, and other assets of business partners.

2. Criteria for the selection of business partners

- Strong management, secure supply, and flexibility in line with fluctuating demand.
- Quality, price and timely delivery, considering safety and environment, and technical service levels.
- Commitment to comply with the principles of “Sustainable Procurement Cooperation”, i.e.
 - Legal compliance, justice and integrity
 - Fight against corruption and unfair competition
 - Export control
 - Compliance management
 - Safety, quality and the environment
 - Global warming prevention
 - Responsible waste and waste water management
 - Occupational health and safety
 - Emergency management and business continuity plans
 - Human and labour rights
 - No to discrimination
 - No to harassment
 - No to child labour, forced labour or slavery
 - Physically and emotionally safe and healthy work

3. Risk, information management, and intellectual property management



In addition, the AGC group has green procurement guidelines whereby we must preferably purchase materials and equipment that generate the least environmental impact possible from companies that have environmental and quality management systems in place.

To ensure these criteria are applied, all Purchasing Department personnel received training in sustainable procurement in 2022.

KPI	2022	2021	2020
% buyers trained in sustainability	100	17	17

As a pharmaceutical company, we have a robust system for supplier qualification and assessment. Depending on their impact on the business, we conduct quality, safety, environmental and human rights assessments. The assessment is carried out within a multidisciplinary team with the help of different questionnaires. By 2022, 81 suppliers had already gone through this corporate responsibility assessment.

Our quality system also provides for supplier audits. We conducted 16 audits in 2022.

KPI	2022	2021	2020
Total number of suppliers	605	573	519
% New suppliers that have signed the code of conduct	95.96	96.55	98.51
% Suppliers with contracts including environmental, labour, and human rights clauses	100	100	100
Number of suppliers with corporate responsibility assessments	81	61	52

In the case of service providers with personnel deployed to our facilities, we use the business activities coordination platform to ensure that the company is duly incorporated, that it is up to date with its Social Security payments, that its personnel are legally contracted, and that it fulfils its occupational risk prevention obligations.



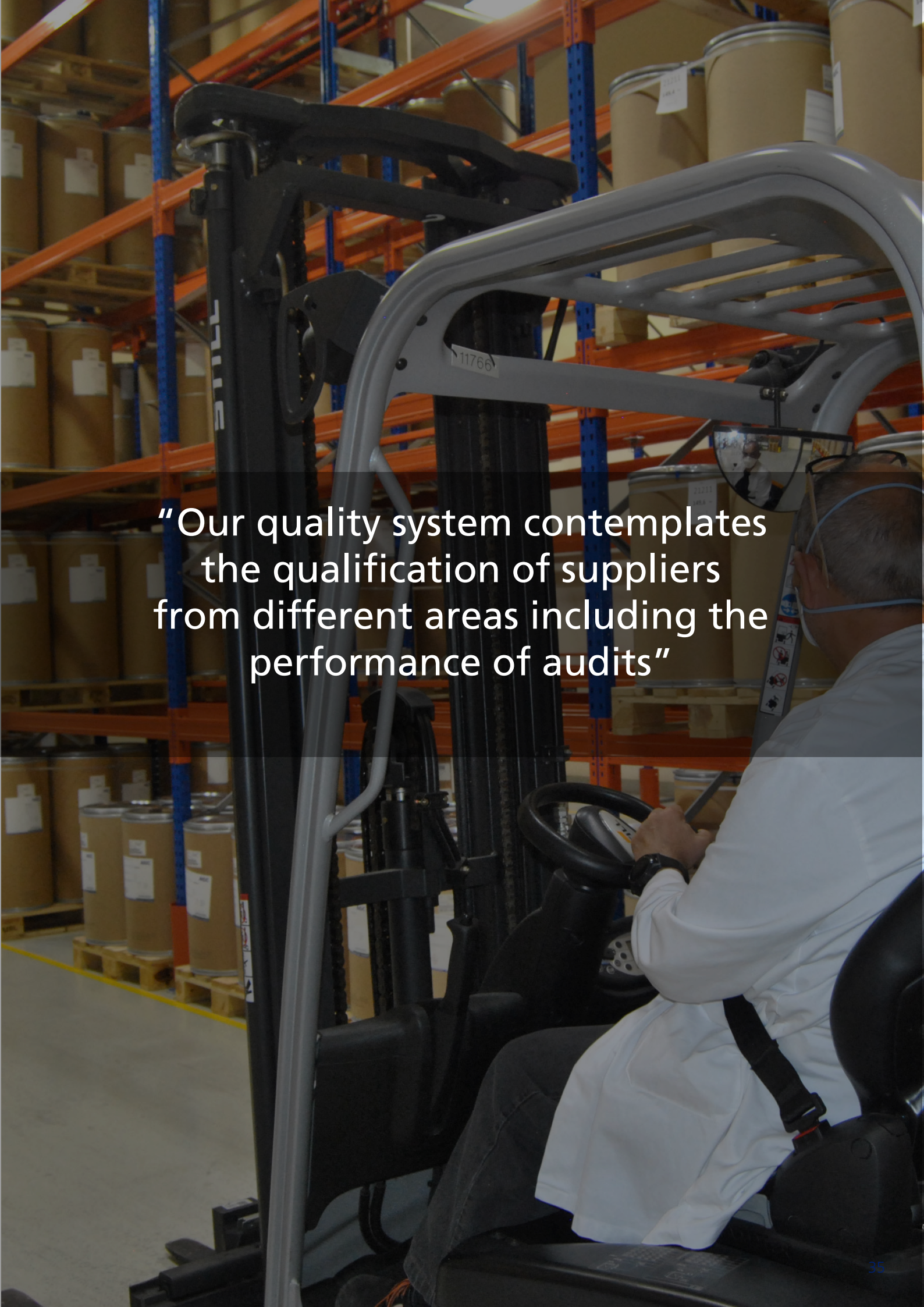
For a few years now, we have included proximity in our procurement criteria, selecting “kilometre zero” suppliers whenever possible to promote the economic growth of the community in which we are based



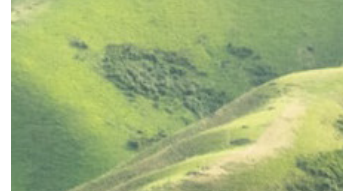
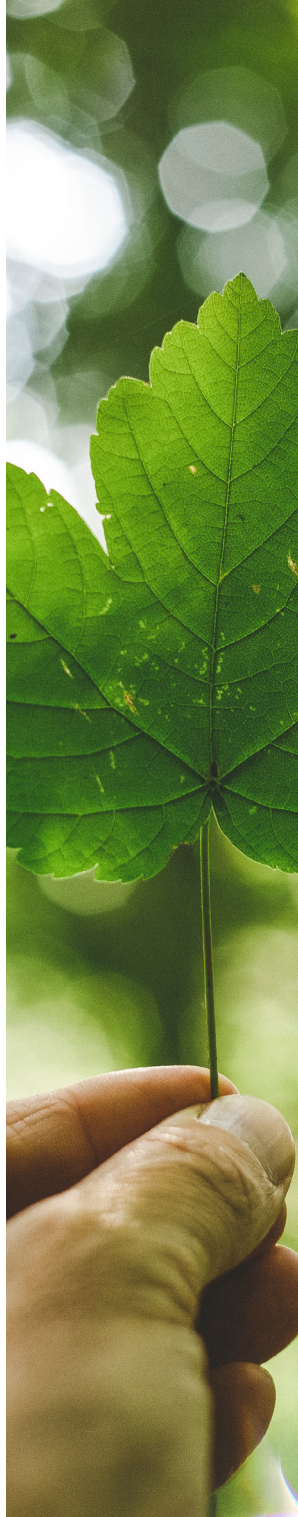
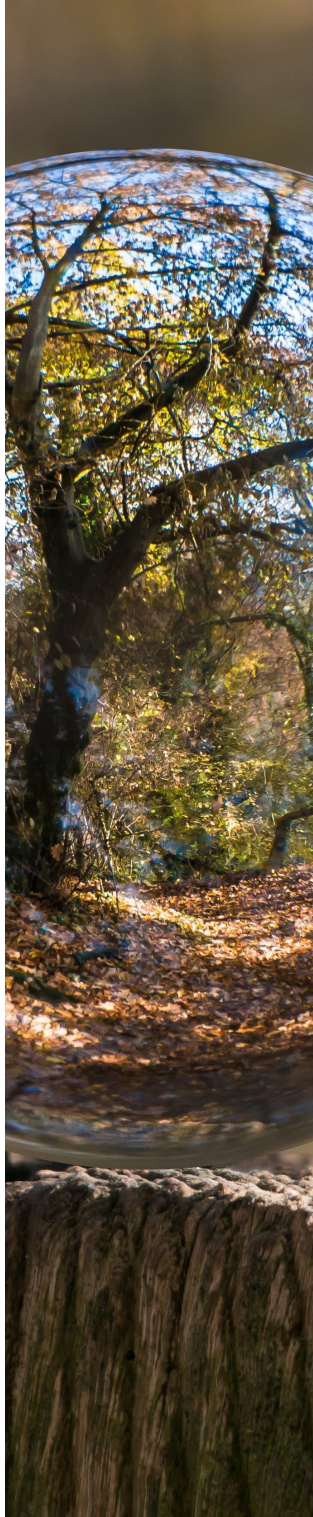
We strive to maintain a good relationship with our suppliers, and we have established systems to ensure payments are made within agreed time frames. In 2022, the average period of payment to suppliers was 52 days, which is an improvement of 3 days compared with the previous year. The average period of payment is calculated in accordance with the ICAC Resolution in terms of both the criteria and the methodology set out in that resolution.

For a few years now, we have included proximity in our procurement criteria, selecting “kilometre zero” suppliers whenever possible to promote the economic growth of the community in which we are based. We consider those suppliers of materials and services located within a radius of 15 km of our company as Kilometre zero, which includes the populations of Malgrat de Mar, Santa Susana, Pineda de Mar, Calella, Palafolls, Blanes, Lloret de Mar, Fogars de la Selva, Hostalric, and Maçanet de la Selva.

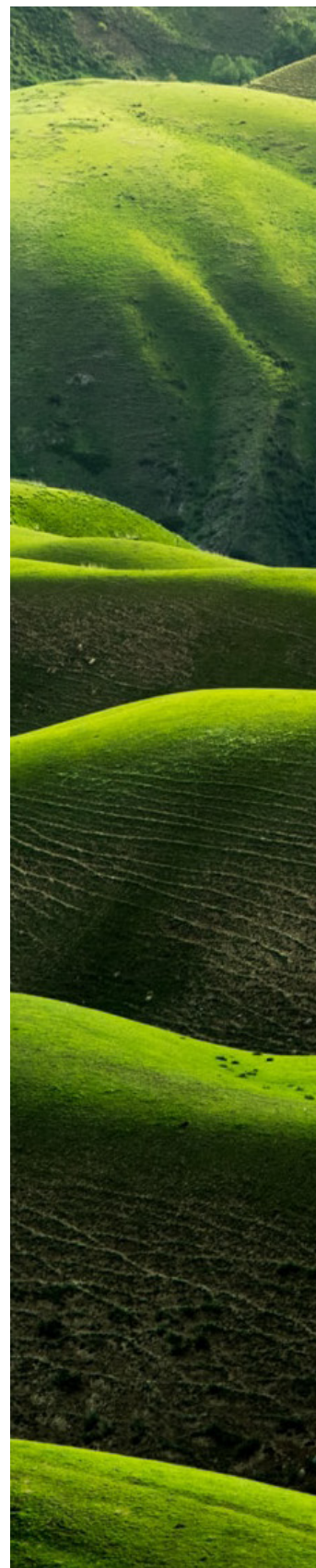
KPI	2022	2021	2020
Total number of suppliers	605	573	519
Total purchasing volume (millions of €)	72.7	61.4	66.9
Number of Kilometre Zero suppliers	50	44	44
% km 0 suppliers	7.44	6.81	7.32
Total purchasing from km 0 suppliers (millions of €)	1.15	1.17	1.05
Percentage of purchasing from km 0 suppliers	1.58%	1.90%	1.57%

A person wearing a white lab coat and safety glasses is operating a forklift in a warehouse. The forklift is grey and black, with the number '11766' visible on its frame. The warehouse has high ceilings and orange and blue metal shelving units filled with large cardboard boxes. The person is seated on the forklift, holding the steering wheel and operating controls. The background shows rows of shelving units extending into the distance.

“Our quality system contemplates the qualification of suppliers from different areas including the performance of audits”



AGC
AGC Pharma Chemicals



6/

Commitment to
the environment



“ In our everyday activity, we are mindful of the importance of protecting soil, ground and coastal water and the atmosphere ”

We are committed to environmental protection at AGC Pharma Chemicals Europe. Our production plant is located in a privileged environment, on the La Tordera aquifer and facing the Mediterranean Sea, close to the town of Malgrat de Mar. In our everyday activity, we are mindful of the importance of protecting soil, ground and coastal water and the atmosphere, which is why we have put into place preventive measures to prevent our activities from harming the environment, we have waste water treatment facilities and air emissions to prevent pollution, and we manage waste according to current law.

Our Health, Safety and Environmental Policy is committed to reducing the impact of our activities and products on collaborators, the community, and the environment, as well as preserving natural resources and using them responsibly.

This policy is the basis for the development of our integrated management system (certified to ISO 14001 and ISO 45001 Standards) covering health, safety and environmental aspects.



Política de Seguridad, Salud y Medio Ambiente de AGC Pharma Chemicals Europe, S.L.U.

Nuestra empresa, cuya sede está ubicada en Malgrat de Mar, pertenece al Grupo AGC, una corporación internacional cuya misión es ofrecer productos y soluciones que mejoren la vida de las personas cada día. Nuestros valores compartidos de Innovación y Excelencia Operacional, Diversidad, Sostenibilidad e Integridad son la base de todas nuestras acciones. En este contexto, AGC Pharma Chemicals Europe desarrolla, fabrica y comercializa productos farmacéuticos de alta calidad.

NUESTRO MARCO DE GESTIÓN

Nuestra planta está adherida al Programa Responsable Care® y tiene implantados Sistemas de Gestión de la Calidad, Prevención de Riesgos Laborales, Medio Ambiente y Seguridad para la Prevención de Accidentes Graves en cumplimiento con la Normativa vigente. Estos sistemas están basados en las Normas ICH Q10, ISO 45001 e ISO 14001 y la visión corporativa de AGC Chemicals "Chemistry for a Blue Planet" y promueven la mejora continua. Establecemos planes de acción y objetivos anuales y monitoreamos nuestro desempeño.

NUESTRO COMPROMISO

El principal compromiso de nuestra política es reducir el posible impacto negativo de nuestras actividades y productos sobre: la seguridad y la salud de las personas colaboradoras, las partes interesadas, el entorno próximo y el medio ambiente en general, así como potenciar los impactos positivos.

Reconocemos la importancia de trabajar conjuntamente con las empresas proveedoras, contratistas y clientes para reducir los impactos sobre el medio ambiente, la salud y la seguridad de nuestras actividades y productos a lo largo de todo su ciclo de vida.

Identificamos y evaluamos de manera continuada los riesgos y aspectos ambientales de nuestras instalaciones, lugares de trabajo, procesos y tareas, nuevos o existentes, a fin de definir las medidas de planificación, operación, prevención y de control más adecuadas para:

- Cumplir con toda la legislación aplicable, con las normas de AGC, y con otros requisitos, en particular con lo relativo al medio ambiente, salud y seguridad.
- Prevenir la contaminación del entorno en el que nos encontramos.
- Reducir el impacto de los residuos y de las emisiones al aire y al agua mediante un correcto tratamiento y gestión basada en la minimización, la reutilización y la valorización.
- Conservar los recursos naturales y utilizarlos responsablemente.

- Prevenir los riesgos laborales y los accidentes graves mediante la correcta gestión de riesgos basada en los principios de eliminación en origen, evaluación y reducción mediante medidas técnicas, organizativas y de protección colectiva o individual.
- Asegurar la capacidad de respuesta ante emergencias.

NUESTRO PERSONAL

Implicamos en la mejora continua a todas las áreas de la compañía definiendo conjuntamente programas y objetivos de mejora para el logro de nuestros compromisos, incidiendo especialmente en la comunicación, participación y consulta a nuestro personal.

Informamos e instruimos al personal sobre los aspectos ambientales y de prevención de riesgos de la empresa en general y de sus tareas en particular, las medidas preventivas y el modo de actuación para proteger el medio ambiente y prevenir accidentes.

Animamos a nuestro personal a actuar responsablemente en todo momento, no solo en el trabajo sino también en su vida diaria.

NUESTROS INTERLOCUTORES

Apoyamos a las comunidades en las que estamos ubicados.

Difundimos los principios de esta política interna y externamente, manteniendo una relación abierta con todas las personas que trabajan en AGC Pharma Chemicals Europe, las empresas con las que nos relacionamos, la Administración y el público en general.

Comunicamos abiertamente con nuestros grupos de interés internos y externos sobre nuestras actividades y desempeño en medio ambiente, salud y seguridad.

Akihiro Kadokura, Managing Director
Malgrat de Mar, 5 de Octubre de 2020

Following the requirements of the standard, we identify needs and expectations of stakeholders (customers, suppliers, authorities, community, collaborators, etc.) and analyse the context in which we operate in order to identify the risks and opportunities we face. We also assess the environmental aspects of our activities (in-house or outsourced), all with the aim of establishing improvement and control programmes.

In order to apply the precautionary principle, the Environment Department identifies and assesses the environmental aspects of the activities, products and services of the Malgrat de Mar plant, in collaboration with the different areas where the corresponding impacts are generated.

This identifies and assesses the environmental aspects that can be controlled and those that can be influenced, as well as the environmental impacts from a life-cycle perspective (associated with external products, services and companies, etc.), taking into account changes, normal conditions, and foreseeable emergency situations.

Through a set of established criteria, we define the environmental aspects that may have significant impacts. These significant aspects and impacts are taken into account in the analysis of risks and opportunities, and in the establishing of the programme of objectives and targets to achieve improvement in our environmental performance. For other aspects identified, operational control procedures are established and, where applicable, monitoring and measurement programmes are implemented to ensure compliance with current regulations and stakeholder requirements, as appropriate.

To conduct the assessment and planning process, among others we consider information obtained from analysing the context of the organisation, which includes internal and external issues, as well as the identification of the needs, expectations and requirements of stakeholders.

We regularly review the integrated management system with the senior management of the company. Review meetings monitor compliance with objectives and environmental performance, and verify the level of compliance with legal requirements. Senior management provides the company and its collaborators with the tools and resources needed to maintain the level of excellence achieved in recent years and ensure continuous improvement.

6.1 Objectives of the management system. Environmental protection expenditure

Annually, we set target programmes that go beyond legal obligations and monitor our performance through a system of indicators. Each year we communicate the target programme and the result of the previous period's closure to all staff.

The objectives of the Integrated Management System for the years 2021 and 2022 were divided into the following categories:

2022	2021
<ul style="list-style-type: none"> Management System Digitisation and EHS (*) Training, awareness-raising, and personal development BPE (Business Process Excellence) Monitoring of EHS in the expansion project (APCE2) (*) Occupational risk prevention vectors (**) <p>Environmental vectors</p>	<ul style="list-style-type: none"> Management System -- Training and awareness-raising BPE (Business Process Excellence) -- Safety, Hygiene, Ergonomics, and Psycho-sociology Occupational health Environmental vectors

Note: this is not compared with years prior to 2021, as the management systems were integrated that year.

(*) Category included in 2022 to adapt to the changes expected in the company.

(**) Covers the safety, hygiene, ergonomics, psycho-sociology and occupational medicine objectives which, in 2021, were split into two different categories.

We monitor compliance with objectives every quarter. Once a year, we report on global compliance at the Management Review meeting, according to ISO guidelines.

KPI	2022	2021
Number of objectives	19	17
Level of compliance with objectives	97.4%	98.5%
Number of actions	39	36
Level of compliance with actions	94.2%	95.1%

The high level of compliance is achieved thanks to the commitment of the company and of all its members, including senior management, which is responsible for allocating the necessary resources (human and monetary) for the proper environmental and occupational health and safety management.


KPI	2022	2021	2020
Number of people involved in environmental management	11	10	10
Expenditure in environmental management (thousands of €)	3 110	3 180	3 311
Investments in the environment (thousands of €)	734	180	356
Total expenditure in the environment (thousands of €)	3 844	3 360	3 667

Note: The investment data includes only those with the sole objective of improving safety conditions or environmental protection.

The environmental damage repair provision policy underwritten by AGC Pharma Chemicals Europe is guaranteed for up to €20 M. No additional policy has been taken out because we have had no complaints, disciplinary proceedings opened, and/or the need to provide them.

6.2 Responsible production and consumption

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



We design, operate, and control our processes so that we do not waste resources or create unnecessary impacts

In line with Sustainable Development Goal 12, we have been improving our processes to be more environment-friendly for years. Before introducing a new process to our plant, we assess its environmental impacts (consumption and emissions) to ensure we can reduce and control them without compromising other customer requirements.

To this end, we work in multidisciplinary teams with personnel in development, production, engineering, safety and environment, and quality. Our production documents include all the necessary information to operate the processes in a controlled and environment-friendly manner, and enable us to properly manage consumption of raw materials, water and energy, as well as gaseous and liquid emissions and waste.

6.2.1 Water consumption

Water is a natural resource necessary for our activities. It is a raw material in production and a heat-transfer fluid; and we use it in cleaning processes and in infrastructure (steam generation, gas scrubbers, fire-fighting systems, etc.). In turn, it is a scarce resource, the use of which must be controlled.

In November 2022, Resolution ACC/3687/2022 declared the state of exceptionality due to hydrological drought in the exploitation units of the Ter-Llobregat reservoirs, following which the “Special action plan in situation of alert and possible drought” (PES) sets out the obligation to reduce water consumption for all uses. As an industrial user, a 5% reduction was applied as of December 2022, based on the average consumption for 2019 to 2021.

We have six properly authorised, constructed and protected wells from which we draw water for the different uses of the manufacturing plant. In addition, we consume a small amount of municipal water.

KPI	2022	2021	2020
Well water consumption (m ³)	221 231	279 987	252 684
Municipal water consumption (m ³)	5 068	7 211	2 134
Total water consumption (m ³)	226 299	287 198	254 818

Water taken from the aquifer accounted for approximately 20% of the authorised volume of 1 160 000 m³ in 2022.

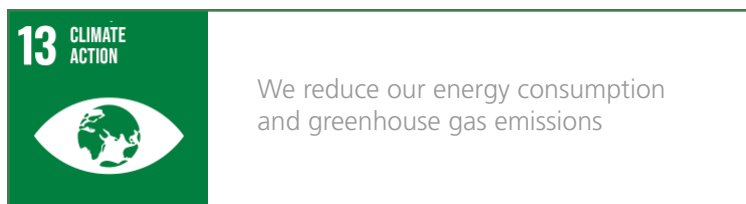
Total water consumption was reduced by around 21% in the past year. However, the majority of this reduction is not considered real but due to various faults in the meters identified and corrected during 2021, causing the reported flow to significantly exceed the actual flow that year.

In 2022, the main consumers were identified, new meters were installed, and a system of metrics was established for the strict control of water consumption, which will enable us to establish medium-term improvement objectives.

In order to protect the Baja Tordera aquifer, which supplies not only AGC Pharma Chemicals Europe but also a large irrigation community and several municipalities and other companies, we always store chemicals in protected areas to avoid contamination. In addition, we regularly film underground pipes and manholes to ensure their soundness.

In 2022, we completed the project to remove underground waste-water pipelines from production areas around the Synthesis 1 plant, which was the installation most at risk of affecting soil and groundwater in the event of an incident.

6.2.2 Energy consumption and efficiency, and fighting climate change



For the AGC group, climate change is a material issue that requires the involvement of all companies in the group in the fight against it. In 2021, we undertook to reach net zero carbon emissions by 2050. With this goal on the horizon, the group joined the “Science Based Targets” initiative in 2022, undertaking to reduce greenhouse gas (GHG) emissions to limit the increase in the average global temperature to 2°C compared with pre-industrial levels.



The objectives to which the Group is committed are as follows:

Scope	Definition	2030 target (compared with 2019)
Scope 1	Direct emissions	30% reduction
Scope 2	Indirect emissions from purchased electricity	50% reduction on sales
Scope 3	Other indirect emissions	2030 target 30% reduction in categories 1 (purchased goods and services), 10, 11, and 12 (processing, use and end-of-life treatment of sold products).
		2027 target 30% of suppliers of raw materials, services and energy adhered to the SbT Initiative

The contribution of AGC Pharma Chemicals Europe to meeting these goals translates into:

- Reducing scope 1 emissions by 30% by 2030, based on those emitted in 2019
- Reducing scope 1 emissions from sales by 50% by 2030, based on those emitted in 2019
- Continuing to purchase electricity from renewable sources
- Improving the calculation of scope 3 emissions in the categories identified as relevant in the 2022 assessment (conducted using the Green House Protocol / Quantis tool (<https://quantis-suite.com/Scope-3-Evaluator/>)
- Reducing scope 3 emissions by 30% (compared with 2019) in the categories relevant to the company (1 - purchased goods and services, and 2 - treatment of waste)

We also want to identify opportunities for improvement relating to the transport of people, raw materials and products (categories 4, 6, 7, and 9).

For over 10 years, we have calculated the Scope 1 CO₂ emissions of the plant each year, taking into account fuel consumption and using emission factors. In 2021, we improved the calculation by starting to use the factors of the Ecodesk platform (<https://www.ecodesk.com/>), while also including other greenhouse gas emissions such as refrigerant gas leaks (R407C, R410A and R507A, with factors 1,773, 2,088 and 3,985 t of CO₂eq/kg respectively) and the use of company vehicles.

KPI	2022	2021	2020	2019
Electricity consumption (MWh)	12 095	12 224	11 890	11 564
Natural gas consumption (MWh)	6 935	7 855	7 128	8 281
Diesel consumption (MWh)	900	51	240	63
Consumption of diesel/petrol company vehicles (MWh)	132	159	159	159
Total energy consumption (MWh)	20 062	20 289	19 417	20 267
Variation compared with the previous year	- 1.1%	+ 4.5%	- 4.2%	--
Refrigerant gas leaks (T CO ₂ eq)	42	49	294	477

The main consumers of electricity are infrastructure for the production area and the air conditioning of buildings. Natural gas is used in the production of steam and the treatment of emissions of volatile organic compounds. Diesel consumption is usually restricted to generator sets and fire pumps, although consumption increased in 2022 due to the fact that, during the last months of the year, we generated steam from diesel because of the energy crisis.

In order to reduce greenhouse gas (GHG) leaks, we replaced the refrigerant gas from the cold units at one of our production plants (Synthesis 1) in 2022 to completely rule out the possibility of a gas leak at the facility. Replacement at the Synthesis 2 plant is planned for the medium term, with which we will have eliminated a total of 3 174 kg of gas (1 424 kg already eliminated and an additional 1 750 planned for 2023). In addition, as of 2023 we will gradually replace the air conditioning units with others that use gas with lower global warming potential.

Based on the data in the table above, we have calculated Scope 1 and 2 greenhouse gas (GHG) emissions and reduction percentages in comparison with 2019.

KPI	2022	2021	2020	2019
Scope 1 GHG emissions (ton CO ² equivalent)	1 582	1 546	1 708	2 056
Scope 2 GHG emissions (ton CO ² equivalent)	0	0	0	0
Sum of scope 1 + 2 GHG emissions (ton CO ² equiv.)	1 582	1 546	1 708	2 056
Reduction vs 2019 (%)	23%	25%	17%	--
Turnover (millions of €)	86.0	94.7	93.8	72.2
1 + 2 GHG emissions per million € invoiced	18	16	18	28
Reduction vs 2019 (%)	36%	43%	36%	--

We only consume electricity with a guaranteed certificate of origin and, therefore, because the energy comes from renewable sources, scope 2 emissions are zero.

And because all contributions are important, we made a commitment as early as 2021 towards sustainable mobility for the members of our Management Committee. Currently, 8 of the 11 vehicles are plug-in hybrids.

In 2022, we laid the foundations that will enable us to meet our greenhouse gas emission reduction targets by implementing an ambitious decarbonisation plan in the company. We have detailed the main consumers, developing indicators and metrics to monitor consumption by process or installation. We hope that these improvements will enable us to calculate energy intensity per product in the near future.

In addition, along with a specialist consultant we have identified investment projects that will enable us to make more sustainable use of energy, producing solar energy or reducing the consumption of fossil fuels. Medium-term investment plans will include these projects.

In 2022, we first estimated Scope 3 greenhouse gas emissions for 2021. To do this, we use the Quantis calculator to identify the most relevant categories on which to focus our efforts.

Scope 1	1.546.000,00	3.03%
Scope 2	0,00	0.00%
Scope 3	49.533.318,14	96.97%

Scope 3 Breakdown view		CO2-eq value (kg/year)	
Category 1	Purchased goods and services	46,342,167.32	93.56%
Category 2	Capital goods	59,186.66	0.12%
Category 3	Fuel - and Energy-Related Activities, Not Included in Scope1 or Scope2	386,500.00	0.78%
Category 4	Upstream transport	102,705.83	0.21%
Category 5	Waste generated in operations	2,254,764.85	4.55%
Category 6	Business travel	34,135.26	0.07%
Category 7	Employee commuting	212,500.00	0.43%
Category 8	Upstream leased assets	0.00	0.00%
Category 9	Downstream transport	123,834.77	0.25%
Category 10	Processing of sold products	0.00	0.00%
Category 11	Use of sold products	0.00	0.00%
Category 12	EoL of sold products (intermediate product, if relevant)	17,523.45	0.04%
Category 13	Downstream leased assets	0.00	0.00%
Category 14	Franchises	0.00	0.00%
Category 15	Investments	0.00	0.00%

Only categories 1, purchased goods and services, and 5, waste generated in operations, produce more than 1% of emissions and, therefore, we will only consider these two categories relevant to make the most accurate calculation in subsequent years. However, we also want to refine the calculation of categories 4, 6, 7 and 9, all relating to the transport of materials or people, in order to identify opportunities for improvement.

6.2.3 Raw materials

As a manufacturing industry, our environmental impacts are closely related to the raw materials we use. Because we operate in the pharmaceutical industry, we must carefully define our processes, validate them, and ensure we run them as required. This means that we not only guarantee the quality of products but we also control the use of raw materials and other substances, such as solvents, avoiding wastage and reducing the waste generated.

In process development, we apply green chemistry concepts to identify substances with a lower hazard rating.

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In the development of our processes, we select the synthetic pathways and substances to be used in order to reduce the impact on human health and safety and the environment

”

In line with our sustainability strategy and our Health, Safety and Environment Policy, we manage our raw materials throughout their life cycle, considering:

- supplier qualification and evaluation
- correct stock management
- good environmental practices in operations
- the proper management of the waste generated



KPI	2022	2021	2020
Consumption of raw materials for production (tons)	8 096	8 719	9 124

The group of substances we use most is that of solvents. In 2022, this accounted for 70% of the total. In order to make efficient use of the raw materials, we reuse various solvents, either internally or through external management companies to which we send the residual solvent, which then sell it back to us after its distillation.

In 2022, we consumed 3,716,986 kg of solvent and recovered a total of 164,968 kg (4.4%) internally. Of the total consumed, the amount recovered externally stood at 1,172,680 kg, which is 31.5%.

6.3 Responsible management of waste, emissions and effluents

6 CLEAN WATER AND SANITATION



We purify waste water, treat air emissions, and manage the waste we generate by continuously seeking to reduce our environmental footprint

Our activities as a production centre generate waste, emissions and waste water. It is our responsibility to reduce their impact on the environment through responsible management.

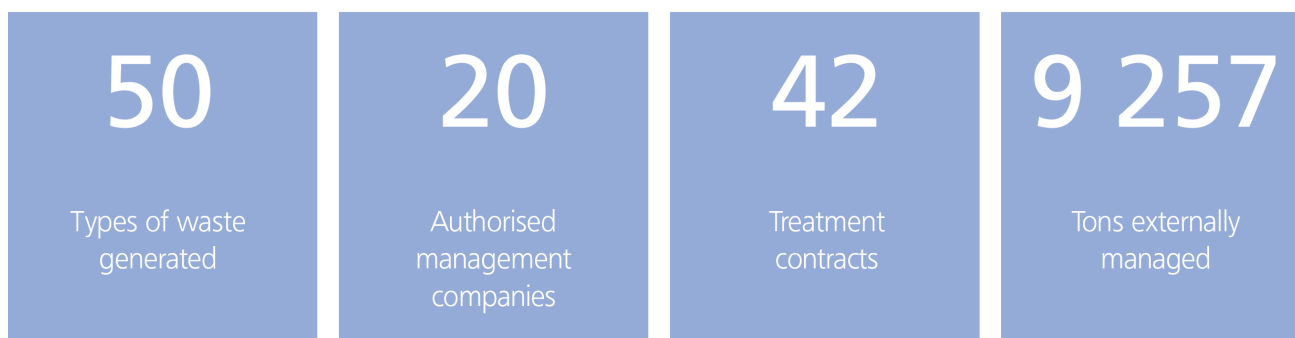
To do so, we identify the potential impacts of a process and attempt to minimise them (e.g. by reusing solvents or working at low temperatures to reduce emissions). We then define the technique to be used to treat emissions, waste and waste water, always considering the legal requirements and those imposed on our environmental authorisation.

To ensure proper management, we define operational procedures and train our personnel. Our batch records (BR) and other production and auxiliary process documents include information on how to manage emissions, waste and effluents internally. In addition, we conduct frequent safety and environmental inspections in all areas to ensure they are operating correctly.

As established by the Competent Authorities, we undergo external inspections to ensure that the environmental management meets its objectives and complies with the law.

6.3.1 Waste management

Waste management in figures



As part of our environmental management system, we have procedures for waste management, as well as monitoring indicators and targets for continuous improvement in relation to this vector.

We segregate waste according to its nature to streamline its external management through management companies and carriers authorised by the Catalan Waste Agency (ARC).

We classify waste according to its hazard nature and destination, and have the appropriate contracts and permits to manage it in compliance with current regulations.

We promote reduction at source, internal reuse, and recycling. Wherever possible, we work with external distillers from which we purchase the recovered solvent. By selecting the treatment route, we give preference to recycling and energy recovery over other options such as stabilisation. Only waste that legally require as such is sent directly to the landfill.

KPI	2022	2021	2020
Generation of waste (tons), of which...	9 257	10 967	11 767
• Non-hazardous	302	288	371
• Hazardous	8 955	10 679	11 396
Percentage of recovery	56%	55%	57%

The following table shows the forms of waste management.

Forms of treatment – Hazardous waste	2022	2021	2020
Preparation sub-forms for re-use and recovery			
TOTAL (tons) of which...	4 948	5 789	6 451
• Reuse (R0314, R0414)	27.5	32.1	26.89
• Recovery (R0201)	4 916	5 753	6 422
• Recycling (R0309)	1,4	0	0
• Recovery unknown (R1303, R1301)	3.5	2.2	1.9
Sub-forms of elimination or disposal			
TOTAL (tons) of which...	4 007	4 891	4 945
• Incineration (D1001)	542	554	728
• Physicochemical Treatment (D0901)	332	575	130
• Stabilisation (D0902)	1 417	1 739	1 760
• Evaporation (D0905)	1 711	2 020	2 309
• Controlled depositing (D0503)	0.7	0.1	13.9
• Disposal unknown (D1501)	4.6	2.5	3.6
Forms of treatment – Non-hazardous waste	2022	2021	2020
Preparation sub-forms for re-use and recovery			
TOTAL (tons) of which...	238	218	284
• Composting (R0301)	2.0	0	25.1
• Recycling (R0306, R0401, R0406, R0503)	130	96	132
• Reuse (R0314, R0414)	86,0	119	123
• Manufacture of cement (R0504)	15.2	0	0
• Recovery unknown (R1201, R1205)	5.2	2.64	3.1
Sub-forms of elimination or disposal			
TOTAL (tons) of which...	64	70.3	86.7
• Incineration (D1001)	0.02	0.04	0.07
• Stabilisation (D0902)	26.3	32.7	40.1
• Disposal unknown (D1501, D1301)	37.8	37.6	46.5

Year after year, we implement improvement projects to reduce the amount of a waste or to improve its form of treatment. For example, we have improved additive dosing in the waste water treatment plant, significantly reducing the amount of sludge that is sent for stabilisation.

In addition, we have improved the performance of the waste water treatment plant so that it can treat certain flows that were previously sent for external treatment.

And because we believe that all waste deserves our attention, regardless of its hazardous nature and the amount generated, we carried out a campaign in 2022 to reduce the impact of cups from vending machines. We replaced plastic-coated paper cups with ones made of just paper. In addition, we gave all collaborators a glass cup to make it easier for them to choose the “no cup” option in the vending machine. Thanks to this measure, we have been able to reduce the number of cups used by more than 85%.

Given the nature of our activity, the application of specific measures with regard to food waste is irrelevant.



6.3.2 Waste water management

We have identified waste water management as a material aspect for AGC Pharma Chemicals Europe for two main reasons:

- We generate high-load, variable-composition waste water throughout the year, which means we must closely monitor the operation of the facilities
- Our treated waters are discharged into the Mediterranean Sea. It is our duty not to affect the maritime ecosystem

We have a waste water treatment plant (WWTP) that combines physicochemical and biological treatments in which we treat production water.

During 2022, we made efforts to improve control over biological treatment (elimination of COD and Nitrogen) by studying the dynamics of the microorganisms present in the active sludge and their relationship with the physicochemical parameters. We have automated the addition of coagulant and carbon source in the nitrogen elimination stage, optimising the treatment and removal of solids.

In addition, we have started an improvement project that will enable us to increase the treatment capacity while reducing the amount of sludge generated by introducing electrocoagulation techniques during purification and improving sludge dehydration, replacing the filter press with a screw press. We look forward to seeing its initial results as early as 2023.

KPI	2022	2021	2020
WWTP inlet flow rate (m ³)	59 066	50 840	52 797
COD - WWTP input (tons)	1 012	1 122	1 261
Ammonium - WWTP input (tons)	34	41	46
COD removal output (%)	99.19	99.16	99.05
Ammonium removal output (%)	98.84	99.16	98.98
Number of incidents with spillage above the limit	0	0	0

We closely follow regulatory developments regarding the presence of pharmaceutical substances in the environment. We are particularly concerned about the problem of active ingredients in water and, although our Environmental Authorisation does not include limits on this aspect, our medium-term investment plans include the implementation of technologies to guarantee their non-emission.



6.3.3 Air emissions

Our activities generate air emissions that can be diffuse or channelled. Our goal is to reduce diffuse emissions wherever possible; for example, in recent years we have equipped all laboratory hoods with activated carbon filters and installed vacuum pressure valves in the most critical tanks.

We have a range of channelled emission processing equipment, such as scrubbers, filters and a thermal oxidation plant where flows containing significant concentrations of volatile organic compounds are treated.

AGC Pharma Chemicals Europe complies with the legal requirements applicable to emissions, performing atmospheric controls and source measurements to ensure that it does not exceed emission limits. Each year, we also report the solvent balance in accordance with volatile organic compound emissions regulations.

In 2022, we achieved a 23.4% reduction in volatile organic contaminant (VOC) emissions compared with 2021.

Emissions of nitrogen oxides, sulphur oxides, and particulate matter reflect the increase in diesel consumption during 2022.

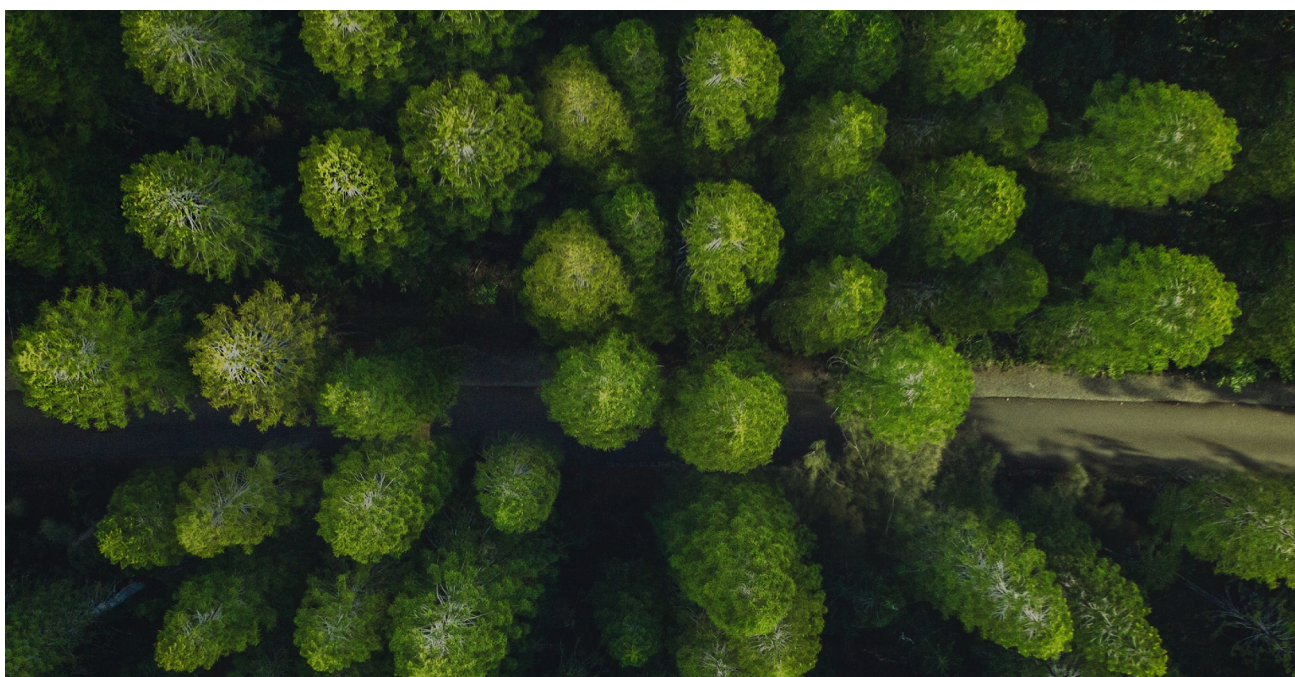
We also take preventive measures to minimise our noise and light impact. We conduct frequent inspections of noise and light pollution, as required by the environmental authorisation of the plant. We also take these vectors into account in new projects.

KPI	2022	2021	2020
Emissions of volatile organic contaminants (VOCs) (t) (*)	208.3	271.9	275.2
Emissions of nitrogen oxides (NOx) (kg)	1 807	1 768	1 660
Emissions of sulphur oxides (SOx) (kg)	299	17	80
Emissions of particulate matter (PM) (kg)	2.8	0.6	10.5


Note:

(*) The value of VOC emissions includes channelled and diffuse emissions.

(**) The reported value is calculated based on fuel consumption using the emission factors of the State Pollutant Release and Transfer Register (PRTR).



6.4 Protection of biodiversity

	<p>Given our location, we are particularly concerned about the marine ecosystem, and we apply means to ensure our activities do not affect it</p>
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Our facilities are not located in protected areas or in areas of high biodiversity value. However, our manufacturing plant is located on the Maresme coast, and close to protected natural areas affected by both the Natura 2000 network and the Plan of Natural Areas of Interest of Catalonia, such as the mouth of the Tordera River.

Due to our coastal location, we devote our efforts in the field of biodiversity primarily to ensuring that the marine ecosystem is not affected by our activities.

We have the relevant permits (public domain occupancy and discharge permit) to be able to send our waste water, once purified, into the Mediterranean Sea. Our underwater emissary is 650 metres long and discharges at a depth of 20 metres.

Each year we carry out the Monitoring and Control Programme (MCP) on the emissary, which includes filming of the installation to make sure it has not been damaged and analyses of water samples, sediments and organisms to verify that the properties of the water comply with the discharge limits and that the ecosystem has not been affected by the discharge.

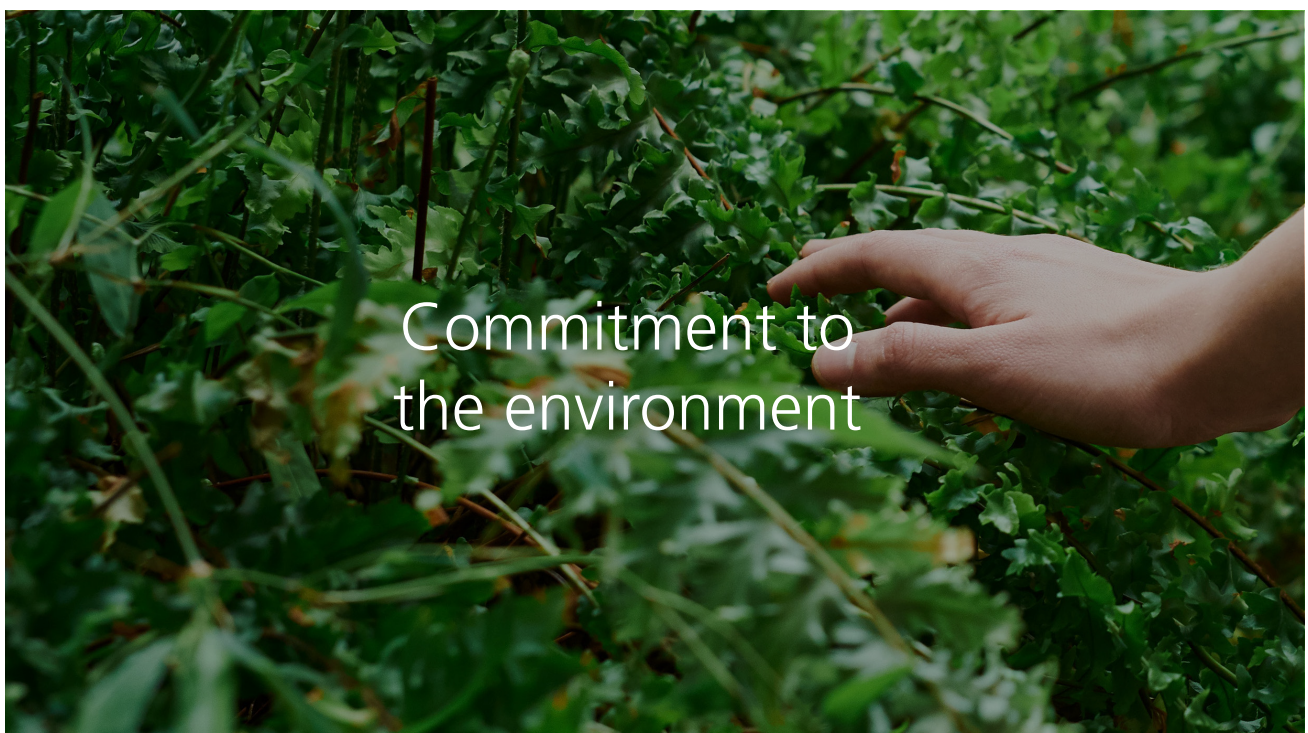
In view of the results of the MPCs of recent years, as expressed in the following table, it can be concluded that the discharge has generated no significant changes and that it is compatible with the marine environment.

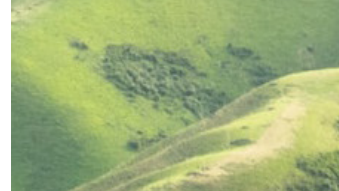
KPI	2022	2021	2020
Specific richness	18	15	14
Density (individual/m ²)	1 050	1 700	1 025
Specific diversity	2.6	2.06	2.43
Equitableness	0.96	0.78	0.92

In December 2022, the Environmental Motion by the Department of Climate Action, Food, and Rural Agenda of the Regional Government of Catalonia approved the proposed resolution with an environmental impact statement of our material change dossier submitted in 2021.

The environmental impact assessment describes the biotic environment in the area where AGC Pharma Chemicals Europe is located. Among the plant species are those that are typical of riverbanks and wetlands, such as poplars, ash, elm, willow, poplar, etc. Wildlife includes birds, seagulls, swallows, swifts, and pigeons, amphibians and reptiles include frogs and lizards, and mammals include domestic cats, mice, and bats.

We have water and emissions treatment facilities to ensure compliance with the emission limits established in our Environmental Authorisation. This ensures that our impacts are compatible with our environment.





AGC
AGC Pharma Chemicals



7/

Commitment
to people



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We encourage people to grow and provide opportunities for personal development

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AGC has defined seven basic principles for human capital management that, on one hand, meet the needs of the people in the group and, on the other, help maximise our performance in a global society. These principles are:



Values

Everyone at AGC must be aware of and committed to the values of our “Look Beyond” vision: innovation and operational excellence, diversity, environment, and integrity.



Diversity

We promote diversity and inclusion as key elements to ensure the competitiveness of businesses in today's environment.



Development and growth

We encourage people to grow and provide opportunities for personal development.



Job satisfaction and pride

We encourage collaborators to meet their goals so that they feel pride and satisfaction in their work.



Working conditions and environment

We provide a safe, healthy working environment.



Communication

We foster open communication to improve the organisational climate.



Evaluation and recognition

We evaluate people's performance, recognise their help in improving results, and reward their contribution.

At AGC Pharma Chemicals Europe, we realise these values in our everyday lives and through different initiatives aimed at cultural change that we have been implementing since 2019. That same year, we diagnosed our company culture and defined the model of company we want to become.

7.1 Labour and human rights

We are aware of the importance of complying with the human rights recognised in national and international law, in accordance with the principles and guidelines of the United Nations, the International Bill of Human Rights, and the principles set out in the Declaration of the International Labour Organisation.

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In the development of our activities, we respect human rights, the rights of children and the rights of working people

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Respect for people, their diversity and their rights is a fundamental part of our behaviour, and is defined by our charter of corporate behaviour, which includes the following principles.

- The AGC Group will respect human rights and will operate its business with due regard for the cultures and customs of each country and region in the world
- The AGC Group will respect people’s diverse capabilities and personal dignity and will create fair and open environments at its workplaces without discrimination based on race, ethnicity, religion, nationality, gender, disability, or any other legally protected group
- The AGC Group will not engage in forced labour or child labour and will not tolerate infringements of human rights

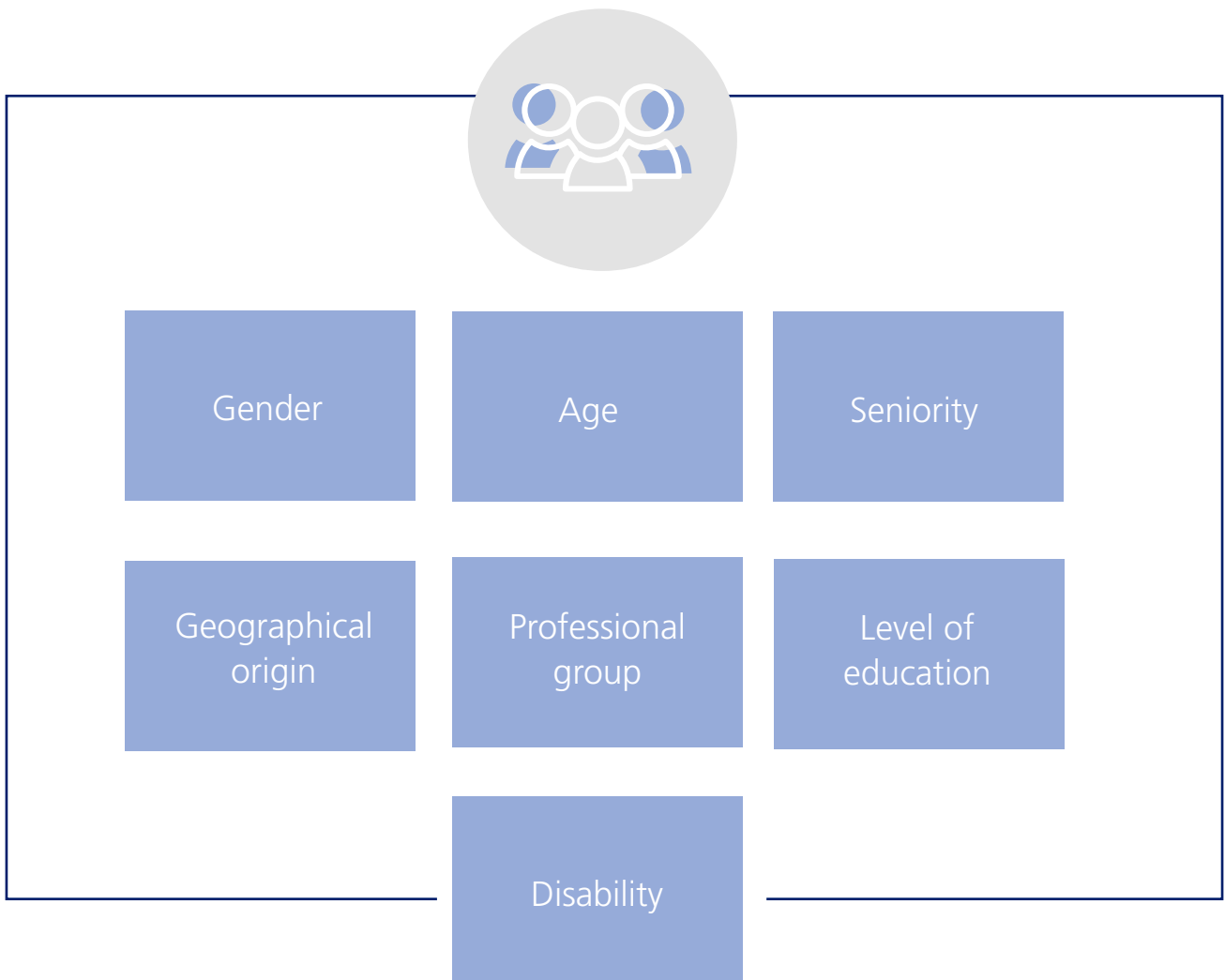


Our Code of Conduct also includes respect for people as a fundamental principle of action for all our personnel. There are four aspects to this respect:

- We respect and value individual diversity
- We do not tolerate physical violence or harassment of any kind
- We are not involved in forced labour or child exploitation
- We protect the sensitive personal information of the entire workforce

7.1.1 Diversity and inclusion

Diversity is one of the shared values at AGC. Although in AGC Pharma Chemicals it was not considered relevant to our organisation until 2022, we are aware that diversity brings wealth to our teams and, therefore, we strive to enhance it. We have started by mapping diversity by grouping personnel into different categories according to the following aspects:



28 DE JUNIO - DÍA DEL ORGULLO



Queremos ser una empresa diversa e inclusiva porque estamos...

#ORGULLOSASDETI

AGC
Your Dreams, Our Challenge



For the first time in 2022, we ran an awareness campaign to mark LGTBIQ+ Pride Day to stand out that, as a company, we believe all people are equally valuable and have equal rights. The campaign carried the slogan #proudfyou.

7.1.2 Equality

We have had a 4-year equality plan since 2018. The plan sets out a series of measures adopted to ensure equal treatment and opportunities for men and women, and the elimination of any discrimination on the basis of gender in the company. In particular, focal point 7 of the plan involves harassment and discrimination, as well as working conditions. Among others, the following measures are highlighted:

- We have a protocol on harassment and people trained in this area to respond to any situations. In 2021, 5 people were trained in this area
- The harassment protocol is included in the Onboarding Manual
- We take into account the different needs of men and women in the design of jobs. Workplaces are adapted for pregnant or nursing employees
- We take explicit action to reject gender-based violence, including the recognition of the rights of working women who are victims of gender-based violence

In order to abide by this plan, AGC Pharma Chemicals Europe has established an equality committee responsible for the evaluation and monitoring of the defined actions.

This committee meets every two months and is formed by two people who represent the works council and two individuals who represent the company management.



7.1.3 Harassment

AGC Pharma Chemicals Europe does not tolerate harassment, whoever it may come from, for whatever reason, and regardless of its type (physical, verbal or written).

We consider workplace harassment to include any ongoing or persistent offensive, humiliating or hurtful action against an employee in the workplace. We act in the same manner in cases of peer-to-peer harassment or top-down or bottom-up harassment (between a person in charge and those supervised by them).

We have established a protocol to manage workplace harassment and deal with cases of mobbing. We investigate all reported cases, ensuring the confidentiality of the individuals involved, and establish corrective (including sanctioning) and preventive measures. The protocol is known to all collaborators.

We also have a protocol for the prevention and treatment of sexual or gender-based harassment to deal with any behaviour, verbal or physical, of a sexual nature or due to the gender of a person, which has the purpose or effect of violating the dignity of a person, in particular when creating an intimidating, degrading or offensive environment.

The purpose of this protocol is to raise awareness among all collaborators and provide information and guidance to be informed of and understand what sexual harassment is and what gender-based harassment is, how to prevent it, and how to establish effective forms of protection and response within the company.

7.1.4 Labour Relations

AGC Pharma Chemicals Europe is committed to maintaining good labour relations with employee representatives. In 2022, we set out this commitment in a labour relations policy that contains the rights and powers of the Works Council as the body representing our employees.

Our Works Council is made up of 13 people (3 women and 10 men), some of whom also participate in other joint committees along with company representatives. These committees are:

- Health and Safety Committee. This consists of three prevention officers, one of whom also acts as an environmental officer, and three company representatives, namely the Environment, Health and Safety Director and the Production Operations & Logistics and Technical Department Directors. Of the 6 committee members, one is a woman
- The Equality Committee, made up of two employee representatives, one HR technician, and the Director of Human Resources. Of the four members of the committee, three are women
- The Training Committee, made up of two employee representatives, one HR technician, and the Director of Human Resources. Of the four members of the committee, two are women



We hold regular meetings with the legal representatives of our employees and with the other committees.

We hold quarterly meetings with the Works Council in which we discuss different aspects of our everyday business and reach agreements in certain areas, such as the schedule or other working conditions. We also hold ad-hoc meetings when required by the issues on which we are working together.

In addition, we convene the Works Council quarterly to report on our performance, providing data on the evolution of sales, production, operating profit, hiring, and absenteeism.

Our entire workforce is covered by collective bargaining agreements.



7.1.5 Forced labour and child exploitation

In 2022, we established a formal policy of zero tolerance for child and forced labour to ensure compliance with Spanish and European law and international agreements on the prohibition of child labour, in particular the precepts set out in the Convention on the Rights of the Child, in the United Nations International Bill of Human Rights, and in the standards set by the International Labour Organization on child labour.

This policy also compels us to encourage our business partners to respect human rights and check that subcontractors and suppliers are also committed to the eradication of child or forced labour.



7.1.6 Information protection



Our corporate culture encourages the personal and professional development of employees, supporting teamwork while acknowledging individual contributions

We are concerned about protecting the information we receive in the course of our business.

We process the personal data of our employees and business partners (identity, addresses, remuneration, benefits, individual or family health matters, and other personal circumstances) with due responsibility, only for the stated purposes, and complying at all times with current personal data protection regulations. If we need to transfer data to suppliers, we do so only after signing data processing agreements.

We have established a Privacy Committee with representation in the areas of Human Resources, Business Development and Marketing, Purchasing, Information Technology, Operations and Compliance, which deals with personal data protection issues with the support of Bufete Fortuny.

In 2022, we reviewed the records of processing activities, the agreements with suppliers, and the information provided to employees and business partners regarding their data protection rights.

7.2 People management

The main value of our company is the people who form it. We are concerned about their personal and professional development, as well as their physical and mental well-being. We work to create a safe and healthy work environment in which people feel valued and motivated to do their best by:

- Establishing training plans to ensure our personnel have the technical knowledge and social skills necessary to do their jobs properly
- For many jobs, we and the employees define their annual targets together and regularly conduct performance assessment processes. In 2022, 103 people (30.84% of all employees) underwent this assessment process
- We have acknowledgement systems
- We regularly conduct workplace climate surveys and psychosocial risk assessments
- We look for interdepartmental area so that people have a chance to get to know each other and appreciate each other
- We are committed to teamwork
- We encourage the participation of employees in our continuous improvement processes
- We collaborate with the employee representatives
- We facilitate the work-life balance and provide social benefits



7.2.1 People: our best asset

By the end of 2022, AGC Pharma Chemicals Europe was made up of a total of 334 people, 16 more than the previous year, which is a 5% increase. These figures do not take into account people from other companies of the group who are displaced, as they are not included in our payroll system.

All of our personnel work at the Malgrat de Mar plant. 32.34% of the workforce took advantage of a hybrid working model, and were able to work remotely for 1 to 4 days a week.

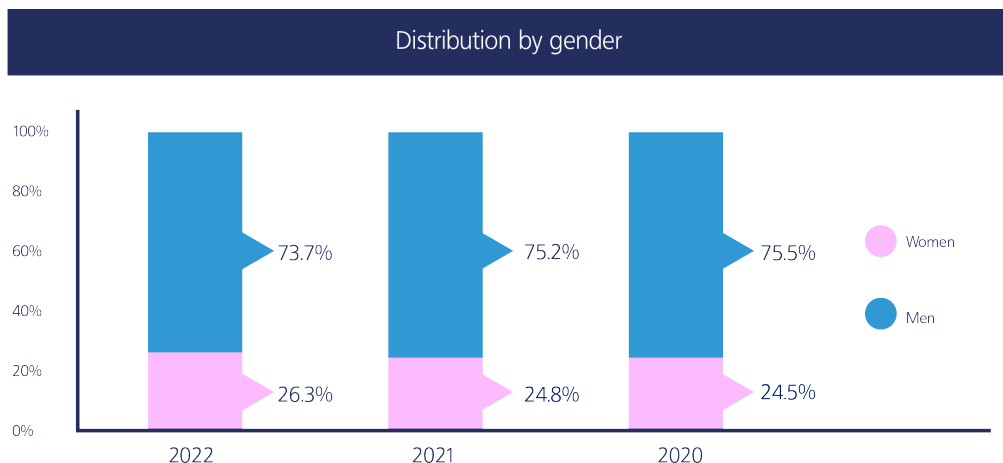
New hires totalled 25, of which 11 (44%) were women. In 2022, a total of 9 people left the company, 2 (22%) of whom were women. Of the total number of people leaving, one left the company for disciplinary reasons and another for objective reasons (both men from the technical group and aged between 30 and 50), five left the company voluntarily, one person left because they had used up their period of temporary disability, and one person left because their contract had ended.

Below is the distribution of the workforce by gender, age, and professional group over the last three years in the form of tables and graphs.

The following table shows the workforce at 31 December by gender.

KPI	2022	2021	2020
Total number of employees, of whom...	334	318	306
• Women	88	79	75
• Men	246	239	231

Since 2018, our recruitment policies state that, under equal conditions, women should be given preference. We have therefore gradually increased the presence of women in the workforce. Over the past two years, the percentage of women has increased by almost two percent, from 24.5% to 26.3%, and more than a quarter of our workforce was made up of women for the first time in 2022.





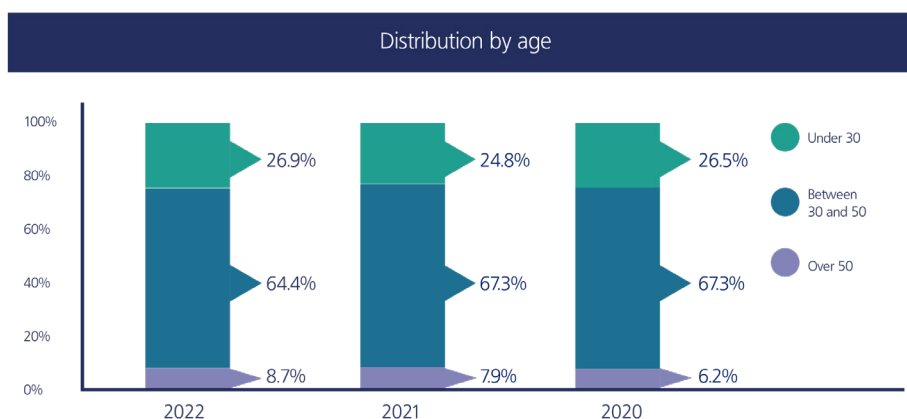
At the end of 2022,
AGC Pharma Chemicals Europe
employed a total of 334 people,
16 more than in the previous year

The distribution according to the age of the workforce at 31 December is shown below:

KPI	2022	2021	2020
Total number of collaborators, of whom...	334	318	306
• Under 30	29	25	19
• Over 30 and under 50	215	214	206
• Over 50	90	79	81

The average age of the workforce at the end of 2022 stood at 44.87, above the average age at the end of the previous year, which was 44.47.

Our human resource policies, wage levels, and job security offered by a sector like ours mean that the turnover rate at AGC Pharma Chemicals Europe is low and average seniority high. By the end of 2022, it stood at 15.44 years.



70% of our personnel have been with our company for more than 10 years. In 2022, four people celebrated their tenth year with us and 27 commemorated 25 years of work at AGC Pharma Chemicals Europe.

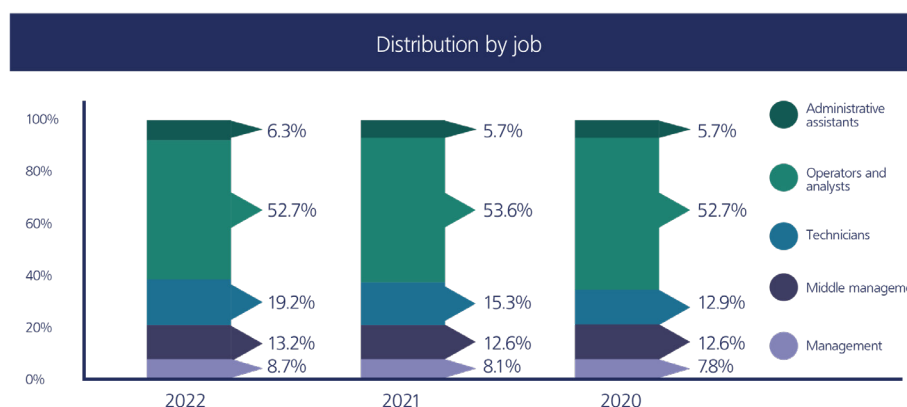
The following table shows the distribution of the workforce by job at the end of 2022:

KPI	2022	2021	2020
Total number of contributors, of whom	334	318	306
• Administrative assistants	21	19	19
• Operators and analysts	176	179	176
• Technicians	64	51	43
• Middle management	44	42	42
• Management	29	27	26

In the above groups, women only predominate in the group of administrative assistants. There is a greater male presence in all other groups, reaching 82% in the case of operators and analysts.

In terms of age, in all groups most members are between 30 and 50.

Of our management positions, 35% are women, 41% are over the age of 50, and 59% are between the ages of 30 and 50.



Job stability is a value within our personnel policies. This is why, in recent years, more than 90% of those hired have been permanent.

KPI	2022	2021	2020
Number of contracts (annual average)	328	315	299
Number of permanent contracts	312	293	283
Number of temporary contracts, of which by gender...	16	22	16
• Women	5	9	8
• Men	11	13	8
Number of temporary contracts, of which by job...	16	22	16
• Administrative assistants	2	2	2
• Operators and analysts	12	16	13
• Technicians	1	4	1
Percentage of temporary contracts	4.87%	6.98%	5.35%

Providing certainty about the present and future of work increases the degree of satisfaction of those forming part of our team and enables us to project better management of internal talent to improve our company and the results we obtain.

Of all our hires, only two (<1%) have been part-time in the past three years. The two hires were women (one administration assistant and one operator), aged between 30 and 50 in 2022.



7.2.2 New additions

We work to attract talent, looking for the best candidate for all vacancies regardless of gender, race, origin or condition. The prevailing criterion is full equality, valuing professional background and skills, regardless of other factors. On equal terms, we favour the recruitment of women and people with disabilities compatible with the risks of the job.

In 2022, we hired 25 new people, classified according to their age, job, gender, and type of contract and working day, in line with the following table:

KPI	2022	2021	2020
Number of new hires, of whom by job...	25	22	31
• Administrative assistants	4	1	2
• Operators and analysts	5	12	17
• Technicians	13	7	8
• Middle management	2	1	3
• Management	1	1	1
Number of new hires, of whom by gender...	25	22	31
• Women	11	7	11
• Men	14	15	20
Number of new hires, of whom by age...	25	22	31
• Under 30	11	11	15
• Between 30 and 50	13	11	16
• Over 50	1	0	0
Number of new hires, of whom by type...	25	22	31
• Temporary contract	8	15	20
• Permanent contract	17	7	11
Number of new hires, of whom by working day...	25	22	31
• Part-time	1	0	1
• Full-time	24	22	31

We have an onboarding procedure which sets out the activities to be carried out to accommodate new personnel and the people involved in the onboarding process. Within the defined roles, we highlight the figure of the Aibou (friend/colleague) who accompanies new additions during their first two months in the company. Follow-up interviews are also held during the first and second months among HR/Manager/Aibou. Three months after joining the company, the new recruit is given feedback from their supervisor. After six months, HR convenes the new recruit for a follow-up interview and, after 12 months, this interview is conducted with the HR Department.

Culture and Strategy sessions are held every six months to explain our vision, mission, values, and strategic objectives to new recruits.


91% of those who joined in 2021 were still with the company at 31 December 2022. This ratio stood at 71% in 2021 and 64% in 2020.

KPI	2022	2021	2020
Percentage of people hired during the previous year who remained in the company at 31 December	91%	71%	64%

7.2.3 Talent management

1

FIN
DE LA POBREZA



We strive to attract, nurture and retain talent by ensuring the excellence of our teams

We recognise people as a cornerstone of our Company’s growth. AGC Pharma Chemicals Europe strives to foster a working environment that looks after and fosters the well-being of people.

By always applying high standards of excellence and promoting teamwork, we succeed in creating a positive, inclusive, respectful, and diverse work environment in which all opinions count.

We not only promote corporate values to be shared by our collaborators, but we also seek to create a space that promotes the personal and professional growth and development of those who form our team.

Talent attraction and loyalty

We boost the development of young talent with our Fast Track programme. This programme, which lasts for two years, provides knowledge and experience in the key areas of the company through six-month placements in each one.



We work in an environment of continuous, innovative, and positive learning that enables our teams to achieve excellence



We work with different vocational training schools through their DUAL education programme to provide students with practical knowledge.

We have internal promotion policies that guarantee the human and professional development of our collaborators. We also favour rotation between different jobs.

The table below shows that 17 internal promotions were made in 2022 compared with four in 2021, and a total of nine rotations compared with two in 2021.

KPI	2022	2021	2020
Number of promotions	17	4	3
• Women	4	2	2
• Men	13	2	1
Number of rotations	9	2	5
• Women	3	0	2
• Men	6	2	3

We should highlight the launch in March 2022 of our Leadership School, which aims to promote the development of the people who lead our teams to become the lever of change required by the Cultural Transformation process we began in 2019. A total of 80 people are participating in this initiative, which will end in March 2025.



We boost the development of young talent

Training

We are in a very competitive and constantly changing sector. We continue to train our personnel to give them the skills and knowledge required for their professional development, enabling them to achieve excellence.

We create opportunities to develop and improve skills and abilities. To this end, we delivered 17,662 hours of training in 2022, 27% more than in 2021. This accounts for an average of almost 53 hours of training per employee, compared with 44 hours in the previous year.

KPI	2022	2021	2020
Number of hours of training, of which per job...	17 662	13 878	10 860
• Administrative assistants	431	3 483	303
• Operators and Analysts	9 043	6 147	5 993
• Technicians	4 021	1 933	2 591
• Middle Management	2 540	1 995	1 829
• Management	1 625	320	144
Hours of training per collaborator (h)	52,9	43,6	35,5

AGC Pharma Chemicals Europe adopts biennial training plans that set out the training to be carried out according to the needs of the different areas.

The 2022 - 2023 training plan is currently in force, which includes training activities in the field of safety and the environment, among others. This training plan may be modified in accordance with the different needs arising over the course of its duration. This is agreed by the training committee, which includes the legal representative of our employees, as well as representatives from the different areas of our Company, and is approved by our CEO.

We also offer the possibility of individual training activities for any subjects or topics in which the applicant and their manager consider it appropriate in order to improve their professional development.


In 2022, we started two programmes that will last for several years. On one hand, the leadership school for people who lead teams and, on the other, a more operational kind of training for production area personnel that will last for a total of 80 hours.

Only by having properly trained and educated personnel can we ensure that our performance in terms of sustainability is as expected. Therefore, a significant part of the number of hours of training in recent years was devoted to health and safety issues (including emergency response) as well as environmental protection issues.

KPI	2022	2021	2020
Hours of EHS training, of which...	3 390	3 905	3 094
• Health and Safety Training	3 249	3 729	2 956
• Environmental Training	141	176	138
Hours of EHS training per collaborator (h)	10.1	12.3	10.1

7.2.4 The work-life balance

8
DECENT WORK AND
ECONOMIC GROWTH



We provide social and employment benefits that provide a work-life balance

We are concerned about the well-being of collaborators and recognise the importance of establishing measures to enable a work-life balance in order to reduce the risk of double presence and associated stress.



Our working day is 8 hours a day. The maximum number of working hours per year is stipulated by the collective bargaining agreement of the chemical industry and comprises 1,752 hours. At AGC Pharma Chemicals, we work continuously, 24 hours a day and seven days a week, with two maintenance stops, in the summer and at year-end. Work schedules are usually agreed with the employee representatives.

53.59% of the workforce work shifts in the continuous process. The rest of the personnel have flexible working hours, with the possibility of adapting the time they start and finish work to their work-life balance needs. This schedule means that, at the time of the week or year when there are peaks in workload, hours are accumulated so that they can be enjoyed at other times. In addition to the 21 days of annual leave under the collective agreement, personnel with flexible working hours may take an additional four days in lieu of the hours and as many half-days as their balance of hours and organisation of work allow.

The flexible schedule stipulates two time slots when presence is mandatory, from 9:30 am to 12:30 pm and from 3:00 pm to 4:30 pm, and personnel can work between 7:30 pm and 8:00 pm.

KPI	2022	2021	2020
Total number of contracts	334	318	306
Number of people in continuous process, of whom by gender...	138	155	161
• Women	19	18	17
• Men	119	137	144
Number of people with flexible working hours, of whom by gender...	191	159	141
• Women	69	61	58
• Men	122	98	83
Number of people with special working hours (*), of whom by gender...	5	5	5
• Women	0	0	0
• Men	5	5	5

(*) Monday to Friday, morning or afternoon, or Friday afternoon, Saturday and Sunday flexitime and Monday morning.

Labour law and the collective bargaining agreement provide for different types of leave that are fully incorporated into the labour practices of AGC Pharma Chemicals Europe, such as:

- 15 days for own marriage or establishment as a civil partnership
- 1 day for marriage of children, parents or siblings
- 1 day for move of house
- 2 days for hospitalisation, surgery with rest, accident or death of relatives up to second degree
- Time to exercise voting rights
- Time to participate in official exams
- Time to visit the doctor or accompany first-degree relatives who are minors or in need of support
- Leave for co-responsibility

The following table includes data on those who took co-responsibility leave (maternity/paternity) in 2022:

KPI	2022	2021	2020
Number of people to have taken leave, of whom by gender	5	7	7
• Women	1	1	2
• Men	4	6	5

100% of those who took such leave in 2020 and 2021 returned to work after the leave and remained with the company 12 months later.

People who, for reasons of legal guardianship, have minors up to 12 years of age in their care, or persons with disabilities who are not engaged in paid activities, and victims of gender-based violence, may enjoy reduced working time. Whenever requested and if the organisation of work allows as such, people with reduced working time may also set their working hours.

In addition, there is the possibility of applying for unpaid leave to care for minors or dependent relatives for a period of no more than three years.

KPI	2022	2021	2020
Number of people with reduced working time, of whom by gender...	30	25	35
• Women	16	12	16
• Men	14	13	19
Number of people on leave, of whom by gender...	1	0	4
• Women	0	0	2
• Men	1	0	2
Number of people on unpaid leave	0	0	0

In 2021, jointly with the employee representatives, we established a remote working policy to regulate the situation arising out of necessity during the pandemic. At 31 December 2022, 106 people had taken advantage of this policy and were working under a hybrid model with between 1 and 4 days outside the workplace.

KPI	2022	2021	2020
Number of people working remotely, of whom by gender...	106	87	(*)
• Women	35	34	(*)
• Men	71	53	(*)

(*) En 2020 muchas personas realizaron trabajo a distancia por causa de la pandemia, pero no se contabilizan pues aún no existía política al respecto.



In 2022, we reached an agreement with the employee representatives on a digital disconnection policy to guarantee employees, particularly those choosing to work remotely, the right to a satisfactory work-life balance, avoiding volatility between work time and rest time, the feeling of permanent availability, and the fatigue generated by the feeling of working long hours.

To this end, we do not take into account unanswered e-mails and calls outside flexible working hours. All the above without prejudice to any exceptional, urgent or unforeseen situations requiring the involvement of different people outside their normal working hours.

To ensure a rapid response in the event of the failure of facilities with no night-time presence (e.g. waste water treatment plant) or in the event of an emergency, we have established different reserve team systems. Individuals taking part in the reserve teams receive monetary compensation in consideration of their availability beyond their normal working hours.

7.2.5 Social benefits

Social benefits attract and retain personnel because they improve the salary package and help collaborators improve their work-life balance.

At AGC Pharma Chemicals Europe, we offer different social benefits to the entire workforce, including:

- Maternity benefits
- School support
- Life and accident insurance
- Children's camps
- Social club
- Loyalty benefits
- Loans and advances
- Subsidised vending
- Christmas hamper (or its value in a gift card)
- Discount programme

In addition to the benefits listed, personnel working flexible hours and full-time or reduced time for family reasons receive a credit card with 11 euros/day (meal voucher) so they can eat during their working day.

When it comes to health promotion, AGC Pharma Chemicals Europe has a company medical service and conducts several health promotion campaigns (e.g. the gynaecological campaign for years and, for the first time in 2022, the urological campaign for the over-50s). In addition, the company negotiates collective health insurance to which collaborators and their partners and descendants are eligible. The cost of the policy is paid in full by the collaborator, but it is paid out of their gross salary, with the consequent tax benefit.

7.2.6 Remuneration

Our salary policy is set out in the 20th General Bargaining Agreement of the Chemical Industry, which establishes, with regard to the salary structure, that the remuneration of personnel shall comprise the basic salary and its supplements.

In addition to the salary structure, the aforementioned Agreement regulates the salary of new recruits, the salary of temporary employees, the guaranteed salary in cases of promotions, and the guaranteed minimum wage, among others.

Below are the average salaries of our personnel by gender, job and age, taking into account only the annual gross fixed salary.

KPI	2022	2021	2020
Average personnel remuneration, by gender...	42 874 €	41 642 €	41 063 €
• Women	45 005 €	44 186 €	42 415 €
• Men	42 112 €	40 801 €	40 624 €
Average personnel remuneration, by job...	42 874 €	41 642 €	41 063 €
• Administrative assistants	35 702 €	37 623 €	35 210 €
• Operators and analysts	35 157 €	34 329 €	34 094 €
• Technicians	43 999 €	43 132 €	43 556 €
• Middle management	48 111 €	48 016 €	47 466 €
• Management	84 476 €	80 224 €	78 047 €
Average personnel remuneration, by age...	42 874 €	41 642 €	41 063 €
• Under 30	30 433 €	27 346 €	24 314 €
• Between 30 and 50	42 132 €	41 358 €	40 596 €
• Over 50	48 656 €	46 937 €	46 177 €

At AGC Pharma Chemicals Europe, we are committed to equality and our salary policy is equal and we make no pay distinctions due to gender. We calculate the company pay gap based on the gross hourly wage.

KPI	2022	2021	2020
Gross hourly wage for women (€)	25.69	25.22	24.21
Gross hourly wage for men (€)	24.04	23.34	23.19
Pay gap	- 6.87%	-8.05%	-4.41%

On average, women at the company earned nearly 7% more in 2022 than men.

Comparing salaries of women and men within groups by job, only in some cases (administration assistants and technicians) do men earn more than women. In all other cases, women were paid more, with the gross salary of women in the middle management group exceeding that of their male colleagues by more than 9%.

KPI	2022	2021	2020
Pay gap, by job...			
• Administrative assistants	3.53%	1.49%	6.23%
• Operators and analysts	-2.91%	1.69%	2.69%
• Technicians	3.51%	2.17%	2.26%
• Middle management	-9.40%	-6.12%	-5.54%
• Management	-4.37%	-1.21%	5.40%



7.2.7 Executive remuneration

Company managers received the following annual gross salaries by gender.

KPI	2022	2021	2020
Average remuneration of management, by gender...	84 476 €	80 223 €	78 047 €
• Women	86 857 €	80 831 €	75 239 €
• Men	83 223 €	79 866 €	79 533 €

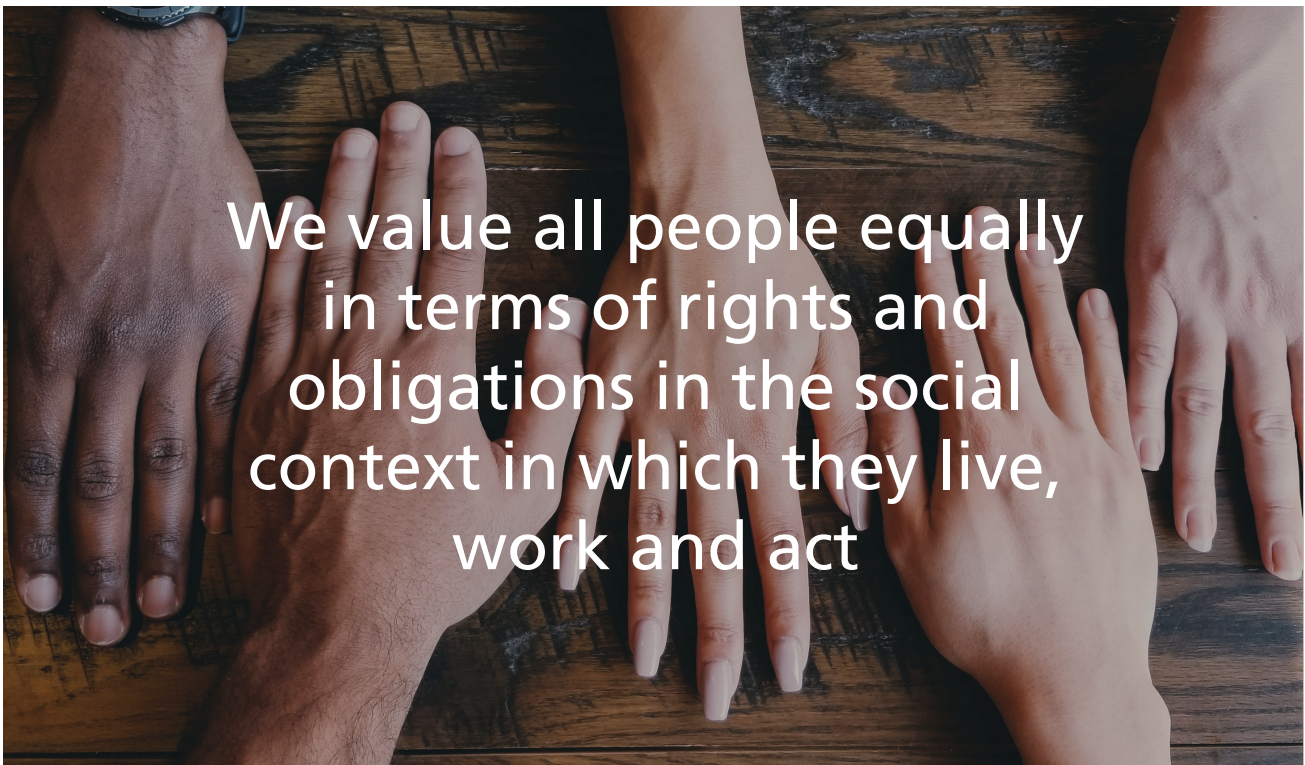
In addition, they received a bonus for meeting targets (both personal and company).

KPI	2022	2021	2020
Average bonus to Management (€), by gender...	12 453	8 402	8 841
• Women	13 465	7 960	8 522
• Men	11 920	8 696	8 991

The increase in the bonus for 2022 is due to the adjustment made to match the market, our sector, and the good results obtained by the company in 2021.

AGC Pharma Chemicals Europe also has a Pension Plan subject to the provisions of the First Additional Provision of Royal Legislative Decree 1/2002 of 29 November approving the consolidated text of the Law on the Regulation of Pension Plans and Funds, with implementation date of 1 April 1999, to provide the persons included therein and their relatives with certain independent benefits compatible with those of the Spanish Social Security.


KPI	2022	2021	2020
Average Pension Plan for Management (€), by gender...	5 299	3 992	4 523
• Women	6 103	4 579	4 413
• Men	4 897	3 699	4 836



We value all people equally
in terms of rights and
obligations in the social
context in which they live,
work and act

7.3 Equality and non-discrimination

7.3.1 Gender equality

<p>5 GENDER EQUALITY</p> 	<p>We work for gender equality, diversity and inclusion</p>
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At AGC Pharma Chemicals Europe, we are committed to equal opportunities. We value all people equally in terms of rights and obligations in the social context in which they live, work and act.

Diversity and equal opportunities are important to our Company. We therefore take care to incorporate these messages and implement them fairly and correctly, taking the necessary measures and using the appropriate mechanisms.

In this regard, we signed our first equality plan in 2018. This plan sets out the objectives and actions needed to provide fully equal opportunities and to raise awareness of these issues among personnel and the society around us.

We have also prepared a selection guide, which includes the guidelines to follow to avoid any discrimination during the selection process. This guide seeks to streamline and improve personnel selection, without falling into the cultural and social prejudices that negatively discriminate selection processes, aware of the impact we can have on our society.

At the end of 2022, the percentage of female employees in our Company stood at 26%, showing a consolidation of the jobs held by women.

In addition, we have a harassment protocol aimed at establishing the means of action to guarantee the prevention, protection and resolution of all possible situations of sexual or gender-based harassment that may occur in the workplace, based on the principles of equality, proportionality, and the duty of confidentiality.

7.3.2 People with disabilities

The 20th General Bargaining Agreement of the Chemical Industry applicable to our Company's activity regulates the hiring of people with disabilities by establishing their right to work under conditions that guarantee the application of the principles of equality and non-discrimination.

At AGC Pharma Chemicals Europe, we fully comply with the law on the social inclusion of people with different capabilities. In 2022, we employed three people with disabilities, two men (one operator and one administrative assistant) and one woman (administrative assistant), and we also have authorisation for exceptional measures from the Regional Government of Catalonia.

Due to the nature of our business and the classification of our facilities and buildings, we do not have a specific accessibility plan. However, this issue is taken into account in the design of new facilities.



7.3.3 Diversity

At AGC, we know that every person is unique. We respect and appreciate what makes us different, whether this is age, gender, sexual orientation, ethnicity, nationality, religion, disability, education or experience, because we believe that diversity enriches us as an organisation.

Inclusion is a call to action within the teams to actively involve each individual's ideas, knowledge, styles, approaches and perspectives, thereby maximising team performance and individual well-being.

For the first time in 2022, we conducted a study on the diversity of our workforce. Apart from knowing the situation of the company, the aim of this study was to create awareness at all levels of the organisation with regard to the wealth provided by the diversity of the people forming it.

Of the aspects studied, the distribution by generation, by level of education, by professional group, and by seniority are highlighted.

KPI	2022	2021
Distribution of the workforce by generation		
• Baby Boomers (1946-1964)	8.86%	8.81%
• Generation X (1965-1980)	61.38%	63.84%
• Millennials (1981-1996)	27.75%	23.58%
• Generation Z (1997-2012)	4.19%	3.77%

The most significant change between the two years was the increase in the number of Millennials, which rose from 75 in 2021 to 86 in 2022, while the number of Generation X and Baby Boomers only varied by one or two people.

KPI	2022	2021
Distribution of the workforce by level of education		
• Secondary Education	5.39%	5.66%
• A-level Education	12.87%	13.84%
• Vocational Training	46.41%	47.80%
• University Education	35.33%	32.70%

In 2022, we recruited more university-educated personnel, reaching 118 people compared with 104 in 2021. However, the largest group remains vocational training, with 155 people in 2022.

The experience of our personnel contributes to the excellence of our teams, which are also enhanced by the vision of people who have progressed in other companies and then joined ours, and those who join the labour market at AGC Pharma Chemicals.

KPI	2022	2021
Distribution of the workforce by seniority	334	318
• 0 to 9 years	29.34%	24.84%
• 10 to 20 years	38.02%	44.34%
• 20 to 30 years	27.24%	25.16%
• 30 to 40 years	3.89%	4.09%
• Over 40 years	1.50%	1.57%

In terms of the geographical origin of our workforce, only eight people are not Spanish. Of these, one is South American, another is African, and the rest are from different European countries.

At AGC we promote diversity and inclusion, because we want people to feel respected and valued for who they are. We provide everyone with a safe and positive work environment in which differences are not only tolerated but valued, providing each individual with the support they need to succeed, grow and develop their potential by contributing to the company's success.

7.4 Safety, health and well-being at work

7.4.1 Prevention management

The environmental, industrial and equity safety, occupational health and safety, and quality policies of the AGC group establish two fundamental principles relating to health and safety, which are:

- Ensuring industrial safety is our fundamental obligation as a company operating in local communities
- We do not produce without first ensuring the health and safety of our collaborators

These principles are specified in the health, safety and environment policy of AGC Pharma Chemicals Europe (see Chapter 6) and are implemented thanks to our integrated management system covering all aspects of Occupational Risk Prevention, Environmental Protection, and Major Accident Prevention, as defined in Standards ISO 14001 and 45001.

We regularly review the integrated management system with the senior management of the company. Review meetings monitor compliance with safety and prevention objectives and performance and verify compliance with legal requirements. Senior management provides the company and its collaborators with the tools and resources needed to maintain the level of excellence achieved in recent years and ensure continuous improvement.

KPI	2022	2021	2020
Number of people working in occupational health and safety management	8	7	7
Expenditure in occupational health and safety (thousands of €)	949	1 077	940



People are our greatest asset, and we are working to make our jobs as safe as possible. We identify and assess the risks to our facilities, workplaces, processes, and tasks in order to define the most appropriate planning, operating, prevention, and control measures. To this end, we have qualified people (prevention officers) who are organised within our in-house prevention department (SPP), a technical unit designed to provide the entire Company with advice and support in occupational risk prevention.

The SPP has taken over the three technical specialities of prevention (safety, industrial hygiene, and ergonomics and psycho-sociology) and outsources the speciality of Occupational Medicine to Quiron Prevención. In addition, AGC Pharma Chemicals has a trained nurse (DUE) on its workforce.

The SPP acts as an advisory body in:

- The design, implementation, and coordination of preventive action plans and programmes
- The assessment of risk factors that could affect the health and safety of employees under the terms of Article 16 of the Occupational Risk Prevention Law
- Identifying priorities for taking appropriate preventive measures and monitoring their effectiveness
- Informing and training employees
- The preparation and implementation of emergency plans

The SPP is headed by the Occupational Health and Safety Manager, who reports to EHS Management. EHS Management represents the company on the Health and Safety Committee (HSC) together with the Production Operations & Logistic and Technical Department Management.

The employee representatives, with specific duties in occupational risk prevention (prevention officers), who are also members of the HSC, collaborate in improving preventive actions and are informed and consulted by the SPP on issues related to health and safety as set out in the 31/1995 Occupational Risk Prevention Law.

“

The Health and Safety Committee meets quarterly to jointly address all occupational risk actions

”

We inform everyone about the risks in their jobs and the preventive measures through the Risk and Measures Reports (RMR). These reports are produced in collaboration with the prevention officers.

New recruits receive the RMR before joining the company, and are therefore informed of the following types of risk:

- Chemical risks
- Physical risks
- Biological hazards
- Psychosocial risks
- Ergonomic risks
- Mechanical hazards

We provide employees with personal protective equipment (PPE) in line with the risks of their job.

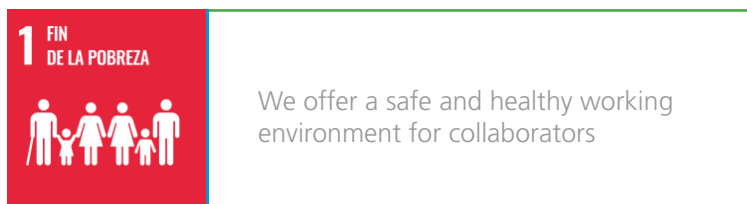
In 2022, we implemented a system of vending machines to streamline the management of commonly used PPE, ensuring that each individual has easy and quick access to the protective elements they need in their everyday lives.

By means of hygienic physical (noise, vibrations, etc.), chemical (exposure to solvents, active ingredients, etc.), ergonomic, and psychosocial assessments, we guarantee that collaborating individuals are not exposed to risks that could affect their health by implementing preventive measures in line with risk identification and assessment.

In 2022, we completed the psychosocial risk assessment started the previous year, and identified improvement actions for the prevention of this risk, such as training, improved work organisation, implementation of a performance assessment system, and a recognition system.



7.4.2 Health Protection



Along with our provider Quiron Prevención, we conduct health surveillance in accordance with the risks to which each individual is exposed in their job. Every year, Quiron Prevención conducts epidemiological studies that assess how our activities impact people's health. Based on the results of these studies, we plan the preventive activity for the next period.

We have a medical service with dedicated facilities and manpower capable of providing primary care in case of work or out-of-work needs. Our personnel have the coverage of a specialist doctor for 16 hours a week and of a trained nurse for 40 hours.

In addition to the activities of the preventive speciality of occupational medicine, health personnel act in the event of an accident or medical emergency, take care of collaborators in the event of a common illness, and conduct different health promotion campaigns. The following activities were carried out in 2022:

- Blood drive
- "Fruit in Company" campaign
- Flu vaccination campaign
- Gynaecological campaign
- Campaign to prevent prostate cancer in the over-50s
- Lung cancer awareness talk
- Breast cancer awareness campaign

The campaign to prevent prostate cancer was first implemented in 2022 in response to a suggestion from the Equality Commission urging the company to include a gender perspective in health promotion campaigns.

The ultimate goal of medical activity is to improve the well-being of collaborators and reduce absenteeism due to common contingencies. However, in 2022 we did not manage to maintain the downward trend observed in 2021.

KPI	2022	2021	2020
Hours of absenteeism	38 962	33 894	32 729
Absenteeism rate	6.44%	5.63%	6.01%

Note: Absenteeism calculated in accordance with Article 36 of the 20th General Collective Bargaining Agreement for the Chemical Industry.

7.4.3 Accident rate

The purpose of all the preventive activity we conduct at AGC Pharma Chemicals Europe is to prevent our activities from negatively impacting the health of collaborating people, patients, the environment, and the surrounding community. We work to prevent accidents and incidents but, if they occur, we begin an investigation to analyse their causes and implement measures to prevent their recurrence.

KPI	2022	2021	2020
Number of hours worked, of which by gender...	611 223	580 032	558 144
• Women	153 522	144 096	136 800
• Men	457 701	435 936	421 344
Number of accidents involving sick leave, of which by gender...	3	3	3
• Women	1	1	0
• Men	2	2	3
Total accident frequency involving sick leave (*), by gender...	4.91	5.17	5.37
• Women	6.51	6.94	0
• Men	4.37	4.59	7.12
Number of days lost, by gender...	95	175	87
• Women	60	10	0
• Men	35	165	87
Total severity index (**), by gender...	155	302	156
• Women	391	69	0
• Men	76	378	256

(*) Number of accidents per million hours worked.

(**) Days lost per million hours worked.

In 2022, in addition to the accidents reported in the table above, we had an accident on the way to work (man) that involved sick leave and a loss of 13 days. At the plant there were also five accidents not involving sick leave for in-house personnel and three for subcontracted personnel (all men). One woman was injured on the way to work with no sick leave involved.

The main causes were blows or falls, overexertion and chemical splashes.

25 incidents (events without victims) occurred, none of which led to the activation of the Self-Protection Plan.

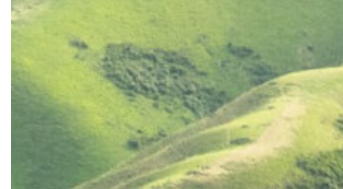
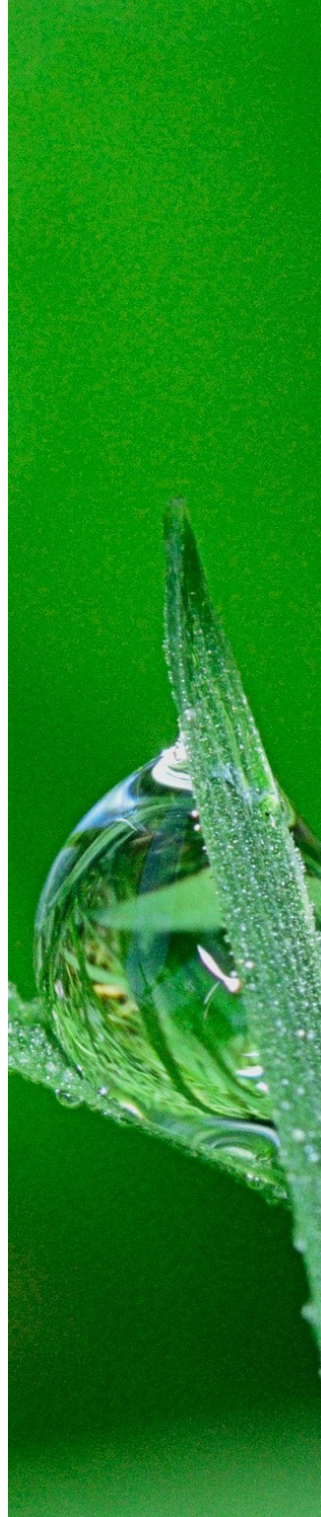
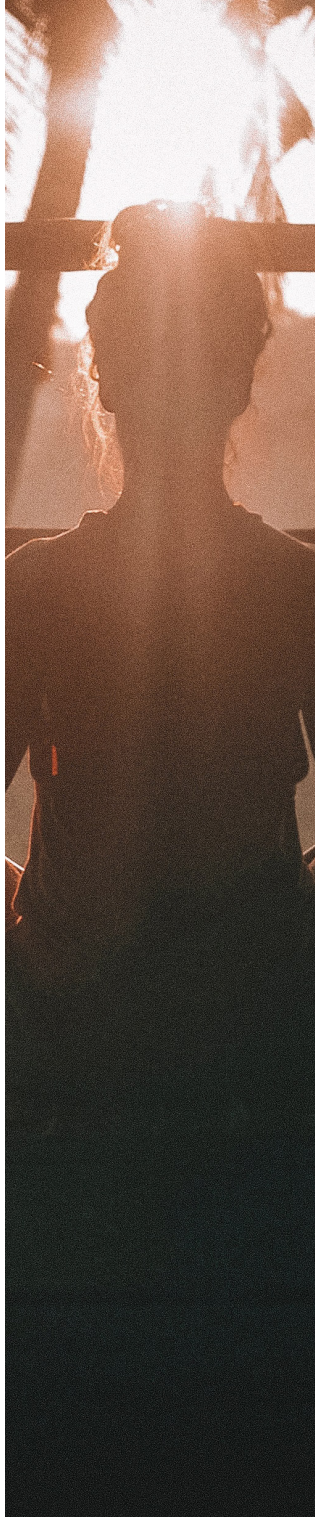
None of the accidents in recent years resulted in major injuries or the death of the injured person.

In 2020, 2021 and 2022, no work-related ill health was reported.

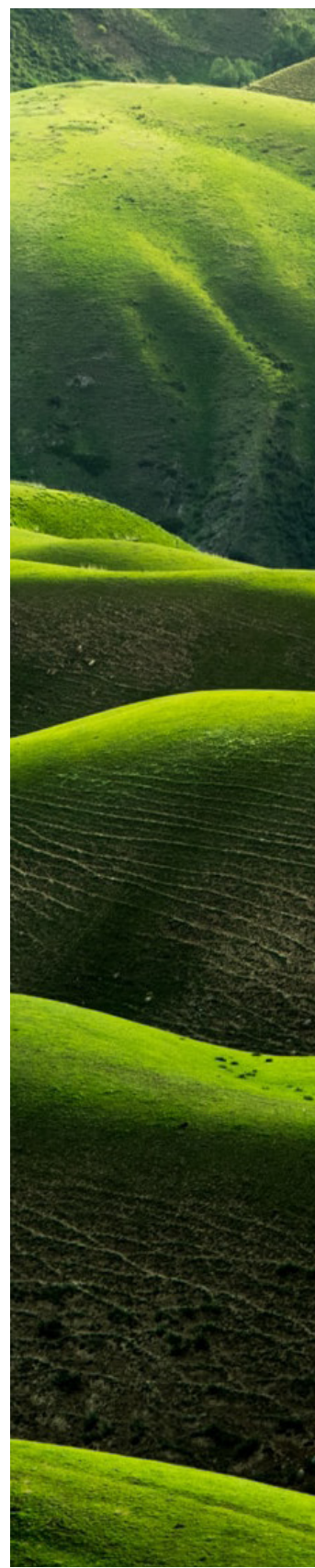
7.4.4 Emergency preparedness

We have an approved Self-Protection Plan that lays out the procedures to follow in the event of an emergency. More than 60 people are trained to act as first responders or fire-fighters. These individuals have the appropriate response equipment to be able to act if needed, and they practice regularly. In addition, we conduct an annual drill and an evacuation and confinement exercise involving all collaborators and contractors present on site.

KPI	2022	2021	2020
Number of people trained as first responders, of whom by gender...	20	20	20
• Women	2	2	2
• Men	18	18	18
Number of people trained as volunteer fire-fighters, of whom by gender...	27	30	25
• Women	2	2	0
• Men	25	28	25
Number of people trained as company fire-fighters, of whom by gender...	14	11	11
• Women	0	0	0
• Men	14	11	11



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Commitment to
health and society




“ We bring value to society through our products but also with multiple social contribution activities involving the company and its employees ”

8.1 Social contribution

15 LIFE ON LAND


We have identified priority lines of action (environment, community, health, and future generations) on which to focus our social contribution

11 SUSTAINABLE CITIES AND COMMUNITIES


We take into account the needs and expectations of our stakeholders, especially those identified in the towns where our production centres are located

AGC Pharma Chemicals Europe has defined the priority lines of action with which we want to show our commitment to society. We have added health to the three lines defined by the group (environment, new generations and local community) in order to reflect the mission of our company.

To manage the budget allocated to social contributions by identifying the actions to be carried out and leading their implementation, we have a social contribution committee (SCC) chaired by our CEO, the main functions of which are:

- Drawing up and monitoring the annual social contribution plan
- Managing the social contribution budget
- Evaluating proposals for social contribution activities presented by collaborators
- Reporting on the performance of the social contribution to stakeholders
- Promoting socially responsible behaviour among contributors



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In 2022, a total of 25 social contribution actions were carried out on which a total of 965 hours

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In 2022, a total of 25 social contribution actions were carried out on which a total of 965 hours were spent, equivalent to approximately three hours per collaborator, and in which a total of €19 954 was spent, more than in previous years.

KPI	2022	2021	2020
Social contribution expenditure (€)	19 954	14 837	14 160
Number of activities carried out	25	15	13
Number of people involved in the activities (*)	1001	173	93
Hours spent on the activities	965	135	229

(*) The number is greater than the workforce because, if the same person takes part in three activities, they are counted three times.

New to 2022, the Christmas party was dedicated to sustainability, with the 226 people taking part in social contribution activities in favour of the Federation of Child and Adolescent Care and Education Organisations (Fedaiia) and XCN (Nature Conservation Network). Employees built nesting boxes, wooden games, and puppet theatres. They also established a circuit in the countryside to learn about the sustainable development goals, obtaining trees as prizes that were donated to XCN and balloons that were donated to the organisation il-lusions Solidàries, for which toys had already been collected in November.

In 2022, we collaborated with the following organizations in both our priority lines of action and in our additional goal of promoting equality, in which the SCC collaborates closely with the Equality Commission.

Organisation	Lines of action				
	Local Community	Environment	New generations	Health	Equality
Mossèn Joan Battle School in Blanes	●		●		●
Vedruna School in Malgrat de Mar (Aula Natura - Let's go kids project)	●	●	●		
Adecco Foundation					●
Aid for Ukraine / Lloret de Mar	●				
Artistic Circle of Malgrat	●				
La Nocturna / Nocturna Rosa	●			●	
Socialesport	●		●		
Blood Bank				●	
Ana Bella Foundation					●
Il.lusions Solidàries		●	●		
Fedaia			●		
Nature Conservation Network		●			
Spanish Cancer Association				●	
Red Cross	●		●		
Invincible for Inclusion Association	●		●	●	
IQS Business Foundation			●		





The social contribution of AGC would not be possible without the effort and work of the people forming AGC



Below is a brief description of some of the activities that were carried out for the first time in 2022.

Organisation	Description	AGC contribution
Vedruna School in Malgrat de Mar (Aula Natura - Let's go kids project)	2nd year GCSE students designed a sustainable outdoor space for primary school pupils to learn, play, and relax. It will have a vegetable garden, an activity area, and swings.	Monetary contribution. Donation of material.
Aid for Ukraine / Lloret de Mar	Among all the collaborators, we collected food and cleaning products for refugees arriving from Ukraine.	The company donated the same quantity as the products collected. One supplier transported the donated material to Lloret de Mar.
Nocturna Rosa	A women's charity dinner to raise funds for breast cancer research.	Purchase of five invitations at sponsor price. The event was attended by five women from the company.
Invincible for Inclusion Association	An organisation that encourages the inclusion of children with different capabilities through sport. It has inclusive football teams in Sant Cebrià de Vallarta, Blanes, and Tordera.	The association received the Christmas donation thanks to the involvement of a group of people from the company who every year design the Christmas card that is sent by e-mail, thus saving design and postal costs.
Adecco Foundation	A non-profit organisation whose main objective is the inclusion into the workplace of people with disabilities, those at risk of social exclusion, and other vulnerable groups in the labour market.	Participation in the campaigns for Women's Day and the Day for the Elimination of Violence Against Women to promote the inclusion into the workplace of vulnerable women

8.2 End consumer health



We operate in the pharmaceutical industry and help improve people's lives through our products.

The active ingredients we make are used in medicines for human and veterinary use, and have a direct impact on health. Even if our direct customer is not the end patient, we are committed to them and have made it our mission to improve people's health by providing our products with the best quality. We currently manufacture active ingredients and intermediates applicable in different therapeutic areas, such as cardiovascular and metabolism, gastrointestinal or respiratory. We inform our customers about the physicochemical properties and the hazardous nature of these substances through Safety Data Sheets (MSDS) and labels on our products.



Our business directly impacts people's health, so we work to ensure the quality of our products



The senior management has established a Quality Policy. Based on this, we have developed a robust management system that incorporates the requirements applicable to the production of active pharmaceutical ingredients:

- ICH Q10 "Pharmaceutical Quality System"
- ICH Q7 "Good Manufacturing Practice for Active Pharmaceutical Ingredients"
- "Good Distribution Practice for Active Pharmaceutical Ingredients".
- ICH Q9 "Quality Risk Management".

In addition to international standards, our customers occasionally generate additional requirements specific to their product, process or market, which are incorporated into the quality agreements we sign with them. Our quality system is designed to also meet these additional requirements.

Our Quality Management System is designed and implemented to meet the following basic objectives:



The Management Committee regularly reviews the Quality System. Each year, we set targets and have established a system of indicators to monitor our performance, which we follow monthly and quarterly, with a full annual review (including trends and comparing with previous years, as well as the effectiveness of actions carried out).

We have the GMP (Good Manufacturing Practices) Certificate issued by the Spanish health authority (Regional Government of Catalonia, Department of Health, by delegation of the Spanish Agency for Medicinal Products and Medical Devices, AEMPS) which certifies compliance with the standards of good manufacturing of medicinal products (GMPs), as well as the RUESA (Certificate of inclusion in the registry of companies that manufacture, import or distribute active substances) certificate issued annually by AEMPS. Both certificates are essential for us to perform our activity.

We are also regularly inspected by other Health Authorities, such as the Health Authorities of the United States (US FDA), Japan (PMDA), etc.

In 2022, we implemented a quality system management computer system which enables us to automatically and easily monitor and track trends and reports compared with the previous system, adding value to the system. The new Trackwise Digital QMS system covers the management of the main quality systems: change controls, corrective and preventive actions (CAPA), out of specification and trend (OOS and OOT), and deviations, etc.

8.2.1 Complaint management

We have internal procedures in place for the management of all complaints, returns, and other communications from our customers related to the quality of any product we manufacture or manage its marketing, as well as for the management of any complaint involving the environment or occupational health and safety.

In the case of product complaints, any communication received from a customer that involves doubts, requests for additional information or clarifications is assessed individually.

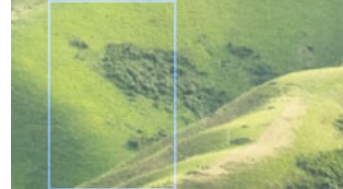
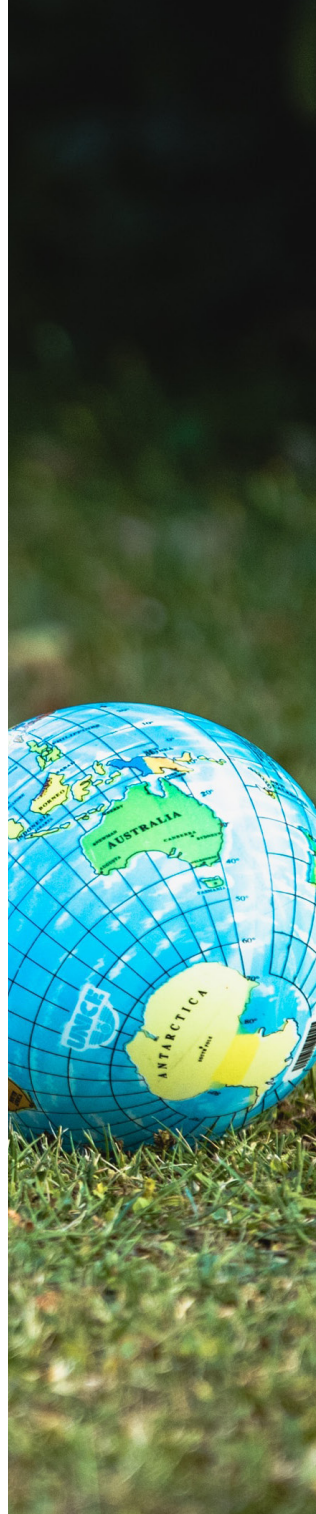
If it is a product, environmental or occupational health and safety complaint, we begin the corresponding investigation by sending the information to all areas involved to coordinate the necessary analyses in order to find the root cause of the problem and establish all the necessary corrective and preventive actions to prevent its recurrence in the future.

All complaints are reported using the appropriate form within our quality management system.

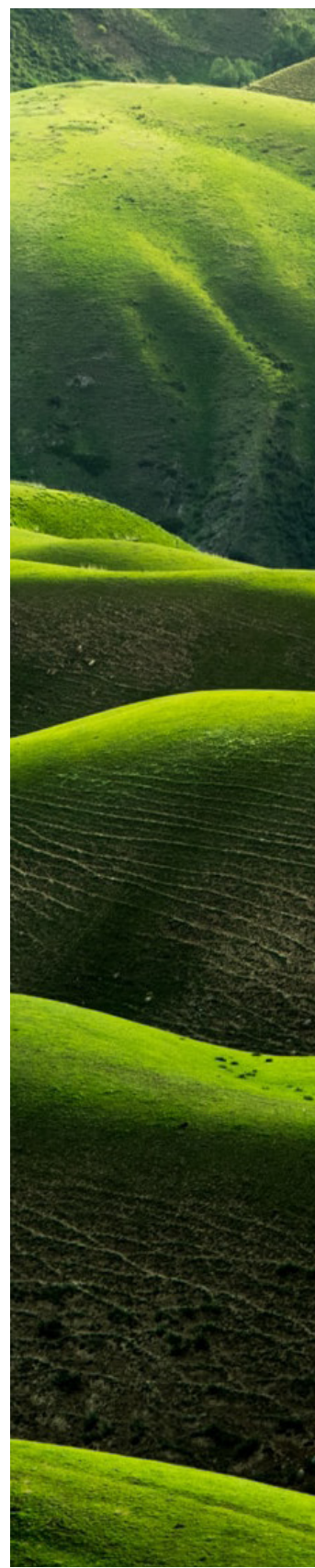
There are different mechanisms by which stakeholders can channel their complaints to us. The reception and response channels are via e-mail for internal and external stakeholders, and via a corporate platform for internal stakeholders.

In addition, stakeholders can make suggestions that are sent to the appropriate department where we analyse and answer them.

In 2022, we received 2 minor complaints related to packaging that did not affect product quality. Both were dealt with according to processes established in our quality management system, analysing and identifying the causes of the discrepancies found, where applicable, and proposing and implementing appropriate corrective and preventive actions, responding both to customer needs and to the expectations of the audit teams and the health authorities.



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9/

Table of contents
of law 11/2018



This Report is aligned with the requirements of law 11/2018

In this Sustainability Report, AGC Pharma Chemicals Europe has reported the information cited in this table of contents of Law 11/2018 on non-financial reporting and diversity.

CONTENTS OF LAW 11/2018		CHAPTERS	COMMENTS
GENERAL ASPECTS			
Description of the group's business model	Brief description of the group's business model, which will include: its business environment, its organisation and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future evolution.	3. Who we are and what we do, our business model, in particular: 3.1 Our business 3.2 Company 3.3 Objectives and strategies 3.5 Our commitment to quality 3.6 Innovation	
Policies	Policies applied by the group, including due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, and the measures adopted.	3.4 Governance 3.5 Our commitment to quality 4. Our approach to sustainability 4.3 Risk management 5.1 Compliance procedures 5.3 Tax obligations 5.4 Supply chain management 7.1.4 Labour Relations 7.1.5 Forced labour and child exploitation 7.2.1 Our best asset, people 7.2.3 Talent management 7.2.4 The work-life balance 7.2.6 Remuneration 8.2 End consumer health	Each chapter of the report describes the policies of reference and includes information on the results and indicators.
Results	The results of these policies, including key performance indicators to monitor and assess progress and promote comparability		

GENERAL ASPECTS

<p>Main risks</p>	<p>Main risks linked to the group’s activities, its business relationships, products or services, and how the group manages these risks, explaining the procedures used to detect and assess them. This should include information on the impacts identified, providing a breakdown thereof, in particular on the main short, medium and long-term risks.</p>	<p>4.3 Risk management</p>	
<p>Indicators</p>	<p>Key indicators that meet the criteria of comparability, materiality, relevance, and reliability. In particular, standards of generally applied key indicators that comply with the European Commission guidelines on key indicators and the Global Reporting Initiative standards will be used. These indicators must be useful. The information presented must be accurate, comparable, and verifiable.</p>	<p>10. Table of contents of the GRI standards</p>	<p>Throughout the report, indicators are included for the different aspects to which it refers. Chapter 10 relates the contents of the report to GRI standards</p>

INFORMATION ON ENVIRONMENTAL ISSUES

General	Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	6. Commitment to the environment 7.4 Safety, health and well-being at work	
	Environmental assessment or certification procedures	4.4 Our commitments and certifications	
	Resources allocated to environmental risk prevention	6.1 Objectives of the management system. Environmental protection expenditure.	
	Application of the precautionary principle	6. Commitment to the environment	
	Provisions and guarantees for environmental risks	6.1 Objectives of the management system. Environmental protection expenditure.	
Pollution	Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of activity-specific air pollution, including noise and light pollution	6.2.2 Energy consumption and efficiency, and fighting climate change 6.3.3 Air emissions	
Circular Economy and waste prevention and management	Measures for the prevention, recycling, reuse, other forms of recovery and disposal of waste.	6.3.1 Waste management	
	Actions to fight food waste	6.3.1 Waste management	Not relevant to the activity

INFORMATION ON ENVIRONMENTAL ISSUES

Sustainable use of resources	Water consumption and water supply according to local constraints	6.2.1 Water consumption	
	Consumption of raw materials, and measures taken to improve the efficiency of their use	6.2.3 Raw materials	
	Direct and indirect consumption, measures taken to improve energy efficiency, Use of renewable energy	6.2.2 Consumption, energy efficiency, and fighting climate change	
Climate change	Greenhouse gas emissions generated as a result of company activities, including the use of the goods and services it produces	6.2.2 Consumption, energy efficiency, and fighting climate change	
	Measures taken to adapt to the consequences of climate change	6.2.2 Consumption, energy efficiency, and fighting climate change	
	Reduction targets set voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose	6.2.2 Consumption, energy efficiency, and fighting climate change	
Protection of biodiversity	Measures taken to preserve or restore biodiversity	6.4 Protection of biodiversity	
	Impacts caused by activities or operations in protected areas	6.4 Protection of biodiversity	No impacts caused

INFORMATION ON SOCIAL ISSUES RELATING TO PERSONNEL

Employment			
	Total number and distribution of employees by gender, age, country, and professional classification	7.2.1 People: our best asset 7.3.3 Diversity	
	Total number and distribution of forms of employment contract, annual average of permanent contracts, temporary contracts, and part-time contracts by gender, age, and professional classification	7.2.1 People: our best asset	
	Number of dismissals by gender, age, and professional classification	7.2.1 People: our best asset	
	Average remuneration and its evolution broken down by gender, age, and professional classification	7.2.6 Remuneration	
	Pay gap	7.2.6 Remuneration	
	Remuneration for equal jobs or average remuneration in society	7.2.6 Remuneration	
	The average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term savings plan systems, and any other payment broken down by gender	7.2.7 Executive remuneration	The members of the Board of Directors receive no remuneration, allowance or insurance premiums from AGC Pharma Chemicals Europe.
	Implementation of work disconnection policies	7.2.4 The work-life balance	
	Employees with disabilities	7.3.2 People with disabilities	

INFORMATION ON SOCIAL ISSUES RELATING TO PERSONNEL

Work organisation	Organisation of working time	7.2.4 The work-life balance	
	Number of hours of absenteeism	7.4.2 Health protection	
	Measures to facilitate the work-life balance and promote the joint work-life balance by both parents.	7.2.4 The work-life balance	
Health and Safety	Health and safety conditions at work	7.4 Safety, health and well-being at work	
	Occupational accidents (frequency and severity) broken down by gender	7.4.3 Accident rate	
	Occupational illnesses broken down by gender	7.4.3 Accident rate	
Social Relations	Organisation of social dialogue, including procedures for informing, consulting, and negotiating with personnel	7.1.4 Labour relations	
	Percentage of employees covered by collective bargaining agreement by country	7.1.4 Labour relations	Our entire workforce is covered by collective bargaining agreements.
	Assessment of collective bargaining agreements, particularly in the field of occupational health and safety	7.1.4 Labour relations 7.4 Safety, health and well-being at work	
Training	Policies implemented in the field of training	7.2.3 Talent management	
	Total number of hours of training per professional category	7.2.3 Talent management	
Accessibility	Universal accessibility for people with disabilities	7.3.2 People with disabilities	Due to the nature of our business and the classification of our facilities and buildings, we do not have a specific accessibility plan.

INFORMATION ON SOCIAL ISSUES RELATING TO PERSONNEL

Equality	Measures taken to promote equality and equal opportunities between men and women	7.1.2 Equality 7.3.1 Gender equality	
	Equality plans	7.3.1 Gender equality	
	Measures taken to promote employment	7.3.1 Gender equality 8.1 Social contribution	
	Protocols against sexual and gender-based harassment	7.1.2 Equality 7.1.3 Harassment	
	The universal integration and accessibility of people with disabilities	7.3.2 People with disabilities	
	Policy against all forms of discrimination and, where appropriate, diversity management	7.3 Equality and non-discrimination 7.3.3 Diversity	

INFORMATION ON RESPECT FOR HUMAN RIGHTS

Human Rights	Implementation of human rights due diligence procedures	7.1 Labour and human rights	
	Prevention of risks of violating human rights and, where appropriate, measures to mitigate, manage, and remedy any abuses committed	7.1 Labour and human rights	
	Reports on human rights violations	5.1 Compliance procedures	No violations identified
	Promotion and enforcement of the provisions of the fundamental conventions of the International Labour Organization relating to respect for freedom of association and the right to collective bargaining	7.1 Labour and human rights	
	Elimination of discrimination in employment and work	7.3 Equality and non-discrimination	

INFORMATION ON RESPECT FOR HUMAN RIGHTS

Human Rights	Elimination of forced or compulsory labour and the effective abolition of child labour	7.1.5 Forced labour and child exploitation	
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INFORMATION ON THE FIGHT AGAINST CORRUPTION

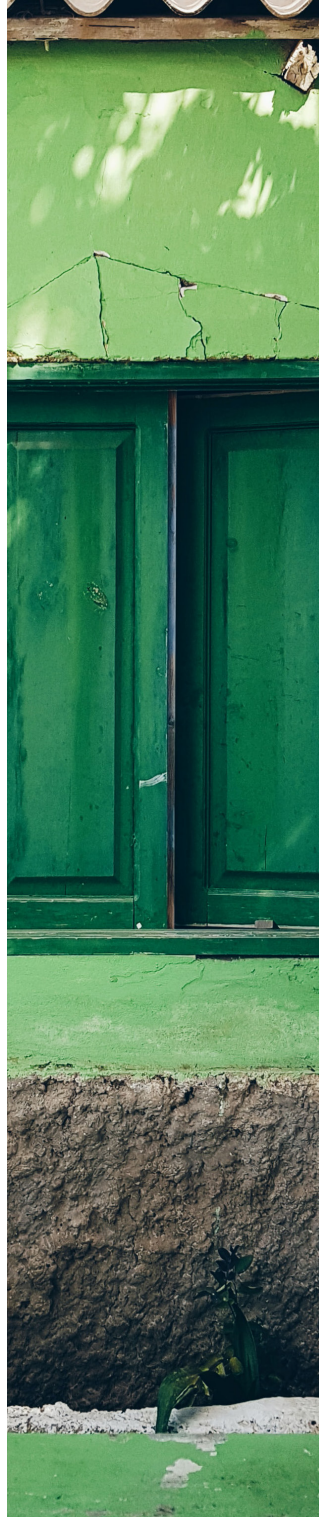
Corruption and bribery	Measures taken to prevent corruption and bribery	5.1 Compliance procedures	
	Measures to combat money laundering	5.1 Compliance procedures	
	Contributions to foundations and non-profit organisations	8.1 Social contribution	

INFORMATION ON SOCIETY

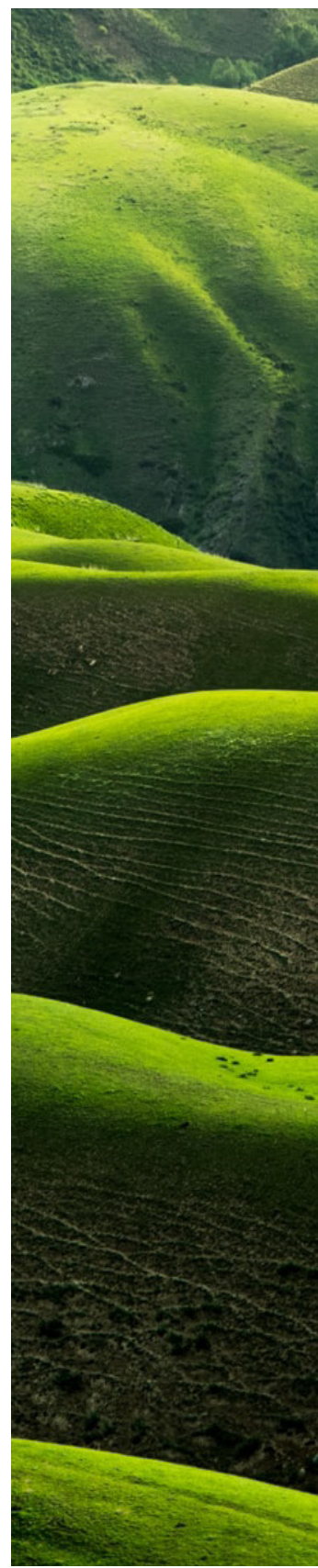
Company commitments to sustainable development	Impact of company activity on local employment and development	8.1 Social contribution	
	Impact of company activity on local populations and the region	5.4 Supply chain management	
	Relations with players in local communities and modalities of dialogue with them	4.2 Materiality analysis and stakeholders 8.1 Social contribution	
	Partnership or sponsorship actions	8.1 Social contribution	
Outsourcing and suppliers	Inclusion in the purchasing policy of social, gender equality, and environmental issues	5.4 Supply chain management	
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	5.4 Supply chain management	

INFORMATION ON SOCIETY

Outsourcing and suppliers	Monitoring and auditing systems and their results	5.4 Supply chain management	In addition to quality audits, the aspects of health, safety, environmental protection, emergency management, and respect for human rights are assessed by questionnaire.
Consumers	Measures for consumer health and safety	8.2 End consumer health	
	Complaint systems, complaints received and their resolution	8.2.1 Complaint management	
Tax information	Profits obtained by country	5.3 Tax obligations	
	Corporate income taxes paid	5.3 Tax obligations	
	Public subsidies received	5.3 Tax obligations	



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10/

Table of contents of the
GRI standards



This report reflects the contents of the GRI standards

In this Sustainability Report, AGC Pharma Chemicals Europe has reported the information cited in this table of contents of GRI for 2022 using GRI 1: Foundation 2021.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	3.1. Company
	2-2 Entities included in the organisation's sustainability reporting	1. Our first sustainability report
	2-3 Reporting period, frequency and contact point	1. Our first sustainability report
	2-4 Restatements of information	1. Our first sustainability report
	2-5 External Assurance	10. External assurance
	2-6 Activities, value chain and other business relationships	3. Who we are and what we do, our business model
	2-7 Employees (Collaborators)	7.2.1 People: our best asset
	2-8 Workers who are not employees (collaborators from other companies)	7.2.1 People: our best asset
	2-9 Governance structure and composition	3.4 Governance 5.2 Good Corporate Governance
	2-10 Nomination and selection of the highest governance body	Not Included
	2-11 Chair of the highest governance body	5.2 Good corporate governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Not Included
	2-13 Delegation of responsibility for managing impacts	Not Included
	2-14 Role of the highest governance body in sustainability reporting	5.2 Good corporate governance

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: Contenidos Generales 2021	2-15 Conflicts of interest	Not Included
	2-16 Communication of critical concerns	Not Included
	2-17 Collective knowledge of the highest governance body	Not Included
	2-18 Evaluation of the performance of the highest governance body	Not Included
	2-19 Remuneration policies	Not Included
	2-20 Process to determine remuneration	Not Included
	2-21 Annual total compensation ratio	Not Included
	2-22 Statement on sustainable development strategy	4. Our focus on sustainability
	2-23 Policy commitments	EHS : 6. Commitment to the environment Compliance: 5. Ethics and Good Governance HR: 7. Commitment to people
	2-24 Embedding policy commitments	Not Included
	2-25 Processes to remediate negative impacts	Not Included
	2-26 Mechanisms for seeking advice and raising concerns	Not Included
	2-27 Compliance with laws and regulations	3.3 Objectives and strategies 4.3 risk management 5. Ethics and Good Governance 5.1 Compliance procedures 6. Commitment to the environment 7.1.5 Forced labour and child exploitation 7.3.2 People with disabilities
	2-28 Membership Associations	3.7 Membership of industry associations

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	Not Included
	2-30 Collective bargaining agreements	7.2 People management
GRI 3: Material Topics 2021	3-1 Process to determine material topics	4.2 Materiality analysis and stakeholders
	3-2 List of material topics	4.2 Materiality analysis and stakeholders
	3-3 Management of material topics	Entire report
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	6.2.2 Consumption, energy efficiency, and fighting climate change.
	201-2 Financial implications and other risks and opportunities due to climate change	Not Included
	201-3 Defined benefit plan obligations and other retirement plans	Not Included
	201-4 Financial assistance received from government	5.3. Tax obligations
GRI 202: Market Presence 2016	202-1 Ratio of standard entry level wage by gender compared to local minimum wage	Not Included
	202-2 Proportion of senior management hired from the local community	5.2 Good corporate governance
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	Not Included
	203-2 Significant indirect economic impacts	Not Included
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	5.4 Supply chain management
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	4.3 Risk Management
	205-2 Communication and training about anti-corruption policies and procedures	5.1 Compliance procedures

GRI STANDARD	DISCLOSURE	LOCATION
GRI 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	5.1 Compliance procedures
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	5.1 Compliance procedures
GRI 207: Tax 2019	207-1 Approach to tax	3.2 Company
	207-2 Tax governance, control, and risk management	Not Included
	207-3 Stakeholder engagement and management of concerns related to tax	Not Included
	207-4 Country-by-country reporting	Not applicable
GRI 301: 2016 Materials	301-1 Materials used by weight or volume	6.2.3 Raw materials
	301-2 Recycled input materials used	6.2.3 Raw materials
	301-3 Reclaimed products and their packaging materials	6.2.3 Raw materials
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	6.2.2 Consumption, energy efficiency, and fighting climate change
	302-2 Energy consumption outside of the organisation	6.2.2 Consumption, energy efficiency, and fighting climate change (company cars only)
	302-3 Energy intensity	Not Included
	302-4 Reduction of energy consumption	6.2.2 Consumption, energy efficiency, and fighting climate change
	302-5 Reductions in energy requirements of products and services	Not Included
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	6.2.1 Water consumption
	303-2 Management of water discharge-related impacts	6.3.2 Waste water management

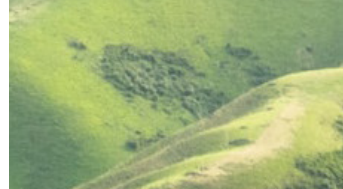
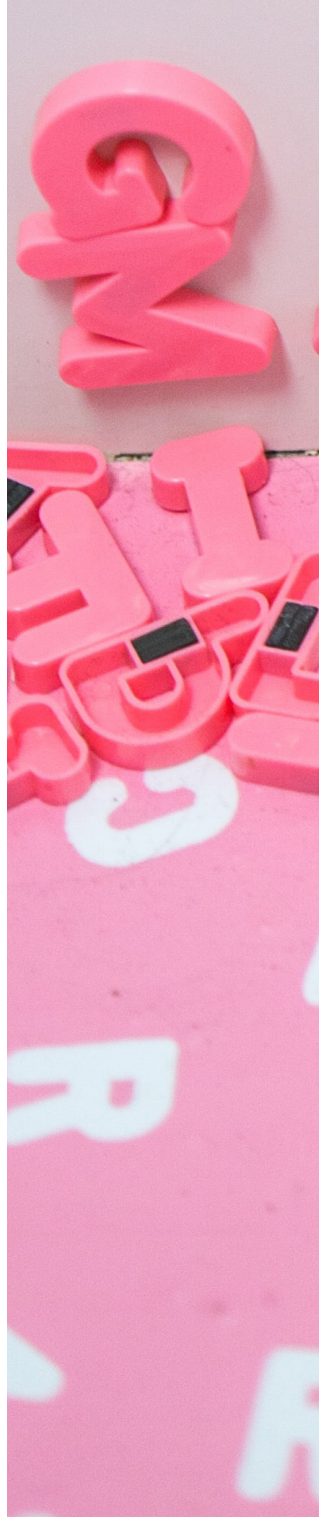
GRI STANDARD	DISCLOSURE	LOCATION
GRI 303: Water and effluents 2018	303-3 Water withdrawal	6.2.1 Water consumption
	303-4 Water discharge	6.3.2 Waste water management
	303-5 Water consumption	6.2.1 Water consumption
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to protected areas or areas of high biodiversity value outside protected areas	6.4 Protection of biodiversity
	304-2 Significant impacts of activities, products and services on biodiversity	Not applicable
	304-3 Habitats protected or restored	Not applicable
	304-4 ICUN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
GRI 305: Emissions 2016	305-1 Direct (scope 1) GHG emissions	6.2.2 Consumption, energy efficiency, and fighting climate change
	305-2 Energy indirect (scope 2) GHG emissions	6.2.2 Consumption, energy efficiency, and fighting climate change
	305-3 Other indirect (scope 3) GHG emissions	6.2.2 Consumption, energy efficiency, and fighting climate change
	305-4 GHG emissions intensity	Not currently calculated (see 6.2.2 Consumption, energy efficiency, and fighting climate change)
	305-5 Reduction on GHG emissions	6.2.2 Consumption, energy efficiency, and fighting climate change
	305-6 Emissions of ozone-depleting substances (ODS)	6.2.2 Consumption, energy efficiency, and fighting climate change
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	6.3.3 Air emissions

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	6.3.1 Waste management
	306-2 Management of significant waste-related impacts	6.3.1 Waste management
	306-3 Waste generated	6.3.1 Waste management
	306-4 Waste diverted from disposal	6.3.1 Waste management
	306-5 Waste directed to disposal	6.3.1 Waste management
GRI 308: 2016 Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	5.4 Supply chain management
	308-2 Negative environmental impacts in the supply chain and actions taken	None identified
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	7.2.1 People: our best asset
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Only that they do not receive the restaurant voucher (see 7.2.5 Social Benefits)
	401-3 Parental leave (co-responsibility)	7.2.4 The work-life balance
GRI 402: Labour/management relations 2016	402-1 Minimum notice periods regarding operational changes	Not included. The provisions of the Workers' Statute and the collective bargaining agreement of the Chemical Industry apply.
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	7.4.2 Prevention Management
	403-2 Hazard identification, risk assessment, and incident investigation	7.4 Prevention Management 7.4.3 Accident rate
	403-3 Occupational health services	7.4.2 Health protection
	403-4 Worker participation, consultation, and communication on occupational health and safety	Structured through the Health and Safety Committee (see 7.4.2 Prevention Management)

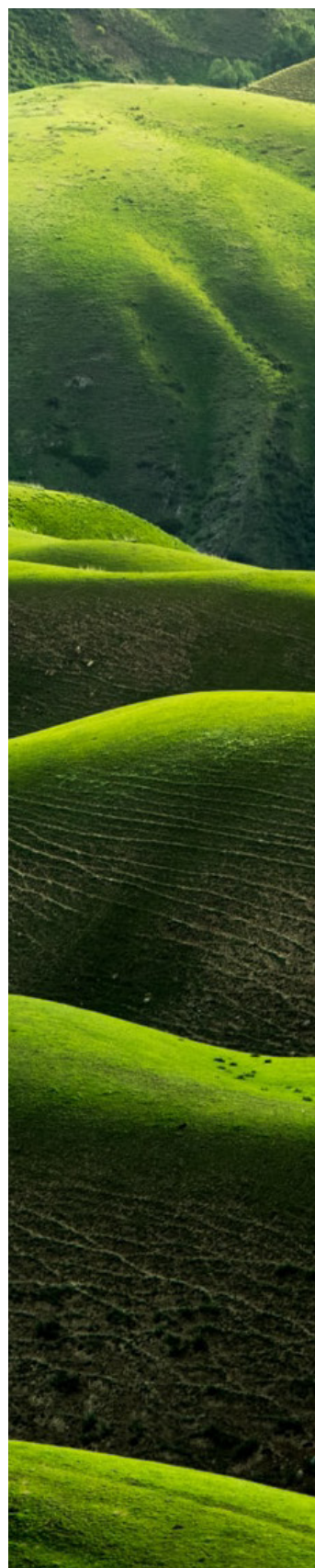
GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational health and safety 2018	403-5 Worker training on occupational health and safety	7.2.3 Talent management
	403-6 Promotion of worker health	7.4.2 Health protection
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not Included
	403-8 Workers covered by an occupational health and safety management system	The system covers all the people, facilities and activities of the company
	403-9 Work-related injuries	7.4.3 Accident rate
	403-10 Work-related ill health	7.4.3 Accident rate
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	7.2.3 Talent Management - Training
	404-2 Programs for upgrading employee skills and transition assistance programmes	7.2.3 Talent Management - Training
	404-3 Percentage of employees receiving regular performance and career development reviews	7.2 People management
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	5.2 Good corporate governance 7.2.1 People: our best asset
	405-2 Ratio of basic salary and remuneration of women to men	Including salary gap only (see 7.2.6 Remunerations)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	None reported in 2020, 2021 or 2022
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None known. This risk is assessed in the qualification process. (See 5.4. Supply chain management)
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	None known. This risk is assessed in the qualification process. (See 5.4. Supply chain management)

Estándar GRI	Divulgación	Ubicación
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	None known. This risk is assessed in the qualification process. (See 5.4. Supply chain management)
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Security personnel verify that subcontracted personnel are registered with the Social Security.
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	None reported.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	8.1 Social contribution
	413-2 Operations with significant actual and potential negative impacts on local communities	None Identified
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	5.4 Supply chain management
	414-2 Negative social impacts in the supply chain and actions taken	None identified
GRI 415: Public Policy 2016	415-1 Political contributions	None made in 2020, 2021 or 2022
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	8.2 End consumer health
	416-2 Incidents of non-compliance concerning the health and safety impacts of product and services	8.2.1 Complaint management
GRI 417: Marketing and Labelling 2016	417-1 Requirements for products and service information and labelling	8.2 End consumer health
	417-2 Incidents of non-compliance concerning product and service information and labelling	None received in 2020, 2021 or 2022

Estándar GRI	Divulgación	Ubicación
GRI 417: Marketing and Labelling 2016	417-3 Incidents of non-compliance concerning marketing communications	None reported in 2020, 2021 or 2022
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None reported in 2020, 2021 or 2022



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11/

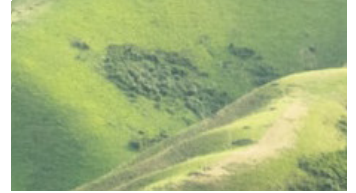
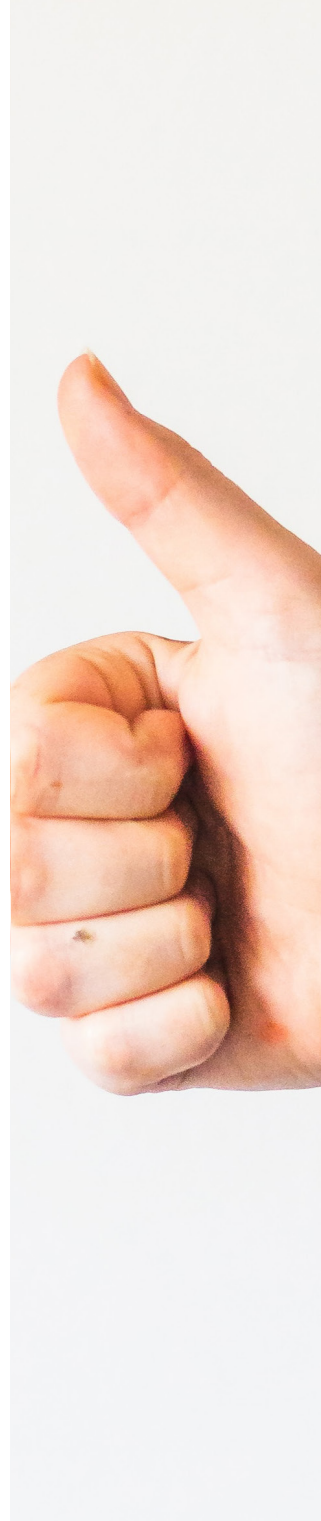
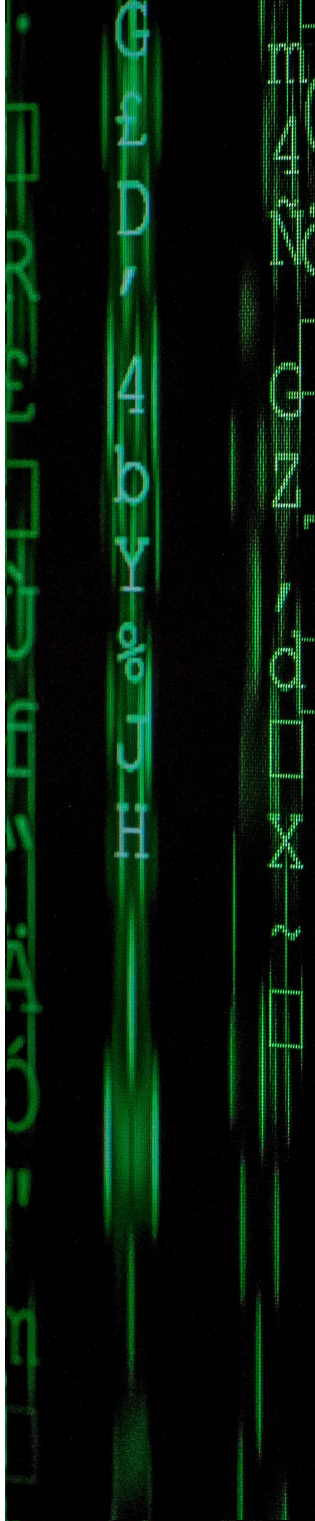
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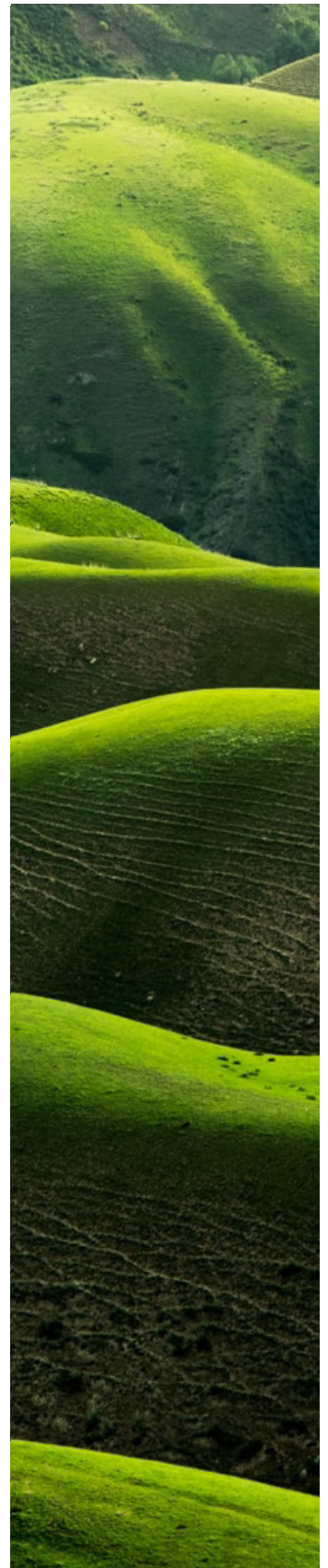
- **AEMPS:** Spanish Agency for Medicinal Products and Medical Devices
- **AFAQUIM:** Spanish Association of Fine Chemical Products
- **APCE:** AGC Pharma Chemicals Europe S.L.U.
- **API:** Active pharmaceutical ingredients
- **ARC:** Waste Agency of Catalonia
- **BPE:** Business Process Excellence
- **BR:** Batch Record
- **CAPA:** Corrective Actions, Preventive Actions.
- **CDMO:** Contract Development & Manufacturing Organisation
- **CEJE:** Japan-Spain Business Circle
- **cGMP:** Current Good Manufacturing Practices
- **COASHIQ:** Autonomous Commission on Occupational Safety and Hygiene of Chemical Industries
- **COD:** Chemical oxygen demand
- **DPO:** Data Protection Officer
- **DUE:** University nursing graduate
- **EHS:** Environment, health and safety
- **EMA:** European Medicines Agency
- **ERP:** Enterprise Resource Planning
- **FDA:** US Food & Drug Administration
- **FEDAIA:** Federation of Child and Adolescent Care and Education Organisations
- **FEIQUE:** Business Federation of the Spanish Chemical Industry
- **GHG:** Greenhouse Gases
- **GMP:** Good manufacturing practices – Good manufacturing standards
- **GRI:** Global Reporting Initiative
- **HAP:** Hazardous Air Pollutants
- **HSC:** Health and Safety Committee
- **ICAC:** Institute of Accounting and Accounts Auditing
- **ICH:** International Council for the Harmonisation

of Technical Requirements for Pharmaceuticals for Human Use

- **IQS:** Institut Químic de Sarrià.
- **ISO:** International Organization for Standardization
- **IT:** Information technologies
- **J-SOX:** Japanese version of the US Sarbanes-Oxley Act
- **MCP:** Monitoring and control programme
- **MSDS:** Material Safety Data Sheet
- **MWh:** Megawatt per hour
- **NFRS:** Non-Financial Reporting Statement
- **NOx:** Nitrogen oxides
- **OEB:** Occupational Exposure Band
- **OOS:** Out of Specification
- **OT:** Operational technologies
- **PMDA:** Pharmaceuticals and Medical Devices Agency (Japanese agency)
- **PPE:** Personal Protective Equipment
- **PRTR:** Pollutant Release and Transfer Register
- **RMR:** Risk and measures report
- **RUESA:** Certificate of inclusion in the registry of companies that manufacture, import or distribute active substances
- **SBTi:** Science based Target Initiative
- **SCC:** Social contribution committee
- **SDG:** Sustainable Development Goals
- **SOx:** Sulphur oxides
- **SPA:** Special plan of action in a situation of alert and possible drought
- **SPP:** In-house prevention department
- **tCO₂eq:** Ton of CO₂ equivalent
- **VOC:** Volatile organic contaminants
- **WWTP:** Waste water treatment plant
- **XCN:** Nature Conservation Network



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External assurance



Non-Financial Information Verification Disclosure

AENOR verification Disclosure for

AGC PHARMA CHEMICALS EUROPE, S.L.U.

concerning the individual disclosure of non-financial information

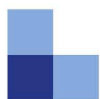
MEMORIA DE SOSTENIBILIDAD 2022. AGC Pharma Chemicals Europe

according to law 11/2018

for the period ending on December 31, 2022

In Madrid July 14, 2023.

Rafael García Meiro
Chief Executive Officer



2019/1168/ VNOF-2023

AENOR INTERNACIONAL S.A.U. C/ GÉNOVA 6, 28004 MADRID

Page 1 of 4

“This certification refers to the Spanish version of our report”



AGC PHARMA CHEMICALS EUROPE, S.L. (hereinafter the organization) with registered office at: CAMI DE LA POMEREDA, 13, (08380) MALGRAT DE MAR (BARCELONA-SPAIN) has commissioned AENOR to carry out a verification under a limited level of assurance of its Disclosure of Non-Financial Information (hereinafter NFIS) in accordance with Law 11/2018 amending the Commercial Code, the revised text of the Law on Corporations approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity (hereinafter Law 11/2018).

As a result of the verification carried out, AENOR issues this Disclosure, of which the verified NFIS forms part. The Declaration is only valid for the purpose entrusted and reflects only the situation at the time it is issued.

The purpose of the verification is to provide the interested parties with a professional and independent opinion about the information and data contained in the organization's NFIS, prepared in accordance with Law 11/2018.

Responsibility of the organization. The organization was responsible for reporting its non-financial information status in accordance with Law 11/2018. The formulation and approval of the NFIS, as well as its content, is the responsibility of its Governing Body. This responsibility also includes designing, implementing and maintaining such internal control as is deemed necessary to ensure that the NFIS is free from material misDisclosure due to fraud or error, as well as the management systems from which the information required for the preparation of the NFIS is obtained. The organisation, in accordance with the commitment formally undertaken, has informed AENOR that no events have occurred, from the date of the close of the financial year reported in the non-financial report until the date of verification, that might require corrections to be made to the report.

Verification program in accordance with ISO/IEC 17029:2019 AENOR, in accordance with the aforementioned Act, has carried out this verification as an independent provider of verification services. The verification has been developed under the principles of "evidence-based approach, fair presentation, impartiality, technical competence, confidentiality, and accountability" required by the international standard ISO/IEC 17029:2019 "Conformity assessment - General principles and requirements for validation and verification bodies".

Likewise, in the verification program, AENOR has considered the international requirements of accreditation, verification or certification corresponding to the information matters contemplated in the Law:

- European Regulation EMAS (Environmental Verification)

2019/1168/ VNOF-2023

AENOR INTERNACIONAL S.A.U. C/ GÉNOVA 6, 28004 MADRID
Page 2 of 4



- SA 8000 (international labour principles and rights in accordance with the ILO (International Labour Organization), the Universal Declaration of Human Rights and the Convention on the Rights of the Child. SAAS Procedure 200)
- Environmental Management System (ISO 14001).
- Social Responsibility Management System, IQNet SR 10 and SA8000 schemes
- Quality Management System (ISO 9001).
- Energy Management System (ISO 50001).
- Occupational Health and Safety Management System (ISO 45001).

Additionally, the criteria and information that have been taken into account as a reference to carry out the Verification Program have been:

- 1) Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity.
- 2) Directive 2014/95/EU of the European Parliament and Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial information and diversity reporting by certain large companies and certain groups.
- 3) Communication of the European Commission 2017/C 215/01, Guidelines on non-financial reporting (methodology for non-financial reporting)
- 4) the international standard ISO/IEC 17029:2019 Conformity assessment - General principles and requirements for validation and verification bodies
- 5) The criteria established by the global sustainability reporting initiative in the GRI standards where the organisation has opted for this recognised international framework for disclosure of information relating to its corporate social responsibility performance

AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this Declaration.

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the personnel in charge of compiling and preparing the Report and reviewed evidence relating to:

2019/1168/ VNOF-2023

AENOR INTERNACIONAL S.A.U. C/ GÉNOVA 6, 28004 MADRID
Page 3 of 4



- Activities, products and services provided by the organization.
- Consistency and traceability of the information provided, including the process followed to collect it, sampling information about the reported.
- Completion and content of the disclosure of non-financial information in order to ensure the completeness, accuracy and veracity of its content.
- Letter of Disclosures from the Administrative Body.

The conclusions are therefore based on the results of this sample process, and do not absolve the Organization of its responsibility for compliance with applicable legislation.

The personnel involved in the verification process, the review of findings and the decision to issue this Disclosure have the knowledge, skills, experience, training, supporting infrastructure and capacity to effectively carry out these activities.

CONCLUSION

Based on the foregoing, in our opinion, there is no evidence to suggest that non-financial information included in the statement titled MEMORIA DE SOSTENIBILIDAD 2022. AGC Pharma Chemicals Europe published as a separate document from annual Financial Directors´ report and for information concerning the reporting period, year ended December 31, 2022, does not provide accurate information on the performance of AGC PHARMA CHEMICALS EUROPE, S.L.U., in terms of social responsibility content required by Law 11/2018 regarding environmental, social and personnel issues, including the management of equality, non-discrimination and universal accessibility, human rights, the fight against corruption and bribery, and diversity.

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AGC Pharma Chemicals is an international contract that develop and manufacture organisation (CDMO), based in Spain and Japan, that manufactures active pharmaceutical ingredients (APIs) and intermediates.