

2023 Sustainability Report



SUMMARY

AGC Pharma Chemicals Europe, S.L.U.



1. Who we are

Founded in 1907, the AGC Group is a global business conglomerate present in over 30 countries through more than 200 companies. Until 2022 it was grouped into four main business lines: Glass, Electronics, Chemicals, and Ceramics. In early 2023, the Group decided to establish a new business division focusing on Life Sciences, which was formerly part of the Chemicals division. This new line of business, which is of strategic importance for the AGC Group, includes AGC Biologics and AGC Pharma Chemicals Europe.

The AGC Life Sciences business has over 40 years of experience as a Contract Development and Manufacturing Organisation (CDMO). AGC Pharma Chemicals Europe provides a complete range of services covering the entire life cycle of the development and manufacturing of active pharmaceutical ingredients (APIs).

Our mission is to make people's lives better by manufacturing high-quality products for the pharmaceutical industry and delivering reliable services. Our vision is to be the manufacturing and development centre of choice in Europe.



**40 years of experience as a
Contract Development and
Manufacturing Organisation
(CDMO)**

Our approach to sustainability

Our commitment to ethics and good governance

We comply with the laws and codes applicable to our operations and business practices by working together with our stakeholders to promote sustainable development.



Our commitment to the environment

We operate responsibly to reduce our environmental footprint by addressing resource consumption, air emissions, waste water and waste management, and soil, groundwater and marine protection.



Our commitment to people

We offer a working environment that attracts and retains talent, thus ensuring the excellence of our team. We nurture personal and professional development, support the striking of a work-life balance, ensure occupational health and safety and promote gender equality, diversity and inclusion.



Our commitment to health and society

Our quality products improve people's lives. We also focus our social contribution on protection of the environment, the local community, health and future generations.



Our commitments and certifications



2. Ethics and governance

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



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

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.

For further information, the Code of Conduct can be accessed via the following link: https://www.agcpharmaceuticals.com/wp-content/uploads/2021/09/active_jp_english.pdf

2.1 Compliance procedures

In 2023, we updated our Code of Conduct and provided training for all of our collaborators.

Our Compliance scorecard:

KPI	2023	2022	2021
Persons trained in the Code of Conduct	100 %	100 %	100 %
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
Use of the helpline	6	1	0

2.2 Supply and change management

Our Purchasing Department plays the lead role in the supply of raw and other materials, and does so following the AGC Group Purchasing Policy (<https://www.agc.com/en/company/purchasing/index.html>).

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.

KPI	2023	2022	2021
% buyers that have received sustainability training	37,5	100	17
Total number of suppliers	886	605	573
% New suppliers that have signed the Code of Conduct	88,35	95,96	96,55
% Suppliers with contracts that include environmental, labour and human rights clauses	100	100	100
Number of suppliers with corporate responsibility assessments in place	85	81	61

For a few years now, we have included proximity in our procurement criteria, selecting “kilometre zero” suppliers whenever possible to promote economic growth within the community in which we are based. We consider suppliers of materials and service providers located within a 15km radius of our company to be kilometre zero suppliers.

3. Commitment to the environment

At AGC Pharma Chemicals Europe we actively protect the environment. Our Health, Safety and Environment Policy reflects our commitment to reducing the impact of our activities and products. This policy is the basis for the development of our integrated management system (certified under ISO 14001 and ISO 45001) covering health, safety and environmental aspects.

3.1 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.

Water consumption

We have six duly 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	2023	2022	2021
Well water consumption (m ³)	149 142	221 231	279 987
Municipal water consumption (m ³)	4 735	5 068	7 211
Total water consumption (m ³)	153 877	226 299	287 198

Total water consumption was reduced by around 32% in the last year and by 41% compared to the average for 2019 to 2021.

In 2023, water consumption was optimised in the cooling towers, the water treatment plant (reverse osmosis membranes), and in the treatment of sludge from the water treatment plant (replacement of the filter press with a screw filter that does not need lime and saves on the water required for its preparation).

Consumption, energy efficiency, and fighting climate change



We reduce our energy consumption and greenhouse gas emissions.

The group joined the “Science Based Targets” initiative in 2022 and it received SBTi certification in early 2023



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The targets of AGC Pharma Chemicals Europe 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	30 % reduction in categories 1 (purchase of goods and services) and 5 (waste treatment). Identify opportunities for improvement relating to the transport of people, raw materials and products (categories 4, 6, 7, and 9).

We made a major investment in 2023 to replace the refrigerant gas used in the cooling units of one of our production plants (summary 2). This action has already been carried out in another plant in 2022 (synthesis 1), thus eliminating a total of 3,500 kg of refrigerant gas (1,750 kg in 2022 and 1,750 kg in 2023). In addition, in 2023 we replaced 7 air conditioning units with others that use gas with a lower global warming potential. We have a replacement plan for the rest of the units.

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

In 2023, we drew up a Decarbonisation Plan, selecting the investment projects that will enable us to achieve our greenhouse gas reduction targets. Notable initiatives include the complete elimination of refrigerant gases with greenhouse gas potential, the installation of photovoltaic panels and of an electric boiler.

We have performed an in-depth analysis of our main consumers, establishing indicators and metrics to monitor consumption by process or facility. We have also implemented a predictive energy consumption system, which is configured according to the production mix.

Responsible management of waste, emissions and effluents

6 CLEAN WATER AND SANITATION

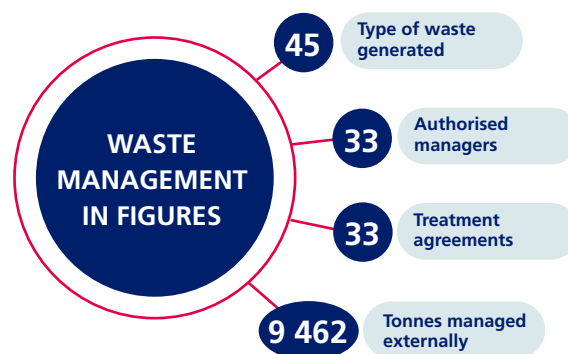


We purify waste water, treat air emissions and manage the waste we generate by continuously seeking to reduce our environmental footprint.

As a production centre, we strive to reduce the environmental impact of our activities. We manage waste, emissions and waste water responsibly, implementing measures to minimise their generation and applying appropriate treatments to meet environmental standards before releasing them into the environment.

Waste management

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.



KPI	2023	2022	2021
Waste generated (tonnes), of which...	9 462	9 257	10 967
• Non-hazardous	242	302	288
• Hazardous	9 220	8 955	10 679
Percentage recovered	56 %	56 %	55 %

Every year we implement improvement projects to reduce the amount of waste generated or to improve its treatment. For example, in 2023 the installation of the screw filter at the waste water treatment plant allowed us to reduce the amount of sludge sent for stabilisation by 28%.

Waste water management

We have a waste water treatment plant (WWTP) where we apply a combination of physicochemical and biological treatments to the water from our production. This approach allows us to effectively remove pollutants and ensure that the treated water meets environmental standards before it is discharged into the environment. In 2023 we improved the identification of the microorganisms present in the activated sludge, laying the groundwork for the implementation of a predictive bioindication system.

KPI	2023	2022	2021
WWTP inflow (m ³)	38 991	59 066	50 840
COD - WWTP inflow (tonnes)	765	1 012	1 122
Ammonium - WWTP inflow (tonnes)	13	34	41
COD removal rate (%)	99,00	99,19	99,16
Ammonium removal rate (%)	98,57	98,84	99,16
Number of incidents with discharge above the limit	0	0	0

Air emissions

Our activities generate air emissions that can be diffuse or channelled. Our goal is to reduce diffuse emissions wherever possible.

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.

KPI	2023	2022	2021
Emissions of volatile organic contaminants (VOCs) (t) (*)	226,9	208,3	271,9
Emission of volatile organic contaminants (VOCs) (%) (**)	6,0	5,4	6,6
Emissions of nitrogen oxides (NOx) (kg) (***)	1 775	1 807	1 768
Emissions of sulphur oxides (SOx) (kg) (***)	188	299	17
Emissions of particulate matter (PM) (kg) (***)	6,6	10,5	0,6

Note:

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

(**) The amount reported is the result of the solvent balance.

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

4. Commitment to people

4.1 Labour and human rights

Respect for people, diversity and their rights are all central to our behaviour and defined in our Charter of Corporate Behaviour (<https://www.agc.com/en/sustainability/criteria/index.html>), which contains 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.

As reflected in our Internal Human and Labour Rights Policy, at AGC Pharma Chemicals Europe we are committed to fostering and protecting human and labour rights across all our operations and stakeholder relations. We recognise the fundamental importance of human rights and we are committed to acting in an ethical, responsible and sustainable manner in all our commercial activities.

Harassment

AGC Pharma Chemicals Europe does not tolerate any harassment, whoever it may come from, for whatever reason, and regardless of its type (physical, verbal or written). The sexual or gender-based harassment prevention and handling protocol was revised in 2023 by the Equality Plan Monitoring Committee.

Labour relations

We are committed at AGC Pharma Chemicals Europe to ensuring healthy labour relations with employees' representatives. This commitment is reflected in the company's labour relations policy, which sets out the

rights and powers of the Workers' Committee, the body representing our employees. Trade union elections were held in June 2023.

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

Our entire workforce is covered by collective bargaining agreements. The following was agreed over the course of 2023:

- Salary policy for new hires pertaining to professional groups three and four.
- Nightshift agreement: The agreement affects employees on rotating morning, day and night shifts and enables nightshift workers aged 55 or over to request an opt-out of their nighttime working.
- Availability agreement for personnel in the IPC area. It regulates working conditions in order to extend the operating hours of the process control laboratory to cover the temporary or one-off requirements of new projects.

4.2 People management

3 GOOD HEALTH AND WELL-BEING



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

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 the end of 2023, AGC Pharma Chemicals Europe was made up of a total of 339 people, five more than the previous year, representing a 1% increase.

33.04% of the workforce took advantage of a hybrid working model, and were able to work remotely for one to four days a week.

KPI*	2023	2022	2021
Total number of employees, broken down by gender	339*	334	318
Women	92	88	79
Men	247	246	239

(*) Not including expatriate personnel.

Since 2018, our recruitment policies have stated that, under equal conditions, women should be given preference. We have therefore gradually increased the presence of women in the workforce. Since 2021, the percentage of women in the total workforce has increased by almost 2.30 percentage points, from 24.84% to 27.14%.

Our human resources policies, wage levels and the job security offered by a sector like ours mean that the turnover rate at AGC Pharma Chemicals Europe is low and average seniority high. At the end of 2023, it stood at 15.07 years. 66% of our personnel have been with our company for more than ten years.

Job stability is a value within our personnel policies. This is why, in recent years, more than 98% of new recruits have been hired on a permanent basis.

Talent management

3 GOOD HEALTH AND WELL-BEING



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

AGC Pharma Chemicals Europe strives to promote a working environment that looks after and fosters the well-being of people. By applying high standards of excellence and promoting teamwork at all times, 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 all members of our team.

We have internal promotion policies in place to ensure the personal and professional development of our collaborators.

KPI	2023	2022	2021
Number of promotions	6	17	4
Number of rotations	7	9	2

Training

We create opportunities to develop and improve skills and abilities.

KPI	2023	2022	2021
Number of training hours, broken down by position	17 456	17 662	13 878
Hours of training per collaborator (h)	51,5	52,9	43,6
Hours of EHS training, broken down by type	3 976	3 390	3 905

Remuneration

Our salary policy is set out in the 20th General Collective Bargaining Agreement for the Chemical Industry, which stipulates, with regard to salary structure, that personnel remuneration shall comprise the base salary and supplements.

In addition to the salary structure, the aforementioned Agreement regulates the salary of new recruits, workers from temporary employment agencies, the guaranteed salary in the event of promotion, and the guaranteed minimum wage, among others.

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

KPI	2023	2022	2021
Average personnel remuneration, by gender...	44 152 €	42 874 €	41 642 €
Women	45 885 €	45 005 €	44 186 €
Men	43 518 €	42 112 €	40 801 €

On average, women at the company earned 5.37% more than men in 2023.

Executive remuneration

The company's management personnel received the following annual gross salaries by gender.

KPI	2023	2022	2021
Average remuneration of management, by gender...	87 869 €	84 476 €	80 223 €
Women	94 906 €	86 857 €	80 831 €
Men	84 518 €	83 223 €	79 866 €

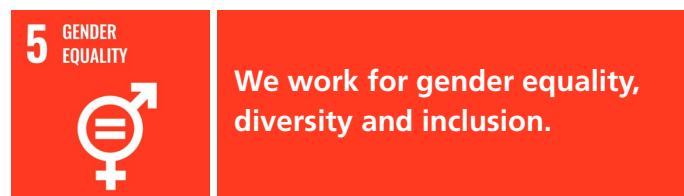
In addition, they received a bonus for meeting targets (both personal and corporate).

KPI	2023	2022	2021
Average bonus to management (€), by gender...	13 886 €	12 453 €	8 402 €
Women	14 857 €	13 465 €	7 960 €
Men	13 423 €	11 920 €	8 696 €

4.3 Equality and non-discrimination

Gender equality

The company's management personnel received the following annual gross salaries by gender.



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.

Our first Equality Plan was signed in 2018, while the second was signed in 2023 for a period of four years. 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.

At the end of 2023, the percentage of female employees in our company stood at 27%, reflecting a consolidation of the proportion of jobs held by women. Of the new hires in technical positions in 2023, 50% were women (six women). Meanwhile, all new hires in administrative positions were women (one woman), whereas 18.8% of operator and analyst positions were filled by women.

The company aims to increase the presence of women in its workforce by three percentage points by 2026, bringing the ratio up to 30%.

It should be noted that for operator positions, the number of male candidates in the selection processes is higher than the number of female candidates (80% men vs 20% women). 25% of new hires in executive and managerial positions were women (one woman).

4.4 Health, safety and well-being at work

Prevention management

The environmental, industrial and property safety, occupational health and safety, and quality policies of the AGC group include two fundamental principles relating to health and safety, as follows:

- 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 AGC Pharma Chemicals Europe's health, safety and environment policy 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 the ISO 14001 and 45001 standards.

KPI	2023	2022	2021
Occupational health and safety expenditure (thousands of €)	1 107	924	1 077
Investments in health and safety (thousands of €)	110	205	124

Note: The investment data only includes investments that have the sole objective of health and safety.

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 personnel (prevention officers) who work in our in-house prevention department (IPD), a technical unit designed to provide the entire company with occupational risk prevention advice and support.

In 2023 we launched a new lone worker alarm network. Over 70 people will have access to a system enabling them to seek help quickly and easily in the event that they suffer a safety incident. When the alarm is triggered, a geolocation signal is sent to the relevant response teams.

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 activities for the next period.

We have a medical service with dedicated facilities and personnel capable of providing primary care in response to occupational or non-occupational needs. Our personnel have a specialist doctor on hand for 16 hours per week and a qualified nurse for 40 hours per week.

In addition to the activities of the preventive field 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 various health promotion campaigns.

The most salient activities carried out in 2023 were as follows:

Campaign	Observations
Flu vaccination campaign	37 participants
"Fruit in Company" campaign	305 pieces of fruit, every Wednesday from May to July
Gynaecological campaign (breast and cervical cancer prevention)	15 visits covered by the company
Prostate cancer prevention campaign targeted at the over 50s	1 visit covered by the company
Awareness campaigns	Breast cancer, lung cancer, cardiovascular health, etc. Posters and/or face-to-face or videoconference sessions
Mental health day campaign	Posters and four mindfulness sessions, with 41 participants
Safety culture campaign	End-of-year campaign carried out via screens. Four different impacts aimed at raising awareness of the importance of preventing unsafe acts and conditions.



Accident rate

The purpose of all the preventive actions undertaken at AGC Pharma Chemicals Europe is to prevent our activities from negatively impacting the health of collaborators, patients, the environment and the local community. We work to prevent accidents and incidents but, if they occur, we launch an investigation to analyse their causes and implement measures to prevent their recurrence.

KPI	2023	2022	2021
Number of hours worked, broken down by gender	609 163	611 223	580 032
Number of accidents involving sick leave, broken down by gender	2	3	3
Total accident frequency involving sick leave (*), broken down by gender	3,28	4,91	5,17
Number of days lost, broken down by gender	9	95	175
Total severity (**), broken down by gender	15	155	302

(*) Number of accidents per million hours worked.

(**) Days lost per million hours worked.

None of the accidents in recent years resulted in major injuries or the death of the injured person. No work-related ill health was reported in 2021, 2022 or 2023.

Emergency preparedness

We have an approved Self-Protection Plan that lays out the procedures to be followed 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. Five vehicles from the Catalanian regional fire department actively participated in the 2023 drill (ammonia leak from a cold unit).

KPI	2023	2022	2021
Number of people trained as first responders, broken down by gender	20	20	20
Number of people trained as volunteer firefighters, broken down by gender	30	27	30
Number of people trained as company firefighters, broken down by gender	16	14	11

In 2023 we implemented a new emergency evacuation headcount system, based on a computer application, which provides us with an up-to-date list of the people present at all times, accessible from a large number of wireless communication devices held by the evacuation teams. The system has been tested in a partial drill specifically designed for the purpose, and subsequently in the General Factory Drill.

5. Commitment to health and society

5.1 Social contribution



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 communities where our production centres are located.

AGC Pharma Chemicals Europe has defined the priority lines of action 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).

KPI	2023	2022	2021
Social contribution expenditure (€)	19 284	19 954	14 837
Number of activities carried out	24	25	15
Number of people involved in the activities (*)	75	1 001	173
Hours spent on the activities	209	965	135

(*) The number may be higher than the headcount because if the same person takes part in three activities, they are counted three times.

In 2023, we collaborated with various organisations on our priority lines of action and our additional goal of promoting equality, on which the SCC works closely with the Equality Committee.

In 2023 we signed a three-year sponsorship agreement with the Foundation for the Conservation and Recovery of Marine Animals (CRAM), a pioneer and leading organisation in marine conservation. Our financial backing helps the Foundation carry out projects focused on research, rescue and rehabilitation of endangered marine animals, as well as educational programmes to promote environmental awareness.

This collaboration responds to our priority line of action on the Environment, which until now had not been sufficiently represented among the entities with which we collaborate, and represents our commitment to SDG 14 on Protecting Life Below Water.

5.2 End consumer health

Based on our Quality Policy, 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”.

The Management Committee regularly reviews the Quality System. We set targets annually and have established a system of indicators to monitor our performance, which we follow up on 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) issued annually by the AEMPS. Both certificates are essential for us to perform our activity.

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



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
 U.S. FOOD & DRUG ADMINISTRATION	✓					✓						✓		✓						✓
 EUROPEAN MEDICINES AGENCY SCIENCE MEDICINES HEALTH									✓			✓			✓					
 独立行政法人 医薬品医療機器総合機構 Pharmaceuticals and Medical Devices Agency				✓			✓	✓	✓	✓	✓	✓		✓						✓



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.

www.agcpharmaceuticals.com/



Linkedin



Web

AGC Pharma Chemicals Europe, S.L.U.
Camí de la Pomereda, 13
08380 Malgrat de Mar (Barcelona)
Spain