FAES FARMA
Caring for tomorrow, today

2023 FINANCIAL YEAR

Statement of Non-Financial Information

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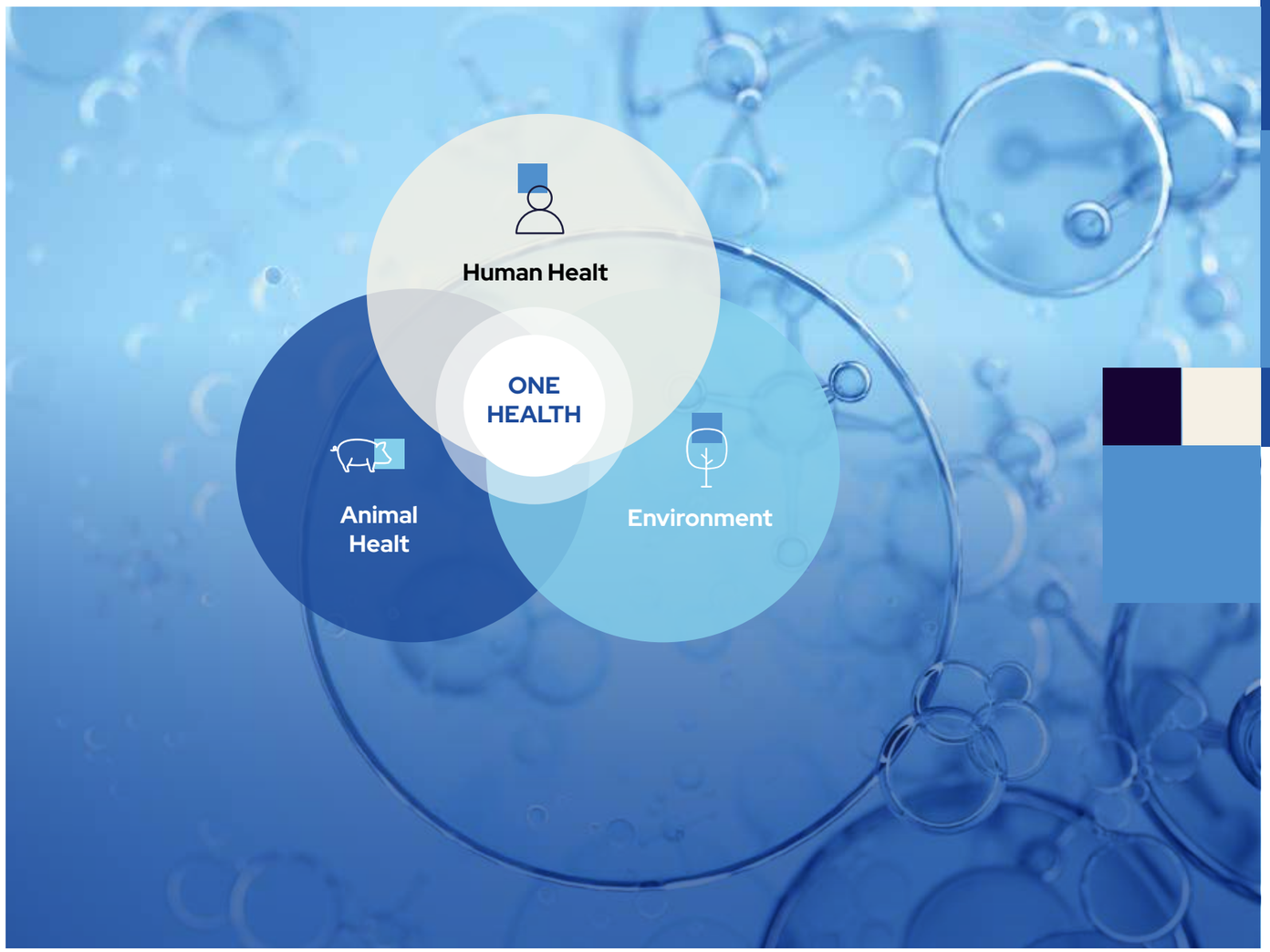
CONTENTS

1. Presence and milestones 2023

We want to take care of health today so as to build a healthier society tomorrow. This purpose has guided us throughout our history.

We approach health care holistically, with an international outlook, placing patients at the heart of our activities, supporting human well-being through animal nutrition, and acting within the framework of environmental preservation and care. These three pillars make up the "**One Health**" concept promoted by the World Health Organisation. An integrated and unifying approach that aims to balance and optimise the health of people, animals and ecosystems, using the close and interdependent links between these fields.



We are committed to discovering innovative, honest, and high-quality solutions for comprehensive health and life care. We research, produce and market prescription medicines, and healthcare and animal nutrition products.

WE PRODUCE

WE RESEARCH

- Prescription medicines
- Healthcare products
- Animal nutrition

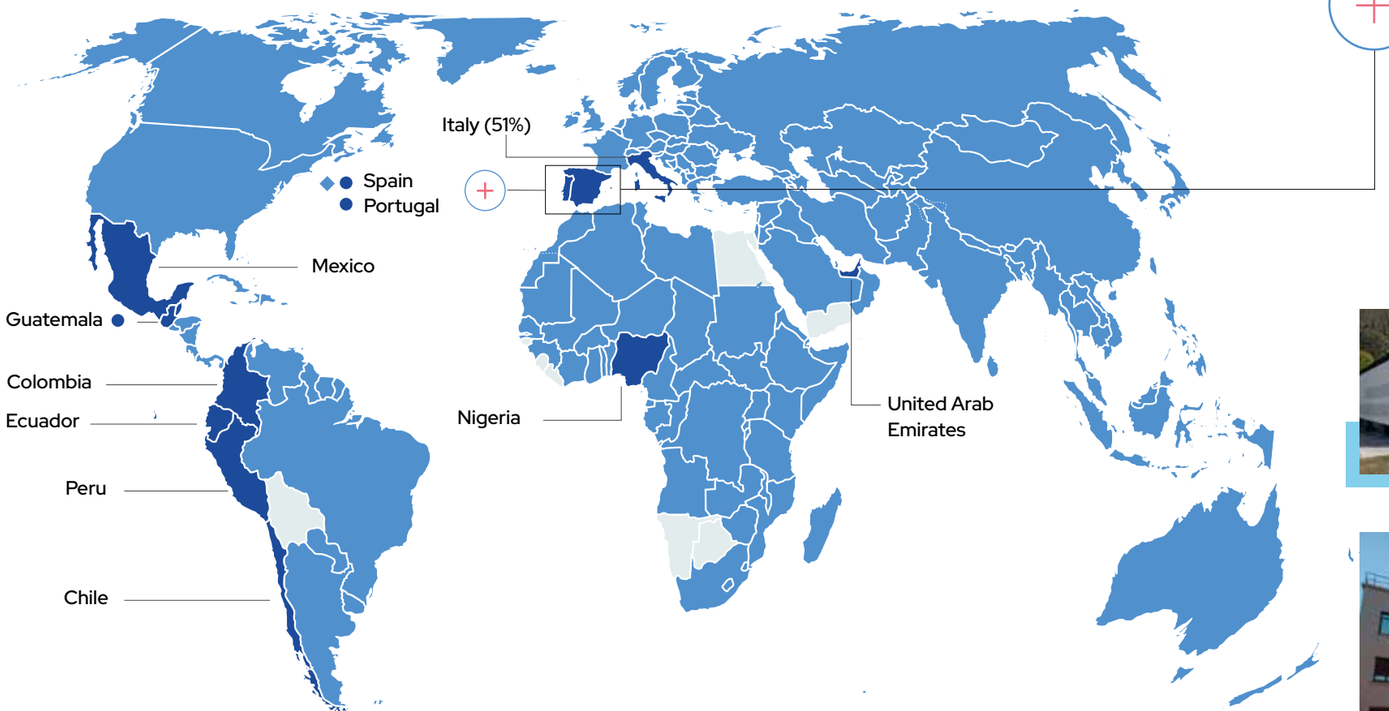
WE MARKET

Today, Faes Farma, the company that began more than 90 years ago in a small Basque factory, is present in more than 130 countries with marketed or licensed products. We have three operational pharmaceutical production plants, one pharmaceutical plant in pre-start-up phase, three operational factories and one under construction for animal nutrition products, and 16 offices. More than 1,700 professionals work in them.

For yet another year we continue to reap success thanks to our commitment to investment, our industrial and commercial plan, our active search for inorganic growth opportunities, investment in R&D&I and the talent and effort of our employees. All of this under a sustainable model that puts all our stakeholders at the centre: end consumers and customers, partners, workforce, shareholders, suppliers, public administrations, and society in general.

1.1 Presence in the global market

Our global footprint



- Group presence
- Presence of Group products via direct sales or *partners*
- Production plants. Pharmaceutical line
- Production plants. Animal Nutrition and Health line

Our presence in Spain and Portugal

- Own production plant. Pharmaceutical line
- Own production plant. Animal Nutrition and Health Care
- Own production plant, under construction or in the pre-start-up phase
- Locations with Faes Farma Group offices

Faes Farma S.A. Plant in pre-start-up phase (Derio, Biscay)

FAES FARMA

Faes Farma Portugal (Amadora, Portugal)

PORTUGAL

Faes Farma S.A. (Leioa, Biscay)

FAES FARMA

Ingaso (Lanciego, Álava)

INGASOFARM Nutrición y Salud Animal

ISF by Farm Faes. Plant under construction (Huesca)

ISF

Tecnovit (Alforja, Tarragona)

TecnoVit

Capselos (Barbastro, Huesca)

capselos

+130 Countries where we are present

In addition to our presence in Spain, we have operating subsidiaries in 6 Latin American countries, Portugal, Italy, Nigeria and the United Arab Emirates

1.2 2023 Miletones

Committed leadership

- **55% independent board members.**
- **44,4% women on the Board of Directors** (40% in 2022). Both the Audit and Compliance Committee and the Appointments and Remuneration Committee are chaired by women.
- The Board members have received specific training in **Sustainability and Cybersecurity**.
- **New Internal Information System Policy and whistleblower channel** in compliance with Spanish Law 2/2023.

Our commitment to the environment

- **LEED Gold** "Leadership in Energy and Environmental Design" certification obtained for the new pharmaceutical plant in Derio (Biscay).
- Study and definition of **potential reduction measures** to be included in the future Corporate Plan for the Reduction of Greenhouse Gas Emissions.
- The Group's **production of electricity from renewable sources** has doubled thanks to the new photovoltaic panels at the Derio plant.
- All or part of the **electricity** consumed at our sites in Spain is certified with a **renewable energy Guarantee of Origin**.
- ↓ In the last two years we have reduced **water consumption by 12%**.
- ↑ Increase in the volume of **waste recovered** in the ***Animal Health and Nutrition*** business line to 80% (58% in 2022).
- Internal/external **ISO 14001 audit at the Lamiako plant** (Leioa, Biscay) with favourable results.
- Inclusion, in **CAPS product** design procedures, of the analysis of packaging characteristics, definition of potential measures for **eco-design** improvement and feasibility assessment.
- Drafting of an **eco-design plan** applicable to **marketing materials** in Spain.
- Calculation of the **product carbon footprint** for the different references marketed by **Ingaso.**

Committed to our people

- **54%** of the workforce **are women.**
- **36% of women in management positions** (31% in 2022).
- Implementation of **teleworking** in the Group.
- The **Group's pay gap** is 6%.
- The **executive pay gap** is -1% (1% in 2022 and 21% in 2021).
- **96%** of the **contracts** are of a **permanent** nature.
- The Group's workforce has received an average of **34 hours of training per employee.**
- ↑ Significant increase in **training for Senior Management and Executives** on cybersecurity, sustainability and compliance.
- Approval and implementation of the **Corporate Recruitment Policy.**
- Approval and implementation of the Group's **anti-harassment protocol.**
- Implementation of the **Corporate Internal Communication Plan** and setting up of the Communication Committee.
- Negotiation and approval of the **Ingaso and Tecnovit Equality Plan.**
- Implementation of the **Unifikas collaborative software** for occupational health and safety management in the **Animal Health and Nutrition** business line.

Contribution to society

- Training support to **61 trainees or interns at Group level** (impact on SDG 4. Education).
- **Sponsorship of congresses, conferences and training courses** aimed at different stakeholders in the geographies where the Group is present. These partnerships serve to increase the dissemination and development of technical knowledge on animal health and nutrition.
- **More than 91,000 euros donated** to entities that contribute mainly to SDG1. End Poverty, SDG2. Hunger and Food Security and SDG3. Health.
- **More than 67,000 units of products donated** to entities that mainly contribute to SDG2. Hunger and Food Security and SDG3. Health.
- Promoting responsible consumption by prioritising sourcing from **local suppliers**, where possible:
  - **51%** local suppliers in the pharmaceutical and healthcare business line.
  - **79%** local suppliers in Animal Health and Nutrition Business line.

Consumers: Patient and user health

- Boosting the **training and coordination of the pharmacovigilance** teams of the different subsidiaries from the corporate Pharmacovigilance Unit, achieving a significant improvement in the operation and reception of communications.
- Specific training in the **ISO 13485 quality** standard for Faes Farma workforce in Spain involved in the marketing of **medical devices**.

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Responsible supply chain

- Updating the Supplier Code of Ethics and Conduct by extending its scope to distributors, licensees, co-marketers and business partners, and the inclusion of the new whistleblower channel. Its new name is "**Third Party Code of Ethics and Conduct**".
- Launch of the campaign for adherence to our **Third Party Code of Ethics and Conduct** by **licensees** linked to Faes Farma, S.A.

Highlights and awards

- In the hands of our chairman, Mr Mariano Ucar, we received the "Euskadi Sariak 2023" award, which recognises the trajectory of our company throughout its 90 years of history.
- In October 2023, we were visited at our new facilities in Derio by the acting Minister of Health, Mr José Miñones. During the tour, he was able to learn about the technological advances and main features of our pharmaceutical production plant.
- On the occasion of the 60th anniversary of Farmaindustria, Francisco Quintanilla, CEO of Faes Farma, participated in the meeting with His Majesty King Felipe VI at the Zarzuela (Madrid).

Meeting with His Majesty King Felipe VI for the 60th anniversary of Farmaindustria

2. We create value

2.1 Macroeconomic and sectoral context

The 19th edition of the ***Global Risk Report 2024***, published by the World Economic Forum, reflects the current short- and long-term scenario facing businesses and society in general. This year has been marked by wars, extreme weather conditions (droughts, floods, heat waves, etc.), cybersecurity, disinformation, rising costs of living, and problems in the supply of critical goods and resources.

All these issues pose major challenges for economic growth, which will depend on the ability to adapt to and manage four major pillars: climate change, demographic changes, technological acceleration and the concentration of geopolitical power.

In the short term, misinformation, fake news, and extreme weather events lead the ranking, although a wide diversity in the nature of risks is observed in the top 10. However, a comparison of the short- and medium-term scenarios highlights the increased severity of environmental and technological risks, and how these, in turn, contribute to long-term social impacts, such as involuntary migration and social polarisation.

Short-term (2 years) and long-term (10 years) global risks ranked by severity.

Source: Global Risk Report 2024. World Economic Forum

2 YEARS		10 YEARS	
1	Misinformation and disinformation	1	Extreme weather events
2	Extreme weather events	2	Critical changes to earth systems
3	Social polarisation	3	Biodiversity loss and ecosystem collapse
4	Cyber insecurity	4	Natural resource shortages
5	Interstate armed conflict	5	Misinformation and disinformation
6	Lack of economic opportunity	6	Adverse outcomes of AI technologies
7	Inflation	7	Involuntary migration
8	Involuntary migration	8	Cyber insecurity
9	Economic downturn	9	Social polarisation
10	Pollution	10	Pollution

Economic **Environmental** **Geopolitical** **Social** **Technological**

In this context, the **pharmaceutical sector is an economic, industrial and social driving force globally, and specifically in Spain**, as refected by Farmaindustria in its 2022 Report. Spain has 149 manufacturing plants for products for human use (46 for active ingredients and 103 for pharmaceuticals). The sector generates more than 210,000 jobs (44,000 in direct employment), generating a value of 17,457 billion euros in 2020 (5.2% more than in 2019), with medicinal products being Spain's third most exported product.

These figures place Spain as the ninth largest pharmaceutical market in the world, representing around 1.9% of the world total and 7.8% of the total European market, according to figures from the consultancy firm Iqvia in 2021. However, our industry faces both business challenges, such as the proposed revision of the European pharmaceutical legislation, and business opportunities, such as the upcoming Strategic Pharmaceutical Industry Plan.

The socio-economic context has equally affected the **Spanish livestock sector**. The 2030 agenda is demanding in terms of animal welfare, which translates into a decrease in meat exports to non-European markets. In addition, the business has faced other impacts such as the high cost of production due to the increase in the value of raw materials and lower animal production aggravated by emerging diseases. These impacts have been offset by increased imports of live animals (piglets). However, the livestock sector remains a pillar of Spanish agricultural production.

2.2 Value creation model

We invest in the generation of internal and external value by responding to the requirements of the business, the environment and the concerns of its stakeholders.

MISSION

VISION

VALUES

CORPORATE GOVERNANCE

Capital invested

Economic
- 6 production plants
- 2 under construction or in pre-operational stage
- Own presence in 11 countries
- + 130 countries with marketed of licensed products

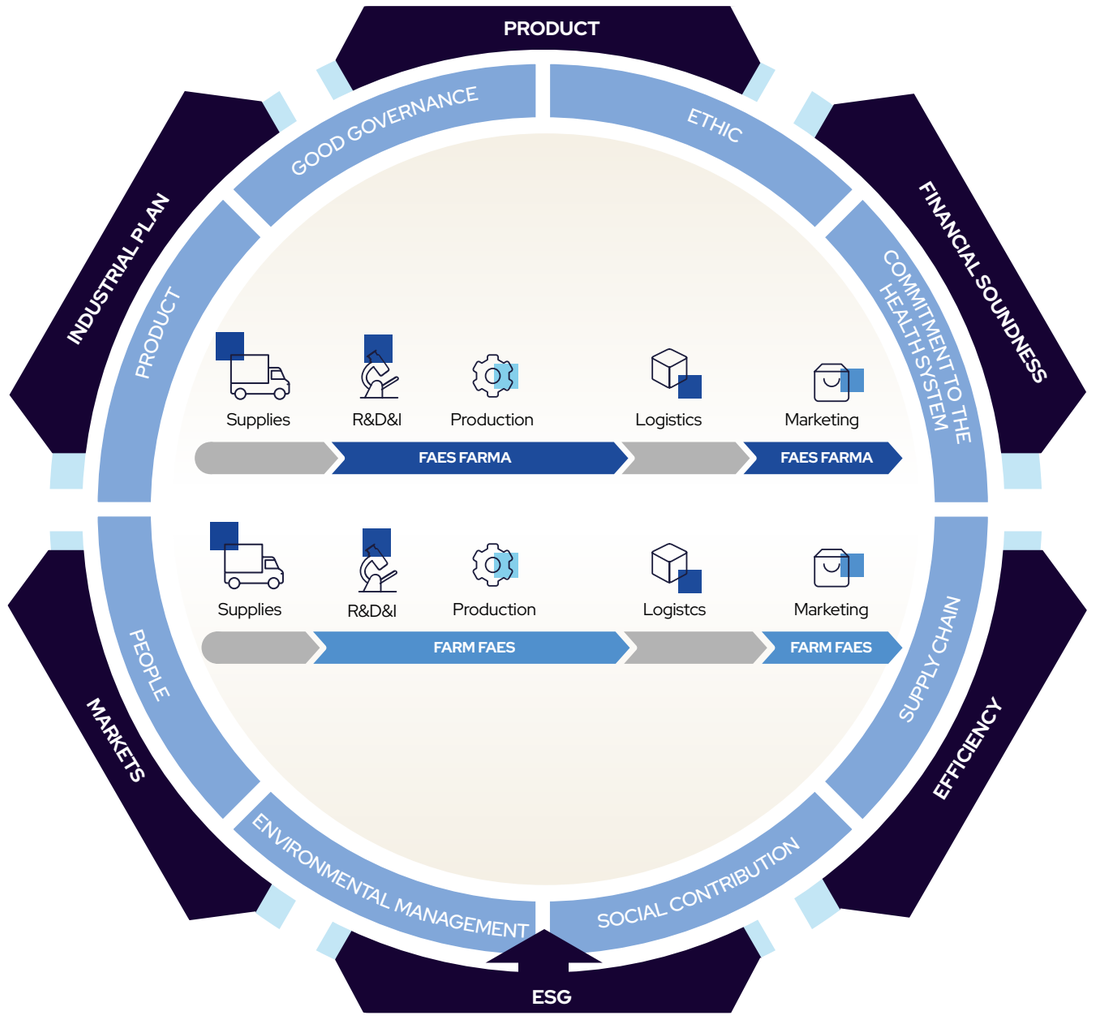
Manufactured
- EUR 95,444 thousand invested (CapEx)
- EUR 254,300 thousand operating expenditure

Intellectual
- 34 hours of training per employee
- 61 trainees or interns at Group level
- Boosting training in Sustainability, Pharmacovigilance and Compliance
- EUR 21 million of investment and expenditure in R&D&I

Human resources
- 1,748 employees
- 96% of permanent contracts
- EUR 96,556 thousand in staff costs

Social
- +EUR 91,000 donated
- +67,000 units donated
- Sponsorship of congresses, conferences and training courses aimed at different stakeholders

Environmental
- 10,289,929 kWh of natural gas
- 25,550,380 kWh of electricity
- 42% of electricity from renewable sources
- 166,471 m^3 of consumed water



Capital generated

Economic
- Economic value generated EUR 473,094 thousand (↑2% compared to 2022)
- Economic value distributed EUR 365,464 thousand (↑2% compared to 2022)
- Economic valur retained: EUR 62,865 thousand

Manufactured
- Future increase in production capacity linked to the two new plants
- 88% local suppliers

Intellectual
- 3 stretgid moleculas: Bilastina, Calcifediol and Mesalazina
- Strangthening corporate governance in cross-cutting areas

Human resources
- women = 60% of new hires
- 6% pay gap at Group level

Social
- EUR 11,159 thousand of accrued incom tax

Environmental
- Carbon footprint (scope 1 and 2): 7,580 Tn CO_2eq
- Scope 3 screening
- 80% of waste recovereed

EXTERNAL CONTEXT INFLATION · INCREASED COST OF LIVING · PROBLEMS WITH SUPPLY OF CRITICAL GOODS AND RESOURCES · RISK OF DISINFORMATION AND GREENWASHING

2.3 What we do

Above and beyond the value we invest and generate, it is important to highlight our role in the value chain as a whole, and hand-in-hand with our stakeholders.

Pharmaceutical Business Line

As our main line of business, we research, manufacture and market prescription medicines for human consumption and active ingredients through our parent company, Faes Farma S.A., and our subsidiaries (Latin American, European, Nigerian and UAE). This process has a long life-cycle, from the conception of the need for a new medicinal product to its release onto the market.

Healthcare Business Line

We develop and/or market OTC products (cosmetics, food, food supplements, medical devices for human consumption and non-prescription medicines) both manufactured in-house and by third parties.

Animal Health and Nutrition Business Line

We create top-quality nutritional solutions and strategies for sustainable animal production:

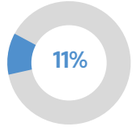
- Ingaso Farm and Tecnovit produce complementary feeds (concentrates), correctors, complete feeds, additives and supplements for animal nutrition. They also give advice to their clients and are a technology provider, developing R&D&I projects of their own and with third parties through consortia with different types of entities.
- Capselos is active in the microencapsulation of products used in animal and human nutrition. It also shares advisory and research functions with the above companies.
- Cidosa markets Tecnovit, Ingaso and Capselos products for animal nutrition and distributes raw materials and finished products purchased from third parties under licence.

Pharmaceutical and Healthcare Business Line

turnover

	SUPPLIES	R&D&I	PRODUCTION	LOGISTICS	TRADING	DOMESTIC AND INTERNATIONAL MARKET
		■ More tha 100 people in R&D&I	■ 70% of medicines produced in-house	■ Direct shipment ■ Logistic centre in Spain ■ Logistics Centres in Portugal, Colombia, Panama and Guatemala	■ Own sales channels ■ Agreements with strategic partners	■ More than 130 countries
MEDICINES AND CHEMICAL PRODUCTION	APIs (active ingredients) Excipients Packaging Raw materials Support material ..... Medicines purchased from third parties	PORTUGAL CENTROAMÉRICA Y CARIBE FAES FARMA		Medicial products APIs (active ingredients)	FAES FARMA	
CAPS (cosmetics, food and medical devices)	Finished products purchased from third parties Products manufectured by third parties			Food Cosmetics Personal care products Medical devices Food supplements		
RELATED STAKEHOLDERS	Shareholds / Public administrations					
	Suppliers	Human Resources Partners: scientific institutions		Suppliers/ Partners	Human Resources Partners: licensors	End consumers Healthcare professionals Pacients Society Customers

Animal Health and Nutrition Business Line



turnover

	SUPPLIES	R&D&I	PRODUCTION	LOGISTICS	TRADING	DOMESTIC AND INTERNATIONAL MARKET
		■ Demedicalisation and sustainability	■ Focus on pig feed	■ Direct shipment ■ Buffer warehouses		■ More than 80% are domestic safes
	Cereals Amino acids Flavourings and aromas Packaging Vitamins Minerals Additives Support material ..... Finished products purchased from third parties	INGASOFARM TecnoVit Products intended for the manufacture of animal nutrition feed (granules, powders and liquids) capselos Microencapsulation of animal and human nutrition products		Complementary feed (concentrates) Supplements Complete feed Correctors Additives ..... Encapsulated product	INGASOFARM TecnoVit capselos CHILE CIDOSA Cidosa markets the products of Tecnovit, Capselos and finished products and rew materials from third parties	
RELATED STAKE-HOLDERS	Shareholders					
	Suppliers/ Partners	Human Resources Customers (B2B) Society: Local community *Partners*: Scientific Institutions, universities and industry bodies		Suppliers/ Partners Partners: Distributors	Human Resources	Customers (B2B) Society

Legend: Own activity | Activity associated with our value chain

Legend: Own activity | Activity associated with our value chain

3. Our Strategic Plan

3.1 Purpose

At Faes Farma, we believe that our origins shape our lives. We are a company that has always relentlessly pursued quality in every medicinal product we develop. Our strategy is developed around a clear purpose:

"Take care of health today so as to build a healthier society tomorrow"

We know where we are heading and on which values we should base our activity:

Mission

We are committed to discovering innovative, honest, and high-quality solutions for comprehensive health and life care

Vision

To become a global health company that is a benchmark in realibility, quality, innovation, and sustainability

Values

We believe in excellence, innovation, business ethics and sustainability

3.2 Strategic lines

Our main strategic lines for the period from 2020 to 2026 are as follows:

Product - *Organic growth*

A mixed value proposition of proprietary and licensed high value products, dedicated to the development of our portfolio based on the commitment to R&D&I.

Research (*by therapeutic areas*)

- Allergies
- Gastrointestinal disorders
- Bone immunomodulation
- Pain

Innovation (*top 3 molecules*)

- Bilastine
- Calcifeliol
- Mesalazine

Marketss - *Inorganic growth*

A consolidated international footprint through direct and partner channels, with growth potential.

Industrial Plan

Increased production capacity to sustain growth and accommodate new projects, while maintaining our commitment to product quality and reliability. Our new pharmaceutical production plant in Derio (Biscay) is expected to come into operation in 2024, followed by the new *ISF by Farm Fa*es factory in Huesca, which will produce special early-life feed for piglets.

Financial Soundness

An unlevered financial structure, which has allowed us to undertake our expansion and investment plans.

Efficiency

A clear efficiency plan for the future, aimed at optimising and redefining our commercial networks, centralising corporate functions and identifying synergies in inorganic operations, among other aspects.

ESG

Our firm commitment to stakeholders in issues of sustainability is reflected in the 7 aspects of our **ESG Strategy**, as set out below.

3.3 Main ESG strategic lines

With the approval of the **Group Sustainability Policy** by the Board of Directors in 2021, the framework for ESG action in both business management and stakeholder relations was established.

2022 was a key year in this area, as the "**Faes Farma Group ESG Strategy**", a roadmap for sustainability in the coming years, was approved. Its 36 measures aim to integrate sustainability into the Group's business and decision-making model and this is what we have continued to work on throughout 2023.

Good governance and ethics

- Allocation and fulfilment of ESG responsibilities
- Model of governance in the Group's ESG processes
- Investor relations with an ESG focus
- EU sustainable finance taxonomy
- Climate information reporting initiatives
- ESG as a communication lever vis-à-vis key stakeholders
- Corporate ESG standards
- Establishment of public commitments
- Access to sustainable finance
- Adaptation to new non-financial reporting requirements
- ESG in Equity Story for new investors and proxy advisors
- ESG risk analysis and control

Supply chain

- ESG monitoring of critical suppliers
- Driving ESG improvement through suppliers

Environmental management

- Extension of ISO 14001 Certification
- Creation of the environmental scorecard
- Extension of the scope of the Carbon Footprint (scope 3)
- Carbon footprint emission reduction plan
- Waste reduction, recovery and management
- Water efficiency

Product innovation

- Advice to clients on livestock sustainability and animal welfare (Farm Faes)
- Product environmental footprint (Farm Faes)
- Eco-design strategy
- Alliances and promotion of R&D projects aimed at health, animal welfare and sustainability (Farm Faes)

People

- Alignment of employees with corporate culture and values
- ESG training and awareness-raising for employees
- Promoting diversity and equal opportunities
- Creation of corporate health and safety management model
- Strengthening internal communication
- Transparency in the processes of attracting and promoting talent
- Professional development programme for employees
- Strengthening the Faes Farma employer brand
- Actions aimed at improvinc work-life balance and career advancement

Social contribution

- Organisation of the corporate social action system

Commitment to the health system

- A more scientific, and collaborative model for relations with healthcare professionals
- Patient-oriented valua generation

3.4 We contribute to achieving the Sustainable Development Goals (SDGs)

Although the UN first adopted the SDGs in 2015 as a set of goals aimed primarily at governments, in recent years they have become a key tool for companies to reflect their contribution.

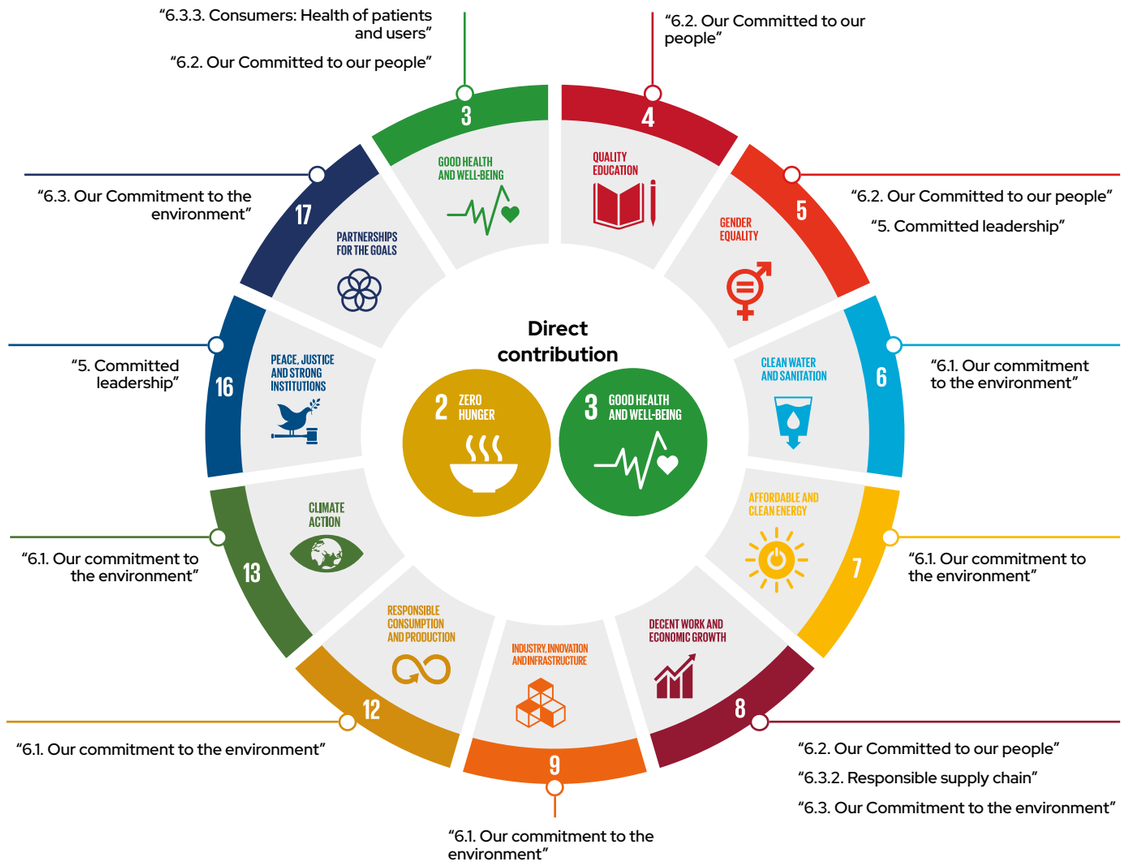
Our activity has a direct impact on SDGs 2 and 3, as set out below.

We are fully committed to the fulfilment of the United Nations SDGs and our greatest potential for contributing to them lies in the targets set in SDGs 2 and 3.

ODS	Group Contribution Faes Farma
2 ZERO HUNGER	We participate in the food chain through our Animal Health and Nutrition business line. The fundamental principles of action of this line are innovation, technology and sustainability, all of which are essential attributes demanded by international organisations of the sector to protect food safety. Likewise, the Healthcare business line also distributes nutritional products.
3 GOOD HEALTH AND WELL-BEING	Ensuring that the general population has access to the health system and to the medicinal products needed to prevent and treat diseases is one of the goals of SDG 3, as well as one of our objectives as a pharmaceutical laboratory. We cover outreach and awareness-raising functions through our business model and through collaborative activities with civil society.

However, our operations generate specific and cross-cutting impacts on these and other SDGs. Indicators, milestones and measures reflecting our impact on these objectives are included in the following chapters.

Our contribution to the SDGs and how it relates to the information in this report:



4. Who are our stakeholders and what are their expectations?

4.1 Stakeholders

Stakeholder identification is an ongoing process for the Group. Communication and dialogue with these stakeholders provide insight into their perceptions and expectations.

SOCIETY

All new developments are based on the observation of unmet needs in the market, both medical and nutritional.

In addition, the contribution to local development is relevant to our impact on the environment.

PARTNERS

Maintaining a fluid and transparent relationship with partners (licensors, scientific institutions, official associations, etc.) is key to ensurign a good development and introduction of the product in the market.

HUMAN RESOURCES

Employees are the key driver of our business. That's why we're committed to long-lasting, quality relationships based on ethics, equality, professional development, dialogue and a culture of prevention.

SHAREHOLDERS

The majority of our capital is in the hand of minority shareholders and institutional investors, and so guaranteeing year-on-year share performance is a necessity to ensure the proper development of the business in the long term.

CUSTOMER AND END CONSUMERS

We guarantee a fluid relationship with the prescribers of our products (customers), healthcare professionals and patient associations, as well as guaranteeing the safety of the end consumer.

SUPPLIERS

The market and regulations require us to monitor the impacts of our supply chain so that suppliers meet our own internal requirements. To this end, we create stable and fluid communication channels with suppliers.

PUBLIC ADMINISTRATIONS

As part of our normal operations, we maintain close relations with the various public administrations and supervisory bodies involver (e.g. local, national and international medicines agencies).

4.2 Materiality

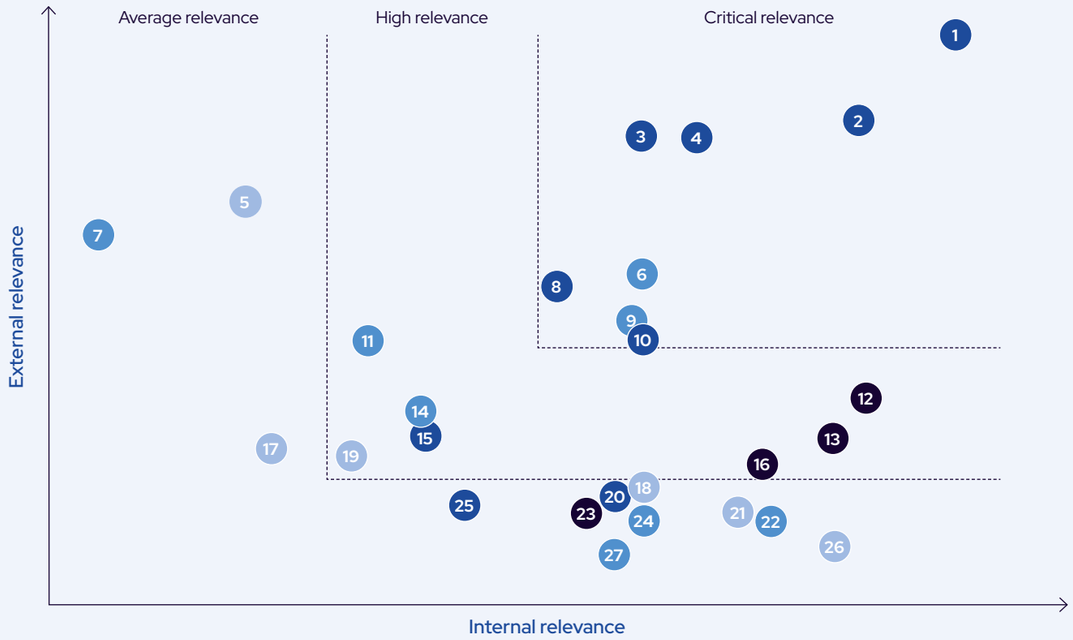
Our materiality analysis takes into account the evolution of the sectors of the two business lines, the integration of sustainability into industry as a whole and developments that have arisen in recent years.

For the preparation of the materiality analysis, a qualitative review of external information sources was carried out, followed by a quantitative internal testing process:

- Qualitative phase for the review of **external** documentation: a documentary analysis of ten sector influencers (including reporting standards, sustainability rankings, White Papers published by opinion leaders, etc.) and nine (comparable) peers.

- Quantitative phase for **internal** weighting: a survey was sent to 29 stakeholders to determine the relevance of the different issues identified in the first phase at an internal level.

The result of this process of analysis, prioritisation and validation resulted in the following materiality matrix:



The main conclusions in relation to the previous corporate materiality matrix are as follows:

- Innovation, development, research and protection of intellectual property have become increasingly important, both internally and externally, mainly due to the sectoral movements of our competitors and constant adaptation to unmet medical needs.

- Aspects related to good governance, ethics, compliance, public responsibility, as well as the management of waste and pollutant vectors have become less relevant, due to the greater degree of maturity achieved in the management of these areas in recent years.

- Aspects related to clinical trial activity and patient treatment, control of the supply chain and materials, as well as talent management, remain the most relevant.

- Other aspects of lesser relevance include those related to animal welfare, given that the activities of the Animal Health and Nutrition business line do not have a direct impact on the situation in which the animals live, as well as diversity and inclusion, as this is an aspect that has been widely introduced into our corporate culture.

In the case of the Animal Health and Nutrition business line, the information required by Spanish law 11/2018 on consumers has been considered as non-material, understanding it from the perspective of the end consumers as its products are mainly aimed at agricultural and livestock farming facilities and manufacturers of animal feed products.

	TOPICS	
1	Patient: safety, patient satisfaction management, accountability in clinical trials, product design to meet patients' needs	4.53
2	Innovation, development, research and intellectual property protection	3.98
3	Production processes, design, plant management, etc.	3.81
4	Supply chain (use of materials, control of outsourced processes, etc.)	3.80
5	Energy and climate change	3.25
6	Talent attraction, retention and management (stability, development)	3.01
7	Community engagement (donations, tax contribution)	2.95
8	Business processes (online business, commercial channels, new launches, etc.)	2.90
9	Employee health and well-being	2.68
10	Financial management in the new context	2.65
11	External relations: dialogue with stakeholders (collaborations and alliances, scientific institutions, academia)	2.53
12	Fighting corporate crime: corruption, bribery, money laundering (reputation and transparency)	2.40

	TOPICS	
13	Good governance, ethics, compliance public accountability	2.17
14	Diversity of labour inclusion (racial diversity, gender diversity, LGTBI rights)	2.06
15	Accessibility of medicines	2.03
16	Human Rights	1.98
17	Environmental awareness and concern for the environment	1.84
18	Pollution (atmospheric, water, oil, etc.)	1.80
19	Water management and respect for water resources	1.78
20	Relationship with the scientific community	1.74
21	Circular Economy and Waste Management	1.73
22	Data privacy	1.68
23	Crisis and risk management	1.66
24	Reconciling work and family in the new working environment	1.65
25	Animal welfare	1.60
26	Regulatory compliance, certifications and audits	1.58
27	Technological talent (attract and nurture)	1.42

5. Committed leadership

5 GENDER EQUALITY

Progress in the commitment to SDG 5:

- The representation of women on the Board of Directors is 44.4% (40% in 2022). Both the Audit and Compliance Committee and the Appointments and Remuneration Committee are chaired by women.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

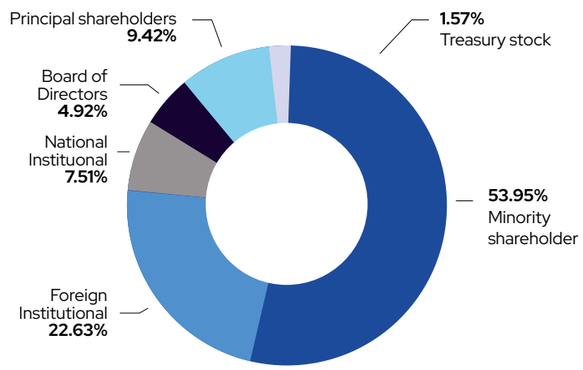
Progress in the commitment to SDG 16:

- 55% independent directors by 2023.
- As in previous years, no complaints involving human rights violations were received in 2023.
- New Internal Information System Policy and whistleblower channel in compliance with Spanish Law 2/2023.
- The annual evaluation of the Board of Directors, Committees and Chairman continued to be carried out in accordance with the Good Corporate Governance recommendations of the Spanish Securities Market Commission (CNMV), with favourable results.

5.1 Corporate Governance

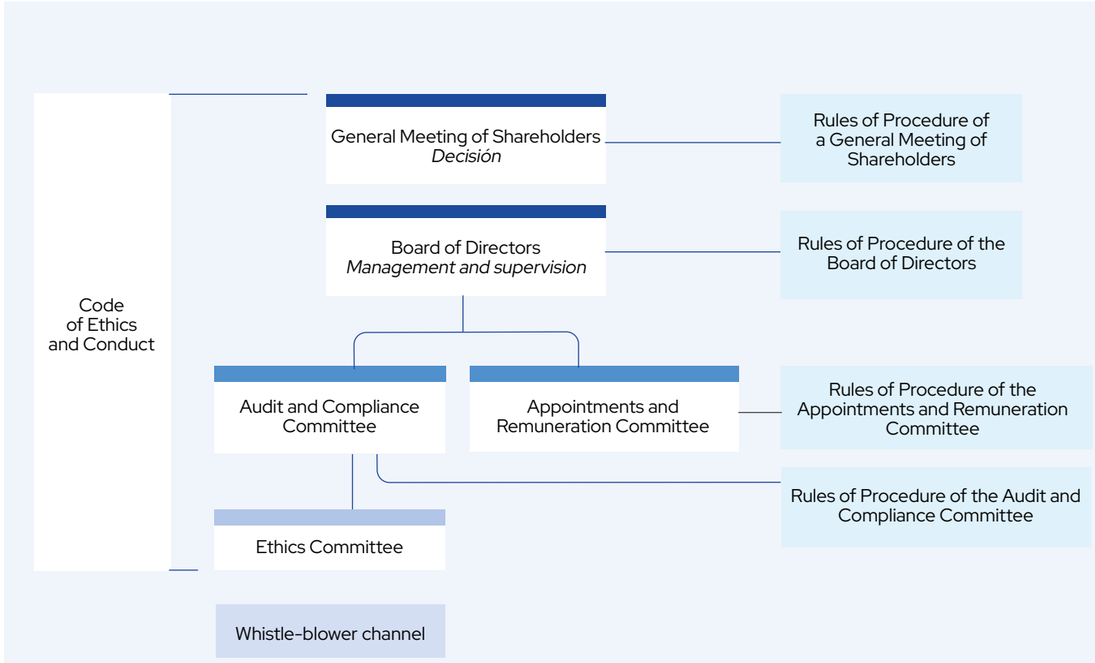
Distribution of shareholding

The parent company Faes Farma, S.A. is listed on the Bilbao, Madrid, Barcelona and Valencia stock exchanges and its shares are traded on the continuous market. Its ownership is distributed as follows: 84.09% is free float and the remaining shares are held by two significant shareholders (9.42%), the Board of Directors (4.92%), and as treasury shares (1.57%).



Structure of the Governing Bodies

The main governing bodies are the General Meeting of Shareholders and the Board of Directors, supported by the Audit and Compliance Committee and the Appointments and Remuneration Committee.



The **General Meeting of Shareholders** is the Group's highest decision-making body and meets annually on an ordinary basis. It has the functions established in the Articles of Association and in its Regulations, both of which are available on the corporate website (www.faesfarma.com). Its main functions are, among others, the approval of the Annual Accounts and the Statement of Non-Financial Information (SNFI) and the approval of the corporate management, the amendment of the Articles of Association, the appointment of Directors or the increase and reduction of the share capital.

The **Board of Directors** is the Group's highest management and supervisory body and currently comprises nine members, five of whom, i.e. 55%, are independent (50% in 2022 and 37.5% in 2021). Directors are appointed by the General Meeting of Shareholders for a term of four years, which may be extended for further terms of the same duration in accordance with the criteria of the Director Selection Policy (available on the corporate website). The functioning and powers of the Board of Directors are set out in the Articles of Association and in its Regulations, both of which are available on the corporate website. Its functions include the review and formulation of the annual accounts and the Statement of Non-Financial Information, which must subsequently be approved by the General Meeting.

The directors' remuneration is approved by the Board of Directors at the proposal of the **Appointments and Remuneration Committee** in accordance with the Directors' Remuneration Policy which, in turn, is approved every three years by the General Meeting of Shareholders. The current Remuneration Policy was approved by the General Meeting of Shareholders on 15 June 2023 and will be in force from the date of its approval and, if applicable, during the 2024, 2025 and 2026 financial years. In addition, each year the Board of Directors approves and publishes the Annual Report on Directors' Remuneration, which, in turn, is submitted to a consultative vote at the General Meeting of Shareholders. Both documents are available on the corporate website.

In compliance with the recommendations of the Good Governance Code, the Board of Directors carries out an annual evaluation of its performance, as well as that of its Committees and Chairman. In 2021, the recommendation that this evaluation should be carried out every 3 years with the help of an external consultant was also fulfilled, so in 2023 the evaluation was conducted internally with a favourable result. What is more, the implementation of several of the recommendations from the action plan drawn up following the 2021 evaluation has continued.

On the other hand, the Lead Director held a meeting with the other directors (separately with independent and proprietary directors) in 2023 without the attendance or representation of any executive director.

The functions of the **Audit and Compliance Committee**, as stated in its Regulations, include the periodic evaluation of the adequacy of the Group's corporate governance system, to ensure that it fulfils its mission of promoting the corporate interest, as well as its responsibility in environmental, social and corporate governance matters.

Every year, the Group makes its Annual Corporate Governance Report public and accessible on its website, in which it duly reports on its activities in this area.

Structure of the Board of Directors

In 2023, the Board has been reduced from 10 to 9 directors. The current composition allows us to continue to comply with the recommendations of the CNMV's Good Governance Code relating to diversity:

Recommendation 15 of the CNMV's Good Governance Code of Listed Companies regarding the proportion of female directors.

Faes Farma:

44.4%

of female directors in 2023

Recommendation 17 of the CNMV's Good Governance Code of Listed Companies relating to the proportion of independent directors.

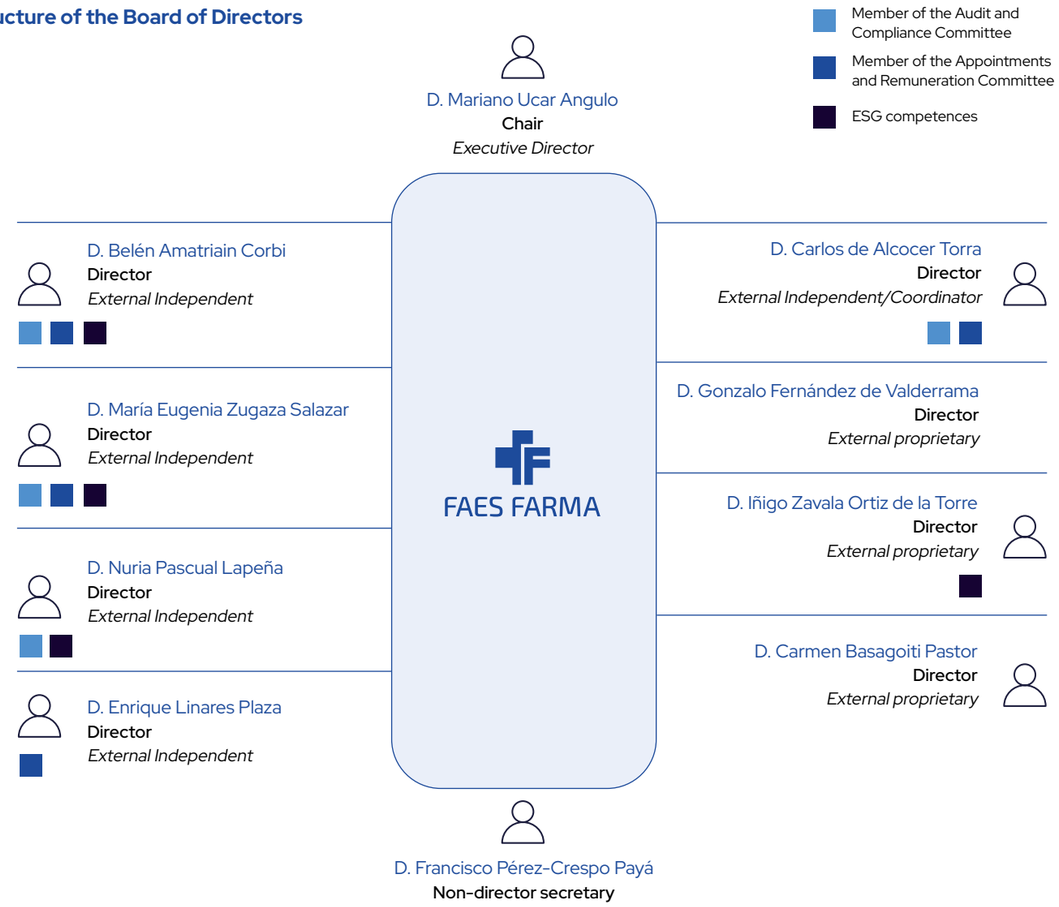
Faes Farma:

55.5%

independent directors in 2023

- Due to the high percentage of women on the Board of Directors, we continue to form part of the IBEX Gender Equality Index.
- Furthermore, in 2023 we have been included in the new IBEX ESG index, reflecting our efforts to integrate sustainability into our business.

Structure of the Board of Directors



In line with the increasing relevance of sustainability in the market, the Board has strengthened its expertise in this area. We have four directors with ESG competences and from within the Audit and Compliance Committee one of its members has been appointed as the person responsible for ESG.

Lastly, in 2022, the Board approved and announced that the separation of the positions of Chairman of the Board of Directors and CEO was commencing, in line with international best practice. This process, which is expected to culminate at the 2024 meeting of shareholders with the appointment of a CEO and the modification of the category of the executive chairman to non-executive Chairman of the Board of Directors.

ESG metrics in the remuneration system

Both the Spanish Corporate Enterprises Act (art. 217) and the CNMV's Good Governance Code (recommendation 58) and international proxy advisors refer to entities promoting long-term profitability and sustainability, linking their variable remuneration systems to ESG criteria, among others.

The inclusion of ESG metrics into the executive director's variable remuneration is intended to reinforce senior management's commitment to integrate sustainability into the company's operations and results. In 2023, these aspects accounted for 10% of the total annual variable remuneration and include specific and measurable indicators on environmental, social and corporate governance aspects.

5.2 Risk management

This process is designed to identify potential situations that may affect the organisation, to manage potential risks within the thresholds accepted by Management, and thus provide a reasonable level of security regarding the attainment of its objectives.

Our **Risk Control and Management Policy** establishes the general framework for action, procedures and responsibilities of the Risk Management System (RMS) for the entire Faes Farma Group. This policy reflects the legislative amendments and best practices included in the CNMV's Good Governance Code for listed companies.

What are the main objectives of our policy?

- Contribute to the achievement of the Group's strategic objectives.
- Introduce maximum guarantees to protect the corporate interest and, therefore, employees, shareholders and other stakeholders.
- Protect our reputation as a Group.
- Safeguard assets.
- Preserve the business stability and financial strength on a sustained basis.
- Contribute to regulatory compliance.
- Facilitate the development of operations in terms of safety and quality.

The Risk Management System enables us to provide reasonable assurance that all significant financial and non-financial risks are identified, assessed, prevented, continuously monitored, and reduced to defined risk appetite and tolerance levels, and finally approved by the Board of Directors.

5.2.1 Governance

The Risk Management System is based on the cross-cutting involvement of the entire organisation. The Policy establishes the following main responsibilities:

- **Board of Directors:** ultimately responsible for the operation of the Risk Management System.
- **Audit and Compliance Committee:** responsible for evaluating and supervising the System.
- **Senior management and management team:** responsible for identifying and assessing risks, they are the owners of the same.
- **Risk Coordinator:** responsible for the Risk Management System and for designing, implementing and ensuring its smooth operation.
- **Other Group employees:** must have the tools to identify risks that threaten the attainment of the Group's objectives and communicate them to the area or department head.

5.2.2 Risk category

Strategic: risks that could affect our strategic objectives, including those arising from planning, external factors and market uncertainties, such as social, political and reputational risks.

Operational: risks that result from inadequate internal processes, technological failures, human error or inefficient use of resources. These include risks associated with information technology and cybersecurity.

Financial: risks that affect our financial objectives and may have an adverse impact on cash flows, loss of earnings, share value or overall financial stability. These include contingent liabilities and other off-balance sheet liabilities.

Environmental, Social and Corporate Governance: these affect sustainability objectives that may have an impact on the organisation, both from a regulatory perspective and in terms of meeting stakeholder expectations.

Compliance: risks relating to compliance with internal and external regulations, their modifications and interpretation. This includes the risk of fraud and corruption.

5.2.3 Risk management and assessment

After identifying the risks, the management team assesses them on the basis of homogeneous criteria of impact, likelihood and speed of occurrence. This assessment is used to obtain our **Group's Risk Map**, which is reviewed and reassessed annually, or more regularly if necessary.

The Group's risk management is implemented mainly through the definition and monitoring of qualitative and quantitative indicators or KRIs (Key Risk Indicators), of the Group's level of risk appetite and tolerance, as well as control activities and action plans. Risk owners regularly monitor their risks, ensuring that existing controls are in place and that approved action plans are being implemented, and analyse the likelihood of their occurrence through the established KRIs. At least annually, the owners draw up a risk monitoring report and send it to the risk coordinator.

The Coordinator reports at least annually to senior management and the Audit and Compliance Committee about the Risk Management System, providing a consolidated view of the Group's Risk Map and, in particular, of the evolution of the main risks and other relevant aspects.

The **main risks identified in 2023** that could affect the achievement of the business objectives are the following: risk of loss of patents and licences, risk of lack of success in R&D&I projects, country risk in some subsidiaries, risks arising from the project to build a new manufacturing plant and risk of cyber-attacks.

Climate-related risks and opportunities

In 2023, we conducted a maturity analysis of our risk management system against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This milestone is a precursor to the financial impact analysis of climate change risks that we will carry out in 2024.

This type of risk is included in our Risk Map in the "Environmental, Social and Corporate Governance" category, although it may be linked to other categories, such as, for example, the risk of non-compliance with new regulatory requirements related to climate information. Therefore, the governance model, its identification, evaluation and management follow the model outlined above. Highlighted below are the issues specific to climate risks included in our current management system:

Governance

- **Biannually, the Board is informed, though the Audit Committee,** about compliance with the ESG Strategy, which includes measures related to climate change.
- Assignment of **ESG competences** to the Board.
- **Appointments and Remuneration Committee:** proposes and monitors remuneration objectives, including climate objectives.
- ESG actions, and specifically those related to climate, are monitored ad **Management** level by the Corporate Finance Director and the Deputy Director of Internal Audit and Compliance.

Strategy

- In 2023, we started to draw up our **emissions reduction plan for the** Group's carbon footprint.
- The **scales of financial assessment, likelihood, impact and speed of occurrence** of the current risk map will be largely applicable for the detailed analysis we will carry our in 2024.

Risk management

The risk identification process considers internal sources (individual risk maps, internal interviews and business documentation) and external sources (risk reports from reputable bodies and maps of peer companies).
Following this process, in 2023 we included a **new climate change adaptation risk** within the ESG risk category. After its assessment, this risk is not in the Group's top 10 risks.

Metrics and targets

- Annual corporate **carbon footprint.** In 2023, we performed the screening of Scope 3 indirect emissions.
- Metrics included in the **variable remuneration** of the executive director and certain members of senior management.

5.3 Ethics and Integrity

5.3.1 Policies

Code of Ethics and Conduct

The Code is available on the corporate website and reflects our commitment to due diligence, referring to the set of procedures and practices established by the Faes Farma Group to prevent, detect and, where appropriate, eradicate any irregular conduct that may occur in the organisation. The Code is mandatory for all of the Group's professionals and must be known and respected by all of the Group's directors, managers, employees and collaborators.

During 2023, specific training on the Code of Ethics and Conduct continued for the entire workforce through explanatory videos on each principle included in the Code via the virtual platform "Aula Faes".

As shown in the chart, the Code establishes five principles that must be complied with by everyone to whom it applies. It also establishes the necessary channels for monitoring and reporting incidents of non-compliance or irregularities, through the whistleblower channel.

Commitment to society and the environment

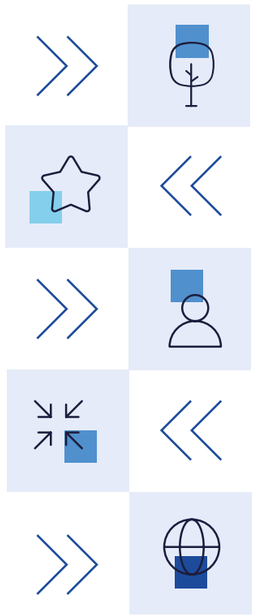
It formalizes and conveys to all its collaborators Faes Farma's commitment to its environmental and social surroundings based on strict compliance with the applicable legislation.

Commitment to people

The relationship with and between all Faes Farma employees must be based on respect and dignity, on equality and equal opportunities, on collaboration and teamwork under conditions of occupational health and safety.

Market ethics

This describes the loyal behaviour towards the organization that must be respected by employees, regular cases of conflict of interest, the principle of political neutrality, and relationship with suppliers.



Regulatory compliance

All employees whatever their nature, must strictly comply with the internal and external rules that apply to the organization and their own activity.

Internal control

This defines fraudulent actions in relation to the use and protection of assets, confidentiality of information, control of financial information and irregular transactions, and it typifies cases of corruption and bribery.

Throughout 2024, this code will be updated to ensure alignment with market regulations and best practices.

In order to complement management and control in this area, and for the purpose of complying with local legislation, Faes Farma Colombia has the "Code of Ethics and Compliance Manual of the Business Ethics Programme for the Prevention of Corruption and National and Transnational Bribery".

In the field of human rights, our activities as a Group are limited to fully respecting human rights and civil liberties, in accordance with internationally accepted laws and practices.

Among the standards that we take as a reference, and on which the Code of Ethics and Conduct is based, are the International Bill of Human Rights, the Fundamental Conventions of the International Labour Organisation (ILO) on Labour Practices or the OECD Guidelines for Multinational Enterprises.

We also oversee compliance with the labour provisions contained in the fundamental conventions of the International Labour Organisation and do not accept practices that are contrary to these principles within the organisation or among our suppliers, contractors or, in general, collaborating companies.

With regard to the **fight against money laundering,** the Faes Farma Group is not required to carry out any specific prevention work, as it is not obliged to do so in accordance with Spanish Law 10/2010 on the prevention of money laundering and the financing of terrorism. However, some of our subsidiaries located in Latin America follow specific procedures for the prevention of money laundering, such as:

- In Mexico, there are specific processes to follow on banking operations in order to comply with the Federal Law for the Prevention and Identification of Operations with Resources of Illicit Origin (LFPIORPI) and to combat possible illicit operations.
- Faes Farma Colombia has drawn up a "Manual of Policies and Procedures for a Comprehensive System of Self-Monitoring and Risk Management of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction".

Of particular strategic importance is our monitoring of the **construction project for the new pharmaceutical production plant in Derio (Biscay).** The aim is to minimise the risk of fraud, corruption and bribery. A specific risk management and control procedure was established at the beginning of this project and continued throughout 2023, which is supervised by Internal Audit and reported periodically to the Audit and Compliance Committee. This internal management and control procedure has been replicated in the construction project for the new ISF by Farm Faes special animal nutrition feed plant.

Third Party Code of Ethics and Conduct

In 2023 we updated our Supplier Code of Ethics and Conduct, broadening its scope. In addition to our commitments to ethics and integrity, compliance with human rights (including the prohibition of forced and child labour), procedures and practices established to prevent, detect and, where appropriate, eradicate any irregular conduct that may occur in the organisation and its supply chain, we have added aspects of marketing and business practices. The aim of these new changes is to initiate the dissemination and acceptance by business partners and licensees of the new Third Party Code of Ethics and Conduct.

In 2023, the scope of this Code has been expanded and it is now called the Third Party Code of Ethics and Conduct. As a new feature, it includes aspects of marketing and business practices, as well as the update of the new whistleblower channel

Understanding this code as an extension of our Code of Ethics and Conduct, it sets out the ethical principles that make up our corporate culture and that, therefore, must be supported by the different collaborators in the running of our activity.

Anti-corruption policy

We have a specific anti-corruption and anti-bribery policy that prohibits any form of corruption, in both the public and private spheres, aimed at obtaining an illicit benefit for the Group.

We maintain a zero-tolerance stance on corruption and bribery, and the offering, giving or accepting of an undue advantage or benefit by any Group employee or third party whose actions can be linked to those of the Group is strictly prohibited.

This policy is mandatory for all Group employees and management personnel, as well as for all persons outside the Group who may act on its behalf and therefore link their actions to the Faes Farma Group.

The Anti-Corruption Policy forms part of the set of policies that emanate from the ethical principles that make up the corporate culture of the Faes Farma Group and which are set out in its Code of Ethics and Conduct.

Pharmaceutical Industry Code of Practice

We also remain a member of Farmaindustria and, as such, are committed to respecting the principles of trust, integrity, legality, transparency and prevention enshrined in its Code of Good Practice for the Pharmaceutical Industry. This willingness to comply with ethical standards, which is increasingly valued in the sector, reaffirms our social commitment to a fair and transparent industry.

5.3.2 Responsibilities and tools

The functions of the Faes Farma Group's **Ethics Committee,** which reports to the Audit and Compliance Committee, include ensuring compliance with the principles and rules of conduct set out in the Code of Ethics and Conduct, managing the whistleblower channel as a single incident reporting system, directing the appropriate investigations, adopting the appropriate measures and, lastly, monitoring compliance with the Code.

The **Audit and Compliance Committee** is responsible for supervising compliance with the Code of Ethics and Conduct and the Group's good governance recommendations, as well as for evaluating the processes for communicating with stakeholders and the sustainability policy.

In addition, a **corporate compliance officer** joined the Group in 2023 with the aim of ensuring regulatory compliance, preventing irregularities, and fostering a corporate culture based on integrity and regulatory compliance.

Whistleblower channel

In 2023, in compliance with Spanish Law 2/2023, regulating the protection of people who report regulatory and anti-corruption infringements, the Board of Directors approved the Internal Information System Policy, which is published on the corporate website (www.faesfarma.com), as well as a new procedure for managing, investigating and responding to communications received through this system.

In addition, a confidential, protected internal information channel has been set up, which complies with the requirements of the strictest whistleblower protection and data protection regulations. This channel is managed through the **EQS INTEGRITY LINE** platform and is accessible to our stakeholders through the corporate intranet and website.

As in previous years, no complaints involving human rights violations were received in 2023.

This channel and the complaints received through it are managed by the Ethics Committee under the supervision of the Audit and Compliance Committee. As in previous years, no complaints involving human rights violations were received in 2023.

Anti-corruption clause

Likewise, the new contracts signed with suppliers at Faes Farma, S.A. include an **anti-corruption clause** that mentions the prohibition of offering payments, gifts or undue attention to any person or entity, public or private, with the intention of obtaining or maintaining business or other benefits or advantages. Furthermore, by signing, suppliers confirm that no person connected with the entity has engaged in any of the above-mentioned irregular practices or is involved in any investigation or legal proceedings related to such practices.

6. Responsible engagement

6.1 Our commitment to the environment

6 CLEAN WATER AND SANITATION

Progress in the commitment to SDG 6:

- In the last two years we have reduced water consumption by 12%, following the trend started in 2020.
- Installation of a system for collecting wastewater for reuse at the Guatemala plant.

7 AFFORDABLE AND CLEAN ENERGY

Progress in the commitment to SDG 7:

- All or part of the electricity consumed at our sites in Spain is certified with a renewable energy Guarantee of Origin.
- The consumption of self-generated electricity has doubled thanks to the new photovoltaic facility at the Derio plant.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Progress in the commitment to SDG 9:

- The new pharmaceutical production plant in Derio (Biscay) has obtained the LEED Gold certification for "Leadership in Energy and Environmental Design." The measures implemented include the installation of green roofs, (aerothermal) high-performance hot water generation systems, and the extension of the surface area with photovoltaic panels.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Progress in the commitment to SDG 12:

- Increase in the volume of waste recovered in the Animal Health and Nutrition business line to 80% (58% in 2022). As a Group, 80% of recovered waste has been achieved.
- The manufacturing processes of the Animal Health and Nutrition plants contemplate the reuse and reintroduction of rejected, surplus or non-compliant products.
- Inclusion, in CAPS product design procedures, of the analysis of packaging characteristics, definition of potential measures for eco-design improvement and feasibility assessment.
- Collaboration with EADA Business School in the identification of eco-design improvements in CAPS products using the Design Thinking methodology.
- Drafting of an eco-design plan applicable to marketing materials in Spain.

13 CLIMATE ACTION

Progress in the commitment to SDG 13:

- Study and definition of potential reduction measures to be included in the future Corporate Plan for the Reduction of Greenhouse Gas Emissions.
- Calculation of the product carbon footprint for the different references marketed by Ingaso.

6.1.1 Environmental management

Our **Sustainability Policy** establishes the environmental responsibility framework. Specifically, the Group bases its actions on respect for the environment, the responsible and efficient use of resources, and contributing towards the fight against climate change.

To advance in this commitment, a series of measures have been defined as part of the Group's ESG Strategy. The "**Environmental Management**" block includes actions on energy efficiency, reduction of greenhouse gas emissions, eco-design, waste management and efficient water use.

Our activities entail a series of potential environmental impacts derived, firstly, from production activities and, secondly, from commercial and distribution activities. The **significant environmental** aspects differ slightly among the Group's businesses and according to the size of the facilities:

Animal Health and Nutrition and Pharmaceutical Business Line: such aspects linked to manufacturing operations include air pollution, energy consumption, waste generation, contribution to climate change and resource consumption.

Healthcare Business Line: given that this only markets the products, the contribution to climate change and resource consumption is highlighted, namely the implementation of measures that promote a circular economy.

Proof of our environmental commitment as a Group is the fact that, during 2023, no penalties were imposed for non-compliance with environmental regulations at any of the Group's plants.

- The Lamiako facilities (Leioa, Biscay) have an Environmental Responsibility Policy for a value of 2,275,408 euros per claim and period, which is complemented by the Group's policy in Spain, which has a coverage of 6,000,000 euros.
- In addition, Faes Farma Portugal has a coverage of 2,500,000 euros per year for claims related to accidental pollution.

We also earmarked a portion of the budget for environmental investments and expenses in 2023, as shown below:

- Expenditure incurred in the financial year for environmental protection: 818 thousand euros (803 thousand euros in 2022).
- Considering environmental investment to be that which is valued as eligible in accordance with the Sustainable Finance Taxonomy (see CapEx table in Appendix 1), this investment was 40,716 thousand euros in 2023, mostly allocated to the installation of water supply and sanitation networks, expansion of the commercial rental fleet, renewable energy, energy monitoring and equipment for the manufacture of medicinal products.

Below, we provide details of the fulfilment of objectives set for 2023, as well as the most important milestones to be attained in 2024.

Main objectives achieved

- LEED Gold "Leadership in Energy and Environmental Design" certification obtained for the new pharmaceutical plant in Derio (Biscay).
- Internal/external ISO 14001 audit at the Lamiako plant (Leioa, Biscay) with favourable results and preparation for the implementation of ISO 14001 at the Derio plant.
- Calculation of the product carbon footprint for the different references marketed by Ingaso.
- Inclusion, in CAPS product design procedures, of the analysis of packaging characteristics, definition of potential measures for eco-design improvement and feasibility assessment.
- Definition and improvement of the procedure for calculating the corporate carbon footprint in accordance with ISO 14064 and the GHG Protocol.
- Study and definition of potential reduction measures to be included in the future Corporate Plan for the Reduction of Greenhouse Gas Emissions.
- Analysis of the Group's maturity against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on the disclosure of information concerning the climate-related risks and opportunities model and their financial impact.

Main objectives for 2024

- Specific calculation of Scope 3 key sources, so that the 2024 corporate carbon footprint fully reflects our contribution to climate change.
- Approval of the corporate emissions reduction plan.
- Registration of the Group's carbon footprint with the Ministry for Ecological Transition and the Demographic Challenge (MITECO).
- Conduct of audits prior to obtaining ISO 14001 certification at the new Derio plant.

Pharmaceutical production plant. Lamiako (Leioa, Biscay)

We base the environmental management of the Lamiako pharmaceutical production plant (Leioa, Biscay) on the principles of action defined in the **Environmental Policy**, which has been promoted by Senior Management since 2017.

The Environmental Policy revolves around four pillars of action:

Control Compliance with external and internal laws, regulations and standards related to the protection of the environment	**Sustainability** Control of those aspects of the business where the Group can have an influence on the prevention of pollution
Rational use Rational use. Promotion of continuous improvement and pollution prevention: minimise and avoid	**Culture** Involvement, training and responsibility of staff and suppliers for the application of the Environmental Management System

In order to preserve the four commitments in force in the policy and to improve environmental performance and adaptation to climate change, an annual **environmental management programme** is drawn up that sets specific objectives for this centre relating to the minimisation of resource consumption and reduction of the carbon footprint.

The Lamiako plant (Leioa, Biscay) is **ISO 14001:2015** certified, which covers the entire product life cycle, from the purchase of raw materials to the end of the product's useful life, and all phases in between. This certification was renewed by means of an external audit with a favourable result in 2023, and is valid until December 2025. In addition to the certification, an external audit was carried out, focusing on legal compliance. Following a favourable outcome, an action plan has been drawn up to implement the recommendations received.

New pharmaceutical production plant Derio (Biscay)

In 2023, we achieved the objective we set ourselves when we started building the plant, obtaining the **LEED Gold "Leadership in Energy and Environmental Design" certificate**, in accordance with the standards defined by the U.S. Green Building Council - USGBC. This certification implies that the building is a healthier and safer place for its occupants, thus demonstrating a commitment to the fight against climate change.

From an operational perspective and linked to the activity licence, the applications for the different authorisations have been made: discharge to the collection facilities of the Water Consortium, activities potentially polluting the atmosphere (APCA) and registration as a producer of hazardous waste.

Using the aforementioned environmental management certificate implemented in Lamiako (Leioa, Biscay) as a lever for integration, we have drawn up the diagnosis, documentation and definition of the plan for the implementation of ISO 14001 in Derio. Among other issues, we have conducted a SWOT analysis to identify the risks and opportunities presented by the new plant, and drawn up an action plan to mitigate any risks in the short, medium and long term.

- In 2023, we renewed the ISO 14001 certification at the production site in Leioa (Biscay) and have started the actions necessary to certify the Derio plant in 2024

International subsidiaries

Our plants in Portugal and Guatemala have plans or procedures in place to ensure compliance with the legal provisions related to environmental protection.

Faes Farma Colombia, in its role as a marketing company (it has offices and a storage centre), has an Environmental Management Plan, which includes specific objectives focused on waste management and programmes for the efficient use of resources (water and energy). In compliance with ISO 14001, the waste managers themselves (Punto Azul and Fundación Planet) have conducted a risk assessment, based upon which they are able to determine actions to eliminate or mitigate potential impacts.

Animal Health and Nutrition Business Line

The concept of sustainability is essential to the agri-food sector, due to its social, economic and environmental impact. Environmental sustainability, in particular, has become one of the sector's main challenges. **Our aim is to become a benchmark in sustainable animal feed** and, for this reason, we are committed to developing the skills and knowledge of our human team, which has allowed us to continue:

- Developing R&D&I projects related to livestock sustainability.
- Promoting advisory services on the application of Best Available Techniques to reduce on-farm emissions.
- Extending the product footprint calculation to all Ingaso references.
- Registering in the platform of the Spanish Ministry of Agriculture, Fisheries and Food (MAPA) the corporate carbon footprints (scope 1 and 2) and the corresponding emission reduction plans for Capselos, Ingaso and Tecnovit.

6.1.2 Climate change and pollution

The fight against climate change

Group carbon footprint

GHG emissions[1]	2023	2022	2021
Emissions Scope 1 (t/CO_2eq)	4,965	3,782	3,874
Emissions Scope 2 (t/CO_2eq)	2,615	856	1,652[2]

For the calculation of Scope 1, emissions from fuel consumption in fixed installations, vehicles in the commercial area[3] and refrigerant gas charging have been considered.

In the case of Scope 2, electricity consumption has been taken into account considering certificates with a green Guarantee of Origin and self-generated electricity through own renewable energy installations. The latter was doubled in 2023 with the photovoltaic installation at the Derio plant.

The increase in Scope 2 emissions is mainly due to the fact that, in 2023, the emissions associated with the new pharmaceutical production plant in Derio will be included in the scope of the footprint.

During the year, we carried out a Scope 3 screening in order to identify the Group's main sources of emissions. In 2024, we will carry out the specific calculation of these Scope 3 key sources, so that the 2024 corporate carbon footprint fully reflects our contribution to climate change. This will be the starting point to consolidate our emissions reduction plan, with 2022 as a base year, and to register our corporate footprint with the Ministry for Ecological Transition and the Demographic Challenge.

In the **Animal Health and Nutrition** business line, we continue to calculate the carbon footprint (Scope 1 and 2) of Ingaso Farm, Tecnovit and Capselos, according to the guidelines established in ISO 14064-1:2018 and registering them for another year on the platform of the Ministry of Ecological Transition and the Demographic Challenge (MITECO). In accordance with the requirements of this registry, each plant has its own emission reduction plan.

Product carbon footprint – Animal Health and Nutrition

In a sector such as the agri-food sector, the product carbon footprint is of relevance to the different agents in the chain and is valued in different markets. Ingaso has therefore extended the calculation of the product carbon footprint to all the references marketed.

1. Calculated on the basis of consumption and emission factors of the MITECO and of the International Energy Agency.
2. Data corrected with respect to SNFI 2021, as Faes Farma Portugal had renewable energy Guarantee of Origin certificates.
3. In 2023, emissions from the Faes Farma Mexico commercial fleet are included.

Air, light and noise pollution

Below we present the emissions generated by the Group, excluding the gases that are referred to as "greenhouse gases" as they are considered in the carbon footprint data above.

These emissions are linked to the consumption of fossil fuels.

Emissions	2023	2022	2021
NOx emissions (kg/year)	2,534	2,509	2,832
CO emissions (kg/year)	400	396	398
SOx emissions(kg/year)	268	268	494
PM_{10} emissions (kg/year)	10	10	16

As required by the regulation, noise, particulate matter and VOC (volatile organic compounds) measurements are periodically taken at the Lamiako plant (Leioa, Biscay) and the Faes Farma Portugal plant. The results of the measurements carried out in 2023 comply with the required limits.

In the rest of the plants in operation, the impact of noise and light pollution is practically nil.

6.1.3 European Sustainable Finance Taxonomy

On 18 June 2020, the European Commission adopted Regulation 2020/852, also called the "Taxonomy Regulation", with the aim of establishing a framework to facilitate sustainable investments.

This regulation was followed by the following delegated regulations:

- Delegated Regulation of 4 June 2021 defining a list of economic activities that contribute substantially to **climate change mitigation and adaptation objectives** and do not cause significant harm to other environmental objectives. Subsequently it has undergone modifications:
  - in March 2022, to include economic activities in certain energy sectors.
  - on 27 June 2023, to include adjustments and new activities within these two objectives.
- Delegated Regulation of 6 July 2021 describing the different **key indicators to be reported** by companies subject to the obligation to publish non-financial statements in accordance with Articles 19 bis and 29 bis of Directive 2013/34. Subsequently it has undergone modifications:
  - in March 2022, to specify public disclosure of information on activities in certain energy sectors.
  - on 27 June 2023, to include specific public information on the economic activities of the last four objectives.
- Delegated Regulation of 26 June 2023, which complements the regulations published so far by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the **sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control or to the protection of biodiversity and ecosystems,** and for determining whether such economic activity causes no significant harm to any of the other environmental objectives.

Therefore, in accordance with Art. 10 (2) of Art. 8 of the Taxonomy Regulation, we disclose in this statement the proportion of taxonomy-aligned activities in our turnover, CapEx and OpEx for the climate change adaptation and mitigation objectives; as well as the proportion of eligible activities (in turnover, CapEx and OpEx) for the following objectives:

- sustainable use and protection of water and marine resources.
- transition to a circular economy.
- pollution prevention and control.
- protection and restoration of biodiversity and ecosystems.

Accounting policy, assessment of compliance with Regulation 2020/852 and other related regulations and contextual information

Our business is mainly based on the manufacture and marketing of medicinal products, active ingredients and animal nutrition products. We also market cosmetic products, food supplements and health products manufactured by third parties.

In line with our growth strategy, we are investing heavily in the new pharmaceutical production plant in Derio (Biscay) and the *ISF by Farm Faes* plant under construction in Huesca, linked to the Animal Health and Nutrition business line.

Turnover - eligibility

Although the nature of our operation is not one of the activities included in the climate change adaptation and mitigation objectives, the four new objectives for which information must be disclosed for the financial year 2023 bring new economic activities with them. Below, we highlight the only two activities to which we contribute:

Objective	Economic activity according to the Taxonomy
Pollution prevention and control	1.1. Manufacture of Active Pharmaceutical Ingredients (APIs) or active substances
	1.2. Manufacturer of the medicinal products

It should be borne in mind that the Faes Farma Group markets medicinal products and active ingredients manufactured in-house, and by third parties, we manufacture medicinal products and active ingredients at the request of third parties and we also market our products under licence. In order to differentiate the revenues that correspond to medicinal products and active ingredients that we manufacture directly, a detailed analysis has been carried out to differentiate this casuistry at the product level. Products for which only the packaging is carried out at our facilities are not considered to be a medicinal product manufactured by the Group.

The key indicator referring to turnover is calculated as the proportion of revenues from **eligible activities** (numerator) compared to the company's total revenues (denominator). Such income corresponds to income recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008. The denominator of this key indicator is shown in note 16 "Revenue and other income" in the notes to the consolidated financial statements for the 2023 financial year.

Details of the indicators can be found in Appendix 1.

OpEx - eligibility

This denominator reduces total operating expenses to non-capitalised direct costs that relate to R&D, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the day-to-day maintenance of property, plant and equipment assets by the company or a third party to whom activities are outsourced and that are necessary to ensure the continued efficient operation of these assets.

On the other hand, the numerator of this indicator would comprise the operating expenses included in the denominator that were spent on eligible activities.

Our non-capitalised direct costs covered by the European taxonomy, i.e. those included in the denominator, represent **less than 5% of the Group's total operating expenses (see table below). Therefore, their value is considered non-material** and, in accordance with section 1.1.3.2 of Appendix I of the Delegated Regulation of 6 July 2021, the numerator of the indicator is reported as 0.

	Total (in thousands of euros)	Ratio of taxonomic OpEx to total OpEx (in %)
Non-capitalised costs	354,682	
Non-capitalised costs covered by Taxonomy (Denominator) [4]	12,908	3.64%

In 2023, the proportion of taxonomic OpEx is slightly higher than in 2022 (3.04%), remaining below 5% in both cases.

The template required by the Disclosure Regulation is included in Appendix 1.

CapEx - eligibility

This indicator is obtained as the ratio of fixed assets invested in eligible economic activities (numerator) to the total assets that have been acquired in the financial year 2023 (denominator).

This denominator (total CapEx) is obtained as additions to tangible and intangible assets before depreciation, amortisation, revaluations and impairments excluding changes in fair value. It also includes additions resulting from business combinations.

The total CapEx will therefore cover the costs that are accounted for according to:

a) IAS 16 Property, plant and equipment, paragraph 73(e)(i) and (iii);

b) IAS 38 Intangible Assets, paragraph 118(e)(i);

c) IAS 40 Investment Property, paragraph 76(a) and (b) (for the fair value model);

d) IAS 40 Investment Property, paragraph 79(d)(i) and (ii) (for the cost model);

e) IAS 41 Agriculture, paragraph 50(b) and (e);

f) IFRS 16 Leases, paragraph 53(h).

In accordance with the consolidated financial statements, the total CapEx is shown in notes 5 and 6 of the 2023 consolidated financial statements and corresponds to the additions for the year.

Given the reduced level of eligible CapEx amounts, the Group has not formally considered a CapEx plan, as set out in section 1.1.2.2. of Delegated Regulation 2021/2178 of 6 July.

4. Based on the definition of the denominator of the OpEx KPI, as defined by the Taxonomy, this denominator has been obtained by aggregating the following items listed in note 18 to the 2023 consolidated annual report "Other expenses": "Operating lease expenses", "Research and development expenses" and "Repair and maintenance". In addition, the Group's total OpEx is considered to be the sum of the following operating expenses: "Raw materials and consumables consumed", "Employee remuneration expenses" (note 17 to the 2023 consolidated annual report) and "Other expenses" (note 18 to the 2023 consolidated annual report).

2023 was a year in which most of the investment was focused on the final construction phase and the phase prior to the start-up of the pharmaceutical plant in Derio and the significant progress in the construction of the ISF by Farm Faes plant. In addition, the value related to vehicle leases in companies such as Faes Farma Mexico and Faes Farma Portugal has increased considerably. The main activities that relate to economic activities included in the Taxonomy Regulation are detailed below:

Objectives	Description of the activity	Economic activity according to the Taxonomy
Climate Change Mitigation	Renewal of wastewater management systems	5.4 Renewal of wastewater collection and treatment
	Rental of vehicles for commercial activity	6.5 Transport by motorbikes, passenger cars and light commercial vehicles
	Replacement of energy-saving lighting equipment, air-conditioning and ventilation equipment and improvement of insulation	7.3. Installation, maintenance and repair of energy-efficient equipment
	Dedicated hardware and software for energy efficiency monitoring and the installation of green roofs.	7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings
	Installation of solar panels, heat pumps and their auxiliary equipment (aerothermics)	7.6. Installation, maintenance and repair of renewable energy technologies
Sustainable use and protection of water and marine resources	Water supply systems for new plants and renewal of the mains supply system	2.1. Water supply
	Construction, operation or renewal of the sewerage system	2.2. Urban wastewater treatment
Pollution prevention and control	Manufacture of active ingredients at the Lamiako plant (Leioa, Biscay)	1.1. Manufacture of Active Pharmaceutical Ingredients (APIs) or active substances
	Manufacture of medicinal products in our three pharmaceutical plants	1.2. Manufacturer of the medicinal products

With regard to the objectives "Transition to a circular economy" and "protection and restoration of biodiversity and ecosystems", we do not have any investment linked to the activities included in these objectives.

In the **assessment of eligibility**, the values corresponding to each of the measures implemented have been individually identified by means of a thorough analysis of the different CapEx items of the different departments and business units, thus avoiding any possible double counting.

When assessing the eligibility of the investments made at the Derio plant in line with activity "1.2. Manufacture of medicinal products", we have considered those that have a direct relationship with the medicinal products manufacturing process. For example, manufacturing machinery and equipment, quality and laboratory equipment, clean room construction equipment, palletizing software and others are considered eligible. However, investments in civil works that are not directly and exclusively related to the medicinal products manufacturing process are not considered eligible (railings, structure, etc.).

If an investment in the Lamiako plant is directly linked to both the manufacture of medicinal products and active ingredients, it has been considered in activity 1.2, as this is our main activity.

If activities are eligible for both the "climate change mitigation" and "climate change adaptation" objectives, this value has been assigned to the "climate change mitigation" objective in order to avoid the risk of double counting. In this way, we ensure consistency with the type of actions that drive our ESG Strategy.

On the other hand, if the same investment is eligible for different objectives and activities, it is considered under only one objective. The following criterion was to assign it to the objective linked to the nature of the investment (for example, if the investment is related to the installation of a sewerage network eligible under four of the objectives, it has been assigned to "Sustainable use and protection of water and marine resources").

The increase, in 2022, of the proportion of eligibility for activities contributing to climate change mitigation and adaptation objectives is mostly due to the construction phase of the new ISF by Farm Faes plant, as well as the previous start-up phase of the new pharmaceutical plant in Derio. The nature of many of the actions implemented in 2023 concern the installation of water and supply networks, green roofs, energy monitoring systems, and the installation of the latest photovoltaic panels in these factories. In addition, the commercial rental fleet was expanded in 2023.

As for the proportion of eligibility for the "pollution prevention and control" objective in 2023, this is due to the fact that the Derio plant is installing the necessary equipment for the future medicinal product manufacturing process.

Details of the indicators can be found in Appendix I**.**

Degree of alignment

In order to conclude the degree of alignment of revenues and eligible investments (OpEx is considered "non-material"), compliance with three requirements is assessed: technical criteria, the "do no significant harm" principle and compliance with "minimum safeguards". We are taking the necessary steps to ensure compliance with the minimum safeguards in the terms developed in the Taxonomy Regulation (2020/852) as well as in the documents published by the European Commission in this regard. On the other hand, we are working on the analysis of the financial implications of the climate change risks and opportunities that affect us, this being one of the key requirements within the "do no significant harm" principle. Therefore, the **level of alignment is 0%**.

6.1.4. Circular economy, waste prevention and management

Proper waste management and the evaluation of eco-design guidelines are relevant aspects for our progress towards a circular economy. Regional and national regulations drive this trend, so we respond to these requirements through reduction, reuse and recovery initiatives with the support of authorised waste managers.

Generación y valorización de residuos del Grupo	2023	2022	2021
Non-hazardous waste (t)[5]	781	828	664
% Non-hazardous waste	56%	50%	44%
Hazardous waste (t)[6]	608	818	853
% Hazardous waste	44%	50%	56%
Recovered waste (t)	1,114	1,394	1,138
% Waste recovered	80%	85%	75%
Total waste generated (t)	1,389	1,645	1,517

Europe

Waste generation is one of the most relevant aspects in the production plants of the different business lines in Spain and Portugal. For this reason, we have procedures that establish the guidelines for correct managing these wastes, improving the separation of waste at source and, therefore, its recovery.

5. Non-hazardous waste includes: cardboard and paper, plastic, wood packaging, composite packaging and mixed municipal waste, among others. Due to specific cleaning actions, in 2022 Faes Farma Portugal generated 91 tonnes of non-hazardous waste, this being the main difference compared to 2023. Furthermore, waste generated from products returned from the market and received by the logistics centre has been included from 2022 onwards.

6. Hazardous waste includes: solid waste, laboratory chemicals, solvents, packaging containing hazardous substances, absorbent materials, filtration material, bulk pharmaceutical waste, and organic waste containing hazardous substances.

Pharmaceuticals and Healthcare Business Line

The waste generated by medicinal products and their packaging placed on the market is managed by the collective systems of extended producer responsibility in Spain through SIGRE and Ecoembes, and in Portugal through Valormed and Ponto Verde.

Linked to this, we fulfil our obligations to report information on the amount of household packaging through these systems. During 2023, 452,013 kg of sales packaging was accounted for through the SIGRE waste declaration and 181,185 kg of packaging was accounted for through the ECOEMBES declaration. In the case of Faes Farma Portugal, 146,681 kg have been declared to Valormed and 72,642 kg to Ponto Verde.

In addition, our various companies in Spain have reported the 2021 and 2022 information on commercial and industrial packaging for informational purposes, as required by the regulation.

Lamiako Plant (Leioa, Biscay)

- We have reached 89% of recovered waste for two consecutive years.
- We continue to optimise the bilastine manufacturing process, a project aimed at increasing the percentage of reused solvent and thus minimising hazardous waste management.

Healthcare

- The eco-design pilot project for CAPS products launched in 2022 has been integrated into the usual procedures, making it possible to identify regulatory requirements and trends, to analyse, together with the manufacturers, the characteristics of the packaging for the products we market, define potential improvement measures and assess their technical and economic feasibility. In 2023, we replaced the leaflet with the QR code for Cannaben, thus saving ink and paper. We have also collaborated with students from EADA Business School to identify new areas for improvement following the Design Thinking methodology.
- We have drawn up an eco-design plan for marketing materials, which includes a study of the composition of each type of material in order to evaluate different alternatives (use of recycled plastics, FSC/PEFC certification, accessible information on recycling methods, use of eco-friendly inks, etc.).

New Cannaben packaging includes QR Code, eliminating the package leaflet

Animal Health and Nutrition Business line

Worth of note is the improvement in the control of waste management and in the volume of recovered waste, which reached 80% (58% in 2022) thanks to different actions, of which the following stand out:

- Manufacturing waste management system, where the non-conforming product is incorporated into subsequent productions of the same product for reasons of presentation.
- Reuse of plastic pallets received together with raw materials for the dispatch of finished products. If the customer sends their own raw material, the packaging and pallets are used for the delivery of the finished product.
- Appropriate cleaning methods to avoid as much as possible the entry of fats into the cleaning water and to improve the separation in the settling tank.
- Prioritisation of the purchase of products in big-bags, which reduces the amount of packaging waste placed on the market. We are also evaluating with suppliers the possibility of using recycled paper or plastic packaging.

Other continents

Our marketing companies also adopt various measures with regard to waste management, which, although they may not have a significant quantitative impact, reflect the Group's culture nevertheless.

Faes Farma Colombia's Environmental Management Plan includes the following goals: to achieve the correct classification and disposal of waste through training and monitoring, and to make use of waste that can be recycled. To this end, we establish alliances with agents such as Punto Azul, which have collection systems and treatment plants for expired and returned medicinal products, and which separate the materials that can be used for recycling from the rest, the latter being used as fuel.

6.1.5. Sustainable use of resources

Water and energy consumption

Consumos	2023[7]	2022	2021
Water (m^3)	166,471	167,489	185,685
Electricity (kWh)	25,550,380	14,820,820	14,492,360
Self-generated electricity (kWh)	403,329	203,096	198,039
Electricity with certificates of renewable origin (kWh)	14,706,315	12,208,417	7,851,838[8]
Natural gas (kWh)	10,289,929	10,174,855	10,199,649
Diesel fuel (l)	77,690	82,803[9]	137,405
Commercial network fuel (l)[10]	970,537	480,418	633,477
Propane (kg)	957	1,016	2,728

In terms of energy consumption, the largest percentage refers to electricity and natural gas consumption, while the remaining fuels are used for different purposes in each subsidiary. In the last two years, we have reduced water consumption by 12%, following the trend started in 2020.

- By 2023, all subsidiaries in Spain have certified the renewable origin of all or part of the electricity consumed.
- What is more, the consumption of self-generated electricity has doubled thanks to the new photovoltaic installation at the Derio plant.

In 2023, the consumption of the new Derio plant, which includes natural gas, electricity and water, was included for the first time.

8. Data corrected with respect to SNFI 2021, as Faes Farma Portugal had certificates of guarantee of origin.

9. The reduction in diesel consumption is due to the fact that the boiler's operation has been adapted to the pace of production.

10 In 2023, the petrol and diesel consumption of the vehicles of the commercial network of the pharmaceutical business line in Spain and Mexico is included, as opposed to 2022, which only includes the fleet of the pharmaceutical business line in Spain. The variation from 2022 to 2021 is due to a change in the calculation methodology.

Specific measures for the sustainable use of energy and water

Europe

The commitment to renewable electricity is a major milestone in the Group's European business. This commitment is reflected in the contracting of electricity from renewable sources, and the existence of photovoltaic installations and electric vehicle chargers. In addition, the range of vehicles available to the CEO, executives and managers in the commercial area has been extended to include hybrid cars.

- The new plant in Derio (Biscay) and the ISF by Farm Faes plant (Huesca) under construction will both be a benchmark in the sustainable use of energy, for the Group and for the pharmaceutical and animal nutrition sectors to which they respectively belong.

Other continents

Of the non-European international subsidiaries, the largest consumer of energy and water continues to be our pharmaceutical production plant in Guatemala, so the most significant actions are focused on this facility.

A series of technical actions aimed at improving the energy efficiency of the steam boiler have been implemented, thus resulting in a 50% reduction in diesel consumption from June to September, which translates into a saving of 6,000 litres of this fuel.

With regard to water consumption, the Guatemala plant continues to implement actions to reuse the wastewater from the reverse osmosis unit through the installation of a collection tank and thus achieve a reduction in the factory's water consumption.

Pharmaceuticals and Healthcare Business Line

Lamiako Plant (Leioa, Biscay)

- Energy consumption has been improved by carrying out technical repairs on the two steam boilers, leaving only one of them in operation, without the need to use the boiler in backup.
- Energy monitoring continues, aimed at optimising the usage of water, electricity and natural gas.

New pharmaceutical production plant in Derio

In accordance with LEED Gold certification requirements, the plant has already installed an aerothermal energy system, photovoltaic panels, lighting and efficient roofs, among other actions. Furthermore, energy consumption is constantly monitored to ensure energy optimisation in this start-up phase.

Animal Health and Nutrition Business Line

The three plants have a photovoltaic installation that covers 28% of the total electricity consumption. Although LED lighting systems are widely used in the facilities, energy-saving lamps and luminaires continued to be installed in 2023. The impact and possibility of adjusting the process temperature to achieve further energy savings is also being assessed.

Consumption of raw materials and efficient use of raw materials

Pharmaceuticals and Healthcare Business Line

Below is a breakdown of the consumption of the main raw materials of the three pharmaceutical production plants according to their type:

Consumption of raw materials	2023	2022	2021
Active Ingredients (APIs) (Kg)	399,644	382,977	315,985
Excipients (Kg)	2,373,748	2,381,820	2,349,648
Capsules (Kg)	9,551	9,527	8,551

Animal Health and Nutrition Business Line

We take a number of actions to make efficient use of raw materials. Firstly, the stock of available raw materials and finished product is adjusted to the demand for orders, thus reducing the volume of rejected and waste products. On the other hand, the manufacturing processes of the plants contemplate the reuse and reintroduction of products that are rejected, overstocked or are non-conforming due to size or aesthetics, so as to avoid their disposal. In addition, Capselos has booster pumps that ensure complete emptying of the pipes. Thanks to these actions, potential product wastage is reduced to just 1% in the case of Capselos.

The main raw materials used vary between the three plants in this business line, as each is involved in a different stage of feed and additive manufacture. Tecnovit and Ingaso's production process includes minerals, vegetable proteins, vitamins and additives for the manufacture of concentrates, and Ingaso also uses cereals for the production of animal feed. The production process at the Capselos plant uses hydrogenated fats, emulsifiers, additives and esterified fatty acids.

Consumption of raw materials	2023	2022	2021
Cereals, their mixtures and by-products (kg)	6,220,119	7,688,618	8,753,081
Hydrogenated vegetable fats (kg)	225,193	204,151	178,731
Fatty acids (kg)	61,817	62,054	69,998
Emulsifier (kg)	5,818	27,549	67,788
Calcium carbonate (kg)	1,465,484	1,584,460	1,535,176
Sepiolite (kg)	1,001,128	734,735	701,692
Potato starch (kg)	914,589	572,206	445,985

The increase in consumption of sepiolite and potato starch is related to the increase in sales of products containing these raw materials.

6.1.6. Biodiversity protection

We remain committed to environmental protection and in particular to the biodiversity of the environment. Our impact on biodiversity is not relevant as **none of the facilities are located within protected areas**.

Where there is a potential impact on the environment is in the construction phase of the new pharmaceutical plant located on a previously developed plot within the Science and Technology Park of Derio (Biscay) and the animal nutrition and health plant *ISF by Farm Faes* in the industrial area of Huesca. The first of these is already in a preparatory phase for its implementation, where the most important environmental aspect is expected to be water management.

In the case of the Huesca plant, which is still in the construction phase, all the requirements have been met for obtaining the corresponding environmental licence.

Another potential risk is the discharge of wastewater generated by the various facilities. To avoid this, all the plants have tanks and barriers that prevent any uncontrolled spillage from reaching any body of water or nearby land.

6.2

6.2 Committed to our people

3 GOOD HEALTH AND WELL-BEING

Progress in the commitment to SDG 3:

- Creation of the Occupational Health and Safety Committee in Guatemala.
- Approval and implementation of the corporate protocol against harassment at work.

4 QUALITY EDUCATION

Progress in the commitment to SDG 4:

- Investment of 673,120 euros in training plans.
- 34 hours of training per employee (35 hours in 2022 and 22 hours in 2021).
- Significant increase in training for the Board, Senior Management and Executives, largely due to sessions on Cybersecurity, Sustainability and Compliance.
- 7,197 hours of training in Cybersecurity and Information Technology.
- 1,844 hours of training on Sustainability.

5 GENDER EQUALITY

Progress in the commitment to SDG 5:

- 54% of the Group's workforce are women.
- This year, the percentage of women in our new hires was 60% (57% in 2022).
- 36% of women in management positions (31% in 2022).
- The managerial pay gap is -1% (1% in 2022 and 21% in 2021).
- Equality training and awareness-raising at corporate level with 7,906 hours of training for 1,338 employees.
- Valuation of jobs of equal value, preparation of the payroll register and salary audit at Ingaso and Tecnovit.
- Implementation of the new Faes Farma Spain Equality Plan.
- Approval of the equality plan at Ingaso and Tecnovit.

8 DECENT WORK AND ECONOMIC GROWTH

Progress in the commitment to SDG 8:

- Commitment to hiring young people under 30 and people over 50 years of age, who account for 34% of the Group's total number of new hires.
- 96% of new hires are of a permanent nature.
- 99.6% of the workforce has a full-time contract.
- Approval and implementation of the Corporate Screening Policy.
- Implementation of the Unifikas collaborative software for occupational health and safety management in the Animal Health and Nutrition business line.

6.2.1. Human capital management

The "**Respect and care for people**" pillar of the Sustainability Policy is a reflection of our commitment to all employees. This Policy is embodied in the Faes Farma Group's ESG Strategy, where one of its main lines of action places people at the centre of the strategy as an essential means of achieving a **more inclusive, fair and sustainable environment**, linking these efforts to the achievement of our strategic objectives.

After a process of internal reflection in which we redefined the Group's purpose, mission and vision by conducting an in-depth analysis of the culture and values that define us, in 2023 we developed the Group's new corporate identity. A new image that speaks of us and reflects our personality, and that will help us to become a global health company that is a benchmark in reliability, quality, innovation and sustainability.

Our human capital management roadmap is focused on:

- responding to the challenges of significant increase in workforce.
- the centralised management of people and health and safety from a corporate perspective. It thus seeks to establish and meet corporate standards in all businesses and geographies where it is present.
- continuing to work for gender equality.
- improving internal communication between departments, businesses and geographies.

Main objectives achieved

- Approval and implementation of the Corporate Selection Procedure and Policy.
- Implementation of the Corporate Internal Communication Plan.
- Creation of a corporate communication committee, within the framework of the new corporate identity strategy.
- Implementation of the Unifikas collaborative software for occupational health and safety management in companies of the Animal Health and Nutrition business line.
- Implementation of a corporate teleworking system.
- Job description and evaluation at Ingaso and Tecnovit.
- Drawing up and approval of the Ingaso and Tecnovit Equality Plans.

Main objectives for 2024

- Strengthen corporate culture through actions based on our values.
- Continue to develop the corporate occupational health and safety management model: Implement Unifikas at two of our international subsidiaries.
- Integrate the new Derio production plant into the prevention management system in line with work that is already underway: specific training, workplace conditions, risk assessment of work stations, protection plan, etc.
- Continue to integrate payrolls for the entire Group into the new corporate tool.
- Progress in the fulfilment of the Corporate Internal Communication Plan.
- Implementation of Equality Plans in Spain, highlighting the preparation of a guide on work-life balance and the publication of equality commitments in job offers, among other actions.
- Digitalisation of platforms under HR's responsibility: integration of systems around a single database.
- Diagnosis and drafting of the Corporate Promotion Policy and Procedure.
- Implementation of the procedure for updating job descriptions and their assessment at Group level (1st phase: Faes Farma, parent company).

6.2.2. Human Resources

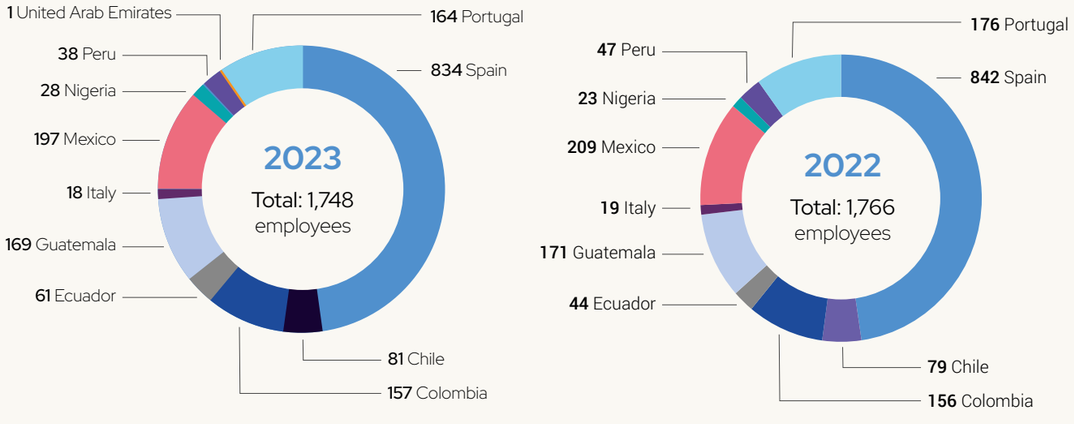
Workforce

At the end of 2023, we are 1,748 people of different nationalities, currently present in 11 countries (Europe, Latin America, Africa and Asia), with a distribution of 54% women and 46% men.

Breakdown of human resources as at 31 December

		2023	2022	2021
Gender	Male	796	815	770
	Female	952	951	891
Professional category	CEO and Senior Management	7	6	6
	Executives	11	13	11
	Managers	246	249	239
	Professionals	1,484	1,498	1,405
Type of contract	Permanent contracts	1,678	1,690	1,565
	Temporary contracts	70	76	96
Age	< 30 years	207	227	257
	31-50 years	1,023	1,030	982
	>50 years	518	509	422

Number of employees per country



Distribution of annual averages by type of contract[11]

			2023	2022	2021
Average annual number of permanent contracts	**By gender**	Male	756	743	710
		Female	886	848	817
		Total	**1,642**	**1,591**	**1,527**
	By professional category	CEO and Senior Management	6	6	6
		Executives	12	12	11
		Managers	248	240	237
		Professionals	1,376	1,333	1,273
		Total	**1,642**	**1,591**	**1,527**
	By age	< 30 years	171	190	194
		31-50 years	961	931	905
		>50 years	510	470	428
		Total	**1,642**	**1,591**	**1,527**
Average annual number of temporary contracts	**By gender**	Male	47	35	39
		Female	71	43	62
		Total	**118**	**78**	**101**
	By professional category	CEO and Senior Management	-	-	-
		Executives	-	-	-
		Managers	6	2	3
		Professionals	112	76	98
		Total	**118**	**78**	**101**
	By age	< 30 years	26	25	44
		31-50 years	67	46	52
		>50 years	25	7	5
		Total	**118**	**78**	**101**
Average annual number of part-time contracts	**By gender**	Male	-	-	-
		Female	4	5	7
		Total	**4**	**5**	**7**
	By professional category	CEO and Senior Management	-	-	-
		Executives	-	-	-
		Managers	-	-	-
		Professionals	4	5	7
		Total	**4**	**5**	**7**
	By age	< 30 years	-	-	2
		31-50 years	3	4	5
		>50 years	1	1	-
		Total	**4**	**5**	**7**

11. The annual average number of contracts is calculated by dividing the calendar days actually worked for each worker by the total calendar days of the year, taking into account the type of contract and the required breakdowns.

Involuntary leave

		2023	2022	2021
By gender	Male	27	35	15
	Female	25	20	34
	Total	**52**	**55**	**49**
By professional category	CEO and Senior Management	-	-	-
	Executives	-	-	-
	Managers	11	9	3
	Professionals	41	46	46
	Total	**52**	**55**	**49**
By age	< 30 years	2	10	6
	31-50 years	29	31	29
	>50 years	21	14	14
	Total	**52**	**55**	49

Compensation and benefits

The average remunerations in 2023 are (in euros)[12]:

Average remuneration. Europe

		2023	2022 [13]	2021
Gender	Male	58,986	57,306	55,790
	Female	54,798	52,010	49,571
Professional category	Executives	217,162	216,250	198,190
	Managers	97,437	95,975	91,936
	Professionals	47,623	45,047	44,032
Age	< 30 years	37,111	34,611	33,089
	31-50 years	53,288	51,824	50,162
	>50 years	69,751	67,604	66,135

12. This does not include the average remuneration of the CEO and senior management, which is reported separately. To obtain the average remunerations, the actual remuneration for the year is considered, except in the following cases in which the remunerations are annualised: employees who do not belong to the company for the whole year, who have taken maternity/paternity leave and/or reduced working hours.

In 2023, the calculation method was changed to exclude remuneration linked to life insurance.

13. The average remunerations for 2022 were recalculated by homogenising the calculation method applied in the other years.

Average remuneration. Other continents

		2023[14]	2022[15]	2021
Gender	Male	27,693	25,098	22,444
	Female	19,544	17,675	16,769
Professional category	Executives	-	-	-
	Managers	53,624	48,518	45,180
	Professionals	18,287	16,509	14,711
Age	< 30 years	12,384	10,048	9,559
	31-50 years	23,568	21,946	19,746
	>50 years	27,215	24,618	27,184

Average remunerations have improved compared to the previous year, following the trend of previous years.

Average remuneration of Senior Management and the CEO (in euros)

	2023	2022	2021
CEO	1,525,682	1,516,769	1,509,337
Senior Management[16]	440,410	457,963	438,066

Remuneration accrued by the Board in 2023 (in euros)

Directors are remunerated on the basis of their dedication, qualifications and actual responsibility.

	2023		2022		2021	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
Director Faes Farma	70,000	70,000	70,000	70,000	70,000	70,000
Lead Director	5,000	-	5,000	-	5,000	-
Attendance allowance per Board Meeting	1,500	1,500	1,500	1,500	1,500	1,500
Committee attendance allowances	1,500	1,500	1,500	1,500	1,500	1,500
CEO's per diem per committee [17]	-	2,000	-	-	-	-
ESG responsibility allowance [18]	-	2,500	-	-	-	-

14. In 2023, the calculation method was modified, to exclude remuneration linked to life insurance.
15. The average remunerations for 2022 were recalculated by homogenising the calculation method applied in the other years.
16. No breakdown by gender is included as the senior management comprises 6 men.
17. Maximum 5 sessions per year.
18. Maximum 4 sessions per year.

Taking into account the foregoing remunerations, composition and responsibilities as board members, the average remunerations of directors broken down by gender is 97,083 euros for men in 2023 (100,868 euros for men in 2022) and 115,625 euros for women in 2023 (100,750 euros for women in 2022).

Pay gap

When measuring the pay gap, we measure the difference between the average salary of men and the average salary of women, taking into account both the basic salary and the annual variable salary based on merit.

The pay gapl[20] by professional category and by geographic zone of the Group is:

	Europe	2023	2022[21]	2021
Europe	**Executives**	-1%	1%	21%
	Managers	6%	5%	7%
	Professionals	-1%	-1%	1%
Other continents	**Executives**	-	-	-
	Managers	40%	39%	25%
	Professionals	5%	6%	9%

The pay gap in Europe remains stable at all levels, with a variation in the case of executives (-2 %.), and the managers (+1 %), which is explained by the change in the composition of the workforce in 2023 (retirements and promotions).

In management positions on other continents, the increase in the gap is also due to the departure of women from management positions in the company and the change in the composition of the workforce. Elsewhere, the pay gap is narrowing, proof of our commitment to equality.

At the corporate level, each company's salary structure is established according to the level of the position, experience and performance, taking into account the relevant market in order to achieve external competitiveness, and in accordance with internal equity criteria, without discrimination based on gender.

19. Average remunerations have been annualised as one director did not renew in June 2023.

20. The gap is calculated on the basis of the remunerations by professional category using the following formula: (average remuneration men - average remuneration women) / average remuneration men.

21. The 2022 pay gaps have been recalculated by homogenising the calculation method applied in other years.

6.2.3. Health and safety

Health and Safety, our Commitment

Our responsibility for health and occupational risk prevention is reflected in:

- Code of Ethics and Conduct.
- Corporate Health and Safety Policy.
- Sustainability Policy.

The ultimate aim of these policies is the creation of a genuine preventive culture, which is why we work on three central pillars in the various Health and Safety Committees of all the Group's companies:

- Health promotion.
- Occupational risk prevention.
- Health and prevention training.

Towards a centralised management model

After the first phase of the project, which consisted of implementing the new occupational risk prevention management software at Faes Farma in Spain, the second phase was implemented in 2023, with the extension of the implementation of the Unifikas platform at Ingaso, Tecnovit and Capselos. The aim is to extend the scope of the new system to the other Group companies in 2024 and 2025.

This platform allows us to manage processes and prevention measures in a uniform and standardised way and to attain an overview of occupational risk prevention.

Health and Safety training and information

Accessibility to digital corporate resources, the intranet, and the virtual training platform Aula Faes, has enabled our prevention team to increase the quantity and quality of the training, using these media to disseminate corporate content related to prevention, health and well-being.

After the first year of operation of the new **virtual campus for Occupational Risk Prevention training** in our parent company, in 2023 the companies of the **Animal Health and Nutrition** business line were included.

In 2023, 42 training courses on Occupational Risk Prevention were run through Aula Faes and in-person training, reaching 1,084 people.

The use of the corporate intranet as a communication tool has also been key to the regular dissemination of health advice at a corporate level by the medical service, especially on health, nutrition, road safety and specific advice for women (dissemination of the pregnancy protocol).

Local health and safety management systems

Europe

Pharmaceuticals and Healthcare Business Line

In Spain, we have our own Occupational Risk Prevention Service (ORPS). This service is complemented by activities carried out by various external prevention services according to the organisation's needs.

In 2023, we completed the qualitative study of psychosocial risks in Spain (based on the ICMA 37 method). Most of the assessments were positive, concentrating on those aspects linked to the organisation and implementation of the work. Even so, areas for improvement were identified and an action plan has been drawn up, which we are already working on implementing.

As a consequence of the growth of the workforce in the different workplaces, **new risk assessments** have been carried out, new personal protective equipment (PPE) has been provided, and environmental measures and changes have been made for a better management of risk assessments.

In 2023, the following actions, by work centre, stand out:

- Lamiako production centre (Leioa, Biscay): the permanent medical service carries out routine and job-specific health examinations for the entire workforce, as well as 4 annual blood donation campaigns and vaccination campaigns, among other actions.
- Faes Farma Portugal: The Safety Committee is in the process of being set up, for which reason monthly meetings were held in 2023 and the entire workforce with responsibilities in emergency situations have been trained.
- Barberá del Vallés Centre (Barcelona): creation of the Health and Safety Committee and the emergency team, as well as training in the specific risks of each post.
- Derio production centre (Biscay): from the point of view of prevention, the opening of this new centre entails a series of challenges, of which we highlight the following, which began in 2023:
  - risk assessments of new workplaces
  - development of the self-protection manual
  - establishing individual protection levels for the different products

On the other hand, the **Workplace Safety Committees** meet regularly to identify the health and safety needs of the workforce and to propose improvements in each work centre.

Animal Health and Nutrition Business Line

In order to assure occupational health and safety, we perform regular risk assessments of the workplaces, accompanied by the relevant training and information. In this line of business, the prevention service is outsourced.

To promote consultation and participation in centres that do not have Health and Safety Committees, three groups were set up in 2023 to improve occupational risk prevention. The functions of these groups are:

- Collaborate to improve preventive action.
- Promote and encourage compliance.
- To be consulted on decisions to be taken on Occupational Health and Safety.
- Monitor and control compliance with regulations.
- Participate in the preparation, implementation and evaluation of risk prevention plans and programmes.
- Promote initiatives to improve conditions and/or correct existing deficiencies.

Other continents

In non-European subsidiaries, we have risk identification, assessment and control processes in place to investigate, identify, assess and propose controls for the risks and hazards that arise in the various workplaces. In support of these processes, there are different committees in each of the subsidiaries:

Faes Chile CHILE

Joint Committee whose task is to advise and instruct workers on the correct use of protective instruments, and to monitor compliance with prevention, hygiene and safety measures.

Faes Farma Colombia COLOMBIA

- Joint Committee for Work-Labour Coexistence: its main function is the prevention of harassment at work and protection against psychosocial risks.
- Joint Occupational Health and Safety Committee (Copasst): responsible for the promotion and monitoring of occupational health and safety standards.
- Emergency brigade: to carry out preventive and emergency control activities in the event of risk, accident or disaster.

Faes Farma Ecuador ECUADOR

Joint Occupational Health and Safety Committee that meets monthly to review and establish preventive measures and develop safe habits.

Faes Farma Perú PERÚ

Health and Safety Committee whose objective is to maintain health at work and draw up the Safety Plan.

Global Farma (Guatemala) CENTROAMÉRICA Y CARIBE

Occupational Health and Safety Committee responsible for overseeing health and safety conditions and preventing occupational accidents.

Indicators of accident rates and absenteeism

During 2023, following the usual trend, accident rates continue to be lower than those reported by the sector.

		2023	2022	2021
Accidents resulting in sick leave	Male	10	6	9
	Female	11	15	9
	Total	**21**	**21**	**18**
Frequency rate	Male	6.97	4.33	6.71
	Female	6.38	9.37	5.70
	Total	**6.65**	**7.03**	**6.17**
Severity rate	Male	0.23	0.04	0.12
	Female	0.26	0.23	0.10
	Total	**0.25**	**0.15**	**0.11**
Occupational diseases	Male	-	-	1
	Female	1	1	-
	Total	**1**	**1**	**1**
Absenteeism (common contingencies + occupational contingencies)	Hours	120,960	147,376	100,104

6.2.4 Social relations

We have various applicable agreements:

- Faes Farma S.A. collective bargaining agreement
- General chemical industry agreement.
- Sector agreement of the compound feed for animals industry.
- Sector agreement of the Portuguese Pharmaceutical Industry Association.
- Local country labour regulations in each subsidiary.

All our employees in Spain and Portugal are covered by these agreements (57% of the Group's employees). In the other geographies, there is no collective bargaining agreement, but an agreement is maintained with the management and compliance with local labour regulations is ensured.

Specifically, social dialogue in Spain takes place through works councils. In 2023, trade union elections were held in the two (manufacturing and research) work centres of Faes Farma in Lamiako (Leioa, Biscay), in both cases increasing the composition of the committees due to the increase in the workforce.

In 2023, Tecnovit held elections for the first time and the legal representation of the employees was established.

Other subsidiaries do not have works councils, so social dialogue is organised and regulated by the legislation of each country through joint committees, such as the Coexistence Committee in Colombia or the Committees at Faes Chile and Faes Farma Ecuador.

6.2.5 Mechanisms and procedures for promoting worker involvement

In 2023 we rolled out the **Corporate Internal Communication Plan** with the following main objectives:

- Ensure that everyone in the organisation knows and understands the business as a whole
- Convey corporate values
- Align strategies and enhance synergies between the different companies

Among the initiatives launched in 2023 we would like to highlight:

- Dissemination of corporate news aimed at transmitting corporate values.
- Creation and deployment of key participatory actions that strengthen our common culture and increase the sense of belonging.
- Give space to the cultures of each country within the framework of a common culture to align people with our values (such as creation of articles with local content and global dissemination).
- Creation of a new quarterly corporate newsletter.

We have the following **communication channels** accessible to employees:

- The intranet, where a suggestion box has been set up for generic issues and a direct channel to the corporate Human Resources department for specific labour-related requests.
- The new Internal Information System (whistleblower channel) through which anyone can report any breach of regulations or misconduct of which they are aware, as well as any doubts related to the applicable regulations. This channel complies with the strictest whistleblower protection and data protection regulations.
- The corporate platform Aula Grupo Faes, where suggestions relating to the Group's Code of Ethics and Conduct are collected, in line with the training actions run.

In Spain, the different **works councils** meet with the company periodically, providing information on the company's progress and strategic business decisions. This year's meetings have dealt with issues related to the Equality Commission: equality plans, recruitment forecasts, new work centres and presentation of the conclusions of the psychosocial risks project, among others.

In the rest of the Group's countries, since there are no Works Councils, communications are transferred within the different Health and Safety Committees, although the most commonly used means are email, chats and collective meetings.

6.2.6 Equality, diversity and accessibility

Equality of treatment and opportunities between women and men, as well as respect for diversity, are principles of our Code of Ethics and Conduct that must govern the behaviour and actions of all the people who make up the company.

Our ESG Strategy defines a roadmap for the coming years, highlighting 4 pillars linked to equality and diversity

ESG awareness and training

- **Sustainability training** for the entire organisation, including the equality strategy's concepts and metrics.
- **Publication on the intranet** of relevant facts on social aspects ocurring in the Group.

1,230
training hours

14
Published new items

Promoting equal opportunities

- Approval of the **Equality Plan in Ingaso and Tecnovit.**
- Implementation of measures agreed in the Faes Farma Equality Plan.
- Implementation of the **Anti-Harassment Protocol**.
- **Training actions on equal** opportunities for management.

42
agreed actions (Ingaso and Tecnovit)

7,906
training hours

Transparency in selection processes

- Implementation of the **Corporate Selection Policy and Procedure.**
- **Publication on the corporate intranet of job** vacancies in the Group.

60%
women hired

34%
new hires < 30 years of age or > 51 years of age

Strengthening internal communication

- **Monthly reporting** of gender-disaggregated results.
- **Increase** in corporate and equality-related **publications** on the intranet.

18%
Of equality-related news on the intranet

In 2023, the **2023-2027 Equality Plan** of our parent company Faes Farma was approved and we started to implement the negotiated measures, holding quarterly meetings of the Monitoring Committee to oversee compliance with the agreements and to coordinate actions in accordance with the approved timetable.

Ingaso and Tecnovit (Animal Health and Nutrition) have drawn up their **Equality Plans 2024-2028** following regular meetings of the Equality Committees to negotiate each of the subjects. We have also worked in parallel on the evaluation of job positions and the pay audit, with the aim of determining specific actions. These plans include 42 measures to reinforce the equal presence of men and women in all areas and hierarchical levels:

No. of Measures	**9**	**7**	**4**	**4**	**9**	**11**	**11**
Subjects	Commitment Communication Awareness-raising	Access to employment	Promotion	Training	Under-representation and working conditions	Work-life balance	Prevention of harassment

The Equality Plans of Faes Farma in Spain, Ingaso and Tecnovit contain the same **commitments that Management has made to equal opportunities and equal treatment**:

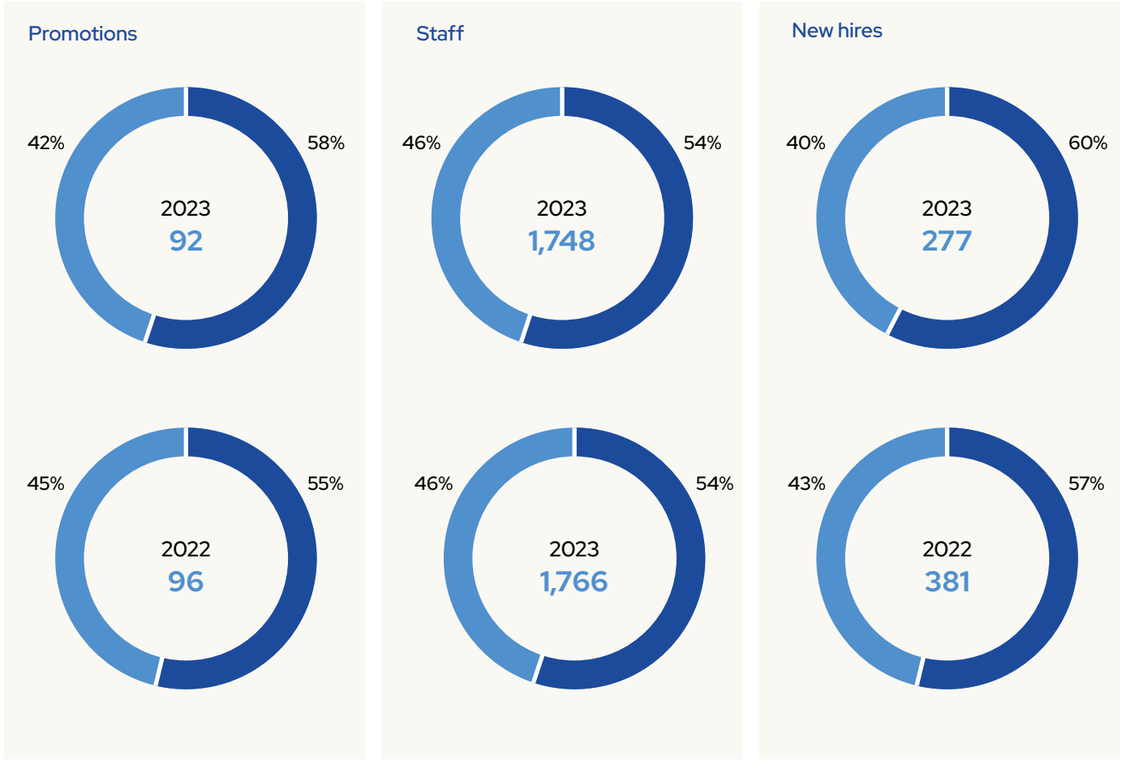
- Keep the proportion of men and women equal in the workforce
- Ensure equal pay for equal work
- Adopt affirmative action measures in positions of responsibility
- Promote the work-life balance
- Promote professional and personal development for men and women
- Prevent and act against all types of harassment, whether moral, sexual and gender-based harassment
- Reject all forms of discrimination and guarantee equal opportunities
- Integrate a gender perspective in the management of the Group and be a company committed to equality

The rest of the Group's companies, although they do not have a specific Equality Plan, are permeated by the corporate culture and values, which promote a balanced workforce composition and clear salary policies based around the capabilities of each individual employee. Specific measures related to equality and work-life balance are being gradually incorporated into the internal regulations of the subsidiaries.

People who have taken Maternity/Paternity Leave

	2023	2022	2021
Male	22	27	21
Female	28	35	28
Total	**50**	**62**	**49**

Gender diversity of the workforce



Time management

Each of the Faes Farma Group companies has its own work schedules that comply with the annual working time regulations and with the legal regulations in force in each country.

The organisation of the working day is adapted to the needs of each area, which we can classify into 4 main groups: production, research, administration and the commercial network.

Modalities of working time according to the needs of the areas

Commercial network

It has a flexible timetable adapted to medical, pharmaceutical and veterinary visiting hours.

Production

Morning, afternoon, evening and nigh shifts and closes shifts.

Administration

Part-time and intensive working hours with the option of flexible start and finish times.

Research

Timetables adapted to the needs of their area in each case (split shift, intensive or split shifts).

With the aim of ensuring that our employees benefit as much as possible from the improvements set by the legislation in each country, we have made the necessary adjustments so that they are applied correctly:

Faes Chile CHILE

Members of the workforce who worked at the time of Covid shall receive compensatory time-off to enjoy in full. A reduction in working hours from 45 to 40 hours per week has also been approved, with a 5-year moratorium, to be implemented in 2 years.

Faes Farma México MÉXICO

Our employees can now take advantage of the statutory extension of number of days of leave.

We are aware of the importance of people's right to **digital disconnection** in order to guarantee their rest time and holidays, as well as their personal and family privacy. We do not currently have a specific policy on workplace disconnection. However, it is important to note that the internal culture promotes a framework of respect for employees' rest, leave and holiday time.

Furthermore, the Code of Ethics and Conduct expresses a commitment to the Group's people and to fostering collaborative work environments where they can work efficiently throughout the working day.

Work-life balance measures

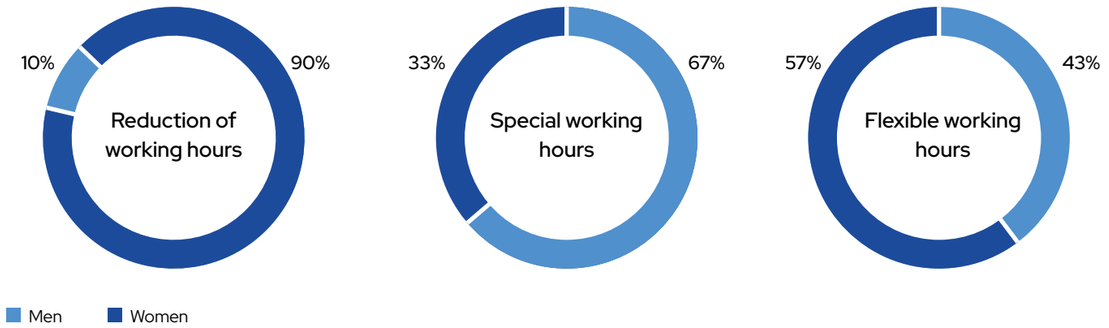
We promote the balance of work, family and personal life, as well as co-responsibility in the exercise of family obligations, facilitating flexible working hours and leave in order to care for family members and children.

In 2023, teleworking was introduced as a work-life balance measure and, following a study of job requirements, it has been offered to all people whose duties enable them to take advantage of it. Already 24% of the global workforce is benefiting from this new measure.

Thanks to the good conditions of the flexible working hours to which 79% of the employees adhere, we manage to adapt to family and personal needs, resulting in a low percentage of reduced working hours (3%) and special working hours (0.7%).

Types of working time arrangements	Male	Female	Group
Special	1%	0.4%	**0.7%**
Fixed	2.5%	2.1%	**2.3%**
Flexitime	73.9%	83.4%	**79.1%**
Reduced	0.6%	4.5%	**2.7%**
Shift-working	22%	9.6%	**15.2%**

Gender diversity according to working time arrangements



Pharmaceuticals and Healthcare Business Line

In Spain, it is worth highlighting the improvements established in the Collective Bargaining Agreement regarding the work-life balance.

Measures for organising working time

- Possibility of flexible working hours and special working hours for people with children under 14.
- Intensive working hours in the summer months and on Fridays.
- Banking of hours and time off in lieu (in Spanish, *horas de libre disposición*).
- Possibility of reducing meal breaks and allowing workers to leave earlier.
- Organisation of training and/or meetings during working hours.

Improvements and social benefits

- Company canteen or meal vouchers.
- Life and accident insurance.
- Discounts on purchases of company products.
- Supplemental leave for sickness and accident.
- Length-of-service awards.

Measures relating to improvements to statutory leave

- Paid leave for outpatient and hospital consultations with no time constraints.
- Paid leave to accompany a family member to medical and hospital appointments without constraints.
- The right to reduced working hours is extended to the legal guardianship of minors up to 14 years of age.
- Improvements in some paid leave and extension of the cases allowed for voluntary leave.

Flexitime has been introduced in **subsidiaries in Latin America and Nigeria**, adapted to the internal legislation of each country and the needs of each area. Paid leave can also taken at Christmas and Easter.

Animal Health and Nutrition Business Line

In the different companies, working hours are adapted to the needs of each area, with flexible working hours in the administrative, technical and commercial areas and shift work in the manufacturing lines.

Universal accessibility for people with disabilities

We understand the right to universal accessibility to the physical environment, information and communications as an essential condition for the social inclusion of people with disabilities.

Our headquarters have been located in the same facilities since the company's foundation in 1933, and the architecture of these mid-century industrial buildings has remained a company hallmark. Assuming the commitment to guarantee and promote the accessibility of the environments, whenever possible, inclusive urban and interior spaces are designed, free of architectural barriers.

We create and protect inclusive environments where people can develop and contribute value, establishing the appropriate measures to adapt and make the workplace accessible for everyone, according to their characteristics and requirements.

Likewise, this commitment to accessibility is transferred to the rest of the Group's facilities, adapting the accesses using lifts, ramps, reserved parking spaces, etc. This is subject to the permission for making modifications to rented facilities.

In 2023, we contracted services via foundations and special employment centres whose corporate purpose is vocational training, job placement or job creation for people with disabilities.

We thus had 11 people with disabilities in our employment at the end of 2023 (10 in 2022). The new selection procedure includes among its objectives to favour the hiring of people with disabilities.

In the new pharmaceutical production plant in Derio and the animal nutrition plant in Huesca, the measures necessary to enable universal accessibility for people with disabilities have been taken into consideration.

Example of foundations and special employment centres with which the Group collaborates

6.2.7 Development and training

We understand professional development and growth as a strategic pillar that enables our professionals to be prepared for changes in the business and the environment, focusing on the acquisition of key skills to generate impact and on the search for the best ways of working to achieve excellence.

Training requirements according to the needs of the post

Sales Network

- Sales skills.
- Technical product training.
- Training in Compliance and in the Code of Good Practice for the Pharmaceutical industry in Spain.

Production

- Six-monthly GMP training courses, established by Farmaindustria in the pharmaceutical area.
- Specific training on animal nutrition and health.
- Health and safety training.

Administration

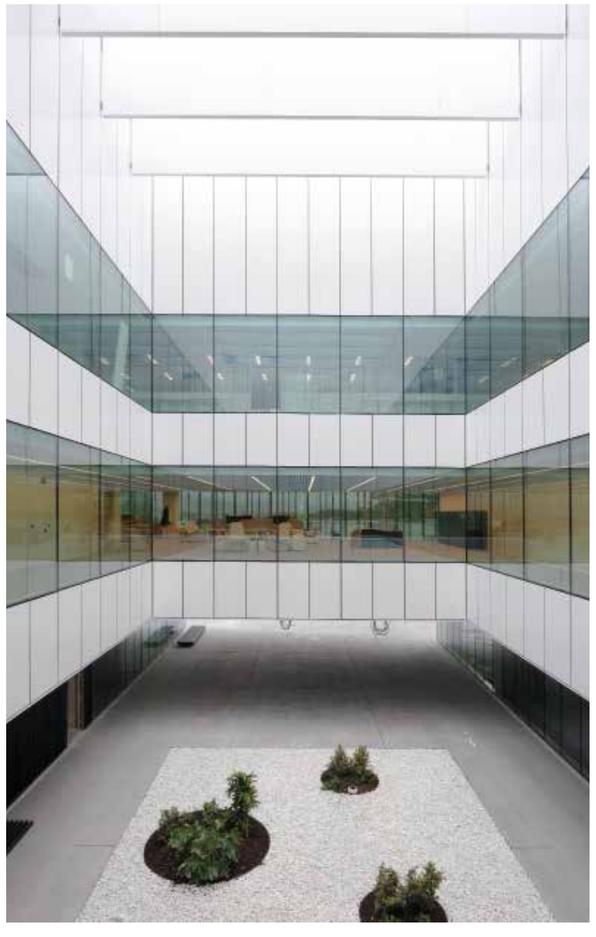
- Specific training for each area of activity.

Research

- Training in new laboratory methods/ technologies.
- Training in new regulations for clinical trials.

These training needs are included in the **Annual Training Plan**, which is reviewed at the end of the year in a Training Report that includes an assessment of overall compliance with the Training Plan.

At present, we do not have a Corporate Training Policy. However, each subsidiary has its own local procedure for planning, carrying out, recording and evaluating training within each company in specific subjects, offering training tailored to the needs of each area and to the development of individuals with the aim of improving their professional skills, and in cross-cutting subjects that concern all members of the company.



We have two corporate training platforms:

- **Aula Faes** is the online training platform, open to all Group companies. It focuses on key corporate content, such as Health and Safety, technical training under specific pharmaceutical sector regulations, digital security, ICT skills and the development of corporate culture.

  As part of the Group's training plan, all new employees receive initial training through Aula Faes, including training in the Group's Code of Ethics and Conduct, cybersecurity, and regulations for the sector. In 2023, Equality and Sustainability training became mandatory for new hires.

- **OnFaes** is the training platform for national and international business networks. In 2023, 15,497 hours of training on product, skills and sales techniques were provided. This year, the commercial department has focused on compliance, with 3,132 hours of training.

  OnFaes also includes gamification as a motivational tool, with courses in video game format through which users can individually follow their training itinerary on concepts such as teamwork, leadership, conflict resolution, time management, bargaining, etc.

In addition, **Faes Farma Colombia** employees have access to **Ubits**, a virtual training platform aimed at strengthening the general skills of the subsidiary, according to the role of each employee.

In 2023, at Faes Chile we created a participatory space within the regular meetings of the sales team, with the aim of reinforcing training in culture and values and soft skills for sales personnel.

Training provided within the Group

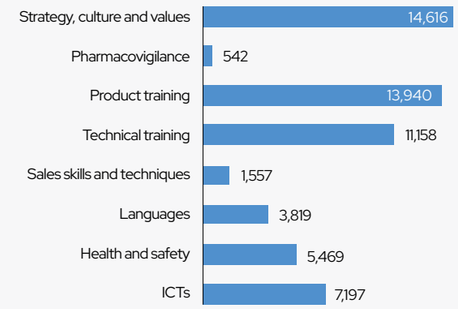
2023

Total hours training: **58,298**

Hours of training per person: **34**

	Female	Male
Senior	-	102
Management Executives	107	245
Profesionales	4,550	4,590
Managers	26,759	21,945
TOTAL	**31,416**	**26,882**

Distribution of hours per training subject



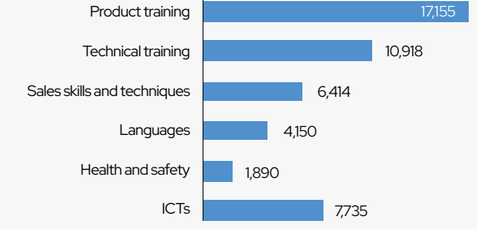
2022

Total hours training: **58,201**

Hours of training per person: **35**

	Female	Male
Senior	-	45
Management Executives	68	219
Profesionales	3,002	4,153
Managers	27,822	22,892
TOTAL	**30,892**	**27,309**

Distribution of hours per training subject



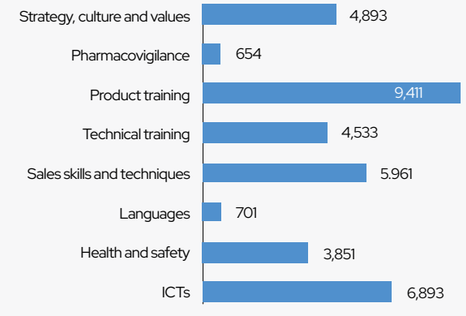
2021

Total hours training: **36,896**

Hours of training per person: **22**

	Female	Male
Senior	-	38
Management Executives	5	115
Profesionales	2,071	2,637
Managers	19,714	12,316
TOTAL	**21,790**	**15,106**

Distribution of hours per training subject



The total number of training hours has slightly increased in 2023. There is a significant increase in the subject *Strategy, culture and values*, for which training actions on Sustainability, Equality and Compliance have been included. Also noteworthy is the increase in training hours at the Senior Management and Executive levels, especially for training in Equality, Compliance and Cybersecurity.

6.3 Our commitment to the environment

6.3.1. Contribution to society

3 GOOD HEALTH AND WELL-BEING

Progress in the commitment to SDG 3:

- Investment and expenditure in R&D&I for the development of new molecules and the innovation of existing ones exceeded 21 million euros.

8 DECENT WORK AND ECONOMIC GROWTH

Progress in the commitment to SDG 8:

- Animal Health and Nutrition as a promoter of employment in areas affected by rural depopulation.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Progress in the commitment to SDG 12:

Promoting responsible consumption by prioritising sourcing from local suppliers where possible:

- 51% local suppliers in the pharmaceutical and healthcare business line.
- 79% local suppliers in Animal Health and Nutrition.

17 PARTNERSHIPS FOR THE GOALS

Progress in the commitment to SDG 17:

- Training support to 61 trainees or interns at Group level through partnerships with universities and training centres (impact on SDG 4. Education).
- Sponsorship of congresses, conferences and training courses aimed at different stakeholders in the geographies where the Group is present. These partnerships serve to increase the dissemination and development of technical knowledge on animal health and nutrition.
- More than 91,000 euros donated to entities that contribute mainly to SDG1. End Poverty, SDG2. Hunger and Food Security and SDG3. Health.
- More than 67,000 units of products donated to entities that mainly contribute to SDG2. Hunger and Food Security and SDG3. Health.

Impact on local employment, development of neighbouring populations and the territory

We contribute towards the development of direct and indirect local employment in the different geographies where we operate and where the vast majority of our professionals are local.

To support local communities and health-related associations, in 2023 we continued to make sponsorships and donations to foundations, NGOs and other institutions with a social component.

We also carry out actions aimed at developing the knowledge and specialisation of institutions and professionals through training, consultancy and the promotion of congresses and conferences

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Pharmaceuticals and Healthcare Business Line

Promotion and development of local employment

Local talent

This year, we have once again consolidated our agreements with different educational centres. Of the 61 interns or trainees in 2023, 5 were hired at the end of that period.

Group Departments	Trainees or interns in 2023
Quality	14
Production	10
R&D+i	9
Marketing	10
Other (financial, commercial, logistics-purchasing, information technology and others)	18

By supporting the development of future professionals from the start of their careers, we attract talent and become a model employer for potential employees. This is reflected in the high proportion of employees coming from regions close to the workplaces.

Promoting local supply

Suppliers of raw materials and packaging achieve a high degree of specialisation in the sector. By 2023, 51% of these suppliers were local.

We also outsource services to entities that employ people with learning disabilities, multiple disabilities and other disadvantaged people, promoting their rights and improving their quality of life. An example of this is C.E.C.D. Mira Sintra (Centro de Educação para o Cidadão com Deficiência) for the outsourcing of cleaning services for the uniforms of employees of the Faes Farma Portugal factory.

Development of professionals and patients around health

We are committed to providing high-value training tools and content that help healthcare professionals in their daily practice and keep patients informed.

- Educational programmes and information and training campaigns for health professionals through conferences and digital platforms. In some cases focused on pathologies or diseases that are little known or of great significance to the population.

FAES FARMA | LA FARMACIA HOY
Cuidando el hoy y el mañana

Impacta FAES FARMA

PROFESIONALES DE LA SALUD

- Educational programmes and information and training campaigns for patients, ensuring that they obtain valuable information with respect to health, healthy habits and well-being.

Through our participation in various industry associations, we contribute to the development of areas such as pharmaceuticals, chemicals, cosmetics and healthcare. The following associations stand out:

Association	Objective
Farmaindustria	National Trade Association of the Spanish-based Pharmaceutical Industry. A mission with four pillars: to represent the industry, to collaborate with the Administration, to improve the public image of the sector and to serve the associated pharmaceutical companies.
Parental Drug Association (PDA)	Global facilitator of scientific, technological and regulatory information for the pharmaceutical and biopharmaceutical community.
Basque Health Cluster	It coordinates, represents, manages and defends common interests in collaboration with public administrations and other organisations in the field of biosciences. It also contributes to the development, growth and internationalisation of the sector in the Basque Country.
Spanish Society of Medicinal Chemistry (SEQT)	Promotes the development of Medicinal Chemistry through scientific meetings that boost professional contacts both nationally and internationally, as well as contributing to training.
Nagusi Intelligence Center (NIC)	A strategic project of the Provincial Council of Biscay aimed at promoting a new sector of activity around ageing, health and long-term care.
Corporación Punto Azul	For strengthening common links with the value chain of the pharmaceutical sector for the consumption and sustainable management of medicinal products in Colombia, within the framework of the final disposal of post-consumer waste, comprising expired, deteriorated or partially-consumed drugs and medicinal products.
The National Association of Perfumery and Cosmetics (STANPA)	Represents and promotes a competitive, dynamic, innovative and sustainable perfume and cosmetics industry, committed to the care and well-being of people in a diverse and global society.
Association for Self-Care in Health (ANEFP)	Works to promote responsible self-care and maintain daily well-being as the appropriate tool to prevent illness, address minor health problems, promote healthy lifestyles and contribute to the sustainability of the health system.

22. 62,000 donated in 2022.

Donations and social engagement of employees

80,344 euros donated by the pharmaceutical and healthcare business line[22]

- 55,000 euros donated to Aldeas Infantiles SOS (SOS Children's Villages) through the solidarity campaign "**Arnidol Más Infancia**" in which Arnidol donated €1 for every unit of product sold.
- Linked to the Annual Convention of our sales team in Spain, both the company with financial support and our employees, acting as volunteers, have carried out the tasks to transform a plot of land dedicated to the renovation of a shelter for abandoned animals managed by the 'Triple A' **Association of 'Amigos' of Abandoned Animals "** of Malaga.

More than 67,000 items donated, including food, cosmetics, office and computer supplies, among others, valued at more than 57,000 euros

WALKONPROJECT

Foundation aimed at disseminating the reality of neurodegenerative diseases, funding research projects and promoting social awareness.

Faes Farma employees in Spain have contributed to the research through the purchase of research minutes for the annual *Estropatada* race organised in Bilbao (Biscay). Similarly, Faes Farma accompanies the engagement of its employees with an annual donation and participation in social events that give visibility to these diseases.

Animal Health and Nutrition Business Line

Promotion and development of local employment

Our three current plants in this line of business and the forthcoming facility in Huesca are located in areas affected by rural depopulation. Therefore, their activity is a boost to direct and indirect employment in the area, avoiding the emigration of qualified profiles and contributing to the economic development of the area. It is worth noting that 79% of suppliers are local.

In addition, we have agreements with universities to collaborate as a supplier in R&D&I projects, which is a boost both for our products and for the development of talent.

In order to promote employment and inclusion, Capselos outsources landscape maintenance services to a Special Employment Centre that contributes to the labour and social inclusion of people with disabilities.

Professional development for animal health

Through the Animal Health and Nutrition business line, we participate in R&D&I projects in which we collaborate with different agents (private companies in the agri-food chain, public companies, research centres, universities, etc.), promoting the development of new products and increasing the knowledge of the specialists involved.

Our specialists also advise clients on animal welfare and sustainability practices so that their activity is both socially and environmentally integrated with the surroundings.

What is more, we actively participate in industry events by providing technical training to address different scenarios by applying nutritional solutions and strategies.

Participation in sectoral associations

- Spanish Manufacturers-Exporters Association of Agricultural Machinery and its Components (AGRAGEX)
- Catalan Association of Pig Producers (PORCAT)
- National Association of Pig Farmers (ANPROGAPOR)
- Andalusian Regional Association of Pig Farmers (ARAPORC)
- Business Association for Animal Health, Nutrition and Welfare (ADIPREM)
- ACUIPLUS Cluster

Donations and social engagement of employees

- **12,272 euros donated by the Animal Health and Nutrition business line in 2023**[23] mainly to the Casal dels Avis d'Alforja Private Foundation in support of the elderly.
- **142,500 bottle tops donated to the Seur Foundation "Tapones para una nueva vida" (Bottle tops for a new life)**

The aim of this environmentally-friendly solidarity project for recycling bottle tops is to finance medical treatment that is not paid by the health system for children without resources or materials to alleviate the physical problems they suffer from and that they cannot obtain by other means.

23. 19,360 euros donated in 2022.

Partnership or sponsorship actions

As part of our regular activities, we sponsor congresses, conferences and courses involving different agents in our value chain. The aim is to boost knowledge hand-in-hand with the different stakeholders involved in the sector. Below is a sample of these sponsorships:

Spain[24]

- 56th SEPAR Congress (Spanish Society of Pneumology and Thoracic Surgery).
- Congress of the Spanish Society of General Practitioners and Family Doctors (SEMG).
- "Porc d`Or Award" organised by IRTA (Institute of Agrifood Research and Technology).
- National Forum of Iberian Pig Veterinarians.

Portugal

- International Congress of the Iberian Allergology Societies SEAIC-SPAIC.
- SPORL 2023 – Sociedade Portuguesa de Otorrinolaringología e Bronco – Esofagología.

Chile

- Congress of the Chilean Society of Gastroenterology.
- Congress of the Chilean Allergy Society.

Nigeria

- World Pharmacist Day at Harvey Road General Hospital Yaba.
- Nigerian Rheumatology Society Conference.

24. In accordance with the transparency obligations derived from the Code of Good Practice for the Pharmaceutical Industry, each year we publish on our corporate website the collaborations with patient organisations and transfers of value to healthcare professionals and organisations.

Commitment to R&D&i

Pharmaceutical Business Line

Aware of the importance of innovation for the advancement of our activities, we continue to search for unmet needs in the scientific areas that are relevant to our stakeholders and we seek to identify opportunities for the development of new medicinal products or indications to meet these needs.

The aim is not only to search for new molecules or therapeutic targets, but to improve quality of life, adherence to treatments, convenience, ease of use for patients, and health in general.

Pillars of our R&D&i department

Biology and medicinal chemistry

- We identify new molecules through the rational design and development of new and effective chemical entities supported by testing.
- We develop new and improved manufacturing processes to produce medicines on a large scale in an effective, economical and environmentally-friendly way.
- We have molecular and cellular biology laboratories, as well as a team and facilities for developing in vivo models.

Pharmaceutical development

- The active ingredients used to develop a pharmaceutical product may come from in-house lines of research or be already known molecules.
- We introduce new pharmaceutical and particle engineering technologies.
- We have a multidisciplinary team working on all aspects, covering the formulation, the science and technology of processes, and laboratory analytics.

Clinical research

- EThe clinical development of new medicines involves conducting clinical trials to test their efficacy and safety.
- We conduct several types of clinical trials simultaneously, in accordance with the highest quality standards and following European regulations, guidelines, best practice frameworks for clinical trials, as well as complying with the specific requirements of the authorities in different countries.

Studies and research to detect patient needs or assistance in the treatment of a disease are usually carried out in collaboration with other specialists in the field, through scientific committees led by experts and in the context of collaboration with medical or scientific societies. These collaborations provide scientific support for studies and research and encourage improvements in the design of trials and clinical development plans for innovation and research projects.

- **We promote and facilitate independent research, scientifically and financially supporting research group projects that help to understand the idiosyncrasy of diseases or to collaborate with the improvement in the diagnosis and prognosis of diseases and health outcomes.**

Below are the main **associations and entities linked to quality, technological development and R&D&I** with which we collaborate:

- BHC (Basque Health Cluster)
- AEC (Spanish Association for Quality)
- SEQT (Spanish Society of Medicinal Chemistry)
- Spanish Society of Pharmaceutics and Pharmaceutical Technology (SEFIG)
- Gaiker Foundation
- CIC bioGUNE
- Tecnalia Research Foundation
- BRTA (Basque Research & Technology Alliance)
- Innobasque
- Biofisika Biscay Foundation
- NIC (Nagusi Intelligence Center)
- International Entrepreneurship Centre in Biscay (CEIB)

Our R&D&i department stands out for its involvement in the development of young talent and transfer between generations. For this reason, we organise visits to the facilities to guide students before and during their higher education studies at both the vocational and university level. We have also established collaboration agreements with training entities, such as the University of the Basque Country through the Bikanintek programme, the Novia Salcedo Foundation, the Esame Foundation, and vocational training schools.

Animal Health and Nutrition Business Line

We have more than 35 years of experience in promoting nutritional approaches that prioritise animal health and welfare, thus contributing to sustainable livestock farming.

The daily operations of the different companies are based on R&D&i. An example of this is the experimental farm where Tecnovit carries out tests for the research and innovation of new products and the development of new alternatives for the improvement of its products in the pig sector. On the other hand, Capselos specialises in the research and development of microencapsulation technologies. This investment in R&D&i contributes to the creation of new products that improve efficiency and the development and improvement of formulations, with a view to reducing the use of treatments in animal feed.

6.3.2. Responsible supply chain

8 DECENT WORK AND ECONOMIC GROWTH

Progress in the commitment to SDG 8 and 12:

Updating the Supplier Code of Ethics and Conduct by extending its scope to distributors, licensees, co-marketers and business partners, and the inclusion of the new whistleblower channel. Its new name is "Third Party Code of Ethics and Conduct."

Launch of the campaign for adherence to our Third Party Code of Ethics and Conduct. by licensees linked to Faes Farma S.A.

Quality management and control in the supply chain

We consider our suppliers, contractors and collaborators to be an essential part of our activity and its value chain, recognising the key role they play in accomplishing the mission and vision of the Faes Farma Group. This activity is subjected to various controls, which demonstrate the relevance of the suppliers associated with the production chain:

Use of materials (external quality control)

Design, production and plant management processes (internal quality controls)

Control of outsourced processes (supply chain management)

Our corporate ESG Strategy includes the "**Supply Chain**" block, which integrates actions aimed at including ESG in supplier management. In this line, we continue to develop a sustainable supply chain management model, including the assessment and validation of the ESG aspects of suppliers. Currently, the requirements in each Group company differ from each other and are adapted to the needs of each business and geography. We highlight the actions carried out in Faes Farma Spain, Faes Farma Portugal, Faes Farma Colombia and the Animal Health and Nutrition business line.

The following is a summary of the actions we take at each stage, each step being a step towards formalising an ESG due diligence process:

FAES FARMA S.A. (ESPAÑA)

ESG COMMITMENT

- Group Code of Ethics and Third Party Conduct in the General Conditions of Purchase, as well as in new contracts with licensees.
- Inclusion of the anti-corruption clause in new contracts.

ESG EVALUATION

- Pharmaceutical Business line: Request for environmental and social certifications from suppliers of packaging and raw materials.
- Eco-design: CAPS products and marketing materials.

EXTERNAL AUDITS AND EVALUATIONS WITH ESG ASPECTS

- Audits linked to product quality and safety: Direct suppliers (manufacturers of active ingredients and medicine manufacturing laboratories), transport providers and the logistics operator.

FAES FARMA PORTUGAL

ESG COMMITMENT

- Inclusion of the Group's Code of Ethics and Third Party Conduct and the anti-corruption clause in new contracts with licensees.

ESG EVALUATION

- Business Line: Request for environmental and social certifications from suppliers of raw materials, packaging and transport.

EXTERNAL AUDITS AND EVALUATIONS WITH ESG ASPECTS

- Audits linked to product quality and safety: Suppliers of active ingredients (APIs) and excipients.

FAES FARMA COLOMBIA

ESG COMMITMENT

- The Group's Code of Ethics and Third Party Conduct.
- Code of Ethics and Compliance Manual of the Business Ethics Programme for the Prevention of National and Transnational Bribery and Corruption.
- Manual of policies and procedures for a comprehensive system of self-monitoring and risk management of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

ESG EVALUATION

- Evaluation of the quality and environmental certifications of suppliers to whom this applies.
- Evaluation of ethical performance in accordance with the manual of policies and procedures for a comprehensive system of self-monitoring and risk management of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction. In the event of any non-compliance, the supplier will be excluded.

EXTERNAL AUDITS AND EVALUATIONS WITH ESG ASPECTS

- Audits of direct suppliers (pharmaceutical manufacturers and manufacturing laboratories) linked to product quality and safety.
- Audit of local direct suppliers linked to logistics and waste management in environmental matters.

ANIMAL HEALTH AND NUTRITION

ESG COMMITMENT

- The Group's Code of Ethics and Third Party Conduct.

ESG EVALUATION

- Suppliers of raw materials, additives and materials:
  - Approval questionnaire including environmental and social aspects.
  - Evaluation of ESG certifications and annual monitoring of ESG certifications.

EXTERNAL AUDITS AND EVALUATIONS WITH ESG ASPECTS

- Inclusion of the "Feed fraud and feed defence" module in the FAMI-QS certification audits.
- Internal evaluation of the validity of ESG certificates.

ESG commitment: Third Party Code of Ethics and Conduct

The updated Third Party Code of Ethics and Conduct (with a new whistleblower channel and the scope extended in 2023 to our distributors, licensees, co-marketers and business partners) sets out the environmental, social and ethical framework we expect from our value chain. This code is intended as an extension of the Group's General Code of Ethics and Conduct. Among other aspects, it includes sections on Environmental Commitment, Human Rights, Confidentiality of Information, Corruption and Bribery, Subcontracting, Irregular Communications, Marketing, Business Practices and Compliance.

In addition, third parties must comply with the applicable legislation of the countries in which they operate, as well as with the rules and regulations applicable to them in accordance with the highest ethical standards, therefore avoiding any conduct that, even without violating the law, could harm the reputation of the Faes Farma Group.

Above and beyond this framework, additional control initiatives at Faes Farma (Spain) and Faes Farma Colombia stand out.

The updated Third Party Code of Ethics and Conduct.is the framework that defines our ESG commitment to our value chain. The formalisation and implementation of an ESG evaluation and control system is one of the key objectives of the Faes Farma Group's ESG Strategy

Pharmaceuticals and Healthcare Business Line

Spain FAES FARMA

The General Purchasing Conditions set out the global criteria for acquisitions made by Faes Farma S.A. In 2023, we updated the wording by means of which a third party declare they are aware of, approve of and adhere to the terms of the Third Party Code of Ethics and Conduct. We started communicating this commitment, which is centralised in the Code, to licensees at the end of 2023.

In addition, the new contracts signed with suppliers at Faes Farma, S.A. include an anti-corruption clause that mentions the prohibition of offering payments, gifts or undue attention to any person or entity, public or private, with the intention of obtaining or maintaining business or other benefits or advantages. By signing, suppliers guarantee that no person connected with the entity has engaged in any of the above-mentioned malpractices or is involved in any investigation or legal proceedings related to corrupt practices.

Colombia FAES FARMA COLOMBIA

As part of the procurement process, the supplier accepts and adheres to the Code. The terms and conditions of the procurement are indicated in the purchase order, which includes a direct link to the Code so that the supplier can read and commit to it.

In addition, Faes Farma Colombia has a code and specific procedures in line with SAGRILAFT (system of self-monitoring, prevention and risk management against money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction).

ESG evaluation: Consideration in relations with suppliers and subcontractors of their social and environmental responsibility

All suppliers and contractors are subject to an approval process, as part of which information on certifications linked to the service is requested. In most cases, the existence of environmental and social performance certifications is assessed and periodically evaluated for continuity. However, the protocols for action vary from company to company within the Group.

Pharmaceutical Business Line

Raw material and packaging suppliers are the main suppliers to the Group's three pharmaceutical plants. Furthermore, due to their link to product quality, they are evaluated, either during the approval process or after formalising the contractual relationship, on environmental and social aspects, among other criteria. Specifically, information is requested with respect to certifications and policies that demonstrate their commitment to ESG. The existence of such certifications is positively assessed but no score is attributed. In the case of Faes Farma (Spain), this evaluation is carried out before and after formalising the contractual relationship.

The proportion of suppliers of raw materials and packaging that hold the various certifications or policies requested is shown below:

Certifications/policies	% suppliers in 2023[25]	% suppliers in 2022[26]
Quality: ISO 9001	51%	50%
Environment: ISO 14001	19%	23%
Health and Safety: OSHAS 18001/ISO 45001	6%	13%

25. 391 raw material and packaging suppliers to Faes Farma S.A., Faes Farma Portugal, Global Farma and Faes Farma Colombia in 2023.
26. 151 suppliers of raw materials and packaging for Faes Farma S.A. in 2022.

In addition, Faes Farma S.A. requests information on other certifications and ESG policies, such as sustainability, eco-design, the carbon footprint or social policies, with the proportion of suppliers holding these certifications remaining very similar between 2022 and 2023.

In **Colombia**, we have direct and indirect purchasing procedures that include protocols for the evaluation of suppliers, including environmental and ethical aspects.

There are two types of evaluations:

- Those that value the existence of quality and environmental certifications. These are aimed at a specific type of suppliers, such as logistics operators, textile factories, waste managers and suppliers of analyses.
- Evaluation linked to the Sagrilaft policy (Comprehensive System of Self-Monitoring and Risk Management of Money Laundering and Financing of Terrorism) and its corresponding manual and procedure that analyses ethical performance. Failure to meet these criteria is grounds for exclusion.

Healthcare Business Line

As mentioned in the section on "Circular economy, waste prevention and management", we made **progress** in 2023 in terms of the **eco-design** of both the CAPS products (cosmetics, food/food supplements and medical devices) and marketing materials at Faes Farma S.A. The inclusion of eco-design measures in these products begins with a process of evaluating the various characteristics that affect their recyclability, recycled origin and/or accessibility. From that point, the possibility of applying different alternatives or the prioritisation of one product over another is assessed.

Animal Health and Nutrition Business Line

We are working to ensure that the integral sustainability of the food industry is present in all procedures. Therefore, prior to entering into a relationship with a supplier of raw materials, additives and materials, we analyse their performance in social and environmental aspects by means of two questionnaires:

- **Supplier approval questionnaire:** among other aspects, it evaluates the environmental and social measures and policies that the suppliers have in place. These include health and safety certifications, environmental certifications or policies (ISO 50001, eco-design policy and carbon footprint certification) and social and sustainability policies, among others.
- **Certification questionnaire:** in addition to the above certifications, it is a highly important requirement to have recognised food safety certifications.

To date, a qualitative assessment has been made using these two questionnaires. However, from 2024 onwards, we are intending to carry out a quantitative assessment, which will provide a sustainability score.

Considering the 203 suppliers of raw materials, additives and materials in 2023, the proportion of suppliers with the different certifications is shown below. Taking into account that certifications linked to food safety only apply to suppliers of raw materials and additives, a breakdown of the two key types of suppliers is included.

Certifications/policies	% suppliers of raw materials and additives in 2023	% suppliers of packaging material in 2023	% suppliers of raw materials and additives + packaging material in 2023	% suppliers of raw materials and additives + packaging material in 2022
Quality: ISO 9001	46%	58%	48%	52%
Environment: ISO 14001	21%	19%	21%	22%
Health and Safety: OSHAS 18001/ISO 45001	13%	6%	11%	11%
Energy management: ISO 50001	6%	6%	6%	6%
Food safety: FAMI-QS	37%	NA	29%	33%
Food safety: GMP+	41%	NA	31%	31%
Food safety: ISO 22000 - FSSC 22000	15%	8%	13%	17%
Food safety: FCA-OVOCOM	6%	NA	4%	4%
Food safety: UFAS-FEMAS	1%	NA	1%	1%
Food safety: QS	47%	NA	36%	4%

A major milestone in 2023 was the calculation of the product carbon footprint of all Ingaso product references. This calculation has been used to identify the raw materials with the highest greenhouse gas emissions, whether because of their origin or because of their transport to the facilities. It will thus be possible to identify measures for reducing these emissions.

ESG monitoring systems and audits

Given the diversity of activities and geographies in which the Group operates, the monitoring and auditing processes differ between companies, with none of them including environmental and social aspects.

Pharmaceuticals and Healthcare Business Line

Faes Farma S.A. (España) FAES FARMA

and Faes Farma Portugal PORTUGAL

We are involved in all stages of a medicinal products' life cycle (research and development of new molecules, innovation, clinical trials, manufacturing and packaging, quality control, etc.) in order to guarantee efficacy, safety and quality at all of these stages and throughout the life cycle of the product. Such responsibility extends to other products such as cosmetics, food, food supplements and medical devices.

European regulations oblige pharmaceutical laboratories to comply with Good Manufacturing Practices (GMP), a system that includes inspections by the competent health authority every three years, as well as customer audits. GMP is a comprehensive quality management system that is fully integrated into the Group, which certifies the production, control and distribution process for both active ingredients and finished products.

From Quality Assurance, we conduct controls of suppliers and subcontracted operators, to guarantee regulatory compliance. Specifically, we audit the manufacturers of active pharmaceutical ingredients (APIs), drug manufacturing laboratories (CMOs), transport providers and logistics operators. In the case of manufacturers of excipients, packaging materials and CAPS products, we conduct a risk analysis to conclude whether they should be subject to it. The results of the audits conducted in 2023 were favourable and the environmental and social aspects were not applicable.

Faes Farma Colombia COLOMBIA

The audits carried out are linked to product quality (direct suppliers). International direct suppliers (international manufacturers) are subject to audits by regulatory bodies such as Invima.

However, local direct suppliers are assessed every two years by means of the audit managed by Faes Farma Colombia, in which quality and environmental issues are analysed whenever applicable. the controls are linked to ISO 9001, GMP (Good Manufacturing Practices) and/or GLP (Good Laboratory Practices) certifications.

In 2023, the two local direct suppliers affected by environmental criteria were audited, as their activity is linked to waste management and logistics. In both cases, the results were favourable.

Animal Health and Nutrition Business Line

Once the business relationship has begun, an annual assessment is carried out of the validity of the sustainability policies and the social, environmental and food safety certifications reported by the suppliers. This internal control verifies the validity of the assessment made in the accreditation process.

FAMI-QS certification, on the other hand, includes quality and food safety aspects of the product and the production process, but does not include environmental, social and ethical aspects. However, since September 2022, it has been mandatory for FAMI-QS-certified companies to have the *Feed fraud and feed defence* module in place. It consists of a study of the risk of fraud linked to the supply chain and the potential damage that the company itself could suffer from irregular practices. This means that the suppliers to be certified from that date onwards, such as Ingaso, Tecnovit, Capselos and Cidosa, are subject to this analysis and have undergone an audit process.

6.3.3 Consumers: Patient and user health

3 GOOD HEALTH AND WELL-BEING

Progress in the commitment to SDG 3:

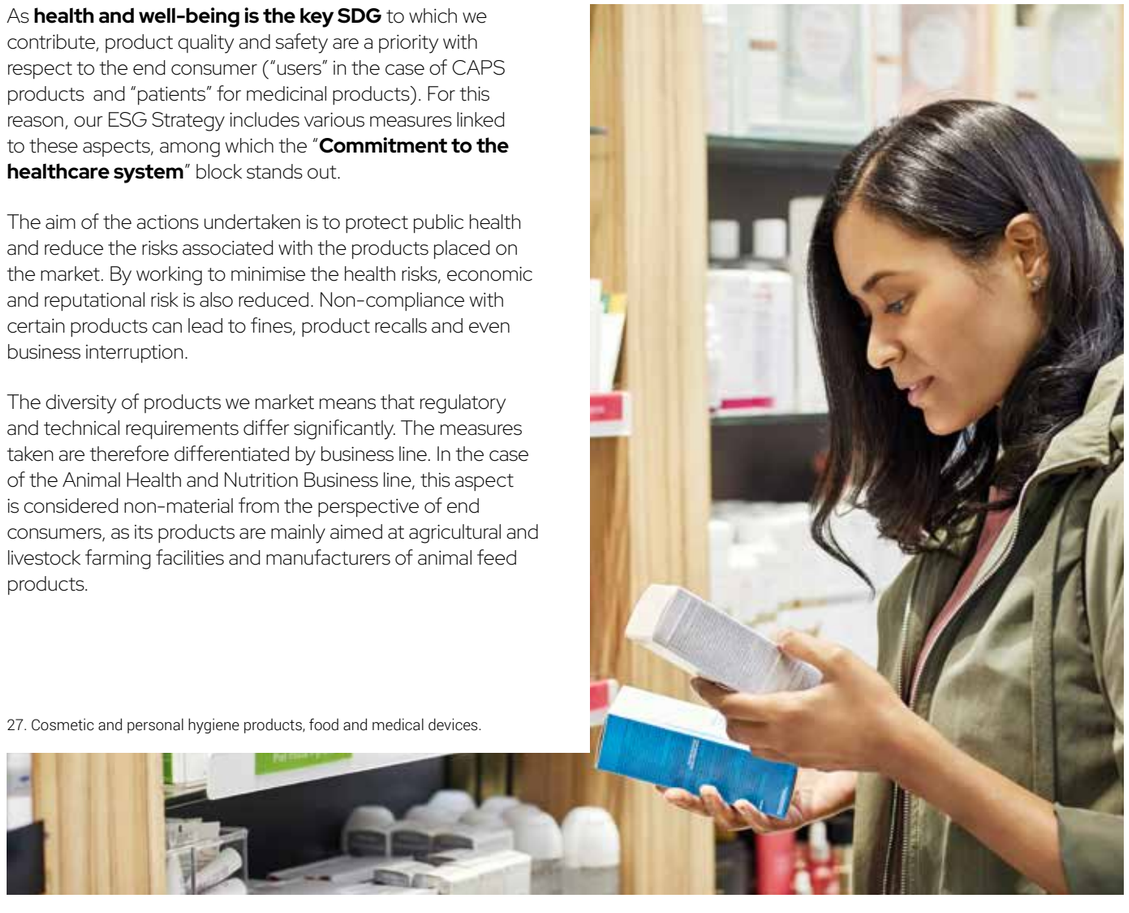
Boosting the training and coordination of the pharmacovigilance teams of the different subsidiaries from the corporate Pharmacovigilance Unit, achieving a significant improvement in the operation and reception of communications.

Specific training in the ISO 13485 quality standard for Faes Farma workforce in Spain involved in the marketing of medical devices.

As **health and well-being is the key SDG** to which we contribute, product quality and safety are a priority with respect to the end consumer ("users" in the case of CAPS products and "patients" for medicinal products). For this reason, our ESG Strategy includes various measures linked to these aspects, among which the "**Commitment to the healthcare system**" block stands out.

The aim of the actions undertaken is to protect public health and reduce the risks associated with the products placed on the market. By working to minimise the health risks, economic and reputational risk is also reduced. Non-compliance with certain products can lead to fines, product recalls and even business interruption.

The diversity of products we market means that regulatory and technical requirements differ significantly. The measures taken are therefore differentiated by business line. In the case of the Animal Health and Nutrition Business line, this aspect is considered non-material from the perspective of end consumers, as its products are mainly aimed at agricultural and livestock farming facilities and manufacturers of animal feed products.



27. Cosmetic and personal hygiene products, food and medical devices.

Pharmaceutical Business Line

We guarantee the quality of the medicinal product throughout the entire chain, monitoring it once the product is on the market, and training the sales network and healthcare personnel who distribute the medicinal products. On the other hand, we have a customer service department to which they may address their questions about the use of medicinal products, as well as report other types of issues.

Product quality

We manufacture and market medicinal products, ensuring that they are suitable for their intended use, that they comply with the requirements of the authorisation, and that they do not pose any risk to patients in terms of safety, quality or efficacy. Achieving this goal requires the commitment and involvement of all employees, as well as suppliers and distributors. However, this function is coordinated internally from our Total Quality department, encompassing the analytical laboratories of Quality Control (General and Microbiology), the Analytical Update unit and the Quality Assurance personnel for the different stages of the product.

Areas and functions of the Total Quality department

Analytical update

Update the analytical methods for old products whose quality controls predate those currently in force.

Geneeral archive

Custody of the documentation corresponding to the Company's different department (studies, analyses, contracts, etc.). It is governed by GLP (Good Laboratory Practice).

GLP Quality Assurance

Ensure compliance with GLP (Good Laboratory Practice) and internal regulations in non-clinical health and environmental safety studies.

Quality Control

Pre-manufacturing analysis of each and every manufacturing material and analysis of the final product for release. Also carry out air, water and surface monitoring.

Pharmacovigilance and Clinical Quality Assurance

Ensure compliance with Good Clinical Practices in the clinical trials we sponsor and to ensure compliance with Good Pharmacovigilance Practices in the unit, as well as maintain the internal quality system.

Quality Assurance for GMP

Focus on ensuring that the various manufacturing processes and quality controls are in line with GMP.

Quality assurance for GMP

This section also carries out audits of raw material manufacturers and third party subcontractors for the manufacture of finished products, on the basis of an annual plan.

Quality management represents the set of measures that ensure that medicinal products are of the required quality and therefore incorporates Good Manufacturing Practice (GMP).

We have various claims **and/or quality management systems** in which claims and complaints, among other notifications, are registered through the different channels available[28]:

	No. of communications linked to Faes Farma-owned products in 2023 - Own manufacture		No. of communications linked to Faes Farma-owned products in 2023 - Manufactured by third parties	
	Closed	In process	Closed	In process
Claims	100	103	31	45
Complaints	367	0	194	3

Our Quality Assurance team at Faes Farma, S.A. manages communications about Faes Farma products sent by customers, managers of subsidiaries and distributors. Those that correspond to own-brand products manufactured by third parties are monitored corporately, but it is the third party that carries out the necessary investigation.

As soon as a notification is received, the **internal management process is** set in motion. The defective unit is collected/replaced free-of-charge, the cause of the defect is investigated and a response is given.

- In the case of Faes Farma (Spain), the reports are automatically received in the Quality Management system (*Trackwise*), always to the knowledge of Quality Management and Technical Management, which are responsible for carrying out the investigations in the departments involved in order to determine the root cause and thus be able to implement corrective and preventive actions to prevent recurrences.
- The process is similar in the different companies in Latin America. In accordance with the protocols relating to the management of complaints and/or claims related to product quality, safety and health, the following steps are followed:
  - Notification of the case to the quality managers, technical area and other managers involved.
  - The process of investigation, sampling and the drawing of conclusions in order to identify the need for a product replacement or other preventive and corrective actions.
  - Depending on the product linked to the communication, the corporate quality department is notified. In the case of products marketed under licences, this analysis is carried out together with the partner.

Quality is also reflected in the information provided to the consumer. Product labelling is therefore particularly important for this type of product. Regulations exist in this respect in the different locations. Accordingly, we have procedures for the management of material changes, which specify how changes to product labelling, which may be required for commercial, regulatory or safety reasons, are to be implemented.

With regard to the **control of packaging materials for medicinal products**, all batches of purchased materials undergo a quality control, in which it is verified prior to use that they are the materials approved according to the standardised procedure. Furthermore, they must always be purchased from approved suppliers of the required quality. As a complement to this system, each organisation takes additional measures or adapts the procedure to the requirements in each geography, such as the conduct of annual self-inspections of all departments in the corporate technical area, including the packaging material and finished product section.

28. In 2023, work was carried out on the systems to obtain a more extensive breakdown of the information available, as well as extending the scope to products manufactured in-house and by third parties. However, we are not able to report this information for 2022 in the same detail. In 2022, 133 complaints related to the quality of the medicinal products were received.

Pharmacovigilance Unit

The objectives of our Pharmacovigilance Unit (UFV) include the **identification, quantification, evaluation and prevention of risks associated with the use of medicinal products and the protection of public health**. Pharmacovigilance is not only applicable to risks arising from the use of medicinal products in special situations, but works to minimise the inherent risks of medicinal products (potential adverse reactions).

It is also responsible for analysing the benefit/risk balance of the medicinal products for which we hold the marketing authorisation. The information required to conduct pharmacovigilance activities is obtained:

- Internally: through other departments. Employees receive annual training on pharmacovigilance in order to know how to act in the event of a notification.
- Externally: through notifications from patients, healthcare professionals, competent authorities, partners and regular reviews of the medical literature.

In compliance with the current legislation on pharmacovigilance, our Pharmacovigilance Unit (UFV) has a **safety database** in which the notifications received are recorded and to which only UFV personnel have access. In addition, it notifies the competent authorities and/or partners, as applicable, of all suspected adverse reactions and special situations. For example, serious adverse reactions, collected during the marketing phase of the medicinal products, are reported to the European Medicines Agency within 15 calendar days of receiving them.

In addition to local legislation, Europe follows the Good Pharmacovigilance Practices (GVP), which provide more detailed guidelines on how the system should be organised. In parallel, there is an internal quality system and Quality Assurance personnel specifically for GVP. The different **subsidiaries** have communication channels available to receive this type of notification in accordance with local requirements. An example of this is Faes Farma Chile, which has its own pharmacovigilance system in accordance with the requirements of the local authorities, but coordinated, in turn, with the corporate system.

From the corporate Pharmacovigilance Unit, we made a special effort in the training and coordination of the pharmacovigilance teams of the different subsidiaries in 2023

In 2023, we received 35 adverse reaction reports directly from professionals or patients/consumers and 10 special situations, with only 4 in the process of being resolved.

What is an adverse reaction?

Harmful, unintended reaction to a medicinal product (serious or non-serious, known or unknown)

What is a special situation?

Cases of exposure to a medicinal product, which does not necessarily lead to an adverse reaction, but should be reported to UFV

All communications were registered, processed, analysed and reported to the competent health authorities in accordance with the requirements established in the applicable legislation

Channels of communication

Our headquarters in Spain and the subsidiaries have different channels for receiving communications from customers, patients and healthcare professionals, related mainly to possible adverse reactions and product quality.

Corporate and brand websites / Social media

Contact - Faes Farma

Pharmacovigilance / -Vigilance - Faes Farma

Pharmacovigilence / Faes Farma Portugal

Contacts - Faes Farma Portugal

Pharmacovigilence / Faes Farma Colombia

Websites and social media of the other geographies where we have a presence

By telephone

Pharmacovigilance

- Corporate (Spain)
- Chile
- Ecuador
- Guatemala
- Mexico

Quality

- Spain: Customer service mailbox
- Peru
- Guatemala
- Chile
- Ecuador

Specific email address

- Spain: A different channel for quality and pharmacovigilance
- Colombia: A different channel for quality and pharmacovigilance
- Chile: Joint quality and pharmacovigilance channel
- Perú: Joint quality and pharmacovigilance channel
- Mexico: Joint quality and pharmacovigilance channel

Direct contact - Departments

In all geographies, communications are received through various departments such as commercial, sales, international, partnerships and others.

Healthcare Business Line

As with medicinal products, we have measures in place to ensure safety and health at the consumer, distribution and post-marketing stages specific to Cosmetics, Food and Medical Devices (CAPS products).

For the most part, we are not manufacturers of these products, so the validation of quality and safety that affects the consumer phase involves an exhaustive control of suppliers through an internal supplier approval system (see section "Responsible supply chain"). However, the actions may vary according to the specific regulation for each type of product.

The **objectives** we continued to work on in 2023 were:

- Implementation of the quality system in Faes Farma in Spain, covering all categories of CAPS products and including the quality policy, manual, indicators and objectives.
- Improved post-marketing service that allows any queries, complaints or possible adverse reactions to be properly collected and dealt with in a timely manner.
- Consultation with customers on possible improvements to the medical devices marketed.

In this line, the **main milestones for 2023** were:

- Specific training in ISO 13485 aimed at Faes Farma personnel in Spain who are involved in the marketing of medical devices.
- Launch of a satisfaction questionnaire for our pharmacy customers in Spain.

Reliability of information

The quality and safety of the product itself is as important as the information provided about it. Therefore, the controls we carry out on the following is of great importance:

- Information and labelling: includes the design phase and subsequent modifications. The aim is to comply with legislation and to incorporate improvements that facilitate the correct use of the product.
- Advertising: both to end consumers and to professionals through the different communication channels available.

Communication channels and management systems

Although the communication channels and management systems are usually common to those linked to medicinal products (see section "Pharmaceutical Business Line"), there are other specific channels for receiving complaints, claims, queries, reports from whistleblowers, as well as the reporting of any adverse reactions derived from the use of these products. The most specific channels are: the call centre at the headquarters (switchboard connected to the 24 hour telephone) and the dedicated email address (vigilanciacaps@faes.es).

Claims and complaints are collected in systems through which they are forwarded to the relevant departments, and to the manufacturer if necessary. In these tools, each case is monitored and closed and the entire process can be consulted. To support this, we have procedures differentiated by product type that set out the internal process for assessing the communications received. If any measures must be taken, they may affect the stocks available on the market and/or the manufacture of the product.

In the case of complaints from an official body, they are handled internally with appropriate handling by both the CAPS records department and the legal area.

When dealing with these communications, a distinction is made between complaints/claims and other communications. During 2023, we received the following complaints/claims related to the quality, safety, effectiveness and legality of CAPS products[29]:

	No. of notifications of CAPS products produced in-house		No. of notifications of CAPS products manufactured by third parties	
	Closed	In process	Closed	In process
Claims	4	3	54	15
Complaints	20	0	359	0

29. In 2023, work was carried out on the systems to obtain a more extensive breakdown of the information available, as well as extending the scope to products manufactured in-house and by third parties. However, we are not able to report this information for 2022 in the same detail. In 2022, 37 claims/complaints were received.

6.3.4 Tax contribution

In 2023, the Faes Farma Group obtained total revenues of 473 million euros, an increase of 2.4% over the previous year. This was reflected in a 2.5% increase in net profit compared to 2022, reaching 91.7 million euros.

As a result of the tax legislation that applies to Faes Farma as an international company, the Group has settled its tax obligations for the amount of 8.7 million euros. At the same time, it has received government subsidies amounting to 751 thousand euros (1,321 thousand euros in 2022):

	EBT		Accrued income taxes		Taxes paid	
	2023	2022	2023	2022	2023	2022
Group	**102,852**	**101,421**	**11,159**	**11,973**	**8,742**	**7,131**
Spain	83,174	86,898	5,802	7,668	5,855	5,242
Portugal	3,319	2,202	699	617	669	505
Italy	-204	-83	44	15	30	16
Guatemala	4,882	3,494	1,029	1,155	1,423	1,097
Colombia	3,681	3,411	1,215	961	419	236
Chile	7,201	4,350	1,759	995	146	34
Mexico	-1,135	-333	-43	25	0	-
Ecuador	2,092	1,144	582	424	200	-
Peru	67	291	46	113	-	-
United Arab Emirates	-152	N/A	-	N/A	-	N/A
Nigeria	-72	47	27	-	-	1

7. Appendix

Appendix 1: Quantitative information. European Sustainable Finance Taxonomy

Appendix 2: About this report

Appendix 3: Requirements of Law 11/2018 regarding non-financial information and diversity and the European Taxonomy Regulation

Appendix 1: Quantitative information.

European Sustainable Finance Taxonomy

Share of turnover from products or services associated with economic activities that conform to the taxonomy-disclosure for 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	Turnover (thousand €)	Proportion of turnover, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Enviromentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainables activities (Taxonomy-aligned) (A.1)		0	0%														N,A*		
Of which: Enabling		0	0%														N,A*		
Of which: transitional		0	0%														N,A*		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
1.1. Manufecture of Active Pharmaceutical ingredients (APIs) or active substances	PPC 1,1*	30,961	6,5%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N,A*		
1.2. Manufacturer of medicinal products	PPC 1,2*	193,506	40,9%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N,A*		
Turnover from taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		224,467	47%	0%	0%	0%	47%	0%	0%								N,A*		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**224,467**	**47%**	0%	0%	0%	**47%**	0%	0%								N,A*		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities (A.1+A.2)		**248,696**	**53%**																
TOTAL		**473,094**	**100%**																

*In accordance with the provisions of the Taxonomy legislation, there is no obligation to report the degree of alignment for these targets in the SNFI 2023. On the other hand, the degree of eligibility of these targets is required to be reported for the first time in the SNFI 2023, so data for 2022 is not included.

Note 1: Climate Change Mitigation: CCM - Climate Change Adaptation: CCA - Water and marine resources: WTR - Circular Economy: CE - Pollution prevention and control: PPC - Biodiversity and ecosystems: BIO.

Note 2: N/EL: non eligible - EL: eligible.

Proportion of **OpEx** from products or services associated with economic activities that conform to the taxonomy-disclosure for 2023 - Taxonomic OpEx considered "non-material"

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	OpEx (thousand €)	Proportion of OpEx, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Enviromentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainables activities (Taxonomy-aligned) (A.1)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-	-	-	N/A		
Of which: Enabling		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-	-	-	N/A		
Of which: transitional		N/A	N/A	N/A						-	-	-	-	-	-	-	N/A		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
-	-																		
OpEx from taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A								N/A		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A								N/A		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities (A.1+A.2)		N/A	N/A																
TOTAL		3.64%	100%																

Proportion of **CapEx** from products or services associated with economic activities that conform to the taxonomy-disclosure for 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	CapEx (thousand €)	Proportion of CapEx, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Enviromentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainables activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which: Enabling		0	0%														0%		
Of which: transitional		0	0%														0%		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
5.4 Renewal of wastewater collection and treatment	CCM 5.1	2	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,01%		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 5.1	3,037	3.18%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1,24%		
7.3 Installation, maintenance and repair of energy-efficient equipment	CCM 5.1	122	0.13%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,2%		
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 5.1	1,004	1.05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1,2%		
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 5.1	249	0.26%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,5%		
2.1 Water supply	WTR 2.1	158	0.17%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								N.A*		
2.2 Urban wastewater treatment	WTR 2.2	406	0.43%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								N.A*		
1.1 Manufacture of active pharmaceutical ingredients (APIs) or active substances	PPC 1.1	195	0.20%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N.A*		
1.2 Manufacture of medicines	PPC 1.2	35,543	37.24%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N.A*		
CapEx from taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**40,716**	**42.66%**	**4.6%**	**4.6%**	**0.6%**	**37.4%**	**0%**	**0%**								**3,5%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**40,716**	**42.66%**	0%	0%	0%	0%	0%	0%								**3,5%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities (B)		**54,729**	**57%**																
TOTAL		**95,444**	**100%**																

*In accordance with the provisions of the Taxonomy legislation, there is no obligation to report the degree of alignment for these targets in the SNFI 2023. On the other hand, the degree of eligibility of these targets is required to be reported for the first time in the SNFI 2023, so data for 2022 is not included.

Note 1: Climate Change Mitigation: CCM - Climate Change Adaptation: CCA - Water and marine resources: WTR - Circular Economy: CE - Pollution prevention and control: PPC - Biodiversity and ecosystems: BIO.

Note 2: N/EL: non eligible - EL: eligible. N: activity eligible according to the taxonomy, but does not conform to the taxonomy in relation to the relevant environmental objetive.

Proportion of CapEx that complies with the Taxonomy by objective, as well as the eligible proportion for 2023

CapEx/Total CapEx Ratio		
	that conforms to the Taxonomy by objective	eligible accoring to taxonomy by objetive
CCM	0%	4.6%
CCA	0%	4.6%
WTR*	0%	0.6%
CE*	0%	0.0%
PPC*	0%	37.4%
BIO*	0%	0.0%

Nuclear energy and fossil gas activities as required by the Sustainable Finance Taxonomy

Nuclear energy activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using the best available technologies.	NO
3.	The undertaking, funds or has exposures to the safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial purposes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities producing heat/cool using fossil gaseous fuels.	NO

Appendix 2: About this report

This Statement of Non-Financial Information of the Faes Farma Group, which includes the parent company Faes Farma, the subsidiaries Faes Farma Portugal, Tecnovit, Capselos, Ingaso Farm, Cidosa, Colpharma, Novosci and the Latin American and Nigerian subsidiaries,- has been prepared in line with the requirements set out in Spanish Law 11/2018 of 28 December 2018 on non-financial information and diversity, amending the Commercial Code, the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Act 22/2015, of 20 July, on Auditing of Accounts, in matters of non-financial information and diversity (from Royal Decree-Law 18/2017, of 24 November).

The process of conceptualising and preparing this document, which covers the period from 1 January 2023 to 31 December 2023, has followed the recommendations and principles of the Global Reporting Initiative (GRI).

The indicators covering the necessary information has been determined on the basis of various sectoral guides consulted during the materiality analysis defined in section 4.2.

The European Taxonomy regulation has also been taken into account: Regulation (EU) 2020/852, Commission Delegated Regulation (EU) 2021/2139 of 4 June, Commission Delegated Regulation (EU) 2021/2178 of 6 July, Commission Delegated Regulation (EU) 2022/1214, Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 and Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 (see section 6.1.3).

Appendix 3: Requirements of Law 11/2018 regarding non-financial information and diversity and the European Taxonomy Regulation

SCOPE	Content	Related GRI Standards	Reporting section
Business model	Brief description of the group's business model, including:	2-1 Name of the organisation 2-6 Activities, brands, products and services 2-9 Governance structure and composition 201-1 Direct economic value generated and distributed	1. Presence and milestones 2023 2. Value creation model 3. Our Strategic Plan 5.1 Corporate Governance Appendix 2. About this report
Policy and results	A description of the group's policies with respect to such issues, including 1) the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts 2) the verification and control procedures, including what measures have been taken. The results of these policies, including relevant non-financial key performance indicators that allow: 1) monitoring and evaluation of progress and 2) favour comparability between companies and sectors, in accordance with the national, European or international reference frameworks used for each subject.	3-3 Management of material issues 2-23 Values and policies	1.2 2023 Milestones 5.2 Risk management 5.3 Ethics and integrity 6.1.1. Environmental management 6.2.1 Human capital management Results linked to the SDGs at the beginning of chapters 5, 6.1, 6.2, 6.3.1, 6.3.2 and 6.3.3
Short, medium and long-term risks	The main risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse effect on those areas, and * how the group manages those risks, * explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks for each matter. * Information on the impacts identified should be included, giving a breakdown of the impacts, in particular the main risks in the short, medium and long term.	3-3 Management of material issues	4.2. Materiality 5.2 Risk management 5.3 Ethics and integrity 6.1.1. Environmental management 6.2.1 Human capital management 6.3 Our commitment to the environment
KPIs	Non-financial key performance indicators that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability. * To facilitate the comparison of information, both over time and between entities, non-financial key indicator standards that can be generally applied and that comply with the European Commission's guidelines in this area and the standards of the Global Reporting Initiative shall be used, and the national, European or international framework used for each subject shall be mentioned in the report. * The non-financial key performance indicators should be applied to each of the items in the non-financial information statement. * These indicators should be useful, taking into account the specific circumstances and consistent with the parameters used in its internal risk assessment and management procedures. * In any case, the information submitted must be accurate, comparable and verifiable.	Each thematic block has an associated GRI that links to KPIs	Throughout the report
Environmental issues	**Global Environment** 1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety, environmental assessment or certification procedures; 2.) Resources dedicated to environmental risk prevention; 3.) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks.	3-3 Management of material issues 2-23 Commitments and policy	6.1.1. Environmental management

SCOPE	Content	Related GRI Standards	Reporting section
Environmental issues	**Pollution**		
	1.) Measures to prevent, reduce or offset carbon emissions that seriously affect the environment; 2.) Taking into account any form of activity-specific air pollution, including noise and light pollution	3-3 Management of material issues - Emissions 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions.	6.1.2.2 Air, light and noise pollution
	Circular economy and waste prevention and management		
	Waste: Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	3-3 Management of material issues - Waste 306-3 Waste generated 306-4 Waste not destined for disposal	6.1.4 Circular economy, waste prevention and management
	Actions to combat food waste	NoN-material	-
	Sustainable use of resources		
	Water consumption and water supply in accordance with local constraints	303-5 Water consumption	6.1.5.1 Water and energy consumption
	Consumption of raw materials and measures taken to improve the efficiency of raw material use	301-1 Materials used by weight or volume	6.1.5.3 Consumption of raw materials and efficient use of the same
	Direct and indirect energy consumption	302-1 Energy consumption within the organisation	6.1.5.1 Water and energy consumption
	Measures taken to improve energy efficiency	3-3 Management of material issues - Energy 302-4 Reduction of energy consumption	6.1.5.2 Specific measures for sustainable use of energy and water
	Use of renewable energies	302-1 Energy consumption within the organisation	6.1.5.1 Water and energy consumption
Environmental issues	**Climate Change**		
	Significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	3-3 Management of material issues - Emissions 305-1 Direct GHG emissions (Scope 1) 305-2 Indirect GHG emissions from energy generation (Scope 2).	5.2.3 Risk management and evaluation 6.1.2 Climate change and pollution
	Measures taken to adapt to the consequences of climate change	3-3 Management of material issues - Emissions	6.1.2 Climate change and pollution
	Voluntary reduction targets set for the medium and long term to reduce greenhouse gas emissions and the means implemented to this end	3-3 Management of material issues - Emissions 305-5 Reduction of GHG emissions	6.1.2 Climate change and pollution
	Biodiversity protection		
	Measures taken to preserve or restore biodiversity	3-3 Management of material issues - Biodiversity	6.1.6 Biodiversity protection
	Impacts caused by activities or operations in protected areas	3-3 Management of material issues - Biodiversity 304-1 Operating sites located within or adjacent to protected areas or areas of high biodiversity value outside of protected areas	6.1.6 Biodiversity protection
Social and Human Resources issues	**Employment**		
	Total number and distribution of employees by gender, age, country and occupational classification	3-3 Management of material issues - Employment 2-7 Employees 405-1 Diversity in governing bodies and employees	6.2.2 Human Resources
	Total number and distribution of types of employment contracts	2-7 Employees	6.2.2 Human Resources

SCOPE	Content	Related GRI Standards	Reporting section
Social and Human Resources issues	Average annual number of permanent contracts, temporary contracts and part-time contracts by sex, age and occupational classification	2-7 Employees	6.2.2 Human Resources
	Number of redundancies by gender, age and occupational classification	401-1 Recruitment of new employees and workforce turnover	6.2.2 Equipo humano
	Average earnings and their evolution broken down by gender, age and occupational classification or being of equal value	405-2 Ratio of basic salary and remuneration of women and men	6.2.2.2 Compensation and benefits
	Pay gap, the remuneration of equal jobs or average wage	405-2 Ratio of basic salary and remuneration of women and men	6.2.2.2 Compensation and benefits
	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender	405-2 Ratio of basic salary and remuneration of women and men	6.2.2.2 Compensation and benefits
	Implementation of right-to-disconnect policies	3-3 Management of material issues - Work Disconnection	6.2.6.1 Time management
	Employees with disabilities	3-3 Management of material issues - Diversity 405-1 Diversity in governing bodies and employees	6.2.6.3 Universal accessibility for people with disabilities
	Work organisation		
	Organisation of working time	3-3 Management of material issues - Organisation of working hours	6.2.6.1 Time management
	Number of hours due to absenteeism	3-3 Management of material issues - Hours of absenteeism	6.2.3. Health and Safety
	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents	3-3 Management of Material Issues - Work-life balance measures	6.2.6.2 Work-life balance measures
	Health and safety		
	Health and safety conditions at work	3-3 Management of material issues - Health and safety	6.2.3. Health and Safety
	Accidents at work, in particular their frequency and severity, occupational diseases, broken down by gender	403-9 Work-related injuries 403-10 Occupational diseases and illnesses	6.2.3.5 Accident rate and absenteeism indicators
	Social relations		
	Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	3-3 Management of material issues - Health and safety	6.2.4. Social relations 6.2.5. Mechanisms and procedures for promoting worker involvement
	Percentage of employees covered by collective bargaining agreements by country;	2-30 Collective bargaining agreements	6.2.4 Social relations
	The status of the collective agreements, particularly in the field of health and safety at work;	403-1 Occupational health and safety management system	6.2.3. Health and Safety
	Mechanisms and procedures that the company has in place to promote the involvement of workers in the company's management, in terms of information, consultation and participation	3-3 Management of material issues - Health and safety	6.2.4 Social relations 6.2.5. Mechanisms and procedures for promoting worker involvement
	Training		
	Policies implemented in the training field	3-3 Management of material issues - Training	6.2.7 Development and training
	The total number of hours of training by professional category	3-3 Management of material issues - Training 404-1 Average number of training hours per year per employee	6.2.7 Development and training
	Accessibility		
	Universal accessibility for people with disabilities	3-3 Management of Material Issues - Universal Accessibility	6.2.6.3 Universal accessibility for people with disabilities

SCOPE	Content	Related GRI Standards	Reporting section
Social and Human Resources issues	**Equality**		
	Measures taken to promote equal treatment and opportunities for women and men	3-3 Management of material issues - Equality	6.2.6. Equality, diversity and accessibility
	Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of people with disabilities		6.2.6. Equality, diversity and accessibility
	The policy against all types of discrimination and, where appropriate, diversity management		6.2.6. Equality, diversity and accessibility
Respect for Human Rights	Implementation of human rights due diligence procedures Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	3-3 Management of material issues - Human rights. 2-23 Values and Policies 2-26 Mechanisms for seeking advice and raising concerns	5.3.1 Policies 6.3.2 Responsible supply chain
	Complaints concerning cases of human rights violations	406-1 Cases of discrimination and corrective actions taken	5.3.1 Policies
	Promotion and enforcement of the provisions of the core conventions of the International Labour Organisation relating to respect for freedom of association and the right to collective bargaining	3-3 Management of material issues - Human Rights 407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	5.3.1 Policies
	The elimination of discrimination in employment and occupation	3-3 Management of material issues - Human Rights	5.3.1 Policies
	The elimination of forced or compulsory labour	409-1 Operations and suppliers with significant risk of cases of forced or compulsory labour	5.3.1 Policies
	The effective abolition of child labour	408-1 Operations and suppliers with significant risk of cases of child labour	5.3.1 Policies

SCOPE	Content	Related GRI Standards	Reporting section
The fight against corruption and bribery	Measures taken to prevent corruption and bribery	3-3 Management Approach - Anti-Corruption	5.3.1 Policies
	Measures taken to combat money laundering	2-23 Values and policies 205-2 Communication and training on anti-corruption policies and procedures	5.3.1 Policies
	Contributions to foundations and non-profit organisations	413-1 Operations with local community participation, impact assessments and development programmes	6.3.1.1 Impact on local employment, local development of neighbouring towns and the territory
Society	**Company commitments to sustainable development**		
	The impact of the company's activity on employment and local development	3-3 Management of material issues - Sustainable Development	6.3.1.1 Impact on local employment, local development of neighbouring towns and the territory
	The impact of the company's activity on local populations and the territory	413-1 Operations with local community participation, impact assessments and development programmes	6.3.1 Contribution to society
	Relations with local community players and how we engage in dialogue with them	2-29 Approaches to stakeholder engagement	6.3.1 Contribution to society
	Partnership or sponsorship actions	2-28 Membership of associations	6.3.1.2 Partnership or sponsorship actions
	Subcontracting and suppliers		
	The inclusion of social, gender equality and environmental issues in procurement policy	2-6 Activities, value chain and other business relations 3-3 Management of material issues - Suppliers	6.3.2. Responsible supply chain

SCOPE	Content	Related GRI Standards	Reporting section
Society	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	308-1 New suppliers that have passed through evaluation and screening filters according to environmental criteria	6.3.2. Responsible supply chain
	Monitoring and audit systems and audit results	414-1 New suppliers that have passed through screening filters according to social criteria	6.3.2. Responsible supply chain
	Consumers		
	Consumer health and safety measures	3-3 Management of material issues - Consumer Health and Safety 416-1 Assessment of health and safety impacts of product or service categories 417-2 Cases of non-compliance related to the information about and labelling of products and services Non-material for the Animal Health and Nutrition Business Line	6.3.3 Consumers: Patient and user health
	Complaint systems, complaints received and their resolution	2-25 Processes to remediate negative impacts Non-material for the Animal Health and Nutrition Business Line	6.3.3 Consumers: Patient and user health
	Tax information		
	Profits earned broken down by country	207-4 Country-by-country reporting	6.3.4. Tax contribution
	Taxes on profits paid	207-4 Country-by-country reporting	6.3.4. Tax contribution
	Public subsidies received	201-4 Financial aid received from the government	6.3.4. Tax contribution

SCOPE	Content	Related GRI Standards	Reporting section
Sustainable finance	**Environmental taxonomy**		
	Proportion of aligned and non-aligned activities according to the taxonomy for climate change mitigation and adaptation objectives: turnover, CapEx and OpEx. Proportion of eligible and non-eligible activities according to the taxonomy for the objectives of sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems: turnover, investments in fixed assets (CapEx) and operating expenses (OpEx).	Regulation (EU) 2020/852. Commission Delegated Regulation (EU) 2021/2139 of 4 June. Commission Delegated Regulation (EU) 2021/2178 of 6 July. Commission Delegated Regulation (EU) 2022/1214. Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023. Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023.	6.1.3 European Sustainable Finance Taxonomy Appendix 1. Quantitative information. European Sustainable Finance Taxonomy


FAES FARMA

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Faes Farma, S.A.:

Pursuant to article 49 of the Code of Commerce, we have verified , with the scope of a limited assurance engagement, the accompanying Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2023 of Faes Farma, S.A. (Parent company) and subsidiaries (hereinafter "Faes" or the Group) which forms part of the Faes's consolidated management report.

The content of the SNFI includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in "*Appendix 3: Requirements of Law 11/2018 regarding non-financial information and diversity and the European Taxonomy Regulation"* included in the accompanying SNFI.

Responsibility of the directors of the Parent company

The preparation of the SNFI included in Faes's consolidated management report and the content thereof, are the responsibility of the directors of Faes Farma, S.A. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the *Sustainability Reporting Standards* of the *Global Reporting Initiative* ("GRI Standards") selected as per the details provided for each matter in the " *Appendix 3: Requirements of Law 11/2018 regarding non-financial information and diversity and the European Taxonomy Regulation*" included in the accompanying SNFI. of the aforementioned Statement.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free of material misstatement due to fraud or error.

The directors of Faes Farma, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

R. M. Madrid, hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of Faes that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the Faes Farma, S.A. personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2023, based on the materiality analysis carried out by Faes and described in section el apartado "4.2. Materialidad", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2023.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2023.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2023 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of Faes Farma, S.A. and its subsidiaries, for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of GRI selected as per the details provided for each matter in the " *Appendix 3: Requirements of Law 11/2018 regarding non-financial information and diversity and the European Taxonomy Regulation* " of the aforementioned Statement.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts promulgated in accordance with the provisions of the aforementioned Regulation, establish the obligation to disclose information on the manner and extent to which the company's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems (the rest of the environmental objectives), and with respect to certain new activities included in the objectives of mitigation and adaptation to climate change, for the first time for the 2023 financial year, in addition to the information referring to eligible and aligned activities already required in the 2022 financial year in relation to the objectives of climate change mitigation and climate change adaptation. Consequently, comparative information on eligibility in relation to the rest of the environmental objectives indicated above or on new activities included in the objectives of climate change mitigation and climate change adaptation, has not been included in the accompanying SNFI. Furthermore, to the extent that the information relating to the 2022 financial year was not required with the same level of detail as in the 2023 financial year, the information disclosed in the accompanying SNFI is not strictly comparable either. In addition, it should be noted that Faes Farma, S.A.'s directors have incorporated information on the criteria that, in their opinion, allow for improved compliance with the aforementioned obligations and which have been defined in section "*6.1.3 European Sustainable Finance Taxonomy*" of the accompanying SNFI. Our conclusion has not been modified in relation to this matter.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Ramón Abella Rubio

26 February 2024