



# ENVIRONMENTAL SUSTAINABILITY REPORT 2023

*FARMHISPANIA GROUP*

## 1. ENVIRONMENTAL SUSTAINABILITY

### 1.1 Environmental management

At FARMHISPANIA GROUP, we demonstrate our commitment to the health of people and the environment, the preservation and care of the surrounding area through our **Prevention and Environmental Policy**. In our facilities, we conduct our activities responsibly, taking into account risks, minimising environmental impacts, and ensuring regulatory compliance, contributing to sustainable development across its three pillars: economic, social, and environmental.

We are committed to reducing CO<sub>2</sub> emissions and enhancing the environmental aspects of our products by promoting the principles of a circular economy.

Environmental management at FARMHISPANIA GROUP is implemented through the establishment of an Environmental Management System (EMS), which is periodically audited by various organisations:

- Audits of our clients, within the framework of the management system implemented in EHS (**Environmental, Health & Safety**).
- Audits of our clients, within the framework of the pharmaceutical initiative in the PSCI (**Pharmaceutical Supply Chain Initiative**).
- **EcoVadis audits**, conducted at the Montmeló site, as well as the recent inclusion of the Zaragoza site in 2023.

Our EMS contains procedures that set out the systematic approach for identifying and assessing **compliance with legal requirements and other requirements related to environmental aspects**. Additionally, the organisation is committed to adopting the **precautionary principle** in relation to identified environmental risks whenever possible, which refers to implementing protective measures in situations of uncertainty, thereby supporting actions to anticipate and prevent environmental harm.

In 2023, FARMHISPANIA GROUP has undertaken environmental improvements valued at €2,602,340.93 in environmental protection.

### 1.2 Optimisation of Consumption

The optimisation of resources, their efficient use, and responsible management is one of our environmental commitments at FARMHISPANIA GROUP. Energy and water consumption are managed with consideration of the variety of products manufactured.

Resource consumption is a key aspect of our management, applying measures for greater control and reduction, and investing in the best available technologies, promoting renewable energy, and raising awareness among all involved.

Main consumption in production plants:

	2021	2022	2023
<b>Raw materials</b>	10,602 t	11,240 t	<b>12,030 t</b>
<b>Electricity (grid):</b>	7,244,160 kWh	7,894,967 kWh	<b>11,911,723 kWh</b>
<b>Natural gas:</b>	9,662,734 m <sup>3</sup> N	9,531,300 m <sup>3</sup> N	<b>8,287,770 m<sup>3</sup>N</b>
<b>Gas oil:</b>	39,222 L	161,823 L	<b>41,891 L</b>
<b>Water:</b>	144,316 m <sup>3</sup>	137,708 m <sup>3</sup>	<b>150,763 m<sup>3</sup></b>

At FARMHISPANIA GROUP, we have **two high-efficiency cogeneration plants** that generated 16,112.08 MWh in 2023 for self-consumption in our manufacturing processes, using natural gas.

During 2023, due to actions being undertaken by the group towards decarbonisation by 2050, the cogeneration at the Zaragoza site has been definitively halted, and technical stoppages have occurred at both cogeneration plants (Montmeló and Zaragoza). These actions have resulted in decreased consumption of natural gas, as well as reduced electricity generated/self-consumed, compared to the previous year. Consequently, grid electricity consumption has increased, but its source is 100% renewable.

Regarding raw materials, in 2023 we have reduced the consumption of industrial solvents, **reusing** them in our production processes, thus avoiding the purchase of solvents as well as the generation and management of the associated waste, which amounted to 8,237 tonnes. The transportation and emissions associated with the entire life cycle of the solvent have notably decreased, as evidenced in the year 2022.

The total water drawn in 2023 was 93% from wells and 7% from the municipal water, similar to the previous year.

At the Montmeló site, following the exceptional drought situation in 2023, an awareness and information campaign was launched to reduce consumption through good water usage practices, both in the plant and in domestic use.

In this regard, various water-saving features have been installed, such as electronic taps with sensors, toilets with dual flush systems, and cooling systems in the new laboratory cabinets at the Montmeló site.

Managing consumption is a significant concern for FARMHISPANIA GROUP, for which we allocate resources and undertake improvements and investments aimed at this end.

### 1.3 Climate Change

Our commitment to reducing greenhouse gas (GHG) emissions to combat climate change is implicit in the way we operate our activities.

During 2023, an exhaustive analysis of the sources of greenhouse gas emissions was conducted in accordance with the requirements of the **international GHG Protocol methodology**, aimed at establishing a plan for emission reduction that enables us to pave the way for decarbonisation.

Our main lines of action, which frame our efforts to achieve greenhouse gas emission reductions, include:

- Investments aimed at improving energy efficiency.
- A gradual plan for incorporating renewable energies.
- Optimisation of processes to reduce consumption.
- Promotion of responsible behaviours related to energy use.

Below, we highlight some of the actions carried out in recent years, as well as those currently underway, to adapt to climate change and achieve GHG emission reduction targets:

- In 2023, 100% of the electricity used at the Zaragoza site and the new Montmeló warehouse comes from renewable sources. Furthermore, a commitment to purchase 100% renewable energy for 2024 has been formalised for the Montmeló site.
- Reduction of consumption and improvement of energy efficiency in auxiliary systems. At the Montmeló site, steam consumption per unit of product produced has decreased by almost 20% over the last eight years from 2012 to 2020. For the generation of chilled water, equipment has been acquired that features innovative, energy-efficient, and eco-friendly technology, such as Quantum refrigeration units. The Montmeló site now has one new Quantum unit, currently utilising three Quantum units, and two more at the Zaragoza site, thus reducing our consumption, the associated carbon footprint, and the emission of ozone-depleting substances.
- For hot water generation: At the Montmeló site, between 2022 and 2024, improvement of the condensate subsystem is planned through the installation of a condensate pump and a new flash tank for collecting and storing condensates. The initial forecast is to put this upgrade into service by the end of 2024.
- Monitoring and control of our processes and auxiliary systems.  
*In this way, we have optimised their performance and improved energy efficiency. Understanding the key parameters of the processes and their variation during operation has allowed us to gain detailed insight into the characteristics of the processes and systems and to modify them for optimising purposes.*
- High-energy-efficiency plant (cogeneration).  
*At Montmeló and Zaragoza, cogeneration has been in operation since 2012 and 2014 respectively, generating the necessary electricity and heat for our self-consumption, as well as utilising the residual heat produced from the combustion of the engines through an absorber battery that provides chilled water service for our production processes. In 2023, the Cogeneration plant in Zaragoza reached the end of its useful life, therefore currently, all electricity consumed is 100% renewable.*
- At the Montmeló site, in 2023, an arothermal system was installed in the new changing rooms (with plans to replace the conventional equipment in the Zaragoza site's changing room with arothermal systems in 2024) and the standard external lighting of the Montmeló site and the offices of the Zaragoza site was replaced with LED lighting.
- Follow-up and implementation of improvement and efficiency actions identified in energy audits.

- Gradual replacement of combustion-powered forklifts with electric ones. *For new equipment acquisitions or rentals, electric options are now preferred.*
- Gradual replacement of lighting with LED technology. *For new lighting acquisitions, LED options are now standard.*

**Our targets for the reduction of greenhouse gas emissions for the period 2022-2024 are:**

- To maintain the calculation of the carbon footprint and monitor its evolution through this report.
- Installation of photovoltaic panels at the Montmeló factory for electricity generation, aiming to produce an estimated 121,056 kWh of green energy per year and an estimated reduction in greenhouse gas emissions of 56.89 t<sub>eq</sub>CO<sub>2</sub> per year (according to the initial project). This project is under consideration for inclusion in the 2025 investment plan (rescheduled).

Once approved and successfully implemented at Montmeló, consideration will be given to its installation at the Zaragoza factory.

- Gradual replacement of internal transport systems powered by combustion engines at both plants with electric alternatives. For both plants, considering the final replacement of all internal transport means, the potential energy savings could reach 300,000 kWh of gas oil per year, with an estimated reduction in GHG emissions (assuming the batteries would be charged with energy from the photovoltaic plant) that could reach an average of 74 t<sub>eq</sub> CO<sub>2</sub> annually. The forecast is to put these systems into service by the end of 2024.
- To maintain the current management system for the reuse and recycling of solvents at the Zaragoza and Montmeló sites (raw material), due to the significant reduction in the associated carbon footprint (as evidenced in 2022) from savings in purchase and transport, and avoiding their management as waste.
- Acquisition of one new Quantum refrigeration unit at the Montmeló site, replacing conventional refrigeration equipment for chilled water generation, adopting a more energy-efficient and eco-friendly innovative technology.
- To initiate an internal study in 2024 to evaluate further options for reducing the carbon footprint from scopes 1, 2, and 3 (based on the 2022 baseline year), using the *Science Based Targets initiative (SBTi)* as a guide.
- Initiate internal study in 2024 to evaluate the content of the climate change questionnaires associated with the voluntary CDP (*Carbon Disclosure Project*) initiative.
- To continue acquiring electricity from 100% renewable sources.

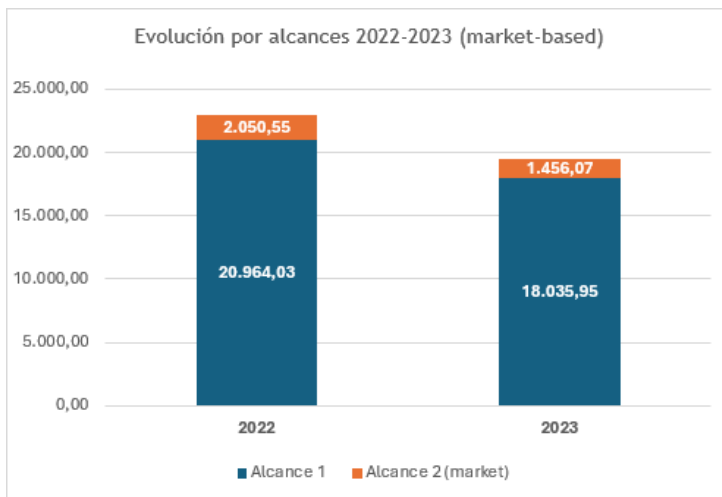
Other improvements associated with manufacturing processes, which are always in a continuous improvement state for process optimisation:

- Thermal baths in reactors using insulated thermal oil baths.
- Inline heat exchangers fed with process water for heating steam, reducing consumption and loading time.
- Modifications to cooling and heating systems.

Below, we detail the overall results for the carbon footprint, calculated according to the Greenhouse Gas Protocol (GHG Protocol), for the year 2023 along with the results for 2022:

Carbon footprint	Associated with:	2022 (t <sub>eq</sub> CO <sub>2</sub> )	2023 (t <sub>eq</sub> CO <sub>2</sub> )
<b>Scope 1.</b> Direct emissions	Consumption of natural gas and gas oil, mainly.	21,351.94	18,035.95
<b>Scope 2.</b> Indirect emissions	Electricity consumption	2,050.55	1,456.07

As a result of the aforementioned actions, during the year 2023, a reduction of 15.31% in GHG emissions was achieved compared to the 2022 emissions.



The year 2022 has been established as the baseline year for upcoming targets and reduction programmes, which will also include scope 3.

#### 1.4 Industrial emissions

At FARMHISPANIA GROUP, we comply with the applicable legal requirements regarding emissions. Our goal is to reduce atmospheric emissions of any type of pollutant, including light and noise pollution, not only relying on environmental emission limits, but as a continuous improvement objective concerning the organisation's environmental impact.

In our production facilities, annual solvent balances are conducted in compliance with legislation on volatile organic compound emissions and reported at the European level in the PRTR (**European Pollutants Release and Transfer Register**).

Our production plants are equipped with emissions treatment systems for production processes, such as condensers with refrigeration mixtures for the condensation of volatiles and scrubbers for gas, as well as filters for solids.

Acoustic measurements are periodically conducted through sound measurements in the external environment and checks for light pollution. The results in both cases are within the margins established by local regulations.

### **1.5 Circular economy**

The circular economy is part of FARMHISPANIA GROUP's environmental management. We take advantage of available resources by enhancing reduction, reuse, and recycling.

We promote, whenever possible, the reuse of materials, considering as waste only those that cannot have another use. To achieve this goal, we have a Solvent Recovery Unit (SRU) at each production facility, dedicated solely to this environmental goal.

As a result of our commitment to circularity, in 2023, we reduced the purchase of solvents by 8,973 tonnes, whether through direct reuse or recycling, after their prior treatment in the Solvent Recovery Unit (SRU). This action is highly significant as solvent reuse in our sector is very complicated due to regulatory issues concerning quality.

### **Waste management**

At FARMHISPANIA GROUP, we use resources responsibly, generating the minimum amount of waste possible. This is fundamental to the company's environmental management.

Minimising waste generation at source is a priority, and we focus on optimising the management of solvents generated in chemical activities, improving segregation, reuse (whenever technically feasible), and recycling at source. As a result of our commitment, in 2023, 8,973 tonnes of solvents were directly reused or recycled, following their prior treatment in the Solvent Recovery Unit (SRU), thus avoiding the generation of hazardous waste.

Regarding non-hazardous waste, we promote the selective collection of all recoverable materials generated during our activities, such as paper, cardboard, and plastic primarily.

An annual declaration of waste is made in compliance with applicable legislation, which is reported to the competent authority.

The waste generated is managed considering its typology, and the quantities may vary depending on the product portfolio manufactured.

Below is a summary of the data for 2023 and its evolution in relation to 2021 regarding waste classification:

Classification	2021 Amount (t)	2022 Amount (t)	2023 Amount (t)
Hazardous waste	4,564	5,073	<b>5,534</b>
Non-hazardous waste	421	377	<b>451</b>

Regarding the type of treatment:

Treatment	2021	2022	2023
Recovery	31%	35%	<b>40%</b>
Disposal	69%	65%	<b>60%</b>

We highlight that in 2023, FARMHISPANIA GROUP allocated 40% of its waste to recovery, achieving a percentage higher than the previous year (5%) and (almost 10%) compared to 2021, consequently reducing waste sent for disposal, through authorised managers.

All detailed information regarding each type of waste and its destination is outlined in the annual waste declaration that the organisation prepares for the relevant authorities each year.

At FARMHISPANIA GROUP, we promote various improvement initiatives concerning **waste treatment and management** through direct contact and collaboration with the different authorised managers with which the organisation works.

Due to FARMHISPANIA GROUP's line of activity, **food waste** is not significant.

### Effluent management

Our production plants are equipped with Industrial Wastewater Treatment Plants (IWWTP) that have control systems that guarantee management as well as the quality of the water discharged, based on established legislation. An internal laboratory and specific procedures are available for their management and self-control.

The amount of water discharged in 2023 through the sewage network was 78,463 m<sup>3</sup> compared to 79,766 m<sup>3</sup> of water discharged the previous year, representing a reduction of almost 1.63%.

At the Montmeló site, a new automatic sodium carbonate dosing unit has been launched in two bioreactors at the treatment plant during the year 2023.

### 1.6 Biodiversity protection

FARMHISPANIA GROUP does not have production facilities in protected biodiversity areas.