

The background of the cover is a photograph of an industrial facility, likely a power plant or refinery, with complex piping and structures. In the foreground, two workers in blue high-visibility uniforms and hard hats are walking away from the camera. A large, semi-transparent circular graphic is overlaid on the right side, containing a lush green forest scene. Above the title, there are three overlapping circles in teal, blue, and green.

SUSTAINABILITY REPORT 2023

JUNE 2024



01	CHAPTER ONE AFYREN'S CSR STRATEGY AND GOVERNANCE
02	CHAPTER TWO ACTING FOR A LOW-CARBON INDUSTRY
03	CHAPTER THREE PREVENTING AND AVOIDING ALL FORMS OF POLLUTION
04	CHAPTER FOUR OPTIMISING WATER CONSUMPTION AT OUR SITES
05	CHAPTER FIVE PROTECTING LIVING ORGANISMS AND PRESERVING ECOSYSTEMS
06	CHAPTER SIX MAKING OUR PROCESSES MORE CIRCULAR AND REDUCING PRESSURE ON RESOURCES
07	CHAPTER SEVEN PROVIDING A SAFE AND FULFILLING WORKING ENVIRONMENT FOR ALL OUR EMPLOYEES
08	CHAPTER EIGHT ENSURING THE SATISFACTION OF CONSUMERS AND END-USERS AND MEETING THEIR NEW EXPECTATIONS
09	CHAPTER NINE ENSURING RESPONSIBLE BUSINESS CONDUCT
10	CHAPTER TEN APPENDICES

FOREWORD

In our daily lives, as in all the expert reports, the seriousness of the climate situation and the urgency of taking effective action are abundantly clear. This prompts us to assume our responsibilities with humility while maintaining a high level of ambition and high standards. Today, humanity consumes almost 75% more than the planet's ecosystems can regenerate each year, equivalent to the resources of "1.7 Earths" in terms of surface area. Efforts to reduce energy consumption and improve energy efficiency will therefore not be enough on their own to regenerate and preserve our ecosystems.

Organisations must therefore fundamentally rethink their value-creation system and go well beyond simply limiting their impact to become fully-fledged players in environmental and social regeneration.

If we want to preserve the planet, we need to move the boundaries to avoid reaching a point of no return. This is what motivated the creation of AFYREN, which designed and continues to develop a breakthrough innovation in green chemistry



Nicolas SORDET, CEO
Jérémy PESSIOT, Managing director & CTO
Co-founders of AFYREN



AFYREN is active in the biomolecules market, offering innovative solutions for manufacturing the ingredients of tomorrow by replacing petroleum-based products with products derived from natural microorganisms and renewable biomass. At AFYREN, we are determined to combine profitability with respect for the environment by building plants with low CO2 emissions, aiming for zero waste as part of a circular economy and promoting short supply chains.

"Our technology is not the universal cure, but one of the solutions for reducing the environmental impact of our societies and human activity. By contributing to a low-carbon, circular bioeconomy, we are showing that it is possible to transform our current production habits and standards."

Today, our ambition is to use our products to become the benchmark in a global market worth \$15 billion a year¹ by 2022, thereby enabling a genuine transformation of production chains without the need for oil.

Consumers have become aware of the need to consume better, and decision-makers must also factor the risks of climate change into their decisions.

Our entire team is driven by a shared desire to commit to a meaningful project; through the desire to build a useful project, rooted in France but with a global reach, to increase the impact of our actions on the environment.

Note

¹"Global Carboxylic Acid Market 2021 - Global Industry Analysis 2021-2031", Transparency Market Research

CHAPTER ONE

AFYREN'S CSR STRATEGY AND GOVERNANCE

1.1. AN INNOVATIVE AND RESPONSIBLE INDUSTRIAL MODEL

- 1.1.1. History
- 1.1.2. Strategy, business model and value chain
- 1.1.3. CSR strategy and commitments
- 1.1.4. Stakeholder mapping and identification of challenges
- 1.1.5. Risk identification and management / management system

1.2. RESPONSIBILITY, A KEY ELEMENT OF AFYREN'S STRATEGIC GUIDELINES

- 1.2.1. The role of administrative, management and supervisory bodies 19
- 1.2.2. Due diligence statement

1.1. AN INNOVATIVE AND RESPONSIBLE INDUSTRIAL MODEL

1.1.1. History

7 organic acids
100% BIOBASED
for a market of 18 million tonnes

12 Years
TO RESEARCH AND DEVELOPMENT
1/4 of dedicated resources in 2023

10 Patent Families
BIOMIMETIC
GMO-free technology

16 000 T/Year
INSTALLED PRODUCTION CAPACITY
1 plant in France

>120 coworkers
BY THE END OF 2023
3 sites in France

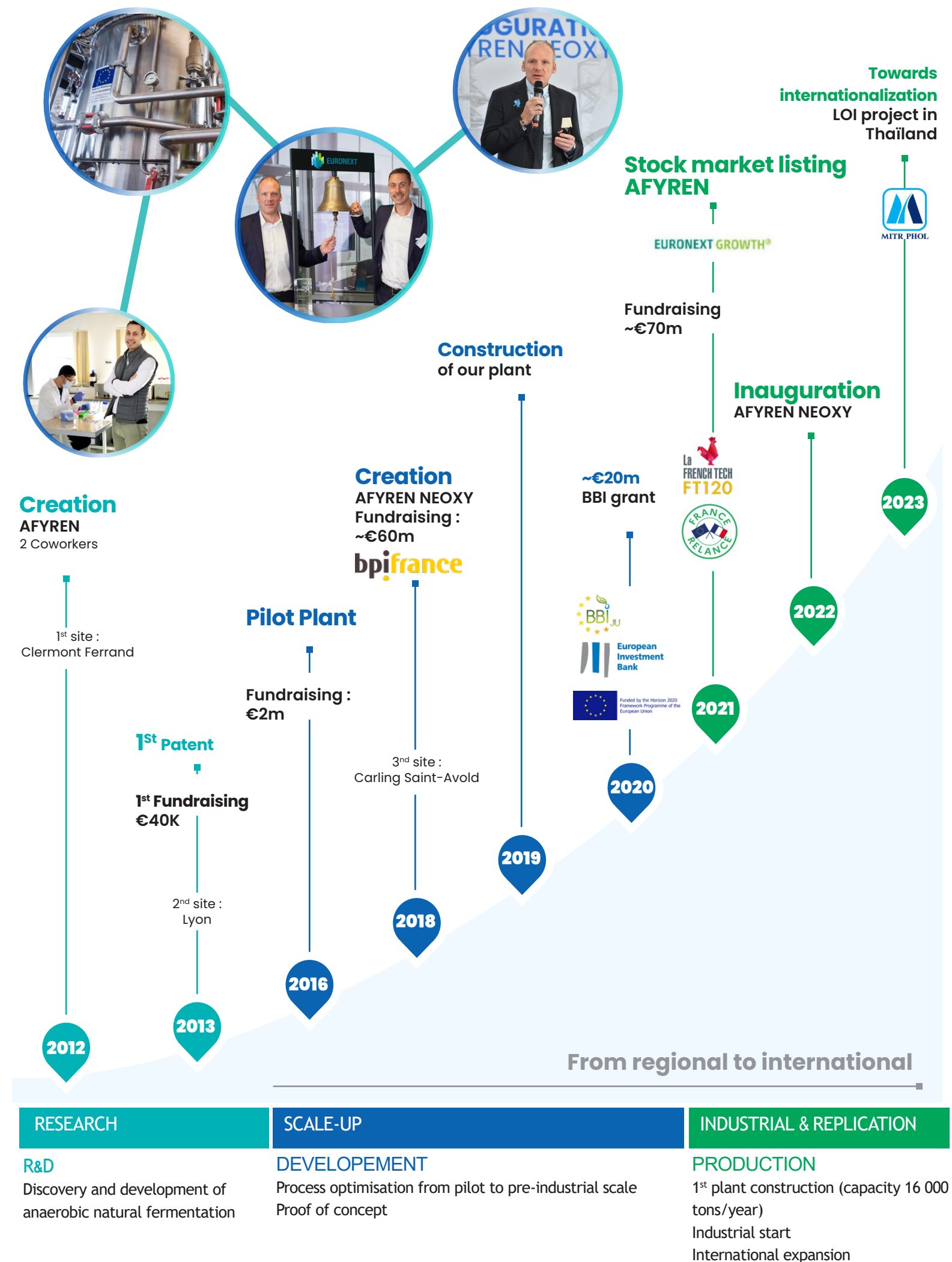
/5 Divided
A CARBON FOOTPRINT

83/100
NON-FINANCIAL RATING
Ethifinance : Silver Medal

€150 Millions
FINANCING OBTAINED
~€70 millions from IPO

Mission

AFYREN's mission is to transform the industry by offering biobased ingredients derived from renewable by-products obtained by fermentation to replace fossil resources in our everyday products!



1.1.2.Strategy, business model and value chain

Solutions offered by AFYREN

AFYREN is a sustainable chemical company ("greentech") that offers innovative solutions to replace petroleum-based ingredients with 99% biobased products made from natural microorganisms.

AFYREN's technology produces a family of seven fully biobased organic acids: acetic acid, propionic acid, butyric and isobutyric acids, valeric and isovaleric acids and caproic acid.

The acids produced by AFYREN are platform molecules, which can in turn be transformed into a multitude of derivatives to target other applications and serve other customers.

The AFYREN manufacturing process also produces a potassium-rich fertiliser that can be used in organic farming. This type of fertiliser is widely used in wine growing, market gardening and arboriculture in France and Europe.

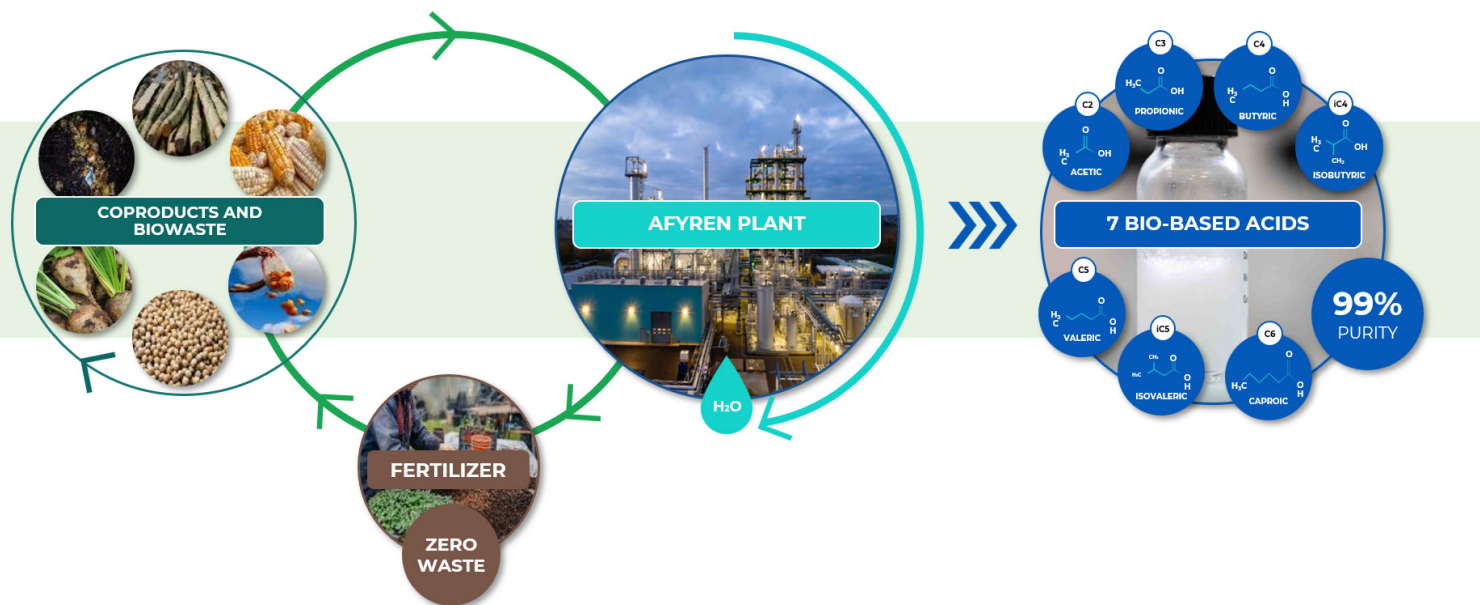
Target markets and customers

AFYREN's biomolecules meet strong and growing demand from manufacturers in the human food, animal feed, flavour and fragrance, lubricant, life science and material sciences sectors, who are looking for sustainable ingredients with performances equivalent to their petroleum-based counterparts.

The fertiliser produced by AFYREN meets a strong demand for sustainable, "local" soil nutrient solutions in organic farming.

The European market (35% of worldwide demand for C3 to C6) is the main target of its first plant, AFYREN NEOXY. Asian markets (25% of demand) and North America (27% of demand) are also target markets for the group.

AFYREN is significantly different from its competitors, particularly through the diversity of its range of acids produced and the manufacturing processes used, giving it a unique positioning in its market. The technological choices adopted by AFYREN have resulted in a manufacturing process that is more economical and environmentally friendly than traditional petroleum-based processes.

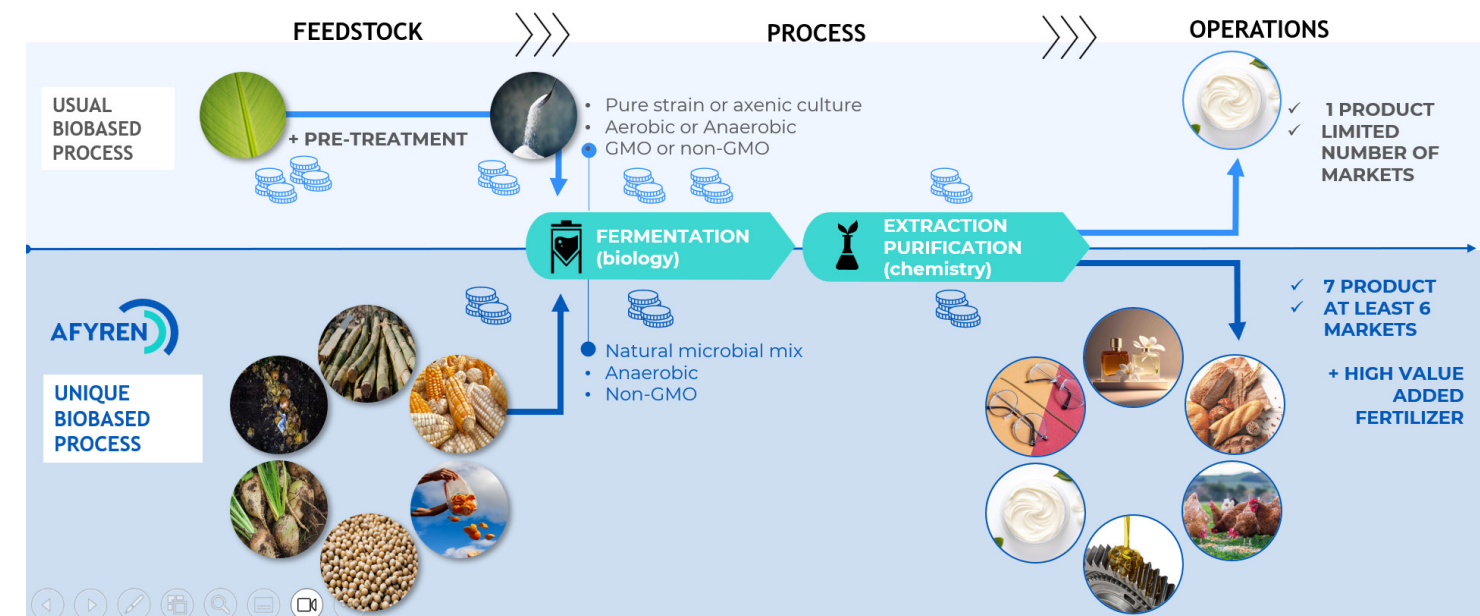


Innovative biomimetic technology

The AFYNERIE® process is protected worldwide through ten patent families. This biomimetic technology, the fruit of more than ten years' R&D, uses a fermentation process to transform non-food biomass from agro-industrial co-products and waste into high added-value organic acids that are usually petroleum-based.

This technology is based on the mastery of natural microbial mixtures, without DNA modifications, capable of transforming a wide variety of biomasses, such as by-products from the sugar industry (beet and cane), other organic by-products (wheat, cane, corn, beer production) or municipal waste (household organic waste).

The choice of natural fermentation avoids the need for sterilisation and pre-treatment stages, as well as the associated costs and risks: this means that several molecules can be produced competitively using a single process.



The by-products from fermentation are used as fertiliser, with a logic of complete circularity insofar as this fertiliser, usable in organic agriculture, promotes the growth of biomass, which is the key raw material in the AFYREN process. This process therefore does not generate any industrial waste. Lastly, the process works in a closed loop, which means the use of water for fermentation is kept to a minimum.

The plan is to add one or more additional processing steps, for example esterification or hydrogenation, that can convert these platform molecules into derivatives, which requires specific facilities.

AFYREN stands for frugal, high-performance innovation with processes that can be industrialised. its drop-in approach means we can offer molecules that are already known and on the market, and that meet current specifications and regulations. AFYREN therefore maintains a tightly controlled annual R&D budget, which represents up to 25% of the Company's overall budget. Since its creation, AFYREN has devoted more than 2 million hours to developing its fermentation process and its unique biomimetic process

Jérémy PESSIOT
Managing director & Chief Technology Officer of AFYREN's

Country of operation

The AFYREN group is currently based in France and sells mainly to the European market. In the medium term, it also aims to produce in Thailand to sell its products on the Asian market. In addition, AFYREN is considering setting up operations on the American continent.

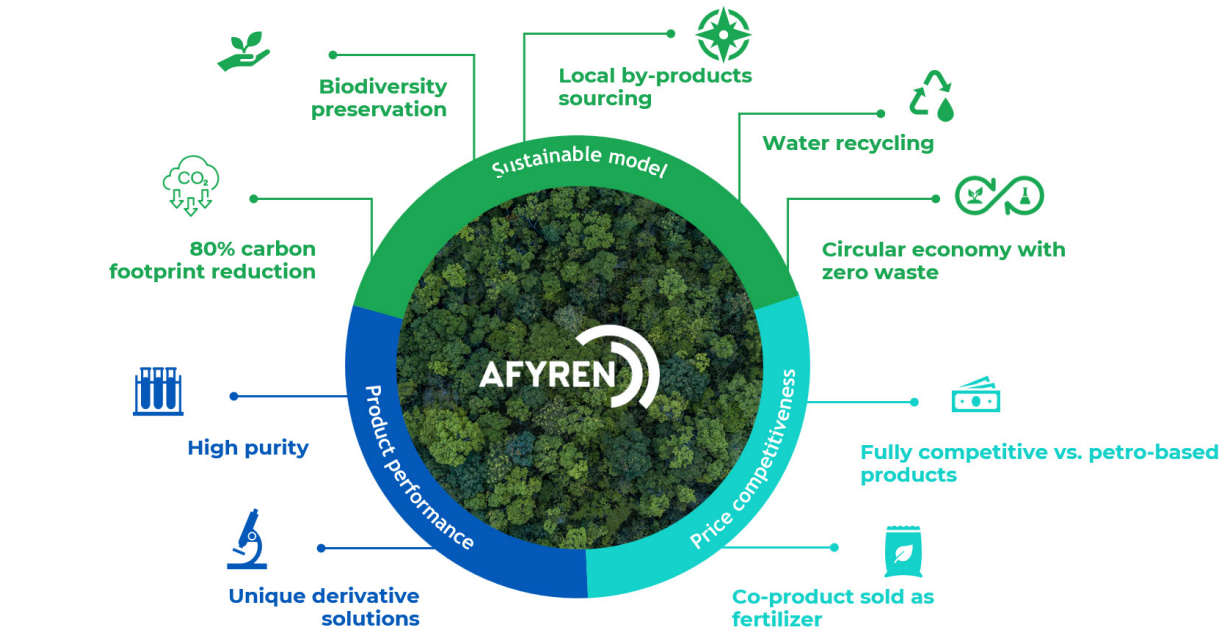
Description of the business model

From the outset, AFYREN's aim has been to be an innovative and responsible company, as reflected in its purpose:

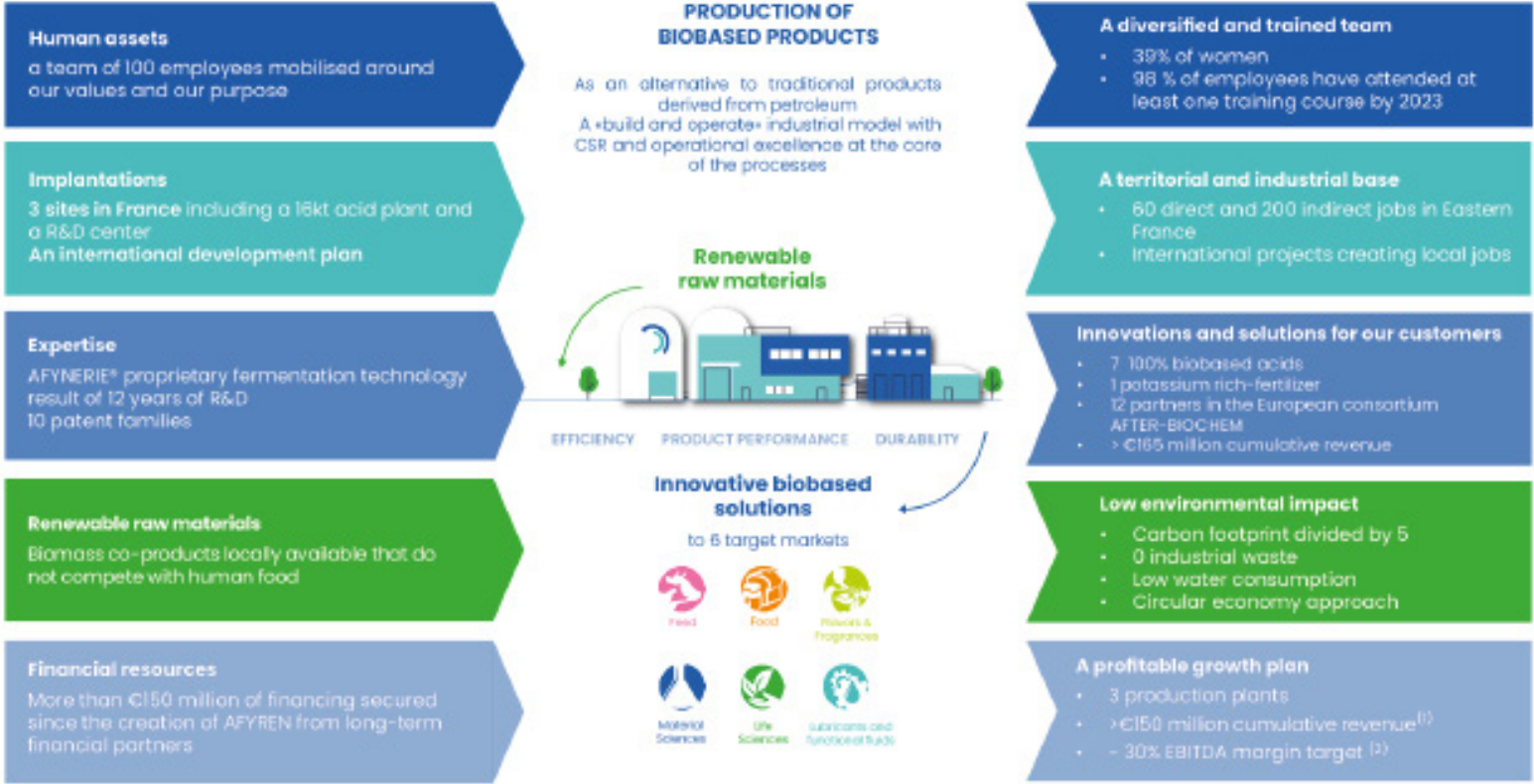
We enable low-carbon, circular and regenerative industry by providing biobased solutions built with our partners to benefit the environment

The distinctive feature and strength of AFYREN's model is that it is based on a solid three-pronged approach that combines competitiveness, performance and product sustainability.

LAFYREN's business model is built around this purpose with unique resources and know-how, which allow us to create value for our economy and our environment, based on a clear mission, a well-defined strategy and strong values.



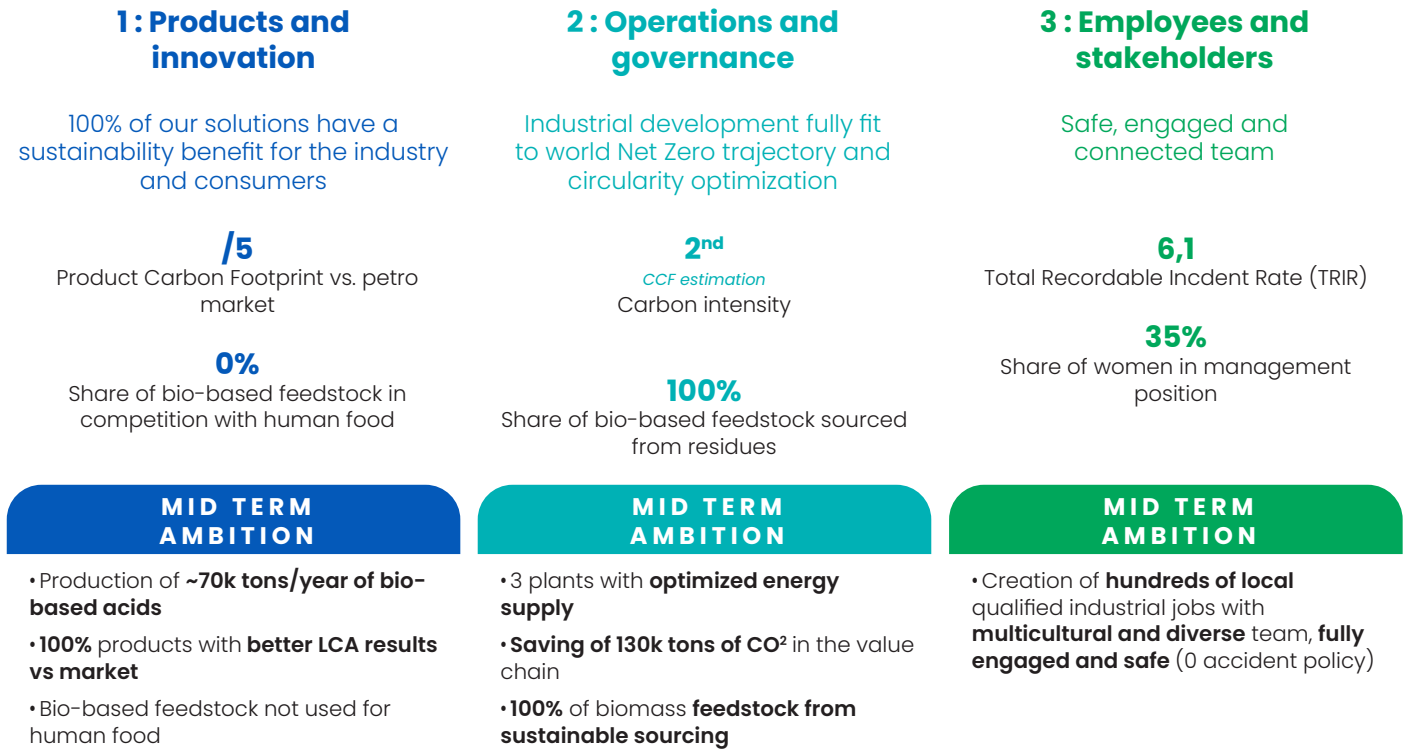
RESOURCES



(1) Corresponds to the combined turnover of the production units
(2) Group recurring EBITDA

1.1.3.CSR strategy and commitments

To serve the company's purpose, three pillars and nine CSR commitments were defined based on the materiality analysis carried out in 2021. In 2023, around twenty steering performance indicators were defined and validated by AFYREN's Board of Directors, with a selection of six strategic overall indicators to report on the company's CSR strategy and medium-term vision to external stakeholders



PILLAR I - PRODUCTS & INNOVATION

2023 RESULT

100% OF OUR SOLUTIONS OFFER A SUSTAINABILITY ADVANTAGE FOR INDUSTRY AND CONSUMERS

1.1 Placing eco-design at the heart of our innovation	Share of commercial products analysed by LCA	100%
	Share of innovation projects with a sustainability benefit	100%
1.2 Offering low-carbon alternatives to fossil fuels	Installed production capacity for biobased products	16 kT/ Year
	Average carbon footprint of our key biobased products vs petroleum-based products	-80%
1.3 Bringing to market biobased or natural products with high societal value	Share of our commercial products with sustainability certification	100%
	Share of our raw materials in direct competition with human food	0%

PILLAR II - OPERATIONS & GOVERNANCE

2023 RESULT

INDUSTRIAL DEVELOPMENT PERFECTLY SUITED TO THE "NET ZERO" TRAJECTORY AND THE OPTIMISATION OF CIRCULARITY

2.1 Reducing our carbon footprint	Carbon intensity (tonnes of CO2 emitted / tonne of product manufactured ²)	NA ²
	Maximum distance between plant and biobased raw materials	<350 km
	Energy consumption (KWh)	7860,5 MWh
2.2 Preserving the planet and its resources by making our business part of the circular	Share of renewable raw materials derived from by-products	100%
	Share of recovered industrial waste	NA ³
	Number of new biobased substrates tested in the laboratory	24
2.3. Striving for excellence in all our operations	Non-financial assessment	Ethifinance 83/100
	Action to structure the governance	Audit and CSR committees

PILLAR III - EMPLOYEES & STAKEHOLDERS

2023 RESULT

A COMMITTED, CONNECTED AND SAFE TEAM

3.1 Ensuring a safe environment for all our employees and our neighbourhood	TRIR (per 200,000 hours worked)	6 (AFYREN Group)
3.2 Providing a motivating and fulfilling working environment for all our employees, without distinction	Share of women in management positions	36%
	HR barometer participation rate	97%
3.3 Fully engaging in our operating regions by developing the bioeconomy and working with our external stakeholders	Number of new development projects ⁴	3
	Dialogue or cooperation with stakeholders	Materiality, audit CESER
	Number of industrial and skilled jobs created	75 at Carting st Avold

NB: the data in the table concerns the entire manufacture of AFYREN's key products: 100% biobased carboxylic acids.

Note

²Carbon intensity can only be measured during actual industrial production; in 2023, however, the company carried out its first scope 1, 2 and 3 carbon footprint and an estimated footprint (see section 2.3.2).

³AFYREN's "zero industrial waste" model enables the full recovery of manufacturing by-products. This indicator is not yet measurable in the pre-production period (see section 6.3.3 for details).

⁴From a pipeline of around ten development projects

AFYREN's participation in the 2023 Lyon area Business Convention for the Climate (CEC) confirmed its view on the scale and urgency of the environmental and social challenges we face, and of its responsibility as a growing industrial player.

AFYREN has also become more aware of its potential impact on a far more ambitious and regenerative future, thanks to its model that is totally connected to living organisms throughout the production process.

Today, the challenges are as follows:

1 - A triptych of economy / innovation / ecology

Making the company's business model sustainable, based on the combination of economy, innovation and ecology; demonstrating AFYREN's performance and proving that it is possible to reconcile economy, ecology and competitiveness by creating sustainable plants in France.

2 - Development that respects the planet's limits

Developing this model to have a greater positive impact (in terms of volume) while respecting the planet's limits; accepting the necessary sacrifices and taking responsibility for strategic development choices.

3 - A regenerative model that creates value

Going further by moving away from a model based primarily on preserving resources towards a regenerative model, creating more value for society while going further in protecting our ecosystems.

1.1.4. Stakeholder mapping and identification of challenges

To ensure that the Group's commitments and ambitions are aligned with the main impacts of its business and the expectations of its stakeholders, AFYREN conducted a consultation with its internal and external stakeholders in 2021. This exercise enabled us to position the main CSR challenges identified by AFYREN in relation to its value creation model. The materiality analysis carried out in 2021 made it possible to map AFYREN's stakeholders, to conduct around fifteen interviews with them and to establish relationships of trust with them. Working with them is one of AFYREN's CSR operating methods.



Stakeholder mapping:

Like the materiality analysis exercise, AFYREN is committed to interacting with its stakeholders at many levels. AFYREN's strength lies in the diversity of these stakeholders and the work they do together.

AFYREN STAKEHOLDERS	ACHIEVEMENTS (EXAMPLES)
INTERNAL	
CSE (AFYREN NEOXY) Employees	<ul style="list-style-type: none">Monthly internal meetings/webinars, events focused on safety cultureParticipatory work/co-construction workshopsFirst internal survey of all employees in 2023. A resounding success, with a 97% participation rate.
CUSTOMERS	
Customers - biobased ingredients (animal feed, human food, flavours & fragrances, materials sciences, life sciences and lubricants & technical fluids) and fertilisers	<ul style="list-style-type: none">Ongoing dialogue with customers to keep them informed of the progress of operations, understand their needs and requirements and share best practices. In 2023, although production had not yet started, AFYREN's strategic customers renewed their confidence and confirmed their business commitments, for cumulative secured revenues of more than €165 million.
Economic partners	<ul style="list-style-type: none">In 2023, update of AFYREN's code of business ethics
INVESTORS	
Executive Management, Finance Department, CSR Director, Investor Relations	<ul style="list-style-type: none">Regular dialogue with the financial community via webinars, roadshows, forums (12 in total in 2023, including 8 general forums, 3 with an ESG focus and 1 dedicated to individual shareholders), site visits (including two open days for institutional and individual investors in 2023), letters to shareholders (2 issues in 2023).
SUPPLIERS	
Biomass suppliers Reagent suppliers Equipment suppliers	<ul style="list-style-type: none">Ongoing dialogue with AFYREN's strategic suppliers to share the company's requirements in terms of CSR and business ethics;In 2023, update of AFYREN's supplier code of conduct.
INSTITUTIONAL ORGANISATIONS	
French State State agencies Local authorities Professional organisations European institutions	<ul style="list-style-type: none">AFYREN is firmly rooted in the region via platforms such as the biopole in Clermont Ferrand and the Chemesis industrial platform in Carling SaintAvold. The Company has received support from many local and national partners and institutions (Région AURA, Région Grand Est, French Tech 120, B4C cluster, Axelera cluster, START Industrie).Partnership with the SaintAvold University Technology Institute, the job centre and OPCO 21, and France Chimie Grand Est in the local recruitment of production operators at the beginning of 2022 via the SRM method.AFYREN is present in various professional organisations aiming to advance the industrial consideration of sustainability issues, and in particular in several competitiveness hubs, the Association of Plant Chemistry (ACDV) or the Bioeconomy working group set up under the Business Act of the Grand Est region.Support for the AFTERBIO-CHEM project (see below) from the European Joint Undertaking Bio Based Industry (BBI-JU), which is providing a €20 million grant for the project, which will run until 2025.



Partnerships and collaboration with stakeholders

AFYREN has always based its development on collaboration with players across the bioeconomy, from upstream agriculture to a variety of downstream sectors, to create a new biomass value chain.

Upstream for the supply of raw materials:

With **Südzucker** in Europe (sugar beet by-products)

And more recently with **Mitr-Phol** in Asia (sugar cane by-products).

Downstream, to develop sustainable solutions for agriculture:

Partnership with **Terrial** (France's number 1 organic fertiliser producer) to supply a potassium-rich fertiliser for use in organic farming.

Partnership with **Cearitis** (an innovative biocontrol start-up), for the marketing of a sustainable and effective pest control system for farmers.

More broadly, AFYREN is the initiator of an unprecedented partnership with key players in the bioeconomy: 12 European companies (Südzucker AG, Technip Energies, Kemin Europa NV, Terrial, Sphera, Pole Bioeconomy For Change, PNO Consultants, Firmenich SA, Fiabila, Suez Groupe and Celanese Europe BV), united around an innovative project to build the first biorefinery of its kind in Europe: the **AFTER-BIOCHEM project**.

SEPTEMBER 2022
Members of the
AFTERBIOCHEM consortium
& CBE-JU
Inauguration of the
AFYREN NEOXY plant



AFYREN's commitment to internationalisation is also based on this collaborative approach with stakeholders. The project in Asia is a good illustration of this. AFYREN is in the process of setting up a joint venture in Thailand with Mitr-Phol, the world's third-largest sugar group, to create a biobased carboxylic acids plant near Bangkok. This project targets the Asian market, which accounts for 25% of the global carboxylic acid market.

JANUARY 2023

Signature of a letter of intent with MitrPhol for an industrial project in Thailand





1.1.5. Risk identification and management / management system

The procedures for identifying and assessing significant risks are described in section 2.9 of the 2023 Annual Financial Report. In its internal risk analysis, AFYREN distinguishes between two main risk categories: risks associated with the strategy and risks associated with its execution. The first category is the responsibility of management (Executive Committee) and is based on three analyses that are reviewed annually: AFYREN's SWOT analysis, a PESTEL-type macro-analysis and a competitive analysis.

Strategy execution risks, which are more operational in nature, fall into three categories:

●● Project risks, under the responsibility of the project managers, are assessed regularly, on a monthly or quarterly basis, depending on the state of progress;

●● Operational risks associated with the company's overall performance, under the responsibility of an "AFYREN Global Performance" programme manager, are reviewed every six months;

●● Lastly, risks related to plant operations, under the responsibility of the plant management committees, are also reviewed on a quarterly basis.

Each manager is responsible for identifying and documenting risks in a dedicated reporting tool, which is used to support risk mapping.

This is based in particular on risk rating, resulting from the assessment of the severity (5 levels on a scale of 1 to 16) multiplied by the probability (5 levels on a scale of 1 to 16) of the risk. As a standard practice, risks are subject to a control system, with particular attention paid to rated risks (> or = 64), which are covered by action plans periodically reviewed by the Executive Committee.

Once the action plan is in place, regular reviews are organised to ensure continuous improvement.

RISKS RELATED TO THE GROUP'S BUSINESS SECTOR

Risks associated with the competitive environment in which AFYREN operates
Risks associated with the specifications, certification standards and quality standards of the Group's products
Risks associated with the supply of raw materials and energy, including climate risk
Risks associated with the lack of commercial outlets or dependence on certain customers

RISKS ASSOCIATED WITH THE "BUILD AND OPERATE" STRATEGY AND BUSINESS MODEL

Risks associated with future development, including internationally
Risks associated with building and start-up of plants

RISKS ASSOCIATED WITH THE GROUP'S FINANCIAL POSITION

Risks associated with liquidity, financing needs and debt
Foreign exchange risks

RISKS OF DAMAGE TO THE GROUP'S IMAGE

HUMAN RESOURCES RISKS

Risks associated with the Group's recruitment needs
Risks associated with the need to retain key people

RISKS ASSOCIATED WITH CYBERCRIME AND INFORMATION SYSTEMS

LEGAL AND REGULATORY RISKS

Risks related to the regulatory environment
Intellectual property risks

Summary table of the different risks



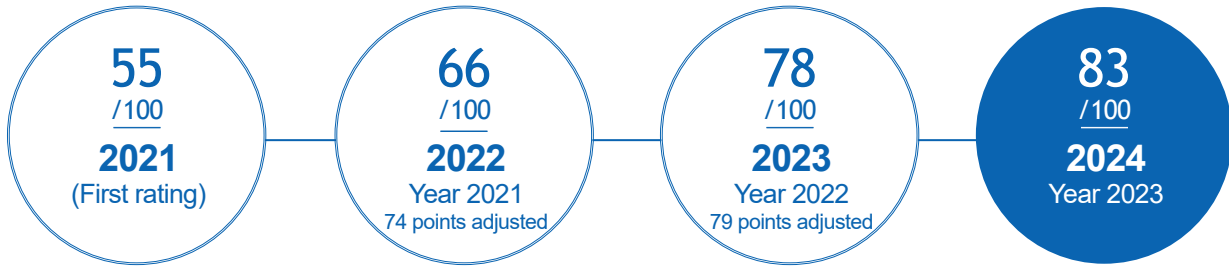
The AFYREN Global Performance programme enables us to set up a high-performance integrated QHSE management system" explains Sabine Dossat, AFYREN QHSE Manager. "This will enable us to deploy the tools and processes needed to obtain environmental and industrial excellence certifications such as ISO 9001, ISO 14001 and the **Responsible Care®** standard, as well as GMP+, FSSC22000 and ISCC+ certifications

”

Sabine DOSSAT
AFYREN's QHSE Manager

AFYREN implements a certified process management system on each of its industrial sites and ensures that the technology used enables the manufacture of products that comply with the standards and regulations in force in the marketing areas. The Group has also implemented a voluntary certification policy aimed at achieving all the standards required by its customers, but also at obtaining additional certifications that may prove decisive in the future, and thus strengthen our competitive edge, such as Cosmos, Ecocert, Kosher and Halal attestations for its products. Cradle-to-gate life cycle assessments (LCAs) carried out periodically on the entire product portfolio also help us to understand their environmental impact.

The Group has already obtained four Ethifinance non-financial ratings, which have risen steadily over the last three years (83/100 in 2024 for the 2023 financial year, which corresponds to a PLATINUM level, the highest distinction awarded by Ethifinance).



Through this voluntary certification policy, AFYREN also seeks to identify ESG issues that present financial risks for the company, and to reduce its impact on the environment and society as much as possible. The Group has already been awarded the Ecovadis label (61/100 in 2023, silver medal), placing it among the top 21% of companies in terms of CSR performance out of more than 85,000 companies assessed worldwide.

AFYREN plans to carry out a dual materiality analysis in 2025. This exercise will be an opportunity for AFYREN to update the list of its material subjects and to detail more precisely the impacts, risks and opportunities associated with each of these subjects.

RECOGNITION & AWARDS

Since its creation, AFYREN has won numerous awards for its innovation, including:

- The 2030 Global Innovation Competition in the "Plant proteins and plant chemistry" category twice, in 2014 and 2017;
- The 2015 Cleantech competition;
- The "Efficient Solution" label of the Solar Impulse foundation (2019);
- The Grand Est Bioeconomy trophy (2020);
- Ernst and Young's Start-up of the Year Award for the Auvergne Rhône-Alpes region (2021);
- The innovation prize of the Innovana contest in the Grand Est region (2022);
- The Tech for Good Awards in the Resources category (2022);
- The AURA CSR trophy in the eco-design category (2022);
- The AFTER BIOCHEM SUEZ new services trophy (2022);
- The Pierre Potier Prize under the aegis of France Chimie and the French Ministry of the Economy (2023);
- The Responsible Care France Chimie award in the "Societal" category (2023);
- The Usine Nouvelle favourite trophy (2023);
- The Lorraine Crystal Wings (2023).

1.2. RESPONSIBILITY, A KEY ELEMENT OF AFYREN'S STRATEGIC GUIDELINES

1.2.1. The role of administrative, management and supervisory bodies

From the very start of the company, AFYREN's executives wanted to give sustainable development a very high priority. CSR was therefore integrated into the operational strategy at a very early stage, with the appointment of a CSR Director (Chief Sustainability Officer) on AFYREN's Executive Committee since 2021, in order to ensure maximum impact.



By including CSR at the heart of its strategy at a very early stage, AFYREN chose to write its own history, to give itself the means to develop the company in line with its purpose. It's a way of protecting our value proposition and our unique sustainable model, and of preparing for the future while giving meaning to the present

Caroline PETIGNY
AFYREN Chief Sustainability Officer

To organise its governance, the Company's Board of Directors has decided to refer to the corporate governance code for small and mid caps as published in its latest version in September 2021 by Middenext (the "Middenext Code") and approved as a reference code by the French Financial Markets Authority (AMF).

AFYREN is governed by the Board of Directors and its three committees (Compensation Committee, CSR Committee and Audit Committee).

GOVERNANCE BODIES	
Board of Directors	Determines the Company's strategic guidelines, and ensures that they are implemented in accordance with its corporate interest, taking into account the social and environmental challenges of its business.
CSR Committee (reports to the Board of Directors)	Supports the Company in implementing an ambitious and appropriate CSR strategy and facilitates decision-making on these issues, particularly in relation to the five CSR pillars (governance, economic, social, societal and environmental).
Audit Committee (reports to the Board of Directors)	Ensures, under the exclusive and collective responsibility of the members of the Board of Directors, full monitoring of issues relating to the preparation and control of accounting and financial information, as well as internal control and risk management.
Compensation Committee (reports to the Board of Directors)	Supports the Company in implementing a compensation policy and its associated objectives, and defines and develops compensation structures for senior executives and appoints independent directors.
Executive Committee	Develops and manages AFYREN's strategy
AFYREN NEOXY Social and Economic Committee (CSE)	Relays concerns about wages, employment law and collective bargaining agreements

Composition of the Board of Directors

AFYREN's Board of Directors is made up of seven members:

- One executive member (Nicolas Sordet) and six non-executive members;
- Two independent members (Stefan Borgas and Patrizia Marraghini) and five non-independent members;
- Two women (Caroline Lebel and Patrizia Marraghini) and five men.

There are no employee representatives on the Board of Directors.

In 2023, the Board of Directors met seven times, with an attendance rate of 100%.

SEPTEMBER 2022

AFYREN Board of Directors

Inauguration of the AFYREN NEOXY plant.



Composition of the CSR committee

Set up in 2022, AFYREN's CSR Committee is made up of two members of the Board of Directors and led by the company's CSR Director. Several members are permanent guests, and experts can be brought in depending on the agenda:

- Caroline Lebel (Chair of the CSR Committee, Member of the Board of Directors);
- Nicolas Sordet (Chief Executive Officer of AFYREN, Member of the Board of Directors)
- Caroline Petigny (Director of CSR, Communication and Public Affairs, member of AFYREN's Executive Committee);
- Patrizia Marraghini (independent Member of the Board of Directors, Chair of AFYREN's Audit Committee, Member of the Board of Directors)
- Delphine Lebidois, AFYREN Legal Director, group ethics officer.
- Léa Bassegoda, AFYREN Chief People Officer, Member of the Executive Committee
- Mark Reinhard, AFYREN Head of Investor Relations

Roles and responsibilities of the Board of Directors and the CSR Committee in monitoring the procedure for managing material impacts, risks and opportunities

The Board of Directors determines the Company's strategic guidelines, and ensures that they are implemented in accordance with its corporate interest, taking into account the social and environmental challenges of its business.

The company's main ESG achievements in 2023 and discussed by the Board of Directors during the 2023 financial year were:

- The first internal survey (AFYREN Global People Survey) carried out in January 2023;
- AFYREN's participation in the 2023 Business Convention for the Climate (CEC)
- The introduction in September 2023 of a new long-term incentive plan for certain employees and corporate officers, including a non-financial component up to 2025;
- AFYREN's first carbon footprint;
- AFYREN's new code of ethics and the introduction of a process and tool for handling alerts
- CSR reporting and communication strategy, and definition of AFYREN's strategic and operational CSR KPIs in December

2023

- Ethifinance's non-financial rating of 78/100 in March 2023 for 2022, up 6 points on the previous year
- The silver medal obtained in October 2023 during AFYREN's first Ecovadis rating, thanks to its score of 61/100.

The CSR Committee Charter states that "the CSR Committee will deal with issues relating to the five CSR pillars: governance, economic, social, societal and environmental.

The CSR Committee, created in 2022, has the following roles and responsibilities:

- Reviewing the CSR strategy and verifying its consistency with the overall strategy;
- Providing critical analysis and recommendations and/or remediation plans;
- Making proposals on the direction of the Company's CSR strategy;
- Reviewing CSR reporting and reporting procedures;
- Reporting to the Board of Directors on CSR strategy and performance and submitting proposals;
- Supporting the Company's CSR manager on specific projects.

In 2023, the CSR Committee met four times with an attendance rate of 100%, and twice presented to AFYREN's Board of Directors the ESG risks identified, as well as the results and effectiveness of ESG policies, actions, metrics and targets.

1.2.2. Due diligence statement

AFYREN's sustainability approach and strategy underpins the company's due diligence process in relation to its material sustainability issues.



2.1. STRATEGY

- 2.1.1. Understanding and controlling our emissions
- 2.1.2. Identifying the impacts, risks and opportunities of climate change

2.2. MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

- 2.2.1. Reducing GHG emissions in our processes and for our customers
- 2.2.2. Actions and resources for decarbonisation and climate transition culture

2.3. INDICATORS AND OBJECTIVES

- 2.3.1. Energy consumption and mix
- 2.3.2. Carbon footprint for scopes 1, 2 and 3
- 2.3.3. Assessing the financial impact (risks and opportunities) of climate change

AFYREN NEOXY

CHAPTER TWO

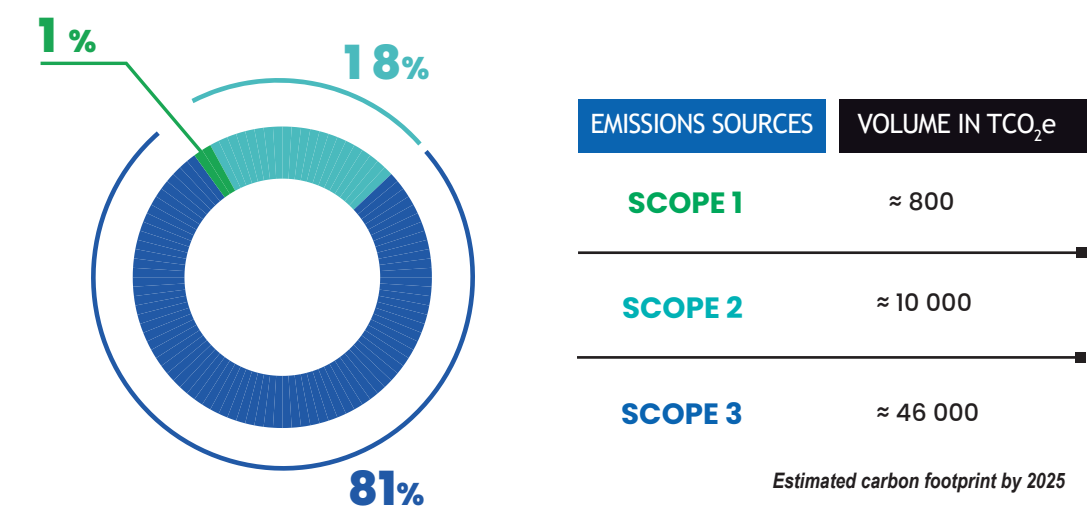
ACTING FOR A LOW-CARBON INDUSTRY

2.1. STRATEGY

2.1.1. Understanding and controlling our emissions

As industrial production is just beginning, AFYREN's current greenhouse gas (GHG) emissions are not representative of the company's future impact simply by making projections. It is therefore difficult for AFYREN to predict as early as 2023 the quantity of greenhouse gases that will be emitted at full production, and therefore to outline a transition plan.

Nevertheless, in 2023 AFYREN carried out a corporate carbon footprint of its scopes 1, 2 and 3, measuring its actual emissions. AFYREN has also estimated the future emissions of the Saint Avold site once it is operating at full capacity and its GHG emissions have increased accordingly. This enables the company to plan ahead and identify the main sources of emissions at a very early stage. Scope 3 accounts for 75% of emissions, with a strong predominance of raw materials. The company has also decided to monitor its carbon intensity from 2024.



Still in the early stages of its industrial history, AFYREN is not currently in a transition phase, but is rather defining a development plan that is as low-emission as possible from the outset. To this end, AFYREN has set up its first production site in Saint Avold (Moselle), as close as possible to its sourcing of raw materials and its markets, and is already looking to reduce future GHG emissions from its manufacturing process.

AFYREN's strategic plan initially aims to build and operate three production units As soon as the first unit has reached full production capacity, AFYREN plans to refine its development plan to include compatibility with the Paris Agreement, in line with an overall carbon neutrality objective.

In the meantime, AFYREN's climate objective is to achieve a more detailed understanding of its impact through the annual production of corporate carbon footprints (scope 1, 2, 3). The climate management plan will then be drawn up on the basis of this in-depth knowledge.

Lastly, by offering its customers biobased products to replace petroleum-based products, AFYREN is helping them to reduce their own GHG emissions (via their scope 3), and is therefore contributing directly to the chemical industry's transition plan. Based on predictive calculations of the carbon footprint of its products, the Group estimates that the products from its first plant (16,000 tonnes of biobased acids) will avoid the emission of nearly 30,000 tCO₂e per year by replacing their petroleum-based equivalents in the value chain.

2.1.2. Identifying the impacts, risks and opportunities of climate change

For AFYREN, the main environmental risks relate to the supply of raw materials and energy, including climate risk.

AFYREN's climate impacts are identified through the materiality analysis carried out in 2021, the annual corporate carbon footprints and the cradle-to-gate life cycle assessments (LCAs) carried out periodically on its entire product portfolio. The main sources of greenhouse gas emissions are related to the purchase of raw materials.

The ecological transition is also a source of opportunities for AFYREN. The Group is helping to mitigate global warming by providing its customers with biobased alternatives to organic acids made from oil derivatives, which currently account for the vast majority of products on the market.

By becoming part of the short carbon cycle, the biogenic carbon cycle, AFYREN products have a carbon sink effect, which is essential in reducing the product's carbon intensity.

As these biobased alternatives are a low-carbon supply solution for many industries, AFYREN expects a significant increase in demand for its products in the medium and long term, in the current context of the search for alternatives in the face of the climate emergency.

BIOGENIC CARBON:
WHAT IS IT?

Biogenic carbon is the carbon stored, sequestered and emitted by organic matter, or biomass. In other words, biogenic carbon is the carbon fixed by the plant during the photosynthesis from CO₂ in the air. The most common biogenic raw materials are trees, plants and soil, which absorb carbon as part of their life cycle through photosynthesis. Biogenic carbons therefore come from the atmosphere and arrive in a short cycle, i.e. with a short renewal time, in the finished product. Non-biogenic carbon refers to carbon stored in fossil fuels such as oil, coal and gas.

2.2. MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

2.2.1.Reducing GHG emissions in our processes and for our customers

AFYREN is helping to mitigate climate change by offering biobased alternatives to products usually made from oil derivatives. Its solutions emit on average five times less greenhouse gases than competing products (see the life cycle assessment for AFYREN products <https://afyren.com/analyse-cycle-de-vie-des-produits/>).

To go even further, and in order to guard against risks, seize opportunities and act on its environmental and social impacts, the AFYREN Group is committed to incorporating consideration of its climate impact (as with all its environmental impacts) at a very early stage in its new projects. For example, access to less carbon-intensive sourcing and energy are essential criteria in AFYREN's choice of a new site. In terms of research and development, a simplified carbon footprint analysis is always taken into account when deciding whether or not to pursue a project. Only those that represent an improvement on the existing system will pass the selection stage.



Generally speaking, the measurement of a company's performance should be based on environmental and societal criterias as well as economic ones. At Afyren, we believe that all these issues are intimately linked. Afyren's project selection decisions are based on a consolidated non-financial and financial analysis. Climate impact, through carbon performance analysis, is obviously one of these major issues, but it's not the only one.



Maxime CORDONNIER
AFYREN's Chief Financial Officer

2.2.2. Actions and resources for decarbonisation and climate transition culture

AFYREN uses a wide range of measures to decarbonise its production.

Decarbonising the supply chain

Firstly, as the largest source of greenhouse gas emissions is the sourcing of raw materials, AFYREN is working to decarbonise its supply chain. The criteria taken into account in the raw materials sourcing process include:

●● Geographical proximity to the production site;	●● No deforestation and no impact on land use associated with production, thanks to the use of agricultural production residues as a raw material;	●● Compatibility of raw materials with international certifications linked to the sustainability of supply chains (such as International Sustainability Carbon Certification+).
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The company also encourages its suppliers to reduce their environmental footprint and has selected suppliers committed to sustainable development for its strategic biomass sourcing. For example, a dialogue has been initiated with Südzucker, AFYREN's major partner for the supply of sugar beet by-products, on a range of issues including biodiversity, transport optimisation and energy consumption.

Reducing and improving energy supplies at its industrial sites:

Generally speaking, the company tries to minimize its energy consumption on the most intensive workstations. Right from the design stage of the AFYREN NEOXY plant, these issues were taken into account through, for example, the installation of heat recovery loops on certain equipment. A more detailed diagnosis could be carried out in the coming years to identify the next areas for improvement in energy efficiency.

AFYREN also intends to use renewable energy in the years to come. AFYREN's future plant in Thailand could benefit from access to renewable, low-carbon electricity and steam produced by biomass cogeneration, strengthening the biorefinery and circular economy model.

Employee commitment

AFYREN employees share a strong commitment to the ecological transition and the development of low-carbon products. This motivation is often found in individual practices that are also encouraged by the company, such as giving preference to public transport or soft mobility to get to work and carpooling for inter-site journeys (shared planning).

AFYREN assumes its role as a pioneer by disseminating knowledge to improve understanding of the causes and mechanisms of climate change.

To raise awareness among all its employees, AFYREN will organise Climate Frescoes in 2024 for teams at its Lyon and Clermont-Ferrand sites.

Participation in the Business Convention for the Climate (CEC)

In 2023, AFYREN also took part in the Lyon area Business Convention for the Climate (CEC). This awareness-raising program for business leaders aims to encourage companies to move towards a more sustainable model and speed up their transition. AFYREN's Chief Executive Officer and CSR Director took part in this intensive training and collaborative work programme, along with 70 other companies from the Lyon area. A number of climate and life sciences experts took part. At the end of the course, the company published its regenerative roadmap: <https://cec-fdr.softtr.app/feuille-de-route?recordId=recH4xFGurt6bw6dC>.



DECEMBER 2023

closing session of the CEC
for the Lyon, Alps and
Vercors areas

Objective

**To enable industrial development in line with the global "Net Zero" trajectory.
In the medium term: three plants with optimised energy supply.
Savings of 130,000 tonnes of CO2 per year in the value chain.**

2.3. INDICATORS AND OBJECTIVES

2.3.1. Energy consumption and mix

AFYREN's energy consumption increased significantly in 2023 due to the start-up of its industrial facilities.

	2021	2022	2023
Total electricity consumption (MWh)	125,70	3 401,80	4 320,01
Total oil consumption (MWh)	0,00	0,00	0,00
Total gas consumption (MWh)	0,00	2 157,00	3 569,11
Total energy consumption (MWh)	125,70	5 558,80	7 889,12

2.3.2. Carbon footprint for scopes 1, 2 and 3

The 2023 corporate carbon footprint presented below is not indicative of AFYREN's future emissions. These will necessarily increase as continuous, full-capacity production comes on stream.

	2021	2022	2023
Scope 1 greenhouse gas emissions (tCO ₂ e)	NA	57,00	83
Scope 2 greenhouse gas emissions - <i>location-based</i> (tCO ₂ e)	NA	3,00	672
Scope 2 greenhouse gas emissions - <i>market-base</i>	NA	4,00	689
Scopes 1 and 2 greenhouse gas emissions - <i>location-based</i> (tCO ₂ e)	NA	60,00	755
Scopes 1 and 2 greenhouse gas emissions - <i>market-based</i> (tCO ₂ e)	NA	61,00	772
Scope 3 greenhouse gas emissions - upstream (tCO ₂ e)	NA	1519	2615
Scope 3 greenhouse gas emissions - downstream (tCO ₂ e) (tCO ₂ e)	NA	Not relevant	Not relevant
Scope 3 greenhouse gas emissions (tCO ₂ e)	NA	1519	2615
Total greenhouse gas emissions (tCO ₂ e)	NA	1579	3386

2.3.3. Assessing the financial impact (risks and opportunities) of climate change

For AFYREN, the transition to a low-carbon economy represents a twofold economic opportunity. First, buyers of organic acids are increasingly looking for solutions that emit less greenhouse gas. Second, regulatory mechanisms will tend to support the development of more sustainable alternatives.



C H A P T E R T H R E E

PREVENTING AND AVOIDING ALL FORMS OF POLLUTION

3.1. IDENTIFYING AND MANAGING THE IMPACTS, RISKS AND OPPORTUNITIES ASSOCIATED WITH WATER, AIR AND SOIL POLLUTION

3.2. PREVENTION POLICIES AT EVERY PRODUCTION STAGE

3.3. MEASURING POLLUTION-RELATED IMPACTS

3.3.1. Air, water and soil pollution

3.3.2. Assessing the financial impact (risks and opportunities) of pollution

3.1. IDENTIFYING AND MANAGING THE IMPACTS, RISKS AND OPPORTUNITIES ASSOCIATED WITH WATER, AIR AND SOIL POLLUTION

AFYREN's activities, based on the handling of finished products containing polluting substances, expose the Group to the risk of incidents that could lead to direct pollution of water, air and soil. However, the nature of the process (green chemistry) means that pollution risks are very low, and the Group is careful to minimise any possible impact. For 2023, no risks have been identified relating to water, air and soil pollution.

3.2. PREVENTION POLICIES AT EVERY PRODUCTION STAGE

Management has introduced a policy aligned with environmental challenges, with a strong focus on pollution prevention throughout the AFYREN NEOXY site.

AFYREN incorporates risk prevention measures into all its activities and for its employees at the AFYREN NEOXY site, including training on environmental issues and best prevention practices.

Analyses are carried out regularly to detect any drift and prevent any form of pollution. AFYREN is actively committed to reducing the risks of air, soil and water pollution through a series of actions.

In order to limit soil and subsoil pollution, the company has initiated the installation of retention basins for the storage of raw materials and finished products, as well as retention of raw materials in the handling and storage areas. All operational areas are waterproofed to prevent the infiltration of pollutants.

As far as water pollution is concerned, all effluent produced is collected and sent to the Chemesis platform treatment plants, with which a waste disposal agreement has been signed, covering waste from the manufacturing process, the laboratory and greywater.

In terms of groundwater monitoring, AFYREN carries out analyses every six months to ensure the condition of these vital resources.

Also, to prevent air pollution, a treatment unit (thermal oxidiser) for volatile organic compounds (VOCs) has been installed, and is monitored annually by a certified body. This makes it possible to treat waste and prevent polluting substances from being emitted into the atmosphere.



3.3. MEASURING POLLUTION-RELATED IMPACTS

3.3.1. Air, water and soil pollution

Residual pollutants from the fermentation process are treated at the platform's wastewater treatment plants. Analyses of discharged substances are also carried out, as is mandatory for all installations classified for environmental protection (ICPE).

3.3.2. Assessing the financial impact (risks and opportunities) of pollution

As described above, the NEOXY plant has been designed to limit the risk of pollution (construction on retention tanks) and benefits from the platform's infrastructure and equipment to manage this risk. The amounts of financial guarantees allocated to pollution risk are insignificant.

4.1. IDENTIFYING AND MANAGING THE IMPACTS, RISKS AND OPPORTUNITIES ASSOCIATED WITH WATER RESOURCES

4.2. STRONG AMBITIONS IN RELATION TO WATER RESOURCES

4.3. INDICATORS AND OBJECTIVES RELATING TO WATER RESOURCES

04

C H A P T E R F O U R

OPTIMISING WATER CONSUMPTION AT OUR SITES

4.1. IDENTIFYING AND MANAGING THE IMPACTS, RISKS AND OPPORTUNITIES ASSOCIATED WITH WATER RESOURCES

The municipality of Saint-Avoid is not affected by a Flood Risk Prevention Plan (PPRI), and AFYREN's current installations are not affected by a flood risk.

While a shortage of water could have an impact on the Group's activities, this risk is limited by the small amount of water needed to run our processes. Water is used to start the fermentation process, which then takes place in a closed loop. It generates surplus water, which is reused in a continuous production system once full capacity has been reached.

No water-related financial risk was therefore identified for 2023.

4.2. STRONG AMBITIONS IN RELATION TO WATER RESOURCES

Although there is currently no formal water policy, AFYREN has nevertheless set three clear and ambitious targets for water use at its production sites in its regenerative roadmap:

- | | | |
|---|---|-----------------------------------|
| ●● Including the industrial sites in a circular approach to reduce their water consumption, optimise its reuse, recycling and recovery; | ●● Integrating water treatment at the end of the process to recover it locally; | ●● Being a net producer of water. |
|---|---|-----------------------------------|

4.3. INDICATORS AND OBJECTIVES RELATING TO WATER RESOURCES

Once the Saint AVOID plant operates at full capacity, AFYREN will examine whether the above objectives are tenable as they stand, or whether they need to be adjusted.

The volume of water consumption at the plant measured in 2023 (20,554 m³) was higher than that expected during normal production, but this was a year of production tests at the plant, during which consumption was not yet optimised.

When the site operates continuously, AFYREN's fermentation cycle will produce surplus water (from the biomass), which can be recycled.

Water consumption will therefore be reduced in the coming years.



Evaporator for recycling water in fermenters

CHAPTER FIVE

PROTECTING LIVING ORGANISMS AND PRESERVING ECOSYSTEMS

5.1. IDENTIFYING AND MANAGING THE IMPACTS, RISKS AND OPPORTUNITIES ASSOCIATED WITH BIODIVERSITY AND ECOSYSTEMS

5.2. MINIMISING PRESSURE ON ECOSYSTEMS AND AIMING TO SET AN EXAMPLE ON SITE

5.3. IDENTIFYING A SUITABLE MEASUREMENT TOOL TO CONTROL OUR FOOTPRINT

5.4. BIODIVERSITY AND ECOSYSTEM PROTECTION OBJECTIVES

5.1. IDENTIFYING AND MANAGING THE IMPACTS, RISKS AND OPPORTUNITIES ASSOCIATED WITH BIODIVERSITY AND ECOSYSTEMS

No biodiversity-related risks have been identified for 2023. However, as living organisms are at the heart of its business model, AFYREN is fully aware of its responsibility to respect natural resources and is careful to minimise its impact on biodiversity. This is one of the reasons why the Group has made a strategic commitment to use only biomass by-products for its sourcing. This avoids changes in land use, which can be the case for some competing products (for example, some palm oil sourcing remains controversial).

The Group also aims for exemplary operation of each of its sites, for AFYREN NEOXY as well as the administrative sites in Lyon and Clermont-Ferrand. Wherever possible, AFYREN aims to locate its new projects on existing sites, with a revitalisation objective and strong local roots. The AFYREN NEOXY plant was built on the Chemesis platform, an industrial site that has been involved in petrochemicals for over 70 years. In accordance with regulations, an impact study was carried out before work began. It concluded that the green toad, a protected species, was present.

5.2. MINIMISING PRESSURE ON ECOSYSTEMS AND AIMING TO SET AN EXAMPLE ON SITE

Following the identification of the presence of green toads on the Saint-Avoid industrial site, measures to protect and preserve this species were put in place. A refuge area is set aside and maintained.

AFYREN already supports virtuous practices by sourcing European raw materials for production at the Saint-Avoid site - which are therefore subject to high quality criteria - and wishes to extend this commitment. To this end, the company maintains a regular dialogue with its main suppliers of raw materials to ensure that it is fully aware of its supplies, and has decided to work towards ISSC + certification. Among other things, this guarantees the protection of land with a high biodiversity value.

Downstream, to continue supporting the farming community towards greater sustainability, the Group has joined forces with CEARITIS to develop a biocontrol solution for tree growers. CEARITIS' 'Push&Pull' biocontrol system uses a repellent solution - formulated from biobased acids produced by AFYREN - which, when sprayed on the tree plot, acts as a natural barrier to pests. The system also uses an attractive add-on solution, based outside the plot, which attracts fruit flies and diverts them into an innovative trap. Only the targeted flies are captured, so the system has no impact on biodiversity.

BIOCONTROL: WHAT IS IT?

Biocontrol is defined as a set of plant protection methods based on the use of natural mechanisms. These methods are based on the mechanisms and interactions that govern relations between species in the natural environment. So the principle of biocontrol is based on managing the balance of pest populations rather than eradicating them. Biocontrol is recognised as a key alternative to conventional plant protection products and as one of the pillars of agroecology.

5.3. IDENTIFYING A SUITABLE MEASUREMENT TOOL TO CONTROL OUR FOOTPRINT

In order to manage its impact on biodiversity, AFYREN wants to assess its footprint more accurately and is looking for the most appropriate tool. As tools for measuring the biodiversity footprint are not yet fully developed, this exercise is still at the exploratory stage.

However, initial results have confirmed the predominance in this footprint of land use and occupation linked to the agricultural production from which the co-products used by AFYREN originate. Further research is needed to refine this estimate.

5.4. BIODIVERSITY AND ECOSYSTEM PROTECTION OBJECTIVES

In line with its desire to limit pressure on land and competition with human food, AFYREN aims to source 100% of its raw materials, excluding reagents, from biomass by-products or residues.

Objective

100%

of the biomass used as raw material from sustainable sourcing and only from by-products or residues.



6.1. IDENTIFYING THE MATERIAL IMPACTS, RISKS AND OPPORTUNITIES ASSOCIATED WITH RESOURCE USE AND THE CIRCULAR ECONOMY

6.2. A MORE CIRCULAR AND LOCAL SOURCING POLICY

6.3. INDICATORS AND OBJECTIVES

6.3.1. Targets related to resource use and circular economy

6.3.2. Resource inflows

6.3.3. Resource outflows, products sold and waste

6.3.4. Assessing circular economy-related financial impacts

06

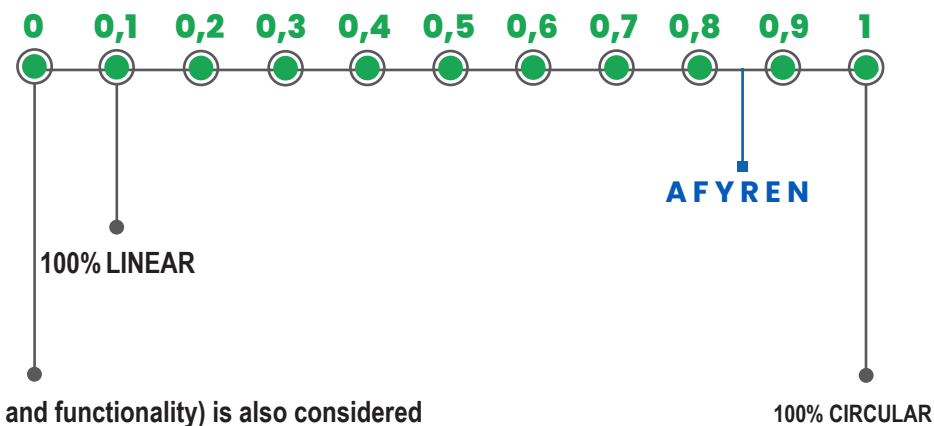
C H A P T E R S I X

MAKING OUR
PROCESSES MORE
CIRCULAR AND
REDUCING PRESSURE
ON RESOURCES

6.1. IDENTIFYING MATERIAL CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

AFYREN closely monitors the risks associated with the supply of raw materials and energy, including climate risk. The process can work with a variety of biomass co-products. This approach, which serves an overall objective of circularity and preservation of natural resources, also makes it possible to secure supplies of raw materials, reduce the risks associated with pressures on biomass (diseases, climate change, etc.) and ensure the long-term viability of the economic equation for raw materials producers.

Based on a renewable and circular model, AFYREN decided to work on a quantitative measure of the circularity of its model. With the help of an external firm specialising in environmental analysis, the circularity of AFYREN's biorefinery was measured using the indicator developed by the Ellen Mac Arthur Foundation. This exercise should also be seen as forward-looking, but it has confirmed AFYREN's good performance in terms of circularity (estimated at 0.85/1).



Product utility (lifetime and functionality) is also considered

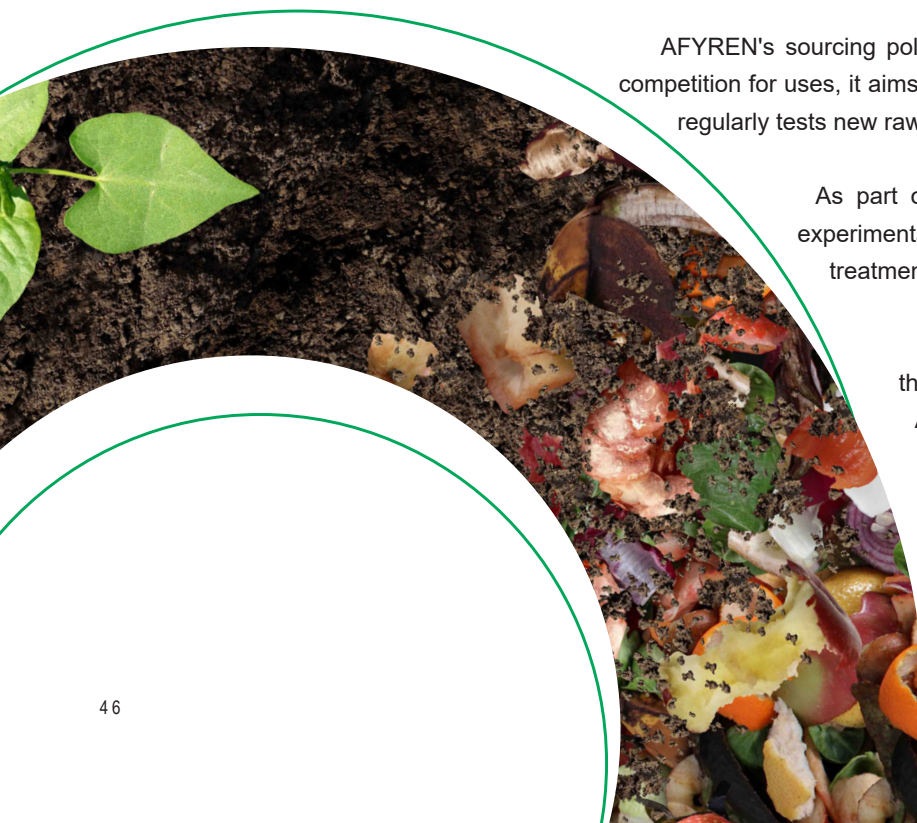
A 100% linear product with shorter lifetime and/or less functionality than the industry average may have $MCI < 0,1$

6.2. A MORE CIRCULAR AND LOCAL SOURCING POLICY

AFYREN's sourcing policy limits the risk of raw material shortages. To limit competition for uses, it aims to use only biomass co-products purchased locally. It regularly tests new raw materials to increase the adaptability of its process.

As part of its regenerative roadmap, AFYREN plans to test experimental projects on new outlets such as upstream biowaste treatment or downstream by-products.

Regional supply chain contracts will be studied, from the producer (agroecological practices, etc.) through AFYREN and its customers (traceability of supplies, financial support) to the end consumer (traceability, financial support).



6.3. INDICATORS AND OBJECTIVES

6.3.1. Targets related to resource use and circular economy

In line with its desire to limit pressure on land and competition with human food, AFYREN wishes to maintain 100% sourcing of its renewable (biobased) raw materials from biomass by-products or residues. The raw materials used by the Group, in particular plant-based and other raw material inputs, are naturally available and correspond to local agricultural residues that cannot be used directly in the human food chain and are usually treated as waste or low-value by-products. These by-products are therefore more generally used in the animal feed (livestock) sector or methanisation.

6.3.2. Resource inflows



For the AFYREN NEOXY plant, the resources consumed are all of European origin. Both the biobased raw materials (biomass residues) and the inputs (regulatory products) are produced in Europe within a radius of a few hundred kilometres of the plant (neighbouring countries).

The unique biotechnological approach developed by AFYREN is a biomimetic process based on natural micro-organisms. Water is also consumed during the process (*see section 4*).

6.3.3.Resource outflows, products sold and waste

AFYREN produces 7 biobased organic acids and a potassium-rich fertiliser for use in organic farming. This can then be used as a nutrient on agricultural land, reinforcing the circular dimension of the process. In this way, everything produced by fermentation is recycled; the process is said to be "zero industrial waste". As mentioned in section 4, excess water (after recycling) is also present at the end of the process.

Normal business operations also generate flows of purchases and everyday waste that are not specific to the company's business: stationery, furniture, catering, etc.

6.3.4. Assessing circular economy-related financial impacts

Recovering fertiliser, a by-product of the organic acids manufacturing process, enables AFYREN to increase the circularity of its business. It is also a source of financial opportunities, since the entire annual volume of this high value-added fertiliser (23,000 tonnes a year at full capacity) is covered by a sales contract. This type of fertiliser is widely used in wine growing, market gardening and arboriculture in France and Europe.

7.1. STRATEGY

7.1.1. Creating opportunities for dialogue to take account of employee expectations

7.1.2. Impacts, risks and opportunities

7.2. MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

7.2.1. Policies and actions relating to employees

7.2.2. Processes for dialogue and action with employees and their representatives

7.2.3. Processes to remediate negative impacts and channels for own workforce to raise concerns

7.3. INDICATORS AND OBJECTIVES

7.3.1. Employee objectives

7.3.2. Characteristics of company employees

7.3.3. Characteristics of employees and non-employees (temporary employees and freelancers)

7.3.4. Adequate wages and social protection

7.3.5. Indicators

7.3.6. Incidents, complaints and severe human rights impacts

07

C H A P T E R S E V E N

PROVIDING A SAFE AND FULFILLING WORKING ENVIRONMENT FOR ALL OUR EMPLOYEES

7.1. STRATEGY

The AFYREN Group is committed to guaranteeing a safe working environment for all its employees and to providing a motivating and fulfilling working environment for everyone, without distinction. Against a backdrop of rapid growth in the company and its workforce (x5 in three years), the HR policy is designed to attract the best talent, structure the Group and ensure organisational efficiency. In this growth phase, AFYREN is moving from an R&D approach to an industrial operation, a change that is taking place in stages and involves adapting its needs in terms of skills. In the short term, these rapid changes make it difficult to analyse quantitative HR indicators. 798 The company's efforts are focused primarily on structuring and organisational issues.



We don't operate in the same way with 120 employees as we do with 10... especially in a context of industrial scale-up. Structuring our governance, defining the roles and responsibilities of everyone within the organisation and structuring our internal interfaces are all strategic priorities to ensure that our operational efficiency matches our challenges.



Léa BASSEGODA
AFYREN's Chief people Officer

7.1.1. Creating opportunities for dialogue to take account of employee expectations

There are several channels through which the company can find out what its employees think:

- AFYREN NEOXY's Social and Economic Committee (CSE), which relays concerns about wages, labour law and collective bargaining agreements.
- Regular information-sharing meetings where everyone can express their needs and expectations. Every six to eight weeks, for example, presentations on Group news are given, followed by discussions between teams and management, both at Group level and within AFYREN NEOXY;
- An internal survey, launched in 2023, achieved a 97% participation rate. It helped to identify the priority actions to be implemented in 2023, defined following collaborative sessions with all the teams. The second edition will take place in the second quarter of 2024;
- Occasional discussions organised to coincide with strategic developments. For example, the 2021 materiality analysis and the definition of the Group's purpose were the subject of consultations, the results of which were presented to the Board of Directors.

7.1.2. Impacts, risks and opportunities

12 The AFYREN Group, made up of AFYREN and AFYREN NEOXY, includes production teams employed by AFYREN NEOXY in Carling Saint-Avoid and support, project, industrialisation and R&D functions split between the Clermont-Ferrand head office and the Lyon site.

For AFYREN, the main risks relate to managing the Group's recruitment needs and retaining key personnel.

AFYREN's social impacts are identified through a materiality analysis carried out in 2021 and a forward-looking social LCA carried out in 2022. This revealed that the level of maturity was comparable to that of companies in the sector and that the Group's overall performance was better than the benchmark.

The Group pays particular attention to its operational teams, who are subject to greater health and safety risks than other staff.

7.2. MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

7.2.1. Policies and actions relating to employees

Human rights commitments

The AFYREN Group is fully committed to the principles of the United Nations Global Compact in the areas of human rights and labour law. It firmly opposes all forms of violation of human dignity, in particular child labour, forced labour and slavery. Operating solely in France, it is subject to French and European law, which protects its employees. In 2023, the Group adopted a Code of Ethics affirming its commitment to human rights.

These measures also guarantee fair treatment on a day-to-day basis. Although there is no specific policy in this area, the 2023 survey identified a good performance by the Group in the fight against sexist and sexual harassment: 74% of respondents said that immediate action was taken if an incident was reported. Since the end of 2023, every recruitment advertisement has contained a reference to non-discrimination in order to communicate these values to every candidate. AFYREN wants to increase the diversity of its teams, in particular by including more women and people with disabilities. Skills-based recruitment is one way in which the Group is achieving this objective.

Recruitment and retention of key skills

To meet its recruitment needs, the AFYREN Group is strengthening its employer brand. It is increasing its visibility on LinkedIn, taking part in student forums and working with engineering schools. It is also committed to retaining its employees through personalised skills development plans, facilitated by a clear definition of the roles and responsibilities associated with each position. A further step will be taken in 2024 with the formalisation of a reference framework of attitudes expected by AFYREN, according to the positions and professions concerned, the drafting of job descriptions throughout the organisation, and the creation and roll-out of managerial training courses for team leaders. As mentioned in section 2.2.2, Climate Frescoes will also be on offer at two sites. This illustrates AFYREN's determination to bring its employees to a shared understanding of environmental and societal issues.



As work-life balance is an essential condition for well-being at work, AFYREN has decided to offer an additional week's parental leave to employees who have become parents since 2023. AFYREN has implemented a proactive teleworking policy, allowing employees in eligible positions to telework up to two days a week.

Also, short- and medium-term incentive schemes enable certain employees to benefit from the overall performance. It should be noted that the variable compensation of all employees with such a scheme (including members of the executive management) depends on collective objectives, of which the non-financial component (safety and HR) represents 15% of the total.



Health and safety

Because the industrial environment inherently presents health and safety risks, AFYREN has made it one of the pillars of its human resources policy. The Group has adopted an occupational health and safety policy based on awareness, communication and team involvement. 100% of employees have been trained in safety issues and rules (golden rules, workstation safety, single document, etc.). The Chemesis industrial platform also offers tools to better manage the health and safety of employees and local residents (safety drills, fire-fighting team, shared occupational health service) and organises an annual safety awareness day for all the platform's companies (to mark the World Day for Safety and Health at Work). AFYREN NEOXY takes an active part in these actions.

An overall plan to develop a strong safety culture at all sites has been put in place, with regular indicators, communication initiatives with teams and a steering committee for the overall safety policy.

For example, within the operational teams, "safety talks" are organised on a regular basis. These meetings consist of field visits to observe work situations carried out by managers or employees trained in this practice. We discuss the situation with those who took part. Best practices are reinforced and areas for improvement are identified. These talks are organised under the impetus of the QHSE team, with a target of three per week at the three sites.

In 2023, AFYREN recorded six workplace accidents without lost time. Although not serious, these accidents were nevertheless analysed in detail. They are being monitored all the more closely because the number was higher than in 2022. This increase can be explained by the construction work and the start-up of industrial production. AFYREN is committed to correcting and preventing these accidents and is making this a priority in 2024. A communication, awareness-raising and training programme is being drawn up to minimise health and safety risks.

7.2.2. Processes for dialogue and action with employees and their representatives

Social dialogue is conducted in compliance with French law. AFYREN NEOXY is covered by the Chemicals collective bargaining agreement and has a Social and Economic Committee (CSE). AFYREN is covered by the Syntec collective bargaining agreement and will elect its CSE at the end of 2024. In addition to the staff representative bodies, the management team is increasing the number of opportunities for dialogue with teams at all levels of the organisation, through collective sessions.

7.2.3. Processes to remediate negative impacts and channels for own workforce to raise concerns

Employees may report any case of non-compliance (actual or anticipated) with a legal or regulatory provision or with AFYREN's Code of Ethics through the whistleblowing mechanism described in this Code. As a first step, the employee is advised to contact the line manager or the local Human Resources department. However, the whistleblowing system also allows employees to contact the Group's ethics officer directly via a dedicated channel.

More specifically, in terms of health and safety, everyone is invited to report risk situations on a daily basis using an online form that is accessible to everyone.

7.3. INDICATORS AND OBJECTIVES

7.3.1. Employee objectives

To build the best team, the HR team's priorities are structuring and organisation. Management indicators are gradually being put in place to monitor action plans, but the company still has little relevant comparative history.

In 2024, AFYREN wants to stabilise its internal organisation and secure key skills. In 2023, the reorganisation of the governance of the industrial site and the particular context of the start-up led to an exceptionally high level of staff turnover. The priority remains to ensure the diversity of our teams, in terms of age, career path and gender, at all levels of the hierarchy. Gender parity within AFYREN is above the average for the chemicals sector (*see table below*).

7.3.2. Characteristics of company employees

The Group employs 47 people at AFYREN and 75 at AFYREN NEOXY, for a total of 122 employees.

Diversity

AFYREN is also committed to innovation in social issues. With this in mind, a unique recruitment programme was designed and implemented, in partnership with the job centre, the Saint Avold University Technology Institute and the OPCO 2I, with the support of France Chimie Grand Est, to complete AFYREN NEOXY's production team, at a time when candidates for industrial jobs are in short supply. The aim was to build a diverse team using the SRM method (simulation-based recruitment method). This programme led to the recruitment and training of 23 operators, including 12 using the SRM method, with very varied and complementary profiles.



The programme enabled us to attract profiles with complementary and very varied skills and abilities, with a very balanced age pyramid (ranging from 24 to 54), a variety of professional backgrounds that are sometimes far removed from industry (services, transport, crafts, etc.) and two women. During the training period, which lasted several weeks, the 24 operators were able to forge very strong bonds of mutual support and solidarity.

”

Sandrine HILGERT
Human Resources Manager of AFYREN NEOXY

SRM METHOD:

WHAT IS IT?

The simulation-based recruitment method (SRM), an original recruitment method proposed by the job centre which focuses on the learning abilities of candidates, over and above their experience. This method makes it possible to overcome recruitment difficulties by taking into account candidate's skills rather than their experience. This win-win strategy plays an active part in local, economic and social development, by giving individuals with no specific knowledge the opportunity to move into a new business sector. It promotes inclusion and diversity by highlighting know-how, soft skills and commitment.



This initiative enabled AFYREN to win the national Responsible Care® 2024 trophy in the "Societal" category.

In 2023, AFYREN took on 11 work-study students at its three sites in a variety of professions (R&D, support functions, HSE, etc.). We are therefore committed to developing students' skills to enhance their employability on the job market. In-house tutors are made aware of and trained to supervise trainees.

In 2023, 39% of AFYREN's teams were made up of women, an increase of 4 points from 2022. The proportion of women in governance bodies increased in 2023 from 2022.

	2021	2022	2023
Total workforce (end-of-period FTE)	70	117	122
Of which % young people (<30 years old)	29 %	32 %	29%
Of which % seniors (>50 years old)	13 %	14 %	13%
Of which % women	33 %	35 %	39 %
Gender pay gap ⁵	9 %	16 %	12 %
Share of permanent contracts in the workforce (in %)	91 %	90 %	89,5%

7.3.3.Characteristics of employees and non-employees (temporary employees and freelancers)

The AFYREN Group occasionally uses temporary employment agencies to absorb peaks in activity. The profile commonly sought is that of production operator.

7.3.4.Adequate wages and social protection

As AFYREN currently only operates in France, all its employees are subject to French law, which guarantees a minimum wage for all.

AFYREN offers everyone social protection against loss of income due to illness, unemployment, workplace accidents, parental leave and retirement.

Note
⁵Indicator measured for all AFYREN employees, all positions combined

7.3.5. Indicators

TRAINING AND SKILLS DEVELOPMENT

	2021	2022	2023
Average number of training hours per employee	77,50	31,75	49,00
Number of permanent employees who attended at least one training course during the reporting period	64	103	108

HEALTH AND SAFETY

	2021	2022	2023
Number of lost-time accidents - AFYREN employees	0	0	0
Number of accidents without time off work - AFYREN employees	0	2	6
Number of comments received	NA	206	161



APRIL 2024

AFYREN NEOXY team involved in a safety awareness campaign on the Chemesis platform

PAY GAP	2021	2022	2023
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees ⁶	4,22	4,31	4,62

The changes within our organisations over the last two years have led to a rise in the payroll, which should gradually stabilise. AFYREN's remuneration policy is designed to attract and retain key talent for the organisation. Remuneration data is regularly reviewed to ensure internal fairness and a competitive market position.

7.3.6. Incidents, complaints and severe human rights impacts

In 2023, no serious accident or impact in terms of human rights was detected in connection with AFYREN employees, for whom French law, which is very protective in this area, applies.

Objective

0

Accidents

Building a committed, connected team in a safe environment.
 Medium-term: Creating hundreds of local skilled industrial jobs within a multicultural and diverse team, fully committed and in a safe environment (0% accident policy).

Note
⁶excluding the highest-paid individual



8.1. STRATEGY

- 8.1.1. Interests and views of consumers and end users
- 8.1.2. Impacts, risks and opportunities

8.2. MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

- 8.2.1. Policies and actions relating to consumers and end users

08

C H A P T E R E I G H T

ENSURING THE SATISFACTION OF CONSUMERS AND END-USERS AND MEETING THEIR NEW EXPECTATIONS

8.1. STRATEGY

8.1.1. Interests and views of consumers and end users

Consumers and end-users are people who use a product or service as a last resort or for personal use⁷. As AFYREN's products go through several stages of processing before being consumed, the company has no direct relationship with the consumers and end-users of its products. AFYREN nevertheless monitors the interests, wishes and needs of consumers and end-users in several ways: firstly, the relationships maintained with its customers give AFYREN an insight into the expectations of its downstream value chain. AFYREN also keeps abreast of studies and publications produced by professional associations and trade unions in connection with its business sector. Also, AFYREN keeps abreast of trends and information published on social media by influencers relevant to its business sector.



While the vast majority of carboxylic acids on the market are still derived from fossil resources, we are seeing very strong demand from economic players for biobased and more sustainable products, ranging from naturalness to a lower carbon footprint. This demand is driven not only by changing consumer expectations, but also by committed CSR strategies in the business world and increasingly stringent regulations. Our ambition is to meet these expectations and contribute to the transformation of value chains.



Joachim MERZIGER
AFYREN's Chief Commercial Officer

8.1.2. Impacts, risks and opportunities

No risks relating specifically to consumers and end-users have been identified. AFYREN's social impacts were identified through a materiality analysis in 2021 and a social LCA in 2022. No specific impact has been identified. Lastly, our products have no specific health impact. The properties of the products manufactured by AFYREN are exactly the same as those of the products they replace (petroleum-based version of the same molecules). These products have been around for many years, are registered under REACH and are subject to marketing authorisations where necessary (depending on the sector of application).



Note
⁷ Commission Delegated Regulation (EU) 2023/2772 gives the following definitions:
• Consumers: individuals who acquire, consume or use goods and services for personal use, either for themselves or for others, and not for resale, commercial or trade, business, craft or profession purposes;
• End-users: individuals who ultimately use or are intended to ultimately use a particular product or service.

8.2. MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

8.2.1. Policies and actions relating to consumers and end users

The AFYREN Group fully adheres to the principles of the United Nations Global Compact in terms of human rights, as set out in its Code of Ethics, which also details the whistleblowing procedure in the event of non-compliance. We are also committed to providing consumers and end-users with reliable, accurate and easy-to-read information about our products. This is why we have obtained COSMOS, ECOCERT, Kosher and Halal certification, and are preparing for Responsible Care, GMP+ and FSSC22000 certification.

Objective

100 % of our solutions
offer a sustainability advantage for industry and consumers.
In the medium term, we want to offer around 70,000 tonnes per year of biobased acids, all with a better life cycle assessment (LCA) than products on the market.
And the biobased raw materials we use do not compete with use in human food.



ENSURING RESPONSIBLE BUSINESS CONDUCT

9.1. IDENTIFYING AND MANAGING BUSINESS CONDUCT-RELATED IMPACTS AND RISKS

9.2. RESPONSIBLE BUSINESS CONDUCT POLICIES

9.3. MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

9.4. PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

9.5. POLITICAL INFLUENCE AND LOBBYING ACTIVITIES

09

9.1. IDENTIFYING AND MANAGING BUSINESS CONDUCT-RELATED IMPACTS AND RISKS

In 2023, AFYREN did not identify any significant risks relating to business conduct, management of relations with suppliers, corruption or bribery.

9.2. RESPONSIBLE BUSINESS CONDUCT POLICIES

AFYREN introduced a Code of Ethics in 2023.

This Code of Ethics details AFYREN's policies on competition law, business gifts, the fight against corruption, influence peddling, fraud and conflicts of interest.

It also explains how an employee can report a case of non-compliance with AFYREN's ethical standards to AFYREN's Legal Director, who has been appointed group ethics officer.

9.3. MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

AFYREN adopted a Supplier Code of Conduct in 2022.

The Supplier Code of Conduct defines in particular the principles to be respected with regard to respect for the law and the rights of third parties, business integrity, dignity and respect for people (health, safety and hygiene), the safety of products and services supplied, and the security of shared data.

AFYREN has already laid the foundations of a sustainable and responsible Purchasing policy, which should be translated into more operational commitments from 2024.

AFYREN does not yet have a formal policy to prevent late payment, but attaches great importance to respecting its suppliers' payment terms and communicates very transparently on this subject.

9.4. PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

AFYREN is firmly committed to fighting corruption and bribery through its Code of Ethics, its Supplier Code of Conduct and its "zero tolerance" policy.

The new Code of Ethics has been provided to all AFYREN and AFYREN NEOXY employees, who have all confirmed that they have received and read it.

Several information and awareness-raising webinars were offered in November and December 2023 to explain the Group's approach to ethics and business conduct, and to ensure that the new whistleblowing process was fully understood.

Reference documents (Code of Ethics, sustainable and responsible Purchasing policy, Supplier Code of Conduct) are systematically given to new recruits.

Rigorous financial procedures also strengthen the prevention framework.

AFYREN has not identified any breaches of anti-corruption laws since 2020.

As part of its international development, AFYREN will implement similar policies. It is expected that similar policies on ethics, business conduct and whistleblowing will be formalised and communicated to all employees.

9.5. POLITICAL INFLUENCE AND LOBBYING ACTIVITIES

Institutional relations and public affairs are coordinated by AFYREN's Director of CSR, Communication and Public Affairs, as part of an approach based on dialogue and transparency with all stakeholders. The company's aim is to raise awareness of its activities, share the obstacles and levers to the development of the bioeconomy and contribute to sustainable industrialisation in the regions.

Lobbying actions are mainly carried out collectively to defend the interests of the industry via trade associations, such as the Association of Plant Chemistry (ACDV), France Chimie, etc. They also involve participating in sectoral discussions, promoting biobased products and supporting industrial start-ups.

The company is also regularly asked to share its experience in the field, both as a young company and as a pioneer in terms of CSR and the bioeconomy. AFYREN is strongly committed to the work carried out by the Grand Est region to promote the bioeconomy, and is one of the signatories of the bioeconomy industry contract.

There were no lobbying expenses or political contributions in 2023.

AFYREN is currently an active member of the following organisations:

TRADE ASSOCIATIONS/UNIONS

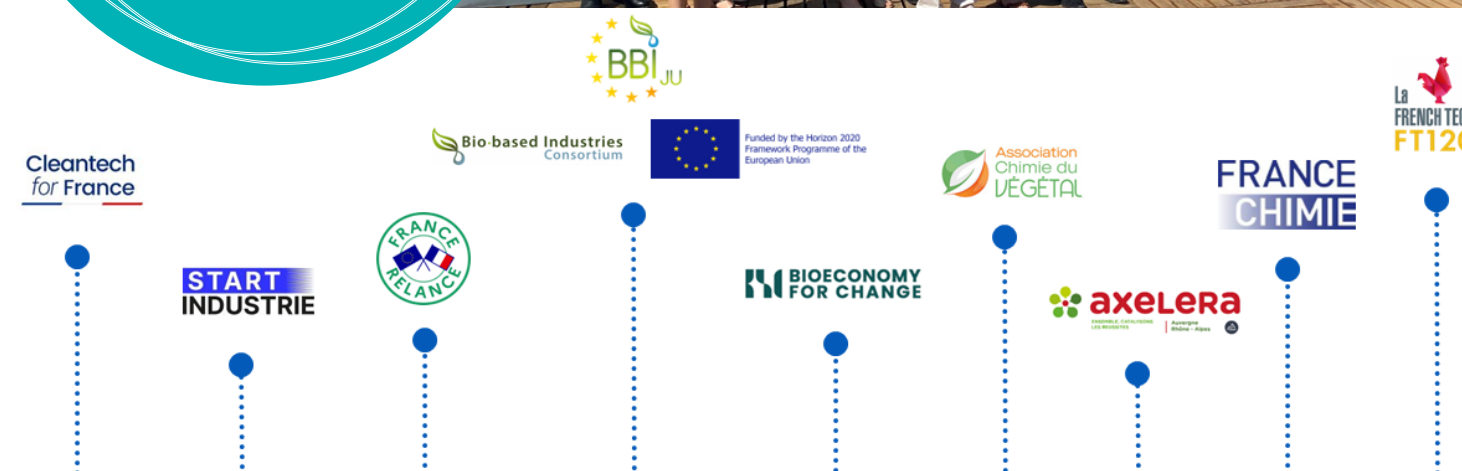
France Chimie Grand Est
ACDV (Association of Plant Chemistry)
SYNPA
AFCA CIAL
START Industrie
MEDEF AURA
PERL

COMPETITIVENESS CLUSTERS

B4C
AXELERA
BPI excellence/coq vert
Ex French Tech120
C3D
Clean Tech For France

For AFYREN's experts, taking part in these working groups and initiatives gives them a forward-looking vision of the political and environmental changes that will have an impact on the future: a guarantee that the company will be able to adapt more nimbly to possible futures.

SEPTEMBER 2022
signing of the Grand Est
Region's bioeconomy sector
contract, Foire de Chalons en
Champagne



10.1. CSR PERFORMANCE ACCORDING TO CSRD INDICATORS

10.2. CSRD CORRESPONDENCE TABLE

10.3. PROCEDURES FOR PREPARING ESG INFORMATION

10.3.1. Scope of the CSR report

10.3.2. Methodological note on the forthcoming report

10

C H A P T E R T E N

APPENDICES

10.1. CSR PERFORMANCE ACCORDING TO CSRD INDICATORS

CSRD REPORTING INDICATORS	UNIT	2023 (2022 VALUES)	2024 (2023 VALUES)	#KPI LSME
GOVERNANCE				
Number of executive members	VA	1	1	S2 19 a i
Number of non-executive members	VA	6	6	S2 19 a ii
Percentage of independent board members	%	28.57%	28.57%	S2 19 a vi
Gender diversity in number and percentage at general management level (Executive Committee and Management Committee)	%	22,62%	25,79%	S5 S1 50 a
Representation of employees and other workers on the Board of Directors/Supervisory Board	VA	0	0	S2 19 a iii
CLIMATE				
Gross scope 1 GHG emissions (in metric tonnes CO ₂ equivalent)	tCO ₂ e	57	84	S4 E1 17 a
Gross location-based scope 2 GHG emissions	tCO ₂ e	3	755	S4 E1 18 a
Gross market-based scope 2 GHG emissions	tCO ₂ e	4	689	S4 E1 18 b
GHG emissions of each significant scope 3 category	tCO ₂ e	1519 (upstream scope 3 only)	2695 (upstream scope 3 only)	S4 E1 19
WORK ENVIRONMENT / EMPLOYEES				
HEALTH / SAFETY				
Number of fatalities as a result of work-related accidents and work-related ill health for own employees	VA	0	0	S5 S1 37 ai
Work-related accident rate for non-employees. (Number of accidents with days lost X 1,000,000 / Number of hours worked)	VA	0	0	S5 S1 37 b iv
Work-related accident rate for employees. (Number of accidents with days lost X 1,000,000 / Number of hours worked)	VA	0	0	S5 S1 37 b ii
EMPLOYEES				
Total number of employees by head count, and breakdowns by gender and by country for countries in which the undertaking has 50 or more employees representing at least 10% of its total number of employees	VA	117	122 Of which 47 only in France	S5 S1 11 a
Number of permanent employees	VA	103	109	S5 S1 11 b i
Permanent employees with breakdown by gender	VA		37 Women / 72 Men	
Permanent employees by head count or full-time equivalent (FTE)		117	122	S5 S1 12 a
Permanent employees with breakdown by gender by head count or full-time equivalent (FTE)	% women	36%	39%	
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)	VA	4,31	4,62	S5 S1 41 b
Average number of training hours per employee and by gender	hours per employee	32	49	S5 S1 34
Rate of employee turnover in the reporting period	%	25%	33%	S5 S1 11 c
Gender pay gap, defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees	%	16%	12%	S5 S1 41 a
Percentage of employees with disabilities	%	1.32%	0	S5 S1 50 b
Rate of the undertaking's workforce covered by collective bargaining agreements	%	100%	100%	S5 S1 19

RESSOURCES				
Total quantity of waste generated by own operations, in tonnes	t	/	794,8	S4 E5 64 a
Percentage of non-recycled waste from own operations (weight)	%	/	15%	S4 E5 64 b
RESPONSIBLE BUSINESS CONDUCT				
Amount of fines for violation of anti-corruption and anti-bribery laws	VA	0	0	S5 G1 10 b ii
Number of convictions for violation of anti-corruption and anti-bribery laws	%	0	0%	S5 G1 10 b i
Number of complaints received from consumers and/or end-users during the reporting period	VA	0	0	S3 AR109
Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above	%	0%	0%	S5 S1 47 b
WATER				
Total water consumption	m ³	20328	20554	S4 E3 46 a

10.2. CSRD CORRESPONDENCE TABLE

The table below shows, for each part of this CSR report and the RFA 2023, the CSRD (ESRS LSME) disclosure requirements covered (see section 10.2.2).

SUMMARY OF THIS CSR REPORT	CSRD
1. AFYREN's CSR strategy and governance	
1.1. An innovative and responsible industrial model	
1.1.2. Strategy, business model and value chain	Section 2: DR 3 (GOV-1) Section 2: DR 4 (GOV-2) Section 2: DR 6 (SBM-2)
1.1.4. Stakeholder mapping and identification of challenges	
1.2. An innovative and responsible industrial model	
1.2.1. The role of the administrative, management and supervisory bodies	Section 2: DR 5 (SBM-1)
1.2.2. Due diligence statement	Section 2: DR 6 (SBM2)
2. Acting for a low-carbon industry	
2.1. Strategy	
2.1.1. Understanding and controlling our emissions	Section 2: DR 7 (SBM-3) Section 2: DR 7 (SBM-3), DR 8 (SBM-4)
2.1.2 Identifying the impacts, risks and opportunities of climate change	
2.2. Management of impacts, risks and opportunities	
2.2.1. Reducing GHG emissions in our processes and for our customers	Section 3: DR 11 (IR-3)
2.2.2. Actions and resources for decarbonisation and climate transition culture	Section 3: DR 11 (IR-3)
2.3. Indicators and objectives	
2.3.1. Energy consumption and mix	Section 4: DR E1-1
2.3.2. Carbon footprint for scopes 1, 2 and 3	Section 4: DR E1-2
2.3.3. Assessing the financial impact (risks and opportunities) of climate change	Section 4: DR E1-4
3. Preventing and avoiding all forms of pollution	
3.1. Identifying and managing the impacts, risks and opportunities associated with water, air and soil pollution	Section 2: DR 7 (SBM-3) Section 3: DR 11 (IR-3)
3.2. Prevention policies at every production stage	
3.3. Measuring pollution-related impacts	
3.3.1. Air, water and soil pollution	Section 3: DR 11 (IR-3)
3.3.2. Assessing the financial impacts (risks and opportunities) of pollution	Section 4: DR E6
4. Optimising water consumption at our sites	
4.1. Identifying and managing the impacts, risks and opportunities associated with water resources	Section 2: DR 7 (SBM-3) Section 3: DR11 (IR-3), DR 12 (IR-4) Section 4: DR E3-1
4.2. Strong ambitions in relation to water resources	
4.3. Indicators and objectives relating to water resources	
5. Protecting living organisms and preserving ecosystems	
5.1. Identifying and managing the impacts, risks and opportunities associated with biodiversity and ecosystems	Section 2: DR 7 (SBM-3), DR 9 (IR-1) Section 3: DR 11 (IR-3)
5.2. Minimising pressure on ecosystems and aiming to set an example on site	Section 2:: DR 9 (IR-1)
5.3. Identifying a suitable measurement tool to control our footprint	Section 3: DR 12 (IR-4)
5.4. Biodiversity and ecosystem protection objectives	
6. Making our processes more circular and reducing pressure on resources	
6.1. Identifying material circular economy-related impacts, risks and opportunities	Section 2: DR 7 (SBM-3) Section 3: DR 11 (IR-3)
6.2. A more circular and local sourcing policy	
6.3. Indicators and objectives	
6.3.1. Targets related to resource use and circular economy	Section 3: DR 12 (IR-4)
6.3.2. Resource inflows	Section 4: DR E5-1
6.3.3. Resource outflows, products sold and waste	Section 4: DR E5-2
6.3.4. Assessing circular economy-related financial impacts	Section 4: DR E6
7. Providing a safe and fulfilling working environment for all our employees	
7.1. Strategy	
7.1.1. Creating opportunities for dialogue to take account of employee expectations	Section 3: DR 11 (IR-3) Section 2: DR 7 (SBM-3) Section 5: DR S1-1, DR S1-1
7.1.2. Impacts, risks and opportunities	
7.2. Management of impacts, risks and opportunities	
7.2.1. Policies and actions relating to employees	Section 3: DR 11 (IR-3)
7.2.2. Processes for dialogue and action with employees and their representatives	Section 3: DR 11 (IR-3)
7.2.3. Processes to remediate negative impacts and channels for own workforce to raise concerns	Section 3: DR 11 (IR-3)
7.3. Indicators and objectives	
7.3.1. Employee objectives	Section 3: DR 12 (IR-4)
7.3.2. Characteristics of company employees	Section 5: DR S1-10, DR S1-8

7.3.3. Characteristics of employees and non-employees (temporary employees and freelancers)	Section 5: DR S1-2
7.3.4. Adequate wages and social protection	Section 5: DR S1-5
7.3.5. Indicators	Section 5: DR S1-6, DR S1-7
7.3.6. Incidents, complaints and severe human rights impacts	Section 5: DR S1-9

8. Ensuring the satisfaction of consumers and end-users and meeting their new expectations

8.1. Strategy	
8.1.1. Interests and views of consumers and end users	Section 2: DR 6 (SBM-2)
8.1.2. Impacts, risks and opportunities	Section 2: DR 7 (SBM-3)
8.2. Management of impacts, risks and opportunities	
8.2.1. Policies and actions relating to consumers and end users	Section 3: DR 11 (IR-3)
9. Ensuring responsible business conduct	
9.1. Identifying and managing business conduct-related impacts and risks	Section 6: DR G1-2
9.2. Responsible business conduct policies	Section 2: DR 11 (IR-3)
9.3. Management of relationships with suppliers	Section 6: DR G1-1
9.4. Prevention and detection of corruption and bribery	Section 3: DR 11 (IR-3)
9.5. Political influence and lobbying activities	Section 6: DR G1-2 Section 6: DR G1-3

10. Appendices

10.1. Correspondence table	
10.2. Procedures for preparing ESG information	
10.2.1. Scope of the CSR report	Section 2: DR1 (BP-1), DR5 (SBM-1)
10.2.2. Methodological note on the forthcoming report	Section 2: DR1 (BP-2)

RELEVANT 2023 RFA SECTION

3.9. Risk factors	Section 2: DR 7 (SBM-3), DR 9 (IR-1)
3.10. - Risk management and internal control procedures implemented by AFYREN for the preparation and processing of accounting and financial information	Section 2:: DR 9 (IR-1)

10.3. PROCEDURES FOR PREPARING ESG INFORMATION

10.3.1. Scope of the CSR report

Scope of the sustainability report

AFYREN is a public limited company with a Board of Directors, listed on Euronext Growth Paris.

At 31/12/2023, AFYREN owned the following subsidiaries:

- "AFYREN NEOXY", the operating company of AFYREN's first industrial-scale production plant for biobased organic acids from sugar beet by-products. The plant is located on the Chemesis industrial platform located in Carling-Saint-Avoid, in the Grand Est region. AFYREN NEOXY is jointly owned with Bpifrance (with AFYREN owning 51% of its share capital and Bpifrance 49%). AFYREN NEOXY's accounts are included in those of AFYREN using the equity method.

In this report, the quantitative data for AFYREN NEOXY are included at 100% because the AFYREN Group has operational control of the production plant.

- "9478-2687 Québec Inc." is a wholly-owned subsidiary that was not active at the date of publication of this document and therefore has no impact on the ESG issues of the AFYREN group.

At 31/12/2023, AFYREN had 122 employees, a balance sheet total of €70,427k and revenues of €3,379k for the 2023 financial year.

Following delivery of the AFYREN NEOXY plant in 2022 and its successful industrial commissioning, the operational teams focused in 2023 on starting production, with the first tonnes of products manufactured in June 2023. The Company's priority objective is to start continuous production in 2024.

As AFYREN's industrial activities are in their start-up phase, the environmental, social and governance issues are part of a particular context. Nevertheless, the Company has already taken a number of steps to ensure that ESG issues are at the heart of its business model, strategy and policies.

The Company has been communicating its CSR commitments in its Annual Financial Report since 2021 (chapter 5) and now wishes to share these issues even more widely through a dedicated sustainability report, drawn up on a voluntary basis. Chapter 5 of the Company's Annual Financial Report has therefore been adapted in the light of the information that will be shared in the sustainability report.

10.3.2. Methodological note on the forthcoming report

Under EU Directive 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards corporate sustainability reporting, known as the CSRD Directive, companies listed on a regulated market are required to draw up a sustainability report.

As AFYREN is a company whose shares are admitted to trading on Euronext Growth, an organised market, and does not fall within the scope of large companies, AFYREN will not be subject to the obligations to publish a sustainability report.

However, mindful of its impact, the Company has chosen to work on a sustainability report. This first sustainability report will be based on data for the 2023 financial year and drawn up using the working version of the ESRS for Listed Small-and-Medium-sized Enterprises (LSME ESRS).

This 2023 sustainability report has been drawn up as comprehensively as possible, considering that all the thematic ESRSs could be considered material, with the exception of ESRS S2 (Workers in the value chain) and ESRS S3 (Affected communities).

These two ESRSs were not included because they were not included in the 2021 materiality analysis, and because AFYREN's activities are currently located exclusively in France.

This 2023 sustainability report is based on the same scope and reference period as AFYREN's financial statements, from 1/1/2023 to 31/12/2023. It will highlight appropriate linkages between backward-looking and forward-looking information, where appropriate, to ensure a clear understanding of the relationship between historical and forward-looking information.

In 2024, 2025 and 2026, AFYREN will continue its efforts to communicate on sustainability with a view to continuous improvement and transparency.

In the meantime, AFYREN plans to carry out a dual materiality analysis that will enable it to update the material financial impacts and risks of its activities.

Upstream and downstream value chain

This 2023 sustainability report includes, where appropriate, material information relating to its upstream and downstream value chain.

Omission of sensitive information

In this report, AFYREN has not made use of the option that allows it to voluntarily omit particular information relating to intellectual property, know-how or the results of innovation.

Time horizons used

AFYREN has not deviated from the medium or long-term time horizons defined in the LSME ESRS (less than or greater than 5 years).

Sources of uncertainty associated with estimates and results

None of the KPIs or monetary amounts disclosed by AFYREN in this report are subject to a high level of measurement uncertainty..

Change in the preparation or presentation of sustainability information

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