Chiesi

SOCIAL RESPONSIBILITY 2009

ENGLISH

Chiesi

75 Years

People for Healthcare

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A TRADITION OF COMMITMENT TO SOCIETY

75 years of existence for a company are certainly a matter to be proud of, no small milestone, but it also provides the occasion to stop and reflect.

These two ways of looking at the matter are even more fundamental for a pharmaceutical company, which can only survive through physicians' and patients' trust in the company's work and its capacity for innovation.

The Chiesi Group has traditionally committed itself to seizing every possible opportunity to reaffirm this trust which has now lasted for several decades. To do so requires not only research, production, and sales of safe and effective therapeutic products, but also requires constant attention toward all the social implications that a company's conduct generates in interacting with the social fabric where it is an active participant.

Celebrations of our 75th anniversary give us cause to look over some of our recent initiatives which manifest themselves in terms of environmental protection, safety in the workplace, business ethics, and programs in favour of the patient. These endeavours can be measured through the analysis of "added value" which the company gives to society, and through the Chiesi Foundation's role in sustaining scientific research and in underscoring the principles of corporate social responsibility. This volume of the Annual Report is a collection of some of our experiences and serves to pause and reflect on what has been accomplished. And even more importantly, it gives an overall panorama of future endeavours the Chiesi Group will continue to provide in terms of concrete actions to favour its long-lasting contract of trust which we hope endures far into the future.

ACTIONS IN SOCIAL RESPONSIBILITY

Safeguarding the Environment

Many years have passed since the company first undertook its approach toward awareness in improving environment and safety in the workplace. To do this, many resources have been dedicated to eliminating the possible impact of our work on the external environment, and to creating a safe workplace for our employees.
In 2009, Chiesi continued this approach, achieved new objectives, and paved the way for future projects.

Environmental Aspects

Low environmental impact by a company of a pharmaceutical nature is strictly linked to containing energy consumption and awareness in the use of resources. Data on energy consumption and CO2 emissions at the Parma sites have not increased proportionally as much as the growth trends in production. Upon consideration, the impact of this result is even more positive if one stops to consider the energy consumption factors involved.
Technological progress (mostly to control possible contamination) and ever more stringent regulations by regulatory authorities require the use of ever more complex and energy hungry facilities.
But on the other hand, the safety of drugs gets better and better. There are other factors which in large part are not increasing, such as the production of waste and the emission of Volatile Organic Compounds (VOCs).
This confirms that our efforts to use resources attentively also guarantee low production of by-products and/or waste, which are expensive to dispose of and negative for the environment.
Though meagre in quantity and in excellent condition, cement asbestos sheeting needed to be eliminated in 2009. This type of work requires extreme caution to avoid any sort of impact on the surrounding environment.

Improvement in Emissions

As mentioned above, company VOC emissions are relatively insignificant.
Despite this fact, many actions have been taken to control and manage this environmental aspect.
After eliminating the use of CFCs responsible for reducing the ozone in the stratosphere, in the past year we have taken steps to convey volatile organic compounds toward a single emission point thus favouring our control systems and possible verifications by appropriate authorities.
For 2010, Chiesi is ready to implement new VOC reduction equipment using a cryogenic system which condenses these air-based emissions.
The system was designed such that it employs the same liquid nitrogen normally used in production

processes as its cold fluid.
This will allow for containing emissions without having to use more energy and we will be using a non-polluting gas already on company premises.

Health and Safety at Work

Health and safety at work are another important commitment for us.
The number of accidents in the workplace has been decreasing over the past few years, and the number is lower than the pharmaceutical sector avarage in general (see Federchimica's 15th Responsible Care Report). Furthermore, the data on frequency and seriousness of workplace accidents indicate there has been a decreasing trend.
Aside from this very important objective data, there is another positive indicator to be considered: reports of "near misses" (anomalous situations which did not cause actual injury) almost increased the past year. This result indicates an increase in personnel awareness and ability to identify potential non-conforming situations so that in the future more dangerous situations can be anticipated in advance.
At the same time, the company has reinforced the Environment and Safety area by nominating new Prevention and Protection Services Personnel for Research and Development, Microbiology, and the sales force. Each of these employees will have responsibilities to support risk analysis, training, and auditing.

Implementing the Safety Management System in Parma

During 2009, Chiesi addressed its efforts to adapting company procedures to requirements in international law regarding certification of Health and Safety Management Systems in the workplace – BS OHSAS 18001.
To ensure our results are objective, the company decided to subject its system to certification by Certiquality. The certification process requires two audit steps.
The first is on system documentation, on how substantive risk assessment is, and on conformity to law. Chiesi passed this step in December 2009.
The second step, on assessing how well procedures are known in the organization, was passed in February 2010.
This safety management system contributes to the creation of a safer work environment.
Processes are improved constantly and the company is led toward the correct identification, assessment, and mitigation of risks, thus contributing to the promotion of a culture rooted in safety.

The Blois Site

Though the number of units produced has increased significantly, approximately 30% compared to 2008, energy consumption has essentially remained constant.
As a result of installing a new industrial water cooling system, important environmental improvement is

observable in the data on waste drainage.
In fact, it decreased considerably, by approximately one third compared to the previous year.

The Santana de Parnaíba Site

The data on production, energy consumption, and water consumption have remained constant at the Brazilian site. Workplace accidents were almost none, and all were minor. In the last year, the São Paulo site concentrated particularly on the improvement of internal management practices to make them similar to the common approach desired by Chiesi. Important steps forward can be found in the ways of managing emergencies, in the systems for fighting fire risks, in the training of emergency teams and all personnel on evacuation.

BUSINESS ETHICS AND GOVERNANCE MODELS

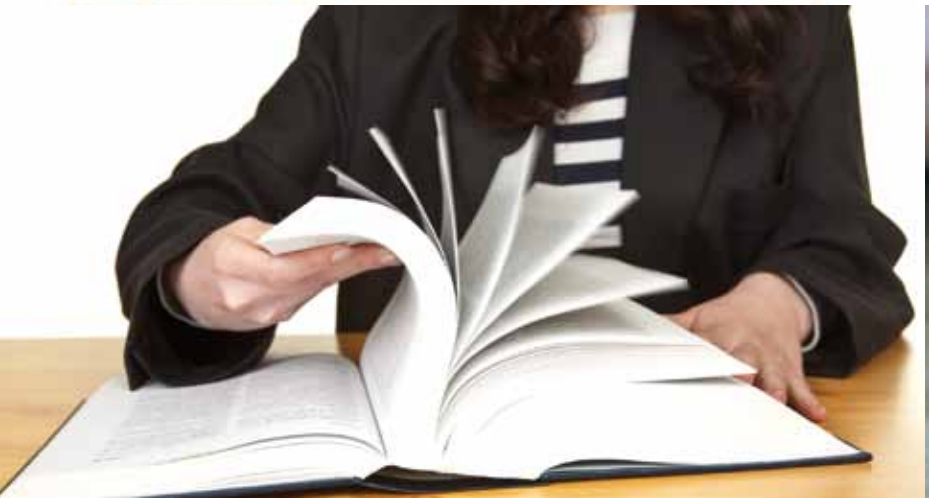
Corporate Social Responsibility is a distinctive aspect to the internal organisational structure of a modern company.
It is both a market approach and a business model aimed at avoiding opportunistic conduct so that the outside limit not be surpassed, because it jeopardises a business' reputation and consequently its profitability.
On the other hand, if corporate social responsibility is done the right way, it makes the company a winning choice for all those involved, both on the inside and on the outside.
All this can function only if there is a community that places value in corporate social responsibility.
Chiesi is conscious that the typical work activities of a pharmaceutical company are directly linked to social responsibility.
This is why back in 2002 Chiesi had already adopted a Code of Ethics and Conduct. The purpose was to endow the company with a tool to define its commitments and responsibilities, to conduct its work above and beyond the obligations established by laws and regulations.

One of the key elements of our Code is the company's social pact, the commitment made to all its stakeholders – shareholders, employees, clients, patients, and so on. Another key element relates to clarifying all those regulations – impartiality, equality, transparency, correctness, respect for the law, the environment, and the employees, etc. – and establishing the most appropriate conduct for all those concerned.

Ever since 2002, to ensure that our Code of Ethics be applied as fully as possible, we have implemented communication and information campaigns, and held training campaigns for all personnel and consultants.
On a periodic basis, after important changes to laws and regulations, we assess whether to update our Code of Ethics and once again launch our communication and training campaigns.
All newly engaged employees receive a copy when they start with the company and their official training includes our Code and Company Governance.
In 2003 we created an Oversight Body in Italy with the responsibility of monitoring the suitability and effective application of:

- Organisation, management and control (Compliance Programme)
- The Code of Ethics and Conduct

A specific discipline and penalty system was established for violations.



Over time we have extended the adoption of our Code of Ethics to all of the main affiliates in the Group.
And to close, we have extended auditing activities to our foreign affiliates by widening our Auditing Department's sphere of responsibility so that we can fully oversee these aspects.

INITIATIVES DEDICATED TO PATIENTS

A significant example of how the company dedicates itself to patients can be seen in the series of initiatives dedicated to patients affected by rare diseases. Chiesi Farmaceutici actively supports these patients to help them deal with pathologies which often cannot be truly cured; the best that can be done is to create better life conditions for them through appropriate psychological support adequate health care.
Through numerous initiatives, the company offers help to patients affected by thalassaemia, cystic fibrosis, Huntington's disease, and respiratory distress syndrome in premature newborns.
Aside from the communications activities undertaken on occasion of the European Day on Rare Diseases, in the last few years, the company has made itself promoter for the "Standard Care in Huntington's Disease" project, together with the Italian Chorea Association for Huntington's (Associazione Italiana Còrea di Huntington – AICH) and the principal specialised hospitals. The project's goal is to inform and involve patients on how to manage their disease, not only from a therapeutic point of view, but also by spreading a guideline document to general practitioners and specialists.

ADDED VALUE ANALYSIS

	2009 (K€)	2008 (K€)
HUMAN RESOURCES RETURN	**233,902**	**213,899**
- Wages & salaries, leaving and severance indemnities, other personnel costs	184,552	169,480
- Social Security Contribution	40,815	36,475
- Training	8,535	7,944
PUBLIC ADMINISTRATION RETURN	**45,714**	**40,796**
- Income taxes	35,378	34,046
- Other taxes	11,274	7,681
- Public grants for operating expenses	(938)	(931)
MINORITY RETURN (Net income to minority)	**2,721**	**0**
COMPANY RETURN (Group Net income)	**75,385**	**54,782**
GROUP ADDED VALUE	357,722	309,477

Added value analysis

The added value generated in 2009 shows a global growth of 16%, in line with growth of sales (pg. XX). The operating costs are growing more than proportionally (+19.6%), due to the higher costs of research and development sustained during the year, that increased by 22.3%. The Group confirms its strong commitment to the development of new drugs.

Added value distribution

Staff costs have gone up in line with the increase in employees and investments in training, deemed of particular importance by the company.
Even in 2009 the Group has benefited from tax credits and contributions for research activities carried out in France and in Italy.
The third part remuneration coincides with the net profit provided to the minority stakeholders in Cornerstone Therapeutics Inc. The Company was acquired in July 2009 and integrally consolidated for the period August – December 2009.
The increased company profit will help support new initiatives and investment, including new Research Centre, currently under construction.

THE CHIESI FOUNDATION

The Chiesi Foundation was born in 2005 to celebrate the 70th anniversary of Chiesi Farmaceutici S.p.A. The scope of the Foundation is to spread scientific knowledge in the research sectors particularly important for the Company, such as neonatology, pneumology, and certain rare diseases, and to give substance to the company's interest in social responsibility.
Among the many initiatives undertaken by the Foundation, a few of note are:

Maurizio Vignola Award on Innovation in Pneumology

Assigned by the European Respiratory Society (ERS) scientific committee with the support of the Chiesi Foundation. The Vignola Award offers an unrestricted grant of € 20,000 for the most original and innovative publication on the mechanisms which lie the base of chronic respiratory diseases.

Now the fourth year of this Award, it is dedicated to the memory of Maurizio Vignola, a brilliant researcher who passed away at an early age.

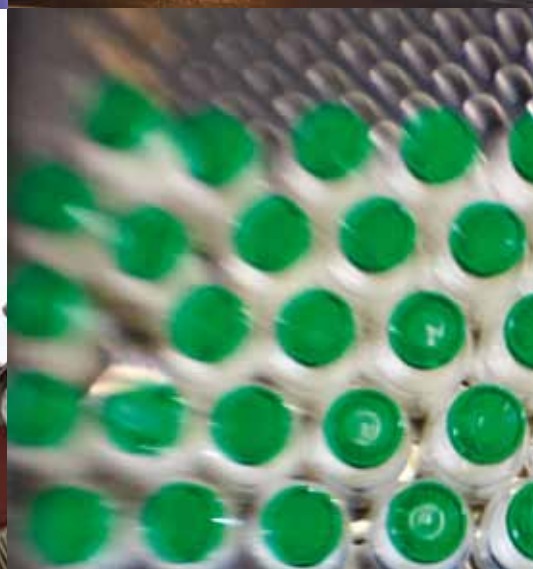
Respiration Day

This annual symposium dedicated to the medical and scientific communities with participation by patient associations offers the chance to share ideas and information on progress and innovations in the field of pneumology. Some of the topics discussed are: the role of tobacco smoking in respiratory diseases, the fight against asthma and COPD (the systemic, chronic inflammatory syndrome), and the guidelines for the diagnosis and treatment of these pathologies.

Scholarships and Humanitarian Donations

Through scholarships, the Chiesi Foundation supports a PhD program at the Mario Negri Institute and two research doctorates at the Università di Pisa and the Università Cattolica di Milano.
The Foundation financially supports non-profit organisations, patient associations, and humanitarian efforts in Italy and in the developing world.

Curosurf 120



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