SOCIAL RESPONSIBILITY 2010

Chiesi

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CORPORATE SOCIAL RESPONSIBILITY ACCORDING TO THE CHIESI GROUP

In accordance with its values, the Chiesi Group's CSR embraces responsibility in the company's action plans and encourages a positive impact through its activities on the environment, consumers, employees, communities, patients and all other members of the public sphere.

Considering CSR as "*…the deliberate inclusion of public interest into corporate decision-making*", Chiesi promotes a number of CSR initiatives, including environmental care, safety in the workplace, work – life balance programmes and social support initiatives.

Specific focus is dedicated to added value distribution, considered as an indicator of the value distributed by the Group to its stakeholders.

The Chiesi Foundation, last but not least, provides unrestricted support for various healthcare and research programmes.

Actions in Social Responsibility

Environmental aspects

2010 saw our company continue to manage its environmental issues with an eco-aware approach so as to ensure resource waste is kept to a minimum.

Production levels have increased slightly at the sites in Parma, Blois and San Paolo (notably Parma has increased by 5%); nevertheless, most of our environmental performance data, provided in the table on page 7, shows that values remain practically unchanged or have in some cases decreased. This is the result of our unstinting efforts to optimise the use of resources and to continue planning for environmental improvement.

In particular, our environmental impact essentially remains constant, and even where slight increases are evident (such as in the case of refuse, which is directly related to production) there is nevertheless a consistent drop in the level of hazardous waste.

In many cases, the key element in developing the ability to control and minimise environmental impact is innovation.

Innovation can be achieved by looking for small but significant savings in the daily management of processes: this is why the Parma production sites are evaluating containment systems, which provide for energy recovery from boiler emissions and the study of the air filtration process in conditioning equipment to reduce the specific consumption of electrical energy. Yet it is clearly fundamental during the development of a new and important operation, such as the Research Centre, to entrust project designers with a vital task: that of preventing, where possible, the waste of natural resources.

This explains the fact that numerous innovative solutions were introduced in the following areas:

- the design of the building enclosure
- an air-conditioning equipment configuration aimed at maximising energy recovery
- the use of photovoltaic systems mainly to provide lighting in the building
- the use of solar thermal energy to produce hot water
- rainwater harvesting for irrigation systems
- the control and automation of air exchange and forced ventilation systems in the laboratories

> the study of natural lighting in the various areas of the buildings.

These elements have been developed with a view to saving resources, without ever having to compromise on the comfort of the future occupants.

The ISO 14001 Management System

An ecological approach to using resources and continual improvement will also form the basis for a new project planned for 2011: the creation of an Environmental Management system complying with the ISO 14001 standard.
The project provides for an initial phase to evaluate the existing state of affairs, known as the "Initial Environmental Review", to assess the effluent treatment plant, the procedures currently in use and the legal requirements to identify the environmental priorities of our sites.
A system will subsequently be put in place to direct activities, monitoring and useful checks towards a more effective management of environmental problems and the continual improvement of the company's efficiency.

The Environmental Management System will be integrated with the practices required by the Quality and Safety Management Systems, which have already been approved.

Safety

The OHSAS 18001 certification

2010 was an extremely important year for Safety at Chiesi. In March, our company was certified according to the OHSAS 18001 standard which concerns the Company Health and Safety Management System in the workplace.
The project, which involves all the Italian sites, was specifically targeted to take into account all of the company's operative sectors: from the production plants to the research organs, from intellectual and staff activities to the world of scientific information.
This initiative will highlight the management of the company and all those areas concerned (public bodies, union representatives, partners, etc.) in respect of the efforts made and the results achieved within the scope of improvements to the safety and safeguarding of the health of staff members.

A view to continuous improvement

A virtuous safety system is based on constantly striving to improve performance without ever considering a small injury as unimportant. For this reason, in spite of the fact that the injuries occurring during the year were minor and unrelated to shortcomings in the workplace, the company's commitment has been to analyse each event thoroughly in an attempt to find the most suitable solution so as to avoid a repeat performance.
For example a team of qualified internal auditors has been created, which has increased safety inspections by 50%.
Response times to "near-miss" incidents have also been improved so as to provide increasingly prompt solutions to reports made. Lastly, the Prevention and Protection Services Personnel for Research and Development, microbiology and medical reps, who qualified between the end of 2009 and the beginning of 2010, have now become fully operative bringing with them their expert knowledge gained directly on the job.
Other systems are due to be implemented throughout 2011 aimed at pushing for continual improvement and are confirmation of our shared belief in zero tolerance with respect to injuries at work.

Blois

The Blois site (France) also contributed in 2010 to improving the Group's performance within the scope of safety and the environment, besides reaching its individual objectives. Of particular note, several important steps forward have been taken in the environmental area. An example of this is the installation of a closed-loop cooling system in the blister packaging line, which has contributed to the elimination of industrial water wastage on site. The new climatisation system in the warehouse, fitted with inverters (a smart system to control the power absorbed), reduces energy consumption.
With regard to safety, it must be pointed out that the site has extended its safety practices and now has a site Health Safety and Environment policy, in conjunction with a corporate audit.

Santana de Parnaìba

Increasingly important from a strategic point of view, the Brazilian site is aware that the management of environmental

and safety issues is a key element for its personal growth. The most interesting developments of the year include: a new storage warehouse for inflammable goods designed to limit any environmental and safety impact, the repair and improvement of the industrial water treatment system and the introduction of environmental and safety procedures to complete the day-to-day management of the site's environmental and safety issues.

One unusual element at the Brazilian site was to use the prevention week required by local legislation (the so-called SIPAT week), as an opportunity to exchange information on environmental and safety improvements. Among the activities that took place throughout the week, which even included a theatrical performance on the subject of accidents and how they are often due to absentmindedness or carelessness, the plant's Policy and new Environment and Safety Manual were shared.

Further prevention initiatives were consolidated through periodic staff training sessions, which looked at many topics such as: emergency response, using forklift trucks and precautions for maintenance work on electrical systems.

Case histories

Cutting emissions without consuming resources

Environmental improvements are frequently not achieved without creating other kinds of impact: purification systems and incinerators in particular often require high levels of energy to limit pollutant emissions, and at the same time may produce undesirable by-products. This is not the case for the new system aimed at cutting HFA emissions introduced in 2010. HFA propellant is used in inhalant sprays and is mainly released in the test phase which involves 100% of the canisters produced. Although this gas does not damage the ozone layer and is not harmful for our health, it nonetheless constitutes a part of our unwanted emissions.

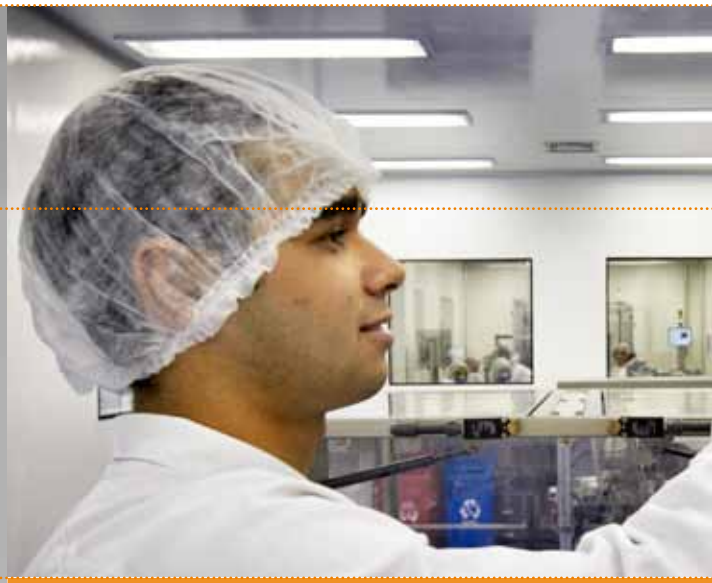
The system for the reduction of emissions is based on a simple principle: condensing the gas produced using an extremely cold liquid. Liquid nitrogen, in particular, is used to create an oxygen-free atmosphere and, used as a gas, is made to evaporate in the new reduction system which then condenses the unwanted HFA generated by the production process.

Data collected in 2010 provides evidence that there has been a 99% reduction in HFA emissions, meaning that air emissions

have therefore been reduced to practically zero.
And all this has been achieved without using additional energy!

Verifying our suppliers in accordance with the REACH and CLP regulations

In recent years, several European regulations concerning the classification and labelling of substances have come into full effect.
This has meant that many of our suppliers have made a concerted effort to comply with these new provisions and adopt procedures for substance classification and the submission of safety data to the European Chemicals Agency. In order to assess the level of implementation of these two key regulations, Chiesi began carrying out compliance audits at the end of 2010 on the premises of critical suppliers.
These checks are a direct result of the company's wish to look for increasingly reliable partners that are able to follow the development objectives of our organisation.
These audits will continue in the future with a view to extending checks to many of our strategic business partners.



Parma, Blois and Santana de Parnaìba plants: Performances in 2010

Environmental and Safety Issues		2009	2010
Energy consumption (considering Methane, Electricity, etc.)	TOE (*)	7.668	7.662
Water consumption	m^3	191.695	185.537
CO_2 Air Emission (from steam generators)	ton	5.564	5.651
Waste (total amount)	kg	1.286.518	1.312.964
Hazardous waste	kg	215.708	199.376
Wastewater	m^3	112.408	119.759
Work related accidents with absence	n.	11	16
Number of lost workdays due to injuries	days	318	354

(*) Tonne of oil equivalent

Business Ethics and Governance Models

One of the most significant elements in the theory of Corporate Social Responsibility is a market approach aimed at preventing opportunistic conduct from reaching a level above which the reputation and, consequently, the profitability of the company would be jeopardised. If this is successfully achieved, therefore, it is one of the ways to make it a winning choice both for those working within and outside the company.
Desiring to put its values into practice, Chiesi adopted an Ethical Code of Conduct back in 2002, with the aim of providing itself with a way to define the commitments and responsibilities needed to carry out the company's activities above and beyond the obligations required by laws and regulations.

How this works

Following significant regulatory modifications, the concepts and regulatory standards which create the foundations for business ethics are periodically reviewed and updated. In particular, the process which has been followed to achieve this provides for:

- benchmarking with regard to regulatory and best practice panoramas concerning business ethics and its proper application
- a strong emphasis on prevention by means of a system of governance designed to encompass the whole Group
- collaboration, involvement and, where necessary, support for the affiliates in correctly interpreting and implementing the guidelines.

Our activities in 2010

- Italy: extending the transposition of law 231/2001 by updating the Ethical Code of Conduct and subsequent circulation (employees at the head office and in the network) by way of internal media
- Translation of the current Ethical Code into English, so as to ensure it is fully understood by the growing number of employees whose mother-tongue is not Italian
- Benchmarking of the regulatory frameworks adopted concerning anti-corruption laws in the United Kingdom, France, Germany, Spain and Austria; subsequent updating of the Group's Code and its circulation in the above mentioned countries.

Our plans for 2011

- Monitoring the proper application of the Ethical Code in those affiliates which have already adopted it
- Implementation of the code in the other affiliates
- As part of the framework of a support programme for the affiliates aimed at harmonising governance initiatives, a study on interpretation guidelines is planned with a view to preventing violations of the Group's code and the regulations it creates.

Lastly, our affiliates are being further encouraged to become more involved with auditing activities, to promote a culture of taking responsibility among everyone in the Group.

Other CSR Initiatives

Chiesi Italy

The Company has for some years been committed to the fight against rare diseases, and has taken part in the European Rare Disease Day by organising awareness campaigns in Italy since its first edition in 2008.

In 2010 it supported the launch of the book 'Noi, quelli delle malattie rare' (Us, those with rare diseases) and meet-the-author events with Margherita De Bac. As a result of this contribution, the book has succeeded in shedding light on a situation of which few people are aware.

In addition, Chiesi had already begun working alongside the Mental Health clinic at the Umberto I Polyclinic in Rome to set up a project to make psychological support available to the families of patients affected by these diseases, by integrating this with medical care so as to create personalised therapy programmes. Questionnaires were completed by parents of children between the ages of 0 to 12 years to identify families in need of support, and 94 cases were singled out for counselling services. These were designed to meet the demands of these young patients and their relatives whilst they were being assisted by the hospital and provisions were made for this to be extended in the event this became necessary.

Chiesi France

In 2008, an agreement was signed between the LEEM, the organization representing the pharmaceutical industry in France, and French Trade Union representatives concerning work and disability. More particularly, this agreement promotes the integration and the support of disabled members of the staff in the workplace. In keeping with those ideas and the company values, Chiesi France has decided to set up the conditions to guarantee its disabled employees an adapted framework with specific help.

Chiesi Spain

A Corporate Social Responsibility Project was launched at Chiesi Spain in 2010. In alignment with the Corporate initiatives, the CSR project is defined as the set of open and transparent business practices based on ethical values and respect towards employees, communities and the environment.

During the year, Chiesi Spain collaborated with two different non-profit organizations whose aim is the employability of people with disabilities. One of these, l'Olivera, is a cooperative that produces wine and olive oil. Moreover, the affiliate is contributing with Xalest to build their new Special Education School and Design Centre with a donation coming from the savings of the Christmas cards which are electronically distributed instead of being printed on paper.

A Chiesi Germany project

Chiesi Germany once again concentrated its social commitment on this now 4-year partnership with the Geschwister-Scholl-

comprehensive school in Hamburg. The school is located in one of the socially disadvantaged areas where help is most needed and most welcome. The main objective of the partnership is to teach the children to help themselves.
Last year's project involved the redecoration of a 200 m2 recreation hall including new colour design and self-built benches and tables in order to create pleasant and bright surroundings for doing homework and spending social time during breaks.
20 school children aged 15 to 16 from an integrated class were able to see their own concepts implemented and thereby learned how to plan and carry out their own ideas and projects.
In addition to the financial support, Chiesi released 13 employees from work for a one-day hands-on experience with hammer, paint brush and paint, which gave them the satisfaction of having contributed to the children's future.

Chiesi Netherland

The Dutch affiliate has launched a social responsibility initiative known as "Clean air for everybody" (the Dutch site is: http://www.schoneluchtvooriedereen.nl/).

The project, which already has the support of Syntens (a department of the Dutch Ministry of Economic Affairs) and numerous sources of funding, firstly aims to create a local platform and subsequently one at international level to guarantee clean air for everybody.
The project, which is open to any kind of public or private company, government body, NGO and patient organizations intending to make their contribution to social responsibility, represents an opportunity for Chiesi to strengthen its brand and enhance its reputation both at local and international level.

Chiesi US

The two initiatives that we are most proud of are:

- Matching Gift Program – Chiesi US will match employee charitable contributions up to $500 per calendar year.
- (**HR**) Flextime – flexible work schedule which may include teleworking from home.

The Distribution of Added Value

The added value generated in 2010 had an overall growth rate of 16.3%, which was in line with the increase in business volume.
63% of the added value was consumed by staff costs and services, which went above and beyond the proportional increase in the workforce in 2010. Investment was once again made in training, a key element for the continued development of the company.

The Group was also able to take advantage of tax credits and contributions made to Research activities being carried out in France and Italy in 2010, for a total of € 12.7 million (€ 9.5 M in the previous year's balance).
The increase in the Group's returns will help support new initiatives and investments, including those concerning the new Research Centre currently being built in Parma. Work on the Centre is due to be completed in the second part of 2011.

Added Value Distribution	2010	2009
HUMAN RESOURCES RETURN	**262,602**	**233,902**
> Wages & salaries, indemnities and other personnel costs	209,464	184,552
> Social Security Contributions	44,369	40,815
> Training	8,769	8,535
PUBLIC ADMINISTRATION RETURN	**53,721**	**45,714**
> Income tax	49,137	35,378
> Other taxes net of R&D public grants	4,584	10,336
MINORITY RETURN (Net income to minority)	**3,347**	**2,721**
COMPANY RETURN (Group Net income)	**96,854**	**75,385**
GROUP ADDED VALUE	**416,524**	**357,722**

Chiesi ACADEMY

STERILE 1 COUP.

The Chiesi Foundation

The Chiesi Foundation is a no-profit organisation whose aim is to improve the health and relieve the suffering of patients by means of scientific research, making knowledge more widely available and educating health workers, the public and patient associations. It is active in the following areas:

- scientific research
- training young researchers
- solidarity and International Cooperation projects.

Scientific Research

The role of the small airways in chronic obstructive respiratory diseases

In 2010, a three-year joint initiative was set up with the Asthma and COPD (chronic obstructive pulmonary disease) Research Centre at the University of Ferrara in order to study inflammation in obstructive diseases, the structure-function relationship in stable conditions and modifications in phase of relapse, pharmacological modulation and prevention mechanisms, with particular focus on the small airways.

The Asthma-COPD (chronic obstructive pulmonary disease) International Study

Research carried out in 2009 to assess the personal experiences and needs of patients affected by asthma and COPD involved around 1,750 patients in 5 European countries. The results, which were presented at the last European Respiratory Society conference (Barcelona, September 2010), are the subject of an article currently being evaluated by a *peer-reviewed* scientific journal and will represent a starting point for new projects dedicated to improving the quality of life of these patients.

Respiration Day

Held on the 28th of May in Parma, this year's symposium was dedicated to the theme of *Health Outcomes in asthma and COPD patients: from randomised trial to clinical practice* and celebrated the Year of the Lung, an initiative which both highlighted the importance of the respiratory system and generating support for the prevention of respiratory diseases.

Chiesi
FOUNDATION

The Maurizio Vignola Award on Innovation in Pneumology

The 2010 edition of the prize was awarded to Professor Bart Lambrecht (Ghent University, Belgium) for the article *House dust mite allergen induces asthma via Toll receptor 4 triggering of air way structural cells*[1].

In 2010 the Foundation also provided funding for the publications entitled *50 years of Pneumology in Parma (50 Anni di Pneumologia a Parma*[2]) and *Elements for the assessment and functional diagnosis of the respiratory system (Elementi di valutazione e diagnostica funzionale dell'apparato respiratorio*[3]). In addition, it organised the *"First European LAM*[4] *conference" (Prima Conferenza Europea LAM).*

Training young researchers

By funding a three-year international training programme for young Italian neonatologists, the Foundation is able to promote an International PhD programme, in collaboration with the Cesare Arrigo Hospital in Alessandria and the Universities of Utrecht and Maastricht, under the sponsorship of the Italian Neonatology Association (Società Italiana di Neonatologia).

Three existing PhD programmes have also been completed:

- *The predictive role of genetic polymorphisms on the progression of nephropathy and on cardiovascular complications in patients with type 2 diabetes (Ruolo predittivo dei polimorfismi genici sulla progressione della nefropatia e sulle complicanze cardiovascolari in pazienti con diabete di tipo 2),* Mario Negri Institute, Bergamo.
- *The importance of comorbidity in the treatment of chronic diseases (La rilevanza delle comorbidità nella cura delle patologie croniche),* the University of Modena and Reggio Emilia.
- *The study of the small airways in asthma and COPD (Lo studio delle piccole vie aeree nell'asma e nella BPCO),* Pisa University.

Note

1. *Nature Medicine, April 2009, vol. 15, n. 4, pgs. 410 - 416*
2. *ERN, D.Olivieri*
3. *UnifePress, A.Cogo-M.Contoli*
4. *Linfangioleiomiomatosi*

Solidarity and international cooperation projects

Maternal and Child Health Centre, Saint Camille Hospital, Ouagadougou-Burkina Faso

This three-year project designed to provide technical know-how and materials for the Centre, set up with the help of the association *Medicus Mundi Onlus* and the Saint Camille religious order, includes building a delivery room and an emergency room, recruiting nursing staff and trips for the instructors, as well as the purchase of drugs and materials.

Thoracic Endoscopy and Respiratory Physiopathology service, Marituba Hospital-Brazil

This three-year project is dedicated to a training programme for local medical and nursing staff at the Congregazione dei Poveri Servi della Divina Provvidenza Hospital, Opera di San Giovanni Calabria in Marituba, suburban centre in Belem, capital of the Brazilian state Parà.

Medical training courses in medical centres and dispensaries in the province of Kati-Mali

Support for the efforts made by the no-profit Association Africabougou to provide help for rural villages in sub-Saharan Africa was given in the form of a medical training course; the Foundation's contribution was used to purchase microscopes and all the materials needed to run the course.

The Mekenissa school, Addis Ababa-Ethiopia

A small amount of funding provided support for children in difficulty in Addis Ababa, in collaboration with the Addis Fire Association (AFA) and the association Fidenza for children in the No-profit World (Fidenza per i bambini nel Mondo Onlus).
The services provided included a daily meal and support for 66 children between the ages of 5 and 10 to access education, the renovation and sanitisation of existing premises and selection of a new and more extensive site for a school.

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