Social Responsibility 2011

ENGLISH

Chiesi

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CORPORATE SOCIAL RESPONSIBILITY ACCORDING TO THE CHIESI GROUP

As already mentioned in the Annual Report section dedicated to human resources, the company's particular focus is people. This idea plays a key role among the Group's values and is applied both within the business, in accordance with the criteria described in the chapter concerning business ethics (see *below*), and the initiatives linked to corporate social responsibility. These include aspects regarding environmental protection, safety and initiatives which were set up by the Direzione Farmaceutica Italia, together with a number of affiliates, for the benefit of employees, particular patient groups or the environment.

An analysis of the way in which added value is distributed helps to explain how the resources generated are invested. This cross-section of the company's activities is an opportunity to reflect not only on investors' and employees' returns but also on investment made in research and training.

The final chapter looks at the numerous activities run by the Chiesi Foundation to benefit scientific research and ensure its results are widely available, provide training for young researchers and promote international cooperation by transferring medical and technological knowledge. Viewed as a whole, these undertakings, which are diverse in terms of nature and area of application, provide a picture of an organisation regarding social responsibility as a strong and lasting commitment that goes beyond a merely conventional approach.

Business Ethics and Governance Models

The Group continues to develop, resulting in a continual increase in the complexity of its business. This means that the areas to which business ethics apply continue to multiply and diversify.
Chiesi had already adopted an Ethical Code of Conduct 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.
Since then the focus on business ethics has continued to develop in step with the business as it evolves.

How this works

The concepts and regulatory standards relating to the practices adopted to manage business ethics are periodically reviewed. In particular, the procedure carried out to achieve this involves:

- 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 for the whole Group;
- collaboration, involvement and, where necessary, support for the affiliates in correctly interpreting and implementing the guidelines.

Activities in 2011

- Monitoring the proper application of the Ethical Code in the affiliates where it has already been adopted;
- Implementation of the code in Turkey, China, Belgium and the Netherlands.

As part of the framework of an affiliate support programme, a study was carried out on interpretation guidelines to help prevent violations of the Group's code and the regulations it creates.

Lastly, the auditing activities were extended to the UK affiliate: all business practices were evaluated from the point of view of assessing the risk of ethical compliance with the help of the local management. The positive experience in the UK is the latest success after those in Brazil, France, Spain and Turkey.

Plans for 2012

The abovementioned risk assessment programme is also due to be implemented at the German affiliate in the course of 2012.

The main European affiliates have already adopted the interpretation guidelines, and this process is to be extended to all of the Group's affiliates, thus achieving greater standardization and harmonisation throughout the entire system.

With regard to Italy, the organisational, management and control model of law 231/2001 will be updated in view of the changes to environmental regulations and the implementation of the company's new ERP system.

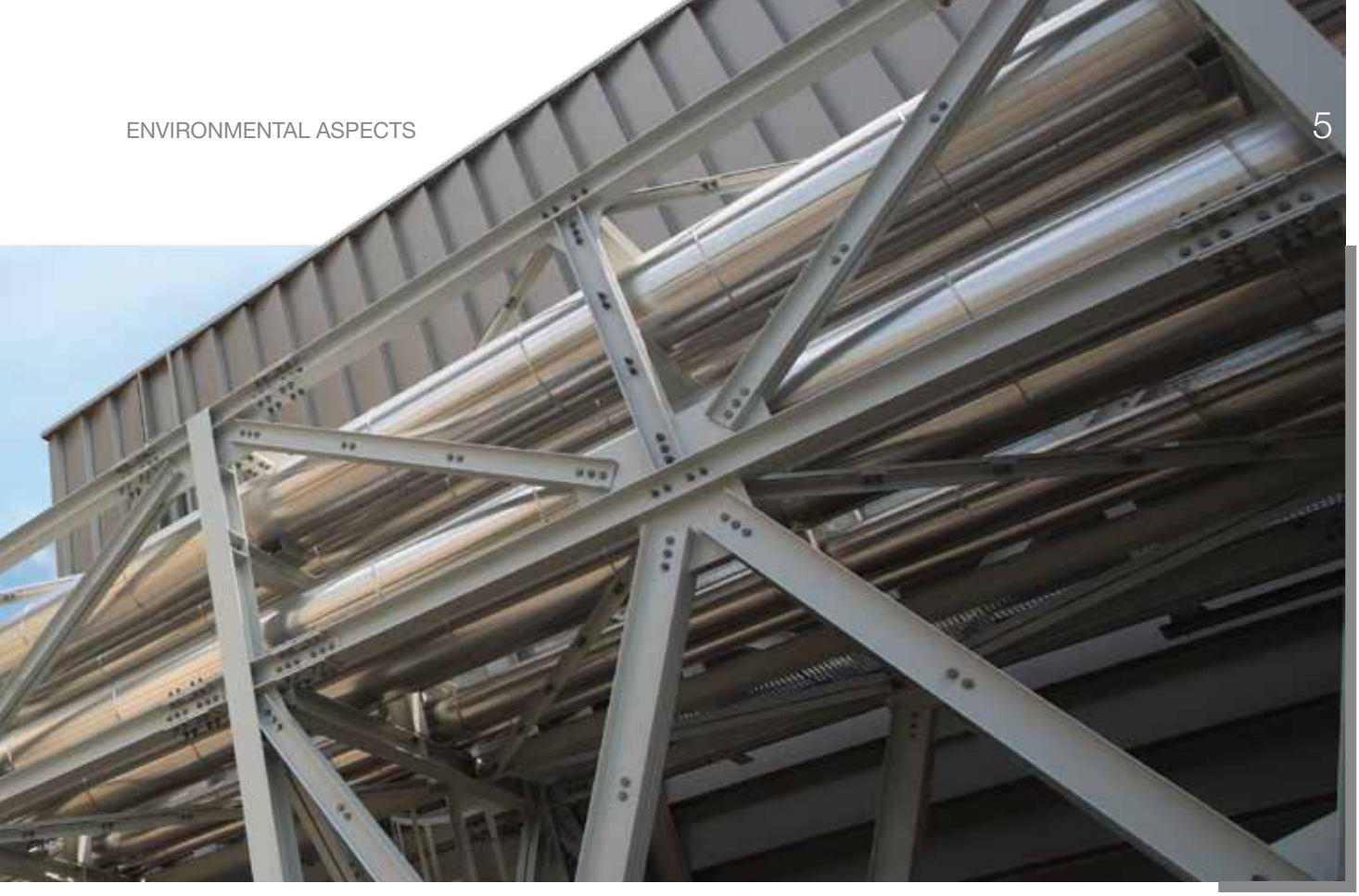
Environmental aspects

The operational sites of the company include the production plants in Parma, Blois in France and Santana de Parnaìba in Brazil, in addition to the Research Centre.
At each of these sites environmental and safety issues are prioritised and carefully managed to prevent any negative impact, limit resource consumption and guarantee the best possible working conditions.
Each site undergoes periodical checks as part of a programme aimed at ensuring that company policies and regulations are an integral part of operations.
We have also decided to adopt Health and Safety Management Systems in the workplace and Environmental Management Systems for the Italian sites complying with international OHSAS 18001 and ISO 14001 standards. Since 2010 the company (including the Sales Force) has been certified in accordance with the OHSAS 18001 standard by an approved verification body.

The Environment

The new Research Centre has made it possible to more fully appreciate environmental performance at various plants, which were previously separated into several sites at different locations in the city of Parma.
Successful results have been achieved with the CO_2 containment through:

- the renewal of steam generators;
- a heat recovery system from the gas emissions produced by these steam generators which have resulted in a substantial decrease in emissions from the Parma production plants.



The Facility of the Year Award

The new Research Centre was awarded the title 2012 Facility of the Year in the Sustainability category by ISPE (International Society for Pharmaceutical Engineering) and INTERPHEX experts, and the Pharmaceutical Processing magazine.
The reasons behind the evaluation committee's decision to award the title to the Chiesi Research Centre are as follows:

- the energetic sustainability strategies such as: reducing energy demand, exploiting energy at no cost, increasing plant efficiency, waste recovery;
- the use of glass walls to maximise natural light combined with an intelligent artificial lighting system activated in relation to the level of external light;
- an in-depth study on energy demand resulting in the creation of the Energy Hub Scheme, which is able to integrate renewable energy sources with traditional ones;
- the creation of an extremely energy-efficient building enclosure which combines ventilated facades, an exterior insulation and finishing system and the control of sunlight;
- a heat recovery system which reclaims heat from liquid and gaseous fluids released into the environment.

Safety

2011 proved to be a positive year overall for Safety at the plants in Parma and Brazil.
One of the most interesting figures is the absence of injuries at the French plant in Blois for the second year running.

The Sindusfarma Safety Award

Last June the Brazilian plant received the "Excellence in Health and Safety Management in the Workplace" award assigned by Sindusfarma, the association for the pharmaceutical industry in the state of Sao Paolo (*Prêmio Excelência em Gestão de Saúde e Segurança do Trabalho*). The award was created in 2008 to improve Health and Safety performance in the workplace.

Data for the plants in Parma, Blois and Sao Paolo

Environmental and Safety Issues		2010	2011 (#)
Energy consumption (considering Methane, Electricity, etc.)	TOE (*)	7,668	9,737
Water consumption	m^3	185,537	237,370
CO_2 Air Emission (from steam generators)	ton	5,651	6,438
Waste (total amount)	kg	1,312,964	1,569,281
Hazardous waste	kg	199,376	234,384
Wastewater	m^3	119,759	165,366
Work related accidents with absence	n.	16	18
Number of lost workdays due to injuries	days	354	206

(*) Tons of oil equivalent

(#) Including new R&D Centre

Other Corporate Social Responsibility Initiatives

Chiesi Italy

The medical prevention campaign for company staff, promoted by Human Resources Management Italy and aimed mainly at preventing cancer, continued throughout 2011. In addition, there were also sessions to promote physical and mental wellbeing, which have been met with interest and approval by participants. The issues in question concerned: prevention of cardio-circulatory risk, how to recognise and manage stress, nutrition and physical activity for a healthy life.

Other initiatives for the families of employees included a pilot project to make a summer camp service available for pre-school children and those already of school age. Lastly, the Intercultura programme also continued, providing employees' children with economic assistance to enable them to take a study trip outside Italy.

Commitment to the treatment and prevention of rare diseases also progressed through activities aimed at improving the quality of life of those suffering from these conditions.

Research into the field of Huntington's disease and in the premarture children's pathologies included the ongoing training and knowledge communication programme on rare diseases dedicated to doctors, which involved a series of Specialty Care conferences in a number of Italian cities including Rome, Naples, Catania, Genoa, Parma, Padua and Mestre.

As a result of a joint initiative with Professor Giovanni Abbruzzese, Director of the Neurological Clinic 2 at the University of Genoa and Dr. Gianluca Forni, expert on thalassemia, experimental treatment has begun on patients suffering from NBIA, an extremely rare condition affecting the central nervous system, which will conclude with the publication of the first study on the disease in Italy, and one of the only studies worldwide.

Chiesi France, a good place to work

Chiesi France would not have been able to overcome the many challenges it lived in recent years if all its employees had not pulled together and addressed the issues.
In order to prepare for tomorrow's challenges, the senior managers of Chiesi France launched the review of themes that affect the people working for the company.

- How has our way of working and interacting with each other enabled us to cope with the challenges faced?
- What are the shared foundations of our managerial culture on the three company sites (Blois/Field/Courbevoie)?
- How can we best use and develop our ability and willingness to work together in the future?

This review resulted in a working seminar, which explored three themes – Valuing People, Communicating and Innovating – with fifty Chiesi managers.
From the workshops held during the seminar, six projects were identified in three areas and six working groups were formed.
Following the seminar, every employee had the option to join one of the six working groups in order to contribute and so become involved in the running of the company and make Chiesi a good place to work.

Chiesi Germany: computers for *environment points*

Since 2008 Chiesi Germany concentrates its social commitment on the partnership with the Geschwister-Scholl comprehensive school in Hamburg. One of the projects is called "Meike, the recycling dragon".
For its environmental friendly behaviour the Geschwister-Scholl comprehensive school is rewarded with the necessary funds to buy computers, printers and books for the students. For three years Chiesi has already supported the initiative of the Lesen foundation and the

recycling company Interseroh with its own “environment box”. These boxes are placed in schools and companies to collect used printer cartridges and mobile phones in order to recycle these valuable materials. For one cartridge the school earns 30 to 60 “environment points”, for a mobile phone 200 points. The school exchanges these points for teaching materials.
All collected points are directly transferred to the bank account of the school. In the first year of co-operation Chiesi filled four boxes, this year it could already be nine. «To take social responsibility here on a local level is an integral part of our company philosophy», explains Ulrike Nebrich, Manager Quality Assurance at Chiesi and person in charge of this project. «We support this recycling initiative as it preserves the environment, improves learning conditions of the students und creates environmental consciousness».

Chiesi Spain

The CSR projects begun in 2010 at Chiesi Spain continued developing. The affiliate has collaborated with different non-profit organizations. Their aim is the employability of people with disabilities or with NGOs who contribute to improving life and health conditions of developing. Chiesi Spain collaborated with l’Olivera, a cooperative whose members are people with disabilities, by buying the company Christmas hamper. Chiesi Spain donated the furniture of its old offices to Xalest (who is building its new Special Education School) and RETO Association (helping drug dependent persons).
With the new offices, the recycling services have been contracted with FEMAREC which bases its work on the social, occupational and cultural integration of people with a high risk of exclusion. At the same time, a donation has been made to collaborate with its Mental Health Day Centre. The drink and snack service is provided by the Nordis Autobar Group. 70% of its employees are people with mental or physical disability. Moreover, the company contributed to international projects with FarmaMundi, an NGO dedicated to the distribution of essential drugs for countries in need. Chiesi Spain sponsored their photo exhibition “New

Haiti, right to health and education". The exposition has toured several hospitals of Spain FarmaMundi's work in the Caribbean country since the earthquake in 2010. Over the next few years the company wants to increase its commitment to society by contributing to national and international projects and promoting CSR among employees by involving them in those projects.

The Netherlands

Clean air plays an important role in the battle against respiratory diseases. Clean air is essential for people who already have difficulty with breathing. Chiesi Netherlands wants to work with partners, governments, citizens and social organizations to promote clean air. This corporate social responsibility project Clean Air for Everybody (www.cleanairforeverybody.com or www.schoneluchtvooriedereen.nl) is a public-private partnership supported by the Dutch government. The CSR Project will strengthen Chiesi's reputation as a respiratory company and create relationships with all relevant present and future stakeholders.

United States

Corporate Social Responsibilities 2011 Chiesi Pharmaceuticals Inc.

- Matching Gift Programme:
  Chiesi Pharmaceuticals encourages every employee to generously donate to charities of their choice. Employee donations are matched by up to $500 allowing the charity to receive double the original donation.
- Toys for Tots Toy Drive:
  The United States Marine Corp. sponsors a nationwide toy drive for underprivileged children. Donations of unwrapped toys are collected and distributed locally to children who may otherwise not receive Christmas gifts. All employees were given a budget to purchase toys of their choice to be donated to the toy drive on behalf of Chiesi.

Brazil: Social Actions

The affiliate has supported Baobab Artistic Productions in the production of the following plays: “As Botocudas” - a tragicomedy surgery, to be displayed in São Paulo (SP) in 2012, *Vamos?*, and *Candida*. The investment was carried out via tax incentive programmes for *Cultural Action* (ProAc).

Alessandra V. Piacezzi and staff – have contributed to the production of the play *O fato de morar aqui ao lado*, displayed in San Paulo (SP). Also this initiative has benefited from the tax incentive programmes for Cultural Action.

Brazil: Social actions related to business

The affiliate has supported the Brazilian Association Leukemia and Lymphoma (Abrale) – and Brazilian Association of Talassemia (Abrasta) so that they can continue to provide the thousands of patients in São Paulo (SP), especially teenagers, with the transportation, treatment and medicine they need.

Moreover, it has supported Cinelari Artistic Productions Ltda. in the production of a closed representation of the play “Judas in Easter Saturday” in Rio de Janeiro (RJ), dedicated to more than 300 physicians. The investment was carried out via tax incentive program for *Cultural Action* (ProAc).

The Distribution of Added Value

The added value generated in 2011 shows an overall growth rate of 13.1%, compared to a 4.1% increase in business volume.

Over the course of the year particular care was taken with managing operating expenditure, which has been reduced as a result of organisational efficiency. This was achieved without any negative impact on spending on staff policies and investment in research, which have also increased significantly this year, taking the share of turnover allocated to research costs to 16% (14.8% in 2010).

A total of 59% of the added value is absorbed by costs and services for staff, which increased more than proportionally to the workforce. Investment continued in training, a key element for the continuing development of the company.

A significant part of the growth in added value was also absorbed by taxes paid to the public authority, which played a decisive part in the reduction of contributions towards research.

The increase in the Group's revenues will contribute to supporting several new initiatives and investments essential for securing Chiesi's future development, as has been achieved with the newly-constructed Research Centre.

The Distribution of Added Value (Eur/000)	2011	2010
HUMAN RESOURCES RETURN	**276,161**	**262,602**
■ Wages & salaries, indemnities and other personnel costs	217,868	209,464
■ Social Security Contribution	48,780	44,369
■ Training	9,513	8,769
PUBLIC ADMINISTRATION RETURN	**72,339**	**53,721**
■ Income taxes	63,342	49,137
■ Other taxes net of R&D public grants	8,997	4,584
MINORITY RETURN (Net income to minority)	1,804	3,347
COMPANY RETURN (Group Net income)	**120,850**	**96,854**
GROUP ADDED VALUE	**471,154**	**416,524**

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.
The Chiesi Foundation is active in the following areas:

- scientific research and making its results widely known;
- training young researchers;
- international cooperation in conveying medical knowledge and technologies.

Scientific Research

Importance of psychological aspect and impact on clinical outcome in patients suffering from chronic obstructive respiratory diseases.

In collaboration with the Sole 24 Ore Sanità health supplement, the Foundation has organized a meeting ai to promote the exchange of ideas between those affected and the professionals involved on the role of the psychological aspect in the patient's management of chronic obstructive respiratory diseases and subsequently identifying clinically significant outcomes.

The objective of the conference was to increase awareness of the importance and impact of these aspects, share experiences and propose ways of improving the quality of assistance.

Respiration Day

Respiration Day 2011 was held on the 27th of May at the Auditorium Paganini in Parma and was dedicated to the theme of *Asthma and COPD in 2011: State of the Art for Clinician and Researcher*. The edition focused on the advances made in the management of asthma and COPD (chronic obstructive pulmonary disease) with the aim of bringing the 600 international specialists attending the conference up to date on the most advanced therapeutic options, including communication techniques to improve patient compliance.

Maurizio Vignola Award for Innovation in Pneumology

The 2011 award was assigned to Dr. Michael Kormann (Tubingen University, Germany) for an article published at the beginning of the year in Nature Biotechnology entitled: *Expression of therapeutic proteins after delivery of chemically modified mRNA in mice*.

Dr.Kormann's work describes an entirely new strategy for gene therapy in respiratory diseases by means of the modified therapeutic agent mRNA.

The experiments outlined in the study provide a new and exciting way forward for the treatment of diseases such as cystic fibrosis.

Publications

The Foundation financed the publication of *Meditazione attraverso il Respiro* (Meditation through Breathing), a guide about yoga, breathing and meditation to promote a state of wellbeing and global health. The proceeds of the book were donated to the Italian no-profit Association Lymphangioleiomyomatosis (LAM) which promotes research into an urgent cure required for this kind of rare disease.

It has moreover financed the paper *Understanding patients with asthma and COPD: insights from a European study*, by Partridge et al., published by the Primary Care Respiratory Journal (2011).

Training young researchers

The Chiesi Foundation is strongly committed to supporting the scientific work of young researchers, which is essential for the progress and development of more and more effective therapeutic strategies and tools.

For a three-year period from 2011 to 2013 it will finance three Ph.D programmes following the publication of a selection process:

- The role of adrenomedullina in the treatment of respiratory stress syndrome, Catania University;
- Chronic Obstructive Pulmonary Disease (COPD) in smokers: identification of pro-inflammatory molecular markers and anti-inflammatory markers, Ferrara University;

- Polymorphism of adrenergic and colinergic muscarinic receptors in the physiopathology of COPD, Sant'Andrea Health Service, Rome.

Funding has also been allocated for the following:

- research scholarship for the theme Online *Patient Community: knowledge-sharing* processes and creation of "good practices" in health and treatment management, Università Cattolica del Sacro Cuore, Milan;
- international PhD programme in Neonatology, Cesare Arrigo Hospital in Alessandria - University of Utrecht and Maastricht.

The Foundation continued to support the Study on the importance of the small airways in respiratory diseases, which is a joint initiative with the respiratory disease research centre at the University of Ferrara.

In addition, three further research projects began, the first of which lasts three years and the other for two years:

- Behavioural strategies, clinical-functional parameters and therapeutic options in asthma, Parma University;
- Population study to evaluate the *onset* and progression of cognitive impairment in chronic obstructive pulmonary disease (COPD), Verona University;
- Allele mutations and variations of the genes correlated to surfactant in lung diseases commonly found in children and adults, Bambino Gesù Hospital in Rome.

Solidarity and International Cooperation projects

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

The Foundation has launched a three-year joint project with the Saint Camille religious order with the aim of providing the Maternal and Child Health Centre in Ouagà, Burkina Faso, with technical know-how and materials.

Support for this project involved the neonatology ward at the Saint Camille Medical Centre.

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

Over the course of 2011, the Foundation continued to support the efforts made by the no-profit Association Africabougou, set up in 2006, to provide help for rural villages in sub-Saharan Africa.

On completing the training course on how to use microscopes effectively and the provision of the material, the Foundation will support the 4th training course for those who already have the necessary equipment.

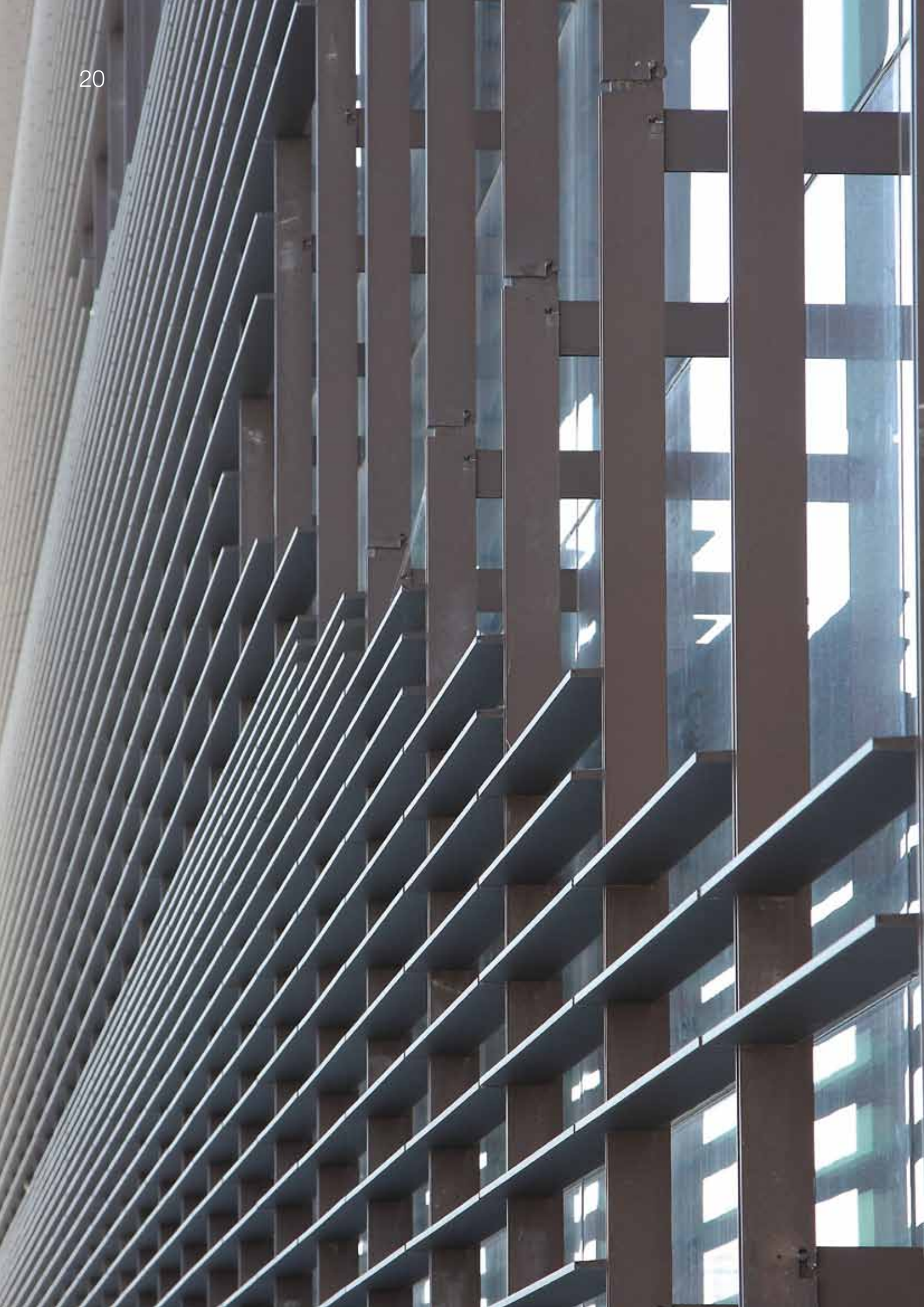
Divina Providencia Hospital Marituba - Brazil

This is a three years lasting project aimed at supporting the social development program implemented by the Congregazione dei Poveri Servi della Divina Provvidenza Hospital, Opera di San Giovanni Calabria. Marituba is a suburban centre in Belem, capital of the Brazilian state Parà. Since years, the Hospital, assisted by doctors from the Sacro Cuore Hospital in Negrar, has been following a programme of activities in collaboration with the pneumology department at the State University of Pará.

The nursing school was officially opened in May thanks to the help of the Foundation.

Building of the Neonatology Ward at the Fatebenefratelli Hospital Tanguietà - Benin

This three-year project, run jointly with the no-profit Epsilon Association, provides for the creation of the neonatology ward at the San Jean De Dieu of Tanguitá, a town located in the poorest zone of the State of Benin.



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