Chiesi
Purpose First
Chiesi ESG reports 2023

Chiesi ESG reports

In the reporting of sustainability data, Chiesi Group takes a multidimensional approach considering both regulatory frameworks and voluntary reporting frameworks in order to create an overall overview that is as complete and transparent as possible.

Regulatory frameworks:

- Società Benefit (L. 28 December 2015 n. 208)
- Non-Financial Reporting Directive (NFRD)

Voluntary frameworks:

- B Impact Assessment (BIA) by B Lab
- SDG Action Manager by United Nations Global Compact (UNGC) and B Lab
- GRI Standards (Global Reporting Initiative)
- World Economic Forum white paper "Measuring Stakeholder Capitalism"
- Task Force on Climate-Related Financial Disclosures (TCFD)

The Group is engaged at an international level to follow the continuous evolution of the **ESG frameworks** and promote a stronger global harmonization.

In 2021, Chiesi adopted the **World Economic Forum's 2020 'Measuring Stakeholder Capitalism'** Framework in our sustainability reporting. Developed by the World Economic Forum's International Business Council (IBC), this initiative, supported by over 120 global CEOs, aims to enhance how companies measure and demonstrate their contributions to building prosperous societies and fostering sustainable relationships with our planet.

The Stakeholder Capitalism Metrics surpass existing standards like GRI by offering greater comparability and consistency in ESG disclosures. By embracing this framework, Chiesi contributes to a collective effort promoting cooperation and alignment among existing standards, facilitating progress toward systemic solutions and a more comprehensive approach to reporting.

Since 2020, we have actively utilized B Lab's **SDG Action Manager** Tool to measure and enhance our progress in achieving the Sustainable Development Goals (SDGs). This tool empowers us to assess, compare, and improve our performance, resulting in tangible advancements in our SDG-related initiatives. Our analysis indicates that Chiesi consistently contributes significantly to multiple goals, often exceeding average country and sector scores. Further details regarding our performance against the UN SDGs are provided in a dedicated Annex.

Sustainable Development Goals

Chiesi uses the SDG Action Manager as a roadmap for contributing to the 2030 Agenda for Sustainable Development. We complete this self-assessment annually, specifically for the 9 SDGs that Chiesi has prioritized in line with our business and capacity.

The SDG Action Manager, a web-based tool developed by the UN Global Compact and B Lab, helps companies to understand their contribution to the 17 UN Sustainable Development Goals (SDGs) and track progress towards achieving them. These goals tackle global challenges like poverty, climate change, and inequality.

The tool provides resources and guidance to set goals and identify areas for improvement. It is divided into 17 modules: 16 focused on specific SDGs and a baseline module that evaluates a company's approach to sustainability in the areas of human rights, labor practices, environmental management, and good governance. Each of the modules focuses on five sections: Business Model, Internal Operation, Supply Chain, Collective Action and Risk Level.

2023 SCORECARD

In 2023, Chiesi's baseline score improved by 2,7%, reaching 80,2% compared to 77.5% in 2022. Overall, we see an increase in scores across nearly all SDGs.
Exceptions are:

- SDG14 (Life Below Water) and SDG15 (Life on Land) which remain unchanged.
- SDG3 (Zero Hunger): Our score in the "Collective Action" section decreased, as in 2023, we strategically shifted our efforts to focus on SDGs where we can have the biggest impact.
- SDG11 (Sustainable Cities and Communities): As our perimeter has expanded over the past year, so has our urban impact. We are actively working to implement and improve our urban development strategy in every country where we operate.

Notably, we made significant progress in SDG 1, SDG 4 (which improved by 12%), SDG 8 and SDG 10, which address reducing disparities, especially in education and the economy.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Score 2022	24%	12%	79%	21%	42%	22%	27%	30%	30%	22%	62%	42%	51%	22%	17%	33%
Score 2023	40%	9%	80%	33%	43%	23%	28%	37%	32%	33%	61%	44%	54%	22%	17%	36%

1 - No Poverty
End poverty in all its forms

Business Model SCORE: 2/25
Internal Operations SCORE: 12/25
Supply Chain SCORE: 19/25
Collective Action SCORE: 7/25

2022 24%
2023 40%

2 - Zero Hunger
End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Business Model SCORE: 2/25
Internal Operations SCORE: 4/25
Supply Chain SCORE: 3/25
Collective Action SCORE: 0/25

2022 12%
2023 9%

3 - Good Health and Well-Being
Ensure healthy lives and promote well-being for all at all ages

Business Model SCORE: 25/25
Internal Operations SCORE: 19/25
Supply Chain SCORE: 11/25
Collective Action SCORE: 25/25

2022 79%
2023 80%

4 - Quality Education
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Business Model SCORE: 2/25
Internal Operations SCORE: 18/25
Supply Chain SCORE: 1/25
Collective Action SCORE: 12/25

2022 21%
2023 33%

5 - Gender Equality
Achieve gender equality and empower all women and girls

Business Model SCORE: 4/25
Internal Operations SCORE: 17/25
Supply Chain SCORE: 8/25
Collective Action SCORE: 13/25

2022 42%
2023 43%

6 - Clean Water and Sanitation
Ensure avaibility and sustainable management of water and sanitation for all

Business Model SCORE: 3/25
Internal Operations SCORE: 12/25
Supply Chain SCORE: 8/25
Collective Action SCORE: 0/25

2022 22%
2023 23%

7 - Affordable and Clean Energy
Ensure access to affordable, reliable, sustainable and modern energy for all

Business Model SCORE: 3/25
Internal Operations SCORE: 14/25
Supply Chain SCORE: 4/25
Collective Action SCORE: 7/25

2022 27%
2023 28%

8 - Decent Work and Economic Growth
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Business Model SCORE: 3/25
Internal Operations SCORE: 20/25
Supply Chain SCORE: 8/25
Collective Action SCORE: 7/25

2022 30%
2023 37%

9 - Industry, Innovation and Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Business Model SCORE: 2/25
Internal Operations SCORE: 18/25
Supply Chain SCORE: 12/25
Collective Action SCORE: 0/25

2022 30%
2023 32%

10 - Reduced Inequalities
Reduce inequality within and among countries

Business Model SCORE: 2/25
Internal Operations SCORE: 11/25
Supply Chain SCORE: 11/25
Collective Action SCORE: 10/25

2022 22%
2023 33%

11 - Sustainable Cities and Communities
Make cities and human settlements inclusive, safe, resilient and sustainable

Business Model SCORE: 3/25
Internal Operations SCORE: 14/25
Supply Chain SCORE: 20/25
Collective Action SCORE: 25/25

2022 62%
2023 61%

12 - Responsible Consumption and Production
Ensure sustainable consumption and production patterns

Business Model SCORE: 3/25
Internal Operations SCORE: 7/25
Supply Chain SCORE: 19/25
Collective Action SCORE: 15/25

2022 42%
2023 44%

13 - Climate Action
Take urgent action to combat climate change and its impacts

Business Model SCORE: 4/25
Internal Operations SCORE: 16/25
Supply Chain SCORE: 9/25
Collective Action SCORE: 25/25

2022 51%
2023 54%

14 - Life Below Water
Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Business Model SCORE: 2/25
Internal Operations SCORE: 9/25
Supply Chain SCORE: 11/25
Collective Action SCORE: 0/25

2022 22%
2023 22%

15 - Life on Land
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Business Model SCORE: 0/25
Internal Operations SCORE: 3/25
Supply Chain SCORE: 13/25
Collective Action SCORE: 2/25

2022 17%
2022 17%

16 - Peace, Justice and Strong Institutions
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Business Model SCORE: 2/25

Internal Operations SCORE: 16/25

Supply Chain SCORE: 18/25

Collective Action SCORE: 0/25

2022	33%
2023	36%

World Economic Forum

In 2021, Chiesi adopted the **World Economic Forum's 2020 'Measuring Stakeholder Capitalism'** framework in our sustainability reporting. Developed by the World Economic Forum's International Business Council (IBC), this initiative, supported by over 120 global CEOs, aims to enhance how companies measure and demonstrate their contributions to building prosperous societies and fostering sustainable relationships with our planet.

The Stakeholder Capitalism Metrics surpass existing standards like GRI by offering greater comparability and consistency in ESG disclosures. By embracing this framework, Chiesi contributes to a collective effort promoting cooperation and alignment among existing standards, facilitating progress toward systemic solutions and a more comprehensive approach to reporting.

WORLD ECONOMIC FORUM CORE METRICS - REFERENCE TABLE					
Pillar	**Theme**	**Core metrics**	**Key performance indicator**	**Report section 2023**	**Data/Reason for Omission**
Principles of Governance	Governing Purpose	Setting purpose	-	Introduction • Message from the Boards of Directors • CEO's Letter to Stakeholders • Mission and Values	The company's purpose is outlined in the Introduction / Our Purpose
	Quality of governing body	Governance body composition	No. of women on board	Introduction	1
	Stakeholder engagement	Material issues impacting stakeholders	-	Impact Measurement • Materiality table	Material issues are clearly indicated in the Chiesi Materiality Table in the "Impact Measurement" section of this report.
	Ethical Behavior	Anti-corruption	Employees with training in anti-corruption policies and procedures (%)	Workforce Management * Learning and Training	61.5%
		Protected ethics advice and reporting mechanisms	Confirmed violations for conflict of interest/ corruption (no.)	Business Ethics	No incidents of corruption detected in 2023
			Reports received for violations of code of Ethics	Business Ethics	1
	Risk and opportunity oversight	Integrating risk and opportunity into business process	-	Governance • Business Resilience	An overview of risks and mitigation activities is included in the "Business Resilience" chapter of this report

WORLD ECONOMIC FORUM CORE METRICS - REFERENCE TABLE					
Pillar	**Theme**	**Core metrics**	**Key performance indicator**	**Report section 2023**	**Data/Reason for Omission**
Planet	Climate Change	Greenhouse gas (GHG) emissions	Direct greenhouse gas emissions - Scope 1 (CO2e)	Annex: - Sustainability Performance	29,906 t CO2e
			Indirect greenhouse gas emissions- Scope 2 (location based) (CO2e)	Annex: - Sustainability Performance	12,254 t CO2e
			Indirect greenhouse gas emissions - Scope 2 (market based) (CO2e)	Annex: - Sustainability Performance	591 t CO2e
			Indirect greenhouse gas emissions - Scope 3 (CO2e)	Annex: - Sustainability Performance	949,619 t CO2e
		TCFD implementation	-	TCFD Report 2023	TCFD information is included in the TCFD Report.
	Nature loss	Land use and ecological sensitivity	No. of protected areas	Annex: - Sustainability Performance	No premises included within protected areas or affected by specific regulations.
	Freshwater availability	Water consumption and withdrawal in water stressed areas	Water withdrawal (megalitres)	Annex: - Sustainability Performance	299.89 ML
			Water withdrawal in “water stressed” areas (megalitres)	Annex: - Sustainability Performance	24.18 ML
			Water consumption (megalitres)	Annex: - Sustainability Performance	98.75 ML
			Water consumption in “water stressed” areas (megalitres)	Annex: - Sustainability Performance	3.55 ML

WORLD ECONOMIC FORUM CORE METRICS - REFERENCE TABLE					
Pillar	**Theme**	**Core metrics**	**Key performance indicator**	**Report section 2023**	**Data/Reason for Omission**
People	Dignity and equality	Diversity and inclusion (%)	Women as proportion of total employees (%)	Introduction	56%
		Pay equality (%)	Equal Remuration Ratio (%)	Diversity & Inclusion	Pay equality is addressed in the "Diversity and Inclusion" chapter of this report.
		Wage level (%)	CEO Pay Ratio (%)	Not reported in 2023	Chiesi considers the remuneration policies of the highest governing body to be sensitive information in a transformational phase of global and structural reorganization, the disclosure of which may impact the company's strategy.
		Risk for incidents of child, forced or compulsory labour	Assessment of protection of child labor and compliance with ban on forced labor in the supply chain	-	Specific assessments regarding child and forced labour have not yet been performed, thus the information is not reported for 2023. Nonetheless, Chiesi has developed a new Human Rights Policy and is committed to conducting these analyses for inclusion in reports for the next fiscal years.
	Health and wellbeing	Health and safety (%)	Fatal accidents (no.)	Workforce Management: - Well-being and Safety	0
			Frequency of fatal accidents	Workforce Management: - Well-being and Safety	0 The fatalities injury rate is the ratio of the number of injuries with fatalities reported to the number of hours worked (including overtime), multiplied by 1,000,000.
			High consequence accidents	Workforce Management: - Well-being and Safety	0
			Frequency of high consequence accidents	Workforce Management: - Well-being and Safety	0
	Skills for the future	Training provided	Average hours of training per employee	Workforce Management: - Learning and Training	45.3 hours/employee
		Employee training costs (millions of euro)	Employee training costs (millions of euro)	Workforce Management: - Learning and Training	8.6 M Euro

WORLD ECONOMIC FORUM CORE METRICS - REFERENCE TABLE					
Pillar	**Theme**	**Core metrics**	**Key performance indicator**	**Report section 2023**	**Data/Reason for Omission**
Prosperity	Employment and wealth generation	Absolute number and rate of employment	People hired (no.)	Annex: - Sustainability Performance	1,251 /// 930
			Hiring rate (%)	Annex: - Sustainability Performance	18.7% /// 11.8%
			Terminations (no.)	Annex: - Sustainability Performance	729 /// 639
			Turnover (%)	Annex: - Sustainability Performance	11.8% /// 11.1%
		Economic contribution	Value created and distributed to stakeholders	Introduction	77%
		Financial investment contribution	Total investment (millions of euro)	Introduction	1.444 M Euro
			Purchase of treasury shares and dividends paid (millions of euro)	Introduction	Dividends paid 90.5 M Euro No purchase of treasury shares in 2022
	Innovation of better products and services	Total R&D expenses ($)	Investment in R&D (millions of euro)	Introduction	721 M Euro
	Community and social vitality	Total tax paid	Total tax paid (millions of euro)	Introduction	(3.7) M Euro

Impact Report

Chiesi Farmaceutici SpA SB 2024

Introduction: Chiesi as a Benefit Corporation and the common benefit purposes

In 2018 Chiesi Farmaceutici adopted the Benefit Corporation (Società Benefit) status according to the Italian Law 208/2015. Consequentially the company has committed to pursue common benefit purposes – together with the economic goals typical of an entrepreneurial activity – and operate in a responsible and transparent way towards people, communities and the environment.

As described in its by-laws, the company is indeed committed to four specific common benefit purposes, which define its profile as a Benefit Corporation:

(I) Commitment to continuous innovation towards the sustainability of processes and all company practices in order to minimise negative impacts and enhance positive impacts on people, the biosphere and the territory, towards a carbon-neutral economy, in line with the European climate neutrality goals and the national ecological transition ones
(II) Positive impact on people and patients, with the aim of improving their health, wellbeing and quality of life
(III) Contribution to the development of the local communities in which the company operates
(VI) Promotion of a responsible and sustainable way of doing business, also through collaborative dialogue with stakeholders

According to the Italian Law 208/2015, Chiesi Farmaceutici Spa has appointed the Head of Shared Value & Sustainability as the "*individual or the individuals to be appointed with the role and tasks for pursuing the common benefit*". The Head of Shared Value & Sustainability informs the Board of Directors and he/she is also in charge of nominating the Impact Committee. The Impact Committee, coordinated by the Shared Value & Sustainability Department, is responsible for defining the sustainability strategy and monitoring and reporting on its implementation. Furthermore, it has responsibility for setting annual sustainability targets, consistent with the common benefit purposes outlined in the by-laws, and for drafting the Impact Report. The Impact Committee consists of the following functions:

- Shared Value & Sustainability
- Global Human Resources
- Legal & Corporate Affairs
- Global Finance
- Global Research & Development
- Global Rare Diseases
- Global Procurement
- Global Medical Affairs Air and Care
- Global Communication & Public Affairs

In 2023, the Impact Committee finalized the Sustainability Strategic Plan for 2023-2028, which reflects our commitment to sustainability. Over the past several years, we've conducted extensive analysis of our processes and practices. This journey, driven by our commitment to delivering value to patients, Chiesi people, communities, environment, suppliers and stakeholders, has resulted in significant achievements. However, we recognize the importance of accelerating our understanding of societal challenges and fostering a culture of creating shared value. Our next step is to enhance our strategic approach by prioritizing the tangible impacts outlined in the new plan. The Sustainability Strategic Plan 2023-2028 builds on our Sustainability Manifesto and Benefit Corporation status, and integrates lessons learned from the previous Strategic Plan 2018-2022, aligning also with our B Corp certification and related improvement plan.

Indeed, in the pursuit of continuous improvement, the Group assesses its impacts through the B Impact Assessment (BIA) tool, provided by the non-profit organization B Lab and available online for all companies. The BIA rigorously measures a company's environmental and social performance in five areas: governance, workers, community, customers (patients), and the environment.

The Group's score, totaling 103.8, led to the recertification as a B Corp in 2022. Throughout 2023, the Group has been engaged in defining improvement plans in preparation for the upcoming recertification scheduled for 2025. This process also involved all affiliates of the Group. In April 2023, Chiesi completed an acquisition that enlarged the perimeter and scope of social and environmental impact evaluation and management. A dedicated readiness journey was defined, in order to ensure onboarding of new Chiesi entities in the sustainability journey.

During the year, a sustainability data collection process was launched on a quarterly/semi-annual or annual basis, depending on the different data sets. This leverages an IT tool that allows for the collection, storage, and analysis of the entire set of quantitative ESG (Environmental, Social and Governance) data in support of the sustainability

strategy, BIA, and sustainability reporting. A selection of the collected data is reported to the Executive Leadership Team on a quarterly basis.

The following pages analyse the specific benefit purposes and, for each of them, the following is reported:

- Activities and targets with respect to the year 2023
- Activities and targets to be achieved in 2024, contributing to each specific common benefit purpose.

In line with our Sustainability Strategic Plan, Chiesi has decided to link the 2024 goals and 2023 actions in the Impact Report to their respective impact areas: Patients, Chiesi People, Community, Environment, Value Chain, and Governance. This strengthens the link between our specific efforts and our broader sustainability framework and strategy.

- Patients: refers to making a difference in the lives of patients, their families, and caregivers by integrating their perspectives and needs in the generation of innovative therapies and support solutions accessible to as many patients as possible.
- Chiesi People: means understanding and prioritizing individuals within an organization, addressing their needs, motivations, and well-being.
- Community: refers to the ability to distribute direct and indirect economic value to support and promote the development and well-being of the local communities to promote shared growth.
- Environment: environmental sustainability refers to the ability to maintain an ecological balance in our planet's natural environment and conserve natural resources to support the well-being of current and future generations.
- Value Chain: indicates all projects aiming to evolve Chiesi suppliers, partners, and distributors towards sustainability over time.
- Governance: refers to the system of rules, practices, and processes by which a company is directed and controlled, rooted in ethics, transparency and accountability.

(I) Commitment to continuous innovation towards the sustainability of processes and all company practices in order to minimize negative impacts and enhance positive impacts on people, the biosphere and the territory, towards a carbon-neutral economy, in line with the European climate neutrality goals and the national ecological transition ones

Actions taken in 2023

Net Zero

Impact area: Environment

In line with the goal of achieving Net Zero by 2035, the Group has consolidated the inventory of its greenhouse gas emissions following the ISO 14064[26] and GHG Protocol[27], completing the certification process by June 2023. Emission reduction targets were published in April 2021 and approved by the Science Based Targets Initiative (SBTi)[28]. These Group targets align with the 1.5°C scenario of the Paris Agreement (i.e. a maximum increase in the planet's average temperature of 1.5 degrees Celsius).
Following the release of the new SBTi Corporate NetZero Standard in October 2021, Chiesi has decided to transition from the concept of carbon neutrality to the more stringent standard of net-zero emissions. This decision represents a shift that will propel our ambitions forward: we are currently revising our reduction targets to fully embrace the stricter requirements of the new SBTi standard.

With a commitment to utmost transparency, Chiesi has joined the Carbon Disclosure Project (CDP), receiving an A- rating for the Climate Change questionnaire completed in 2023. In March 2021, the Group also joined the B Corp Climate Collective (BCCC), endorsing the 'Race to Zero,'[29] the United Nations Framework Convention on Climate Change (UNFCCC). Since 2019, Chiesi has been dedicated to advancing the development of a 'carbon minimal' line of inhaler sprays using a new propellant with a low Global Warming Potential, resulting in a carbon footprint 90% lower than the current product.

Looking ahead, the Group plans to deepen greenhouse gas emissions reduction strategies by extending them to other relevant sources of GHG emissions. In 2023 the process of setting carbon budgets started at affiliates level on specific sources of emissions, allowing the identification of carbon budgets for all Chiesi relevant sites.

Finally, 12/12 sites[30] were included in the Better Building project, a global program to assess and improve the Group's corporate sites according to the highest standards in sustainable building management, such as LEED and Green Building Standards.

Eco-Friendly products

Impact area: Environment

The Eco-Friendly Products program aims to improve the environmental sustainability of the company's therapies by assessing product sustainability, enhancing their sustainability profile, promoting green design in line with the UN SDGs and future regulations, and actively participating in international efforts and regulatory discussions on environmental sustainability.

To equip its researchers with a practical and effective instrument, Chiesi developed an internal Life Cycle Perspective (LCP) tool, designed to assess and stimulate the improvement of the environmental sustainability of Chiesi products in accordance with circular economy and green design principles, starting from the initial phases of product design. The tool was developed internally, taking into account external trends and best practices and a new release was issued in 2023.
Gathering input from various stages of development, the LCP tool enables informed decision-making through the analysis of four main macro-areas - chemistry, design and materials, natural resources, ethics - providing a synthetic score for each area. The LCP tool is already applied to all new products in development, and the evaluation of products already on the market is ongoing.

The implementation of a circular economy approach

[26] *The standard ISO 14064 refers to "principles and requirements at the organization level for the quantification and reporting of greenhouse gas (GHG) emissions and removals. It includes requirements for the design, development, management, reporting and verification of an organization's GHG inventory"* https://www.iso.org/standard/66453.html
[27] https://ghgprotocol.org/
[28] https://sciencebasedtargets.org/
[29] *The Race to Zero is a global initiative supported by the United Nations that mobilizes non-state entities across the world economy to decrease global emissions rapidly and rigorously before 2030. All participants are committed to reducing emissions across all scopes in accordance with the Paris Agreement. They showcase transparent action plans and robust short-term targets to achieve a healthier, fairer, and zero-carbon world. https://climatechampions.unfccc.int/system/breakthroughs/*
[30] *T San Paolo, Brazil; Stockholm, Sweden; Solna, Sweden; Sofia, Bulgary; Prague, Czech Republic; Budapest, Hungary; Bucharest, Romania; Ljubljana, Slovenia; Bratislava, Slovakia; QC Lab, Russia; Melbourne, Australia; Via Palermo, Italy*

is an integral part of Chiesi's broader sustainability strategy. An example of this strategy's implementation is the introduction of a new packaging for one of key Chiesi products in neonatology, replacing the protective polystyrene box with FSC-certified paper.

Additional quantitative indicators have been identified for future analysis (Water, Plastic, Biodiversity, Carbon Footprint).

Our objectives for 2024

Net Zero

Impact area: Environment

In 2024, the definition of a Climate Transition Plan will be a key focus. As extreme weather events and resource scarcity increase, and regulations evolve towards a low carbon economy, it is important to understand and manage our business' exposure to these climate-related issues.

Green Labs

Impact area: Environment

In 2024, our goal is to embark in the journey towards "My Green Lab" certification for Chiesi labs. The certification is recognized globally as a gold standard for laboratory sustainability and offers actionable measures for cost savings, resource conservation, and a safer, healthier scientific environment. By pursuing this certification, we aim to contribute to a global standard of excellence in laboratory sustainability. In 2024 we aim to have at least two labs certified.

(II): Positive impact on people and patients, with the aim of improving their health, wellbeing and quality of life

Actions taken in 2023

Expenditure on Research and Development

Impact area: Patients

Chiesi is dedicated to pharmaceutical innovation and finding therapeutic solutions for patients' healthcare needs. In 2023, we demonstrated our commitment to innovation and addressing critical healthcare needs through our strategic approach to Research and Development (R&D) spending. We exceeded our original goal of allocating approximately 21% of our revenues to R&D by allocating 23.8% of our revenues to R&D.

Patients Activation[31]: collecting patients' insights to understand their needs

Impact area: Patients

In 2023, our organization successfully established strategic partnerships with the patient community and relevant stakeholders, such as Rare Diseases Europe (EURORDIS), National Organisation for Rare Disorders (NORD) and Fabry International Network (FIN) in the RARE area; European Foundation for the Care of Newborn Infants (EFCNI), Cystic Fibrosis Europe (CF Europe) and European Society for Organ Transplantation and European Transplant Patient Organizations (ESOT-ETPO) in the CARE area; and European Federation of Allergy and Airways Diseases Patient Organisation (EFA) and European Pulmonary Fibrosis Federation (EU-IPFF) in the AIR area. Our collaborative efforts resulted in the implementation of integrated initiatives that raised awareness and engaged patients across our therapeutic areas.

Various projects have been developed in 2023 in relation to the patient area such as:

- the "Patient Diary" project in the transplant field promoted by ESOT
- the "About asthma" awareness campaign promoted by EFA,
- the awareness campaigns during World Asthma and Chronic Obstructive Pulmonary Disease (COPD) Days
- a global information platform for parents of neonates born prematurely promoted by EFCNI and developed together with 4 European patient organizations and 9 patient experts,
- the "Mindfully Rare" mental health resource project co-created with Fabry Support & Information Group (FSIG), (National Fabry Disease Foundation) NFDF, National Alliance on Mental Illness (NAMI), and KOLs.

In 2023, we committed to gaining a deeper understanding of the patient journey of care in different medical conditions, by gathering insights from patients, caregivers and diverse stakeholders in different geographies. We continued to, and broke new ground in, integrating patient voice into our strategy, processes and operations, at the global and local level, fostering innovation driven by patient needs.

COPD awareness

Impact area: Patients

Our goal in 2023 was to increase awareness and encourage patient activation and co-creation in the context of COPD. We aimed to improve lung health and respiratory care in 10 selected countries by providing them with the necessary tools to implement a national respiratory strategy based on best practices, ensuring sustained awareness of COPD.

In 2023, the International Respiratory Coalition (IRC[32]) ensured that every country has the necessary tools to implement a national respiratory strategy. Currently, our focus is primarily on Europe. In 2023, we made significant progress by successfully launching or sustaining local chapters in 12 countries: Austria, Belgium, Croatia, France, Greece, Italy, the Netherlands, Poland, Portugal, Spain, Sweden, and the UK.

Gender equality

Impact area: Chiesi people

In 2023, our commitment to gender equality was manifested through concrete objectives aimed at achieving equal pay and fostering equal career opportunities. The Zero pay gap goal was established at the Group level, with the aim of eliminating gender pay disparities based on aggregated Group baseline and data. The actions, performed within the merit review cycle and round of pay equity adjustments, positively impacted the achievement of the goal of gender pay gap below 1%. Actively working towards the maintenance and advancement of gender pay equality, remediation actions are ongoing in Italy, Mexico and Spain to eliminate the pay gap in those countries.

[31] *An individual's knowledge, skills and confidence for managing their health and healthcare" (Hibbard et al, 2005)*

[32] *The International Respiratory Coalition, initiated in September 2021, involves partners from the respiratory community, patients, and industry. Its goal is to promote lung health and improve respiratory care, envisioning every country equipped with tools for a national strategy based on best practices. Chiesi is one of the funding industry partners. For more information: https://international-respiratory-coalition.org/*

Projects were initiated to contribute to equal career opportunities for all genders by 2030. A Group Parenthood Policy was created to provide essential support for work-life balance. Additionally, the "Mentors for Her Growth Program" was successfully implemented, which involved the training of 14 Chiesi mentors to foster career development for women within the organization.

Human Leadership

Impact area: Chiesi People

In 2023, our focus on Human Leadership included specific goals to integrate the Human Leadership model into the way we select, develop, and promote our talent. The goal was to create a cohesive approach aligned with Human Leadership principles across multiple aspects of our organization.

After successfully achieving this goal, we designed and launched the Human Leadership Model Version 1 training program. This initiative ensures that Human Leadership principles and values are embedded in our organizational culture and influence the selection, development, and promotion processes. This achievement marks a significant step in advancing a leadership approach that contributes to the development of a positive and inclusive work environment.

Disability

Impact area: Chiesi People

In 2023, we aimed to develop a Diversity and Inclusion (D&I) group challenge that specifically addresses disability. We completed an assessment on the topic of disability throughout our affiliates and have used the results to launch a Chiesi Group Global Challenge 2024 on Disability and Caregivers to foster global and unified commitment on this area. This initiative aims to transform challenges faced by individuals with disabilities into opportunities for growth and collaboration, emphasizing the unique potential each person brings to contribute to our company's success. The integrated approach aims to create an environment where individuals feel comfortable expressing their needs and increase the representation of people with disabilities in our workforce.

Our objectives for 2024

COPD awareness

Impact area: Patients

In 2024, our focus on COPD will prioritize the expansion of the International Respiratory Coalition (IRC) to at least three additional countries. This broader initiative will provide valuable early evidence on the impact of advocacy, particularly regarding the establishment of national plans or policy guidelines for respiratory care. We will also continue co-creation initiatives to foster ongoing collaboration in addressing COPD challenges.

Newborn screening and early diagnosis to improve patients' outcomes

Impact area: Patients

In 2024, our focus on early diagnosis and newborn screening of rare diseases, to enable early treatment interventions, will expand through a multistakeholder approach to policy, patient organization partnerships and new public-private coalitions.

Diversity in Clinical Trials

Impact area: Patients

In 2024, we are committed to improve our approach to clinical trials to better integrate the principles of diversity and inclusion into the clinical trial design process, recognizing the historical underrepresentation of diverse minorities in clinical trials. Our goal is to promote a more inclusive approach to medical research, thereby contributing to a more representative clinical trial landscape, a significant element in the development of universally effective healthcare solutions. This effort is critical because insufficient diversity in clinical trials can undermine the effectiveness of drugs and treatments.

Gender Equality and Gender Pay Gap

Impact area: Chiesi People

In 2024, we will continue our effort to promote gender equality, while also actively working to address the gender local pay gap in Italy, Mexico, and Spain, where it remains persistent. Although the gap has been eliminated at the Group consolidated level, our objective is to close it in these specific countries by the end of the year.

(III) Contribution to the development of the local communities in which the company operates

Actions taken in 2023

Local investment and contribution to local communities

Impact area: Community

In 2023, our strategic focus on local investments and community initiatives aimed to contribute approximately 1.4 million euros to the development of the Parma area, with an emphasis on environmental protection, education, new generations, cultural development, and social inclusion. At the same time, Chiesi pursued the active participation of our affiliates in identifying and supporting high-impact local projects and measure their impacts.

While we successfully met our commitment to provide a targeted economic investment of €1.4 million for the benefit of the Parma community in 2023, the achievement of the second goal was slightly delayed into the new year, with different levels of maturity and approaches adopted by the affiliates in the way they interact with local communities. The support to affiliates in evolving their local impact strategy and approach will remain an area of focus in 2024.

Local stakeholder engagement

Impact area: Community

In 2023, we committed to launch a pilot multi-stakeholder engagement program focused on the local community of Parma and its surroundings. Throughout the year, we successfully created multi-stakeholder groups connected to the different areas in which we are investing our resources for the development of the local community of Parma, promoting focus groups at the beginning of 2024.

The initiative was led by our partner, Fondazione Sodalitas, which specializes in fostering partnerships between companies and the community for mutual growth. Together, we identified the primary local

stakeholders, including institutions, volunteer associations, and the education sector. Subsequently, we organized specific sessions to dive into their needs and local vision. Additionally, we began efforts on stakeholder engagement for new generations and students in Parma high schools and university in December 2023.

The overall process was key in aligning our goals with the priorities of the local community and the need of the territory, particularly by identifying a new crucial stakeholder: the new generation.

Corporate volunteering

Impact area: Community and Chiesi People

Our corporate volunteering effort aims to engage Chiesi employees in local community development initiatives that align with our company values. The two main objectives for 2023 were:

- to sustain the Skills-based Volunteering stream with the Human Resources department and to involve additional company's departments,
- to keep at least two corporate volunteering in presence sessions during the year.

We held two successful in-person corporate volunteering sessions in June/July and October/November, made possible by the collaboration of 12 local associations in Parma and its province, coordinated by the Service Center for Volunteering Emilia and *KilometroVerdeParma* Consortium. These associations identified volunteering activities aligned with their specific needs, spanning areas such as social inclusion, community development, circular economy, environmental protection and urban regeneration. Each employee had the opportunity to utilize up to 2 hours of paid leave for the participation.

Although other departments were not engaged, the Skills-based Volunteering stream continued with positive involvement of the Human Resources department expanding their skills to provide support to the "*Servizio Civile*" members. The Skills-based volunteering action was part of the "*Best Practice*" shared in the Terzjus Report entitled: "*Il volontariato di competenza. Un ponte tra Imprese e Terzo settore*" ("Skills-Based Volunteering - A bridge between Business and the Third Sector").

Schools related projects

Impact area: Community

In 2023, our local community development projects focused also on supporting initiatives involving local schools and students in Parma. Our first objective was to continue supporting the B Corp School[33] project and the *Respira con il Cuore* project[34]. These initiatives aim to promote a regenerative economy model and spread awareness on the B Corp business model, actively engaging younger generations. We fully achieved this objective, ensuring the continuity of both projects. In the Respira con il Cuore project, 16 classes participated in two sets of workshops: one focused on creating a new TED-like speeches, while the other involved crafting a series of comics. This year, students discussed and depicted sustainability, drawing inspiration from the 17 UN Sustainable Development Goals of the 2030 Agenda.

Additionally, our aim was to introduce support for a new initiative related to STEM and/or middle school education, aligned with the needs of schools in the local Parma area. This objective was also accomplished. We successfully launched a new project in collaboration with InventoLab focusing on STEM education in middle schools. Furthermore, Chiesi activated two scholarships in STEAM high school[35] in Parma, contributing to the advancement of education in science, technology, engineering, arts, and mathematics.

Our objectives for 2024

Local investment

Impact area: Community

In 2024, our goal is to increase our contribution to the development of the Parma area by investing between €1.5 and €2 million in impactful areas such as environmental protection, education, cultural development, and social inclusion.

Urban Regeneration

Impact area: Community

Our goal for urban regeneration in 2024 is to contribute to key projects in the Parma area, enabling the regeneration of green and urban spaces within and outside the city. These initiatives serve as drivers for cultural regeneration and community development. We aim to actively participate in projects that enhance the environment and foster community engagement, contributing to the overall well-being and vitality of the region.

Corporate volunteering

Impact area: Community and Chiesi People

In 2024, our focus on corporate volunteering is to improve the program at the corporate level. This involves incorporating existing initiatives with new ones and enhancing opportunities for employees to volunteer during working hours. Our objective is to create a more robust and inclusive corporate volunteering program, that encourages greater employee engagement and participation in community service activities.

(IV): Promotion of a responsible and sustainable way of doing business, also through collaborative dialogue with stakeholders

Actions taken in 2023

Patients' engagement and insights: design of clinical trials and advocacy on digital services

Impact area: Patients

Our commitment in 2023 was to give continuity to the ever-increasing inclusion of the patient perspective into company processes, particularly further embedding patient perspective within the clinical development process and engaging with patient groups in advocating on the implementation of digital services related to asthma and COPD. In 2023, we focused on enhancing patient insight and input by directly involving the broader patient community, actively engaging and listening to patient experts, patient panels and community advisory boards to co-design and validate key topics. In particular for clinical trial design for asthma, COPD, IPF (Idiopathic Pulmonary Fibrosis), engaging with patient groups in advocating for the implementation of digital services, and for Fabry disease, developing pediatric age-appropriate

[33] *The B Corp School project, led by Invento Innovation Lab, focuses on promoting regenerative business models within schools, encouraging students to create startups based on the B Corp model and principles.* https://inventolab.com/eng/b-corp-school

[34] *Since 2019, we have been backing the Respira con il Cuore project led by the Parma Municipality. It encourages young people to explore well-being, raise awareness on sustainability topics, and break stereotypes through creative workshops and Ted Talks-style presentations.* https://www.respiraconilcuore.it/

[35] *The STEAM International High School in Parma, launched by Proges Educa Impresa Sociale with support from Giuseppe Veronesi and the Joint Institute of School Education and Professional Training, offers a four-year program emphasizing scientific and technological skills alongside personal development, innovation, and global perspectives.* https://liceosteam.it/parma/chi-siamo/

trial information materials.

Value Chain Education

Impact area: Value Chain

Our objective for 2023 was to create a program to increase understanding and engagement across our value chain.

We achieved this goal through the successful implementation of the Energize program, led by Schneider Electric, which brought together more than 15 pharmaceutical companies as key sponsors, including Chiesi. This collaboration aims to promote the use of renewable electricity in the pharmaceutical supply chain by providing educational resources and practical opportunities for such industry suppliers to switch to renewable energy sources. The program has seen significant participation, with 179 strategic suppliers invited and 24 actively engaged.

Additionally, we conducted three carbon management workshops attended by more than 50 suppliers and we sponsored the Ecovadis Academy attended by 104 suppliers at Group level.

Overall, these initiatives involved suppliers responsible for 26,57% of our headquarters' supplier spend.

Ecovadis, vendor qualification, engagement and improvements

Impact area: Value Chain

EcoVadis is a third-party platform chosen by Chiesi to evaluate the sustainability practices of our strategic suppliers in the areas of ethical behavior, environmental protection, labor, and human rights, in line with our sustainability goals. This platform reinforces our commitment to sustainable sourcing practices and ethical business standards. By working with the Ecovadis platform, we have been able to develop improvement plans with our key suppliers in 2023.

In addition, we launched 118 improvement plans, at Group level, for suppliers identified through Ecovadis assessments to address areas for optimization and drive positive changes in supplier performance. Going forward, we plan to evaluate the effectiveness of these improvement plans by assessing suppliers with active plans in the first quarter of 2024.

Finally in 2023 Chiesi Group obtained the Platinum medal from Ecovadis, with a score of 78/100. This important recognition places the company among the top percentage of organizations assessed by Ecovadis. Ecovadis Platinum Medals are awarded to enterprises that have not only completed the rigorous assessment process but have also demonstrated exceptional management systems that address sustainability criteria outlined by the organization. To be eligible for such recognition, companies must excel across four key themes: Environment, Ethics, Labor & Human Rights, and Sustainable Procurement.

The vendor qualification process represents the phase for selecting and engaging our suppliers. A significant achievement is the effective implementation of the supplier qualification tool in Mexico. About 95% of Chiesi expenditure is currently covered by a unique vendor qualification process, which is the starting point for the evolution of our ecosystem with improvement plans.

Suppliers carbon baseline

Impact area: Value Chain

In 2023, one of our main goals was to establish a baseline for carbon emissions across our value chain, in line with Chiesi's goal to reduce and achieve net-zero emissions. This meant collecting primary data on greenhouse gas (GHG) emissions from suppliers, gradually replacing estimated data. By Q4 2023, 39% of total vendor emissions were derived from primary data (primary data is the information directly provided by our suppliers). The Value Chain Carbon footprint represents a significant step forward in our efforts to accurately measure and manage our carbon footprint across the value chain.

Sustainability Governance: affiliates and ESG preparedness

Impact area: Governance

Our focus on sustainability governance in 2023 was the completion of the onboarding process for all Shared Value & Sustainability Business Partners, the key person responsible at affiliate level of impact management and sustainability projects and initiatives. These efforts paid off as we successfully brought SV&S Business Partners on board across our affiliates, ensuring sustainability is managed with dedicated resources and as a priority throughout the Chiesi Group. Additionally, the SV&S Legal & Compliance role was created to assist the governance evolution.

We also launched a preparedness program for our Group Executive Leadership Team to ensure they are well informed on ESG current and future trends and regulations with 3 workshops performed in 2023, involving external sustainability experts. We have also initiated a similar program for our Board of Directors, with initial sessions in early 2024, and we aim to continue and extend this program to other leadership positions throughout 2024.

Our objectives for 2024

Value Chain Engagement and Ecovadis

In 2024, we aim to improve our value chain engagement and sustainability efforts through two key objectives.

In our Sustainability Strategic plan, we will focus on the Stakeholders' engagement on the Code of Interdependence review. We will commit to constantly updating the standards of the Code of Interdependence as main instrument to engage any Chiesi third party, and integrate it with measurable engagement plans, audits, specific training and active support. Additionally, we aim to further integrate sustainability into our supply chain management through our partnership with Ecovadis. Our objective is to assess the ESG performance of suppliers representing 40% of Chiesi's total spend.

ISO 37001:2016 certification

Impact area: Governance

ISO 37001:2016 is an international standard that outlines the requirements and provides guidance for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system within an organization. This certification helps organizations prevent, detect

and respond to bribery and corruption, and promotes ethical business practices and integrity across sectors and industries. While writing this report, we have just achieved the certification for Chiesi Farmaceutici in 2024 to strengthen our commitment to ethical business practices, transparency. This will help us prevent, detect, and respond to bribery and corruption, and build trust with our stakeholders. For 2024 we aim to continue to work in this direction, defining a roadmap for the certification for the affiliates and strengthen even more our anti-bribery and ethical management system.

Overall Impact Assessment

Intending to comply with legal obligations and report on the impact generated by the company, Chiesi uses the third-party standard B Impact Assessment, the assessment tool underlying B Corp certification. Certification of the impact generated is not required by law. The scoring presented below is referred to a self-assessment performed within January and March 2024 on data referred to FY 2023[36].

Score for FY 2023: 116,5 (self-assessment, not audited)

- Governance: 17.4 (17 FY 2022)
- Workers: 28 (27 FY 2022)
- Community: 23,6 (21,1 FY 2022)
- Environment: 21,2 (20,7 FY 2022)
- Customers: 26,1 (26,1 FY 2022)

The self-assessment was performed to identify and monitor opportunities for improvement and ensure readiness for B Corp recertification in 2025.

Chiesi also drafts a Sustainability Report for the year 2023 according to GRI standards, transparently reporting on the corporate sustainability commitment and the concrete actions implemented.

Conclusions

What emerges from this report is a clear picture of the challenges and opportunities we face. We are aware of our objectives and the importance of acting with determination and commitment to pursue them. The Sustainability Strategic Plan 2023-2028 will guide us in pursuing the objectives we have set for this and the next years. With a solid understanding of our priorities and a collective commitment to innovation and sustainability, we are ready to tackle future challenges, remaining steadfast to our values and continuing feeding our culture, with a strong commitment to listen and engage with all our relevant stakeholders, in alignment with the governance framework provided by the Benefit Corporation.

Appendix: What is a Benefit Corporation and what is a B Corp

Corporations known around the world as Benefit Corporations are one of the most advanced models in terms of positive social and environmental corporate impact. They are for-profit companies whose corporate aim is to create value for the society and the stakeholders. They constitute a global movement of "Purpose Driven Businesses" aiming to spread a more advanced economic paradigm that views companies as protagonists in regenerating society and the biosphere. Benefit Corporations' vision is to trigger positive competition among all companies so that they are measured and evaluated in their actions according to the same yardstick, i.e. the positive impact on society and the planet, in addition to economic results. Since 2016, Italy has been the first sovereign state in the world and the first country after the United States to introduce Benefit Corporations – a new legal form of enterprise that provides a sound basis for aligning and protecting the company's mission, as well as creating shared value in the long term.
Benefit Corporations choose to:

- Explicitly state in their by-laws the purpose of the company
- Comprehensively measure all their impacts and communicate them transparently through an impact report, which complements the company's traditional reporting.
- Have governance structures that enable the company to be managed as a force for regenerating society and the biosphere.

The legal form of the Benefit Corporation has given rise to a new role that serves to transform companies from within. The impact manager is the person who, jointly with management, is entrusted with the task of ensuring that the company, while carrying out its activities, also aims to have a positive impact on people, society, and the environment and pursues the charitable and benefit purposes set out in its by-laws.

Many Benefit Corporations use a measurement technology platform in measuring their impacts, the B Impact Assessment (BIA) developed by the non-profit B Lab. This protocol, which is available free of charge online worldwide, makes it possible to measure whether a company creates more value than it destroys, i.e. whether it is regenerative. If measuring all its economic, environmental, and social impacts through the BIA protocol, a given company exceeds a threshold of excellence of 80 points, verified by B Lab's Standards Trust on a scale of 0 to 200, it is eligible as a Certified B Corp. Certified B Corps around the world are committed to spreading more advanced business paradigms and have promoted the legal form of Benefit Corporation since 2006.

There are thousands of B Corps (more than 8,400) and more than 240,000 companies that use the B Impact Assessment in over 96 countries and 162 sectors. One of the fundamental principles of B Corps is interdependence, i.e. co-responsibility among B Corps, responsibility towards all stakeholders and towards future generations. In Italy, there are currently about 266 Certified B Corps and about 3,000 Benefit Corporations.

https://bcorporation.eu/ http://www.societabenefit.net/

[36] *It should be noted that on January 1, 2021, the company Chiesi Italia S.p.A., which is a wholly owned subsidiary of Chiesi Farmaceutici S.p.A., was established as a Benefit Corporation. The Group's specialties in the business unit relating to marketing activities in Italy were also transferred. The score given in the following Impact Report therefore also includes the structure transferred as a business unit. For more information on the specific score of the company Chiesi Italia S.p.A., please refer to the Impact Report published on the website https://www.chiesi.it/.*

Chiesi TCFD Report 2023

Overview of TCFD Report
Governance for climate-related issues
Strategy
Climate-related risk management
Metrics & Targets

1. Overview of TCFD Report

Introduction to the report in order to describe our sustainability and climate-change general commitment in line with TCFD recommendations.

Chiesi's committment to sustainability is rooted in its mission and values. Our mission is to improve people's quality of life worldwide, operating in a socially and environmentally responsible manner. By adopting the legal form of a Benefit Corporation in Italy, the US, and France, our commitment to creating shared value is legally binding and central to company-wide decision-making. In 2019, we became a certified B Corp and in 2022, Chiesi renewed the certification, achieving a significant improvement in its score. Regarding emissions, in 2019 we committed to achieving carbon neutrality by 2030 within our own operations, and by 2035 within our value chain. This strategy was underpinned by the Scope 1, 2, and 3 reduction targets validated by the Science Based Targets initiative (SBTi) in April 2021. After the publication of the SBTi Net Zero Standard, Chiesi decided to transition from the concept of carbon neutrality to the more stringent new standard of Net Zero emissions. This decision is a game changer and will contribute to raising our ambition in the fight against climate change. Our by-laws have been amended accordingly and to this end, we have updated our emission reduction targets and submitted them for validation by the SBTi in May 2024, with new targets of reaching net zero GHG emissions across the value chain by 2035.

Today, climate change poses significant risks for companies. Extreme weather events are exacerbated, and the availability of natural resources is increasingly threatened. At the same time the policy and regulatory landscape is constantly evolving towards the transition to a low-carbon economy to fight climate change effects. With respect to the aforementioned physical and transitional factors, it is important to understand the exposure of our business to climate-related issues.

For this reason, in 2022, we launched our first Climate Change Risk Assessment to evaluate the resilience and flexibility of our business strategy concerning climate-related risks and opportunities. This project was developed in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), promoted by the Financial Stability Board and now fully incorporated into IFRS standards.

The TCFD is a set of voluntary disclosure recommendations to support companies in providing information to stakeholders on the company's management of climate change issues. The recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

During 2023, the Climate Change Risk Assessment was updated, taking into account an extension of the scope of the analysis, to encompass the entire Chiesi Group. Specifically, all Chiesi sites (3 production facilities, 7 R&D centers, 30 offices, 53 warehouses) underwent an assessment performed with the support of internationally recognized climate tools to understand the geographic exposure of potential climate-related physical risks. After the preliminary screening, an in-depth analysis was performed on the sites deemed most relevant for the Group´s business operations: production sites, owned or directly managed warehouses, R&D centers with laboratory activities, external non-owned warehouses critical to global distribution.

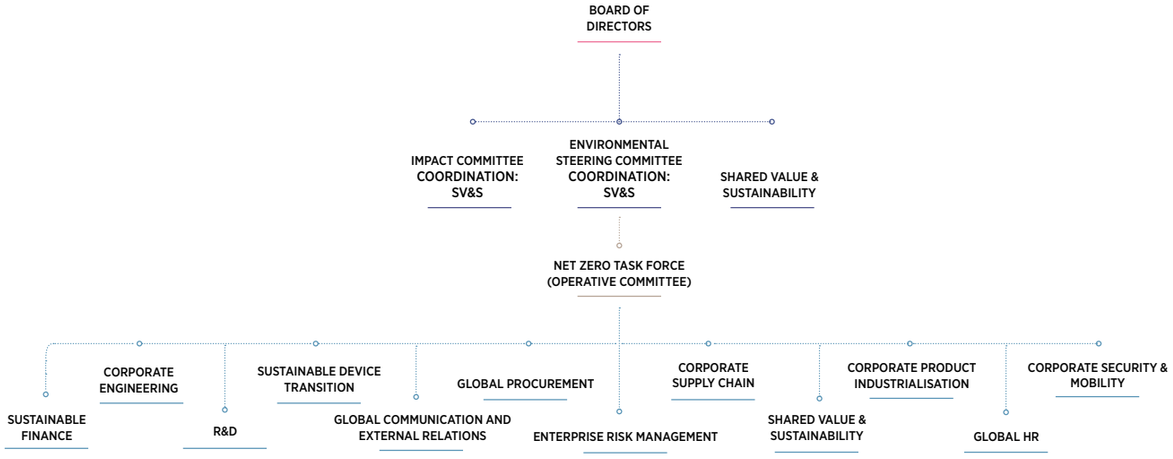
Chiesi is starting to address climate-related issues that affect not only its direct operations but also the entire value chain, in order to have a consistent and broad view of climate risk measures, as well as the overall climate commitment of key players in the value chain. For this reason, in 2022, a preliminary analysis of climate-related risks identification was conducted on our critical suppliers, clients, and partners, which was updated in 2023.

The data and information reported in the following sections of the report refer to the fiscal year 2023 and are aligned with our Sustainability Report and our latest available Strategic Plan.

2. Governance for Climate-related Issues

This section presents an overview of the Board of Directors, relevant committees, and key figures in the organization involved in managing climate-related issues. It describes the roles of the Board of Directors and top management in identifying the climate strategy, as well as how and when they are informed about climate-related risks and opportunities. An organizational chart on the corporate governance structure involved in climate change issues is included.

2.1. Board oversight



Chiesi has established a governance structure to periodically update the members of the Board of Directors on climate change issues. The Board of Directors has oversight on climate-related issues through the Environmental Steering Committee (which includes members of the Group Executive Leadership Team (GELT)), the Shared Value & Sustainability department (which is accountable for the Environmental Strategy Leadership), as well as the Impact Committee.

Competence of the Board of climate-related issues

Chiesi ensures that Board members have the required competencies on climate-related issues. The Board encompasses an ESG expert member who is also the former Head of Shared Value & Sustainability (operating as Chief Sustainability Officer) and, as such, was directly involved in defining the Group's climate targets and strategy. The Chief Executive Officer (CEO) who is also a Board member, chairs both the GELT and the Environmental Steering Committee.

Interaction of the Board with the corporate committees on climate-related issues

The roles and responsibilities of the above-mentioned corporate bodies are reported as follows:

Executive Committee: This committee, led by the Chief Executive Officer (CEO), meets monthly to supervise and make strategic decisions on all operational aspects, including those related to the Group's Net Zero Plan. The committee reports directly to the Board of Directors on a monthly basis.

Environmental Steering Committee: This Committee, chaired by the Chief Executive Officer (CEO), meets at least four times a year to monitor the Group's overall environmental strategy, reviews performance, explores opportunities that may arise and drives the Net Zero program in accordance with the company´s environmental strategy. The committee is composed of the Chief Sustainability Officer (CSO) and several members of the Group Executive Leadership Team, such as the Chief Financial Officer (CFO), Head of Global Manufacturing Division (Chief Operating Officer, COO), Chief Human Resources Officer (CHRO), and Head of Global Research and Development. The CSO is responsible for designing, validating, and monitoring the organization's objectives and initiatives related to shared value creation and oversees the coordination and measurement of impact-related projects in alignment with all key internal stakeholders such as Global Strategy and Global Finance departments.

Shared Value & Sustainability: Leadership of the Group's environmental strategy has been entrusted to the Shared Value & Sustainability (SV&S) function, collaborates with other functions, departments, and taskforces within the organization.

Impact Committee: Chaired by Shared Value and Sustainability, this committee is responsible for the design and implementation of the Group's sustainability strategy, is kept informed about the management of climate change issues, and is regularly monitoring Chiesi's progress in terms of GHG emissions reduction targets. It reports periodically to the Board of Directors.

2.2. Management's role

At the management level, Chiesi has established a specialized committee known as the Net Zero Task Force (Operations Committee). This committee is accountable for the implementation of Chiesi's Net Zero Strategy, ensuring the proper management of climate-related projects while exploiting business opportunities arising from the transition to a low-carbon economy.

The Net Zero Task Force meets at least four times a year in order to track and record the progress towards the set targets and to make suggestions to how the Group's performance can be improved. The It reports directly to the Environmental Steering Committee and is composed of department heads directly responsible for Chiesi's reduction actions. The committee includes the Head of Corporate Engineering, the Carbon Minimal Inhaler project leader, and the Head of Global Procurement and Sustainability Finance.

Remuneration

Chiesi has a Remuneration Policy that identifies and defines annual financial incentives, namely Management by Objectives (MBOs), which may include objectives related to climate change issues. This policy refers to all employees eligible for MBOs, including the CEO. By integrating such measures, management's interests can better align with those of stakeholders.

3. Strategy

This section describes the resilience of our business strategy in the short, medium and long term. Through scenario analysis, we assess the economic impacts of the most relevant climate-related risks and opportunities.

Chiesi is fully committed to proactively fighting climate change and is taking action through the Climate Transition Plan. We have identified climate-related risks and opportunities in line with TCFD recommendations and have assessed their economic impact in order to test the business strategy and to evaluate its resilience in reaching decarbonization goals, according to climate scenario analysis.

3.1. Climate impact on business strategy

Since climate change directly influences our business strategy and financial planning, we want to move fast in this direction and we plan to achieve Net Zero by 2030 for direct GHG emissions (Scope 1) and emissions associated with the purchase of electricity and heat (Scope 2) and by 2035 for all other indirect GHG emissions (Scope 3). After the publication of the SBTi Net Zero Standard, Chiesi worked to update its emission reduction targets, contributing to proactively increasing its fight against climate change. Chiesi is committed to reducing absolute Scope 1 and 2 GHG emissions by 90% by 2030 compared to the baseline year of 2019 and to reduce Scope 3 GHG emissions from use of sold products by 80% per unit of respiratory product sold by 2030 from the 2019 baseline. In addition, Chiesi commits to reducing absolute Scope 3 GHG emissions by 90% by 2035 from a 2019 baseline (including value chain, use of sold products and business travel). Residual emissions must be permanently removed from the atmosphere. Emission reduction targets have been reviewed and re-submitted to SBTi for approval.

Chiesi adopts a hierarchical approach to limit GHG emissions, by avoiding, reducing, substituting and, where necessary, removing GHG emissions through carbon removal projects and initiatives. The aim is to actively take action to cut emissions at its roots, designing processes which are not carbon-intensive.

Operations

In 2023, 99% of the Group electricity consumption was covered with renewable electricity. Our Italian sites are entirely powered by low-impact renewable electricity and our manufacturing sites operate on 100% renewable electricity. In 2023, Chiesi signed a long-term Power Purchase Agreement (PPA) for the provision of high-quality green energy covering consumption in Italy. With this agreement Chiesi is using renewable energy sources, significantly reducing its Scope 2 CO2 emissions, as well as mitigating exposure to the risk of volatile market energy prices, by maintaining a dynamic portfolio management based on fixed and spot prices.

Where further reduction or electrification is not feasible due to high temperature requirements, we are also investigating the switch from natural gas to renewable fuels.

We are also improving the efficiency of our business operations and buildings thanks to the Better Building Program. We have already obtained the LEED Platinum level certification for our new Headquarters and the Warsaw office site. In addition, we have obtained the LEED Gold level certification for existing buildings, including the Research Center located in Italy and the following buildings:

- Office building (Pilotis) inside the San Leonardo site in Parma, Italy
- Offices in Shanghai site, China
- Production site in Blois, France
- Logistic site in Fontevivo, Italy
- Offices in Lahore site, Pakistan
- Offices in San Paolo site, Brazil
- Offices in Boston site, USA
- Offices in Prague site, Czech Republic
- Offices in Chengdu site, China

Products and Services

One of the major contributors to Chiesi´s GHG emissions (mainly Scope 3 emissions deriving from the use of sold products) comes from certain +inhalation devices used for treating asthma and chronic obstructive pulmonary disease (COPD). These emissions are generated due to the high climate-altering effect caused by the propellant gas present in the so-called pressurized metered-dose inhalers (pMDIs), or spray inhalers, which are essential for effective drug delivery. Chiesi has set a clear goal to replace the current propellant (HFA 134a) with a new alternative (HFA152a), which has a much lower Global Warming Potential (GWP). This initiative aims to reduce the carbon footprint of inhalers by up to 90% as compared to current ones.
In 2019, Chiesi was the first company to announce such a solution aiming to develop a platform of Carbon Minimal Inhalers, while continuing to invest in Dry Powder Inhaler (DPI) technology as well, to provide all the therapeutic

options that asthma and COPD patients need, both now and in the future. Chiesi targets completion of the main clinical development for its Carbon Minimal pMDI portfolio by 2025 with subsequent launches planned in the UK & Europe pending regulatory approvals. Global expansion in geographies of interest will follow, subject to local regulatory requirements.

Value Chain

We are actively engaged in including our entire value chain in the process to fight climate-change and the net zero target on Scope 3 by 2035 demonstrates our strong commitment to include in this process also our suppliers, clients and partners. To this end, a five-year Sustainability Strategic Plan was established in 2023, focusing also on value chain initiatives aimed at advancing our Net Zero Strategy.

We have started this path by developing the Code of Interdependence, which aims at reinforcing our relationship among suppliers through a shared value perspective. It requires every part of Chiesi's supply chain to adhere to a common set of principles, in order to achieve a more sustainable and inclusive business model. Furthermore, in our high-impact and strategic expenditure categories, we are strengthening requirements for the inclusion of EcoVadis, or other equivalent ESG rating tools, in all new strategic third-party relationships. This has become a crucial part of our partner selection process and is evolving into a relationship commitment to continuously monitor the ESG performance of our strategic partners.

Chiesi is also actively advocating for a significant transformation in its business operations, supporting the switch to renewable energy in the entire value chain. To this end, Chiesi is actively supporting sector-wide initiatives such as Energize to provide education and practical tools to enable the ecological transitions. The success of these efforts depends on the availability of renewable energy in the respective countries.

In addition, since 2020, we have put in place the Logistics Impact Meter, an internal tool that supports us to map the effects on the environment of all aspects concerning the logistics and distribution operations. The tool helps us to identify best practices and develop innovative sustainable solutions.

3.2. Climate-related risks and opportunities

The nature of the climate factors that could impact Chiesi's business strategy are both physical and transitional. Physical factors are direct effects of climate change - such as rising global mean temperature, lower availability of natural resources and extreme weather events - and could differ in frequency and severity (acute and chronic). Transitional factors mainly refer to changes in policies and regulations towards the development of a more sustainable economy and the shift to renewable energy sources, as well as to changes in customer and stakeholder preferences towards products with reduced climate impact, which could transform market rules.

Physical Risks

Climate change has intensified both the severity and frequency of extreme weather events, a trend that has gained increasing relevance in recent years. These physical risks, categorized as acute and chronic, could have direct and/or indirect impacts on our operations and value chain. Acute risks refer to extreme events that occur suddenly and last for a short time (e.g. flooding, hailstorm, heat/frost waves), while chronic risks are long-term shifts in climate patterns (e.g., water stress and rising temperatures). We have identified both types of climate-related risks and we are actively monitoring their potential impacts.

To assess the potential risks associated with climate change and extreme weather events it may induce, we conducted a comprehensive evaluation of our 93 operational sites. The risks assessed encompass both acute weather phenomena including heavy precipitation, flooding, tsunamis, hailstorms, windstorms, tornadoes, lightning, and days with temperatures exceeding 40°C or falling below 0°C. Chronic risks evaluated include global temperature increases and water scarcity.

The assessment was carried out across research and development centers, production sites, offices, and warehouses, offering detailed insights into the potential risks these sites may face due to climate change in the near future. This analysis serves as a preliminary step to further scrutinize those sites that are more strategic to our operations or are exposed to higher risk levels, as detailed in subsequent sections of this report.

Internationally recognized climate tools supported our analysis, employing different tools tailored to the types of risks analyzed. For instance, we utilized the WWF Water Risk Filter and WRI Aqueduct Floods to assess water scarcity and flooding hazards at each site, ensuring robust data coverage across all risk areas.

The map illustrates the risk levels of our sites, with in which we have operational sites colored in blue, considering the highest exposure for each climate scenario. The mean risk value is calculated by assessing all climate hazards and the potential exposure in a specific geographic location, respectively “Low”, “Medium”, or “High”.

The findings reveal that overall our sites have an average medium to low exposure to the pool of climate-related risks considered. Sites in Pakistan exhibit the highest exposure to climate risk, followed by those in China and Mexico. The remaining countries demonstrating significant exposure are Spain, the USA, and Italy.

Upon the completion of the initial screening of all sites, we conducted a more detailed analysis on those sites identified as relevant on business operations. Sites were prioritized based on their function and associated economic value. Based on these criteria, the analysis included: three production plants and their warehouses; three R&D centers with laboratory activities located in Parma, Chippenham, and Solna; external not owned warehouses located across the globe.

The table below represents the climate-related physical risks that have been identified with the engagement of different Chiesi operative functions and assessed through scenario analysis.

#	TCFD Classification	Risk Event	Impact description
1	**PHYSICAL Chronic:** Rise in temperature	Increase of energy consumptions to maintain the temperature in operating sites under operative limit	An increase in external temperatures puts the air conditioning systems under additional stress, increasing operational cost.
2	**PHYSICAL Chronic:** Water Scarcity	Reduction of water supply in production sites and R&D centers, with critical use of water	Increase of operating cost due to water scarcity in production sites and R&D centers, which may cause water price increase.
3	**PHYSICAL Acute:** Extreme weather events (Flooding, Hot/ Frost days, Hailstorm, Windstorm, Tsunami, Tornado, Lightning, Heavy precipitation)	Increased frequency of extreme weather events and natural disasters affecting business operations	Extreme weather events exacerbated by climate change - such as flooding, hailstorms, lightning etc. - negatively impact assets and related operating activities, causing economic and financial losses.

[37] *Source: World Bank 2023 Carbon Pricing Dashboard.*

We have also performed a preliminary analysis aimed at identifying the climate-related physical risks exposure of our value chain. In particular, by checking out publicly available disclosure, we framed the maturity level of our critical suppliers, clients, and partners concerning the management of climate-related issues. Using publicly recognized geo-risk tools, we verified their exposure to climate physical risks considering their geographical location. We strive for continuous improvement on our path to fight climate change and we would like to deepen this analysis in the coming years.

Transitional risks and opportunities

As a chemical-pharmaceutical company that develops, produces and commercializes products related to people’s health, Chiesi´s business is highly regulated. One of the main climate risks considered in our strategy development is linked to the use of propellants with high Global Warming Potential (GWP) used in inhalers (covering 40-50% of Chiesi global sold products), which are undergoing severe restrictions.

At the European level, F-Gas regulation and ECHA proposal for PFAS restriction could affect pMDIs with HFA134 propellant. HFA134 is an F-gas with high GWP and is classified as a PFAS (perfluoroalkyl and polyfluoroalkyl substances), a class of man-made chemicals suspected to cause adverse human and environmental health effects. In particular, the review of EU F-Gas regulation entered into force at the beginning of 2024, removes the exemption for pharmaceutical products but allows more favorable and less restrictive conditions for the pharmaceutical sector regarding the progressive reduction of F-gases quotas (expressed in tonnes CO2-equivalent), to safeguard continuity of patients’ treatment. Additionally, the European Chemicals Agency’s (ECHA) proposal for the REACH restriction on PFAS poses an emerging regulatory risk, which may affect numerous substances, including the HFA134a propellant and its production in the EU. Currently, even if there is no scientific evidence to establish a direct link between PFAS and climate change, monitoring is ongoing regarding the potential effects of these substances’ stable presence in the environment.

Looking at other markets, increasing climate and environmental policies on inhaler propellants are being discussed locally, but development is still uncertain. One example is the proposal to incentivize prescribing more DPIs (dry powder inhalers) than pMDIs (pressurized metered-dose inhalers), which is already being discussed in the UK and still underway in Spain, Benelux, and Nordic countries. As for the US, a discussion similar to the European market is underway at the federal level, but a concrete proposal has not yet been submitted. Given the current uncertain situation, Chiesi is committed to actively monitoring the development of legislation in the coming years.

Emerging regulations could also result in new or increase of already existing carbon pricing mechanisms; more than 70 carbon pricing schemes are in place today, covering nearly 50 countries and 40 subnational jurisdictions . In France, the UK, and Sweden, a carbon pricing scheme is already active and, as a precaution, we have identified the potential introduction of the carbon tax related to Scope 1 and 2 emissions in other countries as a risk to be assessed.

Climate change concerns also have an impact on customer and stakeholder preferences, which are shifting towards lower carbon emission solutions and sustainable

products. We are paying attention to our competitors which are entering the market with products that feature a reduced climate impact.

Efforts to mitigate and adapt to climate change also create business opportunities. Given our commitment to reach Net Zero emissions by 2030 for Scope 1 and 2, we are actively working to reduce our carbon footprint from direct operations. This includes covering the entire energy supply (power and heat) with renewable energy contracts where possible. Using lower-emission sources of energy, with potentially decreasing prices as large-scale renewable energy projects advance over the years, and fossil energy demand reduces, could result in reduced operating costs.

In conclusion, during last year's analysis, a further opportunity was mapped in relation to the excellent performance of Scope 3 emission reductions per units sold, with respect to the intensity target already approved by SBTi. This year Chiesi has further increased its commitment by submitting more ambitious targets to SBTi, not only in terms of intensity reductions but also of absolute emission categories, including Purchase Goods & Services and business travel. For this reason, last year's opportunity has been, leaving room for a new long-term emission reduction strategy. In this phase, Chiesi is planning a set of initiatives to improve the Net Zero Strategy for its value chain.

The table below represents the climate-related risks and opportunities that have been identified with the engagement of different Chiesi operative functions and assessed through scenario analysis:

#	TCFD Classification	Risk Event	Impact description
1	**TRANSITION Policy & Legal:** Change in policy and regulation related to existing products containing F gases.	Introduction of new regulation with severe restrictions related to the use of inhalers propellants with a high environmental impact	Loss in revenues due to emerging ban on PFAS substances - suggesting a forced phase-out scenario for propellant 134 - and consequent inability to access market of low-GWP propellant containing products where transition to HFA152a is not fully completed.
2	**TRANSITION Policy & Legal:** Change in policy and regulation related to carbon pricing mechanism.	Introduction of new regulation concerning carbon pricing mechanism and potential increase of carbon tax on Scope 1 and 2	Increase of operating costs related to the payment of carbon tax due to carbon emerging regulation and increase of carbon prices in countries where Chiesi operates.
3	**TRANSITION Market:** Changes of customers / stakeholders preferences toward products with reduced climate impact	Increasing competition on respiratory products due to the entrance of products with reduced climate impact	Loss of market share and decrease in revenues due to competitors products with reduced climate impact, which could have prevalence in prescription especially in countries where greater attention has developed on climate-related issues.
#	**TCFD Classification**	**Opportunity Event**	**Impact description**
1	**TRANSITION Energy source:** Shifting toward renewable energy sources.	Use of renewable energy sources both in production sites and R&D centers, (both for electricity and gas consumptions)	Saving on operating costs thanks to the expected decrease of energy prices as large scale renewable energy projects will go ahead and spread over years.

3.3. Climate scenario analysis

Chiesi's strategy resilience has been assessed by considering different climate pathway scenarios defined by internationally recognized providers. These providers use advanced statistical modeling in order to represent climate state and climate-related policy evolution. Climate change effects can have extended impacts over time, often exacerbated in the long term. Scenario analysis is useful to better understand potential negative or positive effects on Chiesi's business strategy and financial planning in the short term (by 2026), medium term (by 2028) and long term (by 2035).

For physical risks, the Intergovernmental Panel on Climate Change (IPCC) offers different pathways depending on the emitted GHG emissions in the years to come and the global rise in temperatures expected, with potential consequences on the environmental state and the increase of climate-related acute or chronic phenomena. For transitional risks and opportunities, the International Energy Agency (IEA) World Energy Outlook offers different energy pathways, which examine future energy trends mostly regarding the shift towards the use of renewable sources. Underlying assumptions mostly regard the success of climate policies, consequent technology costs and learning, and corporate and social sustainability commitments.

Climate-related risks and opportunities are assessed starting from the b?aseline scenario, which encompasses Chiesi´s strategic vision according to the Strategic Plan for the short-medium term and the climate transition plan for reaching long-term targets. The b?aseline scenario represents the "as-is" situation, both in terms of the regulatory framework currently in place to fight climate change issues and the physical effects on the environmental state. For this reason, this scenario is based on the IPCC RCP 4.5/6 and the IEA STEPS, which reflect today's expectations for the future trend of increase in global mean temperature and recent developments in energy and climate policy.

Physical and transitional climate factors are then more or less stressed to represent alternative scenarios with different climate-related policy evolution and climate change effects on the global environmental state. The following alternative climate scenarios have been identified:

- **"Critical" scenario (IPCC - RCP 6/8.5):** Represents the worst-case scenario, consistent with no policy changes to reduce emissions. The CO2 concentrations in the atmosphere will roughly double by 2050. An increase of 3.5/4°C is expected by the end of the 21st century which will put natural resources at risk.
- **"Intermediate" scenario (IEA - APS):** Assumes that all climate commitments announced by governments around the world to fight climate change are met successfully. This scenario is used as an intermediate pathway that intends to move close to the target of limiting global warming to 1.5°C, highlighting gaps in achieving the Paris Agreement goal.
- **"Accelerated" scenario (IEA - NZE & IPCC RCP 2.6/4.5):** Assumes the most ambitious target of emission reduction by 2050, with consequent higher use of renewable energy sources and taxation on carbon emissions of fossil fuel sources. The increasing awareness of climate issues will also be reflected in the market, with a shift in customer preferences towards products with reduced climate impact. At the same time, this scenario represents a less critical environmental situation thanks to a sustainable development that allows the preservation of natural resources, keeping the increase in temperature approximately at 1.5°C by the end of the 21st century.

3.4. Strategy resilience

Based on the scenario analysis, the tables below provide an overview of key climate risks and opportunities and the relative economic impacts for Chiesi in the short, medium and long term:

CLIMATE-RELATED PHYSICAL RISK IMPACT - SCENARIO ANALYSIS							
#	TCFD Classification	Risk Even	Impact description	Scenario	Time Horizon		
					Short term	Medium Term	Long Term
1	**PHYSICAL Chronic:** Rise in temperature	Increase of energy consumptions to maintain the temperature in operating sites under operative limit	An increase in external temperatures puts the air conditioning systems under additional stress, increasing operational cost.	Accelerated	○	○	○
				Critical	○	○	○
2	**PHYSICAL Chronic:** Water Scarcity	Reduction of water supply in production sites and R&D centers, with critical use of water	Increase of operating cost due to water scarcity in production sites and R&D centers, which may cause water price increase.	Accelerated	○	○	○
				Critica	○	○	○
3	**PHYSICAL Acute:** Extreme weather events (Flooding, Hot/Frost days, Hailstorm, Windstorm, Tsunami, Tornado, Lightning, Heavy precipitation)	Increased frequency of extreme weather events and natural disasters affecting business operations	Extreme weather events exacerbated by climate change - such as flooding, hailstorms, lightning etc. - negatively impact assets and related operating activities, causing economic and financial losses.	Accelerated	○	○	●
				Critica	○	○	○

Economic Thresholds

○ No impact ○ Low ● Medium ● High ● Very High

Climate scenario	Occurrence Scenario probability		
	Short term	Medium Term	Long Term
Accelerated	Remote	Unlikely	Likely
Intermediate	Unlikely	Likely	Very Likely
Critical	Unlikely	Remote	Remote

Physical climate events could impact the entire Chiesi Group sites, resulting in direct and indirect negative effects on our production, drug storage, and research activities. Chiesi ensures the maintenance of controls on owned and directly managed sites, while for those not owned, it does so through monitoring suppliers performance and setting specific technical requirements at the contracting stage. This approach further strengthens our commitment to mitigating climate-related risks and ensuring the sustainability of our operations.

Looking at the chronic effects of climate change, water scarcity and rising temperatures foresee a limited effect on Chiesi operations in terms of operating costs. Impacts are registered mainly in the critical scenario, where climate factors are exacerbated and the rising temperatures are higher, while in the accelerated scenario, where climate conditions are overall better than the baseline?, there are no relevant risk impacts.

Given the critical scenario in terms of climate change effect on the environmental state, the combination of an increasing water demand and the reduction of water availability due to climate change could lead to more national investments to guarantee the supply of water. Thiswould result in higher prices and, therefore, increased operating costs. However, the climate projections within the time frame of the analysis do not foresee a relevant change between the baseline? and the critical scenario in terms of water availability. Ttherefore, financial impacts are not considered significant.

Looking at rising mean temperatures as a chronic effect of climate change, another relevant physical risk assessed concerns the specific temperature levels which are required in production processes of pharmaceutical products. Existing assets and technologies work to ensure these required temperature levels. An increase in external temperatures can affect the performance of existing assets and technologies causing increased investments to replace these them and/or increased operating costs to maintain indoor room temperatures.

Thanks to the support of climate tools from internationally-recognized providers, we have registered the temperature rise expected in future years and we evaluated the potential increase of energy consumptions needed to maintain the internal site's temperature within specific limits to preserve production. As well as for water scarcity, strong changes are not expected in the reference period (up to 2035) between the baseline and the critical scenario, with consequent low negative impact on operating costs. The analysis of temperature rise has also been conducted among relevant suppliers, clients, and partners. The exposure is nearly the same worldwide with the maximum increase registered is in the USA and in the Middle East, where the increase in temperature is expected to be only slightly higher than today by 2035.

On the other hand, in relation to aAcute risks that occur suddenly and with a brief duration but higher intensity, a quantitative assessment on extreme weather events, focused on the most relevant sites for Chiesi´s business, has been made based on the results of a qualitative screening of physical risk exposure conducted across the entire Group.

The impacts presented are the aggregate of economic losses from business interruption of production activities, storage in relevant warehouses, and R&D centers with laboratory activities, taking in consideration all the mitigation actions already implemented by Chiesi at each site (e.g. physical barriers, safety protocols, business continuity procedures). The results are a combination of climate data provided by tools and the economic driver of revenue realization considered for the activities carried out at each site. The average risk exposure is medium to low, so the difference between scenarios is not significant. Impacts are slightly higher in the critical scenario, with worse climate change effects on natural disasters, but with the accelerated scenario more likely to happen in the long term.

We have also conducted specific in-depth analysis to better understand business interruptions connected to climate events that could affect our operations across the entire value chain. Using advanced geo risk tools such as WRI Aqueduct Floods, WWF Water Risk Filter, which return the risk exposure based on site location, and considering existing risk-mitigating actions in place, we found? that Chiesi's production sites face no relevant flooding and water scarcity risk, except for our Brazilian site. At this site, energy supply mainly relies on hydro-power generation and water stress could cause blackouts with potential business interruption in the production site. However, this risk is completely mitigated with no impacts resulting, as there are generators located on site which allow business continuity in case of blackouts.

We have identified six out of seventy sites among our main suppliers, clients, and partners that are potentially exposed to flooding. Three of these sites belong to suppliers, one to clients, and two to partners. Based on information contained in public disclosures, some of the companies analyzed within our value chain have taken specific actions to mitigate the impacts of flood risks. Considering the main factors reported so far, overall physical climate-related risks have a low to medium impact on our Strategic Plan 2023-2028.

CLIMATE-RELATED TRANSITIONAL RISKS IMPACT - SCENARIO ANALYSIS							
#	TCFD Classification	Risk Even	Impact description	Scenario	Time Horizon		
					Short term	Medium Term	Long Term
1	**TRANSITION Policy & Legal:** Change in policy and regulation related to existing products containing F gases.	Introduction of new regulation with severe restrictions related to the use of inhalers propellants with a high environmental impact	Loss in revenues due to emerging ban on PFAS substances - suggesting a forced phase-out scenario for propellant 134a - and consequent inability to access market of low-GWP propellant containing products where transition to HFA152a is not fully completed.	Accelerated	○	○	●
				Critical	○	○	○
2	**TRANSITION Policy & Legal:** Change in policy and regulation related to carbon pricing mechanism.	Introduction of new regulation concerning carbon pricing mechanism and potential increase of carbon tax on Scope 1 and 2	Increase of operating costs related to the payment of carbon tax due to carbon emerging regulation and increase of carbon prices in countries where Chiesi operates.	Accelerated	●	●	●
				Critica	●	●	●
3	**TRANSITION Market:** Changes of customers / stakeholders preferences toward products with reduced climate impact.	Increasing competition on respiratory products due to the entrance of products with reduced climate impact	Loss of market share and decrease in revenues due to competitors products with reduced climate impact, which could have prevalence in prescription especially in countries where greater attention has developed on climate-related issues.	Accelerated	○	○	○
				Critica	○	○	○

Economic Thresholds

○ No impact ● Low ● Medium ● High ● Very High

Climate scenario	Occurrence Scenario probability		
	Short term	Medium Term	Long Term
Accelerated	Remote	Unlikely	Likely
Intermediate	Unlikely	Likely	Very Likely
Critical	Unlikely	Remote	Remote

In relation to transitional risks, the initiatives and investments implemented by Chiesi in recent years have limited transitional climate-related risk factors. although effortare necessary to continuously monitor potential changes in policies and regulations concering environmental and climate change matters.

Considering the emerging regulation on the restriction of F-gases with high GWP, which results in a forced phase-down of products containing high GWP HFCs, Chiesi has already addressed this issue through the pal Inhaler project, as mentioned above. In particular, we have invested €350 million to realize this project, which will preserve patients' choice by replacing current propellant in inhalers with an innovative low-GWP, non-persistent propellant (HFA152a).

Upon evaluating the CO2 emission quota allowances and the expected timelines for the implementation of provisions in the reviewed EU regulation, we believe that the current regulation allows sufficient time for the MDI sector, and in this case for Chiesi, to transition to low-GPW alternatives, avoiding treatment shortages and safeguarding public health. The shift to Carbon Minimal Inhalers has already been approved in the company's strategy and budget, effectively mitigating the risk exposure from EU F-gas regulation throughout the entire period of analysis.

On the other hand, in relation to a recent proposal by the European Chemicals Agency (ECHA) to limit the use of PFAS substances, which could impact the production and use of our current HFA134a propellant, we have considered two potential timelines for the enforcement of this new prohibition. As this regulation directly impacts EU production, all EU pressurized metered-dose inhalers (pMDIs) containing the propellant HFA134a, classified as PFAS, will be affected, with only extra-EU production to be preserved.

Our analysis indicates that Chiesi's vulnerability to potential restrictions or bans on products containing these substances is confined to the years 2029 and 2030, only in the accelerated scenario. This is because the regulation is likely to come into force no earlier than 2029, coinciding with the transition to Carbon Minimal Inhaler with propellant HFA152a, classified as the non-PFAS alternative in the ECHA proposal. However, completion of this transition for all global markets may be delayed due to varying timelines for regulatory authorities approval.
Regarding carbon pricing mechanisms, although there is no evidence on the application of carbon tax in the pharma industry given its fundamental role for human health, we have assessed the risk of carbon tax risk as a precaution. This assessment considers Scope 1 and 2 direct emissions from production sites and research and development centers. We have publicly announced our GHG emission reduction target on Scope 1 and 2 in 2030, by avoiding and reducing GHG emissions and neutralizing the residual part through the purchase of carbon removal certificates. The reduction trajectory has been further increased during 2024 resubmission to SBTi.

In the intermediate and accelerated scenarios, carbon taxation is expected to spread in new countries with prices increasing in the long term. Thus, this risk may have a medium impact on our operating costs, especially in the long term and also in the medium term in the intermediate scenario, which we consider more likely.

From a market perspective, we have evaluated the potential impact on our revenues due to the market entrance of products with reduced climate impact which could substitute Chiesi's products, potentially leading to a loss of our market share. This effect is strongly linked to the shift in customer preferences towards products with reduced climate impact, expected to be higher in the accelerated scenario. We have decided to focus the analysis on products present in the UK market, since the NHS has publicly set emission reduction targets and prescribers and customers can be more sensible to the topics. Chiesi's plan to develop products with lower GWP propellants (Carbon Minimal Inhaler project), will mitigate the risk impact during the analysis period. In addition, our risk response includes several actions focused on enhancing the sustainability profile of Chiesi products. We are also continuing to invest in DPI solutions to maintain a diversified portfolio and meet patients´ needs.

CLIMATE-RELATED TRANSITIONAL OPPORTUNITIES IMPACT - SCENARIO ANALYSIS							
#	TCFD Classification	Risk Even	Impact description	Scenario	Time Horizon		
					Short term	Medium Term	Long Term
1	**TRANSITION Energy source:** Shifting toward renewable energy sources.	Use of renewable energy sources both in production sites and R&D centers, (both for electricity and gas consumptions)	Saving on operating costs thanks to the expected decrease of energy prices as large scale renewable energy projects will go ahead and spread over years.	Accelerated	○	○	●
				Critical	○	●	●

Economic Thresholds

○ No impact ○ Low ● Medium ● High ● Very High

Climate scenario	Occurrence Scenario probability		
	Short term	Medium Term	Long Term
Accelerated	Remote	Unlikely	Likely
Intermediate	Unlikely	Likely	Very Likely
Critical	Unlikely	Remote	Remote

Concerning opportunities arising from the fight against climate change, our climate transition plan ia guiding us towards ambitious targets. The shift towards renewable sources is affecting the market energy prices, and after the current peak in energy prices, market trends suggest a decrease in view of larger renewable projects expected to enter the market in the near future. This is **This shift is expected to significantly reduce operating costs, with the greatest impact seen in the long term when renewable energy prices are at their lowest**. particularly enhanced in the most accelerated scenarios, where the use of renewable sources will be more and more incentivized.

Chiesi strategy to shift towards renewable energy sources not only represents a first step to reach its emission targets, but could also lead to long-term cost savings, especially in scenarios with higher climate commitment when large-scale renewable energy projects will be in place, potentially resulting in lower energy prices. This shift is expected to significantly reduce operating costs, with the greatest impact seen in the long term when renewable energy prices are at their lowest.

We will continue monitoring physical and transition risks relevant to our business with the aim of reducing their potential impacts through risk-response strategy. Additionally, we will also be seeking new climate-related opportunities in order to anticipate market and policy developments by transitional climate-related factors.

4. Climate-related Risk Management

This section includes the description of processes for identifying, assessing, and managing climate-related risks and opportunities, which are fully integrated into our Enterprise Risk Management system.

We are subject to risks and uncertainties inherent to our business and to the complex, rapidly evolving environment in which we operate. Processes and procedures, handled by dedicated business and staff functions, are in place to identify and manage risk exposure, as well as seize related opportunities. In line with the TCFD recommendations, climate issues to which we are potentially exposed need to be integrated in the company risk management system. The processes in place and the integration of climate-related scenario analysis results are further described below.

4.1. Risk management process

Chiesi's Enterprise Risk Management system is based on the main international best practices (CoSO ERM - Integrating with Strategy and Performance). We continue to further integrate risk management and business processes to have a holistic view of the overall risk profile. The ERM system allows us to identify and assess risks

that may impact our business, including ESG risks. Since the end of 2021, we have set up a process of integration between risk assessment and strategic planning processes and a process aimed at better integrating ESG risks into our risk management framework. Since last year, climate-related risks and opportunities identification, assessment, and management processes are also fully integrated into the ERM system, in line with the TCFD recommendations.

Risk assessments are performed covering different time horizons. Short-term assessments regard risks that could impact the three-year budget activities. Medium-term assessments cover risks that could impact planned activities according to the five-year Strategic Plan. Climate change risks and opportunities, which have an extended impact over time, are typically assessed in the long term to also evaluate their influence on initiatives connected to Chiesi´s Net Zero target by 2035.

Regarding governance, the process of risk identification and management follows a top-down approach. The Board of Directors has overall risk oversight, supervising and setting the guidelines of the overall risk management system. Then, a Risk Management Committee, composed of the CEO, CFO, Head of Global Strategy, SV&S and Business Development, and Head of ERM is responsible for setting the risk strategy. Its role is also to periodically monitor the implementation of risk response plans and the effectiveness of the risk management process, regularly reviewing risk assessment outcomes. Each time the Risk Committee meets, the Global Executive Leadership Team (GELT) is informed of what has been discussed, thanks to the inclusion of a specific point in the agenda. Risk assessment results (mitigation plans, critical issues, etc.) are presented annually to the Board of Directors (BoD). The ERM function provides methodological support and coordination in overall risk identification, evaluation, and management. In addition, it is responsible for coordination between management with risk ownership, which executes identification, evaluation, and management of the assigned risks, and the Risk Management Committee, performing periodic reporting also to the BoD. Beside, the Corporate Internal Audit assures the adequacy and effectiveness of the Risk Management System implemented through a risk-based audit plan.

4.2. Integration with ERM

In line with the TCFD recommendations, risks and opportunities have been assessed in alternative scenarios, where climate factors are more or less stressed compared to the baseline or reference scenario.

The main differences considering the ERM system and the TCFD framework refer to:

- **The time frame of the analysis:** The ERM system considers short and medium term, aligned to the definition of budget and strategic planning, while the TCFD analysis forecasts long-term impacts in line with the decarbonization strategy target.
- **The assessment approach:** The TCFD analysis uses a “what-if” approach, while the ERM uses a typical approach of likelihood per risk impact. In the case of climate risks and opportunities, the likelihood is linked to climate change scenarios.

A specific occurrence probability has been defined to each climate scenario (critical, intermediate, and accelerated) by considering the potential evolution of climate-related regulation and market rules. The economic impacts are registered and quantified by using the same metrics defined in the ERM system.

We will continue to update climate-related risks and opportunities assessments with the same frequency as foreseen by the ERM system, on an annual basis.

5. Metrics & Targets

This section contains the description of CO2 emissions reduction targets and other relevant targets related to energy and water efficiency, which we have set according to our climate transition plan (Scope 1, 2, and 3). The progress made over the years in reducing GHG emissions, the current status of emissions per Scope, and the metrics used to monitor emission performance should be disclosed.

5.1. Decarbonization plan and efficiency targets

As a company commited to playing an active role in the green transition, we have set ambitious goals to reduce the environmental impact of both our direct and indirect activities. We continue to monitor our advancements, and share our results and with all pertinent stakeholders on a quarterly, mid-year, and annual basis,

To reach its Net Zero targets, the Chiesi Group is committed to:

Targets	Goal year	Commitments	Progress
Chiesi commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2030 from a 2019 base year.	2030	Acquire 100% of the electricity consumed from renewable sources by 2025	99% coverage achieved in 2023
		Transition to the new low carbon inhaler	Started in 2019 - completion of the main clinical development for its Carbon Minimal pMDI portfolio by 2025. Subsequent introduction in the UK & Europe is planned, pending regulatory approvals. Further global expansion in geographies of interest will progress, subject to local regulatory requirements
		Car fleet electrification	29% reduction achieved from the 2019 base year
		Purchase Carbon Removal Certificates for remaining emissions from 2030 onwards	Mandatory for 2030 for Net Zero
Reduce Scope 3 GHG emissions from use of sold products by 80% per unit of respiratory product sold from a 2019 base year	2030	Transition to the new low carbon inhaler	5% reduction achieved from the 2019 base year
Chiesi commits to reduce absolute Scope 3 GHG emissions 90% by 2035 from a 2019 baseline.	2035	Transition to the new low carbon inhaler	Started in 2019 - completion of the main clinical development for its Carbon Minimal pMDI portfolio by 2025. Subsequent introduction in the UK & Europe is planned, pending regulatory approvals. Further global expansion in geographies of interest will progress, subject to local regulatory requirements.
		Suppliers Engagement startegy being defined in 2024	3% reduction achieved from 2022
		Business travel startegy being defined in 2024	In progress
		Purchase Carbon Removal Certificates for remaining emissions from 2035 onwards	Mandatory for 2030 for Net Zero

5.2. GHG emissions performance

Chiesi Group Reports all three GHG scopes defined as follows:

Scope 1 consists of direct GHG emissions from sources owned or controlled by the company. The main emissions generated by Chiesi are those arising from:

- Car fleet;
- Natural gas;
- Propellant losses during the production;
- Refrigerant gas losses.

Scope 2 are GHG emissions from the generation of purchased energy consumed by the company. The main emissions generated by Chiesi are those arising from:

- Electricity or heating that is purchased or otherwise brought into the organizational boundary of the company.

Scope 3 are the emissions generated from all other activities in the company's value chain, of which the company has neither ownership or direct control. The main emissions generated by Chiesi are those arising from:

- Use of sold products;
- Purchased goods and services;
- Business travel;
- Logistics;
- Capital goods;
- Waste generated and end of life.

GHG emissions are calculated in line with the ISO 14064 Standard and GHG Protocol. Emission factors used to calculate emissions in 2022 are taken from the 2022 DEFRA and USEPA databases.
Below are the key metrics used by Chiesi to measure progress towards targets. Specifically, the following are reported: the reference metric, the unit of measurement considered, the values registered in 2019 (base year), how this has varied over the years and the progress achieved.

Metrics	Units	Base Year 2019	FY 2021	FY 2022	FY 2023	Progress (FY23 on FY19)
Energy consumed	GJ	528.776	512.813	519.504	498.908	-6%
Energy intensity	GJ/ mln eq. Units	6.497	6.497	5.848	4.657	-28%
Scope 1	tons of CO2e	33.911	27.507	29.715	29.906	-12%
Scope 2 (market based)	tons of CO2e	15.835	1.771	822	591	-96%
Scope 2 (location based)	tons of CO2e	13.193	12.367	11.262	12.254	-7%
Intensity scope 1 + 2 (market based)	tCOe/ min eq. Unit produced	611	371	344	285	-53%
Intensity scope 1 + 2 (location based)	tCO2e/ mln eq. unit produced	579	505	461	394	-32%
Scope 3	tons of CO2e	742.267	815.059	897.564	949.619	28%
Scope 3 Intensity [1]	kgCO2e/ unit sold	11,17	10,98	10,86	10,61	-5%

[1] *Indicator connected exclusively to scope 3 category 11 "use of sold products"*

Chiesi