

A group of five business professionals (three women and two men) are walking away from the camera on a paved plaza. They are dressed in professional attire: blazers, trousers, and a red jacket. Some are carrying backpacks or handbags. In the background, there is a modern building with large glass windows and a stone facade. The scene is brightly lit, suggesting daytime.

Prosperity

Transparency & Governance —

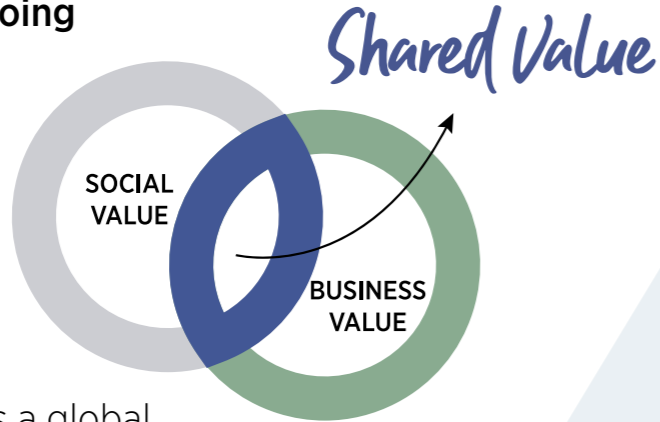
Business Ethics —

Business Resilience —

Data Security —

Prosperity at a glance

Our way of **doing business...**



...follows a global agenda...



...and is anchored in our bylaws.

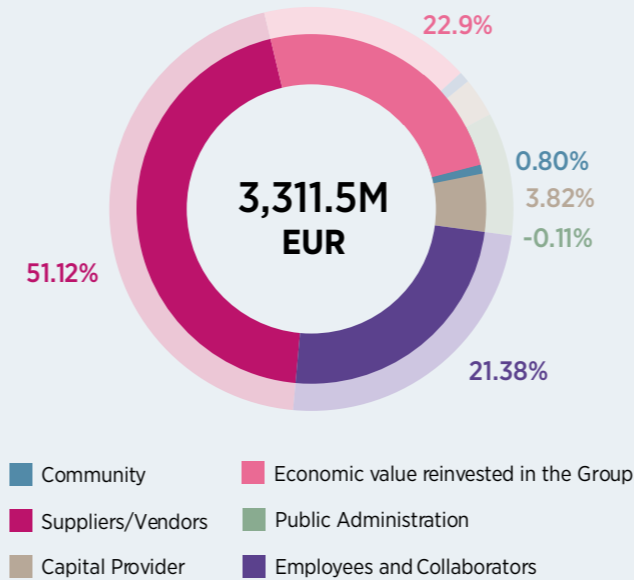
Benefit Corporation

Legal framework adopted in Italy, the U.S. and France

GUIDING PRINCIPLES

Economic Value Generated and Distributed

In 2023, over 77% of the economic value generated was distributed to stakeholders, with the remainder reinvested in the company

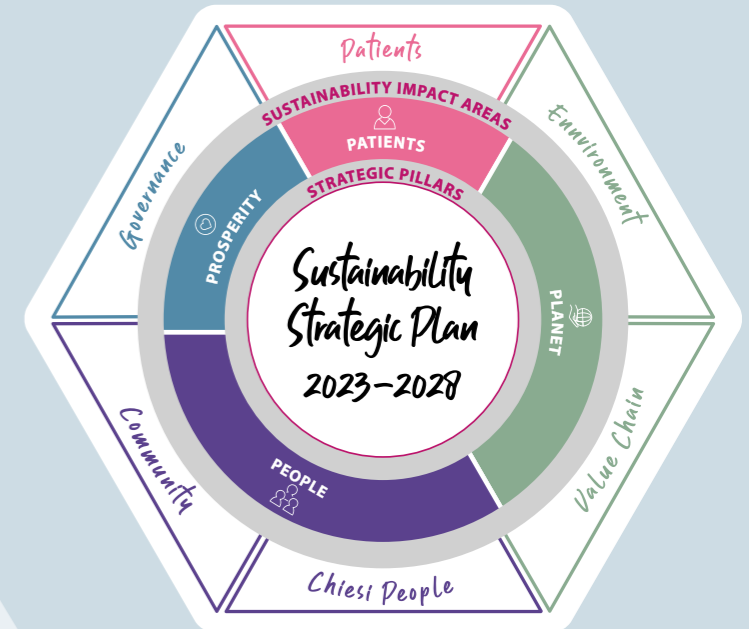


In 2023 we merged the Strategy and Sustainability departments to strengthen our sustainability governance, creating a brand new team

Strategy, Sustainability and Growth Unit

HIGHLIGHTS

In 2023, we went a step further and created a strategy with ambitious goals to be better equipped for the future



ROADMAP

Transparency and Governance

Chiesi has deliberately placed fundamental topics like Governance, Transparency, and Ethics into its Prosperity branch. This strategic choice ensures that our business operations are driven by a shared value approach, meaning we link our financial success to societal progress. The prosperity we generate in turn feeds our ability to have a meaningful impact on patients, people and the planet. By embedding these principles into our core business, we commit to a holistic model of sustainable growth.



Sustainability Governance

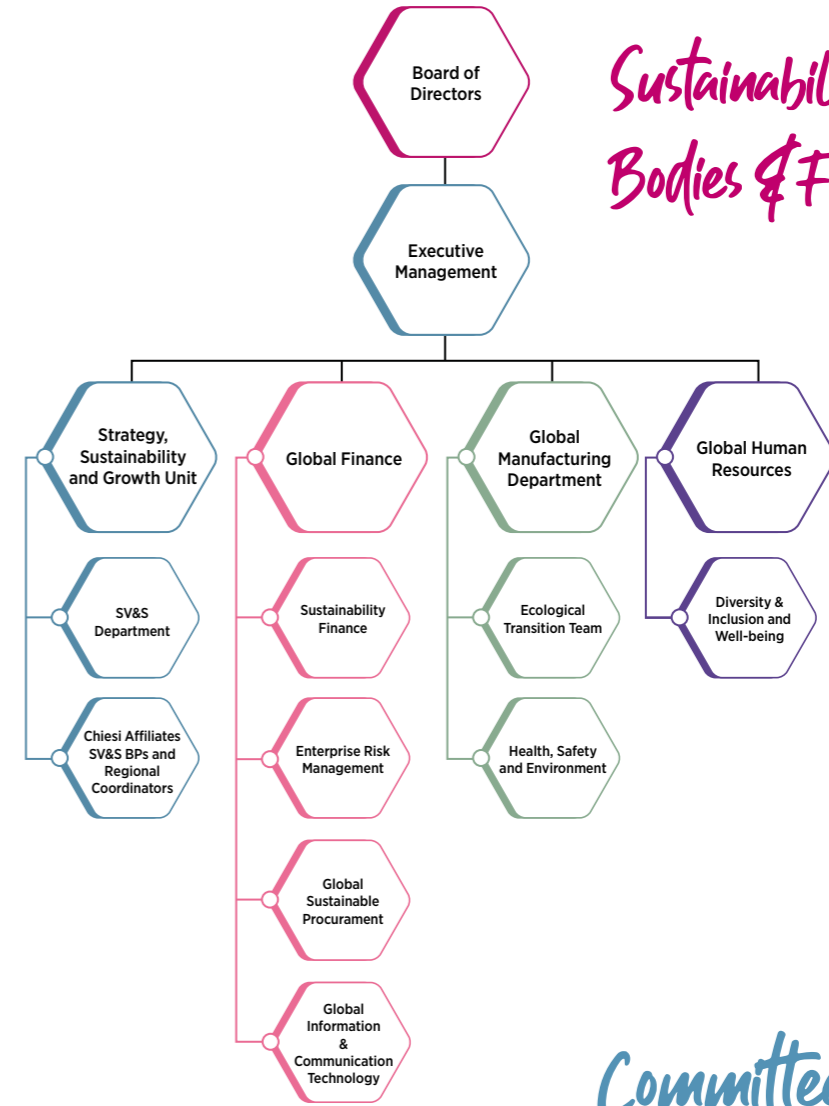
Governance at Chiesi involves creating and maintaining strong strategies, processes and mechanisms to address ESG topics. We drive long-term success and continuously improve our governance practices to meet evolving stakeholder expectations and adapt to changing circumstances.

This overview of our sustainability governance highlights the key ESG functions within our organization. Sustainability is deeply integrated into our business, with all Chiesi departments, including Public Affairs, Business Units, Global Value & Access, Global Medical Affairs and Global Health, actively participating in sustainability initiatives. This commitment is further reinforced by incorporating sustainability responsibilities into the job descriptions of all Executive Committee members.



Looking for detailed ESG data? [Explore our Sustainability Performance.](#)

*Sustainability Bodies & Functions**



Committees

Impact Committee

Committee for Social Activities and Community

Environmental Steering Committee

Diversity & Inclusion Committee

* This is not an exhaustive list of all the functions involved in sustainability. The functions responsible for patient impact are integrated throughout our organization and detailed on the following pages.

Key Bodies and Roles

The **Board of Directors** ensures that sustainability is integral to Chiesi's decision-making, especially concerning capital expenditures, strategy, and major people management decisions. They approve the company's materiality analysis, the Impact Report, Sustainability Report and Sustainability Strategic Plan.

Key aspects of the **Board's function** include the allocation of specific executive responsibilities among directors and the separation of roles between the Chairman, the main shareholders, and the Chief Executive Officer (CEO). The shareholders' meeting appoints the members of the Board of Directors and determines the compensation of the Board of Directors. While there is currently no performance evaluation of the Board, the Board does monitor and evaluate the overall performance of management, including social and environmental performance.

The Board encompasses an **expert in ESG**, who in 2023 is also Head of Shared Value & Sustainability (operating as Chief Sustainability Officer). The Chief Executive Officer is also the chair of the Executive Committee and of the Environmental Steering Committee.

At the end of 2023, the Board of Directors consisted of seven members, with 86% being male and 14% female. Six members are from the Chiesi family, representing the interests of the owner family. Six directors are over 50 years old, making up 86% of the Board, while the remaining 14% is represented by one member aged

between 30 and 50. At the end of 2023, two members also hold executive positions within the organization. The tenure of Board members ranges from less than one year to 39 years. In 2023, the Chiesi Board of Directors met thirteen times, with an average attendance rate of 86%.

The **Executive Committee** integrates sustainability impacts into the company's strategy and decision-making and focuses on identifying, preventing, mitigating, and minimizing potential or actual adverse human rights and environmental impacts connected to the company's operations, subsidiaries, and value chains. The Executive Committee also approves the materiality analysis and sustainability strategy.

Both Chiesi's Board of Directors and Executive Committee are regularly informed on sustainability matters. The Executive Committee, in particular, receives detailed updates on social and environmental performance on a quarterly basis.

All Executive Committee members have ESG-related objectives embedded in their annual objectives, which in turn link performance to compensation. Chiesi also has long-term incentive targets that include ESG aspects, which are aligned with our sustainability strategic plan. In 2018, Chiesi established an Impact Committee, which is responsible for developing a strategic sustainability plan for approval by the Executive Committee and the Board of Directors. The Board receives the minutes of the Impact Committee meetings.



At the We ACT Day 2023,
Maria Paola Chiesi with the
SV&S BPs

Additionally, all employees are updated on financial results quarterly, and since 2023, they also receive information on social and environmental outcomes.

Full disclosure of the shareholders, Board and Executive Committee composition is available on the [company website](#).

The **Impact Committee** is a body responsible for the evaluation and the monitoring of Chiesi's impact as a Benefit Corporation. The composition of the Committee reflects the main functions involved in the six impact areas: Governance, Patients, Community, People, Environment and Value Chain.

The Impact Committee defines annual objectives aimed at advancing the company's common benefit goals. It engages relevant colleagues and stakeholders in this process, monitoring progress towards current objectives and providing oversight and guidance as needed.

Members of the Impact Committee are tasked with producing key deliverables such as materiality analysis and Sustainability Strategic Plan. These documents are crucial for informing strategic decisions and are approved by the Executive Committee before being presented to the Board of Directors.

The Impact Committee is made up of various functions to provide a holistic view of the company and ensure a unified approach.

The **Head of Shared Value & Sustainability** is appointed

according to the Italian Law 208/2015 for Chiesi Farmaceutici S.p.A. as the *"individual or the individuals to be appointed with the role and tasks for pursuing the common benefit"*. He/she informs the Board of Directors, serves as chair of the Impact Committee and defines its composition.

The **Shared Value & Sustainability (SV&S) department** steers ESG topics both globally and locally, coordinating the definition of the Group sustainability strategy, measuring and quantifying the company's impacts on society and the environment, developing integrated improvement plans, and transparently communicating Chiesi Group's environmental and societal performance. Since 2023, the SV&S team has been formally responsible for defining the environmental strategy. One of its members, the Environmental Strategy Leader, plays a key role in coordinating the execution of this strategy across various operational teams, including the Global Manufacturing Division and Research & Development (R&D).

Furthermore, **SV&S Business Partners (SV&S BPs)** oversee ESG impacts at affiliates and lead local sustainability projects, while ensuring global program implementation. The SV&S BPs are supported and mentored by **SV&S Regional Coordinators**. **SV&S Functional Business Partners** represent different areas of the organization - **Research & Development, Global Rare Diseases, International Markets Development, Global Information & Communication Technology and Legal & Compliance** to embed sustainability activities and foster a shared value mindset across these areas.



Dedicated Functions and Teams

Sustainability Finance leads the collection and management of ESG data, ensuring that all relevant environmental, social, and governance information is accurately gathered and maintained. This function is critical for aligning our financial practices with our sustainability goals, enabling informed decision-making and transparent reporting.

Enterprise Risk Management (ERM) offers a comprehensive view of our risk profile, integrating ESG risks into the broader spectrum of potential threats and opportunities. ERM provides strategic insights and support to mitigate and manage these risks effectively, thereby safeguarding the company's long-term sustainability and resilience.

Sustainable Procurement ensures that our value chain adheres to rigorous ethical and environmental standards. By vetting suppliers and monitoring practices, they uphold our commitment to sustainability throughout our procurement processes, promoting responsible sourcing and reducing environmental impact.

The **Ecological Transition Team**, situated within Corporate Engineering, is the department overseeing Chiesi's initiatives related to climate change, energy management, and environmental data collection and validation. They drive our efforts towards sustainability by implementing strategies that minimize our ecological footprint and enhance our environmental stewardship across all operational aspects.

The **Health Equity Strategy Head**, a role created in 2023, ensures the further development, execution, and long-term success of the Health Equity (HE) strategy. Through this strategy, Chiesi aspires to reach as many patients as possible and to improve the standard of care of people living with diseases by bridging the existing gaps in access to healthcare.

Health Safety & Environment (HSE) plays a crucial role in ensuring the safety of our workforce, compliance with environmental regulations, and effective management of chemical and biological risks.

Key Committees

The **Diversity & Inclusion (D&I) Committee**, led by Human Resources (HR), champions diversity within Chiesi, fostering an inclusive culture where differences are celebrated and valued.

The **Committee for Social Activities and Community Development (CASSC)**, led by SV&S, shapes Chiesi's strategy regarding local community development initiatives. It ensures that these activities align with the company's broader corporate social responsibility goals and effectively engage stakeholders and local partners.

In addition, the newly established **Environmental Steering Committee**, guided by the Environmental Strategy Leader, plays a crucial role in coordinating and overseeing Chiesi's environmental strategy and initiatives. A key focus of the Environmental Steering Committee is to enhance organizational awareness of climate change risks and opportunities.



"We Actively Care for Tomorrow"

is a term coined by Chiesi in 2018 to identify an extensive program. It is designed to **raise awareness** on sustainability and on Chiesi's commitments and involve all employees. The goal is to develop a more conscious way of behaving that has a positive impact on society and the environment.

The program encompasses multiple elements, including an **internal website**, an **educational path**, an **ambassador program**, **expert talks**, and an **annual celebratory day**.

Our We ACT ambassadors and other local champions are instrumental in driving local sustainability actions and initiatives. They lead activities such as organizing the annual "We ACT Day". **Across our affiliates, numerous colleagues actively contribute by collecting data, implementing improvements, and fostering positive change through various initiatives.**



*"In 2023, we conducted a global assessment of the various **Benefit Corporation legal forms** in the countries where we operate and began collaborating with our affiliates to adopt sustainable governance models. As we grow, it is crucial that our sustainability commitment becomes integral to our corporate identity, embraced by all functions and colleagues."*

Matt Wiggets

Legal & Compliance, Head of Legal & Compliance
Europe Top 5, SV&S Legal and Compliance Coordinator

CHIESI IMPACT COMMITTEE MEMBER

Transparency

Chiesi considers it a fundamental **responsibility to transparently report both our positive and negative impacts**, providing stakeholders with comprehensive data and insights to facilitate informed decision-making. This commitment not only drives us to continuously improve but also allows us to celebrate our achievements along the way.

In the realm of **non-financial reporting**, which encompasses the accounting, reporting, and auditing of non-financial information alongside financial disclosures, Chiesi has developed a robust ecosystem. This framework integrates regulatory requirements, industry best practices, and internal objectives to uphold rigorous standards. We strive to ensure that our reporting is comprehensive, reliable, and aligned with global expectations for transparency and accountability.

Ensuring high-quality **information and labeling** is crucial for our success as a pharmaceutical company, especially for patient safety. Chiesi maintains a 100% compliance rate with information and labeling procedures across all significant products and services.

Responsible Tax Practices

Chiesi upholds transparency through responsible tax practices, demonstrating our commitment to fair economic contributions. Since 2018, we have implemented an internal **Tax Control Framework** to detect, measure, manage, and mitigate tax risks. This framework includes ongoing monitoring and maintenance, aligning with the Cooperative Compliance regime we have joined in November 2019 under the Italian Revenue Agency.

Since 2021, Chiesi participates in the **International Compliance Assurance Programme (ICAP)**, an innovative global initiative led by the OECD. Through ICAP, multinational companies disclose selected tax data

to a group of tax authorities, facilitating collaborative and transparent tax risk assessments. This initiative underscores our proactive approach to international tax compliance and transparency efforts.

Clinical Trial Transparency and Data Sharing

Chiesi adheres to local legislative and regulatory requirements by disclosing clinical protocols, study-related information, and summary results of clinical studies sponsored by Chiesi Farmaceutici S.p.A. and Chiesi Italia S.p.A. in public registries like ClinicalTrials.gov, EU Clinical Trials Register, and Clinical Trials Information System (CTIS) portal.

We ensure that information is accessible for phase 2-4 clinical trials, certain types of non-interventional studies, and clinical investigations on medical devices initiated on or after June 1, 2018, which are not mandatorily disclosed in WHO's Primary Registry. This includes public registration on ClinicalTrials.gov and disclosure of summary results within 12 months post-study completion. All disclosed clinical study information is accessible via the [Chiesi Clinical Study Registers](#) and complies fully with privacy and data sharing requirements.

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*“In 2023, Chiesi committed to strengthening its sustainability reporting. The Group introduced **quarterly sustainability data collection** to regularly measure performance and, to prepare for CSRD requirements, underwent its **first limited assurance review for the 2023 Sustainability Report**.*

These efforts underscore our commitment to align financial and sustainability reporting, giving them equal relevance.”

Eva Cannabona
Global Finance,

Group Sustainability Finance Lead

CHIESI IMPACT COMMITTEE MEMBER

Progress in 2023

Chiesi's approach to **sustainability governance** underwent a significant transformation. The SV&S department, previously operating independently, was integrated with key departments across the organization. This strategic merger not only places sustainability at the forefront of Chiesi's operations but also enhances synergies by leveraging diverse skill sets and capabilities.

The **newly established Strategy, Sustainability, and Growth Unit** plays a pivotal role in defining Chiesi's strategic direction and allocating resources to foster long-term shared value creation for the Group and its stakeholders. This integrated function encompasses Corporate Strategy, SV&S, Global Corporate Development, Competitive Intelligence, Scientific and External Knowledge Analytics and Insights, Center for Open Innovation and Competence, and Digital Health.

By consolidating these departments under a unified governance structure, Chiesi ensures that sustainability principles are deeply embedded within its core strategies, positioning the company to address evolving challenges while maximizing positive impacts for society and the environment.

2023 was a key year to identify and onboard many new colleagues who took the role of **SV&S Business Partners at country level** as well as start the nomination and development of the role of SV&S Regional Coordinators.

In 2023, Chiesi placed a significant emphasis on enhancing the **ESG preparedness of our Board of Directors and executive leadership**. Given the rapidly evolving regulatory landscape and complex societal challenges, we recognized the need to equip these key stakeholders with comprehensive knowledge across all ESG dimensions to effectively navigate future challenges. The ESG Readiness Program has been well received and plans are underway to continue and expand it across the organization.

Ambitions for 2024 and beyond

For 2024 we see as a clear focus leveraging on the new organizational structure of the Strategy, Sustainability, and Growth Unit to drive positive change in a structured and effective manner. Chiesi is also committed to further strengthening our global SV&S team.

In preparation for the **Corporate Sustainability Reporting Directive** (CSRD), Sustainability Finance, SV&S, and other relevant teams are working to improve the governance and management of sustainability data collection process.

Further focus will be on our approach to disclosure and communication. With the upcoming EU Green Claims directive, Chiesi has created internal **Green Washing and Social Washing Guidelines**, anticipating possible needed changes ahead of time.

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*“Chiesi's approach to sustainable change has been strategic in recent years. Last year, we finalized the Sustainability Strategic Plan for 2023-2028, building on the success of our 2018-2022 plan. With contributions from over 90 colleagues, **the company now has a comprehensive roadmap that embeds a long-term, stakeholder-focused perspective** into our governance, processes, and decision-making.”*

Cecilia Plizzo

Head of Shared Value and Sustainability
CHIESI IMPACT COMMITTEE CHAIR

Business Ethics

Chiesi's approach to business ethics is embedded in our mission: *"Our goal is to combine commitment to results with integrity, operating in a socially and environmentally responsible manner."* This commitment is further reflected in our value: *"We interact with integrity and trust."*

Business ethics encompass compliance management, guidelines for fair conduct, training and implementation by staff and management, and upholding ethical standards in decision-making processes as outlined in [Chiesi's Code of Conduct](#).

Chiesi continually monitors and strives to improve our ethical standards, a source of pride for our company. By prioritizing business ethics, we enhance our credibility and trust with stakeholders, anticipate future regulations through voluntary internal practices, and attract and retain talent.

Moreover, strong business ethics are crucial for minimizing risks such as non-compliance with laws and regulations and mitigating potential negative impacts on our stakeholders.

Approach

In 2015, Chiesi established a dedicated **Group Compliance** function and developed a Group Guideline on interactions with Healthcare Professionals (HCPs) and Healthcare Organizations (HCOs). These Guidelines – updated last in 2023 and now encompassing also patients and patient organizations - outline binding principles that our global organization must follow when interacting with HCPs, HCOs, patients and patient organizations.

The Chiesi Group's [Anti-Bribery Policy](#) (updated last in 2023) offers comprehensive guidance to individuals on identifying and addressing bribery and corruption issues throughout the Group. This enables them to behave responsibly and adhere to anti-bribery regulations, ensuring compliance across the group.

Model 231

Chiesi complies with the requirements outlined in Italian Legislative Decree no. 231/2001 ("Decree 231") across the entire Italian territory. This is facilitated through the implementation of an **Organizational, Management, and Control Model, known as Model 231**. The model clearly outlines Chiesi's ethical commitments and responsibilities in conducting business to prevent unlawful behavior.

To ensure adherence to Model 231, a **Surveillance Body** has been established. This body is tasked with overseeing the proper implementation of the Model 231 and regularly reporting its findings to the Board of Directors, thus reinforcing Chiesi's commitment to ethical business practices.

In 2023, Chiesi had no legal actions regarding anti-competitive behavior, violations of antitrust or monopoly legislation pending or completed in any of its territories. Further, there were no incidents of corruption.

SpeakUp&BeHeard

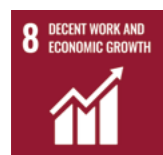


Chiesi Group's **whistleblowing system**, SpeakUp&BeHeard, allows anyone to report conduct believed to be unfair, illicit, or potentially damaging to Chiesi's business or that of third parties. This platform facilitates the reporting of suspected breaches of Chiesi's Code of Conduct or violations of laws and regulations in areas such as diversity and inclusion, health and safety, interactions with healthcare professionals and patients, human rights, the environment, bribery, data protection, animal welfare, and antitrust.

To ensure the highest level of protection and confidentiality for both reporters and those involved in the reported conduct, SpeakUp&BeHeard **operates independently of Chiesi's IT system**. It is accessible to Chiesi employees, business partners, and any third party who suspects misconduct. Each report submitted through SpeakUp&BeHeard is thoroughly assessed. Typically, these reports are managed at the affiliate level by Compliance functions with the necessary independence and professional requirements. In affiliates without such functions, Chiesi Farmaceutici S.p.A. handles the reports.

The Group Impact Committee receives yearly reports about grievances.

In 2023, an incident was reported through SpeakUp&BeHeard, involving allegations of moral harassment. The compliance team involved conducted an extensive investigation and implemented corrective measures. There were no incidents in the previous two years.



Looking for detailed ESG data? [Explore our Sustainability Performance](#).

Anti-Bribery

In 2023, Chiesi Group achieved several milestones in its anti-bribery efforts. We released an **updated version of our Anti-Bribery Policy**, which now includes dedicated sections on conflicts of interest and interactions with patients and patient organizations. This update underscores the importance of adhering to specific procedures and processes in these areas.

Additionally, in 2023 Chiesi Farmaceutici S.p.A. started the process to obtain the **ISO 37001:2016 certification for its Anti-Bribery Management System** that was successfully concluded at the beginning of 2024. This achievement resulted from of a ten-month project involving a dedicated cross-functional team of approximately 70 employees from various departments within the company.

The updated policy and ISO 37001 certification reaffirm our unwavering focus on compliance and emphasize Chiesi's **'zero tolerance' approach to bribery**.

Ambitions for 2024 and beyond

One of Chiesi's upcoming priorities is to further embrace **ethical marketing principles**, addressing more systematically the importance of this issue within the pharmaceutical industry. We are also reassessing our approach to communication to align with the **EU Green Claims Directive**, guaranteeing full compliance and transparency in our sustainability claims.

We are committed to enhancing **employee training on business ethics and transparency** at all organizational levels, ensuring that our ethical practices and commitment to transparency are consistently upheld.

In the coming months, an updated version of our **Group Code of Conduct** is expected to better reflect our commitments and values and ensure that the highest ethical standards are upheld.

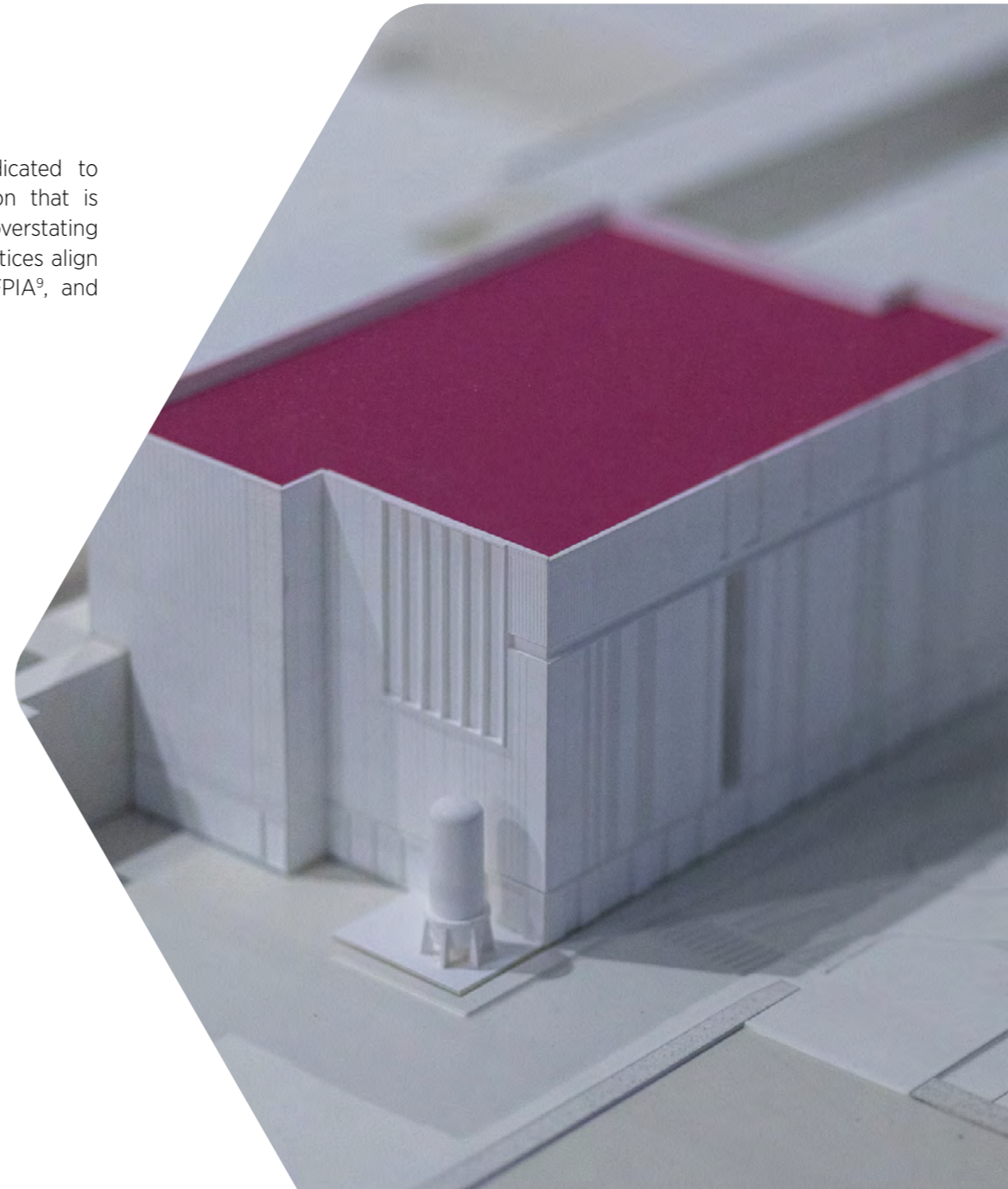
Finally, we aim to define a roadmap for **ISO 37001:2016 Anti-Bribery Management System** certification in our affiliates to ensure a consistent standard across the organization.

Ethical Marketing

Regarding **ethical marketing**, we are dedicated to offering comprehensive scientific information that is clear and accessible to all recipients, without overstating the actual benefits of our products. Our practices align with the Codes of Conduct of IFMPA⁸, EFPIA⁹, and Farminindustria.

⁸ International Federation of Pharmaceutical Manufacturers & Associations

⁹ European Federation of Pharmaceutical Industries and Associations



Business Resilience

Business resilience is the ability of an organization to grow in a complex environment by responding and adapting quickly to events that could threaten its operations, people, assets, brand or reputation. Effective risk and crisis management processes are essential enablers for business resilience.

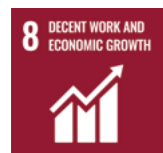
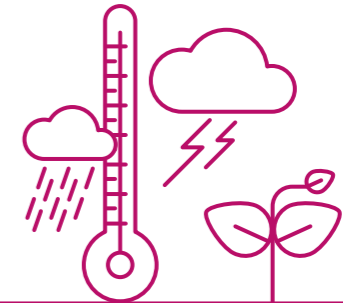
Enterprise Risk Management

Chiesi's Enterprise Risk Management (ERM) model follows a top-down approach led by senior management and aligned with the company's long-term goals. It addresses all significant risks, which are categorized in the **Chiesi Risk Model** as strategic, operational & business, financial, and legal & compliance risks. ESG risks are integrated into these four categories.

Since 2022, the Group has strengthened its **Enterprise Risk Assessment** methodology to better integrate ESG risks, ensuring their structured identification, evaluation, and management. In 2023, the Climate Change Risk Assessment was updated according to the recommendations of the **Task Force on Climate-related Financial Disclosure (TCFD)**.

Periodically, risk events are identified by management, supported by the ERM function, using qualitative and quantitative metrics, considering impact (reputational, economic, operational, HSE & sustainability), probability of occurrence within the Group's Strategic Plan timeframe, and the maturity of current control levels. These risks are prioritized and visualized on a **Risk Heat Map**.

The **Risk Management Committee**, comprising the CEO, CFO, Head of Strategy, Sustainability, and Growth Unit, and Head of ERM, sets the risk strategy and periodically monitors the implementation and effectiveness of risk response plans. The committee regularly reviews risk assessment outcomes and keeps the executive leadership team informed. Annually, risk assessment results, including mitigation plans and critical issues, are presented to the Board of Directors.



Looking for detailed ESG data? [Explore our Sustainability Performance.](#)

Risks Overview

1. STRATEGIC

Market Dynamics

The pharmaceutical business faces significant **pricing pressure** on its products from governments, insurance companies, and other customers, aimed at containing public health spending. This pressure, compounded by global conflicts and economic uncertainty, leads to stricter reimbursement policies, risking reduced profitability.

Competition from generic products and early-market entrants threaten market share and expansion opportunities. Continuous market monitoring and strategic product differentiation help mitigate this risk.

Evolving **ESG legislation** may impose stricter regulations, requiring adaptation in development and production processes, with potential sanctions for non-compliance. Monitoring legislative changes helps the Group anticipate regulatory requirements.

Global presence exposes Chiesi to **social, economic, and political instability**. In this regard ongoing conflicts will continue to expose the company to potential performance impacts through price dynamics, inflation, exchange rates, credit risk, and supply chain issues. Constant monitoring ensures timely actions to maintain drug access for patients in affected regions.

R&D-related

Developing new products to meet medical needs or new indications for existing products is a lengthy and uncertain process, with risks of failure, delays, and extra costs at any stage.

Pipeline management is critical to balance all development phases and prioritize projects. Dependence on service providers adds uncertainty. Poor performance or non-compliance by these third parties can cause the

aforementioned delays, extra costs, or project failures. The Group carefully selects and monitors suppliers to ensure quality and compliance.

Additionally, the pharmaceutical sector is subject to laws and regulations that influence the marketing of products. Delays in obtaining the regulatory approvals needed to bring drugs to market can adversely affect the Group's performance.

Climate Change

In order to maintain an up-to-date view of its exposure to climate change and to assess the resilience and flexibility of its business strategy with respect to the potential impact of climate-related risks, Chiesi conducted a **Group-wide analysis of climate risks** in accordance with the TCFD guidelines in 2023.

Specifically, following TCFD standards, climate-related risks were evaluated in the short, medium, and long term against appropriate climate scenarios defined by internationally recognized providers (e.g., IPCC, IEA, Bloomberg NEF, WWF, etc.). Short and medium-term assessments consider both physical and transition risks that could impact activities outlined in the five-year Strategic Plan and the company's long-term objectives.

During 2023, Chiesi manufacturing plants registered zero days of production stop due to climate extreme events and other crises. See Chiesi's TCFD Report for further information on our actions to climate-related risks and opportunities.

Mergers and Acquisitions

Mergers and acquisitions (M&A) are strategic for the Group's growth and involve multiple risk factors that could jeopardize anticipated profitability. These include potential errors in initiative evaluation such as challenges in identifying potential targets, economic and financial feasibility, partner/licensor reliability, governance issues in M&A operations, risks related to execution and post-acquisition integration. Through due diligence at all stages minimizes these risks.

Intellectual Property

Protecting drug development investments requires securing and defending Intellectual Property (IP) rights. Failure to do so can harm performance. Additionally, accusations of patent infringement by third parties could lead to disputes and extra costs. Active IP management mitigates these risks.

B Corp Certification

In 2019 Chiesi obtained the B Corp certification. Should the group be unable to maintain and renew this recognition, this would have an important reputational impact.

2. OPERATIONAL AND BUSINESS

Operational risks include potential business interruptions from natural disasters, power outages, sabotage, or other unforeseen events. Chiesi mitigates these risks with specific **business continuity plans** designed to protect its operations.

Drug development and manufacturing are complex, heavily regulated processes worldwide. Whether Chiesi produces its materials and products internally or through third parties, it must ensure **strict adherence to regulatory standards and quality to uphold patient safety**. Non-compliance could severely impact the Group's performance.

The Group's reliance on third-party products and services exposes it to various risks such as reliability issues, governance shortcomings, and failures to meet contractual obligations or performance standards.

In its **supply chain**, the Group faces risks like dependency on single suppliers, which could lead to disruptions. To manage these risks, Chiesi employs structured processes for supplier selection, continuous monitoring, and maintains proactive communication. Additionally, periodic analysis focused on operational continuity risk is conducted across all direct purchases, and based on the findings, specific mitigation actions are defined, implemented and monitored. The Group further reinforces supplier partnerships through the Code of Interdependence, verified by third-party audits.

Human Resources

Challenges in **attracting, developing, and retaining talents** due to market skills shortages, intense competition, or insufficient internal training could hinder the Group's strategy execution and ability to capitalize on new opportunities.

Chiesi Group prioritizes its workforce, evidenced by certifications like "Great Place to Work" and "Top Employer," along with initiatives such as individual development plans, transparent performance management, succession planning, and international mobility policies. These efforts aim to foster employee development, motivation, and satisfaction globally.

Information Technology

The Group faces increasing risks from global cyber-attacks, which could disrupt Information and Communications Technology systems, production activities, and compromise confidential information, impacting reputation and performance. To safeguard corporate assets, the Group strengthens and monitors information technology and operational technology system security through technical solutions and ongoing awareness campaigns and training.

3. FINANCIAL

Interest Rate

The Group faces interest rate risk primarily from one billion euros in loans with floating rates linked to Euribor from BNL, Credit Agricole, and a syndicate of banks. To mitigate this risk, the Group repaid €150 million of the syndicated loan and hedged the remainder with an interest rate swap (IRS). Additionally, a short-term hot money facility with Crédit Agricole Italia reduced the average debt cost. Despite higher interest rates affecting 2023, returns on assets like cash and short-term investments have helped mitigate costs.

Exchange Rate

Operating internationally exposes the Group to exchange rate fluctuations impacting on profits and net asset value. The Group uses derivatives, such as

forward swaps, solely for hedging purposes. Centralizing management through a new global payment factory further enhances exchange rate risk management.

Credit and Liquidity

The Group monitors receivables and manages credit risk through insurance and short-term treasury investments. Financial counterparties are rated to diversify risk. The Group maintains a positive financial position with solid liquidity.

Exposure to Financial Market Trends

Chiesi Farmaceutici S.p.A. adopts a prudent liquidity investment policy using guaranteed capital products and external advisors for portfolio management. This approach separates risk management from asset allocation and ensures adherence to regulatory and compliance standards.

4. LEGAL AND COMPLIANCE

The pharmaceutical sector's complex regulatory environment exposes the Group to legal and compliance risks, including non-compliance with laws, regulations, and internal standards. The Group's robust internal control systems mitigate these risks effectively.

Ambitions for 2024 and beyond

In response to the ongoing global challenges Chiesi Group is strengthening its crisis management framework at the beginning of 2024 implementing a comprehensive **Group Crisis Management Policy**. The policy reinforces the Group's approach to handling crises by detailing the organizational structure and defining clear accountabilities for crisis response. By establishing this policy, Chiesi Group aims to ensure a swift, coordinated, and effective response to any crises that may arise, thereby safeguarding its operations, stakeholders, and reputation.



Data Security

Data Security ensures the proper handling of data, including sensitive personal information, to respect individuals' rights and prevent privacy violations. This includes cybersecurity measures to protect critical systems from breaches, preventing disruptions and unauthorized access, destruction, alteration, or disclosure of data.

Chiesi is committed to handling personal data, both of its own employees and of all third parties with whom it has dealings, with care and solely for legitimate business purposes and in line with applicable laws and current privacy regulations. External suppliers are also required to comply with these regulations. Our **Global Information and Communication Technology (GICT) strategy** aims to build a sustainable, secure, and resilient cybersecurity environment.

Chiesi mitigates cybersecurity risks and protects

information by providing industry leading devices and technological tools. We train all employees in cybersecurity best practices to increase awareness and proper use of company equipment. Chiesi strictly prohibits any behavior that compromises the integrity of IT assets and mandates compliance with IT and security procedures.

Chiesi's internal **Information Security Policy** serves as the foundational framework for safeguarding its information and information systems. Issued by the **Information Security Committee**, this policy not only outlines the principles and practices for protecting sensitive data but also ensures the integration of information security into all business processes across the organization. By providing comprehensive guidance at a group-wide level, the Information Security Committee plays a crucial role in fostering a culture of security and resilience against evolving threats.

Progress in 2023

Chiesi updated its **Information Classification and Handling Procedure**, underscoring the importance of protecting all confidential information owned or controlled by Chiesi. The update emphasizes the need to classify information appropriately and adopt proper protective measures.

In 2023, the Group substantiated two customer **data breach complaints** resulting from human error, neither requiring notification to data protection authorities. Additionally, eight incidents of data leaks, thefts, or losses occurred, all stemming from human error with minimal impact. Swift remedial actions were taken in each case, ensuring no ongoing issues.

Ambitions for 2024 and beyond

In 2024, Chiesi Farmaceutici S.p.A. aims to pursue the **ISO 27001:2022** certification for its **Information Security Management System**. This internationally recognized standard specifies the requirements for establishing, implementing, maintaining, and continually improving an Information Security Management System. By obtaining ISO 27001 certification, Chiesi aims to reaffirm its commitment to robust information security practices and set a benchmark for industry standards. **By the publication of this report, Chiesi has successfully obtained the ISO 27001:2022.**



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