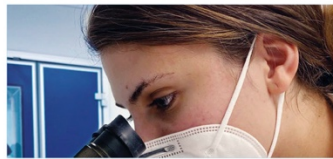


# CONSOLIDATED NON-FINANCIAL STATEMENT 2021



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## LETTER TO STAKEHOLDERS

2021 has continued to be characterised by the health emergency caused by Covid-19, which has impacted the social and economic context both in Italy and across the world. Despite the challenges and difficulties of the pandemic, we have continued to show consistency, resilience and social responsibility.

2021 was an important year that says a lot about our commitment to integrating sustainability into our business. In fact, we pursued the pledges set out in our Sustainability Plan and achieved key social and environmental sustainability targets.

We continued with our efforts concerning energy efficiency projects, expanded our purchase of energy from renewable sources, supported local communities and shared our founding ethical values with our employees and partners.

Above all, we continued to focus our priorities on patients. Indeed, we are guided by our constant ambition to improve the health and quality of life of our patients, offering high-quality and affordable products that serve a broad range of treatment areas, and pursuing a strategy to increase our presence in the rare diseases segment in order to provide innovative treatments that address serious unmet medical needs. We are convinced that by continuing to do our best on a daily basis to pursue this goal, we are able to create value for all of our stakeholders.

In this document we share the details of our achievements and our commitments for the future, based on the five strategic pillars of the Sustainability Plan: ethics and integrity, patient care, people care, environmental protection and responsible sourcing. In 2021, with the aim of continuous improvement, we updated the targets defined in the Plan, further confirming our growing focus on sustainability as a tool to develop our resilience and generate long-term value.

Our performance to date, which has been recognised by the leading ESG indices and ratings, and the trust we have earned among our stakeholders, are encouraging us to pursue this direction with commitment and passion. We are grateful to our more than 4,300 colleagues who continue to give their best to make Recordati an example of excellence that stands out thanks to its values. To them in particular, we would like to express our most sincere thanks.

ANDREA RECORDATI  
Chairman

ROB KOREMANS  
Chief Executive Officer

## SUSTAINABILITY HIGHLIGHTS

**100%**

purchased electricity from renewable sources and certified by Guarantees of Origin for European plants and annexed offices (57% of total electricity purchased by the Group)

**Approximately 3,750 trees planted**

in the metropolitan area of Milan through the Forestami project, with a commitment to plant 11,250 trees in the 2021-2023 three-year period

**€ 2.5 million**

in donations to the community

**95%**

of employees hired on permanent contracts

**47%**

of all employees in the Group are women. 56% women hired in 2021 out of total new hires

**Approximately 180**

Supplier audits conducted by the pharmaceutical and chemical-pharmaceutical division, mainly on product quality and safety

**100% of employees received training**

on the Code of Ethics and the anti-bribery and anti-corruption policies in the 2020-2021 two-year period

# 1. THE RECORDATI GROUP

*Recordati is a well-established and constantly growing international pharmaceutical group. For over 90 years, the Group has faced the challenges of a constantly evolving market with great determination, exploiting each of the opportunities best suited to its growth model.*

*The Recordati group operates in a wide and differentiated field which comprises primary and speciality care, self-medication and rare diseases.*

*In addition to cardiovascular disease, and specifically hypertension, Recordati is also active in urology and psychiatry.*

*The Group has developed a growing presence in the segment dedicated to rare diseases, where it researches, develops and markets a number of orphan drugs.*

## 1.1 The Recordati group: over 90 years of success

Established in 1926, the Recordati group is based in Milan and is one of Italy's oldest pharmaceutical companies. Since its foundation, the Group has grown consistently to become a leading international pharmaceutical group and has been listed on Borsa Italiana since 1984. The Group has numerous branches both in and outside Europe in the pharmaceutical and chemical-pharmaceutical sectors.

The growth of the Recordati group is the result of the quality of its products and services, as well as the implementation of the policy aimed at internationalisation and diversification, based on a focused strategy of acquisitions and targeted licensing agreements. As well as its presence in Western Europe (France, Germany, Greece, Ireland, Italy, Portugal, Spain and Switzerland) Recordati also operates directly in countries of central Europe, Russia and in other countries of the Commonwealth of Independent States (CIS), Ukraine, Turkey, Tunisia, the United States, Canada, Mexico, certain South American countries, Japan and Australia. Although the Group's principal reference market is the European Market, which is one of the largest pharmaceutical markets in the world, Recordati operates in around 150 markets, including through various licensing agreements, and markets pharmaceutical products under licence from primary pharmaceutical companies.

Recordati has six pharmaceutical production plants and one packaging and distribution plant dedicated to pharmaceuticals for rare diseases, and two chemical-pharmaceutical sites where it produces numerous active substances and intermediates. Recordati produces and promotes a wide range of innovative pharmaceuticals and its product portfolio includes general medicines as well as specialist pharmaceuticals for the treatment of rare diseases. The Group's pharmaceutical activities extend across all phases of the process and include research and development, production, packaging, storage and commercialisation. The chemical-pharmaceutical activities of the Recordati group focus on the chemical production of intermediates and active substances both for Recordati's pharmaceutical products and for the international pharmaceutical industry.

The Group's most important products include Lercanidipine-based pharmaceuticals, a latest-generation antihypertensive calcium channel blocker, and products containing a combination of Lercanidipine and Enalapril, an ACE inhibitors. Both substances are used to treat cardiovascular conditions; the Group has strengthened its presence in this sector with the acquisition in 2017 of pharmaceuticals based on the beta-blocker Metoprolol.

For over forty years the Group has operated in the genito-urinary area, acquiring specific expertise and becoming the European partner of established international pharmaceutical companies. The offer has been recently expanded to include a leuprorelin acetate product indicated for palliative care in hormone-dependent prostate cancer (PCa) with a depot formulation for subcutaneous injection.

With a view to innovation and growth, the Group has enhanced its therapeutic range, developing its own pipeline of products and entering into the rare diseases sector. In fact, Recordati develops, produces and markets pharmaceuticals for the treatment of rare diseases through the Recordati Rare Diseases group. Recordati Rare Diseases is a leading pharmaceutical company entirely devoted to the research, development and commercialisation of drugs for the treatment of rare diseases, with a portfolio of products dedicated mainly to rare genetic metabolic disorders. Recently, portfolio in this segment was consolidated with the acquisition of additional important products in the field of rare endocrine diseases. Specifically, by acquiring universal rights from Novartis for Signifor® and Signifor® LAR for the treatment of Cushing’s disease and acromegaly in adult patients when surgery is not indicated or when surgery has failed, as well as Isturisa® (osilodrostat), an innovative oral administration treatment that received European approval in January 2020 for Cushing’s syndrome and U.S. approval in March 2020 for Cushing’s disease. In March 2021, the Ministry of Health, Labour and Welfare (MHLW) of Japan approved Isturisa® (osilodrostat) for the treatment of patients with Cushing’s syndrome.

In December 2021, the Group further expanded its principal therapeutic areas through the acquisition of EUSA Pharma (UK), a company focused on the treatment of rare and niche oncology diseases, enriching its product portfolio with four drugs with high growth potential.

Recordati Rare Disease is one of the leading companies at an international level in terms of number of products launched on the market developed specifically to treat a rare disease. In recent years, the Group's activities to develop pharmaceuticals to treat rare diseases have extended to various countries in North and South America, as well as the Middle East, Japan and Australia.

For more information on the main business activities of the Group, its products and its markets, please refer to the “Recordati, an International Group” and “Review of Operations” sections of the 2021 Annual Report.

Employees: over 4,300

Revenue: € 1,580.1 million

R&D Spending: € 166.1 million (this amount includes amortisation related to the purchase of new products)

Geographical presence: around 150 countries (Specialty and Primary Care and Rare Diseases)

2 pharmaceutical chemicals plants (Italy and Ireland)

6 pharmaceutical production plants (Italy, France, Turkey, Spain, Tunisia and the Czech Republic)

1 packaging and distribution plant handling drugs for rare diseases (France)

## 1.2 The Recordati group's values

The values that inspire and guide the daily actions of the Group are described in the Code of Ethics:

**Integrity:** Integrity is a fundamental value at Recordati. Wherever we operate, we observe all applicable regulations. We demonstrate our leadership by setting a good example. We are honest and transparent with our shareholders and all other stakeholders.

**Product quality and safety:** At Recordati, we believe in innovation and devote ourselves fully to researching and developing new products. We offer patients high-quality products which comply with the requirements of the competent Authorities. We aim to constantly increase the availability of our products to anyone who needs them, while at the same time guaranteeing absolute compliance with applicable regulations in the markets where we operate.

**Protecting people:** At Recordati, we believe in equal opportunities and we guarantee that everyone can achieve their potential. We see diversity as a value and will not tolerate any discrimination based on ethnicity, nationality, gender, sexual orientation, disability, age, political or religious belief, or any other personal characteristics. At Recordati, we work hard to create a safe and inclusive work environment, where we all have our rights to physical and psychological integrity respected on a daily basis, as well as our right to freedom of opinion and association. We recognise that we each have a role to play in the success of our business and we implement staff development policies through which everyone's contribution and achievements can be appropriately rewarded.

**Care for the environment and sustainability:** At Recordati, we recognise the paramount value of environmental protection and aim to make a positive contribution to sustainable development in the areas where we operate. For this purpose, we seek to implement policies which increase the environmental sustainability of the Company's activities and meet all relevant legal and regulatory requirements. We place particular importance on managing water and energy resources, reducing emissions, proper waste management, combating climate change and protecting our natural world and biodiversity.

**Performance:** At Recordati, we seek to improve management performance and create value for our shareholders. We believe that every day is an opportunity to improve on the day before and we take all the necessary steps to ensure that the Company can enjoy sustainable, long-term economic growth.





### 1.3 The Recordati group's governance

The primary objective of Recordati's corporate governance system is the responsible and sustainable generation of value for shareholders, without losing sight of the social importance of the activity performed and of all the stakeholders involved.

The Corporate Governance structure of the Company is based on a conventional organisational model and therefore consists of the following corporate bodies: the Shareholders' Meeting, the Board of Directors, and the Board of Statutory Auditors. Accounting control is delegated, in compliance with the relative legislation in force, to an independent auditor registered in the special roll maintained by Consob. A '231' (administrative liability) Supervisory Body (ODV) has also been appointed which oversees the proper functioning of the "231 Model" and is responsible for updating it.

The Board of Directors has formed two committees from among its members with consultative and proposal-making functions: the Remuneration and Appointments Committee and the Risk, Control and CSR Committee, both consisting exclusively of non-executive and independent directors.

The Board of Directors of the Recordati group is composed of 12 members (4 of which are independent directors and 7 non-executive). Specifically, 58% of the BoD is composed of men and 42% of women. Furthermore, 17% of BoD members are between 40 and 50 years of age, while the remaining 83% are over 50.

The personal and professional characteristics of each Director still in office as at 31 December 2021 range from economic, financial and managerial matters, which for some of them also include significant international experience in the business sectors in which the Company and the Group operate, to legal and corporate governance matters.

For further information, please consult the "Corporate governance report and ownership structure".

### 1.4 Generating value for stakeholders

During 2021, the activities of the Recordati group in the field of the research and sale of medicines represented an important profitability factor for the Group, allowing generation of various economic benefits for stakeholders.

#### *Economic value generated and distributed by the Group*

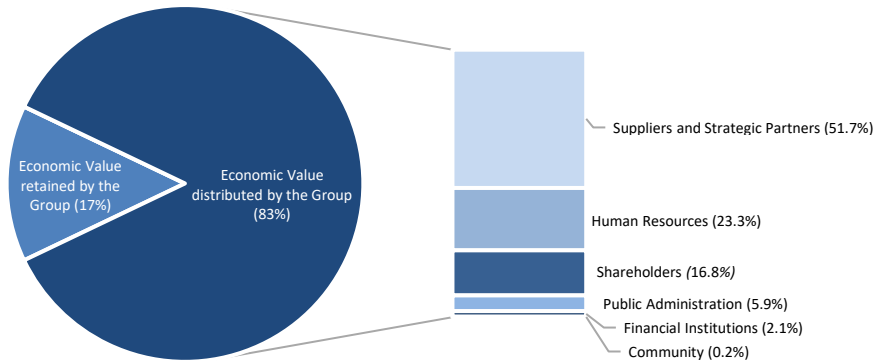
The Economic Value represents the wealth generated by the Recordati Group which is then distributed in various forms to stakeholders. Data regarding the creation and distribution of the economic value provides a basic indication of how the Group has generated wealth for its stakeholders, highlighting the economic benefits generated by the Group's business management which are directly shared with the main categories of stakeholders with whom the Group interacts and maintains medium to long-term relations: suppliers and strategic partners (operating costs), human resources (remuneration of human resources; personnel costs); shareholders (remuneration of shareholders: profit distribution), financial institutions (remuneration of financial institutions: financial charges), the Public Administration (remuneration of Public Administration: taxes and duties) and local communities and associations (donations).

In 2021, of the € 1,580.7 million of economic value generated by the Recordati group, approximately 83% (equal to € 1,319.4 million) was distributed as follows:

- operating costs for suppliers and strategic partners of € 682.0 million, represented predominantly by the costs of raw materials, consumables and services;
- remuneration of human resources for a total of € 307.7 million, represented predominantly by the salaries and wages of Group personnel;

- remuneration of shareholders for a total of € 222.3 million, attributable to the distribution of dividends to shareholders<sup>1</sup>;
- remuneration of the Public Administration, in the form of taxes, for € 77.4 million;
- remuneration of financial institutions for € 27.5 million, primarily formed of borrowing costs;
- donations disbursed during the year and various community contributions, for € 2.5 million.

*Economic value generated and distributed by the Recordati group<sup>2</sup>*



<sup>1</sup>The value of the dividends distributed to shareholders refers to the balance for the 2020 financial year resolved in April 2021 for € 113.0 million, and the initial payment for the 2021 financial year defined in October 2020 for € 109.3 million.

<sup>2</sup>The allocation of the Economic Value generated and distributed to various categories of stakeholder has been quantified through a reclassification of the income statement, elaborated according to the provisions of the "GRI - Sustainability Reporting Standards".

### 1.5 Work of the Recordati group in the context of the COVID-19 emergency

The past two years have proved to be particularly difficult for the entire world, which found itself facing an unprecedented health emergency with the COVID-19 epidemic.

Since the beginning of the emergency, the pharmaceutical world has been under immense pressure due to its role as an “essential service for the community”. The Group reacted immediately and decisively, adopting all measures necessary to manage the emergency, with the goal of reducing the spread of the virus and therefore protecting the health and safety of all employees whilst ensuring business continuity.

These measures include smart working for office staff for example, measures for production and distribution plants fully compliant with the provisions of the Authority, which have allowed the Group to continue production while guaranteeing the health and safety of production workers.

While observing all measures necessary to ensure the health and safety of its employees, Recordati never suspended its production and distribution activity, guaranteeing continuous availability of its products in the market, many of which are used in the treatment of serious and chronic illnesses.

Recordati has also maintained ongoing dialogue with the supply chain, both recommending the adoption of strict prevention policies to protect the health and safety of individuals involved in the process and efficiently organising stock management, also differentiating the physical location of stock where possible.

Furthermore, from the start, the Recordati group has stood alongside the communities where it operates, offering support to the health facilities involved in combating the epidemic. It has supported numerous initiatives in different countries, largely through financial and product donations.

All of these efforts and initiatives have represented further confirmation of the robustness, resilience and responsibility of the Group.

As previously noted, on the whole, the COVID-19 pandemic did not significantly alter the economic performance of the Group, which was able to guarantee business continuity. Likewise, it should be noted that the pandemic has not significantly altered the social and environmental metrics of the Group either, for details of which see the specific chapters.

## 2. THE RECORDATI GROUP'S APPROACH TO SUSTAINABILITY

*“Recordati has a long history of entrepreneurial passion, a strong reputation and a desire to continue growing and creating value in an ethical, enduring, and sustainable way, all while respecting the laws and regulations that apply in the countries where we operate, protecting people and the environment, and supplying safe, high-quality products for our patients. In order to do this, we must work together and respect the fundamental rules and shared values that apply to all of us and all our interactions with others.”*

Andrea Recordati

### 2.1 The Recordati group's commitment to sustainability

The Recordati group is convinced of the fundamental importance of generating value through an approach that is ethical, lasting, sustainable and shared with stakeholders. Over the years, it has launched various initiatives focused on sustainability, aligned with strategic, organisational and operational characteristics.

In fact, when defining the Group's management strategies and policies, among Recordati's priorities, in addition to improving patient health and quality of life, is to identify the interests of all stakeholders, monitoring and managing the economic, social and environmental impacts of its work.

Through annual publication of the consolidated Non-Financial Statement the Group undertakes to ensure disclosure and transparency regarding its economic, environmental and social performance with the goal of strengthening dialogue with internal and external stakeholders.

#### *The Group's sustainability governance*

In order to guarantee structured management of all aspects of sustainability a system of responsibilities has been defined both at the level of governance bodies and of the organisational structure.

In line with the new Corporate Governance Code for Listed Companies which Recordati has committed to adopt, the Board of Directors has the role of pursuing sustainable business success, defined as the goal of generating value in the long term to the benefit of shareholders, taking into account the interests of stakeholders which are relevant for its business.

The Board of Directors has formed a Risk, Control and CSR Committee, consisting exclusively of non-executive and independent directors. The Committee has the proposal-making and consulting duties in regard to the BoD. It provides appropriate investigation activity for evaluations of the competence of the Board of Directors, also in terms of sustainability, i.e., the processes, initiatives and activities aimed at safeguarding the Company's commitment to sustainable development throughout the value chain. Furthermore, in its work to support the Board of Directors, the Risk, Control and CSR Committee:






- analyses the relevant topics for the generation of value in the long term prior to approval by the Board of the business plan for the Group companies;

- examines and evaluates, at least once a year, the results of the Risk Assessment carried out by the Company and reported in the Company Risk Catalogue and, based on this analysis, defines the nature and level of risk compatible with the Company's strategic goals, including in its assessments all elements that may be of significance in the context of sustainable success of the Company;
- monitors sustainability topics connected to business activity and the dynamics of interaction of the latter with all stakeholders in accordance with the principle of sustainable success;
- examines Sustainability Plan guidelines and how to implement sustainability policies;
- examines the general composition of the consolidated Non-Financial Statement and the structure of its content, as well as the completeness and transparency of information provided in this document;
- expresses, on request of the Board, an opinion on sustainability issues.

The Environmental, Social & Governance department reports directly to the Group General Manager and is responsible for managing and coordinating topics related to sustainability at Group level. This department encourages and supports the various departments of the Group in the adoption and integration of sustainability principles in decision-making and business processes. In collaboration with the relevant departments, it identifies risks linked to sustainability topics, and areas and projects for improvement. It proposes strategies and goals of the Sustainability Plan and prepares the consolidated Non-Financial Statement. In addition, it promotes dialogue with stakeholders and disseminates the culture of sustainability within the Group.

Since 2017, with definition of the Group Policy for the preparation of the Consolidated Non-Financial Statement, data owners have been identified along with their responsibility, each for their respective area, for data and information published in the Document.

## Main ESG indices and ratings

|   |   |
|---|---|
|                            | <p>As of 2021, the Recordati Group received an MSCI ESG Rating of A<sup>3</sup>. MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.</p>  |
| <p>RECORDATI WAS INCLUDED IN THE MIB ESG INDEX, THE FIRST INDEX PROMOTED BY EURONEXT AND BORSA ITALIANA</p> | <p>In October 2021, Recordati was included in the MIB ESG Index, the first index promoted by Euronext and Borsa Italiana for Italian blue-chip companies demonstrating best ESG practices. The inclusion of the Group in the index is further evidence of Recordati's real commitment to ESG. In fact, the index selects the top 40 Italian listed companies that have demonstrated perfect integration between economic performance and ESG criteria, in line with the United Nations Global Compact principles.</p>                   |
|                            | <p>In June 2021, Recordati achieved the "Gold" rating in the analysis carried out by EcoVadis, falling within the top 5% of companies with the highest score globally. This recognition represents a further sign of the importance of sustainability in the company's corporate strategy. The score assigned to Recordati is based on the policies, actions and results achieved by the company in 4 key areas for sustainability assessed by EcoVadis: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement.</p> |
|                           | <p>In May 2021, Recordati Group was rated C by ISS ESG, leading to a Decile Rank of 4. The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). ISS ESG offers support services for the development and integration of policies and practices related to responsible investment.</p>                         |
|                          | <p>Following the review in June 2021, the Recordati Group was confirmed in the FTSE4GOOD Index series that measure the performance of companies in terms of ESG (Environmental, Social and Governance) criteria and are used by many financial operators all around the world to develop and evaluate products focused on sustainable investment.</p>   |
|                          | <p>In 2021, Recordati scored C (Awareness level) in the CDP Climate Change questionnaire. The CDP (formerly the Carbon Disclosure Project) is the non-profit organisation which runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts, and is most recognised worldwide for assessing company transparency in their disclosure of information.</p>   |

<sup>3</sup> The use by the Recordati Group of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Recordati Group by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

## 2.2 The Recordati group's Stakeholders

Integrating corporate responsibility into a business approach means focusing on creating value for all relevant stakeholders and uniting economic, social and environmental aspects.

In this context, the Recordati Group has identified its own key stakeholders by focusing on its understanding of how the Group's social role relates to company activities, with the aim of identifying their expectations and defining actions in response to the legitimate interests expressed.

*The Recordati group's stakeholders<sup>4</sup>*



The group believes that it is fundamental to build and maintain solid and lasting relationships with stakeholders. A relationship based on constant dialogue and active involvement is essential for the generation of value in the long term. In order to engage all of our stakeholders in their activities, optimising their roles and monitoring the possible direct and indirect impacts of the Group's activities on the relevant parties, the Recordati Group implements stakeholder-engagement initiatives.

In particular, the Recordati Group engages with its stakeholders on ESG topics during the periodic update of the materiality matrix. To this end, in 2020 around 150 stakeholders from different categories were involved through an online questionnaire. The stakeholders expressed their point of view on the importance of sustainability topics. This dialogue enabled the identification of the topics considered most important by the stakeholders, guiding definition of the material topics for reporting in the Non-Financial Statement and the topics on which to focus actions of the Sustainability Plan. For further details, please see the paragraph "Materiality Analysis".

<sup>4</sup> Please note that the map of stakeholders presents the macro-categories of stakeholders. Within each of these there may be further sub-categories. For example: the "Employees" category also includes Trade Unions and Workers' Representatives, and the category "Healthcare structures and operators" also includes doctors, hospitals and pharmacies. The category "Government agencies, regulators, PA" also includes industry associations, non-governmental organisations and the national health service. "Customers" includes wholesalers, distributors and all other types of customers. In addition to suppliers, the category "Suppliers and strategic partners" also includes CROs, licensees and licensors, for example.

In the knowledge that dialogue represents an important chance for reciprocal growth and sharing, below are further examples of engagement activities between the individual departments and stakeholders with whom the Group constantly interacts:

- the organisation of awareness-raising initiatives and scientific research projects through conferences and training courses on specific themes relating to the treatment of rare diseases. Aimed at health professionals, doctors and researchers, these initiatives are designed to intensify the sharing of knowledge about the treatment of rare diseases;
- promotion of support initiatives aimed at the families of patients affected by rare diseases, with the aim of improving quality of life for both patients and their families;
- dialogue with healthcare operators, the scientific community and universities;
- relations and meetings with financial analysts and institutional investors focused on providing economic and financial information;
- internal communication initiatives and meetings with trade-union representatives;
- sharing of standards, day-to-day and institutional relations with suppliers and strategic partners;
- meetings with representatives of Local Communities and Regulators.

Furthermore, given the strictly regulated nature of the pharmaceutical sector, industrial associations operating in this area represent one of the most important stakeholders with whom the Recordati Group interacts. These organisations coordinate, protect and promote the interests of the pharmaceutical sector and its associated companies.

In 2021 the Recordati Group was a member of various industry associations located in its countries of operation. In the context of Corporate Social Responsibility, Recordati is a member of the Sodalitas Foundation, which aims to work with its affiliated members to build a partnership of community growth, generating shared social value and contributing to a future founded on inclusivity and development. It is also a member of the Italian association Sustainability Makers which brings together businesses and professionals committed to defining and implementing sustainability practices and projects in companies and other organisations.



## The Recordati Group's main industry associations

### ITALY

Farmindustria  
 Confindustria Dispositivi Medici  
 ASSONIME  
 FEDERSALUS - Associazione Nazionale Produttori e Distributori prodotti salutistici  
 IBC Associazione Industrie Beni di Consumo  
 ASSOLOMBARDA  
 FARMADATI  
 UPA (Unione Pubblicità Associati)

### FRANCE

LEEM (Les Entreprises du Médicament)  
 AFIPA (Association Française de l'Industrie Pharmaceutique pour l'Automédication)  
 GIE GERS  
 CIP (Club Inter Pharmaceutique)  
 Club Léonard de Vinci  
 CRIP (Cercle de réflexion de l'industrie pharmaceutique)

### BELGIUM

Pharma.be (General national association of the pharmaceutical industry)  
 EUCOPE (European Confederation of Pharmaceutical Entrepreneurs)  
 EuropaBio (European Association for Bioindustries)

### NETHERLANDS

Comité Weesgeneesmiddelen (Committee of Orphan Drugs)

### GERMANY

AGV Chemie- Arbeitgeberverband der Chemischen Industrie  
 IHK Ulm - Industrie- und Handelskammer Ulm  
 AKG e.V. - Arzneimittel und Kooperation im Gesundheitswesen e.V.  
 Wirtschaftsrat der CDU  
 Senat der Wirtschaft  
 BPI – Bundesverband der Pharmazeutischen Industrie e.V. (The German Pharmaceutical Industry Association)  
 DCCV e.V.– Deutsche Morbus Crohn/Colitis Ulcerosa Vereinigung  
 UND e.V. – Urologen Netz Region Düsseldorf e.V.  
 VCI - Verband der Chemischen Industrie  
 ACS Pharma Protect GmbH - Securpharm

### SWITZERLAND

*vips* Swiss Association of the Pharmaceutical Industry  
*scienceindustries* Business Association Chemistry, Pharma, Biotech  
 Swiss Biotech Association  
 HLG Swiss Healthcare Licensing Group  
 Swiss Health Quality Association  
 Technology Forum Zug

### AUSTRIA

PHARMIG - Verband der pharmazeutischen Industrie Österreichs  
 AMVS - Austrian Medicines Verification System GmbH  
 BASG - Bundesamt für Sicherheit im Gesundheitswesen  
 FCIO ARGE Pharma - Fachverband der chemischen Industrie Österreichs  
 Wirtschaftskammer Österreich  
 AGES - Österreichische Agentur für Gesundheit und Ernährungssicherheit GmbH

### SPAIN

Farmindustria  
 Anefp (National Association of OTC products)  
 AINFA  
 AELMHU

### POLAND

Commercial Chamber "Farmacja Polska"  
 Business Centre Club

### RUSSIA

GIM-Unimpresa

### UKRAINE

EBA - European Business Association

### TURKEY

Pharmaceutical Manufacturers Association of Turkey  
 ICC - The İstanbul Chamber of Commerce  
 Camera di Commercio Italo-Turca  
 Çerkezköy Organized Industrial Zone  
 Çerkezköy Chamber of Commerce and Industry  
 İstanbul Chemicals and Chemical Products Exporters' Association  
 The Union of Chambers and Commodity Exchanges of Turkey

### GREECE

SFEE - Member of Hellenic association of Pharmaceutical Companies

### TUNISIA

CNIP - The National Chamber of Pharmaceutical Industry  
 The Council of the Pharmacists Association

### UNITED KINGDOM

EMIG Ethical Medicines Industry Group  
 ABPI - The Association of the British Pharmaceutical Industry

### UNITED STATES

American Chemical Society  
 ASPN - American Society of Pediatric Nephrology  
 BIO - Biotechnology Innovation Organization  
 Global Genes  
 Healthcare Distribution Association  
 NORD Corporate Council  
 RAPS - Regulatory Affairs Professional Society

### CANADA

LSO - Life Sciences Ontario  
 RAREi - The Canadian Forum for Rare Disease Innovators  
 CORD - Canadian Organization for Rare Disorders

### DENMARK

ENLI - Ethical Committee for the Pharmaceutical Industry

### KAZAKHSTAN

AIPM (Association of International Pharmaceutical Manufacturers in Kazakhstan)

### BRAZIL

SINDUSFARMA (Union of Pharmaceutical Products Industries)  
 INTERFARMA (Pharmaceutical Industry Research Association)

### COLOMBIA

ANDI (Asociación Nacional de Industriales)

### JAPAN

Pharma Delegates  
 The Pharmaceutical Manufacturers' Association of Tokyo  
 Kansai Pharmaceutical Industries Association  
 Kusuri no Shiori

|   |   |
|---|---|
| <p><b>IRELAND</b><br/> Bio Pharmaceutical Ireland (BPCI)<br/> IBEC (Irish Business Employers' Confederation)<br/> Cork Chamber of Commerce<br/> Irish Exporters Membership - Logistics<br/> PMI (Pharmaceutical Managers of Ireland)<br/> MMRI (Medical Reps Institute of Ireland)<br/> IMVO (Irish Medicines Verification Organisation)</p> <p><b>PORTUGAL</b><br/> APIFARMA - Portuguese Pharmaceutical Association<br/> GROQUIFAR<br/> AICIB</p> | <p><b>MEXICO</b><br/> AMIIF - Asociación Mexicana de Industrias de Investigación Farmacéutica</p> <p><b>CZECH REPUBLIC AND SLOVAKIA</b><br/> SARAP (Slovak Association of Regulatory Affairs Professionals)<br/> CASP (Czech Association For Food Supplements)</p> <p><b>AUSTRALIA</b><br/> Rare Voices Industry Working Group</p> <p><b>MALAYSIA</b><br/> MFCCI - Malaysia French Chamber of Commerce and Industry</p> |
|---|---|

***Awards received by some subsidiaries of the Recordati Group for sustainability related initiatives***

**Portugal – Jaba Recordati wins the prize for the best Social Responsibility Company in June 2021:** in the tenth edition of the “Human Resources Awards”, an initiative organised by the Human Resources Portugal magazine, Jaba Recordati was named the best Social Responsibility Company of the Country, winning the “Social Responsibility – SME” award. This award is an important recognition of the commitment of Jaba Recordati to improve its social and environmental responsibility performance through the implementation of initiatives and sustainable activities that include its employees, integrating social and environmental aspects in their activities and objectives.

**Poland – Recordati Polska wins the national Business Centre Club – Well Seen Company contest in November 2021:** during the 12<sup>th</sup> edition of the contest “Well Seen Company” organised in Poland by Business Centre Club, Recordati Polska was awarded for its commitment in carrying out its activities in a socially responsible manner. The contest had the objective of awarding companies that manage their businesses in a socially responsible way and of raising awareness on corporate social responsibility. The panel, composed of Corporate Social Responsibility experts, awarded Recordati for its performance in the following areas: the development of a CSR strategy, the effectiveness of internal and external CSR communication, the corporate policy toward its employees in compliance with the principles of equal rights and the values of corporate social responsibility.

**Turkey – Recordati İlaç named winner of the 2021 DoktorClub Social Responsibility Project of the Year award:** the project “With Unconditional Love Combating Violence Against Women” (“Kadına Karşı Koşulsuz Sevgi ile”), supported by Recordati İlaç in collaboration with Women Physicians Education Support Foundation (KAHEV), was recognised in the Social Responsibility Project contest organised by DoktorClub in Turkey. The project presented by Recordati consists of 3 animated videos voiced by 20 female doctors, that represent real cases of violence against women, based on witnesses’ accounts. The videos were shared on social media accounts by the Turkish Ministry of Family and Social Services, by the KAHEV Foundation, by Recordati and by many female doctors to raise awareness on violence against women to mark International Women’s Day.

## 2.3 Materiality Analysis

The Materiality Matrix is an important tool to identify the most relevant sustainability topics from the perspective of the Company and its stakeholders. It forms the basis for preparation of the Consolidated Non-Financial Statement and helps to identify the ESG factors, i.e., those of an environmental, social and governance nature, on which to focus strategies and actions. In fact, the materiality analysis is used by the Group to identify strategic priorities in terms of sustainability, as well as to define the content of the Consolidated Non-Financial Statement, adopting the reporting standards issued by the Global Sustainability Standard Board of the Global Reporting Initiative (GRI).

The Recordati Group periodically updates its materiality analysis in order to identify the need for any changes to the matrix in response to evolutions of the context in which it operates, megatrends and emerging topics. In particular, in 2020 the Group conducted an in-depth analysis that led to the substantial update of the Materiality Matrix.

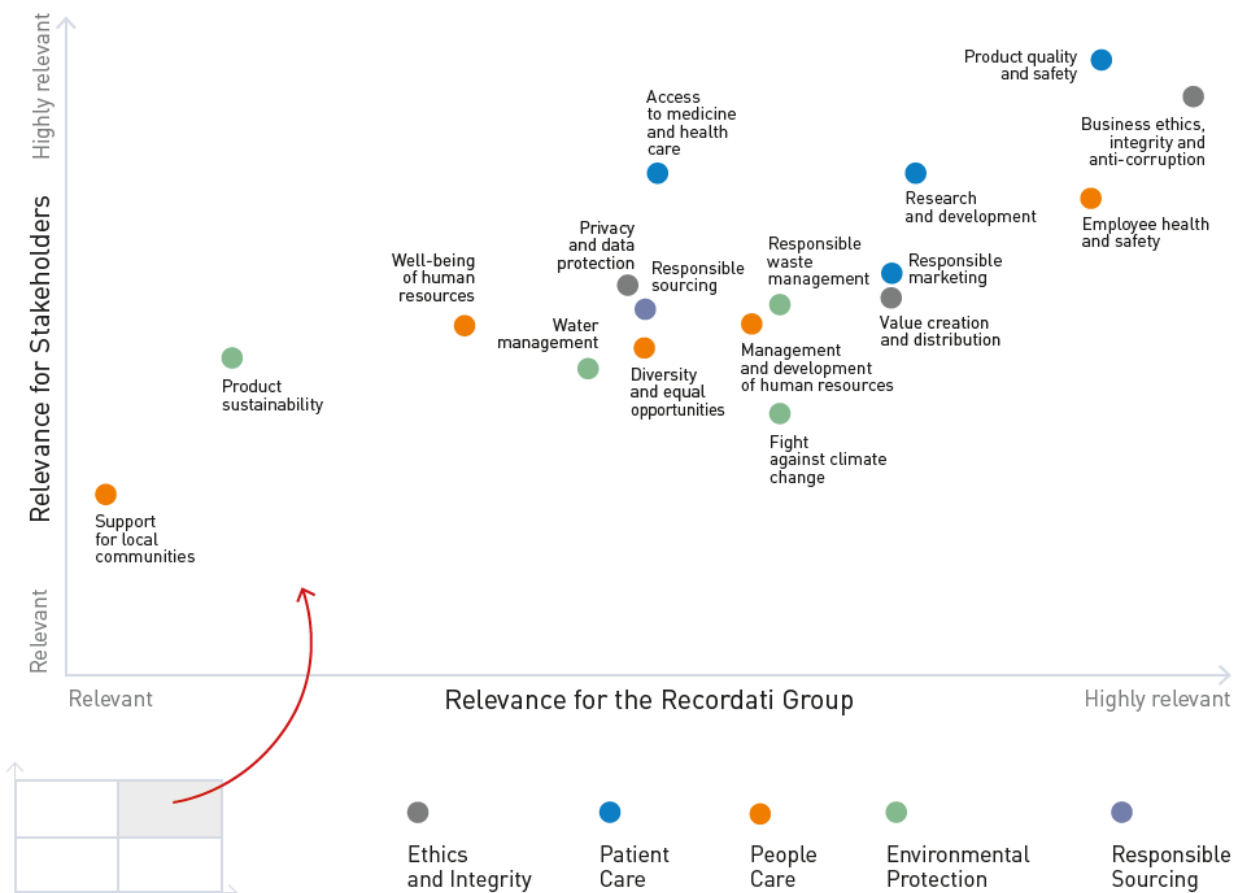
The updating of the Materiality Matrix in 2020, performed by the Environmental, Social and Governance department, with the support of a recognised specialised consulting company, was structured in four project phases, as follows:

- **Preliminary analysis:** the phase of identifying sustainability topics that are potentially relevant for the sector and for Recordati was based on analysis of various sources of information, some of the most important being: corporate documents (Code of Ethics, risk map, etc.), external documents analysing the context and research on sustainable development policies (e.g. reports prepared by the World Economic Forum), benchmarking analyses of leading competitors, multi-stakeholder initiatives and international standards such as the GRI and SASB standards. General analysis also took into consideration the main criteria of rating agencies and ESG analysts and the Sustainable Development Goals.
- **Stakeholder engagement:** between September and November 2020, the Recordati Group implemented stakeholder engagement activities, involving and listening to the points of view of stakeholders, with the goal of making the Materiality Matrix update process even more robust, in line with best practices and the main sustainability frameworks, and specifically in compliance with the requirements of the GRI standards. To this end, using the results of the preliminary analysis, an online questionnaire was prepared and sent to a panel of around 150 recipients belonging to all of the various stakeholder categories, previously identified in close collaboration with the different company departments. The stakeholders evaluated the individual topics, assigning a score to each on a scale from one to five, and therefore contributed to defining the prioritisation of the topics on the basis of the assigned relevance. The questionnaire also asked respondents to indicate any additions to the topics identified. The stakeholder engagement activities carried out promoted inclusion of the points of view of stakeholders in the Materiality Matrix and more precise identification of the material topics for which stakeholders of the Group expect constant commitment and tangible actions from Recordati, in compliance with the guiding principle of stakeholder inclusiveness of the Global Reporting Initiative.
- **Involvement of Top Management:** in addition to stakeholder engagement, the Recordati Group has taken actions to engage Top Management, in order to identify priority material topics from the Group's perspective. Top Management engagement was implemented through one-to-one meetings and an online questionnaire. Top Management was also asked to award a score on a scale of one to five and to indicate any proposed additions to the topics identified.

- Definition and approval of the Materiality Matrix:** during the final phase of the Materiality Matrix updating process, the Group processed data and summarised the results of the evaluation of material topics by stakeholders and Top Management. This enabled the material topics to be ranked and prioritised within the Materiality Matrix. The results of the analysis were discussed with executive management and shared with the Risk, Control and CSR Committee and the Board of Directors.

In 2021 the alignment of the Materiality Matrix to the evolution of the reference scenario and emerging topics was evaluated and updates were made to the topic “Climate action”, deemed by executive Management to be more significant than previously considered. This evaluation considered the growing body of environmental legislation and the current transition towards a decarbonised economic system, the risks associated with climate change and the growing focus of the Group on climate action. The new Materiality Matrix was shared with the Risk, Control and CSR Committee and with the Board of Directors.

### RECORDATI GROUP'S MATERIALITY MATRIX



The Materiality Matrix represents the 17 topics selected according to their economic, social and environmental relevance both for the Recordati Group and for the stakeholders involved. In particular, the Matrix identifies the level of importance assigned to the topics from the perspective of management on the horizontal axis “Relevance for Recordati group” and from the perspective of stakeholders on the vertical axis “Relevance for Stakeholders”. Material topics are grouped into five specific areas: ethics and integrity, patient care, people care, environmental protection and responsible sourcing.

The topics of relevance identified in the Materiality Matrix are discussed and explored in subsequent chapters of this Statement in compliance with the reporting standards and the provisions of Italian Legislative Decree 254/2016. Please note that aspects linked to “Governance”, “Regulatory Compliance” and “Risk Management” are not included in the final proposal of material topics for the Group as these aspects are considered as essential prerequisites for Recordati to continue to generate value and thus are in any case subject to reporting within this Consolidated Non-Financial Statement.

Furthermore, the topic of human rights is not considered a topic in itself but is discussed in other topics such as “Responsible Sourcing”, “Business ethics, integrity and anti-corruption”, “Diversity and equal opportunities” and “Research and development”.

## 2.4 Sustainability Plan

The Sustainability Plan is the tool used to share the Group's future trajectory with its stakeholders: it represents an expression of the ambitions of the Recordati Group and the commitments it wishes to prioritise in order to promote sustainable and responsible growth.

The Group is driven by the belief that every day is an opportunity to improve on the day before and takes all the necessary steps to ensure sustainable, long-term economic growth. Growth and achievement of challenging business and sustainability goals are not incompatible: on the contrary, Recordati is convinced that responsible actions and the generation of shared value contribute to the long-term success of the Company.

### Our Aspiration

**Improving people's health and quality of life is the basis of our mission:** it is part of our DNA. Recordati's people have always given their utmost every day to pursue this goal.

As emphasised by the World Health Organization (WHO), health is not merely the absence of disease or infirmity, but a state of complete physical, mental and social well-being. To improve health, it is therefore necessary to intervene on a number of determining factors, such as the social, physical and economic conditions under which people are born, live and work, including healthcare systems. In this context, in addition to institutions and governments, pharmaceutical companies must also develop strategies for the improvement of the healthcare system, in terms of **availability, accessibility and quality of healthcare structures and the goods and services provided.**

We are living in a rapidly changing world that often raises concerns about sustainability for future generations. The current scenario in which we live has led us to reflect deeply on the relationship between humanity and nature and on the importance of an overall balance: **the well-being and health of people and the health of the planet are closely connected.** We cannot be healthy in an unhealthy environment and with no health there is no wealth and no social equity.

With this systemic approach and in accordance with **the 2030 Agenda for Sustainable Development** priorities, we wish to contribute to supporting global development, promoting human well-being and protecting the environment.

**We want to continue to do our part.**

The Sustainability Plan focuses on 5 priority areas:

- Patient care
- People care
- Environmental protection
- Responsible Sourcing
- Ethics and Integrity

The Sustainability Plan, defined in accordance with the materiality analysis, also highlights the contribution to the achievement of 10 of the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda, the common goals signed by UN member states that outline a path of collaboration and responsibility to confront today's complex challenges.



### PATIENT CARE

**Our ambition**

We are open to partnering and dedicated to discovering and developing innovative, value-added products that improve quality of life and help people to enjoy longer, healthier and more productive lives. We wish to offer our patients fast, widespread and sustainable access to our products.



### PEOPLE CARE

**Our ambition**

We are committed to creating a safe and inclusive working environment where everyone can express their talents. Our Employees are our most important asset and, therefore, we recognise and value the role that each person plays in the success of our business.

We aim to create shared value and positively contribute to sustainable development where we operate, aware of the importance of dialogue, collaboration and respect for the community.



### ENVIRONMENTAL PROTECTION

**Our ambition**

Improving human health is the cornerstone of our mission, but we are aware that the health and well-being of present and future generations and the health of our planet are closely interlinked.

With this in mind, we want to take conscious action by working to preserve natural resources and biodiversity and contribute to the fight against climate change by minimising our environmental impact.



### RESPONSIBLE SOURCING

**Our ambition**

We want to build relationships based on transparency and trust, sharing our values with suppliers and strategic partners.

We are committed to constantly promoting respect for ethical, environmental and social aspects along the entire value chain.



### ETHICS AND INTEGRITY

Integrity is our founding value, and we lead by example. The principles of honesty and transparency towards our Shareholders and Stakeholders guide our daily actions.





### *Process for the definition of the Sustainability Plan*

The sustainability goals were identified by the Environmental, Social & Governance department in close collaboration with the heads of other company departments. The Plan and the goals were shared with executive management, the Risk, Control and CSR Committee and the Board of Directors.

The objectives of the CEO's MBO scheme include the key social and environmental targets defined in the Sustainability Plan. Furthermore, responsibility for the achievement of the goals included in the Sustainability Plan is assigned to the representatives of the various departments involved, who have the resources, tools and know-how required for their implementation; the Management by Objectives (MBO) scheme integrates social and environmental objectives associated with the implementation of the Plan itself which are assigned to certain key management figures.

In 2020, Recordati established the Group's first Sustainability Plan and in 2021, as part of a process of continuous improvement, the targets outlined in the plan were updated. In fact, the Plan defines a periodic monitoring and updating process:

- in order to monitor the commitments undertaken by the Group, the Environmental, Social and Governance department requests status reports on the objectives and informs the Risks, Control and CSR Committee;
- the plan is updated on an annual basis in order to take account of the implementation status of existing projects and to set new targets.

The tables below indicate the progress status of each target and the objectives that the Group intends to reach in the future.

For more details on actions implemented in relation to targets that have been achieved, please see the specific chapter.



| Ethics and Integrity [SDG 16]   |   |   |
|---|---|---|
| Targets defined   | Results in 2021   | Future targets  |
| <b>Business ethics, integrity and anti-corruption</b>   |   |   |
| Distribute the Code of Ethics and train 100% of employees   | <p>✓ <b>Achieved</b></p> <p>The new version of the Code of Ethics was translated in the main languages used by the Group and made available to all employees.</p> <p>Furthermore, the 2020-2021 training plan involving all Group employees was completed. The training was delivered in 10 languages and was also extended to contractors/consultants who provide services to the Company on a continuous basis</p>  | 100% of Group employees involved in a two-year training programme on ethics, anti-corruption, anti-bribery topics (2022 - 2023) |
| Distribute anti-corruption policies and train 100% of employees. Specifically, distribution of and training on the new Group anti-bribery manual and country-specific anti-corruption laws (e.g. training on the 231 Model) | <p>✓ <b>Achieved</b></p> <p>The Group's new anti-bribery manual and the other anti-corruption models specific to various countries (e.g. 231 Model, Ley Orgánica) were distributed and made available in the main languages spoken by the Group and published on the website. Furthermore, the 2020-2021 training plan on anti-bribery and anti-corruption legislation involving all Group employees was completed. The training was delivered in 10 languages and was also extended to contractors/consultants who provide services to the Company on a continuous basis</p> |   |
| Begin third-party/partner due diligence based on anti-corruption policies through an ad hoc questionnaire   | <p>✓ <b>Achieved - ongoing</b></p> <p>The strategic approach and the execution methods of the third-party/partner due diligence was defined.</p>  | Implementation of third-party/partner due diligence based on anti-corruption policies through an ad hoc questionnaire (2022)    |
| <b>Privacy and data protection</b>  |   |   |
| Deliver a training programme on privacy law (e.g. GDPR) aimed at approximately 1,200 employees in foreign branches  | <p>✓ <b>Achieved</b></p> <p>Privacy training was delivered to around 1,790 Group employees</p>  | Completion of privacy training cycle by all EU branch employees (2022)  |

| Communication and transparency   |   |  |
|--|---|--|
| Develop a new section on the Group's website dedicated to Sustainability | ✓ <b>Achieved</b><br>A specific sustainability section was published on the Group's website |  |

| PATIENT CARE [SDGs 3 – 9] <sup>5</sup>   |  |   |
|--|--|---|
| Targets defined  | Results in 2021  | Future targets  |
| <b>Access to medicine and healthcare</b>   |  |   |
| Further enhance (by Recordati Rare Diseases) the Patient Assistance Program (PAP) and Co-Pay Assistance Program (CAP) aimed at providing assistance to patients who are eligible to receive financial support for products   | ✓ <b>Achieved</b><br>The PAP and CAP programmes were extended to recently acquired endocrine drugs   | Recordati believes that every single patient should have access to the best possible treatment.<br><br>In the field of rare diseases, the Group is committed to: <ul style="list-style-type: none"> <li>Continuing to expand rare disease and orphan drugs innovation pipeline and research and development of new therapies</li> </ul>   |
| Continue to promote initiatives and training activities (including through the Recordati Rare Diseases Foundation) aimed at improving the diagnosis and treatment of rare diseases<br><br>Support medical and healthcare organisations dedicated to assisting those suffering from medical conditions and improving the quality of life of patients and their families through research and support projects and initiatives | ✓ <b>Achieved</b><br>In 2021 the initiatives and training programmes aimed at improving the diagnosis and treatment of rare diseases continued.<br>Furthermore, support for organisations involved in the medical-healthcare sector continued. | <ul style="list-style-type: none"> <li>Continuing to work closely with rare disease communities (including doctors, healthcare professionals, patients groups and families) to increase awareness, improve diagnosis and expand availability of treatments for people with rare diseases</li> <li>Continuing with the provision by Recordati Rare Diseases of the Patient Assistance Program (PAP) and Co-Pay Assistance Program (CAP) aimed at providing assistance to patients who are eligible to receive financial support for products (2022)</li> </ul><br>In the context of the Speciality & Primary Care Division, the Group is committed to: |

<sup>5</sup> Note: the table relating to the Group's commitments to its patients shows only some of the targets. Commitments regarding quality, product safety, research and development, etc. are intrinsically related to the business and are thus ongoing. More details on the Group's development plans are included in the Financial Statements.

|   |  |  |
|---|--|--|
|   |  | <ul style="list-style-type: none"> <li>Continuing to provide high-quality and affordable products servicing a broad range of therapeutic areas</li> </ul>  |
| Donate products to organisations that collect and distribute pharmaceuticals to healthcare facilities that regularly assist disadvantaged people who are unable to purchase medicines | <p>✓ <i>Achieved</i></p> <p>The Group made various donations of its products. Key donations include the donation to the Fondazione Banco Farmaceutico, an organisation which collects and recovers medicines from donors and companies and distributes them to facilities that care for people in need</p>   | Continue initiatives of product donations to organisations that collect and distribute pharmaceuticals to healthcare facilities that regularly assist disadvantaged people who are unable to purchase medicines (2022)   |
| <b>Anti-counterfeiting</b>  |  |  |
| Launch new projects to fight drug counterfeiting, focusing in particular on Brazil and other countries in relation to changing legislation  | <p>✓ <i>Achieved</i></p> <p>Projects to combat drug counterfeiting were launched in line with the developing legislation. In particular, serialisation projects were implemented in Bahrain and the United Arab Emirates in 2021. As regards Brazil, the project was launched and will be implemented in line with the timetables set by local legislation</p> | Continue to take the necessary steps to fight drug counterfeiting and allow the unique identification of medicinal products. Specifically, completion of the serialization project to fight drug counterfeiting in the countries where we operate in relation to changing legislation (2022) |

| PEOPLE CARE [SDGs 3 - 4 - 5 - 8]   |   |  |
|--|---|--|
| Targets defined  | Results in 2021   | Future targets   |
| <b>New ways of working and work-life balance</b>   |   |  |
| Define the project aimed at the full implementation of smart working for employees   | <p>✓ <i>Achieved - ongoing</i></p> <p>The project was defined with the provision of Group guidelines and local adaptations in line with reference legislation and pharmaceutical market practices</p>   | Continue to use smart working even after the “emergency phase” due to the COVID-19 pandemic (2022)   |
| <b>Training and development</b>  |   |  |
| Promote training activities focused on management and leadership skills and the “new” skills required to manage new work style, especially those related to smart working (e.g. digital transformation, remote team management, work/life balance in the new online dimension) | <p>✓ <i>Achieved</i></p> <p>The “leading remotely” master class was held to provide guidelines and practical tools to manage challenges and explore the opportunities of remote working. The training programme was put together by the Corporate HR department with the contribution of HR personnel from various counties in collaboration with SDA Bocconi University Business School.</p> | <p>Continue to manage training and development initiatives, also by promoting growth opportunities at all levels of organisation (2022). The various leadership development initiatives include the launch of the Recordati Leadership Academy, which provides initiatives for:</p> <ul style="list-style-type: none"> <li>• New Leaders: 5 training days for employees transferring from a “single contributor” role to a “leading role”</li> <li>• Recordati Leaders: specific training to further develop managerial skills</li> <li>• Executive Leaders: specific training to enter into the executive leadership team or become Country General Managers</li> </ul> |
|  |   | <p>Strengthening succession planning, in particular for key roles (2022)</p> <p>Strengthening internal career plans in order to support internal growth vs external recruitment (2022)</p>   |
| <b>Diversity and equal opportunities</b>   |   |  |
| Sign the Charter for Equal Opportunities and Equality at Work, which represents a declaration of commitment to adopt inclusive human resources policies, supported by the Italian Ministry of Labour and Social Policies   | <p>✓ <i>Achieved</i></p> <p>The Charter for Equal Opportunities and Equality at Work was signed</p>   | <p>Plan a strategy and actions to promote diversity and inclusion in the Group, including:</p> <ul style="list-style-type: none"> <li>• Increase the percentage of women in Top and Senior management positions</li> <li>• Recruit and promote employees who have both top skills and qualifications</li> </ul>  |

|  |   |   |
|--|---|---|
|  |   | <p>and reflect our focus on inclusion and diversity:<br/>from 2022 onwards, at least 40% of candidates short-listed for Top and Senior Management positions must be women and the internal personnel responsible for selecting new recruits and promoting employees must include at least one woman</p> <ul style="list-style-type: none"> <li>• Promoting a culture of inclusion by launching a training programme on “unconscious bias” to raise awareness on the issue (2022)</li> </ul> |
| <b>Health, safety and well-being</b>   |   |   |
| Reinforce the corporate culture aimed at preventing, monitoring and reducing occupational injuries through measures and initiatives to safeguard employee health and well-being (including installation of devices to facilitate and reduce the manual handling of loads, training and raising awareness)                      | <p>✓ <i>Achieved</i><br/>Training was delivered constantly and further initiatives aimed at protecting employee well-being, health and safety were implemented (e.g. equipment to facilitate and reduce manual load handling were installed to reduce the risk of injury)</p> | <p>Reinforce a corporate culture aimed at preventing, monitoring and reducing occupational injuries through measures and initiatives to safeguard all employees (2022)</p> <p>Run an online driver safety training programme for all employees with a company car in order to encourage safe driving practices (2022-2023)</p>  |
| Promote programmes aimed at encouraging healthy lifestyles through initiatives to promote sport, training on health, well-being and work-life balance (e.g. healthy eating, psychological well-being, parenthood and family), consultations with nutritionists, sports coaches, psychologists and smoking cessation therapists | <p>✓ <i>Achieved - ongoing</i><br/>A series of projects aimed at encouraging health lifestyles and a positive work-life balance were identified and defined</p>   | <p>Promote programmes aimed at encouraging well-being initiatives (to support psychological well-being, healthy lifestyles, healthy eating, Q&amp;A sessions with nutritionists, parenting and family wellness, fitness activities, training on personal health and work-life balance, etc.) (2022)</p>   |
| <b>Support for local communities</b>   |   |   |
| Community support through solidarity, social and cultural initiatives aimed at promoting the growth and well-being of local communities  | <p>✓ <i>Achieved</i><br/>Various social initiatives to promote the development and well-being of local communities in the Group's areas of operation were supported. These included</p>   | <p>Continue to support the communities through solidarity, social and cultural initiatives aimed at promoting the growth and well-being of local communities (2022)</p>   |

|  |  |  |
|--|--|--|
|  | support for Opera di San Francesco per i Poveri, Fondazione Banco Alimentare Onlus, Pane Quotidiano ONLUS, Programma QuBi promoted by Cariplo Foundation, etc. |  |
|--|--|--|

| ENVIRONMENTAL PROTECTION [SDGs 6 - 7 - 12 - 13]  |   |  |
|--|---|--|
| Targets defined  | Results in 2021   | Future targets   |
| <b>Climate action - renewable energy initiatives</b>   |   |  |
| 100% renewable electricity purchased for our European production and packaging sites and annexed offices   | ✓ <i>Achieved</i><br>100% of the electricity purchased for our European production and packaging sites and annexed offices is from renewable sources (57% at Group level) <sup>6</sup>  | 100% renewable electricity purchased for our Group production and packaging sites and annexed offices (2025) <sup>7</sup>  |
| Install solar panels to generate electricity on the roof of the Utebo plant;<br>Launch a feasibility study to assess the possibility of installing photovoltaic panels at the Cork production plant;<br>Install a thermal solar system to produce hot water for the changing rooms at the Campoverde production site | ✓ <i>Achieved - ongoing</i><br>Utebo: the authorisation process with local authorities is underway.<br>Cork: the feasibility study for the installation of the photovoltaic system has been completed.<br>Campoverde: the installation of a thermal solar system to produce hot water for the changing rooms at the production site has begun and will be completed in early 2022 | <ul style="list-style-type: none"> <li>• Install solar panels on the roof of the Utebo production plant (2022)</li> <li>• Install photovoltaic panels at the Cork production plant (2022)</li> </ul> |
| <b>Climate action - energy efficiency initiatives</b>  |   |  |
| Gradually replace traditional lighting systems with LED lights:<br><ul style="list-style-type: none"> <li>• complete replacement of the existing lighting systems with</li> </ul>  | ✓ <i>Achieved - ongoing</i><br>The first stage of the LED replacement process at the Milan plant is complete; replacement works are   | Gradually replace traditional lighting systems with LED lights:<br><ul style="list-style-type: none"> <li>• in the production department of the Milan plant (2nd step by 2022 – full</li> </ul>      |

<sup>6</sup>The Recordati group has 8 production plants (2 chemical-pharmaceutical plants and 6 pharmaceutical production plants) in addition to one plant dedicated to packaging. Please note that 7 of the 9 production sites are in Europe and are powered by renewable energy. The annexed offices of the Group's European plants also purchase renewable energy, with the exception of the offices in Czech Republic, as the electricity contract for this specific area is included in the lease and thus is not regulated or managed directly by the Group. In any case, the impact on total electricity in Europe is negligible.

<sup>7</sup> Purchase of renewable electricity for plants located in countries where it is available.

|  |   |   |
|--|---|---|
| <p>LED lights in the Utebo production plant and the intermediates warehouse of the Campoverde plant (Aprilia)</p> <ul style="list-style-type: none"> <li>• launch the project to replace the current lights with LED lights in the production department of the Milan plant (the replacement will be completed by 2023)</li> </ul>   | <p>underway at the Campoverde plant (in the Intermediates warehouse) and the Utebo plant and will be completed in early 2022</p>  | <p>replacement will be completed by 2023) and for external lighting (2022)</p> <ul style="list-style-type: none"> <li>• replacement of the existing lighting systems with LED lights in the surrounding area of the Campoverde production plant (2022)</li> </ul>   |
| <p>Install 2 inverter blowers at the Campoverde production plant to control the oxygenation levels of the wastewater treatment plant, enabling the regulation — and thereby improving the efficiency — of the machine's power based on the actual needs of the treatment plant (resulting in an estimated 50% reduction in electricity consumption compared to the current operating conditions of the unit scheduled for replacement)</p> | <p>✓ <b>Ongoing</b></p> <p>The project is underway and the installation is due for completion in 2022</p>   | <p>Promotion of energy efficiency initiatives in the production plants (e.g. Campoverde Plant: installation of ammonia based chiller unit with inverter power regulator enabling the regulation - and thereby improving the efficiency - of the machine's power based on the actual cooling needs) (2022)</p> |
| <p>Install specific energy consumption monitoring systems (steam and electricity use) at the production plant in Çerkezköy, Turkey and the Campoverde plant in order to obtain more accurate energy consumption data and to identify possible optimisation measures</p>  | <p>✓ <b>Achieved - ongoing</b></p> <p>Works have begun to install energy consumption monitoring systems (steam and electricity) at the plant in Turkey and in Campoverde. As regards the Turkish plant, in 2021 the installation of energy meters was completed; the other activities are due for completion in 2022.</p> |   |
| <p><b>Climate action - other initiatives</b></p>   |   |   |
| <p>Participate in the Forestami project which aims to plant trees in the Milan Metropolitan Area in order to increase the amount of urban green spaces, improve citizens' well-being and reduce atmospheric pollution</p>  | <p>✓ <b>Achieved</b></p> <p>Recordati has confirmed its participation as a Main Partner of the Forestami project for 2021-2023. In 2021 a total of 3,750 trees were planted and the Group supported a project</p>   | <p>Planting of about 11,250 trees in the Milan Metropolitan area (and maintenance for 5 years) through the support of the Forestami project for the three-year period of 2021-2023.</p>   |

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|  | to naturalise the Parco delle Cave in Milan.   |  |
| Progressive incentivisation and introduction of eco-friendly vehicles in the company's fleet   | <p>✓ <i>Achieved - ongoing</i></p> <p>In order to progressively promote the increased use of eco-friendly vehicles, the new list of cars available to the Italian medical sales representatives and area managers includes hybrid and electric vehicles</p>  | Progressive incentivisation of eco-friendly vehicles in the company's fleet: installation of charging stations for electric and hybrid vehicles of the company fleet at the Italian sites in Milan and Campoverde and at the Irish site in Cork (2022)   |
| <b>Responsible waste management and circular economy initiatives</b>   |  |  |
| <p>Extend initiatives to recover and reuse chemical raw materials used in production processes, taking a circular economy approach, with a consequent positive impact on waste reduction and the use of natural resources</p> <p>Feasibility study for a project to reduce certain types of hazardous waste through the installation of a system to capture certain heavy metals</p> | <p>✓ <i>Achieved - ongoing</i></p> <p>New recovery and re-use initiatives for the chemical raw materials used in production processes (such as solvents - ethanol - and palladium) were analysed.</p> <p>Furthermore the feasibility study for the recovery of certain heavy metals was completed.</p> | Continue with the analysis of possible new initiatives for the recovery and reuse of chemical raw materials used in production processes, and investigate further the possibility of recovering certain raw materials on a routine basis for which feasibility on an industrial scale has already been demonstrated (2022-2023) <sup>8</sup> |
| Analyse possible packaging solutions with lower environmental impact   | <p>✓ <i>Achieved - ongoing</i></p> <p>Analyses and feasibility studies relative to the packaging of certain products are in progress.</p>  | Continue with the analysis of possible packaging solutions with lower environmental impact (2022-2023)   |

<sup>8</sup> The recovered raw materials may be reintroduced into internal production processes or through partnership agreements with third-party companies.



| RESPONSIBLE SOURCING [SDGs 8 - 9]  |   |  |
|--|---|--|
| Targets defined  | Results in 2021   | Future targets   |
| <b>Promote a responsible supply chain</b>  |   |  |
| Define a strategic supplier management and monitoring plan that also considers ethical, social and environmental aspects   | <p>✓ <i>Achieved - ongoing</i></p> <p>The supplier monitoring plan was defined.</p>   | Monitoring of suppliers on ESG aspects through audits by an independent third party (EcoVadis) – (three-year plan starting from 2022)  |
| Roll out the Attitude Project group-wide, aimed at standardising the supplier selection and qualification process — including from an ethical and environmental standpoint — and creating a universal shared database to ensure supplier quality control | <p>✓ <i>Achieved - ongoing</i></p> <p>The extension of the “Attitude project” was continued, making it possible to integrate approximately 70% of the Group's strategic suppliers into a single, shared database, i.e. suppliers in the most relevant product categories, such as raw materials, packaging, industrial products and services, finished products/CMOs.</p> | Continue with the Group-wide progressive extension of the "Attitude project" aimed at standardising the supplier selection and qualification process - including from an ethical and environmental standpoint - and creating a universal shared database to ensure supplier quality control (2022) |
| Distribute the new Code of Ethics to suppliers, starting with strategic suppliers  | <p>✓ <i>Achieved</i></p> <p>A new Code of Ethics was distributed to all suppliers listed on the platform (including strategic suppliers).</p>   |  |

### 3. BUSINESS ETHICS & INTEGRITY

*The Recordati group is committed to conducting its business ethically, transparently and honestly in all the countries where it operates, respecting the applicable laws, professional codes of conduct, the Code of Ethics, the Anti-Corruption Manual and the Organisational, Management and Control Models, as well as internal procedures.*

#### 3.1 The Organisational, Management and Control Model

The main sustainability topics are regulated within the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (the "Models"), adopted by all the Italian companies of the Recordati group and in similar Models or sets of procedures adopted by the other subsidiaries of the Recordati group.

In 2021, the parent company Recordati S.p.A. updated its Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 in the Special Section, making changes on the basis of revision of numerous operational management protocols. No changes were made in the General Section as no new offences were introduced into legislation with significant impacts on company activities.

In 2021, the Italian subsidiaries Innova Pharma S.p.A., Italmichimi S.p.a. and Recordati Rare Diseases Italy S.r.l. updated their Models to reflect the most recent tax offences similarly to what the Parent Company did in 2020.

Actual application of the Model was guaranteed by monitoring and training activities implemented in part by the Supervisory Board that continued to perform its activity in compliance with its By-Laws. In 2021, the Recordati S.p.A. Supervisory Body met six times.

Like the parent company Recordati S.p.A. and the other Italian Group Companies, regarding the foreign companies of the Group, also the Spanish subsidiary Casen Recordati S.L., following the adoption on 14 March 2018 of its own Organisational, Management and Control Model in compliance with Ley Orgánica 2015/1 of 30 March 2015, correctly performed the activities provided for in the Model through the action of its Supervisory Body. In 2021, the Supervisory Body met three times and performed activities in accordance with its Regulations aimed at guaranteeing the adequacy, implementation and updating of the Model adopted by the Company.

The organisational models adopted by the Group companies are dynamic and effective tools thanks to the constant control and updating activities also performed by the Supervisory Bodies. All of the Organizational Models (Italian and foreign) provide for dedicated channels for reporting irregularities or breaches by employees and regular personnel training on the contents of the Models and reference standards.

The Supervisory Bodies, appointed within the Group Companies, are collegiate and composed of an internal member (the Director of Audit & Compliance or the Corporate Compliance Officer) and external professionals (criminal lawyers or university professors in business administration). Each Supervisory Body is internally regulated and operates according to a specific action plan. The Supervisory Bodies have their own expenditure budget and periodically report to the Board of Directors and the Board of Statutory Auditors, where present.

The Models are constantly monitored and updated, with particular attention to crime prevention and risk assessment following the introduction of new legislation.

The Group's Italian companies, Recordati S.p.A., Innova Pharma S.p.A., Italcimici S.p.A. and Recordati Rare Diseases Italia S.r.l. submit their medical and scientific information and relationship management protocols, which are part of their respective models pursuant to Italian Legislative Decree 231/2001, to certification by Farmindustria, through an independent inspection body (Certiquality). In 2021, the aforementioned Companies were audited by Certiquality, which renewed and confirmed the Farmindustria Certification attesting compliance of the activities related to medical-scientific information with the association's code of ethics. Similarly, where required by law or by professional codes of conduct, also other subsidiaries of the Recordati group also submit their medical and scientific information procedures for independent review by the associations of national pharmaceutical companies.

In terms of transparency towards the medical community, the Group, in the countries in which it operates, complies with applicable legislation and provisions of Professional Codes of Conduct of national industry associations (including Farmindustria in Italy) that are part of the EFPIA European federation. To enable optimal professional ethics in relationships between industry and the scientific and healthcare worlds, the Group Companies publicly disclose "value transfers" carried out by the Company in relation to healthcare professionals and organisations. These value transfers are publicly disclosed on the company websites of the Group Companies or in accordance with other methods required by applicable regulations.

The systematic approach of the Organisational, Management and Control Models pursuant to Italian Legislative Decree 231/2001 is reinforced through additional models dedicated to other company departments, such as in the context of health and safety in the workplace, environmental management, privacy and export control.

To promote dissemination and comprehension of the principles set out in the Organisational, Management and Control Models pursuant to Italian Legislative Decree 231/2001 adopted by the Recordati group, an online training programme was launched, aimed at Italian employees with access to digital devices. This programme, launched in 2020, was completed in 2021 by approximately 150 employees, bring the overall total to approximately 850 employees trained in 2020–2021.

Further information regarding the Models, the relative procedures and the training provided on the same is available in the section "Internal Control and Risk Management System" of the Corporate governance report and ownership structure.

### ***The Group Personal Data Management Model***

Regarding management of personal data, in 2021 the Recordati group conducted various activities in accordance with the Personnel Data Management Model (Privacy Model) adopted in 2018 in the context of alignment with the European General Data Protection Regulation 679/2016 (hereinafter "GDPR"). Specifically, Recordati launched a structured process for the revision of all activities for personal-data processing, updating of the processing activity log pursuant to art. 30 of the GDPR, assessment of risks deriving from mapped processing and identification of relevant security measures, which involved Italian subsidiaries and some European subsidiaries of the Group. At the same time, certain "key" documents belonging to the existing privacy documentation were updated (including notices on processing of personal data and the format for appointment as data processor pursuant to art. 28 of the GDPR to submit to all third parties processing personal data on behalf of the Recordati group). New formats/templates were also prepared required for compliance with the provisions of the GDPR (including, the record of any data breaches/security incidents, the Data Protection Impact Assessment model and privacy clauses to include in commercial contracts/agreements).

To promote the dissemination and comprehension of the principles contained in the Personal Data Management Model adopted by the Recordati group, an online training programme was implemented, aimed at Group employees with access to digital devices working in Italy and other EU countries where the GDPR is applicable. Regarding Italian Group Companies, this programme, launched in 2019, was completed by approximately 440 employees in 2021, bringing the overall total to approximately 850 employees trained in 2019–2021. In addition, in 2021 this course, with partially updated content, was made available in English, Polish, Spanish, Portuguese and French for certain European subsidiaries of the Group and was completed by approximately 900 employees. Finally, other local training on privacy topics has been implemented in the Turkish subsidiary Recordati ILAC, involving approximately 450 employees. In 2021, therefore, the total number of Recordati group employees that participated in training on privacy topics was approximately 1,790 (approximately 2,200 for the period 2019–2021).

In 2022, this training will be extended to enable full training coverage on GDPR issues for all Group employees working in EU countries.

Alongside the above activities, daily assistance and support has also been offered to Italian and foreign Group Companies regarding privacy matters (also in reference to local privacy legislation in countries where the GDPR is not applicable) linked to contracts, new projects/initiatives and relationships with employees, suppliers, commercial partners and the medical community. This activity, along with the training activity, has contributed to development of a privacy culture within the Group and greater attention to these issues amongst all divisions involved.

Finally, in 2021, support and assistance on the privacy front continued, provided to divisions involved in implementation of anti-COVID-19 protocols and measures in the workplace. Specifically, there was assessment and management of all aspects of privacy associated with adoption of the measures imposed by competent authorities and preparation of the necessary documents in compliance with the provisions of the Italian Data Protection Authority, including notices on the processing of personal data, appointments of authorised parties and data processors.

Lastly, it is noted that in 2021 there were no recorded security incidents/data breaches, like 2020, such as to represent a risk to the rights and freedoms of those involved, no inspections or checks were performed by the Data Protection Authority and/or other competent authorities on privacy and no complaints were received by the Data Protection Authority regarding Recordati pursuant to art. 77 of the GDPR.

### *The Recordati group Code of Ethics*

During 2020, the Group approved a new version of its Code of Ethics. This update was motivated by the Recordati group's wish to further increase the accessibility and usability of this document, and was achieved through careful critical rewording and review by an inter-departmental internal team supported by external specialists and by the Recordati S.p.A. Supervisory Body. This inter-departmental method allowed the creation of a broad-reaching, shared document, capable of further strengthening guidance on ethics and compliance within the Recordati group.

The Code of Ethics established the fundamental values of Recordati that guide and support the Group in its operations and relationships with stakeholders, both internal and external. It sets out the responsibilities of all recipients and defines “shared commitments”, i.e. conduct through which Recordati’s values find concrete, practical application. This section includes indications on:

- How we manage our business, including indications regarding:
  - Ethical and legally compliant behaviour
  - Product quality and safeguarding health
  - Our commitment to environmental protection and sustainable development
  - Conflicts of interest and protecting the Company's assets
  - Accounting transparency, confidentiality of information, personal data and social media
- People and the workplace, including indications regarding:
  - Protecting people
  - Fairness, equality, and the protection of human rights
  - Health and safety in the workplace
- Relationships with our stakeholders.

The Code is adopted by all Group Companies and applies to all employees, associates, directors, members of company bodies, commercial partners and other third parties with which the Group collaborates, including consultants, intermediaries, agents and contractors, clearly defining the expectations of the Company in terms of standards of ethics and conduct. This document therefore serves as a reference for all Recordati stakeholders and represents the Group's commitment to conducting its business and managing both internal and external relationships in an ethical and sustainable manner.

This Code has been inspired by the main standards and guidelines for corporate governance, human rights and the environment, such as the United Nations' Universal Declaration of Human Rights, the Charter of Fundamental Rights of the European Union, the decent work standards set out in ILO (International Labour Organization) conventions, the OECD (Organisation for Economic Cooperation and Development) Guidelines for multinational enterprises, and national and supra-national Anti-Bribery legislation (e.g.: the OECD Anti-Bribery Convention, Italian Legislative Decree 231/2001, the Foreign Corrupt Practices Act, the Bribery Act, Loi Sapin 2, Ley Orgánica, etc.), as well as ISO 14001 standards on the environment.

Additionally, the principles and guidelines contained in the Code are further detailed in numerous other company documents. These documents help all recipients of the Code to put its principles into practice in their daily work. These additional documents include, for example, the Group's Anti-Corruption Manual; national organisational, management and control models and local compliance procedures; privacy management models; the product quality and clinical research management system; the Group's policies on the main corporate processes and its policies on the environment and safety in the workplace, as well as the relevant local procedures; local and Group accounting manuals; and the administrative and technical procedures which govern Company activities in detail.

The new version of the Code of Ethics defines the methods for reporting breaches (whistleblowing) and provides information on management of such reports. Recordati is committed to taking responsibility for all the reports it receives and to respond to them, guaranteeing maximum confidentiality in their management and the anonymity of the whistleblower, without prejudice to legal obligations and protection of the rights of persons accused maliciously or in bad faith. Additionally, Recordati expressly prohibits any type of retaliation against anyone lodging a report in good faith. Recordati is committed to creating a collaborative work environment, where the dignity of every person is respected and everyone can feel at ease in reporting any violations of the law, the Code or Company policies.

Following approval, the Code of Ethics was translated and made available in Italian, English, French, Turkish, Russian, Spanish, Portuguese, Polish, Czech and German, and adopted by all Group Companies. The Code of Ethics is published on the Recordati group website in order to guarantee widespread availability and access, and its distribution within the Group has been carried out with involvement of the General Managers of all Group Companies.

To facilitate dissemination and comprehension of the principles contained in the Code of Ethics, a training programme has also been implemented targeting all Group employees. This programme had a two-year duration, 2020–2021 and was implemented through provision of an online training course for all Group employees with access to digital devices and distribution in hard-copy format for employees without access to such devices. Participation in this course was also required for external parties who, although not employed directly by the Recordati group, perform activities in the name of and on behalf of the Recordati group on an ongoing basis.

The online training plan, which includes a final assessment of learning, is available in Italian, English, Turkish, Polish, German, Spanish, Portuguese, French, Czech and Russian. It involved all Group subsidiaries and was completed in 2021 by approximately 3,315 Group employees and more than 77 external parties (e.g. agents and contractors). For Recordati group employees, without access to digital devices operating in facilities in Italy, Turkey, France, Tunisia and Spain, training on the Code of Ethics was issued using paper materials distributed to a total of approximately 740 individuals in 2021.

In 2021, therefore, the total number of Recordati group employees that participated in training on the Code of Ethics was approximately 4,055. Activity during the year enabled completion of the training plan on the Code of Ethics for all Group employees in the 2020–2021 period, with involvement of approximately 4,300 Group employees and approximately 90 external parties.

#### **The Recordati group's focus on human rights throughout the value chain**

As described in the Code of Ethics, with regard to human rights the Group adheres to the highest international standards, such as the UN Universal Declaration of Human Rights, the EU Charter of Fundamental Rights, and the decent work standards set out in ILO (International Labour Organization) conventions.

Recordati acts to guarantee respect of all human rights for all employees and recognises the importance of safeguarding and promoting them throughout the value chain, taking actions to ensure that their suppliers also do so.

As a pharmaceutical company, it also prioritises the need to guarantee the human rights of all subjects involved in clinical and post-marketing studies, as well as their health and safety, rights to dignity, self-determination, privacy and the confidentiality of personal data. It also recognises health and access to care as another fundamental aspect of human rights: in this context, on the basis that every patient should have access to the best possible treatment, the Group operates in the area of rare diseases around the world and is committed to improving diagnosis and management of such diseases.

### *The Anti-Bribery Model of the Recordati group*

The Recordati group is deeply committed to conducting its business in line with the principles of transparency, honesty and ethics in all of the countries in which it operates, and to refusing all forms of corruption. To this end, since 2009 the Group has conducted an assessment on its internal audits in line with international and national Anti-Bribery legislation in the countries where the Group has branches and has developed a Group Anti-Bribery programme and Handbook that involves both the personnel of the Parent Company and branch personnel.

The Anti-Bribery programme, contained in the respective Group Anti-Bribery Manual, consists of four main phases:

1. assessment of local and national legislation;
2. assessment of local systems, procedures and models to safeguard against corruption;
3. analysis of existing risks and controls to identify any residual risks;
4. updating of the Group's Anti-Bribery Manual.

The Group Anti-Bribery Manual is subject to periodic review. The most recent review, which involved significant additions and improvements to the contents and areas covered, with new examples of potential corruption risks and related guidelines for conduct, was performed at the end of 2019. In the context of this revision, the key principals for the prevention of corruption within the Group were strengthened (e.g. absolute prohibition on facilitation payments and prohibition on payment of contributions, whether direct or indirect, in any form to parties, movements, committees and organisations of a political or trade-union nature, including to their representatives and candidates, outside those permitted by specific provisions of law) and the structure of the Group Anti-Bribery Manual was reviewed for easier consultation and comprehension. Currently, the new Group Anti-Bribery Manual contains 16 business areas potentially exposed to the risk of corruption, for which specific principles of conduct have been formulated to avoid corruption<sup>9</sup>. In 2022, a critical analysis will be carried out to identify and updates required to this document.

The 16 areas potentially exposed to corruption risk are: Research and Development, Production, Relations with the medical community and healthcare facilities, regulatory activities, transactions with public authorities, consultancy, medical samples, courses and conferences, promotional material, contributions and donations, financial transactions, human resources and relations with politicians or political parties and procurement management, interaction with the public administration and management of entertainment expenses.

The Group Anti-Bribery Manual, translated and distributed in English, French, Turkish, Russian, Spanish, Portuguese, Polish, Czech and German, was published on the Recordati group website, to guarantee widespread availability and access, and its distribution within the Group was carried out with the involvement of the General Managers of all foreign Group Companies.

To facilitate dissemination and comprehension of the principles contained in the Group Anti-Bribery Manual, a training programme has also been implemented targeting all employees of foreign Group Companies. This programme had a two-year duration, 2020–2021 and was implemented through provision of an online training course for all employees of foreign Group Companies with access to digital devices and distribution in hard-copy format for employees without access to such devices. Participation in this course was also required for external parties who, although not employed directly by the Recordati group, perform activities in the name of and on behalf of the Recordati group on an ongoing basis.

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<sup>9</sup> *Updating of the new Anti-Bribery Manual and aspects regarding its implementation are based on Business Against Corruption: A Framework For Action - U.N. Global Compact, Transparency International. The Anti-Bribery Manual is available on the Corporate website in the Corporate Governance section.*



The online training plan, which includes a final assessment of learning, is available in English, Turkish, Polish, German, Spanish, Portuguese, French, Czech and Russian. It involved all foreign Group subsidiaries and was completed in 2021 by approximately 1,510 Group employees and more than 17 external parties (e.g. agents and contractors). For employees of foreign Recordati group companies, without access to digital devices operating in facilities in France, Turkey, Tunisia and Spain, training on the Anti-Bribery Manual was issued using paper materials distributed to a total of approximately 430 individuals in 2021.

In 2021, therefore, the total number of Recordati group employees of the foreign subsidiaries that participated in training on the Anti-Bribery Manual was approximately 1,940. This activity enabled completion of the training plan on the Anti-Bribery Manual for all employees of foreign subsidiaries of the Group in the 2020–2021 period, with involvement of approximately 3,150 employees and approximately 90 external parties.

During 2021, there has been a consolidation and strengthening of communication, coordination and control activities between the Parent Company and the various branches, through introduction of additional information to existing information flows on anti-corruption and anti-terrorism, allowing interception and management of potential risk situations through dedicated channels.

With regard to the detection of corruption and internal fraud, a continuous monitoring tool based on mass analysis of transactions in the company's accounting systems was reinforced in 2021. This tool, based on business intelligence systems, enables continuous monitoring of anomalous accounting transactions en mass and planning of audits with greater precision and accuracy. In 2021, as a Recordati S.p.A. pilot project, a new detection tool was introduced based on RPA (Robotic Process Automation) with the goal of further automating testing activity.

The Compliance Questionnaire tool was also further consolidated. This is submitted to General Managers of the Group's foreign subsidiaries and the Recordati S.p.A. Supervisory Body on a quarterly basis in order to strengthen information flows regarding ethics, compliance and the existence of potentially negative situations or events in these areas.

Overall in 2021, dedicated anti-corruption training was given to approximately 2,090 employees, approximately 150 of whom in work in Italian Group Companies and approximately 1,940 located in foreign branches. Activity during the year enabled completion of the training plan on anti-corruption/anti-bribery for all Group employees<sup>10</sup> in the 2020–2021 period, with involvement<sup>10</sup> of all Group employees.

In 2022, a new online training plan will be prepared and launched regarding ethics and preventing corruption. This course will have a two-year duration and will also involve external parties who, although not employed directly by the Recordati group, perform activities in the name of and on behalf of the Recordati group on an ongoing basis.

In terms of communication and training on the matter of anti-corruption and the contents of the Group's Anti-Bribery Manual, in 2021 all members of the Board of Directors of Recordati S.p.A. were informed of the policies and procedures adopted via the periodic report from the Group's Internal Audit and Compliance Manager.

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<sup>10</sup> Training on the Code of Ethics, privacy, anti-corruption and anti-bribery were issued to Group employees regardless of contract type (part-time or full-time, temporary or permanent).



As regards the channels for reporting breaches and anomalies of laws and internal procedures, for some time now the Company has established dedicated whistleblowing channels as part of its organisational models pursuant to Italian Legislative Decree 231/2001 for Italian Companies and the Group Anti-Bribery system<sup>11</sup>.

During 2020, the existing whistleblowing channels were further reinforced. On the basis of a 2019 pilot project that saw implementation of dedicated web portals and hotlines in the Recordati Rare Diseases France branch and in the Italian Group Companies, during 2020, these whistleblowing platforms were extended to the entire Group, and went live in January 2021. Whistleblowing management has been formalised by means of internal procedures that ensure the confidentiality of the whistleblower, safeguards (non-retaliation policy) and anonymity, if desired by the whistleblower in accordance with the relevant legislation.

These tools and additional information regarding the fight against corruption are described in more detail in the "Internal Control and Risk Management System" section of the Corporate governance report and ownership structure.

No cases of corruption were recorded in 2021.

### 3.2 Internal Audit and Risk Management System

The Internal Audit and Risk Management System is a structured and organic set of procedures and organisational structures aimed at preventing or limiting the consequences of unforeseen results and enabling the achievement of company objectives, compliance to legislation and regulations, and the correct and transparent disclosure of information both internally and to the market. Furthermore, this System enables the identification, measurement, management and monitoring of the main risks in order to promote the efficiency and efficacy of company processes, protect the value of the Group's activities, ensure the reliability and integrity of accounting and management information and ensure that transactions comply with all existing legislative measures.

The Internal Audit and Risk Management System is based on an Enterprise Risk Management (ERM) approach and consists of a structured risk management process, in line with the provisions of international best practices on the subject and in compliance with current legislation. The aim of this System is to facilitate activities consistent with the company goals, promoting informed decisions and ensuring the efficiency and efficacy of internal processes, as well as the reliability of financial information.

By updating a Company Risk Catalogue, the System enables identification, measurement and control of the level of exposure of all Group Companies to various risk factors, as well as the management of overall exposure, and envisages the implementation of control measures and procedures able to flag any anomalies. As described in more detail in the "Main Risks and Uncertainties" section of the 2021 Annual Report and the "Internal Control and Risk Management System" section of the Corporate governance report and ownership structure, the main risk factors to which the Group is exposed relate to the external context, strategic and operational risks (including risks related to Research and Development, the environment, health and safety, and pharmacovigilance risks), financial risks, legal risks and compliance risks.

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<sup>11</sup> Corporate Governance Code, comment to Article 7: "The Committee deems that, at least for companies belonging to the FTSE MIB index, an adequate internal audit and risk management system must include an internal whistleblowing system for employees to report any irregularities or breaches to applicable legislation and internal procedures (so-called whistleblowing system) in line with national and international best practices, which guarantees a specific and confidential channel for information as well as the anonymity of the whistleblower".

The Group subjects its Risk Catalogue to a periodic interim review with the support of a consulting company, implementing a bottom-up approach to critical risk assessment to coincide with significant company activities, such as the definition of the budgets during the acquisition projects, the review of the organisational structure and other events that could have a potential impact on the risks to which the Company is exposed.

Specifically, in 2021, the Risk Catalogue was updated and submitted to the Risk, Control and CSR Committee and the Board of Directors on four occasions: in the context of approval of the 2021/23 Three-Year Plan, for updating of the state of progress for certain projects related to an acquisition in 2020, in the context of a new acquisition and for annual updating of the Catalogue in December 2021. In addition, in order to effectively meet Swiss regulatory requirements and, at the same time, strengthen the Recordati group Internal Audit System, a project was implemented for critical analysis and review of the existing internal audit processes in the subsidiary Recordati AG. This project, implemented in line with the existing Recordati group Risk Management Model, led to additions to the existing procedural system with adoption of specific protocols and procedures aimed at further increasing the effectiveness of certain company processes and the level of internal auditing in the subsidiary Recordati AG.

Updating of the Company Risk Catalogue in 2021 was performed with particular focus on certain key areas. These include the continued impact of the COVID-19 pandemic and assessment of ESG topics in the Company Risk Catalogue, with introduction of the new Risk Catalogue for Climate Change. A second new risk associated with managing communications via Social Media has been introduced in the Catalogue.

The Board of Directors, also on the basis of this review, concluded that the level and nature of the risks identified by the Group Risk Catalogue, presented to the Board in the meeting of 16 December 2021, are compatible with the Group's budget and strategic goals.

### *The principal non-financial risks*

The identification, assessment and management of corporate risks is based on an Enterprise Risk Management (ERM) approach and also includes non-financial risks related to the topics expressly specified by Italian Legislative Decree 254/2016.

In particular, the principal non-financial risks identified by Recordati relate to:

- Climate change (e.g. changes to legislation in the context of the transition to a decarbonised economic system, physical damage to assets by weather events, etc.);
- Environmental management and safety in the workplace (e.g. risks in the HSE– Health, Safety and Environment area and industrial incidents);
- Management of personnel and workers' rights (e.g. compliance with human rights, change in dimension of the organisational structure, loss of key resources, etc.);
- Supply chain (e.g. inappropriate selection of suppliers and commercial partners, interruption of supply by critical suppliers, rights of the personnel involved etc.);
- Compliance (e.g. fight against corruption, compliance with international quality standards, with legislation pertaining to the drug scientific information);
- Product responsibility (e.g. product recalls and impacts on patients' health).

The aforementioned risks were identified by the Group and classified as medium-low risk, in terms of residual risk, assessed in terms of the likelihood of an at-risk event and the impact of such an occurrence. In fact, in relation to such risks, the Group has adopted specific policies, management models and activities aimed at the mitigation of the same.

A brief description of the principal non-financial risks identified by the Group and related to the material topics of the Recordati group, as well as the procedures in place for their management and mitigation, is given below:

- Topics linked to climate change: in this context, the risks are identified linked to potential negative consequences (operational, financial and reputational) of climate change. In particular, one risk related to climate change is connected to changes in legislation due to the transition in progress to a decarbonised economy (e.g. carbon-tax policies, increased legal and financial risks for failure to observe performance standards, changes in incentivisation programmes, etc.) with potential impacts, for example, on technology of existing plants, compliance/energy costs, etc. Risks connected to climate change may also be of a physical nature (extreme weather phenomena such as precipitation, flooding, drought, and access to natural resources) with impacts on the protection of assets and business continuity. In addition, growing sensitivity and awareness around climate change amongst stakeholders may generate reputational risks if these aspects are not appropriately managed. In the face of these risks, the Group constantly monitors the development of relevant laws, regulations and standards and defines ESG goals within the Group sustainability strategy (e.g. increase in the purchase of renewable energy, implementation of projects to increase energy efficiency, etc.). The Group has adjusted its All Risk Property insurance policies to cover the risks of direct damage (damage to buildings, machinery and goods) and indirect damage (loss of earnings from accidents) in order to hedge any losses arising from potential shut-downs or damage to the production cycle.
- Topics linked to environment: the risks in this context predominantly relate to the production process. In particular, such risks concern those deriving from industrial incidents that may have serious consequences for people and the environment, with resulting impacts in terms of economics and corporate image. The management of these risk is above all required by the quality standards provided for by the sector in which the Group operates, compliance with which is represented by the environmental certificates obtained by the Group's main production sites. Specific measures are represented by a preventative risk analysis carried out by specific and qualified personnel, an audit plan and plant maintenance activities to which significant financial resources are allocated on an annual basis. These measures enable the Group to drastically reduce its exposure to risks of this nature.
- Topics linked to HR management: these risks concern the rights, health and safety of workers as well as their professional development. In relation to health and safety in the workplace, compliance with legislation is guaranteed by the respect for technical-structural standards relative to equipment, plants, workplaces and chemical, physical and biological substances, as well as organisational activities such as emergency management, first aid, tendering processes and periodic safety meetings, and consultations with workers' safety representatives. Finally, health checks, information sessions and training activities for workers as well as a programme of internal audits and audits by third parties enable the Group to monitor and reduce risks in this context. In relation to workers' rights, the principal risk identified concerns the size of the organisational structure in terms of the adequacy of resources and skills, as well as the risk of losing key resources. To deal with these risks, the Human Resources Department constantly monitors the size of the workforce within the various divisions and units of the Group. Furthermore, the Company employs a specific skills mapping process (the Group Performance Appraisal System), mapping both managerial and technical skills and enabling the identification of key resources at Group level, with an initial focus on Managers and then considering lower levels within the company.

- Topics linked to the supply chain: although the Group operates in a highly regulated sector, certain risks relating to the procurement chain have been identified, including that of establishing relationships with suppliers that do not guarantee responsible procurement processes regarding human rights, environmental protection and safety in the workplace, and the risk of being unable to source adequate commercial partners and the lack of control over performance of outsourcing contracts. The Group manages these risks through contractual clauses that define the mutual responsibilities of the parties, the use of consolidated and qualified suppliers in line with applicable technical standards, document audit activities and on-site inspections carried out by qualified personnel. In order to protect the rights of workers in the supply chain, termination clauses are included in company contracts for failure to comply with the company Code of Ethics. Furthermore, the use of an IT platform for supplier approval, allowing relevant documentation such as certificates and declarations to be gathered organically, which further reduces the risk of partnerships with suppliers that have unsuitable technical, ethical, conduct and sustainability profiles.
- Compliance: within the scope of the compliance area, these include, as well as risks of committing offences against the Public Administration, risks related to non-compliance with international quality standards and legislation regulating scientific information on pharmaceutical products. To prevent non-compliance with the quality standards (Good Manufacturing Standards - GMP) that regulate chemical and pharmaceutical production activities, the Group has adopted a consolidated Management model that provides for the implementation of Standard Operating Procedures and a dedicated quality control department. The model is periodically subject to inspection by national and international authorities, as well as commercial partners. As regards medical scientific information, compliance is ensured by appropriate company procedures, by control activities conducted by independent bodies and internally by dedicated organisational departments, as well as by the continuous training of personnel on compliance with ethical standards and industry legislation. In order to promote increasingly transparent relations with the medical community and healthcare facilities, the Group's branches publicly disclose Value Transfers in relation to business meetings, consultancy and donations. Finally, the Anti-Bribery Manual also aims to promote correct conduct in the various activities relating to scientific information and more generally to relations with the medical community and the Public Administration, areas particularly exposed to corruption risk.
- Topics relating to product responsibility: these refer to Product Liability risks with the potential need for product recalls, impacts on patient health and consequent economic or reputational impacts for the company (as indeed the risk of demands for compensation as a result of side effects caused by its products). For this reason, for a number of years now the Group has introduced specific quality control personnel that carry out specific product analyses in order to identify the "robustness" and reliability of the production processes. These professional figures, required by industry legislation, such as the "Qualified Person", the "Quality Assurance Officer" and the "Quality Manager" are responsible for ensuring compliance with Good Manufacturing Practices envisaged by specific internal procedures and existing legislation. Further control measures related to the topics outlined above include inspections of the Group's production units by third-party bodies, as well as the constant increase in authorisations held by the Group's pharmaceutical laboratories.

More information on the activities carried out by the Group in relation to ESG risks is contained in the chapters "The Group's Focus on the Environment", "The Recordati Group's Employees", and "Suppliers and Strategic Partners" of the Non-Financial Statement and in the "Health, Safety and Environment" section of the 2021 Annual Report.

### 3.3 The Group's fiscal policy

Due to its strong international presence, the Recordati group contributes to the development of the countries in which it operates, providing products, services and employment and generating ethical, lasting and sustainable value in line with applicable laws and regulations in these countries, also through payment of the relevant state taxation.

The Group is aware of the primary value of such income for the collective well-being and therefore contributed actively to observing laws and regulations established by the individual fiscal jurisdictions, collaborating for payment of taxes and duties, and adopting transparent, honest and proper conduct.

Indeed, in order to develop and maintain professional and transparent relations with the Public Administration and national and international Tax Authorities, the Group guarantees access to relevant information demonstrating the comprehensive nature of fiscal processes, declarations and statements. Furthermore, the Group regularly fulfils local and foreign fiscal compliance requirements, e.g. through preparation of Transfer Pricing Documentation and the Country-by-Country Report (CbCR) in compliance with OECD Guidelines.

The global fiscal strategy implemented is aligned with the business strategy of the Group, aimed at expansion and diversification of the portfolio of activities without application of aggressive tax planning and, where applicable, using the institutes established by the various systems to collaborate with local Tax Authorities.

In the context of its fiscal approach, stakeholder engagement and management of problems of a fiscal nature, the Group pursues the following principles:

- Observation of laws and regulations and fulfilment of all requirements applicable in the countries in which it operates;
- Maintenance of a solid governance structure to properly comply with fiscal obligations and management of fiscal risk. All decisions are taken on the basis of the system of powers in force with supporting documentation justifying the decision-making process;
- Development and promotion of collaboration with Tax Authorities, based on reciprocal respect, transparency and trust. To this end, the Group has submitted various applications for rulings and prior agreements on transfer pricing;
- Guarantee of adequate legislative compliance, by observing documentary requirements under national or international law, including preparation of transfer pricing documentation for Group companies in order to guarantee, demonstrate and support compliance with the principle of free competition relative to prices applied to intragroup transactions;

- Dialogue with governments on proposals for changes to fiscal legislation, where appropriate, directly or through representative bodies;
- As mentioned above, absence of the use of aggressive tax planning schemes involving artificial structures created solely for fiscal benefit or transactions without economic substance in order to obtain undue fiscal advantages. Use of incentives and tax benefits, where available, is transparent and occurs in full collaboration with the Tax Authorities involved, e.g. the Patent Box incentive pursuant to Italian Law of 23/12/2014, as amended, or tax credits for research and development activity;

Acting with integrity and not using tax havens that do not allow the exchange of information or jurisdictions with low taxation to obtain undue fiscal advantages.

### ***Tax governance, control and risk management***

Pursuing its fiscal strategy, the Group employs solid systems of governance, control and risk management in the fiscal context. Also through adoption of the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001, the activities of the Supervisory Body regarding the procedures and protocols it contains and the suggestions and analyses performed by the Internal Audit Committee, the Group ensures that there is an adequate and effective structure for prevention of offences, including those of a fiscal nature.

The Group's approach to fiscal risk is integrated into our broader corporate risk-management framework. The management of fiscal risk is performed in line with the requirements of applicable legislation and in the long-term best interests of shareholders, taking into account operational, economic and reputational factors.

In order to minimise fiscal risk, the Group implements specific checks to ensure correct and prompt payment and transfer of taxes in the context of transparent and exacting compliance, also aimed at preventing possible disputes. Further guarantees are provided by periodic audits performed by the Board of Statutory Auditors and the independent auditors, also through fiscal-risk-management processes.

The Group's tax department, operating under the Group Chief Financial Officer, is composed of experts in national and international taxation that regularly receive adequate training for appropriate management of fiscal strategy and the actions necessary for its implementation. Additionally, the Group also avails itself of external tax professionals for tax consulting and assistance required for correct and comprehensive interpretation of local and foreign legislation and close assessment of potential emerging risks. Fiscal risk can, in fact, also derive from unclear laws and regulations, as well as differences in interpretation.

Finally, the Group employs its whistleblowing procedure that allows all stakeholders to report critical issues regarding unethical or illicit conduct and the integrity of the Group, also in relation to fiscal considerations.

## Income taxes: country-by-country reporting

| Geographical Area | Tax Jurisdiction   | Unrelated Party Revenue [€ thousand] | Related Party Revenue [€ thousand] | Average Nominal Tax Rate | Income Taxes Paid <sup>12</sup> [€ thousand] | Income Taxes Accrued [€ thousand] | Number of employees <sup>13</sup> | Tangible Assets other than Cash and Equivalents [€ thousand] |
|-------------------|--|--------------------------------------|------------------------------------|--------------------------|--|-----------------------------------|-----------------------------------|--|
| Africa            | Tunisia  | 20,341                               | 1,358                              | 25.0%                    | 985  | 952                               | 396                               | 3,839  |
| Asia and Oceania  | Australia, Japan, United Arab Emirates   | 34,548                               | 766                                | 20.2%                    | 913  | 1,279                             | 34                                | 301  |
| Europe            | Austria, Belgium, Bulgaria, Czech Republic, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom | 1,367,017                            | 648,144                            | 23.1%                    | 54,401                                       | 96,425                            | 3,898                             | 108,088  |
| North America     | Canada, Mexico, USA  | 133,573                              | 21,964                             | 27.8%                    | 8,328  | 10,271                            | 87                                | 747  |
| South America     | Brazil, Colombia   | 9,760                                | 1,067                              | 33.0%                    | 770  | 742                               | 22                                | 158  |

The data provided refers to the 2020 financial year, as this is the most recent period for which the information is available. For the names and businesses of the entities residing in each tax jurisdiction, please refer to the List of Group companies reported in the Consolidated Financial Statements. The data reported are aggregated by geographical area and include the average nominal tax rate for each area.

<sup>12</sup> The item "Income Taxes Paid" differs from "Income Taxes Accrued" mainly due to the differences in the timeframes for determining the tax base and taking advantage of the tax benefits associated with research and development activities.

<sup>13</sup> FTE (full time equivalent) employees and collaborators.



## 4. PEOPLE'S HEALTH: RECORDATI'S PRIORITY SINCE THE BEGINNING

*The Recordati group has always been focused on developing and offering innovative products, with the aim of improving human health and quality of life: To this end, the Group invests continuously in research and development and is committed to maintaining the highest product quality and safety standards throughout the product life cycle. In the Recordati group's strategy, the central importance of patients, including the most vulnerable, is also manifested in a constant attention to improving access to healthcare. Convinced that every single patient should have access to the best possible treatment, the Group also operates in the area of rare diseases.*

### 4.1. Research & Development and Intellectual Property

The Group is constantly committed to Research & Development activities, implemented through pharmaceutical pipelines and the acquisition of new areas of speciality. In particular, in recent years Recordati has focused its efforts mainly on pharmaceuticals in the rare diseases sector.

Over the last few years, the development of new pharmaceuticals, enabled partly through internal research programmes but primarily through R&D opportunities in partnership with external companies and research institutions, has been a fundamental element in enriching the pipeline and ensuring the Group's consistent growth.

The Group carries out research and development in accordance with good clinical and laboratory practices, guaranteeing compliance with the highest international standards. Recordati uses animals in scientific experiments only when this is strictly necessary, that is when there is no alternative and when it is expressly required by the health authorities. In such cases, Recordati makes use of specialised centres which guarantee adherence to national and supra-national legislation and which effectively implement the principles of the 3Rs: Replacement (using alternative methods), Reduction (minimising the number of animals used) and Refinement (protecting animal welfare).

Recordati ensures the utmost rigour in performance of clinical studies through appropriate data management and the transparent management of results, thus avoiding any potential conflicts of interest. The health and safety of the subjects involved in clinical and post-marketing studies are our top priority, along with the protection of their human rights, including the rights to dignity, self-determination, privacy, and the confidentiality of personal data. Subjects enrolled in the studies are provided with clear and comprehensive information, expressed using comprehensible, non-technical language. The Group uses trial centres and suppliers of proven reliability and professionalism and which are capable of meeting the highest legal and regulatory requirements, as well as the applicable codes of conduct for the industry.

#### **Ethics and transparency in clinical trials**

Clinical trials are essential for determining whether new medicinal products are safe and effective treatments for patients. In particular:



- interventional clinical trials are conducted by various Recordati Group companies to demonstrate the efficacy and safety of new drugs in the development phase in various rare diseases and in populations with unmet medical needs;
- observational post-marketing clinical studies, known as “real world” studies, are conducted to monitor the benefit-risk balance of new drugs once they are on the market and to collect additional data to improve the knowledge of the product.

To ensure full compliance with the requirements defined by the regulatory authorities and to guarantee the utmost rigour in the conduction of clinical trials, the Group has defined a set of standard operating procedures (Corporate Standard Operating Procedures - SOPs), and the entire process is closely monitored through continuous auditing activity.

**Standard Operating Procedures – Corporate R&D Quality Management System:** the same Standard Operating Procedures are applied at all of the Group's research centres to ensure that interventional clinical trials are conducted in compliance with the highest international standards, and in line with the principles established in the Declaration of Helsinki and the Good Clinical Practice (GCP) guidelines defined by the International Council of Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), as well as applicable local laws and regulations.

At the same time, observational Post-Authorisation Safety Studies (PASS) are conducted in line with the Guidelines for Good Pharmacoepidemiology Practice (GPP) and the Good Pharmacovigilance Practice (GvP).

The confidentiality of the collected data is protected in accordance with current privacy legislation such as the General Data Protection Regulation (EU) 2016/679 (“GDPR”).

Study results are reported in accordance with the requirements of the European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA).

**Staff qualifications and training:** all Recordati employees involved in the planning, conduction and reporting of clinical trials are suitably qualified in terms of professional experience and training. The Group delivers periodic training programmes on applicable company procedures and study-specific aspects (therapeutic areas, study protocols). Training is delivered and documented in collaboration with the Quality Assurance Department.

**Selection and supervision of Contract Research Organisations (CROs):** the Recordati Group's clinical trials are performed with the support of adequately qualified international Contract Research Organisations (CROs), experienced in conducting clinical studies in various countries in collaboration with research centres. The CROs are only selected after an in-depth evaluation of their experience and procedures, as assessed also during qualification audits. Subsequently, the respective roles and responsibilities of Recordati and the CRO are defined clearly and in detail in specific written agreements.

The personnel of the Recordati Group, in the capacity of sponsor of the study, perform continuous oversight on the activities carried out by the CRO in accordance with a specifically defined plan, in order to ensure that:

- appropriate documentation on the medicinal product (as included in the Investigator’s Brochure and in the Investigational Medicinal Product Dossier) and on the study itself (as described in the protocol, in the informed consent form and in the Case Report Form) is prepared and submitted to the Competent Authorities, the Ethics Committees and the Investigators prior to the start of the trial and, if necessary, updated during the study;

- the medicinal product is produced in accordance with the Good Manufacturing Practice guidelines and is adequately packaged and labelled in accordance with the Good Clinical Practice guidelines;
- the clinical trials only begin upon receipt of the necessary approvals issued by the Health Authorities, the Ethics Committees and the Institutions, and having established an appropriate insurance for the patient;
- patients are included in the clinical trials only having voluntarily confirmed their wish to participate (having received adequate information from the investigators regarding the objective, methods, benefits and potential risks of the study), and in compliance with applicable privacy law (such as the EU GDPR);
- the study is conducted and reported in accordance with the requirements of the Good Clinical Practice (GCP) guidelines and in line with the applicable laws and regulations.

**Risk assessment:** Recordati, as sponsor of the clinical trial, conducts an in-depth analysis of the possible risks and benefits for the patients associated with their participation in a clinical trial (due to the administration of an experimental drug, the design of the study and/or its procedures) both before and during the study. The description of possible risks is included in the documents submitted to the Competent Authorities, the Ethics Committees and the Investigators. The risks are also described to the patients included in the trial in a clear, concise and comprehensible language in the informed consent form. The possible risks are minimised through the definition of appropriate patient inclusion and exclusion criteria (age, gender, concomitant diseases and treatments), the use of placebos only when ethically acceptable and/or required by the Health Authorities, the highest standards of care, the availability of medical treatment (if necessary) in the event of adverse reactions and the avoidance of invasive and unnecessary procedures.

The safety profile of the investigational products and the risks associated with participation in the clinical trial are continuously monitored by qualified medical personnel at Recordati (and, when required by the protocol, by an independent and external “Drug Safety Monitoring Committee”). Health authorities, investigators and patients are duly informed during the conduction of the study in the event of any changes in the expected benefits and risks.

**Data integrity:** the integrity of the data is ensured by the verification of the original documents filed at the research centres by the study monitors, by the validation of the IT systems used for data collection, analysis and reporting, and by co-monitoring visits performed by Recordati personnel in collaboration with the CRO monitor. Collected data is processed in accordance with the operating procedures and quality standards established by Recordati.

**Audits:** the entire process is monitored through constant auditing activity over the CRO, from the qualification step through to the subsequent conduction of the trial. Recordati also conducts audits at research trial sites following a risk-based approach.

In order to ensure the compliance with the applicable legislation, internal audits are also performed inside the Recordati Group.

Furthermore, both Recordati – as sponsor – and the CROs may be inspected by the Regulatory Authorities to verify compliance with the Good Clinical Practice guidelines and pharmacovigilance obligations.

**Data transparency:** data transparency is ensured through the entry of clinical trials to a public register (EU Clinical Trial Registry and/or ClinicalTrials.gov) before the enrolment of the first patient, and through the publication of the results of the trial in accordance with the requirements of the European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA).

**Archiving:** the study essential documents are maintained in electronic or paper format for the period of time required by applicable legislation and accordance with Recordati's procedures.

**Investigator Initiated Studies (IIS) supported by Recordati:** in line with the Group's standard operating procedures, Recordati may decide to support clinical trials proposed by academia after a careful evaluation of the scientific value of the proposed study, the expected benefits, and the possible risks associated with the use of the Group's existing pharmaceutical medicinal products in new indications.

In such cases, a written agreement between Recordati and the Investigator/Sponsor of the study is signed in order to ensure the exchange of safety information and enable an appropriate description of the potential benefits and risks to the patient.

#### *Policy on the compassionate use of medicinal products*

Recordati believes that conducting clinical trials is the best way to ensure a broad patient access to medicinal products, because clinical trials ensure the collection of the efficacy and safety data required by the Health Authorities to grant a marketing approval and a price reimbursement.

However, Recordati recognises that certain patients with serious or life-threatening conditions may not be suitable to take part in a clinical trial and may not be able to access satisfactory alternative treatments. In these cases, in line with company policy and in accordance with the Group's Standard Operating Procedures, Recordati may provide access to medicinal products that are not yet available on the market on compassionate grounds, in cases where this approach is approved by medical and pharmacovigilance personnel with specific knowledge of the product, and in accordance with all applicable laws and regulations.

### *Protection of intellectual property*

The Group's intellectual property is protected by its patents, which enable Recordati to protect its R&D investments. Following a positive outcome of the patent criteria assessment of the invention in accordance with local laws and legislation, the award of European and international patents generally provides for patent protection in several countries.

Depending on the invention, patent applications may be submitted to protect new compounds, manufacturing processes, medical indications, devices and the composition of materials. This protection may vary from country to country and depends on the type of patent application and the intended objective. The duration of the protection is generally 20 years, beginning from the date of submission of the application. This period may be extended for a maximum of five years in certain countries, particularly in Europe and the United States, following the granting of authorisation for the market entry of the pharmaceutical product that uses the patented invention.

The patent portfolio is regularly monitored in collaboration with the relative Group offices, in order to identify potential breaches and take any necessary legal action. The Group also benefits from intellectual property rights for products and compounds patented by other companies through the relative licensing agreements.

As at 31 December 2021 the Group held 1,306 patents, of which 63 were granted in 2021.

Trademarks are also subject to intellectual property rights. This protection granted by such rights varies from country to country and is based principally on the use and registration of the trademarks. Trademark registrations are obtained based on the positive outcome of national, international and EU practices, and are generally granted for renewable periods of 10 years. The Group holds around 7,900 registrations for 900 trademarks filed in the name of its various offices. Approximately 55% of the trademarks are currently in use.

For more information on the Group's research and development activities, please refer to the "Research and Development" section of the 2021 Annual Report.

## 4.2 The Recordati group's commitment to improving access to medicine and healthcare

*Rare diseases and orphan drugs: a healthcare priority, a Recordati priority.*

*The Group is dedicated to caring for the most vulnerable. The motto "Focused on the Few" expresses Recordati's conviction that every single patient should have access to the best possible treatment.*

Rare diseases are predominantly genetic disorders that can affect patients of any age, gender and ethnicity, and involve every category of medical specialisation. These are chronic, often fatal or severely debilitating diseases that have a huge impact on patients, their families and society. To treat these diseases, specialist medical products known as "orphan drugs" are developed.

A disease is defined as rare when its prevalence, understood as the number of cases in a specific population, does not exceed a set threshold. In Europe, this threshold is 0.05% of the population, corresponding to 5 cases in every 10,000 people, while in the United States the threshold is less than 200,000 people in the country's entire population. Over 30 million people are affected in Europe alone. There are more than 7,000 known rare diseases, but today approved treatments exist for just 10% of these. The number of patients is so small that a rare disease is often not "adopted" by the pharmaceutical industry, hence the expression "orphan drug".

Due to the broad spectrum of existing diseases and the scarcity of available information, physicians may never examine a patient with a rare disease in their entire career. For this reason, there is always the risk that when a child is born with a rare disease, a correct diagnosis may not be made and timely treatment may not be provided. The limited number of patients and scarcity of relevant knowledge and expertise characterise rare diseases. In order to guarantee that the scarce knowledge and resources are made available, these are often shared through international cooperation channels. In order to provide assistance to persons affected by a rare disease and encourage pharmaceutical and biotechnology companies to invest in treatments for rare diseases, governments have introduced various legal and financial incentives.

The Recordati group operates in the rare diseases segment worldwide through Recordati Rare Diseases, its dedicated group of subsidiaries which makes our specialty pharmaceuticals for rare diseases available directly in Europe, the Middle East, the United States, Canada, Russia, Australia, Japan and certain countries in Latin America (Brazil, Mexico and Colombia) and through highly qualified distributors in other areas, covering over 100 countries around the world. Recordati Rare Diseases is a leading pharmaceutical company entirely devoted to the research, development and commercialisation of drugs for the treatment of rare diseases, with a portfolio of products dedicated mainly to rare genetic metabolic disorders. Recently, the Group's portfolio in this segment was consolidated with the acquisition of additional important products in the field of rare endocrine diseases.

The Group has developed a direct distribution and packaging system capable of efficiently providing very small quantities of specialised products to people all around the world very quickly. Recordati manages a GMP-certified site in Nanterre (Paris) that is entirely dedicated to packaging, storage and shipment of products for rare diseases to all countries.

The activities carried out by Recordati Rare Diseases include support for patient associations for people affected by rare diseases, which help patients and their families by facilitating access to orphan drugs and treatment centres. Recordati's orphan drug specialists actively collaborate with the medical community to facilitate

dialogue between hospitals with limited expertise in rare diseases and specialist medical centres able to diagnose and treat rare conditions in an appropriate manner.

Also in the context of facilitating access to treatments, in 2021 Recordati Rare Diseases continued to support two programmes to provide assistance to patients eligible to receive support for the costs related to its products: the Patient Assistance Program (PAP) and the Co-Pay Assistance Program (CAP), extending these programmes to the recently acquired endocrine drugs (Signifor®, Signifor® LAR and Isturisa®):

- Patient Assistance Program (PAP): this programme enables Recordati Rare Diseases to supply products to medical professionals or hospitals which require free product in order to treat patients who do not have adequate medical insurance to cover the cost of the drug and are able to demonstrate financial need. A case-by-case assessment is carried out by a third party on behalf of Recordati Rare Diseases in order to substantiate eligibility and register patients in the programme.
- Co-Pay Assistance (CPA): this support programme, available for certain products, is administered through a third party on behalf of Recordati Rare Diseases and provides financial support to insured patients for all or part of their financial responsibilities not covered by their insurance plan. In order to benefit from this assistance, patients must fulfil certain eligibility requirements, and have a valid medical prescription for the product.

For more information on rare diseases and orphan drugs, please refer to the relevant section of the 2021 Annual Report.

#### **RECORDATI RARE DISEASES FONDATION D'ENTREPRISE**

Working in the field of rare diseases means we have an important responsibility towards patients and healthcare professionals and lies at the heart of Recordati's commitment.

The Recordati Rare Diseases Foundation was established to provide independent and unconditional support for training programmes aimed at the scientific community in the field of rare diseases. These high-level training courses are organised under the supervision of an external scientific committee. The overall aim is to share experience in the diagnosis, management and outcome of rare disorders where individual knowledge is by its nature limited. The Foundation gives specialists the opportunity to broaden their expertise, develop new ideas and establish scientific relationships.

A number of live events are held each year bringing together clinicians and scientists from all over the world to discuss innovations and new diagnostic and management strategies. However, during the COVID-19 pandemic and consequent lockdowns, courses were postponed and virtual meetings organised to keep up to date with developments in the scientific community.

In 2021 five webinars were organised as introductions to the CME (Continuing Medical Education) courses. These webinars were conducted virtually and focused on topics including: neurometabolic disorders, hypoglycaemia and a debate on the challenges of developing drugs for lysosomal storage disorders, involving adult and paediatric metabolic specialists, neurologists, endocrinologists, geneticists, and other healthcare professionals from around the world. The Foundation is also planning courses to be held in 2022.

### 4.3 Product quality and safety

In order to guarantee the highest possible levels of health and safety for patients, the Group is committed to guaranteeing product quality and safety throughout the Recordati supply chain, from the research and development phase for new products to the procurement of raw materials and packaging materials and the production, control and commercialisation of registered medicines.

During the research phase, specific clinical studies are carried out in order to ensure the efficacy and safety of the products and confirm the absence of any possible dangerous side effects. Furthermore, the results of these studies are assessed by regulatory bodies in Italy, Europe and all of the other countries around the world, before authorisation is given to introduce the medicines on the market.

Within the supply chain, the Group's suppliers are selected according to stringent criteria and are periodically audited to confirm compliance with the applicable quality standards required.

During manufacture at all Recordati facilities, all medicinal products are produced in accordance with Good Manufacturing Practices (GMPs) in plants authorised by the relative local and non-European regulatory bodies. The Group's plants are constantly subject to inspections and audits to ascertain compliance with current legislation and internal regulations. Furthermore, all third party production facilities used by Recordati are subject to periodic audits, verifying the existence of the necessary regulatory authorisations required and ascertaining that all manufacturing and control activities are conducted in compliance with GMPs.

The manufacturing process includes rigorous and comprehensive preliminary controls of all batches received and all raw materials and packaging materials, conducted prior to their use in manufacturing and packaging processes at the Group's production plants. In almost all cases, these controls are conducted at the Quality Control laboratories located within the Group's plants. In the event that external laboratories are used, these are selected and monitored according to the same rigorous procedure adopted for the Group for third party manufacturing facilities. In both cases, the Quality-Control laboratories must be expressly authorised and certified, with inspections performed by national and international regulatory agencies, in order to perform these control activities.

In order to guarantee the quality and safety of the products, each batch of medicines is subject to a preliminary quality control procedure prior to its release on the market, with the approval for distribution granted only in the event that the batches comply completely with the specifications predefined by the Regulatory Authorities.

Furthermore, all production processes are subject to validation procedures to confirm the capacity to supply medicines in a way that is reproducible over time in line with the quality, safety and efficacy standards on which the registration of the drug with the competent Authorities is based. Production and control procedures, as well as the validation of production processes, are guaranteed through the use of certified equipment subject to periodic recalibration, and specially and periodically trained personnel operating in line with the rigorous Standard Operating Procedures, with the goal of making every operation consistently reproducible and aligned with the defined standards.

All personnel engaged in GMP and product quality and safety monitoring procedures receive training at least once a year on topics related to Good Manufacturing Practices, as well as periodic updates on the various procedures, with particular reference to procedures regarding the use of equipment, codes of conduct and safety protocol.

For the product commercialisation phase, the Recordati group has implemented a system aimed at guaranteeing compliance with European, Russian, Turkish and US Directives on anti-counterfeiting measures, as well as those of other countries with equivalent regulations in force, observing the measures expected by the respective Authorities with regard to product serialisation and aggregation, and for the use of quality seals on packaging, always in line with applicable local legislation. Furthermore, when handling any complaints made regarding its products, the Group investigates any possibility of counterfeiting in order to report any such instances to the Authorities.

As well as medicines, the Recordati Group also markets Medical Devices and Dietary Supplements. The quality systems that support the Group's activities related to production, where applicable, or marketing, comply with all applicable legislation. As regards Medical Devices, activities are conducted under the supervision of Notified Bodies.

Finally, after the products have been sold, the Recordati group operates a post-sale pharmacovigilance policy, enabling doctors, healthcare workers and patients to promptly notify the Group of any significant events or adverse reactions experienced during the use of Recordati products.

### *Efficiency also for production processes: the lean-manufacturing approach*

Over recent years, Recordati has introduced a lean-manufacturing approach aimed at improving production platforms through analysis of procedures and “non-production” activity/actions, that may therefore be removed from the process or improved, benefiting the entire operations cycle.

Following the initial phase aimed at increasing personnel knowledge and expertise on lean practices, a project was approved to support standardisation of processes to gather production data. The Digibelt system was installed for this purpose. This collects data, allowing precise analysis of weaknesses in the process and definition of consequent improvement actions. This project was successfully completed in the second half of 2020. There are plans to extend application of lean manufacturing to the other Group pharmaceutical plants over the coming years.

### *Audits and inspections*

In order to ensure the quality and safety of its products and verify the compliance of its suppliers with quality, environmental, health and safety legislation and regulations, the policies implemented by the Recordati Group include regular audits, as well as continuous inspections performed by the competent regulatory authorities and self-inspections within its own production plants.

#### *Inspections and quality audits*

The production plants of the Recordati Group are necessarily authorised to produce medicinal products by the respective local Authorities and as such are subject to periodic regulatory inspections. In addition to regulatory inspections, production plants are audited by the Group's clients or by accreditation bodies qualified to certify compliance with ISO international standards.

Within its own pharmaceutical plants, the Group is committed to maintaining a quality control system that fulfils all applicable national and international requirements, guidelines and standards for the production of finished

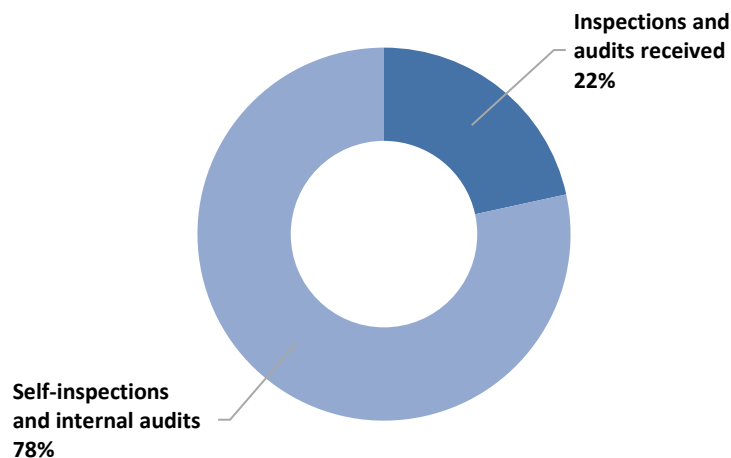


pharmaceutical products. In particular, all of the manufacturing plants operate in line with GMPs (Good Manufacturing Practices) and are regularly audited through inspections conducted by the competent national and international authorities. The Quality Control departments are responsible for the control of procured raw materials and the finished products in accordance with the relative procedures, approved methods and the pharmacopoeial monographs.

In addition to the production facility monitoring system, the Authorities also conduct periodic inspections at the branches that operate as medicinal product distribution companies in their respective regions.

In 2021, a total of 139 inspections/audits were carried out at the Group's pharmaceutical production plants and branches in order to assess product quality, safety, and compliance with certification standards. Of these, 109 (78%) were internal audits and self-inspections carried out by the Group, while the remaining 30 (22%) were carried out by the competent authorities (Health Ministries, Regulators, Certification Bodies) and third-party companies.

*Subdivision of quality and safety inspections/audits at pharmaceutical plants*



In 2021, the pharmaceutical plants underwent inspections by regulatory bodies in order to review/grant manufacturing authorisations. Of particular interest in this regard are those that were performed:

- by the Turkish authorities in Çerkezköy (Turkey) for the periodic renewal of the manufacturing site authorisation;
- by the French (ANSM) and Russian authorities at the Saint-Victor manufacturing site (France), for the production, packaging and control of products and the periodic renewal of the manufacturing authorisation for specialist medicinal products aimed at the local market and the francophone regions of North Africa;
- by the Czech authorities (SUKL) in Pardubice (Czech Republic).

Furthermore, in Utebo (Spain), inspections were performed by the competent certification bodies for the periodic renewal of the manufacturing authorisation for medical devices (IMQ and UCMCP), while in Ariana (Tunisia) inspections were performed regarding the Quality, Safety and Environment certifications, as well as an inspection by the local Ministry to authorise a new warehouse outside the production site.

The Group also received supervisory inspections for activities regarding the manufacture and/or distribution of medical devices. In particular, inspections were conducted by Eurofins, TUV and ICIM at the Milan site.

All of the inspections resulted in renewal of the existing authorisations.

In addition to the inspections received from external bodies starting in 2019, the pharmaceutical production plants are subject to internal audits carried out by the Group's internal Quality Assurance unit on an annual basis. Due to the persistent restrictions related to the COVID-19 pandemic, in 2021 these activities were conducted remotely. The acquisition of remote imaging units by all of the Group's sites will enable the effective real-time visualisation of the Group's facilities and thus facilitate audits in 2022.

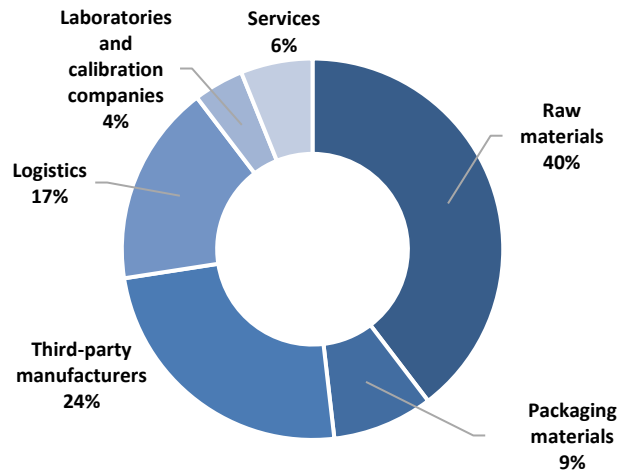
As regards the inspections at the Group's two chemical-pharmaceutical plants, it is noted that in 2021 a total of 44 audits/inspections were carried out, of which 22 were internal (mainly involving the Safety and Environment Management System, Quality/GMP Compliance and the application of specific procedures) and 22 were performed by clients (mainly regarding quality control), certification bodies on the environmental management system, and regulatory and control authorities in regard to quality, environment, health and safety.

#### *Supplier audits*

One of the main control measures implemented in the supply chain are the audits carried out by the Group at third-party companies which produce medicines, medical devices and dietary supplements, as well as suppliers of APIs, excipients, packaging and services. In addition to assessments at the supplier approval stage, use of suppliers is also dependent on the ongoing quality monitoring of all supplies in order to constantly verify the level of quality and compliance with agreed specifications.

In line with the Group's procedures, all suppliers, particularly those supplying active substances, excipients, packaging materials and services, are subject to periodic audits as defined by a risk assessment. In fact, in 2021 the Pharmaceutical Division of the Recordati Group conducted 164 supplier audits, of which 40% on suppliers of raw materials (active substances and excipients), 24% on third-party manufacturers, 17% on logistics, 9% on suppliers of packaging materials, 6% on service providers and the remaining 4% on laboratories and calibration companies.

*Subdivision of supplier audits conducted by the pharmaceutical division by product category*



As regards supplier audits conducted by the chemical-pharmaceutical division, in 2021 a total of 12 audits were conducted, mainly on suppliers of synthetic intermediates and waste treatment service providers.

**Compliance with legislation and regulations**

The Recordati group operates in full compliance with legislation and regulations in various fields thanks to dedicated and qualified personnel. As indicated in the Code of Ethics, compliance of all conduct with applicable legislation and ethical regulations is a mandatory prerequisite for Recordati and its collaborators in every country in which it operates.

Key figures in the Group active in this regard include the managers of the Pharmacovigilance Department, the Scientific Department, the Clinical and Manufacturing Quality Assurance Departments and the Regulatory Affairs Department, as well as the Qualified Person, the Health, Safety and Environment Manager and the Compliance Officer. Activities aimed at ensuring compliance with legislation and regulations are undertaken in compliance with international best practices and are constantly examined through inspections conducted by commercial partners, authorities or certification bodies. In this regard, the Recordati Group complies with the regulations issued by industry certification bodies and has achieved GMP (Good Manufacturing Practice) certification for product quality and safety at all its plants issued by the relevant national and foreign authorities. The Campoverde di Aprilia site is also regularly inspected by the Italian Medicines Agency, the US Food and Drug Administration, the Brazilian Agência Nacional de Vigilância Sanitária and the Korean Food and Drug Administration and is certified by the Japanese Ministry of Health.

During 2021, no instances of non-compliance with socio-economic legislation and regulations were recorded. However, an outstanding legal proceeding for the cancellation of an administrative penalty is still pending, as noted in the 2019 and 2020 Consolidated Non-Financial Statements. With regard to the administrative penalty

of € 29,000 imposed on the Turkish subsidiary Recordati İlaç Sanayi ve Ticaret Anonim Şirketi by Turkey's Social Security Institution following the alleged damage suffered as a result of the former's failure to provide prompt notification of price changes for certain products marketed by this branch in the countries concerned, it should be noted that after the objection raised by the Company with the competent government authorities regarding the lack of clarity in the countries of reference was not accepted, the Company filed legal proceedings against the local Social Security Institution for cancellation of the administrative sanction.

During 2021, no cases of non-compliance with legislation and/or self-regulation codes were recorded regarding impacts on the health and safety of products marketed by the Group that have led to sanctions applied to the Company<sup>14</sup>.

In relation to possible recorded cases of non-compliance with legislation and/or self-regulation codes regarding information and packaging, it is noted that during 2021, Recordati did not receive significant sanctions for marketed products<sup>15</sup>.

### **Pharmacovigilance**

Monitoring the safety of medicines is essential to ensure the effective use of the drugs and to provide high-quality medical care. In compliance with national and international laws and regulations on pharmacovigilance, Recordati has adopted an appropriate pharmacovigilance system aimed at ensuring the correct and timely evaluation of its products, both original and under licence, with particular attention given to the risk-benefit ratio.

Patient safety is a fundamental value for Recordati and is guaranteed by the pharmacovigilance system which, through the Group's quality system, operates in accordance with applicable legislation and the Good Vigilance Practice (GVP) guidelines.

The pharmacovigilance system and its quality system establish specific responsibilities and procedures for the performance of activities, which apply at Group level in accordance with local and EU legislation. Recordati's pharmacovigilance system is subject to continuous monitoring through internal audits, audits by commercial partners and inspections by the regulatory authorities.

Close safety profile monitoring applies to the entire product life cycle (from clinical trials to commercialisation) of all of the Recordati Group's drugs at a global level. The Group collects and evaluates all information relating to adverse events with its drugs, monitors their benefit / risk profiles and assesses/discusses them during specific Safety Committee meetings. The relevant information is promptly communicated to the competent authorities in accordance with current legislation. The collection of reports of possible adverse reactions made by patients and physicians is an essential element of the safety analysis.

All company personnel must be aware of the concept of pharmacovigilance and of the conduct to be adopted in the event that they become aware of an adverse reaction following the use of a pharmaceutical product of the Group; therefore, when joining the company, all new employees receive dedicated training (delivered as an e-

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<sup>14</sup> The extremely low number of product recalls were promptly handled by the Company and did not result in penalties or health impacts.

<sup>15</sup> The extremely low number of cases of non-compliance with such regulations and codes were promptly handled by the Company and did not result in significant penalties.

learning module) and all employees are required to take an annual refresher course. Furthermore, pharmacovigilance personnel are updated on pharmacovigilance obligations through participation in internal and external training courses.

### *Anti-counterfeiting*

Recordati operates in compliance with anti-counterfeiting legislation and takes the necessary steps to allow the unique identification of medicinal products, as required by the law regarding serialisation in pharmaceutical manufacturing.

Since 2006, the European Federation of Pharmaceutical Industries and Associations (EFPIA) has been developing a standardised medicinal products traceability system as part of the fight against counterfeiting. Working in collaboration with three other European organisations, EFPIA has been involved in the creation of an ambitious coding and serialisation system known as the European Stakeholder Model (ESM). In conjunction with this project, ESM members worked to implement the European Medicines Verification System (EMVS) which aims to regulate the dispensation of medicines to ensure product authenticity.

In this context, in February 2016 the European Parliament issued a regulation dictating the technical requirements for all prescription medicines in order to combat medicines being counterfeited. This regulation came into force in February 2019. However, certain member states, Italy included, are exempt from implementing this regulation for a further six years due to the adoption of internal anti-counterfeiting systems at national level. From such date, prescription drugs that do not comply with the safety requirements established by this regulation may no longer be marketed.

In this regard, in 2015 the Recordati group launched a project to ensure that all medicinal products produced at its own production plants or those of third-party companies comply with this regulation. The project was completed in line with the implementation deadlines provided for by legislation and the packs produced for the Group have been compliant with legislative requirements since January 2019. In particular, a packaging management procedure was introduced, under which each individual packet is stamped with a two-dimensional code containing a unique identification number, and a quality seal is applied. Moreover, all information generated in regard to the serialisation of individual packs are collated in a database designed to enable the in-out management of all third parties of the Group as part of a European data-collection system.

All warehouses (both internal and external to the Group) used to store serialised pharmaceuticals are made aware of the regulations and the European warehouses are connected to the relative national systems for product authenticity spot checks. Compliance with the applicable regulations is verified through audits conducted by Recordati at the relative warehouses.

As regards the requirements of individual national Authorities, Recordati cooperates with the relative national systems for the resolution of alerts arising from product audits in the logistics chain or at point of delivery to the public.

Similar initiatives aimed at combating the counterfeiting of medicinal products have been launched or are currently being implemented in various countries in which the Group operates. Specifically, in Turkey, China, the US, Korea and Russia, drugs marketed by the Recordati group are already fully aligned with these safety requirements. In Brazil, where a drug anti-counterfeiting directive has recently been issued, implementation of

similar regulation is planned within the coming years. For this reason, Recordati has launched a new project to allow provision of drugs compliant with these requirements by the deadlines defined for all products marketed by the Group in this country.

Finally, in the Middle East several initiatives are currently being implemented to combat product counterfeiting. In particular, in 2021 Recordati began to serialise its products aimed at the Bahrain and Saudi Arabian markets and launched a series of initiatives to guarantee compliance with the laws of the United Arab Emirates.

#### 4.4 Responsible marketing

As set out by the Group Code of Ethics, Recordati seeks to enable doctors and healthcare operators to offer their patients the best possible therapeutic care, providing them with complete, accurate and truthful information in accordance with the applicable legislation on the promotion of medicinal products. At Recordati regulations on advertising products to the public are rigorously applied, adopting a simple, clear, and complete approach to communication and refraining from any improper and/or misleading practices.

Relationships with the medical community, healthcare operators (pharmacists, nursing staff, or other healthcare workers in public and private healthcare structures), scientific societies, and medical associations must be handled in a transparent and traceable manner, in full observance of the applicable laws and rules of conduct set out by the professional codes of national industry associations.

All information and promotion activities regarding drugs promoted by the Group Companies are regulated by internal procedures and with assigned personnel (Scientific and Regulatory Affairs Departments) who are responsible for ensuring compliance with supra-national and national legislation and are aligned with the national codes of conduct of the relative industry associations.

In particular, these company procedures regulate medical and scientific information activities and relations with the medical community and healthcare facilities. The procedures adopted by all Group Companies regarding the sponsorship and organisation of conventions and training events, the contribution of professional medical consultancy services, the distribution of information and promotional materials and free samples, and the disbursement of donations and other grants to scientific companies and healthcare facilities are particularly important.

The Group's medical and scientific information procedures explicitly specify the applicable legislative provisions and the obligations contained in the professional codes of conduct applicable in the various countries in which the Group operates. Furthermore, the procedures are aligned with the content of the Group's Anti-bribery Manual and contain the necessary internal organisational and authorisation provisions. Finally, all procedures comply with the principles of control and transparency, correct separation of functions and traceability in decision-making processes.

The correct application of the procedures and the compliance of the marketing activities conducted by Group Companies are periodically subject to specific internal audits in the context of the audit plan approved by the Parent Group. Moreover, the Group Companies, which are members of industry associations, submit their

marketing and scientific-information procedures and activities for independent assessment and annual certification.

The Group's External Operating Personnel receive constant training on regulations regarding drug advertising and the provision of information in compliance with local legislation, and specific training on ethics and anti-bribery topics in the context of the company's training plans.

Recordati has commercial relationships with both private customers and with customers in Public Administration. Private customers include, for example, distributors, wholesalers, pharmacies, and the large-scale retail trade. Customers in Public Administration include, for example, hospitals, care homes, and public pharmacies. All commercial relationships with our customers are based on fairness, honesty and mutual respect and always comply with the current regulations in the markets where the Company operates. Within these relationships, the Company guarantees full and correct fulfilment of contracts and provides high-value products and services in terms of quality, safety, and environmental impact. In terms of our commercial relationships with customers in Public Administration, in addition to respecting the aforementioned principles, the Company also guarantees correct fulfilment of all obligations related to participation in tenders organised by Public Bodies.

## 5. THE RECORDATI GROUP'S EMPLOYEES

*The Recordati group recognises the central importance of its Human Resources, who represent the primary factor for the successful implementation of the company's strategy and the generation of value in the long term. The Group is committed to constantly safeguarding the health, security and well-being of its people, in full compliance with applicable regulations and laws. It incentivises training and professional development. It promotes a serene, merit-based and inclusive environment where each individual is able to fulfil potential and optimise their capabilities and talent.*

### 5.1 The importance of our employees

The Recordati group operates in highly specialised sectors such as the specialist and general medicine pharmaceutical sector, the treatment of rare diseases and chemical pharmaceuticals. In order to operate effectively in these fields, it is essential to collaborate with increasingly highly qualified employees able to bring professionalism and added value to the Group and enable us to confront and overcome market challenges. For this reason, Recordati has always been committed to guaranteeing a proper management policy of human resources as a lever to pursue improved competitive performance and to promote the value of quality performance.

To develop and optimise its human resources, Recordati seeks to incentivise professional growth and career development, a policy founded on the belief that the Group's results are closely tied to the capacity of its employees to engage their own commitment and talent to achieve goals. The optimisation of human resources is a key priority when fulfilling company roles. The recruitment process is aimed at selecting the candidates that best respond to the profiles required by company departments in accordance with the given time frames, market cost criteria and internal fairness.

To achieve such objectives Recordati adopts a policy towards its Employees which:

- attracts and encourages the development of talents, including by collaborating with Schools and Universities and a structured employee selection procedure;
- encourages employees and collaborators to develop their skills by providing tailored training courses;
- hangs on to and motivates the most qualified employees and those with potential for development, not just by offering competitive long term remuneration to reward merit but also through a series of initiatives able to foster a sense of belonging to the Group;
- ensures employees' well-being, health and safety;
- ensures social equity, equal opportunities and respect for the individual while constantly fighting against all forms of discrimination, which are Recordati's core values.

At 31 December 2021, the total of number of the Group's employees was 4,303 - in line with the figure in 2020 - of which 53% were men and 47% were women.

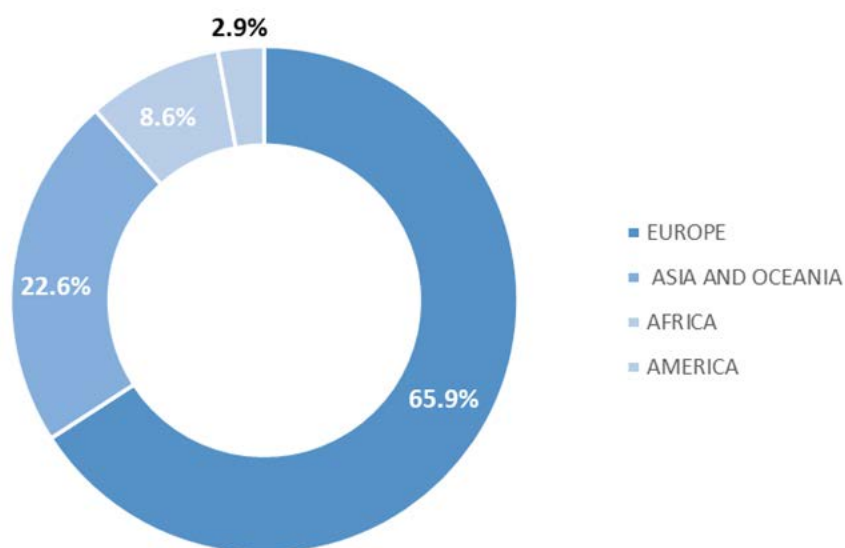


The Group's workforce is also supplemented by just over a hundred people who collaborate with Recordati in various ways; approximately half of these collaborators are women.

*Subdivision of employees and collaborators by gender<sup>16</sup>*

| Number of employees | 2021         |              |              | 2020         |              |              |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                     | Men          | Women        | Total        | Men          | Women        | Total        |
| Employees           | 2,295        | 2,008        | <b>4,303</b> | 2,352        | 2,010        | <b>4,362</b> |
| Collaborators       | 56           | 49           | <b>105</b>   | 67           | 57           | <b>124</b>   |
| <b>Total</b>        | <b>2,351</b> | <b>2,057</b> | <b>4,408</b> | <b>2,419</b> | <b>2,067</b> | <b>4,486</b> |

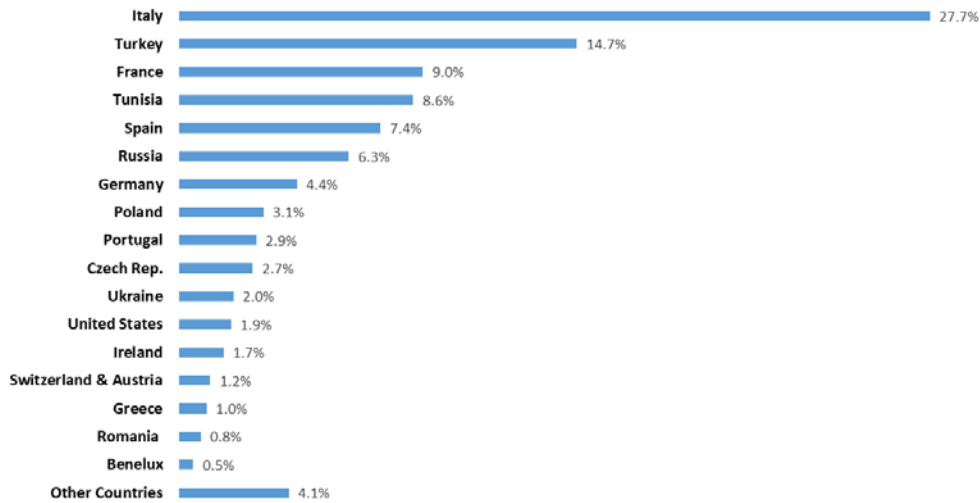
*Percentage breakdown of employees by location<sup>17</sup>*



<sup>16</sup> Data relative to the composition of the workforce refer to the headcount as at 31 December 2021.

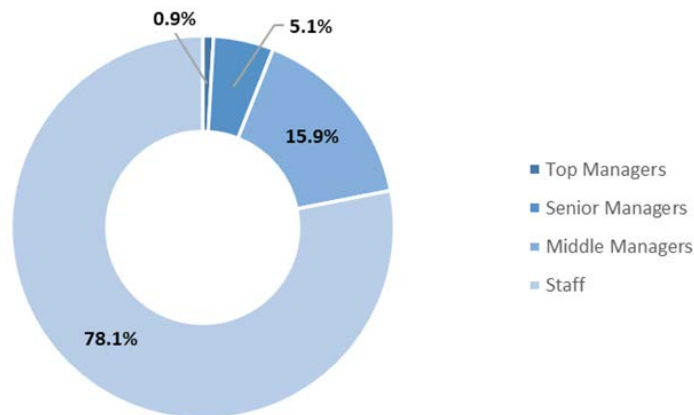
<sup>17</sup> "Asia and Oceania" includes the Turkish branch (Recordati İLAÇ ve Hammaddeleri Sanayi ve Ticaret A.S.) and the Russian branch (RUSFIC LLC).

*Breakdown of employees by country<sup>18</sup>*



With regards to the breakdown of the Recordati Group’s workforce by professional category, to facilitate ongoing comparison between the various corporate positions and give a clearer picture of the organisation, the Group’s employees are divided into four categories: Top Managers (Vice President, Corporate Managers and General Branch Managers), Senior Managers (equivalent to Directors in Italy), Middle Managers (equivalent to Junior Directors in Italy) and Staff (the other employees). At the end of the year, in addition to the 39 Top Managers, there were 219 Senior Managers, 685 Middle Managers and 3,360 Staff: All Top Managers and Senior Managers, which overall represent approximately 6% of the workforce, are hired locally, in line with the figure for the previous years.

*Percentage breakdown of employees by professional level*



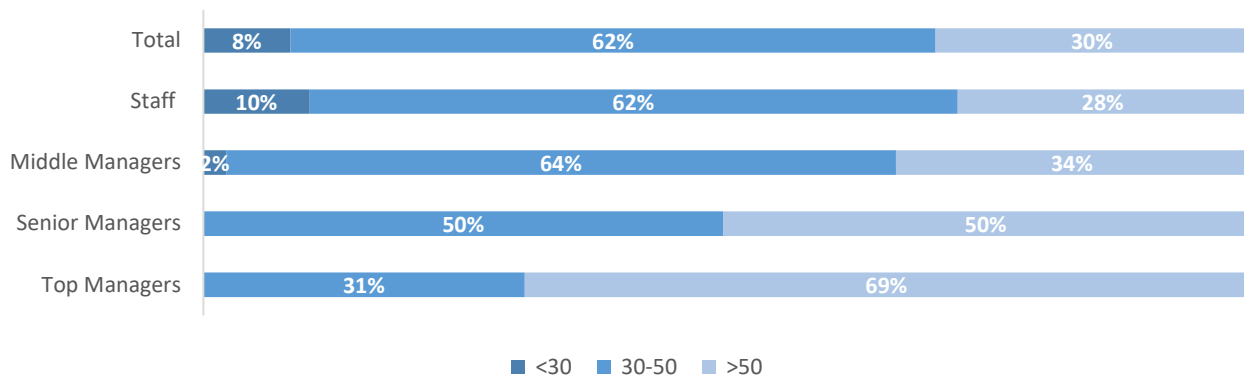
<sup>18</sup>The item “Other Countries” includes the employees who work in Armenia, Australia, Baltic countries, Belarus, Brazil, Bulgaria, Canada, China, Colombia, Georgia, Hungary, Japan, Kazakhstan, Malaysia, Mexico, Sweden, the United Arab Emirates and the United Kingdom.

Approximately 62% of the workforce is composed of employees aged between 30 and 50; 30% are over 50 and approximately 8% are under 30.

*Subdivision of employees by professional level and age*

| Number of employees | 2021       |              |              |              | 2020       |              |              |              |
|---------------------|------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|
|                     | <30        | 30-50        | >50          | Total        | <30        | 30-50        | >50          | Total        |
| Top Managers        | 0          | 12           | 27           | <b>39</b>    | 0          | 13           | 24           | <b>37</b>    |
| Senior Managers     | 0          | 109          | 110          | <b>219</b>   | 0          | 111          | 96           | <b>207</b>   |
| Middle Managers     | 15         | 439          | 231          | <b>685</b>   | 17         | 450          | 203          | <b>670</b>   |
| Staff               | 344        | 2,097        | 919          | <b>3,360</b> | 393        | 2,177        | 878          | <b>3,448</b> |
| <b>Total</b>        | <b>359</b> | <b>2,657</b> | <b>1,287</b> | <b>4,303</b> | <b>410</b> | <b>2,751</b> | <b>1,201</b> | <b>4,362</b> |

*Percentage breakdown of employees by professional level and age*



The selection process outlined in the recruitment policy can take place internally, through horizontal and vertical career paths designed to develop the technical and professional skills of employees already within the Group, or externally through recruitment campaigns conducted directly or using approved recruitment agencies.

In order to optimise the development of human resources, the Group prioritises the recruitment of internal employees to fill vacant positions. For junior positions, the recruitment process begins at university level,

focusing on undergraduates in their final year or new graduates who have been selected according to their university or Master’s specialisation. This policy offers young people the opportunity to embark on a professional path within the Group, in particular in the areas of Finance, Research and Development, Marketing and Industry. To select the best candidates, the Group uses an internal Assessment Centre that aims to assess the transferable skills and communication abilities of the young candidates through group trials and role plays.

With the intention of standardising the selection of candidates, a “Recruiting Grid” has been implemented in the HR departments of the various Group companies for several years. The aim is to support line Managers involved in the selection of a new employee during the candidate’s interview process. In a nutshell, this initiative provides a series of prompts aimed at exploring if, and to what extent, the candidate possesses the managerial skills that characterise employees of the Recordati group. During the interview, the Manager draws on a series of suggestions on how to engage with the interviewee, such as how to pose questions and which aspects to develop further. Furthermore, the “Recruiting Grid” offers a number of positive and negative indicators to outline whether a candidate possesses a certain skill.

In 2021, 542 new employees joined the Recordati group, with an inbound turnover rate (the ratio between the number of new employees and the Group’s total workforce as at 31 December 2021) of approximately 13%, while the number of employees who left the company was 601 with an outbound turnover rate (the ratio of number of people leaving the Group and the Group’s total workforce as of 31 December 2021) of around 14%. Around 56% of new employees hired during the year were women.

*Subdivision of total employees entering and leaving the company by gender and age*

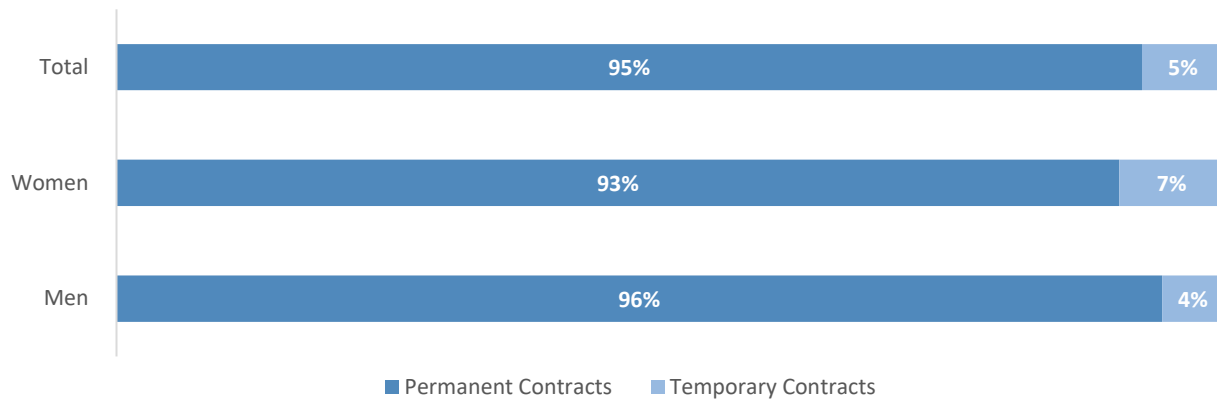
| No. of employees                        | 2021       |            |            |            |            | 2020       |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|   | <30        | 30-50      | >50        | Total      | Turnover % | <30        | 30-50      | >50        | Total      | Turnover % |
| <b>New employees entering the Group</b> |            |            |            |            |            |            |            |            |            |            |
| Men                                     | 58         | 150        | 33         | 241        | 11%        | 83         | 142        | 45         | 270        | 11%        |
| Women                                   | 89         | 184        | 28         | 301        | 15%        | 113        | 173        | 47         | 333        | 17%        |
| Total                                   | <b>147</b> | <b>334</b> | <b>61</b>  | <b>542</b> | <b>13%</b> | <b>196</b> | <b>315</b> | <b>92</b>  | <b>603</b> | <b>14%</b> |
| Turnover %                              | <b>41%</b> | <b>13%</b> | <b>5%</b>  | <b>13%</b> |            | <b>48%</b> | <b>11%</b> | <b>8%</b>  | <b>14%</b> |            |
| <b>Employees leaving the Group</b>      |            |            |            |            |            |            |            |            |            |            |
| Men                                     | 42         | 188        | 68         | 298        | 13%        | 82         | 134        | 78         | 294        | 13%        |
| Women                                   | 66         | 192        | 45         | 303        | 15%        | 87         | 139        | 44         | 270        | 13%        |
| Total                                   | <b>108</b> | <b>380</b> | <b>113</b> | <b>601</b> | <b>14%</b> | <b>169</b> | <b>273</b> | <b>122</b> | <b>564</b> | <b>13%</b> |
| Turnover %                              | <b>30%</b> | <b>14%</b> | <b>9%</b>  | <b>14%</b> |            | <b>41%</b> | <b>10%</b> | <b>10%</b> | <b>13%</b> |            |

The Recordati group believes that offering a stable and lasting working relationship is an important factor contributing to employee motivation and is essential for the Group’s growth and economic development. For this reason, 95% of all resources are recruited on permanent contracts, an increase on previous years. The Group does not hire seasonal workers and limits the use of temporary contracts to exceptional cases such as occasional peaks in production, temporary maternity cover or cover for long-term absence.

*Subdivision of employees by contract type (permanent or temporary) and gender*

| Number of employees | 2021         |              |              | 2020         |              |              |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                     | Men          | Women        | Total        | Men          | Women        | Total        |
| Permanent Contracts | 2,205        | 1,875        | <b>4,080</b> | 2,244        | 1,835        | <b>4,079</b> |
| Temporary Contracts | 90           | 133          | <b>223</b>   | 108          | 175          | <b>283</b>   |
| Total               | <b>2,295</b> | <b>2,008</b> | <b>4,303</b> | <b>2,352</b> | <b>2,010</b> | <b>4,362</b> |

*Percentage subdivision of employees by contract type (permanent or temporary) and gender*



Moreover, at a contractual level and in line with 2020, 79 people opted for part-time contracts. Approximately 78% of employees on part-time contracts are women. These contracts are usually granted by the Group to help employees who have to balance family commitments that are incompatible with full-time working hours.

*Subdivision of employees by contract type (full or part time) and gender*

| Number of employees | 2021         |              |              | 2020         |              |              |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                     | Men          | Women        | Total        | Men          | Women        | Total        |
| Part Time           | 17           | 62           | <b>79</b>    | 13           | 68           | <b>81</b>    |
| Full Time           | 2,278        | 1,946        | <b>4,224</b> | 2,339        | 1,942        | <b>4,281</b> |
| Total               | <b>2,295</b> | <b>2,008</b> | <b>4,303</b> | <b>2,352</b> | <b>2,010</b> | <b>4,362</b> |

In order to promote continuous improvement aimed at optimising the sharing of information on human resources, in 2020 a preliminary analysis was conducted to outline an HR Digital Transformation project which was implemented in 2021 through various stages that involved all of the Group's HR departments, leading to the adoption of a Human Resources Information System (HRIS) at Group level. The system went live at the start of 2022 and the aim is to use the platform as the basis for the subsequent implementation of all HR processes (recruitment, MBO, salary review, skills appraisal, etc.). The focal point of the project was the construction of a Job Architecture, a structured classification of the professional roles at Group level, which will enable greater uniformity, a standardised management approach and the creation of a Global Model to be applied to the entire Group.

## 5.2 Diversity and equal opportunities

At Recordati we believe that diversity is an asset in our teams, and that the combination of different backgrounds, cultures, genders, ages or other personal characteristics drives innovation and represents a key factor to success. By celebrating diversity and promoting inclusive practices among our employees, we are able to react to societal and market changes.

In 2021 we signed the Charter for Equal Opportunities and Equality at Work, which represents a declaration of commitment to adopt inclusive human resources policies, supported by the Italian Ministry of Labour and Social Policies. By adopting this Charter, Recordati aims to contribute to the fight against discrimination in all its forms in the workplace and is committed to enhancing diversity within its organisation.

As stated in the Code of Ethics, the Group is committed to guaranteeing that there shall be no form of discrimination whatsoever in the workplace based on age, gender, sexual orientation, ethnicity, language, nationality, opinions on political or trade-union matters, religious beliefs, or any other personal characteristics. Therefore, all Group structures are committed to: adopting criteria based on merit, skills and professionalism; selecting, recruiting, training, rewarding and managing employees without discrimination; promoting the integration of employees from other countries. In order to guarantee this principle, the Group has integrated a management policy which promotes the concept of inclusion, respects diversity and gives all employees a voice so that every contribution is heard and valued.

In line with previous years, the Group has a good gender balance, with 53% of employees represented by men and 47% represented by women. Furthermore, approximately 56% of employees hired during the year were women, 32% of Top or Senior Management roles are held by women (up on the previous year) and, finally, women represent 70% of the R&D department.

The Group is committed to continuing to promote equal opportunities. To this end, Recordati is currently defining a Diversity & Inclusion strategy and action plan, aimed at:

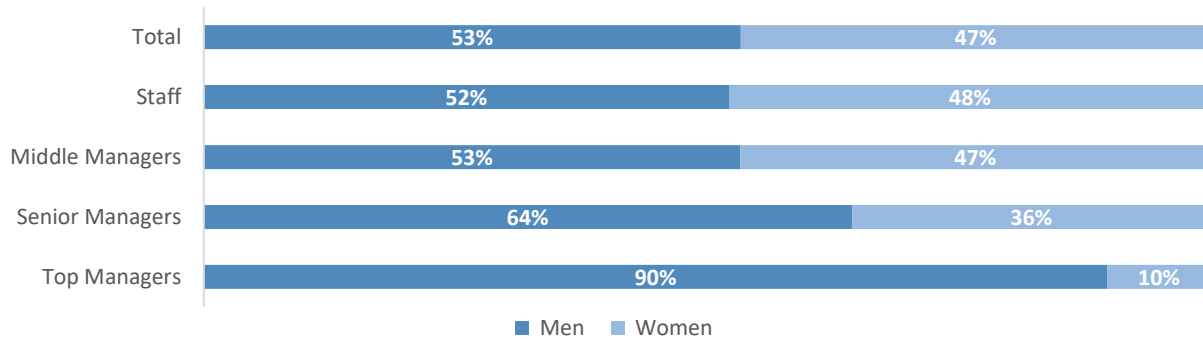
- Increasing the percentage of women in Top and Senior management positions
- Recruiting and promoting employees who have both top skills and qualifications and reflect our focus on inclusion and diversity: from 2022 onwards, at least 40% of candidates short-listed for Top and Senior Management positions must be women and the internal personnel responsible for selecting new recruits and promoting employees must include at least one woman
- Promoting a culture of inclusion by launching a training programme on “unconscious bias” to raise awareness on the issue

*Subdivision of employees by professional level and gender<sup>19</sup>*

| Number of employees | 2021         |              |              | 2020         |              |              |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                     | Men          | Women        | Total        | Men          | Women        | Total        |
| Top Managers        | 35           | 4            | <b>39</b>    | 33           | 4            | <b>37</b>    |
| Senior Managers     | 141          | 78           | <b>219</b>   | 137          | 70           | <b>207</b>   |
| Middle Managers     | 365          | 320          | <b>685</b>   | 363          | 307          | <b>670</b>   |
| Staff               | 1,754        | 1,606        | <b>3,360</b> | 1,819        | 1,629        | <b>3,448</b> |
| Total               | <b>2,295</b> | <b>2,008</b> | <b>4,303</b> | <b>2,352</b> | <b>2,010</b> | <b>4,362</b> |

<sup>19</sup> Top Managers (Vice President, Corporate Managers and General Branch Managers), Senior Managers (equivalent to Directors in Italy), Middle Managers (equivalent to Junior Directors in Italy) and Staff (the other employees).

*Percentage breakdown of employees by professional level and gender*



- 47% of all employees in the Group are women
- 56% of total new hires in the year were women
- 42% of members of the B.o.D are women
- 36% of Senior Management (equivalent to Directors in Italy) roles are held by women
- 32% of Top and Senior Management roles are held by women (30% in 2020)
- 70% of employees in the R&D department are women

Regarding the Group's remuneration policy, with reference to the ratio between salaries of women and men, please consult the paragraph entitled "Remuneration and benefits system".

Regarding human rights, in accordance with International Labour Organization conventions, the Group commits to preventing and refusing exploitation of labour, including and above all, that involving children, and commits to ensuring that its suppliers also do so. Within the Group, Recordati takes steps to guarantee that the human rights of all workers are respected, combating all types of harassment, violence, threats, abuse of authority, and the exploitation of crisis situations. As well as complying with the provisions of the applicable laws and/or collective labour agreements, managers across all company departments constantly monitor compliance with the provisions of the Code of Ethics and are committed to intervening promptly in the event of any situation that could potentially result in breaches of the conduct required and promoted by the Group. Furthermore, the Company has established a whistleblowing system to enable its employees to report any alleged breaches.



### 5.3 Remuneration and benefits system

The remuneration system of the Recordati group is based on the meritocratic “Pay for performance” principle and has been designed to encourage and reward high levels of performance, aligning Managers’ interests with those of our shareholders. The remuneration strategy aims to ensure that pay corresponds to the responsibilities of each role and to individual performance, optimising and retaining key resources while remaining in line with national employment legislation. The remuneration system is composed of basic pay, variable short-term compensation (variable annual bonus), additional benefits (pension contributions, reimbursement of medical expenses, etc.) and variable mid-to-long term compensation (principally represented by stock option plans). The variable short and mid-to-long term bonuses are subject to the achievement of specific results defined in line with the corporate strategy, which are measurable, quantifiable and made known to beneficiaries.

In 2019, an assessment of the existing MBO system was carried out at Group level, by a leading consulting company in the compensation field; a number of important changes were introduced (in relation to the calculation mechanism, target and payout) through benchmarking with the reference market and the subsequent design, which were initially applied for Top Managers starting from 2020 and proportionally extended to other Managers from 2021 (in order to align bonus logic within the Group), aimed at increasingly valuing and rewarding the best performance, aligning the interests of Managers with those of the shareholders, and rewarding special acquisitions and integrations.

The Group’s remuneration policy aims to guarantee equal conditions for men and women across all professional levels, rewarding merit and the ability to fulfil the assigned role and meet defined objectives. In terms of remuneration, the ratio between the average basic salary of female employees and male employees is 91% at Senior Management level, 97% at Middle Management level and 96% for Staff. Instead, in terms of total remuneration<sup>20</sup>, the ratio is 88% for Senior Managers and 93% for Middle Managers and Staff. At the Top Manager level, instead, the ratio is 106% in terms of basic salary and 112% in terms of total remuneration. In terms of total remuneration, in particular, for Top and Middle Managers the values improved compared to 2020, while for Senior Managers and Staff they remained in line with the previous years.

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<sup>20</sup> The variable component of total remuneration differs between Italian and foreign companies. In Italy, this variable component is predominantly composed of MBO programmes (available for all Senior Managers and around half of all Middle Managers) and the participation bonus offered to all Middle Managers and Staff except Senior Managers. Foreign companies manage the variable component independently through packages similar to MBO programmes which are offered to the employees (including a portion of the Staff) in line with local regulations.

*Ratio of basic salary and remuneration of women to men by professional level*

| Ratio between women and men | 2021         |                    | 2020         |                    |
|-----------------------------|--------------|--------------------|--------------|--------------------|
|                             | Basic Salary | Total Remuneration | Basic Salary | Total Remuneration |
| Top Managers                | 106%         | 112%               | 110%         | 109%               |
| Senior Managers             | 91%          | 88%                | 90%          | 90%                |
| Middle Managers             | 97%          | 93%                | 95%          | 92%                |
| Staff                       | 96%          | 93%                | 98%          | 95%                |

**Employee benefits and welfare**

The Recordati group believes that the welfare of its employees is a key element to achieving company targets. In general terms, welfare initiatives vary between countries due to the specific characteristics of different states (regulatory framework, availability of public services etc.) and the existence of previous agreements developed by the various corporate entities before they became part of the Group. The benefits offered to employees are linked to their professional category, regardless of the type of contract, and are also offered to those on fixed-term and part-time contracts. At Recordati, corporate welfare is “the system of non-monetary benefits designed to increase the individual and family well-being of employees from an economic and social point of view” and is part of a wider strategy aimed at managerial innovation and corporate social responsibility, representing a tool to improve relations with employees and stakeholders within the Group.

The definition of company welfare includes both benefits, which represent resources allocated by the employer to meet the social security and welfare needs of employees (e.g. contribution to healthcare plans or additional welfare provisions), and "perks", which consist of goods or services made available to employees (e.g. company car, canteen or restaurant vouchers or coupons).

Driven by a growing demand for services from workers and in light of the significant tax benefits recognised by current legislation, the Parent Company has implemented the company welfare system provided to its employees in the context of a total reward policy, in which monetary instruments (salary and variable remuneration) are combined with non-monetary instruments (benefits and perks) to pursue objectives of tax and contribution optimisation, loyalty, motivation and attraction of human resources and the construction of a solid and lasting "company identity".

Regardless of the format, every welfare initiative implemented by the Recordati group aims at achieving both tangible and intangible results relating to the management of employee relations. In particular, these initiatives aim at promoting:

- the maintenance of a healthy and positive working environment and life for all employees;
- the increase in engagement of human resources in the context of corporate activities and, more generally, an improvement in the quality of internal relations;

- a positive level of motivation resulting in a consistent professional contribution to individual and Group productivity;
- stable relations and a strong sense of belonging among employees;
- the reduction in turnover and, in terms of Employer Branding, an increasingly attractive and visible corporate profile on the employment market, particularly within the highly selective and competitive contexts within which the Recordati group operates.

In its approach to employee welfare initiatives, the Recordati group has always retained a strong belief in the importance of closely supporting employees and their families, offering practical assistance particularly in the case of serious health concerns.

To this end, the increased focus on employee welfare at a corporate level in recent months led the Group to commission an external consultancy firm to produce a report on the various welfare systems in Italy's pharmaceutical sector. This report highlighted that the welfare package offered by the Recordati group is in line with the other companies in the sample for its wide range of additional benefits; these include preventive medicine initiatives (such as flu vaccines and in-house specialist appointments), membership of professional institutions, agreements with suppliers (such as public transport operators), company canteens, company vehicles and various health insurance packages. Based on these findings, the short-term goal is to develop a benefits scheme that further broadens the current welfare system, ensuring constant alignment with the needs of the Group's workforce while also achieving the expected results.

The Parent company has a flexible benefits system: this system represents an alternative remuneration method for employed work consisting of a range of goods, services and non-financial benefits offered by the Group to its employees in addition to their "standard" wage package, in order to increase employees' buying power and improve their quality of life. More specifically, this system also offers the opportunity to partially or fully replace a percentage of the employee's variable remuneration package with goods and/or services which are usually purchased externally by the employee to meet their personal or family requirements (ranging from grocery or fuel vouchers and the reimbursement of medical or school fees for the employee or their family members, to membership with recreational initiatives and support for the care of elderly relatives). The term "flexible benefits" refers to a fixed allowance allocated to employees that can be "spent" freely on the goods and services which best correspond to their individual requirements.

This package has been designed to offer the broadest possible variety of options, meeting the different needs of a population characterised by diverse ages and requirements.

In the context of its welfare offer, the Company has established a contract with an external company that manages an IT platform allowing Recordati's employees to use the amounts allocated for welfare in the following ways:

- choice of a service from the Group's suppliers that have an agreement with the Company operating such services - and if there are suppliers that do not have an agreement, there is the possibility of requesting new agreements - and paying for it with the amount available in their individual account without any advance payment;
- use of a supplier not available on the platform, then "uploading on the platform" the relevant paid invoice; in this case there will be a refund of the paid receipt.

The objective, after consolidation at corporate level, is to evaluate its possible expansion to other Group concerns, again in line with the specific local regulations, so as to make it a means of further harmonization. For this reason, the launch of a project to map the benefits (and related legislation) for each country where the Group is present is being studied at Group level.

Following the health emergency that defined 2020 and 2021 and the actions taken by the Group to ensure business continuity and the well-being of its employees, in the future the Group intends to define appropriate flexible working tools for employees with the goal of supporting a better work-life balance, firstly by introducing a “structural” smart working format that is not linked to the emergency. To implement smart working, Group guidelines and local adaptations that consider the applicable legislation and pharmaceutical market practices have been established.

#### Well-being initiatives promoted by the Recordati Group

After preliminary studies conducted in 2021, in order to guarantee personal health and well-being, in 2022 employees will be offered a series of well-being initiatives designed to inspire healthier lifestyles and positive daily routines. In the first instance, the initiative will involve the Group's Italian employees with the aim of evaluating the future roll-out to other Group companies.

More generally, these initiatives represent an opportunity to capitalise on the new working methods adopted since the start of the pandemic and associated with the subsequent introduction of remote working. The aim is to promote the well-being of the Group's employees and their immediate families, offering a broad range of coaching services, courses and tools aiming at taking care of personal physical and mental health.

The project is structured into two core activities:

- **Fitness training:** for 12 months, all employees will have access to a streaming platform that hosts live and on-demand classes in several different disciplines including yoga, pilates, total body, stretching and many more; professional trainers will lead sessions of varying lengths in their area of expertise. Employees can extend access to the platform to a maximum of three family members who can follow the classes live or download recordings from the platform; personalised lessons will later be added in the most popular disciplines.
- **Well-being webinars:** once a month employees will be invited to attend a webinar on well-being and lifestyle topics, such as: “Diet and the immune system”. Employees can either watch the webinar live by registering on the platform, or download the recording to view later. After the webinar, an “Ask the expert” session will be hosted on the same platform, enabling attendees to ask the speaker one or more questions about the topics covered during the session, receiving a response via email or phone in the next three days.

## 5.4 Training and development of human capital

The Group considers the development of human capital as an important professional and personal process that enables employees to understand the key skills required by their role and develop their personal growth through individual training, on-the-job training, coaching, mentoring and one-to-one counselling.

In this respect, the main initiatives promoted by the Group throughout the year, directed towards all of the Group's personnel (including workers on fixed-term and part-time contracts) aimed to define and develop the technical, managerial and linguistic skills of Managers, as well as offer training programmes to develop specialised and professional skills.

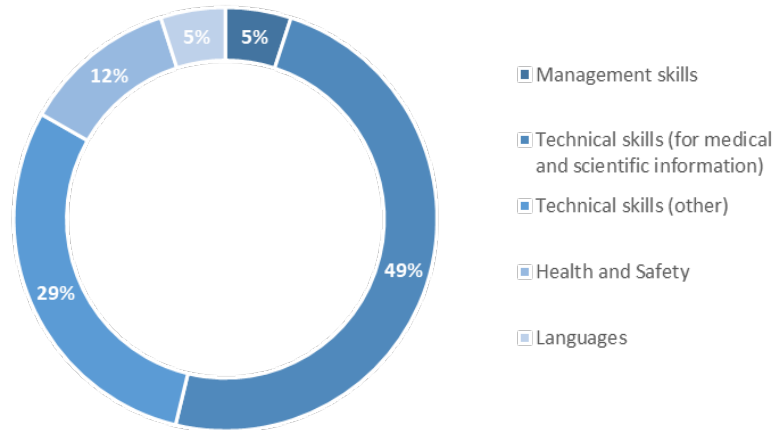
In 2021 the Recordati Group provided around 100,000 hours of training to its employees, equating to 22 hours of training pro capita. In particular, 78% of all training hours was provided to staff, 16% to Middle Managers and 6% to Senior Managers. Various types of training courses were offered, including management skills, technical skills (for medical and scientific information), specialist technical skills (other), languages and health and safety. The decrease in total training hours compared to the previous year is mainly attributable to technical training provided to the Group's medical sales representatives, which in 2020 was subject to a particularly concerted training drive.

In the last two years training programmes were converted from in-person courses to remote learning. In order to ensure that the provision of the training met the necessary occupational health and safety requirements, duration, frequency and delivery methods were reviewed in order to identify the best approach for each course to ensure the effective transfer of content and facilitate learning despite the situation caused by the Covid-19 pandemic.

*Subdivision of per capita training times provided to employees by professional level and gender*

| Average number of hours | 2021        |             |             | 2020        |             |             |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                         | Men         | Women       | Total       | Men         | Women       | Total       |
| Top Managers            | 10.5        | 7.0         | 10.1        | 6.1         | 5.8         | <b>6.1</b>  |
| Senior Managers         | 22.7        | 29.1        | 25.0        | 16.8        | 19.4        | <b>17.7</b> |
| Middle Managers         | 22.6        | 21.4        | 22.1        | 36.8        | 18.7        | <b>28.5</b> |
| Staff                   | 20.7        | 23.8        | 22.2        | 43.1        | 40.2        | <b>41.7</b> |
| <b>Total</b>            | <b>21.0</b> | <b>23.6</b> | <b>22.2</b> | <b>40.1</b> | <b>36.1</b> | <b>38.2</b> |

*Percentage breakdown of training hours provided to employees by training type*



For 2021, both at the Parent Company and its international branches, almost all training initiatives have been converted from classroom training courses to online courses, mostly using the Microsoft Teams platform, or continuing the development of digital projects which began in the previous year, such as the selection and purchase of a platform dedicated to training for the entire population of the Recordati Group.

The decision to implement an e-learning platform allowed for the possibility to convert the training provided during 2020 and 2021, both in Italy and abroad, despite the fact that most professional activities were carried out remotely, because of the regulations implemented to tackle the Covid-19 pandemic. In addition, based on the experience of delivering content over the last two years, the training formats were modified, reducing the duration but increasing the frequency of certain courses. This enabled the design of shorter, more focused sessions (90 or 120 minutes) repeated over time and supported by the provision of vertical and specific supplementary content.

There was an increase in the number of online courses produced by the Parent Company and delivered to employees at the head office and the Group's branches, some of which are mandatory (such as the Pharmacovigilance course or the Code of Ethics course), with the obligation to complete a final test to certify comprehension and learning. All classroom activities were re-designed for e-learning. This often meant a reduction in the number of consecutive hours required for a course, making it easier for more people to take part, allowing them to connect remotely and from different Group sites.

Furthermore, certain very specific activities continued to take place in person, such as the training project aimed at the management team at the Italian site in Campoverde: based on the requirements of the course, which focused on team building and developing a managerial spirit, it was decided that this particular programme should continue to be held in person to avoid missing out on certain key elements that would affect the achievement of the course aims. The same approach was applied to a digital training course that involved individual exercises that had to be carried out in person before sharing and discussing them with the group. In these two cases, and for the HSE programmes that require practical exercises, an in-person approach was adopted and the courses were delivered in classrooms that enabled the necessary social distancing to be maintained.

Training aimed at the Group's medical sales networks (external sales operators) continued to be a key priority in view of the new challenges associated with the pandemic and the consequent access restrictions to hospitals or healthcare structures. International branches all provided many hours of training for external sales operators, helping medical sales representatives to change their way of working in response to the new conditions dictated by Covid-19, to make work effective even when conducted remotely, sharing best practices to ensure everyone's safety during the pandemic.

**Leading remotely: a master class programme to provide guidelines and practical tools to manage challenges and explore the opportunities of remote working.**

In the last two years, HR management was handled remotely and consequently the work organisation and HR management paradigm was modified. To help the Group's managers, the "Leading Remotely" master class was developed. The programme aims to promote the development of new leadership skills among managers who manage teams remotely and is based on a common thread that begins with the definition of new working paradigms both during and after the emergency, and the relative contingencies, focusing on the challenges of remote working and remote management.

The training programme was put together by the Corporate HR department with the contribution of HR personnel from various countries in collaboration with SDA Bocconi University Business School. In 2021, after the initial pilot project attended by all of the HR Managers of the Group's branches, the programme was extended to around 100 Italian managers and in 2022 will be rolled out to approximately 200 managers at international branches.

The three master classes focused on the following topics:

- Challenges and skills for an evolving leadership role;
- Assigning objectives and KPIs in remote work contexts;
- Favouring collaboration with and between geographically distant people

The programme also focused on virtual feedback and communication methods to enable employees to adapt their practices and kick-start a process of continuous improvement.

In addition to those noted above, other training programmes included:

- The "*Se vuoi andare veloce, vai da solo, se vuoi andare lontano, vai con altri*" programme ("If you want to go somewhere fast, go alone, if you want to go far, go with others") was aimed at the team reporting directly to the Manager of the Campoverde di Aprilia Chemical Plant. The project centred on team-building activities and combined on-the-job training with classroom sessions, with a series of practical projects to help participants to get to know one another better and work together to develop a team spirit. The project will continue in 2022 and will be extended to more participants.
- A new three-day programme in Italy delivered by teaching staff from SDA Bocconi and aimed at HR coordinators: the course (planned in 2021 and delivered in early 2022) focused on management skills and assertive communication as a management tool, along with the ability to provide constructive feedback to collaborators. During the course, participants were given theories and practical tools aimed at developing an understanding of the key elements of HR management and putting them into practice.

The project began by exploring individual interpretations of the role of team manager with a view to promoting a managerial style in line with the needs and characteristics of the Recordati Group. The course concludes with two individual coaching sessions guided by senior professors from Bocconi University, during which each participant will have the opportunity to review their management skills and the possible obstacles they may face in developing them. Subsequently, an action plan focused on the areas of improvement identified will be defined.

- Technical training: mainly delivered online, including courses delivered in Italy and several programmes and seminars organised abroad.
- Language courses: language classes are delivered using a dedicated platform or through private online lessons based on the needs of individual departments. The lessons are supported by regular tests to check the level of learning and to motivate participants to develop their personal skills.
- Health and Safety training: in addition to technical training activities, in order to uphold training and updating levels, specific requirements were identified linked to the COVID-19 emergency. There were numerous branches that provided ad hoc training on measures to prevent the spread of COVID-19, with learning verification tests. In addition to these activities, training was added "on the psychological impact of COVID-19," and on the impacts that the lockdown had on the well-being and emotional stability of employees and their families. For more information on Health and Safety training and the initiatives implemented by the Group to manage the health emergency, please refer to the specific paragraphs.

### *Performance-evaluation systems*

The intense process of growth and internationalisation of the Recordati group made it necessary to develop a system to know, assess and develop the human capital present within the managerial population, starting with the identification of those distinctive skills that have marked the evolution of the Group over the years. For this reason the Recordati group has launched a skills evaluation project which is currently being consolidated in Italy and throughout the Group's international branches. The initiative aims to identify, evaluate, optimise and promote the key management skills that have characterised the Group's history and which will contribute to the Group's success as it confronts new challenges. This is not a simple assessment of performance, which could result in attitudes not in line with the spirit of the project but is a detailed assessment of distinctive and essential skills aimed at promoting the continuous development of the Group and the professional growth of each employee.

To manage the individual evaluation process, the Recordati Group has implemented a cloud-based platform in order to ensure standardised procedures, ease of use and the possibility of carrying out assessments involving numerous assessors (but nonetheless respecting the corporate hierarchy) and personalising forms, fields and messages at a global Group level. The project's aim is to promote the professional growth of each employee and ensure the continued development of the Group.

Managers assess their collaborators based on skills observed during their 50 working activities. The initial assessment is then reviewed by the Manager's superior or the department manager at corporate level. These behaviours (both positive and negative) relate to 5 distinctive skills identified at the basis of the company culture:



- *Leadership & Execution*
- *Proactive Improvement Attitude*
- *Business Acumen & Business Results Orientation*
- *Team Working*
- *Leading, Managing and Developing People*

At the end of the assessment period, an internal committee analyses the results and mitigates any elements of subjectivity (calibration phase). The appraisal process is concluded by a meeting between the assessor and the assessed employee in order to share and discuss the results.

The Recordati Group has also constructed a *Competency Model* that links the observed behaviour with a soft skill. Based on these evaluations by Managers, the system automatically generates a development programme for each employee to develop any skills that fall below a certain threshold. Afterwards, the system automatically forwards these proposals to the assessor who is then free to make amendments, additions or alternatives to the plan. This is the truly innovative aspect of the system and has been deemed effective by the HR Innovation Practice Observatory of Milan Polytechnic University.

For “top performers”, career and retention plans are defined while “poor performers” are offered programmes to improve their managerial skills. In the future, the same assessment approach will be extended to technical skills as defined by the analysis of the roles in each country. The appraisal system enables all employees to improve their understanding of their role and helps to construct an individual development plan aimed at developing and increasing their skill levels. Those who have the required skills and experience may be offered opportunities to develop their role and enhance their performance or their area of responsibility. Specific tools to assess soft and transversal skills are used to evaluate whether a change of role is appropriate and identify any training that may be required to best encourage professional development. Over time, the assessment of managerial skills of employees has become increasingly structured and finalised, making the Managers themselves more and more accustomed to taking care of the development of their people and to resorting to targeted actions, starting from the areas of improvement of individuals or of the whole team. In particular, the Company invests in resources with great potential, offering growth paths based on the 70/20/10 approach, in other words:

- 70% "on the job" (for example being assigned or working on projects or directly covering tasks related to a role of a higher level);
- 20% "near the job" through effective feedback (including 360° feedback on leadership skills) and mentoring and coaching activities;
- 10% through the structuring of tailor-made training activities (classroom programmes, workshops and/or e-learning courses).

In addition to the constant updating of management personnel subject to evaluation on the basis of developments in the Group's organisational structure, in 2021 the "second level"<sup>21</sup> management team was expanded and currently includes approximately 500 resources.

The company MBO system is assigned a key role aimed at guiding Group results and the efforts of Top Managers and Managers towards a common goal, through definition of clear, challenging and shared objectives. Through the combination of MBOs and evaluation of expertise, managers are assessed in terms of their achievements (individual targets assigned by the Group) and the way in which these achievements are attained (conduct which demonstrates the use of managerial skills).

Please note that the objectives of the CEO's MBO scheme include the key social and environmental targets defined in the Sustainability Plan. Furthermore, responsibility for the achievement of the goals included in the Sustainability Plan is assigned to the representatives of the various departments involved, who have the resources, tools and know-how required for their implementation; the Management by Objectives (MBO) scheme integrates social and environmental objectives associated with the implementation of the Plan itself which are assigned to certain key management figures.

In addition to this, in order to strengthen the development and growth of expertise within the Group, the Company has another tool referred to as "360 Degrees Feedback", which allows each manager interested in their managerial development to receive feedback from their direct line manager, colleagues at their level and those reporting to them, in aggregate and anonymous form. The outcome of this feedback often forms a basis for coaching and targeted personal development. The feedback takes the form of a questionnaire where both the employee and their line manager review their performance based on certain management criteria. The same questionnaire is completed anonymously by a group of colleagues, employees at the same level in other departments and collaborators, and is aggregated in clusters based on professional category. To begin the process, the department manager invites the employee to take part in the initiative, who can choose whether or not to participate. At the end of the appraisal, the HR department shares the results with the employee and their line manager in order to identify the characteristics recognised by others and to define an improvement and development plan. In 2021 the initiative mainly focused on the Research and Development division.

### ***Principle internal engagement initiatives***

The Group is committed to constantly maintaining open channels of communication with its employees, which is considered necessary for the success of the business and in order to share its strategy and results achieved.

One of the most important initiatives of an informative nature is the "Inside Recordati" magazine. Presenting the Group's activities and distributed to all employees, the publication features news articles and describes important events and initiatives the Group has been involved in during the period in question.

The Group Management Meeting represents an important opportunity for dialogue. This event is organised every year in Milan and allows sharing of goals and results achieved. This meeting represents an opportunity for debate and discussion between Managers from all Group companies and features a series of presentations given

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<sup>21</sup> *Second-Level Management is defined as managers of departments that report directly to members of the Country Management Team (direct reports to the Country General Manager) of each branch.*

by Top Managers or important figures in the pharmaceutical industry about the Group's results, the advancement of activities, the development of the business and its products and, more generally, any new initiatives which have been launched or are in development. Achieved targets are discussed and future strategies and developments are defined and reinforced. At the end of the day, an awards ceremony is held to reward the best medical sales representatives from each branch.

Furthermore, the sector meetings held by each company department with representatives of foreign branches are smaller-scale but equally important method of the sharing of methods and tools. Developed as part of the launch of new projects, these events now represent an essential opportunity for debate and orientation, aiming to promote a shared approach and develop the sense of Group belonging in an increasingly complex and multicultural context. Often, training sessions are held for soft skills considered useful and interesting for the entire team involved, as well as team building, aimed at strengthening relations between members of international groups.

At a local level, conventions are organised for local management teams and staff operating in commercial facilities "in the field" (medical sales representatives and area managers), representing important opportunities for sharing best practices and discussing commercial themes and products.

In 2020 and 2021, the limitations imposed by the health emergency made these initiatives impossible. The Management Meeting was nevertheless held but it was replaced by a virtual ceremony, so that Group Managers could still be thanked by the Company for their efforts.

The activities performed for employees newly hired by the Recordati group are particularly significant, being an essential tool to transmit the values, goals and mission of the Group. In fact, there is now an almost fully adopted Group induction process that, for employees of the Parent Company, involves a full day of training for new hires within the first 6 months of their employment. This enables employees to gain an initial basis of first-hand knowledge of the company structure before being guided by the HR function through a complete overview of the entire Recordati group organisation. The day course is usually introduced by the Human Resources Manager who explains the Group policies, after which presentations are given to provide background information on the organisational structure, history and characteristics of the company. The morning is brought to a close by a session centred around the Communications and Investor Relations department. The rest of the day consists of talks given by Managers of various departments to illustrate the activities and processes of the various business areas. This provides an ideal opportunity for new hires to ask questions or seek clarifications on the business model and the company's adopted policies. In the second half of the day, a visit is made to the Milan plant, offering a constructive method of learning about the organisation and its processes.

Once again, due to the restrictions imposed due to the pandemic the initiative was delivered via video-call.

For new employees recruited to sites outside Italy, an individual induction process is carried out at corporate level each time a new employee is appointed to the local Management Team; shortly after hiring, the new member meets the managers of the main departments with whom they will interact as a result of their role, giving both parties an opportunity to get to know one another and also providing an overview of the department's key activities and priorities.

### Corporate volunteer programmes

Various volunteering initiatives were held in some of the Group's branches. These activities not only represent a key tool of social responsibility, but also help to create a culture focused on solidarity. They are also an opportunity to bring colleagues together. For example, in 2021 employees of the Recordati Rare Disease branch in France took part in the "Course des Héros" race, a major charity event in France. This event enables non-profit organisations to promote their cause and raise money. Employees of Recordati Rare Disease helped to raise money to support the Envol Association, aimed at supporting "Recreational Therapies" for seriously ill children hospitalised at the association's facilities.

Employees of the French branch of Recordati Rare Disease also took part in the "Rare Disease Day - Quiz Contest" initiative, a competition consisting of a questionnaire of 10 questions about rare diseases. The top three winners were invited to select a patient association to receive a donation.

## 5.5 Health and safety in the workplace

The Recordati group recognises that the protection of the health and safety of its workers is a key priority and responsibility. The Group is committed to implementing a policy to promote initiatives aimed at preventing work-related accidents and diseases, minimising the risks that may impact the health and safety of employees and other workers and providing appropriate technical, financial, human and professional resources.

As stated in the Code of Ethics, the Group is committed to disseminating and consolidating a culture of safety, raising awareness of risks, also through training activity aimed at promoting responsible behaviour and working to protect the health and safety of those operating for the Group, including by preventive measures. All company activities are carried out in compliance with current legislation regarding risk prevention and protection, with a constant focus on the improvement of workplace health and safety conditions.

The Group, in particular at its manufacturing sites, independently of the nature and purpose of the activities carried out, implements prevention measures provided for by local legislation, aimed at ensuring the constant improvement of workplace health and safety conditions. To this end, technical and organisational measures are implemented, such as:

- the introduction of an integrated risk management and security system;
- continuous assessment of the risks and critical issues and the resources to be protected;
- the continuous maintenance and adoption of advanced technologies to prevent the emergence of risks relating to workers' health and safety;
- the review and updating of working practices;
- the provision of training and communications initiatives;
- the adoption of appropriate emergency procedures and health check protocols.

All Recordati employees, particularly department managers, are constantly reminded to employ the maximum care in performing their activities, strictly observing any safety and prevention measures established and avoiding any possible risks to themselves or their collaborators and colleagues.

In this respect, the Group aims to promote responsibility among the Management team through the definition and formalisation of health and safety roles and responsibilities, and each production plant has a level of independent control over its health and safety budget. Activities at each production site are controlled and monitored through inspections and audits, performed both internally and by external companies. In 2021 internal health and safety audits were carried out at the Group's facilities in the following countries: Turkey, Italy (Campoverde and Milan), Czech Republic, Spain and Tunisia. Furthermore, the Tunisian pharmaceutical production plant holds certification ISO 45001 for its occupational health and safety management system. In 2021, the follow-up audit was conducted and the certification was renewed.

The Recordati group believes that participation of employees in the identification and reporting of any issues regarding health and safety in the workplace or possible dangerous situations to which employees may be exposed is of fundamental importance and encourages such involvement. A specific procedure was adopted at the Group's plants to declare and report dangerous situations or irregularities at the plants: at the facility in Cork, for example, a Safety Observation programme was implemented to incentivise staff to observe health and safety aspects at the site and report any necessary corrective measures.

As established by individual local legislation, periodic meetings are also held by Group's internal Health and Safety Committees, involving Workers' Representatives, management representatives and the Prevention and Protection Service, in order to create and consolidate a collaborative working environment, above all regarding certain sensitive topics such as health and safety in the workplace.

### ***Prevention, monitoring and management of risks for health and safety***

The Group is constantly committed to ensuring the ongoing improvement of health and safety in the workplace, to which we constantly devote financial resources as well as carrying out continuous assessments of the risks, critical issues and resources to be protected.

The Group records injuries and occupational disease, constantly monitors the main injury rates and analyses the causes and circumstances of every incident, taking prompt improvement actions where necessary. On all manufacturing sites, there is a procedure in place for the management of accidents defined as "near misses", i.e. any work-related event that could have caused an injury or damage (illness) but did not: therefore an event that has the potential to produce an injury. The procedure involves filling in specific forms, investigating what happened and identifying the corrective measures to be implemented to avoid the occurrence of the event and reduce the related risk.

All injuries and occupational diseases are constantly recorded and monitored. Moreover, events affecting the health and safety of employees at manufacturing sites are subject to periodic review by the Group's executive management and presented to the Risk, Control and CSR Committee.

In case of accidents at work, the HSE department is promptly informed to activate the specific management procedure. An inspection is carried out at the scene of the accident to discover the causes and identify the corrective measures to be implemented. All manufacturing plants have personnel with specific first-aid training and the Italian, Spanish and Turkish plants also have an on-site nurse equipped for the management of first aid with the physical presence of qualified healthcare operators.

All Group plants provide their employees with workplace health services. Specifically, every plant appoints its own company doctor with the role of performing inspections to identify any possible cases where someone may be unfit for work. Additionally, the company doctor takes prompt action in the case of any accidents. The company doctor is responsible for the medical examinations required by applicable local laws aimed at periodic

monitoring of the state of health of each employee, the frequency and type of which is defined on the basis of the age and type of work performed by each employee.

With regard to the handling and transportation of chemicals and hazardous substances, specific procedures have been defined and adopted at the Group's sites which, in many cases, and with a view to promoting health and safety, are shared with and applied to external collaborators and contractors.

Periodic risk-assessment is conducted at all Group plants regarding health and safety and actions aimed at continuous improvement are implemented. Here are some examples:

- The Italian plant in Milan has conducted various risk-assessment activities aimed at evaluating and constantly monitoring possible risks which employees may be exposed to in the workplace. The final goal of this activity is the alignment and continuous updating, where necessary, of procedures in force and consequent planning of training courses for employees in relevant procedures. In particular, in 2021 risk assessments were conducted on: work-related stress, oxygen deficient atmosphere hazards, fire risk, biological risk and risks linked to the use of machinery on two packaging lines. At the plant, several new pieces of equipment and devices were acquired to reduce health and safety risks, including forklifts to facilitate loading and unloading operations and the implementation of noise reduction technology. In 2022 additional systems aimed at reducing the risks associated with the manual handling of loads will be implemented.
- At the Campoverde di Aprilia plant, in order to prevent the occurrence of accidents a series of preventive measures relating to equipment, operating processes, management systems and procedures has been implemented, including a computerised control system for various devices, the installation of locking devices on certain equipment, safety valves for exhaust devices, air pollution control devices and systems to detect the presence of dangerous substances in the atmosphere. Dedicated fire-prevention systems are available on site such as firefighting trailers and portable fire extinguishers. Following certain improvements made in previous years to the loading systems for critical substances and also to some product unloading systems, in order to further improve the protection of operators and the product itself periodic audits were conducted for the critical lines. These inspections allowed a reduction in losses from lines and injuries caused by contact with dangerous chemical substances. Furthermore, in 2021 the Campoverde plant updated its risk assessment, focusing on chemical risks, risks associated with manual loads, biological risks and microclimatic risks. In addition, a risk assessment on noise levels was completed and employees affected by noise exposure received training and information on the relative risk.
- The Irish plant in Cork defined a risk assessment plan that enables the identification, evaluation and management of health and safety risks within the plant. Furthermore, over the last few years specific actions have been taken to acquire equipment and adopt procedures for the transportation of thionyl chloride from its arrival on site to its deposit in the relative storage tank, with a view to further protecting employees and stakeholders from chemical risk. Also at the Irish plant in Cork, in recent years there was a review of management activities/measures in the area of potentially explosive atmospheres (ATEX) and plant ageing to provide a risk-based approach for future asset maintenance projects.
- In 2021, at the Saint Victor site in France, measures were adopted to improve the ergonomics of work stations, such as new devices to transport aluminium coils to reduce the risks associated with handling them. In addition, fume extractor caps were installed in the quality control department to further reduce the risk of exposure to chemicals. Furthermore, weekly inspections are carried out at the site to identify any areas of improvement in terms of safety, the working environment and waste management. Also in 2021, a work-related stress assessment was conducted and updates were made to product safety

documents and the software used to assess chemical risks. A risk assessment process was also conducted at the French plant in Nanterre in 2021.

- Meanwhile, the Tunisian plant in Opalia, whose management system is certified by ISO 45001, updates its risk assessment of all work stations on an annual basis. In 2021 workshops and employee interviews were held to prevent possible psychological risks and work-related stress.
- At the Turkish site in Çerkezköy, in 2021 the risk assessment was integrated with a Covid-19 risk assessment, and during the year a health and safety handbook was produced and distributed to employees in order to promote and share good health and safety practices.
- At the Pardubice site, the risk assessments in 2021 focused on occupational health and safety procedures and fire prevention systems. Based on the results of the assessment, no corrective measures were required.

Thanks to continuous training and awareness-raising initiatives aimed at promoting prevention, effectively managing the Group's spaces and correctly monitoring the application of improvement measures, the number of work-related injuries is limited. 27 work-related injuries were recorded in 2021. As in previous years, there were no fatalities.

Number of accidents and Group Employee Health and Safety indicators by gender<sup>22</sup>

| Injuries and Injury Rates <sup>23</sup>                             | 2021      |                 |                  | 2020 <sup>24</sup> |           |                  |
|---|-----------|-----------------|------------------|--------------------|-----------|------------------|
|   | Men       | Women           | Total            | Men                | Women     | Total            |
| Work-related injuries (No.)   | 17        | 10              | <b>27</b>        | 18                 | 8         | <b>26</b>        |
| of which high-consequence work-related injuries <sup>25</sup> (No.) | 0         | 1 <sup>26</sup> | <b>1</b>         | 0                  | 0         | <b>0</b>         |
| of which work-related fatalities (No.)                              | 0         | 0               | <b>0</b>         | 0                  | 0         | <b>0</b>         |
| Commuting to/from work injuries (No.)                               | 3         | 3               | <b>6</b>         | 4                  | 2         | <b>6</b>         |
| Hours worked (No.)  | 2,289,000 | 1,479,103       | <b>3,768,103</b> | 2,287,025          | 1,397,146 | <b>3,684,171</b> |
| Cases of work-related diseases (No.)                                | 1         | 0               | <b>1</b>         | 0                  | 0         | <b>0</b>         |
| Severity Index  | 28.9      | 47.9            | <b>36.4</b>      | 27.5               | 30.9      | <b>28.8</b>      |
| Work-related injury rate/Frequency rate                             | 1.5       | 1.4             | <b>1.4</b>       | 1.6                | 1.1       | <b>1.4</b>       |
| High-consequence work-related injury rate                           | 0         | 0.1             | <b>0.05</b>      | 0                  | 0         | <b>0</b>         |

<sup>22</sup> The scope of accident indicators, in line with 2020 reporting, includes all personnel employed at Group production plants and their offices. Data is also included for personnel from the sales network (Field Forces) within Italy and the Parent Company's offices (Milan).

<sup>23</sup> The Severity Index represents the ratio between the number of days lost due to work-related injuries and the total number of hours worked in the same period, multiplied by 200,000. In 2021 a total of 685 days of absence due to work-related injuries were recorded (331 by men and 354 by women). In 2020, total days of absence due to work-related injuries was 530 (314 men, 216 women).

The Work-related injury rate/Frequency rate represents the ratio between the total number of work-related injuries and the total number of hours worked in the same period, multiplied by 200,000.

The high-consequence work-related injury rate represents the ratio between the total number of high-consequence work-related injuries and the total number of hours worked in the same period, multiplied by 200,000.

The Work-related fatality rate represents the ratio between the total number of fatalities and the total number of hours worked in the same period, multiplied by 200,000.

The Occupational disease rate represents the ratio between the number of cases of work-related diseases and the total number of hours worked in the same period, multiplied by 200,000.

<sup>24</sup> Regarding the calculation of the 2021 accident indices, there is now more detailed data available on the hours worked compared to what was used for last year's calculation, which was reported in the 2020 NFS. This change in method, specifically, made it possible to include data from external operational forces. The information reported above, which became available in 2021, made it possible to fine-tune the Severity and Frequency index calculations for the current reporting year (2021) and, likewise, for the previous year (2020) to give as reliable and consistent a representation as possible. This NFS, therefore, reports the most accurate data for 2021 and 2020.

<sup>25</sup> High-consequence work-related injuries are considered injuries sustained by the worker from which he/she cannot or should not be able to fully recover from or return to their state of health prior to the injury within 6 months.

<sup>26</sup> The high-consequence work-related injury recorded in 2021 refers to a fall resulting from a slip in the area in front of the Utebo pharmaceutical production plant.



|                            |      |   |             |   |   |          |
|----------------------------|------|---|-------------|---|---|----------|
| Work-related fatality rate | 0    | 0 | <b>0</b>    | 0 | 0 | <b>0</b> |
| Occupational disease rate  | 0.09 | 0 | <b>0.05</b> | 0 | 0 | <b>0</b> |

### *Training and information activity*

The Recordati group believes that training and informing its employees is essential to ensuring the prevention of health and safety risks. As well as providing mandatory training in the field of health and safety in compliance with the time frames and methods defined by applicable local laws, the Group also delivers courses in addition to those required by law. Each production plant implements training plans aimed at workers exposed to specific risks. As well as the mandatory training, employees are also offered supplementary voluntary courses.

During 2021, more than 11,200 hours of health and safety training was provided. All personnel working within production plants, in line with local laws, receive training and continuous updating for the purposes of environmental protection and health and safety in the workplace. New employees undergo a training period supported by experienced operators and theoretical lessons delivered by qualified personnel. Following the risk assessments relative to topics of health, safety and environment risks, all personnel receive adequate training and instruction in order to mitigate the risks identified according to their role.

The main training plans include, for example, training on the use and storage of hazardous chemicals and flammable materials during manufacturing processes, the correct use of personal protection equipment, the correct handling of loads and posture to adopt in working environments, noise risk and fire prevention. For roles that involve exposure to chemical/biological risk, specific training courses are also provided.

Furthermore, in certain plants such as the Tunisian and Czech facilities, safe driving courses were offered, aimed in particular at medical sales representatives. The Group aims to offer online safe driver training courses to all employees with use of a company vehicle in 2022 and 2023.

### *Protecting the health and safety of employees during the COVID-19 pandemic*

From the beginning of the COVID-19 pandemic crisis, the Recordati group reacted with swift and decisive action, well-organised and determined to adopt all measures necessary for the containment and management of the epidemic, in order to combat and contain the spread of the virus, protect the health and safety of its employees and, at the same time, ensure the continuity of its business, which as a Pharmaceutical Company represents an essential public service.

Specifically, since the initial phases of the Covid-19 emergency, the Group has implemented a remote working system for office personnel, which, since the start of the pandemic and throughout 2021, guaranteed that the business was fully operational. Meanwhile, in production plants, the Group committed itself to guaranteeing workplace health and safety through the adoption of strict anti-contagion measures. Furthermore, in the last

two years, new organisational models were adopted for the network of Medical Sales Representatives, who represent the Group's first point of contact with doctors and hospitals.

In 2021, in line with the previous year, the Group's plants continued to update its protocols containing specific indications to prevent the risk of infection in the workplace, in compliance with the many laws and guidelines issued at local level. Employees have been constantly updated and trained on any new developments regarding protocols adopted and safety regulations applied internally.

The Health and Safety Committees of the various sites, involving workers' representatives, management representatives and the internal Prevention and Protection Service, worked to create and consolidate a collaborative working environment to confront the health emergency. Additionally, the Cork facility in Ireland took part in weekly meetings organised by the Irish business association IBEC, of which it is a member, in order to share and align health and safety practices, focusing in particular on measures associated with Covid-19.

Keenly aware of the uncertainty surrounding the continuation of the health emergency throughout 2021, Recordati is committed to reassuring and maintaining constant dialogue with its employees regarding the Group's operational changes, methods for performance of activities and possible future developments.

Following the best practices defined during the course of the health emergency and as requested by applicable legislation in the various countries where the Group operates, in all plants and all offices stringent anti-Covid measures were adopted. For example:

- special signage was developed and installed within working environments providing indications set out by the protocols adopted in order to guide employees in observing health and safety rules;
- remote working was activated for all office personnel;
- employees were equipped with the necessary Personal Protective Equipment (PPE), including sanitizing gel, surgical masks, FFP2 masks, gloves and goggles;
- specific rules were defined to avoid gatherings of people. In-person meetings were significantly reduced, replacing them with remote meetings using digital platforms provided by the Group;
- work-related travel was suspended unless required for specific reasons and unable to be postponed;
- systems were introduced to check body temperature for access to sites using thermal scanners or manual measurement by specially appointed personnel;
- working environments were subject to regular sanitising in line with defined protocols, and special materials were identified and provided in order to reduce the risk of contagion, specifically with the installation of Plexiglas and dispensers for sanitising gel, and safe distances between workstations were guaranteed.

The actions taken continue to evolve in order to guarantee a constantly adequate response to developments in the pandemic, always in full compliance with the decisions and recommendations of competent Authorities.

Confirming its constant focus on ensuring the health and safety of its employees, the Recordati group has provided specific services to support its employees during the pandemic. Specifically, in 2020 and 2021 the French plant in Saint Victor offered a telephone mental-health support service, giving all employees access to psychological support aimed at improving their ability to adapt to the changing situation and their quality of life and promoting personnel well-being during this challenging period.

Finally, in 2021 Recordati continued the “Covid-19 Insurance Policy”, aimed at all employees of all Italian Group companies and their families, completely paid for by the Group with the goal of offering employees tangible support in the management of potential health problems linked to the Covid-19 pandemic.

## 5.6 Industrial relations

As regards industrial relations, the Recordati group guarantees the right to join unions and collective bargaining rights in all the Countries where it is operative in compliance with current legislation.

The Group adopts positive and constructive conduct and policies towards workers’ representative organisations and trade unions. Recordati therefore guarantees the right of workers to join and form trade unions, supports alternative means of union association and collective bargaining and ensures that trade union representatives are not discriminated against in the workplace and can communicate freely with their members in full compliance with local legislation. Recordati group companies have an industrial relations system based on involving employees and their representatives in the pursuit of the company’s goals, ensuring constant monitoring of the objectives to be achieved. It is based on dialogue and continued discussion, characterized by correct and transparent relations and aimed at increasing the company’s competitiveness and maximum employment. One of the main topics covered in the year was the use of contracts relative to the structural adoption of “remote working”.

As in the previous year, in 2021 60% of the Group workforce, predominantly located in western Europe, was covered by a collective labour agreement. The solutions and behaviour adopted in the various countries in which the Group operates are in line with the social and institutional context and local legislation, and are always consistent with the fundamental principles of the Code of Ethics and with the Group’s needs.

## 6. THE GROUP'S FOCUS ON THE ENVIRONMENT

*A clean environment is essential for people's well-being: the health of the planet and the health of people is tightly interconnected. Environmental elements, such as air, water, land and climate, all have an impact on the well-being of humans. Placing a focus on people's health and being sustainable therefore also means prioritising environmental protection and a responsibility towards future generations. This is why the Group ensures that it conducts business in a socially responsible manner and in accordance with sustainable practices, national and international laws, and the expectations of stakeholders.*

### 6.1 Commitment to environmental protection <sup>27</sup>

As defined in the Group Code of Ethics, Recordati is committed to implementing policies aimed at increasing the environmental sustainability of the Company's business and meeting all related legal and regulatory requirements. Everybody is required to respect the corporate procedures and standards in force and to report any deficiencies or failure to respect these in a timely fashion. In performance of its activities, the Group:

- uses advanced technologies for the purposes of environmental protection, energy efficiency, the sustainable use of resources, combating climate change and protecting our natural world and biodiversity;
- promotes initiatives in production plants aimed at minimising energy and water consumption and reducing the emission of greenhouse gases and other pollutants into the atmosphere;
- is dedicated to reducing the production of waste linked to manufacturing activities, with a particular focus on correctly disposing of chemical and pharmaceutical products. Uses materials which can be recycled or disposed of in accordance with applicable regulations;
- promotes environmental protection by providing information and holding regular training courses, appointing officers responsible for compliance with environmental management issues, and by carrying out inspections and verifications of the conformity of manufacturing sites;
- provides regular information to stakeholders regarding its environmental commitment.

All of the Group's production sites hold the necessary environmental authorisations and ensuring compliance with said authorisations is an important part of the responsibilities of the Management team at each site. Demonstrating the commitment to the environmental and to continuous improvement, it is noted that the Italian Campoverde di Aprilia chemical pharmaceutical plant and the Tunisian pharmaceutical plant have an ISO 14001 certified environmental management system. This certification attests that the manufacturing sites have a management system that is suitable for managing and mitigating the environmental impacts of their activities, and that their efforts for continuous, coherent, efficient and sustainable improvement. Regarding the Irish chemical pharmaceutical plant in Cork, it is noted that the environmental management system was developed to ensure full compliance with environmental legislation, regulated in Ireland by the Environmental Protection

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<sup>27</sup> The scope of data regarding environmental aspects (energy use, emissions, water use and waste) include Group production plants as such aspects are not deemed significant at other sites (with the exception of the Milan plant, where the water consumption, energy consumption and relative emissions of the annexed offices of the Parent Company were also considered).

Agency (EPA), and is subject to regular inspections by EPA officers. In addition, for several years, the chemical pharmaceutical plant in Cork has joined the Responsible Care initiative which aims to promote the continuous improvement in the chemical and pharmaceutical industry of all aspects that have a direct or indirect aspect on the environment, employees or the community.

Risk assessments are conducted periodically at the Group's sites to assess risks and identify preventive measures. In 2021, for example, risk assessments were carried out at the Campoverde and Cork chemical pharmaceutical plants and at the Tunisian production plant. The Group also conducts internal inspections and receives audits by external certification bodies or regulators. As regards the internal audits, for example, in 2021 various activities were conducted at the Campoverde plants (mainly regarding the efficacy and efficiency of the Environmental Management System in compliance with standard UNI EN ISO 14001 and the provisions of certain applicable laws), and in Tunisia and Turkey. With regard to external audits, reference is made to those received by the certification bodies (to obtain ISO 14001 certification) and by the regulatory authorities. For example, in 2021, the Cork production facility received two inspections by the Environmental Protection Agency (EPA) focusing on atmospheric emissions and effluents, both with positive outcomes.

Environmental topics are also covered in periodic training sessions provided to Group employees, especially those responsible for such aspects at the plants. As well as the mandatory training required by local laws, the Group also offers voluntary training programmes. In 2021, training sessions were held on various topics, including the environmental management system, specific operating procedures, the use, handling and transport of hazardous substances, reducing emissions and waste disposal.

The active pharmaceutical ingredients production plants of Campoverde di Aprilia and Cork are included in the European Pollutant Release and Transfer Register (E-PRTR), established on the basis of EC Regulation 166/2006. The Campoverde di Aprilia site is included in the national inventory of plants with the potential for major accidents, based on Italian Legislative Decree 334/99, replaced by Italian Legislative Decree no. 105/2015, which transposed Directive 2012/18/EU. All the formalities arising from such inclusion are carried out regularly.

Please note that, following voluntary reporting by the Company to the competent authorities in 2001 about the potential contamination of some portions of the land and water of the Campoverde di Aprilia plant resulting from past industrial production, an administrative proceeding was initiated which is still pending. With regard to this proceeding - now governed by Art. 242 of Italian Legislative Decree. 152/06 - in February 2021 the Company received feedback from the local authorities, which entailed the rewriting of part of the documentation produced by the Company in the proceedings, in order to take into account the technical observations made by ARPA in Lazio in January of the same year. The Company promptly acted on the feedback and, in particular, following the approval by the authorities of the updated characterisation plan, steps are being taken to update the data based on new legal provisions and using updated scientific methods and technologies. This process is currently expected to conclude in 2022 and the results of these actions will form part of the prosecution in the administrative proceeding. In any case, from the initial survey of the situation subject to this procedure, the Company has continued to implement, in relation to the aforementioned past contamination, all necessary and appropriate containment measures and monitoring actions.

## 6.2 Energy use and emissions

### Energy use

The Recordati Group manages the general use of energy resources through a range of initiatives to reduce consumption, with the aim of improving energy efficiency in all of its activities.

The main energy resources used at the Group's production plants are electricity, natural gas and diesel. In 2021, the Group plants consumed approximately 627 TJ, in line with 2020 consumption.

As regards electricity, as part of Recordati's constant focus on the environment and its commitment to reducing atmospheric emissions, the Group increased its procurement of electricity from renewable sources. In 2021, the target to purchase 100% renewable electricity for our European production and packaging sites and annexed offices<sup>28</sup> was achieved (approximately 57% at Group level). The Group aims to ensure that 100% of the electricity purchased for the Group's production and packaging sites and annexed offices is from renewable sources by 2025<sup>29</sup>.

Consumption of diesel in 2021 fell by approximately 25% as use of this fuel within plants is tied to operation of the diesel generators when needed.

| Energy use at the production plants of the Recordati group by source <sup>30</sup> |                     |                   |                   |              |
|--|---------------------|-------------------|-------------------|--------------|
| Type of fuel   | Unit of measurement | 2021              | 2020              | % Variation  |
| Purchased electricity  | kWh                 | 29,296,365        | 28,940,776        | 1.2%         |
|  | GJ                  | 105,467           | 104,187           |              |
| <i>originating from renewable sources<sup>31</sup></i>                             | <i>kWh</i>          | <i>16,766,203</i> | <i>14,227,129</i> | 17.4%        |
|  | <i>GJ</i>           | <i>60,358</i>     | <i>51,398</i>     |              |
| Natural Gas  | m <sup>3</sup>      | 14,759,492        | 14,835,915        | -0.5%        |
|  | GJ                  | 520,730           | 523,426           |              |
| Diesel   | Litres              | 42,833            | 57,205            | -25.1%       |
|  | GJ                  | 1,543             | 2,060             |              |
| <b>Total</b>   | <b>GJ</b>           | <b>627,740</b>    | <b>629,673</b>    | <b>-0.3%</b> |

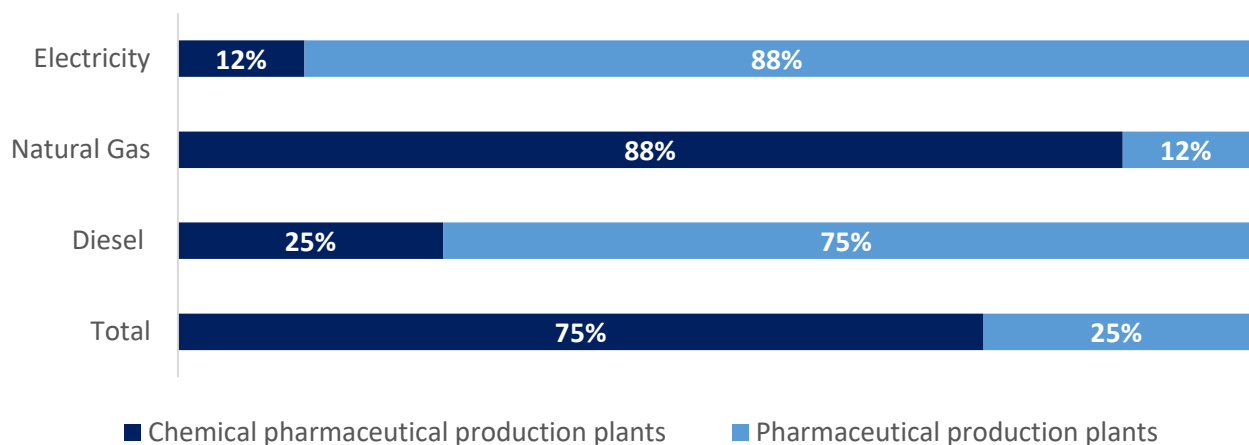
<sup>28</sup>The Recordati group has 8 production plants (2 chemical pharmaceutical plants and 6 pharmaceutical production plants) in addition to one plant dedicated to packaging. Please note that 7 of the 9 production sites are in Europe and are powered by renewable energy. The annexed offices of the Group's European plants also purchase renewable energy, with the exception of the offices in Czech Republic, as the electricity contract for this specific area is included in the lease and thus is not regulated or managed directly by the Group. In any case, the impact on total electricity in Europe is negligible.

<sup>29</sup> Purchase of renewable electricity for plants located in countries where it is available.

<sup>30</sup> Lower Calorific Value of natural gas is 0.035 GJ/m<sup>3</sup>, average density of diesel is 0.84 kg/litre, Lower Calorific Value of diesel is 42.87 GJ/litre, (Source: Italian Ministry of the Environment and the Protection of Land and Sea, Table of National Standard Limits, 2021).

<sup>31</sup> The proportion of renewable electricity purchased by the plants of Milan and Campoverde di Aprilia (Italy), Cork (Ireland), Utebo (Spain), Nanterre and St. Victor (France) and Pardubice (Czech Republic) is certified by Guarantees of Origin valid for 2021.

Percentage subdivision of electricity use by production plants, according to usage and type of production plant



| Energy use at pharmaceutical production plants by fuel source |                     |                   |                   |             |
|---|---------------------|-------------------|-------------------|-------------|
| Type of fuel  | Unit of measurement | 2021              | 2020              | % Variation |
| Purchased electricity   | kWh                 | 25,830,845        | 25,323,202        | 2%          |
|   | GJ                  | 92,991            | 91,164            |             |
| <i>originating from renewable sources</i>                     | <i>kWh</i>          | <i>13,300,683</i> | <i>10,659,555</i> | 25%         |
|   | <i>GJ</i>           | <i>47,882</i>     | <i>38,374</i>     |             |
| Natural Gas   | m <sup>3</sup>      | 1,742,110         | 1,555,626         | 12%         |
|   | GJ                  | 61,463            | 54,884            |             |
| Diesel  | Litres              | 32,233            | 47,202            | -32%        |
|   | GJ                  | 1,161             | 1,700             |             |
| <b>Total</b>  | <b>GJ</b>           | <b>155,615</b>    | <b>147,748</b>    | <b>5%</b>   |

| Energy use at chemical pharmaceutical production plants by fuel source |                     |                  |                |             |
|--|---------------------|------------------|----------------|-------------|
| Type of fuel   | Unit of measurement | 2021             | 2020           | % Variation |
| Purchased electricity  | kWh                 | 3,465,520        | 3,617,574      | <b>-4%</b>  |
|  | GJ                  | 12,476           | 13,023         |             |
| <i>originating from renewable sources</i>                              | <i>kWh</i>          | <i>3,465,520</i> | 3,617,574      | <b>-4%</b>  |
|  | <i>GJ</i>           | <i>12,476</i>    | 13,023         |             |
| Natural Gas  | m <sup>3</sup>      | 13,017,382       | 13,280,289     | <b>-2%</b>  |
|  | GJ                  | 459,266          | 468,542        |             |
| Diesel   | Litres              | 10,600           | 10,000         | <b>6%</b>   |
|  | GJ                  | 382              | 360            |             |
| <b>Total</b>   | <b>GJ</b>           | <b>472,124</b>   | <b>481,925</b> | <b>-2%</b>  |

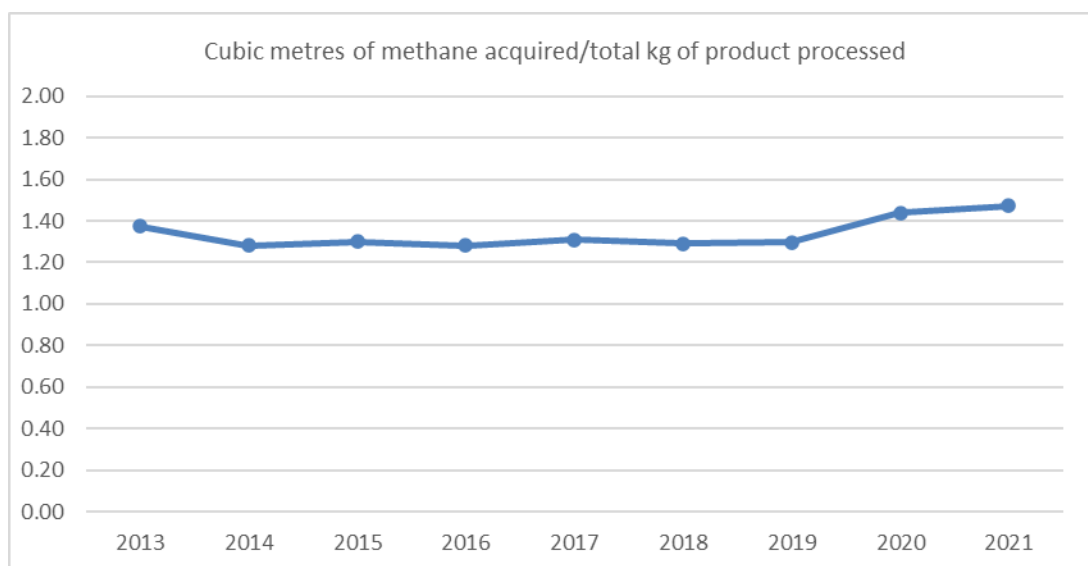
Electricity consumption of pharmaceutical production plants was approximately 155 TJ (25% of the total), slightly up compared to the 2020 value due to the increased use of natural gas for heating the annexed offices of the Parent Company at the Milan plant, with the increased presence of personnel following the gradual return to in-person activities. Compared to chemical pharmaceutical plants, pharmaceutical plants used higher quantities of diesel (75% of the diesel consumed by the Group) to produce electricity and more electricity was purchased from the national grid. However, in 2021 energy use by the Group's chemical pharmaceutical production plants was 472 TJ (75% of the total).

The chemical pharmaceutical plants consume higher quantities of natural gas than the pharmaceutical plants: a high proportion of this gas usage derives from the electricity generation system at the Campoverde di Aprilia plant, where a self-generation policy for electricity and thermal energy has been in place for over 20 years thanks to the installation of a co-generation system (for more details, see the "Co-Generation System of the Campoverde di Aprilia" information box). Through the use of a single fuel source (natural gas), the co-generation system enables the plant to generate enough electricity to meet its needs, sell any excess to the national grid and produce all of the steam used in the plant without the use of any additional gas or resources.

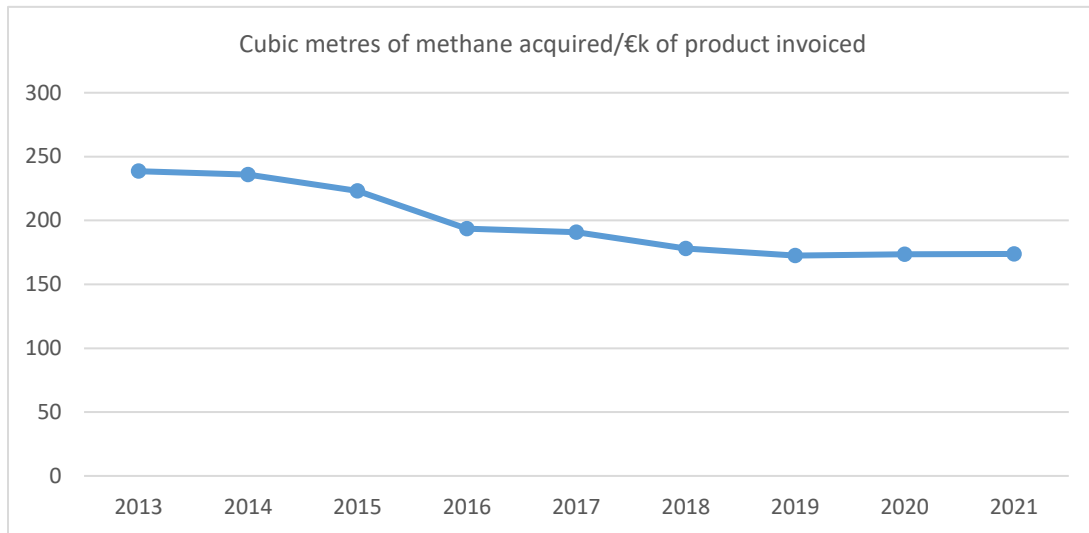


| Electricity and thermal energy generated and sold by the Campoverde di Aprilia co-generation plant |                     |                   |                   |              |
|--|---------------------|-------------------|-------------------|--------------|
| Type of fuel   | Unit of measurement | 2021              | 2020              | % Variation  |
| Self-generated electricity   | kWh                 | 32,150,928        | 32,292,572        | -0.4%        |
| <i>consumed internally</i>   | <i>kWh</i>          | <i>27,865,360</i> | <i>27,973,604</i> | <i>-0.4%</i> |
| <i>sold externally</i>   | <i>kWh</i>          | <i>4,285,568</i>  | <i>4,318,968</i>  | <i>-0.8%</i> |
| Self-generated and consumed thermal energy   | Kg of steam         | 72,385,000        | 77,132,000        | -6.2%        |

Cubic metres of methane acquired against kilograms of product processed by the Campoverde di Aprilia plant



*Cubic metres of methane acquired against turnover (in thousands of Euro) generated by the Campoverde di Aprilia plant*



***The co-generation system at the Campoverde di Aprilia plant***

In 1994, following the increased demand for electricity and thermal energy determined by the manufacturing facilities at the time, a feasibility study was launched and concluded to assess the installation of a steam and electricity co-generation production system at the Recordati chemical plant in Campoverde di Aprilia. Following the completion of the feasibility study, a co-generation system was installed at the site, entering into service in September 1996 and in operation ever since.

Co-generation is defined as the combined generation of electricity and heat based upon a cascade process where electricity is produced using a high temperature thermo-dynamic cycle which, in turn, releases heat and produces thermal energy. In the industrial sector, co-generation is also produced using gas-powered turbines.

The co-generation system at the Campoverde di Aprilia plant is equipped with a 15-bar methane gas turbine. In its current configuration and with an air temperature of 9°C, the system is able to generate a maximum output of approximately 4.3 MW of electricity. Gas turbines operate by burning the fuel source in a special combustion chamber and expanding it with compressed air inside the turbine itself. During expansion, the mixture of air and fuel interacts with the blades of the turbines and activates the rotational motion of the rotor to generate mechanical energy.

This mechanical energy is then converted into electricity by an alternator. The fumes produced by the gases expanded in the turbine are emitted at very high temperatures (450–500°C) and consequently

specialist heat exchangers or boilers may be used (the Recordati plant at Campoverde di Aprilia uses a steam recovery boiler) to produce hot water or steam. The use of the steam recovery boilers prevents exclusive use of methane gas to meet the plant's demand for steam for use in chemical processes and as a heating fluid. The steam recovery boiler installed in the co-generation system, which recovers the gases expanded in the turbine, enables the production of 15-bar saturated steam up to a capacity of 16 tons per hour. Without this production of steam using the gas turbine fumes in the steam recovery boiler, an estimated 4.6 million cubic metres of additional gas would have been required in 2021 alone, corresponding to 37% of the plant's annual gas consumption in 2021. This enabled the avoidance of 9,193<sup>32</sup> tonnes of CO<sub>2</sub>.

In 2021 the gas turbine and reduction gearbox of the co-generation plant were updated in order to improve the efficiency of the co-generation system. Furthermore, the turbine's alternator was reconditioned.

### **Principal initiatives to combat climate change implemented by the Recordati group**

As part of its approach to climate action, the Recordati group is implementing several initiatives at its plants and offices in order to reduce energy consumption and atmospheric emissions. These projects are mainly focused on energy efficiency measures and the procurement of renewable electricity. Moreover, energy consumption is constantly monitored and other initiatives have been launched such as the progressive incentivisation of eco-friendly vehicles in the company fleet. The main initiatives implemented by the Group are listed below:

**Initiatives to purchase and produce renewable energy:** as regards electricity, as part of Recordati's constant focus on the environment and its commitment to reducing atmospheric emissions, the Group increased its procurement of electricity from renewable sources. In 2021, thanks to the completion of the project in France and its extension to the Czech Republic, the target to purchase 100% renewable electricity certified by Guarantees of Origin for our European production and packaging sites and annexed offices<sup>33</sup> was achieved (approximately 57% at Group level). Furthermore, the purchase of renewable for energy for all of the Group's European plants and the absence of greenhouse gas emissions related to the purchase of electricity was confirmed by the "Zero Emission Electricity" certification in 2021. The Group aims to ensure that 100% of the electricity purchased for the Group's production and packaging sites and annexed offices is from renewable sources by 2025<sup>34</sup>.

Furthermore, the Group is pursuing a series of initiatives aimed at installing renewable energy plants. In particular, with regards to the Spanish production plant in Utebo, in 2021 the authorisation procedure was launched to install solar panels on the roof of the production plant, and the Group aims to complete the installation in 2022. Meanwhile, following the feasibility study conducted at the Irish production plant in Cork in 2021, plans are underway to install photovoltaic panels in 2022. Finally, at the Italian site in Campoverde di

<sup>32</sup> Source of emission coefficient data for natural gas: Italian Ministry of the Environment and the Protection of Land and Sea, Table of National Standard Limits, 2021.

<sup>33</sup> The Recordati group has 8 production plants (2 chemical pharmaceutical plants and 6 pharmaceutical production plants) in addition to one plant dedicated to packaging. Please note that 7 of the 9 production sites are in Europe and are powered by renewable energy. The annexed offices of the Group's European plants also purchase renewable energy, with the exception of the offices in Czech Republic, as the electricity contract for this specific area is included in the lease and thus is not regulated or managed directly by the Group. In any case, the impact on total electricity in Europe is negligible.

<sup>34</sup> Purchase of renewable electricity for plants located in countries where it is available.

Aprilia, the installation of a thermal solar system to produce hot water for the changing rooms at the production site began in 2021 and will be completed in early 2022.

**Main energy efficiency and energy use monitoring initiatives:** in terms of lighting systems, in recent years, the Group has implemented various efficiency initiatives, including the gradual, programmed replacement of traditional lighting systems with LED lights or, in certain cases, the installation of motion sensors to reduce electricity consumption. Today, many areas of Group manufacturing sites and offices are already equipped with LED lighting systems. These progressive replacement and efficiency actions were continued in 2021 and will be pursued in the coming years. In line with the Group's objectives, in 2021 the Milan plant completed the first step of the LED replacement project in the production department (in the technical pharmaceutical area). Meanwhile replacements began at the Utebo production plant in Spain and in the intermediates warehouse of the Italian Campoverde di Aprilia plant, and will conclude in early 2022.

Furthermore, in 2021 specific projects were launched to reduce energy consumption, including the installation of two inverter blowers at the Campoverde di Aprilia production plant, scheduled for completion in 2022. The installation is aimed at controlling the oxygenation levels of the wastewater treatment plant, enabling the regulation — and thereby improving the efficiency — of the machine's power based on the actual needs of the treatment plant (resulting in an estimated 50% reduction in electricity consumption compared to the current operating conditions of the unit scheduled for replacement). The dual installation will provide continuity to this optimisation of energy use in the case of shutdown due to a fault.

Furthermore, to further reduce energy consumption, specific energy consumption monitoring systems (steam and electricity use) are being installed at the production plant in Çerkezköy, Turkey and the Campoverde plant in order to obtain more accurate energy consumption data and to identify possible optimisation measures. As regards the Turkish plant, in 2021 the installation of energy meters was completed; the other activities are due for completion in 2022.

With the goal of continuous improvement, Recordati is committed to measuring, evaluating and monitoring its energy consumption also through performance of energy audits by specialised third parties. For example, based on the results of the energy audits, the Irish site in Cork is defining actions to further improve its energy performance and reduce emissions.

Moreover, actions have been implemented at the plants to raise employee awareness about energy saving, including through training programmes.

**Incentivisation of eco-friendly vehicles:** In 2021 the Group carried out a monitoring and control activity to assess the emissions of its global fleet of company vehicles. In 2021, approximately 2,000 company cars were in use by employees of the Recordati Group, while the average CO<sub>2</sub> emissions emitted by the vehicles was approximately 113 g/km, according to the new Worldwide Harmonized Light-Duty Vehicles Test Procedures (WLTP). To gradually incentivise the use of eco-friendly vehicles in the fleet of company vehicles, in 2021 hybrid and electric cars were added to the list of cars available to medical sales representatives and managers in Italy. Furthermore, the Group aims to increase the number of EV charging points at its plants to supplement its existing charging infrastructure in Italy, Ireland and Poland.

### *Greenhouse gases emissions*

The Recordati Group's commitment to protecting the environment is also expressed through policies and initiatives aimed at reducing the emission of greenhouse gases and other air pollutants, as described in the previous paragraph.

In 2021, Scope 1 direct emissions were primarily related to energy consumption for industrial production (natural gas and diesel), to which a smaller share (about 19% of total Scope 1 direct emissions) is also added related to consumption by the Group's vehicle fleet. The slight increase in Scope 1 emissions is due mainly to the return to near normality of the activities of the Group's medical sales representatives, which led to an increase in emissions from the company fleet compared to 2020, when travel was significantly limited due to the restrictions imposed in response to the COVID-19 pandemic. Additionally, starting with this Non-Financial Statement, emissions caused by minor refrigerant gas leaks are being reported, which Recordati aims to minimise by using appropriate collection systems, disposing of them according to the applicable procedures and replacing old equipment containing refrigerants with new machinery that does not contain ozone-depleting gases. Conversely, Scope 2 indirect emissions due to the purchase of electricity from the grid decreased by around 5% according to the Location-based approach and by around 6% under the Market-based approach. The latter reduction is mainly due to the purchase of 100% renewable electricity for our European production and packaging sites and annexed offices (approximately 57% at Group level).

| Greenhouse-gas emissions (tons of CO <sub>2</sub> ) of the Recordati group's production plants and car fleet <sup>35</sup> |               |               |             |
|--|---------------|---------------|-------------|
|  | 2021          | 2020          | % Variation |
| Direct emissions (Scope 1)   | 37,511        | 36,671        | 2%          |
| <i>Relating to energy consumption</i>  | 29,383        | 29,586        | -1%         |
| <i>Relating to the company vehicle fleet<sup>36</sup></i>  | 7,262         | 5,938         | 22%         |
| <i>Relating to refrigerant gases<sup>37</sup></i>  | 866           | 1,147         | -24%        |
| Indirect emissions (Scope 2) - Location-based approach <sup>38</sup>   | 9,580         | 10,106        | -5%         |
| Indirect emissions (Scope 2) - Market-based approach <sup>39</sup>   | 5,431         | 5,798         | -6%         |
| <b>Total (Scope 1 and Scope 2 - Location-based approach)</b>   | <b>47,091</b> | <b>46,777</b> | <b>1%</b>   |
| <b>Total (Scope 1 and Scope 2 - Market-based approach)</b>   | <b>42,942</b> | <b>42,469</b> | <b>1%</b>   |

### Other emissions

With reference to other air pollutants, depending on the type of pollutant various thresholds have been defined; these are respected by the Group thanks to continuous monitoring and control activities of the emission points. In particular, emission points at production sites are authorised according to specific local laws in the various countries. Other atmospheric emissions are mainly due to the activities of the chemical pharmaceutical sites in Campoverde di Aprilia and Cork in reference to which, for almost all the substances listed below, more than 80% of total annual emissions are recorded.

Specific initiatives to monitor, control and reduce emissions include:

<sup>35</sup> Source of emission coefficient data for natural gas and diesel: Italian Ministry of the Environment and the Protection of Land and Sea, Table of National Standard Limits, 2021.

<sup>36</sup> Scope 1 emissions relating to the use of fuel by company vehicles have been estimated based on the average mileage of each car defined in the leasing contract and the average emission factor of fleet vehicles (113 g/km). On the basis of applicable legislation and actions taken to deal with the health emergency that have led to a reduction in mobility, for 2021 a reduction of 12% was reasonably assumed compared to expected pre-pandemic annual use.

<sup>37</sup> Due to changes to the data collection methodology, data for 2021 also includes emissions related to minor refrigerant gas leaks. Data for 2020 has been included for comparison purposes.

<sup>38</sup> The reporting standards applied (GRI Sustainability Reporting Standards 2016) provide for two different approaches for the calculation of Scope 2 emissions: "location-based" and "market-based". The location-based approach uses national average emission factors relating to the specific configuration of national electricity production (source of emission factors: TERNA, Confronti Internazionali, 2019).

<sup>39</sup> The market-based approach uses an emission factor defined on a contractual basis with the electricity supplier and defines that the purchase of renewable electricity with Guarantee of Origin does not imply emissions of greenhouse gases calculated according to this approach. Consequently, consumption at the plants in Milan and Campoverde di Aprilia (Italy), Cork (Ireland), Utebo (Spain), Nanterre and St. Victor (France), Pardubice (Czech Republic), which use 100% certified Guarantee of Origin renewable energy, was not included in the calculation for Scope 2 emissions (according to the Market-based approach). For calculation of emissions using the market-based approach, the national "residual-mix" emission factors were applied (source of residual-mixes: AIB European Residual Mixes - 2021).

- At the Milan plant, all emission points with a high environmental impact are monitored annually as required by the supervisory authority. In addition, to monitor greenhouse gas leaks from the compressed-air production system, sensors have been installed in the most critical area of the system. In 2020, a gas detection system was installed for the refrigeration units, with alarms connected to the site manager's office, in order to immediately identify any leaks of ozone-depleting gases.
- At the Çerkezköy plant in Turkey, all emission points with a high environmental impact are monitored every two years as required by the Turkish authorities. The most recent inspection was carried out in 2020 and the next is scheduled for 2022;
- Pursuant to local law, the Opalia factory in Tunisia monitors the quality of its atmospheric emissions from all sources at the site using an accredited laboratory;
- At the Campoverde plant in the last few years, in the context of continuous improvement of air quality, efficiency assessments were conducted on scrubber systems and in coming years there are plans to build a new scrubber system and develop further systems. In 2020, a new NO<sub>x</sub>, SO<sub>x</sub> and PM emissions monitoring system was installed on the chimneys of the co-generation plant in order to track and report the levels of emissions generated and consequently implement possible actions for mitigation and reduction. The emissions are managed according to a specific procedure and specifically, the existing scrubber systems are included in the improvement plan, which outlines constant verification of the efficiency of the moderation system.

| Other emissions (kg/year) from Recordati group production plants <sup>40</sup> |        |        |
|--|--------|--------|
|  | 2021   | 2020   |
| Nitric oxide (NO <sub>x</sub> )  | 8,030  | 19,066 |
| Sulphur oxide (SO <sub>x</sub> )   | 10     | 20     |
| Persistent Organic Pollutants (POP)  | 0      | 0      |
| Volatile Organic Pollutants (VOC)  | 19,067 | 23,168 |
| Hazardous Air Pollutants (HAP)   | 1,515  | 6,261  |
| Particulate Matter (PM)  | 484    | 435    |
| Methane (CH <sub>4</sub> )   | 0      | 0      |
| Others   | 12,397 | 5,961  |

<sup>40</sup> As provided for by the environmental authorities, significant atmospheric emissions (including NO<sub>x</sub>, SO<sub>x</sub>, POP, VOC, HAP, PM, CH<sub>4</sub>) are monitored at the Group's plants. Measurements are taken at varying frequencies depending on the type of emission. For example, at the chemical-pharmaceutical plant in Campoverde di Aprilia (which is responsible for most of the atmospheric emissions), measurements are carried out once a year based on the plant's operations, according to AIA (Autorizzazione Integrata Ambientale) requirements. Therefore, any variations year on year are due to the plant's operations at the time of measurement. Due to the different calculation and measurement methods used, the values do not include emissions at the Opalia pharmaceutical plant, which are monitored annually and are within the limits permitted by law.

### 6.3 Water management

The Recordati group recognises the value of natural resources and in particular the value of water resources. For this reason, the Group invests its efforts in the development of manufacturing processes aimed at reducing water consumption and managing the quality of wastewater.

To this end, Group production plants are equipped with systems and procedures to monitor consumption and wastewater. The use of water resources primarily impacts the manufacturing cycle and process cooling, in addition to sanitary uses.

Regarding wastewater, if necessary or required by local laws, plants have installed or implemented wastewater treatment systems before discharging water into public drains or into the natural environment. In compliance with local and national environmental laws, plants analyse and constantly monitor the quality of wastewater in order to observe the minimum standards set by local and national environmental authorities. Specifically, all plants must observe applicable environmental laws and must hold the necessary water-discharge permits required by local authorities.

Below is a description of some initiatives implemented by the Group in order to guarantee responsible water management, both in terms of consumption and wastewater:

- at the head office in Milan, since 2016 the new heating and air conditioning unit equipped with geothermal heat pumps has used groundwater as the principle thermal carrier. The groundwater is drawn from a shaft and channelled into the system for use in the heating or air conditioning systems before being returned in its original condition to the groundwater reserves via two return channels. The quantity of water used and recycled by the heat pump in 2021 was 454,411 m<sup>3</sup> and corresponds to approximately 17% of the Group's annual water intake. The chemical and physical characteristics (pH, suspended solids, BOD, COD, metals, aromatic solvents, chlorinated aromatic solvents, aliphatic solvents and surfactants) of the wastewater, non-potable groundwater and potable water from the mains supply are monitored at the Milan plant on a monthly basis. Furthermore, in response to the problems encountered with regard to the correct flow rate from the intake well, in order to ensure the proper functioning of the heating and cooling system, a new well was excavated in 2019 and 2020 to replace the one previously in use. In 2021 the project to reduce the overloading of municipal drains, which reach critical levels during large storms, was completed. Water from the company drain is collected in detention tanks and progressively released into the municipal drains once the storm has passed. In 2020, in order to reduce water consumption used to clean the creams production plant, an automatic pressurised system was installed that allows a 50% reduction in water consumption compared to the previous method. In 2022 another initiative will be launched to implement an automatic cleaning system at the oral solid dosage product production plant, with a view to further reducing water consumption.
- at the Italian plant in Campoverde di Aprilia, daily monitoring is performed of water parameters. In recent years, the plant initiated and completed a project to replace the use of water from wells with river water for external cleaning of departments and for certain cooling systems, in order to minimise the impact of manufacturing activities on water resources;
- at the Cork plant in Ireland, particular focus was given to water use, particularly water used to ensure the correct operation of the scrubbers (system for filtering out pollutants from fumes). In any case, water



usage is constantly monitored to identify any anomalies and facilitate prompt intervention when required. Following transposition by the Irish authorities in 2020 of EU law 2016/902, works were initiated for upgrading of the purifier currently used at the plant. Specifically in 2021 a bio-reactive membrane was installed in the aeration basin, the part of the system where organic waste is biodegraded, which significantly improved the quality of wastewater. Following the updates made in 2020, it was possible to reduce the level of nitrogen present in the discharged water by over 80%, improving the quality of the final effluent and reducing the amount of waste produced;

- at the Tunisian plant in Opalia, various initiatives were implemented to increase awareness about the use of water resources and to reduce the amount of water used to clean the machinery;
- at the Çerkezköy plant in Turkey, industrial wastewaters are treated by the chemical pre-treatment plant on site, connected downstream to the drainage line for waste water from the Çerkezköy industrial area, to be sent to the central treatment plant. The chemical pre-treatment of wastewater used for plant processes has the tangible goal of reducing the impact of pollutants generated by the company within the municipal water system;
- at the French plant in Saint Victor, the chemical and physical characteristics (pH, suspended solids, BOD, COD, etc.) of wastewater are monitored every three months. In order to reduce the amount of water disposed of as “pharmaceutical waste”, water used in the initial cleaning process which contains high concentrations of pollutants is recovered and stored in vats to be processed as pharmaceutical waste (sludge). To dispose of the remaining wastewater from this process, the French plant has signed an agreement with the management of the purification system that allows storage of wastewater and its input into the purification system only during night-time hours, in order to avoid overloading the purification system and sewerage network.

The total water intake in 2021 was 2,706 MI, of which 30% was surface water, approximately 62% was groundwater and the remainder was drawn from the mains supply.

In 2021, the overall water intake at the Group’s production plants increased by around 10% compared to 2020. The increase in the Group’s water intake, specifically the increase in groundwater use, is mainly attributable to the Milan site due to extraordinary maintenance carried out in 2021 on a pump on one of the site’s wells.

Around 63% of Group water intake is attributable to the chemical pharmaceutical plant in Campoverde di Aprilia, located in an area subject to water stress<sup>41</sup>. In addition to the Italian plant, the Turkish plant and the Tunisian plant are also located in areas considered to be subject to water stress, although they do have lower water intake.

It should also be noted that in 2021, 29% of total water intake at the Group’s production plants was recycled.

All water intake of the Recordati Group is composed of fresh water, defined as water with a concentration of total dissolved solids equal to or less than 1,000 mg/l.

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<sup>41</sup> To determine the water stressed areas, the Aqeduct tool developed by the World Resources Institute was used.

*Water intake at Recordati group production plants by source (megalitres)*

|               | Unit of measurement | 2021         | 2020         | % Variation  |
|---------------|---------------------|--------------|--------------|--------------|
| Surface water | MI                  | 805          | 763          | 5,5%         |
| Groundwater   | MI                  | 1,671        | 1,459        | 14,5%        |
| Mains water   | MI                  | 230          | 231          | -0,4%        |
| <b>Total</b>  | <b>MI</b>           | <b>2,706</b> | <b>2,453</b> | <b>10,3%</b> |

*Percentage of recycled water at Recordati group production plants*

|                            | Unit of measurement | 2021  |                         | 2020  |                         |
|----------------------------|---------------------|-------|-------------------------|-------|-------------------------|
|                            |                     | Total | % of total water intake | Total | % of total water intake |
| Quantity of water recycled | MI                  | 777   | 29%                     | 571   | 23%                     |

## 6.4 Waste management and the circular economy

The Recordati Group's commitment to environmental protection is also evidenced by its activities to reduce the waste produced by its activities, the adoption of a circular approach, wherever possible, aimed at recovery and re-use, and the correct disposal of chemical and pharmaceutical products, particularly at its production sites.

All waste is processed in accordance with the applicable national laws, and chemical and pharmaceutical waste is managed according to specific internal procedures. In particular, the various types of waste produced at the plants are classified as hazardous or non-hazardous. In accordance with internal operating procedures, all waste is assigned an identification code which defines the relative management procedure for that type of waste. The classification of waste according to its origin and type (material and composition analysis) is maintained within the sites, leaving the waste collected and stored separately at defined delivery points, and after temporary storage the waste is sent for recycling or disposal (according to its characteristics). Waste disposal is contracted to specialist firms that hold the relative authorisations to act as carriers, intermediaries and recipients.

Depending on the planned storage and disposal process, it is of the utmost importance that all employees have received training in waste classification. Training courses for new hires and refresher courses are therefore offered throughout the year. Furthermore, in accordance with the provisions of Italian law (Legislative Decree no. 231/01), the Group's organisational model includes the appointment of various waste management officers within the company.

All of the Group's plants subject to the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation comply with the necessary requirements. The regulation aims to ensure the protection of human health and the environment by requiring companies that produce, import or market chemical substances to assess the risks associated with their use. In compliance with the REACH regulation, Recordati registers the relative substances and applies the requirements provided for by the regulation.

The main initiatives implemented at the Group's plants with regard to waste management and the circular economy include the following:

- at the Campoverde di Aprilia site, in order to promote an approach aimed at the circular economy that reduces waste and the use of natural resources, various initiatives to recover and re-use chemical raw materials used in production processes (such as solvents - ethanol - and palladium) were analysed. Furthermore the feasibility study for the recovery of certain heavy metals was completed. The Group aims to continue to analyse new initiatives and to further explore the possibility of routinely recovering certain raw materials that have already been proven to be feasibly recoverable on an industrial scale. The recovered raw materials may be reintroduced into internal production processes or through partnership agreements with third-party companies. A research programme is underway to investigate the possibility of internally managing certain types of waste that have previously been disposed of externally. For some types of waste, the implementation of this strategy has led to a significant reduction in costs and a positive environmental impact due, in addition to internal management, to the reduction in the number of transports and less handling and management of packaging (polythene and steel drums);
- at the Cork plant in Ireland, solid hazardous waste is segregated on site by production operators as soon as it is produced and is then sent off site for incineration by specialised contractors. Liquid hazardous

waste is managed internally using closed systems: part of this waste is sent via a specialised contractor for disposal, while the majority is treated at the waste treatment plant of the Recordati Ireland branch. Biological sludge extracted by the treatment plant is sent for incineration by a specialist contractor. In 2022 the Cork plant will assess the use of thionyl chloride in its production cycle. Furthermore, the site is improving the process used for the preliminary reconditioning of thionyl chloride drums with support from an external company. The preliminary reconditioning process will be conducted in line with standard ISO 14001;

- at the Çerkezköy plant in Turkey, all wastes are classified according to five main categories, with a different colour assigned to each, allowing easy identification of its placement as the colours of equipment and bags for waste collection are the same as those used for the different types of waste. With this method, the plant aims to minimise potential errors in the separation of waste. These five main categories are: domestic waste (e.g. waste from the canteen), recyclable waste, chemical waste, medical waste and hazardous waste. A specific policy has been adopted at the plant to regulate waste collection, storage, recycling and transfer procedures. This procedure includes a waste tracking system which closely monitors the transfer of special waste throughout the production chain. In recent years a new area equipped with a controlled access system was designated for the temporary storage of waste awaiting final disposal. In addition, in the wastewater treatment plant, a number of improvements were made which led to a reduction in the pollution values of wastewater. These optimisation measures also reduced the consumption of chemical substances used in treatment plants, with a consequent reduction in operating costs;
- at the Tunisian plant, the management of chemical and pharmaceutical waste is regulated by a specific internal procedure which classifies the waste by colour, class and code. Furthermore, waste disposal is entrusted to specialist contractors authorised to process this type of waste.
- in the last few years a new cardboard box compactor with an automatic lifting system for emptying boxes was installed at the Saint Victor plant to eliminate the need to lift and throw waste into the compactor. In addition, at the French site in Saint Victor, a project is underway in collaboration with Batribox aimed at the disposal and recycling of used batteries, supporting the AFM-Telethon charity for medical research into muscular dystrophy. In 2021 the Saint Victor site implemented a complete recycling system for paper documents, aluminium cans and plastic thanks to the installation of a shredder;
- at the Milan plant, in order to limit the number of collections made by the carrier, two waste compactors have been installed in recent years, one for paper and cardboard and one for special waste equivalent to SUW;

A total of 5,547 tonnes of waste was produced in 2021, of which 55% was hazardous waste (substances defined as hazardous in the country of origin) and 45% was non-hazardous waste (all other forms of liquid and solid waste).

Compared to 2020, waste produced by the Group fell by 17%. The reduction is mainly due to improvements in certain waste management practices implemented at various plants. For example, the Campoverde plant reduced the amount of hazardous and non-hazardous waste produced by 26% in 2021 partly thanks to some improvements to the water treatment plant, which made it possible to reduce the amount of sludge produced. The Opalia plant in Turkey reduced the amount of waste sent to landfill and hazardous waste by 36% thanks to the re-use of containers that have not been contaminated by chemical products or hazardous substances.

*Total waste produced by Recordati group plants, subdivided by type and disposal method*

| Disposal method                      | Unit of measurement | 2021            |                     |         | 2020            |                     |         |
|--------------------------------------|---------------------|-----------------|---------------------|---------|-----------------|---------------------|---------|
|                                      |                     | Hazardous waste | Non-hazardous waste | Total   | Hazardous waste | Non-hazardous waste | Total   |
| Reuse                                | tonnes              | 5.3             | 0.4                 | 5.7     | 3.0             | 0.3                 | 3.3     |
| Recycling                            | tonnes              | 31.1            | 718.0               | 749.1   | 43.0            | 557.8               | 600.8   |
| Compost                              | tonnes              | 0.0             | 19.0                | 19.0    | 0.0             | 0.0                 | 0.0     |
| Recovery (excluding energy recovery) | tonnes              | 1,217.1         | 341.5               | 1,558.6 | 1,500.53        | 644.5               | 2,145.0 |
| Incineration (with energy recovery)  | tonnes              | 155.0           | 157.4               | 312.4   | 158.2           | 156.9               | 315.0   |
| Incineration (mass burn)             | tonnes              | 406.3           | 157.6               | 563.9   | 399.7           | 31.3                | 431.1   |
| Deep well injection                  | tonnes              | 0.0             | 0.0                 | 0.0     | 0.0             | 0.0                 | 0.0     |
| Landfill                             | tonnes              | 98.7            | 93.6                | 192.3   | 124.1           | 105.2               | 229.3   |
| Storage on site                      | tonnes              | 1.2             | 0.0                 | 1.2     | 1.8             | 0.0                 | 1.8     |
| Other <sup>42</sup>                  | tonnes              | 1,133.2         | 1,011.5             | 2,144.7 | 1,862.4         | 1,118.8             | 2,981.2 |

<sup>42</sup> This category includes the disposal methods classified as D8, D9, D13, D14 and D15 used at the Campoverde di Aprilia plant and listed in Annex B of Italian Legislative Decree no. 152/06.

|              |               |                |                |                |                |                |                |
|--------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total</b> | <b>tonnes</b> | <b>3,047.9</b> | <b>2,499.0</b> | <b>5,546.9</b> | <b>4,092.2</b> | <b>2,614.8</b> | <b>6,707.0</b> |
|--------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|

Correct spillage management is regulated by specific standard operating procedures, which state that the spilled product must be collected using absorbent sheets and pads suitable for use with all types of hazardous and non-hazardous materials. Once used, the absorbent kits are handled and destroyed in the most appropriate way, considering the hazardous nature of the product. For example, at the Campoverde di Aprilia plant small leaks of chemical substances are resolved using liquid chemical absorption kits, while for more significant leaks external drainage systems are employed. For the containment of spillages of chemical substances from containers or tanks, bunds and retention areas are used at the plant.

As regards the various disposal methods, particular emphasis was given to the recycling of packaging materials and the use of reliable suppliers of waste transportation and disposal services. The Recordati Group has implemented two key strategies to reduce the amount of waste it produces: first, in line with the “Packaging decree” (which enters into force in July 2022), it has updated the information contained on the labels of its supplements and medical devices, and second, where possible it is committed to reducing the volume of packaging entering the waste system and increasing consumer waste recycling activities. When coordinating these initiatives, the Group works with national recycling organisations such as CONAI (Consorzio Nazionale Imballaggi) in Italy.

In 2021, in partnership with its suppliers, the Group continued to implement initiatives to reduce the environmental impact of its product display units and packaging. In Italy, for example, a project to eliminate the use of plasticised materials from display units was developed in order to enable pharmacies to dispose of them as recyclable paper. The Group aims to continue with further analysis of other possible packaging solutions with lower environmental impacts, while complying with the strict legislation in place in the pharmaceutical industry.

## 6.5 Environmental impact of products

As well as endeavouring to minimise the environmental impact of the production processes conducted at its industrial plants (both pharmaceutical and chemical-pharmaceutical), the Group also recognises stakeholders' concerns regarding pharmaceutical residues in the environment that mainly derive from the use of medicines by patients. To this end, the Group assesses the environmental risks of its products from the R&D stage, in compliance with applicable law.

### *Environmental risk assessment of pharmaceutical products*

Man-made pharmaceutical residues have become a pressing topic of environmental concern. Following the detection of pharmaceutical residues in drinking and surface water reserves, regulatory authorities across the world, including the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA), have developed detailed guidelines on how the negative environmental impact of pharmaceutical products should be assessed.

To this end, regulatory bodies now require an Environmental Risk Assessment (ERA) as an integral element of the authorisation process for the commercialisation of pharmaceutical products. The assessment is mandatory for pharmaceuticals to treat human conditions and those for veterinary use.

Recordati is committed to guaranteeing the effective environmental management of its products according to current guidelines. All new pharmaceuticals developed by the Group are subject to an environmental risk assessment prior to approval. Data on environmental toxicity are reported according to the applicable international standards. During the environmental risk assessment, the safe concentration, i.e. the concentration at which the pharmaceutical does not harm the soil or aquatic organisms, is identified. The Group notifies the outcome of the assessment to the regulatory authorities in specific environmental impact reports.

Throughout the product lifecycle, for any extension of the authorisation to market the product (new indications or new dosages) Recordati revises and updates the existing environmental assessment dossier or generates a new one to reflect the latest information on the potential environmental impact of the product. Two examples are given below:

- Fenticonazole: approved in Italy in 1985 and now approved in more than 70 countries worldwide with various formulations in several European and non-European countries. Recently, an application was made for a new authorisation to market the product in new European countries. This procedure led to the performance of an environmental risk analysis and more than 12 eco-toxicological studies in the last three years to assess the product's impact on the aquatic and terrestrial environment. The results were duly reported to the EMA. Throughout this process, Recordati works in collaboration with the agency to ensure that the product has the lowest environmental impact possible. The final report will be available and shared with the regulatory authorities in the first quarter of 2022.
- Methadone: the drug was approved for new therapeutic indications (cancer-related pain) and therefore a complete assessment of the environmental risks is currently ongoing.

Personnel at the R&D department attend periodic internal training sessions focused specifically on environmental legislation, with a view to raising awareness on the topic and ensuring that staff are up to date with any changes to legislation. Furthermore, continuous efforts are made in the Group's R&D laboratories to reduce the environmental impact of the laboratories through the adoption of instruments that use a lower amount of solvents, are less energy-intensive and produce less waste. Finally, in 2021 Recordati collaborated with AFI (Associazione Farmaceutici Industria) to draft the chapter of the book "Buone Pratiche di Fabbricazione, Linee Guida AFI-Vol XVI, 2021" that covers environmental aspects.

## 6.6 Employee awareness-raising initiatives and other projects

Recordati's vision and its commitment to reducing its environmental impacts is also reflected through internal engagement and awareness-raising policies aimed at its employees and initiatives launched in its offices, which aim to promote a greater understanding of the importance of correct waste management, energy saving, environmental protection and biodiversity.

In fact, the Group works actively to reduce consumption of paper, toner and energy and properly separate and recycle waste. Group sites have special containers for separation of waste, to ensure disposal or recovery/recycling of these materials in a correct and efficient manner. Regarding paper used in offices, in the context of raising awareness amongst employees on the environmental impacts of daily actions, all printers in Italy are equipped with individual codes to be used when printing documents. The purpose is to increase individual responsibility and reduce the number of documents printed, thus reducing consumption of paper and toner. In addition, it is noted that the paper used for printers in Italy and certain other Group branches originated from sustainable sources (recycled or FSC certified).

Raising awareness amongst personnel regarding good environmental practices has also led to the participation and creation of local initiatives in the areas in which Recordati operates. In 2020, for example, the Company participated in several projects during the year aimed at cleaning up urban green spaces thanks to the participation of certain volunteers at the Cork plant in Ireland. Due to the ongoing nature of the Covid-19 pandemic, some of these activities were postponed in 2021; new initiatives are planned to be launched in 2022, including a clean-up day, recycling campaigns, etc.

Furthermore, for several years the Cork plant has been involved in the Ringaskiddy community project, managed by the National Biodiversity Data Centre of Ireland and aimed at protecting pollinators. To this end, approximately 200 lavender plants and 180 conifers have been planted in the area, replacing the fences that were present around the manufacturing site. Following a survey to identify the biodiversity in the area around the site, in autumn 2021 the Group helped to sow a native wildflower meadow. Other activities are planned for 2022, such as planting native trees and shrubs in collaboration with local bee-keepers.

In further proof of Recordati's commitment to protecting nature and the environment, the Group has signed up as a leading partner of the Forestami project for the 2021-2023 period. The Group will support the planting of over 11,000 plants in the Milan metropolitan area (for more details, please refer to the "Community" chapter).

Natural Point is the Recordati Group company established with the aim of promoting the healthy and safe use of supplements to support a healthy diet. It was one of the first companies to focus its attention on vitamin and mineral supplements, focusing in particular on magnesium as an essential element of healthy organisms.

Since its foundation, the company has always focused on protecting the environment, promoting sustainable business practices and supporting environmental awareness campaigns:



- the company is committed to protecting marine habitats: the fish oil used in Natural Point supplements is certified by Friend of the Sea, a non-profit organisation that aims to protect marine environments by promoting sustainable fishing practices and protecting the sea floor;
- the product Spirulife is certified organic, guaranteeing that the entire supply chain is audited and monitored;
- in 2021 the company supported the WePlanet project which aims to raise public awareness about sustainability, pollution, energy saving, recycling, waste disposal, and rising global land and ocean temperatures;
- wherever possible, product packaging (labels, boxes) and marketing materials use FSC-certified paper which guarantees the responsible management of forests.

### *Natural Point for WePlanet*

In 2021 Natural Point took part in the “100 globes for a sustainable future” event organised the WePlanet Association, supported by the Municipality of Milan, the Lombardy Region and the Italian Ministry of the Environment, which aims to increase awareness and raise money to protect the environment and public health.

The globes were made from recycled plastic and created by young artists from the Brera Fine Arts Academy (Milan) and well-known artists and designers as expressions of topics and values related to sustainability. The installation was on display in Milan from 27 August to 7 November. Among the pieces on display was the Natural Point globe, aimed at raising public awareness about sustainability.

At the end of the exhibition the globes were auctioned at a charity event and the proceeds were donated to Forestami, specifically to Associazione Parco Segantini Onlus to complete the municipal park, to Ospedale Niguarda and Fondazione Umberto Veronesi to support pioneering cancer research, and to Fondazione Progetto Arca Onlus which supports and promotes the integration of people in need.

## 7. SUPPLIERS AND STRATEGIC PARTNERS

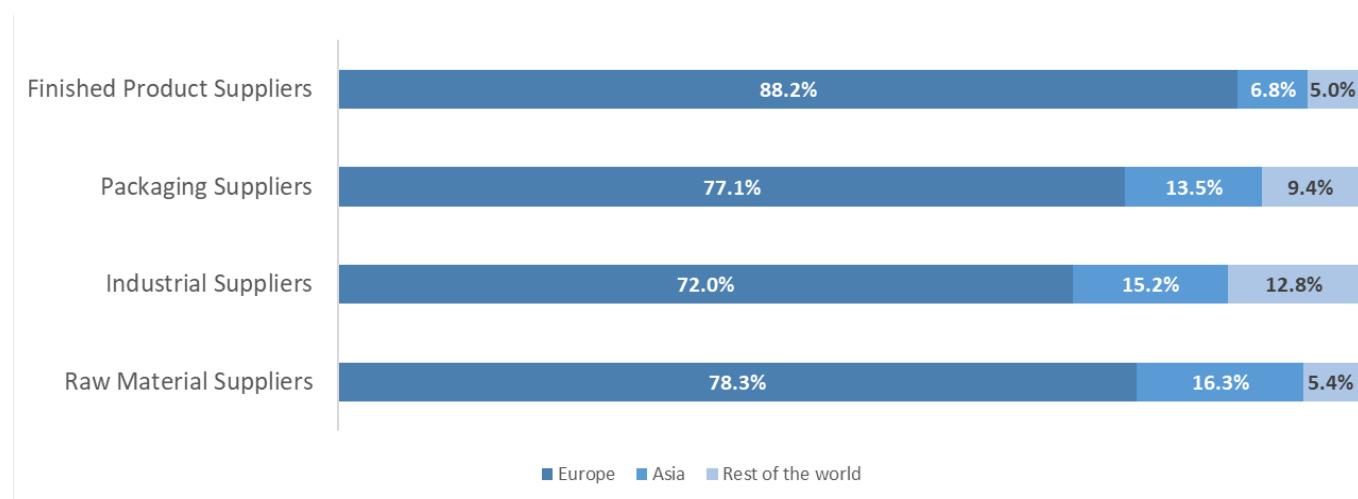
Recordati recognises the fundamental value of the supply chain in creating safe and high-quality products and is committed to working with suppliers and strategic partners that share its values and ethical principles. Commercial relationships with other parties (suppliers, consultants and partners) are founded on respect for the principles of fairness, professionalism, efficiency, loyalty, transparency and equal opportunities. The Group establishes written agreements specifying the responsibilities of each party and requiring that the principles of the Code of Ethics be respected.

### 7.1 Supply-chain profile

The Recordati group is served by approximately 9,000 suppliers, predominantly located in the countries in which the Group operates production plants or has a commercial presence. The supply chain is characterised by the purchase of direct ingredients (active substance, packaging material, excipients and chemical intermediates), finished products and indirect services required for regular operation (consultancy services, marketing, supplies, licensing, etc.). In this regard, the main purchase categories are represented by raw materials (and in particular APIs - Active Pharmaceutical Ingredients), packaging, industrial products and services, and finished products.

In 2021, the Recordati group interacted with around 370 suppliers of raw materials<sup>43</sup>, principally located in Europe and India. Approved suppliers for the packaging of medicinal products produced directly in the Group's plants numbered approximately 220, located principally in the countries in which the Group has manufacturing sites. Suppliers of industrial materials and services for use in the Group's plants numbered approximately 1,500, with a significant local presence due to the type of goods and services. Suppliers of finished products (CMOs - Contract Manufacturing Organisations) number approximately 160 at Group level, with a significant presence of European producers.

*Percentage breakdown of the number of Recordati group suppliers for the main categories by geographical area*



<sup>43</sup> The figure for raw materials refers to: API - Active Pharmaceutical Ingredients, excipients, starting materials, chemical intermediates.

## 7.2 Responsible sourcing

Discussing sustainability implies sharing the values and ethical, social and environmental principals in which the Group believes with suppliers and strategic partners. In this context, the Group requires suppliers to accept the Code of Ethics from the approval phase and reserves the right to terminate the contractual relationship in the event of conduct incompatible with the values and principles expressed therein.

In order to operate as a supplier of the Recordati group, our suppliers are selected and approved according to two different methods for direct and indirect products. For the purchase of indirect materials and services, information regarding the suppliers' economic and financial position is collected through documentary evidence and research. For the purchase of direct materials, potential suppliers are subjected to financial checks and are required to follow a regulated documentation collection procedure in line with GMPs and GDPs (Good Manufacturing Practices and Good Distribution Practices) before undergoing a strict monitoring and auditing process.

In order to standardise the supplier selection and approval process, in recent years the Attitude project was launched, aimed at implementing a new purchase management policy at Group level using an eProcurement platform. The project aims to promote transparency in the procurement process in terms of supplier assessment and effective negotiation in line with the distribution of procedures and tools at a centralised and local level. In 2021, the expansion of the project continued, which made it possible to integrate approximately 70% of the Group's strategic suppliers into a single, shared database, i.e., suppliers in the most relevant product categories, such as raw materials, packaging, industrial products and services, finished products/CMOs. Recordati's goal is to continue to progressively expand the project to all Group suppliers.

Parameters used in the selection of suppliers include observance of the Group Code of Ethics, which, in accordance with International Labour Organization conventions, requires the observance of fundamental Human Rights for all workers. These selection criteria are binding and all suppliers must declare their commitment to the Code and the practices contained therein. This obligation is formalised through special contractual clauses. As a result, any violation of the Code represents a breach of contract, and the Group reserves the right to assess the severity of the situation and take immediate corrective action. In the most serious cases, the group reserves the right to terminate the contractual relationship.

Furthermore, in the supplier-approval questionnaire consideration is also given to environmental and social aspects. In fact, information is requested regarding existence of health, safety and environment management systems (e.g. ISO 14001 and OHSAS 18001).

In 2020, supplier-approval questionnaires were reviewed and the Group's goods categories were refined. In addition, the new Code of Ethics was distributed through the eProcurement platform. All previously registered suppliers were therefore invited to re-apply for approval. In 2021, as in previous years, certain environmental assessment parameters were also included in various tenders, including those for transport and logistics, for example. In addition, during 2021, aiming to continuously improving the process, the integration with Bureau Van Dijk was implemented for analysing financial and risk data.

As part of the Group's responsible procurement strategy, in order to strengthen monitoring of sustainability issues along the supply chain, an plan to audit the social and environmental aspects of the Group's suppliers will be launched in 2022 by an independent third party. Regarding audits and inspections on the quality and safety of products and raw materials, please consult the paragraph entitled "Product quality and safety".

In order to promote the ESG culture and increasing awareness of sustainability throughout the value chain, during 2020 all personnel of the Purchasing and Supply Chain department of the parent company participated in a training course on the principles of responsible sourcing. With the start of ESG auditing and monitoring along

the supply chain, the involvement of the function in the process of implementing the principles of responsible sourcing will continue.

### *Supply-chain management and initiatives adopted during the COVID-19 pandemic*

In the context of the global emergency connected to the COVID-19 epidemic, right from the start Recordati understood that the greatest challenge would, on the one hand, be implementation of all possible initiatives to guarantee the supply of drugs to patients and, on the other, safeguarding of the health and safety of persons involved in the process, providing recommendations and sharing with suppliers the adoption of strict prevention policies (e.g. access procedures, provision of personnel protection equipment, and segregation of shifts and flows).

The risk-assessment policies that have led the Group over the years to definition of alternative sources and back-up stocks have played an essential role in guaranteeing supply and business continuity during the health emergency. In this context, throughout the Group stock-management policies have in any case been reinforced, also differentiating in terms of the physical allocation of stock where possible.

In terms of finished products, throughout the Group, actions have been taken to accelerate product release processes and local warehouse stocks have been redistributed and rebalanced to mitigate the negative impacts deriving from lockdowns in specific areas. For raw materials strategic stocks have been built up and there has been allocation to new warehouse outside the province of Milan, for the storage of raw materials and packaging materials identified as components of products considered as strategic in the manufacturing context. This warehouse was also selected for the high level of automation offering greater continuity of restocking at the Milan plant, also in the event of the pandemic striking warehouse employees themselves. In terms of packaging, attention has been focused primarily on increasing stock of raw materials and in the context of the chemicals division, on the basis of the long lead times for procurement, back-up stocks were reinforced, extending them to 12 months for products with greater strategic value and those which are difficult to source.

## 8. SUPPORT FOR LOCAL COMMUNITIES

*“We believe that contributing to the well-being of the community and dedicating part of our resources to acts of solidarity is not merely the fulfilment of company obligations or professional duty, but rather a moral imperative, an essential part of a healthy business capable of growth but at the same time able to support and develop the community in which it operates and make its employees proud.”*

Andrea Recordati

### 8.1 Recordati group donations

Recordati believes that support for patient associations and local communities is fundamental.

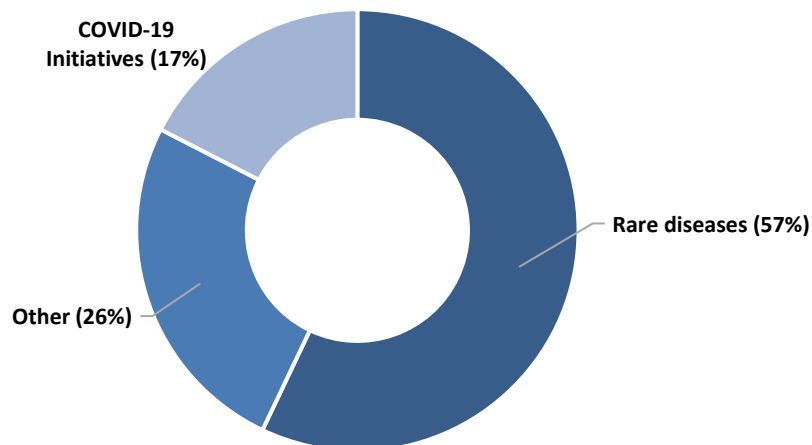
In full compliance with ethical standards, the Group develops social projects and initiatives to support organisations operating in the medical and healthcare fields, it supports associations that are dedicated to assisting patients and improving the quality of life for them and their families, initiatives and social projects which benefit the most vulnerable members of society and those who experience disability, hardship, and other difficulties.

This support is mainly in the form of monetary donations and product donations, support to organisations and associations to facilitate access to healthcare through training and collaboration initiatives.

During 2021, the Recordati group disbursed over € 2.5 million<sup>44</sup> in support of the community.

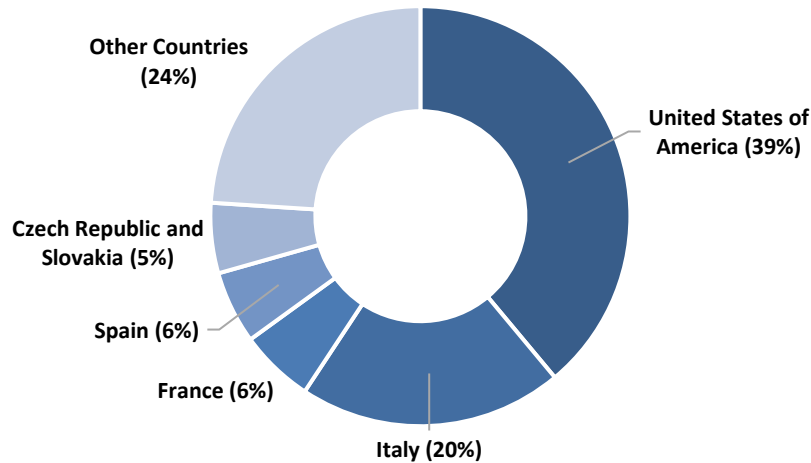
Of particular note is the company's contribution in the field of treatments for rare diseases (57% of total donations in 2021). Approximately 26% was given to organisations in the medical and healthcare field, social and cultural organisations and institutions in various countries. Another 17% went to initiatives connected to the COVID-19 epidemic.

*Recordati group donations by type*



<sup>44</sup> This figure includes both monetary donations and product donations.

### Recordati group donations by geographic area



### Contributions to the community during the COVID-19 pandemic

Right from the start of the emergency, the Recordati group has stood alongside the communities where it operates, offering support to the health facilities involved in combating the epidemic. It has supported numerous initiatives also in 2021 in the various countries, largely through monetary and product donations.

The COVID-19 epidemic has not only created a global health crisis, but a profound social crisis as well due to the dramatic consequences for the socio-economic system. In fact, COVID-19 has further increased existing inequalities, exacerbating situations of poverty and social exclusion. With this in mind, the Group wanted to contribute again in 2021 to supporting the most disadvantaged segments of the population through donations to organisations and associations that are committed to meeting the basic needs of people in serious difficulty. Some important associations that received support included:

- Opera di San Francesco per i Poveri: this organisation works every day to guarantee support for women, men and families in difficulty. It offers services, charity and support and advice. OSF carries out a wide range of activities, including a kitchen service offering free hot meals, personal hygiene and wardrobe services to guarantee the opportunity to wash and have a clean change of clothes (particularly for those living on the streets), and a health clinic to guarantee the right to healthcare with medical volunteers and fully equipped clinics. It also offers a shelter service, education, social and legal support and an employment office.
- Pane Quotidiano ONLUS: a no-profit organisation with a mission to guarantee free food on a daily basis to the poorest members of the population, to anyone vulnerable and in need, without discrimination.
- Fondazione Banco Alimentare Onlus: a foundation that collects foodstuffs and recovers excess consumables from agricultural and industrial production, redistributing them to charities across the area that provide support to those in need.

### *Other initiatives supporting the community*

Again in 2021, there were numerous initiatives to support local communities in all countries in which the Group operates, both through monetary and product donations.

The key initiatives in Italy include being a main partner for the 2021–2023 period in the Forestami project, which aims to plant 3 million trees and increase the natural capital of the Metropolitan City of Milan by 2030. Support was also given to the QuBì Programme promoted by Cariplo Foundation, aimed at combating child poverty in fragile neighbourhoods in Milan. Amongst many initiatives launched, this project involves after-school activities for children in difficult circumstances and the creation of new opportunities for their free time, including sport and culture. Other organisations receiving support included Fondazione Francesca Rava - N.P.H. Italia Onlus, which supports children in need in Italy and around the world, and Avis in Aprilia for their Plasmateca project. During 2021, support also continued for Banco Farmaceutico, through product donations. Banco Farmaceutico gathers and recovers medicines from donors and companies and delivers them to organisations offering care to those in difficulty. The products donated are sent to care givers in Italy and to Ethiopia as emergency aid.

Equally important monetary and product donations are made by the different branches of the Group, including those in Tunisia, France, Spain, Portugal, the Czech Republic, Slovakia and Ukraine.

#### **RECORDATI SUPPORTS THE FORESTAMI PROJECT**

# Forestami

Recordati has renewed its commitment to protecting the environment and supporting sustainable development in the areas in which it operates through its role as a main partner for the 2021–2023 period in the Forestami project, which aims to plant 3 million trees and increase the natural capital of the Metropolitan City of Milan by 2030.

The Group sees this urban forestation project as an opportunity to make a tangible contribution to the Milanese community, where it has strong roots and has operated for many years, increasing well-being and improving quality of life from both an environmental and social perspective. Support over the three-year period will enable planting of approximately 11,250 forest plants (and their maintenance for five years), helping to increase urban green spaces, support the well-being of citizens and reduce atmospheric pollution, improving landscapes, community spaces and biodiversity and slowing global warming.

In 2021, approximately 3,750 trees were planted in the metropolitan area of Milan and in particular the Group requested to assign around 500 plants to the Parco delle Cave area near the company headquarters. Work at Parco delle Cave, in addition to planting, included naturalisation initiatives, such as removal of debris and creation of a wet zone to promote population and reproduction of amphibians and other aquatic animals, strengthening biodiversity.

## 9. APPENDIX

### 9.1. European taxonomy

In 2021 the Recordati Group acknowledged the EU Taxonomy as regulated by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

The Taxonomy Regulation defines the economic activities that are considered environmentally sustainable. To qualify as environmentally sustainable, an economic activity must, *inter alia*, contribute substantially to one or more of the six objectives outlined in Article 9 of the Regulation. On 4 June 2021 a delegated act was adopted that defines the technical selection criteria that the specific activities must meet in order to align with the first two environmental objectives: climate change mitigation and climate change adaptation. For the remaining four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and controls and protection and restoration of biodiversity and ecosystems) a delegated act has not yet been adopted but its publication is currently scheduled for 2022.

Therefore, the disclosure on the EU Taxonomy in fiscal year 2021 only considers the environmental objectives of climate change mitigation and climate change adaptation. The Group is committed to making subsequent evaluations following the publication of the delegating act governing the other four objectives and the associated economic activities.

The definitions currently available and included in the EU Taxonomy are formulated with a broad scope; consequently, businesses must interpret how they apply to their commercial activities and the relative impact on eligibility. The Group has applied its judgement, interpretations and hypotheses based on the information currently available. Documents and delegated acts published in the future may lead to more accurate definitions and thus to other decision-making processes to meet the reporting obligations that may be in force, which could have an impact on future reporting on the EU Taxonomy.

In accordance with Article 10, paragraph 1 of the delegated act of 6 July 2021, which specifies the content and the presentation to be disclosed, in fiscal year 2021 the Group only disclosed the proportion of Taxonomy eligible and Taxonomy not-eligible economic activities in total turnover, CAPEX and OPEX.

The process to define the eligibility of the Group's economic activities under the conditions of the EU Taxonomy not only involved an analysis of the activities performed by the Group, with reference to the main activities associated with its business (manufacturing of medicines and pharmaceutical substances), i.e. those that contribute to its turnover, CAPEX and OPEX, in order to ascertain, as required by the regulation, whether the activities performed by the Group have an impact on the climate change mitigation and adaptation objectives.

Considering all of this and given the Group's business, the sector in which the Group operates and the activities conducted are not reported in Annex I or II of the delegated act relating to climate change (EU Regulation 2020/852). Therefore, in line with what is reported in the act, there are no portions of turnover allowable according to the climate change mitigation and adaptation objectives.



Nonetheless, Recordati carried out an analysis of the eligibility of CAPEX and OPEX in specific actions and projects that contribute to reducing GHG emissions, as defined in the EU Taxonomy Regulation. In fact, the Recordati Group has consolidated its commitment towards an increasingly integrated management of sustainability topics and its Sustainability Plan defines the ESG objectives, which include specific targets for climate action. To this end, and in relation to the provisions of the regulation, in 2021 the analysis was extended to the activities included in the Sustainability Plan which contribute to the formation of CAPEX and OPEX which are eligible under the climate change mitigation and adaptation objectives.

The calculation of the portion of the Group's allowable CAPEX under the taxonomy was conducted on economic activities associated with programmes launched in 2021 and included in the Sustainability Plan. Specifically, the following economic activities were considered, as reported in the delegated acts of Regulation EU 2020/852:

- Activity 4.1 - "Electricity generation using solar photovoltaic technology";
- Activity 4.21 - "Production of heat/cool using solar thermal heating";
- Activity 5.4 - "Renewal of waste water collection and treatment";
- Activity 7.3 - "Installation, maintenance and repair of energy efficiency equipment";
- Activity 7.5 - "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings".

The analysis revealed that the portion of CAPEX allowed under the established criteria is not significant, representing around 1% of the Group's total CAPEX. With regard to the said activities of the Group, it is not possible to specify the value of OPEX in reference of the activities described out of the total value of OPEX. However, based on the CAPEX analyses conducted in 2021, it may be assumed that the impact of OPEX is also not significant.

## 9.2 Note on methodology

In recent years, the Recordati Group (in this document also “Recordati”, the “Group” or the “Company”) has taken a structured and organic approach to sustainability, considering the economic, social and environmental aspects of sustainability in a manner that is in line with its organisational structure.

In order to provide a clear understanding of the business’ activities, its development, its results and its impacts on sustainability, in 2021 the Group’s commitment to sustainability was reiterated with the preparation of the fifth Consolidated Non-Financial Statement (also the “Non-Financial Statement” or “Statement”) for the purposes of compliance with the obligations provided by Articles 3 and 4 of Italian Legislative Decree no. 254/16. As such, presented in this Statement are the principle policies adopted by the Group, its management models and the principle activities carried out by the Group in 2021 with respect to the matters expressly specified by Italian Legislative Decree no. 254/16 (environmental, social, personnel, human rights and anti-corruption), as well as the principle identified risks related to these themes.

In line with the one of the two options provided by Article 5 of Italian Legislative Decree no. 254/16, this Statement is a separate report. However, it is noted that, as stated in specific notes contained in this document, further details relative to certain non-financial information, as well as the relative management models and main identified risks, are also included in the 2021 Annual Report and the Corporate governance report and ownership structure.

This document represents the Consolidated Non-Financial Statement pursuant to Italian Legislative Decree no. 254 of 30 December 2016 in implementation of Directive 2014/95/EU, of the Companies belonging to Recordati S.p.A. and its subsidiaries, describing the initiatives and principle results in terms of the Group’s performance on the subject of sustainability in 2021 (reporting period: 1 January to 31 December 2021). The Non-Financial Statement 2021 has been prepared in accordance with the GRI Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI), in line with the “in accordance– core” option. Data and information relating to occupational health and safety and the impact on water resources is reported in reference to the GRI 403 and GRI 303 Standards, published by the Global Reporting Initiative (GRI) in 2018 and replacing the versions published in 2016. The reporting of data and information for 2021 relating to waste management has been updated in accordance with the new GRI 306 Standards, published by the Global Reporting Initiative (GRI) in 2020 and replacing the versions published in 2016. In order to make it easier to find information, the table of the reported GRI indicators is annexed to this document.

The Statement was prepared based on the results of the materiality analysis that was updated in 2021. This analysis, described in paragraph 2.3, enabled identification of the material aspects for Recordati and its stakeholders considering the topics referred to in Italian Legislative Decree no. 254/2016.

The scope of the financial data referred to in this document corresponds to the data considered in the Consolidated Financial Statement 2021 of the Recordati group. The scope of the social and environmental data and information extends to Companies belonging to the Recordati group as of 31 December 2021, consolidated with the comprehensive approach in the Group’s Consolidated Financial Statement. However, while ensuring the correct understanding of the company’s business, it should be noted that:

- in line with previous reports, the scope of information and data regarding environmental aspects includes the Group’s production plants and the offices that are part of the facility in Milan, as the other sites were deemed insignificant;
- in line with the previous reports, the scope of injury indicators includes all employees at all Group production plants and their offices. Data is also included for personnel from the sales network (Field Forces) within Italy and the Parent Company’s offices (Milan).

in line with the reporting standards and the provisions of Italian Legislative Decree no. 254/ 16, these exceptions and any other minor limitations are expressly indicated in the report. Furthermore, in order to provide a correct

representation of performance and guarantee the reliability of the data provided, estimates have been kept to a minimum and, where unavoidable, are based on the best available methods, duly indicated. For more information regarding significant changes to the scope and share ownership of the Group during the reporting period, please refer to the *“Issuer profile and general information”* and *“Share ownership information (pursuant to Art. 123-bis, paragraph 1 of the TUF)”* sections of the Corporate governance report and ownership structure of the Recordati Group as of 31 December 2021.

The Non-Financial Statement is published on an annual basis. The Non-Financial Statement is also available online at Group’s website [www.recordati.it](http://www.recordati.it).

This Statement was presented for evaluation and approval to the Risk, Control and CSR Committee on 10 March 2022 and was approved by the Board of Directors of Recordati S.p.A. on 17 March 2022.

This Statement was subject to a compliance review by an independent auditing company, which issued a separate report confirming the compliance of the information contained herein pursuant to Article 3, paragraph 10 of Italian Legislative Decree no. 254/16. The audit was carried out according to the procedures indicated in the *“Independent Auditor’s Report”*.

### **Contacts**

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### 9.3 Additional Information

#### Human Resources - Turnover

*Breakdown of employees entering and leaving the company by gender, age and location*

| Number of employees                            | 2021       |            |            |            |  |            |            |            |            |            |
|--|------------|------------|------------|------------|--|------------|------------|------------|------------|------------|
|  | <30        | 30-50      | >50        | Total      | Turnover %                                     | <30        | 30-50      | >50        | Total      | Turnover % |
| Employees joining the Group - Europe           |            |            |            |            | Employees leaving the Group - Europe           |            |            |            |            |            |
| Men  | 32         | 97         | 25         | <b>154</b> | <b>10%</b>                                     | 18         | 76         | 53         | <b>147</b> | <b>10%</b> |
| Women  | 45         | 112        | 23         | <b>180</b> | <b>14%</b>                                     | 20         | 91         | 36         | <b>147</b> | <b>11%</b> |
| Total  | <b>77</b>  | <b>209</b> | <b>48</b>  | <b>334</b> | <b>12%</b>                                     | <b>38</b>  | <b>167</b> | <b>89</b>  | <b>294</b> | <b>10%</b> |
| Turnover %                                     | <b>51%</b> | <b>14%</b> | <b>4%</b>  | <b>12%</b> |  | <b>25%</b> | <b>11%</b> | <b>8%</b>  | <b>10%</b> |            |
| Employees joining the Group – Asia and Oceania |            |            |            |            | Employees leaving the Group - Asia and Oceania |            |            |            |            |            |
| Men  | 23         | 54         | 4          | <b>81</b>  | <b>19%</b>                                     | 25         | 74         | 2          | <b>101</b> | <b>23%</b> |
| Women  | 17         | 33         | 2          | <b>52</b>  | <b>10%</b>                                     | 18         | 84         | 9          | <b>111</b> | <b>21%</b> |
| Total  | <b>40</b>  | <b>87</b>  | <b>6</b>   | <b>133</b> | <b>14%</b>                                     | <b>43</b>  | <b>158</b> | <b>11</b>  | <b>212</b> | <b>22%</b> |
| Turnover %                                     | <b>35%</b> | <b>11%</b> | <b>9%</b>  | <b>14%</b> |  | <b>38%</b> | <b>20%</b> | <b>17%</b> | <b>22%</b> |            |
| Employees joining the Group - Africa           |            |            |            |            | Employees leaving the Group - Africa           |            |            |            |            |            |
| Men  | 19         | 9          | 0          | <b>28</b>  | <b>14%</b>                                     | 21         | 24         | 1          | <b>46</b>  | <b>22%</b> |
| Women  | 8          | 11         | 0          | <b>19</b>  | <b>11%</b>                                     | 6          | 22         | 0          | <b>28</b>  | <b>17%</b> |
| Total  | <b>27</b>  | <b>20</b>  | <b>0</b>   | <b>47</b>  | <b>13%</b>                                     | <b>27</b>  | <b>46</b>  | <b>1</b>   | <b>74</b>  | <b>20%</b> |
| Turnover %                                     | <b>32%</b> | <b>7%</b>  | <b>0%</b>  | <b>13%</b> |  | <b>32%</b> | <b>17%</b> | <b>6%</b>  | <b>20%</b> |            |
| Employees joining the Group - America          |            |            |            |            | Employees leaving the Group - America          |            |            |            |            |            |
| Men  | 1          | 9          | 6          | <b>16</b>  | <b>28%</b>                                     | 0          | 6          | 6          | <b>12</b>  | <b>21%</b> |
| Women  | 2          | 9          | 1          | <b>12</b>  | <b>17%</b>                                     | 0          | 3          | 6          | <b>9</b>   | <b>13%</b> |
| Total  | <b>3</b>   | <b>18</b>  | <b>7</b>   | <b>28</b>  | <b>22%</b>                                     | <b>0</b>   | <b>9</b>   | <b>12</b>  | <b>21</b>  | <b>17%</b> |
| Turnover %                                     | <b>38%</b> | <b>28%</b> | <b>13%</b> | <b>22%</b> |  | <b>0%</b>  | <b>14%</b> | <b>22%</b> | <b>17%</b> |            |

## Occupational Health and Safety

Number of injuries and Health and Safety indicators for Group employees by gender, country or production plant

| Italy (Campoverde di Aprilia) – Chemical pharmaceutical production plant and offices |      |       |       |      |       |       |
|--|------|-------|-------|------|-------|-------|
| Injuries and Injury Rates <sup>45</sup>  | 2021 |       |       | 2020 |       |       |
|  | Men  | Women | Total | Men  | Women | Total |
| Work-related injuries (No.)  | 5    | 0     | 5     | 5    | 0     | 5     |
| <i>of which high-consequence work-related injuries</i> <sup>46</sup> (No.)           | 0    | 0     | 0     | 0    | 0     | 0     |
| <i>of which work-related fatalities</i> (No.)  | 0    | 0     | 0     | 0    | 0     | 0     |
| Commuting to/from work injuries (No.)  | 0    | 0     | 0     | 1    | 0     | 1     |
| Cases of work-related diseases (No.)   | 0    | 0     | 0     | 0    | 0     | 0     |
| Severity Index   | 37.0 | 0     | 34.0  | 42.8 | 0     | 39.5  |
| Work-related injury rate/Frequency rate  | 2.1  | 0     | 1.9   | 1.9  | 0     | 1.8   |
| High-consequence work-related injury rate  | 0    | 0     | 0     | 0    | 0     | 0     |
| Work-related fatality rate   | 0    | 0     | 0     | 0    | 0     | 0     |
| Occupational disease rate  | 0    | 0     | 0     | 0    | 0     | 0     |

<sup>45</sup>The Severity index represents the ratio between the number of days lost due to work-related injury and the total number of hours worked in the same period, multiplied by 200,000.

The Work-related injury rate/Frequency rate represents the ratio between the total number of work-related injuries and the total number of hours worked in the same period, multiplied by 200,000.

The High-consequence work-related injury rate represents the ratio between the total number of high-consequence work-related injuries and the total number of hours worked in the same period, multiplied by 200,000

The Work-related fatality rate represents the ratio between the total number of fatalities and the total number of hours worked in the same period, multiplied by 200,000.

The Occupational disease rate represents the ratio between the number of cases of work-related diseases and the total number of hours worked in the same period, multiplied by 200,000.

<sup>46</sup> High-consequence work-related injuries are considered injuries sustained by the worker from which he/she cannot or should not be able to recover their state of health prior to the injury within 6 months.

**Ireland - Chemical pharmaceutical production plant and offices**

| Injuries and Injury Rates                                    | 2021 |       |       | 2020 |       |       |
|--|------|-------|-------|------|-------|-------|
|  | Men  | Women | Total | Men  | Women | Total |
| Work-related injuries (No.)                                  | 0    | 0     | 0     | 1    | 1     | 2     |
| <i>of which high-consequence work-related injuries (No.)</i> | 0    | 0     | 0     | 0    | 0     | 0     |
| <i>of which work-related fatalities (No.)</i>                | 0    | 0     | 0     | 0    | 0     | 0     |
| Commuting to/from work injuries (No.)                        | 0    | 0     | 0     | 0    | 0     | 0     |
| Cases of work-related diseases (No.)                         | 0    | 0     | 0     | 0    | 0     | 0     |
| Severity Index   | 0    | 0     | 0     | 9.8  | 21.1  | 14.5  |
| Work-related injury rate/Frequency rate                      | 0    | 0     | 0     | 2.5  | 3.5   | 2.9   |
| High-consequence work-related injury rate                    | 0    | 0     | 0     | 0    | 0     | 0     |
| Work-related fatality rate                                   | 0    | 0     | 0     | 0    | 0     | 0     |
| Occupational disease rate                                    | 0    | 0     | 0     | 0    | 0     | 0     |

**Italy (Milan) – Pharmaceutical production plant, offices and sales network personnel (medical sales representatives)**

| Injuries and Injury Rates                                    | 2021 |       |       | 2020 <sup>47</sup> |       |       |
|--|------|-------|-------|--------------------|-------|-------|
|  | Men  | Women | Total | Men                | Women | Total |
| Work-related injuries (No.)                                  | 2    | 4     | 6     | 2                  | 3     | 5     |
| <i>of which high-consequence work-related injuries (No.)</i> | 0    | 0     | 0     | 0                  | 0     | 0     |
| <i>of which work-related fatalities (No.)</i>                | 0    | 0     | 0     | 0                  | 0     | 0     |
| Commuting to/from work injuries (No.)                        | 2    | 0     | 2     | 1                  | 1     | 2     |
| Cases of work-related diseases (No.)                         | 0    | 0     | 0     | 0                  | 0     | 0     |
| Severity Index   | 19.8 | 33.5  | 24.9  | 5.8                | 15.4  | 9.2   |
| Work-related injury rate/Frequency rate                      | 0.5  | 1.6   | 0.9   | 0.5                | 1.4   | 0.8   |
| High-consequence work-related injury rate                    | 0    | 0     | 0     | 0                  | 0     | 0     |
| Work-related fatality rate                                   | 0    | 0     | 0     | 0                  | 0     | 0     |
| Occupational disease rate                                    | 0    | 0     | 0     | 0                  | 0     | 0     |

<sup>47</sup> Regarding the calculation of the 2021 accident indices, there is now more detailed data available on the hours worked compared to what was used for last year's calculation, which was reported in the 2020 NFS. This change in method, specifically, made it possible to include data from external operational forces. The information reported above, which became available in 2021, made it possible to fine-tune the Severity and Frequency index calculations for the current reporting year (2021) and, likewise, for the previous year (2020) to give as reliable and consistent a representation as possible. This NFS, therefore, reports the most accurate data for 2021 and 2020.

**Czech Republic - Pharmaceutical production plant and offices**

| Injuries and Injury Rates                                    | 2021 |       |       | 2020 |       |       |
|--|------|-------|-------|------|-------|-------|
|  | Men  | Women | Total | Men  | Women | Total |
| Work-related injuries (No.)                                  | 0    | 0     | 0     | 0    | 1     | 1     |
| <i>of which high-consequence work-related injuries (No.)</i> | 0    | 0     | 0     | 0    | 0     | 0     |
| <i>of which work-related fatalities (No.)</i>                | 0    | 0     | 0     | 0    | 0     | 0     |
| Commuting to/from work injuries (No.)                        | 0    | 0     | 0     | 0    | 0     | 0     |
| Cases of work-related diseases (No.)                         | 0    | 0     | 0     | 0    | 0     | 0     |
| Severity Index   | 0    | 0     | 0     | 0    | 169.1 | 112.5 |
| Work-related injury rate/Frequency rate                      | 0    | 0     | 0     | 0    | 1.7   | 1.2   |
| High-consequence work-related injury rate                    | 0    | 0     | 0     | 0    | 0     | 0     |
| Work-related fatality rate                                   | 0    | 0     | 0     | 0    | 0     | 0     |
| Occupational disease rate                                    | 0    | 0     | 0     | 0    | 0     | 0     |



**Spain - Pharmaceutical production plant and offices**

| Injuries and Injury Rates                                    | 2021  |                 |              | 2020 |       |             |
|--|-------|-----------------|--------------|------|-------|-------------|
|  | Men   | Women           | Total        | Men  | Women | Total       |
| Work-related injuries (No.)                                  | 1     | 3               | 4            | 1    | 0     | 1           |
| <i>of which high-consequence work-related injuries (No.)</i> | 0     | 1 <sup>48</sup> | 1            | 0    | 0     | 0           |
| <i>of which work-related fatalities (No.)</i>                | 0     | 0               | 0            | 0    | 0     | 0           |
| Commuting to/from work injuries (No.)                        | 0     | 1               | 1            | 0    | 0     | 0           |
| Cases of work-related diseases (No.)                         | 0     | 0               | 0            | 0    | 0     | 0           |
| Severity Index   | 110.9 | 616.2           | <b>422.8</b> | 48.0 | 0     | <b>20.4</b> |
| Work-related injury rate/Frequency rate                      | 4.3   | 7.9             | <b>6.5</b>   | 4.4  | 0     | 1.8         |
| High-consequence work-related injury rate                    | 0     | 2.6             | <b>1.6</b>   | 0    | 0     | <b>0</b>    |
| Work-related fatality rate                                   | 0     | 0               | <b>0</b>     | 0    | 0     | <b>0</b>    |
| Occupational disease rate                                    | 0     | 0               | <b>0</b>     | 0    | 0     | <b>0</b>    |

<sup>48</sup> The high-consequence work-related injury recorded in 2021 refers to a fall resulting from a slip in the area in front of the pharmaceutical production plant.

**Tunisia - Pharmaceutical production plant and offices**

| Injuries and Injury Rates                                    | 2021 |       |             | 2020 |       |             |
|--|------|-------|-------------|------|-------|-------------|
|  | Men  | Women | Total       | Men  | Women | Total       |
| Work-related injuries (No.)                                  | 2    | 1     | 3           | 1    | 3     | 4           |
| <i>of which high-consequence work-related injuries (No.)</i> | 0    | 0     | 0           | 0    | 0     | 0           |
| <i>of which work-related fatalities (No.)</i>                | 0    | 0     | 0           | 0    | 0     | 0           |
| Commuting to/from work injuries (No.)                        | 1    | 2     | 3           | 2    | 1     | 3           |
| Cases of work-related diseases (No.)                         | 0    | 0     | 0           | 0    | 0     | 0           |
| Severity Index   | 53.9 | 3.1   | <b>26.7</b> | 6.2  | 33.8  | <b>21.3</b> |
| Work-related injury rate/Frequency rate                      | 1.0  | 0.4   | <b>0.7</b>  | 0.5  | 1.3   | <b>0.9</b>  |
| High-consequence work-related injury rate                    | 0    | 0     | <b>0</b>    | 0    | 0     | <b>0</b>    |
| Work-related fatality rate                                   | 0    | 0     | <b>0</b>    | 0    | 0     | <b>0</b>    |
| Occupational disease rate                                    | 0    | 0     | <b>0</b>    | 0    | 0     | <b>0</b>    |

**Turkey - Pharmaceutical production plant and offices**

| Injuries and Injury Rates                                    | 2021 |       |       | 2020 |       |       |
|--|------|-------|-------|------|-------|-------|
|  | Men  | Women | Total | Men  | Women | Total |
| Work-related injuries (No.)                                  | 5    | 0     | 5     | 5    | 0     | 5     |
| <i>of which high-consequence work-related injuries (No.)</i> | 0    | 0     | 0     | 0    | 0     | 0     |
| <i>of which work-related fatalities (No.)</i>                | 0    | 0     | 0     | 0    | 0     | 0     |
| Commuting to/from work injuries (No.)                        | 0    | 0     | 0     | 0    | 0     | 0     |
| Cases of work-related diseases (No.)                         | 0    | 0     | 0     | 0    | 0     | 0     |
| Severity Index   | 12.0 | 0     | 8.2   | 15.5 | 0     | 10.8  |
| Work-related injury rate/Frequency rate                      | 3.5  | 0     | 2.4   | 3.2  | 0     | 2.2   |
| High-consequence work-related injury rate                    | 0    | 0     | 0     | 0    | 0     | 0     |
| Work-related fatality rate                                   | 0    | 0     | 0     | 0    | 0     | 0     |
| Occupational disease rate                                    | 0    | 0     | 0     | 0    | 0     | 0     |

**France (Saint Victor) - Pharmaceutical production plant and annexed offices**

| Injuries and Injury Rates                                    | 2021 |       |       | 2020  |       |       |
|--|------|-------|-------|-------|-------|-------|
|  | Men  | Women | Total | Men   | Women | Total |
| Work-related injuries (No.)                                  | 2    | 2     | 4     | 3     | 0     | 3     |
| <i>of which high-consequence work-related injuries (No.)</i> | 0    | 0     | 0     | 0     | 0     | 0     |
| <i>of which work-related fatalities (No.)</i>                | 0    | 0     | 0     | 0     | 0     | 0     |
| Commuting to/from work injuries (No.)                        | 0    | 0     | 0     | 0     | 0     | 0     |
| Cases of work-related diseases (No.)                         | 0    | 0     | 0     | 0     | 0     | 0     |
| Severity Index   | 24.4 | 73.1  | 48.7  | 342.1 | 0     | 173.6 |
| Work-related injury rate/Frequency rate                      | 4.9  | 4.9   | 4.9   | 7.9   | 0     | 4.0   |
| High-consequence work-related injury rate                    | 0    | 0     | 0     | 0     | 0     | 0     |
| Work-related fatality rate                                   | 0    | 0     | 0     | 0     | 0     | 0     |
| Occupational disease rate                                    | 0    | 0     | 0     | 0     | 0     | 0     |

**France (Nanterre) - Distribution centre and offices**

| Injuries and Injury Rates                                    | 2021 |       |       | 2020 |       |       |
|--|------|-------|-------|------|-------|-------|
|  | Men  | Women | Total | Men  | Women | Total |
| Work-related injuries (No.)                                  | 0    | 0     | 0     | 0    | 0     | 0     |
| <i>of which high-consequence work-related injuries (No.)</i> | 0    | 0     | 0     | 0    | 0     | 0     |
| <i>of which work-related fatalities (No.)</i>                | 0    | 0     | 0     | 0    | 0     | 0     |
| Commuting to/from work injuries (No.)                        | 0    | 0     | 0     | 0    | 0     | 0     |
| Cases of work-related diseases (No.)                         | 1    | 0     | 1     | 0    | 0     | 0     |
| Severity Index   | 0    | 0     | 0     | 0    | 0     | 0     |
| Work-related injury rate/Frequency rate                      | 0    | 0     | 0     | 0    | 0     | 0     |
| High-consequence work-related injury rate                    | 0    | 0     | 0     | 0    | 0     | 0     |
| Work-related fatality rate                                   | 0    | 0     | 0     | 0    | 0     | 0     |
| Occupational disease rate                                    | 11.8 | 0     | 7.4   | 0    | 0     | 0     |

## Water management

*Water withdrawal at Recordati group production plants located in water-stressed areas<sup>49</sup> by source*

|               | <b>Unit of measurement</b> | <b>2021</b>  | <b>2020</b>  | <b>% Variation</b> |
|---------------|----------------------------|--------------|--------------|--------------------|
| Surface water | MI                         | 805          | 763          | 5%                 |
| Groundwater   | MI                         | 872          | 887          | -2%                |
| Mains water   | MI                         | 81           | 78           | 4%                 |
| <b>Total</b>  | <b>MI</b>                  | <b>1,758</b> | <b>1,728</b> | <b>2%</b>          |

<sup>49</sup> The Group's plants located in water-stressed areas are the Italian plant in Campoverde di Aprilia, the Tunisian plant in Kelaat El Andalu and the Turkish plant in Çerkezköy. The Aqueduct tool developed by the World Resources Institute was used to determine water-stressed areas.

## 9.4 GRI Index

The following table shows the material topics identified by Recordati relating to the GRI Reporting Standards and the topics covered by Legislative Decree no. 254/2016. For these topics, the column “Scope of material topics” lists all parties who may generate an impact for each topic, both internally and externally to the Group. The column “Type of impact” indicates Recordati’s role in relation to the general impact for each material topic.

| Material topics of the Recordati group               | Correlation with GRI Standards                    | Correlation with the topics covered by Legislative Decree no. 254/2016 | Scope of material topics  | Type of impact   |
|--|---|--|---|--|
| <b>Business ethics, integrity, anti-corruption</b>   | <b>GRI 205:</b> Anti-corruption                   | Fight against active and passive corruption                            | Recordati group   | Caused by the Group  |
|  | <b>GRI 206:</b> Anti-competitive behaviour        | Fight against active and passive corruption                            | Recordati group   | Caused by the Group  |
|  | <b>GRI 207:</b> Tax                               | N/A  | Recordati group   | Caused by the Group  |
|  | <b>GRI 307:</b> Environmental compliance          | Environmental  | Recordati group   | Caused by the Group  |
|  | <b>GRI 419:</b> Socio economic compliance         | Fight against active and passive corruption                            | Recordati group   | Caused by the Group  |
| <b>Value creation and distribution</b>               | <b>GRI 201:</b> Economic performance              | Social   | Recordati group; Investors and the financial community            | Caused by the Group  |
|  | <b>GRI 203:</b> Indirect economic impacts         | N/A  | Recordati group   | Caused by the Group  |
| <b>Privacy and data protection</b>                   | <b>GRI 418:</b> Customer Privacy                  | Social   | Recordati group   | Caused by the Group  |
| <b>Product quality and safety</b>                    | <b>GRI 416:</b> Customer health and safety        | Social   | Recordati group; Clients and consumers; Patients and associations | Caused by the Group  |
| <b>Access to medical products and healthcare</b>     | N/A   | Social   | Recordati group; Clients and consumers; Patients and associations | Caused by the Group  |
| <b>Research and development</b>                      | N/A   | N/A  | Recordati group; Scientific organisations and Universities        | Caused by the Group  |
| <b>Responsible marketing</b>                         | <b>GRI-417:</b> Marketing and labelling           | N/A  | Recordati group   | Caused by the Group  |
| <b>Employee health and safety</b>                    | <b>GRI 403:</b> Occupational Health and safety    | Relating to personnel  | Recordati group; Employees  | Caused by the Group and directly connected to its activities |
| <b>Diversity and equal opportunities</b>             | <b>GRI 405:</b> Diversity and equal opportunities | Relating to personnel  | Recordati group; Employees  | Caused by the Group  |
|  | <b>GRI 406:</b> Non-Discrimination                | Relating to personnel<br>Human rights                                  | Recordati group; Employees  | Caused by the Group  |
| <b>Management and development of human resources</b> | <b>GRI 401:</b> Employment                        | Relating to personnel  | Recordati group; Employees  | Caused by the Group  |
|  | <b>GRI 404:</b> Training and education            | Relating to personnel  | Recordati group; Employees  | Caused by the Group  |
| <b>Well-being of human resources</b>                 | <b>GRI 401:</b> Employment                        | Relating to personnel  | Recordati group; Employees  | Caused by the Group  |

|                                      |   |                        |   |  |
|--------------------------------------|---|------------------------|---|--|
| <b>Support for local communities</b> | <b>GRI 202:</b> Market presence                   | Social                 | Recordati group, Community                        | Caused by the Group  |
| <b>Fight against climate change</b>  | <b>GRI 302:</b> Energy                            | Environmental          | Recordati group                                   | Caused by the Group  |
|                                      | <b>GRI 305:</b> Emissions                         | Environmental          |   |  |
| <b>Water management</b>              | <b>GRI 303:</b> Water and Effluents               | Environmental          | Recordati group                                   | Caused by the Group  |
| <b>Product sustainability</b>        | N/A   | Environmental          | Recordati Group; Suppliers                        | Caused by the Group  |
| <b>Responsible waste management</b>  | <b>GRI 306:</b> Effluents and waste               | Environmental          | Recordati group                                   | Caused by the Group  |
| <b>Responsible Sourcing</b>          | <b>GRI 414:</b> Supplier Social Assessment        | Social<br>Human rights | Recordati group; Suppliers and strategic partners | Caused by the Group and directly connected to its activities |
|                                      | <b>GRI 308:</b> Supplier Environmental Assessment | Environmental          | Recordati group; Suppliers and strategic partners | Caused by the Group and directly connected to its activities |



In accordance with the “Core” option of the “GRI Sustainability Reporting Guidelines”, performance indicators are presented in the table below. Each indicator includes a reference to the section of the Non-Financial Statement where the indicator can be found or other relevant reference sources in the public domain.

| Indicator                                  | References and other information                             | Omissions  |
|--|--|--|
| <b>GRI 102: GENERAL DISCLOSURES (2016)</b> |  |  |
| <b>Organisation Profile</b>                |  |  |
| 102-1                                      | Name of the Organisation                                     | Page 6   |
| 102-2                                      | Activities, brands, products, and services                   | Pages 6-7. 2021 Annual Report, “Review of Operations” section  |
| 102-3                                      | Location of headquarters                                     | Page 123   |
| 102-4                                      | Location of operations                                       | Page 6   |
| 102-5                                      | Ownership and legal form                                     | Pages 6-7; page 122. Corporate governance report and ownership structure, “ <i>Issuer profile and general information</i> ” section  |
| 102-6                                      | Markets served   | Pages 6-7  |
| 102-7                                      | Scale of the organisation                                    | Pages 6-7; 9-10; page 64. 2021 Annual Report, “Financial Highlights” section; Corporate governance report and ownership structure, “ <i>Issuer profile and general information</i> ” section |
| 102-8                                      | Information on employees and other workers                   | Pages 64-65; pages 69-70   |
| 102-9                                      | Supply chain   | Pages 114-116  |
| 102-10                                     | Significant changes to the organisation and its supply chain | Pages 122-123. Corporate governance report and ownership structure, “ <i>Issuer profile and general information</i> ” section  |
| 102-11                                     | Precautionary Principle or approach                          | Pages 41-45  |
| 102-12                                     | External initiatives   | Pages 13; pages 16-18  |
| 102-13                                     | Membership of associations                                   | Pages 16-18  |
| <b>Strategy</b>                            |  |  |

|                               | Indicator   | References and other information   | Omissions |
|-------------------------------|---|--|-----------|
| 102-14                        | Statement from senior decision-maker                          | Page 4   |           |
| 102-15                        | Key impacts, risks and opportunities                          | Pages 22-33; pages 41-45   |           |
| <b>Ethics and integrity</b>   |   |  |           |
| 102-16                        | Values, principles, standards, and norms of behaviour         | Page 8   |           |
| <b>Governance</b>             |   |  |           |
| 102-18                        | Governance structure  | Page 9; pages 12-13. Corporate governance report and ownership structure, <i>“Issuer profile and general information”</i> , <i>“Board of Directors”</i> sections |           |
| <b>Stakeholder engagement</b> |   |  |           |
| 102-40                        | List of stakeholder groups                                    | Page 15  |           |
| 102-41                        | Collective bargaining agreements                              | Page 91  |           |
| 102-42                        | Identifying and selecting stakeholders                        | Pages 15-16  |           |
| 102-43                        | Approach to stakeholder engagement                            | Pages 15-16; page 19   |           |
| 102-44                        | Key topics and concerns raised through stakeholder engagement | Pages 19-20  |           |
| <b>Reporting practice</b>     |   |  |           |
| 102-45                        | Entities included in the Consolidated Financial Statements    | Pages 122-123  |           |
| 102-46                        | Defining report content and topic boundaries                  | Pages 122-123; pages 135-136   |           |
| 102-47                        | List of material topics                                       | Page 20; pages 135-136   |           |
| 102-48                        | Restatements of information                                   | Pages 122-123  |           |
| 102-49                        | Changes in reporting  | Pages 19-21; pages 122-123   |           |

|   | Indicator  | References and other information   | Omissions |
|---|--|--|-----------|
| 102-50                                      | Reporting period                                   | Page 122   |           |
| 102-51                                      | Date of most recent report                         | <i>The previous Consolidated Non-Financial Statement was approved by the Board of Directors of the Group on 18 March 2021.</i> |           |
| 102-52                                      | Reporting cycle                                    | Page 123   |           |
| 102-53                                      | Contact point for questions regarding the report   | Page 123   |           |
| 102-54                                      | Chosen “in accordance” option                      | Page 122   |           |
| 102-55                                      | GRI content index                                  | Pages 137-150  |           |
| 102-56                                      | External assurance                                 | Page 151   |           |
| <b>TOPIC-SPECIFIC STANDARDS</b>             |  |  |           |
| <b>GRI 200: ECONOMIC SERIES (2016)</b>      |  |  |           |
| <b>Aspect: Economic performance</b>         |  |  |           |
| <b>GRI-103: Management approach (2016)</b>  |  |  |           |
| 103-1                                       | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136  |           |
| 103-2                                       | The management approach and its components         | Page 9   |           |
| 103-3                                       | Evaluation of the management approach              | Page 9   |           |
| <b>GRI-201: Economic performance (2016)</b> |  |  |           |
| 201-1                                       | Direct economic value generated and distributed    | Pages 9-10   |           |
| <b>Aspect: Market presence</b>              |  |  |           |
| <b>GRI-103: Management approach (2016)</b>  |  |  |           |
| 103-1                                       | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136  |           |
| 103-2                                       | The management approach and its components         | Page 64; pages 66-68   |           |

|  | Indicator  | References and other information                     | Omissions |
|--|--|--|-----------|
| 103-3  | Evaluation of the management approach                          | Page 64; page 66-68                                  |           |
| <b>GRI-201: Economic performance (2016)</b>      |  |  |           |
| 202-2  | Proportion of senior management hired from the local community | Page 66  |           |
| <b>Aspect: Indirect economic impacts</b>         |  |  |           |
| <b>GRI-103: Management approach (2016)</b>       |  |  |           |
| 103-1  | Explanation of the material topic and its boundary             | Pages 20-21; pages 122-123; pages 135-136            |           |
| 103-2  | The management approach and its components                     | Page 9; page 117                                     |           |
| 103-3  | Evaluation of the management approach                          | Page 9; page 117                                     |           |
| <b>GRI-203: Indirect economic impacts (2016)</b> |  |  |           |
| 203-1  | Infrastructure investments and services supported              | Pages 9-10; pages 117-119                            |           |
| <b>Aspect: Anti-corruption</b>                   |  |  |           |
| <b>GRI-103: Management approach (2016)</b>       |  |  |           |
| 103-1  | Explanation of the material topic and its boundary             | Pages 20-21; pages 122-123; pages 135-136            |           |
| 103-2  | The management approach and its components                     | Pages 34-41  |           |
| 103-3  | Evaluation of the management approach                          | Pages 34-41  |           |
| <b>GRI-205: Anti-corruption (2016)</b>           |  |  |           |
| 205-1  | Operations assessed for risks related to corruption            | Pages 34-41  |           |
| 205-3  | Confirmed incidents of corruption and actions taken            | <i>No cases of corruption were recorded in 2021.</i> |           |
| <b>Aspect: Anti-competitive behaviour</b>        |  |  |           |

| Indicator   | References and other information   | Omissions   |
|---|--|---|
| <b>GRI-103: Management approach (2016)</b>                |  |   |
| 103-1   | Explanation of the material topic and its boundary                               | Pages 20-21; pages 122-123; pages 135-136   |
| 103-2   | The management approach and its components                                       | Pages 34-41   |
| 103-3   | Evaluation of the management approach  | Pages 34-41   |
| <b>Material aspect: Anti-competitive behaviour (2016)</b> |  |   |
| 206-1   | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | <i>No legal action for anti-competitive behaviour, anti-trust cases or monopoly practices was reported during the year.</i> |
| <b>Aspect: Tax</b>  |  |   |
| <b>GRI-103: Management approach (2016)</b>                |  |   |
| 103-1   | Explanation of the material topic and its boundary                               | Pages 20-21; pages 122-123; pages 135-136   |
| 103-2   | The management approach and its components                                       | Pages 45-46   |
| 103-3   | Evaluation of the management approach  | Pages 45-46   |
| <b>GRI-207: Tax (2019)</b>                                |  |   |
| 207-1   | Approach to tax  | Pages 45-46   |
| 207-2   | Tax governance, control and risk management                                      | Pages 45-46   |
| 207-3   | Stakeholder engagement and management concerns related to tax                    | Pages 45-46   |
| 207-4   | Country-by-country reporting   | Page 47   |
| <b>GRI 300: ENVIRONMENTAL SERIES (2016)</b>               |  |   |
| <b>Aspect: Energy</b>                                     |  |   |

| Indicator                                  | References and other information                   | Omissions                                 |
|--|--|---|
| <b>GRI-103: Management approach (2016)</b> |  |   |
| 103-1                                      | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136 |
| 103-2                                      | The management approach and its components         | Pages 92-100                              |
| 103-3                                      | Evaluation of the management approach              | Pages 92-100                              |
| <b>GRI-302: Energy (2016)</b>              |  |   |
| 302-1                                      | Energy consumption within the organisation         | Pages 94-97                               |
| <b>Aspect: Water and effluents</b>         |  |   |
| <b>GRI-103: Management approach (2016)</b> |  |   |
| 103-1                                      | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136 |
| 103-2                                      | The management approach and its components         | Pages 92-93; pages 104-106                |
| 103-3                                      | Evaluation of the management approach              | Pages 92-93; pages 104-106                |
| <b>GRI-303: Water and effluents (2018)</b> |  |   |
| 303-1                                      | Interactions with water as a shared resource       | Pages 104-106                             |
| 303-2                                      | Management of water discharge-related impacts      | Pages 104-106                             |
| 303-3                                      | Water withdrawal                                   | Page 106; page 114                        |
| <b>Aspect: Emissions</b>                   |  |   |
| <b>GRI-103: Management approach (2016)</b> |  |   |
| 103-1                                      | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136 |
| 103-2                                      | The management approach and its components         | Pages 92-93; pages 99-103                 |

|  | Indicator  | References and other information          | Omissions |
|--|--|---|-----------|
| 103-3                                      | Evaluation of the management approach  | Pages 92-93; pages 99-103                 |           |
| <b>GRI-305: Emissions (2016)</b>           |  |   |           |
| 305-1                                      | Energy indirect (Scope 1) GHG emissions - Scope 1                                | Page 102                                  |           |
| 305-2                                      | Energy indirect (Scope 2) GHG emissions - Scope 2                                | Page 102                                  |           |
| 305-7                                      | Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions | Page 103                                  |           |
| <b>Aspect: Effluents and waste</b>         |  |   |           |
| <b>GRI-103: Management approach (2016)</b> |  |   |           |
| 103-1                                      | Explanation of the material topic and its boundary                               | Pages 20-21; pages 122-123; pages 135-136 |           |
| 103-2                                      | The management approach and its components                                       | Pages 92-93; pages 107-110                |           |
| 103-3                                      | Evaluation of the management approach  | Pages 92-93; pages 107-110                |           |
| <b>GRI-306: Waste (2020)</b>               |  |   |           |
| 306-1                                      | Waste generation and significant waste-related impacts                           | Pages 107-110                             |           |
| 306-2                                      | Management of significant waste-related impacts                                  | Pages 107-110                             |           |
| 306-3                                      | Waste generated  | Pages 109-110                             |           |
| 306-4                                      | Waste diverted from disposal   | Pages 109-110                             |           |
| 306-5                                      | Waste directed to disposal   | Pages 109-110                             |           |
| <b>Aspect: Environmental compliance</b>    |  |   |           |
| <b>GRI-103: Management approach (2016)</b> |  |   |           |
| 103-1                                      | Explanation of the material topic and its boundary                               | Pages 20-21; pages 122-123; pages 135-136 |           |

|  | Indicator   | References and other information  | Omissions |
|--|---|---|-----------|
| 103-2  | The management approach and its components                    | Pages 92-93   |           |
| 103-3  | Evaluation of the management approach                         | Pages 92-93   |           |
| <b>GRI-307: Environmental compliance (2016)</b>          |   |   |           |
| 307-1  | Non-compliance with environmental laws and regulations        | <i>In 2021 the Group did not record any cases of breaches of environmental laws and regulations.</i><br>Page 93 |           |
| <b>Aspect: Supplier Environmental Assessment</b>         |   |   |           |
| <b>GRI-103: Management approach (2016)</b>               |   |   |           |
| 103-1  | Explanation of the material topic and its boundary            | Pages 20-21; pages 122-123; pages 135-136   |           |
| 103-2  | The management approach and its components                    | Pages 22-23; page 33; pages 114-116   |           |
| 103-3  | Evaluation of the management approach                         | Pages 114-116   |           |
| <b>GRI-308: Supplier environmental assessment (2016)</b> |   |   |           |
| 308-1  | New suppliers that were screened using environmental criteria | Page 58; page 115   |           |
| <b>GRI 400: SOCIAL SERIES (2016)</b>                     |   |   |           |
| <b>Aspect: Employment</b>                                |   |   |           |
| <b>GRI-103: Management approach (2016)</b>               |   |   |           |
| 103-1  | Explanation of the material topic and its boundary            | Pages 20-21; pages 122-123; pages 135-136   |           |
| 103-2  | The management approach and its components                    | Page 64; pages 67-68; pages 73-76   |           |
| 103-3  | Evaluation of the management approach                         | Page 64; pages 67-68; pages 73-76   |           |
| <b>GRI-401: Employment (2016)</b>                        |   |   |           |



|   | Indicator   | References and other information          | Omissions |
|---|---|---|-----------|
| 401-1   | New employee hires and employee turnover  | Page 68; page 124                         |           |
| 401-2   | Benefits provided to full-time employees that are not provided to temporary or part-time employees          | Pages 74-76                               |           |
| <b>Aspect: Occupational Health and safety</b>         |   |   |           |
| <b>GRI-103: Management approach (2016)</b>            |   |   |           |
| 103-1   | Explanation of the material topic and its boundary  | Pages 20-21; pages 122-123; pages 135-136 |           |
| 103-2   | The management approach and its components  | Page 64; pages 84-91                      |           |
| 103-3   | Evaluation of the management approach   | Page 64; pages 84-91                      |           |
| <b>GRI-403: Occupational health and safety (2018)</b> |   |   |           |
| 403-1   | Occupational health and safety management system  | Pages 84-91                               |           |
| 403-2   | Hazard identification, risk assessment and incident investigation   | Pages 84-91                               |           |
| 403-3   | Occupational health services  | Pages 84-91                               |           |
| 403-4   | Worker participation, consultation and communication on occupational health and safety                      | Pages 84-91                               |           |
| 403-5   | Worker training on occupation health and safety   | Page 89                                   |           |
| 403-6   | Promotion of worker health  | Pages 84-91                               |           |
| 403-7   | Prevention and mitigation of occupation health and safety impacts directly linked by business relationships | Pages 84-91                               |           |
| 403-9   | Work-related injuries   | Pages 88-89; pages 125-133                |           |

|  | Indicator   | References and other information  | Omissions |
|--|---|---|-----------|
| 403-10   | Work-related ill health   | Pages 88-89; pages 125-133  |           |
| <b>Aspect: Training and education</b>                  |   |   |           |
| <b>GRI-103: Management approach (2016)</b>             |   |   |           |
| 103-1  | Explanation of the material topic and its boundary                        | Pages 20-21; pages 122-123; pages 135-136   |           |
| 103-2  | The management approach and its components                                | Page 64; pages 77-82  |           |
| 103-3  | Evaluation of the management approach                                     | Page 64; pages 77-82  |           |
| <b>GRI-404: Training and education (2016)</b>          |   |   |           |
| 404-1  | Average hours of training per year per employee                           | Page 77   |           |
| 404-2  | Programs for upgrading employee skills and transition assistance programs | Pages 77-82   |           |
| <b>Aspect: Diversity and equal opportunity</b>         |   |   |           |
| <b>GRI-103: Management approach (2016)</b>             |   |   |           |
| 103-1  | Explanation of the material topic and its boundary                        | Pages 20-21; pages 122-123; pages 135-136   |           |
| 103-2  | The management approach and its components                                | Page 64; pages 70-72  |           |
| 103-3  | Evaluation of the management approach                                     | Page 64; pages 70-72  |           |
| <b>GRI-405: Diversity and equal opportunity (2016)</b> |   |   |           |
| 405-1  | Diversity of governance bodies and employees                              | Page 9; page 67; page 71. Corporate governance report and ownership structure, "Board of Directors" section |           |
| 405-2  | Ratio of basic salary and remuneration of women to men                    | Page 74   |           |
| <b>Aspect: Non-Discrimination</b>                      |   |   |           |

| Indicator   | References and other information                         | Omissions  |
|---|--|--|
| <b>GRI-103: Management approach (2016)</b>        |  |  |
| 103-1   | Explanation of the material topic and its boundary       | Pages 20-21; pages 122-123; pages 135-136                                |
| 103-2   | The management approach and its components               | Page 64; pages 70-72   |
| 103-3   | Evaluation of the management approach                    | Page 64; pages 70-72   |
| <b>GRI 406: Non-Discrimination</b>                |  |  |
| 406-1   | Incidents of discrimination and corrective actions taken | <i>The Group did not record any incidents of discrimination in 2021.</i> |
| <b>Aspect: Supplier Social Assessment</b>         |  |  |
| <b>GRI-103: Management approach (2016)</b>        |  |  |
| 103-1   | Explanation of the material topic and its boundary       | Pages 20-21; pages 122-123; pages 135-136                                |
| 103-2   | The management approach and its components               | Pages 22-23; page 33; pages 114-116                                      |
| 103-3   | Evaluation of the management approach                    | Pages 114-116  |
| <b>GRI-414: Supplier Social Assessment (2016)</b> |  |  |
| 414-1   | New suppliers that were screened using social criteria   | Pages 58-59; page 115  |
| <b>Aspect: Customer health and safety</b>         |  |  |
| <b>GRI-103: Management approach (2016)</b>        |  |  |
| 103-1   | Explanation of the material topic and its boundary       | Pages 20-21; pages 122-123; pages 135-136                                |
| 103-2   | The management approach and its components               | Pages 55-58; pages 60-62   |
| 103-3   | Evaluation of the management approach                    | Pages 55-58; pages 60-62   |
| <b>GRI-416: Customer health and safety (2016)</b> |  |  |

|       | Indicator   | References and other information | Omissions |
|-------|---|----------------------------------|-----------|
| 416-1 | Assessment of the health and safety impacts of product and service categories                 | Pages 55-58; pages 60-62         |           |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Page 60                          |           |

### Aspect: Marketing and labelling

#### GRI-103: Management approach (2016)

|       |  |   |  |
|-------|--|---|--|
| 103-1 | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136 |  |
| 103-2 | The management approach and its components         | Pages 59-60; pages 61-63                  |  |
| 103-3 | Evaluation of the management approach              | Pages 59-60; pages 61-63                  |  |

#### GRI-417: Marketing and labelling 2016

|       |  |             |  |
|-------|--|-------------|--|
| 417-2 | Incidents of non-compliance concerning product and service information and labelling | Page 60     |  |
| 417-3 | Incidents of non-compliance concerning marketing communications                      | Pages 59-60 |  |

### Aspect: Customer Privacy

#### GRI-103: Management approach (2016)

|       |  |   |  |
|-------|--|---|--|
| 103-1 | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136 |  |
| 103-2 | The management approach and its components         | Pages 35-36; page 48                      |  |
| 103-3 | Evaluation of the management approach              | Pages 35-36; page 48                      |  |

#### GRI-418: Customer Privacy (2016)

|       | Indicator  | References and other information | Omissions |
|-------|--|----------------------------------|-----------|
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Page 36                          |           |

#### Aspect: Socioeconomic compliance

##### GRI-103: Management approach (2016)

|       |  |   |  |
|-------|--|---|--|
| 103-1 | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136 |  |
| 103-2 | The management approach and its components         | Pages 59-60                               |  |
| 103-3 | Evaluation of the management approach              | Pages 59-60                               |  |

##### GRI-419: Socioeconomic compliance (2016)

|       |  |         |  |
|-------|--|---------|--|
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Page 60 |  |
|-------|--|---------|--|

#### Aspect: Product sustainability

##### GRI-103: Management approach (2016)

|       |  |   |  |
|-------|--|---|--|
| 103-1 | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136 |  |
| 103-2 | The management approach and its components         | Page 12; pages 22-23; page 33; page 48    |  |
| 103-3 | Evaluation of the management approach              | Page 12; page 48                          |  |

#### Aspect: Access to medical products and healthcare

##### GRI-103: Management approach (2016)

|       |  |   |  |
|-------|--|---|--|
| 103-1 | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136 |  |
| 103-2 | The management approach and its components         | Pages 53-54                               |  |
| 103-3 | Evaluation of the management approach              | Pages 53-54                               |  |

| Indicator                                  | References and other information                   | Omissions                                 |
|--|--|---|
| <b>Aspect: Research and development</b>    |  |   |
| <b>GRI-103: Management approach (2016)</b> |  |   |
| 103-1                                      | Explanation of the material topic and its boundary | Pages 20-21; pages 122-123; pages 135-136 |
| 103-2                                      | The management approach and its components         | Page 48; page 52                          |
| 103-3                                      | Evaluation of the management approach              | Page 48; page 52                          |

## 9.5 Auditor's Report



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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18<sup>th</sup>, 2018 (Translation from the original Italian text)

To the Board of Directors of  
Recordati Industria Chimica e Farmaceutica S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Recordati Industria Chimica e Farmaceutica S.p.A. and its subsidiaries (hereinafter the "Group" or "Recordati Group") for the year ended on December 31<sup>st</sup>, 2021 in accordance with article 4 of the Decree and approved by the Board of Directors on March 17<sup>th</sup>, 2022 (hereinafter "DNF").

Our assurance engagement does not cover the information included in the paragraph "9.1 European Taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

### Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

EY S.p.A.  
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Consolo al progressivo n. 2 delibera n.10831 del 16/7/1997

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### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants (*including International Independence Standards*) (*IESBA Code*) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
  2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
  3. comparison of the economic and financial data and information included in the DNF with those included in the Recordati Group's consolidated financial statements;
  4. understanding of the following aspects:
    - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
    - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
    - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.
- With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below;
5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF. In particular, we





have conducted interviews and discussions with the management of Recordati Industria Chimica e Farmaceutica S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF. Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the Milan site of Recordati Industria Chimica e Farmaceutica S.p.A., that we have selected based on its activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Recordati Group for the year ended on December 31<sup>st</sup>, 2021 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions on the DNF of the Group do not refer to the information included in the paragraph "9.1 European Taxonomy" of the DNF itself, that are required by art.8 of the European Regulation 2020/852.

Milan, March 30<sup>th</sup>, 2022

EY S.p.A.  
Signed by: Renato Macchi  
(Auditor)

*This report has been translated into the English language solely for the convenience of international readers.*