

# CONSOLIDATED NON-FINANCIAL STATEMENT 2023





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# LETTER TO STAKEHOLDERS

Dear Stakeholders,

In 2023, we continued to generate value for all our stakeholders, successfully pursuing our ambition to foster sustainable and responsible growth. Building on the strategic pillars of our Sustainability Plan and remaining true to the values that have guided Recordati for nearly 100 years, we have achieved important milestones in sustainability, firmly integrating environmental, social, and governance (ESG) activities into our business strategy.

At Recordati, we have always believed that health and the opportunity to live life to the fullest is a right, not a privilege. Based on this belief, in 2023 we renewed our corporate purpose to "Unlocking the full potential of life," which reflects what we do at Recordati every day. Our Culture Ambassadors, an international team of more than 70 colleagues who volunteered for the role, deployed the updated purpose locally, reinforcing a sense of shared pride.

The best interests of our patients are at the core of everything we do. We strive to give people the opportunity to be the best version of themselves, whether they live with common or rare diseases. We do this by offering affordable products through our Specialty & Primary Care business unit, and providing innovative treatments that address serious unmet medical needs through our Rare Diseases business unit. In 2023, we supported around 1,100 patients living with rare diseases through dedicated care and access to care programs. We also continued to work closely with the rare disease community to raise awareness, leading to improved diagnosis, and expand the availability of treatment for people with rare diseases. To promote scientific research, in May, we launched the call for proposals for the 11<sup>th</sup> Arrigo Recordati International Prize, which is held once every two years. The 2024 Prize is dedicated to promoting and recognizing excellence in research on paediatric oncology, specifically neuroblastoma, reflecting our commitment to supporting innovation and research in the field of rare diseases.

At the same time, we continued to promote initiatives to foster an increasingly connected and inclusive work environment. In 2023, we launched the first global engagement survey, which involved all employees, achieving a high participation rate of 80%. We also conducted, for the second year in a row, the Diversity & Inclusion survey, targeting some 300 senior leaders.

The circular economy and combating climate change remain central to our strategy. 100% of our purchased electricity comes from renewable sources for our plants and annexed offices in countries where it is available and can be purchased. We have also established a roadmap for installing renewable energy production systems. Following the installation of solar panels in our plants in Spain and Ireland in 2022, we aim to extend the number of panels in Spain and to install new ones in the plants in Italy (Campoverde), Tunisia, and Türkiye by 2026 with the objective of increasing the renewable energy installed power capacity. At a local level, we will continue with forestation activities, planting about 24,000 trees by the end of 2024, the equivalent of around five trees per employee.

We are keen to ensure that all our business partners share our high standards. In 2022 and 2023, we ran an ESG assessment with 115 suppliers from our main and most strategic product categories. We will continue this work, strengthening our monitoring activities to promote compliance with ethical, environmental, and social aspects throughout the value chain.

In December, we linked the credit facility finalised in May with a pool of banks to two KPIs from our Sustainability Plan: environmental protection (Renewable Energy Installed Power Capacity) and responsible sourcing (Suppliers' Sustainability Audit). This is an example of how Recordati integrates social and environmental aspects into its corporate strategy to pursue a long-term sustainable growth model.

Recordati's focus and efforts in driving the group's ESG strategy continued to be recognized by main ESG indices and ratings also in 2023. The inclusion in the FTSE4GOOD Index series was reconfirmed alongside the "Platinum" rating by EcoVadis. MSCI ESG Research confirmed Recordati's A rating and the Group was rated C+ with "Prime" status by ISS ESG, awarded to companies with a leading sustainability performance in their industry. In addition, Recordati received a "Robust" ESG Assessment from Moody's Analytics and is included in the MIB ESG Index, promoted by Euronext and Borsa Italiana.

Throughout 2023, we have continued to support our colleagues and communities affected by emergency situations, including people affected by the earthquake in Türkiye and Syria, the flooding in Emilia-Romagna and the conflict in Ukraine. In addition, numerous community initiatives were supported through the active involvement of our employees.

All of these achievements were made possible by the dedication, professionalism, and commitment that characterizes all of our people, to whom we extend our heartfelt thanks.

As we look to the future, we are committed to continuing this path of sustainable and responsible growth. We will do so through continued care for people and the planet, with the knowledge that there can be no economic development in the long run without responsible action.

**ANDREA RECORDATI**  
Chairman



**ROB KOREMANS**  
Chief Executive Officer



# 2023 SUSTAINABILITY HIGHLIGHTS

**100%**

of electricity purchased for Group plants and annexed offices comes from renewable sources, in countries where this is possible<sup>1</sup>

**1<sup>st</sup> sustainability-linked loan signed**

the credit facility is linked to two ESG KPIs: environmental protection (renewable energy installed power capacity) and responsible sourcing (ESG audits of suppliers)

**More than 14,000 trees planted**

in the three years 2021-2023, with a commitment to reach 24,000 by 2024, corresponding to approximately 5 trees per employee

**115**

suppliers audited in the two years 2022-2023 on ESG topics via desk audits conducted by an independent third party

**Over 190**

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

**Approximately 1,100**

patients affected by rare diseases supported through the Patient Assistance Program, the Co-Pay Assistance Program and similar programmes

**Approximately € 4.8<sup>2</sup> million**

in donations to the community

**#THISCUSHING awareness campaign wins award**

Recordati Rare Diseases received the 2023 PMEA Patient-Centricity Award

**Call launched for the 11<sup>th</sup> Arrigo Recordati Prize**

international award promoting scientific research into rare diseases

**1<sup>st</sup> People Engagement survey completed**

with an excellent 80% participation rate

**2<sup>nd</sup> D&I survey completed**

involving approximately 300 Group managers

**56%**

of women hired in 2023 out of total new hires, with the commitment to increase the percentage of women in Top and Senior management positions

**94%**

of employees hired on permanent contracts

<sup>1</sup> This figure excludes Tunisia, where renewable energy is not available. Please refer to the chapter "The Group's focus on the environment" for further details.  
<sup>2</sup> Including monetary and product donations measured at market value.



# 1. THE RECORDATI GROUP



At the forefront of life-enhancing and life-changing medicines for almost 100 years. With its beginnings in a family-run pharmacy in Correggio, Italy in the 1920s, Recordati is now a global pharmaceutical group, listed on the Italian Stock Exchange since 1984, with over 4,450 employees. In 2023, the Group generated revenue of € 2,082.3 million and net income of € 389.2 million. The people who work across Recordati are passionate individuals who go to extraordinary lengths for partners, customers, investors, and the people across the globe that they serve. Every day, they strive to deliver on the Group's purpose of *Unlocking the full potential of life*.

## 1.1 RECORDATI: A LONG HISTORY OF SUCCESS

Recordati has always believed that health, and the opportunity to live life to the fullest, is a right, not a privilege. Whether that is for common diseases or the rarest - Recordati wants to give everyone the opportunity to be the best version of themselves. This drive will never stop.

Recordati:

- Has fully integrated operations across research and development, chemical and finished product manufacturing through to commercialisation and licensing;
- Has a global footprint with direct presence in more than 65 countries and partnerships in remaining markets;
- Has a diversified portfolio across Specialty & Primary Care and Rare Diseases, available in around 150 countries worldwide;
- Is a partner of choice for many companies in the industry due to its unique structure and successful track record in integrating new products and licenses;
- Maintains the highest quality and safety standards of products throughout their life cycle;
- Manufactures pharmaceutical ingredients to support its supply-chain, while also providing them to customers worldwide;
- Achieved consolidated net revenue for FY 2023 of € 2,082.3 million, up 12.4% versus FY 2022 (for details see Financial Statements).

### Strategy

In a constantly changing marketplace, Recordati is committed to seeking new opportunities, with a focus on developing new treatments and investing in medical innovations that can address the unmet needs of patients.

Since its beginnings, Recordati has generated strong consistent growth thanks to the continued success of its products and its strategy based on internationalisation and diversification. The Group has focused on driving profitable organic growth of its product portfolio and on business development, through licensing and acquisitions, since the 1990s.

Partnerships are a core component of Recordati's successful history. The group has developed a long-standing track record, a commitment to partnering and has the focus to treat each product as if it were Recordati's own.

## Business and portfolio

### Specialty & Primary Care

The Specialty & Primary Care (SPC) business unit has a strong and proven heritage of supporting people living with a wide range of common illnesses that affect large populations day to day. It creates value for patients, payers, and physicians with both prescription and self-medication treatments. The business has a direct presence in Europe, North Africa and Türkiye, and makes its products available in other international markets through distribution partners. The product portfolio includes medicines developed historically internally and several which have been in-licensed from other pharmaceutical companies for commercialization in specific territories.

SPC's best-known products are focused in the following areas:

- **Cardiovascular**, with lercanidipine, a latest-generation calcium channel blocker indicated for the treatment of hypertension, discovered and developed entirely at Recordati's research laboratories, and its combination with enalapril, a widely prescribed ACE inhibitor. The group also offers well-established metoprolol-based products, a beta-blocker mainly indicated to control a range of conditions including hypertension, angina pectoris, cardiac rhythm disorders, maintenance treatment after a myocardial infarction, and functional heart disorders with palpitations. Pitavastatin, a latest-generation statin for controlling hypercholesterolemia, is also marketed in several countries.
- **Urology and Uro-Oncology**, with well-recognized drugs for the treatment of benign prostatic hyperplasia such as silodosin, and of urinary incontinence, such as flavoxate. Its portfolio also includes a leuprorelin acetate depot formulation for subcutaneous injection indicated for palliative care in hormone-dependent prostate cancer (PCa). A new pre-connected syringe, developed by Tolmar, was introduced in first markets in the later part of 2023, further enhancing the differentiated position of the drug. In 2023, a long-term, commercialization agreement was finalised with GSK for the sales and distribution of two drugs, Avodart® (dutasteride) and Combodart®/ Duodart® (dutasteride/tamsulosin)<sup>3</sup>. These drugs have helped support millions of men worldwide who experience moderate to severe symptoms relating to benign prostatic hyperplasia (BPH) and are at risk of suffering complications.
- **Gastroenterological**, with several established brands for evacuating the intestine based on sodium picosulfate and magnesium citrate (including Citrafleet®, Casenlax®), widely used before diagnostic tests, products used for constipation for adults and children, and a line of probiotics based on

<sup>3</sup> Trademarks are owned by or licensed to the GSK group of companies. Transition to Recordati of commercialization of Avodart® and Combodart® / Duodart® has been effected in the following markets: Austria, Belgium, Czech Republic, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Poland, Portugal, Spain, Sweden, Switzerland, UK.

*Lactobacillus reuteri protectis*, particularly popular in Western Europe. Procto-Glyvenol® (tribenoside) is one of our leading CHC brands across several Central and Eastern European markets.

- **“Cough and cold”** ranging from an antiseptic based on biclotymol for sore throats, to combination products for the treatment of ear, nose and throat infections, successfully sold mainly in Italy, France, Russia and the CIS countries.
- In addition to the above, we have products available across a variety of other areas, including central nervous system, with an antipsychotic drug for the treatment of schizophrenia, Reagila® (cariprazine), a third-generation antipsychotic for this seriously debilitating mental disorder which is marketed in several European countries.

## Rare Diseases

The Rare Diseases (RD) business unit develops, produces and markets drugs for the treatment of rare diseases, operating globally and dedicated entirely to serving patients suffering from these diseases. The drugs are marketed directly in Europe, the Middle East, Türkiye, United States, Canada, Russia, Australia, Japan, China and in Latin America, and through selected partners in several other countries.

Historically focused on rare genetic metabolic illnesses, acquired through the acquisitions of Orphan Europe in 2007 and Lundbeck product portfolio in US in 2012, the Rare Diseases portfolio was expanded with the acquisition of additional important specialties in rare endocrine diseases through the acquisition of Signifor®, Signifor LAR® (pasireotide) and Isturisa® (osilodrostat) from Novartis in 2019, and further expanded with the acquisition of EUSA Pharma that was completed in March 2022, adding four drugs for the treatment of rare and niche oncological diseases.

RD provides medicines across three main therapeutic areas:

- **Metabolic** - The activity on rare genetic metabolic illnesses, with an initial presence in 2007 mostly in Europe and the MENA region, has expanded its scope into the US in 2012. Cystadrops® (cysteamine hydrochloride), Carbaglu® (carglumic acid) and Panhematin® (human hemin) form the core of the business's legacy metabolic products, to which Ledaga® (chlormethinean hydrochloride) was added in 2018. Recordati continues to expand access to these treatments, with Carbaglu® launched in 2023 in China for the treatment of hyperammonia associated with NAGS deficiency and organic acidemias, a set of rare metabolic conditions characterized by raised levels of ammonia in the blood which can be extremely toxic to the brain in infants, children and adults.
- **Endocrinology** - Recordati expanded into important endocrine speciality treatment areas in 2019, which included conditions such as Cushing disease/ syndrome and Acromegaly, both rare conditions which can have a significant impact on quality of life. The expansion was part of the acquisition of Signifor®, Signifor LAR® and Isturisa® from Novartis. Access to these treatments continues to expand globally with the launch of Isturisa® in Columbia in 2023 and the filing of the New Drug Application (NDA) for the same treatment in China and Brazil.
- **Oncology** - The business expanded into rare oncological conditions through the acquisition of EUSA Pharma in March 2022 adding important treatments that cover rare and

niche oncological diseases, the main ones being Qarziba® (dinutuximab beta) for high-risk neuroblastoma, Sylvant® (siltuximab) for idiopathic multi-centric Castleman disease and Fotivda® (tivozanib), indicated in advanced renal cell carcinoma. Access to these treatments continues to expand internationally; for example, in 2023 discussions were held with the FDA in the US regarding the potential regulatory path for the Biologics Licence Application for Qarziba®, a product already present on the market in Europe and other countries.

Rare Diseases continually develops new specialties and new indications within its portfolio originating either internally or acquired through development agreements with other pharmaceutical companies and research institutes across its three focus areas.

## Production sites

Recordati has **seven pharmaceutical production facilities**, located in the Czech Republic, France, Italy, Spain, Switzerland, Türkiye and Tunisia, all of which operate in full compliance with environmental protection regulations and current Good Manufacturing Practice (cGMP).

Recordati also has **one packaging and distribution center** dedicated to rare disease products in Nanterre (near Paris), France. The site delivers, at short notice, more than 27,000 orders annually to more than 60 countries worldwide.

The group also produces several active ingredients and intermediates for the pharmaceutical industry at **two pharmaceutical chemical plants**: one in Campoverde di Aprilia, Italy, which marked its 60<sup>th</sup> anniversary in 2023, and the other in Cork, Ireland.

The key focus of Recordati's pharmaceutical chemicals business is providing quality Active Pharmaceutical Ingredients (API) for some of the group's key drugs across both business units, with residual capacity made available to manufacture and commercialise APIs to third party customers worldwide.

The pharmaceutical chemicals business focuses on:

- striving for maximum product quality, safety of production processes, protection of the environment, health and safety in the workplace
- meeting the requirements of the Recordati pharmaceuticals business
- strengthening the Group's presence in highly regulated markets, like the United States, European and Japan.

## Research & Development

Recordati continuously brings new medicines to patients, originating either internally or acquired through agreements with other pharmaceutical companies and research institutes. Commitment, scientific rigor, capability, and highly specialised personnel allow the group to develop new treatments and build an innovative product pipeline.

In 2023, Recordati invested € 255.7 million in research and development (including amortisation arising from the purchase or license of new products), + 16.2% compared to 2022.



EMPLOYEES  
**over 4,450**



REVENUE  
**€2,082.3 million**



R&D SPENDING  
**€255.7 million**  
*(this amount includes amortisation related to the purchase of new products)*



GEOGRAPHICAL PRESENCE  
**Around 150 Countries**  
*(Specialty & Primary Care and Rare Diseases)*



**2**  
**PHARMACEUTICAL  
CHEMICALS PLANTS**  
*(Italy, Ireland)*



**7**  
**PHARMACEUTICAL  
PRODUCTION PLANTS**  
*(Italy, France, Türkiye, Spain, Tunisia,  
Czech Republic, Switzerland)*



**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.





**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.**

### 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 (including 7 non-executive members, of which 4 are independent directors). Specifically, 58% of the B.o.D. is composed of men and 42% of women, with representation of four different nationalities. Furthermore, 8% of B.o.D. members are between 40 and 50 years of age, 58% are between 51 and 60 years of age, while the remaining 34% are over 60.

The personal and professional characteristics of each Director in office as at 31 December 2023 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" and "Remuneration Report".

## 1.4 GENERATING VALUE FOR STAKEHOLDERS

During 2023, the activities of the Recordati group in the field of the research and sale of medicines represented an important value creating factor for the Group, allowing generation of various economic benefits for stakeholders.

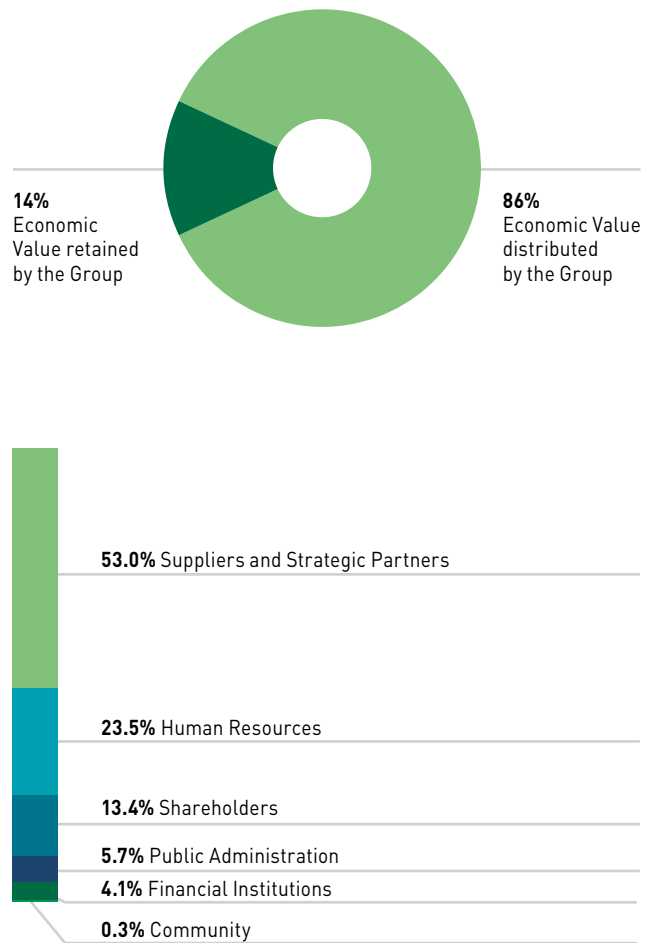
### Economic value generated and distributed by the Group

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 2023, of the € 2,089.2 million of economic value generated by the Recordati group, approximately 86% (equal to € 1,797.6 million) was distributed as follows:

- operating costs for suppliers and strategic partners of € 953.6 million, represented predominantly by the costs of raw materials, consumables and services;
- remuneration of human resources for a total of € 422.9 million, represented predominantly by the salaries and wages of Group personnel;
- remuneration of shareholders for a total of € 240.6 million, attributable to the distribution of dividends to shareholders<sup>4</sup>;
- remuneration of the Public Administration, in the form of taxes, for € 101.8 million;
- remuneration of financial institutions for approximately € 73.8 million, primarily formed of borrowing costs;
- donations disbursed during the year and various community contributions, for approximately € 4.8 million.

### Economic value generated and distributed by the Recordati group<sup>5</sup>



<sup>4</sup> The value of the dividends distributed to shareholders refers to the balance for the 2022 financial year resolved in April 2023 for € 123.2 million, and the initial payment for the 2023 financial year defined in November 2023 for € 117.4 million.

<sup>5</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".



## 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 patients. In order to do this, we must work together and respect the fundamental rules and shared values that apply to everyone at Recordati and all of those the Group engages with.

## 2.1 THE RECORDATI GROUP'S COMMITMENT TO SUSTAINABILITY

Over the years, the Group has launched various initiatives focused on sustainability, aligned with its 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 Corporate Governance Code for Listed Companies which Recordati has resolved 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 B.o.D.. 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;
- reviews the Sustainability Plan guidelines and how sustainability policies are implemented, and supervises the adoption of measures to ensure equal treatment and opportunities for all genders within the entire company organisation and at Group level, monitoring their implementation;
- 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 Chief Financial Officer (executive member of the Board of Directors) 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. In this context, as of 2022, the Board of Directors has adopted a specific "Policy for managing dialogue with all investors" in line with the recommendations of the current Corporate Governance Code.

The Board of Directors is informed of sustainability topics and activities by the Chair of the Risk, Control and CSR Committee, who reports to the Board at the first useful meeting following the Committee meeting on the relevant activities carried out by the Committee on the basis of the areas within its remit. Furthermore, insofar as is relevant in this area, the Board receives information, at a frequency appropriate to the initiatives undertaken and generally at least three times per year, from the executive directors, if necessary with the support of the ESG Manager.

As part of its remit, at the start of 2023, the Risk, Control and CSR Committee examined Recordati's 2023-2025 Three-Year Plan, also in relation to the Company's sustainability process. Furthermore, at the start of 2023 and 2024, and prior to presentation and approval by the Board of Directors, the Committee reviewed the Sustainability Plan and the relative ESG targets of the respective years. Subsequently, during each year and as an overview at the end of each year, the Committee receives a report from the competent company functions on the progressive achievement of the respective targets adopted.



## Main ESG indices and ratings



**MSCI ESG Research confirmed the Recordati group’s A rating<sup>6</sup> in August 2023.**

In 2023, RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.P.A received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment. 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.

**RECORDATI WAS INCLUDED IN THE MIB ESG INDEX, THE FIRST INDEX PROMOTED BY EURONEXT AND BORSA ITALIANA**

**Recordati has been included in the MIB ESG Index, the first index promoted by Euronext and Borsa Italiana for Italian blue-chip companies demonstrating best ESG practices, since October 2021.**

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, out of the 60 most liquid, that have demonstrated perfect integration between economic performance and ESG criteria, in line with the United Nations Global Compact principles.



**In October 2023, Recordati received a “Robust” ESG Assessment from Moody’s Analytics.**

The score was given based on the analysis and evaluation of multiple indicators and policies related to various sustainability areas, including business behaviour (e.g. anti-corruption practices, responsible sourcing, ethics and integrity, transparency) respect for human rights, environmental policies and practices, community involvement (e.g. access to medicines and the societal impact of products), corporate governance, and human resource management.



**EcoVadis confirmed the Recordati group’s “Platinum” rating in July 2023. With this result, the Group sits within the top 1% of companies for its EcoVadis score.**

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.



**After the review in June 2023, the Recordati group was confirmed in the FTSE4Good Index Series.**

Created by the global index and data provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE Russell evaluations are based on performance in areas such as Corporate Governance, Health & Safety, Anti-Corruption and Climate Change. Businesses included in the FTSE4Good Index Series meet a variety of environmental, social and governance criteria.



**Recordati scored B (Management level) in the 2023 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.



**In 2023 Recordati group was rated C+ with “Prime” status, awarded to companies with a leading sustainability performance in their sector, by ISS ESG.**

Companies are awarded Prime Status if the overall ESG Corporate Rating letter grade meets or exceeds the industry-specific Prime threshold defined by ISS ESG’s Industry Classification Matrix. Prime status means that the Company fulfils ISS ESG’s demanding requirements regarding sustainability performance in its sector.

<sup>6</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>7</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 analysis. To this end, in 2022 around 180 stakeholders from different categories were involved through an online questionnaire.

The stakeholders expressed their point of view on the individual topics and their impacts, thus helping to prioritise the material topics based on the significance assigned to each impact on the economy, the environment and people. 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".

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;
- meetings with trade union representatives and internal communications initiatives, including more corporate engagement activities such as the People Engagement Survey aimed at all company personnel, as well as less formal occasions thanks to the events and projects developed by the culture ambassadors;
- 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, industry 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 2023 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.

<sup>7</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.



## THE RECORDATI GROUP'S MAIN INDUSTRY ASSOCIATIONS

### ITALY

- Farmindustria
- Confindustria Dispositivi Medici
- ASSONIME
- IBC (Associazione Industrie Beni di Consumo)
- ASSOLOMBARDA
- FARMADATI
- UPA
- Unindustria
- Unione food Italiana

### FRANCE

- LEEM (Les Entreprises du Médicament)
- GIE GERS
- CIP (Club Inter Pharmaceutique)

### BELGIUM

- Pharma.be (General national association of the pharmaceutical industry)
- EUCOPE (European Confederation of Pharmaceutical Entrepreneurs)

### 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.
- BPI - Bundesverband der Pharmazeutischen Industrie e.V. (The German Pharmaceutical Industry Association)
- VCI - Verband der Chemischen Industrie
- ACS Pharma Protect GmbH - Securpharm
- DGE Deutsche Gesellschaft für Ernährung
- UND e.V. - Urologen Netz Region Düsseldorf e.V.
- AMSP - Institut für Arzneimittelsicherheit in der Psychiatrie

### 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
- ÖGES (Austrian Society of Endocrinology and metabolism)

### SPAIN

- Farmaindustria
- Anefp (National Association of OTC products)
- AINFA
- AELMHU

### IRELAND

- Bio Pharmaceutical Ireland (BPCI)
- IBEC (Irish Business Employers' Confederation)
- Cork Chamber of Commerce
- Irish Exporters Membership - Logistics
- PMI (Pharmaceutical Managers of Ireland)
- MMRI (Medical Reps Institute of Ireland)
- IMVO (Irish Medicines Verification Organisation)

### PORTUGAL

- APIFARMA - Portuguese Pharmaceutical Association
- GROQUIFAR
- AICIB (Government agency for R&D)
- Health Cluster Portugal

### CANADA

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

### CHINA

- China-Italy Chamber of Commerce
- Beijing Health Insurance Research Association
- Tianjin Health Insurance Research Association
- China Alliance for Rare Diseases

### POLAND

- Commercial Chamber "Farmacja Polska"
- Business Centre Club

### RUSSIA

- GIM-Unimpresa

### UKRAINE

- EBA - European Business Association

### TÜRKIYE

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

### GREECE

- SFEE - 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

- ASPN - American Society of Pediatric Nephrology
- BIO - Biotechnology Innovation Organization
- NORD corporate council
- RAPS - Regulatory Affairs Professional Society
- PNA - Pituitary Network Association
- CSRF - Cushing's Support & Research Foundation
- ASH - American Society of Hematology
- CDCN - Castleman Disease Cooperative Network
- Acromegaly Community
- ACE - American Association of Clinical Endocrinology
- Pituitary World News

### 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)
- ITALCAM (Italian Chamber of Commerce)

### COLOMBIA

- ANDI (Asociación Nacional de Industriales)

### JAPAN

- Pharma Delegates
- The Pharmaceutical Manufacture's Association of Tokyo
- Kansai Pharmaceutical Industries Association
- Kusuri no Shiori

### CZECH REPUBLIC AND SLOVAKIA

- SARAP (Slovak Association of Regulatory Affairs Professionals)
- CASP (Czech association for food supplement)

### AUSTRALIA

- Rare Voices Industry Working Group

### SOUTH KOREA

- KRPIA (Korean Research-based Pharmaceutical Industry Association)
- WIN (Woman in Innovation)



## AWARDS RECEIVED BY RECORDATI GROUP SUBSIDIARIES FOR SUSTAINABILITY INITIATIVES

### PORTUGAL

#### Jaba Recordati wins “Social Responsibility Pharma Company of the Year” award:

Jaba Recordati was voted by the readers of Human Resources as the most socially responsible SME, with the most sustainable initiatives and practices, engaging employees and integrating social and environmental concerns into its operations and objectives. The award is assigned through voting by readers of the magazine, recognising organisations making the most valuable contributions to society. During the year, Jaba Recordati was also recognised as “Organization with Purpose 2023” by a consortium of several consulting companies and universities. This important achievement highlights the commitment of employees to our company mission, values and purpose.

### TUNISIA

#### Success for Opalia Recordati at 10<sup>th</sup> edition of HR Awards:

in 2023, the Tunisian branch of Recordati received the “Global Strategy & Leadership Award” from ARFORGHE, the association of company training and HR managers, in collaboration with KAS, the Konrad Adenauer Foundation, at the 10<sup>th</sup> edition of the HR AWARDS. This award recognises best practices in management and development of human capital within companies and organisations in Tunisia.

### POLAND

#### For the third year in a row, Recordati Polska wins the national Business Centre Club - Well Seen Company contest:

again this year, during the 14<sup>th</sup> edition of the “Well Seen Company” contest held in Poland by Business Centre Club, Recordati Polska was awarded for its commitment to conducting its operations in a socially responsible manner. The contest had the objective of awarding companies that manage their businesses in a socially responsible way and are committed to raising awareness around corporate social responsibility. The panel, composed of Corporate Social Responsibility experts, awarded Recordati for its performance in the following areas: the observance of ESG principles, 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.





## 2.3 MATERIALITY ANALYSIS

The materiality analysis is an important tool used to identify the topics that represent the organisation's impacts on the economy, the environment and on people, including those relating to human rights. 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 with the aim of incorporating practice updates and identifying the need for any changes to the list of material topics in response to developments in the context in which it operates, megatrends and emerging topics. In particular, in 2022 it updated the materiality analysis based on the new methodology proposed by the GRI with the "GRI 3: Material Topics 2021 standard". The topics that emerged are represented as a list in order of significance of the related impacts identified during the project phases described below:

- **Context analysis:** the phase of identifying sustainability topics that are potentially significant 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.
- **Identification of impacts:** in relation to each of the potentially material topics identified from the context analysis and based on an analysis of the effects generated by the Group's business, the positive and negative, actual and potential impacts were identified using an inside-out approach, namely the positive and negative impacts on the economy, the environment and people the company generates along its value chain, including impacts on human rights.
- **Stakeholder engagement for assessing the impacts:** in November 2022, the Recordati group implemented stakeholder engagement activities, involving and listening to the points of view of stakeholders, with the goal of making the process to define material topics 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 and the analysis of the identified impacts, an online questionnaire was prepared and sent to a panel of around 180 recipients belonging to all of the various stakeholder categories, previously identified in close collaboration with the different company departments. The stakeholders assessed the individual topics and their impacts, awarding a score on a scale from 1 to 5, thus helping to prioritise the material topics based on the significance assigned to each impact. The questionnaire also asked respondents to indicate any additions to the topics identified. One-to-one meetings were also held with some categories of stakeholders. The stakeholder engagement activities carried out promoted inclusion of the points of view of stakeholders in the process to prioritise the material topics 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 for assessing the impacts:** in addition to stakeholder engagement, the Recordati group has taken actions to engage Top Management through one-to-one meetings in order to integrate within the materiality analysis the most significant impacts and the priority material topics from the Group's perspective. Top Management was also asked to assess the individual topics and their related impacts by awarding a score on a scale of 1 to 5. This made it possible to engage Top Management and educate them on sustainability topics and the potential impacts that the Group may generate on the economy, the environment and people.
- **Definition, prioritisation and approval of the list of material topics:** during the final phase of the materiality matrix updating process, the Group processed data and summarised the results of the evaluation of the impacts referring to material topics by stakeholders and Top Management. This enabled the material topics to be ranked and prioritised within a list. The results of the analysis were first discussed with the CEO and then shared with the Risk, Control and CSR Committee and the Board of Directors.

## List of material topics of the Recordati group

HIGHLY RELEVANT	1.	Product quality and safety	▲
	2.	Business ethics, integrity and anti-corruption	▲
	3.	Employee health, safety & wellbeing	▲
	4.	Diversity and Inclusion	▲
	5.	Access to medicine and healthcare	▲
	6.	Waste management and circular economy	▲
	7.	Fight against climate change	▲
	8.	Human resources management and development	▲
	9.	Research and development	▲
	10.	Responsible marketing	▲
	11.	Value creation and its distribution	▲
	12.	Water management	▲
	13.	Privacy and data protection	▲
RELEVANT	14.	Responsible sourcing	▲
	15.	Local community support	▲

In 2023, an analysis was conducted to evaluate the correspondence between the list of material topics and the evolving reference scenario, focusing in particular on the topics identified by the main peers, regulatory changes and the requirements of leading sustainability indices and ratings. The results of the analysis show that the list of material topics is in line with the reference sustainability context and current macro trends. The material topics remain unchanged from the previous year. The list was also shared with the Risk, Control and CSR Committee and with the Board of Directors.

The list of topics represents the 15 topics that were deemed most material for the Group and its stakeholders in terms of ESG, taking into account the significance of the impacts associated with them and that the company generates, or could generate, on the economy, the environment and people, including impacts on human rights. Material topics are grouped into five specific areas: ethics and integrity, patient care, people care, environmental protection and responsible sourcing.

The material topics identified in the above list 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 of itself but is discussed in other topics such as “Responsible Sourcing”, “Business ethics, integrity and anti-corruption”, “Diversity and Inclusion” and “Research and development”.

- ▲ Patient care
- ▲ People care
- ▲ Environmental protection
- ▲ Responsible sourcing
- ▲ Ethics and integrity

## 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.

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.

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.

 <p><b>PATIENT CARE</b></p> <hr/> <p><b>Our ambition</b></p> <p>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.</p> 	 <p><b>PEOPLE CARE</b></p> <hr/> <p><b>Our ambition</b></p> <p>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.</p> <p>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.</p> 	 <p><b>ENVIRONMENTAL PROTECTION</b></p> <hr/> <p><b>Our ambition</b></p> <p>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.</p> 	 <p><b>RESPONSIBLE SOURCING</b></p> <hr/> <p><b>Our ambition</b></p> <p>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.</p> 	 <p><b>ETHICS AND INTEGRITY</b></p> <hr/> <p>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.</p> 					
<p><b>3 GOOD HEALTH AND WELL-BEING</b></p> 	<p><b>4 QUALITY EDUCATION</b></p> 	<p><b>5 GENDER EQUALITY</b></p> 	<p><b>6 CLEAN WATER AND SANITATION</b></p> 	<p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p> 	<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> 	<p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p> 	<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p> 	<p><b>13 CLIMATE ACTION</b></p> 	<p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b></p> 

## 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 the CEO, the Executive Leadership Team, the Risk, Control and CSR Committee, and the Board of Directors.

The objectives of the CEO's Group Short-Term Incentive (STI) Plan 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 Group Short-Term Incentive Plan integrates social and environmental objectives associated with

the implementation of the Plan itself which are assigned to certain key management figures.

As part of a process of continuous improvement, 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.

## RECORDATI FINALISES FIRST GROUP SUSTAINABILITY-LINKED LOAN

At the end of this year, Recordati has agreed key sustainability milestones as part of its 400 million euros credit facility finalised in May 2023 with a pool of international relationship banks. As of December 2023, the credit facility is linked to two ESG KPIs from the Sustainability Plan: environmental protection (Renewable Energy Installed Power Capacity) and responsible sourcing (Suppliers' Sustainability Audit). This represents another step forward for the Group's commitment to pursue a sustainable growth model by integrating social and environmental aspects into its corporate strategy.





## ETHICS AND INTEGRITY

### TARGETS DEFINED AND TIME FRAMES

### RESULTS IN 2023

### FUTURE TARGETS

#### Business ethics, integrity, anti-corruption

100% of Group employees involved in a two-year training programme on ethics, anti-corruption, anti-bribery topics (2022-2023)

**✓ ACHIEVED**

In 2023, the Recordati group continued to pursue its commitment to train 100% of the company workforce on ethics, anti-bribery and anti-corruption through a structured training and awareness programme. In 2023, in addition to training on the Code of Ethics or internal anti-corruption and anti-bribery protocols for all new Recordati group employees, a number of specific refresher courses were also provided. This training was provided through the provision of online courses for all Group employees with access to digital devices and the distribution of hard-copy training materials for employees without access to such devices.

Initiatives included:

- Ethics & Compliance Dilemmas training, launched in 2022 and available in 11 languages, involving all employees in 2022-2023. This focused on ethics, preventing corruption, managing conflicts of interest, people and the workplace, and handling inside information.
- All new employees received training on the Code of Ethics, the Group Anti-bribery Manual and other country-specific anti-corruption models. Courses on the Code of Ethics and Anti-Bribery Manual are also available in 11 languages.
- Besides the training provided for new employees, in 2023, additional training was provided on corruption prevention and healthcare compliance. These courses were completed by around 500 employees from various European Group companies and included refresher training on the 231 Model, the Anti-Bribery Manual and local codes of conduct adopted by industry associations.

Continue to maintain 100% of Group employees involved in a training programme on ethics, anti-corruption, and anti-bribery topics by extending the training to all new employees (2024)

A new training course on sexual harassment was launched at the end of 2023, which was completed by approx. 3,100 employees

Continue to maintain 100% of Group employees involved in a training programme on sexual harassment by extending the training to all new employees (2024)



## PATIENT CARE<sup>8</sup>



### TARGETS DEFINED AND TIME FRAMES

### RESULTS IN 2023

### FUTURE TARGETS

#### Access to medicine and healthcare

In the field of rare diseases, the Group is committed to:

**✓ ACHIEVED**

To promote access to medicine, in the context of rare diseases, the Group carried out various initiatives

Recordati believes that every single patient should have access to the best possible treatment. In the field of rare diseases, the Group is committed to:

<sup>8</sup> 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.

- continuing with Patient Assistance Program (PAP), Co-Pay Assistance Program (CAP) or similar programs aimed at providing assistance to patients who are eligible to receive financial support for products (2023)
- The Group continued to provide the Patient Assistance Program (PAP) and the Co-Pay Assistance Program (CAP). These two programs are active in the USA and Canada and are focused on Endocrinology, Oncology, and Metabolic therapeutic areas. Similar programs are in place in other geographic areas, for instance, Australia, Brazil, Russia, South Korea and Taiwan. During 2023, Recordati supported around 1,100 rare-disease patients with the Patient Assistance Program (PAP), Co-Pay Assistance Program (CAP) and similar programmes.
- continuing with Patient Assistance Program (PAP), Co-Pay Assistance Program (CAP) or similar programs aimed at providing assistance to patients who are eligible to receive financial support for products (2024)
- 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 (2023)
- Awareness: The Group continued to work closely with rare-disease communities to increase awareness, leading to improved diagnosis, and expand availability of treatments for those affected. The Group pursued this goal, for example, through meetings with healthcare professionals (e.g. Cushing's syndrome and acromegaly, acute intermittent porphyria and ocular manifestation of cystinosis), providing information to raise awareness (e.g. printed and digital brochures, websites and videos, but also through the Patient Advocacy Liaison programme) and actively participating in scientific conferences. The Group established the global campaign, THISCUSHING, aimed at raising awareness of Cushing's syndrome. The campaign won the Patient Centricity Award at the 2023 Pharmaceutical Market Excellence Awards. The Group was also involved in various collaborations with groups and associations (such as the American Porphyria Foundation, HCU Network America and Castleman Disease Collaborative Network) to promote accurate information for patients and sponsor awareness-raising days. It promoted patient engagement using Smart Device Apps to facilitate information and awareness activities, as well as events dedicated to patients providing information and explanations about specific diseases.
- continuing to work closely with rare-disease communities (including doctors, healthcare professionals, patients groups and families) to increase awareness, facilitate improved diagnosis and expand availability of treatments for people with rare diseases (2024)
- expanding into China to allow Chinese patients to have access and benefit (2024)
- continuing to expand rare disease and orphan drugs innovation pipeline and R&D of new therapies (2023)
- Various research activities were carried out, for instance, the Group:
  - continued the REC 0559 phase II clinical trial for the treatment of neurotrophic keratitis
  - continued development of a new Cystadrops® formulation that is easier for patients to use for ocular cystinosis
  - performed additional studies on Isturis® to expand its benefits to the United States for patients affected by endogenous Cushing's syndrome
  - began the PASIPHY phase II clinical study on the development of pasireotide in post-bariatric hypoglycaemia
 For more details about research and development, refer to the 2023 Annual Report.
- continuing to expand rare disease and orphan drugs innovation pipeline and R&D of new therapies (2024). Main activities:
  - Pasireotide Ph2 in Post Bariatric Hypoglycemia
  - REC 0559 in Neurotrophic Keratitis
  - Dinutuximab beta in Neuroblastoma in US
  - FDA feedback on Isturis US label extension in Cushing's Syndrome

In the context of the Specialty & Primary Care Division, the Group is committed to:

- Continuing to invest in our plant in Tunisia to be able to continue providing high-quality and affordable products servicing a broad range of therapeutic areas including low-and middle-income Countries (Tunisia and Sub-Saharan Africa) (2023)

✓ **ACHIEVED**

New investments were defined for the Tunisian plant (e.g. a new warehouse and new blister-packing and box-packing machinery) which will enable continued provision of high-quality and affordable products servicing a broad range of therapeutic areas, including low- and middle-income countries

In the context of the Specialty & Primary Care Division, the Group is committed to:

- Continuing to invest in our plant in Tunisia to be able to continue providing high-quality and affordable products servicing a broad range of therapeutic areas including low-and middle-income Countries (Tunisia and Sub-Saharan Africa) (2024)

- Continue initiatives of product donations to organisations that collect and distribute pharmaceuticals to disadvantaged people (2023)

✓ **ACHIEVED**

Product donations continued, with a value of approximately € 2.3 million<sup>9</sup>. Key initiatives include support for the humanitarian emergency in Ukraine and those affected by the earthquake in Türkiye.

- Continue initiatives of product donations to support disadvantaged people (2024)

<sup>9</sup> Product donations measured at market value.



PEOPLE CARE



**TARGETS DEFINED AND TIME FRAMES**

**RESULTS IN 2023**

**FUTURE TARGETS**

**Diversity and equal opportunities**

Grant equal opportunities to all genders at all levels and progressively increase the percentage of women in Top and Senior management positions by promoting initiatives, including:

- recruit and promote 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
- launch a mentorship initiative on D&I (2023)

✓ **ACHIEVED**

The Group's commitment to D&I was formalised by a series of activities and results.

- At least 40% of candidates short-listed for top and senior management positions are women. Furthermore, internal personnel responsible for selecting these short-listed candidates has always included at least one woman.
- Training and mentorship initiatives were carried out on D&I topics in collaboration with Valore D, an industry association specialised in promoting inclusive practices. In this context, some Recordati employees had the opportunity to participate in webinars and share experiences and best practices with employees of a third-party company. In addition, an in-house mentorship project was launched for employees at head office. Selected female managers offered tutoring to colleagues who were new mothers, in order to promote professional development and growth of women in managerial positions.
- 2<sup>nd</sup> D&I survey completed. This survey involved Group management (around 300 managers), identifying improvements in all areas compared to the previous survey in 2022.
- Training continued on unconscious bias for Group employees in their local language (training programme launched in 2022).
- A new D&I department was created at Group level to optimise management of measures to foster a more inclusive working environment.

- Increase the percentage of women in Top and Senior Manager positions to 38% by 2028 (31% in 2023)
- Definition of the Group's D&I policy (2024)
- Signing of the EU Diversity Charters in the main countries where the Group operates (2024)
- Kicking-off a global D&I network for Group employees to help drive the D&I agenda (2024)

**Engagement**

Seek employee feedback and measure evolution of engagement through the launch of an "People Engagement Survey" to all employees (2023)

✓ **ACHIEVED**

The first People Engagement Survey was performed, involving all Group employees and achieving an excellent 80% participation rate. The strengths reflect investments made by the Group in recent years to improve the working environment, including those in the area of Health & Safety, Diversity & Inclusion, and Engagement. The survey identified several opportunities for improvement in the areas of Personal Growth, Empowerment and Trust and Collaboration, which will contribute to making Recordati a better place to work and constantly increasing overall engagement.

Continue to seek employee feedback: launch the second People Engagement Survey to all employees (2025)

**Talent attraction and development**

- On the base of Key Value Driving Roles Matrix define Development and/or Retention Plan for the Successors, Key Resources, Talents and Critical Resources identified on the Matrix that at least once per year have to be discussed and agreed among the ELT (Executive Leadership Team) (2023)

✓ **ACHIEVED**

2023 saw the mapping of key roles within the company, starting with members of the Executive Leadership Team, all the way up to top managers and senior managers, identifying their potential successors. In addition, development and/or retention plans for successors, key resources, talents and critical resources were identified.



Strengthening university engagement initiatives to promote the attraction of talent (2023)

✓ **ACHIEVED - ONGOING**

In 2023, initiatives for engagement with national and international universities were strengthened, through lessons and the launch of placements.

Strengthen training activities by continuing to offer to all employees<sup>10</sup> an international e-learning platform with over 18,000 courses available (2024)

**Health, safety and well-being**

Run an on-line driver safety training programme for all employees with a company car in order to encourage safe driving behaviors (2022-2023)

✓ **ACHIEVED**

In 2022, a two-year online training programme was launched on driver safety. In 2023, the programme was rolled out to all countries and involved all employees with a company car.

**Support for local communities**

Continue to support the communities through solidarity, social and cultural initiatives aimed at promoting the growth and wellbeing of local communities (2023)

✓ **ACHIEVED**

In 2023, the Recordati group gave approximately € 4.8 million<sup>11</sup> in cash and product donations. The Group's support mainly concerns humanitarian emergencies-such as support for the people of Ukraine, and those affected by the earthquake in Türkiye and flooding in Emilia-Romagna (Italy)-patient support, scientific research and education, and environmental and community initiatives. In the area of support for patients, scientific research and education, work on the treatment of rare diseases is of particular importance.

Continue to support communities through donations and other initiatives (including for example employee volunteer activities) (2024)

Launch of employee volunteering initiatives (2023)

✓ **ACHIEVED**

During the year, multiple company volunteering projects continued involving employees from different Group sites. Please consult the chapter "Support for Local Communities" for further information.

 **ENVIRONMENTAL PROTECTION**



**TARGETS DEFINED AND TIME FRAMES**

**RESULTS IN 2023**

**FUTURE TARGETS**

**Climate action - renewable energy initiatives**

100% renewable electricity purchased for our Group production and packaging sites and annexed offices (2025)<sup>12</sup>

✓ **ACHIEVED**

100% of the electricity purchased for the Group's production and packaging sites and annexed offices<sup>13</sup> comes from renewable sources, in countries where such energy is available.

<sup>10</sup> All employees provided with a company email address.

<sup>11</sup> Product donations are measured at market value.

<sup>12</sup> Purchase of renewable electricity for plants located in countries where it is available.

<sup>13</sup> It is noted that 100% of the renewable electricity purchased is for Group manufacturing sites located in countries where it is available, and therefore with the exception of the Tunisian site. Considering Tunisian consumption in FY23, electricity from renewables purchased is approximately 90%. For full disclosure, it is noted that as regards the annexed offices of the plant, this excludes the purchase made for the offices in the 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 is negligible.



Finalization of feasibility studies for installing additional renewable energy production systems at the following plants: Italy (Campoverde), Ireland, Tunisia, Türkiye (2023)

✓ **ACHIEVED**

A roadmap has been defined for the installation of solar panels for production sites located in Italy (Campoverde), Spain (extension), Tunisia and Türkiye.

Increase of renewable energy installed power capacity to 11,000 kWp by 2026 (386 kWp in 2022).

*In addition to the solar panels installed at the Spanish and Irish plants in 2022 (installed power capacity of 386 kWp), the Group aims to install new renewable energy production systems at the Italian (Campoverde), Spanish (extension), Tunisian and Turkish plants reaching 11,000 kWp by 2026<sup>14</sup> (800 kWp in 2024; 5,600 kWp in 2025; 11,000 kWp in 2026)*

Scope 3 emissions calculation (2024)

**Climate action - energy efficiency initiatives**

Gradually replace traditional lighting systems with LED lights: complete replacement in the production department of the Milan plant by 2023

✓ **ACHIEVED**

Replacement of conventional lighting systems with LED technology in the production area of the Milan plant has been completed

**Climate action - other initiatives**

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 2021- 2023

✓ **ACHIEVED - ONGOING**

More than 14,000 plants have been planted by the Recordati group in the three years 2021-2023 (more than 11,000 in Italy in the metropolitan area of Milan) through the Forestami project, and 3,000 in Tunisia in a forest destroyed by a wildfire in 2022)

Continue the Group's forestation efforts, reaching 24,000 trees planted by the end of the period 2021-2024 (corresponding to approximately 5 trees per employee).

*In addition to the 14,000 already planted in Italy and Tunisia in the three-year period 2021-2023, planting of a further 10,000 is planned in Türkiye by 2024.*

**Responsible waste management and circular economy initiatives**

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)

✓ **ACHIEVED - ONGOING**

Various initiatives to recover and re-use chemical raw materials used in production processes were analysed, in a circular-economy logic. Key initiatives include:

- Palladium - in collaboration with a partner company, approximately 7 kg of palladium was recovered from the production process to be reused in production.
- Benzaldehyde - a series of studies and tests were conducted on residues from the distillation of toluene, which confirmed the feasibility of benzaldehyde recovery. Further in-house quantitative analysis is under way and by 2024 it should be possible to recover and reuse benzaldehyde in production processes (it is estimated that at full capacity it will be possible to recover approximately 50% of the benzaldehyde used annually). It is noted that the Group also launched other projects linked to the creation of a circular economy (e.g. recovery/re-use of chromium) that require further specific technical analysis.

Continue with the analysis of possible new initiatives for the recovery and reuse of chemical raw materials used in production processes (2024-2025)<sup>15</sup>

<sup>14</sup> Corresponding to a theoretical generation capacity of approximately 15.1 GWh (around 26% of total Group electricity consumption in FY23, including self-generated electricity from the Campoverde co-generator used internally).

<sup>15</sup> The recovered raw materials may be reintroduced into internal production processes or through partnership agreements with third-party companies.

Continue with the analysis of possible packaging solutions with lower environmental impact (2022-2023)

✓ **ACHIEVED - ONGOING**

The Group continued various initiatives intended to promote more sustainable packaging. For example, the use of FSC certified paper was expanded to other products in the Eumill® range and new products such as Reconatural® and Recolum®. In addition, new packaging was designed for a product from the Lactò® range, with smaller dimensions and eliminating the plastic tray, enabling a reduction in plastic and paper use. This is scheduled for launch by 2024.  
It is noted that the Group also launched other projects linked to the use of more sustainable packaging that require further specific technical analysis.

Continue with the analysis of possible packaging solutions with lower environmental impact (2024-2025)



**RESPONSIBLE SOURCING**



**TARGETS DEFINED AND TIME FRAMES**

**RESULTS IN 2023**

**FUTURE TARGETS**

**Promote a responsible supply chain**

Monitoring of suppliers on ESG aspects through assessment (desk audit) by an independent third party: performance of 160 assessments (desk audits) by 2024<sup>16</sup>

✓ **ACHIEVED - ONGOING**

Recordati works with EcoVadis to assess the sustainability performance of its suppliers. Main results:

- 115 suppliers audited in the two-year period 2022-2023 (via desk audits) (50 in 2022 and 65 in 2023) on ESG topics, belonging to the main and most strategic product categories: suppliers of finished products (Contract Manufacturing Organisations - CMOs), raw materials, packaging, industrial services, logistics, and other services.
- 43% of suppliers considered in the current 2023 audit achieved an overall rating of "advanced", while 51% were rated as "good". Only 6% of suppliers received a "partial" performance rating and, as in 2022, no suppliers were found to be insufficient or critical in 2023.
- In the two-year period 2022-2023, around 30 buyers participated in training to facilitate the supplier engagement process (around 20 in 2022 and 10 in 2023).

Continue to expand the monitoring of suppliers on ESG aspects through audits (desk audits) by an independent third party. In addition to 115 audits performed during 2022-2023, the Group aims to perform 150 Supplier Sustainability Audits by 2026, conducting 50 ESG audits per year (2024-2026)<sup>17</sup>

Engagement initiatives for suppliers that received lower scores in the assessment to promote and increase awareness of ESG aspects (2023)

✓ **ACHIEVED**

In 2023, specific meetings were held with all suppliers that received lower scores in the 2022 audit in order to raise awareness around sustainability topics and promote improvement in their ESG performance.

Continue with engagement initiatives for suppliers that received lower scores in the previous year's assessment to promote and increase awareness of the ESG aspects (2024)

<sup>16</sup> Three-year audit plan for suppliers (2022-2024).

<sup>17</sup> Including max 30% follow-up audits vs each previous year. The audits include suppliers from the main and most strategic product categories, including suppliers of finished products (Contract Manufacturing Organisations - CMOs), raw materials, packaging, industrial services, logistics, and other services.



# 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-Bribery Manual and the Organisational, Management and Control Models, as well as internal procedures.

### 3.1 THE COMPLIANCE PROGRAMME OF THE RECORDATI GROUP

The Recordati group believes that ethics, integrity and legal compliance are the core values of the company. The Group rejects any violation of the law and is committed to adopting a zero-tolerance policy towards corruption. Wherever it does business, the Group aims to ensure the highest ethical and compliance standards and contribute to the well-being of all stakeholders: patients, employees, business partners, shareholders and all the communities in which the Group operates. These shared commitments form the foundations of the Group's responsible approach to business.

The Compliance programme of the Recordati group includes internal codes of conduct, documents, policies and procedures - such as the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001, the Code of Ethics and the Anti-Bribery Model - which together establish the responsibilities, principles and conduct to be adopted in all business activities. This programme applies to all Group companies and employees and, to the extent of their responsibilities, other stakeholders, such as collaborators and suppliers.

The Group monitors and constantly updates these documents, also taking into account changes to regulations and the leading national and international guidelines and best practices. Moreover, the Group is committed to improving knowledge and understanding of the programme among all its stakeholders - especially employees and collaborators - through training courses and other educational initiatives. Participation in these courses were also extended to certain external parties (for example, agents and contractors) 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 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 the second half of 2023 the parent company, Recordati S.p.A., launched a new project to update the Organisational, Management and Control Model pursuant to Italian Legislative Decree Italian Legislative Decree 231/2001 to take into account the latest offences introduced into the legislation. The updating project, which mainly concerns the General Part of the Model, will conclude in the first six months of 2024 and, where applicable, will be extended to the Models of all of the Group's Italian subsidiaries.

In 2023, the parent company, Recordati S.p.A., also updated the Special Part of its own Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001, making changes on the basis of revision of numerous operational management protocols.

Actual application of the Model was guaranteed by monitoring and training activities implemented in part by the Supervisory Body that continued to perform its activity in compliance with its By-Laws. In 2023, the Recordati S.p.A. Supervisory Body met four times.

Furthermore, in 2023, the Italian company Eusa Pharma, acquired by the Recordati group in 2022, was incorporated into the company Recordati Rare Diseases Italy. The Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 of Recordati Rare Diseases Italy, therefore, took over the processes of Eusa Pharma. The Supervisory Body of Eusa Pharma was dissolved, and all related activities were taken over by the Supervisory Body of Recordati Rare Diseases Italy.

Like the parent company, Recordati S.p.A., and the other Italian Group Companies, as regards the foreign companies of the Group, following the adoption of its own Organisational, Management and Control Model in compliance with *Ley Orgánica* 2015/1 of 30 March 2015, the Spanish subsidiary Casen Recordati S.L. correctly performed the activities provided for in the Model through the action of its Supervisory Body. In 2023, the Supervisory Body of Casen Recordati met four times and performed activities in accordance with its Regulations aimed at guaranteeing the adequacy, implementation and updating of the Model adopted by the Company. In compliance with the provisions of the Company Model, the Supervisory Body sends an annual report on the activities carried out to the Board of Directors of the Spanish subsidiary.

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

The Supervisory Bodies appointed within the Group Companies are collegiate and composed of an internal member (the Internal Audit Manager 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 Group's Italian companies, Recordati S.p.A., Innova Pharma S.p.A., Itchimici 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 February 2024, the protocols of 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, 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.

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 Recordati group Code of Ethics

The Code of Ethics establishes 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. The Code of Ethics includes guidance on:

- How we manage our business, including guidance on:
  - 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-Bribery 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 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.

The Code of Ethics, adopted by all Group Companies, is published on the Recordati group website and Intranet 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. It has been translated and made available in Italian, English, French, Turkish, Russian, Spanish, Portuguese, Polish, Czech, German, Japanese and, as of 2023, Chinese. For information about training on the Code of Ethics, please refer to the section "Training on ethics, anti-corruption and anti-bribery".

## 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 the opportunity to live life to the fullest as a right, not a privilege. Believing that every single patient should have access to the best possible care, the Group is committed to fighting all diseases, from the most common to the rarest.

### 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 rejects all forms of corruption. To this end, since 2009, the Group has conducted an assessment of its internal control systems in line with international and supra-national anti-bribery (or anti-corruption) legislation in the countries where the Group has branches and has developed a Group Anti-Bribery programme and Manual 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<sup>18</sup>.

Currently, the 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. The 16 areas 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 and, as of 2023, Chinese, was published on the Recordati group Intranet and 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.

<sup>18</sup> During the most recent revision of the Manual, in 2020, which involved significant additions and improvements to the contents and areas covered, with new examples of potential corruption risks and related guidelines for conduct, the key principles for preventing corruption within the Group had already been 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. Updating of the Anti-Bribery Manual and aspects regarding its implementation were 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 Governance, Compliance Programmes section and on the corporate Intranet.

## ANTI - CORRUPTION GOVERNANCE

Anti-corruption is a collective responsibility. To facilitate compliance with anti-corruption laws, rules and regulations, Recordati is committed to:

- IDENTIFYING ORGANIZATIONAL STRUCTURE
- APPOINTING ROLES AND RESPONSIBILITIES
- PROMOTING THE AWARENESS OF THE ANTI-CORRUPTION COMPLIANCE PROGRAM

The subsidiaries' General Managers are responsible for the anti-corruption governance at a country level. Corporate Directors are responsible for anti-corruption governance at corporate division level. The Group Internal Audit and Compliance & Ethics Departments work together to supervise the anti-corruption governance. Anti-Corruption Governance at Recordati is composed of the following areas:

**1**  
REGULATORY  
AND COMPLIANCE  
REQUIREMENTS MONITORING

**2**  
RISK IDENTIFICATION  
AND ASSESSMENT

**3**  
DUE DILIGENCE

**4**  
POLICIES AND PROCEDURES  
DESIGN AND UPDATE

**5**  
WHISTLEBLOWING CHANNELS

**6**  
COMPLIANCE AUDIT

**7**  
TOP MANAGEMENT REPORTING

**8**  
TRAINING, EDUCATION  
AND AWARENESS

**9**  
DISCIPLINARY MEASURES

For more details about each point, please see the Anti-Bribery Manual available on the Corporate website in the Corporate Governance, Compliance Programmes section.





During 2023, the communication, coordination and control activities between the parent company and the various subsidiaries continued through the use of 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 continued to be implemented in 2023. This tool, based on business intelligence systems, enables continuous monitoring of anomalous accounting transactions en masse and planning of audits with greater precision and accuracy.

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

The Group Internal Audit Department periodically carries out audits to check whether the corruption risk prevention measures are adequate and function effectively or to verify any reports of non-compliance received.

The end goal is to ensure that the applicable laws on corruption and the provisions contained in the Group Anti-Bribery Manual are respected and effectively implemented within the Group.

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>19</sup>.

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.

The Group Internal Audit Department is tasked with presenting the results of the activities relating to the Anti-Corruption Compliance Program (e.g. whistleblowing, auditing and, together with the Group Compliance & Ethics Department, periodic reviews and document updates) to Top Management. The Group Internal Audit Department collects all the reports and provides accurate information, including the corrective actions proposed, to Top Management, including the Risk, Control and CSR Committee.

No cases of corruption were recorded in 2023.

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. See also the Anti-Bribery Manual available on the Corporate website in the Governance, Compliance Programmes section.

## Training on ethics, anti-corruption and anti-bribery

In line with the provisions of the Sustainability Plan, in 2023 the Recordati group continued to pursue its commitment to train 100% of the company workforce on ethics, anti-bribery and anti-corruption through a structured training and educational programme.

In this regard, in 2023, in addition to training on the Group Code of Ethics or internal anti-corruption and anti-bribery protocols for all new Recordati group employees, a number of specific refresher courses were also provided. This training was provided through the provision of online courses for all Group employees with access to digital devices and the distribution of hard-copy training materials for employees without access to such devices. Furthermore, the training was provided to Group employees regardless of contract type (part-time or full-time, permanent or temporary contract). As regards training on the Code of Ethics, the Anti-Bribery Manual and the 231 Model, courses were also offered to external parties who, while not directly employed by the Recordati group, conduct activities in the name and on half of the Recordati group on an ongoing basis (e.g. agents, contractors).

The key training courses provided in 2023 were:

- **Code of Ethics:** to facilitate the dissemination and comprehension of the principles enshrined in the Code of Ethics, the Group has continued to promote training activities by providing a course on the contents of the Code of Ethics. This online course, which includes a final learning assessment, is available in Italian, English, Turkish, Polish, German, Spanish, Portuguese, French, Czech, Russian and, as of 2023, Chinese. In 2023, approximately 640 new employees completed the course on the Code of Ethics. The activities carried out during the year made it possible to continue to keep all Group employees trained on the Code of Ethics;
- **Anti-Bribery Manual:** as regards the dissemination and comprehension of the principles contained in the Anti-Bribery Manual, the Recordati group implemented a training programme aimed at all employees of foreign<sup>20</sup> Group Companies. The online course, which includes a final learning assessment, was made available in English, Turkish, Polish, German, Spanish, Portuguese, French, Czech, Russian and, as of 2023, Chinese. In 2023, approximately 530 new employees completed the course on the Anti-Bribery Manual. The activities carried out during the year made it possible to continue to keep all foreign Group employees trained on the Anti-Bribery Manual;
- **Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001:** 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, including a final learning

<sup>19</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".

<sup>20</sup> Regarding personnel of the Italian Group Companies, training on anti-corruption and anti-bribery was provided as part of training on the Organisational, Management and Control Models pursuant to Italian Legislative Decree 231/2001.



assessment, aimed at Italian employees with access to digital devices. In 2023, approximately 110 new employees completed the course on the Organisational, Management and Control Models pursuant to Italian Legislative Decree 231/2001. The activities carried out during the year made it possible to continue to keep all of the Group's Italian employees trained on the 231 Model;

- **“Ethics and Compliance Dilemmas”**: to ensure that the training courses on ethics and compliance remain constantly up-to-date, the interactive “Ethics and Compliance Dilemmas” course, launched in 2022, was extended to all Recordati group companies in 2023. This online course, available in Italian, English, Turkish, Polish, German, Spanish, Portuguese, French, Czech, Russian and Chinese, focused on ethics, corruption prevention, managing conflicts of interest, people and workplaces, and handling inside information and had been completed by approximately 3,020 Group employees at the end of 2023.

Besides the training provided for new employees, in 2023, additional training was provided on corruption prevention and healthcare compliance. These courses were completed by around 500 employees from various European Recordati group companies and included refresher training on the 231 Model, the Anti-Bribery Manual and local codes of conduct adopted by industry associations. In addition to this, ethics and corruption prevention training programmes were held by several Recordati group companies.

The training programme on the Code of Ethics, the Anti-Bribery Manual, the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 and Ethics and Compliance Dilemmas mentioned above will continue to be provided to new Group employees. The Group intends to continue to engage all employees in a training programme on ethics, anti-corruption and anti-bribery by extending the training to all new hires.

In the second half of 2023, the new online training course on Sexual Harassment, which covers the Group Sexual Harassment Policy, was rolled out in all Recordati group companies. The course is available in Italian, English, Turkish, Polish, German, Spanish, Portuguese, French, Czech, Russian and Chinese and aims to strengthen the Recordati group's commitment to creating a safe and inclusive working environment able to guarantee the physical and mental health of everyone who works there. This course, launched at the end of 2023, involved all employees with access to digital devices and has been completed by around 3,100 employees. The Group intends to continue to engage all employees in the sexual harassment training programme by extending the course to all new hires.

For information about training on Privacy, please see the following paragraph.

## 3.2 MANAGEMENT OF PERSONAL DATA

Regarding the management of personal data, the Recordati group ensures the management of privacy obligations through the Personal Data Management Model (Privacy Model) - adopted in 2018 to comply with the European General Data Protection Regulation 679/2016 (hereinafter “GDPR”) - and coordination between the Group Data Protection Officer and the Key Privacy Persons identified within the individual subsidiaries.

In particular, in 2023, daily assistance and support was also 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.

These activities, alongside the aforementioned training activities, have contributed to the further reinforcement of the privacy culture within the Group.

To promote the dissemination and comprehension of the principles contained in the Personal Data Management Model adopted by the Recordati group, in 2019 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. The course, which includes a final learning assessment, is available in Italian, English, Polish, Spanish, Portuguese, French, Czech and German. In 2023, 350 Recordati group employees participated in Privacy training. The activities carried out during the year made it possible to continue to keep all of the Group's European employees trained on the Group Privacy Model. This training programme will continue to be provided to the Group's new employees in Europe.

Lastly, in 2023, there were no recorded security incidents/data breaches 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.



### 3.3 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 2023 Annual Report, 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.

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 2023, the Risk Catalogue was updated in line with company policy and submitted to the Risk, Control and CSR Committee and the Board of Directors on December 2023.

This update did not lead to the identification of new risks but instead determined a slight reduction in the Group's overall risk profile in 2023, mainly due to the combined effect of the stabilisation of certain external risks and the strengthening of the organisation to better manage the mapped risks.

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 12 December 2023, 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:

- 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);
- 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).

The aforementioned risks were identified by the Group and classified as medium-low risk. 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 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 tackle these risks, the Human Resources Department - also through the new Corporate Organisational Development and Compensation & Benefits functions - constantly monitors staffing levels at Group level and structures the remuneration system around a merit-based approach (with a view to retention and limiting the loss of key resources);
- **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. Regarding ESG aspects, the supplier monitoring plan continued in 2023 using an assessment carried out by a third-party company (EcoVadis). The assessment evaluates the policies, actions and results achieved in four key areas for sustainability: environment, labour and human rights, ethics, and sustainable procurement. 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, further reduces the risk of partnerships with suppliers that have unsuitable technical, ethical, conduct and sustainability profiles;

- **Topics linked to 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 linked 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 (GMP) 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;
- **Topics linked to climate change:** of the main global risks, climate change poses a complex challenge. The increase in more and more extreme and unpredictable weather events impacts the planet and society with potential medium/long-term repercussions on various sectors and companies.  
  
In this sense, Recordati recognises, above all, the need for awareness of a potential evolving trend in climate change at the global level, which will require the Group to be increasingly more proactive role, defining targets, implementing activities to improve and protect the environment where the Company operates and constantly monitoring changes in regulations and standards of reference.  
Within its risk catalogue, considering the sector in question and the geographic areas in which the Group operates, Recordati currently classifies climate change as a risk with no concrete or relevant short-term impact on business operations, and it has been assessed by the Company as a medium-low risk.

In particular, the potential risk relating to climate change:

- is connected to potential and future regulatory changes linked to the ongoing transition to a decarbonised economy (e.g. carbon tax policies, increased legal and financial risks for failure to observe performance standards, changes in incentive programmes, etc.), with a potential impact, for example, on systems technologies, compliance/energy costs, etc.;
- may also be physical (extreme weather conditions, e.g. heavy rain, flooding, drought, access to natural resources) with potential impacts on asset protection and business continuity;
- it could also generate reputational risks, considering the growing sensitivity and awareness around climate change amongst stakeholders, if these aspects are not appropriately managed.

In relation to this potential risk, the Group, also in coordination with the ESG Manager, has adopted specific policies, activities and targets intended to help protect the environment and mitigate climate change in general:

Specifically, these include:

- continuous monitoring of ongoing changes in the relevant laws, regulations, and standards;
- defining environmental objectives within the Group's sustainability strategy (e.g. renewable energy purchases, installing renewable energy production systems, implementing projects to increase energy efficiency, etc.).

In addition, the Group has All Risk Property insurance policies in place 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 shutdowns or damage to the production cycle.

For more details, please refer to Chapter 6 "The Group's focus on the environment" and Chapter 2, paragraph "Sustainability Plan".

- **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.

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 2023 Annual Report.

### 3.4 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. by preparing Transfer Pricing Documentation and the Country-by-Country Report (CbCR) in compliance with OECD Guidelines.

The Group's global fiscal approach is aligned with the business strategy of the Group, aimed at expanding and diversifying the portfolio of activities without applying 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 the 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 or jurisdictions with low taxation that do not allow the exchange of information to obtain undue fiscal advantages.

## Tax governance, control and risk management

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 interpretation consistent with responsible tax risk management.

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

## Income taxes: country-by-country reporting<sup>21</sup>

Geographical Area	Tax Jurisdiction	Unrelated-party revenue [€ thousand]	Related Party Revenue [€ thousand]	Average Nominal Tax Rate <sup>23</sup>	Income Taxes Paid <sup>24</sup> [€ thousand]	Income Taxes Accrued [€ thousand]	Number of employees <sup>25</sup>	Tangible Assets other than Cash and Equivalents [€ thousand]
<b>Africa</b>	Tunisia	24,747	1,502	15.0%	522	720	366	3,704
<b>Asia and Oceania</b>	Australia, China, Japan, United Arab Emirates, South Korea	49,045	3,674	18.9%	235	1,231	48	960
<b>Europe</b>	Austria, Belgium, Bulgaria, Czech Republic, Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Türkiye, Ukraine, United Kingdom	1,601,954	922,768	20.9%	75,348	72,824	3,854	128,084
<b>North America</b>	Canada, Mexico, USA	301,500	28,257	26.9%	14,243	13,054	134	2,644
<b>South America</b>	Brazil, Colombia	14,195	1,429	34.5%	66	566	34	200

The data provided refers to the 2022 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>21</sup> The data in the table are taken from the Country-by-Country Report ("CbCR").

<sup>22</sup> The values indicated in the columns for revenue (unrelated-party and related-party revenue) include product sales (net of returns, discounts and national health services) contributions, services, royalties, financial revenue (excluding dividends) and other revenue to third parties and other Group companies.

<sup>23</sup> The average nominal tax rate is calculated by grouping by geographical area the average nominal tax rates for each jurisdiction.

<sup>24</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>25</sup> Average number of employees and collaborators (e.g. temporary workers).

# 4. PATIENTS' 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 performance 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 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, performance 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. Particular attention was paid to training all Group personnel on the requirements of the new European Clinical Trials Regulation (EU-CTR) and the Medical Devices Regulation (MDR).

**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 performance 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 performance 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 in a public register (EU Clinical Trial Registry and/or ClinicalTrials.gov) before the enrolment of the first patient, and through 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 2023 the Group held 1,060 patents, of which 28 were granted in 2023.

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 8,100 registrations for around 840 trademarks filed in the name of its various offices. More than half 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 2023 Annual Report.

## THE ARRIGO RECORDATI INTERNATIONAL PRIZE FOR SCIENTIFIC RESEARCH

Established in 2000 in memory of Arrigo Recordati, this international award aims to promote scientific research in the field of rare diseases.

Every two years, the prize awards € 100,000 to a scientist who has particularly stood out for formulating an innovative research project.

The 2024 edition, open to young researchers of any nationality, is dedicated to the promotion and recognition of research excellence in the field of paediatric oncology, and specifically neuroblastoma. This reflects the Recordati group's strong commitment to rare diseases through its Recordati Rare Diseases division.

"I am proud to be able to dedicate the eleventh edition of Arrigo Recordati International Prize for Scientific Research to such an important field: paediatric oncology, and specifically neuroblastoma. This rare disease is devastating for the children who suffer from it and their families. This once again confirms our strong commitment to nurturing innovation and research in the field of rare diseases", stated Andrea Recordati, Chairman of Recordati.

An independent panel of recognised international experts will assess the research projects and select a winner, to be announced in Milan during the SIOP Europe Annual Meeting, from 13 to 17 May 2024.



## 4.2 THE RECORDATI GROUP'S COMMITMENT TO IMPROVING ACCESS TO MEDICINE AND HEALTHCARE

Recordati has always believed that health, and the opportunity to live life to the fullest, is a right, not a privilege. Whether that is for common diseases or the rarest, it wants to give all people the opportunity to be the best version of themselves by having access to affordable, innovative and sustainable healthcare.

### Access and Pricing Principles

Access to medicine remains a cornerstone of Recordati's ESG strategy and the Company is committed to improving both accessibility and affordability of its products in all geographical areas in which it operates. Access to pharmaceutical products requires a collective effort: with the industry, policymakers and payers working together to remove barriers so that people can unlock their potential to live a full life.

Recordati has a value-based approach to affordability that ensures the prices of medicines reflect the benefits they deliver to patients, their families, the healthcare system, and society as a whole.

This approach balances responsible pricing and sustainable business while also supporting the cost of continuing to invest in drug development.

There are numerous factors that impact pricing decisions, with the process varying significantly from country to country. At the centre of Recordati's approach are the needs of patients and their accessibility to critical treatments.

The Company understands and recognises that, in countries with limited resources, there are different healthcare needs and affordability challenges than in higher-income countries. It also knows that there are health inequities in these higher-income countries, where many people still do not have access to enough public health coverage or private insurance.

Recordati understands that health economies throughout the world are being further squeezed due to budgetary pressures and aligns its product innovation accordingly. The Company ensures that any new product candidates bring tangible benefits to patients, healthcare providers and payers alike. Recordati adopts a partnership approach to new medicine approvals to ensure we partner with the right providers and experts to create improved outcomes, cost-effectively.

Recordati supports activities and organises its own to deliver treatment to underserved populations, including disease education, and assisting uninsured and underinsured patients in navigating healthcare services. It also supports access programmes designed to give financial and disease management support, especially in the rare disease segment.



**SOME OF THE WAYS IN WHICH RECORDATI PROMOTES ACCESS ARE:**



**Developing new specialties in both existing and new markets:** With a focus on rare diseases, Recordati develops new specialties that are either developed internally or acquired through agreements with other pharmaceutical companies and research institutes. Commitment, scientific rigour, capability and highly specialized personnel allow Recordati to develop new treatments and build an innovative product pipeline, including through life-cycle management, new products and post marketing.



**Supporting patient associations, caregivers, doctors and institutions** to increase awareness, leading to improved diagnosis, and expand the availability of treatments, especially for people with rare diseases. This is done, for example, by promoting meetings with healthcare professionals, providing information to raise awareness, and actively participating in scientific conferences. Recordati also engages in collaboration with groups and associations to promote correct information for patients and sponsors awareness-raising days. In addition, 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.



**Continuing to provide high-quality and affordable products for a broad range of therapeutic areas including low - and middle - income countries through the Specialty & Primary Care Division:** Recordati has a strong and proven heritage of supporting people living with a wide range of common illnesses that affect large populations every day - creating value for patients, payers and physicians across primary and specialty care with both prescription and self-medication treatments.



**Through Patient Access Programmes:** Recordati supports programmes to assist patients eligible to receive support for the costs related to our products: the Patient Assistance Program (PAP) and the Co-Pay Assistance Program (CAP). These two programs are active in the USA and Canada and are focused on Endocrinology, Oncology, and Metabolic therapeutic areas. Similar programmes are in place in other geographic areas, including Australia, Brazil, Russia, South Korea and Taiwan.



**Focusing on the few and caring for the most vulnerable through Rare Disease Division:** Of the 7,000 known rare diseases, less than 10% have an available treatment option. Since 2007, through the dedicated business unit Rare Diseases, Recordati is focused on helping the few who suffer from little known conditions. The business unit's mission is to reduce the impact of rare and devastating diseases by providing urgently needed medicines in key therapeutic areas.



**Through medicine donation:** Recordati supports product donations to disadvantaged people who are unable to purchase medicines, or during times of humanitarian emergencies.



## Rare diseases and orphan drugs: a healthcare priority and a priority for Recordati

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 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, a series of dedicated companies that make its specialist pharmaceuticals for rare diseases available directly in Europe, the Middle East, Türkiye, United States, Canada, Russia, Australia, Japan, China and in Latin America, and through selected partners in several other countries.

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 to rare genetic metabolic disorders and rare endocrine diseases.

In March 2022, Recordati finalised the acquisition of EUSA Pharma (UK) Ltd., a global pharmaceutical company specialised in rare and niche oncology diseases, integrating it into Recordati Rare Diseases. The acquisition expanded Recordati’s skills and portfolio, providing a platform to drive growth in these important areas still characterised by extensive unmet needs.

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 2023 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):

- **Patient Assistance Program (PAP):** this programme enables Recordati Rare Diseases to supply products to medical professionals or hospitals which require free products 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 Program (CAP):** 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.

These two programs are active in the USA and Canada and are focused on Endocrinology, Oncology, and Metabolic therapeutic areas. Similar programs are in place in other geographic areas, for instance, Australia, Brazil, Russia, South Korea and Taiwan.

During 2023, Recordati supported around 1,100 rare disease patients with Patient Assistance Program (PAP), Co-Pay Assistance Program (CAP) and similar programmes.

For more information on rare diseases and orphan drugs, please refer to the relevant section of the 2023 Annual Report.



## RAISING AWARENESS OF RARE DISEASES AND ASSOCIATED AWARDS

### RECORDATI RARE DISEASES FONDATION D'ENTREPRISE

Working in the field of rare diseases represents an important responsibility towards patients and healthcare operators, and this is a core commitment for Recordati. 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.

The Foundation's 2023 activities were organized in-person allowing for healthcare professionals to meet, network, share clinical cases and discuss diagnostic procedures, research topics and new developments in the scientific community.

Four live CME (Continuing Medical Education) courses were organised in the field of Inborn Errors of Metabolism and in endocrinology, more specifically on: Muscle glycogenosis (GSDs), an important group of potentially treatable inherited muscle disorders affecting children and adults; Genetic therapies, a very innovative course relating scientific and therapeutic advancements with access, pricing and the patient perspectives, expectations and concerns; a course in endocrinology focusing on the understanding and treatment of non-adenomatous pituitary diseases and the year ended with a course organised in Asia Pacific focusing on the early diagnosis and early treatment of inherited metabolic diseases.

All these events highlight the commitment in raising rare disease awareness and focusing on the increased patients' diagnosis, treatment options and well-being.

The Foundation remains as a key player in medical education in the rare diseases field and will pursue its mission with events in 2024 involving adult and paediatric metabolic specialists, neurologists, endocrinologists, geneticists, biochemists, nutritionists and other healthcare professionals from around the world.

### #THISCUSHING - CAMPAIGN TO RAISE AWARENESS OF CUSHING'S SYNDROME

#ThisCushing is a global initiative developed in 2023 by Recordati Rare Diseases in collaboration with award-winning photographer and internationally recognized experts in the field of pituitary endocrinological diseases. #ThisCushing aims to inspire and empower the Cushing's community and drive change in the way this disease is perceived. By elevating patients' voices to raise awareness of the burden of disease we can help to reduce these burdens and ultimately improve quality of life. Recordati Rare Diseases won the 2023 PMEA Patient-Centricity Award for the #THISCUSHING global awareness campaign.

### PATIENT CARE PATHWAY

During 2023 Recordati Rare Diseases and the Royal Cornwall Hospitals Trust worked together to develop an "annual multidisciplinary clinic day" for patients with mycosis fungoides cutaneous T-cell lymphoma (MF-CTCL), a rare condition which previously was seen in the general dermatology clinics. This clinic brought together the dermatology and haematology departments in the trust as well as expertise from the regional hub in Bristol. The project enabled the local dermatology team to increase their knowledge and expertise in a rare condition to enhance patient care and also enabled education of the patients in their condition. This collaborative working project was the winner of the Patient Care Pathway, Secondary and Community category in the 2023 Quality in Care Dermatology awards programme.

## The commitment to combat antibiotic resistance and neglected tropical diseases

Regarding the problem of antibiotic resistance, Recordati is exploring the antifungal and antibacterial properties of fenticonazole with fungal and bacterial strains resistant to common treatments.

The same molecule is also being studied to assess its potential effectiveness in the treatment of leishmaniasis, a parasitic condition classified as a neglected tropical disease (tropical infections that are particularly common in low-income populations in developing regions of Africa, Asia and the Americas).

### 4.3 PRODUCT QUALITY AND SAFETY

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

During research and development phases, specific clinical studies are carried out in order to ensure the efficacy and safety of the products and monitor for the emergence of any possible harmful side effects. The results of these studies are assessed by national and supranational bodies before marketing authorisation of the medicines is issued in the respective countries.

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

During manufacture at all Recordati facilities, all medicinal products are produced in accordance with the provisions of Good Manufacturing Practices (GMPs) in plants authorised by the relative local and non-European regulatory bodies. The Group's plants periodically undergo inspections and audits to ascertain compliance with current legislation and applicable procedures. 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.

Manufacturing processes at the Group's sites involves rigorous and complete preliminary controls of the batches of raw materials and packaging materials received. This occurs before their use in the established manufacturing and packaging processes. 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 to perform these control activities, with inspections performed by national and international regulatory agencies.

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 authorised by the relevant Regulatory Authorities.

Furthermore, all production processes are subject to preliminary 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 that form the basis for registration of the drug with the competent Authorities. Production and control procedures, as well as the validation of these processes, are guaranteed through the use of certified equipment subject to periodic recalibration. Specially and periodically trained personnel are responsible for manufacturing and control in accordance with applicable GMPs. These personnel operate in line with rigorous internal Standard Operating Procedures, with the goal of making every operation consistently reproducible and aligned with the defined standards.

All personnel engaged in GMP activity receive training at least once a year on general or specific aspects of GMPs, in addition to 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 anticounterfeiting 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, which require specific certification according to the provisions of a European Regulation that recently came into force.

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.

### Audits and inspections

In order to ensure the quality and safety of its products and verify the compliance of its suppliers with applicable quality, environmental, health and safety 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

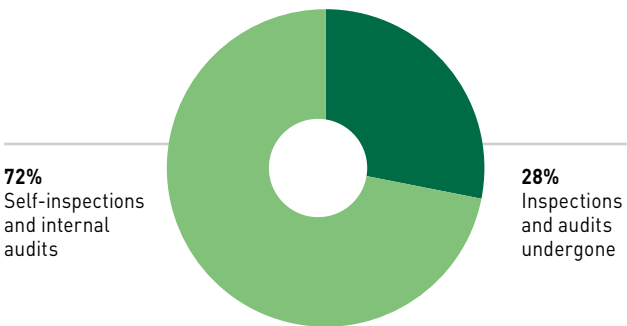
The production plants of the Recordati group are necessarily authorised to produce medicinal products by the respective local Authorities and as such are subject to periodic regulatory inspection. In addition to regulatory inspections, production plants are audited by the Group's clients or by accreditation 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 2023, a total of 121 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, 87 (72%) were internal audits and self-inspections carried out by the Group, while the remaining 34 (28%) were carried out by the competent authorities (Health Ministries, Regulators, Certification Bodies) and third-party companies that receive Recordati products.

### Subdivision of quality and safety inspections/audits at pharmaceutical plants and branches



In 2023, the pharmaceutical plants underwent inspections by regulatory bodies in order to renew and grant the relevant authorisations to manufacture and/or distribute medicinal products. Of particular interest in this regard are those that were performed:

- by the Italian authority, AIFA, at the Milan production site, in order to renew the relevant periodic GMP authorisation;
- by Italian and Russian authorities at the Turkish production site, for renewal of the respective GMP authorisations for the two nations;
- by the Libyan national authority at the Tunisian production site;
- by the local authorities for periodic Good Distribution Practices (GDP) inspections at the commercial departments in Ireland, Poland and Switzerland.

At the Tunisian production site, inspections were carried out for ISO Quality, Safety and Environment certifications.

The Group also received supervisory inspections for activities regarding the manufacture and/or distribution of medical devices. In particular, inspections were conducted by Eurofins 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 a regular basis.

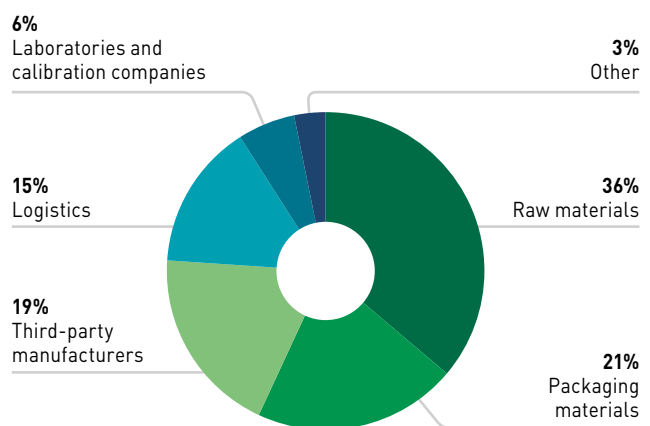
As regards the inspections at the Group's two chemical-pharmaceutical plants, in 2023 a total of 52 audits/inspections were carried out, of which 26 were internal (mainly involving the Safety and Environment Management System, Quality and the application of specific procedures) and 26 were performed by clients (mainly regarding quality control/GMP compliance of the manufacturing processes of APIs), certification bodies on the environmental management system, and regulatory and control authorities regarding 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 raw materials (e.g. active substances, excipients), packaging materials and services, are subject to periodic audits as defined by a risk assessment. In fact, in 2023 the Pharmaceutical Division of the Recordati group conducted 188 supplier audits, of which 36% on suppliers of raw materials (active substances and excipients), 21% on suppliers of packaging materials, 19% on third-party manufacturers, 15% on logistics service providers, 6% on laboratories and calibration companies, and the remaining 3% on other suppliers.

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



As regards supplier audits conducted by the chemical-pharmaceutical division, in 2023 a total of 6 audits were conducted, mainly on suppliers of synthetic intermediates and other types of raw materials, service providers and waste-treatment 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 the GMP (Good Manufacturing Practice) certification for product quality and safety, issued by the relevant national and foreign authorities for all plants. 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.

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 2023, the Group did not receive significant sanctions<sup>26</sup>.

In 2023, the extremely low number of product recalls were promptly handled by the Company. Specifically, it is noted that during the year, following reports of adverse events in Türkiye, the Company decided to take voluntary recall action on a precautionary basis for certain packs from a batch of the product Cystagon. The recall involved Italy and Türkiye because the same batch was on sale in both countries.

## 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.

In all countries in which Recordati operates directly through its affiliates, it ensures implementation of adequate measures to guarantee product safety through the creation and sharing of corporate procedural documentation, applicable to the entire Group. For all countries in which Recordati does not have direct operations (including developing countries or those with less stringent local laws), the safety of Recordati products is in any case ensured through the definition of specific pharmacovigilance agreements with selected local partners. These agreements

detail all activities to be conducted and the corresponding time frames and methods, all of which in compliance with Recordati procedures and regulatory requirements.

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.

In addition, partners' observance of agreements, and local and EU legislation is subject to monitoring through audits of commercial partners.

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 involving 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 steps to take should they become aware of an adverse reaction following the use of a Group pharmaceutical product. On this basis, when joining the company, all new employees receive dedicated training 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.

<sup>26</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.



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 Türkiye, China, the US, Korea and Russia, drugs marketed by the Recordati group are already fully aligned with these safety requirements.

Finally, in the Middle East several initiatives are currently being implemented to combat product counterfeiting. On the whole, projects to combat drug counterfeiting continued, in full compliance with the developing legislation. In 2022, phase 2 of the serialization project in Bahrain was completed, while in 2023 the project was completed for products marketed in the United Arab Emirates (UAE). In 2023, serialisation was also introduced in Kuwait.

Many other markets have decided to implement legislation to combat the counterfeiting of medicines. In 2023, Recordati implemented Uzbek legislation, enabling the Group to carry out serialisation and aggregation also for this market. Finally, Recordati has begun work on new Kazakh legislation and will continue this project throughout 2024.

## 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 are particularly important, with the major ones 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.

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. In 2023, audits were conducted on promotional activities, the distribution of free samples, scientific consultancy by healthcare operators and other processes pertaining to marketing and medical/scientific information activities.

The Group's External Operating Personnel (medical representatives) 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 aspires to be a top-tier value creator for its patients, investors and people. Therefore, it 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. To this end, the Group is committed to guaranteeing individual commitment and engagement, staying true to the company’s purpose and values, and improving the quality of life of present and future generations to protect their well-being, health and safety, always in full compliance with current provisions and laws. It incentivises training and professional development. It promotes a serene, merit-based and inclusive environment where each individual is able to optimise their capabilities, ideas, potential 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 who bring professionalism and added value to the Group and enable us to tackle the challenges inherent to the sector. For this reason, Recordati is increasingly committed to ensuring the implementation of a human resources management policy that prioritises people’s well-being and professional development.

The Group is constantly seeking policies and practices that improve conditions for its people so that it might always be an example of excellence where people aspire to work and a Company that offers its employees a unique experience while further strengthening their connection with the Group. Recordati’s Employee Value Proposition aims to keep key resources, their successors, and internal talent and to be competitive when attracting talented individuals from outside the company.

Everyone is important at Recordati and part of a community where each person contributes to the Group’s success. The Company encourages and supports its staff to unlock their potential, staying true to the company’s purpose: *Unlocking the full potential of life.*

We strongly believe that to reach their full potential, people must be able to feel comfortable in themselves, each with their own opinions and ideas, and empowered to pursue their own goals in the way that they deem fit, always respecting the Group’s Code of Ethics. Consequently, all of the Group’s managers are called upon to share the Group’s objectives with their team, enabling everyone who works within the Group to define and propose targets and growth pathways and align them with company strategy. Recordati believes in the value of diversity and innovation in all corporate contexts and encourages the Group’s staff to freely experience and express diverse ideas, solutions and opinions.

Therefore, in the belief that the Group’s results are closely tied to people’s ability to be actively engaged in achieving those goals, Recordati continuously strives to improve its HR recruitment, development and optimisation policies.

The recruitment process is aimed at selecting the most qualified candidates that best match to the qualifications required by company departments, in accordance with equal opportunities and considering the market benchmarks and parameters of internal fairness. Training and development aim to encourage personal and professional growth, as well as career progression, with respect for personal aptitudes and preferences, by creating an environment that allows everyone to express their talents.

To achieve these targets Recordati adopts a policy and processes that aim to:

- attract and retain talented people and encourage their development, including through collaboration with schools and universities, with a structured employee selection, onboarding and development procedure;
- continuously create an inclusive, flexible, stimulating and engaging work environment;
- support professional development by providing training courses, coaching, mentoring, awareness-raising initiatives, and on-the-job training;
- retain and motivate people, with a particular focus on highly qualified individuals and those with the greatest potential for development, not only by offering competitive pay to reward merit, but also through national and international career opportunities and initiatives that foster a sense of belonging to the Group;
- ensure people’s well-being, health and safety;
- guarantee inclusion, equity, equal opportunities and mutual respect, and combat all forms of discrimination.

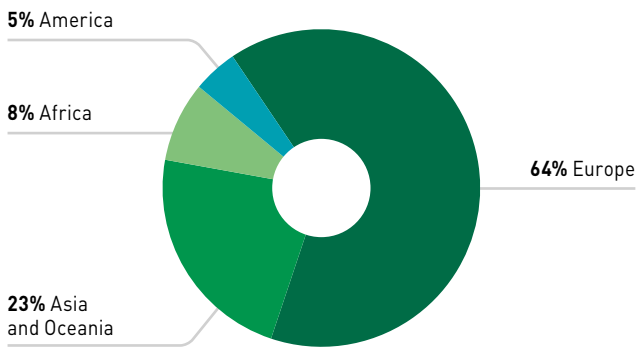
At 31 December 2023, the total number of the Group’s employees was 4,455, an increase compared to 2022, of which 51% were men and 49% were women.

The Group’s workforce is also supplemented by 191 people who collaborate with Recordati in various ways; approximately half of these collaborators are women. These collaborators mainly belong to the plant production or commercial areas in the region.

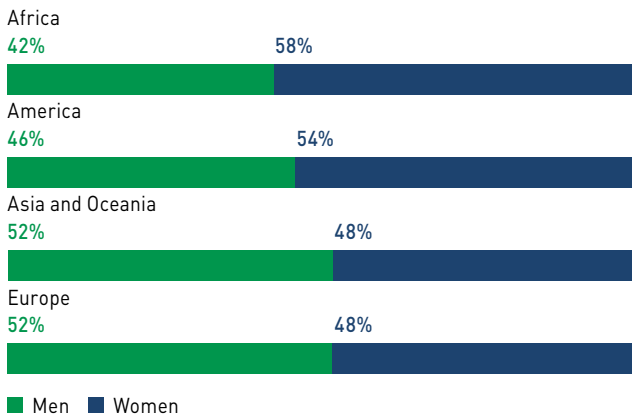
### Employees and collaborators by gender<sup>27</sup>

	2023			2022		
	Men	Women	Total	Men	Women	Total
<b>No. of employees</b>						
Employees	2,264	2,191	4,455	2,256	2,113	4,369
Collaborators	107	84	191	96	91	187
<b>Total</b>	<b>2,371</b>	<b>2,275</b>	<b>4,646</b>	<b>2,352</b>	<b>2,204</b>	<b>4,556</b>

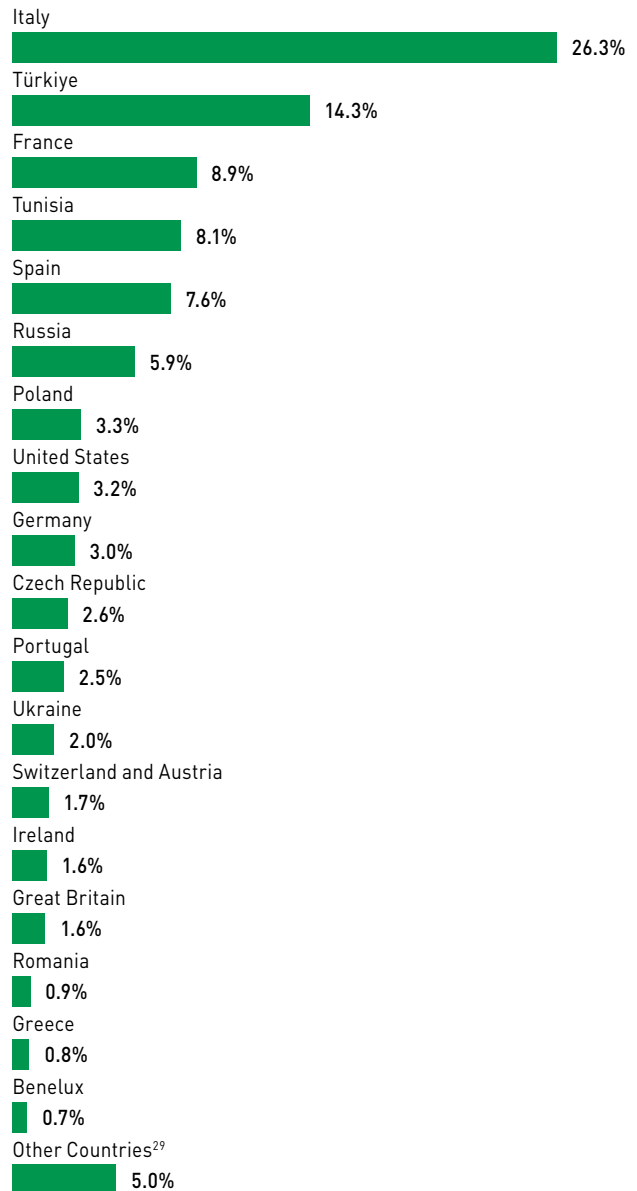
### Percentage of employees by location<sup>28</sup>



### Employees by location and gender



### Percentage of employees by country



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 three categories: Top and senior managers<sup>30</sup>, middle managers and staff. There are 308 top and senior managers, 810 middle managers and 3,337 staff. Top and senior managers, who overall represent approximately 7% of the workforce, are hired locally, in line with the figure for the previous years.

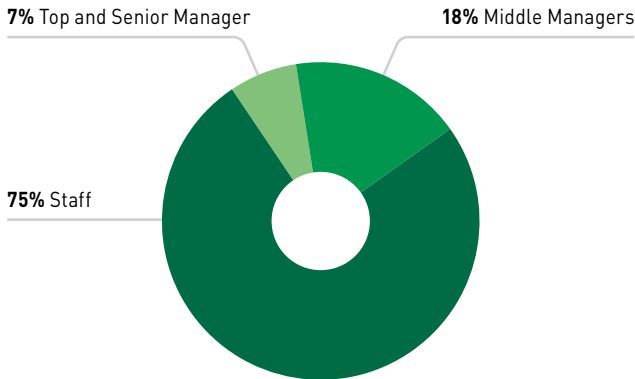
<sup>27</sup> Employee data refers to the headcount as at 31 December 2023 and records collaborators as Full Time Equivalent (FTE).

<sup>28</sup> The item “Asia and Oceania” includes the Turkish branch (Recordati İlaç ve Hammaddeleri Sanayi ve Ticaret A.Ş.) and the Russian branch (RUSFIC LLC).

<sup>29</sup> The item “Other Countries” includes the employees who work in Armenia, Australia, Baltic countries, Belarus, Brazil, Bulgaria, Canada, China, Colombia, South Korea, Georgia, Japan, Kazakhstan, Middle East, Mexico, Nordic and Hungary.

<sup>30</sup> As of this year, data for the Top and Senior Manager categories are provided in aggregate form. To enable a more accurate comparison with the previous year, the data for 2022 have been restated in aggregate form.

### Percentage of employees by professional level

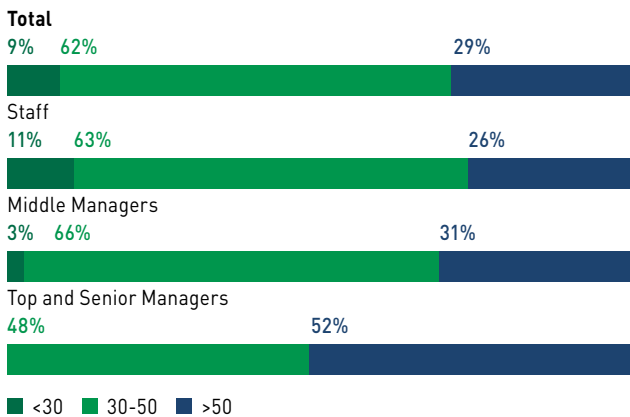


Approximately 62% of the workforce is composed of employees aged between 30 and 50; 29% are over 50 and approximately 9% are under 30.

### Employees by professional level and age

No. of employees	2023				2022			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Top and Senior Managers	0	148	160	308	0	138	164	302
Middle Managers	22	535	253	810	26	496	245	767
Staff	355	2,097	885	3,337	329	2,070	901	3,300
<b>Total</b>	<b>377</b>	<b>2,780</b>	<b>1,298</b>	<b>4,455</b>	<b>355</b>	<b>2,704</b>	<b>1,310</b>	<b>4,369</b>

### Percentage of employees by professional level and age



The recruitment process outlined in the talent acquisition policy adopted by the Group can take place internally or externally. Internal recruitment involves the sharing of all vacant positions with employees, who can then apply for the roles, while external recruitment involves campaigns conducted directly by the Talent Acquisition team or by approved recruitment agencies. Furthermore, specific horizontal and vertical development programmes are designed at international and interdepartmental levels to grow and develop the technical and professional skills of all of the Group’s existing employees.

In order to fully support the development of its human capital, the Group promotes the recruitment of internal employees to fill vacant positions, when suitable candidates are available. In 2023, as well as the new Internal Job Posting policy, a referral policy was adopted that supports applications submitted by employees, to attract valuable resources aligned with the Group’s strategies, and to motivate employees to recruit talented candidates.

For junior roles, the recruitment process focuses on recent graduates from undergraduate, master’s or PhD programmes and offers new hires the opportunity to embark on a professional career within the Group.

In order to standardise the selection process, the Human Resources teams of the various Group companies support managers by providing shared recruitment processes and methods, aimed at ensuring that all new opportunities within the Group are published, promoting the company’s D&I policies, optimising Group-wide skills and aligning values at Group level, as well as assessing that candidates possess the necessary experience and expertise.

In 2023, 782 new employees joined the Recordati group, with an inbound turnover rate (the ratio between the number of new employees and the total Group workforce as at 31 December 2023) of approximately 18%, while the number of employees who left the company was 696, with an outbound turnover rate (the ratio of number of people leaving the Group to total Group workforce as of 31 December 2023) of around 16%. Around 56% of new employees hired during the year were women.



## Total employees entering and leaving the company by gender and age

No. of employees	2023					2022				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
<b>New employees entering the Group</b>										
Men	75	219	53	347	15%	77	267	72	416	18%
Women	112	278	45	435	20%	97	310	85	492	23%
<b>Total</b>	<b>187</b>	<b>497</b>	<b>98</b>	<b>782</b>	<b>18%</b>	<b>174</b>	<b>577</b>	<b>157</b>	<b>908</b>	<b>21%</b>
Turnover %	50%	18%	8%	18%		49%	21%	12%	21%	
<b>Employees leaving the Group</b>										
Men	53	188	98	339	15%	39	229	187	455	20%
Women	40	221	96	357	16%	54	238	95	387	18%
<b>Total</b>	<b>93</b>	<b>409</b>	<b>194</b>	<b>696</b>	<b>16%</b>	<b>93</b>	<b>467</b>	<b>282</b>	<b>842</b>	<b>19%</b>
Turnover %	25%	15%	15%	16%		26%	17%	22%	19%	

The Recordati group believes that a stable and lasting working relationship is an important contributing factor of employee motivation and is essential for the Group's growth and development. Consequently, 94% of all resources are hired on permanent contracts. The Group does not hire seasonal workers and limits the use of temporary contracts to exceptional cases<sup>31</sup> such as occasional peaks in production, temporary maternity cover or cover for long-term absence.

## Employees by contract type (permanent or temporary) and gender

No. of employees	2023			2022		
	Men	Women	Total	Men	Women	Total
Permanent Contracts	2,179	2,022	4,201	2,168	2,010	4,178
Temporary Contracts	85	169	254	88	103	191
<b>Total</b>	<b>2,264</b>	<b>2,191</b>	<b>4,455</b>	<b>2,256</b>	<b>2,113</b>	<b>4,369</b>

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



Furthermore, at contractual level, 103 people are employed on part-time contracts<sup>32</sup> provided by the Group to help employees meet personal commitments that preclude full-time employment.

## Employees by contract type (full or part time) and gender

No. of employees	2023			2022		
	Men	Women	Total	Men	Women	Total
Part-time	19	84	103	29	102	131
Full-time	2,245	2,107	4,352	2,227	2,011	4,238
<b>Total</b>	<b>2,264</b>	<b>2,191</b>	<b>4,455</b>	<b>2,256</b>	<b>2,113</b>	<b>4,369</b>

<sup>31</sup> Temporary contracts account for 0.5% of working relationships in the America region, 3.5% in Asia and Oceania, 6.5% in Europe and around 8% in Africa. Please also note that the Company does not employ people on non-guaranteed hours contracts.

<sup>32</sup> More than 3% of employees in the Europe region are on part-time contracts, followed by the America region at nearly 0.5%, and the Asia and Oceania region at around 0.3%. There are no employees on part-time contracts in Africa.



With a view to ensuring continuous improvement and to guarantee the maximum sharing of information relating to the workforce, after the initial phase of the HR Digital Transformation project was completed in 2022 with the launch of the platform, the Group Digital HR Transformation & People Analytics department was created in 2023 to facilitate and guide the implementation of a plan impacting the main HR processes and involving all of the Group's HR departments. In 2023 another important step towards digital and cultural transformation was completed with the design and implementation of MyImpact, a Group-wide system available to all employees with a company email address.

The platform manages and facilitates the setting of personal targets, supports goals and skills assessments, promotes a culture of continuous feedback, and enables the development of individual development plans tailored to each employee.

Finally, in 2023 two important HR Digitalisation projects were launched which will be released in 2024: the recruiting system, which will facilitate a more structured management of recruitment processes, and the Talent Management & Succession Planning project, aimed at improving resource management and optimisation within the Recordati group.



In order to build on the positive results achieved in previous years, in 2023, Recordati strengthened its organisational model in line with its strategy and business priorities. In particular, the organisational changes adopted strengthen the Leadership Team, on one hand, and the skills and expertise within the company, on the other.

This is demonstrated by:

- the Group is working to further strengthen the Industrial Operations Business Unit following unification of the Supply Chain and Manufacturing functions under a single area of responsibility;
- the appointment of the new Group Chief Legal Officer into which the Compliance and Risk Management function was merged, while maintaining the Group Internal Audit function reporting directly to the Chairman in order to ensure its independence;
- establishment of separate Research & Development and Medical Affairs functions - previously incorporated into a single division - which enables greater focus, specialisation and acquisition of new expertise with appointment of a new head of R&D;
- strengthening of the Human Resources function with creation of the Employee Engagement & Change Management division, including the following areas of expertise serving the Group: Diversity & Inclusion, Organizational Development, Talent Acquisition, Learning & Development, and Digital HR Transformation & People Analytics;
- broadening the remit Group Communication, incorporating internal and external activities.
- within the Rare Diseases and Specialty & Primary Care Business Units, skills able to support the business were optimised through the creation of new functions.



## 5.2 DIVERSITY AND EQUAL OPPORTUNITIES

At Recordati we believe that inclusion and promotion of diversity (including but not limited to age, gender, sexual orientation, ethnicity, language, nationality, opinions on political or trade union matters, religious beliefs, or any other personal characteristics), and cooperation of all parties, enrich the capacity for innovation, a fundamental key to the business's success. In fact, by celebrating diversity and promoting inclusive practices the Group is able to effectively react to societal and market changes. For Recordati, inclusion means developing a working environment where everyone feels welcome, respected, supported and appreciated for their individuality and talent: this means having the freedom to express their thoughts and opinions in a culture characterised by active listening, where everyone has the opportunity to make mistakes and to learn from them. To promote this culture and as part of the "One Company" approach, the Group asks each manager not only to guarantee that there is no discrimination in the workplace, but also to underline the importance of Diversity & Inclusion issues by demonstrating how diversity, fairness and inclusion can help the Group to achieve its short, medium and long-term goals and objectives. Recordati strives to make everyone aware of their value and encourage them to be ambassadors for the Group.

In 2021 Recordati signed the Charter for Equal Opportunities and Equality at Work, supported by the Italian Ministry of Labour and Social Policies, which represents a declaration of commitment to adopt inclusive human resource policies. Having adopted this Charter, and as enshrined in the Code of Ethics, Recordati is committed to combating all forms of discrimination in the workplace and to enhancing diversity within its organisation. In 2024 the Group will extend the signing of Diversity Charters to the other main European countries in which it operates.

As stated in the Code of Ethics, the Group is committed to guaranteeing that there shall be no form of discrimination in the workplace whatsoever 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 people from other countries. In order to guarantee this principle, the Group has incorporated the concept of inclusion, respect for diversity and the importance of giving all employees a voice into its "core competencies" system to ensure that every contribution is heard and valued.

In line with previous years, the Group's workforce is characterised by an even gender balance. In fact, the workforce is represented by 51% men and 49% women. Moreover, around 56% of new employees hired during the year were women, and women hold 31% of all top and senior management positions.

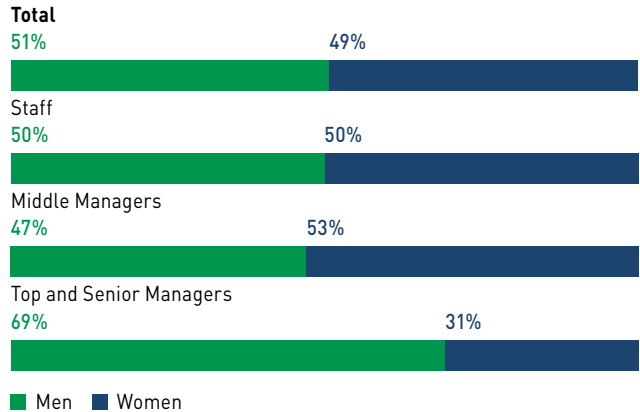
In 2023 the Group's commitment to D&I was formalised in a series of activities. In particular:

- A new global Diversity & Inclusion function was created which, along with the Executive Leadership Team and involving the entire company workforce, will guide the Group's D&I strategy.
- In line with the target defined in the Sustainability Plan, at least 40% of candidates short-listed for top and senior management positions are women. Furthermore, internal personnel responsible for selecting these short-listed candidates has always included at least one woman. In order to gradually increase the percentage of women in top and senior management positions, recruiting and promoting employees with top-level skills and qualifications and who reflect the focus on inclusion and diversity, the Group has set itself the target of ensuring that at least 38% of all top and senior management positions are held by women by 2028 (31% in 2023).
- Recordati is a partner of Valore D, an Italian business association committed to promoting gender balance and an inclusive culture. In this regard, a number of employees took part in D&I awareness-raising and training initiatives, as well as intercompany mentoring programmes. Moreover, starting at the Group's Headquarters, a company mentoring programme was launched to support some women who returning from maternity leave to continue their professional careers.
- Meanwhile, the unconscious bias training course launched in 2022 was continued and offered to all Group employees in the local language. In 2023 this training course was also offered to all new hires and employees at the Group's sites. Furthermore, the Group aims to continue promoting equal opportunities and a culture of inclusion through the launch of additional D&I mentorship initiatives.
- For the second year running, an internal D&I survey was carried out involving Group management (around 300 managers), with the aim of understanding Recordati management's level of awareness of D&I within the company, engaging with management using an inclusive leadership style, and defining a D&I action plan. The results showed improvements in all areas compared to the previous survey conducted in 2022.
- The Group also launched its first People Engagement Survey for all employees at global level to better understand people's needs and to respond with appropriate policies and actions. D&I was one of the areas included in the survey. The results were used to inform local and global action plans, parts of which are still being defined. The Group intends to conduct the survey again in 2025.
- In November, a global HR meeting was held involving all of the Group's HR Business Partners and HR Managers. A full day was devoted to Diversity & Inclusion through specific workshops, a presentation by an external speaker, and a preview of the One Recordati D&I Strategy for the Group's D&I Managers. In 2024 the Group intends to establish a "D&I Network" of employees to help drive the D&I agenda.

### Employees by professional category and gender

No. of employees	2023			2022		
	Men	Women	Total	Men	Women	Total
Top and Senior Managers	213	95	308	206	96	302
Middle Managers	381	429	810	366	401	767
Staff	1,670	1,667	3,337	1,684	1,616	3,300
<b>Total</b>	<b>2,264</b>	<b>2,191</b>	<b>4,455</b>	<b>2,256</b>	<b>2,113</b>	<b>4,369</b>

### Percentage of employees by professional category and gender



**49%**

of all employees in the Group are women

**56%**

of total new hires in the year were women

**42%**

percentage of women on the B.o.D.

**31%**

of Top and Senior Management roles are held by women

**71%**

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 (ILO) 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.

Subsequent to the adoption of the sexual harassment policy issued by the Group in 2022, in order to further prevent, identify and manage any improper conduct and to promote a safe and protected working environment that safeguards against any form of retaliatory action towards people lodging complaints, in 2023 a global training course was provided on sexual harassment in the workplace and how to report it.

## 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 remuneration, a variable short-term component (variable annual bonus), additional benefits (pension contributions, reimbursement of medical expenses, etc.), and a variable medium-long term component.

The Group offers its employees a variable short-term monetary incentives scheme based on the achievement of specific short-term targets that can be measured within a certain period of time. The variable component of total remuneration varies between the Group’s Italian and foreign companies. In Italy, the variable component is mainly composed of the Group Short Term Incentive Plan (Group STI) and the Participation Bonus (available to all middle managers and staff, and not extended to top or senior managers). On the other hand, the Group’s foreign companies manage the variable component independently through packages similar to the Group STI that are offered to employees (including a part of the staff) in line with local regulations.

In 2023 a new variable long-term incentives plan was introduced based on the Performance Share approach, replacing the previous Stock Option plan. The goal of the new plan, which links bonuses directly to the Group’s performance, is to better align the interests of top and senior managers with those of the Group’s shareholders. Moreover, Performance Share plans are recognised as best market practice and offer greater attraction and retention performance.

The adequacy of pay for all positions has also been carefully verified by sector salary surveys. In order to meet adequate retention and salary criteria, the value of compensation is set competitively against the reference market and the pharmaceutical sector in particular.

All remuneration plans offered by Recordati are guided by the “Equal Pay for Equal Value” principle with a view to eliminating the gender pay gap.

In terms of pay, the ratio between the average basic salary of women and men is 99% for middle managers and 98% for staff. Considering total remuneration, this ratio is 98% for middle managers and 96% for staff. Considering both top and senior managers, the ratio is 93% in terms of basic salary and 90% in terms of total remuneration. The decrease in the ratio of total remuneration of women and men at top and senior manager level compared to the previous year is due to organisational changes. Specifically, unlike their male colleagues, all of the women in top manager positions either joined or left the company during the year and consequently either did not receive or only partially received the variable remuneration component in 2023. Furthermore, the data for top and senior managers is given as a weighted average of the two categories.

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

Ratio between women and men	2023		2022	
	Basic Salary	Total Remuneration	Basic Salary	Total Remuneration
Top and Senior Managers	93%	90%	94%	95%
Middle Managers	99%	98%	96%	94%
Staff	98%	96%	99%	96%

## Employee benefits and welfare

The Recordati group believes that the welfare of its employees is a key element to achieving company targets. Generally speaking, welfare initiatives differ across the Group’s countries of operation in order to better reflect the local context (regulatory frameworks, available public services, etc.) and employees’ relative needs. 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.

More generally, the principles that inspire the Group’s welfare initiatives are:

- the promotion of a professional climate that allows employees to benefit from a healthy work-life balance;
- increased employee engagement, sense of belonging and motivation;
- 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.

The package offered by the Recordati group is in line with market practices and provides for a series of additional benefits, from preventive care initiatives (such as flu vaccinations and specialist medical appointments on company premises) to memberships of professional associations, supplier discount schemes (such as with public transport providers), access to the company canteen, company vehicles and health insurance. Based on these findings, the 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 also offers a “flexible benefits” system that allows employees to replace all or part of their variable remuneration package with goods and/or services that would normally be purchased privately by the employee according to their personal or family circumstances. 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. Employee welfare is managed by a self-service online platform.

With regard to well-being, in 2023 several initiatives were made available to employees, such as tips on healthy lifestyles and routines:

- 10 webinars on the physical and mental health of employees and their family members, in addition to a support service, where questions and doubts could be sent to various subject matter experts.
- A fitness training programme: employees at the Parent Company were given access to a streaming platform hosting a wide range of live and on-demand fitness classes. Furthermore, employees could share access to the platform with up to three family members. In the first instance, the initiatives involved the Group's Italian employees, with the aim of evaluating the future roll-out to other Group companies.

Wellness and well-being initiatives have also been launched in other countries including Portugal, Ireland, France, Poland, Germany, Tunisia and Brazil.

Moreover, with a view to providing maximum flexibility, employees also have the option of working remotely. The general guidelines allow employees to work remotely for up to three days a week, which can be taken as whole days or half days, provided that local regulations are met and that remote working is compatible with the role in question.

Finally, it should be noted that the Spanish and Turkish branches have been certified by Great Place to Work, a prestigious award given to the world's best employers.

## 5.4 TRAINING AND DEVELOPMENT OF HUMAN CAPITAL

The Group considers the development of people as a fundamental process for their enrichment and for the success of the business. Development not only targets the key skills of their current role but especially those for possible future roles and the evolution of the business in terms of innovation. The development tools deployed by Recordati include on-the-job training, online and in-person training, individual and group training, coaching and mentoring.

The main initiatives implemented by the Group during the year were courses to develop the technical, managerial and linguistic skills of full-time, temporary and part-time employees, and specialist and professional skills development programmes.

In 2023 the Recordati group provided more than 145,000 hours of training, translating to around 33 hours of training per person (up compared to the previous year). In particular, approximately 71% of all training hours was provided to Staff, 22% to Middle Managers and 7% to Top and 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.

At the start of 2023 the People Engagement Survey was launched, the first internal survey to be aimed at all Group employees. The results of the survey informed the development of a training plan designed to effectively respond to the needs identified. Specifically, the survey highlighted the need for a pool of training resources that the entire workforce can access in a flexible and straightforward way. In response, the entire catalogue of an international e-learning platform with over 18,000 courses has been made available. Additionally, ad hoc

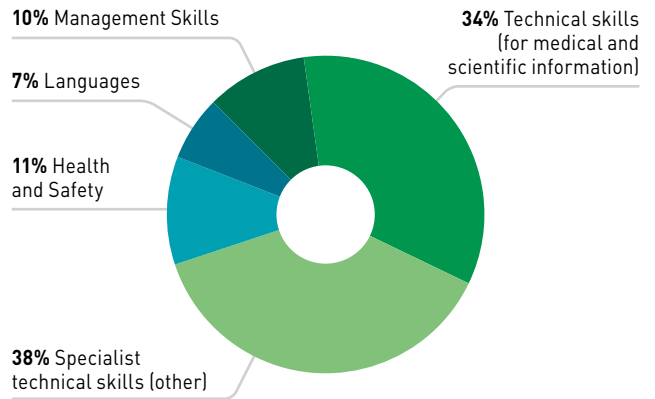
technical and professional programmes have been developed. Furthermore, all employees receive a monthly email which presents specific courses that correspond to the needs identified by the survey.

In general, in-person training sessions can also be attended remotely, offering a hybrid approach, and events are recorded to provide a resource for future use. The greater flexibility in how courses were delivered was particularly useful when meeting the various requirements of participants.

### Hours of employee training per capita by professional level and gender

	2023			2022		
	Men	Women	Total	Men	Women	Total
<b>Average number of hours</b>						
Top and Senior Managers	36.4	33.8	35.6	24.5	34.1	27.5
Middle Managers	43.4	34.7	38.8	35.5	27.9	31.5
Staff	33.6	28.3	31.0	28.3	25.6	27.0
<b>Total</b>	<b>35.5</b>	<b>29.8</b>	<b>32.7</b>	<b>29.1</b>	<b>26.5</b>	<b>27.8</b>

### Percentage of hours of employee training by training type



2023 saw a progressive roll-out the Group's e-learning platform, which - in addition to the new global platform mentioned above - enables monitoring of the status of each course and management of mandatory training. The platform hosts several courses that are mandatory for all Group employees, regardless of location. These include courses on pharmacovigilance, compliance, the Code of Ethics, and health and safety, as well as safe driving, unconscious bias and sexual harassment. The courses require employees to complete a final exam to show that the content has been understood and assimilated.

Furthermore, similarly to the safety courses that involve practical exercises, certain in-person training activities on specific topics have been continued and developed, such as the D&I training days aimed at an international team of 50 people from the HR Departments and 40 from the Legal and Compliance Department, as well as the Leadership sessions, Coaching and Mentorship programmes, and several local training initiatives.

## Main training activities

One of the main training activities launched was the “Recordati Leadership Academy”, which aims to offer existing and aspiring leaders the opportunity to develop their skills and potential.

The Recordati Leadership Academy was developed to offer all employees who are faced with managing people for the first time the opportunity to develop the necessary skills to become effective people managers. The course included training days, coaching sessions, self-assessments and the development of an action plan to help participants to acquire or develop their own leadership skills, such as the ability to reflect on their own personality, character and way of thinking and acting within the company in order to be able to relate to, communicate with, manage and inspire others. The course took place over an entire week of in-person learning, focusing on managerial skills, assertive communication, delegation and feedback as the key tools of effective team management, combining theory and practice and creating a valuable pathway for current and future leaders. The programme was supplemented by two individual coaching sessions, led by Senior Professors from Bocconi University in Milan, during which participants were able to review their own strengths and areas for improvement, which led to the design of an action plan, later shared with their manager and HR. The programme also benefited from contributions from two Business Unit heads and several top managers.

As well as the activities aimed at newly appointed managers, the Recordati Leadership Academy also offers management training for all of the Group’s people managers. Key initiatives in this regard included the course aimed at 60 managers from the R&D department focused on the co-design of a future vision to inspire and guide employee motivation; the training aimed at the Leadership Teams of the Specialty & Primary Care and Rare Disease Business Units and the Industrial Division which, supported by coaches, explored and developed group relationship and interpersonal dynamics to increase effectiveness and leadership; and individual and group coaching sessions focused on specific aspects of communication and to develop inclusive leadership skills.

Other training initiatives included a series of webinars aimed at all of the Group’s managers who are responsible for managing people. The online format meant that a very broad audience (around 700 people) located around the world could access the training, which was divided into 90-minute webinars, one theoretical and one practical, with the aim of establishing standards of practices and allowing participants to share their experiences. The topics covered were: “how to provide effective feedback” and “how to set smart goals”. To enable everyone to take part, specific Train the Trainer sessions were prepared that focused on the topics covered in the webinars. These sessions were offered to all of the Group’s HR staff to enable them to subsequently deliver the training themselves in the local language. The same techniques were used for training on the new skills assessment system, both from a technical standpoint (use of the platform) and in terms of the process itself, engaging the HR community and training them to be able to deliver the content themselves in the local language.

Meanwhile, a pool of training courses focused on management and strategy aspects (in English and Italian) was also made available to the Group’s professional employees on a voluntary basis.

Other training initiatives aimed at employees at the Group’s sites involved both technical and methodological aspects. One example of this is the Docet project, launched at the Campoverde site in 2023. The programme - comprising training modules and project work and involving over 40 people from different departments - aimed to develop a culture of innovative thought, conveying advanced methodologies, techniques and tools to standardise how innovation projects are approached and effectively managed through measurable targets and a strong focus on tangible results. The project led to the identification of several improvement and innovation projects, some of which are already being implemented.

Language courses and HSE training were also provided; For more information, see the section on “Occupational Health and Safety”.

## Performance-evaluation systems

The Recordati group’s intense growth and internationalisation process, along with emergence of new challenges, have led to the need for a shared, global system to guide, assess and optimise the Group’s personnel. In response, the MyImpact system was designed, a single global platform available to all employees with a company email address. The system has been developed with an employee-centric approach and offers a collaborative way to set targets, measure performance and conduct, promote continuous feedback and support the development of individual development plans for all participants. MyImpact was designed and implemented in 2023 and officially launched in January 2024. As of 2024, the platform will enable the individual assessment and development process - which in 2023 involved around 500 employees - to be extended to all employees with a company email address.

Additionally, to further consolidate the development and growth of skills within the Group, the company has adopted a new global process and shared system of tools (psychometric tests, 360° feedback, assessment centres, etc.) to standardise assessment processes across its sites and offer greater development opportunities at an international level.

In 2023 the key skills that the Group requires to continue to be a successful player in a continuously evolving world - including respect for the principles of inclusion - were identified. With this in mind, the Recordati group announced the new Group Key Competencies and the relative principles of conduct for the various professional levels at a global level. These new Group-wide Key Competencies highlight the Group’s focus not only on “what” is expected of people in terms of goals, but also on “how” these goals are to be met, recognising conduct on a par with the achievement of objectives.

The organisation also focused heavily on identifying the Key Roles and assessing the suitability of the resources in those positions. Particular emphasis was placed on successors, as well as on people with critical know-how. This activity allowed the identification of resources with the greatest potential, leading to the development of customised development and retention plans for all personnel in key roles, successors, and those with critical know-how and high potential.

## Principle internal engagement initiatives

Recordati is committed to constantly maintaining open channels of communication with its employees to inform, engage and inspire them around the strategy and the results achieved. This is done through a variety of different communications channels, on and offline. Engaging with employees in this way is necessary for the long-term success of the company.

In 2023, the internal and external communications teams were brought together under the leadership of the Group Communications Director, ensuring maximum alignment between communications taking place inside and outside of the company.

Below are some of the year's main accomplishments.

## RECORDATI PURPOSE & CULTURE AMBASSADORS

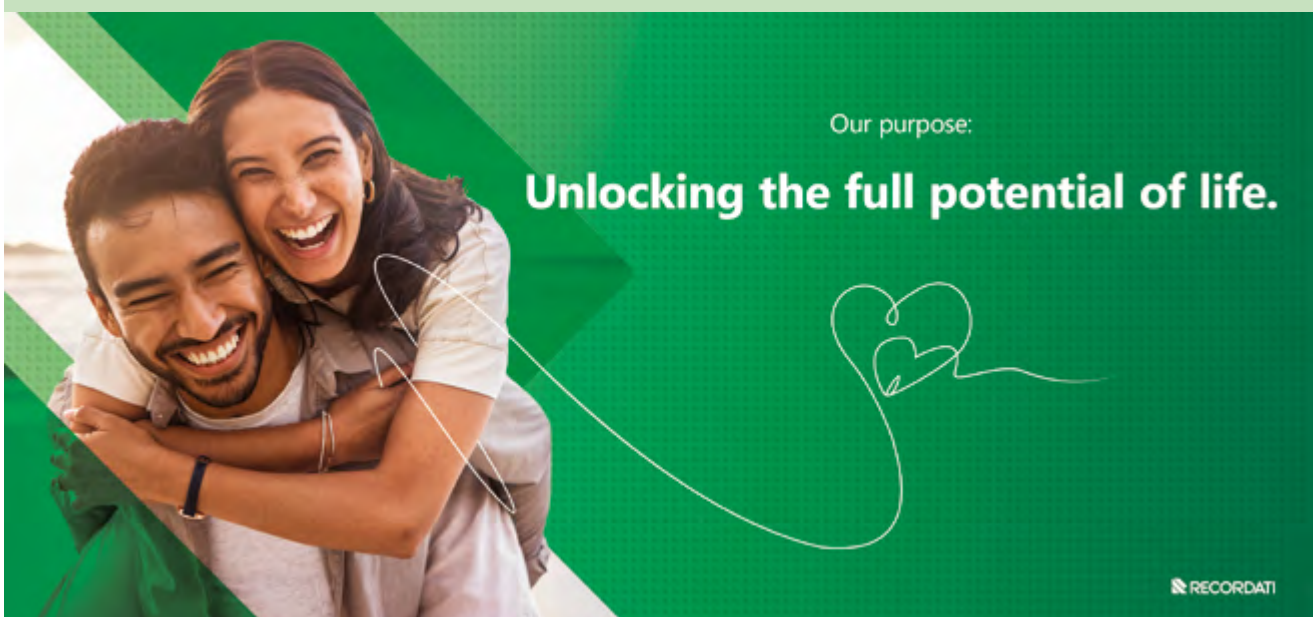
During 2023, Recordati refreshed its Company purpose to 'Unlocking the full potential of life'; a step that has resulted in positive feedback from employees and key external stakeholders, including patient associations. This purpose now truly reflects what the Company and its people stand for.

To create the purpose, an initiative was launched to find Culture Ambassador volunteers from all countries across Recordati. A sub-set of these Ambassadors worked together to create the new Company purpose, under the sponsorship of the Executive Leadership Team. The whole Culture Ambassador network - a team of over 70 employees from all over the world - then worked together to roll out the purpose to their local organisations under the guidance of the corporate team to ensure a consistent and aligned cross-company launch.

The rollout of the purpose was also accompanied by a refresh of the Recordati brand, which involved all digital assets, from the group intranet through to the new Recordati website. This initiative was supported by Culture Ambassadors who ensured the refreshed brand was implemented in their locality.

The ongoing role of the Culture Ambassadors is to engage colleagues locally in cultural initiatives, thereby strengthening their sense of pride in Recordati and ensuring that feedback and opinions from company offices, plants and employees on global projects are taken on board.

During 2023, in addition to rolling out the new company purpose, the Culture Ambassadors also supported local volunteer efforts and met online each quarter to exchange ideas and inspiration to strengthen the Recordati culture.





## FIRST PEOPLE ENGAGEMENT SURVEY AND SECOND D&I SURVEY

In February 2023, Recordati ran its first ever People Engagement Survey to gather feedback from all staff, empowering them to express their opinions in an honest and transparent way. The aim of the survey was to use everyone's feedback to build an even more connected and inclusive environment, in which everyone feels safe to speak up and supported to contribute to the company's growth and success.

The survey achieved an excellent participation rate of 80% and highlighted some key drivers, strengths and opportunities.

**80%**  
participation rate

**+4,300**  
invited participants

**47**  
questions  
(+ 3 open-ended questions)

**11**  
themes

The strengths reflected investments made by the Group in recent years in the work environment, including Health and Safety, Diversity & Inclusion and Engagement. Employees are proud to be associated with Recordati and would recommend it as a place to work.

The survey also helped to identify some improvement opportunities in the areas of Personal Growth, Empowerment, and Trust & Collaboration that will help make Recordati an even better place to work and steadily increase overall engagement.

The results of the survey have been extremely helpful in focusing efforts and providing an opportunity to further improve the engagement and wellbeing of employees. This underlines the fact that the Company is heading in the right direction, with more focus on people, sharing important company updates through internal communications channels, simplifying, digitalizing, and flexible working.

Recordati has worked on a company-wide action plan, by sharing and discussing results locally and by function, deciding together the areas to focus on at each level and creating targets and actions plans.

In the meantime, the company has taken important actions at a global level, touching all the population, namely:

- A new global Key Competencies model has been built. It captures and drives behaviours to foster collaboration, empowerment and accountability, focus and innovation, and serves as a compass for all employees in their day-to-day work.
- Several new training initiatives have been made available globally to enhance the learning culture, including a new e-learning platform with thousands of courses available in multiple languages.
- An internal job postings channel for all open roles has been introduced to provide greater transparency and create more opportunities for professional development.
- A new Referral policy invites all Recordati employees to help build the company and its culture by referring their future colleagues.
- A new Diversity and Inclusion function has been created at a global level to better drive actions to create a more inclusive environment, where people trust each other and feel free to bring their whole selves to work, to speak up and share ideas.

In addition, in 2023, the Company organised its second survey on Diversity and Inclusion to monitor the progress achieved and to see where further improvements could be made. As with the previous year, this second survey was targeted at the company's Senior Leadership group of around 300 managers.

With a high response rate of 88% (5% up on 2022), the results of the second survey showed improvements in all areas, highlighting an increasingly inclusive and open approach to work and an increasing understanding among all general managers of the role D&I plays in achieving positive business results.



The local and specific initiatives of individual affiliates or business units included:

- town hall meetings, i.e. department or function meetings with the purpose of presenting, discussing and sharing the most relevant projects undertaken, the results achieved and the future priorities;
- recurring workshops dedicated to specific topics involving marketing functions as well as commercial departments (medical sales representatives and area managers), highly important moments for sharing best practices and discussing business and products.

The onboarding activities for new employees are particularly important, as they are an essential tool to share values, goals and mission of the Company.

The induction process is now consolidated at a Group level, which, for the headquarters, sees new hires take part in a full-day induction program within their first six months of employment. This allows them to gain direct knowledge of the Company structure before HR provides a complete overview of the entire Recordati organisation. The program is usually introduced with an explanation of the Company's policies and organisational structure, history and characteristics. Managers from various departments present to illustrate the activities and processes of the various business areas. The program is rounded off by a visit to the Milan plant. The program provides an ideal opportunity for new hires to ask questions. Headquarter employees now also have access to an internal onboarding site.

For new hires in other locations, meetings are organised between the Chief Executive Officer and new office joiners in their first three months within the Company.

## 5.5 OCCUPATIONAL HEALTH AND SAFETY

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. At its manufacturing sites, regardless of the nature and purpose of the activities carried out, the Group implements prevention measures in accordance with local legislation, aimed at ensuring the constant improvement of occupational health and safety conditions and providing appropriate technical, economic and professional resources.

In particular, all production sites are subject to technical and organisational measures, including:

- the adoption of Group guidelines for a systematic approach to the management of health and safety risks;
- the precise and dynamic assessment of the risks and critical issues and the resources to be protected;
- the prompt and accurate reporting of injuries, accidents and near misses, with investigation of all causes, in order to adopt appropriate corrective measures;
- the continuous maintenance and adoption of advanced technologies to prevent the emergence of risks relating to workers' health and safety;

- the review and technological 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 context, the Group works closely to maximise individual responsibility of management figures through the definition and formalisation of occupational health and safety roles. Activities at each production site are controlled and monitored through inspections and audits, performed both internally and by external companies. In 2023 internal health and safety audits were carried out at the Group's facilities in the following countries: Türkiye, Italy (Campoverde and Milan), Ireland, Tunisia, the Czech Republic and Switzerland. Furthermore, for several years the Tunisian pharmaceutical production plant has maintained certification in accordance with standard ISO 45001<sup>33</sup> for its occupational health and safety management system. In 2023, the corresponding 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.

As established by individual local legislation, periodic meetings are also held by the Group's internal Health and Safety Committees or special dedicated work groups involving Workers' Representatives, management representatives and the Health, Safety and Environment (HSE) 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. 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.

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 injury or illness but did not: therefore an event that has the potential to cause injury or significant damage to the environment, equipment or company assets.

33 Around 10% of the Recordati production plants hold ISO 45001 certification.



The procedure involves filling in specific forms, investigating what happened and identifying the corrective measures to be implemented to avoid repetition of the event and reduce the related risk.

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 aimed at gathering information necessary to analyse the causes of the event and identify corrective measures to be implemented. All manufacturing plants have personnel with specific first-aid training and the Italian, Irish, Spanish, Swiss, Tunisian 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 or engages external qualified medical personnel with the role of performing inspections aimed at checking the physical condition and ergonomics of workstations, flagging any inadequacies. Additionally, this figure takes prompt action in the case of any accidents. The health service 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 Group's sites requiring this which, in many cases and with a view to promoting health and safety, are shared with and applied to external collaborators and contractors, as is the case for the Group's chemical-pharmaceutical plants, for example.

At the Group's plants, periodic health and safety risk assessment activities are performed, intended to analyse and manage risks and consequently prevent accidents and/or injuries. Below are some examples of risk assessments and improvement actions adopted.

Regarding Group chemical-pharmaceutical plants, particular attention is focused on managing chemical substances. At the Italian Campoverde di Aprilia plant, improvement actions put in place in recent years following the results of risk assessments have included changes to the loading/unloading systems for critical substances, intended to ensure even greater protection for workers, and periodic checks on the key lines, to prevent leaks and consequent injuries caused by contact with hazardous chemicals. The Risk Assessment Document is constantly updated and Chemical Risk Assessment updating was completed for specific departments in 2023. At the Irish plant in Cork, assessments also are focused on the most dangerous elements of the plant and processes, in particular the use of thionyl chloride and its delivery, storage and reloading. In 2023, assessment of risks associated with management and disposal of process waste solvents led to an important change in how they are managed and disposed of.

In terms of the pharmaceutical plants, the Italian production site in Milan updated its Risk Assessment Document that contains assessment of specific risks, including updates to chemical risk assessment, assessment of the risk associated with operations in confined spaces, assessment of the risk associated with handling biological agents and assessment of noise risk. In 2023, at the French Saint Victor site, the department of occupational medicine conducted two new studies on workstation ergonomics. At the Turkish Çerkezköy production site, in 2023 "flash meetings" were introduced at shift start/changeover, involving more than 650 participants, with the goal of raising awareness and increasing their participation in occupational health and safety processes. In addition, the Mandown project was launched to locate and help personnel operating alone in the case of an emergency. Finally, at the Basilea plant, in 2023 a monthly health and safety walk-around was established to actively involve personnel and review health and safety measures adopted at the plant, offering an opportunity for them to suggest improvements.

33 work-related injuries were recorded in 2023. As in previous years, there were no fatalities.





## Number of accidents and Group Employee Health and Safety indicators by gender<sup>34</sup>

	2023			2022 <sup>36</sup>		
	Men	Women	Total	Men	Women	Total
<b>Injuries and Injury Rates<sup>35</sup></b>						
Work-related injuries <sup>37</sup> (No.)	18	15	33	26	10	36
of which high-consequence work-related injuries <sup>38</sup> (No.)	0	0	0	0	0	0
of which work-related fatalities (No.)	0	0	0	0	0	0
Commuting to/from work injuries (No.)	6	3	9	4	1	5
Hours worked (No.)	2,165,357	1,427,956	3,593,313	2,104,709	1,235,303	3,340,012
Cases of work-related diseases (No.)	0	0	0	0	1	1
Severity Index	39.5	43.1	41.0	29.3	24.4	27.5
Work-related injury rate/Frequency rate	1.7	2.1	1.8	2.5	1.6	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	0.2	0.06

### Training and information activity

The Recordati group believes that training and educating its employees is essential to ensuring the mitigation of health and safety risks. As well as providing mandatory training in compliance with the time frames and methods defined by applicable local laws, the Group also delivers additional voluntary courses.

During 2023, over 16,000 hours of health and safety training were provided (mostly for workers in the production plants) and involved over 1,900 Recordati employees.

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 protective equipment, the correct handling of loads and the posture to adopt in working environments, noise risk, fire prevention, and first aid. In the plants, for the relevant roles, specific training is delivered on procedures for handling/transporting hazardous chemical substances. In some cases, this was also extended to external workers/contractors.

Various educational, training and awareness activities on health and safety are also required for external workers/contractors.

Finally, it is noted that the two-year online driver-safety training programme launched in 2022 was completed. In 2023, the programme was rolled out to all countries in which the Group operates and involved all employees with a company car.

<sup>34</sup> The scope of injury indicators includes employees at all Group production plants and their offices, including the Parent Company's offices (Milan). Data is also included for personnel from the sales network (Field Forces - medical sales representatives) within Italy. In 2023, the Basilea production plant, acquired in October 2022 and totalling 15 employees at 31/12/2023, was included within the scope of consolidation.

<sup>35</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 2023, a total of 736 days of absence due to work-related injuries were recorded during the reporting period (428 by men and 308 by women). In 2022, total days of absence due to work-related injuries was 459 (308 men, 151 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>36</sup> It is noted that, on the basis of more accurate data becoming available, the number of injuries and the Health and Safety indicators in 2022 have been updated from those presented in the 2022 Non-Financial Statement.

<sup>37</sup> The number of injuries does not include injuries that did not generate any daily absence due to injury.

<sup>38</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.

## 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 full 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.

As in the previous year, in 2023 around 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.

The Group is aware that certain strategic decisions can have repercussions on its employees and, therefore, in line with the principle of constructive and timely dialogue with the parties involved, in the event of major organisational changes (such as restructuring or other significant operations) the Group undertakes to inform workers and their representatives in advance, with the period of notice varying between countries but always in compliance with local regulations, collective bargaining contracts and trade-union agreements. Furthermore, also in line with local regulations, collective bargaining contracts and trade-union agreements, the Company uses tools to minimise the social impact of its operations.





# 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>39</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 environment 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. In December 2023, the Turkish Çerkezköy plant gained ISO 50001 certification for its energy management system. These certifications<sup>40</sup> attest 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. 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 with an environmental management system to assess risks and identify preventive measures. The Group also conducts internal inspections and receives audits by external certification bodies or regulators. As regards internal audits, for example, in 2023 various activities were conducted at the chemical-pharmaceutical plants in Campoverde (mainly in relation to the efficacy and efficiency of the Environmental Management System in compliance with standard UNI EN ISO 14001 and the provisions of applicable laws), and Cork, and in pharmaceutical plants in Tunisia, Türkiye and Switzerland.

In 2023, Recordati plants underwent regular periodic inspections without identifying any critical issues. Regarding internal audits, it is noted that activity was conducted by the certification bodies (for the purposes of ISO 14001 certification, in particular at the Campoverde production site and in Tunisia) and by regulatory authorities and customers.

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. The training sessions held covered various topics, including the environmental management system and related internal policies, specific operating procedures, the use, handling and transport of hazardous substances, reducing emissions and waste disposal, etc.

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. In regard to this proceeding, governed by Art. 242 of Italian Legislative Decree. 152/06, in February 2021, the Company received feedback from the local authorities, which entailed rewriting part of the documentation produced by the Company in the proceedings, in order to take into account the observations made by ARPA in Lazio in January of the same year, in a context characterised by constant technical developments. The Company promptly acted on the feedback and, in particular, following the approval by the authorities of the updated characterisation plan developed for progress (Phase I

<sup>39</sup> The scope of data regarding environmental aspects (e.g. energy use, emissions, water use and waste) includes Group production plants and the annexed offices (including the offices of the Parent Company based in Milan) as the other sites are not deemed significant. 2022 Data did not include the Basilea site (which has 11 employees at 31/12/2022) which was acquired in October 2022. It is also noted that because consumption of the Basilea plant are not managed directly by the Group but included in the lease as a flat rate, data (energy and water) for 2023 is estimated.

<sup>40</sup> 20% of the Recordati production plants hold ISO 14001 certification and 10% hold ISO 50001 certification.



and Phase II), steps are being taken to update the data based on new legal provisions and using updated scientific methods and technologies. Phase I characterisation was completed in January 2022 and, at the same time, the Phase I results and the plan for additional Phase II investigations were sent to the competent authorities, which approved them in 2022. In 2023, the Company submitted the conceptual site model and the Health and Environmental Risk Analysis to the competent bodies, as essential documents to proceed with the administrative procedure in question. Following this, the competent bodies called a Planning Conference that met initially in October 2023, requesting certain information on the documentation submitted by the Company, to be followed up on by February 2024. In any case, from the initial survey of the situation subject to this procedure, the Company has continued to implement all necessary and appropriate containment measures and monitoring actions while continually updating the authorities.

It is also noted that, in 2023, the Group did not receive significant fines or non-administrative sanctions for non-compliance with environmental regulations or legislation.

## 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, in certain limited and infrequent cases, diesel. In 2023, the Group plants consumed approximately 612 TJ, slightly below 2022 consumption.

As regards electricity, as part of Recordati's constant focus on the environment and its commitment to reducing atmospheric emissions, over the years, the Group has continuously increased its procurement of electricity from renewable sources. In 2023, the target originally set for 2025 was achieved ahead of time. This target involved supplying all production sites with renewable energy, in countries where green energy is available. During the year, 100% of electricity purchased for Group plants and annexed offices came from renewable sources, in countries where this is possible<sup>41</sup>.



<sup>41</sup> It is noted that 100% of the renewable electricity purchased is for Group manufacturing sites located in countries where it is available, and therefore with the exception of the Tunisian site. Considering Tunisian consumption in FY23, electricity from renewables purchased is approximately 90%. For full disclosure, it is noted that as regards the renewable energy purchased for the annexed offices of the plant, this excludes the purchase made for 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 is negligible.

Diesel consumption in 2023 decreased by approximately 10%, primarily due to a return to normal electricity consumption at the Turkish plant. In 2022, non-standard use of the back-up generator became necessary due to restrictions on the use of electricity caused by a technical fault in the supply from the local distribution grid and in general due to production requirements. There was also an increase of over 112% in self-generated electricity from renewable sources. This is attributable primarily to the completion of activity to install photovoltaic panels at the Cork plant in December 2022.

### Energy use at the production plants of the Recordati group by source<sup>42</sup>

Type of fuel	Unit of measurement	2023	2022	% Variation
Purchased electricity	kWh	31,169,940	30,169,747	3%
	GJ	112,211	108,611	
<i>originating from renewable sources<sup>43</sup></i>	kWh	27,939,121	25,311,015	10%
	GJ	100,581	91,120	
Self-generated electricity from renewable sources <sup>44</sup>	kWh	381,603	180,308	112%
	GJ	1,374	649	
<i>consumed internally</i>	kWh	381,603	180,308	112%
	GJ	1,374	649	
Natural Gas	m <sup>3</sup>	13,997,057	14,424,492	-3%
	GJ	496,294	509,718	
Diesel	Litres	50,640	56,127	-10%
	GJ	1,824	2,022	
<b>Total</b>	<b>GJ</b>	<b>611,703</b>	<b>621,000</b>	<b>-1.5%</b>

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

Electricity  
11% 89%



Natural Gas  
88% 12%



Diesel  
19% 81%



**Total**  
74% 26%



■ Chemical pharmaceutical production plants  
■ Pharmaceutical production plants

### Energy use at pharmaceutical production plants by fuel source

Type of fuel	Unit of measurement	2023	2022	% Variation
Purchased electricity	kWh	27,965,077	26,609,824	5%
	GJ	100,674	95,795	
<i>originating from renewable sources</i>	kWh	24,734,258	21,751,093	14%
	GJ	89,044	78,304	
Self-generated electricity from renewable sources <sup>45</sup>	kWh	202,253	175,958	15%
	GJ	728	633	
<i>consumed internally</i>	kWh	202,253	175,958	15%
	GJ	728	633	
Natural Gas	m <sup>3</sup>	1,657,302	1,689,634	-2%
	GJ	58,763	59,707	
Diesel	Litres	40,840	46,127	-11%
	GJ	1,471	1,661	
<b>Total</b>	<b>GJ</b>	<b>161,636</b>	<b>157,796</b>	<b>2%</b>

### Energy use at chemical pharmaceutical production plants by fuel source

Type of fuel	Unit of measurement	2023	2022	% Variation
Purchased electricity	kWh	3,204,863	3,559,923	-10%
	GJ	11,537	12,816	
<i>originating from renewable sources</i>	kWh	3,204,863	3,559,923	-10%
	GJ	11,537	12,816	
Self-generated electricity from renewable sources <sup>46</sup>	kWh	179,350	4,350	n.s.
	GJ	646	16	
<i>consumed internally</i>	kWh	179,350	4,350	n.s.
	GJ	646	16	
Natural Gas	m <sup>3</sup>	12,339,755	12,734,858	-3%
	GJ	437,531	450,012	
Diesel	Litres	9,800	10,000	-2%
	GJ	353	360	
<b>Total</b>	<b>GJ</b>	<b>450,067</b>	<b>463,204</b>	<b>-3%</b>

<sup>42</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: Ministero Dell'Ambiente e della Sicurezza Energetica, Tabella Parametri Standard Nazionali, 2023).

<sup>43</sup> The share of electricity purchased from renewable sources by the European plants is certified by Guarantees of Origin and by the Çerkezköy plant (Türkiye) by I-REC certificates.

<sup>44</sup> The self-generated electricity from renewable sources refers to the photovoltaic systems installed at the production plants in Cork (Ireland) and Utebo (Spain). The Utebo system has been operational since March 2022, and the Cork system only from December 2022.

<sup>45</sup> The self-generated electricity from renewable sources refers to the photovoltaic system installed at the production plant in Utebo (Spain). The system has been operational since March 2022.

<sup>46</sup> The self-generated electricity from renewable source refers to the photovoltaic system installed at the production plant in Cork (Ireland). The system has only been operational since December 2022.

Energy use in pharmaceutical production plants was recorded at approximately 162 TJ (26% of the total), slightly up on the values for 2022. Compared to chemical pharmaceutical plants, pharmaceutical plants used higher quantities of diesel (81% of the diesel consumed by the Group) to produce electricity and more electricity was purchased from the national grid.

However, in 2023 energy use by the Group’s chemical pharmaceutical production plants was 450 TJ (74% 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 almost 30 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.

The approximately 44% increase in electricity sold is attributable to lower demand from the plant with the same quantity of self-generated electricity.

### Electricity and thermal energy generated and sold by the Campoverde di Aprilia co-generation plant

Type of fuel	Unit of measurement	2023	2022	% Variation
Self-generated electricity	kWh	32,037,832	32,029,681	0.03%
<i>consumed internally</i>	<i>kWh</i>	<i>26,293,051</i>	<i>28,031,793</i>	<i>-6.2%</i>
<i>sold externally</i>	<i>kWh</i>	<i>5,744,781</i>	<i>3,997,888</i>	<i>43.7%</i>
Self-generated and consumed thermal energy	Kg of steam	65,589,000	70,958,000	-7.6%

## THE CO-GENERATION SYSTEM AT THE CAMPOVERDE DI APRILIA PLANT

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, in operation since 1996, 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 4.1 million cubic metres of additional gas would have been required in 2023 alone, corresponding to approximately 34% of the plant’s annual gas consumption in 2023. This avoided more than 8,000 tonnes of CO<sub>2</sub> emissions<sup>47</sup>.

In recent years, 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. In 2023, the co-generator’s exhaust by-pass stack was replaced along with the replacement of the diverter flue system.

47 Source of emission coefficient data for natural gas: Ministero Dell’Ambiente e della Sicurezza Energetica, Tabella Parametri Standard Nazionali, 2023.



## 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 2023, the target originally set for 2025 was achieved ahead of time. This target involved supplying all production sites with renewable energy, in countries where green energy is available. During the year, 100% of electricity purchased for Group plants and annexed offices came from renewable sources, in countries where this is possible (certified by Guarantees of Origin for European countries and I-REC for Türkiye)<sup>48</sup>.

Furthermore, the Group is pursuing a series of initiatives aimed at installing renewable energy plants. In addition to the solar panels installed at the Spanish and Irish plants in 2022 (installed power capacity of 386 kWp generating approximately 10% of the electricity needed annually for the operations of each plant), the Group aims to install new renewable generation systems at the Italian (Campoverde), Spanish (expansion of systems), Tunisian and Turkish plants, reaching 11,000 kWp by 2026. It is estimated that this installed power corresponds to a theoretical generation capacity of approximately 15.1 GWh (around 26% of total Group electricity consumption in FY23, including self-generated electricity from the Campoverde co-generator used internally).

**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 2023 and will be pursued in the coming years. In line with the established goals, in 2023, the Milan plant completed the third phase for replacement of LEDs in the production area (in the technical pharmaceutical area) and work continued on replacement activity in the intermediates warehouse of the Italian Campoverde di Aprilia production site, which was completed at the start of 2023. These initiatives are also ongoing at other plants, such as those in France, Türkiye and Tunisia.



In addition, in 2023, to enable a reduction in energy consumption, solutions were adopted to improve energy performance. For example, at the Campoverde di Aprilia production site the installation of the ammonia-based chiller unit with inverter power regulator was completed, enabling the regulation - and thereby improving the efficiency - of the machine's power based on the actual cooling needs. On top of this, again with a view to reducing energy use, in 2023 a project was launched at the Tunisian plant to increase the energy efficiency of the heating, ventilation and air-conditioning system involving one mode for regulating systems during production and another mode specifically for use outside working hours. This project enabled a reduction in energy consumption of around 25%.

With the goal of continuous improvement, Recordati is committed to measuring, evaluating and monitoring its energy consumption also through performance of energy audits or analysis by specialised third parties. As part of its commitment to lower environmental impacts, in 2023, the Italian plants in Milan and Campoverde, as well as the Tunisian and Turkish plants, launched environmental diagnosis in order to define an action plan aimed at reducing environmental impacts. Moreover, actions have been implemented at the plants to raise employee awareness about energy saving, including through training programmes.

**Incentivisation of eco-friendly vehicles:** again, in 2023, the Group carried out a monitoring and control activity to assess the emissions of its global fleet of company vehicles. In 2023, approximately 2,000 company cars were in use by employees of the Recordati group. In order to lower the environmental impact of the company fleet, in 2022, a *new Group Car Policy* was issued which introduced a maximum limit on CO<sub>2</sub> emissions for new cars in the company fleet. The number of charging stations for electric and hybrid vehicles was also increased at several sites, including the Italian site in Milan.

<sup>48</sup> It is noted that 100% of the renewable electricity purchased is for Group manufacturing sites located in countries where it is available, and therefore with the exception of the Tunisian site. Considering Tunisian consumption in FY23, electricity from renewables purchased is approximately 90%. For full disclosure, it is noted that as regards the annexed offices of the plant, this excludes the purchase made for the offices in the 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 is negligible.

## 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 2023, Scope 1 direct emissions were primarily related to energy consumption for industrial production (natural gas and diesel), to which a smaller share (about 22% of total Scope 1 direct emissions) is also added related to consumption by the Group's vehicle fleet. It is noted that the reduction in Scope 1 emissions is attributable primarily to reduced energy consumption and a decrease in the use of refrigerant gases, which, by their nature, are used out of necessity. Recordati is committed to minimising refrigerant gases and gradually replacing old equipment containing refrigerants with new machinery that does not contain ozone-depleting gases. Scope 2 indirect emissions, on the other hand, associated with the purchase of electricity from the grid, decreased by around 2% according to the location-based approach and by 31% under the market-based approach. The latter reduction is mainly due to the increase in the purchase of renewable electricity for the Group's production and packaging sites and annexed offices.

### Greenhouse-gas emissions (tons of CO<sub>2</sub>) of the Recordati group's production plants and car fleet<sup>49</sup>

	2023	2022	% Variation
Direct emissions (Scope 1)	36,607	37,768	-3.1%
Relating to energy consumption	28,184	28,869	-2.4%
Relating to the company vehicle fleet <sup>50</sup>	8,223	7,906	4.0%
Relating to refrigerant gases	200	993	-79.8%
Indirect emissions (Scope 2)			
- Location-based approach <sup>51</sup>	9,811	10,002	-1.9%
- Market-based approach <sup>52</sup>	1,566	2,270	-31.0%
<b>Total (Scope 1 and Scope 2 - Location-based approach)</b>	<b>46,418</b>	<b>47,770</b>	<b>-2.8%</b>
<b>Total (Scope 1 and Scope 2 - Market-based approach)</b>	<b>38,173</b>	<b>40,038</b>	<b>-4.7%</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.

Specific initiatives to monitor, control and reduce emissions include continued upgrading in 2023 of systems to reduce atmospheric emissions at the Campoverde plant, again with the objective of continuous improvement in terms of efficiency and environmental protection. 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. At the Cork plant, monthly monitoring of the scrubber (system for cleaning fumes) was maintained by an independent laboratory, as was the annual monitoring of the emission points of pharmaceutical powders. The site was fully compliant in 2023. Likewise, at the Basilea plant, in 2023 a process was implemented for optimisation of the scrubber with the aim of achieving zero solvent emissions for hazardous atmospheric pollutants and a reduction in volatile organic compounds.

Other atmospheric emissions are mainly due to the activities of the chemical pharmaceutical sites in Campoverde di Aprilia and Cork in reference to which around 70% of total annual emissions are recorded.

### Other emissions (kg/year) from Recordati group production plants<sup>53</sup>

	2023	2022
Nitric oxide (NO <sub>x</sub> )	6,952	6,555
Sulphur oxide (SO <sub>x</sub> )	35	0
Persistent Organic Pollutants (POP)	0	0
Volatile Organic Pollutants (VOC)	6,431	17,224
Hazardous Air Pollutants (HAP)	2,216	6,266
Particulate Matter (PM)	652	441
Methane (CH <sub>4</sub> )	0	0
Others	211	137

<sup>49</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, 2023. Scope 1 and 2 emissions have been calculated using a methodology in line with the GHG Protocol (Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard - Revised Edition).

<sup>50</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.

<sup>51</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>52</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 European plants certified by Guarantees of Origin and the share of consumption at the Turkish plant certified by I-REC have been excluded from the calculation of 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 - 2022).

<sup>53</sup> As and when provided for by the environmental authorities, significant atmospheric emissions (including NO<sub>x</sub>, SO<sub>x</sub>, 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. Any changes from one year to another are due to the operations of the plant at the time of the measurement (i.e. based on the activities ongoing at the time the measurement is taken for the reference cycle). It should be noted that all measurements taken in the current year are within the applicable regulatory limits. In 2023, emissions from the Opalia Recordati Tunisian pharmaceutical plant were included in reporting. Data for the Opalia Recordati Tunisian pharmaceutical plant was not included in 2022, due to the different calculation and measurement methods used. In any case, annual analysis was performed and values were 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 (e.g. monitoring of pH values, suspended solids, BOD, COD, metals, aromatic solvents, chlorinated aromatic solvents, aliphatic solvents and surfactants). 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, the 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. In addition, in 2022 another initiative was launched to implement an automatic cleaning system at the oral-solid-dosage production plant, with a view to further reducing water consumption. The project is expected to be completed at the start of 2024. With regard to the Italian Campoverde di Aprilia site, 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.

It is also noted that the Tunisian production site is participating in the EU-funded iMERMAID project, which aims to tackle risks connected to contaminants of emerging concerns.

### iMERMAID - INNOVATIVE SOLUTIONS FOR THE REMOVAL OF PHARMACEUTICAL CONTAMINANTS

The Tunisian subsidiary Opalia Recordati took part in the iMERMAID Project: an EU-funded project focused on protecting the Mediterranean Sea and its surroundings, which play a crucial role in various socioeconomic activities. It aims to address the growing threats of CoECs "Contaminant of Emerging Concerns", not studied yet, potential threats to ecosystems and humans. In fact, iMERMAID Project aims at integrating innovative strategies for prevention, monitoring, and remediation.

Constituted by a consortium of 26 partners (SMEs, academic & research organisations, industrial partners, public organisation, and NGO) from Europe and beyond, the iMERMAID project encourages collaborations to develop advanced sensor and remediation technologies, strengthen regulations to reduce contamination, enhance economic opportunities, and thereby improve the quality of life for EU residents. The primary ambition is to create innovative and replicable approaches to prevent, monitor and remediate chemical pollution to support EU mission to restore, protect and preserve the health of our oceans, seas, and waters.

Opalia Recordati, as an active partner of this project, is committed to the study and development of a new technological solution consisting in a micro-fluidic photo-catalytic reactor at its waste water treatment plant (WWTP), aiming at comparing micro-contaminants removal performances with the existing bacterial reactor to test its effectiveness in absorbing micro-pollutants.



The total water intake in 2023 was approximately 2,600 ML, of which 38% was surface water, approximately 55% was groundwater and the remainder was drawn from the mains supply.

In 2023, the overall water intake at the Group's production plants increased by 3% compared to 2022. This increase, mainly related to withdrawal from surface water, is primarily attributable to the extension of the scope of consolidation for consumption data of the Basilea site.

Around 66% of Group water intake is attributable to the chemical pharmaceutical plant in Campoverde di Aprilia, located in an area subject to water stress<sup>54</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 2023, 26% 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.

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

	Unit of measurement	2023	2022	% Variation
Surface water	ML	988	804	23%
Groundwater	ML	1,436	1,518	-5%
Mains water	ML	201	228	-12%
<b>Total</b>	<b>ML</b>	<b>2,625</b>	<b>2,550</b>	<b>3%</b>

### Percentage of recycled water at Recordati group production plants

	Unit of measurement	2023		2022	
		Total	% of total water intake	Total	% of total water intake
Quantity of water recycled	ML	676	26%	624	24%

## 6.4 WASTE MANAGEMENT AND 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.

Amongst the main initiatives under way at the Group plants for the management of waste and circular economics, it is noted that the Campoverde di Aprilia plant conducted analysis of various initiatives to recover and re-use chemical raw materials employed in production processes, such as benzaldehyde. More specifically, studies and tests were performed on residues from the distillation of toluene, classified as hazardous liquid waste.

<sup>54</sup> To determine the areas suffering from water stress, the Aqueduct tool developed by the World Resources Institute was used. Sites are classified as subject to water stress if they have a rating of "Extremely high", "High" or "Medium high".

Further in-house quantitative analysis is under way and by 2024 it should be possible to recover and reuse benzaldehyde in production processes (it is estimated that at full capacity it will be possible to recover approximately 50% of the benzaldehyde used annually). In addition, since 2022 the Group has been able to recover at least 55% of the palladium used in all production processes. In 2023, through partnerships with third parties, the Group recovered approximately 7 kg of palladium, which can be re-used in the production process, minimising the use of new raw materials. The Group will continue to explore new initiatives for the recovery and reuse of chemical raw materials used in production processes. The recovered raw materials may be reintroduced into internal production processes or through partnership agreements with third-party companies. Furthermore, at the Campoverde plant, in order to identify new ideas and encourage innovation, from 2022, a GEN work group was established, focused on three specific streams: Green – Efficient – New. In particular, for the Green stream, participants were involved in identifying innovative solutions with reference to the re-engineering of processes with a more sustainable approach. These activities continued in 2023 projects.

With regard to the Irish plant in Cork, in 2023, improvements were made to the process for preliminary reconditioning of barrels of thionyl chloride, with the support of an external company. In 2024, the site plans further improvements to this process through use of a mobile tank for temporary storage of the empty barrels of thionyl chloride prior to their neutralisation.

A total of 6,433.1 tonnes of waste was produced in 2023, of which 58% was hazardous waste (substances defined as hazardous in the country of origin) and 42% was non-hazardous waste (all other forms of liquid and solid waste).

Compared to 2022, the waste produced by the Group increased by around 7%, mainly due to higher production volume / production mix.



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

Disposal method	Unit of measurement	2023			2022 <sup>55</sup>		
		Hazardous waste	Non-hazardous waste	Total	Hazardous waste	Non-hazardous waste	Total
Reuse	tonnes	0.0	0.0	0.0	10.6	2.1	12.7
Recycling	tonnes	38.2	740.9	779.1	35.3	987.2	1,022.5
Compost	tonnes	0.0	0.0	0.0	0.0	0.0	0.0
Recovery (excluding energy recovery)	tonnes	1,192.9	624.2	1,817.1	1,039.4	422.5	1,461.9
Incineration (with energy recovery)	tonnes	141.3	430.7	572.0	174.8	257.7	432.5
Incineration (mass burn)	tonnes	623.9	30.6	654.5	499.3	77.8	577.1
Deep well injection	tonnes	0.0	0.0	0.0	0.0	0.0	0.0
Landfill	tonnes	1.9	98.6	100.5	1.8	127.3	129.1
Storage on site	tonnes	3.9	0.0	3.9	4.3	0.0	4.3
Other <sup>56</sup>	tonnes	1,710.6	795.4	2,506.0	1,495.2	875.8	2,371.0
<b>Total</b>	<b>tonnes</b>	<b>3,712.7</b>	<b>2,720.4</b>	<b>6,433.1</b>	<b>3,260.7</b>	<b>2,750.4</b>	<b>6,011.1</b>

<sup>55</sup> It is noted that on the basis of more accurate data becoming available, figures for the amount of waste generated in 2022 have been updated from those presented in the 2022 Non-Financial Statement.

<sup>56</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.



Correct spillage management is regulated by specific standard operating procedures at the Group's various plants, 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.

In order to reduce its environmental impact, in 2023, the Group continued various initiatives intended to promote more sustainable packaging. For example, in 2023, the use of FSC certified paper was expanded to new products in the Eumill® range in addition to other products such as Reconatural® and Recolum®. Changes were also made to the packaging of the Italian product Lactò®, eliminating a plastic component from the packet and reducing the dimensions of the box. This enables use of less plastic and 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.

Again with a view to reducing its environmental impact, the Group used stands with a more sustainable design at trade fairs in Italy and abroad.

## 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.

Below is an example for 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 Danish authority coordinated assessment of the procedure, which was completed on 27 July 2023 with a positive outcome, and this was recognised in seven other EU states.

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, guarantee reduced energy and water consumption and produce less waste. In 2023, the majority of water condensation systems were replaced with air systems. The particular structure of these high-performance condensers enables replacement, in most cases, of traditional cooling systems using a continuous flow of water, eliminating water consumption yet maintaining adequate cooling capacity, reducing disposal costs and eliminating risks of flooding and therefore increasing safety.

## 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.

Regarding the commitment to the optimal management of buildings, the new site of the Recordati Italy branch opened in 2023 holds LEED Gold certification for its environmental sustainability.

In addition, 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. 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. For example, in 2023 in Tunisia, a group of employees helped to clean up a beach and areas of seabed near to the plant, in Germany abandoned waste was collected from around the offices, and in Italy a group of employees helped with maintenance work in a park in Milan. 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. In 2023 the Irish site continued the activities to maintain the areas.

Demonstrating Recordati's commitment to nature and to protecting the areas in which we operate, the Group also proceeded with various reforestation initiatives. In Italy, it was a main partner of the Forestami project for 2021-2023, supporting the planting of approximately 11,000 plants in the Milan metropolitan area. In Tunisia, it has planted around 3,000 trees in a forest destroyed by a wildfire in 2022. In Türkiye, there are plans to plant 10,000 trees by the end of 2024 in the Kilis Yeniurt reforestation zone, an area affected by the earthquake in 2023.

Finally, in September 2023, the Recordati group sponsored the sixth edition of the EuChemS Conference on Green and Sustainable Chemistry, held in Italy (Salerno). This event gave researchers and other sector experts the opportunity to discuss and share ideas on the latest developments in green and sustainable chemistry.



# 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 2023 the Recordati group interacted with around 360 suppliers of raw materials<sup>57</sup>, principally located in Europe and Asia. Approved suppliers for the packaging of medicinal products produced directly in the Group's plants numbered approximately 200, 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 1,400, 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



## 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 qualification process, the "Attitude project" continued, 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 2023, the expansion of the project continued, which made it possible to integrate approximately 80% 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.

<sup>57</sup> The figure for raw materials refers to: API - Active Pharmaceutical Ingredients, excipients, starting materials, chemical intermediates.



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 ISO 45001).

As part of the Group’s responsible sourcing strategy, implementation of the plan to audit suppliers continued this year, in order to strengthen monitoring of sustainability issues along the supply chain. This activity was conducted by a third party (EcoVadis) using desk audits. The suppliers involved were assessed across four key areas for sustainability: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement.

In addition, with a view to continuous improvement and increasing awareness around ESG matters throughout its supply chain, in 2023, the Recordati group organised engagement initiatives for the suppliers that received the lowest scores in the previous year’s assessment process. During this activity, comments and feedback were provided to suppliers to improve sustainability performance and increase awareness around these themes.

The main results for the audits carried out are shown below:

- in the two years 2022-2023, 115 suppliers were audited on ESG aspects (via desk audits). These belonged to the main and most strategic product categories: suppliers of finished products (Contract Manufacturing Organisations - CMOs), raw materials, packaging, industrial services, logistics, and other services<sup>58</sup>. In details, 50 audits were carried out in 2022 and 65 in 2023.
- 43% of suppliers considered in the current 2023 audit achieved an overall rating of “advanced”, while 51% were rated as “good”. Only 6% of suppliers received a “partial” performance rating and, as in 2022, no suppliers were found to be insufficient or critical in 2023.

- In the two-year period 2022-2023, around 30 buyers participated in training to facilitate the supplier engagement process (around 20 in 2022 and 10 in 2023).

### ESG assessments of suppliers

	2023-2022	2023	2022
No. audits conducted	115	65	50

Demonstrating its commitment, the Group extended the target for monitoring of suppliers ESG performance to 2026. In addition to 115 audits performed 2022-2023, the Group aims to perform a further 150<sup>59</sup> Supplier Sustainability Audits in the years 2024-2026, conducting 50 audits per year. As in the years 2022-2023, assessment activity (desk audits) will be performed by an independent third-party.

Furthermore, again with a view to continuous improvement and greater awareness around these themes, in addition to audit follow-up activities, engagement activities will continue for suppliers that received the lowest scores in the previous year’s assessment process.

Regarding audits and inspections on the quality and safety of products and raw materials, please consult the paragraph entitled “Product quality and safety”.

<sup>58</sup> The audits were carried out on suppliers located in different geographic areas, mostly in Italy. The geographic area refers to the legal entity subject to the EcoVadis audit, in certain cases with reference to the Parent Company.

<sup>59</sup> Including max 30% follow-up audits vs each previous year. The audits include suppliers from the main and most strategic product categories, including suppliers of finished products (Contract Manufacturing Organisations - CMOs), raw materials, packaging, industrial services, logistics, and other services.

# 8. SUPPORT FOR LOCAL COMMUNITIES

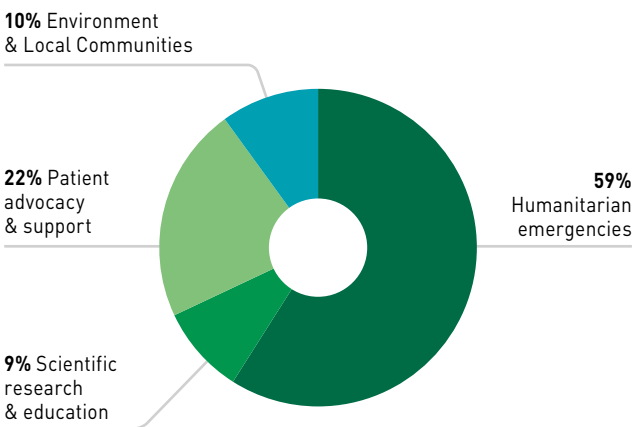
We believe that contributing to the well-being of the community and dedicating part of our resources to acts of solidarity is not merely the fulfilment of company obligations or professional duty, but rather a moral imperative, an essential part of a healthy business capable of growth but at the same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

## 8.1 RECORDATI GROUP DONATIONS

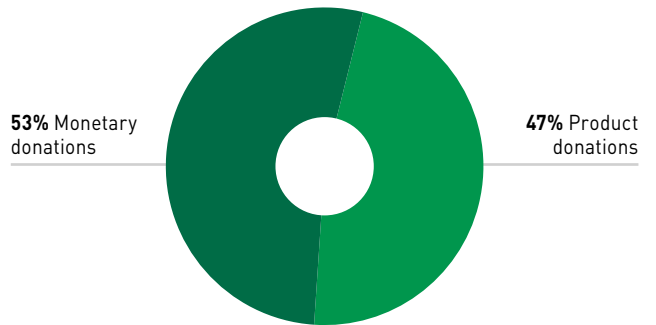
In full compliance with ethical standards, the Recordati group promotes initiatives which support medical-scientific organisations and patients through the relevant associations and social projects to aid the weaker sections of the population.

Specifically, in 2023 the Recordati group gave donations with a value of approximately € 4.8 million<sup>60</sup> in the form of both cash and product donations. The Group's support mainly concerns humanitarian emergencies - such as support for local communities and employees affected by the earthquake in Türkiye and Syria, flooding in Emilia-Romagna (Italy), and the conflict in Ukraine - patient support, scientific research and education, and environmental and community initiatives. In the area of support for patients, scientific research and education, work on the treatment of rare diseases is of particular importance. This includes information and awareness initiatives, support for patient associations and scientific events.

### Recordati group donations by category



### Recordati group donations by type<sup>61</sup>



### Support from the Group in the context of humanitarian emergencies

The Recordati group took prompt action to support those affected by various tragic events that occurred during the year.

With regards to the earthquake that hit Türkiye and Syria at the beginning of 2023, the Recordati group swiftly provided emergency accommodation and immediate financial support for employees and activated an internal fundraising initiative, to support colleagues who have been most impacted by the crisis. To provide further essential assistance, Recordati has also donated medicines and medical supplies to areas of need according to the requirements list and rules determined by the Ministry of Health (MoH) and the Turkish Medicines and Medical Devices Agency (TITCK), while also making a donation to the Disaster and Emergency Management Authority in Türkiye (AFAD), which provided essential aid to earthquake victims.

To support the communities affected by the flooding in Emilia-Romagna (Italy) in spring 2023, the Recordati group decided to join the "Support fund for the people of Emilia-Romagna" established by Confindustria, Cgil, Cisl and Uil. Group employees had the opportunity to make a voluntary donation equivalent to one hour's work, with the Company adding its own contribution.

In addition, Recordati continued to support the people of Ukraine and offer care to patients, primarily through the donation of medicines.

<sup>60</sup> This figure includes monetary donations and product donations measured at market value.

<sup>61</sup> Product donations are measured at market value.

## Other initiatives supporting the community

Again, in 2023, there were numerous initiatives to support local communities in all countries where the Group operates, either through monetary and product donations or the direct efforts of employees and social initiatives.

The key initiatives in Italy include being a main partner for the 2021-2023 period in the Forestami project, which aims to increase the natural capital of the Metropolitan City of Milan by 2030.

Another reforestation project was carried out in Tunisia, with the Opalia Recordati branch planting approximately 3,000 trees in a forest destroyed by wildfires in 2022. This reforestation work not only contributes to environmental conservation, but offered an opportunity for direct employee engagement. The planting was performed by around 20 employees working alongside the volunteers from Tounes Clean-up, an association specialising in reforestation. Tounes Clean-up will monitor, maintain and irrigate the area, and manage the project inventory, for the next two years.



Finally, by the end of 2024 a further 10,000 trees will be planted in Türkiye in the Kilis Yeniuyurt reforestation zone, an area affected by the earthquake in 2023.

## Over 14,000

trees were planted by the Recordati group in the years 2021-2023 (more than 11,000 in Italy and 3,000 in Tunisia) and planting of a further 10,000 is planned in Türkiye by 2024.

In total, in the years 2021-2024, approximately 24,000 trees will have been planted, corresponding to

## 5 trees per employee





## RECORDATI SUPPORTS THE FORESTAMI PROJECT

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 has identified 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 from 2021 to 2023, enabled planting of approximately 11,000 forest plants (and involves 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 the context of this project for the planting of forest species in the metropolitan area of Milan, the Group has assigned a portion of the resources to Parco delle Cave, a green area close to the company site. Work at Parco delle Cave 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. Work also included supporting the clean-up and development of new habitats within the woodland area, construction of observation structures giving people the chance to see aquatic wildlife in the Park and, finally, the creation of marsh vegetation around the lake and floating islands for the nesting and roosting of water birds including little egrets, herons, ducks and moorhens.

Various company volunteering projects and community social and environmental initiatives were run in some of the Group's branches, involving Group employees. 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.

The main initiatives in the environmental sphere included: in Milan, more than 50 Group employees spent a day doing maintenance work in certain areas of Parco Nord Milano, one of the main city parks and a partner of the Forestami project. Also in Italy, a group of employees from the Campoverde di Aprilia site took part in an initiative organised by Aprilia Ecologica to gather waste abandoned in the area, while in Germany a group of employees of the German branch participated in a clean-up in the area around the company site. Similar initiatives were also organised by Irish and Tunisian employees. In Tunisia a group of employees from the Opalia site helped to clean the seabed and beaches at the port of Kalaat el Andalous.

In terms of social initiatives, more than 40 Group employees spent a day making wheelchairs, which were then donated to the local hospital Istituto Geriatrico Golgi Redaelli.

Some employees in Portugal spent a day supporting the activities of a local association, Semear. These employees participated in the planting and harvesting of foodstuffs that will go to help families in need. Various employees from the Polish branch also took part in initiatives to support local communities, including a project to collect and distribute foodstuffs to elderly people in need.

On top of this, in the context of the "For children can laugh" project, a group of employees from the Turkish branch spent time handing out toys to children affected by the earthquake.

For World Heart Day, Natural Point (part of the Recordati group) again sponsored the Cardio Race in Rome to promote awareness of cardiovascular disease, with teams of Group employees taking part. Colleagues of the French Rare Diseases site participated in the "Enfants sans Cancer" run, organised by the French association "Imagine for Margo - Children without Cancer" to raise funds for research and development in the field of rare tumours.

Other employees from the Spanish branch participated in a run in Madrid to raise funds for associations working in the area of women's cancers. Various colleagues from the German branch took part in a run to raise funds to support a child affected by neuroblastoma, and colleagues at the Polish branch participated in a charity run for children in support of the Everest Foundation.

In 2023, the Recordati group sponsored an initiative against cyberbullying in collaboration with the Italian National Anti-Bullying Centre - "Bulli Stop". With the support of the National Anti-Bullying Centre - "Bulli Stop", several initiatives were launched aimed at raising awareness and supporting young people. Specifically, an anti-cyberbullying day was organised at a secondary school in Rome to offer an opportunity for dialogue and discussion with youngsters. This event involved around 80 students. Items symbolising protection against cyberbullying were created and handed out to students at the school, to share details of the association's support line with victims of bullying. These included "anti-bullying covers" for mobile phones. Finally, a social-network awareness campaign was organised. This involved young people from across Italy, both through partnerships with certain influencers who are popular with teenagers and through creation of a challenge on social networks aimed at sharing the experiences of those who have successfully overcome cyberbullying.

# 9. APPENDIX



## 9.1 EUROPEAN TAXONOMY

The Recordati group has acknowledged the EU Taxonomy as set out in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and, updating the activity conducted for previous reports, in 2023 it has continued analyses in line with the requirements of the regulation.

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. These criteria were then added to on 27 June 2023 with a delegated act for the remaining four environmental objectives: sustainable use and protection of waters and marine resources, transition to a circular economy, pollution prevention and control, and restoration of biodiversity and ecosystems.

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 compliance with Regulation (EU) 2020/852, in fiscal year 2023, the Group has disclosed the information indicated below:

- In consideration of the goals of mitigation and adaptation to climate change: the proportion of the economic activities that are eligible and not eligible, aligned and not aligned in terms of the Taxonomy for total turnover, CAPEX and OPEX.
- In consideration of the remaining four goals: the proportion of the economic activities that are eligible and not eligible in terms of the Taxonomy for total turnover, CAPEX and OPEX.

The process for definition of economic activities that are eligible and/or aligned in terms of the European Taxonomy involves both an analysis of activities at Group level with reference to the core activity attributable to it (manufacturing of medicinal products and active ingredients), i.e. the activity contributing to the generation of turnover, CAPEX and OPEX values, and analysis of the eligibility and alignment of CAPEX and OPEX for specific actions and projects that contribute to reducing greenhouse gas emissions. These activities have been carried out in order to ascertain, as required by the regulation, whether the activities performed by the Group have an impact on the various objectives.

**Economic activities that are eligible and aligned.** With reference to the objectives of mitigation and adaptation to climate change and considering the Group's area of 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 eligible

according to the climate change mitigation and adaptation objectives. Nonetheless, Recordati carried out an analysis of the eligibility and alignment of CAPEX and OPEX in specific actions and projects that contribute to reducing GHG emissions, as defined in the EU Taxonomy Regulation. In fact, over the years, the Recordati group has consolidated its commitment to 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, the analysis was extended to the activities included in the Sustainability Plan which contribute to the formation of CAPEX and OPEX which are eligible and aligned under the climate change mitigation and adaptation objectives.

The calculation of the portion of the Group's eligible CAPEX under the taxonomy was conducted on economic activities associated with programmes carried out in 2023 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 7.3 - "Installation, maintenance and repair of energy efficiency equipment";
- Activity 7.4 - "Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)".

**Economic activities that are eligible.** With reference, on the other hand, to the other four objectives (sustainable use and protection of waters and marine resources, transition to a circular economy, pollution prevention and control, and restoration of biodiversity and ecosystems), the Recordati group, in line with the requirements of the regulation in question, identified the eligible economic activities and relative amounts of turnover, CAPEX and OPEX. This analysis highlighted the following activities included within the scope of prevention and reduction and pollution:

- Activity 1.1 - "Manufacturing of active pharmaceutical ingredients (APIs) or pharmaceutical substances";
- Activity 1.2 - "Manufacturing of medicinal products".

### Final KPIs and calculation methods

To identify how and to what extent its activities are associated with environmentally sustainable economic activities pursuant to the EU Taxonomy, the Recordati group has conducted analyses in line with the requirements of the regulation for identification and calculation of the final KPIs for activities for which assessment of eligibility is required. In addition, where required, for the current year, it has analysed the technical screening criteria for the activities identified as eligible as well as the indications in the Q&A published by the European Commission in December 2022.

Below are the KPIs as required by the regulation:


**Table: 2023 turnover KPIs**

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Economic activities (1)																			
Text		Euro/000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Taxonomy-aligned activities</b>																			
-																			
<b>Turnover of Taxonomy-aligned activities (A.1)</b>																			
<b>A.2 Taxonomy-Eligible but not Taxonomy-aligned activities</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	106,577	5.12%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									NA	
Manufacture of medicinal products	PPC 1.2	451,833	21.70%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									NA	
<b>Turnover of Taxonomy -eligible but not Taxonomy -aligned activities (A.2)</b>		<b>558,410</b>	<b>26.82%</b>	-	-	-	<b>26.82%</b>	-	-									<b>NA</b>	
<b>A. Turnover of Taxonomy eligible activities (A.1+A.2)</b>		<b>558,410</b>	<b>26.82%</b>	-	-	-	<b>26.82%</b>	-	-									<b>NA</b>	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Turnover of Taxonomy -non-eligible activities</b>		<b>1,523,921</b>	<b>73.18%</b>																
<b>TOTAL</b>		<b>2,082,331</b>	<b>100%</b>																

Legend  
 CCM - Climate Change Mitigation  
 PPC - Pollution Prevention and Control  
 Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
 N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
 N/EL - Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.  
 n.s. - Not Significant  
 NA - Not Applicable

**Table: 2023 CAPEX KPIs**

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Economic activities (1)		Euro/000	%	Y; N; NEL	Y; N; NEL	Y; N; NEL	Y; N; NEL	Y; N; NEL	Y; N; NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%		
Text																			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																			
-																			
<b>CapEx of Taxonomy-aligned activities (A.1)</b>																			
-																			
<b>A.2 Taxonomy-Eligible but not Taxonomy-aligned activities</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation using solar photovoltaic technology	CCM 4.1	788	0.25%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.33%		
Production of heat/cool from solar thermal heating	CCM 4.21	-	-	-	-	-	-	-	-								0.03%		
Renewal of waste water collection and treatment reflue	CCM 5.4	-	-	-	-	-	-	-	-								1.05%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	74	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.44%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	58	0.019%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.07%		
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	7,481	2.40%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								NA		
Manufacture of medicinal products	PPC 1.2	6,126	1.96%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								NA		
<b>CapEx of Taxonomy-eligible but not Taxonomy-aligned activities (A.2)</b>		<b>14,527</b>	<b>4.66%</b>	<b>0.29%</b>	-	-	<b>4.36%</b>	-	-								<b>1.92%</b>		
<b>A. CapEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>14,527</b>	<b>4.66%</b>	<b>0.29%</b>	-	-	<b>4.36%</b>	-	-								<b>1.92%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>CapEx of Taxonomy -non-eligible activities</b>		<b>297,513</b>	<b>95.34%</b>																
<b>TOTAL</b>		<b>312,040</b>	<b>100%</b>																

**Legend**

CCM - Climate Change Mitigation

PPC - Pollution Prevention and Control

Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL - Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

n.s. - Not Significant

NA - Not Applicable

**Table: 2023 OPEX KPIs**

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Economic activities (1)		Euro/000	%	Y; N; NEL	Y; N; NEL	Y; N; NEL	Y; N; NEL	Y; N; NEL	Y; N; NEL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																			
-																			
<b>OpEx of Taxonomy-aligned activities (A.1)</b>																			
<b>A.2 Taxonomy-Eligible but not Taxonomy-aligned activities</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation using solar photovoltaic technology	CCM 4.1	n.s.	n.s.	EL	N/EL	N/EL	N/EL	N/EL	N/EL									NA	
Production of heat/cool from solar thermal heating	CCM 4.21	-	-	-	-	-	-	-	-									NA	
Renewal of waste water collection and treatment effluent	CCM 5.4	-	-	-	-	-	-	-	-									NA	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	n.s.	n.s.	EL	N/EL	N/EL	N/EL	N/EL	N/EL									NA	
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	n.s.	n.s.	EL	N/EL	N/EL	N/EL	N/EL	N/EL									NA	
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	3,748	5.42%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									NA	
Manufacture of medicinal products	PPC 1.2	20,923	30.28%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									NA	
<b>OpEx of Taxonomy -eligible but not Taxonomy -aligned activities (A.2)</b>		<b>24,671</b>	<b>35.70%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>35.70%</b>	<b>-</b>	<b>-</b>									<b>NA</b>	
<b>A. OpEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>24,671</b>	<b>35.70%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>35.70%</b>	<b>-</b>	<b>-</b>									<b>NA</b>	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of Taxonomy -non-eligible activities</b>		<b>44,428</b>	<b>64.30%</b>																
<b>TOTAL</b>		<b>69,099</b>	<b>100%</b>																

Legend  
 CCM - Climate Change Mitigation  
 PPC - Pollution Prevention and Control  
 Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
 N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
 N/EL - Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.  
 n.s. - Not Significant  
 NA - Not Applicable

In the context of the objectives of adaptation to and mitigation of climate change, in 2023, it is specified that the Recordati group carried out an analysis to determine the alignment, as a percentage, of CAPEX and OPEX, for each economic activity initially identified as eligible. The analysis made it possible to define how the portion of eligible CAPEX, against the criteria envisaged, is negligible and quantifiable at below 1% of total Group CAPEX (see the breakdown in the "2023 CAPEX KPIs" table). Considering the low significance of the portion of eligible CAPEX and given the limitations on the current ability to analyse all the envisaged criteria to define the alignment, we are currently unable to define the related portion of CAPEX aligned to Regulation 852/2020. Additionally, given the small percentage of CAPEX, it is believed that the relative share of OPEX will also be negligible.

## 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 2023 the Group's commitment to sustainability was reiterated with the preparation of the seventh 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 2023 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 2023 Annual Report, Corporate governance report and ownership structure, and Remuneration Report.

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 2023 (reporting period: 1 January to 31 December 2023). The 2023 Non-Financial Statement has been prepared in accordance with the latest version of the GRI Sustainability Reporting Standards, updated in 2021 by GRI (Global Reporting Initiative).

The report was prepared based on the results of the materiality analysis prepared on the basis of the methodology proposed by the GRI 3: Material Topics 2021 standard. This analysis, described in paragraph 2.3, enabled identification of impacts and the related material aspects 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 2023 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 2023, 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:

- the scope of information and data regarding environmental aspects (e.g. energy use, emissions, water use and waste) includes Group production plants and annexed offices (including the offices of the parent company based in Milan) as the information relating to other sites is not deemed significant.
- the scope of the injury indicators includes employees at Group production plants and their annexed offices, including the parent company's offices (Milan). Data is also included for personnel from the sales network (Field Forces - medical sales representatives) within Italy.
- 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. Any changes to data already released in previous years have been indicated in the text, including the reasons for any restatements. 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 2023.

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 8 March 2024 and was approved by the Board of Directors of Recordati S.p.A. on 19 March 2024.

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".

Quantitative indicators that do not refer to certain General or Topic-specific disclaimers of the GRI Standards, which are reported on the pages indicated in the Content Index, are not subject to limited review by the auditing company.

### Contacts

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## 9.3 ADDITIONAL INFORMATION

### Human Resources - Turnover

#### Employees entering and leaving the company by gender, age and location

No. of employees	2023				2022					
	<30	30-50	>50	Total Turnover %	<30	30-50	>50	Total Turnover %		
<b>Employees joining the Group - Europe</b>					<b>Employees leaving the Group - Europe</b>					
Men	31	118	29	178	12%	16	85	80	181	12%
Women	42	158	29	229	17%	12	129	82	223	16%
<b>Total</b>	<b>73</b>	<b>276</b>	<b>58</b>	<b>407</b>	<b>14%</b>	<b>28</b>	<b>214</b>	<b>162</b>	<b>404</b>	<b>14%</b>
<b>Turnover %</b>	<b>42%</b>	<b>17%</b>	<b>5%</b>	<b>14%</b>	<b>16%</b>	<b>13%</b>	<b>15%</b>	<b>14%</b>		
<b>Employees joining the Group - Asia and Oceania</b>					<b>Employees leaving the Group - Asia and Oceania</b>					
Men	34	64	7	105	20%	29	68	8	105	20%
Women	41	74	8	123	25%	17	56	3	76	16%
<b>Total</b>	<b>75</b>	<b>138</b>	<b>15</b>	<b>228</b>	<b>23%</b>	<b>46</b>	<b>124</b>	<b>11</b>	<b>181</b>	<b>18%</b>
<b>Turnover %</b>	<b>59%</b>	<b>17%</b>	<b>17%</b>	<b>23%</b>	<b>36%</b>	<b>16%</b>	<b>13%</b>	<b>18%</b>		
<b>Employees joining the Group - Africa</b>					<b>Employees leaving the Group - Africa</b>					
Men	8	17	1	26	17%	6	28	0	34	22%
Women	22	24	0	46	22%	9	22	0	31	15%
<b>Total</b>	<b>30</b>	<b>41</b>	<b>1</b>	<b>72</b>	<b>20%</b>	<b>15</b>	<b>50</b>	<b>0</b>	<b>65</b>	<b>18%</b>
<b>Turnover %</b>	<b>48%</b>	<b>15%</b>	<b>4%</b>	<b>20%</b>	<b>24%</b>	<b>18%</b>	<b>0%</b>	<b>18%</b>		
<b>Employees joining the Group - America</b>					<b>Employees leaving the Group - America</b>					
Men	2	20	16	38	41%	2	7	10	19	20%
Women	7	22	8	37	34%	2	14	11	27	25%
<b>Total</b>	<b>9</b>	<b>42</b>	<b>24</b>	<b>75</b>	<b>37%</b>	<b>4</b>	<b>21</b>	<b>21</b>	<b>46</b>	<b>23%</b>
<b>Turnover %</b>	<b>60%</b>	<b>43%</b>	<b>26%</b>	<b>37%</b>	<b>27%</b>	<b>22%</b>	<b>23%</b>	<b>23%</b>		

### Water management

#### Water withdrawal at Recordati group production plants located in water-stressed areas<sup>62</sup>, by source

	Unit of measurement	2023	2022	% Variation
Surface water	ML	805	804	0.1%
Groundwater	ML	894	894	0%
Mains water	ML	80	75	6.7%
<i>of which, groundwater</i>	<i>ML</i>	<i>80</i>	<i>75</i>	<i>6.7%</i>
<b>Total</b>	<b>ML</b>	<b>1,779</b>	<b>1,773</b>	<b>0.3%</b>

### Annual total compensation ratio<sup>63</sup>

#### Fixed remuneration

In 2023, the ratio between the fixed remuneration of the highest-paid individual (CEO) and the median of Recordati S.p.A. employees was 23.8 (25.8 in 2022).

The ratio between the fixed remuneration of the highest-paid individual (CEO) and the median of Recordati group employees was 27.6 in 2023 (29.4 in 2022).

#### Total Remuneration

In 2023, the ratio between the total remuneration of the highest-paid individual (CEO) and the median of Recordati S.p.A. employees was 41.0.

While considering, the ratio between the total remuneration of highest-paid individual (CEO) and the median of Recordati group employees was 46.6 in 2023.

#### Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

No legal action for anti-competitive behaviour, anti-trust cases or monopoly practices was reported during 2023.

#### Incidents of discrimination and corrective actions taken











There were no proven cases of discrimination recorded in 2023.

The two cases already discussed in the 2022 Non-Financial Statement are still pending, with no significant developments to report. These were brought by two former employees of the company EUSA US relating to claims filed prior to the acquisition. EUSA had already asked an independent law firm to conduct in-depth investigations, which concluded that the allegations of discrimination were absolutely unfounded and, therefore, the company will continue to prepare its defence pending trial.

<sup>62</sup> The Group's plants located in water-stressed areas are the Italian plant in Campoverde di Aprilia, the Tunisian plant in Kelaat El Andalou and the Turkish plant in Çerkezköy. The Aqueduct tool developed by the World Resources Institute was used to determine water-stressed areas. Sites are classified as subject to water stress if they have a rating of "Extremely high", "High" or "Medium high".

<sup>63</sup> Total remuneration has been calculated considering the fixed amount and variable short-term bonus received in 2023. It is also noted that there is no comparison with the previous year as the CEO, who joined the Group on 1 December 2021, did not receive any variable remuneration in 2022.

## List of material topics and main associated impacts

List of material topics	Main associated impacts
 1. Product quality and safety	Implementation of activities, quality control personnel, and procedures throughout the system (from research and development, to procurement of raw materials, to production and sales) intended to guarantee respect for product quality and safety and ensure patient health and safety. Despite rigorous compliance with standards and regulations, like any company operating in the pharmaceuticals sector, the Group could be potentially exposed to product liability risk for damages caused by its pharmaceuticals (with the potential need for product recalls, impacts on patient health and consequent economic or reputational impacts for the company)
 2. Business ethics, integrity, anti-corruption	Management of activities in full compliance with regulations, current laws and ethical principles, in particular with regards to the highest standards to prevent active and passive corruption and avoid potential negative impacts on stakeholders caused by breaches of laws and regulations on business conduct
 3. Employee health, safety & wellbeing	Depending on their role, employees are exposed to potential health and safety risks. The promotion of management systems to continuously improve health and safety, worker well-being and the promotion of training programs are fundamental to effectively mitigate injuries and occupational diseases
 4. Diversity and Inclusion	Optimising diversity and promoting inclusive practices make it possible to motivate people, enrich innovation ability and better respond to transformations in both society and markets. In contrast, a non-inclusive working environment that does not respect diversity may have impacts for the rights and equal opportunities of people, and could reduce the company's ability to attract new talent
 5. Access to medicine and healthcare	The high-quality and accessible products offered through the SPC division, the strengthening of the presence in the rare diseases segment to offer innovative treatments that meet serious unmet medical needs as well as awareness-raising initiatives support access to the best possible treatments and improve the quality of life of patients and their families
 6. Waste management and circular economy	If not managed correctly through stringent standards and procedures, waste generated - which predominantly relates to the production process - can have impacts on the environment and in the well-being of local communities. Reducing the use of natural resources through circular economy initiatives can have a positive impact on the environment and stakeholders and can generate innovation and new technologies
 7. Fight against climate change	The generation of GHG emissions through business activities or along the supply chain has impacts on the environment and stakeholders. On the other hand, the use of renewable energy and energy efficiency initiatives can help mitigate the impact of climate change
 8. Human resources management and development	The promotion of opportunities for growth, training and development has a positive impact on staff motivation, growth of expertise and talent attraction and retention
 9. Research and development	The expansion of research and development activities makes it possible to offer new therapies and respond to currently unmet medical needs. In this area, the promotion of the utmost rigour in the conduction of clinical trials is also a priority, as is respecting the health and safety of all involved parties
 10. Responsible marketing	Accurate, complete and transparent sharing of information, also with doctors and healthcare workers, when promoting medicinal products, in compliance with current regulations and ethical standards, makes it possible to offer patients the best therapeutic assistance and avoid possible negative impacts linked to misleading communications
 11. Value creation and its distribution	The creation of economic value deriving from the business and its distribution among the various categories of stakeholders contributes to the development of the countries in which the Group operates, generating a positive impact on society and on stakeholders
 12. Water management	Excessive water intake especially in water-stressed areas, and lack of or inadequate wastewater treatment, can lead to environmental impacts as well as health problems for the communities
 13. Privacy and data protection	The promotion of personal data management models supports the protection of privacy and the data itself, avoiding consequent harm and negative impacts on stakeholders
 14. Responsible sourcing	Responsible management of the selection, qualification, assessment and monitoring processes for suppliers/strategic partners, which also considers ESG aspects, helps to prevent potential risks and negative impacts on the environment, society and people (including human rights), throughout the supply chain
 15. Support for local communities	Support for local communities encourages local development and strengthens relationships with relevant stakeholders



## 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>Value creation and its 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 medicine 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, safety &amp; wellbeing</b>	<b>GRI 401:</b> Employment	Relating to personnel	Recordati group; Employees	Caused by the Group
	<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 inclusion</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 Human rights	Recordati group; Employees	Caused by the Group
<b>Human resources management and development</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>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	Recordati group	Caused by the Group
<b>Water management</b>	<b>GRI 303:</b> Water and Effluents	Environmental	Recordati group	Caused by the Group
<b>Waste management and circular economy</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 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



GRI 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.

**Statement of use** Recordati group has submitted a report in accordance with the GRI Standards for 1 January 2023 to 31 December 2023.

**Use of GRI 1** GRI 1 - Foundation - 2021 version

GRI Standard	Disclosure	References and other information	Omissions <i>Requirements omitted, reason and explanation</i>
<b>GENERAL DISCLOSURES</b>			
<b>The organization and its reporting practices</b>			
	2-1 Organizational details	Page 129-131	
	2-2 Entities included in the organization's sustainability reporting	Page 216	
	2-3 Reporting period, frequency and contact point	Page 216	
	2-4 Restatements of information	Page 216	
	2-5 External assurance	Page 225-227	
<b>Activities and workers</b>			
	2-6 Activities, value chain and other business relationships	Page 129-131, 133. Annual Report 2023, "Review of Operations" section	
	2-7 Employees	Page 176-178, 181	
	2-8 Workers who are not employees	Page 176	
<b>Governance</b>			
	2-9 Governance structure and composition	Page 133, 136, Corporate governance report and ownership structure, "Profile of the issuer and general information", "Board of Directors" sections	
	2-10 Nomination and selection of the highest governance body	Corporate governance report and ownership structure, "Profile of the issuer and general information", "Board of Directors" sections	
	2-11 Chair of the highest governance body	Corporate governance report and ownership structure, "Profile of the issuer and general information", "Board of Directors" sections	
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 136, 141	
	2-13 Delegation of responsibility for managing impacts	Page 136	
	2-14 Role of the highest governance body in sustainability reporting	Page 216	
	2-15 Conflicts of interest	Recordati web site > Governance > Compliance Programmes (i.e. Recordati Group Code of Ethics); Corporate governance report and ownership structure, "Ownership structure", "Directors' interests and related-party transactions" sections and Attachment 1 "professional overview of the Directors and Statutory Auditors"	
	2-16 Communication of critical concerns	Page 136, 156-157, 161, 181, 187-188	
	2-17 Collective knowledge of the highest governance body	Page 136, Corporate governance report and ownership structure, Attachment 1 "professional overview of the Directors and Statutory Auditors"	
	2-18 Evaluation of the performance of the highest governance body	Corporate governance report and ownership structure "Self-assessment and succession of Directors" section	
	2-19 Remuneration policies	Report on the Remuneration Policy and the remuneration paid	
	2-20 Process to determine remuneration	Report on the Remuneration Policy and the remuneration paid	
	2-21 Annual total compensation ratio	Pag. 217	

**GRI 2:  
general  
disclosures  
(2021)**



GRI Standard	Disclosure	References and other information	Omissions <i>Requirements omitted, reason and explanation</i>
<b>Strategy, policies and practices</b>			
	2-22 Statement on sustainable development strategy	Page 126	
	2-23 Policy commitments	Page 132, 153-154, 204, Recordati web site > Governance > Compliance Programmes (i.e. Recordati Group Code of Ethics);	
	2-24 Embedding policy commitments	Page 145-150, 154, 156-157, 204	
	2-25 Processes to remediate negative impacts	Page 172	
	2-26 Mechanisms for seeking advice and raising concerns	Page 153-154, 156-157	
	2-27 Compliance with laws and regulations	Page 172, 193	
	2-28 Membership associations	Page 139	
<b>Stakeholder engagement</b>			
	2-29 Approach to stakeholder engagement	Page 138, 141	
	2-30 Collective bargaining agreements	Page 190	

## MATERIAL TOPICS

<b>GRI 3: Material topics (2021)</b>	3-1 Process to determine material topics	Page 138, 142
	3-2 List of material topics	Page 142, 218

## Topic-specific standards

### GRI 200: ECONOMIC SERIES (2016)

#### Economic performance

<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 134
<b>GRI 201: Economic performance (2016)</b>	201-1 Direct economic value generated and distributed	Page 134

#### Market presence

<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 175
<b>GRI 202: Market presence (2016)</b>	202-2 Proportion of senior management hired from the local community	Page 176

#### Indirect economic impacts

<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 134, 207
<b>GRI 203: Indirect economic impacts (2016)</b>	203-1 Infrastructure investments and services supported	Page 134, 207

#### Anti-corruption

<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 152-156
<b>GRI 205: Anti-corruption (2016)</b>	205-1 Operations assessed for risks related to corruption	Page 152-156
	205-3 Confirmed incidents of corruption and actions taken	Page 156

GRI Standard	Disclosure	References and other information	Omissions <i>Requirements omitted, reason and explanation</i>
<b>Anti-competitive behaviour</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 152-156	
<b>GRI 206: Anti-competitive behaviour (2016)</b>	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Page 217	
<b>Tax</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 160-161	
<b>GRI 207: Tax (2019)</b>	207-1 Approach to tax	Page 160-161	
	207-2 Tax governance, control and risk management	Page 160-161	
	207-3 Stakeholder engagement and management of concerns related to tax	Page 160-161	
	207-4 Country-by-country reporting	Page 161	
<b>GRI 300: ENVIRONMENTAL SERIES (2016)</b>			
<b>Energy</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 192-196	
<b>GRI 302: Energy (2016)</b>	302-1 Energy consumption within the organization	Page 193-195	
<b>Water and effluents</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 192, 198-199	
<b>GRI 303: Water and effluents (2018)</b>	303-1 Interactions with water as a shared resource	Page 198-199	
	303-2 Management of water discharge-related impacts	Page 198-199	
	303-3 Water withdrawal	Page 199, 217	
<b>Emissions</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 192, 196	
<b>GRI 305: Emissions (2016)</b>	305-1 Direct (Scope 1) GHG emissions	Page 197	
	305-2 Energy indirect (Scope 2) GHG emissions	Page 197	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other air emissions	Page 197	
<b>Waste</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 192, 199-200	
<b>GRI 306: Waste (2020)</b>	306-1 Waste generation and significant waste-related impacts	Page 199-200	
	306-2 Management of significant waste-related impacts	Page 199-200	
	306-3 Waste generated	Page 200	
	306-4 Waste diverted from disposal	Page 200	
	306-5 Waste directed to disposal	Page 200	



GRI Standard	Disclosure	References and other information	Omissions <i>Requirements omitted, reason and explanation</i>
<b>Supplier Environmental Assessment</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 143-144, 150, 204-205	
<b>GRI 308: Supplier Environmental Assessment (2016)</b>	308-1 New suppliers that were screened using environmental criteria	Page 171, 204-205	
<b>GRI 400: SOCIAL SERIES (2016)</b>			
<b>Employment</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 175-177, 182	
<b>GRI 401: Employment (2016)</b>	401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 178, 217 Page 182	
<b>Occupational Health and Safety</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 175, 187-189	
<b>GRI 403: Occupational Health and Safety (2018)</b>	403-1 Occupational health and safety management system	Page 187-189	
	403-2 Hazard identification, risk assessment and incident investigation	Page 187-189	
	403-3 Occupational health services	Page 187-189	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 187-189	
	403-5 Worker training on occupational health and safety	Page 189	
	403-6 Promotion of worker health	Page 187-189	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 187-189	
	403-9 Work-related injuries	Page 189	
	403-10 Work-related ill health	Page 189	
<b>Training and education</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 175, 183	
<b>GRI 404: Training and education (2016)</b>	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs	Page 183 Page 183	
<b>Diversity and equal opportunities</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 175, 180	
<b>GRI 405: Diversity and equal opportunity (2016)</b>	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men	Page 133, 176, 181. Corporate governance report and ownership structure "Board of Directors" section Page 182	

<b>GRI Standard</b>	<b>Disclosure</b>	<b>References and other information</b>	<b>Omissions</b> <i>Requirements omitted, reason and explanation</i>
<b>Non-Discrimination</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 175, 180	
<b>GRI 406: Non-Discrimination (2016)</b>	406-1 Incidents of discrimination and corrective actions taken	Page 217	
<b>Supplier Social Assessment</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 143, 150, 204-205	
<b>GRI-414: Supplier Social Assessment (2016)</b>	414-1 New suppliers that were screened using social criteria	Page 171, 204-205	
<b>Customer health and safety</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 170-171, 172-173	
<b>GRI 416: Customer health and safety (2016)</b>	416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 170-171, 172-173 Page 172-173	
<b>Marketing and labelling</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 172-173	
<b>GRI 417: Marketing and labelling (2016)</b>	417-2 Incidents of non-compliance concerning product and service information and labeling 417-3 Incidents of non-compliance concerning marketing communications	Page 172 Page 172	
<b>Customer Privacy</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 157, 163	
<b>GRI 418: Customer Privacy (2016)</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 157	
<b>Access to medicine and healthcare</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 166-167	
<b>Research and development</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 163, 168	



## 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, paragraph 1 item g), 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>, 2023 in accordance with article 4 of the Decree and approved by the Board of Directors on March 19<sup>th</sup>, 2024 (hereinafter "DNF").

Our limited assurance engagement does not cover the information included in the paragraph "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.

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Sede Secondaria: Via Lombardia, 31 – 00187 Roma  
Capitale Sociale Euro 2.600.000,00 i.v.  
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003  
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### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International 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 applied the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintained 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 Milano (MI) 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 site visit 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>, 2023 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 "European Taxonomy" of the DNF itself, that are required by art.8 of the European Regulation 2020/852.

Milan, March 28<sup>th</sup>, 2024

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.