



Sustainability report 2019





Index

	Letter from the Chairman	4
1	Guard the future	6
	Operating in an attractive and fast growing market	9
	A fragmented market moving towards consolidation	9
	Sustainability Vision	10
	Sustainable Development Goals (SDGs)	11
	Sustainability Governance	12
	Materiality Matrix	12
	The fruit of our commitment	14
2	Everyone is part of the value chain	17
	Growing while being true to ourselves	17
	Our values	18
	Our people	19
	FIS's commitment to its people	20
	Remuneration policies	20
	Initiatives and tangible examples of our commitment	21
	JOJOB: the car pooling project gets off to a good start	21
	Wellness Opportunity at Work (WOW) programme	22
	Training and development	22
	Commitment to the world of education	24
	Schools, universities, initiatives and relationships	25
	Health and safety of our people	26
3	Together for sustainable chemistry	30
	Responsible development and innovation	30
	Water, an essential asset	31
	Management of by-products	32
	Energy consumption	33
	MOM project	34
	A vocation for research and development	35
	Widespread innovation and our way of doing things	35
4	Sharing value throughout the supply chain	38
	Our quality	39
	FIS and its customers	39
	FIS and its suppliers	40
	Our commitment to data integrity	40
5	Growing together responsibly	43
	Our stakeholders	43
	Our relationship with local communities	44
	Our stakeholder engagement model	44
6	Methodological note	47
	GRI Indicator data tables	48
	GRI - Content Index	56

Letter from the Chairman

Last year was characterized by various major events that represented a moment of transition and change, to which we responded by maintaining our leading market position, completing our business development plans and, thus, managing to grow in the context of a favourable market.

To seize the good opportunities offered by our reference market, Active Pharmaceutical Ingredients (API), we have to know how to move with the times while staying true to our values, which have remained the same since the company was founded more than 60 years ago. This is how we should see the great changes we experienced in 2019, including the arrival of a new CEO and the redefinition of our business plan.

The economic results we have achieved are essential to supporting our policy of sustainability, though we are aware that we need to make a greater commitment in the future to ensure that, as a principle, it guides our decisions and becomes an even more distinctive and competitive factor in our business.

To achieve this, we have formalized our Sustainability Vision, articulated in the three main pillars that distinguish our vision of the future. Furthermore, for the first time, we have decided to produce this report on an annual basis, rather than every two years. Finally, we are consolidating our commitment by adopting the United Nations' Sustainable Development Goals (SDGs).

In order to be a market leader, it is simply not enough to be the best in terms of market share, competitiveness, or supplier loyalty. Being a leader means knowing how to anticipate the times and help drive cultural and social change.

The market, our partners, and society as a whole expects us to continuously improve on what we already know how to do. And our strength lies in the awareness of having the means to achieve the goal through experience, know-how, and determination to improve and to grow.

This Sustainability Report speaks of our company and underlines the importance of its values and vision and our strategic choices. It is the result of collaboration and an awareness that engages us all in outlining our future in a truly sustainable way.



Giampaolo Ferrari
Chairman



1

Guard
the future

Guard the future

FIS is a company with a production capacity that meets the Good Manufacturing Practices (GMP) standard, positioning itself as the market leader in Italy and among the market leaders in Europe for the production of cutting-edge active ingredients and intermediates for the pharmaceutical industry.

We are an Italian company, founded in 1957 in Montecchio Maggiore in the Province of Vicenza, with factories also in Lonigo, Vicenza and Termoli, Campobasso, specializing in the production of chemical products for the pharmaceutical industry. Our core business is represented by:

- **Custom Synthesis**, the exclusive production of intermediates, advanced intermediates and active ingredients for patent-holding pharmaceutical companies;
- The **generic market for which we develop and market** active ingredients such as tranquillisers, anxiolytics,

antibacterials, anticonvulsants, anti-inflammatories, diuretics, analgesics and cardiovascular drugs for which patent rights have expired;

- The **veterinary market** with both generic products and custom products.

We also provide a series of integrated services ranging from the optimisation of the synthesis and scale-up process to large-scale production of commercial quantities.

Our commitment - summarised in our promise **“To feed and contribute the growth and development of the entire**

ecosystem: families, local area, customers” - is meant as a

constant international point of reference for the pharmaceutical industry and is why **we guarantee our customers** integrated services that include research and development, optimisation of chemical synthesis processes, and growth strategies to guarantee large-scale production. The end-user of our active ingredients is the patient suffering from a disease or condition and it is essential to be able to guarantee quality and safety of use aimed at therapeutic efficacy, improving the quality of life of the patient and the people around them.

The pharmaceutical market value chain



FIS - Fabbrica Italiana Sintetici S.p.A. is controlled by Nine Trees Group S.p.A., which also controls the companies:

- **Anemocyte**, an Italian biotechnology company dedicated to the development and production of innovative biological drugs;
- **Delmar**, a strategic company that specializes in the manufacture of intermediates and, most

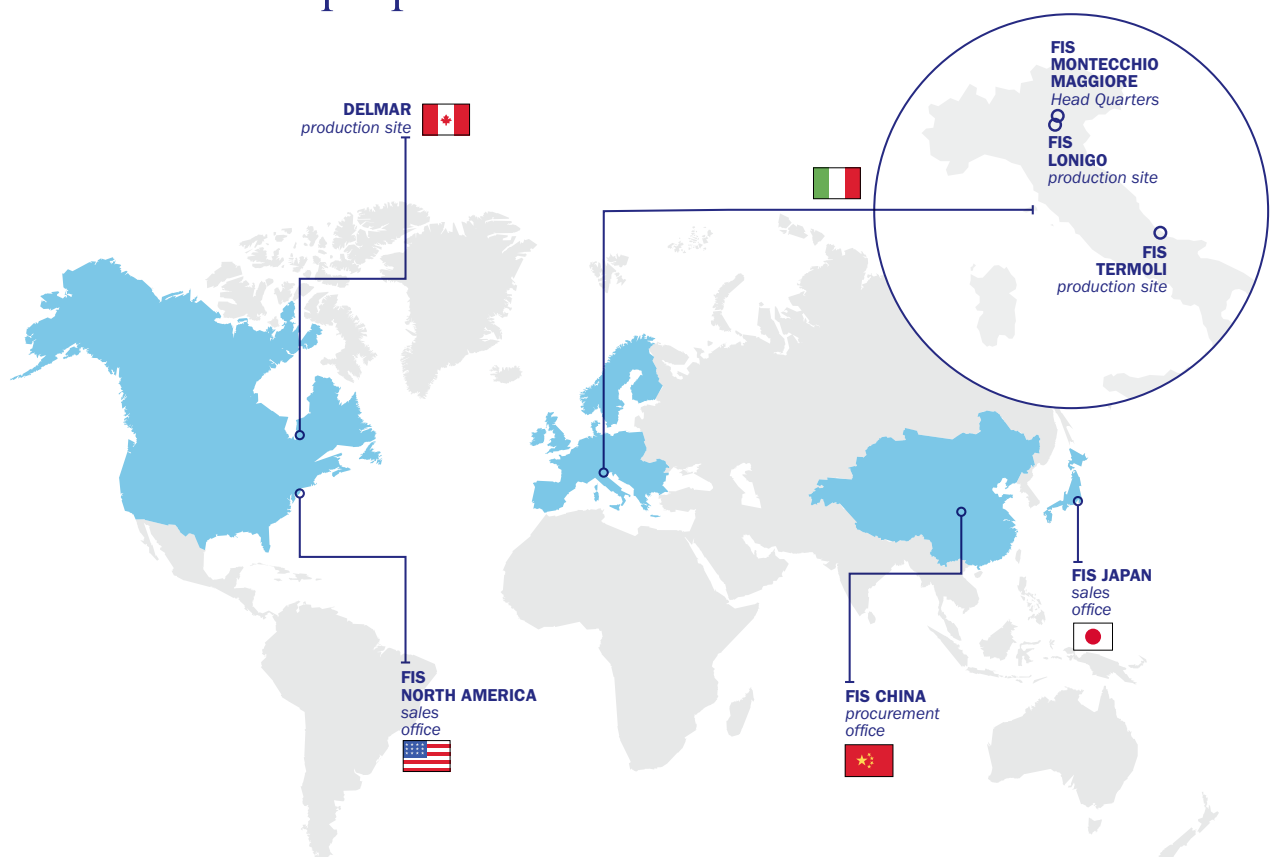
recently, active ingredients, with a production site authorized by the US Food and Drug Administration (FDA);

- **FIS North America Inc.**, is appointed as the FIS agent for the North American market;
- **PHF**, an independent Swiss company that develops and manufactures finished pharmaceutical and nutritional products for marketing through selected distributors across

all countries. It is also offers itself to sector companies as an investor in high-tech pharmaceutical projects.

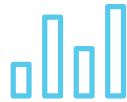
FIS also has a representative **office in China** that supports the building and maintenance of relationships with Far Eastern raw materials suppliers, and has recently inaugurated another representative **office in Japan**.

Nine Trees Group S.p.A. Chemical Business United





62
YEARS IN BUSINESS



452,489
TURNOVER (K€)



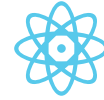
1,745
EMPLOYEES



3
SITES



250
R&D EMPLOYEES



3500
M³ PRODUCTION CAPACITY

The beginning and growth

The Ferrari family, with the help of a group of pioneers from within the Italian chemical sector, founded Fabbrica Italiana Sintetici. In 1957, the first plant was established in Alte di Montecchio Maggiore. In the 1960s, FIS became leader in the production of Benzodiazepines, Furanics and other products such as Furosemide, a diuretic drug still produced today by the company. It received the first authorisation from the US Food and Drug Administration.

Consolidation and new international challenges

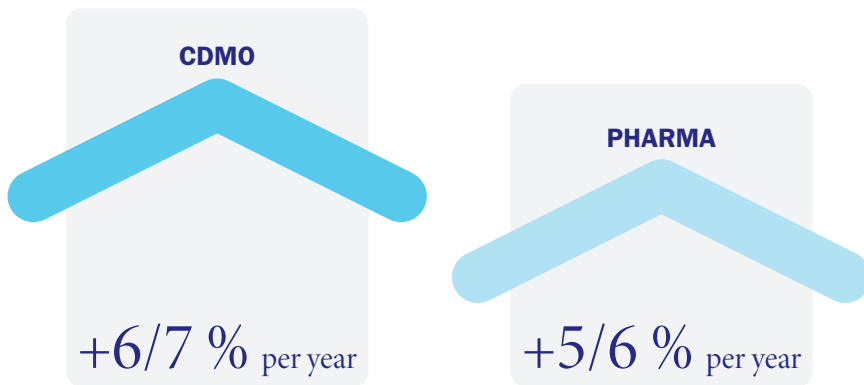
The range of Generic offerings grew continuously, when at the end of the '70s a new market emerged, Custom Synthesis. The continuous efforts to grow this sector soon began to reap the first rewards and we looked with even more determination to international markets.

Green growth and the courage to look beyond

Towards the end of the 1980s, business grew both in terms of products and contacts in the field of Custom Synthesis, which called for an expansion in production capacity (Termoli). Despite the outsourcing crisis, FIS continued to invest, with ever increasing attention to the environment and the attainment of important certifications.

Continuous and responsible innovation

FIS ushered in the new millennium with investment in the new High Potent molecule sectors, in innovative process technologies, such as Fluid Bed Drying, Spray Drying and Sterile, and in new Quality Control laboratories. A new plant in Lonigo was acquired and the number of employees reached 1,750 (up 175% from 2009). In 2017, FIS celebrated its 60th year in business, with a focus on the future.



Source: Source: EY - Consolidation of the CDMO industry: opportunities for current players and new entrants

Operating in an attractive and fast growing market

The transformations taking place in the pharmaceutical industry, including more strict regulations, modernization, price pressure, and greater market complexity, are increasingly motivating Pharma companies to outsource services to **Contract Development and Manufacturing Organizations (CDMOs)**, such as FIS, which provide services and chemicals to the pharmaceutical industry.

The outsourcing of development and manufacturing services allows Pharmas to focus on their core businesses such as R&D and marketing. In this way, they can reduce the costs, risks, and time-to-market of their products.

Other **growth factors in the CDMO** market include:

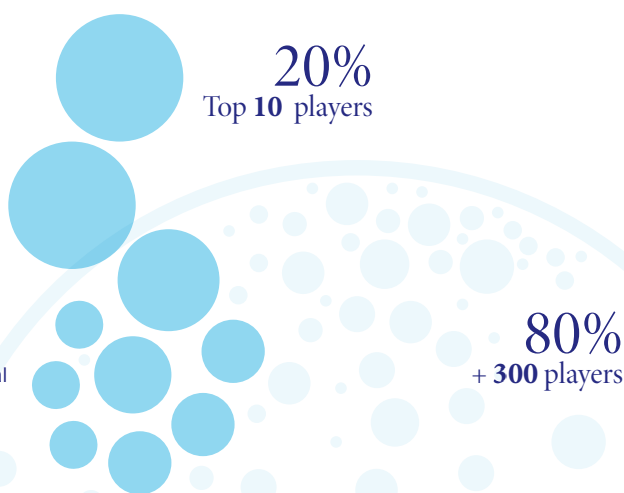
- The need to access innovative technologies, and the demand for specific skills which CDMOs possess;

- The production of a substantial series of new molecules awaiting FDA (U.S. Food and Drug Administration) approval;
- An increase in the number of generic drug molecules on the market;
- The emergence of Biopharma companies that have no production facilities and therefore turn to CDMOs.

A fragmented market moving towards consolidation

Although sector mergers and acquisitions are increasing rapidly, **the CDMO market is still extremely fragmented**, with the 10 top players sharing 20% of a market worth around \$70 billion.

In this context, **companies aim to grow in size, obtain greater operating margins**, and exploit the economies of scale that the sector offers, to thus trigger a positive cycle that can lead to further new investments.



Source: Visiongain Market Report Pharmaceutical Contract Manufacturing Market 2017-2027

Sustainability Vision

In 2019, we made a significant step forward in the direction of guiding our strategies through the pursuit of clear, shared, and sustainable goals.

To this end, starting with our values and an exploration of the needs of our stakeholders, we engaged all the main corporate departments in an active process of sharing and exchange in order to formulate a **Sustainability Vision based on three pillars** that we believe are an indispensable synthetic representation of our business' commitment to sustainability.



Each of these pillars is supported by specific strategies and actions that we are already implementing or that we plan to progressively implement from 2020 onwards, while monitoring their effects in order to analyse

their effectiveness. We know that the challenges of the future will require companies like ours to further integrate sustainability into business processes through win-win synergies able to produce both concrete economic results in

the interests of the company and long-term benefits for the whole of society.

We are well aware that sustainability is a win-win for us all.

Sustainable Development Goals (SDGs)

In 2015, the United Nations adopted the 2030 Agenda, identifying several ambitious goals to be achieved in order to guarantee our planet a sustainable future. Since then, the 17 Sustainable Development Goals (SDGs) have gradually been incorporated into the agendas of every entity, whether public or private, committed to making active contributions on key issues such as the fight against poverty, environmental protection, education for all, human rights and so on.

In compliance with the three pillars of our Sustainability Vision, our commitment towards our stakeholders is aligned to adherence with Sustainable Development Goals 4, 8 and 12 in particular, which we consider the closest to our core business and our own values.

4 QUALITY EDUCATION



4. TO PROVIDE QUALITY, FAIR AND INCLUSIVE EDUCATION, AND LEARNING OPPORTUNITIES FOR ALL

Goal 4 aims to ensure that all children, adolescents and adults have access to education and training appropriate to their needs and the context in which they live. This makes education a factor contributing to making the world safer, more sustainable and interdependent.

In this regard, FIS has always considered educational institutions to be a fundamental partner, and has supported various projects and initiatives, including the supply of School Diaries which explore a different cultural theme every year (e.g. chemistry, sustainability and, in 2020, combating verbal

harassment), and the development of soft skills such as Project Management, suitably adapted for the primary school dimension thanks to the expertise of the Project Management Institute.

8 DECENT WORK AND ECONOMIC GROWTH



8. TO PROMOTE LASTING, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT, AND DECENT WORK FOR ALL

Sustainable economic growth must not occur at the expense of the environment, which is why goal 8 also aims to improve efficiency in the consumption of global resources and of production, in order to prevent environmental degradation

connected to economic growth. This goal has always been coded within the DNA of FIS, with a particular focus over recent years on strong growth in recruitment of many young people and on the conversion of fixed-term to permanent contracts. In step

with the continuous growth in the number of female personnel, an innovative welfare system has been adopted, which, along with considerable investments to protect workers' health and safety, show how much this goal has been a priority.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



12. TO GUARANTEE SUSTAINABLE PRODUCTION AND CONSUMPTION MODELS

Goal 12 aims for an eco-friendly management of chemicals and waste, and a substantial reduction in waste production through such measures as recycling.

The correct environmental management of the substances we use in our production cycles is, for us, a priority inherent in our way of doing business. We can boast excellent management in the recovery of solvents, relying on an entire distillation department at our Montecchio site, with plans to extend this utility to our other production sites. Furthermore, in

recent years, our investment in trigeneration technology at the Montecchio site has allowed an 8% reduction in energy consumption with a consequent reduction in CO2 emission, along with an anticipated 5% reduction in ~~subsoil~~ water withdrawals for 2020.

Our sustainability governance

We have shaped a governance structure capable of meeting the daily needs of the company and allowing us to swiftly respond to our customers' needs. It has the merit of forging a synthesis between two distinctive aspects of FIS's success within the markets in which it operates. On the one hand, there is the family component, which is the custodian of the founding values that have guided our company over the years, on the other, there is the managerial component, with skills that are always up to global challenges and that thrusts our company into the future.

We strongly believe in an ethical approach to business and that there is no genuine sustainable development unless the driver of sustainability is part of the company's business strategy. For this reason, since 2015, FIS has had a Sustainability Contact who reports directly to the Board of Directors. This Governance structure has given even more relevance and substance to the issues of sustainable development within our company and helped the move from a reactive approach to

compliance to a proactive one in which sustainability is a lever for value creation. In particular, FIS is working towards greater integration of sustainability goals into the corporate strategy.

The Communications Department, established in 2017, has allowed us to establish a fruitful dialogue with all our stakeholders.

For some time we have adopted a **Code of Ethics** aimed at ensuring the entire company organisation conducts itself with respect for legality, honesty, integrity, fairness, transparency and good faith, all distinctive features of the FIS universe. All employees and those acting on behalf of FIS are required to know and comply with the provisions of the Code. Anyone can contact the Guarantor of the Code of Ethics, appointed by the Board of Directors, to report situations or behaviour that goes against what is contained therein.

Since 2011, in addition to the Code of Ethics, FIS has adopted an Organization, **Management and Control Model** in compliance with the provisions of Legislative

Decree 231/2001 on the administrative liability of entities. With this tool, the company has therefore equipped itself with a structured system of rules, procedures, roles, responsibilities and controls aimed at avoiding, within the various corporate activities and processes, that senior managers and employees of any level perform improper actions in relation to the offences contemplated by Legislative Decree 231/2001.

Including in 2019, we have periodically updated the Model to integrate evolving applicable legislation and monitor the evolution of processes and the company organization with a view to constantly pursuing the goal of preventing risks.

Supervision of the operation, adequacy, and application of the Model is guaranteed by an external and independent Supervisory Body, voted into office and formally appointed by the Board of Directors, which performs assessments, proposes actions and carries out control activities, also through inspections and audits.

Our Materiality Matrix

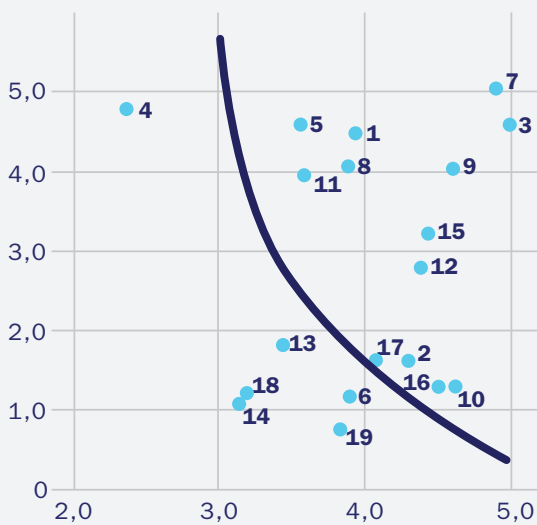
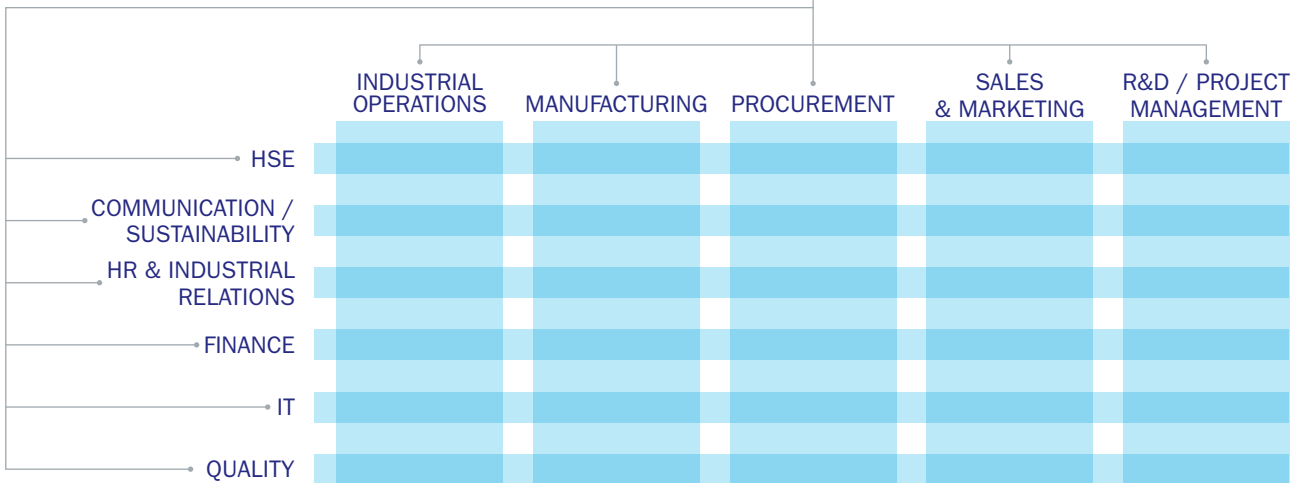
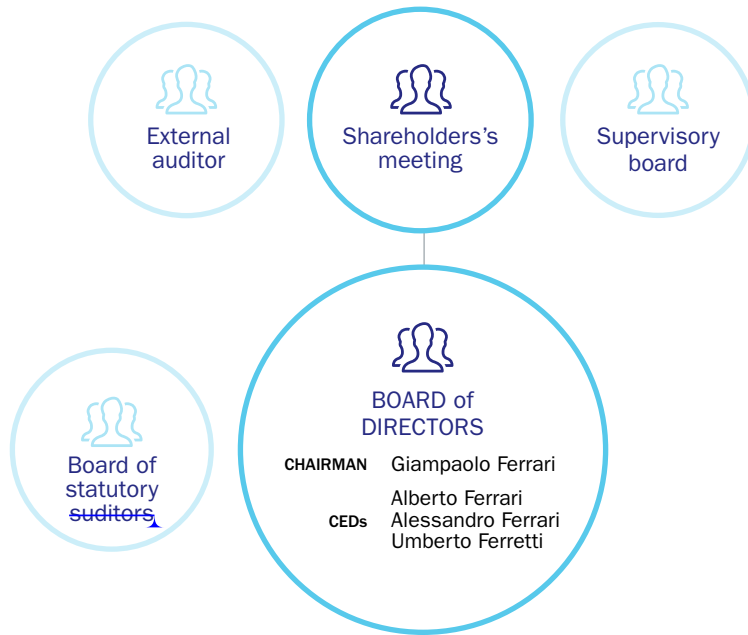
The reporting perimeter of this report takes into account the projects and activities undertaken or carried out by FIS during 2019. Facts, data and information relating to the other companies of Nine Trees Group S.p.A. are to be considered excluded. In accordance with the provisions of the GRI Standard, this report is based on a materiality analysis that identifies the reporting topics most

relevant to the company and its stakeholders.

The identification of sustainability topics began, in 2018, with a mapping of the company's stakeholders and a survey of the relevant topics for the reference market. The definition of a priority scale with regard material topics was conducted via a series of qualitative interviews conducted

with top management and the heads of the main company departments. The result of this effort is summarised visually in the following Materiality Matrix, whose material topics, above and to the right of the asymptote, will be discussed in detail in the following pages.

INTERRELATIONS BETWEEN CORPORATE DEPARTMENTS AND THE BOARD



no. TOPICS

- 1 Employee remuneration, benefits and welfare policies
- 2 Professional development
- 3 Occupational health and safety
- 4 Corruption
- 5 Business ethics (communications transparency, proactivity beyond compliance, etc.)
- 6 Governance and board composition
- 7 Product health and safety
- 8 Protection of data and intellectual property rights
- 9 Innovation, R&D and technological and process development (e.g. sustainable use of materials, enzymatic chemistry)
- 10 Supply continuity and conformity
- 11 Climate change, emissions and GHGs
- 12 Discharges, water pollution and recycling
- 13 Sustainable energy use
- 14 Initiatives to support the community
- 15 Production capacity, stock management, and delivery punctuality
- 16 Supply chain sustainability
- 17 Quality of relations with institutions
- 18 Respect for human rights
- 19 Job creation and maintenance

The fruit of our commitment

	Unit of measure	2015	2016	2017	2018	2019
Economic value generated						
Production value	k€	353,645	495,232	665,325	545,191	506,990
Income from equity investments	k€	-	-	-	-	-
Other financial income	k€	47	1,377	1,029	270	88
Extraordinary income	k€	515	-	-	-	-
FIS TOTAL	k€	354,207	496,609	666,354	545,461	507,078
Distributed economic value						
Operating costs						
Raw material costs	k€	186,360	260,009	374,641	278,711	228,715
Service costs	k€	47,049	60,456	85,623	88,642	79,585
Leased asset costs	k€	860	1,463	2,266	1,908	1,120
Raw material stock variations	k€	14,001	9,452	(10,424)	1,118	(7,554)
Other management costs (net of taxes)	k€	863	783	1,252	1,303	1,017
Extraordinary costs	k€	398	-	-	-	-
Value distributed to employees						
Personnel costs	k€	62,808	75,327	119,710	108,852	118,948
Value distributed to capital providers						
Interest and other financial costs	k€	1,782	2,433	3,759	7,754	13,530
Value distributed to Public Authorities						
Current and prepaid income tax	k€	13,076	22,347	12,094	(247)	(544)
Other management costs (tax value only)	k€	527	506	2,043	847	1,012
Value available to the holding						
Distributed dividends	k€	26,000	26,000	26,000	14,000	6,500
Value distributed to the community						
Donations	k€	281	7	43	51	15
Sponsorships	k€	-	-	-	-	-
Membership fees	k€	209	182	222	225	235
FIS TOTAL	k€	354,214	458,965	617,229	503,164	442,579
Economic value retained						
Profit (or loss) for the year (net of dividends)	k€	3,710	25,300	9,017	(5,710)	576
Amortization / Provisions / Write-downs / Revaluations	k€	23,743	31,646	43,300	48,303	51,288
Deferred taxes	k€	176	81	144	(15)	(93)
FIS TOTAL	k€	27,629	57,027	52,461	42,578	51,771

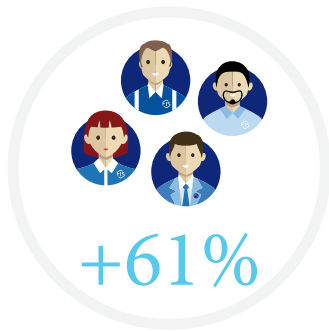


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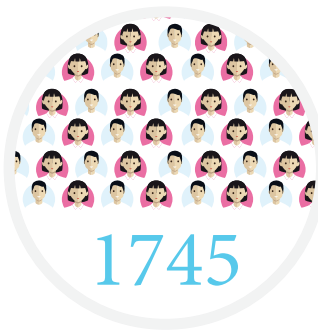


Everyone is part of the value chain

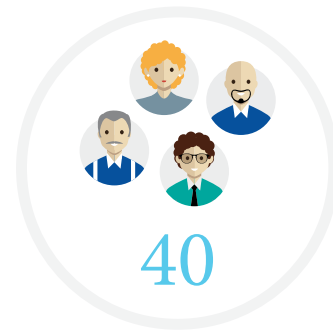
Our excellence and our growth go hand in hand with those of our people. People who, across the board, are encouraged to express their full potential. There is a strong link between company results and people, and growth is not aimed merely at profit, but at the development of the entire social fabric: families, local communities and customers.



ORGANIC GROWTH SINCE 2015



FIS PEOPLE



AVERAGE AGE

Growing while being true to ourselves

FIS was founded over 60 years ago, and today we are the proud bearers of a long history of success, satisfaction, and growth. 2019 presented us with a particularly challenging situation, like others we have experienced in the past, which we were able to face thanks to the strength and values that have always distinguished the company. Care for social, natural and labour capital has always been a priority for the company. The pay-off of our brand, "**Guard the future**", reflects our desire to be a company that seeks financial stability, and, in full respect of the market economy, aims for sustainable growth through the contribution of each and every one of its people.

In this regard, it was very important for us to publish in 2019 our project on values, which was started in 2018 on the basis of our **Code of Ethics and continued over the last few years**. To promote the project, we displayed a series of posters in our offices and created a dedicated web page for our people to learn about the behaviours that express our values and further understanding of the guiding spirit of our operations, including how to best contribute to the life of the company in a meaningful way and obtain equally concrete results and successes.

To further strengthen the communication project, we sought to promote discussion by inviting our people to speak about their experiences and passions beyond the work environment. This was a way to demonstrate how our values are a prerogative that goes beyond the simple working relationship and are capable of effectively orienting virtuous and meaningful behaviours. Thus, in 2019, the first three "Stories of value" were published as an editorial project presenting, via interviews, the stories of three colleagues, to be followed up by another 10 editions.

Our values

CONCRETENESS

Ability and determination in turning ideas into results and words into actions. Strong propensity to formulate incisive and substantial proposals and solutions. Ability to effectively plan and organise activities and tenaciously lead them towards the achievement of pre-set goals.

CREDIBILITY

Paying a great deal of attention to the perception that external and internal individuals have of the company and of the action of individuals in the interpretation of their roles. Expressing and promoting behaviours that are consistent with company values, company strategies and assumed roles and responsibilities. Individual commitment and collective action to put into practice the decisions taken.

RESPONSIBILITY

Taking care of people and situations as much as possible by always identifying contributions that can be made to solve problems. Not being content with having done your part without having achieved the right result. Considering the short and long-term impact of your own actions and decisions on others. Always considering the equilibrium of the system and people's relationship with their work.

SKILLS

Building an environment where people are encouraged to improve, have constant opportunities for developing their skills and decision-making autonomy and are well supported in such an effort. Paying particular attention to making the professional experience interesting and profitable by looking for ways to enhance individual potential but also identifying new skills (technical and managerial) that allow the company to develop positively.

TRUST

Awareness of personal and company capabilities for the development of the know-how to positively face the future. Trust in the contribution and support of colleagues and partners. Playing an active role in supporting colleagues both within their own roles and in inter-departmental relations. Believing in professional exchange and discussions as essential factors in problem solving and improvement.

91	2 8 18 32 20 9 2	Pa
		Passione 231.03588

27	2 8 15 2	Co
		Concretezza 58.933200

53	2 8 18 18 7	I
		Integrità 126.90447

24	2 8 13 1	Cr
		Credibilità 51.9961

16	2 8 6	S
		Saggezza 32.066

75	2 8 18 32 13 2	Re
		Responsabilità 186.207

92	2 8 18 32 21 9 2	U
		Umiltà 238.02891

6	2 4	C
		Competenza 12.0107

49	2 8 18 18 3	In
		Intraprendenza 114.818

9	2 7	F
		Fiducia 18.9984032

PASSION

Strong positive force towards the idea of a company that constantly improves, that is not content with satisfactory results but aims for excellence and growth. Feeling a sense of belonging and spreading a sense of pleasure in achieving results, regardless of the circumstances, favoured by a positive and engaging atmosphere that stimulates commitment and the enthusiasm to face significant challenges.

INTEGRITY

Being an example of respect for people and rules. Acting constantly in accordance with the principles of fairness, correctness, transparency and consistency. Always paying attention to the roles, skills, knowledge and personal experiences of the individuals we work with. Assuming forms of constructive and objective discussion with others, even in difficult and contentious situations. Tackling problems with intellectual honesty, regardless of any corporate or personal repercussions.

ENTREPRENEURIAL WISDOM

Ability to combine the experience of the past with a view of the future, while maintaining the right balance between passion and logic. Tackling challenges, demanding projects and difficult situations via the assessment of available resources.

HUMILITY

Simplicity in interpreting one's own role, getting involved, knowing how to learn from others and knowing how to take into account points of view and experiences different from one's own, having the ability to know how to consider another viewpoint, not relating to others in an unbalanced way, carefully handling relationships with others. Having the desire and humility to learn to achieve goals.

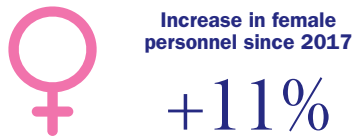
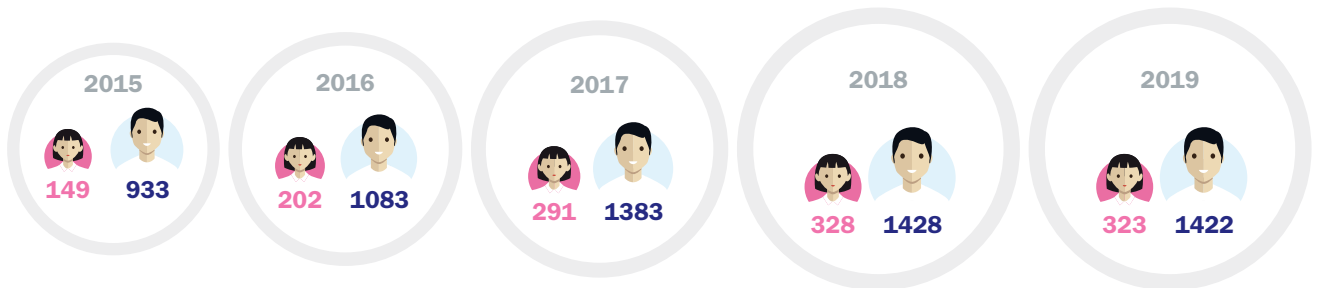
INITIATIVE

Being a driving force, knowing how to carry forward ideas, solutions and projects with dynamism. Adopting an attitude of openness to change, new approaches, the drive for innovation and improving on one's own standards.



Our people

Our goal is to constantly consolidate the foundations of our business to allow us to maintain growth and employment levels which have risen from 1100 to around 1750 over the last five years. In 2019, we sustained employment at the same level as the previous year, by offering new opportunities for fixed-term contracts.



In a historically male-dominated sector, especially in operations, we are committed to promoting the employment of women. In 2019, we maintained the ratio of women to men from the previous year, against a significant reduction in the creation of new roles in comparison with exceptional previous years.

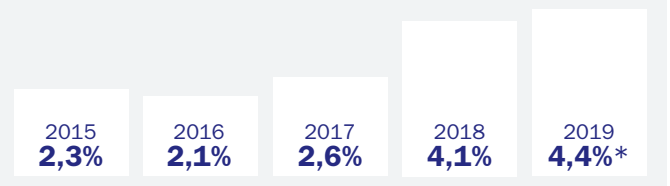


We have converted a significant proportion of fixed-term into permanent contracts. We recruit with the aim to create long-term employment relationships based on constant professional growth.

Percentage of female personnel by area

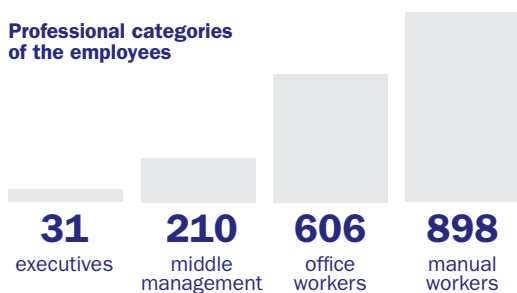


Turnover rate

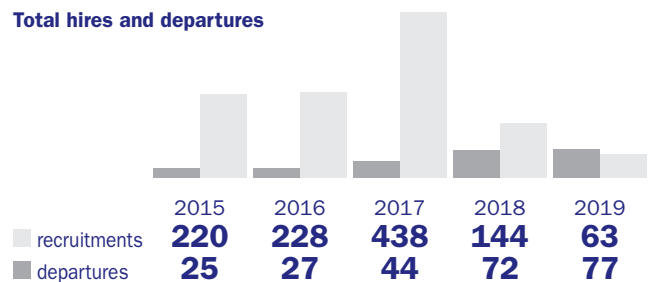


*Trend increase due to the reduction in new hires and increasing retirements.

Professional categories of the employees



Total hires and departures



FIS's commitment to its people

In line with the mission of FIS to contribute to the well-being of the entire eco-system in which the company operates, including people, families, communities and commercial partners, and regarding collective bargaining, together with workers' **union representatives we have pursued the improvement of working conditions, regulatory compliance, fair economic treatment** of personnel and effective and homogeneous application of contractual instruments across all personnel employed at the three company sites.

In 2019, in addition to ensuring the continuity of the various innovations introduced by the Second Level Collective Bargaining

Agreements renewed in 2018, a goal was created to improve relations between the company and workers' union representatives and the company welfare system, which is progressively structured through bargaining at the site level.

In particular, FIS' contractual **welfare is divided** into several lines of intervention concerning work and family life balance, social security and supplementary health care (e.g. Fonchim and Faschim), economic support for particular individual situations, financing (e.g. first home loans) and goods and services (e.g. free canteen, fuel vouchers).

In this context, smart working and working mother **support initiatives have also been trialled.**

In addition to providing a more favourable calculation of absence for maternity for the purposes of various contractual conditions, we allow new mothers to benefit from a supplement to the allowance paid by the National Institute for Social Security (INPS) up to 100% of their remuneration during the optional period of maternity leave. With a view to constantly improving the balance between work and family life, we have dedicated a portion of internal parking spaces to colleagues, so that they can to these colleagues easily find parking and save time to these colleagues when arriving at work.

Remuneration policies

FIS's commitment to closing the gap **between male and female salaries continues, with women** currently earning as little as 5% less on average than their male colleagues, compared with the chemical sector average of 12%, as reported by Job Pricing's Gender Gap Report 2018. Despite this encouraging figure, we are constantly working to eliminate such differences.

On the other hand, executive remuneration lies outside the perimeter of second-level bargaining, and consists of a two-level variable incentive system, with individual performance goals linked to roles and responsibilities, and corporate goals linked to the economic performance of the company as a whole.

As far as employee remuneration policies are concerned, we continue to follow the trend in gradually strengthening the employment relationship with human resources that have entered the company and continued to grow in their roles.

While people have been hired at all levels in recent years, in order to support the strong growth of the company, we are now establish focusing on hiring less experienced profiles with excellent growth potential.

Towards the end of 2018, we performed a mapping of strategic figures for the organization, using an internationally recognized methodology. This tool allowed us to establish a remuneration benchmark with the external

reference market, and therefore a re-evaluation of remuneration policies according to the mapping. This process has allowed us to take retention **actions through remuneration policies** and role and career development initiatives.

Initiatives and tangible examples of our commitment

2019 was characterized by an intense use of the system that, based on collective bargaining, regulates relations between the company and workers' union representatives who took part with a great sense of responsibility in discussions of particularly demanding topics. In this context, the **Corporate Observatory** played an especially important role, confirming itself as a useful tool for dialogue on matters of relevance to the entire company, such as those relating to the organization of work.

The centralized Corporate Observatory, which sees the participation of the Chief Executive Officer, Management, and members designated by the Company Trade Union Representations of the three company sites, constitutes a non-negotiating forum for information exchange, consultation, analysis, and proposals on general issues such as:

- Market trends, commercial scenarios and production prospects;

- Company development and competitiveness strategies;
- Impacts of significant changes in legislation and national collective bargaining agreements;
- Development of corporate collective bargaining.

In addition to giving continuity to the consideration of the above-listed matters, in 2019, the Business Observatory contributed to launching the trial of an innovative form of worker representation consisting of the Coordination of Union Representations of the Three Corporate Sites.

With the same spirit of experimentation and consolidation of innovative solutions, in 2019, we also continued the **Solidarity Time Bank** initiative introduced in 2015 through corporate collective bargaining. This tool allows workers to voluntarily transfer part of their annual hours of paid leave (for Work Time Reductions - ROL) to colleagues who may need extra day or hour leave to deal with situations of personal or family difficulty. Over

1,000 hours were donated in 2019 alone, allowing a greater number of guaranteed interventions.

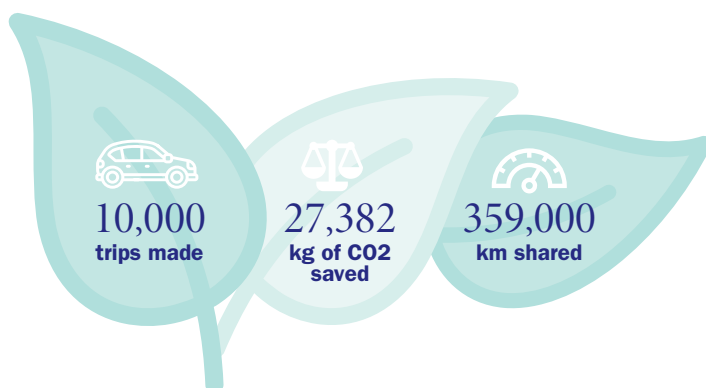
FIS also sees smart working **as a form of work** organization that can guarantee many compatible positive effects, such as an improvement in the balance between work and personal needs, greater efficiency and productivity and reductions in polluting emissions. After the positive outcome of the initial trial carried out at Montecchio site in 2018, and further development and analysis in 2019, the experience acquired at the beginning of 2020 made it possible to expand smart working as a useful measure to cope with the ramifications of the coronavirus epidemic.

Jojob: the company car pooling project gets off to a good start

To further promote respect for the environment by our working population and sustainable mobility, in 2019, we implemented a corporate car pooling system in Montecchio. This initiative uses the Jojob® platform, provided by the leading Italian company Bringme, to facilitate the matching of employee

car pooling supply and demand, and the **monitoring of reduced CO2 emissions**, cost savings for carpoolers and the total number of shared kilometres.

In 2019, over 300 people subscribed to the platform at the Montecchio site alone, of which 100 were continuous users. Since January 2020, we have extended the platform to our Lonigo and Termoli sites, promoting its use through a group competition that will distribute incentives to the best carpoolers.

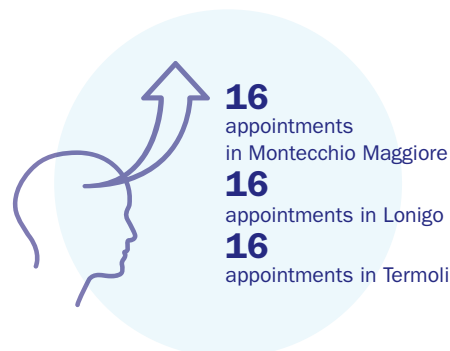


Wellness Opportunity at Work (WOW) programme

In 2018, we trialled the **Wellness Opportunity at Work (WoW)** programme at the Montecchio site, in response to an internal investigation of psychosocial stress carried out across the

entire population of our three sites. In 2019, we extended the initiative to all sites, providing group and individual specialist support by a psychotherapist able to present employees with tools

for reducing stress and building energy and motivation in order to achieve personal and professional fulfillment.



WOW WORKSHOPS

Workshops on strategies for managing mental stress were given to groups of 15 people, primarily for office workers with administrative and technical roles, middle management, and top management.

WOW APPOINTMENTS

Personalized, individual, specialist support from a psychotherapist able to present employees with tools for reducing stress and building energy and motivation in order to achieve personal and professional fulfillment.

Training and development

The central role FIS gives to training has been demonstrated by the launch in 2019, of the **FIS Academy**, a new project for training and the dissemination of a culture of shared corporate knowledge. After two years of internal planning, this organizational unit was created with a group of internal trainers motivated to collect, codify, and develop the knowledge that FIS has built up over the years: the knowledge and ingenuity

of our people. The Academy is developing a bank of knowledge relating to safety, security and awareness (SSA), quality and operating methodologies, and specific, transversal, technical and operational skills. Thus far, good progress has been made towards the development of skills matrices and the consolidation of company expertise, concerning such topics as production, warehousing, finishing, RTS, SE, R&D and QC.


The Academy is an essential tool for all those playing the role of coordinator in the field in the production and related services, but is also important for all roles, especially for consolidating the fundamental skills of new employees, from basic staff positions to coordination roles.

Regarding our **Operational Excellence** programme, we have established a much more central role of transversal roles with a multi-competence approach, including:

- Academy support for the dissemination of skills and good practices;
- Lean methodology for visual and dashboard management support and process standardization;
- SSA for managing safety observations, the accident analysis committee and the third-party company committee.

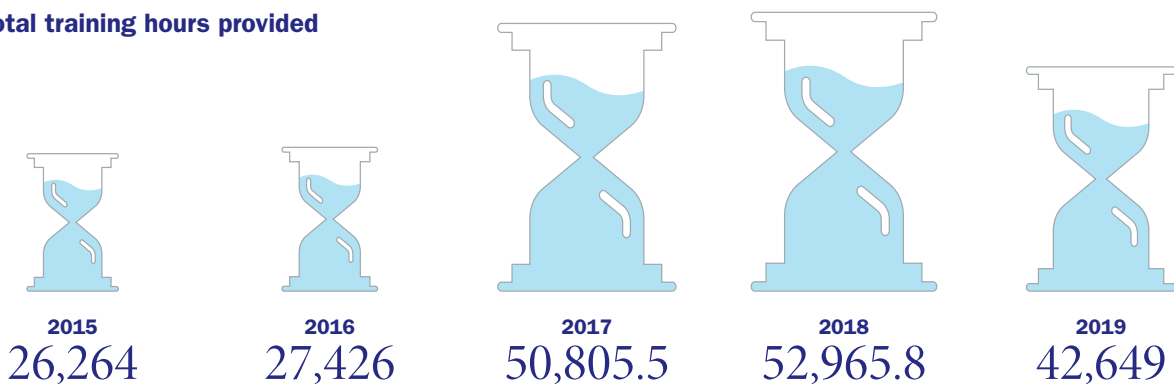
In 2019, we added new content to our training offering for employees, in order not to limit it exclusively to the development of professional skills. Believing that the time is ripe to spread greater awareness of sustainability issues at all levels of our company, we have introduced a dedicated **“Sustainability and Global Citizenship”** course, created and administered by our Sustainability Officer, who has engaged approximately a hundred colleagues from the Lonigo and Montecchio sites in discussing

topics of great relevance and shared interest. We are now planning to extend this opportunity for growth to the Termoli site, sharing new insights and contents that we will develop in the near future.

Also regarding development initiatives, this year we conducted an **assessment of the managerial skills** of production and ecological services managers, engaging 111 colleagues across all of our production sites in assessments and new analysis including tools adopted by the Human Resources department. On the basis of the evidence that emerged, we conducted, in collaboration with the FIS Academy, and with the use of external consultancy and training companies, a series of training, coaching, and operational support initiatives for 55 people needing to fill certain training gaps. Going forward, we plan to monitor and analyze the activities  to ascertain the level of positive impact and effectiveness of the training.

In response to the need to identify people for roles of responsibility, we have developed a process of mapping the potential individuals have in developing relevant skills. Around 30 people were identified by their managers and participated in an assessment process conducted by the HR department, using various tools such as interviews and a series of tests aimed at investigating motivations, skills and personalities. This process concluded with the presentation of results to the people involved, to make them aware of potential work and development areas and career development paths.

Total training hours provided



Commitment to the world of education

At FIS, we believe in the value of education at every level. We are proud to contribute through the voluntary dedication of our personnel to support students of all ages with the most varied educational backgrounds.

Since 2015, we have sponsored the supply of **School Diaries** that convey positive contents for the growth of children, such as information on the value of chemistry, environmental sustainability, and, for 2020, verbal harassment in the digital world, which is highly topical for a generation that makes full use of the latest communication tools. This project, launched in collaboration with comprehensive school Istituto Comprensivo 2 in Montecchio, has been gradually extended to schools in Creazzo, Lonigo and Termoli, and also includes the children of all our employees, thus reaching over 4,000 children.

In the Vicenza area, we have launched various other educational projects to intrigue and excite young chemists who might just one day join FIS. In 2018, we embraced the vision of the Project Management Institute Northern Italy Chapter (PMI-NIC) with its **“Progetti in Erba”**, or “Budding Projects”, programme to present project management principles, appropriately simplified, to primary school children, in order to help them develop essential personal soft skills that will prove useful later on in their professional careers. In May 2019, all participating classes presented their projects developed with Project Management methodologies and were awarded with prizes at the Vicenza Municipal Theatre.

Lastly, our relationship with the university world was further strengthened in 2019 thanks to the **Research and Innovation Corporate Affiliates Programme (RICAP)**, established together with Ca' Foscari University of Venice. The programme involved a dozen PhD students and research fellows in outlining two possible ways to introduce new ratings criteria for the sustainability assessment of our chemical processes, ultimately allowing us to make improvements where they are needed most. Due to the extremely positive results of the programme, we intend to continue in this direction by developing an even more specific project with Cà Foscari in 2020, to bring results in 2021.

Final day of the “Progetti in Erba”, or “Budding Projects”, programme at the Vicenza Municipal Theatre



Schools, universities, initiatives and relationships

Training also goes beyond corporate **boundaries with work-related school learning** programmes that represent excellent opportunities for developing transversal skills, providing training and helping orientate tomorrow's chemistry professionals. Over the last three years, we have welcomed a total of 134 young people to our three production sites to experience first-hand the world of industrial chemistry.

Another activity of note has allowed as many as 50 university students across our three sites over the last three years to develop their **thesis projects or enrich their training with curricular and extracurricular internship projects through strengthened** collaborations with increasingly more national universities, higher technical institutes and job centres.

Our class "adoption" programme with the Majorana Technical Institute continued at the Termoli site, with third-year students receiving professional classroom contributions on chemistry, the environment and safety and production site experiences, in particular, in laboratories, workshops and finishing and ecological services departments.

These initiatives have been complemented by participations in career and recruiting days aimed at increasing visibility and developing corporate employer branding through the presentation of FIS and of job opportunities, internships, traineeships and direct contact with students.

2019 offered many occasions to increase our visibility **and have students** from chemistry-oriented schools visit our factories in Montecchio and Lonigo, thus providing them with professional and university orientation, on the one hand, and strengthening our relationship with schools, on the other. There were also occasions when we were invited to schools to introduce ourselves to students, illustrating the appeal and complexity of our profession, as well as the numerous underrated opportunities for professionalization and in-depth study in such diverse areas as quality assurance, regulatory affairs, health, safety and the environment, procurement and ecological services.

In 2019, we also started two other initiatives that will be completed in 2020, **including our experimental E3** project, supported by Project Management Institute Northern Italy Chapter (PMI-NIC) volunteers, which consist of a sustainable corporate mobility themed challenge launched by FIS with the aim of developing teamwork skills in solving complex problems of third-year pupils at the school Istituto Ceccato di Montecchio Maggiore.

Initiatives in numbers over the past three years:

Site	2017			2018			2019		
	Montecchio	Lonigo	Termoli	Montecchio	Lonigo	Termoli	Montecchio	Lonigo	Termoli
Work-related Learning	26	7	-	28	10	15	24	9	15
WORK EXPERIENCES / THESIS STUDENTS / UNIVERSITY INTERNSHIPS	6	-	2	8	3	-	21	9	1

Health and safety of our people

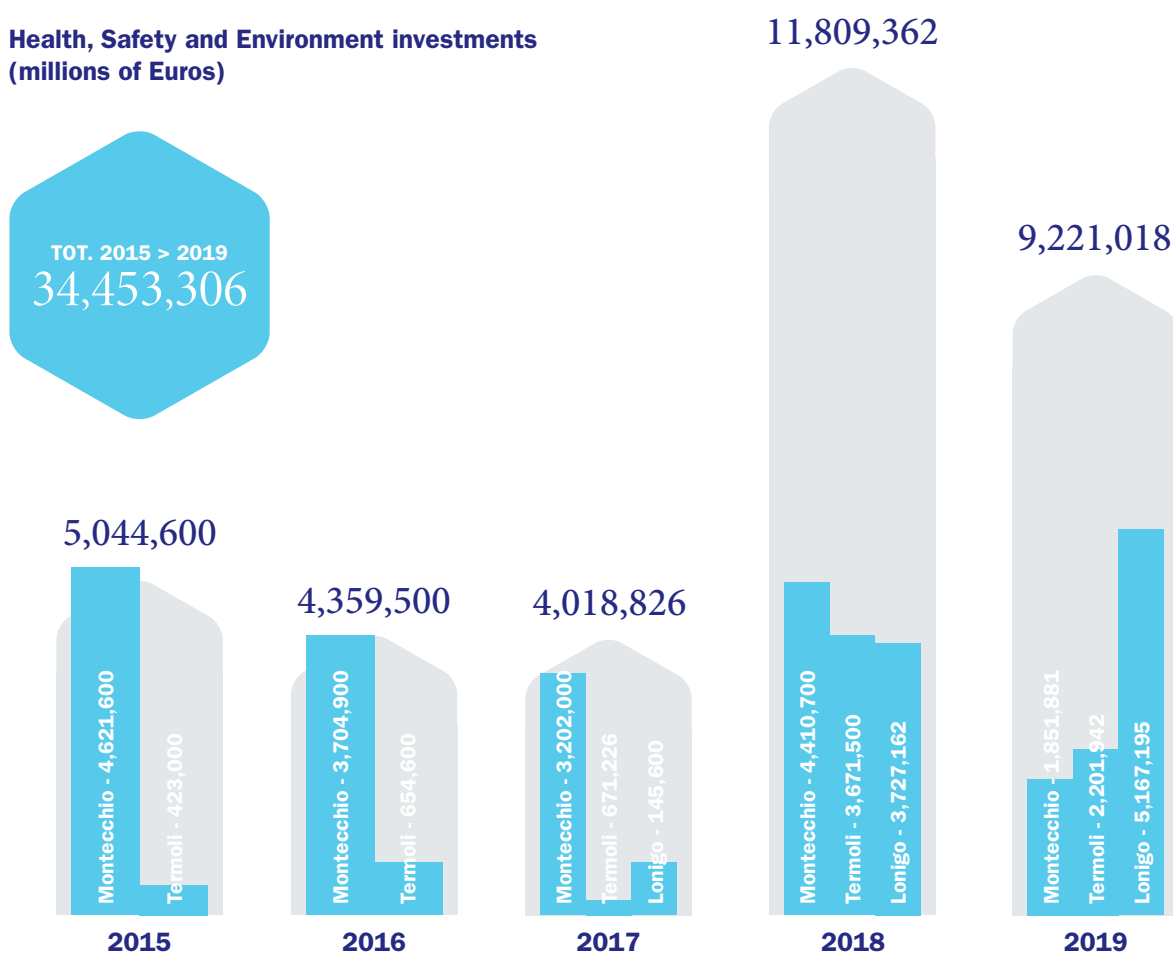
At FIS, we believe that all personnel promote the proper management of their own and colleagues' health and safety. Thus, in partnership with the multinational leader in health and safety issues DuPont, we have implemented an **"Operational Excellence"** programmed aimed at harmonising health and safety behaviours across key roles, adopting a formalized management structure, engaging personnel in the management and improvement of activities in key operating areas and transmitting a series of best practices throughout

the organisation, as well as to suppliers and subcontractors.

To facilitate this process of improvement, we have established dedicated SSA Teams to coordinate initiatives and collect suggestions, define a de-risking plan and draw up an SSA policy that details the commitments we undertake in FIS to guarantee sustainable development compatible with citizen and environmental needs, as well as with the well-being of all our employees.

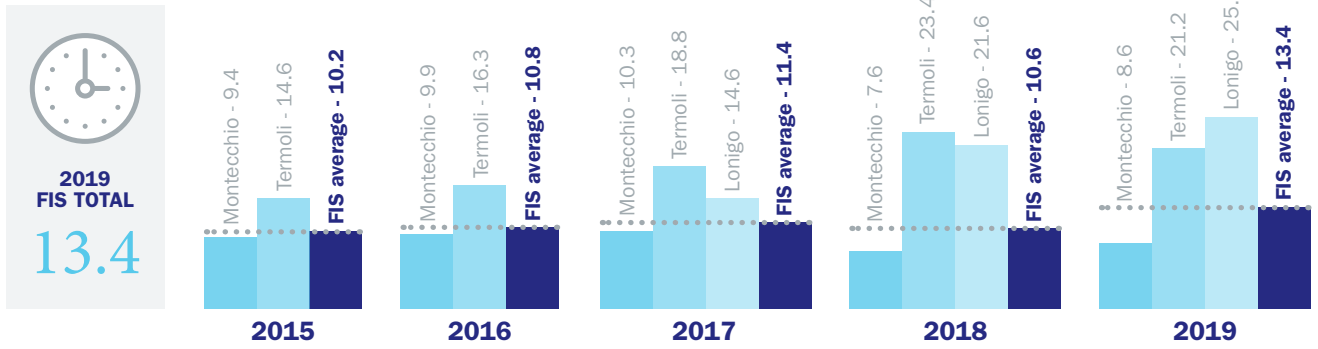
Finally, we must mention the judicial process which concluded at the end of 2019 relating to the dramatic event involving one of our colleagues, who, on 25th May 2018, died at the Lonigo site. This sad event has confirmed our commitment to intensify programmes and initiatives to guarantee the utmost health and safety of all people working at FIS, with particular attention paid to the insidious risk of under-oxygenated atmospheres.

Health, Safety and Environment investments (millions of Euros)

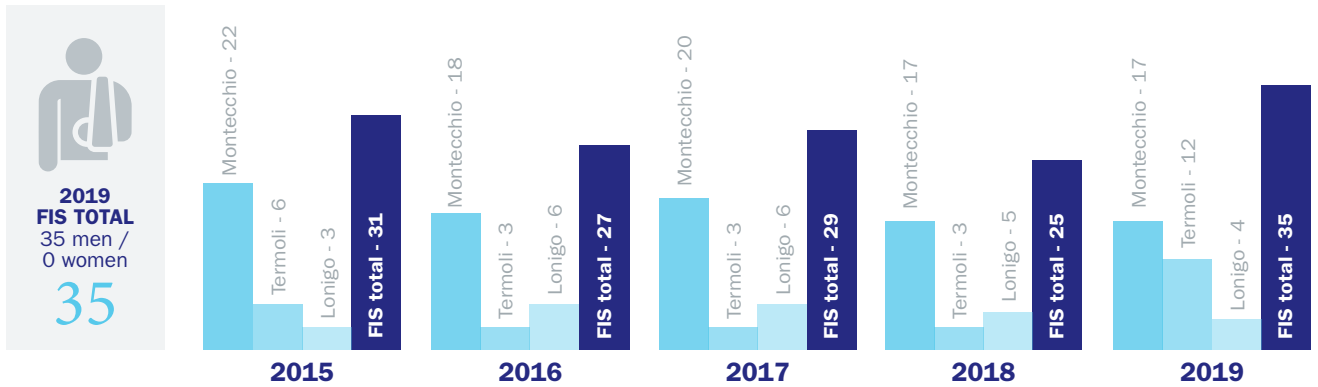


The modest decrease recorded in 2019, especially at the Montecchio site, is due to the completion of the significant investments made in 2018 relating to the high containment handling and sampling of chemical substances, the control of under-oxygenated atmospheres and the risk of anoxia, while the increase at the Lonigo site it is mainly attributable to the creation of a new solvent distillery and new emissions combustion plant.

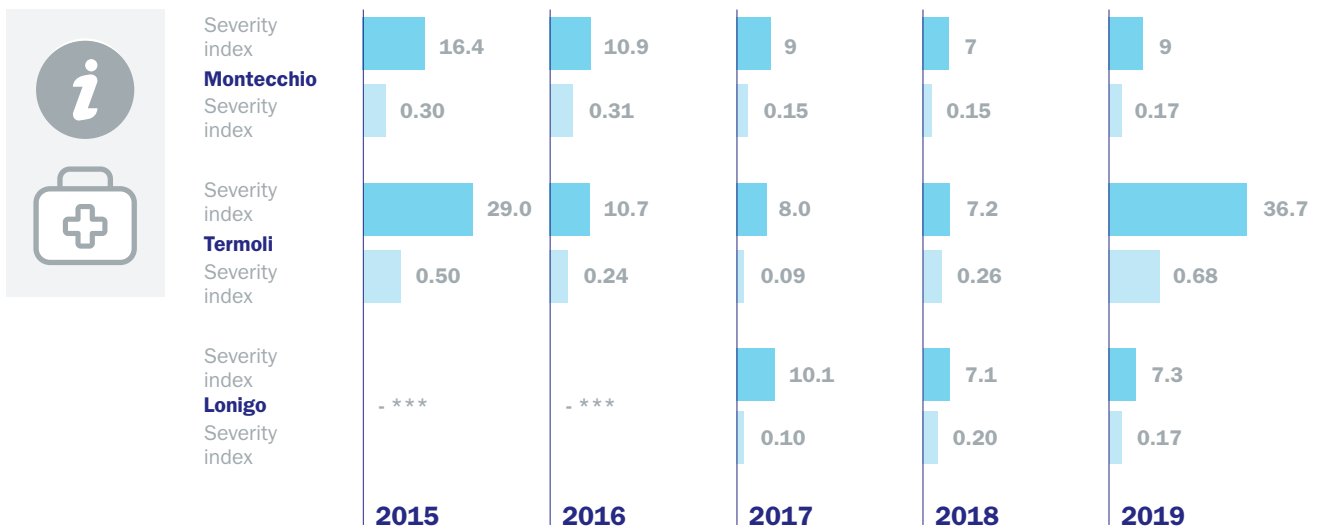
Health, Safety and Environment training (per capita hours)



On-site accidents (no.)



Accident frequency* and severity** indices



*The frequency index is calculated as the number of accidents / hours worked x 1,000,000

**The severity index is calculated as the number of days lost due to injury / hours worked x 1,000

***The Lonigo production site became part of FIS Group in 2017, therefore data from previous years is not available.

A person wearing a white cleanroom suit, including a hood and goggles, is working in a laboratory or industrial setting. They are focused on a piece of machinery that has a digital display showing '1826'. The background is filled with various pipes, valves, and equipment, all in a clean, metallic finish. The overall scene is brightly lit, emphasizing the sterile environment.

Goals

- **To Improve the appraisal and growth processes of human resources**
- **To continue to develop the Company Academy and enhance its effectiveness**
- **To make pilot projects such as smart working operational at scale**
- **To work tirelessly to achieve the goal of zero accidents**



RI 014

3

Together
for sustainable
value

Together for sustainable chemistry

Extraordinary research and development for chemistry that, through innovation, continues to generate value for humanity and the environment.

Increasingly complex and often dramatic scenarios hypothesized by the scientific community that introduce the theme of future sustainability have significantly influenced the agendas of institutions, organizations, citizens, and, above all, companies.

It is clear that politics and consumers have a fundamental role in guiding the process of change towards models of sustainable development, though, the increasingly widespread awareness is also driving many companies to take an ever more leading role in identifying virtuous

actions to redefine traditional business models and open doors to ever more radical changes capable of supporting future challenges.

Responsible development and innovation

The three FIS production sites operate interchangeably and autonomously, yet in close coordination with the historic Montecchio site, which increasingly represents an incubator for new projects, technologies and methodologies. The Termoli site has acquired increasing autonomy in large-scale production of active ingredients, while the Lonigo site continues to strengthen its capacity to produce molecules for the veterinary market.

Three years after acquiring the Lonigo site, we have completed the operational **harmonization of all three sites** from the point of view of safety, environmental and quality management, guaranteeing high performance standards through the respective management systems according to standards ISO 45001, 14001 and 9001. This long process has also led us, in the last two years, to identify a key tool in our “Operational Excellence” project which promotes the achievement of ambitious goals for competitiveness, quality, efficiency and, above all, improved health and safety at our plants.

In particular, thanks to our environmental management system, certified to the UNI EN ISO 14001/2015 technical standard, we continuously monitor the environmental performance of plant activities, with the aim of reducing production emissions, increasing energy efficiency and providing the most effective protection of the water resources we utilize for withdrawals. In this context, 2019 saw some particularly important achievements, with the successful conclusion of inspections for the Integrated Environmental Authorization renewal for the Montecchio site, the issuing of the Fire Prevention Certificate for the Termoli site, and the transition of all three production sites to standard ISO 45001 from the previous certification according to the standard BS OHSAS 18001.

CERTIFIED SAFETY
MANAGEMENT SYSTEM

CQY
CERTIQUALITY

UNI EN ISO 9001:2015
UNI EN ISO 14001:2015
UNI ISO 45001:2018

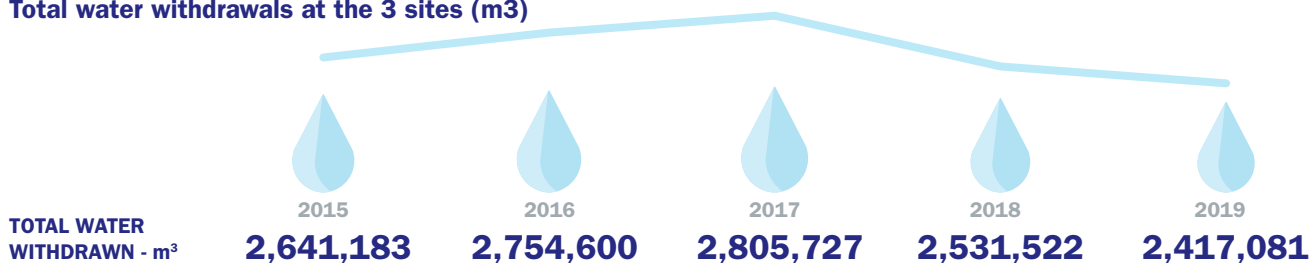
Water, an essential asset

All FIS plants use water in their industrial processes for both cooling and chemical synthesis purposes. The primary need is satisfied by the continuous reuse of water withdrawals, cooled using evaporation towers.

The production sites of Montecchio and Lonigo are located in an area vulnerable to a new source of pollution that, in recent years, has created a widespread emergency situation in Veneto, namely perfluoroalkyl substances (PFAS). All the chemical synthesis processes and related services of FIS are completely free from use of these substances, which nevertheless enter our

technological systems through the withdrawal of contaminated surface ground water. We therefore take care of the water resources we discharge by further purifying them from such pollutants using sand and active carbon filtration systems, and thus ensuring compliance with the extremely stringent discharge limits for PFAS, which will come into force during 2020.

Total water withdrawals at the 3 sites (m3)



Total Water Withdrawn Per Ton of Product - m³/t



The main water discharges of our sites are waste water discharges from chemical, physical and biological processes in water treatment plants, which have the function of drastically minimizing pollutant loads leaving the plants. Over the years we have constantly invested resources in improving water management by progressively reducing volumes collected and discharged. At the Montecchio site, we expect, in 2020, a further reduction of approximately 5% in withdrawals and water used for cooling purposes.

For FIS, the proper management of industrial water **is a priority, and the company is firmly committed** to the strictest compliance with the discharge limits of current authorizations. However, sustainability is not merely based on compliance with current regulations, but must also consider unregulated areas and critical issues, such as those relating to this the control of active pharmaceutical ingredients (API) in waste water. This topic has become an integral part of the agenda of the chemical and pharmaceutical sector in recent years due to an increased awareness of the global risks to public health from

increasing microbial resistance (AMR), which has also been prioritized under the World Health Organization's Action Plan.

FIS is committed to improving management of the issue, and, in 2019, started to implement an action plan to develop better analytical methods for monitoring APIs in water discharges, as a tool to verify the effectiveness of our technological segregation system. This improvement program is recommended by the Pharmaceutical Supply Chain Initiative (PSCI), whose goal is to eliminate the potential risk at its source.

Also in light of the improvement activities aimed at renewing our Integrated Environmental Authorization, the goal in 2020 is to extend the new analytical platform on a large scale and develop new research methods for waste-water substances with potential environmental impacts, as part of Integrated Environmental Authorization monitoring and control activities, in order to raise existing standards for monitoring discharged water quality.

Management of by-products

The main type of waste that we produce on our sites comes from reaction mother liquors, that is the liquid component in which synthetic chemical reactions take place. This waste is removed during the isolation phase of the finished active ingredient, and can be treated in various ways, with internal reuse preferred when feasible. For an effective management of non-recoverable production cycle waste, our Montecchio and Lonigo sites are equipped with incinerators **that allow us to treat almost 50% of the waste** we produce while recovering heat energy from combustion. The technology is particularly environmentally advantageous in that it avoids the need for heavy vehicle transport of waste for disposal on external sites, and produces heat energy that can be used as an energy

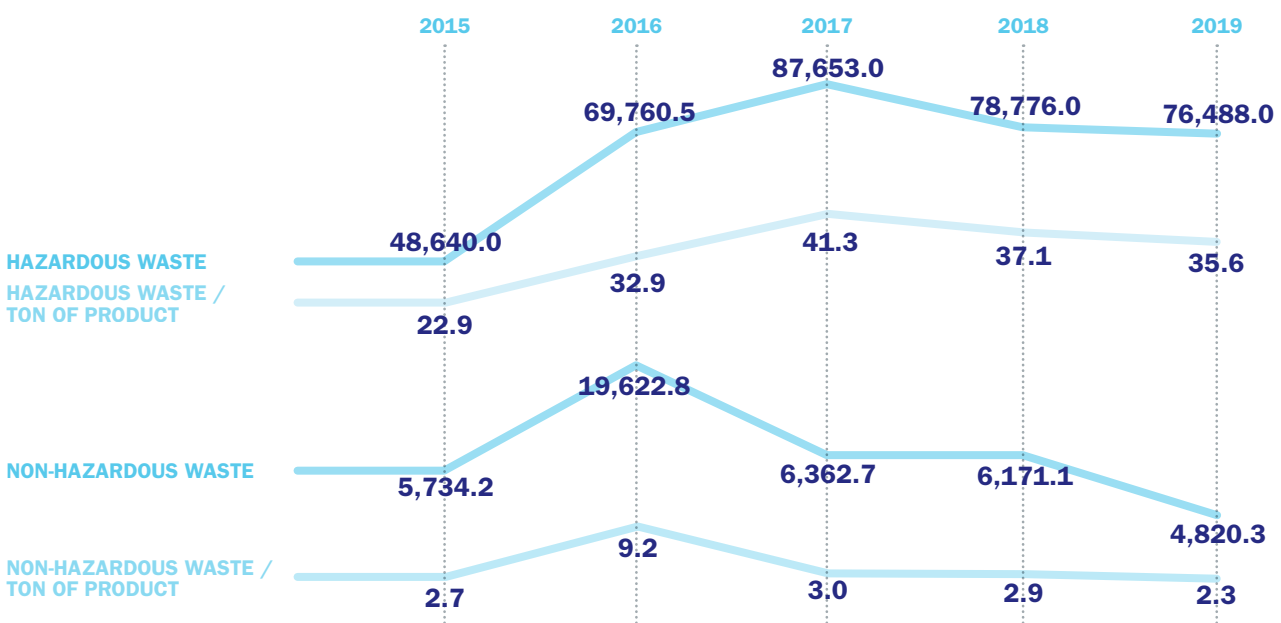
carrier for production purposes. As part of our Integrated Environmental Authorization renewal activities, an important goal in 2020 for the Lonigo site is the opportunity to manage some of the waste produced by the Montecchio site, which would allow us to further reduce volumes of waste disposed externally.

The sector in which FIS operates is affected by various constraints that limit a more pro-active approach to the recovery and reuse of certain substances, not only by stringent Italian and European environmental legislation, but also, and above all, by the constraints of sector Good Manufacturing Practices (GMPs) and by customers themselves, who are in turn constrained by the official processes of ministerial bodies all over the

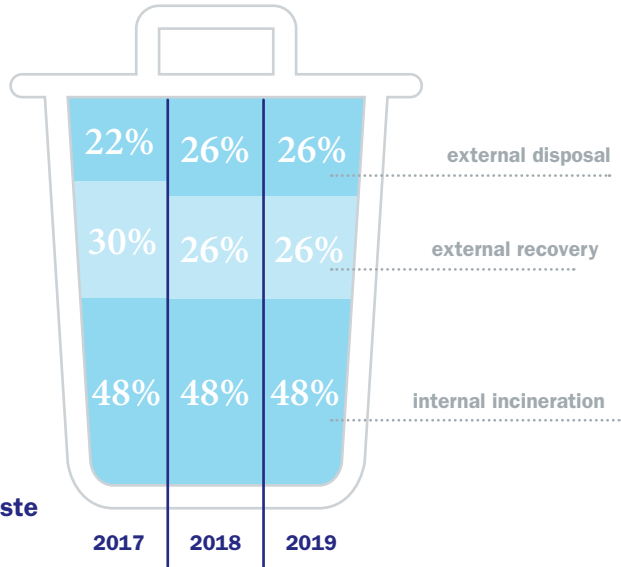
world. Though the combination of these constraints has a noble purpose, namely to guarantee the health of the final consumer of the drugs through infallible supply chain traceability, it severely limits margins for improvement in terms of sustainability for the reduction and reuse of some substances.

Despite this complexity, FIS is committed to making its waste management cycle ever more efficient. In this regard, **the goal for 2020** is to enhance the sorting of waste and by-products through research and development on the laboratory and pilot scale, in order to identify innovative and more sustainable solutions for industrial scale application.

Hazardous and non-hazardous waste products (tons)



Type of disposal envisaged for hazardous and non-hazardous waste (%)



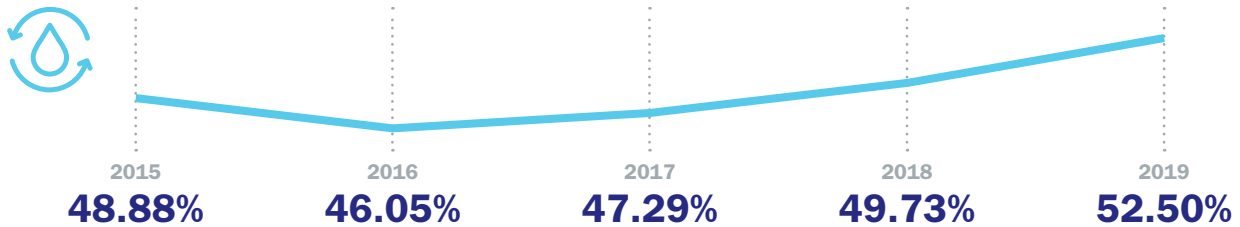
In terms of sustainability and circularity, the most environmentally and economically beneficial process is distillation, which allows for the recovery of some of the main types of solvents used in FIS for reuse in certain chemical synthesis processes. FIS has this technological possibility on all three sites, though the Montecchio

site boasts a particularly **well developed distillation** department, with 11 discontinuous columns, 2 thin-layer columns and 3 continuous columns.

We have confirmed the strategic nature of these plants, maintaining excellent results in the recovery of the main solvents, and completing the revamping of the distribution

ring for rectified methanol at the end of 2019 at our Montecchio site, which allows us to reuse this solvent in our production departments, and thus significantly reduce the need for virgin solvent, and, consequently, the quantity of waste destined for disposal.

Percentage of solvents recovered



Energy consumption

Energy sustainability is an extremely topical issue, stimulating complex reflections on climate change impacts associated with the use of different renewable or non-renewable energy sources. In this regard, the possible solutions that can be adopted to benefit companies are derived in particular, from great opportunities for cost savings obtainable through relatively small investments, also

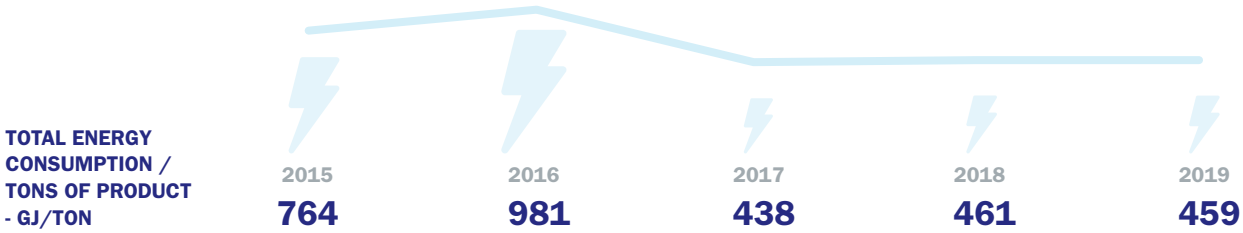
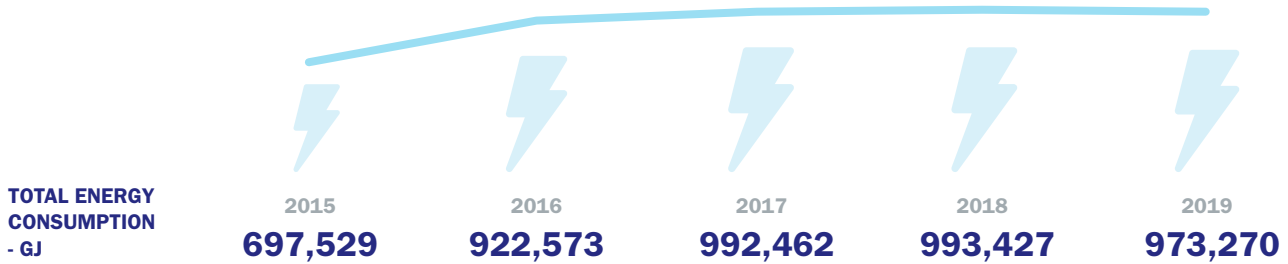
supported by the White Certificate scheme.

With this mind, over the past few years, FIS has launched **various energy efficiency projects, such as the implementation of its methane** trigeneration system at Montecchio in 2016, which it also plans to implement at its Lonigo and Termoli sites from 2021, and many other efficiency measures

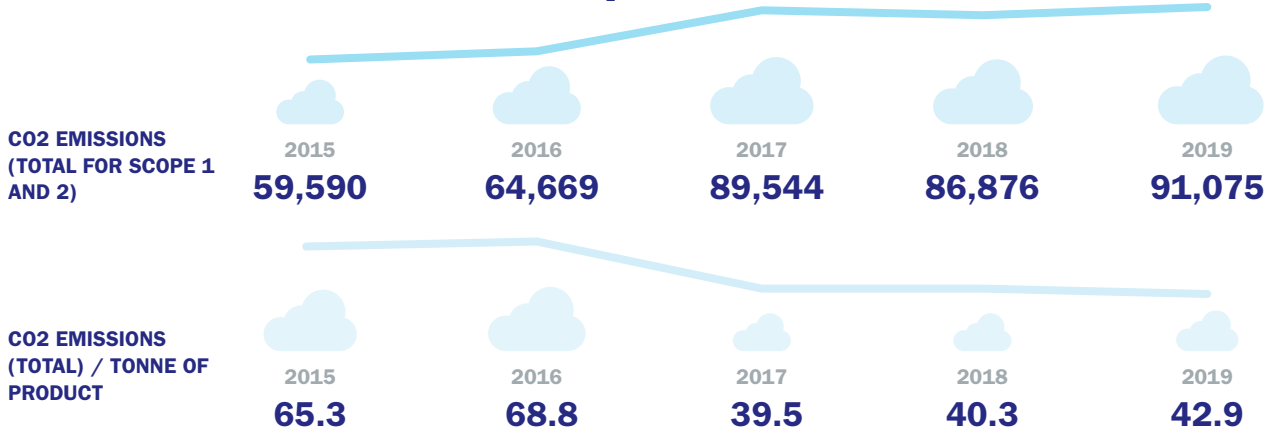
aimed at significantly reducing its energy-related impacts.

Indeed, the increases in production and turnover of the last few years have not significantly impacted energy consumption, highlighting an efficient energy management by the company that ultimately translates into lower environmental impacts.

Total energy consumption (GJ)



Direct and indirect greenhouse gas emissions (CO₂eq tons)



In addition to greenhouse gases, our plants generate emissions of other substances, such as nitrogen oxides (NO_x), sulphur oxides (SO_x), volatile organic compounds (VOC), particulate matter (PM) and carbon monoxide (CO).

The MOM project

In 2018, we launched the Manufacturing Operations Management (MOM) project with the aim of supporting and improving production processes by implementing new tools, and especially IT, in order to move progressively towards a new **Industry 4.0** conception of our business.

The project, divided into 3 streams, will be fully implemented in 2020 and early 2021 regarding the computerized management of materials flows using the new Warehouse Management System, and in 2020 regarding the tool for storing all production data collected from our DCS system. Then, by October 2020, we plan to launch the pilot project for a Manufacturing Execution System

(MES) in a production department at our Montecchio site.

These interventions will allow us, after some necessary **experimentation, to improve our performance**, reduce risks in industrial processes, improve product quality and reduce waste and inefficiencies to the benefit of the environment.

A vocation for research and development

Investments to guarantee the technological development of our company are essential to remain competitive in the chemical-pharmaceutical sector.

In 2019, in the field of peptide chemistry, we concluded a collaboration with the University of Florence to create a first GMP production at kilolab scale. In 2020, we plan to set out the scaling-up of this technology, to be implemented beginning 2021. We have also successfully positioned new sterile, spray-drying and fluorination technologies, while expanding our high potent active pharmaceutical ingredient (HPAPI) molecule management capability.

A further development that we are pursuing in close collaboration with certain customers and through specific projects is related to flow chemistry, which, unlike the

batch methodology typical of our sector, brings various advantages in terms of sustainability, with lower energy intensities and safer management of the hazardous substances, from both a process and handling point of view.

The context in which we operate, however, allows us only limited opportunities to make changes to the chemical syntheses we develop on behalf of customers, due to the numerous regulatory constraints that impact FIS and its customers that make it extremely onerous, in terms of cost and authorizations, to innovate chemical synthesis processes with a view to sustainability.

Despite such sector constraints, we believe in pursuing innovative approaches to how we design processes and introduce **objective criteria for monitoring**

sustainability throughout development, from the lab to the industrial scale. We are, therefore, determined to offer our customers new solutions in this area, and, indeed, we have started a collaboration with the University of Venice in order to research attributing each process with a sustainability score that allows us to measure our performance objectively and to offer our customers a more innovative service.

On all processes consolidated on the industrial scale, FIS already identifies solutions for the recovery of solvents and precious catalysts, with a view to reducing volumes **destined for disposal, costs and environmental impacts.**

Widespread innovation and our way of doing things

In 2014, an inter-departmental team was established to develop innovation according to the dictates of lean manufacturing and to promote a continuous improvement approach.

The goal of the Lean Manufacturing Team is to create value for **FIS by developing waste** elimination strategies, identifying and eliminating processes that do not generate added value, supporting innovation in general and improving process performance across the whole organization.

In 2019, we launched numerous **Lean projects**, several of which

allowed us to obtain excellent results from an environmental point of view. For example, at our Lonigo site, the recovery of tetrahydrofuran and ethyl acetate from a synthesis process allowed us to reduce the quantity of waste for disposal.

In addition, we identified a reduction in bicarbonate dosage for treatment of incinerator fumes which allowed us to reduce heavy vehicle traffic leaving the site. At our Termoli site, the optimization of biological and external wastewater management brought about a reduction in the quantity of solvents sent for external treatment and in the hydraulic load discharged by the biological

plant. At our Montecchio site, we increased material recovery yields and reduced transport and internal movements through the optimization of workflows. All of these are virtuous **examples of the great synergy** between business and sustainability, which are irrefutably oriented in the same direction.

From 2020, all the Lean projects that we will develop will be measured and evaluated from the point of view of the environmental results they can contribute to achieving, along with cost and efficiency savings.



Goals

- **To strengthen the existing API management plan in accordance with sector best practices**
- **To reduce water consumption at the Montecchio site and energy consumption across our production sites**
- **To introduce environmental assessment criteria for Lean projects and investments**
- **To reduce our environmental impact throughout the supply chain and produce strategic raw materials in-house**
- **To reduce greenhouse gas emissions by gradually using more electricity from renewable sources**



Sauro Rosa
SODA 50%

EPTANO

Sauro Rosa
FERBUTIL-METILETERE

SODA SOL 50%

EPTANO

METILENE DIOSSIDO

ACETONE

PERFLUORURO

4

Sharing
value throughout
the supply chain

Sharing value throughout the supply chain

We synthesize the needs of every link in our supply chain to generate shared value.

FIS's purchases raw materials from a global supply market with a strong concentration in the Far East, in particular in China and India.

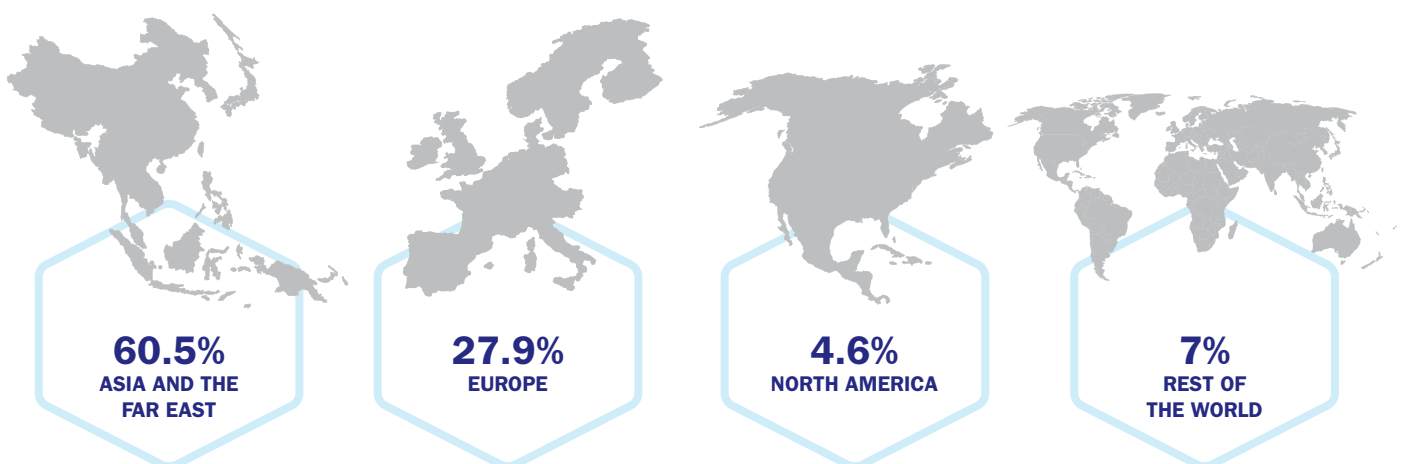
In 2019 and at the beginning of 2020, the supply market was influenced by various events, including China's Green Revolution, competitive currency devaluations and the Covid-19 pandemic, that have increased supply chain management complexity. In this scenario, the request by Big Pharma to manage supply chains **directly on behalf of suppliers was further strengthened**, precisely in order to reduce risk related to strong market variability. With

this in mind, and with the aim of introducing elements of flexibility and market variability control, FIS has continued to assess internal competitiveness with "make or buy" solutions and to identify reliable partnerships in terms of product quality, safety, human rights and environmental standards.

Precisely because of the strong market instability, FIS, like many other chemical and pharmaceutical companies, is pursuing a diversification, or de-risking, of the supply chain, in geographical terms, and re-evaluating, in particular, the European market. In this context, the European

Fine Chemical Group (EFCG, sub-group of European Chemical Industry Council, CEFIC), on whose board FIS also sits, has taken a determined position and hypothesized strategic actions, including, in particular, **support for companies by European institutions in order to continue the research and development of more sustainable chemical processes aimed at the in-house synthesis** of the most critical raw materials, for which procurement is exposed to the risk of an unbalanced supply chain oriented to the Asia-Pacific region.

Worldwide API production



Source: Technavio

Our quality

Quality is the first guarantee we owe to our customers when we offer them our products, besides, naturally, the **continuity and punctuality of their supply**. We honour this commitment through compliance with the highest international standards and quality certification to UNI EN ISO 9001 for all our production sites.

Since 2019, we have consolidated a new organizational measure of ensuring that QA specialists are present in every department, in order to support production in resolving any kind of issue related to product quality compliance.

Working in close collaboration with the HSE department, we introduced new criteria for the classification and safe management of substances in the occupational exposure band (OEB), in compliance with GMP standards and permitted daily exposure (PDE) thresholds, determining the cleanliness criteria of production plants and guaranteeing the high product quality standards that distinguish us.

For FIS, sustainability is associated with the logic of **efficiency and waste** reduction. With this in mind, so are taking

the opportunity offered by the digital world to eliminate, by 2022, all manual paper calculation and verification activities carried out by our Quality Control Laboratory operators, with the implementation of a software solution connecting analytical results with an analysis management system, thus allowing us to further raise quality and performance by minimizing the risk of human error.

FIS and its customers

Reliability in relation to customer needs and the ability **to offer new services and products** are fundamental conditions for continuing to operate successfully in a market characterized by high product customization. In order to better satisfy such needs, last year, **we opened a new sales office in Japan, offering greater support** and closeness to our customers operating in this market. We have adjusted and increased our production capacity, **with investments aimed at creating an Animal Health Suite** at our Lonigo site, equipped with production lines completely dedicated to the development of dedicated active

ingredients for the animal sector, in full compliance with the most stringent regulatory requirements of competent authorities.

We have also implemented **new continuous process analytical techniques (PAT)**, such as mass analysers, Raman probes and NIR, which allow us to have greater analytical control in the laboratory and in production, with a view to a safer and more effective continuous process control of the most delicate active ingredients, particularly from a safe-handling point of view. We are also working hard to improve the management of high potent active ingredients (HPAPI) through a joint project

involving HSE, QA, Production and Engineering departments, which is aimed at the complete mapping of the containment performance for all existing technological systems, in order to define, in 2020, we will define a dedicated **investment plan to increase the performance of all of our production lines in terms of the management of occupational** exposure band 3 (OEB3) classified substances, respond to the growing needs of customers, and raise safety standards to protect the people who work in our production departments and laboratories.

FIS and its suppliers

FIS is committed to developing sustainable partnerships with suppliers based on shared values, especially with regard to ethical and environmental principles.

In order to **better manage our supply chain**, which is increasingly complex, fragile and exposed to unforeseeable risks, FIS aims to closely monitor all strategic suppliers with specific levels of attention and assessment according to criticality.

All our suppliers must be approved on the basis of well-defined assessment criteria, and are required to comply with the FIS Code of Ethics.

We supervise even the most distant strategic suppliers, with our raw materials suppliers in the Far East monitored by our Shanghai office, which periodically carries out pre-audit assessments, on-site technical SSA audits, quality audits and business

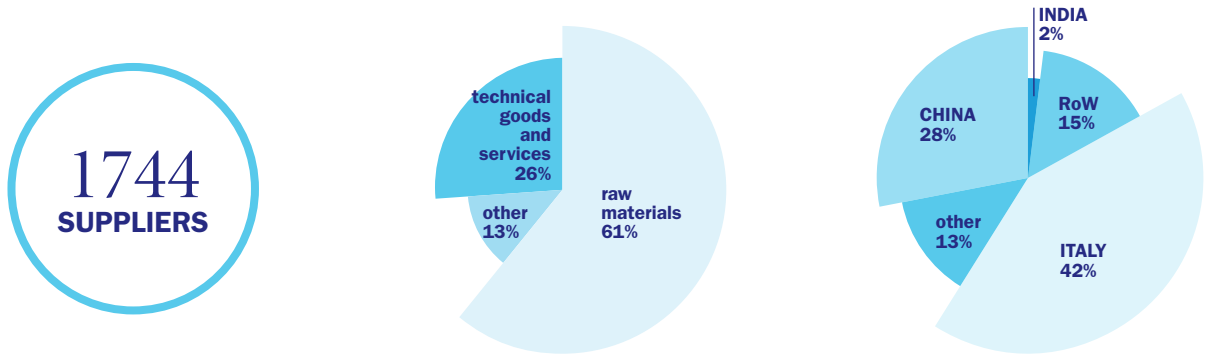
review meetings together with the central procurement department. In 2019, as many as 914 suppliers responded to specific environmental questionnaires, and a total of 21 audits were carried out at suppliers.

In order to make the monitoring of suppliers more effective, both from a product quality and health, safety and environmental point of view, FIS has adopted a **unified assessment procedure with increasingly** stringent, multidisciplinary criteria applied from the very first contact with potential suppliers, and assigned a HSE resource dedicated to back office and audit supervision of suppliers.

In 2019, FIS also started to supervise suppliers with the support of **Supplier Relationship Management (SRM)** software with a view to strengthening the upstream part of the procurement process, and, in particular, the

assessment and qualification of suppliers and contracts. The software platform optimizes and improves the accessibility of internal information, and automatically receives information from external databases, such as Cribis, for assessing the economic performance of suppliers, and **Ecovadis®**, for assessing their sustainability. The full integration of the SRM with these databases is expected to be completed in 2020.

Further initiatives to improve corporate competitiveness and sustainability have been focused on contract and tender management, which has been fully revised to incorporate regulatory updates, and legal aspects relating to joint and several liability.



Our commitment to data integrity

Our work involves the exchange of confidential information, so it is essential for us to be able to guarantee utmost confidentiality and prevent the dissemination of data to unauthorized parties. The topic of data integrity permeates and impacts the entire company,

and so continuous research and the adoption of cutting-edge software and applications in this regard is an absolute priority. In 2019, we implemented new policies for the protection of industrial data, and continued improvement activities for the

management of personal data in accordance with the European Data Protection Regulation (GDPR). In 2020, we plan to develop a data governance project aimed at further improving data management security.



Future Goals

- **Implement de-risking plan for sourcing**
- **Implementation of the Ecovadis® platform for rating sustainability of suppliers by 2020**
- **Complete rationalization of the design criteria for containment solutions**

5



Growing together responsibly

There are 12 main categories of stakeholders with whom we cultivate fruitful relationships imprinted with the principles of collaboration, respect, shared values and a common interest in sustainable development.

Our stakeholders

The process that led, at the end of 2018, to our new brand identity, with the updating of our original logo, the definition of our new pay-off, “Guard the future”, the mapping of our values and the definition of our Sustainability Vision, represented a step forward in conveying a clear and distinctive external communications message and in ensuring an increasingly structured governance of stakeholder relations.

We have talked extensively about our relationship with schools, our employees and their representatives above in this report. Now, we would like to present the overall picture of our stakeholders, focusing on certain categories and activities.

As part of our business activities, we, naturally, relate, first and foremost, with our customers and suppliers, and pay particular attention to our relationship with most important national and international health authorities, including the Italian Ministry of Health, the Italian Pharmaceutical Agency (AIFA), and the North American Food and Drug Administration (FDA), just to mention a few, in order to keep pace with all regulatory and provisions to protect human health and the environment.

Our industrial nature has always positioned us within the sphere of the General Confederation of Italian Industry (Confindustria) system, in relation to which we hold representative roles in Confindustria Vicenza and Confindustria Molise, in the Vicenza Chemical Companies Section and the Campobasso Chemical Companies Section, Executive Board and Executive Committee.

Our membership of professional associations and organizations, such as the European Chemical Industry Council, the Active Pharmaceutical Ingredients Committee and the European Fine Chemicals Group, allows us to keep up-to-date on the trends and dynamics of our sector. With this in mind, in 2018, we also joined the Pharmaceutical Supply Chain Initiative (PSCI), a non-profit organization founded in 2006 in the United States, which aims to establish and promote responsible practices to continuously improve the social, environmental and health and safety aspects of our sector supply chains.

Our relationship with local communities

FIS looks to respond to the needs and requests of local communities through multiple initiatives and funding, assessed on a case by case basis. For the beginning of 2020, we have planned to approve and publish our policy for donations, which will determine strategic areas in which FIS intends to allocate resources for the community. During 2019, we continued to make a significant economic contribution, mainly for youth sports clubs, cultural initiatives and support for schools.

Our model of stakeholder engagement

Stakeholder	Communication channel	Regularity of listening / communications	Topics emerged
Strategic raw materials suppliers Technical goods and services suppliers Waste disposal service suppliers	Regularity of listening / communications	Constant communications via email and web channels. Periodic visits 4 times a year, every 3 months.	Integrated supply chain management Regulatory compliance Process and product quality Process risks Audits are followed up by formal FIS communications, by which the company recommends to key suppliers activities to implement in order to comply with legislation and reduce risks
	Periodic visits / audits	Audits according to an agreed plan and in any case greater than or equal to two per year.	Continuous improvement in the performance of the suppliers themselves
Customers	One-to-one meetings / audits by customers	Constant communications via email and web channels. Annual audits by key customers.	Speed of product development Product quality and safety Production capacity Technological innovation Data protection Covid-19 emergency management (especially for Chinese suppliers) Development of integrated production services Health, safety and environmental issues concerning internal production processes and the supply chain
Employees and potential new resources	1. Periodic committees 2. Corporate communications 3. Regular meetings with managers and executives	1. Monthly 2. According to need 3. Quarterly	1. Topics relating to Health, Safety, Environmental and Quality aspects 2. Corporate strategies, training initiatives, corporate welfare 3. Corporate results, strategies, goals and evaluation systems
Union representatives	Corporate Observatory	According to need	Remuneration, supplementary collective bargaining, work organization, health and safety
Supervisory Authority	Informal and formal email and telephone communications Periodic inspections	Variable periodicity	Updates on compliance and regulations (e.g. Data Integrity)

ARPA, PA, Civil Protection, Regional Technical Committee, ASL) and citizens	One-to-one meetings / periodic reports Periodic inspections by the Regional Environmental Protection Agency (ARPAV), regarding waste incineration and other disposal methods, and/or periodic submission of technical and test reports in relation to self-monitoring activities.	Four monthly submissions of self-monitoring results concerning gaseous emissions and water discharges (Montecchio) AIA annual report on all monitoring relating to environmental aspects (Termoli)	Updates to health, safety and environmental regulations
Schools and non-profit organizations	Regular meetings	Annual	Knowledge of FIS activities, work-related learning, opportunities for projects of common interest
Owners	One-to-one meetings, periodic factory visits and board meetings	Continuous and recurring via the CEO and Leadership Team	Company performance and governance
Board of Statutory Auditors, SB, Independent Auditors	Periodic audits	Quarterly	Civil tax compliance, corporate governance, risk governance
Credit institutions and financial operators	Regular meetings	According to strategic business needs, at least every two months	Knowledge of the business and company performance. Financial needs analysis
Universities and research institutions	Regular meetings	According to the planning	Sustainable production processes
Representative and sector organizations (PSCI, EFCG)	Regular meetings	According to the calendar prepared by the sector bodies (3-4 annual meetings)	Sharing of sector trends, promotion of responsible socio-environmental management practices

Future Goals

- **Strengthen direct dialogue with our stakeholders, measuring the reputation of FIS via shared tools**
- **Transfer a message to schools about the importance of maintaining good online behavior to combat bullying**
- **To continue to cultivate the relationship with schools by conveying communications aligned with FIS'**
- **To qualify relations with regulatory bodies (National and International Institutions)**

6



Methodological note

This document represents FIS' third Sustainability Report, now to be published on an annual basis. The previous report was published in 2019, when the company had opted for a two-year reporting frequency. The report is guided by Global Reporting Initiative (GRI) Standards, the international reference for non-financial reporting, according to the "Core" approach. The report is the main tool for reporting corporate sustainability performance in order to strengthen our sustainability commitment, initiatives and continuous dialogue with our main stakeholders, first and foremost our employees.

The reporting perimeter refers to activities carried out by FIS during 2019. Therefore, facts, data and information relating to the other companies of the holding company Nine Trees Group are excluded. The reported information, initiatives, projects and actions refer to the reporting period from 1st January 2019 to 31st December 2019. In some cases, facts and data referring to previous or ongoing years are

mentioned in the report for the purposes of comparison. In accordance with the GRI Standards, this edition of the report is based on a materiality assessment aimed at defining the most relevant reporting topics for the company and its stakeholders.

Beginning with a mapping of the company's stakeholders, the most relevant sustainability topics were identified in relation to FIS' operational and strategic context and the company's main environmental, economic and social impacts. Topics were initially identified using a benchmark analysis artificial intelligence tool, which, by reading the sustainability, financial and SEC Filing reports of 38 sector entities (customers, competitors and peers) drew up a list of the most reported topics. Among this selection, the material topics were prioritized in a series of individual interviews with members of the top management. They also gave insights into the degree of relevance that the various categories of stakeholders attribute to the various topics.

In this way, a materiality matrix was elaborated, indicating, on the y axis, the relevance attributed by stakeholders to each topic, and, on the x axis, the relevance of each topic to the business. The matrix was divided into 4 quadrants, with the analysis culminating in the identification of 13 material topics selected from those which were recognized as having the greatest relevance for FIS or its stakeholders. These material topics were divided into 4 thematic areas, which are discussed in detail within this report.

To request further information on the report and its contents, contact: gabriele.lendaro@fisvi.com

GRI Indicator data tables

1. Number of employees by gender and age group

	Age group	Unit of measure	2015		2016		2017		2018		2019	
			Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Montecchio	< 30 y.o.	no.	172	42	234	70	234	89	229	91	202	75
	30 ≤ x ≤ 50	no.	459	79	514	103	522	124	514	135	496	151
	> 50 y.o.	no.	146	21	159	19	183	24	207	28	236	28
Termoli	< 30 y.o.	no.	45	2	49	3	52	4	47	4	43	4
	30 ≤ x ≤ 50	no.	78	5	85	6	86	6	88	12	100	11
	> 50 y.o.	no.	33	0	42	1	50	1	53	1	58	1
Lonigo	< 30 y.o.	no.	-	-	-	-	50	9	68	17	58	13
	30 ≤ x ≤ 50	no.	-	-	-	-	125	23	142	28	150	30
	> 50 y.o.	no.	-	-	-	-	81	11	80	12	79	10
Total			933	149	1083	202	1383	291	1428	328	1422	323

2. Contract type*

	2015	2016	2017	2018	2019
Employees with permanent contracts	1,073	1,229	1,515	1,612	1,721
Employees with fixed-term contracts	9	56	159	144	24

3. Male and female presence across the total corporate population

	Unit of measure	2015	2016	2017	2018	2019
total no. employees	no.	1082	1285	1,674	1,756	1,745
no. men	no.	933	1083	1383	1428	1422
no. women	no.	149	202	291	328	323
% men		86%	84%	83%	81%	81.5%
% women		14%	16%	17%	19%	18.5%

4. Professional categories

	Unit of measure	2015	2016	2017	2018	2019
Number of executives	no.	23	26	33	30	31
Number of middle managers	no.	121	134	184	201	210
Number of office workers	no.	283	360	613	684	606
Number of manual workers	no.	655	765	844	841	898

5. Turnover rate

	Age group	2015		2016		2017		2018		2019	
		Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Montecchio	< 30 y.o.	2.9%	2.4%	4.3%	1.4%	2.1%	2.2%	2.2%	1.1%	4.0%	5.3%
	30 ≤ x ≤ 50	0.9%	2.5%	0.6%	3.9%	0.6%	2.4%	2.7%	4.4%	3.2%	6.0%
	> 50 y.o.	5.5%	14.3%	3.1%	0.0%	4.9%	8.3%	7.7%	10.7%	5.1%	10.7%
Termoli	< 30 y.o.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	0.0%
	30 ≤ x ≤ 50	1.3%	0.0%	2.4%	16.7%	1.2%	16.7%	1.1%	0.0%	1.0%	0.0%
	> 50 y.o.	3.0%	0.0%	2.4%	0.0%	2.0%	100.0%	3.8%	0.0%	1.7%	0.0%
Lonigo	< 30 y.o.	-	-	-	-	4.0%	0.0%	10.3%	5.9%	1.7%	0.0%
	30 ≤ x ≤ 50	-	-	-	-	0.0%	4.3%	2.1%	7.1%	2.0%	3.3%
	> 50 y.o.	-	-	-	-	12.3%	27.3%	12.5%	8.3%	17.7%	0.0%

6. Recruitments by site and age group

	Age group	2015		2016		2017		2018		2019	
		Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Montecchio	< 30 y.o.	105	27	84	35	33	30	29	20	11	3
	30 ≤ x ≤ 50	30	11	61	21	35	23	22	11	13	8
	> 50 y.o.	4	1	2	-	6	2	6	1	4	-
Termoli	< 30 y.o.	31	2	11	2	3	2	-	1	1	-
	30 ≤ x ≤ 50	7	2	9	-	5	-	2	3	-	-
	> 50 y.o.	-	-	2	1	1	1	-	-	-	-
Lonigo	< 30 y.o.	-	-	-	-	50	9	18	7	7	2
	30 ≤ x ≤ 50	-	-	-	-	122	23	16	3	10	1
	> 50 y.o.	-	-	-	-	82	11	4	1	2	1

7. Average pay difference between men and women

	Unit of measure	2015	2016	2017	2018	2019
Executives	%	83%	82%	87%	93%	95%
Middle management	%	98%	97%	96%	94%	95%
Officer workers	%	93%	93%	93%	94%	95%
Manual workers	%	89%	89%	91%	91%	91%

NOTE: pay difference expressed as percentage of men's pay

8. In-company training (average hours per person)

	Unit of measure	2015	2016	2017	2018	2019
Male employees	no.	26	22	30	30	25.4
Female employees	no.	29	25	32	31	19.4

9. Total training hours provided to employees

	Unit of measure	2015	2016	2017	2018	2019
Training provided to executives	hrs	1,453	667	1,122	1,275.5	382
Training provided to middle managers	hrs	6,603	5,814	9,135	8,187	5370.5
Training provided to office workers	hrs	5,924	7,939	22,533.5	21,078	16535
Training provided to manual workers	hrs	12,163	12,547	17,458	19,526	19517.5
Training provided to temporary contract personnel / interns	hrs	121	459	557	787	1722

10. Health, safety and environment investments (millions of Euros)

	2015	2016	2017	2018	2019
Montecchio	4,621,616	3,704,979	3,201,988	4,410,726	1,851,881
Termoli	423,094	654,583	671,226	3,671,500	2,201,942
Lonigo	-	-	145,603	3,727,162	5,167,195
Total	5,044,711	4,359,562	4,018,817	11,809,388	9,221,018

11. Health, Safety and Environment training (per capita hours)

	Unit of measure	2014	2015	2016	2017	2018
Montecchio	hrs	9.4	9.9	10.3	7.6	8.6
Termoli	hrs	14.6	16.3	18.8	23.4	21.2
Lonigo	hrs	-	-	14.6	21.6	25.3
FIS average	hrs	10.2	10.8	11.4	10.6	13.4

12. On-site accidents (no.)*

	2015		2016		2017		2018		2019	
	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Montecchio	22	-	18	-	20	-	17	-	17	-
Termoli	6	-	3	-	3	-	3	-	12	-
Lonigo	3	-	6	-	6	-	5	-	4	-
FIS total	31	-	27	-	29	-	25	-	35	-

*Only accidents with a prognosis of more than 3 days and deaths are counted.

13. Accident frequency* and severity** indices

	2015		2016		2017		2018		2019	
	frequency index	severity index	frequency index	severity index	frequency index	severity index	frequency index	severity index	frequency index	severity index
Montecchio	16.4	0.30	10.9	0.31	9.0	0.15	7.0	0.15	9.0	0.17
Termoli	29.0	0.50	10.7	0.24	8.0	0.09	7.2	0.26	36.7	0.68
Lonigo	-	-	-	-	10.1	0.10	7.1	0.20	7.3	0.17

*The frequency index is calculated as the number of accidents / hours worked x 1,000,000

**The severity index is calculated as the number of days lost due to injury / hours worked x 1,000

14. Days lost to illness and absenteeism rate*

	2015		2016		2017		2018		2019	
	Total days lost	Absenteeism rate	Total days lost	Absenteeism rate	Total days lost	Absenteeism rate	Total days lost	Absenteeism rate	Total days lost	Absenteeism rate
Montecchio	8,210	4.4%	8,831	3.2%	8,133	2.8%	9,882	3.2%	10,851	3.6%
Termoli	1,293	4.1%	1,293	2.7%	1,143	2.3%	1,666	3.2%	2,262	4.1%
Lonigo	2,172	4.0%	2,161	4.0%	1,679	2.3%	2,391	2.7%	2,827	3.3%

*The absenteeism rate is calculated as the number of days lost to illness / planned work days, excluding temporary workers

15. Total water withdrawals at the 3 sites (m3)

	Unit of measure	2015	2016	2017	2018	2019
Montecchio	m ³	1,298,082	1,406,345	1,402,898	1,314,971	1,202,731
Termoli	m ³	432,611	449,745	488,229	446,311	422,000
Lonigo	m ³	910,490	898,510	914,600	770,240	792,350
total water withdrawn	m ³	2,641,183	2,754,600	2,805,727	2,531,522	2,417,081
Total water withdrawn per tonne of product	m ³ /t	2892.9	2930.4	1237.6	1174.7	1139.0

16. Water discharge by destination (m3)

	2015		2016		2017		2018		2019	
	water discharged into sewers	rainwater sur-face-discharge	water discharged into sewers	rainwater sur-face-discharge	rainwater sur-face-discharge	rainwater sur-face-discharge	water discharged into sewers	rainwater sur-face-discharge	water discharged into sewers	rainwater sur-face-discharge
Montecchio	515,229	675,400	562,554	814,914	554,150	761,560	574,154	697,137	567,766	560,846
Termoli	421,044	-	419,890	-	452,350	-	453,961	-	392,000	-
Lonigo	-	802,572	-	832,799	-	744,309	-	704,746	-	739,433
total water discharged	2,414,245		2,630,157		2,512,369		2,429,998		2,260,045	

17. Hazardous and non-hazardous waste products (tons)

	2015		2016		2017		2018		2019	
	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Non-hazardous waste
Montecchio	38,236.0	4,504.2	59,463.5	1,819.8	39,217.0	2,458.7	43,359.0	1,973.17	40242.68	1583.63
Termoli	10,404.0	1,230.0	10,297.0	17,803.0	14,995.0	1,587.0	12,013.0	1,547.0	11,856.88	1,443.16
Lonigo	-	-	-	-	33,441.0	2,317.0	23,299.0	2,762.0	23,421	1,851
FIS total	48,640.0	5,734.2	69,760.5	19,622.8	87,653.0	6,362.7	78,776.0	6,171.1	75,520.56	4,877.78

18. Hazardous waste produced by disposal method (tons)

	2015			2016			2017			2018			2019		
	external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration
Montecchio	8,067	8,741	21,973	36,036	9,319	13,598	6,686	9,041	23,490	10,256	9,702	23,401	6,577.7	9650.3	24,978.7
Termoli	8,291	2,113	-	7,267	3,030	-	9,041	4,224	1,730	7,269	3,587	1,156	8,602.8	3254.1	-
Lonigo	-	-	-	-	-	-	3,992	10,537	18,912	2,626	5,263	15,409	3,029.7	3851.5	16,540.1
FIS total	16,358	10,854	21,973	43,303	12,349	13,598	19,719	23,802	44,132	20,730	18,079	39,966	18210.2	17674.6	41518.8

19. Non-hazardous waste produced by disposal method (tons)

	2015			2016			2017			2018			2019		
	external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration
Montecchio	206	1,442	2,857	535	1,285	-	15	1,623	820	81	1,664	228	134.5	1155.1	294.0
Termoli	952	278	-	12,167	5,636	-	1,252	335	-	1,243	304	-	1198.8	244.4	-
Lonigo	-	-	-	-	-	-	146	2,103	69	93	2,597	73	34.4	1679.9	79.2
FIS total	1,158	1,720	2,857	12,702	6,921	-	1,413	4,061	889	1,416	4,182	301	1367.7	3079.4	373.2

20. Disposal method envisaged for hazardous and non-hazardous waste (%)

2017			2018			2019		
external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration	external disposal	external recovery	internal incineration
22%	30%	48%	26%	26%	48%	26%	26%	48%

21. Hazardous waste transported abroad (tons)

2014	2015	2016	2017	2018	2019
1,508	1,510	4,378	1,792	-	286

22. Materials used originating from recycling - solvents (tons and %)

			2015	2016	2017	2018	2019
HEPTANE 8,129	Total input materials	tons (or m ³ or other)	643	843	606	368	337
	Recycled input materials	tons (or m ³ or other)	2,439	3,923	3,428	2,635	2,588
	Percentage of recycled materials	Percentage	79.14%	82.32%	84.97%	87.74%	88.49%
ISOPROPANOL 7,420	Total input materials	tons (or m ³ or other)	1594	2,991	3,626	3,611	3,532
	Recycled input materials	tons (or m ³ or other)	1433	1666	3,679	4,180	2,539
	Percentage of recycled materials	Percentage	47.34%	35.77%	50.36%	53.65%	41.82%
ACETONE 7,030	Total input materials	tons (or m ³ or other)	2,288	3,153	2,784	3,146	2,557
	Recycled input materials	tons (or m ³ or other)	1184	1644	1,750	3,102	3,102
	Percentage of recycled materials	Percentage	34.10%	34.27%	38.60%	49.65%	54.82%
TOLUENE 9,290	Total input materials	tons (or m ³ or other)	2,531	2,903	2,048	1,933	1538
	Recycled input materials	tons (or m ³ or other)	3,391	2,964	1434	2,297	1668
	Percentage of recycled materials	Percentage	57.26%	50.52%	41.19%	54.31%	52.03%
THF 9,254	Total input materials	tons (or m ³ or other)	1310	1,683	1068	623	596
	Recycled input materials	tons (or m ³ or other)	2,153	2,034	795	1490	821
	Percentage of recycled materials	Percentage	62.17%	54.72%	42.67%	70.52%	57.94%
METHANOL 7,430	Total input materials	tons (or m ³ or other)	4,968	7,947	7,764	7,140	6,736
	Recycled input materials	tons (or m ³ or other)	2,960	4,140	5,231	4,415	4,986
	Percentage of recycled materials	Percentage	37.34%	34.25%	40.25%	38.21%	42.54%
TOTAL	Total input materials	tons (or m ³ or other)	10,430	14,846	13,202	12,586	11,167
	Recycled input materials	tons (or m ³ or other)	9,974	12,671	11,843	12,449	12,344
	Percentage of recycled materials	Percentage	48.88%	46.05%	47.29%	49.73%	52.50%

Note: the method of calculating recovered solvents has changed, therefore the data taken from previous Sustainability Reports have been recalculated for inclusion here.

23. Total energy consumption (GJ) of the three sites

	Unit of measure	2014	2015	2016	2017	2018	2019
Diesel / Gas Oil	GJ	401	261	221	849	834	654
Natural Gas	GJ	288,745	307,337	423,298	620,374	611,120	593,492
Electricity supplied by the grid	GJ	205,841	232,333	237,648	315,474	325,948	327,947
Electricity from other sources produced and consumed internally	GJ	6,102	2,322	96,932	53,748	53,506	51,177
Total energy consumption	GJ	501,089	542,253	758,098	990,445	991,409	973,270
Energy consumption / tons of product	GJ/tonne	497	594	806	437	460	459

*The item refers to the trigeneration plant whose installation was completed in May 2016

24. Direct and indirect greenhouse gas emissions (CO₂eq tons)

	Unit of measure	2015	2016	2017	2018	2019
CO2 emissions (Scope 1)	GJ	44,009	48,960	62,485	58,920	65,081
CO2 emissions (Scope 2)	GJ	15,581	15,709	27,059	27,956	25,994
CO2 emissions (total)	GJ	59,590	64,669	89,544	86,876	91,075
CO2 emissions (total) / tons of product	GJ	65.3	68.8	39.5	40.3	42.9

25. Emission of main pollutants (kg)

MONTECCHIO						
Type of emissions	Unit of measure	2015	2016	2017	2018	2019
NO _x	kg	13,062	14,010	16,404	16,971	19,396
SO _x	kg	47	187	19	47	50
VOC	kg	2,862	1,958	1,211	2,601	2,439
PM	kg	224	329	189	50	256
CO	kg	1,657	1,856	2,842	2,896	2,830
TERMOLI						
NO _x	kg	4,989	2,920	3,570	2,070	7,042
SO _x	kg	1	2	2	16	4
VOC	kg	60	70	43	5	67
CO	kg	871	1,596	760	58	403
LONIGO						
NO _x	kg	-	-	18,965	16,626	13,500
SO _x	kg	-	-	526	230	658
VOC	kg	-	-	534	562	397
PM	kg	-	-	193	197	141
CO	kg	-	-	2,371	2,109	2,293

26. Total emission of main pollutants for the 3 sites (kg)

Type of emissions	Unit of measure	2015	2016	2017	2018	2019
NO _x	kg	18,051	16,930	38,939	35,667	39,938
SO _x	kg	48	189	547	293	712
VOC	kg	60	70	577	567	3,168
PM	kg	224	329	382	247	397
CO	kg	2,528	3,452	5,973	5,063	5,342

GRI - Content Index

GRI INDEX	Description	Chapter reference	Pages	Omissions
102-1	Name of the organization	Guard the future	6, 7	
102-1	Name of the organization	Guard the future	6, 7	
102-2	Activities, brands, products and services	Guard the future	6, 7, 8	
102-3	Location of headquarters	Guard the future	7	
102-4	Location of operations	Guard the future	7	
102-5	Ownership and legal form	Guard the future	7	
102-6	Markets served (including geographic analysis, sectors and types of customers and beneficiaries)	Guard the future	9, 38, 39	
		Sharing value throughout the supply chain		
102-7	Scale of the organization	Everyone is part of the value chain	17	
102-8	Information on employees and other workers	Everyone is part of the value chain - GRI Indicator data tables	19, 48	
102-9	Supply chain	Sharing value throughout the supply chain	40	
102-10	Significant changes to the organization and its supply chain (e.g. scale, composition, ownership structure and supply chain)	n.a.	n.a.	There were no significant changes
102-12	Subscription or adoption of principles, initiatives or charters developed by external entities regarding economic, environmental and social performance	Growing together responsibly	43	
102-13	Participation of national and international associations	We get involved with our stakeholders	43	
102-14	Statement from senior decision-maker regarding the importance of sustainability for the organization and its strategy	Letter from the Chairman	4	
102-15	Description of the key impacts, risks and opportunities	Guard the future	9	
102-16	Description of the organization's values, principles, standards, and norms of behaviour	Guard the future	10, 18	
102-17	Mechanisms for advice and concerns about ethics	Guard the future	12	
102-18	Governance structure of the organization, including committees that report to the highest governance body	Guard the future	12	
102-21	Consulting stakeholders on economic, environmental, and social topics	Growing together responsibly	43, 44, 45	
102-40	List of stakeholder groups	Growing together responsibly	43, 44, 45	
102-41	Collective bargaining agreements	Everyone is part of the value chain	19, 20	
102-42	Principles for identifying and selecting stakeholders	Everyone is part of the value chain	43	
102-43	Approach to stakeholder engagement	Everyone is part of the value chain	43	
102-44	Key topics and concerns raised from stakeholder engagement activities and description of how the organization responds	Everyone is part of the value chain	44, 45	
102-45	Entities included in the consolidated financial statements or equivalent documents	Guard the future	12, 13	

GRI INDEX	Description	Chapter reference	Pages	Omissions
102-46	Explanation of the process of defining the contents and topic boundaries of the Sustainability Report, and of the way in which the organization has implemented the relevant Reporting Principles	Methodological note	47	
102-47	List of identified material topics	Guard the future	12, 13	
102-48	Restatements of information	n.a.	-	No changes were made
102-49	Changes in reporting	n.a.	-	No changes were made
102-50	Reporting period	Methodological note	47	
102-51	Date of most recent report	Methodological note	47	
102-52	Reporting cycle	Methodological note	47	
102-53	Contact point for questions regarding the report and its contents	Methodological note	47	
102-54	Compliance with the GRI Standards	Methodological note	47	
102-55	Reporting requirements	Methodological note	47	
201	Management approach disclosures	Guard the future	14	
201-1	Direct economic value generated, distributed and retained	Guard the future	14	
204	Disclosures on management approach	Sharing value throughout the supply chain	40	
302	Management approach disclosures	Together for sustainable chemistry	33, 34	
302-1	Energy consumption within the organization	Together for sustainable chemistry - GRI Indicator data tables	33, 34, 54	
302-4	Reduction of energy consumption	Together for sustainable chemistry	33, 34	
303	Management approach disclosures	Together for sustainable chemistry	31	
303-1	Total water withdrawal by source	Together for sustainable chemistry - GRI Indicator data tables	31, 52	
303-3	Water recycled and reused	n.d.		Indicator not available
305	Management approach disclosures	Together for sustainable chemistry	34	
305-1	Direct greenhouse gas emissions (Scope 1)	Together for sustainable chemistry - GRI Indicator data tables	34, 55	
305-2	Direct greenhouse gas emissions (Scope 2)	Together for sustainable chemistry - GRI Indicator data tables	34, 55	
305-7	NOx, SOx and other emissions	GRI Indicator data tables	56	
306	Management approach disclosures	Together for sustainable chemistry	31	
306-1	Total water discharges by destination and type of treatment	Together for sustainable chemistry - GRI Indicator data tables	31, 52	
306-2	Total weight of waste produced by type and disposal method	Together for sustainable chemistry - GRI Indicator data tables	32, 52, 53	

GRI INDEX	Description	Chapter reference	Pages	Omissions
308	Disclosures on management approach	Sharing value throughout the supply chain	40	
308-1	New suppliers subjected to environmental assessment	Sharing value throughout the supply chain	40	
401	Management approach disclosures	Everyone is part of the value chain	19	
401-1	Number and rate of new hires and turnover by age and gender	Everyone is part of the value chain - GRI Indicator data tables	19, 49	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Everyone is part of the value chain	20	
403	Management approach disclosures	Everyone is part of the value chain	26	
403-1	Representation of workers in health and safety committees	Everyone is part of the value chain	26	
403-2	Rate of occupational accidents, illness, lost working days, absenteeism and total number of deaths by geographical area and gender	Everyone is part of the value chain - GRI Indicator data tables	27, 51	
404	Management approach disclosures	Everyone is part of the value chain	22, 23	
404-1	Average hours of training provided to employees by gender and category	Everyone is part of the value chain - GRI Indicator data tables	22, 23, 27, 50	
405	Management approach disclosures	Guard the future	12, 13	
405-1	Diversity of governance bodies and employees	Guard the future	12, 13	
405-2	Ratio of basic salary and remuneration of women to men	GRI Indicator data tables	50	
413	Management approach disclosures	We get involved with our stakeholders	39, 40	
414	Management approach disclosures	Sharing value throughout the supply chain	39, 40	
414-1	New suppliers subjected to social assessment	Sharing value throughout the supply chain	40	The information refers to all suppliers





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