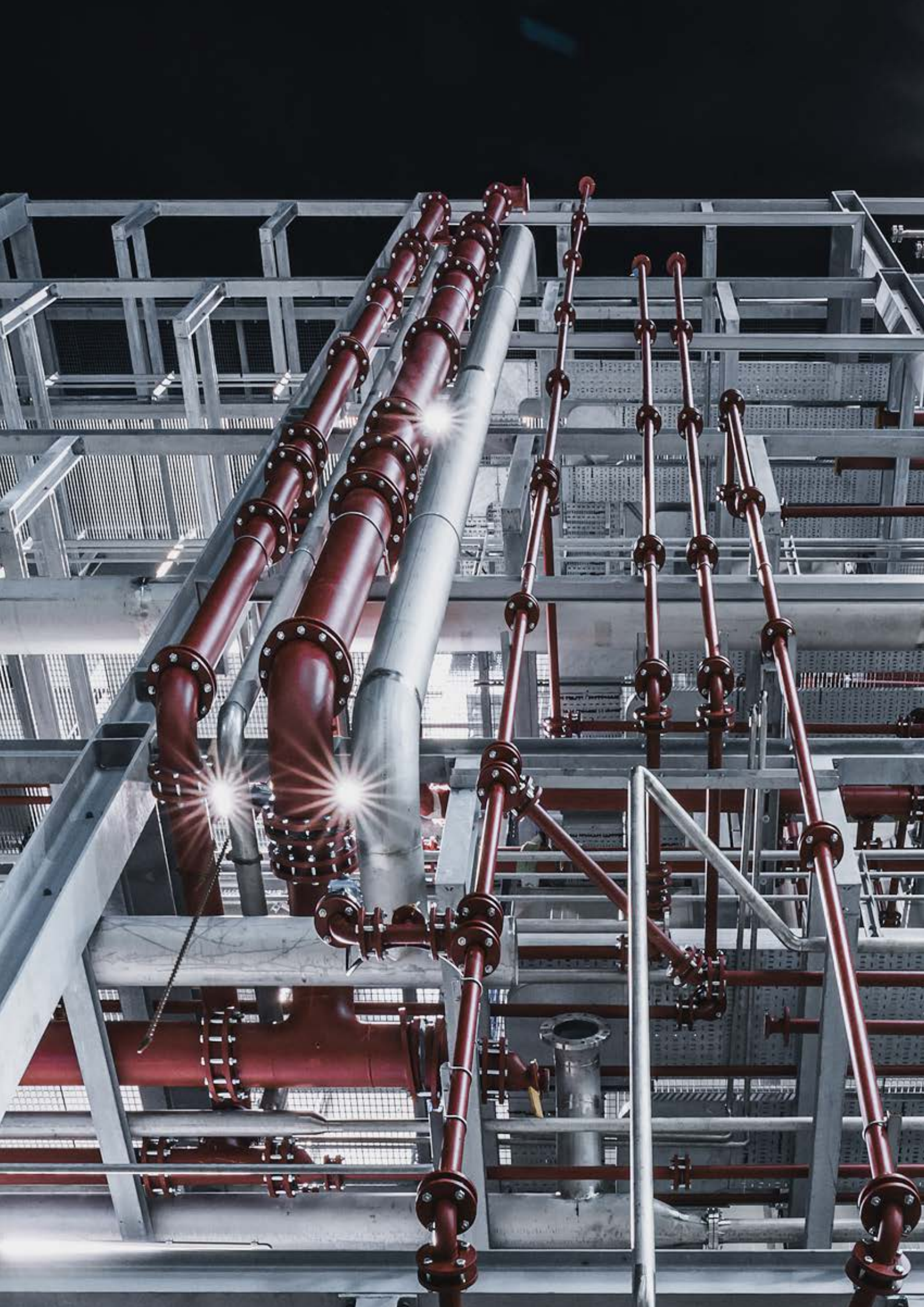


Sustainability report 2020





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Letter from the Chairman

Once again this year, we are delighted to continue with our commitment to tell you about our company, which has been working for over 60 years with respect for people, families and the territories that host us. The focus on social and environmental issues has increased in recent years and is now an essential part of our corporate strategy.

2020 will unfortunately long be remembered as a dramatic year, both socially and economically, but we take pride in the way we are responding to the situation this pandemic has brought upon us: we have responded to the blows we have suffered and the fears we have experienced, and we are reaping the benefits of our work, always focusing on the future with the same motivation and commitment.

Our customers themselves have expressed their appreciation for the ability we have shown in taking all measures to protect the health of those who work with us and for ensuring the continuity of production at our sites, thus guaranteeing the availability of the pharmaceuticals needed for the health of millions of people around the world.

In this context of enormous difficulty, which has had significant impacts at global level, it is nevertheless possible to identify a partially positive aspect for the environment: the drastic and unprecedented reduction of many anthropogenic activities and, therefore, of greenhouse gas emissions. This small positive note, of course, is not enough to be satisfied: we are well aware that, when the global health emergency is at least partly over, yesterday's problems will come back with greater force than before, in particular climate change, which represents the main threat we have to face in order to ensure a future for our planet and for the generations to come.

It is with this clear vision that we continue to pursue our sustainable growth strategy, which aims to address these emergencies on several fronts. As of this year, we have a programme for the progressive reduction of CO₂ emissions, making our contribution to the achievement of the 2030 European objectives for the reduction of greenhouse gases, thanks to investments in efficiency, the use of renewable energies and the pursuit of the best technological solutions that are gradually appearing on a rapidly evolving market.

However, there is not only the environment. There are also our people: employees, customers, suppliers and, last but not least, the territories in which we operate, to which we have always been bound by the double thread of mutual respect and sustainable growth. We are also committed to open dialogue with them, which we intend to put into practice with new and innovative internal welfare measures, increasingly collaborative and lasting partnerships with customers and suppliers, and with support for the initiatives and needs of organisations and associations in our areas, which have been hit hard by the consequences of the pandemic.

In this challenging but stimulating environment, we are confident that the new CEO, Michele Gavino, will make a fundamental contribution to achieving the important objectives of sustainable growth that we have once again set ourselves.

Enjoy the reading,



Giampaolo Ferrari
Chairman

A photograph of an industrial facility, likely a water treatment plant, featuring a complex network of pipes. The pipes are color-coded: some are bright green, while others are silver or grey. The pipes run in parallel, creating a strong sense of depth and perspective. The background shows more industrial structures, including what appears to be a large cylindrical tank. The overall scene is brightly lit, suggesting an outdoor or well-lit indoor environment.

1

Our commitment
for a sustainable future

Our commitment for a sustainable future

We are the ideal partner for contract manufacturing: for over 60 years we have been producing APIs (Active Principle Ingredients) for the world's leading pharmaceutical companies in a concise, safe and sustainable way.

Our company was founded in 1957 in Montecchio Maggiore in the province of Vicenza, with plants also in Lonigo (Vicenza) and Termoli (Campobasso): our production capacity is such that we are number one in Italy and among the first in Europe for the production of active ingredients for the pharmaceutical industry.

The pharmaceutical market value chain



Our core business is represented by:

- the **custom market**, i.e. the exclusive production of intermediates, advanced intermediates and active ingredients for patent-holding pharmaceutical companies;
- the **generic market**, for which we develop and sell 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 and custom products.

Our commitment - summarised in our promise **“To feed and contribute the growth and development of the entire ecosystem: families, local area, customers”** - is to constantly be an international point of reference for pharmaceutical chemistry. This 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, which is why it is essential to be able to guarantee quality and safety of use aimed at therapeutic efficacy and improving the quality of life of the patient and the people around them.

Our markets

75%



CUSTOM

24%



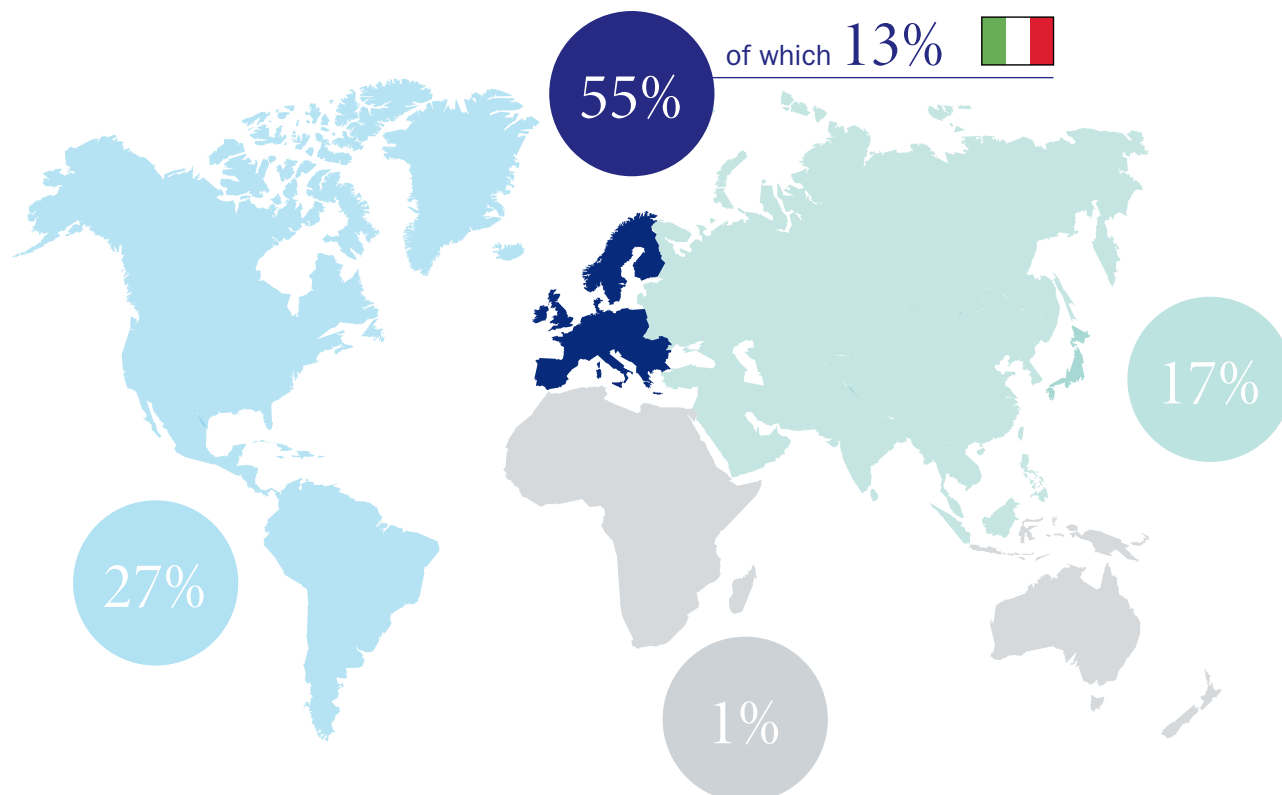
GENERIC

1%



VETERINARY

Geographic distribution of sales



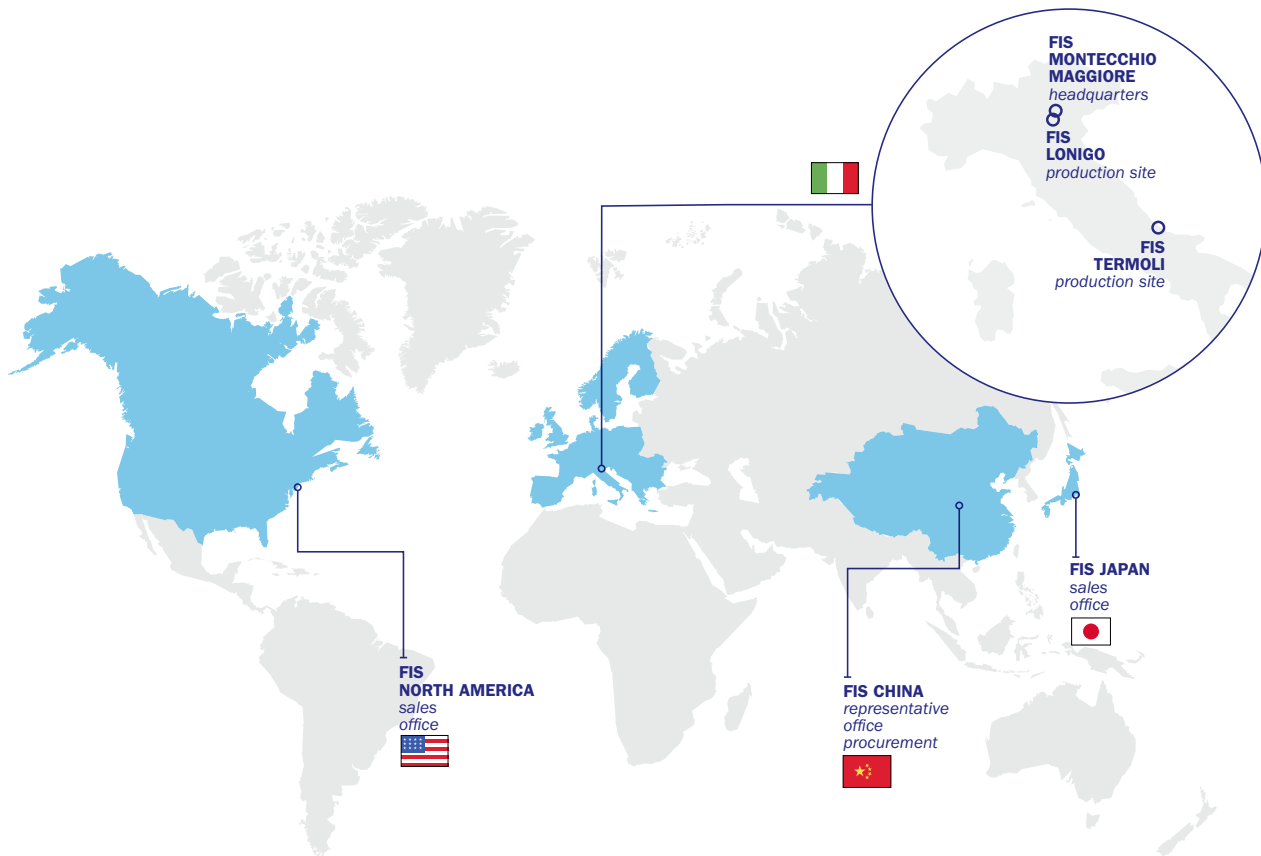
F.I.S.– Fabbrica Italiana Sintetici S.p.A. is controlled by Nine Trees Group S.p.A., which also controls the following companies:

- **Anemocyte**, an Italian biotechnology company dedicated to the development and production of innovative biological drugs;
- **Delmar**, a strategic company specialized in the manufacture of intermediates, and, today, active ingredients, with a production site authorized by the US Food and Drug Administration (FDA);
- **FIS North America Inc.**, FIS agent for the North American market;
- **Fulton Medicinali**, a company whose core business is formulation development and the manufacture of finished pharmaceutical products, under its own brand and for third parties;
- **Brenta**, which develops research-oriented technology platforms in the fields of pharmaceutical and materials science. It is a young, innovative company with

a variety of skills that allow it to focus on materials science, biotechnology, microbiology and cultural heritage products.

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

Our offices





63
YEARS IN BUSINESS



498,565
TURNOVER (KEURO)




1,849
EMPLOYEES



3
SITES



481
R&D EMPLOYEES (230) + QC (251)



3,500
M³ PRODUCTION CAPACITY

Our history

1957

Foundation of FIS

1958

Start of production in the first laboratories and plants

The 60s

FIS became the leader in the family of Benzodiazepines, of Furans, and other products including Furosemides. It received the first authorisation from the US Food and Drug Administration.

The 70s

Growth in the generics range continued. At the end of the decade, the need emerged to follow a new market, Custom Synthesis. We focused on international markets with even more determination.

The 80s

Increased business in Custom Synthesis, which required an expansion of production capacity with the construction of the Termoli site. The Montecchio plant received further extensions, including the construction of the biological plant for the treatment of process water.

The 90s

The Custom Synthesis segment was consolidated, thanks to a wider range of products and customers. During these years, new exclusive relationships were concluded with European and Japanese companies. The company continued to invest in reducing its environmental impact.

From 2000 to today

These are years of strong growth and substantial investment, for example in the new High Potent molecule sectors, in innovative process technologies such as Fluid bed drying, Spray drying, Fluorination and Sterile, the creation of new Quality Control laboratories and the acquisition of the new plant in Lonigo. The commitment to environmental protection also continues with the obtaining of certifications for the Health and Safety, Environment and Quality management systems.

Sustainability vision

Since 2019 we have taken a significant step forward in gearing our strategies towards the pursuit of clear, shared and sustainable goals. This is our **vision of sustainability based on three pillars**, which we consider 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, whilst 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 adopting sustainable strategies means winning, all together.

The importance of the commitment we make to our stakeholders, by adhering to the United Nations Sustainability Goals (SDGs), which we find particularly close to our core business and values, is part of this path.

Sustainable Development Goals (SDGs)

In 2015, the United Nations adopted the 2030 Agenda, identifying several ambitious goals that will have 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, both public and 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 our three pillars of our Sustainability Vision, our commitment to our stakeholders is consequently and logically aligned to adherence with Sustainable Development Goals 4, 8 and 12, which we consider closest to our core business and 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 that is appropriate to their needs and the context in which they live. In this sense, education becomes a factor that contributes to a more secure, sustainable and interdependent world.

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.

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.

Our sustainability governance

An ethical approach is a fundamental pillar of our actions, which is why we believe that there can be no true sustainable development when it is not deeply linked to the company's business strategy. For this reason too, our organisational structure includes a Sustainability Contact Person who reports to the Industrial Operations Department, which in turn reports directly to the Chief Executive Officer. This governance structure has helped not only to give even greater relevance

and concreteness to sustainable development issues within our company, but also to approach the issue of compliance in a proactive rather than reactive way, once again making sustainability a real lever for value creation.

In 2017, we decided to create a department within the company entirely dedicated to communication, which would enable and facilitate an increasingly profitable dialogue with all our stakeholders.

For some time we have adopted a **Code of Ethics**, which is an essential keystone in ensuring that the entire company conducts itself with respect for legality, honesty, integrity, fairness, transparency and good faith, which are the hallmarks of our company. Not only employees, but also all those acting in the name and 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

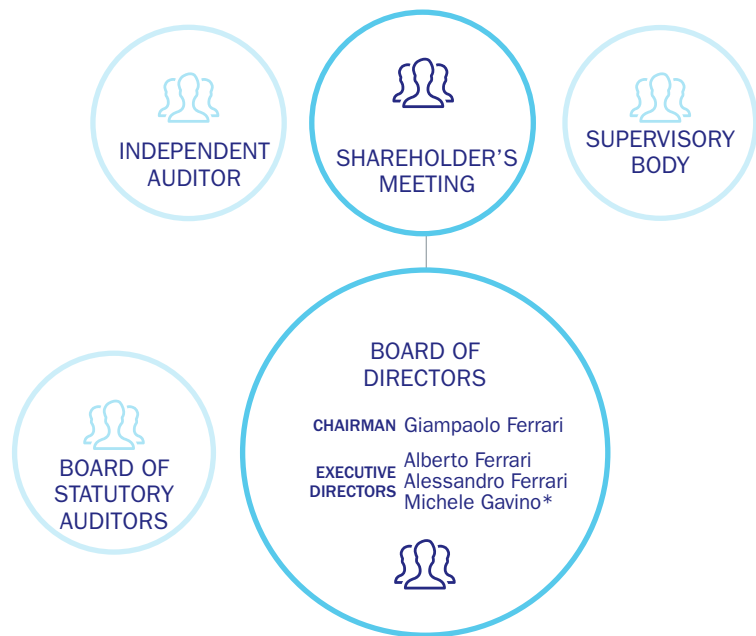
of Directors, to report situations or behaviours that go against its contents.

Since 2011 we have supplemented our Code of Ethics with an **Organisation, Management and Control Model** that meets the requirements of Legislative Decree 231/2001 and subsequent amendments and additions. This decree requires the identification

of corporate activities within the scope of which offences could be committed and defines the general principles, structure and components of internal activities for risk organisation, management and control. This Model has been integrated over time, extended to cover the other offences provided for in the Decree and completed with an internal sanction system. It is the task of an external and

independent supervisory body, set up collectively and appointed by the Board of Directors, to ensure supervision of the application and functioning of the model, carrying out periodic inspections to identify possible inconsistencies and shortcomings.

INTERRELATIONS BETWEEN CORPORATE DEPARTMENTS AND THE BOARD



*In office since 1 February 2021

| | INDUSTRIAL OPERATIONS | MANUFACTURING | PROCUREMENT | SALES & MARKETING | R&D / PROJECT MANAGEMENT |
|--|-----------------------|---------------|-------------|-------------------|--------------------------|
| HEALTH, SAFETY & THE ENVIRONMENT | ■ | ■ | ■ | ■ | ■ |
| COMMUNICATIONS / SUSTAINABILITY | ■ | ■ | ■ | ■ | ■ |
| HUMAN RESOURCES / INDUSTRIAL RELATIONS | ■ | ■ | ■ | ■ | ■ |
| ADMINISTRATION, FINANCE & CONTROL | ■ | ■ | ■ | ■ | ■ |
| IT SYSTEMS | ■ | ■ | ■ | ■ | ■ |
| QUALITY | ■ | ■ | ■ | ■ | ■ |

Impact of Covid-19 on our business

At FIS, we are at the forefront of the production of more than 140 drugs (specifically Active Pharmaceutical Ingredients), which are distributed in Italy and more than 60 countries worldwide, for some of which we are the leading global manufacturer. Most of these drugs are intended for the treatment of patients with highly critical illnesses, such as cancer, cardiovascular, respiratory and diabetic diseases. We also produce antivirals and antibacterials. Continuity of treatment cannot be achieved without the availability of the active ingredient, so the **ethical responsibility of our work has never been greater than in the past year.**

To limit the effects of the Covid-19 emergency on our activities, we are acting along two main lines: **protection of our employees and continuity of production.**

The first objective was to protect the health of our employees and all the people who work with FIS in various capacities. To this end, well ahead of the directives issued by the Italian government, we implemented all the safety measures envisaged to minimise the risk of contagion as early as March.

First of all, the Committee for the application of the Protocol was set up with the cooperation of the trade union representatives, also in function of any indications or requirements coming from the authorities, with the task of identifying the measures to be adopted and organising their progressive implementation.

Throughout 2020, and continuing into the current period, we have constantly monitored the situation and implemented additional solutions to ensure the safety of workers and the smooth running of all work activities.

At the same time, we are committed to ensuring continuity of production in a sector that is fundamental to public health, not least because many of our products are active ingredients used in the formulation of life-saving drugs.

The impact of the Covid-19 pandemic affected goods that we usually procure in China or whose supply chain is derived from Chinese suppliers. From the earliest stages of the outbreak in Asia, we had a permanent team dedicated to monitoring the resumption of shipments and production activities stopped by the local authorities. It was not an easy task to reach companies or shippers forced to close down or, for example, Indian suppliers who in turn procure raw materials from China.

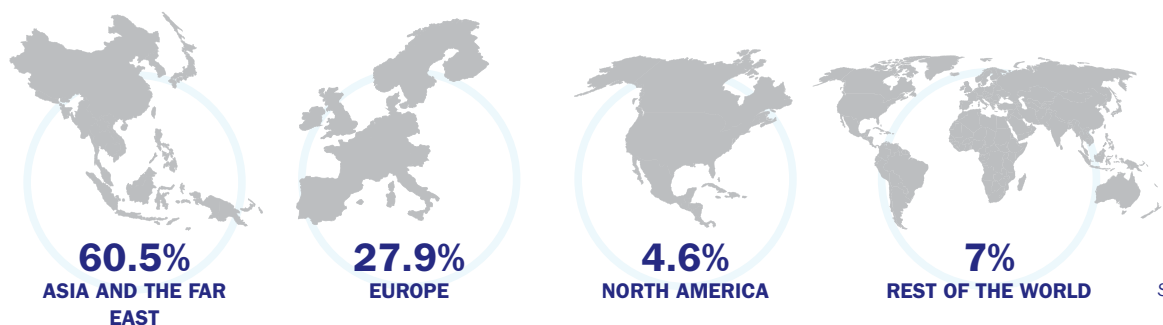
Our customers have also taken steps to support us in solving their growing difficulties. This is evidence of the importance of the role our company plays with them and recognition of the excellent relationships we have been able to establish with them over the years.

This experience has highlighted a structural weakness in the pharmaceutical chemicals sector, overly dependent on the supply of raw materials from the East, which has inevitably resulted in enormous difficulties in sustaining the supply of medical devices and drugs to European and American end consumers. Well aware of this criticality, we are developing lines of action that will allow us to govern this risk more effectively in the near future.

“ *The Coronavirus pandemic has highlighted the vital need to strengthen our healthcare system. This means ensuring access to safe, effective and high quality medicines at an affordable price.* ”

*Ursula von der Leyen,
Chairman of the European Commission
25 November 2020*

Worldwide API production



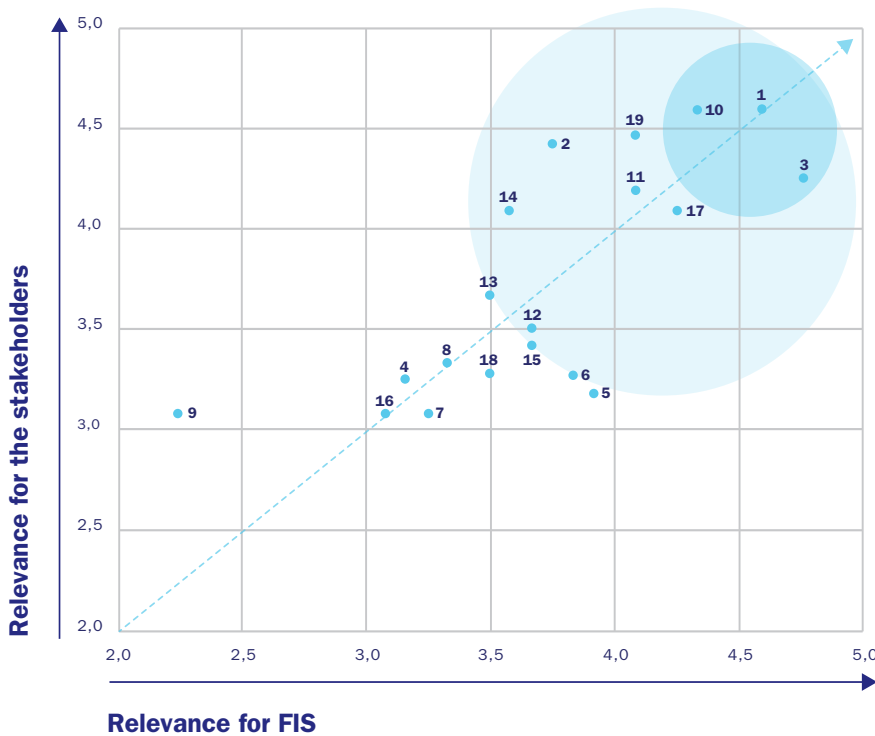
SOURCE: Technavio

Our materiality matrix

The reporting perimeter of this Report takes into account the projects and activities undertaken or carried out by FIS during 2020. 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 issues was carried out in 2018 starting with a mapping of the company's stakeholders – common to existing certified management systems – and a survey of the relevant issues for the reference market; it was then updated with a general context analysis of global sustainability risks and the Sustainability Reports of the main peers in our industrial sector; it was finally concluded with the implementation of a series of qual-

itative interviews with top management and the heads of the main corporate functions. The result of this effort is visually summarised in the following materiality matrix, from which the material topics are evident, at the top right of the asymptote, and which will be dealt with in detail in the following pages.



- TOP 3**
Sustainability topics relevant for FIS and the stakeholders
- TOP 10**
Sustainability topics relevant for FIS and the stakeholders

| no. | TOPICS |
|-----|--|
| 1 | Creation of economic value and sustainable growth strategy |
| 2 | Business ethics (e.g. anti-corruption) and transparency |
| 3 | Safety of industrial processes / occupational health and safety |
| 4 | Respect for human rights |
| 5 | Talent acquisition and retention |
| 6 | Employee training and professional development |
| 7 | Welfare, gender diversity and fair working conditions |
| 8 | Advocacy and relations with institutions |
| 9 | Support and development of local communities |

| no. | TOPICS |
|-----|---|
| 10 | Product quality and safety |
| 11 | Sustainability in the supply chain |
| 12 | Circular economy |
| 13 | Water management and protection |
| 14 | Climate change and pollutant emissions |
| 15 | Sustainable energy use |
| 16 | More sustainable products and solutions |
| 17 | Innovation, R&D and process development |
| 18 | Digital transformation and technological innovation |
| 19 | Data protection and cybersecurity |

The fruit of our commitment

| | Units of measurement | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ECONOMIC VALUE GENERATED | | | | | | | |
| Production value | k€ | 353,645 | 495,232 | 665,325 | 545,191 | 506,990 | 589,412 |
| Income from investments | k€ | 0 | - | - | - | - | 0 |
| Other financial income | k€ | 47 | 1,377 | 1,029 | 270 | 88 | 62 |
| Extraordinary income | k€ | 515 | - | - | - | - | 0 |
| TOTAL ECONOMIC VALUE GENERATED | k€ | 354,207 | 496,609 | 666,354 | 545,461 | 507,078 | 589,474 |
| DISTRIBUTED ECONOMIC VALUE | | | | | | | |
| OPERATING COSTS | | | | | | | |
| Raw material costs | k€ | 186,360 | 260,009 | 374,641 | 278,711 | 228,715 | 310,680 |
| Service costs | k€ | 47,049 | 60,456 | 85,623 | 88,642 | 79,585 | 82,651 |
| Costs for use of third-party assets | k€ | 860 | 1,463 | 2,266 | 1,908 | 1,120 | 1,311 |
| Raw material stock variations | k€ | 14,001 | 9,452 | -10,424 | 1,118 | -7,554 | 11,638 |
| Other management costs (net of taxes) | k€ | 863 | 783 | 1,252 | 1,303 | 1,017 | 2,777 |
| Extraordinary expenses | k€ | 398 | - | - | - | - | 0 |
| VALUE DISTRIBUTED TO EMPLOYEES | | | | | | | |
| Personnel costs | k€ | 62,808 | 75,327 | 119,710 | 108,852 | 118,948 | 122,316 |
| VALUE DISTRIBUTED TO CAPITAL PROVIDERS | | | | | | | |
| Interest and other financial charges | k€ | 1,782 | 2,433 | 3,759 | 7,754 | 13,530 | 13,716 |
| VALUE DISTRIBUTED TO PUBLIC AUTHORITIES | | | | | | | |
| Current and prepaid income tax | k€ | 13,076 | 22,347 | 12,094 | -247 | -544 | 192 |
| Other management costs (tax value only) | k€ | 527 | 506 | 2,043 | 847 | 1,012 | 996 |
| VALUE AVAILABLE TO THE HOLDING | | | | | | | |
| Distributed dividends | k€ | 26,000 | 26,000 | 26,000 | 14,000 | 6,500 | 0 |
| VALUE DISTRIBUTED TO THE COMMUNITY | | | | | | | |
| Donations | k€ | 281 | 7 | 43 | 51 | 15 | 50 |
| Sponsorships | k€ | 0 | - | - | - | - | - |
| Membership fees | k€ | 209 | 182 | 222 | 225 | 235 | 214 |
| TOTAL ECONOMIC VALUE DISTRIBUTED | k€ | 354,214 | 458,965 | 617,229 | 503,164 | 442,579 | 546,541 |
| ECONOMIC VALUE RETAINED | | | | | | | |
| Profit (or loss) for the year (excluding dividends) | k€ | 3,710 | 25,300 | 9,017 | -5,710 | 576 | 17,923 |
| Amortization / Provisions / Write-downs / Revaluations | k€ | 23,743 | 31,646 | 43,300 | 48,303 | 51,288 | 55,716 |
| Deferred taxes | k€ | 176 | 81 | 144 | -15 | -93 | 70 |
| TOTAL ECONOMIC VALUE RETAINED | k€ | 27,629 | 57,027 | 52,461 | 42,578 | 51,771 | 73,709 |

2

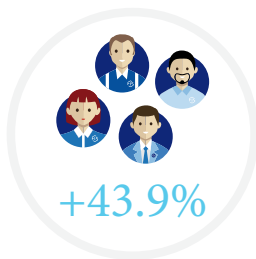


BLOW DOWN

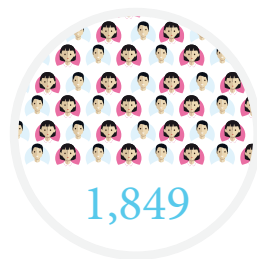
We grow together with our people

We stand by our employees and attract more and more resources and talent every year, professionals who enrich every area of the company. Our first goal is to guarantee high standards of health, safety and quality of work. Continuous training and a stimulating environment are also fundamental in order to stimulate each person to improve their skills.

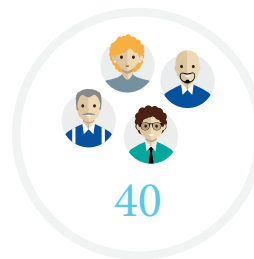
In great contrast to the labour market, which is undergoing its greatest crisis ever, we welcomed 163 new workers to our three sites in 2020, contributing to a significant increase in the workforce.



**WORKFORCE GROWTH
SINCE 2016**



FIS PEOPLE



AVERAGE AGE



**NEW WORKERS HIRED IN
2020**

A history of value

Our company was founded more than 60 years ago and we have had to overcome minor and major obstacles along the way. However, we have always managed to get back on the right track, thanks also to our values. **“Guard the future”** is not just a slogan: it is the synthesis of a vision, a declaration of intent.

During 2020 we had to deal with a challenging situation due to the Covid-19 pandemic: there were many uncertainties, as there will be many challenges ahead, but it

is precisely in the most difficult moments of a journey that values become a point of reference.

In 2020, after launching the values project on our company intranet, we also decided to put it in black and white, print it, so that it is available to everyone.

FIS is not just a company, it is a big family. We have chosen to invest not only in professionals, but in people, men and women who demonstrate their potential every

day in the company, but who also have a wide range of experiences and passions outside of work. This is why we have presented 10 stories of value: different stories, for a great choral tale. This is a tangible demonstration of how our values are a prerogative that goes beyond the simple working relationship, capable of concretely guiding virtuous and meaningful behaviour.

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 of 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 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 |
| Passion 231.03588 | | |

| | | |
|---------------------------|-------------------|-----------|
| 27 | 2 8 15 2 | Co |
| Concreteness 58.933200 | | |

| | | |
|------------------------|-------------------------|----------|
| 53 | 2 8 18 18 7 | I |
| Integrity 126.90447 | | |

| | | |
|------------------------|-------------------|-----------|
| 24 | 2 8 13 1 | Cr |
| Credibility 51.9961 | | |

| | | |
|------------------|-------------------------------|----------|
| 74 | 2 8 18 32 12 2 | W |
| Wisdom 183.84 | | |

| | | |
|---------------------------|-------------------------------|-----------|
| 75 | 2 8 18 32 13 2 | Re |
| Responsibility 186.207 | | |

| | | |
|---------------------|---|----------|
| 1 | 1 | H |
| Humility 1.00794 | | |

| | | |
|------------------|-------------|----------|
| 16 | 2 8 6 | S |
| Skills 32.065 | | |

| | | |
|-----------------------|-------------------------|-----------|
| 49 | 2 8 18 18 3 | In |
| Initiative 114.818 | | |

| | | |
|----------------|-------------------------------------|-----------|
| 117 | 2 8 18 32 32 18 7 | Ts |
| Trust [294] | | |

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, no matter what, 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

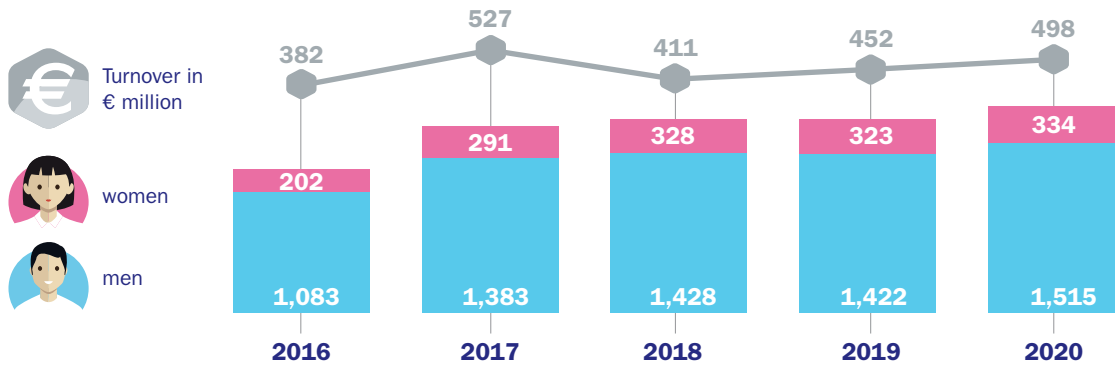
Simplicity in interpreting one's own role, getting involved, knowing how to learn from others and knowing how to take into account points of view and experiences different from one's own, having the ability to know how to rethink things, not relating to others in an unbalanced way, carefully handling 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, allowing us to maintain growth and employment, which stands at 1849 people compared to around 1300 five years ago: we are therefore proud to have been able **to increase employment in 2020 as well.**



In 2020 we increased the proportion of temporary staff, but always within a path of stabilisation and long-term employment; in particular, for the Termoli plant, which underwent significant investments that increased its production capacity, an adequate increase in staff is required to be trained in Montecchio Maggiore, before becoming fully operational in 2021 at the Molise site.



Permanent contracts
91.5%

In a sector that has historically been male-dominated, we are committed to increasing the employment of female staff, although in 2020 the male/female ratio remained substantially unchanged compared to the previous year. On the other hand, the increase in female staff working in the laboratories, quality control and research & development area continues at a steady pace, although it remains constant and insignificant in percentage terms in the operations area.

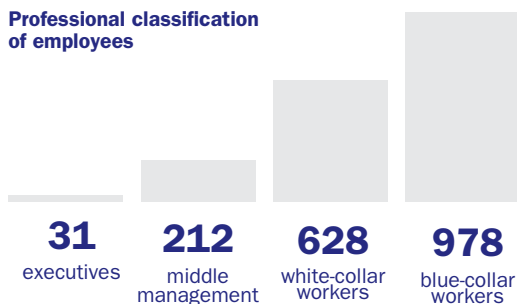


Increase in female personnel since 2016
+65%

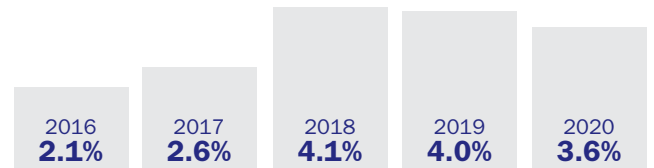
Percentage of female personnel by area



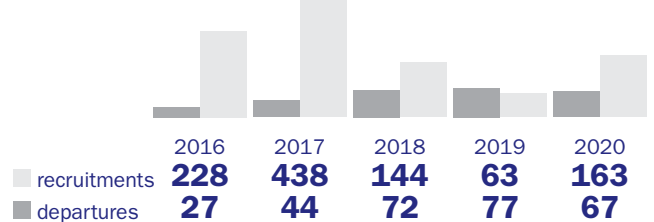
Professional classification of employees



Turnover rate



Total hires and departures



FIS's commitment to its people

Our employees are the driving force behind the company, which is why we are aware of the need to maintain a stimulating working environment, based on values of trust, fairness and honesty: this is also why we consider it essential to develop organisational solutions that support a good **work-life balance**. It is with this in mind that, in agreement with the employee representatives, we have been working since early 2018 to create uniform contractual conditions for all employees. This process was completed with the signing of new **second-level contracts** for the staff

of all three company sites. During 2021, activities will begin for the renewal of contracts at our three production sites.

In this context, the company intends to introduce innovative welfare elements, in particular by activating a web platform that will allow the purchase of goods and services, maximising the purchasing power of workers thanks to the tax exemption provided for by current legislation.

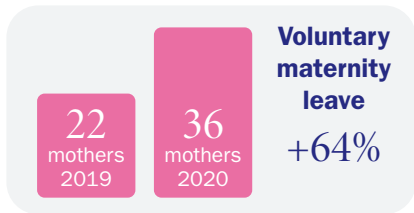
In particular, this welfare is developed along several lines of

action concerning work and family life balance, social security and supplementary health care (e.g. Fonchim and Faschim), economic support for particular individual situations, as well as some subsidised services (loans for the first home) and goods/services (e.g. fuel vouchers, free canteen).

In the above-mentioned emergency context, and to further protect our employees, we activated a **"Covid" insurance policy**, which was accessible free of charge to those who had the misfortune of being hospitalised due to this disease.



On the issue of reconciling work and family life, in particular, we have introduced the possibility for our employees to assist their loved ones in the event of illness, taking advantage of **paid leave** for up to a maximum of 40 hours/year; in 2020, undoubtedly an extremely critical year also due to the pandemic emergency, 131 employees were able to take advantage of this measure for a total of 1,214 hours made available by the company.



We pay each new mother up to 100% of her salary, in addition to the INPS salary in the event of optional maternity leave. In 2020, 36 new mothers benefited from this measure.

Remuneration policies

We consider the issue of equal opportunities to be important, which we can also achieve through **equal pay for men and women**. However, we still note a residual situation of inequality in economic treatment, albeit significantly lower than the national average of 20.7% (source: *Gender Gap Report of the Job Pricing Observatory in 2020*): i.e. if we

take men's pay as 100, women earn 20.7% less. In our company, **the difference in treatment has progressively decreased over the last five years** to the current 6%.

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 young 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 increasingly focusing on hiring less experienced profiles with excellent growth potential.

Paid Time Off Fund

We have introduced a **Paid Time Off Fund**, introduced on a trial basis already in the collective agreement of 2015, which allows workers to transfer Paid Time Off

(PTO) hours to the fund to be used by colleagues in particular need. Joining is voluntary and requires the worker to initially transfer two hours of PTO for each year.

The hours set aside in the Fund, which in 2020 amounted to almost 1,000, can be used as paid time off for serious situations regulated in detail by the agreement.

Car pooling and smart working

To encourage respect for the environment by our workforce and promote sustainable mobility, in 2019, we implemented a **corporate car pooling** system in Montecchio, which was extended to both the Lonigo and Termoli sites in early 2020. However, the health emergency also had a direct impact on this initiative, since, in line with ministerial indications, we considered the increased risk of contagion associated with sharing a car between colleagues to be unsustainable. We have therefore indefinitely suspended this initiative, which resulted in a reduction of only 8 tonnes of CO₂ and 100,000 km of cars not driven in the first two months of the year. Despite the negative impacts of

the health emergency, we can nevertheless, see a positive effect: like all companies committed to making their workplaces more sparsely populated, we too have adopted the organisational mode of **smart working**, which has enabled us to achieve significant environmental, economic and life-balance results that we would not have been able to achieve if we had kept to the traditional way of organising our work. In 2018, we launched a pilot project carried out at the Montecchio plant, which allowed us to develop skills and know-how for the management of this new working method. Thanks to this experience, in the first days of the emergency in February 2020 we were able to immediately

extend the possibility of smart working to 350 employees, who were equipped with laptops and internet connection to be able to carry out their activities remotely.

In the period March-July 2020, thanks to smart working we saved the environment around 120 tonnes of CO₂, avoiding almost 730,000 km of road travel, guaranteeing each employee an average saving of more than €1,000(*) and avoiding spending an average of 41 hours in the car travelling to and from work, all to the benefit of a better quality of life.



(*) calculated from ACI tables

Training and development



people evaluated in the **operations area**



people involved in **skills development** with a view to **career advancement**

At FIS, **training is a central theme**, demonstrated by the launch in 2019 of the **FIS Academy**: a project for training and the dissemination of a culture of shared corporate knowledge. After two years of internal planning, an organisational unit was created, made up of a group of internal trainers, to collect, codify and develop the wealth that FIS has built up over the years: the knowledge and know-how of our people.

In 2020, the Academy continued to codify in an organic way the knowledge related to the HSE, quality and operating methods, enhancing specific, transversal and technical-operational skills. Just as production activities were ensured to guarantee business continuity and the supply of APIs, training activities continued to be carried out by adopting remote methods of interaction and use, and, where necessary, in-person training activities with the adoption of strict social distancing rules to guarantee the health of employees. In addition, the possibility of self-training on informative aspects of updating internal procedures was introduced.

In this context of combating the Covid-19 pandemic, we have had to limit our training activities, concentrating on those that are compulsory and essential for the proper continuation of our business. In order to be able to manage these activities more efficiently and securely, during the year the foundations were laid for the creation of an **e-learning platform** called "Insegna": after selecting the supplier, the first pilot projects began to test the new training methods on a small group of users. The aim is to make this platform operational in the first half of 2021, making access to synchronous and asynchronous distance learning available to the entire company population.

As far as the **Operational Excellence** programme is concerned, the objective for 2020 was to complete its integration on the three production sites: however, the Covid-19 emergency imposed another suspension on the programme in March, and in April the study to identify and implement new ways of running the programme began, which was completed at the end of the year.

The various departments involved (HSE, lean, HR with Academy as the departments supporting the different business areas) in 2020 were in charge of the various processes and tools proposed.

As far as development initiatives are concerned, following the **assessment of the managerial skills** of staff in the operations area conducted in 2019, empowerment actions were carried out in 2020: i.e. individual management and coaching paths were implemented for the front lines in order to develop and consolidate the management and transversal skills that characterise these positions. Starting from this year, we plan to assess how best to extend this approach to all other areas of the company.

Total training hours provided

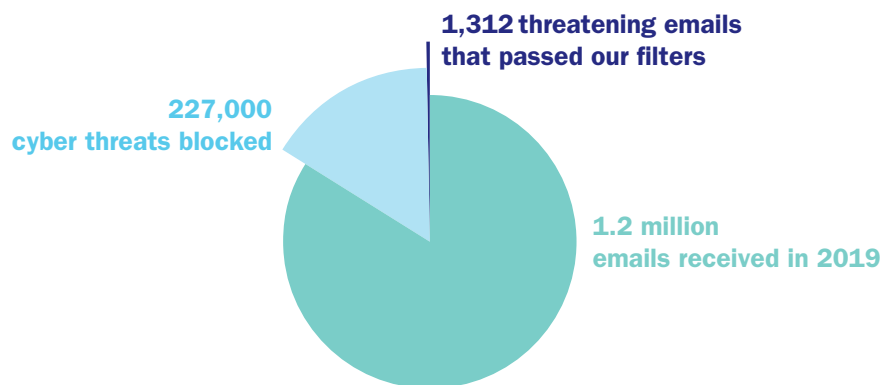


The cybersecurity program

Cyber risks and threats are steadily increasing: in Italy, the average annual cost per company for cybersecurity breaches exceeded €7 million, an increase of 19% in 2018 (source: Accenture Security).

The threat is real: just think that in 2020 we received more than a million e-mails in total, 15% of which were blocked by our security systems as phishing or spam attempts. Despite our constant efforts to combat the threat, the

attack techniques are constantly changing, making it **impossible to filter out all the threats**. In fact, last year 1,312 emails passed our filters and were flagged as dangerous by our employees.



Most security incidents are due to personal error, confirming that the human factor remains the weak point of cybersecurity in the company. Cybersecurity is not just a technological challenge: if it were, technology would have won it long ago. Cybersecurity is in fact a **cultural**, social and organisational challenge.

Since **our company's cybersecurity depends on our ability to adopt the right behaviour**, we introduced the corporate cybersecurity programme "**Stop the Hack**" in 2020: the aim is to increase our awareness to defend ourselves against cyber attacks.

Each month we covered a different topic, including phishing, vishing, secure internet browsing, data management, password security and malware.

The programme used the following tools:

- **training:** a series of distance learning courses for colleagues who may be victims of an attack;
- **monthly newsletter:** an in-depth report describing the theme of the month, supported by data and operational instructions;
- **screensavers and company monitors:** key messages and information are also transmitted via screensavers on our employees' computers and on monitors distributed throughout the company.

In 2020, we also implemented SIEM (Security Incident Event Management), a system that correlates all IT accesses and activities to monitor potential threats, while carrying out an in-depth business impact analysis aimed at identifying critical issues for the continuation of the business in the event of the unavailability of the IT structure.

We are evaluating the opportunity to certify the company according to the UNI:EN ISO 27001 standard for IT security.

To support our business activities in the context of Industry 4.0, from 2021 we will implement a digital signature for contracts.

Health and safety of our people

Our three production sites are classified as being of Major Accident Hazard, according to current legislation (Legislative Decree 105/2015, application of the EU "Seveso III" Directive). This is one of the reasons why we have a consolidated tradition of process risk prevention to ensure maximum protection, both of our people and of the territories that host us. All our processes are constantly monitored using the

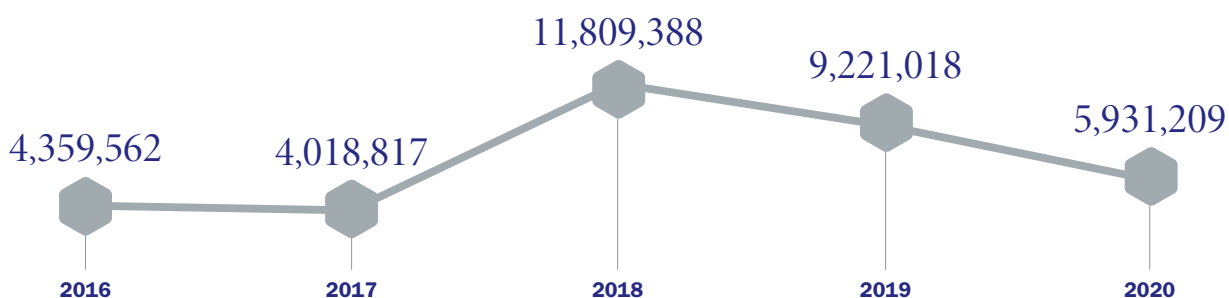
best technologies and implemented following strict safety assessments, carried out also thanks to the skills of a dedicated company department of specialised technicians.

We, therefore, believe that the safety and health of the people who work at FIS is a priority objective to be pursued with dedication. With this spirit and in addition to the existing Safety and Health Management System certified

according to UNI EN ISO 45001, we have completed the implementation of the **"Operational Excellence"** programme in partnership with the multinational DuPont, an international leader in safety and health issues.

The programme was aimed at improving the discipline and culture of safety for our people, who are called upon to take care not only of their own safety, but also that of their colleagues.

Health, Safety and Environmental Investments (Euro)

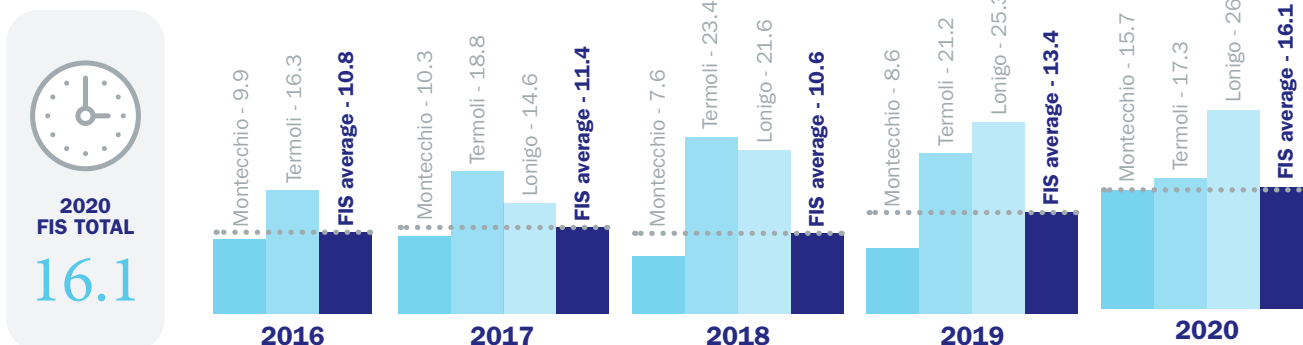


In recent years we have **invested heavily in health, safety and environmental protection** in our plants. The slight decrease in the last year is due to the completion of important modernisation projects started in previous years, in particular, the revamping of the thermal combustion vents plant in Termoli and the construction of a new thermal combustion

plant in Lonigo, both of which will be completed in 2019, and other projects related to waste management, energy, water treatment, as well as technologies for the high containment of HPAPI substances (high potent active ingredients i.e. compounds capable of providing a biological response at extremely low doses).

The professional training of our employees is also an essential requirement for increasing the safety culture and achieving the accident reduction targets we have set ourselves; although the health emergency significantly slowed down the in-person training activities planned for the first half of the year, in the second half we managed to meet the pre-established programmes.

Health, Safety and Environment training (per capita hours)

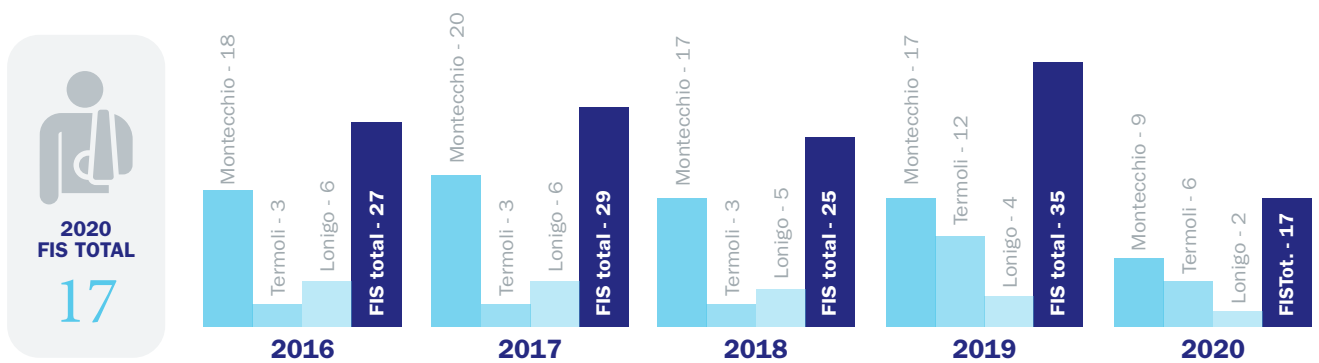


From the point of view of accidents, in 2020 there was a **generalised and significant reduction in terms of both the number of events and their frequency of severity**; since, even in the midst of the emergency pandemic phase, we did not

reduce production levels, keeping the number of hours worked constant (on an annual basis), we attribute this improvement to the efforts made in technological investments, continuous training activities and the development of the operational excellence

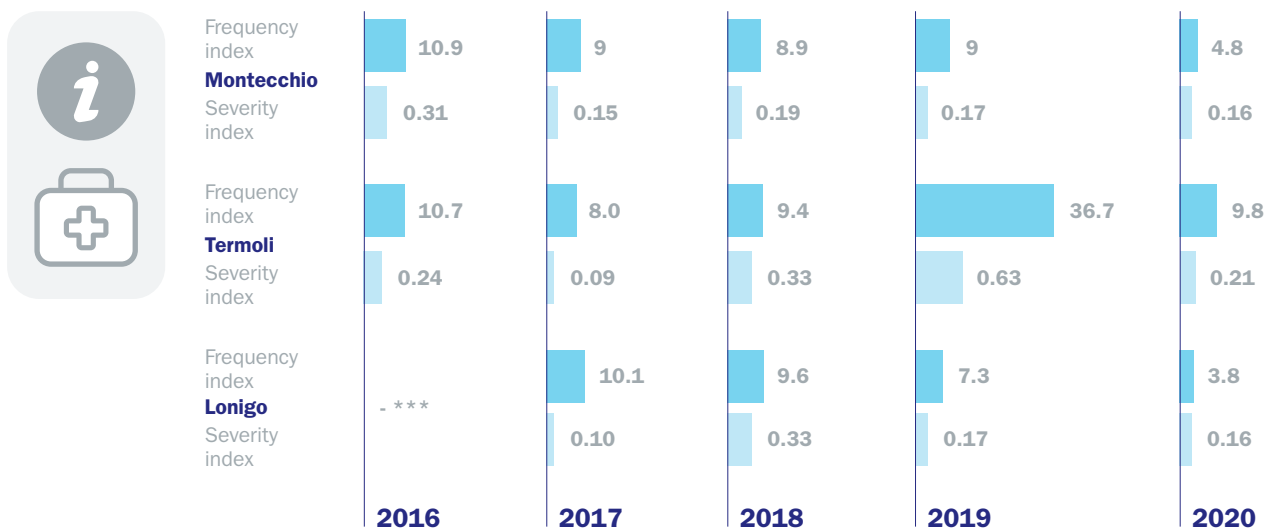
programme, which allowed a structural increase in everyone's attention to safety. These signs make us confident that we are on the right track and extremely hopeful for the future, although we are aware that we must never lower our guard.

On-site accidents (no.)



Only accidents with a prognosis of more than three days and deaths are counted

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

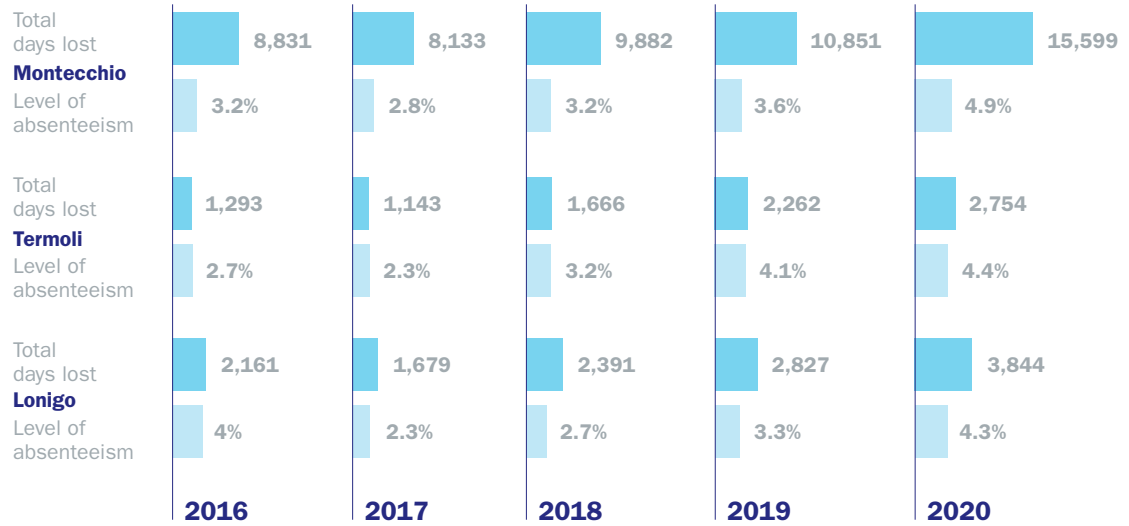
***The Lonigo production site became part of FIS Group in 2017, therefore data from previous years are not available

However, the rates of absenteeism due to illness, which increased in 2020 at all three sites, must clearly be seen in the context of the emergency period linked to the Coronavirus, an event that also generated an increase

in the number of periods of illness recognised by the health authorities, even if only for preventive and precautionary purposes. In this context, we decided to make precautionary decisions, also internally, in

the interests of our employees, activating additional precautionary quarantine periods for employees who had potentially come into contact with people who tested positive for the Coronavirus.

Days lost to illness and absenteeism rate*



*The absenteeism rate is calculated as the number of days lost due to illness/planned workdays, temporary workers are excluded from the calculation



3

Sustainability
for innovation
and development

Sustainability for innovation and development

We recognise sustainability as the lever to create value: we have chosen a growth strategy based on progressively integrating concrete actions into our strategy, which will enable us to contribute more and more positively to society.

Responsible development and innovation

FIS's three production sites operate interchangeably and independently, although many of the company's business support departments (in particular Research and Development and administrative departments) are essentially located at the main site in Montecchio Maggiore, which is increasingly becoming an **incubator for new projects** that will subsequently be carried out in Lonigo and Termoli. In recent years, these two production sites have undergone significant investments, which have strengthened

their production and technological capacity, increasing their ability to meet the growing demand for new products, including those destined for new markets, such as the veterinary sector.

Four years after the acquisition of the Lonigo site and at the end of a long process of harmonisation of the existing processes, FIS is able to guarantee **high standards of quality and safety**. These have been further consolidated also thanks to the conclusion of the Operational Excellence Project and the results deriving from the ma-

turity of the management systems certified according to **UNI EN ISO 45001:2018, 14001:2015 and 9001:2015** standards, underlined by the improvement of the main performance indicators of Quality, Environment, Safety and Health.

In the last year at Lonigo and Termoli we have implemented a WMS (Warehouse Management System) that allows optimised and rational management of all goods entering and leaving the plants. It will also be implemented at the Montecchio Maggiore site during 2021.

CERTIFIED MANAGEMENT
SYSTEMS



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

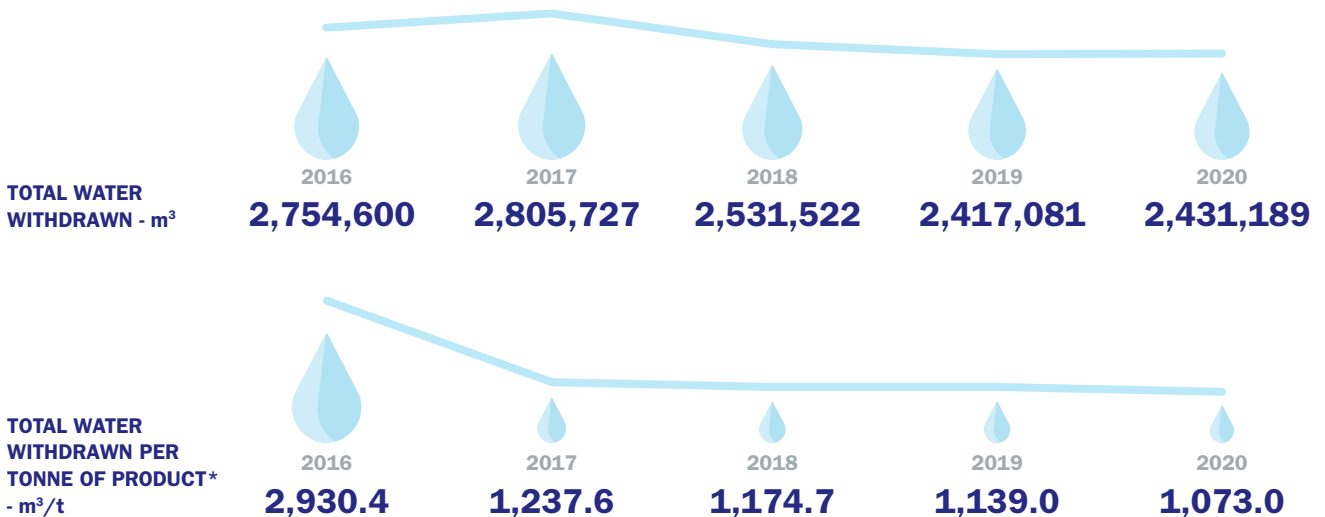
Water, an essential asset

The Montecchio and Lonigo production sites are located in an area heavily impacted by the pollution of a family of chemicals called PFAS, which are dangerous because they are bioaccumulative and biopersistent with health effects that are not fully known, and which have been detected in particular in surface groundwater. All FIS plants use water in their industrial processes mainly for cooling and, to a lesser extent, for chemical synthesis: for the former, water is taken from the surface water table and cooled thanks to the

presence of evaporation towers, to be then continuously reused; for the latter, drinking water from the aqueduct is used, further treated and purified to improve its quality. All of our chemical synthesis processes and related services are free from PFAS, nevertheless, they enter our technological systems through the withdrawal of surface groundwater. It is our responsibility, therefore, **to take care of the water** we use and discharge, purifying it of these pollutants thanks to a sand filtration system, which was implemented in recent years, and

thanks to the completion of the **active carbon filtration system, which has allowed us to reach the strict limits of PFAS concentration** in discharge that will come into force at the end of 2020. Last year we again kept the water withdrawal from our three plants stable in absolute terms, but in line with a well-established trend, we managed to **further reduce the water withdrawal in relation to actual production**, demonstrating increasing efficiency in the use of water.

Total water withdrawals at the 3 sites (m³)



*per tonne of product refers to the total quantities of products invoiced in the reference calendar year

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. In particular, at the Montecchio site, in 2020, we carried out an intervention aimed at

increasing the re-use of water, foreseeing an **overall annual reduction of 20% in the withdrawal from the water table**. However, this reduction was partially cancelled out by a breakdown in some of the refrigeration units in July and August, which could only be remedied by using tap water to provide the necessary cooling. We will therefore reap the positive results of this intervention during 2021.

In previous years, there has been a general increase in attention to the control of active ingredients (APIs) and their intermediates and metabolites in both domestic and industrial wastewater, the presence of which contributes to environmental pollution and the impact on people's health, particularly for hormonal drugs, endocrine disruptors, antibiotics and anti-cancer drugs.

Like many companies in our sector, we have **increased our control over this aspect and over the presence of environmentally hazardous substances in general**. Starting in 2019, we have, in fact, developed an action plan aimed at optimising the assessment of processing-

related impacts, with the definition of analytical methods for monitoring the possible presence of certain environmentally relevant substances in final discharges, in order to identify possible areas for improvement in the methods of technological segregation

in production plants. In this context, active collaboration will continue in 2021 with Authorities to share the appropriate analytical methods necessary for the identification of environmentally hazardous substances in our water.

Circular economy and waste

The theme of the circular economy is now central to the agenda of public institutions and the private sector, which recognise its strategic importance as part of the path to sustainable growth to which society as a whole is called.

The industrial sector in which we operate is, unfortunately, particularly important from the point of view of waste production, since chemical synthesis processes typically generate considerable quantities of waste: this must necessarily be managed in compliance with current legislation, but above all with an eye to both economic and environmental opportunities. The main type of waste that we produce on our sites comes from reaction mother liquors, which is the liquid component in which synthetic chemical reactions take place. This waste is removed during the isolation phase of the finished product – the active ingredient – and also due to the high volumes involved, it must be managed with great care. This is why it should be remembered that the Montecchio and Lonigo plants are equipped with a fundamental utility, namely incineration plants, which allow us to treat much of the waste we produce. The environmental advantage of this technology

comes from the fact that we can avoid transporting heavy vehicles and disposing of waste at external sites while recovering the heat of combustion, which can be used as an energy vector for production purposes, and controlling emissions with cutting-edge abatement systems.

Starting with the industrialisation of new processes, but also reviewing older processes, the company's current strategy in this area provides for the identification of residual flows that can be reused in processes or sent externally to third parties and, as a second option, treated internally in biological treatment and incineration plants. Only as a last resort, disposal solutions at external facilities are identified.

This approach was also enhanced in 2020 through collaboration with the **University of Padua** as part of a master's thesis project aimed at identifying the best technologies available on the market for wastewater treatment, for the segregation and deactivation of the most dangerous pollutants, in order to **significantly facilitate the identification of possible recoveries**.

The efforts we have made in this

direction over the past year have paid off and while keeping the total waste production of the three production sites relatively constant, we have further reduced the ratio of waste quantity to finished product quantity, demonstrating an efficiency that still allows us to look towards sustainable growth in our production activities.

Thanks to **multiple investments in new technologies** and the renovation of existing facilities, as well as a thorough re-evaluation of existing processes, we intend to **gradually increase the volume of waste managed internally** over the next 3 to 5 years, while reducing the volume of waste delivered to third parties. This will lead to a substantial benefit to the environment through the annual reduction of several hundred vehicles dedicated to the transport of waste with a consequent reduction in emissions from heavy traffic, proving that we can achieve concrete sustainability goals by creating efficiency and reducing costs, also to the benefit of the income statement.

Also in support of these activities, we can count on the skills of a lean manufacturing team that promotes a continuous improvement approach, not only to production

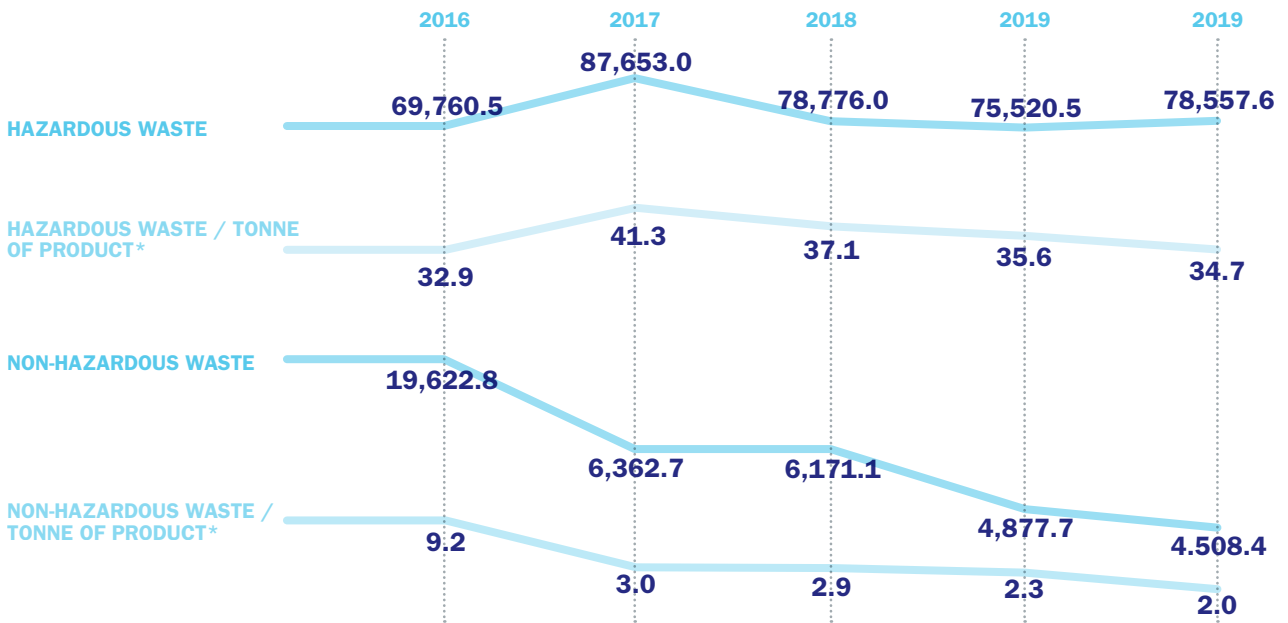
processes but also to services, particularly those linked to the important functional utilities of waste, water and energy management.

Our team helped to analyse further projects in 2020: among them, the rationalisation of waste management at the three sites, the recovery of precious metals, as well as the nitrogen self-production plant at the Termoli site, which from 2021 will allow us to become more independent of external supplies, while reducing heavy vehicle traffic and thereby cutting emissions. Finally, it should be emphasised that the issue of recovering precious metals (palladium and rhodium), which are increasingly used as catalysts in modern chemical processes, brings considerable economic benefits due to the global shortage in the supply of these minerals, but also environmental benefits thanks to the reduction in the impacts generated by their extraction.

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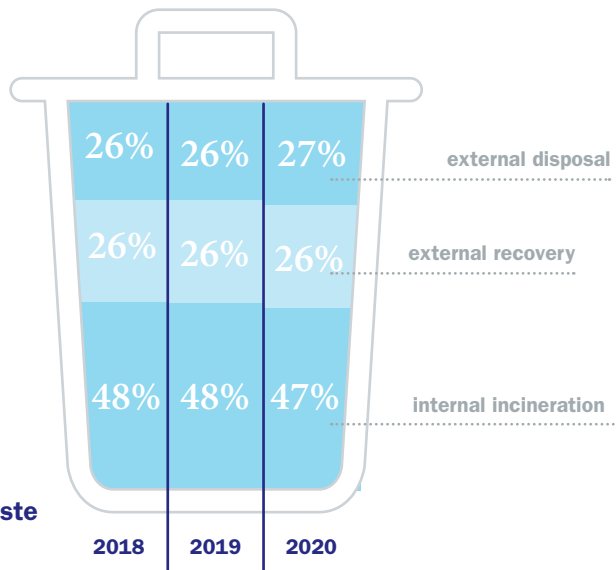
dium), which are increasingly used as catalysts in modern chemical processes, brings considerable economic benefits due to the global shortage in the supply of these minerals, but also environmental benefits thanks to the reduction in the impacts generated by their extraction.

Hazardous and non-hazardous waste products (tonnes)



*per tonne of product refers to the total quantities of products invoiced in the reference calendar year

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



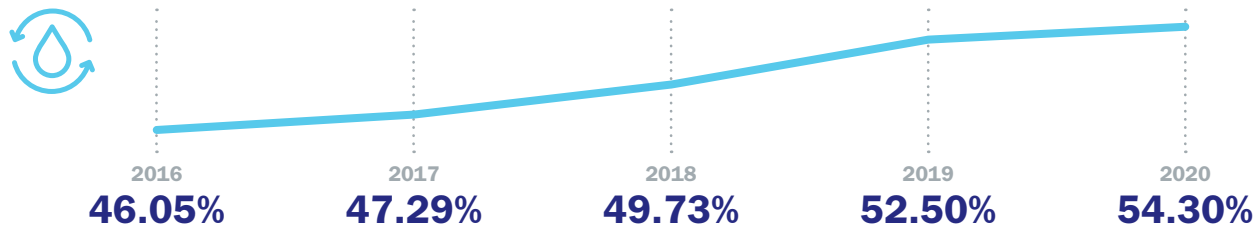
The re-use of solvents used in chemical synthesis, after distillation and purification, is certainly the most economically advantageous and environmentally sustainable approach. FIS has the technological capacity to distil solvents at all its sites: in particular, at the Montecchio site, it can count on a highly respectable distillation department, consisting of 11 discontinuous columns, 2 thin-layer columns and 3 continu-

ous columns; at the Lonigo site, moreover, a distillation column was completed in 2020, mainly dedicated to the recovery of ethanol, which has allowed us to recover over 1,000 tonnes, otherwise destined for disposal.

Despite these important results, it must be remembered that the sector in which we operate is faced with constraints that significantly limit the possibility of reusing

certain residual flows within chemical syntheses. The strict rules imposed by the sector's Good Manufacturing Practices (GMPs) must be respected, which, in order to guarantee the protection of the final consumer of the drug according to a legitimate precautionary principle, significantly reduce our possible margins for improvement.

Percentage of solvents recovered Montecchio



Energy consumption and emissions

The current historical period also presents us with the challenge of transitioning to more sustainable business models, especially from an energy perspective, i.e. less and less dependent on the use of fossil fuels.

Our direct (scope 1) and indirect (scope 2) emissions have been relatively stable in recent years, but in particular, in 2020 we have further reduced the amount of CO₂ emitted compared to the amount

of products produced, an indication of sustainable growth that we are making compatible thanks to our ongoing efforts to make our energy management more efficient and less impactful.

It should be remembered that in the chemical-pharmaceutical industry, which is highly energy-intensive, significant investments have been made in energy saving for many years, so much so that the sector can legitimately be con-

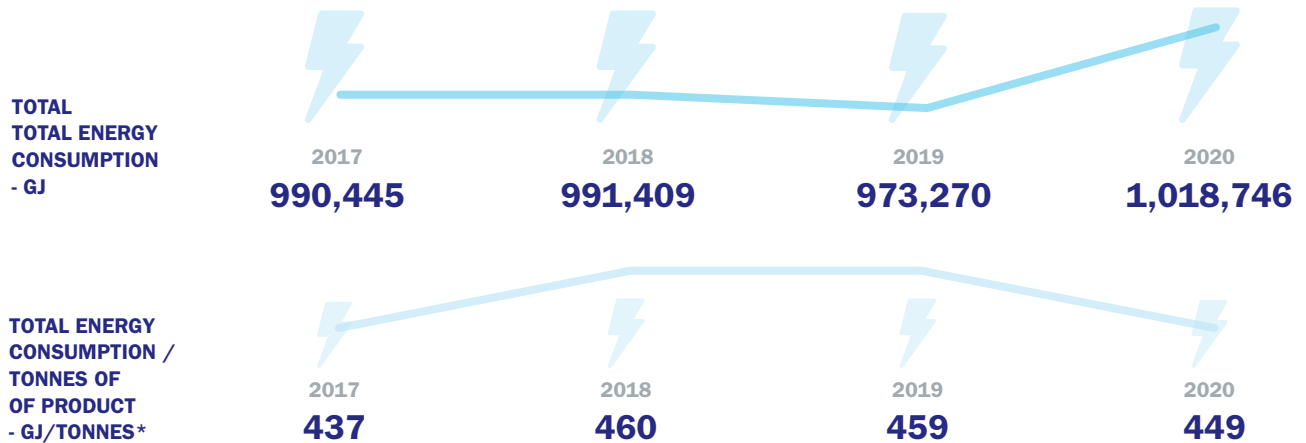
sidered extremely modern and advanced in terms of plant efficiency. However, it should be noted that investments in energy efficiency alone are not sufficient to contribute substantially to the achievement of national and European greenhouse gas reduction targets, which are mainly due to the use of traditional fossil fuels.

This is why we have embarked on a new approach to effectively balance our energy strategy. From 2021, we will move into the market to **acquire increasing shares of electricity generated from renewable**

sources, in line with a multi-year strategic plan that will enable us to reduce our dependence on fossil fuels. This will make a significant contribution to the ambitious 2030 CO₂ reduction targets set by the

European Commission, while at the same time sharing the climate change strategies put in place by our main customers.

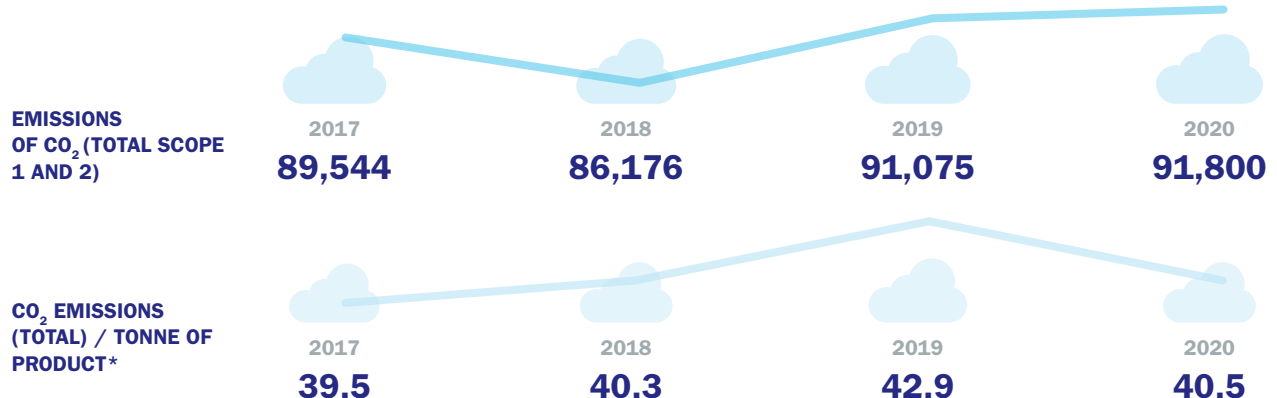
Total energy consumption (GJ)



*per tonne of product refers to the total quantities of products invoiced in the reference calendar year

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.

Direct and indirect greenhouse gas emissions (tonne CO₂eq)



*per tonne of product refers to the total quantities of products invoiced in the reference calendar year. 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).

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). Comprehensive data on this type of emission at our three production sites can be found in Chapter 6.

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.

An important goal that we pursued in 2020, in close cooperation with some customers and on specific projects, is related to **continuous flow chemistry**. In recent years we have acquired expertise and developed specific projects using this technology, which, at least for now, is very specific to each individual chemical synthesis to which it is applicable. To date, in fact, there are no technologies that can be used on a large scale, i.e. on different synthesis processes, but our researchers and industrialists are called upon to develop each individual process by applying completely unique flow chemistry solutions: once again, proof that

flexibility is an essential characteristic that sets us apart.

The regulatory context in which we operate, as described above, allows us little opportunity to make changes to the chemical syntheses we develop on behalf of customers, due to the multiple regulatory constraints that directly impact FIS and the customers who turn to us, and which make it extremely onerous in terms of cost and authorisation, to innovate chemical synthesis processes with a view to sustainability. Nevertheless, we believe in pursuing an innovative approach to process design and are progressively introducing objective criteria to measure our sustainability throughout development, from laboratory to industrial scale. We are therefore continuing to offer our customers new solutions in this area.

In 2020, this area of research suffered a general slowdown due to the health emergency, which inevitably had a negative impact on collaborative relations with universities, which, in such innovative areas, are able to provide companies like ours with the necessary skills and knowledge.

Historically, our process innovation has been aimed at identifying solutions for the re-use of solvents and valuable catalysts (rhodium or palladium) and reducing the volumes destined for disposal, with the dual objective of reducing costs and environmental impact while also increasing circularity solutions.

The WMS 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.

At the end of 2020 at the Lonigo and Termoli sites, the project saw the achievement of an important

milestone with the launch of **WMS** (Warehouse Management System), an **innovative system** that allows optimised and rationalised management of the flow of goods in and out of our plants. This has also been made possible by increased digitalisation, which will allow us to improve compliance, traceability and completeness of information from the reception of incoming goods, through the synthesis processes to the dispatch of finished products.

In 2021, the process undertaken with the WMS will be completed with the implementation at the Montecchio site, while the timing of the two remaining areas of intervention (Hystorian and MES) will be re-evaluated during 2021 as part of a more extensive and comprehensive industrial plan.

S&OP: our strategic compass

With the aim of improving our performance and productivity, from the end of 2019 and throughout 2020 we developed an S&OP (Sales and Operation Planning) project, a tool aimed at structuring a process that allows the management to properly execute the corporate strategy, through a real integration of commercial needs with the management of the entire supply chain, in order to improve customer service.

The S&OP process is used to balance demand and supply, in order to effectively manage operational and financial planning, both at corporate and production site level.

The project started at the end of 2019, with the first meetings analysing the existing situation and mapping the company's processes: how market demand is planned, what our production time horizon is, what our production capacity is, what our stock coverage is, what our current level of customer service is.

As of 2020, the monthly S&OP cycle meetings, which aim to assess business plans with a 24-month horizon, are fully operational.

Today we consider this tool the strategic compass of our business.

Objectives



The S&OP cycle



The VET Suite in the new 3C department in Lonigo

During 2020 we reached an important milestone: the first productions started in the **new 3C Department in Lonigo**. This department, which is located in the area adjacent to the existing 3B department, is intended for the production of APIs for veterinary use.

In the context of FIS's major investment plan, this work represents one of the main initiatives, both in terms of economic commitment and development for our

business: it will allow us to serve the **veterinary sector**, which has been recording significant growth rates in recent years.

This is an ambitious and important project for the consolidation of the Lonigo site, which has involved colleagues from the Engineering, Safety Health and Environment, Quality and Production departments for more than three years.

The VET Suite has been built according to the latest and most

modern design standards in our industry and therefore represents a **significant technological leap forward in terms of automation and substance containment**. It is also equipped with a pilot plant equipped with loading and unloading systems using isolators, which allow the safe handling of even very active substances, whose dosage is therefore very low. In the field of veterinary API production, it represents state-of-the-art technology, enabling us to strategically differentiate our offer.

4

We share value
throughout
the supply chain



We share value throughout the supply chain

We synthesise the needs of our stakeholders to generate shared value.

Our stakeholders

We take into account the expectations of our stakeholders in our decision-making processes, in order to achieve effective and synergistic management of our business while respecting everyone.

Sustainable development is now a key issue in the interests of society and requires a central role to be

played by the company, which must increasingly govern its processes effectively, balancing its legitimate interest in operating with its duty to return value to the community.

There are twelve main categories of stakeholder with whom we cultivate fruitful relationships based on collaboration and respect, for

the growth of profitable relationships capable of sharing values, principles and a common idea of sustainable development.

In this sense, the mapping of our stakeholders and their expectations is updated annually and summarised in the table below.

Our model of stakeholder engagement

| Stakeholders | Communication channel | Frequency of listening / communications | Relevant topics |
|---|------------------------|--|---|
| Suppliers of strategic raw materials Suppliers of technological goods and services Waste disposal service providers | Periodic visits/audits | - Constant communication via email and web channels - Periodic on-site visits four times per year, every three months | - Integrated management of the supply chain - Regulatory compliance - Process and product quality - Process risks - Covid-19 emergency management (especially for suppliers from China) 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 |
| Other suppliers | 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 |

| Stakeholders | Communication channel | Frequency of listening / communications | Relevant topics |
|--|--|--|--|
| Customers | One-to-one meetings/audits by customers | <ul style="list-style-type: none"> - Constant communication via email and web channels - Annual audits by main customers - Video conferencing - Periodical surveys | <ul style="list-style-type: none"> - Product development speed - Product quality and safety - Production capacity - Technological innovation - Data protection - Covid-19 emergency management (especially for suppliers from China) - Development of integrated production services - Health, safety and environmental issues concerning internal production processes and the supply chain - Lead time and OTIF |
| Employees and potential new resources | <ul style="list-style-type: none"> - Regular committee meetings - Company communications | <ul style="list-style-type: none"> - Monthly - According to need - Quarterly | <ul style="list-style-type: none"> - Topics relating to Health, Safety, Environmental and Quality aspects. - Corporate strategies, training initiatives, corporate welfare - Corporate results, strategies, goals and evaluation systems |
| Union representatives | Many | Variable according to needs and according to the established schedule | <ul style="list-style-type: none"> - Remuneration - Supplementary collective bargaining - Work organisation - Health and safety |
| Supervisory authority | <ul style="list-style-type: none"> - Informal/formal communications via email, certified mail and telephone - Periodic inspections | Variable periodicity | Updates on compliance and regulations (e.g. Data integrity) |
| Local institutions (e.g. ARPA, PA, Civil Protection, Regional Technical Committee, ASL) and citizens | <ul style="list-style-type: none"> - 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. | Quarterly submission of self-monitoring results on gaseous emissions and incinerator water discharges | Updates on Health, Safety and Environment regulations |
| Schools and non-profit organisations | Regular meetings | Annual | <ul style="list-style-type: none"> - Knowledge of FIS activities - School-work alternation program - Opportunities for projects of common interest |
| Property | Weekly meetings and Board meetings | Continuous and recurring via the CEO | Strategies, goals and business performance |
| Board of Statutory Auditors, SB, Independent Auditors, | Periodic checks | Quarterly | <ul style="list-style-type: none"> - Civil and tax compliance - Corporate governance - Risk governance (e.g. Decree 231) |
| Credit institutions and financial operators | Regular meetings | According to strategic business needs, at least every two months | <ul style="list-style-type: none"> - Knowledge of the business and company performance - Financial needs analysis |
| Universities and research institutes | 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) | <ul style="list-style-type: none"> - Sharing of sectoral trends - Promotion of responsible socio-environmental management practices |

Our 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. We have expectations of growth in all our business

lines, and we increasingly rely on **long-lasting, collaborative partnerships** with a small number of key customers, who are increasingly attentive and predisposed towards the sustainability aspects of the business.

In this direction, efforts continue to improve and standardise HPAPI management criteria, also thanks to a joint project between the HSE and QA sectors.

Our quality, safely

We consistently and punctually offer our products in accordance with the highest international standards, which are also guaranteed by Quality, Safety and Health certifications.

We work synergistically and harmoniously on quality and safety issues, with a view to **protecting the end-users of our APIs and, at the same time, the employees at the production sites**. With this in

mind, we share the criteria for the classification and safe management of substances in Occupational Exposure Band (OEB), in compliance with Permitted Daily Exposure (PDE) values, which are necessary to establish the criteria for the cleanliness of production plants, to guarantee the high product quality standards that distinguish us. With a first pilot phase in 2020, we completed the mapping of machines and production environ-

ments for OEB 3 classified compounds in the largest production department of the Montecchio Maggiore site. With this activity we have defined the standards to be achieved during 2021 when we will continue the analysis of all our equipment involved in the synthesis of OEB 3 molecules, extended to all departments in Montecchio Maggiore.

Our commitment to data integrity

Our work involves the exchange of confidential information, so we need to be able to **guarantee utmost confidentiality** and prevent the dissemination of data to unauthorised parties. The topic of data integrity permeates and impacts all company departments

and for this reason, the continuous research and adoption of cutting-edge software and applications is one of our main priorities. In 2019, we implemented new policies for the protection of industrial data, continued with activities to improve the management of

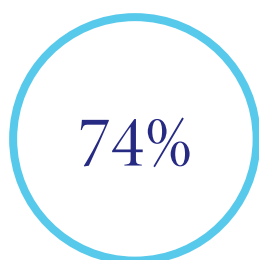
personal data in accordance with the European Privacy Regulation (GDPR), and as of 2020 we are developing a data governance project aimed at further improving data management security.

Our suppliers

FIS purchases raw materials from a global supply market, with a strong concentration in the Far East, particularly China and India. In 2020, our supply chain was affected by many events, including China's Green Revolution, competitive currency devaluations

and the Covid-19 pandemic, which have increased supply chain management complexity. In particular, this last event led to serious difficulties in the supply of raw materials, especially due to the extended lockdown in China during the very first emergency

phase, confirming the already existing concerns regarding the significant dependence of the entire industrial sector to which we belong, the chemical-pharmaceutical one, on this geographical area.



VOLUME OF ASIAN-SOURCED RAW MATERIALS AND INTERMEDIATES FOR API PRODUCTION IN EUROPE

(Source: EFCG European Fine Chemical Group - 2020)

In November 2020, the European Commission published the *Pharmaceutical Strategy for Europe*, the implementation of which includes a series of actions to be launched in the coming years, many of which aim to **reduce dependence on foreign countries for the production of medicines and pharmaceutical ingredients**. The strategy is built on four pillars:

ACCESS TO MEDICINES

ensuring patients' access to affordable medicines and addressing unmet medical needs

COMPETITION

supporting the competitiveness, innovation and sustainability of the EU pharmaceutical industry and the development of high quality, safe, effective and more environmentally friendly medicines

RISK REDUCTION

strengthening crisis preparedness and response mechanisms, building diversified and secure supply chains and addressing drug shortages

QUALITY AND SAFETY

ensuring a strong EU voice at global level, promoting a high level of quality, efficacy and safety standards

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. These included, 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.

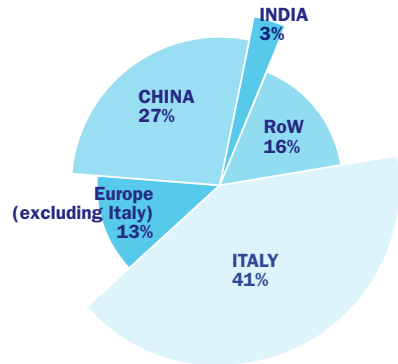
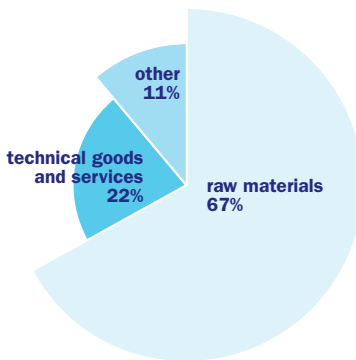
Our intention is therefore to continue to verify internal competitiveness with make-or-buy solutions and to identify reliable

partnerships in terms of product quality, safety, and respect for human rights and environmental standards, also by **diversifying the supply chain more geographically (de-risking), re-evaluating the European market in particular.** In 2020 we had already started this process, but, due to the continuing pandemic emergency, we had to slow down some scouting activities and the qualification of new suppliers, while maintaining active control over existing ones.

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

In 2019, we also started to supervise suppliers with the support of Supplier Relationship Management (SRM) software platform, which will allow us to strengthen our procurement process and, in particular, the assessment and qualification of suppliers and contracts. This 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. In particular, from the beginning of 2021, the first results from the implementation of the Ecovadis platform will be collected, currently in the pilot phase, the use of which will be progressively extended during the course of the year.



We supervise even the most distant strategic suppliers, with our raw materials suppliers in the Far East monitored by our Shanghai office, which is responsible for regular pre-audit assessments, on-site technical audits, quality audits and business review meetings together with the central Procurement department. In addition to this structure,

during 2020 there were numerous actions to mitigate the negative effects in terms of continuity of supply due to the emergency pandemic situation, described above.

During the year, our Procurement department will develop scouting activities in the area of supplying energy from renewable sources,

following up on the actions envisaged by the corporate strategy in the area of climate change. Solutions for sustainable mobility are also being evaluated for the company fleet.

Public bodies and institutions

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 the 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 health and the environment.

Our industrial nature has always meant we have been part of the Italian industrial confederation system, in which we hold representative roles within the chemical section of Vicenza. We are also in constant contact with the local authorities where our plants are located (ARPA, Region, Provinces, Municipalities, Civil Protection, etc.).

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 commitment to the world of education

At FIS we strongly believe in the **value of education**. Proof of this is the fact that in a year marked by enormous difficulties even for students, in April and May 2020 our company executives donated a sum to create 10 **scholarships** for the children of our employees.

The initiative is aimed at promoting higher education, the pursuit of high-level studies and the achievement of increasingly in-depth skills and cultural opportunities, recognising both the efforts made by students, in terms of scholastic merit, and the commitment of parents, who contribute to the life of the company every day with their work. The sponsorship of the School Diary also continued, which we have been using since 2015 to

convey positive content for the growth of children, from knowledge of the value of chemistry to environmental sustainability: this project, which initially started with only the Montecchio Comprehensive 2 Institute, was gradually extended to schools in Creazzo, Lonigo and Termoli, not forgetting, of course, the children of all our employees, thus reaching over 4,000 children and young people.

The theme of the 2020 Diary was created in collaboration with the association Parole o Stili, which aims to promote non-hostile communication on the web. This is a very important theme because the words we use can give us strength and unite us, but if they are misused they can

cause suffering, aggression and isolation. We immediately felt close to the activities promoted by the association, as we can recognise the values of integrity and passion that have always characterised the work of our company. In past years we have always cultivated relations with schools through a variety of activities and projects: school visits to our production sites, orientation days for the choice of university, donations of teaching materials, university internships and alternating school-work programs, the annual School Diary. The year 2020, as repeatedly reported elsewhere in this report, has been dramatically complicated and the world of education has paid a high price.

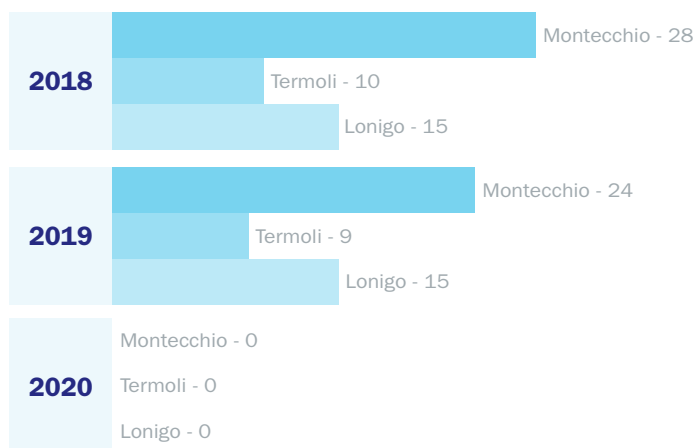
In this emergency context, we too have unfortunately had to interrupt almost all the projects that we carry out every year, thanks to the passion and dedication of many colleagues. **In 2020, however, we managed to guarantee the activation of 27 internships at the Montecchio and Lonigo sites,**

similar to what we did in 2019 with 31 activated internships, despite the restrictions caused by the emergency situation.

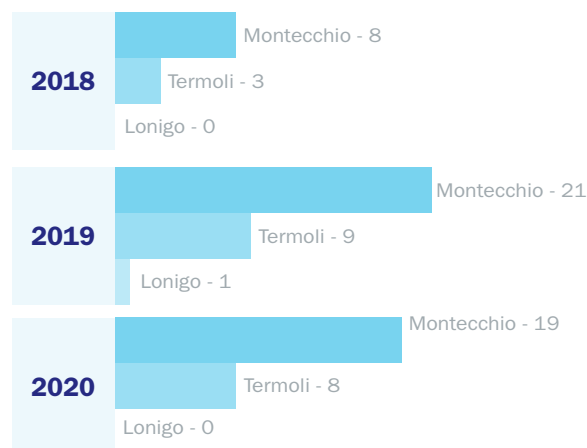
Finally, continuing our collaboration with the academic world, at the end of 2020 our Sustainability Representative held a lesson for

students on the master's degree course "Business models for sustainability" at the University of Vicenza, an opportunity for mutual growth and positive contamination on the important subject of strategic management of sustainability.

School-work alternation program



Internships/thesis projects/university internships



Our relationship with local communities

This year, even more than before, in relation to the pandemic emergency, we wanted to be close to the needs of the territories with a wide range of initiatives, including economic ones, supporting, where possible, the requests received and assessing them on a case-by-case basis.

In 2020 we have, in fact, acknowledged a higher economic support than in 2019 and, for 2021, we renew our concrete commitment to support our territories mainly in youth sports activities, cultural activities and support to schools. This is a further sign of the dedication and

transparency with which we follow our corporate **policy for donations**, which is also disseminated through our website in order to manage relations with our stakeholders with maximum transparency.



5

Methodological note

Methodological note

This document represents FIS' fourth Sustainability Report, starting in 2020 and published annually; the previous Report was approved by the FIS Board of Directors in March and published in April 2020. 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 2020. Therefore, facts, data and information relating to the other companies of the holding company Nine Trees Group are excluded. Regarding the temporal limits, the data, initiatives, projects and actions reported refer to the period from 01 January 2020 to 31 December 2020. However, certain facts and figures relating

to previous or current years were sometimes mentioned during the preparation of this Report as being particularly relevant or pertinent to an understanding of the business environment.

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. The themes were identified from previous assessments supplemented with analyses of documents from our industry sector, including sustainability reports from various peers, as well as analyses of global sustainability trends conducted by international organisations. Among this selection, the material topics were prioritized in a series of individual interviews with mem-

bers 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 subsequently shared with the corporate departments involved in the interview phase and the analysis culminated in the identification of material issues, selected from those recognised as having the greatest significance for FIS or its stakeholders. These material topics were divided into four 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 | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|------------|-------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | Man | Woman | Man | Woman | Man | Woman | Man | Woman | Man | Woman |
| Montecchio | < 30 y.o. | No. | 234 | 70 | 234 | 89 | 229 | 91 | 202 | 75 | 231 | 70 |
| | 30 ≤ x ≤ 50 | No. | 514 | 103 | 522 | 124 | 514 | 135 | 496 | 151 | 483 | 145 |
| | > 50 y.o. | No. | 159 | 19 | 183 | 24 | 207 | 28 | 236 | 28 | 272 | 50 |
| Termoli | < 30 y.o. | No. | 49 | 3 | 52 | 4 | 47 | 4 | 43 | 4 | 51 | 5 |
| | 30 ≤ x ≤ 50 | No. | 85 | 6 | 86 | 6 | 88 | 12 | 100 | 11 | 106 | 12 |
| | > 50 y.o. | No. | 42 | 1 | 50 | 1 | 53 | 1 | 58 | 1 | 68 | 2 |
| Lonigo | < 30 y.o. | No. | n/a | n/a | 50 | 9 | 68 | 17 | 58 | 13 | 63 | 8 |
| | 30 ≤ x ≤ 50 | No. | n/a | n/a | 125 | 23 | 142 | 28 | 150 | 30 | 152 | 32 |
| | > 50 y.o. | No. | n/a | n/a | 81 | 11 | 80 | 12 | 79 | 10 | 89 | 10 |
| Total | | No. | 1,083 | 202 | 1,383 | 291 | 1,428 | 328 | 1,422 | 323 | 1,515 | 334 |

2. Contract type*

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------------|-------|-------|-------|-------|-------|
| Employees with permanent contracts | 1,229 | 1,515 | 1,612 | 1,721 | 1,691 |
| Employees with fixed-term contracts | 56 | 159 | 144 | 24 | 158 |

3. Male and female presence across the total corporate population

| | Units of measurement | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------|----------------------|-------|-------|-------|-------|-------|
| total no. employees | No. | 1,285 | 1,674 | 1,756 | 1,745 | 1,849 |
| no. men | No. | 1,083 | 1,383 | 1,428 | 1,422 | 1,515 |
| no. women | No. | 202 | 291 | 328 | 323 | 334 |
| % men | % | 84% | 83% | 81% | 81.5% | 81.9 |
| % women | % | 16% | 17% | 19% | 18.5% | 18.1 |

4. Professional categories

| | Units of measurement | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------|----------------------|------|------|------|------|------|------|
| Number of executives | No. | 23 | 26 | 33 | 30 | 31 | 31 |
| Number of middle managers | No. | 121 | 134 | 184 | 201 | 210 | 212 |
| Number of white-collar workers | No. | 283 | 360 | 613 | 684 | 606 | 628 |
| Number of blue-collar workers | No. | 655 | 765 | 844 | 841 | 898 | 978 |

5. Turnover rate

| | Age group | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|------------|-------------|------|-------|-------|--------|-------|-------|-------|-------|------|-------|
| | | Man | Woman | Man | Woman | Man | Woman | Man | Woman | Man | Woman |
| Montecchio | < 30 y.o. | 4.3% | 1.4% | 2.1% | 2.2% | 2.2% | 1.1% | 4.0% | 5.3% | 4.3% | 5.7% |
| | 30 ≤ x ≤ 50 | 0.6% | 3.9% | 0.6% | 2.4% | 2.7% | 4.4% | 3.2% | 6.0% | 2.5% | 3.4% |
| | > 50 y.o. | 3.1% | 0.0% | 4.9% | 8.3% | 7.7% | 10.7% | 5.1% | 10.7% | 6.3% | 0.0% |
| Termoli | < 30 y.o. | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 2.3% | 0.0% | 2.0% | 0.0% |
| | 30 ≤ x ≤ 50 | 2.4% | 16.7% | 1.2% | 16.7% | 1.1% | 0.0% | 1.0% | 0.0% | 0.0% | 0.0% |
| | > 50 y.o. | 2.4% | 0.0% | 2.0% | 100.0% | 3.8% | 0.0% | 1.7% | 0.0% | 2.9% | 0.0% |
| Lonigo | < 30 y.o. | n/a | n/a | 4.0% | 0.0% | 10.3% | 5.9% | 1.7% | 0.0% | 3.2% | 25.0% |
| | 30 ≤ x ≤ 50 | n/a | n/a | 0.0% | 4.3% | 2.1% | 7.1% | 2.0% | 3.3% | 1.3% | 6.3% |
| | > 50 y.o. | n/a | n/a | 12.3% | 27.3% | 12.5% | 8.3% | 17.7% | 0.0% | 7.9% | 10.0% |

6. Recruitments by site and age group

| | Age group | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|------------|-------------|------|-------|------|-------|------|-------|------|-------|------|-------|
| | | Man | Woman | Man | Woman | Man | Woman | Man | Woman | Man | Woman |
| Montecchio | < 30 y.o. | 84 | 35 | 33 | 30 | 29 | 20 | 11 | 3 | 68 | 10 |
| | 30 ≤ x ≤ 50 | 61 | 21 | 35 | 23 | 22 | 11 | 13 | 8 | 26 | 7 |
| | > 50 y.o. | 2 | 0 | 6 | 2 | 6 | 1 | 4 | 0 | 3 | 1 |
| Termoli | < 30 y.o. | 11 | 2 | 3 | 2 | 0 | 1 | 1 | 0 | 10 | 1 |
| | 30 ≤ x ≤ 50 | 9 | 0 | 5 | 0 | 2 | 3 | 0 | 0 | 6 | 1 |
| | > 50 y.o. | 2 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| Lonigo | < 30 y.o. | n/a | n/a | 50 | 9 | 18 | 7 | 7 | 2 | 19 | 3 |
| | 30 ≤ x ≤ 50 | n/a | n/a | 122 | 23 | 16 | 3 | 10 | 1 | 6 | 1 |
| | > 50 y.o. | n/a | n/a | 82 | 11 | 4 | 1 | 2 | 1 | 0 | 0 |

7. Average pay difference between men and women

| | CORPORATE (3 sites) | | | | | |
|-------------------|---------------------|------|------|------|------|------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Managers | 83% | 82% | 87% | 93% | 95% | 100% |
| Middle management | 98% | 97% | 96% | 94% | 95% | 95% |
| White-collar | 93% | 93% | 93% | 94% | 95% | 95% |
| Blue-collar | 89% | 89% | 91% | 91% | 91% | 92% |

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

| | Units of measurement | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------|----------------------|------|------|------|------|------|
| Male employees | No. | 22 | 30 | 30 | 25 | 24 |
| Female employees | No. | 25 | 32 | 31 | 19 | 24 |

9. Total training hours provided to employees

| | Units of measurement | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------------|--------|----------|---------|----------|--------|
| Training provided to executives | hrs | 667 | 1,122 | 1,275.5 | 382 | 1,362 |
| Training provided to middle managers | hrs | 5,814 | 9,135 | 8,187 | 5,370.5 | 6,013 |
| Training provided to white-collar workers | hrs | 7,939 | 22,533.5 | 21,078 | 16,535 | 18,448 |
| Training provided to blue-collar workers | hrs | 12,547 | 17,458 | 19,526 | 19,517.5 | 18,252 |
| Training provided to temporary contract personnel / interns | | 459 | 557 | 787 | 1,722 | 69 |

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

| | Units of measurement | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------|----------------------|-----------|-----------|------------|-----------|-----------|
| Montecchio | EURO | 3,704,979 | 3,201,988 | 4,410,726 | 1,851,881 | 1,580,890 |
| Termoli | EURO | 654,583 | 671,226 | 3,671,500 | 2,201,942 | 1,108,832 |
| Lonigo | EURO | - | 145,603 | 3,727,162 | 5,167,195 | 3,241,487 |
| Total | EURO | 4,359,562 | 4,018,817 | 11,809,388 | 9,221,018 | 5,931,209 |

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

| | Units of measurement | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------|----------------------|------|------|------|------|------|
| Montecchio | hrs | 9.9 | 10.3 | 7.6 | 8.6 | 15.7 |
| Termoli | hrs | 16.3 | 18.8 | 23.4 | 21.2 | 17.3 |
| Lonigo | hrs | - | 14.6 | 21.6 | 25.3 | 26.3 |
| FIS average | hrs | 10.8 | 11.4 | 10.6 | 13.4 | 16.1 |

12. On-site accidents (no.)*

| | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|------------|------|-------|------|-------|------|-------|------|-------|------|-------|
| | Man | Woman | Man | Woman | Man | Woman | Man | Woman | Man | Woman |
| Montecchio | 18 | 0 | 20 | 0 | 17 | 0 | 17 | 0 | 9 | 0 |
| Termoli | 3 | 0 | 3 | 0 | 3 | 0 | 12 | 0 | 6 | 0 |
| Lonigo | 6 | 0 | 6 | 0 | 5 | 0 | 4 | 0 | 1 | 1 |
| Total FIS | 27 | 0 | 29 | 0 | 25 | 0 | 35 | 0 | 16 | 1 |

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

13. Accident frequency* and severity** indices

| | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | frequency index | severity index | frequency index | severity index | frequency index | severity index | frequency index | severity index | frequency index | severity index |
| Montecchio | 10.9 | 0.31 | 9 | 0.15 | 8.9 | 0.19 | 9 | 0.17 | 4.8 | 0.16 |
| Termoli | 10.7 | 0.24 | 8 | 0.09 | 9.4 | 0.33 | 36.7 | 0.63 | 9.8 | 0.21 |
| Lonigo | | | 10.1 | 0.1 | 9.6 | 0.33 | 7.3 | 0.17 | 3.8 | 0.16 |

*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*

| | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
| | 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 | 8,831 | 3.2% | 8,133 | 2.8% | 9,882 | 3.2% | 10,851 | 3.6% | 15,599 | 4.9% |
| Termoli | 1,293 | 2.7% | 1,143 | 2.3% | 1,666 | 3.2% | 2,262 | 4.1% | 2,754 | 4.4% |
| Lonigo | 2,161 | 4.0% | 1,679 | 2.3% | 2,391 | 2.7% | 2,827 | 3.3% | 3,844 | 4.3% |

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

15. Total water withdrawal per plant (m³)

| | Units of measurement | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------------|-----------|-----------|-----------|-----------|-----------|
| Montecchio | m ³ | 1,406,345 | 1,402,898 | 1,314,971 | 1,202,731 | 1,222,237 |
| Termoli | m ³ | 449,745 | 488,229 | 446,311 | 422,000 | 436,452 |
| Lonigo | m ³ | 898,510 | 914,600 | 770,240 | 792,350 | 773,130 |
| Total water withdrawn | m ³ | 2,754,600 | 2,805,727 | 2,531,522 | 2,417,081 | 2,431,189 |
| Total water withdrawn per tonne of product | m ³ /t | 2,930.4 | 1,237.6 | 1,174.7 | 1,139.0 | 1,073.1 |

16. Water discharge by destination (m³)

| | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | water discharged into sewers | rainwater surface-discharge | water discharged into sewers | rainwater surface-discharge | rainwater surface-discharge | rainwater surface-discharge | water discharged into sewers | rainwater surface-discharge | water discharged into sewers | rainwater surface-discharge |
| Montecchio | 562,554 | 814,914 | 554,150 | 761,560 | 574,154 | 697,137 | 567,766 | 560,846 | 613,262 | 525,358 |
| Termoli | 419,890 | - | 452,350 | - | 453,961 | - | 392,000 | - | 388,665 | - |
| Lonigo | - | 832,799 | - | 744,309 | - | 704,746 | - | 739,433 | - | 695,053 |
| Total water discharged | 2,630,157 | | 2,512,369 | | 2,429,998 | | 2,260,045 | | 2,222,338 | |

17. Water discharges by type of substance (Kg)

| | | Units of measurement | Montecchio | | | | |
|------------|----------------------------------|----------------------|------------|--------|--------|--------|--------|
| | | | 2016 | 2017 | 2018 | 2019 | 2020 |
| Montecchio | COD | KG | 41,123 | 41,051 | 62,629 | 58,054 | 37,151 |
| | TSS | KG | 14,851 | 7,714 | 8,945 | 8,658 | 5,777 |
| | nitrogen such as NH ₃ | KG | 731 | 288 | n.a. | n.a. | n.a. |
| | nitrogen such as NO ₃ | KG | 900 | 1,108 | n.a. | n.a. | n.a. |
| | Total nitrogen | KG | n.a. | n.a. | 4,530 | 5,649 | 3,250 |
| | P | KG | 394 | 449 | 1,544 | 551 | 638 |
| Termoli | COD | KG | 41,149 | 28,688 | 30,565 | 36,541 | 76,481 |
| | TSS | KG | 13,017 | 13,231 | 10,591 | 9,928 | 24,727 |
| | NH ₃ | KG | n.a. | 529 | 1,076 | 960 | 704 |
| | NO ₃ | KG | n.a. | 181 | 118 | 99 | 126 |
| | P | KG | n.a. | 448 | 1,080 | 876 | 530 |
| Lonigo | COD | KG | 21,193 | 25,781 | 19,686 | 14,725 | 19,908 |
| | TSS | KG | 4,035 | 6,073 | 7,774 | 7,190 | 3,859 |
| | NH ₃ | KG | 1,318 | 1,625 | 827 | 1,096 | 1,633 |
| | NO ₃ | KG | 237 | 239 | 300 | 73 | 153 |
| | P | KG | 32 | 55 | 82 | 46 | 53 |

18. Hazardous and non-hazardous waste products (tonnes)

| | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
| | 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 | 59,463.50 | 1,819.80 | 39,217.00 | 2,458.70 | 43,359.00 | 1,973.17 | 40,242.70 | 1,583.60 | 44,875.00 | 1,288.00 |
| Termoli | 10,297.00 | 17,803.00 | 14,995.00 | 1,587.00 | 12,013.00 | 1,547.00 | 11,856.90 | 1,443.20 | 11,976.00 | 1,430.00 |
| Lonigo | n/a | n/a | 33,441.00 | 2,317.00 | 23,299.00 | 2,762.00 | 23,421.00 | 1,851 | 21,706.60 | 1,790.40 |
| Total FIS | 69,760.50 | 19,622.80 | 87,653.00 | 6,362.70 | 78,776.00 | 6,171.10 | 75,520.60 | 4,877.80 | 78,557.60 | 4,508.40 |

19. Hazardous waste produced by disposal method (tonnes)

| | 2016 | | | 2017 | | | 2018 | | | 2019 | | | 2020 | | |
|------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|
| | 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 | 36,036 | 9,319 | 13,598 | 6,686 | 9,041 | 23,490 | 10,256 | 9,702 | 23,401 | 6,577.7 | 9,650.3 | 24,978.7 | 9,477.00 | 10,936.00 | 24,492.00 |
| Termoli | 7,267 | 3,030 | - | 9,041 | 4,224 | 1,730 | 7,269 | 3,587 | 1,156 | 8,602.8 | 3,254.1 | - | 8,018 | 3,958 | - |
| Lonigo | n/a | n/a | n/a | 3,992 | 10,537 | 18,912 | 2,626 | 5,263 | 15,409 | 3,029.7 | 3,851.5 | 16,540.1 | 3,019.7 | 4,202.90 | 14,481.1 |
| Total FIS | 43,303 | 12,349 | 13,598 | 19,719 | 23,802 | 44,132 | 20,730 | 18,079 | 39,966 | 18,210.2 | 17,674.6 | 41,518.8 | 20,514.70 | 19,096.90 | 38,973.1 |

20. Non-hazardous waste produced by disposal method (tonnes)

| | 2016 | | | 2017 | | | 2018 | | | 2019 | | | 2020 | | |
|------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|
| | 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 | 535 | 1,285 | - | 15 | 1,623 | 820 | 81 | 1,664 | 228 | 134.5 | 1,155.1 | 294 | 171 | 1,117.00 | - |
| Termoli | 12,167 | 5,636 | - | 1,252 | 335 | - | 1,243 | 304 | - | 1,198.8 | 244.4 | - | 1,142 | 288 | - |
| Lonigo | - | - | - | 146 | 2,103 | 69 | 93 | 2,597 | 73 | 34.4 | 1,679.9 | 79.2 | 834 | 956.4 | - |
| Total FIS | 12,702 | 6,921 | - | 1,413 | 4,061 | 889 | 1,416 | 4,182 | 301 | 1,367.7 | 3,079.4 | 373.2 | 2,147 | 2,361.40 | - |

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

| | 2017 | | | 2018 | | | 2019 | | | 2020 | | |
|--|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|
| | external disposal | external recovery | internal incineration | 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% | 27% | 26% | 47% |

22. Hazardous waste transported abroad (tonnes)

| 2016 | 2017 | 2018 | 2019 | 2020 |
|---------|---------|------|-------|------|
| 4,378.3 | 1,791.7 | 0 | 286.0 | 0 |

23. Materials used originating from recycling - solvents (tonnes and %)

| | | | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------|----------------------------------|-------------------------------------|--------|--------|--------|--------|--------|
| HEPTANE | Total input materials | tonnes (or m ³ or other) | 843 | 606 | 368 | 337 | 283 |
| | Recycled input materials | tonnes (or m ³ or other) | 3,923 | 3,428 | 2,635 | 2,588 | 2,405 |
| | Percentage of recycled materials | Percentage | 82.32% | 84.97% | 87.74% | 88.49% | 89.48% |
| ISOPROPANOL | Total input materials | tonnes (or m ³ or other) | 2,991 | 3,626 | 3,611 | 3,532 | 4,128 |
| | Recycled input materials | tonnes (or m ³ or other) | 1,666 | 3,679 | 4,180 | 2,539 | 2,523 |
| | Percentage of recycled materials | Percentage | 35.77% | 50.36% | 53.65% | 41.82% | 37.93% |
| ACETONE | Total input materials | tonnes (or m ³ or other) | 3,153 | 2,784 | 3,146 | 2,557 | 2,881 |
| | Recycled input materials | tonnes (or m ³ or other) | 1,644 | 1,750 | 3,102 | 3,102 | 3,631 |
| | Percentage of recycled materials | Percentage | 34.27% | 38.60% | 49.65% | 54.82% | 55.76% |
| TOLUENE | Total input materials | tonnes (or m ³ or other) | 2,903 | 2,048 | 1,933 | 1,538 | 1,688 |
| | Recycled input materials | tonnes (or m ³ or other) | 2,964 | 1,434 | 2,297 | 1,668 | 1,709 |
| | Percentage of recycled materials | Percentage | 50.52% | 41.19% | 54.31% | 52.03% | 50.31% |
| THF | Total input materials | tonnes (or m ³ or other) | 1,683 | 1,068 | 623 | 596 | 617 |
| | Recycled input materials | tonnes (or m ³ or other) | 2,034 | 795 | 1,490 | 821 | 870 |
| | Percentage of recycled materials | Percentage | 54.72% | 42.67% | 70.52% | 57.94% | 58.50% |
| METHANOL | Total input materials | tonnes (or m ³ or other) | 7,947 | 7,764 | 7,140 | 6,736 | 6,319 |
| | Recycled input materials | tonnes (or m ³ or other) | 4,140 | 5,231 | 4,415 | 4,986 | 5,421 |
| | Percentage of recycled materials | Percentage | 34.25% | 40.25% | 38.21% | 42.54% | 46.18% |
| ETHANOL | Total input materials | tonnes (or m ³ or other) | - | - | - | - | 2,278 |
| | Recycled input materials | tonnes (or m ³ or other) | - | - | - | - | 1,055 |
| | Percentage of recycled materials | Percentage | - | - | - | - | 46.31% |
| TOTAL | Total input materials | tonnes (or m ³ or other) | - | - | - | - | 18,193 |
| | Recycled input materials | tonnes (or m ³ or other) | - | - | - | - | 17,614 |
| | Percentage of recycled materials | Percentage | - | - | - | - | 49.19% |

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

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

| | Units of measurement | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------------|---------|---------|---------|---------|-----------|
| Diesel / Gas Oil | GJ | 350 | 849 | 834 | 654 | 1,035 |
| Natural Gas | GJ | 518,118 | 620,374 | 611,120 | 593,492 | 615,079 |
| Electricity supplied by the grid | GJ | 305,158 | 315,474 | 325,948 | 327,947 | 344,549 |
| Electricity from other sources produced and consumed internally* | GJ | 96,932 | 53,748 | 53,506 | 51,177 | 58,084 |
| Overall energy consumption | GJ | 922,573 | 992,462 | 993,427 | 973,270 | 1,018,746 |
| Energy consumption / tonnes of product | GJ/tonne | 981 | 438 | 461 | 459 | 450 |

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

25. Direct and indirect greenhouse gas emissions (tonne CO₂eq)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|--------|--------|--------|--------|--------|
| Co ₂ emissions (scope1) | 48,960 | 62,485 | 58,920 | 65,131 | 67,079 |
| Co ₂ emissions (scope2) | 15,709 | 27,059 | 27,956 | 25,994 | 24,721 |
| Co ₂ emissions (total) | 64,669 | 89,544 | 86,876 | 91,125 | 91,800 |
| Co ₂ emissions (total) tonnes of product | 68.8 | 39.5 | 40.3 | 42.9 | 40.5 |

26. Emission of main pollutants (kg)

| Type of emissions | Units of measurement | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|----------------------|--------|--------|--------|--------|--------|
| MONTECCHIO | | | | | | |
| NO _x | kg | 14,010 | 16,404 | 16,971 | 19,396 | 14,659 |
| SO _x | kg | 187 | 19 | 47 | 50 | 65 |
| VOC | kg | 1,958 | 1,211 | 2,601 | 2,439 | 1,948 |
| PM | kg | 329 | 189 | 50 | 256 | 247 |
| CO | kg | 1,856 | 2,842 | 2,896 | 2,830 | 1,468 |
| TERMOLI | | | | | | |
| NO _x | kg | 2,920 | 3,570 | 2,070 | 7,042 | 6,263 |
| SO _x | kg | 2 | 2 | 16 | 4 | 80 |
| VOC | kg | 70 | 43 | 5 | 67 | 86 |
| PM | kg | n.a. | n.a. | n.a. | n.a. | n.a. |
| CO | kg | 1,596 | 760 | 58 | 403 | 397 |
| LONIGO | | | | | | |
| NO _x | kg | n.a. | 18,965 | 16,626 | 13,500 | 10,542 |
| SO _x | kg | n.a. | 526 | 230 | 658 | 1,047 |
| VOC | kg | n.a. | 534 | 562 | 397 | 682 |
| PM | kg | n.a. | 193 | 197 | 141 | 153 |
| CO | kg | n.a. | 2,371 | 2,109 | 2,293 | 2,420 |

27. Total emission of main pollutants for the three sites (kg)

| Type of emissions | Units of measurement | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|----------------------|--------|--------|--------|--------|--------|
| NO _x | kg | 16,930 | 38,939 | 35,667 | 39,938 | 31,464 |
| SO _x | kg | 189 | 547 | 293 | 712 | 1,192 |
| VOC | kg | 70 | 577 | 567 | 3,168 | 2,716 |
| PM | kg | 329 | 382 | 247 | 397 | 400 |
| CO | kg | 3,452 | 5,973 | 5,063 | 5,342 | |

GRI - Content index

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| 102-6 | Markets served | Our commitment for a sustainable future | 7 | |
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| 102-8 | Information on employees and other workers | We grow together with our people | 17, 19, 20 | |
| 102-9 | Supply chain | We share value throughout the supply chain | 40, 41 | |
| 102-10 | Significant changes to the organisation and its supply chain | n.a. | | There were no significant changes |
| 102-11 | Precautionary principle | n.a. | | |
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