

# Sustainability Report

**ABSTRACT** 2023

The background of the slide is a high-magnification, monochromatic blue image of mineral crystals. The crystals are of various sizes and shapes, some showing clear geometric forms like cubes and prisms, while others are more irregular. They are set against a dark blue background, creating a textured, scientific appearance.

# About us

**Future goals and challenges**

**What we do**

**Where we are**

**Materiality analysis**

**The results of our efforts**





# Future goals and challenges

The past year has been an important one for FIS. In 2023, the Ferrari family sold their controlling stake in FIS to Bain Capital private equity fund, whilst retaining a minority stake. This move makes us even stronger and more stable and retains the mission and values which underpin the way we operate. **Our identity is central to what we do.**

**We look to the future with confidence.** Our aim is to deliver quality and safety, ensuring that our products offer effective treatment and improve the well-being of patients. We are aware that we must prepare for the challenges of tomorrow to create a sustainable future. Today the company is owned by Molecule (BC) Bidco

S.p.A., which in turn is held by Molecule (BC) Holdco S.p.A., 86% of which is owned by Bain Capital with the Ferrari family retaining the remaining 14%. With the coordination of our Sustainability Manager, working with all of the key company departments, we have prepared the **Sustainability Plan for 2023 to 2025**, integrated into the broader Strategic Plan, making sustainability an essential part of strengthening our growth and our role as a leader in the industry.

We want to achieve our goals with the issue of the Sustainability Linked Bond, and through other actions. The goal is also to develop some key business processes, applying them for **sustainable development**.

THE GOALS WE  
HAVE COMMITTED  
TO ACHIEVING BY  
2026



-20%

**CO<sub>2</sub> emissions**  
(scope 1&2)



-20%

**Water consumed**



-20%

**Waste sent to external  
disposal/waste sent to  
external recovery**

# What we do

We produce Active Pharmaceutical Ingredients (APIs) for the leading pharmaceutical companies in the world. Thanks to our production capacity, we have been among the European and Italian leaders in the industry for more than 65 years, setting the standard internationally for *contract* development and manufacturing. Supported by a team of around 250 R&D experts and with a total production capacity of more than 3,150 cubic meters, we can provide integrated services ranging from optimization of the synthesis process and production *scale-up* to large-scale production for commercial quantities.

1,925

Employees

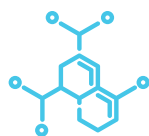
3,150m<sup>3</sup>

of production  
capacity

250

Research &  
Development  
Experts

Our **core business** is comprised of:



## CUSTOM SYNTHESIS

exclusive production of intermediates, advanced intermediates and active ingredients for patent-holding pharmaceutical companies



## GENERIC MARKET

for which we develop and sell active ingredients such as tranquilizers, anxiolytics, antibacterials, anticonvulsants, anti-inflammatories, diuretics, analgesics, and cardiovascular medications

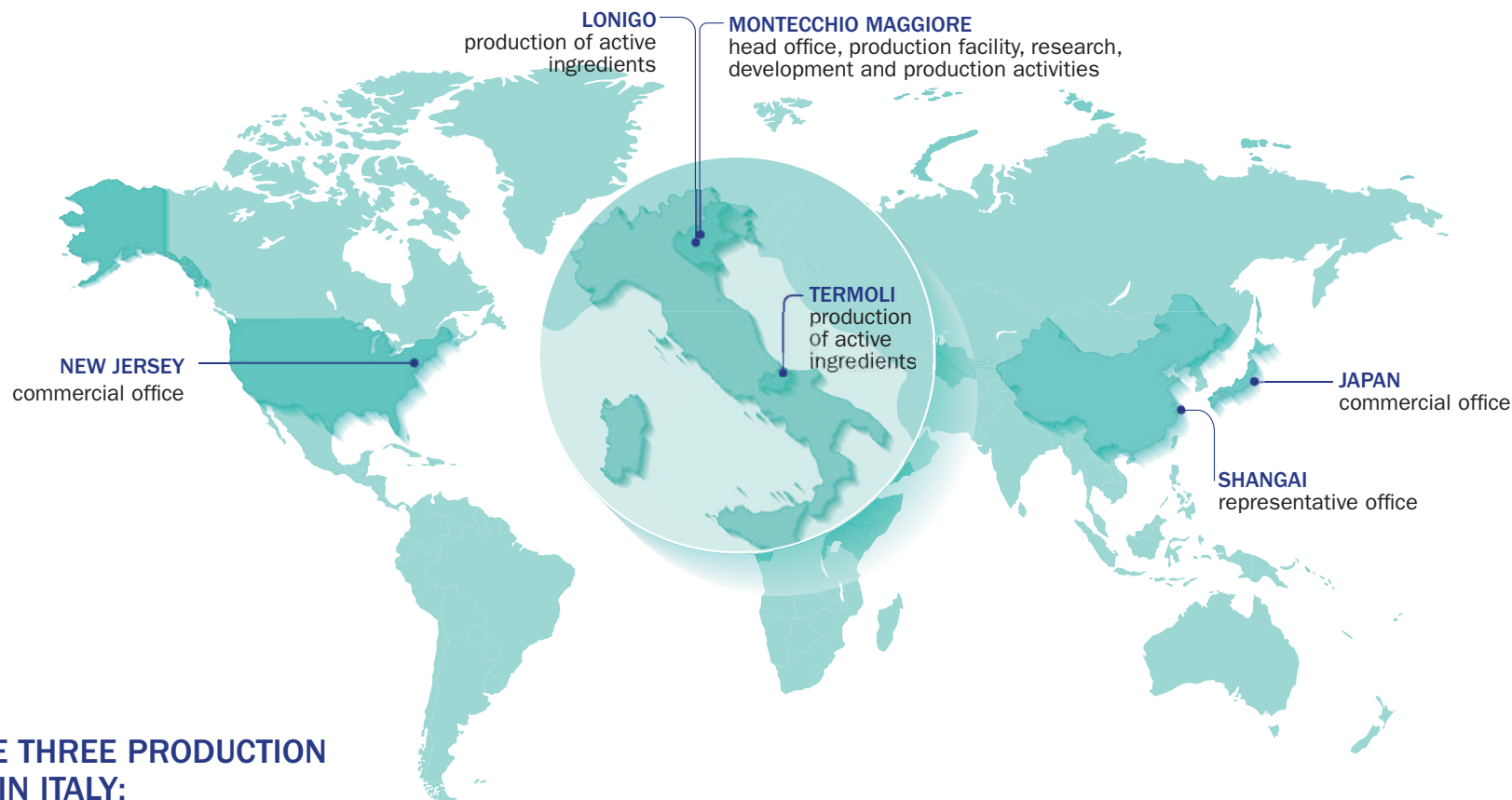


## VETERINARY MARKET

with generic products and custom products



# Our locations



## WE HAVE THREE PRODUCTION PLANTS IN ITALY:

- **MONTECCHIO MAGGIORE (VENETO)**

The legal and historical headquarters of the group. This manufacturing facility is home to the research and development department, and the production of active ingredients for pharmaceutical companies. It has been accredited by the Italian Ministry of Health since 1958 and inspected by the US Food and Drugs Administration since 1968;

- **LONIGO (VENETO)**

Part of the group since 2017, this is a plant where we produce active ingredients. It is accredited by the Italian Ministry of Health and the FDA;

- **TERMOLI (MOLISE)**

We produce intermediates and active ingredients here. It is accredited by the Italian Ministry of Health and the FDA.

We also have a representative office in **SHANGHAI**, where relations with suppliers of raw materials from the Far East are managed.

We have a sales office in the **USA** and another in **JAPAN**.

# Materiality analysis

As defined by the 2021 version of the GRI Standards, a sustainability topic is considered to be material if it represents the organization's impacts on the **economy**, the **environment**, and on **people** and their **rights**.

Therefore, in 2023 we updated the Materiality Analysis from this new perspective to incorporate the changes within our organization.

We have updated the material topics by analyzing the emerging trends and conducting a benchmarking process on sustainability issues.

We have then used the issues identified to define the main positive and negative impacts which we generate on our stakeholders, classifying them as “actual” or “potential”. At the same time, we identified the stakeholders impacted.

In parallel, **we have assessed the impacts generated** by taking into consideration the nature of our activities and the dimensions specified by the GRI Standard 2021.

## MOST RELEVANT TOPICS THAT GENERATE IMPACTS

### NEGATIVE



Poor waste management



Misuse of energy, climate change and polluting emissions



Inappropriate or excessive use of raw materials

### POSITIVE



Economic value creation and sustainable growth strategy



Welfare, gender diversity and fair working conditions



Training, professional development and employee **retention**

# The results of our efforts

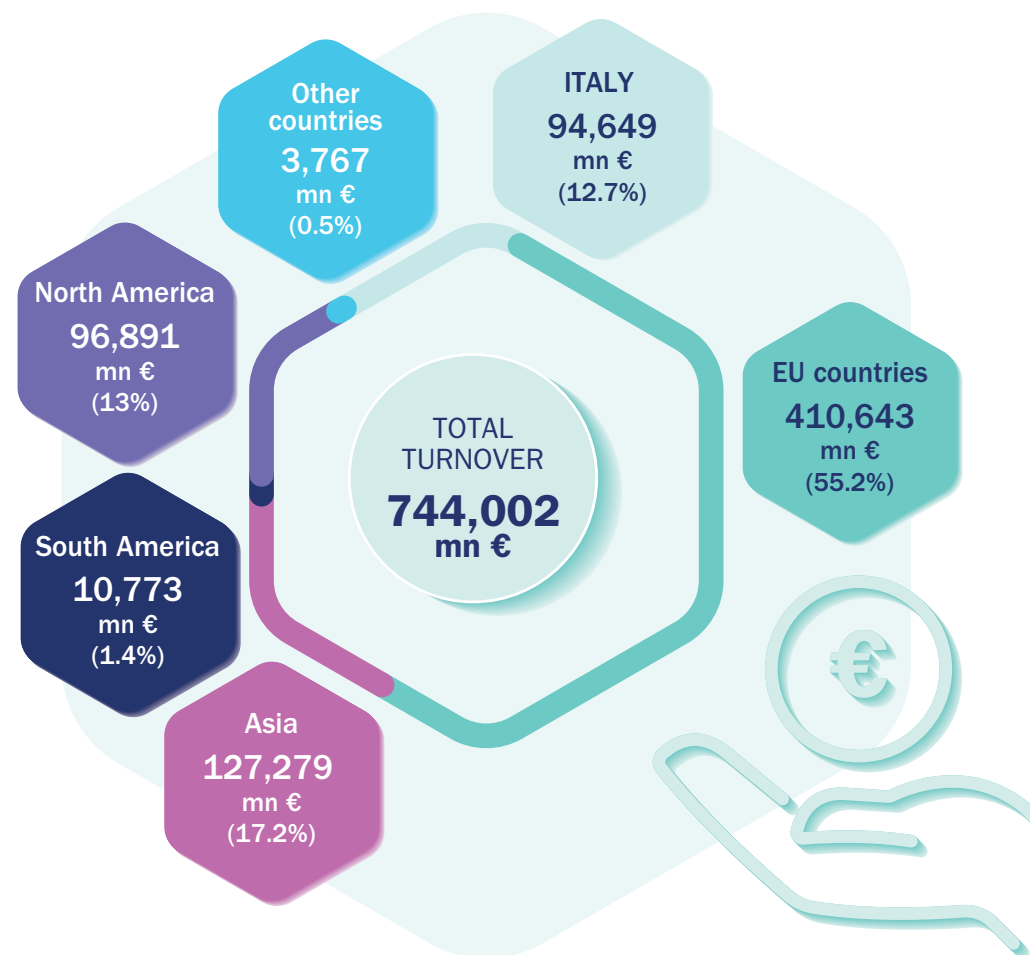
In 2023, the international raw material and commodities markets experienced stresses and consequently there were cost increases and supply difficulties. Energy costs remained at double the average levels for the 2010-2020 period.

Despite the challenges and global turmoil, in 2023 our business continuity has remained stable. In fact, we were able to react quickly with our *Supply* function, which identified tangible solutions to support uninterrupted API production. However, we have begun to reflect on our approach to *sourcing*, evaluating new markets and optimizing our presence in existing ones. In terms of commercial relations, we have consolidated a number of existing relationships and established some important new ones.

**33% of our turnover** comes from non-European countries, led by the United States. We have a diversified client portfolio that includes over **300 long-term customers**: of these, 12 are leading global pharmaceutical companies. The table alongside shows the company's turnover by main geographical area:



**300**  
long-term  
clients







# Responsible business management

**Our pillars**

**Risk management**

**Governance**

**Our stakeholders**

**Our people and the community**





# Our pillars

Legality, honesty, transparency, fairness, good faith: our business organization, activities and behavior are based on these solid “pillars”.

## MODELLO 231

To comply with these values, we have implemented Organization, Management and Control Model pursuant to Italian Legislative Decree 231 of June 8, 2001, which regulates the administrative responsibility of corporate

bodies. In 2023, we drew up policies regarding Gifts & Entertainment and Conflicts of Interest. We use the Organization, Management and Control Model to assess activities that are sensitive to the risk of crimes being committed, including those related to corruption. Beginning in November 2023, we decided to roll out a training program on *Modello 231* regarding compliance with the aforementioned law and by the end of the year **1,233 people, equivalent to around 60% of our workforce**, had been involved.



## EVEN MORE EFFECTIVE

In 2024, we intend to conduct a review of the Code of Ethics and *Modello 231*, with the aim of making these corporate safeguards even more effective.

## Code of Ethics

Our Code of Ethics sets out helpful guidelines which outline the boundaries and guiding principles of personnel management:

- prevent any form of discrimination on the basis of ethnicity, religious beliefs, political and trade union affiliation, gender, sexual orientation, age, and disability;
- recruit personnel in an objective manner which respects the dignity of individuals;
- create training opportunities which are appropriate to each person's role;
- clearly and continuously define and communicate opportunities and pathways that enable professional growth within the company;
- actively support the actions of those people who hold positions of responsibility within the company;
- create workplaces that are safe and healthy for those persons who work there.



# Risk management



## CYBERSECURITY

Cybersecurity and data confidentiality are priorities for our company.

Our commitment to improving security management and increasing the trust of our customers through the competitiveness and reliability of our systems is enshrined in our **ISO 27001 certification**.



## RISK MANAGEMENT

At FIS, risk management is part of a continuous process that involves constant identification, assessment, processing and monitoring. Our **Risk Model** lists 45 risks, divided into 6 macro-categories. These include the risk of serious injury to employees, the failure of foreign suppliers to meet high quality standards, water and air pollution, and the risk of fire, explosion, or the release of toxic substances.



## TAX

We handle tax-related issues with the **utmost transparency**, seeking to implement solutions enabled by the legislation which are best suited to our business needs.

The company's organization includes a tax manager who works with leading external professionals. FIS uses external assurance to provide additional compliance monitoring.

At FIS, financial supervision, quarterly audits and certification of financial statements on an annual basis are the responsibility of PwC SpA

# Governance

After founding the company and leading it for more than 65 years, the Ferrari family has sold control of FIS to the **Bain Capital fund**.

The new majority shareholder has supported the management with the continuation of the existing business plan.

At present, the FIS Board of Directors is composed of 4 members, including the Chair and CEO, and the CFO. The Board of Statutory Auditors and the Supervisory Board have also been appointed.

The governing body of FIS is the Board of Directors, which guides the company pursuing the goal of achieving sustainable success. In addition, it defines its strategies and identifies the most suitable corporate governance system for carrying out the company's business.

Currently, the FIS Board of Directors consists of the Chair and CEO, the CFO, and the General Counsel. At the same time, the composition of the Board of Statutory Auditors and the Supervisory Board has changed.



**DANIELE PIERGENTILI**

Age 50

Chair of the Board of Directors and Chief Executive Officer



**MARIA CALZOLARI**

Age 55

Member of the Board of Directors



**MICHELE GAVINO**

Age 62

Member of the Board of Directors



**MANUEL BARRECA**

Age 50

Member of the Board of Directors

## The focus on sustainability



At FIS, the delivery of actions under the strategic sustainability plan, as well as the day-to-day oversight of the sustainability principles, are the responsibility of the relevant corporate functions. The **Corporate Sustainability function** acts as the coordinator and supervisor. The responsibilities of the **Sustainability Manager** include the development and monitoring of the **Sustainability Plan**.





# Our stakeholders

We take stakeholder expectations into account in all decision-making processes.

We cultivate relationships with them that are built on collaboration and respect. These are **fruitful**

**relationships** with shared values, principles and a common view of sustainable development, a critical issue which demands a central role within the company and which must play an increasing part in

**the effective government of our processes**, balancing legitimate interest with our duty to **return value to the community**. As a result, our map of our stakeholders and their expectations is updated annually.

## OUR STAKEHOLDER MAP



# Our people

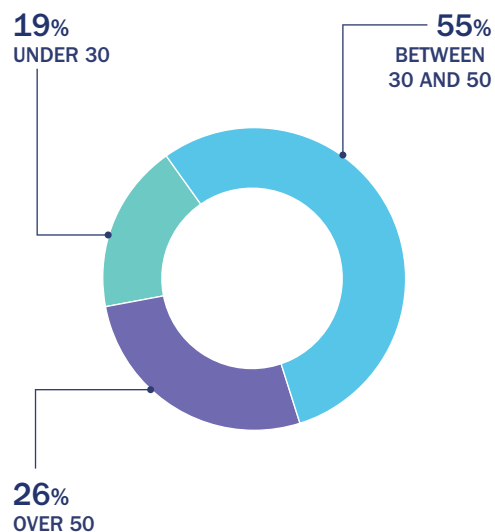
At FIS, we have stable relationships with our employees: **95%** of employees have permanent contracts and 5% have fixed-term contracts. Data that are in line with industry best practice and above the Italian average. **84%** of our staff have been with the company for at least six years, and all our employees have been hired

under the national collective bargaining agreement for the chemical industry. For 2023, the average age of FIS employees is 41: 41.4 for men and 38.6 for women. Since 2016 we have seen **the number of female employees increase by 73%, with 21% of new hires** in 2023. We care about issues of **diversity & inclusion**.

**Connections with people  
are the key to our success**

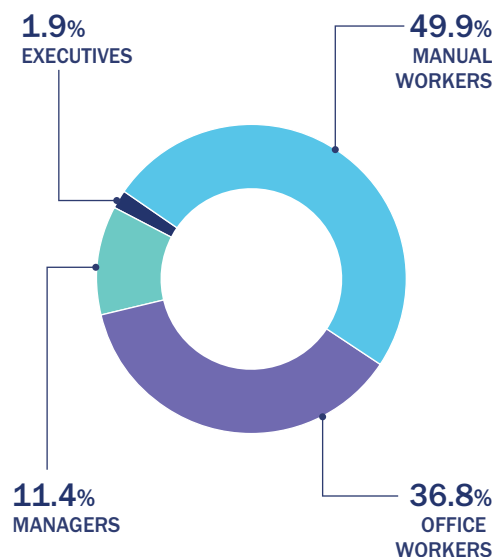
## Age of employees

2023



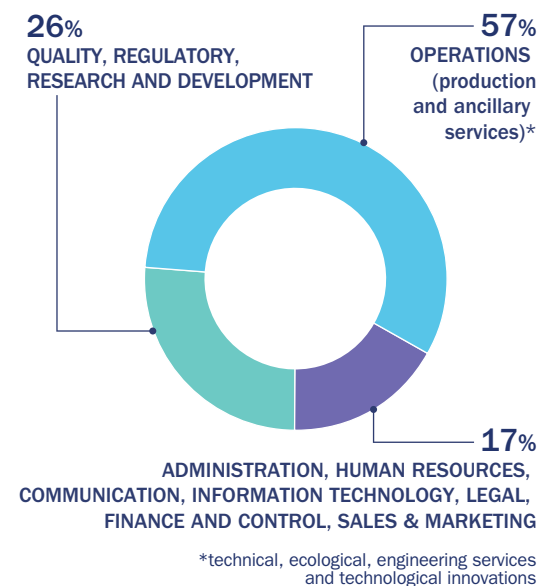
## Professional category

2022



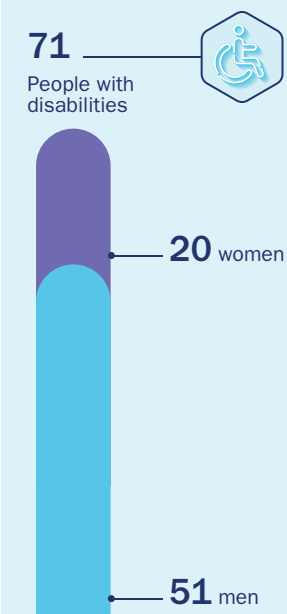
## Distribution by macro area

2023



## Inclusion

2023



# The well-being of our people

Over the years, we have been committed to developing organizational solutions with the aim of **promoting an effective work-life balance**, taking steps to:

- facilitate a work-life balance;
- support social security and top-up health care;
- provide financial support for special individual situations;
- make available additional goods and services.

When it comes to **work-life balance**, for some time our employees have had the ability to **care for children of up to age 18 and elderly parents** by taking paid leave for up to a maximum of 48 hours per year.

## Maximizing protection

We ensure that the people and territories where we operate receive the highest level of protection, building on our long-standing track record of preventing process risks. Each of our processes is constantly monitored by using the best technologies and then refined using the strictest safety assessments.

At FIS, we support parents with welfare policies that take account of the needs of women. We grant each new mother, if they take optional maternity leave, a top-up salary (up to 100%) to supplement the payments already provided by INPS (Italian social security institute).

In terms of remuneration, **we are committed to ensuring that the gender pay gap**, the difference between salaries paid to men and women, is eliminated. In almost every category into which our workforce is classified, the ratio of basic pay between men and women has improved appreciably.

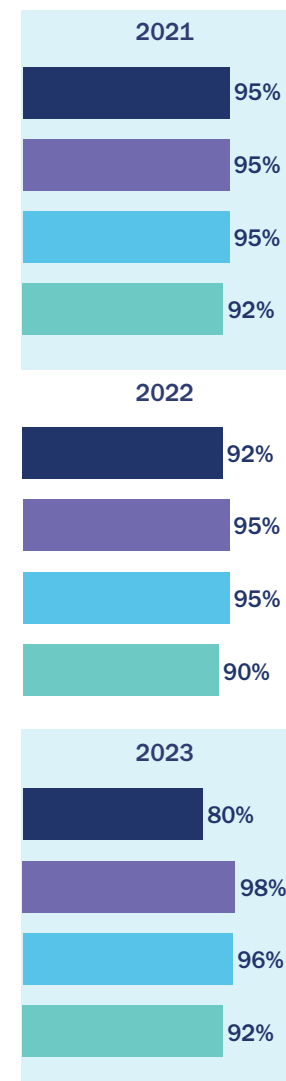
# 53

Women who made 100% use of optional maternity leave in 2023

## Average basic salary

Ratio of women to men  
(three years)

Executives  
Managers  
Office workers  
Manual workers





# Training and talent

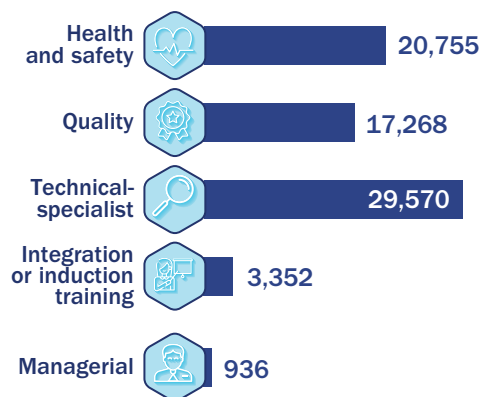
Training is a crucial issue for FIS. We have created an organizational unit of in-house training staff with the aim of collecting, codifying and developing the company's assets built up over the years through the skills and expertise of its personnel. The total number of hours of training delivered in 2023 in the three plants totaled 71,848, equivalent to more than 4.5 days of annual training per person.

The ongoing assessment of employees' potential is an essential activity. With the help of a specific competency matrix for each job, each person's development plan is set out in order to maximize individual and team performance. Skills are developed in line with **three overarching aspects**:

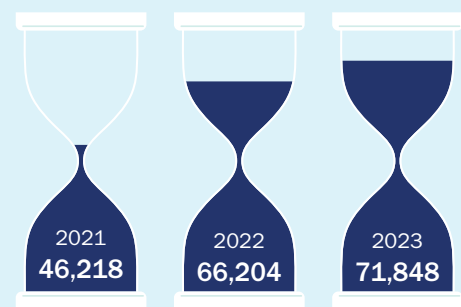
- **Direction and Transparency**
- **Excellence and execution**
- **People and relation**

## Hours of training

By type and year (2023)



## Total hours of training



## FIS Talent Program

We have launched a development program for everyone in the company, the "FIS Talent Program".

The goal is to create an environment where people within our organization with high potential can grow rapidly within the company.

## Talent Management

FIS's leadership in the field of active ingredients entails a constant investment in innovation: for us, attracting the best talent is an essential and strategic aspect. Thanks to the talent management function, comprising a group of human resources specialists, we have greatly reduced our recruitment times.

# Customers and suppliers

100%

Integration with  
our customers' supply  
chain

In 2023, we continued to pursue a commercial strategy of consolidation and expansion of partnership relationships with strategic clients. This has enabled us to acquire **10 new projects** and establish **two new strategic alliances**, which will fuel growth in the coming years.

The satisfaction of our customers is measured through numerous product- and service-related quality **performance indicators (KPIs)**. These include a monthly assessment of the number of observations and recommendations arising from customer audits which, for the whole of 2023, were significantly lower than the targets set.

**The supply market** in which we purchase raw materials (*sourcing*) includes more than **40 countries**, with a strong concentration in the Far East, particularly China. The main objectives of our **supply chain** are:

- creating value through a sustainable approach
- risk management
- **cost optimization**

Over the past two years at FIS, we have worked to strengthen the supply chain. We have developed an APS (Advanced Planning & Scheduling System) which provides us with improved decision support within production and logistics processes as part of an end-to-end supply chain approach.



## APS

The Advanced Planning & Scheduling (APS) system helps us improve our production and logistics processes.

## Suppliers

Number and type



# Our community

FIS is at the forefront of supporting and **responding to the demands that come from the territories** where our business has its roots.

For a long time, our payments have been directed to **supporting organizations engaged in social work, in the cultural field** and others that promote **sporting activity** among young people.

Much of this funding is destined for the Vicenza area, but in recent years we have also begun to support social and cultural promotion initiatives in the area around Termoli.

In addition, our engagement with **educational institutions** continues. In 2023, we once again distributed our journal, with the intention of raising awareness of chemistry and sustainability issues among the younger generation.

This project has grown over the years, reaching more than 4,000 families.

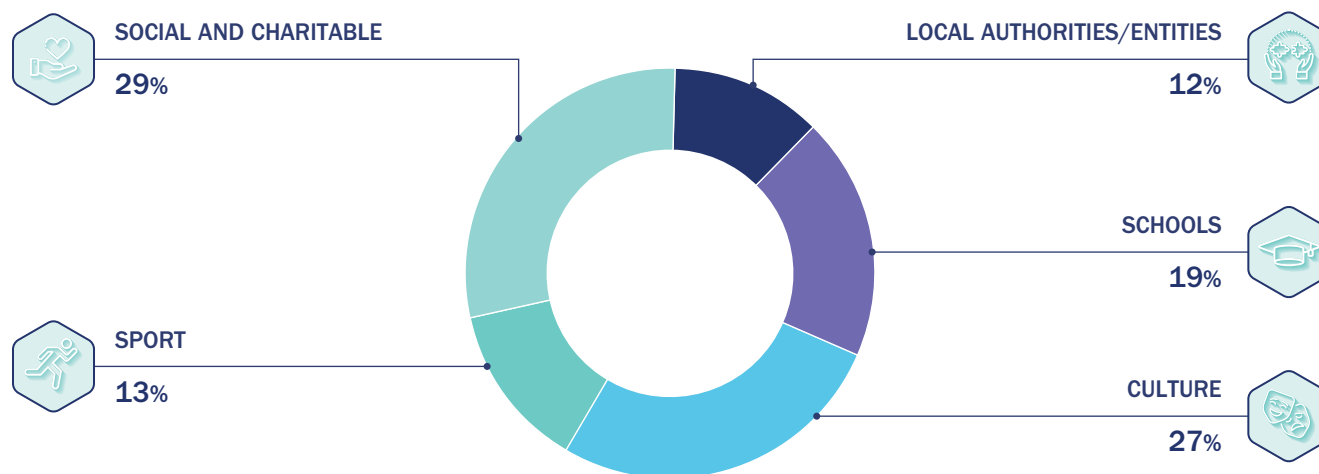
We also promote other activities with schools, such as visits to our production sites, orientation days for prospective university students, donations of educational materials, activation of university *internships* and school work placements.

## 4,000

Raising the awareness of families of chemistry and sustainability issues

## Grants in 2023

Figures in %





The background of the slide is a dense, abstract pattern of green and blue textured blocks, resembling crushed glass or mineral fragments, creating a modern and eco-friendly aesthetic.

# The solution for a greener planet

**Contribution to SDG**  
**Sustainable production processes**  
**Waste**  
**Energy and emissions**  
**Water**



# Contribution to SDGs

From the moment that we began our **sustainability journey**, we have had a constant commitment to incorporating issues around environmental impacts into our business vision. An essential part of our sustainability journey is signing up to the United Nations' *Sustainable Development Goals (SDGs)*. A structural cornerstone of our business is **SDG 3 - "Ensuring health and well-being for all and all ages."** we have always been dedicated in our pursuit of this

goal, ensuring continuity and quality of supply for active ingredients for the pharmaceutical industry. We also support SDGs 4, 5, 6, 7, 8, 9, 12 and 13, which are closer to our business and values and in line with the expectations of our *stakeholders* because they are aimed at delivering high-quality education, gender equality, the use of renewable energy sources, the opportunity for everyone to have access to proper work and economic growth.



**THE CIRCULAR  
ECONOMY IS AT  
THE CENTER OF THE  
UNITED NATIONS'  
AGENDA 2030**



# Sustainable production processes

## Digital sustainability

Digital transformation contributes to building more sustainable economies and societies. For many years at FIS, we have been committed to the digitization of processes.



# -28%

PMI

In 2023, we analyzed the PMI (Product Mass Intensity) of 20 projects in development. Across 14 of these, we achieved an average PMI reduction of 28%.

In our efforts to achieve high standards of sustainability whilst remaining competitive, Research & Development (R&D) plays a central role. Every year, **we invest around 3% of our turnover into research**, a figure which is higher than the European industry average. Thanks to our highly skilled chemists, we are able to explore new opportunities for "green chemistry". Research work is also crucial to overseeing issues around circularity, particularly those relating to process design and the recovery of important raw materials at the end of industrial processes that can be fed back into the production cycle.

**We believe in the principles of sustainability** to the extent that the individual objectives of our chemists (MBOs) are tied to achieving certain sustainability indexes in the laboratory, foremost among them PMI itself.

We are engaged in a testing phase aimed at integrating into the MBOs issues relating to reducing water consumption and CO<sub>2</sub> emissions.

## Master's Degree Thesis



In 2023 we also hosted an internship on a master's thesis project with the University of Padua ("Implementing circularity: sustainable process management in the pharmaceutical industry"). The analysis which was carried out as part of this project confirmed the central role of the R&D Department, ultimately supporting us to achieve our circularity goals.

# Circular economy and waste

Our circular model involves implementing precise criteria at every stage of process development: from rethinking chemical synthesis processes during the initial stages of research and development to the stages of by-product recovery and reuse at the final stage of industrial production.

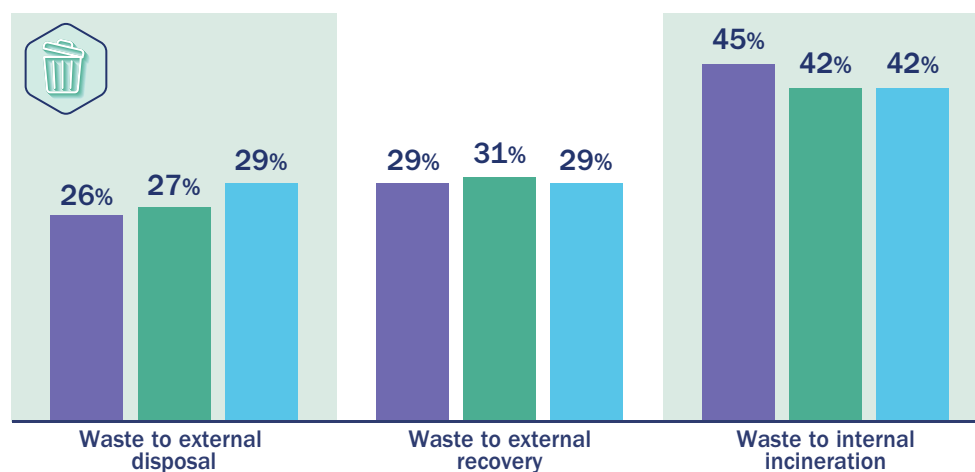
**Waste recovery** is a central aspect of our **Sustainability Framework**. One of the three benchmark goals of the Sustainability Linked Bond is a 20% reduction in the ratio of waste disposed on to recycled waste

versus 2020 levels by 2026. The goal is to contribute significantly to the **decoupling** of economic growth and the consumption of raw materials by encouraging their reuse.

29% of our waste is sent for recovery externally; another 29% is disposed of, again externally. The remaining 42% is disposed of by in-house incineration with energy recovery. This share is expected to grow in the coming years, thanks to **the construction of the incinerator at the Lonigo site**.

## Waste for external disposal and waste for external recovery

### KPI#3 FRAMEWORK





# Energy and emissions

To date, our direct energy consumption mainly involves fossil fuels (essentially natural gas) used for heating, cogeneration and other utilities. A smaller portion, however, is attributable to energy use for waste incineration. Almost all direct energy consumption comes from non-renewable sources (methane gas); as for indirect consumption, 46% of it comes from renewable sources, a share that is constantly increasing, with the aim of supplying **100% of our energy needs by 2026**.

It is becoming crucial to use energy in an efficient and aware manner, pushing us to source more and more from fully renewable sources. In 2022 we underlined our commitment by joining "**Energize**", an international program coordinated by Schneider Electric with the support of some of the world's largest pharmaceutical groups to promote the use of renewable energy and reducing greenhouse gas emissions in the chemical and pharmaceutical sectors. In 2023 we built a **new**

**trigeneration plant** in Lonigo to contribute to the generation of electricity, heat and cooling, helping to improve the efficiency and energy diversity of the production site. After a pilot phase involving the Montecchio Maggiore site, we are also installing **inverters at the other sites to modulate and optimize energy consumption**. In Termoli, we are optimizing the use of nitrogen by analyzing a number of activities before the self-production phase. The pilot phase has already indicated a **95% reduction**.

## Total energy consumption

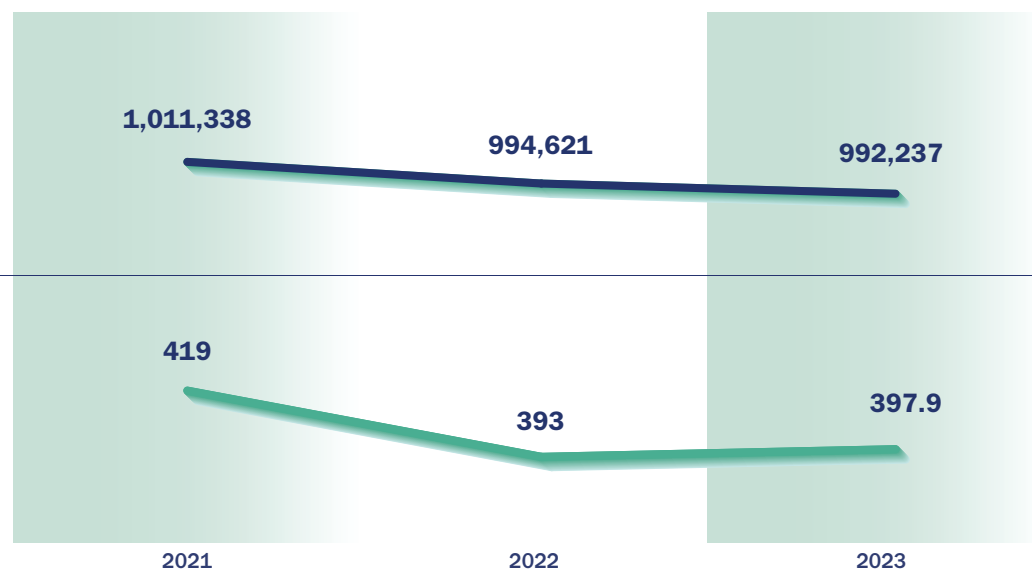
(GJ)

*\*Per metric tonne of product, meaning the total quantities of products billed in the relevant calendar year*



**TOTAL ENERGY CONSUMPTION (GJ)**

**ENERGY CONSUMPTION PER METRIC TONNE OF PRODUCT (GJ)/mTONS\***



# Water

Water is a crucial element for our business processes, from chemical synthesis to maintenance of equipment and the cooling of the reactors. Responsible management of water resources is therefore one of our main goals. One of the three KPIs identified in the sustainability framework, linked to the bond issue, concerns the consumption of fresh water: the target is to achieve a **20% reduction versus 2020 levels by 2026**.

The bulk of the water supply comes from groundwater for the Montecchio Maggiore and Lonigo sites, and from surface water for the Termoli site. Our total water withdrawal, in absolute terms, is decreasing. The excellent result - equivalent to 20% of the total water withdrawal for every metric tonne of product compared to the figure for 2020 - is continuing to fall, following a long-term trend.

20%

Water withdrawal per metric tonne of product

## Total water withdrawal 3 plants

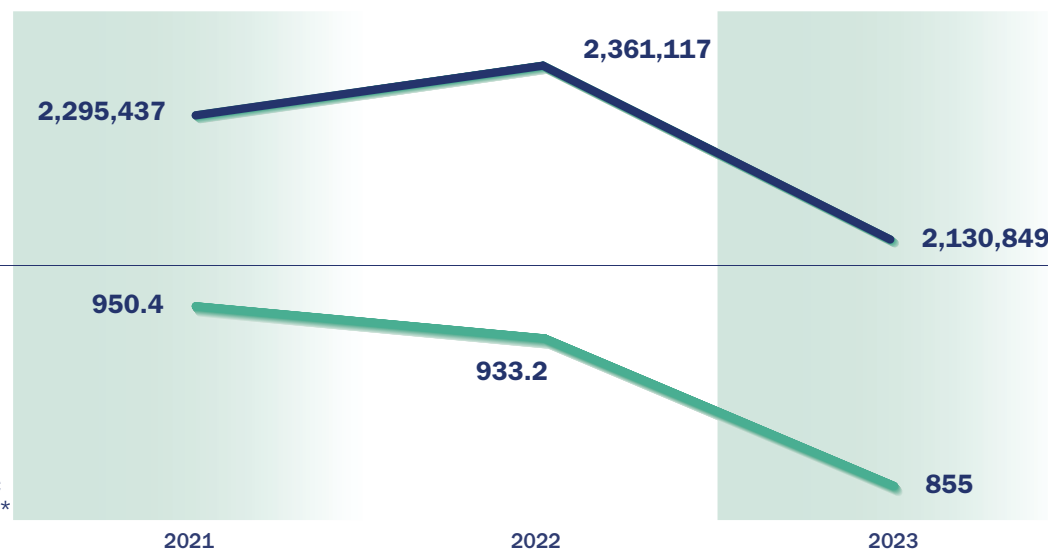
### KPI#2 FRAMEWORK (m<sup>3</sup>)

*\*Per metric tonne of product, meaning the total quantities of products billed in the relevant calendar year*



TOTAL WATER WITHDRAWAL - m<sup>3</sup>

TOTAL WATER WITHDRAWAL PER METRIC TONNE OF PRODUCT - m<sup>3</sup>/t\*





[www.fisvi.com](http://www.fisvi.com)

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