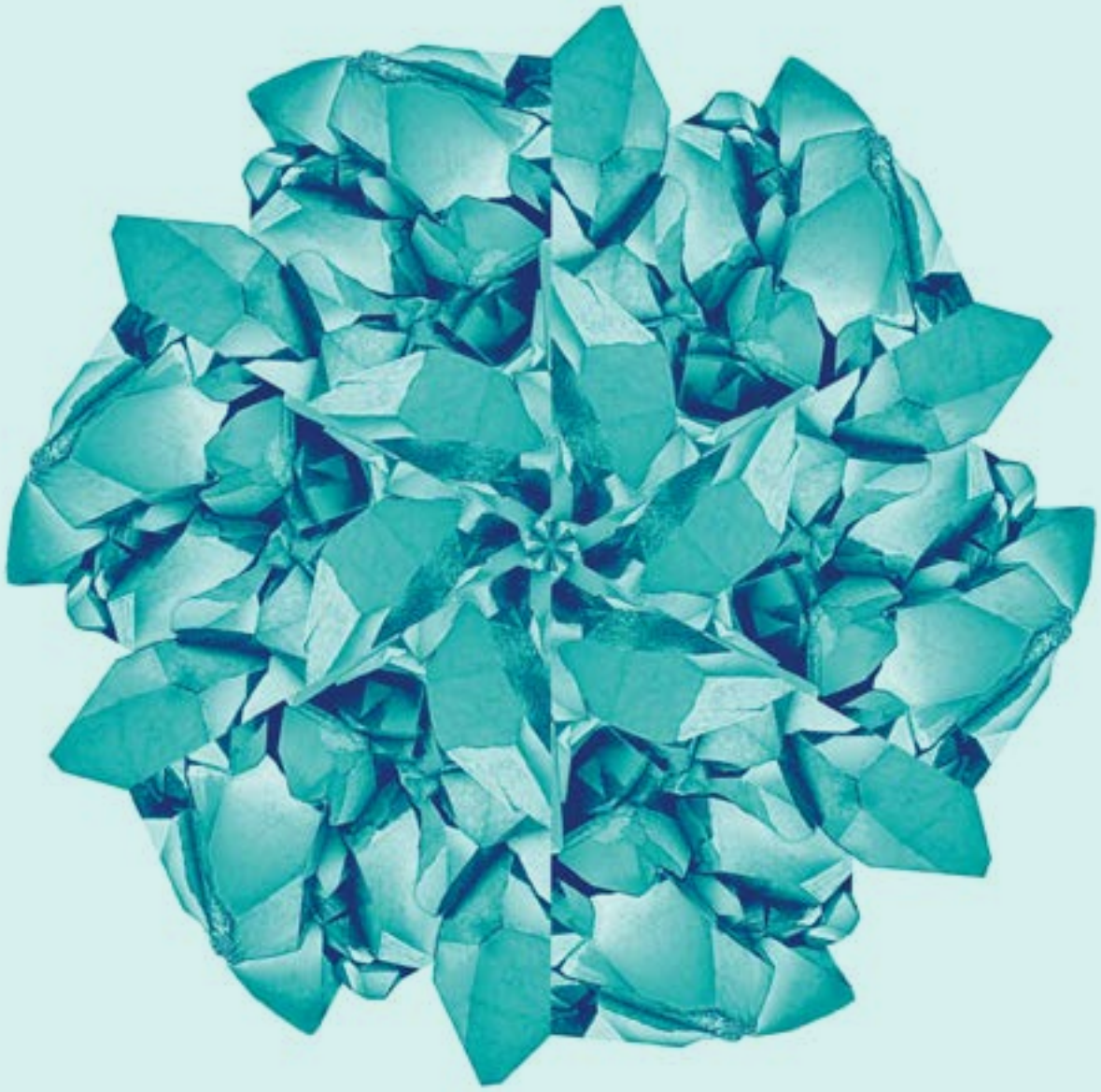
Fabbrica Italiana Sintetici



Sustainability Report

2023

Sustainability Report

2023

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Letter to Stakeholders

This is one of my first official acts since I became the new Chair and CEO of FIS on April 15 last year. I am happy to introduce this latest edition of the report, representing a passing of the baton from my predecessor.

I would like to take this opportunity to thank Michele Gavino because in years marked by much complexity and change, he has been able to guide the company's growth both economically and on the sustainability front, initiating projects that I am sure will ensure FIS's competitiveness and shared value. I am glad he can continue his journey with us as vice-chair on the Board of Directors.

Sustainability is a subject which has come to play a central role in the way I run a business. I am convinced that it is not only a requirement for success in the future, but that it is also critical to building a culture of respect and appreciation for the resources we have, both internally and externally, in FIS.

Daily geopolitical tensions, even far away, have effects in ways we often cannot explain. However, with more than 25 years of experience gained in international settings, I have gained a greater awareness of these occurrences and how to understand the many repercussions they have on a day-to-day basis. These are situations that, for a company with a global supply chain like FIS, can directly impact our business continuity. This is why our people work every day to ensure that we are never left unprepared. The growing trend of reshoring presents us with major challenges but also just as many opportunities that we are already seizing with curiosity and determination.

The big news for the start of 2024 is, of course, the change in our corporate governance. We will face challenges ahead with a greater awareness and confidence that comes from having a great fund like *Bain Capital* behind us.

In December 2023, the deal was completed to finalize the transfer of the majority stake in FIS from the Ferrari family to Bain Capital. The choice of the new major shareholder to invest in our company is the best indicator of how FIS has for many years, despite market turbulence, innovated and strengthened each of its business functions, being increasingly guided by the principle of sustainability, which today is in every respect a driver of growth and competitiveness.

There are substantial investments planned for the coming years which will enable FIS to break new ground in the CDMO sector and make our company increasingly attractive and competitive. Each business function has outlined even more challenging goals than in the past because we have the ambition to consolidate our leadership. An objective which is, without doubt, the result of the expertise and dedication of our people who give meaning to all three of our production sites.

In this new report, which comes to you with a revamped layout, you will get a close look at all the efforts made by our functions in 2023 and the prospectives for 2024, which will once more see us working together to achieve ambitious and sustainable successes.

Daniele Piergentili

Chair and Chief Executive Officer

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A new formula for sustainability

Crystal of an active ingredient produced by FIS - Image generated in our laboratories using a Zeiss Scanning Electron Microscope, model Evo MA10

A new formula for sustainability

The past year has been an important one for FIS, one which will leave a mark in the pages of the company's history. In 2023, after creating and sustaining the company for more than 65 years, the **Ferrari family** ceded control to the private equity fund **Bain Capital**, although the family retained a presence through an indirect minority stake. It is a significant transition, one that will make us more stable and stronger while maintaining **our mission and the values which underpin what we do**.

Our identity is central to what we do and enables us to adapt to changes, to grow and face the challenges of tomorrow quickly and dynamically: we are still "us", but with new perspectives and potential. We look to the future with confidence, with a desire to make a contribution in a new way, one which is designed to blend elements and strengthen the connections which are our hallmark, providing a tangible response to the need for sustainability.

WHAT WE DO

We produce **Active Pharmaceutical Ingredients** (*APIs*) for major global pharmaceutical companies. Thanks to our production capacity, we have been among the European and Italian leaders in the industry for more than **65 years**, an international reference point 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.

250
Research & Development Experts

3,150 m^3
of production capacity

OUR GOALS

We aim to achieve **quality and safety**, with the goal of ensuring the **therapeutic efficacy** of our products and **enhancing the well-being** of patients with diseases using our active ingredients and of the people close to them.

FACING THE CHALLENGES OF TOMORROW

Our company's contribution is not limited to simple "business as usual" production of APIs. We are aware that we need to prepare for the challenges of tomorrow in order to **create a sustainable future for ourselves and future generations**.

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 are aiming to reach the targets set in 2022 with the issue of the ***Sustainability Linked Bond*** (with a total nominal value of EUR 350 million), but we also aim to strengthen some key business processes, aligning them with sustainable development and the context in which we operate. Our public commitment has been formalized in a ***sustainability framework,*** assessed by the rating company "Sustainalytics" to check its alignment with the principles of the ***Sustainability Linked Bond*** 2020 and the recommendations of ***Climate Transition Finance*** 2020.

Our choice of KPIs (***Key Performance Indicators***) and target goals was found to be effective, consistent, relevant and material with respect to our business sector and the identified SDGs (Sustainable Development Goals). The targets were deemed ambitious because they were above the industry average and those of competitors, while still being achievable.

THE GOALS WE HAVE COMMITTED TO ACHIEVING BY 2026

-20%
CO_2 emissions
(scope 1&2)

-20%
Water consumed

-20%
Waste sent to external **disposal**/ **waste sent to** external **recovery**

OUR 2023-2025 SUSTAINABILITY PLAN

AREA	Reference SDGs	Objective	Activities	Deadline	Status
DE-RISKING AND CLIMATE CHANGE MITIGATION	7, 13	Planning actions to increase the share of electricity from renewable sources	**2023-2025 strategic energy management plan**	2023	✓
PRESERVING WATER RESOURCES	6, 12, 8	At least -20% water withdrawal by the company and improvement in quality of discharges	**Construction of new Zero Liquid Discharge plant (Montecchio)**	2023	✓
CLIMATE CHANGE MITIGATION	7, 13	First company Scope 3 CO_2 emissions report for 2022	***Corporate* GHG Scope 3 company emissions calculation**	2023	✓
IMPROVEMENT OF CIRCULARITY AND INTERNAL PROCESSES	9, 12, 8	Improvement of internal processes from chemical synthesis process design to waste management and improving circularity solutions	**Enhancement and standardization of wastewater management process with a view to circularity**	2023	✓
CLIMATE CHANGE MITIGATION	7, 13, 9	Approval of Decarbonization Plan for CO_2 reduction and pursuit of *Target* #1	**Drafting Efficiency and Decarbonization Technology Project Plan**	2023	🕒
IMPROVEMENT OF INTERNAL PROCESSES & SUPPLY CHAIN OVERSIGHT	6, 13, 12	Improved supply chain oversight with binding sustainability criteria	**Adoption of sustainability criteria for supplier selection/exclusion**	2024	🕒
DE-RISKING AND CLIMATE CHANGE MITIGATION	7, 13, 9	Company VPPA - Virtual Power Purchase Agreement (procedure for purchasing renewable energy with the addition of a new renewable energy generation plant in the EU)	**Virtual PPA agreement *Energize* project**	2024	🕒
DEVELOPMENT OF HUMAN RESOURCES	5, 8	Implementation of new competency assessment model for company's workforce	**Competency evaluation system**	2023	✓
DEVELOPMENT OF HUMAN RESOURCES	5, 8	Writing, implementation and internal dissemination of criteria with a view to transparency	**Adoption of transparent policy with criteria of fairness for *recruitment/ retention***	2024	🕒
CLIMATE CHANGE MITIGATION	7, 13	CO_2 and water reporting in accordance with the standard Carbon Disclosure Program	**Singing up to the *Carbon Disclosure Program* (CDP)**	2024	📅
CLIMATE CHANGE MITIGATION	7, 13, 9, 8	Launch project to install charging columns at the three sites/promote sustainable employee transport solutions	**Installation of charging points for electric and hybrid cars**	2024	📅

✓ COMPLETED 🕒 IN PROGRESS 📅 PLANNED

DEVELOPMENT OF HUMAN RESOURCES	5, 8, 4	Enhancing the skills of outgoing staff	***Old talents* project**	2024	📅
DEVELOPMENT OF HUMAN RESOURCES	5, 8	Strengthening of internal process engagement by implementing digital solutions in order to intercept emerging needs	**SH employee *engagement* process**	2024	📅
LOCAL COMMUNITY DEVELOPMENT	7, 13, 9	Feasibility analysis for new renewable energy plant and support from employees and/or local residents	**Montecchio or Lonigo area energy community project**	2024	📅
DEVELOPMENT OF HUMAN RESOURCES	5, 8, 4	Actions to improve climate, employee welfare and reduce the *turnover* rate	**Actions for the well-being of people, retention/ development of human resources**	2024	🕒
DE-RISKING AND CLIMATE CHANGE MITIGATION	7, 13, 9, 12	Launching projects for self-generation of electricity from renewable sources	**Physical PPA on the sites of Montecchio, Lonigo, Termoli**	2024	🕒
PRESERVING WATER RESOURCES	6, 12	Reducing water waste within the business and at home	**Water waste awareness campaign**	2024	📅
PRESERVING WATER RESOURCES	6, 12, 8	Reducing groundwater withdrawal and improving discharge quality	**Zero Liquid Discharge Lonigo and Termoli project feasibility assessment**	2024	📅
ENERGY EFFICIENCY	12, 13	Reducing energy waste within the business and home	**Energy waste awareness campaign**	2024	📅
CLIMATE CHANGE MITIGATION	12, 13	Adoption of Scope 3 CO_2 reduction targets and validation of existing Scope 1 and 2 targets	**Signing up to *Science Based Targets* and adoption of Scope 3 CO_2 targets**	2025	📅
CLIMATE CHANGE MITIGATION	7, 13	Implementation of energy efficiency initiatives aimed at reducing CO_2	**Energy efficiency and CO_2reduction projects**	2025	📅
ENERGY EFFICIENCY	7, 13	100% of production sites certified	**ISO 50001 Certification**	2025	📅
CLIMATE CHANGE MITIGATION	13	Launch of projects for offsetting residual CO_2	**Launch of reforestation projects for offsetting CO_2**	2025	📅

MICHELE GAVINO,
Member of the Board of Directors

"The issuing of a Sustainability Linked Bond was an initial response to a scenario that is changing and redefining priorities. At FIS, we are working for increasingly sustainable development."

CORPORATE SUSTAINABILITY

The focus on sustainability is shared by all. Starting with our everyday behaviors and actions, we are required to act in a more responsible and informed manner.

To achieve this, at FIS the delivery of actions under the strategic sustainability plan, as well as the day-today oversight of the sustainability principles, are the responsibility of the relevant corporate functions.

The necessary coordinating and supervisory role is played by the ***Corporate Sustainability* function**, which reports to the Industrial Operations department. The ***Sustainability Manager*** is responsible for developing and monitoring the Sustainability Plan, supporting the business functions involved in implementing sustainability strategies, as well as coordinating more specific traditional activities for authoring the Sustainability Report.

FIS's system of delegation of authority is "traditional", with the **Board of Directors** at the top, **the CEO** and then cascading down to the various **company departments**, which are given specific delegations of authority based on their position in the organization and the processes they handle.

This streamlined and effective governance structure helps us to give greater importance and robustness to issues of sustainable development within our company. In addition, it allows us to **approach new challenges in a pro-active and dynamic manner**, becoming a real lever for value creation and an opportunity for growth.

THE MATERIALITY ANALYSIS

The materiality analysis defines the relevant, or "material", aspects for an organization. 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**.

During 2023, we updated the Materiality Analysis from this new perspective, with the aim of integrating the changes within the organization. The view of the process has provided an important opportunity to strengthen our ability to measure the impacts associated with our activities.

ANALYSIS OF THE CONTEXT

During the first phase, we updated the material topics by analyzing the emerging trends and conducting a benchmarking process on sustainability issues which took into account our peers and competitors: this allowed us to **confirm the list of topics identified last year**, adding to it with some topics.

THE IDENTIFICATION OF IMPACTS AND *STAKEHOLDERS*

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 **impacted stakeholders.**

Our stakeholder map

We identified ***external stakeholder*** **categories by sending over 2000 people a questionnaire**, to understand the ability of sustainability issues to generate impacts, positive or negative.

The *survey* involved **eight categories of *stakeholders***: Customers, suppliers, civil society and the media, financial institutions, local, national & environmental authorities, universities and research institutions, employees and unions.

In parallel, **we assessed the impacts generated based on the nature of our activities** and according to the dimensions set out in the GRI Standard 2021, i.e. **severity or importance,** (depending on whether the impacts are negative or positive), and **probability**, with the involvement of the relevant business functions.

Each of the criteria was analyzed on a qualitative scale with the aim of determining the magnitude of each impact.

We carried out the **materiality analysis** under the supervision and coordination of the Corporate Sustainability function, which was responsible for the final consistency check of the analysis and validation of the results arising from it.

The outcome of the materiality analysis was presented to the Board of Directors at the same time as the approval of this Sustainability Report.

The **main impacts, broken down by ESG pillar,** are listed below.

ASSESSMENT OF IMPACTS

GOVERNANCE

TOPIC	Main Impacts	Type of Impact	MAGNITUDE
ECONOMIC VALUE CREATION AND GROWTH STRATEGY	Creation of positive impacts on local employment rates and local community development and progress through the spread of economic resources to benefit the ecosystem in which the company operates and the company's sustainable development strategy	+ ACTUAL, POSITIVE	
DIGITAL TRANSFORMATION AND TECHNOLOGICAL INNOVATION	Improved environmental performance from investments in Industry 4.0, IoT and automation	+ ACTUAL, POSITIVE	
INNOVATION, R&D AND PROCESS DEVELOPMENT	Advancing the circular economy in the industry through the development of new chemical synthesis and production processes	+ ACTUAL, POSITIVE	

ENVIRONMENT

TOPIC	Main Impacts	Type of Impact	MAGNITUDE
WASTE MANAGEMENT	Negative environmental impact related to waste disposal rather than using recovery and/or recycling solutions	× ACTUAL, NEGATIVE	
SUSTAINABLE USE OF ENERGY, CLIMATE CHANGE, AND POLLUTING EMISSIONS	Increased concentration of greenhouse gases in the atmosphere due to business activities resulting in accelerated climate change	× ACTUAL, NEGATIVE	
	Negative impacts on people's health from worsening air quality	× ACTUAL, NEGATIVE	
SUSTAINABILITY OF PRODUCTION PROCESSES AND CIRCULAR ECONOMY	Contribution to reduced availability of natural resources due to high amounts of raw materials used	× ACTUAL, NEGATIVE	
SUSTAINABLE SUPPLY CHAIN	Deterioration of natural ecosystems due to the company's own supply and distribution processes	× POTENTIAL, NEGATIVE	
WATER MANAGEMENT AND PROTECTION	Reduced water availability for ecosystems and the local community resulting from the gradual drying-up of groundwater wells	× POTENTIAL, NEGATIVE	
	Water pollution by FIS from residual API present in the water flows leaving the biological treatment plant	× ACTUAL, NEGATIVE	

SOCIAL

TOPIC	Main Impacts	Type of Impact	MAGNITUDE
WELFARE, GENDER DIVERSITY AND FAIR WORKING CONDITIONS	Increased quality of life and the mental and physical well-being of employees, thanks in part to the development of tools to ensure work-life balance and the provision of benefits	+ ACTUAL, POSITIVE	
TRAINING, PROFESSIONAL DEVELOPMENT AND EMPLOYEE RETENTION	Job satisfaction of employees through the development and/or upskilling programs needed for new production processes resulting from digital transformation and technological innovation	+ ACTUAL, POSITIVE	
PRODUCT QUALITY AND SAFETY	Customer satisfaction resulting from providing products that meet the highest quality and safety standards	+ ACTUAL, POSITIVE	
RESPECT FOR HUMAN RIGHTS	Risk of forced labor, child labor, inadequate occupational health and safety conditions, and worker exploitation resulting from failure to verify respect for human rights along the supply chain.	× POTENTIAL, NEGATIVE	

With respect to the 2022 materiality analysis, the most relevant topics that generate negative impacts are: **"Waste Management"**, **"Sustainable Energy Use**, **Climate Change and Pollutant Emissions"**, and **"Sustainability of Production Processes and Circular Economy"**.

Positive impacts, on the other hand, are mainly generated by the following themes: **"Economic value creation and sustainable growth strategy"**, **"Welfare, gender diversity and *fair working conditions*"**, and **"Training, professional development and employee retention"**.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

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 pursued this goal with dedication, ensuring continuity and quality in the supply of 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.

4. PROVIDE HIGH-QUALITY, EQUITABLE AND INCLUSIVE EDUCATION AND LEARNING OPPORTUNITIES FOR ALL

Goal 4 is to ensure that all children, adolescents and adults have access to education and training appropriate to their needs and their domestic situations.
At FIS, we have always paid great attention to developing the skills of our employees and nurturing relationships with multiple educational institutions in the territories in which we operate.

5. ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Gender equality is a shared corporate value. To support this goal we are strengthening the female workforce in a sector that has always seen a male preponderance, reducing gender inequality year after year, including the gender pay gap.

6. ENSURE THE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

Having access to clean water is an essential aspect of the world we want to live in.
Our planet should have enough drinking water to meet this goal but mismanagement and waste make it a precious commodity that needs to be safeguarded.
Therefore, we pay more attention to water use by implementing a strategy aimed at reducing consumption.

7. ENSURING THAT EVERYONE HAS ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY SYSTEMS

One of our goals is to improve the efficiency of energy use. As a result, we are committed to increasing the use of energy from renewable sources, with the goal of reducing our emissions.

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

Sustainable economic growth must not come at the expense of the environment and people.
This is a goal which touches on many aspects of our business, including our commitment to devising ever more efficient solutions and creating a balanced work environment that is attentive to the needs of employees with a view to achieving a work-life balance.

9. BUILD A RESILIENT INFRASTRUCTURE AND PROMOTE INNOVATION AND EQUITABLE, RESPONSIBLE AND SUSTAINABLE INDUSTRIALIZATION

Inclusive and sustainable industrial development is the primary source of income generation and provides technological solutions for environmentally friendly industrialization. In fact, technological progress underpins efforts to achieve environmental goals. We are constantly searching for more sustainable and cutting-edge production processes, offering efficient and innovative solutions to the market.

12. ENSURE SUSTAINBALE PRODUCTION AND CONSUMPTION MODELS

The aim of this goal is to manage chemicals and all waste in an environmentally sound manner, as well as achieving a substantial reduction in waste generation through measures such as recycling.
A significant volume of waste is generated in the chemical sector, and this is one of the most significant problems for our industry. We therefore allocate many resources to proper process design in order to identify the best waste management solutions with the aim of decreasing waste volumes and hazardousness, identifying new circularity solutions which are also aimed at material recovery for other sectors.

13. PROMOTE ACTIONS, AT ALL LEVELS, TO COMBAT CLIMATE CHANGE

Climate change is an extremely serious global challenge, and we intend to play our part in overcoming the greatest challenge our society has ever faced.
This contribution rests on a strategy of actions aimed at reducing emissions while continuing on a path of productive growth, which makes our ambition even more tangible.

2 Our value-added elements

Crystal of an active ingredient produced by FIS - Image generated in our laboratories using a Zeiss Scanning Electron Microscope, model Evo MA10

Our value-added elements

MANUEL BARRECA,
Member of the Board of Directors

"The presence of Bain Capital allows us to look to the medium-term with renewed confidence and determination, placing the green transition at the center of our agenda."

CONTINUITY AND NEW RESOURCES

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. So thanks to this highly skilled and internationally experienced leadership, the financial structure of FIS has been further strengthened, with a view to fully developing the company's high growth potential. With this future-focused vision, in April 2024 we welcomed to the FIS team the new CEO, Daniele Piergentili, who also takes over the role of Chair of the Board of FIS and will work with the outgoing Michele Gavino, who has retained the role of board member and assumed the role of Vice Chair of the Board of the indirect parent company Molecule (BC) Holdco S.p.A.

The company is now owned by **Molecule (BC) Bidco SpA**, which in turn is owned by **Molecule (BC) Holdco SpA,** with **Bain Capital** holding 86% and the remaining 14% stake held by the Ferrari family.

FIS holds 100% of **F.I.S. North America** and **F.I.S. Japan**. Two commercial offices handle relationships with key customers in this geographical areas.

OUR GOVERNANCE

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 conducting the company's business and pursuing its strategies.

The Board of Directors is the central body of the corporate governance structure and therefore:

- it holds full powers for the ordinary and extraordinary administration of the company;
- defines strategic, organizational and oversight policies;
- pursues the sustainable and lasting success of the company.

DANIELE PIERGENTILI
Age 50
Chair of the Board of Directors and Chief Executive Officer

MICHELE GAVINO
Age 62
Member of the Board of Directors

MARIA CALZOLARI
Age 55
Member of the Board of Directors

MANUEL BARRECA
Age 50
Member of the Board of Directors

- 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 BOARD OF DIRECTORS

The Board meets on a quarterly basis, as a minimum. Weekly briefings are also scheduled with all front line managers and directors on issues of interest to the company, including ESG matters. In particular, reports of critical issues related to compliance with the Code of Ethics, the protocols set out in the *Modello 231* or, more generally, compliance issues relevant to the organization.

The Board of Directors can count on the support of specialist functions and committees which are responsible for overseeing certain areas:

- ***Internal Audit Department:*** responsible for independently verifying the suitability and effectiveness of the internal oversight systems in place within the organization;
- ***Audit & Controls Committee (A&CC) - Risk Management Review:*** comprising the ***Head of Internal Audit***, CEO, ***HR Director***, and ***General Counsel***, tasked with promoting the development, implementation, and continuous improvement of FIS's internal oversight system, consistent with corporate policies and procedures;
- ***Whistleblowing Committee:*** to promptly handle and share with ***Internal Audit*** the reports received, the operating plan, the activities carried out by ***Internal Audit***, the main results and the actions to be taken in response to the findings;
- ***Supervisory Board:*** composed of three members, this board supports the management at all levels by providing independent assessments of the degree of compliance with policies, procedures, Code of Ethics and *Modello 231.*

CORE BUSINESS

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;
- the **veterinary market**, with generic and custom products.

WHERE WE ARE

In Italy, we have three production plants:

- **Montecchio Maggiore (Veneto) -** This is 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 principles here. It is accredited by the Italian Ministry of Health and the FDA.

We have a representative office in **Shanghai,** where relations with suppliers of raw materials arriving from the Far East are managed. We also have a commercial office in the **United States** and one in **Japan.**

OUR OPERATIONAL CONTEXT

In 2023 we had to cope with a number of factors and events external to our company.

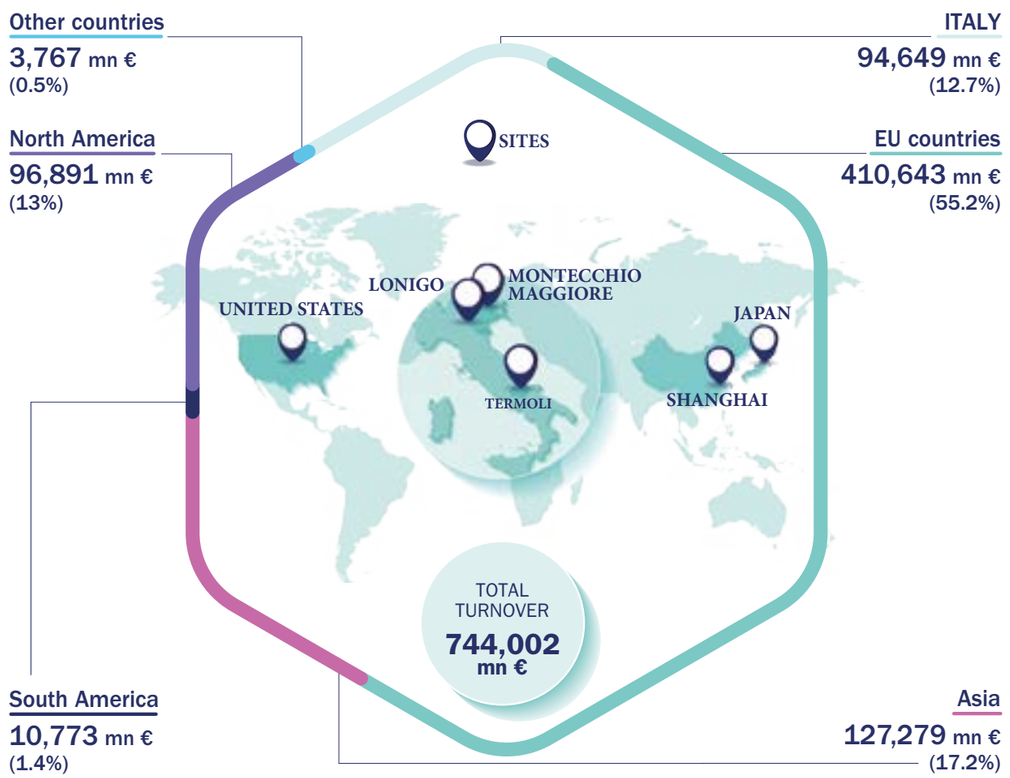
- The **international raw material and** commodity **markets** have been marked by a number of stresses, resulting in significant cost increases in all production inputs and difficulties in procurement. Although energy costs no longer reached the levels of 2022, they remained twice as high as the average for 2010-2020. These are significant increases that we have also been able to manage because of the confidence and cooperation shown by our customers.
- The **latest unrest** has had a marked effect on **supply chains**. However, this did not disrupt our business continuity: the events in the Red Sea dictate that we have to maintain a high level of attention, but we were able to react quickly through the Supply function which, using its analytical capability and responsiveness, was able to identify practical solutions that could support API production without interruption.

Rising global **geopolitical tensions** have led many industries, including our own, to reassess the importance of closer production. We welcome the responsibility that this new challenge entails, reflecting on what might be the best approach to sourcing for evaluating new markets and optimizing the presence of existing ones. In terms of **commercial relations**, in turn, we have consolidated a number of existing relationships and established some important new ones.

THE RESULTS OF OUR EFFORTS

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. Despite this challenging context, we achieved excellent results in 2023 in terms of sales and EBITDA. This has been made possible through the sale of our portfolio products, but also through constant **research and development** that has enabled us to develop new molecules. Custom and animal welfare products drove sales, while in generics we pursued portfolio optimization together with high profitability.
Italy continues to be a key market for us, but it is the **Eurozone** as a whole that produces the largest revenues, accounting for **67%** of the total. Otherwise, **North America and Asia** are the target overseas markets. We have a diversified client portfolio that includes about 300 long-term entities of which 12 of which are the leading global pharma companies. In 2023, for the first time we prepared our accounts using the IAS/IFRS international accounting principles.

The table below shoes the company's turnover broken down by major geographical areas:



STAKEHOLDER ENGAGEMENT

We take into account the expectations of our stakeholders in our decision-making processes. Our aim is, in fact, to deliver a pro-active and synergistic management of our business for everyone. **Sustainable development** is now a key issue for society and demands a central role within the company and must play an increasing part in the effective government of our processes, balancing legitimate interest with our duty to return value to the community.

We cultivate relationships with our stakeholders based on **collaboration and respect**, to grow fruitful relationships for sharing values, principles and a common idea of sustainable development. As a result, our map of our stakeholders and their expectations is updated annually. This map is summarized in the table below. To find out more about the relationships with certain specific categories of stakeholders, please refer to the next chapter.

OUR STAKEHOLDER ENGAGEMENT MODEL

STAKEHOLDERS	Communication channel	Frequency of listening/ communication	Themes arising
SUPPLIERS OF STRATEGIC RAW MATERIALS SUPPLIERS OF TECHNICAL GOODS AND SERVICES	○ Audit ○ Direct listening mode ○ E-mail and web channels	○ Constant communication ○ Regular site visits conducted four times per year, every three months	○ **Integrated supply chain management** ○ **Regulatory compliance** ○ **Process and product quality** ○ **Process risks** The audits are followed by formal communications from FIS, in which the company informs the key suppliers the actions they should take to comply with legislation and reduce risks
SUPPLIERS OF WASTE DISPOSAL SERVICES OTHER SUPPLIERS	○ Regular inspections and audits ○ Direct listening mode	Audits according to an agreed plan and no fewer than 2 times/year	**Continuous improvement of the performance of the suppliers themselves**
CUSTOMERS	○ One-to-one meetings and audits by clients ○ Direct listening mode ○ E-mail and web channels	○ Constant communication ○ Annual audits by key customers	○ **Speed of product development** ○ **Product quality and safety** ○ **Production capacity** ○ **Technological innovation** ○ **Data protection** ○ **Development of integrated production services** ○ **Health, safety and environment of internal production processes and the supply chain** ○ **Sustainable supply chain**
EMPLOYEES AND POTENTIAL NEW RECRUITS	○ Regular committee meetings ○ Corporate communications ○ Regular meetings with executives and managers ○ Direct listening mode ○ Focus group	○ As necessary ○ Monthly or quarterly basis	○ **Issues relating to aspects of Health, Safety, Environment and Quality** ○ **Company strategies, company welfare training initiatives** ○ **Employee training and professional development** ○ **Sustainable mobility** ○ **Work-life balance** ○ **Respect for diversity** ○ **Promotion of a corporate culture** ○ **Workplace improvement**
TRADE UNION REPRESENTATIVES	○ Company watchdog ○ Direct listening mode	Variable, as needed	○ **Remuneration** ○ **Supplementary collective bargaining** ○ **Work organization** ○ **Health and safety**
REGULATORY AUTHORITY	○ Informal/formal communication via e-mail and telephone ○ Regular inspections	Variable frequency	**Updates on *compliance* and regulations (e.g. *data integrity*)**
LOCAL INSTITUTIONS (E.G. REGIONAL ENVIRONMENTAL AGENCY, PUBLIC ADMINISTRATION, CIVIL PROTECTION AGENCY, LOCAL HEALTH AUTHORITIES) AND CITIZENS	○ One-to-one meetings/Reports prepared periodically ○ Regular inspections by ARPAV (Veneto region environmental prevention and protection agency) ○ Direct listening mode	Quarterly publications of the results of self-inspections on gas emissions and water discharge from the incinerator	**Updates on Health, Safety and Environmental regulations**
SCHOOLS AND *NON-PROFIT* ORGANIZATIONS	○ Regular meetings	Annual	○ **Knowledge of FIS activities** ○ **School work placements** ○ **Opportunities for projects of common interest**
OWNERSHIP	○ One-to-one meetings during regular plant inspections and board meetings	Ongoing and recurring through the CEO and leadership team	○ **Company performance** ○ **Governance**
BOARD OF STATUTORY AUDITORS, SUPERVISORY BOARD, AUDITING COMPANY	○ Regular checks ○ Direct listening mode	Quarterly	○ **Statutory and fiscal *compliance*** ○ **Corporate *governance*** ○ **Risk governance**
LENDERS AND FINANCIERS	○ Regular meetings ○ Direct listening mode	Variable, depending on strategic business needs: minimum every two months	○ **Knowledge of business and corporate performance** ○ **Analysis of financial requirements**
UNIVERSITIES AND RESEARCH INSTITUTIONS	○ Regular meetings ○ Direct listening mode	Variable, according to planning	○ **Sustainable production processes** ○ **Talent retention** ○ **Creation of shared value** ○ **Climate change and polluting emissions**
REPRESENTATIVE AND INDUSTRY ORGANIZATIONS (PSCI, EFCG)	○ Regular meetings ○ Direct listening mode	According to the schedule prepared by industry bodies (3-4 meetings annually)	○ **Sharing industry trends** ○ **Promotion of socially and environmentally responsible practices** ○ **Economic value creation and sustainable growth strategy**
MEDIA	○ Direct listening mode	Occasionally	**Support and development of local communities**

STEFANO FULGI,
Head of Corporate
Internal Audit

"At FIS, the way results are achieved is as important as the results themselves. Integrity underpins our commitment to operating responsibly through the application of rigorous ethical and corporate governance standards."

No major critical issues emerged from the ***stakeholder engagement surveys***. The topics highlighted include the need to protect the environment more and to attract new talent by training the next generation and activating job placement programs for job seekers in the local community.

RESPONSIBLE BUSINESS MANAGEMENT

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

THE UNDERPINNING MODEL

With the aim of ensuring that our values are constantly respected, we have implemented an **Organization, Management and Control Model** pursuant to Italian Legislative Decree 231 of June 8, 2001, which regulates the administrative responsibility of corporate bodies.

CODE OF ETHICS

We have had a Code of Ethics in place at FIS for some time. It is a document that encapsulates the essential elements for **building relationships with all stakeholders in our business activities**. It also sets out the guidelines which we refer to, so that those who act on behalf of the company can ensure that their conduct is in line with our values and our mission.

Organization, Management and Control

The Model, approved by the Board of Directors, is set out in an **organizational structure, an internal control system, and appropriate rules of conduct.**
If staff, collaborators, or any other individuals who have dealings with FIS become aware of violations of the Model, they are required to report it in writing using one of our communication channels, which are specially set up to ensure the confidentiality of the reporter.
The Model is regularly updated. Amendments, additions, and changes are approved by the Board of Directors.

The Board of Directors has appointed a **watchdog**, to oversee the proper application of the principles set out in the Code of Ethics. Currently, the position is temporarily held by ***Internal Audit***.

In addition, the Board of Directors appointed a **Supervisory Board** (pursuant to Legislative Decree. 231) composed of three members, which is revised every time there is a change in the ***governance***. The Supervisory Board supports the management at all levels by providing independent assessments of the degree of compliance with policies, procedures, Code of Ethics and *Modello 231*. In addition, it holds regular meetings and reports its activities to the Board of Directors on an annual basis.

ANTI-CORRUPTION

In 2023, we produced policies on Gifts & Entertainment and Conflicts of Interest.

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.

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. Our approach includes:

- Identifying and guarding against unlawful conduct that may in itself constitute a crime, e.g. during business contacts, audits, permit applications.
- The identification and oversight of processes which are instrumental to corruption, active and passive billing processes (through irregular management); reimbursement of expenses (fictitious or for amounts other than actual expenses incurred).

In 2023, we did not detect any corrupt events

WHISTLEBLOWING

FIS encourages anyone who becomes aware of facts or conduct which run contrary to the company's internal codes and protocols, laws or regulations to make a report in the strictest confidence.

At the end of 2022, we approved the new **"Whistleblowing policy"**, introducing an IT system using an independent platform for sending reports that ensures the confidentiality of sources and the information reported.

Following the introduction of the whistleblowing platform, during 2023 Internal Audit received two relevant whistleblowing reports, which were duly analyzed and discussed in the relevant whistleblowing committees. The results arising from this were shared with the relevant functions.

Lastly, we did not detect any significant occurrences of non-compliance with laws and regulations in 2023. Significant events are defined as those of high severity, the consequences of which are or may result in a high impact on the environment or people; any occasional, low-value fines relating to simple administrative non-compliance do not fall under this definition.

TRAINING PLANS

Beginning in November 2023, we chose to begin 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. The process was completed in early 2024, with the **involvement of all staff** and dedicated face-to-face training for managers and staff most exposed to potential corruption. All of these activities are carried out and overseen by the Internal Audit function, which currently consists of 2 members and has been active for 3 years. Internal Audit makes independent assessments of the adequacy and effectiveness of governance, risk management and control processes. In addition, it provides the Board of Directors and the management with its independent assessment of the effectiveness and suitability of the internal controls.

The legal department supports all company functions

CERTIFICATIONS AND INSPECTIONS

On the regulatory front, we abide by the edicts of the industry certification bodies and the results of regular inspections conducted by the **Agenzia Italiana del Farmaco (Italian drug agency)**. The inspection work carried out by AIFA is particularly relevant in this regard: for some time now it has been intensifying inspections at our factories. The increased frequency of AIFA inspections is due to the complexity of our production, which requires active and frequent cooperation with the agency.

CYBERSECURITY AND DATA PROTECTION

Cybersecurity and data protection are priorities for our company. In an environment marked by increasingly frequent cyber attacks, achieving ISO 27001 certification represents a major milestone for FIS and an opportunity to conduct a comprehensive check-up of our entire IT infrastructure. This certification also demonstrates **our ongoing commitment to improving security management** and increasing the confidence of our customers through the competitivity and reliability of our systems.

RISK MANAGEMENT

As FIS, risk management is structured into a continuous and recurring process, across the whole organization, that involves systematic and repeated identification, assessment, treatment and monitoring of risks.

During 2022 and 2023, FIS's risk catalog underwent a complete overhaul with a view to integrating sustainability, business and compliance aspects.

The FIS ***Risk Model*** lists 45 risks, divided into 6 macro-categories. Ten risks relevant to ESG (Environmental, Social and Governance) have been identified and assessed in terms of probability and impact by FIS middle and senior management.

The main ESG-related risks 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 MANAGEMENT

Taxation issues are handled with the utmost transparency in compliance with the current legislation. Since 2022, we have aimed to identify the opportunities offered by the tax regulations that are best suited to our business choices.

The company's organization includes a tax manager who works with leading external professionals. In compliance with applicable regulations, FIS has external assurance from auditors and this allows for additional monitoring of the compliance level; further, internal policies and protocols related to *Model 231* and whistleblowing ensure effective levels of oversight and supervision to minimize the risk of non-compliance. Assurance information is public and attached to the statutory financial statements prepared annually.

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

3 Our connections

Crystal of an active ingredient produced by FIS - Image generated in our laboratories using a Zeiss Scanning Electron Microscope, model Evo MA10

Our connections

Connections with people are the key to our success. These are recent or long-established relationships that involve all of our stakeholders: employees, customers, suppliers, and local communities. Each of them contributes, in their own way, to the growth of FIS.

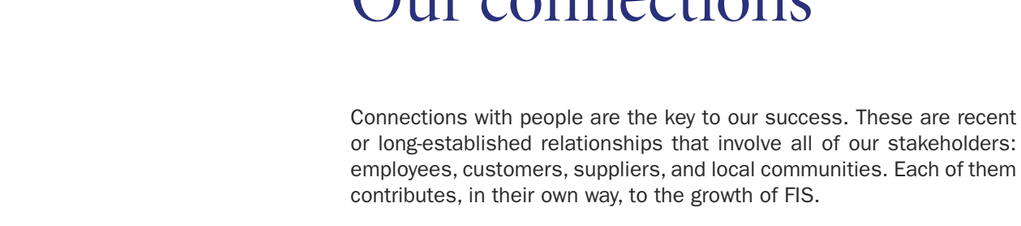
OUR PEOPLE

In 2023 we faced several challenges. The new corporate structure of FIS required additional work to integrate and adapt to the new goals. Thanks to the dedication of every single staff member, in challenging times due to wars, crises, and epidemics, FIS has made progress and is establishing itself in the world by walking on the shoulders of our people. It has been and continues to be a **formative experience** in the field, one which is destined to be part of personal experience. The journey is one of **steady growth** marked by attracting new talent and maintaining employment levels through appropriate *retention* and employer branding policies. With an unwavering focus on health, safety, and quality of work, standards have remained high thanks in part to ongoing training and the creation of an engaging working environment.

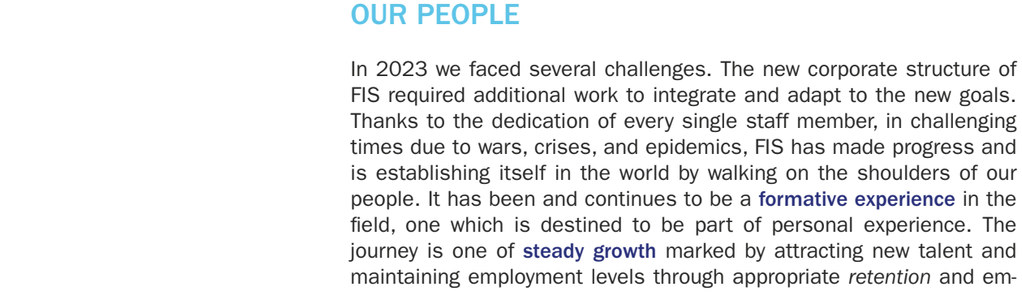
In general, the outgoing turnover rate was more than offset by the people who joined the company. This was also made possible by the talent acquisition process, conducted using a series of tests that improve the talent screening and assessment stages. In 2023, we developed a talent attraction and retention initiative, fine-tuned through various initiatives and tools such as the Talent Program, strengthening relationships with universities and schools, and enhancing the Welfare platform.

Turnover rate

Figures in %



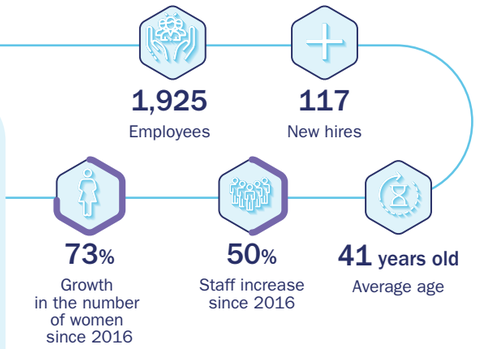
Hires



The FIS community is constantly expanding

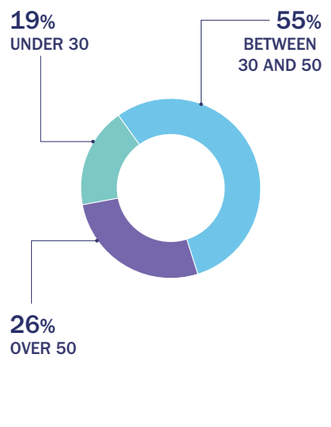
At FIS, we have stable relationships with our employees: **95%** of employees have permanent contracts and **5%** have fixed-term contracts. These figures are in line with industry best practice[1] and above the Italian average[2].

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.



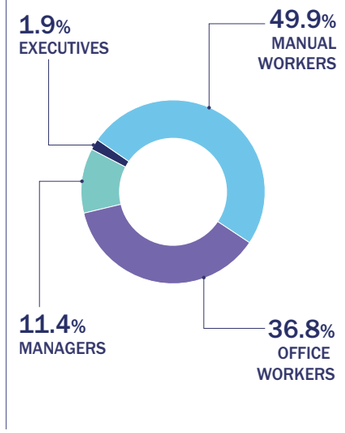
AGE OF EMPLOYEES

2023



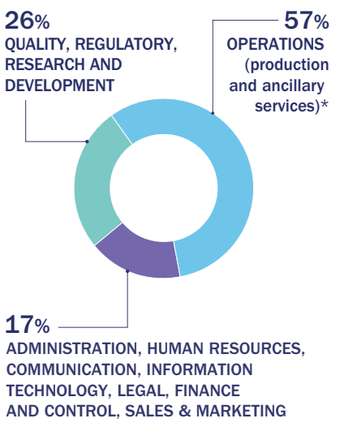
PROFESSIONAL CATEGORY

2022



DISTRIBUTION BY MACRO AREA

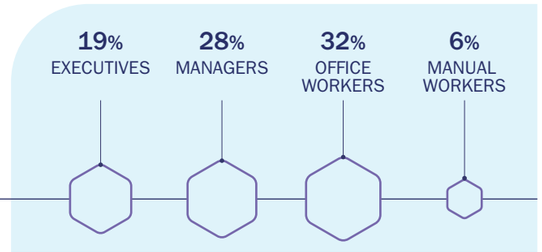
2023



*technical, ecological, engineering services and technological innovations

For 2023, the average age of FIS employees is **41**:
41.4 for men
and **38.6** for women.

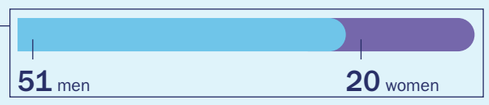
Since 2016 we have seen the number of female employees increase by **73%**, with **21%** of new hires in 2023.



Inclusion

2023

71
People with disabilities



1 *Federchimica's 29th Annual Responsible Care Report showed that 95.8% of employees have permanent contracts.*
2 *According to the Italian Statistical Yearbook 2023 published by ISTAT, 83.2% of employees have permanent contracts, compared with 16.8% of people with fixed-term contracts.*

THE WELL-BEING OF OUR PEOPLE

Looking after the mental well-being of our people is crucial for delivering continuity and results. In fact, organizational well-being is one of the issues we focus on the most: the **FIS Strategic Plan 2021-2026** provides a robust foundation for being able to give prompt responses to the needs of our employees and create a corporate culture that has **the mental well-being and harmony of all workers at its core**.

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.

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 supplementary pension and health care, such as enrolling our employees in the Fonchim and Faschim funds, dedicated to workers in the chemical and pharmaceutical industries;
- provide financial support for people in certain personal situations, including through the provision of loans at preferable rates;
- providing certain additional goods and services, such as the welfare platform and the free staff canteen.

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 (in the vent of illness of serious relationship issues) by taking paid leave for up to a maximum of 48 hours per year. In 2023, **239** employees took advantage of this option, with a total of **2,792.5 hours** provided by the company.

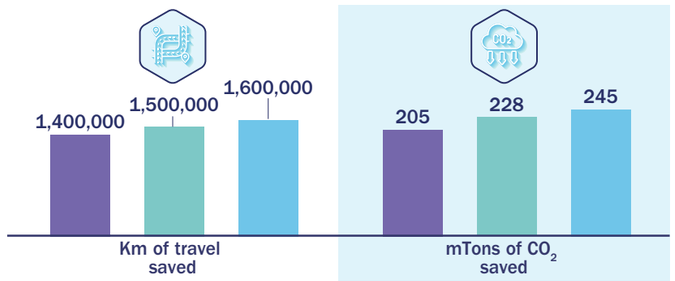
At FIS, we support **parents** with welfare policies that take account of the needs of women, combining them with career opportunities. We grant each new mother, if they take optional maternity leave, a top-up salary (up to 100%) to supplement the payments already provided by INPS (Italian social security institute). In addition, to help with work-life balance, we have introduced the option to work part-time and take unpaid leave.

53

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

At FIS, **remote working** continues to be the best solution for balancing work and personal needs. The use of flexible working patterns has led to increased efficiency and has helped to reduce harmful emissions. Today, flexible working patterns have become standard practice for all categories of employees who, by function and responsibility, are able to work remotely: around 1/5 of the company's workforce.

Along with the benefits for employees, flexible working has also had positive effects on our environmental impact: thanks to the 14,145 days of remote working, more than 1.6 million kilometers of travel were saved, which corresponds to about 245 metric tonnes of CO_2 not emitted into the atmosphere[3].



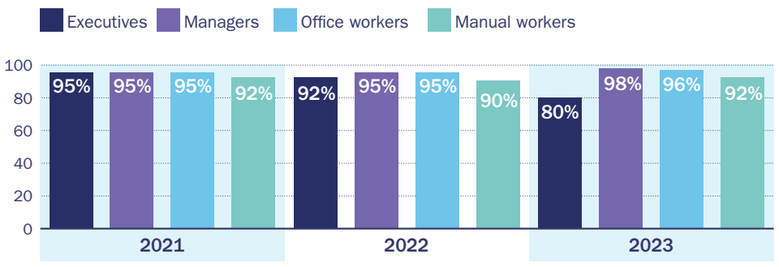
The benefits of remote working

2021
2022
2023

In 2023, we completed the program which began the previous year with the workers' representatives, paving the way for achieving **uniform contract conditions for all:** the renewal of the single level II contract on the three sites of Montecchio Maggiore, Lonigo and Termoli is now a reality and guarantees a stable presence for all our people and their families.

Alongside collective bargaining, we have designed a system of **awarding bonuses** based on the achievement of individual and corporate goals, the latter dedicated to executives, with the integration of additional bonuses linked to long-term projects.

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 this respect, we wish to emphasize how, in almost every category into which our workforce is divided, the ratio of basic pay between men and women has improved appreciably.



Average basic salary

Women's Ratio compared to men (three-year course)

3 *CO_2 emissions are estimated with an average emission factor of 150 grCO_2/km.*

Over the past year
we introduced mindfulness services,
with a dedicated helpdesk for employees

Welfare 4 You

In 2023, we launched the ***Welfare 4 You*** platform, a tool that allows us to manage all FIS initiatives to meet the needs of employees and their families, providing them with benefits and incentives in the form of goods and services.

We have also made full use of the tax benefits permitted under the current legislation, so that the company's profit-sharing scheme can be accessed on the platform.

TRAINING AND DEVELOPMENT OF POTENTIAL

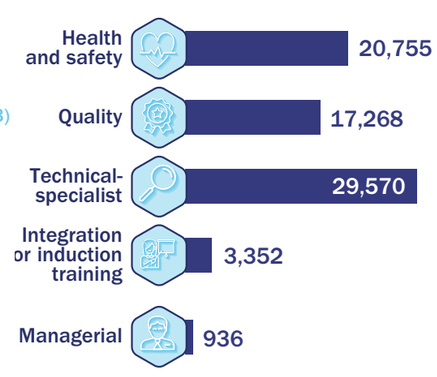
Training is a crucial issue for FIS. We have created an organizational unit of in-house training staff with the aim of collecting, codifying and developing the company's assets built up over the years through the skills and expertise of its personnel.

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. Compared with the past two years, the number of hours is gradually increasing, thanks mainly to the new possibilities offered by distance learning through the new **"Insegna" platform,** which allows people to stay up-to-date in a much more flexible way.

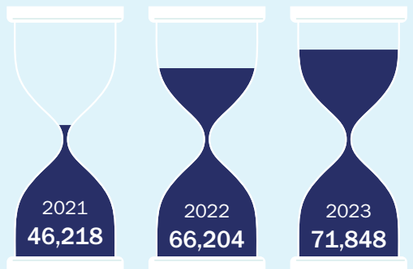
More specifically, the average hours of training each employee regularly receives are now **37.3** compared to the average 34.8 provided in the previous year. The main topics covered are related to specialist technical training and health & safety. Training is strongly geared toward keeping up-to-date with the skills needed by a high-tech and innovative company like FIS.

Hours of training

By type and year (2023)



Total hours of training



In 2023, some of our workforce was involved in a skills development program related to the **macro areas of sustainability and technological innovation**. It was a fruitful opportunity to benefit from cross-curricular training content and, at the same time, to assimilate basic knowledge and insights to carry over into daily work. In 2022, there was a special training drive on the update of the **DVR** (Risk Assessment Document) in our plants along with **refresher training on Legislative Decree 81**. In general, therefore, we have increased the training hours in the specialist technical area.

At FIS, 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.

The ongoing mapping of staff potential, which was launched in 2021, allows us to assess **skills** and ***performance,*** ensuring that people are fairly evaluated based on meritocratic principles. Over the past year, we have developed an app that provides a clear and comprehensive picture for each employee. This allows the HR department to get an in-depth understanding of which people are fully aligned with their role and who may wish to reconsider their position in the company, including through specially designed programs such as ***job rotation***.

In 2023, we also launched **Project Astra**, an initiative designed to map people with high potential in the company through reports from people who work with them. Starting with a questionnaire submitted to those responsible for managing a group, we asked them to name 3 people from their team and the same number of people from the outside. So today we have identified the first 29 people to support and deputize for the current departmental managers, ensuring ***business continuity***.

In collaboration with CUOA Business School, we have also launched an activity for ***middle management:*** specific training on management topics ranging from modules on managing assigned resources to finance for non-specialists. The goal is to impart a uniform management

FIS Talent Program

With the ***Talent management*** we have initiated a development program for everyone in the company, the *"FIS Talent Program"*. This project began in 2022, at the CUOA Business School, with the first edition of the master's level II degree in Business Administration: a training course which is aligned to FIS' needs, aimed at talent under the age of 35 with at least 5 years of experience within the company. The goal is to create an environment where people within our organization with high potential can grow rapidly within the company.
In 2023, reflecting the success of the initiative, a second edition was launched.

Talent Program

culture that represents the FIS leadership model for all ***middle managers*** who head up a team. This is a strategic activity for the company, capped with our CEO attending the final Q&A sessions.

TALENT ATTRACTION

"Green Belt" certification

During 2023, we launched courses with the aim of obtaining ***Green Belt*** certification: a 68-hour course built on the **DMAIC** (Define, Measure, Analyze Improve, Control) model.
It took place over 9 months with theoretical training and individual project work, with the goal of enabling participants to become agents of change, managing projects for radically improving processes, products and services. A total of 16 people took part in the course during the year; 5 of them will obtain their certification in the first part of 2024, after taking the final exam.

Internal job posting:

To promote mobility between departments, in 2023 we launched the internal job posting scheme: our employees can apply for open positions.

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. In addition, we have also been able to achieve satisfactory results for ***inductions***: people follow a plan in which the departmental manager establishes the existing members of staff with whom the new employee needs to interface, or defines which areas would be helpful for new hires to gain an understanding of. A plan is then drawn up which runs for one to two weeks in which new employees meet with existing employees to acquire the right basic skills. In general, we were able to decrease the risk of new hires resigning within the first 12 months. On this last point, an important role was undoubtedly played by our method of having a clear potential development plan in mind for the candidate at the interview stage. We have succeeded in standardizing the entire selection process and determining the real needs in the different business departments - for offices workers, managers, and executives - thanks to a ***talent policy*** with which we strive to ensure an adequate level of transparency and proper process ***compliance*** .

> “Internal job posting has allowed us to maximize the potential of our people and shape new career paths, according to people’s preferences and specific skills.”

For selection activities, we have a **platform** that relies on artificial intelligence and which supports HR specialists in targeted candidate identification, optimizing the turnaround time. The selection process begins with screening through the platform, which is followed by identification of the candidate ***panel***, interviews (the first cognitive, then in-depth interviews specific to the department), drawing up of a shortlist, use of the assessment, and the final job offer.

Approximately 50% of new hires are under the age of 30. Opportunities to meet with student bodies and universities offer an important chance for discussion and development.

After the pandemic, the possibility of remote working has reduced the importance of geography as a factor for staff recruiting, expanding the potential pool of people who do not live near our sites and who want to challenge themselves in FIS.

When it comes to attractiveness, our company has benefited greatly from the issuing of the *Sustainability Linked Bond* and the acquisition by Bain Capital. These events have given FIS even more prestige, as evidenced by the increase in applicants for openings within the company.

LinkedIn

We post our job adverts on the company’s LinkedIn profile, which allows us to explain, with a variety of content, what it is like to be part of the FIS world.

HEALTH AND SAFETY

The quality of FIS products is closely linked to the health and safety of our people. 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.

To support the corporate structures and deliver our goals, we chose to improve *"top-down"* and *"bottom-up"* communication by changing the way that EHS (Safety, Health and Environment) meetings are organized and facilitating the continuous exchange of information among all employees through a hierarchical structure:

- **EHS *Management Board*** - the highest committee, composed of executives and managers from key business functions;
- **EHS Site *Dashboard* Meeting** - Committee chaired by the management from each plant to address general and site-specific issues;
- **EHS Production Meeting** - Committee chaired by Production Management, with the task of directing and coordinating production and support functions;
- **EHS Department/Area Meeting** - Lowest level of committee which involves all company employees from all areas, in both production and support functions;
- **Abnormal Events Analysis Committees** and regular meetings with third-party firms.

Management systems

Our three production sites are classified as major accident hazards (Legislative Decree 105/2015, in implementation of the EU "Seveso III" Directive) and have occupational health and safety (UNI ISO 45001 standard) and environmental (UNI ISO 14001 standard) management systems.

ANDREA FANI,
Head of EH&S FIS

"The digitization of EHS data provides a great deal of assistance in providing refresher training and ensuring our people are safe."

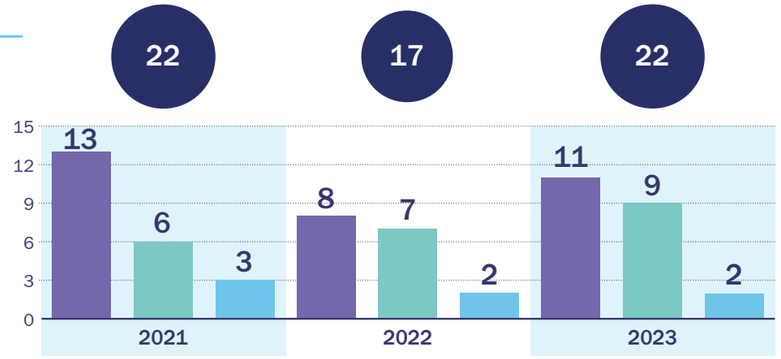
During 2023, some functions that were under the HR Department came back under the umbrella of EHS with the setting up of a special function called "Health Monitoring and EHS Training", with the role of promoting prevention through extensive awareness campaigns and keeping a high level of focus on ongoing activities.

In 2023, the **injury rate**, which measures the frequency of injuries, increased slightly at the Montecchio and Termoli sites; however, the figure for the Lonigo site was stable. The total number of injuries is up from the previous year's total, rising from 17 to 22. Injuries are mainly due to contact with chemical agents, falls, trips and slips and cuts/contusions. However, the widespread and prompt use of a special emergency wash solution, in case of contact with chemicals, has enabled us to reduce chemical-related injuries.

Accidents at sites

Number

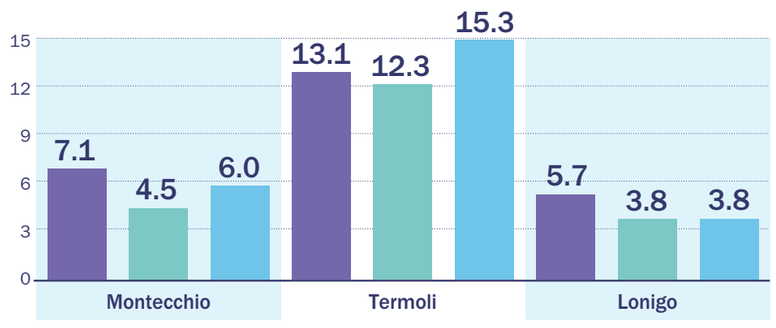
Montecchio
Termoli
Lonigo
Total



Only injuries with a prognosis of more than three days are counted, including deaths

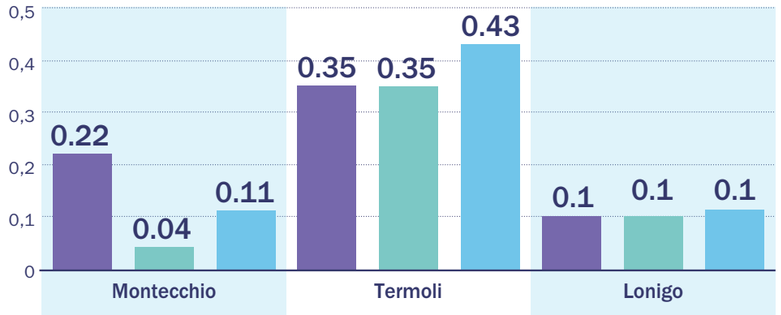
Injury frequency index

2021
2022
2023



Injury severity index

2021
2022
2023



No fatal accidents or occupational diseases were also recorded in 2023. Technological investments, ongoing training activities and the development of the **Operational Excellence program** are bearing fruit.

To **reduce the number of injuries and improve working conditions**, we have introduced processes for worker consultation and participation. Employees are regularly updated on the measures imposed to protect health and safety through the use of dashboards, which are available in the departments through the plant committees - the minutes of which are available to everyone in the company - and the third-party consultant committees. Worker participation and consultation is achieved in full compliance with the requirements of the current regulations (meetings pursuant to art. 35 and inspections with the RLSSA - Workers' Safety, Health and Environmental Representatives).

The RLSSAs are involved in the introduction of new chemical syntheses in the production departments and actively contribute to the risk assessments. All workers can also directly propose improvement actions and report potential incidents through the computer system to which all FIS employees have access.

We continue to work on the Operational Excellence program with ***coaching*** sessions, working on the skills of FIS Safety leaders with the goal of improving the skills of those people who work on the front line. Vocational training is an effective tool for moving from a reactive activity - analyzing the injury and preventing it - to a proactive one, which helps to understand how to take action to ensure that the injury does not happen. In order to increase risk awareness in the workplace, at four separate times during the year we delivered 105 training in all plants.

Starting in 2022, we have invested in a **permanent health center** at our three the sites, with dedicated doctors and nurses. In addition to fulfilling regulatory requirements, the health service is also involved in continuous improvement activities, such as epidemiological monitoring of employees who handle active ingredients.

In 2023, **1905** medical examinations were conducted, more than half at the Montecchio plant. During 2024, we will try to conduct the majority of examinations in the first part of the year and promote quarterly coordination appointments among physicians to identify actions to be taken to improve health monitoring activities.

In 2023, a trial was launched of an **EHS management system** which will serve as a proper digital repository. The goal is to analyze via dashboard the trends of different safety and sustainability indicators in real time. The new management system will also enable us to conduct digital audits directly in the field, via ATEX tablets. This way we can compile the report on site, optimizing timings. Digitizing these procedures in 2024 will allow us to update risk mapping and incorporate the management of abnormal events.

We are also engaged in the **reclassification of flows to classify hazardous substances,** because every new substance that enters our plants must be analyzed to make sure it does not pose a danger to the health and safety of our people. With the help of our toxicology partners, we then carefully evaluate the impact of these materials on our production process in order to understand the best way to manage them in our plants. This is analytical work that allows us to predict how and to what extent the hazardousness of substances may change over time so that we can adjust facilities and equipment to ensure the safest conditions for our employees.

In collaboration with the planning department, work will begin in 2024 on **mapping current processes,** to compare them with previous ones and bring out any critical issues, so as to prioritize future investments. Since 2023, the EHS Department has been interfacing with the counterpart departments of our customers to share best practices for improving information flows and limiting the occurrence of issues. These beneficial partnerships will enable us to develop a cloud-based app at the Lonigo site in 2024, thanks to which each employee will be able to have an overview of all aspects related to EHS (duties, certificates, health status), based on their position in the company.

OUR CUSTOMERS

Our sustainability strategy is of great importance to our customers since we are fully integrated with their ***supply chain.*** ESG issues represent a significant challenge for our department and in the custom market sustainability plays a dominant role right from the process design ***(flow chemistry)*** and product design phase. Our department is, to all intents and purposes, an ambassador for FIS which embodies our values and commitment to ***ESG.*** In this area, the ***Sustainable Linked Bond*** has proven to be a powerful accreditation tool, especially in the pursuit of new business opportunities.

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

This growth will also see major developments in the animal health market, which due to its peculiarities is a particularly favorable environment for a CDMO like FIS, where we have had a dedicated business unit for some time.

Behind every satisfied customer there is always a high-quality product and service. Our management approach to quality, which takes into account customer satisfaction, is formalized in the **Quality Manual** and defined in the *Quality Management System* (QMS) in accordance with UNI EN ISO 9001:2015 and GMP *(Good Manufacturing Practices*). These are the rules which define the methods, means, and procedures for managing the production of pharmaceutical products, in order to achieve the appropriate quality standards. A distinctive element of the "Quality & Compliance" organization is the **allocation of resources dedicated to customer contact**.

As for *Certiquality audits,* in 2023 we achieved the integration between the Quality and HSE management systems, which in 2024 will lead us to joint certification for ISO 14001, ISO 45000 and ISO 9001 standards on all three sites.

Always aligned

The ***Regulatory Affairs*** and ***Subject Matter Experts*** department directly monitors, through interactions with customers or manufacturers' associations, changes to national and international regulations, to ensure that the system and product specifications are continuously aligned with customer and authority expectations.

"We are striving to ensure that quality becomes a mindset which permeates the entire company."

ELISA PAGANELLO,
Quality & Compliance Director

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. No complaints have been received in Lonigo in the past year. These indicators are analyzed and compared both in periodic reviews with our clients (Business Reviews) and in formal documents such as the *Annual Product Review,* issued on a product-by-product basis, and the *Periodic Quality Review,* conducted annually at each site. Efforts to improve and standardize the management criteria for ***high potency*** active pharmaceutical ingredients (HPAPI) continue in this direction, including through a joint project between the Health, Safety and Environment (HSE) and Quality Assurance (QA) departments.

Another significant trend that poses a stiff challenge to the sales department is ***reshoring***, something which is particularly prominent in the USA market, in response to the US government's request for "supply chain resiliency" which helps to reduce dependency on India and China for the manufacture of pharmaceuticals.

Total Quality Initiative

The ***"Total Quality Initiative"*** project involved the Termoli plant, with the aim of improving and standardizing production and management processes, the quality culture among operators, and automation and control levels, in order to bring it into line with the other sites in Montecchio and Lonigo.

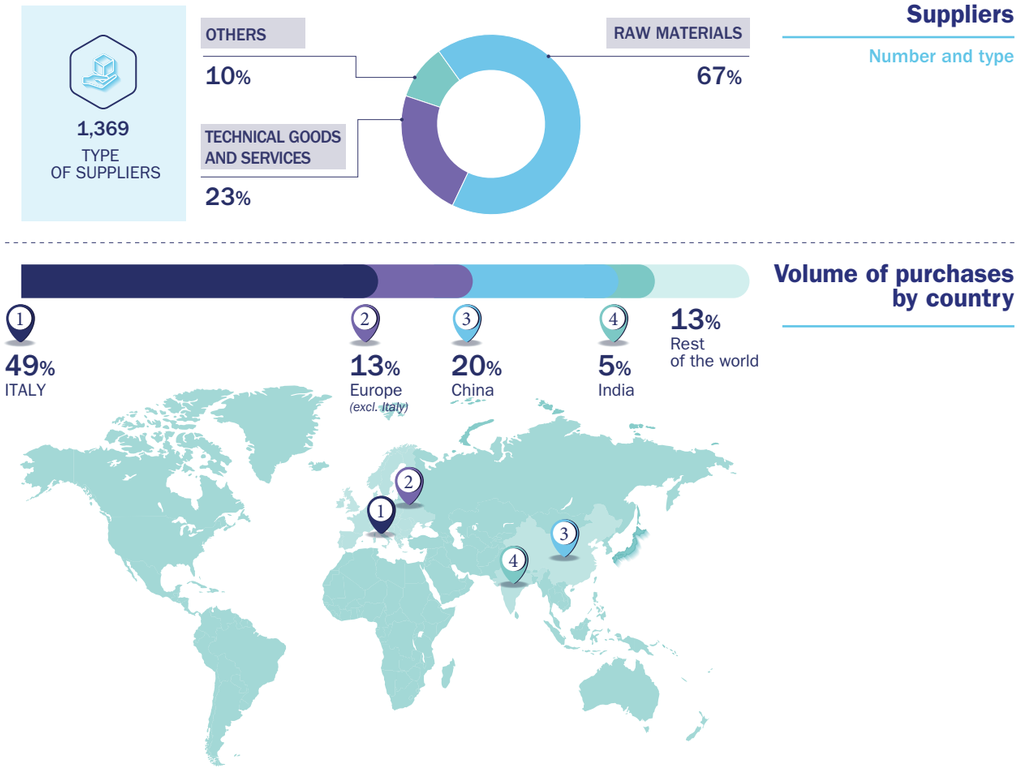
OUR SUPPLIERS

The supply market in which we purchase raw materials (sourcing) has a global dimension: it includes more than 40 counties, with a strong concentration in the Far East, particularly China. This is why we have decided to have a presence in the region with a representative office in Shanghai.

The supply chain structure is centralized at the **Montecchio Maggiore** site in the province of Vicenza.

The main objectives of our ***supply chain*** are:

- to create value through a sustainable approach aimed at ensuring full ***compliance*** with aspects of corporate social responsibility, safety, health and environment, and product quality;
- risk management, understood as risk minimization in the supply chain, ensuring ***business continuity*** through in-depth knowledge and constant monitoring of the relevant markets;
- **cost optimization** through an ability to quickly take advantage of the best opportunities and innovations available in the international markets.



Cooperation and integration with suppliers are ensured through the Suppliers Portal ***(Supplier Relationship Management, SRM)*** and a plan to evaluate their performance through ***pre-audits,*** technical inspections of their plants, regular ***audits*** and continuous monitoring of supplies.

This platform streamlines internal information flows, making them more accessible, and is able to interface automatically with external databases, such as Cribis®,to evaluate the economic performance of suppliers, and Ecovadis®,for assessing the sustainability of suppliers.

Relations with suppliers of raw materials and services are governed by specific company procedures. We now have a risk matrix which monitors all of the raw materials we deal with, including who produces them and, in the case of traders, who sells them.

It incorporates both product risk parameters (quality of APIs and solvents) and other supply issues (country risk, sole sourcing) and allows all raw materials to be "ranked" and, if necessary, the appropriate de-risking and business continuity actions can be taken.

In 2024 we will take it a step further, engaging the EHS and Quality departments, and we will prioritize the vital parameters, including them into our site inspections through our buyers. By mnid-2025 we should have completed the reliability mapping, which together with the documents position certified by Ecovadis, will enable us to perform inspections on-site and verify the parameters applied. Should we find failings, we will implement an audit system to rectify the non-compliances.

Our Shanghai office **monitors strategic suppliers** in the Far East with periodic pre-audit assessments, "on site" technical audits, quality audits, and business review meetings with Central Procurement. In recent years, we have been able to benefit from having FIS staff on the ground, enabling us to anticipate issues, staying in close and constant contact with suppliers and working to develop targeted relationships with strategic suppliers.

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FIS suppliers with a valid *scorecard*

Over the past two years, **we have expanded our supplier base,** agreeing contracts with more than 100 new ***vendors,*** both for raw materials - for which the Quality Assurance (QA) department promptly informed the team in charge of analyzing them - and for major products, guaranteeing and maintaining high quality standards. 2023 saw us take a big leap forward in supplier qualification through Ecovadis - with whom we have been working for three years - particularly in the Far East, achieving some encouraging results with significant rates, especially in the pharma sub-segment. Equally important is the training provided to all buyers on audit and sustainability issues, which will be completed in 2024.

We normally directly manage the most critical and highest value raw materials shipments, using the most trusted shipping operators, in order to have precise and punctual control of the entire supply chain. Transportation is mainly by sea and only in exceptional cases do we resort to air freight. The geopolitical tensions that occurred in late 2023 have affected shipping: to date they have never resulted in supply chain disruption, but they have certainly caused cost increases. We have implemented a **ship tracking system** to monitor in real time the route on which our containers are traveling, and so that we can, in a cascade process, determine the additional time and costs to be taken into account for future procurement. Moreover, thanks to this tool, we were able to avoid unnecessary stockpiling of goods, improving cash flow management, and saving extra costs.

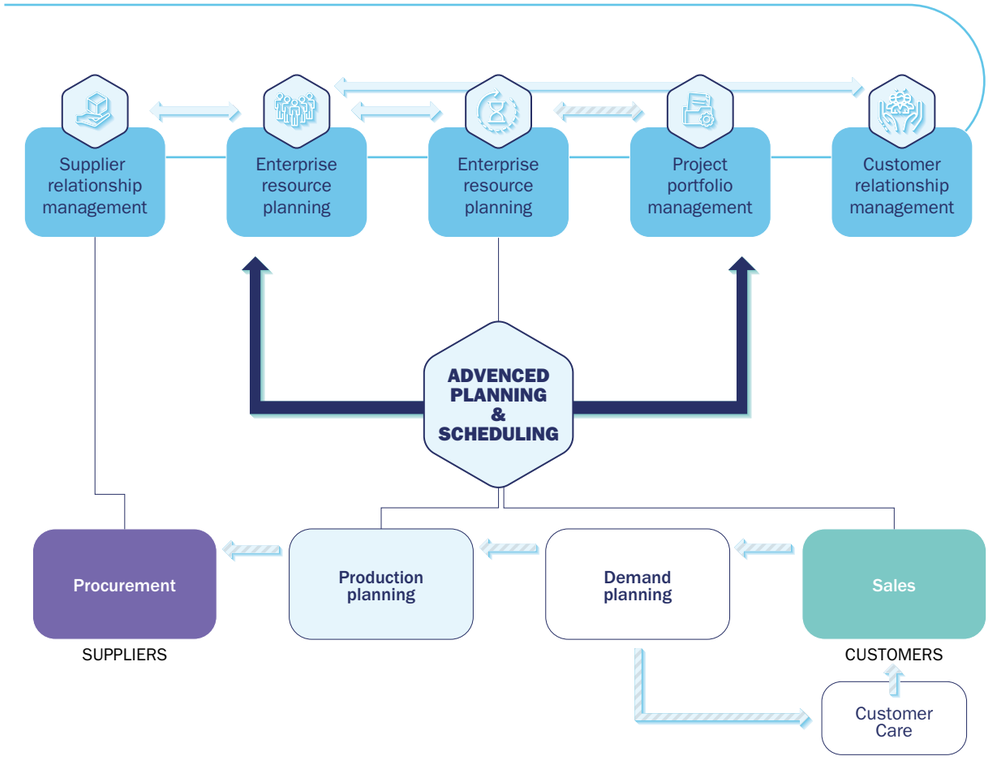
The associated costs have also remained stable: sea freight rates declined rapidly in the last months of 2022, returning to nearly the same prices as in 2019, a trend that remained stable throughout 2023 due to increased (sea) cargo capacity and the absence of disruptions such as port closures or terminal congestion. Over the course of the year, the major carriers also achieved good performance, with average delays of 4-5 days, typical of the time before the pandemic and recent international conflicts. The crisis affecting the Red Sea in late 2023 requires us to pay close attention and deploy all measures to achieve ***derisking*** to ensure our ***business continuity***.

ADVANCED PLANNING SYSTEM: HOW TO MAKE THE SUPPLY CHAIN MORE EFFICIENT

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

At the end of this journey, which involves significant ***change management***, we will be able to react in real time to changes in the market, increase the level of customer service, and ensure on-time deliveries. In addition, we will be able to reduce the production lead time and identify any bottlenecks in advance.

The APS system



THE COMMUNITY AND THE TERRITORY

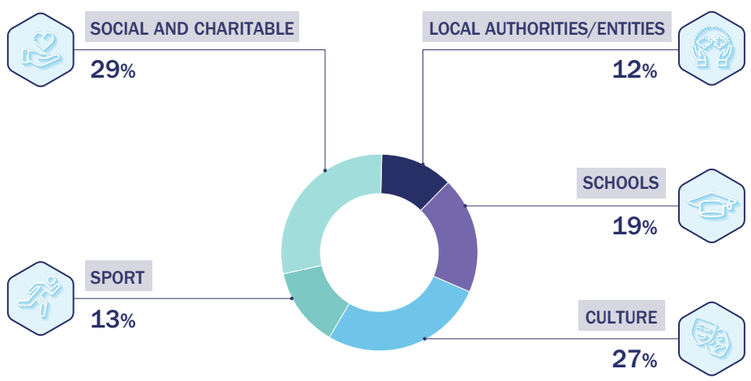
FIS is at the forefront of supporting and **responding to the demands that come from the territories** where our business has its roots. To be able to give prompt responses, we have a CSR policy (available on our website) and have codified a **procedure** that involves "pre-approval" for existing collaborations and a more formal process for extraordinary requests or new projects. The annual budget is set with a margin, to meet any unexpected expenses. The whole of the internal information flow is managed by the Sustainability Manager who, working with the Chief Executive Officer, Chief Financial Officer and Communications Manager, regularly monitors the progress of activities.

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.

Grants in 2023

Figures in %



OUR MEMBERSHIPS

For many years, we have been members of professional associations and organizations, such as *the European Chemical Industry Council, the Active Pharmaceutical Ingredients Committee, and the European Fine Chemicals Group (EFCG)*. This allows us to stay abreast of industry trends and dynamics. To this end, in 2018 we also joined the *Pharmaceutical Supply Chain Initiative (PSCI)*, a non-profit organization founded in the United States, which aims to establish and promote responsible practices that enable improvements in the social, environmental, and health and safety aspects of supply chains in the industry in which we operate.

We are also members of the *Drug, Chemical & Associated Technologies Association, Inc. (DCAT),* a non-profit association in our industry that focuses on developing collaborations and expertise among its corporate members. Lastly, through our Sustainability Manager, we are a member of the **Italian network of sustainability professionals** "Sustainability Makers" (former CSR network).

4

The solution for a greener planet

Crystal of an active ingredient produced by FIS - Image generated in our laboratories using a Zeiss Scanning Electron Microscope, model Evo MA10

The solution for a greener planet

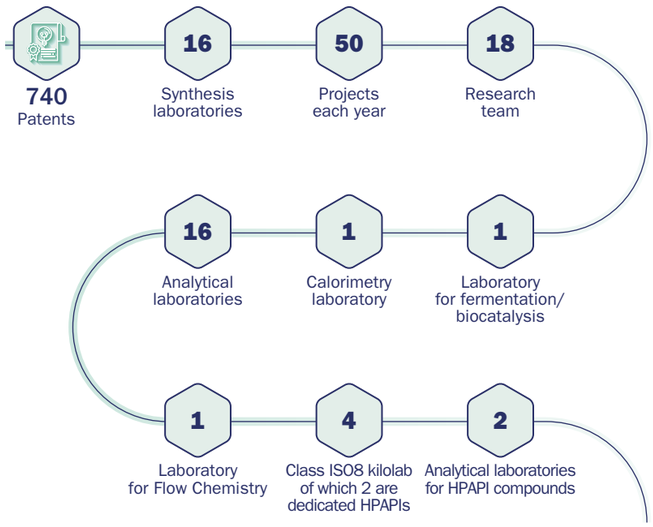
FIS operates in the pharmaceutical industry and is a CDMO *(Contract Development and Manufacturing Organization*). This is a production area characterized by intensive use of raw materials and, therefore, one which is liable to have an impact on the environmental matrix. Actors in this "industry" have, for a long time, been on a journey towards minimizing impacts through major research and development activity and the increasing digitization of aspects of production. In terms of increasing circularity, recovery and recycling remain key priorities for FIS.

SUSTAINABLE PRODUCTION PROCESSES

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[4]. Thanks to our highly skilled chemists, we are able to explore new opportunities for "green chemistry".

Our industry is heavily constrained by GMP regulations, and, as a result, opportunities to make changes to chemical syntheses developed on behalf of our clients are more constrained. However, this does not prevent us from continuing to pursue the cutting edge of innovation and being ready to seize the best opportunities.

R&D results



4 *Federchimica - "The Chemical Industry in Figures - 2022".*

"In recent years, we have strengthened our processes with a view to circularity thanks to high-value partnerships."

FRANCO DESTRO,
Manufacturing & Strategic Investment Director

Our main goal remains to **develop and validate processes for producing intermediates and active ingredients (APIs)** for the pharmaceutical industry, ensuring a competitive advantage and continuous optimization throughout the entire life cycle of customers' products. However, research work is also key to overseeing issues around circularity, particularly those relating to the design of custom processes - which is done in full and close collaboration with customers - and the recovery of significant raw materials at the end of the industrial processes which can be reintroduced, after careful analysis and validation in accordance with the GMP rules, into the production cycle. This has made it possible, for example, to recycle soluble catalysts: thanks to a partnership with a new external partner, we can now also direct this industrial effluent, which has a high soluble metal content, for recovery. These initiatives confirm the signature technical expertise of our company, which can move from pure technological and process research to large-scale industrial application research.

Staying true to our strategic vision which has always shaped our way of working, 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, devoted to searching for ever-more efficient integration between the different corporate functions, ultimately supporting us to achieve our goals of circularity and waste reduction.

In 2022, we introduced the strategic application at an industrial level of "***Flow Chemistry***", a technology that provides us with greater control over reaction parameters such as mixing, dosing, temperature and reaction time. In addition, we often get safer, faster and more selective reactions. Instead, the use of smaller sized reactors combined with the ability to synthesize unstable intermediates and hazardous reagents *in situ* allows us to explore new avenues, potentially reducing the number of reaction and purification steps, generally improving the sustainability of new productions.

Since 2021 we have been working on another very important project: the **monitoring of PMI *(Product Mass Intensity)***, a parameter that measures the total amount of materials used to produce a certain mass of product to indirectly describe its environmental impact; the ultimate goal of quantifying the PMI is therefore to monitor every chemical synthesis, in order to optimize its progress at every stage up to industrial production.

-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%.

ALFREDO PAIO,
R&D Director

"We are constantly striving to find new ways to minimize the impacts of our synthesis processes."

As part of this approach, in the same year we also built a mobile Flow Chemistry plant: a versatile technology mounted on a skid which can be transported and hooked up to the plant containing the raw materials that are then dissolved and pumped into the reactor. The flow which this produces provides a **20% yield recovery,** which translates into a reduction in PMI, offering a big benefit in terms of sustainability.

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. With a view to setting new individual goals relating to reducing environmental impacts in the coming years, we are also involved in a testing phase, aimed at integrating into the MBOs aspects relating to reducing water consumption and CO_2 emissions. The first comparative assessments will not be available before 2025 but we can already say that in **68% of the projects analyzed, we have seen improved effects** or non-negative effects with regard to ***water intensity.*** In the case of our ***carbon footprint,*** we recorded positive results in 72% of the cases analyzed.

Lastly, we have launched the customer ***satisfaction index:*** we ask our customers to rate their satisfaction with the processes managed by the R&D sector. Today this index stands at a score of 4.0 points out of 5. These are results that keep our researchers motivated and increasingly striving for greater customer satisfaction.

For FIS, partnerships with universities are very important. In 2023, we funded a scholarship at the Department of Engineering and Architecture of the University of Trieste for the project: "Surface enhanced Raman spectroscopy for the analysis of active ingredient residues in industrial reactors". The doctorate program at the University of Trieste is to study the development of analytical methodologies to assess the cleanliness of facilities. A doctoral program is also running at the Department of Chemical Engineering of the University of Padua into the development of statistical methodologies to evaluate process effectiveness and optimization. This is a pioneering study that will enable us to speed up process development.

Our R&D group is doing great work, as is confirmed by the fact that FIS has been invited to participate in the **European Horizon 2022 Project - NextBase**, the only private Italian company to receive an invitation. Four European universities and two companies have joined forces to tackle the crucial challenge of substituting noble metals in chemical cross-coupling reactions, methods which are very important in the production of chemicals and active pharmaceutical ingredients.

Noble metals are also vulnerable to significant price fluctuations and will become increasingly rare. They also have a strong impact on energy use in terms of their eventual recovery and the generation of waste.

For these reasons, the replacement of metals such as palladium, rhodium, or platinum with more abundant and cheaper "base metals" such as iron, copper and nickel is a goal which is becoming increasingly urgent. The Horizon program is funding 6 PhDs starting in June; FIS will only be able to accept applicants who are not residents of Italy, with the aim of facilitating the circulation of knowledge and young talent.
The FIS project tutor will be our R&D director.

THE CONTRIBUTION OF DIGITIZATION

Digital transformation, with its applications in production and work systems, contributes to building more sustainable economies and societies. For several years in FIS, under the direction of the *Operations* Department, we have been working on the **digitization of processes**.

MASSIMO MORGANO,
Industrial Operations Director

"In the coming years, digitization will transform the way the company works"

The Historian Project

Over the past 18 months at FIS we have been investing heavily in *Historian,* a functional repository - much more than just a static repository - that is compliant with GMP and allows us to extract and process data and trends to support all operational decisions, primarily those related to quality. *Historian* has the potential to be an "enabler" for FIS to evolve from a company that works on products to a company that works on data, to correlate them in order to understand how they affect each other. In this way we will be able to increase our responsiveness and ability to detect anomalies promptly and with the utmost accuracy. In the future, we would like to run alongside the project a predictive-type suite that would allow us to know in advance if a production parameter will go out of trend (deviation), suggesting corrective actions. An initial pilot phase is already scheduled for April 2024 at the Montecchio Maggiore site.

The road to greater digitization requires careful consideration about the structure of our organization. At FIS, we are working to gradually introduce new skills in the form of data analysts and data scientists, roles which are destined to play a strategic part in streamlining business processes. The main objective is the development of an MES - *Manufacturing Execution System* - linked to the laboratory activity and repository that can manage the electronic progress of recipes.

MELT

Over the past two years, an important innovation introduced at the production sites is MELT - Machine Edge Load Tracking - which makes it possible to digitize and monitor the loading of materials into the reactors and essentially reduce the risk of making mistakes to zero during this highly critical stage of our production process, improving both the work of our operators and the safety of the process.

With the ***Cleaning Validation Manager*** app, we are able to precisely manage machines between production runs. This is an initiative (which we are still fine-tuning) to support the quality, production and planning functions that allows us, as well as being aligned with GMP, to optimize the substances used during cleaning.

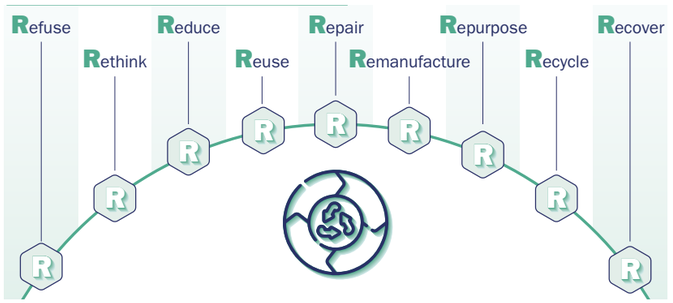
CIRCULAR ECONOMY AND WASTE

At FIS, we think in terms of circularity: in partnering with external parties, we are seeking to find the solution to significantly increasing the recovery and recycling of raw materials and other substances that are part of our industrial processes. We are committed to adopting **the best technologies for disposing of production 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.

At all of our plants we have strengthened our ability to recover solvents, thanks to state-of-the-art distillery departments. This commitment is backed up by the significant increase in the number of metric tonnes of solvents recycled over the past year (+95%).

The 9 R's of the circular approach



Recycled solvents*

	2021	2022	2023
Solvents recycled (t)	**27,850**	**29,419**	**57,270**
Montecchio	56%	49%	54%
Lonigo	59%	70%	71%
Termoli	59%	50%	51%

**The percentage refers to the total amount of solvents recycled and used again in the same chemical synthesis of its origin. The figure does not represent the recycling rate compared to the total solvent consumption of FIS.*

To consolidate and build on these good results in 2024, we plan to upgrade the Lonigo site with two discontinuous operation distillation columns, in addition to the two rectification columns, supporting the long-standing plant in Montecchio Maggiore. These technologies are standard in our industry but are best demonstrated at FIS: the company boasts an overall distillation capacity which is unique in the European CDMO industry.

Another area of the circular economy where we are at the forefront is the **reuse of solvents and precious metals,** including palladium, a noble element widely used as a catalyst in synthesis processes. After introducing a new carbon filtration plant, which separates palladium directly from the reaction flow, we aim to significantly increase its recovery in 2024. This technique will become a routine activity and allow us to incorporate the principles of circularity into our processes.

Diverted flows

Reaction mother liquors, that is the liquid in which synthetic chemical reactions take place, make up most of the waste we produce. To reduce waste to disposal from 2022, we have launched a major project to divert flows from destruction to recovery.

Waste recovery is a central aspect of our ***Sustainability Framework.*** One of the 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.

As part of our waste reduction journey, the modernization of the Lonigo incinerator in 2023 is a significant milestone as it enables:

- more effective and efficient waste management, limiting the amount disposed of through external incineration plants;
- energy recovery, transferred to other utilities for production purposes, while controlling emissions with state-of-the-art abatement systems.

Bi-fuel technology

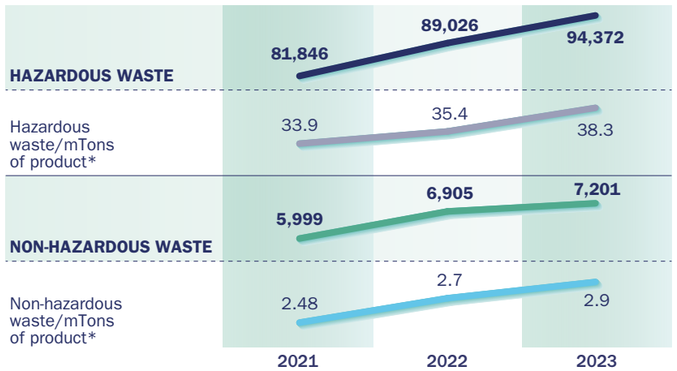
We have adopted a "bi-fuel" technology, which uses solvent-waste in the combustion phase, limiting the consumption of methane. This move had a negative impact on the Scope 1 and 2 emissions indicators but overall emissions were reduced (Scope 3).

In 2023, our generation of waste increased versus 2022 (+7.6%), particularly in Lonigo where the growth was 22%. The intensity value of waste generated (per unit of finished product) is also slightly increasing, particularly that of hazardous waste. For the Lonigo site, the increase can be attributed to the shutdown of the revamped incinerator furnace, which meant that the portion of waste could not be incinerated internally and instead it was sent for disposal externally. Another quite unusual aspect is the additional volumes deriving from new recently introduced syntheses, for which we have not yet identified specific recovery solutions.

Hazardous and non-hazardous waste generated

(tons)

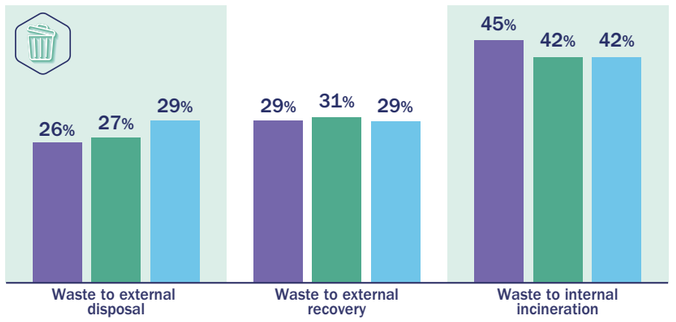
**Per metric tonne of product, meaning the total quantities of products billed in the relevant calendar year*



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 without energy recovery. This share is expected to grow in the coming years, thanks to the construction of the incinerator at the Lonigo site.

Waste sent to external disposal/waste sent to external recovery

KPI#3 FRAMEWORK



	2021	2022	2023
Waste D/R Ratio (Target #3)	87.6%	88.1%	97%

ENERGY AND EMISSIONS

We are aware that our business is very energy-intensive, so we are constantly searching for the energy mix that allows us to be competitive but at the same time, reduces our impact on the climate, using the best technologies for emissions abatement.

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[5]); 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.**

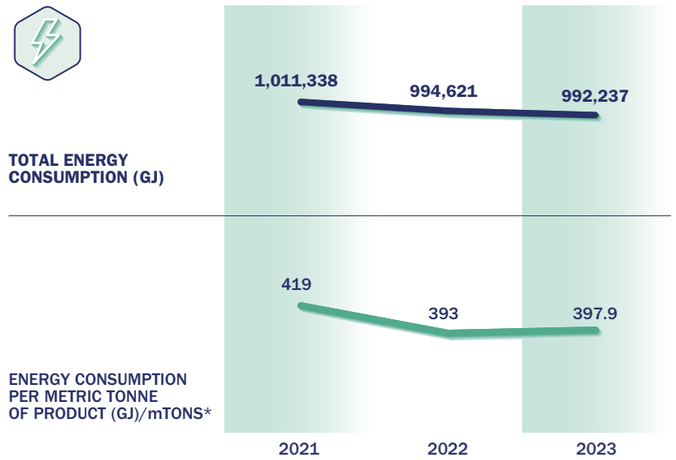
Compared with the previous year, our energy consumption, direct and indirect, decreased slightly, essentially in line with a slight reduction in production, as evidenced by the energy intensity figure.

The sustained growth in recent years at the Termoli plant generates a "stepped" trend in energy consumption due to the activation of new *assets* that generate energy consumption in the first year of commissioning, then declining sharply in subsequent years when new production is started. At the Lonigo plant, we have seen a gradual increase in electricity consumption in recent years, and at the same time a gradual reduction in natural gas consumption thanks to the trigeneration plant, which has allowed for a more efficient use of energy.

Total energy consumption

(GJ)

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



5 *The consumption of the corporate vehicle fleet and the associated emissions are excluded, as the amount of consumption is not considered to be material.*

At Montecchio over the past year, improvements in the efficiency of components have led to a slight reduction in direct consumption, while electricity consumption HAS increased slightly. In fact, one of the two catalyst packs was replaced to reduce reaction temperatures and consequently the natural gas consumption of the DeNOx system (around 100,000 m^3 less).

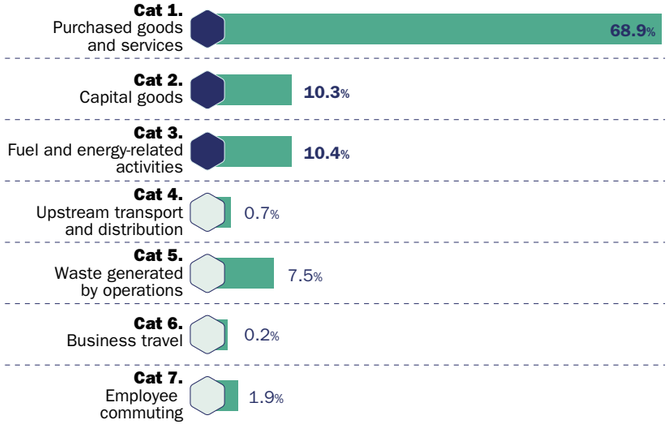
Our Scope 1 emissions come mainly from the **combustion of methane, the incineration of a portion of waste generated by our production sites, and the combustion of process vents through thermal burners;** Scope 2 emissions come exclusively from the use of electricity acquired from the national grid.

In 2023, **Scope 1 emissions**, which comprise the predominant share, have slightly decreased; while **Scope 2 emissions** are increasing. For some time, we have focused our efforts on researching new technological solutions for decarbonization and developing actions aimed at electrification of consumption in order to reduce CO_2 emissions, covering 100% of our energy needs through renewable energy.

Direct and indirect emissions (Scope 1 + Scope 2)	**111,897**
Emission Intensity (mTons CO_2/mTons Product)	**44.8**

Direct and indirect greenhouse gas emissions

KPI#1 FRAMEWORK (mTons CO_2)



The screening showed that the area that impacts Scope 3 emissions the most is the purchase of raw materials and services, accounting for around 69% of the emissions generated along the value chain.

During 2023, we conducted a preliminary mapping of Scope 3 emissions, using 2022 data

In second place are emissions from the extraction, production and transportation of fuels consumed by the company and the production of purchased capital goods, such as equipment, machinery and plant. This result underscores the **strategic importance of working on options for recovering the materials** which we use, alongside increasing the efficiency of consumption.

Along with greenhouse gas emissions, our plants' operations generate emissions of other substances, such as nitrogen oxides (NOx), sulfur oxides (SOx), volatile organic compounds (VOCs), particulate matter (PM) and carbon monoxide (CO). The highest emissions are those of nitrogen oxides (NOx), which have seen an overall reduction of 12% versus 2022. This trend is even more pronounced in Termoli where there has been a 45% reduction. SOx emissions, although smaller in quantity, were reduced by 68%.

In a market which has been marked by price volatility in recent years, 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. By mid-2024 we expect to finalize the PPA contract for the manufacture of a **new solar power plant** that will become operational within a couple of years.

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.

To complete the structured approach to energy improvement works, after a pilot phase on 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 adoption of specific valves and sensors for tank and reactor venting allows us to use nitrogen more efficiently. The pilot phase has already indicated a **95% reduction**.

RENZO BORZI,
Energy manager

"In 2023, we achieved a very good performance on responsible water use. With the Zero Liquid Discharge project, we will be able to improve further."

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**.

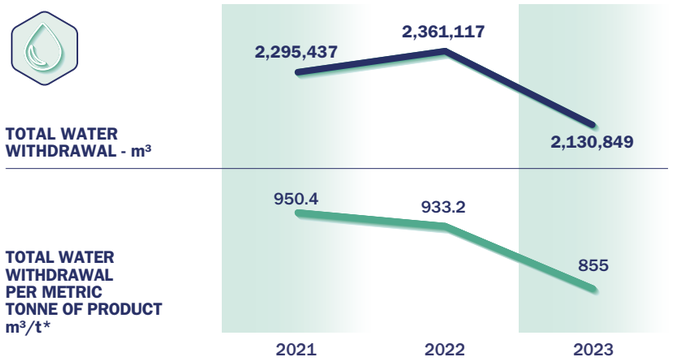
The bulk of the water supply comes from groundwater for the Montecchio Maggiore and Lonigo sites, and from surface water for the Termoli site.

Our total absolute water withdrawal is decreasing, despite the fact that our organization has essentially quadrupled turnover and the number of employees in the past 15 years. The excellent result - equal to 20% of the total water withdrawal per metric tonne of product versus the 2020 figure - is steadily decreasing in a well-established trend, decoupling our growth from our impact on the environment and delivering our commitment to "produce more with less".

Total water withdrawal 3 plants

KPI#2 FRAMEWORK (m^3)

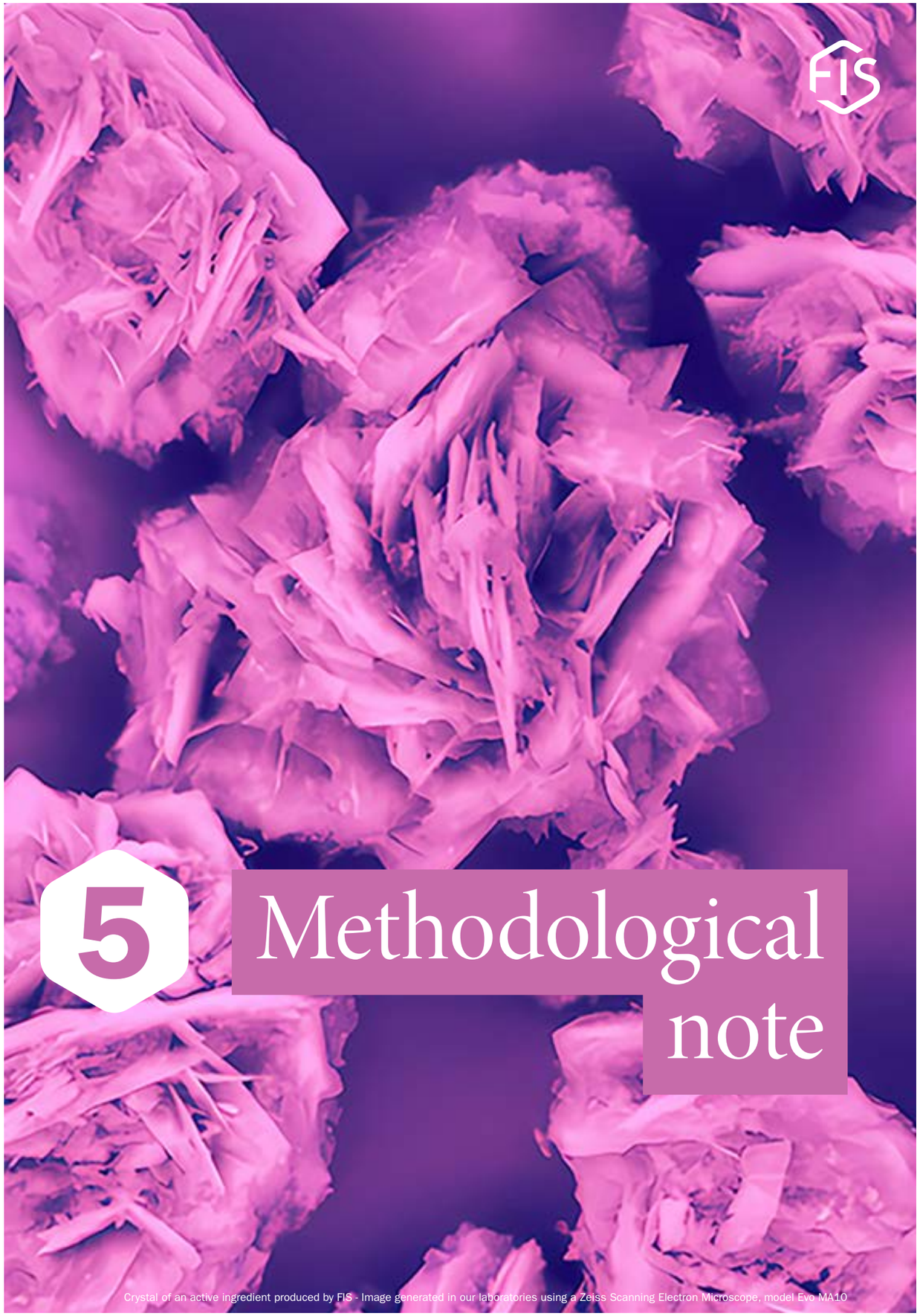
**Per metric tonne of product, meaning the total quantities of products billed in the relevant calendar year*



With regards to the system for determining the quantities of potential API residue - *Active Pharmaceutical Ingredients* - in the water exiting the treatment plant, monitoring continues at all plants.

Zero Liquid Discharge

Over the years we have tried in different ways to reduce our footprint on the territories where our plants are located. Of these, the most important project is "Zero Liquid Discharge" at the **Montecchio Maggiore plant.** The project involves upgrading the treatment of industrial wastewater, which was previously treated by the existing chemical-physical and biological plant, in order to reuse the water in plant services. This system will therefore allow us to reduce external discharges to zero, which were previously sent to the municipal sewer, while at the same time allowing us to **drastically reduce the consumption of water** drawn from the local supply. In addition, we have the **option to recover thermal energy from the incineration plant,** efficiently powering the multiple-effect evaporation stage by more efficiently using the energy we already have, all to the benefit of the environment.



5 Methodological note

Crystal of an active ingredient produced by FIS - Image generated in our laboratories using a Zeiss Scanning Electron Microscope, model Evo MA10

Methodological note

This document is **FIS's seventh Sustainability Report,** a document which is produced annually in which we aim to inform a wide and diverse audience of stakeholders about our choices, activities, achievements and commitment to ESG (Environment, Social and Governance) for a sustainable future.

The goal is to give readers an understanding of the activities carried out by FIS, its performance, results and the impact which these generate. In preparing the Sustainability Report, FIS has used the latest version of the *Global Reporting Initiative* (GRI) guidelines, the international reference standard for non-financial reporting, with the aim of providing a report which is versatile and up-to-date in communicating results, giving a clear and quantitative measurement of the performance achieved.

In fact, the report is the main tool for reporting the company's sustainability performance, highlighting its performance, initiatives, and the process of continuous dialog and listening with all of the relevant stakeholders, above all the employees. The reporting scope covers activities carried out by FIS S.p.A. during 2023. The data, initiatives, projects and actions reported refer to the time period from 1 January 2023 to 31 December 2023. However, some facts and figures referring to previous or current years are occasionally mentioned in the Report where they are particularly relevant or pertinent to understanding the business environment. With reference to the GRI standards, the Report contains data and information which are relevant to understanding FIS's activities, and which are consistently selected on the basis of a structured materiality analysis which revealed the sustainability topics that are most relevant to FIS and its stakeholders.

The materiality analysis was updated during the year by the Sustainability Manager using a benchmark analysis with the aim of assessing the completeness of potentially material topics identified in the analysis conducted for the 2021 Sustainability Report. The analysis was carried out based on a sample of companies operating in the chemical-pharmaceutical sector and an analysis of global sustainability trends. This activity allowed the main environmental, economic, and social impacts that the company generates on its stakeholders to be identified, which were later evaluated against industry performance and evidence from scientific studies to determine their severity/benefit and likelihood. In addition, a stakeholder survey was conducted to understand the ability of FIS to generate the previously identified positive and negative impacts.

The economic, financial, and governance data are taken from the Management Report, which elaborates on some specific aspects. Environmental, personnel and data on the other aspects covered in the document are collected directly from the process owners. In order to ensure that the indicators considered to be most significant are comparable over time and to give the reader the opportunity to compare the performance levels achieved, the current values are contrasted with those for the previous two years (2021 and 2022) in graphs and tables. The process of writing the Report is overseen and managed by the FIS Sustainability Manager and the Communications Manager, in collaboration with the various corporate functions. Lastly, information referring to 2023 has been subject to external assurance using the *"limited assurance"* methodology by PricewaterhouseCoopers Italy. To inquire about the report and its contents, please contact: gabriele.lendaro@fisvi.com

6

GRI Content Index and Annexes

Crystal of an active ingredient produced by FIS - Image generated in our laboratories using a Zeiss Scanning Electron Microscope, model Evo MA10

GRI Content Index

Statement of use: This report is published by FIS Fabbrica Italiana Sintetici in accordance with GRI Standards for the period from 01/01/2023 to 12/31/2023 using the "with reference to GRI Standards" method.

GRI 1 used: GRI 1: Foundation 2021
Applicable GRI industry standards: No applicable industry standard.

DISCLOSURE	LOCATION	OMISSIONS	
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Table 1

Number of employees by gender and age group (no.) (GRI 405-1)

HEADQUARTERS	AGE GROUP	2021		2022		2023	
		Man	Woman	Man	Woman	Man	Woman
Montecchio	< 30 years old	179	72	158	60	145	52
		71%	29%	72%	28%	74%	26%
	30 ≥ x ≤ 50 years old	471	155	491	161	483	165
		75%	25%	75%	25%	74%	25%
	> 50 years old	286	52	267	49	278	54
		85%	15%	85%	15%	84%	16%
Termoli	< 30 years old	55	6	107	5	103	6
		90%	10%	96%	4%	94%	6%
	30 ≥ x ≤ 50 years old	142	32	168	22	194	21
		82%	18%	88%	12%	90%	10%
	> 50 years old	87	12	71	2	76	2
		88%	12%	97%	3%	97%	3%
Lonigo	< 30 years old	99	4	53	7	52	8
		96%	4%	88%	12%	89%	11%
	30 ≥ x ≤ 50 years old	147	17	158	28	157	32
		90%	10%	85%	15%	82%	18%
	> 50 years old	74	3	83	10	87	10
		96%	4%	89%	11%	90%	10%
	TOTAL	1,540	353	1,556	344	1,575	350
	TOTAL	81%	19%	82%	18%	82%	18%

Table 2

Number of employees with disabilities and in protected categories (GRI 405-1)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Employees with disabilities	no.	57	22	79	54	19	73	51	20	71
	%	72%	22%	100%	74%	26%	100%	72%	28%	100%

Table 3

Number of employees by contract type and gender (no. and %) (GRI 2-7)

	Unit	2021				2022				2023			
		Permanent		Fixed-term		Permanent		Fixed-term		Permanent		Fixed-term	
		Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
Employees by employment contract and gender	no.	1,364	322	176	31	1,389	317	167	27	1,486	340	89	10
TOTAL	no.	1,686		207		1,706		194		1,826		99	
TOTAL	%	89.1%		10.9%		89.8%		10.2%		94.9%		5.1%	

Table 4

Number of full-time and part-time employees by gender (no. and %) (GRI 2-7)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Full-time	no.	1,534	319	1,853	1,550	317	1,867	1,568	320	1,888
Part-time	no.	6	34	40	6	27	33	7	30	37
TOTAL	no.	1,540	353	1,893	1,556	344	1,900	1,575	350	1,925

Table 5

Job classification of employees by gender (no. and %) (GRI 405-1)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executives	no.	19	8	27	23	8	31	29	7	36
% men vs. women	%	70%		-	74%		-	81%		-
Managers	no.	151	64	215	147	60	207	156	62	218
% men vs. women	%	70%		-	71%		-	72%		-
Office workers	no.	467	216	683	495	219	714	485	224	709
% men vs. women	%	68%		-	69%		-	68%		-
Manual workers	no.	903	65	968	891	57	948	905	57	962
% men vs. women	%	93%		-	94%		-	94%		-
TOTAL	no.	1,540	353	1,893	1,556	344	1,900	1,575	350	1,925
% men vs. women	%	81%		-	82%			82%		

Table 6

Job classification of employees by age group (no. and %) (GRI 405-1)

	Unit	2021				2022				2023			
		< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Executives	**no.**	0	4	23	27	0	9	22	31	0	10	26	36
% by age group	**%**	0%	15%	85%	-	0%	29%	71%	-	0%	28%	72%	-
Managers	**no.**	1	133	81	215	0	128	79	207	1	122	95	218
% by age group	**%**	0%	62%	38%	-	0%	62%	38%	-	0%	56%	44%	-
Office workers	**no.**	91	414	178	683	84	462	168	714	65	481	161	709
% by age group	**%**	13%	61%	26%	-	12%	65%	24%	-	9%	68%	23%	-
Manual workers	**no.**	323	413	232	968	306	429	213	948	290	439	225	962
% by age group	**%**	33%	43%	24%	-	32%	45%	22%	-	30%	46%	23%	-

Table 7

Proportion of senior managers recruited locally (*) (no. and %) (GRI 202-2)

	Unit	2021	2022		2023	
			Local	Non-local	Local	Non-local
Montecchio	**no.**	178	93	77	101	83
	%	N/D	**55%**		**55%**	
Termoli	**no.**	23	19	7	21	6
	%	N/D	**73%**		**78%**	
Lonigo	**no.**	41	23	19	22	21
	%	N/D	**55%**		**51%**	

* *"Locally" means the province in which the manufacturing plants are located; senior managers means the contractual levels A3, A2, A1 and Executives in the national collective bargaining agreement for the chemicals industry.*

Table 8

Ratio of basic pay for men and women by job classification (%) (GRI 405-2)

	Unit	2021	2022	2023
Executive pay women vs. men	**%**	95%	92%	80%
Manager pay women vs. men	**%**	95%	95%	98%
Office worker pay women vs. men	**%**	95%	95%	96%
Manual worker pay women vs. men	**%**	92%	90%	92%

Table 9

Ratio of basic plus variable pay for men and women by job classification (%) (GRI 405-2)

	Unit	2021	2022	2023
Executive basic salary, women v. men	**%**	93%	89%	77%
Manager basic salary, women v. men	**%**	95%	96%	99%
Office worker basic salary, women v. men	**%**	95%	96%	97%
Manual worker basic salary, women v. men	**%**	90%	91%	93%

Table 10

Average age of employees by gender (non-GRI)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Average age of employees	**no.**	40.8	37.4	39.1	41.2	37.9	39.7	41.4	38.6	40.9

Table 11

Employee length of service by gender (non-GRI)

NUMBER OF EMPLOYEES BY LENGTH OF SERVICE	Unit	2021		2022		2023	
		Man	Woman	Man	Woman	Man	Woman
0-5 years old	**no.**	737	233	505	165	241	74
6-10 years old	**no.**	268	47	480	102	463	151
11-15 years old	**no.**	164	12	149	18	369	51
16-20 years old	**no.**	97	14	136	11	161	17
21-25 years old	**no.**	126	15	110	11	87	11
26-30 years old	**no.**	83	17	80	14	115	13
31-35 years old	**no.**	45	9	72	18	64	12
36-40 years old	**no.**	20	5	24	4	55	16
more than 40 years	**no.**	-	1	-	1	20	5

Table 12

Employee distribution by work area (non-GRI)

	Unit	2021		2022		2023	
		Man	Woman	Man	Woman	Man	Woman
Operations area (production, ecological services, etc.)	**no.**	1,070	17	1,072	17	1,079	11
Laboratory Area (R&D and QC)	**no.**	297	206	300	204	295	207
Office/administration area	**no.**	173	130	184	123	201	132

Table 13

Recruitment and turnover by gender at MONTECCHIO MAGGIORE site (%) (GRI 401-1)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Employees hired	no.	61	32	93	48	22	70	51	18	69
Employees at the close of the fiscal year (December 31)	no.	936	279	1,215	916	270	1,186	906	271	1,177
Incoming turnover rate	%	6.5	11.5	7.7	5.2	8.1	5.9	5.6	6.6	5.9
Former employees	no.	49	17	66	55	32	87	52	17	69
Employees at the close of the fiscal year (December 31)	no.	936	279	1,215	916	270	1,186	906	271	1,177
Exit turnover rate	%	5.2	6.1	5.4	6.0	11.9	7.3	5.7	6.3	5.9

Table 14

Recruitment and turnover by age group at MONTECCHIO MAGGIORE site (%) (GRI 401-1)

	Unit	2021				2022				2023			
		< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Employees hired	no.	67	25	1	93	30	33	7	70	33	28	8	69
Employees at the close of the fiscal year (December 31)	no.	251	626	338	1,215	218	619	349	1,186	197	648	332	1,177
Incoming turnover rate	%	26.7	4.0	0.3	7.7	13.8	5.3	2.0	5.9	16.8	4.3	2.4	5.9
Former employees	no.	18	25	23	66	10	49	28	87	19	27	23	69
Employees at the close of the fiscal year (December 31)	no.	251	626	338	1,215	218	619	349	1,186	197	648	332	1,177
Exit turnover rate	%	7.2	4.0	6.8	5.4	4.6	7.9	8.0	7.3	9.6	4.2	6.9	5.9

Table 15

Recruitment and turnover by gender at LONIGO site (%) (GRI 401-1)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Employees hired	no.	5	3	8	15	5	20	14	4	18
Employees at the close of the fiscal year (December 31)	no.	284	50	334	294	45	339	296	50	346
Incoming turnover rate	%	1.8	6.0	2.4	5.1	11.1	5.9	4.7	8.0	5.2
Former employees	no.	14	3	17	9	6	15	16	1	17
Employees at the close of the fiscal year (December 31)	no.	284	50	334	294	45	339	296	50	346
Exit turnover rate	%	4.9	6.0	5.1	3.1	13.3	4.4	5.4	2.0	4.9

Table 16

Recruitment and turnover by age group at LONIGO site (%) (GRI 401-1)

	Unit	2021				2022				2023			
		< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Employees hired	no.	8	0	0	8	11	9	0	20	7	9	2	18
Employees at the close of the fiscal year (December 31)	no.	61	174	99	334	60	180	99	339	60	189	97	346
Incoming turnover rate	%	13.1	0.0	0.0	2.4	18.3	5.0	0.0	5.9	11.7	4.8	2.1	5.2
Former employees	no.	3	4	10	17	2	6	7	15	4	6	7	17
Employees at the close of the fiscal year (December 31)	no.	61	174	99	334	60	180	99	339	60	189	97	346
Exit turnover rate	%	4.9	2.3	10.1	5.1	3.3	3.3	7.1	4.4	6.7	3.2	7.2	4.9

Table 17

Recruitment and turnover by gender at TERMOLI site (%) (GRI 401-1)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Employees hired	no.	28	4	32	28	3	31	27	3	30
Employees at the close of the fiscal year (December 31)	no.	320	24	344	346	29	375	373	29	402
Incoming turnover rate	%	8.8	16.7	9.3	8.1	10.3	8.3	7.2	10.3	7.5
Former employees	no.	6	0	6	11	1	12	5	1	6
Employees at the close of the fiscal year (December 31)	no.	320	24	344	346	29	375	373	29	402
Exit turnover rate	%	1.9	0.0	1.7	3.2	3.4	3.2	1.3	3.4	1.5

Table 18

Recruitment and turnover by age group at TERMOLI site (%) (GRI 401-1)

	Unit	2021				2022				2023			
		< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Employees hired	no.	23	8	1	32	18	13	0	31	18	11	1	30
Employees at the close of the fiscal year (December 31)	no.	103	164	77	344	112	184	79	375	109	215	78	402
Incoming turnover rate	%	22.3	4.9	1.3	9.3	16.1	7.1	0.0	8.3	16.5	5.1	1.3	7.5
Former employees	no.	3	2	1	6	2	6	4	12	1	4	1	6
Employees at the close of the fiscal year (December 31)	no.	103	164	77	344	112	184	79	375	109	215	78	402
Exit turnover rate	%	2.9	1.2	1.3	1.7	1.8	3.3	5.1	3.2	0.9	1.9	1.3	1.5

Table 19

Parental leave for men and women (no. and %)(*) (GRI 401-3)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Total employees WITH ENTITLEMENT to parental leave in the year	no.	N/D	N/D	N/D	51	43	94	0	35	35
Total employees who took parental leave	no.	N/D	N/D	N/D	17	53	70	0	35	35
Total employees who returned to work at the end of parental leave	no.	10	19	29	17	37	54	0	34	34
Total employees WHO SHOULD HAVE RETURNED TO WORK at the end of parental leave	no.	N/D	N/D	N/D	17	38	55	0	35	35
Total employees who returned to work at the end of parental leave and employed for at least 12 months	no.	N/D	N/D	N/D	10	17	27	0	32	34
RETURN TO WORK RATE: Ratio of employees who returned to work after parental leave vs. employees who did NOT return to work at the end of their parental leave	%	N/D	N/D	N/D	100%	97%	98%	N/D	97%	97%
RETENTION RATE: Ratio of returning employees who remained employees for at least 12 months vs. employees who returned from parental leave in the previous year	%	N/D	N/D	N/D	100%	89%	93%	N/D	92%	59%

* *In 2023 only compulsory maternity leave was considered, while in 2022 optional maternity leave was also taken into account.*

Table 20

Breakdown of employees by job classification and gender - MONTECCHIO MAGGIORE (non-GRI)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executives	no.	13	6	19	17	6	23	24	6	30
Managers	no.	109	50	159	98	49	147	105	49	154
Office workers	no.	306	172	478	314	170	484	297	173	470
Manual workers	no.	508	51	559	487	45	532	480	43	523

Table 21

Breakdown of employees by job classification and gender - LONIGO (non-GRI)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executives	no.	3	1	4	3	1	4	2	1	3
Managers	no.	27	10	37	31	7	38	33	7	40
Office workers	no.	94	31	125	102	30	132	107	34	141
Manual workers	no.	160	8	168	158	7	165	154	8	162

Table 22

Breakdown of employees by job classification and gender - TERMOLI (non-GRI)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executives	no.	3	1	4	3	1	4	3	0	3
Managers	no.	15	4	19	18	4	22	18	6	24
Office workers	no.	92	13	105	79	19	98	81	17	98
Manual workers	no.	210	6	216	246	5	251	271	6	277

Table 23

Average hours of training by job classification and gender - MONTECCHIO MAGGIORE (GRI 404-1)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executives	no.	7	15	9	20	17	19	11	19	13
Managers	no.	37	56	43	35	29	33	46	43	45
Office workers	no.	28	23	26	46	30	41	50	47	49
Manual workers	no.	16	57	21	26	44	28	23	34	24

Table 24

Average hours of training by job classification and gender - LONIGO (GRI 404-1)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executives	no.	9	12	9	35	24	32	13	34	20
Managers	no.	21	22	21	33	31	32	47	76	52
Office workers	no.	23	20	22	38	38	38	43	40	42
Manual workers	no.	36	25	35	50	57	50	44	75	46

Table 25

Average hours of training by job classification and gender - TERMOLI (GRI 404-1)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Executives	no.	12	22	14	31	27	30	18	0	18
Managers	no.	17	14	17	38	48	39	35	49	38
Office workers	no.	18	8	17	48	31	45	50	54	51
Manual workers	no.	27	37	27	26	43	26	27	40	28

Table 26

Percentage of employees receiving a regular professional performance and development review MONTECCHIO MAGGIORE (GRI 404-3)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
TOTAL employees receiving reviews	no.	986	265	1,251	781	180	961	906	271	1,177
TOTAL employees receiving reviews	%	100%	100%	100%	85%	67%	81%	100%	100%	100%

Table 27

Percentage of employees receiving a regular professional performance and development review LONIGO (GRI 404-3)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
TOTAL employees receiving reviews	no.	284	50	334	251	38	289	296	50	346
TOTAL employees receiving reviews	%	100%	100%	100%	85%	84%	85%	100%	100%	100%

Table 28

Percentage of employees receiving a regular professional performance and development review TERMOLI (GRI 404-3)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
TOTAL employees receiving reviews	no.	320	24	344	295	16	311	373	29	402
TOTAL employees receiving reviews	%	100%	100%	100%	85%	55%	83%	100%	100%	100%

Table 29

Average hours of HSE training per person - MONTECCHIO MAGGIORE (non-GRI)

	Unit	2021	2022	2023
Hours of SSA training	no.	15,160	15,828	11,908
Hours of training/no. employees	no.	12.48	13.35	10.12

Table 30

Average hours of HSE training per person - LONIGO (non-GRI)

	Unit	2021	2022	2023
Hours of SSA training	no.	2,078	4,989	5,630
Hours of training/no. employees	no.	6.22	14.72	16.27

Table 31

Average hours of HSE training per person - TERMOLI (non-GRI)

	Unit	2021	2022	2023
Hours of SSA training	no.	5,605	5,396	6,569
Hours of training/no. employees	no.	16.29	14.39	16.30

Table 32

Workplace injuries - MONTECCHIO MAGGIORE (GRI 403-9)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Total number of workplace injuries	no.	13	0	13	8	0	8	10	1	11
Total number of deaths arising from workplace injuries	no.	0	0	0	0	0	0	0	0	0
Total number of workplace injuries with serious consequences (excluding deaths)	no.	5	0	5	0	0	0	0	0	0
Total number of work days lost to injuries	no.	338	0	338	74	0	74	202	9	211
Injury frequency rate	no.	N/D	N/D	7.1	N/D	N/D	4.5	N/D	N/D	6.0
Injury severity index	no.	N/D	N/D	0.2	N/D	N/D	0.04	N/D	N/D	0.11

Table 33

Workplace injuries - LONIGO (GRI 403-9)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Total number of workplace injuries	no.	0	0	0	2	0	2	2	0	2
Total number of deaths arising from workplace injuries	no.	0	0	0	0	0	0	0	0	0
Total number of workplace injuries with serious consequences (excluding deaths)	no.	0	0	0	0	0	0	0	0	0
Total number of work days lost to injuries	no.	94	0	94	52	0	52	67	0	67
Injury frequency rate	no.	N/D	N/D	5.7	N/D	N/D	3.8	N/D	N/D	3.8
Injury severity index	no.	N/D	N/D	0.1	N/D	N/D	0.1	N/D	N/D	0.13

Table 34

Workplace injuries - TERMOLI (GRI 403-9)

	Unit	2021			2022			2023		
		Man	Woman	Total	Man	Woman	Total	Man	Woman	Total
Total number of workplace injuries	no.	6	0	6	7	0	7	9	0	9
Total number of deaths arising from workplace injuries	no.	0	0	0	0	0	0	0	0	0
Total number of workplace injuries with serious consequences (excluding deaths)	no.	0	0	0	1	0	1	0	0	0
Total number of work days lost to injuries	no.	188	0	188	288	0	288	251	0	251
Injury frequency rate	no.	N/D	N/D	12.4	12.3	N/D	12.3	15.33	N/D	15.33
Injury severity index	no.	N/D	N/D	0.3	0.51	N/D	0.51	0.43	N/D	0.43

Table 35

Workers covered by the health and safety management systems (GRI 403-8)

	Unit	2021	2022	2023
FIS employees covered by the H&S management system (ISO 45001)				
Number of FIS employees covered by the system (data collected by HR in another file)	no.	1,893	1,900	1,925
Percentage of FIS employees covered by the system	%	100	100	100

Table 36

Suppliers, geographical origin, and type of goods CORPORATE (GRI 2-6)

	Unit	2021	2022	2023
total number of active suppliers	no.	1,269	1,373	1,369
countries of origin of active suppliers *(vendors)*	no.	26	30	28
countries of origin of goods *(producers)*	no.	41	41	41
Volume of purchases by country in % (by receipt from *producers*)	Italy	39%	41%	49%
	Europe (excl. Italy)	14%	13%	13%
	China	26%	31%	20%
	India	4%	5%	5%
	ROW	17%	10%	13%
Suppliers of raw materials	%	68%	66%	67%
Suppliers of goods and technical services	%	22%	19%	23%
Other suppliers	%	10%	15%	10%

Table 37

Recycled materials (solvents) - MONTECCHIO MAGGIORE (GRI 301-2)

	Unit	2021			
		Fresh	Recycled	Total	% Recycled
HEPTANE	mTons	223.00	2,403.00	2,626.00	92%
ISOPROPANOL		4,241.00	2,808.00	7,049.00	40%
ACETONE		2,051.00	3,243.00	5,294.00	61%
TOLUENE		1,438.00	1,734.00	3,172.00	55%
THF		719.00	819.00	1,538.00	53%
METHANOL		5,890.00	5,015.00	10,905.00	46%
MEK		318.00	2,203.00	2,521.00	87%
MTBE		370.00	1,085.00	1,455.00	75%
ACETIC ACID		427.00	1,033.00	1,460.00	71%
TOTAL		15,677.00	20,343.00	36,020.00	56%

	Unit	2022			
		Fresh	Recycled	Total	% Recycled
HEPTANE	mTons	201.39	2,226.61	2,428.00	92%
ISOPROPANOL		3,995.01	2,516.91	6,511.92	39%
ACETONE		2,209.77	3,402.08	5,611.85	61%
TOLUENE		1,425.10	1,819.49	3,244.59	56%
THF		841.76	555.24	1,397.00	40%
METHANOL		7,773.98	2,831.89	10,605.87	27%
MEK		365.02	2,044.38	2,409.40	85%
MTBE		313.52	1,036.39	1,349.91	77%
ACETIC ACID		374.84	711.24	1,086.08	65%
TOTAL		17,500.39	17,144.23	34,644.62	49%

	Unit	2023			
		Fresh	Recycled	Total	% Recycled
HEPTANE	mTons	169.76	2,048.72	2,218.48	92%
ISOPROPANOL		3,231.36	2,229.76	5,461.12	41%
ACETONE		2,042.34	2,117.73	4,160.07	51%
TOLUENE		1,295.42	1,254.16	2,549.58	49%
THF		1,016.73	430.12	1,446.85	30%
METHANOL		5,338.48	4,517.14	9,855.62	46%
MEK		436.02	2,247.53	2,683.55	84%
MTBE		385.36	1,134.37	1,519.73	75%
ACETIC ACID		448.24	1,218.90	1,667.14	73%
TOTAL		14,363.71	17,198.43	31,562.14	54%

Table 38

Recycled materials (solvents) - LONIGO (GRI 301-2)

	Unit	2021			
		Fresh	Recycled	Total	% Recycled
ETHANOL RECYCLING product 1	mTons	404.00	642.00	1,046.00	61%
ETHANOL RECYCLING product 2		1,230.00	1,460.00	2,690.00	54%
TOLUENE RECYCLE product 3		N/D	278.00	278.00	100%
TOTAL		1,634.00	2,380.00	4,014.00	59%

	Unit	2022			
		Fresh	Recycled	Total	% Recycled
ETHANOL RECYCLING product 1	mTons	460.00	713.00	1,173.00	61%
ETHANOL RECYCLING product 2		885.00	2,095.00	2,980.00	70%
TOLUENE RECYCLE product 3		N/D	281.00	281.00	100%
TOTAL		1,345.00	3,089.00	4,434.00	70%

	Unit	2023			
		Fresh	Recycled	Total	% Recycled
ETHANOL RECYCLING product 1	mTons	284.00	420.00	704.00	60%
ETHANOL RECYCLING product 2		707.00	1,646.60	2,353.60	70%
TOLUENE RECYCLE product 3		N/D	348.00	348.00	100%
TOTAL		991.00	2,414.60	3,405.60	71%

Table 39

Recycled materials (solvents) - TERMOLI (GRI 301-2)

	Unit	2021			
		Fresh	Recycled	Total	% Recycled
HEPTANE	mTons	164.66	238.00	402.66	59%
ISOPROPANOL		349.45	0.00	349.45	0%
ACETONE		534.80	1,038.00	1,572.80	66%
TOLUENE		2,437.90	4,840.00	7,277.90	67%
THF		397.54	0.00	397.54	0%
METHANOL		1,463.22	1,219.00	2,682.22	45%
MTBE		203.90	397.00	600.90	66%
DMSO		77.63	689.00	766.63	90%
ETHYLACETATE		687.27	805.00	1,492.27	54%
T-BUTILIC ALCOHOL		N/D	N/D	N/D	N/D
TOTAL		6,316.37	9,226.00	15,542.37	59%

	Unit	2022			
		Fresh	Recycled	Total	% Recycled
HEPTANE	mTons	316.20	343.35	659.55	52%
ISOPROPANOL		864.70	0.00	864.70	0%
ACETONE		656.36	688.56	1,344.92	51%
TOLUENE		3195.34	4420.22	7,615.56	58%
THF		680.55	0.00	680.55	0%
METHANOL		2166.04	1501.40	3,667.44	41%
MTBE		284.42	391.69	676.11	58%
DMSO		147.06	1010.56	1,157.62	87%
ETHYLACETATE		652.74	764.65	1,417.39	54%
T-BUTILIC ALCOHOL		41.34	65.61	106.95	61%
TOTAL		9,004.75	9,186.03	18,190.78	50%

	Unit	2023			
		Fresh	Recycled	Total	% Recycled
HEPTANE	mTons	257.00	311.00	568.00	55%
ISOPROPANOL		1044.00	0.00	1,044.00	0%
ACETONE		776.00	752.00	1,528.00	49%
TOLUENE		2809.00	4217.00	7,026.00	60%
THF		732.00	0.00	732.00	0%
METHANOL		1704.00	1067.00	2,771.00	39%
MTBE		79.00	88.00	167.00	53%
DMSO		69.00	957.00	1,026.00	93%
ETHYLACETATE		556.00	763.00	1,319.00	58%
T-BUTILIC ALCOHOL		23.00	83.00	106.00	78%
TOTAL		8,049.00	8,238.00	16,287.00	51%

Table 40

Energy consumption - MONTECCHIO MAGGIORE (GRI 302-1)

	Unit	2021	2022	2023
Consumption of fuels from non-renewable sources, including types of fuel used				
Diesel	Gjoules	423	648	358
	Liters	11,818	18,108	10,000
Natural gas	Gjoules	357,209	341,854	335,659
	Sm3	10,124,694	9,663,171	9,466,655
Indirect energy consumption (purchased)				
Electricity supplied from the grid	Gjoules	166,253	164,651	171,321
	MWh	46,181	45,736	47,589
Non-renewable electricity supplied from the grid	Gjoules	110,830	103,451	92,234
	MWh	30,786	28,736	25,621
Renewable electricity supplied from the grid	Gjoules	55,424	61,200	79,087
	MWh	15,396	17,000	21,969
Energy generated				
Electricity from renewable sources generated and self-consumed	Gjoules	0	0	0
	MWh	0	0	0
Electricity from other fossil-fuel sources generated and self-consumed	Gjoules	57,784	59,288	56,517
	MWh	16,051	16,469	15,699
Electricity from other sources generated and fed into the grid	Gjoules	0	0	0
	MWh	0	0	0

Table 41

Energy consumption - TERMOLI (GRI 302-1)

	Unit	2021	2022	2023
Consumption of fuels from non-renewable sources, including types of fuel used				
Diesel	**Gjoules**	54	29	64
	Liters	1,500	800	1,800
Natural gas	**Gjoules**	121,888	121,250	120,421
	Sm3	3,432,827	3,427,358	3,396,256
Indirect energy consumption (purchased)				
Electricity supplied from the grid	**Gjoules**	107,506	124,902	124,712
	MWh	29,863	34,695	34,642
Non-renewable electricity supplied from the grid	**Gjoules**	79,795	94,302	68,547
	MWh	22,165	26,195	19,041
Renewable electricity supplied from the grid	**Gjoules**	27,712	30,600	56,165
	MWh	7,698	8,500	15,601
Energy generated				
Electricity from renewable sources generated and self-consumed	**Gjoules**	N/D	N/D	46
	MWh	N/D	N/D	13
Electricity from other fossil-fuel sources generated and self-consumed	**Gjoules**	N/D	N/D	N/D
	MWh	N/D	N/D	N/D
Electricity from other sources generated and fed into the grid	**Gjoules**	N/D	N/D	N/D
	MWh	N/D	N/D	N/D

Table 42

Energy consumption - LONIGO (GRI 302-1)

	Unit	2021	2022	2023
Consumption of fuels from non-renewable sources, including types of fuel used				
Diesel	**Gjoules**	141	110	197
	Liters	3,925	3,064	5,495
Natural gas	**Gjoules**	169,468	150,034	138,946
	Sm3	4,803,370	4,241,016	3,918,706
Indirect energy consumption (purchased) 2023				
Electricity supplied from the grid	**Gjoules**	88,316	91,144	95,040
	MWh	24,532	25,318	26,400
Non-renewable electricity supplied from the grid	**Gjoules**	60,605	60,544	50,291
	MWh	16,835	16,818	13,970
Renewable electricity supplied from the grid	**Gjoules**	27,712	30,600	44,749
	MWh	7,698	8,500	12,430
Electricity supplied from renewable sources	**MWh**	N/D	N/D	3
Electricity from third-party plants	**MWh**	N/D	N/D	1,002
HEAT from third-party plants	**Gjoules**	N/D	N/D	1,583
COOLING from third-party plants	**Gjoules**	N/D	N/D	330
TOTAL ENERGY from third-party plants	**Gjoules**	N/D	N/D	5,520
Energy generated				
Electricity from renewable sources generated and self-consumed	**Gjoules**	N/D	166	147
	MWh	N/D	46	41
Electricity from other fossil-fuel sources generated and self-consumed	**Gjoules**	N/D	0	0
	MWh	N/D	0	0
Electricity from other sources generated and fed into the grid	**Gjoules**	N/D	0	0
	MWh	N/D	0	0

Table 43

Energy intensity - CORPORATE (GRI 302-3)

Unit	2021	2022	2023
TOTAL GJ/Ton product	N/D	393.0	395.7
TOTAL GJ/Million Euros generated	N/D	1,558.7	1,400.0
TOTAL GJ/FT employee	N/D	523.5	512.6

Table 44

Scope 1 and Scope 2 CO_2 emissions - CORPORATE (GRI 305-1 and 305-2)

	Unit	2021	2022	2023
Scope 1 emissions	**mTons CO_2 saved**	85,095	86,135	84,618
Scope 2 emissions (market based)	**mTons CO_2 saved**	31,862	22,027	27,279
Scope 2 emissions (location based)	**mTons CO_2 saved**	N/D	25,983	32,337
TOTAL EMISSIONS Scope 1 + 2 (market based)	**mTons CO_2 saved**	**116,957**	**108,162**	**111,897**
TOTAL EMISSIONS Scope 1 + 2 (location based)	**mTons CO_2 saved**	**N/D**	**112,118**	**116,955**

NOTE: In 2023, we recalculated the historic series of emissions from the base year 2020 and 2021, which was made necessary by the introduction of a new emission monitoring system (EMS) at the Lonigo site that revealed that the Scope 1 emissions had previously been significantly underestimated. Along with this, it was also necessary to correct a methodological error in the calculation of Scope 2 emissions. The recalculation methodology for base year 2020 was externally assured by PwC.

Table 45

Emissions intensity CO_2 - CORPORATE (GRI 305-4)

Unit	2021	2022	2023
mTons CO_2/mTons product	N/D	42.7	44.8
mTons CO_2/Million Euros generated	N/D	169.5	158.7
mTons CO_2/Full-time employee	N/D	56.9	58.1

Table 46

NOx, SOx, and other significant emissions - MONTECCHIO MAGGIORE (GRI 305-7)

	Unit	2021	2022	2023
NOx	**Kg**	15,645	15,621.2	14,409.1
SOx	**Kg**	199	301.3	56.4
VOC (Volatile organic compounds)	**Kg**	N/D	1,227.6	529.2
PM (Particulate matter)	**Kg**	688	51.1	65.8
CO	**Kg**	N/D	1,417.8	1,156.2

Table 47

NOx, SOx, and other significant emissions - TERMOLI (GRI 305-7)

	Unit	2021	2022	2023
NOx	**Kg**	7,121	7,274.0	3,945.9
SOx	**Kg**	75	76.6	72.1
VOC (Volatile organic compounds)	**Kg**	N/D	83.4	122.1
PM (Particulate matter)	**Kg**	99	N/D	N/D
CO	**Kg**	N/D	384.0	363.1

Table 48

NOx, SOx, and other significant emissions - LONIGO (GRI 305-7)

	Unit	2021	2022	2023
NOx	**Kg**	18,936	23,898.4	22,634.5
SOx	**Kg**	499	159.9	45.9
VOC (Volatile organic compounds)	**Kg**	N/D	17.2	51.5
PM (Particulate matter)	**Kg**	96	0.7	97.5
CO	**Kg**	N/D	3,410.2	2,919.9

Table 49

Water withdrawal, discharge and consumption - MONTECCHIO MAGGIORE (GRI 303-3, 303-4, 303-5)

	Unit	2021	2022	2023
Groundwater withdrawal	m^3	1,088,204	1,126,394	940,681
Water withdrawal from the mains supply	m^3	24,021	31,275	33,510
TOTAL	**m^3**	**1,112,225**	**1,157,669**	**974,191**
Discharge to sewer	m^3	567,833	461,675	515,514
Discharge to surface water	m^3	451,106	446,235	436,009
TOTAL	**m^3**	**1,018,939**	**907,910**	**951,523**
TOTAL CONSUMPTION	**m^3**	**93,286**	**249,759**	**22,668**

Table 50

Water withdrawal, discharge and consumption - TERMOLI (GRI 303-3, 303-4, 303-5)

	Unit	2021	2022	2023
Groundwater withdrawal	m³	10,000	0	0
Water withdrawal from the mains supply	m³	427,000	464,500	501,923
TOTAL	**m³**	**437,000**	**464,500**	**501,923**
Discharge to sewer	m³	390,000	399,000	464,454
Discharge to surface water	m³	N/D	N/D	N/D
TOTAL	**m³**	**390,000**	**399,000**	**464,454**
TOTAL CONSUMPTION	**m³**	**47,000**	**65,500**	**37,469**

Table 51

Water withdrawal, discharge and consumption - LONIGO (GRI 303-3, 303-4, 303-5)

	Unit	2021	2022	2023
Groundwater withdrawal	m³	742,680	736,180.0	652,830
Water withdrawal from the mains supply	m³	3,532	2,769.0	1,905
TOTAL	**m³**	**746,212**	**738,949**	**654,735**
Discharge to sewer	m³	-	-	-
Discharge to surface water	m³	590,173	651,993.0	537,565
TOTAL	**m³**	**590,173**	**651,993**	**537,565**
TOTAL CONSUMPTION	**m³**	**156,039**	**86,956**	**117,170**

Table 52

Water withdrawal, discharge and consumption - CORPORATE (GRI 303-3, 303-4, 303-5)

	Unit	2021	2022	2023
Water withdrawal TOTAL	m³	2,295,437	2,361,118	2,130,849
Water discharge TOTAL	m³	1,999,112	1,958,903	1,953,542
TOTAL CONSUMPTION	**m³**	**296,325**	**402,215**	**177,307**

Table 53

Water consumption intensity - CORPORATE (NON GRI)

Unit	2021	2022	2023
m³ H_2O/mTons product	N/D	933	855
m³ H_2O/mn EUR	N/D	3,701	3,023
m³ H_2O/employee	N/D	1,243	1,107

Table 54

Waste generated - MONTECCHIO MAGGIORE; TERMOLI, LONIGO and CORPORATE (GRI 306-3)

	Unit	2021			2022			2023		
		Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
MONTECCHIO	**mTons**	42,225	1,638	43,863	46,096	1,610	47,707	45,973	1,480	47,453
TERMOLI	**mTons**	19,300	1,968	21,268	24,926	1,853	26,779	28,050	1,264	29,314
LONIGO	**mTons**	20,321	2,382	22,703	18,004	3,442	21,446	22,677	4,457	27,134
TOTAL	**mTons**	**81,846**	**5,988**	**87,835**	**89,026**	**6,905**	**96,931**	**96,700**	**7,201**	**103,901**

Table 55

Waste sent for disposal and recovery - CORPORATE (GRI 306-4 and 306-5)

		Unit	2021	2022	2023
Hazardous waste	**External recovery**	**mTons**	22,877	25,142	25,353
	External disposal	**mTons**	20,318	23,783	27,434
	Internal incineration	**mTons**	38,651	40,101	41,584
Non-hazardous waste	**External recovery**	**mTons**	2,709	4,182	4,681
	External disposal	**mTons**	2,091	2,037	1,694
	Internal incineration	**mTons**	1,189	685	825
Total waste	**External disposal**	**mTons**	**22,409**	**25,821**	**29,128**
	External recovery	**mTons**	**25,587**	**29,325**	**30,034**
Waste D/R Ratio (Target #3)		**%**	**87.58%**	**88.05%**	**96.98%**

Auditor's report

FABBRICA ITALIANA SINTETICI SPA

INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT 2023

YEAR ENDED 31 DECEMBER 2023

Independent auditor's report on the Sustainability Report 2023

To the Board of Directors of Fabbrica Italiana Sintetici SpA

We have undertaken a Limited Assurance engagement on the Sustainability Report 2023 of Fabbrica Italiana Sintetici SpA (hereinafter also the "Company") concerning the year ended 31 December 2023.

Responsibilities of the Company for the Sustainability Report

The Board of Directors of Fabbrica Italiana Sintetici SpA is responsible for the preparation of the Sustainability Report 2023 with reference to the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 and updated in 2021, by the GRI – Global Reporting Initiative (hereinafter also the "GRI Standards"), disclosed within the paragraph "Methodological Note" of the Sustainability Report 2023, identified by the Company as the reporting standard.

The Board of Directors is also responsible for the internal control determined to be necessary to enable the drafting of a Sustainability Report that is free from material misstatement, whether due to fraud, error, or unintentional events and behaviors.

The Board of Directors is also responsible for defining the Company's objectives in relation to sustainability performance, as well as for identifying its stakeholders and the content of the Sustainability Report.

Auditor's independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies the International Standard on Quality Management (ISQM *1)* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express a Limited Assurance conclusion on the compliance of the Sustainability Report 2023 with the GRI Standards, based on the assessment activities we carried out. We conducted our engagement in accordance with the *International Standard on Assurance Engagements ISAE 3000 Revised - Assurance Engagements other than Audits or Reviews of Historical Information ("ISAE 3000 Revised"), issued by International Auditing and Assurance Standards Board (IAASB)* for a Limited Assurance Engagement. Those standards require that we plan and perform procedures to obtain Limited Assurance about whether the Sustainability Report 2023 is free from material misstatement.

As a result, the procedures we performed are less in scope than those performed in an engagement in accordance with ISAE 3000 Revised (*reasonable assurance engagement*), and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures we performed on the Sustainability Report were based on our professional judgment and included interviews with the Company's personnel in charge of the elaboration of the information reported in the Sustainability Report 2023, as well as inspection of documents, recalculations, and other procedures designed to obtain evidence considered to be useful.
In detail, we performed the following procedures:

1. analysis of the process of defining the relevant topics reported in the Sustainability Report, with reference to the methods of analysis and understanding of the context, identification, evaluation and prioritization of actual and potential impacts and internal validation of process findings;
2. understanding of the processes underlying the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Report. In particular, we have carried out interviews and discussions with the personnel of Fabbrica Italiana Sintetici SpA and we have carried out limited documentary checks, in order to gather information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the function responsible for preparing the Sustainability Report.

Moreover, for material information, considering the activities and features of the Company, we carried out the following procedures:

a) with reference to the qualitative information included in the Sustainability Report, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.

Conclusions

Based on the procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Fabbrica Italiana Sintetici SpA for the year ended 31 December 2023 is not prepared, in all material respects, in accordance with the 2021 GRI Standards as described in the "Methodological Note" of the Sustainability Report.

Padova, 03 June 2024

PricewaterhouseCoopers Business Services Srl

Paolo Bersani
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the Sustainability Report 2023 translation.

Notes

F.I.S. - Fabbrica Italiana Sintetici S.p.A.
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