

Sustainability report

2021





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Letter to the stakeholders

For several years now, our company has been on a path of sustainable development in the firm belief that it is necessary to combine economic growth, employment and well-being with respect for the environment. Today, we are pleased to present this new Sustainability Report, which becomes an even more important tool for this purpose, because it defines precise actions to be pursued in order to be able to walk with confident steps along that path.

Sustainability therefore becomes, day by day, not only a guiding principle of our actions, but also a distinctive and competitive factor, which we believe is essential to allow us to grow by seizing the opportunities in our sector. In fact, the pharmaceutical industry has been a driving force in our country's economy for many years, and in the last difficult, two-year period it has been able to demonstrate how strategic it is for the protection of collective health. This is a source of pride for us, as we have contributed to this achievement by supporting the worldwide production of essential medicines, including many life-saving ones. In the midst of the critical phases of the global health emergency, we have navigated through difficult waters while keeping a firm grip on the rudder, which is why we would first like to thank our employees, who, with a great sense of responsibility, belonging and dedication, have contributed to the achievement of our goals.

However, the challenges facing society are not limited to the continuing pandemic, global supply difficulties, and the energy crisis largely stemming from the recent Russian-Ukrainian conflict, so close to our borders. In this particular, emergency and exceptional context, we are in fact even more aware that our company's contribution does not stop at the production of active ingredients according to the principle of business as usual: we must set our sights beyond the present, looking with seriousness and determination at the challenges of tomorrow, designing a sustainable future for us and for future generations.

In 2021, we have therefore made this commitment even more concrete by setting ourselves new challenges, in particular by setting measurable sustainability targets for the first time for the reduction of greenhouse gases, water use and waste production from our production processes, which we are committed to achieving by 2026. These goals dovetail effectively with the ambitious growth projects of the recently approved Business Plan, which will guide us for the next five years and allowed us to place our first sustainability-linked bond on the market in early 2022.

This important milestone fills us with pride, both because we have received the trust of some of the most important international investors, known for their interest in sustainable companies, but above all because we are now even more confident that we have laid solid foundations to guarantee the future of our company, to the benefit of all our numerous stakeholders, first and foremost our employees; precisely in order to value their contribution, we will progressively introduce reward mechanisms also for the achievement of sustainability targets, well aware that the challenges ahead can only be met with the commitment of all.

Finally, speaking of future commitments, we must turn our thoughts to our youngest employees, many of whom have recently joined the company: it is they who remind us how issues such as gender, diversity, work-life balance, psychological well-being, work flexibility, meritocracy and certain career paths must be firmly on our agenda, committing us in the years to come to create an increasingly inclusive and satisfying work environment.

Enjoy reading,



Giampaolo Ferrari
The president

A detailed industrial scene featuring a complex network of stainless steel pipes, valves, and machinery. The background is a deep purple color. The large number '1' is white and positioned in the upper right corner. The text 'Our commitment to a sustainable future' is in white, centered in the middle of the image. Various labels are visible on the pipes, including 'ARRIVO DA FPH 963', 'ARRIVO STANZA FILTRI', 'INVIO STANZA FILTRI', 'ARRIVO DA CMP 1', 'ARRIVO RH 96', 'AZOTO', and 'FICATA'.

1

Our commitment
to a sustainable
future

Our commitment to a sustainable future

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

Our company was founded in 1957 in Montecchio Maggiore, in the province of Vicenza, with plants also in Lonigo (Vicenza) and Termoli (Campobasso).

Today we have a production capacity that places us first in Italy and among the first in Europe for the production of active ingredients for the pharmaceutical industry.

We also provide a range of integrated services that, with the support of a team of about 240 R&D experts, range from synthesis process optimisation and scale-up, up to large-scale production for commercial quantities, with a total production capacity of more than 3,150 ³ and almost 1,900 employees.

The pharmaceutical market value chain



Our core business is made up of:

- **custom synthesis**, which is the exclusive production of intermediates, advanced intermediates and active ingredients for patent-holding pharmaceutical companies;
- the **generic market**, for which we develop and sell active ingredients such as tranquillisers, anxiolytics, antibacterials, anticonvulsants, anti-inflammatories, diuretics, analgesics and cardiovascular drugs for which patent rights have expired;

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

Our commitment – summarised in our promise “To feed and contribute the growth and development of the entire ecosystem: families, local area, customers” – is to constantly be an international point of reference for pharmaceutical chemistry.

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

Our markets



CUSTOM

73%

Production of intermediates and APIs for pharmaceutical companies

Approximately 40 per cent of our total turnover comes from outside Europe, with a strong presence in the United States, and from a diversified



GENERIC

25%

Development and launch of new generic APIs

customer portfolio that includes more than 300 long-term customers, including 15 of the top 20 global pharmaceutical companies.*



VETERINARY

2%

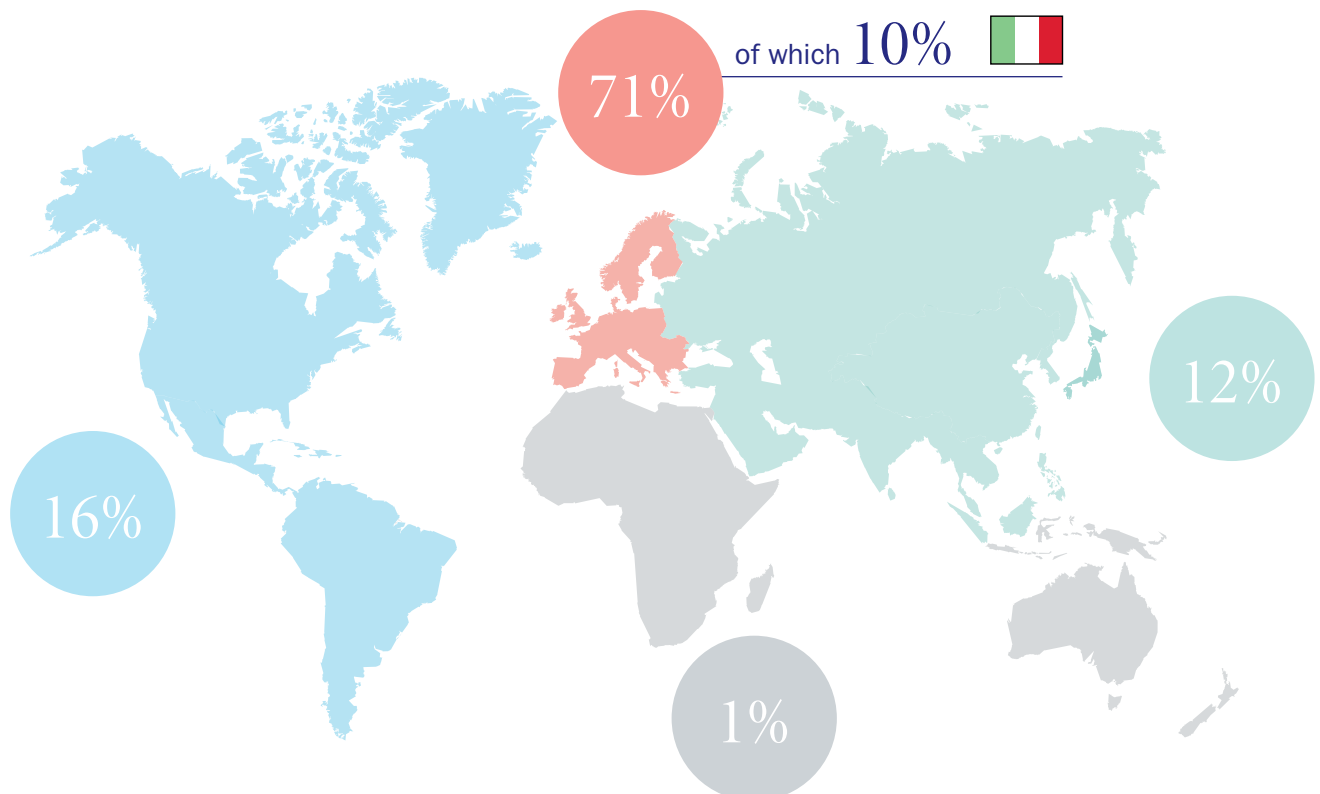
Production of custom APIs for the veterinary sector

According to market studies, the CDMO sector will grow between 2022 and 2027 by 7.4 per cent (CAGR).**

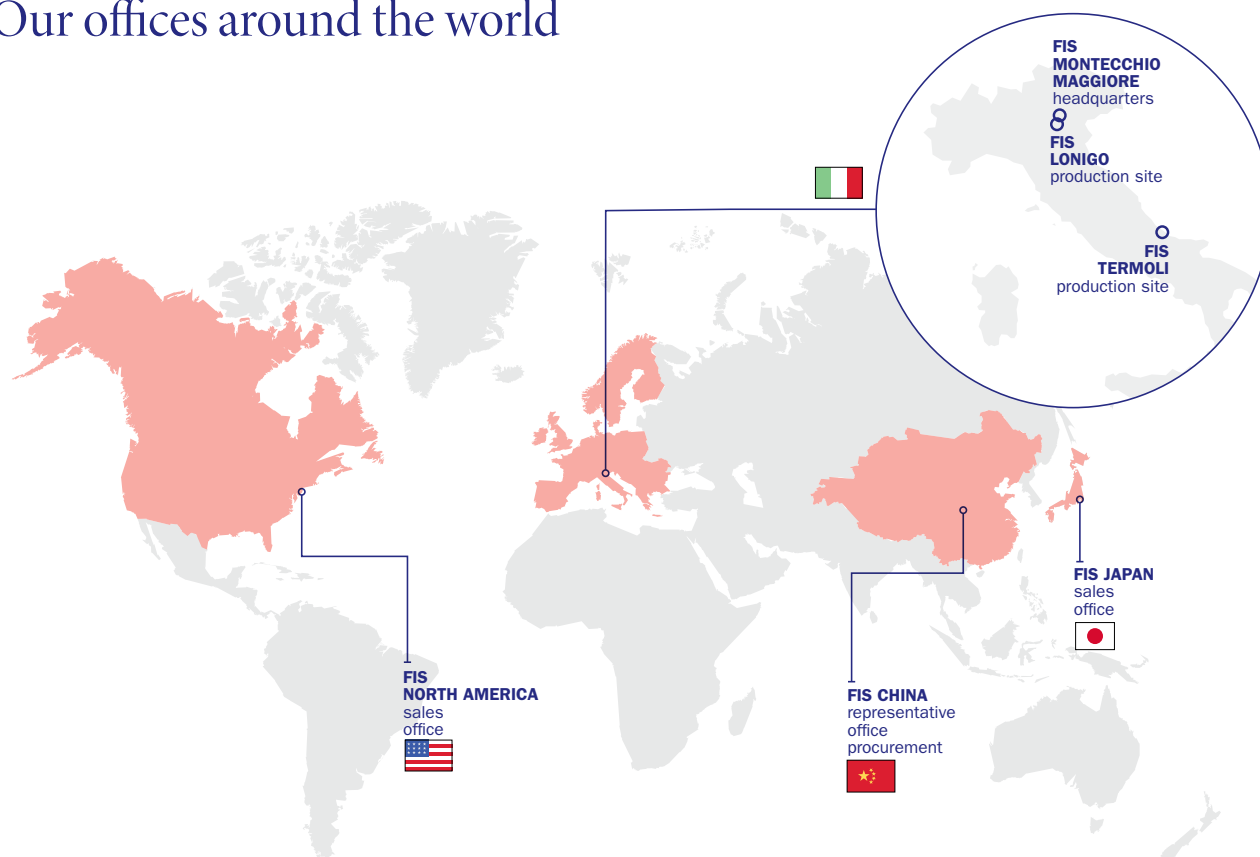
Source: Internal analysis, EvaluatePharma, May 2021

** Source: EvaluatePharma, June 2020, EMR Global Contract Development and Manufacturing Organization (CDMO) Market

Geographical distribution of turnover



Our offices around the world



We have three production plants in Italy:

- the **Montecchio Maggiore** plant (Veneto), a historic site and headquarters that hosts research & development activities as well as the production of active ingredients for pharmaceutical companies, has been accredited by the Italian Ministry of Health since 1958 and inspected by the FDA since 1968;
- the **Termoli** plant (Molise), initially involved in the production of intermediates, now also produces active ingredients, and is accredited by the Italian Ministry of Health and the FDA;
- the **Lonigo** plant (Veneto), which joined the group in 2017, produces active ingredients and is accredited – like the other sites – by the Italian Ministry of Health and the FDA.

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

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

- **Anemocyte**, an Italian biotechnology company dedicated to the development and production of innovative biological drugs;
- **Delmar**, a strategic company specialized in the manufacture of intermediates, and, today, active ingredients, with a production site authorized by the US Food and Drug Administration (FDA);

- **Fulton medicinali**, a company founded in 1985. Its core business lies in the research, development, formulation, production and pharmaceutical packaging of Fulton-branded and contract products. As of 5 June 2019, Fulton Medicines merged with Swiss chemical-pharmaceutical company PHF SA, thus becoming part of Nine Trees Group;
- **Brenta**, which develops research-oriented technology platforms in the fields of pharmaceutical and materials science. It is a young, innovative company with a variety of skills that allow it to focus on materials science, biotechnology, microbiology and cultural heritage products.



64
YEARS IN BUSINESS



562
REVENUES FROM PRODUCTS AND SERVICES (€M)



1893
EMPLOYEES



3
SITES



520
R&D EMPLOYEES (240) + QC (280)



3150
M³ PRODUCTION CAPACITY

Our history

- 1957** The year when FIS was founded by the Ferrari family. It should also be remembered that there were other key persons, in addition to the Ferrari family, who contributed to the creation and development of FIS.: Dr. Colbertaldo, Dr. Perlotto and Mr Caltran.
- 1958** Start of production in the first laboratories and facilities at the Montecchio plant. FIS started producing chloramphenicol and nitrofurantoin, which is still produced today and for which FIS is the market leader.
- 1960's** FIS became the leader in the family of benzodiazepines, of furans, and other products including furosemides. In 1964 nitrofurantoin received its first authorisation from the US Food and Drug Administration. Furosemide began production in 1965.
- 1970's** Growth in the generics range continued. At the end of the decade, the need emerged to follow a new market, custom synthesis. We focused on international markets with even more determination. At the end of the 1970's, it implements the incinerator oven with heat recovery generators and electro-filter for abatement of dust.
- 1980's** Increased business in custom synthesis, which required an expansion of production capacity with the construction of the Termoli site. The Montecchio plant received further extensions, including the construction of the biological plant for the treatment of process water. Over the years, working with European multinationals, FIS's business expanded to Japan and the United States.
- 1990's** The custom synthesis segment was consolidated, thanks to a wider range of products and customers. The company continued to invest in reducing its environmental impact. Evaporation towers are installed at the Montecchio and Termoli sites, with an air-cooled water recycling circuit to reduce groundwater consumption.
- 2000's** FIS continues to invest in technological development and is targeting the American market with the opening of the New Jersey office. Strengthening in the market led to a gradual expansion of R&D for the development of new custom products, with the acquisition of new Japanese and European customers. It was decided to convert the Termoli plant from a plant dedicated to the production of intermediates only to a pharmaceutical workshop authorised to produce active ingredients.
- 2010 to date.** These are years of strong growth and substantial investment, for example in the new high potentmolecule sectors, in innovative process technologies such as fluid bed drying, spray drying, fluorination, the creation of new quality control laboratories and the acquisition of the new plant in Lonigo. The number of FIS employees amounts to 1900; an increase exceeding 200% from 2009. In September 2021, the new strategic plan 2021/2026 was approved, which identifies sustainability as an indispensable factor for strengthening growth and leadership.

Our contribution to the Sustainable Development Goals

Since we began our sustainability journey, we have always been clear about the need for increasing integration of these issues into our business vision; to achieve this, we decided to adhere to the UN Sustainable Development Goals (SDGs).

The SDGs are the Sustainable Development Goals to be achieved by 2030 to ensure our planet a sustainable future and to mitigate increasingly urgent risks and challenges. Since 2015, the 17 SDGs have entered the agenda of many actors, both public and private, who are called upon to make an active contribution on key issues such as combating poverty, protecting the environment, education for all, human rights and much more.

We have therefore decided to adhere to and support Goals 3, 4, 5, 6, 7, 8, 9, 12 and 13, which are considered closer to our business and values, as well as being in line with the expectations of our stakeholders.



3. ENSURING HEALTH AND WELL-BEING FOR ALL PEOPLE AND ALL AGES

Goal 3 focuses on ensuring health and safety for all people of all ages. Our work has always contributed to protecting the health of millions of patients around the world by ensuring continuity of supply for drug manufacturers.



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

Goal 4 aims to ensure that all children, adolescents and adults have access to education and appropriate training for their needs and the context in which they live. We have always paid great attention to developing the skills of our employees and we maintain close relations with many educational institutions in the territories in which we are present.



5. ACHIEVING GENDER EQUALITY AND EMPOWERING ALL WOMEN AND GIRLS

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



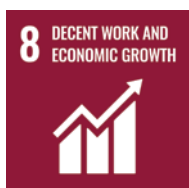
6. ENSURING THE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

Having accessible and clean water is essential for the world we want to live in. Our planet would have enough clean water to achieve this, but mismanagement and waste make it a precious commodity that must be safeguarded. This is why we are paying more attention to water use, undertaking a strategy aimed at reducing consumption.



7. ENSURING ACCESS TO CHEAP, RELIABLE, SUSTAINABLE AND MODERN ENERGY SYSTEMS FOR ALL

One of our goals is to improve efficiency in the use of energy. We are therefore committed to an increasing use of energy from renewable sources with the aim of reducing our emissions.



8. PROMOTING 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 that touches on many aspects of our business, including our commitment to devising ever more efficient solutions and creating a balanced working environment, attentive to the needs of employees, with a view to reconciling work and private life.



9. BUILDING RESILIENT INFRASTRUCTURE AND PROMOTING INNOVATION AND FAIR, RESPONSIBLE AND SUSTAINABLE INDUSTRIALISATION

Inclusive and sustainable industrial development is the primary source of income generation and provides technological solutions for environmentally friendly industrialisation. Technological progress underpins efforts to achieve environmental goals. We are constantly looking for more sustainable and state-of-the-art production processes, offering efficient and innovative solutions to the market.



12. TO GUARANTEE SUSTAINABLE PRODUCTION AND CONSUMPTION MODELS

The goal aims for an eco-friendly management of chemicals and waste, and a substantial reduction in waste production through such measures as recycling. A significant volume of waste is generated in the chemical sector. We therefore devote many resources to the correct design of processes in order to identify the best waste management solutions to reduce the volume and hazardousness of waste, identifying new circularity solutions also aimed at material recovery for other sectors.



13. PROMOTING ACTION, AT ALL LEVELS, TO COMBAT CLIMATE CHANGE

Climate change is a global problem of extreme gravity, and we too intend to make our contribution to meeting the greatest challenge our society has ever faced. This contribution is based on a strategy of actions aimed at reducing emissions while on a path of productive growth, which makes our ambition even more concrete.

Sustainability vision

Since 2019 we have taken a significant step forward in gearing our strategies towards the pursuit of clear, shared and sustainable goals.

Our sustainability vision is based on three fundamental pillars, which represent the synthesis of what we do every day.



Each of these pillars is supported by specific strategies and actions that we are already implementing, while also measuring their effects and consequences to understand how effective our actions really are.

One of the challenges of the future, in fact, will require companies to integrate attention to sustainability into their business processes, triggering win-win synergies that are able to lead both to concrete

economic results in the interest of the company, and to long-term benefits for the society as a whole. In other words, for us, adopting sustainable strategies means we all win together.

Our sustainability strategy

More and more companies in the pharmaceutical sector are positioning themselves with declared commitments to sustainability, investing more in value that respects the environment, working conditions and workers' rights, while pursuing patients' right to health. Similarly, the younger generation is increasingly interested in conscious purchasing, preferring companies with a strong commitment to climate change, work-life balance and the physical and mental well-being of employees.

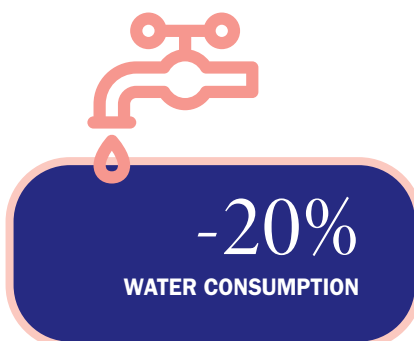
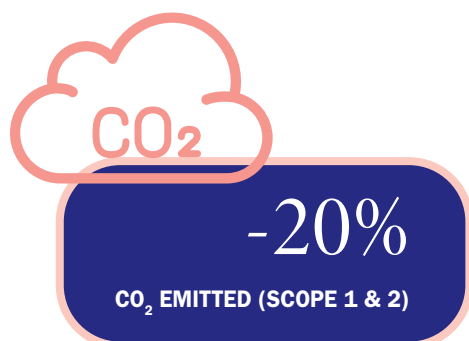
A solid and credible sustainability strategy is now a fundamental requirement in the competitive environment of the pharmaceutical industry.

In September 2021, the Board of Directors approved the proposed Corporate Strategic Plan with a five-year horizon, identifying sustainability as an indispensable factor in strengthening our growth and our role as an industry leader. This important milestone will allow us to effectively direct all growth actions, in a general context in which sustainability has now become a transversal and enhancing element for

business logic, which can no longer be only traditionally conducted but increasingly integrated with environmental and social elements, directed by an appropriate governance structure.

We have therefore identified three environmental sustainability targets that are particularly relevant to our business, namely the reduction of CO₂, of water used in our production processes and of waste, and have consequently invested more and more resources in achieving these important goals.

OUR TARGET FOR 2026:



The sustainability framework which brings together this new public commitment of ours was the subject of a second-party opinion by the rating company Sustainalytics, to check its alignment with the Sustainability-Linked Bond Principles 2020 and the recommendations of Climate Transition Finance 2020. The choice of KPIs and target goals was found to be effective,

consistent, relevant and material in relation to our sector and the identified SDGs. The targets were considered ambitious because they were above the average for the sector and competitors, but at the same time achievable.

At the beginning of 2022, we issued our first Sustainability-Linked Bond (SLB) with a total nominal value of EUR 350 million.

We believe that the issuance of these bonds, also linked to the achievement of sustainability targets, is an effective action to generate shared value by integrating the logic of business operation.

Our sustainability governance

An ethical approach is a fundamental pillar of our actions, which is why we believe that there can be no true sustainable development when it is not deeply linked to the company's business strategy.

Sustainability issues are managed in accordance with the company's strategic priorities on several decision-making levels. Therefore, many actions are normally managed as processes by the relevant corporate departments: this is the case, for instance, of issues related to the enhancement and retention of our human resources through multiple actions supporting work-life balance, career development and much more that

will be described in the following chapters.

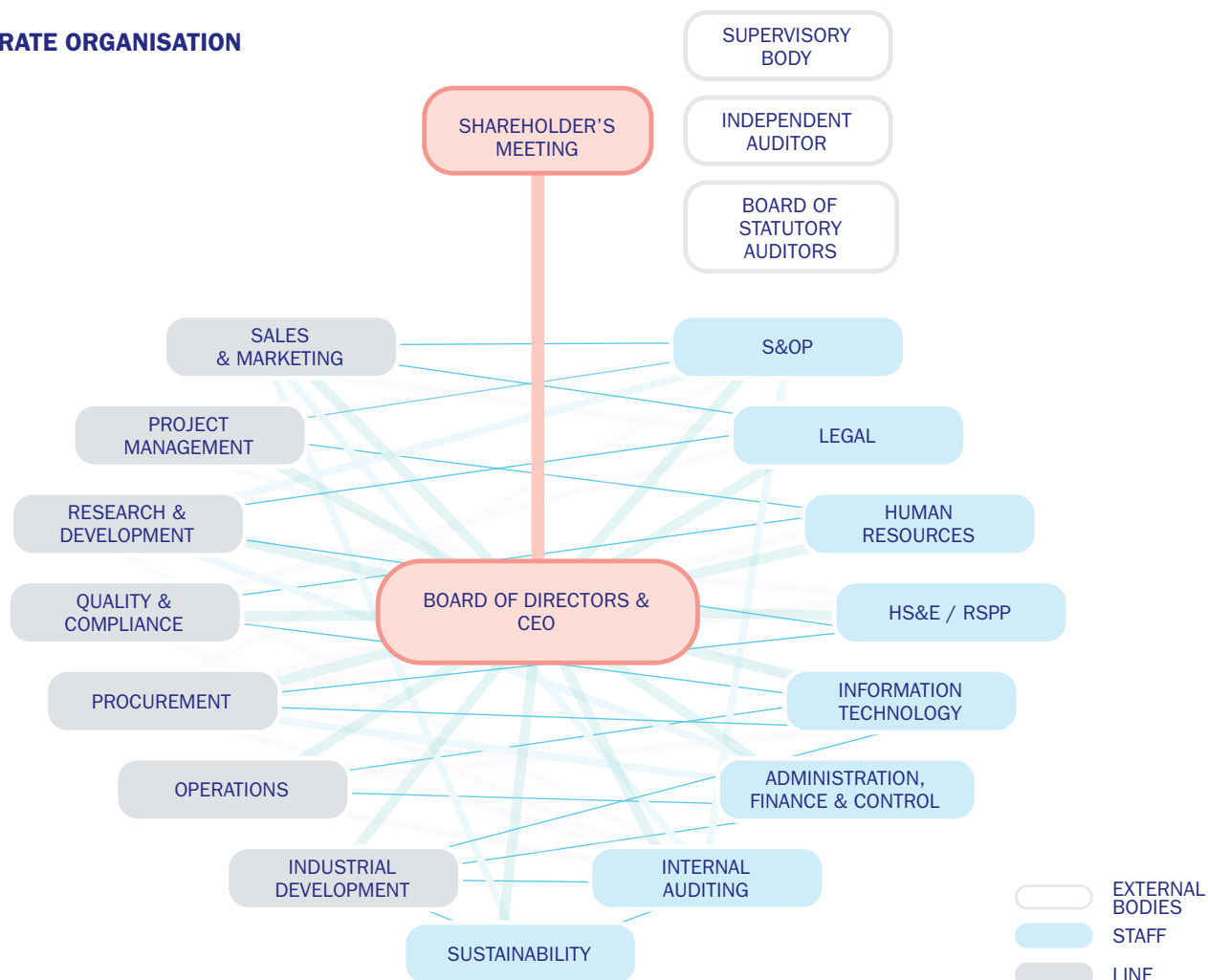
For other issues, such as environmental issues, in addition to the controls of the relevant departments (HSE, Energy Manager, etc.), the role of the Corporate Sustainability department reporting to the Industrial Operations department whose role in proposing and guiding new actions, solutions and best practices is also functional to the identification of emerging risks and opportunities should be highlighted.

FIS's delegation system is of the 'traditional' type, with the Chairman and the Board of Directors at

the top, the Managing Director (a position that does not coincide with that of the Chairman) and then, in cascade fashion, the various company departments, to which specific delegations of authority are distributed according to each specific organisational position.

This streamlined and effective governance structure has contributed not only to giving even greater relevance and concreteness to sustainable development issues within our company, but also to approaching new challenges in a proactive and dynamic manner, once again becoming a real lever for value creation and an opportunity for growth.

CORPORATE ORGANISATION



Managing our business responsibly

For some time we have adopted a Code of Ethics, which is an essential keystone in ensuring that the entire company conducts itself with respect for legality, honesty, integrity, fairness, transparency and good faith. Not only employees, but also all those acting in the name and on behalf of FIS are required to know and comply with the provisions of the Code. Anyone can contact the Guarantor of the Code of Ethics, appointed by the Board of Directors, to report situations or behaviours that go against its contents.

Since 2011, we have flanked our **Code of Ethics with an Organisation, Management and Control Model** that meets the requirements of Legislative Decree 231/2001, as amended and supplemented. This decree requires the identification of corporate activities within the scope of which offences could be committed and defines the general principles, structure and components of internal activities for risk organisation, management and control. This Model has been integrated over time, extended to cover the other offences provided for in the Decree and completed with an internal sanction system. It is the task of an external and independent supervisory body, set up collectively and appointed by the Board of Directors, to ensure supervision of the application and functioning of the model, carrying out periodic inspections to identify possible inconsistencies and shortcomings.

In particular, we have identified the activities within the scope of which offences may be committed, as required by Article 6 of Legislative Decree No. 231/2001. In addition, an Organisation, Management and Control Model was constructed.

The **Code of Ethics** was updated in 2014. It identifies the essential elements on which FIS intends to base its relations with all subjects affected by the Company's activities; it also expresses the guidelines adopted so that anyone acting in the name and on behalf of the Company conducts itself in adherence to the values that inspire FIS and consistent with the Company's mission. The Company's employees and collaborators are required to be familiar with the provisions contained in the Code of Ethics and to adapt their conduct to them. Compliance with the Code of Ethics is one of the obligations pertaining to the employment relationship with FIS, and failure to comply with its contents may constitute a breach of contract and violations of company regulations, which may be sanctioned in compliance with the procedures established by law and by collective bargaining.

The Board of Directors has appointed a Guarantor to supervise the correct and constant application of the principles contained in the Code of Ethics. Furthermore, with the aim of guaranteeing its effective application, the Company requests all those who become aware of any cases of non-compliance with the Code, within the Company, to make reports, provided they are truthful and useful in identifying conducts that do not comply with it. Employees, in particular, may report, not anonymously, any violations or suspected violations to their superiors, who will inform the Supervisor; in cases where an employee's report to his or her superior is not effective or appropriate, the same employee may refer the matter directly to the Supervisor. The Code of Ethics is a fundamental document for us, as it helps all our employees to

grow with balance, entrepreneurial wisdom and responsibility, characteristics that have enabled us to achieve important goals to date and which must guide us in pursuing new goals.

Our Company operates in compliance with laws and regulations in different areas through dedicated and qualified personnel. As referred to in the Code of Ethics, compliance of behaviour with the law and applicable ethical rules is a mandatory requirement for us at FIS and for all our collaborators, in each country where we carry out our activities.

The main corporate figures operating in this respect include Quality Assurance, Regulatory Affairs, Qualified Personnel, RSPPs (Safety, Health and Environment Managers).

Verification of compliance with laws and regulations is conducted in line with international best practices and is constantly reviewed during inspections by business partners, authorities or certification bodies. We comply with the regulations issued by the sector certification bodies and regular inspections by the Italian Drug Agency.

We avail ourselves of the support of the Legal Department for the instruction of the company's civil, criminal and administrative litigation, as well as the care and protection of the company's rights and interests in all our locations.

CYBERSECURITY

Cyber risks and threats are constantly increasing and represent a significant risk factor for any organisation. Within our corporate organisation, the main inherent risks relate to employee information and intellectual property.

During 2021, we did not record any cases of data breaches and we have undertaken a number of initiatives to increase user awareness and general information security on the part of staff. For 2022, we also plan to invest more in cybersecurity and a number of new measures to increase information security will be evaluated.

The focus on IT security is also increasing among our customers. This is why the IT department is constantly called upon to help find the best technological solutions.

DATA PROTECTION POLICIES

In the course of 2021, we decided to improve the level of compliance with regard to personal data protection by continuing our compliance activities, also thanks to the external DPO (Data Protection Officer).

The DPO conducted an overall assessment in 2021, the results of which corresponded to a substantial increase in the level of corporate compliance with a move towards full adherence to regulatory requirements and best practices for data protection.

During 2021, we invested in and provided general data protection training to authorised persons within the company, thus reducing the risks associated with a lack of staff awareness on the subject.

Moreover, during the calendar year we implemented a number of additional internal policies aimed at regulating certain activities considered critical and carried out by those involved in the processing of personal data (e.g. certified e-mail management, governance and accountability, etc.).

For the year 2022, we plan to improve data protection compliance with the acquisition of an internal resource with specific expertise which has already taken place. Furthermore, we envisage the rationalisation and proceduralisation of the main activities related to the processing of personal information with a view to adhering to the concepts of privacy by design and by default.

THE NEW INTERNAL AUDIT DEPARTMENT

For an increasingly sustainable business model, it is necessary to anticipate the main risks that the company might incur, as well as to know how to adapt situations and the external environment in order to create new opportunities for growth. For this reason, we have outlined short- and long-term risks and challenges and are attaching greater importance to risk management and control, as conditions for ensuring reliable and sustainable value generation while protecting the company's reputation.

We are equipped with an internal control system capable of continuously detecting, measuring and verifying the risks typical of the company's activities. As a whole, the Internal Control System (ICS) is centred on a set of rules, procedures and organisational structures that aim to ensure compliance with the company's strategies and the achievement of the following goals:

- effectiveness and efficiency of business processes;
- preservation of asset value and protection against losses;
- reliability and integrity of accounting and management information;

In October 2021, with the appointment of the Internal Audit Manager and the creation of the Internal Auditing department, we launched a project aimed at strengthening corporate control oversight and improving corporate governance.

The project intends to adopt an approach focused on integrated risk mapping, qualitative assessment and the creation of a functional database to monitor, update and manage risks.

Scenario and business context of 2021

2021 was a particularly complex and challenging year for our industry in many respects. In particular, we had to cope with the issues that arose in the procurement of raw materials and increased costs for logistics and transport, due partly to the pandemic and partly to global climate policies. In addition to these dynamics, there was also the increase in electricity prices as a result of higher demand for hydrocarbons. These unforeseen events have turned into a real challenge for us at FIS to ensure production continuity.

The emergency situation in the raw materials market also caused a strong increase in the qualification of new raw material sources (+150%) and verification of performance (+50%), which were managed in cooperation with major custom clients.

Another important aspect that we had to deal with and manage during 2021 was the continuing pandemic situation. We are at the forefront contributing to the production of more than 140 drugs (specifically active pharmaceutical ingredients), which are distributed in Italy and in more than 60 countries worldwide, for some of which we are the leading global manufacturer. Continuity of treatment cannot be achieved without the availability of the active ingredient, so the ethical responsibility of our work has never been greater than in the past year. During 2021, our R&D structure continued its efforts in the development of some strategic new anti-Covid-19 products, in particular some antivirals. Despite the fact that the pandemic had a significant upsurge (third wave), particularly at the beginning of the year, the

monitoring of compliance with the provisions of the internal protocol against Covid-19 prevented the development of outbreaks within the Company, averting health problems for staff and allowing sites to be fully operational. Regarding the topic of combating Covid-19, committee meetings on the application of the anti-Covid protocol were held regularly throughout the year.

In the area of the health and safety of our employees, we must point out an asymmetrical trend for the accident prevention performance in our plants, with the Lonigo site significantly improving its results, while the Montecchio and Termoli sites recorded results that were below expectations: for this reason they will be the subject of further targeted actions to bring them back to the positive trends that characterised previous years.

Another aspect of particular importance to FIS is the proper management of IT risks and threats. In particular, within our organisation, the main risks concern information relating to employees.

The focus on IT security is also increasing among our customers, which is why the IT department has increasingly been called upon to contribute to the collection and sharing of information on the security measures in place in the company as part of MSAs (Master Service Agreements). Moreover, during the calendar year we implemented a number of additional internal policies aimed at regulating certain activities considered critical and carried out by those involved in the processing of personal data (e.g. certified e-mail management, governance

and accountability, etc.). In order to protect the company's data, we also decided to undertake certification according to the UNI EN ISO 27001 standard for information security management. For the year 2022, we plan to improve data protection compliance with the acquisition, of an internal resource with specific expertise which has already taken place. Furthermore, we envisage the rationalisation and proceduralisation of the main activities related to the processing of personal data with a view to adhering to the concepts of privacy by design and by default.

Materiality matrix

The reporting perimeter of this Report takes into account the projects and activities undertaken or carried out by FIS during 2021. Facts, data and information relating to the other companies of Nine Trees Group S.p.A. are to be considered excluded. In accordance with the provisions of the GRI Standard, this report is based on a materiality analysis that identifies the reporting topics

most relevant to the company and its internal and external stakeholders.

The analysis was updated at the end of 2021 starting with the mapping of the company's stakeholders – common to existing certified management systems – through a series of qualitative interviews. The latter took place with top management and the

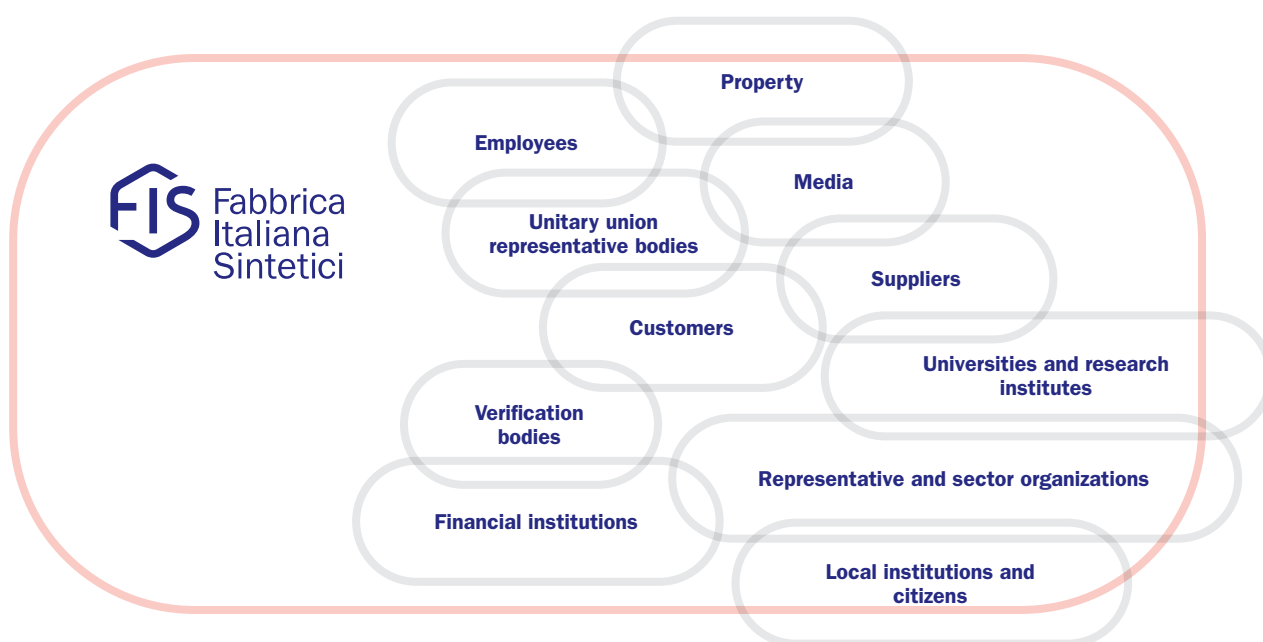
heads of the main corporate departments for topics of relevance to FIS, and through the so-called stakeholder engagement tool for topics of significance to our stakeholders. Below are the four main steps in the process of identifying and prioritising issues.



The stakeholder engagement was carried out by drawing inspiration from the international standard AA1000 AP (2018), a framework that defines the principles an organisation can use to identify and respond to sustainability challenges, with the aim of improving its performance in the

long term. These principles provide for an inclusive involvement of all stakeholders in order to determine material issues and be responsive to any questions raised by them. The updating of the materiality matrix involved 11 stakeholder categories (customers, suppliers, media, ownership, financial

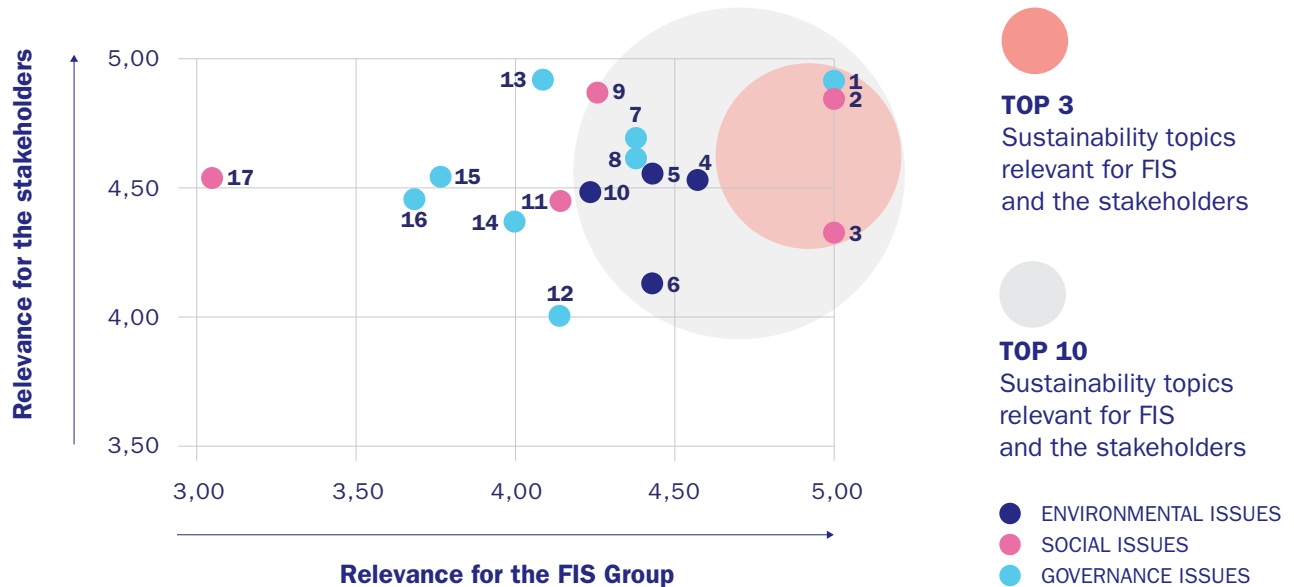
institutions, local institutions and citizens, verification bodies, representative and sector organisations, universities and research organisations, employees and unitary union representative body), for which a questionnaire was structured and circulated to more than 2000 stakeholders.



This process led to the identification of the following 17 material themes and allowed for a redefinition of the scale of priority with respect to them.

THE FIS SUSTAINABLE DEVELOPMENT GOALS AND MATERIALITY THEMES

The result of this effort is visually summarised in the following materiality matrix, in which the material themes (top right of the axes) are evident.



no.	TOPICS
1	Creation of economic value and sustainable growth strategy
2	Health, safety and worker protection
3	Customer satisfaction, product quality and safety
4	Waste management
5	Sustainable supply chain
6	Water management and protection
7	Business & medical ethics
8	Climate change and pollutant emissions
9	Employee training and professional development

no.	TOPICS
10	Sustainable energy use
11	Talent acquisition and retention
12	Innovation, R&D and process development
13	Sustainability of production processes and circular economy
14	Digital transformation and technological innovation
15	Respect for human rights
16	Welfare, gender diversity and fair working conditions
17	Support and development of local communities

Compared to the materiality matrix of 2020, the most important material topics, which were in the top 3, included **“Economic value creation and sustainable growth strategy”, “Health, safety and worker protection” and “Customer satisfaction, product quality and safety”**.

In contrast to the materiality matrix of 2020, the theme 'Health, safety and protection of workers' increased in importance, also in connection with the special historical context and the continuation of the Covid-19 epidemic. In addition, we noted the increased emphasis on

environmental issues such as waste management, water protection and people's health and well-being.

The 17 material topics identified through the materiality analysis are discussed in more detail in the Sustainability Report. For the purpose of a better understanding of these topics, a description of them associated with the relevant SDGs is provided below:



Economic value creation and sustainable growth strategy: generation of new business opportunities through targeted investments and optimisation of own products, identification of achievable goals and creation of long-term value.



Health, safety and protection of workers: adoption of preventive and protective measures to avoid or minimise accidents and situations that pose a risk to health and safety at work; training and ensuring the active participation of workers in occupational health and safety issues.



Customer satisfaction, product quality and safety: careful management of customer relations to maintain a high level of customer satisfaction and loyalty; adoption of standards to ensure safe and high-quality products; monitoring of quality and risks in the entire production process.



Waste management: carrying out company activities with particular attention to the promotion of safe and environmentally friendly processes and activities, by analysing environmental impacts and resources used and setting up mechanisms for reporting irregularities that are likely to have a negative influence on the environment/ecosystem.



Sustainable supply chain: responsible and sustainable management of all procurement, production and distribution processes; adoption of guidelines and standards to prevent supply chain violations; adoption and signing of a supplier code of conduct.



Water management and protection: protection and management of water resources; protection of clean water and restoration of its quality; prevention and reduction of pollution; increasing water efficiency; investment in water-saving technologies.



Business & medical ethics: conducting business activities in accordance with principles such as integrity, ethics, transparency, fairness, impartiality, legality, accountability; protecting and caring for health.



Climate change and pollutant emissions: reducing energy waste; installing renewable energy systems; implementing policies, strategies, plans and activities to reduce impacts; adopting certification standards in order to assess the impacts of climate change on their business and implement effective adaptation plans.



Employee training and professional development: planning processes that enable employees to improve company performance; scheduling training activities on a regular basis; evaluating the results obtained by administering employee surveys on learning, satisfaction and effectiveness of training, etc.



Sustainable use of energy: production and use of renewable energy; efficient production chain and end consumption; R&D on more efficient production technologies; measurement of environmental footprint; use of environmentally sustainable energy.



Talent acquisition and retention: mentoring programmes to support the professional growth of talent and improve the organisation's competitiveness by training a specialised workforce; recruitment activities to attract professionals and recent graduates.



Innovation, R&D and process development: research activities for the conception and testing of new products or processes; generation of positive impacts on the efficiency and sustainability of business operations; satisfaction of new needs arising or induced in consumers.



Sustainability of production processes and circular economy: management of business continuity, optimisation of the use of renewable raw materials and recycled materials in the production process; use of advanced criteria and technologies for environmental protection, energy efficiency and responsible resource management.



Digital transformation and technological innovation: designing innovative products and services of higher quality that respond to differentiated needs to provide specific solutions; improving and optimising business in terms of both internal processes and the quality of final outputs; final outputs; developing sector leadership.



Respect for human rights: protection and respect of human rights in particular in the supply chain (e.g. the right to work, care, health protection, education, free choice of employment, fair remuneration and a decent standard of living); provision of control and guarantee mechanisms.



Welfare, gender diversity and fair working conditions: enhancing skills, diversity; respecting equal opportunities; promoting a culture of belonging and inclusiveness; corporate wellness programmes.



Support and development of local communities: commitment to support and promote, through financial contributions and sponsorships, initiatives aimed at supporting and developing social and cultural projects linked to the community.

The relationship with stakeholders

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

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

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

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

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

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

OUR STAKEHOLDER ENGAGEMENT MODEL:

Stakeholder	Communication channel	Regularity of listening / communications	Topics emerged
Suppliers of strategic raw materials	- Audits	- Constant communication	- Integrated management of the supply chain - Regulatory compliance - Process and product quality - Process risks
Suppliers of technological goods and services	- Direct listening mode - E-mail and web channels	- Periodic on-site visits four times per year, every three months	- Covid-19 emergency management Audits are followed up by formal FIS communications, by which the company recommends to key suppliers activities to be implemented in order to comply with legislation and reduce risks
Waste disposal service providers			
Other suppliers	- Regular visits and audits - Direct listening mode	Audit according to more an agreed plan and in any case than or equal to two per year.	Continuous improvement in the performance of the suppliers themselves
			- Product development speed - Product quality and safety - Production capacity - Technological innovation
Customers	- One-to-one and audit meetings by customers - Direct listening mode - E-mail and web channels	- Constant communication - Annual audits by main customers	- Data protection - Covid-19 emergency management - Development of integrated production services - Health, safety and environmental issues concerning internal production processes and the supply chain - Sustainable supply chain
			- Topics related to safety aspects, health, environment and quality - Corporate strategies, training initiatives, corporate welfare
Employees and potential new resources	- Periodic committees - Corporate communications - Regular meetings with middle management and directors - Direct listening mode	- As required - Monthly or quarterly basis	- Training and professional development of employees - Sustainable mobility - Work-life balance - Respect for diversity - Promotion of a corporate culture - Increasing green areas

Stakeholders	Communication channel	Regularity of listening / communications	Topics emerged
Union representatives	<ul style="list-style-type: none"> - Corporate observatory - Direct listening mode 	Variable according to need	<ul style="list-style-type: none"> - Remuneration - Supplementary collective bargaining - Organisation of work - Health and safety
Supervisory authority	<ul style="list-style-type: none"> - Informal/formal communications via e-mail and telephone - Regular inspections 	Variable periodicity	Updates on compliance and regulations (e.g. Data integrity)
Local institutions (e.g. ARPA, PA, Civil Protection, Regional Technical Committee, ASL) and citizens	<ul style="list-style-type: none"> - One-to-one meetings/ periodic reports - Regular inspections by ARPAV - Direct listening mode 	Quarterly submission of self-monitoring results on gaseous emissions and incinerator water discharges	Updates on Health, Safety and Environment regulations
Schools and non-profit organisations	Regular meetings	Annual	<ul style="list-style-type: none"> - Knowledge of FIS activities - School-work alternation programme - Opportunities for projects of common interest
Property	One-to-one meetings, periodic factory visits and board meetings	Continuous and recurring via the CEO and Leadership Team	<ul style="list-style-type: none"> - Company trend - Governance
Board of Statutory Auditors, SB, Independent Auditors,	<ul style="list-style-type: none"> - Regular inspections - Direct listening mode 	Quarterly	<ul style="list-style-type: none"> - Civil-taxcompliance - Corporate governance - Risk management
Credit institutions and financial operators	<ul style="list-style-type: none"> - Regular meetings - Direct listening mode 	According to strategic business needs, at least every two months	<ul style="list-style-type: none"> - Knowledge of the business and company performance - Analysis of financial needs
Universities and research institutes	<ul style="list-style-type: none"> - Regular meetings - Direct listening mode 	According to the planning	<ul style="list-style-type: none"> - Sustainable production processes - Talent retention - Shared value creation - Climate change and emissions pollutants
Representative and sector organizations (PSCI, EFCG)	<ul style="list-style-type: none"> - Regular meetings - Direct listening mode 	According to the calendar prepared by the sector entities (3-4 annual meetings)	<ul style="list-style-type: none"> - Sharing sectoral trends - Promotion of responsible socio-environmental management practices - Creation of economic value and sustainable growth strategy
Media	<ul style="list-style-type: none"> - Direct listening mode 	Occasionally	Support and development of local communities

During the stakeholder engagement activity conducted through the surveys no major critical issues emerged. The issues

that were emphasised included the need to protect the environment more and to attract new talent by training the younger generation

and by activating placement programmes for job seekers in the local community.

The fruit of our commitment

For 60 years, we have worked to ensure quality, safety and reliability for our customers and all our stakeholders. We work to always improve our economic performance and create value to share with our employees, collaborators,

shareholders and the community in which we are located. In addition, part of the profits is reinvested in research, to ensure more efficient processes and higher quality products; in innovation, for effective resource management;

and, finally, in talent retention, through a rich offer of training and benefit.

	Units of measurement	2015	2016	2017	2018	2019	2020	2021
ECONOMIC VALUE GENERATED								
Production value	k€	353,645	495,232	665,325	545,191	506,990	571,892	614,164
Income from investments	k€	0	-	-	-	-		
Other financial income	k€	47	1,377	1,029	270	88	62	61
Extraordinary income	k€	515	-	-	-	-		
FIS TOTAL	k€	354,207	496,609	666,354	545,461	507,078	571,954	614,225
DISTRIBUTED ECONOMIC VALUE								
OPERATING COSTS								
Raw material costs	k€	186,360	260,009	374,641	278,711	228,715	293,161	364,772
Service costs	k€	47,049	60,456	85,623	88,642	79,585	82,651	98,051
Costs for use of third-party assets	k€	860	1,463	2,266	1,908	1,120	1,311	1,477
Raw material stock variations	k€	14,001	9,452	-10,424	1,118	-7,554	-11,638	-60,896
Other management costs (net of taxes)	k€	863	783	1,252	1,303	1,017	4,037	4,694
Extraordinary expenses	k€	398	-	-	-	-	0	0
VALUE DISTRIBUTED TO EMPLOYEES								
Personnel costs	k€	62,808	75,327	119,710	108,852	118,948	122,316	124,617
VALUE DISTRIBUTED TO CAPITAL PROVIDERS								
Interest and other financial charges	k€	1,782	2,433	3,759	7,754	13,530	13,253	11,846
VALUE DISTRIBUTED TO PUBLIC AUTHORITIES								
Current and prepaid income tax	k€	13,076	22,347	12,094	-247	-544	192	891
Other management costs (tax value only)	k€	527	506	2,043	847	1,012	996	1029
VALUE AVAILABLE TO THE HOLDING								
Distributed dividends	k€	26,000	26,000	26,000	14,000	6,500	0	0
VALUE DISTRIBUTED TO THE COMMUNITY								
Donations	k€	281	7	43	51	15	50	51
Sponsorships	k€	0	-	-	-	-		
Membership fees	k€	209	182	222	225	235	214	233
FIS TOTAL	k€	354,214	458,965	617,229	503,164	442,579	506,543	546,766
ECONOMIC VALUE RETAINED								
Profit (or loss) for the year (excluding dividends)	k€	3,710	25,300	9,017	-5,710	576	17,923	10,566
Amortization / Provisions / Write-downs / Revaluations	k€	23,743	31,646	43,300	48,303	51,288	55,716	64,738
Deferred taxes	k€	176	81	144	-15	-93	70	335
FIS TOTAL	k€	27,629	57,027	52,461	42,578	51,771	73,708	75,639



A group of five people, three men and two women, are posed in front of a complex industrial background filled with pipes, valves, and electrical equipment. They are all wearing hard hats and safety glasses. The woman on the far left is smiling broadly. The man in the center foreground has his arms crossed and is looking towards the camera. The man behind him has his hand on the shoulder of the man to his right. The woman on the far right is also smiling. The entire image has a blue color overlay.

2

Growing together
with our people

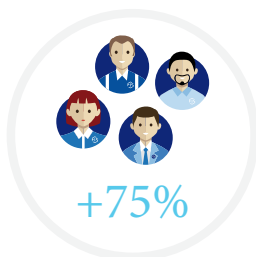
Growing together with our people

Striving for continuous improvement, with respect for individuals and the environment, under the banner of transparency and accountability. Daily effort to keep up with development, ready to innovate and anticipate change.

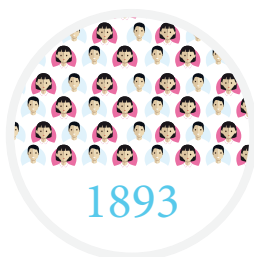
We have always stood by our employees and attract new resources and young talents every year: professionals who enrich our company, who help us to grow and be more and more competitive. Our first goal is to guarantee high standards of health, safety and quality of work. Continuous training and a stimulating environment are also fundamental in order to stimulate each person to improve their skills. Organisational well-being is our great challenge for the future. The well-being of our employees is an extremely important issue for us: our Strategic Plan 2021-2026 is the starting point for formulating the answers to our employees' needs.

Attention to training, professional development and the strengthening of corporate welfare, pursuing a more balanced workload with the demands of private life, are issues that emerged strongly from the stakeholder engagement phase addressed to our employees. In addition, issues of environmental sustainability emerged, such as encouraging sustainable mobility and better management of the waste produced, also optimising production processes.

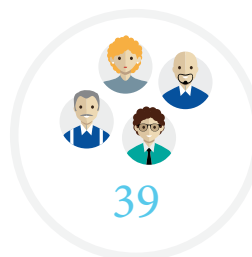
This year we welcomed 133 new employees, recruited at our three sites, who supported us in meeting the numerous demands we received from our customers and will help us sustain the positive growth of our market. Among the new entrants, 82 were hired on fixed-term employment contracts. In addition, 18 fixed-term contracts were consolidated during the year and thus transformed into permanent employment relationships. A further 95 were extended during the year. Thanks to collaborations with universities, we also placed 19 interns in 2021, eight of which were extracurriculars.



**WORKFORCE GROWTH
SINCE 2015**



FIS PEOPLE



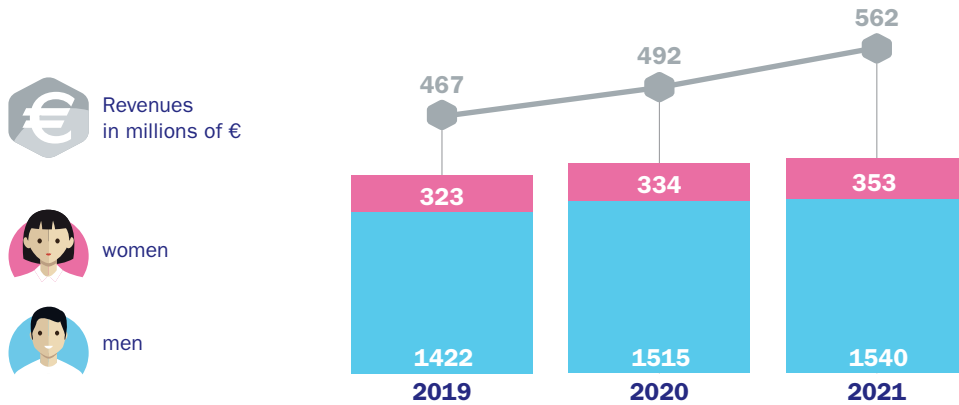
AVERAGE AGE



**NEW WORKERS HIRED IN
2021**

Our people

Our goal is to constantly consolidate the foundations of our business, attracting new talent and defending the current level of employment. To date, we count 1893 people, 608 more than in 2016. We can proudly demonstrate our commitment to improving the employment figure also in 2021.



Our company recognises that human resources are central in the conviction that the main success factor of an organisation is the professional, human and creative contribution of all its people.

That is why, in recent years, we have embarked on inclusive policies and been attentive to gender equality issues, with the aim of creating a diverse working environment that helps to grow and develop a dynamic business that understands the needs of all employees. We believe, in fact, that the ability to respect and listen to our people is an essential factor in creating fertile working environments. In this sense we try every day to offer helpfulness and solidarity so that the growth of

the company builds an opportunity for the future of those who work there. This is why we ask each of our people to play their role with objectivity, balance and respect for the rights of each person.

Within the Code of Ethics, we have outlined specific guidelines by which each of the company's employees must be inspired, from the managerial to the operational figures. In particular, as a company we undertake to:

- avoid any form of discrimination on the basis of ethnicity, religious belief, political and trade union membership, gender, sexual orientation, age and disability;
- carry out selection activities in a serene atmosphere that respects personal dignity;

- create training opportunities appropriate to each person's position;
- define and communicate in a clear and continuous way the possibilities and paths for professional growth in the company;
- actively support the action of persons invested with responsibility in the company;
- create workplaces that are safe and respect the health of those who work there.

One of the distinctive elements underpinning the company's diversity & inclusion policies is a commitment to greater gender balance at all levels and for all areas of our business. FIS is actively engaged in the involvement of female staff, with a positive trend year on year. The growth of 9% over the last three years proves this: in 2021, the percentage of new hires was 29%.

 **Increase in female personnel since 2019**
+9%

The growth of female staff working in the Quality Control and Research & Development area continued at a fast pace, while remaining almost constant in the Operations area.



2%
Operations



41%
Workshops



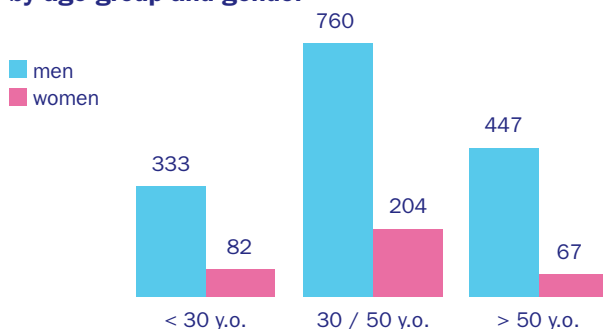
43%
Offices

Currently, the roles held by women in our company are mainly distributed between directors, middle managers and white-collar workers. The chemical industry is characterised by an important presence of women, with a higher share than the industry average,

particularly in higher qualifications. Specifically, women in management positions account for about 29%, (Source: Federchimica - The chemical industry in figures 2021, September 2021)

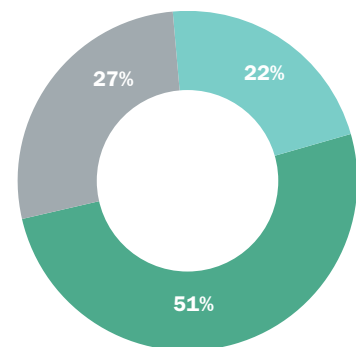
Always in line with the company's focus on diversity & inclusion issues, our workforce includes 79 people with disabilities, belonging to protected categories: 57 men and 32 women, with further projections for inclusion also within the time horizon of the Industrial Plan.

Employee distribution by age group and gender



Distribution of employees by age group

■ < 30
■ 30 / 50
■ > 50



The majority of employees (51%) are in the 30-50 age bracket, in line with the national industry average (around 60%). This group is followed by employees over 50 years old (27%), compared

to around 19% of the national average, and finally by employees under 30 years of age, who account for 22%, in line with the average figure for the sector. Consistent with these figures,

the average age of registered FIS employees in 2021 is 39: 41 for men and 37 for women, against an average age of 40 in 2020.

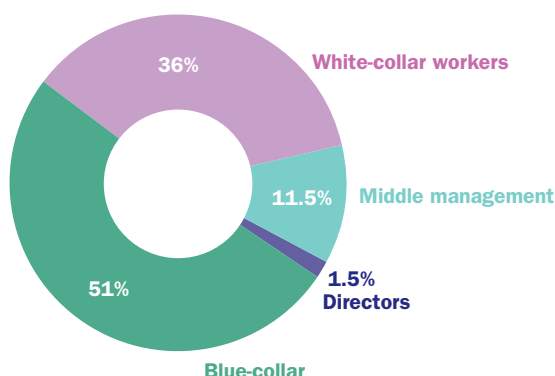
Professional classification of employees

In 2021, the most represented occupational category was blue-collar workers (51%), in line with the national average (around 39.8%), followed by white-collar workers (36%), which is higher than the national average of 27.9%, middle managers (11.5%) and directors (1.5%).

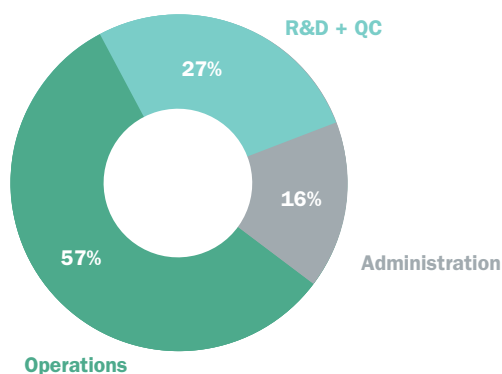
Our employees are distributed over three macro areas. The most populous area is Operations, which includes, in addition to manufacturing, the management of numerous ancillary services including technical, ecological, engineering services and those related to technological innovations. 57% of our employees belong to this area. 27% of our employees, on the other hand, are engaged in

Quality Control, Research and Development, Human Resources, Quality Assurance and Regulatory departments, which are essential in our business. Finally, the remaining 16% of staff work in the administration area, occupying positions in offices that ensure the smooth running of the company across the board, dedicated to Communication, Information Technology, Legal, Finance & Control and Sales & Marketing.

Professional classification of employees



Distribution of employees per area



The changed scenarios in international markets – made more complex by the pandemic situation and the many difficulties and variables imposed by the contingent critical issues in the supply chain, which have led to delays in the delivery of raw materials and the production and distribution of API – have made the assessments of workforce sizing more complex. We therefore embarked on more flexible working policies that could keep, at the same time, employment quotas within the company constant, in order to favour its growth in size. These policies allow us to monitor the hiring of new resources, with the aim of consolidating

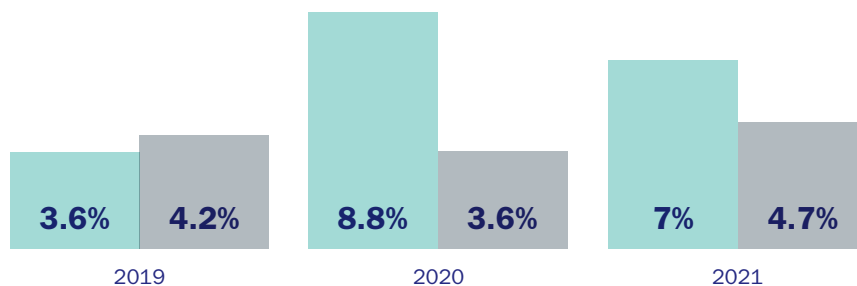
employment relationships and converting them into permanent contracts. The situation described led to a further increase in the proportion of fixed-term staff in 2021, which increased by 10% compared to 2019, but always with the declared and well-established aim of extending the induction period for new personnel in a long-term perspective. In comparison with national averages, which show values of 15% of contracts for fixed-term and 85% for permanent contracts (Source: Istat, 2020), FIS demonstrates its commitment to establishing stable relationships with its employees, as can be seen from the results achieved,

which are higher than the averages above: 89% for permanent and 11% for fixed-term. Following this line, we can say that 49% of our staff have actually been with the company for at least six years.

As anticipated, as many as 133 employees were hired in 2021, compared to 89 terminations. The outgoing turnover rate over the past year has in fact increased slightly, while the incoming turnover rate remains lower than the level reached in 2020.

Turnover rate

■ Incoming turnover rate
■ Outcoming turnover rate

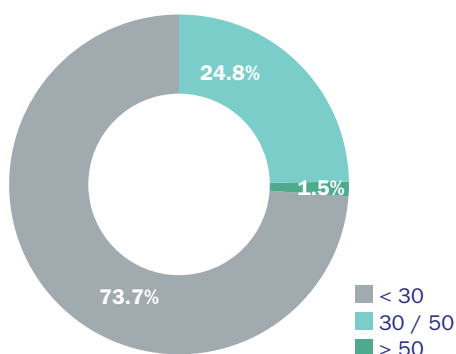


With regard to the analysis of staff turnover, a negative turnover rate of 4.7 per cent for the year 2021 is noted, up from 2020 (3.6 per cent). However, the figure for 2021 was in line with 2019 (+0.4%) and was largely offset by the positive turnover of 7%. This was also possible thanks to the talent acquisition process: in the area of

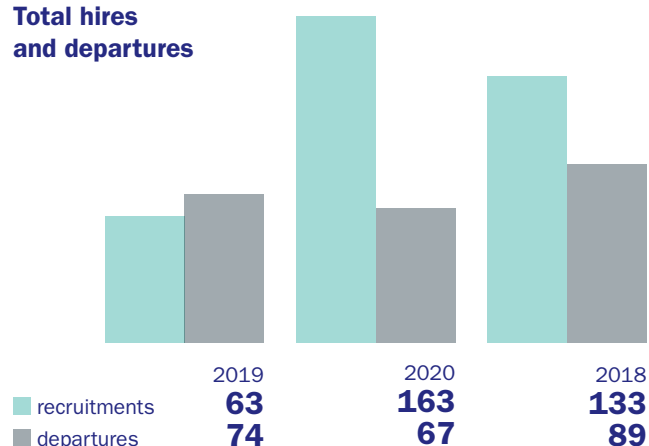
personnel search and selection, the line set out in the previous year was continued, using a series of tests to improve the talent screening and assessment phase. As far as the distinction by age group of new recruits is concerned, 74% of them are under the age of 30, demonstrating the renewed commitment to attracting young

talent and the collaborations that are constantly being activated with the university world. All opportunities to meet with students and universities are for us an important space for comparison and enrichment, as well as a stimulus for improvement, also in terms of processes.

Composition of new recruits in the year 2021 by age group



Total hires and departures



Among the channels mainly used for recruiting new talents are LinkedIn, whose page is managed and updated with an employer branding, perspective, and the 'Work with us' space within the company website. Our goal is to increase the attractiveness of our company, strengthen the corporate culture and create more challenging career paths. We are

designing and planning both on-line and in-person meetings and events for 2022 with universities, in order to increase contacts with educational institutions and participate in meeting opportunities that can consolidate our employer branding, such as Career Day. In order to bring new talent into our organisation, we are optimising

the selection process through an increasingly streamlined, candidate experience-oriented process, aligned to the pace and needs of the business. To further typify the selection process, we are creating standardised procedures for opening and conducting the selection process, collecting and identifying KPIs for its monitoring. In the last quarter of the year, a

structured and articulated platform was designed for the development of this area, which is of major importance for the company, in terms of both talent attraction and talent retention, which will be implemented in the year 2022. In addition, we have recently implemented an assessment tool with two questionnaires, which can be completed in agile mode, aimed at deepening our knowledge of the candidates from an aptitude, motivational and general skills point of view. Following the completion of the assessment, a second structured interview according to the BEI (Behavioural Events Interview) model is organised for candidates who obtain a profile in line with the offered position. Once a suitable candidate is identified, he or she is put through an onboarding process focused on training, addressing some of the main topics, such as quality, safety and the working environment. Attracting and retaining talent within our company has allowed us to react to this historical period and the implications of the so-called talent shortage.

This phenomenon brings with it a number of difficulties for companies in finding suitable skills to fill vacant and sought-after positions. While the hiring of personnel remains an asset for any company, on the other hand, being able to create lasting relationships allows one to build a team with skills and experience in the field, reducing training and reintegration costs. In this regard, we have undertaken preventive and retention actions, including:

- implementation of an organisational review and updating of job description;
- Detection of work-related stress and intervention with specific measures. In particular, a survey was conducted at the end of 2021 for the Montecchio Maggiore site by means of individual interviews with approximately 151 workers, corresponding to approximately 13% of the site's population;
- organisation of motivational interviews, with the aim of identifying any critical situations in advance and, at the same time, leveraging the potential and aptitudes of each employee;
- Preparation of appropriate growth plans for each employee, in particular by identifying, through targeted assessments, the strengths of employees, in order to guarantee them adequate opportunities for professional growth. Among other benefits, this provides the organisation with an internal pool of possible managers to draw from;
- investing in staff training in order to increase their skills and, at the same time, make them aware of the functioning of the organisation's activities, products and services. To this end, we are implementing job rotation, strategies, which involve the periodic and planned movement of employees;
- revision of the remuneration policy, in order to better enhance and incentivise our human resources;
- improvement and strengthening of work-life balance conditions. Key activities include the extension of smart working and the implementation of the 'Wellbeing' project.

Our commitment to people

Our employees are the driving force behind the company, which is why we take pride in providing them with a stimulating working environment that is characterised by trust, fairness and honesty. Over the years, we have developed organisational solutions that support an effective work-life balance. It is with this in mind that, in cooperation with the employee representatives, we have been working since early 2018 to create uniform contractual conditions for all. This path was realised in the signing of new **second-level**

contracts for the staff of all three company sites, which will be renewed in 2021 through a bridging agreement, further improving company welfare and extending certain measures to all workers. In particular, these initiatives are developed along several lines of intervention concerning:

- measures to reconcile work and family life;
- measures to support supplementary pension and health care, such as the enrolment of our employees in the Fonchim and Faschim funds,

dedicated to workers in the chemical and pharmaceutical industry;

- economic support measures for special individual situations and subsidised benefits;
- provision of goods and services, including fuel vouchers and free canteen.

The collective bargaining for both the renewal of the contract for the two-year period 2022-2023 and for other measures covered by the negotiation is currently in progress.



On the topic of work-life balance, since 2020 we have introduced the possibility for our employees to care for their loved ones in case of illness, by taking paid leave up to a maximum of 40 hours per year. In 2021, 147 employees took advantage of this measure for a total of 1591 hours made available by the company.

In order to cope with the pandemic emergency, insurance cover for the risk from Covid was introduced from March 2020. The cover is free of charge and available to all employees, including external consultants, the board of auditors and board members who have contracted the virus and have been hospitalised.

Paid time off fund

In 2021, we continued the **Solidarity Hours Fund** initiative, already included on an experimental basis in the 2015 collective agreement,

aimed at the transfer by workers of ROL (Reduced Working Hours) leave hours in favour of colleagues with special needs. Joining is vol-

untary and requires the worker to initially transfer two hours of PTO for each year.

Reconciliation measures

The Italian pharmaceutical sector boasts an interesting record; it is in fact the leading Italian manufacturing sector in terms of birth rate support, with 45% more children than the national average (Farmindustria survey, 2022). Our company, too, has made its contribution, with its ongoing commitment to implementing and enforcing welfare policies attentive to women's needs in the workplace and career prospects.

We pay each new mother up to 100% of her salary, in addition to the INPS salary in the event of optional maternity leave. In 2021, 37 new mothers benefited from this measure. With the renewal of the second-level contract, maternity support was also extended to the Termoli site.

We decided to take supportive measures for childcare. These include the extension of the age limit from 12 to 18 years, the possibility of access to part time or unpaid leave.



Remuneration policies

With regard to employee remuneration policies, we are following the lines previously defined through a gradual consolidation of young talents who have joined the company and grown in their roles. Our remuneration system applies an external benchmark together with an evaluation of individual growth paths.

In addition to remuneration, we have devised a bonus system based on the achievement of individual goals and company goals, the latter for directors. During 2021, we included references to corporate and financial performance indicators for middle managers and directors.

Furthermore, we set up a system for awarding additional bonuses linked to long-term projects, in addition to the target-based system already in use.

Our diversity and inclusion policy is not just about the inclusion of minorities, but we believe that it is important to offer equal opportunities to all our employees, which is why we pay particular attention to the adoption of fair remuneration policies that involve reducing the pay gap between men and women. Even today, however, we note a residual situation of unequal economic treatment. According to

the latest Eurostat data, the average European difference between women's and men's wages is 13%, while at FIS it is at most 12%, in the specific case of blue-collar workers. In all other categories, the maximum gap recorded is 7% (middle managers and white-collar workers), while at management level it is reduced to 5%. Finally, the ratio of the highest salary to the average employee salary in 2021 is 5.13.

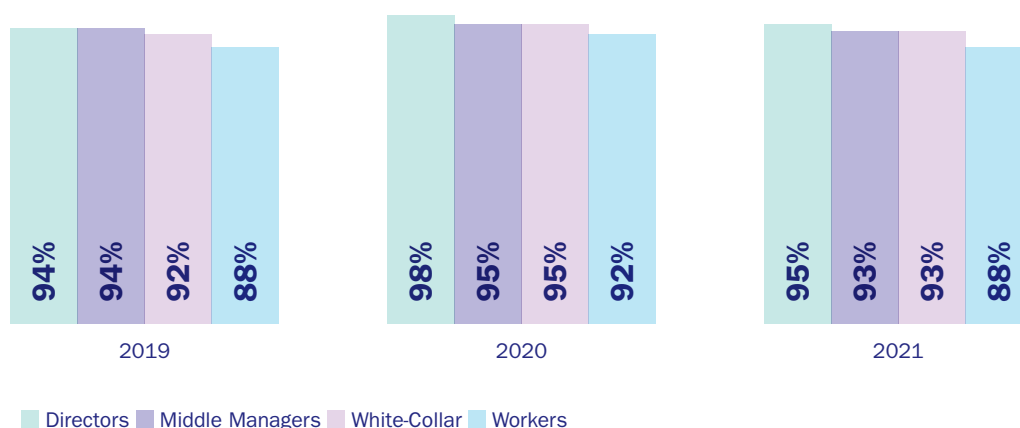
Evaluation by long-term goals

In 2022, target-based assessment through the awarding of bonuses and an incentive

system for senior managers and key people will also aim to monitor progress on the three

strategic goals dictated by the Sustainability-Linked Bond (SLB) framework.

Ratio of average basic salary of women to men (last three years)



The benefits of smart working

In 2021, we continued to incentivise smart working, whenever possible, firstly to contain Coronavirus infections in the company and, secondly, to provide a better balance between work management and personal needs. The use of flexible working has, in turn, resulted in higher levels of efficiency and productivity, and has helped reduce pollutant emissions. This new way of working had already been undertaken in 2018 with a pilot project carried

out at the Montecchio plant, which allowed us to accrue skills and know-how for a better management of smart working.

In the course of 2021, we have extended the opportunity of smart working to about 430 people, 80 more than in 2020, by providing them with laptops and an internet connection to carry out their activities remotely. With satisfaction we can anticipate that in 2022, smart working will become

a structural measure, according to the 'National Protocol on Agile Working' in the private sector of 7 December 2021. In addition, a project is underway to analyse and revise working environments in order to evaluate a new ergonomics of spaces, taking into account the work requirements linked to the new way of managing presence at the company headquarters.

Future corporate welfare projects

Providing our employees with a stimulating working environment and, at the same time, maintaining a work-life balance

requires an increased focus on employee initiatives. Measures in these directions will find further impetus, in

agreement with the social partners, from 2022 also as a result of renewed internal collective bargaining.

Training and talent development

Training is a central theme and in line with our goals of developing the talents and careers of our employees. This is why we promote the dissemination of a culture of shared knowledge. As a demonstration of our commitment, we have created a company Academy composed of in-house

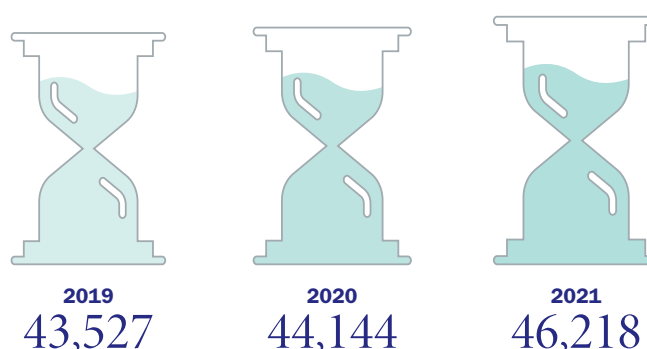
trainers, with the aim of collecting, codifying and developing the wealth that FIS has built up over the years: the knowledge and know-how of our people.

Just as production activities were ensured to guarantee business continuity and the supply of APIs,

training activities continued to be carried out by adopting remote methods of interaction and use, and, where necessary, in-person training activities. In addition, the possibility of self-training on informative aspects of updating internal procedures was introduced.

Total training hours provided

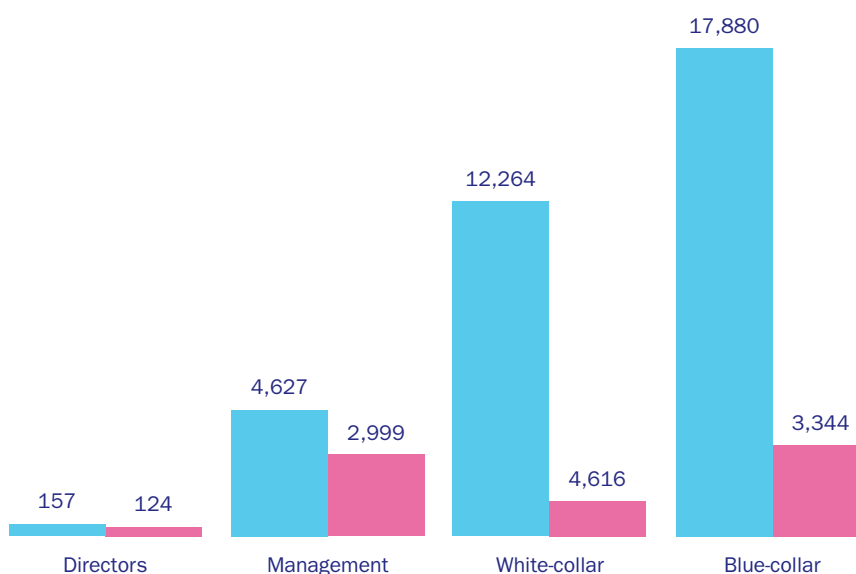
A total of 46,218 hours of training were delivered in the three plants, equivalent to three days of annual training per capita.



Number of training hours per gender and by employee category*

men
women

* In the calculation of training hours by employee category and gender, training hours provided to trainees were not taken into account.



Compared to the last two years, the number of training hours provided has increased, indicating that the training culture we are promoting

is an incentive for our employees. Specifically, the average hours of training per employee amounted to 24.3 compared to an average of

23.6 in 2019. 94% of employees receive regular training and the main topics covered are health and safety and quality training.

Number of training hours by type



For 2021, training has been strongly geared towards the continuous support of personnel skills and know-how in order to keep up-to-date with the skills needed by a high-tech and innovative company like FIS. In line with business directions and company developments, numerous development courses were held not only in the hard-skill area, in particular chemical-technical, but also finance, procurement, planning and IT. Soft-skill enhancement paths were also addressed for both operational staff and middle management with a view to the development of current and future managers.

The year 2021 was also characterised by a big change in terms of: training management and delivery: we tried to structure our courses more and make them more accessible by implementing

a new platform designed and implemented during the year.

“Insegna” is the digital platform through which training can be offered in different modalities. As a result of the need for social distancing, we have been able to realise our desire to continue the training activities necessary for a company with a high technical and management content in new ways, ensuring that the skills of our staff are constantly updated.

The company Academy's activities during the year were partly dedicated to the “Insegna” project, so that the new training tool could fully enter the company systems by the end of the year, facilitating, simplifying and maximising the use of the platform among our employees.

During 2021, we continued to work on the Operational Excellence programme, expanding its use to real operational activity. In this regard, through the staff academy, it was possible to first map the competencies of the staff of the three sites and the key activities of the programme, develop and then monitor the skills deemed necessary for each role. The skills audit, still in progress, will conclude with coaching sessions and timely training to support the programme to enable its full utilisation and application.

Attention to people's growth

Another activity that we consider essential to stimulate our employees to professional growth is the constant assessment of staff potential with a view to development and management, which, together with the definition of a job-specific skills matrix, will determine specific personal-professional growth paths in order

to maximise individual and team performance.

This activity is a continuation of the managerial skills assessment initiative – started in 2019 and continued during 2020 with empowerment actions – and will be completed in 2023. Actions relating to the meritocratic

plan were also implemented, as the detailed analysis of the evaluations that emerged from the annual people review enabled the application of principles of fairness and merit, consistent with a salary dynamic capable of taking into account both the internal structure and the reference labour market data.

During 2021, the mapping of personnel potential (e.g. nine boxes grid) continued to allow for the correct placement of resources, both in production and specialised departments, and in positions of greater managerial responsibility, defining future prospects, individual programmes and timeframes for realisation, in order to ensure constant personal-professional

growth and guarantee high-level performance.

These assessments initiated a series of growth paths in line with individual needs that emerged during the assessment (e.g. management path, assertive communication, etc.). Following this activity, a coherent development plan was defined for the identified

resources, to support their skills, and as a tool for personal and professional growth. In 2021, the drafting of competence matrices for certain critical cross-functions such as the Quality Assurance and Quality Control group was also completed, building specific training modules for the development of basic functional-operational know-how.

The focus on the continuous training of our people

FIS supports and promotes the continuous training of its employees, including through the provision of study leave for employees enrolled in degree courses, masters and specialisations consistent with their professional activity.

The cybersecurity programme

The importance and relevance of cybersecurity has prompted us to plan actions aimed at defending against cyber attacks, including training and education of our employees who work with sensitive data every day, in order to avoid putting company security at risk.

In fact, 2021 saw a sharp increase in cyber attacks for extortion purposes. In Italy, according to Kaspersky, one of the most established cybersecurity and data protection companies, almost half of all security incidents were caused by ransomware.

The threat is real: suffice it to say that during 2021 we received a total of almost two million e-mails in our company, 23% of which were blocked by our security systems as phishing or spam attempts. Despite constant efforts to counter this phenomenon, attack techniques are constantly changing, which makes it impossible to filter out all threats.

Since we believe that our company's cybersecurity also depends on our ability to adopt the right behaviour, we enhanced the corporate cybersecurity programme "Stop the Hack" in 2021: the aim is to increase our awareness to defend ourselves against cyber attacks. The programme engaged the entire corporate population

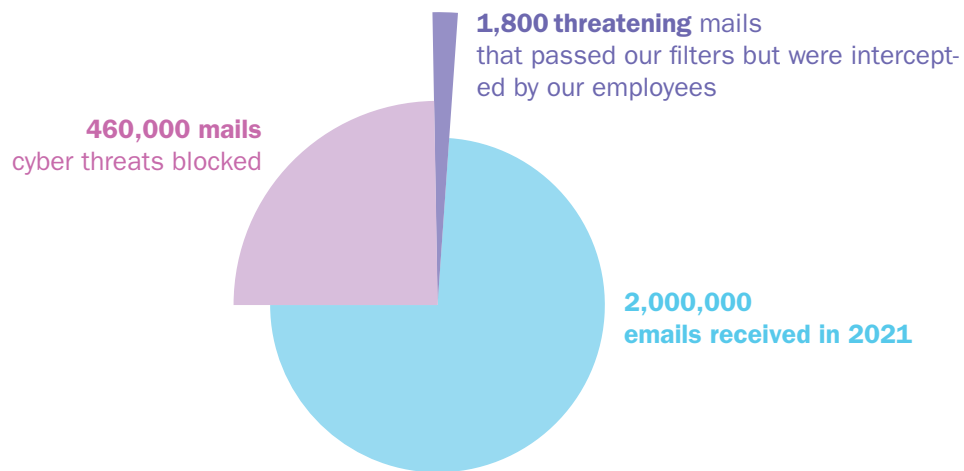
on the top 10 cyber threats and each month we covered a different topic, including: phishing, vishing, internet browsing, data management, password security, malware, etc. The programme used the following tools:

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

The security awareness activity extended throughout 2021 through computer security training sessions. We verified the effectiveness of the programme by means of simulation phishing campaigns and consequently focused the training according to the results obtained.

In addition, to test our resilience to cyber attacks, we subjected the company to prolonged simulations using the main attack techniques, allowing us to focus improvement actions where weaknesses and criticalities emerged. In the past year, as many as 1,800 e-mails passed the first protection filters, but, thanks to the high

competence of our employees, they were intercepted, recognised and reported and, as a result, the phishing attempts blocked.



For this reason, we decided to increase the level of technology protecting the company and signed important partnerships with leading cyber entities to raise the level of monitoring, detection, protection and reaction to cyber attacks.

From a practical point of view, the risks we faced at FIS were mainly external attacks of the phishing and whaling, and whaling type, which were handled correctly in all cases thanks to e-mail filtering systems and the awareness of those being attacked.

We have reports of attacks on our

customers in which the attacker impersonated a FIS person. It is therefore not possible to exclude the possibility of the same type of attack occurring against FIS. During 2021, we recorded no data breach cases.

In 2021, we decided to improve the level of data protection compliance by continuing with the external DPO (Data Protection Officer). The DPO conducted an overall assessment in July 2021, the results of which correspond to a substantial increase in the company's level of compliance with a move towards

full adherence to regulatory requirements and data protection best practices.

For 2022, we also plan to invest more in cybersecurity. A series of new measures to increase information security will therefore be evaluated.

Health and safety of our people

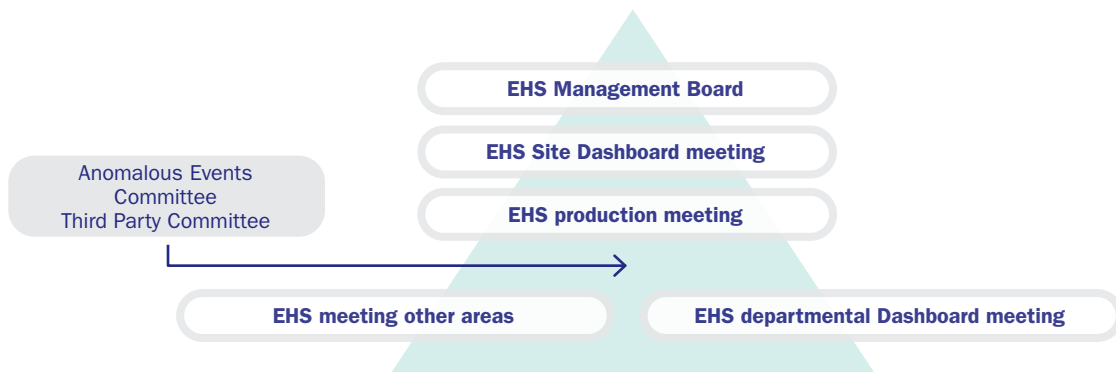
We express in our safety, health and environment policy our commitment to business management in accordance with the principles of environmental protection, health protection and personal safety.

For us, health and safety are essential values in the conduct of our business, in the knowledge that, together with quality, they support our long-term strategy. That is why we promote health and safety training and encourage each employee to make the maximum contribution on these issues.

We have a long tradition of process risk prevention to ensure maximum protection, both of our people and of our host territories. All of our processes are constantly monitored with the best technologies and implemented following strict safety assessments, carried out also thanks to the expertise

of specialised technicians. In fact, our three production sites are classified as major-accident hazards, according to current legislation (Legislative Decree 105/2015, application of the EU 'Seveso III' Directive) and all have occupational health and safety (certified according to UNI EN ISO 45001) and environmental (certified according to UNI EN ISO 14001) management systems, which allow us to effectively manage risks related to accidents, injuries and occupational diseases by aligning with the principles of environmental protection and protection of people's health and safety.

In order to support the company structures and realise the goals, we improved top-down and bottom up communication by changing the system of meetings on SSA (Safety, Health and Environment) aspects. The meetings help to convey and foster a continuous exchange of information on the issues under discussion among all employees of the company and are set up on three levels:



- EHS Management Board: this is the highest level committee, composed of directors and managers from the main corporate departments;
- EHS Site Dashboard Meeting: this is the committee chaired by each plant management and is responsible for addressing general and site-specific issues;
- EHS Production Meeting is the committee chaired by the Production Management,

- with the task of steering and coordinating the production and support departments;
- EHS Department/area meeting: these are the basic committees involving all company employees in each area, both in production and in support departments;
- Anomalous Events Analysis Committees and regular meetings with third-party companies.

Managing the health and safety impacts of its workers is also indispensable for FIS when dealing with customers, of the on-boarding process for new custom projects requested by customers, and audits carried out according to PSCI (Pharmaceutical Supply Chain Initiative) standards, an association of which FIS is a member.

HSE audits

The annual plan also includes Safety, Health and Environment audits for the three sites (Montecchio, Termoli and Lonigo). The plan covers all points related to existing certifications, to which additional safety audits by external companies were added in the course of 2021 at all three plants.

The results, which were very positive in terms of compliance, made it possible to devise action plans, aimed at continuous improvement, with a view to constantly monitoring the main HSE aspects that will be developed during 2022.

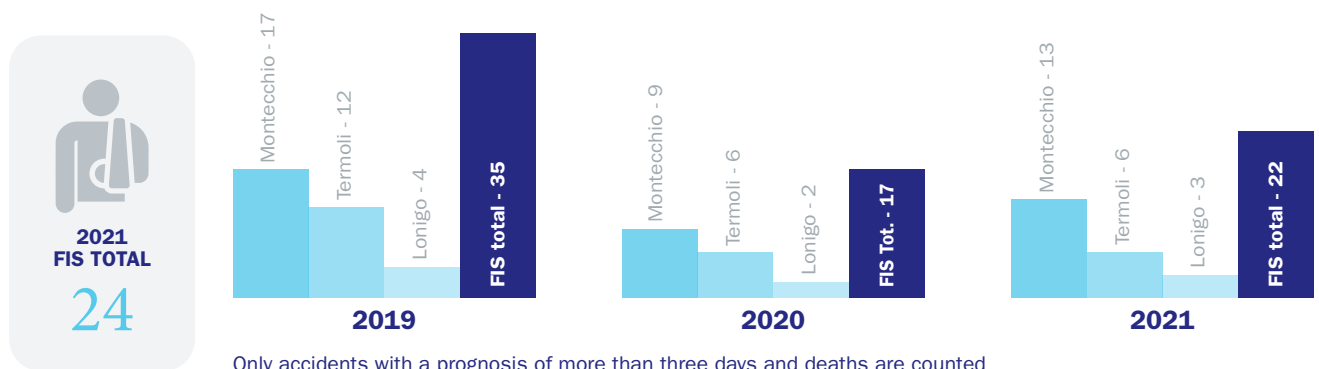
Minimising the risk of accidents, occupational diseases and emergency situations through appropriate prevention programmes and policies is of paramount importance to us. In addition, accident statistics and accident indices are measured annually to verify the effectiveness

of our preventive actions, thus allowing us to define any corrective measures.

In 2021, the accident index increased compared to the previous year's total, however, recording events of moderate severity mainly due to handling of

loads, stumbles, bumps, cuts and injuries with objects; at the same time, the number of near miss reports increased, which helped to mitigate the severity of the accidents that occurred.

On-site accidents (no.)



The number of accidents, which is on the rise, and the number of safety observations, which is on the decline, are strongly addressed in the action plans for 2022, in particular for the Montecchio and Termoli sites through the strengthening of initiatives already underway (e.g. Security observation programme). At the Lonigo site, the accident

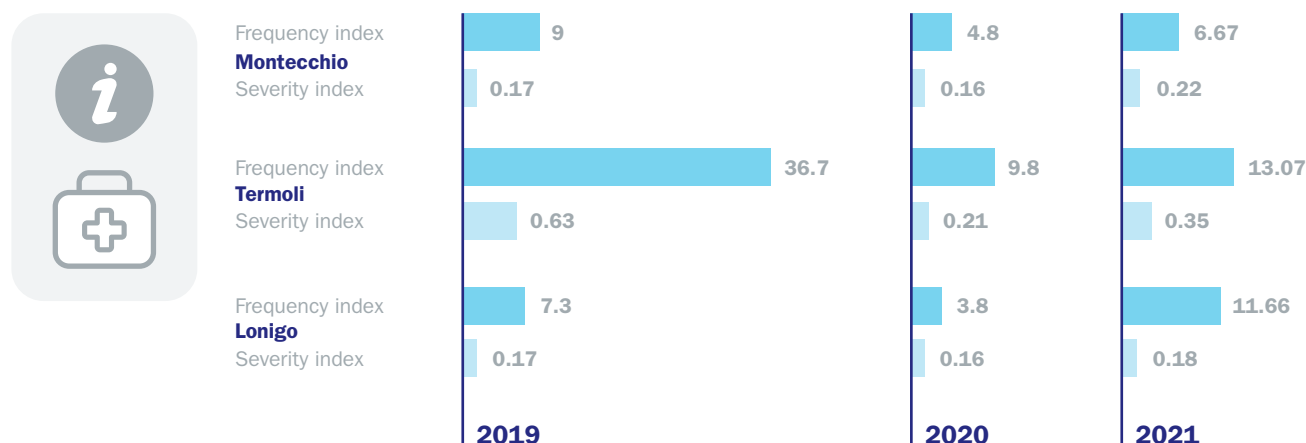
indicators showed a positive trend particularly in the second half of the year, with the last quarter being totally 'white'.

In 2021 we had no fatal accidents and only one case of occupational disease.

Technological investments, continuous training activities and the development of the Operational Excellence

programme, which has enabled a structural increase in everyone's focus on safety, are paying off. Certain that we are on the right track and extremely confident about the future, we are aware that we must never let our guard down and always strive for continuous improvement.

Accident frequency* and severity** indices



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

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

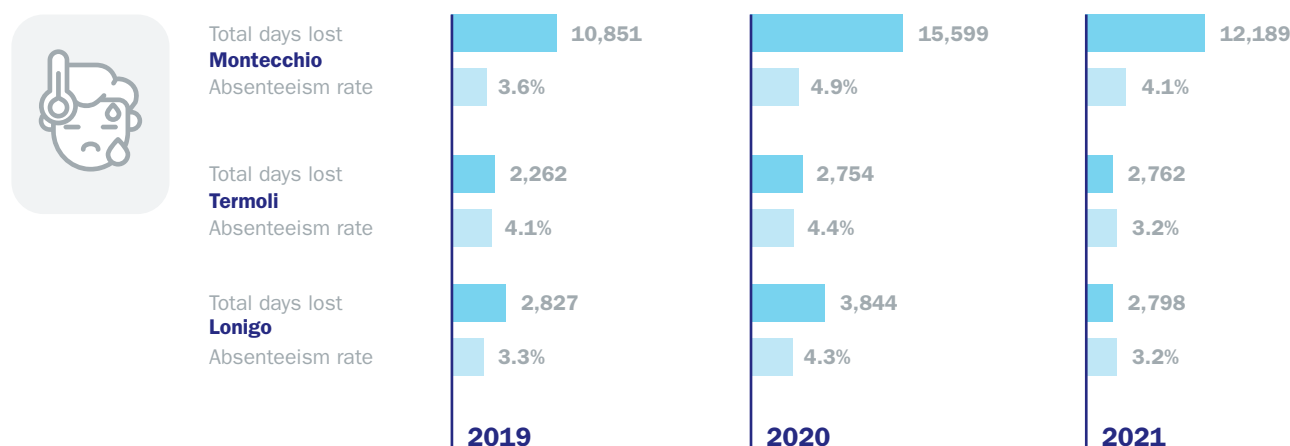
To reduce the number of accidents and improve the working environment, we have also introduced worker consultation and participation processes. Employees can be kept up-to-date on the measures taken to ensure health and safety either through the dashboard, which are present in the departments, or through the plant committees, whose minutes can be consulted by the entire company population, and third-party advisory boards. Worker participation and consultation is

also ensured in all the fulfilments required by the regulations in force (meeting under Art. 35 and inspections with RLSSA). In addition, all workers can directly communicate improvement actions and potential incidents via the IT system, with access to the entire FIS population, and also collaborate in the definition of improvement actions together with the owner and relevant departments. Within the safety pyramid, we are putting the observations received at the

centre of the improvement actions, in a proactive and interdependent approach.

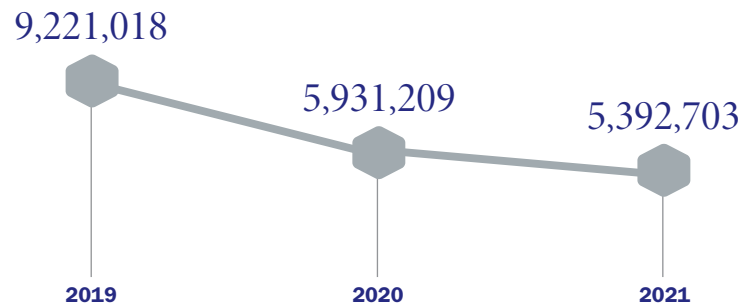
During 2021, we also experienced a slight decrease in the sickness absenteeism rate, also due to normalisation policies implemented to cope with the Covid-19 health emergency.

Days lost due to illness and absenteeism rate*



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

Health, Safety and Environmental investments (Euro)



The professional training of our employees is also a prerequisite for increasing the safety culture and achieving the accident

reduction targets we have set ourselves. Although the health emergency significantly slowed down the scheduled in-person

training activities for the first half of the year, in the second half we managed to keep to the planned schedule.

Investment and training

In recent years we have invested heavily in health, safety, and environmental protection in our plants, completing important modernisation projects, in particular the revamping of the thermal combustion venting

plants in Termoli and Lonigo, and other projects related to waste management, energy, and water treatment, as well as technologies for the high containment of very active substances such as HPAPIs, which are still being implemented;

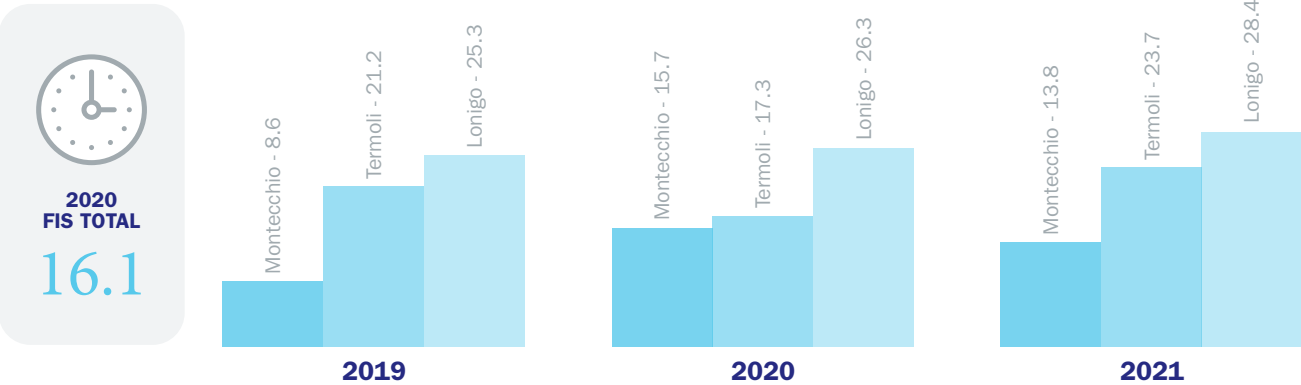
the downturn of the last three years should be interpreted in light of the huge investments made in previous years and the achievement of the desired safety and quality standards.

Operational Excellence

Operational Excellence is a programme that aims to promote virtuous behaviour to safeguard not only one's own safety, but also that of colleagues.

In fact, the professional training of our employees is also a prerequisite for increasing the safety culture and achieving the accident reduction targets we have set ourselves. Also in this regard, a training platform was implemented to record and deliver training both in-person and remotely, synchronously and asynchronously. This aspect, particularly during the pandemic period, proved to be of great support in providing continuity in health and safety training.

Health, Safety and Environment training (per capita hours)



Finally, we decided to invest in a continuous health service at all three sites with competent doctors and dedicated nurses. In addition to fulfilling regulatory requirements, the health service is also involved in continuous

improvement activities. Consider, for example, the introduction of epidemiological observatories, the purpose of which is to monitor employees handling active ingredients with new specific mechanisms. The company will

track the use of compounds as a preventive measure to protect the people working in them, and will also check the data collected annually.

A person wearing a white lab coat and a hairnet is working in a laboratory. They are positioned in front of a large, white, cylindrical piece of equipment, possibly a centrifuge or a large container. The background shows various laboratory equipment and a clean, professional environment. A large, white number '3' is overlaid on the right side of the image.

3

Sustainability
for innovation
and development




Sustainability for innovation and development

We adopt a corporate management approach aimed at promoting the principles of environmental protection and continuously improving our performance

We recognise sustainability, especially environmental sustainability, as the lever to create value: we have chosen a growth path oriented towards the progressive integration of concrete actions in our strategy, thanks to which we can consciously make our positive contribution to society. The environmental sustainability goals we have set ourselves were defined in line with the five-year Strategic Plan and the Sustain-

ability Framework. That was the subject of a second-party opinion by the rating company Sustainalytics, which positively assessed the choice of performance indicators and related target goals, judging them to be effective, consistent, relevant and material with respect to our sector and the Sustainable Development Goals (SDGs) adopted by the company. The construction of the Framework followed a careful materiality

analysis that allowed us to identify three areas that represent the cornerstones of our sustainability strategy. The targets were deemed ambitious, as they were higher than the industry average of our competitors, and defined as achievable and concrete in line with an effective strategic plan. The table below summarises the performance indicators (KPIs) and Sustainability Performance Target (SPT).

	SELECTION	Target	KPI strength	Ambition of the target
	Absolute emissions scope 1 and 2 (tCO₂)	Reduction of scope 1 and 2 emissions by 20% by 2026 compared to 2020 levels	Adequate	Ambitious
	Water consumption (m³)	Reduction of water consumption by 20% by 2026 compared to 2020 levels	Strong	Ambitious
	Ratio of disposed waste to recycled waste	Reduction of the ratio of landfill waste to recycled waste by 20% by 2026 compared to 2020 levels	Adequate	Ambitious

In order to achieve our sustainability targets, we have constructed and reviewed a specific action plan both through targeted investments

and by allocating the necessary organisational resources in order to identify and evaluate the positive impacts of all our strategic

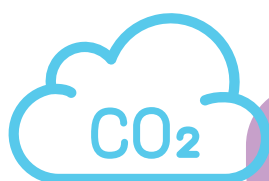
investments, thereby verifying their consistency with the goals of our sustainability framework.

Energy consumption and emissions

The first point of our commitment to environmental sustainability takes the form of managing consumption and emissions as carefully and sustainably as possible. In fact, among the top 10 material topics identified by the top management and our stakeholders are the fight against climate change and the sustainable use of energy. The current historical period presents us with the challenge of transitioning to more sustainable business models, particularly

from an energy perspective, as we have to increasingly reduce our dependence on the use of energy produced from fossil fuels, which in turn have significant impacts on the amount of emissions released into the atmosphere. For this reason, we have decided to make significant investments in order to effectively balance our energy strategy: acquiring from 2021 onwards, we increasing shares of electricity from renewable sources, which will allow us to reduce

our dependence on fossil fuels, contributing significantly to the ambitious CO₂ reduction targets set by the European Commission, while at the same time sharing the climate change strategies implemented by our main customers. As anticipated, one of the Sustainability Framework's benchmark KPIs is a 20% reduction in scope 1 and scope 2 (tCO₂) emissions by 2026 compared to 2020 levels.



-20% OF SCOPE 1 AND 2 EMISSIONS BY 2026, COMPARED TO 2020 VALUES

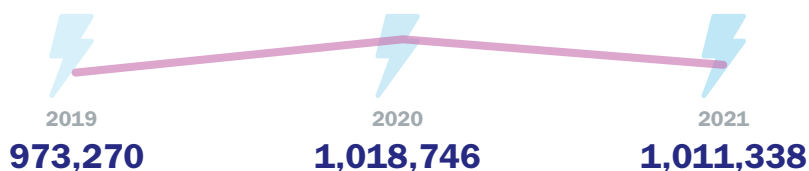
Currently, our energy consumption comes mainly from our production facilities and related utilities. Our decarbonisation policy is prioritised towards the realisation of new plant projects according to high energy efficiency standards, together with the implementation of interventions for the generation of electric and thermal energy directly in the production sites. In this direction, it is also fundamental to implement energy efficiency

interventions both through the recovery of existing energy that is not efficiently used – for example, from the internal incineration of waste produced in our production cycles – and through the improvement of already existing technological equipment, such as motors, compressors, refrigeration units, and LED lighting. In line with our goals, therefore, we are acquiring electricity from certified renewable sources ('GO'

guarantee of origin) with gradually increasing quotas, which within the horizon of the approved Industrial Plan will lead us to cover our entire electricity needs. The context in which we operate, which has seen a significant increase in the cost of energy, has given a further strong impetus to the planning of energy generation and energy efficiency measures, which are now more strategic than ever.

Total energy consumption (GJ)

**TOTAL CONSUMPTION
TOTAL ENERGY - GJ**



**ENERGY CONSUMPTION /
TONNE OF PRODUCT - GJ/TONNE***



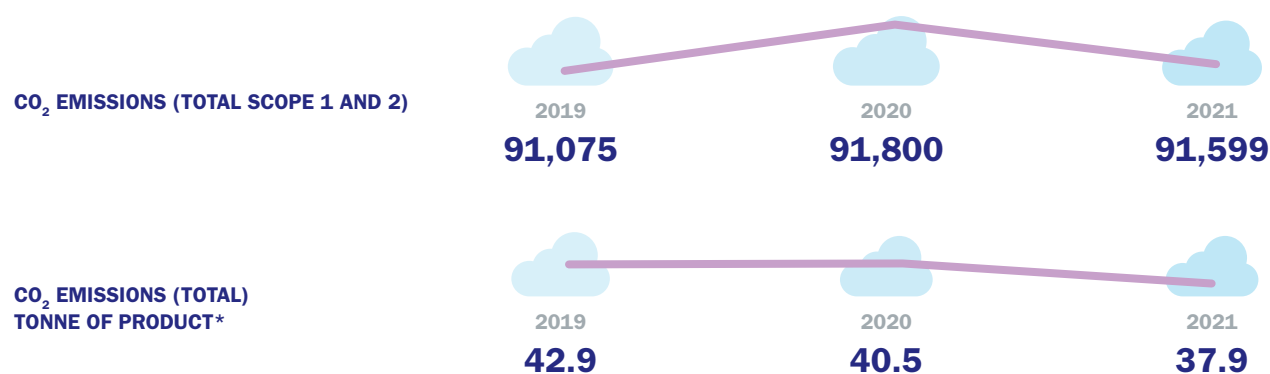
*per tonne of product refers to the total quantities of products invoiced in the reference calendar year

Specifically, direct energy consumption¹ (649,261.81 GJ) accounts for 64% of total consumption and 77% involves fuels used for heating, cogeneration and other utilities, while 22% is attributable to energy used for waste incineration. 99% of direct energy consumption comes from non-renewable sources (methane gas); as for indirect consumption, 35% of it originates from renewable sources².

Compared to the previous year, our energy consumption, both direct and indirect, increased by 6% against a growth in production, also due to the commissioning of new operational lines (e.g. Department B at the Termoli site). Despite this, overall electricity consumption per tonne of product decreased by 9%, showing substantial energy management efficiency according to a trajectory that confirms the virtuous trend of the last three years.

Between 2022 and 2023, in cooperation with a third-party partner, we will build a new trigeneration plant, which will contribute to the production of electricity, heat and cooling to significantly improve the energy efficiency of the Lonigo production site.

Direct and indirect greenhouse gas emissions (tonne CO₂eq)



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

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

Our scope 1 emissions come mainly from the combustion of methane, from the incineration of a portion of waste generated by our production sites, and from the combustion of process vents through thermal burners; our scope 2 emissions come exclusively from the use of electricity acquired from the national grid. In 2021 our emissions, calculated

using the market-based method, totalled 91,337 tCO₂, a slight decrease from the previous year, partly due to the purchase of certified energy from renewable sources³. In relation to the growth in production and turnover, the CO₂ intensity value is thus confirmed as decreasing for the third year in a row. In addition to greenhouse gases,

our plants generate emissions of other substances, such as nitrogen oxides (NO_x), sulphur oxides (SO_x), volatile organic compounds (VOC), particulate matter (PM) and carbon monoxide (CO). For details on this type of emission, please refer to the annex.

¹ For the emission factor relating to electricity, reference is made to the ISPRA 2020 source.

² Company fleet consumption and related emissions are excluded, as the amount of consumption is not material.

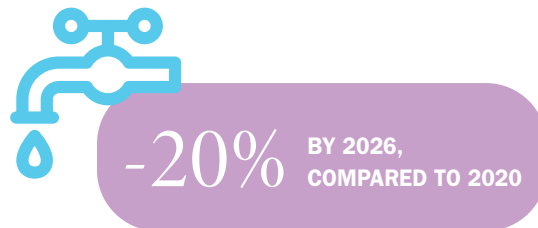
³ ISPRA Report 2020. The factors used for the calculation of scope 2 market-based emissions were derived from data from the electricity supplier ENEL 2020. The reporting standard used (GRI Sustainability Reporting Standards 2016) provides for two different approaches to calculating Scope 2 emissions: location-based and market-based. The location-based approach involves the use of average emission factors relating to specific national power generation energy mixes. The market-based approach involves the use of emission factors defined on a contractual basis with the electricity supplier.

Water, an essential good

We recognise the importance of water resources in all our production activities and strive daily for its proper use and management, through rational and sustainable use, at all production sites. In addition to occupying a promi-

nent position in the list of material topics for the top management and our stakeholders, the topic of water has also been included in the Sustainability Framework. In particular, one of the three identified KPIs relates to freshwater

consumption, for which the target set is to reduce water consumption by 20% by 2026 compared to the 2020 levels.



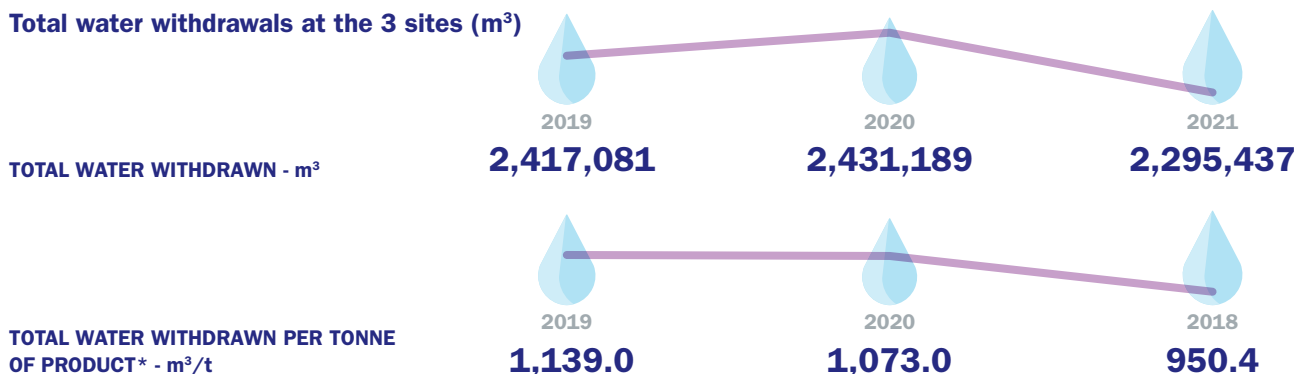
The bulk of the water resource supply comes from groundwater for the Montecchio Maggiore and Lonigo sites, from surface water for the Termoli site.

Water withdrawals for the three FIS sites are for the following activities:

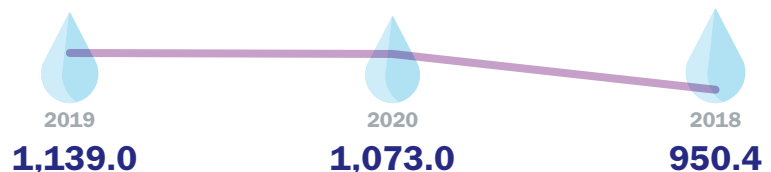
- directly in production processes, i.e. chemical synthesis;

- for washing, cleaning and equipment reclamation activities;
- for cooling and steam production.

Total water withdrawals at the 3 sites (m³)



Total water withdrawn per tonne of product* - m³/t



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

Our total water consumption has not been reduced as a whole, but rather has remained stable despite the growth of our organisation, which has substantially quadrupled its turnover and number of employees over the last 15 years; going back as far as 2005, the Montecchio and Termoli plants

drew the same amount of water today. It is with this in mind that the excellent figure of a reduction of around 17% of the total water withdrawn per tonne of product, compared to the 2019 figure and continuously decreasing according to a well-established trend,

should be viewed in this light: it is undoubtedly a clear sign of how we have managed to expand our production, decoupling our growth from our impact on the environment and thus fulfilling the chemical sector's commitment to "do more with less".

Improvement projects to reduce water consumption focus on surveying and eliminating small utilities with disposable thermoregulation and the quality of purified water from sewage treatment plants in order to recycle it. This mode of operation is not recent, as over the years we have steadily invested resources in order to progressively reduce the volumes withdrawn and discharged. It should be noted that, at the Montecchio site, we have carried out an intervention in 2021 aimed at increasing the reuse of water, foreseeing an overall reduction on an annual basis of 11% in groundwater withdrawal. In order to achieve the target of reducing water withdrawal, a project is being evaluated at the Montecchio site to purify wastewater and recycle water used in non-production related utilities (GMP). In particular, the focus is on steam production, cooling water, process vents and area cleaning.

The main water discharges of our sites are waste water discharges from chemical, physical and biological processes in water treatment plants, which have the department of drastically minimizing pollutant loads leaving the plants. They are monitored through a periodic plan of punctual chemical analyses, regulated by a specific procedure for monitoring and control of the effluent managed by the operations department.

The quality of discharged water is constantly analysed and monitored; in particular, we have seen an upward trend in Chemical Oxygen Demand (COD) values for the Termoli site, consistent in particular with the commissioning of unit B and the start-up of new high-volume syntheses, while at the Montecchio site, COD has decreased by around 30% thanks to the activated carbon filtration system.

In recent years, especially at the Montecchio Maggiore and Lonigo sites, there has been an increased focus on the control of possible micropollutants in wastewater, as these sites are located in an area heavily impacted by PFAS (perfluoroalkyl substances or perfluoroacrylic acids) pollution, a family of hazardous chemical substances that are bioaccumulative and biopersistent, whose effects on human health are not fully known, which have been detected in surface groundwater. In the course of 2021, the awareness of finding solutions to exclude the presence of active ingredients (APIs) and their intermediates and metabolites in wastewater through new management and technological solutions has further increased.

Circular economy and waste

The industrial sector in which we operate plays a major role in waste generation, as chemical synthesis processes generate large quantities of waste.

Therefore, it is essential that its management is carried out in full compliance with the regulations in force according to a strict hierarchy of actions:

- prevention at the source of waste;
- re-use;

- recycling;
- other types of recovery (e.g. energy recovery through incineration);
- disposal.

According to these actions, prevention must be implemented by favouring the reduction of waste production and hazardousness, facilitating its reuse, recycling and other recovery operations: this already occurs in the research and development phase and continues

in the scale-up and industrialisation phase of all chemical syntheses.

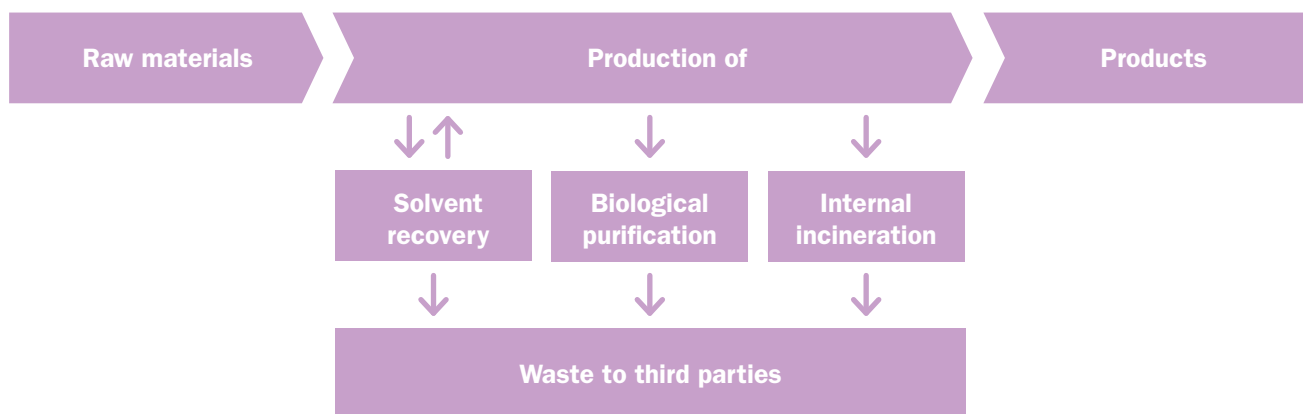
The main type of waste we produce is reaction mother liquors, the liquid component in which chemical synthesis reactions take place. This wastewater removed during the isolation of the finished product – the active ingredient – must also be handled with particular care.

-20%

OF THE RATIO OF DISPOSED WASTE TO RECYCLED WASTE BY 2026, COMPARED TO 2020 VALUES



Process flow



We operate in full transparency regarding waste and wastewater management with our stakeholders and local communities, who have a strong interest in how we manage waste and wastewater from production.

In addition to being among the material topics with high priority, the issue of waste was also considered for the realisation of the Sustainability Framework. In particular, one of the three reference targets of the initiative relates to the reduction of the ratio of waste disposed of to

recycled waste by 20 per cent by 2026 compared to 2020 levels, in order to contribute significantly to the decoupling between economic growth and the consumption of raw materials, and to incentivise their reuse.

The LEAN project in Termoli

In 2021, we developed a project of value in terms of sustainability at our Termoli site, readjusting the management logic of a high-volume substance, previously disposed of externally and from mid-year onwards used in other production cycles and industrial sectors in line with the principle of circularity. The positive results of the technical and economic scouting of potential vendor made it possible to identify partners capable of recovering, managing and re-marketing the recovered substance. With this intervention we have reduced the specific cost of disposal, our water consumption, the volume of waste produced and the CO₂ generated by heavy vehicle traffic.



- 26 t
Tonnes of CO₂
from heavy traffic



- 800 m³
Use of water



- 700 t
Tonnes of waste
produced



+ 1,300 t
Tonnes of waste
recovery

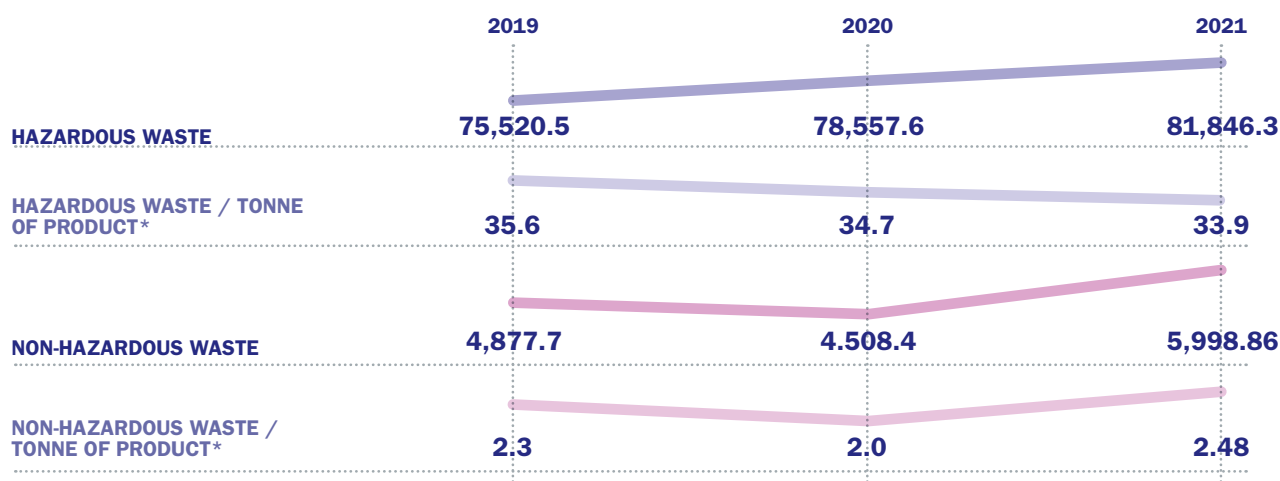
Estimated values for 2022 based on planned production volumes

The company's current strategy envisages – right from the industrialisation phase of new processes, but also reviewing older processes – the identification of by-products to be exploited through internal or external

third-party recovery and internal disposal. Only as a last resort, disposal solutions at external facilities are identified. In addition, we have the capabilities of a lean manufacturing team that promotes a continuous

improvement approach with a focus on production processes and services, particularly those related to the important utility of waste, water and energy.

Hazardous and non-hazardous waste products (tonnes)



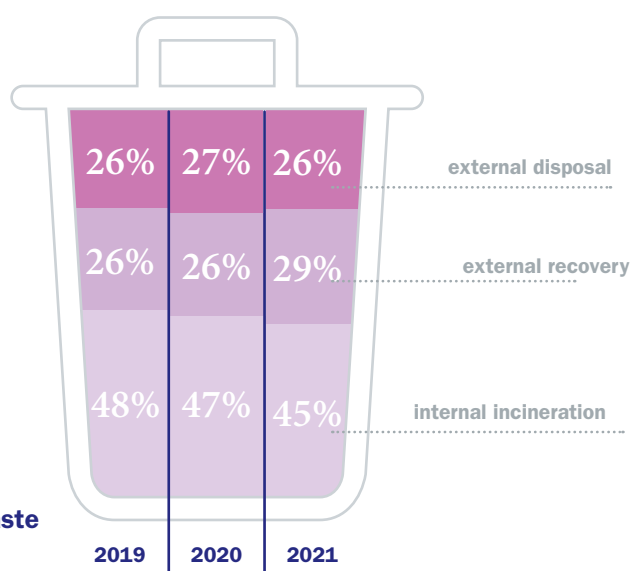
*per tonne of product refers to the total quantities of products invoiced in the reference calendar year

Over the last three years, we have substantially stabilised overall waste production, against a steady growth in turnover and thus in product volumes; therefore, it is important for us to emphasise that the negative trend in the waste per

unit of product ratio once again highlights a decoupling between the economic and environmental trajectory. Circular economy issues are now central to the agendas of public institutions and private sector

companies, which recognise its strategic role in the transition towards sustainability to which the whole of society is called upon.

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



In the chemical industry, almost 27% of the waste produced is recycled and 38% is used for environmental restoration. FIS is in line with industry data: 29% of waste is recovered; in 2021, these growing percentages also highlight our continuous ability to enhance, also externally, the material used by reducing its disposal. FIS is technologically capable of recovering solvents at all three of its sites. The Montecchio Maggiore site in particular can count on a first-class distillation department consisting of no less than 11 discontinuous columns, 2 thin-layer columns, 3 continuous columns and a stripper dedicated to the recovery of low-boiling or high-boiling solvents that form azeotropes with water.

Despite these important achievements, there are stringent constraints that significantly limit the possibility of increasing the recovery and reuse of by-products within chemical syntheses. In fact, the rules laid down by the industry's Good Manufacturing Practice (GMP) standards must be respected, which, considerably reduce our possible margins for improvement in order to guarantee the protection of the final consumer of the medicine according to a legitimate precautionary principle. Residual to the recovery and reuse logics described above, we can count on an in-house incineration capacity that allows the effective management of a significant portion of waste, with recovery of combustion heat, which can be

used as an energy vector for production purposes, while controlling emissions with state-of-the-art abatement systems. Waste management in 2021 saw a much greater share of waste going to external recovery with a relatively stable share going to internal incineration; in particular, during 2022/23 the Lonigo incinerator will undergo a significant modernisation, which will allow for more effective waste management by further limiting disposal to external incineration plants, thereby also reducing the overall impact of heavy traffic.

A vocation for research and development

Creativity and organisational efficiency are the main characteristics of our R&D team.

We are engaged in challenging projects relating to organic synthesis and analytical development with the aim of industrialising robust chemical processes for the preparation of active ingredients.

Investing in research and development is essential for us both to ensure the technological development of our company and to remain competitive in the chemical-pharmaceutical sector.

According to Eurostat's calculations, the ratio of "Research and Development" (R&D) expenditure to turnover in the European chemical industry is 1.8%, while in Italy the average is 1.2%. For 2021, FIS's total investment in R&D stood at around € 21 million, corresponding to about 3.8% of the company's turnover, a clear indication of the value and importance we attach to innovation and technological development.

R&D activities are carried out on two of the three sites: Montecchio Maggiore and Lonigo. Approximately 65% is located at the Montecchio Maggiore site and is focused on the development and production of new projects and products in custom development and manufacturing and in the general area.

Our R&D department is based on an operational model called "focused project" and on the integration of process chemistry and analytical development. In essence, it involves synergetic cooperation within a team consisting of process and analytical chemists, laboratory technicians, project managers, intellectual property experts, support assistants and plant operators capable of optimising both chemical and analytical aspects. By securing and aligning the development and validation of

analytical methods for regulatory intermediates, process controls, final API release, potential genotoxic impurities and cleaning, methods, the R&D group has over the years contributed to a substantial project and patent portfolio: a total of 642 patents were counted, of which 603 were granted. In 2021 alone, 14 new patent applications were filed. R&D is organised into 18 different teams, each consisting of 12 elements. Each unit can manage up to 4 projects per year at different stages of development. In total, 40-45 projects are conducted per year. We have experienced a 200% growth in R&D activities over the last five years, and we are particularly proud of that.

Currently, we have 12 synthesis laboratories, 12 analytical laboratories, 2 calorimetry laboratory suites, 1 dedicated fermentation/biocatalysis laboratory, 5 ISO8-class kilolabs, 2 laboratories and 2 analytical laboratories for HPAPI compounds. The R&D share of the Montecchio Maggiore site also includes a unit dedicated to the development of new generics, amounting to 10% of the total R&D activities in terms of both personnel and investments, while the R&D contingent of the Lonigo site, amounting to 25%, is mainly dedicated to the development of projects in the veterinary field. In fact, this sector represents for us one of the business areas with the greatest development opportunities in the coming years.

An important goal, planned in 2020 and targeted in 2021, in close cooperation with some customers and implemented on specific projects, concerns the development and industrialisation of continuous flow processes and the application of 'in-line process' analytical controls, also called Process Analytical Technologies (PAT). These allow a considerable reduction in analysis time (up to 100 times) and reaction control compared to standard methodologies. In particular, these processes consist of several steps: the taking of the sample from the industrial reactor, the delivery of the sample to the analytical laboratory, the preparation of the analytical sample, the preparation of the analytical instrument, the performance of the analysis, the interpretation of the data and finally the communication of the result to the plant operator.

However, the service offered by the R&D organisation is not just about business, but also about identifying the best analytical techniques for state-of-the-art monitoring of potential residual substances in water discharges from our production sites. A further goal that we have set for 2022 is the extension to the Termoli and Lonigo sites of the system for determining the quantities of potential residual API's present in aqueous effluents from biological plants, which is already operational at Montecchio Maggiore.

FIS intellectual property



Sustainable production processes

Our process innovation aims to identify solutions for the recovery of solvents and precious catalyst metals, such as palladium and rhodium, but increasingly focuses on reducing the volumes destined for disposal and the substitution of the most hazardous raw materials, with the dual goal of reducing costs and environmental impacts by increasing circularity solutions. In recent years, we have acquired new skills and implemented specific projects using the cutting-edge technologies described above, which allow us to manage reagents more safely, reduce the environmental impact (carbon footprint), the size of production facilities and production lead times.

The development and industrial application of flow processes is certainly a strategic area for our company. Due to the regulatory environment, there are few opportunities to make changes to the chemical syntheses we develop on behalf of our customers from an economic and authorisation perspective, as well as from a sustainability perspective. Despite this, we consider it essential to pursue an innovative approach in our processes and to search for new, more sustainable solutions. Considering the entire portfolio of Custom R&D projects (44 in 2021), we managed to optimise 27% of them. In particular, the improvements recorded refer

to the overall yield, the reduction in the volume of solvents used, the decrease in the consumption of raw materials, and the recovery of catalysts consisting of rare and precious metals, such as rhodium and palladium, which led to a reduction in the PMI index, Process Mass Intensity⁴ (which measures the ratio between the mass of raw materials used and the mass of the product obtained). During 2021, we selected and rationalised an additional objective index to measure the sustainability of the processes we develop: the Green Aspiration Level (GAL).

⁴ PMI is an objective criterion for measuring an increase in the efficiency of a process, indirectly linked to an increase in sustainability during product development, from the laboratory to the industrial scale.

In this sense, LAG is to be considered a metric linked to the concept of green chemistry that can quantify the environmental impact of a chemical process. In particular, this index is assessed through an industry benchmark and subsequently considered at each stage

of the process development. It is capable of quantifying the waste produced in relation to the amount of final compound synthesised, quantifying the stoichiometric efficiency of a process and comparing syntheses at the design stage by means of historical production

data collected using the reagent/product mass as a reference. With the introduction of the LAG, it is, in fact, possible to identify a green process standard and uniquely assess the progress made in optimising a production process.

GAL - GREEN ASPIRATION LEVEL

The GAL was born in 2015 from the concept of green chemistry, which can be defined as the efficient use of raw materials (preferably renewable), including energy resources exploited in the production process, and the consequent elimination of waste and substances that are toxic or hazardous to humans and the environment. This methodology, first published in “Green Chemistry” and subsequently updated and improved, is now a benchmark for the pharmaceutical world and is promoted by international bodies such as the American Chemical Society (Green Chemistry Institute) and the IQ Consortium (International consortium for innovation & quality in pharmaceutical development).



The WMS project

In 2018, we launched the MOM (Manufacturing Operations Management) project with the aim of supporting and improving our production processes by implementing new tools, particularly IT, and progressively moving towards a new business concept from an Industry 4.0 perspective. At the end of 2020, at the Lonigo and Termoli sites, we implemented the WMS (Warehouse Management System), an innovative system for managing material

flows within the plants, based on the Oracle JDE platform, which meets high quality requirements by adhering to GMP regulations and the guidelines dictated by regulatory bodies such as AIFA, EMA, and FDA; it is a set of flows, procedures, and IT tools that govern the movements of raw materials, semi-finished and finished goods involved in the production of API. In the course of 2021, we also started activities to explore new ways of collecting and organising

data and operating instructions related to our production processes, in order to have a more precise and timely view of them and identify possible corrective actions that will enable us to improve them. Our goal is continuous improvement with a particular focus on reducing waste and inefficiency by outlining sustainability performance indicators to monitor individual industrial processes.

4

Sharing
value with our
stakeholders

DRI 1035

SI 1030B

SI 1037

RI 1032

Sharing value with our stakeholders

Our success is the result of dialogue with our employees.

We have always listened to the needs of our stakeholders to generate shared value.

Over the years, we have realised that collaboration with our partners and customers is essential in order to achieve our goals, guaranteeing them the highest quality and safety. Reliability in handling customer requests, customer satisfaction and the ability to offer new services and products are key elements for continuing to operate successfully in a competitive and highly customised market. FIS is committed to positively embracing opportunities for growth in all lines of business, establishing lasting and collaborative partnerships with a small number of key customers, who are increasingly attentive and sensitive to the sustainability aspects of our business.

Customers

During the stakeholder engagement process, it emerged that special attention is paid to 'occupational health and safety' and a 'sustainable supply chain' in all activities and initiatives.

Our management approach to quality, including customer satisfaction, is formalised in the Quality Manual and is defined in the Quality Management System (QMS) in accordance with UNI EN ISO 9001:2015 and GMP (Good Manufacturing Practice), the set of rules that define the methods, means and ways of managing the production of pharmaceutical products in order to ensure appropriate quality standards.

A distinctive element of the Quality & Compliance organisation is the allocation of resources dedicated to customer contact for both product quality issues and support of regulatory requirements.

The satisfaction of our customers is measured by key performance indicators (KPIs), such as the percentage of complaints received compared to the number of shipments or batches shipped. We also adopt a weighted index of non-conformity reports found during customer audits at sites.

These indicators are analysed and compared both in periodic reviews with our customers (Business

Review) and in formal documents such as the Annual Product Review, issued on a product-by-product basis, and the Periodic Quality Review, carried out annually at each site. Efforts to improve and standardise management criteria for high potent active ingredients (HPAPI) continue in this direction, also thanks to a joint project between the Health, Safety and Environment (HSE) and Quality Assurance (QA) departments.

Complaint management in 2021

During 2021, a significant across-the-board improvement was achieved on all quality indicators, with one exception relating to CAPAs (Corrective Actions, Preventive Actions) on time. There was also significant progress in the number of batches released within the planned timeframe and a good improvement in the number of complaints in relation to the number of shipments.

Our quality, safely

We consistently and punctually offer our products in accordance with the highest international standards, which are also guaranteed by quality and health and safety certifications at all our production sites.

Some of the activities implemented for the validation and qualification of plants and systems, as well as the qualification of suppliers, find a central and indispensable element in the Quality & Compliance department. The department has a procedural system based on guidelines and specific site operating procedures while ensuring compliance and flexibility. All process, documentary and analytical controls are aimed at the production of active ingredients that comply with registered specifications and GMP regulations, so as to ensure efficacy and patient safety, through qualitative process management, including the handling of deviations, complaints, rejections and out-of-specification, training, process changes and others.

In addition, the Regulatory Affairs Department and Subject Matter Experts directly monitor, through interactions with customers or manufacturers' associations, the evolution of national and international regulations to ensure that the system and product specifications are constantly aligned with the expectations of customers and authorities.

We work in synergy to ensure quality and safety in order to protect end consumers and our employees at the production sites. Thanks to this goal, we share the criteria for the safe classification and management of Occupational Exposure Band (OEB) substances, in compliance with Permitted Daily Exposure (PDE) values, which are necessary to establish cleanliness criteria for production facilities and to guarantee high product quality standards that distinguish and drive us to improve every day. Continuing the work started in 2020, during 2021 we analysed in detail the machines used for the production of APIs classified OEB3 and produced in all multi-purpose departments of the Montecchio Maggiore plant. The analysis covered the technical-constructive-engineering aspects, material and people flows, and compound management procedures. In addition, together with the departments involved, we defined the minimum acceptable user requirements for the management of the OEB3 API and carried out activities to verify the requirements and identify any gaps.

In the course of 2022 we will conduct similar gap-analysis activities in the Lonigo and Termoli plants, formulate and, in part, implement a remediation plan with the aim of remedying the weaknesses identified in the design, management and control of the containment and cross-contamination aspects, common to the three plants and integrated between Quality and Safety. Data integrity, quality risk management and continuous improvement are cornerstones of our quality system.

As far as the main risks related to customer satisfaction are concerned, those related to the Covid-19 pandemic, those related to the increasing difficulties in supplying raw materials and risks related to cyber security should be mentioned.

In fact, the continuation of the pandemic and its consequences proved to be a critical issue in 2021 as well, with significant slowdowns for production activities, particularly at the Montecchio Maggiore and Termoli sites. That required considerable flexibility in the allocation of staff to the various activities. In addition, in 2021 there was an increase in the review and approval time by AIFA.

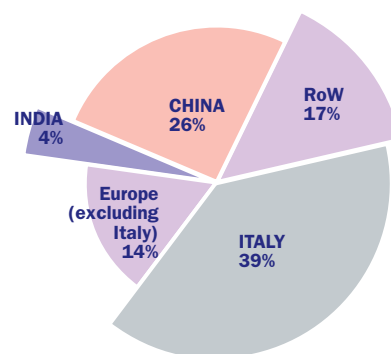
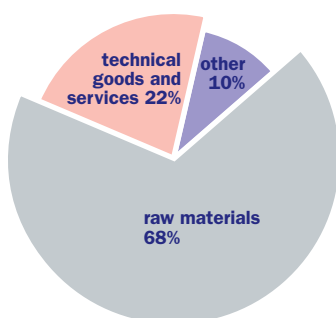
The emergency situation in the raw materials market also caused a strong increase in the qualification of new raw material sources (+150%) and verification of performance (+50%) which were managed in cooperation with major custom customers.

Inspection activities increased in the second half of the year and were successfully concluded: Certiquality audits for the Montecchio Maggiore and Termoli sites for the renewal of the UNI EN ISO 9001:2015 company certification and AIFA inspections in Termoli and Montecchio Maggiore. The 'Total Quality Initiative' project was also launched at the Termoli site with the aim of improving and standardising production and management processes, the quality culture of operators, and automation and control levels. To this end, a multidisciplinary team headed by the Director of Corporate Quality Assurance was created.

Suppliers

A supply chain with an international dimension aimed at creating value for our customers.

The supply market in which we operate for the purchase of raw materials is global in scope: more than 40 countries, with a strong concentration in the Far East, particularly China. Strategically, we have a representative office in Shanghai and one in India.



The supply chain structure is centralised at the site in Montecchio Maggiore, in the province of Vicenza.

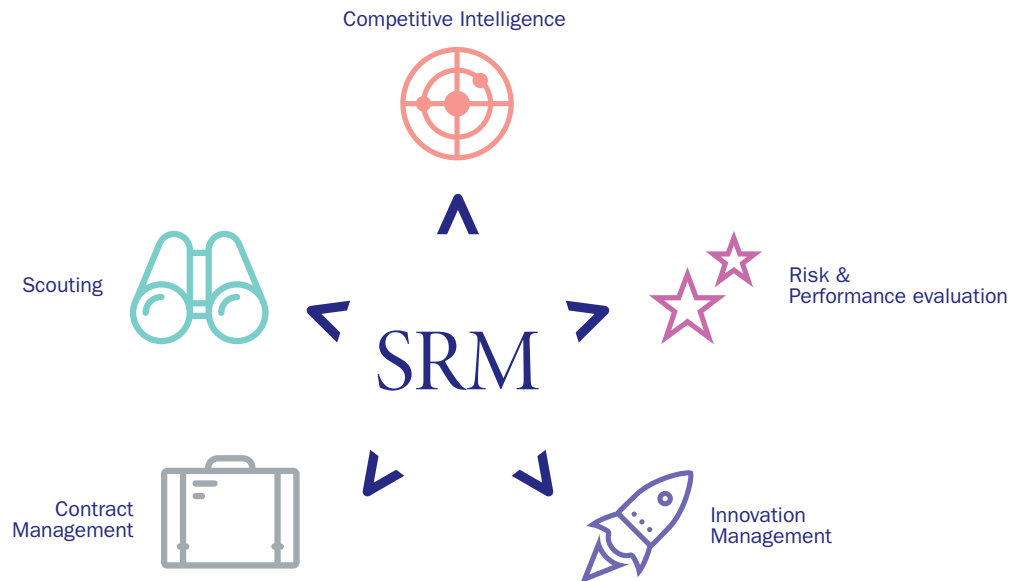
The main goals of our supply chain are:

- creating 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, i.e. risk minimisation in the supply chain, ensuring business continuity through extensive knowledge and constant monitoring of the target market;

- optimising costs through the capacity for gathering in a timely fashion the best opportunities and innovations present in international markets.

At FIS, we seek to develop sustainable partnerships with selected suppliers that are based on shared values, especially with regard to ethical and environmental principles. Collaboration and integration with suppliers is ensured first and foremost by the presence of a Supplier Portal (Supplier Relationship Management - SRM) and a well-defined plan for evaluating their performance, through

pre-audits, technical visits to their plants, periodic quality audits and continuous monitoring of supplies. This software platform optimizes and improves the accessibility of internal information, and automatically receives information from external databases, such as Cribis®, for assessing the economic performance of suppliers, and Ecovadis®, for assessing their sustainability. In particular, from 2021, after the start-up phase in 2020, the first results from the implementation of the Ecovadis® platform were collected.



Supplier selection and verification process

Relations with suppliers of raw materials and services are regulated by specific company procedures. In detail, the raw materials required for the company's activities are classified according to different criticality levels. Based on these and the suppliers' performance, we draw up an annual audit plan to be carried out remotely or directly on site.

In order to ensure that the audits could be carried out in attendance, despite the restrictions caused by the pandemic, we promptly entered into agreements with independent auditing agencies in China and India to perform the audits. In addition to the evaluation for approval at the qualification stage, the use of suppliers is also subject to the timely quality control of all supplies in order to constantly monitor their level and control their compliance with previously agreed specifications.

In order to enable careful monitoring of even the most distant strategic suppliers, our partners in the Far East are supervised by our Shanghai office, which is responsible for regular pre-audit assessment, on-site technical audits, quality audits, as well as business review meetings together with the central Procurement. It is our practice to directly handle the shipments of the most critical and highest value raw materials in order to carry out a timely and precise control over the entire chain.

Transport is mainly by sea and only in exceptional cases do we resort to air transport. Rail is not exploited, both because of the type of material that is often considered dangerous or requires special storage conditions, and because of the variability of travel time from the port of embarkation to the port of disembarkation (transit time), which was very high in 2021. Logistics service providers are mainly structured and globalised,

internationally recognised partners. With most of them, the relationship that binds us is solid and long-standing, with a constant focus on the possible opportunities that the logistics market offers. We firmly believe that managing a small pool of suppliers makes it possible not only to maintain strong competition, but also to exploit the strengths of each one.

To best illustrate our supply chain, we use Kraljic's matrix, which divides purchasing into four classes based on the complexity of the target market and the importance of purchasing. This mapping enables the supply chain to be managed correctly, resulting in better contractual conditions and avoiding problems such as bottlenecks; this mapping identifies:

- multiplier effects, important for the company but located in markets with little risk or where supply is plentiful;
- strategic suppliers, relevant for the company both in terms of

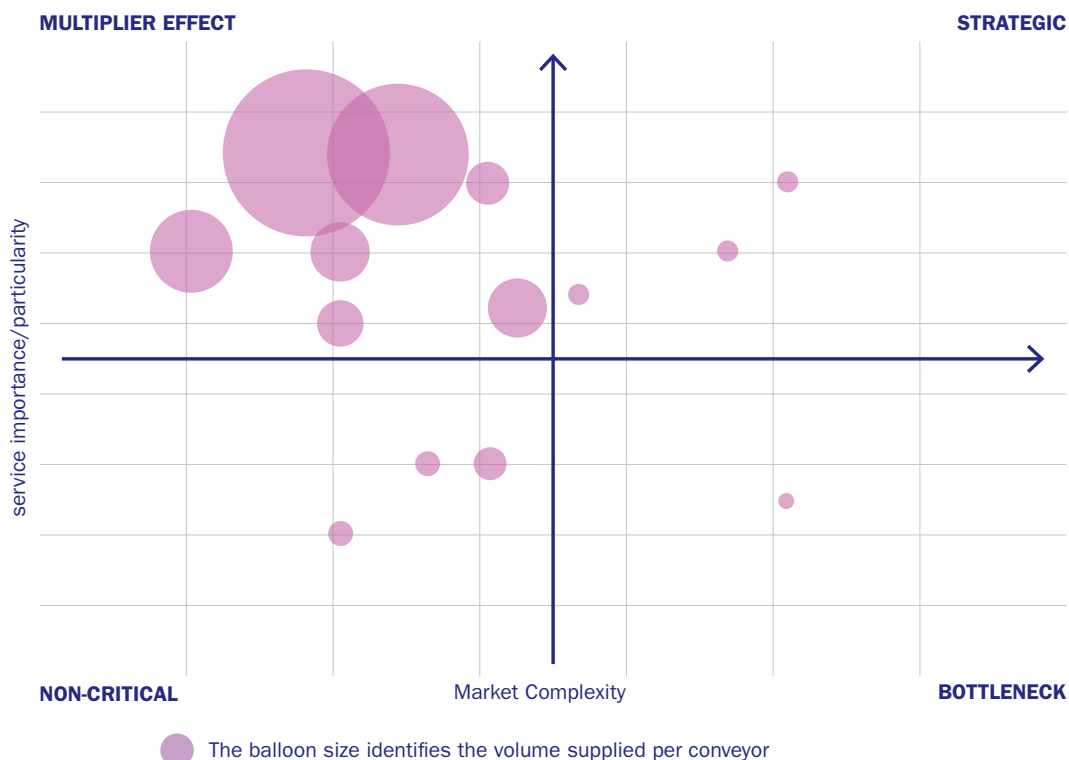
economic impact and supply conditions from complex and risky markets;

- non-critical suppliers with low business impact and abundant in low-risk markets;

- “bottleneck” suppliers, with low impact on the company's economic performance but with whom continuity of supply may be at risk.

Most of our suppliers, are positioned in the section referring to articles with a multiplier effect, and this obliges us to optimise the management of vendor relations as they are indispensable for ensuring satisfactory business results.

Kraljic matrix for the logistics supply chain



The small number of raw materials suppliers is motivated by the desire to create lasting relationships. We firmly believe that the ideal situation is reached when all parties know the particularities of the product being shipped, the

needs of those who are to receive it and the habits of those who are to ship it.

After an initial evaluation phase on each supplier, if successful, the relationship is contractualised and

entered into the SRM platform. In the event of damage occurring during transport, this is notified and an ad hoc investigation process is then activated. All shipments paid for by FIS are covered by all-risks insurance.

Audits conducted and mitigation actions

In accordance with the current versions of the qualification procedures, all our suppliers, paying particular attention to vendors of active ingredients and packaging materials, are subject to periodic audits. During the year 2021, we conducted 37 on-site audits.

To this procedure, we added numerous actions in 2020 to mitigate the negative effects in terms of continuity of supply due to the emergency situation, which continued in 2021.

Potential risks and critical issues in the supply chain

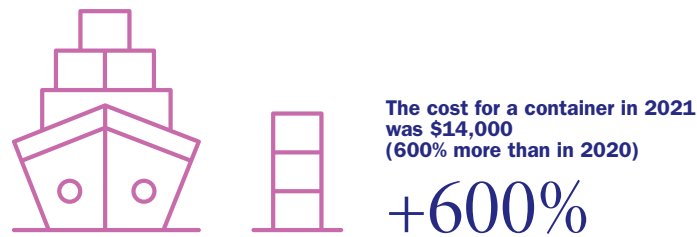
The spread and persistence of the pandemic situation led to significant supply difficulties, especially due to the extensive lockdown in China during the very first emergency phase, confirming existing concerns about the extensive dependence of the entire chemical-pharmaceutical industry on this specific geographical area. In order to react promptly to possible shortage in the supply chain, we reorganised the internal production of some raw materials by taking steps to qualify more suppliers.

In the course of 2020 and 2021, the company expanded its supplier perimeter, drawing up contracts with around 50 new vendors, both for raw materials, for which the Quality Assurance (QA) department promptly informed the team in charge of their analysis, and for the main products, guaranteeing and maintaining high quality standards.

Global logistics have already suffered major impacts since 2020 such as:

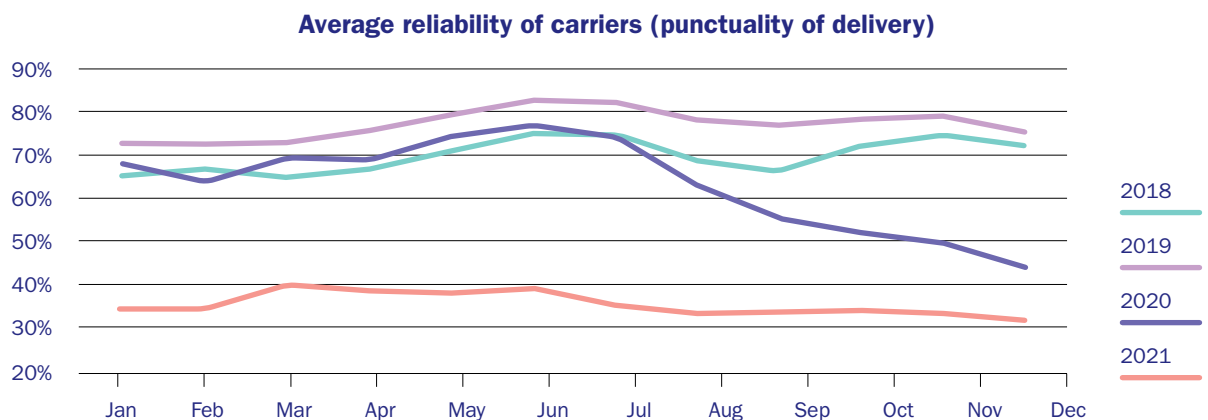
- increase in e-commerce;
- increase in demand for goods;
- the reduction of the labour force;
- congestion in ports;
- cancellations of arrivals in previously defined ports, of shipping companies.

This has led to an exponential increase in maritime freight rates and transit time variability. The cost for a 40-foot container rose from around \$2,000 in 2020 to \$14,000 in 2021.



In addition to the increase in costs, there has been a significant deterioration in transit time: from an average of 40 days to around 70-80 days, with a drastic reduction in the reliability of maritime transport.

The graph below illustrates the average reliability percentage of the carriers that met their orders on time:



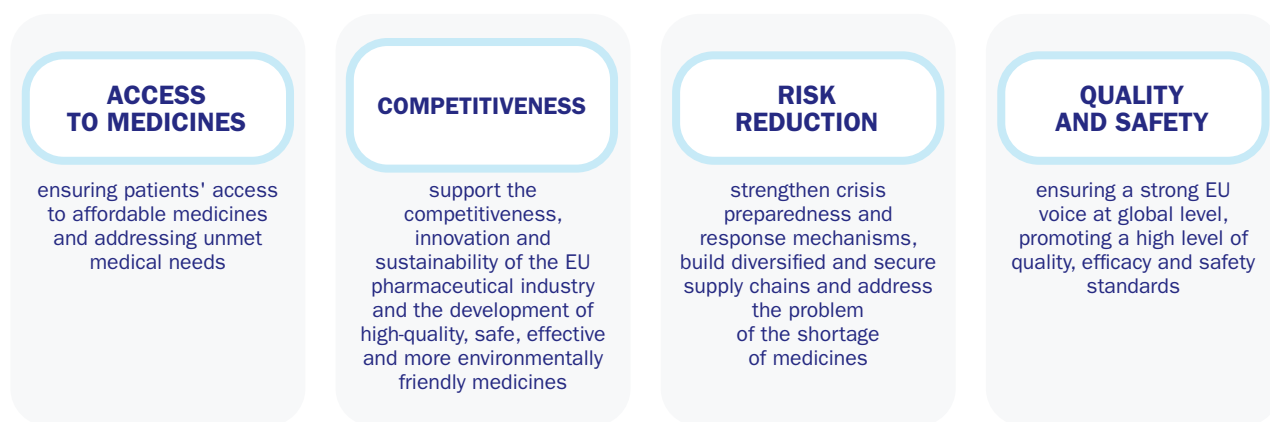
To mitigate the risks, the Pharmaceutical Strategy for Europe was adopted by the European Commission in 2020, which aims to ensure patients' access to innovative and affordable medicines and to support the competitiveness, innovation capacity and sustainability of the EU pharmaceutical industry, while supporting the use of diversified and secure supply chains, which would provide Europe with

an open strategic autonomy in the world, and promoting the use of environmentally sustainable medicines.

The Pharmaceutical Strategy for Europe will enable Europe to meet its drug needs even in times of crisis, thanks to strong supply chains. It will also take into account the shortcomings highlighted by the coronavirus pandemic

and take appropriate measures to strengthen the system.

The strategy proposes concrete actions to ensure the accessibility, availability and affordability of medicines. Many of these aim to considerably reduce dependence on foreign countries for the production of medicines and pharmaceutical ingredients. The strategy is built on four pillars:



In this context, the European Fine Chemical Group (EFCG) has also proposed a number of strategic actions, including the support of companies by European institutions to initiate new research and development activities for more sustainable chemical processes aimed at the in-house

synthesis of essential raw materials, the supply of which becomes risky when linked to an unbalanced dependence on the Asia-Pacific region.

Our intention is to continue our internal competitiveness verification actions with make-or-buy solutions

and to identify reliable partnerships in terms of product quality, safety, respect for human rights and environmental standards, also by diversifying the supply chain more geographically (de-risking) and re-evaluating the European market.

Public bodies and institutions

In carrying out our activities, we not only pay special attention to the relationships established with suppliers and customers, in order to maintain a high quality of our processes and of the active ingredients produced and destined for the market, but we are always attentive to what is outlined by the most important health authorities at national and international level.

Among the authorities we routinely deal with, whether for written communications regarding proprietary dossiers on generic products or in support of custom customers or even for the renewal of licences and possible adaptations to new regulations, are the Italian Agency for Medicines (AIFA) and the

Italian Ministry of Health, as well as some of the world's leading health ministries. Interactions with the AIFA and the Ministry of Health mainly concern the submission of applications, amending the Drug Master File (DMF), applying for export permits for narcotic drugs and carrying out site inspections and follow-ups.

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

In addition, we have for years been members of professional associations and organisations, such as The European Chemical Industry Council, Active Pharmaceutical Ingredients Committee, European Fine Chemicals Group. This allows us to stay abreast of industry trends and dynamics. With this in mind, in 2018 we also joined the Pharmaceutical Supply Chain Initiative (PSCI), a non-profit organisation, founded in 2006 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.

Our relationship with local communities

Once again this year we have decided to support and pay special attention to our territories in line with the steady growth in the contributions we provide to the many entities operating there. We have therefore participated in multiple initiatives and, where possible, supported the requests that came to us by evaluating them on a case-by-case basis.

We are happy to report that in 2021 we have recognised more financial support than in 2020, mainly for youth sports activities, cultural events and numerous charities. We were pleased to send out a signal of our presence in line with the restarting of many aggregation and social activities inevitably held back by the health emergency. In this sense, we plan to renew our commitment for the coming year as well.

Dialogue and discussion with our local communities has always been an opportunity for growth and improvement. Thanks to the stakeholder engagement process, through a careful analysis of the results obtained, we were able to find that the issues of primary importance to local communities are water protection, attention to climate change and pollution, and occupational health and safety.

Commitment to the world of education

At FIS we strongly believe in the value of education. At the end of 2020, we set up a fund to provide scholarships for the children of our employees, and in 2021 we provided five scholarships for high school and university students. The initiative is aimed at promoting study in high schools and institutes of higher education in order to acquire specialised skills, as well as representing an important cultural opportunity, recognising the efforts made by the most deserving students.

The sponsorship of the School Diary, now in its fifth edition, also continued. It pursues the goal of conveying positive content for children's growth, offering topics ranging from knowledge of chemistry to environmental sustainability. The theme of the School Diary in 2021 was once again designed to entice our children to delve into the fascinating world of chemistry and science, exploring the world of elements and the periodic table. This project has grown over the years to reach more than 4,000 families in our area.

We have always cultivated relations with schools through a variety of activities and projects: school visits to our production sites, orientation days for choosing a university pathway, donations of teaching materials, university internships and school-to-work alternation courses. The pandemic situation in 2021 has unfortunately forced us once again to limit our efforts, interrupting most of the projects we carry out annually thanks to the passion and dedication of many colleagues. However, we managed to secure the activation of 19 internships/internships at the Montecchio Maggiore and Lonigo sites.

We promote research and development in the field of organic synthesis of active pharmaceutical ingredients (APIs) with methodologies and approaches also through university collaborations. In particular, as part of the collaboration with the academic world, our Sustainability Manager was able, albeit remotely, to give a lecture to the students of the "Business Ethics" master's degree course at the University of Verona.

It was an opportunity for positive discussion on the important topic of integrating ethical values into business, which will be replicated in 2022 also with the cooperation of the Head of the Internal Auditing Department, recently introduced in the company.

The four main university departments we are currently collaborating with are:

- the Department of Biology within Industrial Biotechnology at the University of Padua;
- the Department of Organic Chemistry for the identification and realisation of new synthetic methods in organic chemistry at the University of Venice;
- the Department of Industrial Chemistry for the identification and realisation of new synthetic methods in organic chemistry at the University of Bologna;
- The Department of Organic Chemistry for the synthesis and preparation of peptide derivatives at the University of Florence.



5

Methodological note

Methodological note

This document represents FIS's fifth Sustainability Report, drawn up annually, through which we wish to inform a wide and diverse audience of stakeholders (citizens, institutions, territorial communities, media, shareholders, lenders, employees, suppliers, customers, authorities, etc.) of our choices, activities, results and commitment in the ESG (Environment, Social and Governance) sphere to a sustainable future. The goal is to ensure an understanding of the activities carried out by FIS, its performance, results and impact. In drafting the Sustainability Report, FIS was inspired by the principles of the guidelines of the Global Reporting Initiative (GRI), the international reference standard for non-financial reporting, in the GRI Standard version, in accordance with the 'Core' approach, with the aim of providing a knowledge tool that is agile in its communication and punctual in its representation of results, giving a concrete and quantitative measurement of the performance achieved. In fact, the Report is the main tool for reporting on corporate sustainability performance, enhancing commitment, initiatives and the continuous process of dialogue and listening with relevant stakeholders, first and foremost employees. The reporting boundary of the Report consists of the activities carried out by FIS S.p.A. during 2021, thus excluding facts, data and information pertaining to the other companies of the FIS Holding Company. The reported data, initiatives, projects and actions refer to the time period from 1 January 2021 to 31 December 2021. However,

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

In accordance with GRI, the Report contains data and information relevant to the understanding of FIS's activities, consistently selected on the basis of a structured materiality analysis, which identified the most relevant sustainability issues for FIS and its stakeholders. The materiality analysis was carried out with the direct involvement of company management, under the supervision of the Sustainability Manager through an assessment process that involved FIS management, responsible for potentially relevant non-financial issues, and external stakeholders in order to understand the operational and strategic context in which FIS operates and to describe the company's main environmental, economic and social impacts. The identification of topics was carried out on the basis of a previous benchmark analysis to further refine the set of sustainability topics of FIS. This analysis was based on a sample of companies operating in the chemical-pharmaceutical sector and on the analysis of global sustainability trends.

Starting from this activity, the identification of priorities among the material topics was carried out through a subsequent series of individual interviews conducted with members of top management. They also gave insights into the degree of relevance that the various categories of stakeholders attrib-

ute to the various topics. Finally, the joint consideration of internal and external significance led to the identification of 17 material topics selected from those recognised as having the greatest significance for FIS and its stakeholders. These are divided into four thematic areas and are discussed in detail within this Report.

It was therefore possible to observe how the material themes have changed and matured over time in relation to the emerging needs of the evolving context and the input provided by stakeholders.

The economic, financial and governance data are taken from the Management Report, which goes into some specific aspects in more detail. Environmental, personnel and other data on the other aspects dealt with in the document are collected directly from the process owners. In order to ensure the comparability over time of the indicators deemed most significant and to give the reader the opportunity to compare the performance achieved, the current values have been compared, using graphs and tables, with those for the two previous financial years (2019 and 2020).

The process of drafting the Report is coordinated and managed by the FIS Sustainability Manager, in collaboration with the various corporate departments.

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

GRI Indicator data tables

1. Number of employees by gender and age group (No.) [GRI 405-1] [GRI 405-1]

			2019		2020		2021	
	Age group	Unit of measure	Men	Women	Men	Women	Men	Women
Montecchio	< 30 y.o.	No.	202	75	231	70	179	72
	30 ≤ x ≤ 50	No.	496	151	483	145	471	155
	> 50 y.o.	No.	236	28	272	50	286	52
Termoli	< 30 y.o.	No.	43	4	51	5	55	6
	30 ≤ x ≤ 50	No.	100	11	106	12	142	32
	> 50 y.o.	No.	58	1	68	2	87	12
Lonigo	< 30 y.o.	No.	58	13	63	8	99	4
	30 ≤ x ≤ 50	No.	150	30	152	32	147	17
	> 50 y.o.	No.	79	10	89	10	74	3
Total		No.	1,422	323	1,515	334	1,540	353

2. Percentage of employees by age group and gender (%) [GRI 405-1]

		2019		2020		2021	
		men	women	men	women	men	women
< 30 y.o.		17.36%	5.27%	18.66%	4.49%	17.59%	4.33%
30 ≤ x ≤ 50		42.75%	11.00%	40.08%	10.22%	40.15%	10.78%
> 50 y.o.		21.38%	2.23%	23.20%	3.35%	23.61%	3.54%

3. Number of employees by type of contract (No.)

	2019	2020	2021
Employees with permanent contracts	1,721	1,691	1,686
Employees with fixed-term contracts	24	158	207

4. Number of employees by employment contract and gender (No.)

2019				2020				2021			
Permanent contract		Fixed-term contract		Permanent contract		Fixed-term contract		Permanent contract		Fixed-term contract	
men	women	men	women	men	women	men	women	men	women	men	women
1,407	314	15	9	1,375	316	140	18	1,364	322	176	31

5. Percentage of employees by type of employment contract type (%)

Type of contract	2019	2020	2021
permanent	99%	91%	89%
Fixed-term	1%	9%	11%

6. Number of full-time and part-time employees (No.)

	2019			2020			2021		
	men	women	total	men	women	total	men	women	total
< 30 y.o.	1,415	292	1,707	1,506	303	1,809	1,534	319	1,853
30 ≤ x ≤ 50	7	31	38	9	31	40	6	34	40
> 50 y.o.	1,422	323	1,745	1,515	334	1,849	1,540	353	1,893

7. Percentage male and female presence across the total corporate population (%) [GRI 405- 1]

	2019	2020	2021
Men	81.5%	81.9%	81.4%
Women	18.5%	18.1%	18.6%

8. Professional classification of employees (No.)

	2019	2020	2021
Number of directors	31	31	27
Number of middle managers	210	212	215
Number of white-collar workers	606	628	683
Number of blue-collar workers	898	978	968

9. Number and percentage of employees by professional category and gender year 2021 (No. and %)

	Men	Women	Total	Men	Women	Total
Number of directors	19	8	27	1.00%	0.42%	1.43%
Number of middle managers	151	64	215	7.98%	3.38%	11.36%
Number of white-collar workers	467	216	683	24.67%	11.41%	36.08%
Number of blue-collar workers	903	65	968	47.70%	3.43%	51.14%
Total	1,540	353	1,893	81.35%	18.65%	100.00%

10. Turnover rate by gender and age group (%) [GRI 401-1]

		2019		2020		2021	
		Men	Women	Men	Women	Men	Women
Montecchio	Incoming turnover	3.00	4.33	9.84	6.79	6.52	11.47
	Outgoing turnover	3.85	6.30	3.96	3.40	5.24	6.09
Termoli	Incoming turnover	0.50	0.00	7.56	10.53	8.75	16.67
	Outgoing turnover	1.49	0.00	1.33	0.00	1.88	0.00
Lonigo	Incoming turnover	6.62	7.55	8.22	8.00	1.76	6.00
	Outgoing Turnover	6.27	1.89	3.62	10.00	4.93	6.00

		2019		2020		2021	
	Age group	Men	Women	Men	Women	Men	Women
Montecchio	< 30 y.o.	5.05	4.33	25.91	4.65	26.69	7.17
	30 ≤ x ≤ 50	3.25	3.86	5.25	2.71	3.99	3.99
	> 50 y.o.	1.52	5.68	1.24	5.28	0.30	6.80
Termoli	< 30 y.o.	2.13	2.13	19.64	1.79	22.33	2.91
	30 ≤ x ≤ 50	0.00	0.90	5.93	0.00	4.88	1.22
	> 50 y.o.	0.00	1.69	1.43	2.86	1.30	1.30
Lonigo	< 30 y.o.	12.68	1.41	30.99	5.63	13.11	4.92
	30 ≤ x ≤ 50	6.11	2.22	3.80	2.17	0.00	2.30
	> 50 y.o.	3.37	15.73	0.00	8.08	0.00	10.10

11. Recruitments and terminations by establishment, by gender and by age group (No.) [GRI 401-1] [GRI 401-1]

		2019		2020		2021	
		Men	Women	Men	Women	Men	Women
Montecchio	Recruitments	28	11	97	18	61	32
	Departures	36	16	39	9	49	17
Termoli	Recruitments	1	0	17	2	28	4
	Departures	3	0	3	0	6	0
Lonigo	Recruitments	19	4	25	4	5	3
	Departures	18	1	11	5	14	3

		2019		2020		2021	
	Age group	Recruit-ments	Departures	Recruit-ments	Departures	Recruit-ments	Departures
Montecchio	< 30 y.o.	14	6	78	14	67	18
	30 ≤ x ≤ 50	21	25	33	17	25	25
	> 50 y.o.	4	15	4	17	1	23
Termoli	< 30 y.o.	1	1	11	1	23	3
	30 ≤ x ≤ 50	0	1	7	0	8	2
	> 50 y.o.	0	1	1	2	1	1
Lonigo	< 30 y.o.	9	1	22	4	8	3
	30 ≤ x ≤ 50	11	4	7	4	0	4
	> 50 y.o.	3	14	0	8	0	10

12. Number of employees hired and terminated by gender at corporate level (no.) [GRI 401-1]

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hired employees	48	15	63	139	24	163	94	39	133
Terminated employees	57	17	74	53	14	67	69	20	89

13. Percentage of employees hired and terminated by gender (%) [GRI 401-1]

	2019		2020		2021	
Hired employees	76.19%	23.81%	85.28%	14.72%	70.68%	29.32%
Terminated employees	77.03%	22.97%	79.10%	20.90%	77.53%	22.47%

14. Ratio of basic salary of women to men (%) [GRI 405-2]

	2019		2020		2021	
Directors	94%		98%		95%	
Middle management	94%		95%		93%	
White-collar	92%		95%		93%	
Blue-collar	88%		92%		88%	

15. In-company training (average hours per person)(No.)(GRI 404- 1)

	2019		2020		2021	
Male employees	25		24		23	
Female employees	19		24		31	

16. Total hours of training provided to employees (No.) [GRI 404-1]

	2019		2020		2020	
Training provided to directors	382		1,362		282.3	
Training provided to middle managers	5,370.5		6,013		7,626.5	
Training provided to white-collar workers	16,535		18,448		16,881	
Training provided to blue-collar workers	19,517.5		18,252		21,224.5	
Training provided to project/stage contracts	1,722		69		204	
Total	43,527		44,144		46,218	

17. Health, safety and environment investments (millions of euros)

	2019	2020	2020
Montecchio	1,851,881	1,580,890	1,739,286
Termoli	2,201,942	1,108,832	1,256,802
Lonigo	5,167,195	3,241,487	1,455,391
Total	9,221,018	5,931,209	5,392,703

18. Health, safety and environment training (per capita hours)[GRI 403-5]

	2019	2020	2020
Montecchio	8.6	15.7	13.8
Termoli	21.2	17.3	23.7
Lonigo	25.3	26.3	28.4
F.I.S. average	13.4	16.1	22

19. Accidents occurring on the premises (No.)* [GRI 403-9]

	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
Montecchio	17	0	9	0	13	0
Termoli	12	0	6	0	6	0
Lonigo	4	0	1	1	0	0
Total	33	0	16	1	22	0

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

20. Accident frequency index* and accident severity index** [GRI 403-2]

	2019		2020		2021	
	frequency index	severity index	frequency index	severity index	frequency index	severity index
Montecchio	9.0	0.17	4.8	0.16	7.1	0.23
Termoli	36.7	0.68	9.8	0.4	12.4	0.26
Lonigo	7.3	0.17	3.8	0.16	5.7	0.07

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

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

21. Days lost due to illness and absenteeism rate* [GRI 403-2]

	2019		2020		2021	
	Total days lost	Absenteeism rate	Total days lost	Absenteeism rate	Total days lost	Absenteeism rate
Montecchio	10,851	3.6%	15,599	4.9%	12,189	4.06%
Termoli	2,262	4.1%	2,754	4.4%	2,762	3.19%
Lonigo	2,827	3.3%	3,844	4.3%	2,798	3.24%

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

22. Energy consumed within the organisation [GRI 302- 1]

	Units of measurement	2019	2020	2021
Diesel / gas oil	Gjoules	654	1,035	621
Natural gas		593,492	615,079	648,565
Electricity supplied by the grid		327,947	344,549	362,076
Electrical energy from other sources produced and consumed internally		51,177	58,084	76
Overall energy consumption		973,270	1,018,746	1,011,338
Energy consumption / tonnes of product	GJ/tonne	459	449	419

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

23. Direct, indirect GHG emissions (tCo2eq) [GRI 305-3;305-2]

	2019	2020	2021
Co ₂ emissions (scope1)	65,131	67,079	72,077
Co ₂ emissions (scope2)	25,994	24,721	19,522
Co ₂ emissions (total)	91,125	91,800	91,599
Co ₂ emissions (total) / tonnes of product	42.9	68.8	37.9

24. Direct, indirect GHG emissions (tCo2eq) [GRI 305-3; 305-2]

2021	Montecchio	Termoli	Lonigo
Co ₂ emissions (scope1)	45,227	10,339	16,511
Co ₂ emissions (scope2)	8,613	6,199	4,710
Co ₂ emissions (total)	53,840	16,538	21,221

25. Nitrogen oxides (NO_x), sulphur oxides (SO_x) and other significant emissions [GRI 305-7]

Type of emissions	Units of measurement	2019	2020	2021
NO _x	kg	39,937.6	31,464.4	41,701.5
SO _x		712.4	1,191.5	772.4
VOC		2,902.9	2,715.7	1,749.8
PM		396.8	400.3	613.2
CO		5,530.9	4,284.2	6,043.8

26. Nitrogen oxides (NO_x), sulphur oxides (SO_x) and other significant emissions [GRI 305-7]

Type of emissions	Units of measurement	2019	2020	2021
Montecchio				
NOx	kg	19,396	14,659	15,645
SOx		50	65	199
VOC		2,439	1,948	n.a.
PM		256	247	688
CO		2,830	1,468	n.a.
Termoli				
NOx	kg	7,042	6,263	7,121
SOx		4	80	75
VOC		67	86	n.a.
PM		n.a.	n.a.	99
CO		403	397	n.a.
Lonigo				
NOx	kg	13,500	10,542	18,936
SOx		658	1,047	499
VOC		397	682	n.d
PM		141	153	963
CO		2,293	2,420	n.a.

27. Water withdrawal (m³ and m³/t) [GRI 303-3]

	Units of measurement	2019	2020	2021
Montecchio				
Total water withdrawn	m ³	2,417,081	2,431,819	2,295,437
Total water withdrawn per tonne of product	m ³ /t	1,139.0	1,073.1	950.4

28. Water withdrawal (m³) [GRI 303-3]

Units of measurement	2019	2020	2021
Total water withdrawal from supply services (i.e. from aqueduct)			
Fresh water	-	-	27,553
Other types of water	-	-	-
Tot.	-	-	27,553
Directly from the source, without the intermediation of a supply service			
Groundwater (tot.)	2,005,081	2,005,367	1,840,884
Fresh water	2,005,081	2,005,367	1,840,884
Other types of water	-	-	-
Groundwater (tot.)	412,000	426,452	427,000
Fresh water	412,000	426,452	427,000
Other types of water	-	-	-
Total water withdrawal	2,417,081	2,431,819	2,295,437

29. Water withdrawal (m³) [GRI 303-3]

Total water withdrawal by source	2019	2020	2021	2019	2020	2021	2019	2020	2021
	Montecchio			Lonigo			Termoli		
Water from supply services (i.e. from aqueducts)									
Fresh water	-	-	24,021	-	-	3,532	-	-	-
Other types of water	-	-	-	-	-	-	-	-	-
Tot.	-	-	24,021	-	-	3,532	-	-	-
Direct withdrawal from the source, without the intermediation of a supply service									
Groundwater									
Fresh water	1,202,731	1,222,237	1,088,204	792,350	773,130	742,680	10,000	10,000	10,000
Other types of water	-	-	-	-	-	-	-	-	-
Tot.	1,202,731	1,222,237	1,088,204	792,350	773,130	742,680	10,000	10,000	10,000
Process water									
Fresh water	-	-	-	-	-	-	412,000	426,452	427,000
Other types of water	-	-	-	-	-	-	-	-	-
Tot.	-	-	-	-	-	-	412,000	426,452	427,000
Total water withdrawal	1,202,731	1,222,237	1,112,225	792,350	773,130	746,212	422,000	436,452	437,000

30. Water discharge (m³) [GRI 303-4]

Water discharge by destination	2019	2020	2021
From all areas			
Groundwater	959,766	1,001,927	567,833
of which is fresh water	959,766	1,001,927	567,833
of which are other types of water	-	-	-
Third-party water resources	392,000	388,665	390,000
of which is fresh water	392,000	388,665	390,000
of which are other types of water	-	-	-
Third-party water resources	1,300,279	1,220,411	1,041,279
of which is fresh water	1,300,279	1,220,411	1,041,279
of which are other types of water	-	-	-
Total discharges	2,260,045	2,222,338	1,999,112

31. Water discharge (m³) [GRI 303-4]

Water discharges by destination	2019	2020	2021	2019	2020	2021	2019	2020	2021
	Montecchio			Lonigo			Termoli		
From all areas									
Groundwater	567,766	613,262	567,833	-	-	-	-	-	-
of which is fresh water	567,766	613,262	567,833	-	-	-	-	-	-
of which are other types of water	-	-	-	-	-	-	-	-	-
Water resources of third parties	-	-	-	-	-	-	392,000	388,665	390,000
of which is fresh water	-	-	-	-	-	-	392000	388,665	390,000
of which are other types of water	-	-	-	-	-	-	-	-	-
Surface waters	560,846	525,358	451,106	739,433	695,053	590,173	-	-	-
of which is fresh water	560,846	525,358	451,106	739,433	695,053	590,173	-	-	-
of which are other types of water	-	-	-	-	-	-	-	-	-
Total water withdrawal	1,128,612	1,138,620	1,018,939	739,433	695,053	590,173	392,000	388,665	390,000

32. Discharged water quality (kg) NON GRI KPI (GRI 306-1 old standard 2016)

	Type of substance	Unit of measurement	2019	2020	2021
Montecchio	COD	KG	58,054	37,151	24,831
	TSS	KG	8,658	5,777	5,057
	NH3	KG	5,649	3,250	2,671
	NO3	KG	-	-	-
	P	KG	551	638	625
Termoli	COD	KG	36,541	76,481	111,034
	TSS	KG	9,928	24,727	26,797
	NH3	KG	960	704	442
	NO3	KG	99	126	218
	P	KG	876	530	269
Lonigo	COD	KG	14,725	19,908	18,071
	TSS	KG	7,190	3,859	3,664
	NH3	KG	1,096	1,633	889
	NO3	KG	73	153	53
	P	KG	46	53	25

33. Water consumption (m³) [GRI 303-5]

Water discharge by destination	2019	2020	2021
From all areas			
Total withdrawals	2,417,081	2,431,819	2,295,437
Total discharges	2,260,045	2,222,338	1,999,112
Total consumption	157,036	209,481	296,325

34. Water abstraction, water discharge and water consumption (m³) [GRI 303-3; 303-4; 303-5]

Water consumption	2019	2020	2021	2019	2020	2021	2019	2020	2021
	Montecchio			Lonigo			Termoli		
Total withdrawals	1,202,731	1,222,237	1,112,225	792,350	773,130	746,212	422,000	436,452	437,000
Total discharges	1,128,612	1,138,620	1,018,939	739,433	695,053	590,173	392,000	388,665	390,000
Total consumption	74,119	83,617	93,286	52,917	78,077	156,039	30,000	47,787	47,000

35. Waste generated (tonne) [GRI 306-4]

	2019		2020		2021	
	Hazardous waste	non-hazardous waste	Hazardous waste	Non-hazardous Waste	Hazardous waste	Non-hazardous Waste
Montecchio	41,206.7	1,583.6	44,905	1,288	42,225.1	1,638
Termoli	11,856.9	1,443.2	11,976	1,430	19,300	1,968
Lonigo	23,421.1	1,793.5	21,703.7	1,790.4	20,321.1	2,382.3
Total FIS	75,520.6	4,877.8	78,557.7	4,508.4	81,846.3	5,998.9
Waste tonne of product	35.6	2.3	34.7	2.0	33.9	2.5

36. Non-hazardous waste by type of destination (tonne) [GRI 306-5]

	2019			2020			2021		
	External disposal	External recovery	Internal incineration	External disposal	External recovery	Internal incineration	External disposal	External recovery	Internal incineration
Montecchio	134.5	1,155.1	294.0	171.0	1,117.0	160.9	371.9	1,214.3	52.3
Termoli	1,198.8	244.4	-	1,142.0	288.0	-	1,527	441	-
Lonigo	34.4	1,679.9	79.2	834.0	956.4	-	192	1,053.8	1,136
Total	1,367.7	3,079.4	373.2	2,147	2,361.4	160.9	2,090.9	2,709.1	1,188.8

37. Hazardous waste by type of destination (tonne) [GRI 306-5]

	2019			2020			2021		
	External disposal	External recovery	Internal incineration	External disposal	External recovery	Internal incineration	External disposal	External recovery	Internal incineration
Montecchio	6,577.7	9,650.3	24,978.7	9,477.0	10,936.0	24,492.0	7,473.9	10,473.5	24,277.8
Termoli	8,602.8	3,254.1	-	8,018.0	3,958.0	-	9,854	9,446	-
Lonigo	3,029.7	3,851.5	16,540.1	3,019.7	4,202.9	14,481.1	2,990.1	2,958	14,373
Total FIS	18,210.2	17,674.6	41,518.8	20,514.7	19,096.9	38,973.1	20,318	22,877.5	38,651.8

38. Type of disposal for hazardous and non-hazardous waste (%) [GRI 306-5]

	2019	2020	2021
External disposal	26%	27%	26%
External recovery	26%	26%	29%
Internal incineration	48%	47%	45%

39. Percentage of solvent recovery at the three sites (%) [GRI 301-2]

			2018	2019	2020	2021
FIS MONTECCHIO - Solvent recovery percentage						
TOTAL	Percentage of recycled materials	%	50	52	54	56
FIS LONIGO - Solvent recovery percentage						
TOTAL	Percentage of recycled materials	%	n.a.	n.a.	33	59
FIS TERMOLI - Solvent recovery percentage						
TOTAL	Percentage of recycled materials	%	n.a.	n.a.	n.d	59

40. Tonnes and percentages of material used in the production process [GRI 301]

	2019			2020			2021		
	Conventional	Recycle	% Recycled	Conventional	Recycle	% Recycled	Conventional	Recycle	% Recycled
Montecchio	15,295.77	15,704	50	15,699	16,406	51	15,677	21,712	56
Lonigo	-	-	-	1,287	1,207	48	1,634	2,380	59
Termoli	-	-	-	-	-	-	6,316	9,226	59
Total FIS	15,295.77	15,704	51	16,986	17,614	51	23,627	33,318	58

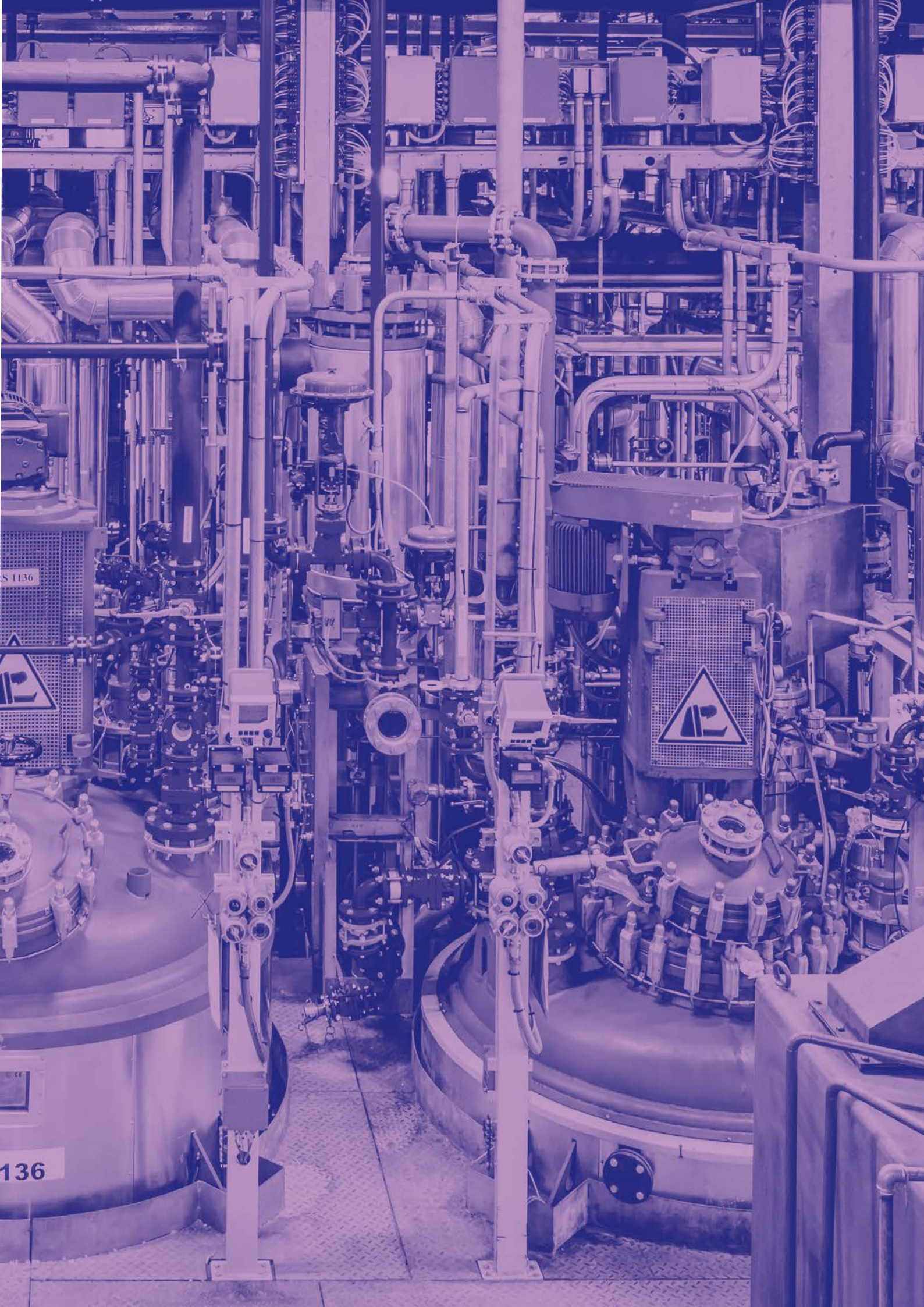
41. Materials used that originate from recycling (tonnes and %) [GRI 301-2]

List of materials from recycling/recovery (e.g. solvents)			2019	2020	2021
EPTANO 8129	Total input materials	tonnes (or m³)	337	283	791
	Total recycled input materials	tonnes (or m³)	2,588	2,405	3,283
	Percentages of recycled materials	percentage	88.49%	89.48%	81%
ISOPROPANOL 7420	Total input materials	tonnes (or m³)	3,532	4128	5,820
	Total recycled input materials	tonnes (or m³)	2,539	2,523	4,268
	Percentages of recycled materials	percentage	41.82%	37.93%	42%
ACETONE 7030	Total input materials	tonnes (or m³)	2,557	2,728	2,585
	Total recycled input materials	tonnes (or m³)	3,102	3,631	4,559
	Percentages of recycled materials	percentage	54.82%	57.09%	64%

List of materials from recycling/recovery (e.g. solvents)			2019	2020	2021
TOLUENE 9290	Total input materials	tonnes (or m ³)	1,538	1,688	3,876
	Total recycled input materials	tonnes (or m ³)	1,668	1,709	6,574
	Percentages of recycled materials	percentage	52.03%	50.31%	63%
THF 9254	Total input materials	tonnes (or m ³)	596	617	1,117
	Total recycled input materials	tonnes (or m ³)	821	870	819
	Percentages of recycled materials	percentage	57.94%	58.50%	42%
METHANOL 7430	Total input materials	tonnes (or m ³)	6,736	6,319	7,353
	Total recycled input materials	tonnes (or m ³)	4,986	5,421	6,234
	Percentages of recycled materials	percentage	42.54%	46.18%	46%
ETHANOL 7417-7412-7406	Total input materials	tonnes (or m ³)	-	1,223	-
	Total recycled input materials	tonnes (or m ³)	-	1,055	-
	Percentages of recycled materials	percentage	-	46.31%	-
MEK 8487	Total input materials	tonnes (or m ³)	-	-	318
	Total recycled input materials	tonnes (or m ³)	-	-	3,572
	Percentages of recycled materials	percentage	-	-	92%
MTBE 9199	Total input materials	tonnes (or m ³)	-	-	574
	Total recycled input materials	tonnes (or m ³)	-	-	1,482
	Percentages of recycled materials	percentage	-	-	72%
ACETIC ACID 7060	Total input materials	tonnes (or m ³)	-	-	427
	Total recycled input materials	tonnes (or m ³)	-	-	1,033
	Percentages of recycled materials	percentage	-	-	71%
DMSO 8090	Total input materials	tonnes (or m ³)	-	-	78
	Total recycled input materials	tonnes (or m ³)	-	-	689
	Percentages of recycled materials	percentage	-	-	90%
ETHYL ACETATE 8171	Total input materials	tonnes (or m ³)	-	-	687
	Total recycled input materials	tonnes (or m ³)	-	-	805
	Percentages of recycled materials	percentage	-	-	54%
FIS TOTAL	Total input materials	tonnes (or m ³)	15,295.77	16,986.10	23,627
	Total recycled input materials	tonnes (or m ³)	15,704	17,613.71	33,318
	Percentages of recycled materials	percentage	50.66%	50.90%	58%

42. Number and percentage of suppliers by geographical origin and type (No.)

	2019	2020	2021
Numbers of active suppliers			
Total number of active suppliers	1,744	1,219	1,269
Geographical origin			
Countries of origin of active suppliers (vendor)	27	34	26
Countries of origin of goods (producer)	37	42	41
Purchase volumes per country in % (per received from producer)			
Italy	42%	41%	39%
Europe (excluding Italy)	13%	13%	14%
China	28%	27%	26%
India	2%	3%	4%
RoW	15%	16%	17%
Type of supplier			
Suppliers of raw materials	61%	67%	68%
Technical goods and services suppliers	26%	22%	22%
Other suppliers	13%	11%	10%



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Lendaro Gabriele - CSR Contact Person - gabriele.lendaro@fisvi.com
Rasia Umberto Maria - Communications Manager - umberto.rasia@fisvi.com

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