



PATIENTS | PEOPLE | PRODUCTS | PERFORMANCE

**CONSOLIDATED  
NON-FINANCIAL  
STATEMENT  
2022**



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## LETTER TO STAKEHOLDERS

Dear Stakeholders,

2022 was another remarkable year for Recordati in delivering on our ambitions with outstanding results and renovating our efforts to integrate environmental, social and governance (ESG) activities into our business.

During the year, we continued to meet significant social and environmental targets, with People and Planet being the two core areas defining our approach to sustainable growth.

We continued to put patients at the centre of what we do, driven by our long-standing commitment of improving their quality of life and the ones of their families. At Recordati, we're constantly devoted to offering affordable products that serve a broad range of therapeutic areas through our Specialty & Primary Care (SPC) business, while also increasing our presence in the rare diseases segment to provide innovative treatments that address serious unmet medical need.

In 2022 we launched a number of initiatives to foster a more diverse and inclusive working environment for all. In this context, we rolled out a survey to the Group's management to assess their perception and awareness on D&I within the company, resulting in actionable practices to even more promote equal opportunities.

We firmly believe that people's well-being and the planet's health are closely interconnected. And ensuring this is the real legacy we want to leave to future generations.

In renovating our commitment to circular economy and the fight against climate change, we implemented energy efficiency projects and promoted the purchase and production of energy from renewable sources. Overall, around 84% of the electricity purchased to run operations in the Group's plants and annexed offices comes from renewable sources. More specifically, we touted the installation of solar panel systems that generate renewable energy both at the plants in Ireland and Spain, in a bid to reduce their impact on the planet.

We also continued to share our foundational ethical values with our business partners. For them, we specifically designed an ESG monitoring plan with the aim to promote respect for ethical, environmental, and social aspects along the entire value chain.

Also, we have been close to the populations impacted by the tragic events over the past several months.

As soon as the crisis in Ukraine started, we immediately put in place tangible actions to provide our people and their families with all financial and logistical assistance needed, while also providing continuity of supply of medicines to the communities involved in the emergency, both in Ukraine and in neighbouring countries. Overall, we contributed with a donation to support the emergency relief efforts, partly addressed to NGOs providing humanitarian aid.

With regards to the earthquake hitting Türkiye and Syria at the beginning of 2023, we promptly provided emergency accommodation and immediate financial support and activated an internal fundraising initiative, to support our colleagues who have been most impacted by the crisis. To provide further essential assistance, Recordati has also donated medicines and medical supplies to areas of need according to the requirements list and rules determined by the Ministry of Health (MoH) and the Turkish Medicines and Medical Devices Agency (TITCK), while also making a donation to the Disaster and Emergency Management Authority in Türkiye (AFAD), which is providing essential aid to earthquake victims.

Our focus and efforts in driving Recordati's ESG strategy have been further recognized by the upgrade to "Robust" score in the overall ESG Assessment provided by Moody's ESG Solutions and the rating from "Gold" to "Platinum" by EcoVadis. Furthermore, our inclusion in the FTSE4GOOD Index Series and in the MIB ESG Index, promoted by Euronext and Borsa Italiana, has been reconfirmed, together with the A rating by MSCI ESG Research.

Only by continuing building on the strategic pillars of our Sustainability Plan with dedication and passion, we'll be able to create further sustainable growth and deliver meaningful value for all our stakeholders. In

this journey, we're impressed by the outstanding commitment of our people, who constantly give their best to make Recordati an example of excellence on performance and care for people and the world around us. To all of them, we would like to express our very sincere thanks.

ANDREA RECORDATI

Chairman

ROB KOREMANS

Chief Executive Officer

## SUSTAINABILITY HIGHLIGHTS

### Approximately 84%

purchased electricity from renewable sources for the Group's plants and annexed offices

### Solar panels installed

at the production plants in Ireland and Spain

### Approximately 7,500 trees planted

in 2021 and 2022, in the metropolitan area of Milan through the Forestami project, with a commitment to plant 11,250 trees by 2023

### Approximately 900

Patients affected by rare diseases supported through the Patient Assistance Program, the Co-Pay Assistance Program and similar programs

### € 5.8 million

in donations to the community, €3.4 million of which in support of Ukraine (including monetary and product donations measured at market value)

### 10<sup>th</sup> Arrigo Recordati Prize

international award that aims to promote scientific research. The 2022 prize, open to young researchers from anywhere in the world, was dedicated to the promotion and recognition of excellence in research on pituitary disorders

### 96%

of employees hired on permanent contracts

### 54%

women hired in 2022 out of total new hires, with the commitment to gradually increase the percentage of women in Top and Senior management positions

### 1<sup>st</sup> Diversity & Inclusion survey completed

involving approximately 300 Group managers

### 50

Suppliers audited on ESG topics via desk audits conducted by an independent third party (EcoVadis)

### Over 180

supplier audits conducted by the pharmaceutical and chemical-pharmaceutical division, mainly on product quality and safety

## 1. THE RECORDATI GROUP

*Recordati is a well-established and constantly growing international pharmaceutical group. For over 95 years, the Group has faced the challenges of a constantly evolving market with great determination, exploiting each of the opportunities best suited to its growth model.*

*The Recordati group operates in a wide and differentiated field which comprises primary and speciality care, self-medication and rare diseases.*

*In addition to cardiovascular diseases, and specifically hypertension, Recordati is also active in urology, gastrointestinal disorders and central nervous system diseases.*

*The Recordati group operates in the rare diseases segment worldwide through Recordati Rare Diseases. The Group has developed a growing presence in the segment of rare diseases, where it researches, develops and markets a number of orphan drugs and holds a product portfolio focused on rare genetic metabolic disorders, rare endocrine diseases and, since December 2022, with the acquisition of EUSA Pharma, rare and niche oncology diseases.*

### 1.1 The Recordati group: a long history of success

Established in 1926 and with its head office in Milan, the Recordati group is one of Italy's oldest pharmaceutical companies. Since its foundation, it has grown consistently to become a leading international pharmaceutical group and has been listed on Borsa Italiana since 1984. The Group has numerous branches both in and outside Europe in the pharmaceutical and chemical-pharmaceutical sectors.

The growth of the Recordati group is the result of the quality of its products and services, as well as the implementation of the policy aimed at internationalisation and diversification, based on a focused strategy of business development and acquisitions. In addition to subsidiaries in Western and Central-Eastern Europe, Recordati also operates directly in the United States, Canada, Mexico, several countries in South America, in the Middle East, Japan, Australia and New Zealand, China, South Korea, Türkiye and North Africa. Although its principal reference market is the European Market, which is one of the largest pharmaceutical markets in the world, the Group operates in around 150 markets, including through various licensing agreements.

Recordati has seven pharmaceutical production plants and one packaging and distribution plant dedicated to pharmaceuticals for rare diseases, and two chemical-pharmaceutical sites where it produces numerous active substances and intermediates. The Basel site (Switzerland), acquired in October 2022, is dedicated to the production of Signifor® LAR, an important pharmaceutical product for the treatment of Cushing's syndrome and acromegaly.

Recordati produces and promotes a wide range of innovative pharmaceuticals and its product portfolio includes general medicines as well as specialist pharmaceuticals for the treatment of rare diseases. The Group's pharmaceutical activities extend across all phases of the process and include research and development, production, packaging, storage and commercialisation. The chemical-pharmaceutical activities of the Recordati group focus on the chemical production of intermediates and active substances both for Recordati's pharmaceutical products and for the international pharmaceutical industry.

The Group's most well-known products include Lercanidipine-based pharmaceuticals, a latest-generation antihypertensive calcium channel blocker, and products containing a combination of Lercanidipine and Enalapril, an ACE inhibitors. Both substances are used to treat cardiovascular conditions, where Recordati

also offers pharmaceuticals based on the widely used beta-blocker metoprolol. For over forty years the Group has operated in the urology area, acquiring specific expertise and becoming the European partner of established international pharmaceutical companies. The offer has been recently expanded to include a leuprorelin acetate product indicated for palliative care in hormone-dependent prostate cancer (PCa) with a depot formulation for subcutaneous injection. In the metabolic area, it markets pitavastatin, a statin for controlling hypercholesterolemia, in the gastroenterology area, several consolidated products for bowel cleansing and constipation, and in the central nervous system area, a new anti-psychotic drug for the treatment of schizophrenia, cariprazine.

The Recordati group operates in the rare diseases segment worldwide through Recordati Rare Diseases, covering over 100 countries around the world. With a view to innovation and growth, for over 15 years the Group has developed, produced and marketed pharmaceuticals for the treatment of rare diseases through Recordati Rare Diseases.

Recordati Rare Diseases is the business unit entirely devoted to the research, development and commercialisation of drugs for the treatment of rare diseases, with a portfolio of products initially dedicated to rare genetic metabolic disorders. The portfolio was then consolidated with the acquisition of additional important drugs for rare endocrine diseases through the acquisition of universal rights from Novartis for Signifor® and Signifor® LAR for the treatment of Cushing’s disease and acromegaly in adult patients when surgery is not indicated or when surgery has failed, as well as Isturisa® (osilodrostat), an innovative oral administration treatment that received European approval in January 2020 for Cushing’s syndrome and U.S. approval in March 2020 for Cushing’s disease. In March 2021, the Ministry of Health, Labour and Welfare (MHLW) of Japan approved Isturisa® (osilodrostat) for the treatment of patients with Cushing’s syndrome. In September 2022, the subsidiary Recordati AG finalised the transfer from Novartis Pharma, in operation since 1st October, of the assets relating to the manufacturing process of microparticles of Signifor® LAR bulk conducted at the production plant in Basel. In 2022, through the acquisition of EUSA Pharma, a global biopharmaceutical company focused on the treatment of rare oncology diseases, the Group added four products with high growth potential to its portfolio for the treatment of rare and niche oncology diseases.

Recordati Rare Diseases is one of the leading companies at an international level in terms of number of products launched on the market developed specifically to treat a rare disease. In recent years, the Group's activities to develop pharmaceuticals to treat rare diseases have extended to various countries in North and South America, as well as the Middle East, Japan, Australia, New Zealand, China and South Korea.

For more information on the main business activities of the Group, its products and its markets, please refer to the “Recordati, an International Group” and “Review of Operations” sections of the 2022 Annual Report.

Employees: over 4,300

Revenue: € 1,853.3 million

R&D Spending: € 220.1 million (this amount includes amortisation related to the purchase of new products)

Geographical presence: around 150 countries (Specialty & Primary Care and Rare Diseases)

2 pharmaceutical chemicals plants (Italy and Ireland)

7 pharmaceutical production plants (Italy, France, Türkiye, Spain, Tunisia, Czech Republic, Switzerland)

1 packaging and distribution plant handling drugs for rare diseases (France)



## 1.2 The Recordati group's values

The values that inspire and guide the daily actions of the Group are described in the Code of Ethics:

**Integrity:** Integrity is a fundamental value at Recordati. Wherever we operate, we observe all applicable regulations. We demonstrate our leadership by setting a good example. We are honest and transparent with our shareholders and all other stakeholders.

**Product quality and safety:** At Recordati, we believe in innovation and devote ourselves fully to researching and developing new products. We offer patients high-quality products which comply with the requirements of the competent Authorities. We aim to constantly increase the availability of our products to anyone who needs them, while at the same time guaranteeing absolute compliance with applicable regulations in the markets where we operate.



**Protecting people:** At Recordati, we believe in equal opportunities and we guarantee that everyone can achieve their potential. We see diversity as a value and will not tolerate any discrimination based on ethnicity, nationality, gender, sexual orientation, disability, age, political or religious belief, or any other personal characteristics. At Recordati, we work hard to create a safe and inclusive work environment, where we all have our rights to physical and psychological integrity respected on a daily basis, as well as our right to freedom of opinion and association. We recognise that we each have a role to play in the success of our business and we implement staff development policies through which everyone's contribution and achievements can be appropriately rewarded.

**Care for the environment and sustainability:** At Recordati, we recognise the paramount value of environmental protection and aim to make a positive contribution to sustainable development in the areas where we operate. For this purpose, we seek to implement policies which increase the environmental sustainability of the Company's activities and meet all relevant legal and regulatory requirements. We place particular importance on managing water and energy resources, reducing emissions, proper waste management, combating climate change and protecting our natural world and biodiversity.

**Performance:** At Recordati, we seek to improve management performance and create value for our shareholders. We believe that every day is an opportunity to improve on the day before and we take all the necessary steps to ensure that the Company can enjoy sustainable, long-term economic growth.

### 1.3 The Recordati group's governance

The primary objective of Recordati's corporate governance system is the responsible and sustainable generation of value for shareholders, without losing sight of the social importance of the activity performed and of all the stakeholders involved.

The Corporate Governance structure of the Company is based on a conventional organisational model and therefore consists of the following corporate bodies: the Shareholders' Meeting, the Board of Directors, and the Board of Statutory Auditors. Accounting control is delegated, in compliance with the relative legislation in force, to an independent auditor registered in the special roll maintained by Consob. A '231' (administrative liability) Supervisory Body (ODV) has also been appointed which oversees the proper functioning of the "231 Model" and is responsible for updating it.

The Board of Directors has formed two committees from among its members with consultative and proposal-making functions: the Remuneration and Appointments Committee and the Risk, Control and CSR Committee, both consisting exclusively of non-executive and independent directors.

The Board of Directors of the Recordati group is composed of 12 members (4 of which are independent directors and 7 non-executive). Specifically, 58% of the BoD is composed of men and 42% of women. Furthermore, 25% of BoD members are between 40 and 50 years of age, while the remaining 75% are over 50.

The personal and professional characteristics of each Director still in office as at 31 December 2022 range from economic, financial and managerial matters, which for some of them also include significant international experience in the business sectors in which the Company and the Group operate, to legal and corporate governance matters.

For further information, please consult the "Corporate Governance Report and Ownership Structure" and "Remuneration Report".

## 1.4 Generating value for stakeholders

During 2022, the activities of the Recordati group in the field of the research and sale of medicines represented an important value creating factor for the Group, allowing generation of various economic benefits for stakeholders.

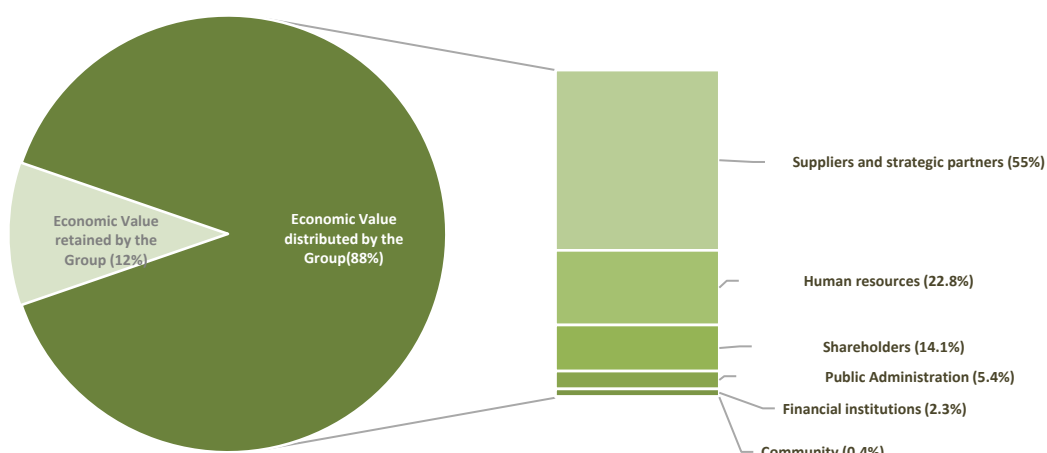
### *Economic value generated and distributed by the Group*

The Economic Value represents the wealth generated by the Recordati group which is then distributed in various forms to stakeholders. Data regarding the creation and distribution of the economic value provides a basic indication of how the Group has generated wealth for its stakeholders, highlighting the economic benefits generated by the Group’s business management which are directly shared with the main categories of stakeholders with whom the Group interacts and maintains medium to long-term relations: suppliers and strategic partners (operating costs), human resources (remuneration of human resources; personnel costs); shareholders (remuneration of shareholders: profit distribution), financial institutions (remuneration of financial institutions: financial charges), the Public Administration (remuneration of Public Administration: taxes and duties) and local communities and associations (donations).

In 2022, of the € 1,855.4 million of economic value generated by the Recordati group, approximately 88% (equal to € 1,636.5 million) was distributed as follows:

- operating costs for suppliers and strategic partners of € 900.4 million, represented predominantly by the costs of raw materials, consumables and services;
- remuneration of human resources for a total of € 373.0 million, represented predominantly by the salaries and wages of Group personnel;
- remuneration of shareholders for a total of € 230.2 million, attributable to the distribution of dividends to shareholders<sup>1</sup>;
- remuneration of the Public Administration, in the form of taxes, for € 89 million;
- remuneration of financial institutions for approximately € 38 million, primarily formed of borrowing costs;
- donations disbursed during the year and various community contributions, for approximately € 5.8 million.

### Economic value generated and distributed by the Recordati group<sup>2</sup>



<sup>1</sup> The value of the dividends distributed to shareholders refers to the balance for the 2021 financial year resolved in April 2022 for € 117.2 million, and the initial payment for the 2022 financial year defined in November 2022 for € 113.0 million.

<sup>2</sup> The allocation of the Economic Value generated and distributed to various categories of stakeholder has been quantified through a reclassification of the income statement, elaborated according to the provisions of the “GRI - Sustainability Reporting Standards”.

## 2. THE RECORDATI GROUP'S APPROACH TO SUSTAINABILITY

*Recordati has a long history of entrepreneurial passion, a strong reputation and a desire to continue growing and creating value in an ethical, enduring, and sustainable way, all while respecting the laws and regulations that apply in the countries where we operate, protecting people and the environment, and supplying safe, high-quality products for our patients. In order to do this, we must work together and respect the fundamental rules and shared values that apply to all of us and all our interactions with others.*

### 2.1 The Recordati group's commitment to sustainability

The Recordati group is convinced of the fundamental importance of generating value through an approach that is ethical, lasting, sustainable and shared with stakeholders. Over the years, it has launched various initiatives focused on sustainability, aligned with strategic, organisational and operational characteristics.

In fact, when defining the Group's management strategies and policies, among Recordati's priorities, in addition to improving patient health and quality of life, is to identify the interests of all stakeholders, monitoring and managing the economic, social and environmental impacts of its work.

Through annual publication of the Consolidated Non-Financial Statement the Group undertakes to ensure disclosure and transparency regarding its economic, environmental and social performance with the goal of strengthening dialogue with internal and external stakeholders.

#### *The Group's sustainability governance*

In order to guarantee structured management of all aspects of sustainability a system of responsibilities has been defined both at the level of governance bodies and of the organisational structure.

In line with the new Corporate Governance Code for Listed Companies which Recordati has committed to adopt, the Board of Directors has the role of pursuing sustainable business success, defined as the goal of generating value in the long term to the benefit of shareholders, taking into account the interests of stakeholders which are relevant for its business.

The Board of Directors has formed a Risk, Control and CSR Committee, consisting exclusively of non-executive and independent directors. The Committee has the proposal-making and consulting duties in regard to the BoD. It provides appropriate investigation activity for evaluations of the competence of the Board of Directors, also in terms of sustainability, i.e., the processes, initiatives and activities aimed at safeguarding the Company's commitment to sustainable development throughout the value chain. Furthermore, in its work to support the Board of Directors, the Risk, Control and CSR Committee:

- analyses the relevant topics for the generation of value in the long term prior to approval by the Board of the business plan for the Group companies;
- examines and evaluates, at least once a year, the results of the Risk Assessment carried out by the Company and reported in the Company Risk Catalogue and, based on this analysis, defines the nature and level of risk compatible with the Company's strategic goals, including in its assessments all elements that may be of significance in the context of sustainable success of the Company;





- monitors sustainability topics connected to business activity and the dynamics of interaction of the latter with all stakeholders in accordance with the principle of sustainable success;
- examines Sustainability Plan guidelines and how to implement sustainability policies;
- examines the general composition of the consolidated Non-Financial Statement and the structure of its content, as well as the completeness and transparency of information provided in this document;
- expresses, on request of the Board, an opinion on sustainability issues.

The Environmental, Social & Governance department reports directly to the Chief Financial Officer (member of the Board of Directors) and is responsible for managing and coordinating topics related to sustainability at Group level. This department encourages and supports the various departments of the Group in the adoption and integration of sustainability principles in decision-making and business processes. In collaboration with the relevant departments, it identifies risks linked to sustainability topics, and areas and projects for improvement. It proposes strategies and goals of the Sustainability Plan and prepares the consolidated Non-Financial Statement. In addition, it promotes dialogue with stakeholders and disseminates the culture of sustainability within the Group.



In 2022, the Board of Directors adopted a specific “Policy for managing dialogue with all investors” in line with the recommendations of the current Corporate Governance Code.

The Board of Directors is kept up to date on sustainability topics and activities by the Chair of the Risk, Control and CSR Committee, who reports promptly to the Board on the relevant activities carried out by the Committee on the basis of the areas within its remit. Furthermore, for any related relevant matters, the Board receives periodic information from the executive directors, with support from the ESG Manager if necessary.

As part of its remit and driven by the benefit for the Company and the Board, the Risk, Control and CSR Committee has indicated several key areas and a number of recommendations on the Company’s sustainability process, including with reference to Recordati’s new 2023-2025 Three-Year Plan. Specifically, at the start of 2023, with reference to Recordati’s new 2023-2025 Three-Year Plan, the Committee carried out a detailed analysis of the impact that the Plan could have on the corporate risks as well as the approach followed in terms of sustainability. The analysis was also intended to support the Board, for matters within the Committee’s remit, in the assessment required by the current Corporate Governance Code. At the end of the analysis, the Committee and the Board of Directors found the level and nature of the risks, as identified by the Group’s Risk Catalogue, to be compatible with the Group’s strategic objectives set out in the new Plan.

Main ESG indices and ratings	
 <p><b>MSCI</b> ESG RATINGS</p> <p>CCC   B   BB   BBB   <b>A</b>   AA   AAA</p>	<p><b>MSCI ESG Research confirmed the Recordati group’s A rating<sup>3</sup> in November 2022.</b></p> <p>MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.</p>
<p><b>RECORDATI WAS INCLUDED IN THE MIB ESG INDEX, THE FIRST INDEX PROMOTED BY EURONEXT AND BORSA ITALIANA</b></p>	<p><b>Recordati has been included in the MIB ESG Index, the first index promoted by Euronext and Borsa Italiana for Italian blue-chip companies demonstrating best ESG practices, since October 2021.</b></p> <p>The inclusion of the Group in the index is further evidence of Recordati's real commitment to ESG. In fact, the index selects the top 40 Italian listed companies that have demonstrated perfect integration between economic performance and ESG criteria, in line with the United Nations Global Compact principles.</p>
 <p><b>MOODY'S</b>   ESG Solutions</p>	<p><b>In September 2022, Recordati achieved a "Robust" score in the overall ESG Assessment provided by Moody’s ESG Solutions.</b></p> <p>The score was given based on the analysis and evaluation of multiple indicators related to various sustainability areas, including Business Behaviour (e.g. anti-corruption policies, responsible sourcing, ethics and integrity, transparency) respect for human rights, environmental policies and practices, Community Involvement (e.g. access to medicines and the social impact of products), Corporate Governance, human resource management.</p>
 <p>PLATINUM 2022 <b>ecovadis</b> Sustainability Rating</p>	<p><b>In June 2022, Recordati achieved the "Platinum" rating in the analysis carried out by EcoVadis, falling within the top 1% of companies with the highest score globally.</b></p> <p>This recognition represents a further sign of the importance of sustainability in the company’s corporate strategy. The score assigned to Recordati is based on the policies, actions and results achieved by the company in 4 key areas for sustainability assessed by EcoVadis: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement.</p>
 <p>FTSE4Good</p>	<p><b>After the review in June 2022, the Recordati group was confirmed in the FTSE4Good Index Series.</b></p> <p>Created by the global index and data provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. FTSE Russell evaluations are based on performance in areas such as Corporate Governance, Health &amp; Safety, Anti-Corruption and Climate Change. Businesses included in the FTSE4Good Index Series meet a variety of environmental, social and governance criteria.</p>

<sup>3</sup> The use by the Recordati Group of any MSCI ESG Research LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Recordati Group by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

	<p><b>In 2022, Recordati scored <i>B (Management level)</i> in the CDP Climate Change questionnaire.</b></p> <p>The CDP (formerly the Carbon Disclosure Project) is the non-profit organisation which runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts, and is most recognised worldwide for assessing company transparency in their disclosure of information.</p>
	<p><b>In 2022, ISS ESG confirmed the Recordati group’s C rating, leading to a Decile Rank of 4.</b></p> <p>The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company’s rating is in the first decile within its industry) to 10 (lowest – company’s rating is in the tenth decile within its industry). ISS ESG brings globally recognized expertise across the full range of sustainable and responsible investment issues, including climate change, SDG-linked impact, human rights, labor standards, corruption, controversial weapons, and many more.</p>

## 2.2 The Recordati group’s Stakeholders

Integrating corporate responsibility into a business approach means focusing on creating value for all relevant stakeholders and uniting economic, social and environmental aspects.

In this context, the Recordati group has identified its own key stakeholders by focusing on its understanding of how the Group’s social role relates to company activities, with the aim of identifying their expectations and defining actions in response to the legitimate interests expressed.

The Recordati group’s stakeholders<sup>4</sup>



The group believes that it is fundamental to build and maintain solid and lasting relationships with stakeholders. A relationship based on constant dialogue and active involvement is essential for the generation of value in the long term. In order to engage all of our stakeholders in their activities, optimising their roles and monitoring the possible direct and indirect impacts of the Group’s activities on the relevant parties, the Recordati Group implements stakeholder-engagement initiatives.

In particular, the Recordati group engages with its stakeholders on ESG topics during the periodic update of the materiality analysis. To this end, in 2022 around 180 stakeholders from different categories were involved through an online questionnaire. The stakeholders expressed their point of view on the individual topics and their impacts, thus helping to prioritise the material topics based on the significance assigned to each impact on the economy, the environment and people. This dialogue enabled the identification of the topics considered most important by the stakeholders, guiding definition of the material topics for reporting in the

<sup>4</sup> Please note that the map of stakeholders presents the macro-categories of stakeholders. Within each of these there may be further sub-categories. For example: the “Employees” category also includes Trade Unions and Workers’ Representatives, and the category “Healthcare structures and operators” also includes doctors, hospitals and pharmacies. The category “Government agencies, regulators, PA” also includes industry associations, non-governmental organisations and the national health service. “Customers” includes wholesalers, distributors and all other types of customers. In addition to suppliers, the category “Suppliers and strategic partners” also includes CROs, licensees and licensors, for example.



Non-Financial Statement and the topics on which to focus actions of the Sustainability Plan. For further details, please see the paragraph “Materiality Analysis”.

In the knowledge that dialogue represents an important chance for reciprocal growth and sharing, below are further examples of engagement activities between the individual departments and stakeholders with whom the Group constantly interacts:

- the organisation of awareness-raising initiatives and scientific research projects through conferences and training courses on specific themes relating to the treatment of rare diseases. Aimed at health professionals, doctors and researchers, these initiatives are designed to intensify the sharing of knowledge about the treatment of rare diseases;
- promotion of support initiatives aimed at the families of patients affected by rare diseases, with the aim of improving quality of life for both patients and their families;
- dialogue with healthcare operators, the scientific community and universities;
- relations and meetings with financial analysts and institutional investors focused on providing economic and financial information;
- internal communication initiatives and meetings with trade-union representatives;
- sharing of standards, day-to-day and institutional relations with suppliers and strategic partners;
- meetings with representatives of Local Communities and Regulators.

Furthermore, given the strictly regulated nature of the pharmaceutical sector, industrial associations operating in this area represent one of the most important stakeholders with whom the Recordati Group interacts. These organisations coordinate, protect and promote the interests of the pharmaceutical sector and its associated companies.

In 2022 the Recordati group was a member of various industry associations located in its countries of operation. In the context of Corporate Social Responsibility, Recordati is a member of the Sodalitas Foundation, which aims to work with its affiliated members to build a partnership of community growth, generating shared social value and contributing to a future founded on inclusivity and development. It is also a member of the Italian association Sustainability Makers which brings together businesses and professionals committed to defining and implementing sustainability practices and projects in companies and other organisations.

The Recordati Group’s main industry associations	
<p><b>ITALY</b>                      Farindustria                      Confindustria Dispositivi Medici                      ASSONIME                      IBC Associazione Industrie Beni di Consumo                      ASSOLOMBARDA                      FARMADATI                      UPA (Unione Pubblicità Associati)                      Unindustria                      Unione food Italiana</p> <p><b>FRANCE</b>                      LEEM (Les Entreprises du Médicament)                      Nères                      GIE GERS                      CIP (Club Inter Pharmaceutique)</p> <p><b>BELGIUM</b>                      Pharma.be (General national association of the pharmaceutical industry)                      EUCOPE (European Confederation of Pharmaceutical Entrepreneurs)                      EuropaBio (European Association for Bioindustries)</p>	<p><b>POLAND</b>                      Commercial Chamber “Farmacja Polska”                      Buziness Centre Club</p> <p><b>RUSSIA</b>                      GIM-Unimpresa</p> <p><b>UKRAINE</b>                      EBA - European Business Association</p> <p><b>TÜRKIYE</b>                      Pharmaceutical Manufacturers Association of Türkiye                      ICC - The İstanbul Chamber of Commerce                      Camera di Commercio Italo-Turca                      Çerkezköy Organized Industrial Zone                      Çerkezköy Chamber of Commerce and Industry                      İstanbul Chemicals and Chemical Products Exporters' Association                      The Union of Chambers and Commodity Exchanges of Türkiye                      People Management Association of Türkiye (Peryon)</p> <p><b>GREECE</b>                      SFEE - Member of Hellenic association of Pharmaceutical Companies</p>

<p><b>NETHERLANDS</b> Comité Weesgeneesmiddelen (Committee of Orphan Drugs)</p> <p><b>GERMANY</b> AGV Chemie- Arbeitgeberverband der Chemischen Industrie IHK Ulm - Industrie- und Handelskammer Ulm AKG e.V. - Arzneimittel und Kooperation im Gesundheitswesen e.V. BPI – Bundesverband der Pharmazeutischen Industrie e.V. (The German Pharmaceutical Industry Association) VCI - Verband der Chemischen Industrie ACS Pharma Protect GmbH – Securpharm DGE Deutsche Gesellschaft für Ernährung DGS - Deutsche Gesellschaft Schmerz DGVS - Deutscht Gesellschaft für Gastroenterologie</p> <p><b>SWITZERLAND</b> <i>vips</i> Swiss Association of the Pharmaceutical Industry <i>scienceindustries</i> Business Association Chemistry, Pharma, Biotech Swiss Biotech Association <i>HLG</i> Swiss Healthcare Licensing Group Swiss Health Quality Association Technology Forum Zug</p> <p><b>AUSTRIA</b> PHARMIG - Verband der pharmazeutischen Industrie Österreichs AMVS - Austrian Medicines Verification System GmbH BASG - Bundesamt für Sicherheit im Gesundheitswesen FCIO ARGE Pharma - Fachverband der chemischen Industrie Österreichs Wirtschaftskammer Österreich AGES - Österreichische Agentur für Gesundheit und Ernährungssicherheit GmbH ÖGES Austrian Socociety of Endocrinology and metabolism</p> <p><b>SPAIN</b> Farmaindustria Anefp (National Association of OTC products) AINFA AELMHU</p> <p><b>IRELAND</b> Bio Pharmachemical Ireland (BPCI) IBEC (Irish Business Employers’ Confederation) Cork Chamber of Commerce Irish Exporters Membership - Logistics PMI (Pharmaceutical Managers of Ireland) MMRI (Medical Reps Institute of Ireland) IMVO (Irish Medicines Verification Organisation)</p> <p><b>PORTUGAL</b> APIFARMA - Portuguese Pharmaceutical Association GROQUIFAR AICIB (Government agency for R&amp;D)</p> <p><b>CANADA</b> LSO - Life Sciences Ontario RAREi - The Canadian Forum for Rare Disease Innovators CORD - Canadian Organization for Rare Disorders</p>	<p><b>TUNISIA</b> CNIP - The National Chamber of Pharmaceutical Industry The Council of the Pharmacists Association</p> <p><b>UNITED KINGDOM</b> EMIG Ethical Medicines Industry Group ABPI - The Association of the British Pharmaceutical Industry</p> <p><b>UNITED STATES</b> ASPN - American Society of Pediatric Nephrology BIO - Biotechnology Innovation Organization NORD corporate council RAPS - Regulatory Affairs Professional Society PNA - Pituitary Network Association CSRF - Cushing’s Support &amp; Research Foundation ASH - American Society of Hematology</p> <p><b>DENMARK</b> ENLI - Ethical Committee for the Pharmaceutical Industry</p> <p><b>KAZAKHSTAN</b> AIPM (Association of International Pharmaceutical Manufacturers in Kazakhstan)</p> <p><b>BRAZIL</b> SINDUSFARMA (Union of Pharmaceutical Products Industries) INTERFARMA (Pharmaceutical Industry Research Association)</p> <p><b>COLOMBIA</b> ANDI (Asociación Nacional de Industriales)</p> <p><b>JAPAN</b> Pharma Delegates The Pharmaceutical Manufacturers’ Association of Tokyo Kansai Pharmaceutical Industries Association Kusuri no Shiori</p> <p><b>MEXICO</b> AMIIF - Asociación Mexicana de Industrias de Investigación Farmacéutica</p> <p><b>CZECH REPUBLIC AND SLOVAKIA</b> SARAP (Slovak Association of Regulatory Affairs Professionals) CASP (Czech Association For Food Supplements)</p> <p><b>AUSTRALIA</b> Rare Voices Industry Working Group</p> <p><b>MALAYSIA</b> MFCCI - Malaysia French Chamber of Commerce and Industry</p> <p><b>SOUTH KOREA</b> KRPIA (Korean Research-based Pharmaceutical Industry Association)</p>
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**AWARDS RECEIVED BY SOME SUBSIDIARIES OF THE RECORDATI GROUP FOR SUSTAINABILITY RELATED INITIATIVES**

**Portugal – Jaba Recordati wins the prize for the best Social Responsibility Company:**

at the eleventh Human Resources Awards, an initiative promoted by the industry magazine *Human Resources Portugal*, for the third consecutive year, Jaba Recordati was voted Best Social Responsibility Company in the country, winning the Social Responsibility – SME award. This award is an important recognition of the commitment of Jaba Recordati to improve its social and environmental responsibility performance through the implementation of initiatives and sustainable activities.

**Germany - Recordati Pharma: The Top 100 Award 2022:**

Compamedia has been organising the “TOP 100 Award” for the innovative capacity and outstanding success in innovation of Small & Medium Sized Enterprises since 1993, and Dr Nikolaus Franke, founder and management board member of the Institute for Entrepreneurship and Innovation at the Business University of Vienna, has been the scientific leader of the award since 2002. Recordati Pharma was assessed on the basis of more than 100 innovation indicators from five categories: Top Management, Promoting Innovation, Climate Innovation, Innovative Processes and Organisation, External Orientation/Open Innovation and Innovation Success.

Recordati Pharma attaches great importance to innovation, both in terms of products and processes, as well as internally. The focus is on promoting employee development, modern and innovative working conditions, as well as a good work-life balance.

**Poland – for the second year in a row, Recordati Polska wins the national Business Centre Club – Well Seen Company contest:**

during the 12th and 13th edition of the contest “Well Seen Company” organised in Poland by Business Centre Club, Recordati Polska was awarded for its commitment in carrying out its activities in a socially responsible manner. The contest had the objective of awarding companies that manage their businesses in a socially responsible way and of raising awareness on Corporate Social Responsibility. The panel, composed of Corporate Social Responsibility experts, awarded Recordati for its performance in the following areas: the development of a CSR strategy, the effectiveness of internal and external CSR communication, the corporate policy toward its employees in compliance with the principles of equal rights and the values of corporate social responsibility.

## 2.3 Materiality Analysis

The Materiality Analysis is an important tool to identify the most relevant sustainability topics while considering the perspectives of the Company and its stakeholders. It forms the basis for preparation of the Consolidated Non-Financial Statement and helps to identify the ESG factors, i.e., those of an environmental, social and governance nature, on which to focus strategies and actions. In fact, the materiality analysis is used by the Group to identify strategic priorities in terms of sustainability, as well as to define the content of the Consolidated Non-Financial Statement, adopting the reporting standards issued by the Global Sustainability Standard Board of the Global Reporting Initiative (GRI).

The Recordati Group periodically updates its materiality analysis with the aim of incorporating practice updates and identifying the need for any changes to the list of material topics in response to developments in the context in which it operates, megatrends and emerging topics. In particular, in 2022 it updated the materiality analysis based on the new methodology proposed by the GRI with the “GRI 3: Material Topics 2021 standard”. The topics that emerged are represented as a list in order of significance of the related impacts identified during the project phases described below:

- **Context analysis:** the phase of identifying sustainability topics that are potentially significant for the sector and for Recordati was based on analysis of various sources of information, some of the most important being corporate documents (Code of Ethics, risk map, etc.), external documents analysing the context and research on sustainable development policies (e.g. reports prepared by the World Economic Forum), benchmarking analyses of leading competitors, multi-stakeholder initiatives and international standards such as the GRI and SASB standards. General analysis also took into consideration the main criteria of rating agencies and ESG analysts and the Sustainable Development Goals.
- **Identification of impacts:** in relation to each of the potentially relevant topics arising from the context analysis and based on an analysis of the effects generated by the Group’s business, the positive and negative, actual and potential impacts were identified using an inside-out approach, namely the positive and negative impacts on the economy, the environment and people the company generates along its value chain, including impacts on human rights.
- **Stakeholder engagement for assessing the impacts:** in November 2022, the Recordati Group implemented stakeholder engagement activities, involving and listening to the points of view of stakeholders, with the goal of making the process to define material topics even more robust, in line with best practices and the main sustainability frameworks, and specifically in compliance with the requirements of the GRI standards. To this end, using the results of the preliminary analysis and the analysis of the identified impacts, an online questionnaire was prepared and sent to a panel of around 180 recipients belonging to all of the various stakeholder categories, previously identified in close collaboration with the different company departments. The stakeholders assessed the individual topics and their impacts, awarding a score on a scale from 1 to 5, thus helping to prioritise the material topics based on the significance assigned to each impact. The questionnaire also asked respondents to indicate any additions to the topics identified. One-to-one meetings were also held with some categories of stakeholders. The stakeholder engagement activities carried out promoted inclusion of the points of view of stakeholders in the process to prioritise the material topics and more precise identification of the material topics for which stakeholders of the Group expect constant commitment and tangible actions from Recordati, in compliance with the guiding principle of stakeholder inclusiveness of the Global Reporting Initiative.
- **Involvement of Top Management for assessing the impacts:** in addition to stakeholder engagement, the Recordati Group has taken actions to engage Top Management through one-to-one meetings in order to integrate within the materiality analysis the most significant impacts and the priority material

topics from the Group’s perspective. Top Management was also asked to assess the individual topics and their related impacts by awarding a score on a scale of 1 to 5. This made it possible to engage Top Management and educate them on sustainability topics and the potential impacts that the Group may generate on the economy, the environment and people.

- **Definition, prioritisation and approval of the list of material topics:** during the final phase of the materiality matrix updating process, the Group processed data and summarised the results of the evaluation of the impacts referring to material topics by stakeholders and Top Management. This enabled the material topics to be ranked and prioritised within a list. The results of the analysis were first discussed with the CEO and then shared with the Risk, Control and CSR Committee and the Board of Directors.

The list of material topics for 2022 confirms the trend already observed last year to consider several priority topics for Recordati, namely: “Product quality and safety”, “Business ethics, integrity and anti-corruption”, “Employee health, safety and well-being”. Several material topics moved up in the ranking in terms of their final relevance, as was the case for “Diversity and Inclusion”, “Waste management and circular economy” and “Access to medicine and healthcare”<sup>5</sup>.



The list of material topics represents the 15 topics that were most relevant for the Group and its stakeholders in terms of ESG, taking into account the significance of the impacts associated with them and that the company generates, or could generate, on the economy, the environment and people, including impacts on human rights. Material topics are grouped into five specific areas: ethics and integrity, patient care, people care, environmental protection and responsible sourcing.

<sup>5</sup> Furthermore, in line with macro trends and changes in the reference context, the descriptions of several material topics have been revised, for example “Responsible waste management” was supplemented with aspects of circular economy and became “Waste management and circular economy”. Lastly, several material topics were grouped together, for example “Employee health and safety” and “Wellbeing of human resources” were combined into a single specific material topic, “Employee health, safety and well-being”, while “Product sustainability” was included in the assessments related to “Waste management and circular economy”.

The topics of relevance identified in the above list are discussed and explored in subsequent chapters of this Statement in compliance with the reporting standards and the provisions of Italian Legislative Decree 254/2016. Please note that aspects linked to “Governance”, “Regulatory Compliance” and “Risk Management” are not included in the final proposal of material topics for the Group as these aspects are considered as essential prerequisites for Recordati to continue to generate value and thus are in any case subject to reporting within this Consolidated Non-Financial Statement.

Furthermore, the topic of human rights is not considered a topic in of itself but is discussed in other topics such as “Responsible Sourcing”, “Business ethics, integrity and anti-corruption”, “Diversity and equal opportunities” and “Research and development”.

## 2.4 Sustainability Plan

The Sustainability Plan is the tool used to share the Group's future trajectory with its stakeholders: it represents an expression of the ambitions of the Recordati group and the commitments it wishes to prioritise in order to promote sustainable and responsible growth.

Growth and achievement of challenging business and sustainability goals are not incompatible: on the contrary, Recordati is convinced that responsible actions and the generation of shared value contribute to the long-term success of the Company.

**Improving people's health and quality of life is the basis of our mission:** it is part of our DNA. Recordati's People have always given their utmost every day to pursue this goal.

As emphasised by the World Health Organization (WHO), health is not merely the absence of disease or infirmity, but a state of complete physical, mental and social well-being. To improve health, it is therefore necessary to intervene on a number of determining factors, such as the social, physical and economic conditions under which people are born, live and work, including healthcare systems. In this context, in addition to institutions and governments, pharmaceutical companies must also develop strategies for the improvement of the healthcare system, in terms of **availability, accessibility and quality of healthcare structures and the goods and services provided.**

We are living in a rapidly changing world that often raises concerns about sustainability for future generations. The current scenario in which we live has led us to reflect deeply on the relationship between humanity and nature and on the importance of an overall balance: **the well-being and health of people and the health of the planet are closely connected.** We cannot be healthy in an unhealthy environment and with no health there is no wealth and no social equity.






With this systemic approach and in accordance with **the 2030 Agenda for Sustainable Development** priorities, we wish to contribute to supporting global development, promoting human well-being and protecting the environment.

**We want to continue to do our part.**

The Sustainability Plan focuses on 5 priority areas:

- Patient care
- People care
- Environmental protection
- Responsible Sourcing
- Ethics and Integrity

The Sustainability Plan, defined in accordance with the materiality analysis, also highlights the contribution to the achievement of 10 of the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda, the common goals signed by UN member states that outline a path of collaboration and responsibility to confront today's complex challenges.

 <p><b>PATIENT CARE</b></p> <p>Our ambition</p> <p>We are open to partnering and dedicated to discovering and developing innovative, value-added products that improve quality of life and help people to enjoy longer, healthier and more productive lives. We wish to offer our patients fast, widespread and sustainable access to our products.</p>	 <p><b>PEOPLE CARE</b></p> <p>Our ambition</p> <p>We are committed to creating a safe and inclusive working environment where everyone can express their talents. Our Employees are our most important asset and, therefore, we recognise and value the role that each person plays in the success of our business.</p> <p>We aim to create shared value and positively contribute to sustainable development where we operate, aware of the importance of dialogue, collaboration and respect for the community.</p>	 <p><b>ENVIRONMENTAL PROTECTION</b></p> <p>Our ambition</p> <p>Improving human health is the cornerstone of our mission, but we are aware that the health and well-being of present and future generations and the health of our planet are closely interlinked. With this in mind, we want to take conscious action by working to preserve natural resources and biodiversity and contribute to the fight against climate change by minimising our environmental impact.</p>	 <p><b>RESPONSIBLE SOURCING</b></p> <p>Our ambition</p> <p>We want to build relationships based on transparency and trust, sharing our values with suppliers and strategic partners. We are committed to constantly promoting respect for ethical, environmental and social aspects along the entire value chain.</p>
 <p><b>ETHICS AND INTEGRITY</b></p> <p>Integrity is our founding value, and we lead by example. The principles of honesty and transparency towards our Shareholders and Stakeholders guide our daily actions.</p>			





### *Process for the definition of the Sustainability Plan*

The sustainability goals were identified by the Environmental, Social & Governance department in close collaboration with the heads of other company departments. The Plan and the goals were shared with the CEO, the Executive Leadership Team, the Risk, Control and CSR Committee, and the Board of Directors.

The objectives of the CEO's MBO scheme include the key social and environmental targets defined in the Sustainability Plan. Furthermore, responsibility for the achievement of the goals included in the Sustainability Plan is assigned to the representatives of the various departments involved, who have the resources, tools and know-how required for their implementation; the Management by Objectives (MBO) scheme integrates social and environmental objectives associated with the implementation of the Plan itself which are assigned to certain key management figures.

As part of a process of continuous improvement, the Plan defines a periodic monitoring and updating process:

- In order to monitor the commitments undertaken by the Group, the Environmental, Social and Governance department requests status reports on the objectives and informs the Risks, Control and CSR Committee;
- The plan is updated on an annual basis in order to take account of the implementation status of existing projects and to set new targets.

The tables below indicate the progress status of each target and the objectives that the Group intends to reach in the future.

For more details on actions implemented in relation to targets that have been achieved, please see the specific chapter.

Ethics and Integrity [SDG 16]		
Targets defined and time frames	Results in 2022	Future targets
<b>Business ethics, integrity and anti-corruption</b>		
100% of Group employees involved in a two-year training programme on ethics, anticorruption, anti-bribery topics (2022 - 2023)	<p>✓ <b>Achieved - ongoing:</b></p> <p>In addition to continuing to offer the course on the Group’s anti-bribery manual and on other anti-corruption Models specific to various countries to all new employees, in order to train the entire company population in this area, the new Ethics &amp; Compliance Dilemmas training was launched, which involved around 2,000 employees in 2022. The training focuses on ethics, preventing corruption, managing conflicts of interest, people and the workplace, and managing inside information. The training was delivered in 4 languages and, in 2023, will be available in other languages to cover 100% of employees.</p>	100% of Group employees involved in a two-year training programme on ethics, anticorruption, anti-bribery topics (2022 - 2023)
Implementation of third-party/ partner due diligence based on anti-corruption policies through an ad hoc questionnaire (2022)	<p>✓ <b>Ongoing</b></p> <p>Due diligence on third parties/partners for issues involving anti-corruption will begin in early 2023.</p>	
<b>Privacy and data protection</b>		
Completion of privacy training cycle by all EU branch employees (2022)	<p>✓ <b>Achieved:</b></p> <p>The privacy training cycle was completed by all EU branch employees. This training programme will continue to be provided to new employees.</p>	

PATIENT CARE [SDGs 3 – 9] <sup>6</sup>		
Targets defined and time frames	Results in 2022	Future targets
<b>Access to medicine and healthcare</b>		
<p>In the field of rare diseases, the Group is committed to:</p> <ul style="list-style-type: none"> <li>Continuing with the provision by Recordati Rare Diseases of the Patient Assistance Program (PAP) and Co-Pay Assistance Program (CAP) aimed at providing assistance to patients who are eligible to receive financial support for products (2022)</li> <li>Continuing to work closely with rare disease communities (including doctors, healthcare professionals, patients groups and families) to increase awareness, improve diagnosis and expand availability of treatments for people with rare diseases</li> </ul>	<p>✓ <b>Achieved</b></p> <p>To promote access to medicine, in the context of rare diseases, the Group carried out various initiatives.</p> <ul style="list-style-type: none"> <li>The Group continued to provide the Patient Assistance Program (PAP) and the Co-Pay Assistance Program (CAP). These two programmes are active in the USA and Canada and focus on the therapeutic areas of endocrinology, oncology and metabolic disorders. Similar programmes are also present in other geographic areas, such as Australia, Brazil, Russia, South Korea and Taiwan. In 2022, Recordati supported around 900 patients with rare diseases through the Patient Assistance Program (PAP), the Co-Pay Assistance Program (CAP), and similar programmes.</li> <li><b>Awareness:</b> The Group continued to work closely with rare disease communities to increase awareness, improve diagnosis, and expand availability of treatments for people with rare diseases. The Group continued this objective, for example, by promoting meetings with healthcare professionals (e.g. Cushing’s syndrome and acromegaly, acute intermittent porphyria and ocular manifestation of cystinosis), providing information to raise awareness (e.g. with printed and digital brochures, websites and videos, but also with the Patient Advocacy Liaison programme), actively participating in scientific conferences. The Group also carried out various collaborations with groups and associations (such as the American Porphyria Foundation, HCU Network America, Castleman Disease Collaborative Network) to promote</li> </ul>	<p>Recordati believes that every single patient should have access to the best possible treatment.</p> <p>In the field of rare diseases, the Group is committed to:</p> <ul style="list-style-type: none"> <li>Continuing with Patient Assistance Program (PAP), Co-Pay Assistance Program (CAP) or similar programs aimed at providing assistance to patients who are eligible to receive financial support for products (2023)</li> <li>Continuing to work closely with rare disease communities (including doctors, healthcare professionals, patients groups and families) to increase awareness, improve diagnosis and expand availability of treatments for people with rare diseases (2023)</li> </ul>

<sup>6</sup> Note: the table relating to the Group's commitments to its patients shows only some of the targets. Commitments regarding quality, product safety, research and development, etc. are intrinsically related to the business and are thus ongoing. More details on the Group's development plans are included in the Financial Statements.

<ul style="list-style-type: none"> <li>Continuing to expand rare disease and orphan drugs innovation pipeline and research and development of new therapies</li> </ul> <p>In the context of the Speciality &amp; Primary Care Division, the Group is committed to:</p> <ul style="list-style-type: none"> <li>Continuing to provide high-quality and affordable products servicing a broad range of therapeutic areas</li> </ul>	<p>correct information for patients and sponsor awareness-raising days. It promoted patient engagement using the Smart Device App, programmes to facilitate information and awareness activities, as well as events dedicated to patients to inform them about and explain specific diseases.</p> <p>Various research activities were carried out, for instance, the Group:</p> <ul style="list-style-type: none"> <li>continued the REC 0559 phase II clinical trial for the treatment of neurotrophic keratitis</li> <li>developed a new Cystadrops formulation that is easier for patients to use for ocular cystinosis.</li> <li>completed enrolment for the SCOB-2 trial to study the treatment of ocular cystinosis with Cystadrops in paediatric patients between six months and two years old</li> <li>performed additional studies on Isturisa to expand its benefits to the United States for patients affected by endogenous Cushing’s syndrome</li> <li>began activities on the possible development of pasireotide in post-bariatric hypoglycaemia.</li> </ul> <p>For more details about research and development, refer to the 2022 Annual Report.</p> <p>✓ <b>Achieved</b></p> <p>Despite the supply chain crisis and the geopolitical challenges of 2022, there were no interruptions to the supply of materials.</p>	<ul style="list-style-type: none"> <li>Continuing to expand rare disease and orphan drugs innovation pipeline and R&amp;D of new therapies (2023)</li> </ul> <p>In the context of the Speciality &amp; Primary Care Division, the Group is committed to:</p> <ul style="list-style-type: none"> <li>Continuing to invest in our plant in Tunisia to be able to continue providing high-quality and affordable products servicing a broad range of therapeutic areas</li> </ul>
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		including low- and middle-income Countries (Tunisia, Sub-Saharan Africa) (2023).
Continue initiatives of product donations to organisations that collect and distribute pharmaceuticals to healthcare facilities that regularly assist disadvantaged people who are unable to purchase medicines (2022)	<p>✓ <b>Achieved</b></p> <p>Product donations continued. The main initiatives were in support of Ukraine, where the Group continued to look after patients by donating a substantial amount of medicine, worth around €2.9 million<sup>7</sup>.</p>	Continue initiatives of product donations to organisations that collect and distribute pharmaceuticals to disadvantaged people (2023)
<b>Anti-counterfeiting</b>		
Continue to take the necessary steps to fight drug counterfeiting and allow the unique identification of medicinal products. Specifically, completion of the serialization project to fight drug counterfeiting in the countries where we operate in relation to changing legislation (2022)	<p>✓ <b>Achieved</b></p> <p>Projects to combat drug counterfeiting continued in line with the developing legislation. In particular, phase II of the serialization project in Bahrain was completed in 2022, and phase II in the United Arab Emirates is ongoing.</p> <p>The Group will continue to take the necessary steps to fight drug counterfeiting and allow the unique identification of medicinal products in relation to changing legislation.</p>	

<sup>7</sup> Product donations measured at market value

PEOPLE CARE [SDGs 3 - 4 - 5 - 8]		
Targets defined and time frames	Results in 2022	Future targets
<b>New ways of working and work-life balance</b>		
Continue to use smart working even after the “emergency phase” due to the COVID-19 pandemic (2022).	<p>✓ <b>Achieved</b></p> <p>The Group introduced smart working in a “structural” manner: the general guideline provides for the option to work remotely up to 3 days a week, and the remote working days can even be split into half days, all in accordance with current local regulations and in line with the employee’s role.</p>	
<b>Talent attraction and development</b>		
<p>Continue to manage training and development initiatives, also by promoting growth opportunities at all levels of organisation (2022).</p> <p>The various leadership development initiatives include the launch of the Recordati Leadership Academy, which provides initiatives for:</p> <ul style="list-style-type: none"> <li>• <b>New Leaders:</b> five training days for employees transferring from a “single contributor” role to a “leading role”</li> <li>• <b>Recordati Leaders:</b> specific training to further develop managerial skills</li> <li>• <b>Executive Leaders:</b> specific training to enter into the executive leadership team or become Country General Managers</li> </ul>	<p>✓ <b>Achieved:</b></p> <p>Personnel development and training activities continued. Specifically, the Recordati Leadership Academy was launched, which involved various initiatives:</p> <ul style="list-style-type: none"> <li>• <b>Newly Appointed Leaders:</b> Five days of in-person training were provided for employees who recently moved from a single contributor role to a leading role. The first edition took place in July at SDA Bocconi in Milan. New editions are planned in the coming years.</li> <li>• <b>Recordati Leaders:</b> specific training to further develop managerial skills. Three days of in-person training were provided at SDA Bocconi in Milan in January/February 2022.</li> <li>• <b>Executive Leaders:</b> Training pathways were identified, to be activated ad hoc, to join the executive leadership team or to become Regional or Country General Managers.</li> <li>• <b>Leading Remotely Masterclass:</b> Seven sessions were held for around 300 Group managers (100 in 2021 and 200 in 2022), with the aim of improving the skills of team managers when managing employees in the new hybrid way of working.</li> </ul> <p>The Leadership Academy initiatives will also continue in 2023 and in future years.</p>	

<p>Strengthening succession planning, in particular for key roles (2022).</p> <p>Strengthening internal career plans in order to support internal growth vs external recruitment (2022).</p>	<p>✓ <b>Achieved</b></p> <p>In 2022, the Group focused even more on identifying the key value-driving roles and assessing the suitability of the resources in those positions. Particular emphasis was placed on their successors and key roles, with the aim of ensuring the continuity of activities, including in the event of people leaving those roles. The Group is defining a development and retention plan for them all by identifying career opportunities in other roles, business units, functions and regions/countries.</p>	<p>On the base of Key Value Driving Roles Matrix define Development and/or Retention Plan for the Successors, Key Resources, Talents and Critical Resources identified on the Matrix that at least once per year have to be discussed and agreed among the ELT (Executive Leadership Team) (2023)</p>
		<p>Strengthening university engagement initiatives to promote the attraction of talent (2023)</p>
<p><b>Diversity and equal opportunities</b></p>		
<p>Plan a strategy and actions to promote diversity and inclusion in the Group, including:</p> <ul style="list-style-type: none"> <li>• Increase the percentage of women in Top and Senior management positions</li> <li>• Recruit and promote employees who have both top skills and qualifications and reflect our focus on inclusion and diversity: from 2022 onwards, at least 40% of candidates short-listed for Top and Senior Management positions must be women and the internal personnel responsible for selecting new recruits and promoting employees must include at least one woman</li> </ul>	<p>✓ <b>Achieved</b></p> <p>The Group's commitment to D&amp;I was formalised by a series of activities and results.</p> <ul style="list-style-type: none"> <li>• At least 40% of candidates short-listed for top and senior management positions are women. Furthermore, internal personnel responsible for selecting these short-listed candidates has always included at least one woman.</li> <li>• A training course on unconscious bias was launched for Group employees in their local language.</li> <li>• A survey was carried out on D&amp;I involving Group management (around 300 managers), aiming to understand Recordati management's perception and awareness of D&amp;I within the company, engage with management using an inclusive leadership style, and define a D&amp;I action plan.</li> </ul>	<p>Grant equal opportunities to all genders at all levels and progressively increase the percentage of women in Top and Senior management positions by promoting initiatives, including:</p> <ul style="list-style-type: none"> <li>• Recruit and promote employees who have both top skills and qualifications and reflect our focus on inclusion and diversity: from 2022 onwards, at least 40% of candidates short-listed for Top and Senior Management positions must be women and the internal personnel responsible for selecting new recruits and promoting employees must include at least one woman</li> <li>• Launch a mentorship initiative on D&amp;I (2023)</li> </ul>

<ul style="list-style-type: none"> <li>Promoting a culture of inclusion by launching a training programme on “unconscious bias” to raise awareness on the issue (2022).</li> </ul>		
<b>Engagement</b>		
		Seek employee feedback and measure evolution of engagement through the launch of an “Employee Opinion Survey” to all employees (2023).
<b>Health, safety and well-being</b>		
Run an online driver safety training programme for all employees with a company car in order to encourage safe driving practices (2022- 2023)	<p>✓ <b>Achieved</b></p> <p>A biannual online training programme was launched for driver safety. In 2022, the programme was rolled out to certain countries (including Italy, Portugal, Tunisia, the United Kingdom, Bulgaria and Hungary) and involved around 700 employees. In 2023, the Group aims to complete the training for all employees with a company car.</p>	Run an on-line driver safety training programme for all employees with a company car in order to encourage safe driving behaviors (2022-2023)
Reinforce a corporate culture aimed at preventing, monitoring and reducing occupational injuries through measures and initiatives to safeguard all employees (2022).	<p>✓ <b>Achieved</b></p> <p>Training was delivered constantly and further initiatives aimed at protecting employee well-being, health and safety were implemented (e.g. risk assessment, initiatives for ergonomics, etc.), with a particular focus on plant employees.</p> <p>The Group will continue to reinforce a corporate culture aimed at preventing, monitoring and reducing occupational injuries through measures and initiatives to safeguard all employees.</p>	
Promote programmes aimed at encouraging well-being initiatives (to support psychological well-being, healthy lifestyles, healthy eating, Q&A sessions with nutritionists, parenting and family	<p>✓ <b>Achieved</b></p> <p>In Italy, a series of projects was launched to inspire healthier lifestyles, structured into two main activities:</p> <ul style="list-style-type: none"> <li>Fitness training: employees have access to a streaming platform with live and on-demand lessons in various disciplines (yoga, pilates,</li> </ul>	



<p>wellness, fitness activities, training on personal health and work-life balance, etc.) (2022).</p>	<p>full body workouts and many more);</p> <ul style="list-style-type: none"> <li>Well-being webinars: once a month employees are invited to take part in a webinar on topics linked to well-being and lifestyle, such as “Nurturing self-esteem in children”, “How to look after your posture”, “Balance in hyperconnection”.</li> </ul> <p>These programmes will also continue in 2023.</p>	
<p><b>Support for local communities</b></p>		
<p>Continue to support the communities through solidarity, social and cultural initiatives aimed at promoting the growth and well-being of local communities (2022)</p>	<p>✓ <b>Achieved</b></p> <p>In 2022, the Recordati group gave more than €5.8 million<sup>8</sup> in cash and product donations. The Group’s support mainly concerns humanitarian emergencies, such as support for the employees at the subsidiary in Ukraine and the wider population, patient support, scientific research and education, and environmental and community initiatives. In the area of support for patients, scientific research and education work on the treatment of rare diseases is of particular importance.</p>	<p>Continue to support the communities through solidarity, social and cultural initiatives aimed at promoting the growth and wellbeing of local communities (2023)</p>
		<p>Launch of employee volunteering initiatives (2023)</p>

<sup>8</sup> This figure includes both monetary donations and product donations.

ENVIRONMENTAL PROTECTION [SDGs 6 - 7 - 12 - 13]		
Targets defined and time frames	Results in 2022	Future targets
<b>Climate action - renewable energy initiatives</b>		
100% renewable electricity purchased for our Group production and packaging sites and annexed offices (2025)	<p>✓ <b>Achieved - ongoing</b></p> <p>Approximately 84% of the electricity purchased for the Group’s production and packaging sites and annexed offices comes from renewable sources.</p>	100% renewable electricity purchased for our Group production and packaging sites and annexed offices (2025) <sup>9</sup>
Install solar panels on the roof of the Utebo production plant (2022).	<p>✓ <b>Achieved</b></p> <p>Solar panels were installed at the Spanish production plant in Utebo. The panels generate around 10% of the annual electricity needed for the plant’s activities.</p>	Finalization of feasibility studies for installing additional renewable energy production systems at the following plants: Italy (Campoverde), Ireland, Tunisia, Türkiye (2023)
Install photovoltaic panels at the Cork production plant (2022).	<p>✓ <b>Achieved</b></p> <p>Solar panels were installed at the Irish production plant in Cork. The panels generate 10-15% of the annual energy needed for the plant’s activities.</p>	
<b>Climate action - energy efficiency initiatives</b>		
<p>Gradually replace traditional lighting systems with LED lights:</p> <ul style="list-style-type: none"> <li>in the production department of the Milan plant (2nd step by 2022 – full replacement will be completed by 2023) and for external lighting.</li> <li>replacement of the existing lighting systems with LED lights in the surrounding area of the Campoverde production plant (2022).</li> </ul>	<p>✓ <b>Achieved - ongoing</b></p> <p>The plant in Milan has also completed the second stage of LED replacements in the production area (in the pharmaceutical technical area) and outside. Meanwhile replacements continued at the intermediates warehouse of the Italian Campoverde di Aprilia plant and will conclude in early 2023.</p>	Gradually replace traditional lighting systems with LED lights: complete replacement in the production department of the Milan plant by 2023
Promotion of energy efficiency initiatives in the production plants (e.g. Campoverde Plant: installation of ammonia based chiller unit with inverter power regulator	<p>✓ <b>Achieved - ongoing</b></p> <p>At the Campoverde production plant, the installation of 2 inverter blowers was completed. The installation is aimed at controlling the oxygenation levels at the wastewater treatment plant, enabling the regulation – and thereby improving the</p>	

<sup>9</sup> Purchase of renewable electricity for plants located in countries where it is available.

<p>enabling the regulation - and thereby improving the efficiency - of the machine's power based on the actual cooling needs) (2022).</p>	<p>efficiency – of the machine's power based on the actual needs of the plant (resulting in an estimated 50% reduction in electricity consumption compared to the operating conditions of the unit scheduled for replacement).</p> <p>Furthermore, the installation of the ammonia-based chiller unit with inverter power regulator is in the completion stage, enabling the regulation – and thereby improving the efficiency – of the machine's power based on the actual cooling needs.</p>	
<p><b>Climate action - other initiatives</b></p>		
<p>Planting of about 11,250 trees in the Milan Metropolitan area (and maintenance for 5 years) through the support of the Forestami project for the three-year period of 2021-2023</p>	<p>✓ <b>Achieved - ongoing</b></p> <p>In the 2021-2022 two-year period, 7,500 trees were planted (3,750 per year) in the metropolitan area of Milan thanks to the support of the Forestami project.</p>	<p>Planting of about 11,250 trees in the Milan Metropolitan area (and maintenance for 5 years) through the support of the Forestami project for the three-year period 2021- 2023</p>
<p>Progressive incentivisation of eco-friendly vehicles in the company's fleet: installation of charging stations for electric and hybrid vehicles of the company fleet at the Italian sites in Milan and Campoverde and at the Irish site in Cork (2022).</p>	<p>✓ <b>Achieved - ongoing</b></p> <p>In order to gradually promote a greater use of vehicles with lower environmental impact, various activities were carried out:</p> <ul style="list-style-type: none"> <li>• A new Group Car Policy was issued which provides for a maximum limit on CO<sub>2</sub> emissions for new cars in the company fleet.</li> <li>• Charging stations for electric and hybrid vehicles were added — 8 charging points have been installed in Cork. In Milan, one new charging point has been added, and in Campoverde, installation will be completed by 2023.</li> </ul>	
<p><b>Responsible waste management and circular economy initiatives</b></p>		
<p>Continue with the analysis of possible new initiatives for the recovery and reuse of chemical raw materials used in production processes, and investigate further the possibility of recovering certain raw materials on a routine basis for which feasibility on an industrial scale has</p>	<p>✓ <b>Achieved - ongoing</b></p> <ul style="list-style-type: none"> <li>• Various initiatives to recover and re-use chemical raw materials used in production processes were analysed. In particular, with the new contribution of the recovery of palladium from the flavoxate process, since 2022, the Group has been able to recover around 55% of the palladium used in all production processes. The recovered palladium is added back into the production</li> </ul>	<p>Continue with the analysis of possible new initiatives for the recovery and reuse of chemical raw materials used in production processes, and investigate further the possibility of recovering certain raw materials on a routine basis for which feasibility on an industrial scale has already been</p>

<p>already been demonstrated (2022 - 2023)</p>	<p>process. In 2022, the Group recovered and reused around 3.3 kg of palladium.</p> <ul style="list-style-type: none"> <li>In order to continue identifying circular economy solutions and initiatives to reduce environmental impact, in 2022, at the Campoverde production plant, a “GEN” work group was created, which promotes 3 streams: Green – Efficient – New. In particular, for the Green stream, participants were involved in identifying innovative solutions with reference to the re-engineering of processes with a more sustainable approach. Additional Green projects are being analysed and assessed.</li> </ul>	<p>demonstrated (2022 - 2023)<sup>10</sup></p>
<p>Continue with the analysis of possible packaging solutions with lower environmental impact (2022- 2023)</p>	<p>✓ <b>Achieved - ongoing:</b></p> <ul style="list-style-type: none"> <li>the Group continued various initiatives intended to promote more sustainable packaging. For example, for OTC Italy products, the Group tested new packaging made with 50% recycled plastic in partnership with several suppliers. The launch of the new packaging is expected in 2023. Furthermore, in 2022, the use of FSC certified paper was expanded, such as for some products in the Eumill range.</li> </ul>	<p>Continue with the analysis of possible packaging solutions with lower environmental impact (2022- 2023)</p>

<sup>10</sup> The recovered raw materials may be reintroduced into internal production processes or through partnership agreements with third-party companies.

RESPONSIBLE SOURCING [SDGs 8 - 9]		
Targets defined and time frames	Results in 2022	Future targets
<b>Promote a responsible supply chain</b>		
Monitoring of suppliers on ESG aspects through audits by an independent third party (EcoVadis) – (three-year plan starting from 2022)	<p>✓ <b>Achieved - ongoing:</b> Recordati works with EcoVadis to assess the sustainability performance of its suppliers. Main results for 2022:</p> <ul style="list-style-type: none"> <li>• 50 suppliers audited (via desk audits) on ESG issues, belonging to the main and most strategic product categories: suppliers of finished products (Contract Manufacturing Organisations - CMOs), raw materials, packaging, industrial services, logistics, and other services.</li> <li>• 82% of suppliers monitored had a “good” or “excellent” general performance level. Only 18% of suppliers had a “partial” performance level, while no suppliers were found to be insufficient/critical.</li> <li>• Around 20 of the parent company’s buyers were involved in training to facilitate the supplier engagement process.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of suppliers on ESG aspects through assessment (desk audit) by an independent third party (EcoVadis): performance of 160 assessments (desk audits) by 2024 <sup>11</sup></li> <li>• Engagement initiatives for suppliers that received lower scores in the assessment to promote and increase awareness of ESG aspects (2023)</li> </ul>
Continue with the Group-wide progressive extension of the “Attitude project” aimed at standardising the supplier selection and qualification process - including from an ethical and environmental standpoint - and creating a universal shared database to ensure supplier quality control (2022)	<p>✓ <b>Achieved - ongoing</b> The extension of the “Attitude project” was continued, making it possible to integrate approximately 76% of the Group's strategic suppliers into a single, shared database, i.e. suppliers in the most relevant product categories, such as raw materials, packaging, industrial products and services, finished products/CMOs</p>	

<sup>11</sup> Three-year audit plan for suppliers (2022-2024)

### 3. BUSINESS ETHICS & INTEGRITY

*The Recordati group is committed to conducting its business ethically, transparently and honestly in all the countries where it operates, respecting the applicable laws, professional codes of conduct, the Code of Ethics, the Anti-Corruption Manual and the Organisational, Management and Control Models, as well as internal procedures.*

#### 3.1 The Organisational, Management and Control Model

The main sustainability topics are regulated within the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (the "Models"), adopted by all the Italian companies of the Recordati group and in similar Models or sets of procedures adopted by the other subsidiaries of the Recordati group.

In the second half of 2022, the parent company Recordati S.p.A. began updating the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 in relation to the latest offences introduced by various legislation (for example: offences against cultural heritage, fraud in public contracts, abuse of office, contraband, etc.). The update, which mainly involves the General Part of the Model, is being finalised. The updated Model is expected to be approved in early 2023. The Models for all Italian subsidiaries will then be updated.

It is noted that, in 2022, following the acquisition of the Eusa Pharma Group, the Recordati S.p.A. Supervisory Body coordinated with the Eusa Pharma Italy S.r.l. Supervisory Body and acknowledged the Model adopted by the subsidiary.

Additionally, again in 2022, the parent company Recordati S.p.A. also updated its own Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 in the Special Section, making changes on the basis of revision of numerous operational management protocols.

Actual application of the Model was guaranteed by monitoring and training activities implemented in part by the Supervisory Board that continued to perform its activity in compliance with its By-Laws. In 2022, the Recordati S.p.A. Supervisory Body met six times.

Like the parent company Recordati S.p.A. and the other Italian Group Companies, regarding the foreign companies of the Group, also the Spanish subsidiary Casen Recordati S.L., following the adoption of its own Organisational, Management and Control Model in compliance with Ley Orgánica 2015/1 of 30 March 2015, correctly performed the activities provided for in the Model through the action of its Supervisory Body. In 2022, the Supervisory Body of Casen Recordati met four times and performed activities in accordance with its Regulations aimed at guaranteeing the adequacy, implementation and updating of the Model adopted by the Company. In compliance with the provisions of the Company Model, the Supervisory Body sends an annual report on the activities carried out to the Board of Directors of the Spanish subsidiary.

The organisational models adopted by the Group companies are dynamic and effective tools thanks to the constant control and updating activities also performed by the Supervisory Bodies. All of the Organizational Models (Italian and foreign) provide for dedicated channels for reporting irregularities or breaches by employees and regular personnel training on the contents of the Models and reference standards.

The Supervisory Bodies, appointed within the Group Companies, are collegiate and composed of an internal member (the Director of Audit & Compliance or the Corporate Compliance Officer) and external professionals (criminal lawyers or university professors in business administration). Each Supervisory Body is internally

regulated and operates according to a specific action plan. The Supervisory Bodies have their own expenditure budget and periodically report to the Board of Directors and the Board of Statutory Auditors, where present.

The Models are constantly monitored and updated, with particular attention to crime prevention and risk assessment following the introduction of new legislation.

The Group's Italian companies, Recordati S.p.A., Innova Pharma S.p.A., Italmchimici S.p.A. and Recordati Rare Diseases Italia S.r.l. submit their medical and scientific information and relationship management protocols, which are part of their respective models pursuant to Italian Legislative Decree 231/2001, to certification by Farmindustria, through an independent inspection body (Certiquality). In February 2023, the protocols of the aforementioned Companies were audited by Certiquality, which renewed and confirmed the Farmindustria Certification attesting compliance of the activities related to medical-scientific information with the association's code of ethics.

Similarly, where required by law or by professional codes of conduct, also other subsidiaries of the Recordati group also submit their medical and scientific information procedures for independent review by the associations of national pharmaceutical companies.

In terms of transparency towards the medical community, the Group, in the countries in which it operates, complies with applicable legislation and provisions of Professional Codes of Conduct of national industry associations (including Farmindustria in Italy) that are part of the EFPIA European federation. To enable optimal professional ethics in relationships between industry and the scientific and healthcare worlds, the Group Companies publicly disclose "value transfers" carried out by the Company in relation to healthcare professionals and organisations. These value transfers are publicly disclosed on the company websites of the Group Companies or in accordance with other methods required by applicable regulations.

The systematic approach of the Organisational, Management and Control Models pursuant to Italian Legislative Decree 231/2001 is reinforced through additional models dedicated to other company departments, such as in the context of health and safety in the workplace, environmental management, privacy and export control.

To promote dissemination and comprehension of the principles set out in the Organisational, Management and Control Models pursuant to Italian Legislative Decree 231/2001 adopted by the Recordati group, an online training programme was launched, aimed at Italian employees with access to digital devices. This programme, launched in 2020, continued in 2021 and 2022. In total, approximately 960 employees were trained between 2020 and 2022 (70 of them in 2022). This training programme continues to be provided to new employees of the Italian Group Companies. As regards overall training on anti-corruption and anti-bribery provided by the Recordati group, including to employees of foreign subsidiaries, please refer to the section "The Anti-Bribery Model of the Recordati group".

Further information regarding the Models, the relative procedures and the training provided on the same is available in the section "Internal Control and Risk Management System" of the Corporate Governance Report and Ownership Structure.

### *The Group Personal Data Management Model*

Regarding the management of personal data, the Recordati group ensures the management of privacy obligations through the Personal Data Management Model (Privacy Model)—adopted in 2018 to comply with the European General Data Protection Regulation 679/2016 (hereinafter "GDPR")—and coordination

between the Group Data Protection Officer and the Key Privacy Persons identified within the individual subsidiaries.

In particular, in 2022, daily assistance and support was also offered to Italian and foreign Group Companies regarding privacy matters (also in reference to local privacy legislation in countries where the GDPR is not applicable) linked to contracts, new projects/initiatives and relationships with employees, suppliers, commercial partners and the medical community.

At the same time, updates were made to several key documents forming part of the privacy documentation already implemented (including policies on personal data processing for medical and scientific information) and several formats/templates required to comply with the provisions of the GDPR (including the cookie policies on the product sites).

Additionally, in 2022, Recordati began the process of implementing a specific privacy policy for the Swiss subsidiary to comply with the Switzerland's New Federal Act on Data Protection, which is expected to enter into force in September 2023.

These activities, alongside the aforementioned training activities, have contributed to the further reinforcement of the privacy culture within the Group.

To promote the dissemination and comprehension of the principles contained in the Personal Data Management Model adopted by the Recordati group starting in 2019, an online training programme was implemented, aimed at Group employees with access to digital devices working in Italy and other EU countries where the GDPR is applicable. The course, which has been updated over the years, is available in Italian, English, Polish, Spanish, Portuguese, French, Czech and German. In line with the target outlined in the Sustainability Plan, in 2022, this training cycle on privacy was completed by all employees of the European Union subsidiaries, as well as by Group subsidiaries operating in the United Kingdom. Finally, as in 2021, other local training on privacy topics was also implemented in 2022 in the Turkish subsidiary Recordati Ilaç in compliance with local privacy legislation (KVKK), involving approximately 330 employees. In 2022, the total number of Recordati group employees who participated in training on privacy topics was 840 (approximately 2,700 when considering the entire 2019–2022 training cycle). This training programme will continue to be provided to new employees.

Finally, in 2022, support and assistance on the privacy front continued, provided to Group companies to update anti-COVID-19 protocols and measures in the workplace following the easing of the obligations imposed by the competent authorities and the provisions of the Italian Data Protection Authority.

Lastly, it is noted that in 2022 there were no recorded security incidents/data breaches, like 2020 and 2021, such as to represent a risk to the rights and freedoms of those involved, no inspections or checks were performed by the Data Protection Authority and/or other competent authorities on privacy and no complaints were received by the Data Protection Authority regarding Recordati pursuant to art. 77 of the GDPR.

### *The Recordati group Code of Ethics*

During 2020, the Group approved a new version of its Code of Ethics. This update was motivated by the Recordati group's wish to further increase the accessibility and usability of this document, and was achieved through careful critical rewording and review by an inter-departmental internal team supported by external specialists and by the Recordati S.p.A. Supervisory Body. This inter-departmental method allowed the creation of a broad-reaching, shared document, capable of further strengthening guidance on ethics and compliance within the Recordati group.

The Code of Ethics established the fundamental values of Recordati that guide and support the Group in its operations and relationships with stakeholders, both internal and external. It sets out the responsibilities of



all recipients and defines “shared commitments”, i.e. conduct through which Recordati’s values find concrete, practical application. This section includes indications on:

- How we manage our business, including indications regarding:
  - Ethical and legally compliant behaviour
  - Product quality and safeguarding health
  - Our commitment to environmental protection and sustainable development
  - Conflicts of interest and protecting the Company’s assets
  - Accounting transparency, confidentiality of information, personal data and social media
- People and the workplace, including indications regarding:
  - Protecting people
  - Fairness, equality, and the protection of human rights
  - Health and safety in the workplace
- Relationships with our stakeholders.

The Code is adopted by all Group Companies and applies to all employees, associates, directors, members of company bodies, commercial partners and other third parties with which the Group collaborates, including consultants, intermediaries, agents and contractors, clearly defining the expectations of the Company in terms of standards of ethics and conduct.

This document therefore serves as a reference for all Recordati stakeholders and represents the Group's commitment to conducting its business and managing both internal and external relationships in an ethical and sustainable manner.

This Code has been inspired by the main standards and guidelines for corporate governance, human rights and the environment, such as the United Nations’ Universal Declaration of Human Rights, the Charter of Fundamental Rights of the European Union, the decent work standards set out in ILO (International Labour Organization) conventions, the OECD (Organisation for Economic Cooperation and Development) Guidelines for multinational enterprises, and national and supra-national Anti-Bribery legislation (e.g.: the OECD Anti-Bribery Convention, Italian Legislative Decree 231/2001, the Foreign Corrupt Practices Act, the Bribery Act, Loi Sapin 2, Ley Orgánica, etc.), as well as ISO 14001 standards on the environment.

Additionally, the principles and guidelines contained in the Code are further detailed in numerous other company documents. These documents help all recipients of the Code to put its principles into practice in their daily work. These additional documents include, for example, the Group’s Anti-Corruption Manual; national organisational, management and control models and local compliance procedures; privacy management models; the product quality and clinical research management system; the Group’s policies on the main corporate processes and its policies on the environment and safety in the workplace, as well as the relevant local procedures; local and Group accounting manuals; and the administrative and technical procedures which govern Company activities in detail.

The Code of Ethics defines the methods for reporting breaches (whistleblowing) and provides information on management of such reports. Recordati is committed to taking responsibility for all the reports it receives and to respond to them, guaranteeing maximum confidentiality in their management and the anonymity of the whistleblower, without prejudice to legal obligations and protection of the rights of persons accused maliciously or in bad faith. Additionally, Recordati expressly prohibits any type of retaliation against anyone lodging a report in good faith. Recordati is committed to creating a collaborative work environment, where the dignity of every person is respected and everyone can feel at ease in reporting any violations of the law, the Code or Company policies.

The Code of Ethics, adopted by all Group Companies, is published on the Recordati group website and Intranet in order to guarantee widespread availability and access, and its distribution within the Group has been carried out with involvement of the General Managers of all Group Companies. It has been translated and made available in Italian, English, French, Turkish, Russian, Spanish, Portuguese, Polish, Czech, German and, since 2022, Japanese.

In 2022, following the acquisition of Eusa Pharma by the Recordati group, the Code of Ethics has been formally adopted by the Eusa Pharma Board of Directors.

To facilitate dissemination and comprehension of the principles contained in the Code of Ethics, a training programme has also been implemented targeting all Group employees. This programme, launched in 2020, was implemented through provision of an online training course for all Group employees with access to digital devices and distribution in hard-copy format for employees without access to such devices. Participation in this course was also required for external parties who, although not employed directly by the Recordati group, perform activities in the name of and on behalf of the Recordati group on an ongoing basis.

After completing the two-year training plan on the Code of Ethics for 2020-2021, involving all Group employees, to continue to have the entire company population trained on the principles of the Code of Ethics, in 2022, training was provided to all new Group employees, including those of Eusa Pharma, a company acquired during the year.

The online training plan on the Code, which includes a final assessment of learning, is available in Italian, English, Turkish, Polish, German, Spanish, Portuguese, French, Czech and Russian.

In 2022, approximately 600 new employees completed the course on the Code of Ethics. The activities carried out during the year made it possible to continue to keep all Group employees trained on the Code of Ethics. This training programme will continue to be provided to new Group employees.

The course on the Code of Ethics also involved 77 external parties (e.g. agents and contractors) in the 2020-2022 period.

#### THE RECORDATI GROUP'S FOCUS ON HUMAN RIGHTS THROUGHOUT THE VALUE CHAIN

As described in the Code of Ethics, with regard to human rights the Group adheres to the highest international standards, such as the UN Universal Declaration of Human Rights, the EU Charter of Fundamental Rights, and the decent work standards set out in ILO (International Labour Organization) conventions.

Recordati acts to guarantee respect of all human rights for all employees and recognises the importance of safeguarding and promoting them throughout the value chain, taking actions to ensure that their suppliers also do so.

As a pharmaceutical company, it also prioritises the need to guarantee the human rights of all subjects involved in clinical and post-marketing studies, as well as their health and safety, rights to dignity, self-determination, privacy and the confidentiality of personal data. It also recognises health and access to care as another fundamental aspect of human rights: in this context, on the basis that every patient should have access to the best possible treatment, the Group operates in the area of rare diseases around the world and is committed to improving diagnosis and management of such diseases.

### *The Anti-Bribery Model of the Recordati group*

The Recordati group is deeply committed to conducting its business in line with the principles of transparency, honesty and ethics in all of the countries in which it operates, and to refusing all forms of corruption. To this end, since 2009 the Group has conducted an assessment of its internal control in line with international and supra-national Anti-Bribery legislation in the countries where the Group has branches and has developed a Group Anti-Bribery programme and Handbook that involves both the personnel of the Parent Company and branch personnel.

“At Recordati, we believe that ethics, integrity and respect for the laws are key components of our core corporate values. Recordati rejects any violation of the law and is committed to adopt a zero-tolerance policy towards corruption.

Wherever we do business, we want to ensure the highest ethical and compliance standards and contribute to the well-being of all our stakeholders: patients, employees, business partners, shareholders and all the communities in which we operate.

These shared commitments are at the foundation of our Company and each of us has a fundamental role to play in preserving our corporate values”.

The Anti-Bribery programme, contained in the respective Group Anti-Bribery Manual, consists of four main phases:

1. assessment of local and national legislation;
2. assessment of local systems, procedures and models to safeguard against corruption;
3. analysis of existing risks and controls to identify any residual risks;
4. updating of the Group's Anti-Bribery Manual.

The Group Anti-Bribery Manual is subject to periodic review. In 2022, the Manual was reviewed, following which no specific required updates to the document were identified<sup>12</sup>.

Currently, the Group Anti-Bribery Manual contains 16 business areas potentially exposed to the risk of corruption, for which specific principles of conduct have been formulated to avoid corruption. The 16 areas are: Research and Development, Production, Relations with the medical community and healthcare facilities, regulatory activities, transactions with public authorities, consultancy, medical samples, courses and conferences, promotional material, contributions and donations, financial transactions, human resources and relations with politicians or political parties and procurement management, interaction with the public administration and management of entertainment expenses.

The Group Anti-Bribery Manual, translated and distributed in English, French, Turkish, Russian, Spanish, Portuguese, Polish, Czech and German, was published on the Recordati group Intranet and Internet site, to guarantee widespread availability and access, and its distribution within the Group was carried out with the involvement of the General Managers of all foreign Group Companies.

<sup>12</sup> During the most recent revision of the Manual, which involved significant additions and improvements to the contents and areas covered, with new examples of potential corruption risks and related guidelines for conduct, the key principles for preventing corruption within the Group had already been strengthened (e.g. absolute prohibition on facilitation payments and prohibition on payment of contributions, whether direct or indirect, in any form to parties, movements, committees and organisations of a political or trade-union nature, including to their representatives and candidates, outside those permitted by specific provisions of law) and the structure of the Group Anti-Bribery Manual was reviewed for easier consultation and comprehension. Updating of the Anti-Bribery Manual and aspects regarding its implementation were based on *Business Against Corruption: A Framework For Action - U.N. Global Compact, Transparency International*. The Anti-Bribery Manual is available on the Corporate website in the Corporate Governance section and on the corporate Intranet.

## ANTI – CORRUPTION GOVERNANCE

Anti-corruption is a collective responsibility.

To facilitate compliance with anti-corruption laws, rules and regulations, Recordati is committed to:

- identifying organizational structure
- appointing roles and responsibilities
- promoting the awareness of the Anti-Corruption Compliance Program

The subsidiaries' General Managers are responsible for the anti-corruption governance at a country level. Corporate Directors are responsible of the anti-corruption governance at a corporate divisions level.

The Group Internal Audit & Compliance Department is in charge of supervising the anti-corruption governance.

Anti-Corruption Governance at Recordati is composed of the following areas:

1. Regulatory and Compliance Requirements monitoring
2. Risk Identification and Assessment
3. Due Diligence
4. Policies and Procedures Design and Update
5. Whistleblowing Channels
6. Compliance Audit
7. Top Management Reporting
8. Training, Education and Awareness
9. Disciplinary Measures

For more details about each point, please see the Anti-Bribery Manual available on the Corporate website in the Corporate Governance section.

To facilitate dissemination and comprehension of the principles contained in the Group Anti-Bribery Manual, a training programme has also been implemented targeting all employees of foreign<sup>13</sup> Group Companies. This programme, launched in 2020, was implemented through provision of an online training course for all employees of the Group's foreign companies with access to digital devices and distribution in hard-copy format for employees without access to such devices. Participation in this course was also required for external parties who, although not employed directly by the Recordati group, perform activities in the name of and on behalf of the Recordati group on an ongoing basis.

The online course, which includes a final assessment of learning, is available in English, Turkish, Polish, German, Spanish, Portuguese, French, Czech and Russian.

In 2022, approximately 570 new employees completed the course on the Anti-Bribery Manual. The activities carried out during the year made it possible to continue to keep all foreign Group employees trained on the Anti-Bribery Manual. This training programme will continue to be provided to new Group employees.

The course also involved 90 external parties (e.g. agents and contractors) in the 2020-2022 period.

<sup>13</sup> Regarding personnel of the Italian Group Companies, training on anti-corruption and anti-bribery was provided as part of training on the Organisational, Management and Control Models pursuant to Italian Legislative Decree 231/2001. For details, see section 3.1.

**BIENNIAL TRAINING ON ETHICS, ANTI-CORRUPTION AND ANTI-BRIBERY:**

In order to improve the understanding and awareness of the laws and regulations on ethics, anti-corruption and anti-bribery, the Recordati group promotes periodic training, education and awareness programmes.

After completing the two-year training plan (2020-2021) on the Group Anti-Bribery Model and the other specific anti-corruption Models of the various countries (e.g. 231 Model, Ley Orgánica), involving all Group employees, in order to continue to have the entire company population trained on these issues, in 2022, training was delivered to all new Group employees including those of Eusa Pharma, a company acquired during the year.

Specifically, in 2022, dedicated anti-corruption and anti-bribery training was given to approximately 640 new employees, approximately 70 of whom work in Italian Group Companies and approximately 570 located in foreign subsidiaries. The activities carried out during the year made it possible to continue to keep all Group employees trained on anti-corruption and anti-bribery.

The training programme, which includes a final assessment of learning, is available in Italian, English, Turkish, Polish, German, Spanish, Portuguese, French, Czech and Russian.

Participation in this course was also required for external parties who, although not employed directly by the Recordati group, perform activities in the name of and on behalf of the Recordati group on an ongoing basis (in the 2020-2022 period, 90 external parties were involved, including: agents and contractors).

In addition, in line with the target outlined in the Sustainability Plan, in 2022 a new online training course called “Ethics & Compliance Dilemmas” was also prepared and launched, which covers ethics, preventing corruption, managing conflicts of interest, people and the workplace and managing insider information. In 2022, approximately 2,000 employees of companies operating in Italy, France, Tunisia and Türkiye were involved. In 2023, this course will be rolled out to all Group Companies, reaching the entire company population.

Another important initiative carried out in 2022 was dedicated additional training covering ethics, compliance and the role of leaders, provided to members of the Leadership Team of the Group subsidiaries belonging to the Specialty & Primary Care Business Unit and the members of the Leadership Team of the Rare Diseases Business Unit. This training involved approximately 190 Group employees.

In terms of communication and training on the matter of anti-corruption and the contents of the Group's Anti-Bribery Manual, in 2022 all members of the Board of Directors of Recordati S.p.A. were informed of the policies and procedures adopted via the periodic report from the Group's Audit and Compliance Manager.

For information about training on the Code of Ethics and Privacy, please see the specific sections.

During 2022, the communication, coordination and control activities between the Parent Company and the various branches also continued, through the use of information flows on anti-corruption and anti-terrorism, allowing interception and management of potential risk situations through dedicated channels.

With regard to the detection of corruption and internal fraud, a continuous monitoring tool based on mass analysis of transactions in the company's accounting systems was reinforced in 2022. This tool, based on business intelligence systems, enables continuous monitoring of anomalous accounting transactions en mass and planning of audits with greater precision and accuracy.

The Compliance Questionnaire tool was also further consolidated. This is submitted to General Managers of the Group's foreign subsidiaries and the Recordati S.p.A. Supervisory Body on a quarterly basis in order to strengthen information flows regarding ethics, compliance and the existence of potentially negative situations or events in these areas.

The Group Audit & Compliance Department periodically carries out audits to check whether the corruption risk prevention measures are adequate and function effectively or to verify any reports of non-compliance received.

The end goal is to ensure that the applicable laws on corruption and the provisions contained in the Group Anti-Corruption Manual are respected and effectively implemented within the Group.

As regards the channels for reporting breaches and anomalies of laws and internal procedures, for some time now the Company has established dedicated whistleblowing channels as part of its organisational models pursuant to Italian Legislative Decree 231/2001 for Italian Companies and the Group Anti-Bribery system<sup>14</sup>.

Whistleblowing management has been formalised by means of internal procedures that ensure the confidentiality of the whistleblower, safeguards (non-retaliation policy) and anonymity, if desired by the whistleblower in accordance with the relevant legislation.

The Group Audit & Compliance Department is tasked with presenting the results of the activities relating to the Anti-Corruption Compliance Program (e.g. whistleblowing, auditing, periodic reviews and document updates) to Top Management. The Group Audit & Compliance Department collects all the reports and provides accurate information, including the corrective actions proposed, to Top Management, including the Risk, Control and CSR Committee.

No cases of corruption were recorded in 2022.

These tools and additional information regarding the fight against corruption are described in more detail in the "Internal Control and Risk Management System" section of the Corporate governance report and ownership structure. See also the Anti-Bribery Manual available on the Corporate website in the Corporate Governance section.

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<sup>14</sup> Corporate Governance Code, comment to Article 7: "The Committee deems that, at least for companies belonging to the FTSE MiB index, an adequate internal audit and risk management system must include an internal whistleblowing system for employees to report any irregularities or breaches to applicable legislation and internal procedures (so-called whistleblowing system) in line with national and international best practices, which guarantees a specific and confidential channel for information as well as the anonymity of the whistleblower".

### 3.2 Internal Audit and Risk Management System

The Internal Audit and Risk Management System is a structured and organic set of procedures and organisational structures aimed at preventing or limiting the consequences of unforeseen results and enabling the achievement of company objectives, compliance to legislation and regulations, and the correct and transparent disclosure of information both internally and to the market. Furthermore, this System enables the identification, measurement, management and monitoring of the main risks in order to promote the efficiency and efficacy of company processes, protect the value of the Group's activities, ensure the reliability and integrity of accounting and management information and ensure that transactions comply with all existing legislative measures.

The Internal Audit and Risk Management System is based on an Enterprise Risk Management (ERM) approach and consists of a structured risk management process, in line with the provisions of international best practices on the subject and in compliance with current legislation. The aim of this System is to facilitate activities consistent with the company goals, promoting informed decisions and ensuring the efficiency and efficacy of internal processes, as well as the reliability of financial information.

By updating a Company Risk Catalogue, the System enables identification, measurement and control of the level of exposure of all Group Companies to various risk factors, as well as the management of overall exposure, and envisages the implementation of control measures and procedures able to flag any anomalies. As described in more detail in the "Main Risks and Uncertainties" section of the 2022 Annual Report and the "Internal Control and Risk Management System" section of the Corporate governance report and ownership structure, the main risk factors to which the Group is exposed relate to the external context, strategic and operational risks (including risks related to Research and Development, the environment, health and safety, and pharmacovigilance risks), financial risks, legal risks and compliance risks.

The Group subjects its Risk Catalogue to a periodic interim review with the support of a consulting company, implementing a bottom-up approach to critical risk assessment to coincide with significant company activities, such as the definition of the budgets during the acquisition projects, the review of the organisational structure and other events that could have a potential impact on the risks to which the Company is exposed.

Specifically, in 2022, the Risk Catalogue was updated and submitted to the Risk, Control and CSR Committee and the Board of Directors on December 2022.

The 2022 update of the Company Risk Catalogue has included the effects of the conflict in Ukraine and the trend in the economic cycle. In 2022, as defined by the Company every three years, benchmarking was carried out with the risks published by a panel of other pharmaceutical companies. This activity confirmed that the Recordati group risk catalogue is in line with those of other pharmaceutical companies.

The Board of Directors, also on the basis of this review, concluded that the level and nature of the risks identified by the Group Risk Catalogue, presented to the Board in the meeting of 20 December 2022, are compatible with the Group's budget and strategic goals.

### *The principal non-financial risks*

The identification, assessment and management of corporate risks is based on an Enterprise Risk Management (ERM) approach and also includes non-financial risks related to the topics expressly specified by Italian Legislative Decree 254/2016.

In particular, the principal non-financial risks identified by Recordati relate to:

- Management of personnel and workers' rights (e.g. compliance with human rights, change in dimension of the organisational structure, loss of key resources, etc.);
- Supply chain (e.g. inappropriate selection of suppliers and commercial partners, interruption of supply by critical suppliers, rights of the personnel involved etc.);
- Compliance (e.g. fight against corruption, compliance with international quality standards, with legislation pertaining to the drug scientific information);
- Product responsibility (e.g. product recalls and impacts on patients' health)
- Climate change (e.g. changes to legislation in the context of the transition to a decarbonised economic system, physical damage to assets by weather events, etc.);
- Environmental management and safety in the workplace (e.g. risks in the HSE– Health, Safety and Environment area and industrial incidents).

The aforementioned risks were identified by the Group and classified as medium-low risk. In relation to such risks, the Group has adopted specific policies, management models and activities aimed at the mitigation of the same.

A brief description of the principal non-financial risks identified by the Group and related to the material topics of the Recordati group, as well as the procedures in place for their management and mitigation, is given below:

- Topics linked to HR management: these risks concern the rights, health and safety of workers as well as their professional development. In relation to health and safety in the workplace, compliance with legislation is guaranteed by the respect for technical-structural standards relative to equipment, plants, workplaces and chemical, physical and biological substances, as well as organisational activities such as emergency management, first aid, tendering processes and periodic safety meetings, and consultations with workers' safety representatives. Finally, health checks, information sessions and training activities for workers as well as a programme of internal audits and audits by third parties enable the Group to monitor and reduce risks in this context. In relation to workers' rights, the principal risk identified concerns the size of the organisational structure in terms of the adequacy of resources and skills, as well as the risk of losing key resources. To deal with these risks, the Human Resources Department constantly monitors the size of the workforce within the various divisions and units of the Group. Furthermore, the Company employs a specific skills mapping process (the Group Performance Appraisal System), mapping both managerial and technical skills and enabling the identification of key resources at Group level, with an initial focus on Managers and then considering lower levels within the company.
- Topics linked to the supply chain: although the Group operates in a highly regulated sector, certain risks relating to the procurement chain have been identified, including that of establishing relationships with suppliers that do not guarantee responsible procurement processes regarding human rights, environmental protection and safety in the workplace, and the risk of being unable to source adequate commercial partners and the lack of control over performance of outsourcing contracts. The Group manages these risks through contractual clauses that define the mutual



responsibilities of the parties, the use of consolidated and qualified suppliers in line with applicable technical standards, document audit activities and on-site inspections carried out by qualified personnel. Regarding ESG aspects, in 2022, a supplier monitoring plan was launched, using an assessment carried out by a third-party company (EcoVadis). In order to protect the rights of workers in the supply chain, termination clauses are included in company contracts for failure to comply with the company Code of Ethics. Furthermore, the use of an IT platform for supplier approval, allowing relevant documentation such as certificates and declarations to be gathered organically, which further reduces the risk of partnerships with suppliers that have unsuitable technical, ethical, conduct and sustainability profiles.

- **Compliance:** within the scope of the compliance area, these include, as well as risks of committing offences against the Public Administration, risks related to non-compliance with international quality standards and legislation regulating scientific information on pharmaceutical products. To prevent non-compliance with the quality standards (Good Manufacturing Standards - GMP) that regulate chemical and pharmaceutical production activities, the Group has adopted a consolidated Management model that provides for the implementation of Standard Operating Procedures and a dedicated quality control department. The model is periodically subject to inspection by national and international authorities, as well as commercial partners. As regards medical scientific information, compliance is ensured by appropriate company procedures, by control activities conducted by independent bodies and internally by dedicated organisational departments, as well as by the continuous training of personnel on compliance with ethical standards and industry legislation. In order to promote increasingly transparent relations with the medical community and healthcare facilities, the Group's branches publicly disclose Value Transfers in relation to business meetings, consultancy and donations. Finally, the Anti-Bribery Manual also aims to promote correct conduct in the various activities relating to scientific information and more generally to relations with the medical community and the Public Administration, areas particularly exposed to corruption risk.
- **Topics relating to product responsibility:** these refer to Product Liability risks with the potential need for product recalls, impacts on patient health and consequent economic or reputational impacts for the company (as indeed the risk of demands for compensation as a result of side effects caused by its products). For this reason, for a number of years now the Group has introduced specific quality control personnel that carry out specific product analyses in order to identify the "robustness" and reliability of the production processes. These professional figures, required by industry legislation, such as the "Qualified Person", the "Quality Assurance Officer" and the "Quality Manager" are responsible for ensuring compliance with Good Manufacturing Practices (GMP) envisaged by specific internal procedures and existing legislation. Further control measures related to the topics outlined above include inspections of the Group's production units by third-party bodies, as well as the constant increase in authorisations held by the Group's pharmaceutical laboratories.
- **Topics linked to climate change:** of the main global risks, climate change poses a complex challenge. The increase in more and more extreme and unpredictable weather events impacts the planet and society with potential medium/long-term repercussions on various sectors and companies.

In this sense, Recordati recognises, above all, the need for awareness of a potential evolving trend in climate change at the global level, which will require the Group to be increasingly more proactive role by taking responsibility, defining targets, implementing activities to improve and protect the environment where the Company operates and constantly monitoring changes in regulations and standards of reference.

Therefore, within its risk catalogue, Recordati currently classifies climate change as a risk, with no concrete or relevant short-term impact on business operations, and it has been assessed by the Company as a medium-low risk.

In particular, the potential risk relating to climate change:

- is connected to potential and future regulatory changes linked to the ongoing transition to a decarbonised economy (e.g. carbon-tax policies, increased legal and financial risks for failure to observe performance standards, changes in incentive programmes, etc.), with a potential impact, for example, on systems technologies, compliance/ energy costs, etc;
- may also be physical (extreme weather conditions, e.g. heavy rain, flooding, drought, access to natural resources) with potential impacts on asset protection and business continuity;
- In addition, growing sensitivity and awareness around climate change amongst stakeholders may generate reputational risks if these aspects are not appropriately managed.

In relation to this potential risk, the Group, also in coordination with the ESG Manager, has adopted specific policies, activities and targets intended to help protect the environment and mitigate climate change in general.

Specifically, these include:

- continuous monitoring of ongoing changes in the relevant laws, regulations, and standards;
- defining environmental objectives within the Group’s sustainability strategy (e.g. increasing renewable energy purchases, installing renewable energy production systems, implementing projects to increase energy efficiency, etc.).

In addition, the Group has All Risk Property insurance policies in place to cover the risks of direct damage (damage to buildings, machinery, and goods) and indirect damage (loss of earnings from accidents) in order to hedge any losses arising from potential shutdowns or damage to the production cycle.

For more details, please refer to Chapter 6 “The Group’s focus on the environment” and Chapter 2, paragraph “Sustainability Plan”.

- Topics linked to environment: the risks in this context predominantly relate to the production process. In particular, such risks concern those deriving from industrial incidents that may have serious consequences for people and the environment, with resulting impacts in terms of economics and corporate image. The management of these risk is above all required by the quality standards provided for by the sector in which the Group operates, compliance with which is represented by the environmental certificates obtained by the Group’s main production sites. Specific measures are represented by a preventative risk analysis carried out by specific and qualified personnel, an audit plan and plant maintenance activities to which significant financial resources are allocated on an annual basis. These measures enable the Group to drastically reduce its exposure to risks of this nature.

More information on the activities carried out by the Group in relation to ESG risks is contained in the chapters "The Group’s Focus on the Environment", "The Recordati Group’s Employees", and "Suppliers and Strategic Partners" of the Non-Financial Statement and in the “Health, Safety and Environment” section of the 2022 Annual Report.

### 3.3 The Group's fiscal policy

Due to its strong international presence, the Recordati group contributes to the development of the countries in which it operates, providing products, services and employment and generating ethical, lasting and sustainable value in line with applicable laws and regulations in these countries, also through payment of the relevant state taxation.

The Group is aware of the primary value of such income for the collective well-being and therefore contributed actively to observing laws and regulations established by the individual fiscal jurisdictions, collaborating for payment of taxes and duties, and adopting transparent, honest and proper conduct.

Indeed, in order to develop and maintain professional and transparent relations with the Public Administration and national and international Tax Authorities, the Group guarantees access to relevant information demonstrating the comprehensive nature of fiscal processes, declarations and statements. Furthermore, the Group regularly fulfils local and foreign fiscal compliance requirements, e.g. through preparation of Transfer Pricing Documentation and the Country-by-Country Report (CbCR) in compliance with OECD Guidelines.

The Group's global fiscal approach is aligned with the business strategy of the Group, aimed at expansion and diversification of the portfolio of activities without application of aggressive tax planning and, where applicable, using the institutes established by the various systems to collaborate with local Tax Authorities.

In the context of its fiscal approach, stakeholder engagement and management of problems of a fiscal nature, the Group pursues the following principles:

- Observation of laws and regulations and fulfilment of all requirements applicable in the countries in which it operates;
- Maintenance of a solid governance structure to properly comply with fiscal obligations and management of fiscal risk. All decisions are taken on the basis of the system of powers in force with supporting documentation justifying the decision-making process;
- Development and promotion of collaboration with Tax Authorities, based on reciprocal respect, transparency and trust. To this end, the Group has submitted various applications for rulings and prior agreements on transfer pricing;
- Guarantee of adequate legislative compliance, by observing documentary requirements under national or international law, including preparation of transfer pricing documentation for Group companies in order to guarantee, demonstrate and support compliance with the principle of free competition relative to prices applied to intragroup transactions;
- Dialogue with governments on proposals for changes to fiscal legislation, where appropriate, directly or through representative bodies;
- As mentioned above, absence of the use of aggressive tax planning schemes involving artificial structures created solely for fiscal benefit or transactions without economic substance in order to obtain undue fiscal advantages. Use of incentives and tax benefits, where available, is transparent and occurs in full collaboration with the Tax Authorities involved, e.g. the Patent Box incentive pursuant to Italian Law of 23/12/2014, as amended, or tax credits for research and development activity;
- Acting with integrity and not using tax havens that do not allow the exchange of information or jurisdictions with low taxation to obtain undue fiscal advantages.

### *Tax governance, control and risk management*

The Group employs solid systems of governance, control and risk management in the fiscal context. Also through adoption of the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001, the activities of the Supervisory Body regarding the procedures and protocols it contains and the suggestions and analyses performed by the Internal Audit Committee, the Group ensures that there is an adequate and effective structure for prevention of offences, including those of a fiscal nature.

The Group's approach to fiscal risk is integrated into our broader corporate risk-management framework. The management of fiscal risk is performed in line with the requirements of applicable legislation and in the long-term best interests of shareholders, taking into account operational, economic and reputational factors.

In order to minimise fiscal risk, the Group implements specific checks to ensure correct and prompt payment and transfer of taxes in the context of transparent and exacting compliance, also aimed at preventing possible disputes. Further guarantees are provided by periodic audits performed by the Board of Statutory Auditors and the independent auditors, also through fiscal-risk-management processes.

The Group's tax department, operating under the Group Chief Financial Officer, is composed of experts in national and international taxation that regularly receive adequate training for appropriate management of fiscal strategy and the actions necessary for its implementation. Additionally, the Group also avails itself of external tax professionals for tax consulting and assistance required for correct interpretation consistent with responsible tax risk management.

Finally, the Group employs its whistleblowing procedure that allows all stakeholders to report critical issues regarding unethical or illicit conduct and the integrity of the Group, also in relation to fiscal considerations.

## Income taxes: country-by-country reporting

Geographical Area	Tax Jurisdiction	Unrelated Party Revenue [€ thousand]	Related Party Revenue [€ thousand]	Average Nominal Tax Rate <sup>15</sup>	Income Taxes Paid <sup>16</sup> [€ thousand]	Income Taxes Accrued [€ thousand]	Number of employees <sup>17</sup>	Tangible Assets other than Cash and Equivalents [€ thousand]
<b>Africa</b>	Tunisia	21,461	1,654	15.0%	567	863	377	3,925
<b>Asia and Oceania</b>	Australia, Japan, United Arab Emirates	39,204	393	21.3%	1,577	984	37	191
<b>Europe</b>	Austria, Belgium, Bulgaria, Czech Republic, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Türkiye, Ukraine, United Kingdom	1,367,821	652,129	21.4%	73,853	74,112	3,846	108,190
<b>North America</b>	Canada, Mexico, USA	188,901	25,220	26.6%	14,454	14,607	103	454
<b>South America</b>	Brazil, Colombia	11,296	3,319	32.5%	713	688	29	142

The data provided refers to the 2021 financial year, as this is the most recent period for which the information is available. For the names and businesses of the entities residing in each tax jurisdiction, please refer to the List of Group companies reported in the Consolidated Financial Statements. The data reported are aggregated by geographical area and include the average nominal tax rate for each area.

<sup>15</sup> The average nominal tax rate is calculated by grouping by geographical area the average nominal tax rates for each jurisdiction.

<sup>16</sup> The item "Income Taxes Paid" differs from "Income Taxes Accrued" mainly due to the differences in the timeframes for determining the tax base and taking advantage of the tax benefits associated with research and development activities.

<sup>17</sup> Average number of employees and collaborators (e.g. temporary workers).

## 4. PEOPLE'S HEALTH: RECORDATI'S PRIORITY SINCE THE BEGINNING

*The Recordati group has always been focused on developing and offering innovative products, with the aim of improving human health and quality of life. To this end, the Group invests continuously in research and development and is committed to maintaining the highest product quality and safety standards throughout the product life cycle. In the Recordati group's strategy, the central importance of patients, including the most vulnerable, is also manifested in a constant attention to improving access to healthcare. Convinced that every single patient should have access to the best possible treatment, the Group also operates in the area of rare diseases.*

### 4.1. Research & Development and Intellectual Property

The Group is constantly committed to Research & Development activities, implemented through pharmaceutical pipelines and the acquisition of new areas of speciality. In particular, in recent years Recordati has focused its efforts mainly on pharmaceuticals in the rare diseases sector.

Over the last few years, the development of new pharmaceuticals, enabled partly through internal research programmes but primarily through R&D opportunities in partnership with external companies and research institutions, has been a fundamental element in enriching the pipeline and ensuring the Group's consistent growth.

The Group carries out research and development in accordance with good clinical and laboratory practices, guaranteeing compliance with the highest international standards. Recordati uses animals in scientific experiments only when this is strictly necessary, that is when there is no alternative and when it is expressly required by the health authorities. In such cases, Recordati makes use of specialised centres which guarantee adherence to national and supra-national legislation and which effectively implement the principles of the 3Rs: Replacement (using alternative methods), Reduction (minimising the number of animals used) and Refinement (protecting animal welfare).

Recordati ensures the utmost rigour in performance of clinical studies through appropriate data management and the transparent management of results, thus avoiding any potential conflicts of interest. The health and safety of the subjects involved in clinical and post-marketing studies are our top priority, along with the protection of their human rights, including the rights to dignity, self-determination, privacy, and the confidentiality of personal data. Subjects enrolled in the studies are provided with clear and comprehensive information, expressed using comprehensible, non-technical language. The Group uses trial centres and suppliers of proven reliability and professionalism and which are capable of meeting the highest legal and regulatory requirements, as well as the applicable codes of conduct for the industry.

#### *Ethics and transparency in clinical trials*

Clinical trials are essential for determining whether new medicinal products are safe and effective treatments for patients. In particular:

- interventional clinical trials are conducted by various Recordati Group companies to demonstrate the efficacy and safety of new drugs in the development phase in various rare diseases and in populations with unmet medical needs;

- observational post-marketing clinical studies, known as “real world” studies, are conducted to monitor the benefit-risk balance of new drugs once they are on the market and to collect additional data to improve the knowledge of the product.

To ensure full compliance with the requirements defined by the regulatory authorities and to guarantee the utmost rigour in the conduction of clinical trials, the Group has defined a set of standard operating procedures (Corporate Standard Operating Procedures - SOPs), and the entire process is closely monitored through continuous auditing activity.

**Standard Operating Procedures – Corporate R&D Quality Management System:** the same Standard Operating Procedures are applied at all of the Group's research centres to ensure that interventional clinical trials are conducted in compliance with the highest international standards, and in line with the principles established in the Declaration of Helsinki and the Good Clinical Practice (GCP) guidelines defined by the International Council of Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH), as well as applicable local laws and regulations.

At the same time, observational Post-Authorisation Safety Studies (PASS) are conducted in line with the Guidelines for Good Pharmacoepidemiology Practice (GPP) and the Good Pharmacovigilance Practice (GvP). The confidentiality of the collected data is protected in accordance with current privacy legislation such as the General Data Protection Regulation (EU) 2016/679 (“GDPR”).

Study results are reported in accordance with the requirements of the European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA).

**Staff qualifications and training:** all Recordati employees involved in the planning, conduction and reporting of clinical trials are suitably qualified in terms of professional experience and training. The Group delivers periodic training programmes on applicable company procedures and study-specific aspects (therapeutic areas, study protocols). Training is delivered and documented in collaboration with the Quality Assurance Department. In 2022, particular attention was paid to training all Group personnel on the requirements of the new European Clinical Trials Regulation (EU-CTR) and the Medical Devices Regulation (MDR).

**Selection and supervision of Contract Research Organisations (CROs):** the Recordati group's clinical trials are performed with the support of adequately qualified international Contract Research Organisations (CROs), experienced in conducting clinical studies in various countries in collaboration with research centres. The CROs are only selected after an in-depth evaluation of their experience and procedures, as assessed also during qualification audits. Subsequently, the respective roles and responsibilities of Recordati and the CRO are defined clearly and in detail in specific written agreements.

The personnel of the Recordati group, in the capacity of sponsor of the study, perform continuous oversight on the activities carried out by the CRO in accordance with a specifically defined plan, in order to ensure that:

- appropriate documentation on the medicinal product (as included in the Investigator’s Brochure and in the Investigational Medicinal Product Dossier) and on the study itself (as described in the protocol, in the informed consent form and in the Case Report Form) is prepared and submitted to the Competent Authorities, the Ethics Committees and the Investigators prior to the start of the trial and, if necessary, updated during the study;
- the medicinal product is produced in accordance with the Good Manufacturing Practice guidelines and is adequately packaged and labelled in accordance with the Good Clinical Practice guidelines;
- the clinical trials only begin upon receipt of the necessary approvals issued by the Health Authorities, the Ethics Committees and the Institutions, and having established an appropriate insurance for the patient;

- patients are included in the clinical trials only having voluntarily confirmed their wish to participate (having received adequate information from the investigators regarding the objective, methods, benefits and potential risks of the study), and in compliance with applicable privacy law (such as the EU GDPR);
- the study is conducted and reported in accordance with the requirements of the Good Clinical Practice (GCP) guidelines and in line with the applicable laws and regulations.

**Risk assessment:** Recordati, as sponsor of the clinical trial, conducts an in-depth analysis of the possible risks and benefits for the patients associated with their participation in a clinical trial (due to the administration of an experimental drug, the design of the study and/or its procedures) both before and during the study. The description of possible risks is included in the documents submitted to the Competent Authorities, the Ethics Committees and the Investigators. The risks are also described to the patients included in the trial in a clear, concise and comprehensible language in the informed consent form. The possible risks are minimised through the definition of appropriate patient inclusion and exclusion criteria (age, gender, concomitant diseases and treatments), the use of placebos only when ethically acceptable and/or required by the Health Authorities, the highest standards of care, the availability of medical treatment (if necessary) in the event of adverse reactions and the avoidance of invasive and unnecessary procedures.

The safety profile of the investigational products and the risks associated with participation in the clinical trial are continuously monitored by qualified medical personnel at Recordati (and, when required by the protocol, by an independent and external “Drug Safety Monitoring Committee”). Health authorities, investigators and patients are duly informed during the conduction of the study in the event of any changes in the expected benefits and risks.

**Data integrity:** the integrity of the data is ensured by the verification of the original documents filed at the research centres by the study monitors, by the validation of the IT systems used for data collection, analysis and reporting, and by co-monitoring visits performed by Recordati personnel in collaboration with the CRO monitor. Collected data is processed in accordance with the operating procedures and quality standards established by Recordati.

**Audits:** the entire process is monitored through constant auditing activity over the CRO, from the qualification step through to the subsequent conduction of the trial. Recordati also conducts audits at research trial sites following a risk-based approach.

In order to ensure the compliance with the applicable legislation, internal audits are also performed inside the Recordati group.

Furthermore, both Recordati – as sponsor – and the CROs may be inspected by the Regulatory Authorities to verify compliance with the Good Clinical Practice guidelines and pharmacovigilance obligations.

**Data transparency:** data transparency is ensured through the entry of clinical trials to a public register (EU Clinical Trial Registry and/or ClinicalTrials.gov) before the enrolment of the first patient, and through the publication of the results of the trial in accordance with the requirements of the European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA).

**Archiving:** the study essential documents are maintained in electronic or paper format for the period of time required by applicable legislation and accordance with Recordati's procedures.

**Investigator Initiated Studies (IIS) supported by Recordati:** in line with the Group's standard operating procedures, Recordati may decide to support clinical trials proposed by academia after a careful evaluation



of the scientific value of the proposed study, the expected benefits, and the possible risks associated with the use of the Group's existing pharmaceutical medicinal products in new indications.

In such cases, a written agreement between Recordati and the Investigator/Sponsor of the study is signed in order to ensure the exchange of safety information and enable an appropriate description of the potential benefits and risks to the patient.

### *Policy on the compassionate use of medicinal products*

Recordati believes that conducting clinical trials is the best way to ensure a broad patient access to medicinal products, because clinical trials ensure the collection of the efficacy and safety data required by the Health Authorities to grant a marketing approval and a price reimbursement.

However, Recordati recognises that certain patients with serious or life-threatening conditions may not be suitable to take part in a clinical trial and may not be able to access satisfactory alternative treatments. In these cases, in line with company policy and in accordance with the Group's Standard Operating Procedures, Recordati may provide access to medicinal products that are not yet available on the market on compassionate grounds, in cases where this approach is approved by medical and pharmacovigilance personnel with specific knowledge of the product, and in accordance with all applicable laws and regulations.

### *Protection of intellectual property*

The Group's intellectual property is protected by its patents, which enable Recordati to protect its R&D investments. Following a positive outcome of the patent criteria assessment of the invention in accordance with local laws and legislation, the award of European and international patents generally provides for patent protection in several countries.

Depending on the invention, patent applications may be submitted to protect new compounds, manufacturing processes, medical indications, devices and the composition of materials. This protection may vary from country to country and depends on the type of patent application and the intended objective. The duration of the protection is generally 20 years, beginning from the date of submission of the application. This period may be extended for a maximum of five years in certain countries, particularly in Europe and the United States, following the granting of authorisation for the market entry of the pharmaceutical product that uses the patented invention.

The patent portfolio is regularly monitored in collaboration with the relative Group offices, in order to identify potential breaches and take any necessary legal action. The Group also benefits from intellectual property rights for products and compounds patented by other companies through the relative licensing agreements.

As at 31 December 2022 the Group held 1,123 patents, of which 41 were granted in 2022.

Trademarks are also subject to intellectual property rights. This protection granted by such rights varies from country to country and is based principally on the use and registration of the trademarks. Trademark registrations are obtained based on the positive outcome of national, international and EU practices, and are generally granted for renewable periods of 10 years. The Group holds around 8,200 registrations for 800 trademarks filed in the name of its various offices. More than half of the trademarks are currently in use.

For more information on the Group's research and development activities, please refer to the "Research and Development" section of the 2022 Annual Report.

### THE ARRIGO RECORDATI INTERNATIONAL PRIZE FOR SCIENTIFIC RESEARCH

Established in 2000 in memory of Arrigo Recordati, this international recognition aims to promote scientific research. The prize awards €100,000 to a scientist who has particularly stood out for formulating an innovative research project. The winner is selected by an independent panel formed of global experts.

The 2022 edition, open to young researchers from anywhere in the world, was dedicated to the promotion and recognition of excellence in research on pituitary disorders. The prize was awarded to Dr Sabrina Chiloiro for her project on the role of the immune microenvironment in growth hormone (GH) secreting pituitary tumours. The award ceremony took place in Milan on 23 May 2022 during the European Congress of Endocrinology.

## 4.2 The Recordati group's commitment to improving access to medicine and healthcare

### RARE DISEASES AND ORPHAN DRUGS: A HEALTHCARE PRIORITY, A RECORDATI PRIORITY.

The Group is dedicated to caring for the most vulnerable. The motto "Focused on the Few" expresses Recordati's conviction that every single patient should have access to the best possible treatment.

Rare diseases are predominantly genetic disorders that can affect patients of any age, gender and ethnicity, and involve every category of medical specialisation. These are chronic, often fatal or severely debilitating diseases that have a huge impact on patients, their families and society. To treat these diseases, specialist medical products known as "orphan drugs" are developed.

A disease is defined as rare when its prevalence, understood as the number of cases in a specific population, does not exceed a set threshold. In Europe, this threshold is 0.05% of the population, corresponding to 5 cases in every 10,000 people, while in the United States the threshold is less than 200,000 people in the country's entire population. Over 30 million people are affected in Europe alone. There are more than 7,000 known rare diseases, but today approved treatments exist for just 10% of these. The number of patients is so small that a rare disease is often not "adopted" by the pharmaceutical industry, hence the expression "orphan drug".

Due to the broad spectrum of existing diseases and the scarcity of available information, physicians may never examine a patient with a rare disease in their entire career. For this reason, there is always the risk that when a child is born with a rare disease, a correct diagnosis may not be made and timely treatment may not be provided. The limited number of patients and scarcity of relevant knowledge and expertise characterise rare diseases. In order to guarantee that the scarce knowledge and resources are made available, these are often shared through international cooperation channels. In order to provide assistance to persons affected by a rare disease and encourage pharmaceutical and biotechnology companies to invest in treatments for rare diseases, governments have introduced various legal and financial incentives.

The Recordati group operates in the rare diseases segment worldwide through Recordati Rare Diseases, a series of dedicated companies that make its specialty pharmaceuticals for rare diseases available directly in Europe, the Middle East, the United States, Canada, Russia, Australia and New Zealand, Japan, China, South Korea and certain countries in Latin America (Brazil, Mexico and Colombia) and through highly qualified distributors in other areas, covering over 100 countries around the world. Recordati Rare Diseases is a leading pharmaceutical company entirely devoted to the research, development and commercialisation of drugs for the treatment of rare diseases, with a portfolio of products dedicated to rare genetic metabolic disorders and rare endocrine diseases. In March 2022, Recordati finalised the acquisition of EUSA Pharma (UK) Ltd., a global pharmaceutical company specialised in rare and niche oncology diseases, which became part of Recordati Rare Diseases. The acquisition expanded Recordati's skills and portfolio, providing a platform to drive growth in these important areas still characterised by extensive unmet needs.

The Group has developed a direct distribution and packaging system capable of efficiently providing very small quantities of specialised products to people all around the world very quickly. Recordati manages a GMP-certified site in Nanterre (Paris) that is entirely dedicated to packaging, storage and shipment of products for rare diseases to all countries.

The activities carried out by Recordati Rare Diseases include support for patient associations for people affected by rare diseases, which help patients and their families by facilitating access to orphan drugs and treatment centres. Recordati's orphan drug specialists actively collaborate with the medical community to facilitate dialogue between hospitals with limited expertise in rare diseases and specialist medical centres able to diagnose and treat rare conditions in an appropriate manner.

Also in the context of facilitating access to treatments, in 2022 Recordati Rare Diseases continued to support two programmes to provide assistance to patients eligible to receive support for the costs related to its products: the Patient Assistance Program (PAP) and the Co-Pay Assistance Program (CAP):

- Patient Assistance Program (PAP): this programme enables Recordati Rare Diseases to supply products to medical professionals or hospitals which require free product in order to treat patients who do not have adequate medical insurance to cover the cost of the drug and are able to demonstrate financial need. A case-by-case assessment is carried out by a third party on behalf of Recordati Rare Diseases in order to substantiate eligibility and register patients in the programme.
- Co-Pay Assistance Program (CAP): this support programme, available for certain products, is administered through a third party on behalf of Recordati Rare Diseases and provides financial support to insured patients for all or part of their financial responsibilities not covered by their insurance plan. In order to benefit from this assistance, patients must fulfil certain eligibility requirements, and have a valid medical prescription for the product.

These two programs are active in the USA and Canada and are focused on Endocrinology, Oncology, and Metabolic therapeutic areas. Similar programs are in place in other geographic areas, for instance, Australia, Brazil, Russia, South Korea and Taiwan.

During 2022, Recordati supported around 900 rare disease patients with Patient Assistance Program (PAP), Co-Pay Assistance Program (CAP) and similar programmes.

For more information on rare diseases and orphan drugs, please refer to the relevant section of the 2022 Annual Report.

## RECORDATI RARE DISEASES FONDATION D'ENTREPRISE

Working in the field of rare diseases means we have an important responsibility towards patients and healthcare professionals and lies at the heart of Recordati's commitment.

The Recordati Rare Diseases Foundation was established to provide independent and unconditional support for training programmes aimed at the scientific community in the field of rare diseases. These high-level training courses are organised under the supervision of an external scientific committee. The overall aim is to share experience in the diagnosis, management and outcome of rare disorders where individual knowledge is by its nature limited. The Foundation gives specialists the opportunity to broaden their expertise, develop new ideas and establish scientific relationships.

A number of live events are held each year bringing together clinicians and scientists from all over the world to discuss innovations and new diagnostic and management strategies. The Foundation's 2022 activities were organized in-person after a challenging COVID-19 situation allowing for healthcare professionals to meet again, network and discuss diagnostic procedures, research topics and new developments in the scientific community.

In 2022, four live CME (Continuing Medical Education) courses were organised in the field of Inborn Errors of Metabolism and more specifically on nutrition therapies, new therapies in neurometabolic disorders and innovative case based and interactive workshop approaches to the diagnostic paths and patient management. The novelty of this year's activity was a first course in the field of rare endocrinology with a course on Cushing's Disorders. This new activity positions the Foundation as a key player in medical education in the rare endocrine field.

The Foundation is developing a rich educational agenda in 2023 with four meetings involving adult and paediatric metabolic specialists, neurologists, endocrinologists, geneticists, biochemists and other healthcare professionals from around the world.

### 4.3 Product quality and safety

In order to guarantee the highest possible levels of health and safety for patients, the Group is committed to guaranteeing product quality and safety throughout the Recordati supply chain, from the research and development phase for new products to the procurement of raw materials and packaging materials and the production, control and commercialisation of registered medicines.

During the research phase, specific clinical studies are carried out in order to ensure the efficacy and safety of the products and confirm the absence of any possible dangerous side effects. Furthermore, the results of these studies are assessed by regulatory bodies in Italy, Europe and all of the other countries around the world, before authorisation is given to introduce the medicines on the market.

Within the supply chain, the Group's suppliers are selected according to stringent criteria and are periodically audited to confirm compliance with the applicable quality standards required.

During manufacture at all Recordati facilities, all medicinal products are produced in accordance with the provisions of Good Manufacturing Practices (GMPs) in plants authorised by the relative local and non-European regulatory bodies. The Group's plants are constantly subject to inspections and audits to ascertain compliance with current legislation and internal regulations. Furthermore, all third party production facilities used by Recordati are subject to periodic audits, verifying the existence of the necessary regulatory authorisations required and ascertaining that all manufacturing and control activities are conducted in compliance with GMPs.

The manufacturing process includes rigorous and comprehensive preliminary controls of all batches received and all raw materials and packaging materials, conducted prior to their use in manufacturing and packaging processes at the Group's production plants. In almost all cases, these controls are conducted at the Quality Control laboratories located within the Group's plants. In the event that external laboratories are used, these are selected and monitored according to the same rigorous procedure adopted for the Group for third party manufacturing facilities. In both cases, the Quality-Control laboratories must be expressly authorised and certified, with inspections performed by national and international regulatory agencies, in order to perform these control activities.

In order to guarantee the quality and safety of the products, each batch of medicines is subject to a preliminary quality control procedure prior to its release on the market, with the approval for distribution granted only in the event that the batches comply completely with the specifications predefined by the Regulatory Authorities.

Furthermore, all production processes are subject to validation procedures to confirm the capacity to supply medicines in a way that is reproducible over time in line with the quality, safety and efficacy standards on which the registration of the drug with the competent Authorities is based. Production and control procedures, as well as the validation of production processes, are guaranteed through the use of certified equipment subject to periodic recalibration, and specially and periodically trained personnel operating in line with the rigorous Standard Operating Procedures, with the goal of making every operation consistently reproducible and aligned with the defined standards.

All personnel engaged in GMP and product quality and safety monitoring procedures receive training at least once a year on topics related to Good Manufacturing Practices, as well as periodic updates on the various

procedures, with particular reference to procedures regarding the use of equipment, codes of conduct and safety protocol.

For the product commercialisation phase, the Recordati group has implemented a system aimed at guaranteeing compliance with European, Russian, Turkish and US Directives on anti-counterfeiting measures, as well as those of other countries with equivalent regulations in force, observing the measures expected by the respective Authorities with regard to product serialisation and aggregation, and for the use of quality seals on packaging, always in line with applicable local legislation. Furthermore, when handling any complaints made regarding its products, the Group investigates any possibility of counterfeiting in order to report any such instances to the Authorities.

As well as medicines, the Recordati Group also markets Medical Devices and Dietary Supplements. The quality systems that support the Group's activities related to production, where applicable, or marketing, comply with all applicable legislation. As regards Medical Devices, activities are conducted under the supervision of Notified Bodies, which require specific certification according to the provisions of a European Regulation that recently came into force.

Finally, after the products have been sold, the Recordati group operates a post-sale pharmacovigilance policy, enabling doctors, healthcare workers and patients to promptly notify the Group of any significant events or adverse reactions experienced during the use of Recordati products.

### *Efficiency also for production processes: the lean-manufacturing approach*

Over recent years, the production plant in Milan has introduced a lean manufacturing approach aimed at improving production platforms through analysis of procedures and “non-production” activity/actions, that may therefore be removed from the process or improved, benefiting the entire operations cycle.

Following the initial phase aimed at increasing personnel knowledge and expertise on lean practices, a project was approved to support standardisation of processes to gather production data. The Digibelt system was installed for this purpose. This collects data, allowing precise analysis of weaknesses in the process and definition of consequent improvement actions. This project was successfully completed in the second half of 2020. The lean manufacturing approach is being rolled out to the Group's other plants, as is data collection using a harmonised digital system managed at the corporate level.

### *Audits and inspections*

In order to ensure the quality and safety of its products and verify the compliance of its suppliers with quality, environmental, health and safety legislation and regulations, the policies implemented by the Recordati Group include regular audits, as well as continuous inspections performed by the competent regulatory authorities and self-inspections within its own production plants.

#### *Inspections and quality audits*

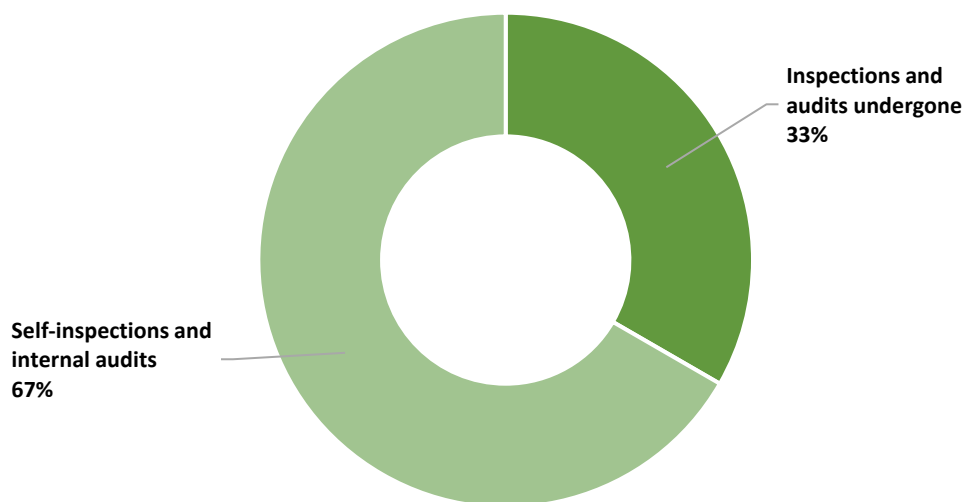
The production plants of the Recordati group are necessarily authorised to produce medicinal products by the respective local Authorities and as such are subject to periodic regulatory inspection. In addition to regulatory inspections, production plants are audited by the Group's clients or by accreditation bodies qualified to certify compliance with ISO international standards.

Within its own pharmaceutical plants, the Group is committed to maintaining a quality control system that fulfils all applicable national and international requirements, guidelines and standards for the production of finished pharmaceutical products. In particular, all of the manufacturing plants operate in line with GMPs (Good Manufacturing Practices) and are regularly audited through inspections conducted by the competent national and international authorities. The Quality Control departments are responsible for the control of procured raw materials and the finished products in accordance with the relative procedures, approved methods and the pharmacopoeial monographs.

In addition to the production facility monitoring system, the Authorities also conduct periodic inspections at the branches that operate as medicinal product distribution companies in their respective regions.

In 2022, a total of 123 inspections/audits were carried out at the Group’s pharmaceutical production plants and branches in order to assess product quality, safety, and compliance with certification standards. Of these, 82 (67%) were internal audits and self-inspections carried out by the Group, while the remaining 41 (33%) were carried out by the competent authorities (Health Ministries, Regulators, Certification Bodies) and third-party companies that receive Recordati products.

#### Subdivision of quality and safety inspections/audits at pharmaceutical plants



In 2022, the pharmaceutical plants underwent inspections by regulatory bodies in order to renew and grant the relevant authorisations to manufacture and/or distribute medicinal products. Of particular interest in this regard are those that were performed:

- by the French authorities (ANSM) at the Recordati Rare Diseases Sarl (France) packaging site and offices, for the secondary packaging and release of orphan drugs, respectively, in order to renew the related periodic GMP authorisation;
- by the Aragon Health Authority, the Spanish regional authority, at the production plant in Utebo;
- by the Czech authorities (SUKL) at Herbacos Recordati (Czech Republic), for GMP and GDP (at several warehouses involved in the supply chain of a specific product).



At the production plant in Utebo (Spain), inspections were performed by the competent certification bodies for the periodic renewal of the manufacturing authorisation for medical devices (two by IMQ and one by the Ukrainian authority), while, at the Tunisian production plant, inspections were performed regarding the Quality, Safety and Environment certifications, as well as one inspection by the local Ministry and two inspections by foreign regulatory authorities, Tanzania and Congo, to distribute medicinal products in these two territories.

The Group also received supervisory inspections for activities regarding the manufacture and/or distribution of medical devices. In particular, inspections were conducted by Eurofins and ICIM at the Milan site.

All of the inspections resulted in renewal of the existing authorisations.

In addition to the inspections received from external bodies starting in 2019, the pharmaceutical production plants are subject to internal audits carried out by the Group's internal Quality Assurance unit on a regular basis. Due to the persistent restrictions related to the COVID-19 pandemic, in 2022 these activities were conducted remotely.

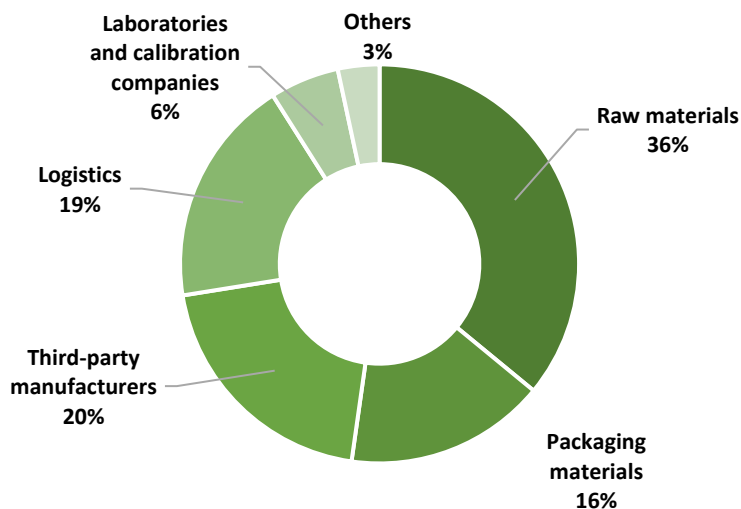
As regards the inspections at the Group's two chemical-pharmaceutical plants, it is noted that, in 2022, a total of 52 audits/inspections were carried out, of which 20 were internal (mainly involving the Safety and Environment Management System, Quality and the application of specific procedures) and 32 were performed by clients (mainly regarding quality control/GMP compliance of the manufacturing processes of APIs), certification bodies on the environmental management system, and regulatory and control authorities regarding quality, environment, health and safety.

#### *Supplier audits*

One of the main control measures implemented in the supply chain are the audits carried out by the Group at third-party companies which produce medicines, medical devices and dietary supplements, as well as suppliers of APIs, excipients, packaging and services. In addition to assessments at the supplier approval stage, use of suppliers is also dependent on the ongoing quality monitoring of all supplies in order to constantly verify the level of quality and compliance with agreed specifications.

In line with the Group's procedures, all suppliers, particularly those supplying raw materials (e.g. active substances, excipients), packaging materials and services, are subject to periodic audits as defined by a risk assessment. In fact, in 2022 the Pharmaceutical Division of the Recordati group conducted 178 supplier audits, of which 36% on suppliers of raw materials (active substances and excipients), 20% on third-party manufacturers, 19% on logistics service providers, 16% on suppliers of packaging materials, 6% on laboratories and calibration companies and the remaining 3% on other suppliers.

Subdivision of supplier audits conducted by the pharmaceutical division by product category



As regards supplier audits conducted by the chemical-pharmaceutical division, in 2022, a total of 6 audits were conducted, mainly on suppliers of synthetic intermediates, analysis laboratories, service providers and waste treatment providers.

**Compliance with legislation and regulations**

The Recordati group operates in full compliance with legislation and regulations in various fields thanks to dedicated and qualified personnel. As indicated in the Code of Ethics, compliance of all conduct with applicable legislation and ethical regulations is a mandatory prerequisite for Recordati and its collaborators in every country in which it operates.

Key figures in the Group active in this regard include the managers of the Pharmacovigilance Department, the Scientific Department, the Clinical and Manufacturing Quality Assurance Departments and the Regulatory Affairs Department, as well as the Qualified Person, the Health, Safety and Environment Manager and the Compliance Officer. Activities aimed at ensuring compliance with legislation and regulations are undertaken in compliance with international best practices and are constantly examined through inspections conducted by commercial partners, authorities or certification bodies. In this regard, the Recordati group complies with the regulations issued by industry certification bodies and has achieved GMP (Good Manufacturing Practice) certification for product quality and safety at all its plants issued by the relevant national and foreign authorities. The Campoverde di Aprilia site is also regularly inspected by the Italian Medicines Agency, the US Food and Drug Administration, the Brazilian *Agência Nacional de Vigilância Sanitária* and the Korean Food and Drug Administration and is certified by the Japanese Ministry of Health.

During 2022, no cases of non-compliance with legislation and/or self-regulation codes were recorded regarding impacts on the health and safety of products marketed by the Group that have led to sanctions imposed on the Company<sup>18</sup>.

In relation to possible recorded cases of non-compliance with legislation and/or self-regulation codes regarding information and packaging, it is noted that during 2022, Recordati did not receive significant sanctions<sup>19</sup>.

<sup>18</sup> The extremely low number of product recalls were promptly handled by the Company and did not result in penalties or health impacts.

<sup>19</sup> The extremely low number of cases of non-compliance with such regulations and codes were promptly handled by the Company and did not result in significant penalties.

Furthermore, outstanding legal proceedings for the cancellation of an administrative penalty are still pending, as noted in the 2019, 2020 and 2021 Consolidated Non-Financial Statements. With regard to the fine of € 29,000 imposed on the Turkish subsidiary Recordati İlaç Sanayi ve Ticaret Anonim Şirketi by Türkiye's Social Security Institution following the alleged damage suffered as a result of the failure to provide prompt notification of price changes for certain products marketed by this branch in the countries concerned, it should be noted that after the objection raised by the Company with the competent government authorities regarding the lack of clarity in the definition of the scope of the countries of reference was not accepted, said branch filed legal proceedings against the local Social Security Institution for cancellation of the administrative sanction. Furthermore, in 2022 Recordati Rare Diseases Inc. paid an administrative penalty of approximately € 115,000 imposed on it by authorities in California after the former sent communication regarding a drug price change after the deadline.

### *Pharmacovigilance*

Monitoring the safety of medicines is essential to ensure the effective use of the drugs and to provide high-quality medical care. In compliance with national and international laws and regulations on pharmacovigilance, Recordati has adopted an appropriate pharmacovigilance system aimed at ensuring the correct and timely evaluation of its products, both original and under licence, with particular attention given to the risk-benefit ratio.

Patient safety is a fundamental value for Recordati and is guaranteed by the pharmacovigilance system which, through the Group's quality system, operates in accordance with applicable legislation and the Good Vigilance Practice (GVP) guidelines.

The pharmacovigilance system and its quality system establish specific responsibilities and procedures for the performance of activities, which apply at Group level in accordance with local and EU legislation. Recordati's pharmacovigilance system is subject to continuous monitoring through internal audits, audits by commercial partners and inspections by the regulatory authorities.

Close safety profile monitoring applies to the entire product life cycle (from clinical trials to commercialisation) of all of the Recordati group's drugs at a global level. The Group collects and evaluates all information relating to adverse events with its drugs, monitors their benefit / risk profiles and assesses/discusses them during specific Safety Committee meetings. The relevant information is promptly communicated to the competent authorities in accordance with current legislation. The collection of reports of possible adverse reactions made by patients and physicians is an essential element of the safety analysis. All company personnel must be aware of the concept of pharmacovigilance and of the conduct to be adopted in the event that they become aware of an adverse reaction following the use of a pharmaceutical product of the Group; therefore, when joining the company, all new employees receive dedicated training (delivered as an e-learning module) and all employees are required to take an annual refresher course. Furthermore, pharmacovigilance personnel are updated on pharmacovigilance obligations through participation in internal and external training courses.

### *Anti-counterfeiting*

Recordati operates in compliance with anti-counterfeiting legislation and takes the necessary steps to allow the unique identification of medicinal products, as required by the law regarding serialisation in pharmaceutical manufacturing.

Since 2006, the European Federation of Pharmaceutical Industries and Associations (EFPIA) has been developing a standardised medicinal products traceability system as part of the fight against counterfeiting. Working in collaboration with three other European organisations, EFPIA has been involved in the creation of an ambitious coding and serialisation system known as the European Stakeholder Model (ESM). In conjunction with this project, ESM members worked to implement the European Medicines Verification System (EMVS) which aims to regulate the dispensation of medicines to ensure product authenticity.

In this context, in February 2016 the European Parliament issued a regulation dictating the technical requirements for all prescription medicines in order to combat medicines being counterfeited. This regulation came into force in February 2019. However, certain member states, Italy included, are exempt from implementing this regulation for a further six years due to the adoption of internal anti-counterfeiting systems at national level. From such date, prescription drugs that do not comply with the safety requirements established by this regulation may no longer be marketed.

In this regard, in 2015 the Recordati group launched a project to ensure that all medicinal products produced at its own production plants or those of third-party companies comply with this regulation. The project was completed in line with the implementation deadlines provided for by legislation and the packs produced for the Group have been compliant with legislative requirements since January 2019. In particular, a packaging management procedure was introduced, under which each individual packet is stamped with a two-dimensional code containing a unique identification number, and a quality seal is applied. Moreover, all information generated in regard to the serialisation of individual packs are collated in a database designed to enable the in-out management of all third parties of the Group as part of a European data-collection system.

All warehouses (both internal and external to the Group) used to store serialised pharmaceuticals are made aware of the regulations and the European warehouses are connected to the relative national systems for product authenticity spot checks. Compliance with the applicable regulations is verified through audits conducted by Recordati at the relative warehouses.

As regards the requirements of individual national Authorities, Recordati cooperates with the relative national systems for the resolution of alerts arising from product audits in the logistics chain or at point of delivery to the public.

Similar initiatives aimed at combating the counterfeiting of medicinal products have been launched or are currently being implemented in various countries in which the Group operates. Specifically, in Türkiye, China, the US, Korea and Russia, drugs marketed by the Recordati group are already fully aligned with these safety requirements. In Brazil, where a drug anti-counterfeiting directive has recently been issued, implementation of similar regulation is planned within the coming years. For this reason, Recordati has launched a new project to allow provision of drugs compliant with these requirements by the deadlines defined for all products marketed by the Group in this country.

Finally, in the Middle East several initiatives are currently being implemented to combat product counterfeiting. On the whole, projects to combat drug counterfeiting continued, in full compliance with the developing legislation. In particular, phase 2 of the serialization project in Bahrain was completed in 2022 and phase 2 in the United Arab Emirates is ongoing.

#### 4.4 Responsible marketing

As set out by the Group Code of Ethics, Recordati seeks to enable doctors and healthcare operators to offer their patients the best possible therapeutic care, providing them with complete, accurate and truthful information in accordance with the applicable legislation on the promotion of medicinal products. At Recordati regulations on advertising products to the public are rigorously applied, adopting a simple, clear, and complete approach to communication and refraining from any improper and/or misleading practices.

Relationships with the medical community, healthcare operators (pharmacists, nursing staff, or other healthcare workers in public and private healthcare structures), scientific societies, and medical associations must be handled in a transparent and traceable manner, in full observance of the applicable laws and rules of conduct set out by the professional codes of national industry associations.

All information and promotion activities regarding drugs promoted by the Group Companies are regulated by internal procedures and with assigned personnel (Scientific and Regulatory Affairs Departments) who are responsible for ensuring compliance with supra-national and national legislation and are aligned with the national codes of conduct of the relative industry associations.

In particular, these company procedures regulate medical and scientific information activities and relations with the medical community and healthcare facilities. The procedures adopted by all Group Companies are particularly important, with the major ones regarding the sponsorship and organisation of conventions and training events, the contribution of professional medical consultancy services, the distribution of information and promotional materials and free samples, and the disbursement of donations and other grants to scientific companies and healthcare facilities.

The Group's medical and scientific information procedures explicitly specify the applicable legislative provisions and the obligations contained in the professional codes of conduct applicable in the various countries in which the Group operates. Furthermore, the procedures are aligned with the content of the Group's Anti-bribery Manual and contain the necessary internal organisational and authorisation provisions. Finally, all procedures comply with the principles of control and transparency, correct separation of functions and traceability in decision-making processes.

The correct application of the procedures and the compliance of the marketing activities conducted by Group Companies are periodically subject to specific internal audits in the context of the audit plan approved by the Parent Group. Moreover, the Group Companies, which are members of industry associations, submit their marketing and scientific-information procedures and activities for independent assessment and annual certification. In 2022, audits were conducted on promotional activities, the distribution of free samples, scientific consultancy by healthcare operators and other processes pertaining to marketing and medical/scientific information activities.

The Group's External Operating Personnel receive constant training on regulations regarding drug advertising and the provision of information in compliance with local legislation, and specific training on ethics and anti-bribery topics in the context of the company's training plans.

Recordati has commercial relationships with both private customers and with customers in Public Administration. Private customers include, for example, distributors, wholesalers, pharmacies, and the large-

scale retail trade. Customers in Public Administration include, for example, hospitals, care homes, and public pharmacies. All commercial relationships with our customers are based on fairness, honesty and mutual respect and always comply with the current regulations in the markets where the Company operates. Within these relationships, the Company guarantees full and correct fulfilment of contracts and provides high-value products and services in terms of quality, safety, and environmental impact. In terms of our commercial relationships with customers in Public Administration, in addition to respecting the aforementioned principles, the Company also guarantees correct fulfilment of all obligations related to participation in tenders organised by Public Bodies.

## 5. THE RECORDATI GROUP'S EMPLOYEES

*The Recordati group aspires to be a top-tier value creator for its patients, investors and people. Therefore, it recognises the central importance of its Human Resources, who represent the primary factor for the successful implementation of the company's strategy and the generation of value in the long term. To this end, the Group is committed to guaranteeing individual commitment and engagement, staying true to the company's purpose and values, and improving the quality of life of present and future generations to protect their well-being, health and safety, always in full compliance with current provisions and laws. It incentivises training and professional development. It promotes a serene, merit-based and inclusive environment where each individual is able to fulfil potential and optimise their capabilities and talent.*

### 5.1 The importance of our employees

The Recordati group operates in highly specialised sectors such as the specialist and general medicine pharmaceutical sector, the treatment of rare diseases and chemical pharmaceuticals. In order to operate effectively in these fields, it is essential to collaborate with increasingly highly qualified employees able to bring professionalism and added value to the Group and enable us to confront and overcome market challenges. For this reason, Recordati continues its commitment to a human resources management policy that prioritises people's well-being and professional development.

The Group is constantly seeking policies and practices that improve conditions for its people so that it might always be an example of excellence where people aspire to work and a company that offers its employees a unique experience while further strengthening their connection with the Group. Recordati's Employee Value Proposition aims to keep key resources, their successors, and internal talent and to be competitive when attracting talented individuals from outside the company.

Everyone is important at Recordati and part of a community where each person contributes to the Group's success: *One Company, One Team, One Spirit*. We strongly believe that, for people to live up to their full potential, they must feel comfortable when being themselves, speaking freely and sharing their opinions and ideas without fear. To achieve this, all managers are asked to shared the Group's objectives with their team, give people empowerment rather than tasks, and encourage them to express their opinions.

Therefore, in the belief that the Group's results are closely tied to people's ability to be actively engaged in achieving goals, Recordati continuously strives to improve HR development policies and HR optimisation. Training and development aim to encourage personal and professional growth, as well as career progression, with respect for people's aptitudes and preferences, by creating an environment that allows everyone to express their talents. Human resource optimisation is therefore a key priority when fulfilling company roles. The recruitment process is aimed at selecting the most qualified candidates that best match to the qualifications required by company departments, in accordance with equal opportunities and considering the market benchmarks and parameters of internal fairness.

To achieve such objectives Recordati adopts a policy towards its Employees which:

- attracts and retains talented people and encourages their development, including by collaborating with schools and universities, with a structured employee selection, onboarding and development procedure;
- continuously creates a positive, fun, inclusive, flexible, stimulating, engaging and satisfying work environment;

- encourages the professional development of employees and collaborators by providing training courses, coaching and mentoring, and awareness initiatives, as well as through on-the-job training;
- retains and motivates employees, with a particular focus on highly qualified individuals and those with greater potential for development, not just by offering competitive pay to reward merit, but also through international career opportunities and initiatives that foster a sense of belonging to the Group;
- ensures employees' well-being, health and safety;
- ensures inclusion, social equity, equal opportunities and respect for individuals, core values for Recordati, which constantly combats all forms of discrimination and/or obstruction of individual expression within the Group;
- expresses the full potential of each person and celebrates individual and team success.

At 31 December 2022, the total number of the Group's employees was 4,369, an increase compared to 2021, of which 52% were men and 48% were women.

The Group's workforce is also supplemented by 187 people who collaborate with Recordati in various ways; approximately half of these collaborators are women. These collaborators mainly belong to the plant production or commercial areas in the region.

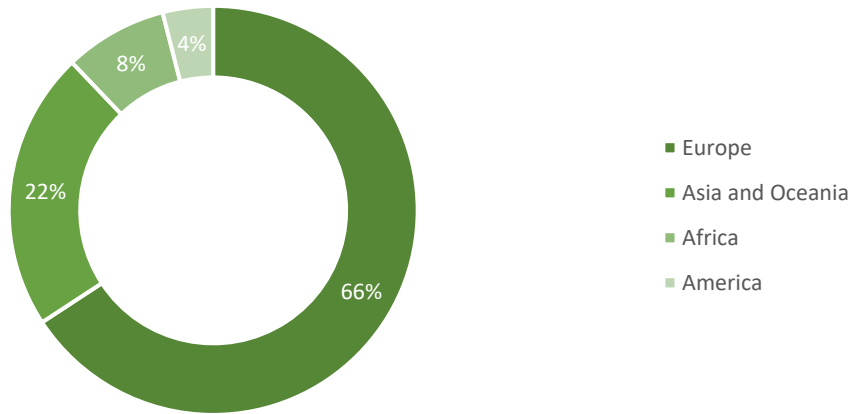
Subdivision of employees and collaborators by gender<sup>20</sup>

Number of employees	2022			2021		
	Men	Women	Total	Men	Women	Total
Employees	2,256	2,113	<b>4,369</b>	2,295	2,008	<b>4,303</b>
Collaborators	96	91	<b>187</b>	56	49	<b>105</b>
<b>Total</b>	<b>2,352</b>	<b>2,204</b>	<b>4,556</b>	<b>2,351</b>	<b>2,057</b>	<b>4,408</b>

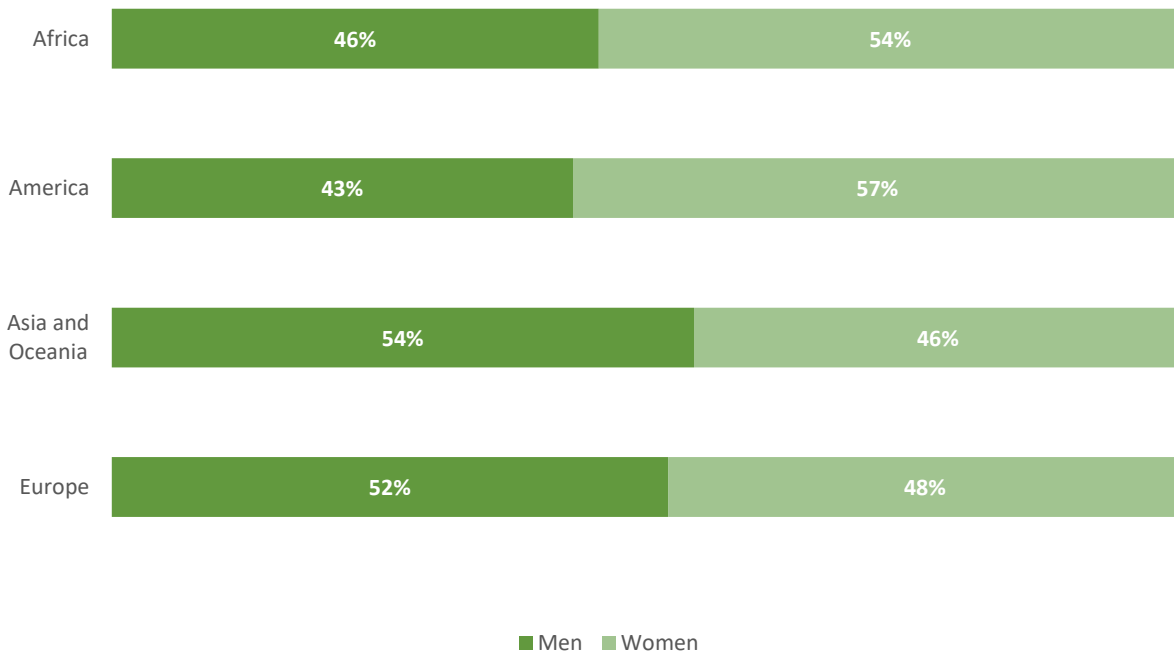
<sup>20</sup> Data relative to the composition of the workforce and collaborators refer to the headcount as at 31 December 2022.



Percentage breakdown of employees by location<sup>21</sup>

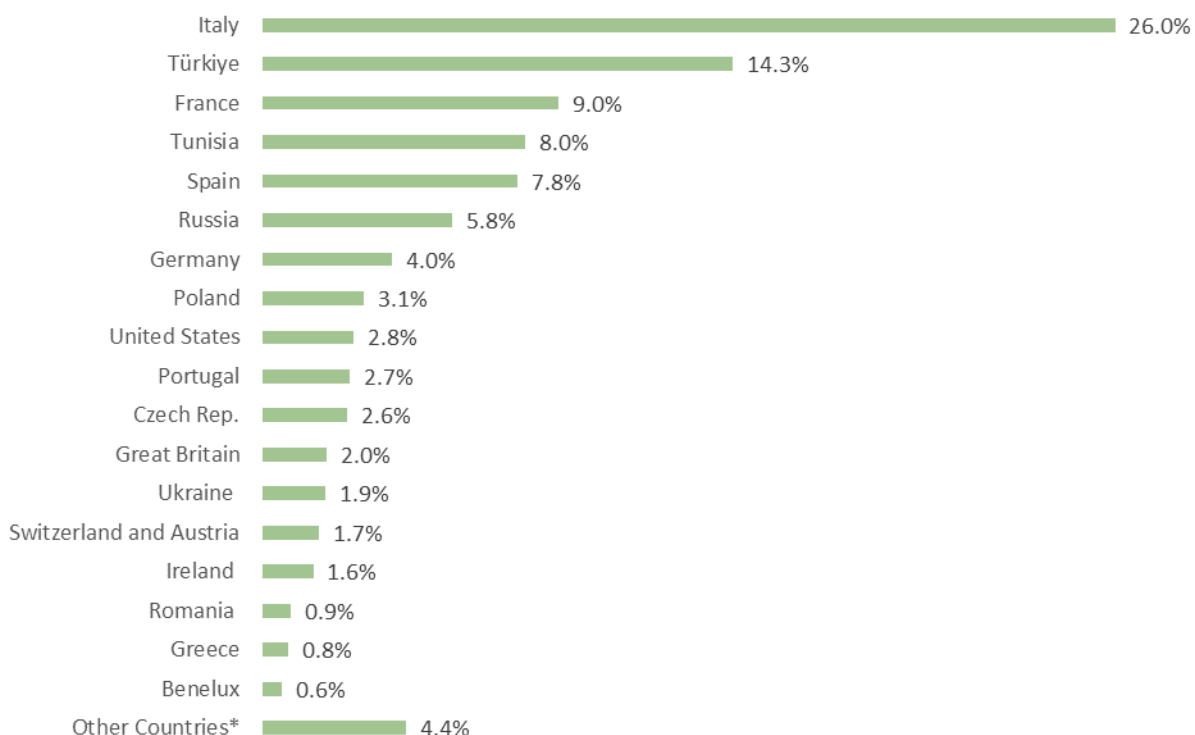


Breakdown of employees by location and gender



<sup>21</sup> "Asia and Oceania" includes the Turkish branch (Recordati İlaç ve Hammaddeleri Sanayi ve Ticaret A.Ş.) and the Russian branch (RUSFIC LLC).

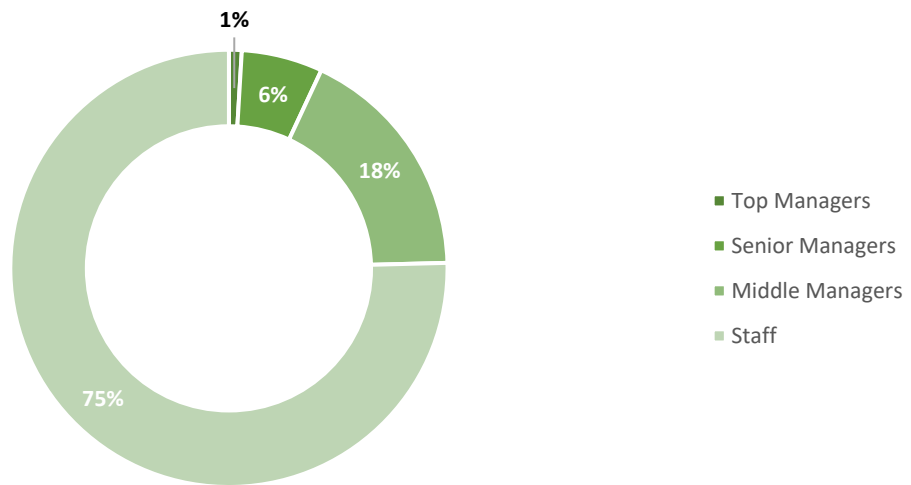
Breakdown of employees by country<sup>22</sup>



With regards to the breakdown of the Recordati group’s workforce by professional category, to facilitate ongoing comparison between the various corporate positions and give a clearer picture of the organisation, the Group’s employees are divided into four categories: Top Managers (Vice President, Corporate Managers and General Branch Managers), Senior Managers (equivalent to Directors in Italy), Middle Managers (equivalent to Junior Directors in Italy) and Staff (the other employees). At the end of the year, in addition to the 41 Top Managers, there were 261 Senior Managers, 767 Middle Managers and 3,300 Staff. All Top Managers and Senior Managers, which overall represent approximately 7% of the workforce, are hired locally, in line with the figure for the previous years.

<sup>22</sup> The item “Other Countries” includes the employees who work in Armenia, Australia, Baltic countries, Belarus, Brazil, Bulgaria, Canada, China, Colombia, Georgia, Hungary, Japan, Kazakhstan, Malaysia, Mexico, Middle East, Nordic and South Korea.

Percentage breakdown of employees by professional level

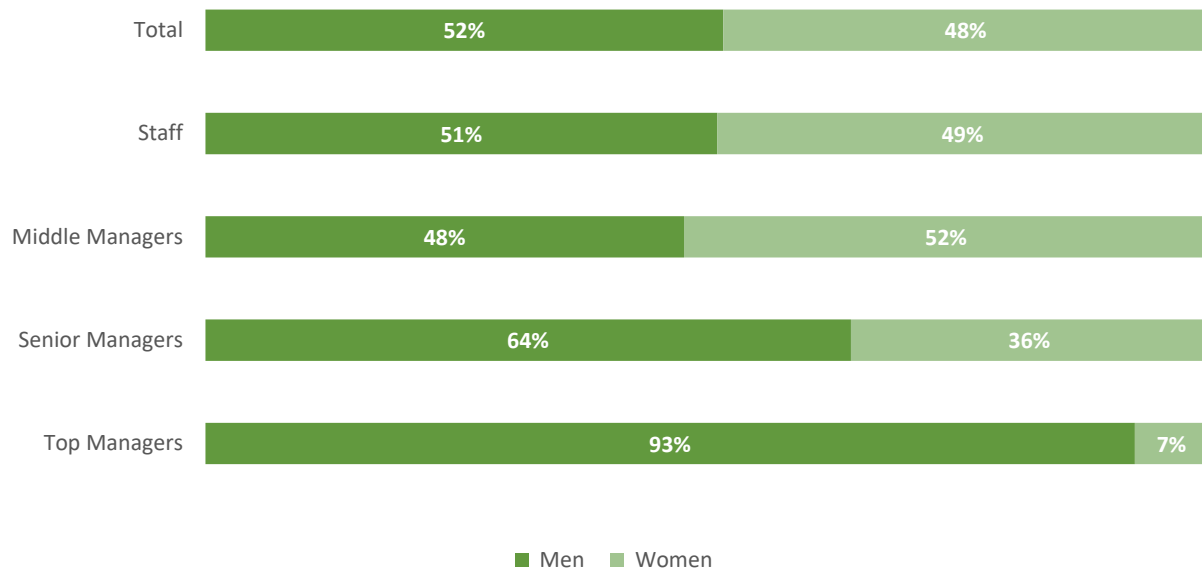


Approximately 62% of the workforce is composed of employees aged between 30 and 50; 30% are over 50 and approximately 8% are under 30.

Subdivision of employees by professional level and age

Number of employees	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Top Managers	0	14	27	<b>41</b>	0	12	27	<b>39</b>
Senior Managers	0	124	137	<b>261</b>	0	109	110	<b>219</b>
Middle Managers	26	496	245	<b>767</b>	15	439	231	<b>685</b>
Staff	329	2,070	901	<b>3,300</b>	344	2,097	919	<b>3,360</b>
<b>Total</b>	<b>355</b>	<b>2,704</b>	<b>1,310</b>	<b>4,369</b>	<b>359</b>	<b>2,657</b>	<b>1,287</b>	<b>4,303</b>

Percentage breakdown of employees by professional level and age



The selection process outlined in the recruitment policy can take place internally, through horizontal and vertical career paths, including internationally and between one function and another, designed to develop the technical and professional skills of employees already within the Group or externally through recruitment campaigns conducted directly or using approved recruitment agencies.

In order to fully support the development of its human capital, the Group prioritises the recruitment of internal employees to fill vacant positions, when suitable candidates are available.

For junior positions, the recruitment process begins at university level, focusing on undergraduates in their final year or new graduates from Bachelor’s, Master’s or Research Doctorate programmes. This policy offers young people the opportunity to embark on a professional path within the Group, in particular in the areas of Finance, Human Resources, Research and Development, Marketing and Industry. To select the best candidates, the Group uses an internal Assessment Centre that aims to assess the transferable skills and communication abilities of the young candidates through group trials and role plays.

With the intention of standardising the selection of candidates, the HR team of the various Group companies supports managers using a shared recruitment method, which includes a process that also guarantees company policies on D&I, as well as a Recruiting Grid to be used during the interview with the candidate so as to explore if and to what extent the candidate aligns with the Group’s values and possesses the necessary experience and skills to perform the role successfully, and for managers, if they possess the managerial skills that distinguish employees of the Recordati group.

In 2022, 908 new employees joined the Recordati group, with an inbound turnover rate (the ratio between the number of new employees and the Group’s total workforce as at 31 December 2022) of approximately 21%, while the number of employees who left the company was 842 with an outbound turnover rate (the ratio of number of people leaving the Group and the Group’s total workforce as of 31 December 2022) of around 19%. Around 54% of new employees hired during the year were women. In terms of the total number of employees, the acquisition of the EUSA Pharma group (around 200 employees) more than offset the dismissals arising from the restructuring of the medical sales networks in countries like Italy and Germany.

## Subdivision of total employees entering and leaving the company by gender and age

No. of employees	2022					2021				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
<b>New employees entering the Group</b>										
Men	77	267	72	<b>416</b>	<b>18%</b>	58	150	33	241	<b>11%</b>
Women	97	310	85	<b>492</b>	<b>23%</b>	89	184	28	301	<b>15%</b>
Total	<b>174</b>	<b>577</b>	<b>157</b>	<b>908</b>	<b>21%</b>	<b>147</b>	<b>334</b>	<b>61</b>	<b>542</b>	<b>13%</b>
Turnover %	<b>49%</b>	<b>21%</b>	<b>12%</b>	<b>21%</b>		<b>41%</b>	<b>13%</b>	<b>5%</b>	<b>13%</b>	
<b>Employees leaving the Group</b>										
Men	39	229	187	<b>455</b>	<b>20%</b>	42	188	68	298	<b>13%</b>
Women	54	238	95	<b>387</b>	<b>18%</b>	66	192	45	303	<b>15%</b>
Total	<b>93</b>	<b>467</b>	<b>282</b>	<b>842</b>	<b>19%</b>	<b>108</b>	<b>380</b>	<b>113</b>	<b>601</b>	<b>14%</b>
Turnover %	<b>26%</b>	<b>17%</b>	<b>22%</b>	<b>19%</b>		<b>30%</b>	<b>14%</b>	<b>9%</b>	<b>14%</b>	

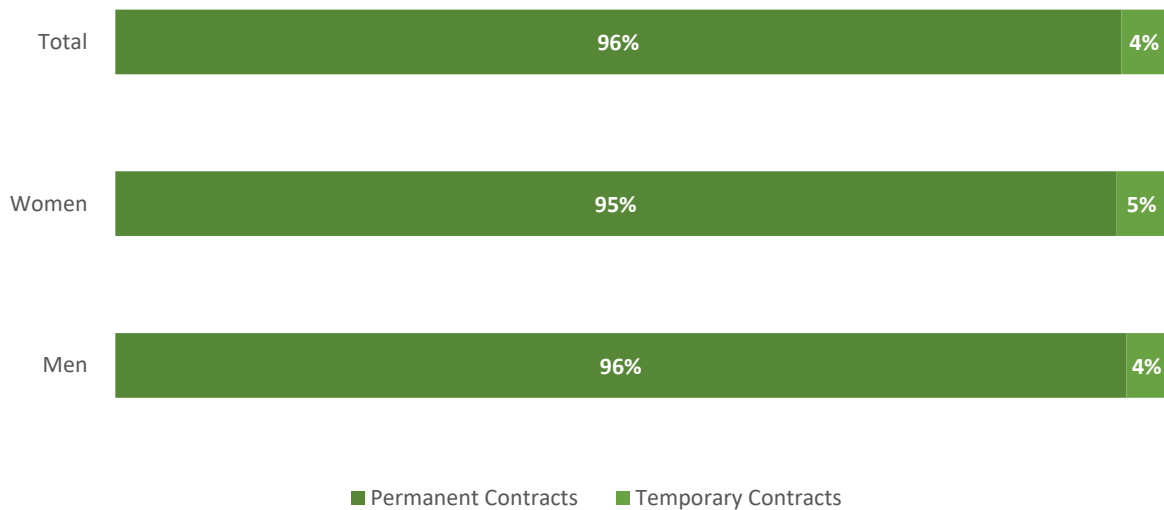
The Recordati group believes that offering a stable and lasting working relationship is an important factor contributing to employee motivation and is essential for the Group's growth and economic development. For this reason, 96% of all resources are recruited on permanent contracts, a slight increase on previous years. The Group does not hire seasonal workers and limits the use of temporary contracts to exceptional cases<sup>23</sup> such as occasional peaks in production, temporary maternity cover or cover for long-term absence.

<sup>23</sup> The Asia and Oceania region has less than 1% of its employees on temporary contracts, America nearly 2%, Europe 5% and Africa around 10%. Please also note that the Company does not employ people on non-guaranteed hours contracts.

Subdivision of employees by contract type (permanent or temporary) and gender

Number of employees	2022			2021		
	Men	Women	Total	Men	Women	Total
Permanent Contracts	2,168	2,010	<b>4,178</b>	2,205	1,875	<b>4,080</b>
Temporary Contracts	88	103	<b>191</b>	90	133	<b>223</b>
<b>Total</b>	<b>2,256</b>	<b>2,113</b>	<b>4,369</b>	<b>2,295</b>	<b>2,008</b>	<b>4,303</b>

Percentage subdivision of employees by contract type (permanent or temporary) and gender



Moreover, at a contractual level, 131 people opted for part-time contracts<sup>24</sup>, an increase compared to 2021. Approximately 78% of employees on part-time contracts are women. These contracts are usually granted by the Group to help employees who have to balance family commitments that are incompatible with full-time working hours.

<sup>24</sup> The America region has more than 9% of its employees on a part-time contract, followed by the Europe region, with nearly 4% and the Asia and Oceania and Africa regions, with around 0.5% of employees.

Subdivision of employees by contract type (full or part time) and gender

Number of employees	2022			2021		
	Men	Women	Total	Men	Women	Total
Part Time	29	102	<b>131</b>	17	62	<b>79</b>
Full Time	2,227	2,011	<b>4,238</b>	2,278	1,946	<b>4,224</b>
<b>Total</b>	<b>2,256</b>	<b>2,113</b>	<b>4,369</b>	<b>2,295</b>	<b>2,008</b>	<b>4,303</b>

In order to promote continuous improvement aimed at optimising the sharing of information on human resources, following a preliminary analysis conducted in 2020 to outline an HR Digital Transformation project, the following years led to its implementation – through various stages that involved all of the Group’s HR departments – until the adoption of a Human Resources Information System (HRIS) at Group level. The first phase of the system went live in early 2022, creating the basic platform for the later implementation of all HR processes (recruiting, onboarding, performance review, MBO, salary review, skills evaluation, etc.) from 2023. The focal point of the project was the construction of a Job Architecture, a structured classification of the professional roles at Group level, which will enable greater uniformity, a standardised management approach and the creation of a Global Model to be applied to the entire Group.

## 5.2 Diversity and equal opportunities

At Recordati, we believe that including as much diversity as possible within the Group, (in terms of perspective and culture, background, gender, age, or other personal traits) along with the resulting collaboration, will enhance the capacity for innovation and make the business more successful. By celebrating diversity and promoting inclusive practices among our employees, we are able to react to societal and market changes. For Recordati, inclusion entails the freedom to express one's thoughts and opinions, a culture of active listening and the chance to make mistakes and learn from them. To promote this culture and as part of the One Company, One Common Culture approach, the Group asks each manager not only to guarantee that there is no discrimination in the workplace, but also to underline the importance of Diversity & Inclusion (D&I), issues by demonstrating how diversity, fairness and inclusion can help the Group to achieve its short, medium and long-term goals and objectives. At Recordati, we strive to make everyone aware of their importance and encourage them to be ambassadors for the Group inside and outside the company.

In 2021 we signed the Charter for Equal Opportunities and Equality at Work, which represents a declaration of commitment to adopt inclusive human resources policies, supported by the Italian Ministry of Labour and Social Policies. Having adopted this Charter, Recordati aims to contribute to the fight against discrimination in all its forms in the workplace and is committed to enhancing diversity within its organisation.

As stated in the Code of Ethics, the Group is committed to guaranteeing that there shall be no form of discrimination whatsoever in the workplace based on age, gender, sexual orientation, ethnicity, language, nationality, opinions on political or trade-union matters, religious beliefs, or any other personal characteristics. Therefore, all Group structures are committed to: adopting criteria based on merit, skills and professionalism; selecting, recruiting, training, rewarding and managing employees without discrimination; promoting the integration of employees from other countries. In order to guarantee this principle, the Group has integrated a management policy which promotes the concept of inclusion, respects diversity and gives all employees a voice so that every contribution is heard and valued.

In line with previous years, the Group has a good gender balance, with 52% of employees represented by men and 48% represented by women. Furthermore, approximately 54% of employees hired during the year were women, 32% of Top or Senior Management roles are held by women (in line with the previous year) and, finally, women represent 70% of the R&D department.

The Group's commitment to D&I was formalised by a series of activities and results. In particular:

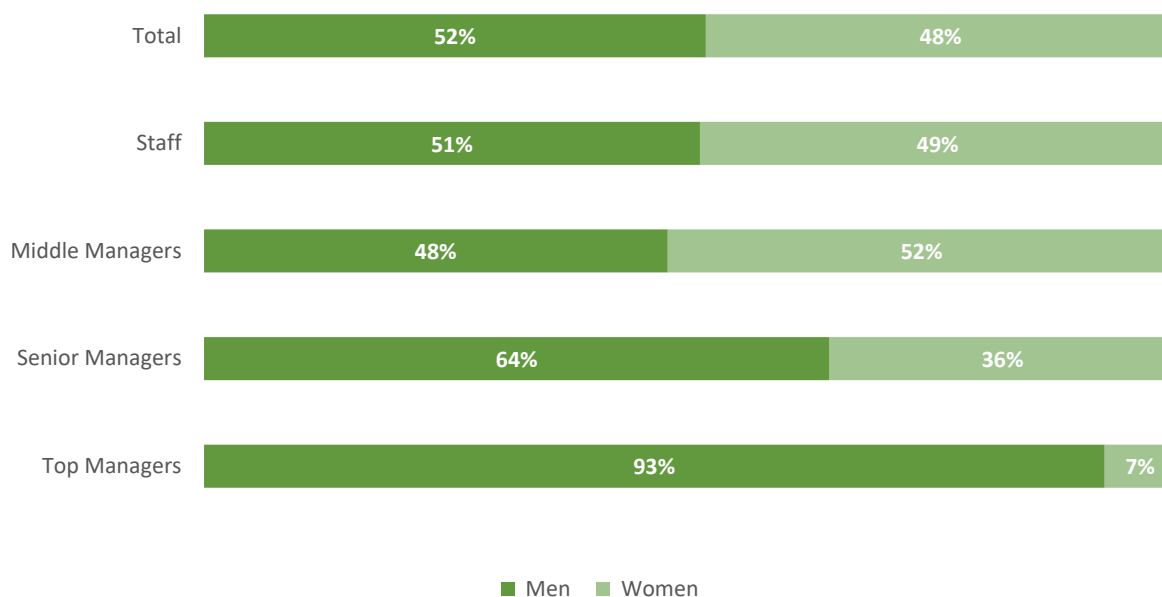
- in order to gradually increase the percentage of women in top and senior management positions, recruiting and promoting employees with top-level skills and qualifications and who reflect the focus on inclusion and diversity, in line with the objective defined in the Sustainability Plan, at least 40% of candidates short-listed for top and senior management positions are women. Furthermore, internal personnel responsible for selecting these short-listed candidates has always included at least one woman. The Group also aims to continue this recruitment target in upcoming years.
- a training course on unconscious bias was launched for Group employees in their local language. The course will be rolled out to new hires and plant employees in 2023. Furthermore, the Group's objective is to continue promoting equal opportunities and a culture of inclusion through the launch of D&I mentorship initiatives.
- a survey was carried out on D&I involving Group management (around 300 managers), aiming to understand Recordati management's perception and awareness of D&I within the company, engage with management using an inclusive leadership style, and define a D&I action plan. In 2023, the Group has set itself the target of launching a People Engagement Survey for all Group employees at global level to better understand people's needs and to respond with further policies and actions. D&I will be one of the various areas included in the survey.



Subdivision of employees by professional level and gender<sup>25</sup>

Number of employees	2022			2021		
	Men	Women	Total	Men	Women	Total
Top Managers	38	3	<b>41</b>	35	4	<b>39</b>
Senior Managers	168	93	<b>261</b>	141	78	<b>219</b>
Middle Managers	366	401	<b>767</b>	365	320	<b>685</b>
Staff	1,684	1,616	<b>3,300</b>	1,754	1,606	<b>3,360</b>
<b>Total</b>	<b>2,256</b>	<b>2,113</b>	<b>4,369</b>	<b>2,295</b>	<b>2,008</b>	<b>4,303</b>

Percentage breakdown of employees by professional level and gender



<sup>25</sup> Top Managers (Vice President, Corporate Managers and General Branch Managers), Senior Managers (equivalent to Directors in Italy), Middle Managers (equivalent to Junior Directors in Italy) and Staff (the other employees).

- 48% of all employees in the Group are women
- 54% of total new hires in the year were women
- 42% of members of the B.o.D are women
- 36% of Senior Management (equivalent to Directors in Italy) roles are held by women
- 32% of Top and Senior Management roles are held by women
- 70% of employees in the R&D department are women

Regarding the Group’s remuneration policy, with reference to the ratio between salaries of women and men, please consult the paragraph entitled “Remuneration and benefits system”.

Regarding human rights, in accordance with International Labour Organization (ILO) conventions, the Group commits to preventing and refusing exploitation of labour, including and above all, that involving children, and commits to ensuring that its suppliers also do so. Within the Group, Recordati takes steps to guarantee that the human rights of all workers are respected, combating all types of harassment, violence, threats, abuse of authority, and the exploitation of crisis situations. As well as complying with the provisions of the applicable laws and/or collective labour agreements, managers across all company departments constantly monitor compliance with the provisions of the Code of Ethics and are committed to intervening promptly in the event of any situation that could potentially result in breaches of the conduct required and promoted by the Group. Furthermore, the Company has established a whistleblowing system to enable its employees to report any alleged breaches.

In 2022, a Group policy on sexual harassment was issued in order to prevent, identify and manage inappropriate behaviour, while protecting the people reporting the sexual harassment from any kind of retaliation, and to promote a safe and protected working environment.

### 5.3 Remuneration and benefits system

The remuneration system of the Recordati group is based on the meritocratic “Pay for performance” principle and has been designed to encourage and reward high levels of performance, aligning Managers’ interests with those of our shareholders. The remuneration strategy aims to ensure that pay corresponds to the responsibilities of each role and to individual performance, optimising and retaining key resources while remaining in line with national employment legislation. The remuneration system is composed of basic pay, variable short-term compensation (variable annual bonus), additional benefits (pension contributions, reimbursement of medical expenses, etc.) and variable mid-to-long term compensation (principally represented by stock option plans). The variable short and mid-to-long term bonuses are subject to the achievement of specific results defined in line with the corporate strategy, which are measurable, quantifiable and made known to beneficiaries.

In 2019, an assessment of the existing MBO system was carried out at Group level, by a leading consulting company in the compensation field; a number of important changes were introduced (in relation to the calculation mechanism, target and payout) through benchmarking with the reference market and the subsequent design, which were initially applied for Top Managers starting from 2020 and proportionally extended to other Managers from 2021 (in order to align bonus logic within the Group), aimed at increasingly valuing and rewarding the best performance, aligning the interests of Managers with those of the shareholders, and rewarding special acquisitions and integrations.

The adequacy of pay for all positions has also been carefully verified by sector salary surveys. In order to meet adequate retention and salary criteria, the value of compensation is set competitively against the reference market and the pharmaceutical sector in particular.

The Group’s remuneration policy aims to guarantee equal conditions for men and women across all professional levels, rewarding merit and the ability to fulfil the assigned role and meet defined objectives. In terms of remuneration, the ratio between the average basic salary of female employees and male employees is 92% at Senior Management level, 96% at Middle Management level and 99% for Staff. Instead, in terms of total remuneration<sup>26</sup>, the ratio is 90% for Senior Managers, 94% for Middle Managers and 96% for Staff. At the Top Manager level, instead, the ratio is 103% in terms of basic salary and 113% in terms of total remuneration. In general, the reported values show an improvement since 2021.

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<sup>26</sup> The variable component of total remuneration differs between Italian and foreign companies. In Italy, this variable component is predominantly composed of MBO programmes (available for all Senior Managers and around half of all Middle Managers) and the participation bonus offered to all Middle Managers and Staff except Senior Managers. Foreign companies manage the variable component independently through packages similar to MBO programmes which are offered to the employees (including a portion of the Staff) in line with local regulations.

## Ratio of basic salary and remuneration of women to men by professional level

Ratio between women and men	2022		2021	
	Basic Salary	Total Remuneration	Basic Salary	Total Remuneration
Top Managers	103%	113%	106%	112%
Senior Managers	92%	90%	91%	88%
Middle Managers	96%	94%	97%	93%
Staff	99%	96%	96%	93%

### Employee benefits and welfare

The Recordati group believes that the welfare of its employees is a key element to achieving company targets. In general terms, welfare initiatives vary between countries due to the specific characteristics of different states (regulatory framework, availability of public services etc.) and the existence of previous agreements developed by the various corporate entities before they became part of the Group. The benefits offered to employees are linked to their professional category, regardless of the type of contract, and are also offered to those on fixed-term and part-time contracts. At Recordati, corporate welfare is “the system of non-monetary benefits designed to increase the individual and family well-being of employees from an economic and social point of view” and is part of a wider strategy aimed at managerial innovation and corporate social responsibility, representing a tool to improve relations with employees and stakeholders within the Group.

The definition of company welfare includes both benefits, which represent resources allocated by the employer to meet the social security and welfare needs of employees (e.g. contribution to healthcare plans or additional welfare provisions), and "perks", which consist of goods or services made available to employees (e.g. company car, canteen or restaurant vouchers or coupons).

Driven by a growing demand for services from workers and in light of the significant tax benefits recognised by current legislation, the Parent Company has implemented the company welfare system provided to its employees in the context of a total reward policy, in which monetary instruments (salary and variable remuneration) are combined with non-monetary instruments (benefits and perks) to pursue objectives of tax and contribution optimisation, loyalty, motivation and attraction of human resources and the construction of a solid and lasting "company identity".

Regardless of the format, every welfare initiative implemented by the Recordati group aims at achieving both tangible and intangible results relating to the management of employee relations. In particular, these initiatives aim at promoting:

- the maintenance of a healthy and positive working environment and life for all employees;
- the increase in engagement of human resources in the context of corporate activities and, more generally, an improvement in the quality of internal relations;
- a positive level of motivation resulting in a consistent professional contribution to individual and Group productivity;
- stable relations and a strong sense of belonging among employees;

- the reduction in turnover and, in terms of Employer Branding, an increasingly attractive and visible corporate profile on the employment market, particularly within the highly selective and competitive contexts within which the Recordati group operates.

In its approach to employee welfare initiatives, the Recordati group has always retained a strong belief in the importance of closely supporting employees and their families, offering practical assistance particularly in the case of serious health concerns.

To this end, the increased focus on employee welfare at a corporate level in recent months led the Group to commission an external consultancy firm to produce a report on the various welfare systems in Italy's pharmaceutical sector. This report highlighted that the welfare package offered by the Recordati group is in line with the other companies in the sample for its wide range of additional benefits; these include preventive medicine initiatives (such as flu vaccines and in-house specialist appointments), membership of professional institutions, agreements with suppliers (such as public transport operators), company canteens, company vehicles and various health insurance packages. Based on these findings, the goal is to develop a benefits scheme that further broadens the current welfare system, ensuring constant alignment with the needs of the Group's workforce while also achieving the expected results.

The Parent company has a flexible benefits system: this system represents an alternative remuneration method for employed work consisting of a range of goods, services and non-financial benefits offered by the Group to its employees in addition to their "standard" wage package, in order to increase employees' buying power and improve their quality of life. More specifically, this system also offers the opportunity to partially or fully replace a percentage of the employee's variable remuneration package with goods and/or services which are usually purchased externally by the employee to meet their personal or family requirements (ranging from grocery or fuel vouchers and the reimbursement of medical or school fees for the employee or their family members, to membership with recreational initiatives and support for the care of elderly relatives). The term "flexible benefits" refers to a fixed allowance allocated to employees that can be "spent" freely on the goods and services which best correspond to their individual requirements.

This package has been designed to offer the broadest possible variety of options, meeting the different needs of a population characterised by diverse ages and requirements.

In the context of its welfare offer, the Company has established a contract with an external company that manages an IT platform allowing Recordati's employees to use the amounts allocated for welfare in the following ways:

- choice of a service from the Group's suppliers that have an agreement with the Company operating such services - and if there are suppliers that do not have an agreement, there is the possibility of requesting new agreements - and paying for it with the amount available in their individual account without any advance payment;
- use of a supplier not available on the platform, then "uploading on the platform" the relevant paid invoice; in this case there will be a refund of the paid receipt.

In 2022, taking account of the serious worsening of inflation, Recordati decided to intervene in support of its people by protecting their individual purchasing power through several initiatives defined country to country. For example, in Italy, a special "welfare amount" of €1,500 was granted to employees most affected by the current situation.

The objective, after consolidation at corporate level, is to evaluate its possible expansion to other Group concerns, again in line with the specific local regulations, so as to make it a means of further harmonization. For this reason, the launch of a project to map the benefits (and related legislation) for each country where the Group is present is being studied at Group level.

Following the health emergency in 2020 and 2021 and the actions taken by the Group to ensure business continuity and the well-being of its employees, the Group decided to introduce smart working in a “structural” manner. The general guideline provides for the option to work remotely up to 3 days a week, and the remote working days can even be split into half days, all in accordance with current local regulations and in line with the employee's role. Similarly, in order to ensure maximum flexibility for employees, the Group guidelines have removed clock-in/clock-out checks where permitted by local regulations.

### WELL-BEING INITIATIVES PROMOTED BY THE RECORDATI GROUP

After preliminary studies to analyse and collect information in order to guarantee personal health and well-being, in 2022, employees were offered a series of well-being initiatives designed to inspire healthier lifestyles and positive daily routines: 10 webinars on the physical and mental health of employees and their family members, in addition to a support service, where questions and doubts could be sent to various subject matter experts. In addition to this, online, live or recorded training programmes were offered, in addition to a series of personalised lessons for Group employees only.

In the first instance, the initiatives involved the Group's Italian employees, with the aim of evaluating the future roll-out to other Group companies.

More generally, these initiatives represent an opportunity to capitalise on the new working methods adopted since the start of the pandemic and associated with the subsequent introduction of remote working. The aim is to promote the well-being of the Group's employees and their immediate families, offering a broad range of coaching services, courses and tools aiming at taking care of personal physical and mental health.

The project included two core activities:

- **Fitness training:** for 12 months, all employees had access to a streaming platform that hosts live and on-demand classes in several different disciplines including yoga, pilates, total body, stretching and many more; professional trainers led sessions of varying lengths in their area of expertise. Employees could extend access to the platform to a maximum of three family members who could follow the classes live or download recordings from the platform; personalised lessons will later be added in the most popular disciplines;
- **Well-being webinars:** once a month employees were invited to attend a webinar on well-being and lifestyle topics, such as: “Nurturing self-esteem in children”, “How to look after your posture”, “Balance in hyperconnection”. Employees could either watch the webinar live by registering on the platform, or download the recording to view later. After the webinar, an “Ask the expert” session was hosted on the same platform, enabling attendees to ask the speaker questions about the topics covered during the session, receiving a response via email or phone within the next three days.

These programmes will also continue in 2023. Lastly, wellness and well-being initiatives are also active in other countries, including Belgium, Luxembourg, the Netherlands, France and Poland.

## 5.4 Training and development of human capital

The Group considers the development of people as a fundamental process for their enrichment and for the success of the business. Development not only targets the key skills of their current role but especially those for possible future roles and the evolution of the business in terms of innovation. Development tools by Recordati include on-the-job training, individual or group training online and in-person, coaching, mentoring and job rotation.

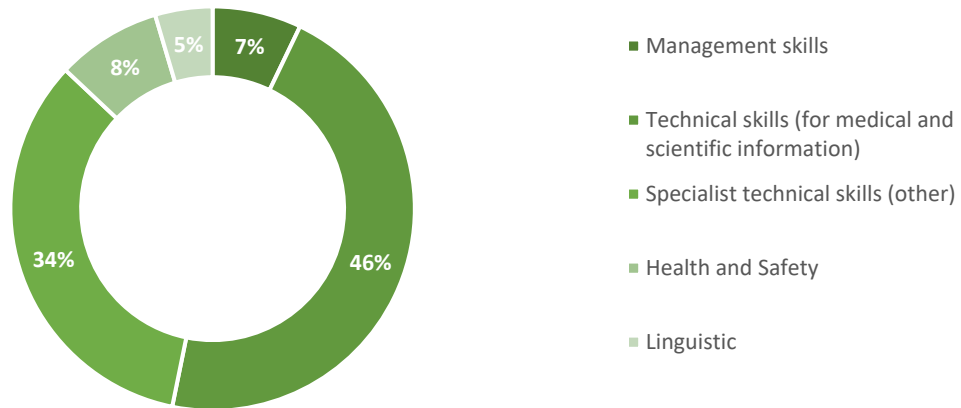
In this respect, the main initiatives promoted by the Group throughout the year have aimed to develop the technical, managerial and linguistic skills of the Group's employees (including workers with temporary and part-time contracts), as well as offer training programmes to develop specialized and professional skills. In 2022 the Recordati group provided over 120,000 hours of training to its employees, equating to 28 hours of training pro capita. In particular, 73% of all training hours was provided to staff, 20% to Middle Managers and approximately 7% to Top and Senior Managers. Various types of training courses were offered, including management skills, technical skills (for medical and scientific information), specialist technical skills (other), languages and health and safety.

In 2022, after training was converted from in person to remote as a result of the pandemic, there was greater flexibility of delivery. Events organised in person were often also opened up for online participation for those who were unable to attend. In the same way, it was possible to record the events so that the recordings could be used afterwards or shared with others. The greater flexibility in how courses were delivered was particularly useful when meeting the various requirements of participants.

### Subdivision of per capita training times provided to employees by professional level and gender

Average number of hours	2022			2021		
	Average number of hours Men	Average number of hours Women	<b>Average number of hours Total</b>	Average number of hours Men	Average number of hours Women	<b>Average number of hours Total</b>
Top Managers	19.4	8.0	<b>18.6</b>	10.5	7.0	<b>10.1</b>
Senior Managers	25.6	34.9	<b>28.9</b>	22.7	29.1	<b>25.0</b>
Middle Managers	35.5	27.9	<b>31.5</b>	22.6	21.4	<b>22.1</b>
Staff	28.3	25.6	<b>27.0</b>	20.7	23.8	<b>22.2</b>
<b>Total</b>	<b>29.1</b>	<b>26.5</b>	<b>27.8</b>	<b>21.0</b>	<b>23.6</b>	<b>22.2</b>

Percentage breakdown of training hours provided to employees by training type



For 2022, at the Parent Company as well as at its international branches, almost all training initiatives were converted back into classroom training courses, but the development of some digital projects was not abandoned thanks to the increasingly more extensive use of a dedicated training platform for the entire Recordati group population.

The decision to implement an e-learning platform made it possible to convert the delivery of training during the pandemic and also design training courses translated into all languages and open to all Group employees, as was the case with the driver safety course and the course on unconscious bias, which were translated into 17 languages.

Based on the experience of delivering digital content over the last two years, the training formats were modified, reducing the duration but increasing the frequency of certain courses. This enabled the design of shorter, more focused sessions (90 or 120 minutes) repeated over time and supported by the provision of vertical and specific supplementary content.

There was an increase in the number of online courses produced by the Parent Company and delivered to employees at the head office and the Group's branches, some of which are mandatory (such as the Pharmacovigilance course or the Code of Ethics course), with the obligation to complete a final test to certify comprehension and learning.

Furthermore, certain very specific activities continued to take place in person, such as the training project aimed at the management team at the Italian site in Campoverde, which saw its second edition in 2022, with a wider range of participants. Based on the requirements of the course, which focused on team building and developing a managerial spirit, it was decided that this particular programme should continue to be held in person to avoid missing out on certain key elements that would affect the achievement of the course aims. The same approach was applied to a digital training course that involved individual exercises that had to be carried out in person before sharing and discussing them with the group. In these two cases, and for the HSE programmes that require practical exercises, an in-person approach was adopted and the courses were delivered in classrooms that enabled the necessary social distancing to be maintained.



### *Main training activities*

The main training activities launched include the Recordati Leadership Academy, which aims to give leaders and aspiring leaders the opportunity to acquire, develop and strengthen the potential needed to become successful individuals in the broadest and noblest sense.

The Recordati Leadership Academy is an ambitious project designed to give everyone in a leadership role or who wants to be in one the necessary tools to acquire or increase their leadership skills through various training courses, coaching and other targeted initiatives. These tools can help build on their behaviours, character and way of thinking and acting within the company so that they can go on to inspire others.

The Recordati Leadership Academy aspires to create excellent pathways for current and future leaders by providing theoretical knowledge and practical skills to lead in a natural yet appropriate way in line with the Group's values.

#### **NEW LEADERS ACADEMY 2022**

The Recordati Leadership Academy's initiatives include, in particular, the **New Leaders Academy**. In July 2022, the first edition of the training course was held for all Group managers who went from single contributors to managing people. The course programme took place over a full week in person, focusing on managerial skills, assertive communication, delegating and feedback as team management tools. The course gave participants theories and practical tools aimed at developing an understanding of the key elements of HR management and putting them into practice. The project began by exploring individual interpretations of the role of team manager with a view to promoting a managerial style in line with the needs and characteristics of the Recordati group. The programme was supplemented by two individual coaching sessions, led by Senior Professors from Bocconi University in Milan, during which participants were able to review their own strengths and areas for improvement, which led to the design of an action plan, later shared with their manager and HR.

Valuable contributions to the course were made by the Chief Executive Officer and several top managers, such as the Group's CFO and the HR Director, allowing participants to better understand how theory is put into practice.

The New Leaders Academy sessions will continue in 2023 and in future years.

In addition to the Recordati Leadership Academy training activities, the main training activities also included:

- **Leading Remotely:** a master class programme to provide guidelines and practical tools to manage challenges and explore the opportunities of remote working. In the last two years, HR management was handled remotely and consequently the work organisation and HR management paradigm was modified. To help the Group's managers, the "Leading Remotely" master class was developed. The programme aims to promote the development of new leadership skills among managers who manage teams remotely and is based on a common thread that begins with the definition of new working paradigms both during and after the emergency, and the relative contingencies, focusing on the challenges of remote working and remote management. The training programme was put together by the Corporate HR department with the contribution of HR personnel from various countries in collaboration with SDA Bocconi University Business School. In 2021, after the initial pilot project attended by all of the HR managers of the Group's branches, around 100 Italian managers were involved and, in 2022, the programme was extended to approximately 200 managers at international branches. The three master classes focused on the following topics: challenges and skills for an evolving leadership role, assigning objectives and KPIs in remote work contexts, promoting collaboration with and between geographically distant people. The programme also

focused on virtual feedback and communication methods to enable people to adapt their practices and kick-start a process of continuous improvement.

- “GEN” training programme involving the team reporting directly to the manager of the Campoverde di Aprilia chemical plant and around 20 employees working on 3 critical areas of great importance for the plant’s future development: Green – Efficient –New. On-the-job training was once again used in this programme, combined with classroom sessions on soft skills and methodology, which were used as tools to help participants work together by constructing projects and offering ideas and solutions to the challenges faced by the plant.
- A course on managerial skills delivered in 2022 for Italian workers and aimed at group coordinators. Designed alongside lecturers from SDA Bocconi, the programme was organised over 3 days in the classroom, covering leadership and HR management topics, plus an individual coaching session, intended to bring participants’ attention to developing the skills learned in the classroom.
- Technical training: mainly delivered online, including courses delivered in Italy and several programmes and seminars organised abroad.
- Linguistic training activities: language courses are delivered using deferred methods (via a dedicated platform or with individual remote or in-person lessons) and are requested based on the requirements of individual departments. The lessons are supported by regular tests to check the level of learning and to motivate participants to develop their personal skills.
- Training on health and safety, with the aim of preventing risks and protecting the health and safety of all employees. For more information about the activities carried out in 2022, please see the section on “Occupational Health and Safety”.

The Group strongly believes that excellence is achieved by seeking continuous improvement at all levels of the organisation. For this reason, the Executive Leadership Team also invests its time improving its performance as a team, for example by attending workshops with SDA Bocconi to review the Company’s strategic intent in terms of vision and the macro-objectives used to guide the entire organisation, as well as team coaching day sessions to work on the best way to roll out the strategy.

### *Performance-evaluation systems*

The intense process of growth and internationalisation of the Recordati group made it necessary to develop a system to know, assess and develop the human capital present within the managerial population, starting with the identification of those distinctive skills that have marked the evolution of the Group over the years. For this reason, the Recordati group has launched a skills evaluation project which is currently being consolidated in Italy and throughout the Group’s international branches. The initiative aims to identify, evaluate, optimise and promote the key management skills that have characterised the Group’s history and which will contribute to the Group’s success as it confronts new challenges. This is not a simple assessment of performance, which could result in attitudes not in line with the spirit of the project but is a detailed assessment of distinctive and essential skills aimed at promoting the continuous development of the Group and the professional growth of each employee.

To manage the individual evaluation process, the Recordati Group has initially implemented a cloud-based platform in order to ensure standardised procedures, ease of use and the possibility of carrying out assessments involving numerous assessors (but nonetheless respecting the corporate hierarchy) and personalising forms, fields and messages at a global Group level. The project’s aim is to promote the

professional growth of each employee and ensure the continued development of the Group. In 2022 – given the development of the HRIS – the entire system was migrated to the SuccessFactors platform. This allowed for even higher engagement of the HR teams concerned, which were involved in the reviewing and calibrating assessments within their remit.

In addition, in order to focus more on people development, the process was consolidated with a self-assessment of the managerial skills of each employee. This allows each employee to reflect on their strengths and areas for improvement before speaking about it with their manager during the feedback interview.

Managers assess their collaborators based on skills observed during their 35 working activities. The initial assessment is then reviewed by the Manager's superior or the department manager at corporate level. In 2022, a decision was made to focus the assessment on positive conduct only, relating to 5 distinct skills identified based on the company culture:

- Leadership & Execution
- Proactive Improvement Attitude
- Business Acumen & Business Results Orientation
- Team Working
- Leading, Managing and Developing People

At the end of the assessment period, the HR Managers and HR Business Partners analyse the results and calibrate them with the aim of mitigating any elements of subjectivity (calibration phase). The appraisal process is concluded by a meeting between the assessor and the assessed employee in order to share and discuss the results.

The Recordati group has also constructed a *Competency Model* that links the observed behaviour with a soft skill. Based on these evaluations by Managers, the system automatically generates a development programme for each employee to develop any skills that fall below a certain threshold. Afterwards, the system automatically forwards these proposals to the assessor who is then free to make amendments, additions or alternatives to the plan. This is the truly innovative aspect of the system and has been deemed effective by the HR Innovation Practice Observatory of Milan Polytechnic University.

For “top performers”, career and retention plans are defined while “poor performers” are offered programmes to improve their managerial skills. In the future, the same assessment approach will be extended to technical skills as defined by the analysis of the roles in each country. The appraisal system enables all employees to improve their understanding of their role and helps to construct an individual development plan aimed at developing and increasing their skill levels. Those who have the required skills and experience may be offered opportunities to develop their role and enhance their performance or their area of responsibility. Specific tools to assess soft and transversal skills are used to evaluate whether a change of role is appropriate and identify any training that may be required to best encourage professional development. Over time, the assessment of managerial skills of employees has become increasingly structured and finalised, making the Managers themselves more and more accustomed to taking care of the development of their people and to resorting to targeted actions, starting from the areas of improvement of individuals or of the whole team. In particular, the Company invests in resources with great potential, offering growth paths based on the 70/20/10 approach, in other words:

- 70% "on the job" (for example being assigned or working on projects or directly covering tasks related to a role of a higher level);
- 20% "near the job" through effective feedback (including 360° feedback on leadership skills) and mentoring and coaching activities;

- 10% through the structuring of tailor-made training activities (classroom programmes, workshops and/or e-learning courses).

In addition to the constant updating of management personnel subject to evaluation on the basis of developments in the Group’s organisational structure, in 2022 the “second level”<sup>27</sup> management team was expanded and currently exceeding 500 resources.

This year, the organisation focused heavily on identifying the key value-driving roles and assessing the suitability of the resources in those positions. Particular emphasis was placed on their successors and key roles. This task made it possible to cluster resources in each department, identifying the young people with the most potential for whom to build a pathway for growth and skills development. In this regard, the company funded a number of Master’s and MBAs to maximise the acquisition of specific skills, with the aim of raising the level of expertise while retaining resources with high potential.

The company MBO system is assigned a key role aimed at guiding Group results and the efforts of Top Managers and Managers towards a common goal, through definition of clear, challenging and shared objectives. Through the combination of MBOs and evaluation of expertise, managers are assessed in terms of their achievements (individual targets assigned by the Group) and the way in which these achievements are attained (conduct which demonstrates the use of managerial skills).

Please note that the objectives of the CEO's MBO scheme include the key social and environmental targets defined in the Sustainability Plan. Furthermore, responsibility for the achievement of the goals included in the Sustainability Plan is assigned to the representatives of the various departments involved, who have the resources, tools and know-how required for their implementation; the Management by Objectives (MBO) scheme integrates social and environmental objectives associated with the implementation of the Plan itself which are assigned to certain key management figures.

In addition to this, in order to strengthen the development and growth of expertise within the Group, the Company has another tool referred to as “360 Degrees Feedback”, which allows each manager interested in their managerial development to receive feedback from their direct line manager, colleagues at their level and those reporting to them, in aggregate and anonymous form. The outcome of this feedback often forms a basis for coaching and targeted personal development. The feedback takes the form of a questionnaire where both the employee and their line manager review their performance based on certain management criteria. The same questionnaire is completed anonymously by a group of colleagues, employees at the same level in other departments and collaborators, and is aggregated in clusters based on professional category. To begin the process, the department manager invites the employee to take part in the initiative, who can choose whether or not to participate. At the end of the appraisal, the HR department shares the results with the employee and their line manager in order to identify the characteristics recognised by others and to define an improvement and development plan.

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<sup>27</sup> *Second-Level Management is defined as managers of departments that report directly to members of the Country Management Team (direct reports to the Country General Manager) of each branch.*

### *Principle internal engagement initiatives*

The Group is committed to constantly maintaining open channels of communication with its employees, which is considered necessary for the success of the business and in order to share its strategy and results achieved.

The internal communication function, considered by the Recordati group as a strategic driver to facilitate people's engagement, interaction and sense of belonging, was strengthened by the addition of two new people in 2022. Some of the main initiatives launched at corporate level and later rolled out to all colleagues are described below.

The first Group intranet was created and published in 2022 using a structured programme involving various key roles in the company at international level in the various stages of the project. Additionally, in 2022, 'inside@recordati', the quarterly newsletter, went digital. This made it possible to reach every employee throughout the world, including factory personnel without a PC and/or company email thanks to the creation of a special QR code. Lastly, a continuous flow of internal news was launched on the intranet, mostly in video format. The content varies from messages from the CEO about financial data and the company's performance to employee activities or donations in support of humanitarian emergencies.

In order to promote engagement of the company population, as an integral part of the onboarding process, a monthly meeting was organised between the Chief Executive Officer and new hires around the world in their first three months with the company. Furthermore, in 2022, the format of the annual senior managers' meeting was also revised, once again being held in person after the pandemic years, during which around 300 top managers share company strategies, key projects and future priorities.

Following the EUSA acquisition in 2022, it is worth noting the programme for integrating new employees using a dedicated portal and constant updates, including during dedicated meetings with company managers.

Furthermore, in 2022, the first diversity and inclusion survey was launched, involving around 300 Group managers. The survey represents the start of a process to raise awareness of a work approach that is increasingly more inclusive and open to review.

The local and specific initiatives of individual affiliates or business units included:

- town hall meetings, i.e. department or function meetings with the purpose of presenting, discussing and sharing the most relevant projects undertaken, the results achieved and the future priorities
- recurring workshops dedicated to specific topics involving marketing functions as well as commercial departments (medical sales representatives and area managers), highly important moments for sharing best practices and discussing business and products.

The activities performed for employees newly hired by the Recordati group are particularly significant, being an essential tool to transmit the values, goals and mission of the Group. The induction process is now consolidated at Group level, which, for employees of the Parent Company, sees new hires take part in a full-day induction within their first 6 months of employment. This allows employees to gain initial direct knowledge of the company structure before HR provides a complete overview of the entire Recordati group's organisation. The day course is usually introduced with a speech from the Human Resources Manager, who explains the Group's policies and presents the organisational structure, history and characteristics of the company.

The day consists of different talks given by Managers of various departments to illustrate the activities and processes of the various business areas. The activity is rounded off by a visit to the Milan plant, offering a chance to learn more about the organisation and its processes. The day provides an ideal opportunity for new hires to ask questions or seek clarifications on the business model and the company's adopted policies.

## 5.5 Health and safety in the workplace

The Recordati group recognises that the protection of the health and safety of its workers is a key priority and responsibility. The Group is committed to implementing a policy to promote initiatives aimed at preventing work-related accidents and diseases, minimising the risks that may impact the health and safety of employees and other workers and providing appropriate technical, financial, human and professional resources.

As stated in the Code of Ethics, the Group is committed to disseminating and consolidating a culture of safety, raising awareness of risks, also through training activity aimed at promoting responsible behaviour and working to protect the health and safety of those operating for the Group, including by preventive measures. All company activities are carried out in compliance with current legislation regarding risk prevention and protection, with a constant focus on the improvement of workplace health and safety conditions.

The Group, in particular at its manufacturing sites, independently of the nature and purpose of the activities carried out, implements prevention measures provided for by local legislation, aimed at ensuring the constant improvement of workplace health and safety conditions. To this end, technical and organisational measures are implemented, such as:

- the introduction of an integrated risk management and security system;
- continuous assessment of the risks and critical issues and the resources to be protected;
- the continuous maintenance and adoption of advanced technologies to prevent the emergence of risks relating to workers' health and safety;
- the review and updating of working practices;
- the provision of training and communications initiatives;
- the adoption of appropriate emergency procedures and health check protocols.

All Recordati employees, particularly department managers, are constantly reminded to employ the maximum care in performing their activities, strictly observing any safety and prevention measures established and avoiding any possible risks to themselves or their collaborators and colleagues.

In this respect, the Group aims to promote responsibility among the Management team through the definition and formalisation of health and safety roles and responsibilities, and each production plant has a level of independent control over its health and safety budget. Activities at each production site are controlled and monitored through inspections and audits, performed both internally and by external companies. In 2022 internal health and safety audits were carried out at the Group's facilities in the following countries: Türkiye, Italy (Campoverde and Milan), Ireland and Tunisia. Furthermore, the Tunisian pharmaceutical production plant holds certification ISO 45001<sup>28</sup> for its occupational health and safety management system. In 2022, the follow-up audit was conducted and the certification was renewed.

The Recordati group believes that participation of employees in the identification and reporting of any issues regarding health and safety in the workplace or possible dangerous situations to which employees may be exposed is of fundamental importance and encourages such involvement. A specific procedure was adopted at the Group's plants to declare and report dangerous situations or irregularities at the plants. At the Cork plant, for example, a safety comment programme was implemented to encourage personnel to comment on

<sup>28</sup> Around 10% of the Recordati production plants hold ISO 45001 certification.

health and safety in the plant and report any corrective actions. Furthermore, in 2022, a dedicated email address was set up to facilitate reports.

As established by individual local legislation, periodic meetings are also held by Group's internal Health and Safety Committees or special dedicated work groups involving Workers' Representatives, management representatives and the Prevention and Protection Service in order to create and consolidate a collaborative working environment, above all regarding certain sensitive topics such as health and safety in the workplace.

### *Prevention, monitoring and management of risks for health and safety*

The Group is constantly committed to ensuring the ongoing improvement of health and safety in the workplace, to which we constantly devote financial resources as well as carrying out continuous assessments of the risks, critical issues and resources to be protected.

The Group records injuries and occupational disease, constantly monitors the main injury rates and analyses the causes and circumstances of every incident, taking prompt improvement actions where necessary. On all manufacturing sites, there is a procedure in place for the management of accidents defined as "near misses", i.e. any work-related event that could have caused an injury or damage (illness) but did not: therefore an event that has the potential to produce an injury. The procedure involves filling in specific forms, investigating what happened and identifying the corrective measures to be implemented to avoid the occurrence of the event and reduce the related risk.

All injuries and occupational diseases are constantly recorded and monitored. Moreover, events affecting the health and safety of employees at manufacturing sites are subject to periodic review by the Group's executive management and presented to the Risk, Control and CSR Committee.

In case of accidents at work, the HSE department is promptly informed to activate the specific management procedure. An inspection is carried out at the scene of the accident to discover the causes and identify the corrective measures to be implemented. All manufacturing plants have personnel with specific first-aid training and the Italian, Spanish and Turkish plants also have an on-site nurse equipped for the management of first aid with the physical presence of qualified healthcare operators.

All Group plants provide their employees with workplace health services. Specifically, every plant appoints its own company doctor with the role of performing inspections to identify any possible cases where someone may be unfit for work. Additionally, the company doctor takes prompt action in the case of any accidents. The company doctor is responsible for the medical examinations required by applicable local laws aimed at periodic monitoring of the state of health of each employee, the frequency and type of which is defined on the basis of the age and type of work performed by each employee.

With regard to the handling and transportation of chemicals and hazardous substances, specific procedures have been defined and adopted at the Group's sites which, in many cases and with a view to promoting health and safety, are shared with and applied to external collaborators and contractors, as is the case for the Group's chemical-pharmaceutical plants, for example.

Periodic risk-assessment is conducted at the Group plants regarding health and safety and actions aimed at continuous improvement are implemented. Here are some examples:

- The Italian plant in Milan has conducted various risk-assessment activities aimed at evaluating and constantly monitoring possible risks which employees may be exposed to in the workplace. The final goal of this activity is the alignment and continuous updating, where necessary, of procedures in



force and consequent planning of training courses for employees in relevant procedures. In particular, in 2022, risk assessments were carried out for fire and electricity, and the risk assessments on ergonomics and manual handling of loads on packaging lines, electromagnetic fields and noise were updated.

- For the Campoverde di Aprilia plant, the risk assessment activities on health and safety, intended to analyse and manage risks and consequently prevent accidents and/or injuries, constitute an important internal monitoring tool. In recent years, improvement actions put in place following the results of risk assessment activities have included improvements to the loading/unloading systems for critical substances, intended to ensure greater protection for workers, and periodic checks on the key lines, which have led to fewer leaks and the consequent reduction in injuries caused by contact with hazardous chemicals. In 2022, the following risk assessments were updated: chemical risk, universal risks, risk from carcinogens through monitoring, biological risk from SARS-COV-2. Sampling and the necessary inspections were also completed for drafting risk assessment documents related to the manual handling of loads, biological risk, risk from confined spaces and suspected areas of pollution and microclimate. Furthermore, a procedure was put in place to manage access to workplaces where there could be asphyxiating atmospheres. In order to reduce injuries, portable gas detectors were delivered to all departments where these environments are present. The devices must be worn by operators before entering as an additional safety measure.
- The Irish plant in Cork defined a risk assessment plan that enables the identification, evaluation and management of health and safety risks within the plant. Furthermore, over the last few years specific actions have been taken to acquire equipment and adopt procedures for the transportation of thionyl chloride from its arrival on site to its deposit in the relative storage tank, with a view to further protecting employees and stakeholders from chemical risk. Also in 2022, implementation led to safer conditions for handling and disposing of waste materials from the site. Furthermore, specific detailed risk assessments were carried out on the micronisation process and sampling deliveries of chemical tanks. Also at the Irish plant in Cork, in recent years there was a review of management activities/measures in the area of potentially explosive atmospheres (ATEX) and plant ageing to provide a risk-based approach for future asset maintenance projects.
- In 2022, various studies were performed at the Saint Victor site by specialists in ergonomics and occupational health. The objective was to improve the ergonomics of workstations to promote retention and reduce absenteeism due to musculoskeletal disorders. In addition, in order to increase injury prevention, the plant implemented activities to encourage reports of near misses and minor injuries. Lastly, the annual work-related stress assessment was carried out.
- Meanwhile, the Tunisian plant in Opalia, whose management system is certified by ISO 45001, updates its risk assessment of all work stations on an annual basis. The Tunisian plant conducted various risk assessments to continuously assess and monitor the possible risks to which employees could be exposed in all workplaces, in collaboration with the company doctor. The final goal of this activity is the alignment and continuous updating, where necessary, of the procedures in force and consequent planning of training courses for employees on the relevant procedures. In particular, in 2022, the Risk Assessment Document was updated and the preventive actions were implemented. Furthermore, a risk assessment was conducted in relation to measuring light levels, measuring noise exposure, eye tests, and studying of work posture. Lastly, a work-related stress assessment was carried out.
- In the Turkish plant in Çerkezköy, in 2022, a risk assessment was carried out on external workers/contractors (e.g. safety, cleaning, etc.). Furthermore, a pocket-sized HSE manual was given to all new hires, highlighting the importance of participating in health and safety training initiatives.

- In 2022, the Spanish plant focused on improving its cut-resistant gloves and measurements to assess workers' exposure to hazardous chemicals.

33 work-related injuries were recorded in 2022. As in previous years, there were no fatalities.

### Number of accidents and Group Employee Health and Safety indicators by gender<sup>29</sup>

Injuries and Injury Rates <sup>30</sup>	2022			2021		
	Men	Women	Total	Men	Women	Total
Work-related injuries <sup>31</sup> (No.)	23	10	<b>33</b>	17	10	<b>27</b>
<i>of which high-consequence work-related injuries</i> <sup>32</sup> (No.)	0	0	0	0	1 <sup>33</sup>	1
<i>of which work-related fatalities</i> (No.)	0	0	0	0	0	0
Commuting to/from work injuries (No.)	5	3	<b>8</b>	3	3	<b>6</b>
Hours worked (No.)	2,297,738	1,488,297	<b>3,786,035</b>	2,289,000	1,479,103	<b>3,768,103</b>
Cases of work-related diseases (No.)	0	1	<b>1</b>	1	0	<b>1</b>
Severity Index	24.8	20.3	<b>23.0</b>	28.9	47.9	<b>36.4</b>
Work-related injury rate/Frequency rate	2.0	1.3	<b>1.7</b>	1.5	1.4	<b>1.4</b>
High-consequence work-related injury rate	0	0	<b>0</b>	0	0.1	<b>0.05</b>

<sup>29</sup>The scope of injury indicators includes employees at all Group production plants and their offices, including the Parent Company's offices (Milan). Data is also included for personnel from the sales network (Field Forces) within Italy. The Basel site, a company acquired in October 2022, is not included in the scope of consolidation; in any case, the Basel site has 11 employees.

<sup>30</sup>The Severity Index represents the ratio between the number of days lost due to work-related injuries and the total number of hours worked in the same period, multiplied by 200,000. In 2022, a total of 436 days of absence due to work-related injuries were recorded during the reporting period (285 by men and 151 by women). In 2021, total days of absence due to work-related injuries was 685 (331 men, 354 women).

The Work-related injury rate/Frequency rate represents the ratio between the total number of work-related injuries and the total number of hours worked in the same period, multiplied by 200,000.

The high-consequence work-related injury rate represents the ratio between the total number of high-consequence work-related injuries and the total number of hours worked in the same period, multiplied by 200,000.

The Work-related fatality rate represents the ratio between the total number of fatalities and the total number of hours worked in the same period, multiplied by 200,000.

The Occupational disease rate represents the ratio between the number of cases of work-related diseases and the total number of hours worked in the same period, multiplied by 200,000.

<sup>31</sup> The number of injuries does not include injuries that did not generate any daily absence due to injury.

<sup>32</sup> High-consequence work-related injuries are considered injuries sustained by the worker from which he/she cannot or should not be able to fully recover from or return to their state of health prior to the injury within 6 months.

<sup>33</sup> The high-consequence work-related injury recorded in 2021 refers to a fall resulting from a slip in the area in front of the Utebo pharmaceutical production plant.

Work-related fatality rate	0	0	<b>0</b>	0	0	<b>0</b>
Occupational disease rate	0	0.1	<b>0.05</b>	0.09	0	<b>0.05</b>

### *Training and information activity*

The Recordati group believes that training and informing its employees is essential to ensuring the prevention of health and safety risks. As well as providing mandatory training in the field of health and safety in compliance with the time frames and methods defined by applicable local laws, the Group also delivers courses in addition to those required by law. Each production plant implements training plans aimed at workers exposed to specific risks. As well as the mandatory training, employees are also offered supplementary voluntary courses.

During 2022, over 10,200 hours of health and safety training were provided (mostly for workers in the production plants) and involved over 2,100 Recordati employees.

All personnel working within production plants, in line with local laws, receive training and continuous updating for the purposes of environmental protection and health and safety in the workplace. New employees undergo a training period supported by experienced operators and theoretical lessons delivered by qualified personnel. Following the risk assessments relative to topics of health, safety and environment risks, all personnel receive adequate training and instruction in order to mitigate the risks identified according to their role.

The main training plans include, for example, training on the use and storage of hazardous chemicals and flammable materials during manufacturing processes, the correct use of personal protective equipment, the correct handling of loads and the posture to adopt in working environments, noise risk, fire prevention, and first aid. In the plants, for the relevant roles, specific training is delivered on procedures for handling/transporting hazardous chemical substances. In some cases, this was also extended to external workers/contractors.

Various educational, training and awareness activities on health and safety are also required for external workers/contractors.

During 2022, a biannual online training programme was launched for driver safety for all employees with a company car. In 2022, the programme was rolled out to certain countries (including Italy, Portugal, Tunisia, the United Kingdom, Bulgaria and Hungary) and involved around 700 employees. In 2023, the Group aims to complete the training for all employees with a company car.

### *Protecting the health and safety of employees during the COVID-19 pandemic*

From the beginning of the COVID-19 pandemic crisis, the Recordati group reacted with swift and decisive action, well-organised and determined to adopt all measures necessary for the containment and management of the epidemic, in order to combat and contain the spread of the virus, protect the health and safety of its employees and, at the same time, ensure the continuity of its business, which as a Pharmaceutical Company represents an essential public service.

From the very early stages of the COVID-19 emergency, the Group implemented a management system and organisational models, valid for all employees of the offices, production plants and drug detailing network, which guaranteed full business operations as well as the safety of workplaces and people.

The Group continued to update its protocols containing specific indications to prevent the risk of infection in the workplace, in compliance with the many laws and guidelines issued at local level. Employees have been constantly updated and trained on any new developments regarding protocols adopted and safety regulations applied internally.

In 2022, in relation to developments in the pandemic, the restrictions adopted to prevent COVID-19 infection (for example: PPE, sanitisation and protocols) were updated in line with the decisions and recommendations by the competent local authorities.

## 5.6 Industrial relations

As regards industrial relations, the Recordati group guarantees the right to join unions and collective bargaining rights in all the Countries where it is operative in compliance with current legislation.

The Group adopts positive and constructive conduct and policies towards workers' representative organisations and trade unions. Recordati therefore guarantees the right of workers to join and form trade unions, supports alternative means of union association and collective bargaining and ensures that trade union representatives are not discriminated against in the workplace and can communicate freely with their members in full compliance with local legislation. Recordati group companies have an industrial relations system based on involving employees and their representatives in the pursuit of the company's goals, ensuring constant monitoring of the objectives to be achieved. It is based on dialogue and continued discussion, characterized by correct and transparent relations and aimed at increasing the company's competitiveness and maximum employment. The main matters discussed during the year include bargaining on the structural adoption of smart working and the discussion, in the relevant countries, on the collective reduction in staff.

As in the previous year, in 2022 around 60% of the Group workforce, predominantly located in western Europe, was covered by a collective labour agreement. The solutions and behaviour adopted in the various countries in which the Group operates are in line with the social and institutional context and local legislation, and are always consistent with the fundamental principles of the Code of Ethics and with the Group's needs.

In 2022 the Group restructured the Drug Detailing networks of companies in various countries (especially Italy and Germany) which involved around 120 employees.

In particular, as for the Group's Italian companies, the medical sales network of Recordati S.p.A. and Innova Pharma S.p.A. were restructured through two different collective redundancy procedures. In this sense, Recordati S.p.A. and Innova Pharma S.p.A., after holding talks with the internal and regional trade unions (in compliance with current Italian regulations on collective reduction in staff) nevertheless continued dialogue with the social partners to seek criteria to define surplus personnel that could limit and reduce the social impact arising from these procedures. In particular, the key principles driving the two procedures were:

- mandatory exit of personnel nearing retirement, with an economic incentive;
- acceptance of voluntary redundancies from the remaining personnel, with a maximum economic incentive for social groups of workers considered in most need (employees over 60 years of age but still far from retirement);

In addition to the aforementioned forms of economic support, the Italian companies involved also ensured:

- the support of a company specialised in the assessment of social security positions for all personnel who requested it;
- for all personnel who were part of supplementary health insurance, an additional period of insurance cover after termination of employment that could extend up to 16 months;
- for personnel unable to retire and interested in relocation, support for re-employment through a specialised outplacement company.

The restructuring initiatives did not cause any interruptions in service or strikes.

## 6. THE GROUP'S FOCUS ON THE ENVIRONMENT

*A clean environment is essential for people's well-being: the health of the planet and the health of people is tightly interconnected. Environmental elements, such as air, water, land and climate, all have an impact on the well-being of humans. Placing a focus on people's health and being sustainable therefore also means prioritising environmental protection and a responsibility towards future generations. This is why the Group ensures that it conducts business in a socially responsible manner and in accordance with sustainable practices, national and international laws, and the expectations of stakeholders.*

### 6.1 Commitment to environmental protection<sup>34</sup>

As defined in the Group Code of Ethics, Recordati is committed to implementing policies aimed at increasing the environmental sustainability of the Company's business and meeting all related legal and regulatory requirements. Everybody is required to respect the corporate procedures and standards in force and to report any deficiencies or failure to respect these in a timely fashion. In performance of its activities, the Group:

- uses advanced technologies for the purposes of environmental protection, energy efficiency, the sustainable use of resources, combating climate change and protecting our natural world and biodiversity;
- promotes initiatives in production plants aimed at minimising energy and water consumption and reducing the emission of greenhouse gases and other pollutants into the atmosphere;
- is dedicated to reducing the production of waste linked to manufacturing activities, with a particular focus on correctly disposing of chemical and pharmaceutical products. Uses materials which can be recycled or disposed of in accordance with applicable regulations;
- promotes environmental protection by providing information and holding regular training courses, appointing officers responsible for compliance with environmental management issues, and by carrying out inspections and verifications of the conformity of manufacturing sites;
- provides regular information to stakeholders regarding its environmental commitment.

All of the Group's production sites hold the necessary environmental authorisations and ensuring compliance with said authorisations is an important part of the responsibilities of the Management team at each site. Demonstrating the commitment to the environmental and to continuous improvement, it is noted that the Italian Campoverde di Aprilia chemical pharmaceutical plant and the Tunisian pharmaceutical plant have an ISO 14001 certified environmental management system<sup>35</sup>. This certification attests that the manufacturing sites have a management system that is suitable for managing and mitigating the environmental impacts of their activities, and that their efforts for continuous, coherent, efficient and sustainable improvement. Regarding the Irish chemical pharmaceutical plant in Cork, it is noted that the environmental management system was developed to ensure full compliance with environmental legislation, regulated in Ireland by the Environmental Protection Agency (EPA), and is subject to regular inspections by EPA officers. In addition, for several years, the chemical pharmaceutical plant in Cork has joined the Responsible Care initiative which aims to promote the continuous improvement in the chemical and pharmaceutical industry of all aspects that have a direct or indirect aspect on the environment, employees or the community.

<sup>34</sup>The scope of data regarding environmental aspects (e.g. energy use, emissions, water use and waste) includes Group production plants and the annexed offices (including the offices of the Parent Company based in Milan) as the other sites are not deemed significant. It is noted that the Basel site, acquired in October 2022, has not been included in the scope of consolidation since consumption (energy, water and waste) is not managed directly by the Group but is included in the lease as a flat rate; in any case, the Basel site has 11 employees.

<sup>35</sup>20% of the Recordati production plants hold ISO 14001 certification.

Risk assessments are conducted periodically at the Group's sites to assess risks and identify preventive measures. In 2022, for example, risk assessments were carried out at the Campoverde chemical pharmaceutical plant and at the Tunisian production plant.

The Group also conducts internal inspections and receives audits by external certification bodies or regulators. As regards the internal audits, for example, in 2022 various activities were conducted at the Campoverde plants (mainly regarding the efficacy and efficiency of the Environmental Management System in compliance with standard UNI EN ISO 14001 and the provisions of certain applicable laws), and in Tunisia and Türkiye.

With regard to external audits, reference is made to those received by the certification bodies (to obtain ISO 14001 certification) and by the regulatory authorities. For example, in 2022, the Cork production facility was inspected by the Environmental Protection Agency (EPA) and the Dangerous Goods Authority/HSA (DGSA), focusing on atmospheric emissions and effluents, with positive outcomes. The Campoverde chemical-pharmaceutical plant was inspected by the DNV Business Assurance certification body, which found no cases of non-compliance, and the plant in Türkiye was inspected by the Italian Ministry of the Environment, focusing on regulatory requirements, both with positive outcomes. Furthermore, an audit was also performed in Tunisia for the purposes of ISO 14001 certification. An external audit was conducted at the Spanish site, as well as the site in Milan. In Milan, some areas of improvement were reported, which the Group promptly implemented.

Environmental topics are also covered in periodic training sessions provided to Group employees, especially those responsible for such aspects at the plants. As well as the mandatory training required by local laws, the Group also offers voluntary training programmes. The training sessions held covered various topics, including the environmental management system and related internal policies, specific operating procedures, the use, handling and transport of hazardous substances, reducing emissions and waste disposal, response to chemical leaks, etc.

The active pharmaceutical ingredients production plants of Campoverde di Aprilia and Cork are included in the European Pollutant Release and Transfer Register (E-PRTR), established on the basis of EC Regulation 166/2006. The Campoverde di Aprilia site is included in the national inventory of plants with the potential for major accidents, based on Italian Legislative Decree 334/99, replaced by Italian Legislative Decree no. 105/2015, which transposed Directive 2012/18/EU. All the formalities arising from such inclusion are carried out regularly.

Please note that, following voluntary reporting by the Company to the competent authorities in 2001 about the potential contamination of some portions of the land and water of the Campoverde di Aprilia plant resulting from past industrial production, an administrative proceeding was initiated which is still pending. With regard to this proceeding - now governed by Art. 242 of Italian Legislative Decree. 152/06 - in February 2021 the Company received feedback from the local authorities, which entailed the rewriting of part of the documentation produced by the Company in the proceedings, in order to take into account the technical observations made by ARPA in Lazio in January of the same year. The Company promptly acted on the feedback and, in particular, following the approval by the authorities of the updated characterisation plan developed for progress (Phase I and Phase II), steps are being taken to update the data based on new legal provisions and using updated scientific methods and technologies. Phase I characterisation was completed in January 2022 and, at the same time, the Phase I results and the plan for additional Phase II investigations were sent to the competent authorities, which approved them in 2022. The second characterisation phase is expected to be completed by April 2023. The results of these activities will make it possible to present to the

competent bodies the conceptual site model and the health and environmental Risk Analysis, essential documents for continuing the administrative procedure in question, by July 2023. In any case, from the initial survey of the situation subject to this procedure, the Company has continued to implement all necessary and appropriate containment measures and monitoring actions while continually updating the authorities.

In any case, in 2022, the Group did not receive significant fines or non-administrative sanctions for non-compliance with environmental regulations or legislation.

## 6.2 Energy use and emissions

### Energy use

The Recordati group manages the general use of energy resources through a range of initiatives to reduce consumption, with the aim of improving energy efficiency in all of its activities.

The main energy resources used at the Group's production plants are electricity, natural gas and diesel. In 2022, the Group plants consumed approximately 621 TJ, slightly below 2021 consumption.

As regards electricity, as part of Recordati's constant focus on the environment and its commitment to reducing atmospheric emissions, the Group increased its procurement of electricity from renewable sources. In line with the stated target, in 2022, approximately 84% of electricity purchased for the production and packaging sites and the annexed offices<sup>36</sup> came from renewable energy. The Group aims to ensure that 100% of the electricity purchased for the Group's production and packaging sites and annexed offices is from renewable sources by 2025<sup>37</sup>.

Diesel consumption in 2022 increased by around 31%, mainly attributable to the extraordinary need to use a generator at the Turkish plant due to restrictions on the use of electricity following a technical problem with the local supply and for general production requirements.

<sup>36</sup> All European plants, including the Basel site acquired in October 2022, purchase electricity from renewable sources. In 2022, the purchase of renewable electricity was also gradually rolled out in Türkiye. As regards the annexed offices of the plant, this excludes the purchase made for the offices in Czech Republic, as the electricity contract for this specific area is included in the lease and thus is not regulated or managed directly by the Group. In any case, the impact on total electricity is negligible.

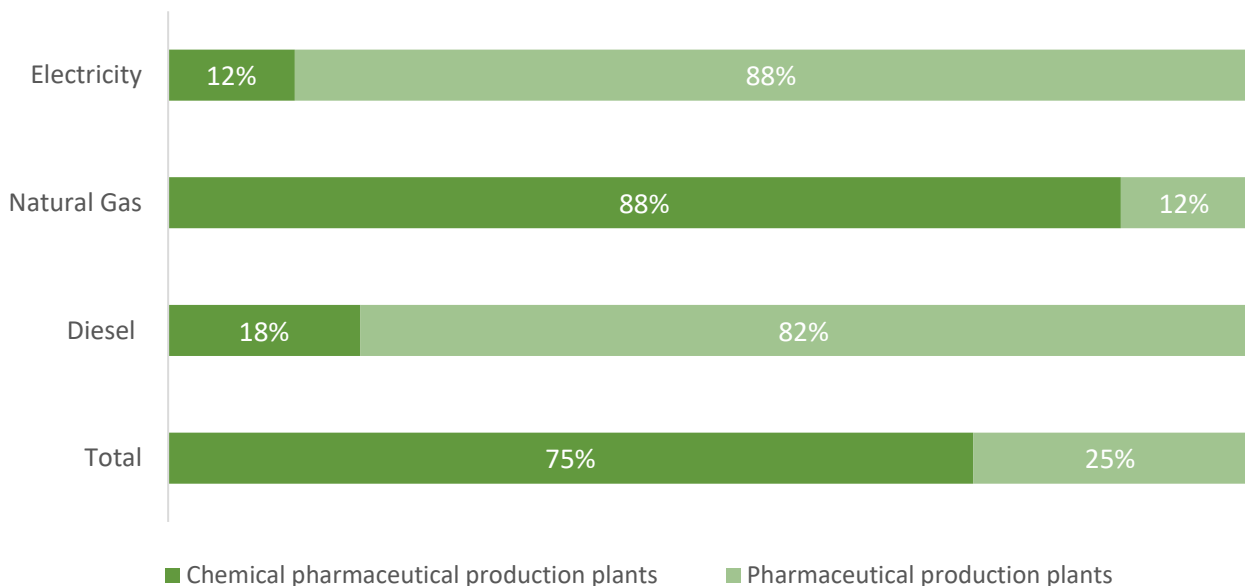
<sup>37</sup> Purchase of renewable electricity for plants located in countries where it is available.



Energy use at the production plants of the Recordati group by source<sup>38</sup>

Type of fuel	Unit of measurement	2022	2021	% Variation
Purchased electricity	kWh	30,169,747	29,296,365	3.0%
	GJ	108,611	105,467	
<i>originating from renewable sources<sup>39</sup></i>	<i>kWh</i>	<i>25,311,015</i>	<i>16,766,203</i>	51.0%
	<i>GJ</i>	<i>91,120</i>	<i>60,358</i>	
Self-generated electricity from renewable sources <sup>40</sup>	kWh	180,308	0	-
	GJ	649	0	
Natural Gas	m <sup>3</sup>	14,424,492	14,759,492	-2.3%
	GJ	509,718	520,730	
Diesel	Litres	56,127	42,833	31.0%
	GJ	2,022	1,543	
<b>Total</b>	<b>GJ</b>	<b>621,000</b>	<b>627,740</b>	<b>-1.1%</b>

## Percentage subdivision of electricity use by production plants, according to usage and type of production plant



<sup>38</sup> Lower Calorific Value of natural gas is 0.035 GJ/m<sup>3</sup>, average density of diesel is 0.84 kg/litre, Lower Calorific Value of diesel is 42.87 GJ/litre, (Source: Italian Ministry of the Environment and the Protection of Land and Sea, Table of National Standard Limits, 2022). Furthermore, the conflict in Ukraine has had no impact on the types of the Group's energy procurement sources used or related consumption.

<sup>39</sup> The share of electricity purchased from renewable sources by the European plants is certified by Guarantees of Origin and by the Çerkezköy plant (Türkiye) by I-REC certificates.

<sup>40</sup> The self-generated electricity from renewable sources refers to the photovoltaic systems installed at the production plants in Cork (Ireland) and Utebo (Spain). The Utebo system has been operational since March 2022, and the Cork system only from December 2022.

Energy use at pharmaceutical production plants by fuel source				
Type of fuel	Unit of measurement	2022	2021	% Variation
Purchased electricity	kWh	26,609,824	25,830,845	3%
	GJ	95,795	92,991	
<i>originating from renewable sources</i>	<i>kWh</i>	<i>21,751,093</i>	<i>13,300,683</i>	64%
	<i>GJ</i>	<i>78,304</i>	<i>47,882</i>	
Self-generated electricity from renewable sources <sup>41</sup>	kWh	175,958	0	-
	GJ	633	0	
Natural Gas	m <sup>3</sup>	1,689,634	1,742,110	-3%
	GJ	59,707	61,463	
Diesel	Litres	46,127	32,233	43%
	GJ	1,661	1,161	
<b>Total</b>	<b>GJ</b>	<b>157,796</b>	<b>155,615</b>	<b>1%</b>

Energy use at chemical pharmaceutical production plants by fuel source				
Type of fuel	Unit of measurement	2022	2021	% Variation
Purchased electricity	kWh	3,559,923	3,465,520	3%
	GJ	12,816	12,476	
<i>originating from renewable sources</i>	<i>kWh</i>	<i>3,559,923</i>	<i>3,465,520</i>	3%
	<i>GJ</i>	<i>12,816</i>	<i>12,476</i>	
Self-generated electricity from renewable sources <sup>42</sup>	kWh	4,350	0	-
	GJ	16	0	
Natural Gas	m <sup>3</sup>	12,734,858	13,017,382	-2%
	GJ	450,012	459,266	
Diesel	Litres	10,000	10,600	-6%
	GJ	360	382	
<b>Total</b>	<b>GJ</b>	<b>463,204</b>	<b>472,124</b>	<b>-2%</b>

<sup>41</sup> The self-generated electricity from renewable sources refers to the photovoltaic system installed at the production plant in Utebo (Spain). The system has been operational since March 2022.

<sup>42</sup> The self-generated electricity from renewable source refers to the photovoltaic system installed at the production plant in Cork (Ireland). The system has only been operational since December 2022.

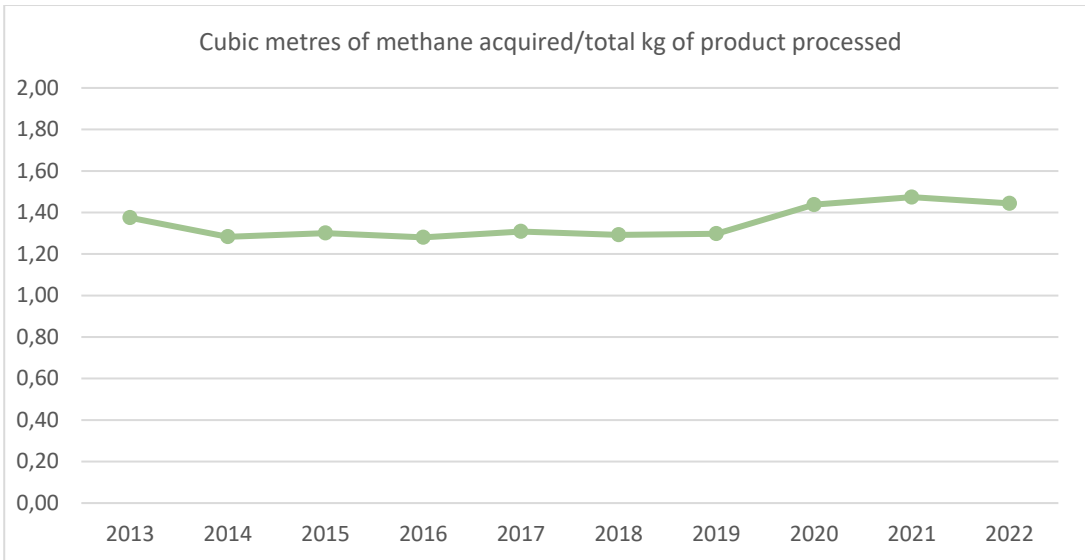
Energy use in pharmaceutical production plants was recorded at approximately 158 TJ (25% of the total), slightly up on the values for 2021. Compared to chemical pharmaceutical plants, pharmaceutical plants used higher quantities of diesel (82% of the diesel consumed by the Group) to produce electricity and more electricity was purchased from the national grid.

However, in 2022 energy use by the Group's chemical pharmaceutical production plants was 463 TJ (75% of the total). The chemical pharmaceutical plants consume higher quantities of natural gas than the pharmaceutical plants: a high proportion of this gas usage derives from the electricity generation system at the Campoverde di Aprilia plant, where a self-generation policy for electricity and thermal energy has been in place for over 20 years thanks to the installation of a co-generation system (for more details, see the "Co-Generation System of the Campoverde di Aprilia" information box). Through the use of a single fuel source (natural gas), the co-generation system enables the plant to generate enough electricity to meet its needs, sell any excess to the national grid and produce all of the steam used in the plant without the use of any additional gas or resources.

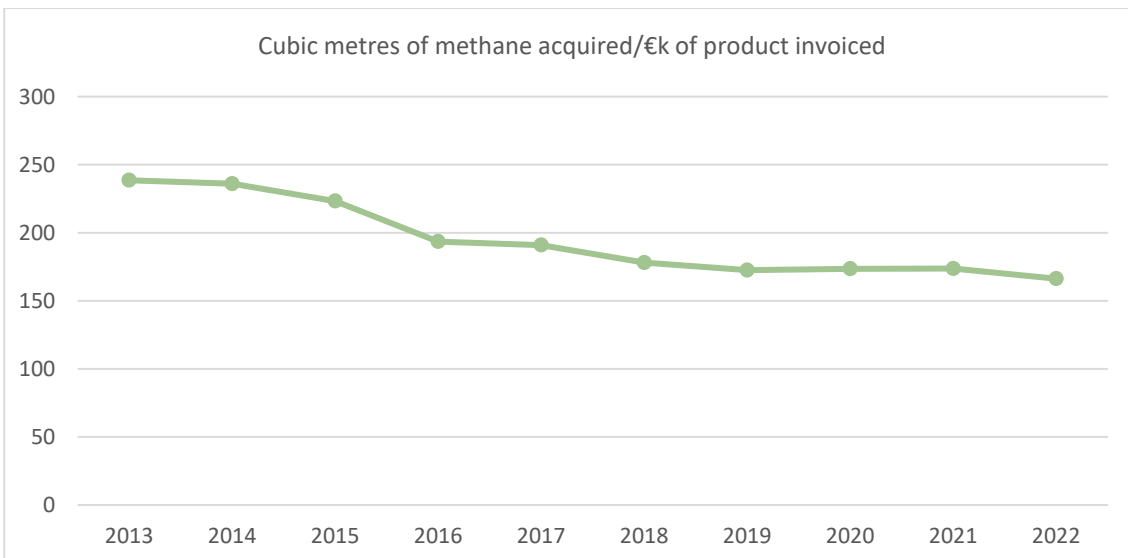
Electricity and thermal energy generated and sold by the Campoverde di Aprilia co-generation plant

Type of fuel	Unit of measurement	2022	2021	% Variation
Self-generated electricity	kWh	32,029,681	32,150,928	-0.4%
<i>consumed internally</i>	<i>kWh</i>	28,031,793	27,865,360	0.6%
<i>sold externally</i>	<i>kWh</i>	3,997,888	4,285,568	-6.7%
Self-generated and consumed thermal energy	Kg of steam	70,958,000	72,385,000	-2.0%

Cubic metres of methane acquired against kilograms of product processed by the Campoverde di Aprilia plant



Cubic metres of methane acquired against turnover (in thousands of Euro) generated by the Campoverde di Aprilia plant



### THE CO-GENERATION SYSTEM AT THE CAMPOVERDE DI APRILIA PLANT

Co-generation is defined as the combined generation of electricity and heat based upon a cascade process where electricity is produced using a high temperature thermo-dynamic cycle which, in turn, releases heat and produces thermal energy. In the industrial sector, co-generation is also produced using gas-powered turbines.

The co-generation system at the Campoverde di Aprilia plant, in operation since 1996, is equipped with a 15-bar methane gas turbine. In its current configuration and with an air temperature of 9°C, the system is able to generate a maximum output of approximately 4.3 MW of electricity. Gas turbines operate by burning the fuel source in a special combustion chamber and expanding it with compressed air inside the turbine itself. During expansion, the mixture of air and fuel interacts with the blades of the turbines and activates the rotational motion of the rotor to generate mechanical energy.

This mechanical energy is then converted into electricity by an alternator. The fumes produced by the gases expanded in the turbine are emitted at very high temperatures (450–500°C) and consequently specialist heat exchangers or boilers may be used (the Recordati plant at Campoverde di Aprilia uses a steam recovery boiler) to produce hot water or steam. The use of the steam recovery boilers prevents exclusive use of methane gas to meet the plant's demand for steam for use in chemical processes and as a heating fluid. The steam recovery boiler installed in the co-generation system, which recovers the gases expanded in the turbine, enables the production of 15-bar saturated steam up to a capacity of 16 tons per hour. Without this production of steam using the gas turbine fumes in the steam recovery boiler, an estimated 4.5 million cubic metres of additional gas would have been required in 2022 alone, corresponding to approximately 36% of the plant's annual gas consumption in 2022. This enabled the avoidance of 8,950<sup>43</sup> tonnes of CO<sub>2</sub>.

In 2021 the gas turbine and reduction gearbox of the co-generation plant were updated in order to improve the efficiency of the co-generation system. Furthermore, the turbine's alternator was reconditioned.

In 2023, the co-generator's exhaust by-pass stack will be replaced with the replacement of the diverter flue system.

### *Principal initiatives to combat climate change implemented by the Recordati group*

As part of its approach to climate action, the Recordati group is implementing several initiatives at its plants and offices in order to reduce energy consumption and atmospheric emissions. These projects are mainly focused on energy efficiency measures and the procurement of renewable electricity. Moreover, energy consumption is constantly monitored and other initiatives have been launched such as the progressive incentivisation of eco-friendly vehicles in the company fleet. The main initiatives implemented by the Group are listed below:

**Initiatives to purchase and produce renewable energy:** as regards electricity, as part of Recordati's constant focus on the environment and its commitment to reducing atmospheric emissions, the Group increased its procurement of electricity from renewable sources. In 2022, approximately 84% of the electricity purchased

<sup>43</sup> Source of emission coefficient data for natural gas: Italian Ministry of the Environment and the Protection of Land and Sea, Table of National Standard Limits, 2022.

for the production and packaging plants and for the annexed offices<sup>44</sup> came from renewable energy certified by guarantees of origin for the European countries and I-REC for Türkiye. The Group aims to ensure that 100% of the electricity purchased for the Group's production and packaging sites and annexed offices is from renewable sources by 2025<sup>45</sup>.

Furthermore, the Group is pursuing a series of initiatives aimed at installing renewable energy plants. In particular, for the Spanish production plant in Utebo, in March 2022 installation of the solar panels on the roof of the plant was completed, generating around 10% of the electricity required for the plant's annual activities. The electricity produced is used entirely within the plant<sup>46</sup>. Furthermore, at the end of 2022, at the Irish chemical-pharmaceutical site in Cork, over 1,400 square metres of solar panels were installed, generating 10-15% of the energy required for the plant's annual activities. Finally, at the Italian site in Campoverde di Aprilia, the installation of a thermal solar system to produce hot water for the changing rooms at the production site was completed in 2022.

In 2023, the Group aims to finalise the feasibility studies for installing additional renewable energy production systems at the following plants: Italy (Campoverde), Ireland (Cork), Tunisia (Opalia), Türkiye (Çerkezköy).

**Main energy efficiency and energy use monitoring initiatives:** in terms of lighting systems, in recent years, the Group has implemented various efficiency initiatives, including the gradual, programmed replacement of traditional lighting systems with LED lights or, in certain cases, the installation of motion sensors to reduce electricity consumption. Today, many areas of Group manufacturing sites and offices are already equipped with LED lighting systems. These progressive replacement and efficiency actions were continued in 2022 and will be pursued in the coming years. In line with the Group's objectives, in 2022 the Milan plant completed also the second step of the LED replacement project in the production department (in the technical pharmaceutical area) and outside. The project will end with the third phase, planned for 2023. Meanwhile replacements continued at the intermediates warehouse of the Italian Campoverde di Aprilia plant and will conclude in early 2023.

These initiatives are also ongoing at other plants, such as those in France, Türkiye and Tunisia. Furthermore, in 2022, to reduce energy consumption, the installation of two inverter blowers was completed at the Campoverde di Aprilia production plant in Italy. The installation is aimed at controlling the oxygenation levels of the wastewater treatment plant, enabling the regulation – and thereby improving the efficiency – of the machine's power based on the actual needs of the treatment plant (resulting in an estimated 50% reduction in electricity consumption compared to the operating conditions of the unit scheduled for replacement). The dual installation provides continuity to this optimisation of energy use in the case of shutdown due to a fault. Furthermore, the installation of the ammonia-based chiller unit with inverter power regulator is in the completion stage, enabling the regulation – and thereby improving the efficiency – of the machine's power based on the actual cooling needs.

Furthermore, to reduce energy consumption even more, energy consumption (steam and electricity use) monitoring systems were installed in 2022 at the production plant in Çerkezköy, Türkiye in order to obtain more accurate energy consumption data and to identify possible optimisation measures.

<sup>44</sup> All European plants, including the Basel site acquired in October 2022, purchase electricity from renewable sources. In 2022, the purchase of renewable electricity was also gradually rolled out in Türkiye. As regards the annexed offices of the plant, this excludes the purchase made for the offices in Czech Republic, as the electricity contract for this specific area is included in the lease and thus is not regulated or managed directly by the Group. In any case, the impact on total electricity is negligible.

<sup>45</sup> Purchase of renewable electricity for plants located in countries where it is available.

<sup>46</sup> In 2022, the system generated around 175,000 kWh, thus preventing the emission of around 50 tonnes of CO<sub>2</sub>e. Figure calculated by following the market-based approach, using the national residual mix emission factors (source of residual mixes: (AIB European Residual Mixes - 2021).

With the goal of continuous improvement, Recordati is committed to measuring, evaluating and monitoring its energy consumption also through performance of energy audits or analysis by specialised third parties. For example, based on the results of the energy audits, the Irish site in Cork is defining actions to further improve its energy performance and reduce emissions. As part of its commitment to lower environmental impact, in 2022, at the Nanterre plant, the French office of Recordati Rare Diseases, an environmental diagnosis was launched with the support of a third-party specialist to define an action plan aimed at reducing environmental impact.

Moreover, actions have been implemented at the plants to raise employee awareness about energy saving, including through training programmes.

**Incentivisation of eco-friendly vehicles:** again, in 2022, the Group carried out a monitoring and control activity to assess the emissions of its global fleet of company vehicles. In 2022, approximately 2,030 company cars were in use by employees of the Recordati group. In order to lower the environmental impact of the company fleet, in 2022, a new Group Car Policy was issued which introduced a maximum limit on CO<sub>2</sub> emissions for new cars in the company fleet. The number of charging stations for electric and hybrid vehicles was also increased at several sites, such as Milan and Ireland.

### *Greenhouse gases emissions*

The Recordati group's commitment to protecting the environment is also expressed through policies and initiatives aimed at reducing the emission of greenhouse gases and other air pollutants, as described in the previous paragraph.

In 2022, Scope 1 direct emissions were primarily related to energy consumption for industrial production (natural gas and diesel), to which a smaller share (about 21% of total Scope 1 direct emissions) is also added related to consumption by the Group's vehicle fleet. It should be noted that the slight increase in Scope 1 emissions is mainly due to the use of refrigerant gases, which, by their nature, are used out of necessity, and due to the increase in the number of vehicles in the company fleet (an increase mainly due to the extended scope of consolidation to the company EUSA Pharma). Recordati is committed to minimising refrigerant gases and gradually replacing old equipment containing refrigerants with new machinery that does not contain ozone-depleting gases. Conversely, Scope 2 indirect emissions due to the purchase of electricity from the grid increased by around 4% according to the Location-based approach and decreased by approximately 58% under the Market-based approach. The latter reduction is mainly due to the increase in the purchase of renewable electricity for the Group's production and packaging sites and annexed offices (approximately 84% at Group level).

Greenhouse-gas emissions (tons of CO <sub>2</sub> ) of the Recordati group's production plants and car fleet <sup>47</sup>			
	2022	2021	% Variation
Direct emissions (Scope 1)	37,768	37,511	0.7%
<i>Relating to energy consumption</i>	28,869	29,383	-1.7%
<i>Relating to the company vehicle fleet<sup>48</sup></i>	7,906	7,262	8.9%
<i>Relating to refrigerant gases</i>	993	866	14.7%
Indirect emissions (Scope 2) - Location-based approach <sup>49</sup>	10,002	9,580	4.4%
Indirect emissions (Scope 2) - Market-based approach <sup>50</sup>	2,270	5,431	-58.2%
<b>Total (Scope 1 and Scope 2 - Location-based approach)</b>	<b>47,770</b>	<b>47,091</b>	<b>1.4%</b>
<b>Total (Scope 1 and Scope 2 - Market-based approach)</b>	<b>40,038</b>	<b>42,942</b>	<b>-6.8%</b>

### Other emissions

With reference to other air pollutants, depending on the type of pollutant various thresholds have been defined; these are respected by the Group thanks to continuous monitoring and control activities of the emission points. In particular, emission points at production sites are authorised according to specific local laws in the various countries. Other atmospheric emissions are mainly due to the activities of the chemical pharmaceutical sites in Campoverde di Aprilia and Cork in reference to which, for almost all the substances listed below, more than 80% of total annual emissions are recorded.

Specific initiatives to monitor, control and reduce emissions include:

- At the Campoverde plant in the last few years, in the context of continuous improvement of air quality, efficiency assessments were conducted on scrubber systems and the construction of an additional scrubber system is ongoing. In 2020, a new NO<sub>x</sub>, SO<sub>x</sub> and PM emissions monitoring system was installed on the chimneys of the co-generation plant in order to track and report the levels of emissions generated and consequently implement possible actions for mitigation and reduction. The emissions are managed according to a specific procedure and specifically, the existing scrubber systems are included in the improvement plan, which outlines constant verification of the efficiency of the moderation system.

<sup>47</sup> Source of emission coefficient data for natural gas and diesel: Italian Ministry of the Environment and the Protection of Land and Sea, Table of National Standard Limits, 2022. Scope 1 and 2 emissions have been calculated using a methodology in line with the GHG Protocol (Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard - Revised Edition).

<sup>48</sup> Scope 1 emissions relating to the use of fuel by company vehicles have been estimated based on the average mileage of each car defined in the leasing contract and the average emission factor of fleet vehicles. It should be noted that the change compared to the 2021 figure is mainly due to the extension of the scope of consolidation to EUSA Pharma.

<sup>49</sup> The reporting standards applied (GRI Sustainability Reporting Standards 2016) provide for two different approaches for the calculation of Scope 2 emissions: "location-based" and "market-based". The location-based approach uses national average emission factors relating to the specific configuration of national electricity production (source of emission factors: TERNA, Confronti Internazionali, 2019).

<sup>50</sup> The market-based approach uses an emission factor defined on a contractual basis with the electricity supplier and defines that the purchase of renewable electricity with Guarantee of Origin does not imply emissions of greenhouse gases calculated according to this approach. Consequently, consumption at the European plants certified by Guarantees of Origin and the share of consumption at the Turkish plant certified by I-REC have been excluded from the calculation of Scope 2 emissions (according to the market-based approach). For calculation of emissions using the market-based approach, the national "residual-mix" emission factors were applied (source of residual-mixes: (AIB European Residual Mixes - 2021).



- At the Milan plant, all emission points with a high environmental impact are monitored annually as required by the supervisory authority. In addition, to monitor greenhouse gas leaks from the compressed-air production system, sensors have been installed in the most critical area of the system. Starting from 2020, a gas detection system was installed for the refrigeration units, with alarms connected to the site manager’s office, in order to immediately identify any leaks of ozone-depleting gases;
- At the Çerkezköy plant in Türkiye, all emission points with a high environmental impact are monitored every two years as required by the Turkish authorities. The most recent inspection was carried out in 2022 and the next is scheduled for 2024;
- Pursuant to local law, the Opalia factory in Tunisia monitors the quality of its atmospheric emissions from all sources at the site using an accredited laboratory;
- At the Cork plant, monthly monitoring of the scrubber (system for cleaning fumes) was maintained by an independent laboratory, as was the annual monitoring of the emission points of pharmaceutical powders. The site was fully compliant in 2022.

Other emissions (kg/year) from Recordati group production plants <sup>51</sup>		
	2022	2021
Nitric oxide (NO <sub>x</sub> )	6,555	8,030
Sulphur oxide (SO <sub>x</sub> )	0	10
Persistent Organic Pollutants (POP)	0	0
Volatile Organic Pollutants (VOC)	17,224	19,067
Hazardous Air Pollutants (HAP)	6,266	1,515
Particulate Matter (PM)	441	484
Methane (CH <sub>4</sub> )	0	0
Others	137	12,397

<sup>51</sup> As and when provided for by the environmental authorities, significant atmospheric emissions (including NO<sub>x</sub>, SO<sub>x</sub>, VOC, HAP, PM, CH<sub>4</sub>) are monitored at the Group's plants. Measurements are taken at varying frequencies depending on the type of emission. For example, at the chemical-pharmaceutical plant in Campoverde di Aprilia (which is responsible for most of the atmospheric emissions), measurements are carried out once a year based on the plant's operations, according to AIA (Autorizzazione Integrata Ambientale) requirements. Any changes from one year to another are due to the operations of the plant at the time of the measurement (i.e. based on the activities ongoing at the time the measurement is taken for the reference cycle). It should be noted that all measurements taken in the current year are within the applicable regulatory limits. Due to the different calculation and measurement methods used, the values do not include emissions at the Opalia pharmaceutical plant, which are monitored annually and are within the limits permitted by law.

### 6.3 Water management

The Recordati group recognises the value of natural resources and in particular the value of water resources. For this reason, the Group invests its efforts in the development of manufacturing processes aimed at reducing water consumption and managing the quality of wastewater.

To this end, Group production plants are equipped with systems and procedures to monitor consumption and wastewater. The use of water resources primarily impacts the manufacturing cycle and process cooling, in addition to sanitary uses.

Regarding wastewater, if necessary or required by local laws, plants have installed or implemented wastewater treatment systems before discharging water into public drains or into the natural environment. In compliance with local and national environmental laws, plants analyse and constantly monitor the quality of wastewater in order to observe the minimum standards set by local and national environmental authorities. Specifically, all plants must observe applicable environmental laws and must hold the necessary water-discharge permits required by local authorities.

Below is a description of some initiatives implemented by the Group in order to guarantee responsible water management, both in terms of consumption and wastewater:

- at the head office in Milan, the heating and air conditioning unit equipped with geothermal heat pumps has used groundwater as the principle thermal carrier. The groundwater is drawn from a shaft and channelled into the system for use in the heating or air conditioning systems before being returned in its original condition to the groundwater reserves via two return channels. The quantity of water used and recycled by the heat pump in 2022 was 285,554 m<sup>3</sup> and corresponds to approximately 11% of the Group's annual water intake. The chemical and physical characteristics (pH, suspended solids, BOD, COD, metals, aromatic solvents, chlorinated aromatic solvents, aliphatic solvents and surfactants) of the wastewater, non-potable groundwater and potable water from the mains supply are monitored at the Milan plant on a monthly basis. In 2021 the project to reduce the overloading of municipal drains, which reach critical levels during large storms, was completed. Water from the company drain is collected in detention tanks and progressively released into the municipal drains once the storm has passed. Starting from 2020, in order to reduce water consumption used to clean the creams production plant, an automatic pressurised system was installed that allows a 50% reduction in water consumption compared to the previous method. In 2022 another initiative was launched to implement an automatic cleaning system at the oral solid dosage product production plant, with a view to further reducing water consumption. The project is expected to be completed in 2023;
- at the Italian plant in Campoverde di Aprilia, daily monitoring is performed of water parameters. In recent years, the plant initiated and completed a project to replace the use of water from wells with river water for external cleaning of departments and for certain cooling systems, in order to minimise the impact of manufacturing activities on water resources;
- at the Cork plant in Ireland, particular focus was given to water use, particularly water used to ensure the correct operation of the scrubbers (system for cleaning fumes). In any case, water usage is constantly monitored to identify any anomalies and facilitate prompt intervention when required. Following transposition by the Irish authorities in 2020 of EU law 2016/902, works were initiated for upgrading of the waste treatment purifier currently used at the plant. Specifically, in 2021, a bio-

reactive membrane was installed downstream of the aeration basin, the part of the system where organic waste is biodegraded, which significantly improved the quality of wastewater. Following the updates made in 2020, it was possible to reduce the level of nitrogen in the wastewater by over 80%, improving the quality of the final effluent and reducing the amount of waste produced for incineration by around 30%;

- at the Tunisian plant in Opalia, various initiatives were implemented to increase awareness about the use of water resources and to reduce the amount of water used to clean the machinery;
- at the Çerkezköy plant in Türkiye, industrial wastewaters are treated by the chemical pre-treatment plant on site, connected downstream to the drainage line for waste water from the Çerkezköy industrial area, to be sent to the central treatment plant. The chemical pre-treatment of wastewater used for plant processes has the tangible goal of reducing the impact of pollutants generated by the company within the municipal water system. In 2022, a project was launched to increase the plant's capacity for the pre-treatment and quality of wastewater. This project was completed in January 2023;
- at the French plant in Saint Victor, the chemical and physical characteristics (pH, suspended solids, BOD, COD, etc.) of wastewater are monitored every three months. In order to reduce the amount of water disposed of as "pharmaceutical waste", water used in the initial cleaning process which contains high concentrations of pollutants is recovered and stored in vats to be processed as pharmaceutical waste (sludge). To dispose of the remaining wastewater from this process, the French plant has signed an agreement with the management of the purification system that allows storage of wastewater and its input into the purification system only during night-time hours, in order to avoid overloading the purification system and sewerage network.

The total water intake in 2022 was 2,550 MI, of which 32% was surface water, approximately 60% was groundwater and the remainder was drawn from the mains supply.

In 2022, the overall water intake at the Group's production plants fell by 6% compared to 2021. This decrease, mainly related to groundwater use, is mostly attributable to the efficiency measures carried out on the use of water resources.

Around 68% of Group water intake is attributable to the chemical pharmaceutical plant in Campoverde di Aprilia, located in an area subject to water stress<sup>52</sup>. In addition to the Italian plant, the Turkish plant and the Tunisian plant are also located in areas considered to be subject to water stress, although they do have lower water intake.

It should also be noted that in 2022, 24% of total water intake at the Group's production plants was recycled. All water intake of the Recordati Group is composed of fresh water, defined as water with a concentration of total dissolved solids equal to or less than 1,000 mg/l.

<sup>52</sup> To determine the water stressed areas, the Aqueduct tool developed by the World Resources Institute was used.

Water intake at Recordati group production plants by source (megalitres)

	Unit of measurement	2022	2021	% Variation
Surface water	MI	804	805	-0.1%
Groundwater	MI	1,518	1,671	-9.2%
Mains water	MI	228	230	-0.9%
<b>Total</b>	<b>MI</b>	<b>2,550</b>	<b>2,706</b>	<b>-5.8%</b>

Percentage of recycled water at Recordati group production plants

Unit of measurement	2022		2021	
	Total	% of total water intake	Total	% of total water intake
Quantity of water recycled	624	24%	777	29%

## 6.4 Waste management and circular economy

The Recordati group's commitment to environmental protection is also evidenced by its activities to reduce the waste produced by its activities, the adoption of a circular approach, wherever possible, aimed at recovery and re-use, and the correct disposal of chemical and pharmaceutical products, particularly at its production sites.

All waste is processed in accordance with the applicable national laws, and chemical and pharmaceutical waste is managed according to specific internal procedures. In particular, the various types of waste produced at the plants are classified as hazardous or non-hazardous. In accordance with internal operating procedures, all waste is assigned an identification code which defines the relative management procedure for that type of waste. The classification of waste according to its origin and type (material and composition analysis) is maintained within the sites, leaving the waste collected and stored separately at defined delivery points, and after temporary storage the waste is sent for recycling or disposal (according to its characteristics). Waste disposal is contracted to specialist firms that hold the relative authorisations to act as carriers, intermediaries and recipients.

Depending on the planned storage and disposal process, it is of the utmost importance that all employees have received training in waste classification. Training courses for new hires and refresher courses are therefore offered throughout the year. Furthermore, in accordance with the provisions of Italian law (Legislative Decree no. 231/01), the Group's organisational model includes the appointment of various waste management officers within the company.

All of the Group's plants subject to the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation comply with the necessary requirements. The regulation aims to ensure the protection of human health and the environment by requiring companies that produce, import or market chemical substances to assess the risks associated with their use. In compliance with the REACH regulation, Recordati registers the relative substances and applies the requirements provided for by the regulation.

The main initiatives implemented at the Group's plants with regard to waste management and the circular economy include the following:

- at the Campoverde di Aprilia site, in order to promote an approach aimed at the circular economy that reduces waste and the use of natural resources, various initiatives to recover and re-use chemical raw materials used in production processes (such as ethanol) were analysed. Furthermore the feasibility study for the recovery of certain heavy metals was completed. Specifically, with the new contribution of the recovery of palladium from the flavoxate process, since 2022, the Group has been able to recover at least 55% of the palladium used in all processes. The recovered palladium is added back into the production process. In 2022, the Group recovered and reused around 3.3 kg of palladium, reducing the use of new raw materials. The Group aims to continue to analyse new initiatives and to further explore the possibility of routinely recovering certain raw materials that have already been proven to be feasibly recoverable on an industrial scale. The recovered raw materials may be reintroduced into internal production processes or through partnership agreements with third-party companies. Furthermore, at the Campoverde plant, in order to identify new ideas and encourage innovation, a GEN work group was established, focused on three specific streams: Green – Efficient –New. In particular, for the Green stream, participants were involved in identifying innovative solutions with reference to the re-engineering of processes with a more sustainable approach;

- at the Cork plant in Ireland, solid hazardous waste is segregated on site by production operators as soon as it is produced and is then sent off site for incineration by specialised contractors. Liquid hazardous waste is managed internally using closed systems: part of this waste is sent via a specialised contractor for disposal, while the majority is treated at the waste treatment plant of the Recordati Ireland branch. Biological sludge extracted by the treatment plant is sent for external incineration by a specialist contractor. In 2023 the Cork plant will assess the use of thionyl chloride in its production cycle. Furthermore, the site is improving the process used for the preliminary reconditioning of thionyl chloride drums with support from an external company. The preliminary reconditioning process will be conducted in line with standard ISO 14001;
- at the Çerkezköy plant in Türkiye, all wastes are classified according to five main categories, with a different colour assigned to each, allowing easy identification of its placement as the colours of equipment and bags for waste collection are the same as those used for the different types of waste. With this method, the plant aims to minimise potential errors in the separation of waste. These five main categories are: domestic waste (e.g. waste from the canteen), recyclable waste, chemical waste, medical waste and hazardous waste. A specific policy has been adopted at the plant to regulate waste collection, storage, recycling and transfer procedures. This procedure includes a waste tracking system which closely monitors the transfer of special waste throughout the production chain. In recent years a new area equipped with a controlled access system was designated for the temporary storage of waste awaiting final disposal. In addition, in the wastewater treatment plant, a number of improvements were made which led to a reduction in the pollution values of wastewater. These optimisation measures also reduced the consumption of chemical substances used in treatment plants, with a consequent reduction in operating costs;
- at the Tunisian plant, the management of chemical and pharmaceutical waste is regulated by a specific internal procedure which classifies the waste by colour, class and code. Furthermore, waste disposal is entrusted to specialist contractors authorised to process this type of waste;
- in the last few years a new cardboard box compactor with an automatic lifting system for emptying boxes was installed at the Saint Victor plant to eliminate the need to lift and throw waste into the compactor. In addition, at the French site in Saint Victor, a project is underway in collaboration with Batribox aimed at the disposal and recycling of used batteries, supporting the AFM-Telethon charity for medical research into muscular dystrophy. In 2021 the Saint Victor site implemented a complete recycling system for paper documents, aluminium cans and plastic thanks to the installation of a shredder;
- at the Milan plant, in order to limit the number of collections made by the carrier, two waste compactors have been installed in recent years, one for paper and cardboard and one for special waste equivalent to SUW.

A total of 6,045.3 tonnes of waste was produced in 2022, of which 55% was hazardous waste (substances defined as hazardous in the country of origin) and 45% was non-hazardous waste (all other forms of liquid and solid waste).

Compared to 2021, the waste produced by the Group increased by around 9%, mainly due to higher production volume and the production mix.

### Total waste produced by Recordati group plants, subdivided by type and disposal method

Disposal method	Unit of measurement	2022			2021		
		Hazardous waste	Non-hazardous waste	Total	Hazardous waste	Non-hazardous waste	Total
Reuse	tonnes	10.6	2.1	<b>12.7</b>	5.3	0.4	<b>5.7</b>
Recycling	tonnes	35.3	987.2	<b>1022.5</b>	31.1	718.0	<b>749.1</b>
Compost	tonnes	0.0	0.0	<b>0.0</b>	0.0	19.0	<b>19.0</b>
Recovery (excluding energy recovery)	tonnes	1,039.4	422.5	<b>1,461.9</b>	1,217.1	341.5	<b>1,558.6</b>
Incineration (with energy recovery)	tonnes	174.8	257.7	<b>432.5</b>	155.0	157.4	<b>312.4</b>
Incineration (mass burn)	tonnes	499.3	77.8	<b>577.1</b>	406.3	157.6	<b>563.9</b>
Deep well injection	tonnes	0.0	0.0	<b>0.0</b>	0.0	0.0	<b>0.0</b>
Landfill	tonnes	1.8	122.5	<b>124.3</b>	98.7	93.6	<b>192.3</b>
Storage on site	tonnes	43.3	0.0	<b>43.3</b>	1.2	0.0	<b>1.2</b>
Other <sup>53</sup>	tonnes	1,495.2	875.8	<b>2,371.0</b>	1,133.2	1,011.5	<b>2,144.7</b>
<b>Total</b>	<b>tonnes</b>	<b>3,299.7</b>	<b>2,745.6</b>	<b>6,045.3</b>	<b>3,047.9</b>	<b>2,499.0</b>	<b>5,546.9</b>

Correct spillage management is regulated by specific standard operating procedures, which state that the spilled product must be collected using absorbent sheets and pads suitable for use with all types of hazardous and non-hazardous materials. Once used, the absorbent kits are handled and destroyed in the most appropriate way, considering the hazardous nature of the product. For example, at the Campoverde di Aprilia plant small leaks of chemical substances are resolved using liquid chemical absorption kits, while for more significant leaks external drainage systems are employed. For the containment of spillages of chemical substances from containers or tanks, bunds and retention areas are used at the plant.

<sup>53</sup> This category includes the disposal methods classified as D8, D9, D13, D14 and D15 used at the Campoverde di Aprilia plant and listed in Annex B of Italian Legislative Decree no. 152/06.

In order to reduce its environmental impact, in 2022, the Group continued various initiatives intended to promote more sustainable packaging. For example, for OTC Italy products, the Group tested new packaging made with 50% recycled plastic in partnership with several suppliers. The launch of the new packaging is expected in 2023. Furthermore, in 2022, the use of FSC certified paper was expanded, such as for some products in the Eumill range. The Group aims to continue with further analysis of other possible packaging solutions with lower environmental impacts, while complying with the strict legislation in place in the pharmaceutical industry.



## 6.5 Environmental impact of products

As well as endeavouring to minimise the environmental impact of the production processes conducted at its industrial plants (both pharmaceutical and chemical-pharmaceutical), the Group also recognises stakeholders' concerns regarding pharmaceutical residues in the environment that mainly derive from the use of medicines by patients. To this end, the Group assesses the environmental risks of its products from the R&D stage, in compliance with applicable law.

### *Environmental risk assessment of pharmaceutical products*

Man-made pharmaceutical residues have become a pressing topic of environmental concern. Following the detection of pharmaceutical residues in drinking and surface water reserves, regulatory authorities across the world, including the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA), have developed detailed guidelines on how the negative environmental impact of pharmaceutical products should be assessed.

To this end, regulatory bodies now require an Environmental Risk Assessment (ERA) as an integral element of the authorisation process for the commercialisation of pharmaceutical products. The assessment is mandatory for pharmaceuticals to treat human conditions and those for veterinary use.

Recordati is committed to guaranteeing the effective environmental management of its products according to current guidelines. All new pharmaceuticals developed by the Group are subject to an environmental risk assessment prior to approval. Data on environmental toxicity are reported according to the applicable international standards. During the environmental risk assessment, the safe concentration, i.e. the concentration at which the pharmaceutical does not harm the soil or aquatic organisms, is identified. The Group notifies the outcome of the assessment to the regulatory authorities in specific environmental impact reports.

Throughout the product lifecycle, for any extension of the authorisation to market the product (new indications or new dosages) Recordati revises and updates the existing environmental assessment dossier or generates a new one to reflect the latest information on the potential environmental impact of the product.

Two examples are given below:

- Fenticonazole: approved in Italy in 1985 and now approved in more than 70 countries worldwide with various formulations in several European and non-European countries. Recently, an application was made for a new authorisation to market the product in new European countries. This procedure led to the performance of an environmental risk analysis and more than 12 eco-toxicological studies in the last three years to assess the product's impact on the aquatic and terrestrial environment. The results were duly reported to the EMA. Throughout this process, Recordati works in collaboration with the agency to ensure that the product has the lowest environmental impact possible. The final report was shared with the regulatory authorities in the first quarter of 2022, and the document is currently being assessed.
- Methadone: the drug was approved for new therapeutic indications (cancer-related pain) and therefore a complete assessment of the environmental risks is currently ongoing.

Personnel at the R&D department attend periodic internal training sessions focused specifically on environmental legislation, with a view to raising awareness on the topic and ensuring that staff are up to date with any changes to legislation. Furthermore, continuous efforts are made in the Group's R&D laboratories to reduce the environmental impact of the laboratories through the adoption of instruments that use a lower amount of solvents, are less energy-intensive and produce less waste.

## 6.6 Employee awareness-raising initiatives and other projects

Recordati's vision and its commitment to reducing its environmental impacts is also reflected through internal engagement and awareness-raising policies aimed at its employees and initiatives launched in its offices, which aim to promote a greater understanding of the importance of correct waste management, energy saving, environmental protection and biodiversity.

In fact, the Group works actively to reduce consumption of paper, toner and energy and properly separate and recycle waste. Group sites have special containers for separation of waste, to ensure disposal or recovery/recycling of these materials in a correct and efficient manner. Regarding paper used in offices, in the context of raising awareness amongst employees on the environmental impacts of daily actions, all printers in Italy are equipped with individual codes to be used when printing documents. The purpose is to increase individual responsibility and reduce the number of documents printed, thus reducing consumption of paper and toner. In addition, it is noted that the paper used for printers in Italy and certain other Group branches originated from sustainable sources (recycled or FSC certified).

Raising awareness amongst personnel regarding good environmental practices has also led to the participation and creation of local initiatives in the areas in which Recordati operates. For example, in 2022 some employees from the Cork plant in Ireland chose to participate in the local clean-up initiative to mark Earth Day. Furthermore, for several years the Cork plant has been involved in the Ringaskiddy community project, managed by the National Biodiversity Data Centre of Ireland and aimed at protecting pollinators. To this end, approximately 200 lavender plants and 180 conifers have been planted in the area, replacing the fences that were present around the manufacturing site. Following a survey to identify the biodiversity in the area around the site, in autumn 2021 the Group helped to sow a native wildflower meadow. In 2022 the Irish site continued the activities to maintain the areas.

In further proof of Recordati's commitment to protecting nature and the environment, the Group has signed up as a leading partner of the ForestaMi project for the 2021-2023 period. In the course of the project, the Group will support the planting of around 11,250 plants in the Milan metropolitan area. In 2021 and 2022, around 7,500 plants were planted. A planting day was also organised in 2022, directly involving employees from the Milan headquarters (for more details, please refer to the "Community" chapter).

## 7. SUPPLIERS AND STRATEGIC PARTNERS

Recordati recognises the fundamental value of the supply chain in creating safe and high-quality products and is committed to working with suppliers and strategic partners that share its values and ethical principles.

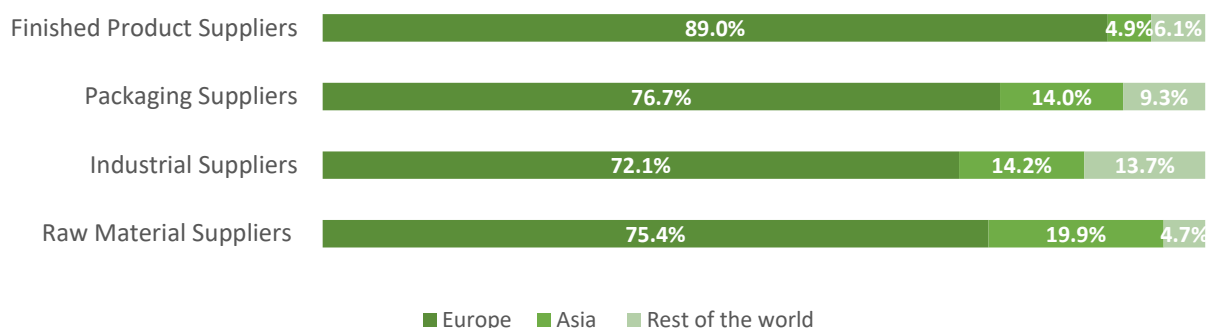
Commercial relationships with other parties (suppliers, consultants and partners) are founded on respect for the principles of fairness, professionalism, efficiency, loyalty, transparency and equal opportunities. The Group establishes written agreements specifying the responsibilities of each party and requiring that the principles of the Code of Ethics be respected.

### 7.1 Supply-chain profile

The Recordati group is served by approximately 8,300 suppliers<sup>54</sup>, predominantly located in the countries in which the Group operates production plants or has a commercial presence. The supply chain is characterised by the purchase of direct ingredients (active substance, packaging material, excipients and chemical intermediates), finished products and indirect services required for regular operation (consultancy services, marketing, supplies, licensing, etc.). In this regard, the main purchase categories are represented by raw materials (and in particular APIs - Active Pharmaceutical Ingredients), packaging, industrial products and services, and finished products.

In 2022, the Recordati group interacted with around 400 suppliers of raw materials<sup>55</sup>, principally located in Europe and India. Approved suppliers for the packaging of medicinal products produced directly in the Group’s plants numbered approximately 215, located principally in the countries in which the Group has manufacturing sites. Suppliers of industrial materials and services for use in the Group’s plants numbered approximately 1,400, with a significant local presence due to the type of goods and services. Suppliers of finished products (CMOs - Contract Manufacturing Organisations) number approximately 160 at Group level, with a significant presence of European producers.

#### Percentage breakdown of the number of Recordati group suppliers for the main categories by geographical area



<sup>54</sup> The data relating to Group suppliers does not include the suppliers of the company EUSA Pharma, acquired by the Recordati group in March 2022.

<sup>55</sup> The figure for raw materials refers to: API - Active Pharmaceutical Ingredients, excipients, starting materials, chemical intermediates.

## 7.2 Responsible Sourcing

Discussing sustainability implies sharing the values and ethical, social and environmental principals in which the Group believes with suppliers and strategic partners. In this context, the Group requires suppliers to accept the Code of Ethics from the approval phase and reserves the right to terminate the contractual relationship in the event of conduct incompatible with the values and principles expressed therein.

In order to operate as a supplier of the Recordati group, our suppliers are selected and approved according to two different methods for direct and indirect products. For the purchase of indirect materials and services, information regarding the suppliers' economic and financial position is collected through documentary evidence and research. For the purchase of direct materials, potential suppliers are subjected to financial checks and are required to follow a regulated documentation collection procedure in line with GMPs and GDPs (Good Manufacturing Practices and Good Distribution Practices) before undergoing a strict monitoring and auditing process.

In order to standardise the supplier selection and qualification process, the "Attitude project" continued, aimed at implementing a new purchase management policy at Group level using an eProcurement platform. The project aims to promote transparency in the procurement process in terms of supplier assessment and effective negotiation in line with the distribution of procedures and tools at a centralised and local level. In 2022, the expansion of the project continued, which made it possible to integrate approximately 76% of the Group's strategic suppliers into a single, shared database, i.e. suppliers in the most relevant product categories, such as raw materials, packaging, industrial products and services, finished products/CMOs. Recordati's goal is to continue to progressively expand the project to all Group suppliers.

Parameters used in the selection of suppliers include observance of the Group Code of Ethics, which, in accordance with International Labour Organization conventions, requires the observance of fundamental Human Rights for all workers. These selection criteria are binding and all suppliers must declare their commitment to the Code and the practices contained therein. This obligation is formalised through special contractual clauses. As a result, any violation of the Code represents a breach of contract, and the Group reserves the right to assess the severity of the situation and take immediate corrective action. In the most serious cases, the group reserves the right to terminate the contractual relationship.

Furthermore, in the supplier-approval questionnaire consideration is also given to environmental and social aspects. In fact, information is requested regarding existence of health, safety and environment management systems (e.g. ISO 14001 and OHSAS 18001).

In addition, during 2022, aiming to continuously improving the process, the integration with Bureau Van Dijk was implemented for analysing financial and risk data.

As part of the Group's responsible sourcing strategy, in order to strengthen monitoring of sustainability issues along the supply chain, the plan to audit the Group's suppliers every three years by an independent third party (EcoVadis) using desk audits was launched in 2022. The suppliers involved were assessed across four key areas for sustainability: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement. The main results related to the audits carried out in 2022 are shown below:

- 50 suppliers audited (via desk audits) on ESG issues, belonging to the main and most strategic product categories: suppliers of finished products (Contract Manufacturing Organisations – CMOs), raw materials, packaging, industrial services, logistics, and other services.<sup>56</sup>
- 82% of suppliers monitored had a "good" or "excellent" general performance level. Only 18% of suppliers had a "partial" performance level, while no suppliers were found to be insufficient/critical.
- Around 20 of the parent company's buyers were involved in training activities to facilitate the supplier engagement process.

<sup>56</sup> The audits were carried out on suppliers located in different geographic areas, mostly in Italy.



On the basis of the 2022-2024 three-year assessment plan, the Group aims to carry out 160 ESG assessments on suppliers by 2024.

Regarding audits and inspections on the quality and safety of products and raw materials, please consult the paragraph entitled “Product quality and safety”.

## 8. SUPPORT FOR LOCAL COMMUNITIES

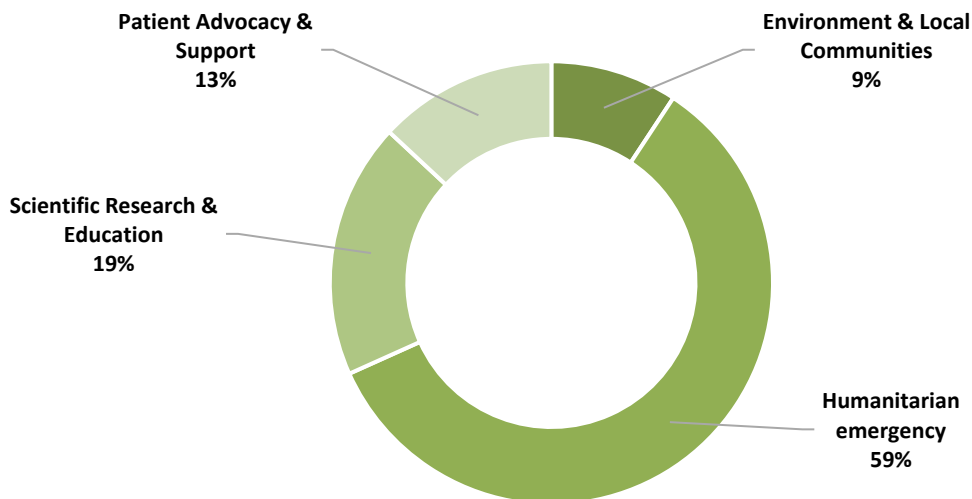
*We believe that contributing to the well-being of the community and dedicating part of our resources to acts of solidarity is not merely the fulfilment of company obligations or professional duty, but rather a moral imperative, an essential part of a healthy business capable of growth but at the same time able to support and develop the community in which it operates and make its employees proud.*

### 8.1 Recordati group donations

In full compliance with ethical standards, the Recordati group promotes initiatives which support medical-scientific organisations and patients through the relevant associations and social projects to aid the weaker sections of the population.

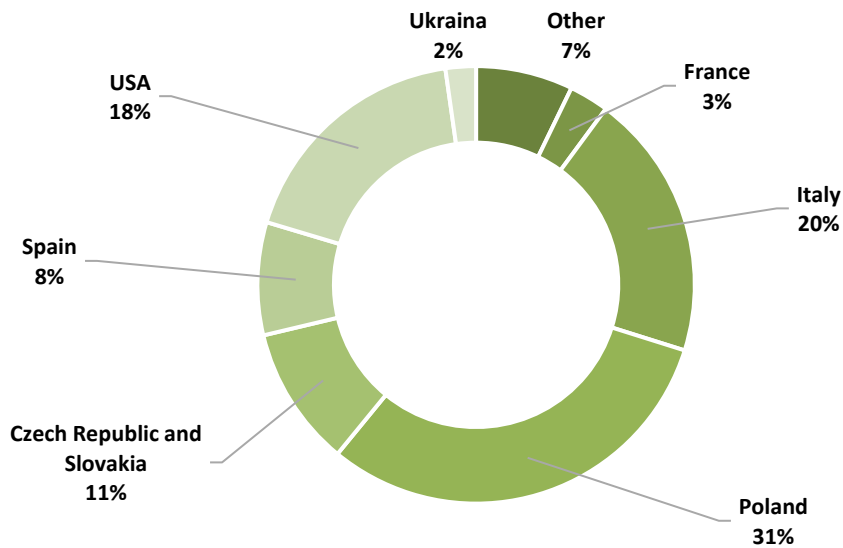
In 2022, the Recordati group gave more than €5.8 million<sup>57</sup> in cash and product donations. The Group’s support mainly concerns humanitarian emergencies, such as support for the employees at the subsidiary in Ukraine and the wider population, patient support, scientific research and education, and environmental and community initiatives. In the area of support for patients, scientific research and education work on the treatment of rare diseases is of particular importance.

Recordati group donations by type



<sup>57</sup> This figure includes monetary donations and product donations measured at market value.

Recordati group donations by geographic area



**Recordati support for the Ukraine emergency**

The Recordati group has joined with the Ukraine solidarity movement, with initiatives to support the population as well as direct economic and logistical help for the Ukraine subsidiary’s employees and their families.

Right from the start, the Group has been proactive in providing employees in Ukraine and their families with the help they need. In addition to the company’s financial and logistical support, an internal fundraising campaign was launched in which Recordati, CVC Capital Partners (the Group's largest shareholder), and employees across the Group raised approximately €300,000.

Recordati also offered prompt support to local communities. In 2022, the Group donated half a million Euro to two humanitarian organisations, the Italian Red Cross and the AVSI Foundation, which were already in Ukraine, actively helping people affected by the war. Recordati worked with AVSI in support of the Education in Emergencies project to enable children to continue their education in safety and with psychosocial support. Through this program, AVSI has been able to distribute over 1,000 school supply kits, contributed to the restoration of several schools damaged by bombs, and trained teachers to help children face emergency situations.

In its role as a pharmaceutical company, the Group continued to support patients by donating a substantial amount of medicines, for a value of around € 2.9 million<sup>58</sup>.

<sup>58</sup> Product donations measured at market value

### Other initiatives supporting the community

Again, in 2022, there were numerous initiatives to support local communities in all countries where the Group operates, either through monetary and product donations or the direct efforts of employees.

The key initiatives in Italy include being a main partner for the 2021–2023 period in the Forestami project, which aims to plant 3 million trees and increase the natural capital of the Metropolitan City of Milan by 2030. In 2022, the Group also continued to support the QuBi Programme, promoted by the Cariplo Foundation, aimed at combating child poverty in vulnerable neighbourhoods in Milan. Amongst many initiatives launched, this project involves after-school activities for children in difficult circumstances and the creation of new opportunities for their free time, including sport and culture. During 2022, about 200 children of 13 different nationalities benefited from after-school activities made possible by the commitment of 22 volunteers and 8 professional educators. This project has engendered the development of a relational and educational network in the area, which is necessary to fight school disaffection and foster inclusion.

In November 2022, a new play area was opened thanks to Recordati's support for the Cura e Adotta il Verde Pubblico (Protect and adopt public green spaces) project run by the Municipality of Milan. The project was developed by the WRP research group of the Politecnico di Milano with Vivaio di Cascina Bollate, a plant nursery cooperative inside the Bollate prison. The aim is to create a new green play area for local kids by transforming an area near the Group's headquarters. For the first year, the social solidarity charity Cooperativa Equa will support the project, helping residents, local associations and school teachers to organize and run regular recreational and educational activities in the new play area.

Equally significant cash and product contributions have come from the Group's subsidiaries in France, Spain, the Czech Republic, Slovakia, Poland, Ukraine and the United States.

There are some further noteworthy social initiatives in which employees were also actively involved. One example was, for World Heart Day, Recordati and Natural Point (part of the Recordati Group) sponsored the Brianza per il Cuore race in Monza and the Cardio Race in Rome to promote awareness of cardiovascular disease, with teams of Recordati employees in Italy taking part in the initiative. Colleagues from the German office took part in the international Movember initiative to raise funds and awareness for men's mental health problems, suicide prevention, as well as prostate and testicular cancer. In 2022, the Company also contributed to the Raccolta Tappi fundraising campaign by gathering plastic bottle caps for the Fondazione Malattie del Sangue Onlus (Blood Disease Foundation), which has been active now for over a decade. In 2022, Recordati employees helped collect 127,100 kg of plastic caps and 12,600 kg of corks, for a total value of about €32,000, which helped to finance an annual scholarship for a genetic biologist researching certain haematological diseases.

Various corporate volunteering initiatives were held in some of the Group's branches: these activities not only represent a key tool of social responsibility, but also help to create a culture focused on solidarity. They are also an opportunity to bring colleagues together.

In 2022, for example, in Paris, a team of over 30 Recordati Rare Diseases employees and their families took part in the annual *La Course des Lumières*. The initiative was organized by L'Institut Curie, the public foundation established by Marie Curie, to raise money for cancer research and medical innovation. Some Recordati Rare Diseases employees were also involved in initiatives promoted by various associations for Rare Diseases Day.

About 40 employees from the Polish subsidiary helped staff reception centres for Ukrainian refugees. Also in Poland, child support activities at various educational centres were organized, as well as environmental



cleaning and animal support projects, in which 65 employees participated. Some employees also took part in a fundraising run for the Everest Foundation, an organization that cares for and rehabilitates seriously ill children.

In Ireland, a number of employees helped collect aid for the people of Ukraine and participated in the local clean-up initiative for Earth Day. Initiatives were also launched in Tunisia to support families in need.

#### RECORDATI SUPPORTS THE FORESTAMI PROJECT

**Forestami**

Recordati has renewed its commitment to protecting the environment and supporting sustainable development in the areas in which it operates through its role as a main partner for the 2021–2023 period in the Forestami project, which aims to plant 3 million trees and increase the natural capital of the Metropolitan City of Milan by 2030.

The Group sees this urban forestation project as an opportunity to make a tangible contribution to the Milanese community, where it has strong roots and has operated for many years, increasing well-being and improving quality of life from both an environmental and social perspective. Support over the three-year period will enable planting of approximately 11,250 forest plants (and their maintenance for five years), helping to increase urban green spaces, support the well-being of citizens and reduce atmospheric pollution, improving landscapes, community spaces and biodiversity and slowing global warming.

In 2021 and 2022, about 7,500 plants were planted – about 3,750 each year – in the Milan metropolitan area. The Group asked that around 500 of the plants go to Parco delle Cave area near the company's headquarters. Work at Parco delle Cave, in addition to planting, included naturalisation initiatives, such as removal of debris and creation of a wet zone to promote population and reproduction of amphibians and other aquatic animals, strengthening biodiversity. A planting day was also organised in 2022, directly involving employees from the Milan headquarters.

## 9. APPENDIX

### 9.1. European taxonomy

The Recordati group has acknowledged the EU Taxonomy as regulated by Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 and, in continuity with previous reports, in 2022 has continued the analyses in line with the requirements of the regulation.

The Taxonomy Regulation defines the economic activities that are considered environmentally sustainable. To qualify as environmentally sustainable, an economic activity must, *inter alia*, contribute substantially to one or more of the six objectives outlined in Article 9 of the Regulation. On 4 June 2021 a delegated act was adopted that defines the technical selection criteria that the specific activities must meet in order to align with the first two environmental objectives: climate change mitigation and climate change adaptation. For the remaining four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and controls and protection and restoration of biodiversity and ecosystems) a delegated act has not yet been adopted.

Therefore, the disclosure on the EU Taxonomy in fiscal year 2021 and 2022 only considers the environmental objectives of climate change mitigation and climate change adaptation. The Group is committed to making subsequent evaluations following the publication of the delegating act governing the other four objectives and the associated economic activities.

The Group has applied its judgement, interpretations and hypotheses based on the information currently available. Documents and delegated acts published in the future may lead to more accurate definitions and thus to other decision-making processes to meet the reporting obligations that may be in force, which could have an impact on future reporting on the EU Taxonomy.

In compliance with Regulation (EU) 2020/852, in fiscal year 2022, the Group has disclosed the proportion of the economic activities that are eligible and not eligible, aligned and not aligned in terms of the Taxonomy in total turnover, CAPEX and OPEX.

The process to define the alignment of the Group's economic activities under the conditions of the EU Taxonomy not only involved an analysis of the activities performed by the Group, with reference to the main eligible activities associated with its business (manufacturing of medicines and pharmaceutical substances), i.e. those that contribute to its turnover, CAPEX and OPEX, in order to ascertain, as required by the regulation, whether the activities performed by the Group have an impact on the climate change mitigation and adaptation objectives.

Considering all of this and given the Group's business, the sector in which the Group operates and the activities conducted are not reported in Annex I or II of the delegated act relating to climate change (EU Regulation 2020/852). Therefore, in line with what is reported in the act, there are no portions of turnover allowable according to the climate change mitigation and adaptation objectives.

Nonetheless, Recordati carried out an analysis of the eligibility of CAPEX and OPEX in specific actions and projects that contribute to reducing GHG emissions, as defined in the EU Taxonomy Regulation. In fact, over the years, the Recordati Group has consolidated its commitment to an increasingly integrated management of sustainability topics and its Sustainability Plan defines the ESG objectives, which include specific targets for climate action. To this end, and in relation to the provisions of the regulation, the analysis was extended to the activities included in the Sustainability Plan which contribute to the formation of CAPEX and OPEX which are eligible and aligned under the climate change mitigation and adaptation objectives.

The calculation of the portion of the Group's allowable CAPEX under the taxonomy was conducted on economic activities associated with programmes carried out in 2022 and included in the Sustainability Plan.

Specifically, the following economic activities were considered, as reported in the delegated acts of Regulation EU 2020/852:

- Activity 4.1 - “Electricity generation using solar photovoltaic technology”;
- Activity 4.21 - “Production of heat/cool using solar thermal heating”;
- Activity 5.4 – “Renewal of waste water collection and treatment”;
- Activity 7.3 – “Installation, maintenance and repair of energy efficiency equipment”;
- Activity 7.4 – “Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)”.

To identify how and to what extent its activities are associated with environmentally sustainable economic activities pursuant to the EU Taxonomy, the Recordati group has analysed the technical screening criteria for the activities identified as eligible as well as the indications in the Q&A published by the European Commission in December 2022.

### *Final KPIs and calculation methods*

For 2022, the Recordati group has carried out an analysis to determine the alignment, as a percentage, of the CAPEX and OPEX, of each economic activity initially identified as eligible.

The analysis made it possible to define how the portion of eligible CAPEX, against the criteria envisaged, is insignificant and quantifiable at around 2% of the total CAPEX of the Group (“2022 CAPEX KPIs” table below). Considering the low significance of the portion of eligible CAPEX and due to several limitations on the current ability to analyse all the envisaged criteria to define the alignment, we are currently unable to define the related portion of CAPEX aligned to Regulation 852/2020.

With regard to the said activities of the Group, it is not possible to specify the value of OPEX in reference of the activities described out of the total value of OPEX. However, based on the CAPEX analyses conducted in 2022, it may be assumed that the impact of OPEX is also not significant.

Table<sup>59</sup>: 2022 CAPEX KPIs

Economic activities (CAPEX)	Activity code	Absolute CAPEX	Portion of CAPEX	Substantial contribution				DNSH				
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
		€	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	
<b>A. Taxonomy-eligible activities</b>												
<b>A.1 Activities aligned with the Taxonomy</b>												
Capital expenditure of aligned activities A.1		-	-									
<b>A.2 Taxonomy-eligible but not aligned activities<sup>60</sup></b>												
Electricity generation using solar photovoltaic technology	4.1	130,000	0.33%									
Production of heat/cool from solar thermal heating	4.21	11,000	0.03%									
Renewal of waste water collection and treatment	5.4	411,000	1.05%									
Installation, maintenance and repair of energy efficiency equipment	7.3	170,000	0.44%									
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	27,000	0.07%									
<b>Capital expenditure of Taxonomy-eligible but not aligned activities A.2</b>		749,000	1.92%									
<b>Total (A.1+A.2)</b>		749,000	1.92%									
<b>B. Taxonomy ineligible activities</b>												
Capital expenditure of Taxonomy not-eligible activities (B)		38,251,000	98.08%									
<b>Total (A+B)</b>		39,000,000	100%									

<sup>59</sup> Only the CAPEX table has been reported, because as described in the dedicated section, there are no portions of turnover allowable according to the climate change mitigation and adaptation objectives. In any case, the Group's turnover in 2022 is € 1,853.3 million. With regard to the activities of the Group, it is not possible to specify the value of OPEX in reference of the activities allowable out of the total value of OPEX. However, based on the CAPEX analyses conducted in 2022, it may be assumed that the impact of OPEX is also not significant.

<sup>60</sup> Considering the low significance of the portion of eligible CAPEX, and due to several limitations on the current ability to analyse all the envisaged criteria to define the alignment, we are currently unable to define the related portion of CAPEX aligned to Regulation 852/2020.

## 9.2 Note on methodology

In recent years, the Recordati group (in this document also “Recordati”, the “Group” or the “Company”) has taken a structured and organic approach to sustainability, considering the economic, social and environmental aspects of sustainability in a manner that is in line with its organisational structure.

In order to provide a clear understanding of the business’ activities, its development, its results and its impacts on sustainability, in 2022 the Group’s commitment to sustainability was reiterated with the preparation of the sixth Consolidated Non-Financial Statement (also the “Non-Financial Statement” or “Statement”) for the purposes of compliance with the obligations provided by Articles 3 and 4 of Italian Legislative Decree no. 254/16. As such, presented in this Statement are the principle policies adopted by the Group, its management models and the principle activities carried out by the Group in 2022 with respect to the matters expressly specified by Italian Legislative Decree no. 254/16 (environmental, social, personnel, human rights and anti-corruption), as well as the principle identified risks related to these themes.

In line with the one of the two options provided by Article 5 of Italian Legislative Decree no. 254/16, this Statement is a separate report. However, it is noted that, as stated in specific notes contained in this document, further details relative to certain non-financial information, as well as the relative management models and main identified risks, are also included in the 2022 Annual Report, Corporate governance report and ownership structure, and Remuneration Report.

This document represents the Consolidated Non-Financial Statement pursuant to Italian Legislative Decree no. 254 of 30 December 2016 in implementation of Directive 2014/95/EU, of the Companies belonging to Recordati S.p.A. and its subsidiaries, describing the initiatives and principle results in terms of the Group’s performance on the subject of sustainability in 2022 (reporting period: 1 January to 31 December 2022). The 2022 Non-Financial Statement has been prepared in accordance with the latest version of the GRI Sustainability Reporting Standards, updated in 2021 by GRI (Global Reporting Initiative).

The report was prepared based on the results of the materiality analysis that was updated in 2022 and the methodology proposed by the GRI 3: Material Topics 2021 standard. This analysis, described in paragraph 2.3, enabled identification of impacts and the related material aspects considering the topics referred to in Italian Legislative Decree no. 254/2016.

The scope of the financial data referred to in this document corresponds to the data considered in the Consolidated Financial Statement 2022 of the Recordati group. The scope of the social and environmental data and information extends to Companies belonging to the Recordati group as of 31 December 2022, consolidated with the comprehensive approach in the Group’s Consolidated Financial Statement. However, while ensuring the correct understanding of the company’s business, it should be noted that:

- the scope of information and data regarding environmental aspects (e.g. energy use, emissions, water use and waste) includes Group production plants and annexed offices (including the offices of the Parent Company based in Milan) as the information relating to other sites is not deemed significant. It is noted that the Basel site, acquired in October 2022, has not been included in the scope of consolidation since consumption (energy, water and waste) is not managed directly by the Group but is included in the lease as a flat rate; in any case, the Basel site has 11 employees;
- the scope of the injury indicators includes employees at Group production plants and their annexed offices, including the Parent Company’s offices (Milan). Data is also included for personnel from the sales network (Field Forces) within Italy. Again for the data related to injury rates, the Basel site, acquired in October 2022 and with only 11 employees, has not been included in the scope of consolidation.

In line with the reporting standards and the provisions of Italian Legislative Decree no. 254/16, these exceptions and any other minor limitations are expressly indicated in the report. Furthermore, in order to provide a correct representation of performance and guarantee the reliability of the data provided, estimates have been kept to a minimum and, where unavoidable, are based on the best available methods, duly indicated. Any changes to data already released in previous years have been indicated in the text, including the reasons for any restatements. For more information regarding significant changes to the scope and share ownership of the Group during the reporting period, please refer to the “*Issuer profile and general information*” and “*Share ownership information (pursuant to Art. 123-bis, paragraph 1 of the TUF)*” sections of the Corporate governance report and ownership structure of the Recordati group as of 31 December 2022.

The Non-Financial Statement is published on an annual basis. The Non-Financial Statement is also available online at Group’s website [www.recordati.it](http://www.recordati.it).

This Statement was presented for evaluation and approval to the Risk, Control and CSR Committee on 9 March 2023 and was approved by the Board of Directors of Recordati S.p.A. on 16 March 2023.

This Statement was subject to a compliance review by an independent auditing company, which issued a separate report confirming the compliance of the information contained herein pursuant to Article 3, paragraph 10 of Italian Legislative Decree no. 254/16. The audit was carried out according to the procedures indicated in the “*Independent Auditor’s Report*”. Quantitative indicators that do not refer to certain General or Topic-specific disclaimers of the GRI Standards, which are reported on the pages indicated in the Content Index, are not subject to limited review by the auditing company.

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## 9.3 Additional Information

**Human Resources - Turnover**

Breakdown of employees entering and leaving the company by gender, age and location

Number of employees	2022									
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Employees joining the Group - Europe					Employees leaving the Group - Europe					
Men	44	150	54	<b>248</b>	<b>17%</b>	23	104	159	<b>286</b>	<b>19%</b>
Women	43	216	62	<b>321</b>	<b>23%</b>	25	133	85	<b>243</b>	<b>18%</b>
Total	<b>87</b>	<b>366</b>	<b>116</b>	<b>569</b>	<b>20%</b>	<b>48</b>	<b>237</b>	<b>244</b>	<b>529</b>	<b>18%</b>
Turnover %	<b>53%</b>	<b>23%</b>	<b>10%</b>	<b>20%</b>		<b>29%</b>	<b>15%</b>	<b>21%</b>	<b>18%</b>	
Employees joining the Group – Asia and Oceania					Employees leaving the Group - Asia and Oceania					
Men	24	80	3	<b>107</b>	<b>20%</b>	10	94	18	<b>122</b>	<b>23%</b>
Women	30	49	3	<b>82</b>	<b>19%</b>	11	59	3	<b>73</b>	<b>17%</b>
Total	<b>54</b>	<b>129</b>	<b>6</b>	<b>189</b>	<b>20%</b>	<b>21</b>	<b>153</b>	<b>21</b>	<b>195</b>	<b>20%</b>
Turnover %	<b>44%</b>	<b>17%</b>	<b>8%</b>	<b>20%</b>		<b>17%</b>	<b>20%</b>	<b>28%</b>	<b>20%</b>	
Employees joining the Group - Africa					Employees leaving the Group - Africa					
Men	6	20	1	<b>27</b>	<b>17%</b>	6	21	4	<b>31</b>	<b>19%</b>
Women	20	19	0	<b>39</b>	<b>20%</b>	17	33	1	<b>51</b>	<b>26%</b>
Total	<b>26</b>	<b>39</b>	<b>1</b>	<b>66</b>	<b>19%</b>	<b>23</b>	<b>54</b>	<b>5</b>	<b>82</b>	<b>23%</b>
Turnover %	<b>47%</b>	<b>14%</b>	<b>5%</b>	<b>19%</b>		<b>42%</b>	<b>19%</b>	<b>26%</b>	<b>23%</b>	
Employees joining the Group - America					Employees leaving the Group - America					
Men	3	17	14	<b>34</b>	<b>45%</b>	0	10	6	<b>16</b>	<b>21%</b>
Women	4	26	20	<b>50</b>	<b>51%</b>	1	13	6	<b>20</b>	<b>20%</b>
Total	<b>7</b>	<b>43</b>	<b>34</b>	<b>84</b>	<b>48%</b>	<b>1</b>	<b>23</b>	<b>12</b>	<b>36</b>	<b>21%</b>
Turnover %	<b>58%</b>	<b>52%</b>	<b>43%</b>	<b>48%</b>		<b>8%</b>	<b>28%</b>	<b>15%</b>	<b>21%</b>	

## Water management

Water withdrawal at Recordati group production plants located in water-stressed areas<sup>61</sup> by source

	Unit of measurement	2022	2021	% Variation
Surface water	MI	804	805	-0.1%
Groundwater	MI	894	872	2.5%
Mains water	MI	75	81	-7.4%
<b>Total</b>	MI	<b>1,773</b>	<b>1,758</b>	<b>0.9%</b>

## Annual total compensation ratio

In 2022, in line with 2021, the ratio between the fixed remuneration of the highest-paid individual (CEO)<sup>62</sup> and the median of Recordati S.p.A. employees was 25.8.

While considering, the ratio between the fixed remuneration of highest-paid individual (CEO) and the median of Recordati group employees was 29.4 in 2022.

## Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

No legal action for anti-competitive behaviour, anti-trust cases or monopoly practices was reported during 2022

## Incidents of discrimination and corrective actions taken

There were no proven cases of discrimination recorded in 2022.

However, there are two ongoing court cases brought by two former employees of the company EUSA US relating to claims filed prior to the acquisition. EUSA asked an independent law firm to conduct in-depth investigations, which concluded that the allegations of discrimination were absolutely unfounded and, therefore, EUSA will continue to prepare its defence pending trial. An employee of EUSA UK also brought a case against the company prior to the acquisition, which concluded with no evidence of discrimination.

<sup>61</sup> The Group's plants located in water-stressed areas are the Italian plant in Campoverde di Aprilia, the Tunisian plant in Kelaat El Andalu and the Turkish plant in Çerkezköy. The Aqueduct tool developed by the World Resources Institute was used to determine water-stressed areas.

<sup>62</sup> The CEO, who joined the Group on 1 December 2021, did not receive any variable remuneration in 2022.








*List of material topics and main associated impacts*

List of material topics	Main associated impacts
1. Product quality and safety	Implementation of activities and procedures throughout the system (from research and development, to procurement of raw materials, to production and sales) intended to guarantee respect for product quality and safety and ensure patient health and safety
2. Business ethics, integrity, anti-corruption	Management of activities in full compliance with regulations, current laws and ethical principles, in particular with regards to the highest standards to prevent active and passive corruption and avoid potential negative impacts on stakeholders
3. Employee health, safety & wellbeing	Promotion of management systems to continuously improve health and safety, worker well-being and the promotion of training programs are fundamental to effectively mitigate injuries and occupational diseases
4. Diversity and Inclusion	Taking advantage of diversity and promoting inclusive practices makes it possible to motivate people, enrich innovation ability and better respond to transformations in both society and markets. In contrast, a non-inclusive working environment that does not respect diversity may have impacts for the rights and equal opportunities of people
5. Access to medicine and healthcare	The quality and accessible products offered through the SPC division, strengthening of the presence in the rare diseases segment to offer innovative treatments that meet serious and unsatisfied medical needs as well as awareness initiatives support access to the best possible treatments and improve the quality of life of patients and their families
6. Waste management and circular economy	Impacts on the environment and local communities deriving from waste produced by the execution of business. Innovation and reduced use of natural resources thanks to circular economy initiatives
7. Fight against climate change	Environmental impacts deriving from the generation of GHG emissions in execution of business or along the supply chain. Mitigation of impacts derived from the use of renewable energy and energy efficiency initiatives
8. Human resources management and development	The promotion of opportunities for growth, training and development improves personnel motivation, growth of expertise and talent attraction and retention
9. Research and development	The expansion of research and development activity makes it possible to offer new therapies and respond to currently unsatisfied medical needs. In this area, the promotion of the utmost rigour in the conduction of clinical trials is also a priority, as is respecting the health and safety of all involved parties
10. Responsible marketing	Accurate, complete and transparent sharing of information, also with doctors and healthcare workers, when promoting medicinal products, in compliance with current regulations and ethical standards, makes it possible to offer patients the best therapeutic assistance and avoid possible negative impacts linked to improper communications
11. Value creation and its distribution	The creation of economic value deriving from the business and distribution of the same among the various categories of stakeholders contributes to the development of the countries in which the Group operates, generating a positive impact on society and on stakeholders
12. Water management	Environmental impacts generated by wastewater and water intake, especially in water-stressed areas

13. Privacy and data protection	Promotion of personal data management models supports the protection of privacy and the data itself, avoiding consequent damages and negative impacts on stakeholders
14. Responsible sourcing	Responsible management of the selection, qualification, assessment and monitoring processes for suppliers/strategic partners, which also considers ESG aspects, helps to prevent potential risks and negative impacts on the environment, society and people (including human rights), throughout the supply chain
15. Local community support	Support for local communities encourages local development and strengthens relationships with relevant stakeholders

**LEGEND**

-  Ethics and integrity
-  Patient care
-  People care
-  Environmental protection
-  Responsible sourcing

## 9.4 GRI Index

The following table shows the material topics identified by Recordati relating to the GRI Reporting Standards and the topics covered by Legislative Decree no. 254/2016. For these topics, the column “Scope of material topics” lists all parties who may generate an impact for each topic, both internally and externally to the Group. The column “Type of impact” indicates Recordati's role in relation to the general impact for each material topic.

MATERIAL TOPICS OF THE RECORDATI GROUP	CORRELATION WITH GRI STANDARDS	CORRELATION WITH THE TOPICS COVERED BY LEGISLATIVE DECREE NO. 254/2016	SCOPE OF MATERIAL TOPICS	TYPE OF IMPACT
<b>Business ethics, integrity and anti-corruption</b>	<b>GRI 205:</b> Anti-corruption	Fight against active and passive corruption	Recordati group	Caused by the Group
	<b>GRI 206:</b> Anti-competitive behaviour	Fight against active and passive corruption	Recordati group	Caused by the Group
	<b>GRI 207:</b> Tax	N/A	Recordati group	Caused by the Group
<b>Value creation and its distribution</b>	<b>GRI 201:</b> Economic performance	Social	Recordati group; Investors and the financial community	Caused by the Group
	<b>GRI 203:</b> Indirect economic impacts	N/A	Recordati group	Caused by the Group
<b>Privacy and data protection</b>	<b>GRI 418:</b> Customer Privacy	Social	Recordati group	Caused by the Group
<b>Product quality and safety</b>	<b>GRI 416:</b> Customer health and safety	Social	Recordati group; Clients and consumers; Patients and associations	Caused by the Group
<b>Access to medicine and healthcare</b>	N/A	Social	Recordati group; Clients and consumers; Patients and associations	Caused by the Group
<b>Research and development</b>	N/A	N/A	Recordati group; Scientific organisations and Universities	Caused by the Group
<b>Responsible marketing</b>	<b>GRI 417:</b> Marketing and labelling	N/A	Recordati group	Caused by the Group
<b>Employee health, safety &amp; wellbeing</b>	<b>GRI 401:</b> Employment	Relating to personnel	Recordati group; Employees	Caused by the Group
	<b>GRI 403:</b> Occupational Health and Safety	Relating to personnel	Recordati group; Employees	Caused by the Group and directly connected to its activities
<b>Diversity and inclusion</b>	<b>GRI 405:</b> Diversity and equal opportunities	Relating to personnel	Recordati group; Employees	Caused by the Group

	<b>GRI 406: Non-Discrimination</b>	Relating to personnel Human rights	Recordati group; Employees	Caused by the Group
<b>Human resources management and development</b>	<b>GRI 401: Employment</b>	Relating to personnel	Recordati group; Employees	Caused by the Group
	<b>GRI 404: Training and education</b>	Relating to personnel	Recordati group; Employees	Caused by the Group
<b>Local communities support</b>	<b>GRI 202: Market presence</b>	Social	Recordati group, Community	Caused by the Group
<b>Fight against climate change</b>	<b>GRI 302: Energy</b>	Environmental	Recordati group	Caused by the Group
	<b>GRI 305: Emissions</b>	Environmental		
<b>Water management</b>	<b>GRI 303: Water and Effluents</b>	Environmental	Recordati group	Caused by the Group
<b>Waste management and circular economy</b>	<b>GRI 306: Effluents and waste</b>	Environmental	Recordati group	Caused by the Group
<b>Responsible Sourcing</b>	<b>GRI 414: Supplier Social Assessment</b>	Social Human rights	Recordati group; Suppliers and strategic partners	Caused by the Group and directly connected to its activities
	<b>GRI 308: Supplier Environmental Assessment</b>	Environmental	Recordati group; Suppliers and strategic partners	Caused by the Group and directly connected to its activities

GRI performance indicators are presented in the table below. Each indicator includes a reference to the section of the Non-Financial Statement where the indicator can be found or other relevant reference sources in the public domain.

<b>Statement of use</b>	Recordati group has submitted a report in compliance with the GRI Standards for 1 January 2022 to 31 December 2022.		
<b>Use of GRI 1</b>	GRI 1 - Foundation - 2021 version		
<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>REFERENCES AND OTHER INFORMATION</b>	<b>OMISSIONS REQUIREMENTS OMITTED, REASON AND EXPLANATION</b>
<b>GENERAL DISCLOSURES</b>			
<b>GRI 2: general disclosures (2021)</b>	<b>The organization and its reporting practices</b>		
	2-1 Organizational details	Pages 7-8	
	2-2 Entities included in the organization’s sustainability reporting	Pages 133-134	
	2-3 Reporting period, frequency and contact point	Pages 133-134	
	2-4 Restatements of information	Pages 133-134	
	2-5 External assurance	Page 148	
	<b>Activities and workers</b>		
	2-6 Activities, value chain and other business relationships	Pages 7-8, 10, 71. Annual Report 2022, “Review of Operations” section	
	2-7 Employees	Pages 72-79, 81	
	2-8 Workers who are not employees	Page 72	
	<b>Governance</b>		
	2-9 Governance structure and composition	Pages 10, 12-13. Corporate governance report and ownership structure, “Issuer profile and general information”, “Board of Directors” sections	
	2-10 Nomination and selection of the highest governance body	Corporate governance report and ownership structure, “Issuer profile and general information”, “Board of Directors” sections	
2-11 Chair of the highest governance body	Corporate governance report and ownership structure, “Issuer profile and general information”, “Board of Directors” sections		
2-12 Role of the highest governance body in overseeing the management of impacts	Pages 12-13, 20-21		
2-13 Delegation of responsibility for managing impacts	Page 13		

GRI STANDARD	DISCLOSURE	REFERENCES AND OTHER INFORMATION	OMISSIONS REQUIREMENTS OMITTED, REASON AND EXPLANATION
	2-14 Role of the highest governance body in sustainability reporting	Page 134	
	2-15 Conflicts of interest	Recordati web site > Corporate Governance (i.e. Code of Ethics); Corporate governance report and ownership structure, "Ownership structure", "Director's interests and related-party transactions" sections and Attachment 1 "professional overview of the Directors and Statutory Auditors"	
	2-16 Communication of critical concerns	Pages 12-13, 46, 48, 96	
	2-17 Collective knowledge of the highest governance body	Page 13, Corporate governance report and ownership structure, Attachment 1 "professional overview of the Directors and Statutory Auditors"	
	2-18 Evaluation of the performance of the highest governance body	Corporate governance report and ownership structure "Self-assessment and succession of Directors" section	
	2-19 Remuneration policies	Report on the Remuneration Policy and the remuneration paid	
	2-20 Process to determine remuneration	Report on the Remuneration Policy and the remuneration paid	
	2-21 Annual total compensation ratio	Page 136	
	<b>Strategy, policies and practices</b>		
	2-22 Statement on sustainable development strategy	Page 4	
	2-23 Policy commitments	Page 9, 40-42, 124 Recordati web site > Corporate Governance (i.e. Code of Ethics)	
	2-24 Embedding policy commitments	Pages 25-37, 42, 45, 124	
	2-25 Processes to remediate negative impacts	Pages 66-67	
	2-26 Mechanisms for seeking advice and raising concerns	Pages 41, 46	
	2-27 Compliance with laws and regulations	Pages 66, 104	
	2-28 Membership associations	Pages 17-18	

GRI STANDARD	DISCLOSURE	REFERENCES AND OTHER INFORMATION	OMISSIONS REQUIREMENTS OMITTED, REASON AND EXPLANATION
<b>Stakeholder engagement</b>			
	2-29 Approach to stakeholder engagement	Pages 16-17, 20	
	2-30 Collective bargaining agreements	Page 101	
<b>MATERIAL TOPICS</b>			
<b>GRI 3: Material topics (2021)</b>	3-1 Process to determine material topics	Pages 16-17, 20-21	
	3-2 List of material topics	Pages 21-22	
<b>Topic-specific standards</b>			
<b>GRI 200: ECONOMIC SERIES (2016)</b>			
<b>Economic performance</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Page 11	
<b>GRI 201: Economic performance (2016)</b>	201-1 Direct economic value generated and distributed	Page 11	
<b>Market presence</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 71-72	
<b>GRI 202: Market presence (2016)</b>	202-2 Proportion of senior management hired from the local community	Page 74	
<b>Indirect economic impacts</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 11, 126-127	
<b>GRI 203: Indirect economic impacts (2016)</b>	203-1 Infrastructure investments and services supported	Pages 11, 126-127	
<b>Anti-corruption</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 38-46	
<b>GRI 205: Anti-corruption (2016)</b>	205-1 Operations assessed for risks related to corruption	Pages 38-46	
	205-3 Confirmed incidents of corruption and actions taken	Page 46	
<b>Anti-competitive behaviour</b>			

GRI STANDARD	DISCLOSURE	REFERENCES AND OTHER INFORMATION	OMISSIONS REQUIREMENTS OMITTED, REASON AND EXPLANATION
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 38-46	
<b>GRI 206: Anti-competitive behaviour (2016)</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 136	
<b>Tax</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 51-53	
<b>GRI-207: Tax (2019)</b>	207-1 Approach to tax	Pages 51-53	
	207-2 Tax governance, control and risk management	Pages 51-53	
	207-3 Stakeholder engagement and management of concerns related to tax	Pages 51-53	
	207-4 Country-by-country reporting	Page 53	
<b>GRI 300: ENVIRONMENTAL SERIES (2016)</b>			
<b>Energy</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 102-112	
<b>GRI-302: Energy (2016)</b>	302-1 Energy consumption within the organization	Pages 104-108	
<b>Water and effluents</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 102-104, 114-116	
<b>GRI-303: Water and effluents (2018)</b>	303-1 Interactions with water as a shared resource	Pages 114-116	
	303-2 Management of water discharge-related impacts	Pages 114-116	
	303-3 Water withdrawal	Pages 116, 136	
<b>Emissions</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 102-104, 109-111	
<b>GRI-305: Emissions (2016)</b>	305-1 Direct (Scope 1) GHG emissions	Page 112	
	305-2 Energy indirect (Scope 2) GHG emissions	Page 112	



GRI STANDARD	DISCLOSURE	REFERENCES AND OTHER INFORMATION	OMISSIONS REQUIREMENTS OMITTED, REASON AND EXPLANATION
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other air emissions	Page 113	
<b>Waste</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 102-104, 117-118	
<b>GRI-306: Waste (2020)</b>	306-1 Waste generation and significant waste-related impacts	Pages 117-120	
	306-2 Management of significant waste-related impacts	Pages 117-120	
	306-3 Waste generated	Page 119	
	306-4 Waste diverted from disposal	Page 119	
	306-5 Waste directed to disposal	Page 119	
<b>Supplier Environmental Assessment</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 23-24, 37, 124-125	
<b>GRI-308: Supplier Environmental Assessment (2016)</b>	308-1 New suppliers that were screened using environmental criteria	Pages 65-66, 124-125	
<b>GRI 400: SOCIAL SERIES (2016)</b>			
<b>Employment</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 71-76, 83-86	
<b>GRI-401: Employment (2016)</b>	401-1 New employee hires and employee turnover	Pages 77, 135	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 84-86	
<b>Occupational Health and Safety</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 71-72, 95-100	
<b>GRI-403: Occupational Health and Safety (2018)</b>	403-1 Occupational health and safety management system	Pages 95-100	
	403-2 Hazard identification, risk assessment and incident investigation	Pages 95-100	
	403-3 Occupational health services	Pages 95-100	

GRI STANDARD	DISCLOSURE	REFERENCES AND OTHER INFORMATION	OMISSIONS REQUIREMENTS OMITTED, REASON AND EXPLANATION
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 95-100	
	403-5 Worker training on occupational health and safety	Pages 99-100	
	403-6 Promotion of worker health	Pages 95-100	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 99-100	
	403-9 Work-related injuries	Pages 98-99	
	403-10 Work-related ill health	Pages 98-99	
<b>Training and education</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 71-72, 87-92	
<b>GRI-404: Training and education (2016)</b>	404-1 Average hours of training per year per employee	Pages 87-88	
	404-2 Programs for upgrading employee skills and transition assistance programs	Pages 87-92	
<b>Diversity and equal opportunities</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 71-72, 80-82	
<b>GRI-405: Diversity and equal opportunity (2016)</b>		Pages 10, 75, 81	
	405-1 Diversity of governance bodies and employees	Corporate governance report and ownership structure "Board of Directors" section	
	405-2 Ratio of basic salary and remuneration of women to men	Page 84	
<b>Non-Discrimination</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 71-72, 80-82	
<b>GRI-406: Non-Discrimination (2016)</b>	406-1 Incidents of discrimination and corrective actions taken	Page 136	
<b>Supplier Social Assessment</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 23-24, 37, 124-125	
<b>GRI-414: Supplier Social</b>	414-1 New suppliers that were screened using social criteria	Pages 65-66, 124-125	

GRI STANDARD	DISCLOSURE	REFERENCES AND OTHER INFORMATION	OMISSIONS REQUIREMENTS OMITTED, REASON AND EXPLANATION
<b>Assessment (2016)</b>			
<b>Customer health and safety</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 62-66, 67-68	
<b>GRI 416: Customer health and safety (2016)</b>	416-1 Assessment of the health and safety impacts of product and service categories	Pages 62-66, 67-68	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 67	
<b>Marketing and labelling</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 66-70	
<b>GRI-417: Marketing and labelling (2016)</b>	417-2 Incidents of non-compliance concerning product and service information and labeling	Page 66	
	417-3 Incidents of non-compliance concerning marketing communications	Pages 66-67	
<b>Customer Privacy</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 39-40, 54-55	
<b>GRI-418: Customer Privacy (2016)</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 40	
<b>Access to medical products and healthcare</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 59-60	
<b>Research and development</b>			
<b>GRI 3: Material topics (2021)</b>	3-3 Management of material topics	Pages 54, 59	

## 9.5 AUDITOR'S REPORT



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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18<sup>th</sup>, 2018 (Translation from the original Italian text)

To the Board of Directors of  
Recordati Industria Chimica e Farmaceutica S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Recordati Industria Chimica e Farmaceutica S.p.A. and its subsidiaries (hereinafter the "Group" or "Recordati Group") for the year ended on December 31<sup>st</sup>, 2022 in accordance with article 4 of the Decree and approved by the Board of Directors on March 16<sup>th</sup>, 2023 (hereinafter "DNF").

Our assurance engagement does not cover the information included in the paragraph "9.1 European Taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

### Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

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Consiglio di gestione n. 2 delibera n. 20823 del 16/11/1997

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### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Recordati Group's consolidated financial statements;
4. understanding of the following aspects:
  - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
  - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
  - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below;

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF. In particular, we



have conducted interviews and discussions with the management of Recordati Industria Chimica e Farmaceutica S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF. Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the Campoverde di Aprilia (LT) site of Recordati Industria Chimica e Farmaceutica S.p.A., that we have selected based on its activities, relevance to the consolidated performance indicators and location, we have carried out interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

### Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Recordati Group for the year ended on December 31<sup>st</sup>, 2022 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions on the DNF of the Group do not refer to the information included in the paragraph "9.1 European Taxonomy" of the DNF itself, that are required by art.8 of the European Regulation 2020/852.

Milan, March 29<sup>th</sup>, 2023

EY S.p.A.  
Signed by: Renato Macchi  
(Auditor)

*This report has been translated into the English language solely for the convenience of international readers.*