



Chiesi Pharma AB

Sustainability report 2023



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Please note that this report is originally written in Swedish and that this is an unofficial translation.

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“Sustainability is part of our business”

CEO Statement



Chiesi is a company with high ambitions when it comes to sustainability. This is stated in the Group's overall sustainability report, where it is possible to follow the development of a large number of sustainability indicators over time. However, the report you are reading now focuses mainly on our results here in the Nordics, 2023.

Our conscious sustainability work has been going on for several years now and I don't think I'm exaggerating if I say that it has found its way into most of what we do, based on the principle of “shared value”, i.e. that we simultaneously develop our business and create social value. A concrete result of this can be seen in our B-corp certification, which is about how we are governed, our people, the environment and our climate footprint, our customers and the society in which we operate. We intend to continue to work with sustainability as a everyday part of our business, which affects everything from details such as which pens we buy,

to what we eat, our governance and business ethics, as well as how we develop our products and our business model. Our sustainability work can be divided into 6 broad impact areas: Governance, People, Society, Environment, Value Chain and Patients and Caregivers. All impact areas have goals and activities linked to them. However, there are three priorities where I think we can have a particularly significant impact:

1. Increase the positive impact of our products. As a leading pharmaceutical company, we believe it is our mission to improve equitable access to medicines and health.
2. Accelerate our journey towards Net Zero. This includes, but is not limited to, the incineration or recycling of old inhalers containing F-gases.
3. Influencing others. We want to share knowledge, learn and inspire others to become more sustainable. As part of the B-corp movement, it's part of our identity.

In this report, we have shared what we consider to be our most important – most material – sustainability achievements. We have also been transparent with regards to areas where we believe we can do better. One such area is our CO2 emissions, where our reductions are mainly the result of the electrification of our vehicle fleet. While electrification has been successful, it's time for us to find other ways to reduce our carbon footprint. One of these relate to how we work with the disposal of used and expired inhalers, which contain F-gases (this is elaborated upon by my colleague Hassan, in an “interview” at the end of this report). Another impact area where we are doing a lot, and where we have the ambition to do more, is when it comes to access to medicines and equal health. Read more under Objective 4!

Olav Fromm, Executive Director,
Chiesi Pharma



Chiesi Pharma's business description:

The company shall conduct research and development, marketing and sales of pharmaceuticals in the Nordic region as well as activities compatible therewith.

The Company intends to:

- (i) act in a responsible, sustainable, open and transparent manner towards people, communities and the environment in order to promote health, inclusion and equity;
- (ii) continuously become increasingly sustainable in processes and practices, to mitigate adverse impacts and maximize benefits for people, the biosphere and the planet, towards a net-zero greenhouse gas economy and in line with national and international climate- and ecological transition objectives;

Source: Swedish Companies Registration Office

What does Chiesi do at group level?

Chiesi is a family-owned biopharmaceutical company headquartered in Parma, Italy. We develop drugs primarily in respiratory diseases, neonatology, rare diseases, and specialist care. We operate in some 70 countries through subsidiaries in approximately 30 countries.

In the Nordic region, we have sales operations in Sweden, Norway, Denmark, Finland and Iceland, but we also have a research facility adjacent to Karolinska Institutet, in Solna.

We measure our success through metrics such as turnover and profit, but it is equally important for us to factor in our impact on people and planet. That's why we are B-corp certified, which means that we belong to the group of companies that see **"Business as a force for good!"**

- Number of employees: more than 6,500 globally, of which 100 in the Nordics
- Worldwide revenue: EUR 2,749 million (2022), of which EUR 64 million in the Nordics (2023)
- Research budget (2022): €589 million (21.4% of revenue)
- Gender pay gap: Closed in 2022 (Global)
- B-corp score: 103.8 (up from 87.5 points in 2019). Nordic countries: 107.4 (2022)
- Total number of patents: 5,835 (2022)
- One of Chiesi's climate goals is to reach Net Zero by 2035 (the targets are approved by the Science Based Target Initiative)

Nordic countries

Number of employees: More than 100 (including R&D)
 Revenue: 64 million Euro
 B-corp-score: 107,4 (2022)



FoU and Solna

As a group, Chiesi has six research and development (R&D) centers. One of these is located in Sweden, at Karolinska Institutet on Campus Solna. More than 25 people work here, on research and development of new biopharmaceuticals. The center is responsible for:

- Early research
- Preclinical research
- CMC (Chemistry, Manufacturing and Control), and
- Translational and precision medicine

In recent years, sustainability-related R&D activities have increasingly been driven as part of the sustainability work of Chiesi's other operations in the Nordic region. The statistics and results presented in this report thus include Chiesi's activities at Campus Solna.

Chiesi in the Nordics

Since its inception in 2014, the focus of the business in the Nordic region has been to launch Chiesi Group's product portfolio in the Nordic market, while at the same time striving to become the market leader in the therapeutic areas of respiratory diseases, rare diseases and specialist care. Chiesi in the Nordic region has offices in central Stockholm, not far from the R&D department next to Karolinska Institutet's campus.

In the Nordics, our sustainability work is led by our Director of HR, Shared Value and Sustainability, who is a member of the management team and reports directly to our Executive Director. To help her, the sustainability director has her own team and a (newly formed) "impact committee" where people from different parts of the business participate. This group has replaced the Sustainability Steering

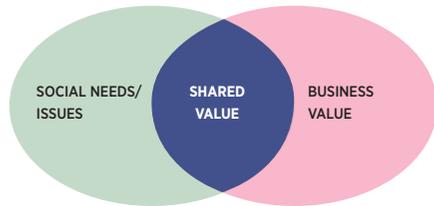
Group, which consisted of parts of the company's management team, and which was led by the company's Executive Director. The newly formed impact committee consists of some ten permanent members and is tasked with both coming up with proposals for how the sustainability work can be further strengthened, as well as implementing and driving changes. The group meets regularly with the aim of meetings every six weeks. It invites external stakeholders a few times a year.

Sustainability is also a standing agenda item for the Board and management team. At Group level, there is a Sustainability Department that sets the Group's overall strategy and provides support to Chiesi Pharma and other subsidiaries. Although we have a sustainability policy and sustainability plans both for our Nordic operations and globally, we try to integrate sustainability as much as possible into relevant Standard Operating Procedures as well as into our business strategies. Our overarching policy documents are normally available on our website (our global website or for the Nordic region).



Our starting points

Sustainability is an integral part of our mission. This applies in particular to our ambition to contribute to better health, but we also have a responsibility for our impact on the climate and, of course, for our employees. The business should create value both for our company and for our stakeholders; a so-called shared value that differs from both charity and Corporate Social Responsibility in that we see our focus on sustainability as an integral part of our business model.



Our interest in running a sustainable business that improves the lives of those who use our medicines goes back a long way, but at the same time it is closely linked to Agenda 2030 and the sustainability goals that the world agreed on as late as 2015. As a group, we have identified that 9 of the SDGs are of particular relevance to us (see image below). The SDGs have contributed to the formulation of our own target areas, both locally and globally (a more detailed review of the Group's work with the SDGs can be found in our parent company's sustainability reporting).

Our sustainability work is integrated into the business, but we have also concretized it in specific target areas and activities. A large part of the sustainability work is then carried out by cross-functional sustainability groups, which we call "sustainability pathways". All staff belong to a sustainability pathway and each group works for a year. After that, we form new groups. All in all, we have had about 50 sustainability pathways in the last 4 years.

The UN's Sustainable Development Goals



Sustainability goals for Chiesi in the Nordics, 2023

- Environment & Climate**
 - Reduce our carbon footprint
- Governance**
 - Disclose relevant sustainability information
 - Reduce the risk of corruption and unethical behavior
- Employees**
 - Acknowledging and deepening the well-being of those who work at Chiesi Pharma
 - Diversity & Inclusion
- Patients and care-givers**
 - Health equity & access to health care
- Value chain**
 - Improving the sustainability of our supply chain
- Community**
 - Establish structure for community engagement
 - Influencing others to become more sustainable

Materiality analysis

The graph to the right summarizes our materiality analysis for Chiesi in the Nordics. It helps us determine what is most important to us, so we focus on the issues where we can have the greatest impact. The issues that are most material to us, in terms of importance to our stakeholders and the extent to which we are affected and able to influence these issues, are about patients' access to medicines, about the well-being of our staff, about ethics and anti-corruption, but also about the climate, product safety and circularity, among other things.

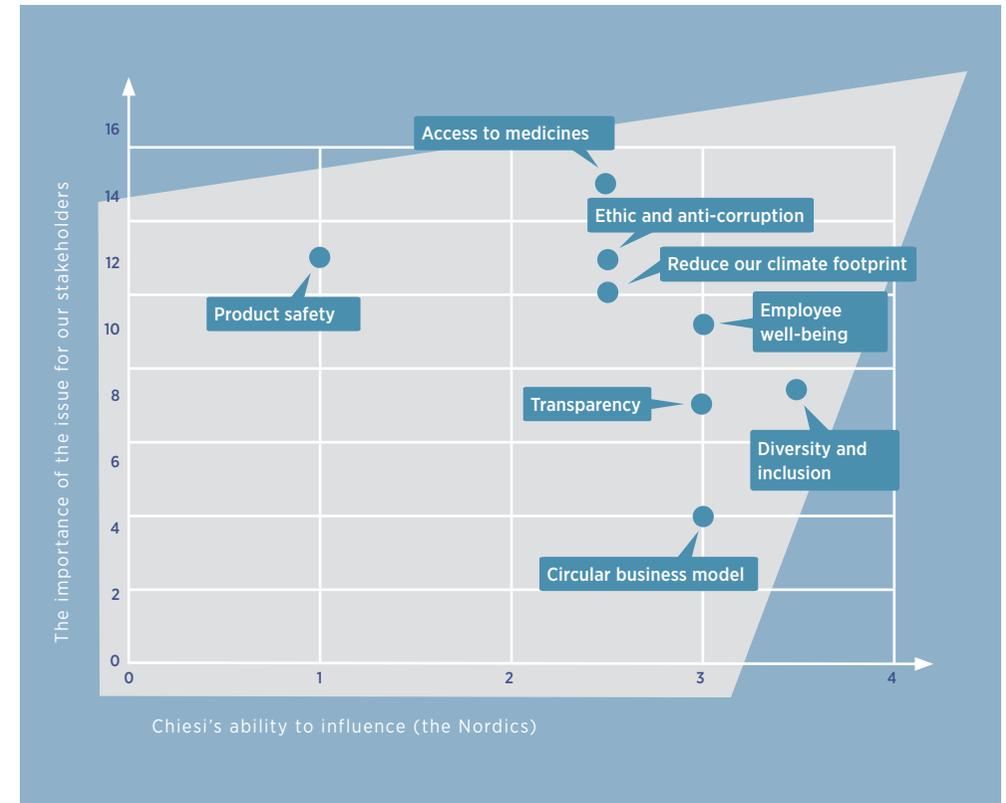
We started working on our materiality analysis several years ago, and have updated it in 2021, 2022 and 2023. We have listened to several of our stakeholders – such as patient organisations, industry organisations, authorities and employees – in the development, and we have tried to see both how we impact the planet and our stakeholders, but also how they affect us. In 2024, we will consider conducting a new materiality analysis that is more closely aligned with the requirements of the standards developed to concretize the EU's Sustainability

Reporting Directive (CSRD). In next year's reporting, we will strive to follow the structure of the CSRD to a greater extent, although for our part, it will probably take a few years before we are required to use the new legislation (our parent company will report fully according to the CSRD from 2025).

The next sections of this report follow the six impact areas we are prioritising for the coming years.

- 1 > Environment and climate
- 2 > Internal governance and anti-corruption
- 3 > We who work at Chiesi (staff)
- 4 > Our added value: better health
- 5 > Our partnerships – how we work with our value chain and with industry colleagues
- 6 > The society in which we operate

The ambition is for the reporting to be able to give a true and fair view of what we have achieved in relation to both our sustainability plan and our materiality analysis. In addition, we see reporting as a way for us to invite our stakeholders to reflect on what we could do better.



As a way to verify our efforts, we at Chiesi have chosen to B-corp certify



B-corp is a certification with a holistic view of sustainability, which means, among other things, that aspiring companies are reviewed based on 250-300 questions related to governance, employees, the environment, community involvement, supply chain and customers. The certification also comes with commitments that we must take our stakeholders into account in our operations and that we must be

transparent with the "footprint" our business creates. When we were certified for the first time, we as a group received 87.5 points, out of a possible 200. That may not sound as a lot, but it is significantly more than the median among companies, which is just under 51 points. During the re-certification, which was completed in July 2022, we as a group received 103.8 points. In the Nordics, we received 90.8 points in the certification in

2019 and 107.4 points in 2022! In 2023, we have worked on developing and implementing a plan for how we can continue to develop. Our strengths and improvement areas are available for everyone to review here: www.bcorporation.net



Impact Areas

We who work at Chiesi Pharma

- Impact area 1: Environment & Climate
- Impact area 2: Internal governance and anti-corruption
- Impact area 3: Chiesi People (staff)
- Impact area 4: Our added value: better health
- Impact area 5: Our partnerships – how we work with our value chain and with industry peers
- Impact area 6: The society in which we operate

Impact Area 1. Environment & Climate

In the autumn of 2019, we decided that we wanted to reduce our carbon dioxide emissions by 40% per employee by 2022. We chose to measure emissions from our air travel and from the use of cars, which we considered to be the most significant greenhouse gas emissions that we have control over. Then came the Corona pandemic, which made the measurement itself less relevant, as the metrics were not comparable with normal years. However, we continued to work on reducing our impact. We have also made an effort not to let our metrics become synonymous with our goal (as we may then manage towards what is measurable rather than necessary). Unfortunately, we did not manage to reduce emissions from cars and air travel between 2019 and 2022 to the extent we expected, which is partly due to the fact that travel from 2021 was postponed to 2022, and partly because the electrification of our car fleet was delayed due to late deliveries of electric cars. The positive trend regarding electrification of our car fleet continued in 2023 however, and now all leased cars are fully or partially electrified. What remains is to reduce and replace hybrids with EV:s in the near future, as well as to review whether and how carbon dioxide emissions from private cars that are sometimes used in business (scope 3) can be reduced. We have not been able to reduce our flying to the extent we would have liked, which has several explanations. Among other things, we have grown and we have also acquired new products, which has required some transatlantic travel. However, we have significantly reduced our footprint by replacing fossil jet fuel with renewable energy (see the box to the right).

In 2022, we started measuring more emissions, and together with the industry organisation Lif, we developed a simple tool with the goal of making it easier for small and medium-sized pharmaceutical companies to follow up on their emissions. We are

now monitoring the emissions that result from the purchase of certain office supplies and electronics, from hotel stays and from meals in the service and served at conferences. For example, we strive to ensure that an average (business) meal should not exceed 700 grams of carbon dioxide equivalents. In 2023, we estimate that emissions from meals (including internal meetings) amounted to 20 tCO₂e. However, this figure is not so interesting because everyone needs to eat, regardless of who pays for it. What is interesting, however, is whether we manage to reduce emissions from each individual meal, for example by replacing meat with chicken or vegetarian alternatives. Since the measurement began, our policy has recommended meals with a low CO₂ footprint, which means that we estimate that the footprint has been low from the start (estimated to be about 800 grCO₂e per meal). We have not yet been able to confirm any reduction per meal, but we are continuing to work both on the analysis of data and on making our employees aware of the climate footprint of meals.

We consider our impact on biodiversity to be limited, but not insignificant (we have two antibiotics that are prescribed to people living with the rare disease cystic fibrosis). We follow the issue of pharmaceuticals' impact on biodiversity primarily through our parent company, but also via the industry organisation Lif, where this is part of common industry sustainability manifesto.



Our goal:

In 2021, we set a target for all leased cars to be fully electrified by 2026. By the end of 2022, 17 out of 39 cars were fully electrified. At the end of 2023, 23 of 35 cars were fully electrified. Of the remaining cars 10 were PHEV, and 2 were mild hybrids.

KPI:er

	2021	2022	2023
 Scope 1: Direct emissions*. In this case our cars:	89 tCO ₂ e	66 tCO ₂ e	59 tCO ₂ e
 Scope 2: Indirect emissions from production** ("location based"). In this case, electricity for our offices:	10 tCO ₂ e	7,5 tCO ₂ e	4 tCO ₂ e
 Scope 3: Indirect emissions.***In this case, business travel by air and business travel by private cars:	102 tCO ₂ e	335 tCO ₂ e	390 tCO ₂ e

We measure our emissions using the so-called GHG Protocol. For scope 1 and 2, we believe that the emissions we measure are the most significant, while scope 3 is instead based on what we currently believe we can measure, and influence.

* The emissions from our leased cars. We use Defra emission factors to calculate emissions based on diesel and gasoline consumption. Emissions did not decrease at the rate we had expected until 2022, which was mainly due to delays in the delivery of electric cars.

** Scope 2 emissions are calculated for our part from the purchase of electricity and district heating. We calculate our location-based emissions using the IEA's emission factors for electricity, market-based emissions use residual mix factors for purchased non-renewable electricity.

*** In general, we believe that our greatest impact is the propellant used in some of our asthma and COPD inhalers, but as these are difficult to calculate, we have not reported these emissions in this report. As stated in other parts of this report, we are actively working to reduce emissions from these. Among other things, we have managed to avoid emissions of about 16 tCO₂e by burning unused (expired) inhalers at high temperatures. In 2022, we also started a collaboration with the Fly Green Fund to replace fossil aviation fuel with renewable fuel. This resulted in savings of as much as 169.5 tCO₂e, but we have chosen not to let this reduction affect our scope 3 emissions figures for 2023.



During the last quarter of 2022 and throughout 2023, we have collaborated with the Fly Green Fund, which means that we “**climate reduce**” (which is not the same as “**climate compensate**”) our air travel by replacing regular aviation fuel with renewable, certified aviation fuel. The intention is not to neutralize our entire impact on flights, but to make trips that may not be strictly business-motivated, but where we believe that the trip in some way contributes to our broader sustainability ambitions. In 2023, through this collaboration, we have reduced the amount of CO₂e in the atmosphere by approximately 169.5 tCO₂e (at a cost of SEK 1.5 million). Primarily, however, we want to avoid non-essential travel as much as possible, rather than reducing or compensating for it.

We have chosen not to include this climate reduction in our emission calculations (scope 3) see above, among other things because we strive for group-wide solutions and calculation methods.

Impact Area 2. Internal governance and anti-corruption

In 2020 and 2021, we intensified our work on compliance, ethics and anti-corruption. We conducted a risk analysis and training on our responsibility codes, including anti-corruption. In 2023, we began the process of concretising various parts of our regulatory compliance and anti-corruption work in several different Standard Operating Procedures. In 2024, we will have four SOPs with specific relevance to our anti-corruption work, in addition to the whistleblower policy and the “Code of Conduct” that exist at a global level. We also have a “Code of Interdependence” that we sign-off with almost all of our major suppliers, where anti-corruption is included as an aspect (see Impact Area 5 below).

A substantial number of our staff have undergone targeted training and all staff have received comprehensive information about our regulations. The focus has been on the categories of staff that are considered to be exposed to the greatest risks. In 2022 and 2023, we continued our efforts to raise awareness of the corruption risks we as an industry are exposed to and what employees should do if

they become aware of corruption or other unethical behaviour. This includes information on how employees can use our (anonymous) whistleblower system. During the year, we also formed a Compliance Committee, which is chaired by Chiesi Pharma’s General Counsel and includes the Head of Pharmaceutical Affairs and the Head of the Medical Department. The group meets regularly and other functions such as finance, product, key account managers and sales managers are encouraged to check projects with the committee before they are initiated, as to reduce the risk of non-compliance. All members of staff are invited to make suggestions or ask questions to the Committee.

In 2023, cyber security has also received increased attention. Among other things, “fake” e-mails are occasionally sent out to users, and the users who handle these incorrectly undergo training.

Impact Area 3. We who work at Chiesi!

During the year, we have hired 16 new employees in the Nordic region, while 8 have chosen to leave us either to retire or for new career opportunities. At the end of 2022, we identified a risk of high workload and stress for our employees. The company consists of ambitious employees, and we saw a tendency, that we as an organisation may have too much going on at the same time. In 2023, we have therefore worked actively to create a transformative culture where there is a high level of trust in the organisation and at the same time a clear direction, which creates the conditions to focus on the right things. This is something we have worked actively on in 2023 by, among other things, introducing a prioritization tool to ensure that we do not start new projects or initiatives that do not directly contribute to our strategy or serve patients. In addition to this, we have also started a journey in self-leadership during the autumn, where we collaborate with an

external supplier to give all employees the tools to prioritize, set boundaries and take ownership of their work and well-being. The program also works actively with each team to ensure that there is a high level of psychological safety, where there is room for risk-taking, asking for help and having difficult feed-back/conversations.

Every week we have digital Townhall meetings for all staff. These have become an important arena for exchange of information and a sense of cohesion across the Nordic organisation. The fact that we have a good team spirit is confirmed by the Great Place to Work review that was carried out in the autumn of 2023, where we were once again certified as a “Great Place to Work” organisation. We are pleased with the results: As many as 96% of the staff agree with the statement “Taking everything into account, I would say this is a great place to work” which corresponds to the strong result we had during the previous review. When we look at the overall results of the survey for the entire Nordic region, we can see a slight deterioration in the “Trust Index” compared to the previous year (89% in 2023 vs. 93% in 2021). The analysis of the final results is ongoing and will be presented to the organisation in Q1 2024. Despite the deterioration, we see reason to celebrate and acknowledge our strengths and see where there is potential to improve in the future.

In addition, for the fourth year in a row, we have run 12 “sustainability pathways” – employee-led working groups in various sustainability areas. One of these groups has developed proposals on how we can strengthen our work with diversity and inclusion. Among other things, they have had a workshop with all managers at the company on how we can welcome and include employees from other Chiesi branches in the world, who are in the Nordic region temporarily (job rotation) or permanently.

KPIs

Number of people who have undergone anti-corruption training:

2023	2022	2020–21
46**	15*	65

* In 2022, in addition to training for new employees, which are not included in this KPI, we have only conducted training on competition law for managers.
 ** This refers to our digital courses. In addition, some targeted w-shops have been carried out, but we lack data on the number of participants.

We have not had any reported corruption incidents.

KPIs

Number of employees as of December 31, (and distribution of managers in brackets).

	Women	Men
2023	68 (14)	37 (10)
2022	60 (13)	39 (9)
2021	55 (13)	36 (8)
2020	60 (13)	32 (7)

107 total employees in 2023

65% Women

35% Men

Number of training hours:

2023	2022	2020–21
2,188	2,722	2,052

Highlights Nordic Affiliate 2023

96%

RESPONSE RATE

96%

“Taking everything into account, I would say this is a great place to work.”

90%

TRUST INDEX®

91%	Credibility	
86%	Respect	
88%	Fairness	
94%	Pride	
91%	Camaraderie	

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Impact Area 4. “Our added value: better health”

In the Nordic region, we work primarily with sales of prescription drugs in respiratory diseases (asthma and COPD), neonatal care and rare diseases. In addition, we conduct research on rare diseases in connection with Karolinska Institutet in Solna.

Improving the quality of life of those who use our medicines is our absolute priority. Though improved quality of life is difficult to quantify, we know that during the year, more than 200,000 people in the Nordic region were treated with our drugs (the vast majority are people living with asthma and COPD).

In 2023, we have expanded and deepened our work with “shared value”. Among other things, we have conducted eight projects together with patient organisations. For example, we have built a website together with the patient organisation for those suffering from Fabry disease (www.rethink-fabry.se) and we have been involved in developing an information campaign on the correct inhalation technique for those living with asthma in Norway. Through these projects, we learn more about patients’ needs while helping to draw attention to symptoms or behaviours that are important for people living with illnesses that we are experts in. In recent years, we have also started a more structured work to understand if, and if so how, people who are vulnerable and people in living vulnerable areas are diagnosed and treated differently for COPD than those who live in socio-economically more wealthy areas. The hope is that we will be able to contribute to more knowledge about the consequences of unequal access to health care, as well as to more concrete projects that can help people suffering from COPD. This also fits in well with an initiative that Chiesi is running globally, on

“Health Equity”, where the Nordic region is one of the selected regions. The project is part of our efforts towards more equitable access to medicines – with the goal that more people should have the opportunity to live in good health regardless of gender, origin, income and age (or other grounds of discrimination). Therefore, in 2023, we have, among other things:

- Initiated a study together with the Swedish National Airway Register, where we investigate whether there are any socio-economic factors that may explain differences regarding the prescription of COPD drugs in Sweden.
- Conducted a pilot project that examined whether there are any differences in access to care and to proper treatment among people living with COPD and living in areas with a high and low socioeconomic status (Nacka-Saltsjöboo vs. Husby). In this project, a nurse was hired to contact and follow people with COPD who were linked to each clinic. Since the proportion of patients who chose to participate differed between these areas, it is difficult to draw any clear conclusions regarding differences due to socioeconomic status. On the other hand, it was clear that a significant proportion of those who chose to participate received an updated (more accurate) treatment after participation. One of the success factors that the clinic stated with this project, was that this was a “structurally appealing” way to work. Working in a cross-functional team is something that the clinic says they will continue to do, to ensure that COPD patients receive the follow-up that the COPD guidelines state.
- Conducted two pilot projects, to investigate how the Corona pandemic has affected access to healthcare and proper treatment for people living with COPD. The initiative consists of a nurse contacting people living with COPD



who are linked to a particular health centre. These people are then examined for a number of parameters.

“... When the quality project is over, we will continue to work in line with the project and in this way the high quality of care for people living with COPD will be maintained in the future as well.”

Physician in charge at a clinic

The values given after the pandemic were then compared with each person's medical record data before the pandemic.

- Investigated how the care of older people with COPD living in nursing homes or living at home

with home care services in Flen, is carried out. The aim of this quality project was to investigate whether these people had the same access to care and treatment as other people living with COPD. From the quality project in Flen, the lesson learned was that it is mainly structural factors that affect the care of older people (in nursing homes/home care) living with COPD. Many different healthcare contacts/staff means that an adequate follow-up of these people is often very challenging.

- Developed educational materials, so-called “Obs-modules”, which are used in training at clinics to teach caregivers about e.g. new guidelines for the treatment of COPD. As a result, we expect more people living with COPD to receive more accurate treatment for their

disease. During the year, we have also begun work to broaden this educational material so that people who have symptoms but have not yet been diagnosed, or who live with or are relatives of people with COPD, can identify symptoms of COPD.

One of the issues we are working on now is how these lessons can be scaled up, not least among patient groups who live in vulnerability. One challenge is that the healthcare system lacks the time to follow the guidelines that exist regarding the care of people living with COPD. Furthermore, comorbidity in people with e.g. heart failure and type 2 diabetes means that the treatment of their COPD falls further down in priority.

KPIs

Number of asthma/ COPD patients treated with our drugs in Sweden:	2023	66,047
	2022	56,447
	2021	46,858
	2020	40,663

In 2023, we conducted 8 “shared value projects”^{**} and 4 “quality projects”. The quality projects have resulted in 114 patients receiving an updated treatment.

^{*)} The number of projects is not a good indicator of performance or impact. We are working on designing a new KPI.



Chiesi has a long history in the Nordic region, as one of our most important drugs was researched by two researchers at Karolinska Institutet as early as the 1980s. Life-threatening shortness of breath can affect premature babies because the lungs are not yet fully developed. By administering a drug that has been researched, a biofilm is created over the internal walls of the alveoli and allows the lungs to expand and the child to breathe.

Since the launch of the drug, 6 million children have been treated* worldwide, resulting in reduced infant mortality as well as a better life for many of those treated.

Today, research is conducted in a number of areas at our R&D centre on Campus Solna. We develop drugs to cure rare diseases, including genetic diseases caused by deficiencies of specific enzymes in the cell's lysosomes. A deficiency of a specific enzyme can cause an abnormal accumulation of substances in the cell, which can lead to progressive diseases in many of the body's organs and tissues.

^{*} Calculated based on the number of drugs sold. An average of 2 per treated child (according to market research by IQVIA 2020).

Impact Area 5. Our partnerships – how we work with our value chain and with industry peers

In 2022, we intensified our work on sustainability within our value chain, which we continued to do in 2023. Our starting point is that collaboration between companies on sustainability, makes our business more sustainable. That's why we try to avoid pushing responsibility away from us and onto others, but instead encourage suppliers and other partners to share experiences of their work with us and with others. We try to avoid partners who do not share values with us at all. This is the core of our "Code of Interdependence" that we want our key partners to endorse. By the end of 2022, nine suppliers have signed up to the Code, our eight key suppliers have undergone a sustainability screening and five of our suppliers have undergone a more comprehensive screening through the external Ecovadis certification. The work on our Code of Interdependence and our screening are our most important tools for "due diligence" in relation to working conditions, the environment, and human rights.

In 2023, we continued to drive the industry's sustainability work together with our industry organisation Lif. Through our CEO, Chiesi Pharma is a member of Lif's board of directors, where we have taken on a role as "sustainability champion". The clearest result is our participation in the development of Lif's Sustainability Manifesto, which was launched in the spring of 2022. In 2023, the manifesto was followed up and the results indicate that just under a third of Lif's more than 90 members are actively working to follow up on the commitments made in the manifesto. Chiesi is one of the companies that has given the manifesto a high priority. Over the past two years, we have been advocating for a need for a new form of company registration ("benefit corporation"), through discussions and presentations to authorities and others. We find it

problematic that the Swedish Companies Act does not encourage companies to see what imprint they leave behind – positively and negatively – for stakeholders other than their owners. Today, it is unclear whether a company can have more purposes than that of making a profit. Chiesi is therefore proposing that Sweden introduces "benefit corporation", i.e. a type of company form that Italy, France and many states in the United States have introduced. As a result, in 2022, we were involved in arranging a seminar on this theme in the Riksdag (the Parliament). Our commitment has continued in 2023, although no major seminars have been arranged. The issue has also not been the subject of any major interest in the public debate, and we have found it difficult to create or maintain the same high level of ambition as we did in 2022.

KPIs

Percentage of significant suppliers* with whom we have had a structured sustainability dialogue**:

2023	100% (11)***
2022	100% (18)
2021	approx. 70% (8 of 11)
2020	approx. 20%

* By significant suppliers, we mean those whose procurement value exceeds SEK 1,000,000/year. In some cases, we have also selected suppliers based on the business rather than the amount of the contract.

** Structured dialogue means that we have asked questions and received answers about several different dimensions of sustainability. In most cases, this also means that the company has confirmed that they in principle support our Code of Interdependence (CoI) and/or that they have agreed to be certified through EcoVadis (more information about the code can be found on our website. On our website there is also a video where we summarize the CoI and our expectations. It has been shared with the vast majority of our suppliers.) In 2023, we introduced a new, more comprehensive process for qualifying our suppliers.

***11 in 2023. The audits carried out during the year have been more extensive than in previous years.

Spotlight

One reason why we report our sustainability impact is that we want to share experiences with others, maybe even inspire. At the same time, we want to learn and develop ourselves. Here we share an example of a project we have been running for some time, where we want a lot but do not really move forward as quickly as we would like.

In last year's report, Hassan Makaraan, Project Manager and Supply Chain Specialist, talked about the "Down-stream towards zero" project. The project has continued in 2023.



Project group "Down-stream towards zero" (from left: Annelie Barkelund, Hassan Makaraan, Eleonor Borg)

Tell us Hassan, what is "Down-stream towards zero" about?

"The project is about how the gas in inhalers, which is used by patients suffering from asthma and COPD and who lack the ability to draw the drug down into the lungs on their own, can be recycled. The gas in the inhalers is a so-called F-gas, which is a potent greenhouse gas and thus contributes to global warming. Our work to minimize emissions from inhalers for asthma and COPD continues to make individualized treatment possible. If we can contribute to recycling, or destroying, the gas in available inhalers until there is a satisfactory alternative for patients that is also acceptable from a climate perspective."

Read more on page 15

Impact Area 6. The society in which we operate

While we always strive for business decisions to benefit both our company and our stakeholders – what we call “shared value” – we also believe that there is value in engaging with our local community even without the requirement for it to benefit us as a company.

For our owners, community engagement is about being part of the society in which we operate. For example we think it’s important that we donate money when we have the opportunity, and to set aside time for our employees to volunteer. In 2023, each employee had the opportunity to set aside 12 hours of working time for volunteer work of their choice. However, only a small part of this time has been used, which we see as an area for improvement for 2024. In addition, we have an annual We Act Day (usually 23 September, to commemorate the day when Agenda 2030 was adopted in 2015) to immerse ourselves in one or more sustainability issues and then actively do something together around the in-depth theme.

For a few years now, we have had an ambition to link donations and volunteer work to a somewhat greater extent to sustainability goals that are particularly important to us as a company (for example, SDG 3, which is about health, and SDG 13, which is about combating climate change). However, it is easier to build on the commitment that already exists among employees, and the transition also requires some thought. As a result, we have not yet been able to fully transform our volunteering and donations in line with our overall sustainability ambitions. In the second half of 2023, we therefore developed new guidelines for volunteering through a co-worker-led “sustainability pathway”. We hope that these guidelines will have an impact in 2024.

In 2023, our donations increased significantly. This was partly due to an increase in our turnover, but also, for example, that we “matched” employees’ donations to Ukraine. Receiving organisations include organisations such as the Red Cross, Save the Children, My Dream Now and the Stadsmissionen, as well as local projects as and research projects and initiatives in areas that are closer to our business.

KPIs

→ Volunteer Time:

2023	370 hours
2022	366 hours

→ Donatorer:

2023	SEK 5,764,715*
2022	SEK 2,478,255
2021	SEK 877,201

* However, this includes SEK 1.5 million to the Fly Green Fund, which is intended to reduce the footprint of our flights. It is mentioned here as we have not included the reduction in our scope 3 emissions.



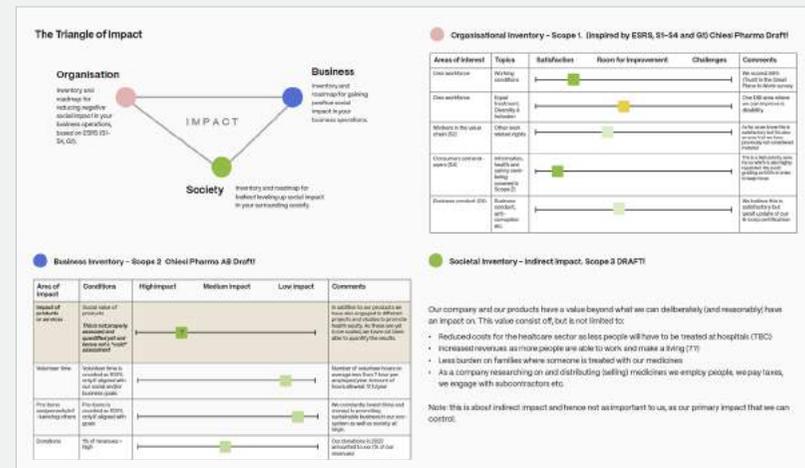
Spotlight

In 2023, we have participated in a project together with a few other companies to develop a model for how we can better manage towards, and report our social impact. The background, from our perspective, is that we have experienced that we can become even more structured in how we manage towards and how we follow up on our social impact. We also hope that this can be an instrument that more companies can use to get started with their sustainability work without it being too complicated.

Unlike some other reporting frameworks, the focus of this model is mainly on how we can strengthen our positive impact while being financially successful – our “shared value”! For our part, the tool has, among other things, helped us get a better overview of our potential for improvement in relation to some of the areas addressed in the EU Reporting Standards (ESRS), as well as which areas we can work on ourselves to increase our conscious impact. The example below is shown for inspiration.

Social sustainability: Triangle of Impact for Chiesi Pharma

Neither the data nor the assessments are complete. Those who want to know more about the model are welcome to contact us!



Risks

We work actively with risk assessments, including in our materiality analysis. The assessment we make is very similar to that made in connection with a double materiality analysis. We have assessed both external events or phenomena that we cannot easily influence (such as climate change, pandemics, changes in purchasing rules) and things that are actually in our hands (e.g. data security, corruption, irregularities, etc.). The risks we have identified are assessed on the basis of probability and consequence, and the combined value of these factors determines whether they are included in our risk register. Below, we have highlighted the risks that we think are most important from a sustainability perspective. Most of these risks have also been assessed based on the financial impact they may have on our business. The risks below are largely the same as those we identified in 2022. We have noted that a few have occurred but all in all we feel that risk prevention and mitigation measures have worked well.

In addition to our own risk analysis, our parent company conducts a comprehensive risk analysis in its annual sustainability report. It also describes how we as a group work with suppliers, which includes how we work with “due diligence” in areas such as human rights. In this report, we only describe the management of risks related to the suppliers for which we are directly responsible.

Risk area	Description of risk that may occur	Mitigating measures
Our climate impact is decreasing too slowly, or creating new challenges	<ul style="list-style-type: none"> The expansion of charging infrastructure is slow in some of our markets. With the transition to electric cars, challenges arise linked not least to the extraction of metals & minerals for the batteries. As an international company, it is difficult to drastically reduce our flying. Delays in the transition to more climate-smart pharmaceuticals/products are prolonged. 	<ul style="list-style-type: none"> Our users have the opportunity to freely choose the charging station and they receive a 50% subsidy for the installation of a charging box in the home. In addition, it is difficult to manage this risk. At present, we have not identified any measure to select cars with “less harmful” batteries. Find partnerships with other manufacturers to collect inhalers with residual gases.
Our medicines do not reach those who need them most	<ul style="list-style-type: none"> We know that certain diseases, such as COPD, are more common among socio-economically vulnerable groups and there is a risk that certain drugs are prescribed to a lesser extent in “vulnerable areas” and that adherence is poorer in these areas. 	<ul style="list-style-type: none"> Inform authorities and prescribers of the situation. Consider continued funding of research reports. Continue – and scale up – awareness campaigns.
Data security and GDPR	<ul style="list-style-type: none"> Data is handled incorrectly or without consent. 	<ul style="list-style-type: none"> Training and continuous improvement of processes and support, including data security.
Medicines cause unforeseen side effects	<ul style="list-style-type: none"> Patients are harmed. 	<ul style="list-style-type: none"> Continue to report according to established procedures and ensure that this remains a priority. Information is collected for the purpose of evaluating the risk.
Medicines (where there are no alternatives) run out or do not reach patients for other reasons	<ul style="list-style-type: none"> Patients are harmed. 	<ul style="list-style-type: none"> Review of stock levels, monitoring of upcoming deliveries and reporting of the risk of medicine shortages to the relevant authorities.

Cont'd from page 12**What are the results so far?**

"We started with a lot of energy. We started a project group that reported regularly to our CEO. Then we encountered a series of setbacks: the solution we had hoped for to recover and reuse the gas ran into problems. The supplier we had hoped to be able to work with withdrew from the project, which in turn may have to do with the fact that a lot of different permits and administration are required for this type of activity, even though it is a relatively small pilot project. Then we had a hard time moving forward with other partners. This is partly due to the fact that there are very few plants in the Nordic region that are able to even burn the gas at the required temperature, let alone recycle it. Perhaps another contributing factor is that there are relatively few inhalers involved, so the recycling companies have not been lining up to help us find a solution ..."

So, no progress then?

"Yes! Now we have found a partner for both transport and incineration! Although the pilot project for the collection of used inhalators where there are still gas residues has not yet started, we have managed to transport old expired medicines for destruction in the special incinerator required for the gas to be destroyed. As a result, we estimate that we have avoided emissions equivalent to approximately 16,000 kg of carbon dioxide equivalents, which is equivalent to almost 100,000 km of driving with a petrol car. Now it will be exciting to see if we can get a pilot initiative started where we might also be able to get others in the industry on board!"

Well done – and what an exciting cliff-hanger for 2024!

Risk area	Description of risk that may occur	Mitigating measures
Communication and/or the image of our sustainability work is misperceived	<ul style="list-style-type: none"> Stakeholders, not least employees, are disappointed or do not see the direction. The demands on us are high due to our B-corp certification. 	<ul style="list-style-type: none"> Clear external and internal communication, based on transparency around commitments and results. Employees knowledgeable about our sustainability work.
Business ethics and anti-corruption	<ul style="list-style-type: none"> Employees do not comply with our regulations. 	<ul style="list-style-type: none"> Continued information about our regulations, exercises and role-plays to create engagement among employees.
Human resources	<ul style="list-style-type: none"> We find it difficult to recruit or retain staff. Well-being of staff decreases 	<ul style="list-style-type: none"> We continue to build on what employees today appreciate about our work culture. A major project on transformational culture and self-leadership has been initiated. We continue to promote ourselves as a sustainable company – our experience is that it attracts the staff we want and that it makes employees thrive.
Suppliers	<ul style="list-style-type: none"> Suppliers choose not to work with us because of our expectations and requirements regarding their sustainability. We don't reach all our suppliers with the right message/ they choose not to answer truthfully. 	<ul style="list-style-type: none"> Only in exceptional cases and for short periods of time are we prepared to work with companies that do not share our ambitions for sustainability. Terminating collaborations may incur costs, but if so, we accept that.

Conclusion and notes:

In this report, we have tried to account for our sustainability impact in the most accurate way possible, with a particular focus on factors that we can influence and, to some extent, factors that affect us. In this way, we meet the requirements set out in the Annual Accounts Act, but the purpose is, as previously mentioned, to be as transparent as possible in the sense of learning and sharing experiences. As a group, Chiesi

annually compiles a comprehensive sustainability report in which our metrics and some of our experiences are also highlighted. The Group-wide reporting is prepared in accordance with the GRI. In addition it takes into account how performance in relation to the SDG Action Manager and how Chiesi relates to relevant EU legislation, including NFRD and the upcoming reporting framework CSRD.

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Certified



This company meets the
highest standards of social
and environmental impact

Corporation