



Sustainability Report 2022

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Letter from the President

We know that **sustainability is an issue of absolute importance** that we can no longer ignore if we want to guarantee a concrete tomorrow for future generations.

We have also understood that **this dimension** is complex and grafted into every aspect of our daily lives; it **concerns individuals and communities, institutions, and businesses** and asks us to rethink our way of being in the world.

Being sustainable is a lifestyle.

If it is true that no revolution can be accomplished alone, it is equally true that **all revolutions begin with small things.**

For this reason, we can **adopt virtuous behaviours** and contribute every day: simple daily gestures, even the most obvious ones, can become opportunities to make a difference.

But is it possible for a company to be sustainable?

Being a community of people, **even companies become fully sustainable** only when they manage to incorporate this concept into **their way of being a business**, not only in the form of *doing* business.

It means that reducing emissions or creating environmentally friendly products is very useful. Still, more is needed for the purpose: it is necessary that industrial, financial and behavioural **strategic choices** are made and that they are pursued consistently.

It is, therefore, necessary to **rethink the production system and the forms of collaboration in the territory**, exploring new horizons to create synergies capable of finding **solutions for energy efficiency and rationalization of the supply chain.**

There is a need for companies that know how to **create a culture of sustainability**, basing it on a well-defined value asset, acting with virtuous, replicable and transmissible behaviour, cooperating with the respect necessary to generate that **value** that exceeds the value of the business, and **that allows us to make a difference** leaving a tangible imprint, today and in our future, For our children and us.

Germano Scarpa

Biofarma Group **President**

Letter from the CEO

Learning how to juggle the profound and unpredictable social, economic, and cultural transformations of recent years, **sustainability has emerged as the only significant and indispensable fixed point.**

Even in our corporate evolution, we considered it of **fundamental importance** to orient our **growth** project in an increasingly ethical way, **integrating sustainability into our mission and vision** to face the global market with a new mindset.

For a company dedicated to innovation like Biofarma Group, this is a cultural change due, as well as desired, considering the deep link between technologies and environmental protection.

Just think of **the central role that artificial intelligence (AI) assumes in organizations,** accompanying them towards developing

new flows and production models through processing enormous amounts of data.

Please think of how much it can **influence the definition of a sustainability strategy,** which allows the company to reduce time, costs, and waste without losing sight of the quality of the products.

But in the development of our reality, **another strategic axis is represented by the people** who act on the changes, take up the challenges and transform them into success for the company.

This is why **we have inextricably linked the concept of sustainability to all our collaborators,** making them ambassadors and flywheels of a shared and responsible culture that permeates every function and passes through the knowledge of crucial issues for the future of humanity.

Gianfranco Nazzi

Biofarma Group **CEO**



Biofarma 2022: figures that continue to grow

288 mln €

in sales (268 mln € considering the scope of the Sustainability report)



1,071

employees (959 considering the scope of the Sustainability report)



500+

clients



6 manufacturing

sites (5 considering the scope of the Sustainability report)



2000+

products



5 R&D

laboratories (190 patents)



107,000 m²

dedicated to manufacturing and logistics

185 lines

of production and packaging



METHODOLOGICAL NOTE

Biofarma publishes its **2022 Sustainability Report**, which marks the **second consecutive year of reporting**, demonstrating the Group's continuous commitment to constant updating and development.

The document is made **more usable** through stylistic and graphic expedients, such as the explicit indication of the GRI indicator at the top of each paragraph title and the presence of hyperlinks to improve the navigability of the report.

The 2022 Sustainability Report was **drawn up under international references**, considering changes and regulatory updates. The primary **reporting standards** have focused on **defining guidelines for constructing increasingly precise monitoring plans** and demonstrating truthful commitments.

The Group's report confirms the **progress of the strategic positioning process** started in 2021, which saw the Group actively contribute to the SDGs, prioritizing them, integrating them into the business model, and finally reporting on their contribution.

For the drafting, to ensure the adequate **reliability of the information** reported and to allow a correct representation of the performance, we tried to limit the use of estimates as much as possible and, where possible, to acquire **complete data**, a **comparison** was made **with the two previous years**.

The European Commission has published its proposal for the CSRD (Corporate Sustainability Reporting Directive) following the revision of the Non-Financial Reporting Directive (NFRD) in April 2021.

Although the Biofarma Group is not obliged to provide CSRD-compliant reporting, the 2022 sustainability report reflects the latest changes in terms of reporting and compliance, which enter into force in 2023.

To ensure a complete and consistent presentation of the impacts of the Group's activities and managerial approach to them, **reference** was made **to the GRI Standards in their version updated to 2021**.

The new approach to impact assessment confirms the detail of **ESG performance**, particularly on the **material issues that emerged from the 2021 materiality analysis** and explains the related management approach.

PERIMETER AND PROCESS

The **2022 Sustainability Report** was **approved** by the Board of Directors on 26/07/2023. The financial year ended 31 December 2022 represents the reporting period of the Sustainability Report (annual periodicity).

The **reporting scope coincides with the consolidated financial statements of the Group** (data as of 31 December 2022), except for the subsidiaries Nutraskills s.r.l. Because they were acquired in the second half of 2022 and as exclusions, they do not affect the entire understanding of the Group's activities, its performance, its results, and related impacts.

The reference of the data only to the Italian perimeter allows for this reporting year's comparison with the previous year's financial statements and an expository consistency of the initiatives and activities in progress.

The **growth and assimilation** of the new sizing will allow the **development of an updated document** in all its parts for the coming years.

The perimeter, on 31/12/22, referred to the Biofarma Group and subject to financial statements is therefore as follows:

- **Biofarma Srl** VAT 02895910301;
- **Nutrilinea Srl** VAT 02607440126;
- **Apharm Srl** VAT 02009840030;
- **ISH Srl** VAT 12144670960.

The detail of some specific information, net of the availability of data, will be given in an aggregate and particular way for each entity considered for the formulation of those mentioned above.

NORMATIVE REFERENCES

MATERIALITY

The paragraph "Materiality" considers the following regulatory references and sinks its analysis in the following documents:

- The **"GBS Standard 2013 - Principles for the preparation of the Social Report"**, prepared by the Study Group for the Social Report (GBS), for the part concerning the reclassification of production and distribution of added value.
- The **"AccountAbility 1000 - Stakeholder Engagement Standard"**, a process standard for stakeholder involvement.

ANALYSES

The robustness of the analyses examined is attributable to the references taken into consideration for drafting the document:

- **Linking the SDGs and the GRI Standards** - in the new version amended in March 2020 that relates the contents of the GRI Content Index with the SDGs.
- **Its proposal for a Corporate Sustainability Reporting Directive (CSRD) was published by the European Commission (EC)**, following the revision process of the Non-Financial Reporting Directive (NFRD) adopted in November 2022 on publication in the Official Journal of the European Union.
- **The final version of the proposal for European Sustainability Reporting Standards (ESRS)** was published in November by the European Financial Reporting Advisory Group (EFRAG), as required by the CSRD.
- The Council of the EU **proposed a Corporate Sustainability Due Diligence Directive (CSDDD)** in December 2022.
- **Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures 2021** - the document that updates and details the Recommendations of the Task Force on Climate related Financial Disclosures of June 2017.
- **SASB's 77 Industry Standards** - which identifies topics of interest based on SASB Standards Application Guidance.

CONNECTING TABLES

At the end of the Financial Statements, you can find the following connecting tables.

- the **GRI Content Index**.
- the table **connecting the SDGs and the GRI Standards**.



CHAPTER 1

Sustainability: from a theoretical to a practical approach



12 objectives
pursued



40 planned
initiatives

1.1 The Strategic Sustainability Plan

1.2 Stakeholder engagement

1.3 The materiality matrix

1.4 International approach to sustainability



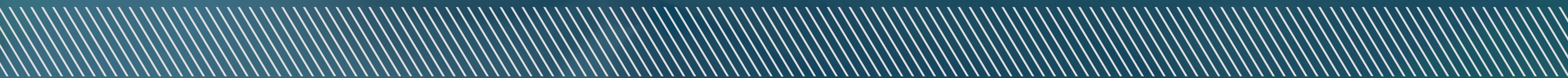
5 strategic
pillars



7 strategic
areas



14 material
themes





5

strategic pillars



7

strategic areas



12

objectives pursued



40

planned initiatives



The Strategic Sustainability Plan

To achieve shared sustainability goals, every company must evaluate its activities' positive and negative externalities.

Biofarma is committed to integrating ESG issues into its industrial strategy and actions to contribute to achieving the SDGs and share the demands of the legislation.

Since its foundation, the Group has oriented its design towards a development model that combines economic objectives with attention to social and environmental aspects.

In the last year, Biofarma has formalized a structured path to define and develop sustainability policies and initiatives within the Group.

The strategic approach to sustainability has become a fundamental element of the corporate strategy, as demonstrated by the definition of the 2023-2025 Strategic Sustainability Plan, based on five pillars.

THE STRATEGIC SUSTAINABILITY PLAN

The Group has formally defined its strategic vision through the 2023-2025 Sustainability Plan, which is based on five pillars and includes projects, objectives, targets and deadlines.



The commitment to sustainable development, which implies respect for the planet and the people who inhabit it, **involves not only the top management of the Company but also the entire corporate population, customers, the supply chain and all other stakeholders.**

The Group's industrial strategy is perfectly aligned with key ESG objectives and opportunities, such as the energy transition and digital transformation.

The Strategic Plan represents Biofarma's strategic vision in ESG matters and responds concretely to what is indicated by the UN 2030 Agenda with the definition of the Sustainable

Development Goals, or SDGs. Its formalization serves as a roadmap for identifying temporal coordination milestones between the core business and the SDGs, which are the cornerstones of sustainable development.

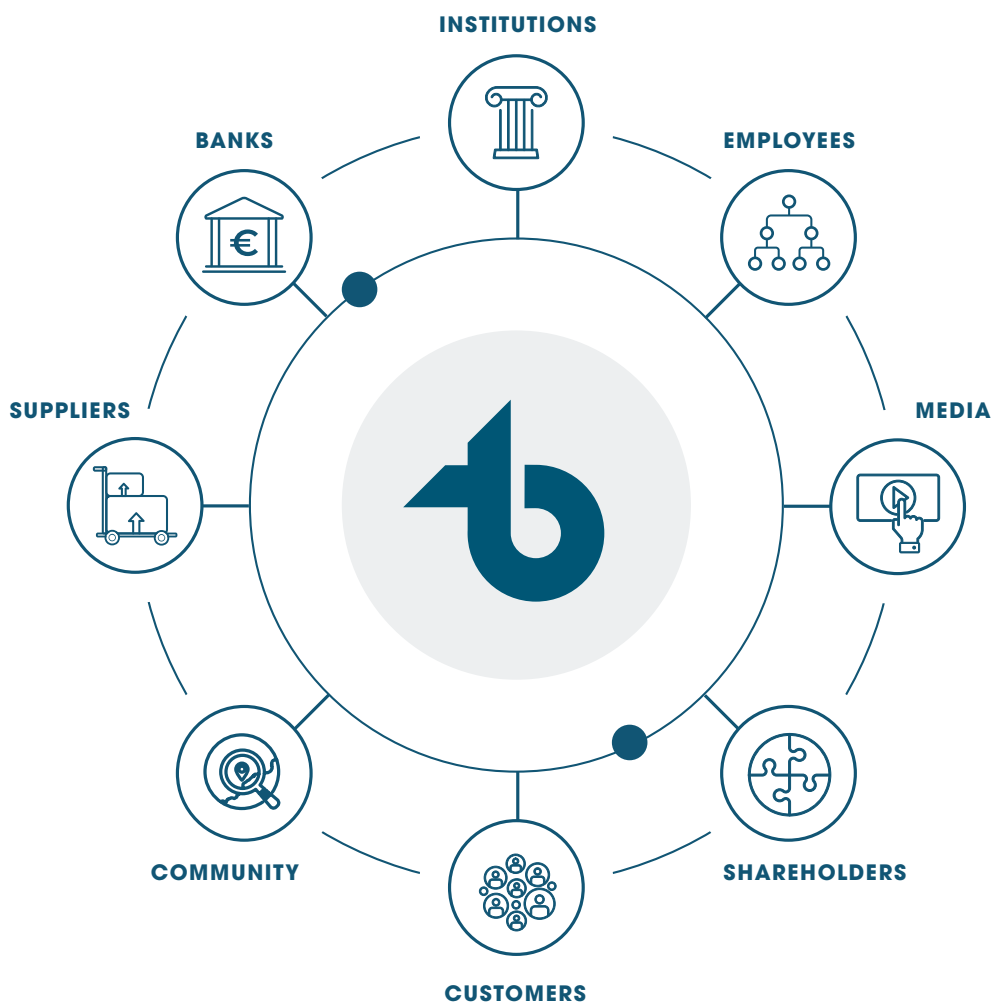
The Strategic Plan, communicating the main objectives of the Company, which in turn are expressed in ESG initiatives, represents a tool aimed at facilitating the functions of control, analysis of deviations and, above all, improvement and adaptability to the changing economic, social, regulatory, and environmental conditions that distinguish all markets.

Stakeholder engagement

It is essential to involve the stakeholders with whom Biofarma interacts in evaluating ESG performance to obtain a complete and coherent overview of the company’s situation in a recurring and functional way.

Such as the realities that recognize the value of its presence on the territory in promoting “best practices”.

The human and economic context in which the company operates constitutes its stakeholders who participate in co-creating shared value.



The stakeholder engagement process gives substance to this intention and allows the process of defining the issues of interest to confirm the path outlined with Materiality.

STAKEHOLDERS	EXPLANATION	ENGAGEMENT
Internal workers	Those who work for or on behalf of Biofarma, including their representatives (e.g., trade unions)	Analysis of internal climate; periodic illustration of the results;
External workers	Who collaborate with Biofarma but are not directly employed (e.g., freelancers).	training moments; newsletter; onboarding programs for new hires;
Suppliers – others	Who supply Biofarma with raw materials, materials, services, and technologies.	training meetings.
Customers	Users of Biofarma products/services, including consumer associations.	Dedicated customer service.
Investors	Who own or will hold ownership shares within Biofarma.	Periodic financial reports; institutional website; dedicated ESG analysis.
Local societies and communities	The social context of the territories in which Biofarma is located and which can directly or indirectly influence its activities.	Meetings and cultural initiatives; meetings with representatives of associations, organizations, the local community; and social networks.
Institutions	The complex of institutions that can directly or indirectly influence the activities of Biofarma (e.g., Region, Province, Municipality where Biofarma is located or interacts, University.	Ad hoc meetings.
Financial institutions	Banks and credit institutions that can contribute to the financing of Biofarma's activities.	Periodic financial reports; institutional website.
Associations and NGOs	Associations and private organizations, non-profit, which can act in areas that directly or indirectly influence the actions of Biofarma (e.g., environmental associations, associations that deal with human nutrition, animal welfare associations, sector associations).	Meetings and cultural initiatives; involvement through projects.
Media and press	International, national and local media (e.g., television, press, radio and web) that can directly or indirectly influence the activities of Biofarma.	Institutional website, social networks.

The materiality matrix

2022 represented a year of consolidation and updating for the Group, which continued to expand thanks to new projects and greater integration of the services offered.

All this has been possible thanks to the solid foundations in previous years, which have allowed constant and significant growth. In addition, Biofarma has expanded its structure by expanding the acquisition range, all supported by strengthening the corporate governance core.

These consistent developments reflect the Group's desire to participate in environmental and social sustainability issues.

The Group has decided to actively involve its strategic stakeholders in sustainability reporting, aligning with investors' growing interest in ESG issues.

This involvement results from an analysis and investigation process launched last year and is based on the voluntary approach of the GRI Standard "with reference".

The Group has decided to interact increasingly with its stakeholders to **constantly improve its environmental, social and governance impact** and increase the completeness of reporting.

Biofarma has adopted the new GRI 2021 reporting standards to ensure continuity with the previous financial statements and consistency in the information provided.

This update considers the new challenges imposed by the Corporate Sustainability Reporting Directive that will involve more and more companies in Italy and Europe starting in 2024. For this reason, the Group Materiality process has been further validated to ensure **full compliance** with the "double materiality" principle invoked by the **GRI** and the **CSRD**.

Identifying impacts as potential causes of ESG risks gives **added value to the assessment** that prioritizes the most relevant based on the variables considered.



ECONOMY & GOVERNANCE

Themes: protection of customer privacy, socio-economic compliance, risk management in a fiscal manner, economic performance, ethics and integrity in business




ENVIRONMENTAL RESPONSIBILITY

Themes: effective and efficient energy management, responsible use of water resources, raw materials, environmental compliance



SOCIAL RESPONSIBILITY

Themes: human capital and employee well-being, training and staff development, protection of customer health and safety, protection of health and safety at work, management of industrial relations

POSITIVE IMPACT	THEME	NEGATIVE IMPACT
Biofarma implements policies and procedures to protect customers' data, respecting privacy regulations and providing transparency in data management.	 PROTECTION OF CUSTOMER PRIVACY	In the event of breaches of customer privacy, for example, through inadequate handling of personal data or a lack of IT security, there would be a negative impact on customer trust and the image of the company.
Biofarma adheres to social responsibility standards and practices, contributing to the economic development of local communities, supporting employment and promoting diversity and inclusion.	 SOCIO-ECONOMIC COMPLIANCE	The company may neglect socio-economic responsibilities, for example, by not respecting labour laws or not considering the impact of its activities on local communities, leading to negative consequences for social and economic interests.
Biofarma adopts responsible tax management, respecting tax regulations and adopting ethical practices that avoid tax evasion.	 RISK MANAGEMENT IN A FISCAL MANNER	In the event of tax evasion or inadequate tax avoidance practices, the company could harm the tax system, reducing the resources available for public services and creating inequalities.
Biofarma pursues a solid financial performance, generating sustainable profits that allow investments for innovation and the company's future growth.	 ECONOMIC PERFORMANCE	In the event of weak economic performance or questionable financial practices, the company's stability and ability to contribute sustainably to the economy may have a negative impact.
Biofarma adopts an ethical and integrated approach in its business operations, avoiding unfair practices, corruption and conflicts of interest.	 ETHICS AND INTEGRITY IN BUSINESS	Lack of ethics and integrity could lead to misconduct, damaging the company's reputation and undermining the trust of customers and stakeholders.

POSITIVE IMPACT	THEME	NEGATIVE IMPACT
Biofarma adopts measures to reduce energy consumption, improving the efficiency of production processes and investing in renewable energy sources, thus contributing to the reduction of environmental impact related to energy consumption.	 EFFECTIVE AND EFFICIENT ENERGY MANAGEMENT	Lack of adequate energy management could lead to excessive energy consumption and increased greenhouse gas emissions, negatively affecting energy resources and the environment.
Biofarma implements water-saving practices, adopting efficient technologies and reducing waste in the use of water resources, thus contributing to the conservation of water resources and the protection of water ecosystems.	 RESPONSIBLE USE OF WATER RESOURCES	Irresponsible use of water resources, for example, through water pollution or overuse, could cause depletion of water resources and damage aquatic ecosystems.
Biofarma adopts policies for the responsible sourcing of raw materials, preferring sustainable sources, recycled or from suppliers that comply with environmental and social standards, thus reducing the negative impact on the environment and promoting ethical practices.	 RAW MATERIALS	Using unsustainable raw materials obtained from non-certified sources or practices harmful to the environment could contribute to deforestation, species extinction and aggravation of environmental problems
Biofarma complies with environmental laws and regulations, adopting measures to minimize the environmental impact of its activities, such as proper waste management, emissions monitoring and adequate protection of the surrounding environment.	 ENVIRONMENTAL COMPLIANCE	Lack of environmental compliance could lead to violations of environmental regulations, resulting in negative impacts on human health, biodiversity and ecosystems.

POSITIVE IMPACT	THEME	NEGATIVE IMPACT
Biofarma promotes a healthy and safe work environment, offering good wages, benefits, and professional development opportunities to employees, improving their well-being and creating a positive work atmosphere	 HUMAN CAPITAL AND EMPLOYEE WELL-BEING	Lack of attention to human capital could lead to precarious working conditions and a poor working environment.
Biofarma invests in its employees' continuous training and professional development, offering opportunities for learning and growth. This can lead to a more competent and motivated workforce, improving productivity and quality of work.	 TRAINING AND STAFF DEVELOPMENT	Lack of investment in staff training and development can limit employees' growth opportunities and reduce their motivation, leading to reduced job quality and talent drain.
Biofarma implements rigorous quality and safety controls to ensure that pharmaceutical and cosmetic products are safe and effective for customers. In addition, it could provide clear and accurate information on the correct use of products, promoting the health and well-being of customers.	 PROTECTION OF CUSTOMER HEALTH AND SAFETY	In the event of defective products, incorrect information or product safety issues, the company could put customers' health at risk, compromising public trust in the company.
Biofarma adopts measures to ensure a safe and healthy working environment for employees, implementing accident and occupational disease prevention practices. It could provide appropriate occupational safety training and promote a culture of safety.	 PROTECTION OF HEALTH AND SAFETY AT WORK	Lack of attention to occupational health and safety could lead to accidents, injuries or occupational diseases among employees, compromising their health and well-being and creating a hostile work environment.
Biofarma promotes positive and constructive relationships with its employees and workers' representatives, adopting practices of social dialogue, participation and involvement of employees in decisions that affect them.	 MANAGEMENT OF INDUSTRIAL RELATIONS	The lack of effective management of industrial relations could lead to conflicts, tensions and lack of trust between the company and its employees or union representatives, compromising stability and harmony in the workplace.

PRIORITIZATION OF MATERIAL THEMES

The Group has launched an assessment to **identify the most relevant issues** for its internal and external stakeholders.

The evaluation was based on an established materiality threshold that considered the relevance values for stakeholders, the indications of the GRI 2021, and an updated benchmarking on national and international peers.



Fourteen issues representative of ESG areas were identified, consistent with the impact of the Group's business lines. A connecting table has been created to highlight the consistency between the material issues and the international regulatory and reporting references to give greater importance to these issues.

SDGS	SASB	ESG CERT.	EFRAG	GRI
• ETHICS AND BUSINESS INTEGRITY				
Goal 16: Peace, justice and strong institutions	Business Ethics	Code of Conduct	ESRS G1 Business Conduct	205 Anti-corruption
• TAX RISK MANAGEMENT				
Goal 8: Decent work and economic growth	Business Model Resilience	Monitoring and review	ESRS G1 Business Conduct	207 Tax
• ECONOMIC PERFORMANCE				
Goal 8: Decent work and economic growth	Business Model Resilience	Environmental, social and governance policy	ESRS S3 Communities concerned	201 Economic performance
• RAW MATERIALS				
Goal 12: Responsible consumption and production	Waste & Hazardous Materials Management	Pollution and waste	ESRS E5 Resources and circular economy	306 Water discharges and waste
• ENERGY				
Goal 7: Affordable and clean energy	Energy Management	Energy consumption	ESRS E5 Resources and circular economy	302 Energy
• WATER AND WATER DISCHARGES				
Goal 6: Clean water and sanitation	Water & Wastewater Management	ESG Management	ESRS E3 Water and marine resources	303 Water and effluent
• ENVIRONMENTAL COMPLIANCE				
Goal 9: Business, Innovation, and Infrastructure	Management of the Legal & Regulatory Environment	Dissemination and transparency	ESRS E2 Pollution	417 Marketing and labelling

SDGS	SASB	ESG CERT.	EFRAG	GRI
• HUMAN RESOURCES MANAGEMENT POLICIES				
Goal 10: Reduce inequalities	Labor Practices	Labour Rights	ESRS S1 Own workforce	401 Employment
• INDUSTRIAL RELATIONS MANAGEMENT				
Goal 12: Responsible consumption and production	Selling Practices & Product Labeling	Organisational skills and competences	ESRS G1 Business conduct	202 Market presence
• PROTECTION OF SAFETY AND HEALTH AT WORK				
Goal 3: Good health and well-being for people	Labor Practices	Legal compliance	ESRS S1 Own workforce	403 Occupational health and safety
• STAFF TRAINING AND EDUCATION				
Goal 4: Equal and quality education	Employee Engagement, Diversity & Inclusion	Productivity, skills and development of workers	ESRS S2 Value chain workers	404 Training and education
• PROTECTION OF CUSTOMER HEALTH AND SAFETY				
Goal 16: Peace, justice and strong institutions	Product Quality & Safety Product Quality & Safety	Safety and quality of the product/ service	ESRS S4 Customers and end users	410 Security Practices
• PROTECTION OF CUSTOMER PRIVACY				
Goal 16: Peace, justice and strong institutions	Customer Privacy	Security and quality of the product/ service	ESRS S4 Customers and end users	418 Customer privacy
• SOCIO-ECONOMIC COMPLIANCE				
Goal 16: Peace, justice and strong institutions	Systemic Risk Management	Legal compliance	ESRS G1 Business conduct	201 Economic performance

International approach to sustainability

The **pharmaceutical and cosmetics sector** has steadily developed an **interest in environmental and social sustainability** as an integral part of its business strategies.

According to ResearchAndMarkets' "Sustainability in the Global Pharmaceutical Industry 2022" report, **the global pharmaceutical sustainability market is expected to reach \$14.81 billion by 2028**, with a compound annual growth rate of 14.7%.

Although it is not directly considered one of the sectors that have the most significant impact on the dynamics of global change, **the pharmaceutical sector is responsible for 4.4% of global emissions.**

If no action is taken, its carbon dioxide emissions are expected to triple by 2050.

In 2021, for every million dollars of revenue, **the pharmaceutical industry produced 48.55 tons of CO₂ equivalent, 55% more than the 31.4 tons of the automotive industry**, for a figure normalized to the million dollars of revenue generated in the same year. Also, in 2021, the CDP (Carbon Disclosure Project) assessed the greenhouse gas emissions management of 13 major pharmaceutical companies, including Pfizer, Novartis, Roche, and Sanofi. All companies have obtained an **"A" or "B" rating for managing greenhouse gas emissions.**

These numbers demonstrate **the commitment of pharmaceutical and cosmetics companies to promoting sustainability** and the progress they are making to reduce the environmental and social impact of their operations.

Starting from these premises and the renewed awareness of the strategic nature of the supply chain induced by the Covid-19 crisis, the EU institutions are discussing a medium-term strategy, also in the context of Next Generation EU, aimed at promoting the autonomy of the continental supply chain in a logic of sustainability and technological innovation.

48.55 t CO₂eq

produced by the pharmaceutical industry (2021) for every million dollars of revenue

13 pharmaceutical

companies with an "A" or "B" rating for managing greenhouse gas emissions (CDP 2021)

The positive dynamics reported here are reflected in a significant degree of economic and financial solidity, by a credit rating that did not worsen in the crisis phase and by an exposure to the risk of bankruptcy even lower than that expected in a scenario in the absence of the health crisis that occurred in recent years.



THE APPROACH TO SUSTAINABILITY WITH ARDIAN

With a revenue volume of 1,200 billion dollars and an added value of around 500 billion, **the pharmaceutical sector is one of the most solid and dynamic industrial sectors worldwide**. Italy boasts a leading position at the European level with over 32 billion euros of production value and an **added value equal to 0.6% of the national GDP**.

In this context, referring to a fund such as Ardian is an added value for Biofarma, and a demonstration of the active role demonstrated in achieving climate neutrality. **Ardian** adopts a **responsible investment (ESG) strategy**, evaluating its companies based on environmental, social and governance performance.

Based on 2022 data, the fund has provided support and advice on sustainability, allowing collaboration with industry experts, as well as providing access to networks and knowledge useful for developing its sustainability strategies.

The process participated in a well-structured climate analysis with a high capillarity of the information requested, testifies to the transparency with which the Group has embarked on its sustainability path and develops complete and standardized reporting tools.

A global approach contributes to the dissemination of best practices and innovation in sustainability, promotes the sharing of knowledge and skills between companies and encourages collaboration and the sharing of ideas.

This can lead to the **diffusion of sustainable innovations and the creation of a virtuous circle in which all companies are constantly committed to improving their environmental, social and governance performance**, as the Group undertakes to do through its Strategic Plan.



CHAPTER 2

The Group: sharing growth and objectives



60,000 m²

of plant area



3,000,000 €

of Share Capital

- 2.1** The history of Biofarma
- 2.2** Reference markets
- 2.3** The economic value generated and distributed to stakeholders

288 mln €

turnover (268 mln € considering the scope of the financial statements)

271 mln €

in distributed value

280 mln €

of economic value generated
(+32% compared to 2020)

97%

of the value generated is
distributed among stakeholders

The history of Biofarma

Biofarma Group is a CDMO specialized in developing, producing and packaging food supplements, medical devices, probiotic-based drugs and cosmetics exclusively for third parties.

GROUP GROWTH IN 2022

- Ardian Buyout Fund, a private French equity group, acquires the majority stake in the Group from White Bridge Investments.
- Successfully completed the offer of €345 million of aggregated nominal import of Senior Secured Floating Rate Notes maturing in 2029.
- Acquired the newco Tauri SpA, which was subsequently merged into Biofarma Srl
- Biofarma France was established with the acquisition of 100% of the shares of Nutraskilss, a French company specialized in research and development, production and packaging of food supplements.
- Structured Financial Statements under IAS/IFRS international accounting standards issued by the IASB (International Accounting Standards Board)



1987	Birth of Biofarma
1991	Development of nutraceuticals
2010	Obtaining AIFA certification for the pharmaceutical workshop
2013	Construction of Farma tower for production based on lactic acid bacteria
2018	Expansion and renovation of production sites
2019	Creation of the new logistics hub in Mereto
2020	Birth of Biofarma Group (Apharm, Biofarma, Claire, Nutrilinea and Pharcoterm)
2021	Entry of IHS (International Health Science) into the Group
2022	Ardian, French private equity group, acquires the Group's majority share from White Bridge Investments



BIOFARMA GROUP: AN EXPLOSIVE START

If we were to use an adjective to define the birth of Biofarma, this would be the most appropriate.

In the warehouses of a chemical company immersed in the countryside of a small village in rural Friuli, the leftovers of nitrocellulose-based processes used to produce explosives were stored. From a transformation project to reuse production scraps began **the production adventure of Germano Scarpa and Gabriella Tavasani.**

It was way back in **1987.**

At the time, they were in their early twenties and had just begun to explore the world of work: she was a promising science teacher, and he was an enterprising medical and scientific representative employed by a pharmaceutical company that still represents an essential reference in the world market.

One day, like many others, Germano Scarpa chose from a shortlist of over sixty destinations throughout the region where he could go to carry out his work. He chose **Mereto di Tomba.** It was also a beautiful morning; the cold November sun illuminated the surrounding countryside, and that day still recalls the suggestion of the landscape and the image of a mill nearby.

A sign of destiny? Only time has been able to answer the reasons for the choice he had made that morning, designing the future of his family and the history of his company.

The project of reusing processing scraps soon gave way to one closer to his scientific knowledge and skills.

He wanted to start making creams. He and his wife soon began to fill that warehouse with their ideas.

Among the many things they found deposited was a small, old turbo emulsifier: a good carpenter did the impossible by refurbishing it.

The productive adventure began.

Driven by significant convictions and clear values, investing in a far-sighted way, and looking to the future with courage and spirit of collaboration, step by step, their hands and their ideas were added to those of many other people who believed in their project and contributed to making it happen.

The warehouse and the old turbo emulsifier in the countryside of Mereto soon gave way to a reality that was growing in great leaps, quickly becoming a reference point on the international market.

Biofarma's story teaches how *doing* and *being* a business is one.

It teaches that it is necessary to plant in the ground principles and human values essential to cement the company's foundations, even before grafting the production plants.

It means knowing how to live in the light of constant and growing planning, having a mission, and having dreams to share. It means knowing how to identify your goal and pursue it constantly.



+32% of economic value generated compared to 2020

Today, 35 years after that “explosive” start, Biofarma continues to have solid roots and a clear vision of the future: to grow, continuing to create something extraordinary, unique, and innovative for people’s health and well-being.



OUR STORY IN STAGES

Biofarma has always stood out for its strong drive for innovation and great attention to investments. These aspects have studded its growth path with meaningful goals, from obtaining certifications to expanding production spaces.

When, in 1991, Biofarma opened its doors to the world of nutraceuticals from a minor cosmetic production company, it became a reference point for the market of food supplements in solid and liquid forms and, subsequently, expanded its production capacity with the addition of medical devices to its portfolio.

2010 was marked by obtaining AIFA certification for the pharmaceutical workshop and, later, for the QC laboratory to produce drugs with probiotics. The Torre Farma, built in 2013, is the first European plant dedicated to making products based on lactic acid bacteria.

Starting in 2018, the great project of expansion and revolution of the production sites came to life, reflecting a company policy of innovation, excellence and - above all - environmental sustainability.

The **office tower** was born. It marries the principles of green building and circular economy in a multifunctional structure that houses an auditorium and large spaces dedicated to organizing meetings, conferences, and the reception of customers. The lightness of the fir wood used for the construction and the reduced number of metal elements express in this structure the synergy

between architecture, engineering and innovation and make it a symbol of the desire to build ethically, with the utmost respect for man and the environment.

The realization of **Biofarma 2** has allowed the company to design a new organization of spaces and work areas and to continue to grow in equipment, machinery, and qualified personnel. The cosmetics and cosmetic bags packaging department, previously located in Biofarma 1, has been transferred to the new production facility in Biofarma 2 and occupies an area of 3,800 square meters.

This has also made it possible to expand the packaging and production departments for supplements and cosmetics production in Biofarma 1, uniformly enhancing the company's production capacity to accommodate the increase in market and customer demands.

To continue offering an increasingly secure service of traceability and availability of products and ensure prompt delivery, the new **Logistics Hub** was born on July 1, 2019. It comprises logistics and shipping areas with high computerization and automation. The new headquarters can accommodate up to 20,205 pallets and is characterized by photovoltaic panels, which in a year allow the company to produce energy equal to 8% of that consumed.

Furthermore, both for the office tower and for Biofarma2, the Elysium system coating was used, which, thanks to the paint based on vegetable oils, can reduce the environmental impact significantly.



It is in 2020 that the giant leap takes place.

The dream of the Scarpa family to create a timeless company, able to look to the future and to go beyond the founding generations and those present, meets the strength of a group of people who share its values and intentions and develop a tremendous industrial development project.

The dream became a reality on February 12, 2020, and Biofarma Group was born.

Apharm, Biofarma, Claire, Nutrilinea and Pharcoterm formalize an **integration process** to give life to a **production reality capable of becoming, in a short time, the reference point in the Health and Beauty Care sector for third parties in the national and international market.**

Like all important projects, this one is born from the meeting of people united by sharing the same values and the same principles.

Only the awareness of these assumptions has made it possible to lay the foundations of a solid company, capable of looking to the future, with the involvement of far-sighted entrepreneurs, excellent management, and a group of lenders who, believing in the industrial project, have supported the investments necessary to increase its economic strength.

This integration path has allowed Biofarma Group to establish itself as a unique partner for its customers through the ability to innovate cutting-edge production technologies and for the excellence of human capital.

In 2021, IHS (International Health Science) also joined the group, allowing the company to acquire highly specialized know-how in the distribution of highly

scientific supplements and medical devices to compete as a reference player at a global level.

An evolution on which Ardian, one of France's most important private equity groups in the world, has also bet on it, which in January 2022 acquired the majority stake of the group from White Bridge Investments.

In September 2022, Biofarma Group strengthened its presence in the European market by announcing the acquisition of Nutraskills, a French company specializing in researching, developing, producing, and packaging food supplements.

The addition concerns both business units that makeup Nutraskills: Codilab (CMO of solid supplements with plant in Herbergement) and Laboratoire Pierre Caron (CDO with plant in Sérent focused on the formulation and packaging of food supplements for third parties).

The foundations are laid for an internationalization process that points towards an important goal: to become the world reference point on the nutraceutical market.

Biofarma Group is currently positioned as the leading Italian and European industrial company in developing, producing, and packaging food supplements, medical devices, probiotic-based drugs and cosmetics for third parties.

With a solid presence on the market, the Group has a workforce of **1,071 employees**, has achieved a **turnover of 288 million euros**, has **five Research and Development laboratories**, an extensive network of **over 500 international partners** and a large **export share of over 40%**.

LOOKING TO THE FUTURE

As CDMO, the Group has adopted a qualified outsourcing strategy aimed at maximum specialization: this choice allows us to provide customers with a global and complete service, covering the entire production cycle, from research and development to product design, from industrialization to production, up to logistics and certification.

Thanks to its focus on large batches and collaboration with high-level customers, the Group has been able to plan investments in cutting-edge technologies, including probiotic production plants and advanced microencapsulation and multilayer compression technologies.

In addition to food supplements, the Group also produces medical devices for oral and topical use, such as those for the gastrointestinal, oropharyngeal, dermatological, proctological and vaginal areas. In the cosmetics sector, on the other hand, the Group develops products for the face, body, hair, and skincare.

With a solid heritage and a clear vision of the future, Biofarma Group is committed to developing innovative and scientifically advanced projects, investing in research and development, and aiming to consolidate its leadership as a CDMO at a global level.

The Group considers its human capital a key factor for growth, placing innovation at the service of people's health and well-being as its mission.



ESTABLISHMENTS IN FRANCE



01. L'Herbergement

(Pays de la Loire) - France

Primary production specialization:
nutraceuticals in solid form

- **Surface:** 4,800 m²
- **Warehouse:** 1,650 pallet spaces
- **Staff:** 70 employees

02. Sérent, Morbihan

(Brittany) - France

Primary production specialization:
nutraceuticals in solid form

- **Surface:** 2,400 m²
- **Warehouse:** 1,500 pallet spaces
- **Staff:** 35 employees

01. Mereto di Tomba, Udine

Via Castelliere 2 - 33036 Mereto di Tomba UD - Italy

Plant and Headquarters. Primary production specialization: nutraceuticals in solid and liquid form, medical devices for topical and oral use, sports food supplements, cosmetics, and drugs with probiotics.

- **Surface:** 44,000 m²
- **Warehouse:** 30,000 pallet spaces
- **Staff:** 571 employees

02. Gallarate, Varese

Via Gran Bretagna, 1 - 21013 Gallarate VA - Italy

Primary production specialization:
nutraceuticals in solid form, medical devices for oral use, sports nutrition.

- **Surface:** 9,000 m²
- **Warehouse:** 2,000 pallet spaces
- **Staff:** 259 employees

03. San Pietro Viminario, Padova

Via dell'Artigianato 14 - 35020 S. Pietro Viminario PD - Italy

Primary production specialization:
medical devices for topical and cosmetic use.

- **Surface:** 3,700 m²
- **Warehouse:** 3,100 pallet spaces
- **Staff:** 62 employees

04. Cusano Milanino, Milano

Via A. Merli, 1 - 20095 Cusano Milanino (MI) - Italy

Primary production specialization:
nutraceuticals in solid form, medical devices for oral use, sports nutrition.

- **Surface:** 3,100 m²
- **Warehouse:** 1,300 pallet spaces
- **Staff:** 62 employees



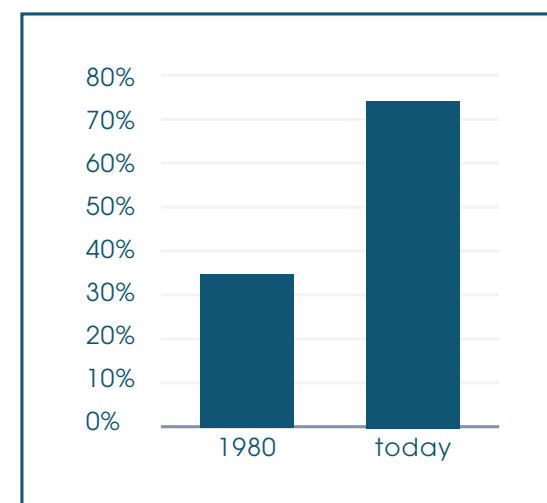
BIOFARMA: ESTABLISHMENTS IN ITALY

Reference markets

PHARMACEUTICAL

Pharmaceutical R&D is a strategic investment for health, growth, and safety.

Pharmaceuticals is the first sector in the world for R&D investments, in absolute value and as a percentage of turnover (source European Commission). **Between 2021 and 2026, companies will invest 1,300 billion euros**, 80% of which will be destined for an open innovation network of different subjects – companies, public bodies, start-ups, Science parks, clinical centres. This is an excellent **opportunity for Italy**, which can further increase employment and investment.



EU dependence on Asia production for Active and Intermediate (% of total demand in volume) - Farindustria Source

THE PHARMACEUTICAL INDUSTRY IN ITALY ('22)

34.4 billion

production value
(stable compared to 2020)

over 85%

export / production share
in the last 5 years

+3.3 billion

total foreign balance
(+5.3 for medicines and vaccines)

3.1 billion

value of investments
(1.7 in R&D, 1.4 in production facilities)

6,700 employees

in pharmaceuticals
(+9% compared to 2016)

90% employees

graduates or diploma holders

+13% growth

of women and under 35s
in the last 5 years

43% women

employees out of the total, compared
to other sectors (29%) in senior roles

THE EUROPEAN PHARMACEUTICAL LANDSCAPE

The reaction to COVID-19 has set in motion worldwide policies of attraction and localization choices of investments, determining the landscape of the coming years. It is essential to increase attractiveness both in Italy and in Europe.

The EU, in fact, in recent years has seen much less investment in R&D growth both compared to the US, which can also boast much faster access to new products, and compared to China, which has instead recorded a strong acceleration in investment – and is also the country on which the EU depends mainly for raw materials and intermediates necessary for the production of medicines, in particular those of consolidated use.

FOOD SUPPLEMENTS

As for the supplement sector, **in 2021, the global market’s value amounted to 150 billion euros**, with an annual increase of 4.7% in the last three years.

This dynamic was driven by product innovation, the primary development strategy adopted by the players in the sector. In the Peninsula, the industry has grown over the last ten years at an average annual rate (CAGR) of 9.5%, a much faster pace than international performance.

Italy today is the market leader in Europe in the supplement sector with 26% of the market share, followed by Germany (19%) and France (15%) and ranks eighth as an exporter globally,

Looking to the future of the sector, among the areas of action, companies put the integration and digital development of business processes in the first place (43%), followed by digital tools for the management of medical-scientific information (28%), the internet of things (20%), digital tools for managing the relationship with the pharmacist (8%) and visualization systems, virtual and augmented reality (1%)

The Italian market is Europe’s largest food supplement market, with over a quarter of the total, with the forecast of almost 5 billion sales in 2025.

The value of the sector generated by the pharmacy channel has nearly doubled in the last ten years, exceeding 3 billion euros in 2021.

From the sector survey “Updates on the impact of the Covid-19 pandemic on the market” presented by Centro Studi Integrators & Health, it appears that **sustainability is a crucial issue for 84%**

of the companies responding. For 52%, it will have an increasingly important role in the future.

During 2022, **investments** were mainly in terms of **packaging (27%), employee safety and health (24%), followed by interventions in terms of production process (16%), raw materials (16%) and corporate welfare (15%).**

This highlights a general commitment of companies in the sector to pursue sustainable development goals, mainly through social responsibility actions and reduction of environmental impact.

COSMETICS

The total turnover of the cosmetics sector in Italy in 2022 exceeds 11.7 billion euros (+10.4% compared to 2021).


The reaction of the professional channels was also positive: hairstyles (+14.8%) and aesthetics (+12.6%) recorded an estimated year-end closure of 520 and 190 million euros, respectively, partially recovering the forced closures of 2020.

After 2020, strongly conditioned by the pandemic, significant elements of recovery have been seen in both in 2021 and 2022: this is foreseen by the economic survey presented by the Centro Studi di Cosmetica Italia, the National Association of Companies in the sector, which projects in the second half of 2022, the achievement of pre-crisis values.

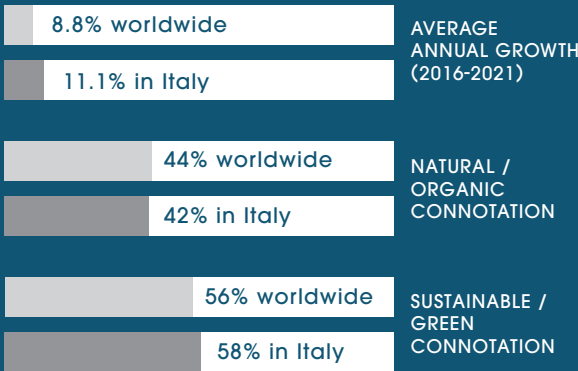
The projections for the end of 2022 see **the growth of e-commerce (+29.7%),** which covers a value of 900 million euros, **pharmacies (+4.0%)** reached 1.9 billion euros, **and large-scale distribution (+1.5%)** reached 4.5 billion euros.

THE MARKET FOR NATURAL AND SUSTAINABLE COSMETICS

RELEASES OF COSMETICS ON THE MARKET

 **94,000** total worldwide releases
1,800 total releases in Italy

ITALIAN AND GLOBAL MARKETS



FIGURES FOR 2021 IN ITALY (mIn euro)

PRODUCTION <i>(turnover value)</i>	2021	var.*
NATURAL/ORGANIC COSMETICS	839	7.8%
OVERLAPPING OF THE TWO SETS	1,042	12.7%
SUSTAINABLE/GREEN COSMETICS	1,009	15.2%
TOTAL	1,848	11.7%
PURCHASES <i>(market value)</i>	2021	var.*
NATURAL/ORGANIC COSMETICS	1,159	8.1%
OVERLAPPING OF THE TWO SETS	1,486	13.5%
SUSTAINABLE/GREEN COSMETICS	1,494	16.4%
TOTAL	2,654	12.6%

*% variation 2021-2019

Specialization of economic sectors in certain activities (ratio between % of enterprises engaged in the activities indicated compared to the maximum value) - *Pharmaceutical Indicators 2022, Farmaindustria*

	TOTAL	PHARMACEUTICAL	INDUSTRY	SERVICES	POSITION*
Acquiring new human resources	65	100	67	63	1
anticipating future scenarios	31	100	34	30	1
problem solving	33	100	39	31	1
adapting to new contexts and roles	47	100	56	43	1
teamwork	52	100	53	52	1
interacting with other people	47	100	39	50	1
developing original ideas	33	100	34	32	1
Environmental sustainability and/or social responsibility actions	87	100	90	85	1
Environmental Impact Reduction	80	97	86	78	2
Improvement of staff welfare	82	100	84	82	1
professional development of staff	66	100	67	66	1
equal opportunities of staff	66	100	66	66	1
involvement in corporate objectives	78	100	77	78	1
presence of social responsibility figure	61	71	63	61	3
Parenting measures	59	100	58	59	1
parenting rights communication	66	100	65	67	1
leave / part time	64	100	65	64	1
nursery / pre-school placement permit	58	100	59	58	1
in-company daycare	43	100	38	46	1
financial support for workers and family members	46	100	52	44	1
extension of parental leave	60	100	57	62	1
working time flexibility	67	100	68	67	1
smart working	45	100	38	48	1
Initiatives of collective interest	71	100	69	71	1
urban and / or territorial regeneration	40	100	43	38	1
health initiatives	26	100	18	29	1
social welfare initiatives	45	100	39	48	1
combating poverty and social hardship	60	73	52	63	2
sports initiatives	42	100	44	42	1
general cultural and dissemination initiatives	41	100	34	44	1
support for scientific and training activities	15	100	12	16	1
Increased security	76	100	87	71	1
for corporate culture	64	100	69	62	1

*Position of pharmaceuticals among manufacturing sectors

PROACTIVE PRESENCE OF THE PRESIDENCY IN THE REALITIES OF THE TERRITORY

The Group has chosen to create its network of contacts by actively participating in the category’s main associative interest groups, with **President Germano Scarpa** in essential positions.



FEDERSALUS

Position of President from 2008 to 2012, collaborating in promoting and disseminating the concept of “Healthy lifestyle”.



SUPPLEMENTS & HEALTH

In 2022, as President of FederSalus, he signed the merger deed to incorporate it into the Italian Food Union, giving life to Supplements & Health, a single association representing about 220 companies and a total turnover of 4 billion euros.



CONFINDUSTRIA UDINE

Parent company from 2009 to 2015 and from 2018 ongoing.



CONSORZIO SVILUPPO ECONOMICO DEL FRIULI

Member of the CD from 2018 to 2020.



FRIULI INNOVAZIONE

Public Research and Technology Transfer Centre President from 2016 to 2019.



COSMETICA ITALIA & EHPM

The group is also among the partners of Cosmetica Italia and EHPM - European Federation of Associations of Health Products Manufacturers.

The economic value generated and distributed to stakeholders

The reclassification of the economic value generated and distributed for 2022 is affected by the transition from the national accounting system to the IFRS international standards.

The scope identified in the methodological note, relating to the Group's Italian perimeter, was valid for economic assessments. For this reason, the values strictly present in the Sustainability Report differ from what is reported in the "Annual Consolidated Financial Report 2022".

PERFORMANCE	2022
Turnover	268,221,861 €
Value of production (VdP)	280,218,637 €
Personnel costs / Turnover	13.50%
Purchases of goods / Turnover	49.19%
Service purchases / Turnover	19.64%
Benefit of third-party assets / Turnover	3.05%
Miscellaneous operating charges / Turnover	7.49%



The economic value generated by the Biofarma Group during 2022 is equal to Euro 280 million, an increase of 31.9% compared to the previous year.

The key to success has been our sustainable and innovative business management. Biofarma has taken a holistic approach to sustainability, integrating eco-friendly practices into all aspects of the business. This has allowed the Group to contain costs and gain competitive advantages in the market.

Prohibitive were the costs of research and development to promote innovation within the company. This culture of innovation has made it possible to **create new products** that have met with great success on the market, **generating new opportunities for economic growth**.

Biofarma has a stakeholder-centred approach to the distribution of the economic value generated. Establishing long-term partnerships with suppliers who share the Group's values and collaborating with local communities to promote socio-economic development has strengthened stakeholder trust.

In 2022, the percentage of the distributed value of 97%, equal to € 271 million, on the generated is emblematic of this approach.

Despite the problems of inflationary cost of raw materials and the exogenous dynamics that have influenced the sector, Biofarma has managed to mitigate their effects through **careful management of resources and diversification of supply sources**. Accompanying this is the choice of pricing and cost management strategies based on data analysis and forecasting of market trends.

The economic value withheld, net of these considerations, is down by 14%, with a decreasing trend compared to 2021.

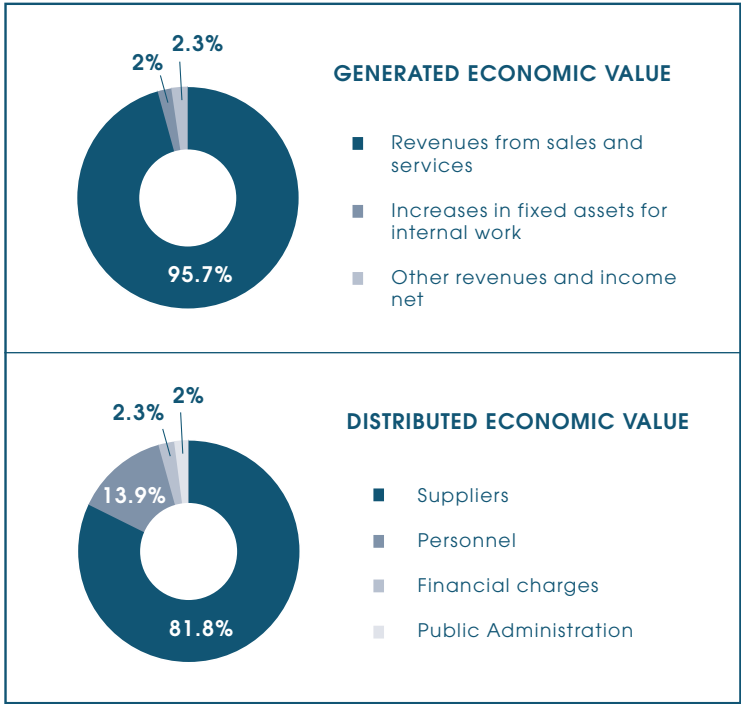
Reclassification of the Income Statement consistent with the period of the Methodological Note

ECONOMIC VALUE	2022	2021	VARIATION	
Directly generated economic value	280,218,637 €	212,371,663 €	67,846,974 €	31.9%
Revenues from sales and services	268,221,861 €	200,987,568 €	67,234,293 €	33.5%
Increase in fixed assets for internal work	5,521,048 €	5,560,657 €	-39,609 €	-0.7%
Other revenues and income net	6,475,728 €	5,603,411 €	872,317 €	15.6%
Distributed economic value	271,931,934 €	186,279,725 €	85,652,209 €	46.0%
% of Economic Value Directly Generated	97%	88%	-	-
Reclassified operating costs	222,452,121 €	144,957,064 €	77,495,057 €	53.5%
Raw subsidiary materials and goods	137,850,375 €	109,173,344 €	28,677,031 €	26.3%
Costs for services	55,047,352 €	28,733,809 €	26,313,543 €	91.6%
Costs for the use of third-party assets	8,556,647 €	5,409,890 €	3,146,757 €	58.2%
Other operating expenses	20,997,747 €	1,640,021 €	19,357,726 €	1,180.3%
Staff Remuneration	37,834,938 €	31,637,539 €	6,197,399 €	19.6%
Personnel costs	37,834,938 €	31,637,539 €	6,197,399 €	19.6%
Lenders' remuneration	6,329,660 €	4,086,860 €	2,242,800 €	54.9%
Interests and other financial charges	6,329,660 €	4,086,860 €	2,242,800 €	54.9%
Shareholder remuneration	0 €	0 €	0 €	-
Distributed profits	0 €	0 €	0 €	-
Public Administration Remuneration	5,315,215 €	5,598,262 €	-283,047 €	-5.1%
Income Taxes	5,315,215 €	5,598,262 €	-283,047 €	-5.1%
Community	0 €	0 €	0 €	-
Donations and gifts	0 €	0 €	0 €	-

VALUE BREAKDOWN

Operating cost increases are perfectly consistent with revenue growth in absolute terms. The most challenging figure to interpret is the soaring value of the different operating charges, but this variation is attributable to the different aggregation logics of the two standards above.

More generally, the deviations between the two years are affected by this update, which is why the figure for the punctual year is more robust than the one between the two years.



Growth is related to the adoption of targeted and well-defined strategies by management:

- VERTICALIZATION:**
Increase in portfolio share on specific products and therapeutic areas such as probiotics, gastroprotectors and baby care products;
- GEOGRAPHICAL EXPANSION:**
The Group was able to strengthen revenue generation in Europe and NAFTA;
- TECHNOLOGICAL INNOVATION:**
Leveraging its research and development department, Biofarma has continued to innovate its products and offer new solutions to its customers (Probiotics, Dry Cap and T Win technologies).



CHAPTER 3

The organizational structure: transparency and formalization



30+ certifications

that ensure impeccable standards of quality



937,000 €

allocated to a risk provision

3.1 The Corporate Governance Model

3.2 Ethics, integrity and compliance

3.3 The internal control and risk management system

**Our
mission**



We create innovative solutions and technologies for people's health and well-being in a changing world.

**Our
vision**



To be the first to design a future where innovation is at the service of personalized and sustainable prevention.

The Corporate Governance Model

Kepler SpA is a holding company indirectly controlled by Ardian Buyout Fund through its subsidiary Vegeta SpA, established on February 7, 2022, to acquire Biofarma Srl and its subsidiaries (the “Biofarma Group”) from White Bridge Investments.

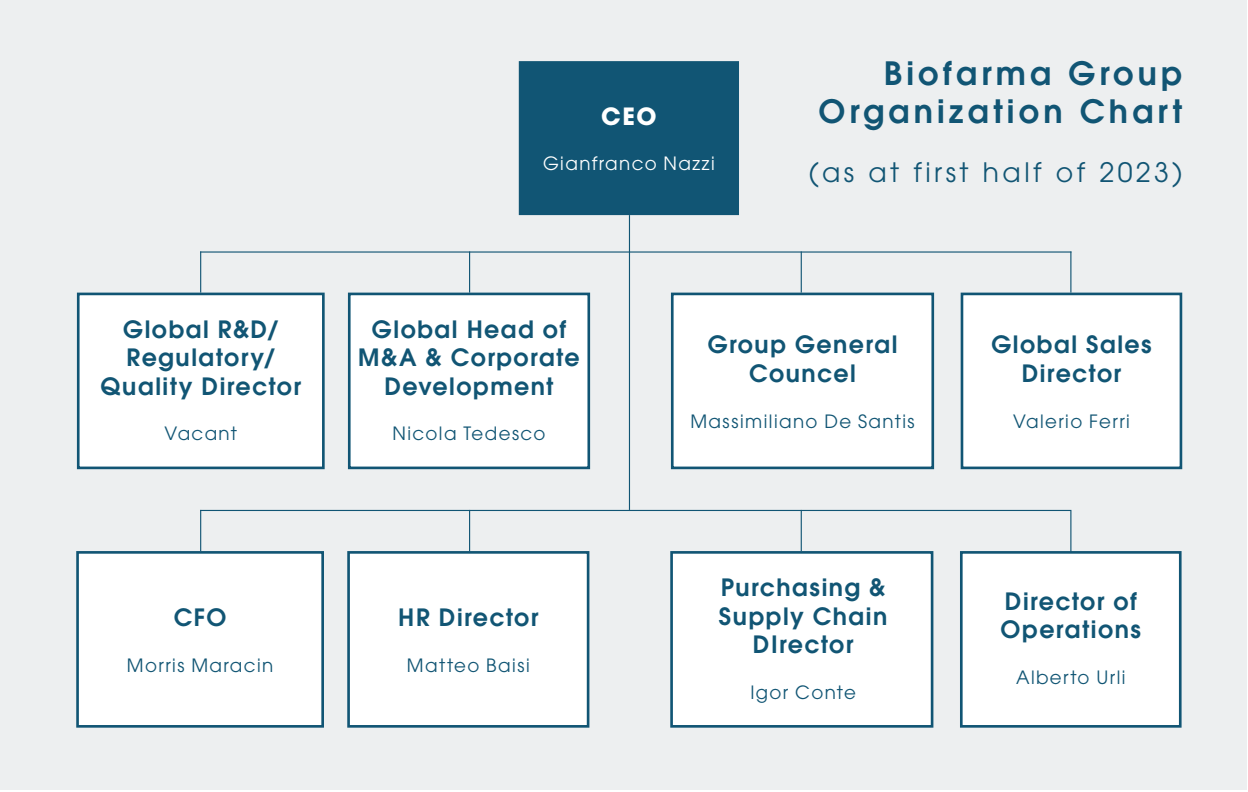
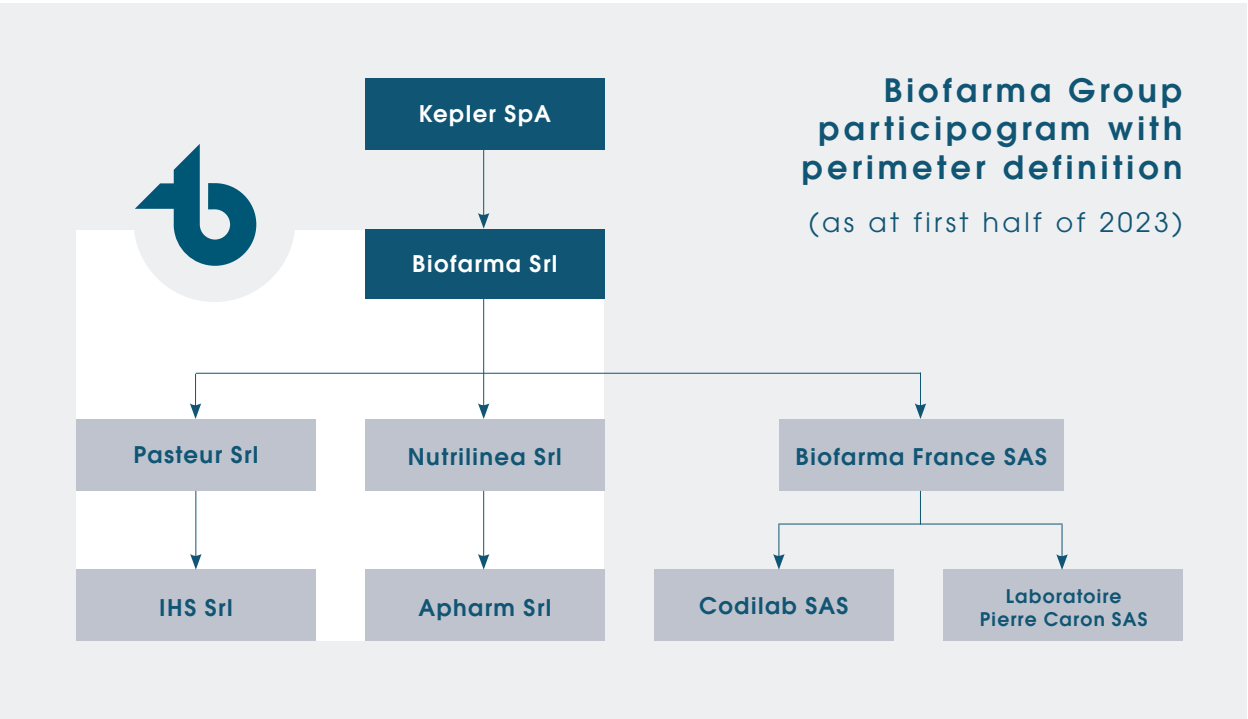
On March 27, 2022, Ardian Buyout Fund, Victoria HD Srl and Manager, completed the acquisition of the Biofarma Group.

The Biofarma Group, active in the production and research and

development of health supplements, medical devices, and cosmetic products, was founded in February 2020 by the aggregation of the companies Biofarma Srl, Nutrilinea Srl, Apharm Srl, Pasteur Srl and International Health Science Srl. In April 2022 and May 2022, the minority stakes in Pasteur and Apharm were acquired, respectively.

The structure of the Group is shown below, indicating the realities that refer to the scope of the financial statements in question.

COMPANY	CONTROL	% HOLDING	OWNER
Kepler SpA	Parent company	100.0%	Denis SpA
Biofarma Srl	Direct	100.0%	Kepler SpA
Nutrilinea Srl	Indirect	100.0%	Biofarma Srl
Apharm Srl	Indirect	100.0%	Nutrilinea Srl
Pasteur Srl	Intermediate holding	100.0%	Biofarma Srl
International Health Science Srl	Indirect	100.0%	Pasteur Srl
Biofarma France SAS	Intermediate holding	100.0%	Biofarma Srl
Codilab SAS	Indirect	100.0%	Biofarma France SAS
Laboratoire Pierre Caron SAS	Indirect	100.0%	Biofarma France SAS



In the first quarter of 2023, the Group continues to focus on structural simplification in Italy, which had as its first step the exit of Apharm Srl from the ownership of Nutrilinea Srl to be merged into Biofarma Srl.

The transaction is part of the broader **“Project One”** initiative aimed at further rationalizing the Group’s structure to **enhance its efficiencies and cost synergies**.

The board of Directors also approved the mergers of the two operating companies, IHS Srl and Apharm Srl, and the holding company Pasteur Srl into Biofarma Srl.

THE STRUCTURE

The governance structure of the Limited Liability Companies that are part of the Group follows a traditional organizational model composed of several bodies:

- **The Shareholders’ Meeting** represents the interests of the majority of shareholders and is responsible for making the most critical decisions

for the life of the company, such as the appointment of the Board of Directors, the approval of the financial statements and the amendment of the Articles of Association;

- **The Board of Directors**, which operates through the Chief Executive Officers;
- **The Board of Statutory Auditors**, which meets every quarter to carry out its functions;
- **The Supervisory Board**, in line with Law L.231/2001, analyzes the risks and concerns of the Group monthly.

The Board of Directors is the core of the company’s organization. It is the body responsible for the functions and responsibilities of the strategic and organizational guidelines and, within the limits of the corporate purpose, possesses all the powers that by law or by statute are not expressly reserved to the Shareholders’ Meeting. Its mission is to manage the ordinary and extraordinary administration of the company.

The Board of Statutory Auditors is made up of standing and alternate auditors appointed by the Shareholders’ Meeting for a term of three financial years. They may be re-elected and shall end their term of office on the date of the Shareholders’ Meeting called to approve the financial statements for the third financial year.

The highest management positions within the company are assigned to the Chief Executive Officer or divided, depending on the area of competence, between the Chief Corporate Officer (CCO), the Chief Executive Officer (CEO) and the Chief Financial and Risk Officer (CFRO), according to the powers conferred by the Board of Directors.

The company has adopted an internal control system consisting of rules, procedures and organizational structure aimed at monitoring:



THE EFFICIENCY AND EFFECTIVENESS OF BUSINESS PROCESSES



THE RELIABILITY OF FINANCIAL INFORMATION



COMPLIANCE WITH LAWS, REGULATIONS, ARTICLES OF ASSOCIATION AND INTERNAL PROCEDURES



THE PRESERVATION OF COMPANY ASSETS

Composition of the Board of Directors of the Biofarma Group
(as at first half of 2023)

NAME	SURNAME	F/M	CHARGE	PLACE OF BIRTH	BORN ON
GERMANO	SCARPA	M	Chairman	UDINE (UD)	04/06/1959
GIANFRANCO	NAZZI	M	CEO	UDINE (UD)	30/06/1968
GABRIELLA	TAVASANI	F	Councillor	GORIZIA (GO)	28/11/1964
SEBASTIANO MAURIZIO	CASTORINA	M	Councillor	CATANIA (CT)	01/04/1954
FABRIZIO	RASO	M	Councillor	GENOVA (GE)	14/02/1994
ANDREA	AUDISIO	M	Councillor	TORINO (TO)	04/10/1996
YANN MARIE SERGE	CHARETON	M	Councillor	GABONESE REPUBLIC	08/01/1978
GIACOMO	FORTI	M	Councillor	CESENA (FO)	23/02/1987
ALDO	MAZZOCCO	M	Councillor	SOUTHERN RHODESIA - ZIMBABWE	02/09/1961
GABRIELE	RAMPONI	M	Councillor	MILANO (MI)	29/08/1981

Detail of the Board of Directors Nutrilinea and Apharm
(as at first half of 2023)

NAME	SURNAME	F/M	CHARGE	PLACE OF BIRTH	BORN ON
GIANFRANCO	NAZZI	M	CEO	UDINE (UD)	30/06/1968
MORRIS	MARACIN	M	Councillor	RIJEKA (HR)	09/01/1977
MASSIMILIANO	DE SANTIS	M	Councillor	VITTORIO VENETO (TV)	25/07/1978

IHS Board of Directors Details
(as at first half of 2023)

NAME	SURNAME	F/M	CHARGE	PLACE OF BIRTH	BORN ON
GIANFRANCO	NAZZI	M	CEO	UDINE (UD)	30/06/1968
MORRIS	MARACIN	M	Councillor	RIJEKA (HR)	09/01/1977
SALVATORE VALERIO	FERRI	M	Councillor	TERAMO (TE)	11/06/1973





RESPECT AND TRUST

We value our people. We encourage their development and recognize their commitment.



RESPONSIBILITY

We act consciously and commit ourselves with competence and professionalism.



TEAM SPIRIT

We work together to achieve excellent results.



INNOVATION

We think outside the box, looking for new solutions for people's well-being.



COURAGE

We give up everyday life by recognizing the value of ideas and accept error as an opportunity for growth.

Ethics, integrity and compliance

The Biofarma Group is characterized by a solid commitment to innovation, an integral part of its identity.

Thanks to its members' tenacity, consistency, competence, and creativity, **Biofarma** has been able to write a success story, becoming an **essential player in the international CDMO market**.

The values that guide the Group in the working reality are many: **respect, trust, responsibility, team spirit, innovation, and courage**.

These values require that each adopts a social and moral perspective, takes responsibility for his own choices and actions, and acts with consistency and awareness to achieve the highest possible level of achievement both for the Group and himself.

The Code of Ethics of Biofarma is the document that explains the principles and values that identify the company and establishes the rules of conduct applicable to all those who work and collaborate in the organization.

The Group encourages and appreciates any individual contribution aimed at the continuous innovation of work processes and procedures, and for this reason, invites all staff to propose any suggestions to their supervisor.

It contains specifications of behaviour referring to:

>> General rules and corporate values
>> General rules of conduct
>> Health and safety regulations
>> Rules for access to workplaces
>> Working hours
>> Management of attendance, holidays and illness
>> Specific privacy policies
>> Hygiene and cleanliness rules
>> Asset management rules
>> Rules on new hires and termination of employment
>> Rules for drafting and compiling documents





THE GROUP'S CERTIFICATIONS

The Group is committed to maintaining high-quality standards, responsibility, and transparency through reliable certifications.

Recognizing the impact of its activities on the ecological balance, it considers environmental protection as a strategic objective integrated into the business routine.

The main objectives of Biofarma concern compliance with laws, improvement of environmental performance and prevention of pollution.

The company management believes that workplace health, safety and hygiene are essential for sustainable development.

The Group is committed to providing human, instrumental, and economic resources to improve workers' health, safety and hygiene in the workplace.

This commitment is integral to the company's activities and aligns with the organization's overall goals. In addition, it ensures that the service complies with regulations and guarantees the healthiness and safety of the products.

All Group certifications can be consulted via the following links.

CERTIFICATION	PLANT	LINK
ENVIRONMENTAL POLICY	MERETO	Download
POLICY ON THE HEALTH AND SAFETY OF WORKERS	MERETO	Download
QUALITY POLICY	MERETO	Download
ISO 13485 (MEDICAL DEVICES)	MERETO	Download
ISO 13485	CUSANO MILANINO	Download
ISO 13485 (MEDICAL DEVICES)	GALLARATE	Download
ISO 13485 (MEDICAL DEVICES)	SAN PIETRO VIMINARIO	Download
ISO 22716 (COSMETICS)	MERETO	Download
ISO 22716 (COSMETICS)	SAN PIETRO VIMINARIO	Download
ISO 9001	GALLARATE	Download
ISO 9001	CUSANO MILANINO	Download
ISO 9001	SAN PIETRO VIMINARIO	Download
GMP CRF TITLE 21, VOL.2, PART 111 (SUPPLEMENTS)	MERETO	Download
GMP CRF TITLE 21, PART 111 (SUPPLEMENTS)	GALLARATE	Download
GMP CRF TITLE 21, PART 111 (SUPPLEMENTS)	CUSANO MILANINO	Download
GMP PHARMA AIFA	MERETO	Download
PET FOOD SUPPLEMENT AUTHORIZATION (ART 10 OF REG. 183/2005/CE)	GALLARATE	Download
KOSHER	MERETO	Download
HALAL	MERETO	Download
COSMOS	MERETO	Download
RSPO MASS BALANCE (COSMETICS)	MERETO	Download
ISO 45001:2018 (SAFETY)	MERETO	Download
BIOLOGICAL	GALLARATE	Download
BIOLOGICAL	SAN PIETRO VIMINARIO	Download
FDA REGISTRATION	MERETO	Download
FDA REGISTRATION	GALLARATE	Download
SMETA (SEDEX) CODICE ZC409499788	MERETO	Download
ISO 22000:2018	CUSANO MILANINO	Download
MANUFACTURING LICENCE IT0610401189	MERETO	Download
IFS HPC-HOUSEHOLD AND PERSONAL CARE	MERETO	Download

The internal control and risk management system

The Group's activities are exposed to different types of risk: market, credit, and liquidity.

The Group adopts a system aimed at managing financial risks by identifying, monitoring, and implementing **initiatives to promote resilient and structured economic growth** to mitigate these risks. Furthermore, **the Group's objective is to eliminate or minimize the risk of non-compliance** with tax legislation, using professionals who support and collaborate with the structure to manage tax returns.

In addition to the internal compliance requirements, **the Group Companies and**

the consolidated financial statements are audited by external Independent Auditors. By Law 231/2001, **all risk areas are submitted to the Supervisory Board monthly.**

Risk management is centralized within the **Treasury Management** function, which identifies, assesses, and covers financial risks in close collaboration with the Group's business units. The Treasury Management function provides **policies and guidelines for monitoring risk management**, particularly regarding interest rate and credit risk. The details of the management of this corporate function are reported in the "Annual Consolidated Financial Report 2022."

The Group's **Finance** area is responsible for identifying critical issues and adopting conduct that complies with the relevant legislation and deadlines. The supervision of the CFO and the external verification by the Accountant / Labor Consultant make the half-yearly audit processes and the related budget reviews more efficient and streamlined.

The company constantly involves the Revenue Agency regarding VAT and tax credits. The Tax Credits and the Patent box are subjected to a sworn and insured appraisal of Warrant Hub and a systematic analysis by the Auditors.

The procedure also provides for **formal and systematic control by the Revenue Agency** before submitting the formal declaration and the related request for reimbursement.

In this way, **the risk of non-compliance is analyzed and mitigated.** The company administration processes each tax return and is subsequently subjected to **external experts' validation and in-depth process in tax and tax matters.** The formal and official declarations are presented to

the Revenue Agency only after the final verification.

Concerning stakeholder involvement, the company addresses the **Board of Statutory Auditors** quarterly or immediately in case of urgency to collect and take charge of their opinions and concerns. The Board of Statutory Auditors prepares corrective actions if necessary.

The Group has developed a close **collaboration with the Territorial Agencies of the Friuli-Venezia Giulia Region** to manage issues relating to regional taxation. Regional tax documents are drawn up, validated, and checked in this process. The Executive Board and the Board of Directors of the Group meet monthly to assess potential risks and define operational policies.

The financing of the operations takes place thanks to forms of self-financing, flanked in 2022 by the contribution for the tax credit on Research and Development. The amount for 2022 is equivalent to € 500,000.

Research and development credits derive from a multi-year project for developing products and processes in the nutraceuticals and medical devices sector under Law 160/2019 and Law 178/2020, thus, demonstrating the constant commitment to follow legislative updates and trends.

A **provision for risks of € 937,000** is also set aside for the risk of retroactive adjustment of the price of the cost of utilities and credit risk.

WAR IN UKRAINE

The Biofarma Group is not directly present in the Russian and Ukrainian markets. However, it produces nutraceutical products for European customers who distribute them in these two countries.

Total annual sales in these markets amount to EUR 7.2 million, representing 2.5% of the Group's total turnover. It should be noted that the full amount has already been collected and is in the Group's coffers, with no working capital pending in those areas.

INFLATION

The Group faces increased costs due to higher raw materials prices, energy costs, shipping, external workers, and services, in line with current macroeconomic trends.

However, the Group has successfully managed around 70% of these cost increases, thanks to long-term relationships and constant dialogue with customers. In addition, to further mitigate the impact of increased costs, the Group has taken specific actions, such as hedging energy prices and identifying new raw materials and packaging suppliers.

CHAPTER 4

Product creation:

design evolution
and supply chain



185 production
lines



2,000+ projects
developed per year



40 countries in the world
where customers are supplied (Europe, North America, Far East, China)

4.1 The quality and safety of our products

4.2 Research and Development as a tool
for innovation

4.3 The supply chain

4.4 Our clients

53 lines dedicated
to the production of
cosmetics, supplements
and medical devices

6% of turnover invested in R&D
50 people on the R&D team
85 patents

120 lines dedicated
to the packaging of
cosmetics, supplements
and medical devices

0.5% of reprocessed production
87% of complaints closed in 30 days
80% of supplies are purchased locally*

**European dimension*

The quality and safety of our products

FOOD SUPPLEMENTS

The Biofarma Group produces food supplements in different forms and packaging, using highly technological departments to ensure high-quality standards.

Thanks to the orientation towards innovation, the understanding of customer needs and collaborations with research centres and professionals in the machinery sector, the Group develops **advanced packaging and product solutions**, some of which are **patented**.

The acquisition of International Health Science (IHS) has strengthened the Group's presence on the market with ready-to-market products in various therapeutic areas.

These **products**, complete with **clinical studies and efficacy certifications**, meet the conditions for use in the management of problems such as **type 2 prediabetes, non-alcoholic fatty liver disease (NASH), pre-hypertension, sleep disorders, hyperuricemia, prostatitis, and gastrointestinal disorders**.

Clinical studies are conducted in collaboration with prestigious universities and private laboratories in Italy and Europe.

FOOD SUPPLEMENT STATISTICS

53 production

lines

70 packaging

lines

847 mln

capsules manufactured every year

2.2 bln

tablets manufactured every year

75,000 kg

of fluid bed granules a year

615 mln

stick packs a year

342 mln

sachets a year

61 mln

blisters a year

PROBIOTIC-BASED DRUGS

Biofarma Group also produces drugs containing probiotics.

Probiotics are beneficial bacteria that **protect the body**, particularly by **strengthening the intestinal ecosystem and positively influencing the immune system**. These advantages are constantly **supported by scientific studies** investigating their role and impact on health.

The Mereto di Tomba plant has an area

authorized and certified by the Italian Medicines Agency (AIFA) dedicated to producing drugs and food supplements based on lactic acid bacteria for the world market.

The production occurs in a tower structure of 3,500 square meters (of which 1,000 external), with 15 production rooms distributed over three floors.

These environments are strictly controlled regarding temperature and humidity and respect the ISO8 class to guarantee the best quality standards and prevent microbial contamination.

MEDICAL DEVICES

The Group produces medical devices that act on the body through chemical-physical/mechanical, **non-pharmacological** mechanisms.

These devices are intended to treat **gastrointestinal, oral, oropharyngeal, dermatological, proctological and vaginal disorders.**

The Group offers two services in this sector: the formulation, development, and production of devices for third parties and the manufacture of **over thirty medical devices**, some of which are **internationally patented** and distributed throughout-licensing.

Accurate clinical studies support the effects of medical devices, as is the case with dietary supplements.

COSMETICS

Biofarma develops, manufactures, and packages treatments for face, body, hair and skin care, including that of children.

It adapts to the main trends in the sector, such as environmental sustainability with **green formulations and eco-friendly technologies**, the concept of beauty linked to health and internal well-being with **nutraceutical beauty products** and the use of **waterless formulations** that enrich the skin in depth.

The Research and Development laboratories produce innovative cosmetics on behalf of third parties.



COSMETICS PRODUCTION STATISTICS

24 bulk

production lines

38 packaging

lines

17.6 mln Kg

of bulk (annual capacity)

SERVICES

The Biofarma Group offers a wide range of services covering all sectors of the reference market, with a **focus on quality** and functional internalization.

These services include **developing new products and formulations, regulatory support to obtain the necessary authorizations, production using cutting-edge technologies, and packaging in different forms focusing on sustainability.**

The Group aims to become the market's leading CDMO.



In particular, the regulatory consultancy of the Biofarma office is developed in the following activities:

- Drafting of the product data-sheet;
- Release of raw materials technical documentation;
- Release of technical documentation packaging materials;
- Development of specific Technical Dossiers by product category;
- Declarations of conformity with current legislation;
- Release of documentation to support foreign registrations;
- Quality agreement to guarantee the quality system and production standards in response to current regulations.

MONITORING AND SECURITY

During the year **2022, a total of 35,050 kg was reprocessed compared to 6,896,265 Kg produced.**

The objective of maintaining the **% of rework** (Kg reprocessed vs. Kg produced) **≤0.5%** for 2022 has been achieved while maintaining the same value achieved in 2021, or 0.51%, despite having increased production by about 7%.

During 2022, **329 complaints were closed**, of which 286 were completed within a set target of 30 days, with a total cost of Incoming Complaints and internal non-compliance of Euro 385,521.

Research and Development as a tool for innovation

In the period considered, **the Group made investments for 18.57 million euros**, mainly distributed among three areas of interest: **Manufacturing, Research and Development and ICT.**

In particular, **the funds allocated to Manufacturing were used for the expansion of the Gallarate and Mereto plants** and their maintenance to ensure production continuity, as well as for **the acquisition of new machines and production lines**, such as the **Microencapsulator** in Mereto, two new Sachet machines and others.

The Group has allocated resources for various projects

with premium and strategic customers as part of research and development. Finally, ICT investments were used to purchase new SAP modules and infrastructure.

The Research and Development division of the Biofarma Group is constantly engaged in the design and innovation of products and production processes, aiming to anticipate its customers' needs.

The team comprises 50 experienced professionals in the cosmetics, dietary supplements, and medical devices sector, with an additional team dedicated to regulatory affairs.

The Group collaborates with research centres, universities, and start-ups at a regional and national level for over 2000 projects per year.

Many of these initiatives take the form of highly innovative products, able to stand out on the market for their quality and, in some cases, supported by clinical studies demonstrating their effectiveness.

The team of researchers has a high level of competence and preparation, with over 85 registered patents, allowing the Group to stand out for its innovative capacity in medical devices.

Thanks to highly technological tools in its laboratories, Biofarma Group offers customers a personalized service of development and validation of new analytical methods. In addition, the company can transfer these methods with a view to customer satisfaction.

In the health supplement sector,



innovation in 2022 was mainly driven by **oncology-related projects, diabetes prevention solutions and the well-being of senior citizens.**

Regarding the **cosmetics and medical devices** business lines, we focused on the **potential use of hemp in products and introducing new formulas for protecting feet, hair, and skin** to reach new customers.

The entire operation is currently self-financed, with the contribution for the 2022 R&D tax credit.

Of great importance for the Group were **non-financial investments such as the strengthening of the Integrated Information System** through the SAP project and related updates, the **improvement of the working capital management process and greater integration between the individual companies of the Biofarma Group**, both from an organizational and production point of view.

During 2022, the Group's constant commitment to anticipating market trends has led to the launch of a multi-year research project called "ANALYSIS, STUDY OF PRODUCTS AND PROCESSES IN NUTRACEUTICALS AND MEDICAL DEVICES WORLDWIDE".

R&D FIGURES

18.57 mln €

invested in manufacturing, Research & Development and ICT

50 R&D

specialists

2,000 projects

developed every year

32 patents

in Italy (23 obtained, 9 pending)

56 patents

in the rest of the world (28 obtained, 18 pending)

FLOW CYTOMETRY: A NEW APPROACH FOR PROBIOTIC COUNTING

In the **microbiology laboratory** in the **Mereto di Tomba** plant, **flow cytometry** is now widely used, **a new technology that allows to recognize and count lactic acid bacteria**.

This analytical method has been the subject of a critical study, which investigated its effectiveness by comparing it with the traditional plate method, and discussed the results in a recent scientific publication, carried out in collaboration with the Institute of Pathological Anatomy of the ASU FC of Udine, entitled **"A novel pharmaceutical approach for the analytical validation of probiotic bacterial count by flow cytometry"**, Journal of Microbiological Methods, Michelutti, Bulfoni, Nencioni.

Flow cytometry is a technique that allows to **analyze, quantify, and separate cells or microparticles**. In the specific case of probiotics, it can measure their vitality and efficiency, exploring their metabolic activity, fermentation capacity, acidification potential and oxygen absorption capacity.

The optimization and validation of the flow cytometry technique in compliance with ICH recommendations have laid the foundations for the application of chemical-pharmaceutical rules in probiotic counts, as it allows the identification of viable and non-viable cells and provides further information on their physiological state and metabolic activity, all with **lower costs and reduction of analysis time**.



>> CHEMICAL-PHYSICAL ANALYSIS LABORATORY:

It releases batches in compliance with current regulations, guaranteeing high quality.

Here, **raw materials, semi-finished and finished products are analyzed** using modern and cutting-edge equipment (HPLC, IR, ICP-OES, Dissolution tester, Disaggregators).

In addition, it offers customers a service of development and validation of analytical methods, with the possibility of transferring methods – if required – in a proactive and personalized approach.

>> MICROBIOLOGY LABORATORY:

Designed and built in compliance with the requirements of GMP standards, it is divided into different areas for different environmental classifications. It carries out microbiological purity analysis, cleaning and counting of lactic acid bacteria in the production of probiotics.

PRODUCTS IN DETAIL

Patents and trademarks represent an important strategic asset for the company and contribute to its **growth in value**.

Among the **technological solutions** developed by Biofarma, there are **multilayer tablets**, which offer oral administration with diversified and controlled release to maximize effectiveness.

Biofarma is also the first company in Italy to use **microencapsulation** technology to coat and protect the active ingredients in powders, capsules and tablets.

Dry-Cap and **M-Cap** packaging technology allows solid and liquid parts to be separated in the same packaging, suitable for probiotic and micronutrient products.

The **T-WIN** packaging system allows you to pack separate but miscible powders in a two-chamber sachet.

ODT is a solid tablet that disintegrates in the mouth without water, offering convenience and compliance for different therapeutic indications.

The **BOV** system represents excellence in the production of safe and environmentally friendly pressurized aerosols.

Biofarma Group has invested in the finished products sector, conducting **several clinical studies in vitro and in vivo** at its plant in Gallarate. These studies have provided valid scientific evidence for the development of Italian patents and official publications.

Some of the products developed include formulations for pre-diabetes (Glycoset and Reglicem), pre-hyperuricemia (Uricemin), NAFLD (Epatrex), pre-hypertension (Tensred Plus), pre-depression (SAMEUp), sleep disorders (Seredream) and erectile dysfunction (Sexoin).

These products have different multilayer

or single-layer formulations with specific treatment objectives.

In addition, in vitro studies on bacterial prostatitis and diverticulosis and in vivo studies on pre-diabetes and erectile dysfunction have been conducted to support patent applications. These studies **have demonstrated the synergistic effect of the products and their effectiveness in specific treatments**.

Biofarma has also collaborated with companies, universities and start-ups for significant research and development projects, supporting young researchers to promote the **exchange of knowledge and skills**.

External research institutes and organizations with which the company collaborates or has collaborated in the last 5 years.

RESEARCH INSTITUTION	COMPLETED PROJECT
1) University of Udine Department of Agronomic Sciences	OraCle – New integrated approach for oral therapy of Crohn's disease
2) University of Trieste Department of Life Sciences	OraCle – New integrated approach for oral therapy of Crohn's disease
3) University of Udine Department of Medical Area	Effect of natural extracts in the prevention of cellular aging
4) San Matteo Hospital in Pavia	Pre-diabetes, hypertension, uricemia clinical study
5) IRCCS San Raffaele of Milan	Sleep improvement clinical study
6) Federico II University of Naples	Study for cancer immunotherapy
7) ECSIN- Research centre dedicated to the sustainable development of nanotechnologies	In vitro study to identify prostatitis

CONSTANT INFORMATION: SHAPING THE FUTURE

Communication is key for Biofarma Group, aware of the need to share crucial information with various stakeholders, including customers, investors, healthcare professionals and the general public.

Effective communication helps establish a strong **reputation**, build **trust**, and promote an in-depth **understanding** of the company's values, activities, and progress.

Knowledge and continuous comparison are essential elements for constant progress.

From these values comes *Shaping the Future Magazine*. This informative space allows you to enter the world of Biofarma Group, keep up with trends and scientific studies, and learn about new products and the most innovative technologies.

This magazine represents an **innovative and strategic communication channel** for the company.

Through the magazine, Biofarma Group can share with the public relevant information on scientific advances in the biopharmaceutical field, new products, innovative treatments and therapies, as well as research and studies conducted internally.

This service allows **stakeholders to stay informed** about recent developments in the sector, helping to spread knowledge and promote greater awareness of issues crucial to health and well-being.



The sections in which the magazine is divided are:

• CORPORATE:

The group doors are opened to allow everyone to know its values, objectives, and people.

• R&D INNOVATION:

Innovative projects, collaborations and partnerships with research centres and universities are shared.

• BEST IN CLASS TECHNOLOGIES:

A space dedicated to exploring the avant-garde of the best production and highly sustainable impact technologies developed by the Group.

The tool fosters the creation of a community of interested and passionate people in the biopharmaceutical field, stimulating constructive dialogue and mutual sharing of knowledge and experience.



HEART HEALTH

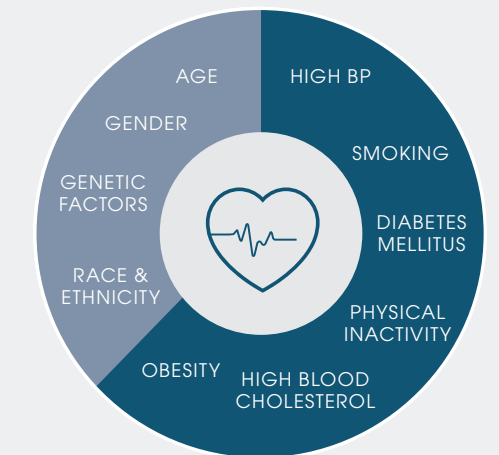
Cardiovascular and cerebrovascular diseases are the **leading cause of mortality globally**, including in Italy. In 2018, they caused **232,000 deaths** in the country, 29% attributable to ischemic heart disease and 26% to cerebrovascular diseases such as stroke. These diseases are also responsible for a high number of hospital admissions, with **almost 900,000 ordinary entries per year**.

The **COVID-19 pandemic** has exacerbated the situation, as the virus can worsen pre-existing cardiovascular and cerebrovascular problems and cause acute complications such as inflammation, arrhythmia, and thrombosis. Patients with pre-existing **cardiovascular disease are more likely to die from COVID-19** than those without cardiovascular disease.

Cardiovascular diseases include **atherosclerosis, ischemic heart disease, stroke, heart failure, hypertension**, etc. Risk factors include genetics, advanced age, gender, unhealthy lifestyle, and conditions such as overweight, obesity, diabetes, and hypertension.

Biofarma Group has developed **CreaRibo™, a nutraceutical supplement to support cardiovascular health**. It contains D-ribose, creatine, and vitamins B1 and B6. D-ribose and creatine improve energy

Cardiovascular disease risk factors



■ Modifiable risk factors
■ Non-modifiable risk factors

production in heart cells and blood vessels. Vitamins B1 and B6 contribute to normal energy metabolism and the functioning of the heart muscle.

Clinical studies have shown that **CreaRibo™ improves physical endurance, quality of life and cardiovascular performance** of patients with **chronic heart failure and acute coronary syndrome**. It was well tolerated and provided positive results even with standard drug therapy.

CreaRibo™ is, therefore, a highly innovative supplement with a **synergistic composition for the recovery and reduction of mild ischemic damage**, whose uniqueness is also demonstrated by granting a patent obtained in Italy and being approved at the European level.

BONE HEALTH


Osteoporosis is a common pathology in older adults, characterized by **low bone mineral density and fragility**. Causes include non-modifiable factors such as age and gender and modifiable factors such as underweight, early menopause, use of certain medications, and an unhealthy lifestyle. Symptoms of osteoporosis can include **back pain, reduced height, hunched posture, and fractures**.

It is a widespread condition, with **one in three women and one in five men over the age of 50** destined to suffer a fragility fracture.

Biofarma Group has developed two nutraceutical products to support people with osteoporosis.

T-win Osteoporosis is formulated for menopausal women and contains calcium, vitamin D and vitamin K, which improve musculoskeletal function and reduce the risk of fractures.

Hemp Osteo Aid is a nutraceutical to prevent osteoporosis for adult men and women. It contains calcium, vitamins D and K, and ingredients such as bromelain, glucosamine, ExceptionHYAL® Jump and cannabis sativa oil, which promote joint

Causes of osteoporosis

HORMONES & GENETICS
MEDICATIONS
INFLAMMATION
NO EXERCISE
OXIDATION
ALCOHOL
DIET
EMOTIONAL STRESS
SMOKING

health and bone tissue.

Both products offer innovative solutions to prevent and counteract the effects of osteoporosis, providing nutritional support and contributing to the well-being of people suffering from this disease.





BLOOD HEALTH

About 10% of adults have elevated uricemia levels at least once.

The causes of hyperuricemia can be different, such as a diet rich in purines, obesity, excessive alcohol and sugary drinks, kidney disease, chemotherapy, and diuretics.

Hyperuricemia can lead to brain, kidney and cardiovascular diseases, the leading cause of death in Western countries.

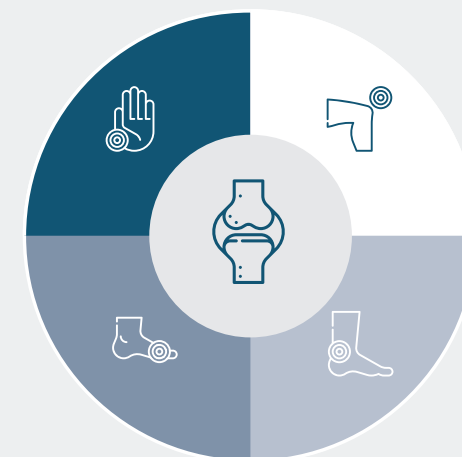
Gout, a painful form of rheumatism, is one of the main consequences of hyperuricemia.

It mainly affects men and is manifested by **acute episodes of inflammation of the joints**, especially the big toe.

Treatment of hyperuricemia requires lifestyle changes, such as correcting eating habits, weight control, exercise, and hydration. However, pharmacological or nutraceutical support is often also required.

Currently, available medications, such as allopurinol, have unwanted side effects. Biofarma Group has developed **Uricemin®, an innovative nutraceutical** containing quercetin, rutin, bromelain and L-carnosine.

Symptoms & areas affected by gout



- SEVERE PAIN, ESPECIALLY AT NIGHT
- INFLAMMATION, REDNESS
- TEMPERATURE INCREASE OF ACHING JOINT

A clinical study has shown that **Uricemin® effectively reduces uric acid levels in the blood without side effects.**

Its components inhibit the enzyme in uric acid synthesis, increasing its renal excretion and providing analgesic and anti-inflammatory properties.

Uricemin® represents a new, safe, and effective product treating hyperuricemia, offering support to patients suffering from this condition and reducing the associated risks.

BRAIN HEALTH

Cognitive functions include attention, memory, perception and learning and can be impaired by stress, fatigue, and ageing factors.

Biofarma Group has developed **two products to support cognitive functions** during **school** and **old age**.

Older adults may experience cognitive decline, difficulty fixing new memories, performing several activities simultaneously, and remembering simple information.

Dietary supplements can be an option to improve cognitive abilities, and studies have highlighted the effectiveness of substances such as vitamin B1, Bacopa monnieri and phosphatidylserine.

Students can also benefit from supplements such as **phosphatidylserine, which supports memory and concentration.**

Symptoms of cognitive decline



IMPAIRED BALANCE AND COORDINATION

CHANGES IN SLEEP PATTERNS

CHANGES IN EATING HABITS

REPETITIVE QUESTIONING

DIFFICULTY WITH MEMORY

FORGETFULNESS

Biofarma Group products for seniors and students contain active ingredients such as **vitamin B1, Bacopa monnieri and phosphoserine**, along with other components that **promote the functioning of the nervous system.**

The **M-Cap packaging** for both products ensures powder integrity and a long shelf-life, offering ease of use for seniors and students.





MENTAL HEALTH

Good **mental health** allows people to **fulfil themselves, overcome daily tensions, work productively, and contribute to the community.**


Impaired mental well-being can significantly affect the consumption of health services and may be subject to social stigma.

Anxiety is a state of agitation, nervousness and worry that can manifest with physical and psychological symptoms. People look for remedies to deal with stress, often **preferring natural solutions over chemicals.**

Medical cannabis for anxiety has sparked interest in its potential benefits without side effects. Cannabis has properties that can **positively affect moods, sleep, and state of mind.** Studies have shown positive effects on **depression, anxiety, and stress.**

Biofarma Group has developed a product called **Hemp Stress Support** that uses **cannabis sativa oil** as the main ingredient to promote relaxation and reduce fatigue.

The product also contains **chamomile extract, lemon balm, griffonia, vitamins B6 and camellia sinensis** to balance mood

Common causes of anxiety	
	
GENETICS	
PHYSICAL OR MENTAL HEALTH ISSUES	
CHILDHOOD OR PAST EXPERIENCES	
CHANGE OR NEGATIVE LIFE EVENTS	
STRESS	
POOR NUTRITION	
ALCOHOL OR DRUGS	

and reduce stress and fatigue.

Hemp Stress Support also uses **innovative microencapsulation technology**, which keeps ingredients active and stable until release. This technology promotes **ingredient protection, modified release, and improved solubility.**

Microencapsulation makes the transformation of hemp oil into powder possible, allowing the development of a tablet as an alternative form to the liquid, representing an innovation for consumers.

The supply chain

The Group selects **reliable and recurring suppliers** to create a **structured and stable supply chain** in line with strict regulatory requirements.

The aim is to **manage** the supply of raw materials **efficiently** and **mitigate** qualitative and currency **risks**.

The Group prefers foreign suppliers for raw materials, packaging, logistics and warehouse services, trying to **operate mainly at the European level**.

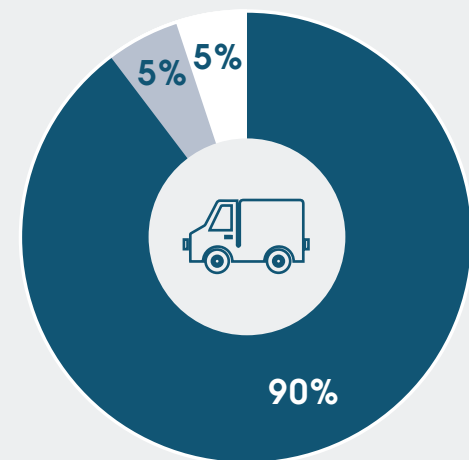
The solid experience and the constant growth of skills **ensure our customers a complete service and a controlled and guaranteed supply chain at all stages**, from development to delivery of the finished product.

Biofarma constantly develops **new solutions and formulations** capable of meeting all requests, putting itself to the test with challenging studies even in unexplored areas.

Biofarma's procurement strategy currently extends **from Asia to America**, depending on product development needs.

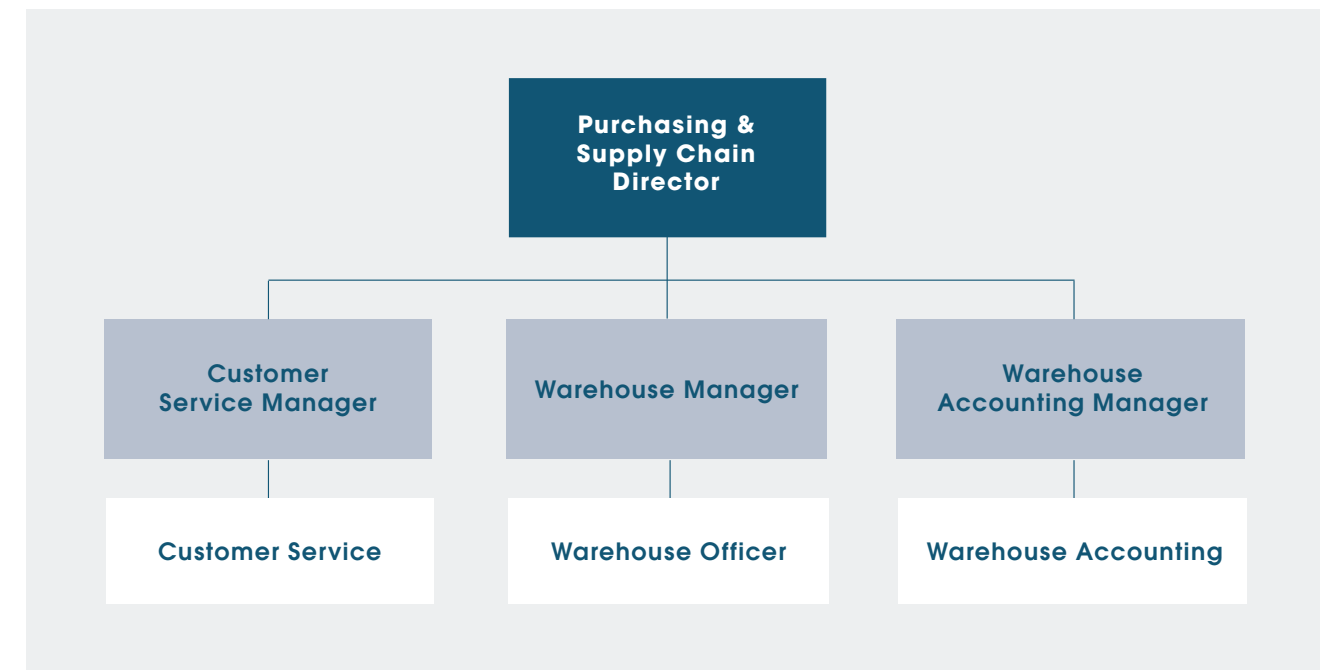
Geolocation of the top 10 suppliers

(turnover value)

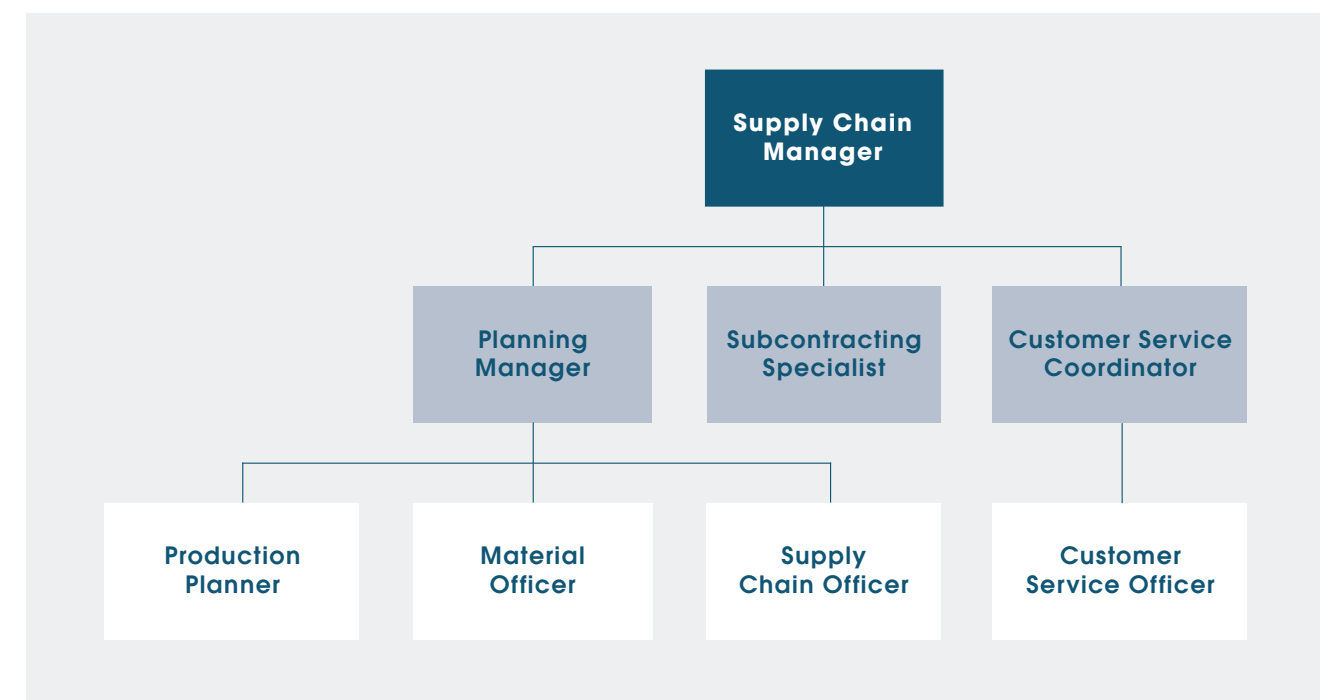


■ Italy ■ Switzerland ■ Austria

Supply Chain Biofarma:



Supply Chain Nutrilinea:



Projects are being evaluated to systematically map the supply chain on the merits of implementing initiatives in compliance with the Strategic Sustainability Plan.

The management focuses on standardizing the quality and economy of relations with external suppliers to maximize economic benefits, maintaining high levels of quality and punctuality of deliveries.

At the same time, to avoid dangerous dependencies, a **strategy was adopted to identify a “main” supplier for each area** while maintaining two alternatives.

Regarding **packaging**, the Group is committed to promoting purchases in Italy, enhancing **“made in Italy” products** and encouraging collaborations with virtuous local realities.

The managerial structure with which relations with the supply chain are managed allows us to have a lean and, at the same time, functional approach to create a framework of great value for the Group.

The dedicated function manages direct and indirect purchase requests through a management system that verifies the constraints and allows price and reliability evaluations.

In addition, the Mereto hub is part of the **Sedex network**. This non-profit organization offers a **leading global online platform for managing and monitoring working conditions in supply chains**.

Sedex promotes improving ethical and transparent business practices along the entire supply chain.

The Group is therefore aligned with Sedex’s requirements, which include national or local legislation, the ETI (Ethical Trade

Initiative) Code, the Sedex Members Ethical Trade Audit (SMETA) Guidelines and any additional requirements established by other companies in the supply chain that require the audit.

The verification audit is conducted using the **“SMETA” methodology**. It assesses corporate compliance against two pillars: the second pillar covers working conditions, health and safety, labour rights, subcontracting and home working, while the fourth pillar covers the same elements with the addition of environmental assessment, business practices and ethics.

The Biofarma Group **joined Sedex in June 2020 at the Mereto di Tomba hub**, performing the audit of the second pillar. Subsequently, in November 2021, the membership was renewed and extended to the fourth pillar.

PACKAGING MANAGEMENT

Biofarma focuses on **creating products** in different forms that find expression **in multiple types of packaging**, with great attention to **process and product sustainability** and the guarantee of **total quality and safety**.

POWDERS:

tubs, stick pack, T-Win stick, sachet

CAPSULES AND TABLETS:

blister (alu-alu, alu-pvc), bottles, active vials with dessiccants

LIQUIDS:

glass and plastic bottles; single-dose vials with reservoir caps; stick packs; sachets; bottles with spray pump; ampoules; applicator pens; vials with droppers

SOLIDS + LIQUIDS:

single-dose vials with Dry-Cap and M-Cap; vials with two-/three-phase kits; ampoules with two-/three-phase caps

PRESSURISED SOLUTIONS:

with flammable propellents (GPL and DME) with non-flammable propellents; BOV – Bag-on-Valve spray

Our clients

Biofarma is one of the leading European companies specializing in **contract manufacturing (CDMO)** in the **nutraceutical sector** and is also a recognized **leader in the Italian market**.

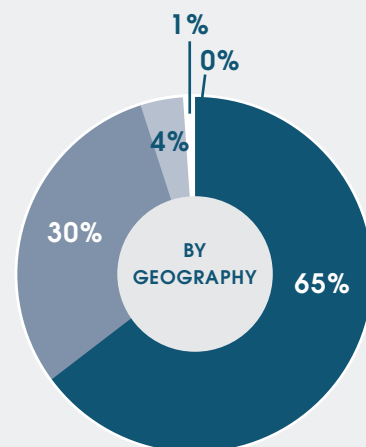
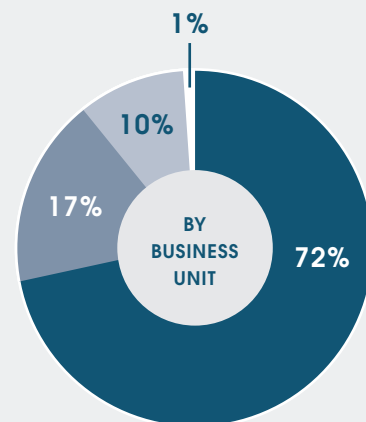
The company was created through targeted acquisitions that allowed it to develop **a diversified portfolio of products and production technologies**.

Biofarma is positioned as a **privileged partner for large pharmaceutical companies and customers** in the consumer health sector for collaborations in the **co-development of projects**.

Their offering includes comprehensive CDMO services, ranging from market research and regulatory and technological development to producing and packaging finished products.

The company takes a proactive approach to innovation, trying to anticipate market trends and customer needs. To this end, they have a solid research and

Breakdown of total revenues



development department and offer a wide range of differentiated technologies, such as microencapsulation, dry-cap technology and T-Win.

RELATIONS WITH PARTNERS AND CUSTOMERS

Biofarma recognizes the importance of **partners-customers** and is working to improve their relationship.

Business Review processes promoted by partners are underway to verify the compliance of the Group's products and procedures with the required standards.

A **customer satisfaction analysis service** is planned to identify opportunities for improvement in a more structured way than the previous analyses and with the **involvement of ESG performance**.

Adopting a CRM platform will allow you to manage surveys in an automated way, obtaining a complete analysis of preferences and overall customer satisfaction.

To effectively manage partner relationships, the company has implemented several strategies:

Organization of Innovation Meetings with customers to discuss therapeutic trends and ideas for developing innovative products.

These meetings allow the exchange of information and the proposal of new projects based on briefings and co-development;

Creation of technical data sheets to provide scientific information on the products developed;

Carrying out market analyses to provide an overview of the evolution of therapeutic targets and their global incidence;

Focus on developing nutraceutical projects with high scientific and innovative content, investing in research and development to consolidate leadership in the CDMO sector at a global level.

INTERACTION WITH THE TERRITORY

The Group's increasingly international scope sees between 2022 and 2023 an increasingly dense participation in the main international events.



VITAFOODS EUROPE

Vitafoods Europe is a leading trade fair in food supplements, functional ingredients, and nutraceutical products.

The event brings together producers, distributors, ingredient suppliers, health and wellness professionals and academics.

Vitafoods Europe provides a platform to present the latest developments, launch new products, conduct business negotiations, and participate in conferences and workshops covering a wide range of topics related to health and nutrition.

The Group attended **Vitafoods Europe 2023 in Geneva with an articulated proposal developed by an R&D team** of over 50 researchers who worked on multiple therapeutic targets, including the metabolic area, gastrointestinal well-being, ageing, beauty, and a vital novelty: **an offer of organic supplements.**



CPHI WORLDWIDE

CPHI Worldwide is one of the most significant global events in the pharmaceutical industry. It brings together manufacturers, ingredient suppliers, distributors, pharmaceutical professionals, and academics worldwide.

The event offers extensive trade exposure, allowing companies to showcase their pharmaceuticals, discover new partnerships, participate in networking sessions, and keep up to date with the latest developments and trends in the industry. Biofarma Group **presented and shared its news and developments directly from the future medicine market at CPHI 2022 in Frankfurt.**



COSMOPROF WORLDWIDE

Cosmoprof Worldwide is one of the leading trade fairs in the beauty, hair, skin, body, and beauty care sectors. The event is divided into several sections, including Cosmopack (dedicated to producing and packaging cosmetic products) and Cosmo|Perfumery & Cosmetics (devoted to cosmetics, personal care products and perfumery brands).

Cosmoprof Worldwide offers a unique opportunity for companies to present their products, meet potential partners, and participate in workshops and conferences on the latest trends in the beauty industry.

Biofarma Group presented and shared its news and developments directly from the future cosmetics market at Cosmoprof 2023 in Bologna.

CHAPTER 5

People: tangible asset and active involvement

- 5.1 The team
- 5.2 Training and skills development
- 5.3 People's well-being
- 5.4 Our contribution to the community



5 years

average length of service



6,400+ hours

of training provided



959 total

co-workers



607

employees



59%

female employees



159

new employees



40%

turnover rate

The team

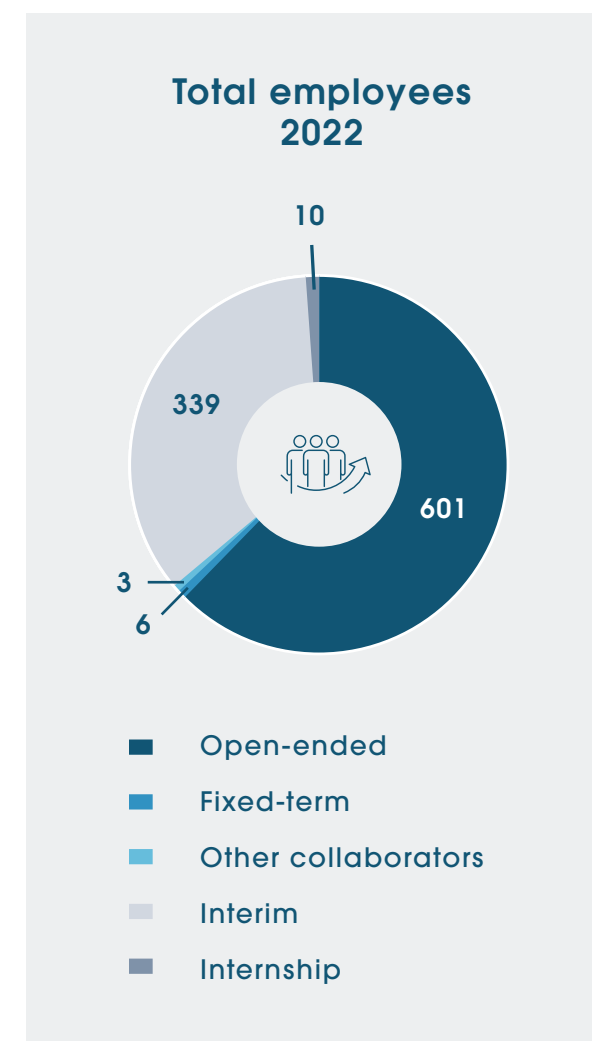
Biofarma, in line with its vision of the future, has decided to become a company increasingly focused on people, embracing the idea of a holistic concept of well-being, which considers every aspect of workers' lives, inside and outside the office.



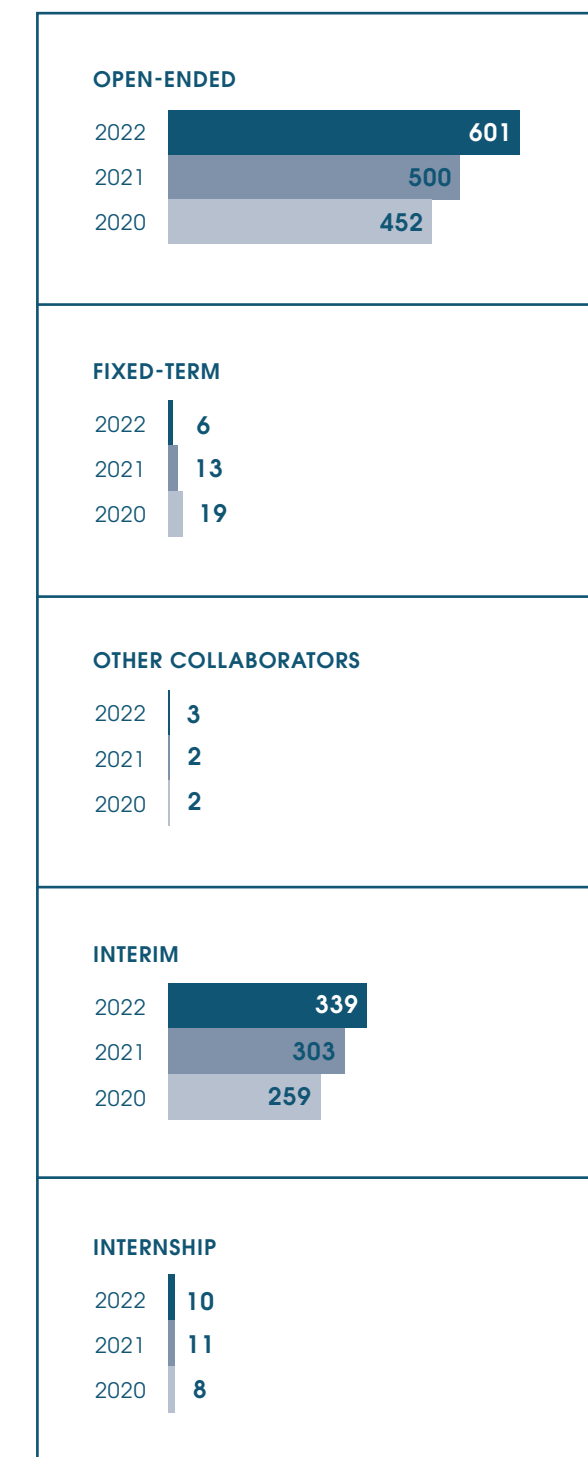
Over the years, **the Group's workforce has grown considerably**, reflecting, on the one hand, economic growth and, on the other, the choice to promote a healthy and fulfilling work environment.

The **turnover rate stood at 39.9%**, an increase from 2021 (26.3%).

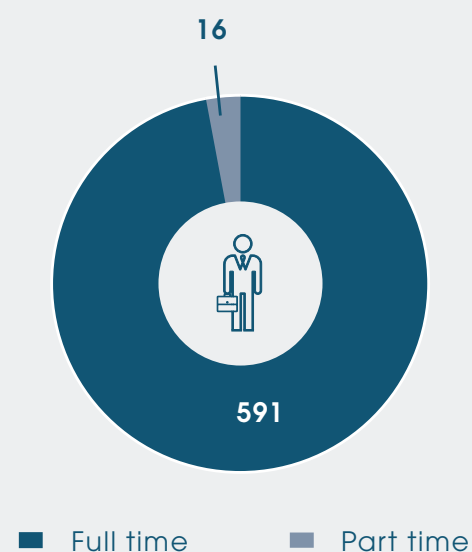
This increase is due to a combination of employees who have terminated or terminated their employment (83) and **a significant number of new hires (159 in total)**.



Total employees 2020-2021-2022

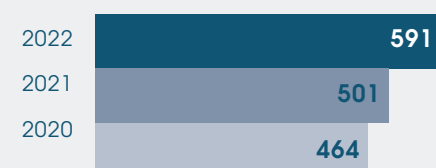


Breakdown of total employees 2020-2022

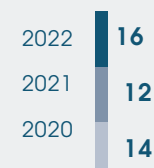


Employees 2020-2022

FULL TIME



PART TIME



In the current context, both national and international, **women still face gender stereotypes and limitations** to access certain jobs.

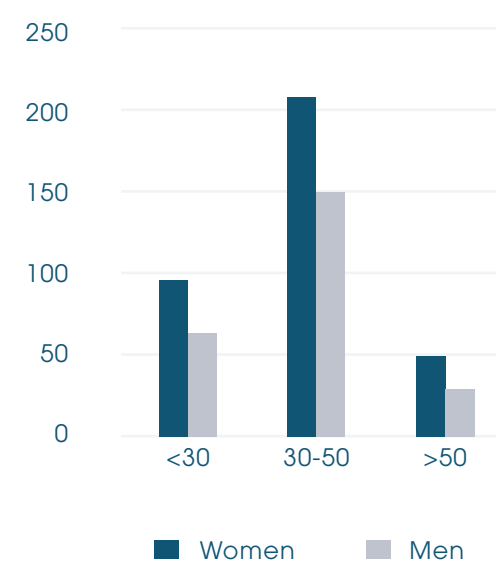
Biofarma values professionalism and promotes equality, respect for equal opportunities and meritocracy in the choice and growth of its employees.

GRI 401-1: EMPLOYEES BY AGE AND GENDER

GRI 401-1	2022			2021			2020		
	Women	Men	Tot	Women	Men	Tot	Women	Men	Tot
Under 30	96	67	163	59	41	100	46	28	74
Between 30 and 50	210	152	362	194	151	345	178	156	334
Over 50	51	31	82	42	26	68	42	28	70
TOT	357	250	607	295	218	513	266	212	478

Thanks to this approach, **the Group can guarantee a balanced gender balance**, which rewards the presence of women within the organization.

Staff employed by age and gender



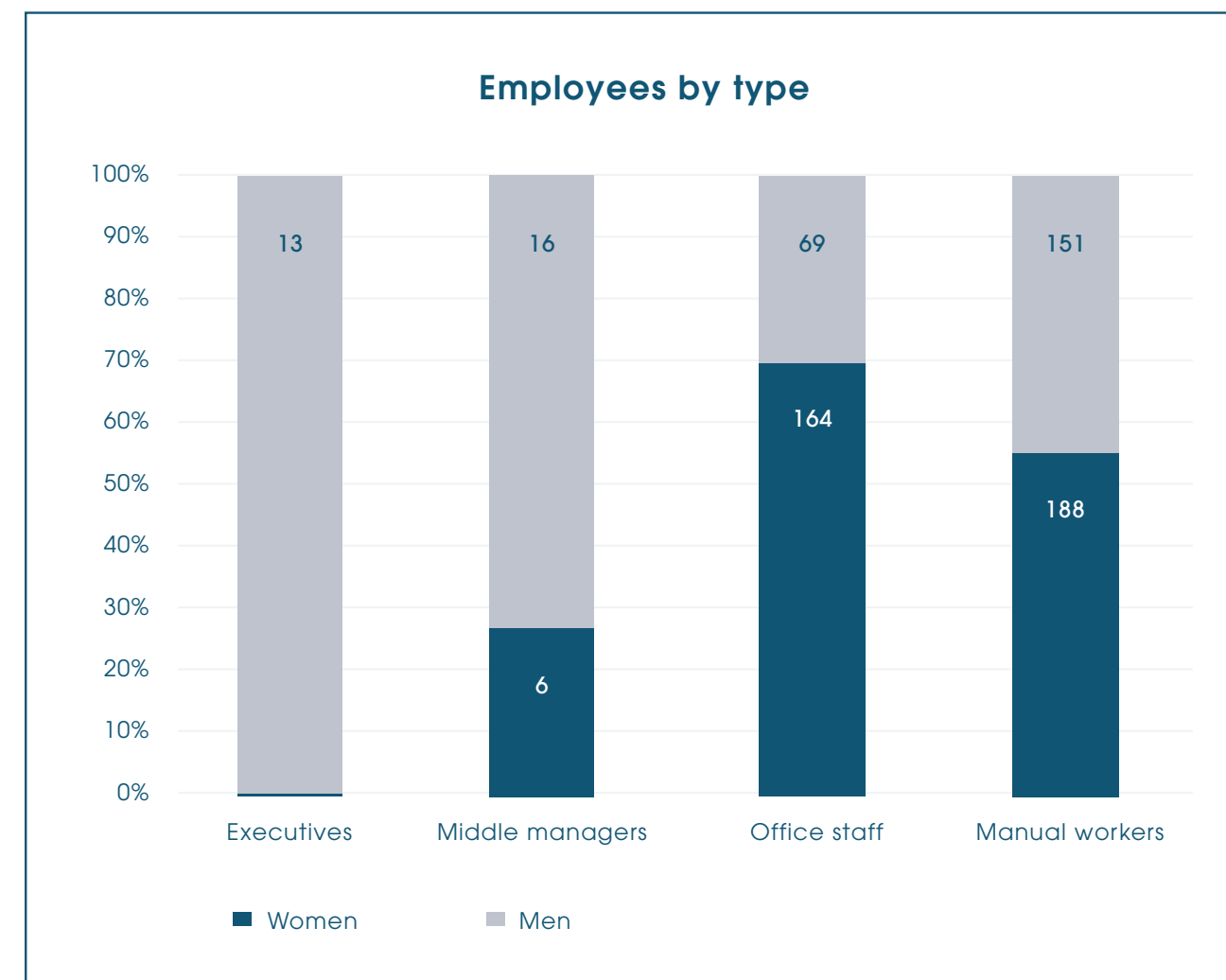
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES

FEMALE PRESENCE	2022	2021
Under 30	59%	59%
Between 30 and 50	58%	56%
Over 50	62%	62%
TOT	59%	58%

The Group's decision to increase the number of women in senior management roles, where there is currently a need for more female representatives, especially in the management team, is based on the same approach.

GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES

TYPE	WOMEN	MEN
Executives	-	100%
Middle managers	27%	73%
Office staff	70%	30%
Manual workers	55%	45%
TOT	59%	41%



The total number of employees is covered by the CCNL agreements, in particular, **55% by the CCNL Industria Chimica** (Mereto di Tomba pole) and **45% by the CCNL Chimica PMI** (Gallarate, Cusano Milanino and San Pietro Viminario pole, IHS).

This difference is, however, reduced by predisposed authorities, which try to align the advantages as much as possible, which refer to the two types of contracts, **planning to obtain unification of all staff under a single CCNL.**

PERCENTAGE OF EMPLOYEES IN TOTAL	
Mereto di Tomba	55%
Gallarate	28%
Cusano Milanino	9%
San Pietro Viminario	8%
IHS	1%

Training and skills development

As part of the **training and development of the skills of its employees**, Biofarma has decided to offer its employees a high-quality work experience that goes far beyond simple work while creating a **solid and socially sustainable business model**.

Through these projects, **the Group also aims to obtain the “Top Employers Institute” certification**.

These **initiatives** will be put in place **from 2023** but have already been announced for transparency and sustainability.



INITIATIVES

The first initiative, called **Job Posting**, is a project aimed at **promoting employees' internal mobility**, allowing them to apply for active searches.

This will enhance and develop the company's internal skills. In addition, Biofarma will launch a **Referral Program**, in which **employees** will be **encouraged to present new talents to be hired by drawing from their network of contacts**, guaranteeing them an economic incentive or benefit for the success of the referral.

Another project to which Biofarma is dedicating attention is **Tutored**, a **meeting platform between young talents and companies** to offer online experiences for training and hiring new resources.

In addition to this, the company will define the **Employer Value Proposition (EVP)**, a document that describes the set of benefits, benefits, opportunities, and experiences that the Group is committed to **guaranteeing to employees and future resources** that will be inserted. This will allow you to create a value proposition for employees and stand out as an employer from the competition from a point of view focused on employee perception.

In addition, Biofarma will implement a **structured and integrated On Boarding program** to facilitate the insertion of new hires in the company, maximizing performance, empowerment and engagement and reducing onboarding times and, in particular, aiming at the **creation of a proprietary Human Capital Management (HCM) system**, for centralized and multicountry management of labor costs, budgeting and FTE, as well as the management of talent management, performance management & compensation, career

development, skill gap analysis, training management and e-learning platform with a library included, available in 16 languages.

Implementing this system will allow the company to have **a global view of its human assets and better plan its management**, ensuring maximum effectiveness in every step of the employee's life cycle.

Biofarma has decided to activate further initiatives to enhance the training and development of the skills of its employees.

The **Attraction/Retention plan is designed to attract and retain junior talent** through a combination of design, economic and professional development levers.

The company will also launch the **Career & Development center**, which will introduce **programs dedicated to designing career paths** to align staff aspirations with business needs, using assessment, career guidance, training, and coaching methodologies.

01. TALENT SCOUTING

- Job Posting
- Referral Program
- Tutored Platform
- Employer Value Proposition

02. HR MANAGEMENT

- On Boarding Program
- Proprietary Human Capital Management system

03. TALENT RETENTION

- Attraction / Retention Plan
- Career & Development center

GRI 404-1: TOTAL TRAINING HOURS PROVIDED TO EMPLOYEES BY OCCUPATIONAL CATEGORY AND GENDER

GRI 404-1	2022			2021			2020		
	Men	Women	Tot	Men	Women	Tot	Men	Women	Tot
Executives	63	-	63	52	-	52	66	-	66
Middle managers	368	30	398	117	15	132	243	34	277
Office staff	772	1,436	2,208	452	1,380	1,832	781	2,504	3,285
Manual workers	2,208	1,611	3,819	1,895	2,394	4,289	3,897	7,254	11,151
TOT	3,411	3,076	6,487	2,516	3,789	6,305	4,987	9,792	14,779

The increase in the number of hours of education provided by a company is a positive sign that testifies to its **growing commitment** to the **development** and **updating** of the skills of its employees.

In the specific case of Biofarma, **the increase in training hours, from 6,305 in 2021 to 6,487 in 2022**, reflects the company's recognition of the importance of cultivating and strengthening internal talent, encouraging a corporate culture that promotes learning and constant improvement.

For **2023**, around **€150,000** has been set aside to create and improve **development plans for training**.

People's well-being

The Group is committed to creating an **adequate and safe working space for employees**, with a strong focus on health and prevention.

Procedures and behaviors related to the theme of **work-life balance** have been formalized, offering **greater flexibility in entry and exit times** and the possibility of **working in smart working mode**, monitored according to company indications.

A **performative well-being project** and a climate and engagement analysis system called Beaconforce were created in line with the company's **mission** and **vision**.

This allows you to assess the level of employee engagement and satisfaction constantly. In addition, the company offers workers the opportunity to take advantage of specific nutritional advice and attend health conferences as part of efforts to obtain certification issued by the "Top Employers Institute".





In the **selection process**, Biofarma adopts a rigorous **approach** based on the **consistency** of candidates **with company values** and the **technical skills** required for the role.

After the selection, a **constant dialogue is initiated with the candidates** to finalize the recruitment. In case of termination of employment, an **exit interview** is conducted, which is **analyzed by the HR team** to draw useful information to improve processes.

The **protection of health and safety at work is fundamental** for the continuity of the activity itself and is managed with an **ethic devoted to the sustainability of work and continuous improvement**.

To ensure a safe and secure working environment, it relies on the support of an external company that provides consulting services and integrated safety management at the various plants. This allows you to carry out periodic inspections, checks and meetings with the participation of supervisors, production managers, DDL, quality manager and RSPP.

Moreover, thanks to the **formalization of a communication channel between the various figures**, the Group can **identify and assess risks** and apply the hierarchy of controls to eliminate and/or minimize risks.

The assessment results are then presented to the safety figures for any comments, verifications, changes, and subsequent subscription, as well as the application of PPE and prevention measures and any corrective actions.

Specific monthly KPIs are also defined for **monitoring work-related risks**, and a system for tracking dangerous situations is created, from reporting to closing any corrective actions.

The **Risk Assessment Document (DVR)** is **regularly reviewed and updated** in case of changes in the production process or work organization due to significant accidents or when the results of health surveillance show the need.

In case of actual **reporting** of potentially dangerous situations, the persons in charge promptly inform the production manager who interfaces with DDL and RSPP, immediately stopping the operation and securing all the employees involved.

In addition, the staff can always send advice, complaints, and communications of all kinds through the RLS.

During the periodic inspections, the RSPP also **interviews** the persons in charge and the production manager to know the accident situation and the safety measures adopted to improve the PPE and reduce any stress due to the inadequacy of the same.

The **support consulting company** is a training institution **recognized by the Lombardy Region**. It provides a training plan from scratch or complements the one already in possession at the time of recruitment.

GRI 401-1: NUMBER OF ACCIDENTS INVOLVING EMPLOYEES AND CONTRACTORS

GRI 401-1	2022	2021	2020
Number of recordable accidents	20	19	7
of which occurred to employees	7	7	4
of which to contractors	13	12	3

GRI 403-9: RATE OF ACCIDENTS AT WORK

GRI 403-9	2022	2021	2020
Recordable work accident rate	13.84	15.12	9.36
of which occurred to employees	8.21	8.96	9.30
of which contractors	21.92	25.23	9.43

Our contribution to the community

Biofarma has always shown a proactive commitment to the community, being the engine of innovative initiatives and projects.

During the last period, this bond has been further strengthened thanks to the Group's natural **inclination to seek relevant solutions** to improve collective health and prevent diseases.

As a result, **increasingly ambitious and innovative projects have been conducted to promote the growth needed** to overcome and avoid periods of crisis.

A NEW REAGENT

These include **the launch of a new reagent liquid** that allows **COVID-19 swab samples to be transported and stored longer**, minimizing environmental variations in the test material.

This innovative reagent can fix and store the RNA of the virus, making it inactive. This allows healthcare professionals to conduct analyses safely and store samples longer without altering their quality.

In addition, **the results of studies show that using this reagent with salivary swabs increases the clinical sensitivity of the test by 10%** compared to nasopharyngeal swabs.

This research project was born in **collaboration with the Udine Hospital** when the supply of reagents and materials for the diagnosis of COVID-19 was particularly critical.

The Friuli-Venezia Giulia Region has shown great interest in the project and has evaluated forms of collaboration to ensure an accurate and rapid product testing phase.

A PROJECT FOR INCLUSIVITY

Since January 2019, Biofarma Group has launched a **collaboration project with the Art and Book Cooperative of Udine** to facilitate the **inclusion of disadvantaged individuals suffering from significant physical and mental disabilities in the workforce.**

During **2023, meetings** are scheduled to **illustrate the results achieved so far** by this project to **transform the legal obligation relating to the recruitment of disabled workers into an opportunity for success.**



THE MADAGASCAR PROJECT

Biofarma Group has been supporting the Madagascar project since 2016, intending to **produce medicines and provide health care** to ensure the care and survival of local children and families.

The project was **started by Michele Sari**, a young pharmacist who left Villesse in the province of Gorizia in **2015** for the island. In 2016, the **first galenic laboratory was established in Vezo**, which allowed the **on-site production of drugs** for the most common diseases caused by poor hygiene and lack of clean water.

Currently, the Vezo facility **offers daily care to over 125 people** and can perform **five different types of surgeries**. Thanks to galenic production, **personalized therapies** are provided for the various diseases that affect local adults and children, such as antifungal creams, treatments for tuberculosis and antibiotics.

In **2022**, the **Fanday SOA project** was also born, initiated by the Malagasy Association FANDAY SOA, which aims to **strengthen the health system and improve**



the quality of health care and education in the Anakao Basic Health Center.

The ultimate goal is to **provide tools to local health personnel** to allow them **future autonomy** in quality care and health education for the population, thanks to the help of qualified national and international personnel.

The center has become a **local reference point** for the training of health personnel, which organizes courses for nurses, midwives, and medical staff, also involved in emergency activities to **combat child malnutrition** still widespread in the African territory.

Also, in **2022**, the Biofarma Group sent **toothpaste tablets for a health education activity** at the CSB in Anakao. This activity lasted **20 days** and involved an Italian volunteer alongside local staff. About **160 school-age children** attended classes and learned dental hygiene, receiving a toothbrush and toothpaste as a gift to continue the practices at home.

Biofarma Group also offers the **opportunity to live a two-week volunteering experience** to four collaborators with a **direct employment contract in the company**.

The volunteering project involves two areas of activity: **volunteers who support the activity of Dr. Sari in Anakao**, continuing the awareness and education campaign on oral hygiene started the previous September, and **volunteers who support the activity of Dr. Nardi at the Vezo hospital in Andavadoaka**, managing the daily activities of the hospital, such as the realization of galenic preparations, the maintenance of warehouses, support in training activities for guests such as pregnant women and new mothers, and the production of functionalized practices for children suffering from malnutrition.



The goal is to offer them the chance to rebuild, at least in part, the life they have been forced to abandon.

A PROJECT FOR THE SUPPORT AND INTEGRATION OF TWO FAMILIES FLEEING UKRAINE

Faced with the difficult conflict situation that Ukraine is facing and the needs of millions of people affected by this catastrophe, Biofarma Group could not remain indifferent.

The war has caused many civilian casualties, destroyed infrastructure, and **displaced 8 million people**, forcing thousands of citizens to seek safety, protection and assistance away from their homes.

In this context, **Biofarma Group** has decided to support a reception project dedicated to two families who fled the war. These families consist of two women and mothers named Yana and Anna, three girls aged 13, 21 and 22 named Sofiia, Tetiana and Daria, and two 5-year-old children named Polina and Tiymofii.

Biofarma Group has provided **accommodation for the two families in a building near their company headquarters in Mereto di Tomba**, mainly used as a dwelling for this emergency. **In addition to food and lodging**, the Group intends to support a **broad integration project** that will include integration and socialization events, as well as the creation of **solid job opportunities and school paths** for members of the host families.





CHAPTER 6

Commitment to the environment: harmonious integration and efficient management



159,019 GJ

power consumption



78,760 m³

water consumption



4,635 ton

waste produced

6.1 Energy consumption

6.2 Emissions

6.3 Water consumption

6.4 Waste

6.5 Headquarters: Mereto di Tomba

+11% power consumption

+22% water consumption

+26% waste produced

94% non-hazardous waste



12,104 tCO₂eq emissions

45.1 gCO₂/€ emissive intensity (-11%)

Guaranteeing **productions attentive to their environmental impact** is one of the pillars of the Biofarma group's work.

Attention to the environment and its possible adverse effects, deriving from its production processes, is declined through an **integrated approach**, able to **intervene on the most significant environmental aspects** for the organization.



Energy consumption

The **first area** on which every organization is called to **carefully analyze and evaluate its performance**, even more so if it is a product, concerns the **correct energy management**.

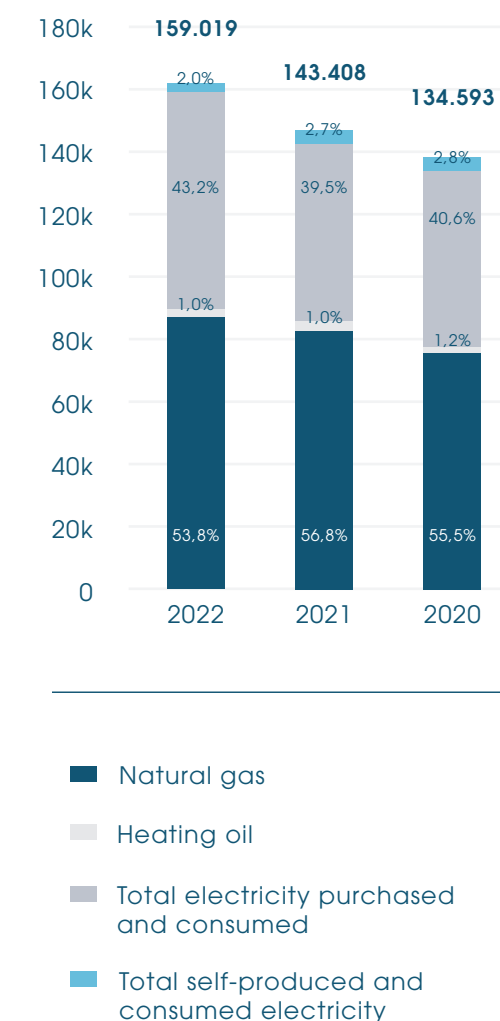
In a period like the current one, characterized by high raw material costs and significant increases in energy prices, **optimal management of one's energy needs can also generate significant returns from an economic point of view**.

Concerning 2022, **the four production sites of the group** (Mereto, Cusano Milanino, Gallarate and San Pietro Viminario) are considered. **Energy consumption stood at 159,019 GJ, an increase of 11% compared to last year**. This increase is particularly attributable to a significant **increase in electricity consumption (+21%)**, which is added to the more moderate ones recorded **for natural gas (+5%)**.

Concerning electricity, it is also possible to observe a **rather significant reduction in the quantities self-produced by photovoltaic plants** owned by the group, which have suffered an estimated **contraction of around 16%**.

Focusing on the main energy sources that make up the energy mix of the plants, what was observed in the reporting process is confirmed: **natural gas** is

Biofarma energy consumption 2022-2020



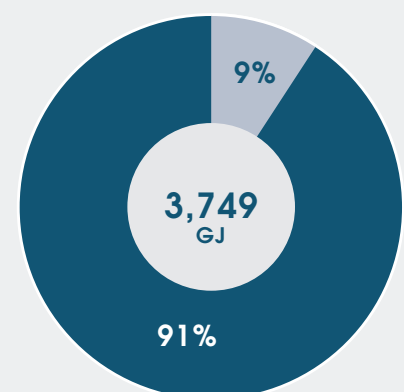
Separately reported transport fuel consumption is excluded from the calculation.

The calculation methods for the conversion of energy consumption into GJ during 2022 have been updated and applied to the previous reporting years. The purpose of this update is to ensure full and correct comparability of the reported data.



still the **predominant energy source**, covering almost **54%** of energy needs; then **follows the electricity** that with over **45%** qualifies as a **second energy source** and of which **4% comes from RES** (2% instead if calculated on the total energy consumed); finally, there is **heating oil**, which is still a **minority source (1%)** within the mix used by Biofarma.

Fuel consumption of the car fleet



Total petrol consumed
 Total diesel consumed

In addition to the energy consumption for the activities of the plants described above, there was **a further 3,749 GJ attributable to the fuel consumption, mainly diesel**, of the vehicles owned by the group¹.

¹With regard to the year 2022, it was possible to refine and improve the collection of data on fleet consumption.

GRI 302-1: ENERGY CONSUMPTION WITHIN THE ORGANIZATION

GRI 302-1	2022	2021	2020
ELECTRICAL ENERGY (GJ)			
Total electricity purchased and consumed	68,633	56,608	54,578
- of which purchased from renewable sources according to the suppliers energy mix	0	0	0
Total electricity self-produced and consumed	3,205	3,810	3,772
- of which self-produced from renewable sources (photovoltaic systems)	3,205	3,810	3,772
Total electricity self-produced and sold	0	0	0
DIESEL OIL (GJ)			
Consumed for plant supply and heating	1,611	1,476	1,604
METHANE (GJ)			
Natural gas for production process and heating	85,569	81,514	74,639
COMPANY CAR FLEET (GJ)			
Diesel	3,404	1,056	700
Petrol	346	4	41

GRI 302-3: ENERGY INTENSITY OF DOMESTIC CONSUMPTION

GRI 302-3	2022	2021	2020
Total energy consumption (GJ)	159,019	143,408	134,593
Turnover (€)	268,221,861	206,590,979	183,448,529
(MJ/€ turnover)	0.593	0.694	0.734

Emissions

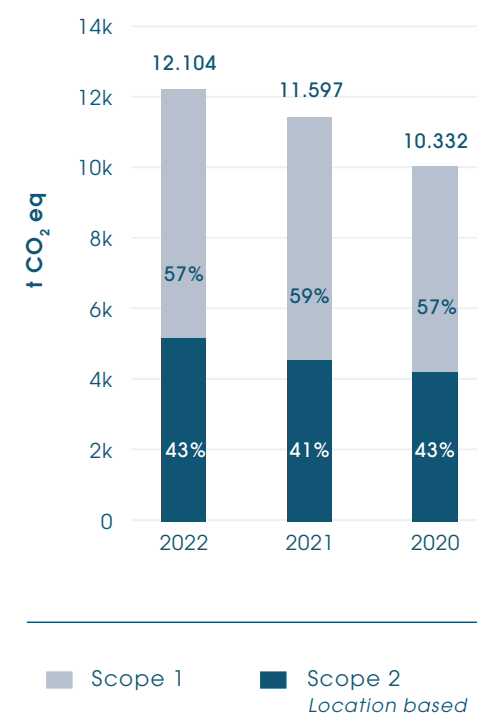
With a renewed commitment to the management of its environmental externalities, at the beginning of March **2023**, the **Biofarma** group chose to undertake the critical **path towards carbon neutrality** (Carbon Neutrality) aimed at **reporting on climate-changing emissions**, which aims, firstly, at a **structured assessment of its climate impact** and, subsequently, the development of **dedicated strategies for the reduction of its emissions**.

This path will be divided into three distinct phases:



- 1. Calculation of the company's carbon footprint** following the international methodology of the **GHG Protocol**;
- 2. Drafting of the reduction and compensation strategy**;
- 3. Monitoring and updating** of the carbon footprint and group strategy.

Scope 1 and Scope 2 (Location-based) emissions



To ensure a comprehensive analysis of its emissions, Biofarma has decided to extend the reporting of its emissions not only to the **Scope 1 (direct emissions) and Scope 2 (indirect emissions associated with energy production)** categories but also to the **Scope 3 category**, i.e., the **indirect emissions associated with the activities upstream and downstream of the company's operations**.

To meet the reporting requirements of this report, the consolidated results for Scope 1 and Scope 2 emissions are shown below, in line with what was monitored in the previous three years.

NOTE TO THE GRAPHIC

Representation of Biofarma's carbon footprint concerning the consumption of fuels for the power supply of the production process, heating and the company fleet and the consumption of electricity purchased from the national grid. The emission factors used for fuels refer to the Table of National Standard Parameters (ISPRA, 2023), while the emission factors used for electricity supply refer to the European Residual Mixes report (AIB, 2022).

This update in methodology responds to the need to use emission factors with international validity given the French acquisitions underway in the Biofarma group.

Finally, it was decided to report **Scope 2 Location-based emissions** because, currently, Biofarma does not purchase renewable electricity with a **Guarantee of Origin**; Consequently, the emission factor of its supplier cannot be valued with the national one.

For the year 2022, the data relating to Fgas will be reported in the related carbon footprint report. This emission item has yet to be included in the balance sheet to maintain comparability with the emissions recorded during previous years. Also, for 2022, the data relating to the consumption of diesel and petrol for transport of the Gallarate, Cusano Milanino and San Pietro Vinimaro plants still need to be included at the time of writing.

Any integration of the new emission items included in the Biofarma inventory (including those of the Scope 3 category) will be explained in **the specific output of the Carbon Neutrality project.**

DECREASING EMISSIVE INTENSITY

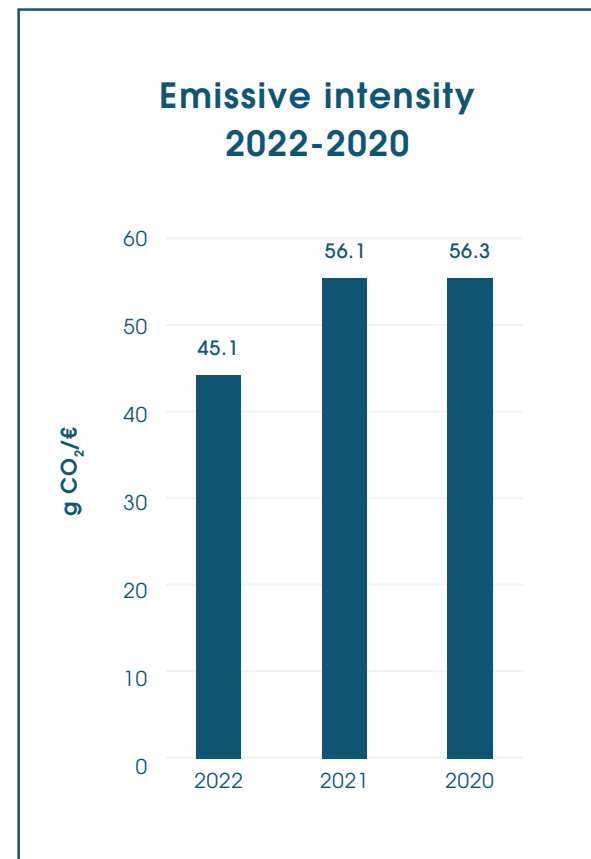
According to the available data, the group's **emissions** amount to a total of **12,104 t CO₂ eq** for the year **2022**.

Considering these preliminary data, there was an **increase in the group's emission contribution, with a growth of 4%.**

On the other hand, the distribution between **Scope 1 and Scope 2** is substantially unchanged, with **the first category representing 43% of total emissions (vs. 41% in 2021)** and vice versa. **The second represents 57% of total emissions (vs. 59% in 2021).**

The figure on absolute emissions, which for consistency, therefore, returns a "rising" figure, to be translated as "more detailed", is accompanied by the assessments made this year, which have allowed a more detailed evaluation of the emission intensity. This indicator, calculated based on the turnover recorded in the years under analysis, saw **a contraction of 20% compared to last year.**

Despite the significant growth in the issues mentioned above, this contraction is driven by an equally structured **turnover growth (+30%).**



In addition to monitoring climate-altering emissions, Biofarma believes that controlling all emissions into the atmosphere is fundamental.

For all emission points in its plants, **annual checks** are carried out to ensure constant compliance with the legal limits set by law and the AUA. Activities of this type closely involve boilers, subject to periodic maintenance and checks. In addition, using **dust collectors** and **special filters** allows the maintenance of low levels of pollutants.

As far as boilers are concerned, they are maintained periodically, and consequently, the emission values are always under control and mainly below the limits.

GRI 305-1/305-2: SCOPE 1 AND SCOPE 2 EMISSIONS

GRI 305-1 / GRI 305-2	2022	2021	2020
GRI 305-1: DIRECT EMISSIONS SCOPE 1 (t CO₂ eq)			
Methane gas consumption	4,844	4,614	4,225
Heating oil	120	110	119
Diesel	253	79	52
Petrol	25	0	3
Totale Scope 1	5,242	4,803	4,400
GRI 305-2: DIRECT EMISSIONS SCOPE 2 (t CO₂ eq)			
From electricity purchase – location based	6,862	6,794	5,933
From electricity purchase – market based	8,772	7,267	7,118
Total Scope 1 + Scope 2 location based	12,104	11,597	10,332
Total Scope 1 + Scope 2 market based	14,014	12,070	11,518

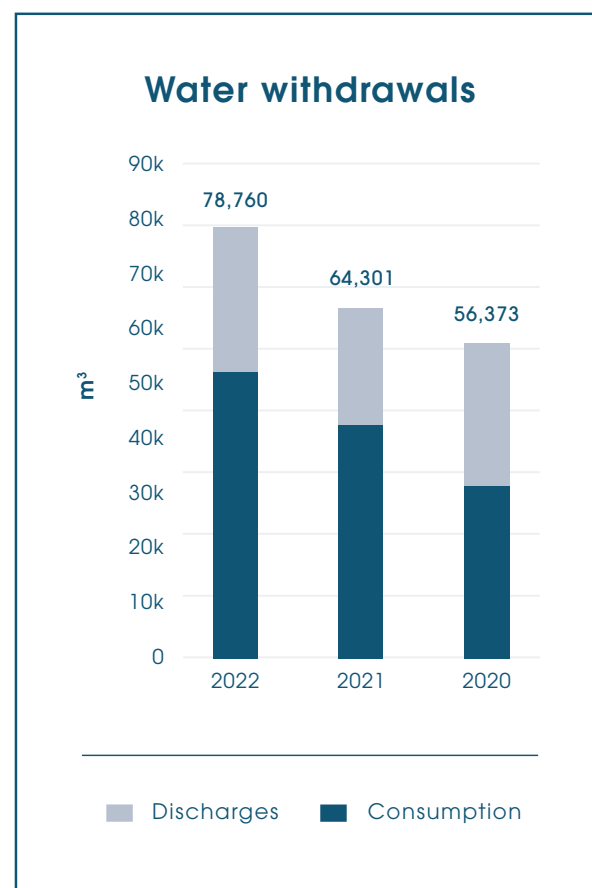
GRI 305-4: EMISSIVITY INTENSITY

GRI 305-4	2022	2021	2020
Total emissions Scope 1 + Scope 2 location based (t CO₂eq)	12,104	11,597	10,332
Turnover (€)	268,221,861	206,590,979	183,448,529
(gCO₂ eq/€ turnover)	45.1	56.1	56.3

Water consumption

Concerning water consumption to comply with the requests for the reporting of this item, it was decided to give continuity to the assumptions proposed for last year: specifically, it was assumed that the quantities **discharged** into the sewers of **Cusano Milanino and San Pietro Viminario are similar**, in the absence of direct readings, in percentage terms to what was recorded in the **Mereto** plant which still guarantees detailed data coverage Environmental.

As far as the **Gallarate** plant is concerned, considering that the **water taken** is mainly used for washing operations, thus escaping with the status of waste, they were considered **zero**.



Based on the assumptions made, therefore, in 2022, **water withdrawals recorded a further increase** compared to what was found for the previous year (in the period **2021-2020, there is a +14%**).

This increase is **currently estimated at around 22%**. The **contraction** in production recorded in **2020**, when consumption stood at **56,373 cubic meters**, is therefore **fully absorbed**.

The water withdrawn derives only, for all the group's plants, from the aqueduct

and is discharged into the sewage system in full compliance with the minimum standards required by current legislation (Legislative Decree 152/2006). For the **Cusano Milanino** plant and the **Gallarate** plant, as mentioned above, the water

used for washing operations in the production departments, for packaging and those coming from granulation activities are collected separately and sent for disposal by tankers under the monitoring of specialized companies.

GRI 303: WATER AND WATER DISCHARGES

GRI 303	2022	2021	2020
GRI 303-3: LEVIES			
Well water (m³)	-	-	-
of which fresh water (≤1000 mg/l total dissolved solids)	-	-	-
of which other types of water (>1,000 mg/l total dissolved solids)	-	-	-
Water taken from aqueduct (m³)	78,760	64,301	56,373
of which fresh water (≤1000 mg/l total dissolved solids)	78,760	64,301	56,373
of which other types of water (>1,000 mg/l total dissolved solids)	-	-	-
GRI 303-4: DRAINS			
Drains into sewers (m³)	26,000	21,000	25,000
of which fresh water (≤1000 mg/l total dissolved solids)	26,000	21,000	25,000
of which other types of water (>1,000 mg/l total dissolved solids)	-	-	-
GRI 303-5: CONSUMPTION			
Total consumption (m³)	52,760	43,301	31,373



Waste

The Group is firmly committed to the **correct waste management hierarchy**, recognizing the crucial importance of **reducing, reusing, recycling and properly disposing** of the waste generated by our operations.

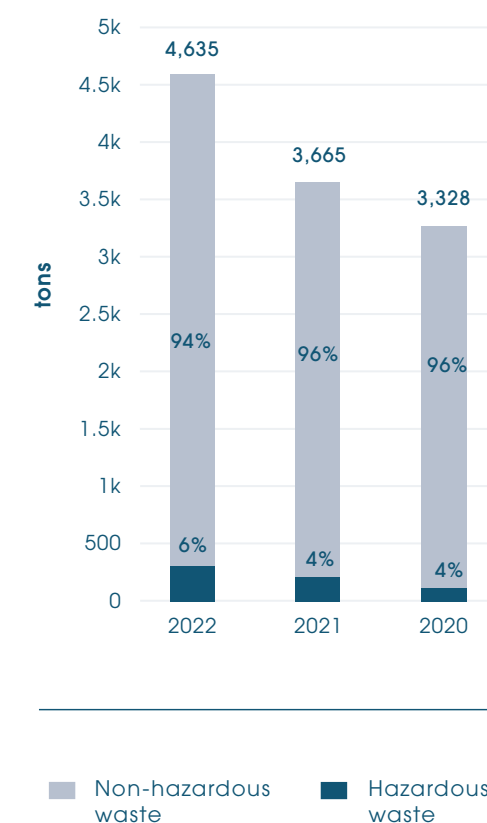
In line with the principles set out in European legislation, **specific initiatives** are adopted to significantly reduce waste production from the early stages of our production process.

The upstream reduction of the quantities produced involves careful **analysis, identification and implementation** of innovative solutions that optimize the use of resources, reduce waste, and minimize the overall environmental impact.

This requires a holistic approach involving the entire supply chain, including suppliers and business partners, to promote sustainable and responsible practices.

A key element of this strategy is the careful **involvement of staff**: change for developing sustainable practices and processes requires a rooted corporate culture.

Group waste



Therefore, the awareness and training of employees on correctly managing the materials used and the waste generated by the processes is a strategic initiative for achieving the group's objectives.

At the aggregate level, **the total waste** produced for the year reported amounted to **4,635 tonnes**.

The quantities produced significantly **increased (+26 compared to 2021)**, reflecting the upward trend in production volumes.

HAZARDOUS AND NON-HAZARDOUS WASTE

Concerning the **production of hazardous and non-hazardous waste**, the trends recorded in previous years are consolidated: **the most significant part of the residues produced is once again attributable to categories of a non-hazardous nature (94%)**. In contrast, the quantities attributable to hazardous waste are minor.

Of the first category, **52% is currently allocated to recovery and enhancement operations**, in full accordance with the principles of circular economy, which is so strategic for the group.

Even more significant percentages are found for **the small amount of hazardous waste, almost all of which is destined for preliminary operations for reuse (classified with code R13)**.

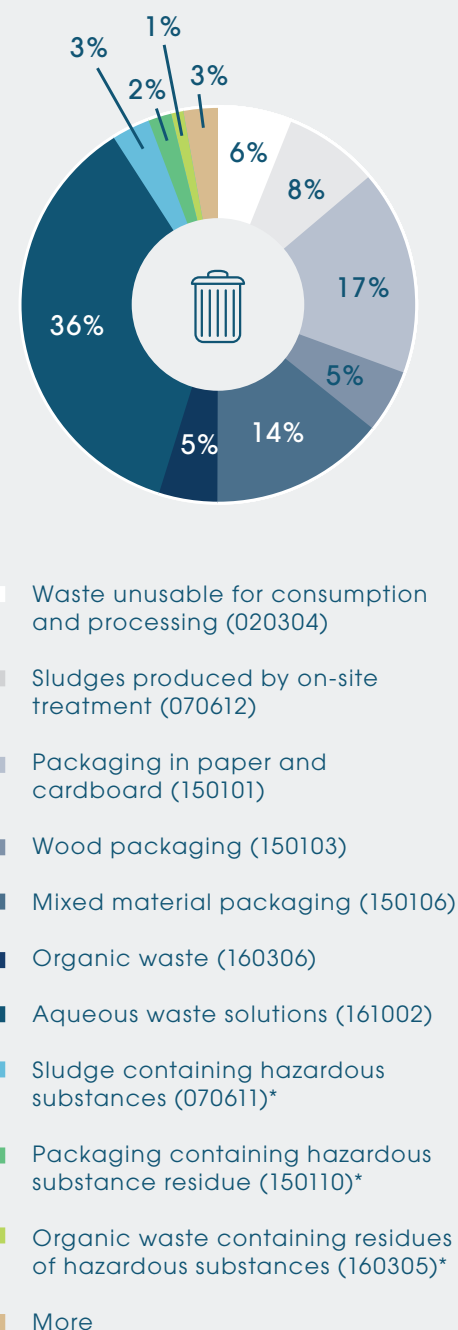
Shifting attention to the detail of the type of waste produced, based on the CER codes identified, they reasonably reflect the activities of the Biofarma group.

The main items among the waste produced are **the washing, granulation, and water treatment activities (ERC 161002), representing 39% of the total waste produced**.

Water is essential for the operations carried out by the group's plants: washing the equipment and containers used in making semi-finished products. It is correctly managed through some purification plants present in the plants.

As a result of these treatments, **sludge** is inevitably generated, which is part of the waste attributable to production. These waste (CERs 070612 and ERCs 070611*) account for almost **11%** of the waste generated at the group level.

Waste generation by ERC code



The need to procure large quantities of **raw materials** and **package** its products is necessarily reflected in the types of waste generated by the group.

Among these, **paper and cardboard packaging (CER 150101)** was confirmed last year, representing just over **18%** of the waste generated, followed by **mixed packaging** classified with **CER 150106 (15%)**.

HEADQUARTERS: Mereto di Tomba

The **Logistics Hub in Mereto** is a highly **automated and computerized** area for the management of **shipments**. The Group is committed to providing traceability and availability of products, ensuring fast deliveries.

Thanks to a **collaboration with Ceccarelli Group**, experts in logistics, **Biofarma has optimized internal flows**, improving business efficiency and flexibility.

This made managing peaks of work more flexible and reduced operational errors possible.



THE FIGURES

Height under beam: **12 meters**

3,058 m² shipping area

9,261 m² logistics/storage area

Trilateral warehouse (**12,400** packaging spaces + **4,350** insulated PF spaces **+8°C/+25°C**)

Retractable warehouse (**3,200** places)

Cold room (**700** pallet spaces at temperature **+2°C/+8°C**)

Cold room (**77** pallet spaces at temperature **-18°C/-22°C**)

Shipments: **3,500/4,000** per year

References: **1,800** packaging, **2,600** raw materials, **5,000** finished product codes

Incoming goods: **350/400** pallets per day

Outgoing goods: **300/350** pallets per day

The Biofarma group can boast different plants home to specific technologies and production skills. Its **headquarters**, also equipped with a production complex, qualifies as a **reference point among the group's offices**.

Since its construction, it was decided to give full and concrete **implementation to the principles of environmental sustainability**, central to the company's work.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

The **Mereto di Tomba hub** has implemented and extended, for the entire site, an **SGSL voluntarily certifying ISO 4500**.

This integration has led to the adoption of **a specific health and safety policy**, the drafting of a management system manual, and the creation of safety management procedures.

To verify the effectiveness of the management methods on the subject, every year, **the objectives to be achieved are identified**, and the **Improvement Plan** is drawn up, including all the actions to be taken to ensure the continuous growth of the system.

For **2022**, **short-term default initiatives** are proposed again and must be replicated annually to maintain the high standards achieved. The **long-term initiatives are in progress**, and the group's commitment allows them to reduce the time defined

for their adoption constantly.

The Hub's entire staff are involved in the process, with **a system audited and certified by independent third parties**.

The **Health, Safety & Environment (HSE)** office is responsible for the organization and **monitoring** of risk assessment, applying a functional hierarchy of controls to reduce impacts. The results of these evaluations are analyzed to determine the best preventive and protective actions to take.

Workers can verbally report situations of danger and risks during work to their department heads. In turn, the managers fill in the corresponding forms and hand them to the HSE office. The **Risk Assessment Document (DVR)** and the operating instructions specify the prevention and protection methods to manage residual risk situations in specific cases.

A **procedure has been created to facilitate communication efficiently that manages the communication and consultation of all staff**. The company uses the **Mynet application** dedicated to communication to involve all workers.

Concerning incident management, the **document "Incident management. Procedure for reporting near misses"**, developed by the Actuarial Statistical Consultancy, Contarp and the Department of Medicine, Epidemiology, Occupational and Environmental Hygiene of Inail, following the indications on Near miss and occupational diseases.

Moreover, through constant monitoring and continuous commitment, Biofarma has achieved a **significant reduction of 20% in the number of accidents at work** compared to the previous year. This result was also reflected in a **35% drop-in accident rates at work**.

ENERGY

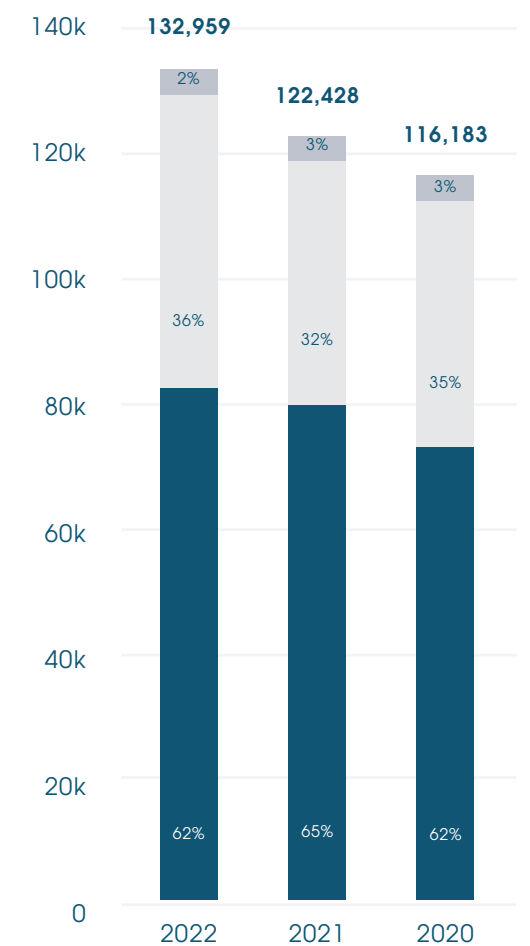
The **Mereto** site represents, considering the associated production volumes, it contributes significantly to the Group's consumption, **being responsible for 84% of total consumption.**

Following the complete absorption of the contraction in production levels recorded in 2020, **the plant's consumption continues to grow significantly, reaching +9%** compared to the previous year.

ENERGY MANAGEMENT STRATEGIES

In the Mereto hub, there are some of the **strategies implemented**, later at the group level, **for the careful management of energy resources**, such as the efficiency of production lines through more efficient machinery, installation of twilight sensors for environments not directly related to production, all accompanied by real-time **monitoring** of machinery consumption.

Energy consumption of the Mereto plant



- Methane gas
- Total purchased and consumed electricity
- Total self-produced and consumed electricity

EMISSIONS

As part of the broader project to **assess the company's carbon footprint**, thanks to the available information, it is possible to have a detail of the **Scope 1 (direct emissions) and Scope 2 (indirect emissions)** emissions for the Friulian plant.

The **Mereto** site represents **the true beating heart of Biofarma production**, both for plant size and consequent production capacity.

This is inevitably reflected in the Group's emissions distribution, demonstrating its energy consumption.

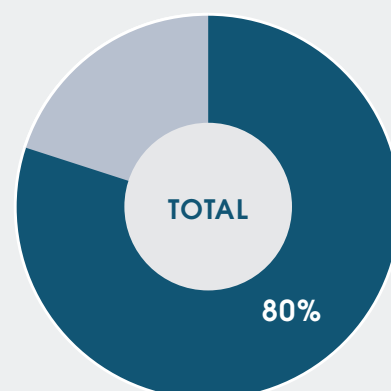
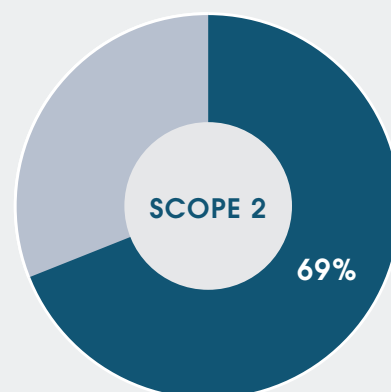
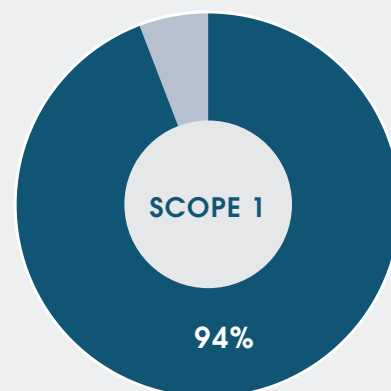
Of the total **Scope 1 emissions**, those attributable to Mereto represent **94%**, a symptom of the presence of **the cogenerator powered by natural gas**.

As far as **Scope 2 emissions** are concerned, the contribution of the two sites is reduced to **69%**, thus **averaging the fraction of total Scope 1 and 2 emissions, equal to 80%**.

Climate-altering emissions are mainly attributable to **direct emissions**, which constitute **51% of the total emissions of Scope 1 and Scope 2**, the latter quantified according to the *location-based* approach.

Overall, for the Friuli plant an increase in line with what can be observed at group level, which is in the order of 4%, is observed for the year 2022.

Mereto's contribution on emissions (2022)



WATER RESOURCES

The **water resource** used in the **Mereto** plant is, as well as for the other Biofarma plants, deriving from an **aqueduct** and intended for **discharge** into the sewer, as prescribed by the authorizations.

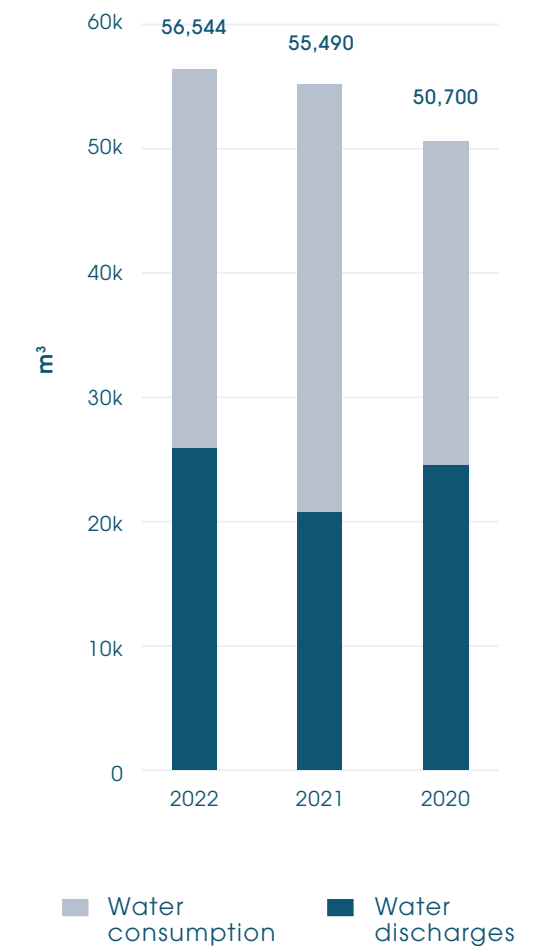
The plant **is responsible for more than 71% of the group's water withdrawals**. Compared to 2021, it recorded a slight **increase** of just over **2%**.

Thanks to a significant **rise in unloaded volumes**, the latter at 2020 levels, **the overall consumption** of the plant shows a substantial **reduction of 11%**.

Through an integrated and transversal approach that involves specialist functions and business lines, the company **maps and monitors risks** related to water resource use.

This process aims to **identify the most vulnerable operational areas and define specific actions** to mitigate water risk.

Water consumption of the Mereto cluster



Thanks to the implementation of a monitoring system, it is possible to control the water requests of the production lines accurately.

At the same time, the system allows the detection of any leaks or abnormal water consumption.

WASTE

The **Mereto** plant, the central hub of the group, like what can be observed for other significant environmental areas, represents the **largest contributor** in terms of the quantities of waste produced.

64% of the waste produced by the group's plants is attributable to the activities at the Friulian site. In absolute terms, it is responsible for the production of **2,946 tons**.

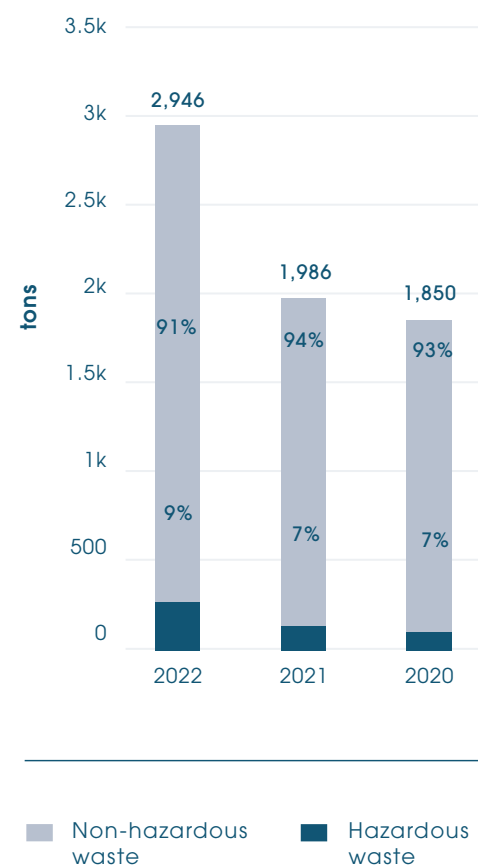
The distribution of waste reflects what can be observed for most of the sites analyzed within the reporting perimeter: **91% of the waste produced** by the site is, therefore, **of a non-hazardous nature**, while the remaining share is composed of hazardous waste.

Compared to what was found in 2021, the quantities produced in absolute terms saw a substantial **growth of 48%**.

Concerning the composition of the waste produced by the plant, it reflects what can be observed at an aggregate level but shows some peculiarities that distinguish the Friulian plant.

Among the most present waste is **waste attributable to water treatment activities** used for the specific uses of the plant.

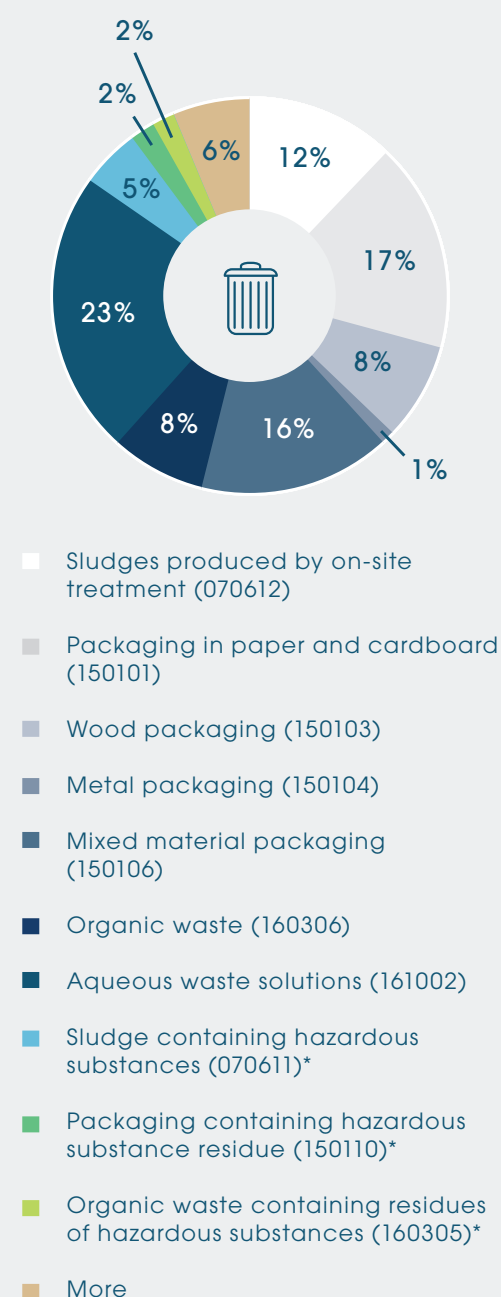
Waste production
by type of Mereto hub



On the packaging front, in addition to seeing a significant presence of **paper packaging (18%)** and **mixed packaging (16%)**, discrete quantities of **wooden packaging** represent **8%** of the waste produced.

Finally, **organic waste (CER 160306)** is particularly significant, **contributing to 8% of the total** waste produced by the production site.

Waste generation
by CER code of
the Mereto hub



ANNEX

Impacts and GRI Contents

0.1 GRI Content Index

0.2 Detail of impacts

0.3 GRI Tables

GRI Content Index

GRI 2 - GENERAL DISCLOSURE

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
The organization and its reporting practices			
2-1	Organization details	-	-
2-2	Entities included in the organization's sustainability report	Perimeter different from the scope of the Consolidated Financial Statements	Methodological Note
2-3	Reporting period, frequency and contacts	Perimeter at 31.12.2022, like the reporting period of the Consolidated Financial Statements	Methodological Note
2-4	Restating Information	-	Methodological Note
2-5	External Assurance	-	Methodological Note
Activities and employees			
2-6	Activities, value chain and other business relationships	-	4-The creation of the product
2-7	Employees	-	5.1-The team
2-8	Non-employees	-	5.1-The team
Governance			
2-9	Structure and composition of governance	-	3.1-The Corporate Governance model
2-10	Nomination and selection of the highest governing body	-	3.1-The Corporate Governance model

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
Governance			
2-11	President of the highest governing body	-	3.1-The Corporate Governance model
2-12	Role of the highest governance body in overseeing impact management	-	3.1-The Corporate Governance model
2-13	Delegation of responsibility for impact management	-	3.3 The Internal Control and Risk Management System
2-14	Role of the highest governance body in sustainability reporting	The BOD approves the Financial Statements and the material issues	Methodological Note
2-19	Remuneration policies	-	2.3 The economic value generated and distributed to stakeholders
2-20	Remuneration determination process	-	2.3 The economic value generated and distributed to stakeholders
Policy and practice strategy			
2-22	Declaration on Sustainable Development Strategy	-	1.1 The Strategic Sustainability Plan
2-26	Mechanisms for seeking advice and raising concerns about business conduct	-	1.2 Stakeholder Engagement

GRI Content Index

GRI 2 - GENERAL DISCLOSURE

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
Policy and practice strategy			
2-27	Compliance with laws and regulations	There are no cases of non-compliance in 2022	3.2 Ethics, integrity and compliance
2-28	Membership of associations	-	5.4 Our contribution to the community
Stakeholder engagement			
2-29	Stakeholder engagement approach	-	1.2 Stakeholder Engagement
2-30	Collective bargaining agreements	-	5.1 The team

GRI 3 - MATERIAL THEMES

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
3-1	Process for determining material themes	-	1.3 The materiality matrix
3-2	List of material topicsList of material topics	-	1.3 The materiality matrix
3-3	Management of material issues	-	1.3 The materiality matrix
INDUSTRIAL RELATIONS MANAGEMENT AND PROTECTION OF CUSTOMER PRIVACY			
3-3	Material theme management	-	4.4 Our customers

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
GRI 418: Customer privacy (2021)			
418-1	Proven complaints regarding customer privacy breaches and loss of customer data		4.4 Our customers
SOCIO-ECONOMIC COMPLIANCE AND RISK MANAGEMENT IN TAX MATTERS			
3-3	Material theme management	-	3.3 The internal control and risk management system
GRI 207: Taxes (2021)			
207-1	Approach to taxation	-	3.3 The internal control and risk management system
207-2	Tax governance, control, and risk management	-	3.3 The internal control and risk management system
ECONOMIC PERFORMANCE			
3-3	Material theme management	-	2.3 The economic value generated and distributed to stakeholders
GRI 201: Economic Performance (2021)			
201-1	Economic value directly generated and distributed	-	2.3 The economic value generated and distributed to stakeholders
BUSINESS ETHICS AND INTEGRITY			
3-3	Material theme management	-	3.2 Ethics, integrity and compliance

GRI Content Index

GRI 3 - MATERIAL THEMES

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
GRI 205: Anti-corruption (2021)			
205-3	Proven corruption and actions taken	There are no episodes of corruption	3.2 Ethics, integrity and compliance
GRI 206: Anti-competitive behavior (2021)			
206-1	Lawsuits for anti-competitive, antitrust, and monopolistic practices	No legal action is filed	3.2 Ethics, integrity and compliance
GRI 413: Local communities (2021)			
413-1	Activities involving local communities, impact assessment and local communities, impact assessment and	-	5.4 Our contribution to the community
ENERGY			
3-3	Material theme management	-	6.1 Energy consumption
GRI 302: Energy (2021)			
302-1	Energy consumed within the organization	-	6.1 Energy consumption
302-3	Energy intensity	-	6.1 Energy consumption
WATER AND WATER DISCHARGE			
3-3	Material theme management	-	6.3 Water consumption

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
GRI 303: Water and water discharges (2021)			
303-1	Interaction with water as a shared resource	-	6.3 Water consumption
303-2	Management of impacts related to water discharge	-	6.3 Water consumption
303-3	Water withdrawal	-	6.3 Water consumption
303-4	Water discharge	-	6.3 Water consumption
303-5	Water consumption	-	6.3 Water consumption
RAW MATERIALS			
3-3	Material theme management	-	6.4 Waste
GRI 306: Waste (2021)			
306-1	Waste generation and significant waste-related impacts	-	6.4 Waste
306-2	Management of significant waste impacts	-	6.4 Waste
306-3	Waste produced	-	6.4 Waste
306-4	Waste not destined for disposal	-	6.4 Waste
GRI 306: Waste (2021)			
306-5	Waste destined for disposal	-	6.4 Waste

GRI Content Index

GRI 3 - MATERIAL THEMES

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
ENVIRONMENTAL COMPLIANCE			
3-3	Material theme management	-	6.2 Emissions
GRI 305: Emissions (2021)			
305-1	Direct emissions di GHG (Scope 1)	-	6.2 Emissions
305-2	Indirect GHG emissions from energy consumption (Scope 2)	-	6.2 Emissions
305-5	Reduction of GHG emissions	-	6.2 Emissions
HUMAN RESOURCES MANAGEMENT POLICY			
3-3	Material theme management	-	5.1 The team
GRI 401: Employment (2021)			
401-1	New hires and turnover	-	5.1 The team
401-2	Benefits provided for full-time employees, but not for part-time or fixed-term employees	-	5.1 The team
GRI 402: Relations between workers and management (2021)			
402-1	Minimum notice period for operational changes	-	5.1 The team
GRI 405: Diversity and equal opportunities (2021)			

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
405-1	Diversity in governing bodies and among employees	-	5.1 The team
405-2	Ratio of basic salary and remuneration of women to men	-	5.1 The team
GRI 406: Non-discrimination (2021)			
406-1	Incidents of discrimination and remedies taken	-	5.3 Il benessere delle persone
TRAINING AND EDUCATION OF EMPLOYEES			
3-3	Material theme management	-	5.2 Training and well-being of people
GRI 404: Training and education (2021)			
404-1	Average annual training hours per employee	-	5.2 Training and well-being of people
PROTECTION OF CUSTOMER HEALTH AND SAFETY			
3-3	Material theme management	-	4.4 Our customers
GRI 417: Marketing and labeling (2021)			
417-3	Cases of non-compliance regarding marketing communications	There are no cases of non-compliance	4.4 Our customers
PROTECTION OF HEALTH AND SAFETY AT WORK			
3-3	Material theme management	-	5.3 People's well-being

GRI Content Index

GRI 3 - MATERIAL THEMES

GRI	INDICATOR SPECIFICATION	COMMENTS	PARAGRAPH
GRI 403: Occupational health and safety (2021)			
403-1	Occupational health and safety management system	-	5.3 People's well-being
403-2	Hazard identification, risk assessment and accident investigation	-	5.3 People's well-being
403-3	Occupational health services	-	5.3 People's well-being
403-4	Worker participation and consultation and health communication	-	5.3 People's well-being
403-5	Occupational safety and health training of workers	-	5.3 People's well-being
403-6	Promotion of workers' health	-	5.3 People's well-being
403-7	Prevention and mitigation of impacts on health and safety at work	-	5.3 People's well-being
403-9	Accidents at work	-	5.3 People's well-being
403-10	Occupational diseases	-	5.3 People's well-being



Detail of impacts

RISK FACTORS	IMPACTS	IMPACT CATEGORY	ESG FRAMEWORK	STATUS	TYPE	THEMES
Loss of sensitive information and strategic customer data	Legal issues	Reputational	Economy	Potential	Negative	Protecting customer privacy
Valuable data available in terms of strategic know-how and reworking	High value available	Reputational	Economy	Effective	Positive	Protecting customer privacy
Non-compliance with general compliance (certifications or other) in order of obligations and timing, also for new opportunities	Legal impacts	Financial	Economy	Potential	Negative	Socio-economic compliance
Greater compliance than required, with the possibility to make it public/ functional for new projects	Competitive advantage for races or other	Financial	Economy	Effective	Positive	Socio-economic compliance
Possible errors related to sudden updates not intercepted	Economic and sanctioning risks	Financial	Economy	Effective	Positive	Risk management in a fiscal manner

RISK FACTORS	IMPACTS	IMPACT CATEGORY	ESG FRAMEWORK	STATUS	TYPE	THEMES
Monitoring of possible variations and efficient reporting	Recognizability as a company in line with tax requirements	Financial	Economy	Effective	Positive	Risk management in a fiscal manner
Contingent factors that may interact with the growth of economic performance	Net profit dented by onerous operating	Financial	Economy	Effective	Positive	Economic Performance
Well-defined growth strategy adaptable to external variations	Constant growth and investment opportunities	Financial	Economy	Effective	Positive	Economic Performance
Loss of values and lack of ethical consistency with mission vision	Unoutlined business addressing	Reputational	Economy	Potential	Negative	Business ethics and integrity
Eloquence and transparency of the work in all its business declinations	Operational consistency and external recognition	Reputational	Economy	Effective	Positive	Business ethics and integrity
Energy inefficiencies or losses in economic and environmental terms	Economic disadvantages and environmental impact	Strategico	Environment	Potential	Negative	Effective and efficient energy management

Dettaglio degli impatti

RISK FACTORS	IMPACTS	IMPACT CATEGORY	ESG FRAMEWORK	STATUS	TYPE	THEMES
Efficient and prudent exploitation of a strategic resource such as energy, with a view to saving and using sustainable raw materials	Economic benefits and enhancement of commitments	Strategico	Environment	Potential	Positive	Effective and efficient energy management
Losses or waste in the use of water resourcesLosses or waste in the use of water resources	High-cost problems and environmental repercussions	Strategico	Environment	Potential	Negative	Responsible use of water resources
Good management of a strategic and scarce resource such as water	Water use compliance	Strategico	Environment	Effective	Positive	Responsible use of water resources
Spillage or poor disposal of dangerous substances	Good environmental event management	Reputational	Environment	Potential	Negative	Raw materials
Positive impact linked to the good management and disposal of substances also used by third parties	High cost problems and environmental repercussions	Reputational	Environment	Effective	Positive	Raw materials

RISK FACTORS	IMPACTS	IMPACT CATEGORY	ESG FRAMEWORK	STATUS	TYPE	THEMES
Development plan on decarbonisation not clear and not in line with the economic interactions developed	Loss of image and failure to achieve objectives	Reputazionale	Environment	Potential	Negative	Environmental Compliance
Objectives and services with significant relevance on international decarbonisation plans	Posizionamento come leader nel settore	Reputational	Environment	Potential	Positive	Environmental Compliance
Unfriendly and unattractive human work environment	Reduced uptime and employee satisfaction	Strategic	People	Potential	Negative	Human capital and employee well-being
High attractiveness and employee performance in line with their well-being	High employee satisfaction and business growth	Strategic	People	Effective	Positive	Human capital and employee well-being
Demotivated staff and poorly trained on new trends or new work dynamics	Strategic know how decrease	Strategic	People	Potential	Negative	Staff training and development

Dettaglio degli impatti

RISK FACTORS	IMPACTS	IMPACT CATEGORY	ESG FRAMEWORK	STATUS	TYPE	THEMES
High internal know-how thanks to a competent and always updated staff	Constant employee growth	Strategic	People	Potential	Positive	Staff training and development
Possible service or product incidents or issues	Customer dissatisfaction and potential health problems	Reputational	People	Potential	Negative	Protection of customer health and safety
Identification of a usual brand that provides a safe and efficient service	Attractiveness and recognition by the customer	Reputational	People	Effective	Positive	Protection of customer health and safety
Business operations associated with safety risk and unsafe workplaces	Legal issues and high turnover	Operative	People	Potential	Negative	Protection of health and safety at work
Employees and workers who recognize an adequate level of safety	Employee satisfaction and job enhancement	Operative	People	Effective	Positive	Protection of health and safety at work

RISK FACTORS	IMPACTS	IMPACT CATEGORY	ESG FRAMEWORK	STATUS	TYPE	THEMES
Loss of sight of common goals with stakeholders	Discrepancy between business objectives and common objectives	Reputational	People	Potential	Negative	Industrial Relations Management
Achievement of common objectives with stakeholders and growth of brand reputation	Consistency between core business and recognition of all parties involved	Reputational	People	Potential	Positive	Industrial Relations Management

GRI Tables

GRI 306: WASTE

GRI 306		2022			2021			2020		
GRI 306-5 WASTE NOT DESTINED FOR DISPOSAL	ON SITE	AT EXTERNAL SITE	TOTAL	ON SITE	AT EXTERNAL SITE	TOTAL	ON SITE	AT EXTERNAL SITE	TOTAL	
Hazardous waste (t)										
Preparing for re-use - (R13)	0	288	288	0	139	139	0	139	139	
Recycling - (R3, R4, R5, R11)	0	0	0	0	0	0	0	0	0	
Other recovery operations - (R2, R6, R7, R8, R9, R10, R12)	0	0	0	0	0	0	0	0	0	
Total	0	288	288	0	139	139	0	139	139	
Non-hazardous waste (t)										
Preparing for re-use - (R13)	0	2,247	2,247	0	2,171	2,171	0	2,051	2,051	
Riciclo - (R3, R4, R5, R11)	0	0	0	0	16	16	0	29	29	
Other recovery operations - (R2, R6, R7, R8, R9, R10, R12)	0	0	0	0	0	0	0	0	0	
Total	0	2,247	2,247	0	2,187	2,187	0	2,080	2,080	

GRI 306		2022			2021			2020		
GRI 306-5 WASTE DESTINED FOR DISPOSAL	ON SITE	AT EXTERNAL SITE	TOTAL	ON SITE	AT EXTERNAL SITE	TOTAL	ON SITE	AT EXTERNAL SITE	TOTAL	
Hazardous waste (t)										
Preparation for disposal - (D13, D14, D15)	0.0	1.2	1.2	4,844	4,614	4,225	4,844	4,614	4,225	
Incineration with energy recovery - (R1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Incineration without energy recovery - (D10, D11)	0.0	2.2	2.2	0.0	2.2	2.2	0.0	1.5	1.5	
Landfilling - (D1, D5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other disposal operations - (D2, D3, D4, D6, D7, D8, D9, D12)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total	0	3	3	0	4	4	0	2	2	

GRI Tables

GRI 306: WASTE

GRI 306		2022			2021			2020		
GRI 306-5 WASTE DESTINED FOR DISPOSAL	ON SITE	AT EXTERNAL SITE	TOTAL	ON SITE	AT EXTERNAL SITE	TOTAL	ON SITE	AT EXTERNAL SITE	TOTAL	
Non-hazardous waste (t)										
Preparation for disposal - (D13, D14, D15)	0	975	975	0	982	982	0	825	825	
Incineration with energy recovery - (R1)	0	0	0	0	0	0	0	0	0	
Incineration without energy recovery - (D10, D11)	0	0	0	0	0	0	0	0	0	
Landfilling - (D1, D5)	0	1,121	1,121	0	352	352	0	283	283	
Other disposal operations - (D2, D3, D4, D6, D7, D8, D9, D12)	0	2,096	2,096	0	1,334	1,334	0	1,107	1,107	
Total	0	975	975	0	982	982	0	825	825	

GRI 306		2022			2021			2020		
WASTES BY COMPOSITION	ON SITE	AT EXTERNAL SITE	TOTAL	ON SITE	AT EXTERNAL SITE	TOTAL	ON SITE	AT EXTERNAL SITE	TOTAL	
Non-hazardous waste (t)	288	3	292	139	4	143	139	2	142	
Hazardous waste (t)	2,247	2,096	4,343	2,187	1,334	3,521	2,080	1,107	3,186	
Total	2,535	2,100	4,635	2,327	1,338	3,665	2,219	1,110	3,328	

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