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Chiesi Pharma AB

Sustainability report 2022

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

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We are proud — but much remains to be done

OLAV FROMM, CEO CHIESI PHARMA AB

Chiesi is a company with high ambitions regarding sustainability. This can be seen in the group's overall sustainability report, where it is possible to follow the development of a large number of sustainability indicators over time. However, the report you are reading now mainly focuses on our results here in the Nordics, in 2022.

When we decided on our Sustainability Plan 2020–2022 in autumn 2019, we thought we had aimed high. As an engine for implementation, we divided all employees into sustainability groups (which we called sustainability pathways). I think it was only then that I realized how much there was to do for a company like ours, which really wants to take its sustainability work seriously. We are humbled by the challenges of becoming truly sustainable, but at the same time we are determined. **#Actionoverwords** as we say at Chiesi. Chiesi Pharma has achieved a lot in recent years. Here are some of the things I am proud of:

- How our pharmaceuticals have contributed to saving lives and better the quality of life for patients

— during 2022 our pharmaceuticals reached more than 50 000 patients, just in Sweden.

- The transition of our car fleet to electricity, where a large portion of our leasing cars are now completely powered by electricity, as well as almost all newly ordered cars.
- How we have worked with sustainability within the board for our Swedish trade association Lif – which, amongst other things, has resulted in a sustainability manifesto for the researching pharmaceutical companies in Sweden, launching during the spring of 2022, which, as far as I know, is the first of its kind in the world.
- How we have worked to bring attention to the need for a new corporate legislation which unites business value and sustainability: benefit corporation.
- How we engage with and make our staff happy at work, not least through our sustainability pathways (11 paths in 2022 alone) and by being named one of Sweden's best workplaces by Great Place to Work.

- Our successful recertification as a B-corp company.
- During the pandemic we decreased our flying significantly, but the need has since increased again, which we need to work further with. Beyond our ambition to fly less, we have started a collaboration with Fly Green Fund in order to reduce emissions from business trips by replacing fossil jet-fuel with renewable fuel.
- Finally, I also feel a sense of pride in how we work with our indirect climate impact through e.g. a group-wide investment in new, more environmentally friendly, propellant gas for COPD and asthma inhalers — or for that matter how we in Sweden are looking for ways to collect used inhalers that still contain gas residues.

Read more about the latter example in the interview with my colleague Hassan on pages 11-13 — it's not always easy to make a real difference!



Olav Fromm,
CEO Chiesi Pharma

Chiesi Pharmas business description:

The company shall carry out research and development, marketing and sales of pharmaceuticals in the Nordics, as well as activities compatible therewith.

The company intends to:

- operate in a responsible, sustainable, open and transparent manner towards people, communities and the environment in order to promote health, inclusion and justice and
- continuously become increasingly sustainable in processes and methods, to mitigate the negative impacts and maximize the benefits for people, the biosphere and the planet, towards a net-zero greenhouse gas emission economy and in line with national and international goals of climate neutrality and ecological transition.

Source: Swedish Companies Registration Office.



What Chiesi does at the group level

Chiesi is a family-owned pharmaceutical company based in Parma, Italy. We develop medicines for, above all, respiratory diseases, neonatology, rare diseases and specialist care. We operate in around 70 countries through subsidiaries in around 30 countries.

In the Nordics, we have sales operations in Sweden, Norway, Denmark and Finland, but we also have a research facility connected to Karolinska Institutet, in Solna.

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

- Number of employees: close to 6,500 globally, out of which 100 in the Nordics
- Revenues globally: 2,420 million Euros (2021), of which 55 million Euros in the Nordics (2022)
- Research budget (2021): 479 million Euros (20% of revenue)
- B-corp-score: 103.8 (up from 90.8 points 2019). The Nordics: 107.4 (2021)
- Total number of patents: 5,643 (2021)
- One of Chiesi’s climate goals is to be carbon neutral by 2035 (the goals are approved by the Science Based Target Initiative)



The Nordic countries

Number of employees: 100
Revenue: 55 million Euros
B-corp-score: 107.4 (2021)

R&D in Solna

As a group, Chiesi has six centres for research and development (R&D). One of these is located in Sweden, at Karolinska Institutet on Campus Solna. Around 25 people work here with research and development of new biological pharmaceuticals.

The centre is responsible for:

- early research,
- preclinical research and
- CMC (Chemistry, Manufacturing and Control).

Although the R&D work has not been an explicit part of our local sustainability plan 2020–2022, the same high sustainability requirements apply to our research and development as to our other operations in the Nordic region. The statistics and results we report on in this report include Chiesi’s operations at Campus Solna.

Chiesi in the Nordics

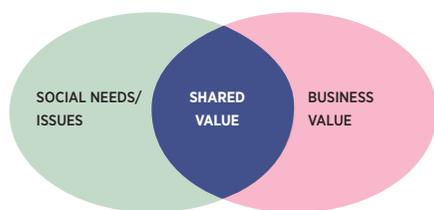
In the Nordics, our sustainability work is led by our HR and sustainability director, who sits on the management team and reports directly to our CEO. To help her, the sustainability director has both her own team, and a steering committee for sustainability which consists of parts of the company’s senior management team, and which is led by the company’s CEO.

The steering committee meets approximately six times a year. Sustainability is also a standing agenda item for the board and the management team. At group level, there is a department for sustainability that provides support to Chiesi Pharma and other subsidiaries.



Our starting points

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



Our interest in running a sustainable business that improves the lives of those who use our medicines goes back a long way but is at the same time closely associated with Agenda 2030 and the sustainability goals that the world agreed on as recently as 2015. As a

group, we have identified that 9 out of the global goals have particular relevance for us, and in the Nordic region we have chosen to highlight 7 goals that we believe have particular relevance for our business (see goals below).

We have concretized the global goals in a sustainability plan that guided our work during 2019-2022 (see picture on the right). We assess that we have succeeded in achieving most, but not all, of the plan's goals. In this report no systematic review of the plan is made, but all objectives are indirectly touched upon in the sections below. We did not organize this report according to the goals in the plan due to the fact that instead we let the reporting reflect our materiality analysis (which was done after the approval of the plan), and the structure our global organization has for its sustainability work. We expect that the way we organise our work globally will characterize our way of working in the Nordics the coming years. A large part of the sustainability work is then carried out by cross-functional sustainability groups, which we call "sustainability pathways". All staff belong to a sustainability pathway and each group works for a year. Then we form new groups. In total we have had close to 40 sustainability paths in the last three years.

The UN's and the World's Global Goals (the targets in colour are most material to us)



Our sustainability plan 2020 – 2022

THE PLANET

Goal 1: Reduce our CO2 footprint by 40 percent per employee.



Goal 2: Have a more circular approach to consumption.



PATIENTS

Goal 3: Ensure that Chiesi's products reach those who need them.



PARTNERSHIP

Goal 4: Inspire other pharmaceutical companies to improve their sustainability work.



Goal 5: Develop our suppliers' sustainability work.



PEOPLE

Goal 6: Ensure a prosperous workplace.



Goal 7: Encourage continuous learning and improvement.



Goal 8: Reduce the risk of irregularities.



Goal 9: Use company resources to improve the well-being of others.



Materiality analysis

This is our materiality analysis for Chiesi in the Nordics. It helps us decide what is most important to us, so that we focus on the issues where we can have the greatest impact. The issues that are most important to us, in the sense of importance for our stakeholders and the extent to which we are affected and can affect the issues, are about patients' access to medicines, about the well-being of our staff, about ethics and anti-corruption but also about, among other things, the climate, product safety and circularity. We started sketching it a couple of years ago, completed it in 2021 and have updated it in 2022. We have listened to several of our stakeholders — such as patient organizations, trade associations, authorities, and employees - in the development, and we have tried to both see how we affect the planet and our stakeholders, but also how they affect us (so-called “double materiality”).

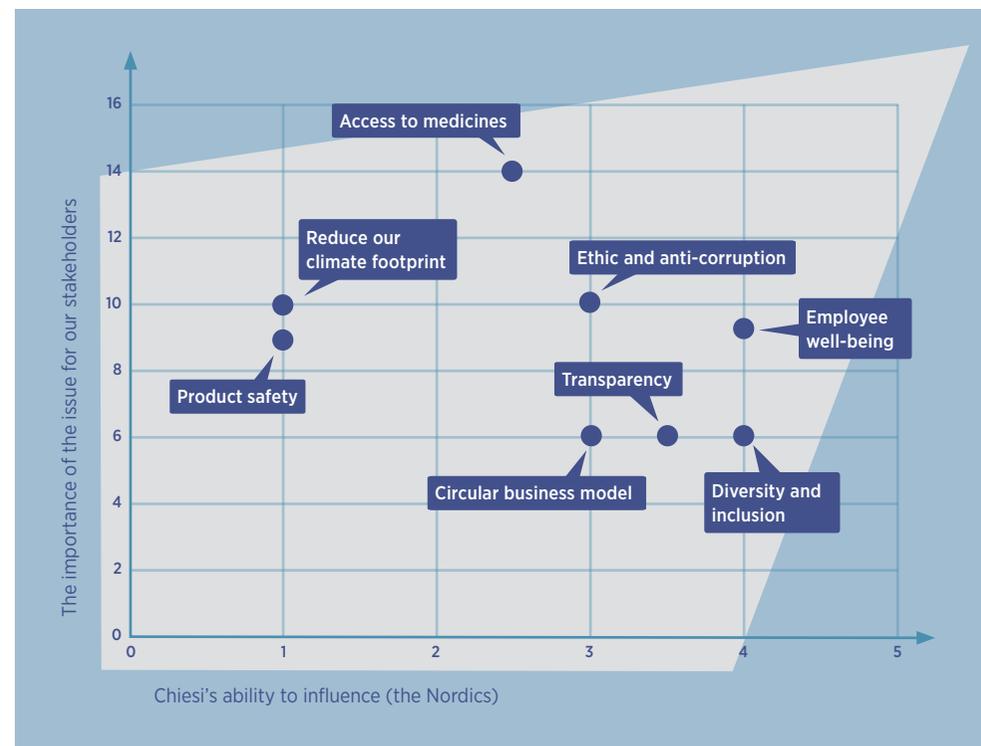
A dimension that does not stand out clearly in our materiality analysis is the time aspect. If we consider the time aspect, we also notice how the climate and

what we do to reduce our emissions, become somewhat more important. Therefore, the climate issue is also one of our priority areas of sustainability, both globally and in the Nordics.

The next sections of this report follow the six target areas we prioritize for the coming years.

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

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



As a way of verifying our efforts, we at Chiesi have chosen to become B-corp certified

Certified



Corporation

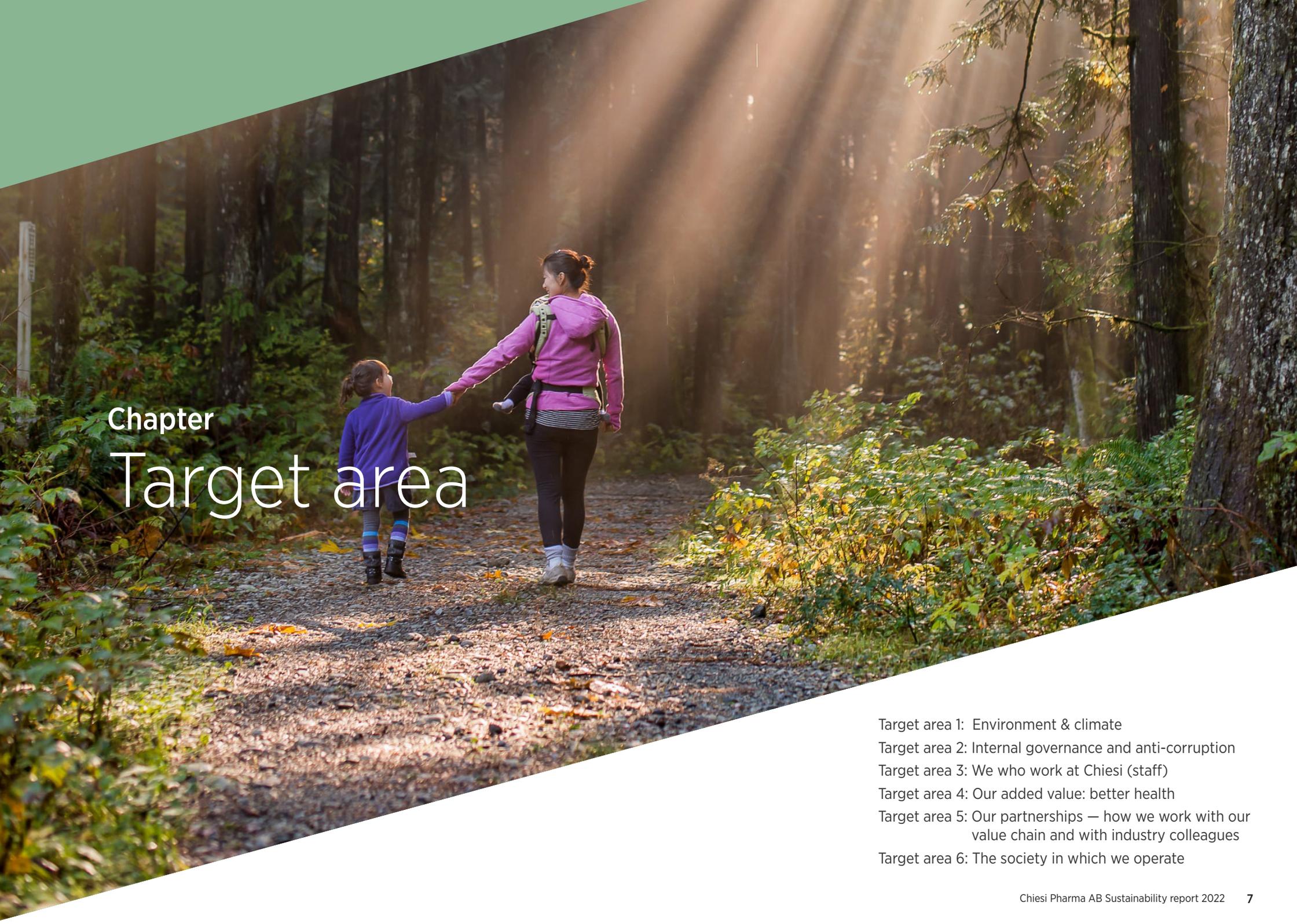
This company meets the highest standards of social and environmental impact

B-corp is a certification with a holistic view of sustainability, which means, among other things, that aspiring companies are examined based on 250–300 questions that concern governance, employees, the environment, community, supply chain and customers.

The certification also comes with the commitment that we in our operations must, among other things, take into account our stakeholders and that we must be transparent in the “footprint” our operations create. When we certified ourselves the first time, we as a group received 87.5 points out of a possible 200. It may sound small, but it is significantly higher than the median among companies, which is just under 51 points.

During the re-certification, which was completed in July 2022, we as a group received 103.8 points. In the Nordics we got 90.8 points at the certification in 2019 and 107.4 points in 2022! Our strengths and areas of development are available for all to review here:

www.bcorporation.net



Chapter Target area

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

1. Environment & climate

In the fall of 2019, we decided that we wanted to reduce carbon dioxide emissions by 40% per employee through 2022. We chose to measure the emissions from our air travel and from the use of cars in the service, which we also judged to be the most significant emissions of greenhouse gas that we have control over. Then came Covid, which made the measurement itself less relevant — however, we continued to work on reducing our impact. We have also made an effort not to let our indicators become synonymous with our goal. Unfortunately, we did not succeed in reducing emissions from cars and aviation between 2019 and 2022 to the extent that we expected, which is partly due to trips from 2021 being postponed to 2022, and partly due to the fact that electrification of our car fleet was delayed because of late deliveries of electric cars.

In 2022, we have also started measuring more emissions, with the goal to be involved and contribute to a tool produced by our industry association that can make it easier for small and medium-sized pharmaceutical companies to follow up their emissions more easily. Among other things, we try to follow up the emissions that result from the purchase of office supplies and electronics, from hotel stays and from meals we eat in the service and that are served at conferences. For example, we aim for an average lunch

not to exceed 700 grCO₂e. The data for 2022 only covers the last months of the year so it is too early to determine whether we will manage to reach this target but the data from the last months of the year suggested an average of just 800 grams per meal.

We consider our impact on biodiversity to be limited, but not insignificant (among other things, one of our medicines contains very small amounts of antibiotics). We follow the question of the impact of pharmaceuticals on biodiversity primarily via our parent company, but also via the industry organization Lif, where this is part of the sustainability manifesto that we have signed up to.



During the last quarter of 2022, we have begun a collaboration with the Fly Green Fund, which means that we “**climate reduce**” (which is therefore not the same as “**climate compensating**”) our air travel by replacing regular aviation fuel with renewable, certified aviation fuel. The intention is not to neutralize our entire aviation impact, but at least those trips that may not be strictly business-motivated, but where we consider that the trip contributes in some way to our broader sustainability ambitions. Primarily, however, we want to avoid non-essential trips as much as possible, rather than reducing or compensating for them.

KPIs



Scope 1: Direct emissions.*

In this case our cars:

2021	2022
89 kgCO ₂ e	67 tCO ₂ e



Scope 2: Indirect emissions from production.**

In this case electricity to our offices:

2021	2022
7 tCO ₂ e	10 tCO ₂ e



Scope 3: Indirect emissions.***

In this case, business travel by air:

2021	2022
102 tCO ₂ e	292 tCO ₂ e

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

* The emissions from our leased cars. We collect fuel usage data per year (diesel and petrol) where available. Where the only information available is long distance travel, we estimate fuel consumption based on average MPG figures. We use Defra emission factors to calculate emissions based on diesel and petrol consumption. Our strategy is to reduce these emissions by switching to electric vehicles (EV). Emissions have not decreased at the rate we had expected, which is mainly due to delays in the delivery of electric cars.

** Scope 2 emissions are calculated from the purchase of electricity and district heating. We calculate our location-based emissions using the IEA's emission factors for electricity, market-based emissions use residual mix factors for purchased non-renewable electricity. Where renewable electricity is purchased, we use a factor based on the source of the renewable electricity (zero for wind, solar and hydro, the Defra emission factor is used for electricity produced with biomass). We use Defra district heating and steam emission factors for purchasing this energy.

*** The difference between 2021 and 2022 can be attributed to the pandemic. However, we estimate that our biggest impact is the propellant gas used in some of our asthma and COPD inhalers, but as these are difficult to calculate and difficult for us to influence at this point in time, we have not accounted for these emissions in this report. As can be seen from other parts of this report, we work actively, both at Chiesi Pharma and at group level, to reduce emissions from inhalers. In 2022, we also started a collaboration with the Fly Green Fund to replace fossil aviation fuel with renewable fuel. However, we have chosen not to let this reduction affect our emission figures in scope 3 for 2022. We also try to measure the footprint of meals we take in connection with conferences, customer visits, etc. We have only measured this systematically for the last quarter of the year, but our calculations are that each meal had an average CO₂ footprint of 760 grams of CO₂e, which we consider to be a good start (compared to a “normal meal” which often produces emissions of around 2 kg of CO₂e).

2. Internal governance and anti-corruption

In 2020 and 2021, we intensified our work on compliance, ethics and anti-corruption. We carried out a risk analysis and training regarding our Code of Conduct, including anti-corruption. A large part of our staff has undergone targeted training (around 65 people have been trained) and all staff have received general information about our regulations. The focus of the trainings has been the personnel categories deemed to be exposed to the greatest risks. During 2022, we have continued the work of increasing awareness of the corruption risks we as an industry are exposed to and what employees should do if they become aware of corruption or other unethical behaviour. This includes information on how employees can use our (anonymous) whistle-blower system. During the year, we have also formed a committee for regulatory compliance, which is led by Chiesi Pharma's general counsel, and which also includes the head of Pharmaceutical affairs and the head of the Medical Department. The group meets regularly and other functions such as finance managers, product and sales managers are asked to discuss projects with the committee before they start, to reduce the risk of violations. All staff are invited to make suggestions or ask questions to the committee.

KPIs

Number of people who underwent training related to anti-corruption:

2020-21: 65	2022: 15*
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* During 2022, in addition to training for new hires, which is not included in this KPI, we have only conducted anti-trust training for managers. Other anti-corruption training will continue in 2023.

We have not had any reported corruption incidents either in 2021 or 2022.

3. We who work at Chiesi

During the year, we have hired 14 new employees in the Nordics, while 5 have chosen to leave us either to retire or for new career opportunities. As we are a company within which several different languages are spoken on a daily basis and where we welcome diversity, it is particularly important that routines and processes for e.g. on-boarding and information sharing work well. During the year, we spent time updating our on-boarding process, where feedback and input from different parts of the organization has been a central part of creating a process with the employee's experience in focus.

In 2022, we continued with our weekly (digital) Townhall meetings. This has become an important arena for information exchange and the feeling of cohesion across the entire Nordic organization. The fact that we have good cohesion is confirmed by the Great Place to Work review that was carried out in the fall of 2021. The result showed a certain improvement in relation to the previous survey in 2019 and this meant that we continue to be a Great Place to Work certified workplace. With this strong result, we also managed to get on the list of one of Sweden's best workplaces in our category. Despite a strong result, we see the importance of following up and continuing to improve. During the spring of 2022, we have designed an action plan where we see, for example, how the balance between work and leisure as well as the development of our employees will continue to be important areas to work on.

Furthermore, for the third year in a row, we have run 11 "sustainability pathways" — employee-led work groups — in various sustainability areas. One of these groups has developed proposals on how we can strengthen our work with diversity and inclusion.



KPIs

Employees as of December 31, (as well as distribution of managers in brackets).

	Women	Men
2022	58 (13)	39 (9)
2021	55 (13)	36 (8)
2020	60 (13)	32 (7)

97 total employees in 2022
60% Women
40% Men

Number of training hours: 2022: 2,722 (1,484 women, 1,236 men hours). 2021: 2,052 hours.

Highlights Nordic Affiliate 2021

100%

RESPONSE RATE

93%

TRUST INDEX®

91%

Credibility

91%

Respect

95%

Fairness

97%

Pride

93%

Camaraderie

«Taking everything into account, I would say this is a great place to work»

4. Our added value: better health

In the Nordic region, we primarily work with the sale of prescription drugs for respiratory diseases (asthma and COPD), neonatal care and rare diseases. In addition, we conduct research on rare diseases at our R&D facility, located at the Campus of Karolinska Institutet in Solna.

Improving the quality of life among those who use our medicines is our absolute priority. Improved quality of life is difficult to quantify. However, we know that during the year approximately 200,000 people in the Nordics have used our medicines (the vast majority are patients with asthma and COPD), which is an increase compared to 2021.

In 2022, we also conducted ten so-called “shared value” projects, which is slightly more than what we did in 2020 and 2021. We follow up on all projects, but it is nevertheless difficult to determine whether projects were more successful in 2022 than the previous year. Examples of projects include information campaigns together with patient organizations. In 2022, we have also initiated a new project where, in the first stage, we want to understand whether and, if so, how people at risk and people in vulnerable areas are diagnosed and treated differently for COPD, than those who live in socioeconomically safer areas. The hope is that we will be able to contribute to both more knowledge about the consequences of unequal access to health care, as well as to more concrete projects that can assist people who suffer from COPD.

KPIs

Number of asthma/COPD patients

If we extrapolate based on the number of prescribed inhalers and the number of patients in Sweden, we estimate that in the four Nordic countries we helped around 200,000 patients in 2022:	2022	56,447
	2021	46,858
	2020	40,663

Impact Business-score*

2022	31.3
2019	30.3

** The Impact Business Model is part of the B-corp certification and constitutes a measure of the benefit the company has had for people and the planet. In Chiesi's case, it is mainly a proxy indicator of the drugs' social benefit. If a company has limited value to people and planet, then the IBM score will also be low. While we are proud of our social benefit and our measure, it should be pointed out that even if we had a higher score than many other companies, the measure is difficult to use for comparisons between e.g. industries.*



Chiesi has a long history in the Nordics, as one of our most important medicines was developed by two researchers at the Karolinska Institute back in the 1980s. Life-threatening respiratory distress can affect premature babies because the lungs are not yet fully developed. By adding the drug Curosurf, a biofilm is created over the inner walls of the alveoli and allows the lungs to expand and the child to breathe.

Since the launch of Curosurf, 6 million children have been treated* worldwide, resulting in both reduced infant mortality and a better life for many of those who have been treated.

** Calculated based on the number of Curosurf sold. On average 2pcs per treated child (according to market research by IQVIA 2020).*

KPIs

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

2022	100% (18 units)
2021	approx. 70% (8 out of 11)
2020	approx. 20%

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

** Structured dialogue means that we asked questions and received answers about several different dimensions of sustainability. In the majority of cases, this also means that the company has confirmed that in principle they support our Code of Interdependence (CoI) and/or that they have agreed to be certified by EcoVadis (more information about the code is on our website. On our website there is also a video summarizing the CoI and our expectations which have been shared with the vast majority of our suppliers).

5. Our partnerships — how we work with our value chain and with industry colleagues

During 2022, we have intensified the work with sustainability within our value chain. Our starting point is that sustainability in business will be better if we cooperate. Therefore, we try to avoid passing on responsibility to others, but instead we invite suppliers and other partners to share experiences of their work with us and with others. We try to avoid partners who do not share our values. This is the core of our “Code of Interdependence” that we want our most important partners to stand behind. By the end of 2022, nine suppliers had endorsed the code, our eight most important suppliers have undergone a sustainability screening and five of our suppliers have undergone a more extensive screening through the external Ecovadis certification.

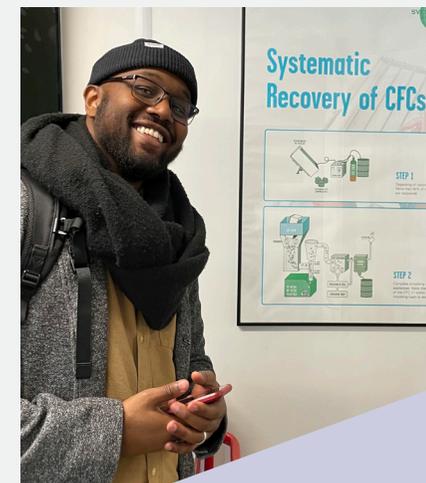
The work with our code for interdependence and our screening are our most important tools for following up “due diligence” regarding primarily working conditions, the environment and human rights.

During 2022, we have also worked intensively on sustainability together with our industry organization Lif. Through our CEO, Chiesi Pharma sits on Lif’s board and there we have taken on a role as a “sustainability champion”. The clearest result is our participation in the design of Lif’s Sustainability Manifesto, which was launched in the spring of 2022. We have also been active in connection to the actual rollout of the manifesto, as well as in the work of finding forms and tools for follow-up.

During the last two years, we have committed ourselves to the need for “benefit corporation” as a new company form in Sweden, through conversations and presentations with politicians and government agencies. We consider it problematic that the Companies Act does not encourage companies to see what footprint they leave behind — positive or negative — on stakeholders other than its owners. This resulted in us participating and arranging a seminar in the Riksdag (parliament) in 2022, which was led by the Riksdag member Lotta Olsson (M). Furthermore, in 2022 we managed to register a new business description with the Swedish Companies Registration Office (see box on page 3).

Spotlight

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



Lif’s sustainability manifesto

Our participation in Lif has, among other things, resulted in the sustainability manifesto that was launched in the spring of 2022. We have also been active in connection with the actual rollout of the manifesto, as well as in the work of finding forms and tools for follow-up.



Ethics and transparency	Good health and access to medicines	Reduced environmental impact
We aim to achieve as much collaboration, transparency and openness as possible throughout the pharmaceutical value chain.	We aim to achieve good availability of and access to medicines, and push for patients to have the possibility of optimum treatment and equal right to pharmaceutical treatment and care.	We are part of the transition to a circular economy.
We act to foster trust and with respect in all interactions, and manage and develop an ethical approach in the research-based pharmaceutical industry.	We fight the threat of antibiotic resistance.	We aim to achieve a fossil free pharmaceutical industry.
Our member companies are good employers.	We are a reliable partner in the building of improved resilience in society, both in normal conditions and in the event of crises, pandemics and disasters.	We aim to achieve reduced discharge of pharmaceutical residues into water.

Hi Hassan! Tell us about the “Down-stream towards zero” project

Some of our asthma inhalers contain a propellant that contains a so-called F-gas. These inhalers are for patients who have reduced breathing capacity and cannot draw the medicine down into the lungs themselves.

Read more on page 12

6. The society in which we operate

Although we always strive for our business decisions to benefit both our company and the stakeholders we affect — what we call “**shared-value**” — we also think there is value in getting involved in our local community even without the requirement that it should benefit the company.

For our owners, it is about us also giving back to society. We do that by paying taxes, of course, but we also think it is important that we donate money when we have the opportunity, and that we set aside time for our employees for volunteer-work. In 2022, every employee had the opportunity to set aside 12 hours of working time for self-selected volunteer work. However, only a small part of this time has been used, which we see as an area of improvement for 2023. In addition, we annually have a We Act Day (usually September 23, to celebrate the day when Agenda 2030 was adopted in 2015) to immerse ourselves in some sustainability issues and then do something together around the theme.

KPIs

→ Volunteer time:

2022: 366h

2021: 456h

→ Donations:

2022: SEK 2,478,255

2021: SEK 877,201

Spotlight

This year, the focus of We Act Day was biodiversity and, in both Stockholm, Copenhagen, Oslo, and Helsinki we worked from land and from the water to pick up rubbish from coastal areas. During the year (as in previous years), several of our sustainability pathways have also worked together to combine their volunteer work with smaller donations. In Finland, the employees got involved in SOS Children’s Villages where they helped children in vulnerable situations with e.g. homework. In Norway, the majority of our employees got involved in the Voluntary Centre, where employees visited retirement homes, assisted the elderly with shopping, assisted in youth activities, in cultural centres and the like. In Sweden, several employees have become involved as class coaches within the framework of a collaboration with My Dream Now.

For a few years now, we have had the ambition to link donations and volunteering to a greater extent to the sustainability goals that are particularly important to us as a company (for example, SDG 3, which deals with health, and SDG 13, which deals with combating climate change). However, it is easier to build on commitments that already exists among employees, and the transition also requires some consideration not to destroy existing collaborations. Therefore, we have not yet fully succeeded in realigning our volunteer work and our donations in line with our overall sustainability ambitions.



Cont'd from page 11

F-gases are man-made gases that were developed to replace ozone-depleting gas, but unfortunately, they are potent greenhouse gases. Chiesi has therefore worked hard to find ways to replace these propellant gases that have a low or minimal impact on our climate, without for that matter impairing patient safety. We have managed to find a new gas that will reduce carbon dioxide equivalents by around 90% and a new factory for manufacturing is being built. We expect that the first new sprays, which have a minimal footprint, will be on the market from 2025.

The problem we are looking at now is what to do with the used inhalers. They contain a safety margin, which means that when they are discarded, there is still some gas left in the container. And F-gases are similar to those sometimes used in fire extinguishers, which means that very high temperatures are required to burn the gas. And if they are not burned, there is a greater risk of them reaching the atmosphere and thus contributing to the greenhouse effect.

How did you come to look at inhalers?

For us here in the Nordics, when we started thinking about how we can become more circular in how we go about our business and it then became clear that perhaps our most significant climate impact comes precisely from the inhalers, and if we could find some way to both save and preferably recycle gas residues, metal and plastic, then it would be great.

[Read more on page 14](#)

Risks

We try to incorporate risk assessments into our operations, also in our materiality analysis. This applies both to external factors or phenomena that we cannot easily influence (such as climate change, pandemics, changed purchasing rules) as well as things that are actually in our hands (data security, irregularities, etc.). The risks we identified in connection with our materiality analysis were assessed based on severity and likelihood and the combined value of these factors contributed to the importance of the question in the materiality analysis. Below, we have highlighted those of our risks that we think are most important from a sustainability perspective.

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



Risk area	Description of risk that may occur	Action
Our climate impact is decreasing too slow, or creating new challenges.	<ul style="list-style-type: none"> • There are long waiting times for electric cars, the expansion of charging infrastructure is slow in some of our markets. • With the transition to electric cars, challenges arise connected not least to the extraction of metals for batteries. • As an international company, it is difficult to drastically reduce our flying. • Delays in the transition to more climate-smart inhalers are taking time. 	<ul style="list-style-type: none"> • Order new leasing cars in good time, create incentives for those who still use private fossil cars in the service to switch to electric cars. In exceptional cases, approve hybrid vehicles that can, for example, use renewable fuel. • We have not currently identified any measure to choose cars with “less harmful” batteries. • Increase the cost (internally) of flying, which forces priorities and uses the increased cost to reduce the climate impact (see references to the Fly Green Fund above). • Finding collaborations with other manufacturers to collect inhalers with residual gas.
Our medicines are not reaching those who need them most.	<ul style="list-style-type: none"> • We know that e.g. asthma and COPD drugs are prescribed to a lesser extent in “at-risk areas” and compliance is often worse in these areas. 	<ul style="list-style-type: none"> • Inform authorities and prescribers about the situation. Consider funding research reports. Continue — and scale up — information campaigns.
Data security and GDPR.	<ul style="list-style-type: none"> • Data is handled incorrectly or without consent. 	<ul style="list-style-type: none"> • Training and continuous improvement of processes and support.
Medicines produce unexpected side effects.	<ul style="list-style-type: none"> • Patients are harmed. 	<ul style="list-style-type: none"> • Continue to report according to established procedures and ensure that this remains a priority. Gather information in order to evaluate the risk/benefit balance.
Medicines (where there are no alternatives) run out or, for other reasons, do not reach the patients.	<ul style="list-style-type: none"> • Patients are harmed. 	<ul style="list-style-type: none"> • Review of stock levels, monitoring of future deliveries and reporting risks of drug shortages to relevant authorities.
Communication and/or the image of our sustainability work is perceived incorrectly.	<ul style="list-style-type: none"> • Stakeholders, not least employees, become disappointed or do not see the direction we are heading. 	<ul style="list-style-type: none"> • Clear external and internal communication, built on transparency around commitments and results.

Cont'd from page 12**So, what have you done?**

We are a small company in the Nordics, which makes an already difficult problem even more difficult. We have a lot left to do, but we have in any case managed to identify a few different possibilities about how the gas could be taken care of and we have started to talk with pharmacies about how used inhalers could be collected. We have also looked at experiences from our sister company in the UK, where they ran a similar pilot project. But the conditions differ between our markets, the solution they found, which i.a. relied on patients posting their used inhalers, which would be expensive and difficult to scale up. Now we are in dialogue with a couple of different actors about how we can take this further, but just getting a permit in place to test the technology for recycling seems like it could be very costly. Right now, I am somewhat hopeful that we can find collaborations with others, not least a larger company in the industry, which I hope can both reduce cost and increase the overall impact.

Any lessons learned so far?

It takes time and it is not that easy to get everyone involved in projects that do not “need” to be done. At the same time, of course, it is extremely stimulating to start thinking along more circular flows, where things considered waste in one process, becomes input in another process. We need to adjust both production and consumption to a more circular economy, and I notice that I am not the only one inspired by that.

Hassan Makaraan, Supply Chain Specialist

Risk area	Description of risk that may occur	Action
Business ethics and anti-corruption.	<ul style="list-style-type: none"> Employees do not follow our regulations. 	<ul style="list-style-type: none"> Continued information about our regulations, exercises and role plays to create commitment among employees.
Measurability	<ul style="list-style-type: none"> We currently lack the opportunity to quantify and register some of our sustainability areas. 	<ul style="list-style-type: none"> We are awaiting a new system for data collection from group level, but until then we are working with manual systems. Some areas are not suitable to measure and set indicators on, e.g. because it can create incentives to steer towards indicators. Therefore, we also work with other ways to continuously follow up and learn. For example through our pathways.
Staff	<ul style="list-style-type: none"> We find it difficult to recruit or retain staff. The staff is not happy. 	<ul style="list-style-type: none"> We continue to build on what employees today appreciate about our work culture. We continue to promote ourselves as a sustainable company — our experience is that it attracts the staff we want and that it makes employees feel good.
Suppliers	<ul style="list-style-type: none"> Suppliers choose not to work with us because of our expectations and requirements regarding their sustainability. We do not reach all our suppliers with the right message/ they choose not to answer truthfully. 	<ul style="list-style-type: none"> Only in exceptional cases and for shorter periods are we prepared to work with companies that do not share our ambitions regarding sustainability. Ending collaborations can certainly entail costs, but we accept that.

Ending and Notes:

In this report, we have tried to account for our sustainability impact as fairly as possible, with a particular focus on factors that we can influence and, to a certain extent, factors that we are influenced by. In doing so, we are responding to the requirements set out in the Swedish Annual Accounts Act, but the purpose, as said, is mainly to be as transparent as possible in the sense of learning and sharing experiences. As a group, Chiesi annually compiles a

comprehensive sustainability report in which our metrics and some of our experiences are also highlighted. In the group-wide reporting, GRI is used and it also shows results in relation to the SDG Action Manager and how Chiesi relates to relevant EU legislation, including the NFRD and future reporting framework CSR.

One reason why we report our sustainability impact is that we want to share experiences with others, perhaps even inspire them. At the same time, we want to learn and develop ourselves.

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