

PEOPLE AND IDEAS FOR INNOVATION IN HEALTHCARE

2016

CORPORATE SOCIAL
RESPONSIBILITY REPORT





People

Patients | Employees | Communities



Ethics & Compliance



Environment & Safety

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01

Introduction





What do Social Responsibility and Sustainability mean at Chiesi?

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The Chiesi story is one of continuous efforts in Research and Development and commitment to socially responsible behaviour towards the people and communities with which the company interacts. A long-established tradition of knowledge and values which has always laid the foundations for the company's mission: to combine commitment to results with **integrity, operating in a socially and environmentally responsible manner**.

In many respects, the company is naturally **committed to working in harmony with the needs and expectations of the communities in which it operates**: the search for innovative medicines to more successfully cure or treat patients without effective treatments forms the basis for the company's

founding and development. In addition, the **profound awareness that drugs are primarily a social good that affects people's health** inspires and motivates us to work intensively to contribute to the growth of collective wellbeing through our activities.

The **values** we believe in are based above all on focus on people, whether they are company employees or those living in the territories in which it operates. This is why our approach to social responsibility is firmly founded on three pillars: **People, Ethics & Compliance** and **Environment & Safety**. By working on the basis of these pillars, the Chiesi Group and the Chiesi Foundation develop and promote activities and projects that contribute to transforming the abstract concept of Corporate Social Responsibility into **concrete actions oriented to sustainability**.

Promoting well-being but also seeking **continuous improvement**, in full compliance with strict international standards to ensure the effectiveness and safety of our drugs, as well as their use in an ethical and transparent way: this is also part of our commitment to social responsibility.

We believe that the link between the company and the territory in which it operates is increasingly decisive for the sustainable development of both, and that a system only progresses when all its elements are engaged in its evolution. When the system evolves positively in general the majority of its components also benefit: this concept of a two-way relationship between the individual and the system of which it is part forms the foundation of the company's business in society. All the activities described in this report begin with this basic premise.

Alberto Chiesi

02

Chiesi Group, Mission and Values



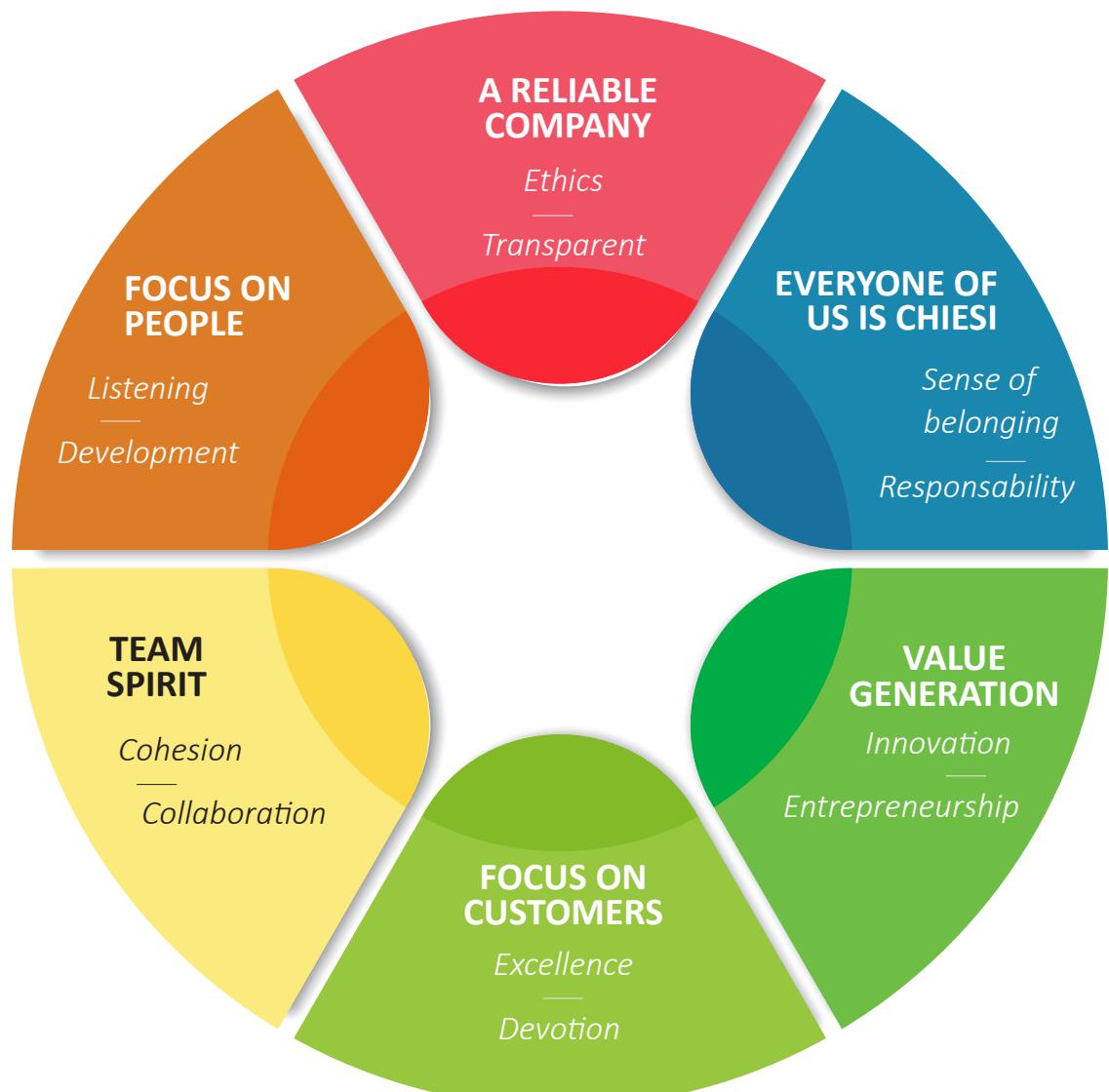
MISSION

Our aim is to be recognised as a research-focused international Group, able to develop and commercialise innovative pharmaceutical solutions to improve the quality of human life.

We wish to maintain a high quality entrepreneurial team characterised by self-confidence and a collaborative spirit. Our goal is to combine commitment to results with integrity, operating in a socially and environmentally responsible manner.



VALUES





AT A GLANCE

Chiesi is an international, research-focused company, based in Parma, Italy. Through our *80 years* in business, we have established a strong heritage in producing innovative pharmaceutical solutions to improve the quality of human life. We are

committed to delivering outstanding results with integrity, operating in a socially and environmentally responsible manner.



Our focus is on **three core therapeutic** areas:

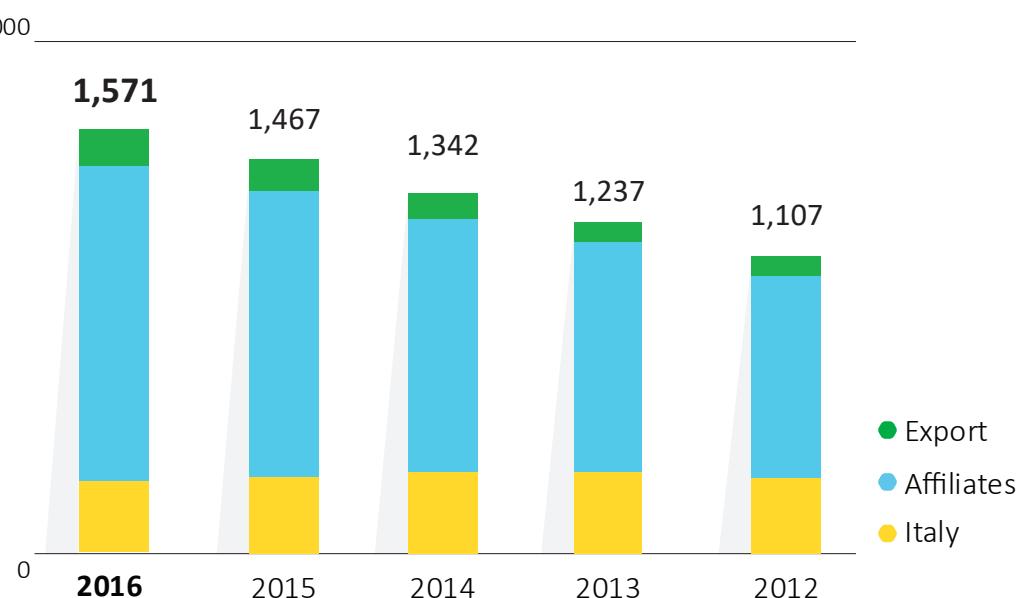


Our **pioneering work in research and development**, and in producing treatments that address unmet needs in these and other areas continues to pay off. In 2016, the company continued to grow across all measure.

Turnover 2016

(IN MILLIONS OF EURO)

Global	
1,571	2.000
Growth on 2015	7%
Europe	
1,037	
Growth on 2015	4.9%
US	
252	
Growth on 2015	10.6%
Emerging Markets and IMDD	
286	
Growth on 2015	10.5%

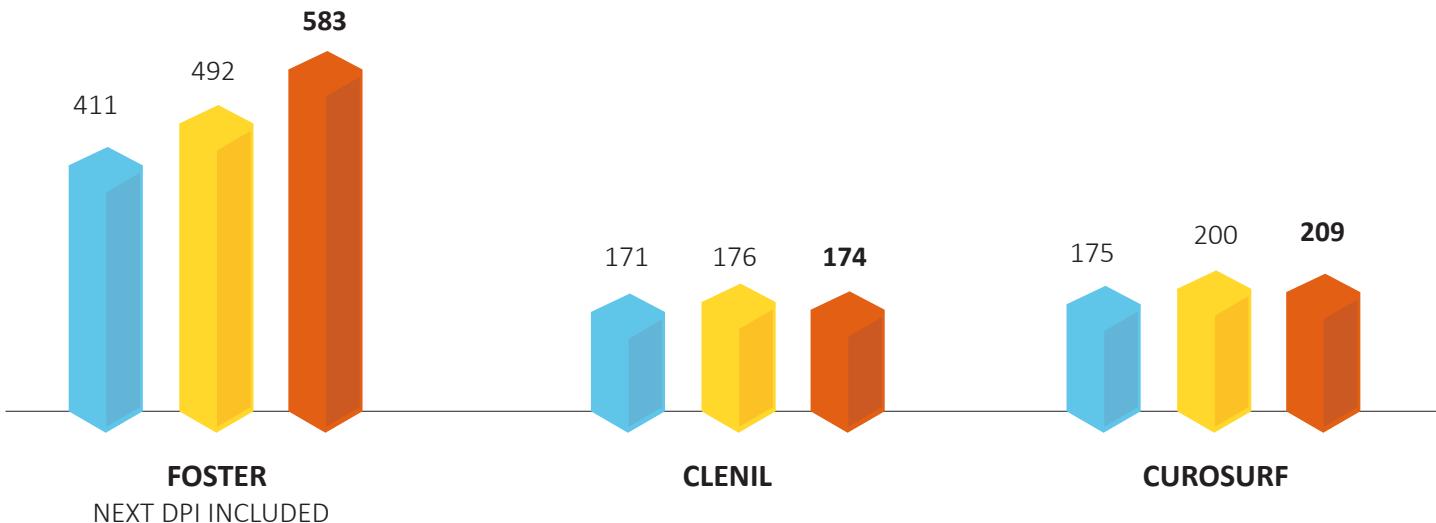




Main products

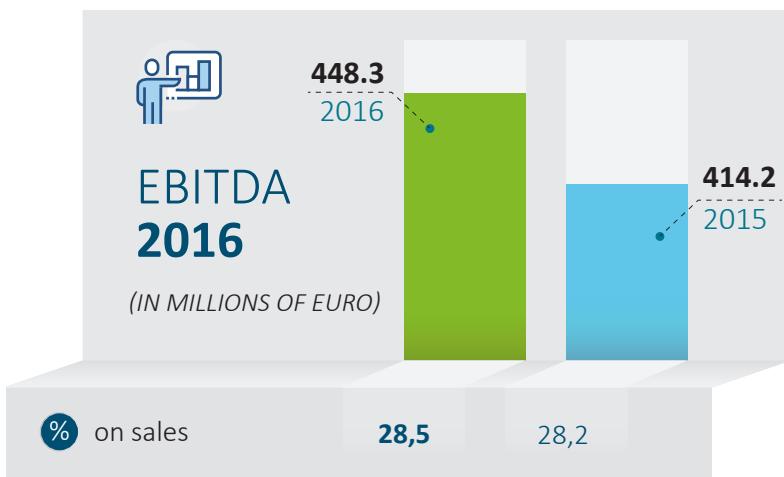
(IN MILLIONS OF EURO)

● 2014 ● 2015 ● 2016

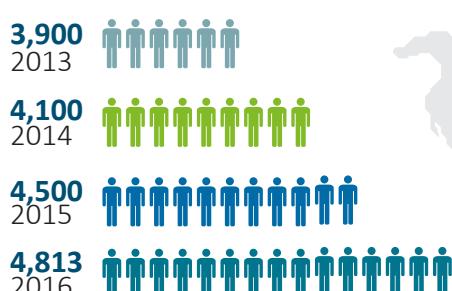


FOSTER

NEXT DPI INCLUDED



Employees worldwide



671
employees in R&D, including regulatory activities

694
employees in manufacturing





0? Patients

Sustainability of Care





In the development of our therapeutic options, we aim to ensure a dual benefit; on the one hand, to provide genuine progress in the management of patients, reducing the impact of their condition, and on the other, to leverage on an health economic benefit

Paolo Chiesi
Vice-President and R&D Director



Patients are the ultimate customers for Chiesi and are increasingly centre stage as early as in the design of new therapeutic solutions, where the level of an unmet medical need is a key driver for projects identification and selection.

This **quest for life-changing answers** has led Chiesi to develop breakthrough innovative solutions to treat and potentially cure severe conditions in the area of rare and ultra-rare diseases, which are today available to patients in several EU countries.

We acknowledge that behind every patient with a serious condition, and particularly in the area of rare diseases and in neonatal care, there is a family in need. To help patients access the only treatments currently available for an ultra-rare condition prior to European regulatory approval, Chiesi is engaged in an early access programme run in a few EU countries.

To improve the quality of neonatology care, Chiesi has adopted a total care approach, where conventional and life-saving products will be accompanied by services and aides to support and improve the quality of life of young patients and their families.

Even with commonly occurring disorders such as asthma and COPD, which nonetheless impact patients' and caregivers' lives hugely, Chiesi is focusing on **new innovative solutions to improve the quality of care** particularly to support patients' adherence to treatment.

In all areas, Chiesi is committed to further improve by demonstrating the value of its products and services not only to the medical community but also to taxpayers and health authorities, in an awareness that this is the only approach **coupling access to innovation and long term healthcare sustainability**, and has recently agreed on innovative reimbursement pathways.

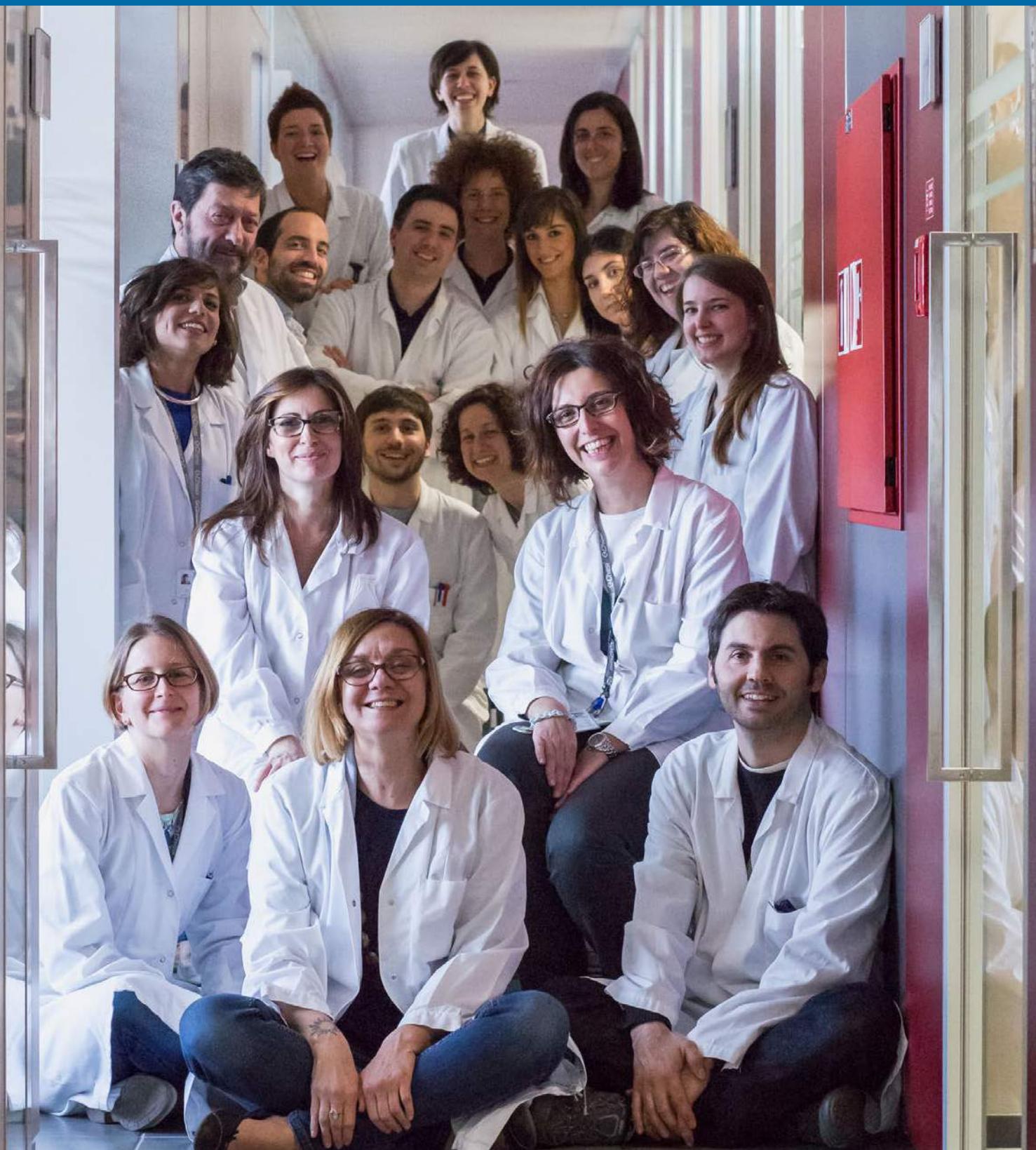


For Chiesi, focus on patients also means action for those who cannot afford the care they need. In 2016, **Chiesi Italy** joined the Fondazione Rava's project "**In Pharmacy for Children**". This national initiative raises awareness about children's rights and **collects OTC drugs, baby food and pediatric products** with the aim of providing concrete help for children who live in a state of **health poverty** in Italy and Haiti.



04 Employees

internal sustainability





Our team of motivated and competent people is the key to building a sustainable future for our company and the communities in which we work

Alessandro Chiesi
Head of Region Europe

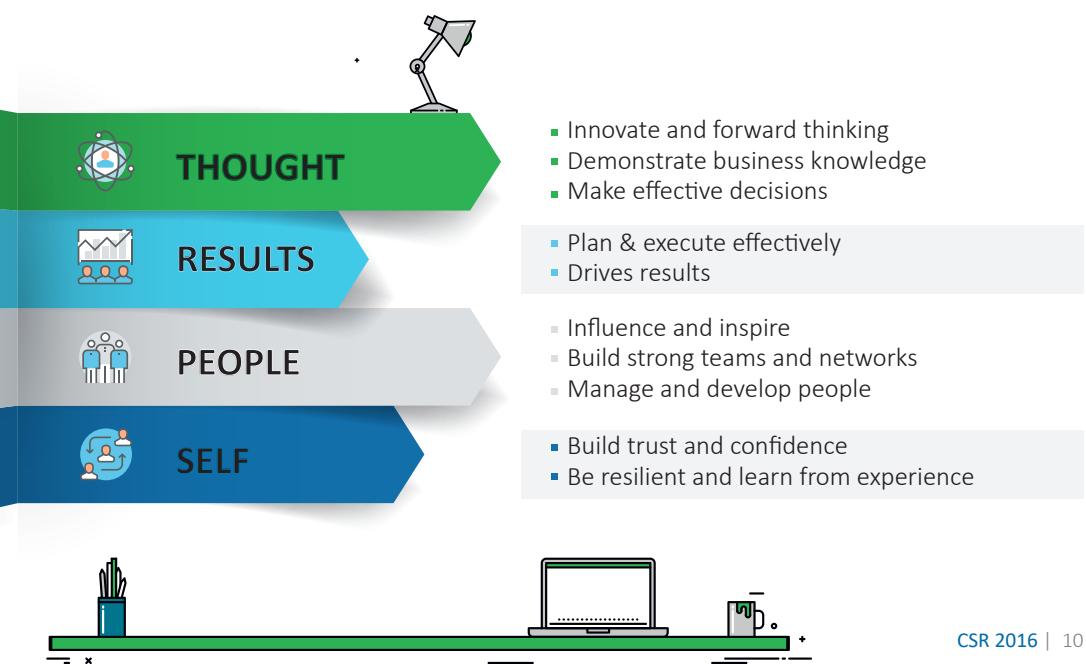


At Chiesi we are convinced that people are the most important factor to be valued as a real strategic potential for business development. The company has always been worked to establish this principle to demonstrate in a concrete way, the recognition and appreciation of the commitment that our employees bring each day to their work.

Placing the wellbeing of employees at the centre of the Group's policy means laying the foundations for a sustainable future. We therefore renewed the company's commitment to listening to the needs of its collaborators in 2016 via the second edition of **VOICES**, a survey aimed at identifying areas of strength and opportunities for improvement to define future action plans from the employees' point of view.

Chiesi decided to invest in the professional development of all Chiesi people by upgrading and implementing training programmes and promoting People Care initiatives including workshops, time-saving initiatives, flexibility, sustainable mobility and extra-work recreational activities (CRAL). To guide the professional development of the Group's employees, a Model of Competences has been developed, which takes into account the differences in contexts and cultures in the countries where the company is present by enhancing the value of diversity.

Professional development: the Chiesi Competency Model





People Care

Internal Workshops 2016

In 2016, several seminars were held on the topic of family and the relationship with children, nutrition and the right posture at work for the employees at the Parma headquarters.



PARENTS AND SONS: COMMUNICATION AND CONFLICT MANAGEMENT

Francesca Valla
Una Tata in Famiglia



THE 5 COLOURS OF HEALTH, SCIENCE ON THE TABLE

**MAESTRI
DEL
GUSTO**
UNIVERSITÀ DEGLI STUDI DI PARMA



POSTURE IN THE OFFICE: ACTIVE EXERCISES FOR PREVENTION

M.Antonelli
Fisioterapista



DIGITAL TECHNOLOGIES: FRIENDS OR ENEMIES?

**Fondazione
ASPHI
Onlus**




Health Project

In 2016, the Health Project was launched for all Parma employees. This is a medical programme based on prevention, analysis and specialist support.



Attendance 2016 (Italy)

Participants

502

Requested visits

2,030



AMBULATORY ACTIVITY



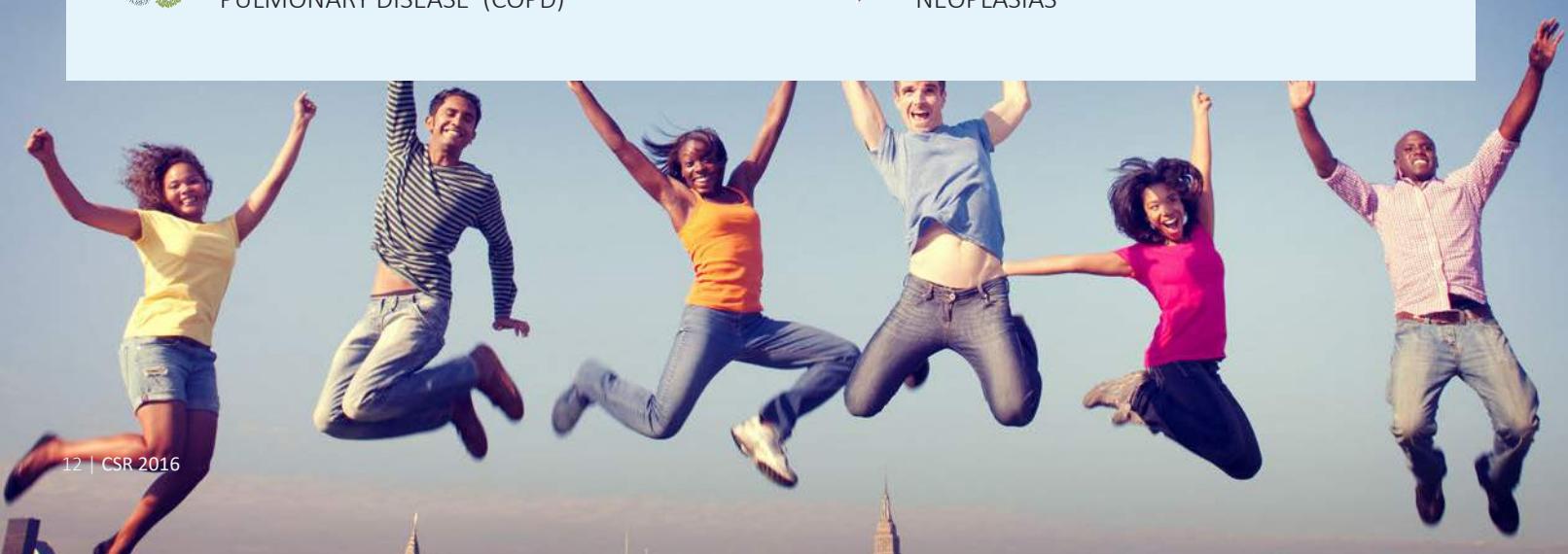
PREVENTION OF CARDIOVASCULAR DISEASES



PREVENTION OF CHRONIC OBSTRUCTIVE PULMONARY DISEASE (COPD)



PREVENTION OF MOST COMMON NEOPLASIAS





CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

In this continuous effort to improve the workplace conditions for our collaborators, we have received several acknowledgements to be proud of: in 2017, Chiesi Farmaceutici was certified as **Top Employer Italy** for the 9th consecutive year. This confirms the company's excellence in working conditions, training opportunities, people development and enhancing the value of talents at every business level.

In addition to Italy, other affiliates have received this prestigious certification in 2017: **Chiesi France**, **Chiesi Germany**, **Chiesi Poland**, **Chiesi United Kingdom** and **Chiesi Spain** were confirmed **Top Employer Europe** for the fifth consecutive year. Chiesi USA also received **Top Employer USA** certification for the second consecutive year, and for the first time, Chiesi Brazil was also awarded **Top Employer Brazil**.

Commitment to inclusion at Chiesi France

At **Chiesi France**, focus on the inclusion of colleagues with disabilities has involved various communication and awareness initiatives.

One example was the participation and support to Abilympics in 2016, an international Olympic event aimed at changing the perspective of disabled people's abilities. This broad ranging awareness-raising project also involved creating a film on the activities carried out in collaboration with HANDIEM for internal use and a brochure containing interviews with the employees.

In addition, during Disability Week 2016, Chiesi France organized a theatrical workshop aimed at raising awareness of the daily meaning of experiencing a disability.





05 Community

external sustainability

WELCOME
BUSINESS
VOLUNTEERS

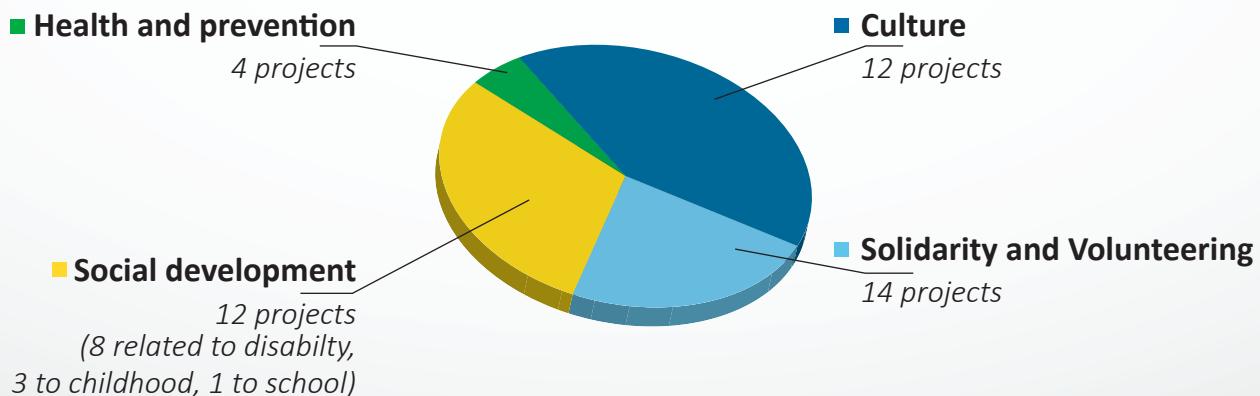


A company is not a monad, but lives within a system from which it can not only absorb, otherwise the system would be exhausted and the company with it. It is not simply a matter of giving back to the society some of the benefits that the company gains; It is a matter of taking a leading role in civil and economic development. The way to develop the company is to develop the system in which it lives

Maria Paola Chiesi
CSR & Chiesi Foundation Director



40 PROJECTS SUPPORTED IN 2016



Ethical actions, which go beyond what is strictly required by legislation, enable our company to contribute to the sustainable development of the society in which we live by **combining ethics and business**. For Chiesi, this mission means not only generating profits for reinvestment to support the company's scientific research programmes, **new therapeutic options for patients** and **quality jobs**. It also means listening to the society's needs and integrating them into our business decisions. It means making available to the community not only **economic resources**, but also the **scientific, technical and managerial knowledge that the company has gained during its 80 years of activity**.

We believe we can make a contribution that will have a positive impact on society by supporting its

development in health care and social and cultural opportunities. This is why Chiesi supports and carries out projects dedicated to helping the most vulnerable people in society, particularly children and young people, the elderly and people in financial difficulties.

We are also convinced that a cultural context offering a range of opportunities, which is both varying and stimulating, is of fundamental importance for aggregation and the healthy development of society. This explains why most of our efforts focus on enhancing the quality of the cultural initiatives on offer in the communities where we live.

Exceptionally, in 2016 the Company decided to engage at the national level. Thanks to the participation of its employees, Chiesi has collected a fund to be allocated to



a project for those affected by the earthquake in central Italy. The figure, gathering with the participation of the collaborators and doubled by the Company, will accrue to the finding of a project in collaboration with local institutions, with the aim of accelerating the response to the needs of populations that are going through a difficult time and contributing to the gradual return to the normal for those who have unfortunately lost their homes, jobs and their daily lives.

Building a concrete link between the company and the community means encouraging the exchange between our collaborators and the requests and opportunities within the territory.

Volunteer Week, now in its 2nd edition, was therefore held once again this year. The initiative gave 385 employees the opportunity to **put Chiesi's Values into practice** and provide practical help for communities in Parma and the province.

Volunteering Week 2016 (Italy)

+36%

subscriptions compared
to the first edition

1,540

total hours of
volunteering

20

non-profit associations
supported

~1,000

items collected and donated
to associations



**Everyone of
us is Chiesi**

 Chiesi

 Chiesi
FOUNDATION





Parma, io ci sto!

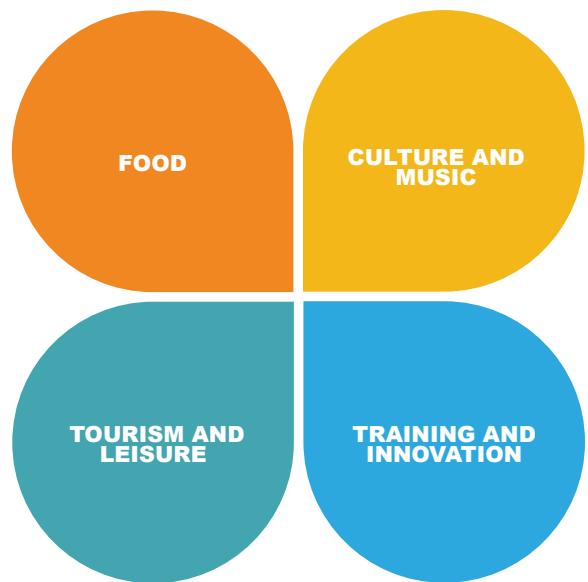
Since 2016, Chiesi is among the founders, along with other local companies in the Parma area, of the association *Parma, io ci sto!* and Alessandro Chiesi was appointed President.

Founded with the aim of **creating initiatives of excellence and enhancing the Parma area**, the association promotes, organizes, supports and coordinates social, cultural, educational and research initiatives aimed at the economic and social development of the city of Parma and its Province.

The association supports and finances projects dedicated to 4 petals: Food, Culture and Music, Education and Innovation, Tourism and Leisure.

During 2016 the association primarily launched a series of initiatives to raise awareness on the *Parma, io ci sto!* and gather the support of new companies and stakeholders in the territory by running four **workshops**. These themed events gave citizens an opportunity to bring their ideas and contributions regarding new projects for the city and its territory.

During its first year of activity, the Council of the association examined and discussed several projects within the four selected areas and the most important initiatives supported by *Parma, io ci sto!* include:



- **Verdi Off** the first project supported by the association, in collaboration with the Regio Theatre of Parma and Parma City Council. Verdi OFF was a series of events forming part of the Festival Verdi, which brings citizens and tourists closer to Verdi's music, over a period of 38 days with 63 events and more than 150 appointments, almost totally free, with 1,380 artists and more than 10,000 viewers.
- **International School of Higher Education on Food and Nutrition.** In 2016 Parma io ci sto! and the University of Parma have joined forces to set up an important project for the first International School of Higher Education on Food and Nutrition, a unique and prestigious institution in the world and part of the University's "Food Project" project that will work as a hub. Thanks to the synergies and combined efforts of the association, the University and local businesses, the necessary investments have been gathered to start this prestigious educational project. Parma io ci sto! contributed by raising €3,900 million, which adds to the €4,750 million already allocated by the University.





OF *Ethics and Compliance*

business sustainability





Ethics and transparency are an integral part of our business development project, combined with the expertise of our people and the quality of our products

Alberto Chiesi
President



Being a reliable company is a value for Chiesi, but also a goal to continue pursuing and consolidating through the ethical commitment of all its people.

For this reason, Chiesi asks each employee to contribute to the development of the business with skills, dedication and passion, but also by working ethically and transparently.

To ensure that people are aligned on the importance of ethics business, in 2002 Chiesi adopted a **Code of Ethics and Conduct** as an instrument to define the commitments and responsibilities which govern the company's activities. Since then, focus on this area has developed steadily and in 2012 led to the implementation of the **Chiesi Group Guidelines on Ethics and Compliance**, with the aim of providing a common framework of rules to follow and align governance processes and systems with, ensuring that all key risks are identified and managed effectively, until the formal recognition of the responsibilities of this domain to an autonomous and independent function through the establishment of the Group Compliance in 2015.

2016 Activities

In 2016, Chiesi continued to invest its efforts in these areas. Corporate Internal Auditing developed **risk assessments and audits** in several countries that have adopted anti-corruption policies in the meantime.

In Italy the company's Vigilance Body continued its monitoring activities regarding the adequate and effective implementation of law 231, with training activities for the Organisational, Management and Control Model (relating to law 231/2001), with the aim of providing more information about the law and how to apply it.

In 2016, the **Anti-Bribery and Corruption Policy** was adopted at the Group level to provide employees a set of general principles on how to recognize and avoid undesirable behaviours, in line with the Code of Ethics and Conduct of Chiesi.

In 2016, the **Group Guidelines on Healthcare Interactions** have been implemented at a Group level, to establish and adopt common rules on the interaction of the company employees with healthcare organizations and healthcare professionals.

Finally, in 2016 it was approved the plan for the implementation of the **Confidential Reporting System**, which will be implemented in 2017. It is a telematics system which allow employees to report behaviours that might cause damage to the Company, both from an economic and reputational point of view.



07

Environment and Safety

environmental sustainability





As an international group focused on research and development, we are deeply committed to accomplishing our dual mission of discovering and developing innovative drugs and contributing to environmental sustainability by creating a safer environment for all people who are part of the community we work for.

Ugo Di Francesco
CEO



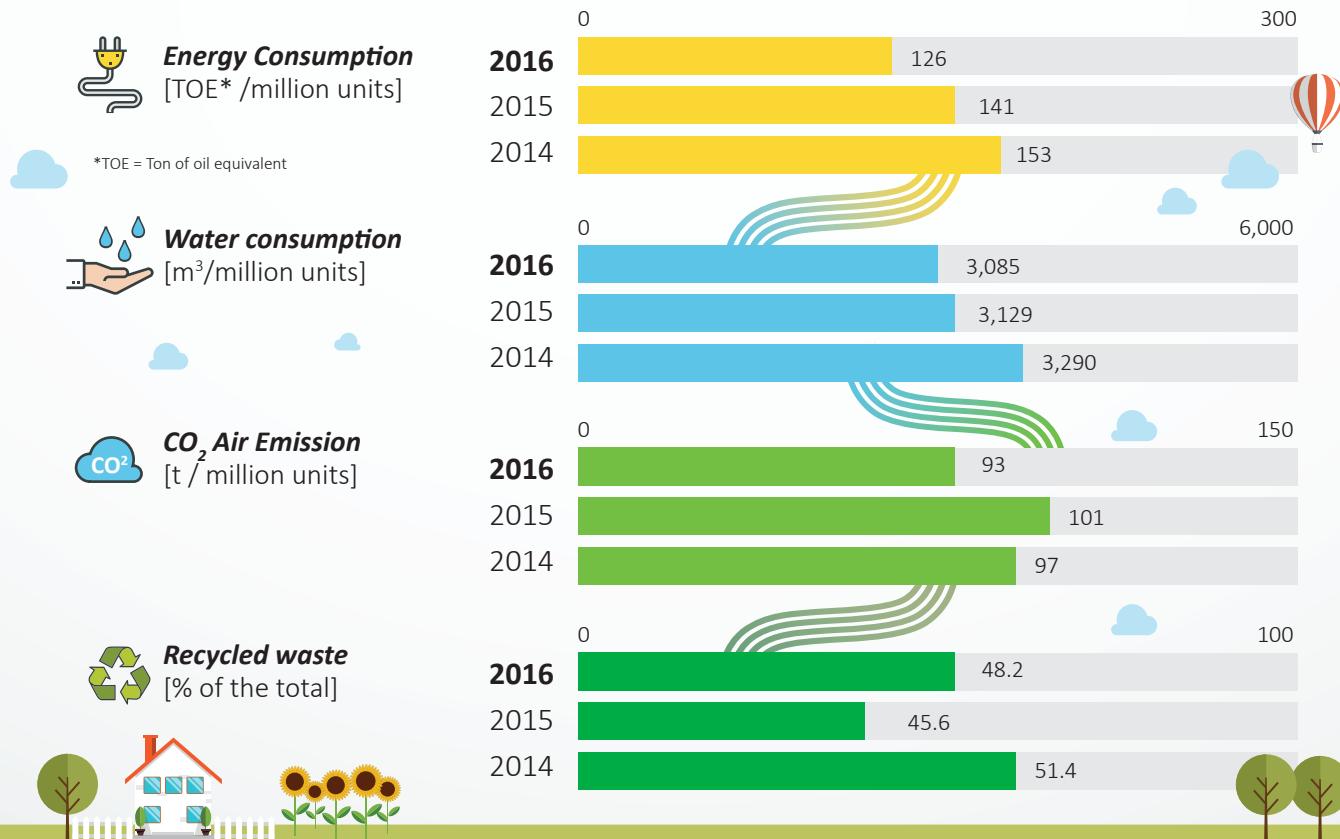
The commitment to operate whilst respecting the environment is a fundamental premise of Chiesi's mission. The growth of the Group is accompanied by increasing focus on sustainability as it aims for **continuous improvement in terms of carefully controlled use of resources and attention to the health and safety of people**.

In 2016 the implementation of the **Corporate HSE (Health, Safety and Environment) Guidelines** began. These guidelines address all the Group's areas: production sites, R&D centres and non-productive sites (i.e. sales and logistics).

Regarding the production area, Chiesi France and Chiesi Brazil have also introduced certification for their safety and environmental management systems, in accordance with the OHSAS 18001 and ISO 14001 standards.

Environment

2016 was a positive year for environmental performance. Energy and water indicators have declined, despite the continued upgrading of new production units. Responsiveness to resource management has helped to increase the amount of waste recovered since the previous year. A tremendous effort has been made by Chiesi Brazil, which has voluntarily disposed of the asbestos still present in the site roof.





Certification of the Carbon Footprint studies

An important result was the completion of the **Carbon Footprint studies**. The company has chosen to quantify greenhouse gas emissions throughout the life cycle of the main inhalant products and to certify the results obtained through a third party. The certification obtained was issued in accordance with international standard ISO TS 14067.

In addition, in 2016, Chiesi contributed to the drafting of an **Environmental Organizational Model (MOI)** addressing Small and Medium Enterprises to encourage the implementation of an environmental management system aimed at improving performance and complying with legal requirements. The document was jointly created with UPI (Unione Parmense Industriali), Centro Etica Ambientale of Parma, Agenzia Regionale per la prevenzione, l'ambiente e l'energia dell'Emilia-Romagna (ARPAE) and other experts in the area

Safety

During 2016, continuous improvement programmes were developed to prevent accidents and Behaviour Based Safety (BBS) teams were asked to pay particular attention to the assessment of the safest behaviour to be applied by all colleagues.

To look at the company's security needs, an **HSE survey** was planned to identify the needs of individual

areas in terms of security, with the dual purpose of assessing knowledge retention on the topic and collecting feedback on the satisfaction level of the security services offered.

The commitment of Chiesi Brazil and Chiesi France to environment and safety at work

To promote health and safety at work, **in September 2016 Chiesi Brazil organized a week on the prevention of workplace accident**. During the event, many topics were addressed: health, ergonomics, motivation and work-life balance.

All employees were invited to attend seminars, share experiences and reflect on how to improve these aspects within the company. Chiesi Brazil has continued to show its commitment to the

environment through a **Reforestation Programme**, aimed at repopulating an area of São Paulo with 1,167 new trees.

Chiesi France conducted a voluntary containment test on the entire new production line to verify that the actual level of elimination of exposure to chemicals has been met in accordance with the SMEPAC guidelines of the ISPE (International Society for Pharmaceutical Engineering).



Sustainable mobility: the two victories of Chiesi

In 2016 Chiesi has developed two projects on sustainable mobility- one at a national level and a second one at a European level- that have been both awarded with the first prize at the **Mission Fleet Award 2016** in Milan and at the **Fleet Europe Forum & Awards 2016** in Barcelona.

Regarding the European scenario, Chiesi presented a project that involved 10 European countries, with **1600 cars** involved in total. The objective was to **reduce CO₂ emissions** by **12,5%** in 4 years, with a consequent reduction of CO₂ emissions of 840t (201t/year).



In Parma, **the project awarded focused on:**

- *the replacement of obsolete cars with 6 hybrid cars and 3 electric cars. Only for the latter, the expected savings of CO₂ are 3.25t/year;*
- *the introduction of a Taxi Service for transfers between Chiesi offices located in different places of Parma. The taxis used are mainly hybrids and allow a reduction of emissions of 1,4t CO₂ per year;*
- *a home/work plan with bus and train subscriptions;*
- *a plan to encourage the use of bicycles by providing parking lots, dedicated access routes and a bicycle track section.*

Two ambitious projects for both Chiesi Italy and the whole Group, as well as two important steps towards a more sustainable business.



08

The Chiesi Foundation



The desire to combine the value of Ethics and the Knowledge inherited from the company in the scientific areas of neonatology and pulmonology led to the creation of **the Chiesi Foundation** in 2005.

The Foundation, one of the most concrete expressions of Chiesi's social responsibility, is a **no-profit organization** that aims to **promote health and alleviate the suffering of patients affected by respiratory and neonatal diseases in some of the poorest areas of the world**, where the company has no productive or commercial activity.

The Chiesi Foundation is particularly committed to improving the condition of newborns, both through the funding of scientific research projects and through its international cooperation project aimed at **improving the quality of neonatal care in low and middle income countries** and **promoting full realization of the right to health** in the international communities that are in most need.

Chiesi Foundation programmes



Scientific Research and Dissemination of Knowledge

- Better understanding of the patients' needs and improving their management, through the study of physio-pathological mechanisms and phenotypes and in-depth analysis of psychological aspects and socio-economic factors involved in patient care
- Promoting scientific communication and the dissemination of knowledge between patients, community and institutions



Education

- Supporting the scientific activities of young researchers, by funding research doctorates
- Promoting innovative training initiatives for healthcare providers and patients as part of joint initiatives with organisations active in the healthcare and education sectors



International Cooperation

- Contributing to the development of low-income and middle-income countries by providing scientific means and knowledge
- Promoting full rights to health for the populations most in need, with a particular focus on neonatal health



One of the main projects conceived and carried out directly by the Foundation, which entered in the operational phase in 2016, is the **NEST Project - Neonatal Essential Survival Technology**, the result of an awareness of the inequalities of access to quality neonatal care found in many areas of the world.



Neonatal Essential
Survival Technology



PROMOTING THE ACCESS TO ADEQUATE NEWBORN CARE IN LESS DEVELOPED COUNTRIES:

the NEST project *Neonatal Essential Survival Technology*

The NEST Project is developed through pilot interventions in three African hospitals which the Foundation has worked alongside for some time: the San Camille Hospital in Ouagadougou, Burkina Faso; the Saint Jean de Dieu Hospital in Tanguietá, Benin and the Hospital of Ngozi in Burundi. The long-term objective is **to create a sustainable model of neonatal care in hospitals with limited resources.**

Moreover, within the framework of the NEST Project, in 2016 the Chiesi Foundation continued providing support to the **National Schools of Neonatology**: training programs in Azerbaijan, Mongolia and the Ukraine, which address local healthcare professionals, in order to promote the improvement and specialization of neonatal care skills to help raise quality standards of the essential neonatal care provided.

The Chiesi Foundation's commitment to international cooperation is not just about neonatology but also concerns pulmonology. In 2016 the first phase of the three-year pilot Project **GASP - Global Access to Spirometry Project** was completed. The project aims to create the first Laboratory of Spirometry and develop a training programme for the management of respiratory diseases in Guyana, South America. The goal over the next few years is to further support the project- initially only implemented in Georgetown – and scale it up in others areas of Guyana to validate the model and introduce it in other low resources countries.





Chiesi Foundation at a glance

SCIENTIFIC RESEARCH: more than € 1,500,000 donated in the last 10 years as unrestricted grants for scientific research and PhDs for young researchers. Over 280,000 euros donated in 2016

INTERNATIONAL COOPERATION: In 10 years, more than € 500,000 allocated for international cooperation initiatives in the health sector, aimed to promote the full realization of the right to health for patients in the most disadvantaged communities of the world.

Over 182,000 euros invested in 2016 in the NEST Project, aimed at improving the quality of newborn care in countries with limited resources.

Over 16,000 euros invested in 2016 in the GASP Project, for the creation of the first spirometer laboratory and the development of a training program for the management of respiratory diseases in Guyana, South America.





Corporate Social Responsibility Report

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TOP EMPLOYER CERTIFICATIONS



PARMA SITES

BS OHSAS 18001:2007

UNI EN ISO 14001:2004



CERTIFIED SAFETY
MANAGEMENT SYSTEM



CERTIFIED ENVIRONMENTAL
MANAGEMENT SYSTEM



CHIESI FARMACEUTICI S. p. A.
Via Palermo, 26/A
43122 Parma
Italy

Tel.: +39 0521 2791
Fax: +39 0521 774468
Email: info@chiesi.com
Website: www.chiesi.com