



ANNUAL REPORT **2018**

English



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Chairman's statement

Chiesi Farmaceutici started in Parma, Italy, in 1935 as a small laboratory with just two employees, thanks to an intuition of our father Giacomo. In over 80 years of history, during which three generations of the Chiesi family have succeeded one another, the company, despite remaining firmly established in Italy, is today an international pharmaceutical Group. The Group employs **5,624 people** (800 more than 2016) and focuses its activities on the research, development, production and marketing of therapeutic solutions, developing successful drugs for its therapeutic areas: respiratory, neonatology, special care and rare diseases.



5,624 people
800 more than 2016

In the Italian and international pharmaceutical panorama, Chiesi is now positioned as an entrepreneurial reality with a **strong vocation for innovation and research**. This commitment of the company is achieved with the development of therapeutic solutions able to improve the quality of life and the health of people. The Group can also count on a high-profile entrepreneurial team, which constantly strives to achieve results in compliance with ethical and social responsibility values, which guide the activities of all the Group's affiliates. From this year onwards, we have several important targets linked to our choice of becoming a Benefit Corporation: the launch of our Sustainability Plan and the certification as a B-Corp.

The Group is led by the Chiesi family. The founding father Giacomo Chiesi has succeeded his sons Alberto – now President – and Paolo – Vice President and R&D Director. Today the Group can count on the commitment of the third generation Chiesi, the sons of Alberto and Paolo – Alessandro, Andrea, Giacomo and Maria Paola – and makes use of the guidance of Ugo Di Francesco, CEO.



Giacomo Chiesi
Head of Global Corporate Development



Alessandro Chiesi
Head of Region Europe



Maria Paola Chiesi
Head of Corporate Social Responsibility



Andrea Chiesi
*Head of R&D Portfolio Management
Head of Special Projects*

2018 for the Chiesi Group



2018 has been a challenging year, partly for reasons out of our control. Indeed, in addition to increasing concerns on prices of innovative medicines, often resulting in delayed patient access, generic competition on some products, and a negative exchange rate situation impacted our business. However, we met Group ambitions closing the year with an increase in revenues of **+ 7.8% at constant exchange rates versus previous year, and our team expanded globally by 300 new Chiesi people.**

Research, regulatory and market competition are increasing in many countries, so we must maintain an excellent performance level in our R&D and commercial activities. We commit to face the increasing competition with new projects and focused investments in R&D, Business Development, Strategic Marketing and Internationalization: it is a picture of commitment, confidence and stability for our future.

2018 was also a year rich in important milestones for Chiesi; a year marked by change, growth, and the planning of transformational projects that will enable the continued growth and evolution of our company in the future.

Our successes are directly attributable to the talent, energy, and effort of the people working every day throughout the Chiesi world. Chiesi people are the heart and soul of our business, creating the kind of added value that we consider precious and unique. Sustained by the enthusiasm and professionalism of our people, we will push our Group's targets achievements, beyond the economic success, with the moral belief that we are helping our patients to reach a better quality of life and, in some cases, to save their lives, and to contribute to the sustainability of our Company acting for good wherever we are present.

Nearly 85 years ago Chiesi was born with the ambitious goal of taking care of people's health. This seed has grown into an even bigger ambition: *an innovative business approach focused on working for the health of our world and all of its environmental, cultural, economic, and societal components.*

It is with this vision, that we believe deeply in the positive impact we can have in the years to come.

Alberto and Paolo Chiesi



Alberto Chiesi

Paolo Chiesi

Chiesi at a glance



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



RESPIRATORY

€ 1,102

Sales M€
+ 8.2% on 2017



NEONATOLOGY

€ 237

Sales M€
- 3.9% on 2017



RARE DISEASE AND SPECIAL CARE

€ 456

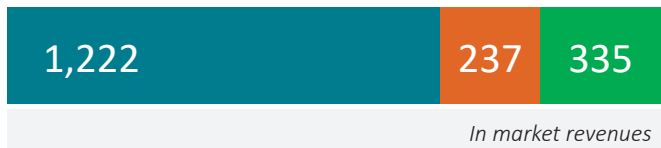
Sales M€
+ 10.3% on 2017



REVENUES 2018

Global revenues 1,768

(million € ex factory)

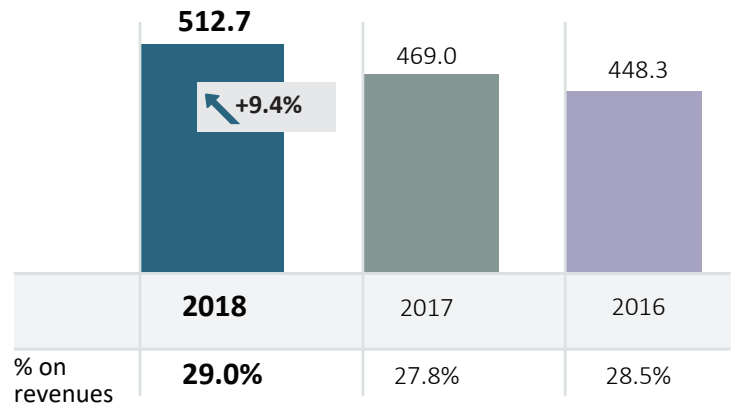


■ Europe ■ Usa ■ Emerging Markets and IMDD



EBITDA 2018

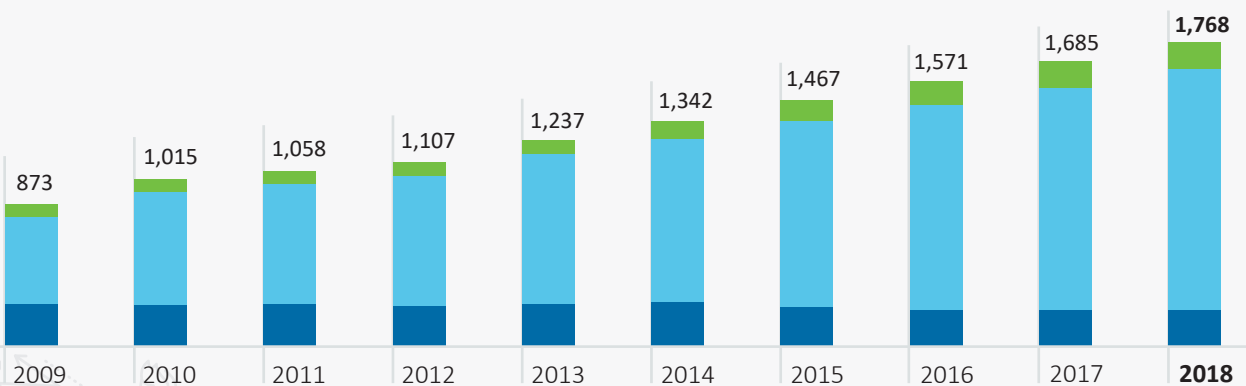
(million €)



CONSOLIDATED REVENUES

(million €)

■ Export
■ Affiliates
■ Italy



+7.8%

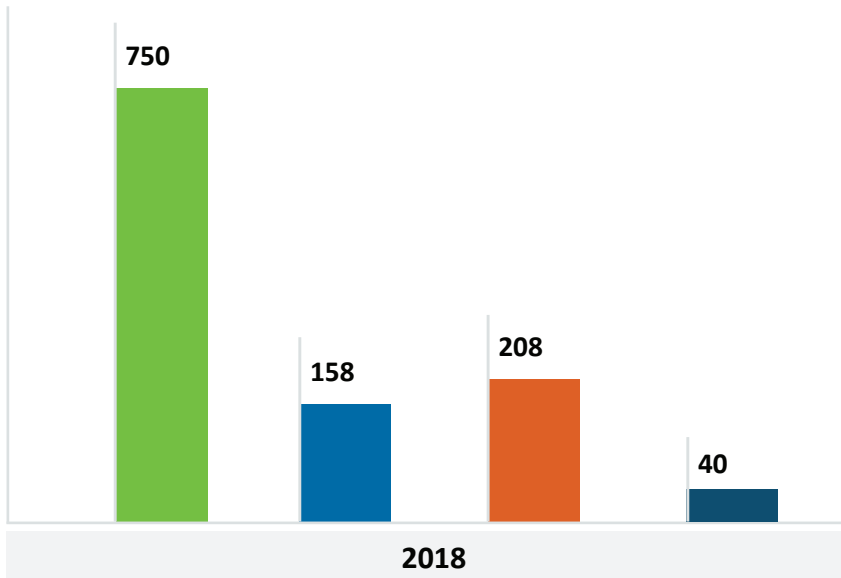
at constant exchange rates
(compared to 2017)



MAIN PRODUCTS*

(million €)

■ Foster ■ Clenil ■ Curosurf ■ Trimbow



* In market sales

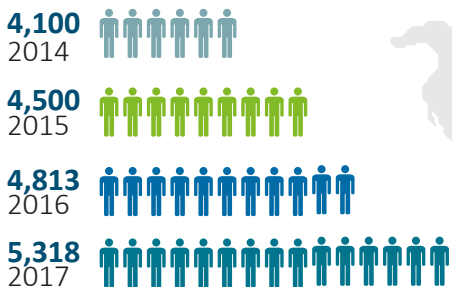
47

Active projects
in R&D

54

Active studies
in R&D

EMPLOYEES WORLDWIDE



788
employees in R&D, including
regulatory activities

827
employees in manufacturing

INVESTMENTS IN RESEARCH AND DEVELOPMENT



1st
among Italian
pharmaceutical
companies *

2nd
among Italian
manufacturing
companies *

13th
among the
European
Pharmaceutical
companies *

* European Commission - 2018 EU Industrial R&D investment scoreboard



In 2018 **Chiesi** is the 1st Italian pharmaceutical company in Europe for patent deposits

More than
3,754



Worldwide patents in the Chiesi portfolio
(12.31.2018)



Expansion of its partnership with **Protalix BioTherapeutics, Inc.**, a biopharmaceutical company focused on the development and commercialization of recombinant therapeutic proteins expressed through its proprietary plant cell-based expression system, ProCellEx®. Protalix and Chiesi entered into an exclusive U.S. license and supply agreement which grants to Chiesi the United States rights for the development and commercialization of PRX-102 (**pegunigalsidase alfa**), the Company's chemically modified version of the recombinant protein alpha-Galactosidase-A protein, for the treatment of Fabry disease. In October 2017, Protalix announced an exclusive partnership with Chiesi for the development and commercialization of PRX-102 for the treatment of Fabry disease outside the United States.

Chiesi Group completed the acquisition of 100% of **NHCO Nutrition® SAS** (NHCO) shares, a French company specialized in food supplements commercialized in pharmacies, currently active in the French market. NHCO Nutrition® is a high performance company, which has experienced a double-digit growth among the last five years and reached a turnover of €12 million in 2017.

At the forefront of research and innovation in the field of nutrition science and specialized in AminoScience®, NHCO Laboratories is nowadays a key player in the food supplement landscape. NHCO scientific team is specialized in the Research and Development of Amino Acids based formulas.



The European Commission has granted the marketing authorisation for Lamzede® (**velmanase alfa**), the first enzyme replacement therapy for the treatment of non-neurological manifestations in patients with mild to moderate alpha-mannosidosis (AM), an ultra-rare progressive and debilitating disease. As a result of this marketing authorisation, Velmanase alfa is now approved for use in the 31 European countries covered by the European Medicines Agency (EMA). The Marketing Authorisation has been granted under "exceptional circumstances" according to the EU legislation, which aims to enable treatment of extremely rare disorders for which traditional large-scale clinical studies are not feasible. Velmanase alfa has been investigated in 34 patients, both children and adults.

7 consecutive years



11th consecutive year



For the 11th year running, Chiesi is once again **Top Employer**, proving a real commitment to guarantee excellent working conditions for its employees, an adequate training to its people and to enhance its talents at all company levels. In addition, other Chiesi affiliates- France, Germany, Poland, United Kingdom and Spain- obtained, for the 7th time in a row, the Top Employer Europe award which is assigned only to the companies that receive this certification in at least 5 EU Countries. Chiesi USA received, for the 4th consecutive time, the Top Employer USA award, together with Chiesi Brazil which has gained the Top Employer for the 3rd time. Chiesi Turkey was awarded also this year for the 2nd time in a row with this important certification.

Moreover, Chiesi Netherlands was awarded for the 1st time with the "Top Employer" certification.

8	7	7
7	6	4
3	2	1

Chiesi Group has signed a strategic deal with **StartUp Health**, a global health innovation company focused on achieving health related ground-breaking projects. StartUp Health has the largest digital health-focused portfolio in the world, consisting of over 235 companies applying technology to solve key challenges such as creating global access to care, reducing cost and curing diseases. With this achievement, Chiesi completes its first strategic deal in the technology space. This partnership is a significant step forward in Chiesi Group's technology & digital health strategy. Chiesi plans to combine its deep expertise in respiratory care, neonatology, special care and rare diseases with StartUp Health's extensive global network of innovative companies and partners, stimulating research and the availability of therapeutic solutions for our patients.



Chiesi becomes a **Benefit Corporation**, thus choosing to adopt a new legal status under US (Delaware) law and in Italy by Law no. 208/2015. A Benefit Corporation represents a step forward insofar as it changes the very concept of a company that is legally required to consider the impact of decisions on workers, customers, suppliers, community, and the environment by balancing its purpose and profit in a perspective of shared value creation. In this regard, Chiesi has taken a global approach: Chiesi affiliates in Brazil, UK, Germany, Spain, The Netherlands, and France have decided to amend their corporate formation documents to include social and environmental impact objectives, despite the fact that these countries have not yet passed a law to allow for the formal structure of a Benefit Corporation.



01

**CHIESI
WORLD**





1.1

Mission, vision and strategy



Chiesi is an international, research-focused company, based in Parma, Italy.

Through over 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 MISSION



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



We wish to maintain a high-quality entrepreneurial team characterized 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.



VISION 2025

By 2025 we aspire to be a point of reference for patients affected by chronic respiratory disorders, neonatal pathologies, rare diseases and other health conditions which are difficult to treat. We commit to offer patients, and those who take care of them, innovative solutions in the management of their needs, even exploring new frontiers in treatment and care.

As a family-controlled company, we want to continue to grow sustainably by focusing on key markets such as the US and Europe, but also expanding patients' access to care in key emerging countries, such as China. We aim to maintain a profitability level adequate to support our investments in innovation and development and our internationalization efforts.

As a Benefit Corporation, we want to act as a force for good, promoting a conscious and different way of doing business, that strives to achieve a positive impact on society and nature, handling resources in a circular way and creating a new harmony, finally sustainable.

We work to embrace state-of-the-art technologies to identify and develop new therapies, to streamline processes, improve efficiency, favor people working proximity and sharing.

We believe we can achieve all this only through teamwork, taking care with particular attention of the wellbeing and the excellence of all the people working with us. Leveraging diversity and creativity, we want to promote a working environment that welcomes everyone's contribution and awards personal accountability.

EVERYONE OF US IS DIFFERENT, EVERYONE OF US IS CHIESI

Our values



Our strategy

Our business strategy can be summarised in a simple way: we aim to continue growing, while maintaining the right balance of locations and therapeutic areas and redefining the way we do business to create a positive impact on people and on the environment.

Our strategy for our therapeutic areas

Respiratory therapy is our DNA. It is where the company started and historically it has been the key driver for Chiesi's growth. However, we consider all our therapeutic areas to be equally important, and as we evolve, our strategy is to grow our presence and capabilities in these important areas.

We believe the duty of a market leader is not just to develop drugs, but also to deliver a full range of products, services and devices that support patients, physicians and nurses and improve quality of life.



REGION EMERGING MARKETS

- BRAZIL**
Chiesi Farmacêutica Ltda
- CHINA**
Chiesi Pharmaceutical (Shanghai) Co., Ltd
- RUSSIA**
Chiesi Pharmaceuticals Llc
- MEXICO**
Chiesi México
- PAKISTAN**
Chiesi Pharmaceuticals (Pvt) Limited
- SWEDEN**
Chiesi Pharma Ab
- TURKEY**
Chiesi İlaççaret Limited Şirketi A.Ş

MANUFACTURING

- Parma, **Italy**
- Blois, **France**
- Santana De Parnaiba, **Brazil**

RESEARCH

- Chippenham e Oxford, **UK**
- Parigi, **France**
- Parma, **Italy**
- Lidingo, **Sweden**
- Cary, **North Carolina, USA**

REGION USA

- USA**
Chiesi USA Inc.



REGION EUROPE

ITALY Chiesi Farmaceutici S.P.A.	POLAND Chiesi Poland Sp. Z.O.O.
AUSTRIA Chiesi Pharmaceuticals GmbH	UNITED KINGDOM Chiesi Ltd.
BELGIUM Chiesi Sa	CZECH REPUBLIC Chiesi Cz S.R.O.
BULGARIA Chiesi Bulgaria Ltd.	ROMANIA Chiesi România S.R.L.
FRANCE Laboratoire Chiesi	SLOVAK REPUBLIC Chiesi Slovakia s.r.o.
GERMANY Chiesi GmbH	SLOVENIA Chiesi Slovenija, D.O.O
GREECE Chiesi Hellas Pharmaceuticals S.A.	SPAIN Chiesi España S.A.
THE NETHERLANDS Chiesi Pharmaceuticals B.V.	HUNGARY Chiesi Hungary Kft.

INTERNATIONAL MARKETS DEVELOPMENT DIVISION (IMDD)

IMDD is a division including the 59 countries where Chiesi is present with a network of partners.

1.3

INNOVATION IN CHIESI: OUR PRODUCTS AND SERVICES

Our business is focused in four main areas:



Respiratory



Neonatology



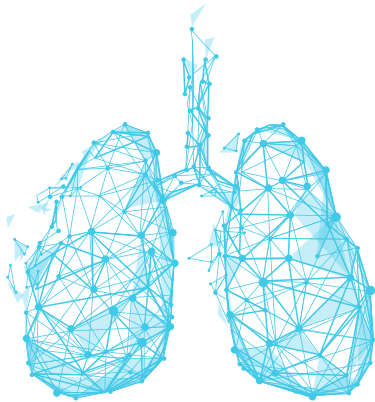
Rare diseases



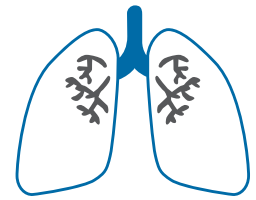
Special care



Respiratory

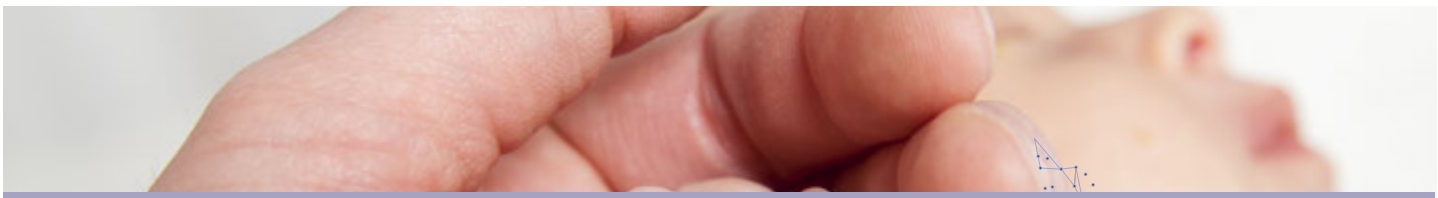


Chiesi has been developing medicines to treat respiratory diseases for more than 30 years, emphasizing an improved **patient experience, patient choice, and clinical efficacy and safety.**



We are highly committed to improving the quality of life for patients suffering from chronic respiratory diseases, such as **asthma** and **Chronic Obstructive Pulmonary Disease (COPD)**, by targeting the underlying pathophysiological conditions such as tissue inflammation and airway constriction, which are typical characteristics of such diseases. In other conditions such as bronchiectasis, we also seek to target infections in the airways as well as the increased density of secretions in the airway lumen.

Adherence to treatment regimens is central to a patient's benefit, and this is especially true in the treatment of these chronic respiratory disorders. Our **patient-focused approach** is therefore also aimed at ensuring improved treatment adherence and clinical outcomes. This approach seeks to deliver significantly positive impacts on the lives of patients and their families.



Neonatology



Our focus in neonatology brings us closer to one of the most delicate medical fields and frail patient populations, **babies born prematurely and their families**, which have been largely neglected in terms of commitment and innovation. Our flagship development in this area is a surfactant, that since its launch over 25 years ago, has potentially saved the lives of more than 4 million of babies in nearly 100 countries worldwide. This product provides an effective replacement for the natural lung surfactant helping premature babies to breathe. This life-saving treatment is commonly delivered through a catheter. In the pursuit of improving patients' quality of life, we have also developed an alternative and less invasive delivery modality for surfactant replacement.

Our innovation efforts are not limited to those in respiratory disease, but also to other devastating consequences of premature birth, such as neonatal brain injury and retinopathy of prematurity. Moreover, Chiesi works in partnership with an international network of neonatologists and specialists, providing an essential platform in this clinical setting highly in need.



Chiesi supports training projects to improve the clinical practices of neonatologists. For example, in Poland, our **Multichannel Neonatology Project**. In Spain and Russia, **Neostart** involves all the key stakeholders in the field of neonatology, to co-create breakthrough solutions to improve the quality of life of premature babies and their families, while collaboration is ongoing with neonatologists in Pakistan to address the need to improve access and quality of care in this country, where neonatal death is particularly high, according to Unicef.



Rare diseases



There is a very large number of rare diseases, typically very severe, affecting very few patients who therefore often experience significant delays in diagnosis and optimal care.

One field of our work are the lysosomal storage diseases, (e.g. **alpha-mannosidosis**), an ultra-rare family of disorders associated with progressive declines in mental and motor functioning and dysfunction of other organ systems.

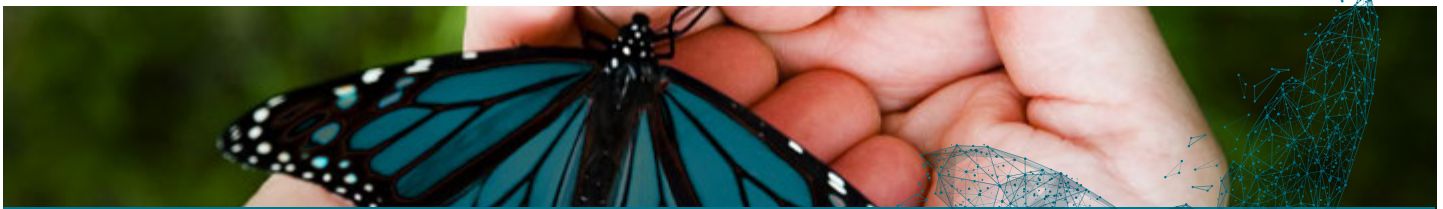
Velmanase alfa is the first enzyme replacement therapy for the treatment of alpha-mannosidosis. This disorder presents a broad range of symptoms and its long-term prognosis is generally poor, with reduced life expectancy. Chiesi is an important “partner” to this novel therapeutic and supports the development of a diagnostic tool to facilitate the identification and access of patients to optimal care.

We are also developing a treatment for **Fabry Disease**, another lysosomal storage disorder, seeking



to provide a less frequently-dosed, and therefore more patient-friendly treatment, associated also with reduced immunogenicity, thus enhancing patients safety.

The field of rare diseases is also being supported by Chiesi through a series of multichannel awareness-raising programs to improve the quantity and quality of information available to clinicians, patients and families. Finally, our work in this field is further enhanced and enriched through our developing relationships and the direct impact on our programs of patient associations.



Special care



Our commitment in this area is significant and can be exemplified by the development of a series of drugs for **acute myocardial ischemia**,

the leading cause of death in the industrialized countries, such as a thrombolytic agent to lyse the clots obstructing the coronary arteries and a platelet antiaggregant to prevent the formation of clots when catheters are used to break coronary plaques. The former is also being reformulated for the rapid and effective clearance of blood clots in indwelling catheters used for drug administration in a range of indications including in cancer patients, thus positively modifying their overall quality of life since preventing the repeated, uncomfortable positioning of those devices.



Immunosuppression after kidney or liver transplantation is a clear medical need, and we have proposed to patients a novel dosage form of a widely used immunosuppressant with an enhanced pharmacokinetic profile which translates into a more patient-friendly dosing regimen.

Partnerships



Commercial Capabilities: Direct European and BRIC* presence, marketing expertise and Key Opinion Leaders networking

Development Capabilities: Technical, clinical, regulatory and manufacturing expertise

Partnership Management: Quick decision-making

*BRIC= Brazil, Russia, India, China

Associations



Governance



At Chiesi, the highest level of ethical behaviour is required. We require all of our partners and collaborators to conduct their business transparently and in compliance with the highest standards of conduct. We therefore recognize business ethics and lawful conduct as fundamental pillars of our reputation and success.

Our commitment

Our core business is to **improve people's health**, therefore we believe that integrity and transparency, for our specific sector, are central to every action and behaviour.

We expect all our employees and collaborators to adopt our **Code of Ethics and Conduct**, and we require **responsible business practices** throughout our organization and among all stakeholders in our value chain.

BOARD OF DIRECTORS, EXECUTIVE COMMITTEE & BOARD OF AUDITORS



BOARD OF DIRECTORS

Alberto Chiesi

Paolo Chiesi

Alessandro Chiesi

Andrea Chiesi

Maria Paola Chiesi

Giacomo Chiesi

Ugo Di Francesco



EXECUTIVE COMMITTEE

Alberto Chiesi

Chairman

Paolo Chiesi

Vicepresident and Head of R&D

Ugo Di Francesco

Chief Executive Officer

Ugo Bettini

Head of Group Human Resources and Organization

Andrea Bizzi

Head of Corporate Marketing

Alessandro Chiesi

Head of Region Europe

Andrea Chiesi

Head of Special Projects

Maria Paola Chiesi

Head of Corporate Social Responsibility

Giacomo Chiesi

Head of Global Corporate Development

Giovanna Amadori

Head of Strategic Planning

Antonio Magnelli

Head of Global Manufacturing Division

Ken McBean

Head of Region USA

Mark Parry-Billings

Head of Corporate Drug Development

Danilo Piroli

Head of Corporate Finance

Josè Fernando Albertini De Almeida

Head of Region Emerging Countries and IMDD

Marco Vecchia

Head of Legal and Corporate Affairs



BOARD OF AUDITORS

Giuseppe Piroli

Paolo Alinovi

Vincenzo Simonazzi

02



**SUSTAINABILITY
AT CHIESI**

*We
ACT* →

2.1

The concept of sustainability at Chiesi



At Chiesi, **sustainability** has a very specific meaning, describing both our perspective on where we fit in a sustainable system and the actions we take to achieve social, economic and environmental progress and prosperity.

Sustainability at Chiesi is built on three pillars:



SYSTEMIC PERSPECTIVE



SHARED VALUE APPROACH



OUR TRADITION AND NATURE

Everything starts with the system: being aware that we live and work in an interdependent network of economic, social, and environmental systems, and that each of them is variously affected by our choices and actions. For this reason, our efforts must be carefully planned and coordinated in consideration of their impact on each system in the network. This imperative informs our actions and the structure of our plans.

Being a for-profit company, our approach to sustainability is based on the concept of shared value: that is to have a strategic purpose of generating value for the society, which becomes a source of competitive advantage. We believe

this is the only way to integrate sustainability into business.

This perspective is gradually being incorporated into every internal process, with the aim of enabling the natural integration of sustainability into our business model.

Our corporate nature leads us to value research, innovation, and development. We consider sustainability to be part of the natural evolution of our company, where we look to the future while holding on to the mission, values, and competencies that have always defined us.



Consistent with this view, in 2018 we launched a new sustainability program throughout our company, named **We ACT** – *We Actively Care for Tomorrow*. The key elements of this initiative are as follows:



Sustainability Manifesto

This is the loud declaration of our intentions and mission



Sustainable Development Goals and Sustainability Strategic Plan

We put our ideas into practice



B Corp Certification

Our impact is measured by comparison with others; we are not afraid of being measured



Sustainability Report

We want to communicate our performance and operate in a transparent manner



Internal Mobilization

Teamwork makes the dream work: everyone in the Chiesi world must be aware and engaged



SUSTAINABILITY MANIFESTO

We live in a time of great changes. The planet is exploited beyond its limits and its equilibriums are in continuous transformation. We are changing ourselves in the way we live and think about our society. The most fragile and vulnerable are paying the price: those who are often left behind in this rush forward.

At Chiesi we have always believed that it is necessary to take care of our planet and the people who inhabit it, rediscovering the value of mutual solidarity, as we are aware that every individual, as well as every living organism, is unique and irreplaceable.

This is why we want to make the assurance of high-quality medical research available for the most fragile individuals so that we can closely listen to and understand them as people, not just as patients.

We want to act as a force for good, promoting a conscious and different way of doing business which strives to achieve a positive impact on society and nature by handling resources in a circular way and creating a new harmony and sustainability. The well-being of all depends on this balance. For us, this is the only true form of progress.

Our team of professionals is highly motivated and open-minded as our culture guides us, valuing the diversity of each individual.

The health of our planet and its inhabitants deserves our best efforts.

2.2

The SDGs and the Sustainability Strategic Plan



The 17 Sustainable Development Goals (SDGs) were launched in 2015 by the United Nations in the 2030 Agenda, as a set of defined goals, targets, and indicators that the world must achieve to safeguard the planet and society. Achieving these goals will require the committed involvement of stakeholders worldwide: governments, institutions, businesses, organizations, and individuals. We are all equally impacted by many challenges of our time, and the Sustainable Development Goals (SDGs) are the global framework to achieve true sustainable development.

We chose to commit to the SDGs and, to maximize the results we will achieve through our efforts, we selected nine specific SDGs which are consistent with Chiesi's capacities, abilities and skills.



Our strategic plan for sustainability begins with these universal, wider objectives and refocuses them through the Chiesi lens, to identify 16 specific sustainability goals related to our nature and business

The 16 Chiesi Sustainability Goals focus on four main areas of intervention: patients, planet, people' and partnership. The Sustainability Strategic Plan involved multi-functional groups at the corporate level, and more than a hundred projects and activities were created from this plan, each aimed at re-engineering existing processes or creating new ones to support sustainability.

CHIESI SUSTAINABILITY GOALS

PLANET	PATIENTS
<ul style="list-style-type: none"> Reduce chemicals and GHG emissions Responsible consumption and production Raise awareness on planet health 	<ul style="list-style-type: none"> Improve premature babies' outcomes Extend access to neonatal care Invest in R&D to foster scientific progress Find sustainable therapeutic solutions for Non-Communicable Diseases patients Reduce the burden of suffering of patients affected by rare diseases
PARTNERSHIP	PEOPLE
<ul style="list-style-type: none"> Transparency and openness Share good sustainability practices 	<ul style="list-style-type: none"> Commit to community sustainability Help those in need Working conditions and products safety Employees' professional and personal development Full and productive employment and people's well-being at work Diversity and inclusion

This plan also involved all the Group's affiliates, each creating a local plan, consistent with the corporate path. The Sustainability Strategic Plan was developed in 2018 and includes projects with a 4-year horizon. We consider this plan as the most efficient and direct way to integrate sustainability into our business model.

2.3

Using Business as a force for good



At the end of 2018, choosing to adopt a new legal form under the Italian (Law no. 208/2015) and US law (Delaware²), Chiesi became a **Benefit Corporation** by revising its Articles of Incorporation and integrating to the objective of generating profits to the shareholders, also the objectives of creating a positive impact on our patients, people, suppliers, communities and the environment we operate in.

A Benefit Corporation is a legal form of business enterprise introduced in 2010 in the United States and is becoming increasingly widespread throughout the world. In January 2016, Italy became the first country outside of the US to introduce the model.

A Benefit Corporation represents a step forward insofar as it changes the very concept of a company by redefining its purpose to balance profit-making, one of the main objectives of traditional companies, with a broader collective benefit. This approach creates value for multiple stakeholders in addition to providing financial returns to the shareholders. Benefit Corporations are the expression of a more evolved vision and incorporate a two-fold purpose into their business objectives: in addition to the objective of generating profit, they also pursue the goal of making a positive impact on society and the environment and undertake to create value not only for shareholders but also for the other stakeholders.

In this regard, Chiesi has taken a global approach: Chiesi affiliates in Brazil, UK, Germany, Spain, The Netherlands, and France have decided to amend their corporate formation documents to include social and environmental impact objectives, despite the fact that these countries have not yet passed a law to allow for the formal structure of a Benefit Corporation.

This change represents a real milestone for the Group, and it also contributes to the company's path of becoming a certified B Corp.

Chiesi's decision to become a certified B Corporation (also known as B Corp) represents our commitment to



join a growing movement of for-profit companies determined to create a significant positive impact on society, to benefit the environment and the lives of workers and customers, and to meet rigorous standards of transparency and accountability.

In 2018, Chiesi assessed the social and environmental performance of all 27 Chiesi affiliates, using the B Impact Assessment (BIA). The BIA is the most widely-used assessment for measuring the positive impact of a company on its workers, community, environment, and customers. As a result of the assessment, the Group started a global improvement plan, perfectly integrated with the Sustainability Strategic Plan, with the objective of improving our positive impacts, reducing or eliminating negative ones, and becoming eligible for certification.

In December 2018, all Chiesi affiliates submitted the request for obtaining B Corp certification, guided by one unified common goal: to become the first global pharmaceutical group to be awarded with B Corp certification.

Chiesi is the first global pharmaceutical group to be awarded **B Corp certification** in recognition of its corporate sustainability leadership

Certified



Corporation™

In June 2019, Chiesi received the B Corp certification from leading global sustainability non-profit B Lab®, in recognition of its corporate sustainability practices. This is one of the most fundamental steps in the long journey of the company continuous improvement toward a sustainable future as stated in the vision.

About B Corporations®

Certified B Corporations are for-profit companies that use the power of business to build a more inclusive and sustainable economy. They meet the highest verified standards of social and environmental performance, transparency, and accountability. To date, there are more than 2,700 B Corps in 150 industries and 60 countries around the world.

About B Lab®

B Lab® is a non-profit that serves a global movement of people using business as a force for good™. Their initiatives include B Corp Certification, administration of the B Impact Management programs, and advocacy for governance structures like the benefit corporation. B Lab® envisions an inclusive and sustainable economy that creates shared prosperity for all.

*Let's make
the world
feel better.*



03

**PERFORMANCE
REVIEW**



3.1

CEO letter



Chiesi Group's revenues for 2018 totalled €1,768 million overall: this figure breaks down into €1.22 billion from the area Europe, €335 million from the Emerging Countries and €237 million from the USA. **Ugo Di Francesco, CEO of Chiesi Group** commented on the results.

Ugo Di Francesco
Chief Executive Officer
Chiesi Group



Could you briefly sum up the Chiesi Group's performance in 2018?

«It was a positive year despite being a particularly complex one. We had to deal with a series of fluctuations, which were often beyond the company's control. However, the last few months have been extremely positive. Our thanks go to all of the Group's functions for this result».

And at Region level?

«All of the Regions performed well, although Europe in particular achieved outstanding results overall. The Emerging Countries were 8% below the expected performance, whereas the USA was -8.3%, even though the trend throughout the affiliates over the last few months of **2018 was positive**. Currencies represent the root of the problem both compared to the budget and to 2017, despite recovering well at the end of the year. In other words, a number of currencies have undergone a process of recovery (the Turkish lira, the Brazilian real and China's renminbi), despite maintaining overall negativity compared to the budget. Credit goes to the Brazilian affiliate, which had an excellent performance in 2018 despite the currency devaluation and presidential elections. Turkey, Mexico and the IMDD also performed positively in their currencies at local level».

If we analyse product performance?

«**Foster®** and **Trimbow®** remained our star products for the whole of 2018. Our flagship product **Foster®** continues to grow at double-digit rates despite its years on the market. The launch of the single inhaler triple association for COPD has been very positive and we can say that the key countries were Germany, the UK and the Nordics. Product performance went well beyond predicted levels. **Curosurf®** has continued to suffer in

China and the USA, whereas **Clenil®** has experienced a negative impact from European generication and Chinese growth, albeit at lower rates than predicted. Lastly, there is **Kengreal®**, in the USA, which despite not reaching predicted levels has grown significantly by **21.8%**».

What can we expect for this year?

«The year ahead is expected to be a positive one, with estimated sales of around **€1 billion 880 million**, up by 6.4% compared to those in 2018, thus confirming good progress for the Group and profit levels in the range of 26% in terms of EBITDA. We will also continue to grow in terms of workforce, which will total around 6 thousand people at Group level. An extremely positive development».

And in terms of projects?

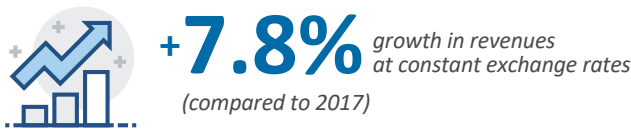
«Our Vision, with its three key elements – growth and internationalisation, innovation and R&D and enhancing the value of Chiesi people – has been integrated with two fundamental issues: digitalisation and sustainability. In other words, the importance of digital technologies and our extensive project aimed at making all of us responsible as a company and as individuals for what we do in terms of sustainability. As our readers will already know, the 5-year Strategic Plan for Sustainability has been launched on the basis of a series of Sustainable Development Goals set out by the United Nations, which we have decided to incorporate within the Group. This is combined with second key objective of achieving **B Corp certification** in 2019, which we are all focussing on as a Group. Last but not least, thanks to contributions from all the affiliates and functions at corporate level, we have also drafted the **new 2019-2024 Strategic Plan**, which we will finalise in May with the objectives and strategies to be implemented».

3.2

Financial Figures



Chiesi Group closes 2018 with an annual turnover of €1,768 million, an increase of 7.8% on the previous year at fixed exchange rates (+4.8% at current exchange rates), and EBITDA equal to € 512.7 million.



The robust health of the company is reflected by its investments in innovation and development, R&D expenditure exceeding 381.8 million euro in 2018, 21.6% of total revenues equating to 1.05 million of euro per day.

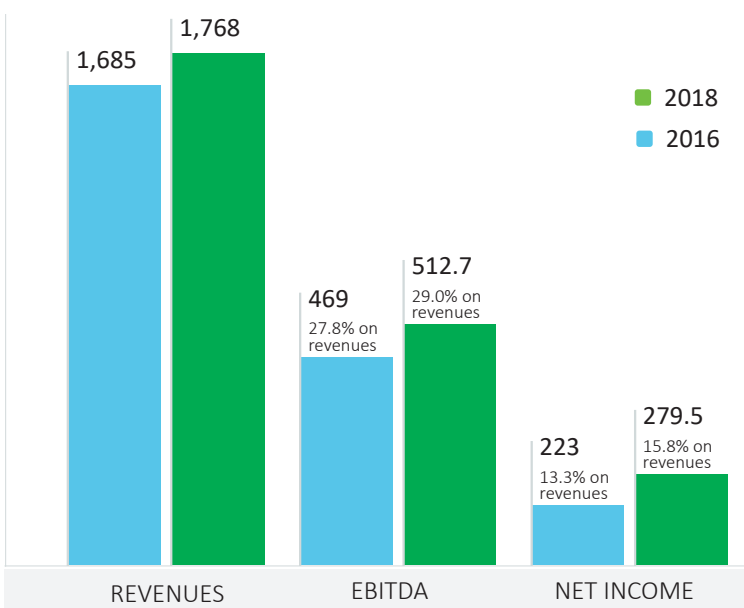
Region	Revenues	Variations vs 2017	Employees
EUROPE	1,222	9.3%	2,483
IMDD AND EMERGING MARKETS	335	2.6%	1,157
USA	237	-8.3	236

In millions € in market revenues



Operating Results

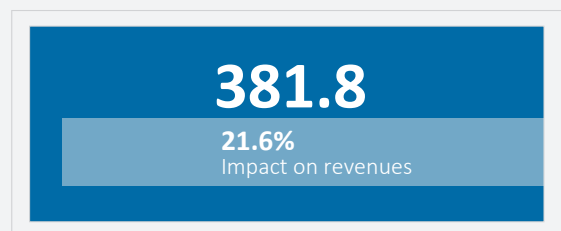
(MLN €)



Other Information

Investments in R&D 2018

(MLN €)



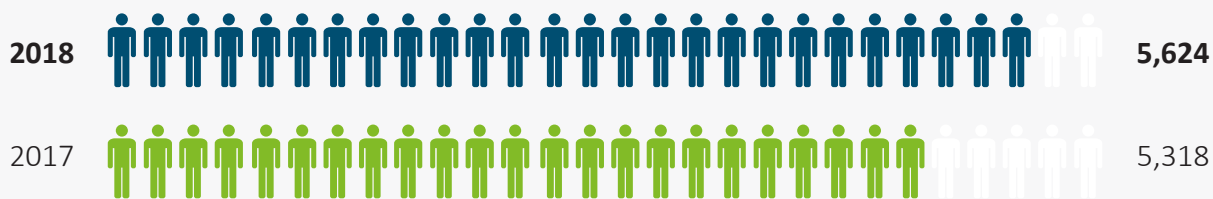
Staff in force



Employees

The total number of employees now stands at **5,624 people** as central focus, passion, entrepreneurial spirit and intercultural dialogue are the values on which the company will continue to base its development in the coming years.

Total employees



The products

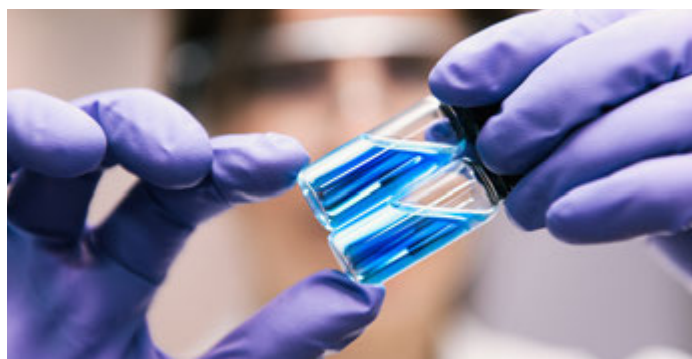
Chiesi is a key global player in the respiratory area. A number of brands in its portfolio are continuing to generate significant growth and revenue:

Foster® (*beclomethasone dipropionate and formoterol fumarate*), in its various formulations, generated sales of **€ 750 million** euro, more than ten years after its launch. Foster achieved a growth of 14% and reached the position of market leader in 11 European countries.

Curosurf® (*poractant alfa*) has exceeded **208 million** euro, confirming its global leadership as a life-saving medicine. This drug is indicated for the treatment of respiratory distress syndrome, a disorder that impairs lung function in premature babies. In over 25 years since its launch, the number of treated babies outgrows 4.2 million and the product is available in 97 countries.

Clenil® (*beclomethasone dipropionate*) generated sales of over **158 million** of euro.

Trimbow® (*Inhaled corticosteroids: ICS, Long-acting β 2-agonist: LABA, long-acting muscarinic antagonist: LAMA*) was launched in some European Country in 2017 and is the first licensed extrafine 3-in-1 inhaler containing inhaled corticosteroid (ICS) / long-acting β 2-agonist (LABA) / long-acting muscarinic antagonist (LAMA) with an approved indication for maintenance treatment in adult patients with moderate to severe chronic obstructive pulmonary disease (COPD) who are not adequately treated by a combination of an inhaled corticosteroid and a long-acting beta2-agonist. Trimbow® generated sales of **40 million** euros and is now commercially available in 19 European countries.*



* At 31st December
2018

3.3

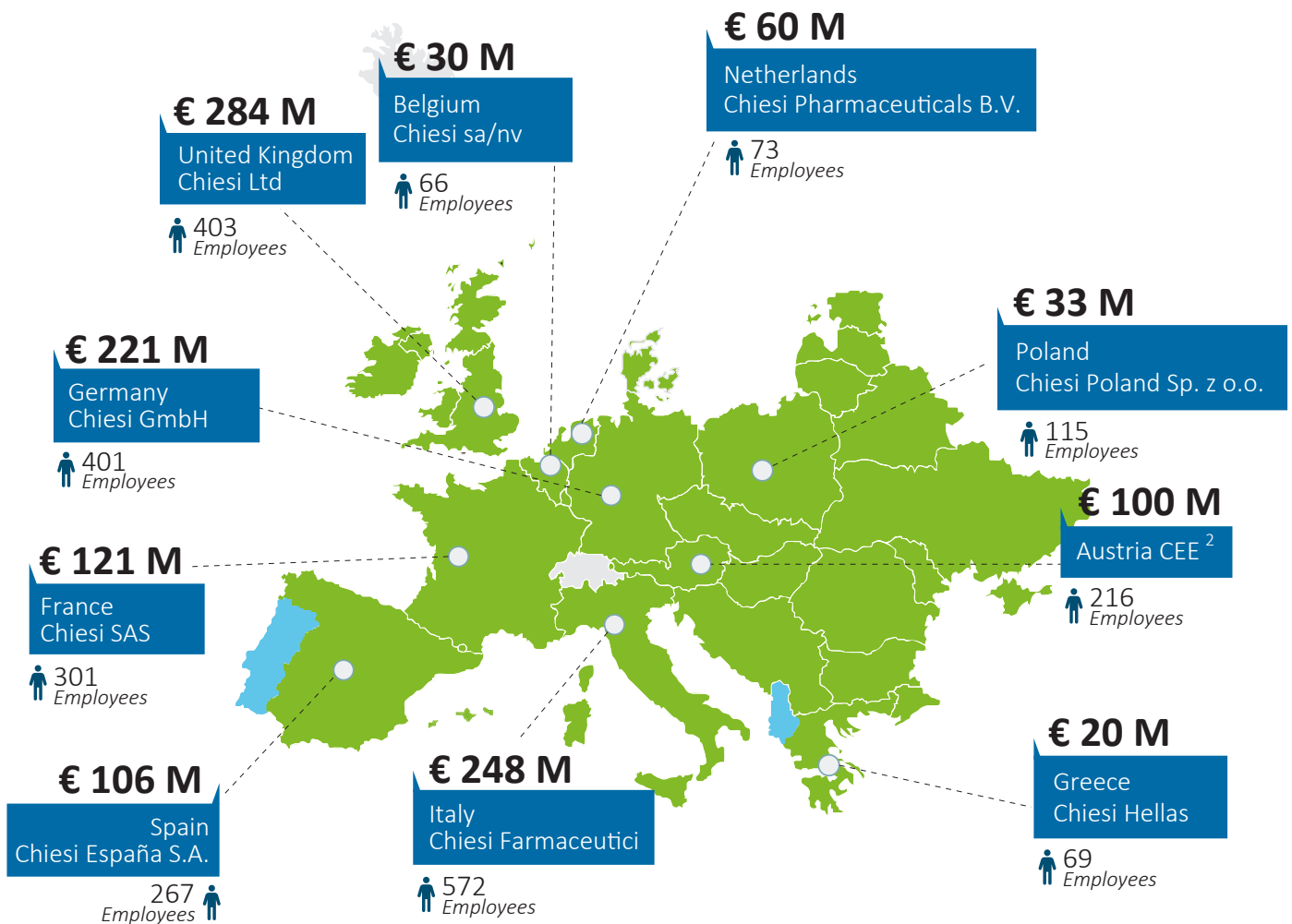
Our affiliates



The Region Europe

The Region Europe Sales reached **€1,222 billion**, representing overall growth of 9.3% (9.5% at Constant Exchange Rate)*

Chiesi Europe has a total of **2,483** employees

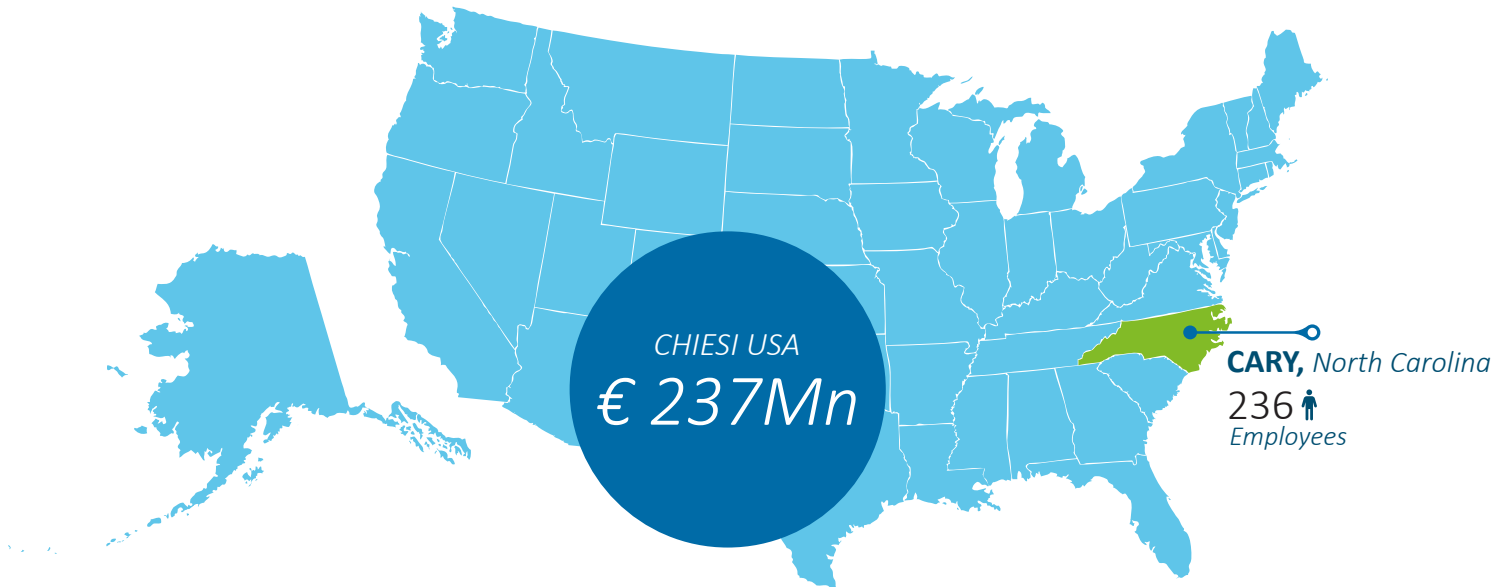


² Austria, Hungary, Czech Republic, Slovakia, Slovenia, Romania, Bulgaria

* (in market)

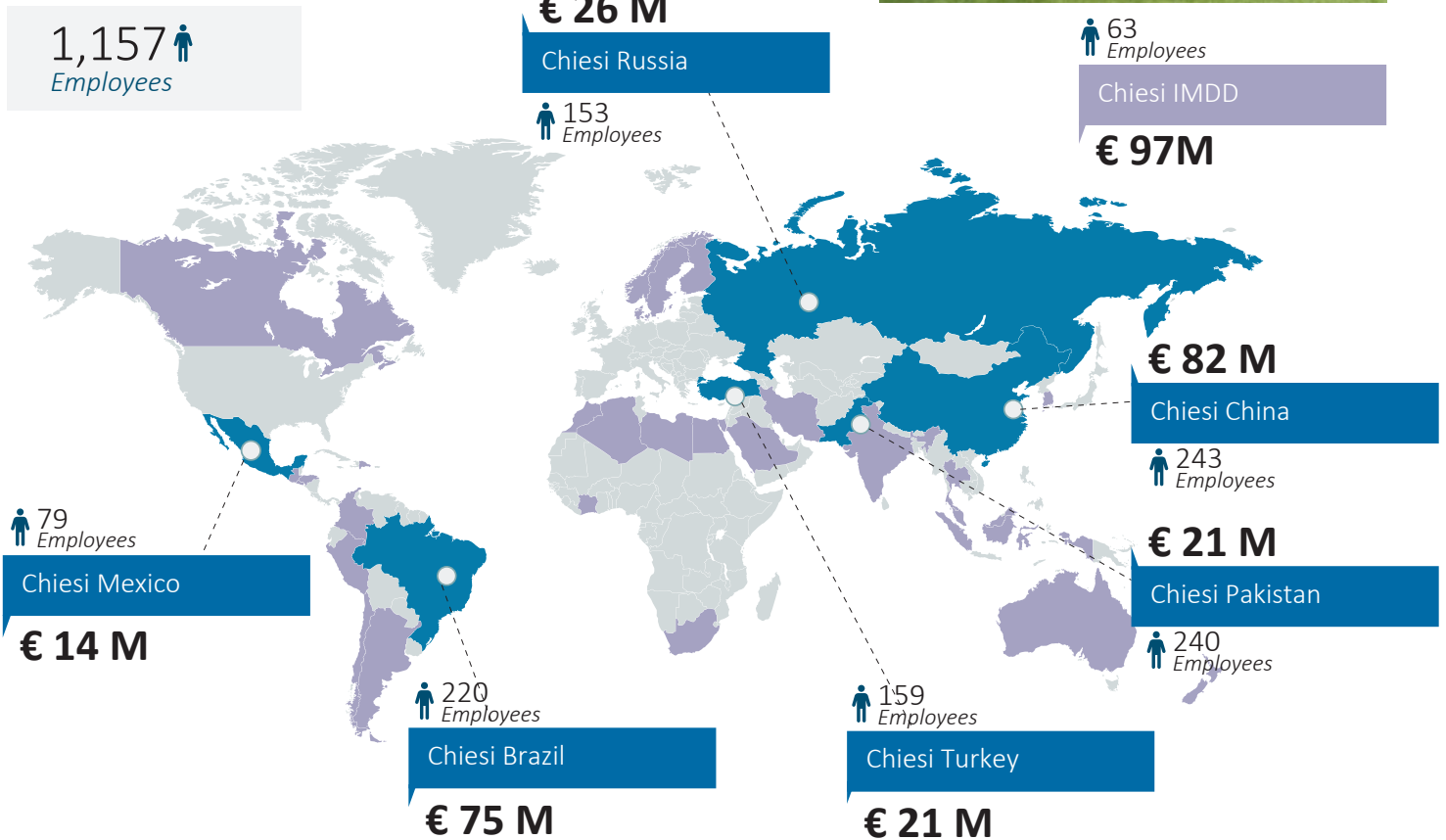
Region USA

The Region USA Sales reached **237 million** euro and has **236 employees**.



Region Emerging and International Markets Development Division (IMDD)

The Region Emerging and IMDD sales reached **335 million** euro with an increase of 2.6% vs. previous year and **1,157 employees**.



3.4

Economic Value generated and distributed



In addition to the usual financial figures, in 2018 we calculated the economic value that we generated to quantify the amount of wealth – or economic value – that our business created its distribution to our stakeholders. The total economic value generated by Chiesi in 2018 amounted to **€ 1,843 million**, of which:

79.3%

was distributed to stakeholders;

20.7%

was retained by the Company.

The impact in terms of value distributed by Chiesi is represented by the remuneration of different stakeholders through:



Suppliers/vendors



Public Administration



Community



Employees and collaborators



Capital providers



Find out more in our Sustainability Report in Chapter 3:
ECONOMIC RESPONSIBILITY

04

**INNOVATION
FOR OUR
PATIENTS**



4.1

Research and development at Chiesi: a continuous investment in our future



Our Research & Development team represents a fundamental asset for the business. It comprises integrated functional areas focussing on pipeline projects including discovery and preclinical research, chemistry and manufacturing controls, drug delivery technology, clinical development, regulatory affairs, pharmacovigilance, intellectual property, quality assurance, project management and leadership, and R&D portfolio management. Moreover, R&D functions also support products already on the market through pharmacovigilance and regulatory activities. Headquartered in the purpose-built and fully integrated Research and Development **Centre in Parma**, the team also has important activities in **Paris, Chippenham and Oxford** (UK), **Cary** (US) and in **Lidingo** (Sweden). The goals of this experienced cross-functional team are highly focused on the delivery of the pipeline on a global basis and increased productivity to support the growth goals.



Most of Chiesi's medicinal products originate from in-house research whilst others involve cooperation and partnerships with other pharmaceutical companies; **in fact, 81% of our turnover comes from products developed by our R&D division.**

Research and Development: the data

In 2018, investment in R&D continued to grow in both absolute and relative terms – the expenditure exceeded € 381.8 million, equating to € 1.05 million per day and 21.6% of Group revenues.

UK

22 R&D EMPLOYEES

Chippenham: drug delivery technologies, specifically for inhaled drug delivery

Oxford: part of the acquisition of Atopix in 2016, focused on the development of Timapiprant, a phase 2 asset for severe asthma

SWEDEN

10 R&D EMPLOYEES

Lidingo (Sweden) Part of the acquisition of protein therapeutics biotech Zymenex in 2013

FRANCE

26 R&D EMPLOYEES

Paris: Clinical – late-phase clinical studies

US

23 R&D EMPLOYEES

Cary: Clinical Regulatory Development and registration of US pipeline

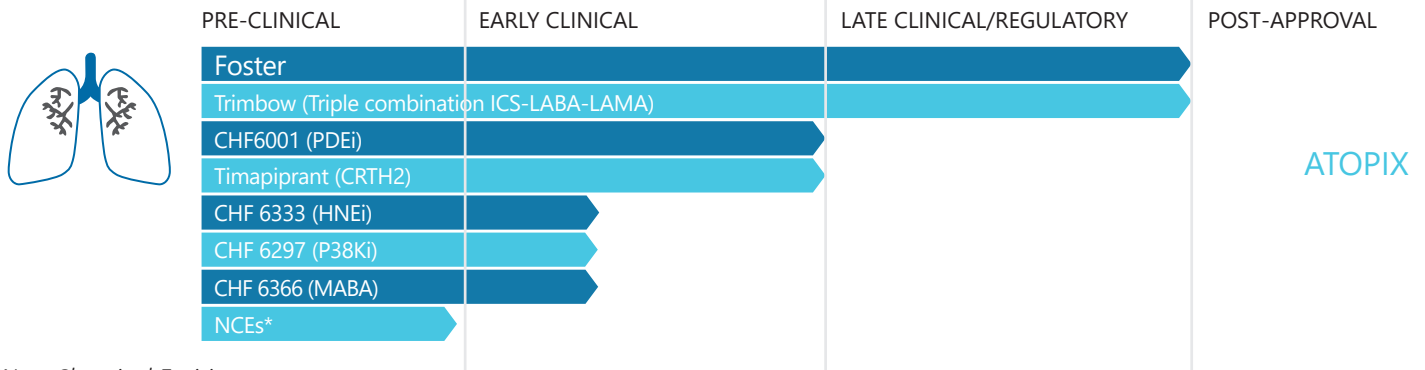
ITALY

458 R&D EMPLOYEES

Discovery	Quality	Scientific information
Pre-clinical	Pharmacovigilance	Financial analysis and control
CMC	Intellectual property	
Clinical	Project leadership	
Regulatory	Project management	

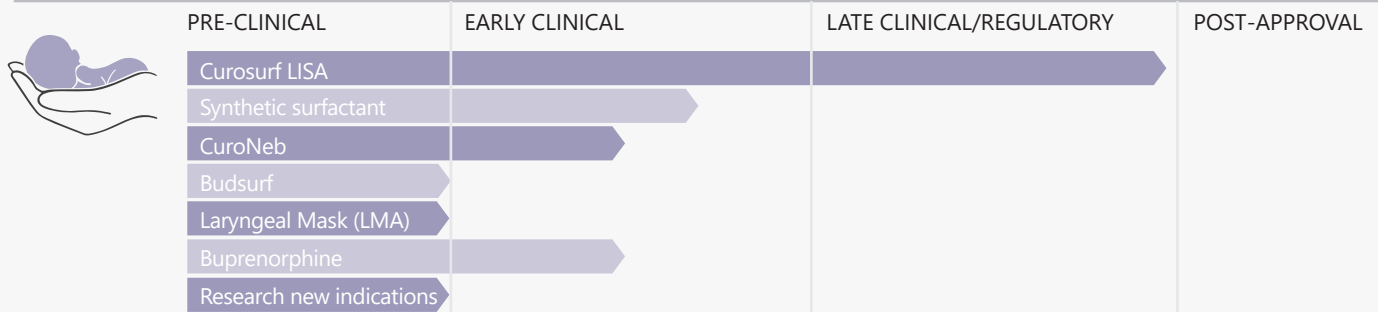
Our pipeline

Respiratory

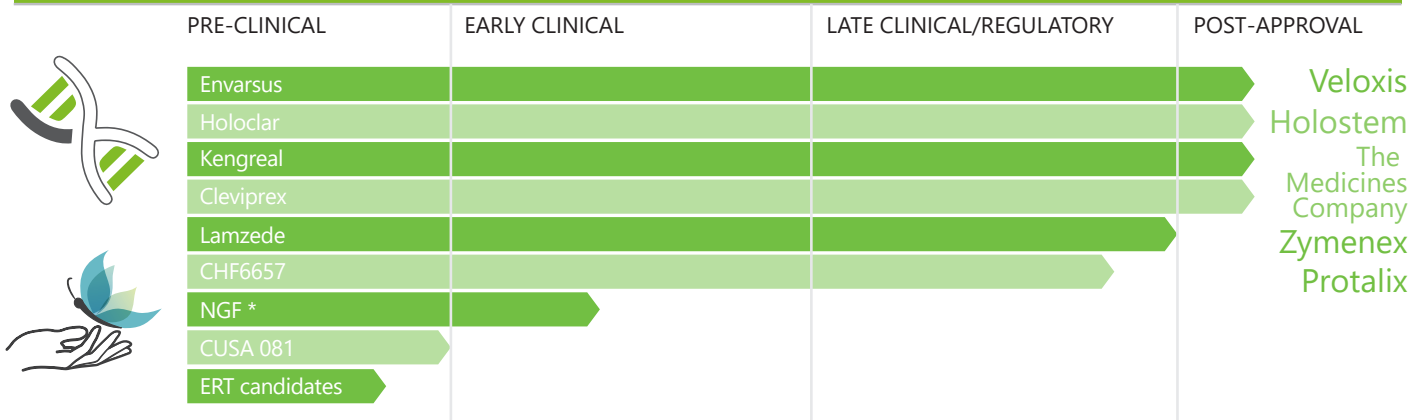


*New Chemical Entities

Neonatology



Special Care, Rare Diseases



*Nerve-related Growth Factor



4.2

Our production plants



Chiesi's Global Manufacturing Division (GMD) is responsible for the supply of more than 110 million units of product per year by our plants in **Italy, France** and **Brazil**. We base the organization of our work on the principles of Lean Manufacturing, a system that aims to increase efficiency and flexibility of the productive lines. The system allows to achieve quantitative targets, but also to increase the participation of operators in the improvement process, bringing benefits in terms of professional development, motivation and climate. In Chiesi, we aim to obtain excellence in manufacturing, while meeting the growing demands of international markets, by building more cohesive working methods and sharing knowledge and ideas in all three plants, thanks to a network that allows greater integration of skills and experience.

Our team works with passion, dedication and commitment, to maintain the highest level of attention to detail: every single unit of the 110 million products manufactured is meticulously controlled. This attention to quality is supported by highly efficient management processes, which are constantly reviewed and refined. The activities performed in our Manufacturing processes also take into consideration aspects related to the environmental impact and its safeguard.



Find out more in Chapter 7 of the sustainability report

Given the high level of diversification in our product portfolio, we implement different manufacturing strategies to guarantee the highest level of quality in our production process. During manufacturing, all goods are produced in accordance with international standards, in sites authorised by the relevant national and international regulatory bodies.

Our plants are constantly subject to inspections and assessments to verify compliance with current legislation and internal regulations. We also perform periodic self-inspections to maintain a high-quality control system.

4.3

Product quality, safety and reliability



To ensure the best treatment for our patients, we are committed to meeting the highest standards of quality, safety, and reliability of our products. We are highly focused on innovation and the fulfillment of our customers' expectations, while maintaining strict adherence to regulatory requirements. Chiesi applies a global approach to the safety of our products to ensure a consistent standard of high quality across the company.

Parma Italy

579 employees

Figures

- Registered in over 80 Countries
- Certified ISO 9001- OHSAS 18001- ISO 14001
- 18.632 m² total production area
- Regularly and successfully inspected by the U.S. F.D.A

Production Capacity

- 22 million packs in oral solids
- 18 million packs in Unit-Dose Vials (Unit-Dose Vials, UDV's)
- 28 million packs in Metered-Dose Inhalers (Metered Dose Inhalers- MDI)
- 4 million packs in Dry Powder Inhalers (DPI)
- 1,800,000 vials in sterile suspensions



Blois France

101 employees

Figures

- Final assembly stages of the Metered-Dose Inhalers (MDIs)
- Specialised in Dry Powder Inhalers- capacity of 8 million of units
- Specialised in blister packaging for capsules and tablets
- Refrigerated warehouse for products
- Equipped to supply Group's Affiliates and distribute directly to clients at a local level and in export markets

Production Capacity

- 20 million finished packages per year



Santana de Parnaiba Brazil

129 employees

Figures

- Santana supplies both domestic market and Group's Affiliates and exports to licensees and distributors
- Pressurized solutions and suspensions for inhalant therapy ((MDIs)- Capacity of 10 Mln of units
- A new production department dedicated to nasal sprays for European market is under construction

Production Capacity

- 16.5 million finished packages per year



4.4

Access to healthcare



Patients' access to effective and affordable care continues to be one of the most critical issues in healthcare at the global level, even in the top-tier developed countries. Achieving a balance between affordable care and sustainable pricing is our goal at Chiesi. We continue to be committed to accelerating and expanding the availability of medicines to patients, particularly for those who suffer from high burden diseases, while considering the long-term sustainability of healthcare systems and of our business model.

In 2018, this effort focused primarily on three areas:

- › **Collaboration with governments and healthcare stakeholders to tackle the challenges that prevent patients' access to care and medicines.**
- › **Access to Chiesi therapeutic solutions, with a focus on exclusive Orphan Medicinal Products with high unmet needs and no alternative treatments available.**
- › **Contribute to the private sector engagement in driving access to NCD (Non-Communicable Diseases) prevention, treatment and care for people living with NCD in low- and middle- income countries.**



Find out more in our Sustainability Report in chapter 4:

RESPONSIBILITY AND COMMITMENT TOWARDS OUR PATIENTS





05

**OUR
PEOPLE**

5.1

Numbers



Our workplace at Chiesi is **like a thriving beehive**, and nature teaches us that working in a team is the key, not just to survival, but to prosperity.

At Chiesi, we believe that our people are the driving force of our company's prosperity and longevity, and the wellbeing, team spirit, and excellence of all our collaborators are essential components of our sustainable development.



Four of our Sustainability Goals are dedicated to our people

- ◆ Ensure the highest safety standards of the working conditions and of our products, and promote healthy behaviors.
- ◆ Commit to the personal and professional development of our employees, and share our values of integrity, transparency and team spirit.
- ◆ Offer full and productive employment, full respect of labor rights, and promote people's well-being at work.
- ◆ Leverage diversity and inclusion as sources of innovation and creativity.

EMPLOYEES WORLDWIDE



52%
Women



48%
Men

49.8%
of executives are between the ages of 30 and 50

43.8 hours
of training per employees

At Chiesi we are 5,228 internal employees¹ globally (+5.2% vs 2017), of which approximately 96.3% had a permanent contract. In addition to our internal employees, 495 external collaborators are part of our workforce, adding up to 5,624 people in total. We refer to the term workforce to define all those healthcare operators and external collaborators who are essential to efficient operation¹.



¹ The total of employees includes long-term employee absences and therefore differs from the total of employees reported in the Consolidated Financial Statement (equal to 5,129 at 31st December 2018) in which long-term employee absences are excluded, and it differs from the total workforce (equal to 5,624 at 31st December 2018) in which external collaborators (field force contractors and ad interim employees) of the Group are included.

5.2

Development



In Chiesi, we have built a very structured People Development program to encourage and support the growth of our employees, focusing on skills and competencies, and endeavouring to stimulate our collaborators to excel in their roles, creating a work environment inspired by the principles of teamwork and collaboration.

Our annual **People Development Program** is a key initiative, designed **for professionals, middle managers and executives**, to create a pool of well-prepared leaders to face future challenges.

In 2018, around 800 middle managers and executives participated in this process and we activated 650 **Individual Development Plans**. A Succession Plan for critical roles is also in place, covering more than 50% of all relevant positions.

Potential Assessment for young graduates is a program dedicated to recently hired employees, who are not yet in managerial roles. This program evaluates employees' skills and their potential for growth defining a tailor-made development plan. In 2018, this program involved 40 people in Italy.

Got my Talent is a project dedicated to talented employees in the Global Manufacturing Division (GMD) in Italy, France, and Brazil. Its purpose is to develop skills, motivation and teamwork with the objective of encouraging managerial growth. Within this project in 2018, 22 people were invited to participate in assessments, training sessions, project works and development programs. In addition, a new performance evaluation program has been designed for workers in the Italian manufacturing sites. The new evaluation process will be implemented in 2019.

In 2018, as part of Chiesi's commitment to providing career development opportunities worldwide, we expanded the **Chiesi Academy**, an intensive educational program designed and delivered in partnership with the internationally acclaimed Italian business school, SDA Bocconi. Highly-qualified Chiesi employees from around the globe are invited to

attend one of three tracks:

- › the fourth edition of the **DEAL program (Develop Executives And Leaders)**, targeting senior executives, a unique journey into Leadership for our future Company "shapers";
- › the fifth edition of the **CCM program (Chiesi Corporate Master)**, a 25-day MBA-like program targeting young talents;
- › a brand-new program for marketers, the first edition of **Marketing Excellence** program.

Since its creation in 2009, approximately 300 people from all geographies have participated in the Academy.



5.3

Welfare and wellbeing



Chiesi's approach to people care is a 360° effort. We encourage a healthy work-life balance and the pursuit of personal well-being for our employees through our **People Care Project**.

The People Care Project provides a set of programs for employees, offered during working hours such as workshops on healthy diet, conflict management between parents and children, emotional intelligence, and the generation gap. In 2018 we launched a Life Coaching Project, an individual awareness program designed to help employees define personal and professional objectives and identify useful resources for dealing with personal or work situations. Yoga-Azienda, a series of yoga lessons for employees, was also a popular program.

In 2018 the Italian Human Resources Team offered a volunteer consultancy service for employees' children who are either unemployed or having difficulty finding a job. Thanks to a partnership with two local associations in Parma, this commitment was extended to the broader community, with the goal to assist young people in situations of social exclusion and foreigners who need support to find a job.

Internal surveys highlight the importance of **work-life balance** to our employees and their families. In response, Chiesi has extended our **Smart-Working program** in departments where it already existed, and we have installed a series trial-run programs in departments where Smart-Working had not been implemented.

A keystone of our people care is our **Health Program**, which focuses on employees' disease prevention. It offers a variety of options for health improvement, including screening for the prevention of chronic obstructive pulmonary disease, cardiovascular diseases, and frequent neoplasms.



5.4

Diversity and inclusion



Chiesi firmly believes in the principles of fairness and equal opportunity. Moreover, in our Code of Ethics, we mandate a selection process that respects the principles of fairness and transparency and disallows any form of discriminatory behavior. **Women comprise 52.0% of our employees. Approximately 49.8% of our executives are between the ages of 30 and 50.**

5.5

Employees health and safety



Providing a healthy and safe workplace is fundamental to our approach, as expressed in our operational goals: “Ensure the highest safety standards of the working conditions and of our products and promote healthy behaviors”. Many activities dedicated to health and safety will also be implemented through our Sustainability Strategic Plan which includes actions that pursue the United Nations Sustainable Development Goal number 8.

Occupational Health and Safety is managed locally by each Chiesi site through ongoing risk assessments and analysis, improvement plans and implementation of specific preventative actions in accordance with local legislation. In addition to compliance with local legislations our manufacturing sites have in place Safety Management Systems implemented and certified according to the internationally recognized standard BS OSHAS 18001.

In the years to come these Management Systems will be gradually updated and certified according to the latest issued International Standard: ISO45001.

Although managed locally, Occupational Health and Safety is also monitored and coordinated at Group level through our corporate HSE Guidelines which standardizes policies for health and safety throughout the Group.



06



**OUR
COMMUNITY**

6.1

Local community



We firmly believe that we have the duty to contribute to the world in which we live. To do so, we choose to start with our local communities.

Our objective is to play a positive role in the development of the cities and communities where we live.



We dedicated 3 specific Sustainability Goals to the community:

- ◆ Help and educate people to take care of their health and of the environment
- ◆ Commit to the social, cultural, economic, and environmental sustainability of the community
- ◆ Help those in need

Since 2015, a **Committee for Social Activities and Community Development** has overseen and evaluated the projects we have chosen to undertake in the local community, particularly in Parma, where Chiesi is headquartered.



The Committee is responsible for efficiently selecting projects and initiatives to maximize our positive impact on the community, the environment, and the citizens themselves. The Committee also sets up corporate social responsibility (CSR) guidelines, which provide a roadmap for affiliates' involvement in their local communities.

We have four main areas of involvement:

- ◆ Health and environment, including education and awareness
- ◆ Social, cultural, and economic development
- ◆ Solidarity, helping those in need
- ◆ Transparency, in communicating our impacts





Chiesi

FOUNDATION

6.2

Chiesi Foundation



Our concept of community is by no means confined to cities and countries where we operate. We believe in the universal right to health and essential care, acknowledging that a healthy and safe populace is the basis for prosperous and fair societies.

But we are also objectively aware that around the world, many of the communities in **low- and middle-income countries** are suffering and lacking basic and life-saving therapies and medicines. For all these reasons, and firmly believing in our company's capacity to mobilize skills and resources and our desire to contribute to the global good, Chiesi Foundation was born.

Chiesi Foundation is a non-profit organization, founded in **2005**, with the goal of promoting health and alleviating the suffering of patients affected by respiratory and neonatal diseases. The foundation currently focuses its activities on Africa and Latin America.

In 2018, Chiesi Foundation began collaborating with two new countries, **Peru and Mozambique**, in addition to our ongoing work in **Burkina Faso, Benin, Burundi, Togo, Central African Republic** and **Guyana**.

We focus our impact on two areas of intervention:



SCIENTIFIC
RESEARCH



INTERNATIONAL
COOPERATION



Chiesi Foundation's **Scientific Research Program** supports biomedical research projects of particular scientific and social relevance. The financial support, amounting to € 250,000 in 2018, is granted to scientific research projects in the fields of chronic respiratory diseases and neonatal pathologies.

Our international cooperation initiatives actively pursue projects that improve health conditions and share scientific knowledge. To this end, we structured and developed two models:

- ◆ **The GASP project** (Global Access to Spirometry Project) focused on the development of specific clinical skills for the **diagnosis** and **management** of chronic respiratory diseases.
- ◆ **The NEST project** (Neonatal Essential Survival Technologies) aims at **reducing neonatal mortality rate** by **improving the quality of neonatal care**, with specific attention to premature, sick, unwell, and small for gestational age babies.

gasp 

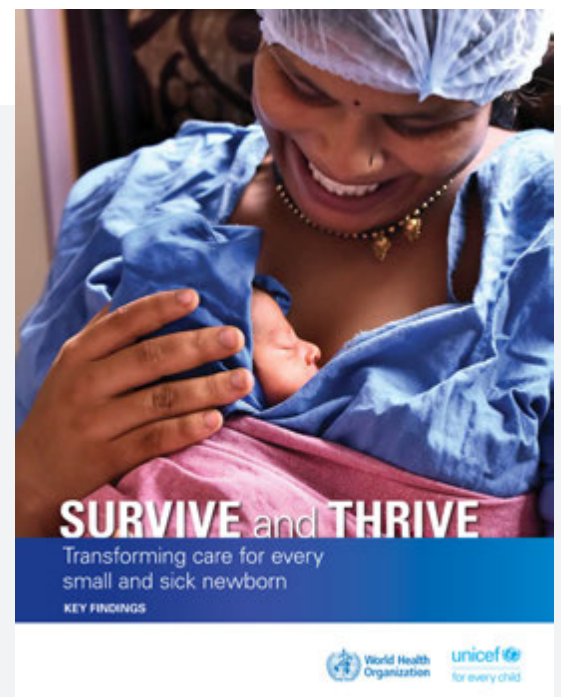
GLOBAL ACCESS TO SPIROMETRY PROJECT

nest

Neonatal Essential Survival Technology



In 2018, Chiesi Foundation contributed to “**Survive and thrive. Transforming care for every small and sick newborn**” a report published by the World Health Organization and UNICEF. According to this report, more than 2.5 million newborns died globally in 2017 from preventable causes, such as prematurity, birth complication, infections, and the lack of adequate care, while those who survived were often affected by uncertain health conditions and disabilities.



07

**ENVIRONMENTAL
RESPONSIBILITY**

Environment

The approach we have adopted towards our planet and the environment in which we live and do business, is the result of a mindset that characterized our way of thinking from the very beginning.

It was by investing in the future, pursuing our passion for fulfilling practical needs while aspiring to wider objectives, that Chiesi developed as a company centered on people's health.

If we were asked to choose a term to define our approach to environmental sustainability, it would certainly be **awareness**. We are deeply aware how urgently we need to address climate change and achieve the goals of the Paris Agreement, the global action plan established in 2015 to arrest global warming.

We are aware of the era in which we live, an epoch governed by human activities whose impact on the planet can be devastating. And finally, we are aware that a systematic view is needed to face this global challenge.

For all these reasons and believing in the importance of our role as a company, we have structured a program of concrete actions to achieve our objective to minimize our negative impact and preserve resources for future generations.



Four of our Sustainability Goals address environmental stewardship:

- ◆ Minimize greenhouse gases and pollutants emissions and exposure to chemicals
- ◆ Orient our suppliers to operate according to sustainability best practices
- ◆ Adopt responsible consumption and production patterns to reduce damages and preserve the Planet resources
- ◆ Help and educate people to take care of their health and that of the environment

Our Sustainability Strategic Plan includes many important and strong commitments to address our environmental impact. We established a dedicated multidisciplinary working group led by the corporate Health, **Safety and Environment** (HSE) department in order to define Chiesi's concrete commitment towards environmental sustainability. Approximately fifty projects were defined, aimed at improving our environmental stewardship and minimizing Chiesi's impact on the environment.

Environmental Management Systems

Parma main sites' Environmental Management System, in place since 2009 and certified according to **ISO14001:2004** International standard since 2012, was certified in 2018 according to the latest release of the standard, **ISO14001:2015**.

In another important achievement, the Environmental Management Systems at our production sites in Blois and Santana de Parnaiba completed a 2-year implementation

and have been certified according to **ISO14001:2015 International Standard**.

These successes are very important to guarantee the highest level of environmental protection and continuous improvement throughout the entire Chiesi Group.

Even as the **Environmental Management System** ensures full legal compliance and maximum performance

in terms of managing environmental impacts, in 2018 we carried out a detailed Legal Compliance Audit at our Parma sites, in order to assess possible further improvement plans.

The environmental impact of our business is managed at the local level in compliance with national laws, under the constant oversight of our HSE Corporate function. We also developed **Corporate HSE Guidelines**, which address the strategies dedicated to environmental issues.

New Headquarters

We are constructing a **new Headquarters building in Parma**, and it represents one of our most tangible efforts toward sustainability. Every single detail of the design and construction incorporates the latest innovations in reducing environmental impact.

The building, which will house about 600 people, has been designed to **reduce energy and water consumption and minimize the production of waste**, beginning with the use of sustainable materials in construction.

Great care has been taken to design around the **wellbeing of the people** who will work in our new offices, choosing solutions that guarantee high levels of comfort and using building materials with low emission levels of volatile substances.

The new headquarters building is designed to be **carbon neutral**; that is, we will achieve net zero carbon emissions by producing part of the energy directly with the **photovoltaic panels** installed on the building. In addition, we will adopt criteria for sustainable mobility by providing charging columns for electric cars and encouraging the use of bicycles with the presence of a bicycle lane (built together with Parma Municipality). Our goal is to obtain **Gold LEED certification** for our new headquarters building.

Chiesi's commitment to a more sustainable way of building will apply to all affiliates' buildings and all future real estate investments, under new guidelines for green design.



*Find out more on energy and emissions, water and waste please in our **Sustainability Report in chapter 7***



ITALY

Chiesi Farmaceutici S.P.A.
Via Palermo, 26 A
43122 Parma
Via San Leonardo, 96 A
43122 Parma
Largo F. Belloli, 11 A
43122 Parma

AUSTRIA

Chiesi Pharmaceuticals GmbH
Gonzagagasse 16/16
A 1010 Wien

BELGIUM

Chiesi Sa
Avenue Du Bourgetlaan 44
1130 Bruxelles

BRAZIL

Chiesi Farmacêutica Ltda
Rua Alexandre Dumas, 1658, 12º.
E 13º. Andares
Chácara Santo Antonio
São Paulo
Sp 04717-004
Rua Dr. Giacomo Chiesi, 151- Km
39,2- Estrada Dos
Romeiros
Cep 06513-005-
Santana De Parnaíba

BULGARIA

Chiesi Bulgaria Ltd.
83, Gyueshevo Str.
Serdika Business Centre
Office 411
1330 Sofia

CHINA

Chiesi Pharmaceutical (Shanghai)
Co., Ltd
Unit 2603-2606
City Point, No. 666 West
Huaihai Road
Shanghai 200052

RUSSIAN FEDERATION

Chiesi Pharmaceuticals Llc
Lesnaya Str. 43,
127055, Moscow

FRANCE

LABORATOIRE CHIESI
10, avenue Michel Ricard
92270 Blois-Colombes

GERMANY

Chiesi GmbH
Gasstrasse 6
22761 Hamburg

GREECE

Chiesi Hellas Pharmaceuticals S.A.
89 K. Karamanli Str.
15125 Maroussi Atene

MEXICO

Chiesi México
Av. Coyoacán No. 1622
Edificio 2, Piso 1 Oficina 208
Col. Del Valle
Del. Benito Juárez
Cp 03100
Ciudad De México
Distrito Federà I

THE NETHERLANDS

Chiesi Pharmaceuticals B.V.
Evert van de Beekstraat 1-120,
1118 CL Schiphol
Postbus 22517, 1100 DA Amster-
dam

PAKISTAN

Chiesi Pharmaceuticals (Pvt)
Limited
60/1a- Xx, Phase Iii, Commercial
Zone
Khayaban-E-Iqbal, D.H.A.
Lahore 54000

POLAND

Chiesi Poland Sp. Z.O.O.
Al. Jerozolimskie 134
02-305 Warsaw

UNITED KINGDOM

Chiesi Ltd.
333 Styal Road, Manchester M22-
5lg- Manchester

CZECH REPUBLIC

Chiesi Cz S.R.O.
Na Kvetnici 33
140 00 Praha 4

ROMANIA

Chiesi România S.R.L.
10 Venezuela Street
District 1
010796 Bucharest

SLOVAK REPUBLIC

Chiesi Slovakia s.r.o.
Sulekova 14
811 06 Bratislava

SLOVENIA

Chiesi Slovenija, D.O.O
Tridinova 4
1000 Ljubljana

SPAIN

Chiesi España S.A.
Plaça D'europa 41-43
Planta 10
08908 L'hospitalet De Llobregat
Barcelona

UNITED STATES

Chiesi Usa Inc.
1255 Crescent Green Drive
Suite 250
Cary
North Carolina 27518

SWEDEN

Chiesi Pharma Ab
Kungstensgatan 38, 4 Tr
113 59 Stockholm

TURKEY

Chiesi İlaçticaret Limited Sirketi A.Ş
Büyükdere Cad. No:126
Özsezeniş Merkezi C Blok Kat:3
Esentepe-Şişli 34394
Istanbul

HUNGARY

Chiesi Hungary Kft.
H-1138. Budapest,
Dunavirág utca 2. 4. emelet
(Gateway Irodaház I. torony)



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CHIESI Farmaceutici S.p.A.

Via Palermo, 26/A
43122 Parma Italy
Tel. +39 0521 2791
info@chiesi.com
www.chiesi.com

This Annual Report is also available on our website



www.chiesi.com

