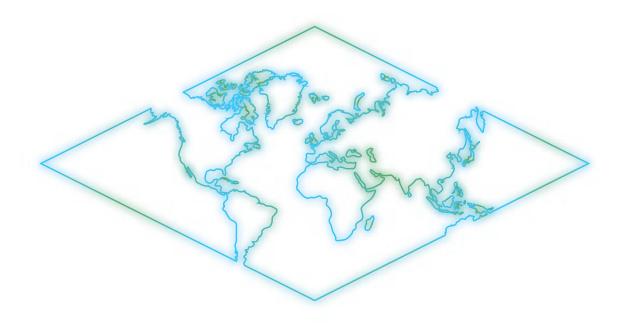
Third Sustainability Report







Published in October 2021 and referred to the years 2019-2020

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Message from our President

Dear Readers.

It is with great pleasure that we present our third Sustainability Report.

I am proud of the results we have achieved so far, thanks to the commitment and determination of all the employees of the IBSA Group, who have embraced the sustainable development path undertaken in 2015. These results bring us ever closer to the idea of a company that we want to fully become: an organization that is sustainable from an environmental, social, and governance perspective, that is inclusive and transparent, and that always acts in an ethical and responsible way.

However, I am aware – as we all are – that we still have many difficult challenges ahead of us and that what we have done so far is not enough. In 2019 and 2020, we were faced with situations of serious social and economic injustice, the worsening of the climate crisis, the progressive and constant loss of biodiversity, and an unprecedented health crisis from which we are still struggling to emerge, even as we are writing this document.

As a Company and as People committed to improving the quality of life and promoting the well-being and good health of the communities and regions in which we operate, we strongly feel the need to act and do our part – in a concrete and tangible way – to find new solutions and create shared value, generating a positive and constructive impact on the whole society and on the environment in which we live. It is our duty to future generations, to whom we must leave a safer and healthier world.

IBSA has already undertaken this path: we have made large investments to improve our production capacities and reduce our environmental impact, utilizing cutting-edge technologies and innovative solutions and paying particular attention to environmentally sustainable materials and processes in all our operations. Through the IBSA Foundation for scientific research, we have multiplied our efforts to carry out new social, cultural, and academic activities and projects aimed at promoting better education and a healthy culture in the medical and scientific field. We have implemented measures and initiatives to promote gender equality, internally and externally.

These are just a few examples of what you will find in this Report, which aims to provide a detailed overview of how IBSA is constantly working to make a difference for People, Patients, Employees, Families, the Community, and the Planet.

We believe that extraordinary things can happen when we all work together and it is this belief that will guide our work for years to come.

I hope you enjoy reading this report,







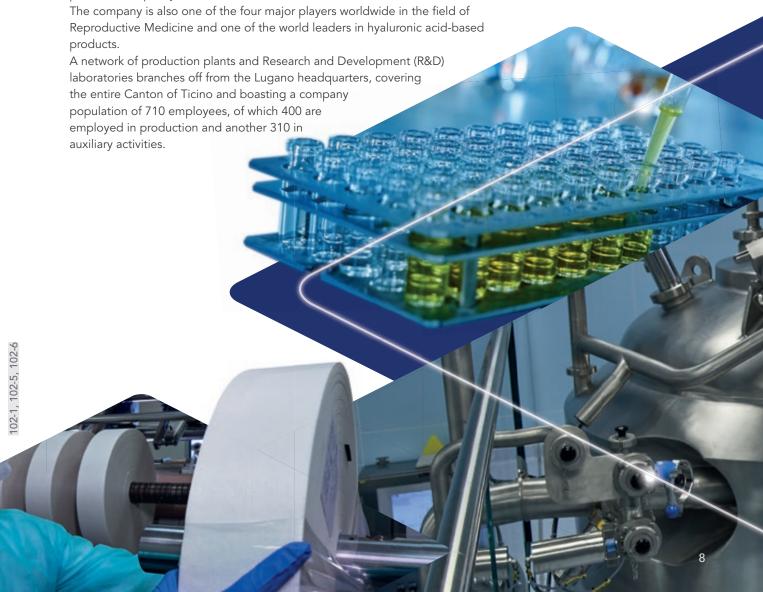


IBSA at a glance

IBSA, Institut Biochimique SA, is a pharmaceutical company that was founded in Lugano (Switzerland) in 1945. Four decades later, in 1985, it was acquired by the Italian entrepreneur Arturo Licenziati, who, through his commitment and dedication, transformed that small Swiss laboratory into the pharmaceutical company of today: a multinational that operates in over 80 countries on 5 continents, with 14 subsidiaries located in Europe, China, and the United States.

IBSA employs over 1,600 people distributed among the headquarters, subsidiaries, and production sites, with a consolidated turnover of CHF 700 million. The IBSA Group is now active in 10 therapeutic areas.

17 million vials of hormones, 300 million soft capsules, 64 million packages of finished products per year, 82 patent families and others under development represent IBSA's production capacity and commitment to research.







2020 - IBSA at a glance

> PRIVATELY-OWNED-PHARMACEUTICAL COMPANY

> > 1945/1985 ACQUISITION

BY THE CURRENT MANAGEMENT



exclusive patents and several others in the pipeline

one of the

MAYOR PLAYERS

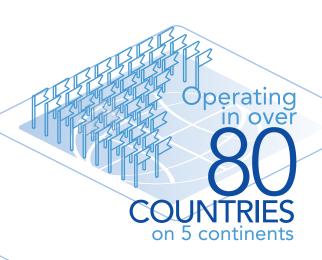
WORLDWIDE IN THE FIELD OF

REPRODUCTIVE

MEDICINE

ONE OF THE
WORLD
LEADERS
IN HYALURONIC
ACID-BASED PRODUCTS







MAIN MARKETS

SWITZERLAND, EU, USA, MIDDLE EAST, FAR EAST AND NORTH AFRICA



17 MILLION PACKAGES
HORMONES PACKAGES

of finished products

SOFT GEL CAPSULES

produced annually in our factories



factories and laboratories switzerland, Italy, China





12



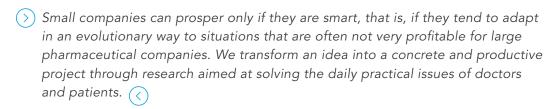




Vision, Mission and Values

Dr. Arturo Licenziati, Founder and President of IBSA, tells us about his business idea below, based on four main principles:

- Commitment, since the fruits of hard work are not harvested overnight;
- Courage, to make mistakes and get up again, to make ambitious albeit difficult – choices;
- Cleverness, to always make serene, informed, and thoughtful decisions:
- Chance, because everybody knows that in life a bit of luck never hurts.



- Arturo Licenziati, President and CEO of the IBSA Group

Vision

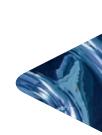
IBSA places the **Person**, their health, and their well-being at the center of its work. Hence the **continuous search for real and concrete needs** to be met and the commitment to exploring the boundaries of science every day, in order to develop treatments that can have a positive impact on people's lives.

Technology and Innovation, Culture and Education, transparency in Communication and in relations with healthcare providers, and Sustainability: these are the principles that inspire and guide IBSA.

Mission

IBSA is committed to **improving patients' quality of life** through the research and development of **effective drugs and technologies that improve the quality of existing therapeutic solutions**.

Cutting-edge technologies, innovation, and creativity come together to develop pharmaceutical products that can meet people's needs and are oriented not only towards treatment, but also towards prevention and, in general, towards improving people' health and well-being. IBSA is committed to restoring value both to people and to the regions and communities in which it operates in a responsible, ethical, and sustainable manner.







Values

The Group is characterized by its ethical approach to work based on **four pillars**:

1. Person

Our vision goes beyond the drug and beyond the disease: at IBSA, we believe in a new humanism of care made possible by the convergence of technologies, science, and culture.

At IBSA, a patient-centered approach means enhancing the Person and its care, aiming to humanize care, and dedicating full attention to the patient in order to meet the needs and requirements of the individual in a practical way and to **value the Person beyond the disease**.

We believe that taking care of people is based on the ability to prevent diseases and to enhance the effectiveness of treatments, including through the stimulation of creativity as an individual and group resource.

2. Innovation

Innovation is our daily challenge, the focal point of all our activities, and comes from a brilliant intuition: to transform existing therapeutic solutions with already known properties into simpler and more advanced treatment tools.

In fact, our goal is to bring new life to sectors that are often neglected, using cuttingedge technologies to optimize the bioavailability of the active ingredients of commonly used drugs, and developing more functional treatment systems in line with people's real needs, in order to improve their quality of life.

3. Quality

Simplifying existing therapeutic solutions by developing innovative formulas and administration systems, responding to the real needs of our patients, is the synthesis of a complex process that makes Quality the common denominator of all our activities, without ever losing sight of the general health and well-being of the Person. In order to guarantee the safety of our products, we also scrupulously verify the compliance of supplies with laws and regulations on quality, the environment, and health. We do this through periodic verification schedules along the supply chain, as well as through continuous self-inspections and inspections inside the production plants by the National Regulatory Bodies of the countries we export to.

4. Responsibility

According to our vision, generating wealth by developing a productive business is only meaningful if it involves giving something back to the community. This is why we are committed to responding to the treatment needs of the Person in a way that goes beyond the concept of disease, by developing innovative and high-quality therapeutic solutions.

At IBSA, social responsibility plays a fundamental role; our commitment in this matter is demonstrated by the fact that for some time, the three foundations have been involved in giving value back to the communities in which they operate on various fronts.





Our business model

Our business model, established by our President's vision, is truly unusual: we directly manage the value chain by controlling all stages of the production of our products. We have been strictly and closely following this model for 35 years.

Our business model is based on the following principles:

Vertical integration

Most of our products are made internally and we control all the production phases with vertically integrated processes. This guarantees a finished product of very high quality, direct control of all processing phases, greater speed and flexibility, and a reduction of risks along the supply chain.

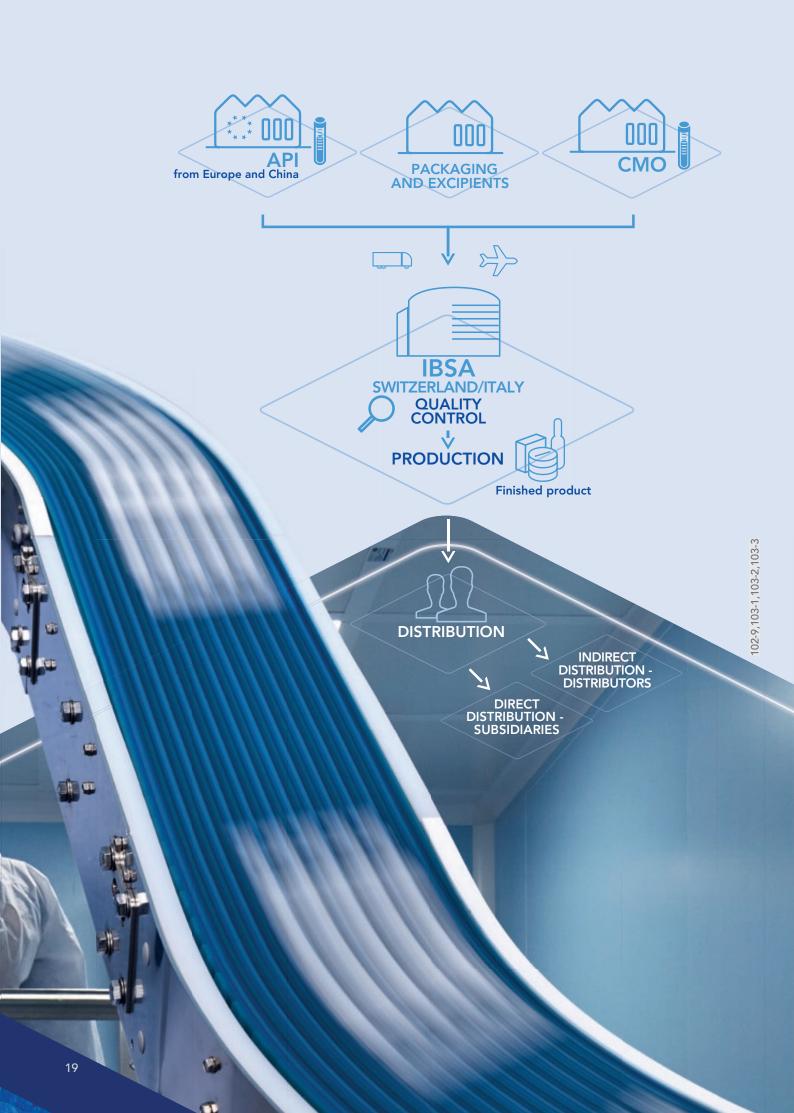
In some markets, we control the entire value chain, since we are able to be directly present thanks to our local subsidiaries, which carry out marketing activities and provide scientific information on our products to doctors, pharmacists, and healthcare providers.

Supply Chain

The production of ready-to-use medicines requires the active ingredients to be combined with various excipients to obtain a finished product in different formulations such as tablets, capsules, soft gels, patches, pre-filled syringes, or vials. The finished product is then packaged with the package insert containing information on use and safety. IBSA purchases the active ingredients from its subsidiaries in Europe and China, while the excipients and packaging materials are mainly supplied in Europe and arrive at IBSA by road or air transport. **All our suppliers are subjected to systematic checks** that cover multiple aspects, in particular the quality control system, respect for the environment, and sustainability practices. These aspects are increasingly being

incorporated into **supplier selection criteria**, as we expect our suppliers to **adhere to the highest standards**.

IBSA products comply with GMP standards, our suppliers are subjected to systematic checks, and periodic inspection plans are in place along the supply chain.



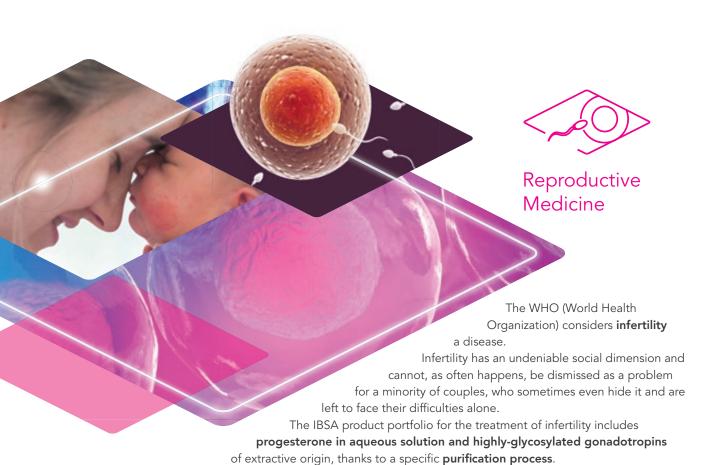


Therapeutic areas

Innovating to improve people's health and well-being

We believe that *treating* someone means taking care of them in the broadest sense of the phrase. To do this, we listen to patients and doctors, because through dialogue we can understand their real treatment needs.

This is what we do with our research in the 10 Therapeutic Areas.





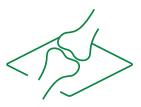
IBSA has developed innovative liquid and soft capsule formulations of hormones and supplements for the treatment of hypothyroidism.











Osteoarticular

Osteoarticular disorders

affect about 10% of the world population and are divided into inflammatory and degenerative forms. They are usually characterized by a chronic evolution which, if left untreated, can lead to irreversible damage to the joint structures, even resulting in disability and disablement.

In the osteoarticular field, IBSA offers various types of **products**

for oral and intra-articular use.





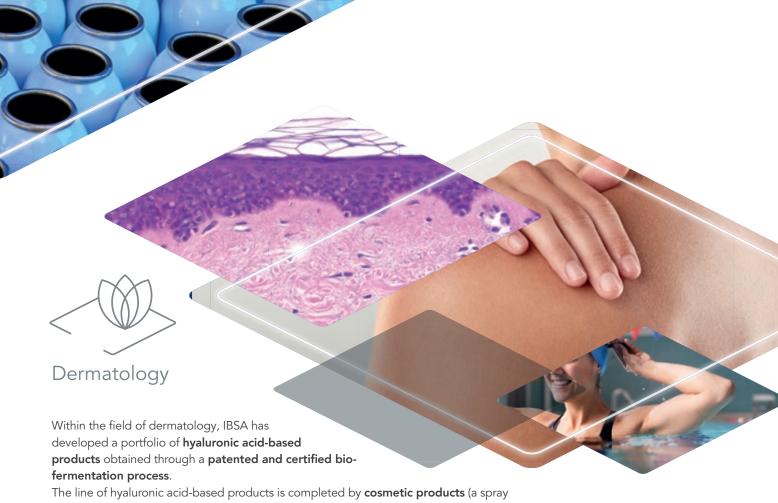
Aesthetic medicine

Aesthetic Medicine aims to improve and maintain the aesthetic well-being of the skin through a precise analysis of the patient's general and local condition, the formulation of accurate diagnoses, and the development atment strategies.

IBSA offers a complete range of **products based on the Hydrolift® action concept**, an innovative approach aimed at counteracting the physiological decrease of *hyaluronic acid* (HA) present in the skin, restoring moisture, elasticity, and tone.

The line has been expanded in recent years with an innovative product containing a solution of cooperative hybrid complexes of ultra-pure, thermally stabilized hyaluronic acid developed using IBSA's patented hybrid NAHYCO® technology.





The line of hyaluronic acid-based products is completed by **cosmetic products** (a spray formulation and a gel formulation) indicated for skin irritations with various causes (wind, sun, cold, sweat, shaving, beauty treatments, and tattoos).







IBSA uses **omega-3 fatty acids** (EPA / DHA) that have been certified as sustainably sourced by the NGO *Friends of the Sea* and have obtained the IFOS Five Star certification for their **purity**, **freshness**, and **concentration**.





82
registered patents
and many others
in the pipeline



Climate change is probably responsible for a number of negative effects on our health as described by the WHO. In Europe, as elsewhere, an increase in mortality due to chronic respiratory and pulmonary diseases is expected in the future.

IBSA offers a range of mucolytics and other products containing hyaluronic acid







Technology

Therapeutic solutions for more advanced treatments

Over the years, our Researchers have developed innovative technologies, new formulations, and administration systems that are more functional for treatment.

For more information on IBSA technologies, you can download the dedicated brochure:

www.ibsagroup.com

PROGESTERONE &

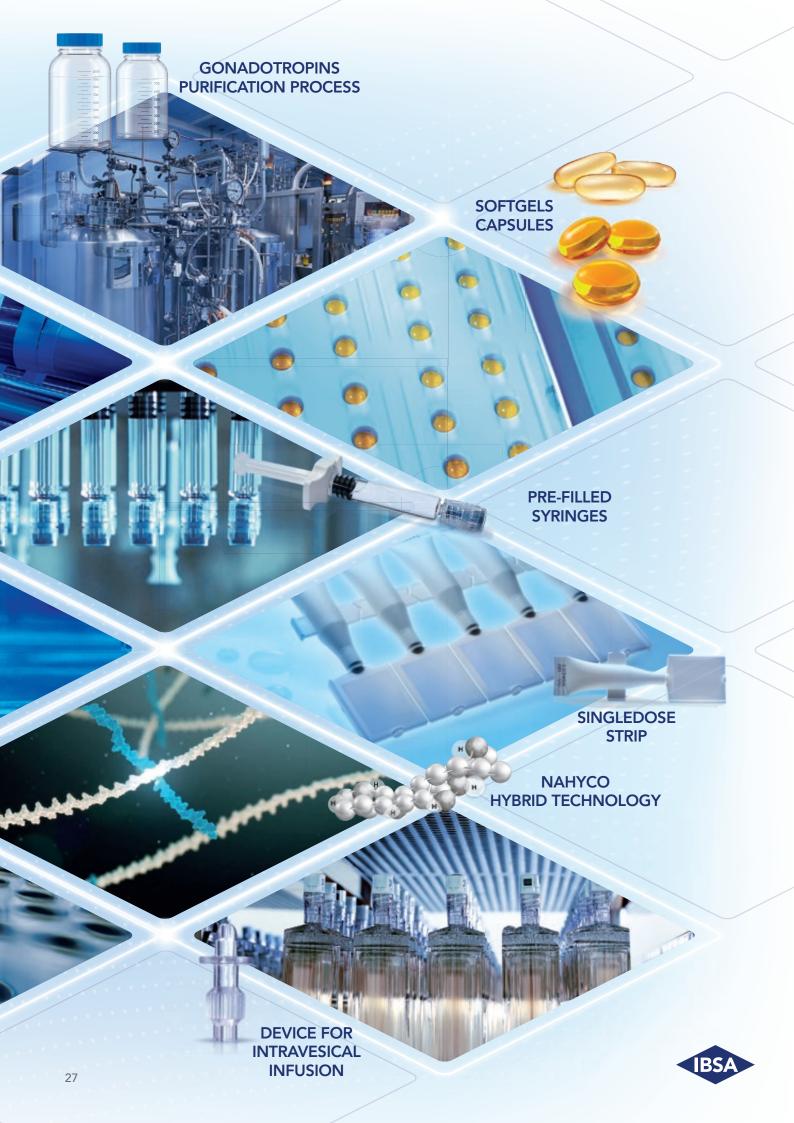
BCICLODESTRINE

ORODISPERSIBLE FILMS



TRANSDERMAL AND TOPICAL PATCHES

BOV (BAG-ON-VALVE)





Sustainability at IBSA

At IBSA, everything has its roots in the vision and ethics of our President, who has led the Group since 1985. The well-being of the Person, patients, and collaborators is an integral part of the IBSA culture.

Promoting fully sustainable development is the only possible choice, and it is in this context that IBSA puts out a clear, strong message, both through its own initiatives and through its corporate choices.

Our commitment

For IBSA, sustainability means operating responsibly to generate economic value, assigning the same level of priority to both the promotion of social progress and the conservation of environmental resources.

It is with these premises that IBSA aims to maximize the positive effects of its activities on **society**, the **environment**, and the **economy**, thanks to the initiatives of the companies in the Group and its three foundations.









Third Sustainability Report 2020

This Report is the third document reporting on our activities in the field of sustainability. For us, it is a communication and dissemination tool aimed at all stakeholders, which describes our performance and our approach to sustainability as objectively as possible.

The information and data contained herein refer to the **financial years 2019-2020**, with some references to data from the previous three years as well, in order to make comparisons with previous years.

The **goals** of this document are:

- to describe and quantify our **progress** over time;
- to illustrate our **initiatives** aimed at increasingly integrating sustainability into all our activities:
- to draw up an internal and external **communication tool** to make our initiatives known and stimulate a dialogue with our stakeholders.

Sustainability is integrated into our strategy and is progressively included in our activities: we are aware that there are and will always be areas where there is room for improvement, and we know that ours is a path that requires commitment and constant, continuous improvement over time.

Methodology

This Report has been drawn up in accordance with the **GRI Standards: Core option**, and has successfully completed the **Content Index Service**, the most complete service developed by the GRI to certify the precision and accuracy of information. We have chosen not to submit this Report to an external audit, as most of the material information reported has already been verified by third parties or complies with the stricter criteria of the countries where IBSA operates.

The GRI Standards are the most widely used criteria and principles for drafting sustainability reports in the world, offering companies, governments, civil society, and citizens a reference model for measuring and reporting on the economic, environmental, and social outcomes achieved.

IBSA undertakes to be transparent in dialogue with its stakeholders and to objectively evaluate its progress in terms of social, environmental, and economic impact. The scope of this Sustainability Report covers our activities in Switzerland, Italy, and the USA, our plants in China and, to a limited extent, our

other subsidiaries in Europe.

As far as concerns the environmental outcomes, we refer only to the activities carried out in Italy, Switzerland, and China, where all the production activities take place and where almost all of are staff are employed.





Our stakeholders

In each of our areas of expertise, we continuously interact with our stakeholders, identifying the specific areas of interest relevant to them in order to map out the main groups and identify the areas that influence their opinions and decisions.

Although no specific external stakeholders have been consulted for the purposes of this report, we have carefully analyzed approaches and procedures of mutual influence and collaboration. In the two-year period 2019-2020, we consolidated the dialogue with most of our suppliers, in order to build a document based increasingly on transparency and shared intentions when it comes to sustainability as well.

SUBSIDIARIES Constant reports,

Constant reports, regular visits, QA meetings. .

LOCAL COMMUNITIES

Company nursery, fellowship, sponsoring of cultural activities, education and training institutes, employment and internships.

HOW WE

INDUSTRY AND TRADE ASSOCIATIONS

Regular meetings, IBSA representatives on various committees.

GOVERNMENTS, REGULATORY AUTHORITIES, AND INSURANCE COMPANIES

Meetings and continuous dialogue with regulatory authorities and insurance companies, inspections and reports on compliance with environmental, health, and safety legislation.

SUPPLIERS

Partner selection meetings, audits, quality inspections, negotiation of terms and conditions.

Systematic collection of information on the sustainability performance of our supply chain



BUSINESS PARTNERS

Regular meetings, congresses and trade fairs, constant contact with the commercial division, annual meetings with distributors, scientific training, support for local events.

exchange information with local communities, industry and trade associations, academies, public authorities, NGOs, trade unions, and financial institutions at conferences or through specific projects.





Material topics

The materiality analysis is an essential component of our sustainability approach, as it incorporates the most significant topics for both the company and its stakeholders.

The materiality analysis consists of identifying the social, environmental, and economic topics that can influence a company's performance and the way its stakeholders interact with the company itself.

While drawing up the first Sustainability Report, we analyzed the recent trends, the best practices in the pharmaceutical sector, and the SASB (Sustainability Accounting Standards Board) and GRI Standards with the support of an external company. Through desk research and following internal discussions, we defined the material topics and applied this concept as illustrated by the GRI standards.

We then assessed these topics in terms of priorities both for our stakeholders and for our corporate strategy, and in terms of their potential impact on the creation of economic, social, and environmental value.

After defining our material topics, we asked some of our senior employees to assess the relevance of each of them to our company and our stakeholders. We used this data to create our **materiality table**, which illustrates the areas of relevance that are at the heart of our sustainability strategy and defines how we determine our future activities and initiatives.



For this third Report, we have reassessed these topics, slightly modifying the list below. We have included our participation in the development of local communities and separated the topics related to the reduction of energy and water consumption and CO2 emissions along the value chain.

| MATERIALITY ANALYSIS | INTERNAL IMPACT | EXTERNAL IMPACT | RELEVANCE FOR IBSA | RELEVANCE FO | | |
|--|--------------------------|-----------------|-----------------------|--------------|-------------------------|--|
| 1 Development of new high benefit / low cost treatments | | V | • | • | | |
| 2 Equal pay and opportunities | V | V | 0 | • | | |
| 3 Work environment, sense of belonging | V | | | • | | |
| 4 Scientific and cultural activities, development of local communities | ; | V | 0 | 0 | | |
| 5 Training and support for young professionals and students | | V | 0 | 0 | | |
| 6 Professional ethics, integrity, and free competition | V | V | | • | | |
| 7 Creation and distribution of economic value | V | V | • | 0 | | |
| 8 Long-term growth of the company | | | • | 0 | = | |
| 9 Creation of value through innovative products and services | V | V | 0 | | | |
| 10 Reduction of energy and water consumption | V | V | 0 | • | | |
| 11 Reduction of CO ₂ emissions along the value chain | V | V | 0 | • | | |
| M | RELEVANT O VERY RELEVANT | | | | ENVIRONMENT — ECONOMY — | |
| * * | | | | | SOCIETY | |



This analysis allows us to evaluate the most relevant areas for our sustainability strategy and defines how we determine our current and future activities.

The materiality analysis above reflects two dimensions: the importance of the topics for the organization, for its risk management, and for its longterm prosperity, as well as the importance of these topics for stakeholders, including the likely influence these could have on IBSA's sustainability performance and ultimately our long-term results.





IBSA and the Sustainable Development Goals (SDGs)



In 2015, the United Nations member states approved the 2030 Agenda for Sustainable Development, the essential elements of which are the **17 Sustainable Development Goals (SDGs)**, which aim to end poverty, fight inequality, and promote social and economic development. In addition, they cover aspects of fundamental importance for sustainable development, such

as tackling climate change and building peaceful societies by 2030. The *SDGs* have universal validity: all countries and all organizations must contribute to achieving the goals based on their capabilities, their impact, and their goodwill.

As signatories of the 2030 Agenda, all the countries in which IBSA operates have implemented national strategies to achieve the goals to which they have made a formal commitment. This entails that each country draws up laws and guidelines, developing initiatives that directly affect companies and private individuals, aimed at changing our behavior.

IBSA recognizes the importance of these initiatives and, starting from the second Report published in 2018, has undertaken to develop its activities in relation to the **eight goals** chosen, increasing their tangible value.

We are aware that measuring a company's contribution based on the *SDGs* is difficult. This is why we will be introducing a formal monitoring system, which will be put in place in the near future.



IBSA takes responsibility for monitoring the supply chain, being an excellent employer, supporting the communities in which it operates, and minimizing the impact of production activities on the environment.



SDG 3 - Good Health and well-being

Improving the quality of life of our patients and the well-being of our employees is at the heart of our culture.

We fulfill this duty by:

- offering effective, safe, and accessible treatments;
- safeguarding and promoting the safety and well-being of our employees.



SDG 4 - Quality Education

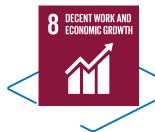
Through the IBSA Foundation for scientific research, we are committed to promoting education by providing scholarships, organizing scientific forums, and publishing medical and scientific papers. We ensure our employees continuously update and upgrade their skills through training and further education courses.





SDG 5 - Gender Equality

At IBSA, gender equality is paramount. The Group's Code of Ethics prohibits any kind of discrimination based on gender. Women make up 43% of our department heads or top management.



SDG 8 - Decent Work and Economic Growth

The opening of subsidiaries in several continents in recent years has enabled us to create job opportunities offering better conditions than the local standards of the respective countries. Growing sustainably allows us to contribute to the well-being of the communities in which we operate.



SDG 9 - Industry, Innovation, and Infrastructure

Innovation, through Research and Development, represents the heart of our business model. We continuously improve the efficiency of our infrastructures by using state-of-the-art technologies in order to minimize the impact of our activities. We constantly optimize the efficiency of our use of resources and adopt technologies and industrial processes that comply with environmental standards.



SDG 12 - Responsible Consumption and Production

We strive to manage our impact on natural resources sustainably and to treat chemicals and waste from our operations responsibly. We adopt sustainable practices and try to be as transparent as possible in the reporting of our activities.







SDG 13 - Climate Action

Since 2015, we have been committed to reducing and communicating the impact of our activities on the environment by publishing Sustainability Reports. We work with the Swiss Energy Agency to reduce emissions from our operations.



SDG 16 - Peace, Justice, and Strong Institutions

Since 2017, we have instituted an anti-corruption policy in addition to the governmental policies already in place in the various countries where we operate. We are committed to promoting and communicating anti-corruption directives to our employees and stakeholders in the most appropriate way, by implementing specific training programs for each level of responsibility.

| | 3 GOOD HEALTH AND WELL-REINS | 4 COMETY ESTICATION | 5 finish | 8 DECEMBING ESSONTH | 9 INDESTRY INDIVITION AND INFRASTRICTURE | 12 RESPONSIBLE CONSUMPTION AND PRECOUNTEN | 13 CLIMATE | 16 PEACE JUSTICE AND STREAM INSTITUTIONS |
|--|-------------------------------|---------------------|-----------|---------------------|--|---|------------|--|
| Development of new high benefit / low cost treatments | V | | | | \bigvee | | | |
| Equal pay and opportunities | | | V | \bigvee | \bigvee | | | |
| Work environment, sense of belonging | | | | V | | | | |
| Scientific and cultural activities, development of local communities | $ \checkmark $ | V | | V | | | | |
| Training and support for young professionals and students | | \bigvee | \bigvee | | | | | |
| Professional ethics, integrity, and free competition | V | | | | | | | V |
| Reduction of energy and water consumption | | \bigvee | | | V | V | \bigvee | |
| Reduction of CO ₂ emissions along the value chain | | | | | V | V | \bigvee | |
| Creation and distribution of economic value | | | | V | | | | |
| Long-term growth of the company | | | | V | | | | |
| Creation of value through innovative products and services | | | | V | \bigvee | | | |
| | | | | | | | | |



IBSA contributes directly to achieving this goal IBSA contributes indirectly to achieving this goal





Integrity and ethics

At IBSA, we have built our reputation as a responsible and honest company thanks to the quality and **effectiveness of our products**, the **values and principles** that guide our relationships with all stakeholders, and the **fairness** with which we treat our employees.

We develop all our activities, both economic and productive, in accordance with the underlying premise of **giving value back to the community hosting us**. This is why we are committed to responding to the needs of the **Person, as both a patient and an employee**.

At IBSA, everyone is committed to following a code of ethical behavior that complies with laws and regulations. This commitment affects all organizational levels and is strongly supported by our President, as well as regulated by the legal division of the company.

The pharmaceutical and medical device sector is one of the most heavily regulated in the world. This level of regulation, combined with IBSA's vision of placing the Person, their health and well-being at the center of its work, translates into the obligation to carry out our activities according to the highest ethical, regulatory, and legal standards. We are committed to conducting promotional activities that are ethical, responsible, accurate, and patient-centered and to complying with all applicable regulations, firmly combating all forms of impropriety and corruption.

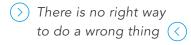
Code of Ethics

In 2017, the IBSA Group established a **Code of Ethics** that forms the **basis for all the activities carried out within the company**. This document was updated in November 2020 and can be viewed at the link www.ibsagroup.com/it/code-of-ethics.html.

Respect for the laws, principles, and values contained in the Code are considered essential conditions for carrying out all IBSA's activities. Through the Code of Ethics, the IBSA Group aims to define and disseminate the principles and values of fairness, loyalty, integrity, and transparency as guiding elements for the conduct of its constituent bodies, its employees, and everything related to the Group for the achievement of its objectives. The scope of the Code of Ethics therefore also covers relations with third parties, such as suppliers, brokers, customers, authorities, the media, etc. The Code also includes guidelines for sponsorship and philanthropic activities, where it is necessary to act in compliance with the Group's anti-corruption policy. Conduct that violates these principles is not justifiable under any circumstances, regardless of any intent to act in the interest of the Group. IBSA expressly complies with the provisions of the existing national codes of ethics and the provisions of the guidelines applicable for the pharmaceutical industry established in the individual national arenas in which it operates. It also undertakes to promote and communicate the Code of Ethics in the most suitable way to the parties it is aimed at, implementing specific training

These parties the Code of Ethics is aimed at must comply with the ethical principles set out below within their spheres of competence.

programs to ensure proper conduct.



- Kenneth Blanchard

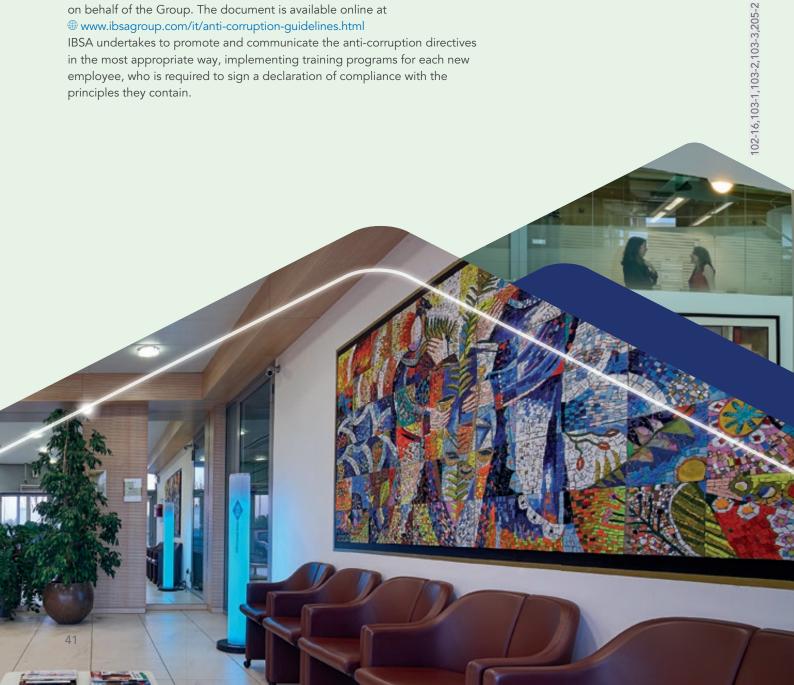




In 2017, in conjunction with the Code of Ethics, the IBSA Group drew up a document containing internal anti-corruption guidelines, in addition to the governmental guidelines already in place. This document was aimed at both internal stakeholders, such as employees, and external stakeholders, who act on behalf of the Group. The document is available online at

www.ibsagroup.com/it/anti-corruption-guidelines.html

IBSA undertakes to promote and communicate the anti-corruption directives in the most appropriate way, implementing training programs for each new employee, who is required to sign a declaration of compliance with the principles they contain.





Legal Procurement

In our second Sustainability Report, we mentioned **Legal Procurement** (i.e. the purchase of legal services) and the introduction of the digital **Beauty contest - 4cLegal**, for the choice of law firms to be entrusted with our practices. This is a comparative procedure that enables in-house lawyers to choose the best professional at market cost, based on thorough due diligence and documented evidence. The whole process takes place in a transparent and traceable way. In 2020, IBSA extended the use of the digital *Beauty contest* to all the countries in which the Group operates, thus globalizing a compliance measure initially implemented in the Headquarters and the Italian subsidiary.

Supplier Portal

As part of the digital transformation process undertaken by IBSA, the **Supplier Portal** was launched; this is an IT tool that allows us to **manage and optimize the processes underlying the exchange of documents and information with suppliers**. Thanks to the use of customizable indicators, the platform provides an assessment of the supplier based on quality, compliance with regulations, sustainability, logistics, and system certification. We foster an ongoing dialogue with our suppliers in order to improve the sustainability performance of our entire value chain upstream of our operations.

We will be enhancing the platform with a new portal able to provide more in-depth information on the social, environmental, and economic responsibility aspects of our suppliers.

2020 - Resilience and solidarity

The health crisis caused by the Coronavirus represented a major test of resilience and, at the same time, generated great solidarity initiatives. In February 2020, we promptly adopted measures to ensure:

- 1. The health and safety of our People, protecting all jobs at our company;
- 2. **Continuity of production** to ensure continuity of care for doctors and patients;
- 3. A **fast and practical contribution** to the communities where IBSA operates.

People

- As a result of the pandemic, we have worked to set up remote working promptly, in order to enable our employees to work from home in complete safety, avoiding travel and gatherings. 460 remote workstations have been set up in Switzerland and 150 in Italy.
- We have launched an **e-learning system** at 7 sites (HQ and 6 subsidiaries), which has enabled us to deliver training courses remotely to all staff.
- We have implemented a series of procedures aimed at further increasing the safety of employees required to be present in the production departments to ensure continuity of care.
- Employees who were required to be present received a 25% pay raise
 for their commitment and availability, and freely chose to donate a large
 part of this raise to people and organizations involved in the fight against
 the pandemic.



• Employees in quarantine received 100% of their salary.

Facilities

- Production activities were never interrupted and there have been no delays in deliveries.
- We have adopted all the necessary hygiene measures to guarantee the safety of the staff and organized shifts so as to avoid non-essential contacts.

Community

Thanks to the sensitivity and generosity of our Swiss and Italian employees, a total of CHF 245,000 was raised for charities committed to providing assistance to families in need. On top of this significant personal contribution, an institutional one was made by the IBSA Group, which donated CHF 500,000 to support healthcare facilities in the most affected areas. In particular, the funds raised in Switzerland were donated to Caritas Ticino and to three associations that provide material and moral support for people in difficulty:

- **Tavolino Magico**, which recovers food destined for destruction and donates it to the destitute people of Switzerland;
- **Scoutismo Ticino**, which offers a series of services to people in need who are on their own, through the commitment of young scouts;
- Ape del Cuore, which collects food and material goods to help families in need in the Canton of Ticino.

In Italy, donations went to the following organizations:

- Caritas Ambrosiana, to support families in need by distributing free food through Empori della Solidarietà;
- The Capuchin Missionaries of Milan, to help people left alone and destitute due to the pandemic, supporting the solidarity campaign "COVID-19 crisis, aid for orphans and widows".









Society

As an economic player in the communities in which it operates, IBSA plays an important role, which it fulfils through attention to People. This is put into action both directly and through the cultural, social, and academic activities of our Foundations.

We have always done everything we can to ensure that our employees feel appreciated and have a strong sense of belonging and identification with IBSA's values. From 2018 to 2020, the growth of our business has enabled us to increase the number of IBSA employees by 15.8%. Worthy of note is the growth of over 500% in the USA and Poland, 71% in the IBSA Nordic subsidiary (which includes Norway, Sweden, Denmark and Finland), 14% in Slovakia, 12% in Turkey, 5% in Switzerland, and 2% in Italy. Today, the IBSA Group has 1,667 IBSA employees and a further 356 employees at its strategic partners, Altergon (Italy) and Laboratoires Genevrier (France).

This year, we are also particularly proud of the fact that

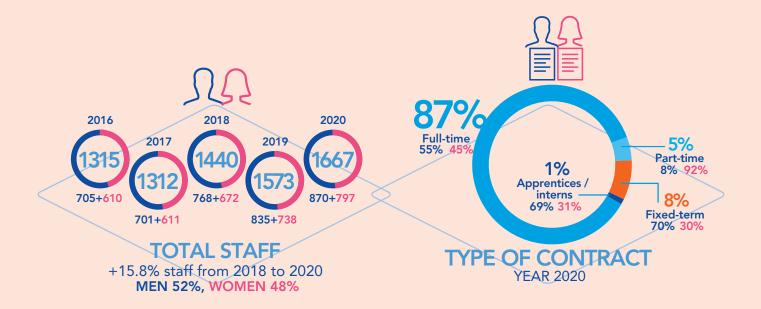
43% of our top managers or department heads are women.

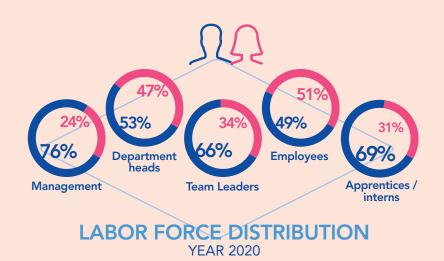
In Switzerland, almost 50 years after women gained the right to vote and stand as a candidate, following the introduction of the constitutional article on the principle of equal rights between men and women, and 25 years after the federal law on gender equality came into force, the wage gap in the private sector in Canton Ticino has further increased, going from 15.8% in 2014 to 17.3% in 2018. We are proud to say that at IBSA there is no inequality in terms of treatment or career opportunities between men and women. Two initiatives introduced in 2018 have also met with

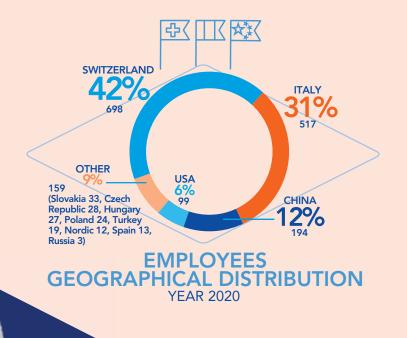
Two initiatives introduced in 2018 have also met with great interest over the years:

- Advice for collaborators who wish to resort to a personal loan, in order to give them an overview of the best options, avoiding facing overly high rates with excessive debt;
- The presence of an osteopath available to collaborators free of charge, at the Lugano headquarters.

15,8% +15,8% STAFF GROWTH from 2018 to 2020











Employee satisfaction

An internal survey was carried out at the Swiss and Italian offices to measure the level of satisfaction and motivation of employees, presented in 2019. The results showed that 91% of employees would recommend IBSA as a "good employer" and 94% firmly believe in the quality of the products and services offered. The best results were obtained in the Senior Leadership, Engagement, and Image areas, while opportunities for improvement were highlighted in the Rewards, Supervision, Performance Management, and Development areas.

Management took note of the results of this survey and introduced measures to improve strengths by targeting areas of weakness.

Health & Safety

All the companies in the Group follow the principles of **prevention**, **protection**, and **continuous improvement of the working environment**.

We guarantee that the health and safety of our employees and the community are protected thanks to an adequate risk assessment and periodic analysis of the processes and activities in place. In addition to this, we constantly identify the measures necessary to avoid or decrease the likelihood of an adverse event occurring.

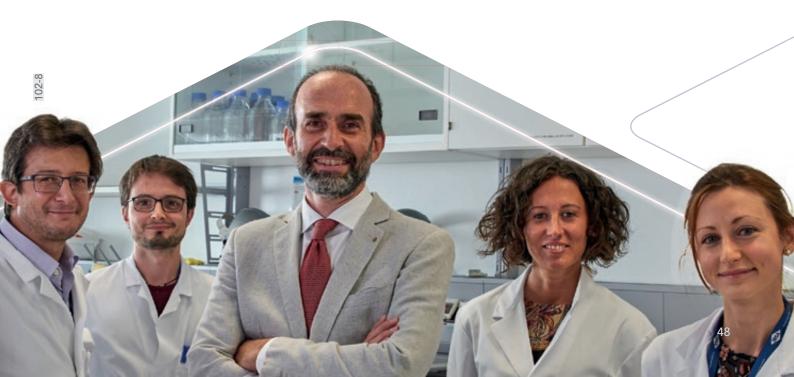
External audits ensure compliance with current legislation and company standards. A total of 35 accidents or minor injuries occurred between 2019 and 2020.

The dynamics, causes, and consequent corrective action plans of all accidents are shared at all levels of the organization, in order to prevent similar events from recurring, with a view to continuous improvement.

Information, awareness-raising, and specific training courses involved all employees, without exception, with the aim of maintaining a high professional level, promoting the exchange of experiences, improving management, and promoting a culture of safety. Safety training is defined on the basis of the needs highlighted by professional requirements in order to ensure continuous updating of staff skills. Professional training focused in particular on updating knowledge of laws and on HSE (*Health, Safety, and Environment*) awareness campaigns aimed at all employees, including through continuous training courses.

ACCIDENTS

| | 2019 | 2020 |
|-------------|------|------|
| Switzerland | 11 | 12 |
| Italy | 5 | 6 |
| China | 1 | 0 |
| | | |





Fertile Words: Journey in Search of a Child

Parole Fertili ("Fertile Words") is a narrative project launched in 2016 as a digital story sharing community as a result of a collaboration with Dr. Cristina Cenci (Center for Digital Health Humanities).

Over time, hundreds of stories dedicated to trying to have a child have been shared on the parolefertili.it project site and a narrative community with thousands of followers has been built up on Facebook.

Before the advent of Parole Fertili, there were only two types of places for discussion on fertility on the web: on the one hand the world of forums, and on the other hand that of specialist sites that contain medical and scientific information on medically assisted procreation procedures.

parolefertili.it was a novelty that brought a completely different narrative register online. Difficulty in procreating or inability to procreate is an area of huge taboo. Unlike other pathologies, a person becomes a "patient" only when they decide they want a child: in fact, until they have that desire, the person is still considered fertile even if they are in fact medically sterile.

It is not easy for either women or men to talk about the difficulties of the journey of medically assisted procreation, their feelings and fears.

The narrative space offered by Parole Fertili gives people a way out of loneliness, somewhere to share their choices, doubts, problems, and expectations with those who are facing the same journey. Online interaction allows anonymous intimacy that makes it easier for people to express and share their experiences of infertility.

The metaphor of "Fertile Words" is the gift: of one's life story, of one's feelings, of how one can always feel fertile whatever happens. Being invited to adopt these stories gives people a push to reflect on themselves and find themselves in the stories of others. Story sharing is one of the ways in which stories can be a form of care: offering meanings, inspiration, courage, strength, and words to talk about fear and despair. Over time, Parole Fertili has integrated different languages and activities. In 2018, three short films were made and a volume was published with Mondadori Electa (C. Cenci, 2018) that collects 50 stories about the mixed feelings, difficulties, desires, and fears associated with fertility. It was also distributed in the PMA centers to support the treatment journey by letting people draw strength and energy from those who are facing or have faced the same journey.

In 2019, the stories inspired a theatrical production Quasi Genitori ("Almost Parents"), which was awarded the "Life Science Excellence Awards" in the "Patient & Advocacy Program of the Year" category in 2020.

With the COVID-19 crisis, the #LettureFertili ("fertile readings") project was set up in March 2020; this community event involves a daily choral reading of a story out loud. The goal of the Parole Fertili project is to mobilize creativity as a resource to improve adherence to and experience of treatments and interventions.

Parole Fertili shows that medical and institutional information is not enough; it is necessary to build a shared horizon of trust to accelerate and anticipate the choice of the right time to have a child

www.parolefertili.it











Banco Farmaceutico

The collaboration with Banco Farmaceutico was established in 2013 to strengthen solidarity and the idea of giving as an integral part of sustainable and inclusive development. This collaboration has grown year after year and has also extended to other activities including, starting from 2016, the creation of the Report on Health Poverty, a useful tool for understanding and combating the phenomena related to the difficulty of accessing treatment in Italy. Since 2019, IBSA has been one of the main supporters of the Medicines Collection Day, an initiative that facilitates the collection of medicines for Italian families in difficult situations, enabling them to access the medical care they need. The collaboration between IBSA and Banco Farmaceutico was particularly important during the health crisis resulting from the COVID-19 pandemic. Thanks to IBSA, Banco Farmaceutico has been able to donate 12,000 packs of hyaluronic acid-based cream to doctors and nurses in the most affected regions to treat irritation and abrasions caused by gloves, coveralls, and masks.

La Casa dos Curumins (Brazil)

The association, founded in October 2005, houses a kindergarten and music school, and welcomes the dreams and hopes of over 400 children aged 0 to 18 who live in the favelas of Pedreira, a district on the southern outskirts of the city of Sao Paulo in Brazil. The aim of the project is to create a strong alternative to the hunger, violence, and human degradation that surrounds the children, supporting them until they complete professional training and enter the world of work. IBSA contributed to the creation of the project and continues to support and develop it. The social inclusion of marginalized children and young people, through the promotion of human values, artistic, cultural, and environmental education, sport, and professional training is what helps form complete, loving, and happy human beings, who live in harmony with others and the environment and have both academic and professional skills and abilities.



• www.casadoscurumins.org

The Fairy Children

In 2014, IBSA started a partnership with the social enterprise "I Bambini delle Fate" ("The Fairy Children"), which works to ensure financial support for projects that assist families of children and young people with autism and other disabilities. IBSA's commitment translates into practical support for the "Stefano and Angela Danelli" Foundation, which has been active for some time in the Lodi area and which launched a remote rehabilitation project in 2020, allowing children with autism and their families to find a new post-pandemic normal. Thanks to the purchase of technological aids, the project put families in touch with therapists and psychologists to launch a parent training and tele-rehabilitation service in order to support children on their path of maintaining educational and rehabilitation strategies

www.ibambinidellefate.it



BAMBIN DELLE FATE

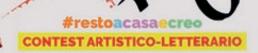
#nobullismo2020

IBSA has been supporting the "II Magnete" Association and its awareness projects against bullying and cyberbullying in first and second grade schools in the province of Lodi for several years.

The #nobullismo2020 ("#nobullying2020") project involved secondary school classes at the Istituto

Comprensivo Lodi II in digital education







through BPW Switzerland, is part of BPW International - one of the largest networks of women in the world (30,000 members).

IBSA has always been committed to equal treatment and career opportunities, as evidenced by the fact that 43% of its managers or department heads are women, and the partnership with the BPW Club Ticino fully expresses these shared values.

Founded in Lugano in 1983 and with 70 members from various professional fields, BPW Ticino engages in activities and events related to training, mentoring, networking, and much more. Equal pay for women and men is one of the main objectives of the association and is embodied in the Equal Pay Day project. Other projects promoted by BPW Ticino include Ticino Empowerment, Women on Boards, Equality Means Business, and Mentoring.

At the national level in Switzerland, BPW Switzerland has 2,300 members active in the professional, cultural, civil, and social fields in all linguistic regions. The activities it promotes through a local, national, and international network include: key partnerships in business, society, and politics, mentoring programs and continuing training services, and collaboration with European and international institutions such as the UN and the Council of Europe.

www.bpw-ticino.ch

Special Needs – inclusion project

IBSA has signed a partnership agreement with Progetto Avventuno (AVV21) and FCL Special Needs to allow young athletes with disabilities to play football and gain the unique experiences that this sport offers. The project, founded in Lugano in August 2019 during the international Football Is More tournament, prompted the Progetto Avventuno association to collaborate with other local associations to form a team of adults with disabilities, capable of competing with great Special Needs teams including Manchester, Milan, Liverpool, and Paris Saint Germain.

The FCL Special Needs football team aims at inclusion and equal opportunities for children over 16 with disabilities, organizing regular training sessions, friendlies, and tournaments, both within the same class (teams of children with disabilities) and inclusive (typical teams). The team wears the FC Lugano jersey to promote greater awareness and understanding among the entire population.

Meanwhile children under the age of 16 are offered support within existing football clubs. To facilitate the inclusion of young players, their teams and coaches can count on targeted support and the sharing of specific knowledge.



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FOUNDATIONS

IBSA has three foundations under Swiss law: IBSA Foundation for scientific research, IBSA Foundation for Children, and IBSA Foundation for the pension fund of employees.

foundation for scientific research

IBSA Foundation for scientific research

IBSA Foundation for scientific research was established in 2012 in Lugano. It is the pillar and main promoter of the IBSA Group's corporate social responsibility (CSR) activities. IBSA Foundation supports scientific research and promotes dissemination through education, art and science, culture and health activities.

Its vision is "Going beyond treatment", with full awareness of the importance of the benefits of combining participation in cultural activities with treatment paths. Its



IBSA Foundation for scientific research supports various bodies and institutions (listed below) to carry out projects and events:

- City of Lugano Culture Division
- DECS Department of education, culture, and sport of the Canton of Ticino
- LAC edu Lugano art and educational culture
- L'ideatorio USI University of Italian Switzerland
- MASI Museum of art of Italian Switzerland
- MUST Leonardo da Vinci National Museum of Science and Technology in Milan
- MUSE Trento Science Museum
- Scuola Romana dei Fumetti and Carocci Editore
- USI Università della Svizzera italiana

In 2020, IBSA Foundation's activities underwent a major transformation due to the health crisis affecting all countries, which led to many projects and events being implemented digitally.

In this new situation, the website and communication have taken on an even more important role, becoming the glue between the various physical and virtual initiatives.

Training

USI Scholarship

IBSA Foundation for scientific research provides **annual renewable scholarships** as a way to **encourage people to study medicine**. The scholarships are intended for students enrolled in Bachelor's and Master's programs at the Faculty of Biomedical Sciences of USI, Università della Svizzera italiana.

This is a valuable collaboration, established in 2017 for a duration of 10 years, which provides annual funding of CHF 240,000, totally approximately CHF 2.2 million. The agreement signed with USI stipulates that the IBSA Foundation for scientific research will pay the annual fees of students who study medicine and who are up to date with their annual exams.

70 scholarships were awarded in 2020, of which 30 for the Bachelor and 40 for the Master of Medicine course.

Fellowship

The IBSA Foundation for scientific research awards **5 fellowships** a year, each worth €30,000, to young researchers under 40 at universities and institutes from all over the world who stand out for their skills and who are conducting particularly relevant projects in 4 research areas: **Dermatology, Endocrinology, Fertility and Urology, Pain Medicine, Orthopedics and Rheumatology**, to which a special category (**Special Edition**) was added in 2020 dedicated to projects on Coronavirus infections. In 2020, there was a **37% increase in the number of projects submitted**, an important figure that testifies to the growing interest in scientific research and in the IRSA Foundation Followships

in 2020 dedicated to projects on Coronavirus infections. In 2020, there was a 37% increase in the number of projects submitted, an important figure that testifies to the growing interest in scientific research and in the IBSA Foundation Fellowships.

137% projects submitted for Fellowships



Forums

The IBSA Foundation for scientific research organizes study days every year in which internationally renowned scientists meet new generations of researchers and enthusiasts in the field of science and healthcare, with particular focus on the new frontiers of scientific research.

These events not only enable proper dissemination of scientific information, but also offer important opportunities for networking between students, experts, and researchers. So far, the events have been held in Switzerland, Italy, and Germany. Two Forums were organized in 2019:

- Revolutionary Cancer Treatments. Held in Lugano on 21 June, 2019, this event brought together three real 'giants' of cancer research: Michael Hall, Alberto Mantovani, and Carl June. The Forum took place as part of the XV International Conference on Malignant Lymphoma (ICML), which has become the most important international event in the field of research on and treatment of lymphoid neoplasms;
- Artificial intelligence and pharmaceutical applications. A meeting held in Lugano on 9 October, 2019, on the potential benefits of applying artificial intelligence systems in the drug development process, from increasing the availability of molecules to identifying new targets.

Due to the pandemic, it was not possible to organize the forums in 2020 for safety reasons.

Ticino Scienza

Ticino Scienza, founded in 2020, is an online newspaper (@www.ticinoscienza.ch) created to provide coverage of the intense scientific research, both public and private, being conducted in the Canton of Ticino (Switzerland). This is an important sector for the cantonal economy and culture, which generates results at an international level. Ticino Scienza is intended to be a space that also highlights the science communication initiatives that are increasingly being organized in the canton.

Art and Science

The Leonardo da Vinci Science and Technology Museum in Milan

Since 2019, the 500th anniversary of the death of Leonardo da Vinci, IBSA Foundation has been a Scientific Partner of the Museum of Science and Technology.

As part of this prestigious partnership, various initiatives have been carried out, which







Science meets art

The series of talks "La Scienza a regola d'Arte", which IBSA Foundation for scientific research organizes with the MASI Lugano - Art Museum of Italian Switzerland, arose from the idea to bring together eminent representatives of seemingly separate disciplines such as **art and science**, fostering dialogue and a fruitful exchange of points of view. The goal of this project is to generate dialogue between artists and scientists to give life to an innovative vision of two worlds traditionally considered separate. Two events were organized as part of the initiative in 2019:

- Andrea Galvani and James Beacham. On 4 June 2019, Andrea Galvani, one of the best-known Italian artists in the international arena, and James Beacham, an American particle physicist and researcher at CERN in Geneva, met for the fifth appointment in Lugano.
- Julian Charrière and Felix Keller. On 26 November 2019 in Lugano, the artist Julian Charrière and the glaciologist Felix Keller discussed the topic of art, science, and climate change under the title "Glaciers: the time we have left".

In addition to setting up and continuing this successful series of conversations, the **partnership with the MASI in Lugano** also entails running new activities related to the intersection between science and art and supporting specific exhibition projects as a **Scientific Partner** of the Museum.



For more information on the Foundation's activities and initiatives:

Let's Science!

Let's Science! is a creative science communication program that gets schools and institutions involved in health issues through **experiential workshops**, **exhibitions**, **and comics**.

The project, in collaboration with the **Department of Education, Culture, and Sport of the Canton of Ticino (DECS)**, aims to provide correct information to an intergenerational audience in language that is suitable for everyone.

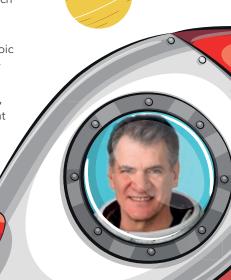
The first eight volumes of the new medical and scientific dissemination series (which will include 10 volumes), published by Carocci Editore and aimed at Ticino middle schools, were finalized in 2019-2020.

Each volume consists of two parts: in the first, a scientist tackles a current scientific topic in relation to the human body. The second part consists of a comic that "tells" a story starting from the topic dealt with in the first part.

The comic is created thanks to the professionals from the Scuola Romana dei Fumetti, one of the most famous Italian comic schools. The original aspect of this project is that the script is written by the students of Ticino middle schools.

The first four volumes were presented in November 2019 in Lugano; the Let's Science! week included experiential workshops, the comic exhibition, and a special event organized at the LAC Lugano dedicated to families, with star guest **Paolo**

event organized at the LAC Lugano dedicated to families, with star guest l Nespoli, the famous Italian astronaut and holder of the Italian record for staying in space.







IBSA Foundation for Children



IBSA Foundation for Children is a non-profit organization whose purpose is to manage the **IBSA Primi Passi nursery**, a day-care center for 30 children aged 4 months to 4 years, officially recognized by the authorities of the Canton of Ticino and located near the IBSA headquarters in Lugano.

The nursery Nido Primi Passi was set up in 2008 to provide practical help for IBSA employees in one of the most critical periods of becoming a parent, fostering a better balance between parenting and work commitments. The nursery is now **also open to the local community**.

In all its activities, the nursery aims to offer what's best for the children who use the day service, from care, to stimulation, to learning. For this purpose, it offers a **friendly, welcoming, and happy environment**, where children feel safe and well cared for and can play and learn according to their own particular rhythm.

To fulfil this role, we have selected 10 teachers, all excellent and highly qualified professionals, coordinated by an experienced director specializing in the Montessori method. The staff teach children to develop areas such as self-confidence and independence. The **pedagogical approach is based on the theories of active pedagogy**, which considers every child competent, active, and eager to know and learn through enjoyment of knowing how to do things.

The nursery is located in a modern, spacious, and bright structure, with large rooms and an open space, where children can experience play and physical activity.

Over the past two years, the nursery has obtained the "Capriola Nursery School" certification, part of a project that advises and supports nurseries in reorganizing their spaces to encourage movement. Healthy nutrition promoted through balanced meals is another important element of the project: the nursery recently obtained the *Fourchette Verte* label. The rates for members of the public are in line with the other private nurseries in the canton.

www.nidoprimipassi.ch

IBSA Foundation for the pension fund of employees

The IBSA Foundation for the pension fund of employees was founded in 1958, a good 14 years before the right to a pension was introduced in the Constitution, with the aim of managing the assets of the IBSA staff pension fund.

The decision to administer the pension funds through a foundation was based on the one hand on our commitment to maintaining our independence and on the other on a matter of risk minimization.

The fund's assets are managed by an external organization in compliance with the mandate assigned by IBSA, which precisely indicates the investment strategy, type of investment asset, and risk profile, with the latter set by IBSA on the basis of its overall parameters for its approach to risk itself.

These assets belong to the employees and are intended to **ensure their financial security during retirement or in the event of health problems**. It is therefore imperative to choose a prudent strategy that combines preservation of capital and returns in a balanced way. The coverage ratio is currently well above 100%. The ESG performance of the invested funds is monitored in collaboration with our financial partners.

The social security benefits offered are greater than those required by Swiss law.









Scientific Societies and Patient Associations

In the USA, IBSA has implemented the "Patient Assistance
Program", which allows low-income or uninsured patients to access
certain products at limited or even no cost. These patients can request
treatment from institutions such as pharmacies and insurance companies through
their treating physician. The costs of these products are fully covered by IBSA. Our aim
in offering this is to ensure access to treatment even for those whose financial situation
would otherwise prevent them from getting treatment.

Our subsidiary in the United States, IBSA Pharma Inc., supports various patient associations that promote dialogue with doctors to give people in need access to the most suitable product at an affordable price.

The Medical and Scientific Societies and Patient Associations are important stakeholders in the pharmaceutical sector, as they facilitate the connection with the world of healthcare. In fact, these associations help us understand the unmet needs of patients, a fundamental aspect for us in order to improve treatments and meet patient needs. We support and collaborate with various scientific organizations and institutions in this field, including:

- Swiss Association for help with incontinence
- Endocrine Patient Associations Committee (C.A.P.E.)
- Italian Association of Interstitial Cystitis
- Swiss League Against Rheumatism
- TOX Info Swiss Toxicology Information Center
- VITA Association Switzerland
- Lung disease / Oxygen Patients Association (VLSP)
- Swiss Burn Victims Association
- DOXnet Doctors Network Switzerland
- Swiss Rehabilitation Association (SAR)
- Swiss Association for Wound Care (SAfW)
- Swiss Society of Endocrinology and Diabetology (SGED)
- Swiss Society of Sports Medicine (SGSM)
- Swiss Society of Reproductive Medicine (SGRM)
- Rheuma Switzerland
- Swiss Association of Nurses
- European Federation for Pain Treatment (EFIC)
- European Society of Human Reproduction and Embryology (ESHRE)
- Italian Society of Endocrinology (SIE)
- Italian Society of General Medicine and Primary Care (SIMG)
- European League Against Rheumatism (EULAR)
- Cantonal Hospital Authority (EOC)
- Farma Industria Ticino
- Farmindustria Association of pharmaceutical companies
- Chamber of Commerce, Industry, Crafts, and Services of the Canton of Ticino (Cc-Ti)
- Ticino Society of Biomedical and Chemical Sciences (STSBC)
- Scienceindustries Switzerland







Human Rights

IBSA firmly believes that every person should always be treated with respect and objectivity. We value the diverse experiences of individuals around the world. We are committed to always operating in compliance with the principles universally recognized and supported by the United Nations (UN), the International Labor Organization (ILO), and the Organization for Economic Cooperation and Development (OECD), and to aligning our principles and codes of conduct with these. We expect all our staff and business partners to respect these principles.

For IBSA, protecting human rights also means:

- Improving access to healthcare, including for those whose needs are not fully met by the healthcare systems of the country where they live.
- Protecting the privacy of our employees, customers, and their patients.
- Never tolerating any form of harassment or discrimination based on sex, race, skin color, religious affiliation, age, ethnic origin or nationality, marital or parental status, or sexual orientation.
- Respecting the **legal right of employees to join or not to join organizations that protect the rights of workers**, including trade unions.
- Ensuring that child labor is not exploited, nor is forced or clandestine labor used at any level.

Bioethics

Despite our reluctance to carry out animal testing, some regulatory authorities require us to carry out studies on mice to ensure the biological safety of some of our products. However, we are committed to respecting the "Three Rs" principle – replacement, reduction, and refinement – to limit the use of such testing as much as possible. These principles were developed over 50 years ago and have provided a framework for more ethical animal research. Since then, these principles have been integrated into national and international legislation and regulations, scientific procedures, and policies of organizations that fund or conduct animal research.

Replacement

- We use non-animal testing methods (in particular, cell culture studies) or chemical
 composition studies in cases where these methods are accepted by regulatory
 authorities as sources of information with equal relevance to results obtainable from in
 vivo models.
- We follow the development of new in vitro methods and their acceptability by regulatory authorities









Environment

In recent years, IBSA has undergone a process of extraordinary evolution, which is leading to rapid and ever-increasing growth. The vision that guides this transformation process stems from the intuition of our President Arturo Licenziati and involves the IBSA organizational structure, production sites, and subsidiaries around the world.

The first changes started at the Lugano headquarters, and the activities that are leading us towards this new reality already began some time ago. We have chosen to believe in a path of **sustainability** that **is integrated into the social, environmental, and economic dimensions**, investing in and for the region, starting from Ticino but setting our sights far beyond the Swiss borders.

Thus was created CorPharma, the industrial district located between the municipalities of Lugano and Collina d'Oro, which occupies a total area of 43,000 square meters. The district is home to the General Management, Commercial Management, and Research and Development departments, as well as the Foundations. With an investment of 150 million francs to date, CorPharma will become the most important IBSA production site.

The CorPharma district will enable the conditions to be created not only to **continue** developing the business, but also to pursue the goal of offering better working conditions and new opportunities for our people and their families.

The history of this new, large IBSA pharmaceutical district is an integral part of the history of our company. IBSA's approach is also evident from the design of the new district, which places the Person at the center of its operations. In fact, we took the functionality and beauty of the construction elements into consideration in the design, thinking above all of the comfort of the people who would work in those environments. It is with this in mind that we create IBSA's production spaces and offices – in Switzerland, in Italy, and throughout the world – adopting high standards to ensure people's well-being and the good liveability of the work environments. IBSA's approach consists in transforming what already exists to find better solutions, offering benefits and well-being to the Person and the community, giving value back to future generations. The whole project, in fact, is focused on sustainable regional planning. The goal is to make the most of existing infrastructures, in order to promote the recovery and transformation of spaces, without neglecting the positive impact on the redevelopment of the urban fabric.

We have several ideas and numerous social responsibility projects planned to bring tangible **benefits not just to our employees**, **but also to the local community** through services and activities open to the public and usable by all. These include the creation of spaces dedicated to leisure, play, and recreational and creative activities.

The transfer of the nursery Nido Primi Passi, the opening of a pre-school, and the development of initiatives dedicated to training and culture to meet the needs of the next generations are just some examples of the projects that we will be carrying out in the coming

years.

The total area of CorPharma is

43,000 mq





Switzerland

We have also continued to make progress in the reporting period. Thanks to various measures taken to streamline our production processes, we have achieved positive results that we are very proud of.

- After a significant reduction of 30% between 2014 and 2015, water consumption fell by a further 7% in the three-year period 2018-2020.
- Overall, the use of fossil fuels has decreased once again (an even more important aspect if we consider that the quantities produced have increased significantly): -3%, thanks to a continuous and clear reduction in the use of fuel oil (-17%) and natural gas (-1%).
- Compared to 2018, our electricity consumption increased by 4%, reflecting an increase in production activities, as well as a **transition to non-fossil fuels**.
- The renewable share in the mix provided by our partners increased significantly in the course of 2019. AIL (Aziende Industriali di Lugano) supplied 66% of its electricity from renewable sources and 34% from nuclear energy, while the supply from the Massagno electricity company switched entirely to 100% renewable electricity.

Total energy consumption during this three-year period

remained stable in the face of sharply rising production volumes, considering in particular the construction of the CorPharma district with large construction sites in progress.

We are using more renewable energy in a more efficient and effective way, and we are determined to continue on this path.

Since 2015, we have been committed to implementing measures to reduce emissions in collaboration with the AEnEC energy agency, with which we have defined an annual reduction plan for the short and medium term.

In 2020, we produced 834 tons of waste.

All special waste was collected by a specialized company to be recycled or further processed.

Domestic waste was collected by the local waste collection service, while the other six types of waste were dealt with by specialized operators, who handle their recycling or disposal in compliance with environmental standards.

In 2020, 201 tons of paper from production waste were recycled.

372 kg of PET were also recycled, corresponding to approximately 13,500 bottles.

-4%

EMISSIONS FROM BUILDINGS AND PRODUCTION

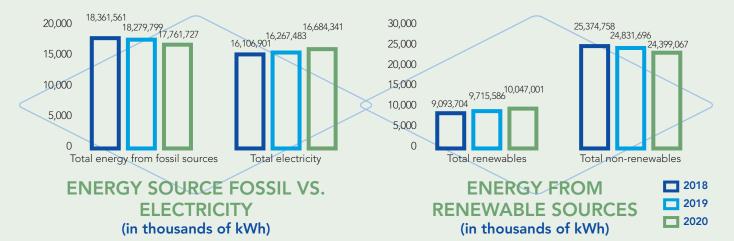
from 2018 to 2020

| | | 2018 | 2019 | 2020 | 2020 vs. 2018 |
|---|-------|------------|------------|------------|---------------|
| Water | m^3 | 95,519 | 83,862 | 88,917 | -7% 🗸 |
| Heating oil | kWh | 2,597,877 | 2,468,330 | 2,168,067 | -17% 🤝 |
| Natural gas | kWh | 15,763,684 | 15,811,469 | 15,593,660 | -1% 🥪 |
| Total energy from fossil source | kWh | 18,361,561 | 18,279,799 | 17,761,727 | -3% 🗸 |
| Electricity | kWh | 16,106,901 | 16,267,483 | 16,684,341 | 4% 🔘 |
| Total energy | kWh | 34,468,462 | 34,547,282 | 34,446,068 | 0% 🧹 |
| CO ₂ emissions from buildings and production | Tons | 3,873 | 3,848 | 3,725 | -4% 🤡 |

Positive result
Result being monitored

TOTAL ENVIRONMENTAL RESULTS

*The data concerning ${\rm CO}_2$ emissions for the year 2018 diverge slightly from the previous Sustainability Report due to an update of the conversion coefficients.



2020

| Special waste | 246,300 |
|----------------|---------|
| Domestic waste | 208,089 |
| Paper | 201,309 |
| Wood | 26,657 |
| Glass | 3,727 |
| Plastic | 148,244 |

WASTE (in Kg)







All the paper we buy is FSC and PEFC certified





At the Italian sites, we observed a slight decrease in consumption for the year 2020 compared to 2019, but in the two-year period 2019-2020 there was an overall increase compared to the previous two-year period. This is due to an increase in the production of more energyintensive products, both for the group and for CDMO's activities. The increase in energy consumption is also due to the fact that new production departments have been set up, which are currently in the validation phase. 7% of the energy used by our Italian sites in 2020 came from renewable sources, an increase of 60% compared to 2018, but the use of energy from non-renewable sources has also grown by 19%. In 2019, the electricity mix purchased from our supplier contained 26.15% energy from renewable sources (2020 data is not yet available at the time of publication).

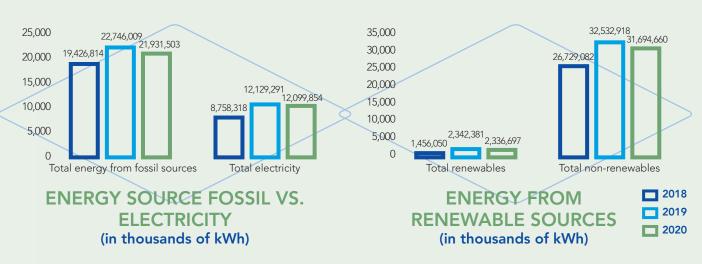
In 2020, the Italian sites produced 370 tons of waste. Of this, almost all was recycled through specialized companies, and 2.3% was disposed of in accordance with the law.



| | | 2018 | 2019 | 2020 | 2020 | vs. 2018 |
|---|------|------------|------------|------------|------------|----------|
| Water | m³ | 167,774 | 166,493 | 174,045 | 4% | |
| Heating oil | kWh | - | - | - | - | |
| Natural gas | kWh | 19,426,814 | 22,746,009 | 21,931,503 | 13% | |
| Total energy from fossil source | kWh | 19,426,814 | 22,746,009 | 21,931,503 | 13% | |
| Electricity | kWh | 11,404,880 | 12,129,291 | 12,099,854 | 6 % | |
| Total energy | kWh | 30,831,624 | 34,875,300 | 34,031,357 | 10% | |
| CO ₂ emissions from buildings and production | Tons | 3,923 | 4,594 | 4,429 | 13% | |



TOTAL ENVIRONMENTAL RESULTS



| 2020 | |
|------|--|
|------|--|

| Engine, gear, and lubrication oils | 415 |
|---|---------|
| Paper and cardboard packaging | 72,460 |
| Plastic packaging | 30,860 |
| Mixed material packaging | 151,582 |
| Packaging containing residues of dangerous substances or contaminated by such substances | 10,812 |
| Organic waste containing dangerous substances (from medications) | 4,405 |
| Organic waste other than that mentioned in the previous item (waste nutritional gelatin in blocks and creams) | 43,588 |
| Iron and steel | - |
| Other medicines | 27,640 |
| Waste unsuitable for consumption or processing (reinforced nutritional gelatin) | 16,840 |
| Aqueous washing solutions and mother liquors (production process water) | 11,580 |
| | |

WASTE DISPOSED OF (Kg)





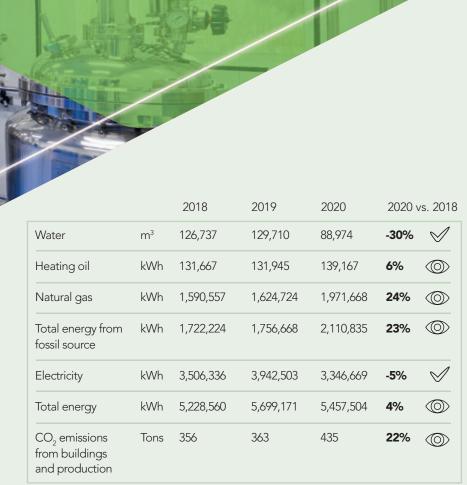
China

As in Switzerland, even in the Chinese plants where some of the most important active ingredients for IBSA are produced, we had a **significant increase in production in the two-year period 2019-2020**, a direct consequence of IBSA's expansion in the various markets. We have managed to keep the growth in resource requirements well below the growth in production volumes. Thanks to measures adopted in 2020, **water consumption decreased by 30% compared to 2018**. Although it increased by 24% in the two-year period, **the use of natural gas in 2020 remains below the average for the previous three years** (-40%~).

SUSTAINABILITY REPORT 2020 > IBSA > ENVIRONME

Electricity still comes from non-renewable sources, mainly coal. Unfortunately, alternatives are not available at the moment, but – also in consideration of the huge progress and decarbonisation of electricity production in China – this situation will change rapidly in the coming years.

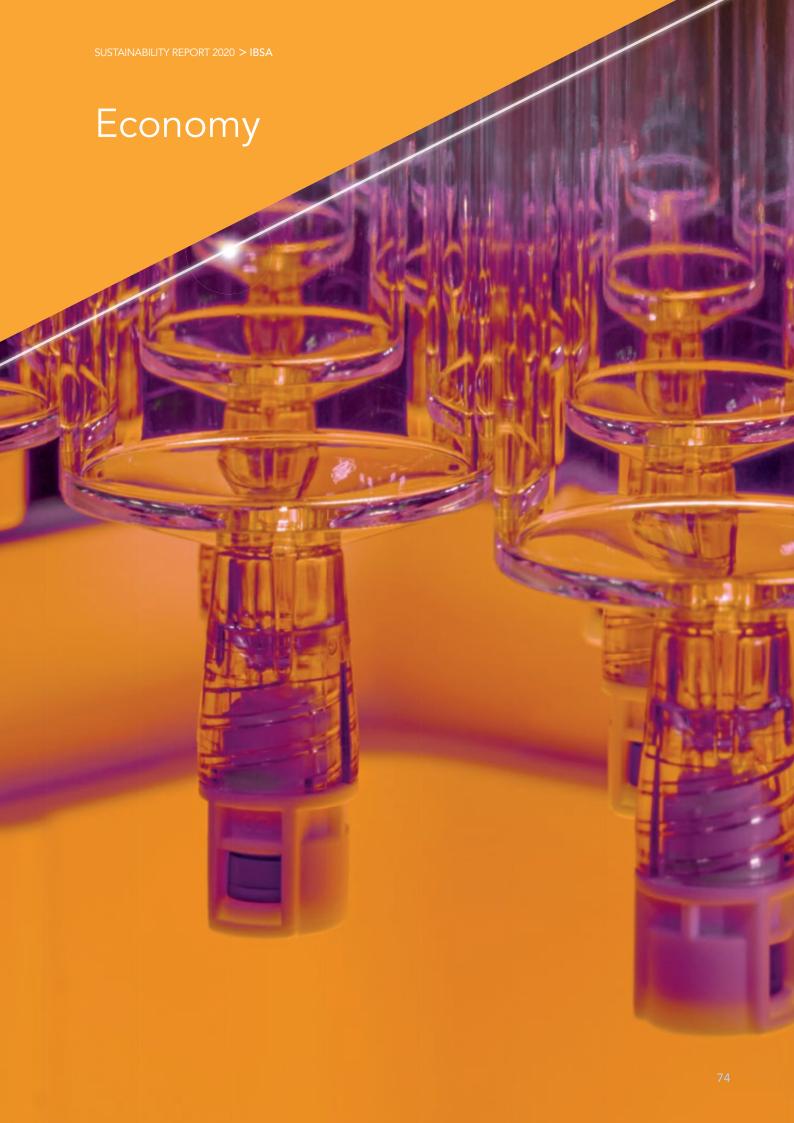


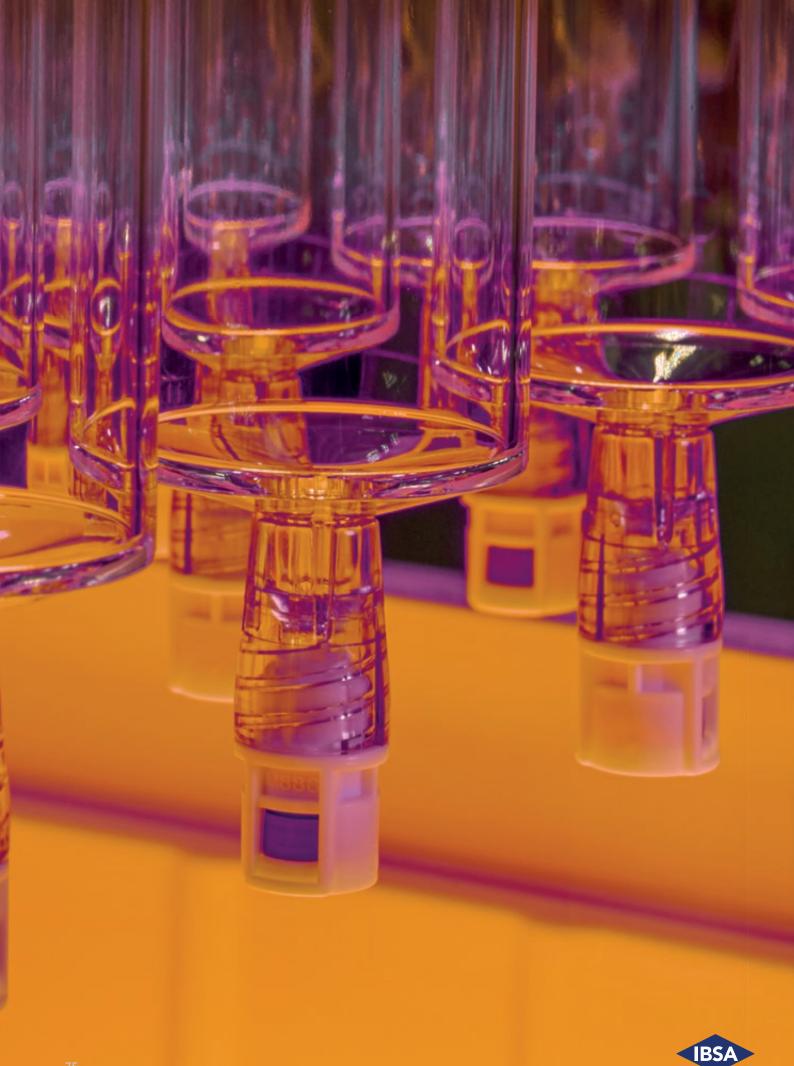


Positive result Result being monitored

TOTAL ENVIRONMENTAL RESULTS









Economy

Improving the quality of life of all our patients, offering our employees an interesting and stable job with suitable remuneration, ensuring adequate payouts for investors, and generating added value for all our stakeholders is our modus operandi. To achieve these objectives, it is essential to obtain adequate financial results that increase over the years.

This added value allows us to **reinvest most of the revenues and redistribute profits** in the form of salaries, dividends, philanthropic contributions, and interest on third-party capital.

Only a financially sound company can be confident about their long-term prospects and guarantee development and jobs.

IBSA is committed to producing value for a large group of stakeholders:

- Offering more effective and safer products that meet the needs of doctors and patients;
- Creating job opportunities within its Group and for its commercial partners;
- Helping to improve health;
- Investing in the talent of its employees and in improving their well-being;
- Adopting good environmental and social protection practices.

To achieve this, we must ensure that our company remains financially sound. Being profitable and responsible from a financial point of view is a necessary prerequisite to carrying out our activities in a responsible way.

The IBSA Group is privately owned, i.e. not listed on the stock market, and under Swiss and European law it is not required to publish its financial results beyond data relating to the Group's turnover and its geographical breakdown and breakdown by therapeutic field.

Endocrinology has become the therapeutic field with the greatest impact on turnover, accounting for 31% of turnover. **Reproductive Medicine** comes next with 17%, followed by the **Osteoarticular** and **Pain & Inflammation** therapeutic areas, which together account for 29% of turnover.

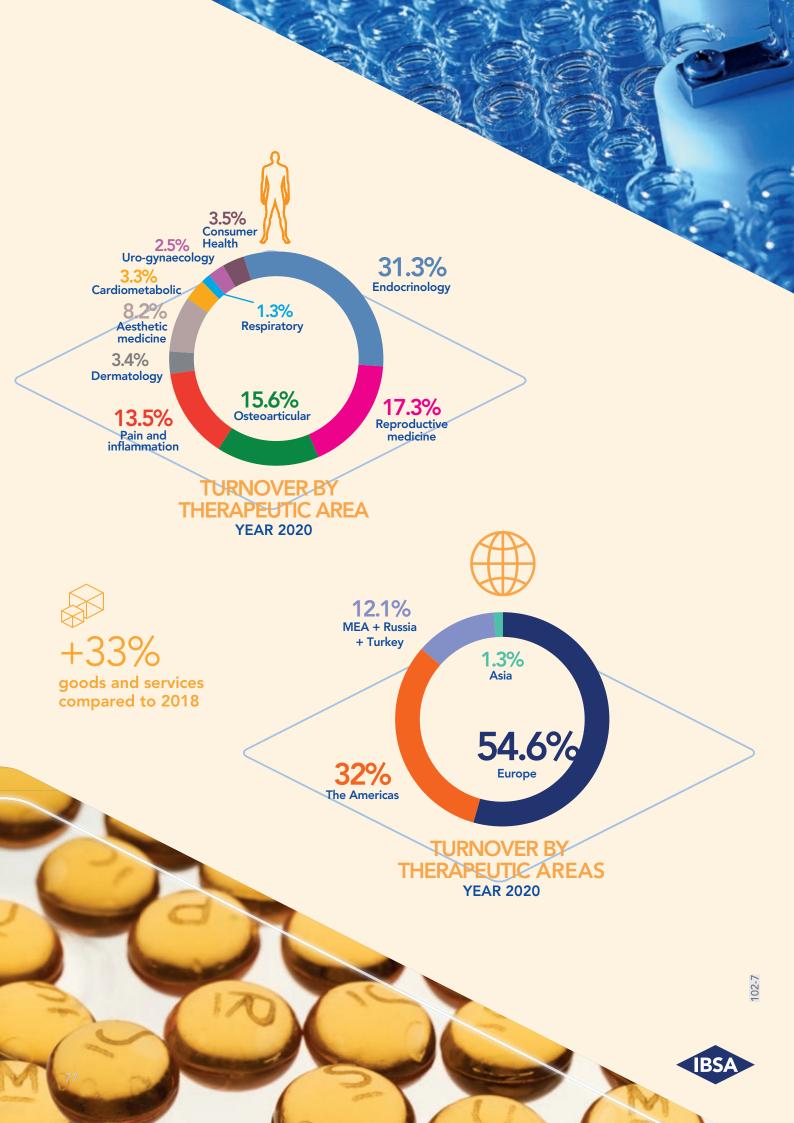
In 2020, we purchased nearly CHF 80 million in goods or services from local suppliers in Switzerland, 20 million (33%) more than in 2018. We are proud to have increased contacts with our region, also supporting it economically.

The commitment of IBSA, Institut Biochimique SA, to pursuing sustainable growth is attested by the initiation of **new investment and financing activities**. In 2020, IBSA Farmaceutici, the Italian subsidiary of the Group, negotiated two financing agreements with major credit institutions aimed at supporting business development, with significant repercussions for the environment and social context.

Through these agreements, sustainability criteria and targets have been defined, which, if achieved, will increase the benefits for the Company in terms of reducing the financing rate and strengthening its ability to invest in new ESG projects.

Specifically, the solutions negotiated by IBSA Farmaceutici with Intesa San Paolo and BNL Gruppo BNP Paribas concern criteria and targets aimed at promoting activities that support the community, developing corporate welfare programs, and improving environmental parameters linked to the reduction of CO₂ emissions from industrial and civil plants.





GRI CONTENT INDEX

| GRI Standard | Disclosure | Reason / page | Omission |
|--------------------------------------|---|------------------|---|
| GRI 101: Foundati | on 2016 General Disclosures | | |
| GRI 102: General Disclosures 2016 | Organizational profile | | |
| | 102-1 Name of the organization | 8 | |
| | 102-2 Activities, brands, products, and services | 20-25 | |
| | 102-3 Location of headquarters | 12 | |
| | 102-4 Location of operations | 12-13 | |
| | 102-5 Ownership and legal form | 8, Private Limi | ted Company |
| | 102-6 Markets served | 8,12-13 | |
| | 102-7 Scale of the organization | 10-11, 76-77 | |
| | 102-8 Information on employees and other workers | 46-47 | |
| | 102-9 Supply chain | 18-19 | |
| | 102-10 Significant changes to the organization and its supply chain | | No change |
| | 102-11 Precautionary Principle or approach | | IBSA adopts a precautionary approach by iimplementing detailed risk analyses and by ensuring, as primary objective, the quality and safety of our therapies and of patients |
| | 102-12 External initiatives | 36-39 | |
| | 102-13 Membership of associations | 60 | |
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| | 102-14 Statement from our Leadership | 4 | |
| | Ethics and integrity | | |
| | 102-16 Values, principles, standards, and norms of behavior | 40-42 | |
| | Governance | | |
| | 102-18 Governance structure | | The CEO is also Chairman of the Board |
| | Stakeholder engagement | | |
| | 102-40 List of stakeholder groups | 32-33 | |
| | 102-41 Collective bargaining agreements | 02 00 | No collective barganing agreements in place |
| | 102-42 Identifying and selecting stakeholders | 32-33 | |
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| | 102-44 Key topics and concerns raised | 32-33 | |
| | Reporting practice | | |
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| | 102-46 Defining report content and topic Boundaries | 30-31 | |
| | 102-47 List of material topics | 34-35 | |
| | 102-48 Restatements of information | 69 | |
| | 102-49 Changes in reporting | | Inclusion of USA subsidiary in the reporting perimeter |
| | 102-50 Reporting period | 2019-2020 | |
| | 102-51 Date of most recent report | 2019 | |

For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

This service was performed on the Italian version of the report.

| GRI Standard | Disclosure | Reason / Omission page | |
|--------------------------------------|---|-------------------------------------|--|
| GRI 102: General Disclosures 2016 | 102-52 Reporting cycle | Biennial | |
| | 102-53 Contact point for questions regarding the report | 31, corporate-communication@ibsa.ch | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | 30 | |
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| | 102-56 External assurance | 30 | |



Reason /

page

Omission

GRI Standard

Disclosure





A heartfelt thanks to all those who made the drafting of this third Sustainability Report possible, in particular:

to our President and CEO, Arturo Licenziati

to our Management Team, to the Corporate Communication & CSR Department, to B4B Consulting, to Alberto Sala Design, to Noesis Srl

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