



Sustainability Report 2023

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Lettera from the Chair

To our Stakeholders,

It gives me great pleasure to present **the third edition of the Biofarma Group's Sustainability Report**, a valuable document that reflects our commitment to developing a responsible and sustainable approach to the growth of our Group.

We want to play a leading role in a future where innovation serves people's health and welfare, while working towards the goal of having a positive impact on the planet and on society by 2030.

2023 was a year of in-depth analysis that allowed us to fine-tune our 2030 Strategic Sustainability Plan. We identified five priority-impact pillars on which to focus: **Energy and Emissions Management** through the use of increasingly efficient technologies and greater recourse to renewable sources; **Waste and Recyclability Management**, by implementing policies for waste reduction, **recycling** and recovery of process materials, packaging optimisation and staff training; solid **Corporate Governance** to guarantee transparent, ethical and responsible decision-making processes; continuous **Stakeholder Engagement** to build relationships based on trust, which respect the principles of well-being, diversity and inclusion; and, finally, **Economic Performance** guided by a

vision of shared value in which business opportunities also serve to satisfy the needs of society. For each strategic axis, we have set **targets** and developed short-, medium- and long-term **projects and initiatives**, always with an eye to the future and to what we can and must do.

People and their health are central to everything we do. This is why, in addition to promoting well-being through the constant pursuit of excellence in the quality of our products, we are committed to spreading a culture of personalised and sustainable prevention, and are in constant contact with institutions and the scientific community to promote ongoing research and innovation.

We have a challenging journey ahead of us. It requires foresight and strategic vision, but it inspires us to do more and better. Our Sustainability Report reflects this commitment, the passion we bring to our work and our constant attention to the environment, communities and people.

Enjoy the read!

Germano Scarpa

BIOFARMA GROUP PRESIDENT

Highlights 2023

ENVIRONMENTAL HIGHLIGHTS

195,442 GJ
ENERGY CONSUMPTION

79,212 m³
WATER WITHDRAWAL

12,370 tCO₂eq
LOCATION-BASED EMISSIONS

4,293.03 †
WASTE PRODUCED

4,057.53 †
NON-HAZARDOUS WASTE

55.65
EMISSIVE INTENSITY

SOCIAL HIGHLIGHTS

1,142
NUMBER OF CO-WORKERS

850
NUMBER OF EMPLOYEES
(232 NEW HIRES)

5 years
AVERAGE LENGTH OF SERVICE

12%
TURNOVER RATE

62%
PERCENTAGE OF FEMALE EMPLOYEES

6,134
TRAINING HOURS PROVIDED

GOVERNANCE HIGHLIGHTS

8
PRODUCTION PLANTS

6
PLANTS IN EUROPE

5
PRODUCT LINES

22
SUPPLIERS REVIEWED IN ACCORDANCE WITH ESG CRITERIA

6%
INCREASE IN ECONOMIC VALUE GENERATED

14%
INCREASE IN ECONOMIC VALUE DISTRIBUTED

89%
% OF DISTRIBUTED VALUE IN RELATION TO GENERATED VALUE

2,000
R&D PROJECTS DEVELOPED

847
MILLION SUPPLEMENT CAPSULES PRODUCED



Methodological note

The **release of the Biofarma Group's Sustainability Report for 2023** marks the third consecutive year of the publication, demonstrating the Group's unwavering commitment to updating and continuous development.

The Report has been made more accessible through the use of stylistic and graphical expedients, such as the explicit indication of the GRI indicator at the beginning of each section and the inclusion of hyperlinks to facilitate navigation.

Drawn up in accordance with international standards, the 2023 Sustainability Report has taken the latest legislative changes and updates into account. The main reporting standards focused their attention on establishing guidelines for the creation of increasingly precise monitoring plans and on demonstrating genuine commitment.

The Report confirms the progress of the strategic positioning process initiated in 2021, which has seen the Group actively engage with the SDGs, prioritising them, integrating them into its business model and reporting on their contribution.

To guarantee the reliability of the information in the Report and describe performance accurately, the use of estimates was kept to a minimum and, where possible, complete data was obtained, and compared with the data of the two previous financial years.

To ensure a comprehensive and consistent presentation of the effects of the Group's operations and its management approach, reference was made to the GRI

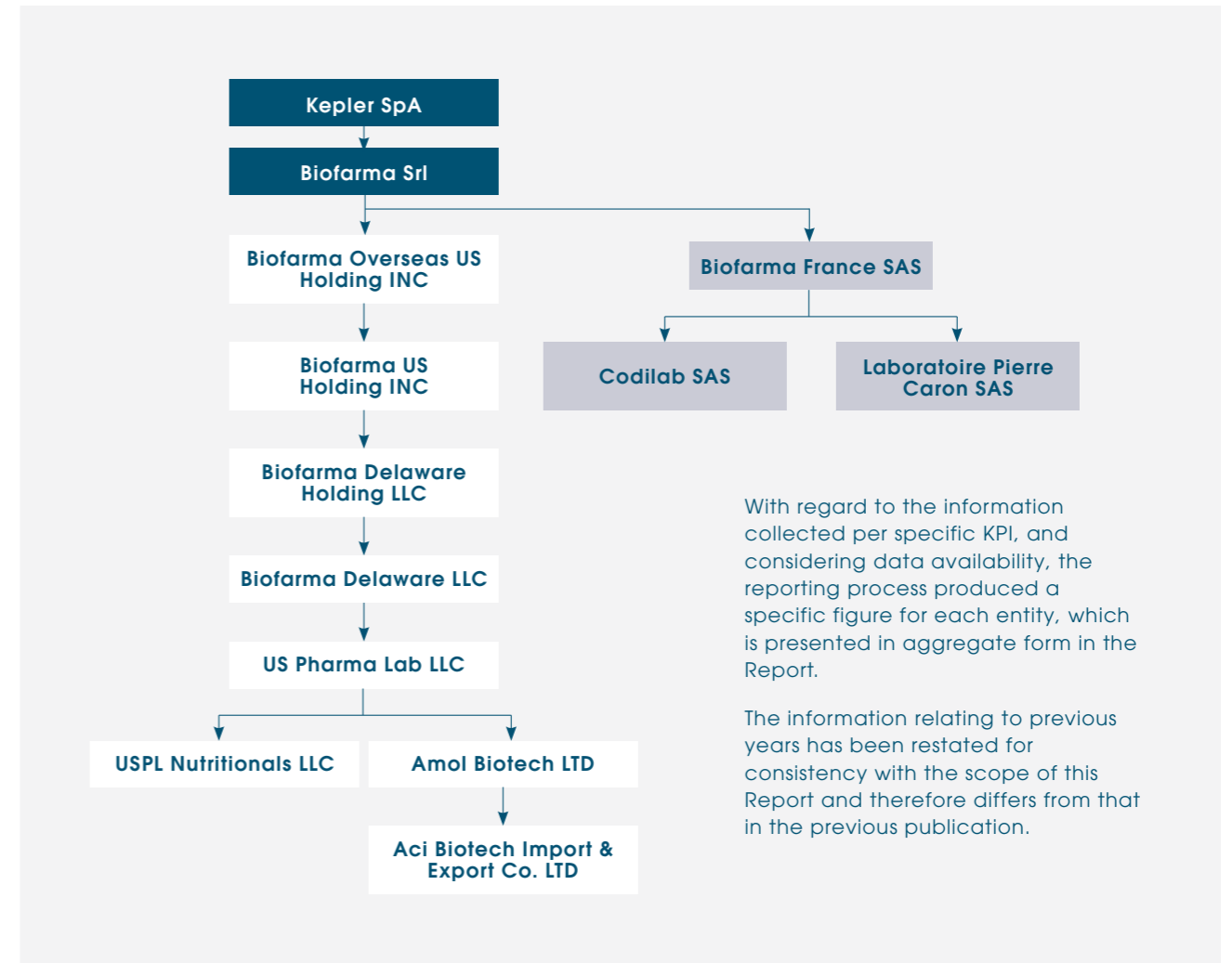
Standards, specifically the 2021 version. The new method of assessing impacts restates ESG performance in detail, focusing in particular on the material topics identified in the update through the materiality analysis carried out in 2023.

SCOPE AND PROCESS

The Sustainability Report 2023 was approved by the Board of Directors on **07/11/24**. The financial year ending 31 December 2023 constitutes the reporting period for the Sustainability Report, which is published on an annual basis. The reporting scope corresponds to the consolidated financial statements of the Group, with data as of 31 December 2023.

This edition of the report includes the subsidiary Nutraskills s.r.l. created through the merger between Laboratoire Pierre Caron SAS and Codilab SAS, which was not included in the previous Report. **The 2023 Report does not include the companies based in the USA and China**, namely: Biofarma Overseas US Holding, Inc.; Biofarma US Holding, Inc.; Biofarma Delaware Holding LLC; Biofarma Delaware LLC; U.S. Pharma Lab LLC; USPL Nutritionals LLC; Amol Biotech Ltd.

Therefore, the scope of the Biofarma Group as at 31.12.23 covered by the Sustainability Report is as follows:



With regard to the information collected per specific KPI, and considering data availability, the reporting process produced a specific figure for each entity, which is presented in aggregate form in the Report.

The information relating to previous years has been restated for consistency with the scope of this Report and therefore differs from that in the previous publication.

COMPANY	CONTROL	EQUITY INTEREST	OWNER
BIOFARMA S.R.L.	Direct	100.00%	Kepler S.p.A.
BIOFARMA FRANCE SAS	Direct	100.00%	Biofarma S.r.l.
CODILAB SAS	Indirect	100.00%	Biofarma France SAS
LABORATOIRE PIERRE CARON SAS	Indirect	100.00%	Biofarma France SAS

REGULATORY REFERENCES

MATERIALITY

The “Materiality” section is based on 3 fundamental regulatory pillars:

- **The “GBS Standard 2013 - Principles for the preparation of the Social Report”**, drawn up by the Gruppo di Studio per il Bilancio Sociale (GBS), which concerns the reclassification of added value production and distribution.
- **The “Accountability 1000 - Stakeholder Engagement Standard”**, a process standard for stakeholder engagement
- **The European Commission’s “Corporate Sustainability Reporting Directive” (CSRD)**, published after the review of the ‘Non-Financial Reporting Directive’ (NFRD), adopted in November 2022 and published in the Official Journal of the European Union.

ANALYSIS

The robustness of the Report’s analysis is attributable to the references used when drafting the document:

- **“Linking the SDGs and the GRI Standards”**, in the new version of March 2020, which links the contents of the GRI Content Index with the SDGs.
- **The European Commission’s “Corporate Sustainability Reporting Directive” (CSRD)**, published after the review of the ‘Non-Financial Reporting Directive’ (NFRD), adopted in November 2022 and published in the Official Journal of the European Union.
- **The final version of the “European Sustainability Reporting Standards” (ESRS) proposal**, published by the European Financial Reporting Advisory Group (EFRAG), as required by the CSRD.
- **The proposed directive on corporate due diligence on sustainability (“Corporate Sustainability Due Diligence Directive” - CSDD)**, put forward by the EU Council in December 2022.
- **“Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures 2021”**, which updates and details the recommendations of the Task Force on Climate-related Financial Disclosures of June 2017.
- **The SASB’s 77 “Industry Standards”**, which identify topics of interest according to the ‘SASB Standards Application Guidance’.

CONNECTING TABLES

At the end of the Report, the following link tables are provided:

- The **GRI Content Index**.
- The **table linking the SDGs and the GRI Standard indicators**



CHAPTER 1

Sustainability: a clear and well- defined strategy

5 SUSTAINABILITY
PILLARS

689 STAKEHOLDERS
INVOLVED

19 GROUP
OBJECTIVES

12 MATERIAL TOPICS
IDENTIFIED

-28%
CO₂eq EMISSION
REDUCTION
TARGETS



Stakeholder engagement

For an accurate and continuous understanding of the organisation's situation, **it is crucial that the ESG performance analysis be extended to Biofarma's partners**, including those entities that enhance its contribution on the territory **through the dissemination of 'best practices'**.

The individuals and organisations that have socio-economic relations with Biofarma constitute **its stakeholders**, who participate in creating shared value.

Stakeholder engagement is a tangible expression of this intention and, when key topics are identified, **enables the path established through Materiality to be confirmed.**

STAKEHOLDERS	EXPLANATION	ENGAGEMENT
INTERNAL WORKERS	Individuals employed directly by Biofarma or on its behalf, including trade union representatives.	<i>Analysis of internal climate; regular presentation of results; training; newsletter; onboarding programs for new hires; training meetings.</i>
EXTERNAL WORKERS	Professionals who collaborate with Biofarma without being	
SUPPLIERS - OTHERS	its direct employees, such as freelancers.	
CUSTOMERS	Organisations that supply Biofarma with raw materials, services and technologies.	<i>Dedicated customer service.</i>
INVESTORS	Users of the products or services offered by Biofarma, including consumer associations.	<i>Financial reports and institutional website.</i>
SOCIETY AND LOCAL COMMUNITIES	The social context of the territories in which Biofarma operates, which can directly or indirectly influence its activities.	<i>Meetings and cultural initiatives; meetings with representatives of associations, organisations, the local community; use of social networks</i>
INSTITUTIONS	Bodies that can directly or indirectly influence the activities of Biofarma, e.g., regional, provincial, municipal authorities and universities with which Biofarma works.	<i>Ad hoc meetings.</i>
FINANCIAL INSTITUTIONS	Banks and credit institutions that finance the activities of Biofarma.	<i>Regular financial reports and institutional website.</i>
ASSOCIATIONS AND NGOS	Private non-profit organisations operating in areas of significance to Biofarma, such as environmental, human nutrition, animal welfare and similar associations.	<i>Meetings and cultural initiatives; engagement through projects.</i>
MEDIA AND PRESS	International, national and local media, such as television, press, radio and web, which may influence Biofarma's activities both directly and indirectly.	<i>Institutional website, social networks.</i>

The materiality matrix

The **new European Corporate Sustainability Reporting Directive (CSRD)** came into force on 5 January. Although Biofarma is not one of the companies required to provide this information, the Group has decided to produce its **third sustainability report** to demonstrate its commitment to transparency and alignment with the new reporting and compliance requirements.

DOUBLE MATERIALITY

To identify the topics directly related to the organisation's business, **a questionnaire was distributed to top management and a number of stakeholder groups.**

Stakeholders were asked to give a precise assessment of **the importance and oversight of some specific ESG prerogatives** within Biofarma with respect to the reference context.

The assignment of a score on a numerical scale from 1 (unimportant) to 5 (extremely important) made it possible to **identify and prioritise material topics for Biofarma**, in terms of objectives and strategies.

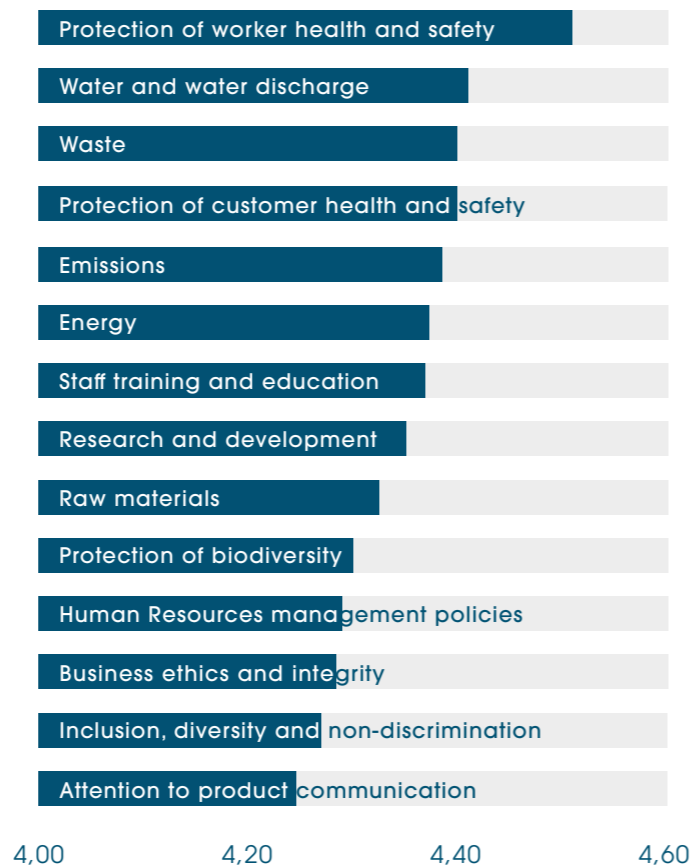
By collecting and interpreting the results, it was possible to **understand**

Biofarma's strategic priorities, the main opportunities/weaknesses of the business and their effect on shared value and sustainability. **Fourteen material topics were identified**, each associated with a positive and a negative impact.

The questionnaire, whose answers were treated anonymously, generated **689 responses**, of which 221 from **Management** (19%) and **employees** (81%) and 468 from **external stakeholders**, mainly customers (20%) and suppliers (80%).

The double materiality results provided input for the formulation of targeted strategies, aligned with the GRI 3.1, 3.2 and 3.3 guidelines, in order to ensure effective management of impacts originating outside the organisation.

In addition, specific KPIs adapted to the context of the third year of reporting were introduced.










The chart above shows the order of priority of the organisation's material topics according to the score assigned (on a scale of 1 to 5).

It is clear that, based on both internal management and employee ratings and external stakeholder considerations, the most important topics are "Protection of worker health and safety", "Water and water discharge" and "Waste".

In order to provide a broader view of corporate sustainability, the Biofarma Group Sustainability Report relates broader impacts to the relevant material topics.

This approach provides a comprehensive and transparent view of the organisation's ongoing contribution to sustainability in the context of the industry in which it operates.

POSITIVE IMPACT	TOPICS	NEGATIVE IMPACT
Biofarma takes measures to ensure a safe and healthy working environment for employees by implementing injury and occupational disease prevention practices. It may provide specific occupational safety training and promote a safety culture.	 <p>PROTECTION OF WORKER HEALTH AND SAFETY</p>	The lack of attention to worker health and safety may lead to accidents, injuries or work-related illness among employees, compromising their health and well-being and creating a negative working environment.
Biofarma implements water-saving practices, by adopting efficient technologies and reducing wasteful use of water resources, thus contributing to the conservation of water resources and the protection of water ecosystems.	 <p>WATER AND WATER DISCHARGE</p>	The irresponsible use of water resources, e.g. through water pollution or overuse, could deplete water resources and damage aquatic ecosystems.
Biofarma adopts responsible waste management practices, such as recycling and safe disposal of hazardous waste, thus reducing environmental impact and promoting sustainability.	 <p>WASTE</p>	Inadequate management of waste, including hazardous waste, could lead to environmental pollution, public health risks and legal sanctions.
Biofarma implements strict quality and safety controls to ensure that pharmaceutical and cosmetic products are safe and effective for customers. In addition, it may provide clear and accurate information on the correct use of products, thus promoting the health and well-being of customers.	 <p>PROTECTION OF CUSTOMER HEALTH AND SAFETY</p>	In the event of defective products, incorrect information or product safety issues, the organisation could jeopardise the health of its customers, undermining the public's trust.
	 <p>EMISSIONS</p>	The absence of pollutant emission controls could lead to increased air pollution and legal sanctions, damaging the environment and the corporate reputation.

POSITIVE IMPACT	TOPICS	NEGATIVE IMPACT
Biofarma adopts measures to reduce energy consumption by improving the efficiency of production processes and investing in renewable energy sources, thus helping to reduce the environmental impact of energy consumption.	 ENERGY	The lack of proper energy management could lead to excessive energy consumption and an increase in greenhouse gas emissions, negatively affecting energy resources and the environment.
Biofarma invests in the continuous training and professional development of its employees, providing opportunities for learning and development. This can lead to a more competent and motivated workforce, improving productivity and quality of work.	 STAFF TRAINING AND EDUCATION	A lack of investment in training and staff development can limit employees' opportunities for growth and reduce their motivation, leading to lower quality of work and talent drain.
Biofarma invests in research and development in order to innovate and continually improve its products and processes, contributing to the creation of cutting-edge solutions and maintaining a competitive advantage in the pharmaceutical sector.	 RESEARCH AND DEVELOPMENT	Reduced investment in research and development could limit the organisation's innovation and competitiveness, thus reducing the ability to develop new products and improve existing ones.
Biofarma adopts policies for the responsible sourcing of raw materials, preferring sustainable sources, recycled materials or materials sourced from suppliers that respect environmental and social standards, thus reducing the negative impact on the environment and promoting ethical practices.	 RAW MATERIALS	The use of unsustainable raw materials, obtained from uncertified sources or from environmentally harmful practices, could contribute to deforestation, species extinction and aggravation of environmental problems.
Corporate activities indirectly impact on the management of the surrounding environment in a positive way in proportion to philanthropic preservation activities.	 PROTECTION OF BIODIVERSITY	Business activities that ignore biodiversity can contribute to habitat loss, threatening local species and altering the balance of ecosystems.

POSITIVE IMPACT	TOPICS	NEGATIVE IMPACT
Biofarma promotes a healthy and safe working environment, offering good salaries, benefits and professional development opportunities, improving employees' well-being and creating a positive working atmosphere.	 HUMAN RESOURCES MANAGEMENT POLICIES	The lack of attention to human capital could lead to precarious working conditions and an unhealthy working environment.
Biofarma adopts an ethical and integrated approach in its business operations, avoiding unfair practices, corruption and conflicts of interest.	 BUSINESS ETHICS AND INTEGRITY	A lack of ethics and integrity could lead to misconduct, damaging the organisation's reputation and undermining the trust of customers and stakeholders.
Biofarma promotes an inclusive work environment, respectful of diversity and free from discrimination, valuing individual differences and improving cohesion and innovation within the team.	 INCLUSION, DIVERSITY AND NON-DISCRIMINATION	The lack of policies for inclusion, diversity and non-discrimination can lead to a non-inclusive working environment, limiting diversity of thought and talent in the organisation.
Biofarma ensures that product communication is clear, transparent and accurate, providing complete and transparent information to help customers make informed and safe choices about the products it offers.	 ATTENTION TO PRODUCT COMMUNICATION	Incorrect or misleading product communication could lead to misunderstandings, legal problems and loss of customer confidence.

The following table **links the material topics with the regulatory references** and international standards.

SDGS	SASB	ESG CERT.	EFRAG	GRI
PROTECTION OF WORKER HEALTH AND SAFETY				
Goal 3: Good health and well-being	Labour Practices	Legal compliance	ESRS S1 Own workforce	403 Occupational health and safety
WATER AND WATER DISCHARGE				
Goal 6: Clean water and sanitation	Water & Wastewater Management	Pollution and waste	ESRS E3 Water and marine resources	303 Water and Effluents
WASTE				
Goal 12: Responsible consumption and production	Waste & Hazardous Materials Management	Pollution and waste	ESRS E5 Resource use and circular economy	306 Waste
PROTECTION OF CUSTOMER HEALTH AND SAFETY				
Objective 17: Partnership for the goals	Customer Welfare	Product/ service safety and quality	ESRS S4 Consumers and end users	416 Customer health and safety
EMISSIONS				
Goal 13: Climate action	GHG Emissions	Greenhouse gas emissions	ESRS E2 Pollution	305 Emissions
ENERGY				
Goal 7: Affordable and clean energy	Energy Management	Energy consumption	ESRS E5 Resource use and circular economy	302 Energy
STAFF TRAINING AND EDUCATION				
Goal 4: Quality education	Employee Engagement, Diversity & Inclusion	Productivity, skills and development of workers	ESRS S2 Workers in the value chain	404 Training and education

SDGS	SASB	ESG CERT.	EFRAG	GRI
RESEARCH & DEVELOPMENT				
Goal 9: Industry, innovation, and infrastructure	Business Model Resilience	Organisational skills and competences	ESRS G1 Governance, risk management and internal control	201 Economic Performance
RAW MATERIALS				
Goal 12: Responsible consumption and production	Materials Sourcing & Efficiency	Greenhouse gas emissions	ESRS E5 Resource use and circular economy	301 Materials
PROTECTION OF BIODIVERSITY				
Objective 15: Life on land	Ecological Impacts	Disclosure and transparency	ESRS E4 Biodiversity and ecosystems	304 Biodiversity
HUMAN RESOURCES MANAGEMENT POLICIES				
Objective 8: Decent work and economic growth	Employee Health & Safety	Productivity, skills and development of workers	ESRS S1 Own workforce	402 Labour/ Management Relations
BUSINESS ETHICS AND INTEGRITY				
Objective 16: Peace, justice and strong institutions	Business Ethics	Code of conduct	ESRS G1 Governance, risk management and internal control	Reminder to everyone
INCLUSION, DIVERSITY AND NON-DISCRIMINATION				
Objective 10: Reduced inequalities	Employee Engagement, Diversity & Inclusion	Human Rights	ESRS S1 Own workforce	405 Diversity and Equal Opportunity
ATTENTION TO PRODUCT COMMUNICATION				
Objective 8: Decent work and economic growth	Product Quality & Safety	Product/ service safety and quality	ESRS G1 Governance, risk management and internal control	416 Customer health and safety

The Strategic Sustainability Plan

In today's corporate scenario, **sustainability is crucial** not only for compliance with regulations, but also for long-term success. Aware of the growing importance of sustainable practices, **Biofarma has developed a detailed strategic plan to integrate sustainability principles into all its operations.** Biofarma's strategic sustainability plan outlines its key objectives, key initiatives and expected results.

The Group's main objective is not only to comply with current regulations, but also **to exceed industry expectations** by demonstrating leadership and innovation in sustainability.

Biofarma's 2030 Sustainability Plan is based on a clear vision: **'Through strategic choices and conscious daily actions, we are committed to creating a lasting positive impact that shapes a prosperous and sustainable future for the community and future generations'**.

This commitment is articulated through **five fundamental pillars**, each with specific strategic points, clear objectives and targeted initiatives:

A JOURNEY THAT BEGAN WAY BACK

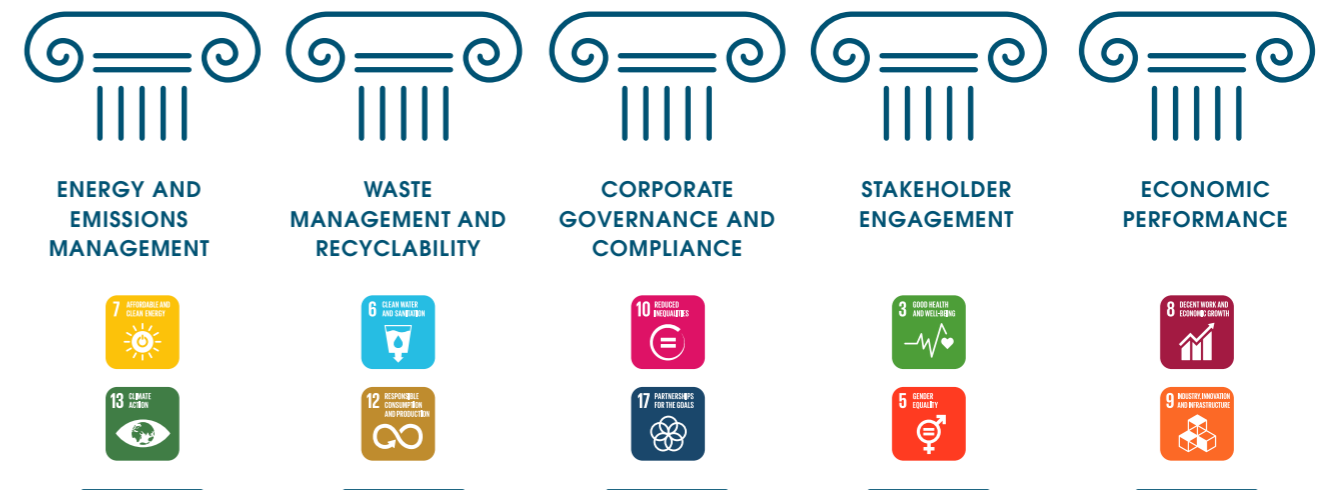
Monitoring its impact on the environment and society has always been an **essential prerogative** for Biofarma to align its operations with its vision. In 2020, this approach gave rise to a first **Sustainability Plan** that brought together initiatives already in place and plans for the future.

The short-term timeframe allowed the Group to concentrate its efforts on achieving its primary objectives, as set out in this and the previous Reports.

The Plan details were illustrated in the 2022 Report and guide management of the topics in this Report. For Biofarma, the Sustainability Plan has been **a driver for improvement** and a necessity for

the structured definition of its ESG initiatives in line with its growth and maturity as regards sustainability.

Updating the Strategic Sustainability Plan is the key used by Biofarma to **set specific targets** and initiatives, for the short and long term, that align the Group's vision with the international Sustainable Development Goals.



THE PLAN IS BASED ON FOUR FUNDAMENTAL PRINCIPLES:

 **DISCLOSURE**

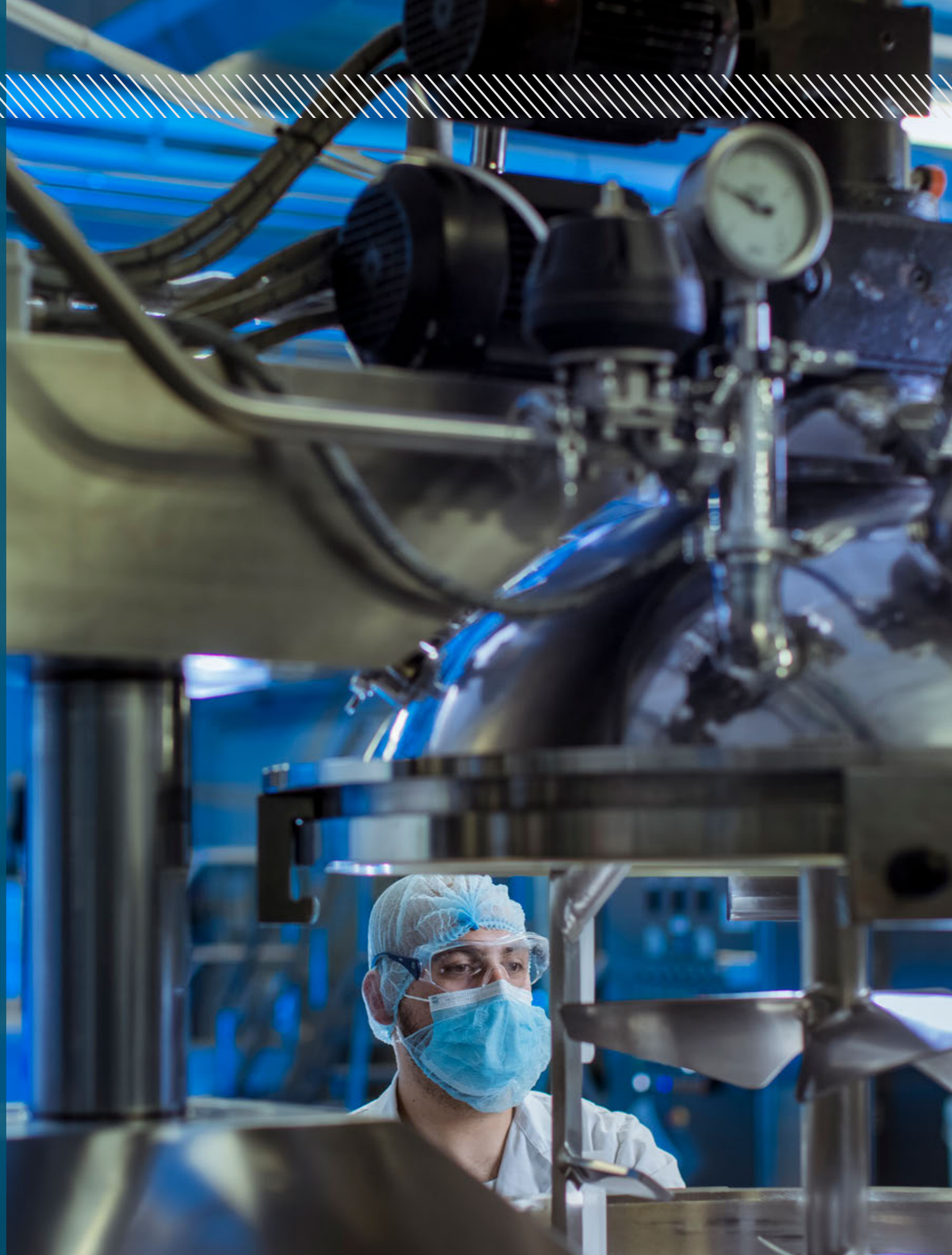
 **TRAINING**

 **COMMITMENT**

 **COMMUNICATION**

The scope of the Plan objectives is consistent with that of the Report, and refers to Italy and France.

As the scope of the document is opened up, the objectives and targets will be aligned accordingly.



DISCLOSURE

Transparency and sharing of information on Biofarma's sustainability practices, progress and achievements.

Disclosure is essential to build trust among stakeholders, including employees, customers, investors and the community.

TRAINING

Educating and raising awareness among employees and stakeholders about sustainability practices and their importance to the organisation and society.

Training is crucial to ensure that all members of the organisation understand their role in achieving sustainability goals and are equipped with the necessary knowledge and skills.

COMMITMENT

Biofarma's dedication and willingness to integrate sustainability principles into all its operations and strategies.

A strong commitment to sustainability shows that Biofarma sees these practices not only as a responsibility, but also as an opportunity to innovate and grow in a sustainable way.

COMMUNICATION

Continuous promotion of dialogue and exchange of information on sustainability both within and outside the organisation.

Effective communication ensures that sustainability efforts are recognised and supported by stakeholders. It also facilitates collaboration and innovation, as ideas and feedback can be collected and integrated.



Energy and Emissions Management

Effective energy and emissions management is essential for the long-term sustainability and economic growth of the business.

Reducing energy consumption and emissions **minimises environmental impact** and achieves significant operational cost savings, which can be reinvested in the business to promote innovation, improve operational efficiency and strengthen competitive advantage in the market.

As far as energy is concerned, **reducing consumption** through efficient technologies and renewable energy **lowers dependence on fossil fuels**, mitigates the risks associated with energy price volatility and supply disruptions, leads to lower operating costs, and can create new revenue streams through carbon incentives and credits.

These practices contribute to the well-being of stakeholders and the communities in which the organisation operates, **ensuring a healthier environment and supporting social and economic development.**

Integrating sustainability into core business strategies enables alignment with global trends and regulatory requirements, guaranteeing the organisation a position as a responsible and forward-thinking industry leader.

OBJECTIVES		KPI	TARGET
TRANSITION TO RENEWABLE ENERGY SOURCES	To invest in technologies and infrastructure that reduce the use of fossil fuels, such as the installation of photovoltaic, wind or bioenergy plants.	Renewable electricity consumed (% of total purchased) - Scope 2 emissions.	100% ¹
ENERGY EFFICIENCY	To implement measures aimed at reducing energy consumption in production plants and corporate premises through the use of efficient technologies, consumption monitoring and employee awareness programmes.	Electricity consumed - intensity (GJ/k€).	-30% ²
EMISSION REDUCTION	To set targets to reduce greenhouse gas emissions and take action to monitor, measure and reduce emissions through improved production processes and optimised logistics.	Total emissions (CO ₂ EQ).	-28% ³
OFFSETTING EMISSIONS	To adopt strategies to offset residual emissions through reforestation projects or the purchase of carbon credits and to support the supply chain.	Total Scope 3 emissions (CO ₂ EQ).	-25% ⁴

¹ Target to date for locations in Italy and France

² Target to date for locations in Italy and France

³ Target that refers to a base year calculated for the Italian locations but which, in line with CDP membership, will be extended to a Group perimeter

⁴ Target that refers to a base year calculated for the Italian locations but which, in line with CDP membership, will be extended to a Group perimeter

INITIATIVES

To achieve its **energy and emissions management goals**, the Group has implemented or is implementing **a number of strategic initiatives**:



GREEN ENERGY

Purchase of 100% green energy to reduce the use of fossil fuels and increase the share of renewable energy.



PHOTOVOLTAIC INSTALLATIONS

Upgrade of photovoltaic installations to increase consumption of energy from renewable sources.



TEMPERATURE MANAGEMENT

Improved temperature management in warehouses and departments to optimise energy efficiency.



EMISSIONS REDUCTION

Improved energy efficiency for production processes to reduce total emissions per tonne of product.



ENERGY EFFICIENCY

Improved energy efficiency for facilities to reduce overall energy consumption.



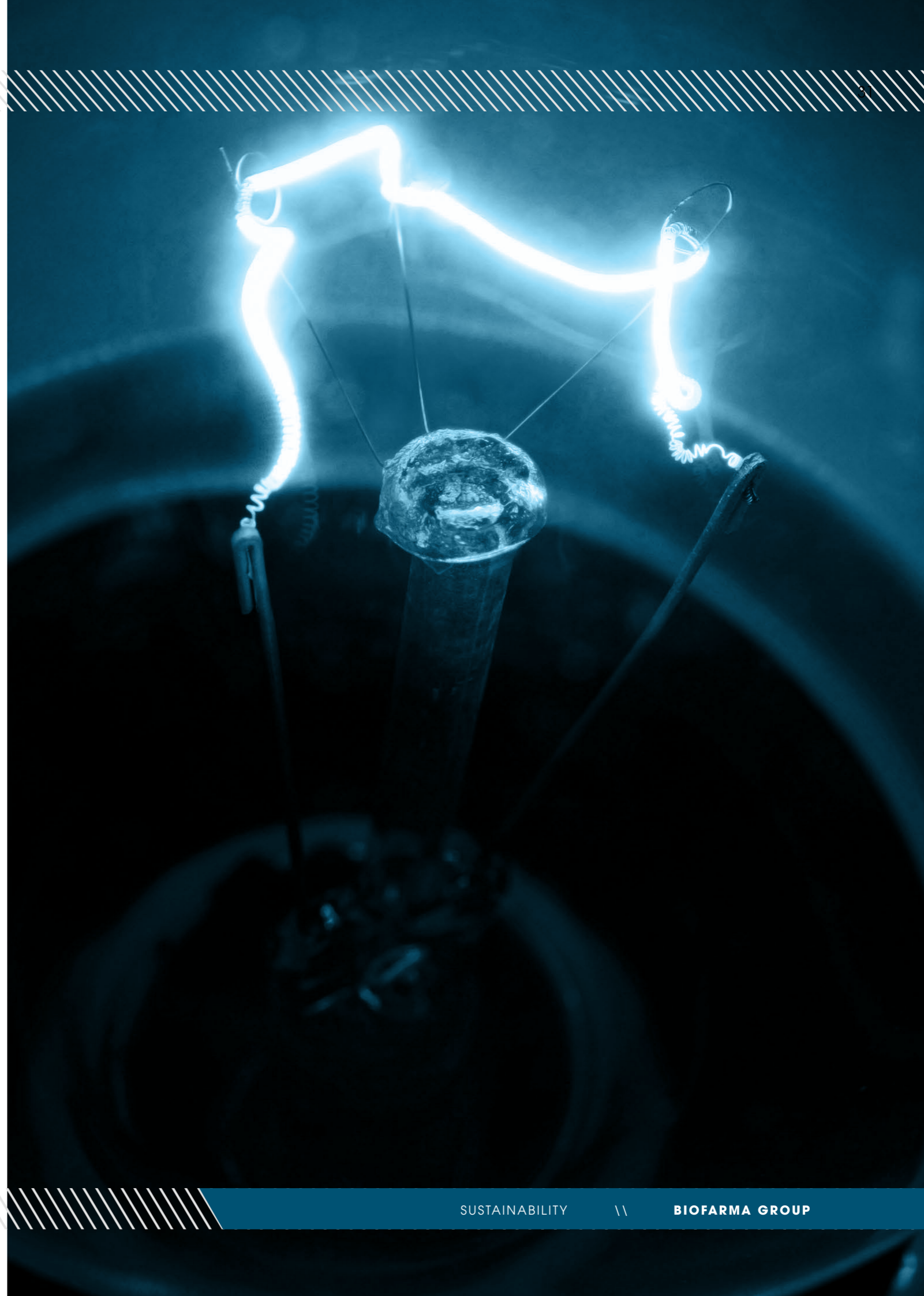
MONITORING SYSTEM

Improvement of facility monitoring systems to ensure more efficient use of energy.



GLOBAL SCOPE

Extension of data collection to France and the United States for more complete and accurate monitoring of energy performance and emissions.



Waste Management and Recyclability

Correct waste management is an important factor in ensuring a significant reduction in environmental impact and an improvement in economic and social performance.

Efficient waste management not only helps minimise materials going to landfill, but also **has a direct impact on operational efficiency** and corporate reputation.

The implementation of recycling and circular economy practices can lead to a **reduction in the costs associated with waste management** and procurement of raw materials, through the recovery and reuse of valuable materials.

In addition, a sound waste management strategy can **improve corporate image**, strengthen customers' trust and attract investors who are increasingly sensitive to environmental issues. The adoption of innovative waste treatment and recycling

policies and technologies also **promotes the sustainability of the supply chain and helps to generate a positive impact** locally and globally, creating job opportunities and stimulating innovation.

OBJECTIVES ¹		KPI	TARGET
WASTE REDUCTION	To implement policies that reduce waste production by reviewing production processes, optimising packaging and training employees.	Waste production intensity (tonnes/M€)	-30%
RECYCLING AND RECOVERY	To promote the internal and external recycling of materials used in production processes and the waste generated, working with suppliers and partners to ensure proper management of materials.	Waste for recycling - Intensity (kg/M€)	+30%
WATER RESOURCES MANAGEMENT	To improve the management of water resources in terms of withdrawal and discharge.	Litres of water withdrawn - Intensity (m ³ /K€)	-30%
MATERIALS INNOVATION	To invest in research and development of biodegradable and compostable materials in order to reduce the environmental impact of products and their packaging.	Percentage of products with recycled/recyclable material	Targets are being set consistently with the development of regulatory requirements and progress in calculation projects

¹ Targets to date for locations in Italy and France

INITIATIVES

To achieve its **waste management and recyclability goals**, the Group has implemented or is implementing **a number of strategic initiatives**:



WASTE MONITORING SYSTEM

Creation of a tracking and monitoring system for each type of waste produced, using a broader perspective that includes the Supply Chain.



LCA CALCULATION

Development of an LCA project to identify product families on which to focus efficiency measures.



PACKAGING WASTE REDUCTION

Reduced use of packaging materials, avoiding the creation of waste and over packaging.



USE OF RECYCLED MATERIAL

Promotion of reuse and use of recycled materials, rather than virgin materials, by extending the service life of materials that have already been produced.



ECO-DESIGN

Eco-design development with solutions designed for disassembly or disposal in a single specific waste stream.



ENVIRONMENTAL RISK MONITORING

Monitoring of the Group's business areas for environmental risks and biodiversity conservation, with optimal waste stream management.



SUSTAINABLE PACKAGING

Single-component materials, RPET products and other projects for the replacement of petrochemical materials, development of environmentally friendly sunscreens, use of VOC-free propellants and BOV aerosol systems.

Corporate Governance and Compliance

Strong corporate governance ensures that decisions are made in a transparent, ethical, and accountable manner, **building stakeholder trust** and facilitating regulatory compliance, given that compliance with laws and regulations is not only a legal obligation for Biofarma, but also a commitment to corporate sustainability and integrity. Good corporate governance creates a structured framework within which decision-making processes operate, **ensuring that the organisation remains aligned with its strategic goals and core values.**

This includes **managing risks, protecting shareholder interests, and respecting the rights of employees and local communities.** Compliance, on the other hand, ensures that all business operations comply with ESG regulations, preventing legal sanctions and reputational damage.

Strengthening corporate governance and compliance enables better identification and management of ESG risks, improving the organisation's resilience in a constantly changing economic and regulatory environment.

These governance and compliance principles not only protect the organisation from potential legal problems, they also create an environment of trust and collaboration, which is essential

for innovation and sustainable growth. Implementing robust corporate governance and an effective compliance program means **committing to being accountable** to all stakeholders, contributing to a sustainable and prosperous future for the organisation and the communities in which it operates.

OBJECTIVES ¹		KPI	TARGET
TRANSPARENCY AND REPORTING	To adopt reliable and transparent governance practices by clearly communicating ESG objectives, policies and performance.	% of shared ESG documents.	100%
SOCIAL AND ETHICAL IMPACT	To integrate ethical and social considerations into business management, e.g., through D&I policies, Respect for Human Rights, and adoption of the Code of Ethics.	Distributed economic value (More information in "2.3 Economic value generated and distributed to stakeholders").	Targets are being set consistently with the development of regulatory requirements and progress in calculation projects.
ACTIVE ENGAGEMENT OF MANAGEMENT	To actively engage management in sustainability decisions, ensuring that sustainability is integrated into corporate strategy at all levels.	MBO on ESG components.	Targets are being set consistently with the development of regulatory requirements and progress in calculation projects.

¹ Targets to date for locations in Italy and France

INITIATIVES

To achieve its **corporate governance and compliance goals**, the Group has implemented or is implementing **a number of strategic initiatives**:



VIRTUOUS GOVERNANCE

Collaboration with the UN Global Compact and creation of a Sustainability Committee.



SOCIAL INVOLVEMENT

"Madagascar Project" to produce medicines and take the necessary steps to ensure the treatment and survival of local children and families.



ESG KPIs

Definition of ESG KPIs for MBOs of managers involved in optimisation processes.



COMMUNITY

Project with the "Cooperativa Arte e Libro" in Udine to launch a work placement initiative for people with significant physical and mental disabilities.



CUSTOMER SATISFACTION PLANS

Implementation of a structured Customer Satisfaction Plan.





Stakeholder Engagement

Listening and responding to stakeholders' needs and expectations allows the organisation to build relationships based on trust, improve transparency and promote social responsibility: **active stakeholder engagement helps to identify and manage risks, discover opportunities for improvement and innovation, and ensure that corporate strategies are aligned with society's expectations.**

This is why **Biofarma puts the Stakeholder Engagement process at the heart of its Sustainability Strategy, making it a solid pillar.**



OBJECTIVES¹

DIVERSITY AND INCLUSION	To create a work environment that celebrates and respects the differences between individuals, promoting diversity of perspectives, experiences and backgrounds. The aim is to accommodate and value differences in gender, ethnicity, ability, sexual orientation and socio-economic background.
EMPLOYEE WELFARE	To invest in resources and programmes aimed at improving the physical, mental and emotional health and well-being of employees. This may include access to health services, psychological support programmes and work flexibility policies to promote a better work-life balance.
SAFETY AT WORK	To focus on creating a safe environment that protects employees from risks and promotes well-being, ensuring a productive and protected workforce.
DEVELOPMENT OPPORTUNITIES	To provide professional and personal development opportunities for employees through training, skills development and mentorship.
EMPLOYEE ENGAGEMENT	To encourage the active participation of employees in group activities and build lasting relationships to improve appeal and retention.

¹ Targets to date for locations in Italy and France

INITIATIVES

To achieve its **stakeholder engagement goals**, the Group has implemented or is implementing **a number of strategic initiatives**:



EMPLOYEE VALUE PROPOSITION

Production of a document that describes the set of benefits, opportunities and experiences that Biofarma undertakes to provide for current and future employees.



ONBOARDING

A structured programme for integrating new hires into the organisation, reducing time to productivity and maximising engagement and empowerment.



WELL-BEING

A well-being project consistent with the brand identity and core business, centred on people and ensuring all-round well-being through an in-depth listening process.



TRAINING AND DEVELOPMENT

Development and use of a training platform to improve accessibility and accuracy in monitoring.



TOP EMPLOYER

Maintenance of Top Employer certification to ensure excellence in human resources management practices.



ENGAGEMENT SURVEY

A platform for analysing corporate climate and engagement. For example, Beaconforce is a listening tool based on positive psychology, behavioural sciences and neuroscience.



SOCIAL AND DIVERSITY INVOLVEMENT

Employees are actively involved in specific projects (e.g. 'Arte e Libro', 'Madagascar') in order to participate directly in the Group's interaction with the community.





Economic Performance

A key component of sustainability, along with environmental and social responsibility, is the ability of organisations to survive in the marketplace: a financially sound organisation can **invest in innovative technologies, develop new products, expand into new markets and maintain high standards** of governance and compliance.

Biofarma’s approach to economic performance integrates sustainability into business strategies, creating value for the organisation and for society.

This commitment to economic sustainability translates into **careful resource management, investment in sustainable projects and a constant search for growth opportunities** aligned with ESG principles.



OBJECTIVES		KPI	TARGET
SUSTAINABLE INVESTMENTS	To allocate financial resources to projects and initiatives that generate economic and social value, e.g. by investing in clean technologies, employee training and sustainable innovation.	Percentage of turnover aligned with the taxonomy.	Targets are being set consistently with the development of regulatory requirements and progress in calculation projects
RISK ASSESSMENT	To integrate ESG risk assessment into corporate decision-making and investment processes in order to ensure sound risk management.	Average risk on ESG assets.	Targets are being set consistently with the development of regulatory requirements and progress in calculation projects
CREATING SHARED VALUE	To adopt strategies aimed at creating shared value for the organisation and society, identifying business opportunities that meet society’s needs and generate long-term economic benefits.	Distributed economic value (%).	+90% (2030)

INITIATIVES

To achieve its **economic performance goals**, the Group has implemented or is implementing **a number of strategic initiatives**:



R&D STRUCTURE

Two separate research and innovation divisions with high-level professionals to promote open innovation and translate innovative ideas into concrete projects.



SUPPLY CHAIN OPTIMIZATION

Optimization of the supply chain by improving efficiency and resilience, reducing costs and improving service quality.



PRODUCT DEVELOPMENT

Development of new products that meet the needs of the market and contribute to sustainable economic growth.



SUSTAINABLE TECHNOLOGIES

Investment in sustainable technologies related to the EU taxonomy to promote long-term sustainability.



INTERNATIONAL EXPANSION

Exploration of new markets and segments to diversify revenue sources and increase global presence.

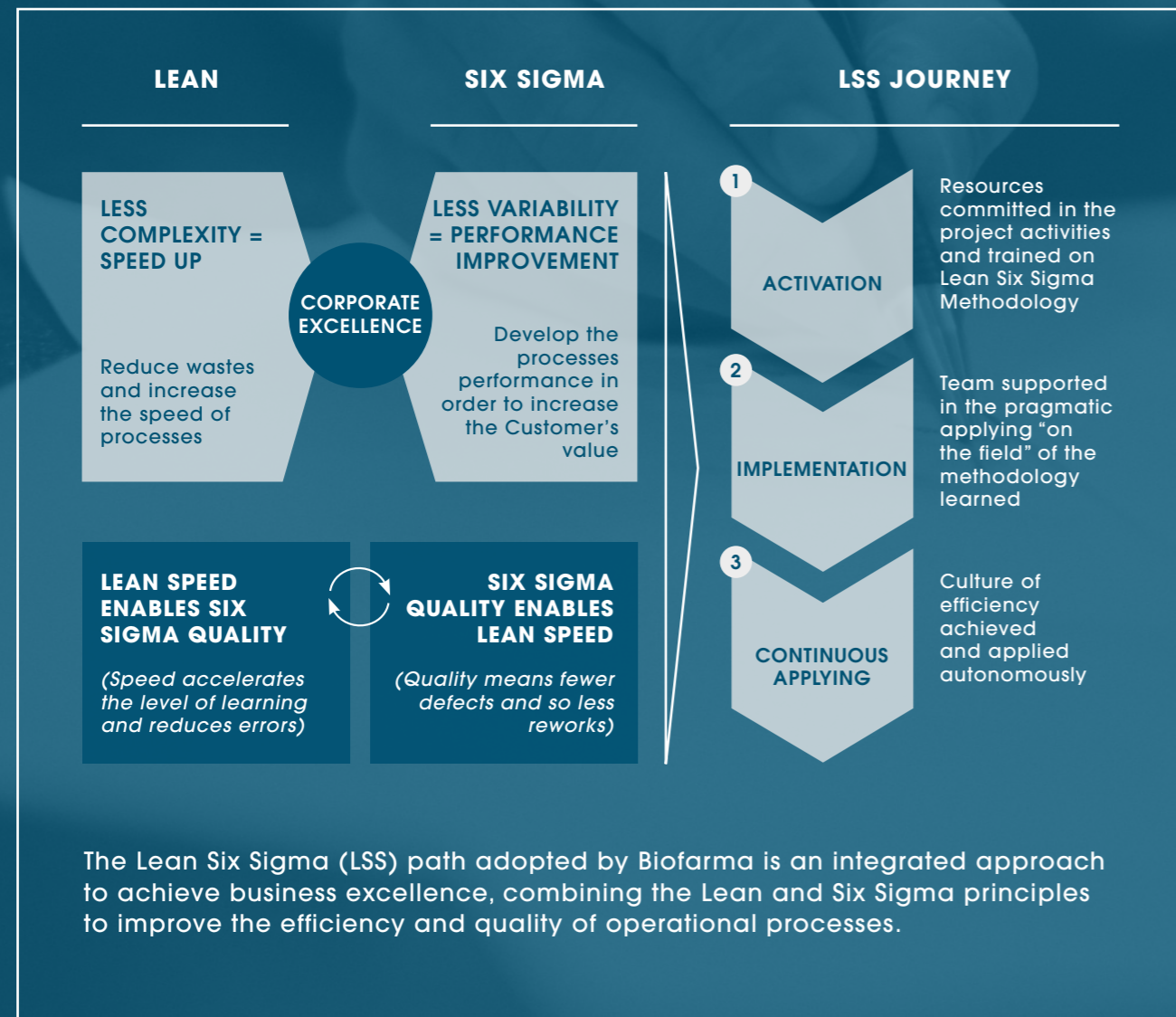


SUSTAINABLE GROWTH

Turnover growth consistent with the sustainability goals, in accordance with traditional financial performance indicators.

Biofarma Way for Excellence

The launch of the Biofarma Way for Excellence programme is planned to improve operational and management excellence. The programme is designed to empower the Biofarma team through Lean Six Sigma, a talent development scheme that acts as a driver for business excellence.



LEAN

This principle aims to reduce complexity in order to speed up processes. The purpose is to eliminate waste and increase operational speed, resulting in leaner and more efficient processes. Reducing complexity accelerates task execution, while improving productivity and business efficiency.

SIX SIGMA

Six Sigma focuses on reducing variability in order to improve process performance. The goal is to develop processes that increase customer value by reducing variability and defects. Less variability in processes leads to improvements in performance and the overall quality of products and services.

By combining the Lean and Six Sigma principles, Biofarma aims to achieve business excellence: the speed achieved with the Lean approach promotes Six Sigma quality and vice versa. Increased speed accelerates learning and reduces errors, while increased quality reduces defects and reworking, helping to improve overall operational efficiency.

THE LSS PATH

The Lean Six Sigma path is divided into three key phases:



ACTIVATION

In this phase, the organisation's resources are engaged in project activities and receive training in Lean Six Sigma methodology. The aim is to prepare the team to understand and apply the principles of LSS in day-to-day operations.



IMPLEMENTATION

During the implementation phase, the team is supported in the practical application of the LSS methodology.



CONTINUOUS APPLICATION

The final stage in the process involves the autonomous and continuous application of an efficiency culture. Once this stage is reached, the organisation is able to maintain and continuously improve its operational processes autonomously, ensuring continuous and sustainable improvement.

International approach to sustainability

The pharmaceutical and cosmetics sector is **increasingly focused on sustainability**, reflecting a global trend towards **more ESG-responsible practices**.

While the pharmaceutical industry is crucial for public health, it presents significant challenges in terms of environmental impact.

The production, use and disposal of drugs can cause environmental contamination.

To mitigate these impacts, **the European Commission has introduced regulations** to reduce the use of plastics and improve differentiated waste collection: **a variety of targets** have been introduced, starting with macro targets **such as the reduction of packaging** (5% by 2030, 10% by 2035 and 15% by 2040), others that require EU countries to **reduce plastic packaging waste** in particular, and targets for businesses, who for example will be required to offer a certain percentage of products in **reusable or refillable**

packaging. Standards for clear labelling of reusable packaging will also be introduced.

Pharmaceutical companies are adopting eco-design strategies to improve the sustainability of their products.

Key innovations include the use of recycled materials such as r-PET and r-HDPE, and the adoption of bioplastics derived from renewable sources such as sugar cane. The use of glass, FSC-certified cardboard and plant-based bioplastics such as PLA is also increasing.

In addition, the use of by-products from the food industry, such as olive oil, is becoming a common practice to create biodegradable packaging materials.

These innovations not only reduce environmental impact, they also improve the brand perception among consumers.

Comparison with other sectors, such as the automotive and food industries, reveals similarities and differences in sustainability practices.

The automotive industry, for example, is investing heavily in reducing emissions and adopting renewable energy. Similarly, the food industry is improving sustainability practices by adopting eco-friendly packaging and reducing food waste.

The pharmaceutical and cosmetics industry is making significant progress towards

sustainability through the adoption of innovative practices and alignment with environmental regulations. However, it continues to face unique challenges

related to the nature of its products and the need to ensure the safety and efficacy of materials and processes.

CONSISTENCY WITH SCOPE EXTENSION

As part of its ongoing commitment to sustainability and innovation, **Biofarma has added Nutraskills**, a company with a strong sustainability strategy, **to its portfolio.**

The acquisition is an important step for Biofarma as it strengthens its position as an industry leader and promotes the integration of

advanced sustainable practices into its daily operations.

Nutraskills stands out for its commitment to a responsible purchasing approach that protects human rights and minimises environmental impact. It has implemented several initiatives to support the UN SDGs. **Specifically, Nutraskills' strategy is based on:**



RESPONSIBLE PURCHASING

NutraSkills works ethically with its suppliers, signing a social responsibility charter and regularly auditing sustainability practices.



ENVIRONMENT

The company is committed to reducing its environmental impact through waste management, reduction of CO₂ emissions and promotion of recycled packaging.



SOCIAL AND HUMAN RIGHTS

NutraSkills pays great attention to human rights, ensuring a safe, diverse and inclusive working environment, and maintaining constant communication with its employees.

¹ Source: European Commission, euronews

GLOBAL COMPACT

During 2023, Biofarma started the process to join the **United Nations Global Compact**, a voluntary leadership platform for the development, implementation and dissemination of responsible business approaches.

The UN Global Compact invites companies around the world to **align their operations and strategies with ten universally accepted principles** in the areas of human rights, labour, environment and anti-corruption and to act in support of the UN goals embodied in the **Sustainable Development Goals (SDGs)**:



1. **Support and respect internationally proclaimed human rights** within their respective spheres of influence.
2. **Ensure that they are not, directly or indirectly, complicit in human rights abuses.**
3. **Uphold workers' freedom of association** and recognise the right to collective bargaining.
4. **Support the elimination of all forms of forced and compulsory labour;**
5. **Support the effective abolition of child labour.**
6. **Support the elimination of all forms of discrimination** in respect of employment and occupation.
7. **Support a precautionary approach** to environmental challenges.
8. **Undertake initiatives** that promote greater **environmental responsibility.**
9. **Encourage the development** and diffusion of environmentally friendly technologies that respect the environment.
10. **Work against corruption** in all its forms, including extortion and bribery.

CHAPTER 2

The Group: long-term sustainable growth

8 PRODUCTION
FACILITIES

6% INCREASE IN
ECONOMIC VALUE
GENERATED

6 FACILITIES
IN EUROPE

14% INCREASE IN
ECONOMIC VALUE
DISTRIBUTED

89% % OF DISTRIBUTED
VALUE IN RELATION
TO GENERATED VALUE



Biofarma milestones

The Biofarma Group is a CDMO specialising in the development, production and packaging of food supplements, medical devices, probiotics and cosmetics, exclusively for third parties.

2023, A YEAR OF CHANGE

ACQUISITION OF US PHARMA LAB

On 25 July 2023, the Group acquired the entire share capital of US Pharma Lab, Inc. and its subsidiaries, with the exception of USA Formulations LLC, 1200 AP Road LLC, 1300 Airport Road LLC, Amol Pharmaceuticals and Aspire LLC.

The acquired companies include:

- **US Pharma Lab (USPL):** Laboratory specialising in the production of nutraceutical ingredients with distribution and light manufacturing operations in New Jersey, USA.
- **USPL Nutritionalis LLC (USN):** Nutritional manufacturing unit with operations in New Jersey, USA.
- **Amol Biotech Ltd. (ABL) & ACI Biotech Import & Export (ACI):** Specialising in the sourcing of nutraceutical ingredients and contract manufacturing in China, with operations in Shanghai.

MERGER OF IHS SRL, APHARM SRL AND PASTEUR SRL INTO BIOFARMA SRL

In the first quarter of 2023, Biofarma simplified its legal structure in Italy by merging IHS, Apharm and Pasteur into Biofarma S.r.l., completing the process on 15 June 2023.


MERGER OF NUTRILINEA SRL WITH BIOFARMA SRL

In the fourth quarter of 2023, Biofarma completed the merger of Nutrilinea S.r.l. with Biofarma S.r.l., further optimising the corporate structure.

NEW STRATEGIC PROJECTS

Since July 2023, the Company has activated three strategic projects involving:

- A long-term strategic review
- Operational excellence to unlock further opportunities for margin improvement.
- A review of the global ICT setup

- 
- 1987 • Establishment of Biofarma
 - 1991 • Biofarma starts producing food supplements
 - 2010 • AIFA certification obtained for the pharmaceutical workshop
 - 2013 • Construction of the Farma tower for productions using lactic acid bacteria
 - 2018 • Expansion and renovation of production sites
 - 2019 • Creation of the new logistics hub in Mereto
 - 2020 • Creation of the Biofarma Group (Apharm, Biofarma, Claire, Nutrilinea and Pharcoterm)
 - 2021 • Entry of IHS (International Health Science) into the Group
 - 2022 • French private equity group Ardian acquires a majority share in the Group from White Bridge Investments
 - 2023 • Acquisition of US Pharma Lab and optimisation of the corporate structure through mergers

AN EXPLOSIVE START

This would certainly be the most appropriate adjective to describe the creation of **Biofarma**.

In the warehouses of a chemical company immersed in the countryside of **a small village in rural Friuli**, the residue of nitrocellulose-based processes used to produce explosives were stored: a project set up to reuse the production scrap was the start of **the manufacturing adventure of Germano Scarpa and Gabriella Tavasani**.

The year was 1987.

At the time, Scarpa and Tavasani were in their early twenties and had just begun to explore the world of work: Gabriella was a promising science teacher, Germano was an enterprising medical and scientific representative employed by a pharmaceutical company that is still an important player on the world market today.

On a day like many others, Germano Scarpa was looking at a list of over sixty destinations throughout the region where he could go to work. **He chose Mereto di Tomba**. It was also a beautiful morning; the cold November sun lit up the surrounding countryside, and Germano still recalls the charm of landscape and the image of a nearby mill.

A sign of destiny?

Only time has been able to provide explanations for the choice he made that morning, paving the way for the future of his family and the history of his company.

The project to reuse the processing scraps soon gave way to an initiative closer to Germano's scientific knowledge and skills. He wanted to start making creams. He and his wife soon began to fill the warehouse with their ideas.

Among the many things they found there was a small, old, turbo emulsifier: a good carpenter did the impossible task of restoring it.

The production adventure began.

Driven by firm convictions and clear values, investing for the long term, and looking to the future with courage and a spirit of collaboration, step by step, Germano and Gabriella were joined by many other people who believed in their project and helped make it happen.

The warehouse and the old turbo emulsifier in the Mereto countryside soon gave way to an operation that grew in leaps and bounds, quickly becoming a leading name on the international market.

Biofarma's story shows how doing business and being a business is the same thing.

It shows that it is necessary to establish essential principles and human values to cement the company's foundations, even before setting up the production plants.

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



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



OUR STORY STEP BY STEP

Biofarma has always stood out for its strong drive for innovation and great attention to investments, a focus that has studded its growth with meaningful achievements, from obtaining certifications to expanding its production facilities.

When Biofarma opened its doors to nutraceuticals in 1991, it turned from being a minor cosmetic producer into a key player on the solid and liquid food supplements market and, subsequently, expanded its production capacity with the addition of medical devices to its portfolio.

2010 was marked by **AIFA certification for the pharmaceutical workshop** and, later, **for the QC laboratory for the production of probiotics**. The Farma tower, built in 2013, was the first European plant dedicated to making products based on lactic acid bacteria.

2018 saw the launch of a major project for the expansion and renovation of the production sites, reflecting a corporate policy based on innovation, excellence and – above all – environmental sustainability.

The office tower was built, combining green building and circular economy principles in a multifunctional structure that houses an auditorium and ample spaces for meetings, conferences, and for welcoming customers. The lightness

of the fir wood used in the construction and the limited number of metal elements express the synergy between architecture, engineering and innovation, making the tower a symbol of the desire to build ethically, with the utmost respect for people and the environment.

The completion of Biofarma 2 enabled the company to re-organise its spaces and work areas and continue to expand its equipment, machinery, and qualified personnel.

The cosmetics and cosmetic bags packaging department, previously located in Biofarma 1, was transferred to the new production facility in Biofarma 2 and **occupies an area of 3,800 square meters**.

This also made it possible to expand the packaging and production departments for supplements and cosmetics production in Biofarma 1, for a general enlargement of the organisation's production capacity to accommodate the increase in market and customer demand.

To continue offering increasingly secure product traceability and availability and ensure prompt delivery, **the new Logistics Hub went into operation on July 1, 2019**. It comprises logistics and shipping areas with high levels of computerization and automation and can accommodate up to 20,205 pallets. **It uses photovoltaic panels, allowing the organisation to produce 8% of its annual energy requirement**.

Both the office tower and Biofarma 2 **use the Elysium covering system**, which employs paint based on vegetable oils for **a significant reduction in environmental impact**.

The giant leap came in 2020.

The Scarpa family's dream was to create a timeless company that looks beyond the founding generations and the present towards the future, and is supported by a group of people who share its values and goals and develop a great industrial development project.

The dream became a reality on 12 February 2020, with the creation of the Biofarma Group.

Apharm, Biofarma, Claire, Nutrilinea and Pharcoterm completed an integration process to form a production operation that quickly became the key player in Health and Beauty Care contract manufacturing in the national and international market.

Like all important projects, this one was the result of a group of people united by the same values and the same principles. Only a clear understanding of these assumptions made it possible to lay the foundations of a solid, forward-looking organisation, bringing together far-sighted entrepreneurs, excellent management, and a group of lenders who believed in the industrial project and provided the investments necessary to build its economic strength.

The integration has enabled the Biofarma Group to establish itself as a unique partner for its customers thanks to its capacity for innovation, cutting-edge production technologies and the excellence of its human capital.

In 2021, IHS (International Health Science) joined the Group, bringing highly specialised know-how in the distribution of scientific supplements and medical devices to enable the organisation to compete as a primary player at global level. An evolution that convinced **Ardian**,

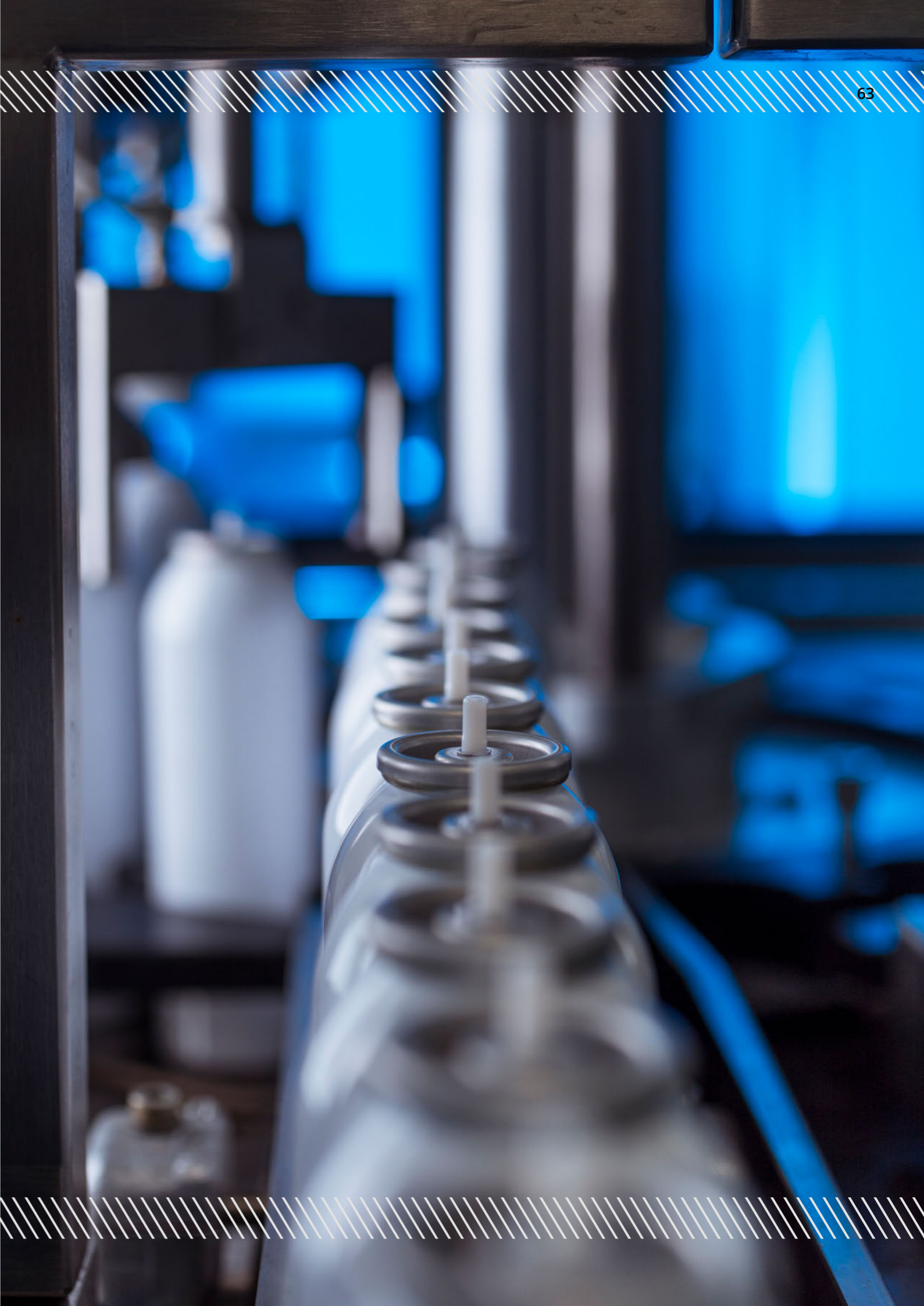
a world-leading French private equity operator, to acquire the majority stake in the Group from White Bridge Investments in January 2022.

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

The acquisition involved both Nutraskills business units: **Codilab** (CMO of solid supplements with a plant in Herbergement) and **Laboratoire Pierre Caron** (CDO with a plant in Sérent for contract formulation and packaging of food supplements). This laid the foundation for an internationalisation process whose goal is to become the world leader in nutraceuticals.

On 25 July 2023, the Group acquired the entire share capital of US Pharma Lab, Inc. and its subsidiaries, with the exception of USA Formulations LLC, 1200 AP Road LLC, 1300 Airport Road LLC, Amol Pharmaceuticals and Aspire LLC.

This strategic partnership is a significant development for the **Biofarma Group**, which **has become the first global CDMO focused on nutraceuticals, with a manufacturing presence in the US, Europe (Italy and France) and China**, and with innovation capabilities on both sides of the Atlantic.





Core markets

FOOD SUPPLEMENTS AND MEDICAL DEVICES

In terms of size, **the global market for food supplements** – according to Innova Market Insights data for 2023 – **is worth \$146 billion, with annual growth of around 6.6%.**

This increase in consumer interest is generated by **a growing awareness of the importance of preventive healthcare**, particularly among adults and the elderly.

In fact, the highest sales figures are among citizens aged between 25 and 65.

The numbers are set to grow if, as WHO data indicate, the number of elderly people will double in the next 20 years.

The size of the European market for supplements was just over € 12 billion in 2023, or 11% of the global value.

It was the slowest growing of the world's key regions, with a CAGR of +3.7 % in 2019-2023 vs. global CAGR of +6.6%. **Italy is the leading market** and the only European country to be among the top 10 in the world.

Italy is the European leader in the food supplement market, **with average per capita expenditure of € 64 and 1/3 of the population regularly using these products.**

The Italian market is worth more than € 4.5 billion, representing 28.6% of the European market. Increasingly, supplements are the response to the need for prevention and self-care.

The main sales channel remains the pharmacy with a share of around 78%, followed by large-scale distribution, parapharmacies and e-commerce, which continues to register double-digit growth.

The Italian food supplements market has been growing steadily in recent years, **with growth of +5.5% in value and +1.7% in volume in 2023.**

There has been an increase in life expectancy and the average age of the population, which, together with the development of modern food technology, has led to **greater awareness of the importance of healthy lifestyles** (attention to diet, exercise) in order to avoid health problems and, **from a preventive perspective, to stay healthy.**

COSMETICS

The total turnover of the cosmetics industry in Italy exceeded € 11.9 billion in 2023, an increase of 10.1% compared to 2022. After a 2020 strongly influenced by the pandemic, signs of recovery were observed in both 2021 and 2022.

The “Centro Studi” of Cosmetica Italia (national association of cosmetics companies) projects a **14% increase in exports by the end of 2023**, thanks to European and international trade, together with the recovery of global travel.

Forecasts for the end of 2023 indicate **growth in e-commerce, pharmacies, and large-scale retail.**

Professional channels have also reacted positively, with hairdressing and the beauty sector reporting year-end estimates of € 520 million and € 190 million.

Perfumery sales grew by 22.1%, approaching pre-pandemic levels, while **the herbalist channel recorded 12.7% growth.** Finally, **direct sales posted a 3.7% increase.**

Manufacturing plants

In order to meet the production needs of the markets in which it operates, Biofarma has developed an broad network of production facilities. This section examines only the operating sites in the scope of analysis, namely those in France and Italy.

MERETO DI TOMBA (HQ)

Udine, Italy

A plant specialising in the production of solid and liquid nutraceuticals, medical devices for topical and oral use, supplements, cosmetics and probiotics. The Group's headquarters are also located in Mereto di Tomba.

SURFACE AREA: 50,000 m²

WAREHOUSE: 30,000 pallet spaces

GALLARATE

Varese, Italy

Plant specialised in the production of solid nutraceuticals, medical devices for oral use, and sports nutrition.

SURFACE AREA: 9,000 m²

WAREHOUSE: 2,000 pallet spaces

SÉRENT

Brittany, France

Plant specialising in the production of solid nutraceuticals.

SURFACE AREA: 2,400 m²

WAREHOUSE: 1,500 pallet spaces

L'HERBERGEMENT

Pays de la Loire, France

Plant specialising in the production of solid nutraceuticals.

SURFACE AREA: 4,800 m²

WAREHOUSE: 1,650 pallet spaces

Sérent,
Brittany
L'Herbergement,
Pays de la Loire

Gallarate,
Varese

Cusano
Milanino,
Milan

San Pietro Viminario,
Padua

Mereto di Tomba,
Udine

CUSANO MILANINO

Milan, Italy

Plant specialised in the production of solid nutraceuticals, medical devices for oral use, and sports nutrition.

SURFACE AREA: 3,700 m²

WAREHOUSE: 1,300 pallet spaces

SAN PIETRO VIMINARIO

Padua, Italy

Plant specialising in the production of topical medical devices and cosmetics.

SURFACE AREA: 3,700 m²

WAREHOUSE: 3,100 pallet spaces

USA AND CHINA

**The following plants are outside the scope of the 2023 Sustainability Report:*



North Brunswick, New Jersey, USA

Plant with primary manufacturing specialisation in solid-dose nutraceuticals, single and multilayer tablets, mini-tabs, chewable and oral-dissolving tablets, capsules, oral-dissolving powders, ready-to-drink powders, and custom powders.

SURFACE AREA: 28,335 m²

WAREHOUSE: 9,220 pallet spaces

Shanghai, China

Plant specialising in the production of supply and granulation of botanical extracts, amino acids, crushed vitamins, specialty products and value-added pre-mixes, especially for more specific nutritional actives.

SURFACE AREA: 5,574 m²

WAREHOUSE: 452 pallet spaces

Group services

The **skills** built up over the years in dynamic markets and different geographical contexts have enabled Biofarma to **develop a complete service and fully controlled process**, from research and development to the delivery of the finished product.

RESEARCH AND DEVELOPMENT

The Biofarma Group is a CDMO with a strong vocation for research and innovation, with an approach that focuses on people and their needs for progress that prioritises human, environmental and sustainable well-being for the benefit of the whole community.

This is why Biofarma Group research operations are conducted in **two separate divisions: the RESEARCH & INNOVATION CENTRE and the DEVELOPMENT CENTRE**. The Innovation Centre is a team of professionals that researches new solutions with a high innovation content, in collaboration with an ecosystem of start-ups, universities, research institutes and recognised key opinion leaders.

The **Development team consists of more than 50 specialists** with strong multi-sector technical skills, who, starting from an idea, develop its pharmaceuticals and industrialisation.

QUALITY CONTROL LABORATORY

Continuous innovation is synonymous with consistent quality. This is what the Biofarma Group laboratories ensure in the development, fine-tuning, transfer and validation of analytical methods.

In **the chemical-physical and microbiological analysis laboratories**, specific professional skills collaborate with prestigious research centres and universities, using sophisticated analytical technologies.

Since 2016, **the Quality Control Laboratory at the Mereto plant has been AIFA-certified**.

REGULATORY SUPPORT

Within the Group, the Regulatory Department makes its expertise available in order to comply with the regulatory requirements for the different product categories.

The team of highly qualified experts is able to provide a tailor-made regulatory package to meet the multiple needs of the companies seeking to obtain and maintain the necessary product marketing authorisations.

PACKAGING

The Group specialises in the production of a range of products in **a variety of packaging**, with a strong focus on process and product sustainability with the guarantee of total quality and safety.



PRODUCTION

The international partners with whom the Biofarma Group interfaces have always recognised the Group's high focus on quality and technology, as a result of **continuous investment in product**, process and technology innovation.

The specialisations of each of the Group's 8 production sites make it possible to offer customised solutions and a complete across-the-board service from the development of the idea to the finished product.

LOGISTICS

In July 2019, **the Logistics Hub was opened at the Mereto site**, with a highly **computerised and automated logistics area** and shipping area, perfectly capable of responding to current and future needs.

The hub is designed to adapt to new distribution models, ensuring speed, flexibility and continuous innovation, essential elements to compete internationally.

At Biofarma, the logistics department **offers a product traceability and availability service**, guaranteeing prompt delivery.

Biofarma's institutional and disclosure commitment

As a key player in the nutraceutical and cosmetics industry, the Biofarma Group regularly attends trade fairs, conferences and scientific conventions. This allows it to stay at the forefront of industry developments, share knowledge and promote innovation through academic and professional networks.



COSMOPROF

BIOFARMA GROUP PROPOSES NUTRICOSMETICS AND SOLID COSMETICS

Once again in 2023, the Biofarma Group was one of the exhibitors at Cosmoprof Worldwide Bologna, **the most important international trade fair dedicated to all components of cosmetics supply chain.**

The event was **an important opportunity to present the latest technological innovations and the most innovative solutions in the field of beauty.** These included solid-format cosmetics made without or with a very low water content, a feature that makes them sustainable from a water-saving perspective. These concentrated formulas are rich in active ingredients, making the products more durable than traditional cosmetics without the need for preservatives. In addition, their solid form reduces waste and product residues released into the environment, and makes them travel-friendly.

There was also no shortage of **nutraceutical proposals with a beauty target:** a perfect combination of nutrition and cosmetics, with functional ingredients that, taken orally, benefit the skin, hair or nails, to improve appearance starting from within.

CPHI IN BARCELONA

BIOFARMA PRESENTS THE NEW AMERICAN TECHNOLOGIES

This leading global platform for companies in the pharmaceutical supply chain was held in Barcelona from 24 to 26 October 2023. Each year **CPHI brings together more than 100,000 pharmaceutical professionals** through exhibitions, conferences and online communities **to network, explore new business opportunities and expand the global market.**

The innovative technologies developed at the Group's 8 plants with their cutting-edge technological and production skills were centre stage. In particular, **the fair allowed the Group to present to the European market the new American technologies that have become part of the Biofarma range thanks to the recent acquisition of US Pharma Lab.**

SUPPLY SIDE WEST

THE LEADING US EVENT FOR NUTRACEUTICALS

The Biofarma Group participated for the first time at Supply Side West in Las Vegas, **an annual event that brings together health and nutrition professionals in the world's largest nutraceutical marketplace** to network and explore industry trends, scientific innovations and top performing products.

The Group was represented by the newly acquired US Pharma Lab, which presented the new strategic partnership to existing and potential customers, highlighting the new joint production capabilities in food supplements, probiotics, medical devices and cosmetics.

MAKING COSMETICS & IN-VITALITY

INNOVATIONS IN COSMETICS AND NUTRACEUTICALS IN MILAN

The Biofarma Group participated for the first time in Making Cosmetics & in-Vitality, **an emerging event with two focuses: the first dedicated to the cosmetics sector and the second to the nutraceutical sector.**

An opportunity to keep abreast of the main trends and developments in raw materials and technologies in the Health & Beauty Care world.

Economic value generated and distributed to stakeholders

In order to ensure that the sustainability information is in line with the financial information, **the data reported in this chapter include all of the Group's operating facilities.**

This means that, although some locations have been excluded from the main analysis as explained in the methodological note, their data are nevertheless included in this section to provide **a complete and integrated picture of the Group's activities.**

As for 2022, the reclassification of the economic value generated and distributed in 2023 follows the national accounting system with reference to the IFRS international standards. The figures for 2022 differ from those in the previous Sustainability Report, as they refer to the enlarged scope. For this reason, **the figures in the Sustainability Report are consistent with those in the "2023 Annual consolidated financial report".**



PERFORMANCE (THOUSANDS €)	2023
Revenue	432,500 €
Value of production (VoP)	442,346 €
Personnel costs / Revenue	12.36%
Purchases of goods / Revenue	40.76%
Purchases of services / Revenue	13.77%
Use of third-party assets / Revenue	7.03%
Miscellaneous operating charges / Revenue	2.31%

The revenue figures used for the normalisation of the data in the environmental chapter take into account the value strictly related to the Business Units and Plants that generated the data. For this reason, they do not coincide with the figures reported here. **The economic value generated by the Biofarma Group during 2023 was € 442 million, an increase of 6% compared to the previous year.**

Biofarma's success is closely linked to its **innovative and sustainable business management**, an approach that has enabled the organisation to stand out in the market. With an unwavering focus on sustainability, **Biofarma has integrated eco-friendly practices into all its operations, from supply chain management to production**, and this has led not only to a reduction in operating costs, but also to significant competitive advantages.

A prime example is the optimisation of packaging, which uses sustainable materials and advanced technologies such as Bag-on-Valve (BOV), helping to reduce environmental impact without compromising quality and safety.

At the same time, **Biofarma has devoted substantial resources to research and development to promote innovation**, resulting in cutting-edge products in the nutraceutical and cosmeceutical sectors and achieving considerable success in the market, which has opened up new opportunities for economic growth and further consolidated the Group's competitive position.

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

In 2023, the distributed value percentage of 89% or € 271 million of generated value was emblematic of this approach. Despite the problems of inflationary raw material costs and the exogenous dynamics affecting the sector, Biofarma managed to mitigate their effects through prudent resource management and diversification of supply sources.

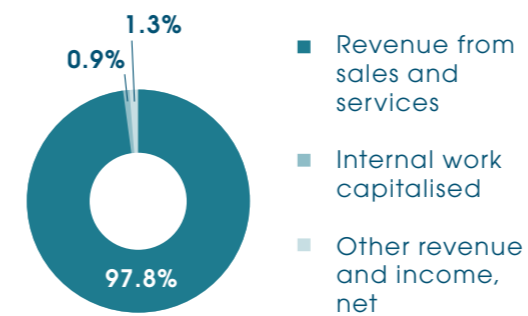
PERFORMANCE (THOUSANDS €)	U.o.M.	2023	2022	VARIATIONS	
Directly generated economic value	<i>thousands €</i>	442,346 €	417,350 €	24,996 €	6.0%
Sales and service revenue	<i>thousands €</i>	432,500 €	409,600 €	22,900 €	5.6%
Internal work capitalised	<i>thousands €</i>	4,063 €	2,732 €	1,331 €	48.7%
Other net revenue and income	<i>thousands €</i>	5,783 €	5,018 €	765 €	15.2%
Distributed economic value	<i>thousands €</i>	392,991 €	345,119 €	47,872 €	13.9%
<i>% of Economic Value Generated</i>		89%	83%		6.0%
Reclassified operating costs	<i>thousands €</i>	282,480 €	189,984 €	92,496 €	48.7%
Raw materials, ancillary and consumer goods	<i>thousands €</i>	180,305 €	109,977 €	70,328 €	63.9%
Costs for services	<i>thousands €</i>	60,899 €	35,048 €	25,851 €	73.8%
Costs for use of third-party assets	<i>thousands €</i>	31,077 €	23,221 €	7,856 €	33.8%
Miscellaneous operating charges	<i>thousands €</i>	10,199 €	21,738 €	-11,539 €	-53.1%
Remuneration of personnel	<i>thousands €</i>	54,662 €	25,999 €	28,663 €	110.2%
Personnel costs	<i>thousands €</i>	54,662 €	25,999 €	28,663 €	110.2%
Remuneration of lenders	<i>thousands €</i>	45,438 €	20,027 €	25,411 €	126.9%
Interest and other financial charges	<i>thousands €</i>	45,438 €	20,027 €	25,411 €	126.9%
Remuneration of shareholders	<i>thousands €</i>	0 €	0 €	0 €	-
Distributed profits	<i>thousands €</i>	0 €	0 €	0 €	-
Remuneration of Public Authorities	<i>thousands €</i>	10,411 €	109,109 €	-98,698 €	-90.5%
Income taxes	<i>thousands €</i>	10,411 €	109,109 €	-98,698 €	-90.5%
Community	<i>thousands €</i>	0 €	0 €	0 €	-
Donations	<i>thousands €</i>	0 €	0 €	0 €	-

The increase in operating costs is directly related to the rise in revenue.

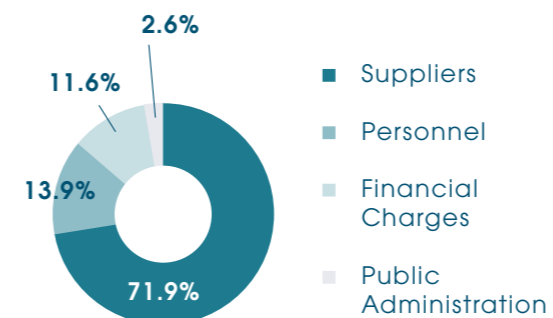
This reflects the expansion of the organisation's activities, including the new acquisitions, and translates into higher costs, including personnel costs.

The increase is consistent with the expansion of the Group's operations and corresponds to the data presented in this Report, which shows a balance in the increases in revenue and in operating costs.

ECONOMIC VALUE GENERATED



ECONOMIC VALUE DISTRIBUTED



CHAPTER 3

Corporate organisation: the new structure

Kepler S.p.A. is a holding company which, through its majority-owned subsidiary Vegeta S.p.A., is indirectly under the control of Ardian Buyout Fund VII B SLP. Vegeta S.p.A. was established on 7 February 2022 for the specific purpose of acquiring the Biofarma Group from White Bridge Investments and other vendors.

On 27 March 2022, Ardian Buyout Fund VII B SLP, Victoria HD S.r.l. and management completed the acquisition of the Biofarma Group, created in February 2020 through the merger of Biofarma S.r.l., Nutrilinea S.r.l, Apharm S.r.l., Pasteur S.r.l. and International Health Science S.r.l.

Kepler S.p.A. completed the acquisition through the new company Tauri S.p.A., which was subsequently merged with Biofarma S.r.l.

The Corporate Governance model

The **governance** of the limited liability companies belonging to the Group **conforms to a traditional organisational model**, consisting of various bodies:

- **The Shareholders' Meeting**, which represents the collective interest of the company's owners, has the power to pass resolutions on the most crucial issues for the life of the company, such as the appointment of the board of directors, the approval of the financial statements and amendments to the articles of association.
- **The Board of Directors** exercises its functions through the managing directors, while the Board of Auditors meets on a quarterly basis.
- **A Supervisory Board**, in compliance with Law 231/2001, meets monthly to address Group risks and concerns.

The centre of the organisational structure is the Board of Directors, entrusted with strategic and organisational functions and vested with all powers not expressly reserved to the Shareholders' Meeting by law or the articles of association. Its mission includes **management of the company's ordinary and extraordinary administration**. The **Board of Statutory Auditors**, consisting of standing auditors and alternates elected by the Shareholders' Meeting, **serves for a three-year term**, is eligible for re-election and completes its term of office on the date of the Shareholders' Meeting called to approve the financial statements for the third financial year.

Composition of the Biofarma Group Board of Directors as at 31.12.2023.

NAME	SURNAME	F/M	POSITION	PLACE OF BIRTH	DATE
Andrea	Audisio	M	Director	Turin (TO)	04/10/1996
Gianfranco	Nazzi	M	Director	Udine (UD)	30/06/1968
Yann Marie Serge	Chareton	M	Director	Gabon	08/01/1978
Claudio	Colombi	M	Director	Vizzolo Predabissi (MI)	09/04/1970
Massimiliano	De Santis	M	Secretary	Vittorio Veneto (TV)	25/07/1978
Giacomo	Forti	M	Director	Cesena (FC)	22/02/1987
Aldo	Mazzocco	M	Director	South Rhodesia	02/09/1961
Fabrizio	Raso	M	Director	Genoa (GE)	14/02/1994
Germano	Scarpa	M	Chair	Udine (UD)	04/06/1959
Gabriella	Tavasani	F	Director	Gorizia (GO)	28/11/1964

Composition of the Biofarma Group Board of Directors as at 31.07.2023.

NAME	SURNAME	F/M	POSITION	PLACE OF BIRTH	DATE
Andrea	Audisio	M	Director	Turin (TO)	04/10/1996
Scarlett Eurydice Iphigenie	Broca	F	Director	France	23/04/1982
Yann Marie Serge	Chareton	M	Director	Gabon	08/01/1978
Claudio	Colombi	M	Director	Vizzolo Predabissi (MI)	09/04/1970
Massimiliano	De Santis	M	Secretary	Vittorio Veneto (TV)	25/07/1978
Giacomo	Forti	M	Director	Cesena (FC)	22/02/1987
Aldo	Mazzocco	M	Director	South Rhodesia	02/09/1961
Fabrizio	Raso	M	Director	Genoa (GE)	14/02/1994
Germano	Scarpa	M	Chair	Udine (UD)	04/06/1959
Gabriella	Tavasani	F	Director	Gorizia (GO)	28/11/1964



RESPECT



TRUST



RESPONSIBILITY



TEAM SPIRIT



INNOVATION



COURAGE



Ethics, integrity and compliance

The Biofarma Group embodies a deep dedication to innovation, a fundamental component of its core identity; thanks to the tenacity, consistency, expertise and creativity of its team, Biofarma has shaped a success story, **establishing itself as a major player in the international CDMO market.**

The principles that guide the Group as a business player are numerous and varied: **respect, trust, responsibility, team spirit, innovation and courage**; these principles require each individual to adopt both a social and a moral perspective, taking responsibility for their decisions and actions and behaving consistently and consciously, **with the aim of achieving the highest possible level of fulfilment**, both for the Group and for themselves.

The management of business ethics and integrity is headed by the Supervisory Board, which, in addition to managing the monitoring and control of the crime risk prevention model, also has the task of monitoring the implementation of the values and ethical principles laid down in the Code of Ethics and set out in the corporate regulations.

To do so **it uses tools such as inspections** or periodic checks with senior personnel.

This process takes place every two months, and every six months information flows are collected through specific procedural forms.

In the event of Non-Compliance and Corrective Actions, developments are constantly monitored.

The French subsidiary Nutraskills has adopted the practice of giving the Code of Ethics to every new employee, while its managers participate in courses on business ethics. Since July 2023, Nutraskills has adopted the Conflicts of Interest Policy.

As part of corporate governance, **corruption risk management is a key component in ensuring the integrity and transparency of operations.**

Biofarma has conducted an in-depth analysis to identify and assess corruption risks in the different operational areas.

The main risks that emerged and the critical areas are described below:

PURCHASING CYCLE PROCESS

The risk of corruption may arise during the procurement and supplier management process, including the selection and purchase of goods and services.

Manipulation of contracts, overbilling or favouritism towards certain suppliers represent potential threats.

PERSONNEL SELECTION AND MANAGEMENT

Risks associated with corruption may emerge during the recruitment, promotion and management of personnel. Favouritism, nepotism or exchanges of favours in order to gain personal advantages are examples of at-risk behaviour.

SECURITIES AND REAL ESTATE MANAGEMENT

Corruption can occur in the management of the organisation's assets, both movable and immovable. Non-transparent transactions, incorrect valuations or the misuse of resources are potential risks.

MANAGEMENT OF INSPECTION VISITS AND RELATIONS WITH PUBLIC AUTHORITIES

Relations with public authorities and the management of inspection visits may expose the organisation to corruption risks, including attempts to influence inspectors or obtain favourable treatment through unlawful means.

APPLICATION FOR FINANCING, SUBSIDIES, CONCESSIONS AND AUTHORISATIONS

The processes of applying for financing, subsidies, concessions or authorisations may be subject to corruption.

The risk includes the manipulation of information or the offer of bribes to obtain improper advantages.

CUSTOMER MANAGEMENT

Corruption is a risk in the management of customer relations, in particular through favouritism, the offer of illicit incentives or the manipulation of sales contracts.

RELATIONS WITH BANKS

Relations with banks may expose the organisation to corruption risks, such as illicit favours in exchange for favourable financial terms or the concealment of non-transparent transactions.

MANAGEMENT OF DONATIONS, SPONSORSHIPS AND FREE LOANS

Donations, sponsorships and free loans may be used as a means for corrupt activities, including illicit financing, favouritism or the misuse of corporate resources for personal gain.

COLLECTION AND PAYMENT MANAGEMENT

Collection and payment processes are vulnerable to corruption through false payments, manipulation of financial records or misuse of corporate funds.

EXPENSE REIMBURSEMENT MANAGEMENT

Expense reimbursement management can be susceptible to corrupt practices, such as submitting false or inflated expenses to obtain undue reimbursements.

CASH MANAGEMENT

Cash management presents corruption risks related to the manipulation of funds, misappropriation or inaccurate financial records.

LITIGATION MANAGEMENT

The management of legal disputes may be subject to corruption risks, including attempts to influence the outcome of lawsuits by illicit means or non-transparent settlements.

As evidence of the work done by the Supervisory Board, **no episodes of anti-corruption and anti-competition were reported in 2023 and 2022.**

BIOFARMA CERTIFICATIONS

All the Group's certifications can be consulted via the following links.

CERTIFICATION	PLANT	LINK
Enviromental Policy	Mereto	Download
Workers' Health and Safety Policy	Mereto	Download
Quality Policy	Mereto	Download
Quality Policy	Gallarate	Download
ISO 13485 (Medical Devices)	Mereto	Download
ISO 13485 (Medical Devices)	Cusano Milanino	Download
ISO 13485 (Medical Devices)	Gallarate	Download
ISO 13485 (Medical Devices)	San Pietro Viminario	Download
ISO 22716 (Cosmetics)	Mereto	Download
ISO 22716 (Cosmetics)	San Pietro Viminario	Download
ISO 9001	Gallarate	Download
ISO 9001	Cusano Milanino	Download
GMP CRF Title 21, Vol2, Part 111 (Supplements)	Mereto	Download
GMP CRF Title 21, Part 111 (Supplements)	Gallarate	Download
GMP CRF Title 21, Vol2, Part 111 (Supplements)	Cusano Milanino	Download
GMP Pharma Aifa	Mereto	Download
Pet Food Supplement Authorization (Art 10 Of Reg. 183/2005/Ce)	Gallarate	Download
Kosher	Mereto	Download
Halal	Mereto	Download
Halal	Gallarate	Download
Cosmos	Mereto	Download
RSPO Mass Balance (Cosmetics)	Mereto	Download
ISO 45001:2018 (Safety)	Mereto	Download
NF EN 17444:2021 (anti-doping)	Sérent	

CERTIFICATION	PLANT	LINK
Organic Food	Mereto	Download
Organic Food	Gallarate	Download
Organic Cosmetics	San Pietro Viminario	Download
Fda Registration	Mereto	Download
Fda Registration	Gallarate	Download
Fda Registration	L'Herbergement	
Fda Registration	Sérent	
ISO 22000:2018	Cusano Milanino	Download
Manufacturing Licence It0610401189	Mereto	Download
IFS HPC-Household and Personal Care	Mereto	Download
Food Safety System Certification FSSC 22000	Gallarate	Download
Food Safety System Certification FSSC 22000	Mereto	Download
FDA Cosmetic Registration	Mereto	Download
FDA Cosmetic Registration	San Pietro Viminario	Download
ISO 14001 (Enviromental Management System)	-	Download
ISO 2200:2018	Sérent	
ISO 2200:2018	L'Herbergement	
ECOCERT	Sérent	
ECOCERT	L'Herbergement	
HACCP	Sérent	
HACCP	L'Herbergement	
FFL	Sérent	
FFL	L'Herbergement	
NF EN 17444:2021 (anti-doping)	L'Herbergement	

The certifications of the out-of-scope plants have not been listed.

MANAGEMENT OF MACROECONOMIC EVENTS

UKRAINE CONFLICT

The Company is not directly involved in sales to Russia or Ukraine; however, it produces nutraceutical products for European customers who deliver them to these markets, with sales estimated at € 8.2 million, less than 1.8% of total sales.

ISRAEL AND PALESTINE CONFLICT

The Company has limited direct sales exposure in Israel through the production of nutraceuticals and cosmetics for Israeli customers. Sales to Israel amount to € 1.2 million, less than 0.3% of total sales, with no delivery delays.

INFLATION

The Company is seeing a gradual reduction in the prices of raw materials, energy, labour and services, in light of an improving macroeconomic environment. This trend began to materialise in the first half of 2023, but became more pronounced in the third quarter of the year. In parallel, the Company continued to apply the planned price increases to meet the increased costs of 2022, supported by an ongoing dialogue with customers.

Furthermore, in December 2023, Biofarma reduced the impact of cost increases through mitigation actions such as efficiency operations and the introduction of new raw material and packaging suppliers.



CHAPTER 4

Product creation: the product chain, from supplier to customer

5 BUSINESS LINES

847 MILLION SUPPLEMENT CAPSULES PRODUCED

2,000 R&D PROJECTS DEVELOPED

22 SUPPLIERS ASSESSED IN ACCORDANCE WITH ESG CRITERIA



The quality and safety of our products

Ensuring the quality and safety of products is a primary interest of the Group, which successfully provides safe and high quality products. This is not only an ethical responsibility, but also a necessity to **maintain customer trust** and corporate reputation.

Biofarma continuously invests in research and development, implementing strict quality and compliance controls to ensure that each product meets the highest standards. This commitment is evident in all its product lines, **from food supplements to medical devices and cosmetics.**

FOOD SUPPLEMENTS IN NUMBERS

53 PRODUCTION LINES

70 PACKAGING LINES

847 MILLION CAPSULES MANUFACTURED EVERY YEAR

2.2 BILLION TABLETS A YEAR

75 mila kg OF FLUID BED GRANULES A YEAR

615 MILLION STICK PACKS A YEAR

342 MILLION SACHETS A YEAR

61 MILLION BLISTERS A YEAR

FOOD SUPPLEMENTS

With a focus on contract manufacturing, **Biofarma specialises in the production of food supplements and nutraceuticals.** Sourced from plants, foods and microbiotic sources, its supplements, available in solid and liquid forms, are designed to prevent chronic diseases,

improve health, delay ageing and increase life expectancy. **Various therapeutic areas are covered by the supplements**, including the immune system, gastrointestinal health, cardiac well-being, mental well-being and active ageing.

MEDICAL DEVICES

Medical devices, which are regulated separately from food supplements, are products that act on the body in a chemical-physical and/or mechanical way.

For this reason, medical devices **are highly effective remedies** and allow the trademark owner to promote the product by highlighting its therapeutic and preventive effects.

In developing and producing innovative and effective medical devices, the Biofarma Group operates both in out-licensing and for third parties.

A wide range of therapeutic applications, such as the immune system, the uro-genital system, dermatology, orthopaedics and proctology, are covered by the devices. From the initial design to the collection of technical and clinical data, through to marking and certification, the organisation manages every stage of production, ensuring compliance with regulations.

COSMETICS

The Biofarma Group is involved in **contract development, production and packaging of cosmetics**: from facial treatments to products for the body, hair, hygiene and skin care, even the sensitive and delicate skin of children.

By **promoting green and certifiable formulations**, it ensures that each product respects the environment and animals, and responds to modern beauty needs for the development of cosmetics that combine innovation and social responsibility.

PROBIOTICS

The Biofarma Group **manufactures products containing probiotics**, released as food supplements and medicines.

Probiotics are different strains of 'good' bacteria **capable of protecting the body, mainly by strengthening the intestinal ecosystem and positively influencing the immune system**.

For years, the efforts of researchers around the world have helped to clarify the role of probiotics and their unique symbiotic relationship with humans.

The impact of probiotics on health is something that science aims to understand in detail over the coming years.

CLINICAL STUDIES

The Biofarma Group **attributes great importance to clinical studies** to validate the efficacy and safety of its products.

By collaborating with research centres, universities and start-ups, **its R&D division develops more than 2000 projects annually**, many of which turn into successful products on the market.

The clinical studies conducted by the Group cover different therapeutic targets such as type 2 pre-diabetes, non-alcoholic hepatic steatosis, erectile dysfunction, pre-hypertension, sleep disorders, pre-depression, hyperuricemia and prostatitis.

PACKAGING ACCORDING TO BIOFARMA: A BROAD RANGE OF SOLUTIONS, SUSTAINABILITY AND CUTTING-EDGE TECHNOLOGIES

Biofarma places great emphasis on the sustainability of processes and products, ensuring the highest quality and safety at all times. The careful selection of packaging materials serves to preserve product integrity and efficacy while minimising environmental impact.

For the packaging of powders, Biofarma offers a variety of options such as **jars, stick packs, T-Win sticks and sachets**, providing solutions for different product and market requirements. **For capsules and tablets**, it uses **alu-alu and alu-pvc blisters and active vials with desiccants** to ensure optimal preservation of the active ingredients.

For liquids, Biofarma adopts a wide range of containers, including **glass and plastic bottles, single-dose vials with reservoir caps, stick packs, sachets, as well as vials with spray pumps, ampoules, phialoids, pen applicators and dropper bottles**, each designed to maximise convenience of use and protect contents.

In the case of combinations of solids and liquids, Biofarma offers innovative solutions such as the **Dry-Cap and M-Cap single-dose vials**, and ampoules with two/three-phase caps, which keep the components separate until use, preserving their efficacy. **Biofarma's pressurised solutions** include the **use of flammable and non-flammable propellants, as well as Bag-On-Valve (BOV) technology**, which improves product delivery and reduces waste.



Research and development as a tool for innovation

Research and development (R&D) is the heart of innovation at Biofarma, which constantly strives to design new products and improve existing ones through a continuous process of research, testing and development. This approach not only ensures the quality and efficacy of its products, but also allows Biofarma to anticipate and respond to the needs of its customers and the global market.

Through its Open Innovation approach, it has established partnerships with research centres, universities and start-ups at regional and national level, which enable it to explore and select the best available technologies, thus ensuring innovative and cutting-edge solutions.

With **seven R&D laboratories across Europe, the US and China**, Biofarma can offer customised solutions covering the entire process from product conception to final production, including quality control and regulatory support.

SHAPING THE FUTURE MAGAZINE: KNOWLEDGE AND DISSEMINATION AS BIOFARMA VALUES

Biofarma Group's 'Shaping the Future' magazine is a scientific education tool designed to promote knowledge and continuous dialogue, key elements for constant progress. Through the magazine, **readers can explore the Biofarma universe, stay up-to-date on the latest scientific trends and studies, and discover new products and innovative technologies.**

'Shaping the Future' is organised into **different thematic sections**, which include insights into important research projects, advanced technologies and new products with high innovation content.

Dissemination through the magazine is crucial both strategically and in terms of strengthening customer and community relations.

Strategically, 'Shaping the Future' allows Biofarma to position itself as a leader in innovation and sustainability, highlighting its ongoing commitment to research and development, and this helps consolidate its image and reputation as a pioneer in the industry.

Furthermore, the magazine brings Biofarma closer to customers and partners, **offering a comprehensive overview of activities and news**, creating a bond of trust based on transparency and openness.

From a sustainability perspective, sharing knowledge and innovations through the magazine can have a positive impact, promoting sustainable practices and general well-being.

PRE-DIABETES: THE BIOFARMA GROUP PROPOSAL TO MAINTAIN NORMAL BLOOD GLUCOSE LEVELS

The Biofarma Group presents Reglicem, a supplement for people with pre-diabetic conditions. The article examines the main benefits of the nutraceutical's active ingredients, and highlights the results of the related clinical study conducted by the Group.

Read the full article here: [LINK](#)

SLEEP DISORDERS: IMPROVING SLEEP QUALITY WITH A SUPPLEMENT

Biofarma **analyses the causes of sleep disorders and presents a range of supplements** developed to improve sleep quality. The article offers insights into the formulation and benefits of these .

More information can be found in the article here: [LINK](#)

IN SILICO TRIALS: THE CUTTING EDGE OF CLINICAL TRIALS TO SUPPORT THE BIOFARMA GROUP'S PRODUCTS

Biofarma discusses **the use of advanced technologies such as in silico trials for new product R&D**. These virtual studies make it possible to simulate the efficacy and safety of products, reducing development time and costs.

More details can be found in the article here: [LINK](#)

TECHNOLOGICAL INNOVATION IN FILM-COATING PROCESS MANAGEMENT

The article takes an in-depth look at **the innovative film coating techniques used by Biofarma** to improve production process management. These technologies help to improve the quality and effectiveness of finished products.

Find out more by reading the full article here: [LINK](#)

NUTRIGENOMICS: THE FUTURE OF HEALTHY LIVING

Biofarma is pushing the boundaries of health and wellness knowledge by **exploring nutrigenomics**, a cutting-edge field that examines how nutrition interacts with our genetic make-up. This innovative method **aims to analyse the impact of nutrients on gene activity and, consequently, on overall health**. Through nutrigenomics, it is expected to transform the approach to disease prevention and treatment by designing personalised nutritional strategies based on the genetic characteristics of each individual.

To find out more about nutrigenomics, read the full article in the Biofarma magazine: [LINK](#)

SOLID COSMETICS: GREEN TRAVEL-FRIENDLY BEAUTY

The Biofarma Group has **always promoted an idea of beauty that celebrates the use of eco-friendly technologies and natural products** composed of a few simple ingredients.

This concept is **perfectly embodied in solid cosmetics**, an area in which the Group has long been active with high-performance formulations and sustainable packaging.

These products allow a reduction in the use of water in the production process, as well as reducing waste and the use of preservatives. Furthermore, their solid form make it possible to reduce or eliminate the use of plastic in favour of **packs made from recyclable materials**, thus improving the product's sustainability credentials.

Through the use of the most advanced technologies, the **Biofarma Group has developed an entire range of solid products for face, hair and body**, whose active ingredients offer numerous benefits for the beauty and well-being of the end consumer.

To learn more about this project, read the full article here:

[LINK](#)

The supply chain

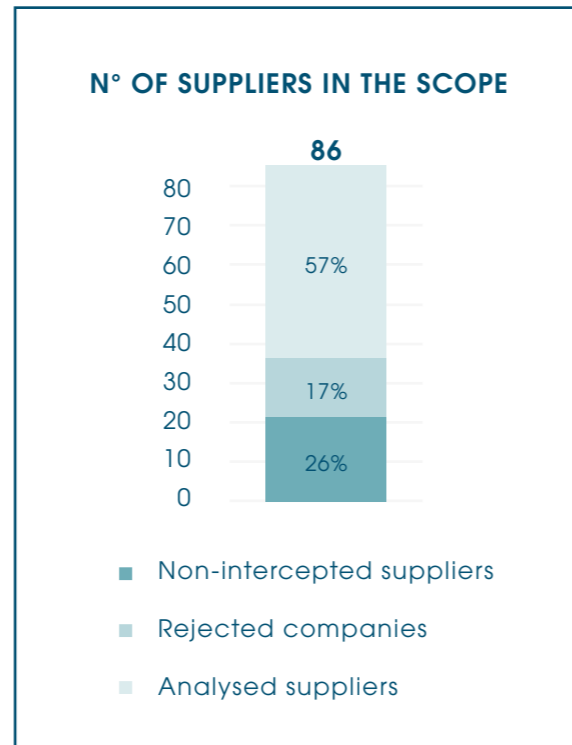
In its **Code of Conduct**, Biofarma establishes a relationship with its suppliers based on fair competition and anti-trust, anti-money laundering and anti-corruption.

Adherence to these principles is fundamental to its success, as it forms the basis for a business oriented to a sustainable society through value creation and responsible behaviour towards the community.

Aware of the importance of ensuring integrity and transparency, **Biofarma has been implementing and applying the Organisation, Management and Control Model required by Legislative Decree 231/2001** for several years.

This decree, which introduced in Italy the administrative liability of entities for offences committed in their interest or to their advantage by senior or subordinate personnel, is essential for proper governance and the prevention of unlawful behaviour.

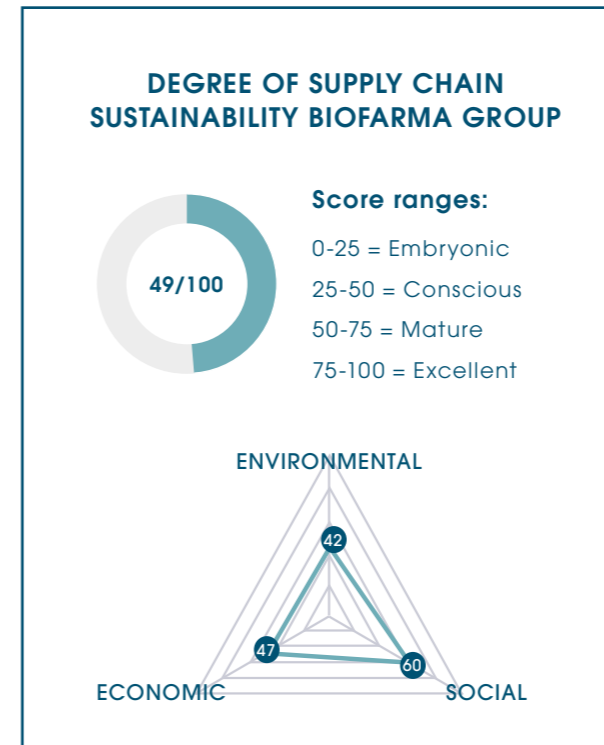
To complement this, **Biofarma shares its Code of Ethics with all its stakeholders**, providing guidance for the conduct of recipients and those who work in the interest or for the benefit of the organisation, in the absence of specific preventive protocols.



In December 2023, **Biofarma started an in-depth analysis of its supply chain**, which lasted until March 2024, focusing on the suppliers of the Italian and French plants, with the compilation of the Sustainability Assessment on the Circularity platform.

The sample analysed is representative of Biofarma's supply chain but involves a small number of key suppliers. The analysis was essential to assess the efficiency and sustainability of the supply chain, temporarily excluding suppliers of plants located in the USA and China. **Biofarma identified 581 supplier companies in 2023**, grouping them on the basis of purchase invoicing through its orders.

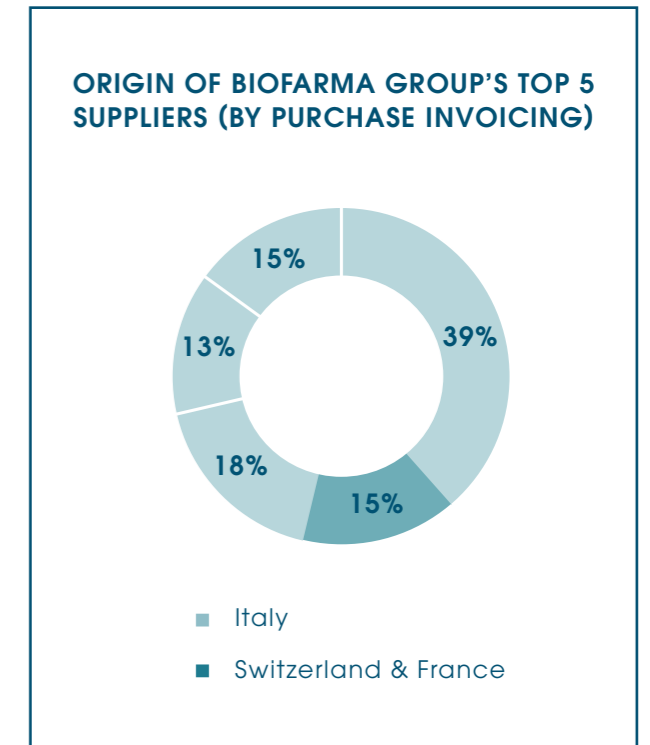
In order to focus on strategic suppliers, a purchase invoicing threshold above € 150,000 was set, reducing the sample



to 86 companies, who account for 84% of the total goods and services purchased by Biofarma. Of these, **37 companies were actually assessed**: 22 completed the assessment, while 15 chose not to participate.

The analysis revealed that suppliers are predominantly general industrialists, followed by a lower number of chemical and food manufacturers and a few suppliers from the industrial and construction materials sectors.

In terms of sustainability, the assessed companies achieved an average score of 49/100, ranking in the 'Aware' sustainability category. This score indicates good integration of the SDGs in suppliers' business strategies, with room for improvement especially as regards increasing the representativeness and influence of the supply chain.



With regard to **the distribution of the sustainability performance of Biofarma's suppliers in the three dimensions of sustainability** (environmental, economic and social), the scores were as follows:

- **SOCIAL: 60/100**
- **ECONOMIC: 47/100**
- **ENVIRONMENTAL: 42/100**

These results show that **the social dimension is currently the most closely monitored by Biofarma's suppliers, with a score of 60/100**, followed by the economic and environmental dimensions, with scores of 47/100 and 42/100 respectively.

Our customers

Internally, the Group is organised into **a number of business units** serving different target customers, which allows it to have **an extremely diversified portfolio of products and technologies**, built up through targeted acquisitions.



FOOD SUPPLEMENTS BUSINESS UNIT

Through its **Food Supplements Business Unit**, Biofarma develops health products focusing on maintaining wellness and supplementing or enhancing preventive treatments.

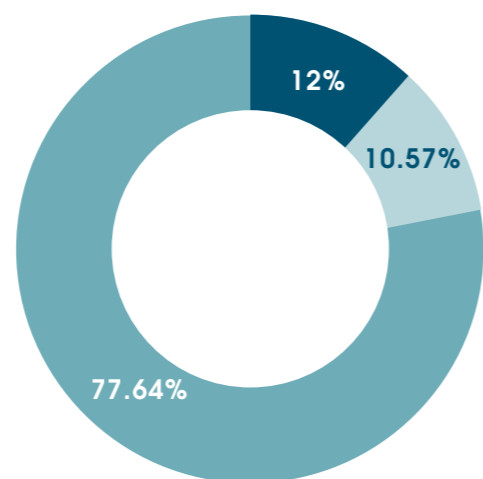
Although a formal prescription is generally not required to purchase supplements, medical recommendations often guide the initial consumer decision.



COSMETICS BUSINESS UNIT

In the skin-care sector, **the Cosmetics Business Unit** produces anti-ageing creams, sun protection and hair-care products. Strategically, the unit focuses on 'cosmeceuticals', i.e., cosmetics that are thought to have therapeutic effects.

REVENUE (BY BUSINESS UNIT)



- Medical Devices
- Cosmetics
- Food supplements



MEDICAL DEVICES BUSINESS UNIT

Products developed by **the Medical Devices Business Unit** achieve their therapeutic effect through physical actions, such as aerosols, or mechanical actions, such as a protective layer in the stomach, for the prevention and treatment of diseases.

Governed by specific regulations at both national and European level, these devices are commonly recommended by doctors and distributed through pharmacies.

PARTNER & CUSTOMER RELATIONSHIPS

Maintaining **strong and lasting relationships with customers and partners** is the solid basis for any business with a long-term vision, and cultivating these relationships over time **not only strengthens mutual trust, but also stimulates the development of innovative projects**, facilitating the sharing of knowledge and experience, which are essential for the creation of advanced therapeutic solutions. Biofarma has adopted **several strategies to effectively manage relations with its partners**:

ORGANISATION OF INNOVATION MEETINGS

Biofarma regularly hosts innovation meetings with customers to discuss the latest therapeutic trends and develop ideas for new products.

CREATION OF TECHNICAL DATA SHEETS

Biofarma produces detailed technical data sheets for each product it develops, ensuring transparency and facilitating the sharing of scientific information.

MARKET ANALYSIS

Biofarma conducts regular market analyses to gain an in-depth understanding of trends among therapeutic targets and their incidence on a global level, thus guiding product development according to market needs.

NUTRACEUTICAL PROJECT DEVELOPMENT

With a focus on the development of highly innovative nutraceuticals, Biofarma invests in research and development to strengthen its international leadership position.

CHAPTER 5

Our human capital: people's value and well-being

1,142 NUMBER OF COLLABORATORS

850 NUMBER OF EMPLOYEES (232 NEW HIRES)

12% TERMINATION TURNOVER RATE

62% PERCENTAGE OF FEMALE EMPLOYEES

5 years AVERAGE LENGTH OF SERVICE

6,134 TRAINING HOURS PROVIDED





The team

The personal well-being of employees is a key element in the organisation, as it directly affects productivity, job satisfaction and the ability to attract and retain top talent.

Biofarma recognises that business success stems from the physical, mental and emotional health of its employees, and is therefore committed to creating a working environment that promotes well-being in all its forms.

Investing in employee well-being is not only an ethical issue, but also **a winning business strategy**, as a positive and supportive work environment helps to reduce absenteeism, improve motivation and increase employee engagement.

To this end, **Biofarma implements a series of initiatives** aimed at ensuring that every employee can work in a safe, inclusive and stimulating environment where individual needs are recognised and valued.

Key initiatives include **continuous training programmes**, which not only improve employees' professional skills, but also foster their personal growth and ability to adapt to changes in the market.

Biofarma is also **committed to creating an inclusive work environment**, where diversity is celebrated and respected: this includes promoting gender equality, valuing cultural differences and including people with disabilities, ensuring that all employees have the same development

and career opportunities. In the classification, the **'Executives'** category includes the first line of management, which reports directly to the CEO, and some managers at the hierarchical level immediately below.

The **'Middle Managers'** category includes managers positioned two and three levels down from the CEO in the organisation chart.

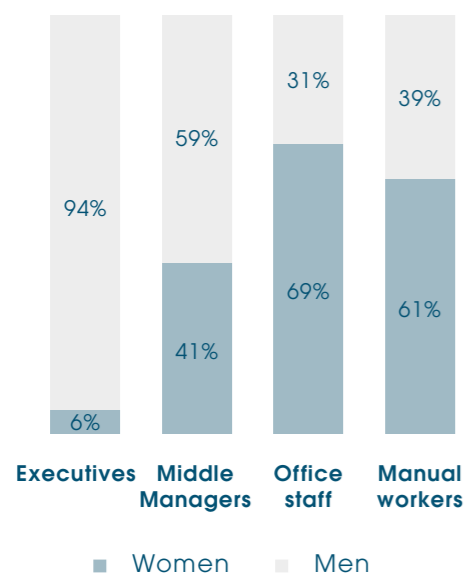
Data relating to the Lissone site have been excluded from the 2021 count for all data in this chapter.

GRI 405-1 EMPLOYEES BY CATEGORY AND GENDER	2021	2022	2023
Total number of employees	611	714	850
Women	359	428	530
Men	252	286	320
Executives	13	16	16
Women	0	1	1
Men	13	15	15
Middle managers	26	35	34
Women	9	12	14
Men	17	23	20
Office staff	243	270	308
Women	162	189	213
Men	81	81	95
Manual workers	329	393	492
Women	188	226	302
Men	141	167	190

EMPLOYEES BY QUALIFICATION



EMPLOYEES BY QUALIFICATION AND GENDER



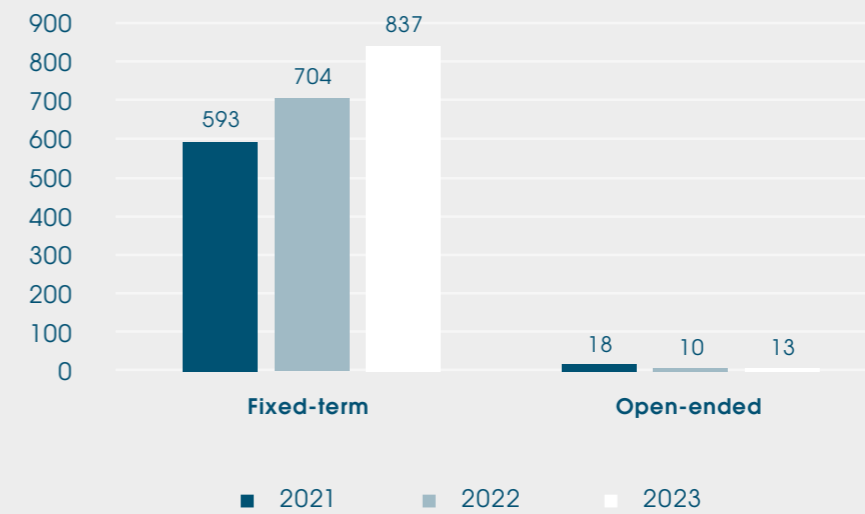
The table provides a **detailed overview of Biofarma's workforce** over the past three years.

There has been **significant growth in the total number of employees**, from 611 in the first year to **850** in the third year, reflecting the organisation's expansion and ability to attract and integrate new talent.

The number of female employees increased from 359 to 530, representing **around 62% of the total workforce** in the third year, highlighting Biofarma's commitment to promoting diversity and gender inclusion.

The number of male employees also increased, albeit at a slower pace, from 252 to 320

TOTAL EMPLOYEES



During 2023 Biofarma also relied on the work of **5 external collaborators, 276 on-call workers and 11 interns.**

GRI 2-7A EMPLOYEES BY CONTRACT TYPE	U.o.M.	WOMEN	MEN	TOTAL
Total employee contracts	n	530	320	850
Fixed-term	n	521	316	837
Open-ended	n	9	4	13
Total full-time + part-time employees	n	530	320	850
Full-time	n	517	319	836
Part-time	n	13	1	14

The number of **employees on open-ended contracts** grew steadily over the three-year period considered, accompanied by a decrease in the number of fixed-term and temporary employees, **indicating a strong commitment on the part of Biofarma to guarantee job stability,**

reduce precariousness and promote a stable and safe working environment. The increase in open-ended contracts reflects the organisation's economic solidity and ability to plan for the long term.

A strong and heterogeneous team

Diversity and inclusion in the workforce are fundamental pillars for Biofarma’s sustainable growth and long-term success.

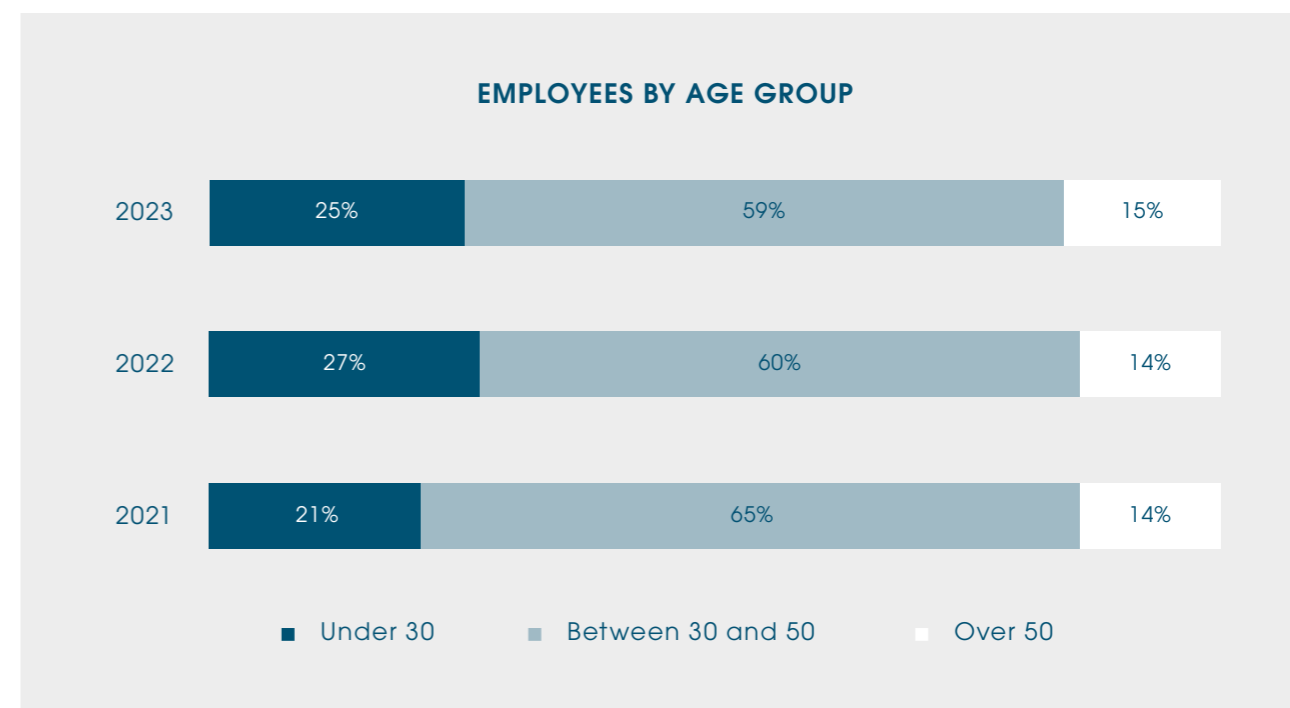
The organisation has a heterogeneous workforce in terms of gender and age group, with an increasing trend towards the inclusion of young employees.

The growing presence of women in all age groups highlights its commitment to promoting gender equality, and the increase in the number of employees in the younger and middle-aged groups highlights its investment in building a dynamic and versatile team capable of meeting future challenges.

The balanced demographic distribution, together with the steady increase in the number of employees, indicates a sustainable growth strategy and an inclusive and attractive working environment for different generations, demonstrating the commitment to diversity and inclusion.



GRI 405-1 EMPLOYEES BY AGE GROUP AND GENDER	2021	2022	2023
Total number of employees	611	714	850
Women	359	428	530
Men	252	286	320
Under 30	128	191	215
Women	76	117	139
Men	52	74	76
Between 30 and 50	399	426	504
Women	232	249	302
Men	167	177	202
Over 50	84	97	131
Women	51	62	89
Men	33	35	42



GRI 405-1 PERCENTAGE OF WOMEN IN THE COMPANY	2021	2022	2023
Total	59%	60%	62%
Under 30	59%	61%	65%
Between 30 and 50	58%	58%	60%
Over 50	61%	64%	68%

GRI 405-1 PROTECTED CATEGORIES	2021	2022	2023
Women	12	11	13
Men	8	9	12
Total	20	20	25

GRI 405-1 EDUCATION LEVEL	2021	2022	2023
University graduates	139	226	258
High-school graduates	202	346	418
Other (lower than diploma)	81	142	174

ARTE&LIBRO

In collaboration with Arte&Libro ONLUS, Biofarma presented the **'Diversity is Inclusion' project** to transform the legal obligation to hire disabled workers into an opportunity.

This project, through a tripartite agreement with the Friuli-Venezia Giulia Region, **allows disabled employees to work in the Arte & Libro social cooperative**, fostering labour inclusion and improving competitiveness.

The level of education reflects the quality of human capital in an organisation: if high, it can be a great source of innovative ideas, efficiency and adaptability, as well as a competitive advantage in a very dynamic market.

The number of university graduate employees increased significantly from 139 in 2021 to 226 in 2022, reaching 258 in 2023.

This reflects Biofarma's strategy of attracting and retaining highly educated staff, which is crucial for addressing industry challenges and promoting innovation.

The growth in the number of university graduates also **indicates the effectiveness of Biofarma's professional development and continuous training policies**, which enhance and support career paths: in this context, **Biofarma actively collaborates with numerous universities**, both nationally and internationally, to promote research and development projects or participate in organised career days, offering students an overview of the career opportunities available and facilitating the matching of job supply and demand.

These collaborations **not only foster technological and scientific innovation**, but also offer opportunities for professional growth for students and recent graduates, creating a bridge between academia and industry.

BIOFARMA MEETS STUDENTS

The initiatives involving university students and recent graduates with Biofarma continued in 2023.

The organisation **has always recognised the value of collaboration with universities**, both for innovation, study and research, and for the selection and integration of new talent.

To this end, **during 2023 Biofarma participated in various events** to meet potential talent, present career opportunities and increase its visibility in the labour market.

COLLABORATION WITH THE ISTUD BUSINESS SCHOOL

Collaboration with ISTUD Business 2023 was renewed for 2023, this time involving 48 students from the Scientists in Business master's degree course, who participated in various work projects.

BRESCIA UNIVERSITY CAREER DAY 2023

Biofarma attended the Brescia University Career Day, the recruiting event for undergraduates and graduates in Medical and Biological Sciences, Economics, Engineering Sciences and Law.



FVG JOB FAIR

In cooperation with the Association of Engineering Management Graduates (Allg), which promotes the image and job placement of graduates, Biofarma had the opportunity to meet new talent and showcase the numerous professional opportunities available.

PADUA IES 2023

Biofarma participated in the IES Open University sector Career Day, organised by the Career Service of the University of Padua. Career Days are always an important opportunity to tell young students and recent graduates in the engineering, economic and scientific fields about the organisation, facilitating job placement through internships or apprenticeships.

JOB@UNITS 2023

Biofarma attended the Career Day at the University of Trieste.

CURRICULAR INTERNSHIPS WITH THE UNIVERSITY OF PAVIA

During 2023, outstanding students on the Biotechnology Plus degree course had the opportunity to carry out a one-year thesis internship in a company working on the development of innovative projects.

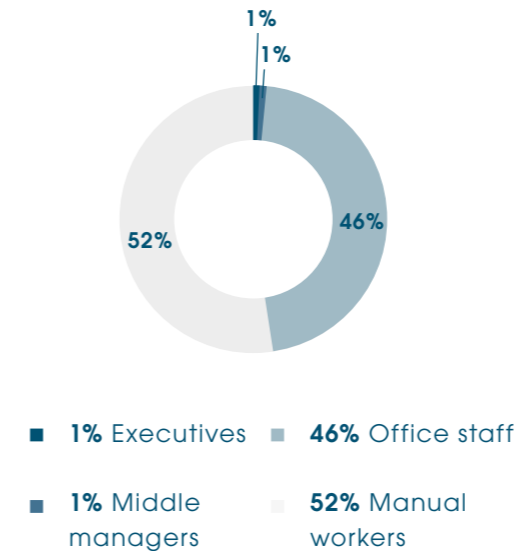
Training and skills development

For the long-term success of an organisation, **training is an essential element**: investing in the training of employees not only improves their skills and knowledge, but also fosters their professional and personal growth.

GRI 404-1 ANNUAL TRAINING HOURS BY PROFESSIONAL CATEGORY AND GENDER	2021	2022	2023
Executives	52	91	25
Women	0	28	25
Men	52	63	0
Middle managers	190	454	72
Women	58	58	21
Men	132	396	51
Office staff	1,870	2,336	2,831
Women	1,418	1,543	2,135
Men	452	793	696
Manual workers	4,475	3,935	3,206
Women	2,502	1,643	2,147
Men	1,973	2,292	1,059
Total	6,587	6,815	6,134

GRI 404-1 TYPE OF TRAINING IN HOURS	2021	2022	2023
Safety	1,787	3,339	3,323
Women	952	1,001	1,337
Men	835	2,338	1,986

TRAINING PROVIDED BY CATEGORY IN 2023



In a rapidly changing business environment, ensuring that staff are always up-to-date with the latest trends and technologies is crucial to maintaining competitiveness and innovation.

Biofarma firmly believes in the importance of Learning & Development as a tool to improve the performance of its employees. Through these programmes, it is committed to providing employees with the skills they need to fulfil their roles and keep up with industry developments.

Each employee has the opportunity to participate in customised career paths designed to cultivate individual skills and potential, thus fostering professional and personal growth that contributes to the organisation's overall success.



Talent management

For Biofarma, **employee turnover is a crucial indicator** of organisational health and staff satisfaction.

Monitoring and analysing turnover rates enables it to identify areas for improvement in human resources management and develop targeted strategies to retain talent.

A balanced turnover indicates a positive and motivating working environment, which is essential to ensure business continuity and support long-term growth.

In 2023, the turnover rate decreased from 44% to 39%, confirming an improvement in HR policies. **The incoming turnover rate** increased from 19% in 2021 to 28% in 2022 and **stabilised at 27% in 2023**. Women showed a higher increase than men in 2023, with a turnover rate of 29% compared to 25% for men, indicating a higher entry of female staff.

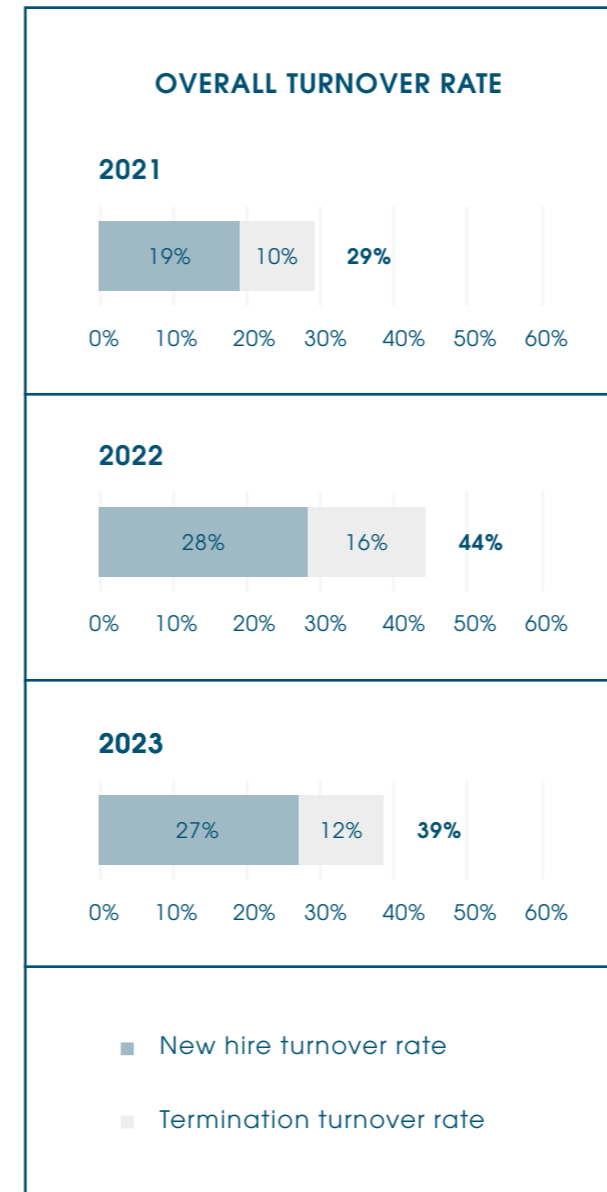
The under-30 age group showed extremely high incoming turnover rates, rising from 148% in 2021 to 220% in 2023. This **reflects high mobility among young employees, with women showing slightly higher incoming turnover** than men.

As noted above, the values include temporary workers with a fixed-term contract. For this reason, the table shows hiring and termination values that are consistent with Biofarma's operational requirement.

GRI 401-1 NEW HIRES DURING THE YEAR BY AGE AND GENDER	2021	2022	2023
Total new employees	117	201	232
Women	67	117	152
Men	50	84	80
Under 30	56	98	95
Women	34	57	62
Men	22	41	33
Between 30 and 50	55	94	112
Women	27	54	72
Men	28	40	40
Over 50	6	9	25
Women	6	6	18
Men	0	3	7

GRI 401-1 TERMINATIONS BY AGE AND GENDER	2021	2022	2023
Total outgoing employees	64	115	100
Women	30	58	52
Men	34	57	48
Under 30	19	41	43
Women	14	20	27
Men	5	21	16
Between 30 and 50	39	64	42
Women	12	32	19
Men	27	32	23
Over 50	6	10	15
Women	4	6	6
Men	2	4	9

GRI 401-1 OVERALL TURNOVER RATE BY AGE AND GENDER	2021	2022	2023
Overall turnover rate	29%	44%	39%
New hire turnover rate	19%	28%	27%
Women	19%	27%	29%
Men	20%	29%	25%
Under 30	148%	251%	220%
Women	147%	265%	242%
Men	148%	187%	178%
Between 30 and 50	57%	92%	110%
Women	43%	93%	84%
Men	70%	92%	121%
Over 50	39%	30%	119%
Women	60%	26%	114%
Men	0%	41%	63%
Termination turnover rate	10%	16%	12%
Women	8%	14%	10%
Men	13%	20%	15%
Under 30	88%	128%	155%
Women	69%	164%	52%
Men	67%	99%	76%
Between 30 and 50	48%	212%	61%
Women	30%	172%	9%
Men	87%	237%	41%
Over 50	33%	43%	92%
Women	34%	32%	31%
Men	24%	74%	63%



GRI 405-1 EMPLOYEES BY SENIORITY	2021	2022	2023
Average age	33	39	39
Average length of service (years)	5.56	4.96	5.13



The new HR strategy

Biofarma is actively working to **improve staff retention** and reduce terminations.

The new HR strategy focuses on **several initiatives** designed to create a satisfying and motivating working environment.

One of the key elements of this strategy is **the transparency of the selection process**, the first step in joining Biofarma.



BIOFARMA'S SELECTION PROCESS

The website includes a **special section** detailing the various stage of the selection process. This transparent approach helps candidates better understand Biofarma's expectations and the steps they will have to go through, reducing uncertainty and anxiety.

- 1 **ONLINE APPLICATION**
CVs submitted for specific positions or spontaneous applications.
- 2 **WARM UP**
If the candidate fits the requirements, they will be contacted by the Talent Acquisition Team.
- 3 **KNOWLEDGE INTERVIEW**
first interview with the Talent Acquisition Team to learn about the candidate's studies, experience and aspirations. If the first step is successful, skills, technical competences and aptitudes will be analysed in subsequent interviews attended by function managers.
- 4 **RECRUITMENT OFFER**
This is the start of collaboration with the new candidate, who becomes part of the team.
- 5 **ONBOARDING**
Each person is an essential part of the Group's human and professional value. In this part of the process, the new talent will take part in a structured and integrated programme to discover the organisation, reduce induction time and maximise empowerment and engagement.
- 6 **WELCOME ON BOARD**
The new resource is now a full member of the team and ready to face the next challenges.

The other HR strategy initiatives concern employee welfare, talent recruitment and career development plans:

TUTORED

Tutored is a **two-way platform where young talents meet companies** and are hired by participating in online experiences. The initiative increases the opportunities for Biofarma to contact young resources who are still in university or have just graduated.

JOB POSTING

Biofarma also takes care of its employees by giving them the opportunity to change roles and look for new stimuli in different jobs. This project is designed to **foster internal mobility** through the opportunity to apply for open positions.

APERIBUDDY

Biofarma's mission is to **welcome new colleagues, guiding them through the onboarding process** and helping them explore the organisation. The AperiBuddy event brings together all the employees who were hired in a given period of time and their Buddies, allowing them to strengthen their relationship in an informal atmosphere.

REFERRAL PROGRAM

Biofarma has launched a programme for **employees** to promote the company and **refer new candidates for recruitment from their network of contacts**. The programme benefits employees, who receive a financial or other incentive for successful referrals, and benefits the organisation, which can be put in touch with new resources recommended by its staff.

EMPLOYER VALUE PROPOSITION

The EVP is the set of benefits, values and promises Biofarma offers its employees in exchange for their skills, commitment and performance, with a view to complete transparency. It illustrates all the initiatives that Biofarma undertakes to guarantee for employees and future resources.

CAREER & DEVELOPMENT CENTER

This project **develops career plans**, aligning personal ambitions and business needs. It involves the use of assessment, career orientation, training and coaching methodologies.

ATTRACTION/RETENTION PLAN

This project is **designed to attract and retain junior profiles**, who are extremely important for the long-term well-being of the organisation, through a mix of project, economic and professional skills development levers.



TOP EMPLOYER

Top Employer certification is a **prestigious acknowledgement** for organisations that demonstrate **excellence in human resources management practices**, creating work environments that support employees' professional and personal development.

The certification process evaluates various aspects of HR management, including talent strategy, workforce planning, integration of new hires, training and development, performance management, leadership development, careers and succession, and the corporate culture. The analysis process began in 2023, leading to Biofarma obtaining certification for the following year.

People's well-being

GRI 403-9 NUMBER OF INJURIES INVOLVING EMPLOYEES AND NON-EMPLOYEES	U.o.M.	2021	2022	2023
Total number of recordable injuries	n	15	21	12
of which sustained by employees	n	8	13	7
of which sustained by contractors	n	7	8	5
Number of injuries with serious consequences	n	1	2	0
of which sustained by employees	n	1	1	0
of which sustained by contractors	n	0	1	0

GRI 403-9 HOURS WORKED (ORDINARY HOURS + OVERTIME + HOURS IN TIME BANK)	U.o.M.	2021	2022	2023
Total number of hours worked	n	1,091,587	1,217,443	1,719,007
employees	n	733,251	829,138	1,349,859
contractors	n	358,336	388,305	369,148

GRI 403-9 WORK-RELATED INJURIES	U.o.M.	2021	2022	2023
Recordable injury rate	n	13.74	17.25	6.98
of which sustained by employees	n	10.91	15.68	5.19
of which sustained by contractors	n	19.53	20.60	13.54
Rate of work-related injuries with serious consequences	n	0.92	1.64	0
of which sustained by employees	n	0.92	0.82	0
of which sustained by contractors	n	0	0.82	0

People's well-being is a key priority for Biofarma, which is committed to ensuring a safe and healthy working environment for all its employees and collaborators.

Constantly **monitoring and improving occupational health and safety** not only enhances the quality of life of workers, but also **helps to improve productivity and overall satisfaction** within the company.

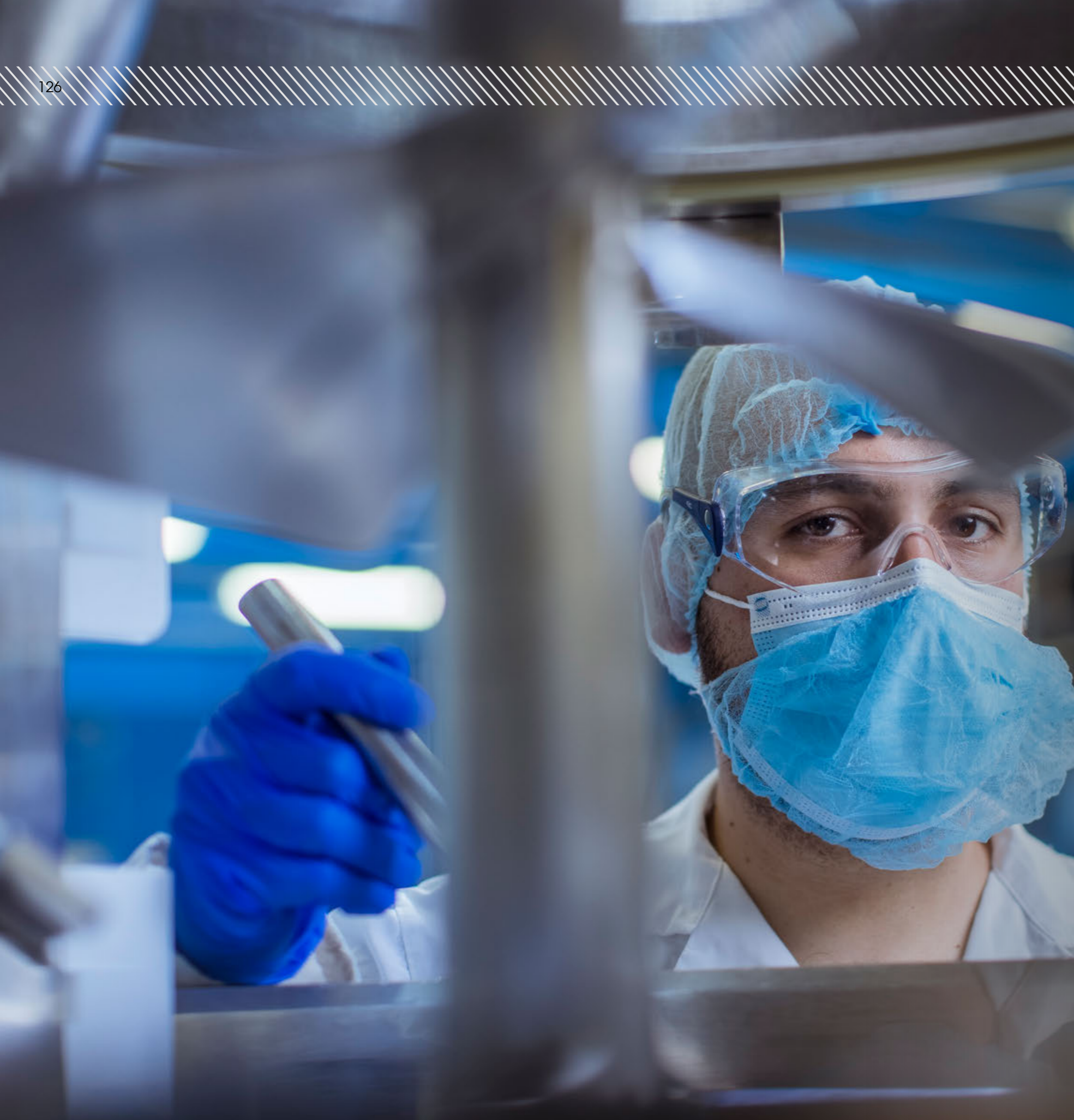
The total number of recordable injuries decreased from 15 in 2021 to **12 in 2023**, peaking at 21 in 2022.

Injuries sustained by employees decreased from 8 in 2021 to 7 in 2023, while those sustained by contractors decreased from 7 to 5 over the same period.

This positive trend indicates an improvement in the safety measures taken by Biofarma.

Injuries with serious consequences were reduced to zero in 2023, compared to one in 2021 and two in 2022, reflecting the effectiveness of the risk prevention and management strategies implemented by Biofarma.

The data clearly show that **Biofarma has made significant progress** in reducing work-related injuries and improving safety conditions for its employees and contractors as a result of the many initiatives implemented.



THE CENTRALITY OF PEOPLE'S WELL-BEING

At the heart of the HR strategy is the well-being of employees, who represent the organisation's real capital. To this end, **a number of tools and programmes have been implemented to support staff**, as well as the HR team, for the success of Biofarma's social objectives. These initiatives demonstrate Biofarma's commitment to creating a safe, inclusive working environment geared towards the overall well-being of its employees.

HUMAN CAPITAL MANAGEMENT

Biofarma has developed **a proprietary system that centralises and optimises labour costs, budgeting and resource management across multiple countries**. This system also includes functions for performance and salary management, talent and career development, skills analysis and training. In addition, an e-learning platform available in 16 languages supports the continuous training of employees.

WELL-BEING

A performative wellness project has been created, in line with Biofarma's brand identity and core business, which, through a careful listening process, focuses on the total well-being of people, ensuring a healthy and supportive work environment.

ENGAGEMENT SURVEY

Biofarma has introduced **a platform for the analysis of the corporate climate and employee engagement**. Using Beaconforce, a tool that draws on positive psychology, behavioural science and neuroscience, the organisation can collect and analyse employee opinions, turning them into useful insights and forecasts to create a more engaging and sustainable working environment.

Contribution to the community

Biofarma is deeply committed to supporting the local communities in which it operates.

It participates in various initiatives to promote their social, economic and environmental well-being.

This includes partnerships with local schools and universities for the supply of educational resources and scholarships, as well as support for local health initiatives, to strengthen the relationship with the community and ensure mutual growth and prosperity.

24X1 HOUR BY FONDAZIONE TELETHON

Through the Team Building initiative organised by Fondazione Telethon, **Biofarma donated to research into rare diseases**, involving 72 members of its team.



MADAGASCAR PROJECT

The principles of ethics and social responsibility are an integral part of the spirit that animates the activities of Biofarma Group. It is with this spirit that Group has been supporting the **Madagascar Project** since 2016, **created to provide the medicines and healthcare necessary to ensure the treatment and survival of local children and families.**

Over the years, the project has consisted of support for two local bodies: **the Fanday Soa association and the Vezo hospital in Andavadoaka.**

Fanday Soa, a Malagasy name that literally means 'the beautiful things we take with us to give to others', is an association that develops healthcare projects with the specific intention of offering concrete and lasting help to the population of isolated villages in south-west Madagascar.

In September 2022, the team led by Dr Michele Sari and Joelson Jean Baptiste started its operational mission at the Public Health Centre in the village of Anakao. The Biofarma Group's financial support enabled the development of the project and, in particular, the launch of a healthcare training programme for local workers. At the Vezo hospital, the Biofarma Group is closely involved in **remedying the lack of active ingredients essential for patient care.**

Furthermore, since 2023 the Group has been supporting local populations through **Biofarma for a Smile**, a corporate volunteering project where employees are actively involved in providing support for the Vezo hospital (mainly in the production of pharmaceutical preparations) and the oral hygiene education project promoted by the Fanday Soa association

CHAPTER 6

Environmental management: commitment and responsibility

195,442 GJ
ENERGY
CONSUMPTION

4,293.03 †
WASTE
GENERATED

12,370 tCO₂eq
LOCATION-BASED
EMISSIONS

79,212 m³
WATER
WITHDRAWAL

4,057.53 †
NON-HAZARDOUS
WASTE

55.65 EMISSION
INTENSITY





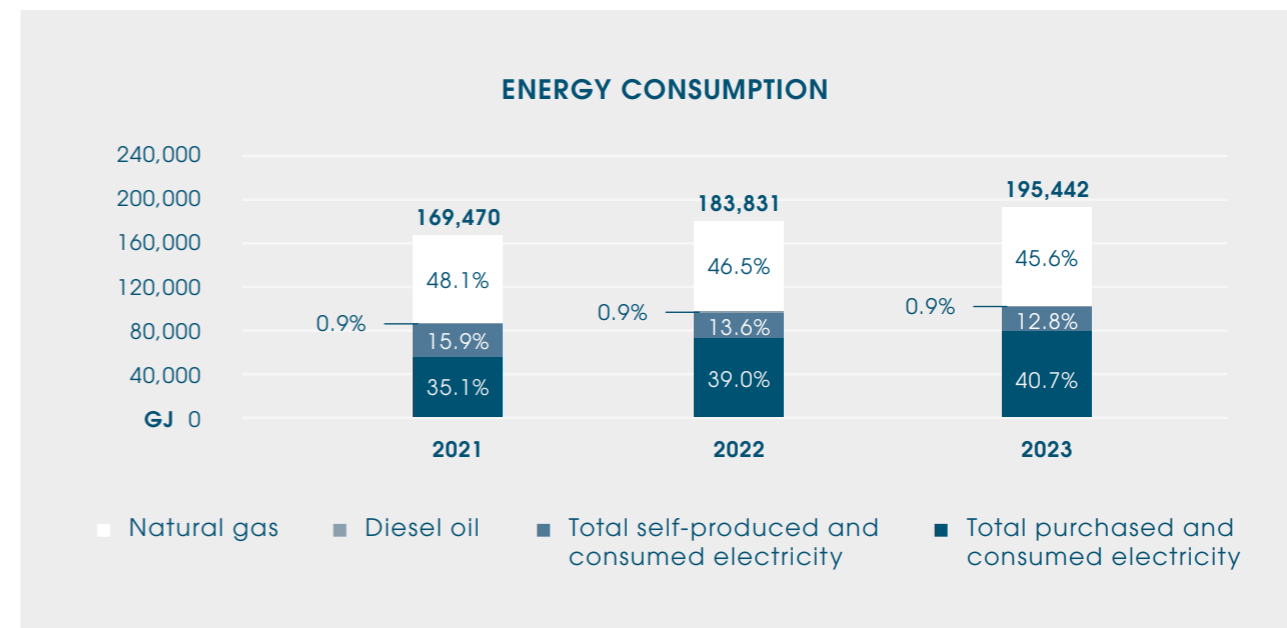
Energy consumption

The management of environmental assets is an essential value on which Biofarma's entire corporate strategy is based.

For this reason, a transversal approach is adopted, which provides an overview of the organisation's environmental impact and enables it to intervene in the most important areas.

The management of energy resources is crucial for the preservation of the business and in particular for the achievement of sustainability goals. The initiatives in place and those planned (see 'The Strategic Sustainability Plan') have enabled Biofarma to report virtuous management of resources, in line with last year.

The organisation is committed to **minimising the environmental impact of its activities** through sustainability strategies, technological innovation and responsible resource management. In line with the 2030 Sustainability Plan, it has adopted specific targets for energy consumption: **Biofarma is committed to investing in technologies and infrastructures that reduce the use of fossil fuels**, such as the installation of photovoltaic, wind or bioenergy plants.



GRI 302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION		U.o.M.	2023	2023	2023
Electricity	Total electricity purchased and consumed	GJ	59,452	71,718	79,534
	<i>of which purchased from certified renewable sources with Guarantee of Origin</i>	GJ	-	-	-
	Total electricity self-produced and consumed	GJ	27,028	24,936	25,061
	<i>of which self-produced from renewable sources (photovoltaic systems)</i>	GJ	3,810	3,214	2,832
Natural gas	Natural gas for production process	GJ	81,514	85,566	89,175
Diesel oil	Heating oil	GJ	1,476	1,611	1,672
Total energy consumption		GJ	169,470	183,831	195,442
Corporate car fleet	Diesel	GJ	1,772	4,263	3,118
	Petrol	GJ	4	346	0

The data for 2021 exclude energy consumption at the Lissone site.
The 2023 report includes the values for the cogenerator, improving prior-year reporting as well.

GRI 302-3 INTENSITY OF DOMESTIC ENERGY CONSUMPTION	U.o.M.	2021	2022	2023
Total energy consumption	GJ	169,470	183,831	195,442
Revenue	MLN€	232.7	241.3	277.7
	MJ/MLN€ revenue	0.73	0.76	0.70

STEPS FOR INCREASINGLY EFFICIENT MANAGEMENT

Biofarma has undertaken **and is planning a number of initiatives aimed at improving operational efficiency** and ensuring compliance with the highest environmental and quality standards. During the year, **significant progress** was made in several key areas.

It is evaluating the use of the **Coefficient of Performance (COP)** to optimise the energy consumption of its processes, and the use of **thermal imaging cameras** to detect and resolve possible heat losses. A similar approach is planned for investigation of steam traps.

A system of periodic controls has been implemented for connection pipes and seals, preventing leaks and ensuring operational safety.

Biofarma's goal is to maintain a stable and safe production environment by managing the pressure limits for daily operations.

In order to increase self-generated energy, **installed power will be raised**, particularly at the Mereto di Tomba site (see 'Headquarters - Mereto di Tomba') by **increasing installed power by 500 kWh on the warehouse and laboratory roofs**, a significant step towards energy sustainability. In line with this, voltage peaks are efficiently managed by constantly updating the metering system.

Finally, the organisation plans to replace the current cooling towers, and has already launched its project to increase energy and emission efficiency and improve water quality management, reducing the risks of deposits, corrosion and microbial growth, which can damage the systems and reduce efficiency.

The Group has also set itself the target of implementing measures to **reduce energy consumption** in production plants and company premises through the adoption of efficient technologies, consumption monitoring and employee awareness programmes.

The criterion for monitoring this target is electricity consumed or intensity (GJ/k.€), with a target to decrease to 0.50.

To achieve these objectives, Biofarma has undertaken **a range of initiatives**, such as **increasing efficiency in production processes**, **new tools** for improving temperature monitoring in departments and production sites, **improved monitoring systems**, which this year led to the inclusion of energy consumption and emissions from the co-generator at the Mereto di Tomba site, as well as the **commitment to reporting data collected at the production sites currently outside the scope of the report (USA and China)**.

Emissions

Calculating emissions is an essential component of Biofarma's sustainability report, as it allows the organisation to quantify the environmental impact of its activities and identify areas where energy efficiency can be improved and greenhouse gas emissions reduced.

Biofarma takes a systematic and rigorous approach to measuring emissions, which includes the detailed analysis of direct and indirect emission sources within its operations.

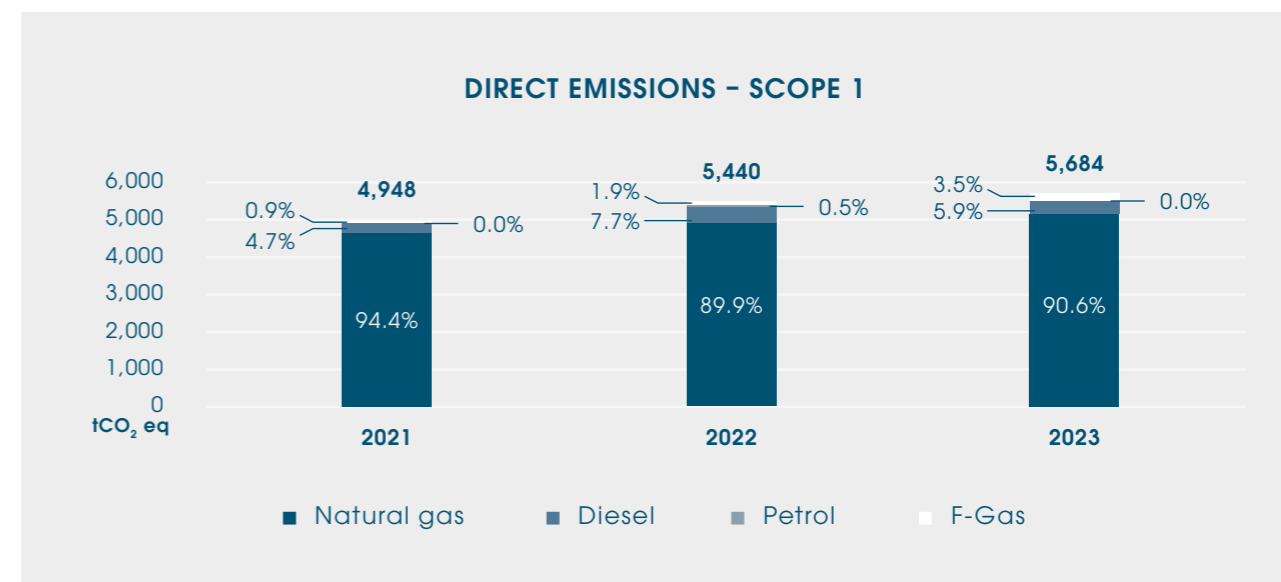
To ensure accurate and transparent calculation of emissions, internationally recognised standardised methodologies are used, such as the Greenhouse Gas Protocol (GHG Protocol), which provides detailed guidelines for the measurement and management of greenhouse gas emissions.

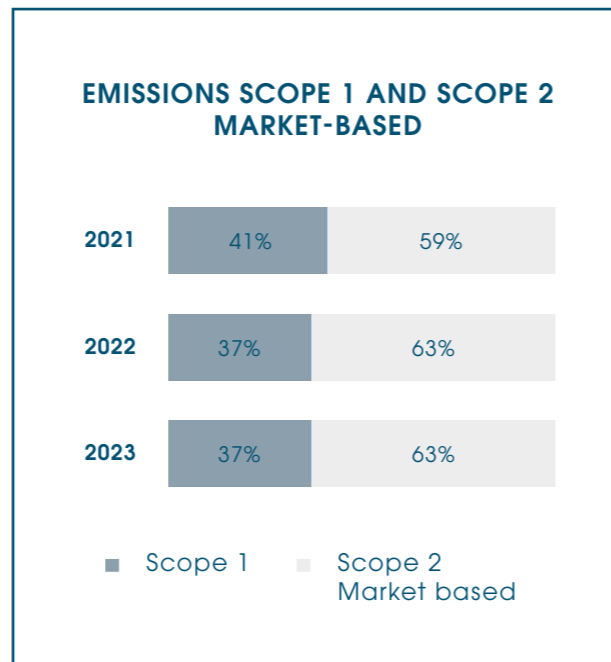
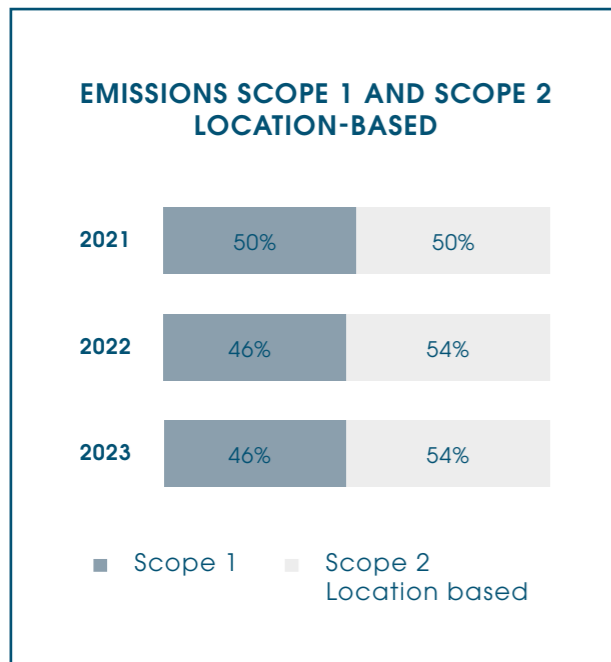
This methodical approach enables Biofarma to accurately monitor emission trends over time, set ambitious but realistic reduction targets and implement effective strategies to continuously improve its environmental performance.



GRI 305 EMISSIONS	U.o.M.	2021	2022	2023
GRI 305-1 Direct (Scope 1) GHG emissions				
Natural gas	tCO ₂ eq	4,670	4,889	5,152
Diesel	tCO ₂ eq	232	420	335
Petrol	tCO ₂ eq	0.3	25	0
F-gas	tCO ₂ eq	46	106	197
Total scope 1	tCO₂eq	4,948.3	5,440	5,684
GRI 305-2 Energy indirect (Scope 2) emissions				
From purchased electricity – location-based	tCO ₂ eq	4,857	6,263	6,686
From purchased electricity – location-based	tCO ₂ eq	7,218	9,107	9,769
Total Scope 1 + Scope 2 Location-based	tCO₂eq	9,805.3	11,703	12,370
Total Scope 1 + Scope 2 Market-based	tCO₂eq	12,120.3	14,547	15,453
GRI 305-4 GHG emissions intensity				
Revenue	MLN€	232.7	241.3	277.7
KPI market-based	gCO₂eq/€	42.14	48.50	44.54
KPI location-based	gCO₂eq/€	52.09	60.29	55.65

The 2021 figures exclude emissions for the Lissone site.





Direct emissions, also known as Scope 1, include all emissions from sources owned or controlled directly by Biofarma, such as the use of fossil fuels in production processes and company vehicles. For Biofarma, this comprises natural gas, diesel, petrol and FGAS.

The analysis of Biofarma’s direct emissions (Scope 1) from 2021 to 2023 reveals an overall increase in CO₂ emissions. In particular, **emissions caused by methane use** rose, and a significant increase was also observed for **F-Gas emissions**, which grew from 46 tCO₂ eq in 2021 to **197 tCO₂ eq in 2023**.

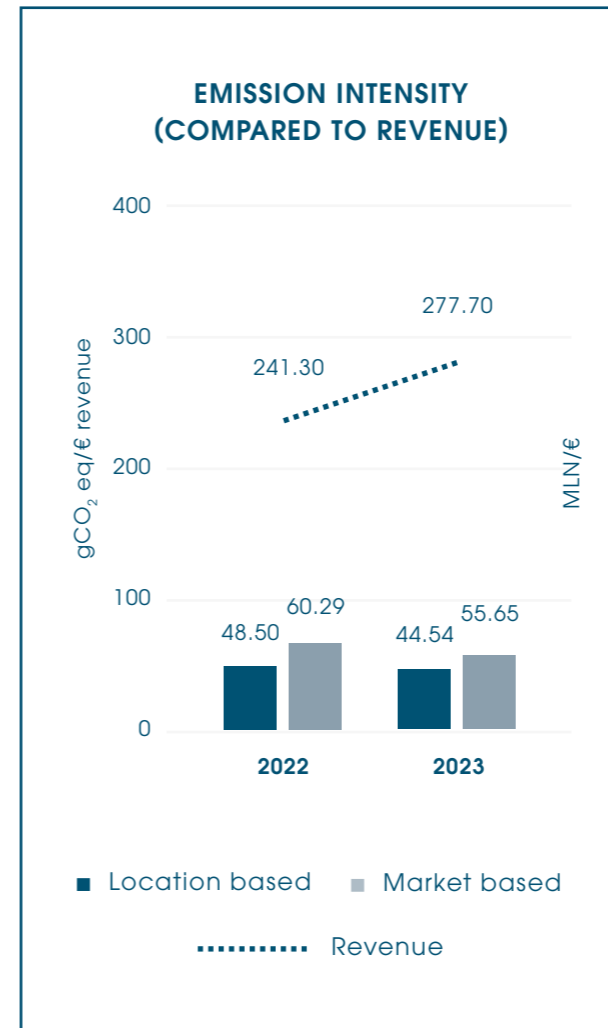
Diesel emissions fluctuated, peaking at 420 tCO₂ eq in 2022 and then **falling to 335 tCO₂ eq in 2023**. In contrast, emissions from

petrol use were minimal. These figures show **an overall growth in emissions**, rising from 4,948.3 tCO₂ eq in 2021 to **5,684 tCO₂ eq in 2023**.

Indirect emissions, classified as **Scope 2**, include emissions associated with the energy purchased and consumed by the organisation, such as electricity and heating. The data show an increase in emissions for both the location-based and market-based methods.

From 2021 to 2023, **‘location-based’ emissions increased** from 4,857 tCO₂ eq to **6,686 tCO₂ eq**, while **‘market-based’ emissions rose** from 7,218 tCO₂ eq to **9,769 tCO₂ eq**, reflecting an increase in the use of purchased electricity.

The deviation of the figures in this report from those in the previous report are due to both the enlargement of the reporting scope to include the French Nutraskills sites in the 2024 calculations and an update in the emission factors.



Emission intensity is the ratio of CO₂ emissions to revenue.

Revenue rose from € 241.30 million in 2022 to **€ 277.70 million in 2023, indicating clear growth**.

Against this increase in revenue, ‘location-based’ and ‘market-based’ emission intensity decreased, demonstrating the effectiveness of the strategies adopted by Biofarma to improve energy efficiency and reduce environmental impact despite the expansion of its activities.



THE MEASUREMENT OF INDIRECT EMISSIONS IN ITALY

In March 2023, Biofarma decided to embark on **the important journey towards carbon neutrality**, which consists first of all of **a structured assessment of its climate impact**, including environmental data monitoring and analysis, and then of **the development of specific strategies** to reduce its emissions.

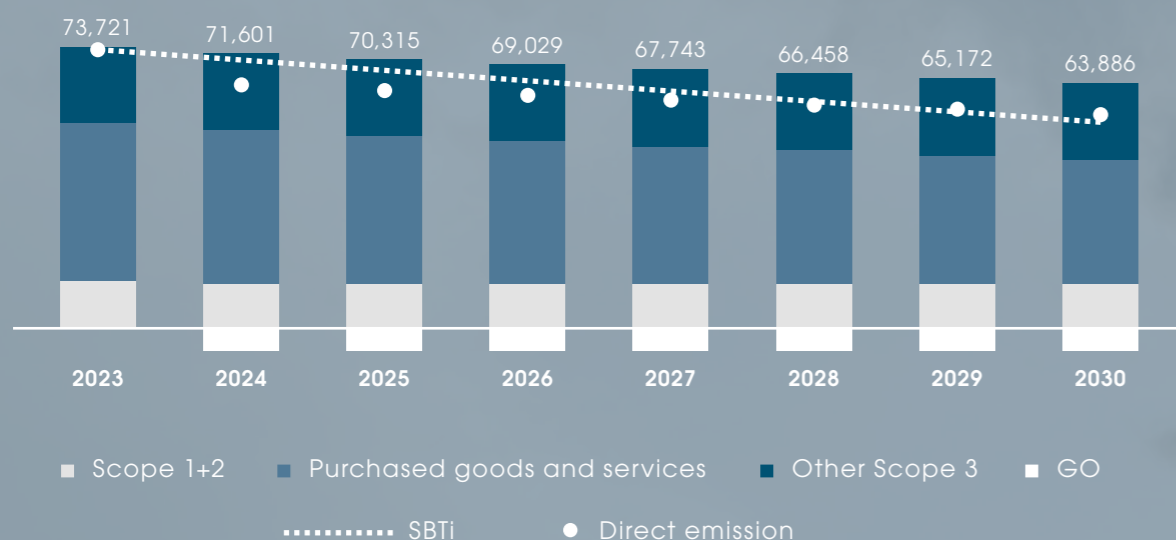
Consistently with this, the data shown refer to the **Italian scope** and 2022 as the base year. The project was updated in 2023 to build an integrated strategy and update the information collected.

SCOPE 1 AND 2 REDUCTION TARGETS

The analysis of Scope 1 and 2 emissions showed it would be possible to draw up a robust **Decarbonisation Plan**, aligned with the ambitious Science Based Target Initiative (SBTi) targets:

- **SCOPE 1 + 2:** 42% reduction
- **SCOPE 3:** 25% reduction
- **SCOPE 1+2+3:** overall reduction of 28% (considering the percentage contribution of each category).

BIOFARMA CARBON FOOTPRINT PROJECTIONS (t CO₂ EQ)



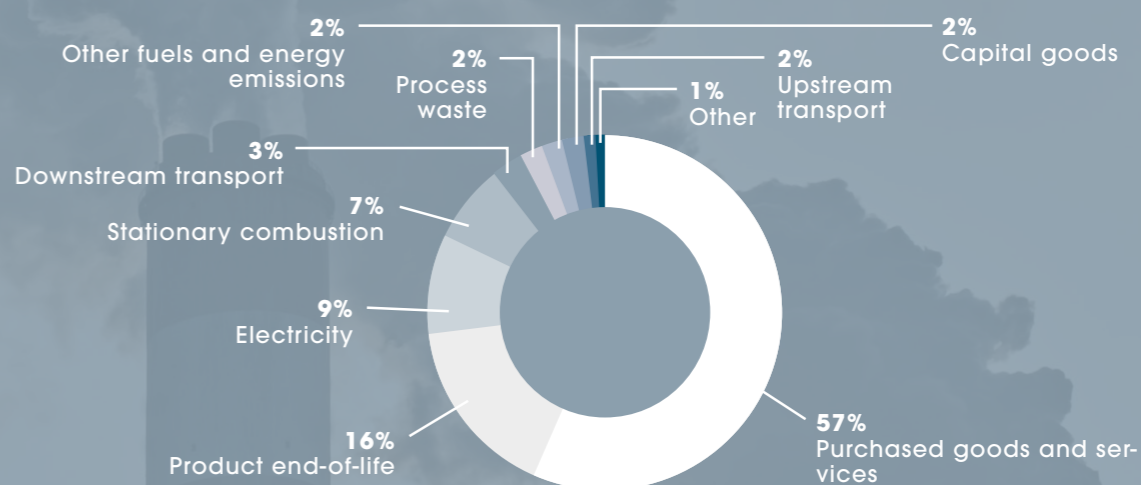
CALCULATING AND REDUCING SCOPE 3 EMISSIONS

In order to reduce its emissions, **Biofarma has started a scope 3 emissions reporting process.**

An analysis of Biofarma's main Scope 3 emissions factors shows that **the majority of emissions come from purchased goods and services**, which account for **57% of the total**. This underlines Biofarma's commitment to working in the future with suppliers who adopt sustainable practices to significantly reduce their overall environmental impact. **Product end-of-life** contributes 16%, while **electricity and stationary combustion**, with 9% and 7% respectively, are other significant sources of emissions, suggesting further opportunities to improve energy efficiency and adopt renewable energy sources. Emissions from downstream and upstream transport, together with process

waste, capital goods and other fuel and energy emissions, account for a minor part of total emissions. Off-setting strategies, such as reforestation projects or the purchase of carbon credits, will be used to decrease residual emissions, that is emissions from the so-called hard-to-abate sectors for which solutions to reduce greenhouse gases are less cost-effective or less efficient. **The scope 3 emission reduction target has been set at 25%**, to be updated as the reporting scope expands.

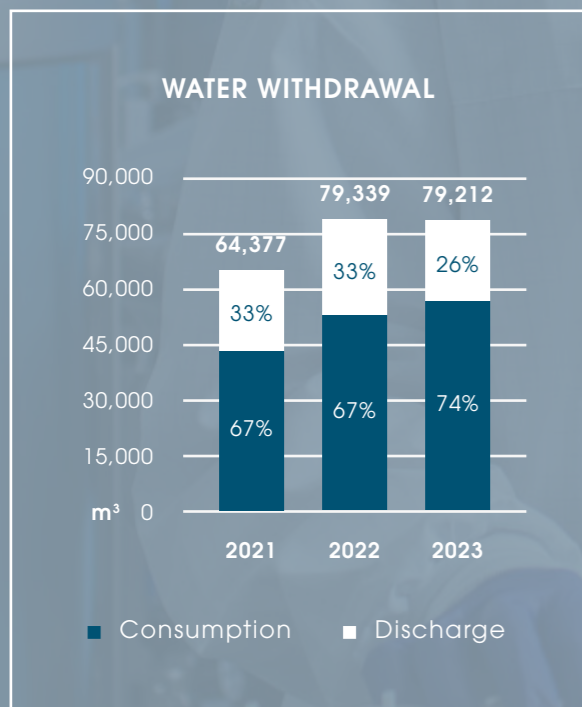
The Group's goal is **to align with international guidelines and involve all business units** in managing their emissions according to the Carbon Disclosure Project. The activity started during 2024 included registration with the Framework and a progressive completion of the portal requirements.



Water consumption

The sustainable management of water resources is crucial for Biofarma, which is committed to monitoring and reducing water consumption in its operations.

Water is a precious and finite resource, and its efficient use is essential to ensure environmental sustainability.



The data show an increase in water withdrawal from 2021 to 2022, followed by a slight decrease in 2023, reflecting Biofarma’s focus on monitoring and managing water use, maintaining stability in consumption despite operational changes and business growth.

Water discharges, on the other hand, increased from 2021 to 2022, but decreased significantly in 2023, suggesting an improvement in water use efficiency and recycling and reuse practices within the organisation.

GRI 303-3 WATER WITHDRAWAL FROM AQUEDUCT	U.o.M.	2021	2022	2023
Total	m³	64,377	79,339	79,212
of which freshwater (≤1000 mg/l total dissolved solids)	m³	64,377	79,339	79,212
of which other water (>1,000 mg/l total dissolved solids)	m³	-	-	-

GRI 303-4 WATER DISCHARGE INTO SEWER SYSTEMS	U.o.M.	2021	2022	2023
Total	m³	21,000	26,000	20,812
of which freshwater (≤1000 mg/l total dissolved solids)	m³	21,000	26,000	20,812
of which other water (>1,000 mg/l total dissolved solids)	m³	-	-	-

GRI 303-5 WATER CONSUMPTION	U.o.M.	2021	2022	2023
Total	m³	43,377	53,339	58,400

The 2021 figures exclude water withdrawals and discharges at Nutraskills and the Lissone site.

WATER INTENSITY	U.o.M.	2021	2022	2023
Revenue	M€	232.7	241.3	277.7
Total withdrawal	m³	64,377	79,339	79,212
Intensity	m³/k€	0.276	0.328	0.285



Waste

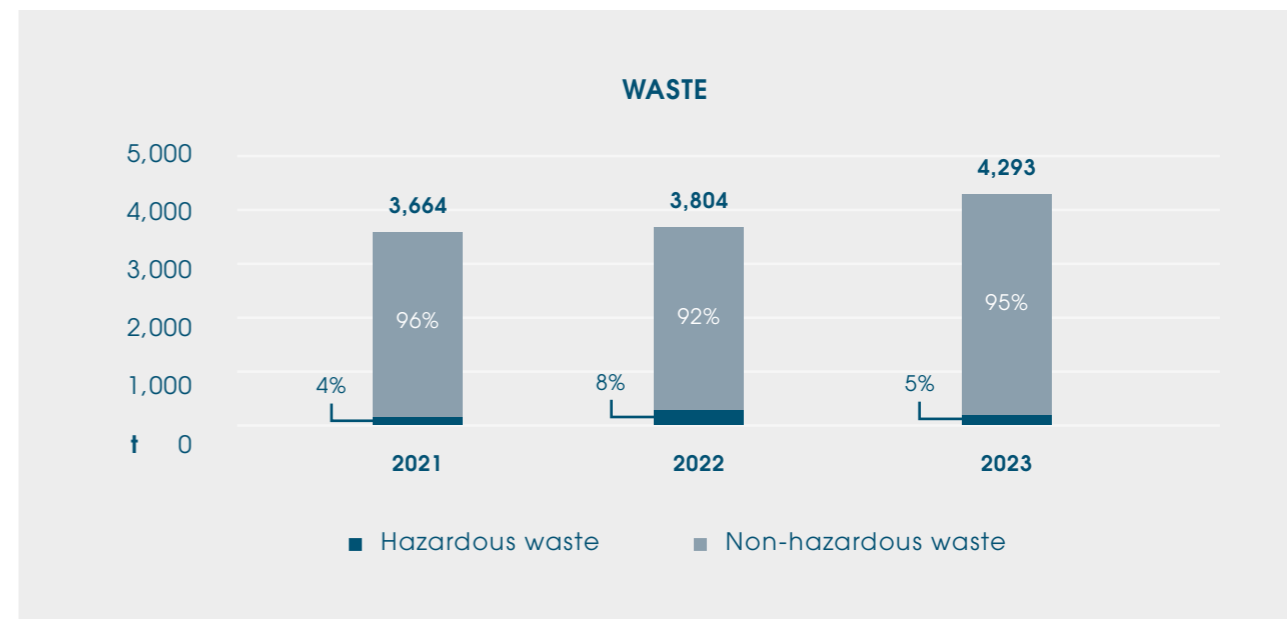
Sustainable waste management is a key element for Biofarma, which is committed to reducing the environmental impact of its operations.

The main objective is to minimise waste production, promote **recycling and material recovery**, contributing to environmental conservation and demonstrating a strong commitment to **sustainability and social responsibility**.

Biofarma aims to reduce the intensity of waste produced by optimising production processes, reducing packaging and training employees, and building a corporate culture strongly rooted in sustainability issues: **it wants to reach 11.3 tonnes per million euro** by 2030.

Internally, it promotes internal and external recycling of materials used in production processes, working with suppliers and partners to ensure the correct management of materials. This has brought significant results, as shown by **the considerable increase in the amount of non-hazardous waste sent for recycling (+4024%)**.

The goal is to **increase the intensity of waste sent for reuse or recycling to 0.7 kg per euro** by 2030; to do this, Biofarma is also investing in **research and development** of biodegradable and compostable



materials to reduce the environmental impact of products and their packaging. A monitoring and traceability system has been implemented for each type of waste produced, providing a complete view of the supply chain.

A **LCA (Life Cycle Assessment)** project will be developed to identify the product families on which to focus efficiency activities, while the overall reduction in the use of packaging materials will avoid waste and over-packaging.

By promoting the reuse of recycled materials instead of virgin materials, the life of items that have already been

produced can be extended as much as possible: the development of eco-design solutions facilitates disassembly or disposal in a single specific waste stream, and monitoring the Group's areas of activity for environmental risks and biodiversity conservation helps optimise waste stream management.

The Group is developing sustainable packaging using mono-materials, RPET products and other projects focused on replacing petrochemical materials with eco-friendly solutions.

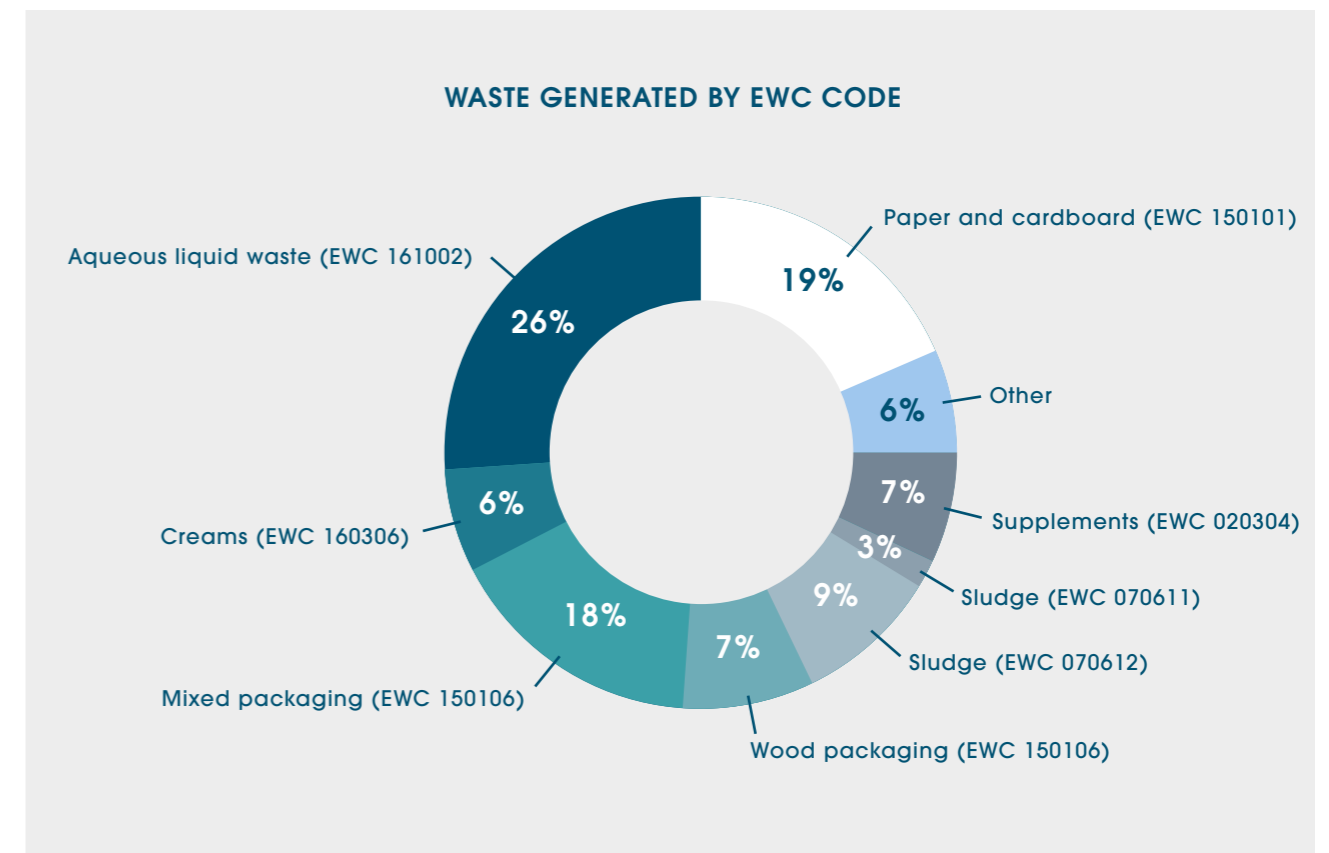
GRI 306-3 WASTE GENERATED BY TYPE	U.o.M.	2021	2022	2023
Hazardous waste	t	143.42	291.55	235.5
Non-hazardous waste	t	3,521.07	4,459.74	4,057.53
Total	t	3,664.5	4,751.3	4,293.03

GRI 306-4 WASTE DIVERTED FROM DISPOSAL	U.o.M.	2021	2022	2023
Hazardous waste				
Preparation for re-use	†	139.33	288.14	229.79
Recycling	†	-	-	-
Other recovery operations	†	-	-	-
Totale	†	139.33	288.14	229.79
Non-hazardous waste				
Preparation for re-use	†	2,171.11	2,311.54	1,308.65
Recycling	†	15.98	-	658.67
Other recovery operations	†	-	-	543.58
Total	†	2,187.09	2,311.54	2,510.9

GRI 306-5 WASTE DIRECTED TO DISPOSAL	U.o.M.	2021	2022	2023
Hazardous waste				
Preparation for re-use	†	1.90	1.17	3.99
Incineration with energy recovery	†	-	-	-
Incineration without energy recovery	†	2.18	2.24	1.72
Landfilling	†	-	-	-
Other recovery operations	†	-	-	-
Total	†	4.09	3.41	5.71
Non-hazardous waste				
Preparation for re-use	†	981.68	1,026.96	1,137.35
Incineration with energy recovery	†	-	-	-
Incineration without energy recovery	†	-	-	-
Landfilling	†	-	-	-
Other recovery operations	†	352.30	1,121.24	409.28
Total	†	1,333.98	2148.20	1,546.63

Data from the Lissone site are excluded. Waste from Nutraskills is excluded from the 2021 data.

WASTE PRODUCTION INTENSITY	U.o.M.	2021	2022	2023
Revenue	M€	232.7	241.3	277.7
Total waste production	†	3,664.50	4,751.30	4,293.03
Waste production intensity	†/M€	15.7	19.7	15.5
Total recycled	†	15.98	-	658.67
Recycled intensity	†/M€	0.1		2.4



The analysis of Biofarma's waste management for the years 2021-2023 shows a clear evolution in both hazardous and non-hazardous waste disposal and recovery practices. In 2023, a slight decrease in the total was

observed compared to previous years, with an overall improvement in circular economy practices, demonstrating the organisation's commitment in line with its strategy and objectives.

Headquarters - Mereto di Tomba

Since the construction of the plant in **Mereto di Tomba, which is the heart of Group production**, Biofarma has taken concrete action to implement the principles of environmental sustainability, which are fundamental to its business.

The main plant reflects the responsibility of the entire Group as it is also central in terms of production and related consumption.

Biofarma's growth plan is based on **innovation, research, environmental sustainability and attention to people**, with an ongoing commitment to ethical solutions. In line with these principles, in 2020 the Mereto plant joined Sedex, the international organisation that supports companies in implementing and enhancing responsible and sustainable business practices and ensuring ethical sourcing.

EFFICIENCY SYSTEMS ACROSS THE ENTIRE OPERATIONAL AREA

Mereto di Tomba plant

- Water purification system and mechanisms to control emissions, consumption and energy.
- Energy production of 1 MW/h from the cogenerator (68% of the site's annual energy requirement).

Biofarma 2

- Logistics hub with highly computerised and automated logistics and shipping areas.
- Packaging department of 7,600 m² on two floors, designed in accordance with lean manufacturing principles.
- Photovoltaic power of 827 kW (8% of annual energy consumption).

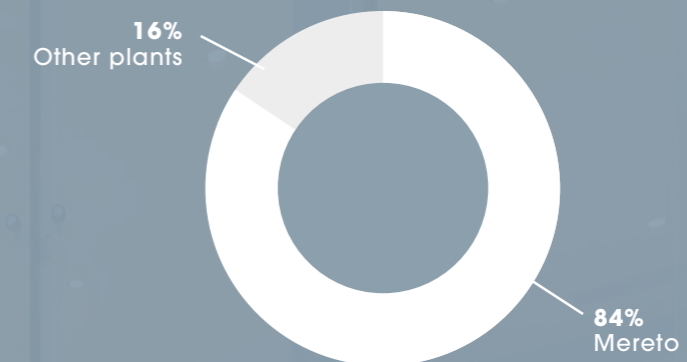
Biofarma1 offices

- A 14-metre high, 1,500 m² building on 3 floors, housing commercial, purchasing and management offices, constructed with 420 cubic metres of PEFC-certified fir wood
- 100-seat space as an 'Auditorium' for schools, universities, local authorities and companies, to promote discussion and the sharing of expertise.

CERTIFICATIONS AND AUTHORISATIONS

ISO 13485 (Medical devices), ISO 22716 (Cosmetics), GMP Cfr title 21, vol.2, part 111 (Supplements), GMP Pharma AIFA, KOSHER, HALAL, COSMOS, RSPO Mass Balance (Cosmetics), ISO 45001:2018 (Safety), FDA Registration, SMETA (Sedex), IFS HPC-Household and Personal Care, NATRUE, Organic Food, ISO 14001:2016, FDA Cosmetic Registration.

ENERGY CONSUMPTION



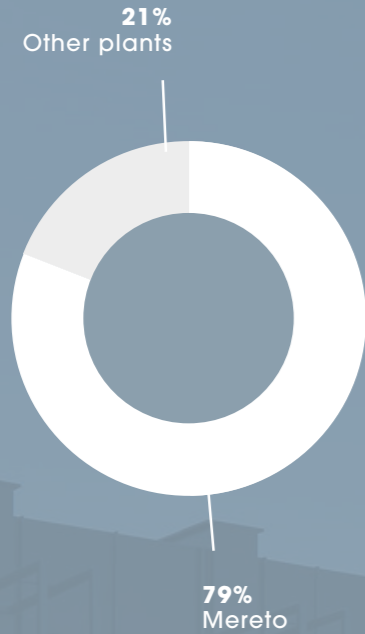
The difference compared to the data published last year is the result of an improvement in the data collection phase, which allowed energy consumption and emissions from the co-generator to be included.

By emphasising the strategic importance of the Mereto plant in the management of the Biofarma Group's emissions, it is clear how much the site contributes to overall emissions, which is why most of the sustainable initiatives were initially implemented there.

Mereto has introduced a variety of strategies, later also adopted at Group level, for the prudent management of energy resources: these include the optimisation of production lines using high-efficiency machinery and the installation of twilight sensors in areas not directly related to production.

To support these measures, the energy consumption of machinery is monitored in real-time.

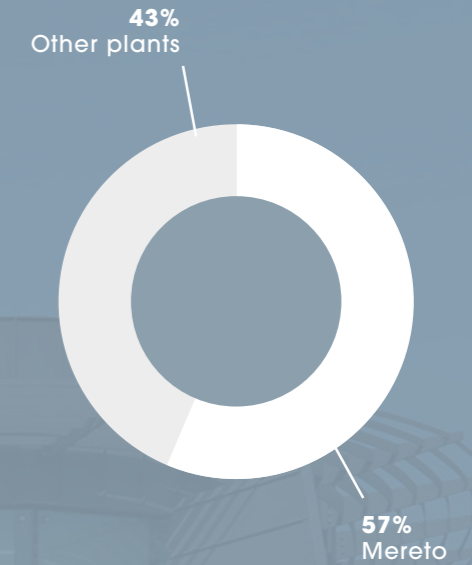
WATER CONSUMPTION



In 2023, there was a significant improvement with **a reduction in total withdrawals and an increase in consumption efficiency**, which accounted for 67% of the total. Discharges dropped to 33%, highlighting Biofarma's growing commitment to sustainable water management, with a focus on reducing waste and optimising consumption processes.



WASTE PRODUCTION



Despite the increase in production activities, **Biofarma has managed to maintain effective waste management**, continuing to separate non-hazardous from hazardous waste correctly, complying with environmental regulations and making a significant contribution to environmental protection. By implementing reduction, reuse and recycling practices, Biofarma demonstrates a clear commitment to long-term sustainability and environmental responsibility, reinforcing its reputation as an environmentally aware and responsible organisation.

APPENDIX

GRI Content Index



GRI Content Index

Below is an analytical table listing the contents included in the Biofarma Group's 2023 Sustainability Report. The table has been prepared in accordance with the latest guidelines issued by GRI Standards.

GRI	SPECIFICATION	SECTION	COMMENTS
2-1	Organisational details	3. CORPORATE ORGANISATION: the new structure Methodological Note: Scope and Process	
2-2	Entities included in the Organisation's sustainability reporting	Methodological Note: Scope and Process	
2-3	Reporting period, frequency and contact point	Methodological Note: Scope and Process	
2-4	Restatements of information	Methodological Note: Scope and Process	
2-5	External assurance		There is no external assurance
2-6	Activities, value chain and other business relationships	2.2 Core markets	
2-7	Employees	5.1 The team	
2-8	Workers who are not employees	5.1 The team	
2-9	Governance structure and composition	3.1 The Corporate Governance model	
2-10	Nomination and selection of the highest governance body	3.1 The Corporate Governance model	
2-11	Chair of the highest governance body	3.1 The Corporate Governance model	
2-12	Role of the highest governance body in overseeing the management of impacts	3.1 The Corporate Governance model	

GRI	SPECIFICATION	SECTION	COMMENTS
2-13	Delegation of responsibility for managing impacts	3.2 Ethics, integrity and compliance	
2-14	Role of the highest governance body in sustainability reporting	Methodological Note: Scope and Process	The Board of Directors approves the budget and material issues
2-15	Conflicts of interest	3.2 Ethics, integrity and compliance	
2-19	Remuneration policies	2.4 Economic value generated and distributed to stakeholders	
2-20	Process to determine remuneration	2.4 Economic value generated and distributed to stakeholders	
2-22	Statement on sustainable development strategy	1.3 The Strategic Sustainability Plan	
2-25	Processes to remediate negative impacts	1.3 The Strategic Sustainability Plan	
2-26	Mechanisms for seeking advice and raising concerns	1.1 Stakeholder engagement	
2-27	Membership associations	3.2 Ethics, integrity and compliance	
2-28	Compliance with laws and regulations	5.6 Contribution to the community	
2-29	Approach to stakeholder engagement	1.1 Stakeholder engagement	
2-30	Collective bargaining agreements	5.1 The team	
MATERIAL TOPICS			
3-1	Process to determine material topics	1.2 The materiality matrix	
3-2	List of material topics	1.2 The materiality matrix	
3-3	Management of material topics	1.2 The materiality matrix	

GRI	SPECIFICATION	SECTION	COMMENTS
ECONOMIC PERFORMANCE			
3-3	Management of material topics	2.4 Economic value generated and distributed to stakeholders	
GRI 201 – ECONOMIC PERFORMANCE (2021)			
201-1	Direct economic value generated and distributed	2.4 Economic value generated and distributed to stakeholders	
BUSINESS ETHICS AND INTEGRITY			
3-3	Management of material topics	3.2 Ethics, integrity and compliance	
GRI 205 – ANTI-CORRUPTION (2021)			
205-1	Operations assessed for risks related to corruption	3.2 Ethics, integrity and compliance	
205-3	Confirmed incidents of corruption and actions taken	3.2 Ethics, integrity and compliance	
RESEARCH AND DEVELOPMENT			
3-3	Management of material topics	4.2 Research and development as a tool for innovation	
RAW MATERIALS			
3-3	Management of material topics	6.4 Waste	
ENERGY			
3-3	Management of material topics	6.1 Energy Consumption	
GRI 302 – ENERGY (2021)			
302-1	Energy consumption within the organisation	6.1 Energy Consumption	
302-3	Energy intensity	6.1 Energy Consumption	
302-4	Reduction of energy consumption	6.1 Energy Consumption	

GRI	SPECIFICATION	SECTION	COMMENTS
WATER AND WATER DISCHARGE			
3-3	Management of material topics	6.3 Water consumption	
GRI 303 – WATER AND EFFLUENTS (2021)			
303-1	Interactions with water as a shared resource	6.3 Water consumption	
303-2	Management of water discharge-related impacts	6.3 Water consumption	
303-3	Water withdrawal	6.3 Water consumption	
303-4	Water discharge	6.3 Water consumption	
303-5	Water consumption	6.3 Water consumption	
PROTECTION OF BIODIVERSITY			
3-3	Management of material topics	6.4 Waste	
GRI 304 – BIODIVERSITY (2021)			
304-2	Significant impacts of activities, products and services on biodiversity	6.4 Waste	
EMISSIONS			
3-3	Management of material topics	6.2 Emissions	
GRI 305 – EMISSIONS (2021)			
305-1	Direct (Scope 1) GHG emissions	6.2 Emissions	
305-2	Energy indirect (Scope 2) GHG emissions	6.2 Emissions	
305-3	Other indirect (Scope 3) GHG emissions	6.2 Emissions	
305-4	GHG emissions intensity	6.2 Emissions	
305-5	Reduction of GHG emissions	6.2 Emissions	

GRI	SPECIFICATION	SECTION	COMMENTS
WASTE			
3-3	Management of material topics	6.4 Waste	
GRI 306 – WASTE (2020)			
306-1	Waste generation and significant waste-related impacts	6.4 Waste	
306-2	Management of significant waste-related impacts	6.4 Waste	
306-3	Waste generated	6.4 Waste	
306-4	Waste diverted from disposal	6.4 Waste	
306-5	Waste directed to disposal	6.4 Waste	
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS			
3-3	Management of material topics	4.3 The supply chain	
HUMAN RESOURCES MANAGEMENT POLICIES			
3-3	Management of material topics	5.1 The team	
GRI 401 - EMPLOYMENT (2021)			
401-1	New employee hires and turnover	5.1 The team	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 The team	
OCCUPATIONAL HEALTH AND SAFETY			
3-3	Management of material topics	5.5 People's well-being	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2021)			
403-1	Occupational health and safety management system	5.5 People's well-being	
403-2	Hazard identification, risk assessment and incident investigation	5.5 People's well-being	

GRI	SPECIFICATION	SECTION	COMMENTS
403-3	Occupational health services	5.5 People's well-being	
403-4	Worker participation, consultation and communication on occupational health and safety	5.5 People's well-being	
403-5	Worker training on occupational safety and health	5.5 People's well-being	
403-6	Promotion of worker health	5.5 People's well-being	
403-9	Work-related injuries	5.5 People's well-being	
403-10	Work-related ill health	5.5 People's well-being	
EMPLOYEE TRAINING AND EDUCATION			
3-3	Management of material topics	5.3 Training and Skills Development	
GRI 404: TRAINING AND EDUCATION (2021)			
404-1	Average hours of training per year per employee	5.3 Training and Skills Development	
404-2	Programmes for upgrading employee skills and transition assistance programmes	5.3 Training and Skills Development	
INCLUSION, DIVERSITY AND NON-DISCRIMINATION			
3-3	Management of material topics	5.1 The team	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2021)			
405-1	Diversity of governance bodies and employees	5.1 The team	
IMPACTS ON LOCAL COMMUNITY			
3-3	Management of material topics	5.6 Contribution to the community	

GRI	SPECIFICATION	SECTION	COMMENTS
PROTECTION OF CUSTOMER HEALTH AND SAFETY			
3-3	Management of material topics	4.4 Our customers	
GRI 416 - CUSTOMER HEALTH AND SAFETY (2021)			
416-1	Assessment of the health and safety impacts of product and service impacts	1.2 The materiality matrix	
SOCIAL EVALUATION OF SUPPLIERS			
3-3	Management of material topics	4.3 The supply chain	
FOCUS ON PRODUCT COMMUNICATION			
3-3	Management of material topics	4.1 The quality and safety of our products	

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