



olon

Sustainable technologies
delivering science



**2022
Sustainability
Report**

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1. Introduction

1. CEO Letter to stakeholders

For the third consecutive year, we are proud to present the Olon Group's Sustainability Report, with which we renew our commitment to disclose in a transparent and visible way the results and objectives of the Group's journey from a Environment, Sustainability, and Governance (ESG) viewpoint.

Along the path we have firmly set out on, 2022 was marked by great strides toward environmental sustainability and energy transition, significant investment in systems that harness alternative energy sources, and social and economic involvement and support for the communities in which we operate. We reaffirmed our commitment to creating an increasingly sustainable and certified supply and production chain by transferring our values and standards to our global suppliers, and we continued our efforts to develop innovative production processes with an ever-decreasing environmental impact through research and development projects. Finally, we must mention the essential support of our people, the people who are part of our Organization and are our real driving force. Inclusion, diversity, development, and safety are the themes we focused on and engaged in across the board, by integrating our strategy and operational decisions. We have achieved important results in cutting electricity and water consumption: our aim is to reduce electricity and water use and carbon dioxide emissions by 60 percent between 2015 and 2025.

We employ second-generation processes and green chemistry, while researching various sustainable technologies to reduce energy consumption and waste production whilst ensuring the maximum safety of our products. All these numerous efforts and initiatives resulted in progress and successes around sustainability. This has been recognized by independent institutions.

As a further confirmation of the above, Corporate Sustainability represents the significance and pervasiveness of this action in our Organization.

This year, we have adhered to GRI standards, certified the data and information contained in our report, enriched it with new perspectives, and added data and information on ESG.

For Olon ESG is much more than a legal requirement. It has long been a vision that steers us, a guiding star, a strategic line, which is reflected in our operational decisions at all levels and in the initiatives we take. From the very beginning, Olon has had three major strengths: competence, innovation and sustainability.

Paolo Tubertini,
CEO Olon Group



1.1.2 Methodological Note

The purpose of the Sustainability Report is to share Olon's strategy and approach to sustainability with all its stakeholders, presenting the activities pursued and outcomes achieved concerning economic, social, and environmental topics in an effort to create long-term value.

The Sustainability Report, in which is published annually, is prepared with reference to the 2021 GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative – to date, the world's most widely used and recognized standards for sustainability reporting. To facilitate the review of the information reported, a GRI Content Index is available on pages 71.

The Sustainability Report follows the principle of materiality, as per the GRI Standards. The topics discussed in this Report are those that, following the materiality analysis and assessment as described in the paragraph "Stakeholder engagement and Materiality assessment" on pages 11 reflects the actual and potential impacts that the Company may generates on the environmental, people and economy.

All information disclosed in this Report refers to the year ended 31 December 2022 and to the perimeter of Olon S.p.A, or the Company. Italy, which includes the manufacturing sites of Rodano, Settimo Torinese, Garbagnate Milanese, Mulazzano, Segrate, and Castelletto Lodigiano (a specific note has been added if the information covers the entire Olon Group's perimeter). To enable an analysis of performance trends over time, where available, comparative data¹ has been provided for the previous year. To ensure the reliability of the data and information disclosed in the Sustainability Report, preference has been given to reporting indicators that can be measured directly. The use of estimates, where necessary, has been duly indicated in specific notes.

The Sustainability Report has been subjected to a limited assurance engagement performed by KPMG S.p.A., whose independent auditors' report on the Sustainability Report is available on pages 76.

Olon's aim is to improve our sustainability reporting by progressively expanding the scope and number of social and environmental indicators measured and disclosed, and by stepping up its engagement and dialogue with stakeholders.

The 2022 Sustainability Report has been presented and approved by the Board of Directors on 14/09/2023 and is available on the Company's website.

1. The data disclosed in the tables of chapter 7 refers only to Olon S.p.A., therefore excluding the sites of Capua, India Mahad, ORB, Derivados Quimicos.

1.2 Who we are

Olon is a global leader in the development and production of **Active Pharmaceutical ingredients (APIs)** for Contract Development and Manufacturing Organization (CDMO) partners and Generics². Through its business model focused on **product quality, innovation and safety**, Olon provides its customers with full access to an integrated package of services on drug manufacturing projects, in strict compliance with national and international regulations.

The Company's structured expertise in chemical synthesis and microbial biomanufacturing, makes it **one of the leading international players in the API and Highly Potent Active Pharmaceutical Ingredients (HPAPI) production market**, including controlled substances, innovative and generics, advanced intermediates, enzymes, proteins, peptides, and food biomanufacturing.

Olon Group relies on a global network of 11 manufacturing sites, **8 of which are located in Italy** and 7 R&D departments across the globe. In Italy Olon, rely on the expertise of more than 1.300 employees highly qualified in both chemical synthesis and microbial fermentation, always considering human safety and environmental security.



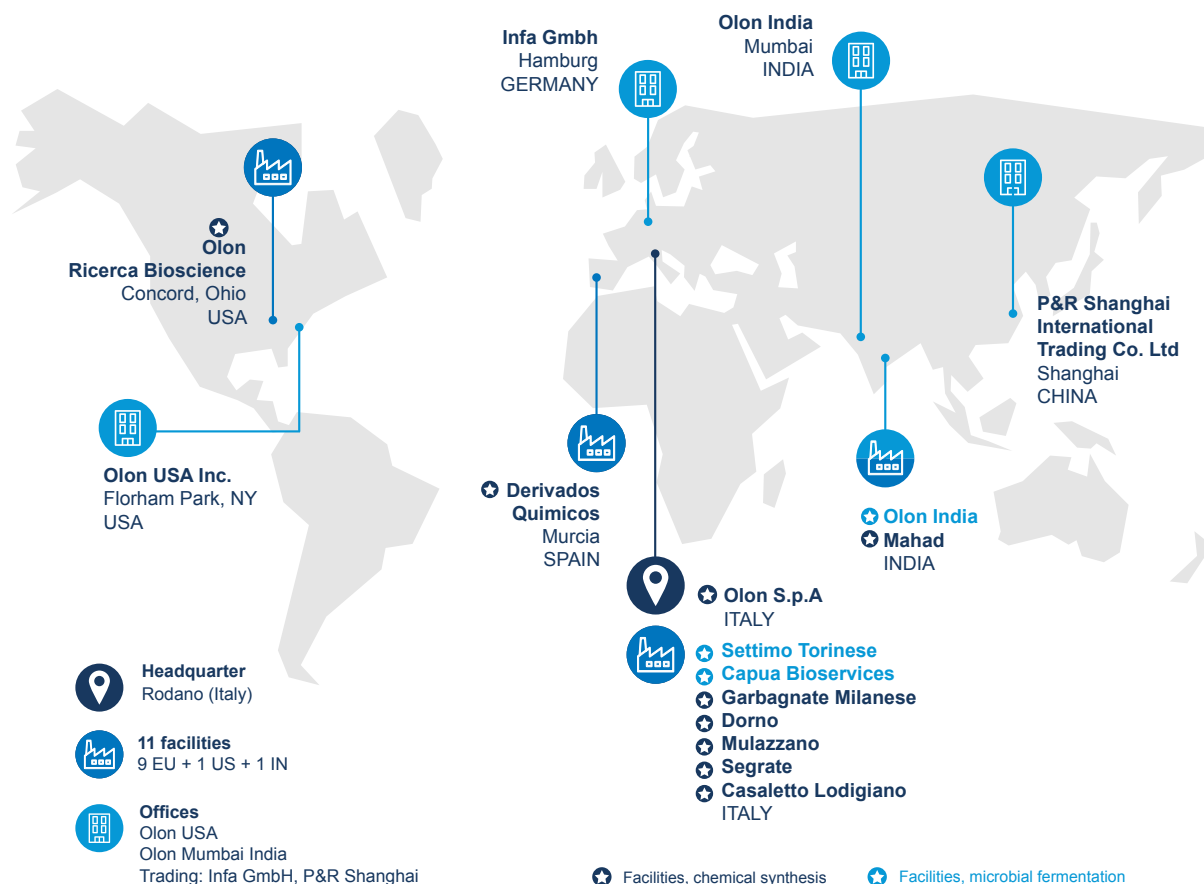
Vision and Mission

Each mission comes from a vision. Ours is to challenge and innovate the way to deliver science to improve the health of human beings. We develop creative ideas and pathways for prompt and sustainable solutions in the life science industry.

2. A generic drug is a pharmaceutical drug that contains the same chemical substance as a drug that was originally protected by chemical patents.

Global presence

Headquartered in Rodano (Italy), Olon Group has **11 manufacturing facilities** – 8 located in Italy, 1 in Spain (Murcia), 1 in the USA (Concord, Ohio) and 1 in India (Mahad), all compliant with international requirements. It also features 2 branch offices (Florham Park - USA and Mumbai - India), and **2 trading offices** (Hamburg - Germany and Shanghai - China). The facilities of Capua and Settimo Torinese (Italy) are biotech centers, while the one in the USA is fully dedicated to Good Manufacturing Practices (GMP)³ clinical supply and process development.



3. Good Manufacturing Practices (GMP) describes the minimum standard that a medicines manufacturer must meet in its production processes. Any manufacturer of medicines intended for the EU market, no matter where in the world it is located, must comply with GMP.



1.3 Context and global challenges

As in the current global context the **fight against climate change** and the **preservation of natural heritage** and resources have become **issues of major importance**, new global challenges have arisen. These **challenges** require a common solution able to coordinate the commitment of civil society, public institutions, companies, and consumers, which have to **change their production and consumption habits** in order to reduce their environmental impacts and enhance global resilience and prosperity. In this scenario, in 2019 the European Commission launched the **European Green Deal**, partly reinforced by the **Fit For 55 Package**, adopted in 2021, with the aim of making Europe the first climate-neutral continent in the world by 2050. By implementing a considerable number of initiatives involving all industries and particularly energy, building, manufacturing and transportation, the European Green Deal is shaping the future on several business sectors, including the chemical and pharmaceutical one.

Indeed, at global level, **the chemical sector is the largest industrial energy consumer**, and the third largest producer of CO₂ emissions. Around half of the sector's energy input is consumed as feedstock⁴, of which oil and gas represent the main source, with their use likely to increase in order to meet material demand, whereas about a quarter of CO₂ emissions in the chemical sector are generated as a result of **chemical reactions inherent to manufacturing process** with the remainder due to fuel combustion.⁵ Therefore, governments and industries need to make an effort and address CO₂ emissions from chemical production, as well as those generated by the use and disposal of chemical products.

To address the issue, on 14 October 2020, the European Commission adopted its **Chemical Strategy for Sustainability**, which aims at improving citizens' and environment protection from chemicals that could be harmful, and at promoting and accelerating innovation using safer and more sustainable chemicals. This involves **increasing energy efficiency, adopting circular and climate neutral production techniques**, and **reducing to zero the use of the most harmful materials** in consumer products when they are not strictly necessary. Moreover, on 25 November 2020, the European Commission adopted the **Pharmaceutical Strategy for Europe**, which aims at creating a future proof regulatory framework and at supporting competitiveness, innovation and sustainability of the EU's pharmaceutical industry and the development of high quality, safe, effective, and greener medicines. The Strategy is also aimed at promoting **research and development**, to boost innovation for the production and use of chemicals and drugs that fulfill therapeutic needs and that are safely and sustainably designed throughout their lifecycle.

4. Feedstock is fuel used as a raw material and not as an energy source

5. Chemicals Report, International Energy Agency, September 2022

In this context, **Olon's strategy is focused** on both **reducing and addressing CO₂ emissions** and **protecting the environment and delivering high quality and safe products** in order to protect consumer and environmental health, through continuous research and innovation.

1.4 Stakeholder engagement and materiality analysis

Olon believes in the utmost importance of **building strong relationships and connections with its stakeholders**. Indeed, it is through their engagement and involvement in business activities that the Organization can better assess its impacts and monitor the way it operates, by becoming aware of their needs and expectations.

The stakeholder engagement process starts from the **identification of the relevant stakeholders** and of the means that can be used to reach them.

Olon invests constantly and daily on building these relationships, to get the valuable exchange of opinions and points of view that help meet the needs of all the stakeholders.



Through the years, Olon has developed a set of **engagement processes** that can be used to attract the stakeholders and properly understand their needs and features. In order to define the priorities and guidelines that will lead the Company's decisions in terms of sustainable development, as well as the topics that will be addressed in the Sustainability Report, in 2022, Olon carried out the process to determine the material topics related to the "areas that are affected the most by its activities.

STAKEHOLDER	ENGAGEMENT PROCESSES
Employees	<ul style="list-style-type: none"> • Internal communication • Intranet • Training
Customers	<ul style="list-style-type: none"> • Communication through the Commercial Area • LinkedIn page • Company's website • Reports
Suppliers	<ul style="list-style-type: none"> • Communication through the Procurement Area • Meetings • Exchange of information during audit activities • Documents handed over during the qualification process
Shareholders and Investors	<ul style="list-style-type: none"> • Company's website • Dedicated meetings • Institutional communication
NGOs and Local Communities	<ul style="list-style-type: none"> • Partnerships with NGOs and nonprofit organizations • Specific meetings and events • Company's website

This analysis also reflects the features of the industry in which the Company operates, to communicate its business activities, performances, and impacts effectively and transparently to all stakeholders.

The analysis was carried out in accordance with the principles identified by the GRI Universal Standards 2021, that define as material the topics which reflect the organization's actual and potential impacts on the economy, environment, and people, including impacts on their human rights, across the organization's activities and business relationships.

The process to determine the Company's material topics followed these steps:

1. Understanding the organization's context

The main sectorial trends were analyzed and a benchmarking analysis on the non-financial statements published by the Organization's peers was carried out. This led to identifying the relevant sustainability areas for the business in relation to its activities, business relations, the context in which it operates, and stakeholders' expectations.

2. Identifying actual and potential impacts

By analyzing public reports on the main impacts of the industry in which the Company operates Olon identified the organization’s actual and potential impacts the economy, the enviromental and people, including impacts on their human rights.

3. Assessing the significance of the impacts

The Organization’s Top Management was engaged in an internal survey, through which the participants were asked to assess the severity and likelihood of the impacts, in order to determine their significance.

4. Prioritizing the most significant impacts for the reporting

On the basis of the results of the survey, the impacts were prioritized according to their significance. A threshold was then set, in order to determine the impacts on which the Sustainability Report will focus, the impacts were grouped into topics, and finally the list of material topics was determined.

The eleven material topics were grouped into pillars, according to the area of intervention they belong to.



1.5 Our commitment to sustainability

The unprecedented global geopolitical and humanitarian challenges characterizing the last two-year period further highlight the urgency to create a contemporary industrial vision on responsible business development that respects and protects the environment and creates sustainable living conditions for all. This is the only way to **guarantee business continuity** and stimulate positive dynamics that will contribute to improving the future of the planet.

To reach all these goals, Olon has chosen to rely on its people as they represent facilitators of change, producers of innovation and source of inspiration. Moreover, in recent years, Olon has acted to continuously **improve its environmental performance**, by involving and informing the entire management structure and the employees, promoting a culture of responsibility and participation, and providing the resources and training needed to make this vision of the future come true.

Olon's vision starts from the business and **extends to the entire sector**, pursuing its intention to be a consistent enabler of skills. This ambition consists in **promoting a more sustainable way of producing APIs**, also by meeting the highest quality standards. In order to achieve this, the Company is investing people, innovation and technology processes, also embedding the Sustainable Development Goals proposed by the UN 2030 Agenda into the business.

The Company believes that a **deep technological revolution**, capable to challenge production as the world knows it, must be carried out: the time frame to be taken into consideration will necessarily be longer as it requires development of more eco-friendly processes, which use fewer resources and produce less waste.



SDGS⁶ MATERIAL TOPIC COMMITMENT 2022 STATUS BUSINESS CASES

Product, business and innovation

 	<p>Product quality and safety</p> <hr/> <p>Sustainable economic growth</p> <hr/> <p>Innovation, research & development</p> <hr/> <p>Responsible business development</p>	<p>Designing accessible and affordable drugs with a positive impact on the society</p>	<p>Increased production for affordable and high-quality drugs</p>	<p>Products and services (par. 4.1)</p> <p>Product quality and safety (par. 4.3)</p>
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	<p>Sustainable supply chain</p>	<p>Promote responsible procurement practices</p>	<p>100% of new suppliers signed the Code of Conduct and more than 70% global purchases is from suppliers that have formally signed the Code of Conduct</p>	<p>Conflict mineral programs (par. 3.2.2)</p>
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People and Communities

 	<p>People's value and promotion of diversity and inclusion</p>	<p>Fostering employees' upskilling, ensuring people's satisfaction and growth by engagement and promote inclusive work environment</p>	<p>Onboarding of new students, who will enhance their skills with multidisciplinary projects</p> <p>Professional upskilling and enhanced leadership behaviours within the Company</p>	<p>Leadership behavioral awards (par. 5.1)</p> <p>Olon School Project (par. 5.2)</p>
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 	<p>Occupational health and safety</p>	<p>Guaranteeing occupational health and safety and promoting the safety culture throughout the Company</p>	<p>Work-related injuries decreased by 31% versus 2020 and health and safety training hours more than doubled with respect to 2021</p>	<p>The "Zero Accidents" initiative (par. 5.4)</p>
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	<p>Support to local communities</p>	<p>Contribute to the socioeconomic development of communities</p>	<p>Overall, 82% of the value generated by the Company was distributed</p>	<p>Supporting communities (par. 3.4)</p>
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Environment

 	<p>Fight against climate change</p>	<p>Reducing GHG emissions and energy consumption (in particular natural gas) and increasing use of renewable energy sources"</p>	<p>Increased energy efficiency, and reduced energy consumption and GHG emissions for Megaton (Mton) of product, achieving -70% compared to 2015's levels</p>	<p>Installation of solar plants, high efficiency co-generators and new thermal power plants for steam production (par. 2.2)</p>
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 	<p>Circular economy</p>	<p>Developing more efficient production techniques, while reducing waste generation and water consumption, in order to mitigate the impacts on natural resources</p>	<p>New highly efficient plants with a high containment rate and low environmental impact</p>	<p>Innovative manufacturing processes (par.4.2)</p>
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 	<p>Responsible management of water resources</p>	<p>Developing more efficient production techniques, while reducing waste generation and water consumption, in order to mitigate the impacts on natural resources</p>	<p>Reduced water and energy consumption and waste generated for Mton of products</p>	
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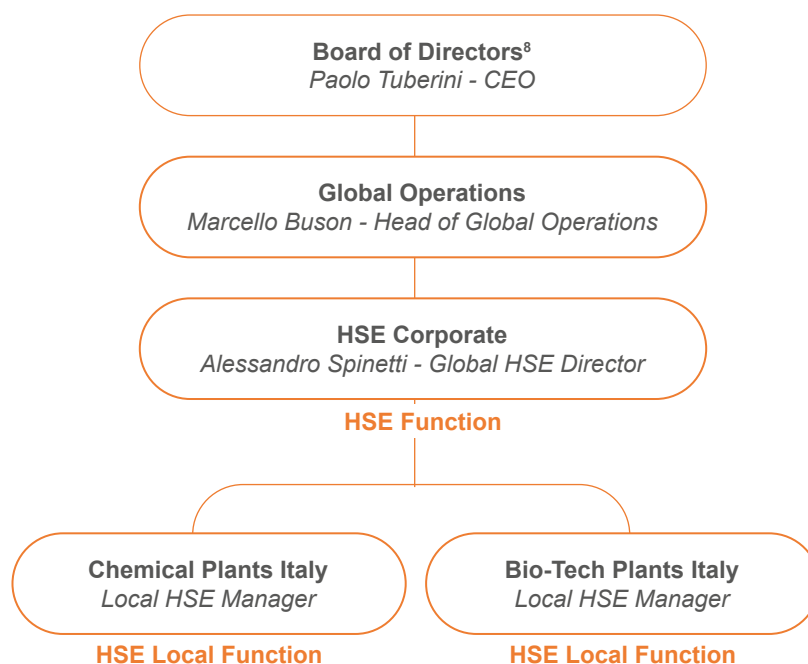
6. The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

1.5.1 Our sustainability governance and responsibilities

Olon understands the importance of building a sustainable future for the Company and its stakeholders.

Responsibility for the definition of the sustainability strategy, lies with the Board of Directors and sustainability drivers and targets are determined in cooperation with Global Operations function.

All Corporate Functions directly report to the Head of Global Operations, and this means he is fully aware of the specific needs and characteristics of each Corporate Functions. Operational implementation and monitoring of sustainability targets are then defined with the HSE⁷ Corporate, which is the Company’s function that specifically deals with sustainability issues. As a final step, operational details are then shared with HSE Managers, one for each site, in order to define the actions to be taken at all the Company sites to reach Olon’s sustainability targets and share the drivers throughout the Organization.

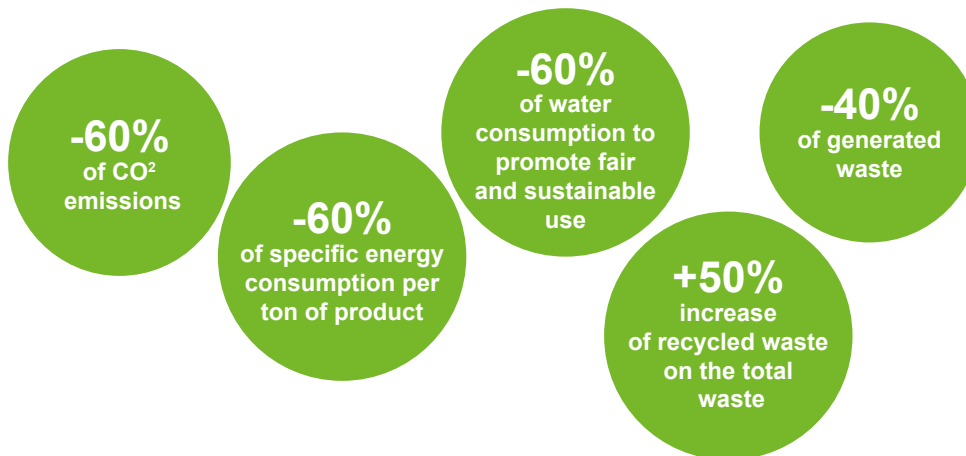


7. Health, Safety, Environment

8. The Board of Directors and the Company Functions have specific roles and responsibility in terms of sustainable development and in the future will have to integrate sustainability into its activities for its own area of competence.

Goals and targets

According to the United Nations 2030 Agenda for Sustainable Development, in September 2018 Olon Group set the following **targets by 2025**, in order to promote environmental sustainability:



These targets were all achieved by 2021. Olon Group is currently undertaking a process to set new sustainability targets.

Specific targets for 2022/2023

- Governance review for the ESG part (materiality analysis, new KPIs and new 2023-2030 TARGETS)
- Reduction of water consumption -6% (recycling project)
- Reduction of CO₂ emissions -5% (3Mw: new solar panels at Rodano, Settimo, Capua and DQ)
- Reduction of waste generated -5% (Solvent recovery)
- Reduction of electricity consumption -5% (Energy efficiency programs)
- Reduction of specific consumption by product (increase in yield or batch size)





2. Environmental sustainability

Olon continually strives to reduce its impact on natural ecosystems and on the environment, with a specific focus on energy, greenhouse gases, water and waste. Therefore, the Company operates with a responsible approach to **prevent and minimize adverse impacts on the environment** and comply with all applicable environmental regulations, also by investing systematically in the sustainability of its manufacturing network.

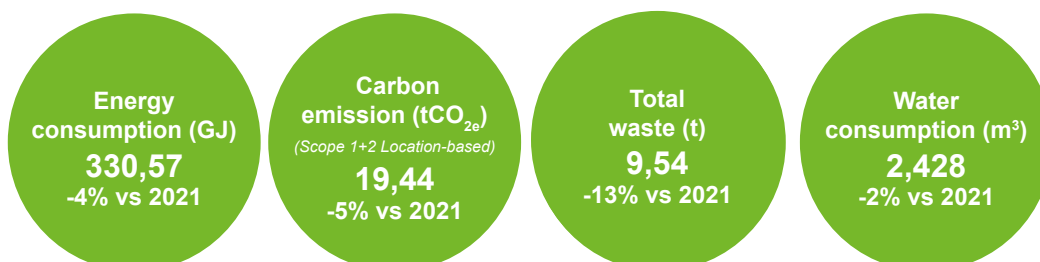
In recent years, with the objective of promoting a culture of responsibility and participation, Olon has worked to continuously **improve its environmental performances**, by engaging the whole management team and employees and allocating investments to develop sustainable initiatives for protecting the environment and contributing to the fight against climate change.

The Company is also encouraging all its partners to become aware of the impacts generated by the business activities along the entire value chain and to implement practices that facilitate **responsible use** of raw materials and sustainable management of water resources, while reducing their carbon footprint.

Over the last 5 years, Olon’s commitment to environmental protection has led to significant results, with a substantial **reduction of CO₂ emissions, water and energy consumption, and waste production**.

Key Environmental Sustainability indicators

(based on ton of manufactured product)



2.1 Sustainable production

Olon has a **global footprint**, so its organizational approach to achieving sustainability goals is twofold. On one hand, Olon strives and is committed to **achieving its overall goals** and, on the other, the Company focuses on **specific initiatives implemented at local sites**. Such initiatives aim to put the overall Company's strategy into practice while providing guidance and the information necessary to establish new target outcomes, thus creating a virtuous circle.

The **optimization and renovation of existing machines and processes** will continue over the next years at all our sites. Olon also firmly believes that the complete and positive integration of all activities with the local environment and responsible behavior towards stakeholders are the most important conditions to achieve its development objectives.

2.2 Olon's contribution to the Energy Transition

Energy consumption and GHG emissions

Olon considers **climate protection** and the related reduction of **greenhouse gas emissions** to be a top priority. The Company has launched a **long-term program** that will enable the **reduction of energy consumption**, by progressively installing **renewable energy** systems in the facilities of the Company's manufacturing network.

In 2022, Olon's energy consumption amounted to 1,526,516 GJ, showing a 3% reduction compared to 2021.

Since 2021, Olon Group has been making investments at 5 out of the 11 sites to install advanced solar panel systems to generate renewable energy. In 2022, Olon S.p.A. investments concerned **3 Italian sites**. More precisely, these installations took place



in Settimo Torinese, Capua and Rodano. In particular, in **Rodano**, the Group's HQ and one of Olon's most strategic sites, the installation of the solar system was successfully implemented, and the system is now up-and-running. The new system will **produce 550 MWh/year of renewable energy**. It will supply all the energy needed by the Olon HQ, in Rodano with solar energy as a carbon neutral source of energy.

The investment plan will have the following capacity:

- Capua (Italy): 3750 Kw
- Rodano (Italy): two systems, one for 490 Kw, and one for 4600 kw
- Mahad (India): 7000 Kw
- Derivados Quimicos (Spain): 500 Kw

By the second quarter of 2023, Olon will have installed solar systems with a total capacity of 17 Mw in its global manufacturing network.

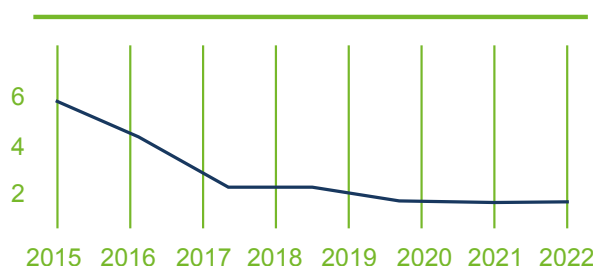
The Group is increasing the percentage of renewable energy using wind power at the Indian facility. The target is to reach 62% renewable energy by 2024.

To enhance energy efficiency in the manufacturing processes, the Company introduced **high efficiency co-generators** for the reuse of thermal waste (obtaining energy efficiency certificates) and **new thermal power plants** for steam production which facilitated a reduction of CO₂ emissions due to the decrease of specific methane consumption.

In 2022, Olon's **Scope 1 CO₂ emissions**, which occur from sources that are controlled or owned by the Organization, such as the natural gas used to power the production sites, amounted to 75,283 tons of CO₂e, a 2% reduction compared to those of 2021. **Scope 2 emissions**, which are indirect emissions generated by the consumption of purchased energy, amounted to 14,468 tons of CO₂e, computed with the location-based approach, which accounts for the average emission factors of the local grid. If compared to 2021, Scope 2 emissions decreased by 11%".⁹

Carbon consumption

Per ton of manufactured product (Ton CO₂ / Ton)

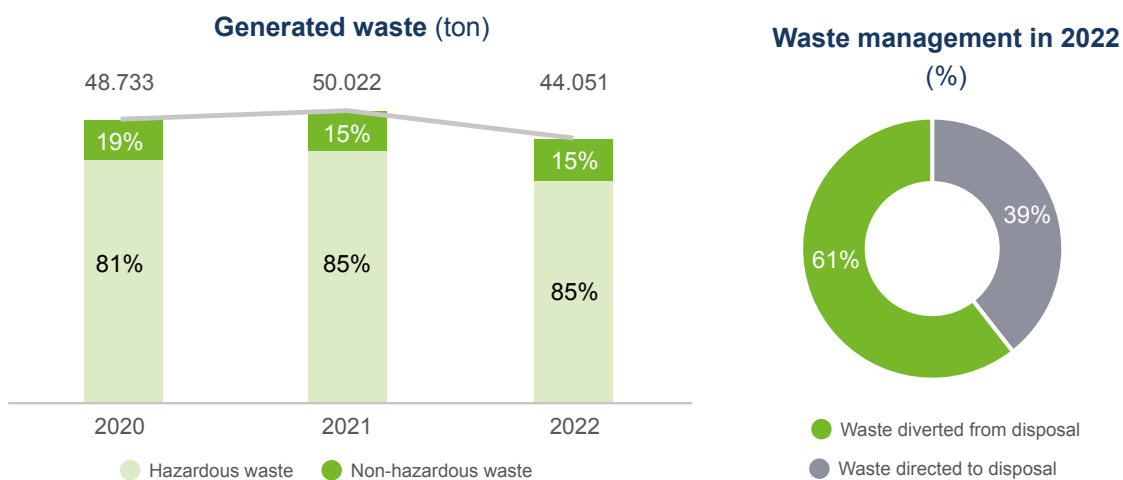


9. Scope 1 and Scope 2 emissions were computed by using ISPRA (the Italian Institute for Environmental Protection and Research) 2020, 2021, and 2022 emission factors.

2.3 Circular economy

An important part of Olon's strategy for environmental sustainability refers to **circular economy**. Olon strives every day to promote **circular business models** that combine a **responsible use of natural resources** and raw materials with a **responsible waste management** approach. Moreover, the Company promotes and develops **solutions aimed at recycling and reusing materials, energy and waste**.

In 2022, Olon generated **44.051 tons of waste**, (85% of hazardous waste and 15% of non-hazardous waste) with a **reduction of about 12%** compared to 2021; **61% of the waste generated was recycled or recovered**.



Waste generated consists mainly of mother liquor containing solvents, organic and inorganic salts, and traces of active pharmaceutical ingredients. Other types of waste include uncleaned empty packaging – which originally contained raw materials used in production processes – used filtration materials, waste coming from laboratories and from construction, demolition, and maintenance activities.

Olon makes sure that all systems guarantee and provide for the safe handling, movement, storage, recycling, reuse, or management of waste and materials and prevent and mitigate accidental spills and release of fuels, waste, chemicals, intermediates, products, and other hazardous materials into the environment.

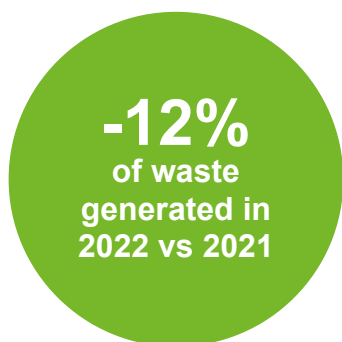
Olon's circular initiatives focus on increasing the **manufacturing processes efficiency**. In fact, the Company tries to optimize plant performances, in order to reduce the amount of energy, materials and natural resources they need.

Throughout the years, Olon has also introduced **technologies to increase the degree of production containment**, in order to protect workers and the environment;

in particular the Company has equipped itself with innovative technology for the enhancement of materials, such as the introduction of **distillation columns for solvent recovery** which allow the reduction of waste generated, reusing solvents which would otherwise be diverted to disposal. The Company is also focusing on **green chemistry projects** for the replacement of chlorinated solvents and the reduction of critical substances which could be particularly toxic, especially on new manufacturing processes. With respect to this latter, Olon currently **recovers and reuses** solvents during the production cycle or sends them to external recovery sites.

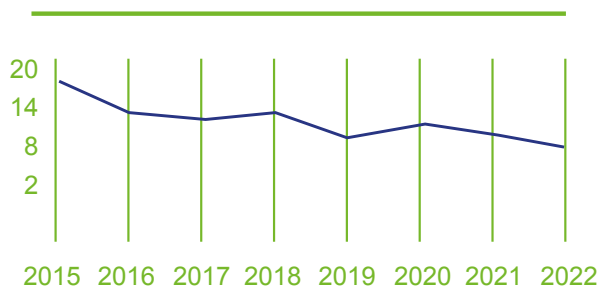
The Company acts to **reduce waste disposal to zero**, but when it has no other choices, it uses recovered packaging during waste disposal operations, and when it comes to incinerating waste, Olon always prefers sites that provide for energy recovery.

Olon relies on external suppliers for waste disposal, which are periodically **assessed** currently different methods. First of all, the Company makes sure that all transporter, intermediaries, and final operators have **all the authorizations required by law**. Moreover, all suppliers that deal with critical or considerable amounts of waste, need to fill out a **specific HSE questionnaire** and are periodically subjected to auditing procedures. Finally, Olon requires suppliers to send it a copy of their **waste forms**.



Total waste

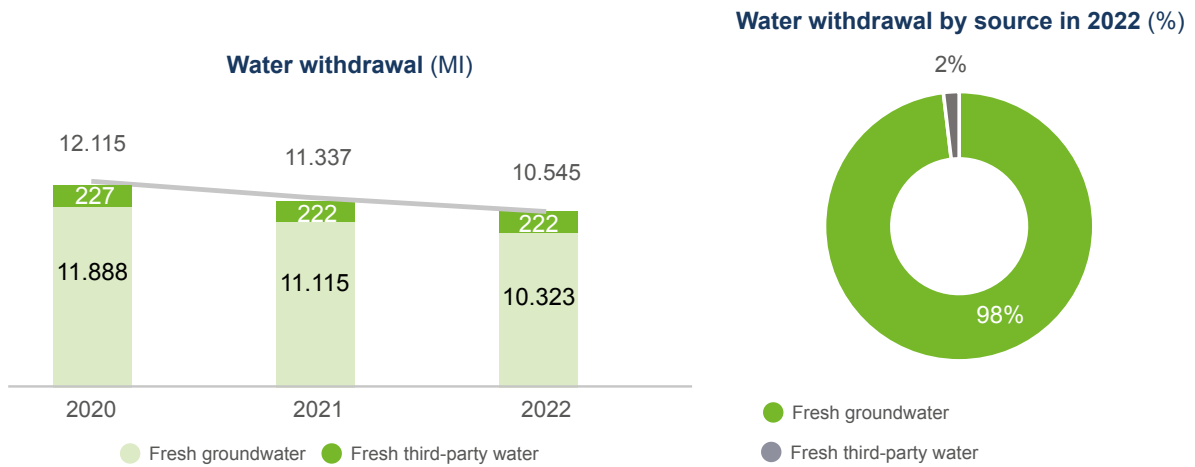
Per ton of manufactured product (Ton / Ton)



2.4 Responsible water management

Water is a key component of Olon’s industrial operations. It is used for a variety of purposes in the production of pharmaceutical ingredients, therefore access to clean and plentiful water is critical to ensuring the quality of products and it is inherent in the Ministry’s authorization provided to the Company allowing it to carry out its business activities.

In 2022, Olon’s water withdrawal figure is equal to 10,545 MI, -7% 2022, **98%** consists of **groundwater directly withdrawn from wells**, and the remaining 2% is supplied by the municipal aqueduct.



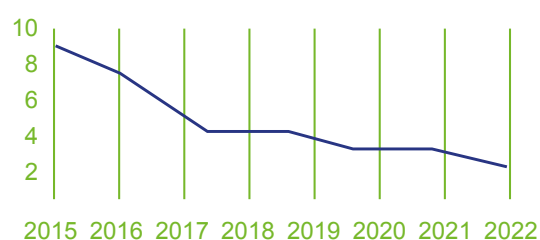
Water withdrawals are measured by water meters and monitored on a monthly basis to assure the responsible use of the resource. All withdrawals, especially those related to groundwater exploitation are authorized by the competent Authority as part of the Integrated Environmental Authorisation of each individual site.

With regard to water discharges, once used in production processes, the water is discharged into tanks for external disposal or is treated on site via wastewater treatment plants (WWTP) which subsequently discharge the treated water into the public sewer or surface water. All discharge points are authorized by the competent Italian authority (Provinces); all Olon’s sites located in Italy are covered by an **Integrated Environmental Authorization** which sets specific limits for each water discharge both in terms of quality and quantity. In addition, the authorization identifies the site-specific pollutants, the method of analysis to be applied and the authorized discharge limits.

Olon monitors the quality of the water discharged through **shared plans with the Control Bodies** in order to comply with the legal limits, and reduce, where technically and economically possible, any environmental impacts generated. In continuity with previous years, in 2022 there were no environmental non-compliances related to water discharges.

Water consumption

Per ton of manufactured product (m³ / Ton)





Moreover, in 2018, Olon has set 2025 targets for reducing water consumption per kg of product; in particular, the Organization intends to **reduce its water consumption by 60% to promote the fair and sustainable use of this resource** and will develop multi-year plans for its consumption in the production operations.

None of the Olon sites in Italy are in water-stressed areas”

2.5 Certifications and implementation of Highest Industry Standard

The achievement of corporate sustainability goals is certified by leading international bodies, which monitored and assessed the progress of KPIs. These certifications are also crucial in setting Olon’s goals for the future, in a constant process of growth and improvement of the Company’s business performance.



Ecovadis sustainability rating – 2022 bronze medal

In 2022, Olon was awarded the bronze medal by EcoVadis, in accordance with its Sustainability Rating. The EcoVadis Rating covers a broad range of non-financial management systems including Environmental, Labor & Human Rights, Ethics and Sustainable Procurement impacts. Each business is rated on material issues considering the company’s size, location, and industry. As for sustainable purchases, Olon Group is among the 10% best companies evaluated by Eco-Vadis in the specific sector. This achievement represents another milestone in Olon’s path towards sustainability and continuous improvement.



3. Responsible business

3.1 Business ethics

Olon ensures that its business activities are carried out in line with the principles of ethics, responsibility, and transparency towards all stakeholders, which guide the proper operation and good performance of the Company.

3.1.1 Olon's Code of Ethics

Olon recognizes the major importance of ethical-social responsibility when conducting business and corporate activities and is committed to respecting the legitimate interests of all stakeholders and the communities where it operates. Therefore, the Company has adopted a Code of Ethics to constitute a guide in decision-making and action-taking that is consistent with the principles of responsibility, transparency, and long-term value creation, by contributing to sustainable development.


Given the importance attributed to respecting laws and regulations in all countries where the Company operates, **management, employees and all organizations that work with Olon based on a contractual relationship, even on a temporary basis, are required to sign the Code of Ethics**, imprinting their behavior on the principles and criteria set forth therein. Compliance with the Code is essential for the proper operation and reliability of the Company, that is to say, fundamental elements for success and for the current and future development of the business.

The Code of Ethics also provides for **whistleblowing mechanisms**. More specifically, signees of the Code can report at any time any event considered unlawful or irregular with respect to the principles and rules that regulate the operations of each group company to the Surveillance Committee, using the dedicated channels. Whistleblowers are protected from any retaliation or action that could be a form of discrimination or bias.

Olon is currently working on an updated version of its Code of Ethics, which is due to come into force in 2023.

3.2 Sustainability in the supply chain

Nowadays, to guarantee the sustainable development of business, it is essential to build and maintain a responsible supply chain, that has to be **short, diversified and aware of potential environmental and social impacts**, including the impacts on human rights. For such reason, Olon has established a **Code of Conduct** (see paragraph "3.2.1 Olon's Code of Conduct"), submitted to all new suppliers and external companies with which the Company does business globally, and a **Declaration of Sustainability Requirements** submitted to suppliers.



All strategies, and resulting actions, ultimately revolve around four cardinal points: people, responsible business development, sustainable supply chain, and social responsibility.

All new suppliers are selected based on a **qualification process** that assesses compliance with HSE and GMP requirements and proper **Sustainability Requirements**, such as:

- **Suppliers should support a pre-emptive approach to environmental challenges**, operating in an environmentally responsible and efficient way, in order to minimize adverse impacts on the environment and by undertaking initiatives to promote stronger environmental responsibility and sustainable technologies;
- **Suppliers shall be committed to upholding the human rights of workers and to treating them with dignity and respect**, also complying with the principles of International Labor Organization (ILO) Conventions. Moreover, they shall provide a workplace free of harassment and discrimination and provide workers at least the applicable minimum wages, overtime hours and mandated benefits required by local laws. Third parties shall also respect freedom of association and provide a safe and healthy working environment, in compliance with all safety and health laws and regulations;
- **Suppliers shall comply with all applicable environmental laws and regulations**. All required environmental authorizations, licenses, information, registrations and restrictions shall be obtained and all operational and reporting requirements shall be complied with;
- **Suppliers shall have systems in place to ensure the safe handling, movement, storage, recycling, reuse, or management of waste, air emissions and wastewater discharges**. Any waste, wastewater or emissions which risk impacting human or environmental health shall be appropriately managed, controlled and treated prior to release into the environment;
- **Suppliers shall have an organized approach** to prevent and mitigate accidental spills and releases into the environment.

Olon adheres to the **UN Universal Declaration of Human Rights** and acknowledges its duty to promote universal respect for and observance of human rights and fundamental freedoms for all, irrespective of to sex, age, race, religion, or any other characteristic protected by law. Olon expects suppliers to protect human rights in their operations and to their employees around the world, and monitors that they do so, through a regular and systematic auditing procedure and by stating the Company's expectations in Supply Chain policies.

To promote diversification in the supply chain, Olon has implemented a **Supplier Diversity Program** through which the Company fosters and maintains relationships with local suppliers by purchasing goods and services from **small, minority, or women-owned businesses** while sustaining the economic empowerment of the territories in which it operates.

PHARMACEUTICAL SUPPLY CHAIN INITIATIVE

The Pharmaceutical Supply Chain Initiative (PSCI) is a group of pharmaceutical and healthcare companies that share a vision of better social, health, safety and environmental outcomes in the communities where they buy. PSCI members can share knowledge and expertise to drive complex global change more efficiently than any one organization alone. PSCI's companies have, indeed, joined forces to promote responsible supply change management and better business conditions across the industry.

Olon shares this initiative to leverage collective, collaborative strength from our industry and suppliers in order to make sustainable improvements in the supply chain. Olon's Supplier Code of Conduct aligns with the PSCI principles, and suppliers may expect a PSCI-type audit and take part in the supplier capability programs through PSCI.



3.2.1 Olon's Code of Conduct

Olon's Supplier Code of Conduct represents the foundation of Olon's sustainable procurement program. This key document communicates the Organization's position on the performance standards suppliers are expected to work towards as a part of doing business with us.

All new suppliers must **sign the document** and ensure the Company's same level of sustainability in terms of environmental protection, workers health and safety and production quality and safety. Moreover, since the supply chain is diversified, all the suppliers that provide **critical materials** and with which the collaboration started before Olon established our Supplier Code of Conduct, sign the Code retroactively.

In 2022, **100% of new suppliers signed the Code of Conduct** and more than 78% of global purchases come from suppliers that have formally accepted and signed the Code of Conduct.

To further guarantee the highest standards of quality, **audit procedures** have been established and enacted specifically to qualify, periodically assess and monitor that suppliers respect all requirements in terms of quality, safety, HSE, and sustainability.

Olon has incorporated the Supplier Code of Conduct into its supplier **qualification process** and uses risk assessment models to prioritize suppliers for further review; moreover, the Company intends to evaluate suppliers' fulfillment of the principles contained in the Code and expect all organizations to cooperate, and remediate any identified issues.

Into the Code of Ethics, Olon is currently working on an updated version of its Code of Conduct, which is due to come into force in 2023. The new version will contain a Sustainability Clause, according to which Olon will suspend business with all suppliers that fail to comply with the principles stated in the Code of Conduct and the Sustainability Policy



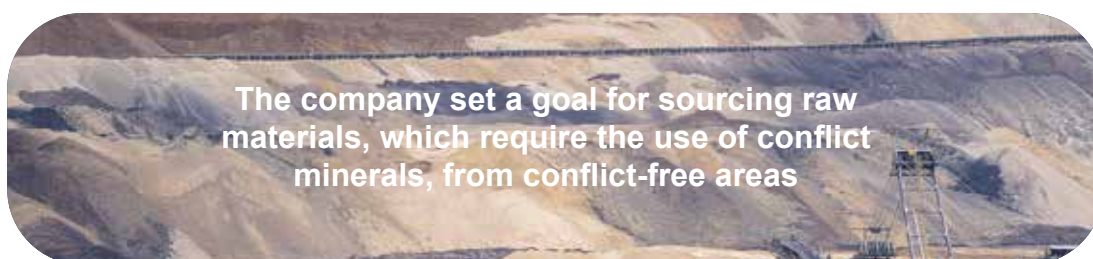
3.2.2 Conflict Minerals Program

In politically unstable areas, armed groups often use forced labor to mine minerals such as tin, tantalum, tungsten, and gold which are then traded illicitly to finance armed conflicts.

Into of Olon's commitment to responsibility, the Company pursues the objective of reducing the risks of financing human rights violations in connection with the extraction, production, and supply of specific minerals in conflict areas subject to the influence of illegal armed groups. Therefore, Olon has set itself the goal to **source raw materials**, that require the use of these minerals, from **conflict-free areas**.

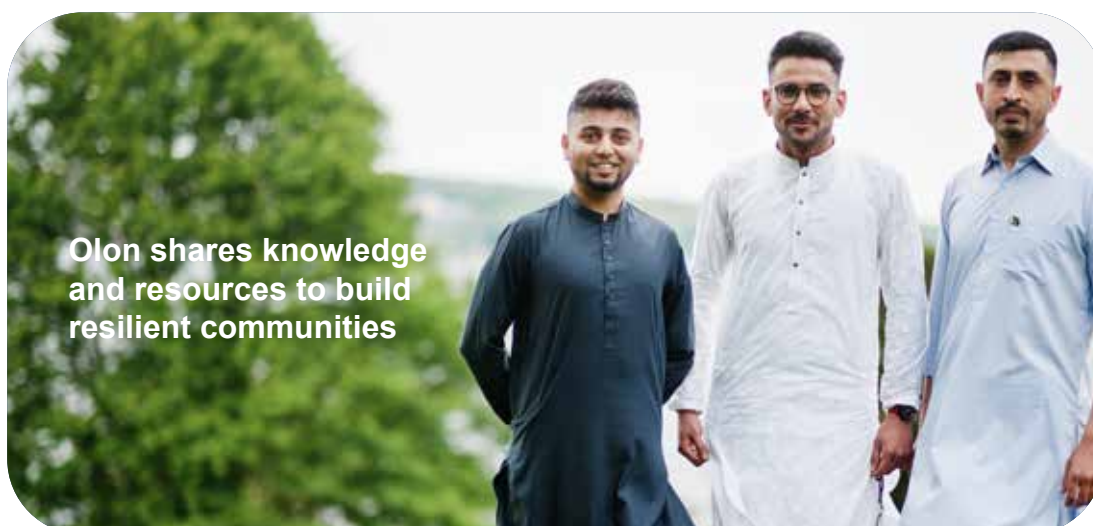


The same commitment is promoted along the supply chain, where the main suppliers have to define **appropriate policies and control measures** that allow the Company to reasonably determine if products and raw materials containing conflict minerals originate from conflict-free sources. Indeed, Olon submits all suppliers to **due diligence processes**, evaluating the progress of the Conflict Minerals Program on a regular basis and communicating to internal and external stakeholders if the commitment is applicable to their own supply chain.



3.3 Supporting communities

Olon strongly believes in the importance of **supporting the communities where its sites are based**. To do so, not only does the Company take on the responsibility to **take care of the socio-economic development** of the people living in the places where it operates, but it also engages in activities with all **stakeholders**, in order to develop ideas and **innovations that improve the living conditions of local communities**. This constant value creation process with Olon’s communities and stakeholders is an intangible asset both for the business and for those the Company engages with.



3.3.1 Engaging with stakeholders

In order to promote an open and transparent dialogue with all stakeholders, Olon regularly promotes **visits to its sites**. The Company usually engages stakeholders, Local Governments and Representatives of the local communities in which it operates, inviting them to personally visit manufacturing sites, R&D labs and offices.

“Knowledge brings innovation” – Green Umeeting in Murcia

In 2022, the **Faculty of Chemistry of the University of Murcia** (Spain) inaugurated **Green Umeeting**, a new space, a meeting point for professors, researchers, and business people to celebrate all kinds of interactions in the open air with the chemical companies of Murcia, in order to generate innovation, discussion, and knowledge. Green UMeeting, which is part of the Faculty of Chemistry of the University of Murcia, was carried out with the **support of the subsidiary Derivados Quimicos**. This space, the first initiative ever created to **encourage exchange** and collaboration **between chemical companies and universities**, was intended to arrange presentations and meetings and aimed to raise awareness on the chemical excellences of the area, such as Derivados Quimicos itself, with the final objective of encouraging innovative projects and attraction of talents into the company.

“Improve the quality of life” - Supporting communities and people in Mahad

For years, the subsidiary **Olon India** has promoted **social projects** to meet the key needs of local people living in Mahad, where our site is based. All of these projects are aimed at **improving the quality of life** for the people part of the local community, focusing on health, infrastructures, environment, and education, particularly for women.



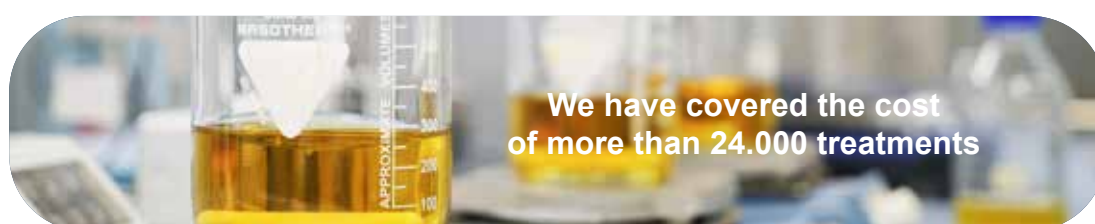
Every year through Corporate Social Responsibility initiatives, Olon India engages in many activities with the objective to **promote education, ensure environmental sustainability, carry out rural development projects** and contribute to **disaster management**, including relief, rehabilitation, and reconstruction activities.

In the year 2021/2022, many such activities were implemented in **Mahad and nearby villages**. In particular, most of the activities were planned to tackle the major flood situations in Mahad and the Covid-19 pandemic.

The partnership with Novartis in Ghana

Since 2019, Olon has been contributing to the **distribution of hydroxyurea-based treatments in Ghana**. In collaboration with **Novartis**, Olon participates in a **public-**

private partnership involving the African state’s government. This partnership is unique in its kind, since it is aimed at helping the local population suffering from sickle cell disease. Olon has covered the costs of more than 24,000 on annual base. The partnership has so far included the establishment of **national guidelines for treatments**, newborn **screening** and **centers of excellence** capable of treating sickle cell disease. Moreover, it has enabled the country to grant the provide of accessible treatment options in line with global standards of care, as well as the use of digital technologies to monitor and assess patient registration, report data in real time and help ensure the safe introduction of drugs on a large scale.

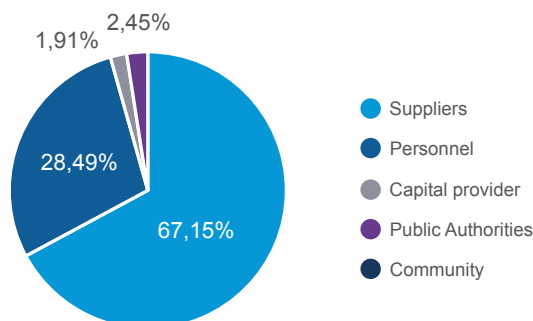


3.4 Value creation and distribution

Through its activities Olon contributes to the creation of value and economic growth of the social and environmental contexts in which it operates. The representation of this wealth, measured from financial statements data, cannot therefore disregard the added value generated and distributed to all stakeholders. In 2022, the **economic value generated amounted to 413.822.512€**, with an **increase of about 8%** if compared to 2021 values. In 2022, Olon **distributed about 82% of that value**, while the remaining 18% was kept inside the company and contributes to the sustainable development of the business.

ECONOMIC VALUE GENERATED AND DISTRIBUTED	U.M.	2022	2021
Generated economic value		413.822.512	382.716.491
Distributed economic value		340.978.158	321.095.568
Operating costs		228.970.308	202.956.432
Value distributed to Employees	€	97.140.812	93.072.366
Value distributed to capital provider		6.495.961	6.835.313
Value distributed to Public Authorities		8.357.986	18.050.927
Value distributed to the community		13.090	25.630
Retained economic value		72.844.355	61.620.923

Economic value distributed to stakeholders in 2022



4. Technology for the future

Olon strives to continually **drive innovation in advanced science**, while creating long-term value for all stakeholders, through sustainable industrial and technological solutions. Innovation is embedded in Olon’s business model, enabling the Company to be more agile on sharpening the focus on core business and **optimizing the phases of research**, while maintaining **high standards of product quality and safety**, ensuring product accessibility to a wide range of people and **reducing their environmental footprint**. Olon is working on **cutting-edge R&D processes** applied both to chemistry, in terms of flow chemistry, photochemistry, and electrochemistry, and to biotechnologies. Investing in and developing technological advances allows the Organization to combine well-established practices with new ones, in order to guarantee efficient and successful manufacturing processes, at the same time ensuring safe, fast and cost-effective commercial processes. Finally, **partnerships** with institutions and universities are essential drivers for innovation, since networking leads to sharing knowledge, strategies and best practices that generate solutions which benefit everyone.



4.1 Product and Services

Olon is a leading producer of Generic API, with a portfolio of 300 Generic APIs - one of the most extensive track records in the industry - and manages more than 450 Drug Master Files¹⁰. The products are manufactured via chemical and biological synthesis, meeting the highest quality standards thanks to extensive internal technical expertise.

The **portfolio is highly differentiated** and includes, among others, products of microbial fermentation, controlled substances, and retinoic APIs. Olon's pipeline of generic APIs is reinforced in the oncology area, where it owns solid expertise, by being one of the sector's top companies producing HPAPI, with the introduction of a large number of oncology APIs, with particular reference to those with selective high activity. Throughout the years, Olon has **diversified** and backed **investments** across several lines and multiple facilities allowing it to manage different **high-containment molecules at different scales**, guaranteeing flexibility on a significant scale.

Moreover, as leading CDMO, Olon offers support to the pharmaceutical industry in developing new drugs and specific treatments. Along with knowledge and technology-transfer, Olon supports other companies in the entire drug product development process, from R&D lab-up to full-scale commercial manufacturing, focusing also on regulatory and legal constraints.

Olon uses its experience to follow the entire process in house, with a single point of contact for customers and accountability. During product development and technology transfer, Olon supports its **partners** with a dedicated team made up of a project manager, who plans and tracks all activities, resolves any conflict of resources, solves critical issues and communicates news and updates, and a technical team, which provides regular updates on the project status, communicates directly with the customers about technical details, and supports the regulatory strategy.



20 ongoing projects in the **Biotech area**



20 ongoing projects on **small molecules up to 7 chemical steps**



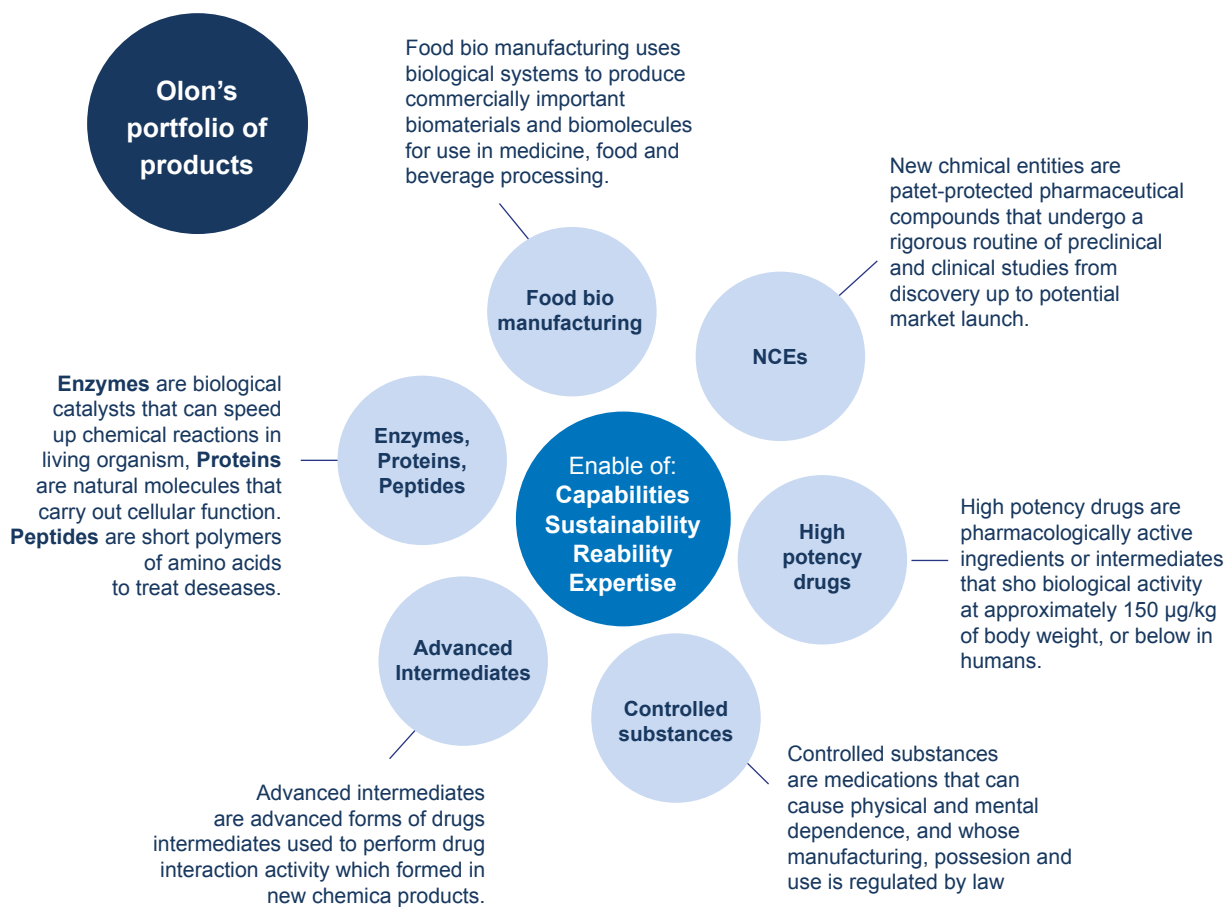
11 API projects in **Early development phases**



5 CDMO products **filed from the market** over the last 5 years

Through processes such as **chemical synthesis**, **microbial biomanufacturing** or a **semi-synthesis approach**, Olon offers **dedicated solutions** that respect GMP standards, for the developing and manufacturing of patent-protected pharmaceutical compounds - New Chemical Entities (NCEs) - advanced intermediaries, building blocks, enzymes & proteins, peptides of rDNA origin and high-potency drugs.

10. Drug Master Files (DMFs) are submissions to the Food and Drug Administration (FDA) used to provide confidential, detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of human drug products.



4.2 Continuous manufacturing processes

To increase efficiency and reduce the energy required for production, especially in the functioning of reactors, Olon is implementing several **continuous manufacturing processes**, investigating both the *flow chemistry approach*¹¹ and the *continuous stirred tank reactors (CSTR)*¹².

These approaches entail leaving no batch reactors with loading and unloading phases but keeping constantly active production units – either microreactors or small classical reactors. The outcome is that, at the same levels of production, **continuous manufacturing processes can reduce the footprint** of the manufacturing process in comparison with standard methods.

This innovative production technique enables a double positive impact in terms of sustainability. Indeed, it allows for the use of **smaller amounts of material per unit time**, therefore resulting in increased local temperature control and in the possibility to avoid extreme temperatures, making the manufacturing process less energy intensive. It also provides greater safety for operators and along the process itself, due to the possibility of **using limited quantities of products** that react together at any given time.

11. Flow chemistry is an established alternative to traditional batch chemistry that consists in a handling technique where reaction components in solution are pumped through conduits and combined by mixing the streams

12. A Continuous Stirred Tank Reactors (CSTR) is a reaction vessel in which reagents, reactants and often solvents flow into the reactor while the product of the reaction concurrently exits the vessel.



Advanced processes can dramatically reduce the use of energy and solvents

In addition to that, the **latest technological advances** will make possible to use light, through photochemistry, or electricity, through electrochemistry, to power reactors, which would otherwise be unfeasible under the conventional conditions of a higher need for chemical reagents and extreme temperatures.

The industry is now facing a **paradigm shift**, in which there is a continuous exchange of knowledge and information between the chemical and engineering sectors, which eventually results in the creation of new specific know-how and business synergies.

Technological progress also has an impact on the entire production chain, generating a fast evolution in terms of procedures and digitization toward an effective transition to Industry 4.0.

AN INNOVATIVE GLOBAL R&D MODEL IN THE RODANO SITE

In May 2022, Olon announced the creation of a **Research & Development hub** at the sites in **Rodano**, paving the way for further major expansion and diversification of its expertise and technologies applied to the development of APIs **for the CDMO and Generics market**. With a **€10-million investment**, the center will house several research areas, each one dedicated to a specific field of application. The hub will include a laboratory for process **safety and research in scale-up and transfer processes**, as well as an analytical R&D area to broaden expertise for the development of new synthesis methods and new APIs, from the early phase. Moreover, the center will feature a process development laboratory with a team focusing on the development of advanced processes.

The new hub represents growth in terms of people, expertise and skills, with the strategic aim to boost internal know-how. It will integrate with the 7 existing Olon research centers, and give rise to an innovative global R&D networking model in which the high-level expertise and know-how involved in specific processes will be connected, shared, and extensively applied across the Group's entire manufacturing network.

Most of the investment has been earmarked for the construction of a **vast area of laboratories**, operational from the second half of 2023. Some of these labs will focus on advancing the development of new, highly sustainable technologies, including biocatalysis, photochemistry and electrochemistry.

The investment will also support significant growth in the R&D team, with up to 50 new researchers hired, bringing the total number of people assigned to research activities to around 350. Based on integrated data systems, the newly formed know-how will enable the company to scale up products faster and to achieve highly flexible and reliable tech transfer from one site to another.

Thanks to this new project, the prestigious monthly Pharma Tech Outlook has included the Olon Group in its annual report on the 10 European companies at the forefront of providing CMO/CDMO solutions and transforming businesses in the region.

4.2.1 Biotechnology

Since the 1960s, Olon has developed a specific Biotech division focusing on microbial fermentation¹³ and manufacturing. In the first applications this technique was used to produce antibiotics and many other molecules, including cancer drugs. Today, fermentation is applied to manufacturing processes for life-saving treatments.

At the heart of this business division there are two biotech hubs based in Italy, one based in **Settimo Torinese**, and another based in **Capua** with a total fermentation capacity of 4.900 m³.

Microbial fermentation is an eco-friendly and highly sustainable process that uses almost only water, renewable nutrients, and microorganisms, therefore **reducing the need for chemical solvents**, whose use is already significantly limited in all Olon biotechnology centers.

With the purpose of supporting ever-going innovation processes, Olon is firmly committed to further reducing its environmental impact and, therefore, strives to limit the use of chemical solvents in all its manufacturing processes.

13. Microbial fermentation is the basis for the production of a wide range of pharmaceutical products, and it consists of a biochemical process of breakdown of nutrients, mostly sugars and carbohydrates, by metabolic enzymes from microbes in the absence of oxygen.

INCREASING CAPACITY AND CAPABILITY TO DEVELOP THERAPEUTIC PEPTIDES IN THE BIOTECH CENTRE OF SETTIMO TORINESE

With the aim of expanding the capacity and expertise of the biotech hub in Settimo Torinese, **Olon is investing €30 million over the next two years**. The hub relies on experience gained over more than 50 years and gathers some of the most significant and extensive know-how on microbial fermentation in Europe.

The investment will be aimed at **expanding Olon's capacity and capability to offer therapeutic peptides¹⁴ using biotechnology**.

Olon's goal is to further strengthen the global offer at high levels of consistency of complex recombinant peptides which are highly efficient, repeatable, and pure; to do so, the Company is **strengthening its know-how** as far as the development of rDNA peptides and proteins is concerned. This will lead to the quick and easy production of the peptide targets.

The plan consists of different steps, among which:

- creating a line for producing **peptides in small volumes** and to support the early clinical stages of the development of new molecules. One part of the procedure will be based in the R&D department in Settimo Torinese, which will be **then scaled up to the site's systems**;
- creating a system which can be used for large volumes of peptides, which are typically related to globally widespread diseases.

The new lines resulting from the project will be used to **produce proprietary products and for CDMO services** and the investment will significantly impact employment since it will involve further expanding highly qualified roles. The R&D structure dedicated to the production line will also be strengthened to fully support the peptide development and scale-up phase.

Olon also uses **microbial fermentation for the "FOOD+" project** with the purpose to promote innovative and resource-efficient ways of producing food.

Biomanufacturing is indeed emerging as one of the **most promising building blocks for a more sustainable and healthier global economy**, namely, the bioeconomy, which is an economy based on biomaterials, many of which are produced via fermentation. This method is already used to produce and modify food; yet advances

14. Peptide therapeutics are peptides - a compound consisting of two or more amino acids linked in a chain- which are used to for the treatment of diseases.

in science and technology now allow bioeconomy to provide functional food ingredients and specialty materials via fermentation. Today, many biomanufacturing processes exist at a small scale and high costs in the pharma industry; for this reason, scaling biomanufacturing of food and materials up to industrial volumes might be the key next step in building the bioeconomy.

Olon believes this is one of the challenges the Company needs to face, in order to provide innovative solutions to next generations that will grant them a more sustainable future.

4.2.2 Biocatalysis

Today the **urgency** for more **cost-effective**, **robust** and **selective** chemical **transformations** is increasing. **Biocatalysis**, which could be defined as the use of microorganisms or enzyme preparations to catalyze chemical transformations, meets these requirements for an increasingly growing number of reactions.

The use of biocatalysis in industrial processes is extremely attractive thanks to its several advantages, such as:

- synthesis of products that are not always accessible by standard chemical reactions;
- use of alternative raw materials that are often less complex and less expensive;
- high selectivity of biocatalysts, resulting in the synthesis of high purity and, therefore, high quality products;
- eco-sustainability thanks to the use of water as a reaction solvent, potential virtual elimination of organic solvents and reaction temperature close to room temperature.

There are **two** general **operating models** that allow the employment of biocatalysis in producing small molecule APIs: “**buy**” or “**build**”. The “buy” model refers to procurement through commercial suppliers, whereas the “build” model is based on the investment in the creation of internal bespoke departments.

The “buy” model allows to deployment of biocatalysis without a dedicated department, but it sacrifices control over enzyme supply and freedom to operate.

In the “build” model, biocatalysis and enzyme evolution capabilities are maintained in-house. Even though this model requires investing in scientific expertise, technology platforms and infrastructure, it allows for benefits such as the security of supply for enzymes directly incorporated into future manufacturing routes and greater control over intellectual property of developed processes.

Aware of the enormous potential of biocatalysis, in October 2021 Olon took a further step towards the “build” approach and announced the creation of an international network of scientific excellence to launch large-scale biocatalysis, as an industrial technology used within its production manufacturing in Italy and around the world.

This partnership combines some of the most advanced expertise in the field of biocatalysis from both academic and industrial areas, such as Biosphere — an Italian SME specialized in fermentation and industrial biotechnology —, University of Turin, University of Milan, and the Biocatalysis Group of the Van’t Hoff Institute for Molecular Sciences (HIMS-Biocat) at the University of Amsterdam (UvA).

These strategic partnerships will enable the **identification of most effective enzymes**, for each type of reaction required, before scaling up production and the biocatalytic process to industrial levels.

In 2022, Olon launched the International Network of Biocatalysis, an innovative scientific platform for the study and development of new industrial applications of biocatalysis, with the objective to launch large-scale biocatalysis as an industrial technology used within Olon production facilities in Italy and around the world. The research project will follow a virtuous model of collaboration between Olon Group, the HIMS-Biocat group led by Prof. Francesco Mutti, who has pioneered ground-breaking research in enzyme engineering and the use of enzymes for performing novel, sustainable and “green” chemical reactions, and Biosphere, an Italian SME specialized in fermentation and industrial biotechnology. For some specific projects the group led by Prof. Gianfranco Gilardi, Dipartimento di Scienze della Vita e Biologia dei Sistemi (DBIOS) of the University of Turin, who is one of the global leading experts in a specific type of complex multienzyme systems, will be involved. The first phase of the research will focus on the selection of the enzyme and its engineering to obtain the best yield and selectivity in the reductive amination reaction. The second phase will be aimed at developing the enzyme production process by fermentation, whereas the last phase will scale up the production process to an industrial scale.

New biocatalysts and biocatalytic systems can indeed foster more sustainable and efficient synthesis of organic molecules that are relevant for the chemical industry, as well as to address fundamental questions of bioorganic chemistry and biochemistry. Olon expects to present the first results of the project in 2023.

In addition, **Olon and the University of Milan** Department of Pharmaceutical Science (DISFARM, group led by Prof. Lucia Tamborini and Prof. Andrea Pinto) created a **Scholarship for a PhD** with the target to explore the possibility to **use the selected enzymatic systems in continuous processes (bioconversion in flow)** for a greener production of a specific class of intermediate useful for the production of several API.





4.2.3 Photochemistry

Olon and the University of Milan's Department of Chemistry created a Scholarship for a PhD in the development of new photochemistry-based processes applied to the production of active pharmaceutical ingredients.

The goal of the project is to develop **new alternative routes of synthesis based on photochemistry; a highly innovative, sustainable process that can be systematically applied to industrial-scale production.**

Olon's co-funding enables a PhD student from the University of Milan to work for three years on cutting-edge research topics, at the end of the course leading to the development of alternative processes for concrete industrial application at Olon sites. The Department of Chemistry also has great expertise in flow chemistry, complementary to the area of photocatalysis.

4.3 Product quality and safety

Olon is aware of the importance of **offering customers products** with the **best standards of quality and safety**. Thus, the Company ensures high levels of quality and safety of its products through:

- centralization of the regulatory process at the Headquarters;
- submission of the Drug Master File (DMF) both inside and outside the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH);
- management of all products from a global perspective, covering all geographical areas, including countries with the highest demanding regulatory systems.

Moreover, the Company defined an internal procedure for ensuring the monitoring and assessment of quality and safety of products. In fact, once a month Olon collects data and statistics from production sites, concerning specific information such as quantities and quality of raw materials purchased, intermediates, final products and feedback received by customers or third parties. The information collected is then converted into KPIs and used as metrics for monitoring the yearly performance trends of the Company's production standards with the aim of identifying potential areas for prospective improvements.

Olon also conducts **annual internal audits** to monitor its sites and the overall Quality Management and Quality Assurance systems and makes sure that any episodes of non-conformity with the standards are promptly and efficiently solved. In particular, to verify that the production procedures are in compliance with GMP standards, the Company performs internal audits according to an approved schedule.

For each audit, any relevant observations are brought to the attention of the department managers so that corrective actions are taken and properly reported.

To further ensure that quality and safety standards are observed, Olon provides all employees with specific training on diversified topics, such as basic Good Manufacturing Practices (GMP), training on internal procedures related to product quality and safety (PGO) and courses related to newly issued/revised regulations on the HSE/Quality System. Specific training modules on GMP and HSE topics are provided for all newly hired employees, personnel returning after a long absence, and personnel changing jobs.

Olon is constantly inspected by the Regulatory bodies of all the countries where it markets its products. Olon's **Italian sites are inspected** on a regular basis by the **local regulatory agency, AIFA**.

In 2017 the EU-FDA¹⁵ **Mutual Recognition Agreement (MRA)** on GMP inspectors has come into force: the MRA allows drug inspections to rely on information from drug inspections conducted within each other's borders. The FDA will continue to perform inspections in some foreign countries, but it expects to perform fewer routine ones in countries like Italy, considering its capable regulators.



15. United States Food and Drug Administration

4.4 Patents and licensing

To resolutely prevent infringement and ensure access to safe and effective original products, while protecting and valuing innovation and know-how, Olon has implemented a **proper patent and licensing managing system**, as well as adopting company policies aimed at managing confidential information.

A dedicated function is present that specifically deals with patents and licensing, composed of the **IP Manager – Intellectual Property Manager** - who works together with a skilled IP team, and in direct collaboration with a network of external agents and foreign attorneys, in order to manage all aspects of corporate intellectual property. Inventions arising from Olon research and innovation are identified, developed and protected by filing patent applications. In this way, corporate assets are increasingly developed. Furthermore, the professional evaluation and update of freedom to operate on products, including their production process and the raw materials used, guarantee that third party IP rights are not violated. Moreover, potential licenses or transfers particularly strategic for a business are suitably considered and evaluated.

Finally, with regard to Olon's know-how (including trade secrets of third parties, such as customers, suppliers, etc., constituting secret and confidential knowledge handled during the course of Olon's production and business activities and which is therefore to be considered strategic), it is safeguarded by adopting company policies aimed at managing confidential information



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5. Caring for talents

The Company organization is based on the **value of its people**, on their own talents, competencies and ambitions, and it is only through their **commitment, dedication** and **professionalism** that business goals can be achieved. This is why Olon is committed to guaranteeing a working environment able to support the growth and development of all employees, ensuring the health safety and well-being of workers and promoting the cultivation of diversity while condemning any form of discrimination.

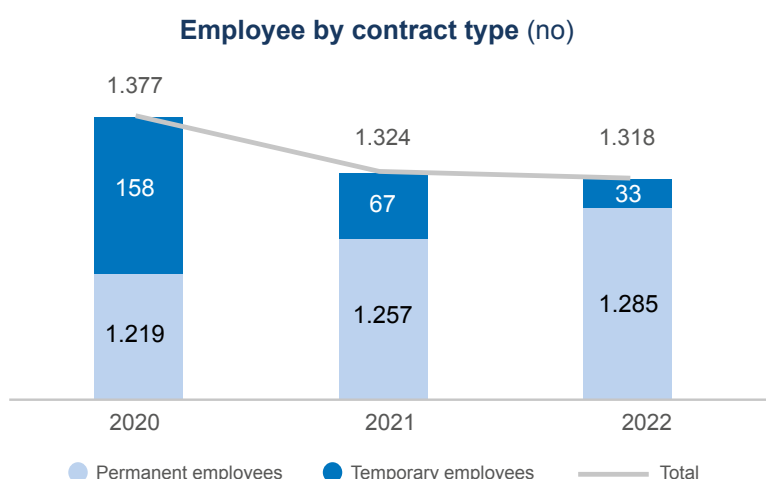
This approach is enacted daily, thanks to consolidated company practices aimed at enhancing and developing human capital. Olon is a company that **helps people reach their highest potential**, by investing in training and skills development, in international job rotation programs, and in talent development processes.

The Company also promotes gender diversity and inclusion as it believes every difference brings added value to the organization.

5.1 Workers' employment and engagement

In 2022, Olon had **1,318 employees (22% women and 78% men)**, in line with 2021 data. In addition, in 2022, the Company relied on **115 external workers** divided into 101 supply workers, 10 interns, and 4 contract workers.

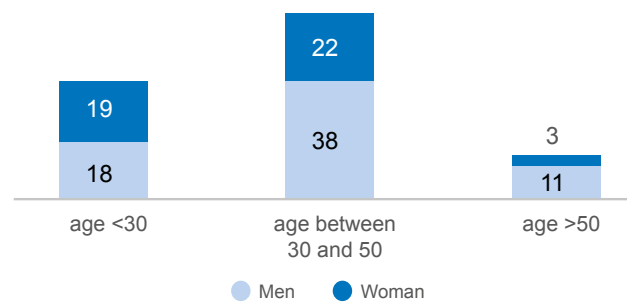
In 2022, **97,5% of workers are permanent employees**, while the remaining 3% are temporary workers.



Olon makes sure that every employee has **access to the right work-life balance**, thus providing for contractual mechanisms with **reduced working hours or part-time work** to those who need them. In 2022, **99% of its employees had a full-time contract**, while the remaining 1% had a part-time contract.

In 2022, the **total new hires numbered 111**, with an increase of around 9% over 2021. In addition, in 2022, **hiring of women grew by 37.5%** - amounting to 44 employees – compared to 2021 and as far as age is concerned, **87% of newly hired employees are under-50-years old**. In 2022, total employee turnover amounted to 117 employees, which was **25% less than in 2021**.

2022 Hirings by gender and age (no)



Olon carries out engagement and development initiatives on a regular basis, in order to **make its people feel valued and included** and free to express their potential.





LEADERSHIP BEHAVIORAL AWARD

The **Leadership Behavioral Award** is an internal program, developed in the Italian HQ and in different sites, to officially recognize and reward those people who display leadership behavior in the following 7 areas:

- **Focus on customers:** focus the entire organization on delivering value for customers and stakeholders by understanding and meeting their needs;
- **Act with courage and candor:** speak openly, honestly and with conviction; have the courage to take appropriate risks and make difficult decisions, facilitating a “speak up” environment;
- **Make rapid, disciplined decisions:** Make timely decisions at the right level with the right data and support them once made.
- **Foster collaboration:** actively listen and seek to understand differing perspectives; work together to overcome barriers and silos in order to achieve common goals;
- **Drive results:** Set clear objectives and performance standards; hold oneself and others accountable for achieving results;
- **Build talent:** Build diverse talent with the capabilities necessary to succeed in the Company’s markets; inspire, energize, reward and develop to ensure individuals reach their potential; make tough calls when necessary;
- **Demonstrate ethics & integrity:** Adhere to the highest standards of trustworthy and ethical behavior in all interactions and hold others to the same standards; comply with all laws, policies and regulations; identify and address ethical issues without hesitation.

With the aim to reward these behaviors, Olon **recognizes the employees** who regularly display of the aforementioned leadership behaviors: every two months with a maximum of 3 awards per session, the selected employees are **publicly rewarded with a prize**, and their recognition is published in the Company’s Newsletter.

This initiative helps the Company reinforce desired behavioral approach needed to succeed, also influencing others display similar behaviors. Moreover, it helps Olon’s management demonstrate gratitude for leadership, sponsorship, and effort put forth by individuals and teams at all levels of the organization.

Olon takes into consideration its people’s needs, by making sure that all employees have access to **Corporate Welfare**. Olon’s Welfare is divided into **Corporate Welfare**, in which every employee has a budget to spend increased every year, and **Additional Welfare**, which is defined by each site and has the objective to grant equity in terms of benefit distribution to all employees.

Olon gives all employees the opportunity to convert part of **their participation bonus into Corporate Welfare**. Moreover, employees can choose to allocate Corporate Welfare either to **FONCHIM Health Fund** or to use the amount of money as a budget to access the Company’s **Flexible Benefits**.

Olon pays great attention to employees’ opinions and suggestions. This is why, at the Italian sites it launched the “**Be Olon**” initiative, aimed at granting employees the opportunity to talk to the HR Business Partner, in order to make **proposals on how to improve life within the Company**. Once every two weeks individual meetings and focus groups are scheduled at each site, in order to give employees, the opportunity to directly make their suggestions and share their ideas with others across the organization.

THE 7-WASTES INITIATIVE



Olon’s “7 Wastes” initiative is a project implemented in the Italian sites, aimed at informing and involving employees on responsible waste management practices and to give them the opportunity to signal good circular economy practices that can be adopted within each site by using a structured system. The 7 wastes are related to the following areas:

1. **Overproduction**: producing more than the customers’ requests;
2. **Waiting time**: people or machines waiting for the completion of other activities;
3. **Transportation**: useless movement of people within processes;
4. **Overprocess**: process phases that do not create added value and are not necessary;
5. **Stocks**: stock of raw materials, work-in-progresses, and products that are overabundant;
6. **Reworkings**: repetition of a process or reworking of a product that will be thrown away, because it was performed badly;
7. **Handling of cargo and people**: useless movements of people or cargo within processes.

The suggestions made by the employees were then evaluated by a dedicated team that assessed their feasibility, economic profitability, needs for investments and priority.

5.2 Professional training and development

Olon acts in order to create an organization that **enables all individuals to reach their highest potential**, investing in training and skills development, in job rotation programs and talent development to provide social sustainability and growth over time both to its people and to the overall Organization itself.

In 2022, **3.979 hours of training** were provided, with an average of **3 hours per employee**. The professional categories which were provided with the highest number of hours per person were **Executives and Middle Managers**, who both received an average of 10 hours training per person.

Olon manages **training activities**, in order to address the most critical needs related to business drivers, and to develop the skills to improve managerial culture thus allowing the full deployment of individual talents.

The HR function deals with all internal training programs, except for **health and safety training which is provided directly by the HSE function**. Over the last two years, the Company has adopted a **top-down approach** to define the topics which training focuses on. More precisely, top management sets business training targets, and then Functional Leaders share them with the people who directly report to them.

Training is mainly focused on:

- achieving business targets;
- acquiring project management competences;
- enhancing soft skills.

In 2022, training addressed the following areas, mostly focused on acquiring managerial skills:

- **catalogue training**: related to acquiring general skills such as negotiation, time management, and people management;
- **tailored training**: focused on increasing competencies related to Olon's business, such as project management, waste reduction, effectiveness processes, Microsoft Office Suite, chemicals, finance, and advanced negotiation;
- **business english**.



We strive to create an organization that enables all individuals to reach their highest potential

OLON SCHOOL PROJECT

Olon School Project is an internal program through which the Company, in partnership with major Universities, selects a **group of young graduates**, invests in their personal and professional growth within the organization and **creates a pool of high-potential talents for critical roles** within the Company in Italy and abroad.

The scouting is structured in several steps and covers a long-term period. The search for talents, all with a common scientific or economic-engineering background, is based on the concept of diversity & inclusion.

The participation in the project is highly female, in particular for the scientific path, in fact, almost all of the participants are young women. The program is included in **STEAM network, promoted by Assolombarda**, an initiative to reduce the gender gap.

Olon School is also an international program, as it offers great working opportunities and experiences abroad. Olon, indeed, opens the door of its global facility network and commercial offices to young talents, so that they can make an international experience, by gaining different expertise and developing an international mindset.

With this initiative, Olon intends to contribute to the development of professional potential and build the future of the Company, on the basis of inclusion and internationalization.

In 2022, the program was based on a **training-on-the-job methodology** aimed at providing appropriate skills and technological knowledge and its structure included:

- a **comprehensive Company Induction Program**, which involved all major Functional Leaders, to describe the Company's products, business model, manufacturing capabilities, global presence, policies and procedures;
- a **structured Training Program** which was developed within the Professional Areas related to QA, RA and R&D for the Scientific career path; supply chain, production and finance for the Business Management career path; Italy, India, Spain, and the USA for the International career path.

The program lasted from 6 to 12 months, including the final destination role.

Olon deems **critical that employee contribution is crucial to its results and success**; therefore, it has a specific **performance management process** which plays a major role in unleashing potential, focusing both on individual performance and career development. This approach **links Olon Leadership Behaviors with business and functional targets and with individual Work Plans**.

At the beginning of the year, employees review and provide a **self-evaluation** of their last year's performance. Then, in the following two to four months, they set objectives for that specific year and define their **individual work and career development plan**. From April to December, all employees receive an **on-going performance evaluation** and formal feedback. Finally, from December to January, they receive the **yearly performance feedback** and undertake a **performance recalibration**, linked to the compensation and benefit cycle.

Within this process, Olon makes use of a **Personal Performance Grid**, which is an evaluation tool that provides clarity and alignment between the employee and the manager on objectives and expected deliverables during the year. All objectives are written in a **Norm-based Format** and are linked to Olon Leadership Behaviors; moreover, they are divided into the following categories:

- Performance objectives
- Leadership objectives
- Career development objectives

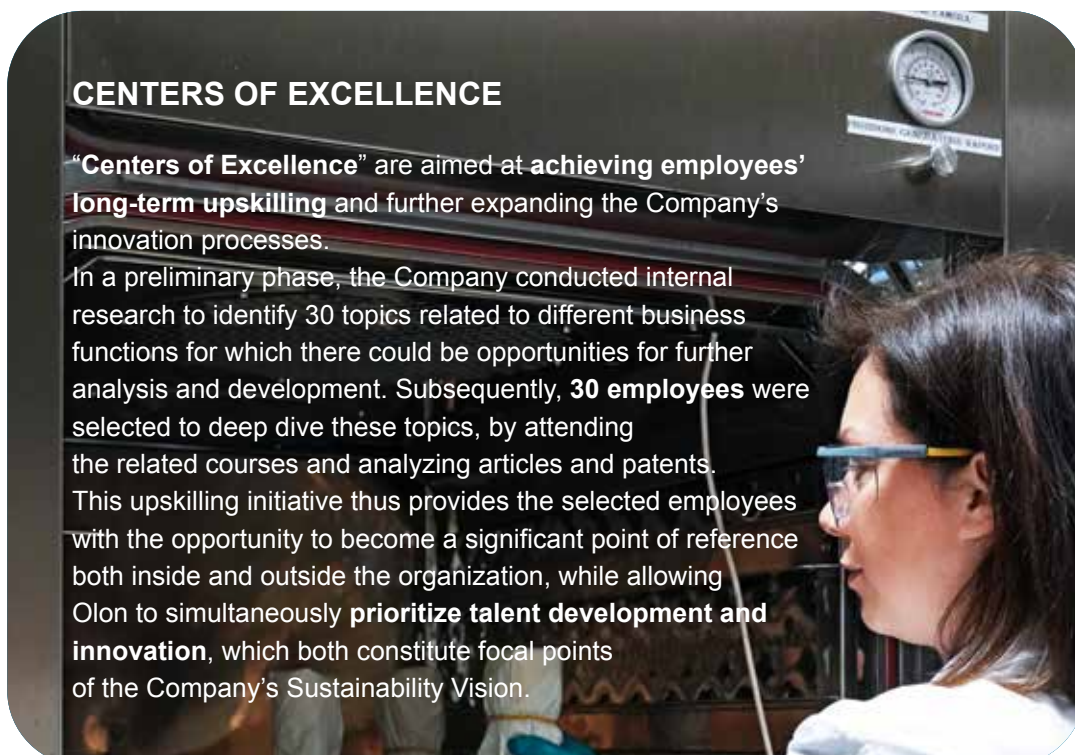
In addition, Olon provides all employees with a participation bonus, which is defined on the basis of productivity and profitability criteria, which are monitored every quarter, and whose value is increased on a regular basis.

CENTERS OF EXCELLENCE

“Centers of Excellence” are aimed at **achieving employees’ long-term upskilling** and further expanding the Company’s innovation processes.

In a preliminary phase, the Company conducted internal research to identify 30 topics related to different business functions for which there could be opportunities for further analysis and development. Subsequently, **30 employees** were selected to deep dive these topics, by attending the related courses and analyzing articles and patents.

This upskilling initiative thus provides the selected employees with the opportunity to become a significant point of reference both inside and outside the organization, while allowing Olon to simultaneously **prioritize talent development and innovation**, which both constitute focal points of the Company’s Sustainability Vision.



Olon is also extremely proud of its internal dynamism, in terms of professional career paths, indeed everyone has the opportunity to cultivate and pursue their career, and to build their personal success. In particular, employees in the R&D function have access to three differentiated career paths – Manager, Professional and Technician – all with defined career steps and scopes of the job position that identify the skills and objectives to be achieved in order to proceed in the chosen career path. Olon’s commitment is to extend this growth model to all other business functions within the Organization.

5.3 Diversity and inclusion

Olon recognizes and encourages a diverse workforce and an inclusive work environment where all employees have equal opportunities and feel comfortable to grow personally and professionally, without distinction made by gender, race, religion, disabilities or sexual orientation.

In order to enhance all the skills within the organization and encourage full expression of personal talent, **women professionals are supported in having equal career opportunities at all levels**, because the company believes that they represent a value and a driver for the development of the business. In 2022, **women make up 30% of overall management** (executives and middle management).



In 2022, 30% of managerial positions are held by women

In 2022 4 out of 11 people in the Leadership Team are women

Based on the latest sector analysis published by Federchimica, which is the Association of Italian Companies operating in the Chemical Sector, the female presence in the population of managers and executives in the chemical sector is 26%, and in the manufacturing sector it is 21%.

5.4 Health and safety

Occupational health and safety have the highest priority at Olon. The Company cultivates a culture of health and safety, by providing all employees and contractors with the knowledge and personal protective equipment required to perform their jobs safely. Further, Olon works to ensure that all systems and processes are designed to identify, monitor and reduce health and safety risks or impacts within the organization. Olon's health and safety culture is embedded in its ambitious goal of **zero accidents** that the company is already working towards.

THE “ZERO ACCIDENTS” INITIATIVE



At its Italian sites, Olon has started the “**Zero Accidents, an achievable objective**” initiative to **reach an injury rate of 0**, by reducing to zero all the work-related injuries that occur in the sites involved. The injury rate, which is a ratio between the work-related injuries and the hours worked in a year has been – and will be further – reduced thanks to the effort demonstrated by all employees and people accountable for occupational health and safety. Within the project, **three major areas of intervention** have already been identified:

- the right use of Personal Protective Equipment (PPE);
- increased awareness of job-related risks and dangers;
- correct implementation of procedures and work instructions, and safety training.

In addition to health and safety training and investments put in place for plants and workplaces, the project has defined a further area of intervention: **compliance with safety standards of all operations**, whose achievement can be measured by taking into consideration three criteria:

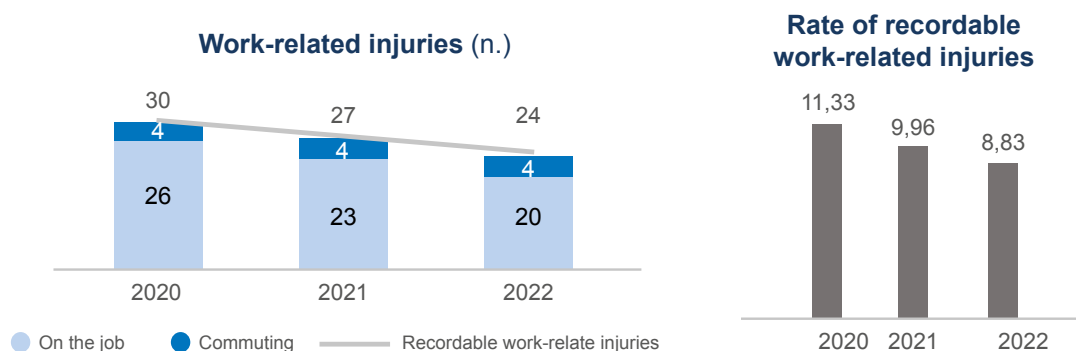
- right use of PPE;
- respect of executional procedures for dangerous operations;
- order and cleanliness in the workplace.

Supervision operations will be conducted through audits performed by the Project Team in every site. Moreover, the Project Team, made of specifically trained functional employees, will meet on a weekly basis to discuss all observations, investments, and possible actions to take in order to reduce the risk of work-related injuries.

Olon provides for an **Occupational Health and Safety Management System** which covers all the employees, factory workers and clerks. All the activities performed in the production sites are subject to a **prior risk analysis**, for which the Company has also established **specific procedures** that assess new improvements that could be made to the existing ones. Moreover, all workers can anonymously **report any potential risks** or situation that could put their health and safety in danger in their workplace. Olon also constantly monitors the **causes of work-related injuries and near misses**, in order to develop specific plans of action to prevent these episodes from happening again in the future.

Worker participation is essential to address health and safety improvements. Olon has set up a **Management-Worker Committee on occupational health and safety** that meets at least **once every three months**, with the participation of Site Directors, Site Top Management, and the Workers' Representative for Occupational Health and oversees all safety-related matters.

In **2022, 20 work-related injuries** took place at Olon's sites, with a **reduction of 13%**, with respect to 2021. None of the injuries were serious and they had limited consequences. In addition to that, in **2022 4 commuting accident** took place. The overall trend is in line with the policy of Zero Accidents adopted by Olon, and thanks to which from 2020, **work-related injuries have decreased by 22%**. As for the **rate of recordable work-related injuries**, which is a ratio between the number of work-related injuries and the hours worked of a certain year, in 2022 it was **8.83¹⁶**, a reduction of 11% compared to the rate of 2021. During the year, there were no cases of work-related ill health.



In line with the Zero Accidents policy adopted by Olon, the work-related injuries decreased by 22% versus 2020

16. The rate is computed on a basis of 1,000,000 working hours, according to the ratio (total number of work-related injuries/ number of hours worked) *1,000,000

All employees are required to participate in **health and safety training** concerning job-related health and safety risks and measures to reduce the related impacts, procedures to enact on specific activities in order to guarantee occupational health and safety and personal protective equipment to use for specific jobs. Furthermore, all newly employed workers, must undergo **specific occupational health and safety training on the basis of job tasks and legal requirements**, followed by a **review** in compliance with regulatory requirements.

The Company relies on an **external supplier for medical services**. This supplier carries out both general medical surveillance in the workplace and medical examinations and, in case of people subject to critical risks, it is also accountable for that specific medical surveillance.

OLON SAFETY DAY

Recently, Olon launched its first Safety Day.

In partnership with all national and local trade union Olon promoted an entire day dedicated to open dialogue, education and strengthening the culture of safety and sustainability on workplace. The initiative, in collaboration with Assolombarda, saw the collective participation of all the main national and regional delegations in Italy, as well as site representatives, particularly from the relevant HSE departments.

Activities included a presentation by the Company on the current geopolitical environment and managing the potential impacts that the energy crisis may have on Olon's performance now and in the future. Moreover, the presentation dealt with HSE structures at Olon sites, along with the significant results achieved so far in terms of workplace safety and investments in training and development.

Thanks to the participation of the National Trade Union Representatives and Assolombarda, the day continued with events dedicated to training and raising awareness about safety, how to promote it and how to behave in order to prevent accidents.





6. Definition of Material topics

Material topic	Description of the management approach of negative and positive impacts
Sustainable supply chain	Promote and diffuse responsible procurement practices and transparent supply chain management by respecting social and environmental sustainability requirements, with particular attention to human rights.
Responsible business development	Ensure ethical business development through a system of policies and internal procedures, aimed at respecting transparency, legality and sustainability principles and capable of preventing and combating active and passive corruption and of promoting responsible behaviors and business models.
Product quality and safety	Ensure the production of quality, accessible and safe products in order to meet customers' needs and to reduce any possible related risks.
Sustainable economic growth	Promote responsible economic growth through the satisfaction of Olon stakeholders' long-term needs, the creation and distribution of economic value, and the creation of positive impacts on the market.
Innovation, Research & Development	Support innovation and R&D activities in order to promote business development and to place new products in the market.
Fight against climate change	Contribute to the fight against climate change, by reducing GHG emissions and energy consumption, through a more efficient use of energy resources and the production of renewable energy.
Circular economy	Promote circular business models that combine a responsible use of natural resources and raw materials with a responsible waste management as well as material, energy and waste recycle/reuse solutions.
Responsible management of water resources	Ensure the protection of water resources by using water efficiently, through the production and the implementation of best practices in managing water discharge, in order to guarantee the quality of the receiving water bodies.
Occupational health and safety	Develop policies and actions aimed at guaranteeing occupational health and safety, with low injury rates and precise monitoring systems, and at promoting a safety culture throughout the company.
People value and promotion of diversity and inclusion	Promote training courses aimed at reinforcing and developing new competences and at fostering employees' upskilling. Ensure people satisfaction and growth by engaging and listening to them. Promote the introduction of programs aimed at ensuring equal opportunities and diversity, at fostering the creation of an inclusive environment, and at fighting discrimination.
Support to local communities	Contribute to the socioeconomic development of local communities, also through stakeholder engagement and cooperation with third parties, with the aim to promote the socioeconomic growth of the communities based where the company operates.

7. Key sustainability indicators

GRI 201: Economic Performance			
	u.m.	2022	2021
Economic Value Generated			
Production value		386.486.348	365.667.863
Income from investments		-	-
Other income	€	27.336.164	17.048.628
Extraordinary income		-	-
Total Economic Value Generated		413.822.512	382.716.491
Distributed Economic Value			
Operating Costs			
Raw material costs		157.157.821	126.898.252
Service costs		80.310.331	68.973.057
Costs for use of third-party assets	€	4.761.709	5.345.801
Raw material stock variations		(13.259.552)	1.739.322
Other management costs (net of taxes)		-	-
Extraordinary expenses		-	-
Value Distributed to Employees			
Personnel costs	€	97.140.812	93.072.367
Value Available to the Parent			
Interest and other financial charges	€	1.495.961	1.835.313
Value Distributed to Public Authorities			
Current And Prepaid Income Tax	€	8.167.911	17.849.365
Other Management Costs (Tax Value Only)		190.075	356.461
Value Available to the Holding			
Distributed Dividends	€	5.000.000	5.000.000
Value Distributed to the Community			
Donations		13.090	25.630
Sponsorships	€	-	-
Membership Fees		-	-
Total Economic Value Distributed		340.978.158	321.095.568
Retained Economic Value			
Total Economic Value Retained	€	72.844.354	61.620.923

GRI 302-1 Energy Consumption within the organization					
Energy Consumption	u.m.	2022	2021	2020	2022 vs 2021
Direct Energy Consumption		1.327.141	1.355.059	1.308.844	-2%
Total direct energy consumption from non-renewable sources		1.329.694	1.355.076	1.308.855	-2%
Natural Gas		1.329.694	1.355.076	1.308.855	-2%
Total energy consumption from renewable sources		461	0	0	
Solar energy		461	0	0	-
<i>of which consumed internally</i>		461	0	0	-
<i>of which sold</i>		0	0	0	-
Energy produced internally¹⁷	GJ	251.980	245.851	229.500	2%
Cogenerator		251.980	245.851	229.500	2%
<i>of which consumed internally</i>		248.965	245.834	229.489	1%
<i>of which sold</i>		3.015	17	11	-
Indirect Energy consumption		199.375	224.823	248.256	-11%
From non-renewable sources		199.375	224.823	248.256	-11%
From renewable sources		0	0	0	-
Total energy consumption		1.526.516	1.579.882	1.557.100	-3%

GRI 305: Emissions					
Direct and indirect greenhouse gas emissions	u.m.	2022	2021	2020	2022 vs 2021
Direct (Scope 1) GHG emissions	t. CO _{2e}	75.283	76.720	73.732	-2%
Energy indirect (Scope 2) GHG emissions		14.468	16.315	19.619	-11%

17. The amount of energy produced by cogeneration is not included in the total amount of energy consumed, as it is produced by using natural gas which is already factored in the total energy consumption

GRI 305-4: GHG emission intensity					
Direct and indirect GHG (ton CO _{2e})	u.m.	2022	2021	2020	2022 vs 2021
Direct (Scope 1) GHG emissions		75.283	76.720	73.732	-2%
Indirect (Scope 2) GHG emissions – location-based	t. CO _{2e}	14.468	16.315	19.619	-11%
Tones of manufactured product	t.	4.618	4.571	4.003	1%
Emission intensity		19,44	20,35	23,32	-5%

GRI 303-3: Water withdrawal					
Water withdrawal by source	u.m.	2022	2021	2020	2022 vs 2021
Total water withdrawal		10.545	11.337	12.115	-7%
Groundwater	MI	10.323	11.115	11.888	-1%
Third-party water		222	222	227	-5%

GRI 306-3: Waste generated					
Waste by composition	u.m.	2022	2021	2020	2022 vs 2021
Mother liquors and solvents		36.685	41.496	38.431	-12%
Production solids		354	379	422	-7%
Packaging		1.491	1.525	1.496	-2%
Sludges	ton	4.769	5.248	7.611	-9%
Others		752	1.374	774	-45%
Total Waste generated		44.051	50.022	48.733	-12%

GRI 306-4: Waste diverted from disposal					
Water diverted from disposal by recovery operations	u.m.	2022	2021	2020	2022 vs 2021
Hazardous waste		15.637	14.790	15.658	6%
Recycling		668	703	1.266	-5%
Other recovery operations		14.969	14.087	14.392	6%
<i>of which regeneration</i>		5.750	4.112	3.442	40%
Non-hazardous waste	ton	1.728	2.356	3.078	-27%
Recycling		53	523	1.309	-90%
Other recovery operations		1.675	1.833	1.769	-9%
Total waste diverted from disposal		17.365	17.146	18.736	1%

GRI 306-5: Waste directed to disposal					
Water directed to disposal by recovery operations	u.m.	2022	2021	2020	2022 vs 2021
Hazardous waste		21.932	27.708	23.785	-21%
Incineration (without energy recovery)		6.218	6.755	4.711	-8%
Other disposal operations		15.714	20.953	19.074	-25%
Non-hazardous waste	ton	4.754	5.168	6.212	-8%
Incineration (with energy recovery)		401	386	241	4%
Other disposal operations		4.352	4.782	5.972	-9%
Total waste directed to disposal		26.686	32.876	29.997	-19%

GRI 2-7: Employees					
	u.m.	2022	2021	2020	2022 vs 2021
Total number of employees		1.318	1.324	1.377	0,5%
Men		1.028	1.046	1.097	-2%
Women		290	278	280	5%
Full-time employees		1.304	1.309	1.362	0%
Men		1.027	1.045	1.095	-2%
Women		277	264	267	5%
Part-time employees		14	15	15	-7%
Men	n.	1	1	2	0%
Women		13	14	13	-7%
Permanent employees		1.285	1.257	1.219	0%
Men		1.003	996	971	0,7%
Women		282	261	248	8%
Temporary employees		33	67	158	-51%
Men		25	50	126	-50%
Women		8	17	32	-53%

GRI 2-8: Workers who are not employees					
	u.m.	2022	2021	2020	2022 vs 2021
Total number of workers who are not employees		115	3	3	>100%
Suppliers' workers		101	0	0	-
Interns	n.	10	3	1	>100%
Continuous and coordinated contractual workers		4	0	2	-

GRI 401-1: New employee hires and employee turnover					
	u.m.	2022	2021	2020	2022 vs 2021
Total number of new employees hired		111	102	167	9%
Men		67	70	119	-4%
Women		44	32	48	38%
Under 30 years old		37	33	77	12%
Men		18	19	55	-5%
Women	n.	19	14	22	36%
30-50 years old		60	58	13	3%
Men		38	40	11	-5%
Women		22	18	2	22%
Over 50 years old		14	11	77	27%
Men		11	11	53	0%
Women		3	0	24	-
Rate of new employee hires		8%	7%	-	13%
Men	%	6%	6%	-	0%
Women		16%	11%	-	38%

GRI 401-1: New employee hires and employee turnover					
	u.m.	2022	2021	2020 ¹⁷	2022 vs 2021
Total number of employees terminated		117	155	116	-25%
Men		85	120	90	-29%
Women		32	35	26	-9%
Under 30 years old		15	42	26	-64%
Men		11	35	21	-69%
Women	n.	4	7	5	-43%
30-50 years old		61	40	56	53%
Men		39	36	40	8%
Women		22	4	16	450%
Over 50 years old		41	73	34	-44%
Men		35	49	29	-29%
Women		6	24	5	-75%
Rate of employee turnover		9%	11%	-	-21%
Men	%	8%	11%	-	-26%
Women		12%	13%	-	-8%

GRI 404-1: Average hours of training per year per employee					
	u.m.	2022	2021	2020 ¹⁸	2022 vs 2021
Total number of training hours		3.979	5.994	-	-34%
Men		2.107	3.802	-	-45%
Women		1.872	2.192	-	-15%
Executives		378	485	-	-22%
Men		306	205	-	49%
Women		72	280	-	-74%
Middle management		1.470	2.240	-	-34%
Men	n.	828	1.776	-	-50%
Women		642	575	-	12%
White-collar employees		2.056	3.106	-	-34%
Men		898	1.776	-	-49%
Women		1.158	1.330	-	-13%
Blue-collar employees		76	163	-	-53%
Men		76	156	-	-51%
Women		0	7	-	-

GRI 404-1: Average hours of training per year per employee					
	u.m.	2022	2021	2020	2022 vs 2021
Average hours of training per employee		3,0	4,5	-	-33%
Men		2,0	3,6	-	-44%
Women		6,5	7,9	-	-18%
Executives		10,2	12,4	-	-18%
Men		11,8	7,3	-	61%
Women		6,5	25,5	-	-74%
Middle management		9,4	16,1	-	-38%
Men	h/n	8,0	16,7	-	-52%
Women		14,6	14,7	-	-1%
White-collar employees		3,3	5,3	-	-37%
Men		2,3	4,7	-	-51%
Women		5,1	6,4	-	-21%
Blue-collar employees		0,1	0,3	-	-49%
Men		0,1	0,3	-	-48%
Women		0,0	0,4	-	-100%

18. 2020 data on training hours by gender and professional category not available

GRI 405-1: Diversity of governance bodies and employees					
	u.m.	2022	2021	2020	2022 vs 2021
Total number of employees by gender and age group		1.318	1.324	1.377	0%
Men		1.028	1.046	1.097	-2%
Women		290	278	280	4%
Under 30 years old		179	184	235	-3%
Men		128	140	182	-9%
Women	n.	51	44	53	16%
30-50 years old		689	711	734	-3%
Men		509	531	559	-4%
Women		180	180	175	0%
Over 50 years old		450	429	408	5%
Men		391	375	356	4%
Women		59	54	52	9%

GRI 405-1: Diversity of governance bodies and employees					
	u.m.	2022	2021	2020	2022 vs 2021
Total number of individuals within the company's governance body by gender and age group		6	6	6	0%
Men		5	5	5	0%
Women		1	1	1	0%
Under 30 years old		0	0	0	0%
Men		0	0	0	0%
Women	n.	0	0	0	0%
30-50 years old		1	1	1	0%
Men		0	0	0	0%
Women		1	1	1	0%
Over 50 years old		5	5	5	0%
Men		5	5	5	0%
Women		0	0	0	0%

GRI 403-9: Work-related injuries					
	u.m.	2022	2021	2020	2022 vs 2021
Recordable work-related injuries		24	27	30	-11%
On the job	n.	20	23	26	-13%
Commuting		4	4	4	-0%
Rate of recordable work-related injuries		8,83	9,96	11,33	-11%

GRI 403-10: Work-related ill health					
	u.m.	2022	2021	2020	2022 vs 2021
Recordable work-related ill health	n.	0	0	0	0%



8. GRI Content Index

Statement of use	Olon S.p.A. reports “with reference to GRI Standards” for the period from 01.01.2022 to 31.12.2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	N/A: GRI Sector Standards applicable to Olon’s business have not been published yet

GRI Standard	Disclosure	Reference section	Omission
GRI 2: General Disclosures 2021			
2-1	Organizational details	1.2 Who we are	
2-2	Entities included in the organization’s sustainability reporting	Methodological Note	
2-3	Reporting period, frequency and contact point	Methodological Note	
2-4	Restatements of information	No restatements of information from previous periods were made, since this is the first year of reporting	
2-5	External assurance	Methodological Note	
2-6	Activities, value chain and other business relationships	1.2 Who we are 4.1 Product and Services	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	1.4 Stakeholder engagement and materiality analysis	
3-2	List of material topics	1.4 Stakeholder engagement and materiality analysis	
Material topic: Responsible management of water sources			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.5 Our commitment to sustainability 2.4 Responsible water management 6. Definition of material topics	

GRI Standard	Disclosure	Reference section	Omission
GRI 303: Water and effluents 2018			
303-1	Interactions with water as a shared resource	2.4 Responsible water management	
303-2	Management of water discharge-related impacts	2.4 Responsible water management	
303-3	Water withdrawal	2.4 Responsible water management 7. Key sustainability indicators	
Material Topic: Responsible business development			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.5 Our commitment to sustainability 2.5 Certifications and implementation of Highest Industry Standard 3.1 Business ethics 6. Definition of material topics	
Material Topic: Value of People and promotion of Diversity and Inclusion			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.5 Our commitment to sustainability 5.1 Workers' employment and engagement 5.2 Professional training and development 5.3 Diversity and inclusion 6. Definition of material topics	
GRI 2: General Disclosure 2021			
2-7	Employees	5.1 Workers' employment and engagement 7. Key sustainability indicators	
2-8	Workers who are not employees	5.1 Workers' employment and engagement 7. Key sustainability indicators	
GRI 405: Diversity and equal opportunities 2016			
405-1	Diversity of governance bodies and between employees	5.1 Workers' employment and engagement 5.3 Diversity and inclusion 7. Key sustainability indicators	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	5.1 Workers' employment and engagement 7. Key sustainability indicators	

GRI Standard	Disclosure	Reference section	Omission
GRI 404: Training and education 2016			
404-1	Average hours of training per year per employee	5.2 Professional training and development 7. Key sustainability indicators	
Material Topic: Fight against Climate Change			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.5 Our commitment to sustainability 2.1 Sustainable production 2.2 Olon's contribution to energy transition 6. Definition of material topics	
GRI 302: Energy 2016			
302-1	Energy consumed within the organization	2.2 Olon's contribution to energy transition 7. Key sustainability indicators	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	2.2 Olon's contribution to energy transition 7. Key sustainability indicators	
305-2	Energy indirect (Scope 2) GHG emissions	2.2 Olon's contribution to energy transition 7. Key sustainability indicators	
305-4	GHG Emission Intensity	2.2 Olon's contribution to energy transition 7. Key sustainability indicators	
Material topic: Innovation, research and development			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.5 Our commitment to sustainability 4.1 Product and services 4.2 Continuous manufacturing process 4.3 Patents and licensing 6. Definition of material topics	
Material Topic: Circular Economy			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.5 Our commitment to sustainability 2.3 Circular economy 6. Definition of material topics	

GRI Standard	Disclosure	Reference section	Omission
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	2.3 Circular economy	
306-2	Management of significant wasterelated impacts	2.3 Circular economy	
306-3	Waste generated	2.3 Circular economy 7. Key sustainability indicators	
306-4	Waste diverted from disposal	2.3 Circular economy 7. Key sustainability indicators	
306-5	Waste directed to disposal	2.3 Circular economy 7. Key sustainability indicators	
Material Topic: Sustainable economic growth			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.5 Our commitment to sustainability 3. Responsible business 3.4 Value creation and distribution 6. Definition of material topics	
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	3.4 Value creation and distribution 7. Key sustainability indicators	
Material Topic: Occupational health and safety			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1.5 Our commitment to sustainability 5.4 Health and safety 6. Definition of material topics	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	5.4 Health and safety	
403-2	Hazard identification, risk assessment, and incident investigation	5.4 Health and safety	
403-3	Occupational health services	5.4 Health and safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Health and safety	

403-6	Promotion of workers health	5.4 Health and safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	5.4 Health and safety
403-9	Work-related injuries	5.4 Health and safety 7. Key sustainability indicators
Material Topic: Sustainable supply chain		
GRI 3: Material Topics 2021		
3-3	Management of material topics	1.5 Our commitment to sustainability 3.2 Sustainability in the supply chain 6. Definition of material topics
Material Topic: Support to local communities		
GRI 3: Material Topics 2021		
3-3	Management of material topics	1.5 Our commitment to sustainability 3.3 Supporting communities 6. Definition of material topics
Material topic: Product quality and safety		
GRI 3: Material Topics 2021		
3-3	Management of material topics	1.5 Our commitment to sustainability 4.3 Product quality and safety 6. Definition of material topics



olon



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Independent auditors' report on the sustainability report

*To the board of directors of
Olon S.p.A.*

We have been engaged to perform a limited assurance engagement on the 2022 Sustainability Report (the "sustainability report") of Olon S.p.A. (the "company").

Directors' responsibility for the sustainability report

The directors of Olon S.p.A. are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards") selected as specified in the "Methodological Note" section of the sustainability report (the "GRI Standards – GRI-With reference to option").

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the company's objectives regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Management 1 (ISQM 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Olon S.p.A.

Independent auditors' report

31 December 2022

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards – GRI-With reference to option. We carried out our work in accordance with the criteria established by “International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000 revised”), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

- 1 analysing the reporting of material aspects process, specifically how the reference environment is analysed and understood, how the actual and potential impacts are identified, assessed and prioritised and how the process outcome is validated internally;
- 2 comparing the financial disclosures presented in the “Value creation and distribution” section of the sustainability report with those included in the company's financial statements;
- 3 understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.

Specifically, we held interviews and discussions with the company's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the sustainability report.

Furthermore, with respect to significant information, considering the company's business and characteristics, we performed the following procedures:

- at company level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the sustainability report;
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited the headquarters and the production site in Rodano, which we have selected on the basis of their business, contribution to the key performance indicators and location, to meet management and obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the indicators.



Olon S.p.A.
Independent auditors' report
31 December 2022

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 Sustainability Report of Olon S.p.A. has not been prepared, in all material respects, in accordance with the GRI Standards – GRI-With reference to option.

Other matters

The 2021 and 2020 comparative figures presented in the sustainability report have not been examined.

Milan, 25 September 2023

KPMG S.p.A.

A handwritten signature in blue ink, appearing to read 'Emanuele Bazzana'.

Emanuele Bazzana
Director of Audit



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